

20
year

TKBB PARTICIPATION
BANKS
ASSOCIATION
OF TÜRKİYE
"Stronger Türkiye with Participation Banks"

Participation Banks 2021

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IDENTITY

Established In
2002

Members
Participation banks operating in Türkiye

Chairman
Osman ÇELİK
Vakıf Katılım Bankası A.Ş.

Board Members
Albaraka Türk Katılım Bankası A.Ş.
Türkiye Emlak Katılım Bankası A.Ş.
Kuveyt Türk Katılım Bankası A.Ş.
Türkiye Finans Katılım Bankası A.Ş.
Vakıf Katılım Bankası A.Ş.
Ziraat Katılım Bankası A.Ş.

Secretary General
İsmail VURAL (Acting)

Auditors
Süleyman SAYGI-İsmail GERÇEK

Headquarters
Saray Mahallesi, Dr. Adnan Büyükdeniz
Caddesi Akofis Park C Blok No: 8,
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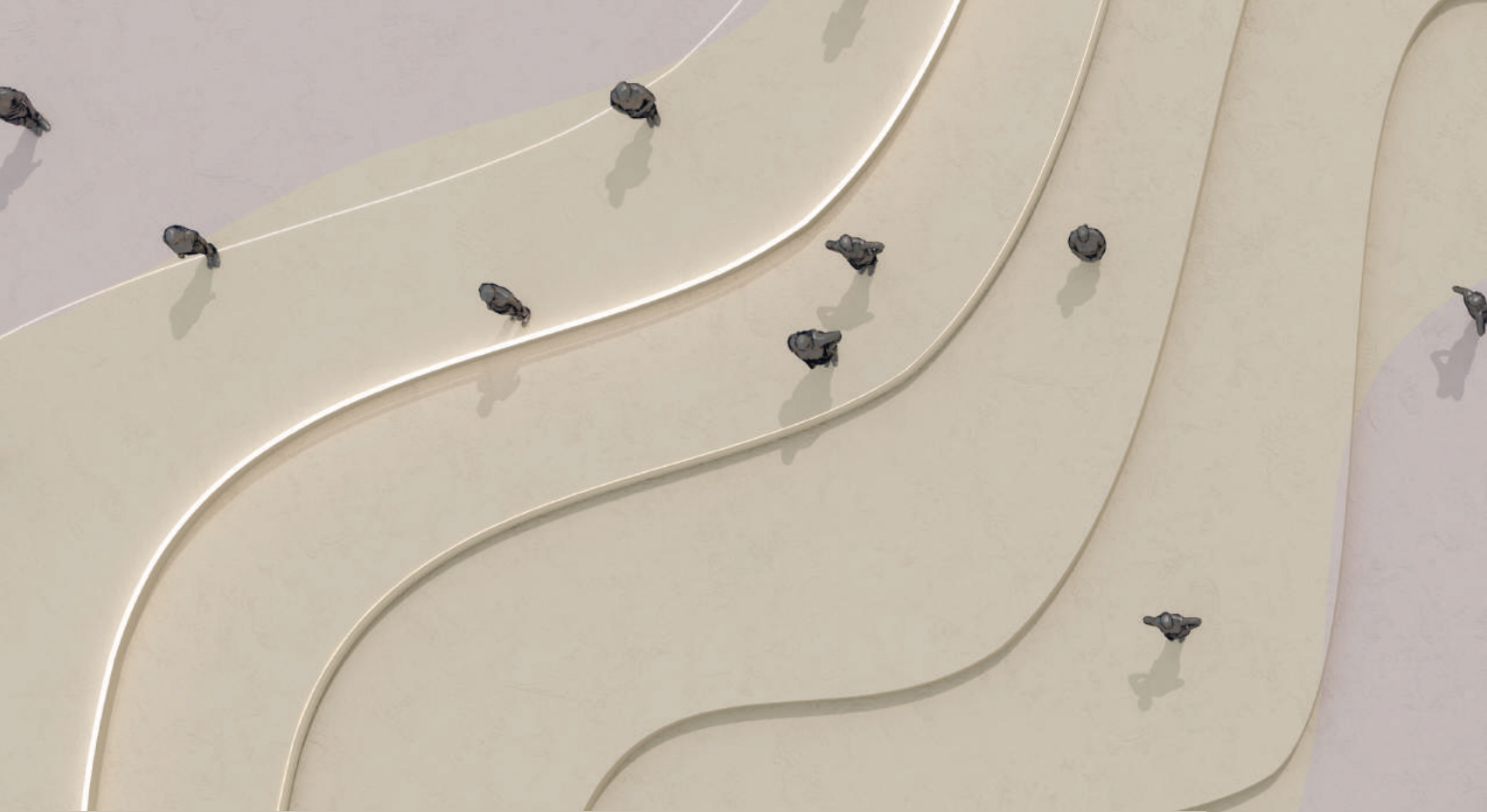
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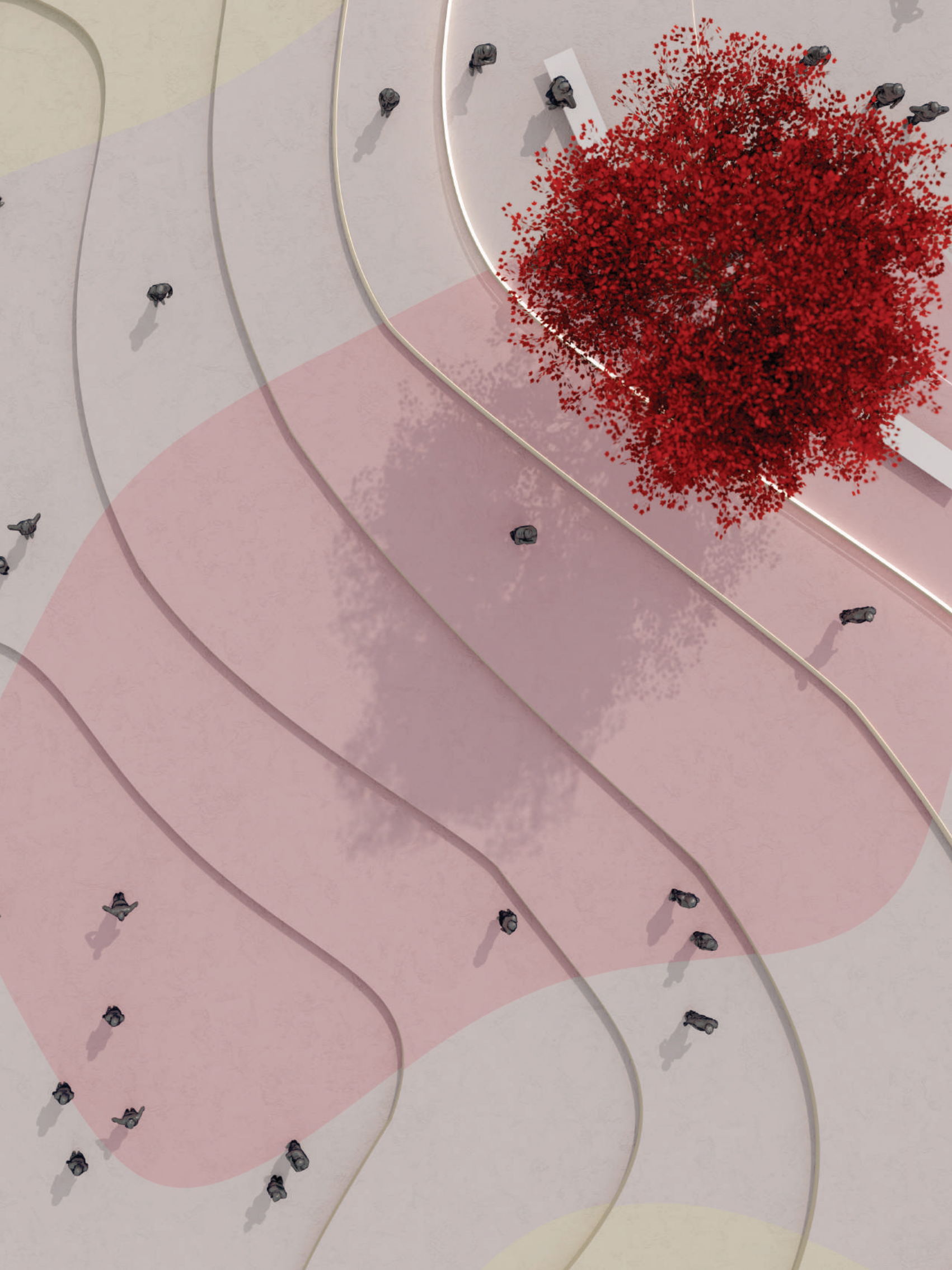




More widespread access

We strive to bring participation banking services to wider audiences by using the new generation technological opportunities brought about by digitalization.

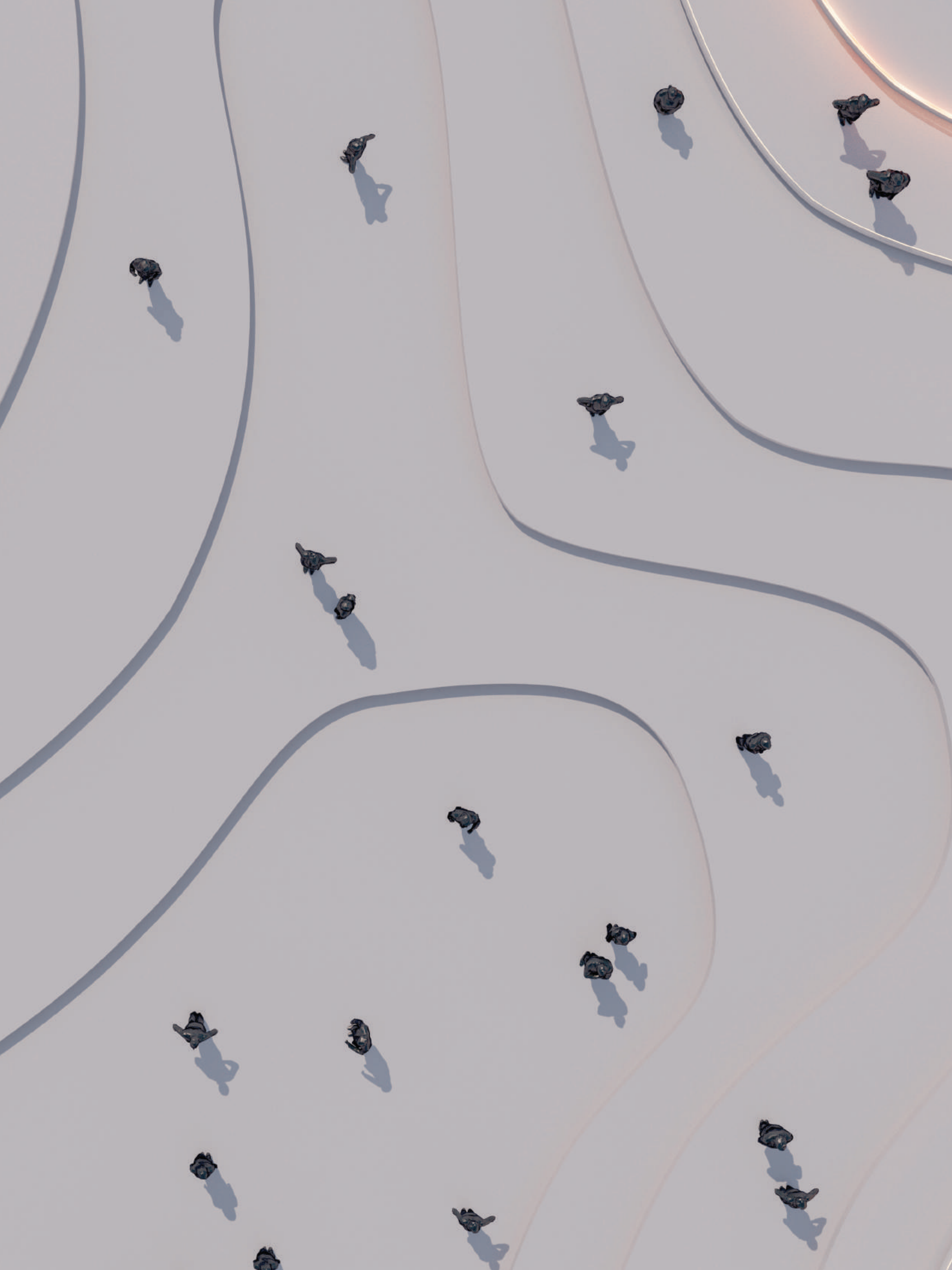






Diversity and inclusion

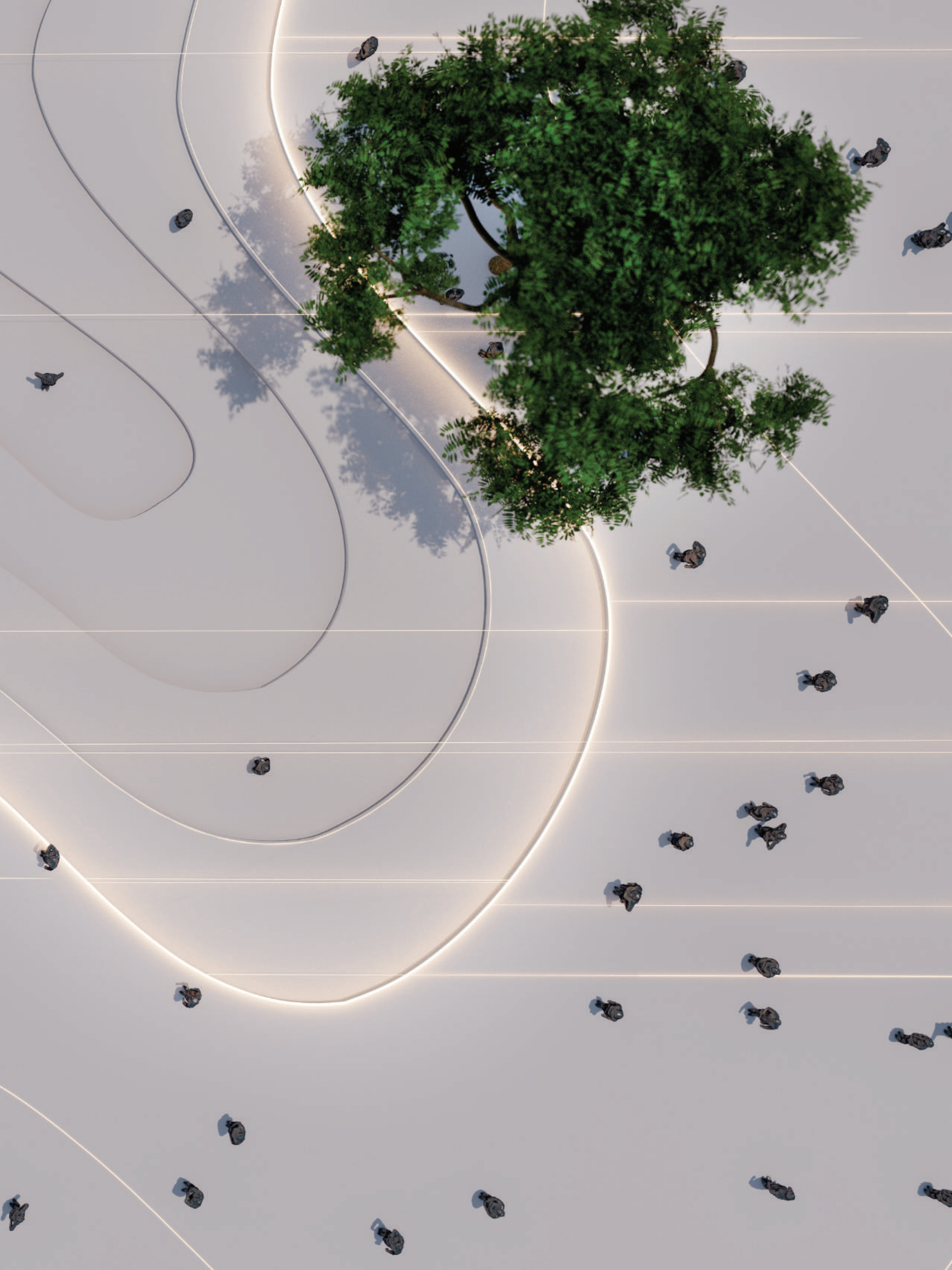
We are working to fully realize the diversity and inclusion phenomena inherent in participation banking.





Future oriented approach

We internalize sustainability in economic, environmental and social terms with all our member banks, and we set our targets to increase the positive effects of participation banking in these areas.



Participation Banks Association of Türkiye in Brief

TKBB is a professional organization established in accordance with the Banking Law, has a legal entity and is a public institution.

The Participation Banks Association of Türkiye (TKBB) is a professional public institution established by the relevant provision of the Banking Law.

The foundations of TKBB, the umbrella organization of participation banks operating in Türkiye, were laid in 2001 with the Association of Private Financial Institutions. The title of the Association was changed to the Participation Banks Association of Türkiye in 2005. The Headquarters of the Association is located in.

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

According to the legislation, all participation banks operating in Türkiye are required to become members of the TKBB within one month of obtaining an operating license. As of April 2022 six participation banks operating in Türkiye are members of TKBB.

2021 Highlights

- The 20th anniversary of the establishment of the Participation Banks Association of Türkiye (TKBB).
- Studies carried out aimed at ensuring sustainable growth of the participation finance model.
- Collaborations with universities were stepped up, agreements signed with international institutions and diversification of the stakeholder base.
- The first Digital Research Report was published to guide the sector and create a strategy.
- As a result of the review of the strategic goals defined in 2015, the Participation Banking Strategy Update Report (2021-2025) was prepared, ten strategies were identified under six main strategic goals and 23 actions related to the strategies were identified.
- We continued to work closely with regulatory authorities to implement legislation, standards and regulations.

Main Indicators of Participation Banking

In 2021, the global economy remained vulnerable to difficult and volatile conditions.

Six Participation banks operating in Türkiye increased their contribution to the process of the uninterrupted functioning of the real economy, supporting the achievement of economic stability and the maintenance of growth.



1,311

Number of branches

The total number of branches of participation banks, with their widespread branch network, increased by 4.5% in 2021.



17,147

Number of personnel

The total employment of participation banks increased by 1.8% in 2021.



TL 717.3 billion

Total assets

In 2021, the total assets of participation banks grew by 64.1%.



TL 36.3 billion

Total shareholders' equity

In 2021, the total shareholders' equity of participation banks grew by 31.4%.



TL 556.4 billion

Collected funds

The assets entrusted by customers to participation banks increased by 73.1% in 2021.



TL 369 billion

Funds extended

The volume of funds extended by participation banks grew by 54% in 2021.

Board of Directors



Osman ÇELİK Chairman of the Board of Directors

Osman was born in Erzincan in 1964. He graduated from the Faculty of Economics and Administrative Sciences, Department of Economics at the Middle East Technical University. Between 1986 and 1987, he worked as an economist at the State Institute of Statistics. Between 1988 and 1995, he worked as a Specialist and as Chief Specialist at the Project Assessment and Preparation Department of the Faisal Finance Institution. He continued his duty as the Project and Marketing Manager at Ihlas Finance between 1995 and 1999. Between 2000 and 2005, he worked as the Executive Vice President at Anadolu Finans. He took up the positions of Executive Vice President responsible for Loans and Commercial Banking, respectively at the Türkiye Finans between years 2006 and 2015 and as the CEO from June 2015. Mr. Çelik was appointed as the Undersecretary to the Treasury on 29 June 2016. During this period, he also served as Executive Committee Member at Islamic Development Bank and as Türkiye's G-20 Sherpa. He also served as Governor at World Bank, EBRD, Asian Development Bank, Black Sea Trade and Development Bank, Ecobank and Asian Infrastructure Investment Bank and as Executive Committee Member at FSB, Financial Stability Committee, Interest-Free Finance Coordination Board and KOSGEB (Small and Medium Industry Development Organization). Mr. Çelik, who served as Chairman of the Board, Member of the Board and Chairman of the Audit Committee at T Eximbank between 2017 and 2021, has been appointed as a Member of the Board of Directors and Chairman of the Credit Committee at Vakıf Katılım Bankası A.Ş. as of October 2018. Osman Çelik has been appointed as the General Manager of Vakıf Katılım as of 25 March 2022.



Nevzat BAYRAKTAR Second Chairman 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.



Malek Khodr TEMSAH Member of the Board of Directors

He was born in Beirut, Lebanon in 1981. He received his Bachelor of Business Administration from The George Washington University (Washington D.C., 2003) and completed his Master's Degree in Business Administration from Thunderbird, the Garvin School of International Management (Arizona, 2006). In 2003, he began his career with Bank of America Business Banking in Washington DC followed by his tenure in the Treasury & Capital Markets Department at the London-based European Islamic Investment Bank between 2007 and 2009. In 2010 he joined leading global Islamic bank Al Baraka Banking Group, Bahrain as Vice President of Treasury where he established & oversaw the global sukuk investment portfolios until 2014. He was also a member of the Board of Directors for one of Morocco's first Islamic banks, BTI Bank, between 2017 and 2020, where he served on the Audit and Board Affairs Committees. He has joined Albaraka Turk in 2014. In 2017, he was appointed as the Assistant General Manager in charge of Treasury and Financial Institutions. From October 2021 to August 2022, he has served as the Acting General Manager in addition to his above-mentioned duty. On 07.08.2022, Mr. Temsah has been appointed as the General Manager of the Bank by the Board of Directors of Albaraka Turk. Besides his duties at the Bank, he serves as the Vice Chairman of the Board at Katılım Pension and Life Company, and as the Chairman of the Board at Albaraka Portfolio Management Company, Insha Ventures Technology Development and Marketing Company, Albaraka Technology Information System and Marketing Trade Company, Albaraka Culture Art and Publishing Company. Temsah who is fluent in English, Arabic, and Turkish; also serves as the member of the Credit Committee, the Executive Committee and the Information Technologies Governance Committee.



Ufuk UYAN
Member of the Board of Directors

Born in Eskişehir in 1958, Mr. Uyan graduated from the Economics Department of Boğaziçi University in 1981. He received an MBA degree from the Business Administration Department of the same university in 1983. He began his professional career as a Research Assistant at the Economics Department of Boğaziçi University in 1979 and worked as a Researcher Economist at the Special Researches Department at Türkiye Sınai Kalkınma Bankası in 1982. Mr. Uyan became the Vice Project Manager at Albaraka Türk in 1985 and continued his career as the Project and Investments Manager at Kuveyt Türk in 1989. Mr. Uyan was promoted Executive Vice President in 1993 and then appointed Head Assistant to the Chief Executive Officer. Mr. Uyan has been the Chief Executive Officer since 1999. Mr. Uyan is also a Member of the Executive Committee, Remuneration Committee, Credit Committee, and Asset-Liabilities Committee of Kuveyt Türk.



Murat AKŞAM
Member of the Board of Directors

Murat Akşam graduated from İstanbul Technical University department of Management Engineering in 1990. He worked as Sales Representative in Beko between 1991-1993, and as Regional Responsible in RAM Foreign Trade Corporation between 1993-1997. He started working as Credit Officer and Credit Allocation Assistant Manager in the Turkish Economy Bank in 1997. He served as the Corporate Credit Manager between 2000-2005, as Corporate and Commercial Credit Allocation Director between 2005-2014, and as Corporate Banking Group Director between 2014-2017. Murat Akşam worked as Commercial Banking Executive Vice President at Türkiye Finans Katılım Bankası between May 2, 2017 and March 24, 2021. As of February 21, 2020, he was appointed as a member of the Board and Acting CEO. Murat Akşam has been appointed as CEO principally as of March 24, 2021. He has 31 years of professional experience in banking and business administration.



Metin ÖZDEMİR
Member of the Board of Directors

Metin Özdemir graduated from the University, School of Business Administration in 1990. Metin Özdemir entered his profession in Kuveyt Türk Finans Kurumu A.Ş. (Kuveyt Türk) in 1992 and continued his career as a manager in retail industry starting from 1996. Mr. Özdemir has served as the Member of Municipal Council of Metropolitan Municipality between 2004 and 2014. While Özdemir was working as the Board Member at Ziraat Bank from April 2012 to May 2019, he also carried out the duties of Ziraat Bank Pricing Committee membership and Credit Committee substitute membership. Mr. Özdemir was elected as the Chairman of the Participation Banks Association of Türkiye (TKBB) in May 2018 and served as Chairman till May 2021. Mr. Özdemir, who is serving as the member of the Board at Ziraat Katılım Bank since 18 February 2015 was appointed as the General Director of the Ziraat Katılım Bank on 12 June 2017. In addition, serving as the Member of the Board and continuing to work in the Surveillance and the Pricing Committees of our Bank, Özdemir is also carrying out the task as the Chairman of the Credit Committee starting from 25 July 2017. He has been the Chairman of ADFİMİ since 12 June 2017.

Advisory Board



Prof. Dr. Hasan HACAĞ Chairman of the Board

He was born in Espiye, Giresun in 1968. He graduated from Espiye İmam Hatip (Religious) High School in 1986 and the Faculty of Theology at Marmara University in 1990. He began his master's degree education the same year at the Institute of Social Sciences at Marmara University. In 1991, he became a research assistant at Marmara University, Faculty of Theology. In 1993, he completed his master's degree with a thesis called "Rights of Easement and Related Concepts in Islamic Law", and his PhD thesis titled "Analysis of the Concept of Right in Classical Sources of Islamic Law" in 2000. He became an associate professor in 2008 and professor in 2013.

Published works: The Effect of the Atomistic Understanding of the Universe on Islamic Law: An Analysis of the Kalam-Fiqh Relationship, The Mind Structure of Arab-Islamic Culture: A Critical Analysis of Information Systems in Arab-Islamic Culture (Translation from Jabirî, 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 İstanbul/Fatih Primary School (Taş Mektep) in 1977. He completed his secondary education, which he started in İstanbul Boys' High School, in Riyadh Islamic Sciences High School in 1985. In 1989, he graduated from Al-İmam Mohammad İbn 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 Cerîr et-Taberî and his juristic thought; Şemsüleimme es-Serahsî, "Şerhü'l-Câmiî'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

He was born in 1964 in Bayburt. After completing primary school in Bayburt, he moved to with his family. After completing his secondary and high school education at Üsküdar İmam Hatip School, he started the Faculty of Theology at Marmara University in 1987. He graduated from the faculty in 1991. He took private lessons in Islamic sciences before and during his university education and became a hafiz. The same year, he was appointed as a teacher to Kağıthane İmam Hatip School.

During his teaching, he started his graduate study at Marmara University Institute of Social Sciences. In 1994, he completed a thesis titled "Exchange Transaction According to Islamic Law", and he started his PhD studies at the same institute immediately. While continuing teaching, he was appointed as a Research Assistant to the Department of Islamic Law at the Faculty of Theology of Cumhuriyet University in 1994, and completed his PhD in 1997 with a thesis titled "Contract of Surety According to the Islamic Law of Obligations and Its Current Practice".

He was appointed as an Assistant Professor in 1998, Associate Professor in 2003, and Professor in 2008. He is married and has six children and still works as a lecturer at Marmara University Faculty of Theology. He also works as the Dean of Kocaeli University Faculty of Theology. He worked as a visiting lecturer and administrator at Baku State University for three years (2004-2007). He speaks Arabic and English.



Prof. Dr. Soner DUMAN Board Member

Originally from Taşköprü, Kastamonu, he was born in İstanbul in 1975. He started the Marmara University Faculty of Theology in 1993. After his graduation in 1998, he started his master's degree at Marmara University Institute of Social Sciences in Islamic law in the same year. He completed his master's degree in 2000 and his PhD in 2007.

Between 2000 and 2011, he worked as a religious culture and ethics teacher at various high schools under the Ministry of National Education. In 2011, he started to work as a lecturer at Sakarya University Faculty of Theology, Department of Islamic Law. He became an Associate Professor at the same university in 2014 and a Professor in 2019. He is still working as the Head of the Department of Islamic Law and lecturer at the same university. He also gives lectures in the Department of Islamic Economics and Finance at the same university.

He has many books, articles and papers, and translations in his field. He is married and has three children.



Prof. Dr. Ahmet YAMAN
Board Member

He was born in Konya. He graduated from Antalya Hatip School (1985), Marmara University Faculty of Theology (1989), and Religious Affairs Administration Haseki Education Centre (1992). He served as hatip and preacher for a while. He completed his master's (1991) and PhD (1996) in the field of Islamic Law at Marmara University.

He became an associate professor in 1999 and a professor in 2005. He worked as a lecturer and administrator at Selçuk University Faculty of Theology (Konya) between 1992-2010. He served as the Founding Dean of Akdeniz University Faculty of Theology (Antalya) in 2010-2013. Following the establishment of this faculty, he returned to his former school, which was renamed as Necmeddin Erbakan University.

During these years, he was elected as a member of the Religious Affairs High Board of Presidency of Religious Affairs of Türkiye in 2011. He was re-elected to this post in 2015. He is still (May 2018) a member of the Religious Affairs High Board of Presidency of Religious Affairs of Türkiye and a lecturer at Necmeddin Erbakan University, Faculty of Theology, Department of Islamic Law.



Temel HAZIROĞLU
Board Member

Temel Haziroğlu was born in 1955 in Trabzon. He settled in with his family and completed his primary and secondary education there. He graduated from Kabataş Boys' High School. He graduated from Technical University, Department of Mathematical Engineering. He completed his master's degree at Sabahattin Zaim University, Department of Business Administration.

He worked as a Programmer, System Analyst, and IT Manager Assistant in Türkiye Emlak Bankası. Between 1986-1991, he worked as an Information Technologies Manager at Albaraka Türk. He was the founding manager of Albos, which is the first interest-free banking automation system in Türkiye. He worked as a free trader and a consultant during 1992-1995. In 1996, he started to work at Albaraka Türk again as the Information Technologies Manager and Assistant Manager of Personnel and Administrative Affairs. In 2003, he became the Deputy General Manager of Albaraka Türk. From 2003 to April 2018, he worked as the Deputy General Manager responsible for Information Technologies, Human Values, Education and Organization, Finance and Strategy.

He still continues to be an Advisory Board Member of the Participation Banks Association of Türkiye (TKBB) since he was elected in May 2018. Haziroğlu has been teaching as a guest lecturer to graduate students at Marmara University Institute of the Middle East and Islamic Countries Studies since 2016. He is doing a PhD in sociology.

Haziroğlu gave conferences and seminars in many universities, high schools, foundations, associations, and organizations. He attended many symposiums and panels as a speaker. He worked in various foundations, associations, and organizations. His articles and papers about the current political, economic, and social structure have been published in various journals and newspapers. He has four books published called " ", (Human and Truth) "Yeni Arayış ve İleri Demokrasi Fikrinin Doğuşu", (The New Quest and the Birth of the Concept of Advanced Democracy) "Katılım Ekonomisi", (Participation Economics) and "Yüceliş" (Exaltation). Temel Haziroğlu is married and has three children.



Assoc. Prof. Dr. Abdurrahman SAVAŞ
Board Member

He was born in Konya in 1972. He completed his primary, secondary, and high school education in İstanbul. He graduated from İstanbul 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 İstanbul University, Faculty of Law. In 2012, he started to work as the Head of the Roman Law Department at İstanbul University, Faculty of Law. In 2014, he was appointed as the Deputy Director of İstanbul University, Faculty of Law, Justice Vocational School. He has works in the fields of Roman Law, Information Technology Law, Civil Law, and Islamic Law.

The Invalidity of Marriage in Islamic and Turkish Law, A Comparative Study on Hittite Roman Islamic and Jewish Laws, Obligations of Parties in Internet Banking, Electronic Testament, and Neighborhood Law from History to Present are some of his other works.

Abdurrahman Savaş, who speaks English, German and Arabic, is married and has three children.

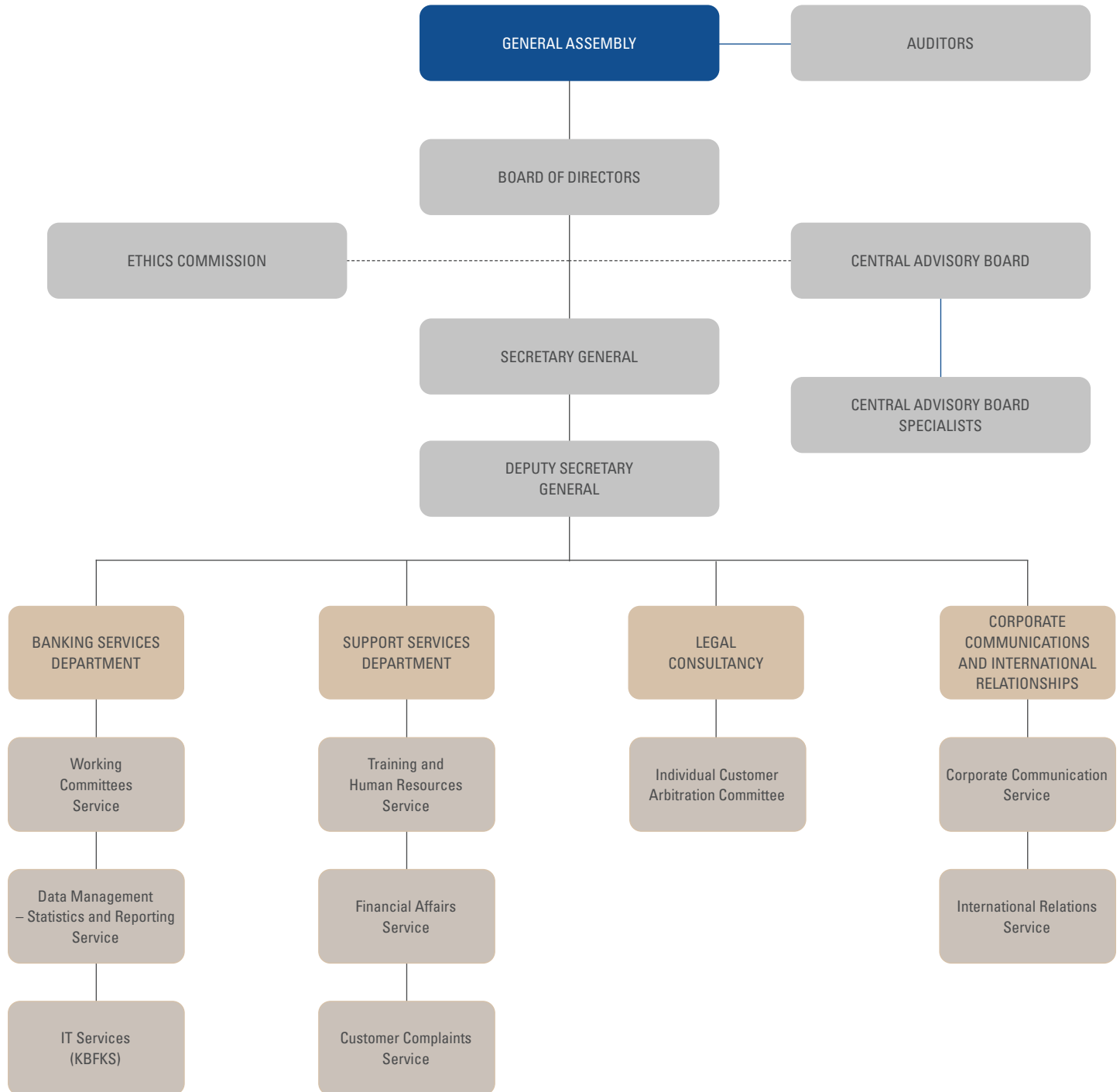
General Secretariat



Ismail VURAL
Acting 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. 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. Ismail Vural, who started his duty as the Deputy Secretary General of the Participation Banks Association of Türkiye in February 2018, was appointed as the Acting Secretary General as of February 2022 and still continues this duty.

Organization Chart



Message from the Chairman of the TKBB



20TH YEAR

The year 2021 was a year in which we went to special efforts to ensure that the participation finance model achieved sustainable growth under the umbrella of the Participation Banks Association of Türkiye (TKBB), the 20th anniversary of which we celebrate this year.



The year 2021, which was still very much marked by the continued efforts to tackle the Coronavirus in our country as well as in the whole world, was an extremely difficult year in which a great deal of intensive work was carried out from individuals to institutions to overcome the devastating effects of the pandemic.

However, despite the different dynamics and difficulties experienced, our country posted growth of 7.2% in the first quarter, 21.7% in the second quarter and 7.4% in the third quarter of 2021 when compared to the same period of the previous year, standing out as the second fastest growing country among members of the G20. These very important and impressive results stand as a key indicator of Türkiye's strength as a free-market economy and the dynamism economy, its sound banking system and vibrant business world.

I believe that in the coming period, our country will break out of its high interest rate cycle and achieve its goal of "High growth, low current account deficit" with its focus on investment, production, employment, exports and growth thanks to the "New Economy Model".

2021 was a year in which we took special efforts to ensure that the participation finance model achieved sustainable growth and that the sector became a world-class financial product and service provider under the umbrella of the Participation Banks Association of Türkiye (TKBB), whose 20th anniversary we celebrated this year.

In order for participation finance to achieve its desired success both in our country and in the wider region, we defined six basic strategic goals - communication, ecosystem, product diversity, standards & governance, digital and competence building for the future - following meetings with our members and industry stakeholders.

Working in line with these strategies, through the work we will perform in the areas of "Payment systems", "Digital wallet", "Artificial intelligence", "Robo-consulting", "Blockchain", "Crowdfunding", "Open banking", "Asset management" and "Fund raising and alternative financing methods", it will be much easier for us to reach our target of a 15% market share by 2025.

We have also carried out important work in the area of digitalization, and started to take the necessary actions by identifying our areas of development.

At the end of December 2021, our sector, which had demonstrated 54% growth in funds extended compared to the end of 2020 and which had extended TL 369 billion of support to the markets, recorded a 64% increase its assets over the same period to reach TL 717 billion, thus increasing the share in the overall banking sector to 8% in terms of assets and 10.5% in terms of funds raised. Our sector operates with 1,311 branches and over 17,000 employees.

In the coming period, we will step up fintech collaborations, strengthen the communication of participation finance with its target customers, and convey the operational processes and functioning of the interest-free finance system to customers in detail. At the same time, we will proceed with all our strength by developing cooperation mechanisms with the stakeholders in the participation finance ecosystem, increase our digital competence, provide product variety which will meet the needs of our customers and carry out work to increase the participation financial literacy of individuals and sector employees.

We will continue our activities with great faith so that the economic and social welfare of our country can reach higher levels.

Osman ÇELİK
Chairman of the Board



15%

We aim to reach a market share of 15% by 2025.

We have set six basic strategic goals for the future: communication, the ecosystem, product diversity, standards & governance, digital and competence building.

Interview with the Acting Secretary General



GROWTH

As participation banks, we aim for sustainable growth. Our growth on the resource side continues and we are successfully engaged in the issue of sukuk. We possess clear risk appetite on the part of the funds extended, and continue to extend resources to the real sector.



Ismail VURAL
Acting Secretary General

1-With the rollout of the vaccination and new therapeutic treatments in 2021, the impact of the pandemic started to recede in the world and in our country. Could you share your views on the course of the pandemic, which has cost the lives of 6 million people over the last two years? In your opinion, what should be done and what should be considered in order to prevent humanity from experiencing similar problems in the future?

We generally talk about the economic consequences of the pandemic, but when we examine the physical and psychological health of societies, we note that serious changes are taking place. The fact that at least 6 million people have lost their lives due to the pandemic in the last two years is a situation which the world has faced for the first time since the Spanish Flu in 1918. The effect of the vaccination rollout and increase in immunity has gradually helped mitigate the impact of the coronavirus as

we enter 2022. States, institutions and individuals now face responsibilities to ensure that this situation does not recur. It is imperative that we build a sustainable structure to protect ourselves from pandemics and natural disasters. In particular, the improvements seen in areas such as our carbon footprint and environmental pollution further highlight the importance of sustainability. The work on sustainability in the field of energy will command the utmost importance for both states and companies in the coming period in all business models. In addition, we need to achieve progress in adapting to each situation quickly and designing working models according to negative situations. After seeing how a problem in one country can spread to the whole world, it is vital that all countries adopt a similar approach, especially in matters affecting the future of the planet, with attention given to issues such as increasing cooperation between countries.

2- The world economy has roared back into growth in the second year of the pandemic. What would you like to say about the performance of the global economy in 2021? Would you describe this growth as sustainable and healthy?

The pandemic precipitated the deepest contraction in the global economy since the Second World War, affecting the entire world. Despite a period of uncertainty, the economy rapidly recovered due to the impact of vaccination rollout. The world economy is estimated to have grown by more than 5% in 2021, with the United States, EU, developing countries and East Asian countries all posting a rapid recovery. The industrial sector has led the recovery while the service sector has lagged behind its pre-pandemic level. The service sector is expected to recover in parallel with the industrial sector on the back of a revival in tourism in 2022.

However, in addition to this growth path, we are faced with a phenomenon of global inflation. As global inflation reached its highest levels for 50 years, the war between Russia and Ukraine in particular has presented new inflationary risks. In addition, the deterioration in supply chains has not yet been sufficiently resolved to cause problems at the point of supply of goods. We foresee that the risks in this area, together with global inflation, will have negative effects on economic activity, with economic activity potentially losing momentum. However, on the basis of current trends economic growth is expected to continue. It is only possible for this growth to be healthy and sustainable by bringing inflation under control, recovering supply chains and increasing sustainable ways of doing business in economic models.

Our goal is to bring economic activity to at least its pre-pandemic levels. To achieve this goal, important tasks fall on the shoulders of all financial organizations. First of all, priority should be placed on providing financing, especially to high value-added, strategic sectors which will increase production, exports, employment and total investments, instead of consumption. On the other hand, the process of economic recovery following of the Covid-19 pandemic has varied between different segments of society. While institutions able to sell their products through digital channels and the upper income group have continued to thrive, the rest of society has faced a number of struggles, such as unemployment and pay cuts, triggering income inequality.

3- In this process, the problem in the global economy was high inflation. Prices of raw materials, food and energy continue to rise. Could you share your thoughts on this issue? Do you think we have reached the end of the era of low inflation in the global economy?

One of the biggest impacts of the pandemic, which started in 2020, in the context of the global economy was the break in supply chains. Due to the lockdowns and restrictions introduced in response to the pandemic, companies canceled a significant proportion of their raw material and intermediate goods orders, but a round of stimulus packages introduced in many economies, especially developed countries, paved the way for a renewal of intermediate goods orders. The wave of demand started to have an inflationary impact, as previously canceled orders encouraged intermediate goods producers to cut production. As prices increased, companies began to increase their orders amid concerns over disruption to their production, placing additional pressure on prices.

The surge in prices of intermediate goods and commodities during the period until the beginning of this year led to a spike in consumer and producer inflation all over the world, the likes of which had not been seen since the 1980s. The ensuing Russia-Ukraine war unfortunately made exacerbated this troublesome situation. We expect these problems to continue for some time in the coming period, albeit with some easing in inflationary pressures by the end of 2022 as the tightening in both monetary and fiscal policies places downward pressure on economic activity, and due to the contraction in demand as a result of the level reached in commodity prices. Achieving the current account balance with the new economy model will be effective in reducing inflation. The model will also support investment, employment and exports with low-cost financing opportunities.

Economic activity

The economy posted a rapid recovery on the back of the vaccination rollout.

>5%

**GLOBAL
ECONOMIC
GROWTH**

Interview with the Acting Secretary General

4- As we were preparing our report for publication, another development affecting the world emerged between our northern neighbors, as the tensions between Russia and Ukraine erupted into a full-blown conflict. We would like to hear your views on this ongoing process. What kind of developments and results could this tension trigger for the world economy, especially for our country?

The biggest impact of the Russia-Ukraine war on the economy has been an upward movement in the prices of many commodities, especially oil and natural gas. Since energy prices are one of the most important inputs of production and transportation, and the effectiveness of monetary policy against such supply-induced inflation shocks is relatively limited, the main effect of the war has been the increase in the possibility of stagflation in the global economy. Another result of this situation will be initiatives to increase the share of local resources in order to ensure the security of supply absolute in energy resources all over the world as well as in our country. As a matter of fact, after the start of the war in Europe, tangible changes have been observed in the public approach to nuclear energy.

We are witnessing the war between two sovereign countries in a way that has not been seen for some considerable time. This situation may disrupt the continuity of the full-scale global trade in goods and services which has prevailed since China joined the World Trade Organization. Most importantly, a progressive trade scheme may be formed within the framework of regional blocks.

The biggest impact of the war in Russia and Ukraine in the context of the economy was the upward movement in prices for many commodities, especially oil and natural gas.

5- Our country also faces a struggle with inflation, which has tended to rise in parallel with global trends. Could you evaluate the macroeconomic policies followed in this regard? Combating inflation is a process that requires patience. When do you think we will start to see the positive results of the policies?

Price increases have become a key agenda item of all economies in this two-year process, which began with the pandemic, when we experienced supply interruptions and disruptions in supply chains. In addition to raw material and commodity prices, rises in energy prices directly and indirectly caused inflationary pressures. These conditions, as well as the Russia-Ukraine war, triggered price increases.

In response to this, various steps are being taken to stem the rise in prices during this period, when high inflation has also affected our own country. The current expectations are that the rate of inflation, which was announced as 61.14% in March 2022, will peak in May and June before following a downward trend as we head towards the end of the year. Global macroeconomic and political developments and exchange rate volatility will also have an impact on inflationary developments in the coming period, with inflation set to decrease towards the end of the year with the support of the base effect. On the other hand, although the efforts to tackle inflation require patience and determination, our country's previous success in this matter will serve as an important reference.

6- The Turkish economy maintained its strong growth in 2021 after having posted growth in 2020. What is the secret behind this success? What should be done to make growth sustainable and permanent in the medium and long term?

The strong course of economic activity, especially in the real sector, supported the vigorous growth in 2021. Parameters such as industrial production, real sector confidence and the manufacturing PMI, an indicator of how the wheels are turning in manufacturing industry, have all revealed a positive picture overall. In addition, developments in foreign trade have also contributed significantly to growth. The strength of Türkiye's infrastructure in many sectors such as industry, tourism, exports and textiles Türkiye overcome crises quickly. The diversity of our economy's sources of income also represents a very important driver of the rapid recovery. Ensuring that this growth is sustainable and permanent requires a structure which does not harm nature or the environment, meets the sustainability criteria and achieves progress at the point of economic independence. Türkiye has been taking steps in these areas for some time and appears to have achieved strong growth momentum. In terms

of energy, in particular, steps have been taken both in terms of domestic energy resources and renewable energy sources. I believe that these labors will bear fruit in the coming period.

On the other hand, it is clear that the driving force of our strong growth is the stability which has been experienced in our country for the last 20 years, and the development it has brought. As in the whole world, the year 2021 - which was marked by the struggle against Covid-19 in our country - was a very difficult year in which very intensive work has been carried out both on an individual and an institutional level to overcome the devastating effects of the pandemic. Along with China, Türkiye was one of the two countries to record positive growth in the world in 2020 - referred to as the year of Covid-19 - with a growth rate of 1.8%. The year 2021 was when economic growth stepped on the gas with Türkiye achieving the highest rate of growth in the last 10 years, at a rate of 11%. With a growth rate of 9.1% in the last quarter, Türkiye led the G20 and ranked third in the OECD. In addition, Türkiye was able to grow for six consecutive quarters from the beginning of the pandemic. The country's gross domestic product (GDP), which was USD 716.9 billion in 2020, increased to USD 802.7 billion in 2021 and exceeded USD 800 billion again after a 4-year hiatus. Per capita income also increased from USD 8,600 to \$9,539. Per capita income reached its highest level since 2018, while total GDP reached its highest level since 2017.

These very important and indeed flattering results serve as an important indicator of Türkiye's strong free market economy, the dynamism of its economy and its sound banking system, as well as demonstrating Türkiye's business world in a glowing light. I believe that in the coming period, thanks to the "New Economy Model", our country will move on from its high interest cycle to achieve its target of "high growth, low current account deficit" focused on investment, production, employment, export and growth.

