



Resilience

2020

PARTICIPATION BANKS

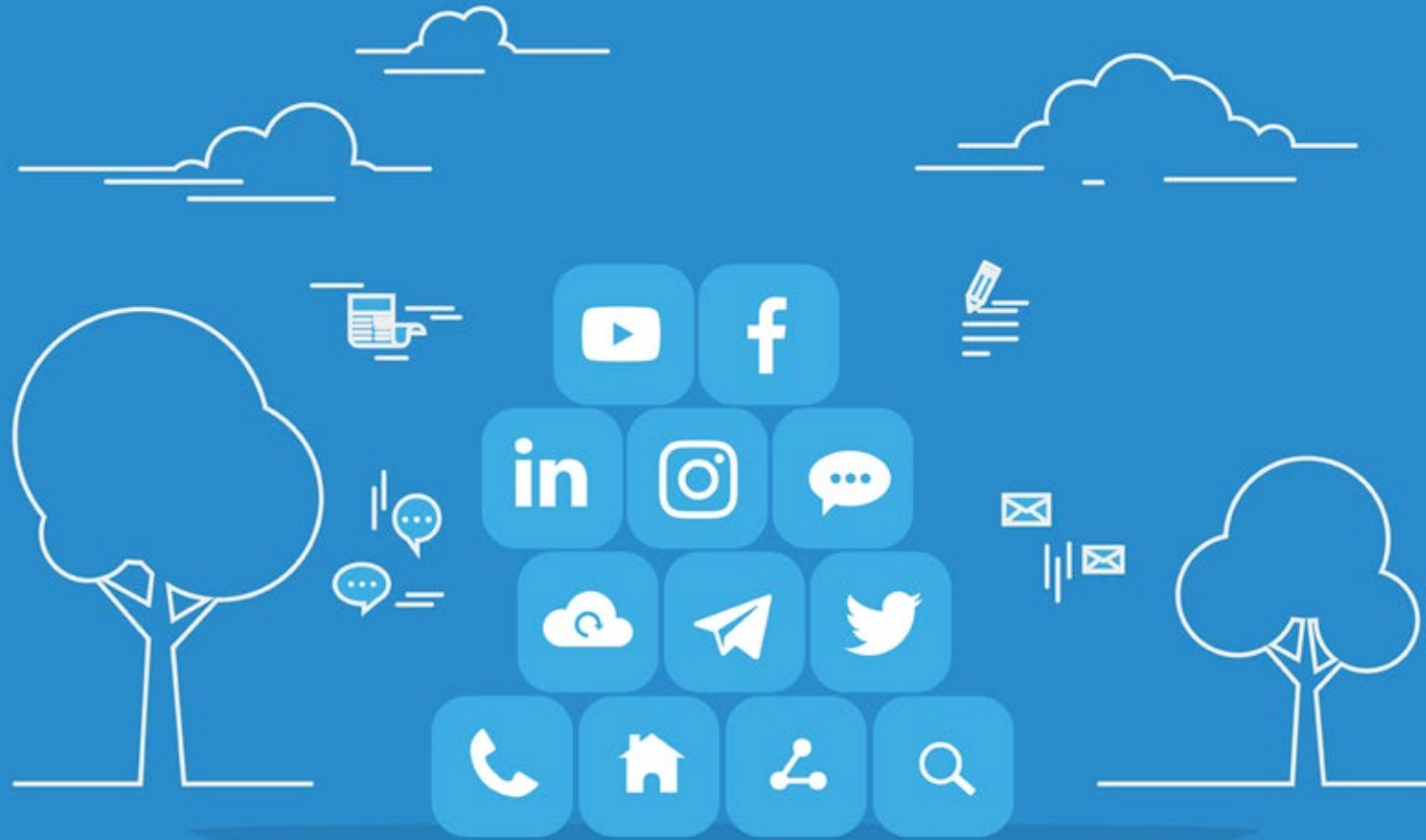
Power Balance

Stability

Performance

Responsibility

You may follow our social media accounts to have updated market information about Participation Finance sector.



About the cover image



Divriği Great Mosque and Hospital, Sivas
Divriği Great Mosque and Hospital (Turkish: Divriği Ulu Cami ve Darüşşifası) is an ornately decorated mosque and hospital complex built in 1228 -1229 by the local dynasty of the Mengujekids in the small Anatolian town of Divriği, now in Sivas Province, Turkey. The complex is located in the upper town, below the citadel. The building complex consists of a mosque which adjoins the hospital with which it shares its southern, qibla wall. The exquisite carvings and architecture of both buildings place them among the most important works of architecture in Anatolia and led to their inclusion on UNESCO's World Heritage List in 1985.

Six participation banks operating in Turkey achieved successful results on the axes of durability, strength, balance, responsibility, stability and performance in 2020.

Serving as the common roof and harmonious voice of the sector, the Participation Banks Association of Turkey continued to provide a versatile and strong contribution to the sector's development and growth throughout the year.

Colophon

ESTABLISHED IN
2002

MEMBERS
Participation banks operating in Turkey

CHAIRMAN
Metin ÖZDEMİR
Ziraat Katılım Bankası A.Ş.

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

SECRETARY GENERAL
Osman AKYÜZ

AUDITORS
Süleyman SAYGI-İsmail GERÇEK

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Power Balance
Stability

Responsibility
Resilience

A sector that has grown sustainably and steadily for 37 years and works in close cooperation with global markets

Balance Responsibility Performance Resilience

Power
Stability

A sector that has proven its resilience many times over in all kinds of difficult market conditions and conjunctures presented by the recent period, and which is a reliable port and business partner for its customers

Resilience
Responsibility
Performance
Power Balance
Stability

A sector that constantly reinforces its robustness with the courtesy and trust of stakeholders in all segments of society, especially its customers, and carries its market presence and assertion to the future

Galata Tower, Istanbul



Resilience
Responsibility

Power Performance Responsibility

Stability

A sector that fulfills the responsibility it has taken on under the principles of participation finance which it has adopted and internalized in the product-service cycle, and which channels the assets entrusted by its stakeholders to create value for the entire society and economy

CONTENTS



The year 2020 will be a turning point in history. More than a hundred years after the Spanish Flu, which affected 500 million people and caused the loss of 50 million lives worldwide, humanity has begun to experience the devastating consequences of the Covid-19 pandemic.



The Turkish banking sector's total loan volume increased by 34.7% compared to the previous year to reach TL 3,577 billion. This growth was driven by a reduction in loan interest rates, the announcement of support packages, and the base effect from the previous year.



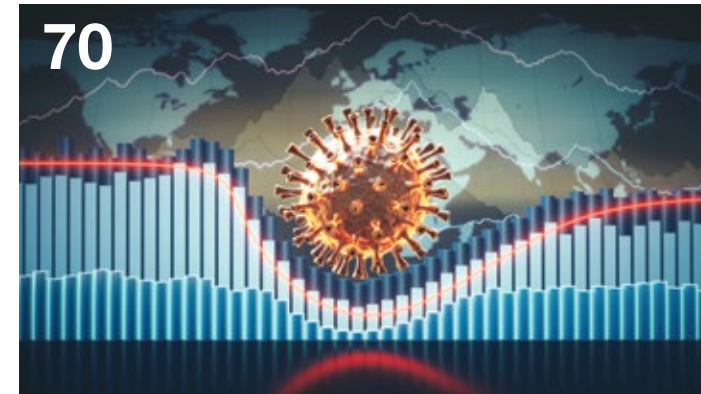
After the world economy slowed down in 2019, it ground to a standstill in 2020 with the impact of the Covid-19 pandemic. Lockdown measures aimed at controlling the pandemic have taken their toll on our daily lives as well as the production, trade and logistics cycles.



The total unconsolidated asset volume of the six participation banks operating in Turkey reached TL 437.1 billion in 2020, while the total volume of funds allocated, which indicates the support extended to the real sector, exceeded TL 240 billion.



The Turkish economy grew by 1.8% in 2020 compared to the previous year. With this performance, Turkey was one of the few countries to record positive growth in 2020.



While most service providers consolidated their presence during the pandemic in 2020 with their services accessible through digital platforms, FinTech proved its indispensability with the digital solutions which it produced.

PARTICIPATION BANKS ASSOCIATION OF TURKEY IN BRIEF

2020 Highlights

- » A year in which TKBB activities diversified and gained momentum
- » Activities focused on multifaceted and strong contribution to the development and growth of the participation banking sector in Turkey
- » Deepening the contribution produced by domestic and international collaborations
- » Efforts to make participation banking reach wider audiences through careful perception and reputation management
- » Close cooperation with the regulatory authority to implement legislation, standards and regulations
- » Diversifying and strengthening international relations
- » Launch of the International Relations Unit

Detailed explanations about the activities of the TKBB in 2020 are given in the Interview with the Secretary General section on page 22.

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Established in accordance with the Banking Act, TKBB is a professional public institution of legal personality.

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

The foundations of the TKBB, the umbrella organization of the participation banks operating in Turkey, were laid in 2001 by the Association of Special Finance Institutions. The title of the Association was amended as Participation Banks Association of Turkey in 2005.

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

In accordance with the legislation, a participation bank is required to be a member of the Participation Banks Association of Turkey within one month of being granted an operating license. Six participation banks operating in Turkey as of April 2021 are members of the TKBB.

PARTICIPATION BANKING KEY INDICATORS

In the difficult and volatile global conditions of 2020, 6 participation banks operating in Turkey reinforced their contributions to the real economy, ensuring economic stability and sustaining growth.

1,255

Number of Branches

The total number of branches of participation banks that have a widespread branch network was up by 5% in 2020.

16,849

Number of Personnel

Total employment of participation banks increased by 6.4% in 2020.

TL 437.1 billion

Total Assets

Total assets of participation banks grew by 53.7% in 2020.

TL 27.6 billion

Total Equity

Total shareholders' equity of participation banks increased by 26.8% in 2020.

TL 322.0 billion

Funds Collected

Funds collected by participation banks grew by 49.1% in 2020.

TL 240.1 billion

Funds Disbursed

Total funds disbursed by participation banks rose by 60.7% in 2020.

BOARD OF DIRECTORS



Metin ÖZDEMİR

Chairman of the Board

Metin Özdemir graduated from İstanbul University (Faculty of Business Administration) in 1990. He started his career at Kuveyt-Türk Finans Kurumu A.Ş. in 1992, and from 1996, he carried on with his business life as an executive in the retail sector. Mr. Özdemir functioned as a member of İstanbul Metropolitan Municipal Council between 2004 and 2014. Mr. Özdemir was a member of the 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. Mr. Özdemir has been a member of the Board of Directors of Ziraat Katılım, and a member of the bank's Audit Committee and Remuneration Committee since 18 February 2015. He was appointed as the CEO of Ziraat Katılım on 12 June 2017.

İkrâm GÖKTAŞ

Vice Chairman of the Board

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

Melikşah UTKU

Member of the Board of Directors

Mr. Utku was born in Ankara in 1968. He graduated from the Mechanical Engineering Department of Boğaziçi University (İstanbul, 1990). He completed his graduate studies at the London School of Economics (1990- 1992) and Master's Degree in economic development at Marmara University (İstanbul, 1998). In 2004, he served as a consultant to the General Manager of Albaraka Türk. In 2006-2007, he was the head economist in Albaraka Türk. In addition, he was an economics columnist for Yeni Şafak newspaper for over 10 years (1995-2009). He later worked as Investor Relations Manager between 2007 and 2009. He continued as CIO Assistant General Manager in December 2009 and was appointed as CFO primarily responsible for Financial Affairs, Budget and Financial Reporting and Corporate Communication Departments. He was a board member of Borsa İstanbul from 2013 to 2016. As the General Manager of Albaraka Türk as of October 2016 Utku continued his duty, as well as Vice Chairman of the Board of Directors of Katılım Emeklilik ve Hayat A.Ş., and Chairman of the Board of Directors of Bereket Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Albaraka Kültür Sanat ve Yayıncılık A.Ş., İnsha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş., and Albaraka Teknoloji Bilgi Sistemi ve Pazarlama Ticaret A.Ş. He is also a member of the Executive Committee, Credit Committee, and the Chairman of the Information Technologies Governance Committee.

Nevzat BAYRAKTAR

Member of the Board of Directors

Nevzat Bayraktar graduated from Business Administration Department at Faculty of Economics and Administrative Sciences in Eskişehir Anadolu University in 1993. He studied English in Leeds Metropolitan University, England in 1993-1994. He started his professional career in Foreign Transactions Department at Esbank in 1995. He carried on with his business life in Albaraka Türk, first as Assistant Specialist in Projects and Marketing Department in 1996, then Second Manager in Main Branch as of 2003 until he was appointed as the Manager of the Main Branch in 2010. Mr. Bayraktar was assigned as the Assistant General Manager responsible from Corporate, Commercial and Retail Sales, Regional Offices and Branches as of January 2017. Mr. Bayraktar also holds Certified Public Accountant and Independent Auditor certificates. Mr. Bayraktar acts as the CEO of Emlak Katılım since 11 February 2020.

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 İstanbul 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.

GENERAL SECRETARIAT



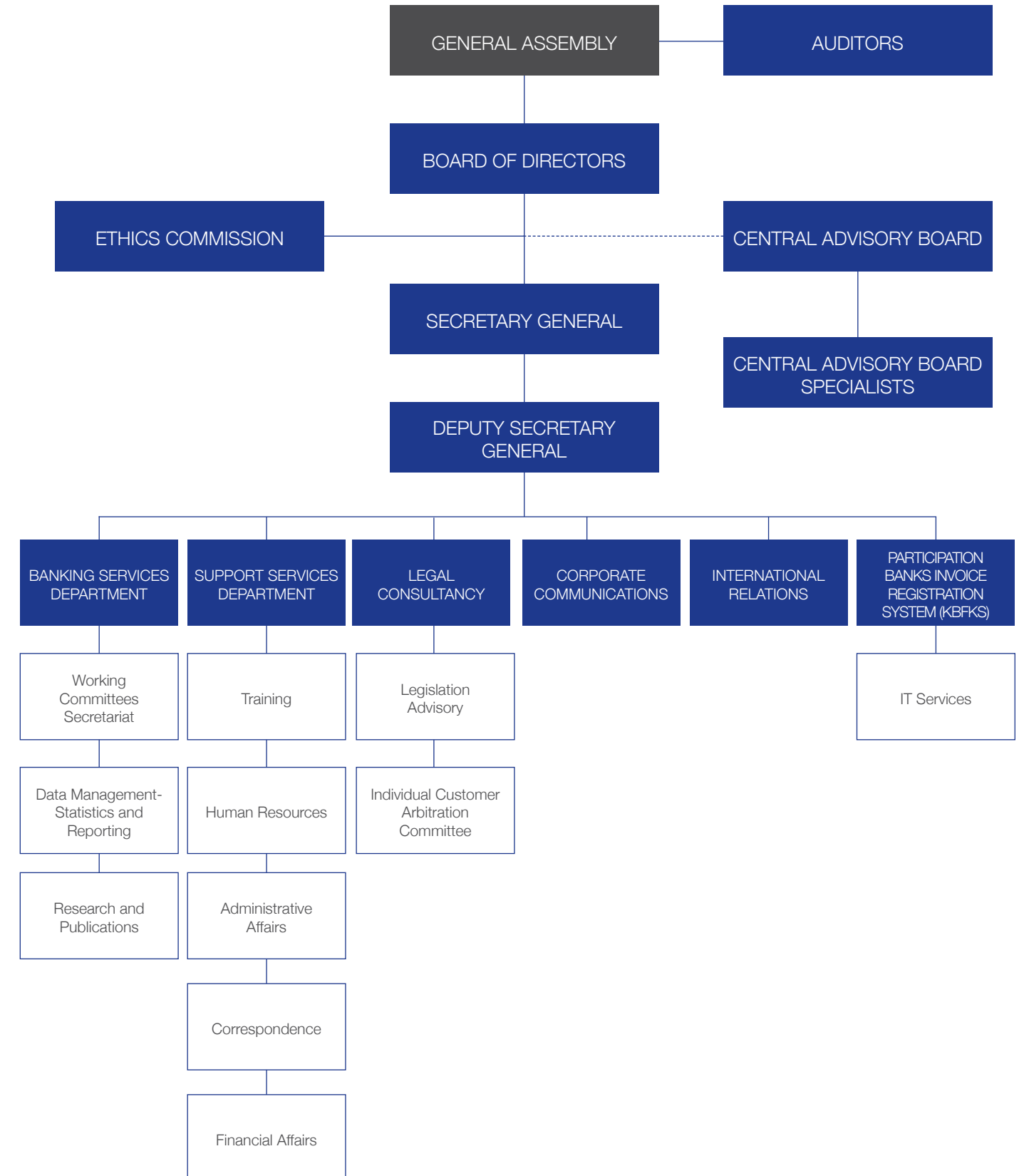
Osman AKYÜZ Secretary General

Osman Akyüz was born in Trabzon in 1954. He obtained his degree from the Faculty of Political Sciences, Ankara University. He commenced his professional career in 1978 as a Tax Inspector at the Ministry of Finance. He was then transferred to Sezai Türkeş- Fevzi Akkaya Group (STFA) as an Auditor and Financial Consultant in 1983. In 1985, he started working as the Manager of Financial and Administrative Affairs in Albaraka Türk. He served as Manager and Deputy General Manager at various levels before becoming General Manager of the Bank in 1996. Retiring from Albaraka Türk in 2002, Mr. Akyüz served as a member of the Board of Directors at the same bank until July 2018, and as the Vice-Chairman of the Board between July 2018 and March 2020. Mr. Akyüz is also Board Member of EYG Real Estate Portfolio Management Inc and Member of the Board of Trustees at Fatih Sultan Mehmet Vakıf University. Mr. Akyüz has been Secretary General of the Participation Banks Association of Turkey since 2002.

İsmail VURAL Deputy Secretary General

Mr. Vural was born in Ordu/Ünye in 1972. He graduated from 9 Eylül University Faculty of Economics and Administrative Sciences in 1993. He started his career in Kuveyt Türk 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, Marmara Regional 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. Mr. Vural has been the Deputy Secretary General of Participation Banks Association of Turkey since 1 February 2018.

ORGANIZATION CHART



ADVISORY BOARD



Prof. Dr. Hasan HACAK Chairman of the Board

Mr. Hacak was born in Giresun/ Espiye in 1968. He graduated from Espiye Islamic Divinity School in 1986 and from Marmara University Faculty of Theology in 1990. At the same year he started graduate school at Marmara University Institute of Social Sciences. In 1991, he was appointed as a research associate at Marmara University Faculty of Theology. He completed his graduate studies on "Servitude in Islamic Law and Development of Related Concepts" in 1993 and doctoral dissertation on "Analysis of Concept of Rights in Classical Resources of Islamic Law" in 2000. He became an Associate Professor in 2008 and a Professor in 2013. His publications are "Impact of Atomistic Universe Approach on Islamic Law: An Analysis of Relationship between Word and Islamic Law" and "Mindset of Arabic Islamic Culture: A Critical Analysis of Information Systems in Arabic Islamic Cultures" (Translated from Câbirî, a joint publication with Burhan Koroğlu 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 T.D.V. (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-Câmii's-sağîr" (critical edition); Ebû Mansûr el-Matürîdî, Te'vilatü'l-Kur'ân: Volumes V and VI (critical edition).

Prof. Dr. Abdullah KAHRAMAN Board Member

Mr. Kahraman was born in Bayburt in 1964. After completing primary school in Bayburt, he moved to Istanbul with his family, graduated from Üsküdar Islamic Divinity High School and started his undergraduate studies at Marmara University Faculty of Theology. He graduated from this faculty in 1991. He took private lessons on Islamic sciences before and during his undergraduate studies and became a hafiz. He was appointed as a teacher in Kağıthane Islamic Divinity High School upon his graduation. While teaching, he started graduate studies at Marmara University Institute of Social Sciences. In 1994 he finished his studies with his thesis titled "Barter Transaction in Islamic Law" and started his doctoral studies at the same institute. He was appointed as a Research Associate at Cumhuriyet University Faculty of Theology Department of Islamic Law in 1994 while he was still teaching and finished his doctoral studies with his dissertation on "Guarantee Contracts in Islamic Law of Obligations and Recent Applications" in 1997. He was appointed as Assistant Professor in 1998, Associate Professor in 2003 and Professor in 2008. In 2019, he was elected as a member of the High Board of Religious Affairs of the Presidency of Religious Affairs. He is married with six children. Mr. Kahraman is still a Professor at Marmara University Faculty of Theology. At the same time, he serves as the Dean of Kocaeli University Faculty of Theology and Member of the High Board of Religious Affairs. He was a visiting professor and manager for three years at Baku State University between 2004 and 2007. Mr. Kahraman knows Arabic and English.

Prof. Dr. 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

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

Temel HAZIROĞLU Board Member

Mr. Haziroğlu was born in Trabzon in 1955. He then moved to Istanbul with his family and completed primary and middle school education in Istanbul. He graduated from Kabataş High School for Boys. He received his undergraduate degree from Istanbul Technical University Department of Mathematical Engineering and graduate degree from Istanbul Sabahattin Zaim University Department of Business Administration. He worked as a Programmer, System Analyst and Information Systems Assistant Manager at Emlakbank. He served as Information Systems Manager at Albaraka Türk between 1986 and 1991. He worked as an independent merchant and consultant between 1992 and 1995. He returned back to Albaraka Türk in 1996 and served as Information Systems Manager and Personnel and Administrative Affairs Deputy Manager. He was appointed as Vice President of Albaraka Türk in 2003. Between 2003 and 2017, he served as Vice President responsible for Human Resources, Training and Organization, Performance and Career Management, Administrative Affairs and Construction and Real Estate Departments. In 2017, he served as CFO in charge of Financial Affairs, Financial Reporting, Strategic Planning and Process Management and Organization units. He resigned from his duties at Albaraka Türk in 2018 and was appointed as Member of the TKBB Advisory Board. He is a lecturer at Marmara University Institute of Middle East and working on his doctoral studies in Sociology. His articles and essays were published in various magazines and newspapers. He has three published books titled "New Quest and Birth of Advanced Democracy Idea", "Man and Reality: Drops of Thoughts" and "Participation Economy: New Mind, New Economy". He is married with 3 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.

CHAIRMAN'S PRESENTATION

Stability Continues

A positive process began in Turkey as the outbreak was brought under control in the third quarter of the year. Incentives implemented to support the real sector and the comprehensive support packages contributed to the rebound of the economy.

Dear stakeholders,

The year 2020 was a year in which social and economic life was deeply affected around the world due to the Covid-19 pandemic. While the USA was one of the countries to be hit hardest by the pandemic, it implemented an expansionary monetary policy in 2020 in order to minimize the effects of the historical contraction along with additional financial incentive programs to stimulate economic activity.

Europe was also severely affected by the epidemic. While there was a double-digit contraction in the region's economy, the service sector, especially the tourism sector, virtually ground to a halt due to the pandemic. The ECB continued its expansionary monetary policy by injecting additional resources into the market. In order to relieve the market, additional incentive packages and financial aid programs for the hardest hit Southern European countries provided a much-needed boost to the Euro zone.

A positive process began in Turkey as the outbreak was brought under control in the third quarter of the year. Incentives implemented to support the real sector and comprehensive support packages contributed to the rebound in the economy. With the financial support given to the housing market through public banks, the construction sector quickly depleted its inventories. In order to overcome the negative effects of the pandemic, measures were taken by our government and an extensive program of support packages was announced by the institutions managing the economy. The CBRT followed an expansionary monetary policy by purchasing bonds and took additional measures to fend off a potential liquidity squeeze in the market. The CBRT also provided lower-rate and long-term liquidity facilities to encourage banks to extend loans.

One of the most important developments for Turkey in 2020 was the discovery of extensive natural gas reserves in the Black Sea. This development in the field of energy, which is currently the item we import the most into our country, presented an important gain in terms of both economic and energy independence. Further new reserves are expected to be discovered in the Black Sea and the Mediterranean in the coming period. Our new energy resources will contribute positively to closing Turkey's current account deficit and helping the TL appreciate against other currencies.



The asset volume of the banking sector increased by 36% in 2020, while loans increased by 33% and deposits by 35%. Total profit, on the other hand, increased by 19% to reach TL 58.5 billion. It was a successful year for participation finance institutions, which outperformed the sector in terms of growth. The total asset size of the participation banking sector grew by 54% compared to the previous year, there was an increase of 58% in loans and 50% in participation funds. Net profit increased by 52%, outperforming the banking sector, to reach TL 3.7 billion. At the end of 2020, cash loans allocated by the Turkish banking sector to SMEs accounted for around 24% of their total lending, while this rate was 32% for participation banks. This ratio confirms the close relationship between participation banks and the real sector.

The Participation Finance System has a very broad meaning for the financial markets. In addition to banking, subjects such as takaful insurance, participation pension system, the participation fund system, the participation index, interest-free capital market instruments, financial partnerships, entrepreneur support programs, certification and fintech are important components of this system.

Participation finance institutions are growing stronger and taking firm steps towards their goals with the support they have given to the participation finance system in Turkey. Especially since 2015, when the public sector started to play an active role in the sector, participation finance institutions played an important role in supporting the growth rate. In the last five years, the share of participation banks in the banking sector has increased from 5% to 7.2%.

In the coming period, as the main representative of the Participation Finance sector in Turkey, we will continue to work with the government, regulatory agencies and other stakeholders to raise awareness regarding the contribution of the sector to the Turkish economy. Our country has demonstrated to the whole world that it will become a major player in the Participation Finance market. I would like to express my sincere thanks to all of those who have contributed to our sector as we take firm steps towards our goals of becoming the center of the Participation Finance system.

Metin ÖZDEMİR

TKBB Chairman of the Board of Directors

INTERVIEW WITH THE SECRETARY GENERAL

As soon as the first official case of Covid-19 was recorded in our country on 11 March 2020, each of us focused primarily on protecting the health of ourselves, our families and our colleagues against this unknown and invisible danger.

Q Could you briefly sum up the year 2020, when the negative effects of the Covid-19 pandemic were experienced in all areas of life?

A The year 2020 which we have left behind was a unique and difficult period for the world and for our country. The Covid-19 pandemic, which descended over the world like a dark shadow late in the first quarter of the year, had a profound impact on our daily lives and the business cycle.

As soon as the first official case of Covid-19 was recorded in our country on 11 March 2020, each of us focused primarily on protecting the health of ourselves, our families and our colleagues against this unknown and invisible danger.

This process has also led us to experience a change and transformation, something which would normally take place over matter of years, in a very short space of time. While we had to rapidly adapt to working from home, wearing masks and living with social distancing, we had to cancel the business trips, conferences, meetings and face-to-face training we were accustomed to in our business life for a long period of time.

Looking at the effects of the pandemic which dominated the past year, we see significant consequences on the economic and social axes. The global economy, which had sought a long-term rebalancing following the 2008 global financial crisis, was dealt a new and heavy blow with the pandemic. As a result of isolation and quarantine measures, which were also reflected to the trade, production and service cycles, there were pauses in economic activity and decreases in business and trade volumes all over the world. The deterioration on the social axis has also been significant.

In underdeveloped areas in particular, levels of welfare, already below average, have worsened, with a deterioration in the access of millions of people to food and health services. Social problems were not only limited to this region; unemployment became a widespread economic scourge in developed and developing economies alike.

The pandemic, with the potential to inflict wider, deeper and longer-term effects than the 2008 crisis, has also exacerbated income injustice worldwide. This outlook which we have summarized reveals that in our world, where the population exceeds eight billion, complex issues wait to be resolved, and on this axis, the coordination and co-operation of the civil society and the economic actors are more vital than ever.

As a result of the normalization steps taken in the third quarter of the year and the efforts to bring the pandemic under control, the movement in economic activity has gained momentum around the world. As a result of the experience from the first wave of the pandemic, most countries do not go to full lockdown during the second wave of the pandemic, helping to ease the resulting slowdown in the economy and paving the way for the recovery which followed.



Although the success in the work on vaccine development has raised expectations, the renewed increase in cases of the virus in the last quarter of the year and the emergence of different variants of the virus have shown that risks remain on the medium-term outlook. In our opinion, we should continue to live cautiously and carefully until the end of 2022.

As a natural consequence of this situation, the global economy contracted in 2020. The key point in this issue can be summed up with the current data published by two international organizations. According to the IMF's World Economic Outlook Report dated April 2021, the global economy contracted by 3.3% in 2020. The rates of contraction have differed between countries, with developed economies such as the US and EU countries being much more affected by the pandemic than emerging economies and emerging markets. According to the same organization, developed economies contracted by 4.7% and emerging economies by 2.2%. According to IMF forecasts, the global economy will grow by 6% in 2021 and 4.4% in 2022. The World Trade Organization (WTO) projects a 9.2% decrease in the volume of global trade of goods for the whole of 2020 and a 7.2% increase for 2021.

Q The world's eyes and ears have been on vaccine and drug development throughout 2020. Is there anything you would like to say about this?

A The development work on Covid-19 vaccines and drugs is as important for a healthy and sustainable future as it is for making our lives and economic cycle normal in the short term.

The scientific world has moved at a pace hitherto unseen in the fight against Covid-19, developing various vaccines and making them available to all of humanity in the space of just a few months. This is a victory which scientists have achieved by using new technologies in the most effective way. From Germany to China and from the USA to our own country, we continue to watch the developments being carried out on in this area in many parts of the world with hope and with anticipation. At this point, the vaccine stands as one of the most powerful weapons in the hands of humanity when it comes to bringing the pandemic under control.

Turkey is one of the countries to have achieved success in rapidly commissioning the vaccination rollout. Our Ministry of Health, which has managed the global health crisis with great dedication and diligence since day one, and our health workers around the country have performed extraordinarily.

While keeping the pandemic under control and keeping the harm caused by the pandemic at the lowest possible level has always been the first priority, tens of millions of doses of the vaccine were supplied with accurate and effective studies in the second half of 2020, and the vaccination rollout effectively got underway on the basis of risk groups.

It is our belief that a successful outcome of the work on the vaccine rollout and drug development being carried out in Turkey in the second half of 2021 will contribute to our country's achievements, and serve as the work of our scientists in the global league will serve as a source of pride for our country and further strengthen Turkey's soft power in the international arena.

INTERVIEW WITH THE SECRETARY GENERAL

Q How did monetary and fiscal policies move in the extraordinary conditions of 2020? Could we get your views on this?

A In the extraordinary circumstances of 2020, most countries turned to expansionary monetary policies with central bank rate cuts. The first priority has been to eliminate and provide support to counter the negative economic effects of the pandemic on different segments of society, especially employees.

In this context, developed and developing countries implemented asset purchase programs, liquidity support, special loan programs and similar instruments to support the affected sectors and segments of society, with transfers of resources on a hitherto unprecedented scale having been realized.

Interest rates were cut to their lowest ever levels in this process. The US Federal Reserve (Fed) cut its policy rate, which had been in a range of 1.50%-1.75% at the end of 2019, to 1.0-1.2% and then to 0.00%-0.25% in March 2020. Meanwhile, Treasury and private sector bond purchases were carried out and steps were taken to meet short-term liquidity needs.

The European Central Bank (ECB) ramped up its asset purchases and targeted long-term re-financing operations while keeping its policy interest rate at 0% leaving its deposit interest rate unchanged at -0.50%. In many emerging economies, the monetary policy stance was also loosened and asset purchase programs were implemented. Although these expansionary and supportive policies resulted in massive budget deficits in most countries in 2020, the exceptional circumstances of the period required exceptional responses both in terms of fiscal action and monetary policy.

Q Turkey's economy was one of the few to round off 2020 with growth. What are your views on this?

A In the last two decades in particular, our country's economy, which has demonstrated superior resilience against global crises, volatilities and shocks and successfully passed each test, succeeded in overcoming the difficulties before it and creating value for our people in 2020 thanks to the right strategic choices and practices.

Having got off to a successful start to 2020 with growth of 4.5% in the first quarter, the Turkish economy contracted by 10.3% in the second quarter, when the effects of the pandemic were felt most profoundly. In the third quarter, when the economic and physical measures taken began to yield results, GDP grew by 6.3% with a rapid V-shaped recovery. Maintaining its positive momentum, our country's economy posted 5.9% growth in the fourth quarter of the year. Annual GDP growth was realized at 1.8% compared to the previous year, and our country was one of the few countries to record growth in 2020.

It is our belief that the successful conclusion of the vaccine and drug development studies being carried out in Turkey in the second half of 2021 will add a new ring to the achievements of our country and our source of pride scientists in the global health league and further strengthen Turkey's soft power in the international arena.

Difficult times require call for measures to be implemented with determination.

The measures, on the other hand, in some cases, have come with a temporary price. The process we experienced in 2020 was one such example. We can see the most concrete manifestation of this in the central government budget balance. The central government budget was affected by the Covid-19 pandemic throughout 2020, and the budget deficit, which had stood at TL 124.7 billion a year ago, increased by 38.5% to TL 172.7 billion in 2020. In this period, budget revenues increased by 17.6% and budget expenditures increased by 20.2%. The primary balance, which had recorded a deficit of TL 24.8 billion in 2019, produced a deficit of TL 38.8 billion in 2020.

The inflation outlook also deteriorated as a result of the measures taken with a proactive approach at the very beginning of the pandemic, which aimed to protect economic activity. Domestic demand conditions, cumulative cost effects, especially the exchange rate, and the rise in international food and other commodity prices were the main factors negatively affecting the inflation outlook. The rate of CPI inflation stood at 14.6% in 2020, while the D-PPI index also entered an upward trend and increased by 25% in 2020.

With the first case seen in Turkey, the Economic Stability Shield Package was announced on 18 March 2020 in order to alleviate negative effects which may occur. Under the package, a furlough scheme was initiated within the scope of "forceful reason arising from periodic situations due to external effects", as well as a range of supports for the labor market.

The number of people benefiting from the furlough scheme in Turkey had reached 3.3 million in April and May, when the effects of the pandemic were felt intensely. In 2020, the sum of payments originating from the furlough scheme allowance was TL 25.4 billion, according to provisional data.

Inflation was identified as the key battle front in the New Economy Program (NEP), announced in September, covering the years 2021-2023 and which set out the government's medium-term targets. The NEP projected that the Turkish economy would grow by 5.8% in 2021 and that inflation would decline to 8% by the end of 2021.

According to the main objectives of the program, work will get underway on the creation of a new financial architecture based on financial stability and security, with policies that will ensure a permanent balance in current transactions and render the country's economy more resilient against internal and external shocks. On the other hand, a new development model, which takes into account macroeconomic balances and is supported by strategic reforms, will be implemented in order to ensure sustainable growth.

Q What would you like to say about the performance of the banking sector in 2020?

A During the pandemic, all six of our participation banks and commercial and investment banks operating in our country acted in full compliance with the main policies set out by our government, and went to great efforts to support economic players and households from every sector through every possible channel and to staunchly stand by them.

In parallel with the Economic Stability Shield package, the CBRT drafted regulations on monetary policy and liquidity management and the BRSA took steps to support economic activity in areas such as asset quality, capital adequacy, resource management and loan allocation conditions. In the first stage, our sector offered a three-month delay in loan principal and interest payments, and the increase in the Credit Guarantee Fund was also used to provide support to companies and individuals in need of loans, as well as in support of the Treasury's increasing borrowing needs.

In April and May, when the effects of the pandemic were felt so profoundly, the number of people who benefited from the furlough scheme in Turkey reached 3.3 million. In 2020, a total of TL 25.4 billion was paid in furlough scheme allowances based on provisional data.

In this period, the sector acted to support debtor companies and individuals experiencing difficulties with their repayments, in accordance with the temporary BRSA regulations. In case of disruption to loan principal and interest payments, follow-up procedures were carried out over longer periods and requests for debt restructuring were also evaluated. At the same time, in order to prepare for possible negative developments, the sector set aside high loan provisions and once again followed prudent management.

Numerical data for the sector is given in detail in our annual report. To sum up, and to complete my answer to your question, I would claim that the banking sector performed successfully in 2020, in spite of all the challenges, achieving growth of 36% in total assets and 34% in loans.

Q What would you like to say about the participation banking sector?

A Our young and dynamic participation banking sector rounded off 2020 with a successful performance. The breakthroughs of our banks continued unabated, and our contribution to the real economy continued to improve.

One of the star achievements of the year was the strong increase in support for SMEs. Our participation banks increased their resource transfers to SMEs by 79% in one year and exhibited healthy growth in real terms. In total, more than TL 71 billion in funds was made available to SMEs in 2020. This progress, which is an excellent example of the connection between participation banking and the real economy, has also been an area where our sector's support for the Turkish economy has been set in stone.

INTERVIEW WITH THE SECRETARY GENERAL

Our young and dynamic participation banking sector has completed 2020 with a successful performance. The breakthroughs of our banks continued unabated, and our contribution to the real economy continued to improve.

The participation banking sector achieved 54% growth in assets with total assets reaching TL 437 billion. Its share in the banking sector increased by 1 percentage point, one step closer to our strategic goal, to reach 7.3%. Our share in funds collected increased to 9.3%, with a 6.5% share in funds extended, a 4.6% share in equity and a 6.2% share in net profit. In summary, our participation banks achieved successful growth in all key indicators in the unique and difficult conditions of 2020. Another indicator with brings us great satisfaction and confirms that we are doing our job correctly is the low level of NPLs in the participation banking sector when compared to the total sector. In 2020, the gross NPL ratio of the participation banking sector stood at 3.6%, compared to the 4.1% rate in the overall sector.

We believe that the participation banking sector will maintain its sustainable growth momentum in the coming period. A combination of the sound financial structures of our banks, their strong institutional structure and service delivery platforms and the determined support of our government to our entire sector will increase the trust in our banking philosophy and the high-quality products and services in our country.

Q Another issue that gained great importance in 2020 was digitalization. What would you like to say about your industry and digitalization?

A Digitalization is not a new concept, it is a process that we have gradually internalized in different aspects of life in the last 25 years. What makes 2020 different on the axis of digitalization is the speed it has gained and the great threshold it has jumped. In the special conditions of the pandemic, digital channels have turned into the main channel for overcoming distances, getting training, holding meetings and maintaining commercial life.

Our country's finance sector, including our participation banks, has achieved a great success in this change of trajectory, which has come to the fore suddenly, thanks to its strong and up-to-date infrastructures and the large investments it has made over the years. In this process, where there was no service interruption, banking turned into a mobile service with remote access to a great extent; E-commerce gained great importance and significant transaction volume increases were experienced.

Q What would you like to say about 2020 in terms of the activities of the TKBB?

A Although we lived under the conditions of working remotely for a part of 2020, we should note that the TKBB's activities are diversifying and gaining momentum. In our Union, which aims to be the common roof and harmonious voice of the sector and which operates in this vein, we continued to contribute to the development and growth of the participation banking sector in Turkey throughout the year.

On the other hand, we focused on deepening our contribution through domestic and international collaborations. With careful perception and reputation management, we continued our work to reach a wider audience of participation banking. We have created value for our stakeholders and for Turkey through numerous interactive activities while maintaining our close cooperation with the regulatory authority to develop participation banking principles as well as implement legislation, standards and regulations.

The work of the Central Advisory Board, which has been providing services since 2018, has continued without interruption in this process. The board, which has a completely independent structure, reaches decisions and provides opinions on issues which the members of our sector can communicate within the framework of daily service cycles, as well as working on creating participation banking and participation finance standards in Turkey. In other words, it serves as a guiding force.

Another prominent item on the agenda for the TKBB in 2020 was our structuring and important breakthroughs in the field of international relations. Within the scope of the International Relations structuring which we have created, valuable gains have been achieved with a focus on "deepening the contribution we produce with international collaborations", which constitutes an important axis of our mission, with the work which we have implemented rapidly.

In this context, when we look at the headlines of 2020, we contacted the participation finance authorities, regulatory institutions, participation banks and academic circles of countries such as Bahrain, Morocco and Djibouti and, in particular, Malaysia, with which we have long-term relations and cooperation, and cooperation steps were taken.

In the process of preparing this report, our Association signed a 3-year Memorandum of Understanding with the Bahrain Institute of Banking and Finance (BIBF) to organize various training programs in the field of participation banking, as well as a Memorandum of Understanding with the Ministry of the Economy and Finance Responsible for Industry in Djibouti to support the development of Islamic microfinance in Djibouti. The TKBB will provide technical support to Djibouti in related projects where there are examples of good practice in the field of participation banking practices.

Before rounding off my thoughts on this section, I would like to welcome Ms. Fatma Çınar, who joined us in 2020, to the TKBB family and wish her success in her work as the manager of our International Relations Unit.

Q You signed a memorandum of cooperation with the UNDP. Is there anything you would like to share about it?

A The memorandum we signed with the Istanbul International Private Sector and Development Center (IICPSD) under the United Nations Development Program (UNDP) in the first quarter of 2021 envisages cooperation and partnership initiatives to benefit from Islamic finance for Sustainable Development Goals (SDGs).

Within the scope of this cooperation, we aim to take advantage of Islamic finance in the implementation of SDGs, as well as to act jointly in supporting existing enterprises and discovering new opportunities for cooperation. We consider this cooperation as an important opportunity to increase the role of Islamic finance in sustainable development. Aimed at bridging Islamic finance and impact investing, this collaboration will support the development of Islamic finance in new markets by leveraging practices, data and know-how in Islamic finance and will impact investing.



I would like to share one more piece of information by underlining a key point here. In the capacity of the TKBB, together with our member participation banks, we consider sustainability to be an important path forward and work resolutely to internalize it. Our member banks take valuable steps in this area and fulfill the requirements of the global finance league step by step.

While the pandemic which we experienced in 2020 served as a wake-up call for humanity, it was also a strong reminder of the importance of sustainability and brought it to the top of our agenda. The climate crisis is the greatest threat to the future of humanity. In this regard, it is important that all economic actors act in cooperation and reconsider their short-term commercial targets for a sustainable future.

TKBB will continue to take a decisive role in the construction of a sustainable future by increasingly focusing on domestic and international cooperation as expressed in the 17th SDG.

INTERVIEW WITH THE SECRETARY GENERAL



Q Could you please give a summary evaluation of the Participation Banking Strategy Update Report (2021-2025) that you shared recently?

A As I stressed in answering your previous questions, today's banking conditions have changed significantly compared to those a few years ago. In particular, the changes caused by the Covid-19 pandemic in corporate and individual customer behavior and demands in the banking sector are obvious.

The changing large ecosystem played a major role in our Association's review of its strategic goals, which it defined in 2015. Strengthening the communication of participation banking with its target customers, conveying the operational processes and functioning of the participation finance system to customers in detail, developing cooperation mechanisms with participation banking ecosystem stakeholders, providing a product variety that will meet the needs of customers, as well as increasing the level of consciousness and awareness of individuals and sector employees have become the main focus of the next 5-year period.

In the Participation Banking Strategy Update Report (2021-2025), which we prepared and shared with the public in this direction, we have determined 10 strategies under 6 basic strategic goals and 23 actions related to strategies. On the other hand, 21 ongoing actions in our 2015-2025 Strategy Document are also included under the relevant strategy and action headings.

The target for participation banking to reach a market share of 15% by 2025 remains up-to-date and realistic.

Based on this assumption, we believe that the Turkish participation banking sector will reach an asset volume of TL 1.77 trillion by 2025. Although we are young industry, we believe our path is clear, our route is navigable and our potential is very strong.

Our country will continue its progress, drawing on the strength which drives it. In this context, the participating banking sector, which is one of the main players in the economy, will maintain its healthy progress and take steps to fill an important gap which the economic order increasingly needs with its philosophical approach and discipline which prioritizes inclusion and the social impact.

Q What are your predictions for 2021? What kind of world awaits us and what's in store for us in Turkey?

A The world economy has entered a process of drawing a roadmap after the pandemic. What 2020 teaches us should guide the authorities, economic actors and individuals in determining the plans and goals of the future.

It is of great importance that human beings first understand the importance of a sustainable future and focus on building it. We must understand that the struggle with nature and unbridled consumption of resources will only lead to disasters, and adopt a balanced and inclusive approach to development on a global scale and accept that future generations also have a right to scarce resources.

In our opinion, the second half of 2021 will be a time when the challenges start to be overcome and the recovery gets underway. As the pandemic is gradually brought under control, the pressures on the global economy will ease and the wheels of the economy will start to turn at their previous pace.

Our country will continue its progress drawing on the forces which drive it. In this context, the participation banking sector, which is one of the main actors in the economy, will maintain its healthy progress and take steps towards filling a significant gap needed by the economic order every day with its philosophical approach and discipline which prioritizes inclusion and the social impact.

In this process, conventional and participation finance systems will continue to build the future of the Turkish economy, working side by side and in close cooperation.

Our faith in our country, our institutions and our people is unbending. Our belief, and the unique knowledge and experience which we have built in our 37-year history, combined with the support from the state for our activities provides us with more than the energy we need to progress.

I thank all our stakeholders, especially our Board of Directors, for their valuable contributions and support, and I express the wish that we will be together on healthy days in the future.

Osman AKYÜZ
Secretary General

CLIMATE CRISIS, SUSTAINABILITY AND PARTICIPATION FINANCE

The year 2020 will be a serve as a turning point in history

More than a hundred years after the Spanish Flu, which affected 500 million people and caused the loss of 50 million lives worldwide, humanity has begun to experience the devastating consequences of the Covid-19 pandemic. Despite the great gains and advances made in many areas of technology and science between the two pandemics, the Covid-19 virus soon dominated our lives and the economy.

The price of what?

Economic progress, which began with the Industrial Revolution at the end of the 19th century, gained momentum with new structuring and development moves after World War II. In the 21st century, globalization and urbanization as well as modern consumption and the unbridled consumption of resources and living patterns wreaked massive damage to the natural ecosystem. The same process has also caused global warming and climate change, which are thought to be one of the major challenges facing us today and which could reach a dangerous threshold the coming centuries.

The world is facing a climate crisis. Scientific and academic circles, which agree that the world is undergoing a process of warming, predict that the average temperature in the world, currently approximately 15°C, will follow an upward trend with an increase of between 1.5°C and 5.0°C in the 21st century. Recently, there has been an increase in the frequency of natural disasters such as hurricanes, floods and forest fires caused by extreme climatic conditions.

Such disasters affect the lives of hundreds of millions of people, leading to loss of life, economic damage and impoverishment. On the other hand, it is also believed that global warming and the climate crisis have exacerbated the effect of Covid-19 and similar zoonotic diseases. As scientists are seeking answers as to whether Covid-19 was transmitted to humans from a bat or pangolin, it is believed that the cause of this transmission was the deteriorating balance in the relationship between human beings and nature and, again, the destruction caused by human activities on the natural environment.

