

**Powerful**



**Innovative**



**Environmentalist**



**People oriented**

**alBaraka** 

Annual Report 2013



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# Annual General Meeting Agenda

At the 28 December 2013 meeting of the bank's board of directors, the board decided to hold the company's annual general assembly for 2013 on 14:00 on 24 March 2014 at the company's headquarters located at Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi No: 6, 34768 Ümraniye, İstanbul in order to discuss and come to decisions on the items shown in the agenda below.

## **Agenda For The Annual General Meeting Of 24 March 2014**

1. Inauguration; formation of Presiding Council.
2. Authorizing the Presiding Council to sign the general assembly minutes of meeting.
3. Reading and discussing the annual report of the BoD about the fiscal year 2013.
4. Reading and discussing Auditor reports.
5. Reading, discussing and approving the Financial Statements.
6. Acquitting the Members of the BoD.
7. Acquitting the Auditor(s).
8. Discussing the BoD proposal about the utilization, distribution and ratios of the annual profit sharing (dividend).
9. Discussing the fiscal rights and benefits of the Board members like salary & wages, perdiems, bonus and premiums.
10. Electing new members for the BoD, as the offices of our current directors will expire; and determining their new terms of office.
11. Electing the Auditor.
12. Permitting members of the BoD to conduct business with our Bank, in line with articles 395 and 396 of Turkish Commercial Code.
13. Providing the General Assembly with details of our Bank's donations in 2013.
14. Remarks and requests.

# Focusing on people, targeting a powerful future...

Albaraka Türk - the forward-looking face of participation banking - is setting out the roadmap for a sustainable future with its economic, environmental, cultural and social contributions. Investing in the present and future of our country with its solid shareholder and financial structure, its competent professional team, it is proactively supported by information technology and the firm trust of its all stakeholders - and first and foremost, by its customers.

## Our Vision - Our Mission - Our Quality Policy - Core Values

### Our Vision

To be the world's best participation bank.

### Our Mission

Committed to the principles of interest-free banking and in accordance with our corporate values and the ethical principles of banking; to meet the financial needs of society by sharing our common benefits with customers, employees and shareholders who participate in our success.

### Our Quality Policy

With the employees who are well-trained, regard quality as a way of life and continuously renew themselves:

- Offer products and services so as to meet the existing and possible expectations of our customers;
- Increase our customers' satisfaction through "personalized customer attention" and "cheerful service" approach;
- Continuously improve all our processes and our product and service quality;
- Keep a close eye on technology and business developments and rapidly transform them to added values.

### Core Values

#### Partnership

Sharing produced values with shareholders, employees, customers and society, establishing strong, long-lasting relationships with stakeholders, ensuring continuous development of knowledge and skills of employees and contributing to the growth of the participation banking and banking sector.

#### Focus

Utilizing our sources in productive projects and converting our energy to social values and having the necessary energy and perseverance to make a positive impact on the lives of our customers for the greater good of society.

#### Sincerity

We value our customers offering them friendly and accommodating services as well as providing utmost customer satisfaction through our products and services with respect to our customer-oriented approach.

#### Solidity

Adhering to Participation Banking principles and Banking Ethics while allocating resources into the economy and managing our customers' financial interests with the highest ethical standards.

#### Social Responsibility

Supporting economic development with the purpose of improving society's life standards while progressing to increasing our bank's value; implementing legitimate and environmentally-friendly policies while also contributing to numerous social and cultural projects.

## Corporate Profile

### Albaraka Türk: A Pioneer; powerful and forward-looking since 1985...

As Turkey's first participation bank, Albaraka Türk is the pioneer and strongest representative of the Turkish participation sector backed by more than 25 years of experience, a comprehensive vision, qualified human resources, and its technological competencies.

Albaraka Türk's mission of financing production and trade in line with the principles of participation banking is reflected in the most effective manner in all of its activities. The Bank accepts it as a privilege to support the progress of SMEs and economic development in all circumstances.

Gradually expanding its customer base thanks to its respected and trusted identity, Albaraka Türk channels the funds that it collects through private current accounts and participation accounts into the real sector through services such as retail financing, corporate financing, financial leasing and project-based profit & loss sharing partnerships.

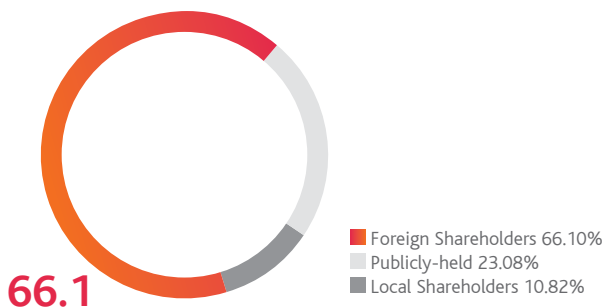
### The vision to become a regional finance powerhouse, creating group synergy

Albaraka Banking Group (ABG), Albaraka Türk's principal shareholder, is committed to pursuing its efforts to realize its vision of being a financial powerhouse and develop intra-group synergies throughout its operational zone, which primarily includes the Gulf, the Middle East, and North African regions.

### A solid shareholder structure

Founded as a joint undertaking between the Albaraka Banking Group, Islamic Development Bank (IDB) and a Turkish industrial group that has been serving the national economy for more than half a century, Albaraka Türk boasts a strong capital base. As of 31 December 2013, 66.10% of the Bank's shares were held by foreign shareholders and 10.82% by local shareholders while the remaining 23.08% were publicly traded.

### Shareholding Structure (%)



### A service approach that never sacrifices quality

Constantly developing its product and service line-up as it takes a proactive approach in order to meet the changing needs and expectations of its customers, Albaraka Türk's superior service standards are complemented by an approach that embodies both sincerity and a friendly approach. Albaraka Türk carries out its operations in accordance with the ISO 9001:2008 certification.

### A formula for success: Experience-performance-trust

Albaraka Türk applies its success formula that may be summed up as a combination of "Experience, Performance and Trust" to its customer relationship management, and further strengthens its business model – which is based on cooperation backed by mutual trust with the customers – with the privilege of understanding its customers' needs and providing customer-specific solutions. The Bank expands and strengthens its customer base each passing day, thanks to its long-term and productive relationships that the Bank enters into with its customers.

### An extensive service network of 167 branches

Albaraka Türk is focused on creating continuous value for the country and all of its stakeholders through an extensive service network consisting of 166 national branches and alternative delivery channels. The Bank also has a branch in the city of Erbil in Northern Iraq.

### The Albaraka Banking Group (ABG)

One of the world's leading proponents of interest-free banking, the Albaraka Banking Group (ABG) supplies retail, corporate, and investment banking products and services within the framework of the principles of participation banking. Conducting its activities through subsidiaries and representatives located across a broad region of the world, ABG serves customers in 15 countries on 3 continents through 11 banks, 2 representative offices, one branch and an investment company.

In addition to Turkey, ABG has group banks in Bahrain, Algeria, South Africa, Lebanon, Egypt, Pakistan, Sudan, Syria, Tunisia, and Jordan, an investment company in Saudi Arabia, a branch in Iraq and representative offices in Indonesia and Libya.

As of the end of 2013, Albaraka Banking Group had USD 21 billion in total assets, USD 17 billion in funds collected, and USD 2 billion in shareholders' equity. The group booked an aggregate profit of USD 258 million in 2013. As of the end of the year, the group employed 9,891 people working in 479 branches.

ABG shares are quoted on the Bahrain and the NASDAQ Dubai stock exchanges. Standard & Poor's has assigned the group a long-term credit rating of BB+ and a short-term credit rating of B. Albaraka Banking Group's basic strategic goal is to provide service with "one mission, one vision, one identity" through the creation of a system of shared corporate values



# Powerful

Albaraka Türk sustains its position as the pioneer of the Turkish participation sector by integrating its strength gained from its shareholder and financial structure, with its more than 25 years of experience, its vision, its expert human resources, and its technological competencies.

Albaraka Türk's mission of financing production and trade in line with the principles of participation banking is reflected in the most effective manner in all of its activities, and the Bank is privileged to be supporting the progress of SMEs and economic development in all circumstances. The Bank maintained its contribution to the economy by placing 96% of the collected funds as credits in 2013.





## Financial Highlights

Albaraka Türk confirmed the strength of its financial structure by achieving an average 17.7% return on equity in 2013 under challenging macro-economic conditions.

### Key Financial Indicators (TL million)

	2012	2013	Change (%)
Total Assets	12,328	17,217	40
Funded Credits*	9,100	12,060	33
Collected Funds	9,225	12,526	36
Shareholders' Equity	1,218	1,497	23
Net Profit Share Income	486	625	29
Net Fees & Commissions Income	113	113	0
Net Profit	192	241	26
Number of Branches	137	167	22
Number of Personnel	2,758	3,057	11
Funded Credits per Branch	66.4	72.2	9
Collected Funds per Branch	67.3	75.0	11

\* Including financial leasing.

### Key Ratios (%)

	2012	2013
Funded Credits*/Total Assets	73.8	70.0
Funded Credits*/Collected Funds	98.6	96.3
Collected Funds/Total Assets	74.8	72.8
Return on Equity	17.0	17.7
Return on Assets	1.7	1.6
NPL Ratio	2.4	2.3
Net NPL Ratio	0.3	0.2
NPL Provisions Ratio	88.8	90.6
CAR	13.0	14.9

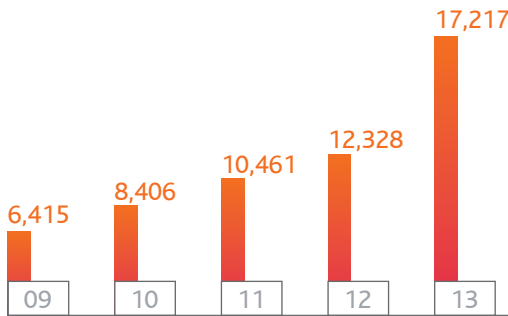
\* Including financial leasing.

### Shareholding Structure

	TL	%
Foreign Shareholders	594,902,934	66.10
Albaraka Banking Group	486,523,266	54.06
Islamic Development Bank (IDB)	70,573,779	7.84
Alharthy Family	31,106,364	3.46
Other	6,699,525	0.74
Local Shareholders	97,347,102	10.82
Publicly Traded	207,749,964	23.08
Total	900,000,000	100.00

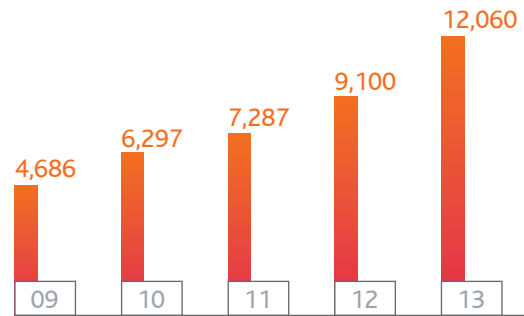
Total Assets (TL million)

17,217 TL million



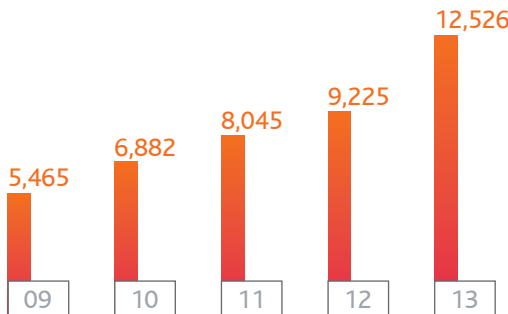
Funded Credits (TL million)

12,060 TL million



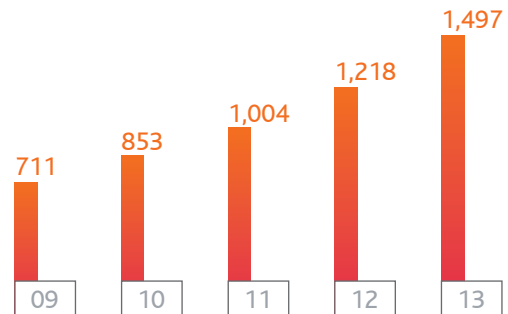
Collected Funds (TL million)

12,526 TL million



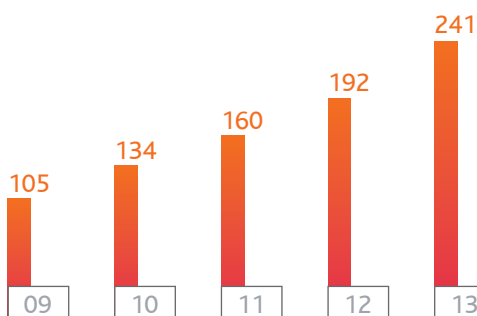
Shareholders' Equity (TL million)

1,497 TL million



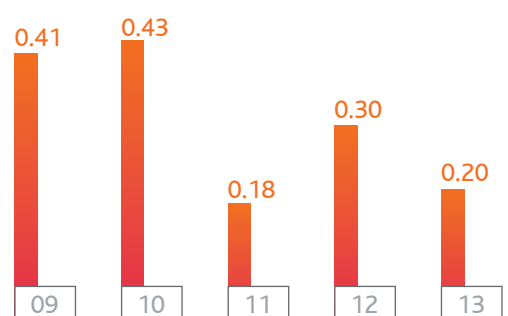
Net Profit (TL million)

241 TL million



Net NPL Ratio (%)

%0.20



## Albaraka Türk's Position in Sector

In terms of asset size and funds collected, Albaraka Türk realized rates of growth in excess of both the participation banking and overall banking sector averages in 2013.

### Growth (%)

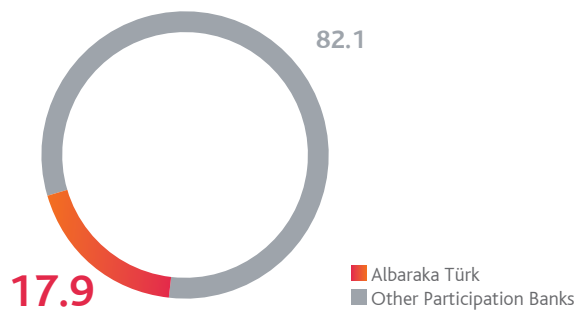
	2012			2013		
	Albaraka Türk	Participation Banks	Banking Industry	Albaraka Türk	Participation Banks	Banking Industry
Total Assets	17.8	25.2	12.6	39.7	35.7	26.4
Loans (Funded Credits)	24.7	24.5	16.4	32.2	35.0	32.1
Deposits (Collected Funds)	14.7	22.2	11.0	35.5	27.9	22.5

### Market Shares (%)

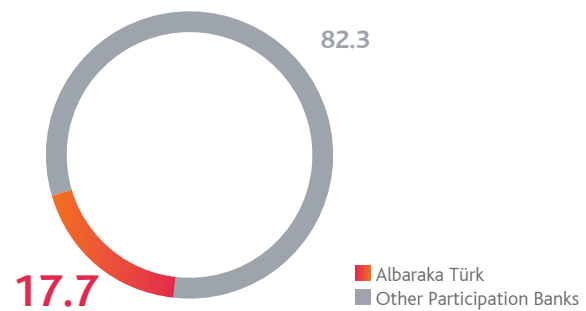
	2012			2013		
	Albaraka Türk / Participation Banks	Albaraka Türk / Banking Industry	Participation Banks / Banking Industry	Albaraka Türk / Participation Banks	Albaraka Türk / Banking Industry	Participation Banks / Banking Industry
Total Assets	17.5	0.9	5.1	17.9	1.0	5.6
Loans (Funded Credits)*	18.9	1.1	6.0	17.7	1.1	6.3
Deposits (Collected Funds)	19.3	1.2	6.2	20.3	1.3	6.5

\* Excluding financial leasing.

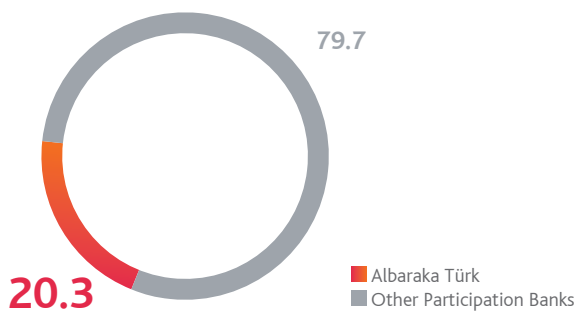
### Total Assets (%)



### Loans (Funded Credits)



### Deposits (Collected Funds)



## Board of Directors Resolution

**SESSION NUMBER:** 1294

**DATE:** 20 February 2014

**PRESENT:** The undersigned

**ABSENT:** None

The Board of Directors of Albaraka Türk Katılım Bankası A.Ş. passed the following resolutions:

**RESOLUTIONS:**

RESOLVED: A proposal to distribute 2013 profits in the manner shown below and to begin paying shareholders their dividends on 3 April 2014 is to be submitted to the general assembly of shareholders.

Period Profit	241,408,793.99 TL
Previous Year Profit	1,434,750.91 TL
Profit	242,843,544.90 TL
First Legal Reserves (-)	12,142,177.25 TL
Net Distributable Profit for the Year	230,701,367.66 TL
First Dividend to Shareholders (Gross)	31,500,000.00 TL
Transferred to Extraordinary Retained Earnings	199,201,367.66 TL

The resolutions shown above were read out to the undersigned foreign-national members in their own language. There were no dissenting opinions; all were in agreement.

Adnan Ahmed Yusuf ABDULMALEK  
Chairman

Yalçın ÖNER  
Vice Chairman

Hamad Abdulla A. EQAB  
Board Member

Osman AKYÜZ  
Board Member

Hood Hashem Ahmed HASHEM  
Board Member

Ekrem PAKDEMİRLİ  
Board Member

Ibrahim Fayez Humaid ALSHAMSI  
Board Member

Kemal VAROL  
Board Member

Fahad Abdullah ALRAJHI  
Board Member

Mitat AKTAŞ  
Board Member

Khalifa Taha HAMOOD  
Board Member

Fahrettin YAŞI  
Board Member and General Manager

## Changes in the Articles of Incorporation

The text of an amendment to the articles of incorporation that was approved at the annual general meeting held on 29 March 2013 is presented on page 80.

## Albaraka Türk's Milestones

Albaraka Türk continues to work for a stronger future in line with its vision "to become the best participation bank of the world", a process being undertaken through the SIMURG transformation program that was inaugurated in 2012.



### 1984

In response to a proposal by Albaraka that operates in the field of interest-free banking, the process of setting up Albaraka Türk is initiated.

### 1985

Albaraka Türk commences operations as Turkey's first interest-free banking institution.

### 1987

After the Central Branch, the Bank opens its first branch in the Sıhhiye district of Ankara.

### 1988

The Bank's leasing division is set up, with Albaraka writing the second leasing agreement ever entered into in Turkey.

Thanks to leasing, the Albaraka name becomes nationally known throughout the country.

### 1992

The number of branches reaches ten while total assets top USD 400 million in value.

### 1993

Albaraka Türk sets up the sector's first on-the-job training center in the Bayrampaşa district of İstanbul.

### 1998

Following up an agreement with Visa, Albaraka Türk begins offering credit card services. The number of branches reaches 22.

### 1999

As a result of comprehensive changes made in Turkish banking law that go into effect on 19 December 1999, the interest-free banking model is made subject to the purview of the Banks Act.

### 2001

Despite the fluctuation in the Turkish banking sector, Albaraka Türk continues to grow soundly thanks to the confidence that it inspires in customers.

### 2002

The number of branches becomes 24 while total shareholders' equity reaches USD 70 million in value. More attention is given to retail banking.





## 2003

The Albaraka Banking Group is established.

## 2005

Under a change made in the Banks Act by Statute 5411, "private finance houses" are reconstituted as "participation banks".

Albaraka Türk changes its name to Albaraka Türk Katılım Bankası A.Ş. (Albaraka Türk Participation Bank Inc).

## 2007

Despite uncertainties provoked by general elections, there is a huge demand for Albaraka Türk shares when the company launches a public offering. Initially intended to secure USD 170 million, the offering attracts bids worth more than USD 7 billion from some 24 thousand eager investors.

## 2008

The number of branches reaches 100.

The "Rainbow" project is launched with the aim of supporting ongoing development at the company.

## 2009

Albaraka Türk Participation Bank undergoes a brand transformation project in line with the Albaraka Banking Group's "One Mission, One Vision, One Identity" goal. In the process, Albaraka Türk's corporate identity is revamped.

## 2010

In order to diversify its funding resources, the company secures its first murabaha syndication, worth USD 240 million.

The Bank relocates into its new high-tech headquarters building.

The number of branches reaches 109.

## 2011

Organization and system infrastructure projects related to the plan to transform Albaraka Türk and take it into the future were launched and are being successfully carried out.

Fourteen new branches were opened bringing the total number to 123. Paralleling this growth, the number of employees also reached 2,601. The operations centralization process has considerably been completed in an eight-month period. The first international branch was opened in the city of Erbil in Iraq.

The Bank's credit cards joined the WorldCard system. A new murabaha credit syndication was successfully concluded. Valued at USD 350 million, this is the largest such loan syndication undertaken in the Turkish banking industry. The first wakalah transaction took place.

## 2012

Albaraka Türk's SİMURG transformation program is inaugurated.

The Bank is reorganized according to a regional department and corporate branch structure. Five regional manager units are created and four corporate banking branches are opened.

Albaraka Türk's USD 350 million murabaha syndication is renewed at USD 450 million, thus retaining its standing as the sector's biggest syndicated loan.

## 2013

Albaraka Türk pressed ahead in its efforts towards a stronger future in line with its vision 'to become the world's best participation bank' through the SİMURG transformation program that was launched in 2012.

Opened 30 branches by focusing on organic growth, and increased its number of domestic branches to 166.

Renewed its murabaha syndication loan, rolling over USD 430 million under improved terms.

Obtained a USD 200 million subordinated loan with a 10-year maturity through a murabaha sukuk method, which was executed for the first time in Turkey.

# Innovative

Constantly developing its product and service line-up through a proactive approach in order to meet the changing needs and expectations of its customers, Albaraka Türk implements innovative and user-friendly applications backed by its competence in using state-of-the-art technology.

Using its innovative skills for its all kinds of operations, Albaraka Türk realizes the initiations in its sector. The Bank obtained a USD 200 million subordinated loan in 2013 through a murabaha sukuk method. In a bid to strengthen its presence in the pension business, the Bank established Katılım Emeklilik ve Hayat A.Ş. - a joint operation with Kuveyt Türk.





## Chairman's Message



Albaraka Türk successfully expanded its funding base while strengthening its assets in 2013.

Esteemed stakeholders,

### 2013 provides the first signs of potential developments in the coming era

The year 2013 brought the global economy to the verge of a new threshold, with the Fed signaling the end of its expansionary monetary policy, which has been the cornerstone of the Fed's strategy throughout the last 5 years of global crisis.

In 2013, the growth performance of developed economies was broadly in line with projections while the US economy, in particular, exhibited a more positive economic performance compared to other developed countries. Starting from the second half of the year, this raised a general perception that the Fed's statement on tapering and reducing its support to economy through asset purchases was approaching reality. Such expectations set the stage for an uncertain process in global monetary policies and capital flows, leading to exits from emerging markets and a devaluation of local currencies against the US dollar in the global arena. Within the context of these developments, the Fed approved its tapering in asset purchases in its final meeting of 2013 in December.

Suffering from a slow pace of growth in addition to the existing problems in the banking system, the Euro Zone is also facing the risk of deflation due to low inflation and high rates of unemployment. As such, standardizing audits of European Central Bank to all banks in the region by the end of 2014 will prove an important step in clarifying signs of recovery in the Euro Zone.

Buffered by global developments, the Turkish economy followed a volatile performance in 2013, growing by 4% in the first three quarters of the year. Weaker-than-expected investment and a diminishing impact from exports were the major factors responsible for the slowdown in growth. The current account deficit maintained its rising trend while direct investments continued to comprise a diminutive slice of the financing composition.

Taking into account the risk factors derived from the inflationary indicators and global uncertainties, the CBRT tightened its monetary policy and hiked interest rates substantially. This, along with the devaluation of the TL against the dollar and Euro, put pressure on the banking sector and raised the cost of funding.

In 2014, the growth in the global economy is expected to gain pace to some degree with developed economies expected to drive the growth. Meanwhile, emerging markets will need to work on "structural reforms" rather than "cyclical reactions" to stimulate the pace of growth.

Under these circumstances, Turkey will have to restructure the consumption-export balances in growth and take advantage of its investment grade rating. The spotlight will remain on the management of the current account deficit and the impact of the CBRT's policies on the economy.

We will continue to work together to establish a sustainable future through our values, which are represented by the Albaraka brand.

#### Successful implementation of growth strategies in 2013

Albaraka Türk unwaveringly maintained its stable growth trend during the volatile conjuncture of 2013.

Focusing on its vision of being the most successful example of participation banking, Albaraka Türk successfully expanded its funding base in 2013 while continuing to strengthen its asset quality. Our unstinting support for SMEs - which represent our major customer base - and the funds we have transferred to the real economy have added momentum to production cycles.

While we further expanded our loyal customer base which we support with an array of innovative products and services at various points of the economic and trade cycles, we also expand our business volume, given our determination to meet all household and corporate banking needs through our integrated service principle.

When it comes to accessing our customers, alternative distribution channels - the network of which has been strengthened and widened - along with our technological competence, play as much of a key role as our branches, the number of which has reached 167 through accelerated organic growth. We aim to increase accessibility through further investment in our service platform.

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**While we have further expanded our loyal customer base, which we support through a wide array of innovative products and services at various points of the economic and trade cycles, we also expand our business volume as we are determined to meet all household and corporate banking needs through our integrated service principle.**

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Our human resources and management, which will carry forward our global and national information know-how and experience, our strong shareholder and financial structure and our competence in foresight enable us to look safely to the future, and provide us with a significant competitive edge when it comes to strengthening our position in the Turkish market.

Albaraka is determined to grow together with Turkey. We will continue to work all together to establish a sustainable future through our values represented by Albaraka brand. In closing and speaking on my own behalf as well as that of the Board of Directors, I would like to take this opportunity to express my gratitude to all of my colleagues, our customers, and our business partners.

Adnan Ahmed Yusuf ABDULMALEK  
Chairman of the Board of Directors

## General Manager's Message



Albaraka Türk obtained a USD 200 million subordinated loan with a 10-year maturity through a murabaha sukuk method that was executed for the first time in Turkey.

### Albaraka Türk grows in line with the targets.

The year 2013 was marked by a tightening in the CBRT's monetary policy and an increasing cost of funding along with narrowing margins in the banking sector. Nevertheless, the banking sector succeeded in sustaining its growth in terms of assets, loans, deposits and international funding, despite the difficult market conditions.

Albaraka Türk met its targets on its road to growth with a focus on SME and retail banking, achieved growth in assets and funds collected in excess of the sector average rate, and managed to improve its profitability despite contracting margins in the sector.

By the end of 2013, Albaraka Türk expanded the volume of its assets by 40% to TRY 17.2 billion. The volume of funds collected reached TRY 12.5 billion with 36% growth, whereas funded cash credits stood at TRY 12 billion, marking a 33% increase. The ratio of funded cash credits to total assets, at around 70%, in an indication of the balanced lending and liquidity policy being executed by the banks. When compared to the 5% average rate of growth in the banking sector's net profit, Albaraka Türk recorded 26% net earnings growth, resulting in a 17.7% Return on Average Equity - one of the highest rates in the sector.

Albaraka Türk's strategy of sustaining asset quality is based on diversifying risk factors and minimizing sector, customer and regional risks in the portfolio. This is supported by regular monitoring of the lending process and a methodology which provides a minimum deviation in risk measurements. Our non-performing loan (NPL) ratio stood at 2.27% by the end of 2013, remaining below the sector average.

### The transformation continues

The SİMURG Transformation Program, which was initiated in 2012, continues to press ahead at full pace, in line with the Bank's vision of "Becoming the Best Participation Bank of the World".

Continuous progress in the provision of organization and infrastructure service, and gaining the ability of self-renewal form the basis of the SİMURG project, where the underlying concept of the program is to adopt a cultural transformation through the mobilization of the Bank's inherent dynamics.

#### In 2013, major developments regarding the transformation project were;

- The separation of the sales and marketing organization on a corporate, mercantile and retail basis to improve the customer-focused approach,
- The formation of a new and detailed customer segmentation structure,
- Initiation of work to develop an appropriate product mix in accordance with this segmentation,
- Opening of 30 branches – exceeding the initial annual target of 14 – within the context of improving the service platform,
- The activation of alternative distribution channels.

We continue to work on this project ambitiously and with enthusiasm to achieve our strong vision step by step in coordinated stages. The project is expected to be complete by the end of 2015.



Albaraka Türk met its targets on its road to growth, with a focus on SME and retail banking, while achieving above sector average growth in assets and funds collected and succeeding in improving its profitability, despite the contracting margins in the sector.

#### Breaking new ground in the sector in international funding

Despite the changing conjuncture in the second half of the year with the Fed signaling an impending move towards a tight monetary policy, the funds collected from the international markets by the Turkish banking sector increased by 20% in 2013, and there were no difficulties in finding funding.

In addition to a 47% increase in international funding in USD terms, Albaraka Türk also realized its 2 strategic targets - obtaining a new murabaha syndicated loan and issuing a murabaha sukuk as a subordinated loan.

Albaraka Türk successfully completed the issue of a USD 200 million subordinated loan with a 10-year maturity through a murabaha sukuk method which was executed for the first time in Turkey.

We are proud of our first international capital market issue, which was 100% oversubscribed by investors with a majority formed by high level banks and investment funds, with interest from various investors from diverse geographical regions. This subordinated loan, which was obtained in accordance with participation banking principles, increased the Bank's capital adequacy ratio by 3 percentage points to 15.56%.

At the same time, the roll-over of the murabaha syndicated loan, secured in 2012, to an amount of USD 430 million with an extension in the maturity to 2-years and with better terms, also reinforced Albaraka Türk's credibility on the international stage.

#### An alliance to break new ground in the sector

In another new milestone in the Turkish participation banking sector, Albaraka Türk signed a partnership agreement with Kuveyt Türk to jointly operate in the Pension System (BES). The new company – namely Katılım Emeklilik ve Hayat A.Ş. – aims to enter operation by April 2014. The pension system, which is supported by the state in a bid to stimulate savings, has gained pace in terms of growth since the state initiated an additional 25% contribution to participants' monthly contributions. We expect this step to bear fruit in enhancing the potential of the pension system and in raising market share among the customer base seeking interest-free products.

## USD 430 million

**The roll-over the murabaha syndicated loan, secured in 2012, to an amount of USD 430 million with its maturity extended to 2-years and with better terms, also reinforced the credibility of Albaraka Türk on the international stage.**

#### In 2014...

Expectations for 2014 suggest that the pace of growth will slow due to retreat in private sector investments and private consumption spending on the back of political and economic uncertainty. This, naturally, will take its toll on credit growth as well.

Increasing costs in retail and consumer loans, particularly as a result of BRSA measures on retail and consumer loans and CBRT's tight monetary policy, are expected to attract more interest in SME loans.

Albaraka Türk will continue to implement its balanced growth strategy in line with its strategic goals, and will strive wholeheartedly to prepare a better future backed by its determination to provide financial support to the economy's spine SMEs and to its other customers.

We look confidently to the future, supported by our strong shareholder and financial structure, our qualified professional team, our ability to reflect the latest technology to our applications, and the trust and loyalty of our customers.

I would like to extend my sincerest gratitude to all of our stakeholders for having contributed to our success and for accompanying us on our journey into the future.

With kind regards,

Fahrettin Yahşi  
Member of the Board of Directors and General Manager

# Environmentalist

Through its forward-looking approach, Albaraka Türk carries out environmentally friendly activities, and enhances its initiation towards environmental protection. To this end, measures were taken and implemented to reduce CO<sub>2</sub> emissions from the Head Office building thanks to its smart-building features. On the other hand, Albaraka Türk increased its presence in renewable energy financing and develops credit products regarding energy savings.

Albaraka Türk steps up its efforts and project developments as it strives to meet its responsibility for a sustainable future.





## Macroeconomic and Industrial Overview

### Macroeconomic Overview

As far as the Turkish economy and world economy were concerned, the year 2013 was dominated by the Fed's (Federal Reserve Bank) decisions and Bernanke's statements. In a bid to bring the US economy out of its crisis, the Fed had provided around USD 3 trillion in liquidity to the markets through its quantitative easing programs. This liquidity was provided through regular bond purchases programs, which initially resulted in rapid recoveries in the prices of securities and capital markets both in the US and in emerging economies, leading to all-time peaks. The question on when and how these hot money flows would recede was the hot topic of 2013 as the US economy indicated signs of recovery. Bernanke's statement on May 22nd - signaling that the Fed's bond purchases could be trimmed - led to global uncertainty driven by emerging markets, and the markets shifted to a declining trend starting from the third quarter of the year. Eventually, though, the Fed's decision to cut the quantitative easing program by USD 10 billion in December went some way towards removing the uncertainty; however, it also highlighted the risk that some markets, including Turkey, could suffer capital outflows.

As an open financial market, the Turkish economy was also seriously affected by the Fed's measures. However, such developments had little impact on the real economy until the end of 2013, as confirmed by Turkey's 4.4% growth in Gross Domestic Product (GDP) in the third quarter, and the 4% growth over the first 9 months of the year. The composition of the growth suggests that domestic demand started to revive again while foreign trade had a negative impact on growth in the final quarters of the year. The ongoing negative impact of private sector investments on the economy since the first quarter

# 4%

**The Turkish economy recorded 4% growth in the first 9 months of the year.**

of 2012 turned to a positive impact in the third quarter of 2013. As a result, GDP figures suggest that the Turkish economy is relatively strong in terms of growth, but the dynamics are still dependent on domestic demand. Judging by the leading indicators, we estimate GDP growth of 4% for the 2013 full year

A repeat of the 4% GDP growth recorded in 2013 - and the target growth as set out in the Medium Term Program - looks unlikely in 2014 given the aggressive rate increase implemented by the Turkish Central Bank and the restrictive regulations imposed by the Banking Supervisory and Regulatory Agency (BRSA) on credit cards and consumer lending. Advanced economies are not expected to achieve vigorous growth in 2014, either. Based on the IMF's latest forecasts, developed economies are expected to record 2% growth compared to the 5% rate of growth expected in emerging economies. Following

a long recession, the long anticipated growth in the Euro Zone during 2014 will also be crucial for the Turkish economy. The Euro Zone - which remains Turkey's largest foreign trade partner - failed to achieve the desired recovery following the deep economic crisis. The relatively strong performance demonstrated by the US economy in 2013 will also have a positive impact on other developed economies. In spite of these positives, it is apparent that the vulnerability of emerging markets will remain in the spotlight.

Turkey's dependency on energy also leaves it more sensitive to capital flows, given its gaping current account deficit. The current account deficit stood at USD 65.4 billion in 2013, with energy spending accounting for a very high proportion of the total. An increased current account at times of rapid GDP growth as well as the low savings ratio increase Turkey's sensitivity to capital flows, the negative impacts of which were observed in the second half of the year. As long as Turkey's dependence on external energy continues, the export of value added goods and services does not increase and the domestic savings remains low, the current account deficit will remain a weak spot in the Turkish economy.

On the other hand, 2013 was a challenging year in terms of pricing and financial stability. Despite the CBRT's moves to tighten its monetary policy starting from the second half of 2013, the year-end rate of inflation stood at 7.4%, as the fall of around 20% in the value of the TL against the USD paved the way for a deviation from the inflation target. The 10% permanent increase in exchange rates will have a 1.5 percentage point impact on the annual rate of inflation. Hence, the ongoing volatility in exchange rates renders the realization of the 2014 inflation target of 5.3% (as set out in the Medium Term Program) to be something of a challenge. The slowing economy will reduce the demand-based inflationary pressure in 2014. On the other hand, unless the TL claws back some of its lost ground against the USD, there will eventually have to be some reflections to consumer prices.

One of Turkey's major strengths is its low budget deficit and strong financial structure. This stands as an anchor and increases the confidence in the economy. While many countries in the European Union would fail to meet the Maastricht criteria of a 60% debt to GDP ratio, the ratio in Turkey is well within the Maastricht criteria. However, tax revenues may fall and the budget could deteriorate due to the expected slowdown in the economy in 2014.

The CBRT's decisions and statements influenced the Turkish economy during 2013. The Turkish Lira, which had depreciated rapidly since May, decoupled slightly from other emerging market currencies due to political uncertainties, with the CBRT reacting by carrying out FX sales auctions, macro precautionary measures and vocal instructions. These, however, could have little effect against a stack of political negativities, and could not restrain the excessive fall of the TL. The benchmark bond yield, which had declined to all-time lows ahead of the Fed's statements, increased to double-digit levels by the end of the year, precipitating an increase in firm's borrowing costs. The CBRT's unexpectedly sharp rate hike early in 2014 will block any significant decline in yields in the short run, but ought to prove effective in sustaining macroeconomic stability.

As of December 2013, the aggregate equity of the industry amounted to TL 194 billion, while its aggregate net earnings increased by 5.1% to TL 24,733 million.

### Overview of the Banking Industry

There were 49 banks operating in the Turkish banking industry at the end of 2013 through 11,986 branches and 214,263 personnel. The annual growth rate of the industry in terms of number of branches and employment was the highest since 2009.

The total volume of assets of the banking sector increased by 26.4% to TL 1,732 billion in 2013. Turkish Lira denominated assets increased by 19.6%, while the foreign currency denominated assets grew by 18.5% in USD terms. Led by the rise in deposit rates, the cost of funding has increased in the Turkish banking industry since the spring of 2013. This led to a slowdown in the sector's growth – 4.2% in 1Q, 7% in 2Q and 7.9% in 3Q – and a 5.1% rate of growth in the final quarter of the year, despite the impact of the FX appreciation on the growth figures.

Total loans increased by 31.8% when compared to their level at the end of 2012, reaching TL 1,047 billion by the end of 2013. The loans to assets ratio improved by 2.5 percentage points during the year to 60.5% at the end of 2013. Loan growth in the last quarter of the year lagged behind that seen in the previous two quarters, and the growth was mainly driven by corporate and commercial segments.

The volume of non-performing loans in the whole industry increased by 26.4% compared to 2012, reaching TL 29.6 billion at the end of 2013.

A fall in the value of local currencies and increasing interest rates in emerging markets – including Turkey – following the Fed's statements on the asset purchasing program, and the measures taken to eliminate longer-term risks over rapid loan growth and low savings ratio, all led to a slowdown in the rate of growth for all lending types.

The total deposits – which have the highest share (61.5%) in the sector's external liabilities – totaled TL 945.8 billion at the end of 2013. There was a slowdown in TL-based deposits starting from the third quarter of the year, while FX-denominated deposits recorded significant growth in the second half of the year.

The funding secured by the Turkish Banking Industry from international banks continued to increase in 2013 despite ongoing uncertainty in the global economy; funding secured from international banks amounted to USD 138.2 billion by the end of 2013, implying 23.7% growth, or an increase of USD 26.5 billion in absolute terms. It is noted that the rollover rate exceeded 100%, suggesting that banks, in general, did not face any difficulties in rolling over their syndicated loans in 2013.

The total equity of the industry stood at TL 194 billion by the end of 2013. On the other hand, the industry's aggregate net earnings increased by 5.1% to TL 24,733 million, driven largely by the increase in net interest income.

## TL 1,732 billion

The total asset volume of the banking sector increased by 26.4% to TL 1,732 billion in 2013.

As of December 2013, the Capital Adequacy Ratio (CAR) of the industry stood at 15.5%, well above the legal and target ratio. On the other hand, considering the impact of the movement in exchange rates seen in 2008-2009 on customers securing FX and FX-linked loans, the same loan types were subject to a stress test in December 2013, based on the historical scenario. The results suggest that the industry's equity can be considered strong in the face of risks based on exchange rate movements.

Turkey's loans to GDP ratio have exhibited one of the sharpest increases among emerging markets since 2009. The BRSA and CBRT have taken some measures aimed at bringing lending growth under control and addressing the composition as reasonable lending growth would contribute to financial stability in the coming era which will be dominated by global volatility. Accordingly, lending growth is expected to slow to around 15-20% in 2014 as a result of the BRSA's measures, particularly on retail and consumer lending, and CBRT's tightening monetary policy. Furthermore, with higher costs of retail and consumer lending this year, SME lending will be more focused.

After May, Turkish banks were able to renew their external debts at a reasonable cost. The industry's FX based liquid assets amount to approximately half of the short term external borrowing amount, suggesting that the sector has a resilient financial structure against short term external shocks. That said, it is clear that the Fed-related and domestic risks are high for 2014 and the CBRT continues to implement a cautious approach in its monetary policy in a bid to avoid the risks. To this end, banks are expected to follow a cautious growth strategy during 2014, wary of weakening their strong liquidity positions.

The consensus view regarding 2014 is the growth will slow due to a retreat in private sector investment and private consumption spending on the back of the political and economic uncertainties. This is expected to limit the growth in investment credits and retail lending, such as housing and auto loans.

## Macroeconomic and Industrial Overview

The BRSA's measures, particularly those targeting retail and consumer loans, coupled with the CBRT's tight monetary policy, are expected to lead to a slowdown in credit growth in 2014.

### Major amendments in the consumer law

The latest regulatory changes brought a wave of restrictions on credit cards and consumer and motor vehicle financing. These restrictions are in effect for all banks and customers. One point that should be emphasized about the restrictions is that banks to have some degree of maneuver in different implementations, although these adjustments will require banks to set aside higher provisions.

### In credit cards:

The card limit is based on the customer income.

The number of installments is based on the types of goods being purchased.

### In consumer financing:

Maturity is limited to 36 months.

### In financing purchases of cars:

The maturity is limited to 48 months.

The lending ratio depends on the value of the car. A 70% lending ratio is available for the cars with a value of up to TL 50,000, while this ratio is at 50% for vehicles of higher value.

In short, the new regulatory changes force banks to be more customer-oriented.

### Banking Industry - Key Financial Indicators (TL million)

	2012	2013	Change (%)
Total Assets	1,370,690	1,732,412	26.4
Deposits	772,217	945,770	22.5
Loans*	794,756	1,047,428	31.8
Shareholders' Equity	181,940	193,818	6.5
Non Cash Loans	241,016	333,979	38.6
Net Profit	23,523	24,733	5.1
Number of Branches	11,066	11,986	8.3
Number of Personnel	201,474	214,263	6.3

### Participation Banks - Key Financial Indicators (TL million)

	2012	2013	Change (%)
Total Assets	70,279	96,086	36.7
Collected Funds	47,921	61,313	27.9
Funded Credits*	47,961	62,042	29.4
Shareholders' Equity	7,377	8,852	20.0
Non Cash Loans	26,620	33,097	24.3
Net Profit	916	1,071	16.9
Number of Branches	829	965	16.4
Number of Personnel	15,356	16,800	9.4

\* Excluding financial leasing.



## Albaraka Türk in 2013

Albaraka Türk seeks to bring about a long term transformation through a series of changes that are individually and collectively compatible with the bank's ultimate objectives, and which are expected to be implemented up until the end of 2015.

### Targeting continuous progress and continuous improvement...

Albaraka Türk continues to work at full pace in implementing the SIMURG Transformation Program.

SİMURG is a constellation of detailed projects encompassing nearly all of Albaraka Türk's internal and external units and processes. Through the program, project teams have undertaken multi-task and extensive work through the coordination of the Strategy and Corporate Performance Management Department.

Albaraka Türk seeks to bring about a long term transformation through a linkage of changes that are individually and collectively compatible with the Bank's ultimate objectives, which are expected to extend until the end of 2015.

One of the most important activities undertaken under the SIMURG program in 2013 was the strategic planning in line with Albaraka Türk's medium-term goals and integrating such planning into the Bank's budgeting. The major steps in this transformation were the progress achieved in information technologies, customer relationship management, alternative distribution channels, credit, risk and funding management processes, new organizational structures and customer-oriented service models, along with the activation and adoption of these steps by the related parties.

Milestones in the SIMURG Transformation Program in 2013;

- Corporate Marketing, Commercial Marketing and Retail Marketing segments were formed in the sales/marketing organizational structure, in line with the Bank's service understanding oriented towards sales and marketing.
- Retail banking operations were divided into 3 departments at the beginning of 2013 and a Retail Products Management department was added to the organizational structure.
- On the commercial side, the structure was included the Commercial Marketing department and the newly established Commercial Products Management department.
- An Alternative Distribution Channels unit was established in order to form an appropriate sales and marketing organizational structure for the Bank's new segmental structure and strategies.
- Work was undertaken to form a new Performance Management system, and competency models and training schedules were established.
- Key performance indicators were defined that will allow corporate performance to be monitored throughout the Bank using the Balanced Scorecard (BSC) methodology. These indicators have already been rendered specific down to the individual unit level. The Bank aims to complete the expansion BSC specification down to the employee level by the end of 2014.
- Work is currently being undertaken to overhaul to the Bank's IT infrastructure, and the new system is expected to come on stream by the 4th quarter of 2014.

## 166 branches

**Albaraka Türk aims to be closer to its customers than any other bank through its wide service platform consisting of 166 domestic branches and alternative distribution channels.**

### Providing our customers with the right products and services, at the right price and from the right channel

Albaraka Türk sets its sales/marketing policies which are aimed at providing the most appropriate products to its customers at the right price and in most accessible channels by carefully analyzing customer needs. To this end, the activities are undertaken through principles as follows;

- Increasing the number of customers and volumes through increasing product diversification
- Continuation of customer activation and acquisition activities
- Increasing customer satisfaction
- Potential customer acquisition, sales and after sales services, ensuring customer loyalty and improving customer re-acquisition through a segment based approach
- Delivering the products to the customers through right channels
- Developing effective models in the sales and distribution channels
- The formation of appropriate pricing policies

Undertaking marketing activities with a focus on capturing a share of all customers' banking transactions and cash flows, Albaraka Türk pays great attention to improving customer loyalty by establishing long lasting, versatile relations as well as on attracting new customers.

Albaraka Türk aims to support the growth and progress of SMEs which stand as the Bank's major customer segment, in line with its participation banking principles. Albaraka Türk aims to be closer to its customers than any other bank by virtue of its widespread service platform, consisting of 166 domestic branches and alternative distribution channels.

## Albaraka Türk in 2013

To sustain a high level of asset quality, Albaraka Türk has adopted a balanced and widespread customer portfolio, avoiding concentration in terms of industries, customers or credit types.

### To new horizons through new segment management

Albaraka Türk rapidly continues to develop business processes and strategies in order to respond to customer demands. To this end, the Bank has initiated portfolio and segment management activities to further enrich the product portfolio in line with rising customer expectations.

Diversifying its customer base into sub-segments according to banking needs, assets and the extent to which they work with the Bank, Albaraka Türk has had the opportunity to develop closer recognition of customers and to conduct active marketing, thanks to this structure.

Albaraka Türk undertakes customer activation and acquisition activities successfully thanks to efficient data mining operations and its effective customer relations management. The Bank also seeks to enhance both its customer acquisition and the cooperation between business lines and branches through more effective usage of inter-segment opportunities.

### In 2014...

- The Bank targets an acceleration of operational processes at branches and customer satisfaction through segmental management.
- The Bank will shift to portfolio management to better recognize customers, present the most appropriate products and to gain stronger communication with its customers. Personnel have been employed at the branches alongside Retail Portfolio Managers and Retail Sales Managers to serve customers in the retail banking segment.