Our banking sector also continues to achieve healthy growth with its economic understanding based on solid foundations. We sincerely believe our country will emerge from its current difficult process with its solid structural and institutional infrastructure and the steps taken by the relevant authorities to ensure an environment of stability in the financial markets in the near future, and will proceed with the momentum of economic growth. In the coming period, our goal is to enter a new era in which risks in financial markets decrease, predictability increases, and communication with the market strengthens.

7- How would you evaluate the Turkish Economy Model, which was announced towards the end of the year?

The New Economic Model is a system in which investment, production and employment are prioritized by abandoning the "high interest rate-low exchange rate" policy. Achieving the targeted import substitution and current account surplus first requires increased production and investment. A target of low interest rates was set to finance this increase in production, and in this vein, the policy interest rate was cut by 500 basis points, starting from September.

The new model envisages that an abundance of foreign currency is obtained not from the flow of hot money in a high interest rate environment, but from exports and tourism receipts. With the goal of a "competitive exchange rate" rather than a low exchange rate, it is envisaged that Turkish goods will become attractive in foreign markets and stimulate exports. If we seek to increase the share of our exports in global markets, the main thing we need to do is to focus on the production of high value-added goods.

Many factors such as consumer behavior, savings habits and the added value of production have all been instrumental in achieving the success of the model. Since the main purpose of cuts in interest rates is to support production, it is vital that the credit channels work correctly. Since the end of 2021, we note an increase of 5.23% in consumer loans while the volume of commercial loans has grown by more than 20%.

I would note here that we are beginning to see the reflections of the measures taken by our government to ensure the success of the new model. The introduction of Exchange Rate Protected Accounts, introduced to reduce the weight of foreign currency in savings, has contributed positively to the extension of maturities and the growth in TL savings. I believe that with the elimination of disruptions in supply chains, we will achieve the desired momentum by strengthening our investment, employment and exports, as well as through the expected tourism revenues.

Interview with the Acting Secretary General

8- How do you feel about the strength of the financial sector and its place in the Turkish economy?

Banks occupy a very important position in the Turkish economy. They are in a position to support growth through the operation of the credit mechanism. In addition, the banking and financial sector is intertwined with the real sector in Türkiye. Participation banks are also one of the largest promoters of the real sector in accordance with their principles. We have witnessed this situation once again during the rapid recovery following the pandemic. Various regulations adopted by the BRSA also contributed to the safe navigation of this process.

Banks, which have served as an important pillar in tackling the economic problems caused by the pandemic in 2020, supported the real sector to maintain cash flow. With its strong capital structure, the Turkish banking sector has continued to grow in the post-pandemic period. At the end of 2021, it managed to roll over its debts even during the run on the Lira and rising premiums. In the coming period, with the priority on production and investment, the role of the banking sector will be important in providing the necessary financing in this area. The Financial Center, which is expected to open later this year, will also contribute to the enrichment of Türkiye's financial ecosystem. Finally, banks are also in contact with different points of the economy, as they are at the forefront of Türkiye's digital transformation and venture capital investments.

The Turkish banking sector, which has served as an important pillar in tackling the economic problems caused by the pandemic in 2020, has continued to grow in the post-pandemic period.

9- How would you assess the place and weight of the participation finance sector in the world economy? How do you evaluate the growth and progress achieved in the participation finance sector in our country?

The interest-based infrastructure of the conventional banking sector in countries with a predominantly Muslim population has been questioned since the 1950s. With the adoption of the first steps towards the Islamic banking system in the mid-1970s, banks operating in accordance with Islamic principles became involved in the system. Thus, the system began to become an important alternative to conventional banks in countries with a predominantly Muslim population.

By the 1990s, Islamic banking had also attracted the attention of international banks and these banks began to provide services in accordance with Islamic principles in countries with a predominantly Muslim population. It was in the 2000s that the sector attracted international attention and witnessed an acceleration in its growth. The services provided by Islamic banking organizations have become widely accepted and attracted considerable demand internationally. During the economic crisis in 2008, the profitability of conventional banks came under severe strain, while Islamic banks maintained their growth and profitability until the crisis began to negatively affect the real sector. In the face of the crisis, which hit the economies of developed countries and the international financial system particularly hard, the Islamic banking system proved to be more resilient as its operations were intertwined with the real economy.

Today, the provision of banking services in accordance with Islamic principles remains widespread in different countries and regions. We note that participation banks, which are a dynamic and developing part of the banking sector, have also gained an important place in our country with their performance. Our participation banks maintained their strong growth potential in 2021, as in previous years, and are steadily increasing their share in the financial ecosystem. With six banks being among our members, the participation banking sector continues to attract attention with the growth it has demonstrated over the past year above the sector dynamics.

10- How would evaluate the performance of the participation banks in 2021?

Participation banks have been able to increase their market share continuously over the past three years, and participation banks now command a share of 8%. The total assets of participation banks increased by 64% in 2021 to exceed TL 717,320 million at the end of 2021, while their own assets increased by 33% to reach TL 36.6 billion with a 33% increase compared to the same period. Participation banks rounded off 2021 with a net profit of TL 5.7 billion, while our sector recorded 54% growth in the funds extended when compared to 2020, and extended TL 369 billion of support to the markets. Participation banks raised a total of TL 226.6 billion, USD 4.5 billion and 2 billion Malaysian Ringgit in funds through sukuk issuance between 2010 and the end of 2021. The total volume of sukuk issued by participation banks in 2021 reached TL 96,938 million.

There was also a great deal of interest in the Exchange Rate-Protected TL Deposit and Participation Account, a key plank of the Turkish Economic Model. We note that a total of TL 71.7 billion was held in exchange rate protected accounts, which had been activated as of the end of 2021, in participation banks as of March 2022. The transformation also serves as an indication of the renewed confidence in the Turkish lira. Our role is to support the dissemination of applications that will accelerate the appreciation of the TL in the coming period and accurately inform our citizens of the new product.

The Participation Banks Association of Türkiye will continue to fulfill its responsibility by mobilizing all of its resources to ensure stable growth in all sectors, from individual investments which can play a part in smoothing the fluctuations in the economy and our country's financial markets during these volatile times, to the domestic and international commercial activities of our business world. At the participation banks, we aim for sustainable growth. We continue to achieve growth in resources and have demonstrated our success in issuing sukuk. Our risk appetite is clear on the part of the funds extended, and in this sense, we continue to provide resources to the real sector.

The participation banks will continue to increase their support to the markets, especially our real sector, in the coming period and we will work with all our strength to achieve Türkiye's 2023 targets with an awareness of our duty.

11- Digitalization is closely related to participation banking, as it is to all sectors. In this context, what would you like to say about your digital prowess, the areas where you are strong and the areas which need to be developed?

During the course of the pandemic, the process of digital transformation has gained pace in the Turkish financial sector as it has in the rest of the world. Technological developments have allowed banks to improve operational efficiency, raise service quality and improve the customer experience. Technology-focused financial solutions have become a focal point for the participation banking sector in 2021 with a diversification of the services offered in the field of internet and mobile banking throughout the year. While these services continue to develop as an alternative non-branch channel in participation banking, they have become an important channel.

Today, 30% of companies in the financial services sector acquire customers remotely, a rate which is expected to reach 85% in 2023. As an industry, we are aware of our responsibility to support enterprise, especially fintechs, and to strengthen our influence in the ecosystem. We will continue to work with all our strength to fulfill this responsibility.

Assets

The assets of participation banks exceeded TL 717,320 million in 2021, an increase of 64% compared to the end of 2020.

8%

**PARTICIPATION
BANKS' MARKET
SHARE**

Interview with the Acting Secretary General

The customer experience is at the forefront of the digitalization trends in the financial services sector and operational efficiency is becoming the focal point. Big data, which is used for companies to stand out in the products and services they will offer their customers, is basically focused on correctly analyzing, classifying and making available the shared information. Artificial intelligence, machine learning, robotic process automation applications, standardization, automation and digitizing ways of doing business are among the key elements when it comes to improving operational efficiency by reducing the manpower factor in the financial services sector, as in other sectors. While the use of new generation technologies among digitalization activities has grown in importance, in addition to the ecosystem cooperation aimed at digital customer acquisition and customer needs, other important issues are improving the competencies of individuals within the existing ecosystem and increasing digital literacy among customers.

On the other hand, the trend of digitalization in the banking did not enter our lives because of the Covid-19 pandemic, and likewise looks set to maintain its importance in the long term after the pandemic has passed. Banks will continue to offer technological innovations which will place the customer experience as the most effective part of their processes. According to The Economist Intelligence Unit survey for 2020, 66% of bank employees consider new digital technologies such as artificial intelligence, machine learning and blockchain as one of the two trends which they believe will affect their institutions the most by 2025. Wells Fargo & Co. analysts predict that the technological developments and automation processes which are trending in the banking ecosystem will pave the way for 100,000 job losses in the American banking sector in the next 5 years. In addition, the reduction in human resources will hit operational units, such as call centers, particularly hard. It is envisaged that the 20% fall in the number of branch employees in the coming years will account for one third of the total fall in the number of bank employees. The global digital banking platform market is estimated to be on track to reach USD 9 billion by 2026.

Looking at our digital banking figures, the number of active digital banking customers in participation banks had exceeded 4 million as of December 2021. The 12% increase in the number of customers in this area in the last 3 months of the year alone was particularly striking. The annual growth rate in the number of active digital banking customers in participation banks was 22%.

The number of remote customer acquisitions of participation bank customers reached 24,000 in the last month of the year, representing a record increase of 69%. Between May-December 2021, a total of 80,000 customers were acquired remotely, with a total of 7,120,602 customers registered in the system on the Internet or mobile banking channels as of December 2021. Finally, for the first time in Türkiye, the BRSA granted a digital bank license for the establishment of a new participation bank, in what was a very positive and pleasing development for our industry.

12- Is there anything you would like to say about the activities of your Association in 2021?

2021 was a year when we made special efforts to ensure that the participation finance model achieved sustainable growth and that the sector became a world-class financial product and service provider under the umbrella of the Participation Banks Association of Türkiye (TKBB), whose 20th anniversary we celebrated this year.

According to our digital banking figures, the number of active digital banking customers of participation banks exceeded 4 million as of December 2021.

We stepped up our collaborations with universities, increased the number of our stakeholders on behalf of the ecosystem by entering agreements with international institutions, carried out sponsorships and organized a series of training and certification programs to improve the human resources of the sector. For the first time, we published a Digital Research Report, to measure the sector's perspective on digitalization and carried out work in respect to its perception and reputation. We identified our areas of development in the digitalization process and started taking the necessary actions. We are continuing our work in close cooperation with regulatory authorities to implement legislation, standards and regulations. We will continue our activities with great faith to raise the economic and social well-being of our country to ever higher levels.

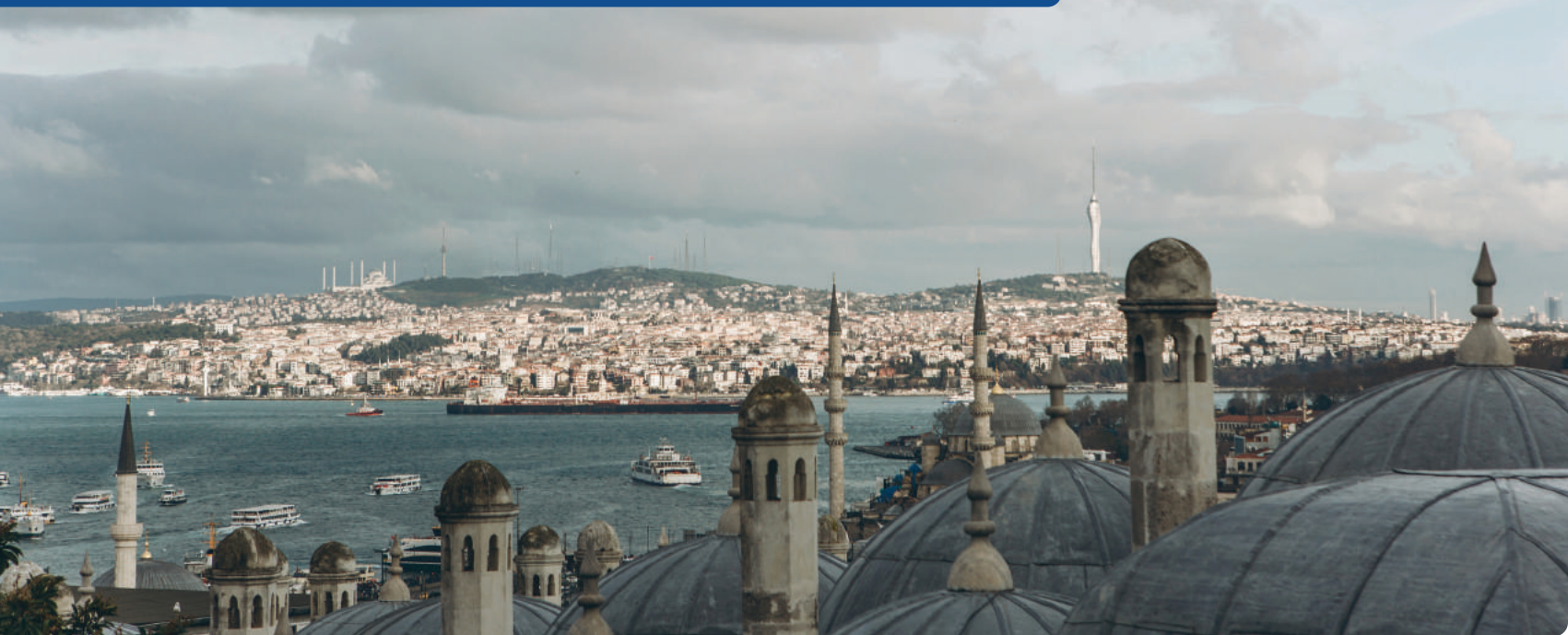
13- What messages would you want to give to your stakeholders within the scope of the strategy update which you published in 2021? Could you tell us about your vision for 2025 and its strategic foundations?

In the wake of the shift in banking conditions and the changes presented by Covid-19 in corporate and individual customer behavior in the banking sector, the Participation Banks Association of Türkiye reviewed its strategic goals defined in 2015. Strengthening the communication of participation banking with target customers, conveying the operational processes and functioning of the interest-free finance system to customers in detail, developing cooperation mechanisms with stakeholders of the participation banking ecosystem, providing a product variety which will meet the needs of customers and raising the level of consciousness and awareness of individuals and sector employees over the next 5-year period have become key focus areas.

Accordingly, in the Participation Banking Strategy Update Report (2021-2025), ten strategies and 23 actions related to strategies were identified under 6 main strategic goals. Following the meetings held with our members and industry stakeholders, six main strategic goals were determined in our communication for the future in order for participation finance to achieve the desired success, both in our country and in the wider region. These six goals were determined as the communication for the future, the ecosystem, product diversity, standards & governance, digitalization and competence building. These strategies will help our sector reach its target of a 15% market share in 2025 as a result of our work on "Payment systems", "Digital wallet", "Artificial intelligence", "Robo-consulting", "Blockchain", "Crowdfunding", "Open banking", "Asset management", "Fund raising and alternative financing methods".

The Participation Banking Strategy Update Report (2021-2025), ten strategies and 23 actions related to strategies were identified under six main strategic goals.

The Climate Crisis, Sustainability, and Participation Finance



Is COP26 a new threshold?

Throughout history, the atmospheric composition of our planet has formed a fundamental basis that has shaped the development and evolution of life and living species on continents, as well as the well-being of humanity.

Scientific findings indicate that in 1500 BC, the level of carbon dioxide in the Earth's atmosphere stood at 277 parts per million (ppm), with barely any change in the concentration of CO₂ in the Earth's atmosphere by 500 BC. The situation barely changed during the Tang Dynasty in China and in the early years of Islam, when calendars show the year as 700 AD.

By the middle of the 19th century, however, the situation had completely changed. The level of CO₂ in the atmosphere had started to rise rapidly by historical standards and, suddenly, by geological standards, with the level of CO₂, which had remained between 275 ppm and 285 ppm for millennia, rising to 300 ppm in the 1910s and to 412 ppm in 2020. In other words, the composition of the atmosphere, which is one of the key elements of the ecosystem, has changed more rapidly over the course of the last century than in the thousands of years before.

The 26th Conference of the Parties (COP26), which convened in Glasgow in the United Kingdom at the end of November 2021, was described by a wide audience of stakeholders as the "best last chance" to address the climate crisis.

COP26, which was held with the participation of almost all countries of the world, hosted more than 39,000 participants, including registered media. Negotiators from nearly 200 countries went to great efforts to reach a consensus on complex and interactive issues, from fossil fuel subsidies and carbon markets to climate finance and transparency.

At the same time, representatives from NGOs, youth and business communities also had the opportunity to take part in the discussions. Despite the ongoing challenges of COVID-19, COP26 has turned into a global action and played an important role in raising awareness and efforts at all levels.

COP26, in which expectations were high, was concluded with a statement which caused confusion in terms of the result. The Glasgow Climate Pact, approved at the conference, reaffirmed the Paris Climate Agreement's goal of limiting global warming to 1.5 "fragile outcome".

However, COP26 also yielded important achievements, notably the historic step of the global decommissioning of coal-based power generation.

It is worth mentioning that in trying to tackle global warming and stabilize climatic conditions again, humanity is faced with a number of alternative solutions, and the necessary technologies exist today. Ultimately, we have a simple equation in front of us - in all human activities, we have to ensure we do not emit more greenhouse gases than the atmosphere can absorb.

The strengthening momentum towards net zero

We have known for some time that we have only a precious few years ahead of us to balance this simple but difficult-to-solve equation. The much-feted Paris Agreement, signed in 2015, which is of great importance in resolving the climate crisis in the wake of the Kyoto Protocol, has brought about a unity of language around this very need. Article 4 of the agreement committed the parties to achieve “a balance between anthropogenic emissions from resource consumption and absorber areas which naturally reduce greenhouse gases in the second half of this century”. In other words, the goal of “net zero” emissions and carbon neutral has been set out.

The process of combating the climate crisis has gained momentum since 2015. At the end of 2019, while only 67 countries had announced their net zero or carbon neutral commitments, there was a large and rapid increase in stakeholder engagement by the first quarter of 2022 to include 136 countries, hundreds of cities and tens of thousands of companies.

Some countries with very high carbon emissions have officially entered the transition process. India set out one of its most notable commitments at COP26, sharing its plans to reach net zero emissions by 2070. On the other hand, China, the world’s most populous developing country, pledged to reach carbon neutrality by 2060.

The overarching goal of the EU Green Deal, presented in December 2019, is to ensure that the European continent the first carbon neutral continent by 2050. The Green Deal also aims to provide a cleaner environment, more affordable energy, smarter transportation, new employment opportunities and a better overall quality of life.

Countries such as Brazil and the USA, which are among the high emitters of greenhouse gases, have also formalized their commitments to reach the net zero target by 2050.



A sample project from our country to the world: **ZERO WASTE**

The “Zero Waste Project”, which was implemented in 2017 by the Ministry of Environment and Urbanization with the aim of controlling wastes and leaving a cleaner and more livable world to future generations, and which achieved great success under the auspices of Mrs. Emine Erdoğan, set an example for many countries and gained recognition on international platforms.

The Zero Waste Project is expected to be implemented gradually throughout Türkiye until 2023. Initially, the project will be implemented in public institutions and organizations, shopping malls, hospitals, educational institutions, entertainment and recreation facilities and large workplaces at the first stage. As the zero-waste project is rolled out, the aim will be to reduce costs and increase efficiency by preventing waste, reducing environmental risks and to foster a “sensitive consumer” identity in individuals in parallel with rising awareness of environmental protection.

Zero Waste Blue was launched in 2021 in another important step to carry out the practices for reducing marine litter in a systematic manner and to raise awareness and sensitivity in society. Within the scope of Zero Waste Blue, work has been carried out to eliminate environmental pollution which directly threatens our sea and water assets and work is carried out to raise awareness on the issue of marine pollution with training activities also carried out. Considering that 80% of marine pollution originates from the land, the Zero Waste Blue system is a system which must be carried out sensitively by coastal, port, beach operations and marinas, which are directly related to our sea and water assets.

For more information:

<https://sifiratik.gov.tr/> and <https://mavi.sifiratik.gov.tr/>

The Climate Crisis, Sustainability, and Participation Finance

Where are we in sustainability?

The history of the concept of sustainability in our country dates back to the 1970s, when the issue started to take hold on the agenda in developed economies. The concept of the environment and protecting the environment became a part of state policy for the first time with the establishment of the Prime Ministry's Undersecretariat of Environment in 1978, and the concept of environment and protecting the environment in Türkiye was included in the constitution for the first time in 1982. A year later, the Environmental Code entered force. A number of regulations were implemented in the years which followed, and Türkiye became a party to international and regional legal regulations.

After the UN Environment and Development Conference held in Rio in 1992, Türkiye explicitly included the concept of sustainable development in all Development Plans, starting with the 7th Development Plan. In addition, the sustainable development approach has been included in many sectoral and thematic national policy and strategy documents.

The work in the field of sustainability has accelerated and diversified with the widespread adoption of the 2030 Agenda, which places responsibility not only on governments but also on businesses, NGOs and academia. Having reached a new threshold in sustainability with the approval of the Paris Climate Agreement, Türkiye aims to take the UN Sustainable Development Goals (SDGs) as part of its long-term vision and one of the main inputs to its Development Plan.

Türkiye, which has reached a new threshold in sustainability with the ratification of the Paris Climate Agreement, aims to take SDGs as part of its long-term vision and as one of the main inputs of the Development Plan.

The Paris Climate Agreement and Türkiye

The Paris Climate Agreement was ratified in Parliament on 6 October 2021 and became binding on our country. The decision on the ratification of the agreement was published in the Official Gazette on 7 October while Türkiye's approval of the Paris Agreement was reported to the UN Secretariat on 11 October. The Climate Agreement entered force in Türkiye on 10 November 2021, the 30th day after the approval was notified to the Secretariat, and our country became the 192nd country to become a party to the agreement.

Another important structural step was taken with Presidential Decree No. 85 published in the Official Gazette dated 29 October 2021, and numbered 31643, and the name of the Ministry of Environment and Urbanization was changed to the Ministry of Environment, Urbanization and Climate Change.

The entry into force of the Paris Agreement closely concerns all segments of Türkiye. Developing policies for the transition to a zero-carbon economy and drafting regulations in accordance with the target of limiting the rise in global temperatures to 1.5 Türkiye is expected to update its national contribution declarations, including the emission reduction targets, in the energy, waste, transportation, buildings and agriculture segments within the scope of the Paris Agreement and submit them to the UN Secretariat in the coming period.

In his public statements, President Erdoğan has pledged that Türkiye's target is to reach net zero emissions by 2053. In this vein, Türkiye is expected to create a net zero carbon roadmap in line with this target.

The importance of transition finance

According to the calculations carried out ahead of the COP26, infrastructure investments of USD 6.9 trillion per year and between USD 1.6-3.8 trillion in annual spending on energy transition will be required to achieve the targets set out in the Paris Agreement in tackling the climate crisis.

These amounts have increased with the new targets set out in the Glasgow Climate Pact signed at COP26. Private capital is vital, given that there is not sufficient public funding to finance the transition, indicating the need for international capital markets to play a dominant role in the process as stakeholders.

Environmental, Social and Governance (ESG) focused capital market activities are often synonymous with reducing or divesting the risk portfolio of high-emission sectors such as oil and gas, cement, steel, marine, aviation and mining. However, many of these high-emitting sectors are the sectors that the real economy will still need decades from now. In these strategically important areas, low-carbon or no-carbon alternatives are not yet available on the required scale. On the other hand, some sectors face obstacles which prevent or complicate the process of decarbonization in economic, technological or other respects. All sectors need to be included in the transition to a clean global economic order, although the fact remains that some cannot be completely decarbonized.

Another axis emerges on the basis of the type of investor. The divestment of risk portfolios by ESG-minded investors also provides room for investors who do not share the same concerns or do not adequately support a sustainability agenda. As a result, the approach to divestment of carbon-intensive portfolios alone will not be sufficient to achieve lower emissions and will require a collective approach from the public to the private sector and capital markets.

Responsible investment approach and the transition sukuk market

An increasingly important component of the journey towards achieving a low carbon economy is the issuance of transition bonds and transition sukuk.

The first transition sukuk in the Islamic finance sector was issued by Etihad Airlines in Abu Dhabi in 2020 and aimed to finance investments in sustainable aviation and carbon reduction. The Islamic Development Bank will allocate the resources it provides to appropriate projects within the framework of the Sustainable Finance Framework in order to support the transition to a green economy with its high-stakes sukuk issuance realized in March 2021.

As the leading country in global sukuk assets, Malaysia issued the world's first US dollar-denominated government sustainability sukuk in April 2021, while the Malaysian Government allocated resources from issuance under the Sukuk Framework of the Sustainable Development Goals to activities expected to facilitate the transition to a low-carbon economy, with priority given to clean transportation, sustainable management of natural resources, renewable energy and green buildings.

In addition to investors and companies, global banks have also entered this field. The Sustainable Trade Finance Framework, recently introduced by Standard Chartered in the UAE, aims to support customers who aim to reduce their carbon footprint. Announcing a similar commitment, at the beginning of 2021 HSBC announced that it had established a special sustainability and transition finance team to help companies in the Middle East, North Africa and Türkiye transition to a more sustainable future. Capital markets present tremendous potential in the field of transition sukuk issuance.

A Low Carbon Economy

An increasingly important component of the process towards achieving a low carbon economy is the issuance of transition bonds and transition sukuk.

COP26

GLASGOW
CLIMATE
PACT

The Climate Crisis, Sustainability, and Participation Finance

Sustainability and the participation banking sector in Türkiye

The Turkish banking sector and participation banks in particular, are carrying out important work in terms of raising awareness, capacity and practices in the field of sustainability. Work in this vein has been stepped up recently, which also marks an important juncture in the international relations of banks and their borrowing activities. In particular, areas such as renewable energy, energy efficiency, projects which generate social contributions and increase women's employment are among the areas where our banks implement sustainable finance and banking practices.

Among the participation banks, steps are being taken to internalize sustainability and turn it into a management and finance understanding.

The green or sustainable sukuk issuance of participation banks stands out among these steps.

In 2021, Kuveyt Türk broke new ground by issuing "Global Sustainable Tier 2 Subordinated Sukuk" for the first time in Türkiye and in the world, in line with the principles of participation finance. The USD 350 million sustainable sukuk issuance, with a maturity of 10 years and an early redemption option at the end of the 5th year, attracted more than USD 4.3 billion in demand from a wide region.

Emlak Katılım has added a new innovative sukuk model to the models it has introduced to the market in accordance with the principles of participation finance and has carried out the issuance of green sukuk based on Türkiye's first labor-capital partnership conducted through a Private Fund Pool Participation Account. This transaction brought the "Best Sukuk Issuance of the Year Award" to our country at the Islamic Finance News Awards on a sector-by-sector basis.

In Türkiye, steps are being taken to internalize sustainability among participation banks and transform it into a management and finance approach.

Having successfully implemented the sustainability approach in all components of its organizational structure, Albaraka Türk became the first participation bank to be included in the Borsa (BIST) Sustainability Index, and achieved one of the highest rankings in the banking sector with its efforts within the scope of the Carbon Disclosure Project (CDP).

The rapid development of the green and blue sukuk market

The first green sukuk issuance in the world was carried out by the Malaysian State on 27 June 2017. Sukuk, which provides financing for a sustainable infrastructure investment like renewable energy power plants on the environmental axis, is referred to as green sukuk. In the past five years, green sukuk has turned into a financing instrument that attracts strong attention with a focus on sustainability and whose volume is growing every year.

When it comes to environmental sustainability, investors want to know and monitor exactly how the funds will be used. For this reason, green sukuk issuances, whose revenues are allocated to a project that contributes to or improves the environment, stand out as an extremely accurate, focused and clear product alternative for ESG-oriented capital markets investors. Looking at the global scale, it is observed that the issuance of green bonds, including the issuance of sukuk, and the need for this financial instrument are increasing rapidly.

The success achieved in the green bond market in such a short space of time has supported the entry of a number of blue financial instruments such as blue sukuk.

Considering that the oceans cover approximately two-thirds of the earth's surface, it is the collective responsibility of humanity to have clean, sustainable and healthy oceans and to protect and sustainably use the oceans, seas and marine resources for sustainable development, as stated in SDG 14.

Adverse events, from climate change to ocean pollution and overfishing, have devastating effects on marine biodiversity.

The seas and coastal regions of our world are feeling the threat posed by the growing climate crisis more and more every day. The increase in interest in the blue economy highlights and brings to the agenda the close links between oceans and Deceleration of climate change. On the other hand, one of the biggest obstacles to increasing the resilience of the oceans and supporting the blue economy is access to capital and funding. Innovative finance is developing as a popular tool to help in the race against time to protect our oceans.

The world's first blue finance issuance was made by the Seychelles Republic, followed by other issuers.

About the future

The development of Islamic green and blue finance provides an opportunity for the industry to grow and fully internalize the increasingly popular socially responsible finance and ESG agendas. In addition, tighter linking of Islamic finance with the SDG will further strengthen the industry's commitment to the environment.

As a sector supported by ethical values, inclusivity and social responsibility, Islamic finance has experienced a major breakthrough on a global scale in the last twenty-five years. Revealing the social aspect of Islamic finance, the development of the ESG sukuk, ESG funds and trust funds will serve the overarching philosophy that outlines the goals of protecting and advancing the common interests of humanity.

Islamic finance has a stance that accepts the philosophically of social responsibility and in adheres to it in principle. In the coming period, many innovations that directly or indirectly contribute to the different axes of sustainability and SDG, especially in sukuk and other products, will rapidly come to the fore.

The Conference of the Parties (COP) meetings to be held in the next two years will take place in the MENA region. COP27 and COP28, which will be held in Egypt in 2022 and in the UAE in 2023, will bring together the leading participants of global markets and state authorities, and will support and highlight the greater role of Islamic finance resources in the transition to a low carbon economy.

The potential of Islamic Finance



COP27 - 2022
Egypt

COP28 - 2023
UAE

COP
Meetings

COP Meetings will support and highlight the greater role of Islamic finance sources in the transition to a low carbon economy.

The World Economy



Global Growth

The recovery in the global economy in 2021 went beyond expectations.

The Covid-19 pandemic, which affected the whole world in 2020, precipitated a 3.5% contraction in the world economy. With the support of the financial and monetary policies implemented to alleviate the fallout of the pandemic, whose impact rumbled on throughout 2021, the recovery in the global economy followed a course which surpassed projections during the year.

In the first quarter of 2021, the USA and Japan announced very large-scale financial support packages, while European countries decided to distribute the next generation EU funds, which prioritize the environment and digitalization, as well as eliminating the negative economic and social effects of the epidemic. In developing countries, on the other hand, financial support continued to be more limited.

One of the most important contributing factors to the global recovery in 2021 was the global vaccination rollout. Although there are discrepancies in the access to vaccines between countries, the vaccination rollout gained momentum around the world in the second half of 2021. While the rapid recovery in the industrial sector and international trade continued on a global scale during this period, the service sectors displayed a weaker outlook due to the restrictive measures which continued to be implemented, despite being scaled back in many countries.

Issues in the supply chain, concerns over the Chinese housing sector, the spread of the Delta variant and the introduction of new restrictions caused the recovery in the global economy lost some momentum in the second half of the year. In addition, the high levels of commodity prices and the imbalances between supply and demand led to an increase in inflationary pressures, causing the tightening schedule of central banks of developed and developing countries to be brought forward.

Measures taken against pandemic in 2021 and disparities in vaccination rates lead to divergences between countries.

Emerging markets and developing economies negatively decoupled from developed countries in terms of growth performance due to inequalities in access to the vaccines and decreasing incentives.

In its report published in January 2022, the IMF lowered its global growth forecast for 2022 by 0.1 percentage points while leaving its forecasts for 2021 unchanged. Although there was no significant decrease in global growth forecasts, significant changes were observed in the expectations for a number of countries. Developing countries suffered a slowdown in growth due to the pandemic while expectations for some developed countries with relatively uninspiring short-term recovery prospects were revised to lower levels.

According to the IMF, the deepening in the negative divergence between the economies of developed and developing countries is one of the main issues that will affect the economy. The most important risks facing developing countries are now the tightening of financial conditions, unanchored inflation and a faster than expected withdrawal of financial support. Although the IMF set out its expectation that inflation would return to pre-pandemic levels in most countries in 2022, inflationary pressures have emerged as one of most important risk factors for the coming period.

The IMF has announced a global economic growth forecast of 4.4% for 2022, during which time inflation expectations will be shaped and the role of central banks in protecting financial conditions against premature tightening will gain importance.

In its Economic Outlook report published in December 2021, the OECD set out its forecast of global growth of 4.5% in 2022 and 3.2% in 2023 with the global recovery set to continue in 2022 and 2023 thanks to continued progress in the global vaccination rollout, supportive macroeconomic policies in major economies and benign financial conditions.

In the report, the OECD stated that high food and energy prices, supply constraints associated with the pandemic, and the rapid recovery in demand since mid-2020 had precipitated an acceleration in inflation in most OECD economies, particularly in the United States, Latin America and Central and Eastern European countries.

GROWTH IN THE WORLD ECONOMY (2020-2023) (%)

	Realization	Forecast	Projection	
	2020	2021	2022	2023
WORLD OUTPUT	(3.1)	5.9	4.4	3.8
Advanced Economies	(4.5)	5.0	3.9	2.6
US	(3.4)	5.6	4.0	2.6
Europe (Euro Zone)	(6.4)	5.2	3.9	2.5
Germany	(4.6)	2.7	3.8	2.5
France	(8.0)	6.7	3.5	1.8
Italy	(8.9)	6.2	3.8	2.2
Spain	(10.8)	4.9	5.8	3.8
Japan	(4.5)	1.6	3.3	1.8
United Kingdom	(9.4)	7.2	4.7	2.3
Canada	(5.2)	4.7	4.1	2.8
Other Advanced Economies	(1.9)	4.7	3.6	2.9
Developing Economies	(2.0)	6.5	4.8	4.7
Developing Europe	(1.8)	6.5	3.5	2.9
Russia	(2.7)	4.5	2.8	2.1
Developing Asia	(0.9)	7.2	5.9	5.8
China	2.3	8.1	4.8	5.2
India	4.0	(8.0)	12.5	6.9
Middle East and North Africa	(2.8)	4.2	4.3	3.6
Latin America	(6.9)	6.8	2.4	2.6

Source: IMF World Economic Outlook, January 2022

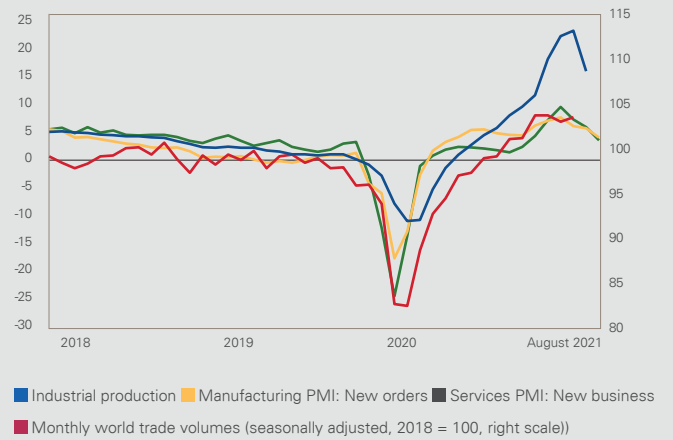
The World Economy

Global Growth

The IMF has announced a global economic growth forecast of 4.4% for 2022, during which time inflation expectations will be shaped and the role of central banks in protecting financial conditions against premature tightening will gain importance.



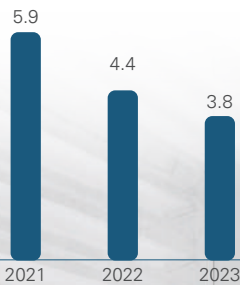
GLOBAL ACTIVITY INDICATORS



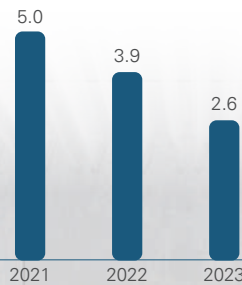
Sources: IMF World Economic Outlook, October 2021

GROWTH PROJECTIONS

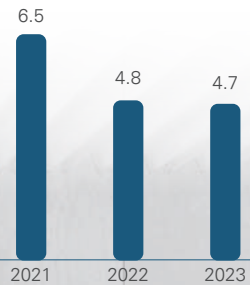
Global Economy



Advanced Economies



Developing Economies



Sources: IMF, World Economic Outlook, January 2022



Global Trade

A global supply chain reeling from the damage caused by pandemic, which will take a long time to repair

The supply chain, which was disrupted due to the lockdowns and restrictions implemented in 2020, came under strain from surging demand in 2021 as the vaccination rollout gained pace and measures were relaxed. This situation caused global chaos for producers and distributors who were unable to produce sufficiently and meet demand to the extent that they had before the outbreak. This chaos in the supply chain not only limited the ability of manufacturers to meet growing demand throughout the year, but also piled on costs in global trade and led to a significant rise in cost of goods.

Data from the United Nations Conference on Trade and Development found that the shipments of products from China to South America cost five times more in early 2021 than in 2020. Freight prices on routes to China and North America have more than doubled, also leading to an increase in inflation around the globe.

WORLD TRADE VOLUME GROWTH (2020-2023) (%)

(Annual average change in world import and export volumes)

	Realization		Forecast	
	2020	2021	2022	2023
World Trade Volume	-8.2	9.3	6.0	4.9
Advanced Economies	-9.0	8.3	6.2	4.6
Developing Economies	-6.7	11.1	5.7	5.4

Source: IMF World Economic Outlook, January 2022

Growth in global trade volume exceeds expectations

Due to the impact of the incentives introduced and the steps taken towards normalization, there has been a turnaround in macroeconomic indicators, which have bounced back as rapidly as they declined. While the recovery in global trade was higher than expectations, regional differences attracted attention.

The World Trade Organization (WTO) increased its growth forecast for global goods trade volume for 2021 from 8% in March to 10.8%, while predicting growth of 4.7% in 2022. While these forecasts appear to be at the optimistic end of the scenarios, it is stated that the risks arising from both the pandemic and supply chain disruption are on a downward trajectory.

TRADING VOLUME GROWTH

The incentives and steps towards normalization precipitated a bounce back in macroeconomic indicators which was as rapid as their fall. While the recovery in global trade exceeded expected, regional discrepancies stood out.



GLOBAL TRADE OF GOODS

The World Trade Organization (WTO) raised its projection for growth in global goods trade volume for 2021, from its March forecast of 8% to 10.8%, while setting out its forecast of 4.7% growth in 2022.

The World Economy

Commodity and Oil Prices

The rise in commodity prices was one of the key features of 2021

Despite some increase in oil prices in 2019 due to supply constraints and mounting geopolitical risks, the decrease in global demand due to the pandemic and the conflicts between oil-exporting countries led to historical decreases in prices.

The recovery in many commodity prices in the second half of 2020 was reflected to oil prices with a lag. While this situation was reversed with the normalization seen in many economies in 2021, and prices of Brent oil reached USD 85.82 per barrel to close the year up 50.83%. Likewise, prices of natural gas, another key component of the energy complex, ended 2021 with an increase of 46.85%.

Many factors, from climate change to the rapid growth in global demand, affected agricultural commodity prices in 2021, leading to an increase of 28.1% in global food prices according to figures provided by the United Nations Food and Agriculture Organization (FAO), reaching a 10-year peak. On the other hand, the increase in fertilizer prices was also a key reason for the general increase in food prices, by saddling farmers with increased fertilizer costs.

Iron ore prices, which started the year 2020 at USD 91 per ton and closed the year at USD 155, entered 2021 with an upward trend, but exhibited a downward trend until November due to China's reduced purchases against rising prices in July and the accumulation of stocks at the ports, before ending the year at USD 112 per ton.

In 2022, commodity prices will depend on the course of Chinese growth, the approach of the OPEC+ Group, Iran's nuclear deal, the use of strategic reserves and the geopolitical risks associated with the situation in Russia and Ukraine.

50.83%

INCREASE IN THE BRENT OIL PRICE

The Brent crude oil price climbed to USD 85.82 per barrel, with natural gas ending 2021 up by 46.85%.

COMMODITY PRICES

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



Source: IMF World Economic Outlook, October 2021

Global Inflation

The IMF estimates that global inflation will remain high for longer than had been predicted.

In 2021, a year in which expansionary monetary policies continued to be implemented, global inflation remained high due to the upward pressure on oil and commodity prices and the recovery in global demand. Mounting expectations of growth on a global scale and the emergence of supply-side problems in some commodities were the factors behind the surge in commodity prices in 2021. Commodity prices, especially in energy, reached all-time highs during the year.

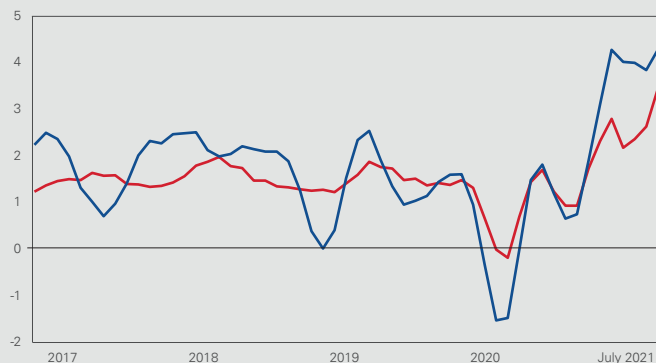
In addition to global commodity and energy prices, there were significant increases in consumption expenditures, especially electronic equipment, in parallel with the increasing tendency to work from home. During this period, demand for housing increased due to the low interest rate environment on a global level, with historic increases in housing prices all over the world. Consumption of electrical durable goods has led to delays in the supply of microchips and disruptions to production with price hikes observed in many product groups, especially in the automotive sector.

Ongoing supply chain disruptions and rising energy prices in 2022 have been leading to surges in producer prices in many developed countries, feeding concerns that the high levels of global inflation may not be a temporary phenomenon.

In its January 2022 report, the IMF predicted that average consumer inflation in developed economies would rise from 0.7% in 2020 to 3.1% by 2021, while projecting that the average annual increase in consumer prices in emerging markets and emerging economies would edge up from 5.1% in 2020 to 5.7% in 2021.

HEADLINE INFLATION: CYCLICAL AND NONCYCLICAL CONTRIBUTIONS (%)

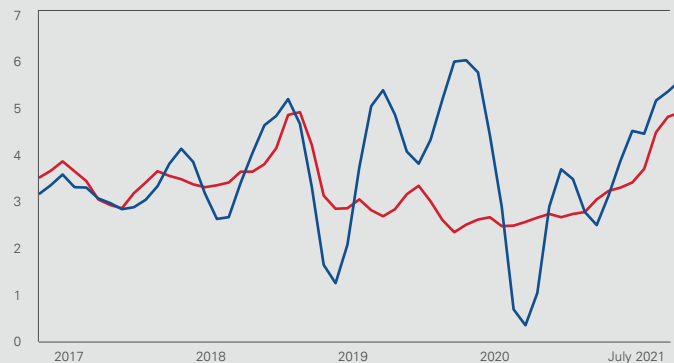
Advanced Economies



■ Noncyclical
■ Cyclical

Source: IMF World Economic Outlook, October 2021

Emerging Market and Developing Economies



■ Noncyclical
■ Cyclical

Note: The graphs show the constant contributions of countries to headline inflation in the following quarters. Contribution to headline inflation on a country basis is defined as GDP in purchasing power-parity terms, multiplied by the weight of the annual price change in the main consumer price index basket. The contribution of any component is calculated by multiplying the weight of the price change from year to year in the headline inflation basket.

The World Economy

Global Monetary Policies

The US economy, which rounded off 2021 with growth, is expected to complete 2022 with a strong performance.

The US economy was one of the leading economies in the global recovery in 2021. During the year, a USD 1.9 trillion economic support package was implemented as part of the efforts to tackle the pandemic. In the second half of the year, there were material slowdowns in private consumption and manufacturing production, while worsening supply shortages and rising energy prices put upward pressure on inflation. The marked recovery in the employment market focused the attention on the mounting inflationary pressures.

The Fed's guidance of keeping the policy rate unchanged in a range of 0-0.25% in 2021 remained in place until the last quarter, while the FED indicated that the asset purchases that it commissioned in March 2020 would continue until the employment and inflation targets were met.

Announcing its asset purchase reduction program in November, the Fed accelerated the process of reducing its asset purchases at its December meeting and guided for three interest rate hikes for 2022.

With the verbal guidance and tightening steps taken by the central banks of developed countries, especially in the second half of 2021, developing countries in general also tended to tighten their monetary policies. The pace at which the Fed normalizes its monetary policy in 2022 is expected to be one of the main factors which will determine capital flows towards developing countries.

A strong recovery in the Eurozone in 2021

The growth of the Euro Zone, Türkiye's largest export market, followed a positive course in 2021 with the contribution of vaccination rollout and supportive monetary and fiscal policies. Tightening activity and higher commodity prices further strengthened the recovery in the Euro Area by boosting export growth and remittances in 2021.

The European Central Bank (ECB) left interest rates unchanged in 2021, emphasizing that while inflation had increased during the year, the incentives would not be wound down until a full recovery had been achieved in the economy. The first signals of normalization came in the form of confirmation that the Pandemic Emergency Purchase Program (PEPP) would end in March 2022.

Japan and China maintain their cautious and stable stance in 2021

Japan has extended the duration of its special program, in which it provides financing support to mitigate the effects of the pandemic, twice during the year, each time by six months, and announced a new funding program to combat climate change. Economic activity in Japan recovered towards the end of the 2021 as high vaccination rates paved the way for a relaxation of Covid-19 control measures.

In China, one of the few countries to close 2020 with positive growth, a combination of high indebtedness, the crisis in the real estate sector, rising energy prices, potential increases in Covid-19 cases and related restrictions as well as supply chain bottlenecks are all putting pressure on the economy.

The Chinese central bank reduced its policy interest rate from 3.85% in the last quarter to 3.80%, and also supported the markets by injecting 1.2 trillion Yuan of liquidity into the market with the required reserve step during this process.

With the verbal guidance and the tightening steps taken by central banks of developed countries, especially in the second half of 2021, developing countries in general tended to tighten their monetary policies.

Looking to the future

The Russia-Ukraine war, which broke out on 24 February 2022, may well leave a mark on economic developments in 2022.

The geopolitical tension which was sparked by Russia's annexation of the Crimea in 2014 turned into a large-scale military operation by the same country against Ukraine in the first quarter of 2022. This war, which has sparked the largest movement of migrants faced by the European continent since World War II, has significantly shaken the balance of the world economy and has affected the direction of expectations for 2022.

As we entered the year 2022, a number of global macroeconomic indicators suggested that world economies would return to normal in 2022-23 after the Covid-19 epidemic.

In its report published in March 2022, the OECD stated that the war would have serious economic consequences as well as its social impacts. As Russia and Ukraine are important producers and exporters of foodstuffs and energy, the war has already caused major economic and financial shocks, especially in commodity markets, with oil, gas and wheat prices rising.

OECD predicts that if the movements in commodity prices and financial markets continue, global growth may decrease by more than 1% in the first year and global consumer price inflation may increase by approximately 2.5%.

For countries of the world facing a new negative shock of uncertain duration and magnitude, the OECD recommends that they focus on meeting inflation expectations and that central banks other than the most affected economies maintain their pre-war financial policies.

In the near term, many governments will need to mitigate the impact of high energy prices, diversify their energy sources and increase efficiency wherever possible, the OECD said, adding that measures such as higher production of food, avoidance of protectionism and multilateral support for logistics will help the countries most affected by the supply disruption from Russia and Ukraine.