New pandemics and disasters will be inevitable unless the relationship between humanity and nature can be redrawn and managed to a balanced, consistent and sustainable level.

An urgent need for global cooperation

Although post-pandemic greenhouse gas emissions have exhibited a short-term decrease, this decline will not be sufficient or permanent until structural reforms related to climate are implemented by governments and a determined stance is taken on this issue.

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In the 21st century, globalization and urbanization as well as modern consumption and the unbridled consumption of resources and living patterns wreaked massive damage to the natural ecosystem.

The United Nations Environment Programme (UNEP) Emission Gap Report 2020, published on 9 December 2020, states that more efforts are needed to combat global warming; despite the reduction of greenhouse gas emissions due to the pandemic and the promises made by the international community, global warming is projected to exceed 3°C by the end of this century.

The same report also emphasizes the need for the international community to turn to environmentally friendly energies and afforestation and take ecological measures while reviving the economy after the Covid-19 restrictions are wound down. Only then can the greenhouse gas emissions which trigger global warming be reduced by 25% by 2030, with the goal of keeping warming at 1.5°C being achieved.

The United in Science 2020 report, prepared with the contribution of six organizations led by the World Meteorological Organization (WMO) states that although there was a record reduction in emissions of climate change driving CO₂ during the Covid-19 pandemic, emissions of the greenhouse gas have since returned to their previous levels. The Global Carbon Project (GCP), one of the organizations contributing to the report, estimated that there was a 17% reduction in daily global CO₂ emissions in April, when lockdowns were most intense, but for the 2020 full year this rate of decline eased back to 4-9%. The UN Secretary-General, António Guterres, on the other hand, issued a strong warning regarding the climate crisis being experienced in the world, stressing that the main agenda which the UN would focus on in 2021 will be global cooperation to reset carbon emissions.

Guterres noted that the fight against climate change should be at the heart of the UN's global goals, noting that each country, every city and every company should adopt a strategy and action plan which meets the goal of switching to zero carbon emissions by 2050, declaring a “climate emergency”.

In 2020, the pandemic served as a strong wake-up call for humanity, signaling the extent of the danger. This negative experience is expected to trigger effective and rapid steps which will reverse the course of the climate crisis. In this context, supranational initiatives demanding urgent action around the world carry great responsibilities, and cooperation between NGOs and economic actors is more vital and more urgently needed than ever.

As a result, the pandemic has made one issue very clear. Sustainability is a phenomenon which stands above the concepts that we must strive for and embrace for a safer and healthier future on all axes - environmental, social and economic.

A valuable initiative for global cooperation - The Sustainable Development Goals

The agreement titled “Transforming our world: 2030 sustainable development agenda”, which was adopted by 193 UN member countries on 25 September 2015, consists of 17 Sustainable Development Goals (SDGs) and 169 sub-titles.

The Millennium Development Goals, adopted in 2000, addressed many issues such as eliminating poverty, hunger, diseases, gender inequality, and access to water and sanitation.

At the Rio+20 summit in 2012, with the participation of a wide range of stakeholders, the decision was taken to develop a new set of goals which would follow the Millennium Development Goals, and work was started in this direction.

The private sector has been deeply involved in the development of the SDGs, and the 17 Sustainable Development Goals announced in 2015 have put forward a much broader sustainability package compared to the Millennium Development Goals.

The SDGs, which is a set of actions developed to achieve a better and more sustainable future for all by 2030, aims to find solutions to the root causes of poverty and to ensure development as a universal need for all.

The global consensus around the goals marked an important milestone in steering our globe towards a more inclusive and sustainable growth path.

Detailed information and resources regarding the SDGs is available on the links below.

<https://www.undp.org/sustainable-development-goals>

When we take a look at the corporate world, the internalization of sustainability in the business cycle and widespread impact on environmental areas, as well as social and governance areas, have gained key importance and are increasingly being looked at by investors.

Environmental, social and corporate governance factors (ESG)

In parallel with sustainability, non-financial information has gained importance at least as much as financial performance information in the corporate world. Integrating key ESG performance indicators and the policies to support the performance into strategy and operational cycles is directly associated with their ability to capture long-term value by investors. How economic actors manage ESG risks and opportunities and their level of transparency form the other basis of the value commitment to the investor.

Increasing consideration of sustainability factors by investors on a global scale supports the focus of capital market regulators and stock markets. The most tangible results of this focus are the sustainability indices, which have gained tremendous importance in the last two decades.

There has been a rapid increase in the role and importance of sustainable finance in the building the future.

Financing models and sustainability-themed resources which contribute to efforts to tackle the climate crisis and support the transition to a low-carbon economy could usher in the next boom in the global financial markets.

The focus has squared in on thematic areas such as environmental protection and rehabilitation, women's employment, occupational health and safety and inclusion, and in particular renewable energy and energy and resource efficiency. Nearly three quarters of the resource allocation activities undertaken by financial institutions on a global scale consist of sustainability-themed projects.

In the global arena, green issuances have gained considerable momentum recently. Financial institutions, as well as states and public institutions, are also turning to green issuances. According to The Green Bond Report prepared by the SEB in December 2020, the total size of sustainable bond issuances, which continues to grow, had approached USD 650 billion as of the end of 2020.

The product which left its mark on 2020 was social bonds, the transaction volume of which increased eight-fold. The main objective of social bonds is to support the economic recovery in all its aspects.

CLIMATE CRISIS, SUSTAINABILITY AND PARTICIPATION FINANCE

Sustainable finance and contribution to efforts to tackle the climate crisis are another area of focus for the global participation finance system, with significant improvements achieved.

Global participation finance system and sustainability
 In its philosophy and practical applications, Participation Finance, which coincides with sustainability, is a fair, ethical, participatory and sharing system that takes care of all stakeholders. Based on this, sustainable and Responsible Investment (SRI) frameworks as well as the ESG criteria, which have recently been growing in importance on a global scale, play a role in the rapid development of the focus on sustainability in the global participation finance system.

Demand for participation finance instruments, along with their trading volumes, have been growing as sustainable and responsible investment frameworks have become more established, especially in Malaysia, Indonesia, Kenya, Kazakhstan, Abu Dhabi and Southeast Asian countries. In this context, Malaysia is leading the way and the green sukuk market in the country is in a process of rapid development. The Central Bank of Malaysia has implemented sustainability initiatives that will guide the Islamic financial sector.

Indonesia, where participation finance is highly developed, carried out the world's first green sukuk issuance for individual investors. This innovative sukuk issue, designed for green project financing, also provides impact reporting.

Abu Dhabi aims to be a regional center for green sukuk issuance, and the regulatory bodies for the Emirate are continuing their work in this area. Another market interest in green participation finance is Kenya, and the country envisions the introduction of a framework regulating the issue in the near future.

While green sukuk is the leading product in the world of participation finance, we see not only companies but also states turning to this instrument in their borrowing activities.

The Islamic Development Banking Group's 2030 strategy and SDGs

The Islamic Development Banking Group's (IDBG) 10-year strategy sets out a vision that will guide 57 member states as well as other Muslim communities and promote economic and social development as well as the glorification of human dignity.

The strategy is built on three pillars and is aimed at inclusion, connectivity and the growth of the Islamic financial sector. The strategy, which rises on these three pillars, is structured in the focus of Economic and Social Infrastructure, Private Sector Development, Inclusive Social Development, Cooperation between Member States and Islamic Finance Sector Development.

The IDBG's 2030 strategy provides a significant convergence to the 2030 SDG vision. Seven SDGs are internalized in similar indicators, and five SDGs are internalized in different indicators. The IDBG also conducts research under the focus of environmental SDGs, which it has not included in its strategy in the initial stage. The bank is in the process of identifying sector-based indicators which will take the environmental policies and strategies implemented by member states into account.



SDG	IDBG 10-YEAR STRATEGY	STRATEGIC OBJECTIVES		STRATEGIC PILLARS			
		Inclusiveness	Connectivity	Economic and Social Infrastructure	Private Sector Development	Inclusive Social Development	Cooperation Between Member Countries
Capacity Development							
Islamic Finance Sector Growth and Development							
1							
2							
3							
4							
5							
6							
7							
8							
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10							
11							
12							
13							
14							
15							
16							
17							

Source: IDBG, Towards 2030 Strategic Plan

- SDG directly reflected and with similar target/indicator
- SDG directly reflected and with different target/indicator
- SDG indirectly or tangentially reflected
- SDG not reflected



CLIMATE CRISIS, SUSTAINABILITY AND PARTICIPATION FINANCE

Sustainability also developing rapidly as a mainstream concept in Turkey

The unusual circumstances of 2020 strongly indicate how important the concept of sustainability is, especially for economic actors.

Supporting sustainability and efforts to tackle the climate crisis are concepts owned and supported at the level of government and public authorities in Turkey. Sustainability and combating the climate crisis are also key goals and guiding principles in development plans and economic programs being developed by the authorities. Turkey is also playing a decisive and active role in reducing total emissions under the Paris Agreement and contributing to global initiatives.

On the other hand, financial service providers, industrial organizations, corporations and even SMEs have started to focus on sustainability more intensely than ever before and internalize it in their activities. The value created for stakeholders, their contribution to society, inclusion and environmental protection are among the issues prioritized in this context.

Sustainability gaining importance in terms of ease of access to finance and ensuring sustainable development

Access to finance has become easier for countries and economic actors who have taken the concept of sustainability on board.

Global investors are expected to place increased importance on sustainability and related concepts in the future. In this long-running race, companies and projects which do not adopt the sustainability principles and ESG criteria will be perceived as riskier by investors, and will have to borrow at a relatively high price.

Some of the major asset management companies, funds and banks and both in our country and in the world have declared that they would consider ESG factors as the determining criteria in their investment decisions, and will not invest or transfer funds to sectors which harm the natural ecosystem.

Climate Crisis, Sustainability and Participation Finance section was prepared by **Tayburn**

Participation banks operating in Turkey carry out exemplary work in the field of sustainability and reinforce the value they produce for their stakeholders. Highlights from these studies, which contribute to the prestige and awareness of the participation banking sector, are presented below.

ALBARAKA TÜRK

Albaraka Türk, which also carries out its activities in the areas of environmental and corporate social responsibility under a responsible banking approach, has launched its Sustainable Banking Program with the support of its main partner, the Albaraka Banking Group (ABG). Albaraka Türk, which provides donations and financing in the fields of education, health, sustainable energy and the provision of employment in line with nine SDGs adopted as a group, also aims to provide financing and donation support in the fields of the cyclical economy and agriculture between 2021 and 2025.

Albaraka Türk aims to be a leader in this field by taking voluntary steps to solve many environmental issues such as climate crisis, carbon emission and water problems, with the goal of achieving net zero carbon emissions by 2050 and the Environmental Social Governance System to be established within the Bank. In this direction, Albaraka Türk, who voluntarily answered the CDP Climate Change and Water Safety Surveys between 2017-2020, received an A- grade in the Climate Change survey in 2020 and was awarded the CDP Turkey 2020 Climate Leadership award. In addition, it was included in the Istanbul Stock Exchange Sustainability Index for the second time and repeated its title of being the first and only participating bank in this index in 2020.

Albaraka Türk has committed to expanding its CDP's efforts and progress with Science Based Targets (SBTi) and assigned science-based targets within 2 years by calculating the entire climate load of the Bank. In addition, in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), scope 3 greenhouse gas emission calculation studies are carried out for the calculation of financial risks stemming from climate change. For this purpose, Albaraka Türk aims to calculate the risk of greenhouse gas emissions generated through the credit portfolio and commercial risks and to translate this into financial risk with the established internal carbon price.

Albaraka Türk, which holds the title of the first LEED GOLD certified Bank Head Office building in Turkey, also participated in the Zero Waste Project initiated by the Ministry of Environment and Urban Planning in 2018 and implemented regulations in the prevention, reduction, reuse and purchase processes.

Albaraka Türk regularly shares details of its activities with its stakeholders through its website with sustainability reports prepared in the light of the principles of the Global Reporting Initiative (GRI).

EMLAK KATILIM

A rapid rise in the number of environmental disasters, global warming and constraints in water resources have driven humanity to follow more environmentally sensitive approaches. This awareness has also encouraged the banking sector to review itself and develop solutions within the working systematics.

In the global banking sector today, especially in developed countries, there has been a growing awareness that if environmental and social issues are ignored, there is a risk of losing customers and reputational loss. In this context, environmental units are formed, sustainability reports are published and studies are carried out on environmentally sensitive financial products. Some international banks are taking their work on sustainability even further and aiming to develop all their activities in line with the SDG.

Under the basic approach of participation banking based on social benefit, it is mandatory to act with a perspective which will serve the benefit of society and a sustainable future. At the same time, considerable care is taken to avoid providing financing to projects which do not comply with the principles of participation banking or have the potential to harm human health and/or social life. From this point of view, sustainability studies point to an important working systematic for the area that participation banks are liable to in principle.

The goals of ending poverty, protecting the planet and building prosperity for all, in line with the SDG announced in 2015, will ensure that the sector is at the forefront of these activities, as is compatible with the nature of participation banks.

Sustainable growth and support of Environmentally Themed and Environmentally Sensitive Projects are among the strategic themes included in the Emlak Katılım 2021-2023 Strategic Plan. The bank continues its structural work on the environment and sustainability, including the issuance of green sukuk.

With the spread of zero waste awareness in our country, zero waste bins are placed in many institutions and organizations. The Zero Waste Project initiated by the Ministry of Environment and Urban Planning provides waste prevention, more efficient use of resources and minimizes and recycling waste formation by reviewing the causes of waste formation. In this context, Emlak Katılım provides recycling bins in all work areas and Head Office buildings in order to support the Zero Waste Project initiated by the Ministry of Environment and Urban Planning in 2019.

Emlak Katılım contributes to a sustainable environment by donating a sapling on behalf of each of its existing employees and each new employee in order to support the Breath for the Future Project initiated by the Ministry of Agriculture and Forestry.

CLIMATE CRISIS, SUSTAINABILITY AND PARTICIPATION FINANCE

KUVEYT TÜRK

Kuveyt Türk, which describes itself as a “responsible financial institution” within the framework of the UN Sustainable Development Goals, considers taking action by considering the environmental and social impacts of its operations as one of the key elements of its sustainable banking approach.

Kuveyt Türk carries out its activities from its 438 branches throughout Turkey in addition to its Head Office in Istanbul and its Banking and Life Base located in Şekerpınar, in Kocaeli, based on the protection of nature and paying due regard to its environmental impacts. The Kuveyt Türk Banking and Life Base, which is an exemplary facility in terms of environmental sustainability, received the Breeam Certificate, which grades smart buildings around the world on the basis of their environmental and human standards, being given a score of 57.8 and a “very good” rating.

Successfully implementation of recycling and waste management practices in light of its effective natural resource use strategy, Kuveyt Türk has achieved significant progress in paper savings with the digital transformation application in its business processes. With the Paperless Branch Banking Project, it has significantly reduced the use of paper in financial processes and allocates the resulting savings to the planting of trees.

Standing by all legal companies which generate environmentally friendly renewable energy with the financing of Wind farms and Roof Solar Energy Power Plants, Kuveyt Türk has so far provided USD 1 billion in financing support in the field of renewable energy.

Providing training on effective natural resource usage to nearly 6,000 employees, Kuveyt Türk associates all of its employees with its environmental sustainability approach.

Accepting employee satisfaction as one of its main items within the scope of social sustainability efforts, Kuveyt Türk was the first financial institution from Turkey to be included in the “Europe’s Best Employers 2020” list organized by the Great Place to Work Institute (GPTW). Kuveyt Türk has been selected as “Turkey’s Best Employer” and “The Best Employer in Finance” for the last 4 years.

Focusing on its activities in the social, environmental and governance fields together with the aim of sustainable development and implementing many projects, Kuveyt Türk aims to implement new issues by turning them into policies and projects within the scope of its sustainability strategy.

TÜRKİYE FINANS

Türkiye Finans believes that the role and importance of financial institutions for sustainable development is growing day by day. In our country, with its wealth of opportunities in terms of sustainable finance instruments, projects with environmental benefits such as renewable energy, energy and resource efficiency, clean transportation, water and waste management are financed by the banking sector, using sustainable finance instruments such as green bonds and green loans. Türkiye Finans considers it critically important that participation banks serve as the leading financial institutions in this regard. On the other hand, social, green and sustainable finance has gained importance in international markets. In this vein, products such as loans, bonds and lease certificates are becoming widespread and while these products offer long-term borrowing opportunities under favorable conditions, they also serve to increase the market reputation of the borrower and the lender.

Finance and insurance products which comply with the criteria of the Taxonomy Technical Expert Report published by the European Union last year are included in the implementation of the “Environmental Label” in financial instruments, which is one of the global developments. Accordingly, the report states that insurance instruments covered by climate change-related events may comply with the criteria.

Türkiye Finans defines

- Biogas production
- Clean transportation vehicles
- Green buildings
- Management of natural resources and land use
- Water and wastewater management
- Employment-supporting SME financing
- Access to essential services (health, medicine, hospice)
- Green bonds
- Thematic funds (renewable energy fund)
- Housing loans for houses with A and B energy classes and certificates such as BREEAM, LEED, EDGE etc.
- Project financing loans for the construction of renewable energy plants
- Investment and project financing loans given within the scope of energy efficiency
- Irrigation loans

as growth areas and focuses on product development activities, which it predicts will gain more importance in the upcoming period.

Türkiye Finans believes that it is critical for the public to raise awareness of these products and to determine the relevant incentives.

VAKIF KATILIM

Since its foundation, Vakıf Katılım has brought a breath of fresh air to the world of participation finance by combining the traditional sharing culture of foundations with the power of the public. Having accomplished many successful projects in the field of environmental and social sustainability, Vakıf Katılım contributes to environmental sustainability with renewable energy financing; it creates long-term value for future generations with its contribution to our country and the world in the fields of education, culture and the arts.

By digitizing its operational processes, the Bank has carried out work in the field of paperless banking and undertaken a number of projects in the field of sustainability in internal processes. With various aid activities, applications in the field of publishing and support extended to education, Vakıf Katılım indicates the value it produces on the social axis.

Participation banks have a structure which is more resistant to adverse conditions as they base their financial transactions on real assets and work directly in connection with the real sector. Participation banks contribute to economic sustainability by avoiding transactions which may lead to speculation and serious inequalities in financial markets.

On the other hand, developing the practices of microfinance, crowdfunding, and karzi hasen, which are appropriate for the functioning of participation finance but tend not to be widely used today, will open new fields for breakthroughs in the field of sustainability and will offer a great opportunity for participation banks.

With a belief that participation banking is in a more advantageous position than other financial institutions in the field of economic sustainability, Vakıf Katılım has accelerated its product development processes in order to be a pioneer in the field of sustainability within the framework of its vision of being a reference institution.

In 2020, Vakıf Katılım, which offered specially designed solutions and products to more than 6,000 individual and corporate customers in a bid to eliminate the negative effects of the pandemic on the economy, implemented the 11,111 commemorative forest projects and donated 5,000 tree saplings to the reforestation of the regions which had been ravaged by the Hatay forest fires.

Vakıf Katılım started preliminary studies on the green sukuk issuance and aims to take important steps in the field of sustainability in the participation capital markets in the coming period.

ZİRAAT KATILIM

For Ziraat Katılım, sustainability is an important long-term initiative and a corporate responsibility. In this context, the Bank focuses on promoting the financing of environmentally friendly projects. It seeks to support the value it adds to production and trade financing with a long-term environmental and social sustainability perspective.

Within the scope of Ziraat Katılım’s goal of continuously improving its direct and indirect environmental impacts, it has carried out the following;

- Performed studies to measure and reduce greenhouse gas emissions which occur during the service cycle.
- Within the scope of the Zero Waste Project, wastes were reduced with awareness training, measures taken to reduce waste were put into practice and waste generated was classified and recycled.
- The Bank has minimized the use of paper through the digitization of processes, electronic approvals and a paperless office approach.
- It has sought to structure the physical elements which comprise its service network under the principle of efficient use of all natural resources.
- It supports the dissemination of global best practices and standards as well as full compliance with legally determined environmental standards in Turkey.
- Environmentally friendly and sustainable practices are given priority in the products and services supplied.

Ziraat Katılım continues to demonstrate its contribution to society in different axes by expanding its service network. It organizes campaigns and projects through the power of social responsibility.

Efforts to save energy and use renewable energy should be encouraged, believing in the importance of reducing the methods which cause physical, chemical and biological environmental pollution. Priority in funding should be placed on projects which use nature-friendly energy potential such as wind turbines, use of electrical energy, hydro-electric energy, wind power, solar power, biogas and geothermal energy), building insulation projects, green building, electric transportation and urban transformation projects with a certain ratio. On the other hand, obstacles should be placed to the funding of projects which use resources which cause environmental pollution within a certain policy and systematic criteria.

Environmentally friendly products and services and projects should be encouraged. Profit and loss partnerships, investment loans, project finance, financing packages for SMEs and entrepreneurs, green sukuk products and water conservation projects, recycling projects, management of natural resource use, waste management projects can be included in this scope.

Ziraat Katılım supports the realization of sustainability-themed fund-raising activities from sources such as the IDBG and the World Bank under the roof of TKBB, of which it is a member, or in cooperation with related professional organizations.

GLOBAL ECONOMY

MAIN TREND Covid-19

GLOBAL ECONOMIC CONTRACTION
-3.3%

The IMF revised its contraction forecast to **-3.3%** due to a faster-than-expected recovery in global economic activity in the second half of 2020.

Global Growth

The Covid-19 pandemic precipitated a contraction in the world economy.

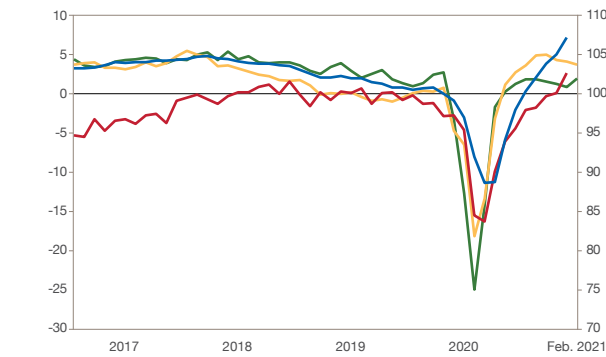
After the world economy slowed down in 2019, it ground to a standstill in 2020 with the impact of the Covid-19 pandemic. Lockdown measures aimed at controlling the pandemic have taken their toll on our daily lives as well as the production, trade and logistics cycles.

While the initial shock was overcome with supportive monetary and fiscal policy measures which proved a popular recipe in most countries, the decline in case numbers towards the summer contributed to the start of normalization steps on a global scale and a recovery in economic activity.



IN 2020

GLOBAL ACTIVITY INDICATORS



Sources: CPB Netherlands Bureau for Economic Policy Analysis; Haver Analytics; Markit Economics; and IMF staff calculations.
Note: PMI = purchasing managers' index.

“The IMF projects that the global economy will grow by 6% in 2021, and this rate will ease back to 4.4% in 2022.”

A clear worsening in the global growth outlook in 2020

The past two years have marked a change in the basic balances of the world economy, with trade wars and a slowdown in global growth, as well as a struggle to eliminate the effects of these negative developments.

In 2020, Covid-19 was the main factor which significantly affected the global growth outlook.

While the pandemic caused an unprecedented shock on both the supply and demand sides, economic activity gained momentum with the normalization steps taken in the third quarter of the year. Countries avoided the tight lockdowns which had been imposed in the first wave of the pandemic, and with the positive performance of China, the driving force of foreign trade, the slowdown in growth was limited compared to the second quarter.

Work on developing vaccines were another factor leading to more positive expectations. However, the number of cases, which started to rise again towards the last quarter of the year, indicated medium-term outlook would remain under a high level of risk until the pandemic was fully brought under control.

The IMF updated its expectations for the world economy in its World Economic Outlook (WEO) report dated April 2021. The IMF upgraded its forecast for 2020 by 1.1 percentage points in its October 2020 report, from a contraction of 4.4% to a contraction of 3.3% due to a faster-than-expected recovery in global economic activity in the second half of the year.

The IMF attributes the acceleration in the economy to the relaxation of lockdown decisions taken due to the pandemic in many countries and the adaptation to new working models.

The IMF predicts that the global economy will grow by 6% in 2021, and this rate will decrease to 4.4% in 2022. These IMF predictions, which are 0.8 and 0.2 points higher than in the October 2020 report, took into account the work on vaccine development and economic growth which gained momentum with the additional financial supports announced in several major economies.

The Organization for Economic Co-operation and Development (OECD) and the World Bank have also revised their forecasts upwards, as with the IMF. Both institutions, which had previously indicated a contraction of 7.6% and 5.2%, respectively, predicted that the global economy would shrink by 4.2% and 4.3% respectively, in 2020.

The OECD and the World Bank are of the view that the recovery in the global economy will gain pace on the expectation vaccines become accessible to wider sections of society in many countries in 2021, while adding that the pace of the recovery will differ between countries. However, the rate of recovery will vary between countries. The OECD predicts a 4.2% rate of global growth and the World Bank is forecasting a 4% rate of growth in 2021.

The rise in the number of cases towards the last quarter of 2020 served as a warning that the downside risks to the medium-term outlook will remain high until the pandemic is fully brought under control.

GLOBAL ECONOMY

GROWTH IN THE WORLD ECONOMY (2019-2022) (%)

	Realization		Forecast	
	2019	2020	2021	2022
WORLD OUTPUT	2.8	(3.3)	6.0	4.4
Advanced Economies	1.6	(4.7)	5.1	3.6
US	2.2	(3.5)	6.4	3.5
Europe (Euro Zone)	1.3	(6.6)	4.4	3.8
Germany	0.6	(4.9)	3.6	3.4
France	1.5	(8.2)	5.8	4.2
Italy	0.3	(8.9)	4.2	3.6
Spain	2.0	(11.0)	6.4	4.7
Japan	0.3	(4.8)	3.3	2.5
United Kingdom	1.4	(9.9)	5.3	5.1
Canada	1.9	(5.4)	5.0	4.7
Other Advanced Economies	1.8	(2.1)	4.4	3.4
Developing Economies	3.6	(2.2)	6.7	5.0
Developing Europe	2.4	(2.0)	4.4	3.9
Russia	2.0	(3.1)	3.8	3.8
Developing Asia	5.3	(1.0)	8.6	6.0
China	5.8	2.3	8.4	5.6
India	4.0	(8.0)	12.5	6.9
Middle East and North Africa	0.8	(3.4)	4.0	3.7
Latin America	0.2	(7.0)	4.6	3.1

Source: IMF staff estimates.

Global Trade

A loss of momentum in global trade volume in 2020

Before the Covid-19 pandemic, the main agenda item for global trade was the trade wars between the United States and China. However, during the pandemic, the tension between the two countries eased and the spotlight turned to the US Presidential elections. At the beginning of 2020, the two parties signed a "First Phase Trade Agreement". Although the tensions between the parties eased as a result of this agreement, the focus turned to more contentious issues such as the reduction in customs duties which had been under consideration within the scope of the "Second Phase". However, no steps were taken towards the "Second Phase" agreement in 2020.

In Europe, the conclusion of the Brexit process with the entry into force of an agreement which determines the legal framework of trade relations between the UK and the EU at the end of the year did not completely eliminate the economic, social and regulatory

uncertainties between the UK and the EU. When these uncertainties are considered together with the effects of the pandemic, they continue to pose a risk to the global outlook. The OECD predicts that this situation will lead to a noticeable slowing in growth in both the UK and the Euro Area in the next three years.

The World Trade Organization (WTO) expects a 9.2% decline in global goods trade volumes for the 2020 full year followed by an increase of 7.2% in 2021. Despite this, pointing out the high level of uncertainty due to the course of the pandemic and measures implemented by governments, the WTO projects that the global trade volume of goods will remain well below pre-epidemic values.

In addition, the services trade is expected to rebound more slowly than the goods trade in 2021, owing to the decline in tourism as a result of travel restrictions.

WORLD TRADE VOLUME GROWTH (2019-2022) (%)

(Annual average change in world import and export volumes)

	Realization		Forecast	
	2019	2020	2021	2022
World Trade Volume	0.9	(8.5)	8.4	6.5
Import-Advanced Economies	1.7	(9.1)	9.1	6.4
Import-Developing Economies	(1.0)	(8.6)	9.0	7.4
Export-Advanced Economies	1.3	(9.5)	7.9	6.4
Export-Developing Economies	0.5	(5.7)	7.6	6.0

Source: IMF World Economic Outlook, April 2021



GLOBAL ECONOMY

Commodity and Oil Prices

A recovery in base metal prices in the second half of 2020 due to the increase in demand

After the decline in demand due to the pandemic in the first half of 2020, there was a sharp decline in base metal prices. There was an increase in demand and robust recovery in base metal prices in the second half of the year owing to the acceleration in industrial activity in China.

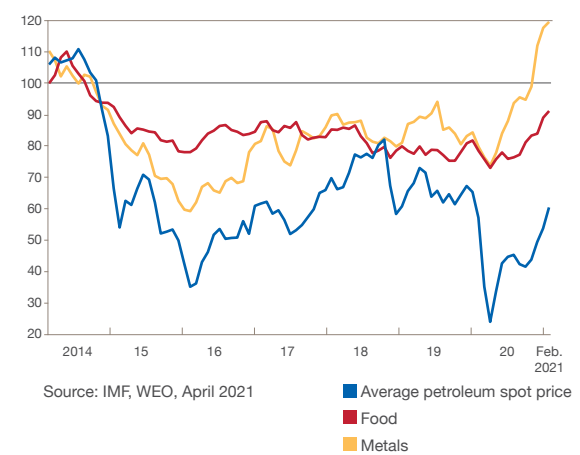
In the fourth quarter of 2020, base metal prices increased by 25.5% compared to the same period of the previous year. The group sub-index experienced widespread price increases, with iron and copper prices, which began to rise in the second half of 2020, being the main contributors.

With the predicted recovery in global demand, base metal prices are projected to climb by 5% according to the World Bank's Global Economic Outlook report released in January 2021.

On the other hand, prices in the Precious Metals group, one of the sub-indices of the Non-Energy Commodities Price Index, increased by 26.8% in the last quarter of 2020 compared to the same period of the previous year. Gold prices, the main sub-index of the said group, reached record levels in the second half of 2020. In the last quarter of the year, the optimism generated by the progress of developing vaccines to tackle the pandemic reduced the risks for the future, and global demand for gold fell to its lowest point in 11 years. Furthermore, as certain Central Banks ceased buying gold in the second half of 2020, particularly in the fourth quarter, demand for gold continued to decline, limiting the upward trend in prices.

COMMODITY PRICES

(Deflated on the basis of USA Consumer Prices Index; 2014=100)



2020
FOURTH QUARTER

INCREASE
25.5%

In the fourth quarter of 2020, base metal prices increased by 25.5% compared to the same period of the previous year.

Wide fluctuations in Brent crude oil prices throughout 2020

In the fourth quarter of 2020, crude oil prices decreased by 30.1% compared to the same period of the previous year. Brent crude oil prices, which traded in a wide range throughout 2020, decreased from an average of USD 64/bbl in January to USD 18/bbl in April, the lowest monthly average price in real terms since February 1999. The rapid increase in oil stocks due to the contraction in global demand resulting from the Covid-19 pandemic was responsible for this.

The gradual loosening of pandemic measures in the second half of 2020 increased global demand, and Brent crude oil prices rose to an average of USD 50/bbl in December 2020. The decision of OPEC+ countries to gradually ease their supply cuts and increase oil production by 500,000 barrels per day in January 2021 was one of the factors behind the shifts on the supply side.

While OPEC's crude oil production dropped to 23.6 million barrels per day in the third quarter of 2020, average daily crude oil output rebounded to 24.9 million barrels per day in the fourth quarter, indicating a recovery in production.

According to the US Energy Information Administration's (EIA) Short-Term Energy Outlook report released in January 2021, the average price per barrel of Brent crude oil, which was USD 42/bbl in 2020, is predicted to reach USD 53/bbl in 2021 and 2022.

When predictions of low supply from OPEC+ countries are combined with projections of a recovery in global oil demand, it is believed that upside pressure on oil prices will remain going forward.

The Energy Commodities Price Index, which fell by 29.9% in 2020, is expected to rise by 16.3% in 2021, according to the IMF World Economic Outlook report for October, while the Non-Energy Commodities Price Index, which rose by 6.6% in 2020, is expected to climb by 5.1% in 2021

“ The IMF projects that the Non-Energy Commodities Price Index, which increased by 6.6% in 2020, will rise by 5.1% in 2021.



GLOBAL ECONOMY

“ Many emerging market currencies depreciated significantly in 2020 relative to their five-year average.

Global Inflation

Inflation stays low in the vast majority of developing countries.

In most developing countries, inflation, which had been suppressed by weak domestic and foreign demand in particular, remained low in 2020 and was close to the target or within the tolerance range. However, it is thought that rising commodity prices and a possible recovery in demand could increase inflationary pressures in 2021. The fiscal and monetary expansion in all countries within the framework of pandemic measures is another factor which could drive prices higher with the release of pent-up demand.

Many emerging market currencies depreciated significantly in 2020 when compared to their last five-year average. Core inflation, on the other hand, remained low compared to their 5 year average. The continued low levels of core inflation, in spite of the cost increases, could push inflation upwards in developing countries as demand recovers.

US inflation follows a path in excess of its target.

The potential upward course in inflation in 2021 raises uncertainty over the timing and extent that the expansionary monetary policy measures taken in developed countries will normalize.

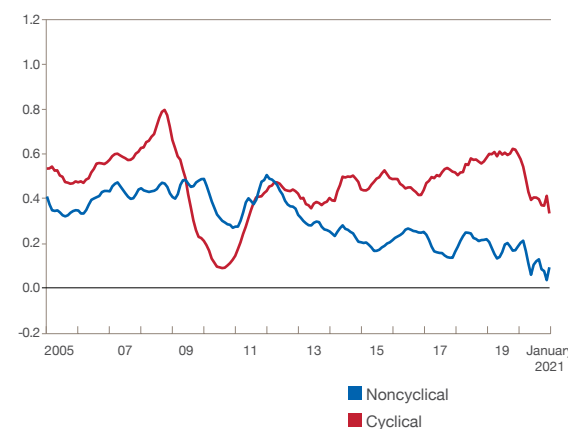
With the Fed's move to its average inflation targeting policy, its resilience to a possible inflation shock has increased. A sharp rise in inflation would risk volatility in the policy stance with markets dipping with an earlier than expected normalization.

Therefore, as the share of foreign investors in developing country assets has increased, expectations regarding fiscal and monetary policy practices in developed countries, especially the USA, may cause lead to volatilities in emerging markets.

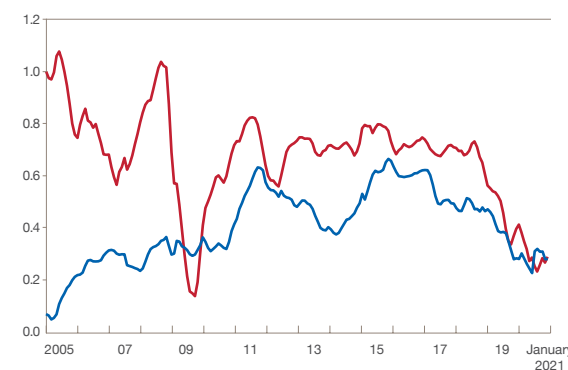
The fragility in the Euro Zone economy, which was caused by the effect of the pandemic, was clearly seen in the demand indicators. The ongoing disinflationary process in the region intensified, and the annual change in the Consumer Price Index, which has been deflationary since August, stood at -0.3% in November.

HEADLINE INFLATION: CYCLICAL AND NONCYCLICAL CONTRIBUTIONS (%)

Advanced economies



Emerging market and developing economies



Source: Eurostat; Haver Analytics; Organisation for Economic Co-operation and Development and IMF staff calculations.

Note: The figure plots the time fixed effects of regressions in which three-month trailing averages of contributions to headline inflation are regressed on country and time fixed effects, with the weights being the GDP in purchasing-power-parity terms. The contribution of a component is defined as its year-over-year price change multiplied by its weight in the headline consumer price index basket.

Global Monetary Policies

The US Federal Reserve (Fed) continues to ramp up its support to the economy.

The US Federal Reserve (Fed) cut interest rates for the first time since 2008, without waiting for the regular monetary policy meeting. In March, the Fed lowered the policy rate by 150 basis points from a range of 1.50-1.75% to a band of 0-0.25%. Announcing that it would purchase unlimited bonds, the Fed also cooperated with other central banks to increase global US dollar liquidity through swap lines and repos.

Strong monetary incentives announced by the European Central Bank (ECB) throughout 2020.

The European Central Bank (ECB) did not change its monetary policy in 2020, maintaining a policy rate of 0% and a deposit rate of -0.50%.

Announcing strong monetary incentives throughout 2020, the ECB maintained its support and increased the Pandemic Emergency Purchase Program (PEPP) to it to EUR 500 billion, which envisages the purchase of private sector and public debt instruments, in the last month of the year. In addition, the ECB created a repo facility to provide Euro liquidity against collateral to central banks outside the Euro Area. The Bank is expected to leave interest rates on hold in 2021 and will press ahead with its asset purchase program.

A recovery expected in 2021

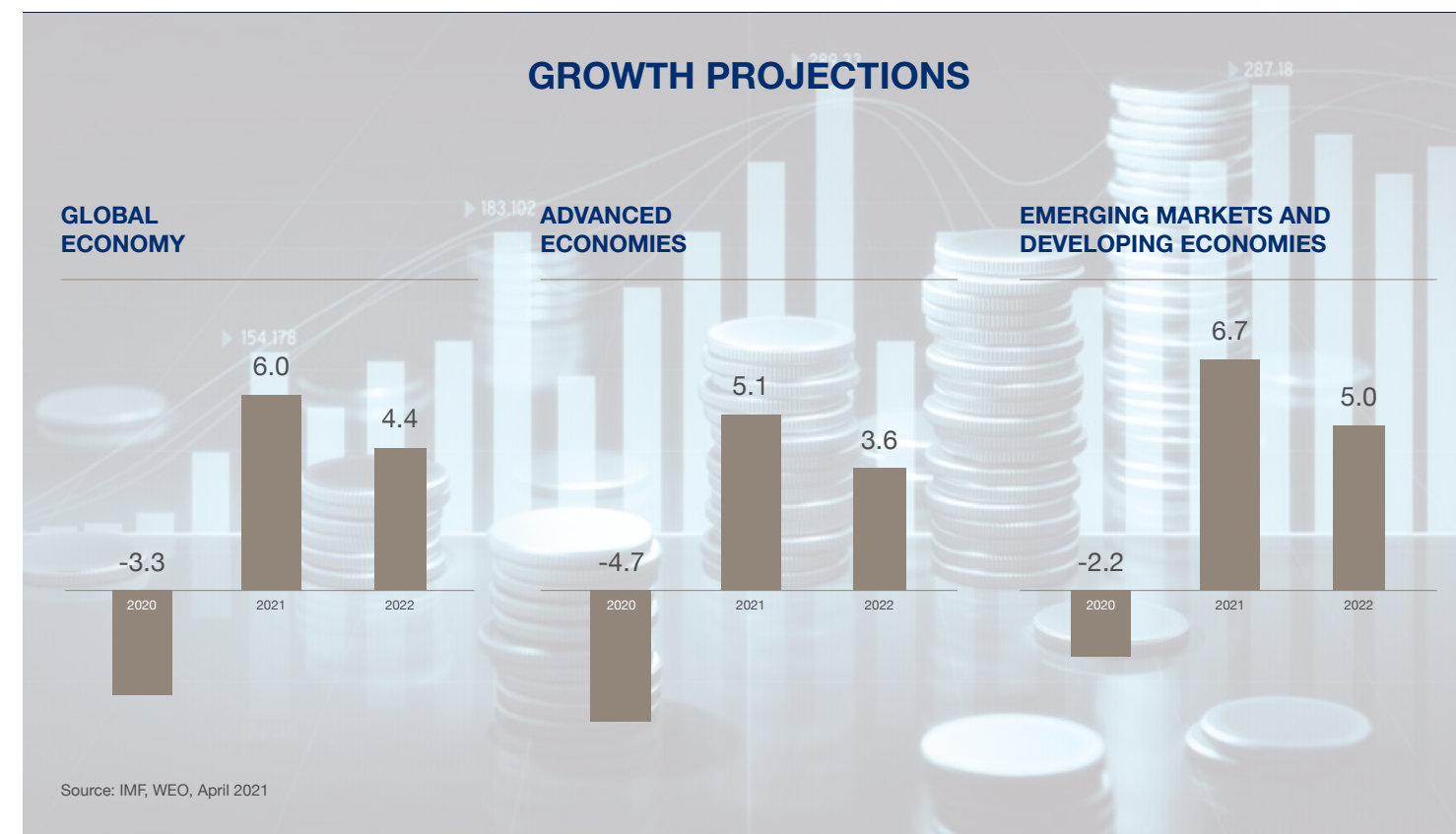
In 2021, it is predicted that a rapid recovery will be seen in the global economy with the base effect from 2020, but a return to pre-pandemic levels will not be realized until 2022. It is believed that the widespread use and success of the vaccine rollout will be instrumental in the course of this recovery as vaccine production is ramped up to a sufficient level worldwide.

Central banks of developed countries are expected to maintain policies which support economic activity in 2021, which is expected to ensure a positive environment in terms of financing resources for the economies of the developing countries, with country-specific risks expected to determine the direction of capital flows.

Additional expansionary policies, which started to be implemented in the last quarter of the year in many countries, especially in the USA and Japan, are expected to support global growth in the coming period.

However, issues such as the extent to which the restrictions to be implemented until the general population is vaccinated will affect economic activity, with the main areas of uncertainty for economies in the first half of 2021 being how expansionary policies can support economic activity, the direction in financial conditions and movements in commodity prices.

Sources: IMF Global Economic Outlook Reports, OECD Economic Outlook Reports, CBRT, Republic of Turkey Presidential Strategy and Budget Department



Source: IMF, WEO, April 2021

THE TURKISH ECONOMY

MAIN TREND

Adaptation to change

ECONOMIC GROWTH IN 2020

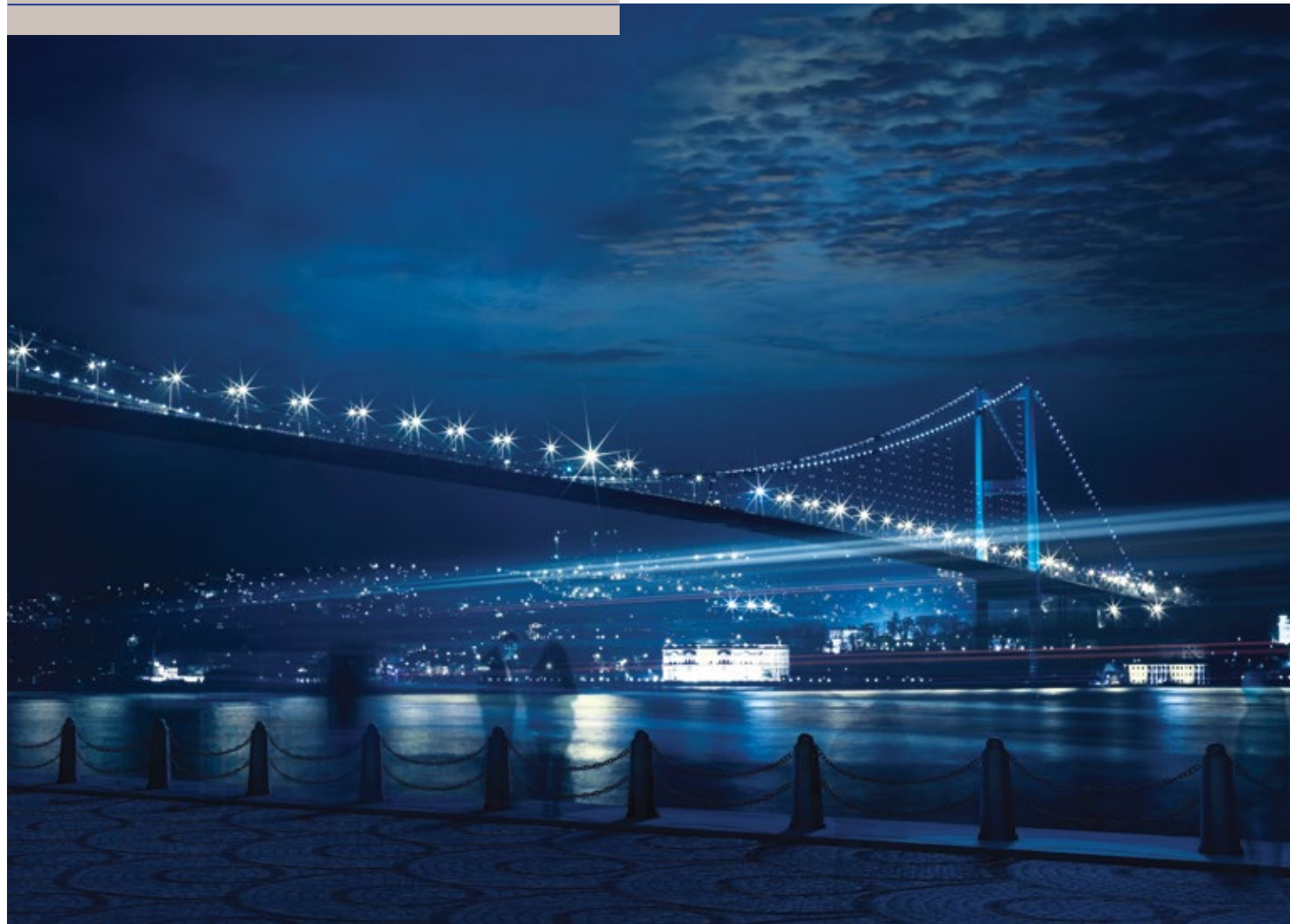
1.8%

The Turkish economy grew by 1.8% in 2020 compared to the previous year. With this performance, Turkey was one of the few countries to record positive growth in 2020.

The pandemic caused a loss of momentum in the Turkish economy after a solid start to the year.