# 2.27%

**Having kept its non-performing loans at low levels, Albaraka Türk recorded 2.27% NPL ratio in 2013 - lower than the participation banking and banking sector averages.**

### Sustaining a balanced and healthy portfolio structure

In order to sustain a high level of asset quality, Albaraka Türk has adopted a balanced and widely based customer portfolio, avoiding concentration in terms of industries, customers or credit types.

A review of Albaraka Türk's loan portfolio in 2013 finds that its risks were balanced and its risk concentration –based on the accounts of its top 100 and 200 customers– were within manageable limits. The regional risk breakdown is also balanced, since the Bank's branch network has expanded in parallel with the economic level of each region.

When it comes to the Bank's exposure to cash credit risk, the 100 biggest firms accounted for 41% of the total credit risk, a ration which Albaraka Türk intends to lower in the coming years. The breakdown of risk among retail, commercial and corporate risks is balanced and in line with the Bank's credit portfolio breakdown target of 40% for corporate loans, 40% for SME loans and for 20% retail loans (including microloans) by the end of 2017.

Backed by a sound performance in terms of non-performing loans, Albaraka Türk recorded a 2.27% NPL ratio (defined as the gross value of non-performing assets as a ratio of total credit placements) in 2013, which is lower than both the participation banking and banking sector averages. On the other hand, the Bank maintains a relatively high (90.62%) rate of provisioning for such accounts.

With one of the healthiest loan portfolios in the industry, Albaraka Türk undertakes a number of projects aimed at improving the speed and quality of its monitoring and collection processes, in order to further strengthen the makeup of this portfolio.

The Corporate Follow-up Service has been initiated in order to follow-up and monitor Bank's corporate segment customers more effectively. The unit aims to provide collection – in cooperation with the branch – from the corporate segment customers who are likely to become non-performing, to control risk-assurance balances through updating monitoring and assurance investigation processes, and to take actions as a result of these if necessary.

The Retail Collection Service has been initiated in order to undertake collection from retail segment customers who have fallen into arrears, communicating to such customers by telephone and providing strategic support to the branches so as to enable them to devote more of their time and resource potential to sales and marketing activities.

Reflecting the strong trust and reputation which Albaraka Türk commands, total funds collected increased by 36% in 2013, reaching to TL 12,526 million.

#### Collected Funds

(TL thousand)	2012		2013		Change (%)	
	TL	USD	TL	USD	TL	USD
Turkish Lira Funds	5,535,572	3,109,872	7,518,851	3,513,482	35.8	13.0
Current Accounts	777,954	437,053	1,442,219	673,934	85.4	54.2
Participation Accounts	4,757,618	2,672,819	6,076,632	2,839,548	27.7	6.2
Foreign Currency Funds*	3,689,446	2,072,722	5,007,361	2,339,888	35.7	12.9
Current Accounts	980,815	551,020	1,125,844	526,095	14.8	-4.5
Participation Accounts	2,708,631	1,521,703	3,881,517	1,813,793	43.3	19.2
<b>TOTAL</b>	<b>9,225,018</b>	<b>5,182,594</b>	<b>12,526,212</b>	<b>5,853,370</b>	<b>35.8</b>	<b>12.9</b>
USD/TL	1.780		2.140			

\* Includes the balances of the Bank's precious metals deposit accounts.

Share of TL Accounts (%)	60.01%		60.02%			
Share of FC Accounts (%)	39.99%		39.98%			
Current Accounts	1,758,769	988,072	2,568,063	1,200,029	46.0	21.5
Participation Accounts	7,466,249	4,194,522	9,958,149	4,653,341	33.4	10.9
<b>TOTAL</b>	<b>9,225,018</b>	<b>5,182,594</b>	<b>12,526,212</b>	<b>5,853,370</b>	<b>35.8</b>	<b>12.9</b>
Share of TL Accounts (%)	19.07%		20.50%			
Share of FC Accounts (%)	80.93%		79.50%			

#### Funded Credits

(TL thousand)	2012		2013		Change (%)	
	TL	USD	TL	USD	TL	USD
Funded Credits**	9,075,183	5,098,417	12,033,661	5,623,206	32.6	10.3
Non-performing Loans	222,549	125,028	279,668	130,686	25.7	4.5
Provisions (-)	197,669	111,050	253,428	118,424	28.2	6.6
<b>TOTAL</b>	<b>9,100,063</b>	<b>5,112,395</b>	<b>12,059,901</b>	<b>5,635,468</b>	<b>32.5</b>	<b>10.2</b>

\*\* Includes financial leasing.

## Albaraka Türk in 2013

### Sustained growth in funds collected

In 2013, Albaraka Türk brought its consistent and healthy growth performance to even higher levels by continuing to collect funds in its participation accounts and lending them to the real sector. Reflecting the trust and reputation which Albaraka Türk enjoys among its customers, the volume of total funds collected increased by 36% in 2013, reaching TL 12,526 million.

The Bank's Turkish-lira and foreign-currency accounts are roughly split on a 60%/40% basis. Participation accounts amounted to TL 9,958 million in 2013 while current accounts totaled TL 2,568 million.

21% of funds collected were held in current accounts with profit & loss sharing accounts making up the remaining 79% of the funds. Some 67% of the Bank's funds collected were held in accounts belonging to retail customers as of the end of 2013.

Albaraka Türk's lending corresponded to 96.3% of its funds collected in 2013 (2012: 98.6%). The average term on the Bank's Turkish-lira funds collected was 42 days; in the case of foreign-currency funds collected, it was 44 days. The weighted average maturity on all deposit accounts was 43 days. Albaraka Türk's total funds collected correspond to 20% of all such funds collected held by participation banks in Turkey.

# TL 12,060 million

**Albaraka Türk's total funded credits increased by 33% YoY, to reach TL 12,060 million by the end of 2013.**

### 33% growth in funded credits

Drawing on its strong financing capabilities, Albaraka Türk continues to support its corporate & commercial and its retail segment customers no matter what economic conditions may be.

In 2013 Albaraka Türk's total funded credits increased by 33% compared to 2012, to TL 12,060 million.

87% of the bank's funded credits were denominated in Turkish liras with the remaining 13% in a foreign currency. At the end of 2013, the Bank's total non-cash credit risk and total risk exposures amounted to TL 7,631 million and TL 19,691 million, respectively.

As a natural result of 'transferring its resources to the real sector', which is one of the most distinguishing features of participation banking, the ratio of total loans to total assets among participation banks is consistently higher than the banking industry's average. Albaraka Türk's funded credit/total asset ratio of 70% is one of the highest in the sector.

### Cautious growth in corporate and commercial lending

In 2013, Albaraka Türk continued to shape its credit placement policy by taking into account of the economic circumstances, along with the restrictions and regulations implemented by policymakers in accordance with the relevant legislation.

Lending to as many firms as possible, led by the major customer base small and medium sized businesses, the Bank places its principle of 'broadening the Bank's risk base' to the center of marketing, fund allocation and funded credits processes.

### Credit Guarantee Fund enhancing our credit support abilities

Reinforcing its support for SMEs with the Credit Guarantee Fund (KGF) collateral lending, Albaraka Türk continued to work closely with KGF in 2013. To this end, 709 projects were developed for 180 firms, and TL 7 million of funding was provided.

### The Bank's first occupational product package - the Dentist Package

The Dentist Package is the Bank's first occupational package, was developed and launched in 2013. The first product package in the occupational segmentation was established, which aims to finance clinical equipment purchases and dentists' personal finance needs.

As part of the Dentist Package, a total of 1,033 products were sold to 440 dentists in the space of 2 1/2 months between 24 October – the date of the launch - and January 9, 2014.

### Enhancing our credit allocation processes

Allocation processes are reviewed in detail and necessary improvements are undertaken, as part of the SIMURG transformation project.

The initiation of Credit Offer Follow-up System in 2013 enabled the Bank to monitor information regarding the firms in a healthier, more effective and more efficient manner. The new system, whose operations are integrated into the rating system, presents an opportunity for complete monitoring and evaluation of the factors affecting credit requests, credit decisions and credibility.

Through establishing statistical models, the Bank aims to improve the applications of the rating system in the coming period, which forms a key part of the risk measurement and risk management operations.

## 33% YoY growth in retail lending thanks to a successful credit strategy and effective marketing.

### TL 1,152 million

The volume of retail home-ownership financing increased by 31% YoY to reach TL 1,152 million while the volume of vehicle financing surged by 80% to TL 78 million.

The Bank started to calculate the Risk Adjusted Return on Asset (RAROA) in 2013 at the credit allocation stage. This ratio is calculated by subtracting the cost of capital of a firm's credit limit from the nominal profit share ratio used for the firm and this ratio is targeted to assist in utilizing the Bank's resources in more efficient areas by also taking the cost of capital into consideration.

#### In 2014...

Within the scope of the corporate / commercial segment in 2014, the Bank's plans include:

A DBS package, which will offer a number of advantages, and is targeted at increasing the number of firms that work with the Bank through DBS,

- An attractively priced SME Service Package which consists of banking operations that SMEs are in need of,
- Sell-Re-lease product which provides long term funds to firms without selling properties,
- Credit to your POS product which provides POS customers who are blocked in the Bank by using amounts awaiting in the POS as collateral
- New products aimed to be released in the SME segment

#### Moreover Albaraka Türk targets the following in 2014:

- A 35%-40% increase in SME credits.
- The initiation of a privileged service for SMEs through the a new channel by opening a new portal
- Meetings with SMEs through seminars and conferences that will be organized in Anatolian cities

#### We continue to grow in retail financing with home-ownership financing

The main contributing factor to Albaraka Türk's growth in the field of retail banking was home-ownership financing in 2013. The volume of home-ownership financing reached TL 1,152 million, marking an increase of 31%, while the volume of vehicle financing reached TL 78 million, growing by 80%.

Albaraka Türk focused on a growth target which is profitable, healthy and spread over a wide retail customer base in 2013. The Bank conducted work to take place in project-based home ownership financing in every city in order to secure sound and healthy growth in home ownership financing. Albaraka Türk provides the opportunity for its customers to own a home by participating 151 projects that not only include large company's projects in Istanbul but also local firms' projects in Anatolia.

A cost free vehicle financing campaign, which is valid for new cars, was organized to target healthy credit portfolio growth.

System improvement work continues with the view that establishing procedures and pace are very crucial for customer satisfaction in retail financing utilizations. Credit applications are finalized within an average of one day in home ownership and in half a day for vehicle financing with fast credit process management.

There has been 33% growth in the retail financing balance through effective marketing and credit strategies applied by the Bank.

#### Retail Financing (TL thousand)

Financing Type	2012	2013	Change (%)
Housing	876,416	1,151,899	31
Vehicles	43,384	77,954	80
Consumer Credit	5,418	6,120	13
Other	122,806	161,828	32
<b>TOTAL</b>	<b>1,048,024</b>	<b>1,397,801</b>	<b>33</b>

#### In 2014...

The Bank aims to increase the share of retail financing in total funds provided from 12% to 20%.

## Albaraka Türk in 2013

Katılım Pension and Life was established following the decision to set up a new company in which Albaraka Türk and Kuveyt Türk Participation Bank will hold equal stakes.

### Albaraka Türk expanded in Gold-based Banking in 2013

Albaraka Türk created Gold Participation Account in 2012 by considering its customers' saving habits. The newly created account increased by 151% compared to the previous year. Albaraka Türk organized "Gold Days" in 2013 in a bid to direct savings that are not kept in bank accounts into the banking system. The Gold Days application will also continue going forward. In the 'Gold Days', customers' gold and jewelry is valued by specialists from the Nadir Metal Refinery, and the amounts are brought into the economy.

### Integrating service with private pension and life insurance

Besides private pension and life insurance, personal accident insurance products are also offered to customers through a wide branch network and approximately 400 employers.

Albaraka Türk generated TL 2 million of premiums with 68% growth in life insurance in 2013. On the other hand, commission income jumped by 17%, implying a successful period.

Albaraka Türk increased the size of its private pension fund to TL 16 million, recording 298% growth - a rate well in excess of the sector average. The number of participants in the private pension industry grew by 136% to reach 7,000.

### We started to offer service in PPS with a new company

An additional contribution was provided by the State with the initiation of the state contribution incentive as of 1 January 2013, in order to raise the awareness of saving. The additional contribution is equal to 25% of the contribution payment made by the private pension system participant.

The reform has strengthened the inclination to long term investment, boosted the number of new entrants in the system and weakened the inclination to abandon or stop payments. Foreseeing that the current strong potential in PPS will be transformed into fund generation capacity which will grow with every greater momentum, Albaraka Türk decided to establish a new subsidiary in an attempt to attract more market share.

Katılım Pension and Life was established on 17 December 2013 following the approval of the trade registry in accordance with the decision to establish a new company, in which Albaraka Türk and Kuveyt Türk Participation Bank would hold equal stakes.

Katılım Pension and Life is expected to enter operation in April 2014.

Albaraka Türk's new subsidiary is planned to place the Bank in a more effective position in the private pension and life insurance market.

### Effectively and accurately managing the growth in credit cards

Albaraka Türk's credit cards gained the features of WorldCard in 2012. Albaraka Türk followed an approach which is focused on growth, profitability and efficiency in the card segment.

Albaraka Türk directed its efforts to gaining new customers and establishing long-lasting customer relations during 2013. With the Albaraka WorldCard, customers enjoy a wealth of privileges which make life easier, such as installments, special campaigns and additional services.

The number of retail credit card having the Dual Interface Contactless feature reached 113,890, an increase of 12% when compared to the previous year. Credit card revenue surged by 58% to reach TL 378 million.

The number active credit cards grew by 25% compared to the previous year to 43,970.

The number of Business cards reached 41,297, growing by 2%, while revenue jumped by 58% to TL 854 million. The number of active Business cards grew by 46% compared to its 2012 level, reaching 11,564 cards.

In 2013, Albaraka Türk was ranked in 17th place in number of credit cards and 16th place on revenue terms among 28 banks.

Albaraka Türk, which finds different solutions to customers' different needs in parallel with the development in card systems, also generated new applications in 2013:

- SSI payments can be completed online through the SSI Payment Pass, being made quickly and easily in advance, or by installment payments, with 3D security through the Albaraka WorldCard.
- The Platinum Kart and WorldCards for the special and high income segment are offered to customers, providing an array of additional services and assistance services.
- Sales activities are organized during year to increase credit card sale numbers.

### Developments in the number of Albaraka Türk's cards

	2012	2013	Change (%)
<b>Credit Cards</b>	92,580	113,890	23
<b>Business Cards</b>	27,707	41,297	49
<b>Bank Cards</b>	159,718	190,702	19
<b>TOTAL</b>	<b>280,005</b>	<b>345,889</b>	<b>24</b>



### In our bank cards

The number of Albaraka Türk's bank cards reached 190,702 in 2013, increasing by 19% compared to the previous year.

There was a 19% increase in the number of active cards when compared to 2012, with the number of active cards reaching 173,342. There were more than 1.8 million transactions with bank cards and the total the volume of cash received increased to TL 612 million.

### Around 16,000 POS merchant partners

The number of merchant partners reached 15,536 and the total revenue from merchant partners reached TL 4 billion in 2013. Albaraka Türk, which continues to improve its POS networks, successfully carried out the dynamic merchant partner campaign system that provides bonus points, additional installments, discounts and other privileges to Albaraka Türk's customers.

Albaraka Türk raised customer loyalty and satisfaction by participating in the WorldCard campaigns in 2013..

The Bank is ranked in 15th place in terms the number of POS machines and revenues.

The following projects were conducted in 2013:

- The Cash register POS, which allows the POS machine and cash register to be used under a single roof,
- The world POS, which offers loyalty programs and the opportunity for payment by installments in locations with the Albaraka Türk and Yapı Kredi logos.

The www.albarakapos.com website is available to customers and announces activities for gaining and developing merchant partners.

### In 2014...

#### The Bank plans the following in the credit cards and POS segments in 2014.

- BKM Express: Online shopping will be faster and more secure with this card, which does not give the card number during the transaction.
- Business Card: This card form of usuary provides installment opportunities to customers in all transactions without depending on POS infrastructure.
- BKM Konya Ulaşım: Use of the Bank's contactless credit cards is expected to be implemented on public transportation in Konya.
- Prepaid Card: With this card, credit can be loaded onto the card, allowing shopping to be carried out with the pre-paid amount.

- VISA Platinum Card: This credit card, which offers the WorldCard VISA feature for the high income segment, will be issued in due course.
- Combo Card: This product will combine a credit card and bank card into a single product. Customers will be able to perform transactions either through the credit card or bank card by defining their credit card and the bank card information in the chip, which is located on the card.
- Erbil Credit Card (ISSUING): This will offer the credit card services which are offered in Turkey, through the Erbil branch in Iraq.
- Erbil POS/ATM (ACQUIRING): These are targeted to conduct services through POS and ATM products through the Erbil branch in Iraq.
- Virtual POS: provides POS services enabling collection from credit card for businesses which have the online shopping option.
- Direct debit via Credit Card: This will allow customers looking to pay their bills by credit card in return for a fee.

### Effective ADC management

Albaraka Türk started to apply a more effective strategy on the pillars of increasing use of alternative distribution channels, service penetration and enhancing the level of customer loyalty. The Bank established the ADC unit in 2013.

In the last quarter of 2013, ADC Datamart, which combines the ADC product with the channel data was established to analyze customers' demands and needs and to generate accurate solutions. ADC static reports are now prepared more rapidly through the Datamart application, and these reports are indicated in the Route Information Portal. Moreover, monthly product and channel performances can be viewed from one screen through the Dashboard prepared for ADC.

In December 2013, the Bank's Off-Site ATM Growth Strategy was established and new work flows were determined.

**113,890 credit cards**  
**The number of Albaraka Türk retail credit cards reached 113,890 marking an increase of 12%. Credit card revenues jumped by 58% during the year to reach TL 378 million.**

## Albaraka Türk in 2013

The number of registered users using Albaraka Türk's online retail banking site grew by 30% in 2013 to reach 211,427. Total revenues in online retail banking increased to TL 2.3 billion, through 1,943,909 transactions.

### In 2014...

- For all products under ADC, strategies will be developed by creating performance cards and taking necessary action for sub projects. In this context, pricing policies for each channel will be determined again by analyzing the usage of each channel on a segmental basis.
- ADC Channel Incentive work will start to optimize operating expenses.
- Multiple Channel Management projects will be conducted, with following up of the customer's 360 degree channel and product usage, and with the new infrastructures provided by the internet solution. New measures to boost sales and customer satisfaction will be carried out with this project by managing customer experiences from different channels under a single center.

### We continue to expand our dynamic ATM network

Albaraka Türk continues to extend its ATM network.

The number of ATM's increased by 14% to 170, of which 19 were not located in branches. 118 of our current ATMs can collect money from customers.

The number of transactions conducted through Albaraka Türk's ATMs increased by 24% to 1,867,096 with revenue reaching TL 623,000. Albaraka Türk continued to open ATM's at new locations, continuing to place ATMs in areas close to branches in a bid to reduce the workload on Bank staff.

## 170 ATM's

**The number of ATM's increased by 14% to reach to 170, with 19 of these not located in the branches. 118 of the current ATMs can collect money from customers.**

### In 2014

Albaraka Türk targets to realize following projects in ATMs

- Change the algorithms in obtaining banknotes,
- Transform USD cases into TL cases,
- Renew the ATM interface in line with Main Banking change project,
- Add new functions to the ATMs,
- Convert all ATMs so they can collect money

### A 30% increase in the number of online retail banking users

The number of Albaraka Türk's online retail banking users grew by 30% in 2013 to reach 211,427. Online retail banking revenue increased to TL 2.3 billion, with 1,943,909 transactions.

The number of online corporate banking users reached 31,304 marking an increase of 18%. There were a total of 14,242,781 transactions in the corporate channel, and revenues in this channel reached TL 7.9 billion.

The number of retail and corporate customers using Albaraka Türk's online banking branch on at least one occasion reached 69,378 in 2013, marking an increase of 69%.

The total number of visitors to Albaraka Türk's corporate website increased to 4 million.

The projects realized within the scope of digital channel products in 2013:

- Albaraka POS Web Page,
- Albaraka Türk Map System,
- Albaraka Bereket Varlık Web Page,
- Investor Relations Online Annual Report,
- ABG Symptom Report,
- Albaraka Türk Web Page Footer Design,
- Yellow Medya Geo Code and Map location updates,
- Albaraka Türk Web Page Tip Line

### In 2014...

#### The Bank plans the following in its Online Banking for 2014:

- SME Portal Web Page,
- Albaraka Türk Art Web Page,
- Renewal project for the Albaraka Türk website,
- Renewal project for the design of Online Banking,
- Mobile Banking project,
- Development project for SMS and Mailing infrastructure,
- Retail Banking Products Campaign Web Page,
- Online Banking project in English

## Call Center

The number of telephone banking subscribers increased to 161,266, marking growth of 29%. A total of 144,333 transactions were carried out, with TL 76 million of revenue generated through this channel. The Call center contacted 1,244,065\* customers in 2013, with each call lasting for an average 1 minute 12 seconds\* with a service level of 72%\*. Moreover, with the launch of the Private Banking Line in 2013, a special call center service started to be offered to Platinum Card customers.

## In 2014...

### Albaraka Türk plans to implement the following at its Call Center in 2014:

- Voice Recognition and Authentication Technology, which will provide a safer and faster service without security confirmation, by using voice signature control instead.
- TTS, which is planned to convey written text to counterparties in the form of voice messages.
- Seamless Agent Call Directing, where customers who have conversations in the call center will be able to perform transactions by being transferred to an IVR menu system through voice orders.
- The Bank's sales and marketing activities are planned to be carried out through call centers with the initiation of the outbound service.
- Web Chat, providing live support through the internet. This aims to monitor customers who use the web site and support sales and marketing activities by allowing the opportunity of a meeting.
- The Disaster System; a new call center in Izmir will be completed. The system aims to provide non-stop service to customers in the event of an interruption at the call center, which is located in Istanbul.
- IVR Gold Banking Menu: This is planned to be included in the IVR as the 7th menu.
- VIP Customer identification: Prioritization on a phone number basis can be carried out through this new feature that will be added to the system.

## We have reached 66 contracted corporations for bill payments

The number of automatic payment orders for corporations served by Albaraka Türk reached 71,563, marking an increase of 29%. The number of bill collections, on the other hand, jumped by 79% to reach 14,358,542.

Commission income from bills grew by 101% to reach TL 1,108,664 in 2013. Corporate account returns came in at TL 2,030,236 marking an increase of 81%.

The 'Accounts which Pays the Bill' product, launched in 2013, enables customers who issue direct debit orders and do not have sufficient funds in their accounts to pay their bills.

\*Call center and central transactions.

## We listen to our customers' complaints in order to sustain and build on the high level of customer satisfaction

The name of the Payment Systems Operation Unit was changed to the Customer Complaint Management Service in 2013 with the aim of better understanding customers' expectations and to increase customer loyalty. This unit is responsible for coordinating customers' complaints and managing the process.

The 0850 222 87 87 complaint line was opened to bring customers' wishes, recommendations and complaints into a more functional position, to finalize all notices by recording them, to expand the channels which allow customers to submit notices and to increase the effectiveness of the notices.

In order to expand the complaint channels and to finalize the records opened for Albaraka Türk in the virtual environment, the Bank took out a subscription to sikayetvar.com. Representative appointments were submitted to Albaraka Türk units and district offices to increase the effectiveness of managing complaints, requests and recommendations by managing them centrally.

## A strategy that brings success in correspondent relations

Albaraka Türk is focused on satisfying its customers' international banking needs in a qualified and effective manner. In this context, the Bank works intensively with a number of domestic and international correspondent banks on reciprocal and efficiency bases.

Albaraka Türk continues to strengthen and develop new correspondent relationships, especially in Africa and the Middle East, within the scope of its medium and long term growth strategies. Periodic visits are organized to correspondent banks and bilateral meetings were carried out through the high level participation in international organizations such as SIBOS and IMF for this purpose. The Bank had more than 60 meetings in SIBOS, which was held in Dubai in 2013. Albaraka Türk, which has been improving its correspondent network through a proactive approach, works with 956 correspondents in 105 countries. The Bank is capable of performing transaction in 15 different currencies.

## Working to improve relations with correspondent banks

Albaraka Türk places emphasis on improving correspondent relationships within the scope of its target of increasing market share. The Bank invites the representatives of current and target correspondent banks to Istanbul under Albaraka Türk orientation program and conducts active promotion work. In this process, information concerning Albaraka Türk's products and services is shared with the representatives of banks that will plan to grow in the area of Islamic finance in their countries. Also experiences are shared.

Within the scope of bilateral contacts, there is an exchange of information on legislation, the economic situation and banking sector in the correspondent banks' countries as well as our country's legislation and the structure of the sector.

## Albaraka Türk in 2013

Viewing Africa and the Middle East as an important source of growth for Turkey, Albaraka Türk played a leading role in Africa by visiting 47 banks in 8 countries in 2013.

### A more effective relationship management with regional structuring

Regional structuring was carried out under the Financial Institutions Department in 2013 with three regional desks; Africa-America, the Middle East and Eurasia.

This new structuring is provided to manage the requirements of the branches, customers and correspondent banks more effectively. New structuring has created concentration zones within the unit and brought specialization on a geographical basis.

### Sensitivity to international legislation and practices

In 2013, the presidency of the regulation and compliance department was given the responsibility for applying decisions that are put into practice by the OFAC, the UN Security Council and MASAK, as well as fulfilling requests for "customer diagnosis" from correspondent banks. The emphasis on compliance with regulations, which is a highly sensitive issue and a privilege, is ensured throughout the whole Bank by establishing strong cooperation between the Financial Institutions Department and the related Presidency.

Regular training is provided to personnel of both the Financial Institutions Department and the related head office units to increase awareness of international legislation and practices.

### Synergy with Albaraka Banking Group crucial in establishing regional power

Albaraka Türk draws on the Albaraka Banking Group and the service network of its branches, which are spread throughout a wide region, in all of its international banking activities. The Bank places particular emphasis on Group synergy, especially in adding value to the services offered to corporate customers.

### A rising share in foreign trade

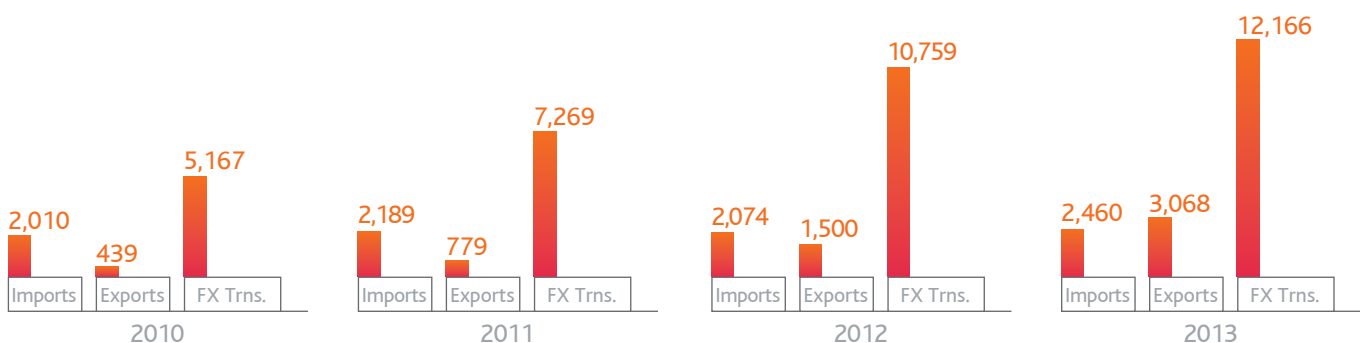
Albaraka Türk significantly increased its share in foreign trade in 2013.

The volume of exports and imports that the Bank mediated in increased by 104% and 18% respectively. Albaraka Türk recorded 13% growth in foreign exchange transactions.

## 104% increase

The volume of export and imports mediated by Albaraka Türk grew by 104% and 18%, respectively, in 2013. Albaraka Türk recorded a 13% increase in foreign exchange transactions.

### Foreign Trade Volume (USD million)



### Africa - a new route for exports

The record growth in African economies places the continent, with its population of more than 1 billion, and which has long been ignored, as a main trade focus.

Albaraka Türk, which views Africa and the Middle East as an important source of growth potential for Turkey, played a key role in Africa by visiting 47 banks in 8 countries in 2013.

Libya, Algeria, Morocco and Tunisia are some of the countries that command importance for Albaraka Türk in realizing its export targets. The export volumes recorded to these countries through Albaraka Türk is shown the table below.

Albaraka Türk aims to expand business volumes in the region in the coming years.

## USD 200 million

Albaraka Türk completed the issue of a secondary subordinated loan by issuing a USD 200 million murabaha sukuk.

### More than USD 1 billion in funds received from abroad in 2013.

After Fitch and Moody's raised Turkey's credit rating to investment grade, the Turkish banking sector expanded its opportunities to attract funding from abroad, paving the way for improved cost efficiency and longer term funds.

Funds obtained from abroad in the Turkish banking sector recorded 20% growth in 2013. Foreign financing institutions continued to closely follow the international transactions of Turkish banks. Funding capacity and pricing levels also improved considerably.

Albaraka Türk successfully realized a number of important projects pursuant to its strategic plan in 2013. The main completed operations included the obtaining of new murabaha syndication credits, the issue of usuary secondary subordinated loans and the participation in the Saudi Export Program (SEP) and ICD.

### A first in Turkey: A 10-year secondary subordinated loan through murabaha sukuk issue

Albaraka Türk completed the issue of a secondary subordinated loan - a first in Turkey - with an issue amount of USD 200 million and a maturity of 10 years; 5 years of the maturity is optional through the murabaha sukuk issue at a 7.75% profit rate. Albaraka Türk's murabaha sukuk issue was two times oversubscribed, with applications from 64 investment accounts, most of which consist of high level banks and investment funds.

Given that this operation is Albaraka Türk's first international capital market issue, the interest from different investors in different regions is another source of pride. The regional distribution of the issues can be broken down as follows: 56% from the Middle East, 26% from Europe, 10% from the UK, 5% from Asia and 3% from other countries. In terms of account type, 73% participating in the issue were banks, 15% were investment funds and 12% were other investment accounts.

### Exports to Africa (USD million)





## Albaraka Türk in 2013

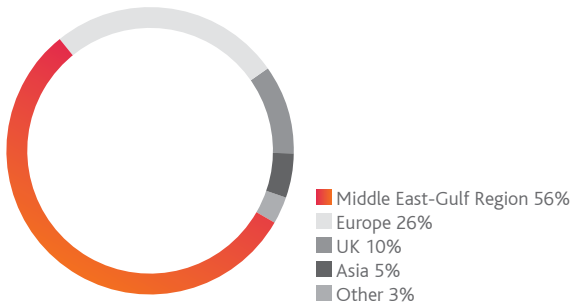
Albaraka Türk rolled over a USD 430 million murabaha syndication loan which it had obtained in 2012.

Albaraka Türk's Capital adequacy ratio increased from 12.82% to 15.56% with a USD 200 million secondary subordinated loan following the issue. This transaction is completely in line with Albaraka Türk's sustainable and profitable growth strategy.

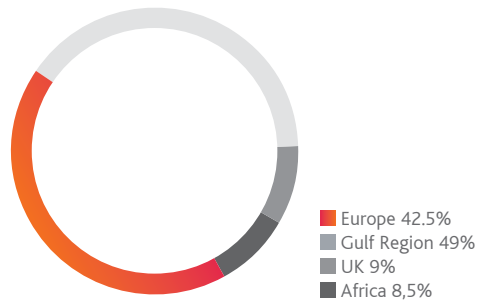
**Murabaha syndication renewed at the cheapest cost and with a longer term maturity.**

Albaraka Türk rolled over a USD 430 million murabaha syndication loan which it had obtained in 2012. The transaction, which involved 23 banks from 15 countries, was structured both USD and Euro denominations with 1 and 2-year maturities. Murabaha syndication, which was realized at a lower cost than in the previous year and with a majority maturity of 2 years, signals the Bank's strong international reputation.

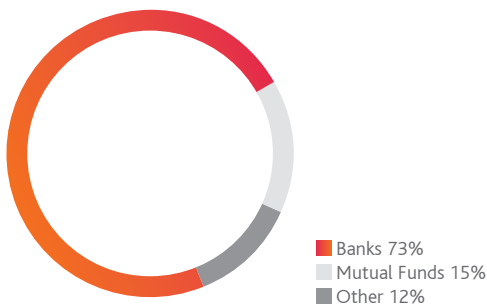
**Geographical Breakdown of Murabaha Sukuk Issue**



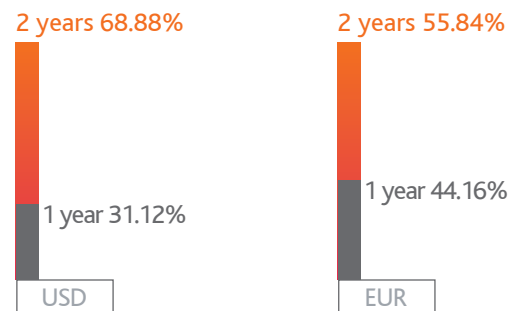
**Geographical Breakdown of Murabaha Syndication Loan**



**Investment Instruments Breakdown of Murabaha Sukuk Issue**



**FX Type Maturity Breakdown of Murabaha Syndication Loan**



### Albaraka Türk conveys the resources obtained abroad at costs and maturities suitable for SMEs

Albaraka Türk continued to deploy the resources it obtained from murabaha syndication transactions as well as SEP, ICP and similar operations for the support of SMEs

**Bilateral usuary agreements:** Albaraka Türk procures low cost resources (usuary) from correspondent banks located abroad to meet the working capital needs of its commercial and corporate customers. RUSF rates, which were revised on 1 January 2013, allow the Bank to provide customers with longer term and lower rate funds.

**Saudi Export Program (SEP):** The cooperation between Albaraka Türk and the Saudi Export Program (SEP) on financing the import of non-petrol products based in Saudi Arabia has gained pace since 2008. In this context, SEP loans which fit customers' needs are offered at low cost and have a maturity of 3 years.

**Islamic Corporation for the Development of the Private Sector (ICD):** Along term foreign trade loan agreement was signed between Albaraka Türk and the ICD, which is one of Islamic Development Bank's institutions extending loans to SMEs.

**Wakala:** Wakala (attorneyship) agreements are signed with correspondent banks in order to achieve diversification in funds obtained internationally. Within the scope of these agreements, Albaraka Türk utilizes the short and medium term inactive funds of correspondent banks. With the Wakala agreement, the Bank has the capacity to carry out transactions on the basis of interest free banking, without fixing the profit rate while also enabling profit/loss participation.

As of the end of 2013, Albaraka Türk had signed Wakala agreements with 42 correspondent banks and reached a transaction volume of USD 3 million.

### Reflecting current technology to its products and services

Albaraka Türk's Information Technology department brings state-of-the-art technologies, which are the keys of development and keeping ahead of the competition, to the Bank's processes and product-service cycle. Wide arrays of projects were successfully completed by the Information Technologies Project Management team.

#### POS Project for payment in installments

Infrastructural changes and operation adaptation work was carried out within the scope of work that allows POS machines to carry out transactions in installments. Besides this, the Virtual POS product (POS product for e-commerce) has been prepared for customers.

#### EFT3 and EMKT2 Project

EFT3 (Interbank electronic fund transfer), which is the second project in the scope of the CBT payment system restructuring program and EMKT2 (electronic fund transfer) systems were integrated to new web service based infrastructure.

#### Physical Gold Collection Project

Customers' gold jewelry (bracelets, republic gold coins and so on) were collected through the branches. The amounts was transferred to gold current accounts.

#### Cheque Clearing Infrastructure Project

Albaraka Türk's implementations were integrated to new infrastructure within the scope of a project initiated by BTOM (the Interbank Clearing Room) to revise the "cheque clearing" infrastructure.

#### MASAK Notices Project

The MASAK Notices Project is a reporting project of all accounts in the Bank as well as accounts that are newly opened or closed within the periods determined by MASAK. Within the scope of project, customers whose monetary movements are examined between two dates can now be reported to MASAK in an XML format.

#### SSI e-Levy Project

E-Levy infrastructure has been established which provides transmission of levy orders concerning SSI receivables and the responses of banks to levies into an electronic environment

#### Balance Rate Project

In the foreign exchange purchase and sales operations carried out by the branches, control of exceptional rate requests which are met by the Treasury Marketing Department are handed to the branches, on the condition that they remain within the determined margins. Furthermore, earnings from foreign exchange purchase and sales transactions are now recorded on a branch by branch basis, and used as a branch performance benchmark.

#### Customer Segmentation Project

Analysis was carried out on the working principle of the Segment Engine. In addition, hierarchal rules have been cleared and final segment appointments of customers were carried by activating these rules on ALBOS.

#### In 2014...

Work on the "Integrated Banking Automation Project" (EBOS), which started at the beginning of 2013 as a part of the SIMURG Program, will continue.

The transition to the Main Banking package is planned to be completed by 31 October 2014 within the scope of the project. The Bank plans to carry out the Online Memzuç Project, the e-Bill Project, the Sukuk Operations Project, the Fidelity-ALBOS System Integration, the 360T FX Project, the Tax Extract Project, the Physical Gold Sale from Branches Project and the Commercial Card Project during 2014.

# People oriented

With its people oriented approach, Albaraka Türk determines its policies with the target of a "happy and satisfied team" on the pillars of motivating its employers, which the Bank views as its internal clients, improving working conditions and ensuring development in career plans.

Albaraka Türk strengthens its business model with the privilege of understanding its customers and Albaraka Türk always increases the level of development and quality service to provide its target group with best customer experience.

Albaraka Türk, with the aim of improving the value that its share with society based on the philosophy of contribution to society, has sponsorships, develops projects, and organizes events. It works for carrying our cultural heritage, mainly calligraphy, and our values to the future to grow up young people who have the consciousness of preserving traditions and future.





## Albaraka Türk in 2013

# Albaraka Türk establishes its corporate culture on sound basis and sees its employers as value that will carry the culture to the future.

### Human Values at Albaraka Türk

Albaraka Türk shapes its human resources policy on the basis of setting out and sustaining a big and happy family picture which is composed of employees that meet on common ground, are open to change and reform and who adopt the Bank's corporate culture.

The factor that creates difference in competition is people. Acting with this consciousness, Albaraka Türk establishes its corporate culture on a sound foundation and views its employees as a source of value which will carry the culture to the future. As a result of this concept, Albaraka Türk bestows the greatest respect in both current employees and applicants.

Albaraka Türk;

- Views all employees as part of big and happy family which has hope for the future,
- While striving to create synergy and team spirit, fosters a sense of togetherness in times of sorrow and happiness alike, and on celebration and sharing,
- Strives to inspire, inform and listen while reaching set targets,
- Views appreciation, improvement and paying attention as the basic criteria in providing high motivation,

In line with intensive branching strategy, hires experienced and qualified personnel, a point that was given importance in 2013.

Mass hiring examinations for assistant inspectors, assistant auditors and assistant specialists for corporate/commercial marketing positions were organized in 2013. The exams were also opened to the Bank's personnel and eligible employees were invited to the exams. Applicants were hired based on the result of interviews conducted with applicants who had performed successfully in the exams.

### Best practices of 2013:

- Albaraka Türk, which is the pioneer of the market changes project being undertaken jointly between the Human Resources Department and the Human Values Department was an indicator of the value attached to employees.
- The "Youth Albaraka Academy" project was implemented, which provides internship opportunities to young talented individuals who are students at top schools, who are sociable, reformist minded and possess analytical thinking skills. The project aims to promote the Bank in the best manner and explore the young talent which will carry the Bank forward.
- Participation in universities' career days was organized.
- Vacancies in management positions were firstly filled through internal resources who are successful and whose competencies match the required positions.
- As a result of the central operation work and more efficient utilization of permanent staff, the average number of personnel per branch as a ratio of the total personnel decreased from 20.1 to 18.3 while the number of personnel per branch decreased from 13.3 to 11.9 the ratio of marketing personnel in the branches increased from 55.1% to 57.9%.
- Cooperation with universities continued in 2013. There was cooperation with Istanbul University (KAGEM), Boğaziçi University (BYV, BURA), Bahçeşehir University (CO-OP) and the Istanbul Trade University. Internship opportunities were provided to successful students from these universities.
- Considering the increasing importance of social media, inserts were revised and banners prepared in this field, which is used intensively by the new generation. All hiring inserts continued to be located in a social media environment as banners.
- Branch Operation Support Personnel staff positions were created to prevent any interruptions to services arising from a lack of sufficient personnel due to sickness, training, resignations and annual leave. Following the successful application of the Mobile Branch/Business Flow personnel application, there are plans to provide further support to this team in 2013.
- A full time nurse started to work in the Bank to provide workers in the Head Office with quick access to health services. The Bank entered an agreement with Datalab and health services were brought directly to the Bank's personnel. Furthermore, eye and dental screenings were provided for personnel working at the Head Office.
- With the support and guidance of Albaraka Türk's CEO, Fahrettin Yahşi, Albaraka Meetings as a social and cultural event were organized.



### Awards received for Human Values in 2013

**Respect for People Award:** Albaraka Türk received the "Respect for People" reward, which is organized by the Kariyer.net human resources platform, for a sixth year in a row.

**SSI certificate of appreciation:** The SSI Istanbul Office issued a certificate of appreciation to the Bank in view of its regular payment of SSI premiums, the Bank's commitment to employees' rights and the flawless undertaking of SSI operations.

The total number of employees at Albaraka Türk reached 3,057 at the end of 2013, with 88% of the Bank's employees qualified with at least a university diploma.

#### In 2013 at Albaraka Türk:

Branches Opened	30
Net Increase in Personnel	299
Total Personnel	3,057
Total Branches	167
Total Regional Departments	5

### Training of Human Values

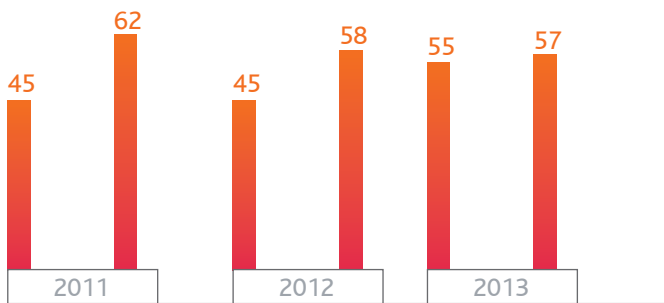
Within the scope of its vision, mission and strategies, Albaraka Türk establishes training policies and aims to provide and develop necessary information and skills which support the personal and vocational development of its employees.

Basic level training is organized for assistant authorized officers, assistant specialists and assistant inspectors who have recently joined the Bank, in order to help them gain the required competencies for their duty.

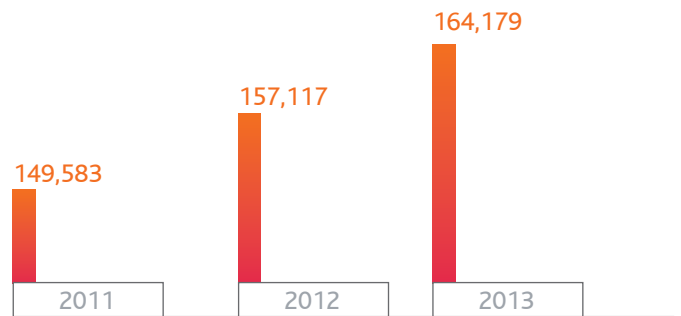
In-class and online training is provided for employees when they are promoted, change position, or to reflect changes in legislation and technological advances.

Management Training Programs are offered to prospect managers to provide the vision and strategic thinking needed to successfully carry the Bank's organization to the future and prepare management trainees for the globally competitive environment in the banking sector by equipping them with changing and developing management techniques.

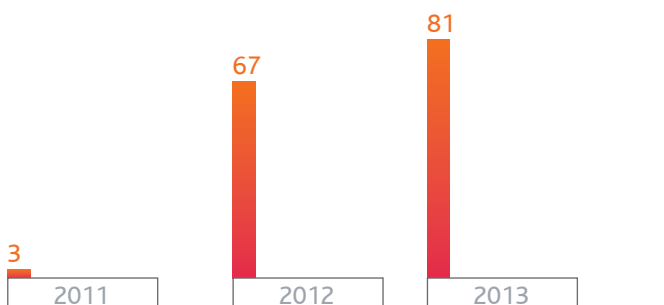
### Training per Employee (Hour)



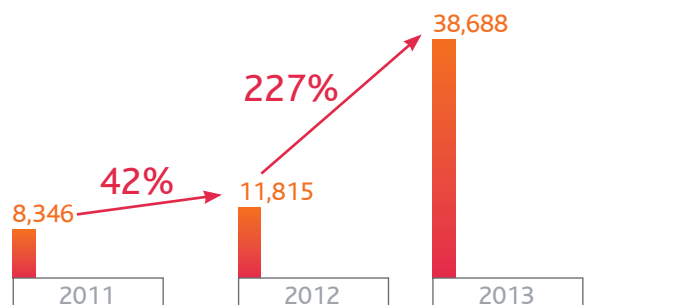
### Total Training (Hour)



### Number of Employees with Master Degree



### Number of Employees Trained



## Albaraka Türk in 2013

An average of 57 hours training were provided per employee in 2013, with a 227% increase in the number of personnel who received training when compared to the previous year.

Competency based Career Training Programs were designed and organized in 2013 to create more effective and efficient training programs in view of the functional and managerial competencies of Albaraka Türk's employees. Support for MBA programs, which started in 2011, continued in 2013 as the Bank strived to support the professional development of its employees, increase their motivation and enhance their sense of belonging to the Bank.

### The Albaraka Academy Project

The Albaraka Academy Project, work on which started in 2013, ushered in a new era for training at Albaraka Türk.

The online promotion examination, which has been which has been carried at the Bank since 2011, started to be offered over the www.albarakademi.com website. The application is intended to boost the motivation of our employees, save time and reduce exam costs.

In 2013 Albaraka Türk organized 164,179 hours of training, with a total of 38,688 attendances in the training. A total of 57 hours of training was provided per employee during 2013, with an increase of 227% in the number of personnel receiving training.

### A more prudent and fairer approach in our performance management system

The individual performance management system became more prudent and fairer in 2013 as a result of work carried out to reference more objective criteria. The system fosters a sense of acceptance among employees by offering them a voice, and finally becoming a structure that promotes high performance. Updating the competency framework and transmission to personnel targeting system with a balanced scorecard approach are examples of the outstanding work which has been carried out in parallel with the Bank's vision. Albaraka Türk plans to create a new Performance Management System within the scope of the SIMURG project in the coming period, with work towards this target already underway.

### Work in the field of career and talent management ...

The Bank plans to implement evaluation tools such as competency analysis, evaluation center studies, inventory and test studies to better understand personal characteristics to more formally and accurately evaluate employees and direct them to the right career lines in their career paths and provide the highest level of benefit to Albaraka Türk. In line with this, career and talent management implementations were reviewed and a road map has been prepared with regard to corrective activities.

Organizational back up work was carried out by determining important roles at the Bank in 2013. On the other hand, the Career Consultancy system was presented to personnel to help them plan their careers in parallel with their personal characteristics.