In addition, in 2022, the continuation of Covid-19, the emergence of different variants with a faster spread feature such as the Delta and Omicron variant, the possibility of governments to tighten their financial policies beyond forecasts, developments in the Chinese financial and real estate markets, fluctuations in capital flows to developing countries, stand out as other factors that can have an impact on the global economy.

SLOWDOWN IN GLOBAL GROWTH

In its report published in March 2022, the OECD stated that the war would have severe economic consequences as well as social consequences. The organization warns that if the movements seen in commodity prices and financial markets continue, global growth could decrease by more than 1% in the first year with global consumer price inflation on course to increase by about 2.5 percentage points.



The Turkish Economy

Double-digit growth for the Turkish economy in 2021

One of the few countries to have recorded positive growth in 2020, Türkiye achieved growth beyond its expectations and potential in 2021 with the contribution of domestic and foreign demand.

Household consumption expenditures, which increased significantly with the contribution of a low base, the easing in lockdown restrictions on the back of the strong acceleration in the vaccination rollout, the recovery in tourism receipts and record-breaking exports all played a part in the rapid growth of the Turkish economy.

According to the chained volume index, the Turkish economy grew by 7.3% in the first quarter, 21.9% in the second quarter, 7.5% in the third quarter and 9.1% in the final quarter of 2021, with an annual GDP growth rate of 11.0%.

Türkiye's Gross Domestic Product (GDP) increased by 42.8% year-on-year at current prices in 2021 according to the production method to exceed TL 7.2 trillion. During this period, GDP in US dollar terms increased by USD 85.8 billion to USD 802.7 billion, with per capita GDP of USD 9,539.

Private consumption and exports were the items to contribute the most to this high growth performance throughout 2021. In addition, investment expenditures drove GDP growth up by 1.7 points throughout the year on the back of the strong outlook for machinery and equipment investments, especially in the first half of the year.

In 2021, the value added from service activities increased by 21.1%, other services by 20.3%, information and communication activities by 20.2%, professional, administrative and support service activities by 17.3%, industry by 16.6%, public administration, education, human health and social work activities increased by 7.0% and real estate activities increased by 3.5%, providing a positive contribution to GDP in 2021. On the other hand, financial and insurance activities decreased by 9.0%, the agricultural sector by 2.2% and the construction sector by 0.9%.

The Turkish economy, which rounded off 2021 with double-digit growth, is expected to maintain its positive growth performance in 2022.

The Medium Term Program (MTP), which covers the 2022-2024 period, sets out a projection of 5.5% growth in 2022.

42.8%

Türkiye's GDP increased by 42.8% year-on-year at current prices according to the production method in 2021 to exceed TL 7.2 trillion.

5.5%

The Medium-Term Program (MTP), which covers the period of 2022-2024, anticipates growth of 5.5% in 2022.

GDP GROWTH

	GDP (TL billion)	GDP (USD billion)	GDP Growth Rate (%)	Per Capita Income (TL)	Per Capita Income (USD)
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
2021	7,209	803	11.0	85,672	9,539

Source: TurkStat

GDP GROWTH BY SECTOR

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

	2020				2021			
	I	II	III	IV	I	II	III	IV
Agriculture, forestry and fishing	3.1	5.4	6.7	5.5	6.3	(0.6)	(6.6)	3.3
Industry	7.5	(15.9)	8.1	12.1	11.4	40.4	9.8	10.7
Manufacturing	8.2	(17.7)	9.4	12.4	12.1	43.1	9.2	11.3
Construction	(5.1)	(5.4)	3.2	(15.0)	3.2	3.8	(5.9)	(3.9)
Services	1.2	(26.7)	(1.8)	2.9	6.1	46.1	21.4	16.7
Information and communications	10.6	11.6	17.2	17.0	16.9	24.9	20.9	18.6
Financial and insurance activities	5.9	32.7	46.8	7.9	3.3	(22.6)	(19.9)	13.7
Real estate activities	2.7	1.6	3.1	3.8	2.5	3.8	4.7	3.1
Professional, administrative and support service activities	1.2	(17.5)	(6.5)	0.9	4.8	32.3	25.3	10.2
Public administration, training, healthcare and social service activities	5.0	(2.1)	2.4	6.2	3.8	9.5	9.4	5.7
Other service activities	14.2	(17.7)	6.3	10.6	15.8	33.4	13.8	21.2
Total Sectors	3.7	(11.3)	5.1	5.1	6.9	23.6	9.4	10.8
Taxes-Subsidies	10.1	(2.1)	17.2	15.1	10.6	8.7	(7.7)	(3.4)
GDP	4.4	(10.4)	6.3	6.2	7.3	21.9	7.5	9.1

Source: TurkStat

The Turkish Economy

A positive performance from the Turkish manufacturing industry

Following the contraction caused by the pandemic, manufacturing industrial production increased in 2021 compared to the previous year with the manufacturing industry PMI reaching 52.1 in December, exceeding the 50 threshold for the seventh consecutive month since May 2021.

A glance at the sub-items of the index finds that input costs reached their highest levels since 2005, with rapid increases in final product prices in December. In addition, there was a slowdown in production and new order rates in parallel with the increase in prices.

The real sector and economic confidence indices also followed a parallel course. Indices which had bottomed out during the midst of the pandemic stabilized after a rapid recovery. The real sector confidence index has remained above the threshold value for the last 19 months. The economic confidence index, meanwhile, outperformed its sub-threshold performance, which it had maintained for 37 months based on July data.

The strong demand from both domestic and export markets and low inventory levels indicate that manufacturing industry will exhibit a strong performance in the upcoming period as well.

MONTHLY PRODUCTION INDICATORS

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

2021	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Total Industry	7.3	5.7	20.1	65.3	39.4	23.7	(1.5)	20.0	8.9	5.3	14.6	14.4
Intermediary Goods	12.1	10.1	22.2	64.9	47.3	27.9	1.9	22.0	13.1	9.5	17.9	12.9
Durable Consumer Goods	16.0	14.5	33.4	119.9	61.1	30.8	(7.1)	12.9	10.7	1.7	14.5	14.1
Non-Durable Consumer Goods	2.4	2.4	15.4	53.7	30.0	18.4	(3.2)	16.3	8.4	5.7	17.0	12.2
Investments Goods	5.9	3.1	24.9	101.9	40.8	24.5	(10.4)	27.7	3.8	(2.1)	9.5	22.3
Manufacturing Industry	7.7	6.0	20.9	71.1	41.2	24.6	(3.1)	20.7	9.6	5.7	16.0	16.3
Mining	10.3	16.8	17.3	26.0	34.0	24.8	7.3	14.4	8.9	7.7	9.5	(1.3)
Energy Production	(0.2)	(2.0)	13.3	27.9	20.9	13.9	7.9	13.3	1.0	3.6	4.0	6.0
Electricity Production	0.6	(1.5)	13.9	28.2	20.3	13.4	7.3	12.9	0.6	3.5	4.4	6.6
Automotive Production	(1.5)	(7.4)	22.4	805.3	34.2	6.1	(43.2)	40.2	(23.5)	(27.4)	(18.8)	(11.9)
White Goods Production	38.1	28.7	42.9	166.2	59.7	20.0	(24.1)	11.6	1.0	(10.5)	5.5	(9.6)
Total Industry Turnover Index	35.2	34.0	58.9	121.2	95.3	78.5	38.8	66.7	48.8	48.6	73.0	101.5
Manufacturing Industry Turnover Index	35.1	33.8	58.8	122.3	95.4	78.4	38.2	66.7	48.7	48.6	73.1	101.1
Real Sector Confidence Index	2.8	2.3	11.1	66.2	43.4	22.0	14.0	7.3	7.7	1.4	4.3	(0.7)
PMI (Manufacturing)	54.4	51.7	52.6	50.4	49.3	51.3	54.0	54.1	52.5	51.2	52.0	52.1

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.
75.4	74.9	74.7	75.9	75.3	76.6	76.7	77.1	78.1	78.0	78.1	78.7

Source: Presidency of Strategy and Budget

Continued recovery in the labor market

Demand and economic activity, which strengthened at home and abroad as the negative effects caused by the pandemic began to recede, had a positive impact on our country's employment in 2021.

While the normalization process has supported employment in the services sector, the industrial production index, which has maintained its strong momentum since the second quarter of 2020, indicates that industrial employment will tend to grow in the coming period as well.

In 2021, the total labor force expanded by 1.9 million people compared to the previous year to reach 32.7 million, while the labor force participation rate increased by 2.3 percentage points to 51.4%. The labor force participation rate stood at 70.3% for men and 32.8% for women.

The number of people in employment in Türkiye reached a total of 28.8 million in 2021, an increase of 2.1 million compared to the previous year. The rate of men in employment was 62.8% with 28% of women in employment, with an overall increase of 2.5 percentage points to 45.2%.

In 2021, the number of unemployed aged 15 and over decreased by 121,000 compared to the previous year to 3.9 million. The rate of unemployment, on the other hand, decreased by 1.1 percentage points to 12.0%. The rate of unemployment stood at 10.7% for men and 14.7% for women, while the rate of youth unemployment, which had been in a 24-26% band since the end of 2018, decreased to 22.6%.

The proportion of the idle labor force consisting of time-related underemployment, the potential labor force and the unemployed decreased by one percentage point to 24.4% in 2021 compared to its 2020. The integrated rate of time-related underemployment and the unemployed was 16.8%, while the integrated rate of the unemployed and potential labor force was 20.0%.

According to sectoral employment data, approximately 1 million of the 2.1 million jobs created since the beginning of the year came from the services sector. The sector, which faced great difficulty during the pandemic, succeeded in creating employment despite monthly fluctuations, and accounted for 55.3% of new jobs. The share of the construction sector, which employed an additional 231,000 people in this period, accounted for 6.2% of the new jobs created while the industrial sector accounted for 21.3% of job creating with 661,000 new jobs. The agricultural sector commanded a 17.2% share of job creation with 211,000 new jobs.

Structural reforms are needed to find a solution to the problem of unemployment. The need to create employment potential which exceeds the rate of growth in the labor force will be a crucial part of our country's main strategic goals for sustainable growth.

LABOR MARKET DEVELOPMENTS (15+ AGE)

	2020	2021
Labor Force Participation Rate (%)	49.1	51.4
Labor Force (thousand)	30,735	32,716
Employed (thousand)	26,695	28,797
Agriculture (thousand)	4,737	4,948
Industry (thousand)	5,482	6,143
Services (thousand)	14,930	15,928
Construction (thousand)	1,546	1,777
Unemployed (thousand)	4,040	3,919
Unemployment Rate (%)	13.1	12.0
Employment Rate (%)	42.7	45.2
Youth Unemployment Rate (%)	24.9	22.6
Employment Rate by Sector (% Share)		
Agriculture	17.7	17.2
Industry	20.5	21.3
Services	55.9	55.3
Construction	5.8	6.2

Source: TurkStat

The Turkish Economy

Consumer price index (CPI) remains high throughout the year

The weakness of the Turkish Lira and the high levels of commodity and energy prices on a global scale have driven inflationary pressures through the cost channel. In the last quarter of 2021, the exchange rate basket appreciated by 55.4% against the Turkish lira, and this was the most important driver behind the rise in inflation. In addition to the sharp depreciation of the Turkish lira during this period, exchange rate volatility reached historically high levels, while pricing behavior deteriorated significantly and the pass-through effect from the exchange rate to consumer inflation increased markedly.

While the rate of annual inflation increased in all subgroups, there was a deterioration in inflation expectations. In addition to the higher prices of imports and international food prices, supply-side factors such as agricultural drought, supply disruptions and the continuing high course of transportation costs, coming in spite of some partial improvement, continued to negatively affect the inflation outlook.

In 2021, the CPI increased by 36.08% compared to December of the previous year, with the rate of CPI inflation reaching its highest level in the last 19 years.

When it comes to the impact of the main spending groups on annual consumer inflation, it was the transportation sector which witnessed the sharpest surge in prices, with a rise of 53.66% year-on-year, in itself adding 831 basis points to the annual rate of CPI inflation in 2021. The food and non-alcoholic beverages group, in which prices increased by 43.8% year-on-year, was the group with the highest impact on the annual rate of consumer inflation, at 1,136 basis points, while the housing group, where prices rose by 28.57% in the same period, had an impact of 439 basis points.

The rise in the domestic producer price index (D-PPI) gained significant momentum due to the increase in global commodity prices and high fluctuations in exchange rates. In 2021, D-PPI increased by 79.89% compared to December of the previous year.

On an annual basis, steep price increases were seen in the coke and refined petroleum products sector (161.88%) as well as the crude oil and natural gas sector (138.51%) during 2021. During this period, the food group provided the highest contribution to the annual rate of PPI inflation, at 1,297 basis points, while the impact of the base metal group, which recorded an annual increase of 130.91% in prices contributed 1,072 basis points to the level of PPI inflation.



The annual D-PPI changes of the four sectors of industry were 62.84% in the mining and quarrying sector, 77.44% in the manufacturing sector, 117.14% in the electricity, gas production and distribution sector and 33.99% in water supply.

In light of recent developments, the CBRT carried out an upward revision to its inflation expectations for the upcoming period. In its medium-term forecasts, the Bank based its outlook on a coordinated determination of macroeconomic policies with a focus on reducing inflation. In this context, the CBRT announced that the price adjustments which are managed or directed under public control will be determined to support the process of bringing inflation down in the medium term.



Inflation

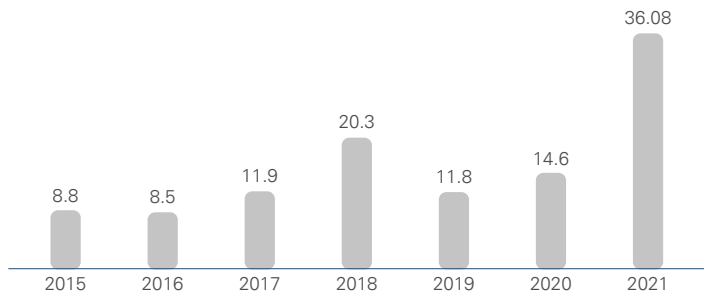
Exchange rate volatility reached historically high levels in 2021 and the annual rate of inflation increased in all sub-groups, while inflation expectations deteriorated.



Revision

The CBRT revised its inflation expectations upward for the coming period and its medium-term forecasts were based on an outlook in which macroeconomic policies were determined in a coordinated manner and focused on reducing inflation.

INFLATION - CPI (%)



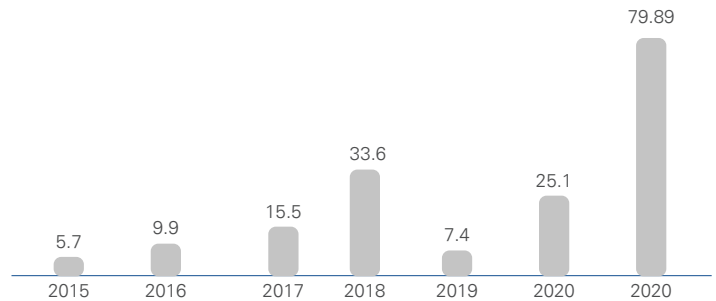
Source: TurkStat

CHANGES IN PRICES

	2020	2021
Rate of change in 12 month moving averages		
PPI	12.18	43.86
CPI	12.28	19.60
Annual rate of change (%)		
PPI	25.15	79.89
CPI	14.60	36.08

Source: TurkStat

INFLATION - PPI (%)



Source: TurkStat

The Turkish Economy

CBRT ends the year 2021, which started with an interest rate hike, with a cut in interest rates

The Central Bank of the Republic of Türkiye (CBRT) started a front-loaded process of rate hikes in March 2021. The Bank raised its policy interest rate from 17% to 19% due to the upside risks to inflation. In September, the CBRT cut rates for the first time in 16 months as a result of a change in monetary policy.

With mounting expectations that 400 basis points of interest rate cuts would continue until the last month of the year, the TL lost value against other currencies and volatility increased. Due to the speculative formations observed in the CBRT exchange rates, the

Central Bank started to intervene directly by selling to the market. The fall in the value of the TL also gained momentum after the CBRT cut interest rates by a further 100 basis points to 14% in its December meeting. However, the introduction of "Exchange Rate Protected TL Term Deposits and Participation Accounts", commissioned in order to curb the depreciation of the TL and reduce exchange rate volatility in the TL and encourage TL deposits towards the end of the year had a positive impact and the value of the TL rebounded against other currencies.

Currency-Protected TL Term Deposits and Participation Accounts

In order to support a preference for Turkish lira (TL) deposits, and to raise the share of TL in banks' balance sheets, the "Exchange Rate Protected TL Term Deposit and Participation Accounts" (KKH) application was implemented in December. The KKH application, which entered force on 21 December 2021, consists of TL accounts to be opened under the support of the Ministry of Treasury and Finance (MTF) and conversion applications from FX (Foreign Currency) deposits to TL accounts with the support of the CBRT.

Under the KKH application, which is supported by the Ministry of Treasury and Finance, the savings of TL deposit customers are protected from exchange rate risk. The CBRT-supported application allows customers holding an FX deposit account to convert it to a TL deposit account. Depositors who have returned from the FX account to a TL account with the support of the CBRT will be able to protect their savings from exchange rate risk by taking advantage of the application, supported by the Ministry of Treasury and Finance-supported, at the end of the term.

The system is based on encouraging savers to turn to TL-denominated assets and compensating for losses that may arise from changes in exchange rates, while providing a return in Turkish lira. Complementing this practice, banks are encouraged to turn to new products with changes in the reserve requirement application to increase liquidity facilities. The aim was to support financial stability by increasing the share of the Turkish lira in total deposit and participation funds in the banking system.

In the application, the conversion of FX deposit accounts into TL is based on the FX deposit accounts and FX participation funds in US dollars, Euros and British pounds for real and legal persons resident in Türkiye as of 20 December 2021 and 31 December 2021, respectively. In the conversion from gold accounts to TL, the existing gold accounts of domestic real persons as of 28 December 2021 and of domestic resident legal entities as of 31 December 2021, and gold accounts to be opened after these dates in return for processed and scrap gold are within the scope of the application.

When converting FX and gold deposit and participation fund accounts into TL deposits on a one-off basis, real person savers are offered a choice of 3-month, 6-month and 1-year maturities. A 9-month maturity option has been added to the exchange-protected TL time deposits and it is possible to renew these deposits.

Exports break a new record in 2021

2021 was a challenging year for global trade due to the issues in the global supply chain and sharp rise in transportation costs, and Türkiye was able to turn this situation to its advantage by virtue of its geographical advantage. Exports accounted for about half of the growth throughout 2021.

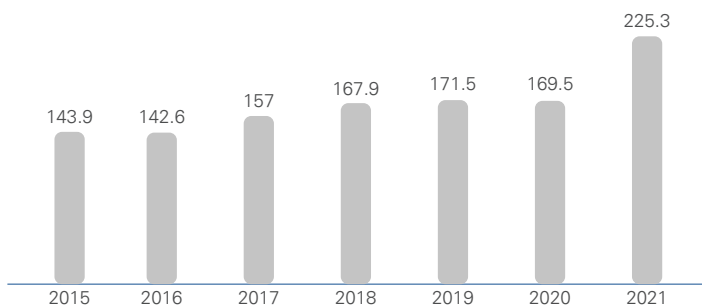
When Türkiye's foreign trade growth data is examined, it is noted that the contraction in imports, related to demand levels in 2019, and the decrease in exports observed during the pandemic period have returned to a positive direction, especially since March 2021.

According to the general trade system, exports increased by 32.8% between January-December 2021 when compared to the same period of the previous year to reach USD 225.3 billion, while imports increased by 23.6% to reach USD 271.4 billion. The export coverage ratio stood at 83% in the same period.

For the January-December 2021 period, the foreign trade deficit widened by 7.5% from USD 49.9 billion to USD 46.1 million.

Germany was Türkiye's largest export market in 2021, with exports of USD 19.3 billion, followed by the United States (USD 14.7 billion), the United Kingdom (USD 13.7 billion), Italy (USD 11.5 billion) and Iraq (USD 11.1 billion). Exports to these top five countries accounted for 31.2% of all exports.

ANNUAL EXPORTS (USD BILLION)



Source: TurkStat

China ranked first among countries supplying Türkiye's imports, with Türkiye's imports from China standing at USD 32.2 billion during the year, followed by Russia (USD 28.9 billion), Germany (USD 21.8 billion), the United States (USD 13.2 billion) and Italy (USD 11.6 billion). Imports from these top five countries accounted for 39.7% of Türkiye's total imports.

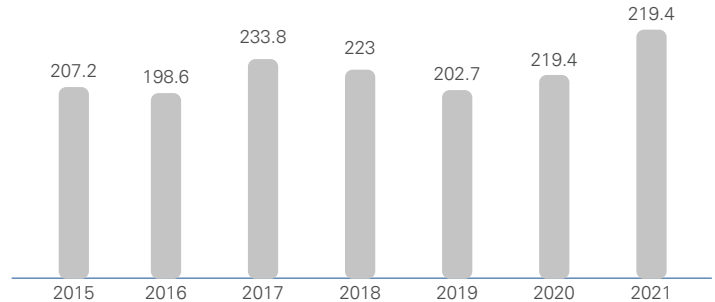
In 2021, tourism revenues exceeded forecasts due to the contribution of the vaccination rollout and played a decisive role in bringing down the current account deficit, along with exports. Hopes that the impact of the pandemic will ease in 2022 thanks to the support of vaccines and medicines have raised optimism regarding the tourism sector, while the resumption of postponed travel plans could have a positive impact on the sector in 2022. On the other hand, developments in Russia and Ukraine, countries which have both accounted for a significant share of foreign visitors arriving in our country, are expected to be one of the determining factors affecting tourism revenues.

A 58.1% widening in the current account deficit, year-on-year

The high level of oil prices in global markets has put pressure on the current account balance, but this pressure was limited due to the year-long contraction in the foreign trade deficit. In 2021, the current account deficit decreased by 58.1% year-on-year to USD 14.9 billion.

The doubling in net travel revenues throughout the year was another factor supporting the positive course in the current account balance. The current account balance ended 2021 with a surplus of USD 27.3 billion (excluding net energy imports).

ANNUAL IMPORTS (USD BILLION)



Source: TurkStat

The Turkish Economy

Budget deficit increases – but is well within the target

The pandemic has put a heavy burden on the public finances, which have been one of the strongest anchors in the Turkish economy. The central government budget deficit, which was TL 175.3 billion in 2020, widened to TL 192.2 billion in 2021 with a primary deficit of TL 11.4 billion.

Budget revenues increased by 36.8% in 2021 compared to the previous year, while total spending was up 32.9% and non-interest spending up by 32.6% when compared to the previous year.

The budget deficit stood at 2.7% of GDP in 2021, with a primary deficit of 0.2% of GDP. These ratios confirm an improved performance for the budget compared to the target of 3.5% of GDP.

Cautious steps being taken by the CBRT to achieve its goal of sustainable price stability going forward

The CBRT determines its monetary policy on the basis of assessments regarding the source and permanence of the risks regarding the inflation outlook and the extent to which they can be controlled by monetary policy. The Bank projects that inflation will stand at 23.2% at the end of 2022 before stabilizing and decreasing to 8.2% by the end of 2023, and to its medium-term target of 5% by the end of 2024.

Despite the recovery in global economic activity and increase in vaccination rates, the potential of new lockdowns and travel restrictions in the event of new pandemic variants maintains the prospect of downside risks in the global economy, while exacerbating uncertainty.

BALANCE OF PAYMENTS - CURRENT ACCOUNT

(USD million)	2016	2017	2018	2019	2020	2021
CURRENT ACCOUNT	(26,849)	(40,584)	(20,745)	6,759	(36,765)	(13,959)
BALANCE OF FOREIGN TRADE	(39,923)	(58,575)	(40,767)	(16,751)	(37,834)	(29,232)
Exports F.O.B.	149,246	164,495	177,169	180,195	169,669	225,235
Imports C.I.F.	202,189	238,715	231,152	210,344	219,508	271,422
Non-monetary Gold (net)	1,787	(9,971)	(8,713)	(9,268)	(22,402)	(2,016)
Total Exports	152,645	169,214	178,909	182,246	168,433	224,711
Total Imports	192,568	227,789	219,676	198,997	206,267	253,943
BALANCE OF SERVICES	20,523	26,333	31,093	35,528	9,502	26,397
Travel	13,960	17,655	20,625	25,719	9,180	19,177
Revenues	18,743	22,478	25,220	29,829	10,220	20,827
Expenses	4,783	4,823	4,595	4,110	1,040	1,650

BALANCE OF PAYMENTS - CAPITAL AND FINANCIAL ACCOUNTS

(USD million)	2016	2017	2018	2019	2020	2021
CAPITAL ACCOUNT	23	15	62	34	(39)	(64)
FINANCIAL ACCOUNTS	(21,731)	(46,837)	(10,903)	1,308	(39,859)	(5,045)
Direct Investments	(10,791)	(8,398)	(9,374)	(6,323)	(4,731)	(7,551)
Portfolio Investments	(6,412)	(24,063)	3,115	1,447	5,485	(796)
Other Investments	(5,341)	(6,169)	5,733	(140)	(8,751)	(20,028)
Reserve Assets	813	(8,207)	(10,377)	6,324	(31,862)	23,330
NET ERRORS AND OMISSIONS	5,095	(6,268)	9,780	(5,485)	(3,055)	8,978

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

The increase in global demand, the high course of commodity prices, supply constraints in some sectors and the increase in transportation costs all led to higher producer and consumer prices on an international scale. Central banks of developed countries consider that inflation may remain heightened for longer than expected due to rising energy prices and the mismatch between supply and demand. The CBRT is closely monitoring the effects of high global inflation on inflation expectations and the international financial markets.

The volatility of long-term bond rates in developed countries and the course of global financial conditions are closely related to portfolio flows entering developing countries. The CBRT suggests that the effects of these developments through portfolio flows to Türkiye may be more limited when the portfolio positioning levels of non-residents are taken into account.

Regarding the course of economic activity in 2022, the CBRT is of the view that the fluctuations in the financial markets will not have a sudden slowing effect, contrary to past experiences, thus enabling domestic demand to approach its potential in a controlled manner. On the other hand, the Bank expects foreign demand conditions to remain supportive throughout the year and

that exports of goods and services, especially tourism activities, to continue to have a positive impact on economic activity.

The CBRT expects inflation expectations, pricing behavior and volatility in the financial markets to improve with the macroprudential policies it is pursuing and the steps it is taking to ensure sustainable price stability and financial stability.

Türkiye's New Economic Model

Simultaneously with the developments in the money markets, the Turkish New Economy Model, which prioritized high growth and a low current account deficit, was adopted in the last quarter of the year.

While the model mainly focuses on stable and sustainable growth in the acceleration of exports, which is the driving force of our country's economy, it aims to support this with value-added production, to overcome the middle-income trap, to rise to the top in global value chains by making good use of the international conjuncture and finally to solve the current account deficit problem permanently.



The CBRT guides that the volatilities in financial markets will not have a sudden slowing effect on the course of economic activity in 2022, contrary to past experiences, allowing domestic demand to approach its potential in a controlled manner.

The Banking Sector



The Turkish banking sector plays an important place in the country's economy with its sound legal and institutional structure.

The banking sector, which accounts for a share of more than 90% in the Turkish financial system, is the Turkish economy's most important defense against global crises with its strong balance sheet and stable structure. With its strong capital, qualified human resources, effective risk management and technological infrastructure, the sector once again confirmed its resilience during the global pandemic which spread at the beginning of 2020 and which still continues today. In addition to being financial institutions, Banks have been among the key institutions providing support in the management of the pandemic.

During this period, which was marked by high levels of risk and uncertainty, a number of regulations have been implemented by both public authorities and the banking sector to support the banking sector, as well as other sectors. The positive effects of the policy measures and practices taken to mitigate the negative effects of the pandemic on the banking sector and the economy and to stimulate economic activity have also been observed in the balance sheets of the banks.

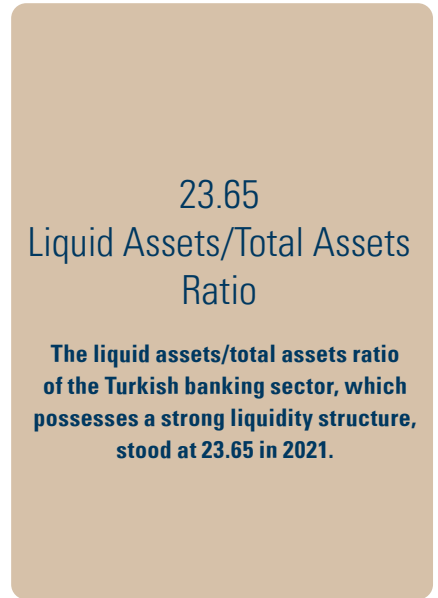
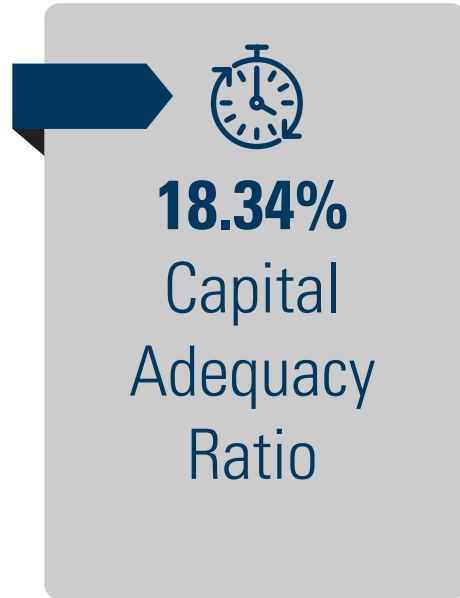
The banking sector's solid capital and liquidity structure, its high liquidity levels and strong financial indicators all remain stable thanks to the successful risk management.

Although the Turkish banking sector has achieved high growth rates in both profitability and the size of its balance sheet in recent years, it has not deviated from its strong capital structure and maintained a capital adequacy ratio of 18.34% as of December 2021 - well above the legal limits.

Another strong and decisive aspect of the Turkish banking sector is its abundant and strong liquidity structure. The sector commanded a liquid assets/total assets ratio of 23.65 in 2021.

Despite the strong and rapid development witnessed in recent years, the sector still offers high growth potential and is well placed to attract investment.

Strong Financial Indicators



The Turkish Banking Sector in Numbers

At the end of 2021, a total of 55 banks were operating in the Turkish banking sector, 32 of which were deposit banks, 15 being development and investment banks, six being participation banks and two banks included in the Savings Deposit Insurance Fund. With the decision taken by the Banking Regulation and Supervision Agency, dated 21 May 2021 and numbered 9568, the total number of banks increased by one compared to 2020 with the granting of an operating permit to D Yatırım Bankası A.Ş.

NUMBER OF BANKS

Deposit Banks	32
Public Banks	3
Private Banks	8
Foreign Banks	21
Banks Transferred to the Savings Deposit Insurance Fund	2
Development and Investment Banks	15
Participation Banks	6
Total	55

Source: BRSA

Number of Branches and Staff

According to the figures for the end of 2021, there are a total of 11,098 branches of banks operating in the Turkish banking sector, consisting of 4,079 branches of public banks, 3,592 branches of domestic private banks and 3,427 branches of foreign banks. The overwhelming majority of the branches were domestic branches, which numbered 11,023, with 73 foreign branches. The number of branches decreased by 1.5% compared to 2020.

The total number of employees of banks at home and abroad stood at 202,136 as of the end of 2021, with 70,372 of the personnel employed in public banks, 67,551 in domestic private banks and 64,213 in foreign banks. Of the total staff, 201,349 work in domestic banks and 787 work in foreign banks. In 2021, there was a decrease of 0.7% in the number of personnel when compared to the previous year.

The factors leading to the decrease in the number of branches and employees in the banking sector were the widespread use of alternative non-branch distribution channels, an increased use of mobile banking services and the procurement of some services from support service institutions.

The Banking Sector

Banking Sector Balance Sheet

The asset size of the Turkish banking sector increased by 50.9% in December 2021 compared to its level at the end of 2020 to reach TL 9,215 billion.

The volume of loans increased by 37% compared to the previous year to reach TL 4,901 billion. While there was a slight slowdown in commercial loan growth in the first 3 quarters of 2021, retail loans exhibited a strong performance. The deferred demand which was unleashed after the full opening of the economy was instrumental in the strong growth in retail loans. Following the revisions in the CBRT's monetary policy since September, commercial loans also entered a growth trend.

The volume of deposits held in banks recorded an annual rate of growth of 53.5%, following the 34.6% annual growth in 2020, taking the sector's total deposit volume to TL 5,303 billion. The expansion in the FX deposit base was the driving force behind the growth in deposits.

The net profit of the banking sector during the year increased by 58.9% compared to the previous year, to reach TL 93 billion.

SELECTED INDICATORS

	Amount (TL billion)	2020-2021 (%)
Assets		
Cash and Cash Equivalents*	1,229	113.6
Reserves	702	118.6
Loans	4,901	37.0
Non-performing Loans (gross)	160	4.9
Securities	1,476	44.4
Other Assets	747	48.0
Total Assets	9,215	50.9
Liabilities		
Deposits	5,303	53.5
Debt to Banks	1,048	59.4
Repo Transactions	587	129.9
Securities Issued	310	38.4
Shareholders' Equity	714	18.6
Other Liabilities	1,253	37.1
Total Liabilities	9,215	50.9

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

Assets

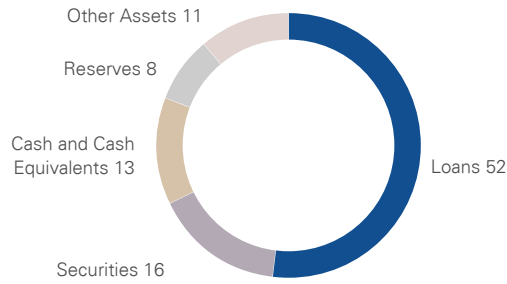
In 2021, the volume of assets held by the banking sector increased by 50.9% to TL 9,215 billion, with loans comprising 52% of the banking sector's assets, securities accounting for 16%, cash and cash equivalents accounting for 13%, required reserves comprising 8% and other assets comprising 11% of total assets.

The acceleration in the annual growth rate of both loans and securities in 2021 resulted in an increase in the annual growth

rate of total assets. The slowdown in the annual rate of growth in loans started in the second quarter of 2021 due to the decrease in interest rates, and this decline continued in the third quarter, before a rapid increase was recorded in the last quarter.

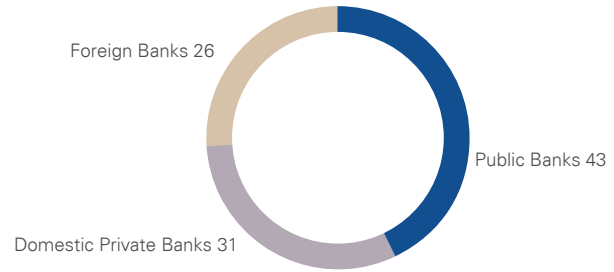
Due to the BRSA's decision to abolish the asset ratio in 2021 and the high base effect from 2020, the annual rate of growth in securities decreased, but as a result of the movement in exchange rates in the last quarter of the year, the annual rate of growth in securities also increased significantly.

BREAKDOWN OF ASSETS (%)



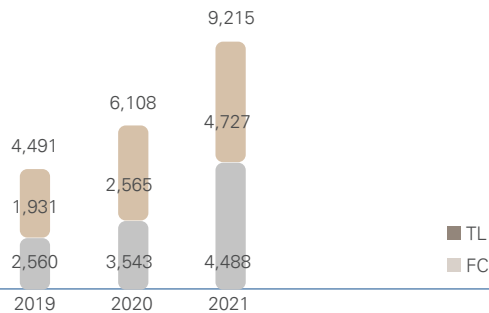
Source: BRSA

DISTRIBUTION OF ASSETS BY OWNERSHIP GROUP (%)



Source: BRSA

TOTAL ASSETS (TL BILLION)



Source: BRSA



TOTAL ASSETS

In 2021, the asset volume of the banking sector increased by 50.9% compared to 2020, to reach TL 9,215 billion.

The Banking Sector

Loans

Loans, which accounted for 52% of assets, ended the year at 2021 at TL 4,901 billion, marking an increase of 37% compared to the previous year. Of the total loans, TL 2,832 billion consisted of Turkish lira loans with TL 2,069 billion consisting of loans denominated in foreign currency. Loans denominated in Turkish lira accounted for 58% of total loans with foreign currency denominated loans accounting for the remaining 42%.

In its Financial Stability Report, published in November 2021, the Central Bank stated that credit growth rates, which had been strong until November 2020 due to the impact of policy measures taken to ensure the uninterrupted operation of the credit channel early in the pandemic, had entered a slowdown in parallel with the strict monetary policy implemented in the following period.

In its report, the Bank explained that the slow pace of growth in commercial loans had continued throughout 2021 due to the base effect from the previous year and tight financial conditions, and that despite the slight decline in retail loan growth due to the high base from 2020, it maintained its strong outlook.

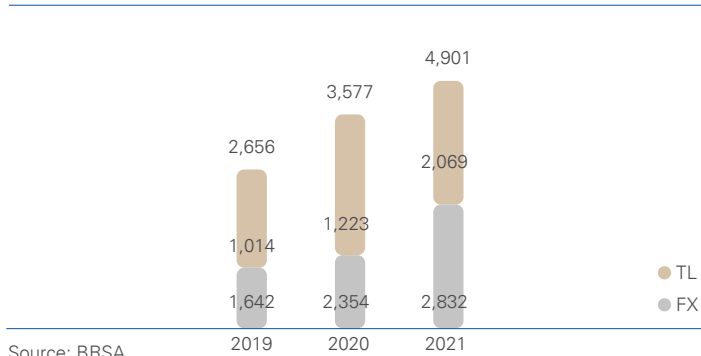
Developments on the basis of Loan Types

As of the end of 2021, commercial and corporate loans comprised a 58% share of total loans with SMEs accounting for a 22% share of total loans and consumer loans and credit card loans comprising a 20% share.

Commercial loans, which accounted for 79.9% of the total loans in 2021, increased by 42% YoY to reach TL 3,914 billion (commercial and corporate loans amounted to TL 2,840 billion, while SME loans amounted to TL 1,074 billion). Personal loans (consumer loans and credit cards) increased by 20.2% YoY to reach TL 987 billion. The Central Bank cut interest rates by a total of 500 basis points between September and December 2021, which precipitated an increase in the annual rate of growth of commercial loans, while leading to a decrease in the annual rate of growth in retail loans.

The construction sector accounted for an 8.29% share of total loans with the wholesale trade and brokerage sector comprising 7.26%, the textile and textile products industry comprising 3.36% and the agricultural sector comprising 3.31% of the total.

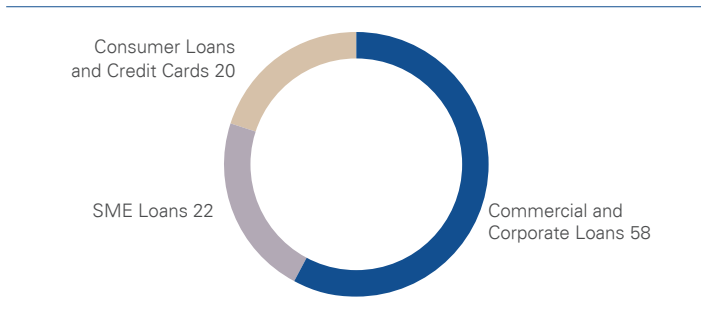
LOANS (TL BILLION)



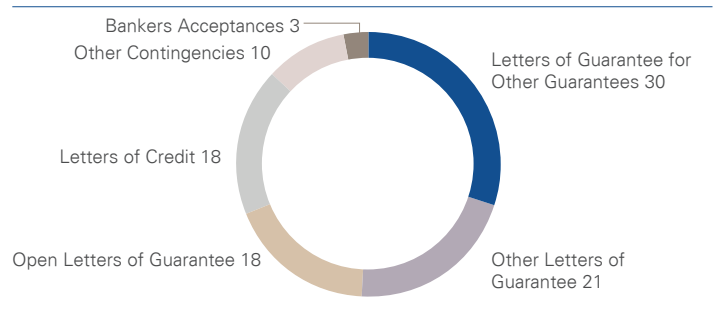
LOANS

Loans, which comprised 52% of assets in 2021, stood at TL 4,901 billion at the end of the year, an increase of 37% when compared to the previous year.

BREAKDOWN OF LOANS (%)



CONTINGENCIES (%)



On the basis of business type, there was an increase in medium-sized SME loans compared to the previous quarter, a decrease in loans disbursed to micro enterprises and no change in small SME loans.

In December 2021, housing loans increased compared to the previous quarter to reach TL 299 billion. The volume of vehicle loans stood at TL 13 billion with consumer loans amounting to TL 465 billion.

Among retail loans, the share of consumer loans was recorded as 47%, the share of housing loans as 30%, the share of vehicle loans as 2%, and the share of personal credit cards as 21%.

The volume of personal credit card loans, which was TL 145 billion in 2020, had increased to TL 210 billion as of December 2021.

As of December 2021, the volume of non-cash loans amounted to TL 1,674 billion, of which TL 518 billion was denominated in Turkish lira and TL 1,156 billion in foreign currency denominated non-cash loans.

Non-performing loans

The total volume of non-performing loans (NPL) in the banking sector stood at TL 160 billion in 2021, an increase of 4.9% compared to the previous year.

The BRSA's decision to increase the period to transfer overdue loans to follow-up accounts from 90 days to 180 days was effective in slowing in the annual increase in NPLs, which started at the end of 2019 and continued throughout 2020. The implementation, which had been due to expire in December 2020, was extended until June 2021 initially and then until September 2021.

The implementation was terminated in September 2021, but from 1 October, the previous implementation continued for loans which had been overdue for more than 90 days. Thus, with the effect of the high base from last year, the annual rate of decrease in NPLs diminished in the first nine months of the year before turning positive in October. As a result of the decrease in NPLs, the NPL ratio of loans decreased gradually throughout the year, falling to 3.16% by the end of the year, its lowest level since August 2018.

By sector, NPL ratios stood at 6.89% in the construction sector, 4.63% in the electricity, gas and water production and distribution sector and 4.27% in the retail trade and personal products sector.

The NPL ratio of consumer loans (including individual credit cards) increased compared to the previous quarter to be realized at 2.41% in December 2021.

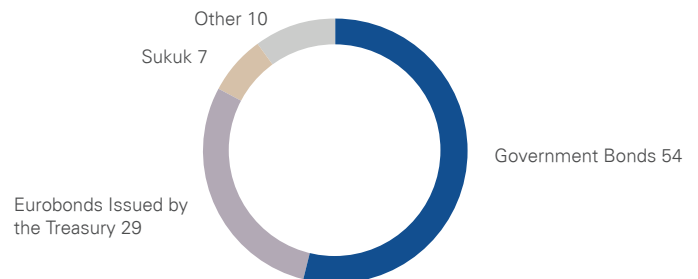
Securities

The securities portfolio increased by 44.4% compared to the previous year to reach TL 1,477 billion in 2021. As of December 2021, TL 804 billion of the total securities in the banking sector consisted of government bonds, with TL 428 billion consisting of treasury Eurobonds, and TL 108 billion of sukuk.

Due to the Covid-19 pandemic which affected us throughout 2020, banks stepped up their lending to support to the real sector while also turning to the securities portfolio in order to maintain the active budget announced by the BRSA. This led to a rapid expansion in both the loans and the securities portfolio.

The decision to abolish the asset ratio in 2021 and the high base effect from 2020 limited the annual growth rate for the securities portfolio to 11.9% in August. However, with the shift in exchange rates in the last quarter of the year, the annual growth rate of securities portfolio increased significantly to reach 44.4% at the end of the year. While the 75.5% increase in the foreign currency securities portfolio was instrumental in the expansion in the increase in the securities portfolio, the 20.4% increase in the Turkish lira securities portfolio was driven by a shift from banks towards inflation-indexed and floating-rate bonds due to the rise in inflation.

BREAKDOWN OF SECURITIES PORTFOLIO (%)



Source: BRSA

The Banking Sector

Liabilities

Deposits comprised the highest share of the total liabilities in the Turkish banking sector in 2021, with a 58% share, with debts to banks comprising 15% and funds from repo transactions accounting for 6%. The share of shareholders' equity in total liabilities is 8%.

In 2021, the share of deposits and shareholders' equity in total liabilities decreased by 2 percentage points while the share of debts to banks and securities issued decreased by one percentage point, while the share of funds obtained from repo transactions increased by 2 percentage points.

Deposits

In 2021, the total volume of deposits held in the Turkish banking sector increased by 53.5% compared to the previous year to reach TL 5,303 billion. The expansion in the FX deposit base in the last quarter was the driving force of the growth of deposit amount.

The annual growth rate of deposits, which rose sharply in 2020, declined in the first quarter of 2021 due to the slowdown in the annual growth rate of FX deposits. Turkish lira deposits were influential in the decline in the annual growth rate of deposits in the second quarter.

The annual rate of growth in deposits also decreased from 26.5% to 19.2% due to the fact that the annual growth rate of FX deposits, which accounted for 55% of total deposits in the third quarter, decreased from 40.2% in the second quarter to 20.8% in the third quarter. The annual growth rate of FX deposits, which make up 65% of total deposits, increased to 79.3% and the annual growth rate of total deposits increased to 53.5% as the exchange rate movements in the last quarter affected the savings preferences of depositors.

Turkish lira deposits or participation funds comprised TL 1,880 billion of the total deposits, with TL 3,006 billion

made up of FX deposit accounts or participation funds and TL 417 billion made up of precious metal accounts.

Corrected for exchange rate movements, the deposit growth was realized at 17.2% in 2021.

The conversion rate of deposits to loans was 0.85 in December 2021.

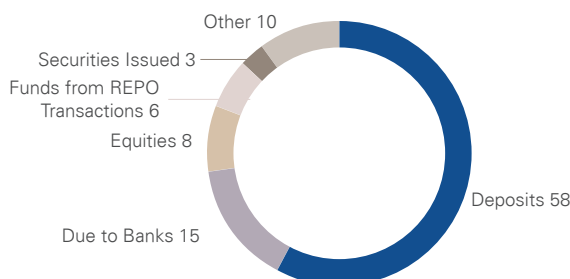
Development of Deposits by Type

As of the end of 2021, 61% of the total deposits of the Turkish banking sector were held by real persons (TL 3,242 billion), 36% were held by commercial and other institutions (TL 1,931 billion) and 3% by official institutions (TL 130 billion). Of the total deposits held by real persons, TL 1,461 billion were denominated in Turkish lira and TL 1,781 billion were in foreign currencies. Of the deposits held by commercial and other organizations, TL 738 billion were denominated in Turkish lira and TL 1,192 billion were in foreign currency.

Deposits, which were concentrated in maturities of 1-3 months in the past, turned to demand deposits in the last quarter of 2021 with demand deposits constituting 39% of total deposits. The share of time deposits with maturities between 1-3 months decreased by 7 percentage points compared to the previous year to 38%, while the share of deposits with maturities of up to 1 month remained unchanged compared to the previous year. The rise in foreign currency deposits played a part in the increase in demand deposits.

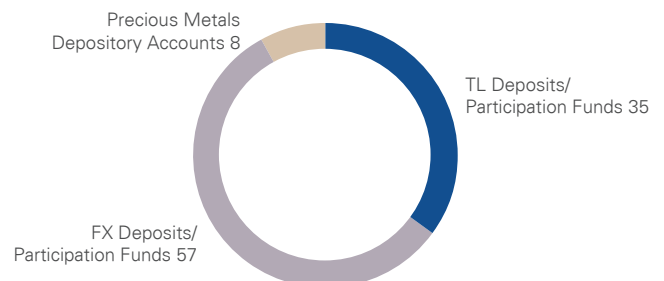
The expansion of the FX deposit base in the last quarter was the driving force of the growth in deposits.