Uncertainty and volatilities generated by the Covid-19 pandemic, which profoundly affected the global economy in 2020, started to negatively impact our country's economy in the second quarter of the year. On the other hand, the sustainability of the economic cycle was ensured with the decisions taken by the Government and the financial support programs implemented within the scope of the proactive approach taken by the institutions managing the economy.

As case numbers started to decline and economic activity rebounded at the beginning of the summer, the Turkish economy staged a rapid recovery from the third quarter and returned to its growth path.



Although the number of Covid-19 cases increased again in the last quarter of the year, leading to a gradual return of lockdown measures, the experience gained in the first wave of the pandemic and the sterling performance of the health sector ensured that the pandemic's impact on daily life and the economy remained relatively mild, and the process was managed much more successfully than in the second quarter of the year.

Increasing private sector consumption and investment expenditures, which exhibited a moderate recovery, played a part in the recovery observed in the economy in the second half of the year. Net foreign demand remained limited in this process, and was a factor constraining growth.

Our social lives were also disrupted considerably as a result of the lockdown measures implemented in 2020, and different models such as remote working and the transfer of schooling to a virtual environment were among the innovations which swiftly became established into our lives.

While digitalization has turned into a mega trend, the internet has proven to be an indispensable part of our lives and the online business cycle has achieved great progress.

While many sectors in Turkey have adapted to the process of change very quickly, the technological infrastructure of both state institutions and businesses have played a major role in this, while our country's young demographic structure has also served as a key factor in facilitating this process.

Turkey stands out as one of the few countries to record growth in 2020.

The Turkish economy, which grew by 4.5% in the first quarter of the year, contracted by 10.3% in the second quarter, when the effects of the pandemic were felt most intensely.

Gross Domestic Product (GDP) followed a sudden rebound in the third quarter when the economic measures taken began to bear fruit and the economy returned to a path of growth. Recorded GDP growth indicated that the Turkish economy exhibited a stronger than expected recovery thanks to the support measures taken in the third quarter of the year and the loosening of lockdown restrictions.

Growth continued in the fourth quarter of the year, with Turkey ending the year with annual GDP growth of 1.8% compared to the previous year. Thanks to this performance, Turkey stood out as one of the few countries in the world to record positive growth in 2020.

In 2020, GDP was recorded as TL 5,047,909 million at current prices according to the production method, marking an increase of 16.8% compared to the previous year. Per capita GDP stood at TL 60,537 at current prices, which is equivalent to USD 8,599.

While digitalization has turned into a mega trend, the internet has proven to be an indispensable part of our lives and the online business cycle has achieved tremendous progress.



In a breakdown of the sectors which contributed positively to GDP, professional, administrative and support services activities, services, and sectors other than the construction sector appear to have contributed positively to annual growth when looking at activities that contribute to GDP. In 2020, the total value added from finance and insurance activities increased by 21.4%, value added in information and communication activities increased by 13.7%, in agriculture by 4.8%, in public administration, education, human health and social service activities by 2.8%, in real estate activities by 2.6%, in other service activities by 2.5% and in industry by 2.0%. The value added in Professional, administrative and support services activities decreased by 5.2%, in services by 4.3%, and in the construction sector by 3.5%.

On the other hand, final consumption expenditures of households increased by 3.2% and reached 56.4% of GDP.

THE TURKISH ECONOMY

GDP GROWTH

	GDP (TL billion)	GDP (USD billion)	GDP Growth Rate (%)	Per Capita Income (TL)	Per Capita Income (USD)
2013	1,810	950	8.5	23,766	12,480
2014	2,044	935	5.2	26,489	12,112
2015	2,339	862	6.1	29,899	11,019
2016	2,609	863	3.2	32,904	10,883
2017	3,111	853	7.5	38,732	10,616
2018	3,724	789	2.8	45,750	9,632
2019	4,280	754	0.9	51,834	9,127
2020	5,048	717	1.8	60,537	8,599

Source: TurkStat

GDP GROWTH BY SECTOR

Annual rate of change in calendar adjusted chained gross domestic product (%)

	2019				2020			
	I	II	III	IV	I	II	III	IV
Agriculture, forestry and fishing	3.9	4.6	4.0	2.5	1.8	3.7	6.0	4.0
Industry	(5.2)	(4.0)	0.9	4.3	5.6	(16.5)	7.3	10.3
Manufacturing	(6.7)	(5.7)	(0.5)	3.6	6.4	(18.3)	8.6	10.5
Construction	(8.2)	(11.7)	(9.0)	(5.2)	(2.8)	(3.9)	4.7	(12.5)
Services	(4.0)	0.3	0.6	8.4	2.6	(25.8)	(0.4)	4.6
Information and communications	4.2	4.8	3.6	7.8	10.3	12.2	15.7	15.1
Financial and insurance activities	2.1	3.9	1.5	24.2	2.8	28.7	45.5	9.2
Real estate activities	0.6	2.3	2.6	2.0	2.7	1.8	2.9	2.9
Professional, administrative and support service activities	(11.1)	(2.2)	2.0	7.1	3.3	(17.6)	(6.7)	0.0
Public administration, training, healthcare and social service activities	9.2	2.4	5.1	5.3	4.7	(2.3)	2.4	6.2
Other service activities	2.6	(1.7)	2.4	31.0	12.9	(18.1)	4.8	7.9
Total Sectors	(2.0)	(1.2)	0.8	6.2	3.6	(11.3)	5.2	5.0
Taxes-Subsidies	(6.4)	(4.1)	0.8	8.7	8.6	(1.6)	13.8	13.3
GDP	(2.4)	(1.6)	0.8	6.4	4.1	(10.4)	6.1	5.8

Source: TurkStat

An average 1.6% increase in the industrial production index in 2020

Industrial production in our country increased by 9% on a YoY basis in December 2020. While the annual increase in industrial production in the last quarter of 2020 was 10.1%, the average increase for 2020 was 1.6%.

In December, the turnover index covering industry, construction, trade and service sectors increased by 28.6% YoY. The fastest increase in the turnover indices was realized in the industrial sector while the smallest increase was recorded in the construction sector, which has been stagnant for some time.

Retail sales increased by 0.6% YoY in December and by an average of 3.3% throughout 2020. While sales of food, beverages and tobacco increased rapidly in December, non-food sales excluding automotive fuel decreased. According to December figures, retail sales decreased for the first time on a monthly basis since April 2020, with a fall of 4.2% compared to the previous month.

Looking at the sub-items of the index, it was observed that production and new orders slowed in December due to the pandemic and various lockdown restrictions, while new orders from a wide array of export markets decreased as the second wave of the pandemic took hold.

The employment index and purchasing activity continued to rise in December, while disruption to supply strengthened inflationary pressures.

MONTHLY PRODUCTION INDICATORS (2020)

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

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Total Industry	7.6	11.3	(0.9)	(31.1)	(30.5)	17.7	(0.6)	16.2	11.3	9.6	8.7	12.3
Intermediary Goods	9.8	12.7	2.4	(27.6)	(28.7)	19.9	0.4	19.6	13.7	11.6	10.5	15.8
Durable Consumer Goods	2.4	1.2	(14.8)	(48.8)	(43.4)	5.5	13.9	20.5	21.5	21.9	18.2	13.2
Non-Durable Consumer Goods	8.3	9.2	(0.8)	(31.0)	(31.4)	23.3	(0.2)	15.8	6.4	7.7	5.2	10.2
Investments Goods	4.1	17.0	(5.6)	(42.7)	(36.1)	20.3	(3.8)	16.7	14.3	8.8	9.8	11.9
Manufacturing Industry	7.9	12.1	(0.8)	(33.1)	(31.8)	20.1	(0.2)	17.6	12.0	10.5	9.0	13.1
Mining	8.3	2.4	(3.3)	(12.5)	(22.1)	2.7	(9.0)	8.7	2.4	(1.6)	3.7	7.6
Energy Production	3.7	5.7	(0.8)	(14.7)	(16.6)	(2.7)	(0.2)	4.1	8.7	5.5	7.6	4.9
Electricity Production	3.8	5.8	(0.7)	(14.6)	(16.6)	(2.7)	(0.1)	4.2	8.9	5.7	7.7	5.6
Automotive Production	1.2	7.9	(21.4)	(90.7)	(53.1)	(3.8)	(10.7)	46.5	5.3	15.2	6.6	12.2
White Goods Production	7.1	5.6	(10.0)	(52.3)	(42.6)	25.2	22.1	11.0	13.1	20.1	15.2	42.7
Total Industry Turnover Index	20.9	22.0	7.3	(23.9)	(25.5)	29.1	14.4	36.2	35.7	38.6	43.2	47.4
Manufacturing Industry Turnover Index	20.6	21.8	7.3	(24.5)	(26.0)	29.3	14.2	36.1	35.7	38.5	43.1	47.2
Real Sector Confidence Index	11.9	10.0	(2.4)	(36.7)	(22.2)	(9.7)	2.4	3.6	6.6	7.1	1.9	3.1
PMI (Manufacturing)	51.3	52.4	48.1	33.4	40.9	53.9	56.9	54.3	52.8	53.9	51.4	50.8

Source: Presidency of Strategy and Budget

MONTHLY CAPACITY UTILIZATION RATE IN MANUFACTURING INDUSTRY (%)

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
75.5	76.0	75.3	61.6	62.6	66.0	70.7	73.3	74.6	75.4	75.8	75.6

Source: Presidency of Strategy and Budget

Unemployment edges down to 13.2% in 2020

In the Turkish economy, economic activity gained momentum as the lockdown measures put in place to contain the spread of the pandemic were eased from May and June, as well as improving financial conditions, with a distinct V-shaped recovery realized in the third quarter of the year. This situation positively supported the economy's capacity for job creation from the third quarter of the year.

According to the seasonally adjusted data, 65% of the job losses experienced in February, March and April were compensated as a result of the recovery spread over the last six months in total employment.

An analysis of the sectoral productivity (partial labor productivity) developments finds that productivity has been increasing, in addition to the gathering pace job creation, especially in non-agricultural sectors, with the recent normalization process. Agricultural sector productivity, on the other hand, maintains the upward trend which it entered into in the last quarter of 2014.

Unemployment was recorded at 13.2%, marking a fall of 0.5 of a percentage point, while the non-agricultural unemployment rate was 15.3%, a decrease of 0.7 percentage points.

In 2020, the number of people in employment fell by 1.27 million people compared to the previous year, to 26.81 million, while the employment rate decreased by 2.9 points to 42.8%.

The workforce, which expanded by 1.68 million in 2020 compared to the previous year, stood at 30.87 million, with a labor force participation rate of 49.3%, marking a decrease of 3.7 points.

Youth unemployment, among the 15-24 year olds, decreased to 25.3%, a fall of 0.1 percentage points compared to the compared to the previous year, while the employment rate decreased by 3.9 percentage points to 29.2%. In the same period, the labor force participation rate for young people decreased by 5.3 percentage points to be realized as 39.1%. The rate of people neither in education nor in employment increased by 2.3 percentage points compared to the previous year to reach 28.3%.

THE TURKISH ECONOMY

In 2020, a total of TL 25.4 billion in payments were distributed from the short-time working allowance according to provisional data.

In 2020, 4.72 million people were employed in the agricultural sector, 5.5 million in the industrial sector, 1.54 million in the construction sector and 15.06 million in the service sector. The number of people in employment decreased by 381,000 in the agricultural sector, 64,000 in the industrial sector, by 12,000 in the construction sector and by 812,000 in the service sector compared to the previous year.

FURLOUGH SCHEME

Furlough schemes has been one of the most important tools used to limit the damage caused by the pandemic, which started at the end of 2019 and spread rapidly around the world, leading to wide-ranging economic problems as measures and restrictions were imposed with their individual and social impacts on the labor market. The scheme has been used extensively in Turkey as well.

İŞKUR (the Turkish Employment Agency) defines the furlough scheme as an “application which provides income support to the insured for the period they cannot work for a period not exceeding three months in the workplace, in cases where the weekly working hours in the workplace are temporarily reduced by at least one third due to general economic, sectoral, regional crisis or compelling reasons, or the activity is stopped completely or partially for at least four weeks without seeking continuity.”

The Economic Stability Shield Package was announced on the same day as the first case of the virus was recorded in Turkey, on 18 March 2020 in order to prevent negative effects which may occur. As well as a comprehensive range of support for the labor market, the furlough scheme was initiated with the package within the scope of “forceful reason arising from periodic situations arising from external effects”.

The number of people benefiting from the furlough scheme in Turkey reached 3.3 million in April and May when the effects of the pandemic were felt most profoundly. In 2020, the total payments extended through the scheme reached TL 25.4 billion, according to provisional data.

The furlough scheme, which was due to end on 31 March 2021, was extended until June 2021 with a new decision taken by the Government.

Source: İŞKUR Monthly Unemployment Insurance Bulletin



LABOR MARKET DEVELOPMENTS (15+ AGE)

Annual	2019	2020
Labor Force Participation Rate (%)	53.0	49.3
Labor Force (thousand)	32,549	30,873
Employed (thousand)	28,080	26,812
Agriculture (thousand)	5,097	4,716
Industry (thousand)	5,561	5,497
Services (thousand)	15,872	15,060
Construction (thousand)	1,550	1,538
Unemployed (thousand)	4,469	4,061
Unemployment Rate (%)	13.7	13.2
Non-Agricultural Unemployment Rate (%)	16.0	15.3
Youth Unemployment Rate (%)	25.4	25.3
Employment Rate by Sector (% Share)		
Agriculture	18.2	17.6
Industry	19.8	20.5
Services	56.5	56.2
Construction	5.5	5.7

Source: TurkStat

2019 (CPI)

11.8%

2020 (CPI)

14.6%

The annual rate of inflation in the general consumer price index (CPI), which was 11.8% at the end of 2019, rose to 14.6% by the end of 2020.

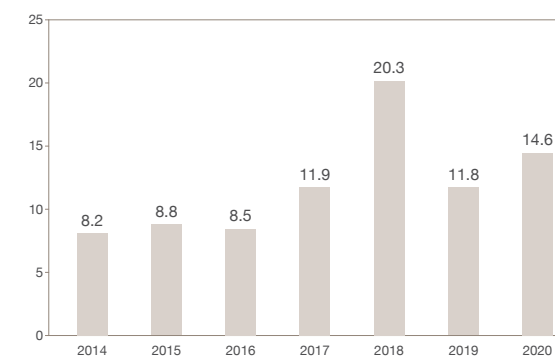
Continued rise in inflation indicators

Weak demand conditions observed in the first half of the year helped keep inflation subdued. However, capacity constraints resulting from the normalization process, exchange rate volatility and a sharp rise in food prices have raised the risks and upward pressure on inflation since June.

The delay in the Central Bank's decision to tighten its monetary policies was another factor leading to the rise in inflation. Among the factors negatively affecting the inflation outlook were domestic demand conditions, cumulative cost effects, especially the exchange rate, the rise in international food and other commodity prices and high inflation expectations.

While consumer inflation was limited by the goods and services items, as well as the weak demand conditions due to the pandemic, inflation remained high in groups which were relatively sensitive to loan and exchange rate developments. Against this backdrop, core inflation indicators continue to rise, while there was a tendency for wider price spreads across the board.

INFLATION - CPI (%)



Source: TurkStat

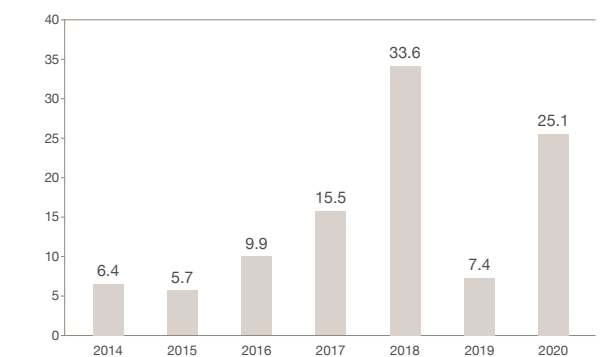
The annual rate of inflation in the general consumer price index (CPI) increased from 11.8% at the end of 2019 to 14.6% at the end of 2020. At the same time, increases were experienced in core inflation indicators due to the lagged effects of exchange rates. However, the annual rate of inflation in the domestic producer price index (D-PPI) rose from 7.4% at the end of 2019 to 25.1% at the end of 2020 due to the cost pressure caused by the developments in the exchange rate and international commodity prices.

The main groups where the annual rate of inflation remained low were alcoholic beverages and tobacco, communication and education. Steeper rates of inflation were seen in various goods and services, transportation and food and non-alcoholic beverages, when compared to the same month of the previous year.

Producer prices, on the other hand, surged rapidly as a result of the depreciation of the Turkish lira and the upward trend in commodity prices, as well as strong demand conditions and supply constraints which became evident in some sectors, thus piling cost pressures on consumer inflation.

Significant monetary tightening is expected to gradually weaken the demand and cost factors that affect inflation. However, developments in international commodity prices, constraints on supply in some sectors, and recent wage and administered price adjustments maintain their importance on the medium-term inflation outlook. Despite the appreciation of the Turkish lira, the rise in commodity prices and the evident supply constraints in some sectors had led to a continued rise in producer price inflation.

INFLATION - PPI (%)



Source: TurkStat

THE TURKISH ECONOMY

CHANGES IN PRICES

	2019	2020
Rate of change in 12 month moving averages		
PPI	17.56	12.18
CPI	15.18	12.28
Annual rate of change (%)		
PPI	7.36	25.15
CPI	11.84	14.60

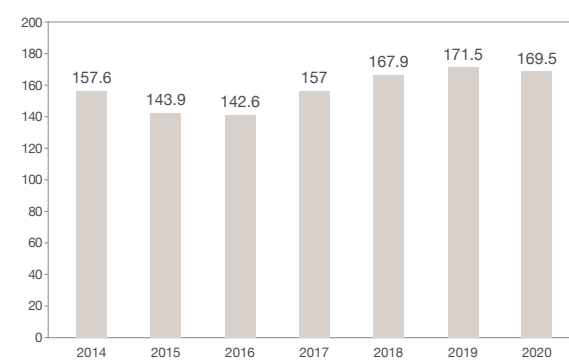
Source: TurkStat

Central Bank starts a process of monetary tightening in the second half of the year.

On the other hand, the monetary policy was simplified and the reserve requirement system, based on real credit growth and differentiated on a sectoral basis, was terminated. In this process, the Banking Regulation and Supervision Agency gradually withdrew the supportive measures which it implemented during the pandemic. While the decision was taken for the Asset Ratio (AR) criterion, which was implemented in April, to be deactivated by the end of 2020, restrictions on transactions with non-residents were eased.

Exchange rates are expected to stabilize in 2021 with the contribution of both the CBRT's tightening monetary policy and global liquidity conditions. Against this backdrop, domestic demand is expected to follow a stabilization thanks to the increasing propensity for domestic savers to keep their savings in TL in the country, which could ease inflationary pressures.

ANNUAL EXPORTS (USD billion)



Source: TurkStat

2020 (Share of intermediate goods in imports)

74.3%

2020 (Share of capital goods)

14.5%

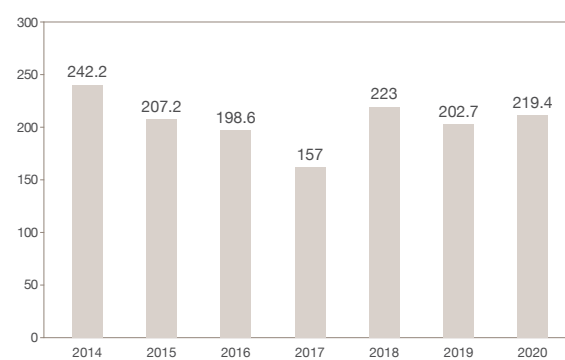
In 2020, the share of intermediate goods in imports stood at 74.3%, with capital goods accounting for 14.5% of imports and consumer goods comprising 11.0% of the total.

A widening in the current account deficit in 2020

Exports decreased by 6.3% compared to the same period of the previous year, amounting to USD 169,482 million, while imports increased by 4.3% to USD 219.4 billion. In the same period, the foreign trade deficit widened by 69.1% from USD 29.5 billion to USD 49.9 billion. The exports coverage ratio decreased from 86% in 2019 to 77.2% in 2020.

The Turkish Lira continued to lose value against foreign currencies due to the acceleration of capital outflows and domestic dollarization. The widening in the foreign trade deficit, a result of the lockdown measures imposed in European countries - which are Turkey's most important export markets - and the rapid decline in transportation and tourism revenues continue to put pressure on the current account balance.

ANNUAL IMPORTS (USD billion)



Source: TurkStat



BALANCE OF PAYMENTS - CURRENT ACCOUNT

(USD million)	2015	2016	2017	2018	2019	2020
CURRENT ACCOUNT	(27,314)	(26,849)	(40,584)	(20,745)	6,759	(36,765)
BALANCE OF FOREIGN TRADE	(49,009)	(39,923)	(58,575)	(40,767)	(16,751)	(37,834)
Exports F.O.B.	150,981	149,246	164,495	177,169	180,195	169,669
Imports C.I.F.	213,619	202,189	238,715	231,152	210,344	219,508
Non-monetary Gold (net)	3,952	1,787	(9,971)	(8,713)	(9,268)	(22,402)
Total Exports	154,865	152,645	169,214	178,909	182,246	168,433
Total Imports	203,874	192,568	227,789	219,676	198,997	206,267
BALANCE OF SERVICES	29,988	20,523	26,333	31,093	35,528	9,502
Travel	21,248	13,960	17,655	20,625	25,719	9,180
Revenues	26,616	18,743	22,478	25,220	29,829	10,220
Expenses	5,368	4,783	4,823	4,595	4,110	1,040

BALANCE OF PAYMENTS - CAPITAL AND FINANCIAL ACCOUNTS

(USD million)	2015	2016	2017	2018	2019	2020
CAPITAL ACCOUNT	(21)	23	15	62	34	(39)
FINANCIAL ACCOUNTS	(21,211)	(21,731)	(46,837)	(10,903)	1,308	(39,859)
Direct Investments	(14,167)	(10,791)	(8,398)	(9,374)	(6,323)	(4,731)
Portfolio Investments	15,349	(6,412)	(24,063)	3,115	1,447	5,485
Other Investments	(10,562)	(5,341)	(6,169)	5,733	(140)	(8,751)
Reserve Assets	(11,831)	813	(8,207)	(10,377)	6,324	(31,862)
NET ERRORS AND OMISSIONS	6,124	5,095	(6,268)	9,780	(5,485)	(3,055)

Source: CBRT 6th Handbook of Balance of Payments, Detailed Presentation

THE TURKISH ECONOMY

“The tight monetary policy stance is expected to be maintained in place for some time to come, and that the continued decline in the risk premium will have a positive impact on inflation expectations.

In the January-December period, according to basis of economic activity, the share of manufacturing industry in exports stood at 94.3%, with agriculture, forestry and fisheries accounting for 3.5% of exports and mining and quarrying comprising a 1.7% share. In the same period, the share of intermediate goods in imports stood at 74.3%, with capital goods comprising 14.5% of imports and consumer goods having an 11.0% share.

In 2020, Germany ranked first among Turkey's export markets, with USD 15.8 billion of exports, followed by the United Kingdom (USD 11.2 billion), the USA (USD 10.2 billion), Iraq (USD 9.1 billion) and Italy (USD 8 billion). Exports to the top five countries constitute 32.2% of total exports.

In the same period, China ranked first in terms of imports, with USD 23 billion in imports from China, followed by Germany (USD 21.7 billion), Russia (USD 17.9 billion), the USA (USD 11.5 billion) and Italy (USD 9.2 billion) with these five countries accounting for 38% of Turkey's total imports.

A current account deficit of USD 36.7 billion in 2020

The current account balance, which produced a deficit of USD 2.7 billion in December 2019, ran a deficit of USD 3.2 billion in the same month of 2020. Thus, the current account, which had in fact run at a surplus of USD 6.8 billion in 2019, recorded a deficit of USD 36.7 billion in 2020. Gold imports, which reached USD 25.2 billion in 2020, and tourism receipts, which remained subdued due to the pandemic, were instrumental in this deficit. Net tourism receipts, which stood at USD 25.7 billion in 2019, decreased to USD 9.2 billion in 2020, while the current account surplus (excluding gold and energy) stood at USD 9.9 billion.

A widening in the budget deficit to TL 172.7 billion in 2020

The central government budget balance was influenced by the Covid-19 pandemic throughout 2020. The budget deficit, which had stood at TL 124.7 billion in 2019, increased by 38.5% to TL 172.7 billion in 2020. In this period, budget revenues increased by 17.6% and budget expenditures increased by 20.2%. The primary balance, which had recorded a deficit of TL 24.8 billion in 2019, ran a deficit of TL 38.8 billion in 2020.

CBRT draws up a policy framework which will increase predictability and transparency for the future.

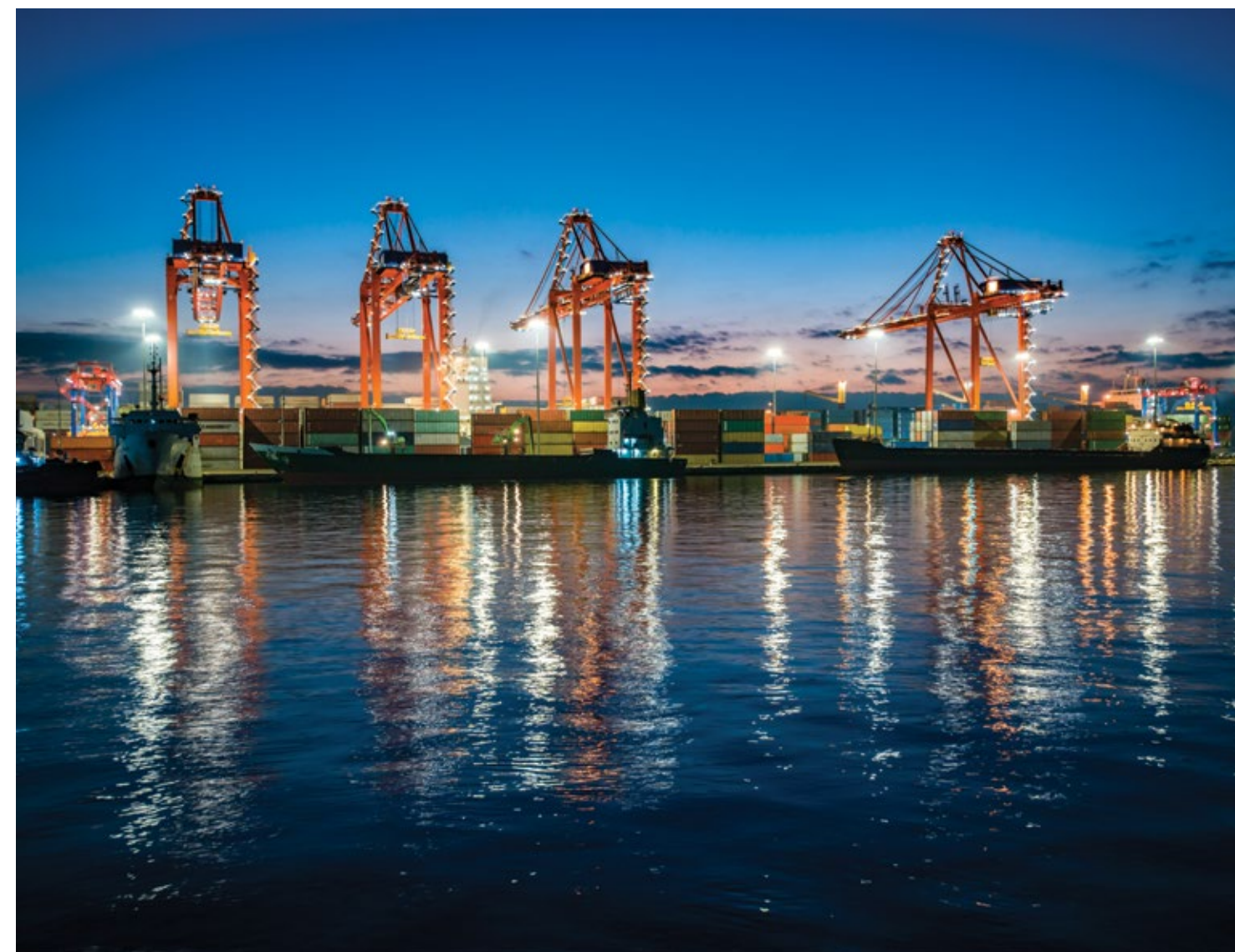
Noting that economic activity exceeded earlier projections in the third and fourth quarters of 2020, the CBRT has taken monetary policy decisions from a medium-term perspective, focusing on keeping future inflation in line with the target under a framework based on all elements affecting inflation and the interaction of these elements.

Despite a significant slowdown in credit growth in the recent period, the cumulative effects of high credit growth during the pandemic have kept domestic demand buoyant. A combination of the continued high numbers of Covid-19 cases, the uncertainties over the vaccination rollout and the global economy along with rising international food and commodity prices continue to pose an upward risk to the inflation outlook.

Supply constraints in some sectors due to the outbreak, the cumulative effects of exchange rate developments, unit labor costs and updates in managed-directed prices are also other factors that could pose risks to inflation expectations and the inflation outlook. Taking these risks into account, the CBRT opted in favor of continued tightening in its November and December MPC meetings. The easing effects of this trend on loans and domestic demand are expected to become more pronounced over time, thereby gradually weakening the demand and cost elements which affect inflation.

The CBRT predicts that within a policy framework which includes increased predictability and transparency, the tight monetary policy stance focused on price stability and strong policy coordination will help bring Turkey's risk premium lower by facilitating the start of the disinflation process and easing macro-financial risks.

The tight monetary policy stance is expected to be maintained for some considerable time, with the continued decrease in the risk premium expected to have a positive impact on inflation expectations. It is thought that these developments will help strengthen capital flows into Turkey and thus build the CBRT's international reserves, as well as creating a basis for residents to change their portfolio preferences in favor of Turkish lira.



A gradual recovery expected for the Turkish economy in 2021.

In the New Economy Program (NEP), which was announced in September, covering the years 2021-2023 and setting out the Government's medium-term targets, inflation was determined as the main battlefield. The program aims to establish a permanent balance in the current account, create a new financial architecture based on financial stability and security, with policies which will render the national economy more resilient against internal and external shocks.

On the other hand, a new development model which takes into account macroeconomic balances and is backed by strategic reform will be implemented to ensure the sustainability of growth.

The NEP projects that the Turkish economy will grow by 5.8% in 2021 with inflation falling to 8% by the end of the year.

The Turkish economy is expected to stage a recovery in 2021. Since the expected recovery will be driven by external demand due to the base effect, the current account deficit is expected to widen. Although global developments will limit the upside pressure on inflation, food prices and earlier cost increases could delay the downward move in inflation.

While the efforts to tackle the pandemic continue in the first half of 2021, at the time this report was prepared, the measures and precautions implemented with determination and level of vaccination in our country supported the sense of optimism towards the future. In addition to the success to be achieved on a global scale in vaccine studies and distribution, it is thought that the measures implemented within the scope of combating the epidemic in the country will be determinant in the course of economic activity in the coming period.

Source: TurkStat, CBRT, Ministry of Treasury and Finance of the Republic of Turkey, Presidency of Strategy and Budget

THE BANKING SECTOR

MAIN TREND

Being part of the solution

GROWTH IN LOANS

34.7%

The Turkish banking sector's total loan volume increased by 34.7% compared to the previous year to reach TL 3,577 billion. This growth was driven by a reduction in loan interest rates, the announcement of support packages, and the base effect from the previous year.

The Turkish banking sector, which has a dynamic and strong structure which is resistant to crises, has provided support to the country's economy throughout the pandemic and has contributed significantly to the efforts to overcome this period with the least damage.

In 2020, the main factor determining economic policies all over the world was the Covid-19 pandemic, and multi-dimensional policies were designed and implemented to limit the negative effects of the epidemic in the economic framework. In this period, banks played a very important role in the implementation of the policies in question in our country and in the world, and they became a part of the solution by mediating the implementation of fiscal policies, especially through credit expansion.

Using the opportunities provided by their operations and digital infrastructure, banks have undertaken an intense effort to meet the services expected from the sector. During this period, loan and other banking transactions continued without interruption, payment systems were operated properly and the urgent liquidity and resource needs of companies and individuals were met with appropriate means.

In addition, the greatest effort was taken to ensure that there was no disruption in the cash flow cycle. Additional terms were granted and maturities were extended through delays and restructuring of loans.

While continuing on their path to healthy development, banks paid close attention to key indicators such as non-performing loans and return on equity.

In addition, digital investments have been one of the most emphasized issues.

During the global epidemic, digital services have gone beyond being a means of offering convenience for customers, and have become a necessity for health.

In this vein, banks have implemented digitalization strategies and technology investments with a holistic approach, and accelerated their efforts to use mobile applications more efficiently and effectively.

The upcoming period is expected to be a brighter one for the Turkish economy and the banking sector, with the impact of the vaccine-related developments and normalization steps. The banking sector, which has maintained its solid structure despite this extraordinary process we have been through, will continue to contribute to the Turkish economy with its high capital adequacy ratio, strong liquidity structure and capacity to access international funds.

THE TURKISH BANKING SECTOR IN NUMBERS

A total of 54 banks were operating in the Turkish banking sector at the end of 2020, of which 34 were deposit banks, 14 were development and investment banks and six were participation banks. Golden Global Yatırım Bankası A.Ş., whose operating license was granted in January 2020, started its operations on 1 June 2020, increasing the total number of banks by one compared to 2019.

NUMBER OF BANKS

	December 2020
Deposit Banks	34
Public Banks	3
Private Banks	9
Foreign Banks	21
Banks Transferred to the Savings Deposit Insurance Fund	1
Development and Investment Banks	14
Participation Banks	6
Total	54

Source: BRSA

Number of Branches and Staff

According to figures for the end of 2020, there were a total of 11,189 branches operating for banks in the Turkish banking sector, including 4,013 public bank branches, 3,660 domestic private bank branches and 3,516 foreign bank branches.

The total number of domestic and foreign personnel in the banks stood at 203,224 at the end of 2020. According to these results, the number of branches in the banking sector decreased by 1.6% compared to the 11,374 in 2019 with a decline of 0.7% in the number of personnel compared to the 204,626 in the previous year.

The development of alternative non-branch distribution channels, the increase in demand for mobile banking services and the procurement of some services from support service institutions are among the factors which have affected the number of branches and employees in the banking sector.

Globalization sparking a wave of innovation and change in the banking and financial markets in the 21st century

Aiming to perform banking transactions quickly, securely and at a lower cost, and to create the highest level of satisfaction in customer services, banks have developed new solutions so customers can receive the widest range of services from digital banking products.

Individual and business consumers can now readily access considerably a more extensive range of banking goods and services thanks to the widespread and affordable use of the Internet. The reductions in banking transaction costs which have come with internet banking and mobile services have also encouraged customers to use digital channels, as banks reflect these decreases as a service to their customers.



THE BANKING SECTOR

Between October and December 2020, the total number of (individual and corporate) active digital banking customers reached 65.7 million, on the back of the pandemic effect. Of this number, 3.2 million people performed “only internet banking” transactions, while 53.2 million performed “only mobile banking” transactions. The number of users carrying out both internet and mobile banking transactions stands at approximately 9.3 million.

The total number of (individual and corporate) active digital banking customers increased by 12.5 million compared to the previous year.

As of December 2020, the number of registered individual internet banking users and who have logged in at least once stands at 74.8 million. The number of individual customers who have logged in at least once in the last year is around 24 million.

As of December 2020, the total number of customers registered in the system for mobile banking who had logged in at least once exceeded 98 million, with 62.5 million (64%) of these customers logging in at least once between October and December 2020. The number of mobile banking customers who logged in at least once in the last year stood at 74.5 million.

Source: BRSA, TBB

BANKING SECTOR BALANCE SHEET

The asset size of the Turkish banking sector increased by 36.0% in December 2020 when compared to the end of the previous year, to reach TL 6,108 billion.

Loans increased by 34.7% compared to the previous year to reach TL 3,577 billion. The key drivers of the annual growth rate of loans were the fall in loan interest rates, implemented to avoid an economic downturn caused by the pandemic, the introduction of support packages, and the base effect from the previous year.

Total deposits expanded by 34.6% on an annual basis in 2020 as a result of the increase in FX deposits, reaching TL 3,455 billion. The rapid expansion in non-deposit resources, on the other hand, could be attributed to banks' need for money to fund the growth in loans and the securities portfolio (SP).

The net profit of the banking sector increased by 19% in 2020 when compared to the previous year, to reach TL 58.5 billion.

SELECTED INDICATORS

	Amount (TL billion)	2019-2020 (%)
Assets		
Cash and Cash Equivalents *	576	27.8
Reserves	321	66.3
Loans	3,577	34.7
Non-performing Loans (gross)	152	1.0
Securities	1,023	54.7
Other Assets	612	15.3
Total Assets	6,108	36.0

Liabilities

Deposits	3,455	34.6
Debt to Banks	658	23.3
Repo Transactions	255	66.0
Securities Issued	224	15.8
Shareholders' Equity	601	22.1
Other Liabilities	915	65.9
Total Liabilities	6,108	36.0

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

Source: BRSA

ASSETS

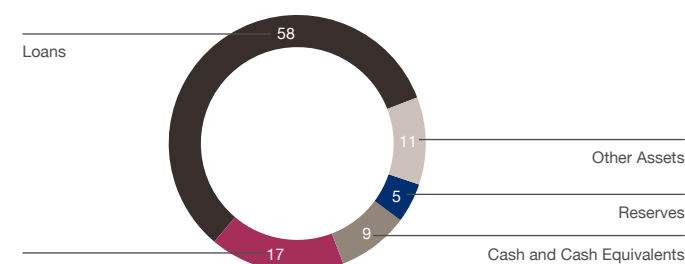
The asset volume of the banking sector was realized at TL 6,108 billion in 2020, with an increase of 36% compared to the previous year. Loans accounted for 58% of assets, while the securities portfolio (SP) accounted for 17% of assets, with cash reserves accounting for 9%, required reserves for 5% and other assets accounting for 11% of total assets.

In the first half of the year, interest rates were cut in a bid to support the real sector, which was struggling as the Covid-19 outbreak struck. As a result, the share of loans in total assets increased. However, as interest rates climbed, the share of loans in total assets declined.

The share of the securities portfolio in total assets continued to rise until the last quarter of the year due to the BRSA's decision on the asset ratio, and in the last quarter, the share of cash reserves increased on the back of declines in the shares of loans and the securities portfolio in total assets.

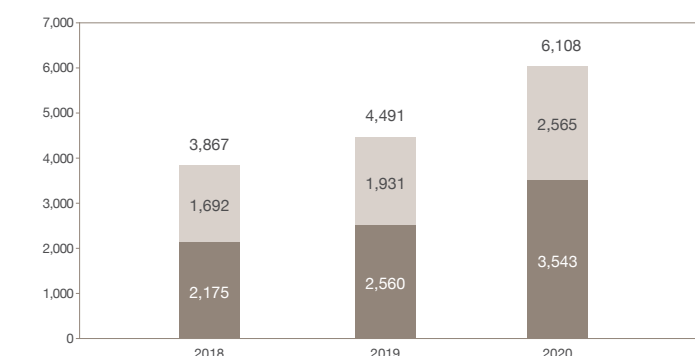
Loans, which accounted for 58% of assets in 2020, amounted to TL 3,577 billion, an increase of 34.7% compared to the previous year.

BREAKDOWN OF ASSETS (%)



Source: BRSA

TOTAL ASSETS (TL billion)



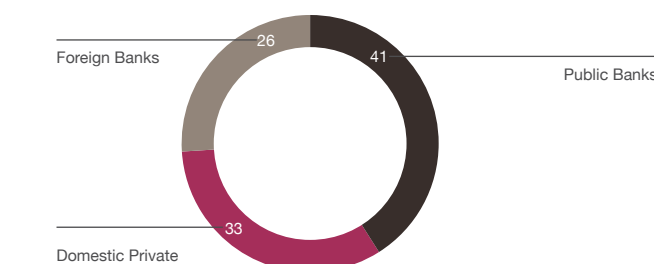
Source: BRSA

After Covid-19 cases were also reported in Turkey in March 2020, support packages were announced in order to reduce the impact of the epidemic on the slowing economy. In this context, credit utilization has accelerated as loan interest rates have been cut. The role of public banks in raising the amount of loans and the annual rate of growth of loans was crucial.

Due to the base effect from last year, the annual rate of growth in loans reached levels as high as 42.8% during the year. At the end of the year, before slowing to 34.7% by the end of the year due to the termination in domestic production-specific vehicle loans, the increase in interest rates in the market with the measures taken by the CBRT and BRSA, and the increase in loan interest rates.

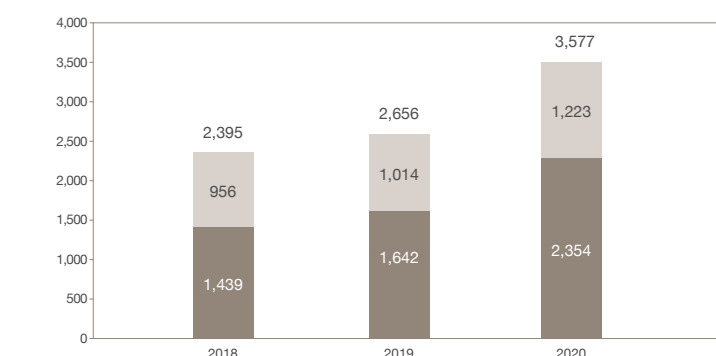
In December 2020, of the total loan volume of TL 3,577 billion, an amount of TL 2,354 billion consisted of Turkish currency loans with TL 1,223 billion consisting of foreign currency loans.

DISTRIBUTION OF ASSETS BY OWNERSHIP GROUP (%)



Source: BRSA

LOANS (TL billion)



Source: BRSA

Developments by Loan Type

In 2020, commercial and corporate loans accounted for 53% of total loans, with SME loans comprising 24% of total loans and consumer loans (including credit cards) accounting for 23% of the total.

Commercial loans, which constituted 77.1% of total loans in 2020, increased by 33% year-on-year to reach TL 2,756 billion (of which TL 1,907 billion were commercial and corporate loans and TL 849 billion were SME loans). Personal loans (consumer loans and credit cards) increased by 40.4% year-on-year to TL 821 billion.

The share of personal loans, which grew more rapidly than commercial loans during 2020, in total loans increased from 22% in 2019 to 22.9% in 2020.

The share of the construction sector in total loans is 7.67% with the electricity, gas and water resources production, distribution and the industrial sector comprising a 6.80% share in total loans.

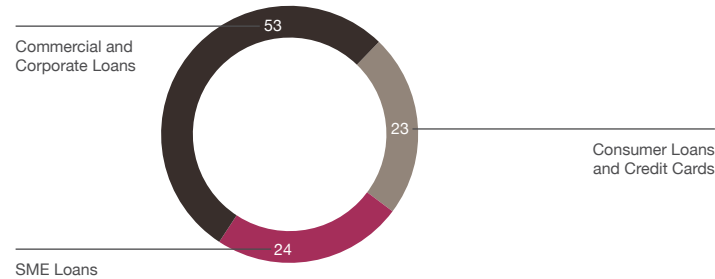
THE BANKING SECTOR

Micro and small SME loans increased according to business classes, while medium-sized SME loans decreased compared to the previous quarter.

In December 2020, housing loans increased when compared to the previous quarter to reach TL 278 billion, with personal credit cards amounting to TL 145 billion and consumer loans of TL 386 billion.

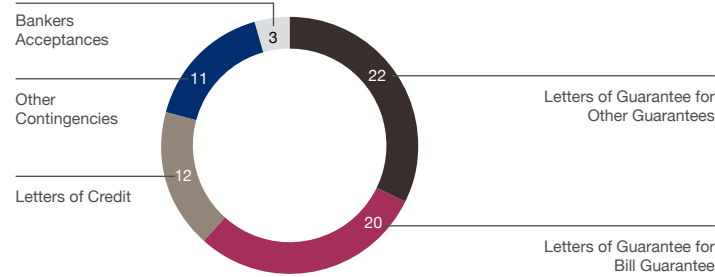
The share of personal loans in consumer loans stood at 47%, with housing loans comprising 34% of consumer loans with credit cards having an 18% share in the total.

BREAKDOWN OF LOANS (%)



Source: BRSA

CONTINGENCIES (%)



Source: BRSA

Non-performing loans in the banking sector increased by 1.2% to reach TL 152.6 billion in 2020.

Non-Performing Loans

Non-performing loans (NPL) in the banking sector increased by 1.2% during 2020 to reach TL 152.6 billion.

After the speculative attack on the currency in August 2018, the negative effects on some sectors and decrease in banks' loans sparked a sharp increase in NPLs during the year with an annual increase of 63.7% in NPLs recorded in May 2019, the steepest increase in nearly a decade.

However, as the recovery in the economy started to take hold, the annual rate of growth in NPLs, which started at the end of 2019, continued throughout 2020. Low interest rates and the growth in loan volumes in 2020 served to slow down the annual rate of growth in NPLs. Thus, the annual rate of NPL growth stood at 1.2%, its lowest since February 2012.

On a sector-by-sector basis, NPL ratios stood at 9.29% in the construction sector, 5.72% in the wholesale trade and brokerage sector and 5.60% in the electricity, gas and water resources production, distribution and industry sectors.

The NPL ratio of consumer loans (including personal credit cards) decreased compared to the previous quarter to 2.02% in December 2020.

Securities Portfolio

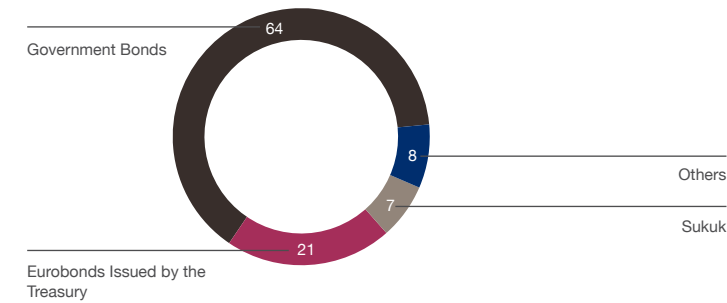
There was a rapid increase in the securities portfolio (SP) in 2020, with the SP reaching TL 1,023 billion - an annual increase of 54.7%.

Although the SP followed a more horizontal path during the periods of surging loan growth, both loans and the SP grew rapidly in 2020.