### In 2014...

- The Bank plans to establish a permanent staff of 40 branches that are planned to be opened in 2014, which will consist of qualified and distinguished personnel from internal and external sources.
- An HR program will be implemented and integrated with the system, as part of the SIMURG project aimed at enhancing the human resources infrastructure.
- The number of Career Days organized with the aim of gaining distinguished human resources will increase and meetings with students from top universities will continue.
- The evaluation Center application, the test run for which has been carried out, will be activated.
- The balanced Scorecard System will be activated and this system supported by a new set of competencies prepared in accordance with Albaraka Türk's strategies.

### A flexible and smoothly run organization with top notch service quality

Albaraka Türk conducts all activities within the standards of the ISO 9001:2008 Quality Management System.

The Bank initially accomplished the ISO 9001:2000 Quality Management System in 2004. As a result of work carried out in 2010, work on the ISO9001:2008 Quality Management System got underway. The renewal audit, carried out by SGS, was successfully completed in 2013.

The following steps were taken in 2013, with the aim of achieving a flexible and smoothly operating organization;

- The updating of organizational charts for all units was completed. Service based organizational charts of all units with names were created.
- The Authorization Ask Program was completed and started to be used in all branches. The duration of role demand process was significantly reduced. A total of 6,800 monitor authorization requests were met in 2013.
- A workload analysis report for the branches is prepared on a monthly basis, and is shared with the Human Values Department.
- Workload analysis studies were also initiated for the units, some of which were completed.

### Quality Documentation System

There were 1,267 documents in the Albaraka Türk Quality Documentation System as of 2013. A total of 646 documents were revised and 257 documents were created from the beginning in 2013. The Integration of QDMS, which was recently introduced to improve the effectiveness and efficiency of the Quality Documentation System started to be carried out.

The Branch Filing Module was established in 2013 to standardize the filing process of documents arising from branch activities. Moreover, the integrated work for this module with the QDMS quality management system was provided.

The Bank's business flow schemes were revised and 46 new business flow schemes pertaining to required processes were created along with their related units. A total of 115 business flow schemes were updated in the Quality Documentation System.

The Internal investigation Program has been undertaken each year to evaluate the effectiveness and efficiency of the Quality Management System and to determine the points that will be updated at Albaraka Türk. Within this context, the units and 23 branches were examined through the sampling method in 2013.

In order to raise awareness of quality, the Bank organized 16 Improving Quality Awareness Programs over a total of 8 days with 63.5 hours of training for the new employees.

### Enhancing management and efficiency by listening to the opinions of employees

The Personnel Attitude Poll was conducted in 2013 to measure the satisfaction of the Bank's employees and identify their expectations. In addition, the internal Customer Satisfaction Poll was renewed in an attempt to enhance the communication between branches and units, and to increase effectiveness and efficiency. The results of these polls were reported to the Bank's top management.

17 new forum subjects were opened and 571 opinions were declared in 2013 through the Forum Albaraka application, the outlook and functionality of which was renewed.

The Offer System, which was created to convert employees' intellectual abilities into value and to promote the development of ideas, was run effectively in 2013. A total of 579 offers were received and evaluated in 2013 through the Offer System.

### Sustainability applications at Albaraka Türk

Albaraka Türk, which cares for our sustainable future through its corporate culture and vision, continued to contribute to the environment and society with its activities in the environmental, social and cultural fields in 2013.

### The environment and waste management

Albaraka Türk's Head Office is a "smart building", and the Bank has adopted a number of measures which reduce CO<sub>2</sub> emissions.

- Less electricity is consumed through the reduced use of air conditioning as a result of covering sun facing windows with sun films to reduce sunlight. This helps reduce greenhouse gas emissions, thereby contributing to the efforts to tackle global warming.
- Changes in armatures and the composition of other materials used in the branches will bring considerable electricity savings.
- The Bank's electricity supplier applied a 31% discount on wholesale electricity purchases for the Head Office and the branches. This discount brought monthly savings of TL 46,000 (equating to TL 552,000 annually), corresponding to the use of 1,000,000 kWh of electricity per month.
- 28 professional photocopying machines are located in common areas, instead of 100 photocopiers/printers which had included 89 different types of machinery. These new machines offer superior features. This investment has helped reduce the incidence of unnecessary print outs and forgotten print outs, effectively cutting photocopying expenses in half.
- Recycling of papers and wastes that are harmful for the nature is supported with recycle and waste battery bins.
- The Bank saved 7,000 m<sup>3</sup> of tap water by carrying out garden watering with well water.

## Albaraka Türk in 2013

Committed to providing a sustainable future with its corporate culture and vision, Albaraka Türk continued to contribute to the environment and society with its activities in environmental, social and cultural fields in 2013.

- Water consumption per personnel decreased by approximately 20% as a result of the water saving valves put in taps at the Head Office and branches.
- Fuel consumption expenses were cut by 23% by swapping petrol powered vehicles with diesel powered vehicles.
- Navigation devices were put in vehicles that are used in Head Office and branches in Istanbul for time and fuel saving purposes.

### Business Continuity Management

Business Continuity Management aims to generate continuity solutions which balance losses in the presence of potential losses and enable Albaraka Türk to act quickly and correctly. The targets of Business continuity management are to maintain the reputation of the Bank, ensure a competitive advantage, gain the trust of employees, divide responsibilities in crisis situations, maintain a safe working environment and ensure the continuity of the firm after any disaster.

### Emergency Management

Emergency Management aims to ensure the safety of customers, employers, documents, computer systems and data in relation to Bank's employees, assets, activities and systems in the event of any disaster, act of terror, economic crisis, social movements, system damage, workplace demonstrations or such unexpected and extraordinary situation. The Emergency Management was restructured in 2013.

### Social contribution work undertaken by Albaraka Türk

Albaraka Türk, which is a respected and reliable brand in the participation banking sector, stood out in 2013 with its banking activities as well as social contribution projects and its support for culture and art. Its work in the corporate social responsibility field was not limited to the Bank's projects. Employees, in line with their own wishes, participated in voluntary activities to offer support to solutions for social problems.

The activities carried out by Albaraka Türk's personnel who believe that permanent values are enhanced with love, solidarity and sharing and their increased participation in the mentioned projects enhance the presence of the Bank in corporate social responsibility activities.

The Bank extended support to more than 20 projects, evaluating requests that were submitted in 2013.

### A significant contribution to our history and culture by sponsoring projects in these fields

- Albaraka Türk was the main sponsor of the documentary, Mevlidhan, broadcast with the aim of keeping the declining Mevlidhan culture alive and to introduce this culture to today's people. With this project, the Mevlid culture - which is one of the most important pieces of Turkish Literature - and the Mevlidhans were brought to television screens.
- The Bank supported the making of a documentary named "Africa and Ottoman", which covers the presence of Ottomans in Africa and their traces in Africa. The documentary is important in shedding light on Ottoman architecture, politics, trade, agriculture.
- Albaraka Türk was the training sponsor of the Decarceration of Prisoners project organized by the Turkish Engineers Association.
- Albaraka Türk supported the Sarıkamış Martyrs event, which was organized by the Ministry of Youth and Sport. Around 10,000 young people from all over the country met at Sarıkamış to commemorate martyrs as part of the event. The march which was organized as part of the commemoration ceremony was held in -13°C conditions with heavy snow. Thousands of young people who camped in the foothills of the Allahuekber Mountains saying "Allahuekber" for the martyrs and chanted "Grandfather, I have come over" as they marched.

### Continued support for calligraphy and illumination work

The Illumination process of the winning pieces in the Albaraka International Calligraphy Contest, which was organized in 2012, got underway in 2013. Work to extend the life of the calligrapher collection continued.

About 300 items of calligraphy were brought under the restoration project organized by the Directorate of Religious Affairs. As a result of this restoration work, these pieces were exhibited in the Hagia Sophia museum under the sponsorship of Albaraka Türk.

Calligraphy calendars were prepared for 2014. The book, Calligraphy and Architecture in the Muslim World, which is edited in English, was published with the support of Albaraka Türk.

The SIMURG Drawing Contest, organized for the children of personnel working in the Bank, attracted a great deal of attention. Albaraka Türk developed a model project which also includes its workers into the drawing contest organized with the inspiration of the SIMURG Corporate Transformation Program, which was started in 2012 to realize the vision of "Being The Best Participation Bank in the World".

### Expectations and forecasts related to 2014

Albaraka Türk expects the Turkish economy to grow at a slower pace in 2014 than in 2013 as a result of both domestic and international uncertainties. The Central Bank of Turkey's (CBT) interest hike will suppress the growth in the credit channels, casting doubt over the achievement of the 4% GDP growth target set out in the Medium Term Program.

For the banking sector, the rise in interest rates on loans will result in a deterioration in margins because of the competition for deposits. As a result, profitability is set to decrease in 2014. Higher interest rates will also lead to a reduction in loan applications. In terms of asset quality, there will be an increase in non-performing loans due to devaluation of the TL and slowdown in the economy. However, the sound structure of the sector and the legal regulations will help stem the deterioration in asset quality.

The Participation banking sector outperformed the overall banking sector in 2013 in terms of the volume of assets, loans and funds collected. Sukuk issues, which promote the diversification of funding sources for participation banks, will continue next year. Moreover, the government's commitment to continue issuing lease certificates in 2014 will also support participation banks in their efforts to diversify their asset base while also providing sufficient amounts to establish a secondary market.

Albaraka Türk will continue to grow in 2014 without compromising the delicate balance between sustainable growth and profitability, with its sound financial and asset quality. The Bank expects its assets and its funded credits to increase by 20% in 2014, with its funds collected expected to grow by 15%. Efforts will be undertaken to roll over the 1 year maturity segment of its USD 430 million murabaha syndication loan at lower costs. The Bank also plans to issue a sukuk in order to support the liabilities side.

Profit & loss partnership projects have contributed significantly to Albaraka Türk's profitability in the past and also provided the Bank with invaluable experience in their successful management. Such projects will be important in 2014 as well. Albaraka Türk is the profitable leader of this business line and intends to remain so.

With 166 branches located all nationwide as well as an international branch in Iraq (Erbil), Albaraka Türk plans to open a further 25 to 30 branches in 2014. Albaraka Türk will keep its eye firmly on maintaining its high level of service quality in the conduct of its business by undertaking whatever improvements are needed to ensure its technological infrastructure keeps pace with the expansion in its branch network and with the associated growth in its business volumes.

The Private Pension company which our bank established with Kuveyt Türk will enter operation in 2014, which will provide services based on the interest free principle.

2014 will be a year of substantial and significant progress for Albaraka Türk as it moves towards the realization of its vision of being "The World's Best Participation Bank".

## In 2014

**Albaraka Türk expects 20% growth in its assets and 15% growth in its funded credits in 2014.**



## Annual Report Compliance Opinion



Güney Bağımsız  
Denetim ve SMMM AŞ  
Büyükdere Cad  
Beytem Plaza No:20  
34381 Şişli  
İstanbul - Turkey

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

### CONVENIENCE TRANSLATION OF THE REPORT ON COMPLIANCE OF ANNUAL REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH

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

We have audited the compliance and accuracy of the financial information included in the Annual Report of Albaraka Türk Katılım Bankası A.Ş. as of December 31, 2013 with the audited financial statements drawn up as of the end of the accounting period. The Annual Report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion about the report that we have audited.

We have conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual reports in the Banking Law No. 5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance whether the financial information included in an annual report is free from material errors. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information presented in the accompanying Annual Report accurately reflects, in all material respects, the information regarding the financial position of Albaraka Türk Katılım Bankası A.Ş. as of December 31, 2013 in accordance with the principles and procedures set out by the regulations in conformity with Article 40 of the Banking Law No. 5411. It includes a summary report of the Board of Directors and the independent auditor's report originally issued by us in Turkish; and it is consistent with the information contained in the independently audited financial statements and notes to these financial statements originally issued in Turkish.

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

Metin Canoğulları  
SMMM, Partner

April 28, 2014  
Istanbul, Turkey

# Information on the Management and Corporate Governance Practices

- Board of Directors
- Senior Management
- Information on Board of Directors and Senior Management
- Organization Chart
- Committees and Committee Meetings Attendance
- Summary of the Board of Directors' Annual Report
- Support Services Providers
- Transactions of the Bank with the Risk Group
- Corporate Governance Compliance Report

## Board of Directors



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### (1) Adnan Ahmed Yusuf ABDULMALEK Chairman

Mr. Adnan Yusuf was born in 1955 in Manama (Bahrain). He studied Administrative Sciences in the Hull University (England) where he also completed his post-graduate degree. He commenced his banking career in 1973 at Habib Bank. He worked at the American Express Bank between 1975 and 1980 as assistant manager of credit transactions. He then held the following positions at Arab Banking Corporation (ABC) from 1980 onwards: Manager of main branch, deputy general manager and vice-chairman, director of global marketing and financial institutions division, head of Arab World division, vice manager of subsidiaries and investments. In 1998 Mr. Yusuf became the chairman of ABC Islamic Bank (EC). He was then appointed as the general manager of Al Baraka Banking Group (ABG) in March 2000. He took office as the CEO of Bahrain Islamic Bank during 2002-04. Since August 2004, he has been working as a board member and CEO of the ABG. In the board of directors of several banks in ABG family, Adnan Yusuf is either a member or chairman. Apart from above mentioned positions, Mr. Adnan Yusuf has twice been recipient of the "Islamic Banker of the Year" Award at the World Islamic Banking Conference, in December 2004 and December 2009. He has been the chairman of the Board of Directors and the Credit Committee of Albaraka Türk since April 2005.

### (2) Yalçın ÖNER Vice Chairman

Yalçın Öner was born in 1938 in the town Araç (Kastamonu). He had his degree from the Faculty of Political Sciences at Ankara University and received his masters degree at Minnesota University (USA) on public administration. He started his professional career in 1959 at the Ministry of Finance as tax inspector. Later on, he began to work for the State Investment Bank in 1972 and for Yatırım Finansman Investment A.Ş. in 1978. He became the first general manager of Albaraka Türk in 1985 and held this position until 1996. Yalçın Öner has been board member since 1996. He has been the board member responsible for internal audit and Risk Management from July 2001 onwards. He took office in our Bank as executive (resident) board member between April 2002 and January 2007. During the period December 2006 - March 2008 he was a board member responsible from internal systems and Audit Committee members of Albaraka Türk. He has been vice-chairman of the Board of Directors since April 2002.

### (3) Osman AKYÜZ Board Member

He was born in 1954 in the town Yomra (Trabzon). He has obtained his degree from the Faculty of Political Sciences, Ankara University. He has commenced his professional career in 1978 as a tax inspector at the Ministry of Finance. He was then transferred to Sezai Türkeş - Fevzi Akkaya Group as an auditor and financial consultant in 1983. In 1985, he started working as the manager of financial and administrative affairs in Albaraka Türk. Thereafter he worked as the manager of fund allocations (1991-94), assistant general manager (1994-95) and general manager of the Bank (1996-2002). Osman Akyüz is a member of the Credit Committee in our bank since November 2001 and executive (resident) board member since April 2002. Mr. Akyüz also holds a position in the Union of Turkish Participation Banks as secretary general since July 2002, board membership in the Istanbul Chamber of Commerce since April 2005 and board member in the Borsa Istanbul since 2012.

### (4) Ibrahim FAYEZ HUMAID AL SHAMSI Board Member

He was born in 1949 in the Ajman city of the United Arab Emirates (UAE). Mr. Ibrahim FAYEZ had his degree in economics from the Arab University of Beirut in Lebanon in 1972. He commenced his professional career in 1969-1972 at Bank of Oman as current accounts chief. Later on he became the manager of its Ajman branch (1971). He held the following positions: Manager of financial affairs at the Ministry of Housing & Town Planning of UAE (1972-1976); assistant general manager at Abu Dhabi Fund for Arab Economic Development (1976-1989); board member for European Arab Bank Holding in Luxembourg (1978), Board member for Industrial Bank of UAE (1983-1999), Board member for Austrian Conference Centre Co in Vienna (1984) and Board member for Dubai Islamic Bank (1998-2001). He also worked as chairman of UAE Bangladesh Investment Co in Bangladesh (1988-1989), and Board of The Arab Fund for Economic & Social Development in Kuwait (1983-2010). He has been the CEO of the Emirates Islamic Bank in Dubai between 2004 and 2011. He has been a board member of Albaraka Türk since April 2005. He is also the chairman of Corporate Governance Committee.

### (5) Prof. Dr. Ekrem PAKDEMİRLİ Board Member

He was born in 1939 in Izmir. Professor Pakdemirli received his bachelor's degree from the Faculty of Mechanical Engineering in the Middle-East Technical University (Ankara). Having completed his postgraduate studies at this university, he has completed his doctorate at Imperial College London University. He is Sworn Chartered Accountant since 1989. The government offices and positions he has been vested with include the followings: Deputy undersecretary of the State Planning Organization, vice-rector of Dokuz Eylül University, undersecretary of the Undersecretariat of Treasury and Foreign Trade, chief consultant to prime-minister of Turkey, ambassador at large. During his office as a member of parliament, representing Manisa City for 4 consecutive terms (between 1987 and 2002) he was appointed as the Minister of Transportation, Minister of Finance and Customs, Minister of State, Deputy Prime-Minister of Turkey. He has been working as a lecturer at Bilkent University, Başkent University and Istanbul Ticaret University since 2003. Prof. Pakdemirli has also worked as the deputy chairman of Vestel Electronics A.Ş. and BİM Birleşik Mağazalar A.Ş. and Çevresel Kimya A.Ş. as board member. Today he is board member of Sinpaş GYO, SAF GYO and Ulker Bisküvi A.Ş. Prof. Pakdemirli was appointed as a member of the board of directors of Albaraka Türk in 2007.

### (6) Hamad Abdulla A. EQAB Board Member

He was born in 1970 in the city of Manama, the capital of Bahrain. Mr. Eqab received his degree in accounting from the University of Bahrain in 1993. His professional career started by working as banks' inspector for Bahrain Monetary Agency in the same year. In 1996, Mr. Eqab moved to the Bahrain office of Arthur Andersen Auditing & Consultancy firm as an insurance auditor. He worked at Shamil Bank of Bahrain BSC as internal auditing manager responsible for numerous auditing and consultancy projects between the years 2002 and 2004. He joined the Ithmaar Bank at the same city as senior manager overseeing internal audit operations between the years 2004 and 2005. Since February 2005, he has been working at ABG in Bahrain, as senior vice-president responsible for financial control. He has been holding a CPA certificate since 1996. Currently he is vice-chairman of the Accounting and Auditing Standard Board of AAOIFI and, also board and audit committee member in Jordan Islamic Bank and Albaraka Algeria. He holds the position of a member of the Board of Directors and the Audit Committee since March 2008.





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**(7) Mitat AKTAŞ****Board Member**

He was born in 1963 in Selendi (Manisa town of Turkey). Mr. Aktaş was graduated from the Economics department of Political Sciences Faculty at Ankara University in 1984. He completed his master's degree in 1992 at the Vanderbilt University in the USA. He started his career by joining the Turkish Ministry of Finance as tax inspector in 1984. He started working in our Bank as the manager of financial affairs department in 1996. Between 2003 and 2008 he worked as the head of audit and inspection group in Albaraka Türk. Since March 2008, he has been working as a member of the Audit Committee and a board member who is in charge of the internal systems of our Bank.

**(8) Fahad Abdullah A. Al RAJHI****Board Member**

He was born in Riyadh, the capital of Saudi Arabia in 1961. Mr. Al-Rajhi was graduated from the Industrial Management Department in King Fahad Petroleum & Minerals University in 1984. He commenced his professional career in 1987 at Al-Rajhi Banking and Investment Corporation as vice manager of the central branch. He was then promoted as manager of the central branch and later on as assistant manager of collaterals department. In the same bank, he was responsible for liaison with government offices and investments. He worked as a board member for Saudi Public Transportation company between 1995 and 2001. He worked as the general manager of treasury and finance department in Al-Rajhi Banking & Investment Corporation until May 2008. Currently, he is the chairman of board of directors of Fahad Abdullah Rajhi Venture Company., Raysut Cement at Oman and Najran Cement, He has been a member of our Board of Directors and the Corporate Management Committee since March 2008.

**(9) Khalifa Taha HAMOOD****Board Member**

He was born in 1952 in Aden/Yemen, graduated from the faculty of Accountancy & Finance of Newcastle Upon Tyne Polytechnic. During 1976 to 87, he was a self-employed accountant in England. He worked as an auditor with Touche Ross & Co in Jeddah between 1987 to 1989. He also worked as senior auditor with Deloitte & Touche in Jeddah and Texas between 1989 to 1992. He joined Whinney Murray & Co (member of Ernst & Young International) in Riyadh and worked as assistant manager between 1992-1996. Later on he joined the Islamic Development Bank (IDB) in Jeddah since 1996 to-date working as senior internal auditor, section head of disbursements, division chief of budget & disbursements and finally as division chief of settlements. He has reached the rank of "Director" in the Islamic Development Bank (IDB). Khalifa Taha Hamood was appointed as member of the Board of Directors in Albaraka Türk since 2011.

**(10) Hood Hashem Ahmed HASHEM****Board Member**

He was born in 1965 in Bahrain, graduated from the faculty of Computer Science and Engineering at King Fahd University of Petroleum & Mineral in 1989 and completed MBA program in 2005 at University of Glamorgan Cardiff, UK. Mr. Hashem worked as senior analyst at Bahrain National Oil Company between 1989 and 1996, and in August 1996 joined the Arabian Insurance Group (ARIG) as Senior Systems Developer. As a senior consultant, Mr. Hashem worked in Bahrain for airlines computer datacenter of the SABRE Group during 1998-99 and at Arthur Anderson in 1999 and 2000. Mr. Hashem, who worked as Senior IT manager in Bahrain Islamic Bank between 2000 and 2007, joined Albaraka Banking Group (ABG) in 2007 February. Mr. Hashem is a Certified International Project Manager (CIPM) and Certified Information Systems Auditor (CISA). Hood H.A.HASHEM was appointed as board member of Albaraka Türk in 2011 and also board and risk committee member in Jordan Islamic Bank.

**(11) Kemal VAROL****Board Member**

Kemal Varol who was born in 1943 in Iğdır, had his Masters Degree on the Textile Chemistry from the Institute of Science and Technology of Manchester University in 1965 where he had also completed his Doctorate in 1968. Since 1974, Mr. Varol has been working as a senior manager in numerous companies including the Sümerbank where he worked as General Manager and Chairman of the Board. He is currently working as an Associate Professor and the Head of Industrial Engineering Department at Istanbul Commerce University. Kemal Varol was appointed as the Independent Board Member to the Board of Albaraka Türk in 2013 and is also a Credit Committee Member.

**(12) Fahrettin YAŞI****Board Member and General Manager**

Mr. Yaşlı was born in Fatsa (Ordu) in 1965. He received his degree from the Department of Management of the Faculty of Political Sciences in Ankara University (1987) and completed his Masters Degree in Banking Department of Social Sciences Institute at Marmara University (Istanbul, 2006). He started his professional career as a sworn auditor for banks in 1987. After working for Ege Bank as an Assistant General Manager between 1996 and 1998, he was appointed as Assistant General Manager to Albaraka Türk in the same year. Between the years of 2005 and 2009, Mr. Yaşlı held the position of Deputy Assistant General Manager at Albaraka Türk. He has been the General Manager of Albaraka Türk since November 2009.

## Senior Management



1 2 3 4 5

### (1) Fahrettin YAHŞİ

#### Board Member and General Manager

Please see Board of Directors page for the CV of Fahrettin YAHŞİ. / See page 47 for the CV of Fahrettin YAHŞİ.

### (2) Mehmet Ali VERÇİN

#### Assistant General Manager

Mr. Verçin was born in Kurtalan (Siirt) in 1962. He received his degree from the Department of Economics of the Faculty of Political Sciences in Ankara University. He worked for several private companies between 1984 and 1993 as manager of exporting affairs as well as marketing manager. He began working as a Specialist in Marketing Projects in Albaraka Türk in 1993. He was promoted as Chief, Second Manager, Assistant Manager and then onto Executive in the Project and Marketing Department (1993-2000) at Albaraka Türk. Mr. Verçin has been Assistant General Manager since 2005 responsible for Corporate Marketing, Treasury Marketing And Investment Projects departments.

### (3) Nihat BOZ

#### Assistant General Manager

Born in Kars in 1963, Mr. Boz graduated from the Faculty of Law of Istanbul University (1985). After being a self-employed lawyer (1985-1987), he was appointed as lawyer to the Legal Affairs Department at Albaraka Türk in 1987. He later became Assistant Manager and Manager within the same department (1995-1996). Between 2002 and 2009, Mr. Boz was head legal consultant at Albaraka Türk. He has served as Assistant General Manager responsible for Legal Advisory And Legal Follow-Up Departments of Albaraka Türk since December 2009.

### (4) Temel HAZIROĞLU

#### Assistant General Manager

Mr. Hazıroğlu was born in Trabzon in 1955. He received his degree from the Department of Mathematical Engineering in Istanbul Technical University (1980). He worked as Programmer, System Analyst and Assistant Manager of IT for Türkiye Emlak Bankası. He worked as the IT Manager at Albaraka Türk between the years of 1986 and 1991. Between 1992 and 1995, he worked in the trading sector as an independent consultant. In 1996, he was again appointed to Albaraka Türk where he worked as Manager of IT department and Deputy Manager of Human Resources and Administrative Affairs Department. Mr. Hazıroğlu has been Assistant General Manager since 2003 primarily responsible for the Human Values, Training and Organization, Performance and Career Management, Administration Services and Financial Affairs Departments.

### (5) Bülent TABAN

#### Assistant General Manager

Mr. Taban was born in Ordu in 1966. He received his degree from the Faculty of Management in Istanbul University (1987). He completed his postgraduate study at the Department of Management, Social Sciences Institute in Istanbul Technical University (1990). He began his banking career as an inspector in the board of inspectors for Türk Ticaret Bank. He transferred to Kentbank in 1995 where he was appointed as Manager of Retail Banking in 1997. He began working as the Manager of Retail Banking Department for Albaraka Türk in 2002. Since 2003, he has been in the office as the Assistant General Manager primarily responsible for Commercial Marketing, Commercial Products and Regional Office Departments.

## Information on Board of Directors and Senior Management

Position	Name-Surname	Education	Inception at Work	Experience in Banking Sector	Share (%)
<b>Board of Directors</b>					
Chairman	Adnan Ahmed Yusuf ABDULMALEK	Masters Degree	2005	40	(*) 0,0000
Vice Chairman	Yalçın ÖNER	Masters Degree	1985	41	
Board Member	İbrahim Fayez Humaid ALSHAMŞİ	Bachelors Degree	2005	43	0,0006
Board Member	Osman AKYÜZ	Bachelors Degree	1996	27	(*) 0,0000
Board Member	Prof.Dr Ekrem PAKDEMİRLİ	PhD Degree	2007	12	-
Board Member	Mitat AKTAŞ	Masters Degree	2008	29	(*) 0,0000
Board Member	Hamad Abdulla A. EQAB	Bachelors Degree	2008	20	(*) 0,0000
Board Member	Fahad Abdullah A. ALRAJHI	Bachelors Degree	2008	26	(*) 0,0000
Board Member	Hood Hashem Ahmed HASHEM	Masters Degree	2011	13	(*) 0,0000
Board Member	Khalifa Taha HAMOOD	Bachelors Degree	2011	17	(*) 0,0000
Board Member	Kemal VAROL	PhD Degree	2013	5	(*) 0,0000
Board Member	Fahrettin YAHŞİ	Masters Degree	2009	25	-

(\*)The share amounts of these persons are between TL 1-10 (full).





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**(6) Turgut SİMİTCİOĞLU****Assistant General Manager**

Born in Erzurum in 1961, Mr. Simitcioğlu received his degree from Education Faculty in King Suud University (Saudi Arabia, 1989). He had master degree on business administration from Fatih University in 2012. He started his professional career as an officer in the central branch of Albaraka Türk (1990) later advancing to Assistant Chief and Chief (1993-1997), Second Manager and Assistant Manager (1997-2001) positions within the same branch. Between 2001 and 2003, he became Vice Manager within the branch and then in the Corporate Banking Department. Mr. Simitcioğlu then became Manager of central branch in 2003 until 2009. In 2009, he was appointed as Assistant General Manager primarily responsible for Credit Operations, International Banking Operations, Payment Systems Operations, Risk Follow-Up And Banking Services Operations Departments.

**(7) Melikşah UTKU****Assistant General Manager**

Mr. Utku was born in Ankara in 1968. He graduated from Mechanical Engineering Department of Boğaziçi University (Istanbul, 1990). He completed his graduate studies in London School of Economics (1990-1992) and Masters Degree on economic development in Marmara University (Istanbul, 1998). In 2004, he served as consultant to General Manager of Albaraka Türk. In 2006 - 2007, he was head economist in Albaraka Türk. He later worked as Investor Relations Manager from 2007-2009. He was appointed as Assistant General Manager in December 2009 primarily responsible for Budget And Financial Reporting, It Support, Software Development, Project Management and Governance and Strategy of IT Departments. In addition, he was an economics columnist for Yeni Şafak newspaper for over 10 years (1995-2009).

**(8) Ayhan KESER****Assistant General Manager**

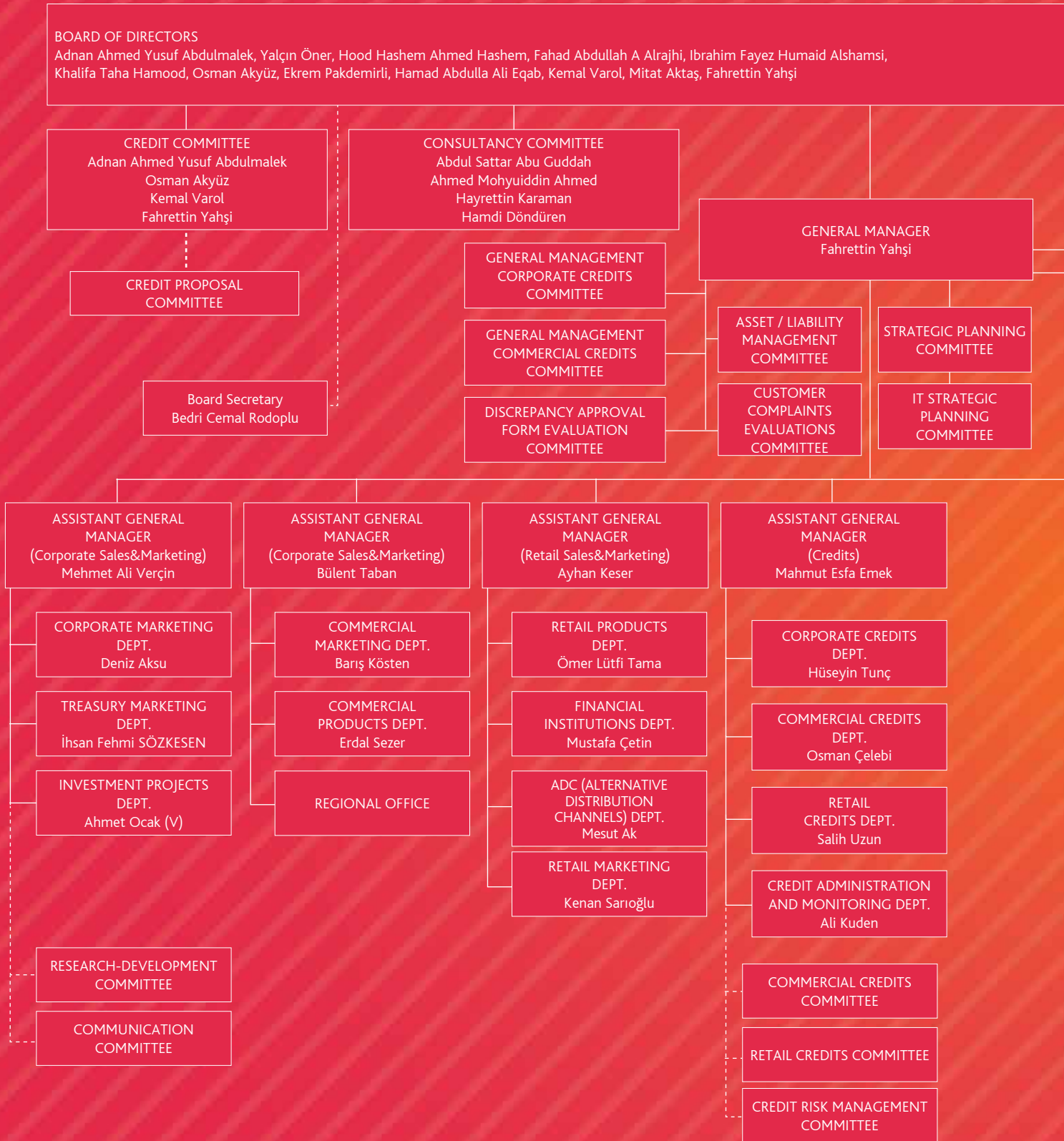
He was born in 1970, Kalecik-Ankara. Mr. Keser graduated from the Department of Economics at the Middle East Technical University (Ankara, 1991). After briefly working at Ziraat Bank, Mr. Keser worked successively as Banks' Sworn Assistant Auditor and Banks' Sworn Auditor at the Undersecretariat of Treasury; Prime Ministry of Republic of Turkey. He joined Bank Asya in 1997 later resigning as Assistant General Manager in 2011. Mr. Keser joined Albaraka Türk in March 2011 as Assistant General Manager. He is responsible for the Retail Products, Financial Institutions, Alternative Distribution Channel and Retail Marketing Departments.

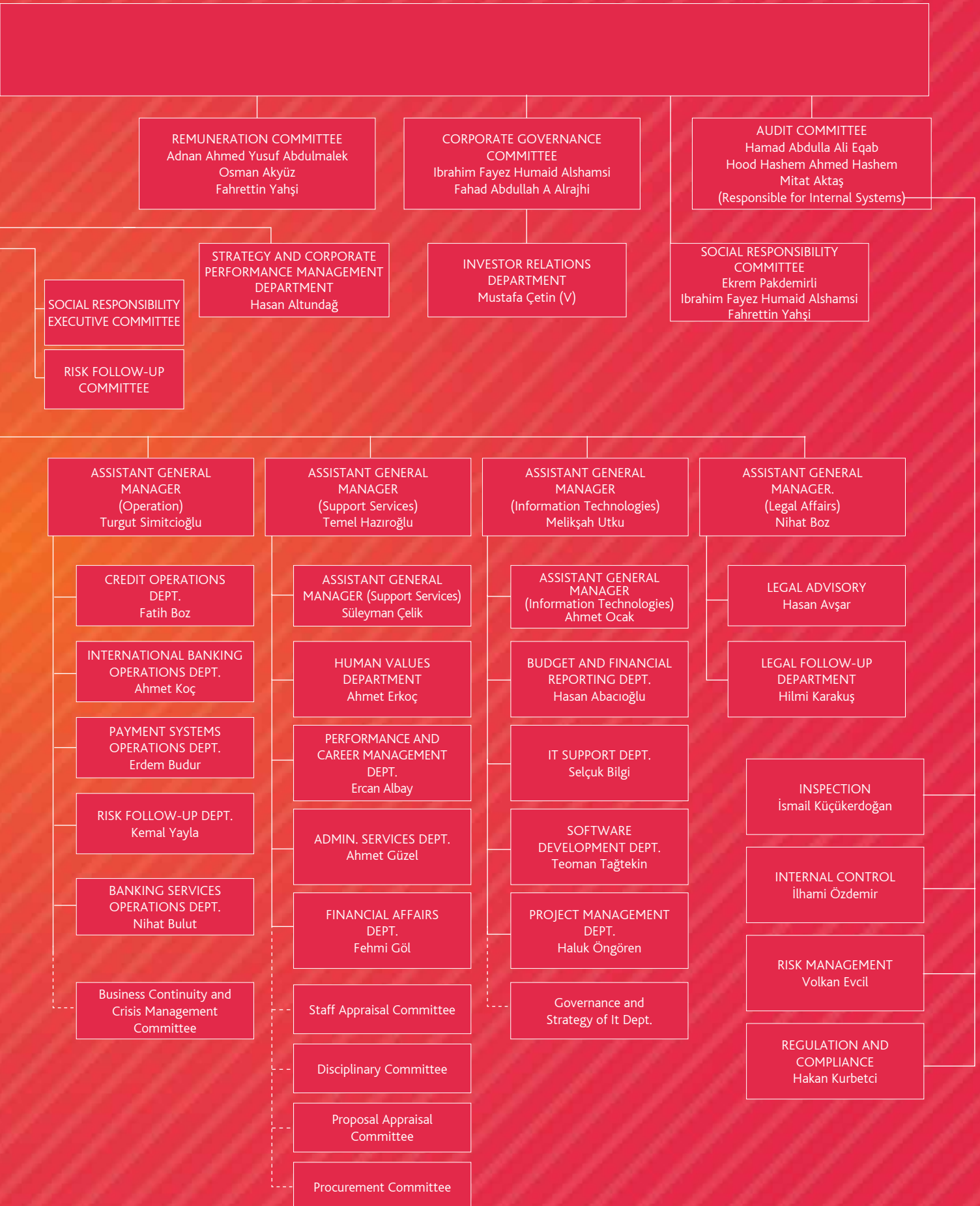
**(9) Mahmut Esfa EMEK****Assistant General Manager**

Born in 1965 in Erzurum, Mr. Emek graduated from the faculty of Management at Atatürk University (Erzurum, 1985). He joined İmar Bank in 1988 as Assistant Inspector. He joined Albaraka Türk in 1990 working as Assistant Inspector, Inspector, Assistant Head of the Inspection Board and Head of the Inspection Board between 1990 and 2003. In 2003, Mr. Emek was appointed as the Manager of Operations Department later becoming Senior Manager in the same department in 2010. In March 2011, he was promoted as the Assistant General Manager responsible for Corporate Credits, Commercial Credits, Retail Credits and Credit Administration and Monitoring Departments.

Position	Name-Surname	Education	Inception at Work	Experience in Banking Sector	Share (%)
<b>Senior Management</b>					
General Manager	Fahrettin YAHŞİ	Masters Degree	2009	25	-
Assistant General Manager	Mehmet Ali VERÇİN	Bachelors Degree	2005	20	-
Assistant General Manager	Nihat BOZ	Bachelors Degree	2009	27	0.0048
Assistant General Manager	Temel HAZIROĞLU	Bachelors Degree	2003	28	0.0342
Assistant General Manager	Bülent TABAN	Masters Degree	2003	22	-
Assistant General Manager	Turgut SİMİTCİOĞLU	Masters Degree	2009	24	-
Assistant General Manager	Melikşah UTKU	Masters Degree	2009	10	-
Assistant General Manager	Mahmut Esfa EMEK	Bachelors Degree	2011	26	-
Assistant General Manager	Ayhan KESER	Bachelors Degree	2011	22	-

## Organization Chart\*





## Committees and Committee Meetings Attendance

### 1. CREDIT COMMITTEE

#### A) PURPOSE

Within the authorities vested by the Board of Directors, the Credit Committee resolves about demands for credit line allocations amounting up to 10% of the Bank's equity including their renewals, amendments and/or collateral changes on condition that the tasks, powers and responsibilities should remain within the restrictions defined in the Banking Law.

#### B) ORGANIZATION OF THE COMMITTEE

It consists of General Manager or Deputy General Manager with at least two members chosen by the Board of Directors amongst members that meets the conditions required for the General Manager (except for the term) to carry out the assignments given regarding credits. Two reserve members that have the specifications required in the General Manager are chosen (except for the term) to serve in substitute for the Credit Committee members who cannot participate in any meeting.

Current Members of the Credit Committee:

President	: Adnan Ahmed Yusuf ABDULMALEK, Chairman,
Member	: Osman AKYÜZ, Board Member,
Member	: Fahrettin YAHŞI, Board Member and General Manager,
Member	: Kemal VAROL, Board Member
Reserve Members	: Yalçın ÖNER, Ekrem PAKDEMİRLİ

#### C) FUNCTIONS OF THE COMMITTEE

Based on the powers delegated by the Board of Directors, the Credit Committee is authorized to allocate credit lines in the frame of methods/ principles defined by the Banking Regulation and Supervision Agency and to conclude the credit resolutions within delegated limits.

In this respect the Committee;

- Decides on Branches credit limits and utilized conditions
- Evaluate and decide on the branches' demand in terms of limit allocation and raises.
- Resolves on credit lines that are to be decreased or canceled,
- Monitors the general credit policy of the Bank
- Determines the terms and conditions of credit allocations,
- Decides on converting credit lines of clients into other modes of credit facility

#### D) OPERATION PRINCIPLES OF THE COMMITTEE

The Credit Committee convenes with the participation of all members. The Credit Committee's decisions given unanimously are implemented directly and decisions given by majority are implemented after the approval of the Board of Directors.

The committee agenda is determined by the General Manager. The written advice of the General Manager is asked for in limit increases done by the Credit Committee. For proposals regarding credits for which financial tables have to be required, it is essential that the financial analysis and inquiry reports should be attached.

Activities of the Credit Committee are subject to audit of Board of Directors. Each Board member is authorized to ask for all kinds of information from the Credit Committee about Committee's activities and to conduct all kinds of control he finds necessary.

The decisions of the Credit Committee are recorded in the minute book. The Credit Committee minute book is kept according to the procedures and principles that Board minute book is subject to.

Note: The Credit Committee convened 99 times in 2013 with all members attended.



## 2. AUDIT COMMITTEE

### A) PURPOSE

The Audit Committee consists of the Board members for assisting the audit and supervision activities of the Board of Directors according to the article 24.6 of the Banking Law.

### B) ORGANIZATION OF THE COMMITTEE

The Audit Committee consists of at least two non-executive Board members. The Committee members have to have the specifications determined by Banking Regulation and Supervision Agency.

Current Members of the Audit Committee:

President: Hamad Abdulla A.EQAB, Board Member

Member: Hood Hashem Ahmed HASHEM, Board Member

Member: Mitat AKTAŞ, Board Member and Internal Systems Executive

Observer: Yalçın ÖNER, Vice Chairman

Observer: Ibrahim Fayez Humaid Al SHAMSI, Board Member

Observer: Fahrettin YAHŞİ, Board Member and General Manager,

### C) FUNCTIONS OF THE COMMITTEE

In the name of the Board, Audit Committee monitors the efficiency and proficiency of the internal systems of the Bank, the functioning of these systems as well as the accounting and reporting systems in framework of the Banking Law and related regulations, and the integrity of the produced data,

Providing preliminary evaluations to the Board of Directors when selecting the independent firms of auditing, rating, appraising and outsourcing;

Regularly monitoring the activities of the said companies which are appointed by the Board of Directors and with which contracts are signed;

Ensuring the consolidated internal auditing of partnerships as per the regulations introduced with respect to the Banking Law, and coordinating their activities.

### D) WORKING PRINCIPLES OF THE AUDIT COMMITTEE

The Audit Committee convenes at least 4 times a year.

The Audit Committee discusses issues related to internal control, financial tables, internal audit and other items on their agenda, by also summoning the representatives of independent audit agencies, if and when needed,

Committee resolutions are submitted to the Board of Directors for acknowledgment or ratification.

Resolutions of the Audit Committee are registered in the Book of Resolutions as per the related provisions of the Banking Law.

Note: The Audit Committee convened 5 times in 2013 with all members attended.



## Committees and Committee Meetings Attendance

### 3. CORPORATE GOVERNANCE COMMITTEE

#### A) PURPOSE

The Committee has been formed to follow-up, evaluate and improve our Bank's compliance with the principles of Corporate Governance and submit proposals to the Board of Directors in this respect.

#### B) ORGANIZATION OF THE COMMITTEE

The committee consists of at least two members of the board. If possible, the committee members are chosen from non-executive members. When found necessary, people who are not members of the board and are experts on their subjects can also be employed in the Committee. The Committee members are reassigned at the first Board meeting done after the ordinary general assembly meeting every year. If the independent members serve running 7 years, their independence on this is concluded. However, it may be possible for them to be appointed as independent member after a discontinuation of 2 years.

Current Members of the Corporate Governance Committee:

President	: Ibrahim Fayez Humaid Al SHAMSI, Board Member
Member	: Fahad Abdullah A. Al RAJHI, Board Member
Observer	: Osman AKYÜZ, Board Member
Observer	: Fahrettin YAHŞİ, Board Member and General Manager,

#### C) FUNCTIONS OF THE COMMITTEE

- To find out whether the Principles of Corporate Governance are applied at the Bank and to determine the reasons why, if not applied; to encounter conflicts of interest that occur due to lack of full-compliance with these principles; to submit proposals to the Board of Directors for improvement of the current applications;
- To coordinate the works of the Investor Relations Department;
- To form a transparent system for the nomination, evaluation, orientation and rewarding of candidates to be our Board Members and to carry out studies for developing policies and strategies in this regard;
- To develop proposals regarding the number of Board Members and the Top Management Staff;
- To determine and monitor the approaches, principles and applications concerning the evaluation of the performances of Board Members and Top Managers, their career planning and remunerations.

#### D) WORKING PRINCIPLES OF THE COMMITTEE

The committee convenes at least four times a year with more than the half number of its members and adopts by majority. The works and proposals of the Committee are discussed in the Board as an agenda item. The secretarial procedures of the Committee are done by the member determined by the Committee President.

Note: The Corporate Governance Committee convened 5 times in 2013. All members of the Corporate Governance Committee attended all of the meetings.

### 4. REMUNERATION COMMITTEE

#### A) PURPOSE

It ensures the establishment of a balanced distribution between the benefits and rights of the Board of Directors, senior management, bank employees and partners and rewarding of the Board of Directors, senior management and bank employees to the extent of their participation to the Bank's process of providing value.

#### B) ORGANIZATION OF THE COMMITTEE

Current Members of the Remuneration Committee:

President	: Adnan Ahmed Yusuf ABDULMALEK, Chairman
Member	: Osman AKYÜZ, Board Member
Member	: Fahrettin YAHŞİ, Board Member and General Manager

#### C) OPERATION PRINCIPLES OF THE COMMITTEE

The Committee meets at least once a year. The decisions are taken by the majority of votes at the committee meetings. In case of tie of votes, the party of the president is deemed to win with majority. Decisions are made in writing and signed by the participating members.

Note: The Remuneration Committee convened 3 times in 2013. All committee members attended all of the meetings.

## 5. STRATEGIC PLANNING COMMITTEE

### A) PURPOSE

The committee has been formed for determining the strategic objectives that will realize the Bank's vision starting from the Bank's current position, mission and primary principles and defining, executing, observing and evaluating the strategic targets that will enable achieving these.

### B) ORGANIZATION OF THE COMMITTEE

The Committee consists of Assistant General Managers under the presidency of the General Manager. Related Assistant General Manager carries out the secretariat duty of the Committee. For the works to be performed, the Committee can take consultant/expert support from within the Bank or from the outside; invite managers or assistant managers from related departments.

Current Members of the Strategic Planning Committee:

President	: Fahrettin Yahşi (General Manager)
Member	: Mehmet Ali Verçin (Assistant General Manager)
Member	: Temel Hazıroğlu (Assistant General Manager)
Member	: Bülent Taban (Assistant General Manager)
Member	: Nihat Boz (Assistant General Manager)
Member	: Turgut Simitcioğlu (Assistant General Manager)
Member	: Melikşah Utku (Assistant General Manager, Secretary)
Member	: Mahmut Esfa Emek (Assistant General Manager)
Member	: Ayhan Keser (Assistant General Manager)

### C) FUNCTIONS OF THE COMMITTEE

- To determine short and long term strategic and budget targets that complies with the Bank's mission and vision by evaluating competition conditions, general economic conjuncture, and general expectations in national and international finance markets,
- To present the strategic targets and budget targets to the Board's approval,
- To ensure the announcement of annual strategic targets approved by the Board of Directors to Bank employees,
- To ensure that the annual strategic targets are turned into process targets in a balanced manner,
- To observe and evaluate the realization of annual strategic targets and budget targets through the related departments and submit reports on their actualization to the Board,
- To determine the revision need of the targets and budget depending on the general economic conjuncture within the year and present it to the Board's approval.
- To work according to other matters stated on the budgeting procedures.