TOTAL LIABILITIES (%)



Source: BRSA

BREAKDOWN OF DEPOSITS (%)



Source: BRSA

Non-Deposit Resources

In 2021, non-deposit resources increased by 55.9% YoY to reach TL 3,198.9 billion. As with other items on the balance sheet, the annual rate of growth of non-deposit resources in 2021 also slowed in general, before growing more rapidly in the last quarter of the year due to the shift in the exchange rate.

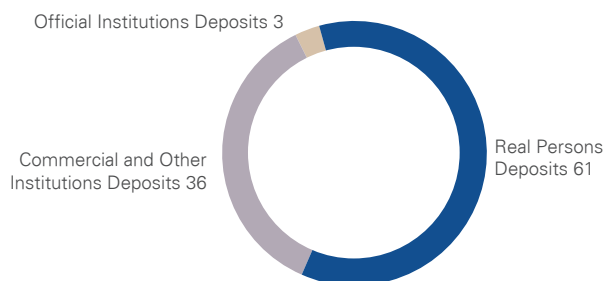
Non-deposit resources posted an annual growth rate of 55.9% in December as the annual growth rate of FX non-deposit resources increased from 26.1% at the end of 2020 to 62.9%, due to the shift in the exchange rate, while the annual growth rate of Turkish lira non-deposit resources decreased from 75.8% to 46.5% due to the base effect.

Currency-Protected Deposits

The implementation of the Currency Protected Deposit application is aimed at preventing a repeat of the unhealthy and baseless price formations which have been recently observed in exchange rate of the Turkish lira against foreign currencies. The start of the implementation helped alleviate uncertainty in the markets thanks to the decrease in the exchange rate volatility, and the decision-making processes of economic units were placed on more solid ground.

It is thought that the application of currency-protected deposits will also have a positive impact on the maturity mismatch, which has become a structural problem in the sector. The minimum maturity of Turkish lira deposits with an average maturity of 30 days in the currency-protected deposits application has been determined as 3 months. Thus, it is foreseen that the average maturity of the deposits will be extended and the sensitivity of the banking sector to changes in interest rates will decrease. In addition, the funding cost of banks is expected to decrease with the application of currency-protected deposits, which will be effective in reducing loan interest rates in the coming period.

BREAKDOWN OF DEPOSITS BY TYPE (%)



Source: BRSA

The implementation of currency-protected deposits is expected to have a positive impact on the maturity mismatch, which has become a structural issue for the sector.

Shareholders' Equity

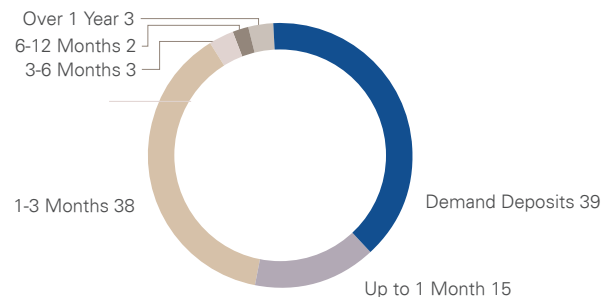
The shareholders' equity of the banking sector at the end of 2021 stood at TL 710.96 billion, an increase of 18.6% compared to the previous year. The share of shareholders' equity in total liabilities decreased from 10% at the end of 2020 to 8% by the end of 2021.

The capital adequacy ratio, which reflects the ratio of sector capital to risk-weighted assets, decreased from 18.76% at the end of 2020 to 18.34% at the end of 2021. The increase in foreign currency loans due to the fall in the value of the TL against other currencies in the last period of the year also increased the risk provision of these loans and caused a decrease in the capital adequacy ratio.

In the capital adequacy calculation, 90% of risk-weighted assets consist of the amount based on credit risk, 7% on the amount of operational risk and 3% on the amount of market risk.

Of the gross risk-weighted assets included in the calculation of the credit risk-based amount, the share of those with a risk weight of 100% was 27%, the share of those with a risk weight of 0% was 24%.

BREAKDOWN OF DEPOSITS BY MATURITY (%)



Source: BRSA

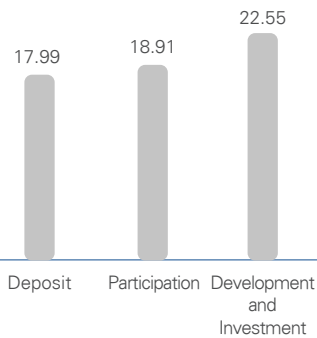
The Banking Sector

CAPITAL ADEQUACY RATIO (%)

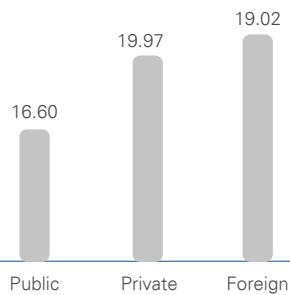
SECTOR

18.34%

By Function Groups



By Shareholder Group



Source: BRSA

Profitability

Although the Turkish banking sector has undergone a difficult process over the last two years, it succeeded in ending 2021 with high profitability. Although the high volatility and inflationary pressures triggered by the sharp depreciation of the TL against the dollar and other foreign currencies have brought increased risks, the sector's high profitability and the surge in profits predicted for 2022 indicate that the banking sector has entered its best performing period of the last ten years.

The net profit of the sector increased by 57.4% YoY during 2021 to reach TL 92 billion, driven to a large extent by the increase in profits of domestic private banks. The profit of domestic private banks increased to TL 40.26 billion in 2021, with foreign banks reporting a profit of TL 30.29 billion and public banks achieving a limited increase compared to the previous year, to report a combined profit of TL 21.53 billion.

The Return on Equity in the sector increased from 11.36% in 2020 to 15.34% in 2021. While there was a decline in the Return on Equity in the public bank group, there was an increase in the Return on Equity of the domestic private and foreign bank groups. The Return on Assets of the banking sector increased from 1.38% in 2020 to 1.67% in 2021.

With the receding impact of the pandemic as well as the base effect, the recovery in the sector's non-interest income continued throughout 2021. Non-interest income increased by 56% compared to the previous year to TL 159.9 billion in 2021. There was a 47.9% increase in net fee and commission revenues

TL VALUE
AND
INFLATION

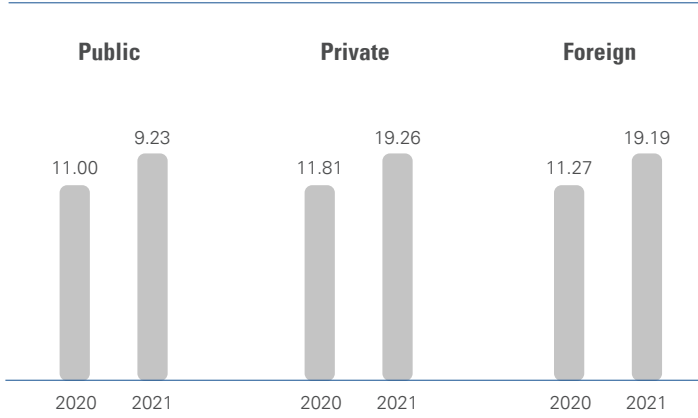
INCREASE IN
NET PROFIT
FOR THE
PERIOD

57.4%

High Profitability

Despite the fact that the Turkish banking sector has undergone a difficult process through the last two years, it succeeded in wrapping up 2021 with high profitability.

RETURN ON EQUITY (%)



consisting of fees and commissions received from loans and banking services revenues in 2021. The growth in consumer loans as a result of the normalization steps taken with the easing in COVID restrictions and the acceleration in economic activity was instrumental in this process.

One of the sectors affected by the process of rapid digitalization in the world

Digital transformation is a very important mega-trend which affects all sectors of the economy today. The banking sector is one of the sectors where the digital transformation is most intense.

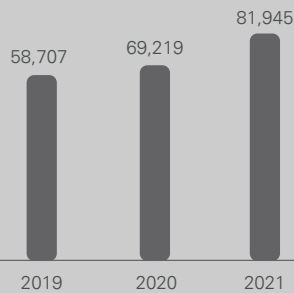
The competition which banks face, the changing habits and expectations of bank customers and the growth in revenues along with the reduction in costs are among the factors driving the digital conversion of the banks.

With the digital transformation, customer experience has become the priority for banks. On the other hand, with banks subject to public supervision, it has been easier for consumers to adopt the digital transformation in the banking sector.

As of the end of 2021, the total number of active digital banking customers in the banking sector** stood at approximately 82 million, 3 million of which conducted "internet banking only" transactions with 70 million conducting "mobile banking only" transactions. More than 9 million users carry out both internet and mobile banking transactions. The number of active digital banking customers increased by more than 12 million compared to the previous year.

As of December 2021, a total of 144 million financial transactions were carried out using Internet banking with a total transaction volume of more than TL 3 trillion. While there was no change in the total number of financial transactions conducted with Internet banking compared to the previous year, there was an increase of TL 1 trillion in the total transaction volume.

NUMBER OF DIGITAL BANKING CUSTOMERS



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

NUMBER OF DIGITAL BANKING CUSTOMERS ~ 82 million

*Includes participation banks

**The number of individual and corporate customers only using internet banking + the number of customers only using mobile banking + the number of customers using both internet and mobile banking



The Banking Sector

A total of 1.3 billion in financial transactions were carried out using mobile banking in 2021 with a volume of TL 6.6 trillion on a volume basis. 56% of the financial transaction volume was comprised of money transfers involving EFT, money transfer and foreign exchange transfer transactions, with 35% made up of investment transactions.

The digital transformation offers banks significant advantages - but also new risks

The widening in the range of service channels which banks offer their customers in parallel with the digital transformation and the diversification of the technologies they use is leading to the emergence of a complex structure. This complex structure gives rise to security risks and presents difficulty in managing the risks.

In tandem with the changing dynamics in the world and the sector, the Banking Regulation and Supervision Agency (BRSA) follows a very proactive strategy by following developments both in our country and in the world, opening new horizons for the sector with the new regulations it has put in place amid the spread of digitalization.

The BRSA took a fast and effective step in May 2021 by publishing the "Information Systems and Electronic Banking Services Regulation" in March 2020, a pioneering regulation in the digital transformation in the sector, which allows a customer record to be created with remote identification, without the need for the customer to attend the branch of the bank.

This regulation, which allows contractual relations between banks and their customers to be established electronically, including contracts subject to written form, marks an important step towards the establishment of the infrastructure of the branchless banking model, also referred to as "neo-banking", which works only in a digital environment.

In 2021, the BRSA published the "Regulation on the Sharing of Confidential Information", which sets out the scope, forms, procedures and principles for the sharing and transmission of confidential information pertaining to the bank and the customer. The regulation entered force on 1 January 2022.

The regulation referring to the Law on the Protection of Personal Data also introduces standards for the obligation to keep secrets, exceptions to this obligation and the concept of customer secrets within the scope of the Banking Law.

Confidential information regarding the customer may not be shared with third parties at home or abroad without a request or instruction from the customer, even if the explicit consent of the customer has been obtained, except in cases where the obligation to keep secrets is excluded.

Separately, in order to comply with the regulation, banks have been required to establish an Information Sharing Committee. At the minimum, this committee will consist of representatives of the line of business, an internal control unit, a compliance unit and a legal unit, who shall request or be requested to share information, as well as relevant asset owners.



Regulations Regarding Digitization

The "Regulation on the Operating Principles of Digital Banks and Service Model Banking", published by the BRSA on 29 December 2021, paves the way for the entry of digital banks, which will offer an end-to-end digital customer experience.



The job descriptions and working principles of the Information Sharing Committee will be approved by the boards of directors of the banks.

On 29 December 2021, the BRSA published the “Regulation on the Operating Principles of Digital Banks and Service Model Banking”. This regulation, which marks a crucial development in the development of the banking sector and the fintech ecosystem, will allow digital banks to enter our lives in a step towards offering an end-to-end digital customer experience.

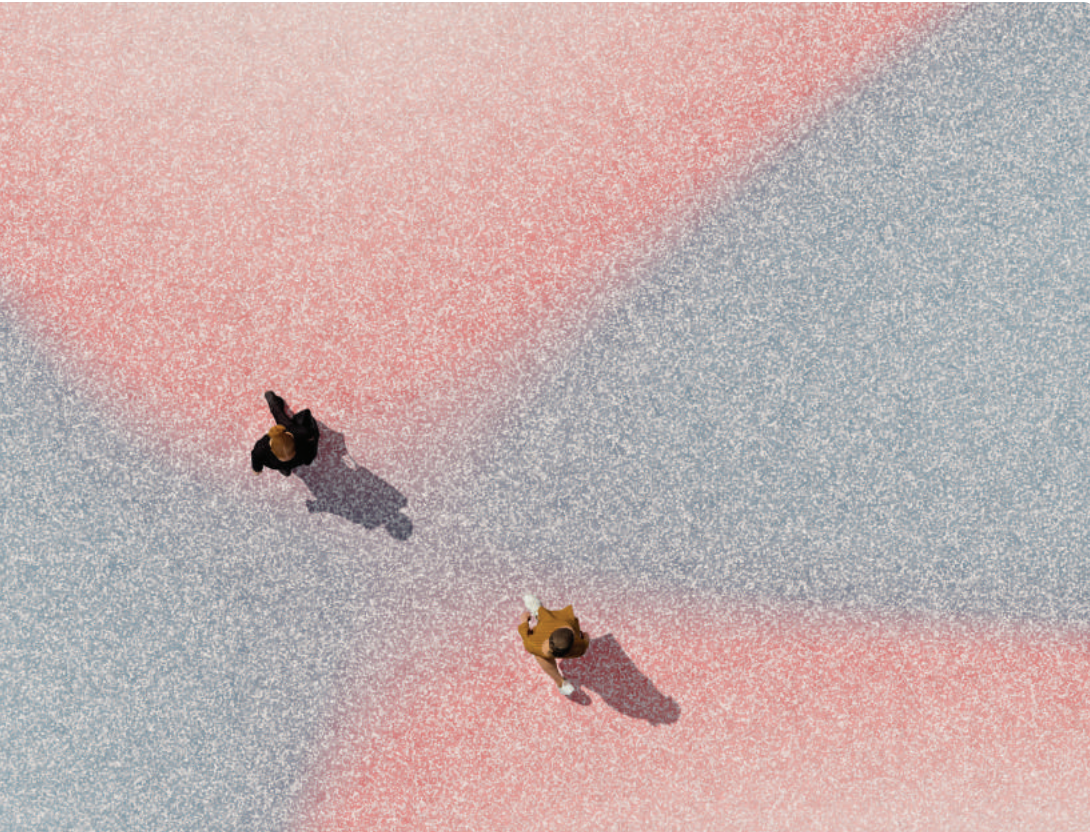
This regulation is expected to pave the way for the diversification and proliferation of branchless banks which provide services only through digital channels, a service model banking service and interface developers serving over this infrastructure, new service models and open banking services.

The banking sector is on course to maintain its stable growth process in the coming period

The impact of the Covid-19 pandemic and the problems in the global supply chain are expected to gradually diminish in 2022, with the process of development in the banking sector set to gain momentum in parallel with the economic recovery. New areas such as digital financial services, green finance and sustainable banking are expected to gain importance.

Throughout this process, it is crucial that the information and data of institutions is processed correctly. Banks and institutions which are able to process data correctly will stand out from the competition and stay ahead with the strong acceleration of the digitalization process.

The year 2022 is expected to be a year in which updated business models for banks are further developed, high profitability is maintained and growth trends are maintained.



The development process in the banking sector is expected to gain momentum in 2022, in parallel with the economic recovery.

New areas such as digital financial services, green finance and sustainable banking are expected to gain importance.



The Participation Banking Sector

Participation banks, which are growing gradually in today's banking system, contribute to the development of the economy.

A healthy and strong financial system and banking system are the main pillars of a globalizing and growing economic system. The assessment of savings, the provision of the collected resources as financing support to the economy and the mediation of financial transactions in the process of economic activities are the activities that make up the banking system. Interest-free banking or participation banks offer an important alternative in the financial system in terms of the participation of individuals and societies which do not want to participate in activities which involve interest, due to religious sensitivities or the effects of interest on income distribution.

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

Participation banks, which are a growing presence in global banking and which operate in line with Islamic principles, support the introduction of idle funds to the economy with interest-free financing models and contribute to economic development.

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

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

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

Stable Growth



Bringing Idle Funds to the Economy

Participation banks, which are a growing force in world banking and which operate in line with Islamic principles, support the introduction of idle funds to the economy with interest-free financing models and contribute to economic development.

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

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

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

PARTICIPATION BANKS BY NUMBERS

At the end of 2021, six participation banks were operating in Türkiye; Albaraka Türk, Kuveyt Türk, Türkiye Finans, Ziraat Katılım, Vakıf Katılım and Emlak Katılım, in order of their date of establishment.

The total number of domestic and international branches of the six participation banks operating in Türkiye increased by 4.5% to reach 1,311 in 2021. The branches of participation banks accounted for about 12% of the total branch network of the banking sector, which consists of 11,098 branches.

As of the end of 2021, the total number of employees working in participation banks increased by 1.8% compared to the previous year to reach 17,147.

The Participation Banking Sector

DEVELOPMENT IN THE NUMBER OF BRANCH AND PERSONNEL IN PARTICIPATION BANKS (2012-2021)

Year	Number of Branches	Growth (%)	Number of Personnel	Growth (%)
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
2021	1,311	4.5	17,147	1.8

Source: BRSA

INTERNET BANKING DATA OF PARTICIPATION BANKS (2021)

Number of Active Clients	524,746
Business Volume (TL million)	263,204

Source: Participation Banks Association of Türkiye

MOBILE BANKING DATA OF PARTICIPATION BANKS (2021)

Number of Active Clients	3,816,172
Business Volume (TL million)	748,583

Source: Participation Banks Association of Türkiye

ALTERNATIVE DISTRIBUTION CHANNELS DATA OF PARTICIPATION BANKS

Product/Service (unit)	2019	2020	2021
ATM	2,082	2,296	2,344
Credit Card	1,378,125	1,241,894	2,037,383

CUSTOMER GAINED THROUGH REMOTE ACCESS BY PARTICIPATION BANKS (2021)

	Number of Applications	Number of Customer Gained	Success Rate (%)
May	22,547	8,709	38.6
June	12,139	5,220	43.0
July	10,653	4,639	43.5
August	15,418	6,627	43.0
September	17,075	8,220	48.1
October	21,426	9,869	46.1
November	29,677	13,976	47.1
December	50,858	23,618	46.4

Source: Participation Banks Association of Türkiye

The continued contribution of participation banks to the Turkish economy in 2021

Participation banks continued to provide a multifaceted contribution to economic growth in 2021. Participation banks command an increasing share in the development of the banking system with their role in bringing idle funds into the system, which could hitherto not be brought into the financial system, regulating income distribution, recording informal economic activities, transferring resources to the real sector and increasing employment.

Participation banks also support production by providing investment goods to many small and medium-sized enterprises under favorable terms through financial leasing and other methods.

Digitalization has been an important area of focus for participation banks in 2021. While offering products that comply with Islamic principles, banks aim to improve customer experiences and increase digital service levels with technological advances that will meet customer expectations and the needs of the digital generation.

There were significant increases in participation banks' total assets, deposits and loans in 2021, as well as in the sector's share in the banking system.

The unconsolidated total asset volume of the six participation banks operating in Türkiye increased by 64.1% in 2021 compared to the previous year to reach TL 717.3 billion.

The net profit of participation banks increased by 47.1% from TL 3.7 billion in 2020 to TL 5.5 billion in 2021. Total shareholders' equity, on the other hand, increased by 31.4% to reach TL 31.3 billion.

KEY INDICATORS OF PARTICIPATION BANKS (TL million)

	2020	2021	Change %
Funds Collected	321,405	556,418	73.1
Funds Collected TL	102,090	148,867	45.8
Funds Collected FC	149,563	318,294	112.8
Precious Metals TL	69,143	87,727	26.9
Precious Metals FC	608	1,530	151.6
Funds Allocated	222,349	335,912	51.1
Total Assets	437,146	717,338	64.1
Shareholder's Equity	27,607	36,310	31.4
Net Profit	3,717	5,468	47.1

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

Source: BRSA

ASSET DEVELOPMENT OF PARTICIPATION BANKS AND SECTORAL SHARE (TL million, 2017-2021)

	Total Assets	Change %	Sector Share %
2017	160,136	20.5	4.9
2018	206,806	29.1	5.3
2019	284,459	37.5	6.3
2020	437,119	53.7	7.2
2021	717,338	64.1	7.8

Source: BRSA

Kuveyt Türk achieved the highest net profit among participation banks in 2021, at TL 2,501.7 million, followed by Vakıf Katılım (TL 1,239.4 million), Türkiye Finans (TL 921 million), Ziraat Katılım (TL 558.7 million), Emlak Katılım (TL 143.1 million) and Albaraka Türk (TL 104.4 million).

Vakıf Katılım was the bank to achieve the biggest increase in net profit compared to the end of 2020, with an increase of 86%. It was followed by Kuveyt Türk, whose net profit increased by 79%.

In 2021, Kuveyt Türk was the participation bank with the largest asset base in Türkiye, at TL 254.1 billion, followed by Türkiye Finans (TL 115.6 billion) and Albaraka Türk (TL 109 billion). These were followed by Vakıf Katılım (100.7 billion), Ziraat Katılım (TL 98.3 billion) and Emlak Katılım (TL 38.7 billion).

Participation banks mediate in significant capital inflows to our country with their sukuk issuances.

SIX PARTICIPATION BANKS

As of the end of 2021, six participation banks were operating in Türkiye.

17,147 EMPLOYEES

The total number of employees in participation banks increased by 1.8% during 2021 to reach 17,147.

There was significant growth in the total assets, deposits, loan volume and sector shares of participation banks.

Growth of 47.1% in net profit for the period

Participation banks recorded a combined net profit of TL 5.5 billion in 2021, marking an increase of 47.1%.

The Participation Banking Sector

Sukuk is the name given to the certificates which provide the opportunity to participate in a commercial transaction in accordance with Islamic law and to gain a share of the income arising from this commercial transaction. These certificates also have the opportunity to be bought and sold second hand, depending on the asset they represent.

Participation banks collected funds amounting to TL 226.6 billion, USD 4.5 billion and 2 billion Malaysian ringgit through sukuk issuances since 2010.

Participation banks realized a total of TL 96,938 million in sukuk transactions in 2021. This amount, which reflects an increase of 79% compared to the previous year, corresponds to a 43% share of the total issuances to date in 2013, when the first issuance in Turkish lira was carried out.

Participation banks continued to support SMEs

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

The total number of SME customers of participation banks had reached 121,734 as of December 2021. Total cash and non-cash SME loans increased by 41% from TL 94,715 million in 2020 to TL 133,621 million in 2021*.

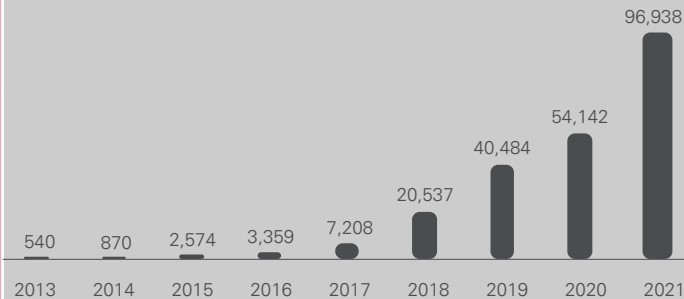
Participation banks set target of a 15% market share by 2025

A key priority target for participation banks is to increase the share of participation banking in the total banking system to 15% by 2025, placing our country as one of the largest centers for participation banking in the region and one of the few in the world in this field.

In this context, work is being carried out to create an innovative, inclusive and dynamic participation banking ecosystem, new products based on risk sharing are being developed and strategic cooperation is being established with important countries, institutions and organizations in the field of participation finance.

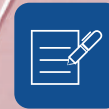
Policies and regulations implemented in Türkiye are providing great impetus to participation banking, and participation finance products and services are becoming increasingly diversified thanks to government support.

TOTAL SUKUK ISSUANCES (TL million)



Source: TKBB

PARTICIPATION BANKS REALIZED A TOTAL OF TL 96,938 MILLION IN SUKUK TRANSACTIONS IN 2021.



15% market share

A priority target for the sector is to increase the share of participation banking in the total banking system to 15% by 2025, placing our country as one of the largest hubs for participation banking in the region and one of the few in the world in this field.

Increasing the number of customers is one of the main issues that participation banking will focus on for the next 5 years. In this context, strengthening the communication with target customers and transferring and adopting the functioning of the participation finance system to the needs of customers stands out as an important strategy. Another important need is to increase literacy of participation finance among sector employees.

Participation banks, which have undertaken very serious investments in digital areas, will maintain their efforts to improve the use of digital channels and the remote customer acquisition mechanism in the future, as digitalization gains more prominence in the banking sector.

The Financial Center project, the construction of which is nearing completion, is aimed at placing our country in the echelons of the world's leading financial centers. In this context, is expected to stand out not only as a financial center but also as a hub of interest-free finance, provided the right steps are taken and a solid institutional structure is established.

Participation banking, which has a qualified and skilled workforce and a sound regulatory infrastructure, is expected to step up its growth momentum with the development of new products and services which can meet the needs of the market.



121,734

The total number of SME customers in participation banks had reached 121,734 as of December 2021.



Acceleration

Policies and regulations implemented in Türkiye have provided great impetus to participation banking, and participation finance products and services are being increasingly diversified on the back of government support.





Global Interest Free Finance and Banking

The interest-free finance sector continued its double-digit growth

In 2020, when the Covid-19 pandemic dealt a great blow to the economy and our social lives, the financial system also came under extraordinary pressures.

According to data contained in the REFINITIV Islamic Finance Development Report for 2021, despite the difficulties experienced due to the pandemic, the global interest-free finance sector, which had grown by 15% in 2019, continued its double-digit growth, expanding by 14% in 2020 to reach USD 3.4 trillion in assets.

Based on figures for the end of 2020, there are 1,595 interest-free financial institutions in the interest-free finance system, including banks and interest-free windows in the conventional banking system.

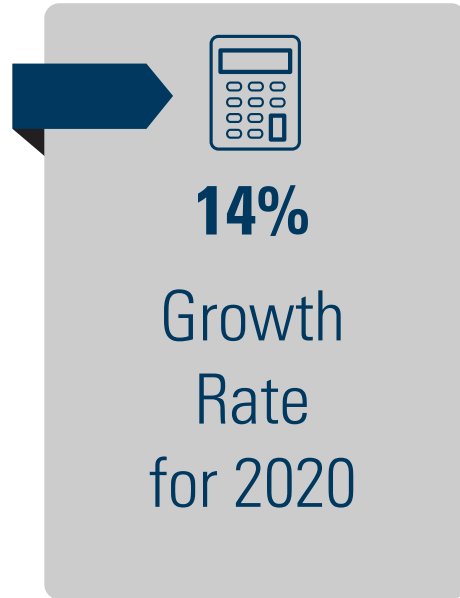
In terms of total assets, Iran, Saudi Arabia and Malaysia remained the largest markets, with asset sizes increasing to USD 838 billion in Iran, USD 826 billion in Saudi Arabia and USD 620 billion in Malaysia.

The countries recording the biggest growth in interest-free financial assets were Afghanistan, Australia, Egypt, Ethiopia, Morocco and Tajikistan. Interest-free banking was the main driver of growth in these countries.

Drawing lessons from the last global financial crisis, governments have taken action to provide incentive packages on an unprecedented scale, and special rules for the pandemic for banks and other financial institutions have been put into effect. Measures have been put into place so banks have been able to maintain their capital positions and profitability, as well as to ensure the continuity of loans that will support economic activity. These measures have been equally applicable to both conventional banks and interest-free banks, which constitute 70% of the interest-free financial system.

While the profitability of interest-free banks came under pressure from the increasing volume of non-performing loans in 2020, the interest-free banking sector maintained its place in the system with a strong annual growth rate of 14%.

Double Digit Growth



The vigorous growth of large interest-free banks operating in the Gulf Cooperation Council (GCC) countries, Iran and Malaysia is one of the main factors behind the growth of the interest-free financial sector. The total liabilities of these banks have expanded, especially with sukuk issuances. During this period, banks that have used the advantage of low borrowing costs, increasing their sukuk issuance to meet capital adequacy requirements.

Sukuk, the second largest sector in interest-free finance and driven by the GCC countries and Southeast Asia, recorded a stronger growth than in the previous year, expanding by 16%.

The volatility in the takaful sector, which grew by 16% in 2020, was due to the developments in Türkiye, Iran, Saudi Arabia and Southeast Asia.

Although the expansion of the interest-free funds sector slowed from the 30% rate observed in 2019 to 22% in 2020, it was the fastest-growing sector in the interest-free finance industry. Malaysia and Saudi Arabia led this growth. As a result of the sustainability awareness triggered by the pandemic and the climate crisis, interest-free environmental, social and governance (ESG) investment funds have gained momentum and had a leveraging effect on the development of the sector.

The only exceptions to the double-digit growth seen in the asset groups in the interest-free financial sector in 2020 were in non-bank interest-free financial institutions and specialized companies affected by the fall in oil prices and the pressure on the real estate sector. It was this group which felt the impact of the crisis most during the pandemic.

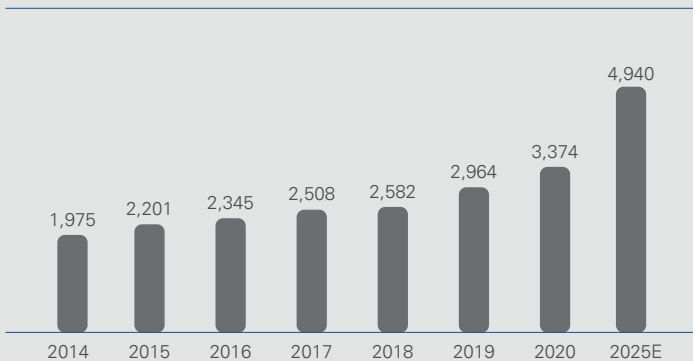
Accelerated digitalization determining the direction of development

The new generation of technological opportunities presented by digitalization (artificial intelligence, machine learning, robotic process automation, etc.), will pave the way for a wide array of benefits from big data and data analytics, the development of new and innovative service models for financial service providers, upgrading of the customer experience and expanding the customer base with more widespread access and increasing the efficiency and cost-effectiveness of operations and business processes.

Introducing customers to open banking opportunities through the API (Application Program Interface) and fintech collaborations will accelerate the process of technological innovation in the banking sector and pave the way for an improvement in the services offered to customers. This reliable and transparent model is an area that has recently attracted the attention of fintechs as well as banks. Open banking is a rapidly expanding ecosystem as it provides transparency and economic justice, which are principles at the heart of the interest-free financial system.

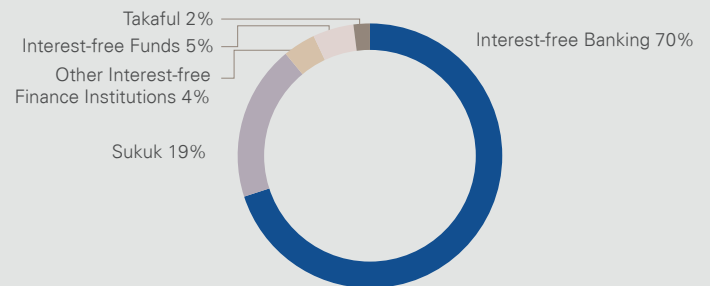
Global Interest Free Finance and Banking

INTEREST-FREE FINANCE ASSETS GROWTH (USD BILLION)



Source: REFINITIV, Islamic Finance Development Report 2021

PARTICIPATION FINANCE ASSET DISTRIBUTION (%)



Source: REFINITIV, Islamic Finance Development Report 2021

70%

**INTEREST-FREE
BANKING
SHARE**

The total assets of interest-free banks, which comprised the largest share among interest-free finance system assets with 70% of the total, reached USD 2.3 trillion at the end of 2020.

The use of blockchain technology and cryptocurrencies, which have gained importance of late, has also affected the interest-free finance ecosystem. Blockchain technologies are used in Sukuk, check-based payment, smart contracts and interest-free financing. A growing number of financial technology startups are offering blockchain solutions approved by international interest-free financial institutions. Prominent examples of these include Biokkoin, BitOasis, CaizCoin, Fasset, Finterra, MenaPay, OneGram and Rain.

Fintechs, which provide interest-free financial services, offer basic banking services such as mobile payments or asset management, as well as a wide array of innovative services such as crowdfunding, P2P lending, digital assets, robo-advising and social finance, along with digital financial solutions for unmet needs, aim to deliver their services to a much wider demographic structure and audience.

Interest-free banking maintains its stable stance, despite pandemic-related pressure

The total assets held by interest-free banks, which account for the largest share (70%) of the assets of the interest-free financial system, reached USD 2.3 trillion at the end of 2020.

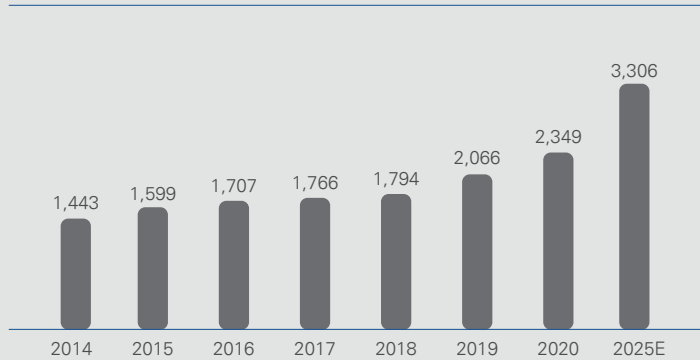
Although the growth of the sector slowed at the beginning of 2020 due to the impact of the banks which suffered losses, this trend reversed from the last quarter of 2020 thanks to the success of the vaccination rollouts in core markets such as the GCC countries, as well as the extensive support given to

economies through large-scale stimulus packages and liquidity injections implemented by various Organization for Islamic Cooperation (OIC) governments.

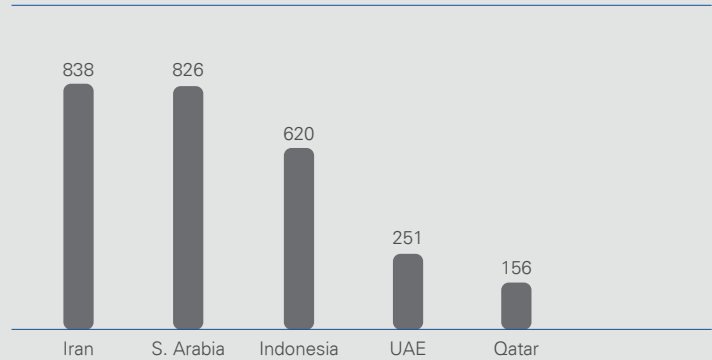
Hosting five of the ten interest-free banks in terms of asset size globally, the GCC countries command special importance for the interest-free finance system with this feature. In contrast, the highest growth rates were seen in non-core markets outside the GCC and Southeast Asia.

In the development of interest-free banking assets, Ethiopia exhibited the highest performance in 2020 with a growth of 244%, followed by Tajikistan (110% growth) and Morocco (66% growth). Other countries whose assets expanded by more than the 40% threshold in 2020 were Afghanistan (49%) and Sudan (47%). On the other hand, Pakistan, which is not a core market and is home to a significant Muslim population, has the potential to be an emerging market with its 37% growth in interest-free banking assets.

As well as the core markets, various countries, especially in the Central Asian region, entered interest-free banking through interest-free windows in 2020 and 2021. In Uzbekistan, the country's first interest-free windows operating with the support of the Islamic Development Bank Group Islamic Corporation for the Development of the Private Sector (ICD) and aimed at

INTEREST-FREE BANKING ASSETS GROWTH (USD BILLION)

Source: REFINITIV, Islamic Finance Development Report 2021

INTEREST-FREE BANKING ASSETS, TOP-5 COUNTRIES (2020, USD BILLION)

Source: REFINITIV, Islamic Finance Development Report 2021

promoting the development of the private sector have been put into operation. Sberbank activated its interest-free window in the UAE with the authorization of the Russian and UAE regulatory agencies. Qatar Al Rayan Bank reached an agreement to provide interest-free financial and retail banking services in Kazakhstan, which is an emerging interest-free financial market.

Developments in the field of interest-free banking on the African continent are also attracting attention, where one of the most important legal acts has been the transition to a dual banking system in Sudan. The restructuring of the system, currently based entirely on interest-free banking in the country to allow the operation of conventional banks is considered to be an improvement which will attract the attention of international banks.

Libya's interest-free banking system is in the process of being put in place, with two interest-free banks starting to trade on the stock exchange as well as the preparation of sukuk to be issued by the state.

Although the market share of interest-free banking in Egypt had exceeded 5% of the total market by the end of the first half of 2021, the interest-free banking sector currently has a high concentration with four banks accounting for 90% of the market.

Interest-free banking is also developing in new markets in Africa, while Ethiopia's first bank to operate completely interest-free, ZamZam Bank, entered operation.

The ongoing global macroeconomic volatilities are also fueling the consolidation trend in the sector. The multiple consolidation moves observed in the GCC region indicate a slowdown in credit growth, a continuation of low interest rates and a tightening of market conditions due to the increased cost of risk.

Notable consolidations in the region include the merger of the National Commercial Bank and the Samba Financial Group and the restructuring of the Saudi National Bank (SNB). This development places the SNB as the largest bank in Saudi Arabia with assets of USD 160 billion (SAR 599 billion) as of March 2021.

In the South Asian region, Bank Syariah Indonesia (BSI), recently formed following the completion of the merger of state-owned interest-free banks, became Indonesia's seventh largest bank with assets of USD 14 billion as of February 2021.

Islamic fintech institutions, which focus on providing digital financial solutions to customers and operate in the field of digital banking, have become more prolific with new start-ups in different countries.

The Amwali digital bank of Abu Dhabi Islamic Bank, the first interest-free digital bank in the world to appeal to the 8-18 age group, a consortium led by Green Packet, which has applied for an interest-free digital banking license in Malaysia and also includes ZICO and M24 Tawreeq, govtech Pertama Digital, which will focus on ethical finance and takatech, are preparing to become the new players in the market. In Switzerland, Zurich Capital Funds Group introduced the Rizq/Baraka interest-free digital bank in 2021.

Global Interest Free Finance and Banking

Consolidations are also expected in the coming period in the interest-free digital banking sector, which has become a competitive field with new entrants. The first harbinger of this was the acquisition of Niyah of UK origin by Wahed.

A highly competitive environment for the Takaful sector

The global takaful sector, which comprises the smallest share of assets in the interest-free financial system, at 2%, reached USD 62 billion of assets in 2020.

As of March 2020, the sector, which has been performing successfully despite facing risks such as serious technical losses, cyber threats and a decline in asset prices, also faces fierce competition from traditional insurance.

The largest pools of takaful assets are located in GCC countries and Southeast Asia, while Iran, Saudi Arabia and Malaysia host the bulk of global takaful assets as of the end of 2020.

One of the business lines in the sector most affected by the pandemic has been the social assistance group policies for personnel. Uncertainty caused by the pandemic has led to a reduction in staff numbers in many companies, negatively affecting employee health insurance. On the other hand, the slowdown in the real estate market in some regions such as Malaysia has led consumers to buy cautiously, while affecting mortgage takaful transactions. Travel-related insurance products have been severely affected by travel restrictions and some takaful companies have experienced a decline in sales carried out through the bank takaful channel due to the closures.

However, the process has also been observed to have had some positive effects on the takaful sector have also been observed. Some lines of business, such as health and SME insurance, have seen higher demand due to increased awareness of the importance of a needs-based financial protection solution.

Other factors supporting the growth of takaful are digitalization, which improves the customer experience, and legal regulations on policy writing and capital adequacy which support the activities of takaful operators.

Due to the consolidation, the number of takaful operators in the world has decreased to 323 in 2020.

Saudi Arabia's takaful sector provides a high-profile example of consolidation. The Saudi Central Bank is promoting consolidation in the country's insurance sector in a bid to increase competition. The first insurance company merger in the country took place in 2020 between Walaa and the Metlife-AIG-ANB Cooperative. This was followed by the merger between Gulf Union National Cooperative Insurance and Al-Ahlia Insurance, and the merger between Aljazira Takaful and Solidarity. More consolidation transactions have taken place in Saudi Arabia than in any other country, with mergers involving 32 companies.

North Africa is a new region in the development of takaful. Draft legislation on takaful was approved by the Algerian government at the beginning of 2021, and its enactment will inject momentum to the rise of interest-free finance-compliant products, which have started to be offered by banks in the country.

Takaful has grown in parallel with the development of interest-free banking products in Morocco. While real estate financing represents the largest share of interest-free financing in the country, takaful is expected to benefit from this growth.

The fintech ecosystem is key to the development of the non-bank interest-free finance sector

Assets held by non-bank interest-free financial institutions grew by just 1% in 2020. This segment consists of interest-free financial institutions such as financing, leasing, mortgage and factoring service providers, in addition to interest-free banks and takaful companies, and represents 4% of global interest-free financial assets.

The impact of the liquidity squeeze on the sector following the onset of COVID-19 was the main reason why the expansion in total assets was significantly lower than the 5% growth in non-bank interest-free financial assets in 2018 and 2019.

Egypt and Australia were the industry's fastest growing markets in 2020, with the sector growing by 128% in Egypt to reach a size of USD 1.1 billion, while the market in Australia grew by 106% to reach USD 83.2 million.

The rapid pace of growth in the industry in Egypt in 2020 was driven by strong regulatory initiatives for non-banking financial activities, such as changes in corporate governance regulations, the draft law regulating non-banking fintechs and the government's decision to set up an arbitration center to settle disputes in the industry. The growth in Australia, which offers numerous opportunities in non-bank interest-free finance, is supported by factors such as the booming interest-free home finance market and the country's strong position as a global halal supplier.

Other countries to achieve a strong performance in the non-bank interest-free finance sector included Saudi Arabia, which grew by 14%, and Jordan and Qatar, which each recorded 13% growth. The main countries to experience a decline in assets included the UAE, which recorded the steepest decline in the GCC region (49%), and Kuwait, which recorded a 12% contraction. In Central Asia, Kyrgyzstan also recorded a contraction of 17% in this sector with Kazakhstan's non-bank interest-free finance sector shrank by 10%.

In the same period, Saudi Arabia, Kuwait, Indonesia, Iran and the UAE hosted 49% of the total non-bank interest-free financial institutions globally.

While digitalization is accelerating around the globe, fintech solutions are accelerating the expansion of the non-bank interest-free finance sector and activating the potential with more affordable, simpler and more efficient financial solutions.

Fintechs, which offer interest-free financial products and services, operate in more than 30 countries around the world. The majority of these countries are the member countries of the Organization of Islamic Cooperation (OIC), which has a predominantly Muslim population and where the interest-free finance sector is also developed.

There is a high degree of geographic concentration in the Islamic fintech sector. According to data contained in the Global Islamic Fintech Report 2021, the largest markets (by transaction volume) for Islamic fintech in 2020 are Saudi Arabia, Iran, UAE, Malaysia and Indonesia, accounting for 75% of the total market transaction volume.

By 2025, the fastest growing markets are expected to be Egypt, Tunisia, Oman, Senegal and Kuwait, which are forecasted to post a CAGR of over 25%. In other words, the MENA region is set to represent the strongest growth area for Islamic fintechs.

As of August 2021, the number of Islamic fintechs had reached 257, an annual increase of 80%. The development of Islamic fintech, which has proved an expanding and maturing sector with innovative uses in recent years, is supported by various initiatives and legal regulations implemented in key markets.

In Southeast Asia, Malaysia continues to develop the Islamic fintech ecosystem through initiatives such as MDEC, the public institution responsible for developing its digital ecosystem, as well as the Securities Commission's Fikra Islamic Fintech Accelerator Program. Launched in May 2021 in a joint venture with the UN Capital Development Fund (UNCDF), Fikra supports the growth of Islamic fintechs with the goal of moving Malaysian capital markets forward by providing mentorship and access to investors for selected start-ups.

The prominent Islamic fintech initiatives in Malaysia have also broken new ground in the world, with the mobile application offering the world's first interest-free savings solution, the gold trading platform, Hello Gold, the world's first interest-free real estate crowdfunding platform, EthisVentures, the world's first Islamic-compliant digital payment network, PayHalal, being some of the most important. Finterra, the leading technology company providing blockchain-based interest-free applications worldwide, aims to increase inclusivity and adapt the Islamic social economy to digitalization using blockchain with its core product, WaqfChain.



While digitalization is gaining pace globally, fintech solutions have accelerated the expansion of the non-bank interest-free finance sector and unleashed the potential with cheaper, simpler and more efficient financial solutions.



Global Interest Free Finance and Banking

Indonesia, the country with the largest Muslim population in the world, has gained increasing momentum in the field of Islamic fintech. The state has contributed significantly to Indonesia's rapidly growing fintech ecosystem through various initiatives. The most important of these is the Indonesian Islamic Fintech Association (Indonesian Sharia Fintech Association), which was implemented by the Indonesian Financial Services Authority (OJK) to develop the Islamic fintech sector. In addition, Indonesia is the first country in the world to implement digital sukuk.

These developments indicate that Southeast Asia is an expanding and deepening market in the field of Islamic fintech.

When it comes to the GCC countries, the number of active fintechs has increased from 10 in 2018 to 60 in 2020, with Saudi fintechs in particular gaining significant momentum in 2020 and 2021. As part of its efforts to place Saudi Arabia as an innovation hub, the Saudi Arabian Monetary Authority (SAMA) has established a legal framework to support fintech initiatives.

Fintechs in Saudi Arabia develop products to meet a range of demands such as lending and finance applications, payment and private fundraising solutions.

Innovative Products with Interest-Free Fintech

Interest-free fintech is in a phase of development and expanding for businesses and individuals, offering integration with payments, financing, crowdfunding, wealth management and e-commerce to newer areas such as buy-now-pay-later and asset tokenization.

Islamic fintechs offer innovative interest-free financing solutions in traditionally underserved segments

A notable development in the non-bank interest-free finance sector is that service providers are turning to new ways of using interest-free finance and to segments which are not adequately served. While Bizhare in Indonesia has started offering sukuk on its crowdfunding platform, the Australia-based Plenti is taking advantage of an emerging trend in Islamic fintech by offering an interest-free "buy now, pay later" (BNPL) financing option to finance solar projects. This rising trend also contributes to different service experiences in different regions, such as in Malaysia, Oman and Dubai.

The Swiss-based Horizon Capital, which caters to underserved segments, has established an interest-free trading fund, while in the United States, the Islamic fintech Fardows, which operates in the field of digital banking, started offering interest-free checking accounts and robo-advisory services at the end of 2021. The foundation-based digital start-up Waqfinty, launched in the UK in early 2021, aims to revive the practice of Awqaf (Islamic foundations).

Other examples of innovative solutions include the German cloud banking platform Mambu, the first Islamic fintech to provide purchase order financing for SMEs in partnership with Saudi-based Ta3meed, as well as the stock monetization fintech solution offered by Supply@ME Capital (SYME), which is traded on the London Stock Exchange, and digital asset providers and asset management robo-advisors such as the Saudi P2P platform, Raqamyah.

According to KPMG, global fintech investments reached USD 98 billion in the first half of 2021, with only a small fraction of this amount being channeled into Islamic fintech. Measures to be taken in order to benefit more from the growth potential of Islamic fintech will, in the first phase, be to establish a favorable operating environment directed by policy makers and regulatory authorities, to organize special training programs and to ensure enhanced cooperation between Islamic financial institutions.

Malaysia, Indonesia, Saudi Arabia, Bahrain and the UAE are placed as the top countries in the Islamic Finance Development Indicator (IFDI) ranking, which monitors the development indicators of the interest-free finance ecosystem in the REFINITIV Islamic Finance Development Report 2021, while these countries are also investing heavily in fintech expansion for various reasons, including financial inclusion and accessibility to a fast-growing digital ecosystem. With the pandemic accelerating the digitization of financial services, Islamic fintech is in a process of expansion for businesses and individuals, from integration with payments, financing, crowdfunding, wealth management and e-commerce to newer areas such as buy-now-pay-later and asset tokenization.