In the unique circumstances created by the Covid-19 pandemic, banks ramped up their loan disbursements to support the real sector. On the other hand, in accordance with the BRSA's Asset Ratio decision, banks' turning to the securities portfolio in order to reach the ratio caused a rapid increase in both asset items. The annual growth rate of the security portfolio reached a historically high level of 72.3% in the third quarter, but slowed in the last quarter due to the base effect from the previous year.

IN 2020

BREAKDOWN OF SECURITIES PORTFOLIO (%)



Source: BRSA

LIABILITIES

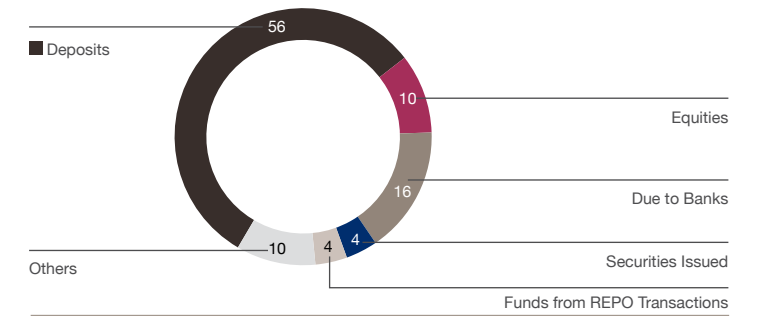
While deposits commanded the lion's share of total liabilities of the Turkish banking sector with a 56% share in 2020, the share of the debts to banks item stood at 16% and the share of funds provided from repo was 4%. The share of shareholders' equity in total liabilities was 10%.

In 2020, the share of debts to banks in total liabilities decreased by 1.1 points, the share of funds obtained from repo transactions by 0.8 points, the share of issued securities decreased by 0.6 points compared to the previous year, while the share of debts to money markets increased by 2.9 points.

Deposits

The total deposit stock of the Turkish banking sector increased by 34.6% in 2020 compared to the previous year to reach TL 3,455 billion. The annual rate of growth in deposits, which followed an upward course with the effect of the rapid surge in loans during the year and the fall in value of the Turkish Lira against other

TOTAL LIABILITIES (%)



Source: BRSA

currencies, peaked at 45.8% in the third quarter before decreasing to 34.6% in the last quarter due to as the Turkish Lira rebounded. The deceleration in the annual growth rate of both Turkish lira (TL) and foreign currency (FX) deposits was instrumental in this decline. The total deposits consisted of TL 1,546 billion in TL deposit/participation funds, TL 1,619 billion in foreign exchange deposit accounts/participation funds and TL 289 billion in precious metal accounts.

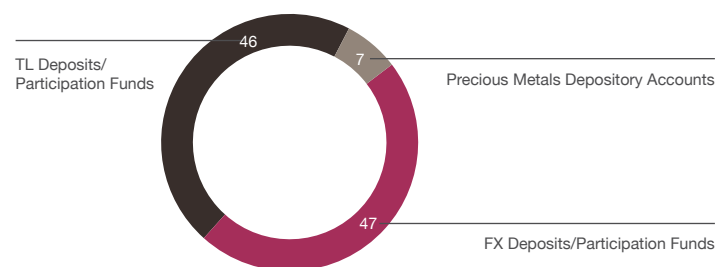
FX deposits, which constitute 55.3% of total deposits, rounded off the year with a 46% increase. In 2020, the growth in deposits, when adjusted for the exchange rate, was 21.8%. Despite the rapid increase in deposits, the share of deposits in total liabilities decreased by 0.6 points compared to the previous year, to 56.6%.

The rate of conversion of deposits to loans, which had fluctuated throughout the year but never decreased below 100%, was virtually unchanged when compared to the previous year, at 103.5% in 2020.



THE BANKING SECTOR

BREAKDOWN OF DEPOSITS (%)

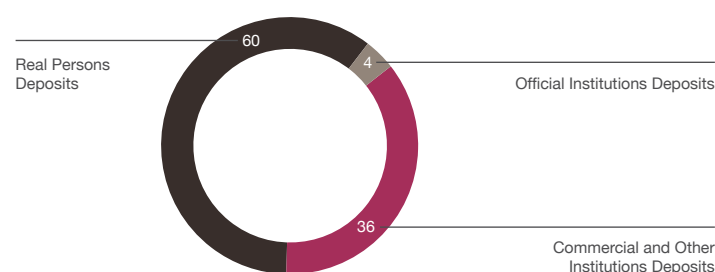


Source: BRSA

Development of Deposits by Types

As of the end of 2020, 60% of the total deposits of the Turkish banking sector consisted of real person deposits, with commercial and other institutions accounting for 36% of total deposits and public institutions accounting for the remaining 4% of deposits. Deposits held by real persons consisted of TL 1,110 billion in TL denomination and TL 976 billion in foreign currency. TL 617 billion of commercial and other institutions' deposits was denominated in TL and TL 626 billion in foreign currency.

BREAKDOWN OF DEPOSITS BY TYPE (%)

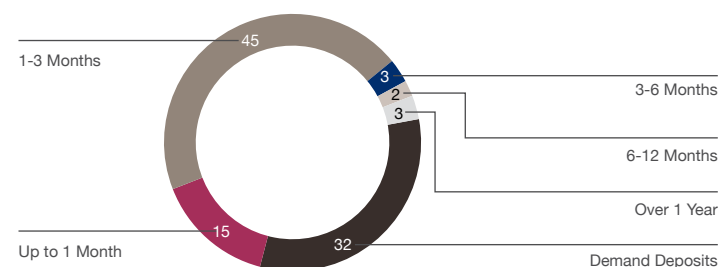


Source: BRSA

On the basis of opening maturities, the share of demand deposits in total deposits was 32%, and the share of deposits with maturities of between 1-3 months was 45%.

Due to an increase in demand deposits during the year as a result of low interest rates, the share of deposits with maturities of 1-3 months in the total decreased by 4 points in 2020 compared to the previous year. The share of demand deposits in total deposits, whose annual growth rate exceeded 100% in October and ended 2020 with an increase of 77.6%, increased by 7.9 percentage points compared to the previous year. Some banks gave up time deposits in order to maintain their asset ratio, which also played a part in this increase.

BREAKDOWN OF DEPOSITS BY MATURITY (%)



Source: BRSA

On the basis of opening maturities, demand deposits accounted for 32% of total deposits while deposits with a maturity of between 1-3 months commanded a 45% share of deposits.



Non-Deposit Resources

In 2020, non-deposit resources (NDR) increased by 43.3% on an annual basis to reach TL 2,051.5 billion. The annual growth rate of NDR followed an upward trend throughout the year. Despite a slight slowdown in the annual growth rate of FX denominated NDRs due to the relative strengthening of the Turkish Lira in the last quarter, the increase in the annual growth rate of TL denominated NDRs continued.

The increase in the demand for loans and the search for funds by banks to fund the growth in the securities portfolio were effective in the increase in NDR during the year. Thus, the share of NDR in total liabilities increased from 31.9% in 2019 to 33.6% in 2020.

Equity

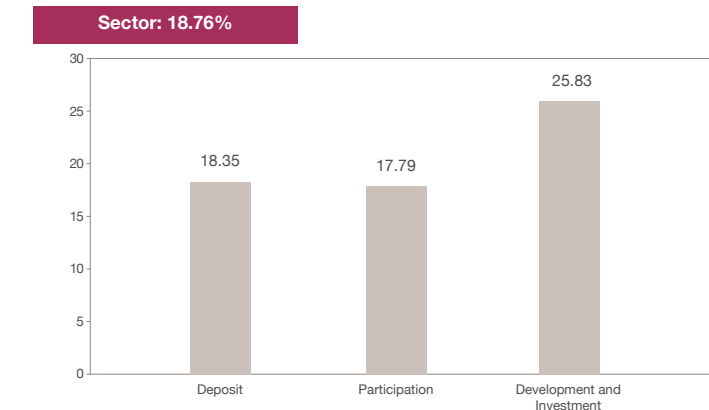
The shareholders' equity of the Turkish banking sector increased by 21.8% compared to the same period of the previous year to reach TL 600.1 billion. The share of equity in total liabilities decreased from 11% in 2019 to 9.8% in 2020.

The capital adequacy ratio (CAR), which measures the proportion of a sector's capital to risk-weighted assets, increased to 18.7% in 2020 from 18.4% in 2019.

While the banking sector's Return on Equity increased in the public and domestic private banking groups compared to the same period of the previous year, it decreased in the foreign bank group.

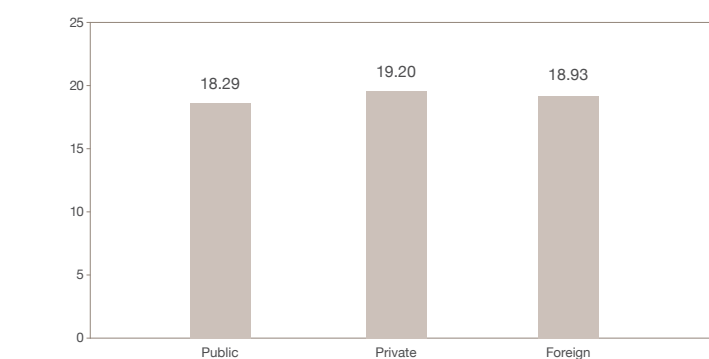
CAPITAL ADEQUACY RATIO

By Function Groups (%)



Source: BRSA

By Shareholder Group (%)



Source: BRSA

PROFITABILITY

In the fourth quarter of 2020, the non-interest income in the Turkish banking sector decreased by 3.5% compared to the same period of the previous year to TL 102.7 billion. Net fees and commission incomes, consisting of fees and commissions from loans and banking services income, decreased by 10.6% in the fourth quarter of the year.

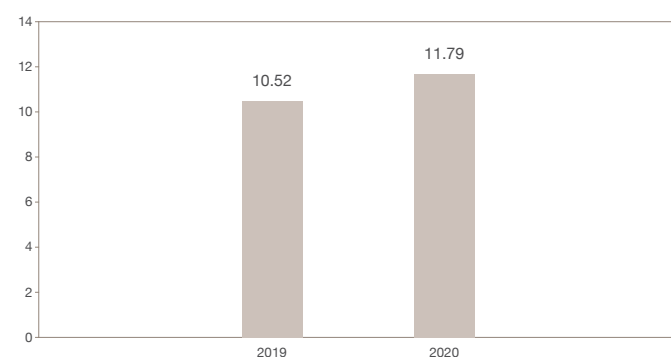
Fees and commissions income decreased in the fourth quarter of 2020, continuing the trend recorded in the second and third quarters. In addition to the relatively low loan growth on a quarterly basis, the increasingly widespread use of digital banking during the pandemic period also contributed to the decline in net fees and commissions income. Digital banking transactions, which gained momentum as customers performed transactions without leaving their homes during the pandemic, were generally carried out free of charge by banks in line with the decisions taken by the BRSA and the CBRT.

THE BANKING SECTOR

RETURN ON EQUITY

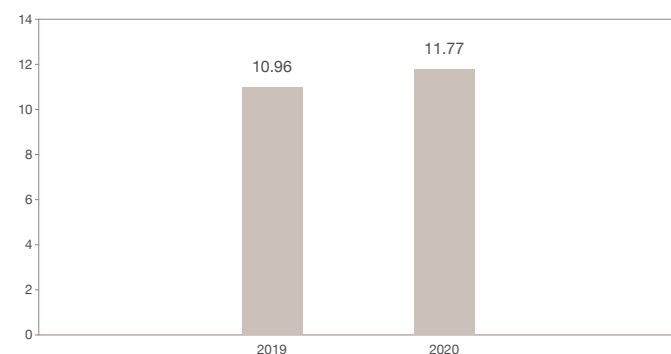
Sector: 11.64%

Public (%)



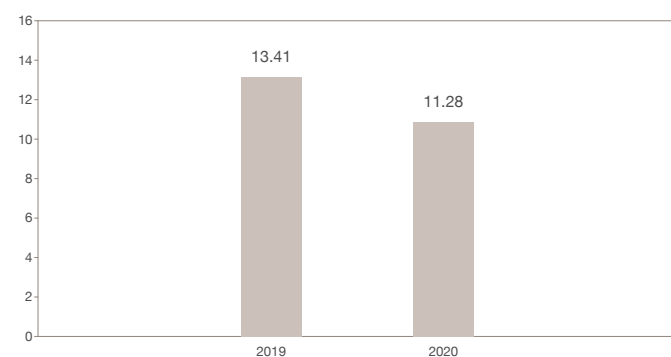
Source: BRSA

Private (%)



Source: BRSA

Foreign (%)



Source: BRSA

In 2020, the banking sector recorded a net profit of TL 60 billion for the period, an increase of 19% compared to the previous year. In the last quarter of 2020, which was marked by more pronounced monetary tightening, the profitability of the banks was suppressed and the banking sector's profit decreased by 21% quarter-on-quarter.

The sector's Return on Assets decreased from 1.44% in 2019 to 1.41% in 2020, while the return on equity increased from 11.48% to 11.64%. Net interest margin decreased to 4.2% in 2020 from 4.3% in 2019. In the last quarter of the year, reduced credit-deposit shear and increased swap costs due to an increase in funding costs led to an 18% decrease in net interest income on a quarterly basis. Weakening wages and commission revenues of public banks, in particular, have reduced primary income. Continuing its cautious stance, banks saw an increase in reserve expenses in the third quarter, while loan reserves decreased in the last quarter of the year.

The Turkish Banking Sector during Covid-19

The pandemic, which emerged in Wuhan, China on 1 December 2019, spread rapidly all over the world. As a result of the developments experienced with the spread of the virus, referred to as SARS-COV2 (Covid-19), a pandemic was declared by the World Health Organization on 11 March 2020.

With the declaration of the pandemic, a wide-ranging effort to tackle the pandemic got underway with the rollout of restrictions and strict measures in Turkey, as in most countries of the world.

It has been observed that the banking sector, which plays a key role in the economy, has increasingly focused on strategic human resources planning in order to ensure the sustainability of the business, especially during the pandemic period.

In this context, the bank's employee network is analyzed, employee criteria such as communication, the workplace, technical equipment and contract conditions are re-evaluated, new scenarios and models are designed, workforce backup plans are reviewed, and changes in talent and skill needs are constantly monitored.

In addition, activities are carried out to ensure the continuity of employee communication and the sustainability of knowledge transfer, and to identify/redefine critical roles. Temporary assignment and backup plans are drawn up for key positions to prevent uncontrollable workforce losses such as illness and quarantine.

Another impact of the Covid-19 pandemic has been the revision of career management plans. In career management, which is a different dimension of human resources planning, new business models, organizational structures, technological infrastructures and communication mechanisms had to be redesigned.

In this framework, assignments for employees whose physical mobility has been hindered as a result of travel bans and restrictions imposed due to the pandemic are provided through virtual environments. In addition, decisions have been taken to expand the scope of additional benefits and assurances provided to employees.

Remote working, which is one of the components of the flexible working model, has become a preferred choice for employees for personal reasons or for their own motivation, while it is preferred by the employer from the point of view of financial gain or employee loyalty.

However, as the Covid-19 pandemic demonstrated, remote working can turn into a necessity rather than a choice, as a result of the decisions and measures taken by governments or companies.

The banking sector is at the forefront of the sectors to have adopted the remote working model during the pandemic process which covered the whole year. As banks have been implementing effective corporate governance policies for many years, with digital infrastructures ensuring a level of preparedness for remote working, this method has been tried in certain periods before, ensuring that there are few problems in adapting to the remote working model.

In addition to the individual readiness of the employees to work remotely, harmony between customers, suppliers, business partners and other stakeholders in the bank's ecosystem is also important during this period. Almost all of the banks operating in the sector are drawing up plans to ensure that they also adapt to this system by transferring most of their contacts with their stakeholders to a digital environment.

During the pandemic, meetings have been held in virtual environments under the remote working model with a vast array of communication tools used for these meetings. These tools have the function of helping employees connect seamlessly and maintain the professional and social interaction they are accustomed to in their daily lives. For example, the recording of virtual meetings and the ability of the tools used to convert voice conversations into text ensure a faster and more accurate preparation process for meeting minutes. In addition, many banks have organized refined training on virtual meeting management.

Another development in the banking sector has been the revision of performance and remuneration plans within the scope of the remote working model. Benefits such as leave, private health insurance, lunch and transportation were reviewed and changes made in fringe benefits. In addition to pay, new supports such as internet quota support and telephone bill allowance were provided to employees.



In addition, changes have come to the forefront in training plans and practices in order to improve the remote working skills of employees in the sector. New working equipment for remote access has been procured and training has started to be offered to employees on using this equipment

Evaluation of the coming period for the banking sector

The Turkish banking sector has once again demonstrated that it is resilient to crises with its solid institutional infrastructure and balance sheet in 2020. While protecting itself against risks by making high provisions, the sector continued to support the real sector in order to ensure the sustainability of the economy. The sector, which makes an effort to ensure the sustainability of the economy; has taken the necessary steps in cooperation with all its stakeholders, especially the public, regulatory authorities, private sector and customers.

Despite the volatile global conditions, there was no problem in accessing external financing resources, and syndications were renewed. The banking sector, which has invested in digitalization and technology for many years, has responded to the rapidly rising digital demands with innovative applications.

Despite the global uncertainties and volatile market conditions, the sector is expected to continue to contribute to the national economy through the financial system by maintaining its growth in 2021. The steps taken towards simplification and normalization and reform efforts in the recent period are expected to cement Turkey's place an attractive investment hub by offering a window of opportunity in the new post-pandemic order.

THE PARTICIPATION BANKING SECTOR

The basis of participation banking, which is a third banking approach alongside deposit banks and the development and investment banks, is based on collecting funds instead of deposits and putting these funds to best use.

In what was the first example of an interest-free bank, a bank which provided interest-free loans in a style of social banking was established in a town called Mith Gamr in Egypt in 1963 in an initiative pioneered by Ahmed en-Najjar. The first commercial interest-free bank, the Dubai Islamic Bank, was established in 1975. Again within this framework, the Islamic Development Bank, headquartered in Jeddah, was established in 1975. The first credit institutions resembling today's banks in our country and in the world were money changers and funds.

The first participation banking application in the Turkish financial system was provided with the establishment of Private Finance Institutions (SFI) in 1985. With the regulations of the Banking Law No. 5411, which entered force on 1 November 2005, the activities of these institutions were given the status of a bank. According to Article 3 of the aforementioned law, the term "Participation Banks" refers to institutions that collect funds and offer credits through special current and participation accounts, as well as branches in Turkey of such establishments established abroad.

Accounts held in participation banks, which have been operating under the supervision of the Banking Regulation and Supervision Agency since the same date, have been taken under the guarantee of the Savings Deposit Insurance Fund (BRSA), in line with other deposit banks.



MAIN TREND

Contribution to the real economy

GROWTH IN EXTENDED FUNDS 60.7%

The total unconsolidated asset volume of the six participation banks operating in Turkey reached TL 437.1 billion in 2020, while the total volume of funds allocated, which indicates the support extended to the real sector, exceeded TL 240 billion.

Participation banking acts as a bridge between savers who wish to invest their savings on an interest-free basis, and business owners and entrepreneurs seeking to meet their financing needs on the same basis.

Participation banks are banks operating in the financial sector, financing the real economy and providing banking services. The word "participation" in the names of the banks, which share the profit or loss with the savings owners by using the funds they collect from the savers in trade and industry within the scope of participation financing principles, means that this type of banking is based on the principle of participating in profit and loss.

Funds collected in time deposit accounts in TL, USD and EURO terms are utilized in corporate financing support, individual financing support, financial leasing and profit/loss sharing methods. The supply of the raw materials, commodities, real estate, machinery and equipment needed by trade and industry is provided through the financing of purchase and sale of goods in accordance with the principles of participation banking.

Participation banking not only ensures that idle resources in the country are brought into the economy, but also adds diversity and depth to the sector with new products developed in the functions of fund collection and utilization, which is the primary duty of banking. While the method of participation in profit and loss in fund collection provides flexibility to the management on the liabilities side of the balance sheet, it provides a secure structure on the asset side, with rules such as associating the financing with a project or a purchase, using the fund against documents, and determining the repayments according to the cash flow of the customers.

Participation banks, which are complementary to the Turkish banking system rather than an alternative, finance the real economy by serving consumers through different financial instruments.

PARTICIPATION BANKS IN NUMBERS

At the end of 2020, six participation banks were operating in Turkey. In order of their date of establishment, these banks are Albaraka Türk, Kuveyt Türk, Türkiye Finans, Ziraat Katılım, Vakıf Katılım and Emlak Katılım.

According to 2020 year-end figures, the six participation banks operating in Turkey had a total of 1,255 domestic and foreign branches. The branches of participation banks accounted for more than 10% of the branch network of the banking sector.

As of the end of 2020, the total number of employees in participation banks increased by 5% compared to the previous year, to reach 16,849.

DEVELOPMENT IN THE NUMBER OF BRANCH AND PERSONNEL IN PARTICIPATION BANKS (2011-2020)

Year	Number of Branches	Growth (%)	Number of Personnel	Growth (%)
2011	685	13	13,851	9
2012	828	21	15,356	11
2013	966	17	16,763	9
2014	990	2	16,270	(3.1)
2015	1,080	9	16,554	1.7
2016	959	(11.2)	14,467	(12.6)
2017	1,032	8	15,029	3.9
2018	1,122	8.7	15,654	4.2
2019	1,179	5.1	16,040	2.5
2020	1,255	6.4	16,849	5.0

Source: BRSA

INTERNET BANKING DATA OF PARTICIPATION BANKS (2020)

Number of Active Clients	489,056
Business Volume (TL million)	519,870

MOBILE BANKING DATA OF PARTICIPATION BANKS (2020)

Number of Active Clients	3,052,910
Business Volume (TL million)	1,197,791

THE PARTICIPATION BANKING SECTOR

ALTERNATIVE DISTRIBUTION CHANNELS DATA OF PARTICIPATION BANKS

Product/Service (unit)	2018	2019	2020
ATM	1,922	2,082	2,296
POS	100,893	108,401	114,841
Bank Card	4,669,097	5,374,646	4,230,815
Credit Card	1,071,810	1,378,125	1,241,894

The Turkish Participation Banking sector continued to grow and develop in 2020 as well.

Participation banks operate on the basis of profit/loss sharing principle and have a structure that is less affected by the financial and economic crises experienced as a natural result of this system and sound fund allocation methods. Incorporating principles such as trade, partnership and risk sharing related to the real economy, the participation banking system has reached a position that appeals to investors of all ages and from all segments with its increasing investments in the field of digitalization.

Providing a multifaceted contribution to the Turkish economy, participation banks play an important role in boosting production and employment by providing investment goods with appropriate conditions through financial leasing and other methods to a large number of small and medium sized enterprises which are unable to receive sufficient financial support from the financial system.

Participation banks, which allocate some of their resources to finance foreign exchange-earning services, especially exports, also support the development of foreign trade by providing foreign exchange inflows to our country.

In addition, with the financing techniques they apply, participation banks exhibit a notable function in transitioning the informal economy to formalization, which is an important issue in our country.

The total unconsolidated asset size of participation banks operating in Turkey reached TL 437.1 billion in 2020, an increase of 53.7% compared to the previous year.

The net profit of the participation banks increased by 52.4% from the TL 2.4 billion achieved in 2019 to TL 3.7 billion in 2020. Total shareholders' equity increased by 26.8% to TL 27.6 billion.

Among participation banks, Kuveyt Türk recorded the highest net profit at TL 1,400.3 million in 2020, followed by Türkiye Finans (TL 675.7 million), Vakıf Katılım (TL 666.9 million), Ziraat Katılım (TL 254.7 million), Albaraka Türk (TL 63.4 million), and Emlak Katılım (TL 80.6 million).

KEY INDICATORS OF PARTICIPATION BANKS (TL million)

	2019	2020	Change %
Funds Collected	215,983	322,017	49.1
Funds Collected TL	91,145	102,620	12.6
Funds Collected FC	106,533	149,513	40.3
Precious Metals FC	18,305	69,884	281.8
Funds Allocated	149,475	240,133	60.7
Total Assets	284,450	437,092	53.7
Shareholder's Equity	21,762	27,603	26.8
Net Profit	2,438	3,716	52.4

Source: BRSA, TKBB

ASSET DEVELOPMENT OF PARTICIPATION BANKS AND SECTORAL SHARE (TL million, 2016-2020)

	Total Assets	Change %	Sector Share %
2016	132,874	10.5	4.9
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

Source: TKBB, BRSA

Albaraka Türk was the bank to achieve the greatest increase in its net profit compared to 2019, with an increase of 301.6%, followed by Vakıf Katılım, whose profit increased by 105.3%.

In 2020, Kuveyt Türk became the participation bank with the largest total asset volume in Turkey, with TL 152.3 billion of assets, followed by Türkiye Finans (TL 81.4 billion) and Albaraka Türk (TL 69.3 billion). These were followed by Ziraat Katılım (TL 60.2 billion), Vakıf Katılım (TL 53.2 billion) and Emlak Katılım (TL 20.4 billion).

Participation banks continue to stand by SMEs, which form the backbone of the economy.

Following a policy in line with the targets of sustainable growth and expansion of the Turkish economy on a solid basis, participation banks continued to provide financing in line with the needs and demands of SMEs in 2020 as well.

The total SME Finance volume of participation banks increased by 79.9% from TL 39,551 million in 2019 to TL 71,155 million in 2020.



Participation banks play an important role in "Murabaha" financing.

The contribution of participation banks is becoming more and more important in attracting Gulf Capital to Turkey. The Lease Certificates (Sukuk) issued by the Ministry of Treasury and Finance in recent years have paved the way for attracting a significant amount of capital from this region to our country, which is marked by a lack of international resources.

Participation banks, on the other hand, have increased the variety of structured finance products they obtain from international markets at affordable costs and maturities, and transform these products into fund disbursements which will provide their customers with a competitive advantage.

Participation banks play an important role, especially in the increasingly popular "Murabaha" financing, which is provided by syndication from the Gulf region.

In the 10-year period between 2010 and 2020, the total sukuk issuances of participation banks approached USD 3.5 billion.

Participation banking during the Covid-19 pandemic

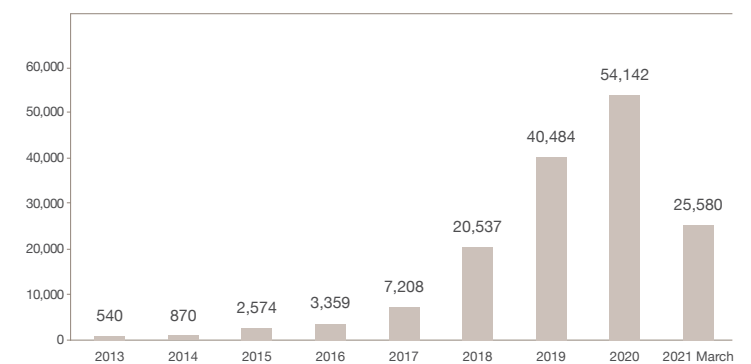
The performance results obtained in 2020 demonstrate that the pandemic has not had a negative reflection on the figures for participation banking. As of the end of the year, the sector had recorded growth of over 50%. The products and services implemented thanks to the developing digital technologies have had a great impact on growth in the sector and along with the projects carried out by sector-representative banks, have enabled bank customers to easily perform their transactions without needing to go to the branch, thus attracting more customers to participation banking.

The innovations rolled out by the six participation banks include internet banking, mobile banking, telephone banking, ATM banking, on-site financing, paperless banking, courier services, free banking and the ability to withdraw or deposit funds using a QR code. The most important innovation in the pandemic was the service of video calls for remote customers from 1 May 2021. In addition, some participation banks rolled out campaigns for farmers and others offered campaigns for health workers.

Participation banks, which place priority on the complete fulfillment of banking activities in this process, also took measures to promote the safety of their employees and customers in the branches.

Within the scope of the "Economic Stability Shield" package, participation banks will continue to apply economic support within the framework of participation banking principles and standards, bank resources and decisions in order to minimize the damage to their customers and the business world.

TOTAL SUKUK ISSUANCES (TL million)



Source: TKBB

GLOBAL ISLAMIC FINANCE AND BANKING

A return to double-digit growth for the participation finance sector in 2019

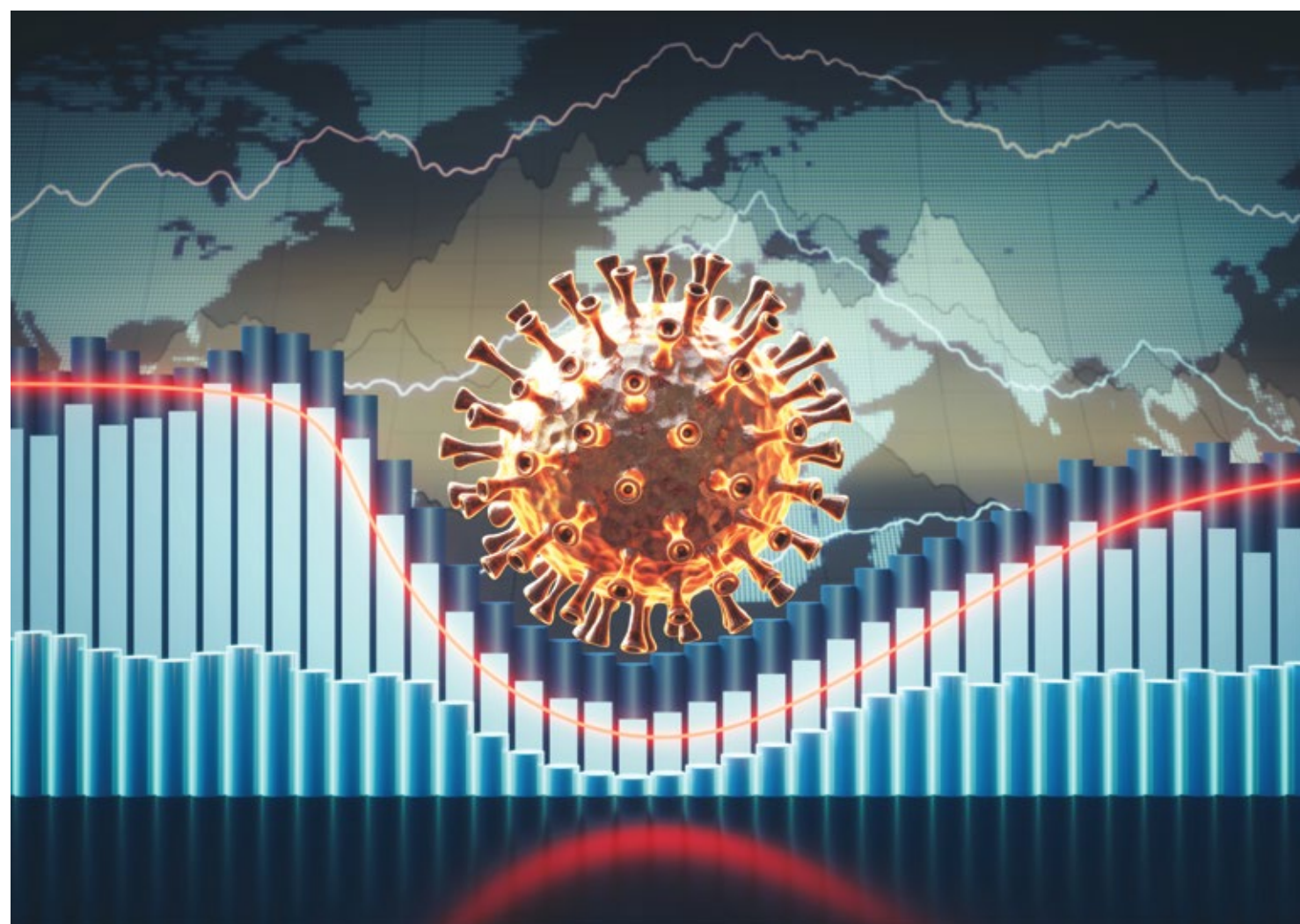
According to figures released in the ICD-REFINITIV Islamic Finance Development 2020 Report, assets in the global participation finance system increased by 14% year-on-year to USD 2.88 trillion at the end of 2019, following weak growth in 2018. This result marked the highest growth achieved since the global financial crisis, despite the mounting uncertainty surrounding large participation finance markets in the last few years and low oil prices. Sukuk issuances in traditional markets such as Saudi Arabia, Malaysia, Iran, Qatar, Bahrain and the United Arab Emirates provided the most substantial contribution to this strong growth. While the fastest growing asset group was interest-free funds, Malaysia, Indonesia, Iran, Saudi Arabia, Turkey and Luxembourg attracted attention with their double-digit growth in interest-free fund assets. According to 2019 year-end figures, there were 1,526 participation

finance institutions providing full-scale services in the participation finance system, including banks and interest-free windows in the conventional banking system.

Iran, Saudi Arabia and Malaysia, which have a 66% share in total assets, remained the largest markets, with Iran's assets increasing to USD 698 billion, Saudi Arabia's to USD 629 billion and Malaysia's assets to USD 570 billion. The fastest growing markets in 2019 were Morocco, Tajikistan and Nigeria.

A global economy deeply affected by the pandemic in 2020.

The year 2020 passed under the shadow of the Covid-19 pandemic, with the global production and trade cycle interrupted and all economies deeply affected.



MAIN TREND

Digitization and FinTech

FACTORS DIRECTING THE DEVELOPMENT IN THE INTEREST-FREE FINANCE SYSTEM

While most service providers consolidated their presence during the pandemic in 2020 with their services accessible through digital platforms, FinTech proved its indispensability with the digital solutions which it produced.

Governments took a wide range of measures to mitigate the effects of the pandemic. These included massive stimulus packages which saddled countries with increased fiscal deficits, while central banks turned to debt to strengthen their fiscal positions. In this context, sukuk has emerged as an increasingly popular instrument. Participation finance institutions, while accelerating the process of digitalization and expanding the scope of their digital services, increased their support with interest-free social finance tools to those who had been financially impacted adversely by the pandemic.

Depending on the financial inclusion of interest-free social finance instruments and their role in meeting the needs, the impact of ethical values and participation finance has begun to be felt more strongly than ever before.

Interest-free banking forms the bulk of the participation finance system, with a 69% share.

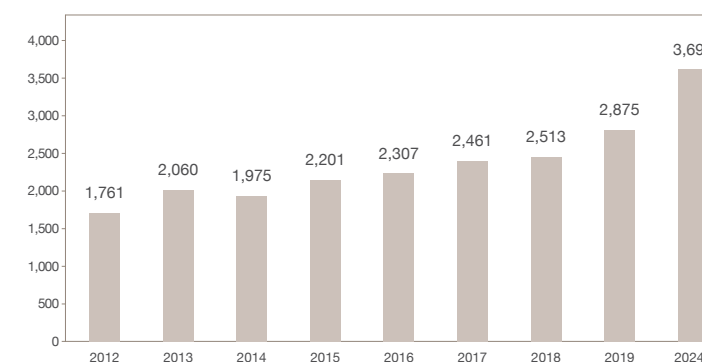
According to 2019 figures, interest-free banking recorded 14% growth, commanding the lion's share of the finance system with a 69% share, while its total assets reached USD 1.99 trillion. In 2019, there were 526 banks offering interest-free services, including interest-free Windows.

Iran, Saudi Arabia and Malaysia, which have the largest share in total participation finance assets, rank in the top three with participation finance assets. Iran had USD 641 billion in participation finance as of the end of 2019, followed by Saudi Arabia USD 477 billion and Malaysia with USD 297 billion, with these three countries constituting 63% of interest-free banking assets.

Strong growth in interest-free banking has been most evident in new markets rather than core markets. While the fastest development was observed in Morocco, which was introduced to "participation banking" in 2017 with a remarkable 120% annual growth rate following in this field, Turkey and the Philippines are among the other markets whose development has gained momentum. "Participation banking", the development of which is supported by the state in Turkey, is expanding its penetration and customer base. In the Philippines, which introduced interest-free banking in 1973, but whose development was limited to a single bank, the new Interest-Free Banking Law passed in 2019 allows national and foreign banks to establish interest-free banking windows and paves the way for development.

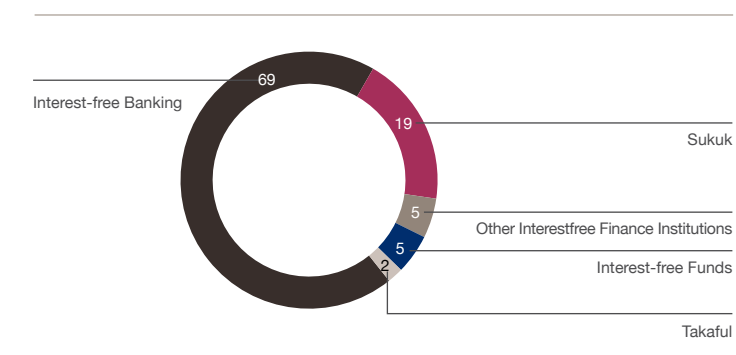
As with conventional banking, the pandemic has brought worsening asset quality and tighter liquidity conditions for the interest-free banking sector. Banks are more focused on protecting their capital bases than on improving their operations. However, in a more optimistic take on the current picture, banks have stronger liquidity in the pandemic crisis than in the 2008 crisis. The incentives and support provided by governments and the liquidity support from central banks have a large share in this achievement. Despite all

INTEREST-FREE FINANCE ASSETS GROWTH (USD billion)



Source: ICD - REFINITIV, Islamic Finance Development Report 2020

PARTICIPATION FINANCE ASSET DISTRIBUTION (2019)



Source: ICD - REFINITIV, Islamic Finance Development Report 2020

GLOBAL ISLAMIC FINANCE AND BANKING

of the challenges, the banks providing interest-free services are growing, albeit at a slow level. It is clear that the significant effect of these challenging conditions on the strengthening of interest-free banking is the acceleration in digital transformation and the activation of banks' digitalization strategies.

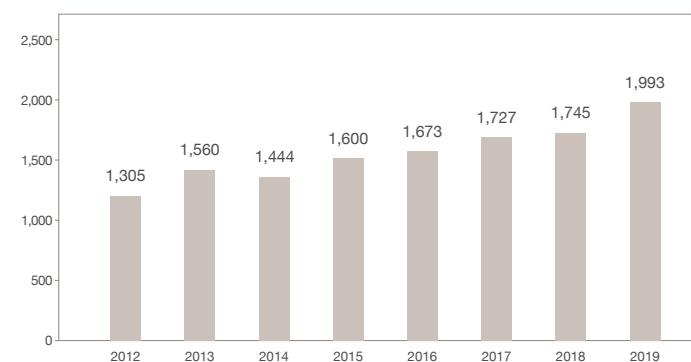
Financial technology or FinTech, which has expanded its role in the development of interest-free banking over the last two years, has gained even more importance during the pandemic process. As global lockdowns forced bank customers to transact only through digital channels, digital banks developed their businesses and conventional banks strengthened their digital service channels.

Digital-only banks, which are gradually reinforcing their presence and sharpening the competition in interest-free banking, have become a threat to traditional interest-free banks, especially in countries besides the main markets such as the UK. These new banks in the UK promise a lifestyle-oriented banking experience to the three million Muslims living in the country. In 2020, two interest-free digital banks, one of which is mobile, started to serve in the UK. Wahed Invest, a Halal robo-advisory offering and Minted, a newly established gold trading platform, are preparing to establish an interest-free digital bank in Malaysia in 2021.

Four more digital banks based in the UK, Malaysia and Kenya will enter operation in 2021. Saudi Arabia, which has only digital bank at the moment, has published a guide on the conditions for establishing an interest-free digital bank and obtaining a license in 2020, in the face of the increasing trend towards digital banks.

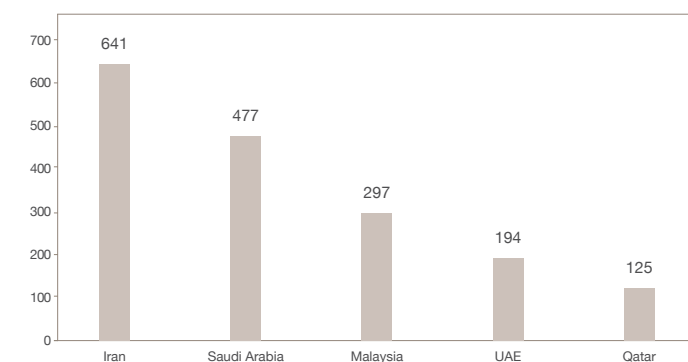


INTEREST-FREE BANKING ASSETS GROWTH (USD billion)



Source: ICD - REFINITIV, Islamic Finance Development Report 2020

INTEREST-FREE BANKING ASSETS, TOP-5 COUNTRIES (2019, USD billion)



Source: ICD - REFINITIV, Islamic Finance Development Report 2020

Interest-free funds demonstrated their highest performance in 10 years, recording 30% growth in 2019 to USD 140 billion.

With the impact of Covid-19 on the economy, a new wave of consolidation has been observed among both interest-free banks and conventional banks. This trend is likely to continue in the main participation finance markets, particularly in the Gulf Cooperation Council (GCC) countries, Malaysia and Indonesia, due to reduced loan demand, lower profit margins and the higher numbers of non-performing loans faced by banks.

As a result of the recent acquisition of Noor Bank by the Dubai Islamic Bank, one of the world's largest interest-free banks came into being with total assets of USD 75 billion.

One of the most anticipated deals in the global market is the merger between the Kuwait Finance House and Ahli United Bank in Bahrain, which had been postponed until December 2020 due to the pandemic. If this deal, which would be the region's first major cross-border bank merger, goes ahead it will create one of the world's largest interest-free banks with assets of approximately USD 101 billion.

At the beginning of April 2021, the merger between the National Commercial Bank and the Samba Financial Group ushered in the establishment of the Saudi National Bank, the largest bank group in the global participation finance system.

Continued demand for Sustainable and Responsible Investment (SRI) funds in interest-free capital markets.

In contrast with 2018, interest-free funds (mutual funds, pension funds, insurance funds and Exchange Traded Funds) demonstrated their highest performance in the last 10 years, increasing by 30% in 2019 to reach USD 140 billion and accounting for 5% of total interest-free assets.

Iran, Saudi Arabia, and Malaysia, which together accounted for 78% of all 1,749 managed funds as of 2019, remained the largest interest-free fund markets, with managed funds totaling USD 44 billion in Iran, USD 35 billion in Saudi Arabia and USD 32 billion in Malaysia.

A total of 127 funds were introduced to the market in 2019, with mutual funds, which expanded in size by 97% to USD 125.4 billion, constituting the largest share of assets under management. Southeast Asia was the region where interest-free funds reached their highest value in 2019, followed by the Gulf Cooperation Council (GCC) region. GCC countries achieved the highest growth in interest-free funds with a 35% share. On a country-by-country basis, Saudi Arabia took the lead with growth of 43% to assume the title of the world's largest investor in interest-free assets.

GCC countries, especially Saudi Arabia, have focused on attracting foreign investors with legal regulations which improve market efficiency, liquidity and investor security since 2014.

Exchange Traded Funds (ETFs) newly introduced to the market in some countries, especially in the GCC region, and interest-free environmental, social and governance (ESG) investment funds, which appeal especially to the so-called generation-Y were offered through digital media. In addition, in Southeast Asian countries such as Indonesia, which stands out with its strong proliferation in the number of funds, demand for interest-free funds is increasing, thanks to digital applications similar to the online marketplace where many interest-free funds aimed at the Y generation are located, and the contribution of these investment tools to the growth of the participation finance system is gaining momentum.

Demand for ESG-related investment assets, such as green bonds, is also increasing. The high degree of complementarity between interest-free and ESG investments makes participation finance products even more attractive to non-Muslim investors.



GLOBAL ISLAMIC FINANCE AND BANKING

Malaysia is a leader in both interest-free funds and ESG investment and is the scene of various initiatives in this field. For example, in Malaysia, the Public e-interest-free Sustainable Millennium Fund (PeISMF), which was launched by Public Mutual, a subsidiary of Public Bank, in 2019, targets Y generation investors who particularly care about sustainability and seek long-term profit in their investments. Another example is the Global interest-free-ESG Equity fund launched for retail investors in October 2019 by BIMB Investment Management Bhd (BIMB), a branch of Bank Islam Malaysia. BIMB also launched the BEST Invest robo-advisory application in April 2020, offering a range of interest-free and sustainable trust fund options to help investors build their portfolios. While the number of these initiatives is increasing, their scope is also expanding.

In the upcoming period, more interest-free ESG funds will be offered to the market in line with the increase in green and sustainable sukuk issuances. The pandemic could be a turning point for the asset management industry as businesses increase their focus on sustainability to meet their challenges. It should also be added that the global economic slowdown caused by Covid-19 has an effect on increasing the number of social tools offered by participation finance institutions to solve problems such as mass unemployment.

New markets offer an important area of expansion for the takaful sector.

Takaful also grew by 10% in 2019 after the limited growth in the previous year, to total USD 51 billion and accounting for 2% of total participation finance assets. Saudi Arabia (USD 17 billion), Iran (USD 14 billion) and Malaysia (USD 10 billion) remain the top three markets in the takaful sector, constituting 80% of the total takaful assets.

The GCC region countries, especially Saudi Arabia, which is the largest market, provided the strongest contribution to the growth of the sector, where 336 institutions were providing takaful services in 2019. However, the lockdowns imposed to tackle the pandemic in 2020 had a negative impact on the sales and profits of takaful companies.

InsurTech is expected to play an important role in overcoming the stagnation experienced in the global takaful sector in recent years, both by increasing productivity and reaching more consumers. Legal infrastructure measures are gaining pace in many markets led by Bahrain and Saudi Arabia, in order to spread online sales platforms which feature the products of more than one company.

For example, Oman's first online insurance and takaful platform - Bima - started its operations in July 2020 and currently plans to sell travel, real estate and term life insurance on the platform that brings together eight service providers.

“ In the sector, in which 336 institutions provide takaful services, GCC region countries, especially Saudi Arabia - the largest market - provided the strongest contribution to the growth of the sector in 2019.

Another recent innovation in the InsurTech field is Wakaful, which was launched in 2019. This Malaysia-based platform uses blockchain to channel trust funds to help render takaful products more affordable for low-income consumers. The platform brings together corporate social responsibility funds from companies in foundation funds, providing consumers with access to takaful products at low cost.