### D) WORKING PRINCIPLES OF THE COMMITTEE

The Committee convenes at least four times a year. The committee makes the decisions in written form and these are signed by the participants. The committee takes the decisions by the majority of votes. In case of tie of votes, decision is taken in the direction of the president's vote side.

Note: The Strategic Planning Committee convened 5 times in 2013. All committee members attended all of the meetings.

## 6. ASSET / LIABILITY MANAGEMENT COMMITTEE

### A) PURPOSE

The Asset/Liability Management Committee (ALMC) was formed mainly to assess and evaluate the composition of assets and liabilities on the Bank's balance sheet for the purpose of ensuring effective management of the Bank's financials. In this context, ALMC examines all of the resources and the areas in which they are used, the structure of tenor maturity, liquidity levels, foreign currency and pricing risks, credit risks and capital adequacy factors which affect the quality of assets. It also aims to possess the resources that are required for products and services rendered to our customers, readily available, and peruse the factors that could affect our Bank's profitability. The committee also ensures the measures to be taken as a result of its evaluations, perusals and examinations are executed.

## Committees and Committee Meetings Attendance

### B) ORGANIZATION OF THE COMMITTEE

The Committee consists of Assistant General Manager and concerned Department Managers under the presidency of the General Manager.

Current Members of the Asset and Liability Committee:

- Fahrettin YAHŞİ (General Manager - President)
- Mehmet Ali VERÇİN (Assistant General Manager)
- Bülent TABAN (Assistant General Manager)
- Temel HAZIROĞLU (Assistant General Manager)
- Nihat BOZ (Assistant General Manager)
- Turgut SİMİTÇİOĞLU (Assistant General Manager)
- Melikşah UTKU (Assistant General Manager)
- Mahmut Esfa EMEK (Assistant General Manager)
- Ayhan KESER (Assistant General Manager)
- Ahmet OCAK (Budget And Financial Reporting Department Senior Manager)
- İhsan Fehmi SÖZKESEN (Treasury Marketing Manager)
- Volkan EVCİL (Head of Risk Management)
- Hasan ALTUNDAĞ (Strategy and Corporate Performance Management Manager)

### C) FUNCTIONS OF THE COMMITTEE

- To provide the distribution of resources effectively and to be used these sources efficiently in order to ensure growth in the Bank.
- To evaluate general economic data, current and likely political and economic developments,
- To analyze the factors that could affect the quality of the balance sheet and effectiveness of the Bank (i.e. maturity mismatch, liquidity risk, foreign currency and pricing risks) in light of relevant reports and presentations,
- To ensure that the resources required for the products and services extended to our customers are readily available with best cost and quality,
- As a result of the evaluation, to develop investment, pricing and funding strategies and to ensure that necessary measures be taken in this direction.
- To evaluate the asset and liability composition of the Bank's balance sheet,
- To assess the Bank's resources, as well as the areas and activities in which they are used.
- To assess the credit risks that could affect asset quality,
- Evaluating Bank's capital adequacy, liquidity and foreign exchange position as well as efficiency of utilization of resources.
- To examine the factors that could affect profitability of our Bank, including operational risks,
- To make sure that the actions required for restoring the findings of its evaluations are executed.

### D) WORKING PRINCIPLES OF THE COMMITTEE

- It convenes regularly the first business day of each week between 11:00-12:00. Meetings will be held on between 12:00-13:00 in Unit Managers Meeting times. Also, committee may convene in other days and hours with the determination of Chairman of the committee.
- Topics which are not included of the duties of the Committee and requested to discuss at the meeting are forwarded to the secretariat of the committee in every week until Thursday at 18:00 o'clock.
- The secretariat of the committee creates the draft agenda and delivers it to the approval of the General Manager. Meeting agenda is announced to participants after the approval of General Manager and meeting is held in line with this agenda.
- Other Unit Managers and officials can participate in the meeting by invitation in order to receive information and/or express their opinions. Committee members should attend the meetings well-prepared.
- The secretariat of the Committee is fulfilled by the Manager of Budget and Financial Reporting. Although the secretariat is responsible for preparation of committee reports, presentations and meeting minutes, the relevant units help the preparation of the reports to the secretariat.
- The decisions of the meeting are recorded and forwarded to the concerned departments and followed up by secretariat.

Note: The members who could not attend some meetings have been represented by their deputies.

## 7. SOCIAL RESPONSIBILITY COMMITTEE

### A) PURPOSE

Consultancy committee was founded in order to implement best social responsibility practices by considering core values and social responsibility principles of the Bank.

### B) FUNCTIONS OF THE COMMITTEE

To evaluate the impact of the Bank's operations on the society

To review the cautions related to the impacts of the Bank's operations on the society

To lead the Praesidium of Social Responsibility to deliver social responsibility projects which express corporate profile of the Bank that is in harmony with vision and mission statements to the society, stakeholders and shareholders.

To ensure that the social responsibility projects implemented related to considering core values and social responsibility principles of the Bank.

To resolve the objects of Praesidium of Social Responsibility reports.

### C) WORKING PRINCIPLES OF THE COMMITTEE

The Committee convenes at least two times a year. The committee takes the decisions unanimously. The committee makes the decisions in written form and these are signed by the participants.

### D) ORGANIZATION OF THE COMMITTEE

The Committee consists of Board Members Ibrahim Fayez Humaid Alshamsi and Fahrettin Yahşi (General Manager) under the presidency of Prof Ekrem Pakdemirli. The one who is appointed by the Committee carries out the reporter and secretariat duty of the Committee. The one is responsible for sustaining and publishing meeting minutes and reports, and coordination in committee operations regarding the guidance of Social Responsibility Committee. The secretary and reporter member do not have voting right.

Note: Social Responsibility Committee convened 3 times in 2013.

## 8. CONSULTANCY COMMITTEE

### A) PURPOSE

Consultancy committee was founded in order to audit Albaraka Türk's banking activities whether they are comply with interest free banking model, on the 6th May 11 with 957 number decision of the Board of Directors.

### B) ORGANIZATION OF THE COMMITTEE

Consist of four members including president, one inspector and two observers.

### C) Current Members Of The Consultancy Committee:

President : Abdul Sattar Abu GUDDAH  
 Member : Ahmed Mohyuddin AHMED  
 Member : Hayrettin KARAMAN  
 Member : Hamdi DÖNDÜREN

Note: Committee convened 2 times in 2013

## Summary of the Board of Directors' Annual Report

Esteemed shareholders:

Welcome to the 29th annual general meeting of our bank.

Before presenting the Board of Directors' and the Statutory Auditors' reports concerning the results of activities in fiscal year 2013 for your consideration and approval, we respectfully greet our shareholders, their representatives, and our guests who have honored this meeting with their presence.

We have recently completed a year in which there was significant volatility in markets especially second half. This unexpected situation which affected developing countries adversely was deeply felt in our country. However, our bank also had another successful year consisted with its attitudes towards both growth and profitability.

In the year to 31 December 2013:

- Total assets increased by 39.7% to TL 17,217 million.
- Total collected funds increased by 35.8% to TL 12,526 million.
- Funded credits\* increased by 32.5% to TL 12,060 million.
- Shareholders' equity increased by 22.9% to TL 1,497 million.
- Net profit increased by 25.8% to TL 241 million.

\* Includes financial leasing receivables.

We exceeded the performance targets set by the Board of Directors to a substantial degree. With the support of you, our valued shareholders, we shall continue to grow soundly in 2014 as well.

We hereby submit for your consideration and approval the balance sheet and profit/loss statement contained in our annual report for 2013.

Respectfully,

The Board of Directors

Albaraka Türk Katılım Bankası A.Ş.



## Support Services Providers

The Name of the Company	Explanation for Services and Products
C/S Enformasyon Teknolojileri Ltd. Şti.	Information Technologies
Acerpro Bilişim Çözümleri Yazılım ve Danışmanlık Hizmetleri İç ve Dış Tic. Ltd. Şti.	Information Technologies
Kibele İletişim Sistem ve Servisleri Tic. Ltd. Şti.	Information Technologies
ICS Financial Systems Ltd.	Information Technologies
Acerpro Bilişim Çözümleri Yazılım ve Danışmanlık Hizmetleri ve Dış Tic. Ltd. Şti.	Information Technologies
Fineksus Bilişim Çözümleri Tic. A.Ş.	Information Technologies
Fineksus Bilişim Çözümleri Tic. A.Ş.	Information Technologies
Kartek Kart ve Bilişim Teknolojileri Tic. Ltd. Şti. (Smartsoft)	Operational Services
Bilişim Bilgisayar Hizmetleri Ltd. Şti. (Banksoft)	Operational Services
Provus Bilişim Hizmetleri A.Ş.	Credit and Debit Card Operations
Yapı ve Kredi Bankası A.Ş.	POS Services
Güzel Sanatlar Çek Basım Ltd. Şti.	Check Printing Agreement
Tümsaş Teknolojik Endüstriyel Bilgisayar Ürünleri, Mühendislik ve Pazarlama A.Ş.	Order Systems
İpoteka Gayrimenkul Yatırım Danışmanlık A.Ş.	Attorney for Real Estate Registering
IBM Global Services İş ve Teknoloji Hizmetleri ve Tic. Ltd. Şti.	Information Technologies
FU Gayrimenkul Yatırım Danışmanlık A.Ş.	Attorney for Real Estate Registering
Nadir Metal Rafineri Sanayi ve Tic. A.Ş.	Physical Gold Collecting Services
Active Bilgisayar Hizmetleri ve Tic. Ltd. Şti.	Information Technologies
Intertech Bilgi İşlem ve Pazarlama A.Ş.	Core Banking
Vizyon Bilgi Teknolojileri ve Danışmanlık Ltd. Şti.	E-Invoice

## Transactions of the Bank with the Risk Group

Transactions of the Bank that are carried out with its Risk Group of which it is a member includes all banking operations under market conditions and in normal bank-to-client affairs, compatible with the prevailing Bank's Act. Detailed explanation can be found in Section 5 of "31 December 2013 - Unconsolidated Financial Statements and Independent Auditor's Report", under footnote – VII."

## Corporate Governance Compliance Report 31.12.2013

### 1. Declaration of Compliance to Corporate Governance Principles


Multinational companies became more important in the economies by the increasing globalization and cross-border capital flow which caused more transparent and accountable management attitude. Problems of multinational companies have more impact on the overall economy and society ever. That is why OECD published Corporate Governance Principles in 1999 and Turkish Capital Market Board pioneered to implement the principles to the publicly listed companies in 2003.

In parallel with the developments in the economy and capital markets, Corporate Governance Principles are constantly updated by the Capital Markets Board (CMB), lastly published in the Official Gazette on 30th December 2012 entered in the force compliance with the Capital Market Law No. 6362 prepared under, No. II-17.1 "Corporate Governance Report" published in the Official Gazette on January 3, 2014 entered in the force.

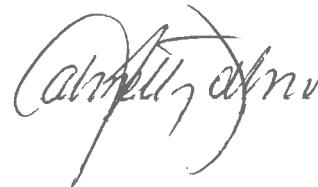
Albaraka Türk Participation Bank (Albaraka Türk) which visions 'to become the best participation bank in the world' complies with the Corporate Governance Principles which were adopted and declared by the Capital Markets Board (CMB). The Bank has enriched the contents of its annual report and its web site in compliance with the framework of these principles. JCR Eurasia Rating Co rates Albaraka Türk for corporate governance compliance since 2010. Albaraka Türk's corporate governance compliance rating was 8,62 and outlook was stable on 19th of July, 2013, details of 4 main topic as seen below.

Main Titles	%
1. Shareholders	8.38
2. Public Disclosure and Transparency	9.10
3. Stakeholders	8.55
4. Board of Directors	8.22

Determination and Implementation of Corporate Governance Principles (Serial: IV, No: 56-63) in accordance with the regulations, in the general meeting to be held in 2012, independent board members were selected. The same notification and compliance with the Turkish Commercial Code No. 6102 was revised in 2012 in the Bank's Articles of Association were approved and presented to the General Assembly. Because of the not alignment of corporate governance principles, there has never been any conflict of interest during the period.



Adnan Ahmet Yusuf ABDULMALEK  
Chairman



Fahrettin YAŞI  
General Manager



Ayhan KESER  
Assistant General Manager



Mustafa ÇETİN  
Manager

## Corporate Governance Compliance Report 31.12.2013

### PART I - SHAREHOLDERS

#### 2. Investor Relations Unit

Investor Relations Unit was established in 2007 to respond to the inquiries of the shareholders in a correct and timely fashion. The Unit operates Corporate Governance Committee. The staff and contact information are given at the table below.

Name Surname	Title	Telephone Number	E-mail Address
Mustafa ÇETİN	Manager	+90 (216) 666 0179	mcetin@albarakaturk.com.tr
Mustafa KARAMEHMETOĞLU	Assistant Manager	+90 (216) 666 0923	mkaramehmetoglu@albarakaturk.com.tr
Mücahit ÖZDEMİR	Assistant Manager	+90 (216) 666 0591	mucahitozdemir@albarakaturk.com.tr

All inquiries whose answers do not fall under the category of commercial secret are handled by this unit, keeping in mind the principle of equality among shareholders and thus, a continuous line of communication is maintained between the management and the shareholders.

Financial tables mentioned in the legislation were collected from the relevant departments on a quarterly basis and within the time limits specified by the law and were disclosed primarily through the Capital Markets Board (CMB), the Public Disclosure Platform (PDP) and Istanbul Stock Exchange (ISE).

Press releases are prepared in relation to the quarterly period for which the financial tables are published and presentations are prepared for the purpose of informing the investors. These are subsequently published on the web site.

A total of 43 special material disclosures were made to the ISE, and the same have been published on PDP in transition stage.

The investors' visits, 4 of which were abroad and 1 of which is domestic, were conducted by the participation of Investor Relations Unit staff and the senior management in 2013.

Within 2013, a total of forty-five meetings were made both with domestic investment companies and international investment funds. Additionally, inquiries from investors and analysts, which were amounted around 480, were replied via telephone and e-mail correspondence.

#### 3. Shareholders' Right to Access Information

The Bank protects the rights of the shareholders related to information access, investigation, participation in general assemblies, voting, obtaining dividends and minority rights. No discrimination is made among the shareholders in relation to the utilization of information access rights of the shareholders in accordance with the Turkish Banking Law and related legislation. All kinds of information necessary for an equal treatment of all shareholders, their ability to exercise their rights and to make their investment decisions are availed.

All sorts of inquiries related to Albaraka Türk are answered by the Investor Relations Unit through e-mail and telephone correspondence and through conducting of one-to-one or group meetings with existing or potential investors and bank analysts.

Albaraka Türk has two separate Investor Relations web pages, both in English and Turkish.

These internet sites are accessible from the URL's below:

- Turkish investor relations site

[http://www.albarakaturk.com.tr/yatirimci\\_iliskileri/anasayfa.aspx?](http://www.albarakaturk.com.tr/yatirimci_iliskileri/anasayfa.aspx?)

- English investor relations site

[http://en.albarakaturk.com.tr/investor\\_relations/homepage.aspx?](http://en.albarakaturk.com.tr/investor_relations/homepage.aspx?)

The website provides information regarding the shares, introductory corporate data, periodically released financial tables and annual reports, social responsibility projects, electronic presentations explaining the developments in the Bank, and announcements about the latest developments related to the Bank.

Special material declarations related to changes related to the rights of the shareholders are submitted to the ISE and PDP.

Appointment of special auditors as an individual right has not been established in the Articles of Incorporation of the Bank and no request has been received until this time related to any such special auditor appointment.

#### 4. Information on General Shareholders' Assembly

The General Shareholders' Assemblies are conducted within the framework of the Banking Law, the Turkish Commercial Law and Capital Markets Law. The Ordinary General Shareholders' Assembly was convened on 29 March 2013. The Ordinary General Shareholders' Assembly was convened with a representation of 76.92 % and all shareholders expressing their intention to participate in these meetings were able to do so.

Again in 2012, an Extraordinary General Meeting held on 19th of June. The 7th article of Article of Incorporation revised and the capital increased TL 900,000,000 from TL 539,000,000 on the GM. Another revision was made the number of board of member on the 15th article and the number of members increased 12 from 11.

The invitations to shareholders to participate in the General Shareholders' Assemblies are published at the Istanbul Stock Exchange and PDP, the Trade Registry Gazette as well as newspapers distributed all over Turkey two weeks before the assemblies; and data has been entered in Central Record Office for the shareholders that are traded at the exchange will place to be able to attend the general assembly.

Additionally, the invitations are published at the Bank's web site and are also sent by registered mail to shareholders available in the share register and to shareholders who have previously presented documents certifying their share ownership and addresses, along with the newspapers where the meeting agenda and announcement were published.

The shareholders can exercise their right to make inquiries at the General Shareholders' Assemblies and all such inquiries are handled. There is no limitation in the Articles of Incorporation related to the adoption of decisions for purchasing, selling or renting properties in the General Shareholders' Assemblies. According to the provisions of the Articles of Incorporation, voting by proxy is possible. According to article 38 of the Articles of incorporation, shareholders can either exercise their right of voting directly at the General Shareholders' Assemblies or can exercise this right through another person who is not necessarily a shareholder. The shareholders can attend the General Meeting online for the first time this year. Our Bank, dated 08.28.2012 and published in the Official Gazette No. 28395 Joint Stock Company in General Meeting to be Held in electronic media, is subject to the provisions of the Regulation. For this purpose, making the necessary arrangements for our shareholders may attend the general meeting of ECSC.

Decisions adopted at the General Shareholders' Assemblies are announced to the shareholders through the Bank web site. Duties related to compliance with the Articles of Incorporation and internal regulations of the Bank while exercising shareholder rights and ensuring the exercise of such rights are performed by the Investor Relations Unit.

An invitation would be sent to press and stakeholders enable them to participate in General Assembly Meeting.

At the Ordinary General Assembly to held on 29.03.2013, our Bank did not receive any requests from shareholders about adding items to the agenda.



## Corporate Governance Compliance Report 31.12.2013

### 5. Voting Rights and Minority Rights

There are no privileges vested in the shares of the Bank. The distribution of capital of Albaraka Türk as of 31 December 2013 is as follows:

Capital Distribution of the Bank		
Shareholder Type	Share Amount (TL)	Share (%)
Foreign Shareholders	594,902,934	66.10
Albaraka Banking Group	486,523,266	54.06
Islamic Development Bank	70,573,779	7.84
Alharthy Family	31,106,364	3.46
Other	6,699,526	0.74
Local Shareholders	97,347,102	10.82
Public Shares	207,749,964	23.08
Total	900,000,000	100.00

The capital structure is published on the web site of the Bank. There is no provision enabling the exercise of cumulative voting right in our Articles of Incorporation as of now.

All of the shares of our Bank have been recorded at Central Record Office A.Ş. ("MKK")

Minority rights are appointed to the shareholders who have had one of twenty (5%). Our bank cares minority right strictly. There were no complaints about the issue in 2013.

### 6. Profit Distribution Policy and Time Schedule

Dividend policy of our Bank which was presented to General Shareholders' Assembly is published in our internet web site.

There is no privilege in relation to profit distribution to the shareholders. Every shareholder gets his/her dividend from the distributed profits in proportion to his/her own share. The profit distribution is handled in accordance with the Turkish Commercial Law and relevant regulations of the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board (CMB). The profit distribution takes place within the time schedule specified by the law.

### 7. Transfer of Shares

According to the article 11 of the Articles of Incorporation, registered shares can be transferred without the approval of the Board of Directors in accordance with the Capital Markets Law, the Banking Law, the Turkish Commercial Law, and Central Registry Agency regulations. Transfer of shares that require approval by Banking Regulation and Supervision Agency (BRSA) in accordance with the Banking Law can be transferred only after obtaining this approval. Share transfers that are made without obtaining the necessary approvals will not be registered in the share register. In case no approval is obtained from aforementioned Board, the partners acquiring such shares cannot benefit from any right other than dividend payments.

## PART II – PUBLIC DISCLOSURE AND TRANSPARENCY

### 8. Company Disclosure Policy

Disclosure policy of our Bank which was presented to General Shareholders' Assembly is published in our internet web site.

Our bank acts within the framework of principles of fairness, correctness, neutrality, coherence and timing with respect to disclosure of information to shareholders and other stakeholders.

Disclosures and announcements as part of this policy are promptly made for all developments concerning our Bank's rights and benefits and for developments that might cause important changes in the financial situation and/or activities of our Bank.

However disclosed information can not include any information that might have negative consequences on the Bank, our shareholders and other stakeholders by hindering competition and cannot be in the context of commercial secret.

Public disclosure can also be conducted, not only through special material disclosures, but also through press statements in times of need. Information and meeting requests of the shareholders and other stakeholders are assessed within the framework of our Bank's information policy and all information shared in this way could only be within the scope of previously disclosed public information.

The Bank's financial tables are announced in accordance with regulations of the CMB and the BRSA.

Financial table announcements and special material disclosures are handled by Investor Relations Unit.

### 9. Website of the Company and Its Contents

Albaraka Türk Participation Bank has two separate websites, one in Turkish and the other in English. The websites are accessible from [www.albarakaturk.com.tr](http://www.albarakaturk.com.tr)

All information required by CMB Principles of Corporate Governance is disclosed on our website.

Within the framework of public disclosure and information policies, our Bank's website provides easily accessible information under the section of Investors Relations.

Under the Investors Relations title; Corporate Information (history, trade registry information, shareholders information, articles of incorporation), Corporate Governance (our vision and mission, core values, board of directors and audit committee, top management, corporate governance principles, ethic principles for banking, information policies, profit distribution policy, list of information access, organizational structure), General Assembly (announcement information document for ordinary annual general meeting, participation procedure, minutes of the meeting, list of attendants, sample power of attorney), Financial Tables and Rating Reports (annual reports, independent auditors report, rating reports, IFRS reports, financial tables and other), Presentations, Stock Information (upper managements transactions, dividend distribution, capital increase, analyst reports), Stock Performance, Investor Relations Contact and Financial News.

The necessary security measures have been taken against making changes on the information published on the internet site and precautions against potential threats are constantly updated.

### 10. Annual Report

The information on board members and the tasks they performed out of the Bank, committees created within the board and the working principles, employees and social responsibility activities take part in the our annual report.

There is no real person controlling shareholders in the Bank. There is no any shareholders who have the above 5% rate. The shareholding structure of the Bank is disclosed on both annual reports and web site.

## Corporate Governance Compliance Report 31.12.2013

### PART III – STAKEHOLDERS

#### 11. Informing Stakeholders

Stakeholders of Albaraka Türk receive information on issues that may be of interest to them. This information is provided through special event announcements sent to the ISE and KAP, newspaper announcements, meetings, Q&A and the Bank's website.

#### 12. Participation of Stakeholders in Management

The principle adopted for the participation of stakeholders in management is to make arrangements parallel to the related legal provisions.

Our staff shares their opinions with Senior Management of the Bank through conducted surveys and proposal system.

Albaraka Türk always aims at achieving customer satisfaction with the products and services it provides. In order to achieve high quality of products and services; work flow charts, work process definitions, and instructions have been set up and announced to all employees through the Bank's intranet.

Our customers can convey their opinions to the Senior Management of the Bank through internet web site and complaint/suggestion boxes available in our branches.

Customers can submit their complaints and questions about Albaraka Türk's products and services via:

- Calling our call center on 444 5 666
- Using 'You Ask, We Solve' Module on the website ([www.albarakaturk.com.tr](http://www.albarakaturk.com.tr))
- Sending e-mails to [soruncozelim@albarakaturk.com.tr](mailto:soruncozelim@albarakaturk.com.tr)
- Filling the Customer Forms available at all the branches
- Sending faxes to +90 (216) 666 16 10
- Writing directly to the Head Office

All complaints and suggestions from our customers are assessed by customer relations department and all the customers replied. Furthermore, all customer complaints are categorized and reported to Senior Management regularly.

Another performance criteria designated stakeholders' group by Albaraka Türk is the suppliers. When selecting the suppliers of outsourced products and services the Bank takes into account the factors mentioned below:

- References
- Examples from the suppliers' previously conducted work.
- Proficiency and technical efficiency of supplier at its profession
- Cost

The Bank shares its performance criteria with its suppliers so as to establish a mutual understanding. The Bank provides equal opportunities to all suppliers and it also follow up the suppliers' performance whether they comply with the social standards.

The Bank keeps the information of its customers and suppliers within the context of trade secrets.

### 13. Human Resources Policy

The purpose of the human resources policy is to ensure the employment, development of the qualifications and the stability of the qualified and skilled personnel which have the qualifications needed at the national and international level and specialized in their fields in order for the Bank's operations to be performed according to its purpose, vision, mission and corporate values, in an effective, fast, reliable and productive manner.

The Bank's human resources policy is determined and established by any General Management.

For the application, improvement and following up of the human resources policy firstly the Assistant General Management responsible for human resources is responsible. This responsibility also belongs to the related Managers in the fields they are responsible for.

Basic principles of the human resources policy are the following:

Respecting the personality of the employee, ensuring that his rights regarding the work relationship are protected,

Sharing the corporate culture and establishing commitment to the corporate culture and ensuring that all personnel come together around common targets.

Realizing the employment of the necessary and adequate number of personnel suitable for the work to be done; having the intellectual, professional knowledge and skills and ensuring that the personnel work with commitment other than the highest productivity and profitability targets,

To provide professional training, development and improvement means for all personnel according to the work to be done,

To provide environments which will encourage the personnel to innovative, enterprising thinking and producing new ideas and products,

Making an effort to place employees from within the Bank for managerial and authorized positions and giving the priority to personnel developed from within the Bank for appointments to be made to vacant positions.

To inform the personnel in matters of interest to the personnel, to development communications methods and tools to ensure that the Personnel easily inform the Managers of their opinions and ideas,

To create a working environment which would increase the job motivation of the personnel and making an effort for the development of social relations,

Encouraging the personnel to be successful, developing applications related to this, awarding personnel who have shown outstanding achievement.

### 14. Codes of Conduct and Social Responsibility

Giving great importance to the support of development of society, Albaraka Türk has continued its efforts in corporate social responsibility in 2013.

Albaraka, which continue to support activities in order to strength participation banking sector in all areas. According to Bank's corporate culture and assessing the sponsorship requests in 2013, Albaraka actualized over 20 different sponsorship activities.

Albaraka Türk has continued to give support to the most valuable traditional arts, namely Calligraphy and Ornamentation in some aspects in 2013. Albaraka International Calligraphy Competition held in 2012, the winners of the works began the process of ornamentation and the study of expanding the collection of vital calligrapher is also continued in 2013. Approximately 300 calligraphy artifacts are came to light for restoration with the project organized by Presidency of Religious Affairs. After restoration, the artifacts are exhibited on Hagia Sophia Museum via our Bank's sponsorship. Calligraphy calenders for 2014 are also prepared and the English printed "Calligraphy and architecture in the Muslim World" issued via our Bank's support.

As Albaraka, we made a major contribution with the sponsorship for project that prepared especially to our history and culture.

## Corporate Governance Compliance Report 31.12.2013

Also, Albaraka gives sponsorship support to "Africa and Ottoman" documentary related to Ottoman presence and traces in Africa. Documentary shows the traces of Ottoman Civilization, which lived for centuries in the geography of Africa, from architecture to politics and from trade to agriculture.

Albaraka is training sponsor for the "Convicts Into Society" project, to be held in Ankara, organized by Turkish Engineers Union and also gives support to sponsorship for Sarıkamış Martyrs Activity organized by Ministry of Youth and Sport.

Created in 2012 by the fifth we make, traditional Red Crescent Blood Donation Campaign, 26-27 days in September was held in our headquarters building.

Bereket Foundation, is one of the most important social responsibility of Albaraka, continue to its work increasingly in 2013. Since 1987, Bereket Foundation gives scholarship to total of 15,473 undergraduate and graduate students, providing education support.

Simurg painting contest for employees' children attracts great attention. Albaraka Türk, in order to realize "To Be the World's Best Participation Bank" vision that began in 2012, inspired by SİMURG Corporate Transformation Programme organized a painting contest with a sample project that would include employees has been set.

With the Bank's Board of Directors decision numbered 693, the "Code of Ethics" that adopted by Participation Banks Association of Turkey is to be observed in banks activity.

### PART IV – THE BOARD OF DIRECTORS

#### 15. Formation and Structure of the Board of Directors and Independent Members

The Board of the Bank consists of Chairman Adnan Ahmed Yusuf ABDULMALEK, Vice Chairman Yalçın ÖNER, Resident Executive Member Osman AKYÜZ, Member İbrahim Fayez Humaid ALSHAMSI, Member Hood Hashem Ahmed HASHEM, Member Khalifa Taha HAMOOD, Member Ekrem PAKDEMİRLİ, Member Mitat AKTAŞ, Member Hamad Abdulla A.EQAB, Member Fahad Abdullah A. ALRAJHI, Member Kemal Varol and Resident Executive Member and General Manager Fahrettin YAŞI.

Board Members are elected for a term of maximum three years according to Article 14 of the Articles of Incorporation. Members whose office terminates can be elected again. General Manager of the Bank is a natural member of the Board. From March 29, 2013 after the Bank's Ordinary General Assembly "Board of Directors" with the amendment of Article 14 the number of members of the board of directors consists of at most 13 members and at least 5 have been determined.

With 30th December 2012 the Official Gazette II-17.1 numbered the "Corporate Governance Communiqué", independent board members are three in number not less than the Bank of the old man is in the Banks' board structures in audit committee membership for the appointed board members of this Communiqué within the framework of independent board was reported to be regarded as a member.

The Board Members are restricted with the rules stipulated in Turkish Commercial Law and relevant charters and regulations with respect to their working for and running other operations or businesses outside the Bank. The Bank abides by these principles.

The minimum qualifications required of members of the Board of Directors of the principles of the Corporate Management 4.2 Operating Principles of the Board of Directors under the heading Basis of overlap with the qualifications and the main contracts that are located in the horseshoe. Qualifications set forth in the Corporate Governance Principles of the Board members who are not available.



## 16. Basis of Board Operations

The board holds its meeting in the Bank headquarters upon the invitation of the chairman. Every member can request the invitation of the board to the meeting in writing from the chairman. The board meeting can be held in a location other than the Bank headquarters or outside of Turkey on exceptional cases on condition that at least two thirds of the member number is present in person. In addition, board meetings can also be done electronically.

About matters which are explained in the Corporate Governance Principles of the Capital Market Board, its members must attend to the meetings personally. If legal quorum is provided, decisions are given by the majority of the members present. Every member opposing to the decision can demand their opposing opinion to be recorded on the decision.

According to the Banking Act, the Capital Market Law, the Commercial Codes and related legislations, Board decisions must be signed by the members attending the meeting, within one month, and must be saved in a book having sequentially numbered pages, with the date and number of the meeting, leaving no gaps or bulges between the lines of the resolutions. The said book must have been stamped according to rules on registration books as defined in the Turkish Commercial Law.

There is a Secretariat in our Bank to inform members of the Board of Directors and provide communication. And the establishment of committees of the Board composed of members of all the decisions that have been taken or reject the text stored in the procedures and requirements as defined in the legislation is archived. Although a legal obligation does not constitute, the foreign language(English) translations of decisions are available.

## 17. Number, Structure and Independence of Committees under the Board of Directors

In compliance with the legislation, there is an Audit Committee in Albaraka Türk Participation Bank which consists of three non-executive Board members. This committee reports to the Board and assists the Board in accomplishing its auditing and controlling functions. It is responsible of monitoring the operations of internal systems, accounting and reporting systems of the Bank.

Parallel to the common legal practice in the banking industry there is a Credit Committee in the Bank which consists of the General Manager and two Board members, in charge of the credit approval process. The Credit Committee is the last level of credit allocation process in the Bank which decides for credits by analyzing the proposals according to criteria given in the legislations, banking practices, targets and credit policies of the Bank, after the approval of General Management.

There is a Corporate Governance Committee which consists of the two Board members. This committee monitors, assesses the Bank's compliance with corporate governance principles and offers suggestions to the Board of Directors. The committee ascertains that the Bank conforms to the corporate governance principles. If conflicts of interests occur due to poor practice of the corporate governance principles, the committee offers suggestions for the solution of the problem to the Board of directors. Moreover, the committee works on setting out strategies for a transparent system in identification and assessment of candidates for the Board of Directors posts.

There is a Remuneration Committee which consists of a chairman and two members reporting to the Board. The committee aims to ensure that the board of directors, the senior management and the Bank's employee are awarded in proportion to their contribution to the Bank's value addition.

## Corporate Governance Compliance Report

### 18. Risk Management and Internal Control Mechanism

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

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

The General Manager is responsible from ensuring that departments of Bank operate in accordance with the specified policies and strategies about risk management as determined by the Board.

Necessary controls are also made to ensure competency with the policies and strategies by means of regular internal control and audit.

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

### 19. Strategic Targets of the Bank

Our Board has clearly established the mission, vision and strategic targets of Albaraka Türk as specified in its internet web site and annual report.

In the Articles of Incorporation of our Bank, it is written that the duties and responsibilities of Board members are specified in accordance with articles of the Turkish Commercial Law and the Banking Law.

Our Board monitors the development of the Bank to see if these are in line with the strategic targets of the Bank, and evaluates the performance of the Bank. Annual budget and strategic plan of the Bank is approved by the Board. The Board closely monitors the budget and compares it with actual performance, collects information about the deviations and follows up decisions taken. If there are important deviations from budget given changes in the market conditions, the budget is revised and submitted to the approval of the Board again.

### 20. Fiscal Rights of the Board

According to article 20 of the Articles of Incorporation, "The General Assembly of Shareholders decides the amount of general allowances, per-diem, wages, bonuses, premiums and other payments to be made to the chairman, vice chairman, and other members of the Board."

Apart from those approved by the General Assembly, there are resolutions about other costs of every Board member to be covered by the Bank like per-diem payable against every meeting attended (the amount of which is determined by the Shareholders' Assembly), and the transportation and full-board accommodation costs in approved hotels.

The Board of Directors has been authorized by the General Assembly to determine the payment of additional fees and the amount of these fees to the Board of Directors members who will be appointed to committees like Audit Committee, Credit Committee formed by the Board of Directors and specific subjects pursuant to the Articles of Incorporation of our Bank.

# Financial Information and Assessments on Risk Management

- Summary Financial Information for the Five-Year Period
- Evaluation on Financial Position, Profitability and Capability to Pay
- Risk Management
- Assessment of Internal Control, Internal Audit and Risk Management Systems by the Audit Committee
- Managers of Internal Audit Systems
- Ratings Issued by International Rating Agencies to Albaraka Türk
- Articles of Incorporation
- Unconsolidated Financial Statements Including Independent Auditors' Report and Notes to the Financial Statements as of December 31, 2013

## Summary Financial Information for the Five-Year Period

### Key Financial Highlights (TL thousand)

	2009	2010	2011	2012	2013
Total Assets	6,414,914	8,406,301	10,460,885	12,327,654	17,216,553
Collected Funds	5,464,645	6,881,590	8,044,747	9,225,018	12,526,212
Funded Credits*	4,685,994	6,296,815	7,286,960	9,100,063	12,059,901
Shareholders' Equity	710,666	852,635	1,004,251	1,218,333	1,497,268
Net Profit	105,279	134,044	160,155	191,835	241,409
Number of Personnel	1,934	2,175	2,601	2,758	3,057
Number of Branches	101	109	123	137	167

### Key Financial Ratios (%)

	2009	2010	2011	2012	2013
Funded Credits* / Total Assets	73.0	74.9	69.7	73.8	70.0
Funded Credits* / Collected Funds	85.8	91.5	90.6	98.6	96.3
Collected Funds / Total Assets	85.2	81.9	76.9	74.8	72.8
Return on Average Equity	15.7	17.1	17.1	17.0	17.7
Return on Average Assets	1.8	1.8	1.7	1.7	1.6
NPL Ratio	3.5	3.0	2.3	2.4	2.3
Net NPL Ratio	0.4	0.4	0.2	0.3	0.2
NPL Provisions Ratio	88.8	85.7	92.4	88.8	90.6
CAR	15.3	14.1	12.5	13.0	14.9

\*Including financial leasing

## Evaluation on Financial Position, Profitability and Capability to Pay

Albaraka Türk increased its assets to TL 17 billion in 2013 with an increase of 40% compared to previous year end despite of the turbulence in the global economy.

Carrying on the support it gives to real sector in 2013 as well; Albaraka Türk increased the funded credits which have the largest share in its assets to TL 12 billion with an increase of 33% as of 2013 year-end compared to the previous year-end. Total share of the funded credits in the total asset reached 70%.

The funds collected by the Bank reached TL 12.6 billion with an annual increase of 36% as of 2013 year-end. Albaraka Türk diversified its funding base with a murabaha syndication of USD 430 million provided from international markets in 2013. Also, capital structure of our Bank was supported by the USD 200 million subordinated murabaha sukuk issuance.

Maintaining its strong capital structure, Albaraka Türk increased its equities to TL 1.5 billion with an increase of 23% as of 2013 year end compared to previous year end.

Albaraka Türk has recorded net profit of TL 241 million in 2013 which means an annual increase of 26%. Increasing its operating income to TL 895 million with a rise of 27% as of 2013 year-end compared to previous year-end. Net profit share income was increased to TL 625 million with an increase of 29%.

Capital adequacy ratio became 14.9% above its legal obligation level as of 2013 year-end.



## Risk Management

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

The objective of the Risk Management System of our Bank is to ensure the definition, measuring, monitoring and controlling of the encountered risks by means of the policies, implementation methods and limits that have been determined to monitor, control and when necessary change the risk-income structure including the future cash flows and, accordingly, the quality and level of the activities.

The ultimate target of our Risk Management System is to allocate our functional activities sufficient capital (economic capital) consistent with the risks they bear and to maximize capital returns adjusted for risk, thus increasing the value added.

Basically being exposed to market, Liquidity and credit risk, strategic risk, credibility risk and operational risk, the Bank determines risk policies and application methods approved by the Board of Directors for the risks exposed that can be digitized. The said limits are monitored and reported by the units within the internal systems and the related organs of the Bank and ensured that the risks remain within determined limits. The Presidency of Risk Management which is organized within the framework of risk management regulations carries out the activities of the measurement, control and reporting of risks.

The Assets/Liabilities Committee (ALCO) manages the structure of the assets vis-à-vis liabilities by evaluating the domestic and global economic conditions concerning collecting and allocating funds in the direction of the risk management policies of our Bank.

### Market Risk

The Market Risk signifies the probability of possible losses that may arise from the effect of the fluctuations in exchange rates to our Bank's assets and liabilities held in different foreign currencies within and off the balance sheet and the probability of loss our Bank is likely to incur due to the price movements in the stocks held by our Bank.

Foreign exchange rate risk or foreign currency position risk portion of our market risk is defined as the negative impact on the Bank's income, and accordingly, in the equity, cash flows, quality of assets and consequently in our Bank's capacity in fulfilling its commitments, of the unexpected changes in exchange rates due to the foreign currency position of the balance sheet of the Bank. Similarly, security risk is defined as the negative impact on the Bank's income, and accordingly, in the equity, cash flows, quality of assets and consequently in our Bank's capacity in fulfilling its commitments, of the unexpected changes in prices of the securities held in the balance sheet of the Bank.

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

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

### Liquidity Risk

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

Liquidity risk could be caused by such factors as maturity mismatch, deterioration in the quality of assets, unexpected funding outflows, erosion in profitability levels and economic crisis. In order to manage liquidity risk, the Bank monitors the cash flows on a daily basis and takes preventive and improving measures taken so that commitments are met duly in time. The Liquidity risk is also evaluated by ALCO on a weekly basis. Our Bank applies a policy whereby liquid assets are kept in sufficient volumes and qualities in consideration of the minimum liquidity ratios determined by the related regulations and the liquidity experiences of the past in order to meet any liquidity requirement that could arise with unexpected volatilities in the markets.

### Credit Risks

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

The authority to approve credits belongs to the Board of Directors at our Bank. The Board of Directors determines the policies concerning the utilization, approval, risk management of the credits and other related management principles. It then ensures the implementation and supervision of these policies, taking required measures when necessary. The Board of Directors has transferred some of its authority in approving credit lines to the Credit Committee and General Management within the framework of the procedures and principles determined by the legal provisions. The General Management uses that authority to utilize credits by means of the credit departments and Bank branches. At our Bank, credit allocations are realized within those limits that are determined on the basis of each debtor and group of debtors. It is systematically not possible for customers to exceed the predetermined and approved limit. Close attention is paid to prevent any sector concentration that might impair the health of the credit portfolio. Utmost care is given to the prevention of risks concentrating on a small number of customers.

Credit risks are constantly monitored and reported by the internal systems units and risk management bodies. Credit risks are ensured to be in conformity to credit risk management policies and implementation methods.

## Risk Management

### Operational Risk

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

Operational risk is a type of risk present in all activities of Albaraka Türk. It could arise from errors of the staff or the system, from such transactions as may have been made based on insufficient or incorrect legal information or documents, due to impediments in the flow of information between the divisions in the organizational structure of the Bank, due to uncertainties in the definition of limits of authorities or from structural and/or operational changes, natural disasters, terror and frauds, etc. The Bank classifies operational risks into five groups according to their sources: staff risks, technological risks, organizational risks, legal and compliance risks and external risks. Albaraka Türk also takes required measures to maintain operational risks at acceptable levels.

### Other Risks

The other risks that Albaraka Türk could encounter include strategic and reputational risk. In order to avoid and/or control strategic risks, the Bank's Risk Management System is prepared for such changes as may have crucial impact on its activities, Bank's position and strategies, such as changes in the economic, political and socio-political conditions as well as in laws, regulations and similar arrangements. These have been incorporated into the Bank's emergency and business continuity plans.

The reputation risk is defined as events and situations that are likely to negatively affect the trust put in and the image of the Bank, possibly caused by all kinds of services, activities and relations of the Bank.

For the risk of reputation to be avoided and/or controlled by the Bank's Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Bank's reputation or image is detected. Preparations are made for the worst-case scenarios in advance. In the evaluation of the reputation risk, the relationship, level and impact of operational risks to the reputation risk are also taken into account.

## Assessment of Internal Control, Internal Audit and Risk Management Systems by the Audit Committee

In order to monitor and control risks faced, Albaraka Türk has formed a sufficient and efficient structure of internal systems, consistent with the scope and structure of activities, accommodating the dynamic environment, covering all the branches and divisions, within the framework of the methods and principles as highlighted in the related regulations.

The units within the scope of the Internal Systems are the Board of Inspectors, Presidency of Internal Control, Presidency of Risk Management and Presidency of Regulation And Compliance. All the four units operate under the auspices of the Board Member Responsible for Internal Systems and Board of Directors.

The Board of Inspectors carries out the function of audit that is inclusive of all the activities of the Bank, in which respect, the Board executes the processes of audit, inspection, investigation and inquiry at all the head-office divisions and branches of the Bank.

The Board of Inspectors functions with an understanding of risk-focused audit. During the process of audit, for which all available technologies are utilized, all activities are audited in conformance with both external and internal regulations.

Presidency of Internal Control conducts risk-oriented and interactive audits that ensure the regular, effective and safe performance of bank activities in the general management units and branches.

The findings, opinions and suggestions of these internal control activities are initially shared and evaluated by those that perform audited activities. This way, not only are the necessary complementary and preventive measures adopted and implemented in a fast manner, but also proper and applicable solutions that promote the processes and activities are put into practice. All these tasks are monitored and evaluated closely and constantly by those members of the staff that carry out the activities as well as the internal controllers.

Presidency of Risk Management carries out the activities of measurement, observation, control and reporting of the risks our bank is exposed to.

For the purpose of internal ratings-based measurement of credit risk which was the most serious risk exposed among the functional activities, studies started together with consultancy firm are in completed and the model covers small enterprises, commercial and corporate segment firms.

Additionally, risk measurement models are used for test-purpose in order to calculate market risk with other than Standard method which is currently used for measuring and reporting market risk. With backtesting applications, deviations between actual values and daily VaR values, predicted by risk measurement models, are determined for the purpose of testing accuracy and performance of these models. Potential strength of portfolio against to unexpected risks is measured with stress tests including stress scenarios. It is monitored that whether market risk of our Bank is within in the legal limits or not.

Our Bank which is conscious of building a strong structure in terms of asset quality, liquidity, capital adequacy, risk management and internal control, is carrying on its activities planned in its road map according to road map of Banking Regulation and Supervision Agency (BDDK) for transition to Basel II. The developments in this regard have been sent to BDDK as progress report.

There are two separate tasks of Presidency of Regulation and Compliance which was founded in order to manage effectively compliance risks related with national and international legislation. First one is that analyze the effects of related international or regional legislation on Bank's activities; monitoring establishment of those mechanisms which will ensure full compliance of the Bank to updated legislation and reporting them to Senior Management, correspond with authorities and law makers about matters which are not clear in the legislative sources and sharing the results with related parties, inform other departments about the changes in legislation detected in daily controls, present opinion and information to the Board of Directors for new products and transactions or activities planned to be carried out.

Also, according to number of 5549 Preventing Money Laundering Proceeds Of Crime Legislation, Legislation and Compliance Unit performs the following duties: composing relevant policies and procedures for the Bank, conducting risk management activities, conducting activities of monitoring and controlling, conducting training activities, establishing systems to ensure decreasing the risk of unexpected losses and damages to the image of the Bank; early recognition of problems which may result in losses by detecting defects and deficiencies; fixing the defects and deficiencies; setting up warning systems to check and monitor the processes and controlling whether the transactions in our Bank are done in compliance with the policies composed in the context of criminal proceeds legislations.

The staff appointed units within the scope of internal systems, who perform their task independently and impartially, have sufficient professional knowledge and experience.

The activities of the units within internal systems are evaluated periodically by the Audit Committee and the Board of Directors.