The evolution of Environmental, Social and Governance (ESG) sukuk into the mainstream

Sukuk assets, which constitute 19% of the total assets of the interest-free financial system, reached USD 631 billion in 2020, an increase of 16%. In 2020, 15 countries issued sukuk, while the top five sukuk issuers - Malaysia, Saudi Arabia, Indonesia, Türkiye and Kuwait - accounted for 86% of the total sukuk issuances in 2020. As one of the emerging countries of the sukuk market which has gained strong momentum in the issuance of sukuk, Türkiye ranked fourth in both corporate and total issuances in 2020, achieving a market share of 10.8% in corporate issuances and 8.7% in total issuances.

In 2020, governments in the GCC region and Southeast Asia issued a total of USD 588 billion in sukuk, while the state implemented 93% of the sukuk supply. Sukuk has emerged as an effective tool in financing the economic recovery from the negative effects of the pandemic.

The high demand for government sukuk in 2020, and especially in the first half of 2021, when there were many large issuances, stands as testament to the growing attractiveness of the product.

Global sukuk maintained its relatively high performance in 2021 on the back of the ongoing economic recovery, the increasing liquidity in debt markets and strong investor demand. Substantial issuances from GCC countries and Türkiye provided a strong start to 2021, while large-scale issuances from Southeast Asia (Malaysia, Indonesia, Brunei) ensured that this trend continued throughout the year. Saudi Arabia nearly doubled its domestic issuances in the second quarter of 2021.

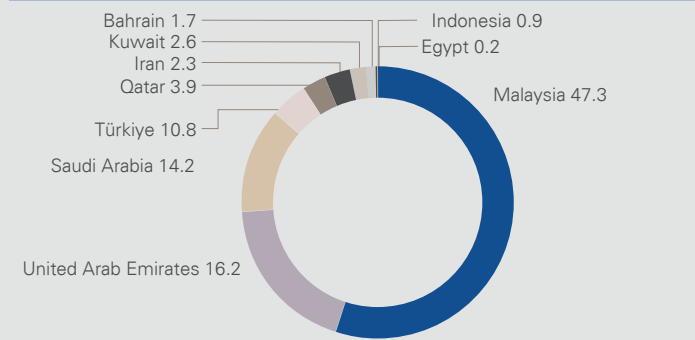
Based on S&P Global Ratings, the total of Saudi Arabian corporate and government sukuk issuances increased by 37% to USD 36.9 billion in 2021.

In 2021, the UK government returned to the market after a seven-year hiatus, issuing a USD 500 million sukuk - twice the size of its previous issuance.

Saudi Aramco’s first sukuk of USD 6 billion, one of the jumbo issuances in 2021, has especially stood out with a consortium of 29 participants, attracting demand of over USD 60 billion.

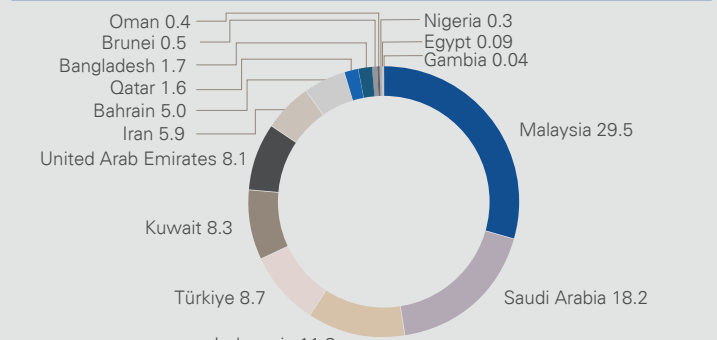
Indonesia has completed its largest-ever retail sukuk transaction, issuing a 27 trillion Rupiah (USD 1.9 billion) tradable retail sukuk through its online government bonds (SBN) platform.

CORPORATE SUKUK ISSUANCES DISTRIBUTION BY COUNTRIES (2020)



Source: IFSB Report

SUKUK ISSUANCES DISTRIBUTION BY COUNTRIES (2020)



Source: IFSB Report

Global Interest Free Finance and Banking

The Maldives carried out its first transaction on the international sukuk market, with an issuance of USD 200 million.

Regulatory and policy development efforts aimed at improving market standardization have been stepped up during the year. Tax regulations were introduced in some markets in a bid to encourage issuance. This initiative has enhanced standardization throughout the industry.

Another important development in terms of standardization has been the publication of Perpetual Sukuk Al Mudarabah Tier 1 Standard Documents by the International Islamic Financial Market (IIFM). Documents based on the best international interest-free finance practices provide documentation based on a solid foundation which can be adopted seamlessly by all countries.

In 2021, the economic committee of the Egyptian parliament completed the amendments to the sukuk law, which establishes the framework for the issuance of sukuk by the state. The first sukuk issuance in Egypt, which is set to be an important player in the market, is expected to take place in the first half of 2022.

While there was growth in sustainability and green themed sukuk in 2021, the total market size of ESG and green sukuk exceeded USD 15 billion.

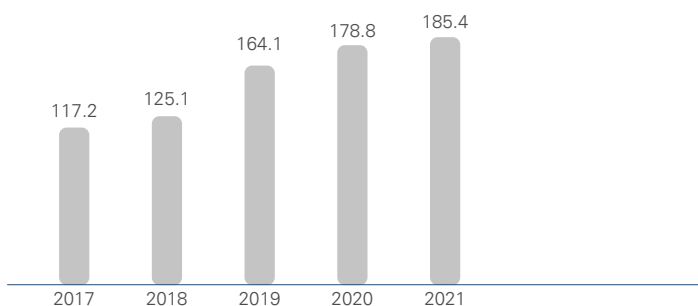
According to Refinitiv Quarterly Sukuk Monitor, the global sukuk sector issued in excess of USD 185 billion of sukuk in 2021. Continuing to attract increasing interest in both existing and new markets, the issuances of ESG sukuk reached a new peak in 2021, with a total of USD 5.3 billion in issuances, representing 3.2% of the total sukuk issued globally in 2021. Green sukuk accounted for 29% of the value of ESG sukuk issued in 2021.

ESG sukuk issuances continue to be led by issuers based in Saudi Arabia, Indonesia and Malaysia. New issuers from Bangladesh, Nigeria and Türkiye are also attracting attention in the ESG sukuk market.

In 2021, Malaysia issued the first dollar-based state sustainability sukuk worth USD 800 million with a 10-year term, the proceeds of which will be used to finance social and green finance projects in line with the UN's Sustainable Development Goals. In addition, Indonesia has also issued a USD 750 million, 30-year sustainability sukuk - the longest-term green sukuk transaction to date.

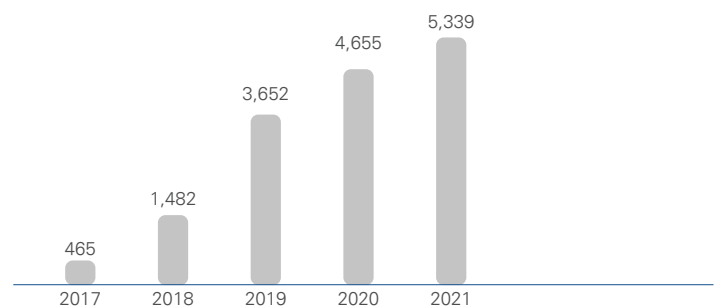
Having carried out the first corporate green sukuk issuance of USD 38.4 million in 2020 to finance sustainable infrastructure and clean transportation projects, Kuveyt Türk issued the Sustainable Tier 2 Subordinated Sukuk, with a value of USD 350 million, in 2021. The Sukuk issuance was 12 times oversubscribed, attracting demand from more than 150 investor institutions. Adopting the Wakala/Murabaha structure, the sukuk is the world's first Sustainable Tier 2 Sukuk issuance. Again in 2021, Emlak Participation issued Türkiye's first green sukuk based on the labor-capital partnership through the Special Fund Pool Participation Account, which is a fundraising method specific to participation banking. The issuance of approximately TL 52 million was realized with a maturity of 371 days.

SUKUK ISSUANCES GROWTH (USD BILLION)



Source: REFINITIV, Quarterly Sukuk Monitor, Q4-2021

ESG SUKUK ISSUANCES GROWTH (USD MILLION)



Source: REFINITIV, Sustainable Islamic Finance Monitor, Q4-2021

The Islamic Development Bank (IsDB) has realized the largest sustainability and ESG sukuk issuance to date, with a USD 2.5 billion sukuk issuance. The Bank became the largest issuer of sustainability sukuk, issuing a total of USD 5.2 billion of sukuk.

Breaking further new ground in 2021, the IsDB launched a USD 400 million Secured Overnight Financing Rate (SOFR) linked sukuk obtained from a single investor through a private placement. The sukuk also set a new global bar as the first AAA grade issuance.

In October 2020, the Abu Dhabi-based Etihad Airways issued its first transit sukuk, designed to contribute to the transition to a carbon-neutral economy and pioneer sustainable aviation.

The convergence of demand for ESG investments into the mainstream in global markets has encouraged government and corporate issuers in GCC countries, which are among the regions where these transactions are concentrated, to direct their activities to this market.

In the coming period, more ESG-based borrowing, in the form of both bonds and sukuk, are expected in GCC markets, with the proceeds used to finance green and sustainability transition projects.

While leading the adoption of ESG sukuk globally, Saudi Arabia, which is responding to the sustainability efforts of the interest-free finance sector, issued a total of USD 1.5 billion of ESG sukuk (SNB and Riyadh Bank issuances) in the first two months of 2022 following its 2021 performance, which indicates that its activities in this field will gain momentum.

Socially responsible investment and trust funds see strong momentum

The interest-free funds sector was managing a total of USD 178 billion in assets in 2020, representing 5% of the assets in the overall system. The volume of interest-free funds, which comprise 15% of global sector assets based in India, the USA and the United Kingdom, have grown at double digit rates. Among the larger markets, this sector in Malaysia posted growth of 8.9% while this sector in Saudi Arabia grew by 33.2%. These markets accounted for 48% of global interest-free funds in 2020.

The growth of the sector in 2020 was supported by the launch of 95 interest-free funds amounting to USD 1.5 billion, most of which are located in Malaysia, Indonesia, Pakistan and Saudi Arabia.

On the basis of asset type, interest-free equity funds performed relatively well with an average cumulative growth of 6.8%. Commodity and sukuk funds both achieved a positive performance, recording average cumulative growth rates of 5.7% and 3.5%, respectively.

Interest-free real estate funds suffered a downturn due to the economic slowdown caused by the pandemic. In 2020, 85% of real estate investment funds managed by real estate investment trusts and asset management companies performed negatively, while the sector contracted by 3.2%. Most of these funds are located in Malaysia and Saudi Arabia.

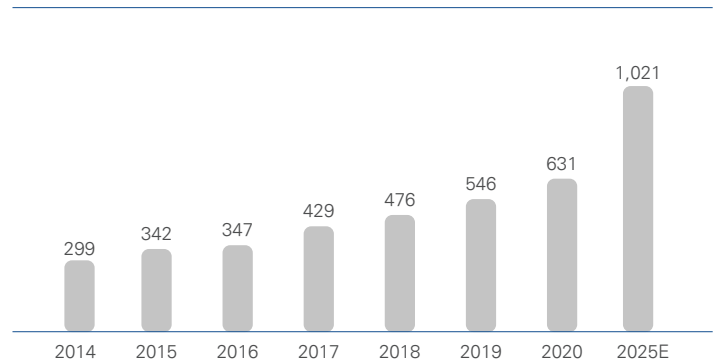
ESG Sukuk Issues

ESG sukuk issuances broke a new record in 2021 to reach USD 5.3 billion.

29%

GREEN
SUKUK

SUKUK ASSETS GROWTH (USD BILLION)



Source: REFINITIV, Islamic Finance Development Report 2021

Global Interest Free Finance and Banking

Although REITs which comply with Islamic principles do not generate rental income from tenants or sub-tenants engaged in non-Islamic commercial activities, some key interest-free financial markets such as Saudi Arabia and the UAE are expected to implement regulations to pave the way for rental income for these funds.

Pakistan introduced its first interest-free REIT in July 2021. This was followed by government initiatives and incentives to increase the attractiveness of REITs.

Interest-free exchange-traded funds are expanding both geographically and on the basis of the assets invested.

In 2020, insurance and interest-free pension funds posted average cumulative growth rates of 10% and 11.1%, respectively. While interest-free exchange-traded funds (ETFs) grew by an average of 9.5% in 2020, new interest-free ETFs were introduced to the market by fund managers based in Saudi Arabia, Pakistan and South Africa.

In 2021, the traditional Canadian financial institution, Wealthsimple, launched the country's first interest-free ETF. In addition, with the world's first interest-free REIT ETF, the SP Fund broke new ground in terms of interest-free ETFs on the basis of the type of assets being invested in. Additionally, digital interest-free robo-advisor, Wahed Technologies, launched the world's first ETF focused on China A-shares.

The interest-free funds sector continues to support sustainable investments through socially responsible investment (SRI) funds. Overall, interest-free funds for sustainability purposes reached USD 542.3 million at the end of 2020. These funds are focused on investments in stocks, mixed assets and sukuk.

Malaysia remains a pioneer in this field with the interest-free sustainable funds it launched in 2020 and 2021. The growth in these funds in Malaysia is in line with the commitments to sustainable investment set out by the country's Securities Commission. The regulator's latest initiative was the commissioning of the FTSE4Good Bursa Malaysia Shariah Index in July 2021, which covers companies which display strong ESG practices. This Index will serve as a basis for fund managers in the country to create interest-free ESG investment products.

On the other hand, foundation mutual funds continue to develop in Malaysia and Saudi Arabia. The funds based on the foundation, which is an Islamic philanthropy tool aimed at improving the social and economic prospects of disadvantaged segments of society, include Malaysia's Kenanga Investors' Kenanga Waqf Al-Ihsan Fund and Maybank's first Dec fund, the Maybank Mixed Assets-I trust fund.

178
USD billion

The assets managed by the interest-free funds sector in 2020 reached USD 178 billion.



**ESG AND
TRUST
FUNDS**

**INCREASE IN
ASSETS OF
ESG FUNDS**

30%

In 2021, regulators and governments in key Islamic capital markets continued to regulate and encourage ESG-related investments which would serve the UN Sustainable Development Goals.

The Securities Commission of Malaysia (SC) has expanded the Green Socially Responsible Investment Sukuk Allocation Program and renamed it as the Socially Responsible Investment Sukuk and Bond Allocation Scheme. The SC also developed a Socially Responsible Investment Taxonomy to enable capital market participants to identify economic activities aligned with environmental, social and sustainability goals in line with the Socially Responsible Investment Roadmap presented for the Malaysian capital market.

The Oman Capital Markets Authority published the Sustainable and Responsible Investment Bonds and Sukuk framework in a bid to consolidate and enhance the previous regulations in force. The rules will pave the way for sustainability, green, blue and social sukuk and allow the issuance of foundation-linked sukuk.

The Saudi Public Investment Fund (PIF) is planning its first issuance in international markets after developing a framework for ESG-based bond and sukuk borrowing in line with the Green Bond Principles of the International Capital Markets Association.

The Green Debt Securities, Sustainable Debt Securities, Green Lease Certificates and Sustainable Lease Certificates Guide prepared by the Capital Markets Board (CMB) in Türkiye, one of the emerging sukuk markets, was released in February 2022 in order to regulate the principles regarding green debt instruments and lease certificates to be issued in financing investments which will contribute to sustainability.



USD 6.9 billion

In 2021, managed assets in interest-free ESG funds reached USD 6.9 billion, marking 30% growth compared to 2020.

Global Interest Free Finance and Banking

In 2021, the development of the sector was supported by the launch of 193 interest-free funds and 50 funds were launched in the fourth quarter alone. The trend for fund managers in the sector to turn more to ESG and trust funds to meet the growing investor demand following the UN Climate Change Conference (COP26) summit was at the heart of this movement in the last quarter.

In 2021, assets managed in interest-free ESG funds reached USD 6.9 billion, marking 30% growth compared to 2020 - outperforming the growth in total interest-free funds.

With the increase in green and sustainable sukuk issuances, more sustainability- or ESG- oriented interest-free funds are expected to be launched in the coming years.

While greater awareness of ESG issues has been a factor in attracting individual investors to such funds, sustainability is considered an important phenomenon for companies in overcoming the problems caused by the COVID-19 pandemic. These developments are expected to be a turning point in the interest-free asset management sector.

Looking forward...

According to data contained in the REFINITIV Islamic Finance Development Report 2021, the volume of assets in the global interest-free financial system is expected to reach USD 4.94 trillion by 2025, recording an average annual growth rate of 8%.

The investment world is in an important process of evolution driven by product innovation, sustainability goals and new entrants into the market.

The convergence of ESG principles and interest-free investment standards offers significant potential for raising investor awareness, creating a wider international investor pool and diversifying capital resources for issuers in debt instruments, especially sukuk.

When it comes to the interest-free finance markets, which are in various stages of economic and social recovery following the pandemic, it is clear that sukuk will serve as an integral part of the financial plans of governments going forward.

The sukuk industry has once again proven its resilience by taking strong steps towards standardization, sustainability, globalization and innovation, which are necessary to achieve sustainable growth and international acceptance.

According to data contained in the REFINITIV Islamic Finance Development Report 2021, the global interest-free financial system is set to reach an asset size of USD 4.94 trillion by 2025 with average annual growth of 8%.

Sustainability Sukuk

Sustainability sukuk and bond issuances continue to grow in line with the global trend towards ESG investments.

Sustainability sukuk and bond issuances continue to grow in line with the global trend towards ESG investments.

In the coming period, new horizons will be opened with sustainable sukuk issuances such as transitional sukuk and blue sukuk, which are growing in number. In parallel with the recovery of sectors such as transportation, retail and logistics in the wake of the pandemic, major players in these segments are also expected to issue transitional sukuk. Blue sukuk is another area which will stand out in the longer term in the context of the efforts to tackle climate change. As with blue bonds, blue sukuk aims to finance the sustainable use and protection of the world's oceans in accordance with the principles and values of interest-free financing.

Throughout the pandemic, the social role of the interest-free financial system has become more clearly defined than ever, while the opportunities offered by the global interest-free financial system in terms of its future and the opportunities which it will bring to its ever-expanding target audience have become better understood.

While the momentum gained by ESG and foundation funds in the capital markets has drawn attention, the steady increase in the number of fintech companies offering Islamic social finance solutions such as waqf, sadaka, and zakat also sets the stage for an expansion in the financial world.

The role of interest-free social finance instruments, which reveal the social aspect of the ESG and the Objectives of Islamic Law (Maqasid al-Shari'ah) in meeting financial inclusion and needs will become increasingly well understood and their weight will increase in the development of the interest-free finance ecosystem.

Sources:

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While the momentum gained by ESG and trust funds in the capital markets has drawn attention, the steady growth in the number of fintech companies offering Islamic social finance solutions such as foundations, charity and zakat also points to expansion in the financial world.



Advisory Board

The Advisory Board, established in 2018 with the aim of determining the principles and standards of the participation banking profession, has been making decisions and preparing standards for the sector since its establishment.



MEETINGS

The Advisory Board meets regularly and holds meetings with an agenda that is in line with the needs of the participation banking sector. The Board, whose primary priority is to prepare participation finance standards, reaches decisions and provides opinions within the scope of the requests and questions posed by participation banks and some public institutions and organizations. The Board held 53 meetings in 2021.



Standards

1. The Tawarruq Standard was published on the Advisory Board's website on 2 March 2021.
2. The Murabaha Standard was published on the Advisory Board's website on 6 May 2021.
3. The Suretyship Standard was published on the Advisory Board's website on 17 December 2021.
4. The Mudarabah Standard has been put on the agenda of the Advisory Board and discussions on the standard are ongoing.





PARTICIPATION BANKS

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



Albaraka Türk General Manager



STRATEGY

Acting in parallel with the sector in 2021, Albaraka Türk determined a strategy that will support the economy.



The world faced global inflation in 2021 against a backdrop of monetary expansion policies and weakening supply chains. As inflation rose to historical levels, a perception that inflation was permanent began to take hold. The FED rapidly revised its guidance for the number of expected rate hikes for 2022 upwards to 7-8. A rise in inflation throughout the EU also drove expectations that the ECB would also raise interest rates in 2022. Even as commodity prices were rising to historic highs, the war between Russia and Ukraine which broke out the early months of 2022 presented an upside risk to commodity prices and, therefore, to inflation. Since the course of the war cannot be predicted, we can expect a diverse range of expectations in 2022.

Türkiye posted the highest growth rate among the G-20 in 2021. Having grown by 11% in 2021, the Turkish economy posted growth driven by its industrial sector and, in particular, exports. An export-based growth model will be prioritized in 2022 with attention placed on improving the current account balance. Tourism revenues will play an important role in keeping the current account balance under control and reviving the service sector in 2022.

Banking, on the other hand, has passed an important threshold with the decisions taken by the BRSA and the CBRT. Increasing its profitability in 2021, the asset quality of the banking sector continued to improve. At the same time, the banking sector has become a key driving force of the economy through the loans it has made available. Although extreme exchange rate volatility in 2021 took a toll on the banking system, the developments seen towards the end of the year had a positive impact on the banking sector. The banking sector has successfully managed this process with its experience and crisis management skills, posting a 51% increase in its assets in 2021. Given that inflation was realized at 36% in 2021, it would be reasonable to conclude that real growth has been achieved in this area. In addition, the banking sector recorded a profit of TL 93 billion in 2021, marking an annual increase of 59%, while there was an increase of 45% in securities.

Moreover, the share of FX deposits, which had climbed to 65% by the end of 2021, declined in parallel with the introduction of the Currency Protected Deposit product. The Currency Protected Deposit product, which was rolled out on 21 December 2021, attracted TL 500 billion of funds in the first 3 months, corresponding to approximately 10% of the banking sector.

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	0.95%
Public	36.93%
Total	100.00%
Acting General Manager	Malek Khodr Temsah

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	231
Number of Employees	2,918

The gap between the dividend yields of participation banks and deposit interest rates offered by deposit banks widened during 2021. However, on the basis of asset size, participation banks posted a rate of growth of 65% in excess of the sector, with assets reaching TL 717 billion. Accordingly, participation banks, which raised their share in the sector, posted a 51% increase in financing in 2021, demonstrating their commitment to the real sector and to supporting the growth of the economy. The balance sheets of participation banks recorded a significant decline in foreign exchange deposit accounts with the launch of the currency-protected deposit product, also positively affecting the asset quality. Participation banks are expected to increase their share in the sector in terms of financing and asset growth and improve their asset quality in 2022.

Acting in parallel with the sector in 2021, Albaraka Türk determined its strategy on the basis of supporting the economy. We increased our assets to TL 109 billion, recording 57% growth in asset volumes. As far as financing is concerned, we recorded a rate of real growth in excess of inflation with growth of 41%. In addition, we achieved 76% growth in funds collected on the back of the movement in the exchange rate in 2021. We will further expand Albaraka Türk's financials and achieve profitability-oriented growth in 2022.

We are also achieving important strides in the field of digitalization. The AlbaFX platform was brought to the service of the public, to offer investment opportunities to our customers in a manner which was better and faster. The AlbaFX platform has been welcomed by our customers and has experienced rapid growth. In addition, we have paved the way for chain grocery stores to be used as ATMs with our Nakit Basit (Cash Simple) project. These products will help ensure we achieve significant breakthroughs and record growth in 2022.

Finally, I would like to take this opportunity to wish everyone good health, well-being and a life free from war in 2022. With auspicious hopes for 2022...

Respectfully,

Malek Khodr TEMSAH
General Manager and Board Member

Albaraka Türk

Senior Management

Malek Khodr Temsah

General Manager and Board Member

He was born in Beirut, Lebanon in 1981. He received his Bachelor of Business Administration from The George Washington University (Washington D.C., 2003) and completed his Master's Degree in Business Administration from Thunderbird, the Garvin School of International Management (Arizona, 2006). In 2003, he began his career with Bank of America Business Banking in Washington DC followed by his tenure in the Treasury & Capital Markets Department at the London-based European Islamic Investment Bank between 2007 and 2009. In 2010 he joined leading global Islamic bank Al Baraka Banking Group, Bahrain as Vice President of Treasury where he established & oversaw the global sukuk investment portfolios until 2014. He was also a member of the Board of Directors for one of Morocco's first Islamic banks, BTI Bank, between 2017 and 2020, where he served on the Audit and Board Affairs Committees. He has joined Albaraka Turk in 2014. In 2017, he was appointed as the Assistant General Manager in charge of Treasury and Financial Institutions. From October 2021 to August 2022, he has served as the Acting General Manager in addition to his above-mentioned duty. On 07.08.2022, Mr. Temsah has been appointed as the General Manager of the Bank by the Board of Directors of Albaraka Turk. Besides his duties at the Bank, he serves as the Vice Chairman of the Board at Katılım Pension and Life Company, and as the Chairman of the Board at Albaraka Portfolio Management Company, Insha Ventures Technology Development and Marketing Company, Albaraka Technology Information System and Marketing Trade Company, Albaraka Culture Art and Publishing Company. Temsah who is fluent in English, Arabic, and Turkish; also serves as the member of the Credit Committee, the Executive Committee and the Information Technologies Governance Committee.

Turgut Simitcioğlu

Deputy General Manager

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 a Member of the Board of Directors at Katılım Emeklilik ve Hayat A.Ş. and Deputy General Manager in charge of Business Lines as of January 2017, Simitcioğlu has been serving as the Assistant General Manager in charge of Credit Risks since October 2018.

Süleyman Çelik

Assistant General Manager

Süleyman Çelik 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 until 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, Directorate of Construction & Real Estate, Department of Training and Career Management. Çelik is also a member of the Board of Directors of Albaraka Culture, Art and Publishing Inc. and Albaraka Tech Global Inc.

Fatih Boz

Assistant General Manager

Fatih Boz was born in Edirne in 1973. He graduated from Ankara University, Faculty of Political Sciences in 1995. Mr. Boz completed his master's degree on Political science in the same university. He worked in different companies as director between 1995-1998. In 1998 he started to work as Assistant Inspector in Albaraka Turk. He served as Deputy Director of the Operations Department in 2003, Branch Manager between 2006- 2009, Manager in Project Management Department from 2010 to April 2011 and Manager from 2011 to 2017 in Credits Operations Department. In January 2017, he was appointed as Deputy General Manager responsible of Central Operations. As of August 2019, Fatih Boz has been serving as Deputy General Manager responsible of Corporate Loans Allocation Department, Commercial and SME Loans Allocation Department and Retail and Micro Loans Allocation Department.

Hasan Altundağ

Assistant General Manager

Hasan Altundağ, who graduated from Ankara University Faculty of Political Sciences, Department of Economics, started his banking life in 1986 as an inspector at the Board of Inspection of Yapı ve Kredi Bankası. Until 1999, he worked as Inspector, Operations Manager and Field Manager respectively. Altundağ, who worked as the Branch Manager of the participation bank between 1999- 2004, joined the Albaraka Türk Participation Bank family in March 2004. He worked at Albaraka Turk as Sultanhamam Branch Manager between 2004-2005, Marketing Regional Manager between 2005-2011, Transformation Management Office Manager between 2011-2013 and Strategy and Corporate Performance Management Manager between 2013-2016. Hasan Altundağ, who was appointed as the Deputy General Manager Responsible for Marketing in 2017, has been serving as the Corporate Sales Manager, Commercial and SME Sales Manager, Retail and Private Banking Sales Manager and Sales Deputy General Manager in charge of Regional Directorates since July 2020. Altundağ is also Albaraka Culture Art and Publishing Inc. He also acts as the Deputy Chairman of the Board of Directors.

Mustafa Çetin

Assistant General Manager

Mustafa Çetin was born in Afyonkarahisar in 1971. In 1991, he ranked 20th in the national university exam. He went on to

graduate from Boğaziçi University, Department of Management in 1996. In the same year, Mr. Çetin started his professional career at Finansbank in the Corporate Banking Management Trainee Program. He worked as a manager in Corporate and Commercial Banking at Türk Dış Ticaret Bankası between 1999-2004. He started to work at Albaraka Turk in the year of 2004 and continued his duty as Head of Branch until 2008, as the Marketing Manager from 2008 to 2011, the Head of Foreign Operations from 2011 to 2012, the Unit Manager responsible for Financial Institutions and Investor Relations and a member of the Corporate Governance Committee from 2012 to 2017, and the Deputy General Manager responsible for Finance and Strategy from 2018 to 2020. He has been working as the Deputy General Manager of Finance and Investor Relations, responsible for the directorates of Financial Reporting, Financial Affairs, Business Excellence and Innovation, Investor Relations as well as for the Data Governance Service units since July 2020. He is also a member of the Board of Directors of Insha Ventures Technology Development and Marketing Inc., one of the Albaraka Turk affiliates. Mustafa Çetin, who speaks English and German, has Capital Market Activities Advanced License and Corporate Governance Rating Specialist License.

Volkan Evcil

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 President of Risk Management. He was named President of Risk Management in 2006. Since February 2017, he has been serving as Internal Systems Senior Manager in charge of Internal Audit Department, Internal Control Department, Risk Management Department, and Legislation and Compliance Department. In August 2019, he became the Assistant General Manager in charge of Central Operations which consist of Credit Operations Department, Foreign Trade Operations Department, Banking Services Operations Department and Collateral Management Department. On 27 January 2020 he was appointed to the Banks Association of Türkiye Risk Center Management's Board Member as the representative of Participation Banks Association of Türkiye.

Mehmet Fatih Yorulmaz

Assistant General Manager

Mr. Yorulmaz was born in Kahramanmaraş in 1980. He received his bachelor's degree in Civil Engineering from Middle East Technical University in 2001 within 3.5 years with a ranking of 3rd. Having completed his master's degree with high distinction at Georgia Institute of Technology in 2002, Mr. Yorulmaz contributed to the engineering designs of several high-rise structures in Atlanta, USA. In 2005, he moved to Jeddah, KSA and joined Islamic Development Bank as a Portfolio Manager where he led projects in Afghanistan, Pakistan and Sudan. Mehmet Fatih Yorulmaz received his MBA degree from Harvard Business School with high distinction (top 5%) in 2009. Afterwards, he

worked at the Boston Consulting Group's Boston and offices to provide management consulting services to several world-renowned clients in finance sector. Starting from 2011, he served as CEO Advisor at Turk Telekom and Senior Director of Marketing, Corporate Sales & Business Development at TTNET, the biggest telecom company in Türkiye. Mr. Yorulmaz took the role of Principal at ICD, Islamic Development Bank's private sector arm, where he was responsible from credit allocation to Türkiye & CIS countries. In 2016 as Country Manager, he established Turkish office of a multinational fintech start-up, Compare Europe Group. Mehmet Fatih Yorulmaz joined Albaraka Türk Participation Bank as CEO Advisor in 2017 and was appointed as Chief Marketing Officer in July 2020 to be in charge of Marketing, Product Management, Corporate Communications and Pricing Departments. Yorulmaz is also a member of the Board of Directors of Albaraka Culture, Art and Publishing Inc.

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 Aydın

Director

She was born in 1974 in Kahramanmaraş. She graduated from 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 Turk. 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

We provide a customized banking experience to our female customers as well as our young customers with the Eflatun and Trend Banking models which we introduced in 2021. Our credit card product, designed for our female customers within the scope of Eflatun Banking, aims to increase customer loyalty with preferential brand collaborations and promotional kits for Eflatun Card holders. Eflatun Assistance Services offer free assistance to cardholders while our Eflatun BES (PPS) and Insurance products help our female customers use their savings safely, while also helping them financially secure themselves and their loved ones under difficult conditions.

As a first in Participation Banking, we offer our customers between the ages of 18-25 a special banking model, Trend Banking, with a range of products and services including the Trend credit card, Trend BES and Trend profitable account with special advantages for our young customers. Our Trend credit card is aimed at students between the ages of 18-25, offering them the opportunity to obtain a credit card without needing to provide proof of income, thus supporting young people in their financial life.

In addition to the banking models in which we offer customized services, Albaraka Türk has started its digital transformation journey under the banner of "The Digital Bank of Your Values", by developing our project of allowing people to become a customer through digital channels, a project which we started in 2020. This allows individuals to become a customer in a matter of minutes, regardless of where they are, without needing to come to the branch, thanks to the "Video Interview" which we put into practice in 2021. With our project, we not only complete the process of becoming a customer in a short space of time, but also provide the opportunity to complete their transactions through digital channels by receiving product and service applications such as credit card applications from our customers. This product has paved the way for a significant increase in the number of our digital customers. In addition, we continue to raise the competence of our digital channels so our customers are able to complete a number of transactions quickly and easily without going to the branch.

At Albaraka Türk, we offer customers access to our innovative products and services in the fastest, practical and cost-effective manner.

Online Shopping Financing: Our new product "Online Shopping Finance", which enables Albaraka customers to use consumer financing by performing all processes digitally without visiting a branch through selected e-commerce sites, has been put into use on contracted e-commerce sites. Our customers, who add the product they want to buy to their shopping cart on the e-commerce platform, can make their payments with Albaraka Online Shopping Financing in just 5 minutes.

Jet Needs Financing: Our new product, "Jet Consumer Finance" was put into use. The product enables customers who have applied for our Jet Finansman product from our corporate website or Mobile Branch and received preliminary approval to use consumer financing by performing all processes digitally without needing to go to the branch.

Alba FX: Our AlbaFX mobile application, where customers may buy or sell foreign currency, gold and silver from any location, 24 hours a day, 5 days a week, was put into service in 2021. Through AlbaFX, customers may rapidly access the best rates of our bank. Moreover, no fees or commissions are payable while performing these transactions.

Eximbank Insured Export Credit Secured Loan: Our Eximbank Insured Export Receivables Secured Loan product allows exporters to access financial support by providing their export receivables insured by Türk Eximbank as collateral.

Physical Grams of Gold: We may now deliver deposited gold in the accounts of our customers in the form of one gram and multiples from all our branches.

Check Integration: This system allows firms which mainly collect funds by cheque to monitor the progress of cheque payments they provide to banks in an electronic environment.

Flexible Package: With this product, customers in certain business areas (foreign trade, SME, etc.) may benefit from our

Bank's products and services at preferential prices in line with their needs.

Exchange Rate Protected Participation Account: This product protects our domestic real and legal resident customers from exchange rate volatility, while they will continue to receive dividends on their TL savings.

Oyak Integration: Transactions such as buying and selling shares and participating in offers can be performed through OYAK Yatırım via our bank.

Fund Accumulating Account: The Fund Accumulating Account, where regular fund purchase orders may be issued from the current account, has been offered to our customers.

24/7 RBV: A Short-Term Lease Certificate Mutual Fund is an investment fund which allows daily investment. The trading time limit of the RBV Fund, which had been set between 08:30 and 12:30, has been abolished and trading can now be performed on a 24/7 basis.

albaFX ile Kurlar Elinizin Altında

albaFX ile döviz ve kıymetli maden kurlarını kolayca takip edebilirsiniz. 5/24 anlık alım satım yapabilir, istediğiniz kurl için alım satım emri bırakabilirsiniz.

- Istenilen Kuru Göre Emir Verme
- 5/24 Avantajlı Kurlar
- Albaraka Güvencesiyle

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www.albaraka.com eflatun

Kur Korunmuş TL Katılma Hesabı ile birikimleriniz Albaraka'da

Siz de güncellenmiş "Kur Korunmuş TL Katılma Hesabı" açarak, bir portföy almaya devam edip, döviz kurundaki dalgalanmalardan etkilenmeden birikimlerinizin değerlenmesini sağlayabilirsiniz.

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Albaraka Türk and Sustainability

Acting with the vision of “being the best participation bank in the world”, Albaraka Türk, together with its sensitive employees, seeks to support economic and global development with an equal and fair financial model, by fulfilling its responsibilities to its environment, society and all other stakeholders. In setting out its banking goals, the Bank takes into account its sustainability activities and strives to improve its business model within the scope of environmental, social and governance (ESG) indicators. Acting on this awareness, the ultimate goal of the Bank is to achieve net zero carbon emissions. In this context, Albaraka Türk, which closely follows national and international developments, launched the Sustainable Banking Program with the support of its main partner, the Albaraka Banking Group (ABG). The Bank supports the Sustainable Development Goals of the United Nations Development Program (UNDP) and directs its work in this direction.

Albaraka Türk has been participating in CDP surveys on a voluntary basis since 2017 to measure environmental impacts within the scope of tackling the climate crisis, reducing carbon emissions and ensuring water security. The Bank’s Climate Change and Water Security grades in 2021 were determined as B-. In addition to its work in the CDP area, measures have been initiated with the Scientific Based Targets initiation (SBTi) to calculate the entire climate burden which the Bank has previously committed to and to set scientific targets. However, Albaraka Türk has been included in the BIST Sustainability Index, where all the activities of institutions are examined in detail within the scope of ESIA indicators, since 2019 and is the first and only participation bank in the index.

The Bank, which was awarded the title of being Türkiye’s first bank head office building to hold the Green Building Certificate since 2016, also renewed its LEED GOLD certificate this year. Continuing the Zero Waste Project initiated by the Ministry of the Environment, Urbanization and Climate Change, Albaraka Türk implements savings-oriented projects by implementing measures in prevention-reduction, reuse and purchasing processes. In addition, the Bank, which cares about the well-being of its employees and supports their development in every aspect, has been participating in the Great Place to Work (GPTW) surveys that have been implemented for the last four years. Albaraka Türk, which was also entitled to become a GPTW in 2021, was awarded the “Best Employer Certificate” in the category of “Companies with More than 2,000 Employees” for a third time within the scope of Türkiye’s Best Employers Recognition Program.

Providing renewable energy financing, the Bank continues to expand its sustainable financing products. Albaraka Türk supports sustainable banking activities with a wide array of innovative Digital Banking products which it has put into practice. In this vein, infrastructure work has got underway in order to calculate

the financial risks within the scope of climate change and to effect the necessary improvements by calculating the scope 3 greenhouse gas emissions risk.

In addition, with its Corporate Social Responsibility activities, it has realized a wide range of projects in support of areas such as health, the environment, vulnerable groups, disaster and emergency areas, especially education.

Albaraka Türk shares all of its activities through its website with Sustainability Reports prepared in accordance with the principles of the Global Reporting Initiative (GRI), and in this context, fulfills its responsibilities to all its stakeholders in a transparent, fair and honest manner.

Albaraka Türk Sustainability Report

<https://www.albaraka.com.tr/en/about-us/sustainability>



THE MOST REPUTABLE PARTICIPATION BANK OF THE YEAR ALBARAKA TÜRK



The One Awards, which rewards the brands that increase their reputation the most, found their owners.

We are proud to be selected as the most reputable bank in the Participation Banking sector.

We would like to thank all our stakeholders and the ones who deemed us worthy of this award.

Emlak Katılım General Manager's Assessment



CONTRIBUTION

Contributing to and serving the national economy in accordance with the values of participation banking is one of our top priorities.



From our very first day of operation, we have been serving our customers with the innovative products and financial solutions which we have developed in the field of participation banking and which are in line with the principles of participation banking. Contributing to and serving the national economy in line with the values of participation banking is one of our top priorities.

We maintain our stable growth

As the youngest member of the participation finance sector, we maintain our steady growth, branch expansion and digitalization and continue to serve our customers with new products. Over the years, Emlak Katılım has increased its branch locations from 11 in 2019 to 50 in 2020, and 70 in 2021, with the addition of 20 more branches during this reporting year. We expanded our workforce from 382 employees in 2019 year-end to 1107 in 2021 year-end, boosting employment opportunities in the country. When we compare our 2021 year-end financial data to the same period of the previous year, our funds collected increased by 129% to TL 27 billion, while the funds extended increased by 61% to TL 21.9 billion. As of year-end 2021, our Bank reached an asset size of TL 38.7 billion with an increase of 90%. Additionally, non-cash loans climbed to TL 6.2 billion.

To date, Emlak Katılım has provided the construction and real estate sector with some TL 7 billion in funding. Our credit risk, including cash and non-cash loans, rose to TL 28.1 billion in 2021, up from TL 16.8 billion in 2020. Emlak Katılım aims to maintain this high pace of expansion by further growing its branch network and workforce to optimal levels. In addition, we are working to make our services available throughout Türkiye by enhancing our digital banking channels.

We are implementing sukuk models that have no examples in Türkiye and in the world.

We support the growth and development of the sector by expanding the product range in interest-free capital markets with the sukuk models which we have implemented at Emlak Katılım, the only ones of their kind in Türkiye and the world. In addition to issuing Türkiye's first ever mudarabah pools linked wakalah Sukuk in 2020, Emlak Katılım issued the world's first Sukuk based on labor-capital partnership through the Special Fund Account Pool with the Partnership-Based Sukuk Issuance in 2021.

TÜRKİYE EMLAK KATILIM BANKASI

Establishment Date	1926 (as Emlak ve Eytam Bankası); 2018 Türkiye Emlak Katılım Bankası
Chairman	Prof. Dr. Mehmet Emin BİRPINAR
General Manager	Nevzat BAYRAKTAR
Headquarters	Barbaros Mah. Begonya Sk. No: 9/A Ataşehir/İstanbul
Telephone	0216 266 26 26
Fax	0216 275 25 25

Website	www.emlakkatilim.com.tr
SWIFT Code	EMLATRISXXX
Number of Domestic Branches	70
Number of Employees	1,107

Best Sukuk Issue of the Year Award from IFN Awards to Emlak Katılım

During the year, Emlak Katılım prioritized initiatives with an environmental focus, and through partnerships, funded eco-friendly investment projects with innovative solutions. We contributed to sustainability efforts by issuing green Sukuk and financing green projects. We have made an annual contribution of approximately 2,000 tons in carbon emission reduction by issuing Türkiye's first partnership-based green Sukuk. This sukuk issue received the "Best Sukuk Issue of the Year Award" in the world at the IFN Awards 2021. This innovative instrument was developed under our sustainability drive.

As a part of Emlak Katılım's sustainable financing efforts, we mediated Türkiye's first ever green Sukuk AI-Istisna issuance. Funds provided via this issuance will be used by Türkiye Wealth Fund İstanbul Finance Centre (TWF IFC), which is responsible for the facility management in IFC project, for the green buildings within this major development project.

We are developing our digital channels

While reaching out to its customers at their location through its growing branch network, Emlak Katılım is focusing more on new digital business models and deemphasizing traditional branch-based products and channels. We are increasing our product diversity and developing products to be offered to customers via digital channels.

We aim to be a market maker institution in the real estate sector.

As Türkiye is susceptible to earthquakes, the urgent transformation of buildings at risk of collapsing in an earthquake event is needed without delay. In this context, we support the realization of the transformation with our urban transformation financial solutions. In addition, we continue to add new products to our range to ensure smooth real estate transfer transactions and to provide convenience to home buyers. In summary, Emlak Katılım aims to become a market maker bank in the construction industry and promote further development of the sector.

At Emlak Katılım, we plan to further develop and expand sustainable, innovative financing models by focusing on digital channels. We also aim to support the real estate sector, agriculture industry, export sector, import substitution industries and eco-friendly initiatives, while contributing to Türkiye's overall employment and economic growth. We remain committed to creating value for our home country and stakeholders in a dedicated manner as we move forward into the future.

Wishing you a prosperous year 2022...

Yours sincerely,

Nevzat BAYRAKTAR
General Manager

Emlak Katılım

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 of Corporate, Commercial and Retail Sales, Regional Offices and Branches as of January 2017. Bayraktar also holds Certified Public Accountant and Independent Auditor certificates. He serves as the General Manager of Emlak Katılım since 11.02.2020.

Uğur KARA

Assistant General Manager, Human Resources

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

Nihat BULUT

Assistant General Manager, Credits

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

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 Katılım Bank at the same year. As of 2000, Mr. Okur worked in Kadıköy Branch at positions of Chief, Second Manager and Assistant Manager. He continued to serve as the Branch Manager of the Merter, Kavacık and Sultanbeyli branches as of 2005, after which he transferred to the General Directorate of the same bank as Department Manager starting in January 2017. Yusuf Okur continued his career as Retail and Private Banking Sales Manager until 29 February 2020. Mr. Okur has been serving as the Assistant General Manager in charge of Operations at Emlak Katılım since 2 March 2020.

Emlak Katılım's Innovative Products and Technology

Urban Transformation Financing

As Türkiye is susceptible to earthquakes, the urgent transformation of buildings at risk of collapsing in an earthquake event is needed without delay. For this purpose, Emlak Katılım has developed 4 urban transformation financing solutions – Reinforcing, One-to-One Onsite Transformation (With No Precedent Value Increase in Permitted Building Area), Onsite Transformation (With Precedent Value Increase in Permitted Building Area), and Area Transformation – to provide maximum support in this critical area.

Building Completion Insurance

Building Completion Insurance, a product aimed at preventing potential losses that early-stage property buyers may incur, is designed to promote secure and sustainable growth of the construction industry. This product provides insurance coverage for payments made by buyers in prepaid building or urban transformation projects.

House Financing in the Homeland

House Financing in the Homeland, a product for Turkish citizens living abroad, is a loan product with advantageous terms for our citizens living overseas who want to own a home in Türkiye.

Joint House Financing and Financing for a New Home

Emlak Katılım offers further solutions that can stimulate the construction industry and makes it easier for buyers to own a home. Joint House Financing makes it possible for more than one person to purchase and co-own residential housing. Meanwhile, Financing for a New Home enables customers to buy their new home without having to wait to sell their old home.

Foreign Exchange-Indexed Participation Accounts

Emlak Katılım has developed foreign exchange-indexed participation accounts under the new system announced by the Ministry of Treasury and Finance and the Central Bank of the Republic of Türkiye. As a result, our customers are able to protect their savings without incurring losses from any volatility in foreign exchange rates and gold prices.

EmlakFX

EmlakFX allows transactions to be carried out for 16 different currencies and three different precious metals. Through this platform, Emlak Katılım customers may perform foreign exchange and precious metal purchases and sales transactions at preferential rates.

Become a Emlak Katılım Customer with Video Call

Emlak Katılım is increasing its product diversity and developing products to be offered to customers via digital channels. In addition to efforts to be physically present in almost every part of Türkiye, Emlak Katılım also started to acquire new customers via digital platforms as part of its digital transformation. Any prospective customer can apply via our Internet and mobile banking platforms and open an account with Emlak Katılım through video calls or by sending required documents through a courier. This way, Emlak Katılım aims to boost its market share by making its diversified range of products available to an even larger population via both physical branches and digital channels.

FAST & KOLAS

The FAST & KOLAS payment services in Emlak Katılım's digital channels enable its customers to perform quick and free money transfers around the clock without an IBAN.



Emlak Katılım's Innovative Products and Technology

CepPOS

Emlak Katılım, which tries to produce innovative solutions by focusing on digitalization to make the lives of all its customers easier, both individual and corporate, has developed the CepPOS (MobilePOS) product that serves this understanding. Thanks to the application they download to their mobile phones, customers can quickly collect from all credit and debit cards without the need to carry a POS device, and they can easily monitor their financial status.

Finance Technology Award from IDC Türkiye to Emlak Katılım

Emlak Katılım's CepPOS product was the winner of the award in the Digital Channels category within the scope of the IDC Finance Summit 2021 Financial Technologies Awards.

Digital Transformation

Emlak Katılım supports all SMEs which transfer their accounting operations to a digital environment with Digital Transformation, while also supporting customers seeking to build their businesses by stepping into e-commerce, with the cooperation of Tsoft to enter the field of digital merchandising with advantageous prices and rates.

Another digital convenience that Emlak Katılım provides to its customers is the e-signature order system. In this way, customers will now be able to send their orders for transactions that do not require a wet signature, without coming to the branch, with Emlak Katılım's e-signature order system.

Government Support provided to Insurance for Farmers and Agriculture

Customers may go to Emlak Katılım branches and secure their labor by receiving government support for their insurance with Tarsim Insurance, which covers damages or losses to cultivated agricultural land as a result of natural disasters or other possible risks.