As in interest-free banking, the consolidation trend is likely to strengthen in the Takaful field. Takaful companies in the GCC region face challenges such as the economic slowdown, intensifying competition and increasing minimum capital requirements. In Saudi Arabia in particular, which constitutes 85% of the region's takaful assets, almost 10% of takaful companies have ceased their activities in recent years due to their eroded capital. The fivefold increase in minimum capital requirements planned by the authority would leave around 90% of takaful companies with the choice of raising capital, consolidating or exiting the market altogether.

The Takaful sector has attracted an increasing amount of attention on a global scale with new markets and an increase in regulatory legislation and incentives. Progress has most notably been made in the field of takaful in Sub-Saharan Africa, and Morocco and Nigeria in particular, where the fastest growth in participation finance assets has been observed. Turkey, one of the countries to have achieved progress in takaful in recent years, has been the fastest growing market in 2019. At the end of 2019, Turkey's total takaful assets, for which there are 9 service providers, including windows, reached USD 1 billion. It is foreseen the obligation to establish a separate takaful company for insurance companies which serve through the takaful window will bring new growth momentum to the sector by 2022.



Interest-free FinTech paving the way for non-bank participation finance institutions to reach large audiences

The total assets of non-banking participation finance institutions grew by 6% in 2019 to reach USD 153 billion, constituting 5% of total participation finance assets.

While non-bank participation finance organizations are becoming more important as the sole means of benefiting from participation financing products in countries where interest-free banking legislation does not yet exist, the expansion of FinTechs is allowing a wider audience to access these services.

In 2019, the fastest growing market for non-bank participation finance institutions was the Maldives, with their total assets increasing by 62% to USD 44 million. This growth is the result of government and regulatory support to develop the participation finance sector. Interest-free housing finance, in particular, is attracting increasing demand in the Maldives retail finance market. While FinTech has accelerated the development of the participation finance system, it has provided a significant contribution to non-bank participation finance institutions by providing both simplification and innovation in their transactions.

The legal framework put in place by the Monetary Authority (SAMA) in Saudi Arabia in 2019 to attract local and international financial innovation companies is also an important part of its efforts to transform the market into a smart financial center. The number of FinTech institutions operating within this framework has reached 30.

Similarly, the financing amount of non-bank interest-free FinTech institutions operating with 12 proprietary platforms in Indonesia in 2019 grew fivefold in one year.

In 2019, the fastest growing market for non-bank participation finance institutions was the Maldives, which recorded 62% growth in their total assets to USD 44 million.

With the assets of non-bank participation finance institutions projected to reach USD 54 billion in 2019, Malaysia has advanced its claim to be a global center for interest-free FinTech. As a result of the digital strategy pursued by the state for the last twenty years, a strong ecosystem incorporating many players has been established in the country today and the digital economy contributed about 18% to the country's GDP in 2020. The Securities Commission of Malaysia signed an agreement with the Indonesian Financial Services Authority, establishing a collaborative framework to develop FinTech ecosystems in their country.

Interest-free FinTech is also spreading outside the main markets of the system. For example, the Malaysia-based interest-free savings platform HelloGold develops products for consumers in various countries of the African continent with the aim of financial inclusion, working jointly with the African digital finance group Baobab, which it partnered with in 2019, and reaches audiences which financial services cannot reach. HelloGold also launched its interest-free savings platform in Thailand in 2019.

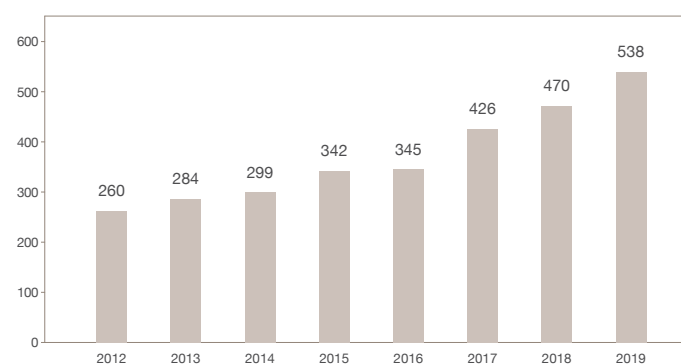
GLOBAL ISLAMIC FINANCE AND BANKING

In the UK, where the government actively supports the development of the participation finance sector with different incentives, the sector's assets reached USD 22 billion in 2019. Non-bank participation financial institutions have played a leading role in this development. While Offa, the UK's first interest-free bridge loan provider, entered the market in 2019, Qardus, the P2P interest-free crowdfunding FinTech initiative for SMEs and start-ups which started operations in 2020, points to new expansions in participation finance.

With the effect of the closures due to Covid-19 and social restrictions, the acceleration in interest-free FinTech is expected to gain pace in parallel with the faster deployment of technological solutions in all sectors and the consumer shift to online channels.

“ Malaysia (USD 242 billion), Saudi Arabia (USD 118 billion) and Indonesia (USD 57 billion) were the top three ranking countries in terms of Sukuk assets, representing 69% of the market.

SUKUK ASSETS GROWTH (USD billion)



Source: ICD - REFINITIV, Islamic Finance Development Report 2020

Sukuk now the driving force in the growth of the participation finance system.

Sukuk assets increased by 15% in 2019 through 3,420 issuance transactions, reaching USD 538 billion and constituting 19% of total assets.

Malaysia (USD 242 billion), Saudi Arabia (USD 118 billion), and Indonesia (USD 57 billion) are the top three countries in terms of Sukuk assets, accounting for 69% of the market.

In the Sukuk market, issuances increased by 30% in 2019 to reach USD 162.1 billion, maintaining their double-digit growth.

Government issuances in Malaysia, Indonesia and Saudi Arabia, aimed at financing budget deficits and maintaining liquidity levels, remained in the top rankings.

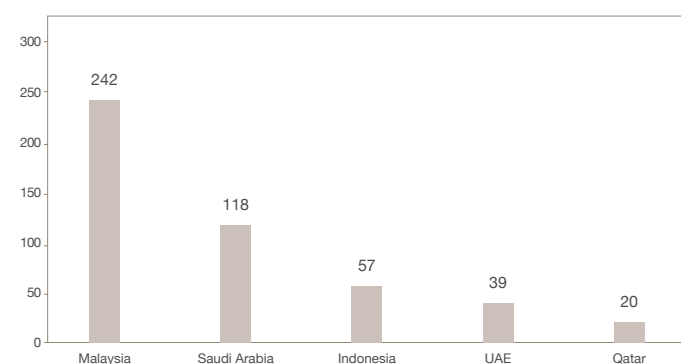
State issuance of sukuk in Indonesia increased by 37% in 2019, while there was a significant increase in local issuances to finance the state budget and expand the investor base was high. There was no growth in companies' domestic issuances largely due to weak secondary market liquidity.

In Malaysia, the resumption of the Central Bank's short-term murabaha sukuk program, aimed at maintaining domestic liquidity levels, has stimulated the state sukuk market.

Total issuances of Sukuk to date have reached USD 1.35 trillion, with 55% of this amount in the last five years, maintaining its strong development trend despite some slowing of growth in the extraordinary conditions of 2020.

Due to the Covid-19 pandemic and fall in oil prices, a high level of volatility was observed in the global markets in the first two quarters of 2020. The largest sukuk issuers, generally led by oil exporting

SUKUK ASSETS, TOP-5 COUNTRIES (2019) (USD billion)



Source: ICD - REFINITIV, Islamic Finance Development Report 2020



countries, stopped issuing sukuk in the first quarter of the year due to the market turbulence. The implementation of comprehensive stimulus measures by governments around the world in the second quarter of the year resulted in swelling budget deficits. While governments in some core markets prefer traditional bond issuance over sukuk, as it is easier to structure and allows them to reach a wider investor base, some countries have resumed issuing sukuk to close their budget deficits. Saudi Arabia, with USD 9.96 billion of issuances, and Malaysia, with USD 5.4 billion of issuances, were leading among these countries, while Indonesia, Bahrain, Dubai, Oman and Maldives were markets where the issuance of state sukuk gained pace.

During the shock market fluctuations caused by the pandemic in the first half of 2020, there was also a decrease in the rate of corporate sukuk issuances with delays. However, this trend gave way to a rapid increase in the second half of the year, as financial institutions took advantage of supportive market conditions to strengthen their capital adequacy or extend their debt maturity profile and, as a result, corporate sukuk issuances increased by 40% in the third quarter.

Among the firsts in the sector in 2020 were Egypt's entry into the sukuk market and the issuance of the first Formosa sukuk in Taiwan by Qatar Islamic Bank. The Formosa sukuk market was created in 2019 following Taiwan's regulation which allowed foreign issuers to issue sukuk in currencies other than the New Taiwan dollar. These instruments can be sold locally to insurance companies, banks and professional investors as well as internationally. Taiwan's expansion of the Formosa bond market to include sukuk instruments could help GCC region issuers, including interest-free banks, diversify their funds and expand their investor pools without increasing foreign exchange risk.

According to S&P data, the total amount of sukuk issuance in 2020 was USD 139.8 billion.

Green sukuk and Socially Responsible Investment (SRI) sukuk standing out

Green sukuk and socially responsible investment (SRI) sukuk have come to the forefront of attention in 2019 amid efforts by governments and companies to support the United Nations' Sustainable Development Goals (SDGs).

The issuance of green sukuk reached a total of USD 4.4 billion in 2019, mainly with the issuance of Indonesia and the GCC countries.

The Indonesian government, which issued its first green sukuk in 2019, has signed two green sukuk issuances, totaling USD 2 billion, in line with its strategy of providing financing with innovative resources for local infrastructure projects included in the economy master plan.

Indonesia issued another green sukuk amounting to USD 750 million in June 2020 to finance sustainable development projects and mitigate the effects of the Covid-19 pandemic.

In December 2019, the Islamic Development Bank (IsDB) launched its first green sukuk worth EUR 1 billion (USD 1.17 billion) to finance climate change-related projects and green projects of member countries.

In the first half of 2020, the IsDB issued its first sustainability sukuk to support various healthcare and social projects undertaken by the member states affected by the pandemic. It was also the first AAA rated sustainability sukuk issued in global capital markets.

The Green and SRI (socially responsible investment) sukuk continued to grow in popularity in 2020 with the introduction of new issuers such as the Saudi Electricity Co.

Competent authorities in the emerging markets of Kazakhstan and Uzbekistan are preparing regulations to allow green sukuk.

GLOBAL ISLAMIC FINANCE AND BANKING

Crowdfunding, blockchain and crypto, robo-consulting, personal financial management and lending are the primary growth areas for interest-free FinTech.

Digitization now one of the key elements driving the development of the participation finance system

The pandemic has broken new ground in terms of technological progress by mobilizing many participation finance institutions to offer their products over digital platforms in order to better serve their customers. FinTech has proven its indispensability with the digital solutions it produces.

In the pandemic conditions of 2020, while most service providers consolidated their presence with their services accessible through digital platforms, they started to give important clues about the future of the participation finance system as a result of the contributions of technological developments. Crowdfunding, blockchain and crypto-currency, robo-advising, personal financial management and lending are priority growth areas for interest-free FinTech. Blockchain applications point to an important expansion, especially in the field of sukuk.

The new InsurTechs, which demonstrate the development in technology and social finance, are carrying the takaful sector forward. A good example is the InsurTech initiative in Malaysia, which uses blockchain to channel trust funds with the goal of making takaful accessible to low-income consumers.

Malaysia also carried out the first digital state sukuk issuance through online channels, including mobile platforms. Indonesia, on the other hand, has issued retail sukuk, which can be accessed through online channels, in order to appeal to the younger generation.

Apart from banks and takaful operators, digital-based participation finance institutions are also accelerating the development of the industry in Africa and Southeast Asia with a mix of services including interest-free asset management targeting millennial investors.

The digital transformation of the participation finance system is not limited to financial institutions, but covers the entire ecosystem. Participation finance trainings are increasingly offered online or through internet. Events such as distance learning conferences and seminars are also increasingly being held online, as the pandemic has made it difficult for students to attend classes. These developments also allow students or industry stakeholders from other countries to attend online courses or participation finance events that will help the industry grow further in the future.



Looking forward...

After the strong growth recorded in 2019, the global participation finance system, whose growth had slowed down in 2020 under the effects of the pandemic, is estimated to have reached a total asset size of USD 3.69 trillion as of 2024 with single-digit growth.

It is thought that the pandemic will gradually be brought under control in developed countries with the combination of vaccines, improved medical treatment and testing capabilities starting from the second half of 2021, with economic pressures starting to decrease accordingly. A recovery in global demand is expected to follow with the easing of the lockdown restrictions. In addition, central banks are expected to continue to keep interest rates low and provide liquidity support where necessary.

Despite the many negative effects, the pandemic offers opportunities for new expansion with growth in some areas of the participation finance system. Authorities in various countries are turning to participation finance to reduce the economic impact of the pandemic.

Sukuk and interest-free funds are expected to remain the areas offering the strongest growth in the coming period.

With sustainability gains taking on increased importance during the pandemic, there will be a strong tendency in the market to develop new products such as ESG-based interest-free investment instruments which target social issues such as mass unemployment.

Innovative tools focused on social needs may appeal to domestic or foreign investors with ESG goals. These tools also demonstrate that the pandemic offers an opportunity to reveal the social aspect of ESG goals in participation finance and the aims of Islamic Law (Maqasid).

Green sukuk is an important area of opportunity due to the energy transformation which has got underway in many core participation finance markets. Social sukuk issuance and green sukuk, which aim to overcome the social problems arising from the pandemic, will be among the prominent topics on the participation finance agenda.

Inclusive standardization remains one of the key areas of improvement in the development of participation finance.

The Dubai Islamic Economy Development Center (DIEDC) embarked on a global legal and regulatory framework project in 2020 in conjunction with the Islamic Development Bank, the United Arab Emirates Ministry of Finance and a number of other consultants to address the lack of standardization and harmonization in the participation finance system. The stated objectives of the project include providing a global legal reference for participation finance, reducing regional differences in product offerings and applications, providing legal protection to all parties involved, and developing an international dispute resolution framework.



The outputs of the project will provide issuers with an increased range of faster and more advanced processes to reach the participation finance market, while providing clarity to investors in resolving the default situation in sukuk. Overall, the participation finance system will benefit from greater integration of all its components, including banking, takaful and capital market activities. While the improvements achieved will reduce the risks arising from the complexity of participation finance contracts, they will reveal new growth opportunities and render the sector more attractive for new players.

S&P Global Ratings, which predicts that market conditions will remain buoyant throughout 2021 with record low interest rates and abundant liquidity, foresees that total sukuk exports will reach approximately USD 140 - 155 billion thanks to the recovery in sukuk issuances in Malaysia, Indonesia and Gulf Cooperation Council (GCC) countries.

Opportunities related to the social role of the participation finance system, which became evident during the pandemic, constitute an important threshold in development. Considering the steady increase in the number of FinTech companies offering Islamic social finance solutions such as foundations, charity and zakat over the last few years, these products are expected to offer significant leverage for the system.

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TKBB CENTRAL ADVISORY BOARD

The Advisory Board, which was established at the TKBB in 2018 in order to determine the professional principles and standards of participation banking, has continued to take decisions and prepare standards for the sector since its establishment.

The number of members of the Board, previously five, was increased to seven in 2020 and new members were appointed to the Board.

The Advisory Board^{*} consists of the following seven members:

Prof. Dr. Hasan Hacak (Chairman)
 Prof. Dr. Ertuğrul Boynukalın (Deputy Chairman)
 Prof. Dr. Abdullah Kahraman (Member)
 Prof. Dr. Ahmet Yaman (Member)
 Prof. Dr. Soner Duman (Member)
 Assoc. Prof. Abdurrahman Savaş (Member)
 Temel Hazroğlu (Member)

In addition to the regular board meetings, the Board holds workshops to bring industry and academia together every year, participates in activities carried out in cooperation with stakeholders and carries out joint work.

Meetings

The Advisory Board meets regularly and holds meetings with an agenda in line with the needs of the participation banking sector. The Board, whose primary priority is to prepare participation finance standards, also takes decisions and expresses opinions within the scope of requests and questions directed by participation banks and some public institutions and organizations through the TKBB.

The Board held 33 meetings in 2020.

Standards and Decisions

The "Share Certificate" and "Tawarruq" standards were published on the website of the Advisory Board, and the "Murabaha" standard was finalized by the Board and presented to the TKBB General Secretariat. The Board took eight decisions for the sector in 2020. These decisions covered the following issues:

- CBRT rediscount credits
- TÜRİB-ELUS market
- TÜRİB tawarruq market
- TLREF indexed lease certificates and coupon payments
- Turk Eximbank participation finance investment loan
- TLREF indexed sukuk issuances
- Changes to some articles of the "Standard for the Issuance and Trading of Shares"
- Participation financing practices of public development and investment banks

“ In 2020, the Advisory Board held 33 meetings, organized meetings which brought academics and representatives from the sector together, and signed eight sector decisions.

Workshops

The TKBB Advisory Board held a workshop on 6 February 2020 at the TKBB Head Office as part of its work on the murabaha standard. Academics, members of the advisory committee in participation banks and representatives from the relevant units of participation banks participated in the workshop, which was held to obtain opinions on the standard work prepared by the Advisory Board on Murabaha. In the first session of the workshop, the prepared standard text was examined together with its justifications, and in the second session, the opinions of the participants regarding the standard text were discussed.

Other Activities

- A new participation finance dictionary was prepared by the Advisory Board and published on the Board's website.
- During the year, the members of the Board attended a number of meetings organized by the Presidency of Religious Affairs in various provinces and held with preachers from the Presidency of Religious Affairs.
- A visit was conducted to the Azerbaijan State University of Economics (UNEC) within the scope of cooperation and experience sharing between the TKBB and Azerbaijan.
- The "Interest-Free Banking Standards Compliance Certification" training program was organized within the scope of the Communiqué on Compliance with Interest-Free Banking Standards, in cooperation with the TKBB and the Institute of Islamic Economy and Finance (MÜİSEF) at Marmara University.
- Support was provided to training such as "Interest-Free Banking Applications Azerbaijan Certification Training" and "International Interest-Free Banking Applications Certification Training" organized by the TKBB.
- Participation in Workshop on the Epidemic with Its Fiqh and Economic Aspects organized by Ankara Social Sciences University.
- Attendance in workshops organized by the AAOIFI and CIBAFI throughout the year.

^{*} For the CVs of the Advisory Board Members, please see pages 18-19.



PARTICIPATION BANKS

ALBARAKA TÜRK
EMLAK KATILIM
KUVEYT TÜRK
TÜRKİYE FİNANS
VAKIF KATILIM
ZİRAAT KATILIM



ALBARAKA TÜRK GENERAL MANAGER'S ASSESSMENT



Melikşah UTKU
General Manager

“
Acting appropriately in line with sectoral developments in 2020, Albaraka Türk emerged from the year with a robustly-positioned balance sheet.

In 2020 the world economy was confronted by a public health crisis bigger than anything since the 1918 influenza pandemic. With every country taking restrictive measures to control the spread of coronavirus, their economies shrank accordingly while their central banks, foremost among them being the US Federal Reserve Bank and European Central Bank, attempted to mitigate such contractions through monetary expansion. The Fed for example reduced its primary lending rate to the 0-0.25% range while also expanding its balance sheet by means of bond-buying programs. The ECB for its part had recourse to similar methods, as did both the Bank of England and Bank of Japan, which also announced that there would be no monetary tightening for the foreseeable future. Governmental authorities supported monetary expansion with fiscal policies in “packages” containing such measures as salary-support schemes, tax cuts, augmented unemployment benefits, and the like. Even though the prospects of economic recovery getting under way in 2021 look good, monetary expansion is expected to continue for a while longer.

Of all the members of the G-20 group of countries, only two- China and Turkey-were able to report positive growth in 2020. In Turkey, manufacturing registered a net growth rate of 1.8% while services lagged behind. Both gold imports and a low balance of services during the pandemic adversely impacted on the country's current account deficit and thus depressed growth. With reduced gold imports and a recovery in tourism revenues, we may see an improvement in the current account deficit in 2021.

Decisions taken by both the Turkish Central Bank (CBRT) and the Banking Regulation and Supervision Agency (BRSA) in 2020 are supportive of the economic outlook. CBRT for example reduced its weighted-average funding cost to as low as 7.4% while BRSA led the way in a substantial credit expansion by means of a mandatory

assets ratio designed to support monetary expansion through banks' lending. In the second half-year however, interest rates began to rise in response to a deteriorating inflationary outlook, with the result that credit growth began to falter.

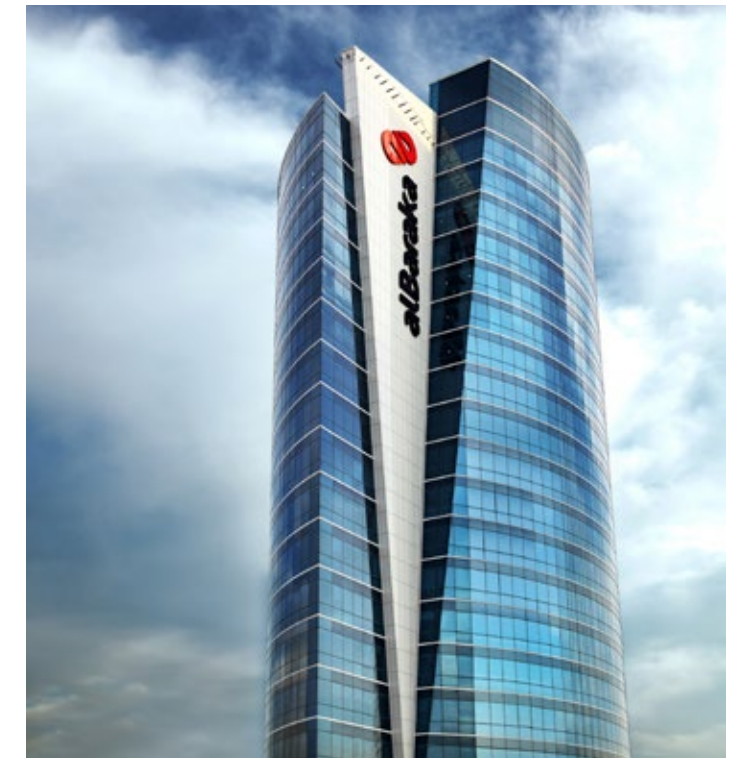
Turkey's banks for their part also acted in line with CBRT and BRSA policies, as a result of which they saw their total assets increase by an aggregate 36% in 2020. Owing to exchange rate volatilities and to heightened risk premiums, there was an increased demand for FX accounts, whose share of total bank deposits reached into the 60% range. Overall, the Turkish banking industry's total assets grew by 35% in 2020 while low interest rates fueled a 24% rate of growth in total credit. Besides increasing their lending in order to comply with the BRSA-mandated assets ratio, banks also began buying up marketable securities with the result that the Turkish banking industry's aggregate marketable securities portfolio grew by 40% last year. Through its ability to cope with the public health crisis by means of robust capitalization and professional management, the Turkish banking industry demonstrated how important it is for the country in 2020. The year's low interest rate-environment helped level the competitive field for participation banks, which registered across-the-board market-share increases: their shares of the sector's total assets and total deposits reached 7.2% and 9.3% respectively. Particularly outstanding was their performance in precious-metal accounts: both the nature of participation banks' customer portfolios and the reasons for which such banks are set up further increased the percentage of deposits held in such accounts in 2020. Demand for these accounts is expected to continue nourishing growth in participation banks' sectoral market share in 2020.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Establishment Date	1985
Foreign Shareholders	62.12%
Albaraka Banking Group	36.29%
Dallah Al Baraka Holding	15.38%
Islamic Development Bank	7.84%
Other	2.61%
Domestic Partners	1.03%
Public	36.85%
Total	100.00%
General Manager	Melikşah UTKU
Headquarters	Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi, No: 6, 34768, Ümraniye/İstanbul
Phone	+90 216 666 01 01
Fax	+90 216 666 16 00
Website	www.albaraka.com.tr
Telex	27061 abrt tr - 26459 albt tr
SWIFT Code	BTFH TR IS
Number of Branches	230
Number of Employees	3,390

Acting appropriately in line with sectoral developments in 2020, Albaraka Türk emerged from the year with a robustly-positioned balance sheet. Our bank increased its profitability with strong growth in every one of its core banking business lines. With our eyes on the future of the banking industry, we also continued working on a variety of ongoing digital banking projects. As was the case throughout the sector, Albaraka Türk quickly adapted itself to the requirements of doing business in a pandemic environment through such innovations as working remotely, video-conferencing, QR-based banking transactions and services, and remote customer acquisition. In 2020 we were also one of six banks to take part in a gold-transfer system employing blockchain technology. I believe that the knowledge and experience we are gaining through this project will make important contributions both to our own bank and to Turkey's entire financial ecosystem. A new digital banking investment that we initiated in 2020 is our NakitBasit project, which effectively turns participating vendors such as supermarkets and fuel stations into Albaraka cashpoints for its customers. Our bank intends to continue advancing surefootedly in line with its vision of being “The World's Best Participation Bank”.

In closing, and most importantly of all, I take this opportunity to express my earnest hopes that 2021 will be a healthier and more propitious year for everyone.



ALBARAKA TÜRK SENIOR MANAGEMENT

Melikşah UTKU Board Member and CEO

Mr. Utku was born in Ankara in 1968. He graduated from the Mechanical Engineering Department of Boğaziçi University (Istanbul, 1990). He completed his graduate studies at the London School of Economics (1990- 1992) and Master's Degree in economic development at Marmara University (Istanbul, 1998). In 2004, he served as a consultant to the General Manager of Albaraka Türk. In 2006-2007, he was the head economist in Albaraka Türk. In addition, he was an economics columnist for Yeni Şafak newspaper for over 10 years (1995-2009). He later worked as Investor Relations Manager between 2007 and 2009. He continued as CIO Assistant General Manager in December 2009 and was appointed as CFO primarily responsible for Financial Affairs, Budget and Financial Reporting and Corporate Communication Departments. He was a board member of Borsa İstanbul from 2013 to 2016. As the General Manager of Albaraka Türk as of October 2016 Utku continued his duty, as well as Vice Chairman of the Board of Directors of Katılım Emeklilik ve Hayat A.Ş., and Chairman of the Board of Directors of Bereket Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Albaraka Kültür Sanat ve Yayıncılık A.Ş., İnsha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş., and Albaraka Teknoloji Bilgi Sistemi ve Pazarlama Ticaret A.Ş. He is also a member of the Executive Committee, Credit Committee, and the Chairman of the Information Technologies Governance Committee.

Turgut SİMİTÇİOĞLU

Deputy General Manager (CMO)

Turgut Simitcioğlu was born in Erzurum in 1961. After graduating from King Saud University, Faculty of Education in Saudi Arabia in 1989, he received his Master's degree in Business Administration from Fatih University, Institute of Social Sciences. Mr. Simitcioğlu joined Albaraka Türk in 1990 and worked in the Fund Allocation Department from 1990 to 1995, and at the Central Branch from 1995 until 2001. He was Director of the Central Branch between 2001 and 2003, and later Director of the Corporate Banking Department, before serving as Central Branch Manager from 2003 to 2009. In December 2009, he was appointed Assistant General Manager, thereafter serving as Assistant General Manager in charge of Credit Operations, Foreign Transactions Operations, Payment Systems Operations, Banking Services Operations and Risk Monitoring. Still serving as Deputy General Manager and Senior Assistant General Manager, Simitcioğlu has been serving as the Assistant General Manager in Charge of Legal Follow-up Department, Collection Department and Credit Risk Monitoring Department.

Hasan ALTUNDAĞ

Assistant General Manager

Hasan Altundağ, who graduated from Ankara University, Faculty of Political Sciences, Department of Economics, started his banking career in 1986 as an Auditor at Yapı ve Kredi Bankası Inspection Board. He served as Auditor, Operations Director and Field Director, respectively until 1999. Mr. Altundağ who served as a Branch Manager at a participation bank between 1999 and 2004, joined Albaraka Türk Participation Bank in March 2004. At Albaraka Türk, he served as Sultanhamam Branch Manager from 2004 to 2005, Regional Manager of Marketing between 2005 and 2011, Director of the Transformation Administration Office from 2011 until 2013, and Manager of Strategy and Corporate Performance from 2013 to 2016. Mr. Hasan Altundağ was appointed as Assistant General Manager - Marketing in 2017, and since July 2020, he has been serving as Assistant General Manager - Sales responsible from Corporate Sales Directorate, Commercial and SME Sales Directorate, Retail and Private Banking Sales Directorate, and Regional Directorates. Mr. Altundağ also serves as Deputy Chairman of the Board of Directors at Albaraka Kültür Sanat ve Yayıncılık A.Ş.

Mustafa ÇETİN

Assistant General Manager

He was born in Afyonkarahisar in 1971. In 1991, he ranked 20th in the national university exam. He went on to graduate from Boğaziçi University, Department of Management in 1996. In the same year, he started his professional career at Finansbank in the Corporate Banking Management Trainee Program. Between 1999 and 2004, he served as Manager in the areas of Corporate and Commercial Banking at Turkish Foreign Trade Bank. In 2004, he joined Albaraka Türk as Branch Manager, holding this position until 2008. He went on to serve as Marketing Manager from 2008 to 2011; Foreign Transactions Operations Manager between 2011 and 2012; Financial Institutions and Investor Relations Department Manager and Corporate Governance Committee Member from 2012 until 2017; and Assistant General Manager responsible for Finance and Strategy between 2018 and 2020. Since July 2020, he has been working as the Assistant General Manager - Finance responsible for the Financial Reporting Directorate, Financial Affairs Directorate, Business Excellence and Innovation Directorate, Investor Relations Directorate and Data Governance Service units. He is also a Member of the Board of Directors of Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret Anonim Şirketi, one of the affiliates of Albaraka Türk. Fluent in English and German, Mustafa Çetin holds the Capital Market Activities Advanced License and Corporate Governance Rating Specialist License.

Malek Khodr TEMSAH

Assistant General Manager

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). He began his career with Bank of America Business Banking in Washington DC followed by his tenure at the Londonbased European Islamic Investment Bank between 2007 and 2009. In 2010 Malek Khodr Temsah joined Albaraka Banking Group, Bahrain as Vice President of Treasury where he established & oversaw the global sukuk desk until 2014. Since 2014, Mr. Temsah has been working with Albaraka Türk and is currently overseeing the Treasury, Financial Institutions and Investment Banking Departments. 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 knows English, Arabic and Turkish at an advanced level.

Volkan EVCİL

Assistant General Manager

Volkan Evcil was born in 1966 in Eskişehir. In 1987, he graduated from Anadolu University, Faculty of Economics and Administrative Sciences, Department of Economics. In 1990, he began his career as Assistant Inspector at Tütünbank's Internal Audit Department after winning the exam for this position. In 1992, he joined the Albaraka Türk family as Assistant Inspector, before serving as Inspector, Chief Inspector, Vice Chairman of the Internal Audit Department, and Vice President of Risk Management. He was named President of Risk Management in 2006. Since February 2017, Mr. Evcil has been serving as Internal Systems Senior Manager in charge of the Internal Audit Department, Internal Control Department, Risk Management Department, and Legislation and Compliance Department. In August 2019, he became the Assistant General Manager in charge of Central Operations which consists of the Credit Operations Department, Foreign Trade Operations Department, Banking Services Operations Department, and Collateral Management Department. On 27 January 2020, he was elected as the Member of Risk Center Management in the Banks Association of Turkey, representing the Participation Banks Association of Turkey.

Fatih BOZ

Assistant General Manager

He was born in Edirne in 1973. In 1995, he graduated from the Faculty of Political Sciences, Ankara University. He held a Master's degree in political science from the same school. From 1995 to 1998, he worked as a director for various companies. In 1998, Mr. Boz joined Albaraka Türk as Assistant Inspector on the Inspection Board. He went on to serve as Deputy Director of the Operations Department in 2003, Branch Manager between 2006 and 2009, Manager in the Project Management Department from 2010 to 2011 and later as Credits Operations Manager. In January 2017, he was appointed Assistant General Manager responsible for central operations. As of August 2019, Fatih Boz serves as the Assistant General Manager responsible for Corporate Loans Allocation Department, Commercial and SME Loans Allocation Department and Retail and Micro Loans Allocation Department.

Süleyman ÇELİK

Assistant General Manager

He was born in Samsun in 1963. He graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Public Administration. Mr. Çelik started his professional career in 1988 at Albaraka Türk. He worked in the Foreign Transactions Department from 1988 to 1996, at the Fatih Branch between 1996 and 1997, and at the Ümraniye Branch from 1997 to 2000. Between 2000 and 2011, Mr. Çelik worked at Türkiye Finans as Ümraniye and Sultanhamam Branch Manager, Credit Operations Manager, and Human Resources Manager. In 2011, he was appointed Üsküdar Branch Manager at Albaraka Türk, before assuming the role of Human Values Manager between 2012 and 2017. Mr. Çelik was appointed Assistant General Manager in January 2017 and is in charge of Human Values, Administrative Affairs, Procurement, Training and Career Management Departments. Mr. Çelik is also Vice Chairman of Albaraka Kültür Sanat ve Yayıncılık A.Ş. and Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş.

Mehmet Fatih YORULMAZ

Assistant General Manager

He was born in Kahramanmaraş in 1980. In 2001, he graduated from the Faculty of Civil Engineering, Middle East Technical University with the third rank in 3.5 years. In 2002, he received his engineering Master's degree from the Georgia Institute of Technology with a High Honor Certificate and took part in the engineering design of skyscraperstyle buildings in Atlanta. He joined the Islamic Development Bank in Jeddah in 2005 and worked as a project manager in countries such as Afghanistan, Pakistan and Sudan. He returned to the USA in 2007 and completed his MBA at Harvard Business School as a High Honor Student. Afterward, he provided management consultancy services to the leading companies in the financial sector in the Boston and Istanbul offices of Boston Consulting Group. Then, he served as General Manager Advisor at Türk Telekom and Senior Director in charge of Marketing, Sales and Business Development at TTNET. In 2014, he started to work as the manager responsible for Central Asia and Turkey in the loan allocation unit of ICD, the private sector branch of the Islamic Development Bank. In 2016, he established the Turkey office of Compare Europe Group, an international fintech initiative, as Country Director. Mehmet Fatih Yorulmaz, who joined Albaraka Türk as the General Manager Advisor in 2017, has been serving as the Assistant General Manager - Marketing responsible for Marketing Department, Product Management Department, Communication and Brand Management Department and Pricing Strategy and Governance Service Department since July 2020. Mr. Yorulmaz is also a member of the Board of Directors of Albaraka Kültür Sanat ve Yayıncılık A.Ş.

Mehmet ULUDAĞ

Director

He was born in 1979 in Konya. He graduated from Dumlupınar University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2001 and completed his Master's degree in Business Administration at Gediz University in 2013. He started his professional career in 2004 with the title of Assistant Specialist in the Albaraka Türk Denizli Branch. He worked as a specialist between 2006 and 2008 and as an assistant manager between 2008 and 2011 in our Bank. Between 2011 and 2017, he served as Branch Manager in Manisa and Uludağ Branches, Aegean Regional Manager between 2017 and 2019 and Commercial and SME Sales Manager between 2019 and 2020. In July 2020, he was appointed as the Director of Arbitration and Business Excellence to the head of the Ombudsman, which was established to coordinate and resolve issues related to digitalization, new products, organizational changes and improvement of the Bank processes with the Branches. He still continues to work in this position.

Yasemin AYDIN

Director

She was born in 1974 in Kahramanmaraş. She graduated from Istanbul University, Faculty of Political Sciences. Then, she completed her Master's degrees in MBA and Marketing Communications. She started her business life in the banking sector in 1996. Between 1996 and 2011, she worked and managed in the fields of Digital Banking, Card Payment Systems, Retail Banking, Organization & Quality and in the business lines of Marketing, Operations, Product Development, and Information Technologies in this sector. Between 2012 and 2017, she managed consultancy projects in various sectors such as Organizational Structuring, Process Development & Management, Restructuring, and Digitalization and selection and assessment activities in the field of Human Resources. In 2017, she started to work as Digital Channels and Payment Systems Development Manager at Albaraka Türk. Ms. Aydın, who was appointed as the Director Responsible for Digital Channels and Payment Systems in July 2020, is also a Board Member at Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş.

ALBARAKA TÜRK'S INNOVATIVE PRODUCTS AND TECHNOLOGIES

In 2020 Albaraka Türk passed an important milestone in the digital-transformation journey on which it embarked with the slogan "A Digital Bank For Your Assets", with the digital-channel customer-acquisition project that it carried out in the midst of the Covid-19 pandemic. This project, which makes it possible for someone to become an Albaraka Türk customer online without having to be physically present at one of the bank's branches, has resulted in a significant increase in the volume and numbers of our digital-channel transactions by attracting new customers from all over Turkey. In addition to increasing the number of such customers, expanding our digital-channel competencies is another of our immediate objectives. In line with this, we increased our customers' ATM-card withdrawal limit to TL 5,000 and began providing customers with no-fee access to the PTT Matik (postal banking) system. We continued to develop our mobile banking and internet banking capabilities with the addition of digital-product sales: it is now possible for example to purchase BES (private pension) and DASK (compulsory earthquake insurance) products through Albaraka Türk's online branch. Perhaps even more important for the future of our bank are the new digital products that we have specially created for our investment-product customers: in 2020 we introduced mutual-fund and short-term hedge-fund products that they can buy and sell at any time without having to go to a branch. Albaraka Türk specialized personnel have been providing customers with dematerialized (demat) gold products both at its branches and online for several years. In 2020 we launched a pilot project through which customers may take delivery of physical gold in unit-gram multiples at designated Albaraka Türk branches and our goal is to expand this service to all of our branches in 2021. We have also introduced ELÜS (electronic warehouse receipts) for use by farmers and merchants who sell and buy agricultural products and by investors who want to invest in them.

In the conduct of their day-to-day operations, businesses are increasingly feeling the need not only for additional technological solutions but also for opportunities to minimize their costs. Albaraka Türk works with technology companies in order to help businesses satisfy such needs conveniently, quickly, and practically by integrating the new business partnerships that it enters into and products that it designs into their own business and operational processes. A good example of this is an integrated payment system which we had developed and installed at all OPET service stations in Turkey. This system handles all processes-from initiating and validating memberships and tracking vehicles to recording purchases and payments-in an entirely digital environment. In addition to attractive discounts on designated purchases, this integrated system also gives OPET customers the benefit of many other advantages as well. Another integrated system that we have developed is our "Dealership Financing" product, which gives all customers (whether they are Albaraka Türk customers or not) of the system's merchant partners immediate, 24/7 access to customer-financing request authorizations, revised authorizations, and declines while they are still on the business's premises.

Insha Ventures

Set up by Albaraka and headquartered in İstanbul, Insha Ventures is Turkey's first fintech venture development company and became operational in August 2020. The company's mission is to grow Turkey's fintech ecosystem by realizing disruptive but sustainable innovations in the financial sector and developing applications that

focus on people. As a single-source supplier with offices in İstanbul and Berlin, Insha Ventures' services range from evaluating financial technology needs and opportunities in local markets and producing customized solutions accordingly to designing new fintech products and making them accessible to end users.

Insha

Based in Germany, Insha is Europe's first all-digital participation bank and also Insha Ventures' biggest fintech startup to date. The company provides basic banking products and services to close to 50 thousand retail customers.

Alneo

Alneo is a mobile payments platform based in Turkey. Developed by Insha Ventures, Alneo gives merchant partners and their customers mobile-app access to the payment systems of 21 banks (and also to the installment-purchase facilities of 12) without the need for physical POS devices. Alneo is currently being used by about 20 thousand small and medium-sized businesses and has already processed more than TL 300 million worth of payments.

apiConnect

Based in Turkey, apiConnect is an application programming interface (API) platform that provides banking infrastructure for fintech ventures. The company is currently providing 46 APIs in eight different categories.

NakitBasit

NakitBasit is an innovative-technology platform that allows cash to be withdrawn from thousands of retailers. NakitBasit turns participating vendors such as supermarkets and fuel stations into cashpoints.

Semosis

Turkey's first centralized digital platform for trading in marketable securities, Semosis is a new fintech startup that combines all transactions (payment, creation, management, and transfer) related to commercial or retail debt securities whether traded through banks or not.

PosBasit

PosBasit is a comprehensive fintech platform whose aims are to provide virtual POS services at appropriate rates and to overcome the unfavorable virtual-POS experience that participation banks have had. The company will commence operations in the near future.

Kozmos

Kozmos is a multichannel collection platform which provides finance & accounting, property-management, community-management, and payment services for any entity that collects regular payments (such as dues etc) from members. It will commence operations in the near future.

KimlikBasit

KimlikBasit is a centralized video call-based identity-verification platform for use by banks etc in their remote customer-acquisition processes.

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EMLAK KATILIM GENERAL MANAGER'S ASSESSMENT



Nevzat BAYRAKTAR
General Manager

“
4.5%
Having grown by 4.5% in the first quarter of 2020, the Turkish economy shrank by 9% in the second owing to the immediate impact of the pandemic.

2020 was a year in which the novel coronavirus outbreak that was first reported in Wuhan, one of China's most important economic centers, became a disruptive force that completely overturned every expectation in our own country and around the world. Although the China-US trade war, US elections, and Brexit remained on the world's agenda, they were all relegated by the Covid-19 epidemic. As the pandemic swept through the world, it radically altered every aspect of how we live, work, and do business and had a tremendous impact on global and national economies, including our own. The measures that were taken to contain and delay the spread of the virus became the distinguishing hallmarks of 2020.

Thanks to well-placed measures and to correct and quickly-taken action in the areas of both public health and economic life, Turkey numbered among the countries whose economies were least affected by pandemic-caused fallout. Close attention was given throughout the year both to measures capable of countering the impact of the epidemic and to the effectiveness of those measures. From the standpoint of new case numbers, the process of renormalization appeared to have got underway after midyear; however a second wave of infections emerged in the third quarter both in Turkey and in other countries. Last-quarter reports of progress in vaccine development encouraged a more favorable view of the overall global outlook.

Having grown by 4.5% in the first quarter of 2020, the Turkish economy shrank by 9% in the second owing to the immediate impact of the pandemic. Once the initial shock of the pandemic had passed however, economic activity regained momentum as measures introduced to deal with it took hold. Unlike most countries whose economies suffered from the pandemic, Turkey's economy began growing again. The impact of the renormalization process became even more apparent in economic indicators after midyear.

The Turkish economy grew by 6.7% in the third quarter while fourth-quarter GDP was up by 5.9%. The upshot is that Turkey's economy registered a net positive growth rate of 1.8% in 2020.

Turning now to the Turkish banking industry, according to figures published by the Banking Regulation and Supervision Agency (BRSA), the sector's total profits were up by 22.3% in 2020 as compared with those of 2019 and weighed in at TL 59.97 billion. That is the highest one-year profitability performance ever achieved by the industry.

The various measures and incentives that were introduced as well as state-owned banks' low-cost credit campaigns proved to be effective in mitigating the impact of the pandemic. An unbroken succession of market-related measures and incentives played an active role in accelerating economic recovery. The steps taken by the Turkish Central Bank, BRSA, the Capital Markets Board, and Borsa İstanbul were particularly effective in supporting the real sector, employment, and the public at large.

The start of a new series of reforms on the economic and legislative fronts in November prompted a U-turn in Turkey's markets. The confidence that this nourished also impacted favorably on Emlak Katılım's operations. Our bank's total assets, which amounted to TL 9.3 billion at year-end 2019, grew by more than 120% in the next twelve months and reached TL 20.3 billion in value. As a financial institution that specializes in financing real-sector endeavors, our bank disbursed funded credits amounting to TL 16.4 billion in total while its total collected funds weighed in at around TL 11.7 billion. Emlak Katılım's capitalization was increased by TL 276 billion in December in a move that also brought the bank's paid-in capital to TL 1,026 million.

TÜRKİYE EMLAK KATILIM BANKASI A.Ş.

Establishment Date	1926 (as Emlak ve Eytam Bankası); 2018 Türkiye Emlak Katılım Bankası
Main Shareholders	Emlak Katılım's principal shareholder is the Ministry of Treasury and Finance. 99.99% of the Bank's TL 1,026,915 thousand in capital is owned by the Ministry of Treasury and Finance. The remaining stakes belong to other individuals and institutions.
Chairman	Prof. Dr. Mehmet Emin Birpınar
General Manager	Nevzat Bayraktar
Headquarters	Barbaros Mah. Begonya Sk. No: 9/A Ataşehir/İstanbul
Telephone	+90 216 266 26 26
Fax	+90 216 275 25 25
Website	www.emlakkatilim.com.tr
SWIFT Code	EMLATRIS
EFT Code	211
Number of Domestic Branches	50
Number of Employees	814

In March 2020 we received the Capital Markets Board's authorization to issue up to TL 2 billion worth of securities; this ceiling was raised again in September to TL 5 billion. Since April of last year we have issued 32 lease certificates series totaling TL 4.8 billion in value overall. The 369-day, 4 lease-payment instruments that our bank issued on 24 June has been recognized as the Turkish participation banking industry's first benchmark-yield sukuk.

Despite the challenging conditions with which it confronted us, 2020 was a year in which we continued to grow, introduced innovative digital products, and completed the infrastructure of many of our ongoing projects. Having done that, our goal now is to further distinguish ourselves in the sector by developing new products and services not currently being offered and to continue producing value for people and the environment by means of a sustainable business model which focuses on people and which is in line with the ethical principles and practices of participation banking.

In closing I take this opportunity to express my earnest wishes that 2021 will be a propitious year for our country and for our sector.

Despite the challenging conditions with which it confronted us, 2020 was a year in which we continued to grow, introduced innovative digital products, and completed the infrastructure of many of our ongoing projects.

“ Despite the challenging conditions with which it confronted us, 2020 was a year in which we continued to grow, introduced innovative digital products, and completed the infrastructure of many of our ongoing projects.

EMLAK KATILIM SENIOR MANAGEMENT

Nevzat BAYRAKTAR CEO

Nevzat Bayraktar graduated from Business Administration Department at Faculty of Economics and Administrative Sciences in Eskişehir Anadolu University in 1993. He studied English in Leeds Metropolitan University, England in 1993-1994. He started his professional career in Foreign Transactions Department at Esbank in 1995. He carried on with his business life in Albaraka Türk, first as Assistant Specialist in Projects and Marketing Department in 1996, then Second Manager in Main Branch as of 2003 until he was appointed as the Manager of the Main Branch in 2010. Mr. Bayraktar was assigned as the Assistant General Manager responsible from Corporate, Commercial and Retail Sales, Regional Offices and Branches as of January 2017. Mr. Bayraktar also holds Certified Public Accountant and Independent Auditor certificates. Mr. Bayraktar acts as the CEO of Emlak Katılım since 11 February 2020.