Mitat AKTAŞ	Hamad Abdulla A. EQAB	Hood Hashem Ahmed HASHEM
Member of Audit Committee	President of Audit Committee	Member of Audit Committee

## Managers of Internal Audit Systems

Information concerning the professional experience, duration of service in their positions at our Bank and educational background of the managers of the units within Internal Systems of our Bank is given below:

Name-Surname	Professional Experience (Years)	Duration of Services at Albaraka Türk (Years)	Length of Services in His Area (Years)	Education	Field of Responsibility
İsmail KÜÇÜKERDOĞAN	29	18	11	Bachelors Degree	Inspection
Volkan EVCİL	23	21	12	Bachelors Degree	Risk Management
İlhami ÖZDEMİR	17	12	12	Bachelors Degree	Internal Control
Hakan KURBETCİ	23	19	1 year 3 Months	Bachelors Degree	Regulation and Compliance



## Ratings Issued by International Rating Agencies to Albaraka Türk

### Credit Ratings

Standard&Poor's results issued in August 2013	
Long Term Credit Rating	BB
Short Term Credit Rating	B
Outlook	Negative

JCR Eurasia's results issued in May 2013					
	Foreign Currency	Local Currency	Outlook	Sponsor Support	Stand Alone
Long Term	BBB-	BBB-	Stable	2	AB
Short Term	A - 3	A - 3	Stable	-	-

### Corporate Governance Compliance Ratings of CMB

JCR Eurasia Rating results issued in July 2013	
Corporate Governance Compliance	8.62
Shareholders	8.38
Public Disclosure and Transparency	9.10
Stakeholders	8.55
Board of Directors	8.22

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>CHAPTER ONE</b> <b>INCORPORATION, OBJECTIVES, OPERATIONS, CAPITAL</b> <b>INCORPORATION</b></p> <p><b>Article 1:</b></p> <p>The Corporation has been established as a joint stock company under the related laws, regulations, decrees and communiqués prevailing in the Republic of Turkey and under the provisions of Turkish Commercial Code relating to corporate bodies, subject to the provisions contained herein on the following terms and conditions - and it carries on its operations as a Participation Bank as per the Banks Law no. 5411 - by the incorporators whose names and residences are given below:</p> <ol style="list-style-type: none"> <li>1) Saleh Abdullah Kamel (Saudi), P.O. Box 1438 Jeddah / Saudi Arabia,</li> <li>2) Hüseyin Mohsin Al Harithy (Saudi), P.O. Box 789, Riyadh / Saudi Arabia,</li> <li>3) Dr. Hassan Abdullah Kamel (Saudi), P.O. Box 1438 Jeddah / Saudi Arabia,</li> <li>4) Mahmoud Jamil Hassoubah (Saudi) P.O. Box 12718, Jeddah / Saudi Arabia</li> <li>5) Al Baraka Investment and Development Co. (Saudi) P.O. Box 6854 Jeddah/ Saudi Arabia</li> <li>6) Hak Yatırım Sanayi ve Ticaret A.Ş. (Turkish) Aşirefendi Cad. Topbaş Han, Kat:5 Sultanhamam/Istanbul</li> </ol>	<p><b>CHAPTER ONE</b> <b>ORGANIZATION, OBJECTIVE, ACTIVITY, CAPITAL, SHARE</b> <b>SECTION ONE</b> <b>Organization, Objective and Activity</b></p> <p><b>Organization</b></p> <p><b>Article 1:</b></p> <p>(1) The Bank has been organized as a joint stock company by the founders the names and addresses of which are given below, in accordance with the relevant laws, regulations, decrees, and communiqués in effect in the Republic of Turkey, and under the Turkish Commercial Law's provisions of immediate incorporation, to operate as a private financial institution on the following terms and conditions, and it is currently functioning as a Participation Bank subject to the Banking Law No. 5411.</p> <ol style="list-style-type: none"> <li>a) Saleh Abdullah Kamel (Saudi Arabia Citizen), P.O. Box 1438 Jeddah / Saudi Arabia</li> <li>b) Hüseyin Mohsin Al Harthy (Saudi Arabia Citizen), P.O. Box 789, Riyadh / Saudi Arabia</li> <li>ç) Dr. Hassan Abdullah Kamel (Saudi Arabia Citizen), P.O. Box 1438 Jeddah / Saudi Arabia</li> <li>c) Mahmoud Jamil Hassoubah (Saudi Arabia Citizen) P.O. Box 12718, Jeddah / Saudi Arabia</li> <li>d) Al Baraka Investment and Development Co. (Saudi Arabistan) P.O. Box 6854 Jeddah/Saudi Arabia</li> <li>e) Hak Yatırım Sanayi ve Ticaret A.Ş. (R of T.) Aşirefendi Cad. Topbaş Han, Kat:5 Sultanhamam/Istanbul</li> </ol>

OLD TEXT	NEW TEXT
<p><b>TITLE</b></p> <p><b>Article 2:</b></p> <p>The name of the Company is "ALBARAKA TÜRK KATILIM BANKASI A.Ş." (Albaraka Türk Participation Bank), which shall be abbreviated as the Bank within these very Articles of Incorporation.</p>	<p><b>Trade Name</b></p> <p><b>Article 2:</b></p> <p>Trade name of the Bank is "Albaraka Türk Katılım Bankası A.Ş." (Albaraka Türk Participation Bank, Inc.). Hereinafter referred to as the "Bank", in this Articles of Association.</p>
<p><b>OBJECTIVES AND ACTIVITIES</b></p> <p><b>Article 3:</b></p> <p>The main objects and activities of the Bank are stipulated herebelow as in articles on condition that necessary permissions shall be taken according to the Banking Law, the Capital Market Law and the related legislation.</p> <ol style="list-style-type: none"> <li>1. In addition to its capital, carrying out all the transactions mentioned in the concerned regulations or Articles of Incorporation of the Bank, mainly collecting participation funds and allocating funds, in such manner as has been stipulated by Banking regulations and other relevant legislation;</li> <li>2. Within the limits determined by the Banking Law and other relevant regulations, providing all kinds of cash and non-cash financing mentioned in Banking Regulations, allocating funds and giving credits;</li> <li>3. Borrowing and accepting advance money in view of terms and conditions and periods that shall be decided by the Bank in conformity with its objectives;</li> <li>4. Borrowing and obtaining money through issuing reasonable stock and shares within the periods that shall be in conformity with the provisions of the Banks' Law, Securities Exchange Act and the related regulations by – or without - mortgaging or pledging the existing and future properties, movable or immovable assets, rights and receivables of the Bank - completely or partially - including the paid-up capital, or in any other manner;</li> <li>5. Dealing with the fields of all types domestic and foreign trade, industry, agriculture, public works and other financial and economic and monetary and trade markets; participating in the existing activities;</li> <li>6. Obtaining all types of scientific, technical, intellectual and industrial rights and using those rights;</li> <li>7. Trading of all types of equipment and commodities and assets – movable or immovable – as well as the leasing, inclusive of financial leasing, bartering, exchange and similar legal transactions thereof within the frame of the limits determined by the Banks' Law and the relevant regulations;</li> <li>8. Carrying out consultancy services on investment, administration, technical and financial fields;</li> <li>9. Undertaking joint ventures, establishing consortiums or participating in such as have already been established with banks, finance institutions and establishments, investment companies or other companies within the frame of the provisions of the Banks' Law or any other related Regulations;</li> <li>10. Carrying out all the transactions it is authorized to do within the frame of the provisions of the Banks' Law and other relevant regulations.</li> </ol>	<p><b>Objective and Activity</b></p> <p><b>Article 3:</b></p> <ol style="list-style-type: none"> <li>(1) The main objectives and activities of the Bank are; to perform all kinds of banking activities under the Banking Law, Capital Market Law, and provisions of the other relevant legislation, and within the framework of the principles and procedures of the participation banking and interest-free banking operations, and to engage in all kinds of commercial activities to the extent that the legislation allows the banks to be involved in.</li> <li>(2) In case of any change in the objectives and activities of the Bank, necessary permissions from the Ministry of Customs and Trade, the Banking Regulation and Supervision Agency, and Capital Markets Board shall be obtained.</li> </ol>

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>ACTIVITIES</b></p> <p><b>Article 4:</b></p> <p>The Bank shall perform all types of such transactions captioned hereabove by operating in those fields mentioned hereunder - but not limited with them – as well as in such fields as allowed by Banking Law, Securities Exchange Act and other related legal arrangements as shall ensure it attain these objectives. The activities which can be conducted by the Bank, provided that necessary permissions are taken in context of the Banking Law, the Capital Market Law (Securities Exchange Act) and the related legislation enacted in this context, are listed herebelow:</p> <ol style="list-style-type: none"> <li>1. Receiving Participation Funds,</li> <li>2. Allocating that portion of Participation Funds, which it has received, that remains after the fulfillment of legal obligations in the coverage, manner and limits that have been and shall be defined in related regulations, primarily the Banks' Law, in all types and manners as financing, funds and credits as explained in Banking Law or the related regulations in forms of cash, letters of guarantee, counter-guarantees, bails, avals, endorsements, non-cash like commitments of acceptance or of similar qualities, financial leasing, investments by manner of profit and loss sharing or payment of the costs of movable or immovable commodities and services, immovable commodities, providing equipment or commodities or financial leasing, financing of documents against goods, joint investments, or in similar manners;</li> <li>3. Performing the following transactions through either collected participation funds or its equities or the money obtained: <ol style="list-style-type: none"> <li>a) Purchasing via promise to sell or final sales contracts, constructing, operating - whether for its own requirements or for those liabilities undertaken due to the procurement of financing as per Banking Regulations or similar transactions - raw material or finished products, machinery, equipment, accessories, airplane, vessel and other all types of movables; purchasing, constructing, any type of immovable goods, i.e. land, building and obtaining repurchasing, redemption, pre-emption, usufruct, habitation, servitude and other personal and real rights; leasing through ordinary, yield or financial leasing contracts; receiving a pledge or right of hypothecation; also leasing its own movable or immovable commodities with ordinary, yield or financial leasing contracts; assigning, limiting, putting mortgage or pledge, purchasing through promise to sell or final sales contracts with the rights of repurchasing, redemption, pre-emption, habitation, servitude and other all types of real and personal rights;</li> <li>b) Carrying out all types of payment and collection including cash and non-cash payments and fund transfer transactions, correspondent banking or the use of cheque accounts;</li> <li>c) Safe custody services;</li> <li>d) Issuing payment instruments like creditcards, bank cards and travellers' cheques and carrying out transactions concerning these;</li> <li>e) Carrying out foreign exchange transactions including cash foreign-exchange operations; trading of capital market instruments; trading of precious metals and stones or safe custody thereof;</li> </ol> </li> </ol>	<p><b>Activities</b></p> <p><b>Article 4:</b></p> <p>1) The followings are the main activities to be performed by the Bank in order to achieve its objectives;</p> <ol style="list-style-type: none"> <li>a) Receiving participation funds,</li> <li>b) Providing cash credits, and all types of finances/funds/credits as explained in Banking Law or the related legislations, being in the first place the circulation of loans and any such other non-cash credits as letters of guarantees, guarantees, counter guarantees, sureties, endorsements, bailments, avalizations (giros), acceptance loans, and commitments having the same qualities, purchasing capital market instruments, granting loans by depositing or in any other way, forward selling of assets, undertaking risks in connection with futures contracts and option contracts and similar other contracts, acquisition of partnership shares, and performing any other activities that are accepted as credit by Banking Regulation and Supervision Agency without prejudice to the provisions of the Article 21/1 of the Capital Market Law, and payment of the costs of movable or immovable commodities and services and remunerations, or making investments on the basis of profit and loss sharing, providing immovable, equipment or commodities or financial leasing, financing of documents against goods, joint investments, or in similar manners.</li> <li>c) In connection with the trade receivables or liabilities generated from financing or any similar activities performed within the framework of the Banking Law or any other relevant legislation, or just for the Bank's own requirements, procurement of, via preliminary sales contracts or final sales contracts, and/or acquisition of, via bartering/exchanging, donation, trade-off and in any other way, and/or construction of or operation of; any raw materials or finished products, machinery, equipment, accessories, airplane, vessel and any other types of movable properties, or land, terrain, building and any other immovable properties subject to personal property, and performing any such activities as registration, declaration, annotation, remove/annul, alteration, amendment, or any other activity regarding these rights, either inside or outside of Turkey.</li> <li>ç) Acquisition of any and all real rights, limited real rights, personal rights and other rights and receivables within the framework of the provisions of relevant legislations, and performing any such activities as registration, declaration, annotation, remove/annul, alteration, amendment, delivery, return or any other activity regarding these rights and receivables, either inside or outside of Turkey, including but not limited to the followings: <ol style="list-style-type: none"> <li>1. Property rights regarding movables, immovables, rights, receivables and any and all other property rights regarding any kind of goods/assets,</li> <li>2. Servitude, usufruct, occupancy right, superficies, in favor of immovable properties, source water right and any other servitudes,</li> <li>3. Right of incumbrance,</li> <li>4. Right of hypothecation, mortgage certificate, annuity bond and any other immovable property liens,</li> <li>5. Acquisition of possession with delivery, right of retention, pledges on receivables and other rights, acquisition of possession without delivery, and any other movable property liens,</li> <li>6. Including but not limited to commercial enterprises, airplanes, vessels, mines, brands, patents, literary and artistic works, animals, and any other pledges on goods/assets, rights, receivables that may be subject to pledge,</li> <li>7. Purchasing and repurchasing, pre-emption, passage, any other similar rights,</li> </ol> </li> </ol>

OLD TEXT	NEW TEXT
<p>f) Based upon economic and financial indicators, capital market instruments, commodities, precious minerals and foreign exchange, undertaking risks due to contracts for term-transactions, optional transactions and other similar transactions; doing trading and intermediary transactions of simple or complex financial instruments composed of more than one derivative instruments; giving loans by depositing money or in any other form or manner;</p> <p>g) Within the frame of the provisions of Banking Law, Securities Exchange Act and other relevant regulations, carrying out such transactions as the trading, re-trading and commitment of capital market instruments; again carrying out intermediary services like the selling of capital market instruments by means of issuing and public offering thereof; and trading earlier-issued capital market instruments as an intermediary agent;</p> <p>h) Guarantee transactions like undertaking warranty, guarantee, counter-guarantee and other liabilities on behalf of others, provided that necessary announcements will be done for the purpose of public enlightenment,</p> <p>i) Investment consultancy transactions, in context of the Banking Law, the Capital Market Law and relevant legislation;</p> <p>j) Portfolio management and administration, in context of the Banking Law, the Capital Market Law and the relevant legislation;</p> <p>k) Market-making as regards to trading transactions within the frame of the commitments undertaken within the range of the contract concluded with Turkish Treasury and/or Central Bank and institutional unions;</p> <p>l) Financial Leasing transactions;</p> <p>m) Insurance agency and private pension plan intermediary services;</p> <p>n) Within the frame of the provisions of the Banks' Law, Securities Exchange Act and other related regulations, establishing partnerships, consortiums; making investments, participating in all types of partnerships, consortiums and investments that have already been established in the country, and acquiring share certificates therein;</p> <p>o) Purchasing, developing of brand, letter patent, license, know-how, commercial title, copyright and all types of intellectual and industrial rights; using, leasing, operating in other ways and selling those rights;</p> <p>4. The monetary funds that could not be placed in as provided above may be kept as deposit or other ways in the Turkish or foreign banks, financial institutions and used in the national or international monetary and commercial markets;</p> <p>5. In address to Turkish and foreign parties, extend non-cash credits such as letters of guarantee, bail bonds, avals, endorsements and other guarantee undertakings and acceptances in favour of third persons, mainly to the courts, execution offices, customs, establishments which are subject to the State Tender Law, official and private, real or legal persons;</p> <p>6. Receiving or presenting all types of guarantee real or personal such as mortgage, pledge, surety and aval in order to provide constitute or collect of the securities of rights, credits and debts;</p> <p>7. Realizing borrowings, providing money, receiving credit, and accepting advance money through the methods, which shall be accepted by the regulation;</p>	<p>8. Ordinary leasing, product leasing or financial leasing or any leasings in any other way,</p> <p>9. Construction against land share, preliminary agreement to sell or any other personal rights,</p> <p>10. Sureties, avals, endorsements, guarantees, and other similar personal guarantees.</p> <p>d) With regard to ownership or lawful possession of immovable properties and movable properties, rights and receivables and any or all other property ownerships; transferring the ownership or lawful possession through preliminary sale contracts or firm sale contracts, or bartering/exchanging, donation, trade-off and in any other way, limiting the ownership or lawful possession through usufruct, occupancy right, superficies, source water right, servitude, pledge, hypothecation and any and all other real rights and again purchasing and repurchasing, pre-emption, passage, construction against land share, preliminary agreement to sell or any other personal rights, leasing through ordinary leasing, product leasing or financial leasing or in any other way, and performing any such activities as registration, declaration, annotation, remove/annul, alteration, amendment, delivery, return or any and all other activities thereof.</p> <p>e) Within the scope of the provisions and limitations of Banking Law and Capital Market Law, give and receive donations,</p> <p>f) To perform cash and deposit payments and fund transfers, and any other similar payments and collection activities including correspondent banking activities and handling of checkable accounts,</p> <p>g) To perform transactions regarding cheque and other negotiable instruments, and provide any and all types of safe custody services,</p> <p>ğ) Issuing such payment instruments as credit cards, bank cards and travellers' cheques, and perform any and all activities thereof,</p> <p>h) Perform foreign exchange transactions including cash foreign-exchange operations; purchasing and sale of money market instruments; purchasing and sale of precious metals and stones, and providing any and all types of safe custody services thereof.</p> <p>i) Undertaking risks due to futures contracts, option contracts and other similar contracts, and perform purchasing and selling of and intermediary transactions of simple or complex financial instruments that are composed of more than one derivative instruments, and granting loans by depositing money or in any other form or manner, based on economic and financial indicators, capital market instruments, commodities, precious minerals and foreign exchange.</p> <p>i) Within the frame of the provisions of the Banking Law, Capital Market Law and other relevant legislations, perform such activities as purchasing and sale of and repurchasing or resale commitments of capital market instruments, brokerage operations for the sale of capital market instruments by issuing or public offering thereof, and purchasing and sale of previously issued capital market instruments for brokerage purposes.</p> <p>j) Perform such guarantee transactions as undertaking surety, guarantee, counter-guarantee and other liabilities in favor of other persons, provided that necessary announcements shall be done for the purpose of public disclosure,</p> <p>k) Within the framework of the provisions of the Banking Law, Capital Market Law and other relevant legislations; provide investment advisory services, portfolio management and administration services, function as insurance agency and private pension plan intermediary, and perform activities with regard to real estate property and commodity contracts.</p>

## ALBARAKA TÜRK KATILIM BANKASI A.Ş. Articles of Incorporation

OLD TEXT	NEW TEXT
<p>8. Preparing, accepting and endorsing drafts, promissory notes, checks, bills of lading, warrants and other negotiable instruments; issuing check books, collecting the value of bills, checks, invoices and all types of negotiable instruments, L/Cs, letters of guarantee and other documents of the Bank or its customers; conducting all types of remittances, transfers, safety deposit boxes, credit cards and other banking services and transactions;</p> <p>9. Within the frame of the provisions of the Banks' Law, Securities Exchange Act and other related regulations, purchasing and selling of all types of foreign exchange, gold and other valuable metals, keeping foreign exchange position, opening L/C and confirming the L/C, conducting personally the transactions such as exchange, import, export and all types of foreign trade or financing those transactions completely or partially;</p> <p>10. Carrying out all types of services as a proxy, representative, agent, sequester, liquidator, exequator and other titles;</p> <p>11. Preparing feasibility studies, serving as a consultant on the subjects such as investment, administration, finance, technical aspects, etc;</p> <p>12. In order to realize its aims and fields of activity the Bank may conduct all types of legal and actual transactions and activities which bind the Bank in all ways under whatsoever type and title such as convention, contract, protocol, commitment, agreement;</p> <p>13. Other transactions that shall be determined by Banking Regulation and Supervision Agency;</p> <p>14. All types of transactions within the frame of possibilities ensured by Banks' Law, Securities Exchange Act and other legislation.</p>	<p>l) Perform market-making operations in relation to purchasing and selling activities within the framework of the commitments undertaken pursuant to the contracts concluded with the Undersecretariat for the Treasury and/or Central Bank of Turkey, and institutional unions.</p> <p>m) Perform financial leasing transactions,</p> <p>n) Perform international auditing activities, and obtain an international audit company status.</p> <p>o) Within the framework of the provisions of the Banking Law, Capital Market Law and other relevant legislations; participate in or undertake the management and audit of any and all types of legal entities either public or private, in Turkey or abroad, including banks, credit institutions, financial institutions, companies and partnerships, in the capacity of a founder or by taking over shares or certificates of stock therein, and also, together with any and all natural persons or legal entities regardless of being a subsidiary or not, including banks, credit institutions, financial institutions, companies, partnerships, either public or private, in Turkey or abroad, establish partnerships and consortiums, make investments, participate in partnerships, consortiums and investments, acquire or transfer share certificates or other marketable securities, or limit all such certificates or securities by putting in pledge and/or by exercising any other rights,</p> <p>ö) Acquire ownership of scientific, technical and any and all other intellectual and industrial property rights, including brand, patent, letters patent, license, know-how, design, trade name, company name, copyright, intellectual and artistic works, industrial property by developing, purchasing, trading in/exchanging, donation, interchanging and in any and all other ways; and in the same way, transferring ownership, and develop or use or execute or hire or rent, or limit all such rights by putting in pledge and/or by exercising any other rights.</p> <p>p) Monetary funds, precious metals and negotiable instruments being in the first place, keep any kind of assets in local and foreign banks, financial institutions and other institutions by opening any and all types of accounts in any other way; and also, carry out transactions on or intermediations for, or deal in, any and all kinds of derivative products in national or international monetary, capital and commodity markets, either on its own behalf or on behalf of its customers</p> <p>r) Borrowing loans, getting loans, accepting advances or procure money, either in Turkey or abroad, by providing as a guarantee via hypothecation, pledge or in any other way, or without guarantee or in any other way, of any movable and immovable properties owned by the Bank and rights, receivables and any and all other commodities/assets, partially or wholly, or by issuing capital market instruments, and in any other similar way within the framework of the provisions of the Banking Law, Capital Market Law and other relevant legislations.</p> <p>s) Issue, or accept and endorse policies, bonds, cheques, bills of lading, ware receipts, warrants, way bills, manifests and any and all other negotiable instruments and bills, give chequebooks, collect bills, cheques, invoices and any and all other negotiable instruments, letters of credit, letters of guarantee and values of other documents belonging either to the Bank or its customers, perform remittances, transfers, and provide safe deposit boxes, credit cards and any and all other banking transactions and services,</p>



OLD TEXT	NEW TEXT
	<p>ş) Within the framework of the provisions of the Banking Law, Capital Market Law and other relevant legislations, purchasing and selling of or safe custody of all types of foreign currency, gold and other valuable metals and precious stones, opening accounts thereof, providing loan facilities therefrom, deal in all kinds of derivative products on its behalf or on behalf of its customers, keep foreign exchange position, open L/C or confirm L/C, perform, in person, foreign exchange, import, export and all kinds of foreign trade transactions, or finance all such operations partially or wholly,</p> <p>t) Operate in all kinds of domestic and foreign trade, industry, agriculture, public works and other financial and economic fields, monetary and trade markets or participate in existing activities in compliance with the provisions of the legislation,</p> <p>u) Carry out all kinds of services in the capacity of a proxy, representative, agent, sequester, liquidator, executor and other titles, and also, prepare feasibility studies, perform consultancy services on investment, management, technical, financial and other subjects,</p> <p>ü) Conduct all kinds of legal and actual transactions, activities and actions which bind the Bank, in all ways under whatsoever type and title, and including but not limited to, convention, contract, protocol, commitment, or agreement, in order to realize objectives of and activities of the Bank in Turkey or abroad.</p> <p>v) Carry out all kinds of transactions, to the extent they are allowed within the framework of the provisions of the Banking Law, Capital Market Law and other legislations,</p> <p>y) Perform other transactions to be determined by the Banking Regulation and Supervision Agency.</p> <p>(2) The Bank shall perform all kinds of activities, including but not limited to the above mentioned issues, enabling the Bank to acquire its objectives and fields of activities, by operating within the framework of provisions of the Banking Law, Capital Market Law, Turkish Commercial Code and other relevant legislations.</p>
<p><b>HEAD OFFICE AND BRANCHES</b></p> <p><b>Article 5:</b></p> <p>The Head Office of the Bank is located in the Ümraniye district of Istanbul city. Its address is registered in Istanbul at Saray Mah, Dr. Adnan Büyükdeniz Street, No:6, 34768 Ümraniye. If the registered address changes, the new address shall have been registered and announced via Journal of the Commercial Registrar, followed by notification to the Ministry of Industry &amp; Commerce and the Capital Market Board. Any notification duly made to such address is considered as done to the Bank. In case the Bank does not register and announce its new address duly and timely when it departs from this address, this manner shall constitute an act of dissolution.</p> <p>Based on the resolution of its Board of Directors, the Bank may open or close branches, offices, representations, either in Turkey or abroad, in accordance with the relevant legislation, or establish or dissolve correspondent banking relationships.</p> <p>The Capital Market Board is acknowledged of all such operations.</p>	<p><b>Head Office and Branches</b></p> <p><b>Article 5:</b></p> <p>1) The Head Office of the Bank is located in the Ümraniye district of Istanbul city. Its address is registered in Istanbul, at Saray Mah, Dr. Adnan Büyükdeniz Street, No:6, 34768 Ümraniye.</p> <p>(2) If the registered address changes, the new address shall be registered and announced via Turkish Trade Registry Gazette, be notified to the Ministry of Customs and Trade, and Capital Markets Board. Failure of the Bank in registering and announcing its new address in time when it moves from the address already registered and announced, shall constitute a reason for dissolution.</p> <p>(3) Based on the resolution of the Board of Directors and within the framework of relevant legislation, the Bank may open or close such units as branches, offices, agents, or establish correspondent units or terminate correspondent banking relationships, either in Turkey or abroad. All such transactions shall be announced to the public pursuant to the provisions of the Capital Market Legislations.</p>
<p><b>DURATION</b></p> <p><b>Article 6:</b></p> <p>The Bank has been established for an indefinite time. The General Meeting (Assembly) of Shareholders is authorized to determine, to limit and to reduce life-time of the Bank.</p>	<p><b>Term</b></p> <p><b>Article 6:</b></p> <p>(1) The Bank has been established for an indefinite time.</p> <p>(2) The General Assembly is authorized to determine, change, extend, and/or reduce the term of the Bank.</p>

## ALBARAKA TÜRK KATILIM BANKASI A.Ş. Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>BANK'S CAPITAL</b></p> <p><b>Article 7:</b></p> <p>The share capital of the Bank is TL 900,000,000 (Nine Hundred Million) Turkish Lira, divided into 900,000,000 registered nominative shares with a value of TL 1 (One) Turkish Lira each.</p> <p>TL 539,000,000 (Five Hundred Thirtynine Million) Turkish Lira of the Bank's share capital is fully paid.</p> <p>This time TL 361,000,000 (Three Hundred Sixtyone Million) Turkish Lira of the Bank's Capital was in- creased through following resources:</p> <p>a) TL 60,524.20 (Sixty Thousand Five Hundred Twen-ty-Four Turkish Lira and Twenty Kuruş) portion is paid through the share-certificates issued for gratis (bonus), against the revenue attained from Sales of Immovables according to article 5/1 of the Corporate Tax Law Nr 5520 (new).</p> <p>b) TL 360,939,475.80 (Three Hundred Sixty Million Nine Hundred Thirty-Nine Thousand Four Hundred Seventy-Five Turkish Lira and Eighty Kuruş) is paid through the share-certificates issued for gratis (bonus), against the Extraordinary Reserves of the Bank.</p> <p>Against the above-written Capital increase items, the shareholders are supplied with bonus (free) shares prorata to their present shares in the Bank's capital.</p> <p>The shares representing the Bank's Capital are regis-tered with the Central Registration Agency in line with principles of dematerialization and are monitored from thereon.</p>	<p><b>SECTION TWO</b></p> <p><b>Capital and Share</b></p> <p><b>Bank's Capital</b></p> <p><b>Article 7:</b></p> <p>1) The Bank has accepted the registered capital system pursuant to the provisions of the Capital Market Law, and switched to the registered capital system with the permission of the Capital Markets Board dated 06/03/2013 and numbered 7/259.</p> <p>(2) The upper limit of the registered capital of the Bank is TL 2,500,000,000 (two billion and five hundred million Turkish Liras), divided into 2,500,000,000 registered nominative shares with a value of TL 1 (One) Turkish Lira each.</p> <p>(3) The permission given by the Capital Markets Board in relation to the upper limit of the registered capital shall be in effect for a 5-year period between 2013-2017. Even if the upper limit of the registered capital is not reached until the end of 2017, in order to make a decision by the Board of Directors to increase the share capital after 2017, it is obligatory to obtain authorization for a new time period not to exceed 5 (five) years from the General Assembly for the previously permitted or a newly determined upper limit of the registered capital, after having been received the permission of Capital Markets Board. In case of failure in obtaining the said authorization, the Bank shall be deemed to be logged off from the registered capital system.</p> <p>(4) The Bank's issued share capital is 900,000,000 TL, and this amount has been fully paid in cash being free of collusion.</p> <p>(5) The shares representing the Bank's Capital shall be traced on the basis of the records within the framework of the principles of dematerialization (registration).</p>

OLD TEXT	NEW TEXT
<p><b>SHAREHOLDERS' LIABILITIES</b></p> <p><b>Article 8:</b></p> <p>The shareholders' liability shall be limited to the nominal value of those share certificates that have been committed by each shareholder and their liability shall not exceed these values. All the shares shall be subject to equal liabilities. The related legal provisions are preserved here.</p>	<p><b>Increase and Decrease of Capital</b></p> <p><b>Article 8:</b></p> <p>1) The Bank's capital, whenever necessary, can be increased or decreased within the framework of the provisions of the Turkish Commercial Code, Banking Law, Capital Market Law, and other relevant legislations.</p> <p>(2) The Board of Directors, whenever deemed to be appropriate, shall have the right to increase the issued capital by issuing new shares up to the upper limit of the registered capital pursuant to the provisions of the Capital Market Law, and shall have the power to take decisions on limiting the right of the shareholders to get new shares, and on issuing shares with values under or above their nominal values. The right of limiting the right of the shareholders to get new shares, however, shall not be used so as to cause any inequality among the shareholders. Payment of the share values shall be realized within the framework of the provisions of the Banking Law, Capital Market Law and other relevant legislations, and in accordance with the provisions of the Articles of Association.</p> <p>(3) In the registered capital system, it is not allowed to issue any new share unless all of the issued shares are sold and paid for in full, or unless the unsold shares are cancelled.</p> <p>(4) Unless there is any contrary provision in the General Assembly's resolution with regard to increasing of the capital stock, each of the shareholders can buy new shares that are subject to increase by making use of their pre-emptive right, in proportion to their shares in the Bank's capital, within the framework Capital Market Law and other relevant legislations,</p> <p>(5) In the use of pre-emptive rights, the capital market legislations shall be considered.</p> <p>(6) All the shares with the exception of those that are given to the shareholders free of charge as a result of the capital increase realized from the sources that are allowed to be added to the capital under the relevant legislations, shall be issued against cash money, and all such shares shall be issued to the name of the holders.</p>
<p><b>INCREASING AND DECREASING OF CAPITAL</b></p> <p><b>Article 9:</b></p> <p>The Bank's capital could be increased or decreased in accordance to the Banking Law, Securities Exchange Act, Turkish Commercial Law and the arrangements concerning these laws and the provisions of any other regulations and the Articles of Incorporation.</p> <p>The payment of the share values shall be realized within the frame of the related regulatory provisions of the Securities Exchange Act and the Banking Regulations.</p> <p>Unless there be any contrary provision in the General Assembly's resolution as regards to the increasing of the capital stock, each shareholder – within the frame of the provisions in Capital Market Regulations – can buy new shares of those subject to increase by making use of their pre-emptive right at the rate of their portion in the Bank's capital, wherein the provisions of the Capital Market Regulations concerning the use of the pre-emptive right is abided by.</p> <p>All the shares excluding those that are given gratis to the shareholders as result of the capital increases realized through internal sources are issued against cash and to the name.</p>	<p><b>Share</b></p> <p><b>Article 9:</b></p> <p>(1) All the share certificates shall be issued to the name of the holders, and in accordance with the related provisions of the Turkish Commercial Code, Banking Law, Capital Market Law and the other relevant legislation. The Bank is obliged to follow the provisions of the related legislations.</p>

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>SHARE CERTIFICATES</b></p> <p><b>Article 10:</b></p> <p>All the share certificates shall be issued to the name in pursuant to the related provisions of the Turkish Commercial Code, Banking Law, Securities Exchange Act and the other regulations.</p> <p>The Bank must abide by the provisions of the related regulations.</p> <p>Share certificates are issued in accordance with the rules stipulated by the Capital Market Board, commencing from the date when the Bank shares were offered to public.</p>	<p><b>Transfer of Shares</b></p> <p><b>Article 10:</b></p> <p>(1) The shares, all of which are issued to the names of the holders, can be transferred without any requirement of approval of the Board of Directors pursuant to the provisions of the Capital Market Law, Banking Law, Turkish Commercial Code and other relevant legislations, and as per the arrangements of the Central Registry Agency.</p> <p>(2) Transfer of those shares that require obtaining permission from Banking Regulation and Supervision Agency as per the Banking Law shall only be realized after getting the said permission. The shares transferred without obtaining the necessary permissions, shall not be recorded in the Stock Ledger. This condition shall be applicable in acquiring the voting right, and establishing usufruct in the shares. Such shareholders who acquire shares without obtaining the necessary permissions from the said Agency shall not benefit from the shareholders' rights other than dividends.</p> <p>(3) The Bank, within the framework of the provisions of the Capital Market Law, Turkish Commercial Code, and other relevant legislations, shall have the right to acquire its shares, and accept them as pledge.</p> <p>(4) The shares of the Bank can be freely traded in the stock exchange markets either in Turkey or abroad, within the framework of the provisions of the Banking Law, Capital Market Law, and other relevant legislations, and in accordance with the Articles of Association.</p>
<p><b>TRANSFER OF SHARES</b></p> <p><b>Article 11:</b></p> <p>The transfer of shares all of which are issued to the name could be realized without any requirement for the approval of the Board of Directors as per the arrangements of the Securities Exchange Act, Banking Law, Turkish Commercial Code and Central Registry Agency.</p> <p>The transfer of those shares wherein the Banking Law stipulates that permission should be obtained from Banks Regulating and Supervising Agency could be realized by means of the obtainment of the said permission. Any transfer of shares executed without the obtainment of the requisite permission may not be entered in the Stock Ledger. Such shareholders as acquire shares without obtaining the due permission from the aforesaid Agency cannot benefit from the shareholders' rights other than dividends.</p>	<p><b>Rights of Shareholders</b></p> <p><b>Article 11:</b></p> <p>1) Each of the shares is equal in terms of their holders' rights. The legal rights of the shareholders protected by the mandatory provisions of the Banking Law, Capital Market Law, Turkish Commercial Code, and other prevailing laws, are reserved.</p>
<p><b>SHAREHOLDERS' RIGHTS, NOT INTERFERING WITH MANAGEMENT OF THE BANK</b></p> <p><b>Article 12:</b></p> <p>Ownership of shares shall lead to the acceptance of the provisions contained herein, resolutions approved in General Meetings as well as decisions taken by the Board of Directors. Each share is equal from the aspect of their owners' rights. The legal rights of the shareholders protected by the mandatory provisions of the Banking Law, Securities Exchange Act, Turkish Commercial Code and the prevailing laws are reserved.</p>	<p><b>Liabilities of Shareholders</b></p> <p><b>Article 12:</b></p> <p>1) Liability of each of the shareholders shall be limited to the nominal value of the share certificates that have been committed by each of the shareholders, and their liability shall not exceed these values.</p> <p>(2) All the shares are subject to equal liabilities. Provisions of the related laws are reserved.</p>

OLD TEXT	NEW TEXT
<p><b>INDIVISIBILITY OF SHARES</b></p> <p><b>Article 13:</b></p> <p>If a share certificate is owned by more than one person, such persons can make use of their rights against the Bank solely by means of a co-agent.</p> <p>Unless they appoint a co-agent, any notice to be conveyed to any one of them by the Bank shall be valid for all of them. The right for vote arising from a share certificate over which is found the right of usufruct is used by the holder of the right of usufruct; if the right of usufruct is held by more than one person, this right is used by a co-agent they shall appoint. Unless the owners of the usufruct right appoint a co-agent, the afore-said provision is applied.</p>	<p><b>Liabilities of Shareholders</b></p> <p><b>Article 13:</b></p> <p>(1) A share can not be divided against the Bank. If a share certificate is owned by more than one person, such persons can make use of their rights in the Bank solely by means of a co-agent. In the case of failure in appointing such a co-agent, any notice to be made by the Bank to any one of them shall be valid for all of them. A voting right arising from a share certificate over which a usufruct is established, shall only be used by the holder of the right of usufruct. If the right of usufruct is held by more than one person, this right shall be used by a co-agent they shall appoint. In case of failure by the owners of the usufruct right, to appoint a co-agent, the aforementioned provision shall be applied.</p>
<p><b>TRADING OF SHARES BY SHAREHOLDERS ON THE STOCK EXCHANGE</b></p> <p><b>Article 14:</b></p> <p>Shareholders are free to sell their shares according to the terms and conditions indicated in the Banking Law and other regulation.</p> <p>Bank's shares can be freely traded on Turkish and foreign stock exchange in conformity with the Banks Law, Securities Exchange Act, the related regulations and the Articles of Incorporation.</p>	<p><b>CHAPTER TWO</b></p> <p><b>BANK MANAGEMENT</b></p> <p><b>SECTION ONE</b></p> <p><b>Board of Directors</b></p> <p><b>Number and Qualifications of the Members of The Board of Directors</b></p> <p><b>Article 14:</b></p> <p>(1) The Board of Directors shall consist of minimum 5 and maximum 13 members including the General Manager. General Manager, in case of absence of the General Manager, Deputy General Manager, is a natural member of the Board of Directors.</p> <p>(2) The Board of Directors shall consist of such members having the qualifications as indicated in the Banking Law, Turkish Commercial Code, Capital Market Law and other relevant legislations.</p> <p>(3) Number and qualifications of independent members of the Board of Directors shall be determined in accordance with the principles of corporate governance declared by the Capital Markets Board.</p>

## ALBARAKA TÜRK KATILIM BANKASI A.Ş. Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>CHAPTER TWO</b></p> <p><b>Management Of Bank</b></p> <p><b>BOARD OF DIRECTORS</b></p> <p><b>Article 15:</b></p> <p>The management and control of the business and affairs of the Bank and its representation are binding and belong to the Board of Directors ("Board").</p> <p>Board of Directors shall consist of maximum 12 members including a natural member, the General Manager who is not necessarily a shareholder of the Board, or his Deputy in case of his absence as natural member of the Board, plus minimum 4 but maximum 11 members who shall be elected from among the shareholders.</p> <p>If such persons who are not shareholders are elected as member of the Board, they cannot act upon this office until they become shareholders. On condition that it is accepted by Board of Directors, shares lodged as collateral could also be deposited by third parties on behalf of any member. The General Manager is not required to be a shareholder.</p> <p>The current law provisions are applied on the subjects such as the compulsory share quantity and ratio as regards of the capital of the Bank for each Board Member and the limitations of the said shares and the distribution method of the said shares.</p> <p>The General Assembly shall elect the members for a period of three years among the shareholders. A member of the Board who has completed his term may be re-elected.</p> <p>The General Assembly may always dismiss the Board of Directors. The member who has been dismissed from the Board has no right such as indemnity or under any title.</p> <p>All members of Board of Directors should bear those conditions for General Manager's qualifications that are indicated in the Banking Law.</p> <p>The Board shall appoint - from among its members - a chairman and a vice chairman who will temporarily assume Chairman's tasks during his/her absence.</p> <p>The Board of Directors may appoint new members to posts that have become vacant because of the resignation, death or any other reason. The members appointed by the Board of Directors shall continue their work until the first General Assembly Meeting after such appointment. The member who has been elected for the vacant post shall complete the remaining term of that vacant post upon approval of the said appointment by the General Assembly.</p> <p>Shareholders as juridical persons may be represented in Board of Directors by means of more than one member, in which case each member of the Board who is representing the concerned juridical person bears the right for one vote at the Board of Directors.</p> <p>The obligation to deposit shares on behalf of the Board Members that represent legal persons is executed by these legal (juridical) persons.</p>	<p><b>Election of Members of the Board of Directors</b></p> <p><b>Article 15:</b></p> <p>(1) Members of the Board of Directors other than the General Manager, shall be elected by the General Assembly.</p> <p>(2) In the case of election of a legal entity as a member of the Board of Directors, only one real person that is appointed by the legal entity to act on behalf of the legal entity shall be registered and announced together with the said legal entity being the member of the Board of Directors, and only this registered real person shall be allowed to participate in and vote during the meetings on behalf of the legal entity.</p> <p>(3) In the case of any membership of the Board of Directors become vacant, action shall be taken in accordance with the Article 22 of the Articles of Association.</p>



OLD TEXT	NEW TEXT
<p><b>COMMITTEES OF DELEGATE MEMBERS AND BOARD OF DIRECTORS</b></p> <p><b>Article 16:</b></p> <p>The Board of Directors may transfer their authorizations completely or partially, management of the Bank's businesses and application of the decisions which taken by the Board to one or several of its members. Such person or persons are titled as a Delegate Member. It is compulsory that Delegate Members should have the conditions proposed in the Banking Law for a General Manager. The Board of Directors determines the duty, authorization, salary and other rights that shall be given to the delegate member or delegate members and the relations between those members (if more than one).</p> <p>The Board of Directors may appoint from its members one or more committees for supervising the conduct of the business, for preparing the agenda for the Board, for reporting to the Board on questions of importance, in particular the preparation of the balance sheet and for supervising the carrying out of its resolutions.</p> <p>The Board of Directors may appoint the employees, workers, experts and consultants whose efforts and experience may be needed for the necessary and proper discharge of operations, and determine the authority and salary of each of them.</p> <p>Board of Directors shall both establish and fulfil the functioning, appropriateness and efficiency of an effective domestic control, risk management and internal supervision systems with a view to observing and controlling the risks encountered owing to banking transactions in such manner as is stipulated by the Banking Law; furthermore, it shall secure financial reporting systems and determine the authorities and liabilities within the Bank.</p>	<p><b>Term of Office for the Members of the Board of Directors</b></p> <p><b>Article 16:</b></p> <p>1) Members of the Board of Directors shall be elected to function for a maximum term of office of 3 (three) years.</p> <p>(2) Any member of the Board of Directors who has completed his/her term may be re-elected</p>
<p><b>TASKS AND LIABILITIES OF GENERAL MANAGER</b></p> <p><b>Article 17:</b></p> <p>Activities of the Bank are to be executed by a General Manager appointed by the Board of Directors. The General Manager is responsible to the Board of Directors for the execution of its decisions.</p> <p>During the absence of the General Manager his deputy is a natural member of the Board of Directors.</p> <p>The General Manager and his deputies should bear the terms and conditions that are indicated in the Banks' Act, and their appointments should be carried on in line with the provisions of said law.</p>	<p><b>Distribution of Tasks Among the Board of Directors Members</b></p> <p><b>Article 17:</b></p> <p>(1) The Board of Directors shall appoint, from among its members, a chairman, and a vice chairman who will temporarily assume Chairman's tasks during his/her absence.</p> <p>(2) The Board of Directors may set up commissions or committees to supervise the course of business, to prepare reports on issues to be submitted to the Board, to enforce its decisions, or to conduct internal audits.</p>

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>BOARD MEETINGS</b></p> <p><b>Article 18:</b></p> <p>The Board of Directors may hold a meeting upon the invitation of the Chairman, at the head office of the Bank.</p> <p>Each member may require the Chairman in writing to call a meeting of the Board of Directors.</p> <p>The Board may hold its meeting outside the Bank's head office providing that all its members are present or represented in the meeting and such meeting is held within Turkey. If conditions and interests of the Bank justify and not less than two-thirds of the members of the Board are present in person, the Board may hold certain exceptional meeting outside of Turkey.</p>	<p><b>Duties and Authorities of the Board of Directors</b></p> <p><b>Article 18:</b></p> <p>(1) The Bank shall be governed, represented and bound by the Board of Directors in any and all matters, within the framework of the provisions of the Banking Law, Capital Market Law, Turkish Commercial Code and other relevant legislations, and the Articles of Association.</p> <p>(2) The Board of Directors shall have the power to take decisions on any and all matters other than those that are left exclusively to the discretion of the General Assembly as per the provisions of the Articles of Association, and the relevant legislations.</p> <p>(3) The Board of Directors is commissioned and authorized to perform particularly the following tasks in addition to those stated in the Article 375 of the Turkish Commercial Code:</p> <p>a) Take decisions on any and all kinds of matters, and implement such decisions that are not prohibited by the relevant legislations and by the Articles of Association.</p> <p>b) Implement the decisions taken by the General Assembly, call ordinary and extraordinary meetings of the General Assembly, and set the agendas of the meetings.</p> <p>c) Designate the long term and short term objectives and strategies of the Bank, have such objectives and strategies accomplished.</p> <p>ç) Submit to the General Assembly any issues related to the balance sheets, profit and loss statements, annual activities reports and distributable dividends, and provide any and all documents that may be required by the General Assembly and by the competent authorities.</p> <p>d) Take decisions on giving loans, issuing credits, granting approvals, and establish policies on other administrative issues, have such decisions and policies accomplished and followed up, and take due precautions.</p> <p>e) Transfer its authority of issuing credits to the Credit Committee or General Management office within the framework of the Banking Legislations, make the necessary arrangement thereof, audit the decisions of the Credit Committee or General Management Office.</p> <p>f) Purchase-sell, take as a pledge, give as a pledge, hire, rent any and all movable and immovable properties, rights and receivables and any and all other commodities/assets being in the first place, acquire or transfer all types of in-kind, limited in-kind, personal and other rights, and exercise all types of legal dispositions thereof, either in Turkey or abroad, within the framework of the provisions of relevant legislations.</p> <p>g) Enter into, in every respect, contracts, covenants, agreements, protocols, commitments, representations, conciliation, compromise and release, waiver, acceptance, collection and receipt, and exercise any and all other legal transactions and dispositions, being such subjects in the first place that are causing the Bank to acquire rights and receivables, or to decrease or terminate the rights and receivables or causing the Bank to commit and involve.</p> <p>ğ) Establish the necessary regulations and instructions, and carry out any other regulatory arrangements for managing, representing and binding the Bank,</p> <p>h) Designate and appoint the General Manager, Deputy or Assistant General Managers, managers and other positions,</p> <p>ı) Take any and all decisions necessary for managing, representing and binding the Bank, delegate its authority in whole or in part, and make circulars in this regard,</p> <p>i) Keep books and records of accounts in accordance with the legislations; make arrangements thereof,</p>