ELÜS

With the Electronic Product Certificate (ELÜS) Emlak Katılım aims to support the agriculture industry by meeting the financing needs of producers that grow storable agricultural products.

Business Financing Based on Producer Receipt

Thanks to Business Financing Based on Producer Receipt, traders and unregistered farmers can easily obtain business financing from Emlak Katılım by submitting their producer receipts without needing to submit invoices.

Vegetables and Fruit Cold Chain Support Program

As part of the Vegetables and Fruit Cold Chain Support Program signed with KOSGEB (Small and Medium Enterprises Development Organization of Türkiye) in October, Emlak Katılım supports SMEs with the financing of cold storage warehouses and cooling units of refrigerated trucks to prevent wastage of vegetables and fruit during the entire process, from harvest to consumption. This way, Emlak Katılım aims to support the cold chain and prevent potential economic losses.

New Murabaha Method

Thanks to its murabaha method and full delivery insurance, Emlak Katılım provides coverage for all risks associated with a product's journey from producer to buyer. This guarantees payment for sellers and delivery for buyers, facilitating secure trade between parties.

Forward Export Financing

Emlak Katılım offers its exporting customers a way to collect their receivables in advance with Forward Export Financing.

Surety Export Financing

Emlak Katılım offers a commission-free financing solution with which customers can collect their receivables before maturity date regardless of company limits or without providing any deposits with Surety Export Financing.

Additionally, Emlak Katılım establishes business relations with leading foreign banks to support its customers with various products and services, such as letters of credit, external guarantees, and money transfers in foreign currencies. With a network of correspondent banks, which reached a total of 250 in a time that can be considered very short in terms of relations with foreign banks, Emlak Katılım offers foreign trade financing and low-fee money transfers in foreign currencies to its customer base.

Direct Debiting System

The Direct Debiting System offers parent companies that work with vendors or distributors guarantee for their receivables. This platform also provides such vendors or distributors with various payment benefits.

Leasing

Emlak Katılım's leasing products and services also enable customers to acquire the machinery, equipment and other similar tools at advantageous rates.

Roof SPPs

Our leasing agreements for Rooftop Solar Power Plants (Roof SPPs) provide our customers who want to invest in renewable energy 100 percent leasing finance with affordable terms for installation of individual home roof SPPs.

Emlak Katılım and Sustainability

Sustainable finance is a type of finance which aims to support economic growth by reducing pressures on the environment, while at the same time it has a key role in meeting international commitments on climate and sustainability goals.

Having implemented new sukuk (lease certificate) models, which are unique in Türkiye and in the world, to contribute to the sustainable growth of the sector, in this context Emlak Katılım has added to the range of innovative sukuk models it has introduced to the market in accordance with the principles of participation finance. The issuance of green sukuk based on Türkiye's first labor-capital partnership, realized through a Special Fund Pool Participation Account, is one of the concrete steps taken by Emlak Katılım within the scope of sustainability activities. The funds provided from the green sukuk issuance have been used to finance projects which contribute positively to tackling climate change and protecting the environment, and the issuance received the "Best Sukuk Issuance of the Year Award" in the world on a sector-by-sector basis at the IFN Awards, held by Islamic Finance News.

Announcing further sustainable and green-focused projects to the sector in 2021, on 24 December Emlak Katılım issued Türkiye's first Contract Based Green Lease Certificate with a maturity of 2 years and an amount of TL 600 million by TVF IFM A.Ş. (IFM), a 100% subsidiary of the Türkiye Wealth Fund. The Fund is carrying out the Finance Center Project, which is planned to contribute to the goal of transforming into a global financial center. The funds obtained from this sukuk issuance, developed within the scope of the Green Bond Principles of the International Capital Markets Association (ICMA), are used in environmentally friendly green buildings in the project.

Within the scope of supporting environmentally sensitive projects, which is one of its strategic priorities, Emlak Katılım provides 100% leasing financing to its customers who wish to invest in renewable energy, with preferential profit rates for the installation of rooftop solar energy systems in line with the leasing agreements it has entered into in the field of Roof Solar Power Plants.

Emlak Katılım aims to continue financing sustainable projects which contribute positively to efforts to tackle climate change and support the environment in 2022.

Emlak Katılım, which will make use of financing at special rates to ensure the purchase of environmentally sensitive homes and vehicles in order to support a sustainable life with its products which it will soon bring to service, continues to contribute to the environment by donating seedlings in cooperation with OGEM-VAK on behalf of each of its customers who use this financing.

Aiming to provide more access to thematic funds by carrying out sustainable, green and social sukuk issuances in 2022, Emlak Katılım will continue to develop and deepen its capital markets by mediating sustainable or green sukuk issuances of third parties. In this context, it started green sukuk issuance works with Konya Metropolitan Municipality.

*Power is in you.
Power is with you.*

 **EmlakKatılım**



Emlak Katılım is always with you to make your dreams come true and reach your goals with all its banking services. First, trust your inner power, then trust Emlak Katılım's power.

 **EmlakKatılım**

*Your Trusted
Strength*

Kuveyt Türk CEO's Assessment



STRONG

The Turkish economy achieved a strong growth performance in 2021 with the support of sound real sector dynamics and a strong banking sector.



After 2020, when we most intensively felt the impact the coronavirus pandemic and the global economy was in the midst of a serious contraction, the year 2021 was a period of recovery for the economy as the vaccination rollout gained momentum and lockdown restrictions were scaled back. In this period, we witnessed that central banks of developed and developing countries continued to support economic activities with expansionary monetary policies such as interest rate cuts, asset purchases and loan incentive programs in order to minimize the impact of the epidemic on economic activities.

The financing needs of the real sector will be in the spotlight in the coming period.

In this period, which was marked by changes in the macroeconomic balances amid the ongoing effects of the pandemic, the Turkish economy was also exposed to inflationary pressures due to its own internal dynamics. However, the Turkish economy ended the year 2021 with 11% growth, driven especially by the remarkable growth recorded in the 2nd and 3rd quarters.

We believe that in the new post-Covid era, it is vital that each financial institution provides the necessary financial support to the real sector in line with their own scale and abilities. As a participation finance institution which has contributed to the real economy since its establishment, we will direct our resources to the priority needs of the real sector and the country's economy in this new era, as we always have done. We will maintain our efforts to develop new products that will meet the needs of our customers, especially in foreign trade sectors.

Exchange rate Protected Deposit Accounts pave way for exchange rate stabilization and balance sheet management

In addition to all of these developments, the exchange rate-protected TL deposit/participation account instrument announced in December 2021 both reduced demand for foreign exchange from savers and accelerated the transition from foreign currency deposits to Turkish Lira. We believe that this measure, which will protect savings from exchange rate volatility, will help extend the maturities of deposits and reduce the risks arising from foreign exchange and maturity mismatches in the banking sector. As well as helping to stabilize exchange rates and reduce exchange rate risks in the real sector, this practice will also help customers access Turkish Lira financing at more favorable rates.

Kuveyt Türk Participation Bank

Establishment Date	1989	Phone	+90 212 354 11 11
Main Shareholders	Kuwait Finance House) (62.24%), Kuwait Public Institute for Social Security (9%), Islamic Development Bank (9%), T.R. General Directorate of Foundations (18.72%), Other (1.04%)	Fax	+90 212 354 12 12
Chairman	Hamad Abdulmohsen ALMARZOUQ	Website	www.kuveytturk.com.tr
General Manager	Ufuk UYAN	SWIFT Code	KTEFTRIS
Headquarters	Büyükdere Cad. No: 129/1 34394 Esentepe/İstanbul	EFT Code	205
		Number of Branches	441
		Number of Branches Abroad	1
		Foreign Financial Subsidiaries	1
		Number of Employees	6,045

Once the share of foreign currency assets in banking sector liabilities decreases and the share of deposits held in Turkish Lira increases, banks will enter a period in which they can manage their balance sheets more effectively in parallel with a decrease in the foreign currency mismatch in assets and liabilities.

A year of strong growth for the Turkish economy, despite the pandemic

In its Financial Stability Report, the Central Bank of the Republic of Türkiye (CBRT) emphasized the recovery in global economic activity thanks to an easing in pandemic restrictions, the acceleration of the vaccination rollout and supportive economic policies, stating that a strong recovery trend had been observed in economic activity with the support of foreign demand and the recovery in the service sector in Türkiye. The Turkish economy posted a strong growth performance in 2021 with the support of sound real sector dynamics and a strong banking sector. As in the past year, the banking sector, which played an active role in the process of tackling the epidemic in 2022, will continue to contribute to the real economy as part of the balancing and normalization of financial activities.

Kuveyt Türk, which maintained its support to the real sector in 2021 amid the revival in economic activity on the back of the gradual easing of lockdowns and other pandemic related measures, will continue to stand by all of its individual and legal customers in 2022 with its innovative and pioneering products and services.

Kindest regards,

Ufuk UYAN
General Manager

Kuveyt Türk

Senior Management

Ufuk UYAN

CEO

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

Ahmet KARACA

Executive Vice President

Financial Control

Mr. Karaca graduated from Ankara University, Faculty of Political Sciences, Public Administration Department in 1990. He started to work as the Sworn Deputy Auditor of Banks at the Undersecretariat of Treasury in 1992 and he was assigned as the Sworn Auditor of Banks in 1995. He continued his duty with the same title at the Banking Regulation and Supervision Agency (BRSA) from 2000, and he served as the Vice President of Sworn Auditors Committee of Banks between 2002 and 2003 at the BRSA. After approximately one year of service, he was assigned as the Sworn Head Auditor of Banks in 2004. Between 2004 and 2006, he received an MA degree in economics from the State University of New York at Albany, USA, and wrote an MA thesis on International Banking and Capital Markets. Mr. Karaca joined Kuveyt Türk Katılım Bankası A.Ş. as the Executive Vice President of Financial Affairs (Chief Financial Officer) in July 2006 and he currently serves as the Executive Vice President of Financial Control (Chief Financial Officer).

Ahmet Süleyman KARAKAYA

Executive Vice President

Corporate and Commercial Banking

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

Bilal 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 at Kuveyt Türk in September 2000. He was assigned as the Audit and Risk Group President in 2003. Mr. Yılmaz has been serving as Chief Risk Officer since 2012.

İrfan YILMAZ

Executive Vice President

Banking Services Group

Graduating from the Management Engineering Department of Technical University, Mr. Yılmaz began his banking career at the Financial Affairs Department in Kuveyt Türk in 1990, was assigned to Internal Audit and Inspection Department in 1996, and served as the Head of Internal Audit and Inspection Department between 1998 and 2000. Mr. Yılmaz was appointed the Retail Banking Manager in 2000 and after five years at the Department, he took office as the Executive Vice President of Retail Banking and Enterprise Banking in 2005. He has been serving as the Executive Vice President of Banking Services since October 2012.

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

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

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

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

Aslan DEMİR**Executive Vice President
Strategy, HR, Digital Transformation**

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

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

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

Mr. Oral graduated from the Business Administration Department of Uludağ University. He began his career in the Kuveyt Türk family at the Head Office Branch in 1992. He worked as the manager in the İMES, Bursa, and Merter branches between 2000 and 2005. He was assigned as the Regional Manager at the European Side Regional Directorate in 2005. After having served as the Regional Manager for four years, he continued his career as the HR, Training, and Quality Group Manager in 2009. He has been serving as the Executive Vice President of Retail and Private Banking since October 2012.

Abdurrahman DELİPOYRAZ**Executive Vice President
SME Banking**

Mr. Delipoyraz graduated from the Industrial Engineering Department of Technical University. He began his career in the Kuveyt Türk family at the Project and Investment Department and he worked at the Corporate and Commercial Banking Sales Department and Financial Analysis and Intelligence Department until 2000. Mr. Delipoyraz worked as the Branch Manager at Beşyüzevler and Bakırköy Branches between 2000 and 2004. He was assigned as the Regional Manager in December 2004 and he worked at Europe 1 and Anatolia Regional Directorates. He has been serving as the Executive Vice President of SME Banking since January 2015.

Kuveyt Türk

Innovative Products and Services

Breaking new ground as an official partner in the Miles&Smiles program

Türkiye's leading participation finance institution, Kuveyt Türk, became an official partner of the Miles&Smiles program in 2021 as it entered an agreement with Turkish Airlines, our country's flag carrier. Within the scope of the agreement, Miles&Smiles Kuveyt Türk customers may use miles they have earned from flying with Turkish Airlines and partner airlines for shopping at partners in the program. Under this cooperation, Kuveyt Türk launched Miles&Smiles credit cards for its individual customers as well as SME customers. In addition, a debit card, where customers may earn miles, was made available for the first time in the sector. The Miles&Smiles Kuveyt Türk Business credit card was also offered for the first time in the sector and the Miles&Smiles card was put into service for commercial companies as well as for private companies for the first time.

The first sustainable subordinated sukuk issuance in Türkiye's and the world

In line with the principles of participation finance, Kuveyt Türk issued a "Global Sustainable Tier 2 Subordinated Sukuk" for the first time in Türkiye and in the world, in 2021. The USD 350 million sustainable sukuk issuance, with a 10-year maturity and an early redemption option at the end of the fifth year, attracted more than USD 4.3 billion in demand from a wide geographical area, including Continental Europe, the United Kingdom, America, Asia and the Gulf. Kuveyt Türk uses the resources it obtains from sustainable sukuk in green and social project financing, especially in renewable energy financing.

24/7 financing support with On-site Financing service

Unwaveringly continuing to offer innovative products and services in 2021, Kuveyt Türk broke new ground to meet the financing needs of its customers in an easy and fast manner and launched the "On-Site Financing" service, which offers customers support for periodic and significant expenses such as marriage, travel and home renovation with a high number of installments in accordance with participation finance rules. Under this system, customers may use financing at short notice in both physical and online shopping they perform at contracted workplaces. Murabaha, which is one of the participation finance tools, is used in the Onsite Financing system, a new generation solution using API technology. Customers may use the On-Site Financing service on a 24/7 basis.

"Currency Protected" and "Conversion Supported" TL participation accounts

In December 2021, Kuveyt Türk introduced two new participation account products to its customers within the framework of interest-free finance principles. In the Currency Protected TL Participation Account, customers who use their savings as Turkish Lira deposits or convert their foreign currency deposits into TL may protect their savings against changes in exchange rates in accordance with interest-free finance principles, with 3-, 6- and 12-month maturity options. With effect from 20 December 2021, Kuveyt Türk customers holding deposits in US dollars, British pounds or Euros may convert their savings into Turkish Lira and place them in the "Conversion-Supported TL Participation Account" created with interest-free finance principles with maturity options of 3, 6 and 12 months. Kuveyt Türk customers may open a Conversion-Supported Participation Account at the branches, from the internet branch and from Kuveyt Türk Mobil, and may open the Currency-Protected TL Participation Account from the branches.

Currency Protected TL Participation Accounts Are Available At Kuveyt Türk!

- Conversion Supported TL Participation Account
- Currency Protected TL Participation Account

PAYMENTS ARE OK/DONE WITH ONSITE FINANCING!

Onsite payment financing from Kuveyt Türk whenever you need it!
Now, at the stage of completing your purchases from contracted merchants and e-commerce sites, you can use your QR code to quickly and safely use your financing from Kuveyt Türk Mobile.

Collaboration between Kuveyt Türk and Param

Continuing to offer a wide range of amenities to its corporate customers in every field with its collaborations, Kuveyt Türk collaborated with Param, a leading company in the field of electronic payment systems and financial technology. Within the scope of the agreement, businesses using Kuveyt Türk's CebimPOS product may offer advantages to their customers over a much wider network by using the Param infrastructure, and may carry out installment transactions over 22 banks and with nine card brands. Param, in turn, will benefit from Kuveyt Türk's extensive customer network.

Fikrinn - A new platform where ideas come to life

Standing out with its innovative products and services, Kuveyt Türk launched the Fikrinn Platform in 2021, where university students, entrepreneurs and customers are able to share their ideas and experiences. University students, entrepreneurs, individual and corporate customers may submit their innovative ideas on many subjects, especially banking products and services, to the Kuveyt Türk Fikrinn Platform, which lays the groundwork for the realization of their innovative ideas. Kuveyt Türk will also hold the Ideathon Idea Contest for university students on the Fikrinn Platform.

The Best Employer in Europe

Standing out with the unique practices in human resources which it has implemented for its employees, Kuveyt Türk has sealed another key success, winning the "Best Employer of Türkiye" award for the fourth time in a row by ranking first in the category of "5000+ Employees". Kuveyt Türk broke new ground in 2021 and became the winner of the "Best Employer in Europe" award - the first Turkish company to be selected as Europe's Best Employer.

KT Portfolio receives "Best Islamic Portfolio Management" award

KT Portfolio, a 100% subsidiary of Kuveyt Türk, was handed the "Best Islamic Portfolio Management" award at TheNext 100 Global Awards 2021, a part of the Global Banking & Finance Awards, which reward the outstanding practices of companies in the banking and finance world in the fields of expertise and excellence. This internationally important award confirmed the accuracy of KT Portfolio's strategies and innovative practices in the field of asset management.



Kuveyt Türk and Sustainability

Defining itself as a corporate socially responsible company which adds value to all of its stakeholders, Kuveyt Türk views keeping the environmental impact of its activities to a minimum as one of the main components of its sustainability approach.

Utilizing the power of digital technologies, Kuveyt Türk has not only achieved significant progress in saving paper, but also ensures the sustainability of the business of both the institution and its customers under all circumstances.

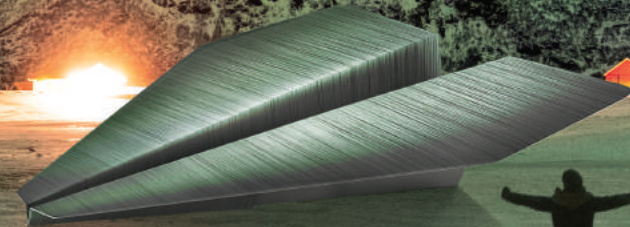
Putting the sustainability approach at the heart of all its projects in its corporate social responsibility activities, Kuveyt Türk considers sustainability with an approach which adds value to the society and turns what it gains in these lands into benefits for these lands, and cares about preserving social and cultural values. Just like our nature and the environment, it works to carry all the values of our society from the past to future generations in a sustainable way.

With its sustainability vision, Kuveyt Türk attaches the utmost importance to the diversification of financial products and services, especially sukuk, for the development of the sustainable finance ecosystem in our country. In line with its sustainability strategy, it participates in the common voice that reveals the need for a more humane approach to the problems faced by humanity regarding environmental and social values and the conservation of these values.

Kuveyt Türk's work, which contributes to a sustainable future, continues to exist in the environmental, financial, governance and social fields of sustainability.



*Another experience,
Another you*



*Get on the road to meaningful experiences with
the brand new advantages, conveniences and miles
brought to you by Miles&Smiles Kuvayt Türk.*

 **TURKISH AIRLINES**
Miles&Smiles

Türkiye Finans CEO's Assessment



PRODUCTION

At Türkiye Finans, we believe in the power of production and we know that production will pave the way for our economic growth.



Esteemed Stakeholders,

Despite the social and economic impact of the pandemic, we are making great strides with the support of our customers, colleagues and business partners as we leave 2021 behind. Compared to the first period of the pandemic, we can consider 2021 as a year when we have seen normalization efforts kick off and several industries show visible signs of activity.

Entering into a pandemic-induced, fast-paced transformational phase, social structures still continue to evolve with changes in habits. With 24/7 online availability and digitized consumer trends, people have become much more demanding in terms of meeting their needs and satisfying their expectations. Digital onboarding, which came into play in May, marked the beginning of a new era for consumers looking for ubiquitous access to financial services. While this new era has triggered market growth, a more inclusive financial realm and a competitiveness boost, this increased competition has also further strengthened the hand of financial institutions to offer an excellent experience to their customers through various channels. We have successfully demonstrated our claim to be the first bank to adapt to all developments that rewrite the rules of banking also in the digital onboarding process. I would like to proudly state that, thanks to our investments in digitization and our innovative approach, we are positioned among the banks that adapt to this new era the fastest.

Perfecting our processes by leveraging the power of digitization, reaching target groups that expect their demands to be met in a ubiquitous manner 24/7 with an omnichannel approach, and

providing our customers with streamlined, trouble-free services not requiring additional processes or effort are core to our human-centric digital banking approach.

Guided by this mindset to navigate success in an environment where open banking is becoming more and more prominent, we offer business models that challenge the future through collaborations. We develop business models enabling our customers to reach our bank not only through our digital channels, but also through the companies and mobile platforms we cooperate with. Our Extra Limit product, which we introduced in 2021, is a testament to this approach. Extra Limit, a breakthrough business model in which we integrate Digital Onboarding and digital finance processes, is a first in the industry.

We have accomplished another first with our TFXTarget product. We have made the TFXTarget application an end-to-end investment platform by adding domestic/foreign stock and exchange traded fund trading features, allowing investors of all sizes to easily grow their savings and manage assets. In doing so, we enable our customers to trade the stocks of international giants such as Apple, Tesla and Microsoft. We cooperated with the top local and international brands of Türkiye and launched Fast Finance and Payment Locations. As we move closer and closer to the invisible banking vision, I believe that Türkiye Finans has painted a clear picture of the future with its distinctive projects.

At Türkiye Finans, we believe in the power of production and we know that production will pave the way for our economic

TÜRKİYE FİNANS KATILIM BANKASI A.Ş.

Establishment Date	1991 (as Anadolu Finans); 2005 Türkiye Finans
Chairman	Wael Abdulaziz RAIES
General Manager	Süleyman Murat AKŞAM
Headquarters	Saray Mahallesi Sokullu Caddesi No: 6 Ümraniye/İstanbul
Phone	+90 216 676 20 00 (pbx)
Fax	+90 216 676 29 05

Website	www.turkiyefinans.com.tr
E-mail	4442444@turkiyefinans.com.tr
Corporate E-mail	turkiyefinans@hs03.kep.tr
SWIFT Code	AFKBTRIS
Trade Registry	401492 İstanbul Trade Registry Office
Central Registry (MERSİS) No	006800638709522

growth. While Türkiye sets new records in exports one after the other, we continue to lead production and exports at every opportunity with a sound belief that Türkiye has an annual export potential of USD 500 billion. We continued to communicate our belief in production and exports with leaders from the public and private sectors by organizing more of the “Back to Production” meetings, which we launched in 2020, in 2021. Our latest meeting in Gaziantep, one of the export hubs in Anatolia, was the most concrete output of our back to production strategy. In the new period, we are committed to organizing meetings that encourage different sectors for production. While the nationwide production campaign, which was piloted in the sectors with potential to propel Türkiye forward, became much more effective in 4Q21, Türkiye Finans, a participation bank, remains committed to being involved in production and trade in this period as always. Driven by this approach, we have provided an uninterrupted financial support to Türkiye’s economy, both on the retail and commercial side. This strategy played a pivotal role in increasing the funds allocated by Türkiye Finans by 29 percent and non-cash financing by 55 percent. Despite all the challenges, 2021 was a productive year in which our assets grew by 42 percent. While the support we provide to the economy reached TL 76 billion, our asset size climbed to TL 116 billion.

We know that stability and sustainable development will be backed by production. The foundation of this economic growth is comprised of the elbow grease of each and every one of our citizens and their hard-earned savings. We are well-aware that savings in Turkish lira are key for both our country and our industry to achieve sustainable growth. That’s why we encouraged the use of Turkish lira and savings in 2021, even during the most volatile periods in the markets. As an extension of this approach, we set out to support our customers in making the most of the money they had saved with great effort and devotion, and to help them with our fast, easy and simple

solutions regardless of the circumstances. That’s why we say that there is no such a thing as small savings; all savings are large and very valuable. We increased our funds collected by 47 percent compared to the year-end 2020, with our finance management centering around this understanding. In addition, with our Bol Kepçe product, which we consider to be the first hybrid product in the industry, we provided our customers with a double-layered protection for their savings, enabling them to utilize their savings in both participation accounts and lease certificates, an important participation finance investment instrument. We made a very conscious move by introducing products where our customers could enjoy high returns on their Turkish lira savings, thus increasing the share of Turkish lira funds by 37 percent in the funds collected and managing our Turkish lira liquidity successfully. The 57 percent growth in our participation accounts was another development that increased Türkiye Finans’ strength in fund allocated.

In light of all these positive developments, Türkiye Finans maintains its commitment to ranking among the top 10 banks in 2022 and prioritizes sustainable growth. We will continue to invest in production, trade and exports, which is one of the main strategies of our bank, and pioneer growth in these areas. We will continue to fund different segments of the society and will prioritize providing cash and non-cash financing support to the real sector. And in doing so, we will continue to invest in our country and our people, and to deliver innovations that combine a people-centric banking approach with the potential digital banking offers our customers.

Sincerely,

Murat AKŞAM
Board Member & CEO

Türkiye Finans

Senior Management

Süleyman Murat AKŞAM Board Member and CEO

Born in 1968 in Adana, Türkiye. Murat Akşam graduated from the Department of Management Engineering at 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 Manger between 2000 and 2005, Corporate and Commercial Loan Allocation Director between 2005 and 2014 and the Corporate Banking Group Director between 2014 and 2017. As of May 2017, Mr. Akşam started working at Türkiye Finans as Senior Vice CEO in Charge of Commercial Banking, he was at this post until March 2021. As of February 2020, he was appointed as Member of the Board of Directors and Deputy CEO. Mr. Akşam was appointed as the CEO in March 2021.

He has 23 years of professional experience in the field of banking and business administration.

Ahmet MERT Executive Vice President / Retail Banking

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

His areas of responsibility at Türkiye Finans as the Executive Vice President include: The Retail Banking Marketing Department, the Consumer Finance, Insurance and Payment Systems Marketing Department, the Fundraising and Investment Products Department, the Entrepreneurial Banking Marketing Department, the Retail Branch Network Management and Sales Department, the Digital Banking Marketing Department, the Non-Branch Channels Sales Department, the Retail Regional Sales Departments, the Retail Branches

He has 22 years of professional experience in banking and consultancy.

Emre ERTÜRK Executive Vice President / Credits

Born in 1976 in Samsun, Emre Ertürk graduated from the Department of Civil Engineering at Technical University. He holds an MBA degree from 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.

His areas of responsibility at Türkiye Finans as the Executive Vice President include:

the Corporate Loans Allocation Department, the Commercial Credit Policies and Strategies Department, the Retail Loans Analytics and Policies Department, Retail Loans Allocation Department, the Commercial Loans Allocation Department and Regional Allocation Departments. He has a total of 22 years of banking and professional experience.

Fahri ÖBEK Executive Vice President / IT Systems and Operations

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

His areas of responsibility at Türkiye Finans as the Executive Vice President include:

the IT Technology and Infrastructure Management Department, the IT Product and Service Development Department, the IT Corporate Architecture and R&D Department, the Corporate Project Management and Corporate Development Department, the Credit Operations Department, the Commercial Credit Control Department, the Foreign Transactions Operations Department, the Payment Systems Operations Department, the Banking Services Operations Department, the Cash and Treasury Operations Department, the Administrative Affair, Construction and Real Estate Department, Customer Services Department.

He has a total of 31 years of banking and professional experience.

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

Mete Kanat studied Business Administration at Hacettepe University and holds an MBA degree from İstanbul Bilgi University. Before joining Türkiye Finans he worked as a Bank Examiner at the Banking Regulation and Supervision, and as the Deputy General Manager at Creditwest Bank. Mete Kanat joined Türkiye Finans in 2011. Since 2016, Mete Kanat has been serving as the Executive Vice President of Finance and Strategy.

His areas of responsibility at Türkiye Finans as the Executive Vice President include:

the Strategy Department, the Budget, Management Information Systems and Corporate Performance Department, the Legal Reporting and Financial Control Department, the Corporate Communications Department, the Accounting and Taxation Department, the Customer Analytics and Business Intelligence Department, the Purchasing Department.

He has a total of 20 years of banking and professional experience.

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

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

Ogün ATAÖĞLU**Executive Vice President of Credit Quality and Collections**

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

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 Türkiye as Treasury Sales Department Manager. He served as Treasury Marketing and Product Development Group Manager in 2014-2015 and as Financial Institutions Group Manager between 2015 and 2018 at the same company. Having worked for ING London in 2018 and 2019, Mr. Satılmaz was appointed as the Group Manager in charge of the Treasury Group at ING Türkiye in 2019. As of June 2020, Yiğit Satılmaz was serving as the Treasury Executive Vice President at Türkiye Finans.

His areas of responsibility at Türkiye Finans as the Executive Vice President include:

The Treasury Sales Department, the Asset Liability Management Department and the Financial Institutions Department.

He has a total of 14 years of banking and professional experience.

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

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

Her areas of responsibility at Türkiye Finans as the Executive Vice President include:

the Training and Development Department, the Remuneration and HR Strategical Planning Department, the Performance and Talent Management Department, the Human Resources and Recruitment Services Department, Process Excellence and Governance Department.

She has a total of 18 years of banking and professional experience.

Türkiye Finans's Innovative Products and Services

The Start of Remote Customer Acquisition

The most important development in the field of digital banking last year was Remote Customer Acquisition, which entered force in our sector in May. The revolutionary Remote Customer Acquisition practice marks the culmination of a very clear evaluation of the emerging needs of banking customers by the industry and legislators, reflecting a long-lasting and growing inclination towards digitalization, on the road to invisible banking, and acted quickly. Now, instead of coming to branches or dealing with long procedures, customers may access all financial services effortlessly and instantly, regardless of the place or the time. All banking transactions may be performed easily with just a smartphone and a few taps wherever the Internet is available. We have successfully demonstrated our claim to be the first bank to adapt to all developments that rewrite the rules of banking also in the digital onboarding process. For this, we have organized our investments, processes and resource assignments in the fastest way possible. Thanks to our investments in digitization and our innovative approach, we are positioned among the banks that adapt to this new era the fastest and we have become an exemplary institution that carries the flag at the forefront. Remote customer acquisition provided our bank with the opportunity to acquire customers and provide services in cities and towns which currently lack branches. Türkiye Finans strives to offer tailor-made solutions to its customers' needs in the new era, where Remote Customer Acquisition has gained great momentum, and we make use all of the possibilities provided by our digital channels.

Domestic and International Stock Transactions added to TFXTARGET

At the end of 2020, we added stock and mutual fund buying and selling operations to TFXTARGET, which allows customers to simultaneously monitor the foreign exchange and precious metal commodity markets in the world 24 hours a day, five days a week, and also without a night margin, and to conduct instant transactions at 33 different rates, and we turned the application into an end-to-end digital investment platform. At the end of 2021, we then made it possible to carry out foreign stock and exchange traded fund transactions through TFXTARGET. This update has allowed investors of all sizes using our platform to become shareholders of many global companies, from technology, automotive and food companies to companies in the health sector which are listed on the US and European stock exchanges and included in the Dow Jones Islamic Index. Our customers may now easily buy and sell shares of giant companies such as Apple, Facebook, Amazon, Tesla and Microsoft through TFXTARGET. This update marked a first of its kind in the participation banking sector.

Cooperation with Intercity within the Scope of Fast Financing

In June 2021, Türkiye Finans entered a strategic cooperation agreement with Intercity, Türkiye's leading company in the field of second-hand vehicle sales and fleet leasing, within the scope of its innovative business model, Fast Financing and Payment Platform. In this context, all of Intercity's dealers throughout Türkiye started to provide services in the field of vehicle financing as a Fast Financing point. Customers may contain the vehicle of their choice within minutes when they apply for financing, with no additional documentation required except for their ID.

Türkiye Finans'ın olmamanın
YERİ ZAMANI YOK

İhtiyaç duyduğunuz her işlemi, her zaman, her yerde, her zaman Türkiye Finans'ın dijital kanallarıyla yapabilirsiniz.

- ÜCRETSİZ
- 7/24
- Alınan Her İşlemde Ücretsiz Para Çekim
- Herkes Her Zaman Her Yerde Her Zaman MİT'le Başlıyor
- TFX Target ile 1/20 Dk'da Her İşleminizi Hızlıca Tamamlıyor

Türkiye Finans

Türkiye Finans

Dürdane Vural İçimizden biri,
Türk tekstil sektörünün
hissedarlarından biri...

TFXTARGET ile her işleminizi en hızlı şekilde Türkiye'nin hiçbir diğer kanalıyla yapabiliyorsunuz.
Hissedarların sahibi gibi hissedarınız.

TFXTARGET

Türkiye'nin En Hızlıları Buluşuyor!

Türkiye Finans ve Intercity işbirliği ile hızlanıyor.
Hızlı Finansman desteği, Intercity bayilerinde sizleri bekliyor.

0% dan başlayan KAP DENEYİMİ

60 GÜN MAAKAP VE 12 ÇEKİM
3 AY ÖDELENE İPEK

150.000 TL'ye
YARAN FİNANSMAN DESTEĞİ

Intercity

Türkiye Finans

Our bank is able to provide its customers with different banking services such as vehicle and consumer finance, backup account, credit card application, insurance offer, installment collection, invoice and credit card payment from a single point, with its Fast Finansman dealers operating in nearly twenty different sectors in Türkiye. Customers can benefit from a range of various financial support packages, applications and payment facilities at tens of thousands of Fast Finance dealers operating in different fields, including education, health, white goods, furniture, electronics and vehicles without having to go to the branch and deal with additional procedures.

Ala Banking Comes to Life

Bringing the highest level of banking services under a single umbrella at the beginning of 2021, Türkiye Finans introduced the Ala Banking service. With Âlâ Banking, Türkiye Finans offers customers and their families banking services with a wide range of advantages. Ala Banking customers may quickly and easily benefit from the high-level services and privileges offered by the bank. Customers who are entitled to benefit from the services in the specially designed Ala branches also have the opportunity to be informed of special campaigns and preferential offers in the mobile banking application provided by Türkiye Finans. The turkiyefinansala.com website, which is specially designed for Âlâ Banking customers and their families, allows customers to benefit from banking transactions, a wide range of personalized campaigns and value offers that will bring ease to their social lives with monthly renewed campaigns.

Emphasizing that Every Saving Full of Effort and Self-Sacrifice is Valuable for Us

We have announced our "Labor and Devotion" deposit packages which we had presented in October through advertising campaigns under the banner of "No savings are small, all savings are big". In the commercials, in which we brought the stories

of real people to the screen, we told the story of the savings of rice chef, Sedat Usta, and marketer Orhan Bey, and their wives, who set out before sunrise and worked with all their strength, with an emotional scenario. In these films, we touched on the significance of making savings for difficult days and on the necessity of valuing all labor to the last penny, without thinking of it as big or small. We highlighted the importance of saving, by putting into words that the main issue is turning something small into something bigger, or in other words, adding value to what is small, in all of our communication work.

Adding value to our national currency with the Currency Protected TL Participation Accounts

Türkiye Finans recently implemented three different currency protected TL participation accounts for its customers seeking to keep their savings in Turkish lira. As a bank, we offer our customers different alternatives when switching to TL deposits with the participation accounts; the "Currency Protected TL", the "Foreign Currency Conversion" and the "Golden Currency Protected TL" which we introduced to the market in a very short space of time. Currency-protected TL participation accounts, which can be opened through a video call, as well as at the branch, are offered to legal customers as well as individual customers. Accordingly, our customers add value to our national currency while protecting their Turkish lira balances from fluctuations which may occur with movements in exchange rates. These three different participation accounts offer preferential profit sharing rates, while helping to prevent the depreciation of the TL against foreign currencies and enabling customers to earn on their existing savings.



Türkiye Finans and Sustainability

Focusing on sustainable production, which is at the heart of the participation finance system, Türkiye Finans supports the growth of the country's economy and believes that the role and importance of financial institutions in sustainable development is growing day by day. From this point of view, the bank does not set its strategic priorities solely on financial goals such as building its balance sheet or achieving profitability, but rather focuses on the issues of sustainable production and finance.

Believing that the most important item in the agenda of financial institutions in the coming period is to contribute to the green transformation of the real sector with the support of green financing, Türkiye Finans believes that raising awareness and developing related incentives are of critical importance.

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

Türkiye Finans aims not only to provide financing in the coming period, but also to support manufacturers and industrial companies at every stage of the green transformation process.

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

THERE ARE NO SMALL SAVINGS ALL SAVINGS ARE GREAT

Put your savings to good use at Türkiye Finans and take advantage of our introductory rates and other special offers.

Free
EFT/MONEY ORDER/
FAST TRANSFER

8700 ATMs under Contract Offering
FREE WITHDRAWALS

One of Your Bills
ON US

BONUS
up to 500 TL

and More...

0850 222 22 44
turkiyefinans.com.tr
f @ turkiyefinans

#letsbegin together

Türkiye Finans 

You can find more information on the campaign and the products on www.turkiyefinans.com.tr. The bank reserves the right to change the conditions of the campaign or to terminate it.

Vakıf Katılım

General Manager's Assessment



RESPONSIBLE

In 2021, we have endeavored to fulfill our duty to our country of achieving a sustainable economy.



Our country successfully completed the year 2021, a year marked by the continued fallout of the pandemic along with deep economic shocks on a global scale, thanks to the measures and implementations taken.

The support and incentives our government has offered for all segments operating in commercial life ensured that production continued without interruption, and thus our country's economy grew by 7.4% in the third quarter of the year.

On the other hand, the "Supporting the Conversion from Gold Accounts to Turkish Lira Deposit and Participation Accounts" and "Currency Protected TRY Participation Accounts" programs, implemented at the end of 2021, caused a rapid positive reaction in the market and also enabled us to enter 2022 with much stronger motivation in terms of the economy.

I sincerely believe that we will achieve more development, welfare, income justice and sustainable growth with the "New Economy Model" based on investment, employment, production and exports, and which our President is the intellectual leader of, and that we will be one of the few high-growth countries in the world at the end of the year. At Vakıf Katılım, we have continued to fulfill our duties in full in order for our country to achieve a sustainable economy in 2021.

At the end of 2021, our asset volume increased by 89.54% compared to the previous year to reach TL 100.76 billion, while our funds collected increased by 86.08% to TL 73.6 billion. By expanding our support to the real sector with our combination of strong funding resources and our equity, our total cash and non-cash fund disbursements amounted to TL 81.3 billion.

In view of the need for our country's economy to maintain its strong position and for the Turkish lira to reach the value it deserves in order to achieve better financial results in 2022, we launched the "Supporting the Conversion from Gold Accounts to Turkish Lira Deposit and Participation Accounts" and "Currency Protected TL Participation Account".

In the year that we have left behind, we have continued to support our SMEs, which are the backbone of our economy. We launched our campaign that will enable SMEs to carry out financial leasing with a 6-month grace period with affordable payment options with maturities of up to 48 months. On the other hand, we launched our MobildePOS product, which enables mobile contactless payments and transforms mobile phones into POS and VBusiness Card. In addition, as a result of our work in the field of mobile banking, we put into practice products such as Electronic Signature in the Banking Instructions, e-Logo and the Insurance Agenda. We signed the "Fruit and Vegetable Cold Chain Leasing Support Program" protocol with KOSGEB to prevent waste of fruit and vegetables occurring until they reach the final consumer from the field.

VAKIF KATILIM BANKASI A.Ş.

Establishment Date	2016	Headquarters	Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi, No: 10 Ümraniye-İstanbul
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%), Murat Paşa bin Abdusselam (Murat Pasha) Foundation (0.25%), Murat Paşa Bin Abdusselam (Murat Paşa) Foundation (0.25%)	Phone	+90 216 800 55 55
Chairman	Öztürk ORAN	Fax	+90 216 800 55 56
General Manager	Osman ÇELİK	Website	www.vakifkatilim.com.tr
		Number of Domestic Branches	VAKFTRIS
		Number of Domestic Branches	210
		Number of Domestic Branches	130
		Number of Employees	1,880

Thanks to our cooperation with Chambers of Commerce, Chambers of Industry and Organized Industrial Zones, we created TL 225 million in financing volume in 2021 and supported regional development and growth. In addition, we have implemented the "Profit Share-Supported Interest-Free Financing Model" in cooperation with the Directorate General of Development Agencies.

We have also achieved significant success in the field of financial technology. One of these steps is a first in the industry. With the new generation digital payment method which we have implemented, the Guaranteed Fund Transfer (GFT), commercial enterprises are able to divide and transfer their cash cycle in the digital environment. In addition, we launched the "Remote Customer Acquisition" service, allowing us to fully meet all of our customers' expectations during the pandemic.

We have offered appropriate financing rates to contribute to the revival of the automotive and construction sectors by meeting the needs of demands of our customers who wish to own a vehicle or a home.

We organized the "Enterprise Acceleration Program" and "Fikrefon Hackathon" programs in cooperation with the Commerce University. In the coming period, we will continue to undertake many more projects to support entrepreneurs, who play a key role in the generation of new technology and support job creation, and in reducing poverty, eliminating regional development disparities and increasing motivation with incentives.

Our achievements have gained recognition on the international stage, with our work in the fields of HR and training being crowned with awards. At the Excellence Awards organized by Brandon Hall, we received a total of 9 awards including five gold, one silver and three bronze awards in recognition of our activities in the fields of HR and Training, while in the Best Business Awards, one of the UK's most prestigious awards programs, we won two awards in different categories for our company.

We will maintain our activities to support the real economy, as always, in 2022, and we will continue to mobilize all our resources to support our country's strong future.

Respectfully,

Osman ÇELİK
General Manager

Vakıf Katılım

Senior Management

Osman ÇELİK **General Manager**

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

Betül YILMAZ **Executive Vice President / Human Resources, Training and Corporate Communications**

Born in Ankara in 1972. Betül Vural Yılmaz graduated from the Department of Business Administration, Faculty of Political Sciences at Ankara University. She completed her post-graduate degree in the Department of Labor Economics and Industrial Relations at the same university. Between 1997 and 2008, she worked at various positions in the Human Resources Department at BUGSAŞ A.Ş. which operates the Ankara Metro, the Ankaray and AŞTİ (the intercity bus station) in Ankara. She was the manager of this department for seven years. She then served as the Human Resources Department Manager at Çalık Holding between 2009-2015. In August 2015, she was appointed as the Executive Vice President responsible for Human Resources at Asya Finans Kurumu by the Savings Deposit Insurance Fund (SDIF). Upon the closure of the bank, she transferred to Türkiye Varlık Fonu Yönetimi A.Ş. as the Advisor to the Chairman of the

Board. Since April 2018, she has been serving as the Executive Vice President responsible for Human Resources / Training and Corporate Communications at Vakıf Katılım Bankası A.Ş. She is married with two children.

Bülent TABAN **Executive Vice President / Marketing, Loans**

Born in 1966. Bülent Taban completed his high school education at the Kabataş Erkek Lisesi (Boys High School) in 1983 and graduated from the Faculty of Business Administration at Istanbul University in 1987 and completed a post-graduate degree in Business Administration at the Social Sciences Institute of Istanbul Technical University in 1990.

Mr. Taban began his banking career on the Board of Inspectors at the Turkish Commercial Bank, and subsequently served as the Manager of Retail Banking at Kentbank between 1995-2002. In 2002, Mr. Taban started working at Albaraka Türk, where he served as Executive Vice President responsible for Retail Banking, Loans and Commercial Marketing, respectively.

He joined Vakıf Katılım Bankası A.Ş. at the beginning of 2018 where he has been serving as the Executive Vice President responsible for Marketing.

Ahmet OCAK **Executive Vice President / Finance**

Born in the Kuşdoğan Village of the Ünye district, Ordu in 1965. Ahmet Ocak graduated from the Department of Business Administration at the Faculty of Open Education at the Anadolu University in 1991. Between 1983 and 1990, he worked in the private sector as the Accounting Officer and Manager.

Between 1990 and 1996, he worked at the Kayseri, Ankara and Konya Branches of Albaraka Türk Katılım Bankası A.Ş. At Albaraka Türk Katılım Bankası A.Ş. Head Office. He worked as the Assistant Department Manager and Department Manager at the Financial Affairs Department between 1996 and 2001, as the Chairman of the Internal Control Center Department between 2001 and 2002, as the Financial Affairs Manager between 2003 and 2009, as the Financial Affairs Senior Manager between 2009 and 2012. He completed his post-graduate degree in Business Administration (non-thesis in Turkish) at the Fatih University Social Sciences Institute in 2012. At Albaraka Türk he worked as the Budget and Financial Reporting Senior Manager between 2012 and 2014, as the Senior Department Manager in the Investment Projects Department between 2012 and 2015. He served as the General Manager at Albaraka Gayrimenkul Portföy Yönetimi A.Ş. in 2015. Since 1 December 2015, he has been carrying out the duty of Executive Vice President responsible for Finance at Vakıf Katılım Bankası A.Ş.

Sabri ULUS
Executive Vice President
Treasury and Strategy

Born in Konya in 1971. Sabri Ulus graduated from the Department of Public Management of Faculty of Economics and Management Sciences of Selçuk University. He started his banking career at Akbank T.A.Ş. in 1995 and then, he continued his career in London, where he assumed important roles at Turkish Bank UK Ltd., HSBC Bank plc. /HSBC Amanah, and UBS AG for 11 years. Then he returned to Türkiye and served as Director of Treasury at Türkiye Finans Katılım Bankası A.Ş. between 2009-2011. He joined Fajr Capital - Dubai as Director and was seconded to Bank Islam Brunei to head Treasury & Capital Markets between 2011-2014. Furthermore, in his previous role, Mr. Ulus worked for The National Commercial Bank - Saudi Arabia as EVP, Treasury Islamic Solutions & Business Development between 2014-2020. Since May 2020, he has been carrying out the duty of Executive Vice President responsible for Treasury and Strategy at Vakıf Katılım Bankası A.Ş.

Hüseyin TUNÇ
Executive Vice President / Loans

Born in Kastamonu in 1968. Hüseyin Tunç graduated from İstanbul University Faculty of Political Sciences Public Administration Department in 1989. Between 2018-2020, he completed his education at Anadolu University Open Education Faculty, School of Justice.

Having started his banking career in 1989 in Töbank T.A.Ş. as Assistant Inspector, Hüseyin Tunç worked at Türkiye Halk Bankası A.Ş. between 1992-1995. He served as Inspector, Branch Manager and Unit Manager at Albaraka Türk Katılım Bankası A.Ş. between 1995-2016. He served as CFO at Aynes Gıda A.Ş. which was under the management of Saving Deposit Insurance Fund (SDIF) between January and April 2017.

As of April 2017, he joined Vakıf Katılım Bankası A.Ş. and worked as Commercial and Corporate Credits Allocation Manager until December 2020.

As of 31 December 2020, he has been serving as Executive Vice President responsible for Loans at Vakıf Katılım Bankası A.Ş.

Hüseyin Tunç, who also has published books, has the title of Independent Accountant and Financial Advisor.

Mehmet BÜTÜN
Director

Information Technologies and Digital Banking

Born in İstanbul in 1980. Mehmet Bütün graduated with a bachelor's degree from the Department of Management Information Systems at Boğaziçi University.

During his career, he worked as the Business Analyst and Project Manager in Turkcell and Türk Telekom (Avea) and then in 2010, he worked in Business Development and the Miles & Smiles Loyalty Program and as the CRM Department Manager at Turkish Airlines. In 2012, he joined Teradata Türkiye as the Senior Industry Leader responsible for the Telecommunication and Media sectors. He provided consultancy services to sector customers in the field of big data and analytics solutions for more than 3 years. He was then appointed as the Vice President of Digital Services at Turkish Airlines at the beginning of 2016. He managed the airport passenger systems as well as all digital customer channels and services of the Turkish Airlines and Anadolujet brands. On 1 November 2018, he joined Vakıf Katılım as the Director responsible for Information Technologies and Digital Banking. He is married with three children.

Alpaslan ÖZEN
Director / Legal 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 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.

Vakıf Katılım's Innovative Products and Services

Guaranteed Term Fund Transfer (GFT)

Vakıf Katılım's Guaranteed Fund Transfer (GFT) product is the first time a digital payment method has been put into practice in Türkiye. The product offers businesses the opportunity to perform deferred payments originating from the purchase of commercial goods and services under the guarantee of the Institution. Creditor businesses may also carry out their payments more securely and easily by dividing the digital balance received in their Guaranteed Fund Transfer (GFT) accounts into any amount they wish, without waiting for the due date.