Uğur KARA Assistant General Manager Human Resources and Strategy

Graduated from Business Administration Department of Faculty of Economics and Administrative Sciences at Pamukkale University, Uğur Kara completed his masters 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 at 2018, he currently acts as the Assistant General Manager in charge of Human Resources at Emlak Katılım since 14 October 2019.

Nihat BULUT Assistant General Manager Loans

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 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 at February 2017. Mr. Bulut has been serving the Assistant General Manager in charge of Loans at Emlak Katılım since 2 March 2020.

Yusuf OKUR Assistant General Manager 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 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 at as the Branch Manager of the Merter, Kavacak and Sultanbeyli branches by 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 the Assistant General Manager in charge of Operations at Emlak Katılım since 2 March 2020.



PARTICIPATION BANKS

EMLAK KATILIM'S INNOVATIVE PRODUCTS AND TECHNOLOGY

Emlak Katılım's innovative products and technology

Although it is the newest entrant into Turkey's participation banking sector, Emlak Katılım began supplying customers with the complete range of basic participation banking products and services from the very outset while also introducing innovative new ones of its own. While pursuing stable growth and rapidly expanding its branch network, Emlak Katılım has defined its fundamental goal as one of supporting local production and contributing favorably to employment and economic growth. The bank continues to come up with solutions through models that are sustainable and accessible to everyone.

Escrow accounts

Throughout 2020, Emlak Katılım continued to develop and offer products and services capable of addressing its customers' different needs. One such product is its "Tapu Güvenilir Hesap", an escrow account which was designed under an agreement with the General Directorate of Land Registry & Cadastre to ensure that real-estate title transfer formalities are handled seamlessly. The first product of its kind in the Turkish banking industry, these accounts are opened at Emlak Katılım in the names of the buyers and sellers in a real estate transaction. As soon as deed-transfer formalities have been finalized, the money in the buyer's account is immediately transferred to the seller's, thus safeguarding the interests of all parties in the sale.

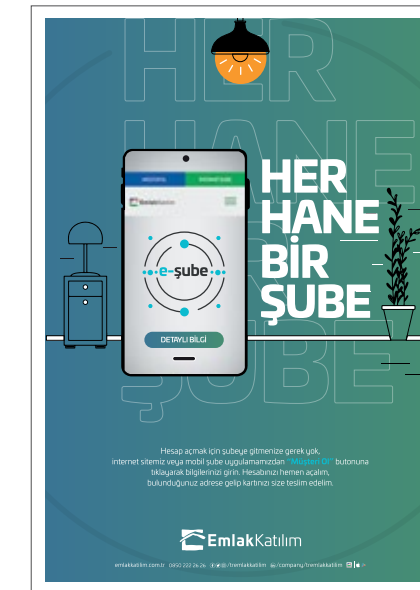
Emlak Katılım took part in a "Don't postpone your dreams" home-ownership campaign conducted by Emlak Konut GYO, a real estate investment trust, by providing would-be homeowners with attractively-priced financing solutions. Emlak Katılım continues to work together with Emlak Konut GYO in making campaign-based home-ownership financing available at advantageous rates and terms for customers purchasing apartments from Emlak Konut GYO's shared-proceeds real-estate development projects.

Gold, silver, and platinum trading accounts

Emlak Katılım launched three account products-"Altın Çatı Hesabı", "Gümüş Çatı Hesabı", and "Platin Çatı Hesabı"-for customers wishing to keep their savings in precious metals. The bank has also introduced precious-metals trading for its online banking and mobile banking customers.

As of 6 April 2020, Emlak Katılım's gold participation accounts paid a gross 0.97 rate of return on three-month accounts of less than 100 grams of gold. Emlak Katılım customers also have the ability to buy and sell gold, silver, and platinum against Turkish liras, US dollars, and euros.

In its ongoing efforts to bring gold jewelry and other informally-held gold into the formal economy, Emlak Katılım organizes "Gold Collection Days" on which customers are encouraged to bring gold articles of any fineness whatsoever to a designated branch, where they are appraised by experts and the equivalent in 24-carat gold is then booked to the owner's account. Seeking to be a major player in precious-metal and FX trading in Turkey, Emlak Katılım engages in an ongoing effort to serve its customers by providing them with attractive rates and terms.



EMLAK KATILIM'S INNOVATIVE PRODUCTS AND TECHNOLOGY

Emlak Katılım E-Branch

Recognizing that digital-banking products and services are the fastest-growing segment of the banking industry today, Emlak Katılım is especially mindful of addressing the needs of a rapidly-digitalizing world as it pursues branch network expansion. The ongoing pandemic in particular has made digital banking channels especially important. Emlak Katılım's ongoing efforts in this direction culminated with the launch of its online branch, thanks to which customers may even open an account online without having to be physically present at one of the bank's branches. Having completed the required formalities and opened such an account online, customers' bank cards are delivered to them by a courier. The complete range of banking products and services available through the Emlak Katılım E-Branch makes it almost completely unnecessary for a customer ever to have to come into a branch.

Branch network expansion

At the outset of 2020, Emlak Katılım had set itself a branch-network goal of 40 for the year. Despite a world-ravaging global pandemic, the bank increased that target to 50 and achieved it by year-end. Emlak Katılım will continue expanding its branch network in the years ahead as well.

Increased credit and financing limits

Focusing as it always does on the needs of its customers, Emlak Katılım was especially mindful of them in the face of a coronavirus epidemic that occupied first-place position in everyone's agenda in Turkey and around the world. Emlak Katılım introduced a series of measures and packages to support its stakeholders in their time of need. All installment, dividend, and principal payments which should have been made as of the end of March were provided both with optional deferrals and with the possibility of restructuring terms in light of customers' requirements. Six-month grace periods were extended to twelve months. The credit limits of the bank's corporate customers with salaried personnel were increased by up to the aggregate amount of their three-month salary expenditures on condition that they not discharge any of their employees. Emlak Katılım customers to whom financing limits had been assigned were provided with supplementary limits to meet their working-capital and direct-debiting system requirements brought on by the pandemic. While every measure needed to prevent the spread of coronavirus infection was taken at the bank's headquarters and branches, customers were advised to take care of their banking needs remotely through Emlak Katılım's mobile app, online branch, ATM network, and call center channels. To encourage the use of these channels, no fees were charged on any EFT or other money transfers that took place through the mobile app or online branch.



KUVEYT TÜRK GENERAL MANAGER'S ASSESSMENT



Ufuk UYAN
General Manager

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We are a financial institution which foresaw the importance of digital channels very early on, which developed and carried out projects in line with that foresight, and which was well-timed in its actions.

In the course of what was a tough and challenging year in many respects, both developed and developing countries' monetary authorities and governments found it necessary to cut interest rates, to initiate asset-buying programs, and to unveil credit-support packages in their efforts to mitigate the impact of the coronavirus epidemic on economic activity. Despite such efforts however, many national economies are expected to have registered significant contractions in 2020 while the global economy as a whole is likely to have shrunk by about 5% or so.

Epidemic-related interruptions in production processes around the world in many cases led to significant disruptions in global supply chains. The biggest impact of the epidemic on national economies however was to be seen in service-related sectors. As a result of widespread redundancies and dismissals throughout the world, services-industry workers in particular suffered serious erosions in their income. Meanwhile, the compensatory financial support provided by many governments to mitigate the effects of job losses caused national budget deficits to balloon. Diminishing tax collections and soaring public debt also caused serious increases in countries' debt-to-GDP ratios.

Global growth is expected to recover in 2021

As we embarked upon 2021, progress on the vaccine-development front inspired hope while measures being taken by countries around the world to manage subsequent “waves” of infection continue to nourish expectations that global growth will recover quickly in the new year.

At a time when the actors and dynamics of the macroeconomic system are continuing to evolve, one may say that a variety of opportunities may be in the offing for the Turkish economy as it moves forward. Increases in real (ie above-inflation) interest rates as we moved from a low-interest to a high-interest environment in the

second half 2020 will constrain macroeconomic activity somewhat in the year ahead, which will in turn bring with it a contraction in the current account deficit. While this may hobble growth somewhat, it will also help boost the Turkish lira and curb inflation, both of which are much more important from the standpoint of long-term stability. The upshot is that while it will be fraught with difficulties for the real economy, 2021 is more than likely to be a year in which the pressure on financial markets is reduced.

The financial sector continues to contribute to the real economy

Thanks to the support of the country's healthy real-sector dynamics and strong banking sector, growth in the Turkish economy is expected to have remained positive in 2020. Indeed Turkey's financial services industry as a whole played an active role in helping to deal with the epidemic and it continues to contribute to the real economy through its efforts to stabilize and normalize financial transactions.

From the very first reports of a novel coronavirus outbreak, as Kuveyt Türk we gave priority to protecting the health of our employees and customers by taking every precaution recommended by the health ministry and authorized agencies. With the appearance of the first cases of infection in our own country, we immediately put together and made available a support package for our retail and corporate customers. We postponed the financing repayments of any customer requesting we do so without charging any fees, expenses, etc. We also restructured the existing repayment schedules of any customer who requested they be made more flexible.

KUVEYT TÜRK KATILIM BANKASI A.Ş.

Establishment Date	1989
Main Shareholders	Kuwait Finance House 62.24%, Kuwait Public Institute for Social Security 9%, Islamic Development Bank 9%, General Directorate Foundation, Turkey 18.72%, Others 1.04%
Chairman	Hamad Abdulmohsen ALMARZOUQ
General Manager	Ufuk UYAN
Headquarters	Büyükdere Cad. No: 129/1 34394 Esentepe/İstanbul
Phone/Fax	+90 212 354 11 11 - +90 212 354 12 12
Website	www.kuveytturk.com.tr
SWIFT Code	KTEFTRIS
EFT Code	205
Number of Branches	430
Number of Branches Abroad	1
Foreign Financial Subsidiaries	1
Number of Employees	6,045

We increased our support for the real economy during the Covid-19 epidemic

Kuveyt Türk was also one of the financial institutions that took part in efforts to support the real economy during the epidemic-containment process of the second half-year. We reduced the rates on the charges we make on home-ownership, vehicle, and general-purpose loans in order both to support the real economy and to make it easier for people to have access to financing. With the aim of supporting the agricultural sector, whose importance became much better appreciated during the epidemic-containment process, we set aside TL 500 million to fund lending to farmers in order to increase agricultural development, to indirectly contribute to job-creation and hiring, and to help create added value. In order to meet the machinery & equipment financing needs of our SME and other commercial customers, we organized two attractively-priced credit campaigns during the year. By distinguishing itself in the sector through its support of our country's real economy in these and many other ways, Kuveyt Türk performed well during 2020 as a whole.

Top agenda items in 2021: Asset quality, credit risk costs, and the need for TL funding

Looking now at the Turkish banking industry's 2021 priorities, we can say that the year's top agenda items are going to be asset quality, credit risk costs, and the need for TL funding. As the Covid-19 epidemic process unfolded last year, it proved possible to keep troubled accounts within manageable limits thanks both to flexible practices allowed by authorities and to conveniences provided by banks to their customers. In 2021 however, troubled-account management is going to become one of the Turkish banking industry's top priorities, owing especially to substantial increases in banks' funding costs. Something else with which we shall have to deal is the impact of this situation on banks' income statements owing to the expected-loss provisions that they will have to set aside.

Turning now to the matter of funding, 2020 was a year in which customers were increasingly more attracted to FX accounts, especially for their deposits. In the most recent developments however-as mentioned briefly above-there are signals of movement towards TL assets. Such movement could create significant opportunities for increasing the shares of TL-denominated accounts on both sides of the ledger.

Digital transformation will contribute to growth

One of the many lessons which the Covid-19 epidemic is teaching the whole world is how important digital platforms and processes really are. For this reason, digital transformation will continue to be foremost among the factors that contribute to growth in banking in 2021. As is true in all sectors so too in financial services, digital technologies henceforth will serve as the touchstone for a company's ability to compete and to deliver individualized service. In the post-epidemic period, one of the most important factors that will shape the customer experience will be an ability to come up with innovative solutions which strengthen this process.

As Kuveyt Türk we shape our plans for the future in strict accordance with an “Our Course Is Digital, Our Focus Is People” attitude. We are a financial institution which foresaw the importance of digital channels very early on, which developed and carried out projects in line with that foresight, and which was well-timed in its actions. In 2021 we will continue to take these matters into account as we focus on pursuing growth in the conduct of our business. We will continue to provide increasingly greater support for real-economy actors through the network of products and services which we have built up in keeping with the principles of participation banking. As this process continues to unfold, Kuveyt Türk's goal will be to be a pioneering force in the participation financing sector.

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 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 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 Affairs**

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 Chief Financial Officer in July 2006 and he still serves under this title.

A. Süleyman KARAKAYA **Executive Vice President** **Corporate and Commercial Banking**

Karakaya graduated from the Business Administration and Finance Department at Istanbul 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 SAYIN **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 YILMAZ **Executive Vice President** **Chief Risk Officer**

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

İrfan YILMAZ **Executive Vice President** **Banking Services Group**

Graduating from the Management Engineering Department of Istanbul 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.

PARTICIPATION BANKS

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

Mr. Albayrak graduated from the Industrial Engineering Department of Istanbul 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 Istanbul Technical University, Department of Business Administration in the Social Sciences Institute in 2007. Having joined the participation banking sector 32 years ago, Mr. Albayrak has been serving as the Executive Vice President at Kuveyt Türk since 2005. He managed the Banking Service 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 a Board Member at KT Portföy Yönetim A.Ş. and a chairman and member of several working committees in professional associations for the banking industry. With 30 years of experience in law and banking, Mr. Kolaç has been serving as the Executive Vice President of Corporate, Commercial, SME, and Retail Risk Follow-up, Credit Risk Monitoring, Collateral Monitoring, Customer Rights and Legislation, and Law and Risk Follow-up.

Aslan DEMİR **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 in 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 with the new organizational structure

in 2007. He has been serving as the Executive Vice President of Strategy, Human Resources, Digital Transformation, Corporate Communication, and Corporate Performance Management since October 2012 while continuing to perform his duties at Architech Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. and at Katılım Emeklilik ve Hayat A.Ş. as a Board Member.

Mehmet ORAL **Executive Vice President** **Retail Banking**

Mr. Oral graduated from the Business Administration Department of Uludağ University. He began his career in the Kuveyt Türk family at the Head Office Branch in 1992. He worked as the manager in the İMES, Bursa, and Merter branches between 2000 and 2005. He was assigned as the Regional Manager at the Istanbul European Side Regional Directorate in 2005 after the transition to the Regional Directorate structure. 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 Banking since October 2012

Abdurrahman DELİPOYRAZ **Executive Vice President** **SME Banking**

Mr. Delipoyraz graduated from the Industrial Engineering Department of Istanbul Technical University. He began his career in the Kuveyt Türk family at the Project and Investment Department and he worked at the Corporate and Commercial Banking Sales Department and Financial Analysis and 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 Istanbul Europe 1 and Istanbul Anatolia Regional Directorates. He has been serving as the Executive Vice President of SME Banking since January 2015.

KUVEYT TÜRK'S INNOVATIVE PRODUCTS AND TECHNOLOGIES

As a leading provider of participation banking products and services in Turkey, Kuveyt Türk conducted its operations in 2020 with a primary focus on protecting the health and safety of its customers and employees in the face of the ongoing Covid-19 epidemic. Mobilizing its fast, solution-oriented technological resources, the bank successfully met the financial needs of its customers conveniently, quickly, and securely through its digital channels. Thanks to the flexibility made possible by robust capitalization and dynamic management, Kuveyt Türk introduced many innovations in 2020 in its ongoing efforts to satisfy customers' changing expectations in the best way possible.

Kuveyt Türk Innhouse Innovation Center

Rising to tenth place among all banks in Turkey and strengthening its first-place position among the country's participation banks as measured by assets, Kuveyt Türk continued to undertake new projects last year in its ongoing efforts to integrate innovation and sustainability into all of its business processes. With the opening of its Innhouse Innovation Center in 2020, Kuveyt Türk became the first and only financial institution in Turkey to own and operate two R&D centers. With its outstandingly distinctive, original, and functional architectural design, this innovation center is intended to be a place for the incubation of innovative ideas and projects capable of prioritizing the customer experience, raising operational standards, and shaping the financial services industry of the future. Innhouse was created to be a place for focusing on fintech and digital-transformation issues while also serving as a venue for the conduct of customer-experience and design-oriented-thinking workshops. As soon as coronavirus-risks have sufficiently allayed, Innhouse's resources will be made available not just to Kuveyt Türk employees but to everyone with innovative ideas of their own.

Kuveyt Türk's digital assistant Selim on the job

Continuing to make important progress in satisfying customers' changing expectations by keeping a close watch on developments in digital technologies, in 2020 Kuveyt Türk introduced its digital assistant "Selim". Selim is now on duty 24/7 serving users of the bank's corporate website as well as its online and mobile banking customers, handling such functions as responding to users' questions, performing financial calculations, and providing guidance on the use of digital-channel menus. Selim presently has a 97% success rate in correctly matching word-based searches. Kuveyt Türk is currently working on projects to further enhance the digital assistant's functions and capabilities.

Alacağım Güvende system launched

Continuing to make new additions to the array of products and services which it develops through its focus both on innovation and on customer satisfaction, in 2020 Kuveyt Türk launched its escrow-account Alacağım Güvende system with the aims both of contributing to the real economy and of making life easier for its customers. This system makes it possible for everyone (whether they are Kuveyt Türk customers or not) wishing to buy/sell vehicles and/or real estate properties to conduct the transactions securely and confidently.

TL 500 million Farmer Support financing fund

Since the very first outbreak of a novel coronavirus in Turkey, Kuveyt Türk has been mobilizing and deploying its resources in its ongoing efforts to support all of the country's real-economy actors. For farmers it allocated a TL 500 million Farmer Support fund from which the bank provides up to TL 250,000 in no-fee financing to every qualifying farmer at rates as low as 0.79% a year.

Digital Discovery products for kids

In 2020 Kuveyt Türk introduced a line of Digital Discovery products for the people to whom we entrust our country's future-our children. Consisting of a Digital Discovery Participation Account, a Digital Discovery Card, and a Digital Discovery Mobile App, the Kuveyt Türk Digital Discovery Package For Kids not only teaches children how to keep track of what they spend and save for the future but also increases their financial literacy as a way of helping them to become more conscientious consumers. Through its Digital Discovery brand, Kuveyt Türk encourages children to be thrifty and their parents to secure their offspring's futures.

Neova Sigorta becomes a wholly-owned Kuveyt Türk subsidiary

In 2020 Kuveyt Türk undertook a major investment in the takaful (participation insurance) business line with its acquisition of all of the outstanding shares of Neova Sigorta, a company in which it had hitherto controlled a 7% stake. Active in the non-life insurance branches, Neova Sigorta is a leading developer and supplier of innovative participation insurance products and services in Turkey. As Kuveyt Türk's new wholly-owned subsidiary, Neova Sigorta will continue to contribute to the country's real economy through the conduct of its operations.

Kuveyt Türk's new career-path planning & progression model: Gelişim Mutfağı

Having been selected the Turkish finance industry's best employer for three years in a row, in 2020 Kuveyt Türk became the only financial institution from Turkey to be included in the list of Europe's best workplaces as well. These accolades are in recognition of Kuveyt Türk's ongoing efforts to increase the job satisfaction and motivation of its personnel. Gelişim Mutfağı is a new career-path planning and progression project which the bank has launched to encourage the members of its workforce to take even greater pride in being a Kuveyt Türk employee.

We, Kuveyt Türk know how to share like our open-hearted homeland, Turkey

We are bonded together tightly and

We Grow with Our Values

Through our social responsibility projects we protect our national values, our history, our future and we support aid campaigns, families of martyrs and veterans, next generations and art.

KUVEYTTÜRK
PARTICIPATION BANK INC.

We Grow With Our Values

TÜRKİYE FİNANS GENERAL MANAGER'S ASSESSMENT



Murat AKŞAM
General Manager

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Our enthusiasm for doing business and producing to add value to our country's sustainable economy knows no bounds.

The year 2020 was a time of anxiety and uncertainty for the entire world due to the effects of the pandemic. We have witnessed together that this situation has had a great impact on institutions as well as society. Institutions seeking to maintain their presence in the current conjecture initially tried to adapt to the extraordinary circumstances. Then, by questioning their routines and business processes, they undertook an effort to manage this period in a stronger position by renewing themselves.

We embraced an approach which prioritizes individuals

We observed that this difficult process was instrumental in reminding us of important social values for institutions as well as for the society. Türkiye Finans has also set its priority as “people” during this period. With the sense of duty that comes with being human, we have built our relations with all our stakeholders, including our employees, customers and business partners, on humanitarian grounds. We have further strengthened our position by putting “people” at the heart of our bank's very purpose.

Regardless of the circumstances, the health of our employees and customers has always been our top priority. In order to protect the health of our employees, we quickly launched Jest, our flexible and remote working model and the first in our industry, at our Head Office and allowing our customers to access banking services without interruption by switching our branch employees to a remote or rotating working system.

We stood by our society with our economic support packages

In order to reduce the negative effects of the pandemic on our country, we have focused on social and economic benefits, taking into account different segments of the society. We took responsibility for the continuity of production and economy with our steps which have inspired our sector. Our campaign, which offers tangible benefits for healthcare professionals, who are at the front line in the efforts to tackle Covid-19, was a first not only in the banking sector but in all sectors. In addition to financing opportunities for our senior citizens aged 65 and over and public servants who are on duty in the field, we have provided support which will bring ease to their lives easier such as preferential health insurance packages, free transfers, grocery deliveries and delivery of pension payments by hand. We said “Continue where you left off” to our tradesmen and SMEs who opened their doors during the normalization period and provided financial support with favorable conditions. We have provided various opportunities to our teachers who are striving to teach our children.

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.

Establishment Date	1991 (as Anadolu Finans); 2005 Türkiye Finans
Main Shareholders	The National Commercial Bank (NCB) (67.03%) Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş. (10.57%) Others (22.40%)
Chairman	Wael Abdulaziz RAIES
Deputy General Manager	Süleyman Murat AKŞAM
Headquarters	Saray Mahallesi, Sokullu Cad. No: 6 Ümraniye- İstanbul
Phone	+90 216 676 20 00
Fax	+90 216 676 29 05
Website	www.turkiyefinans.com.tr
SWIFT Code	AFKBTRIS
EFT Code	206
Number of Domestic Branches	319
Number of Employees	3,731

We have provided added value to our country's economy with our improved performance

Our performance in 2020, as well as the innovations and successes we accomplished, have demonstrated the astuteness of this strategy. In addition to maintaining our position in the sector thanks to our people-centric perspective, we have added value to our country's economy with our improved performance. We managed to contribute TL 57 billion to our country's economy in 2020 by continuing to invest in people with our human and production-oriented business model. We have stepped up the cash funds we have made available to support our customers whose financial needs have increased due to the pandemic by 43% compared to the end of last year, to TL 47.7 billion, and our non-cash fund size to TL 9 billion - an increase of 23%.

The 55% expansion in our asset size, from TL 52.4 billion in 2019 to TL 81.3 billion in 2020, was another indicator of the strong momentum we have built in line with our sustainable profitable growth vision. With new customer-focused functions added to digital channels and our digitalization investments, we achieved an increase of 39% in the number of active mobile customers and 47% in our transaction volume in digital channels compared to 2019. In 2020, we tripled the number of remote digital customer applications and doubled the number of customers gained compared to 2019.

A clutch of awards to crown our achievements

The work we have achieved and the projects we have implemented have not only advanced our performance to the next level, but have attracted acclaim on a number of national and international platforms. We were awarded a total of 13 prestigious awards, providing us with great pride, in recognition of our human resources practices, the services we offer and our different approaches to communication. This level of recognition serves to demonstrate once again the importance of our work with a focus on human values.

We remain devoted to creating value for our society

We will maintain our efforts to strengthen our existing products and services with innovative characteristics in the field of digital banking, which will raise the bar of the competition in the coming period, and to provide end-to-end digitalized services to our customers, regardless of the time or the place, in the coming period as we start to acquire customers remotely. We aim to provide our customers with a real digital banking experience by implementing applications such as video calls, paperless procedures and digital signatures which stand out in global banking applications.

We are on the cusp of a new era in which production, exports and trade will continue to grow more strongly as more stable and balanced growth prevails in our country. Our excitement to do business and produce in order to add value to our country's economy continues to grow with each passing day. As an organization which draws its strength from the participation finance system at its core, we will continue to create value for our society with all our strength with our “people-centric” approach.

TÜRKİYE FİNANS SENIOR MANAGEMENT

Murat AKŞAM **Board Member and CEO**

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 was appointed as the Executive Vice President responsible from Commercial Banking as of 2 May 2017. He has been serving as a Board Member and the Acting CEO since 24 February 2020.

Ahmet MERT **Executive Vice President /Credit Quality and Collections**

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

Emre ERTÜRK **Executive Vice President/Credits**

Born in 1976 in Samsun, Emre Ertürk graduated from the Department of Civil Engineering at Istanbul Technical University. He holds an MBA degree from Istanbul 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 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 Turkey (CIO) in 2010 and 2011. He has been working as the Executive Vice President responsible for IT Systems at Türkiye Finans since June 2011.

Mehmet Mete KANAT **Executive Vice President/Finance and Strategy**

Born in 1977 in Ankara, Mete Kanat graduated from the Business Administration Department of Hacettepe University and holds an MBA degree from Istanbul Bilgi University. He served as the Sworn Auditor of Banks at the Banking Regulation and Supervision Agency between 2001-2007 and as Assistant General Manager at Creditwest Bank (Ukraine) between 2007-2011. Joining the Türkiye Finans family in 2011 as the Official Reporting and Financial Control Manager, 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 to continue the same task. Mehmet Mete Kanat has been serving as the Executive Vice President of Finance and Strategy at Türkiye Finans since 30 September 2016.

Mehmet Necati ÖZDENİZ **Executive Vice President/Retail Banking**

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

Yiğit SATILMAZ **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 Turkey 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 Turkey in 2019. As of June 2020, Yiğit Satılmaz was serving as the Treasury Executive Vice President at Türkiye Finans.

Züleyha BÜYÜKYILDIRIM **Executive Vice President/Human Resources**

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

PRODUCTS, TECHNOLOGY AND INNOVATIONS AT TÜRKİYE FİNANS

Early warning system renewed with Artificial Intelligence

Türkiye Finans' artificial intelligence-based Early Warning System has contributed to maintaining a high level of efficiency for both customers and the bank. The system, developed with machine learning algorithms, offers advance identification of customers who do not yet carry a financial risk but are likely to be at risk soon, or show signs of deterioration in their cash flow, with the most advanced forecasting technology, thus maintaining a healthy portfolio structure and high credit ratings for customers.

Roboteam - The Robotic Process Optimization Project

Roboteam, which was implemented as an Artificial Intelligence-based robotic process automation project, was one of the Bank's most important automation projects, yielding successful results. With the project, 40,000 operations, corresponding to approximately 120,000 hours of work per year were automated with nine software robots in 55 work processes which require repetitive and manual intervention.

A first in the sector: The Jest Working Model

In order to protect the health of its employees, an area which has required rapid change during the pandemic, a series of innovative human resource practices were implemented in Türkiye Finans's Head Office and its branches. The most prominent of the HR practices, which include a full array of measures necessary to protect the health of employees in the branches, such as the opportunity to work on alternate days and ensuring hygienic conditions at work, has been the flexible and remote working model called JEST, which was pioneered by Türkiye Finans. The practice was implemented within the Head Office.

Under the JEST working model, which was launched under the banner of "Jest in Time and Space" on 1 June 2020, employees of the Bank working within the Head Office were offered four different working models on demand, allowing them to work either in the office or remotely, with flexible working hours of their own choosing.

Digital transformation packages for SMEs and tradesmen

Aiming to enable SMEs and tradesmen to adapt to digital transformation more easily, comfortably and securely with preferential support packages prepared in line with the needs of its customers, Türkiye Finans implemented digital transformation packages to meet their needs. The E-Invoice, E-Ledger, E-Archive, E-Waybill, E-SEI (Self Employed Invoice) and E-PR (Producer Receipt) products were offered to customers free of charge within the scope of e-Transformation packages prepared based on the motto of "No Phobia for SMEs" for companies seeking support in their digitalization processes.

Economic support packages specific to micro segments throughout the pandemic

In response to the negative effects caused by the pandemic, both during the lockdown period and the normalization process, all of the Bank's individual and commercial customers, as well as health workers, public employees, teachers and various groups over the age of 65 were offered economic support packages from Türkiye Finans focused on social benefits tailored to their needs. These special packages, the scope of which differ depending on the requirements of the target groups, are combined with special financing opportunities, as well as a wide array of benefits and value propositions such as competitive profit-

sharing rates and free delivery of groceries. The Bank has attracted wide acclaim in this area by launching various campaigns aimed at meeting the needs of those most affected by the pandemic, including health workers and over-65s along with financing campaigns for civil servants and individuals under the banner "You have had a lot of time to think at home."

Special support for shopkeepers who re-open their doors for a sustainable economy

During the post-pandemic normalization period, Türkiye Finans supported shopkeepers who re-opened their doors again with a focus on people and production, with a special campaign that will be their lifeline. With the "Pick up Where You Left Off" campaign, which was launched at the beginning of the normalization period, the Bank continued to support the tradesmen and SMEs who had suffered disruption to their cash flow but had re-opened their doors again during the normalization process.

TFXTarget becomes an investment platform

TFXTarget, the innovative digital product offered by Türkiye Finans, is an electronic trading platform which enables simultaneous monitoring of foreign exchange and precious metal markets, 24 hours a day, 5 days a week on weekdays with trading at preferential rates, has been renewed. Within the scope of the renewal made to provide a superior customer experience, TFXTarget has been offered to all investors, who want to make use of their savings, whether small or large, with different investment instruments, with the addition of mutual funds and stock trading features.

Bol Kepçe and Comfortable Accounts

The Bol Kepçe (Big Ladle) Account, which Türkiye Finans offers all customers wishing to use their Turkish lira savings with preferential profit sharing yields, was one of the most eye-catching products in 2020. The Bol Kepçe Account, which is a first in the sector, combines the amenities of a participation account with a lease certificate under one roof, providing the opportunity for an attractive rate of return on savings. The Comfort account, which offers customers the freedom to withdraw and deposit money, is another innovative product from Türkiye Finans to stand out as a first in participation banking.

Fast Financing

The Fast Financing product, developed by Türkiye Finans in 2020 as part of its digitalization efforts in line with its open banking vision and its focus on providing services where needed and when needed, was one of the most successful examples of how innovative approaches can be brought to the world of finance without departing from the principles of participation banking.

Fast Financing, a first in the sector, is based on the principle of providing consumers' vehicle and consumer financing applications through dealers with whom Türkiye Finans has a contract, at appropriate profit rates. With Fast Financing, which enables dealers who are members of the system to apply to the bank for financing on behalf of their customers seeking services and to follow up the application results, consumers can easily access the financing services they need at the time of shopping directly through the seller without having to go to the bank, and without any additional operational burden.

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Türkiye Finans

VAKIF KATILIM GENERAL MANAGER'S ASSESSMENT



İkrâm GÖKTAŞ
General Manager

“
In 2020, Vakıf Katılım's asset size increased by 75.2% compared to the previous year to reach TL 53.2 billion, while the funds we collected increased by 72.4% to TL 39.6 billion.

We have left behind a year marked by a struggle against the pandemic which has affected the whole world. A promising start to the year in terms of production and exports quickly gave way to a sudden far-reaching change and transformation process from March, when the first case of the coronavirus was recorded in Turkey.

As a country, we quickly adapted to the new normal and adopted a strong stance both economically and socially under the leadership of all units of our state, and served as an example to the world with our successful struggle.

Last year's figures also showcase the success which was achieved. In this context, according to the results of the Turkish Statistical Institute (TSI), the Turkish economy rounded off 2020 - the year marked by tackling the coronavirus - with growth of 1.8%. In the last quarter of the same year, the economy grew at a rate of 5.9%. It should be underlined that this performance placed our country as one of just three countries to conclude the year 2020 with growth. The annual GDP, calculated as the sum of the four periods according to the production method, increased by 1.8% in 2020 compared to the previous year as a chained volume index. We believe the wide movements in exchange rates can be prevented and the macroeconomy will be further strengthened in the upcoming period by following a sound performance this year with policies focused on employment, investment and production in unity and solidarity.

In 2020, which was defined as a year of struggle and difficulties, the participation finance sector also continued to grow and achieved significant success. On the basis of disbursed funds, our sector grew by 60.7% during 2020, when compared to the end of 2019, and extended TL 240,133 billion of support to the markets. Our sector's asset volume grew by 53.7% in the same period to reach TL 437,092 billion, bringing the participation finance sector's share of the banking sector to 7.2%. Our industry currently employs approximately 17,000 people.

Vakıf Katılım acted within the framework of its responsibility. In this process, it expanded all of its activities in great solidarity with its employees and in accordance with the pandemic conditions. We have taken the necessary measures with all our units in order to ensure that economic activity and production can continue without interruption. We played an active role in drafting the Economic Stability Shield Package implemented by the government and Central Bank for the financial stability of our country. We sought to meet the needs of every segment of society with the financing packages which we offered. We stood by both our SMEs and our individual customers by offering CGF (Credit Guarantee Fund) supported loans. We carried out the largest domestic TL lease certificate (sukuk) issuance to be realized at once. We contributed to the development of participation finance capital markets with our sukuk issuances.

PARTICIPATION BANKS

VAKIF KATILIM BANKASI A.Ş.

Establishment Date	2016
Main Shareholders	Turkish Prime Ministry's General Directorate of Foundations (99%), Bayezid Han-ı Sani (Bayezid the 2 nd) Foundation (0.25%), Mahmud Han-ı Evvel Bin Mustafa Han (Mahmut the 1 st) Foundation (0.25%), Mahmud Han-ı Sani Bin Abdülhamid Han-ı Evvel (Mahmut the 2 nd) Foundation (0.25%), Murad Paşa bin Abdusselam (Murat Pasha) Foundation (0.25%), Murat Paşa Bin Abdusselam (Murat Paşa) Vakfı (0.25%)
Chairman	Öztürk ORAN
General Manager	İkrâm GÖKTAŞ
Headquarters	Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi, No: 10 Ümraniye-İstanbul
Telephone/Fax	+90 216 800 55 55 - +90 216 800 55 56
Website	www.vakifkatilim.com.tr
SWIFT Code	VAKFTRIS
EFT Code	210
Number of Domestic Branches	116
Number of Branches Abroad	-
Number of Representations Abroad	-
Foreign Financial Subsidiaries	-
Number of Employees	1,642

The asset size of our institution increased by 75.2% compared to the previous year to reach TL 53.2 billion at the end of 2020, and our collected funds expanded by 72.4% to reach TL 39.6 billion. We increased our support to the real sector by 58.8% compared to the previous year, with both our strong funding resources and our equity, and we disbursed funds worth of TL 43.1 billion in cash and non-cash. With the branch openings that we realized within the scope of our strategy of being closer to our customers, we reached a total of 117 branches in 43 provinces and increased the number of our employees to approximately 1,700.

We continued to take firm steps in line with our projection of becoming Turkey's National Gold Institution. As a result of these efforts, our total trading volume on the Borsa Istanbul Precious Metals and Stones Market (KMKTP) stood at approximately 160 tons in gold and 415 tons in silver in 2020.

With the pandemic, we continued our digital transformation journey in 2020 without slowing down. Currently, 61% of our customers are digital banking users. However, in the last quarter of 2020, 87% of main banking transactions were carried out through digital channels.

Last year, we provided a total of TL 15.8 billion in cash and non-cash financing to our SMEs. In addition, since June 2017, we have successfully completed lease certificate issuances worth of approximately TL 27.4 billion in a total of 123 composition. With the capital increase, our institution will contribute more to the needs of tradesmen, industrialists and individual customers.

We will continue to focus, as we always have done, on carrying out our activities with great enthusiasm and dynamism in the upcoming period, and will continue to support our economy to achieve a great and powerful Turkey.

“
61% of our customers are digital banking users. However, in the last quarter of 2020, 87% of main banking transactions were carried out through digital channels.

VAKIF KATILIM SENIOR MANAGEMENT

İkram GÖKTAŞ Member of the Board and CEO

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

Betül YILMAZ Executive Vice President Human Resources Training and Corporate Communications

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

Bülent TABAN Executive Vice President Marketing

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 Branch, the Ankara Branch, and the Konya Branch of Albaraka Türk. At the Albaraka Türk Head Office he worked as the Assistant Department Manager at the Financial Affairs Department between 1996 and 2001, as the Head of the Internal Control Center Department between 2001 and 2002, as the Financial Affairs Manager between 2003 and 2009, as the Senior Department Manager in Financial Affairs between 2009 and 2012, as the Senior Department Manager in Budget and Financial Reporting between 2012 and 2014 and 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.

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 Turkey and served as Director of Treasury at Türkiye Finans 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.

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 the 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 Halkbank between 1992-1995. He served as Inspector, Branch Manager and Unit Manager at Albaraka Türk. 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 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. Hüseyin Tunç, who also has published books, holds 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 started to work as the Senior Industry Leader responsible for the Telecommunication and Media sectors at Teradata Turkey. He provided consultancy in the field of big data and analytics solutions to the sector clients 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 all digital client channels and services of the Turkish Airlines and Anadolujet brands and the airport passenger systems. On 1 November 2018, he joined Vakıf Katılım as the Director responsible for Information Technologies and Digital Banking. Mr. Bütün is married with three children.

Alpaslan ÖZEN Director Legal Affairs and Loans Follow-up

Born in 1972. Alpaslan Özen is a graduate of the Faculty of Law at İstanbul University in 1994. He served as a lawyer at Türkiye Tütüncüler Bankası A.Ş. (Yaşarbank) in 1997 and 1998. He again served as a Lawyer, and as the Assistant Legal Counsel and Legal Counsel at the Türkiye Finans between 1998 and 2015. Mr. Özen joined Vakıf Katılım on 16 November 2015 as the Legal Counsel and currently serves as Director in Charge of Legal Affairs and Credit Monitoring.

PRODUCTS, TECHNOLOGY AND INNOVATIONS OF VAKIF KATILIM

In-house social media platform: VBİZ

A mobile application which appeals to all of our employees, which provides instant access to a wide range of information from workflows to meal menus, event news and notifications, and even special discounts, was brought into service.

Business Card (Commercial Credit Card)

The commercial credit card product, which allows corporate customers to use the credit card in spending on their commercial activities, was launched. Product features: -The limits to be determined allow employees of the corporate customers to be given as many additional cards as they request, to set different limits for each supplementary card and to monitor the expenditures carried out from these cards on a single statement. - Business Card is Vakif Katilim's first corporate credit card.

A new milestone from Vakif Katilim: MobildePOS

With the MobildePOS application implemented in cooperation with Vakif Katilim, Samsung and PayCore, Vakif Katilim achieved a new milestone among public banks in the digital transformation journey. Vakif Katilim aims to save businesses from being dependent on POS devices with its MobildePOS application.

Easy Address System

Our customers can link their accounts to their phone number, national ID number or passport number through our digital channels, or their e-mail address through the Easy Address System, and can receive money transfers with this information.

FAST - Instant Transfer of Funds

With the FAST infrastructure established under the leadership of the Central Bank, our customers may conduct instant money transfers to accounts using IBAN or Easy Address on a 24/7 basis through our digital channels.

Vakif Katilim Digital Assistant- Chatbot

Thanks to the AI-supported chatbot placed on the corporate website, customers are able to receive information on many subjects such as banking, branch and ATM inquiries, exchange rates, financing and profit rates.

Single Password For All Channels - Mobile Approval - Forgot My Password

Under this project, customers are able to access all digital channels with a single password. In addition, the following innovations were offered to customers with this project:

- The "Unlock Sim" service which is provided by only the Customer Communication Center has been added to the Internet Branch channel.
- The "Mobile Approval" feature was provided to the Mobile Branch channel. With this feature, users will be able to log in to the Internet Branch via the Mobile Branch rather than through an SMS.
- The "Registered Devices" menu has been added to the mobile branch channel. With this menu, users can remove their mobile activations as provided for different devices and update their mobile approval device settings.
- The "Obtain Customer Number" menu has been added to the mobile and internet branch channel so users can obtain their customer numbers.
- All key flows of the Customer Contact Center have been renewed and made more secure and accessible for customers.

Creating Digital Banking Definitions from the Mobile and Internet Branch

Digital Channel definition transactions, which previously could only be done by going to the branch, can now be performed through digital channels with the renewed "Get Password/Forgot My Password" menu. Individual customers who are bank customers but do not use digital channels can define their channels with their card information without having to visit the branch.

Beko and Ingenico Cashregister Payment Recording Device Project

The BEKO 300 and 220, Ingenico IWE280, IDE280 and Move 5000F cash register payment recording device models were added to the Vakif Katilim product family. Customers with these devices can perform their card collections through Vakif Katilim.

AWARDS AND RECOGNITIONS

TCMA award to Vakif Katilim

According to data provided by the Participation Banks Association of Turkey, Vakif Katilim was the "participation bank to issue the highest volume of domestic sukuk in TL" in the sector, with a total of TL 9 billion in issuances in 2019. The Bank was awarded by the TCMA (Turkish Capital Markets Association) in 2020.

The bank with the highest transaction volume at Borsa İstanbul Precious Metals and Diamond Market

In 2020, 160 tons of gold and 400 tons of silver transactions were realized at Borsa İstanbul. As a result, Vakif Katilim became the bank with the highest transaction volume at Borsa İstanbul Precious Metals and Diamond Market as it did in 2019.

Vakif Katilim exported the most gold of any Exporters' Association Member Financial Institution

In 2020, six tons of gold bullion was exported. With this realization, Vakif Katilim exported the most gold of any Exporters' Association Member Financial Institution in 2020.

Winner of Two Awards in the IDC DX Awards and the IDC CIO Awards

With the awards in two different categories at the IDC CIO Awards, Vakif Katilim demonstrated the importance it attaches to digital transformation with its vision of being the reference institution in participation banking. The Bank received an award in the Human Machine Collaboration category for the "Training of In-Company Robot Architects and Organizing a Hackathon" project, and in the IT Governance category with its "VKGenesis: Data Governance Application" project.

Additionally, Vakif Katilim received the first prize in recognition of the Bank's VALF project in the Digital Disruptor category and the third prize for the Project of Training In-House Robot Architects in the Talent Accelerator category.

Our success story, RPA, published on the UIPATH Global website

The success story of Robotic Process Automation (RPA) studies and the RPA Hackathon held in March 2020 was published on UIPATH's Global website. The study, which is aimed to contribute to the international recognition of Vakif Katilim, is the first study from Turkey specific to a bank at UIPATH Global.

Winner of the Achievement Award in the PSM Awards

The in-house social media platform, VBİZ, which was launched in 2020, is being developed with new features and won the Golden PSM award in the "Internal company Innovation" category at the PSM Awards 2020.

"The Most Reputable Bank of the Year"

Vakif Katilim won the "Most Reputable Bank of the Year" award in the participation banking sector at the "The ONE Awards Integrated Marketing Awards" organized in cooperation with Marketing Turkey and Akademetre.

The Jeweler Gold Valuation System (KAD-SIS)

In another first in the sector, the Jeweler Gold Valuation System (KAD-SIS) product was developed. Customers were therefore able to easily deposit gold which they had kept at home into their gold current accounts without visiting a branch.

If you are not just a financial institution,
you devote all your means available.

We have been inspired by the foundation culture which has contributed to our country for hundreds of years and reached the strongest capital level in participation finance sector within 5 years.



VAKIF KATILIM
Common history, common future.

ZİRAAT KATILIM GENERAL MANAGER'S ASSESSMENT



Metin ÖZDEMİR
General Manager

“
As of the end of 2020, Ziraat Katılım had increased its total assets by 65% compared to the end of the previous year and reached a balance sheet size of TL 60.2 billion.

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Ziraat Katılım continued its strong growth performance in 2020 in line with its vision of being an effective participation financial institution in the international markets as well as in its region. The Bank completed 2020 with a healthy growth performance, achieving its targets for profitability and efficiency. 2020 was a year in which economic activity was disrupted globally due to the Covid-19 pandemic, with many sectors such as manufacturing, distribution and tourism being negatively affected and the negative effects of market volatility being felt deeply. Ziraat Katılım achieved its goals in this environment with its carefully structured strategy, flexible business model and strong financial structure.

As of the end of 2020, Ziraat Katılım had increased its total assets by 65% compared to the end of the previous year and reached a balance sheet size of TL 60.2 billion. Our Bank rounded off 2020 with a profit of TL 639 million as a result of the successful execution of the business cycle structured with a service understanding which prioritizes customer satisfaction and is focused on efficiency.

We continue to strongly support the real sector.

Ziraat Katılım continues to work to contribute to the participation finance system, increase its support for our economy and create more added value.

Responding to the needs and expectations of its customers by offering the most appropriate solutions and value suggestions through the most appropriate channels, Ziraat Katılım continued to support the financing of the real sector, especially SMEs, in 2020. As of the end of 2020, the cash funds disbursed by Ziraat Katılım had increased by 46% compared to the end of the previous year, reaching TL 42.2 billion, while non-cash funds grew by 40% to

reach TL 16 billion. In total, Ziraat Katılım's support for the Turkish economy reached TL 58.2 billion, with TL 46.4 billion obtained by achieving an 82% increase in funds collected compared to the previous year.

Ziraat Katılım Sudan enters operation

As the first Turkish Bank to open in the African continent, our Ziraat Katılım Sudan branch started its operations on 27 August 2020. Expanding its branch network throughout Turkey, Ziraat Katılım opened its first branch abroad in Khartoum, the capital of Sudan. We hope that our new branch will contribute to the development of foreign trade and the strengthening of economic relations between Turkey and Sudan.

Our lease certificate issuance reached TL 25.6 billion.

Ziraat Katılım successfully completed the issuance of 23 lease certificates, amounting to TL 12.6 billion in total, in 2020. Our Bank, which plays an active role in the capital markets as part of its strategy to enrich its resource structure, obtained lease certificate issuance ceiling approval of TL 12 billion from the CMB in order to carry out lease certificate issuances in TL in the local market with its subsidiaries, Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş. Within this framework, since its establishment, our Bank had issued a total of TL 25.6 billion comprised of various amounts as of the end of 2020.