OLD TEXT	NEW TEXT
	<p>j) Establish internal control, risk management and internal audit systems in accordance with the relevant legislations; ensure operability, convenience and sufficiency of such systems, ensure financial reporting systems; determine the authorities and responsibilities of all positions within the Bank.</p> <p>k) Determine amounts of the salaries, premiums, rate of increase in the salaries, and all other payments to be made to the General Manager, Deputy General Managers, and all other personnel, and delegate such power to the General Manager in part or in whole.</p> <p>l) Perform the duties and exercise the authorities entrusted to The Board of Directors in pursuance of the legislations and as set forth the Articles of Association.</p> <p>(4) Managing, representing and binding authority of the Board of Directors shall not be limited to the aforementioned subjects, but the Board of Directors also has the authority, right and duty to perform all such kinds of duties and legal proceedings as the management of the Bank and its assets, and all kinds of the actions and activities as set forth in the Article 3 and 4 of the Articles of Association, on behalf of the Bank.</p> <p>(5) The authority to issue capital market instruments having the characteristics of debt instruments pursuant to the Article 31 of the Capital Market Law, shall be exercised by the Board of Directors. The Board of Directors shall have the right to exercise this authority for indefinite time period.</p> <p>(6) The Board of Directors performs the duties and exercises the authorities mentioned above with reference to its right to manage, represent and bind the Bank, and this authority can not be limited by any person or entity except for the provisions of the Articles of Association or resolutions of the General Assembly.</p>
<p><b>THE QUORUM IN THE MEETINGS OF THE BOARD OF DIRECTORS</b></p> <p><b>Article 19:</b></p> <p>The meeting of the Board shall not be legal unless it is attended by at least two-thirds of the members in person.</p>	<p><b>Transfer of the Authority of the Management to Represent and Bind</b></p> <p><b>Article 19:</b></p> <p>1) The Board of Directors, without prejudice to the provisions of the Article 375 of the Turkish Commercial Code, shall have the right to transfer the management of the Bank, in part or in whole, to one or more members of the Board of Directors, to third party/parties or committees and commissions by issuing an internal directive.</p> <p>(2) The Board of Directors, may transfer its authority to manage, represent and bind the Bank to one or more executive directors or third parties.</p> <p>(3) Executive Directors shall meet the qualifications stipulated for a General Manager under the Banking Law. The duties, authorities, salaries and any other rights to be vested in the executive director or directors shall be determined by the Board of Directors, and in case the number of executive director is more than one, the relations between such directors shall also be arranged by the Board of Directors.</p> <p>(4) The managing, representing and binding authorities of the persons to whom the Board of Directors has transferred its managing, representing and binding authority, shall not be limited with the Board of Directors' term of office, and shall be in effect until removed from their duties. The Board of Directors shall have the right to remove such persons from their duties at any time.</p> <p>(5) The Board of Directors may, at its discretion, appoint commercial representatives, commercial agents and any such other commercial proxies.</p> <p>(6) In order to be binding for the Bank, all proceedings to be performed, and all contracts, agreements, covenants, protocols to be entered into, and all commitments, undertakings and declarations and representations to be made and any and all other types of documents to be prepared by the Bank, shall bear, under the Bank's title, signatures of at least two authorized signatory officers.</p> <p>(7) The Board of Directors shall have the right to limit the representing and binding authority with respect to a business, subject, quantity, head Office, branch or branches, or in any other way.</p>

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### Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>THE REGISTER OF THE BOARD OF DIRECTORS</b></p> <p><b>Article 20:</b></p> <p>In compliance with the Banking, Capital Market, Turkish Commercial Code and the related legislation, Resolutions taken by the Board shall be recorded on the same day, in a register with consecutive numbered pages, which is approved in accordance with the provisions of Turkish Commercial Code regarding registers, in chronological and numerical order without leaving any blanks and without any additions between the lines and members of the Board present at the meeting shall sign under each decision maximum within one month following the resolution date.</p> <p>Any opposing member may request that his opinion should be recorded in the resolution. The deliberations of the Board of Directors are confidential, members of the Board or the Bank staff who are present at such deliberations due to their positions or bank staff who keep the minutes, may not disclose any part of it.</p> <p>Within the frame of the arrangements to be realized in compliance with Banking Law and the methods and principles to be determined by BDDK, separate business records, of which each page is notarized and with consecutive numerical order can be used in stead of the registers, on condition to be bound by the end of the year.</p>	<p><b>Rights of the Members of the Board of Directors</b></p> <p><b>Article 20:</b></p> <p>(1) Attendance fee, remuneration, bonus, premium, share from the annual earnings, and any such other payments can be made to the Chairman, Vice Chairman and other members of the Board of Directors on condition that the amounts of such payments shall be determined by the General Assembly. The amounts of such payments may be determined in consideration of the meetings that each of the members will participate in, the time period they require for getting ready for and perform their duties before and after the meetings, and such other matters as labour, committee membership, and being entrusted with some special tasks.</p> <p>(2) In addition to the payments to be determined by the General Assembly, all accommodation and travel expenses of the Members of the Board of Directors shall also be paid by the Bank, provided that such expenses shall be related to the tasks of the Board of Directors, and limited with their task duration.</p>
<p><b>QUORUM FOR DECISION IN THE BOARD OF DIRECTORS</b></p> <p><b>Article 21:</b></p> <p>The Board resolutions shall be issued by the majority of the present members. Delegation is not permitted. In case the votes are equal, the matter in issue shall be postponed to the next meeting. If the equality still persists in the second meeting, then the motion in issue shall be considered disapproved.</p> <p>At least two-thirds of the Board members should approve the Bank's resolutions regarding motions for increasing or decreasing the Bank's capital, to shorten or prolong the Bank's duration, approval of balance sheet, the annual accounts, determination of profit recommended for distribution or usage of reserves for purposes other than the original purpose.</p> <p>The resolutions related to the proposal of any member can be taken upon the written agreement of the members, unless a discussion is not requested by another member.</p> <p>The resolutions are not valid unless they are written and signed.</p>	<p><b>Responsibilities of the Members of the Board of Directors</b></p> <p><b>Article 21:</b></p> <p>1) Members of the Board of Directors shall not be held personally responsible on their individual assets for any debt of the Bank that may be arising from or in connection with performance of their duties provided that such performance shall be within the limits of their authorizations. Provisions of the Banking Law, Capital Market Law, Turkish Commercial Code and other relevant legislations regarding the responsibility of the members of the Board of Directors are reserved.</p>

OLD TEXT	NEW TEXT
<p><b>DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS</b></p> <p><b>Article 22:</b></p> <p>The Board of Directors is authorized and entitled to manage and represent the Bank according to the provisions of the Banking Law, Capital Market Law, Turkish Commercial Law, and related other regulations and provisions of the Articles of Incorporation and it is authorized to take decisions for all subjects except the authorities which are given to the General Assembly. The Board of Directors is authorized and entitled to carry out especially the following tasks:</p> <ol style="list-style-type: none"> <li>1. Taking decisions and executing those decisions on all matters which are classified within the frame of the objects and activities of the Bank except for the authorities which are given exclusively to the General Assembly and not forbidden by the Law, regulations and Articles of Incorporation,</li> <li>2. Execute the resolutions taken by the General Assembly; invite the General Assembly for ordinary and extra-ordinary meetings, and determining the agenda,</li> <li>3. Determining on balance sheet, profit and loss accounts, annual activities, profit share which shall be distributed, presenting documents and information which required by the General Assembly, Committee of Auditors and all authorized and competent authorities, Taking decisions on credits or preparing the organizations on the said</li> <li>4. subject, auditing the decisions of the Credit Committee,</li> <li>5. Purchase and sell movable, immovable and other rights and credits; acquiring and transfer all types of real and personal rights such as receiving mortgage, pledge or to put mortgage or pledge, rent or lease and realizing all types of transactions,</li> <li>6. Conduct all types of legal transactions and operations such as reconciliation, release, waiver, agreement, contract, protocol, undertaking, declaration which put the Bank in a position such as holder of a right or put under the debt or commitment,</li> <li>7. Carrying out the necessary transactions for management of the Bank such as regulation and other organizational processing,</li> <li>8. Make appointments under the titles of General Manager, Deputy General Manager, Manager, Chief etc., resolving all kinds of decisions on management, representation and binding of the Company, transfer its authorities completely or partially, prepare a circular on this subject,</li> <li>9. Keep books and registrations which has been compelled by the regulation, conduct regulatory transactions about the said subject,</li> <li>10. The management and representation authorization is not limited with the above mentioned works and the Board of Directors is authorized and entitled the followings on behalf of the Bank; to manage the Bank's business and assets, mainly transactions and operations which written in the 3rd and 4th articles of the Articles of Incorporation and all kinds of works and legal transactions within the frame of the objects and activities of the Bank.</li> <li>11. The Board of Directors carries its functions and duties indicated above based on the right of representation and binding of the Bank and the said authority and power can not be limited in any way unless it is against the law, the Articles of Incorporation or outside the scope of the resolution of the General Assembly Meeting.</li> </ol>	<p><b>Vacancy in the Board of Directors</b></p> <p><b>Article 22:</b></p> <p>1) In case of any vacancies occur on the Board of Directors due to such reasons as resignation, death, bankruptcy, limitation of qualification, loss of legal qualifications or the qualifications described in the Articles of Association, the Board of Directors fills such vacancies temporarily by appointing persons who meet the legal requirements, and submits to the approval of the General Assembly at the first meeting to be held thereafter. The members appointed in this way, shall perform their tasks until the first meeting of the General assembly, and in case of approval, complete the term of office of their predecessors.</p>

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>APPOINTMENT BY THE BOARD OF DIRECTORS</b></p> <p><b>Article 23:</b></p> <p>The Board of Directors may appoint persons among the shareholders or non-shareholders for Bank transactions and executing of the decisions resolved by the Board, represent and bind the Bank and use the authorizations approved by the Board. The representing and binding authorities of those persons are not limited with the duration of the Board of Directors and those authorities shall be valid until their duties terminated. The Board of Directors may dismiss their duties when required. However, the Board of Directors may transfer the transactions related to the determination of those who will represent and bind the Bank and their signature degrees and authorities, duties, appointment and dismissal conditions to the delegate member or members or the General Manager. This resolution is registered and announced.</p> <p>For the transactions, contracts, agreement, covenant, protocol, commitment and undertaking, declaration and other all types of documents which shall be prepared by the Bank and to commit the Bank, they have to bear the Bank stamp and the signatures of two authorized persons.</p> <p>The Board of Directors is authorized to limit the representing and binding authority with specific works and specific branch or branches.</p>	<p><b>Dismissal of the Members the Board of Directors</b></p> <p><b>Article 23:</b></p> <p>(1) Members of the Board of Directors can be removed by a resolution of the General Assembly in the case that there is an agenda item in relation to this subject, or even when there is no agenda item in relation to this subject, based upon a justifiable reason. Removal from membership of the Board of Directors, shall not be deemed to be a reason for granting the removed members any right under the caption of compensation or any other name.</p>
<p><b>RIGHTS OF BOARD MEMBERS</b></p> <p><b>Article 24:</b></p> <p>The General Assembly shall determine the attendance fees, remuneration, bonus, Premium and other payments for the Chairman, Vice Chairman and Members of the Board of Directors. In turn, the Board of Directors shall determine the remuneration to be paid to the general manager, experts, consultants and the other personnel.</p> <p>Attendance fee, remuneration, bonus, Premium and share from the annual earnings can be paid to the members of the Board of Directors, on condition that its amount should be determined by the articles of incorporation or the general assembly resolution.</p> <p>In addition to the remuneration that is agreed by the General Assembly, a remuneration in the amount that will be determined by the general assembly will be paid to each of the Members of the Board of Directors for each meeting they will participate in, moreover, their accommodation expenses at the contracted hotels of the Bank (full board) and travel expenses will be paid by the Bank.</p>	<p><b>Meetings of the Board of Directors</b></p> <p><b>Article 24:</b></p> <p>1) Meeting of the Board of Directors shall be held upon the invitation of the Chairman. Any member of the Board of Directors may request, in written, the Chairman to invite the Board of Directors to a meeting.</p> <p>(2) Meetings of the Board of Directors shall be held at the head office of the Bank. The meetings, provided that at least a two-thirds of the total number of the members of the Board of Directors shall participate in the meeting, may be held at any place in Turkey other than the head office of the Bank is located, or outside of Turkey. In the calculation of the said quorum, each fractional vote shall be rounded up or down to the nearest whole number.</p> <p>(3) Meetings of the Board of Directors may be held completely electronically, or some members may participate in the meeting electronically while the others attend in person.</p> <p>(4) Any member of the Board of Directors may participate in the meetings in an electronic environment via the Electronic Meeting System. In the case that no member of the Board of Directors shall declare to attend the meeting in person, the meeting may be held completely electronically.</p> <p>(5) Any person who has the right to attend the meetings of the Board of Directors of the Bank, may attend the meetings in the electronic environment pursuant to the provisions of the Article 1527 of the Turkish Commercial Code. In accordance with the provisions of the Communiqué on Electronic General Meetings of Commercial Companies Besides the General Assemblies of Joint Stock Companies, the Company (Bank) may either install an Electronic Meeting System to enable the persons having the right to attend the meetings to do so and vote electronically, or at its discretion, may procure service from the companies that are established to provide such services. Any necessary precautions shall be taken to enable such persons to exercise their rights under the provisions of the relevant legislations within the framework of the said Communiqué, via the Electronic Meeting System installed in accordance with this provision of the Articles of Association or via a procured system.</p>



OLD TEXT	NEW TEXT
<p><b>RESPONSIBILITIES OF BOARD MEMBERS</b></p> <p><b>Article 25:</b></p> <p>Members of the Board of Directors shall not be held responsible on their personal funds regarding any Bank debts resulting from acts in performance of their duties within the limits of their authorities.</p> <p>Provisions of the Banking Law, Capital Market Law, Turkish Commercial Code and the related regulations pertaining to the responsibility of Board members are preserved..</p>	<p><b>Quorum for the Meetings of the Board of Directors</b></p> <p><b>Article 25:</b></p> <p>(1) The quorum for a meeting of the Board of Directors shall be at least two-thirds of its total number of members. In the calculation of the said quorum, each fractional vote shall be rounded to the nearest whole number.</p> <p>(2) The quorum as described in the paragraph (1) above shall be applicable in the case that the meetings of the Board of Directors are held electronically..</p>
<p><b>CREDIT COMMITTEE</b></p> <p><b>Article 26:</b></p> <p>The Board of Directors may establish a credit committee within the framework of the Banking Law and regulation to be issued, in order to execute the duties it shall assign, related to credit activities.</p> <p>The Board of Directors may delegate the authorities related to issuing the credit either to the General Manager or to the Credit Committee, with the conditions which shall be determined in the regulation. Regarding the credits which are not subject to the credit limitations of Banking Law, the authority to issue a credit may be delegated within the frame of the methods and principles to be determined by the Board of Directors. General Management may use the delegated credit issuance authority through its other units, regional managements or branches.</p> <p>The principles and procedures related to the establishment and operation of the Credit Committee are to be determined by the Board of Directors according to the provisions of the regulation.</p> <p>The Credit Committee shall meet whenever necessitated by the business of the Bank. It should follow the provisions in the regulation for the subjects of assembly, taking resolution and other matters.</p> <p>The provisions for recording, signing and other matters related with Board resolutions are valid for the Credit Committee.</p>	<p><b>Quorum for the Decisions of the Board of Directors</b></p> <p><b>Article 26:</b></p> <p>1) Resolutions of the Board of Directors shall be taken by the majority of its members attending to the said meeting. The members can not vote on behalf of each other or vote through a representative or a delegate.</p> <p>(2) In case of equality of the votes, the proposal shall be postponed to the next meeting. In case of equality of votes in the second meeting, the proposal is deemed to be rejected.</p> <p>(3) Resolutions of the Board of Directors on such issues as increasing or decreasing the Bank's capital, shortening or extending the term of the Bank, approval of balance sheets, the annual accounts, determination of the share profits recommended for distribution, or usage of reserves for the purposes other than the originally intended purposes shall be adopted by an affirmative vote of at least two-thirds of the total number of the members.</p> <p>(4) In the case that no member of the Board of Directors has requested to hold a meeting, resolutions of the Board of Directors may be adopted by obtaining written approval of at least the majority of the members for the proposal on a given issue submitted by one of the members of the Board and written in the form of a resolution. For any such resolution of the Board of Directors adopted in this way to have legal standing, the same proposal should have been presented to all members of the Board. The approvals should not necessarily be on the same sheet, but it is necessary for any such resolution to have legal standing, to affix all the papers containing approval signatures in the Decision Book of the Board of Directors, or to write in the decision book of the Board of Directors after having been prepared in the form of a resolution containing approval signatures.</p> <p>(5) In the case that no member of the Board of Directors has requested to hold a meeting, the members of the Board may approve a proposal on a given issue submitted by a member of the Board and written in the form of a resolution, by using their secure electronic signatures via Electronic Meeting System. For this purpose, the said proposal shall be accessible via Electronic Meeting System.</p> <p>(6) The activities of the Bank that are subject to the arrangements of the Capital Markets Board and that are to be implemented with the involvement of the relevant parties in accordance with the Article No 17/(3) of the Capital Market Law, and the activities as described in the Article no. 23 of the Capital Market Law, shall be carried out pursuant to the provisions of the Capital Market Legislations.</p> <p>(7) In the calculation of the quorum mentioned in this article, each fractional vote shall be rounded to the nearest whole number.</p> <p>(8) For any resolution of the Board of Directors to have legal standing, such resolutions shall be written in the form of a resolution, and shall be signed by the members.</p>

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### Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>AUDIT COMMITTEE</b></p> <p><b>Article 27:</b></p> <p>The Board of Directors shall form an audit committee in order to assist in the performance of the auditing and supervision activities of the Board of Directors, in which committee two members of the board of directors who do not have executive duties will be appointed.</p> <p>Audit committee is established within the framework of the banking law and will possess the terms and conditions which are indicated in the Banking Law.</p> <p>The duties, authorities and responsibilities of Audit committee, which has the duties, authorities and responsibilities stated in Banking Law, and the work methods and principles will be decided by the boards of directors.</p> <p>The provisions for recording, signing and other matters related with Board resolutions are valid for the Audit Committee resolutions.</p> <p>Audit Committee works in compliance with banking law, and other related regulations.</p>	<p><b>Decision Book of the Board of Directors</b></p> <p><b>Article 27:</b></p> <p>(1) Pursuant to the provisions of the Banking Law, Capital Market Law, Turkish Commercial Code and other relevant legislations, the decisions of the Board of Directors shall be written, on a daily basis, in an officially registered book having consecutive page numbers, and with dates and numbers of the decisions in chronological order, and without leaving any blank space between the paragraphs, or without adding any marginal notes among the lines, and as per the provisions of the Turkish Commercial Code on maintenance of commercial books, and bottoms of each of the decisions shall be signed by the members who attend the meeting where the said decision has been adopted, within a one-month time period the latest as of the date of decision.</p> <p>(2) Any member who is against the decision may lodge a statement of opposition to the decision. Discussions of the Board of Directors are confidential in nature, and any member of the Board of Directors or any personnel of the bank who may be present at the meeting or keeps the minutes of the meetings being in charge of such tasks, shall not disclose the discussions in part or in whole.</p> <p>(3) Within the framework of the arrangements to be made under the Banking Law, and of the procedures and principles to be established by the Banking Regulation and Supervision Agency, a separate loose-leaf book in kalamoza type having consecutive page numbers, and all pages of which has been notarized, may be used instead of a decision book, on condition that such kalamoza books shall be binded at the end of each year.</p> <p>(4) The decision books and/or kalamozas consisting of decisions may be maintained and protected in such a way allowed by the relevant legislations in the case that the relevant legislations do not necessitate to maintain such books physically.</p>
<p><b>GENERAL ASSEMBLY</b></p> <p><b>Article 28:</b></p> <p>The General Assembly of Shareholders meets ordinarily and extraordinarily. The meeting is held at the Head Office of the Bank or, if deemed obligatory or convenient by the Board of Directors, at the city where the Head Office of the Bank is located and again at a place that is deemed convenient by the Bank.</p>	<p><b>Credit Committee</b></p> <p><b>Article 28:</b></p> <p>(1) The Board of Directors may set up a Credit Committee within the framework of the Banking Law and other relevant regulations, in order to perform the duties related to opening credits in accordance with the instructions to be given by the Board of Directors.</p> <p>(2) The Board of Directors may delegate its authorities related to opening credits to the Credit Committee, under the conditions stipulated in the relevant legislations. Regarding the credits which are not subject to the Banking Law provisions about credit limits, the authority to open a credit may be delegated within the framework of the procedures and principles to be determined by the Board of Directors.</p> <p>(3) The procedures and principles related to the establishment and the operation of the Credit Committee shall be determined by the Board of Directors pursuant to the provisions of the relevant legislations.</p> <p>(4) The Credit Committee shall meet whenever the business conditions of the Bank necessitate. Provisions of the relevant legislations related to such subjects as holding meetings, adopting resolutions, and other matters, shall be followed.</p> <p>(5) The provisions related to recording and signing of the resolutions of the Board of Directors, and any other matters set forth herein with regard to the resolutions of the Board of Directors, shall also be valid for the decisions of the Credit Committee.</p>

OLD TEXT	NEW TEXT
<p><b>PARTICIPATING TO THE GENERAL ASSEMBLY</b></p> <p><b>Article 29:</b></p> <p>Within the frame of Capital Market regulation, Banking Law, Turkish Commercial Code, any shareholder shall have the right to attend the meetings of the General Assembly either personally or by proxy of any shareholder or any third-party based on power of attorney. Such proxy shall not be deemed valid unless it is drawn up in a special format of written power of attorney.</p> <p>The power of attorney should be issued in compliance with the related regulation, especially the Capital Market legislation.</p>	<p><b>Audit Committee</b></p> <p><b>Article 29:</b></p> <p>(1) The Board of Directors shall form an audit committee consisting of at least two members of the Board of Directors who do not have executive duties, in order to assist in the performance of the auditing and supervision functions of the Board of Directors,</p> <p>(2) Formation of the Audit Committee and appointment of the members of the Audit Committee, and such other matters as the number, qualifications, tasks, authorities, responsibilities and liabilities of its members, shall be determined within the framework of the Banking Law and other relevant legislations.</p> <p>(3) The duties, authorities and responsibilities of the Audit Committee, and its working procedures and principles shall be determined by the Board of Directors.</p> <p>(4) The provisions related to recording and signing of the resolutions of the Board of Directors, and any other matters set forth herein with regard to the resolutions of the Board of Directors shall also be valid for the decisions of the Audit Committee.</p> <p>(5) The Audit Committee shall act in accordance with the Banking Law and other relevant legislations.</p>
<p><b>INVITATION FOR THE GENERAL ASSEMBLY</b></p> <p><b>Article 30:</b></p> <p>Invitation shall be sent to the shareholders to attend the General Assembly Meeting whatever may be the purpose. The invitation shall be published in the Commercial Registrar Gazette and in the general web (internet) page of the Bank at least two weeks before the date fixed for the meeting, not including the date of publication and the date of the meeting.</p> <p>The invitation, whether the meeting is ordinary or extraordinary, the meeting date and the agenda and newspapers in which the announcements are published or will be published are communicated by registered mail to the shareholders registered in the stock register and to the shareholders, who informed their settlement places by also submitting evidence documenting that they are shareholders. The provision for the share certificates which are issued as registered shares and which are traded in the stock exchange markets or other organized markets, related to notifying the meeting date by sending registered mail to the partners is not applied.</p> <p>The minority rights are reserved in compliance with the provisions of Capital Market Regulation and Turkish Commercial Code.</p>	<p><b>Corporate Governance Committee</b></p> <p><b>Article 30</b></p> <p>1) The Board of Directors shall establish a Corporate Governance Committee in order to ensure the compliance of the Bank to the principles of corporate governance, and to find out the reason for non-compliance, if any, and to determine the conflicts of interest arising from such a non-compliance to the principles, and to implement measures to improve corporate governance applications, and to submit proposals to the Board of Directors and to perform other tasks assigned to the Corporate Governance Committee pursuant to the Capital Market Legislations.</p> <p>(2) The Corporate Governance Committee shall consist of at least two members of the Board of Directors, and its working procedures and principles shall be determined by the Board of Directors in accordance with the provisions of relevant legislations.</p>

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OLD TEXT	NEW TEXT
<p><b>THE LIST OF PARTICIPANTS OF THE MEETING</b></p> <p><b>Article 31:</b></p> <p>At the General Meeting, names, surnames and residential addresses of those Shareholders who attend the meeting and those who are represented in proxy, together with the number of shares held by them, are recorded in a list made there, while power of attorneys are submitted thereto.</p>	<p><b>General Management</b></p> <p><b>Article 31:</b></p> <p>(1) The Board of Directors shall appoint a General Manager from among the members of Board of Directors or from outside of the Board, to perform such tasks as Bank's management, activities and operations within the framework of the provisions of the Turkish Commercial Code, Banking Law, Capital Market Law and other relevant legislations, and in accordance with the provisions of this Articles of Association and the resolutions of the Board of Directors.</p> <p>(2) The General Manager, or the Deputy General Manager in the absence of General Manager, is the natural member of the Board of Directors.</p> <p>(3) Without prejudice to any of the non-transferable rights and authorities of the Board of Directors, management of the Bank and any and all other administrative tasks and operations shall be executed by the General Manager.</p> <p>(4) The General Manager, within the framework of the authority assigned by the Board of Directors, shall determine the salaries, bonuses, premiums and other rewards, to be paid to the personnel, and any and all other issues.</p> <p>(5) The General Manager, shall perform the tasks and execute the authorities under the provisions of the relevant legislations and this Articles of Association, and perform any other tasks that are transferred to the General Management office by the Board of Directors.</p> <p>(6) The General Manager shall be responsible to the Board of Directors for the management of the Bank, and any and all other activities and operations thereupon.</p> <p>(7) The Board of Directors may appoint sufficient number of Assistant General Managers to assist the General Manager. Assistant General Managers shall function within the framework of the tasks and authorities assigned by the General Manager, and in accordance with the provisions of the relevant legislations.</p> <p>(8) The General Manager and the Assistant General Managers shall possess the qualifications and conditions to the extent stipulated by the Banking Law.</p> <p>(9) The Board of Directors may remove the General Manager or the Assistant General Managers at any time.</p> <p>(10) The General Management may execute the authorities that are transferred by the Board of Directors to the General Management office, including the authority to open credits via other units, regional offices or branches.</p>

OLD TEXT	NEW TEXT
<p><b>PRESIDING THE GENERAL ASSEMBLY</b></p> <p><b>Article 32:</b></p> <p>The General Meeting shall be presided over by the Chairman of the Board of Directors. In his absence, the Vice-Chairman and in his absence any member of the Board of Directors shall fulfill this duty. The Chairman shall appoint a Secretary and officials for vote counting in sufficient number, subject to the approval of the General Assembly.</p>	<p><b>SECTION TWO</b></p> <p><b>General Assembly</b></p> <p><b>Duties and Authorities of the General Assembly</b></p> <p><b>Article 32:</b></p> <p>(1) The followings are the main issues that the General Assembly has the authority to put on the agenda, to make discussions on and to make resolution for:</p> <p>a) Amendment of the provisions of the Articles of Association, including such issues as to increase or decrease the upper limit of registered capital of the Bank, to extend or shorten the term of the Bank.</p> <p>b) Appointment of the members of the Board of Directors or approval of the members appointed by the Board of Directors, determine such rights of the members of the Board of Directors as the term of office, salaries, attendance fees, bonuses, premiums and profit shares from annual profit, and decide whether or not to acquit the members or remove from office.</p> <p>c) Appointment of the Auditors, and remove them from office.</p> <p>c) Making decisions on financial statements, annual reports of the Board of Directors, the use of profit, determination of profit shares and dividend shares, the use of the reserve funds by either adding to the capital or to the dividend or in any other way,</p> <p>d) Amendment of the Articles of Association at a meeting to be held in accordance with the provisions of the relevant laws and this Articles of Association and within the framework of the provisions of the Turkish Commercial Code and the Capital Market Legislation, after having been obtained permission from the Banking Regulation and Supervision Agency, the Capital Markets Board and the Ministry of Customs and Trade.</p> <p>e) Entering into discussions and making decisions on the issues pertaining to the business during the operational period and on any other subject considered necessary.</p> <p>(2) The General Assembly is authorized to put on the agenda, enter into negotiations, and make decision on all kinds of subjects, including but not limited to the above mentioned issues, that are entrusted to the General Assembly under the Turkish Commercial Code, the Capital Market Law, and other relevant legislations, and in this Articles of Association.</p>
<p><b>TIME OF THE GENERAL ASSEMBLY MEETINGS</b></p> <p><b>Article 33:</b></p> <p>The Ordinary General Meeting shall be held upon the invitation of the Board of Directors at least once in a year within the three months following the end of each financial year.</p> <p>The Board of Directors shall have the right to call a General Assembly Meeting whenever it deems necessary. The Board of Directors should also call for the General Assembly Meeting whenever requested by Auditors or by shareholders who shall hold at least twenty percent of the paid-up Capital. The Board of Directors will also prepare the agenda in compliance with the request submitted to it. Any other matter not included in Agenda shall not be discussed at the meeting.</p>	<p><b>Place and Types of General Assembly Meeting</b></p> <p><b>Article 33:</b></p> <p>(1) Meetings of the General Assembly consisting of the Shareholders are held as ordinary or extraordinary.</p> <p>(2) General Assembly meetings, as a rule, are held at the address where the headquarters of the Bank is located. Meetings may also be held at any other place within or outside the boundaries of the county where the headquarters is located, or outside of Turkey, by decision of the Board of Directors.</p> <p>(3) General Assembly meetings may be held open to public including the beneficiaries (stock holders) and the media, without having right to speak.</p>

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### Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>AUDIT COMMITTEE'S RIGHT TO CALL THE GENERAL ASSEMBLY FOR A MEETING</b></p> <p><b>Article 34:</b></p> <p>The Audit Committee, when necessary, shall have the right to call the General Assembly to a Meeting. The General Assembly, upon the request of Audit Committee, will meet extraordinarily within eight weeks following the receipt of such a request by the Board of Directors, which will call the shareholders. In this case the Audit Committee should prepare the agenda of the meeting and publish it. The audit committee at the time of sending the invitations to the shareholders should send copies of the agenda to the Board of Directors. If the period mentioned in this article had passed without realization of the extraordinary meeting, then the audit committee has the right to call the shareholders directly for the meeting, on condition to comply with the related provisions.</p>	<p><b>Times of the General Assembly Meetings</b></p> <p><b>Article 34:</b></p> <p>(1) Ordinary General Assembly meetings shall be held at least one time in a year and within three months as of the end of the accounting period.</p> <p>(2) Extraordinary General Assembly meetings may be held whenever necessitated by the Board of Directors or in the cases of exceptional circumstances which require holding a meeting.</p>
<p><b>GENERAL ASSEMBLY AGENDA</b></p> <p><b>Article 35:</b></p> <p>The General Assembly Meeting is authorized to discuss all subjects related to the Bank. The General Assembly Meeting shall meet particularly to hear, discuss and decide on the following subjects:</p> <ol style="list-style-type: none"> <li>1. The Board of Directors will submit the General Assembly a report on the Bank activities, work progress, as well as financial and economic situation for the Financial Year. This report should contain detailed explanation on items of revenues, expenses, profit and loss accounts, remuneration decided for Members of the Board of Directors and auditors and it should include also detailed statements on the recommendations of Board of Directors for distribution of the annual net profit.</li> <li>2. To discuss the report of the Audit Committee on the Bank Balance Sheet and on the accounts presented by the Board of Directors.</li> <li>3. To discuss and approve Bank's balance sheet, accounts and profits decided for distribution.</li> <li>4. Election and change of members of the Board of Directors and Audit Committee as well as fixing their remuneration for the following Financial Year.</li> <li>5. Amendment of the provisions of the Articles of Incorporation including increasing and decreasing of the capital of the Bank, extending or shortening of the Bank term.</li> <li>6. To discuss any other matter in the Agenda and regarding the Bank activities submitted by the Board of Directors. As a rule, the matters not included in the Agenda shall not be discussed.</li> </ol>	<p><b>Authority to Invite the General Assembly to a Meeting</b></p> <p><b>Article 35:</b></p> <p>(1) The Board of Directors has the authority to invite the General Assembly to a meeting.</p> <p>(2) In the case there exist conditions stipulated in the relevant legislations, a shareholder or minority shareholders holding at least 1/20 (one-twentieth) portion of the capital or shareholders of the Bank shall have the right to invite the General Assembly to a meeting within the framework of the procedures and principles of the relevant legislations.</p>



OLD TEXT	NEW TEXT
<p><b>QUORUM FOR MEETING IN THE ASSEMBLY</b></p> <p><b>Article 36:</b></p> <p>The General Assembly Meeting is considered legally valid when shareholders or their proxies who own at least 1/4 of the Bank's capital attend it with an exception of the contrary provisions in the Law and Articles of Incorporation. If there is no quorum, the general assembly meeting shall take place upon another invitation.</p> <p>The General Assembly Meeting is authorized to discuss and take decision whatever the amount of the capital, which is represented by the shareholders present at the second meeting with an exception of legal limitations.</p>	<p><b>Invitation Procedure for General Assembly Meeting</b></p> <p><b>Article 36:</b></p> <p>1) General Assembly shall be invited to a meeting by announcing the invitation in the Türkiye Trade Registry Gazette, on the website of the Bank, and other places to be determined by the Public Disclosure Platform and the Capital Markets Board. Such an announcement shall also be made in the case that the general assembly meeting shall be held electronically. Furthermore, the shareholders who are registered in the stock ledger, and the shareholders whose addresses have already been declared to the Company (Bank) by submitting share certificate or any other document as proof of shareholding, shall be notified of the date and agenda of the meeting, and the newspapers where the announcement is or to be published, shall be sent via registered letters with return receipts to such shareholders. Those shareholders holding registered share certificate that are publicly-traded shall not be notified of the date and agenda of the meeting; and the newspapers where the announcement is or to be published shall not be sent via registered letters with return receipts to such shareholders.</p> <p>(2) The General Assembly meeting announcements, in addition to the above mentioned procedures, shall be tried to be made through all kinds of communication channels including electronic communication, in order to reach as the larger number of shareholders as possible.</p> <p>(3) The General Assembly meeting announcements shall be made pursuant to the provisions of the Turkish Commercial Code, Capital Market Law and other relevant legislations.</p> <p>(4) Rights of minority shareholders under the provisions of the Capital Market Legislation and the Turkish Commercial Code are reserved.</p>
<p><b>QUORUM FOR RESOLUTION IN THE ASSEMBLY</b></p> <p><b>Article 37:</b></p> <p>General Assembly Meeting resolutions are resolved according to the voting of the absolute majority of the shareholders who vote in person or by proxy with an exception of the contrary provisions in the Turkish Commercial Law.</p>	<p><b>Agenda of General Assembly Meeting</b></p> <p><b>Article 37:</b></p> <p>(1) All kinds of subjects within the scope of the duties and authority of the General Assembly under the Turkish Commercial Code, Capital Market Law, relevant legislation and the Articles of Association, may be put on the agenda of the General Assembly meeting.</p> <p>(2) The Agenda shall be set by the authority who invites the General Assembly to a meeting.</p> <p>(3) The subjects that are not put on the agenda of the General Assembly meeting, shall not be discussed or resolved during the meeting, except for the exceptions stated in the relevant legislation.</p> <p>(4) The chairman of the General Assembly meeting shall pay strict attention to have the subjects on the agenda presented in an objective perspective and in detail, and in a clear and understandable method. The shareholders shall be allowed to express their opinion and to ask questions under equal conditions. The questions that are asked at the meeting shall be answered, verbally during the General Assembly meeting, where possible, or otherwise, the shareholder who asked the question shall be answered in writing within 30 working days the latest. Any questions asked about the matters that are confidential to the Bank or to a customer, or deemed to be confidential information under the Turkish Commercial Code, Banking Law and other relevant legislations shall not be answered.</p>

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>VOTING RIGHT AND PROCEDURES</b></p> <p><b>Article 38:</b></p> <p>Each share has one voting right at the general assembly meeting. The minors will be represented by their legal representatives. No shareholder shall have the right to participate in the voting of matters related to him or in disputes between him and the Bank or in matters which have personal benefit to him.</p> <p>The voting in the general assembly meeting will be conducted in compliance with the methods specified in Capital Market Regulation, Turkish Commercial Law.</p>	<p><b>Participation in the General Assembly Meetings</b></p> <p><b>Article 38:</b></p> <p>(1) The shareholders or their representatives, whose names are listed on the attendance sheet prepared by the Board of Directors within the framework of relevant legislations, can attend the General Assembly meetings.</p> <p>(2) Participation in the General Assembly meetings in electronic environment: the beneficiaries who have the right to attend the General Assembly meetings of the Company (Bank) may participate in the meeting in electronic environment as per the Article 1527 of the Turkish Commercial Code. In accordance with the provisions of the Communiqué on Electronic General Assembly Meetings of Commercial Companies Besides the General Assemblies of Joint Stock Companies, the Bank, may either install an Electronic General Assembly Meeting System to enable the beneficiaries having the right to attend the meetings, to participate in the meeting, explain their opinions, suggest proposals, and vote electronically, or at its discretion, may procure service from the companies that are established to provide such services. Necessary precautions shall be taken to enable shareholders to exercise their rights within the framework of the said Communiqué in all General Assembly meetings, via the Electronic General Assembly Meeting System to be installed in accordance with this provision of the Articles of Association or via a system outsourced.</p>
<p><b>EXTRAORDINARY MEETING OF THE ASSEMBLY</b></p> <p><b>Article 39:</b></p> <p>The General Assembly Meeting shall be held as an Extraordinary Meeting upon request of the Board of Directors or Audit Committee or upon written request of shareholders or their proxies who own or represent not less than one-twentieths of the paid-in capital.</p> <p>The Board of Directors should invite the General Assembly to convene within one month from the date or receipt of the request.</p>	<p><b>List of Attendants in the General Assembly Meeting</b></p> <p><b>Article 39:</b></p> <p>(1) The Board of Directors shall prepare a list of shareholders who have the right to participate in the General Assembly meetings within the framework of the Turkish Commercial Code, Capital Market Law and other relevant legislations. The said list which is prepared by the Board of Directors and consisting of the names of the beneficiaries who have the right to participate in the General assembly meetings, shall be signed by the shareholders or their representatives attending the meeting, the President of the meeting, and representative of the Ministry of Customs and Trade. This sheet signed by the said parties, is called the List of Attendants.</p>
<p><b>THE EFFECT OF THE RESOLUTIONS</b></p> <p><b>Article 40:</b></p> <p>Resolutions of the General Assembly Meeting resolved according to these Articles of Incorporation are considered to be binding on all shareholders including the absentees and who have dissented and those who lack legal capacity.</p> <p>The legal rights of those who have dissented are reserved.</p>	<p><b>Quorum for Meetings and Resolutions of the General Assembly</b></p> <p><b>Article 40:</b></p> <p>(1) The General Assembly Meeting can only be held if and when the shareholders or their representatives who own at least 1/4 (one-fourths) of the Bank's capital attend the meeting with the exception of any contrary provisions of the Turkish Commercial Code, relevant legislation or the Articles of Association prescribing higher ratios of quorum. It is necessary to keep the said quorum during the General Assembly meeting. In the case when the required quorum mentioned in the first paragraph above shall not be met in the first meeting, the shareholders or their representatives attending the meeting, notwithstanding the amount of capital they may hold, shall have the right to enter into negotiations and make decisions in the second meeting to be held, with the exception of any contrary provisions of the Turkish Commercial Code, relevant legislation or the Articles of Association prescribing higher ratios of quorum.</p> <p>(2) Resolutions at the General Assembly meetings shall be taken by an affirmative vote of the majority of the attendants, with the exception of any contrary provisions of the Turkish Commercial Code, relevant legislation or the Articles of Association prescribing higher ratios of quorum.</p> <p>(3) Turkish Commercial Code, Capital Market Legislation and corporate governance principles shall be applicable to the quorums for meeting and for taking resolution in General Assembly meetings.</p>

OLD TEXT	NEW TEXT
<p><b>AUDIT COMMITTEE</b></p> <p><b>Article 41:</b></p> <p>The Bank shall have an Auditors' Committee consisting of three auditors elected by the General Meeting for 3 years. If there is one auditor, then he/she, and if there is more than one auditor, then the majority should be of Turkish citizen. Their fees shall, also, be decided at the same General Meeting.</p> <p>It is not permitted to combine the conditions such as to work as an auditor and to participate in the foundation of the Bank or to be a member of the Board of Directors or to conduct a continuous work for the Bank regarding the technical, administrative or consultancy fields.</p> <p>People who have knowledge and experience in the field of finance, economy, law and accounting will be elected to the Audit Committee. The auditors may be dismissed and changed at any time. The auditor who has completed his term can be re-elected.</p> <p>The Audit committee shall be responsible for the accuracy and correctness of the information included in their reports. Any shareholder has the right, during the General Assembly Meeting, to discuss the report of the auditors and question them about any specific point.</p>	<p><b>General Assembly Meeting Presidency</b></p> <p><b>Article 41:</b></p> <p>1) General Assembly meetings are presided (chaired) by the Chairman of the Board of Directors. In the case of absence of the Chairman, the vice-chairman, and in the case of his absence, any of the members of the Board of Directors shall undertake this task.</p> <p>(2) The President shall establish the presiding council by designating a secretary to record the minutes of the meeting, and sufficient number of vote collectors. The President may also designate some experts in order to get immediate technical services with regard to the Electronic General Assembly System during the meeting.</p>
<p><b>AUTHORITIES AND RESPONSIBILITIES OF THE AUDITORS</b></p> <p><b>Article 42:</b></p> <p>The audit committee shall have the authorities and responsibilities outlined in the laws in force. Particularly they have the right, at any time, to review the files, records and documents of the Bank. Also they may require any information which they consider essential. In addition they have the right to audit and check Bank assets and liabilities. The audit committee is obliged to notify all cases contravening the Laws and Regulations and the Articles of Incorporation of the Bank in a report addressed to the General Assembly Meeting with documentary evidence. The audit committee has the right to call the General Assembly Meeting for this purpose.</p>	<p><b>Voting Right and Voting Procedure at General Assembly Meeting</b></p> <p><b>Article 42:</b></p> <p>(1) Each share has one voting right at the General Assembly meeting.</p> <p>(2) The Shareholders shall not be allowed to vote on such matters related to themselves, their spouses, descendants, parents, grandparents, or private companies they have share in, or stock companies they have control over, and any matter or transaction with the Bank which are personal in nature, or any action under jurisdiction or arbitration.</p> <p>(3) The members of the Board of Directors and the persons who have managerial positions and signing authorities in the Bank shall not be allowed to exercise their voting rights arising from the shares owned by them in the decisions on acquitting the members of the Board of Directors. The said shareholders, however, shall be allowed to vote on behalf of the shareholders who are not members of the Board of Directors</p> <p>(4) Voting procedure at the General Assembly meetings shall be conducted in accordance with the provisions of the Capital Market Legislation, Turkish Commercial Code, the Articles of Association and within the framework of the procedures and principles that are specified in the Internal Directive in relation to the Working Procedures and Principles of the General Assembly.</p>

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>REPORTS OF THE AUDIT COMMITTEE</b></p> <p><b>Article 43:</b></p> <p>1. The audit committee shall attend the General Assembly Meeting and they shall state their opinion on questions relating to their duties and especially the Bank's balance sheet.</p> <p>2. In addition, the audit committee should submit their report which must contain inter alia the following.</p> <p>a. Whether the audit committee have obtained the necessary information required to perform their duties properly,</p> <p>b. Whether the balance sheet and the profit and loss accounts are in agreement with the true data, and comply with Bank regulations and Articles of Incorporation,</p> <p>c. Whether the Bank's budget indicate clearly and properly the actual financial situation of the Bank as at the balance sheet date,</p> <p>d. Whether the Bank's accounts are properly kept under systematic and firm control,</p> <p>e. Whether the data contained in the report of Board of Directors are in agreement with information contained in the Bank records,</p> <p>f. Whether there are violations of provisions of the Articles of Incorporation or the laws in force,</p> <p>g. How these violations, which occurred during the financial year, affect Bank activities or its financial position,</p> <p>h. It should also be indicated whether these violations are still valid at the time of the submission of the audit committee report based on the information available to them.</p>	<p><b>Impact of General Assembly Resolutions</b></p> <p><b>Article 43:</b></p> <p>(1) Resolutions adopted at General Assembly meetings according to the Articles of Association shall be binding on all shareholders including the absentee shareholders or who have voted against the resolution, and those who are lack of legal capacity.</p> <p>(2) Legal rights of the shareholders who voted against the resolution are reserved</p>
<p><b>THIRD SECTION</b></p> <p><b>Financial Year, Final Accounts, Profit Distribution, Dissolution and Liquidation of the Bank</b></p> <p><b>FINANCIAL YEAR</b></p> <p><b>Article 44:</b></p> <p>The financial year shall commence from the first of January and end on the 31st of December of each calendar year. The first Financial Year shall be that period which commences from the date of registration of the Bank according to the regulations valid in the State of the Republic of Turkey and shall end at the end of December of the following Gregorian calendar year.</p>	<p><b>Auditor</b></p> <p><b>Article 44:</b></p> <p>(1) Auditing of any issue that is deemed to be subject to independent audit, shall be carried out within the framework of provisions of the Banking Law, Turkish Commercial Code, Capital Market Law and other relevant legislations.</p> <p>(2) Independent auditing company shall be designated by the General Assembly.</p>
<p><b>FINAL ACCOUNTS</b></p> <p><b>Article 45:</b></p> <p>Board of directors should prepare according to the provisions of the law, balance sheet and profit and loss accounts for each year within a suitable time limit and submit the same for examination by the shareholders at least 15 days prior to the General Assembly.</p> <p>In addition, Board of Directors should prepare and submit a report of the financial, business and economic position of the Bank, which also shows the summary of the Bank's activities and transactions and sets out the result of the previous financial year. This report should also, be submitted for examination by the shareholders at least 15 days prior to General Assembly Meeting.</p>	<p><b>CHAPTER THREE</b></p> <p><b>FINANCIAL AND OTHER PROVISIONS</b></p> <p><b>SECTION ONE</b></p> <p><b>Financial Provisions</b></p> <p><b>Financial Year (Period)</b></p> <p><b>Article 45:</b></p> <p>(1) The financial year commences as of the first day of January, and ends on the 31st day of December of each calendar year. The first financial year, according to the legislations in effect in the State of the Republic of Turkey, shall be the period which commences from the date of registration of the Bank, and ends at the end of December in the same year of registration.</p>

OLD TEXT	NEW TEXT
<p><b>PROFIT DISTRIBUTION</b></p> <p><b>Article 46:</b></p> <p>The net profit in the annual balance sheet, after deducting past year losses, if any, shall be determined and distributed in the following manner:</p> <p>Those amounts that must be paid and set aside by the Bank such as the overall expenses, depreciation, and those taxes that must be paid by the Bank legal personality are deductible from the revenues accumulated by the end of the fiscal year, yielding a net profit to be distributed:</p> <ol style="list-style-type: none"> <li>1. Five percent of the net profit will be set aside as statutory reserve,</li> <li>2. From the remaining profit balance, the first bracket Dividend, the percentage and amount of which is determined by the Capital Market Board, will be set aside.</li> <li>3. The General Assembly is authorized to either distribute a portion or whole of the balance of profit which remains after deducting the amounts defined in paragraphs (1) and (2) hereabove as "second bracket Dividend"; or to distribute profit share to the Members of the Board of Directors, employees and workmen of the Bank, or to add it to the Bank reserves as prescribed by Law and Articles of Incorporation, or to set aside as extraordinary reserve or to carry it on the Balance Sheet as past year profit, or to set aside upto 5 percent of it for donations of social purposes.</li> <li>4. In accordance with the Article 466, Paragraph 2, Item 3 of the Turkish Commercial Code, one- twentieths of the remaining profit, ie. the balance remaining after deduction of 5 % profit share from the net profit distributable to shareholders and to other participants of the Bank profit, shall be set aside as the Second Tranche Statutory Reserve.</li> <li>5. Any other reserve may not be set aside or any profit may not be transferred to the following year unless the statutory reserves mandated by the law, as well as the first bracket dividends determined in the Articles of Incorporation for shareholders are set aside; and any share of profit may not be distributed to the Board Members, to employees and workmen, to holders of preferred stocks or founders' shares, to the foundations established for different purposes, and to persons/entities of the same nature, unless the first bracket dividend is paid either in cash or in the form of bonus share certificates.</li> <li>6. Dividends are distributed to all the present shares equally as of the accounting period, regardless of their date of issue and acquisition.</li> </ol>	<p><b>Final Accounts</b></p> <p><b>Article 46:</b></p> <p>(1) The Bank shall perform all such tasks as announcement, declaration, submission, and publication of and any other activities in relation with the financial reports and annual activity reports to be prepared as of the end of the financial year within the framework of provisions of relevant legislations particularly in the Banking Law.</p>