Features of the GFT:

- The GFT is an irrevocable payment commitment offered by Vakıf Katılım.
- The GFT allows businesses to carry out their deferred payments in digital channels under Vakıf Katılım's guarantee.
- The forward receivables of GFT sellers, collected in the form of GFTs, become a digital payment tool to be used for purchases of commercial goods and services.
- Term payments are carried out at a low cost and with the guarantee of Vakıf Katılım.
- The maturity of the GFT receivable of our seller customer is unchanged and fixed. Seller customers which have a GFT in their account may transfer their GFT receivables to our other customers who hold a GFT account, partially or completely, through digital channels.
- GFT financing or the transferred GFT amount is transferred between our customers who have a GFT account, in part or in whole, without changing the maturity date, and commercial payments are carried out under the guarantee of Vakıf Katılım.
- As the GFT, which will be an alternative to traditional payment instruments, is brought into circulation completely through digital channels, operational risk and cost will be reduced.
- Transfer and circulation are as rapid, easy and simultaneous as money orders and EFT.

- The risk of non-payment of term payments is eliminated thanks to the guarantee provided by Vakıf Katılım.
- There are no restrictions on the transfer and turnover of the GFT; it can be transferred between Vakıf Katılım clients as many times as they wish.
- Since purchases of goods and services by Vakıf Katılım customers through the GFT are carried out under the guarantee of Vakıf Katılım, it establishes trust in trade.

Ferah Card (Commercial Murabaha Card)

Corporate customers may complete their payments with a commercial card which has an allocated credit limit based on the previously agreed profit, maturity and number of installments, and customers may view these cards through digital channels.

Branchless Banking - Account Opening from the Mobile Branch - With or Without NFC

The system allows you to become a customer by downloading the Vakıf Katılım Mobile Branch and connecting to a customer service representative through a video call, without having to go to the branch.

At Vakıf Katılım, remote customer acquisition - which is usually carried out through NFC-enabled phones in the sector - can be performed over phones without the NFC feature, an indication of how Vakıf Katılım sets itself apart from other systems and serves wider masses.

Payment with FAST-TR QR Code

The FAST-TR Payment System with DataMatrix was put into service with the aim of providing a cashless and cardless transfer and shopping system and to facilitate payment processes by allowing Vakıf Katılım customers to carry out payments more practically and quickly. The system allows the QR code created by the customers to be shared on the internet with the person to be paid from a mobile phone, and transactions can be performed from the mobile branch by reading the QR code. In the coming period, Vakıf Katılım plans to expand the scope of this system and provide services in payment collections such as physical, GPRS, cash register and virtual POS and electronic commerce sites.

GARANTİLİ FON TRANSFERİ İLE YEPYENİ BİR DÖNEM BAŞLIYOR

Vakıf Katılım bir iki gerçekleştiriyor, GFT (Garantili Fon Transferi) ile ticaretin hızına hız katıyor! GFT, vadeli havale şeklinde kullanılabilen, Vakıf Katılım'ın ödeme taahhüdü bulunan yeni dijital ödeme yöntemidir. GFT hesabınızdaki dijital bakiyeyi dilediğiniz kadar parçalayarak diğer GFT hesaplarına transfer edebilir ve böylece Vakıf Katılım garantiliği içinde ticari ödemelerinizi daha güvenli ve kolayca gerçekleştirebilirsiniz.

VAKIF KATILIM
Ottok guvnlk, ottok gtrkck.

0850 202 1202 | 444 44 77 | info@vakif.com.tr

NFC ÖZELLİĞİ OLMASA DA TÜM AKILLI TELEFONLARDAN DİLEDİĞİNİZ AN VAKIF KATILIMLI OLABİRSİNİZ

VAKIF KATILIM
Ottok guvnlk, ottok gtrkck.

0850 202 1202 | 444 44 77 | info@vakif.com.tr

MOBİLDEPOS VAR TEMASSIZ ALIŞVERİŞTE LİMİT YOK!

NFC uyumlu cep telefonlarını POS'a dönüştüren MobildePOS hizmetinde artık harcama limiti yok. MobildePOS kullanın, alışverişte çağı yakalayın.

VAKIF KATILIM
Ottok guvnlk, ottok gtrkck.

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Installment Feature on Our Credit Card

With the installment feature introduced to VCards, customers may now update their number of installments, calculate profit rates and pay for their shopping in installments through digital channels.

Common ATM - Money Deposit with QR Code

A new deposit option has been offered to our customers through our ATMs, which they can make use of by starting a transaction from the mobile branch. This process, developed for common ATMs, will be opened to our customers when common ATMs become widespread.

Transfer of Money to Mobile Phones

Our customers will also be able to transfer funds to individuals who do not have a bank account through our digital channels. The recipient will be able to withdraw the transferred amount by logging on to their information through our ATMs. This process, developed for common ATMs, will be opened to our customers when public ATMs become widespread.

Payment of Rent on Foundation Properties through PTT Branches

As a result of the collaboration reached between the General Directorate of Foundations and the PTT and Vakıf Katılım, rent collections can be made for properties owned by the General Directorate of Foundations from PTT workplaces. In addition, specially prepared benefits are offered for tenants who pay their rent through the Vakıf Katılım and PTT channels.

AWARDS AND RECOGNITIONS

Efma - Accenture Banking Innovation Awards

Our bank's project, "Blockchain Based Customer Intelligence Sharing - (Rizico)" was awarded third prize in the Future Workforce category The Efma-Accenture Banking Innovation Awards, organized by Efma, which was founded by banks and insurance companies in 1971, with members from more than 120 financial sectors in 133 countries.

1st Place in the IDC DX Digital Transformation Awards

We were awarded first place award in the Future of Operations category within the scope of IDC DX Digital Transformation Awards with the project "Blockchain-Based Customer Intelligence Sharing - (Rizico)".

Three Awards at the IDC Finance Awards

With our investments and pioneering steps in the digital world, we won three awards in the IDC Finance Awards, one of the most respected awards in the field of finance.

We won the second prize with our "BranchLoc" project in the Non-digital Channels category and our "Rizico" project in the Technology Service Delivery category. In the Enterprise Transformation category, we were awarded the third prize with our "Data Governance" project.

The Technology Captains Awards

We were awarded the 3rd prize in the Captains of Technology Awards Cost Improvement category in recognition of our "Enterprise Architecture Governance Platform (VK EAGF)" project.

IDC Türkiye CIO Awards

Our Bank won the IDC Special Award with the "Corporate Development and Governance Project" in the IDC Türkiye CIO Awards.

Best Business Awards

Vakıf Katılım was awarded in the "Best Employer", "Best HR", "Best (HR) Information Technology" and "Extraordinary Support During COVID-19" categories in the 2021 Best Business Awards, one of the UK's most prestigious award events.

The Bank added two more new awards to the four awards it received, to become the winner of the Best Human Resources award with the "Talent Management Program" and the Best Communication award with the "Social Us Clubs Project".

Brandon Hall Excellence Awards

In the Excellence Awards organized by Brandon Hall, one of the world's most prestigious consultancy institutions, Vakıf Katılım won gold awards in the category of "Best Candidate Relationship Management Development" with the "My Talent Management Trainee Program"; in the "The Best Results of the Learning Program" category with its "Coaching and Mentoring Program"; in the categories of "Best Leader Development" and "Best Blended Learning" with its "Career Development Program"; and in the category of "Best Leader Development" with its "Having a Grasp of Management Program".

Vakıf Katılım also won a silver award in the "Best Candidate Experience" category with its "My Talent Management Trainee Program", and a bronze award in the "Creating the Best Learning Strategy" category with its "Development is Always with Us" project; in the category of "Best Original/Innovative Leadership Program" with its "Transition to Principal Manager Evaluation and Development Program" and in the "Best Development in Performance Management" categories with its "Focus Performance Management System".

Vakıf Katılım and Sustainability

At Vakıf Katılım, we consider ourselves to be the custodian of the assets and values which our ancient nation and ancestors invested in. We are working hard to transfer all of these assets and the values entrusted to us to the next generations. We mobilize our resources not only for the economic development of our country, but also for its social and environmental development.

With the solutions which we have created, we put people at the heart of our efforts and ensure our activities are more and more innovative every day in order to leave a more livable future for future generations.

We put sustainability at the heart of all of the activities which we carry out. From this point of view, we have updated our business models within the scope of the "Green Memorandum and Climate Change Action Plan", which is included in the Economic Reform Program announced by our government, with Türkiye being a party to the Paris Climate Change Agreement, and we have accelerated our innovative and awareness-raising work.

In this context, we are carrying out profit/loss partnerships in renewable, sustainable energies in order to reduce our country's external dependence on energy. In one such example, the 8 MW power plant installed in the Söğütlü district of Sakarya generated 60 million MWh of electricity, bringing clean energy to 70,000 households. Another example was our installation of first Ada Solar Power Plant based on sales within the scope of YEKDEM (The Mechanism of Supporting Renewable Energy Sources). We have been instrumental in the implementation of renewable energy projects generating a total of 300 million MWh of energy, providing TL 800 million of "Green Financing" support to the public and private sectors. Accordingly, we have mediated in bringing clean energy to around 350,000 households.

In addition, we carry out numerous solution partnerships aimed at supporting modern, technology-based agriculture and animal husbandry. We stand by our industrialists and farmers with our support for in providing modern, economical irrigation systems of agricultural land, using modern agricultural and livestock equipment, creating green agricultural specialized zones and providing the necessary energy from renewable, clean sources.

We have also provided extensive support to start-ups and entrepreneurs with TL 100 million of capital in the Information Valley, which is the most important representative of the innovative & technology-based development philosophy in our country. We prioritize sustainability with the packages and programs we have designed for women and young entrepreneurs, and we lead the way in bringing innovative ideas to our country with Fintech (Financial Technology) project partnerships we have established with universities.

Within the scope of energy efficiency, we provide resources to support our customers' purchases of industrial machinery and equipment, health equipment and machinery, green & blue production machinery and equipment, and develop financing models to prevent energy losses in buildings and factories. We are proud to have provided TL 1 billion in support to the sector with the special policies we have implemented for smart city investments with financial leasing to date.

We believe that digitalization is the most important component of a sustainable future and we are undertaking important investments in this field. We broke new ground in Türkiye with the introduction of the new generation digital payment method, the Guaranteed Fund Transfer (GFT), enabling commercial enterprises to divide and transfer their cash cycle in the digital environment. We launched our remote customer acquisition application to prevent unnecessary paper consumption. We increased the usage performance of our mobile banking application to 85%, and completed the development of our digital POS products and made them available to our customers. We included product application for digital finance and digital card among our investment plans.

We formed the "Sustainability and Impact Management Group" in order to ensure full integration with the 2026 BRSA processes and the 2030 and 2040 Green Deal Action Plan in the field of "Sustainability" within the institution. We have also referred employees to the "Sustainability Expert" certificate program organized by accredited institutions.

Within the scope of the "Sustainable Development Plan" announced by the United Nations, we will continue to carry out all our activities in a transparent, equal and fair manner, as always, in line with the goal of reducing the amount of carbon we have committed as a country and achieving zero emissions, and will continue to respect the diversity of all assets and resources in our country.

THE RULES OF THE GAME ARE CHANGING IN TRADE

A new era begins in trade with the Guaranteed Fund Transfer.
Our enterprises meet GFT, which is far beyond the checks and promissory notes,
can secure their receivables and use them in parts in different payments.

Come to Vakıf Katılım and change the rules of the game now.
GFT is only at Vakıf Katılım.

FIRST TIME IN
TÜRKİYE

 VAKIF
KATILIM

 GUARANTEED FUND TRANSFER
GFT

Ziraat Katılım

CEO's Assessment



PROFITABLE

With its well-structured strategy, flexible business model and strong financial structure, Ziraat Katılım rounded off 2021 with a healthy growth performance in terms of its targets regarding profitability and efficiency.



As of the end of 2021, Ziraat Katılım had increased its total assets by 64% year-on-year and achieved a balance sheet size of TL 98.5 billion.

Ziraat Katılım completed the year 2021 with a profit of TL 559 million thanks to its approach to service which prioritizes customer satisfaction, as well as the successful execution of its business cycle structured with a focus on efficiency.

We continue to support the real sector.

Ziraat Katılım responds to its customers' needs and expectations by offering the most correct solutions and value propositions through the most accurate channel. The Bank maintains its operations in line with its vision of being an effective participation finance institution in its region as well as in international markets.

Ziraat Katılım continued to support the financing of the real sector, especially SMEs, in 2021. The volume of cash funds disbursed by Ziraat Katılım during 2021 increased by 58% compared to the end of the previous year, to reach TL 66.4 billion. On the other hand, non-cash funds grew by 86% to reach TL 29.6 billion. Ziraat Katılım's total support to the Turkish economy reached TL 96 billion.

The volume collected funds increased by 68% YoY in 2021 to reach TL 78 billion.

Attaching the highest importance on maintaining asset quality

Ziraat Katılım adopted a growth strategy focused on maintaining and improving asset quality. The Bank's allocation and fund disbursement processes and its early warning and risk monitoring infrastructure under continuous improvement accordingly.

In line with our strategies of sustainable growth and focusing on the customer, the volume of funds disbursed continued to grow rapidly in 2021. In this period when risk management policies have been executed uncompromisingly, the Bank's NPL ratio remained significantly lower than the sector average, at just 2.5%. In 2021, Ziraat Katılım's capital adequacy ratio stood at 14.02%.

TL 36.9 billion in lease certificate issuances

Ziraat Katılım successfully performed 28 lease certificate issuances in 2021, with a total amount of TL 11.6 billion. Ziraat Katılım plays an active role in the capital markets as part of its strategy of enriching its resource structure. Ziraat Katılım obtained approval from the Capital Markets Board for lease certificate ceilings of TL 1 billion, TL 12 billion and TL 15 billion in order to issue lease certificates in Turkish lira in the local market with its subsidiaries Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş. Since the date of its foundation until the end of 2021, our Bank has issued lease certificates of TL 36.9 billion in batches with different compositions within this framework.

Breath 2021 Support Finance protocol was signed jointly with the TOBB and the KGF

Protocols were signed between the Credit Guarantee Fund (KGF) and Ziraat Katılım within the scope of support packages aimed at reducing the negative impact of the pandemic on businesses and to support investment. The support packages were made available to the beneficiaries. On the other hand, the Breath 2021 Support Finance protocol was implemented jointly with the Turkish Chambers and Exchanges Association (TOBB) and the KGF. The protocol aims to provide financing and surety specific to the SMEs at affordable conditions, and also to continue to contribute to the Turkish economy by increasing production and employment.

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	+90 212 404 10 00
Fax	+90 212 404 10 99

Website	www.ziraatkatilim.com.tr
SWIFT Code	ZKBATRIS
EFT Code	0209
Number of Domestic Branches	120
Number of Branches Abroad	1
Number of Employees	1,529

Additional Employment Support Package

The Ministry of Treasury and Finance, the KGF, the SSI, İŞKUR (the Turkish Employment Agency) and Ziraat Katılım signed a protocol which was aimed at meeting the financing needs of SMEs and non-SME businesses at affordable conditions and to provide them profit support. The condition for this support was that the SMEs and non-SMEs should commit to provide additional employment by reducing the negative effects of the pandemic on cash flows and maintaining the employment which they had created within this scope. In this context, within the framework of the Treasury Backed Surety System, the KGF guaranteed "Additional Employment Support Package" was prepared and rolled out to customers.

Support for manufacturing sector with the Manufacturing Based Import Substitution Support Package

In order to finance investments which will boost the production and employment capacities of businesses holding investment incentive certificates for manufacturing industry investments by reducing the negative effect of the pandemic on industry, the KGF-guaranteed "Manufacturing Based Import Substitution Support Package" was prepared within the framework of the Treasury Backed Surety System in 2021.

Finance support for regions affected by floods

Protocols were signed between KOSGEB and the Bank in order to reduce the effect of the negative situation experienced in areas affected by natural disasters on businesses and to encourage investments in domestic production. Support packages were made available to the beneficiaries.

The Bank included in the "Artvin, Düzce and Rize Provinces Emergency Support Financing" program announced by KOSGEB. The purpose of this program is to provide financial support at affordable conditions to businesses affected by the floods in the Düzce, Rize and Artvin provinces in July 2021 and which operate in the sectors supported by KOSGEB. The businesses were affected by the floods which hit the Western and Central Black Sea regions and in various districts of Van in Türkiye in August 2021. In order to provide financial support to these businesses at affordable conditions, KOSGEB and our Bank signed the "Emergency Support Financing Protocol for the Provinces of the Western and Central Black Sea Region and the Districts affected by floods in the Van Province".

The businesses were affected by the floods which hit the Western and Central Black Sea regions and in various districts of Van in Türkiye in August 2021. In order to provide financial support to these businesses at affordable conditions, KOSGEB and our Bank signed the "Emergency Support Financing Protocol for the Provinces of the Western and Central Black Sea Region and the Districts affected by floods in the Van Province".

We offered urban transformation financing products for living in safe houses

The Ministry of Environment and Urbanization and our Bank signed a protocol on Dividend Support within the scope of the "Law on Transformation of Areas under Disaster Risk" No. 6306. The "Urban Transformation Financing" products, which were prepared for the purpose of construction, reinforcement or acquisition, were made available to enable the beneficiaries live in safer houses.

Forward Export Financing product was launched

We offered our new financing product, "Forward Export Financing", to customers who are exporters. This product enables exporters who are customers with us, and who receive their payments through a forward letter of credit, to collect their receivables from our bank in advance without waiting for the maturity of the letter of credit. In this way, we support our exporters to expand their competition opportunities in international markets by increasing their forward sales opportunities, to clear their receivables from commercial and political risks, to open up to new and target markets, and to access to post shipment financing opportunities.

In 2021, we further enriched our human resources by welcoming new members on board. Ziraat Katılım has improved its most valuable asset, its human resources, in 2021 with new additions.

In our rapidly growing organizational structure, 334 new colleagues joined us in line with the needs of our branches and head office departments. As of the end of 2021, we employed a total of 1,529 personnel. Ziraat Katılım added a total of 16 new branches to its branch network in Türkiye in 2021, taking the total number of branches to 121. We would like to thank all of those who contributed to our success in 2021.

In line with our values and ethical principles, which reflect our deeply rooted corporate culture, we continue to work with devotion to increase our contribution to the real economy.

Our ultimate goal is to generate increasing value for the Turkish economy and support sustainable development in a multi-faceted manner, while we maintain work on our projects with determination, adhering to our mission to expand participation banking.

On behalf of myself and the management team at Ziraat Katılım, I would like to thank all of our stakeholders, especially our employees, who have unwaveringly been at our side on our path, with determination to realize higher targets and contribute to our successful performance.

Respectfully,

Metin ÖZDEMİR
General Manager

Ziraat Katılım

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 in 1992, and from 1996, he carried on with his business life as an executive in the retail sector. Mr. Özdemir functioned as a member of İstanbul Metropolitan Municipal Council between 2004 and 2014. Mr. Özdemir was a member of the Ziraat Bank's Board of Directors and acted as a member of the Corporate Governance Committee and the Remuneration Committee from April 2012 until 27 May 2019. He served as the Chairman of the Board of the Participation Banks Association of Türkiye from May 2018 until May 2021. Mr. Özdemir has been a member of the Board of Directors of Ziraat Katılım since 18 February 2015 and was appointed as the CEO on 12 June 2017. Mr. Özdemir is a member of Ziraat Katılım Board of Directors and he is the Chairman of the Credit Committee since 25 July 2017. He also serves as the Chairman of the Board of Directors of the Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI).

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 Halkbank. 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. 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 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.

Önder KIRMAN**Executive Vice President - Credit Extension and Management**

Economics and Administrative Sciences Department of Business Administration. Mr. Kirman started his banking career as a Service Attendant at Ziraat Bank in 1999. Between 2001 and 2008, he worked as an Internal Controller. Between 2008 and 2015, Mr. Kirman acted as a Supervisor of Agricultural, SME and Commercial Marketing, Commercial Marketing Department Manager and Regional Credit Extension Manager. He joined Ziraat Katılım in May 2015 as the Chairman of the Operation Center Department, then he was appointed as the Chairman of Corporate and Entrepreneurial Credit Extension and Management Department in April 2016. Since 30 June 2016, he serves as Executive Vice President- Credit Extension and Management.

Seher Elif EKİCİ**Executive Vice President - Credit Policies and Risk Liquidation Group**

Seher Elif Ekici was born in İstanbul in 1981. She graduated from Marmara University Faculty of Business Administration, Department of Business Administration in English. She completed her associate degree at Anadolu University Faculty of Theology and is currently studying for her master's degree on Islamic Economics and Finance at Marmara University. She received her SMMM license in 2009. She started her professional career at KPMG independent audit firm in 2003 and worked as an auditor in 2003-2004. Later, she started her banking career in 2005 at Anadolu Finans Kurumu Financial Control service under Financial Affairs Department. She took a role in the merger of Anadolu Finans and Family Finans. Between 2007 and 2015 she acted as Specialist, Supervisor and Manager at Risk Management Center Department of Türkiye Finans. Ms. Ekici started to work at Ziraat Bank as a Manager on 3 February 2015. She was a part of the establishment of Ziraat Katılım and was appointed as Head of Risk Management Division on 23 June 2015. She was appointed as the Head of Credit Policies and Risk Liquidation Group on 2 July 2021. She has been working as Executive Vice President of Credit Policies and Risk Liquidation since 1 April 2022.

Suat TÜCCAR**Head of Strategy Planning and Human Resources Group**

Suat Tüccar was born in İstanbul in 1974. He graduated from Gazi University Faculty of Economics and Administrative Sciences Department of Public Administration. In 2000, he started his career at Dışbank Commercial Marketing upon completing the MT program. He worked as a portfolio manager at the same bank in Mercan, Bayrampaşa and European Corporate branches, respectively. Upon the merger of Fortis and Türk Ekonomi Bankası, he worked as Branch Manager of Bayrampaşa Mega Center and Güneşli branches. Mr. Tüccar started his career at Ziraat Katılım on 2 May 2016 as a Service Manager at Corporate and Entrepreneurial Marketing Department and continued as the Head of Human Resources Department on 23 March 2017. He was appointed as Head of Strategy Planning and Human Resources Group on 10 February 2021.

Mustafa Kürşat ÇETİN**Head of Marketing Management Group**

Mustafa Kürşat Çetin was born in Yozgat in 1979. He graduated from Selçuk University Faculty of Economics and Administrative Sciences Department of Economics. He received his graduate degree in Banking from İstanbul University Faculty of Social Sciences. He started his career in 2003 at Türkiye Finans Headquarters Leasing Service and from 2005 on, he worked in different positions in Corporate Marketing at Osmanbey, Beylikdüzü and İkitelli branches. Between 2012 and 2015 he worked as Türkiye Finans Nişantaşı Branch Manager. In 2015, with the inception of Ziraat Katılım he started working at İkitelli Branch as a manager. In January 2016, he was appointed as Entrepreneurial Marketing Department Head and Entrepreneurial Marketing Department 2 Head. In May 2019, he continued his career as the Head of Branch Banking and Sales Management 2 Department and was appointed as Marketing Group Director as of 10 February 2021.

Ziraat Katılım

Innovative Products and Services

We launched the "Elibol Account".

Ziraat Katılım successfully continued its efforts to diversify the range of products which it offers its customers. The Elibol Account, which was designed in this context, was offered to our customers through our branches on 10 December 2021.

The Ziraat Katılım Elibol Account is a type of account where two products are offered together. A part of the investment amount in the private current account opened on behalf of a customer is utilized in the participation account, which is based on profit/loss partnership agreement opened on behalf of a customer by the Bank. The other part is profited in the transactions of selling lease certificates by the Bank with the promise of repurchase, and purchasing the lease certificates by the customer with the promise of resale.

We offered our customers the Currency Protected TL Participation Account and the TL Participation Account with Gold Conversion product.

Starting from 23 December 2021, the Currency Protected TL Participation Account started to be offered at our branches to our customers who are real persons residing in Türkiye and who seek to utilize their savings in Turkish Lira and protect their savings against risks related to possible changes in exchange rates with the Currency Protected TL Participation Account. In addition, customers with gold funds may also benefit from the TL Participation Account with Gold Conversion by converting gold into TL on the basis of the rate of the Central Bank of the Republic of Türkiye, upon their request. Moreover, customers who hold USD, EURO and GBP funds in our branches may convert their savings into TL and open a Currency Protected TL Participation Account. In the event of a fall in the value of the Turkish Lira against other currencies, our customers will maintain the foreign currency-based value of their funds in the TL accounts without being affected. They will thus play an important role in protecting the value of the Turkish currency.

We provided convenience to our customers in the IT systems.

Under our information systems activities, it is possible to transfer money to an account in a different bank with an IBAN or an easy address using FAST over branches, Participation Mobile and our internet branch. As part of the transition to open source systems, the transition to the Pardus operating system was completed for all branches.

Ziraat Katılım became the first participation bank to offer services to customers in social housing projects, thanks to its integration with TOKİ. With the establishment of the dematerialized gold transfer system, it was also possible to transfer gold instantly.

Our customers, who have foreign currency risk in their follow-up accounts, were given the opportunity to restructure their entire debt in Turkish lira in order to facilitate payments and not be affected by exchange rate losses. The "Personal Basic Needs

Support Loan" structuring process was offered to the customers via Internet Banking. The Forward Export Financing Project was completed and thereby, the product range, which is offered to the customers, was increased. The distance customer acquisition project was completed and the technological infrastructure was established for persons to become a customer without coming to the branch.

Important new applications in digital banking

With the Digital Document Approval infrastructure, customers could approve one or more documents through the Internet Branch and Participation Mobile without needing to visit Ziraat Katılım branches. Insurance Transactions were made available to customers through digital channels. Work was taken to allow transactions such as receiving and tracking bids and monitoring policies to be performed. In the first instance, the Compulsory Earthquake Insurance (DASK), Compulsory Traffic Insurance and Motor Vehicle Insurance transactions were brought into use. Our member businesses can view their bank statements by clicking on the member business transactions tab in the Internet Branch and on Participation Mobile. The Digital Order Transactions feature allows our customers to send their orders through Participation Mobile without having to go to our branches. These transactions generally involve digital EFT Orders and Foreign Trade Transaction Orders. In the coming periods, we will continue to work to ensure that other instructions are performed via Participation Mobile. As of 1 May 2021, the Central Banking Branch started to open accounts via video calls. Participation Mobile was renewed in terms of design and experience in order to offer a digital customer experience in the best way possible, and was offered to our customers. Our Bank aims to successfully continue its technology-based investments in digital channels in 2022.



Ziraat Katılım and Sustainability

SUSTAINABILITY POLICY

Our Sustainability Vision

To be a universal, reputable and leading participation bank that offers more to its customers as it shares at every stage by using the Ziraat Finance Group's experience and know-how in order to contribute to the economy, the environment and society.

Our Sustainability Goal

Within the scope of this vision, we seek to effectively implement sustainability in three areas as part of our sustainability approach: first, to reduce our bank's carbon footprint and then to neutralize our carbon footprint, and finally to become a carbon negative institution. We also seek to support the sustainable economy by integrating it into our fund allocation processes, and to contribute to the national and global transformation by supporting our customers' transition to a low carbon economy.

Our Sustainability Approach and Examples of Actions

Our approach to sustainability is shaped by our own activities as an institution, our responsibilities as a financial service provider, our obligations to the environment and society and our duties as an employer.

What we do in this context:

- By digitalizing our customers' account opening transactions at the branch, we now achieve 96.6% paper savings in these transactions.
- We have re-programmed the printers at our departments to automatically select the double-sided print option, which is expected to reduce consumption of paper by approximately 25%.
- By installing special water-saving taps in the washbasins at the Head Office buildings, we have reduced the amount of water running from taps by 21.2% compared to 2021, despite a 19% increase in personnel.
- We are gradually replacing diesel powered vehicles with gasoline powered vehicles, thus reducing the share of diesel in total fuel use by 14% YoY in 2021, thus lowering carbon emissions. Our ultimate goal through our partnerships, is to render our vehicle operations environmentally friendly by updating our fleet with electric vehicles as part of the project being undertaken by the TOGG (Türkiye'nin Otomobili Girişim Grubu- Türkiye's Automobile Enterprise Group).

- As Ziraat Katılım, we carefully evaluate and support demand for renewable energy projects. In 2021, we expanded our risk size by 182% YoY. HEPP (Hydro Electric Power Plant) projects make up 77% of the current size by volume, and the Solar Power Plant projects account for 27% of the current size by quantity. We plan our activities with an awareness that the diversification and expansion of renewable energy productions serve more than one value of sustainability goals.
- Since our establishment, we have been supporting recycling by separating wastes at source with the placement of waste sorting recycling bins at our branches and head office within the scope of the Zero Waste project.
- We have set up a Sustainability Committee which keeps the concept of sustainability on the agenda of high-level authority groups. We organize training events which will raise awareness among our employees at different levels of authority. Our aim is to spread awareness of the concept of Sustainability and to create a common consciousness among all our employees, by expanding the number of people who place the concept on their agenda.
- With an awareness of social responsibility, we hold events in cooperation with reputable aid organizations, notably the Turkish Red Crescent, to extend support to regions affected by natural disasters such as fire, floods and earthquakes. We become on-site partners to organizations with our loyalty group, which consists of our employees.
- We support our staff with a range of fringe benefits and deliver food packages to our employees who have tested positive for Covid-19.
- In line with an agreement we entered into with Sabahattin Zaim University to support employees in postgraduate education, we offer a range of financing for their personal development. In addition, we aim to start development and preparation for the future from an early age by organizing supportive educational events such as software and chess lessons for the children of our employees.
- In our recruitment process, we aim to provide interview training to candidates ahead of interviews so they are more prepared for the process are able to clearly demonstrate their experience and knowledge.

Ziraat Katılım and Sustainability

Ziraat Katılım will continue to strive to become a pioneering institution with high awareness, aiming to hold all of the Sustainability accolades with the investments it has undertaken or will carry out for the Sustainable Development Goals. We aim to contribute to the following Sustainable Development Goals:

Contribution to Society and Ziraat Katılım Bank

By expanding throughout Türkiye and as a participation banking service provider, we will demonstrate our contribution to society in different facets. We will continue to add value to society and support social development with a multi-faceted approach.

Our ESG (Environment Social Governance) Approach

Investors - especially young investors - have started to invest their savings in places which match their values in recent years. This has paved the way for the development of a more conscious generation and business style.

We will address environmental, social and governance practices which may have significant impacts on the performance of our company's investments. We will evaluate the practices with the ESG (Environmental, Social, Governance) principles through the Sustainability Committee, where we will be monitoring the issue at a high level.

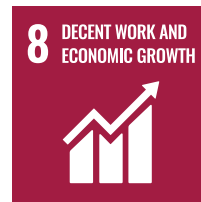
Our social criterion will lie at the heart of these assessments in managing our relationship with our employees, suppliers, customers and communities where our operations are located. Our activities will ensure our work is sustainable and we will continue our operations in the ethical supply-demand chain, which are also in line with our participation banking values, and which will support human rights and the rights of employees.

Our environmental criteria will address our organization's use of energy, the prevention of waste, prevention of environmental pollution, preservation of natural resources and protection of natural life. We will publish reports on carbon emission and sustainability, limit the use of harmful substances, seek to reduce greenhouse gas emissions and set out plans to switch to renewable energy sources.

As a result, we will act with the awareness of creating social impact with the ESG criteria.

In summary;

In line with the framework determined in the sustainability policy, Ziraat Katılım Bank is determined to maintain its growth as a competitive and strong bank with sustainable profitability and efficiency. To this end, we are advancing in the field of corporate sustainability by constantly improving our Bank's sustainability performance with the principles of transparency, accountability, compliance with the law, adherence to ethical principles and risk management.



YOUR SAVINGS ARE SAFE IN ZİRAAT KATILIM WITH GOLD CONVERSION SUPPORTED TL PARTICIPATION ACCOUNT



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KEY FINANCIAL DATA AND GRAPHS





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		
		2021 TL million	2021 share (%)	2020 share (%)	2021 TL million	2021 share (%)	2020 share (%)	2021 TL million	2021 share (%)	2020 share (%)
Participation Banks	6	717	7.8	6.3	556	10.5	8.4	336	7.0	5.5
Deposit Banks	34	7,883	86.0	86.9	4,746	89.5	91.6	4,149	85.0	86.7
Development and Investment Banks	15	615	7.0	6.7	-	0.0	0.0	412	8.0	7.8
Total	55	9,215	100	100.0	5,303	100	100	4,897	100	100

Source: BRSA

PARTICIPATION BANKS AND BANKING SECTOR: KEY FINANCIAL INDICATORS (TL MILLION - DECEMBER 2021)*

FINANCIAL ITEMS		PARTICIPATION BANKS			BANKING SECTOR		
		December 2020	December 2021	2021/2020 (%)	December 2020	December 2021	2021/2020 (%)
DEPOSITS**	TL	102,091	148,867	45.8	1,546,080	1,879,831	21.6
	FC	149,563	318,294	112.8	1,619,278	3,005,858	85.6
	FC-METAL	69,751	89,257	28.0	289,720	417,086	44.0
	TOTAL	321,405	556,418	73.1	3,455,314	5,303,348	53.5
LOANS***		240,147	369,353	53.8	3,674,877	5,044,485	37.3
NON-PERFORMING LOANS (GROSS)		8,713	11,225	28.8	152,560	160,104	4.9
TOTAL ASSETS		437,146	717,338	64.1	6,106,442	9,215,458	50.9
SHAREHOLDERS' EQUITY		27,607	36,310	31.5	599,590	713,955	19.1
NET PROFIT****		3,658	5,468	49.5	57,305	92,952	62.2
NUMBER OF EMPLOYEES		16,848	17,147	1.8	203,223	202,136	-0.5
NUMBER OF BRANCHES	BRANCHES DOMESTIC	1,250	1,307	4.6	11,113	11,023	-0.8
	BRANCHES ABROAD	4	4	0.0	75	75	0.0
	TOTAL	1,254	1,311	4.5	11,188	11,098	-0.8

Source: BRSA

*Funds collected from banks and rediscounts are excluded.

**Non-performing loans are excluded. Rediscounts, financial lease receivables are included; loans extended to banks are excluded.

***The net profit figure has been compared with the same month of the previous year.

SECTOR SHARES OF PARTICIPATION BANKS (%) (31.12.2021)

	2021	2020
1- FUNDS COLLECTED	10.5	8.4
2- FUNDS ALLOCATED	7.3	5.5
3- TOTAL ASSETS	7.8	6.3
4- SHAREHOLDERS' EQUITY	5.1	4.4
5- NET PROFIT	5.9	5.0

NON-PERFORMING LOANS (GROSS)/ LOANS

Participation Banks	Banking Sector
3.02	3.15

PARTICIPATION BANKS: KEY FINANCIAL INDICATORS (TL THOUSAND, %, DECEMBER 2021)

FINANCIAL ITEMS 2020 Q4		ALBARAKA TÜRK		EMLAK KATILIM		KUVEYT TÜRK		TÜRKİYE FİNANS		VAKIF KATILIM		ZİRAAT KATILIM		TOTAL		2021/2020 Change (%)
		2021	2021/2020 Change (%)	2021	2021/2020 Change (%)	2021	2021/2020 Change (%)	2021	2021/2020 Change (%)	2021	2021/2020 Change (%)	2021	2020			
FUNDS COLLECTED	TL	20,200,193	31	57,295,682	71	8,344,850	56	21,256,696	37	18,191,870	45	29,714,756	19	165,004,047	107,234,176	45
	FC	71,036,456	97	154,809,707	75	18,448,499	191	63,220,847	51	55,433,575	105	48,219,141	124	411,168,225	221,572,539	86
	TOTAL	91,236,649	77	212,105,389	74	26,793,349	129	84,477,543	47	73,625,445	86	77,933,897	68	566,172,272	328,806,715	72
FUNDS ALLOCATED*		60,125,452	42	123,366,526	56	21,907,324	61	61,691,866	29	57,043,679	94	68,134,816	57	392,269,663	255,592,404	53
NON-PERFORMING LOANS (GROSS)		3,560,000	85	2,797,000	5	196,000	13	2,818,159	6	927,000	23	1,699,000	44	11,997,000	9,356,000	28
NON-PERFORMING LOANS (GROSS)/LOANS		5.9	30	2.3	-33	0.9	-30	4.6	-18	1.6	-36	2.5	-8	3.1	3.7	-16
TOTAL ASSETS		108,955,123	57	254,068,260	67	38,759,900	90	115,643,263	42	100,757,086	90	98,312,592	63	716,496,224	436,711,737	64
SHAREHOLDERS' EQUITY		4,626,853	14	10,456,853	31	1,728,423	734	6,556,794	19	8,619,719	80	4,321,735	16	36,310,377	26,274,832	38
NET PROFIT**		104,403	-59	2,501,727	79	143,113	78	921,048	36	1,239,361	86	558,689	-13	5,468,341	3,716,720	47
NUMBER OF PERSONNEL		2,918	-14	6,133	2	1,106	36	3,566	-4	1,880	14	1,529	21	17,132	16,838	2
NUMBER OF BRANCHES		231	1	442	2	73	46	316	-1	130	12	121	15	1,313	1,254	5

*Loans and Leasing Receivables are included in the balance of Funds Allocated.

**The net profit figure has been compared with the same period of the previous year.

PARTICIPATION BANKS: ASSET STRUCTURE AND CHANGES IN SELECTED ITEMS (TL MILLION, %)

ASSETS	Amount (TL million)			Change (%)		Share in Total (%)		
	2021	2020	2019	2021-2020	2020-2019	2021	2020	2019
Liquid Assets*	104,208	50,370	52,085	106.9	-3.3	14.5	11.5	18.3
Statutory Reserves	97,503	46,801	26,808	108.3	74.6	13.6	10.7	9.4
Funds Allocated	335,912	222,349	136,202	51.1	63.2	46.8	50.9	47.9
Financial Lease Receivables	24,861	11,482	7,396	116.5	55.3	3.5	2.6	2.6
Non-performing Loan-s (Gross)	11,225	8,713	7,763	28.8	12.2	1.6	2.0	2.7
Securities	123,806	77,552	41,610	59.6	86.4	17.3	17.7	14.6
Other Assets	55,909	40,074	27,755	39.5	44.4	7.8	9.2	9.8
Total Assets	717,338	437,146	284,459	64.1	53.7	100.0	100.0	100.0

Source: BRSA

*Consists of the sum of Cash, Central Bank, Money Market and Receivables from Banks.

PARTICIPATION BANKS: LIABILITIES STRUCTURE AND CHANGES IN SELECTED ITEMS (TL MILLION, %)

LIABILITIES	Amount (TL million)			Change (%)		Share in Total (%)		
	2021	2020	2019	2021-2020	2020-2019	2021	2020	2019
Participation Fund	556,418	321,405	215,456	73.1	49.2	77.6	73.5	75.7
Payables to Banks	27,366	22,277	12,957	22.8	71.9	3.8	5.1	4.6
Repo Transactions	25,899	6,958	694	272.2	902.7	3.6	1.6	0.2
Shareholders' Equity	36,310	27,607	21,767	31.5	26.8	5.1	6.3	7.7
Other Liabilities	71,345	58,899	33,585	21.1	75.4	9.9	13.5	11.8
Total Liabilities	717,338	437,146	284,459	64.1	53.7	100.0	100.0	100.0

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 (%)		
	2021	2020	2019	2021-2020	2020-2019	2021	2020	2019
Profit Share Income	37,076	24,722	21,020	50.0	17.6	499.5	232.2	415.7
Profit Share Expense	22,209	11,116	13,166	99.8	-15.6	299.2	284.2	248.0
NET PROFIT SHARE INCOME	14,866	13,606	7,854	9.3	73.2	200.3	199.7	153.5
Income other than Profit Share	8,134	5,374	4,862	51.4	10.5	109.6	30.9	38.5
Net Fees and Commissions Income	1,829	1,477	1,220	23.8	21.1	24.6	29.1	39.3
Banking Services Income	2,116	1,383	1,244	53.0	11.2	28.5	139.7	75.7
Other Income other than Profit Share	4,189	2,514	2,397	66.7	4.8	56.4	112.4	235.0
Expenses other than Profit Share	15,486	11,865	7,444	30.5	59.4	208.6	67.1	83.5
Personnel	4,009	3,210	2,645	24.9	21.4	54.0	21.4	21.1
Fees and Commissions Expenses	1,248	1,024	667	21.9	53.5	16.8	24.0	130.5
Other Expenses other than Profit Share	10,229	7,631	4,133	34.0	84.7	137.8	248.0	75.8
Income/Expenses other than Profit Share	4,131	1,721	2,405	140.0	-28.4	55.7	-56.7	47.0
P/L From Capital Market Transactions	3,940	2,712	1,493	-245.3	-281.7	53.1	92.6	28.8
Profit/Loss from FX Transactions	191	4,433	912	-95.7	386.1	2.6	212.1	0.0
Others	0	1	0	-26.9	27.8	0.0	100.0	100.0
Profit/Loss Before Tax	7,422	4,788	3,173	55.0	50.9	100.0	22.4	23.2
Tax Provisions	1,954	1,072	735	82.3	45.8	26.3	77.6	76.8
Net Profit/Loss	5,468	3,717	2,438	47.1	52.4	73.7	77.6	76.8

Source: BRSA

PARTICIPATION BANKS VS BANKING SECTOR: COMPARISON BETWEEN SELECTED RATIOS

DESCRIPTION	Participation Banks			Banking Sector		
	2021	2020	2019	2021	2020	2019
Non-Performing Loans (Gross)/Total Cash Loans (%)	3.02	3.59	5.13	3.15	4.08	5.36
Provisions for Non-Performing Loans/Non-Performing Loans (Gross) (%)	87.89	82.91	63.88	79.52	74.94	65.14
Large Deposits (TL 1 million and Above)/Total Deposits (%)	60.65	49.69	47.58	63.18	56.72	54.22
Profit/Loss Before Tax/Average Total Assets (ROAA) (%)	1.41	1.27	1.30	1.68	1.38	1.44
Net Profit/Loss/Average Shareholders' Equity (ROAE) (%)	1.04	15.77	13.38	15.48	11.36	11.48
Net Profit Share Income/Loss/Average Total Assets (%)	2.82	3.60	3.21	3.76	3.91	3.85
Fees, Commissions and Banking Services Income/Average Total Assets (%)	0.75	0.76	1.01	1.23	1.07	1.56
Fees, Commission and Banking Services Income/Total Income (%)	7.78	8.24	8.67	9.71	10.50	12.20
Operational Expenses/Average Total Assets (%)	1.44	1.64	2.00	1.51	1.59	1.77
Income other than Profit Share/Expenses other than Profit Share (%)	99.43	98.48	99.20	98.84	96.98	97.08
Fees and Commissions Income/Operational Expenses (%)	52.02	46.23	50.27	81.38	67.11	88.05
Average Total Assets/Average Number of Employees (TL Thousand)	30,663.82	22,983.07	15,474.17	34,872.61	26,982.38	20,480.04
Deposits/Average Number of Employees (TL Thousand)	32,380.65	19,521.50	13,611.81	26,224.56	16,983.58	12,474.90
Profit/Loss Before Tax/Average Number of Employees (TL Thousand)	431.95	290.84	200.48	585.87	372.63	293.54
Deposits/Number of Branches (TL Thousand)	433,628.97	265,935.45	188,335.31	475,166.09	305,565.31	223,583.99
Loans/Number of Branches (TL Thousand)	289,905.63	200,684.12	132,307.81	455,534.08	330,674.30	245,008.35
Number of Employees/Number of Branches (Person)	13.08	13.42	13.60	18.21	18.16	17.99
Total Cash Loans/Deposits (%)	66.86	75.46	70.25	95.92	108.26	109.64
Total Securities Portfolio/Deposits (%)	22.25	24.13	19.31	27.84	29.60	25.75
Demand Deposits/Total Deposits (%)	46.83	45.22	33.53	38.68	32.60	24.71
Shareholders' Equity/Total Risk-Weighted Items (Capital Adequacy Standard Ratio) (%)	18.82	17.83	18.05	18.39	18.74	18.40
Liabilities/Shareholders' Equity (%)	1,855.8	1,469.30	1,194.37	1,179.04	907.85	803.73

Source: BRSA

Key Financial Data and Graphs

PARTICIPATION BANKS: SUMMARY BALANCE SHEET - ASSETS (TL THOUSAND)

		CURRENT PERIOD		
		31 DECEMBER 2021		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	59,918,197	245,184,777	305,102,974
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	189,872,505	203,525,595	393,398,100
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	776,523	104	776,627
IV.	EQUITY INVESTMENTS	1,513,989	18,311	1,532,300
V.	TANGIBLE ASSETS (NET)	5,225,532	27,279	5,252,811
VI.	INTANGIBLE ASSETS (NET)	773,050	14	773,064
VII.	INVESTMENT PROPERTIES (NET)	0	0	0
VIII.	CURRENT TAX ASSETS	2,483	0	2,483
IX.	DEFERRED TAX ASSETS	2,913,307	0	2,913,307
X.	OTHER ASSETS	4,035,712	2,708,846	6,744,558
	TOTAL ASSETS	265,031,298	451,464,926	716,496,224

		PRIOR PERIOD		
		31 DECEMBER 2020		
ASSETS		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

		CURRENT PERIOD		
		31 DECEMBER 2021		
LIABILITIES		TL	FC	Total
I.	FUNDS COLLECTED	155,004,047	411,168,225	566,172,272
II.	FUNDS BORROWED	27,722,567	17,700,574	45,423,141
III.	MONEY MARKETS DEBTS	23,470,201	0	23,470,201
IV.	SECURITIES ISSUED (NET)	0	0	0
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0
VI.	DERIVATIVE FINANCIAL LIABILITIES	1,060,150	407,605	1,467,755
VII.	FINANCE LEASE PAYABLES (NET)	1,614,679	32,660	1,647,339
VIII.	PROVISIONS	2,618,902	1,740,008	4,358,910
IX.	CURRENT TAX LIABILITY	2,421,203	19,825	2,441,028
X.	DEFERRED TAX LIABILITY	0	0	0
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0
XII.	SUBORDINATED DEBT INSTRUMENTS	1,341,500	19,795,658	21,137,158
XIII.	OTHER LIABILITIES	8,210,144	5,857,899	14,068,043
XIV.	SHAREHOLDERS' EQUITY	36,434,774	-124,397	36,310,377
	TOTAL LIABILITIES	259,898,167	456,598,057	716,496,224

		PRIOR PERIOD		
		31 DECEMBER 2020		
LIABILITIES		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
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0
XII.	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

Key Financial Data and Graphs

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

		CURRENT PERIOD 31 DECEMBER 2021		
STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	136,104,622	288,756,380	424,861,002
I.	GUARANTEES AND WARRANTIES	43,699,422	65,096,530	108,795,952
II.	COMMITMENTS	74,552,862	13,546,170	88,099,032
III.	DERIVATIVE FINANCIAL INSTRUMENTS	17,852,338	210,113,680	227,966,018
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	1,913,700,876	646,079,465	2,559,780,341
IV.	ITEMS HELD IN CUSTODY	70,491,194	86,301,084	156,792,278
V.	PLEDGES RECEIVED	1,843,198,043	559,432,092	2,402,630,135
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	11,639	346,289	357,928
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		2,049,805,498	934,835,845	2,984,641,343

		PRIOR PERIOD 31 DECEMBER 2020		
STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		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

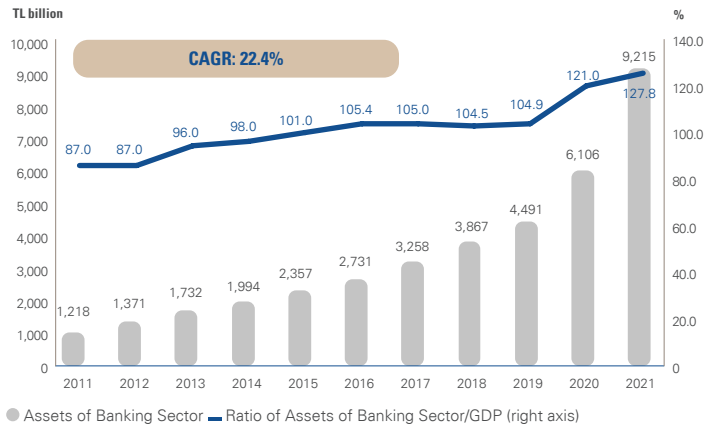
PARTICIPATION BANKS: SUMMARY STATEMENT OF PROFIT OR LOSS (TL THOUSAND)

INCOME AND EXPENSE ITEMS		CURRENT PERIOD 31 DECEMBER 2021
I.	PROFIT SHARE INCOME	38,195,669
II.	PROFIT SHARE EXPENSE (-)	20,414,313
III.	NET PROFIT SHARE INCOME (I - II)	15,986,336
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	1,132,606
V.	DIVIDEND INCOME	6,829
VI.	TRADING INCOME/(LOSS) (NET)	4,129,391
VII.	OTHER OPERATING INCOME	4,019,518
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	25,680,030
IX.	EXPECTED LOSS PROVISIONS (-)	6,799,380
X.	OTHER PROVISIONAL EXPENSES (-)	511,574
XI.	PERSONNEL EXPENSES (-)	2,679,873
XII.	PERSONNEL EXPENSE (-)	2,363,033
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	7,421,750
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	0
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	0
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	7,421,750
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	-480,833
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	5,468,341
XX.	INCOME FROM DISCONTINUED OPERATIONS	0
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	0
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	0
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	0
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	0
XXV.	NET INCOME/(LOSS) (XIX+XXIV)	5,468,341

INCOME AND EXPENSE ITEMS		PRIOR 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)	19,433,577
IX.	EXPECTED LOSS PROVISIONS (-)	4,744,824
X.	OTHER PROVISIONAL EXPENSES (-)	693,266
XI.	PERSONNEL EXPENSES (-)	2,036,729
XII.	PERSONNEL EXPENSE (-)	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 (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

Key Financial Data and Graphs

TURKISH BANKING SECTOR VOLUME AND RATIO TO GDP



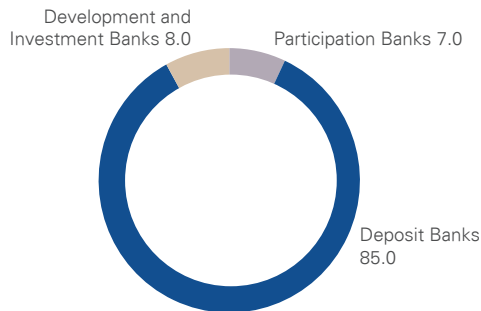
Sustainable growth

The participation banking sector successfully continued its journey on the path of sustainable growth in 2021.