Full support provided to the economic stability shield package

In line with the "Economic Stability Shield" implementation, we, as Ziraat Katılım, have taken a wide range of measures with the aim of minimizing the damage wrought by the Covid-19 pandemic on economic life, which was affected by the pandemic throughout the entire year.

ZİRAAT KATILIM BANKASI A.Ş.

Establishment Date	2015
Main Shareholders *	T.C. Ziraat Bankası A.Ş. (99%) Chairman, Hüseyin AYDIN
General Manager	Metin ÖZDEMİR
Headquarters	Hobyar Eminönü Mah. Hayri Efendi Cad. No: 12 PK: 34112 Fatih/İSTANBUL
Phone/Fax	+90 212 404 10 00+90 212 404 10 99
Website	www.ziraatkatilim.com.tr
SWIFT Code	ZKBATRIS
EFT Code	0209
Number of Domestic Branches	104
Number of Branches Abroad	1
Number of Representations Abroad	-
Foreign Financial Subsidiaries	-
Number of Employees	1,261 (Headquarters + Branches)

In this context, we received the applications to postpone payment instalments from commercial and individual customers, and we implemented appropriate term structuring practices for the existing financing of our customers for whom cash flow had been disrupted or where disruption was anticipated, as well those who could face payment problems as a result.

Provided that the companies which pay their personnel salaries through our Bank maintain their employment at the end of February 2020, we have provided additional limits equivalent to the personnel salary expenses of up to 3-months if needed.

We urgently met the needs for additional limits of our customers who have a financing limit at our bank, for the working capital and Direct Debiting System which may arise due to the current conditions.

Business continuity financing support package and cheque payment support package put in place

Under the protocol that was signed between Credit Guarantee Fund (KGF) and our Bank we created the "Business Continuity Financing Support Package" which provides the KGF guaranteed financing within the framework of the Treasury Backed Guarantee System. At the end of February 2020, real/legal person businesses which maintain the number of their registered employees and have not reduced employee numbers, and which had been directly or indirectly affected by the pandemic, were eligible to benefit from the support package. We created the KGF guaranteed "Cheque Payment Support Package" and provided benefit to our real/legal entity customers, who are cheque drawers, and who have been directly or indirectly affected by the pandemic. We provided TL 5 billion in financing to our customers within the scope of our "Business Continuity Financing Support Package" and "Cheque Payment Support Package" applications which offer the KGF guaranteed financing.

Financing support provided to SMEs

The protocol on corporate equity backed guarantees signed previously between the Credit Guarantee Fund (KGF) and our Bank aims to uphold the competitiveness and sustainability of SMEs, to promote a culture of enterprise, and to support the SMEs' access to finance. In line with these aims, The sub-protocol of the "KGF COSME (Competitiveness of Enterprises and Small and Medium-sized Enterprises) 2nd Period Program and the Portfolio Guarantee System (PGS) Equity" was signed. Within the scope of this program, the financing support program with a grace period of up to 12 months was implemented for real and legal entity enterprises, which fit the definition of being an SME and which are established in accordance with the law of the Republic of Turkey.

In 2020, we further enriched our human resources with new recruits.

Ziraat Katılım enriched its human resources, which it regards as its most valuable asset, with new recruits in 2020. In 2020, a year in which we rapidly expanded the organizational structure of our bank, 177 new colleagues joined us in line with the needs of our branches and Head Office departments, and the number of our personnel reached 1,261 by the end of the year.

In 2020, 11 new branches were added to the Ziraat Katılım branch network in Turkey, with one more branch abroad, taking the total number of branches to 105.

We thank everyone for their contribution to our achievements.

Ziraat Katılım maintains its devoted efforts to further increase our contribution to the real economy within the framework of our values and ethical principles, which are the reflection of our deep-rooted corporate culture.

Our ultimate goal is to generate increasing value for the Turkish economy and to support sustainable development in multiple faceted ways, while we will resolutely press forward with our projects to expand the participation finance system.

On behalf of myself and the Ziraat Katılım management team, I would like to thank all of our stakeholders, especially our employees, who have contributed to the successful results we have achieved.

ZİRAAT KATILIM SENIOR MANAGEMENT

Metin ÖZDEMİR **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 A.Ş. in 1992, and from 1996, he carried on with his business life as an executive in the retail sector. Mr. Özdemir functioned as a member of İstanbul Metropolitan Municipal Council between 2004 and 2014. Mr. Özdemir was a member of the 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. 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. Mr. Özdemir, who has been serving in the Board of Directors and Remuneration Committee of our Bank, has been the Chairman of the Credit Committee since 25 July 2017. Additionally, Mr. Özdemir is also the Chairman of Participation Banks Association of Turkey (TKBB) and Chairman of the Board of Directors of the Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIM).

Tahir DEMİRKIRAN **Executive Vice President** **Loan Allocation and Management**

Born in 1967 in İstanbul, Tahir Demirkiran graduated from İstanbul University Faculty of Economics, Department of Economics. He started his career as Assistant Specialist of Financial Analysis and Intelligence at Pamukbank in 1995. He worked as a Specialist and Credits Service Manager at the same bank. Later he served as Financial Analysis and Credits Department Manager, Commercial Branch Manager and Commercial Credits Department Head at Türkiye Halk Bankası A.Ş. and as Board of Directors Member at Halk Leasing. In 2015, he worked as Retail Loan Allocation and Management Group Director at Ziraat Bank. He was appointed as Executive Vice President responsible for Loan Allocation and Management in Ziraat Katılım on 12 February 2016 and is still carrying out the duty.

Temel Tayyar YEŞİL **Executive Vice President** **Branch Banking and Marketing**

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

Osman KARAKÜTÜK **Executive Vice President** **Treasury 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 1st Region Manager, Head of Branch Operations and Head of Channel Management, respectively. Mr. Karakütük was appointed as Ziraat Katılım Bankası A.Ş. Vice President in charge of Financial Coordination and Human Resources on 15 August 2017 and he has been serving as the Vice President in charge of Treasury 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 Katılım 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.

Dr. Ahmet ORTATEPE **Executive Vice President** **Credit Policies**

Mr. Ortatepe was born in Adana in 1968. He graduated from Marmara University Faculty of Economics and Administrative Sciences, Department of Business Administration. He received his master's degree from İstanbul University Faculty of Business Administration in 1993 and his doctoral degree from Marmara University Faculty of Business Administration in 2001. Mr. Ortatepe started his banking career at Pamukbank as a Foreign Exchange clerk and promoted to Branch Manager at the same bank in 2001. He started working in Turkish Economy Bank as Commercial Branch Manager in 2003. Following his positions at T.C. Ziraat Bankası A.Ş. as Dolayoba Commercial Branch Manager and Şişli Corporate Branch Manager, he was appointed as Department Manager of Credit Allocation and Management in 2016 and served as CEO and Member of the Board of Directors at Ziraat Finansal Kiralama A.Ş. in 2018. Mr. Ortatepe was acting as a Member of the Board of Directors at Ziraat Yatırım Menkul Değerler A.Ş. since 2018 and was appointed as Executive Vice President- Credit Policies at Ziraat Katılım since 6 May 2019.

Suat TÜCCAR **Head of the Strategy Planning and Human Resources Group**

Mr. Tüccar was born in İstanbul in 1974. He graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Public Administration. He started his career in 2000 by completing the Dışbank Commercial Marketing MT program. He worked as portfolio manager in Mercan, Bayrampaşa and European Corporate Branches in the same bank, respectively. After the merger of Fortis and Türkiye Ekonomi Bankası, he worked as Bayrampaşa Mega Center and Güneşli Branch Manager and joined Ziraat Katılım on 2 May 2016. He started to work as a Service Manager at the Corporate and Entrepreneurial Marketing Department. He was appointed as the Head of Human Resources Department on 23 March 2017. He has been serving as the Head of Strategy Planning and Human Resources Group since 10 February 2021.

Mustafa Kürşad ÇETİN **Head of the Marketing Management Group**

Mr. Çetin was born in Yozgat in 1979. He graduated from Selçuk University, Faculty of Economics and Administrative Sciences, Department of Economics. He completed his master's degree in banking in İstanbul University, Faculty of Social Sciences. He started his career at Türkiye Finans Head Office Leasing Unit in 2003. Since 2005, he took various roles in Corporate Marketing at the İstanbul Osmanbey, Beylikdüzü and İkitelli branches of the bank. Between 2012-2015, he served as the Manager of Türkiye Finans Nişantaşı Branch. With the establishment of Ziraat Katılım in 2015, he became the İkitelli Branch Manager. He was appointed as the Head of Entrepreneurial Marketing Department in January 2016, and then Head of Corporate and Entrepreneurial Marketing 2 Department. He became the Head of Branch Banking and Sales Management 2 Department Head in May 2019, and he was appointed as the Head of the Marketing Group on 10 February 2021.

PRODUCTS, TECHNOLOGY AND INNOVATIONS OF ZİRAAT KATILIM

Ziraat Katilim Bankkart introduced

It was a very active year for Ziraat Katilim in the field of Payment Systems. In particular, we stepped up our efforts to adapt to changes in consumers' shopping styles and payment methods with the Covid-19 pandemic. Speed and hygiene were the most important factors in payment preferences during this period, and this played an important role in shaping our existing products and newly developed products and services.

2020 was a unique year for us, as we brought our Bank's first credit card product to the market. We are delighted to present a card product under the Bankkart brand, allowing our customers to benefit from its many features and advantages. Despite the pandemic and intensive competition in the sector, our card has attracted a significant amount of customer interest and satisfactory feedback. We take firm steps towards in adaptation to new features and technologies which will benefit our customers by evaluating all the feedback we receive from our customers.

We contribute to production and employment by establishing financial partnerships.

Our Bank also provides financing through Financial Partnership within the framework of participation finance system principles. With the capital partnership of Ziraat Katilim, LIVZYM Biotechnology, Turkey's first domestic Industrial Enzyme Factory, started its activities with a ceremony held on 26 June 2020.

LIVZYM is the first industrial enzyme factory established in the region extending from Africa to Russia. With an annual global market size of USD 8 billion, enzymes are used as technological intermediates in the food, detergent, paper, textile, leather and feed industries.

With our LIVZYM investment, Ziraat Katilim aims to produce the imported substitute products through domestic and national means, to contribute to employment and reduce foreign dependency. The Financial Partnership established with LIVZYM Biotechnology is expected to serve as a pioneer in other initiatives in the field of biotechnology in our country and to add value to the country's economy with its production capacity.

Continuing to use its resources effectively to support investments and initiatives, our Bank will also finance profitable and sustainable investments through Project Finance and Financial Partnerships.

Our website was renewed

In line with Ziraat Katilim's digitalization strategy, the corporate website, which was developed entirely with the Open Source Code, was renewed by considering customer experience and innovative designs.

In line with the needs and expectations of our customers, advanced search options and user oriented menus were added to our website.

Ziraat Katilim aims to create value in the field of software with open source software, create sustainable digital transformation and bring effective solutions to global technologies.

In order to contribute to the development of the software ecosystem in Turkey, our bank also renewed its infrastructure by implementing the open source code based software strategy on its website.

24/7 money transfer with the FAST system

The new FAST (Instant and Continuous Transfer of Funds) payment system offers quick and easy money transfer using key information such as mobile phone number, e-mail, national ID number and passport number without the need for an account number or long IBAN number with the Central Bank's "Easy Address" application. Ziraat Katilim is included in the FAST system, which provides the opportunity to perform these transfers for 24/7.

Digital approval project put into use

The "Digital Approval" project, which enables the forms received from our customers with a signature at our branches to be approved by customers by using the Mobile Banking and Mobile Approval facilities, is available for our individual customers. Signing up to the Internet and Mobile Banking channel can now be carried out from the branch using the SMS code sent to the customer, without the need for an application form.

API support provided to projects in the field of finance

Infrastructure work was completed for the opening of our Banking Services (API) to our external customers so that individuals or organizations aiming to develop applications in the field of banking and finance can carry out application development work, and all entrepreneurs, who have an idea or project in the field of banking and finance are able to develop the most innovative and trending applications through this infrastructure.

Open source operating system completed in all our branches.

Within the scope of the "Nationalization in Technology" strategy, our migration work to the open source operating system on the client computer was completed in all our branches. This work is aimed at rapidly increasing the performance of client computers, decreasing hardware costs and eliminating operating system software license costs. In addition, the video conferencing system with an open source was implemented. The transfer of in-house and external files was provided with the repository product, which is an open source file sharing system. The open source asset inventory and configuration management processes and systems were put into practice.

BANKING TRANSACTIONS MADE SIMPLER THAN EVER WITH KATILIM MOBILE!



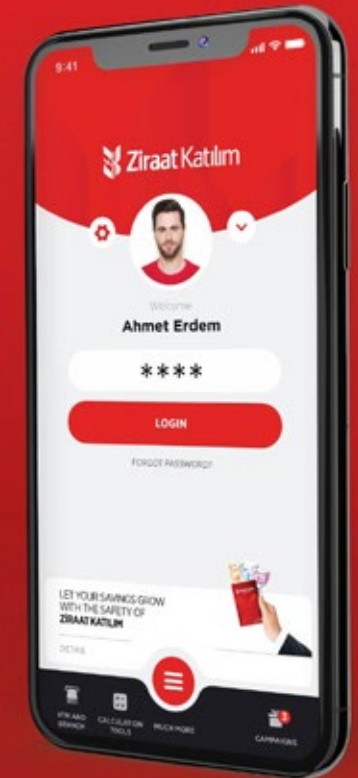
Virtual card



FAST-EFT-Remittance are free



There's no account maintenance fee



24/7 instant payment system FAST is operated by the Turkish Central Bank.

Ziraat Katilim
Growth through sharing



KEY FINANCIAL DATA AND GRAPHS

```
elif operation == "MIRROR_Z":  
    mirror_mod.use_x = False  
    mirror_mod.use_y = False  
    mirror_mod.use_z = True  
  
#selection at the end -add back the deselected mirror modifier  
mirror_ob.select= 1  
modifier_ob.select=1  
bpy.context.scene.objects.active = modifier_ob  
print("Selected" + str(modifier_ob)) # modifier ob is the active ob  
mirror_ob.select = 0
```

KEY FINANCIAL DATA AND GRAPHS

SECTORAL FINANCIAL DATA

The Size of the Turkish Banking Sector and the Shares of the Groups in the Sector

BANK GROUP	Number of Institutions	Assets			Deposits			Loans		
		2020	2020	2019	2020	2020	2019	2020	2020	2019
		TL million	share (%)	share (%)	TL million	share (%)	share (%)	TL million	share (%)	share (%)
Participation Banks	6	437,092	7.2	6.3	322,017	9.3	8.4	240,133	6.5	5.5
Deposit Banks	32	5,282,917	86.5	86.9	3,142,205	90.7	91.6	3,168,600	86.2	86.7
Development and Investment Banks	14	387,823	6.3	6.7	0	0.0	0.0	266,470	7.3	7.8
Total	52	6,107,832	100	100.0	3,464,222	100	100	3,675,203	100	100

Source: BRSA

PARTICIPATION BANKS AND BANKING SECTOR: KEY FINANCIAL INDICATORS (TL million - December 2020)*

FINANCIAL ITEMS	PARTICIPATION BANKS			BANKING SECTOR			
	December 2020	December 2019	2020/December 2019 (%)	December 2020	December 2019	2020/December 2019 (%)	
	TL	TL		TL	TL		
DEPOSITS **	102,620	91,145	12.6	1,553,985	1,267,073	22.6	
	FC	149,513	106,533	40.3	1,619,749	1,226,609	32.1
	FC-METAL	69,884	18,305	281.8	290,487	82,722	251.2
	TOTAL	322,017	215,983	49.1	3,464,221	2,576,404	34.5
LOANS ***	240,133	149,475	60.7	3,675,203	2,739,736	34.1	
NON-PERFORMING LOANS (NET)	8,713	7,763	12.2	152,202	150,108	1.4	
TOTAL ASSETS	437,092	284,450	53.7	6,107,832	4,491,708	36.0	
SHAREHOLDERS' EQUITY	27,603	21,762	26.8	600,804	492,384	22.0	
NET PROFIT ****	3,716	2,438	52.4	59,973	49,043	22.3	
NUMBER OF EMPLOYEES	16,849	16,040	5.0	203,224	204,626	-0.7	
NUMBER OF BRANCHES	BRANCHES DOMESTIC	1,251	1,176	6.4	11,114	11,300	-1.6
	BRANCHES ABROAD	4	3	33.3	75	74	1.4
	TOTAL	1,255	1,179	6.4	11,189	11,374	-1.6

* Source: BRSA reports

** Bank deposits are excluded. Rediscounts are included.

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

SECTOR SHARES OF PARTICIPATION BANKS (%) AS OF YEAR END 31.12.2020

	2020	2019
1- FUNDS COLLECTED	9.3	8.4
2- FUNDS ALLOCATED	6.5	5.5
3- TOTAL ASSETS	7.2	6.3
4- SHAREHOLDERS' EQUITY	4.6	4.4
5- NET PROFIT	6.2	5.0

NON-PERFORMING LOANS (GROSS)/LOANS

	Participation Banks	Banking Sector
	3.6	4.1

PARTICIPATION BANKS: KEY FINANCIAL INDICATORS (Bin TL, %, December 2020)

FINANCIAL ITEMS	ALBARAKA TÜRK		EMLAK KATILIM		KUVEYT TÜRK		TÜRKİYE FINANS		VAKIF KATILIM		ZİRAAT KATILIM		TOTAL	TOTAL	2020 Q4	
	2020 Q4	2020 Q4	2020 Q4	2020 Q4	2020 Q4	2020 Q4	2020 Q4	2020 Q4	2020 Q4	2020 Q4	2020 Q4	2020 Q4	2020 Q4	2019		
FUNDS COLLECTED	15,465,033	5%	5,332,739	94%	33,499,285	-5%	15,485,189	1%	12,549,368	25%	24,902,562	91%	107,234,176	91,178,886	18%	
	FC	36,148,091	44%	6,344,661	98%	88,673,699	77%	41,905,397	70%	27,017,103	109%	21,483,588	73%	221,572,539	128,422,559	73%
	TOTAL	51,613,124	30%	11,677,400	96%	122,172,984	43%	57,390,586	44%	39,566,471	72%	46,386,150	82%	328,806,715	219,601,445	50%
FUNDS ALLOCATED	42,415,955	37%	13,599,033	137%	79,054,048	36%	47,739,939	43%	29,423,793	57%	43,359,636	47%	255,592,404	176,145,443	45%	
NON-PERFORMING LOANS (NET)	2,045,276	-8%	172,697	-8%	2,934,591	44%	2,652,383	-1%	714,652	25%	1,181,058	75%	9,700,657	8,366,427	16%	
NON-PERFORMING LOANS (GROSS)/LOANS	4.8%	-	1.3%	-	3.7%	-	5.6%	-	2.4%	-	2.7%	-	3.8%	4.7%	25%	
TOTAL ASSETS	69,315,799	35%	20,390,177	120%	152,290,315	46%	81,370,822	55%	53,157,628	75%	60,186,996	65%	436,711,737	284,282,352	54%	
SHAREHOLDERS' EQUITY	4,044,227	6%	1,539,266	32%	7,995,097	17%	5,495,302	14%	4,795,566	145%	3,734,273	18%	27,606,731	21,766,992	27%	
NET PROFIT **	254,737	302%	80,597	79%	1,400,281	26%	675,677	79%	666,866	105%	638,562	24%	3,716,720	1,658,390	124%	
NUMBER OF PERSONNEL	3,390	-11%	814	113%	6,000	1%	3,731	8%	1,642	24%	1,261	11%	16,838	16,044	5%	
NUMBER OF BRANCHES	229	-	50	355%	435	1%	319	3%	116	12%	105	13%	1,254	1,179	6%	

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

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

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

PARTICIPATION BANKS: ASSET STRUCTURE AND CHANGES IN SELECTED ITEMS (TL million, %)

ASSETS	Amount (TL million)			Change (%)		Share in Total (%)		
	2020	2019	2018	2020-2019	2019-2018	2020	2019	2018
Liquid Assets	50,370	52,507	38,347	-4.1	36.9	11.5	19.0	18.5
Securities Portfolio	62,706	41,609	15,128	50.7	175.0	14.3	15.0	7.3
Securities Measured at Fair Value Through Profit/Loss	18,730	24,947	12,878	-24.9	93.7	4.3	9.0	6.2
Securities Measured at Fair Value Through Profit/Loss (Net)	43,977	6,683	750	-100.0	791.1	0.0	2.4	0.4
Reserves	46,801	9,979	1,500	340.7	565.3	10.1	3.6	0.7
Loans	222,349	26,808	16,564	74.6	61.8	10.7	9.7	8.0
Non-Performing Loans (Net)	-3,308	136,202	112,495	63.2	21.1	50.9	49.2	54.4
Non-Performing Loans (Gross)	8,713	677	-180	-476.1	-476.1	-0.8	0.2	-0.1
(-) Special Reserves	12,021	8,713	7,763	37.7	11.4	2.0	2.8	2.4
Leasing Receivables (Net)	11,482	7,086	5,230	69.6	35.5	2.8	2.6	2.5
Non-Current Assets	22,671	7,396	4,498	55.2	64.4	2.6	2.7	2.2
Affiliates and Subsidiaries	16,377	6,779	4,736	234.4	43.1	5.2	2.4	2.3
Fixed Assets (Net)	4,807	648	596	2,427.3	8.7	3.7	0.2	0.3
Available-For-Sale Assets (Net)	1,487	4,314	3,504	-18.2	185.7	0.3	0.7	0.3
Rediscounts	10,709	1,817	636	40.0	-12.2	2.5	2.8	4.2
Other Assets	13,312	7,651	8,719	176.1	-25.8	3.0	1.7	3.1
Total Assets	437,092	277,054	206,806	58	34	100	100	100

Source: BRSA

*Provisions for Non-Performing Loans" has been revised as "(-) Special Reserves".

PARTICIPATION BANKS: LIABILITIES STRUCTURE AND CHANGES IN SELECTED ITEMS (TL million, %)

LIABILITIES	Amount (TL million)			Change (%)		Share in Total (%)		
	2020	2019	2018	2020-2019	2019-2018	2020	2019	2018
Deposits	321,405	215,456	136,612	49.2	57.7	73.5	75.7	75.7
Demand Deposits (Participation Fund)	145,347	72,242	44,747	101.2	61.4	33.3	25.4	25.4
Time Deposits (Participation Fund)	176,058	143,214	91,865	22.9	55.9	40.3	50.3	50.3
Loans to Banks	22,277	12,957	15,211	71.9	-14.8	5.1	4.6	4.6
Funds	6,958	2,253	1,809	208.8	24.5	1.6	0.8	0.8
Rediscounts	4,142	1,655	1,761	150.3	-6.0	0.9	0.6	0.6
Shareholders' Equity	27,603	21,762	16,796	26.8	29.6	6.3	7.7	7.7
Paid-In Capital	14,542	11,016	9,767	32.0	12.8	3.3	3.9	3.9
Capital Reserves	9,259	7,804	5,012	18.6	55.7	2.1	2.7	2.7
Prior Years' Profits	-300	-212	-128	-65.7	-226.7	-0.1	-0.1	-0.1
Period Profit	3,716	2,433	2,124	52.7	14.5	0.9	0.9	0.9
Others	386	721	6	-46	11,916.7	0.1	0.3	0.3
Debt Instruments	19,430	8,497	4,356	128.7	95.1	4.4	3.0	3.0
Reserves	3,860	2,714	1,887	42.2	43.8	0.9	1.0	1.0
Other Liabilities	31,417	19,156	28,373	64.0	-32.5	7.2	6.7	6.7
Total Liabilities	437,092	284,450	206,806	54	38	100	100	100

Source: BRSA

KEY FINANCIAL DATA AND GRAPHS

PARTICIPATION BANKS: INCOME/LOSS STRUCTURE AND CHANGES IN SELECTED ITEMS (TL million, %)

INCOME/LOSS	Amount (TL million)			Change (%)		Rate Over Net Income/Loss Before Tax (%)		
	2020	2019	2018	2020-2019	2019-2018	2020	2019	2018
Profit Share Income	24,722	21,020	16,186	17.6	29.9	516.4	663.7	663.7
Profit Share Expense	11,116	13,166	9,455	-15.6	39.2	232.2	415.7	415.7
NET PROFIT SHARE INCOME	13,606	7,854	6,731	73.2	16.7	284.2	248.0	248.0
Income other than Profit Share	9,559	4,860	3,645	96.7	33.3	199.7	153.5	153.5
Net Fees and Commissions Income	1,477	1,220	1,023	21.1	19.3	30.9	38.5	38.5
Banking Services Income	1,395	1,244	895	12.1	39.0	29.1	39.3	39.3
Other Income other than Profit Share	6,687	2,396	1,727	179.1	38.7	139.7	75.7	75.7
Expenses other than Profit Share	5,381	7,444	6,814	-27.7	9.2	112.4	235.0	235.0
Personnel	3,210	2,645	1,961	21.4	34.9	67.1	83.5	83.5
Fees and Commissions Expenses	1,024	667	523	53.5	27.5	21.4	21.1	21.1
Other Expenses other than Profit Share	1,147	4,132	4,330	-72.2	-4.6	24.0	130.5	130.5
Income/Expenses other than Profit Share	11,873	2,400	1,229	394.7	95.3	248.0	75.8	75.8
P/L From Capital Market Transactions	-2,712	1,488	877	-282.3	69.7	-56.7	47.0	47.0
Profit/Loss from FX Transactions	4,433	912	351	386.1	159.8	92.6	28.8	28.8
Others	10,152	0	0	-	-	212.1	0.0	0.0
Profit/Loss Before Tax	4,787	3,167	2,728	51.2	16.1	100.0	100.0	100.0
Tax Provisions	1,072	734	604	46.0	21.5	22.4	23.2	23.2
Net Profit/Loss	3,715	2,433	2,124	52.7	14.5	77.6	76.8	76.8

Source: BRSA

PARTICIPATION BANKS VS BANKING SECTOR: COMPARISON BETWEEN SELECTED RATIOS

DESCRIPTION	Participation Banks			Banking Sector		
	2020	2019	2018	2020	2019	2018
Non-Performing Loans (Gross)/Total Cash Loans (%)	3.59	5.13	4.14	4.07	5.36	3.87
Provisions for Non-Performing Loans/Non-Performing Loans (Gross) (%)	82.91	63.88	63.3	74.82	65.13	68.32
Large Deposits (TL 1 million and Above)/Total Deposits (%)	49.69	47.58	45.49	56.72	54.22	54.52
Profit/Loss Before Tax/Average Total Assets (ROAA) (%)	1.27	1.29	1.48	1.41	1.44	1.76
Net Profit/Loss/Average Shareholders' Equity (ROAE) (%)	15.76	13.36	15.14	11.64	11.53	14.67
Net Profit Share Income/Loss/Average Total Assets (%)	3.6	3.21	3.57	3.91	3.85	3.91
Fees, Commissions and Banking Services Income/Average Total Assets (%)	0.76	1.01	1.02	1.07	1.56	1.31
Fees, Commission and Banking Services Income/Total Income (%)	8.27	8.68	8.96	10.5	12.2	10.08
Operational Expenses/Average Total Assets (%)	1.63	2	2.05	1.59	1.76	1.67
Income other than Profit Share/Expenses other than Profit Share (%)	98.48	99.19	99.33	97.02	97.09	98.33
Fees and Commissions Income/Operational Expenses (%)	46.5	50.27	49.62	67.13	88.2	78.16
Average Total Assets/Average Number of Employees (TL Thousand)	22,982.68	15,474.12	12,280.39	26,982.85	20,480.15	17,936.53
Deposits/Average Number of Employees (TL Thousand)	19,521.40	13,611.81	8,890.00	16,983.51	12,474.88	9,768.64
Profit/Loss Before Tax/Average Number of Employees (TL Thousand)	290.78	200.07	181.21	381.84	295.24	314.94
Deposits/Number of Branches (TL Thousand)	265,990.47	188,335.31	127,417.46	305,572.06	223,583.76	175,848.90
Loans/Number of Branches (TL Thousand)	200,725.65	132,307.81	113,828.60	330,681.60	245,024.57	215,470.67
Number of Employees/Number of Branches (Person)	13.43	13.60	13.95	18.16	17.99	17.96
Total Cash Loans/Deposits (%)	75.46	70.25	89.34	108.26	109.65	122.6
Total Securities Portfolio/Deposits (%)	24.13	19.31	11.07	29.6	25.75	23.47
Demand Deposits/Total Deposits (%)	45.22	33.53	32.75	32.6	24.71	21.32
Shareholders' Equity/Total Risk-Weighted Items (Capital Adequacy Standard Ratio) (%)	17.79	18.04	15.76	18.76	18.4	17.27
Liabilities/Shareholders' Equity (%)	1,469.51	1,194.63	1,121.11	906.02	804.29	809.07

Source: BRSA

KEY FINANCIAL DATA AND GRAPHS

PARTICIPATION BANKS: SUMMARY BALANCE SHEET - ASSETS (TL thousand)

ASSETS	CURRENT PERIOD 31 DECEMBER 2020		
	TL	FC	Total
I. FINANCIAL ASSETS (NET)	39,186,002	118,081,814	157,267,816
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	163,684,501	95,188,598	258,873,099
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	1,010,312	293	1,010,605
IV. EQUITY INVESTMENTS	1,513,989	18,311	1,532,300
V. TANGIBLE ASSETS (NET)	4,625,685	18,762	4,644,447
VI. INTANGIBLE ASSETS (NET)	587,451	0	587,451
VII. INVESTMENT PROPERTIES (NET)	24,987	0	24,987
VIII. CURRENT TAX ASSETS	3,672	0	3,672
IX. DEFERRED TAX ASSETS	1,325,326	0	1,325,326
X. OTHER ASSETS	2,911,533	8,530,501	11,442,034
TOTAL ASSETS	214,873,458	221,838,279	436,711,737

ASSETS	PRIOR PERIOD 31 DECEMBER 2019		
	TL	FC	Total
I. FINANCIAL ASSETS (NET)	16,691,340	80,121,881	96,813,221
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	100,924,148	75,174,963	176,099,111
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	950,354	284	950,638
IV. EQUITY INVESTMENTS	621,759	18,311	640,070
V. TANGIBLE ASSETS (NET)	4,417,074	20,862	4,437,936
VI. INTANGIBLE ASSETS (NET)	452,426	25	452,451
VII. INVESTMENT PROPERTIES (NET)	25,146	0	25,146
VIII. CURRENT TAX ASSETS	45	0	45
IX. DEFERRED TAX ASSETS	790,338	0	790,338
X. OTHER ASSETS	2,497,282	1,576,114	4,073,396
TOTAL ASSETS	127,369,912	156,912,440	284,282,352

LIABILITIES	CURRENT PERIOD 31 DECEMBER 2020		
	TL	FC	Total
I. FUNDS COLLECTED	107,234,176	221,572,539	328,806,715
II. FUNDS BORROWED	29,367,143	18,215,881	47,583,024
III. MONEY MARKETS DEBTS	5,139,377	1,029,766	6,169,143
IV. SECURITIES ISSUED (NET)	0	0	0
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0
VI. DERIVATIVE FINANCIAL LIABILITIES	2,074,600	524,330	2,598,930
VII. FINANCE LEASE PAYABLES (NET)	1,393,809	40,732	1,434,541
VIII. PROVISIONS	2,174,521	769,968	2,944,489
IX. CURRENT TAX LIABILITY	769,106	11,160	780,266
X. DEFERRED TAX LIABILITY	0	0	0
LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0
XI. SUBORDINATED DEBT INSTRUMENTS	312,489	11,237,746	11,550,235
XIII. OTHER LIABILITIES	5,413,978	1,823,685	7,237,663
XIV. SHAREHOLDERS' EQUITY	27,404,293	202,438	27,606,731
TOTAL LIABILITIES	181,283,492	255,428,245	436,711,737

LIABILITIES	PRIOR PERIOD 31 DECEMBER 2019		
	TL	FC	Total
I. FUNDS COLLECTED	91,178,886	128,422,559	219,601,445
II. FUNDS BORROWED	11,117,601	13,021,218	24,138,819
III. MONEY MARKETS DEBTS	381,922	0	381,922
IV. SECURITIES ISSUED (NET)	0	0	0
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0
VI. DERIVATIVE FINANCIAL LIABILITIES	179,532	450,313	629,845
VII. FINANCE LEASE PAYABLES (NET)	1,178,958	42,529	1,221,487
VIII. PROVISIONS	1,671,577	410,300	2,081,877
IX. CURRENT TAX LIABILITY	676,200	4,874	681,074
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	312,351	8,404,756	8,717,107
XIII. OTHER LIABILITIES	4,067,170	994,614	5,061,784
XIV. SHAREHOLDERS' EQUITY	21,617,699	149,293	21,766,992
TOTAL LIABILITIES	132,381,896	151,900,456	284,282,352

KEY FINANCIAL DATA AND GRAPHS

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

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		CURRENT PERIOD 31 DECEMBER 2020		
		TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	141,786,566	188,498,487	330,285,053
I.	GUARANTEES AND WARRANTIES	33,760,820	30,975,448	64,736,268
II.	COMMITMENTS	62,374,568	15,841,851	78,216,419
III.	DERIVATIVE FINANCIAL INSTRUMENTS	45,651,178	141,681,188	187,332,366
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	1,396,601,421	359,123,335	1,755,724,756
IV.	ITEMS HELD IN CUSTODY	53,952,109	48,967,023	102,919,132
V.	PLEDGES RECEIVED	1,342,637,673	309,966,517	1,652,604,190
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	11,639	189,795	201,434
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		1,538,387,987	547,621,822	2,086,009,809

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

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		PRIOR PERIOD 31 DECEMBER 2019		
		TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	98,883,553	109,490,882	208,374,435
I.	GUARANTEES AND WARRANTIES	26,343,214	23,444,065	49,787,279
II.	COMMITMENTS	57,508,252	6,026,609	63,534,861
III.	DERIVATIVE FINANCIAL INSTRUMENTS	15,032,087	80,020,208	95,052,295
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	1,095,333,147	275,078,110	1,370,411,257
IV.	ITEMS HELD IN CUSTODY	44,691,252	27,226,469	71,917,721
V.	PLEDGES RECEIVED	1,050,630,256	247,624,443	1,298,254,699
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	11,639	227,198	238,837
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		1,194,216,700	384,568,992	1,578,785,692

PARTICIPATION BANKS: SUMMARY STATEMENT OF INCOME (TL thousand)

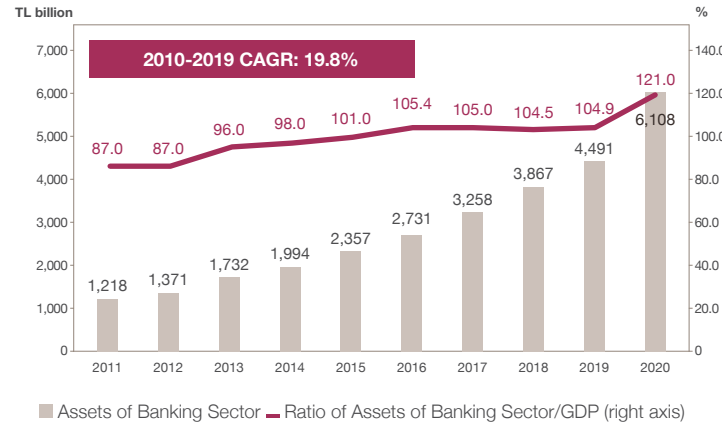
INCOME AND EXPENSE ITEMS		CURRENT PERIOD 31 DECEMBER 2020
I.	PROFIT SHARE INCOME	25,638,670
II.	PROFIT SHARE EXPENSE	11,116,098
III.	NET PROFIT SHARE INCOME (I - II)	14,522,572
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	844,049
V.	DIVIDEND INCOME	180
VI.	TRADING INCOME/(LOSS) (NET)	1,720,176
VII.	OTHER OPERATING INCOME	2,346,600
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)	19,433,577
IX.	EXPECTED CREDIT LOSS (-)	4,744,824
X.	OTHER PROVISIONAL EXPENSES (-)	693,266
XI.	PERSONNEL EXPENSE (-)	2,036,729
XII.	OTHER OPERATING EXPENSES (-)	1,734,111
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	4,788,383
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 K/Z (XIII+...+XVI)	4,788,383
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	-140,981
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	3,716,720
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
XXV.	NET INCOME/(LOSS) (XIX+XXIV)	3,716,720

PARTICIPATION BANKS: SUMMARY STATEMENT OF INCOME (TL thousand)

INCOME AND EXPENSE ITEMS		PRIOR PERIOD 31 DECEMBER 2019
I.	PROFIT SHARE INCOME	21,700,548
II.	PROFIT SHARE EXPENSE	13,173,857
III.	NET PROFIT SHARE INCOME (I - II)	8,526,691
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	1,087,344
V.	DIVIDEND INCOME	20,609
VI.	TRADING INCOME/(LOSS) (NET)	2,403,045
VII.	OTHER OPERATING INCOME	2,271,931
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)	14,309,620
IX.	EXPECTED CREDIT LOSS (-)	3,071,125
X.	OTHER PROVISIONAL EXPENSES (-)	196,265
XI.	PERSONNEL EXPENSE (-)	1,663,541
XII.	OTHER OPERATING EXPENSES (-)	1,320,849
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	3,173,242
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 K/Z (XIII+...+XVI)	3,173,242
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(252,788)
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	2,438,042
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)	-
XXV.	NET INCOME/(LOSS) (XIX+XXIV)	2,438,042

KEY FINANCIAL DATA AND GRAPHS

TURKISH BANKING SECTOR VOLUME AND RATIO TO GDP

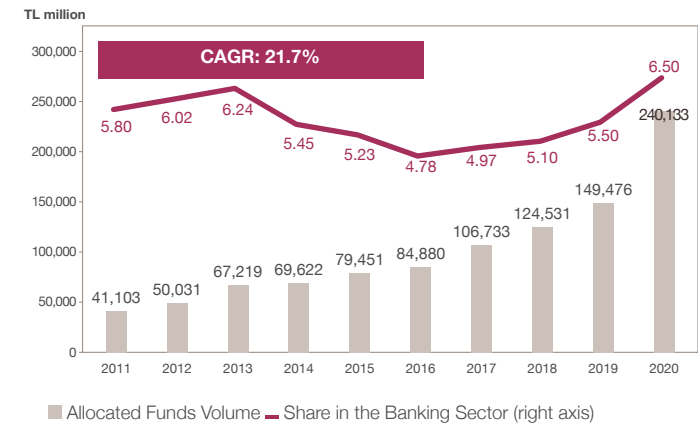


“ THE PARTICIPATION BANKING SECTOR SUCCESSFULLY CONTINUED ITS JOURNEY IN THE PATH OF SUSTAINABLE GROWTH IN 2020.

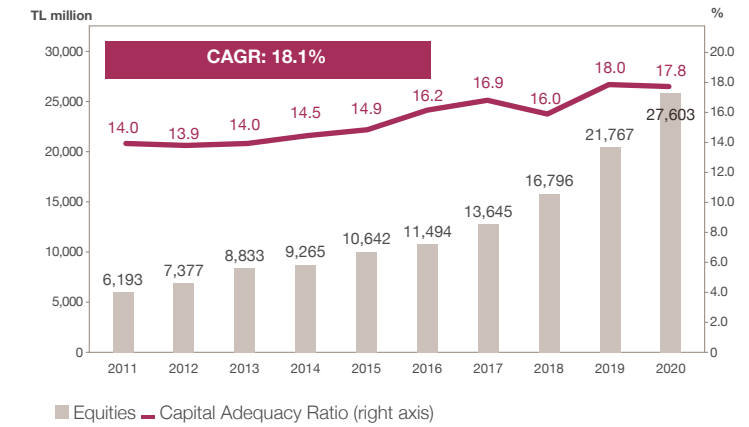
“ THE ASSET SIZE OF THE SECTOR, IN WHICH 6 BANKS WERE ACTIVE, REACHED TL 437,092 MILLION WITH A GROWTH OF 53.7%.

“ THE AVERAGE ANNUAL GROWTH RATE OF THE SECTOR IN 2011-2020 PERIOD WAS 26%.