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>PROFIT DISTRIBUTION TIME</b></p> <p><b>Article 47:</b></p> <p>Dividend distribution to shareholders shall be made at the time determined by the General Assembly Meeting within the framework set by Capital Market Law, Banking Law, Turkish Commercial Law and the related legislation.</p>	<p><b>Profit Distribution</b></p> <p><b>Article 47:</b></p> <p>(1) The net profit shown in the annual balance sheet, after deducting past year losses, if any, shall be distributed in the following manner and order:</p> <p>a) Five percent of the net profit will be set aside as general legal reserve, up to twenty percent of the paid capital.</p> <p>b) From the amount remaining after the deduction described in paragraph (a), the first share profit (dividend) will be set aside within the framework of profit distribution policies to be determined by the General Assembly, and pursuant to the provisions of relevant legislation.</p> <p>c) After having been deducted the amounts described in the paragraphs (a) and (b) hereinabove, the General Assembly is authorized to either distribute remaining amount, in whole or in part, as the second share profit (second dividend), or to distribute a share from the profit to the individuals other than the shareholders, including the Members of the Board of Directors and employees, or to add it to the reserve funds that are set aside by Law and the Articles of Association, or to set aside as voluntary (optional) reserve fund or retain in the balance sheet as the past year's profit, or to set aside for social responsibility donations not exceeding the rates determined in the provisions of the relevant legislations, particularly the Banking Law.</p> <p>ç) Ten percent of the amount remaining after deduction of a share of profit [at the rate of five percent of the paid capital] from the profit which is to be distributed to the shareholders and other persons participating in the profit, shall be transferred to the General Legal Reserve fund in accordance with the subparagraph (c) of the paragraph 2 in the Article 519 of the Turkish Commercial Code.</p> <p>d) Unless the reserve funds to be set aside by Law and the share profits to be distributed to the shareholders under the Articles of Association are set aside, a decision can not be made to set aside any other reserve fund, or to transfer profit to the next year, or to distribute shares from the profit to the holders of dividend right certificates or to the members of the Board of Directors or to employees; and unless the determined share profits are paid, any share profit can not be distributed to these persons.</p> <p>e) The share profits are distributed equally to all of the shares that are present as of the accounting period, regardless of their date of issue and acquisition.</p>
<p><b>LEGAL RESERVE FUND</b></p> <p><b>Article 48:</b></p> <p>The legal reserve fund, provided it exceeds 50 % of the Bank capital, shall be used according to the resolution of the Board of Directors for maintaining the interest of the Bank and when it is below this figure it can only be used to cover losses, to support the bank through adverse periods and to obviate unemployment or relieve its consequences.</p>	<p><b>Profit Distribution Time</b></p> <p><b>Article 48:</b></p> <p>(1) The profit shall be distributed to the shareholders at the time to be determined by the General Assembly within the framework of the provisions of the Capital Market Law, Banking Law, Turkish Commercial Code and other relevant legislations.</p>



OLD TEXT	NEW TEXT
<p><b>DISSOLUTION AND LIQUIDATION OF THE BANK</b></p> <p><b>Article 49:</b></p> <p>Termination of the Bank's activities, its dissolution and liquidation shall be realized in compliance with the provisions of Banking Law, Capital Market and other related legislation.</p>	<p><b>Reserve Funds</b></p> <p><b>Article 49:</b></p> <p>(1) General legal reserve funds shall be put aside within the framework of the provisions of the Article 47 of the Articles of Association.</p> <p>(2) In the case the general legal reserve fund exceeds 50 % of the Bank capital; the general legal reserve fund shall be used in consideration of the interests of the Bank. In the case the general legal reserve fund doesn't exceed half of the Bank capital, it can only be used for such purposes as covering the losses, supporting the Bank to ensure its continuity during the periods of adverse circumstances, or obviating the unemployment or relieving its consequences.</p> <p>(3) The Bank may, at its discretion, either put aside an amount more than five percent of the annual profit, or a total amount exceeding twenty percent of the paid capital as Reserve Fund. The Bank may also put aside any other specific reserve fund, and may determine the allocation and utilization procedures and conditions for such funds.</p>
<p><b>INCORPORATION EXPENDITURES</b></p> <p><b>Article 50:</b></p> <p>The expenditures and costs related to the incorporation of the Bank will be paid from general expenditures account.</p>	<p><b>SECOND SECTION</b></p> <p><b>Other Provisions</b></p> <p><b>Dissolution and Liquidation of the Bank</b></p> <p><b>Article 50:</b></p> <p>(1) Discontinuation and liquidation and dissolution of the Bank shall be realized in accordance with the procedures and principles set forth in the provisions of the Banking Law, Capital Market Law, and other relevant legislations.</p>
<p><b>ANNOUNCEMENTS AND NOTIFICATIONS</b></p> <p><b>Article 51:</b></p> <p>Subject to the provisions of Article 37 of the Turkish Commercial Code, all notices of the Bank shall be published 3 days in advance in a newspaper issued at the place where the Head Office of the Company is situated. However, all notices on General Assembly Meeting of the Bank shall be published at least 15 days prior to the date of the meeting exclusive of the dates of publication and meeting. Provisions of Article 397 of the Turkish Commercial Code shall be applicable to notices relating to any decrease of the capital of the Bank. The Board of Directors of the Company is obliged to dispatch the financial statements and reports and the Independent Auditors' Report to the Institutions and Public Agencies as prescribed by the regulations and to announce them to the public in accordance with the methods and principles defined in the related legislations.</p>	<p><b>Announcements</b></p> <p><b>Article 51:</b></p> <p>(1) Announcements and notifications from the Bank shall be made pursuant to the provisions of the Article 35 of the Turkish Commercial Code, the Banking Law, and Capital Market Legislation.</p>

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Articles of Incorporation

OLD TEXT	NEW TEXT
<p><b>PUBLIC ENLIGHTENMENT</b></p> <p><b>Article 52:</b></p> <p>The Bank shall fulfill all whatever required in context of the regulations to be introduced by the Capital Market Board for the purpose of public information and protection of small size investors (stakeholders). The Bank is liable to inform (report) to the Capital market Board and related Stock Exchanges and to other organized markets about all the information in context of the principles and forms to be determined by Capital Market Board. The Bank must abide by this responsibility.</p>	<p><b>Public Disclosure</b></p> <p><b>Article 52:</b></p> <p>(1) The Bank shall perform completely whatever required on its part for the purposes of protecting the minority shareholders from adverse developments that may affect the values of their shares, and for public disclosure according to the rules and regulations of the Capital Market Board.</p> <p>(2) The Bank shall be liable to provide the Capital Market Board and related Stock Exchanges and other organized markets with any information that may be deemed necessary by the Capital Market Board to bring to the public attention, in accordance with the methods and principles to be determined; and the Bank is obliged to fully abide by this responsibility.</p>
	<p><b>Corporate Governance Principles</b></p> <p><b>Article 53:</b></p> <p>(1) The Bank is obliged to apply the Corporate Governance Principles as necessitated by the Capital Market Board.</p> <p>(2) The Bank shall conform to the Corporate Governance principles of the Capital Market Board in the performance of the activities that are deemed important with regard to the application of the Corporate Governance Principles, and in the performance of all kinds of related party transactions, and in such other activities as providing security, giving a pledge and mortgage in favor of third parties.</p> <p>(3) The Bank may also take into consideration the Banking Legislation in the establishment of the structure and the procedures and principles with regard to the corporate governance.</p>
	<p><b>Matters not Covered</b></p> <p><b>Article 54:</b></p> <p>(1) Provisions of the Turkish Commercial Code, Banking Law and Capital Market Legislation shall apply to the matters that are not covered in the Articles of Association.</p>
<p><b>PROVISIONAL CLAUSE:</b></p> <p>This text is the last version of the Articles of Incorporation of the Bank after making necessary additions, deletions, combinations and amendments on the previous text as well as abrogation of those articles between 52 and 62 (inclusive). The final text is composed of 52 basic articles and 1 provisional article all of which have been approved by the General Assembly of Shareholders.</p>	<p><b>Provisional article:</b></p> <p>This Articles of Association is the amended new version of the registered and published Articles of Incorporation of the Bank consisting of 52 Articles and 1 provisional article. It has been drafted by making such revisions as additions, deletions, consolidations and alterations, and thus arranged to consist of 54 Articles and 1 provisional article, and has been accepted by the General Assembly.</p>

## Unconsolidated Financial Statements Including Independent Auditors' Report and Notes to the Financial Statements as of December 31, 2013

(Convenience translation of the independent auditors' report and financial statements originally issued in Turkish - see section three Note XXIII)

Albaraka Türk Katılım Bankası Anonim Şirketi  
**Independent Auditors' Report**  
**For the Year Ended December 31, 2013**



**To the Board of Directors of Albaraka Türk Katılım Bankası Anonim Şirketi:**

We have audited the accompanying unconsolidated balance sheet of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") as at December 31, 2013 and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

**Responsibility of the Bank's Board of Directors for the financial statements:**

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error and selecting and applying appropriate accounting policies.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Authorization and Activities of Institutions to Conduct Independent Audit in Banks" published in the Official Gazette dated November 1, 2006 and numbered 26333 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent Auditors' Opinion:**

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Albaraka Türk Katılım Bankası A.Ş. as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411 and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of on accounting and financial reporting.

**Additional Paragraph for Convenience Translation:**

As explained in detail in Note XXIII of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No: 5411 accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited

Metin Canoğulları  
 Partner, SMMM

February 20, 2014  
 Istanbul, Turkey

Albaraka Türk Katılım Bankası Anonim Şirketi'nin

## Unconsolidated Financial Report of Albaraka Türk Katılım Bankası A.Ş. as of and for The Year Ended December 31, 2013

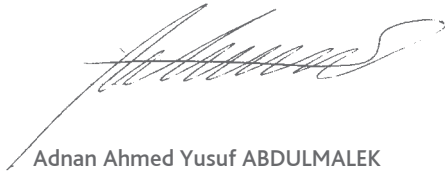
Address of the Bank's headquarter: Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6 34768 Ümraniye/İstanbul  
Bank's phone number and facsimile: 00 90 216 666 01 01 - 00 90 216 666 16 00  
Bank's website: www.albarakaturk.com.tr  
Electronic mail address for contact: albarakaturk@albarakaturk.com.tr

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITORS' REPORT

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

February 20, 2014



**Adnan Ahmed Yusuf ABDULMALEK**  
Chairman of the Board of Directors



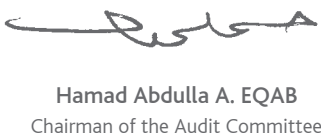
**Fahrettin YAHŞİ**  
General Manager



**Melikşah UTKU**  
Assistant General Manager



**Ahmet OCAK**  
Budget and Financial Reporting Senior Manager



**Hamad Abdulla A. EQAB**  
Chairman of the Audit Committee



**Mitat AKTAŞ**  
Member of the Audit Committee



**Hood Hashem Ahmed HASHEM**  
Member of the Audit Committee

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

Name-Surname/Title: Oya AKDOĞAN/Budget and Financial Reporting Vice Manager  
Telephone: 00 90 216 666 02 35  
Facsimile: 00 90 216 666 16 11

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## Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes Related to Unconsolidated Financial Statements as at December 31, 2013**

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

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

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

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

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

The Bank's head office is located in Istanbul and is operating through 166 (December 31, 2012: 136) local branches and 1 (December 31, 2012: 1) foreign branch and with 3.057 (December 31, 2012: 2.758) staff as of December 31, 2013.

**II. Shareholding structure, shareholders having direct or indirect, joint or individual control over the management of the Bank and the disclosures on related changes in the current year, if any:**

As of December 31, 2013, 54, 06% (December 31, 2012: 54, 06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 23, 08% (December 31, 2012: 22, 97%) of the shares are publicly traded and quoted on Borsa İstanbul.

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

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

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
<b>Chairman of the Board of Directors (BOD)</b>	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	(*) 0, 0000
<b>Members of BOD</b>	Yalçın ÖNER	Vice Chairman of BOD	Master	0, 0006
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	(*) 0, 0000
	Osman AKYÜZ	Member of BOD	Bachelor	-
	Prof.Dr. Ekrem PAKDEMİRLİ	Member of BOD	Doctorate	(*) 0, 0000
	Mitat AKTAŞ	Member of BOD	Master	(*) 0, 0000
	Hamad Abdulla A. EQAB	Member of BOD	Bachelor	(*) 0, 0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	(*) 0, 0000
	Hood Hashem Ahmed HASHEM	Member of BOD	Master	(*) 0, 0000
	Khalifa Taha HAMOOD	Member of BOD	Bachelor	(*) 0, 0000
	Ass. Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
<b>General Manager</b>	Fahrettin YAHŞİ	Member of BOD/General Manager	Master	-
<b>Assistant General Managers</b>	Mehmet Ali VERÇİN	Corporate Marketing, Treasury Marketing, Investment Projects	Bachelor	-
	Nihat BOZ	Legal Advisory, Legal Follow-up	Bachelor	-
	Temel HAZIROĞLU	Human Values, Training & Organisation, Performance & Career Management, Administrative Affairs, Financial Affairs	Bachelor	0, 0048
	Bülent TABAN	Commercial Marketing, Commercial Products Management, Regional Offices	Master	0, 0342
	Turgut SİMİTCİOĞLU	Credit Operations, Banking Services Operations, Foreign Affairs Operations, Payment Systems Operations, Risk Follow-up	Master	-
	Melikşah UTKU	Project Management, Software Development, IT Support, IT Strategy & Governance, Budget & Financial Reporting	Master	-
	Mahmut Esfa EMEK	Corporate Credits, Commercial Credits, Retail Credits, Credit Management & Monitoring	Bachelor	-
	Ayhan KESER	Retail Marketing, Alternative Distribution Channels, Retail Products Management, Financial Institutions	Bachelor	-
<b>Audit Committee</b>	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(*) 0, 0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0, 0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(*) 0, 0000

(\*) The share amounts of these persons are between TL 1-10 (full).

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0, 0396% of the Bank's share capital (December 31, 2012: 0, 0396%).

## Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes Related to Unconsolidated Financial Statements as at December 31, 2013**

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

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

The Bank's paid in capital amounting to TL 900.000 consists of 900.000.000 number of shares with a nominal value of TL 1 (full) for each share. TL 486.523 of the paid in capital is owned by qualified shareholders who are listed below:

<b>Name/commercial name</b>	<b>Share amount (nominal)</b>	<b>Share ratio</b>	<b>Paid shares</b>	<b>Unpaid shares</b>
Albaraka Banking Group	486.523	54, 06%	486.523	-

**V. Summary on the Bank's service activities and field of operations:**

The Bank operates in accordance with the principles of interest-free banking as a participation bank. The Bank mainly collects funds through current and profit sharing accounts, and lends such funds through corporate finance support, retail finance support, profit/loss sharing investment, finance lease, financing commodity against document and joint investments.

The Bank classifies current and profit sharing accounts separately from other accounts in accordance with their maturities. Profit sharing accounts are classified under five different maturity groups; up to one month, up to three months (three months included), up to six months (six months included), up to one year (one year included) and one year and more than one year (with monthly, quarterly, semi annual and annual profit share payment).

The Bank may determine the participation rates on profit and loss of profit sharing accounts according to currency type, amount and maturity groups separately under the limitation that the participation rate on loss shall not be less than fifty percent of participation rate on profit.

The Bank constitutes specific fund pools with minimum maturities of one month, to be allocated to individually predetermined projects for financing purposes. Profit sharing accounts, which are part of the funds collected for project financing purpose, are managed in accordance with their maturities and independently from other accounts and transfers from these accounts to any other maturity groups are not executed. Specific fund pools are liquidated at the end of the financing period.

In addition to its ordinary banking activities, the Bank operates as an insurance agency on behalf of Işık Sigorta, Anadolu Sigorta, Güneş Sigorta, Allianz, Aviva Sigorta, Neova Sigorta, Zurich Sigorta, Ankara Sigorta, Avivasa Emeklilik ve Hayat, Generali Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik and Avivasa Emeklilik ve Hayat, and as a brokerage agency on behalf of Bizim Menkul Değerler A.Ş. through its branches, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services.

Moreover, the Bank is involved in providing non-cash loans which mainly comprise letters of guarantee, letters of credit and acceptances.

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

**VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and Short Explanation about the Institutions Subject to Full or Proportional Consolidation and Institutions which are deducted from Equity or not included in These Three Methods:**

The Bank did not consolidate the financial statements of its subsidiary Bereket Varlık Kiralama A.Ş. and its associate Kredi Garanti Fonu A.Ş. considering the materiality principle and its insignificant influence over the associate, respectively and the related subsidiary and associate are carried at cost in the accompanying financial statements. Moreover, the financial statements of the Bank's special purpose entity, Albaraka Türk Sukuk Limited, which is not a subsidiary but over which the Bank exercises 100% control, are not consolidated in the accompanying financial statements considering the materiality principle. Katılım Emeklilik ve Hayat A.Ş., an entity under common control, is consolidated through equity method in the consolidated financial statements.

Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

### **VII. The Existing or Potential, Actual or Legal Obstacles on Immediate Transfer of Equity or Reimbursement of Liabilities between the Bank and Its Subsidiaries:**

Immediate transfer of equity between the Bank and its subsidiaries is not an issue.

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

#### **Section two**

#### **The unconsolidated financial statements**

- I. Balance sheet (Statement of financial position)
- II. Statement of off-balance sheet commitments
- III. Statement of income
- IV. Statement of income and expense items accounted under shareholders' equity
- V. Statement of cash flows
- VI. Statement of changes in shareholders' equity
- VII. Statement of profit appropriation

## Albaraka Türk Katılım Bankası Anonim Şirketi

### Balance Sheet (Statement of Financial Position)

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

ASSETS	Notes (Section Five-I)	THOUSAND TURKISH LIRA					
		CURRENT PERIOD (31/12/2013)			PRIOR PERIOD (31/12/2012)		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	<b>(1)</b>	<b>246.414</b>	<b>2.036.267</b>	<b>2.282.681</b>	<b>122.743</b>	<b>1.177.900</b>	<b>1.300.643</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)</b>	<b>(2)</b>	<b>4.769</b>	<b>22</b>	<b>4.791</b>	<b>6.192</b>	<b>-</b>	<b>6.192</b>
2.1 Trading Financial Assets		4.769	22	4.791	6.192	-	6.192
2.1.1 Public Sector Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		4.764	-	4.764	4.609	-	4.609
2.1.3 Derivative Financial Assets Held for Trading		-	-	-	-	-	-
2.1.4 Other Marketable Securities		5	22	27	1.583	-	1.583
2.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
<b>III. BANKS</b>	<b>(3)</b>	<b>625.878</b>	<b>752.830</b>	<b>1.378.708</b>	<b>643.330</b>	<b>393.782</b>	<b>1.037.112</b>
<b>IV. MONEY MARKET PLACEMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. FINANCIAL ASSETS-AVAILABLE FOR SALE (net)</b>	<b>(4)</b>	<b>127.575</b>	<b>113.315</b>	<b>240.890</b>	<b>104.749</b>	<b>47.820</b>	<b>152.569</b>
5.1 Equity Securities		15	1.528	1.543	-	1.269	1.269
5.2 Public Sector Debt Securities		117.550	83.973	201.523	104.749	46.551	151.300
5.3 Other Marketable Securities		10.010	27.814	37.824	-	-	-
<b>VI. LOANS AND RECEIVABLES</b>	<b>(5)</b>	<b>10.403.976</b>	<b>1.583.604</b>	<b>11.987.580</b>	<b>7.907.609</b>	<b>1.150.795</b>	<b>9.058.404</b>
6.1 Loans and Receivables		10.377.759	1.583.581	11.961.340	7.882.729	1.150.795	9.033.524
6.1.1 Loans to Risk Group of The Bank		1.504	-	1.504	34.262	-	34.262
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		10.376.255	1.583.581	11.959.836	7.848.467	1.150.795	8.999.262
6.2 Non-performing loans		278.968	700	279.668	221.404	1.145	222.549
6.3 Specific Provisions (-)		252.751	677	253.428	196.524	1.145	197.669
<b>VII. INVESTMENTS HELD TO MATURITY (net)</b>	<b>(6)</b>	<b>745.390</b>	<b>-</b>	<b>745.390</b>	<b>356.879</b>	<b>8.936</b>	<b>365.815</b>
<b>VIII. INVESTMENTS IN ASSOCIATES (net)</b>	<b>(7)</b>	<b>4.211</b>	<b>-</b>	<b>4.211</b>	<b>4.211</b>	<b>-</b>	<b>4.211</b>
8.1 Accounted for under Equity Method		-	-	-	-	-	-
8.2 Unconsolidated Associates		4.211	-	4.211	4.211	-	4.211
8.2.1 Financial Associates		4.211	-	4.211	4.211	-	4.211
8.2.2 Non-Financial Associates		-	-	-	-	-	-
<b>IX. SUBSIDIARIES (net)</b>	<b>(8)</b>	<b>250</b>	<b>-</b>	<b>250</b>	<b>50</b>	<b>-</b>	<b>50</b>
9.1 Unconsolidated Financial Subsidiaries		250	-	250	50	-	50
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>X. JOINT VENTURES (net)</b>	<b>(9)</b>	<b>5.500</b>	<b>-</b>	<b>5.500</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1 Accounted for under Equity Method		-	-	-	-	-	-
10.2 Unconsolidated		5.500	-	5.500	-	-	-
10.2.1 Financial Joint Ventures		5.500	-	5.500	-	-	-
10.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
<b>XI. LEASE RECEIVABLES</b>	<b>(10)</b>	<b>72.321</b>	<b>-</b>	<b>72.321</b>	<b>41.659</b>	<b>-</b>	<b>41.659</b>
11.1 Finance Lease Receivables		85.893	-	85.893	51.494	-	51.494
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned Income (-)		13.572	-	13.572	9.835	-	9.835
<b>XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1 Fair Value Hedge		-	-	-	-	-	-
12.2 Cash Flow Hedge		-	-	-	-	-	-
12.3 Hedge of Net Investment Risks in Foreign Operations		-	-	-	-	-	-
<b>XIII. TANGIBLE ASSETS (net)</b>	<b>(12)</b>	<b>378.689</b>	<b>1.925</b>	<b>380.614</b>	<b>292.493</b>	<b>1.844</b>	<b>294.337</b>
<b>XIV. INTANGIBLE ASSETS (net)</b>	<b>(13)</b>	<b>15.335</b>	<b>594</b>	<b>15.929</b>	<b>6.497</b>	<b>555</b>	<b>7.052</b>
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		15.335	594	15.929	6.497	555	7.052
<b>XV. INVESTMENT PROPERTY (net)</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI. TAX ASSET</b>	<b>(15)</b>	<b>10.914</b>	<b>-</b>	<b>10.914</b>	<b>10.400</b>	<b>-</b>	<b>10.400</b>
16.1 Current Tax Asset		2.558	-	2.558	2.482	-	2.482
16.2 Deferred Tax Asset		8.356	-	8.356	7.918	-	7.918
<b>XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)</b>	<b>(16)</b>	<b>28.253</b>	<b>154</b>	<b>28.407</b>	<b>10.714</b>	<b>-</b>	<b>10.714</b>
17.1 Assets Held for Sale		28.253	154	28.407	10.714	-	10.714
17.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>XVIII. OTHER ASSETS</b>	<b>(17)</b>	<b>56.113</b>	<b>2.254</b>	<b>58.367</b>	<b>37.859</b>	<b>637</b>	<b>38.496</b>
<b>TOTAL ASSETS</b>		<b>12.725.588</b>	<b>4.490.965</b>	<b>17.216.553</b>	<b>9.545.385</b>	<b>2.782.269</b>	<b>12.327.654</b>

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



## Albaraka Türk Katılım Bankası Anonim Şirketi

### Balance Sheet (Statement of Financial Position)

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

LIABILITIES		Notes (Section Five-II)	THOUSAND TURKISH LIRA					
			CURRENT PERIOD (31/12/2013)			PRIOR PERIOD (31/12/2012)		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>FUNDS COLLECTED</b>	<b>(1)</b>	<b>7.518.851</b>	<b>5.007.361</b>	<b>12.526.212</b>	<b>5.535.572</b>	<b>3.689.446</b>	<b>9.225.018</b>
1.1	Funds from Risk Group of The Bank		23.152	170.967	194.119	65.574	165.908	231.482
1.2	Other		7.495.699	4.836.394	12.332.093	5.469.998	3.523.538	8.993.536
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>(2)</b>	<b>2.804</b>	<b>-</b>	<b>2.804</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>III.</b>	<b>FUNDS BORROWED</b>	<b>(3)</b>	<b>-</b>	<b>2.035.816</b>	<b>2.035.816</b>	<b>-</b>	<b>1.393.830</b>	<b>1.393.830</b>
<b>IV.</b>	<b>BORROWINGS FROM MONEY MARKETS</b>		<b>144.775</b>	<b>-</b>	<b>144.775</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V.</b>	<b>SECURITIES ISSUED (net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>MISCELLANEOUS PAYABLES</b>		<b>307.767</b>	<b>21.407</b>	<b>329.174</b>	<b>304.153</b>	<b>12.245</b>	<b>316.398</b>
<b>VII.</b>	<b>OTHER LIABILITIES</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII.</b>	<b>LEASE PAYABLES</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
8.1	Finance Lease Payables		-	-	-	-	-	-
8.2	Operational Lease Payables		-	-	-	-	-	-
8.3	Other		-	-	-	-	-	-
8.4	Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
<b>IX.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
9.1	Fair Value Hedge		-	-	-	-	-	-
9.2	Cash Flow Hedge		-	-	-	-	-	-
9.3	Net Foreign Investment Hedge		-	-	-	-	-	-
<b>X.</b>	<b>PROVISIONS</b>	<b>(7)</b>	<b>146.944</b>	<b>54.519</b>	<b>201.463</b>	<b>111.101</b>	<b>24.717</b>	<b>135.818</b>
10.1	General Provisions		89.117	24.591	113.708	81.488	21.612	103.100
10.2	Restructuring Reserves		-	-	-	-	-	-
10.3	Reserve for Employee Benefits		39.465	-	39.465	19.245	-	19.245
10.4	Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5	Other Provisions		18.362	29.928	48.290	10.368	3.105	13.473
<b>XI.</b>	<b>TAX LIABILITY</b>	<b>(8)</b>	<b>46.033</b>	<b>35</b>	<b>46.068</b>	<b>38.256</b>	<b>1</b>	<b>38.257</b>
11.1	Current Tax Liability		46.033	35	46.068	38.256	1	38.257
11.2	Deferred Tax Liability		-	-	-	-	-	-
<b>XII.</b>	<b>LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1	Assets Held for Sale		-	-	-	-	-	-
12.2	Assets of Discontinued Operations		-	-	-	-	-	-
<b>XIII.</b>	<b>SUBORDINATED LOANS</b>	<b>(10)</b>	<b>-</b>	<b>432.973</b>	<b>432.973</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIV.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>(11)</b>	<b>1.501.799</b>	<b>(4.531)</b>	<b>1.497.268</b>	<b>1.218.406</b>	<b>(73)</b>	<b>1.218.333</b>
14.1	Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2	Capital Reserves		97.311	(4.531)	92.780	56.760	(73)	56.687
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Marketable Securities Valuation Reserve		(211)	(4.531)	(4.742)	1.266	(73)	1.193
14.2.4	Revaluation Reserve on Tangible Assets		96.712	-	96.712	55.522	-	55.522
14.2.5	Revaluation Reserve on Intangible Assets		-	-	-	-	-	-
14.2.6	Investment Property Revaluation Reserve		-	-	-	-	-	-
14.2.7	Bonus Shares From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-
14.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
14.2.9	Accumulated Valuation Differences on Assets Held For Sale and Assets of Discontinued Operations		-	-	-	-	-	-
14.2.10	Other Capital Reserves		810	-	810	(28)	-	(28)
14.3	Profit Reserves		261.645	-	261.645	68.920	-	68.920
14.3.1	Legal Reserves		59.602	-	59.602	49.966	-	49.966
14.3.2	Status Reserves		-	-	-	-	-	-
14.3.3	Extraordinary Reserves		202.043	-	202.043	18.954	-	18.954
14.3.4	Other Profit Reserves		-	-	-	-	-	-
14.4	Profit or Loss		242.843	-	242.843	192.726	-	192.726
14.4.1	Prior Years Profit/ (Loss)		1.434	-	1.434	891	-	891
14.4.2	Current Year Profit/ (Loss)		241.409	-	241.409	191.835	-	191.835
14.5	Minority Interest		-	-	-	-	-	-
	<b>TOTAL LIABILITIES</b>		<b>9.668.973</b>	<b>7.547.580</b>	<b>17.216.553</b>	<b>7.207.488</b>	<b>5.120.166</b>	<b>12.327.654</b>

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

## Albaraka Türk Katılım Bankası Anonim Şirketi

### Statement of Off-Balance Sheet Commitments

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

	Notes (Section Five-III)	THOUSAND TURKISH LIRA					
		CURRENT PERIOD (31/12/2013)			PRIOR PERIOD (31/12/2012)		
		TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>	<b>4.064.280</b>	<b>3.567.122</b>	<b>7.631.402</b>	<b>3.737.941</b>	<b>2.617.485</b>	<b>6.355.426</b>
<b>I.</b>	<b>GUARANTEES AND SURETIES</b>	<b>2.956.853</b>	<b>3.207.014</b>	<b>6.163.867</b>	<b>2.859.471</b>	<b>2.353.810</b>	<b>5.213.281</b>
1.1.	Letters of Guarantees	2.947.334	2.284.564	5.231.898	2.852.364	1.682.435	4.534.799
1.1.1.	Guarantees Subject to State Tender Law	92.207	23.278	115.485	149.051	15.888	164.939
1.1.2.	Guarantees Given for Foreign Trade Operations	280	814.268	814.548	20	795.286	795.306
1.1.3.	Other Letters of Guarantee	2.854.847	1.447.018	4.301.865	2.703.293	871.261	3.574.554
1.2.	Bank Loans	-	23.524	23.524	-	15.490	15.490
1.2.1.	Import Letter of Acceptances	-	23.524	23.524	-	15.490	15.490
1.2.2.	Other Bank Acceptances	-	-	-	-	-	-
1.3.	Letter of Credits	-	482.011	482.011	6.296	471.537	477.833
1.3.1.	Documentary Letter of Credits	-	-	-	-	-	-
1.3.2.	Other Letter of Credits	-	482.011	482.011	6.296	471.537	477.833
1.4.	Prefinancing Given as Guarantee	-	-	-	-	-	-
1.5.	Endorsements	-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey	-	-	-	-	-	-
1.5.2.	Other Endorsements	-	-	-	-	-	-
1.6.	Other Guarantees	937	355.427	356.364	-	168.039	168.039
1.7.	Other Collaterals	8.582	61.488	70.070	811	16.309	17.120
<b>II.</b>	<b>COMMITMENTS</b>	<b>813.111</b>	<b>63.108</b>	<b>876.219</b>	<b>878.470</b>	<b>263.675</b>	<b>1.142.145</b>
2.1.	Irrevocable Commitments	813.111	63.108	876.219	878.470	263.675	1.142.145
2.1.1.	Asset Purchase and Sale Commitments	2.401	62.982	65.383	265.158	263.575	528.733
2.1.2.	Share Capital Commitment to Associates and Subsidiaries	5.000	-	5.000	-	-	-
2.1.3.	Loan Granting Commitments	45.428	-	45.428	39.577	-	39.577
2.1.4.	Securities Underwriting Commitments	-	-	-	-	-	-
2.1.5.	Commitments for Reserve Deposit Requirements	-	-	-	-	-	-
2.1.6.	Payment Commitment for Cheques	297.235	-	297.235	263.656	-	263.656
2.1.7.	Tax And Fund Liabilities from Export Commitments	1.445	-	1.445	1.043	-	1.043
2.1.8.	Commitments for Credit Card Expenditure Limits	458.540	-	458.540	306.032	-	306.032
2.1.9.	Commitments for Promotions Related with Credit Cards and Banking Activities	369	-	369	323	-	323
2.1.10.	Receivables From Short Sale Commitments	-	-	-	-	-	-
2.1.11.	Payables for Short Sale Commitments	-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments	2.693	126	2.819	2.681	100	2.781
2.2.	Revocable Commitments	-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments	-	-	-	-	-	-
2.2.2.	Other Revocable Commitments	-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>294.316</b>	<b>297.000</b>	<b>591.316</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1.	Derivative Financial Instruments for Hedging Purposes	-	-	-	-	-	-
3.1.1.	Fair Value Hedge	-	-	-	-	-	-
3.1.2.	Cash Flow Hedge	-	-	-	-	-	-
3.1.3.	Hedge of Net Investment in Foreign Operations	-	-	-	-	-	-
3.2.	Held for Trading Transactions	294.316	297.000	591.316	-	-	-
3.2.1.	Forward Foreign Currency Buy/Sell Transactions	294.316	297.000	591.316	-	-	-
3.2.1.1.	Forward Foreign Currency Transactions-Buy	294.316	-	294.316	-	-	-
3.2.1.2.	Forward Foreign Currency Transactions-Sell	-	297.000	297.000	-	-	-
3.2.2.	Other Forward Buy/Sell Transactions	-	-	-	-	-	-
3.3.	Other	-	-	-	-	-	-
<b>B.</b>	<b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>	<b>22.641.233</b>	<b>3.855.845</b>	<b>26.497.078</b>	<b>18.914.892</b>	<b>2.365.084</b>	<b>21.279.976</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>	<b>1.660.275</b>	<b>1.293.437</b>	<b>2.953.712</b>	<b>1.313.127</b>	<b>662.365</b>	<b>1.975.492</b>
4.1.	Assets Under Management	-	-	-	-	-	-
4.2.	Investment Securities Held in Custody	72	-	72	72	-	72
4.3.	Cheques Received for Collection	701.874	89.326	791.200	626.896	51.715	678.611
4.4.	Commercial Notes Received for Collection	235.972	23.262	259.234	230.109	19.014	249.123
4.5.	Other Assets Received for Collection	104	-	104	105	-	105
4.6.	Assets Received for Public Offering	-	-	-	-	-	-
4.7.	Other Items Under Custody	-	720.711	720.711	-	253.338	253.338
4.8.	Custodians	722.253	460.138	1.182.391	455.945	338.298	794.243
<b>V.</b>	<b>PLEDGED ITEMS</b>	<b>20.980.958</b>	<b>2.562.408</b>	<b>23.543.366</b>	<b>17.601.765</b>	<b>1.702.719</b>	<b>19.304.484</b>
5.1.	Marketable Securities	689.548	714.909	1.404.457	444.122	193.889	638.011
5.2.	Guarantee Notes	1.415.238	172.025	1.587.263	1.225.294	163.687	1.388.981
5.3.	Commodity	762.432	321.208	1.083.640	485.124	242.477	727.601
5.4.	Warranty	-	-	-	-	-	-
5.5.	Properties	16.616.802	787.750	17.404.552	14.424.663	706.303	15.130.966
5.6.	Other Pledged Items	1.448.353	542.198	1.990.551	995.139	376.727	1.371.866
5.7.	Pledged Items-Depository	48.585	24.318	72.903	27.423	19.636	47.059
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>26.705.513</b>	<b>7.422.967</b>	<b>34.128.480</b>	<b>22.652.833</b>	<b>4.982.569</b>	<b>27.635.402</b>

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

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Statement of Income

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

INCOME AND EXPENSE ITEMS		Notes (Section Five-IV)	THOUSAND TURKISH LIRA	
			CURRENT PERIOD 01/01/2013-31/12/2013	PRIOR PERIOD (01/01/2012-31/12/2012)
<b>I.</b>	<b>PROFIT SHARE INCOME</b>	<b>(1)</b>	<b>1.153.336</b>	<b>996.828</b>
1.1	Profit Share on Loans		1.095.102	966.404
1.2	Income Received from Reserve Deposits		-	-
1.3	Income Received from Banks		1.680	1.712
1.4	Income Received from Money Market Placements		-	-
1.5	Income Received from Marketable Securities Portfolio		51.985	24.801
1.5.1	Held-For-Trading Financial Assets		-	-
1.5.2	Financial Assets at Fair Value Through Profit and Loss		-	-
1.5.3	Available-For-Sale Financial Assets		10.361	6.126
1.5.4	Investments Held to Maturity		41.624	18.675
1.6	Finance Lease Income		4.569	3.896
1.7	Other Profit Share Income		-	15
<b>II.</b>	<b>PROFIT SHARE EXPENSE</b>	<b>(2)</b>	<b>528.160</b>	<b>510.930</b>
2.1	Expense on Profit Sharing Accounts		464.403	479.892
2.2	Profit Share Expense on Funds Borrowed		59.166	30.549
2.3	Profit Share Expense on Money Market Borrowings		4.591	489
2.4	Profit Share Expense on Securities Issued		-	-
2.5	Other Profit Share Expense		-	-
<b>III.</b>	<b>NET PROFIT SHARE INCOME (I - II)</b>		<b>625.176</b>	<b>485.898</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>113.197</b>	<b>113.353</b>
4.1	Fees and Commissions Received		141.295	135.585
4.1.1	Non-Cash Loans		82.354	77.846
4.1.2	Other	<b>(12)</b>	58.941	57.739
4.2	Fees and Commissions Paid		28.098	22.232
4.2.1	Non-Cash Loans		518	423
4.2.2	Other	<b>(12)</b>	27.580	21.809
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(3)</b>	<b>459</b>	<b>788</b>
<b>VI.</b>	<b>TRADING INCOME/LOSS (net)</b>	<b>(4)</b>	<b>37.181</b>	<b>20.397</b>
6.1	Capital Market Transaction Income/ (Loss)		18	(175)
6.2	Income/ (Loss) from Derivative Financial Instruments		(2.804)	-
6.3	Foreign Exchange Income/ (Loss)		39.967	20.572
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>118.814</b>	<b>85.122</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>894.827</b>	<b>705.558</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(6)</b>	<b>190.883</b>	<b>122.412</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>404.401</b>	<b>341.921</b>
<b>XI.</b>	<b>NET OPERATING INCOME/ (LOSS) (VIII-IX-X)</b>		<b>299.543</b>	<b>241.225</b>
<b>XII.</b>	<b>EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>INCOME/ (LOSS) ON EQUITY METHOD</b>		-	-
<b>XIV.</b>	<b>INCOME/ (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>INCOME/ (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	<b>(8)</b>	<b>299.543</b>	<b>241.225</b>
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>(58.134)</b>	<b>(49.390)</b>
16.1	Provision for Current Taxes		(67.827)	(54.181)
16.2	Provision for Deferred Taxes		9.693	4.791
<b>XVII.</b>	<b>NET INCOME/ (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(10)</b>	<b>241.409</b>	<b>191.835</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
18.1	Income from Assets Held For Sale		-	-
18.2	Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
18.3	Income from Other Discontinued Operations		-	-
<b>XIX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1	Loss from Assets Held for Sale		-	-
19.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
19.3	Loss from Other Discontinued Operations		-	-
<b>XX.</b>	<b>INCOME/ (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>	<b>(8)</b>	-	-
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(9)</b>	-	-
21.1	Provision for Current Taxes		-	-
21.2	Provision for Deferred Taxes		-	-
<b>XXII.</b>	<b>NET INCOME/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	<b>(10)</b>	-	-
<b>XXIII.</b>	<b>NET INCOME/LOSS (XVII+XXII)</b>	<b>(11)</b>	<b>241.409</b>	<b>191.835</b>
23.1	Group's Income/Loss		241.409	191.835
23.2	Minority Interest		-	-
	Earnings Per Share (Full TL)		0,268	0,213

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

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Statement of Income and Expense Items Accounted Under Shareholders' Equity

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		THOUSAND TURKISH LIRA	
		CURRENT PERIOD (01/01/2013- 31/12/2013)	PRIOR PERIOD (01/01/2012- 31/12/2012)
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(7.419)	3.289
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	53.265	24.090
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	502	354
V.	PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-
VI.	PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-
VII.	THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	11	(10)
VIII.	OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	420	-
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	(9.253)	(5.476)
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	37.526	22.247
XI.	PROFIT/LOSS	241.409	191.835
11.1	Net change in Fair Value of Marketable Securities (Recycled To Profit/Loss)	-	-
11.2	Part of Derivatives Designated for Cash Flow Hedge Purposes reclassified and presented in Income Statement	-	-
11.3	Part of Hedge of Net Investments in Foreign Operations reclassified and presented in Income Statement	-	-
11.4	Other	241.409	191.835
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	278.935	214.082

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Statement of Cash Flows

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

STATEMENT OF CASH FLOWS	Notes	THOUSAND TURKISH LIRA	
		CURRENT PERIOD (01/01/2013-31/12/2013)	PRIOR PERIOD (01/01/2012-31/12/2012)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes In Operating Assets And Liabilities</b>		<b>934.859</b>	<b>479.835</b>
1.1.1 Profit Share Income Received		1.034.359	944.634
1.1.2 Profit Share Expense Paid		(508.675)	(508.708)
1.1.3 Dividend Received		459	788
1.1.4 Fees and Commissions Received		232.147	224.593
1.1.5 Other Income		110.815	76.196
1.1.6 Collections from Previously Written Off Loans	(V-I-5, h2)	108.240	27.639
1.1.7 Payments to Personnel and Service Suppliers		(227.302)	(200.912)
1.1.8 Taxes Paid		(74.955)	(69.531)
1.1.9 Others	(V-VI-3)	259.771	(14.864)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(520.308)</b>	<b>(1.189.835)</b>
1.2.1 Net (Increase) Decrease in Available For Sale Financial Assets		1.401	(1.390)
1.2.2 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.3 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(863.125)	(447.756)
1.2.4 Net (Increase) Decrease in Loans		(2.739.115)	(1.981.802)
1.2.5 Net (Increase) Decrease in Other Assets		39.392	44.036
1.2.6 Net Increase (Decrease) in Funds Collected From Banks		-	-
1.2.7 Net Increase (Decrease) in Other Funds Collected		2.713.238	1.165.138
1.2.8 Net Increase (Decrease) in Funds Borrowed		358.600	-
1.2.9 Net Increase (Decrease) in Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(V-VI-3)	(30.699)	31.939
<b>I. Net Cash Flow From Banking Operations</b>		<b>414.551</b>	<b>(710.000)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>		<b>(513.180)</b>	<b>(29.805)</b>
2.1 Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		(5.700)	(1.211)
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Fixed Assets Purchases	(V-I-12, 13, 16)	(131.034)	(60.872)
2.4 Fixed Assets Sales	(V-I-12, 13, 16)	46.426	12.356
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(118.921)	(113.299)
2.6 Cash Obtained from Sale of Financial Assets Available for Sale		34.000	50.000
2.7 Cash Paid for Purchase of Investment Securities	(V-I-6.4)	(429.378)	(300.000)
2.8 Cash Obtained from Sale of Investment Securities	(V-I-6.4)	91.427	383.221
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>518.434</b>	<b>333.893</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		1.538.137	936.239
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(1.019.703)	(602.346)
3.3 Capital Increase		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(V-VI-3)	<b>100.043</b>	<b>2.065</b>
<b>V. Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>519.848</b>	<b>(403.847)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	(V-VI-i)	<b>1.362.144</b>	<b>1.765.991</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>	(V-VI-ii)	<b>1.881.992</b>	<b>1.362.144</b>

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

## Albaraka Türk Katılım Bankası Anonim Şirketi

### Statement of Changes in Shareholders' Equity

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

THOUSAND TURKISH LIRA									
	CHANGES IN SHAREHOLDERS' EQUITY	Notes (Section Five)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	
	<b>PRIOR PERIOD (01/01/2012-31/12/2012)</b>								
<b>I.</b>	<b>Beginning balance</b>	<b>(V)</b>	<b>539.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39.160</b>	<b>-</b>	
	Changes In Period								
<b>II.</b>	Increase/Decrease Related to Merger		-	-	-	-	-	-	
<b>III.</b>	Marketable Securities Valuation Differences		-	-	-	-	-	-	
<b>IV.</b>	Hedging Funds (Effective Portion)		-	-	-	-	-	-	
4.1	Cash-Flow Hedge		-	-	-	-	-	-	
4.2	Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	
<b>V.</b>	Tangible Assets Revaluation Differences		-	-	-	-	-	-	
<b>VI.</b>	Intangible Assets Revaluation Differences		-	-	-	-	-	-	
<b>VII.</b>	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	
<b>VIII.</b>	Foreign Exchange Differences		-	-	-	-	-	-	
<b>IX.</b>	Changes Related to the Disposal Of Assets		-	-	-	-	-	-	
<b>X.</b>	Changes Related to the Reclassification of Assets		-	-	-	-	-	-	
<b>XI.</b>	The Effect of Change in Associate's Equity		-	-	-	-	-	-	
<b>XII.</b>	Capital Increase		361.000	-	-	-	(61)	-	
12.1	Cash		-	-	-	-	-	-	
12.2	Internal Sources		361.000	-	-	-	(61)	-	
<b>XIII.</b>	Share Issue Premium		-	-	-	-	-	-	
<b>XIV.</b>	Share Cancellation Profits		-	-	-	-	-	-	
<b>XV.</b>	Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	
<b>XVI.</b>	Other		-	-	-	-	2.824	-	
<b>XVII.</b>	Period Net Income/ (Loss)		-	-	-	-	-	-	
<b>XVIII.</b>	Profit Distribution		-	-	-	-	8.043	-	
18.1	Dividends Distributed		-	-	-	-	-	-	
18.2	Transfers To Reserves		-	-	-	-	8.043	-	
18.3	Other		-	-	-	-	-	-	
	<b>Closing Balance (I+II+III+...+XVI+XVII+XVIII)</b>		<b>900.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49.966</b>	<b>-</b>	



	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Years Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc. op.	Total Equity
	229.891	(382)	160.155	715	(1.438)	37.150	-	-	-	1.004.251
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	3.289	-	-	-	-	3.289
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	24.090	-	-	-	24.090
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	354	-	-	-	-	-	-	-	354
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	(360.939)	-	-	-	-	-	-	-	-	-
	(360.939)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	(2.824)	-	-	890	(658)	(5.718)	-	-	-	(5.486)
	-	-	191.835	-	-	-	-	-	-	191.835
	152.826	-	(160.155)	(714)	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	152.826	-	-	(160.869)	-	-	-	-	-	-
	-	-	(160.155)	160.155	-	-	-	-	-	-
	<b>18.954</b>	<b>(28)</b>	<b>191.835</b>	<b>891</b>	<b>1.193</b>	<b>55.522</b>	-	-	-	<b>1.218.333</b>

## Albaraka Türk Katılım Bankası Anonim Şirketi

### Statement of Changes in Shareholders' Equity

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

THOUSAND TURKISH LIRA									
	CHANGES IN SHAREHOLDERS' EQUITY	Notes (Section Five)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	
	<b>CURRENT PERIOD (01/01/2013-31/12/2013)</b>								
<b>I.</b>	<b>Beginning balance</b>	<b>(V)</b>	900.000	-	-	-	49.966	-	
	Changes In Period		-	-	-	-	-	-	
<b>II.</b>	Increase/Decrease Related to Merger		-	-	-	-	-	-	
<b>III.</b>	Marketable Securities Valuation Differences		-	-	-	-	-	-	
<b>IV.</b>	Hedging Funds (Effective Portion)		-	-	-	-	-	-	
4.1	Cash-Flow Hedge		-	-	-	-	-	-	
4.2	Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	
<b>V.</b>	Tangible Assets Revaluation Differences		-	-	-	-	-	-	
<b>VI.</b>	Intangible Assets Revaluation Differences		-	-	-	-	-	-	
<b>VII.</b>	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	
<b>VIII.</b>	Foreign Exchange Differences		-	-	-	-	-	-	
<b>IX.</b>	Changes Related to the Disposal Of Assets		-	-	-	-	-	-	
<b>X.</b>	Changes Related to the Reclassification of Assets		-	-	-	-	-	-	
<b>XI.</b>	The Effect of Change in Associate's Equity		-	-	-	-	-	-	
<b>XII.</b>	Capital Increase		-	-	-	-	-	-	
12.1	Cash		-	-	-	-	-	-	
12.2	Internal Sources		-	-	-	-	-	-	
<b>XIII.</b>	Share Issue Premium		-	-	-	-	-	-	
<b>XIV.</b>	Share Cancellation Profits		-	-	-	-	-	-	
<b>XV.</b>	Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	
<b>XVI.</b>	Other		-	-	-	-	-	-	
<b>XVII.</b>	Period Net Income/ (Loss)		-	-	-	-	-	-	
<b>XVIII.</b>	Profit Distribution		-	-	-	-	9.636	-	
18.1	Dividends Distributed		-	-	-	-	-	-	
18.2	Transfers To Reserves		-	-	-	-	9.636	-	
18.3	Other		-	-	-	-	-	-	
	<b>Closing Balance (I+II+III+...+XVI+XVII+XVIII)</b>		<b>900.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59.602</b>	<b>-</b>	

	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Years Net Income/ (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc. op.	Total Equity
	18.954	(28)	191.835	891	1.193	55.522	-	-	-	1.218.333
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	(7.419)	-	-	-	-	(7.419)
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	53.551	-	-	-	53.551
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	502	-	-	-	-	-	-	-	502
	-	-	-	-	-	(286)	-	-	-	(286)
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	336	-	1.433	1.484	(12.075)	-	-	-	(8.822)
	-	-	241.409	-	-	-	-	-	-	241.409
	183.089	-	(191.835)	(890)	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	183.089	-	-	(192.725)	-	-	-	-	-	-
	-	-	(191.835)	191.835	-	-	-	-	-	-
	<b>202.043</b>	<b>810</b>	<b>241.409</b>	<b>1.434</b>	<b>(4.742)</b>	<b>96.712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.497.268</b>

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Statement of Profit Appropriation

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

STATEMENT OF PROFIT APPROPRIATION	THOUSAND TURKISH LIRA	
	CURRENT PERIOD <sup>(1)</sup> (31/12/2013)	PRIOR PERIOD (31/12/2012)
<b>I. Distribution of current year income</b>		
1.1. Current year income <sup>(****)</sup>	300.977	242.116
1.2. Taxes and duties payable (-)	58.134	49.390
1.2.1. Corporate tax (Income tax)	67.827	54.181
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities <sup>(**)</sup>	(9.693)	(4.791)
<b>A. Net income for the year (1.1-1.2)</b>	242.843	192.726
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	9.636
1.5. Other statutory reserves (-)	-	-
<b>B. Distributable net period income [(A- (1.3+1.4+1.5))] <sup>(1)</sup></b>	242.843	183.090
1.6. First dividend to shareholders (-)	-	-
1.6.1. To owners of ordinary shares	-	-
1.6.2. To owners of preferred shares	-	-
1.6.3. To owners of preferred shares (Preemptive rights)	-	-
1.6.4. To Profit sharing bonds	-	-
1.6.5. To owners of the profit/loss sharing certificates	-	-
1.7. Dividend to personnel (-)	-	-
1.8. Dividend to board of directors (-)	-	-
1.9. Second dividend to shareholders (-)	-	-
1.9.1. To owners of ordinary shares	-	-
1.9.2. To owners of preferred shares	-	-
1.9.3. To owners of preferred shares (Preemptive rights)	-	-
1.9.4. To profit sharing bonds	-	-
1.9.5. To owners of the profit/loss sharing Certificates	-	-
1.10. Second legal reserve (-)	-	-
1.11. Status reserves (-)	-	-
1.12. Extraordinary reserves	-	183.090
1.13. Other reserves	-	-
1.14. Special funds	-	-
<b>II. Distribution from reserves</b>		
2.1. Distributed reserves	-	-
2.2. Second legal reserves (-)	-	-
2.3. Share to shareholders (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of preferred shares	-	-
2.3.3. To owners of preferred shares (Preemptive rights)	-	-
2.3.4. To profit sharing bonds	-	-
2.3.5. To owners of the profit/loss sharing certificates	-	-
2.4. Share to personnel (-)	-	-
2.5. Share to board of directors (-)	-	-
<b>III. Earnings per share</b>		
3.1. To owners of ordinary shares <sup>(****)</sup> (Full TL)	0, 270	0, 214
3.2. To owners of ordinary shares (%)	27, 0	21, 4
3.3. To owners of preferred shares	-	-
3.4. To owners of preferred shares (%)	-	-
<b>IV. Dividend per share</b>		
4.1. To owners of ordinary shares (Full TL)	-	-
4.2. To owners of ordinary shares (%)	-	-
4.3. To owners of preferred shares	-	-
4.3. To owners of preferred shares (%)	-	-

<sup>(1)</sup> General Assembly of the Bank is the authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of the preparation of these financial statements

<sup>(\*\*)</sup> Deferred tax income is presented in "other taxes and legal liabilities" line. Deferred tax income is not subject to profit distribution, thus it is classified under extraordinary reserves.