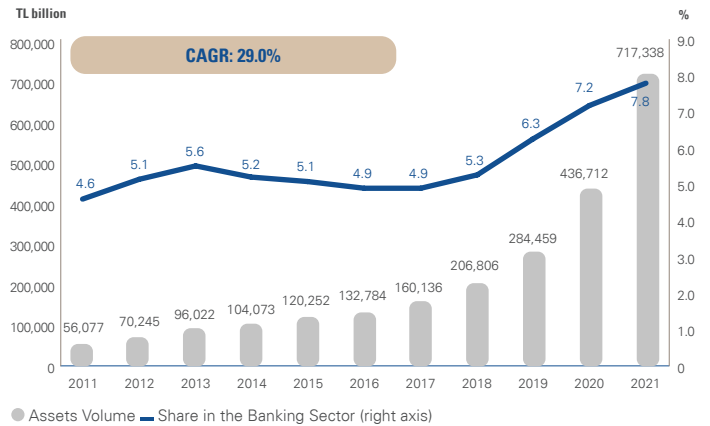
+64.1%

GROWTH IN TOTAL ASSETS

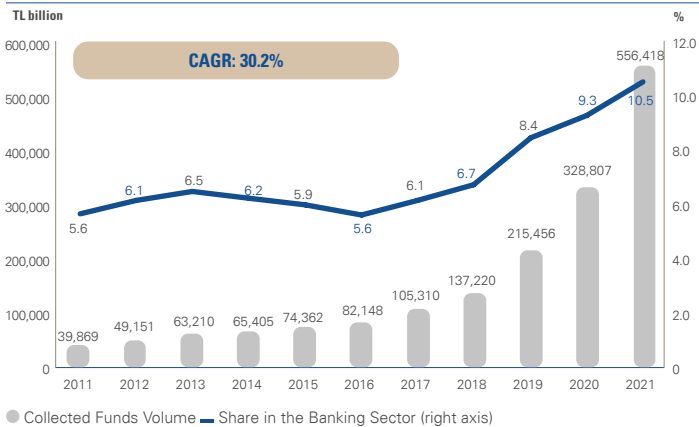
SHARES IN ASSET IN TURKISH BANKING SECTOR (%)



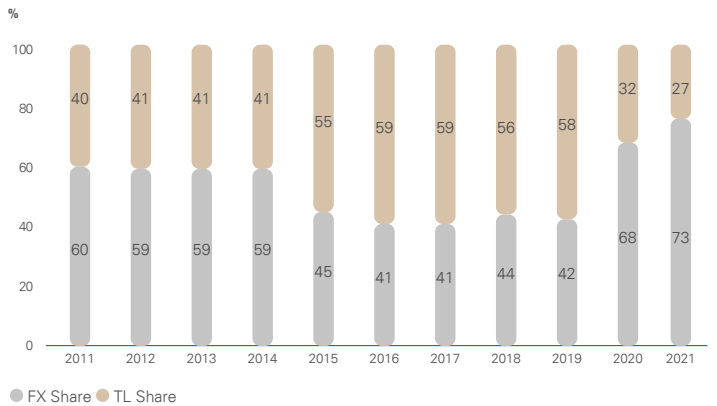
DEVELOPMENT OF ASSETS OF PARTICIPATION BANKS AND SHARES IN THE SECTOR



DEVELOPMENT OF FUNDS COLLECTED OF PARTICIPATION BANKS

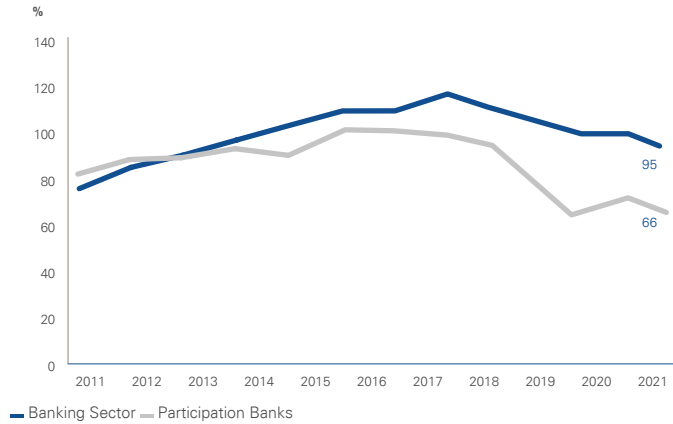


TL/FC CONCENTRATION OF FUNDS COLLECTED OF PARTICIPATION BANKS



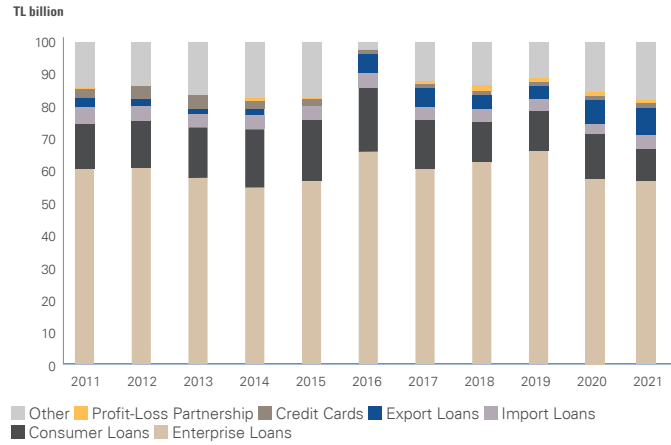
The asset size of the sector, in which 6 banks operate, grew by 64.1% and reached TL 717,338 million.

RATIO OF FUNDS ALLOCATED TO FUNDS COLLECTED

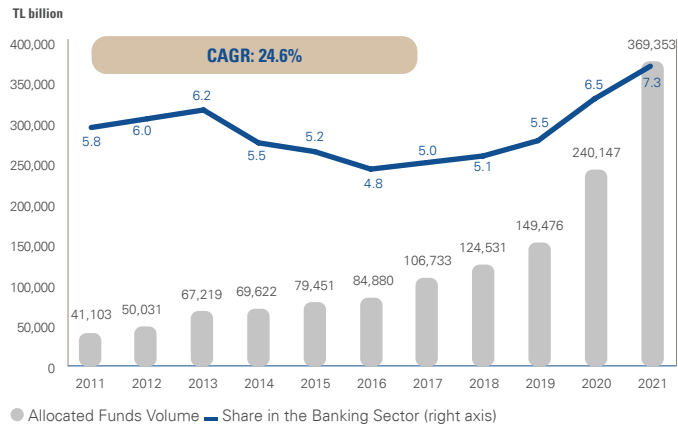


The average annual growth of the sector in the period of 2011-2021 was 29%.

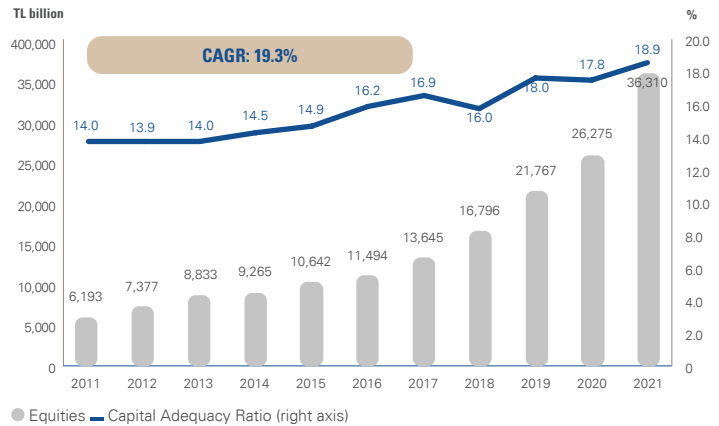
CONCENTRATION OF FUNDS ALLOCATED BY TYPES



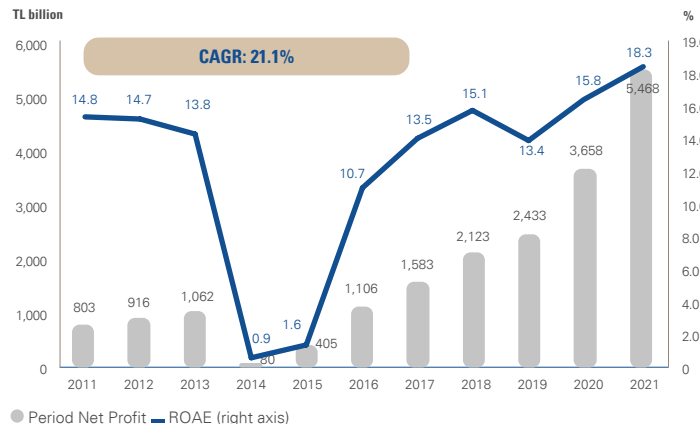
DEVELOPMENT OF FUNDS ALLOCATED OF PARTICIPATION BANKS



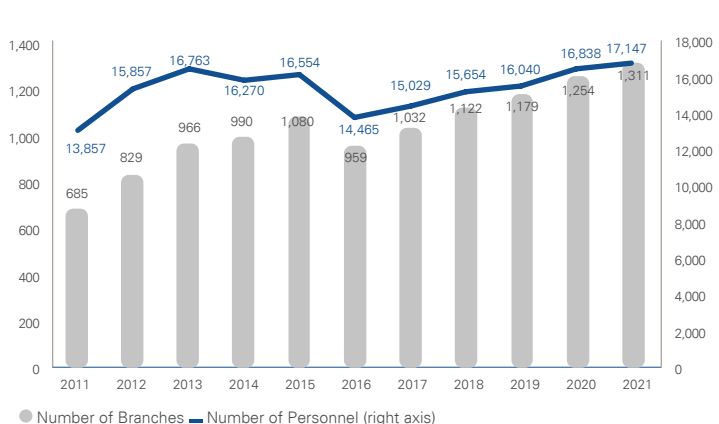
EQUITY DEVELOPMENT OF PARTICIPATION BANKS



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 2021		
	TL	FC	Total
I. FINANCIAL ASSETS (NET)	5,231,761	35,729,094	40,960,855
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	24,807,293	40,232,465	65,039,758
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	118,874	104	118,978
IV. EQUITY INVESTMENTS	25,100	18,311	43,411
V. TANGIBLE ASSETS (NET)	1,484,134	24,834	1,508,968
VI. INTANGIBLE ASSETS (NET)	83,000	-	83,000
VII. INVESTMENT PROPERTIES (NET)	-	-	-
VIII. CURRENT TAX ASSETS	2,483	-	2,483
IX. DEFERRED TAX ASSETS	489,049	-	489,049
X. OTHER ASSETS	568,849	139,772	708,621
TOTAL ASSETS	32,810,543	76,144,580	108,955,123

ASSETS	PRIOR 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. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	130,757	293	131,050
IV. EQUITY 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 PROPERTIES (NET)	0	0	0
VIII. CURRENT TAX ASSETS	3,672	0	3,672
IX. DEFERRED TAX ASSETS	191,314	0	191,314
X. OTHER ASSETS	488,305	27,055	515,360
TOTAL ASSETS	30,668,389	38,647,410	69,315,799

CURRENT PERIOD				
1 JANUARY - 31 DECEMBER 2021				
LIABILITIES	TL	FC	Total	
I, FUNDS COLLECTED	20,200,193	71,036,456	91,236,649	
II, FUNDS BORROWED	4,168,387	2,090,828	6,259,215	
III, MONEY MARKETS DEBTS	1,327	-	1,327	
IV, SECURITIES ISSUED (NET)	-	-	-	
V, FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	
VI, DERIVATIVE FINANCIAL LIABILITIES	180,485	6,769	187,254	
VII, FINANCE LEASE PAYABLES (NET)	327,840	21,774	349,614	
VIII, PROVISIONS	308,018	4,060	312,078	
IX, CURRENT TAX LIABILITY	97,393	19,825	117,218	
X, DEFERRED TAX LIABILITY	-	-	-	
XI, LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	-	-	-	
XII, SUBORDINATED DEBT INSTRUMENTS	-	3,119,354	3,119,354	
XIII, OTHER LIABILITIES	2,093,568	651,993	2,745,561	
XIV, SHAREHOLDERS' EQUITY	4,620,093	6,760	4,626,853	
TOTAL LIABILITIES	31,997,304	76,957,819	108,955,123	

PRIOR PERIOD				
1 JANUARY - 31 DECEMBER 2020				
LIABILITIES	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. MONEY MARKETS DEBTS	1,246,687	1,029,766	2,276,453	
IV. SECURITIES ISSUED (NET)	0	0	0	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0	
VI. DERIVATIVE FINANCIAL LIABILITIES	142,596	0	142,596	
VII. FINANCE 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	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0	
XII. SUBORDINATED DEBT INSTRUMENTS	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	

Albaraka Türk Financial Statements

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

				CURRENT PERIOD		
				1 JANUARY - 31 DECEMBER 2021		
STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		TL	FC	Total		
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	11,428,440	16,308,916	27,737,356		
I.	GUARANTEES AND WARRANTIES	7,080,257	10,323,043	17,403,300		
II.	COMMITMENTS	2,929,406	606,006	3,535,412		
III.	DERIVATIVE FINANCIAL INSTRUMENTS	1,418,777	5,379,867	6,798,644		
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	104,483,970	48,433,026	152,916,996		
IV.	ITEMS HELD IN CUSTODY	5,856,026	12,698,331	18,554,357		
V.	PLEDGES RECEIVED	98,627,944	35,734,695	134,362,639		
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-		
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		115,912,410	64,741,942	180,654,352		

				PRIOR PERIOD		
				1 JANUARY - 31 DECEMBER 2020		
STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		TL	FC	Total		
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	11,377,799	9,281,131	20,658,930		
I.	GUARANTEES AND WARRANTIES	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 PLEDGES RECEIVED (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.	PLEDGES RECEIVED	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		

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

INCOME AND EXPENSE ITEMS	CURRENT PERIOD	
	1 JANUARY - 31 DECEMBER	
	2021	
I, PROFIT SHARE INCOME		5,023,098
II, PROFIT SHARE EXPENSE (-)		3,329,736
III, NET PROFIT SHARE INCOME (I - II)		1,693,362
IV, NET FEES AND COMMISSIONS INCOME/EXPENSE		405,756
V, DIVIDEND INCOME		768
VI, TRADING INCOME/(LOSS) (NET)		136,227
VII, OTHER OPERATING INCOME		1,142,931
VIII, GROSS OPERATING INCOME (III+IV+V+VI+VII)		3,379,044
IX, EXPECTED LOSS PROVISIONS (-)		1,711,343
X, OTHER PROVISIONAL EXPENSES (-)		123,926
XI, PERSONNEL EXPENSES (-)		807,921
XII, PERSONNEL EXPENSE (-)		654,412
XIII, NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		81,442
XIV, EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-
XV, INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-
XVI, INCOME/(LOSS) ON NET MONETARY POSITION		-
XVII, PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+,,,+XVI)		81,442
XVIII, TAX PROVISION FOR CONTINUED OPERATIONS (±)		-22,961
XIX, CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)		104,403
XX, INCOME FROM DISCONTINUED OPERATIONS		-
XXI, EXPENSES FOR DISCONTINUED OPERATIONS (-)		-
XXII, PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-
XXIII, TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-
XXIV, CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-
XXV, NET INCOME/(LOSS) (XIX+XXIV)		104,403

INCOME AND EXPENSE ITEMS	PRIOR 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/EXPENSE		233,567
V, DIVIDEND INCOME		0
VI, TRADING INCOME/(LOSS) (NET)		266,884
VII, OTHER OPERATING INCOME		562,059
VIII, GROSS OPERATING INCOME (III+IV+V+VI+VII)		2,768,130
IX, EXPECTED LOSS PROVISIONS (-)		1,159,755
X, OTHER PROVISIONAL EXPENSES (-)		25,966
XI, PERSONNEL EXPENSES (-)		722,190
XII, PERSONNEL EXPENSE (-)		536,484
XIII, NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		323,735
XIV, EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		0
XV, INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		0
XVI, INCOME/(LOSS) ON NET MONETARY POSITION		0
XVII, PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+,,,+XVI)		323,735
XVIII, TAX PROVISION FOR CONTINUED OPERATIONS (±)		68,998
XIX, CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)		254,737
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)		254,737

Emlak Katılım Financial Statements



TÜRKİYE EMLAK KATILIM BANKASI A.Ş. SUMMARY BALANCE SHEET (TL THOUSAND)

ASSETS	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
I. FINANCIAL ASSETS (NET)	4,696,861	9,109,377	13,806,238
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	12,156,411	12,132,116	24,288,527
ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (NET)			
III. OPERATIONS (NET)	8,000	-	8,000
IV. EQUITY INVESTMENTS	100	-	100
V. TANGIBLE ASSETS (NET)	330,398	-	330,398
VI. INTANGIBLE ASSETS (NET)	23,462	-	23,462
VII. INVESTMENT PROPERTIES (NET)	-	-	-
VIII. CURRENT TAX ASSETS	-	-	-
IX. DEFERRED TAX ASSETS	66,574	-	66,574
X. OTHER ASSETS	231,622	4,979	236,601
TOTAL ASSETS	17,513,428	21,246,472	38,759,900

ASSETS	PRIOR 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. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	23,797	0	23,797
IV. EQUITY INVESTMENTS	100	0	100
V. TANGIBLE ASSETS (NET)	251,229	0	251,229
VI. INTANGIBLE ASSETS (NET)	34,559	0	34,559
VII. INVESTMENT PROPERTIES (NET)	0	0	0
VIII. CURRENT TAX ASSETS	0	0	0
IX. DEFERRED TAX ASSETS	73,853	0	73,853
X. OTHER ASSETS	142,437	73	142,510
TOTAL ASSETS	11,961,209	8,428,968	20,390,177

		CURRENT PERIOD		
		1 JANUARY - 31 DECEMBER 2021		
LIABILITIES		TL	FC	Total
I.	FUNDS COLLECTED	8,344,850	18,448,499	26,793,349
II.	FUNDS BORROWED	3,550,900	1,103,031	4,653,931
III.	MONEY MARKETS DEBTS	1,984,303	-	1,984,303
IV.	SECURITIES ISSUED (NET)	-	-	-
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES	106,180	3,810	109,990
VII.	FINANCE LEASE PAYABLES (NET)	191,498	-	191,498
VIII.	PROVISIONS	66,636	51,603	118,239
IX.	CURRENT TAX LIABILITY	81,210	-	81,210
X.	DEFERRED TAX LIABILITY	-	-	-
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	-	2,669,412	2,669,412
XIII.	OTHER LIABILITIES	368,823	60,722	429,545
XIV.	SHAREHOLDERS' EQUITY	1,739,875	(11,452)	1,728,423
TOTAL LIABILITIES		16,434,275	22,325,625	38,759,900

		PRIOR PERIOD		
		1 JANUARY - 31 DECEMBER 2020		
LIABILITIES		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.	MONEY MARKETS DEBTS	1,069,349	0	1,069,349
IV.	SECURITIES ISSUED (NET)	0	0	0
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0
VI.	DERIVATIVE FINANCIAL LIABILITIES	43,279	7	43,286
VII.	FINANCE 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
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0
XII.	SUBORDINATED DEBT INSTRUMENTS	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

Emlak Katılım Financial Statements

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

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	6,343,425	8,723,299	15,066,724
II. COMMITMENTS	1,478,944	626,232	2,105,176
III. DERIVATIVE FINANCIAL INSTRUMENTS	1,840,047	4,960,600	6,800,647
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	150,618,208	14,709,182	165,327,390
IV. ITEMS HELD IN CUSTODY	8,701,960	5,821,602	14,523,562
V. PLEDGES RECEIVED	141,916,248	8,887,580	150,803,828
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	156,961,633	23,432,481	180,394,114
	PRIOR 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 WARRANTIES	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 PLEDGES RECEIVED (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. PLEDGES RECEIVED	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. SUMMARY STATEMENT OF PROFIT OR LOSS (TL THOUSAND)

INCOME AND EXPENSE ITEMS	CURRENT PERIOD	
	1 JANUARY - 31 DECEMBER	
	2021	
I. PROFIT SHARE INCOME		2,329,202
II. PROFIT SHARE EXPENSE (-)		1,796,817
III. NET PROFIT SHARE INCOME (I - II)		532,385
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		82,481
V. DIVIDEND INCOME		-
VI. TRADING INCOME/(LOSS) (NET)		56,502
VII. OTHER OPERATING INCOME		129,965
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		801,333
IX. EXPECTED LOSS PROVISION EXPENSES (-)		110,213
X. OTHER PROVISIONAL EXPENSES (-)		15,111
XI. PERSONNEL EXPENSES (-)		284,917
XII. PERSONNEL EXPENSE (-)		203,094
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		187,998
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-
XV. PROFIT/(LOSS) ON EQUITY METHOD		-
XVI. INCOME/(LOSS) ON NET MONETARY POSITION		-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)		187,998
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)		44,885
XIX. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)		143,113
XX. INCOME FROM DISCONTINUED OPERATIONS		-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-
XXV. NET INCOME/(LOSS) (XIX+XXIV)		143,113

INCOME AND EXPENSE ITEMS	PRIOR 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/EXPENSE		21,113
V. DIVIDEND INCOME		0
VI. TRADING INCOME/(LOSS) (NET)		22,261
VII. OTHER OPERATING INCOME		85,390
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		500,377
IX. EXPECTED LOSS PROVISIONS (-)		87,148
X. OTHER PROVISIONAL EXPENSES (-)		39,720
XI. PERSONNEL EXPENSES (-)		149,880
XII. PERSONNEL EXPENSE (-)		119,178
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		104,451
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		0
XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		0
XVI. INCOME/(LOSS) ON NET MONETARY POSITION		0
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)		104,451
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)		23,854
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)		80,597
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)		80,597

Kuveyt Türk Financial Statements



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

ASSETS	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
I. FINANCIAL ASSETS (NET)	23,975,789	101,993,815	125,969,604
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	57,550,517	62,034,113	119,584,630
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	240,891	-	240,891
IV. EQUITY INVESTMENTS	1,481,015	-	1,481,015
V. TANGIBLE ASSETS (NET)	1,221,027	1,571	1,222,598
VI. INTANGIBLE ASSETS (NET)	248,173	14	248,187
VII. INVESTMENT PROPERTIES (NET)	-	-	-
VIII. CURRENT TAX ASSETS	-	-	-
IX. DEFERRED TAX ASSETS	1,713,575	-	1,713,575
X. OTHER ASSETS	1,321,031	2,286,729	3,607,760
TOTAL ASSETS	87,752,018	166,316,242	254,068,260

ASSETS	PRIOR 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. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	519,087	0	519,087
IV. EQUITY 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 PROPERTIES (NET)	24,987	0	24,987
VIII. CURRENT TAX ASSETS	0	0	0
IX. DEFERRED TAX ASSETS	748,336	0	748,336
X. OTHER ASSETS	790,979	8,267,002	9,057,981
TOTAL ASSETS	73,479,680	78,810,635	152,290,315

		CURRENT PERIOD		
		1 JANUARY - 31 DECEMBER 2021		
LIABILITIES		TL	FC	Total
I.	FUNDS COLLECTED	57,295,682	154,809,707	212,105,389
II.	FUNDS BORROWED	4,795,462	3,526,512	8,321,974
III.	MONEY MARKETS DEBTS	6,495,137	-	6,495,137
IV.	SECURITIES ISSUED (NET)	-	-	-
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES	192,898	65,015	257,913
VII.	FINANCE LEASE PAYABLES (NET)	342,556	9,819	352,375
VIII.	PROVISIONS	1,443,840	998,535	2,442,375
IX.	CURRENT TAX LIABILITY	1,158,997	-	1,158,997
X.	DEFERRED TAX LIABILITY	-	-	-
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	-	8,100,496	8,100,496
XIII.	OTHER LIABILITIES	1,843,584	2,533,167	4,376,751
XIV.	SHAREHOLDERS' EQUITY	10,531,507	(74,654)	10,456,853
	TOTAL LIABILITIES	84,099,663	169,968,597	254,068,260

		PRIOR PERIOD		
		1 JANUARY - 31 DECEMBER 2020		
LIABILITIES		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.	MONEY MARKETS DEBTS	185,225	0	185,225
IV.	SECURITIES ISSUED (NET)	0	0	0
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0
VI.	DERIVATIVE FINANCIAL LIABILITIES	1,390,486	286,320	1,676,806
VII.	FINANCE 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 PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0
XII.	SUBORDINATED DEBT INSTRUMENTS	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

Kuveyt Türk Financial Statements

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

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	70,491,068	83,837,236	154,328,304
I. GUARANTEES AND WARRANTIES	8,925,813	8,467,832	17,393,645
II. COMMITMENTS	58,403,340	4,958,958	63,362,298
III. DERIVATIVE FINANCIAL INSTRUMENTS	3,161,915	70,410,446	73,572,361
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	667,226,247	348,895,558	1,016,121,805
IV. ITEMS HELD IN CUSTODY	20,834,179	34,556,759	55,390,938
V. PLEDGES RECEIVED	646,380,429	314,183,181	960,563,610
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	11,639	155,618	167,257
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	737,717,315	432,732,794	1,170,450,109

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	PRIOR 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 WARRANTIES	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 PLEDGES RECEIVED (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. PLEDGES RECEIVED	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

KUVEYT TÜRK KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF PROFIT OR LOSS (TL THOUSAND)

INCOME AND EXPENSE ITEMS		CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2021
I.	PROFIT SHARE INCOME	13,035,305
II.	PROFIT SHARE EXPENSE (-)	5,404,863
III.	NET PROFIT SHARE INCOME (I - II)	7,630,442
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	577,758
V.	DIVIDEND INCOME	6,042
VI.	TRADING INCOME/(LOSS) (NET)	2,160,959
VII.	OTHER OPERATING INCOME	925,269
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	11,300,470
IX.	EXPECTED LOSS PROVISION EXPENSES (-)	4,566,363
X.	OTHER PROVISIONAL EXPENSES (-)	162,026
XI.	PERSONNEL EXPENSES (-)	1,505,724
XII.	PERSONNEL EXPENSE (-)	1,518,991
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	3,547,366
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	-
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	3,547,366
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(1,045,639)
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	2,501,727
XX.	INCOME FROM DISCONTINUED OPERATIONS	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	-
XXV.	NET INCOME/(LOSS) (XIX+XXIV)	2,501,727

INCOME AND EXPENSE ITEMS		PRIOR 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/EXPENSE	350,721
V.	DIVIDEND INCOME	68
VI.	TRADING INCOME/(LOSS) (NET)	571,361
VII.	OTHER OPERATING INCOME	648,066
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	7,779,292
IX.	EXPECTED LOSS PROVISION EXPENSES (-)	3,237,473
X.	OTHER PROVISIONAL EXPENSES (-)	309,703
XI.	PERSONNEL EXPENSES (-)	1,202,037
XII.	PERSONNEL EXPENSE (-)	1,177,396
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	1,852,683
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	0
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	0
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	1,852,683
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	-452,402
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	1,400,281
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)	1,400,281

Türkiye Finans Financial Statements



TÜRKİYE FINANS KATILIM BANKASI A.Ş. SUMMARY BALANCE SHEET (TL THOUSAND)

		CURRENT PERIOD		
		1 JANUARY - 31 DECEMBER 2021		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	9,995,257	42,862,292	52,857,549
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	33,158,507	26,620,110	59,778,617
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	84,882	-	84,882
IV.	EQUITY INVESTMENTS	100	-	100
V.	TANGIBLE ASSETS (NET)	1,380,217	-	1,380,217
VI.	INTANGIBLE ASSETS (NET)	172,447	-	172,447
VII.	INVESTMENT PROPERTIES (NET)	-	-	-
VIII.	CURRENT TAX ASSETS	-	-	-
IX.	DEFERRED TAX ASSETS	144,760	-	144,760
X.	OTHER ASSETS	1,064,343	160,348	1,224,691
	TOTAL ASSETS	46,000,513	69,642,750	115,643,263

		PRIOR PERIOD		
		1 JANUARY - 31 DECEMBER 2020		
ASSETS		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.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	261,431	-	261,431
IV.	EQUITY INVESTMENTS	100	-	100
V.	TANGIBLE ASSETS (NET)	1,185,895	-	1,185,895
VI.	INTANGIBLE ASSETS (NET)	135,605	-	135,605
VII.	INVESTMENT PROPERTIES (NET)	-	-	-
VIII.	CURRENT TAX ASSETS	-	-	-
IX.	DEFERRED TAX ASSETS	79,761	-	79,761
X.	OTHER ASSETS	936,972	173,005	1,109,977
	TOTAL ASSETS	39,206,943	42,163,879	81,370,822

		CURRENT PERIOD		
		1 JANUARY - 31 DECEMBER 2021		
LIABILITIES		TL	FC	Total
I.	FUNDS COLLECTED	21,256,696	63,220,847	84,477,543
II.	FUNDS BORROWED	6,883,435	3,024,772	9,908,207
III.	MONEY MARKETS DEBTS	6,528,730	-	6,528,730
IV.	SECURITIES ISSUED (NET)	-	-	-
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES	253,642	110,475	364,117
VII.	FINANCE LEASE PAYABLES (NET)	371,132	1,057	372,189
VIII.	PROVISIONS	384,517	66,460	450,977
IX.	CURRENT TAX LIABILITY	357,623	-	357,623
X.	DEFERRED TAX LIABILITY	-	-	-
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	-	3,246,755	3,246,755
XIII.	OTHER LIABILITIES	2,150,428	1,229,900	3,380,328
XIV.	SHAREHOLDERS' EQUITY	6,590,001	(33,207)	6,556,794
	TOTAL LIABILITIES	44,776,204	70,867,059	115,643,263

		PRIOR PERIOD		
		1 JANUARY - 31 DECEMBER 2020		
LIABILITIES		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.	MONEY MARKETS DEBTS	0	0	0
IV.	SECURITIES ISSUED (NET)	0	0	0
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0
VI.	DERIVATIVE FINANCIAL LIABILITIES	207,652	116,599	324,251
VII.	FINANCE 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
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0
XII.	SUBORDINATED DEBT INSTRUMENTS	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

Türkiye Finans Financial Statements

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

		CURRENT PERIOD		
		1 JANUARY - 31 DECEMBER 2021		
STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	15,631,050	63,180,098	78,811,148
I.	GUARANTEES AND WARRANTIES	5,467,103	8,494,531	13,961,634
II.	COMMITMENTS	3,529,542	4,136,325	7,665,867
III.	DERIVATIVE FINANCIAL INSTRUMENTS	6,634,405	50,549,242	57,183,647
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	569,109,009	182,060,303	751,169,312
IV.	ITEMS HELD IN CUSTODY	8,229,706	14,031,401	22,261,107
V.	PLEDGES RECEIVED	560,879,303	167,838,231	728,717,534
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	190,671	190,671
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		584,740,059	245,240,401	829,980,460

		PRIOR PERIOD		
		1 JANUARY - 31 DECEMBER 2020		
STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	14,315,565	32,167,907	46,483,472
I.	GUARANTEES AND WARRANTIES	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 PLEDGES RECEIVED (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.	PLEDGES RECEIVED	494,235,115	96,148,511	590,383,626
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	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. SUMMARY STATEMENT OF PROFIT OR LOSS (TL THOUSAND)

INCOME AND EXPENSE ITEMS		CURRENT PERIOD
		1 JANUARY - 31 DECEMBER 2021
I.	PROFIT SHARE INCOME	6,382,801
II.	PROFIT SHARE EXPENSE (-)	3,959,119
III.	NET PROFIT SHARE INCOME (I - II)	2,423,682
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	257,632
V.	DIVIDEND INCOME	19
VI.	TRADING INCOME/(LOSS) (NET)	623,805
VII.	OTHER OPERATING INCOME	856,210
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	4,161,348
IX.	EXPECTED LOSS PROVISION EXPENSES (-)	(1,298,326)
X.	OTHER PROVISIONAL EXPENSES (-)	(37,470)
XI.	PERSONNEL EXPENSES (-)	(730,001)
XII.	PERSONNEL EXPENSE (-)	(886,413)
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	1,209,138
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	-
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	1,209,138
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	288,090
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	921,048
XX.	INCOME FROM DISCONTINUED OPERATIONS	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	-
XXV.	NET INCOME/(LOSS) (XIX+XXIV)	921,048

INCOME AND EXPENSE ITEMS		PRIOR 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/EXPENSE	71,698
V.	DIVIDEND INCOME	8
VI.	TRADING INCOME/(LOSS) (NET)	462,347
VII.	OTHER OPERATING INCOME	575,269
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	3,590,918
IX.	EXPECTED LOSS PROVISION EXPENSES (-)	(1,248,183)
X.	OTHER PROVISIONAL EXPENSES (-)	(22,504)
XI.	PERSONNEL EXPENSES (-)	(629,664)
XII.	PERSONNEL EXPENSE (-)	(817,781)
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	872,786
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	0
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	0
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	872,786
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	197,109
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	675,677
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)	675,677

Vakıf Katılım Financial Statements



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

ASSETS	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
I. FINANCIAL ASSETS (NET)	8,111,577	34,353,162	42,464,739
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	25,537,584	31,441,107	56,978,691
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	15,995	-	15,995
IV. EQUITY INVESTMENTS	7,574	-	7,574
V. TANGIBLE ASSETS (NET)	508,711	-	508,711
VI. INTANGIBLE ASSETS (NET)	22,129	-	22,129
VII. INVESTMENT PROPERTIES (NET)	-	-	-
VIII. CURRENT TAX ASSETS	-	-	-
IX. DEFERRED TAX ASSETS	198,020	-	198,020
X. OTHER ASSETS	502,336	58,891	561,227
TOTAL ASSETS	34,903,926	65,853,160	100,757,086

ASSETS	PRIOR 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. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0
IV. EQUITY 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 PROPERTIES (NET)	0	0	0
VIII. CURRENT TAX ASSETS	0	0	0
IX. DEFERRED TAX ASSETS	123,465	0	123,465
X. OTHER ASSETS	339,112	27,908	367,020
TOTAL ASSETS	24,169,849	28,987,779	53,157,628

CURRENT PERIOD				
1 JANUARY - 31 DECEMBER 2021				
LIABILITIES	TL	FC	Total	
I. FUNDS COLLECTED	18,191,870	55,433,575	73,625,445	
II. FUNDS BORROWED	3,847,589	6,267,380	10,114,969	
III. MONEY MARKETS DEBTS	4,676,059	-	4,676,059	
IV. SECURITIES ISSUED (NET)	-	-	-	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	
VI. DERIVATIVE FINANCIAL LIABILITIES	256,292	220,497	476,789	
VII. FINANCE LEASE PAYABLES (NET)	187,200	-	187,200	
VIII. PROVISIONS	186,520	201,451	387,971	
IX. CURRENT TAX LIABILITY	375,539	-	375,539	
X. DEFERRED TAX LIABILITY	-	-	-	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	-	-	-	
XII. SUBORDINATED DEBT INSTRUMENTS	-	1,345,278	1,345,278	
XIII. OTHER LIABILITIES	832,851	115,266	948,117	
XIV. SHAREHOLDERS' EQUITY	8,607,555	12,164	8,619,719	
TOTAL LIABILITIES	37,161,475	63,595,611	100,757,086	

PRIOR PERIOD				
1 JANUARY - 31 DECEMBER 2020				
LIABILITIES	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. MONEY MARKETS DEBTS	537,043	0	537,043	
IV. SECURITIES ISSUED (NET)	0	0	0	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0	
VI. DERIVATIVE FINANCIAL LIABILITIES	290,587	101,964	392,551	
VII. FINANCE 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	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0	
XII. SUBORDINATED DEBT INSTRUMENTS	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	

Vakıf Katılım Financial Statements

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

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	21,903,927	92,438,627	114,342,554
I. GUARANTEES AND WARRANTIES	10,930,643	13,342,364	24,273,007
II. COMMITMENTS	6,824,684	2,905,129	9,729,813
III. DERIVATIVE FINANCIAL INSTRUMENTS	4,148,600	76,191,134	80,339,734
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	352,196,636	31,744,269	383,940,905
IV. ITEMS HELD IN CUSTODY	21,736,616	12,962,828	34,699,444
V. PLEDGES RECEIVED	330,460,020	18,781,441	349,241,461
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	374,100,563	124,182,896	498,283,459

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	PRIOR 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 WARRANTIES	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 PLEDGES RECEIVED (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. PLEDGES RECEIVED	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. SUMMARY STATEMENT OF PROFIT OR LOSS (TL THOUSAND)

INCOME AND EXPENSE ITEMS		CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2021
I.	PROFIT SHARE INCOME	5,165,347
II.	PROFIT SHARE EXPENSE (-)	2,973,421
III.	NET PROFIT SHARE INCOME (I - II)	2,191,926
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	66,995
V.	DIVIDEND INCOME	-
VI.	TRADING INCOME/(LOSS) (NET)	937,085
VII.	OTHER OPERATING INCOME	413,505
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	3,609,511
IX.	EXPECTED LOSS PROVISION EXPENSES (-)	751,225
X.	OTHER PROVISIONAL EXPENSES (-)	217,940
XI.	PERSONNEL EXPENSES (-)	493,929
XII.	PERSONNEL EXPENSE (-)	480,782
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	1,665,635
XIV.	EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER	-
XV.	PROFIT/(LOSS) ON EQUITY METHOD	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	1,665,635
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	426,274
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	1,239,361
XX.	INCOME FROM DISCONTINUED OPERATIONS	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	-
XXV.	NET INCOME/(LOSS) (XIX+XXIV)	1,239,361

INCOME AND EXPENSE ITEMS		PRIOR 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/EXPENSE	74,409
V.	DIVIDEND INCOME	0
VI.	TRADING INCOME/(LOSS) (NET)	314,013
VII.	OTHER OPERATING INCOME	207,672
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	2,282,223
IX.	EXPECTED LOSS PROVISION EXPENSES (-)	514,418
X.	OTHER PROVISIONAL EXPENSES (-)	166,526
XI.	PERSONNEL EXPENSES (-)	357,131
XII.	PERSONNEL EXPENSE (-)	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.	INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	842,246
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	175,380
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	666,866
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)	666,866

Ziraat Katılım Financial Statements



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

ASSETS	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
I. FINANCIAL ASSETS (NET)	7,906,952	21,137,037	29,043,989
II. FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	36,662,193	31,065,684	67,727,877
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	307,881	-	307,881
IV. EQUITY INVESTMENTS	100	-	100
V. TANGIBLE ASSETS (NET)	301,045	874	301,919
VI. INTANGIBLE ASSETS (NET)	223,839	-	223,839
VII. INVESTMENT PROPERTIES (NET)	-	-	-
VIII. CURRENT TAX ASSETS	-	-	-
IX. DEFERRED TAX ASSETS	301,329	-	301,329
X. OTHER ASSETS	347,531	58,127	405,658
TOTAL ASSETS	46,050,870	52,261,722	98,312,592

ASSETS	PRIOR 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. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	75,240	0	75,240
IV. EQUITY INVESTMENTS	100	0	100
V. TANGIBLE ASSETS (NET)	177,601	363	177,964
VI. INTANGIBLE ASSETS (NET)	161,257	0	161,257
VII. INVESTMENT PROPERTIES (NET)	0	0	0
VIII. CURRENT TAX ASSETS	0	0	0
IX. DEFERRED TAX ASSETS	108,597	0	108,597
X. OTHER ASSETS	213,728	35,458	249,186
TOTAL ASSETS	35,387,388	24,799,608	60,186,996

(*) Readjustment effects are explained in footnote 3 section III.

CURRENT PERIOD				
1 JANUARY - 31 DECEMBER 2021				
LIABILITIES	TL	FC	Total	
I. FUNDS COLLECTED	29,714,756	48,219,141	77,933,897	
II. FUNDS BORROWED	4,476,794	1,688,051	6,164,845	
III. MONEY MARKETS DEBTS	3,784,645	-	3,784,645	
IV. SECURITIES ISSUED (NET)	-	-	-	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	
VI. DERIVATIVE FINANCIAL LIABILITIES	70,653	1,039	71,692	
VII. LEASE PAYABLES (NET)	194,453	10	194,463	
VIII. PROVISIONS	229,371	417,899	647,270	
IX. CURRENT TAX LIABILITY	350,441	-	350,441	
X. DEFERRED TAX LIABILITY	-	-	-	
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	-	-	-	
XII. SUBORDINATED LOANS	1,341,500	1,314,363	2,655,863	
XIII. OTHER LIABILITIES	920,890	1,266,851	2,187,741	
XIV. SHAREHOLDERS' EQUITY	4,345,743	(24,008)	4,321,735	
TOTAL LIABILITIES	45,429,246	52,883,346	98,312,592	

PRIOR PERIOD				
1 JANUARY - 31 DECEMBER 2020				
LIABILITIES	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. MONEY MARKETS DEBTS	2,101,073	0	2,101,073	
IV. SECURITIES ISSUED (NET)	0	0	0	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0	
VI. DERIVATIVE FINANCIAL LIABILITIES	0	19,440	19,440	
VII. FINANCE 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	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0	
XII. SUBORDINATED DEBT INSTRUMENTS	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	

(*) Readjustment effects are explained in footnote 3 section III.

Ziraat Katılım Financial Statements

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

		CURRENT PERIOD		
		1 JANUARY - 31 DECEMBER 2021		
STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	10,306,712	24,268,204	34,574,916
I.	GUARANTEES AND WARRANTIES	8,271,172	21,332,293	29,603,465
II.	COMMITMENTS	1,386,946	313,520	1,700,466
III.	DERIVATIVE FINANCIAL INSTRUMENTS	648,594	2,622,391	3,270,985
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	70,066,806	20,237,127	90,303,933
IV.	ITEMS HELD IN CUSTODY	5,132,707	6,230,163	11,362,870
V.	PLEDGES RECEIVED	64,934,099	14,006,964	78,941,063
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		80,373,518	44,505,331	124,878,849

		PRIOR PERIOD		
		1 JANUARY - 31 DECEMBER 2020		
STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	9,924,766	13,934,400	23,859,166
I.	GUARANTEES AND WARRANTIES	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 PLEDGES RECEIVED (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.	PLEDGES RECEIVED	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. SUMMARY STATEMENT OF PROFIT OR LOSS (TL THOUSAND)

INCOME AND EXPENSE ITEMS		CURRENT PERIOD
		1 JANUARY - 31 DECEMBER 2021
I.	PROFIT SHARE INCOME	6,259,916
II.	PROFIT SHARE EXPENSE	4,745,377
III.	NET PROFIT SHARE INCOME [I - II]	1,514,539
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	147,334
VI.	DIVIDEND INCOME	-
VII.	TRADING INCOME/(LOSS) (NET)	214,813
VIII.	OTHER OPERATING INCOME	551,638
IX.	GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)	2,428,324
X.	EXPECTED LOSS PROVISIONS (-)	958,562
X.	OTHER PROVISIONAL EXPENSES (-)	30,041
XI.	PERSONNEL EXPENSES (-)	317,383
XI.	PERSONNEL EXPENSE (-)	392,167
XII.	NET OPERATING INCOME/(LOSS) (IX-X-XI)	730,171
XIII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	-
XIV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	-
XV.	INCOME/(LOSS) ON NET MONETARY POSITION	-
XVI.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	730,171
XVII.	TAX PROVISION FOR CONTINUED OPERATIONS (-+)	(171,482)
XVIII.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI+-XVII)	558,689
XIX.	INCOME FROM DISCONTINUED OPERATIONS	-
XX.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	-
XXI.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX+...+XX)	-
XXII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (-+)	-
XXII.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI+-XXII)	-
XXIV.	NET INCOME/(LOSS) (XVIII+XXIII)	558,689

INCOME AND EXPENSE ITEMS		PRIOR 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/EXPENSE	92,541
V.	DIVIDEND INCOME	104
VI.	TRADING INCOME/(LOSS) (NET)	83,310
VII.	OTHER OPERATING INCOME	268,144
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	2,512,637
IX.	EXPECTED LOSS PROVISIONS (-)	994,213
X.	OTHER PROVISIONAL EXPENSES (-)	173,855
XI.	PERSONNEL EXPENSES (-)	235,155
XII.	PERSONNEL EXPENSE (-)	316,932
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	792,482
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	0
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	0
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	792,482
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	-153,920
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	638,562
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)	638,562

Contact Information

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

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

Albaraka Türk Katılım Bankası A.Ş.

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Saray Mahallesi, Dr. Adnan Büyükdeniz
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Tel: (+90 216) 666 01 01
Fax: (+90 216) 666 16 00
www.albaraka.com.tr



Türkiye Emlak Katılım Bankası A.Ş.

Head Office
Barbaros Mahallesi, Begonya Sok.
No: 9/A1 34746 Ataşehir/İSTANBUL
Tel: (+90 216) 266 26 26
Fax: (+90 216) 275 25 25
www.emlakkatilim.com.tr



Kuveyt Türk Katılım Bankası A.Ş.

Head Office
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34394 Esentepe-Şişli/İSTANBUL
Tel: (+90 212) 354 11 11
Fax: (+90 212) 354 12 12
www.kuveytturk.com.tr



Türkiye Finans Katılım Bankası A.Ş.

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www.turkiyefinans.com.tr



Vakıf Katılım Bankası A.Ş.

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Ziraat Katılım Bankası A.Ş.

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