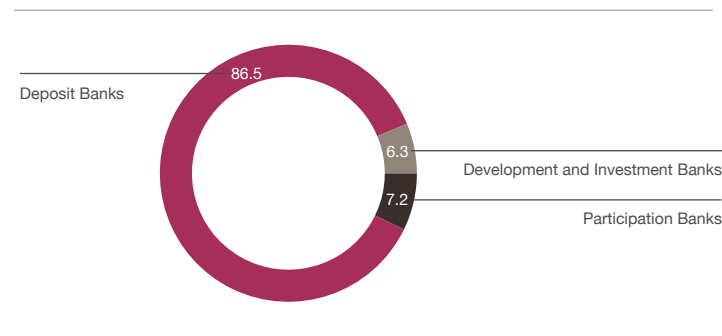
DEVELOPMENT OF FUNDS ALLOCATED OF PARTICIPATION BANKS



EQUITY DEVELOPMENT OF PARTICIPATION BANKS

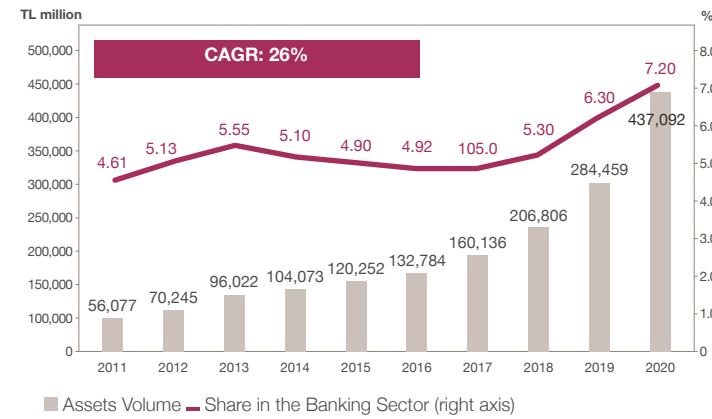


SHARES IN ASSET IN TURKISH BANKING SECTOR (%)

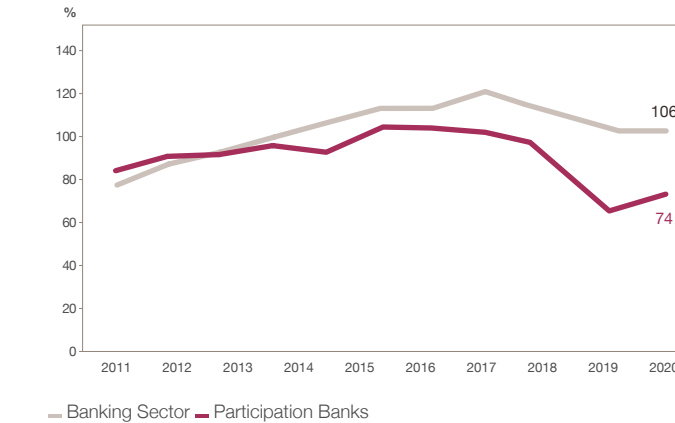


(Based on share received from total assets)

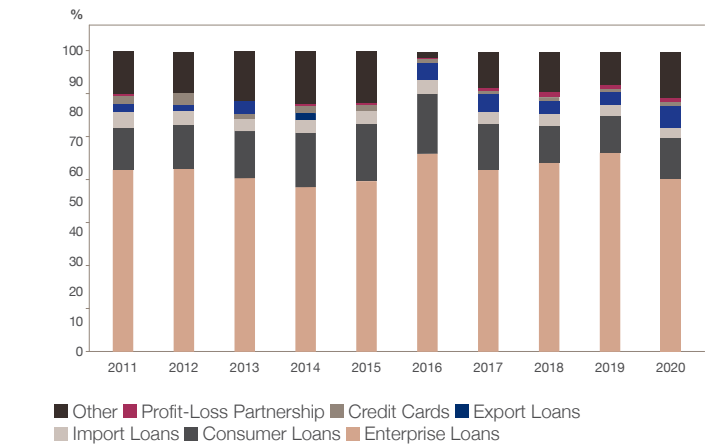
DEVELOPMENT OF ASSETS OF PARTICIPATION BANKS AND SHARES IN THE SECTOR



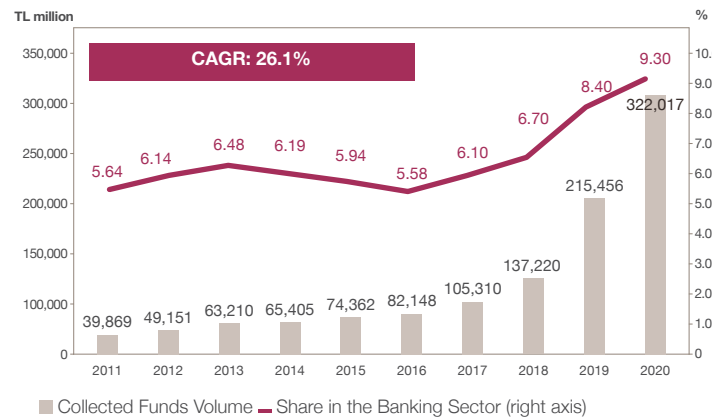
RATIO OF FUNDS ALLOCATED TO FUNDS COLLECTED



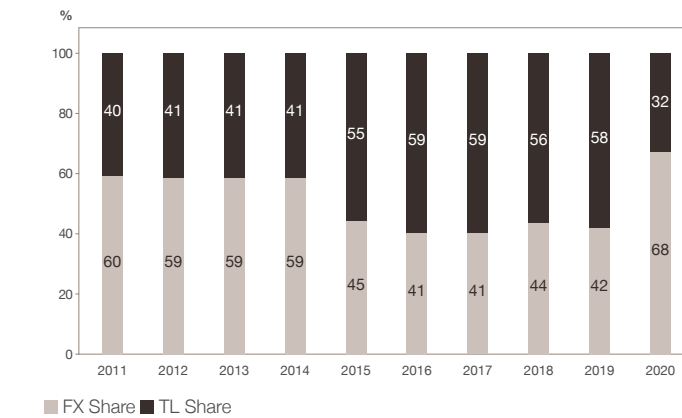
CONCENTRATION OF FUNDS ALLOCATED BY TYPES



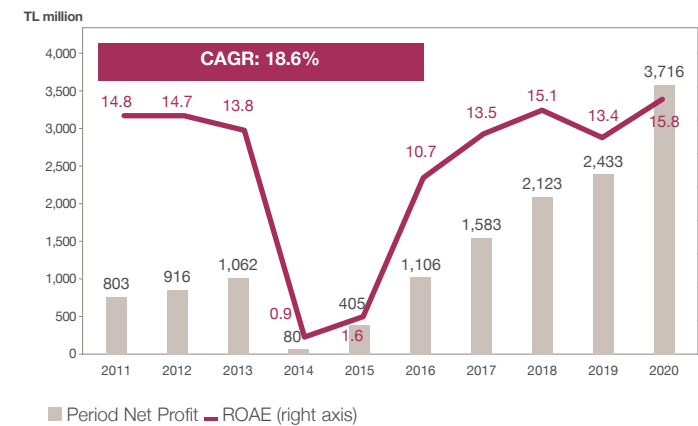
DEVELOPMENT OF FUNDS COLLECTED OF PARTICIPATION BANKS



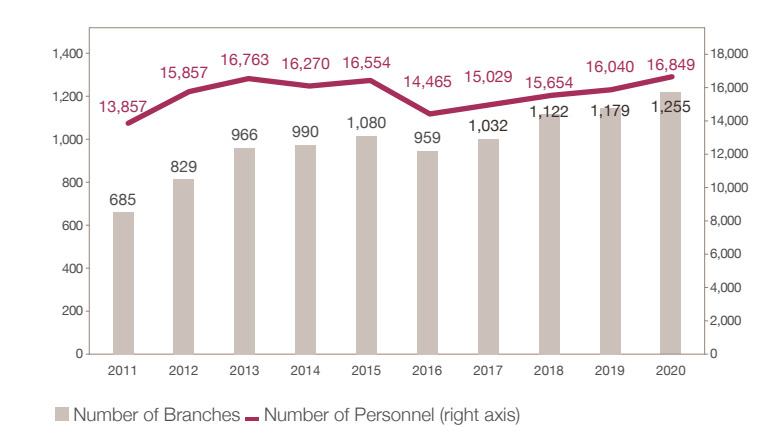
TL/FC CONCENTRATION OF FUNDS COLLECTED OF PARTICIPATION BANKS



DEVELOPMENT OF NET PROFIT OF PARTICIPATION BANKS



DEVELOPMENT OF BRANCHES AND STAFF OF PARTICIPATION BANKS



ALBARAKA TÜRK FINANCIAL STATEMENTS



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

ASSETS	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FINANCIAL ASSETS (Net)	5,126,972	18,067,080	23,194,052
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (Net)	23,290,703	20,517,445	43,808,148
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	130,757	293	131,050
IV. OWNERSHIP INVESTMENTS	25,100	18,311	43,411
V. TANGIBLE ASSETS (Net)	1,371,033	17,226	1,388,259
VI. INTANGIBLE ASSETS (Net)	40,533	0	40,533
VII. INVESTMENT PROPERTY (Net)	0	0	0
VIII. CURRENT TAX ASSET	3,672	0	3,672
IX. DEFERRED TAX ASSET	191,314	0	191,314
X. OTHER ACTIVITIES	488,305	27,055	515,360
TOTAL ASSETS	30,668,389	38,647,410	69,315,799

ASSETS	PRIOR PERIOD		
	1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
I. FINANCIAL ASSETS (Net)	5,151,819	12,063,213	17,215,032
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (Net)	16,998,224	14,745,234	31,743,458
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	124,196	284	124,480
IV. OWNERSHIP INVESTMENTS	51,837	18,311	70,148
V. TANGIBLE ASSETS (Net)	1,496,510	19,905	1,516,415
VI. INTANGIBLE ASSETS (Net)	30,535	-	30,535
VII. INVESTMENT PROPERTY (Net)	-	-	0
VIII. CURRENT TAX ASSET	45	-	45
IX. DEFERRED TAX ASSET	166,390	-	166,390
TOTAL ASSETS	24,294,269	27,098,099	51,392,368

FINANCIAL STATEMENTS AND DATA

LIABILITIES	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FUNDS COLLECTED	15,465,033	36,148,091	51,613,124
II. FUNDS BORROWED	4,314,758	2,987,107	7,301,865
III. BORROWINGS FROM MONEY MARKETS	1,246,687	1,029,766	2,276,453
IV. SECURITIES ISSUED (Net)	0	0	0
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	0	0	0
VI. DERIVATIVE FINANCIAL LIABILITIES	142,596	0	142,596
VII. LEASE PAYABLES (Net)	314,684	13,711	328,395
VIII. PROVISIONS	198,842	2,401	201,243
IX. CURRENT TAX LIABILITY	71,950	11,018	82,968
X. DEFERRED TAX LIABILITY	0	0	0
LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	0	0	0
XII. SUBORDINATED LOANS	0	1,732,562	1,732,562
XIII. OTHER LIABILITIES	1,404,812	187,554	1,592,366
XIV. SHAREHOLDERS' EQUITY	4,038,919	5,308	4,044,227
TOTAL LIABILITIES	27,198,281	42,117,518	69,315,799

LIABILITIES	PRIOR PERIOD		
	1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
I. FUNDS COLLECTED	14,696,620	25,072,788	39,769,408
II. FUNDS BORROWED	2,843,246	1,691,379	4,534,625
III. BORROWINGS FROM MONEY MARKETS	18,237	-	18,237
IV. SECURITIES ISSUED (Net)	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	504	345	849
VII. LEASE PAYABLES	287,755	12,905	300,660
VIII. PROVISIONS	133,162	1,590	134,752
IX. CURRENT TAX LIABILITY	68,084	4,874	72,958
X. DEFERRED TAX LIABILITY	-	-	-
LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	-	-	-
XII. SUBORDINATED LOANS	-	1,375,164	1,375,164
XIII. OTHER LIABILITIES	1,156,348	207,438	1,363,786
XIV. SHAREHOLDERS' EQUITY	3,785,896	36,033	3,821,929
TOTAL LIABILITIES	22,989,852	28,402,516	51,392,368

ALBARAKA TÜRK FINANCIAL STATEMENTS

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

STATEMENT OF OFF-BALANCE SHEET	CURRENT PERIOD		
	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	11,377,799	9,281,131	20,658,930
I. GUARANTEES AND SURETIES	5,710,137	5,411,694	11,121,831
II. COMMITMENTS	2,395,012	850,025	3,245,037
III. DERIVATIVE FINANCIAL INSTRUMENTS	3,272,650	3,019,412	6,292,062
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	87,262,122	24,652,412	111,914,534
IV. ITEMS HELD IN CUSTODY	5,519,997	8,677,435	14,197,432
V. PLEDGED ITEMS	81,742,125	15,974,977	97,717,102
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	0	0	0
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	98,639,921	33,933,543	132,573,464

STATEMENT OF OFF-BALANCE SHEET	PRIOR PERIOD		
	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	6,884,242	5,792,399	12,676,641
I. GUARANTEES AND SURETIES	5,128,502	5,302,936	10,431,438
II. COMMITMENTS	1,722,506	389,607	2,112,113
III. DERIVATIVE FINANCIAL INSTRUMENTS	33,234	99,856	133,090
B. CUSTODY AND PLEDGED ITEMS (IV+ V+VI)	72,616,853	16,137,385	88,754,238
IV. ITEMS HELD IN CUSTODY	3,812,406	3,053,641	6,866,047
V. PLEDGED ITEMS	68,804,447	13,083,744	81,888,191
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	79,501,095	21,929,784	101,430,879

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

STATEMENT OF PROFIT OR LOSS	CURRENT PERIOD
	1 JANUARY - 31 DECEMBER 2020
I. PROFIT SHARE INCOME	3,584,628
II. PROFIT SHARE EXPENSE (-)	1,879,008
III. NET PROFIT SHARE INCOME (I - II)	1,705,620
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES	233,567
V. DIVIDEND INCOME	0
VI. TRADING INCOME/LOSS (Net)	266,884
VII. OTHER OPERATING INCOME	562,059
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)	2,768,130
IX. EXPECTED CREDIT LOSS (-)	1,159,755
X. OTHER PROVISIONAL EXPENSES (-)	25,966
XI. PERSONNEL EXPENSES (-)	722,190
XII. OTHER OPERATING EXPENSES (-)	536,484
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	323,735
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER	0
XV. PROFIT/(LOSS) ON EQUITY METHOD	0
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION	0
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	323,735
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	68,998
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	254,737
XX. INCOME FROM DISCONTINUED OPERATIONS	0
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)	0
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)	0
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	0
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	0
XXV. NET PROFIT/LOSS (XIX+XXIV)	254,737

STATEMENT OF PROFIT OR LOSS	PRIOR PERIOD
	1 JANUARY - 31 DECEMBER 2019
I. PROFIT SHARE INCOME	3,344,284
II. PROFIT SHARE EXPENSE (-)	2,521,054
III. NET PROFIT SHARE INCOME (I - II)	823,230
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES	299,829
V. DIVIDEND INCOME	-
VI. TRADING INCOME/LOSS (Net)	323,709
VII. OTHER OPERATING INCOME	543,084
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)	1,989,852
IX. EXPECTED CREDIT LOSS (-)	773,996
X. OTHER PROVISIONAL EXPENSES (-)	16,411
XI. PERSONNEL EXPENSES (-)	667,274
XII. OTHER OPERATING EXPENSES (-)	444,878
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	87,293
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER	-
XV. PROFIT/(LOSS) ON EQUITY METHOD	-
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION	-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	87,293
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	23,864
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	63,429
XX. INCOME FROM DISCONTINUED OPERATIONS	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)	-
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	63,429

EMLAK KATILIM FINANCIAL STATEMENTS



TÜRKİYE EMLAK KATILIM BANKASI A.Ş. SUMMARY BALANCE SHEET (TL thousand)

ASSETS	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FINANCIAL ASSETS (Net)	1,496,116	3,465,407	4,961,523
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (Net)	9,939,118	4,963,488	14,902,606
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	23,797	0	23,797
IV. OWNERSHIP INVESTMENTS	100	0	100
V. TANGIBLE ASSETS (Net)	251,229	0	251,229
VI. INTANGIBLE ASSETS (Net)	34,559	0	34,559
VII. INVESTMENT PROPERTY (Net)	0	0	0
VIII. CURRENT TAX ASSET	0	0	0
IX. DEFERRED TAX ASSET	73,853	0	73,853
X. OTHER ACTIVITIES	142,437	73	142,510
TOTAL ASSETS	11,961,209	8,428,968	20,390,177

ASSETS	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
I. FINANCIAL ASSETS (Net)	307,709	1,642,769	1,950,478
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (Net)	3,275,613	3,552,249	6,827,862
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	35,200	-	35,200
IV. OWNERSHIP INVESTMENTS	50	-	50
V. TANGIBLE ASSETS (Net)	101,710	-	101,710
VI. INTANGIBLE ASSETS (Net)	39,802	-	39,802
VII. INVESTMENT PROPERTY (Net)	-	-	-
VIII. CURRENT TAX ASSET	-	-	-
IX. DEFERRED TAX ASSET	102,414	-	102,414
X. OTHER ACTIVITIES	224,692	63	224,755
TOTAL ASSETS	4,087,190	5,195,081	9,282,271

FINANCIAL STATEMENTS AND DATA

LIABILITIES	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FUNDS COLLECTED	5,332,739	6,344,661	11,677,400
II. FUNDS BORROWED	3,146,199	926,868	4,073,067
III. BORROWINGS FROM MONEY MARKETS	1,069,349	0	1,069,349
IV. SECURITIES ISSUED (Net)	0	0	0
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	0	0	0
VI. DERIVATIVE FINANCIAL LIABILITIES	43,279	7	43,286
VII. LEASE PAYABLES (Net)	119,338	0	119,338
VIII. PROVISIONS	48,188	46,035	94,223
IX. CURRENT TAX LIABILITY	20,900	0	20,900
X. DEFERRED TAX LIABILITY	0	0	0
LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	0	0	0
XI. SUBORDINATED LOANS	0	1,545,981	1,545,981
XIII. OTHER LIABILITIES	205,782	1,585	207,367
XIV. SHAREHOLDERS' EQUITY	1,538,157	1,109	1,539,266
TOTAL LIABILITIES	11,523,931	8,866,246	20,390,177

LIABILITIES	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
I. FUNDS COLLECTED	2,746,808	3,205,868	5,952,676
II. FUNDS BORROWED	-	864,292	864,292
III. BORROWINGS FROM MONEY MARKETS	-	-	-
IV. SECURITIES ISSUED (Net)	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	34	5,857	5,891
VII. LEASE PAYABLES (Net)	30,567	-	30,567
VIII. PROVISIONS	60,924	37,653	98,577
IX. CURRENT TAX LIABILITY	10,698	-	10,698
X. DEFERRED TAX LIABILITY	-	-	-
LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	-	-	-
XII. SUBORDINATED LOANS	-	1,076,666	1,076,666
XIII. OTHER LIABILITIES	73,704	27	73,731
XIV. SHAREHOLDERS' EQUITY	1,169,173	-	1,169,173
TOTAL LIABILITIES	4,091,908	5,190,363	9,282,271

EMLAK KATILIM FINANCIAL STATEMENTS

TÜRKİYE EMLAK KATILIM BANKASI A.Ş. STATEMENT OF OFF-BALANCE SHEET (TL thousand)

STATEMENT OF OFF-BALANCE SHEET	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	2,523,491	2,774,656	5,298,147
I. GUARANTEES AND SURETIES	1,402,281	1,759,081	3,161,362
II. COMMITMENTS	419,983	242,514	662,497
III. DERIVATIVE FINANCIAL INSTRUMENTS	701,227	773,061	1,474,288
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	67,873,182	6,078,363	73,951,545
IV. ITEMS HELD IN CUSTODY	4,600,441	2,112,045	6,712,486
V. PLEDGED ITEMS	63,272,741	3,966,318	67,239,059
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	0	0	0
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	70,396,673	8,853,019	79,249,692

TÜRKİYE EMLAK KATILIM BANKASI A.Ş. STATEMENT OF OFF-BALANCE SHEET (TL thousand)

STATEMENT OF OFF-BALANCE SHEET	PRIOR PERIOD		
	1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	355,345	921,952	1,277,297
I. GUARANTEES AND SURETIES	321,052	105,671	426,723
II. COMMITMENTS	6,636	40,836	47,472
III. DERIVATIVE FINANCIAL INSTRUMENTS	27,657	775,445	803,102
B. CUSTODY AND PLEDGED ITEMS (IV+ V+VI)	15,524,852	4,008,298	19,533,150
IV. ITEMS HELD IN CUSTODY	316,275	2,098,143	2,414,418
V. PLEDGED ITEMS	15,208,577	1,910,155	17,118,732
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	15,880,197	4,930,250	20,810,447

TÜRKİYE EMLAK KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF PROFIT OR LOSS (TL thousand)

STATEMENT OF PROFIT OR LOSS	CURRENT PERIOD	
	1 JANUARY - 31 DECEMBER 2020	
I. PROFIT SHARE INCOME		999,620
II. PROFIT SHARE EXPENSE (-)		628,007
III. NET PROFIT SHARE INCOME (I - II)		371,613
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		21,113
V. DIVIDEND INCOME		0
VI. TRADING INCOME/LOSS (Net)		22,261
VII. OTHER OPERATING INCOME		85,390
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		500,377
IX. EXPECTED CREDIT LOSS (-)		87,148
X. OTHER PROVISIONAL EXPENSES (-)		39,720
XI. PERSONNEL EXPENSES (-)		149,880
XII. OTHER OPERATING EXPENSES (-)		119,178
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		104,451
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		0
XV. PROFIT/(LOSS) ON EQUITY METHOD		0
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		0
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		104,451
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)		23,854
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)		80,597
XX. INCOME FROM DISCONTINUED OPERATIONS		0
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		0
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		0
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		0
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		0
XXV. NET PROFIT/LOSS (XIX+XXIV)		80,597

STATEMENT OF PROFIT OR LOSS	PRIOR PERIOD	
	1 JANUARY - 31 DECEMBER 2019	
I. PROFIT SHARE INCOME		429,813
II. PROFIT SHARE EXPENSE (-)		212,161
III. NET PROFIT SHARE INCOME (I - II)		217,652
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		(1,365)
V. DIVIDEND INCOME		-
VI. TRADING INCOME/LOSS (Net)		32,514
VII. OTHER OPERATING INCOME		24,115
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		272,916
IX. EXPECTED CREDIT LOSS (-)		79,252
X. OTHER PROVISIONAL EXPENSES (-)		73,875
XI. PERSONNEL EXPENSES (-)		73,686
XII. OTHER OPERATING EXPENSES (-)		46,103
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		-
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-
XV. PROFIT/(LOSS) ON EQUITY METHOD		-
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		46,103
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		1,124
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)		44,979
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)		-
XX. INCOME FROM DISCONTINUED OPERATIONS		-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		44,979

KUVEYT TÜRK FINANCIAL STATEMENTS



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

ASSETS	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FINANCIAL ASSETS (Net)	17,678,002	41,874,104	59,552,106
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (Net)	50,885,111	28,668,356	79,553,467
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	519,087	0	519,087
IV. OWNERSHIP INVESTMENTS	1,481,015	0	1,481,015
V. TANGIBLE ASSETS (Net)	1,161,631	1,173	1,162,804
VI. INTANGIBLE ASSETS (Net)	190,532	0	190,532
VII. INVESTMENT PROPERTY (Net)	24,987	0	24,987
VIII. CURRENT TAX ASSET	0	0	0
IX. DEFERRED TAX ASSET	748,336	0	748,336
X. OTHER ACTIVITIES	790,979	8,267,002	9,057,981
TOTAL ASSETS	73,479,680	78,810,635	152,290,315

ASSETS	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
I. FINANCIAL ASSETS (Net)	4,803,455	37,903,612	42,707,067
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (Net)	32,535,710	25,009,784	57,545,494
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	473,326	-	473,326
IV. OWNERSHIP INVESTMENTS	564,853	-	564,853
V. TANGIBLE ASSETS (Net)	1,033,995	957	1,034,952
VI. INTANGIBLE ASSETS (Net)	133,955	25	133,980
VII. INVESTMENT PROPERTY (Net)	25,146	-	25,146
VIII. CURRENT TAX ASSET	-	-	-
IX. DEFERRED TAX ASSET	358,097	-	358,097
X. OTHER ACTIVITIES	658,556	937,874	1,596,430
TOTAL ASSETS	40,587,093	63,852,252	104,439,345

FINANCIAL STATEMENTS AND DATA

LIABILITIES	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FUNDS COLLECTED	33,499,285	88,673,699	122,172,984
II. FUNDS BORROWED	2,868,946	8,719,946	11,588,892
III. BORROWINGS FROM MONEY MARKETS	185,225	0	185,225
IV. SECURITIES ISSUED (Net)	0	0	0
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	0	0	0
VI. DERIVATIVE FINANCIAL LIABILITIES	1,390,486	286,320	1,676,806
VII. LEASE PAYABLES (Net)	340,115	3,910	344,025
VIII. PROVISIONS	1,170,443	400,358	1,570,801
IX. CURRENT TAX LIABILITY	348,052	0	348,052
X. DEFERRED TAX LIABILITY	0	0	0
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	0	0	0
XII. SUBORDINATED LOANS	0	4,590,265	4,590,265
XIII. OTHER LIABILITIES	1,289,708	528,460	1,818,168
XIV. SHAREHOLDERS' EQUITY	7,904,654	90,443	7,995,097
TOTAL LIABILITIES	48,996,914	103,293,401	152,290,315

LIABILITIES	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
I. FUNDS COLLECTED	35,410,329	50,084,058	85,494,387
II. FUNDS BORROWED	923,177	4,468,500	5,391,677
III. BORROWINGS FROM MONEY MARKETS	-	-	-
IV. SECURITIES ISSUED (Net)	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	129,690	294,447	424,137
VII. LEASE PAYABLES (Net)	315,732	10,446	326,178
VIII. PROVISIONS	850,649	240,346	1,090,995
IX. CURRENT TAX LIABILITY	224,425	-	224,425
X. DEFERRED TAX LIABILITY	-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	-	-	-
XII. SUBORDINATED LOANS	-	3,380,983	3,380,983
XIII. OTHER LIABILITIES	1,023,193	262,080	1,285,273
XIV. SHAREHOLDERS' EQUITY	6,742,813	78,477	6,821,290
TOTAL LIABILITIES	45,620,008	58,819,337	104,439,345

KUVEYT TÜRK FINANCIAL STATEMENTS

KUVEYT TÜRK KATILIM BANKASI A.Ş. STATEMENT OF OFF-BALANCE SHEET (TL thousand)

STATEMENT OF OFF-BALANCE SHEET	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	86,652,466	78,342,083	164,994,549
I. GUARANTEES AND SURETIES	7,470,036	4,393,458	11,863,494
II. COMMITMENTS	54,000,945	2,301,565	56,302,510
III. DERIVATIVE FINANCIAL INSTRUMENTS	25,181,485	71,647,060	96,828,545
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	478,587,067	203,218,899	681,805,966
IV. ITEMS HELD IN CUSTODY	13,171,821	20,387,564	33,559,385
V. PLEDGED ITEMS	465,403,607	182,743,974	648,147,581
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	11,639	87,361	99,000
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	565,239,533	281,560,982	846,800,515

STATEMENT OF OFF-BALANCE SHEET	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	67,365,973	56,289,772	123,655,745
I. GUARANTEES AND SURETIES	6,938,439	4,962,863	11,901,302
II. COMMITMENTS	52,151,025	1,894,212	54,045,237
III. DERIVATIVE FINANCIAL INSTRUMENTS	8,276,509	49,432,697	57,709,206
B. CUSTODY AND PLEDGED ITEMS (IV+ V+VI)	381,449,255	165,631,022	547,080,277
IV. ITEMS HELD IN CUSTODY	11,299,056	14,947,964	26,247,020
V. PLEDGED ITEMS	370,138,560	150,613,354	520,751,914
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	11,639	69,704	81,343
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	448,815,228	221,920,794	670,736,022

KUVEYT TÜRK KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF PROFIT OR LOSS (TL thousand)

STATEMENT OF PROFIT OR LOSS	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020	
	I. PROFIT SHARE INCOME	9,327,690
II. PROFIT SHARE EXPENSE (-)	3,118,614	
III. NET PROFIT SHARE INCOME (I - II)	6,209,076	
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES	350,721	
V. DIVIDEND INCOME	68	
VI. TRADING INCOME/LOSS (Net)	571,361	
VII. OTHER OPERATING INCOME	648,066	
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)	7,779,292	
IX. EXPECTED CREDIT LOSS (-)	3,237,473	
X. OTHER PROVISIONAL EXPENSES (-)	309,703	
XI. PERSONNEL EXPENSES (-)	1,202,037	
XII. OTHER OPERATING EXPENSES (-)	1,177,396	
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	1,852,683	
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER	0	
XV. PROFIT/(LOSS) ON EQUITY METHOD	0	
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION	0	
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	1,852,683	
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	-452,402	
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	1,400,281	
XX. INCOME FROM DISCONTINUED OPERATIONS	0	
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)	0	
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)	0	
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	0	
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	0	
XXV. NET PROFIT/LOSS (XIX+XXIV)	1,400,281	

STATEMENT OF PROFIT OR LOSS	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019	
	I. PROFIT SHARE INCOME	7,471,511
II. PROFIT SHARE EXPENSE (-)	3,975,600	
III. NET PROFIT SHARE INCOME (I - II)	3,495,911	
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES	468,907	
V. DIVIDEND INCOME	2,841	
VI. TRADING INCOME/LOSS (Net)	1,274,256	
VII. OTHER OPERATING INCOME	783,319	
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)	6,025,234	
IX. EXPECTED CREDIT LOSS (-)	2,615,137	
X. OTHER PROVISIONAL EXPENSES (-)	57,904	
XI. PERSONNEL EXPENSES (-)	1,026,615	
XII. OTHER OPERATING EXPENSES (-)	910,311	
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	1,415,267	
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER	-	
XV. PROFIT/(LOSS) ON EQUITY METHOD	-	
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION	-	
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	1,415,267	
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(305,429)	
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	1,109,838	
XX. INCOME FROM DISCONTINUED OPERATIONS	-	
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)	-	
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)	-	
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-	
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	-	
XXV. NET PROFIT/LOSS (XIX+XXIV)	1,109,838	

TÜRKİYE FİNANS FINANCIAL STATEMENTS



TÜRKİYE FİNANS KATILIM BANKASI A.Ş. SUMMARY BALANCE SHEET (TL thousand)

ASSETS	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FINANCIAL ASSETS (Net)	4,742,238	25,571,943	30,314,181
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (Net)	31,864,941	16,418,931	48,283,872
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	261,431	0	261,431
IV. OWNERSHIP INVESTMENTS	100	0	100
V. TANGIBLE ASSETS (Net)	1,185,895	0	1,185,895
VI. INTANGIBLE ASSETS (Net)	135,605	0	135,605
VII. INVESTMENT PROPERTY (Net)	0	0	0
VIII. CURRENT TAX ASSET	0	0	0
IX. DEFERRED TAX ASSET	79,761	0	79,761
X. OTHER ACTIVITIES	936,972	173,005	1,109,977
TOTAL ASSETS	39,206,943	42,163,879	81,370,822

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. SUMMARY BALANCE SHEET (TL thousand)

ASSETS	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
I. FINANCIAL ASSETS (Net)	2,098,711	15,892,762	17,991,473
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (Net)	19,546,058	12,075,561	31,621,619
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	213,563	-	213,563
IV. OWNERSHIP INVESTMENTS	100	-	100
V. TANGIBLE ASSETS (Net)	1,215,218	-	1,215,218
VI. INTANGIBLE ASSETS (Net)	106,139	-	106,139
VII. INVESTMENT PROPERTY (Net)	-	-	-
VIII. CURRENT TAX ASSET	-	-	-
IX. DEFERRED TAX ASSET	87,747	-	87,747
X. OTHER ACTIVITIES	923,663	267,888	1,191,551
TOTAL ASSETS	24,191,199	28,236,211	52,427,410

FINANCIAL STATEMENTS AND DATA

LIABILITIES	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FUNDS COLLECTED	15,485,189	41,905,397	57,390,586
II. FUNDS BORROWED	11,493,766	1,873,270	13,367,036
III. BORROWINGS FROM MONEY MARKETS	0	0	0
IV. SECURITIES ISSUED (Net)	0	0	0
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	0	0	0
VI. DERIVATIVE FINANCIAL LIABILITIES	207,652	116,599	324,251
VII. LEASE PAYABLES (Net)	333,868	7,230	341,098
VIII. PROVISIONS	324,627	41,833	366,460
IX. CURRENT TAX LIABILITY	101,186	0	101,186
X. DEFERRED TAX LIABILITY	0	0	0
LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	0	0	0
XII. SUBORDINATED LOANS	0	1,836,471	1,836,471
XIII. OTHER LIABILITIES	1,407,476	740,956	2,148,432
XIV. SHAREHOLDERS' EQUITY	5,458,487	36,815	5,495,302
TOTAL LIABILITIES	34,812,251	46,558,571	81,370,822

LIABILITIES	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
I. FUNDS COLLECTED	15,266,513	24,708,001	39,974,514
II. FUNDS BORROWED	1,770,890	1,993,749	3,764,639
III. BORROWINGS FROM MONEY MARKETS	-	-	-
IV. SECURITIES ISSUED (Net)	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	38,149	96,137	134,286
VII. LEASE PAYABLES (Net)	297,139	5,078	302,217
VIII. PROVISIONS	283,178	48,042	331,220
IX. CURRENT TAX LIABILITY	141,689	-	141,689
X. DEFERRED TAX LIABILITY	-	-	-
LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	-	-	-
XII. SUBORDINATED LOANS	-	1,497,558	1,497,558
XIII. OTHER LIABILITIES	1,122,603	331,605	1,454,208
XIV. SHAREHOLDERS' EQUITY	4,813,476	13,603	4,827,079
TOTAL LIABILITIES	23,733,637	28,693,773	52,427,410

TÜRKİYE FİNANS FINANCIAL STATEMENTS

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

STATEMENT OF OFF-BALANCE SHEET	CURRENT PERIOD		
	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	14,315,565	32,167,907	46,483,472
I. GUARANTEES AND SURETIES	4,771,139	4,213,902	8,985,041
II. COMMITMENTS	2,361,521	2,795,916	5,157,437
III. DERIVATIVE FINANCIAL INSTRUMENTS	7,182,905	25,158,089	32,340,994
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	500,858,383	103,842,397	604,700,780
IV. ITEMS HELD IN CUSTODY	6,623,268	7,591,452	14,214,720
V. PLEDGED ITEMS	494,235,115	96,148,511	590,383,626
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	0	102,434	102,434
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	515,173,948	136,010,304	651,184,252

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

STATEMENT OF OFF-BALANCE SHEET	PRIOR PERIOD		
	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	8,790,513	17,733,521	26,524,034
I. GUARANTEES AND SURETIES	3,916,693	3,410,452	7,327,145
II. COMMITMENTS	1,958,108	2,218,599	4,176,707
III. DERIVATIVE FINANCIAL INSTRUMENTS	2,915,712	12,104,470	15,020,182
B. CUSTODY AND PLEDGED ITEMS (IV+ V+VI)	454,680,050	78,860,738	533,540,788
IV. ITEMS HELD IN CUSTODY	3,628,456	2,761,552	6,390,008
V. PLEDGED ITEMS	451,051,594	75,941,692	526,993,286
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	157,494	157,494
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	463,470,563	96,594,259	560,064,822

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

STATEMENT OF PROFIT OR LOSS	CURRENT PERIOD	
	1 JANUARY - 31 DECEMBER 2020	
I. PROFIT SHARE INCOME		4,504,291
II. PROFIT SHARE EXPENSE (-)		2,022,695
III. NET PROFIT SHARE INCOME (I - II)		2,481,596
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		71,698
V. DIVIDEND INCOME		8
VI. TRADING INCOME/LOSS (Net)		462,347
VII. OTHER OPERATING INCOME		575,269
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		3,590,918
IX. EXPECTED CREDIT LOSS (-)		(1,248,183)
X. OTHER PROVISIONAL EXPENSES (-)		(22,504)
XI. PERSONNEL EXPENSES (-)		(629,664)
XII. OTHER OPERATING EXPENSES (-)		(817,781)
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		872,786
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		0
XV. PROFIT/(LOSS) ON EQUITY METHOD		0
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		0
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		872,786
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)		197,109
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)		675,677
XX. INCOME FROM DISCONTINUED OPERATIONS		0
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		0
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		0
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		0
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		0
XXV. NET PROFIT/LOSS (XIX+XXIV)		675,677

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

STATEMENT OF PROFIT OR LOSS	PRIOR PERIOD	
	1 JANUARY - 31 DECEMBER 2020	
I. PROFIT SHARE INCOME		4,536,840
II. PROFIT SHARE EXPENSE (-)		2,596,001
III. NET PROFIT SHARE INCOME (I - II)		1,940,839
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		141,723
V. DIVIDEND INCOME		6
VI. TRADING INCOME/LOSS (Net)		191,088
VII. OTHER OPERATING INCOME		645,796
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		2,919,452
IX. EXPECTED CREDIT LOSS (-)		(1,256,926)
X. OTHER PROVISIONAL EXPENSES (-)		(75,551)
XI. PERSONNEL EXPENSES (-)		(526,251)
XII. OTHER OPERATING EXPENSES (-)		(583,571)
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		477,153
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-
XV. PROFIT/(LOSS) ON EQUITY METHOD		-
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		477,153
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)		98,979
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)		378,174
XX. INCOME FROM DISCONTINUED OPERATIONS		-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-
XXV. NET PROFIT/LOSS (XIX+XXIV)		378,174

VAKIF KATILIM FINANCIAL STATEMENTS



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

ASSETS	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FINANCIAL ASSETS (Net)	4,947,158	17,869,991	22,817,149
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (Net)	18,249,279	11,089,880	29,339,159
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	0	0	0
IV. OWNERSHIP INVESTMENTS	7,574	0	7,574
V. TANGIBLE ASSETS (Net)	478,296	0	478,296
VI. INTANGIBLE ASSETS (Net)	24,965	0	24,965
VII. INVESTMENT PROPERTY (Net)	0	0	0
VIII. CURRENT TAX ASSET	0	0	0
IX. DEFERRED TAX ASSET	123,465	0	123,465
X. OTHER ACTIVITIES	339,112	27,908	367,020
TOTAL ASSETS	24,169,849	28,987,779	53,157,628

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

ASSETS	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
I. FINANCIAL ASSETS (Net)	2,139,229	8,594,826	10,734,055
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (Net)	10,564,424	8,257,320	18,821,744
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	-	-	-
IV. OWNERSHIP INVESTMENTS	4,819	-	4,819
V. TANGIBLE ASSETS (Net)	412,044	-	412,044
VI. INTANGIBLE ASSETS (Net)	21,354	-	21,354
VII. INVESTMENT PROPERTY (Net)	-	-	-
VIII. CURRENT TAX ASSET	-	-	-
IX. DEFERRED TAX ASSET	33,537	-	33,537
X. OTHER ACTIVITIES	267,621	53,610	321,231
TOTAL ASSETS	13,443,028	16,905,756	30,348,784

FINANCIAL STATEMENTS AND DATA

LIABILITIES	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FUNDS COLLECTED	12,549,368	27,017,103	39,566,471
II. FUNDS BORROWED	3,146,138	2,662,162	5,808,300
III. BORROWINGS FROM MONEY MARKETS	537,043	0	537,043
IV. SECURITIES ISSUED (Net)	0	0	0
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	0	0	0
VI. DERIVATIVE FINANCIAL LIABILITIES	290,587	101,964	392,551
VII. LEASE PAYABLES (Net)	173,858	193	174,051
VIII. PROVISIONS	220,793	81,725	302,518
IX. CURRENT TAX LIABILITY	130,528	0	130,528
X. DEFERRED TAX LIABILITY	0	0	0
LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	0	0	0
XII. SUBORDINATED LOANS	0	764,430	764,430
XIII. OTHER LIABILITIES	534,669	148,501	683,170
XIV. SHAREHOLDERS' EQUITY	4,729,719	68,847	4,798,566
TOTAL LIABILITIES	22,312,703	30,844,925	53,157,628

LIABILITIES	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
I. FUNDS COLLECTED	10,026,411	12,926,804	22,953,215
II. FUNDS BORROWED	2,722,754	882,162	3,604,916
III. BORROWINGS FROM MONEY MARKETS	344,550	-	344,550
IV. SECURITIES ISSUED (Net)	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	11,136	41,067	52,203
VII. LEASE PAYABLES (Net)	149,973	1,833	151,806
VIII. PROVISIONS	154,030	37,024	191,054
IX. CURRENT TAX LIABILITY	108,911	-	108,911
X. DEFERRED TAX LIABILITY	-	-	-
LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	-	-	-
XII. SUBORDINATED LOANS	-	537,047	537,047
XIII. OTHER LIABILITIES	327,730	116,659	444,389
XIV. SHAREHOLDERS' EQUITY	1,940,155	20,538	1,960,693
TOTAL LIABILITIES	15,785,650	14,563,134	30,348,784

VAKIF KATILIM FINANCIAL STATEMENTS

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

STATEMENT OF OFF-BALANCE SHEET	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	16,992,479	51,998,310	68,990,789
I. GUARANTEES AND SURETIES	7,567,945	6,120,825	13,688,770
II. COMMITMENTS	2,632,964	9,554,377	12,187,341
III. DERIVATIVE FINANCIAL INSTRUMENTS	6,791,570	36,323,108	43,114,678
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	212,949,509	11,710,850	224,660,359
IV. ITEMS HELD IN CUSTODY	19,747,744	6,534,762	26,282,506
V. PLEDGED ITEMS	193,201,765	5,176,088	198,377,853
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	0	0	0
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	229,941,988	63,709,160	293,651,148

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

STATEMENT OF OFF-BALANCE SHEET	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	10,221,085	19,652,025	29,873,110
I. GUARANTEES AND SURETIES	5,111,562	3,260,972	8,372,534
II. COMMITMENTS	1,335,493	1,417,606	2,753,099
III. DERIVATIVE FINANCIAL INSTRUMENTS	3,774,030	14,973,447	18,747,477
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	140,704,505	6,292,819	146,997,324
IV. ITEMS HELD IN CUSTODY	20,662,656	3,049,291	23,711,947
V. PLEDGED ITEMS	120,041,849	3,243,528	123,285,377
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	150,925,590	25,944,844	176,870,434

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

STATEMENT OF PROFIT OR LOSS	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020	
	I. PROFIT SHARE INCOME	3,031,096
II. PROFIT SHARE EXPENSE (-)	1,344,967	
III. NET PROFIT SHARE INCOME (I - II)	1,686,129	
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES	74,409	
V. DIVIDEND INCOME	0	
VI. TRADING INCOME/LOSS (Net)	314,013	
VII. OTHER OPERATING INCOME	207,672	
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)	2,282,223	
IX. EXPECTED CREDIT LOSS (-)	514,418	
X. OTHER PROVISIONAL EXPENSES (-)	166,526	
XI. PERSONNEL EXPENSES (-)	357,131	
XII. OTHER OPERATING EXPENSES (-)	401,902	
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	842,246	
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER	0	
XV. PROFIT/(LOSS) ON EQUITY METHOD	0	
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION	0	
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	842,246	
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	175,380	
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	666,866	
XX. INCOME FROM DISCONTINUED OPERATIONS	0	
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)	0	
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)	0	
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	0	
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	0	
XXV. NET PROFIT/LOSS (XIX+XXIV)	666,866	

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

STATEMENT OF PROFIT OR LOSS	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019	
	I. PROFIT SHARE INCOME	2,323,643
II. PROFIT SHARE EXPENSE (-)	1,643,509	
III. NET PROFIT SHARE INCOME (I - II)	680,134	
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES	83,798	
V. DIVIDEND INCOME	-	
VI. TRADING INCOME/LOSS (Net)	512,000	
VII. OTHER OPERATING INCOME	116,609	
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)	1,392,541	
IX. EXPECTED CREDIT LOSS (-)	367,495	
X. OTHER PROVISIONAL EXPENSES (-)	110,257	
XI. PERSONNEL EXPENSES (-)	238,261	
XII. OTHER OPERATING EXPENSES (-)	234,402	
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	442,126	
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER	-	
XV. PROFIT/(LOSS) ON EQUITY METHOD	-	
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION	-	
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	442,126	
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	117,239	
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	324,887	
XX. INCOME FROM DISCONTINUED OPERATIONS	-	
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)	-	
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)	-	
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-	
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	-	
XXV. NET PROFIT/LOSS (XIX+XXIV)	324,887	

ZİRAAT KATILIM FINANCIAL STATEMENTS



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

ASSETS	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FINANCIAL ASSETS (Net)	5,195,516	11,233,289	16,428,805
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (Net)	29,455,349	13,530,498	42,985,847
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	75,240	0	75,240
IV. OWNERSHIP INVESTMENTS	100	0	100
V. TANGIBLE ASSETS (Net)	177,601	363	177,964
VI. INTANGIBLE ASSETS (Net)	161,257	0	161,257
VII. INVESTMENT PROPERTY (Net)	0	0	0
VIII. CURRENT TAX ASSET	0	0	0
IX. DEFERRED TAX ASSET	108,597	0	108,597
X. OTHER ACTIVITIES	213,728	35,458	249,186
TOTAL ASSETS	35,387,388	24,799,608	60,186,996

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

ASSETS	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FINANCIAL ASSETS (Net)	2,190,417	4,024,699	6,215,116
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (Net)	18,004,119	11,534,815	29,538,934
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	104,069	-	104,069
IV. OWNERSHIP INVESTMENTS	100	-	100
V. TANGIBLE ASSETS (Net)	157,597	-	157,597
VI. INTANGIBLE ASSETS (Net)	120,641	-	120,641
VII. INVESTMENT PROPERTY (Net)	-	-	-
VIII. CURRENT TAX ASSET	-	-	-
IX. DEFERRED TAX ASSET	42,153	-	42,153
X. OTHER ACTIVITIES	148,037	65,527	213,564
TOTAL ASSETS	20,767,133	15,625,041	36,392,174

□ Reorganization effects disclosed in section three footnote III.

FINANCIAL STATEMENTS AND DATA

LIABILITIES	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2020		
	TL	FC	Total
I. FUNDS COLLECTED	24,902,562	21,483,588	46,386,150
II. FUNDS BORROWED	4,397,336	1,046,528	5,443,864
III. BORROWINGS FROM MONEY MARKETS	2,101,073	0	2,101,073
IV. SECURITIES ISSUED (Net)	0	0	0
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	0	0	0
VI. DERIVATIVE FINANCIAL LIABILITIES	0	19,440	19,440
VII. LEASE PAYABLES (Net)	111,946	15,688	127,634
VIII. PROVISIONS	211,628	197,616	409,244
IX. CURRENT TAX LIABILITY	96,490	142	96,632
X. DEFERRED TAX LIABILITY	0	0	0
LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	0	0	0
XI. SUBORDINATED LOANS	312,489	768,037	1,080,526
XIII. OTHER LIABILITIES	571,531	216,629	788,160
XIV. SHAREHOLDERS' EQUITY	3,734,357	(84)	3,734,273
TOTAL LIABILITIES	36,439,412	23,747,584	60,186,996

LIABILITIES	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2019		
	TL	FC	Total
I. FUNDS COLLECTED	13,032,205	12,425,040	25,457,245
II. FUNDS BORROWED	2,857,534	3,121,136	5,978,670
III. BORROWINGS FROM MONEY MARKETS	19,135	-	19,135
IV. SECURITIES ISSUED (Net)	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	19	12,460	12,479
VII. LEASE PAYABLES (Net)	97,792	12,267	110,059
VIII. PROVISIONS	189,634	45,645	235,279
IX. CURRENT TAX LIABILITY	122,393	-	122,393
X. DEFERRED TAX LIABILITY	-	-	-
LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	-	-	-
XI. SUBORDINATED LOANS	312,351	537,338	849,689
XIII. OTHER LIABILITIES	363,592	76,805	440,397
XIV. SHAREHOLDERS' EQUITY	3,166,186	642	3,166,828
TOTAL LIABILITIES	20,160,841	16,231,333	36,392,174

□ Reorganization effects disclosed in section three footnote III.

ZİRAAT KATILIM FINANCIAL STATEMENTS

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

STATEMENT OF OFF-BALANCE SHEET	CURRENT PERIOD		
	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	9,924,766	13,934,400	23,859,166
I. GUARANTEES AND SURETIES	6,839,282	9,076,488	15,915,770
II. COMMITMENTS	564,143	97,454	661,597
III. DERIVATIVE FINANCIAL INSTRUMENTS	2,521,341	4,760,458	7,281,799
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	49,071,158	9,620,414	58,691,572
IV. ITEMS HELD IN CUSTODY	4,288,838	3,663,765	7,952,603
V. PLEDGED ITEMS	44,782,320	5,956,649	50,738,969
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	0	0	0
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	58,995,924	23,554,814	82,550,738

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

STATEMENT OF OFF-BALANCE SHEET	PRIOR PERIOD		
	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	5,266,395	9,101,213	14,367,608
I. GUARANTEES AND SURETIES	4,926,966	6,401,171	11,328,137
II. COMMITMENTS	334,484	65,749	400,233
III. DERIVATIVE FINANCIAL INSTRUMENTS	4,945	2,634,293	2,639,238
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	30,357,632	4,147,848	34,505,480
IV. ITEMS HELD IN CUSTODY	4,972,403	1,315,878	6,288,281
V. PLEDGED ITEMS	25,385,229	2,831,970	28,217,199
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	35,624,027	13,249,061	48,873,088

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

STATEMENT OF PROFIT OR LOSS	CURRENT PERIOD	
	1 JANUARY - 31 DECEMBER 2020	
I. PROFIT SHARE INCOME		4,191,345
II. PROFIT SHARE EXPENSE (-)		2,122,807
III. NET PROFIT SHARE INCOME (I - II)		2,068,538
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		92,541
V. DIVIDEND INCOME		104
VI. TRADING INCOME/LOSS (Net)		83,310
VII. OTHER OPERATING INCOME		268,144
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		2,512,637
IX. EXPECTED CREDIT LOSS (-)		994,213
X. OTHER PROVISIONAL EXPENSES (-)		173,855
XI. PERSONNEL EXPENSES (-)		235,155
XII. OTHER OPERATING EXPENSES (-)		316,932
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		792,482
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		0
XV. PROFIT/(LOSS) ON EQUITY METHOD		0
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		0
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		792,482
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)		-153,920
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)		638,562
XX. INCOME FROM DISCONTINUED OPERATIONS		0
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		0
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		0
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		0
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		0
XXV. NET PROFIT/LOSS (XIX+XXIV)		638,562

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

STATEMENT OF PROFIT OR LOSS	PRIOR PERIOD	
	1 JANUARY - 31 DECEMBER 2019	
I. PROFIT SHARE INCOME		3,594,457
II. PROFIT SHARE EXPENSE (-)		2,225,532
III. NET PROFIT SHARE INCOME (I - II)		1,368,925
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		94,452
V. DIVIDEND INCOME		17,762
VI. TRADING INCOME/LOSS (Net)		69,478
VII. OTHER OPERATING INCOME		159,008
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1,709,625
IX. EXPECTED CREDIT LOSS (-)		492,171
X. OTHER PROVISIONAL EXPENSES (-)		87,244
XI. PERSONNEL EXPENSES (-)		183,767
XI. OTHER OPERATING EXPENSES (-)		241,143
XII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		705,300
XIII. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-
XIV. PROFIT/(LOSS) ON EQUITY METHOD		-
XV. PROFIT/(LOSS) ON NET MONETARY POSITION		-
XVI. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		705,300
XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)		(188,565)
XVIII. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)		516,735
XIX. INCOME FROM DISCONTINUED OPERATIONS		-
XX. LOSS FROM DISCONTINUED OPERATIONS (-)		-
XXI. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-
XXIV. NET PROFIT/LOSS (XVIII+XXII)		516,735

CONTACT INFORMATION

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

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

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Türkiye Emlak Katılım Bankası A.Ş.

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Kuveyt Türk Katılım Bankası A.Ş.

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