<sup>(\*\*\*\*)</sup> Calculated by using the number of share certificates as of year end.

<sup>(\*\*\*\*\*)</sup> Current year income includes previous year's profit and current year profit.

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

Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

### Section three

#### Accounting policies

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

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

The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC"), and Turkish Tax Legislation.

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette No. 28337 dated June 28, 2012.

##### b. Accounting policies and valuation principles applied in the preparation of unconsolidated financial statements:

Accounting policies and valuation methods used in the preparation of financial statements have been applied as specified in the related communiqués, pronouncements and regulations of TAS and BRSA. The accounting policies adopted in the preparation of the current year-end financial statements are consistent with those adopted in the preparation of the financial statements as of December 31, 2012. The accounting policies and valuation principles used in the preparation of unconsolidated financial statements are explained in Notes II and XXII below.

TAS/TFRS changes which are effective from January 1, 2013 (TFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendment), TAS 1 Presentation of Financial Statements (Amended) - Presentation of Items of Other Comprehensive Income, TAS 19 Employee Benefits (Amended), TAS 27 Separate Financial Statements (Amended), TAS 28 Investments in Associates and Joint Ventures (Amended), TFRS 10 Consolidated Financial Statements, TFRS 11 Joint Arrangements, TFRS 12 Disclosure of Interests in Other Entities, TFRS 13 Fair Value Measurement) do not have a significant effect on the Bank's accounting policies, financial position or performance. The effects of changes introduced by TFRS 13 and TFRS 9, which are not effective yet, are evaluated by the Bank.

"Communiqué related to Changes in Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated January 23, 2011 and numbered 27824 has set out the financial statement formats for the banks which selected to early adopt TFRS 9 (In accordance with the Communiqué related to Changes in Communiqué on TFRS 9 "Financial Instruments" published in the Official Gazette dated December 30, 2012 numbered 28513, the effective date of the mentioned Communiqué has been changed as December 31, 2014 which was previously January 1, 2013) "Financial Instruments" before January 1, 2015. Since the Bank has not chosen to early adopt TFRS 9, the accompanying financial statements have been prepared in accordance with the financial statements in the appendix of "Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated June 28, 2012 and numbered 28337.

The unconsolidated financial statements are prepared in accordance with the historical cost basis except for the financial assets at fair value through profit and loss, financial assets-available for sale and immovables which are reflected at fair values.

The preparation of the unconsolidated financial statements according to TAS requires the Bank's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes.

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

The BRSA explained with its decision numbered 1623 and dated April 21, 2005 and its circular dated April 28, 2005 that the conditions for applying inflation accounting was no longer applicable and accordingly inflation accounting has not been applied in the accompanying financial statements starting from January 1, 2005.

**II. Explanations on strategy of using financial instruments and foreign currency transactions:**

The Bank creates its strategies on financial instruments considering its sources of financing. The main financing sources consist of current and profit sharing accounts. Other than current and profit sharing accounts, the Bank's most important funding sources are its equity and borrowings from foreign financial institutions. The Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

The Bank's transactions in foreign currencies are accounted in accordance with the TAS 21 "Accounting Standard on the Effect of Changes in Foreign Currency Rates", and converted with the exchange rate ruling at the transaction date into Turkish Lira. Foreign currency assets and liabilities have been translated into Turkish Lira at the rate of exchange rates ruling at the balance sheet date announced by the Bank. Gains or losses arising from foreign currency transactions and translation of foreign currency assets and liabilities are reflected in the income statement as foreign exchange gain or loss.

The portion of risk belonging to the profit sharing accounts for foreign currency non-performing loans which were funded from these accounts is evaluated at current foreign exchange rates. The portion of provisions provided for such loans belonging to profit sharing accounts are also evaluated at current foreign exchange rates.

Since the Bank provides full specific provision (except foreign branch) for the Bank's portion of risk of foreign currency non-performing loans and receivables funded from profit sharing accounts and for the risk of foreign currency non-performing loans and receivables funded by equity, such loans and receivables are translated to Turkish Lira at the current exchange rates instead of exchange rates prevailing at the date of transfer of the balances to non-performing portfolio. Such implementation does not have a positive or negative impact on trading income/loss of the Bank.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial assets into Turkish Lira are included in the income statement.

The balance sheet items of the foreign branch of the Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Bank. Income statement items are translated into Turkish lira by exchange rate ruling at the transaction date and all exchange differences arising from translation are accounted in other capital reserves under equity according to TAS 21.

Precious metals (gold) accounted under assets and liabilities which do not have fixed maturity are translated into Turkish lira by using the buying rate of gold at the balance sheet date announced by the Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Bank.

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

The derivative financial instruments of the Bank consist of forward foreign currency agreements. The Bank records the spot foreign currency transactions in asset purchase and sale commitments .

The Bank's derivative transactions, even though they provide effective economic hedges under the Bank's risk management policy, do not qualify for hedge accounting under the specific rules in "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" and are therefore treated as "financial instruments at fair value through profit or loss" and the related gain or loss is associated with income statement.



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

As of the balance sheet date, there are no embedded derivatives and no derivative instruments formed through separation from the host contract.

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

#### Profit share income

Profit share income is accounted in accordance with TAS 39 "Financial Instruments: Recognition and Measurement" by using internal rate of return method that equalizes the future cash flows of the financial instrument to the net present value. Profit share income is recognized on accrual basis.

Revenues regarding the profit and loss sharing investment projects are recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer, the Bank retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, inflow of economic benefits associated with the transaction is probable and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In accordance with the Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans", the profit share accruals of non-performing loans and other receivables are reversed and are recorded as profit share income when collected.

#### Profit share expense

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

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

Other than commission income and fees and expenses for various banking services that are reflected as income/expense when collected/paid, fees and commission income and expenses are reflected to income statement depending on the term of the related transaction.

In accordance with provisions of TAS, the portion of the commission and fees which are related to the reporting period and collected in advance for cash and non-cash loans granted is reflected to the income statement by using the internal rate of return method and straight line methods, respectively over the commission period of the related loan, respectively. Fees and commissions collected in advance which are related to the future periods are recorded under the account 'Deferred Revenues' and included in 'Miscellaneous Payables' in the balance sheet. The commission received from cash loans corresponding to the current period is presented in "Profit Share from Loans" in the income statement.

In the correspondence of BRSA dated June 8, 2012 and numbered B.02.1.BDK.0.13.00.0-91.11-12061, it has been stated that there is no objection to recording the commissions received from long term non-cash loans collected in quarterly periods or periods less than a quarter directly as income. Consequently, the Bank records the related non-cash loans commissions directly as income.

### VI. Explanations on financial assets:

The Bank categorizes its financial assets as 'Financial Assets at Fair Value through Profit and Loss', 'Financial Assets Available for Sale', 'Loans and Receivables' or 'Financial Assets Held to Maturity'. Sale and purchase transactions of the financial assets mentioned above are recognized at the settlement dates. The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management taking into consideration the purpose of the investment.

**Financial assets at fair value through profit or loss;** This category has two sub categories: "Trading financial assets" and "Financial assets at fair value through profit and loss".

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Trading financial assets are financial assets which are either acquired for generating profit from short-term fluctuations in prices or dealers' margin, or are financial assets included in a portfolio in which a pattern of short-term profit making exists.

Financial assets classified in this group are initially recognized at cost which reflects their fair values and are subsequently measured at fair value in the financial statements. All gains and losses arising from these valuations are reflected in the income statement.

The Bank has classified share certificates in its portfolio as trading financial assets and presented them at fair value in the accompanying financial statements.

As of December 31, 2013, the Bank has no financial assets classified as financial assets at fair value through profit or loss except for trading financial assets.

**Financial assets available for sale:**

Financial assets available for sale are initially recognized at cost; which reflects their fair values; including the transaction costs. After the initial recognition, available for sale securities are measured at fair value and the unrealized gains or losses resulting from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Valuation Reserve" under equity. In case of a disposal of available for sale financial assets, value increases/decreases which have been recorded in the marketable securities valuation reserve under the equity is transferred to income statement. Financial assets classified as available for sale financial assets which do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less impairment, if any.

**Loans and receivables:**

Loans and receivables are non-derivative financial assets whose payments are fixed or can be determined, are not traded in an active market and are not classified as trading assets, financial assets at fair value through profit or loss and financial assets available for sale.

Loans and receivables are carried initially at cost including the transaction costs which reflects their fair value; and subsequently recognized at the amortized cost value using the internal rate of return method in accordance with TAS 39 "Financial Assets: Recognition and Measurement". Fees, transaction costs and other similar costs in connection with the collaterals of loans and receivables are paid by the customers and accordingly not included in expense items in the income statement.

Cash loans are accounted in related accounts as specified by the Communiqué "Uniform Chart of Accounts and Explanations to be implemented by Participation Banks".

**Held to maturity financial assets:**

Held to maturity financial assets are financial assets that are not classified under 'Loans and receivables' with fixed maturities and fixed or determinable payments where management has the intent and ability to hold until maturity. Held to maturity financial assets are initially recognized at cost including the transaction costs which reflects their fair value, and subsequently carried at amortized cost using the internal rate of return method. Profit share income from held to maturity financial assets is reflected in the income statement.

**VII. Explanations on impairment of financial assets:**

At each balance sheet date, the Bank evaluates the carrying amounts of its financial assets or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related amount of impairment.

A financial asset or a group of financial assets incurs impairment loss only if there is an objective evidence related to the occurrence of one or more than one event (loss events) subsequent to initial recognition of that asset or group of assets; and such loss event (or events) causes an impairment loss as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Any amount attributable to expected losses arising from any future events is not recognized under any circumstances.

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If there is objective evidence that the loans granted might not be collected, general and specific provisions for such loans are expensed as 'Provision for Loan Losses and Other Receivables' in accordance with the Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans". Subsequent recoveries of amounts previously written off or provisions provided in prior periods are included in "Other Operating Income" in the income statement. The profit sharing accounts' portion of general and specific provisions for loans and other receivables originated from profit sharing accounts is reflected to the profit sharing accounts.

If there is objective evidence indicating that the value of financial assets held to maturity is impaired, the amount of the loss is measured as the difference between the present value which is calculated by discounting the projected cash flows in the future with the original profit share rate and the net book value; provision is provided for impairment and the provision is associated with the expense accounts.

If there is objective evidence indicating that the fair value of a financial asset available for sale, for which decreases in the fair value has been accounted in the equity, has been impaired then the total loss which was accounted directly under the equity is deducted from equity and transferred to the income statement.

If there is objective evidence indicating that an unquoted equity instrument which is not carried at fair value because its fair value cannot be reliably measured is impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses cannot be reversed.

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

Financial instruments are offset when the Bank has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously.

There are no such offset of financial assets and liabilities.

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

Securities subject to repurchase agreement are classified as "at fair value through profit or loss", "available-for-sale" and "held-to-maturity" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from the related agreements are accounted under "Borrowings from Money Markets" in liabilities and the difference between the sale and repurchase price is accrued over the life of the agreements using the internal rate of return method. Profit share expense on such transactions is recorded under "Profit Share Expense on Money Market Borrowings" in the income statement.

The Bank has no securities lending transactions.

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

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

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

A discontinued operation is a part of the Bank's business which has been disposed of or classified as held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Bank has no discontinued operations.

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

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

The costs of the intangible assets purchased before December 31, 2004 have been restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Bank's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years.

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

**XII. Explanations on tangible assets:**

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

As of March 31, 2009, the Bank has made a change in accounting policy and adopted revaluation model for immovables in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2013, the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve in accordance with TAS 16.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

There are no changes in the accounting estimates which are expected to have an impact in the current or subsequent periods.

Depreciation is calculated on a straight-line basis. Depreciation rates used are determined by considering the estimated economic useful life of the assets. The annual rates used are as follows:

	%
Buildings	2
Motor vehicles	20 - 25
Furniture, fixture and office equipment	4 - 33
Safe-deposit boxes	2 - 20
Operational lease improvement costs (Leasehold improvements)	Leasing period - 5 years

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period. In cases where the leasing period is not certain, the useful life is determined as 5 years. After January 1, 2010 in cases where leasing period is more than 5 years, the useful life is determined as 5 years.

If there is an indication for impairment, the Bank estimates the recoverable amount of the tangible asset in accordance with TAS 36 'Impairment of Assets' and if the recoverable amount is less than its carrying value, provides for an impairment loss.

Gain or loss resulting from disposals of the tangible assets is calculated as the difference between the net proceeds from the sale and the net book value of the related asset.

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The repair and maintenance costs of the tangible assets are capitalized, if the expenditure increases the economic life of the asset. Other repair and maintenance costs are expensed.

### XIII. Explanations on leasing transactions:

#### Transactions as a lessee

Leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases and other leases are classified as operational leases.

Assets acquired under finance lease contracts are recorded both as an asset and a liability at the beginning date of the lease. The basis for the determination of the balances recorded in the balance sheet as asset and liability is the lower of fair value of the leased asset at the inception of the lease and the present value of the lease payments. Finance charges arising from lease contracts are expensed in the related periods taking into consideration the internal rate of return over the period of the lease.

Assets acquired under finance lease contracts are depreciated over their useful lives and impairment provision is provided in case a decrease in recoverable amount has been determined.

The payments made under operational leases are charged to income statement on a straight line basis over the period of the lease.

#### Transactions as a lessor

The Bank, as a participation bank, acts as a lessor in finance leasing transactions. The Bank presents finance leased assets as a receivable equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

### XIV. Explanations on provisions and contingent liabilities:

Provisions and contingent liabilities, excluding the general and specific provisions for impairment on loans and other receivables, are accounted in accordance with TAS 37: "Provisions, Contingent Liabilities and Contingent Assets".

Provisions are recognized if; as of the balance sheet date there is a present legal or constructive obligation as a result of past events, it is probable that an outflow resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provision is booked for contingent liabilities originated as a result of past events in the period they arise if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

### XV. Explanations on liabilities regarding employee benefits:

#### i) Defined benefit plans:

In accordance with existing social legislation, the Bank is required to make severance pay to each employee who has completed over one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The retirement pay provision recognized in the financial statements, is calculated in accordance with TAS 19 "Employee Benefits" by using the "projection method" and based upon factors derived using the Bank's experience with respect to completion of service period and eligibility to receive retirement pay and which is discounted by using the current market yield rate of government bonds at the balance sheet date. Actuarial gains and losses generated after January 1, 2013, are accounted for under equity in accordance with the revised TAS 19 standard.

The Bank's employees are not members of any pension fund, foundations, union or other similar entities.

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**ii) Defined contribution plans:**

The Bank pays defined contribution plans to publicly administered Social Security Funds for its employees. The Bank has no further payment obligations other than this contribution share. The contributions are recognized as personnel expenses when they accrue.

**iii) Short term benefits to employees:**

In accordance with TAS 19, vacation pay liabilities are classified as "Short Term Benefits to Employees" and accrued in the period they are earned and are not discounted.

**XVI. Explanations on taxation:****Current tax:**

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

In accordance with the Corporate Tax Law no.5520 published in the Official Gazette no.26205 dated June 21, 2006, the corporation tax rate effective from January 1, 2006 is 20%.

Dividends paid to the resident institutions are not subject to withholding tax. Withholding tax rate on the dividend payments other than these is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and accordingly is not subject to withholding tax.

The prepaid taxes are calculated based on quarterly profits of the Bank using the corporate rate of 20% which must be announced by the 14th day and paid by the 17th day of the second month following the taxed period. The prepaid taxes can be deducted from the annual corporate tax calculated on the annual corporate income. The remaining prepaid tax, if any after deduction, can be refunded in cash or deducted from other financial liabilities to the government.

75% of the profits generated from the sale of properties and share certificates of which the Bank held possession for two years or more, are exempt from corporate tax if added to the capital or accounted under shareholders' equity as a special fund for 5 years according to the Corporate Tax Law.

Income generated by the transfer of properties, share certificates of subsidiaries, founders' shares, preferred shares and preemptive rights owned by corporations under legal follow-up together with their guarantors and mortgagers, which are transferred to banks due to their debts and used for winding up the debts is exempt from corporation tax. Additionally, 75% of the profit generated by sales of above mentioned instruments is also exempt from corporation tax.

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

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

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

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### Deferred tax:

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

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

### Transfer pricing:

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

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

### XVII. Additional explanations on borrowings:

The Bank records borrowings in accordance with TAS 39 'Financial Instruments: Recognition and Measurement'. Borrowings, except for funds collected, are recognized at amortized cost using the effective internal rate of return method in the following periods after the initial recognition.

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

### XVIII. Explanations on issued share certificates:

None.

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

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

### XX. Explanations on government grants:

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

### XXI. Explanations on segment reporting:

Business segment is a component of the Bank that engages in business activities from which the Bank may earn revenues and incur expenses, whose operating results are regularly reviewed by the Bank's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial available.

Segment reporting is disclosed in Section Four, Note XIII.

### XXII. Explanations on other matters:

None.



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

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

**Section four****Information on financial structure and risk management****I. Explanations on capital adequacy standard ratio:**

Capital adequacy ratio calculations are made in accordance with "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" (Regulation) published in the Official Gazette no.28337 dated June 28, 2012 starting from July 1, 2012. As of December 31, 2013, the Bank's unconsolidated capital adequacy ratio calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" is 14, 86% (Prior Period- 13, 03%).

**a) Risk measurement methods used in the calculation of capital adequacy standard ratio:**

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", "Regulation on Credit Risk Mitigation Techniques" published in the Official Gazette no.28337 dated June 28, 2012 and the "Regulation on Equities of Banks" published in the Official Gazette no.26333 dated November 1, 2006.

In the calculation of capital adequacy ratio the Bank applies standard method for market risk, basic indicator method for operational risk and standard method for credit risk.

In the calculation of capital adequacy ratio, the data composed from accounting records prepared in compliance with the current legislation are used. Such accounting data is included in the calculation of credit and market risks subsequent to their designation as "trading book" and "banking book" according to the Regulation.

The items classified as trading book and the items deducted from the equity are not included in the calculation of credit risk. In the calculation of risk weighted assets, the assets subject to amortisation or impairment, are taken into account on a net basis after being reduced by the related amortisations and provisions.

In the calculation of the value at credit risk for the non-cash loans and commitments and the receivables from counterparties in such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

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## b) Information on capital adequacy standard ratio:

	Bank								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
<b>Value at Credit Risk</b>	<b>2.798.802</b>	<b>-</b>	<b>1.668.904</b>	<b>4.148.225</b>	<b>1.858.384</b>	<b>7.521.705</b>	<b>19.132</b>	<b>19.936</b>	<b>42</b>
Risk Categories									
Conditional and unconditional receivables from central governments or central banks	2.653.721	-	12.446	83.973	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	74.313	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	1.032.874	365.919	1.062	147.169	-	-	-
Conditional and unconditional receivables from corporates	-	-	403.229	18.054	-	6.915.988	-	-	-
Conditional and unconditional retail receivables	-	-	113.050	171	1.857.322	29.205	-	-	-
Conditional and unconditional receivables secured by mortgages on property	-	-	3.798	3.665.988	-	-	-	-	-
Past due receivables	-	-	-	14.120	-	10.945	800	-	-
Receivables defined in high risk category by BRSA	-	-	1.380	-	-	-	18.332	19.936	42
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	27.814	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	145.081	-	-	-	-	418.398	-	-	-

On the table, the collateralized credit amounts are included to risk weights based on related risk categories.

## c) Summary information related to capital adequacy standard ratio:

	Current Period	Prior Period
A Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	911.365	661.316
B Capital Requirement for Market Risk (MRCR)	11.622	5.234
C Capital Requirement for Operational Risk (ORCR)	77.228	66.816
Shareholders' Equity	1.858.124	1.194.026
Shareholders' Equity / ((CRCR+MRCR+ORCR)*12.5*100)	% 14, 86	% 13, 03

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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## d) Details of shareholders' equity accounts:

	December 31 2013	December 31 2012
<b>CORE CAPITAL</b>		
Paid-in Capital	900.000	900.000
Nominal Capital	900.000	900.000
Capital Commitments (-)	-	-
Inflation Adjustments to Paid-in Capital	-	-
Share Premium	-	-
Share Cancellation Profits	-	-
Reserves	262.455	68.892
Inflation Adjustments to Reserves	-	-
Profit	242.843	192.726
Current Period Net Profit	241.409	191.835
Prior Years' Profits	1.434	891
Provision for possible losses up to 25% of the core capital	72	108
Income on Sale of Equity Shares and Real Estate Property	-	-
Primary Subordinated Debts	-	-
Loss in excess of Reserves (-)	-	-
Current Period Net Loss	-	-
Prior Years' Loss	-	-
Leasehold Improvements on Operational Leases (-)	38.688	29.409
Intangible Assets (-)	15.929	7.052
Deferred Tax Asset Exceeding 10% of the Core Capital (-)	-	-
Amount in excess as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
<b>Total Core Capital</b>	<b>1.350.753</b>	<b>1.125.265</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Loan Loss Reserves	47.378	44.750
45% of the Revaluation Reserve for Movable Fixed Assets	-	-
45% of the Revaluation Reserve for Properties	43.520	24.985
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	-	-
Primary Subordinated Loans Excluded in the Calculation of The Core Capital	-	-
Secondary Subordinated Loans	424.148	-
45% of Marketable Securities Value Increase Fund	(4.742)	537
Indexation Differences For Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
<b>Total Supplementary Capital</b>	<b>510.304</b>	<b>70.272</b>
<b>CAPITAL</b>	<b>1.861.057</b>	<b>1.195.537</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>2.933</b>	<b>1.511</b>
Shareholdings in Unconsolidated Banks and Financial Institutions (Domestic, Foreign) in which the Bank Owns Ten Percent or More of Capital	250	50
Shareholdings in Unconsolidated Banks and Financial Institutions (Domestic, Foreign) in which the Bank Owns Less than Ten Percent of Capital which Exceed the Ten Percent Of Bank's Core and Supplementary Capital	-	-
Secondary Subordinated Loans Granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and Placements that Possess the Nature of their Primary or Secondary Subordinated Debt	-	-
Loans Granted Being Non-Compliant with the Articles 50 and 51 of the Banking Law	-	-
The Net Book Value of Properties Exceeding Fifty Percent of Equity and Properties Held for Sale and Properties and Commodity to be Disposed, Acquired In Exchange of Loans and Receivables According to the Article 57 of the Banking Law and Have Not Been Disposed Yet After 5 Years After Foreclosure	1.391	802
Securitization Positions to be Deducted from Equity	-	-
Other	1.292	659
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1.858.124</b>	<b>1.194.026</b>

Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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### e) Approaches for assessment of adequacy of internal capital requirements for current and future activities:

Charter on Internal Capital Adequacy Policy was prepared in order to define internal capital adequacy evaluation process and capital adequacy policy by the Bank and was approved by the Board of Directors on October 17, 2012. The ultimate aim of such internal capital adequacy policy is to maintain capital adequacy by defining the basic principles that regulate management and implementation of internal capital adequacy, apart from exceptional circumstances.

The Bank within the framework of BRSA regulations and also considering the best practices ensures the management of internal capital adequacy, pursuant to the volume, qualification and complexity of its operations. The methodology for evaluation of internal capital adequacy is considered an ongoing process and the related future studies are planned in this way.

### II. Explanations on credit risk:

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

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

In accordance with the decision taken by the Board of Directors of the Bank, the Bank cannot grant loans above 15% of its equity to a real person or legal entity. (Exception to this decision is subject to the decision of the Board of Directors.) The Bank focuses to distribute the risk in different sectors evenly; accordingly the branches of the Bank are trying to reach companies from various sectors. In principle each branch tries to distribute overall risk in the branch evenly among sectors and development of the entities in critical sectors is observed.

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

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

Loans which are past due up to 90 days as of period ends but not impaired are defined as "Past Due Receivables". "General provision" is set aside for these loans in accordance with the Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans".

Loans which are past due for more than 90 days as of period ends or assessed as impaired based on risk assessment made are defined as "Impaired Loans". "Specific provision" is set aside for these in accordance with the Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans".

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

<b>Risk Categories</b>	<b>Current Period Risk Amount (*)</b>	<b>Average Risk Amount</b>
Conditional and unconditional receivables from central governments or central banks	2.737.694	2.216.612
Conditional and unconditional receivables from regional or local governments	64.718	5.997
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	1.530.141	1.270.862
Conditional and unconditional receivables from corporates	7.360.853	6.264.962
Conditional and unconditional retail receivables	2.015.090	1.825.043
Conditional and unconditional receivables secured by mortgages on property	3.669.786	3.370.855
Past due receivables	25.865	37.713
Receivables defined in high risk category by BRSA	39.690	25.090
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	27.814	22.862
Investments similar to collective investment funds	-	-
Other receivables	563.479	481.944

(\*) Represents amounts, before risk mitigating factors, after risk conversion factors.

(2) The Bank has control limits over the positions of forwards, options and similar agreements. The credit risk undertaken for such positions is managed together with the risks arising from market movements.

The risks of forwards, options and similar agreements are followed regularly and the Bank utilizes risk mitigation methods if needed.

(3) Indemnified non-cash loans are subject to the same risk weight as overdue loans. Rescheduled or restructured loans are followed in accordance with the principles of credit risk management and follow-up principle of the Bank. Financial position and commercial operations of those customers are analyzed continuously and the principal and profit payments based on the restructured payment plan are monitored by the related departments.

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

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

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

(5) Share of cash receivables of the Bank from its top 100 and top 200 cash loan customers in total cash loans is 41% (Prior period - 38%) and 50% (Prior period - 49%) respectively.

Share of non-cash receivables of the Bank from its top 100 and top 200 non-cash loan customers in total non-cash loans is 48% (Prior period - 45%) and 60% (Prior period - 58%) respectively.

Share of cash and non-cash receivables of the Bank from its top 100 and top 200 loan and non-cash loan customers in total of balance sheet and off balance sheet commitments is 36% (Prior period - 33%) and 47% (Prior period - 44%) respectively.

(6) The Bank's general provision amount for its credit risk is TL 113.708 (Prior period - TL 103.100).

(7) Profile on significant risks in significant regions:

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Current Period	Risk Categories (*)										
	1	2	3	4	5	6	7	8	9	10	Total
Domestic	2.750.140	74.313	1.131.441	6.992.850	1.956.742	3.631.656	25.842	39.686	-	-	16.602.670
EU Countries	-	-	121.241	28.075	3.902	9.653	-	-	-	-	162.871
OECD Countries (**)	-	-	6.249	-	-	-	-	-	-	-	6.249
Off-shore banking regions	-	-	3.767	215.991	3.654	12.334	-	-	27.814	-	263.560
USA, Canada	-	-	126.908	926	265	15.146	-	-	-	-	143.245
Other countries	-	-	157.418	99.429	35.185	997	23	4	-	-	293.056
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities (***)	-	-	-	-	-	-	-	-	-	563.479	563.479
	<b>2.750.140</b>	<b>74.313</b>	<b>1.547.024</b>	<b>7.337.271</b>	<b>1.999.748</b>	<b>3.669.786</b>	<b>25.865</b>	<b>39.690</b>	<b>27.814</b>	<b>563.479</b>	<b>18.035.130</b>

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

(\*\*) OECD countries other than EU countries, USA and Canada.

(\*\*\*) Assets and liabilities are not allocated on a consistent basis

- 1- Conditional and unconditional receivables from central governments or central banks
- 2- Conditional and unconditional receivables from regional or local governments
- 3- Conditional and unconditional receivables from banks and brokerage houses
- 4- Conditional and unconditional receivables from corporates
- 5- Conditional and unconditional retail receivables
- 6- Conditional and unconditional receivables secured by mortgages on property
- 7- Past due receivables
- 8- Receivables defined as high risk category by the Regulator
- 9- Short term receivables from banks and brokerage houses and short term receivables from corporates
- 10- Other receivables

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## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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## Risk Profile according to sectors and counterparties:

	Sectors/Counterparties	Risk Categories				
		1	2	3	4	5
<b>1</b>	<b>Agriculture</b>	-	-	-	<b>122.370</b>	<b>56.605</b>
1.1	Farming and stockbreeding	-	-	-	107.585	49.946
1.2	Forestry	-	-	-	14.692	5.155
1.3	Fishery	-	-	-	93	1.504
<b>2</b>	<b>Manufacturing</b>	-	<b>3.924</b>	-	<b>3.461.285</b>	<b>789.332</b>
2.1	Mining	-	2.450	-	77.698	13.384
2.2	Production	-	1.474	-	2.659.316	749.586
2.3	Electricity, gas, water	-	0	-	724.271	26.362
<b>3</b>	<b>Construction</b>	-	<b>65.795</b>	-	<b>1.933.312</b>	<b>286.218</b>
<b>4</b>	<b>Services</b>	<b>2.750.140</b>	<b>1.201</b>	<b>1.547.024</b>	<b>1.523.835</b>	<b>388.413</b>
4.1	Wholesale and retail trade	-	1.181	-	653.663	233.146
4.2	Hotel, food and beverage services	-	-	-	22.258	15.263
4.3	Transportation and telecommunication	-	-	-	95.195	36.940
4.4	Financial institutions	2.750.140	-	1.547.024	493.374	29.824
4.5	Real estate and renting services	-	-	-	50.267	19.626
4.6	Self-employment services	-	20	-	131.730	28.070
4.7	Education services	-	-	-	7.916	956
4.8	Health and social services	-	-	-	69.432	24.588
<b>5</b>	<b>Other</b>	-	<b>3.393</b>	-	<b>296.469</b>	<b>479.180</b>
<b>6</b>	<b>Total</b>	<b>2.750.140</b>	<b>74.313</b>	<b>1.547.024</b>	<b>7.337.271</b>	<b>1.999.748</b>

1- Conditional and unconditional receivables from central governments or central banks

2- Conditional and unconditional receivables from regional or local governments

3- Conditional and unconditional receivables from banks and brokerage houses

4- Conditional and unconditional receivables from corporates

5- Conditional and unconditional retail receivables

6- Conditional and unconditional receivables secured by mortgages on property

7- Past due receivables

8- Receivables defined in high risk category by BRSA

9- Short term receivables from banks and brokerage houses and short term receivables from corporates

10- Other Receivables



	Risk Categories					TL	FC	Total
	6	7	8	9	10			
	<b>62.752</b>	<b>82</b>	-	-	-	<b>158.860</b>	<b>82.949</b>	<b>241.809</b>
	56.274	40	-	-	-	147.139	66.706	213.845
	6.478	39	-	-	-	10.952	15.412	26.364
	-	3	-	-	-	769	831	1.600
	<b>1.161.791</b>	<b>11.251</b>	-	-	-	<b>2.687.562</b>	<b>2.740.021</b>	<b>5.427.583</b>
	20.409	125	-	-	-	36.942	77.124	114.066
	1.108.821	9.641	-	-	-	2.279.532	2.249.306	4.528.838
	32.561	1.485	-	-	-	371.088	413.591	784.679
	<b>946.378</b>	<b>8.394</b>	-	-	-	<b>1.855.265</b>	<b>1.384.832</b>	<b>3.240.097</b>
	<b>449.575</b>	<b>3.888</b>	-	<b>27.814</b>	-	<b>4.374.845</b>	<b>2.317.045</b>	<b>6.691.890</b>
	267.314	3.570	-	-	-	610.649	548.225	1.158.874
	10.174	1	-	-	-	29.027	18.669	47.696
	27.731	257	-	-	-	70.546	89.577	160.123
	84.786	-	-	27.814	-	3.450.866	1.482.096	4.932.962
	41.442	54	-	-	-	56.847	54.542	111.389
	5.959	6	-	-	-	90.464	75.321	165.785
	1.530	-	-	-	-	6.906	3.496	10.402
	10.639	-	-	-	-	59.540	45.119	104.659
	<b>1.049.290</b>	<b>2.250</b>	<b>39.690</b>	-	<b>563.479</b>	<b>1.931.232</b>	<b>502.519</b>	<b>2.433.751</b>
	<b>3.669.786</b>	<b>25.865</b>	<b>39.690</b>	<b>27.814</b>	<b>563.479</b>	<b>11.007.764</b>	<b>7.027.366</b>	<b>18.035.130</b>

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

Risk Categories	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	1 year and over
Receivables from central governments or central banks	1.789.490	-	-	386.400	574.250
Receivables from regional or local governments	11.483	5.768	8.431	16.942	31.689
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-
Receivables from banks and brokerage houses	1.473.091	24.067	12.621	20.520	16.725
Conditional and unconditional receivables from corporates	1.064.771	889.168	1.207.453	1.607.628	2.568.251
Conditional and unconditional retail receivables	244.335	299.122	341.391	419.147	695.753
Conditional and unconditional receivables secured by mortgages on property	418.460	501.776	632.190	747.312	1.370.048
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	5.033	34.657
Securities collateralized by mortgages	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	27.814	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>TOTAL</b>	<b>5.029.444</b>	<b>1.719.901</b>	<b>2.202.086</b>	<b>3.202.982</b>	<b>5.291.373</b>

(8) While determining risk weights of receivables from banks and receivables from central banks and central governments indicated in the sixth article of "Regulation on Measurement and Assessment of Capital Adequacy of Banks", rating grades obtained from rating agencies commissioned by customers are being used. Other receivables in the regulation are considered as unrated while calculating capital adequacy.

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

Risk Weights		Risk Weights									Deductions from Shareholders' Equity
		0%	10%	20%	50%	75%	100%	150%	200%	250%	
1	Amount before credit risk mitigation	2.798.802	-	1.115.140	502.719	3.478.526	10.100.833	19.132	19.936	42	7.997
2	Amount after credit risk mitigation	2.798.802	-	1.668.904	4.148.225	1.858.384	7.521.705	19.132	19.936	42	7.997

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

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	Sectors/Counterparties	Loans			
		Impaired Loans	Past Due	Value Adjustments	Provisions
<b>1</b>	<b>Agriculture</b>	<b>9.279</b>	<b>2.427</b>	<b>52</b>	<b>8.917</b>
1.1	Farming and stockbreeding	4.543	2.082	43	4.450
1.2	Forestry	4.494	345	9	4.228
1.3	Fishery	242	-	-	239
<b>2</b>	<b>Manufacturing</b>	<b>119.216</b>	<b>137.551</b>	<b>3.065</b>	<b>107.523</b>
2.1	Mining	3.486	1.033	39	3.356
2.2	Production	110.220	73.881	1.773	100.222
2.3	Electricity, gas, water	5.510	62.637	1.253	3.945
<b>3</b>	<b>Construction</b>	<b>87.025</b>	<b>33.765</b>	<b>730</b>	<b>79.817</b>
<b>4</b>	<b>Services</b>	<b>39.714</b>	<b>278.250</b>	<b>5.711</b>	<b>34.158</b>
4.1	Wholesale and retail trade	28.603	201.355	4.142	23.870
4.2	Hotel, food and beverage services	237	1.216	24	236
4.3	Transportation and telecommunication	4.316	47.028	945	4.080
4.4	Financial institutions	227	7.262	145	227
4.5	Real estate and renting services	1.214	2.430	67	1.173
4.6	Self-employment services	4.600	15.641	313	4.075
4.7	Education services	10	37	1	10
4.8	Health and social services	507	3.281	74	487
<b>5</b>	<b>Other</b>	<b>24.434</b>	<b>66.792</b>	<b>1.390</b>	<b>23.013</b>
<b>6</b>	<b>Total</b>	<b>279.668</b>	<b>518.785</b>	<b>10.948</b>	<b>253.428</b>

(10) Information related to value adjustments and credit provisions:

		Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments (*)	Closing Balance
1	Specific Provisions	197.669	155.871 (**)	(106.914) (**)	6.802	253.428
2	General Provisions	103.100	10.588	(4.833)	4.853	113.708

(\*) Determined according to currency differences.

(\*\*) Related balance includes reversal of provisions regarding write-off's in the amount of TL 13.897

(\*\*\*) Related balance includes reversal of provisions made within the same period in the amount of TL 9.806

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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The table below presents the maximum exposure to credit risk for the components of the financial statements:

	Current period	Prior period
Central Bank of the Republic of Turkey	2.148.514	1.126.363
Trading financial assets	27	1.583
Due from banks	1.378.708	1.037.112
Available-for-sale financial assets	239.347	151.300
Loans	11.987.580	9.058.404
Held to maturity investments	745.390	365.815
Finance lease receivables	72.321	41.659
Other assets	10.952	2.850
<b>Total balance sheet items subject to credit risk</b>	<b>16.582.839</b>	<b>11.785.086</b>
Contingent liabilities	6.163.867	5.213.281
Commitments	876.219	1.142.145
<b>Total off-balance sheet items subject to credit risk</b>	<b>7.040.086</b>	<b>6.355.426</b>
<b>Total credit risk exposure</b>	<b>23.622.925</b>	<b>18.140.512</b>

## Explanations on credit rating system:

The Bank assesses the credit quality of customers through rating systems developed for the loan and finance lease customers. The principal criteria used in the rating systems are the volume of transactions of the customer with the Bank, payment performance of the customer and income generated from the customer.

The table below presents the concentration information of the loans and finance lease receivables classified according to the rating systems:

	Current period	Prior period
Above average	26, 12%	18, 59%
Average	67, 53%	78, 97%
Below average	6, 35%	2, 44%

## Albaraka Türk Katılım Bankası Anonim Şirketi

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**III. Explanations on market risk:**

(1) The Bank measures its market risk exposures within the framework of "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in Official Gazette numbered 28337 dated June 28, 2012 by using standardized approach and allocates statutory capital accordingly. On the other hand, market risk is also calculated for testing purposes using internal model methods (VaR) and the results are validated by back test analysis. The VaR is calculated daily by using Variance, Covariance, EWMA, Monte Carlo and historical simulation methods and the results are reported to senior management.

The Board of Directors set the risk limits by taking into account the main risk factors and these limits are periodically revised in accordance with the market conditions and the Bank's strategies. Furthermore, the Board of Directors ensure that, the necessary measures are to be taken by risk management department and top level management in respect of defining, measuring, prioritizing, monitoring and managing the risks exposed by the Bank.

The riskiness of on and off balance sheet positions which will occur due to the market volatility is measured regularly. The information related to market risk taken into consideration in calculation of legal capital is stated below.

**a) Information related to market risk:**

	<b>Amount</b>
(I) Capital requirement to be employed for general market risk - standard method	381
(II) Capital requirement to be employed for specific risk - standard method	381
Capital requirement against specific risks of securitisation positions- standard method	-
(III) Capital requirement to be employed for currency risk - standard method	10.625
(IV) Capital requirement to be employed for commodity risk - standard method	-
(V) Capital requirement to be employed for swap risk - standard method	-
(VI) Capital requirement to be employed for market risk of options - standard method	-
(VII) Capital requirement against counterparty credit risks - standard method	235
(VIII) Capital requirement to be employed for market risks of banks using risk measurement model	-
(IX) Total capital requirement to be employed for market risk (I+II+III+IV+V+VI+VII)	11.622
(X) Amount subject to market risk (12, 5 X VIII) or (12, 5 x IX)	<b>145.275</b>

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## b) Average Market Risk Table Concerning Market Risk Calculated as of Month Ends During the Period:

	Current period			Prior period <sup>(*)</sup>		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	-	-	-	23	137	-
Share Certificates Risk	873	1.064	762	640	738	534
Currency Risk	7.430	10.625	4.062	6.086	8.231	4.496
Commodity Risk	-	-	-	-	-	-
Swap Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counterparty Credit Risk	40	235	-	-	-	-
<b>Total Value Subject to Risk</b>	<b>8.343</b>	<b>11.924</b>	<b>4.824</b>	<b>6.749</b>	<b>9.106</b>	<b>5.030</b>

<sup>(\*)</sup> Prior period's average is calculated by considering the arithmetic average of the monthly reports prepared between related period and publication date (June 28, 2012) of Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

## (2) Quantitative information on counterparty risk:

The "counterparty credit risk" is calculated according to the fair value methodology indicated in the Appendix-2 Part 3 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

Replacement cost of agreements having positive value is calculated by revaluation of agreements according to their fair values. Potential credit risk amount is acquired by multiplying related ratios on agreement types by agreement amounts or amounts subject to the transaction.

	Balance <sup>(*)</sup>	
	December 31, 2013	December 31, 2012
Interest Rate Contracts	-	-
Foreign Exchange Rate Contracts	2.943	-
Commodity Contracts	-	-
Equity Shares Related Contracts	-	-
Other	-	-
Gross Positive Fair Value	-	-
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collateral Received	-	-
<b>Net Derivative Position</b>	<b>2.943</b>	<b>-</b>

<sup>(\*)</sup> Includes only the counterparty risks arising from trading book.

## (3) Explanations on calculation of capital requirements through a risk measurement model which is permitted to be used by the authorities:

None.

Albaraka Türk Katılım Bankası Anonim Şirketi

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### IV. Explanations on operational risk:

a) Amount subject to operational risk is calculated with the help of basic indicator method according to article fourteen of "Regulation on Measurement and Assessment of Capital Adequacy of Banks". Annual gross profit calculated based on adding net fee and commission income, dividend income except for dividends from subsidiaries and associates, trading gain/loss (net) and other operational income to net profit share income; and deducting the profit/loss from selling assets except from trading accounts, extraordinary income, operating expense due to support services from a bank, main shareholder of the bank and compensations from insurance.

b) In case of using the basic indicator approach, the related information is as below:

	2 PP Value	1 PP Value	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	418.488	500.700	625.375	514.854	15	77.228
Amount subject to Operational Risk (Total*12, 5)						965.350

### V. Explanations on currency risk:

Foreign currency risk arises from the Bank's possible exposure to the changes in foreign currencies.

a) The Bank is exposed to currency risks as a market risk and tries to balance the currency risks by avoiding to keep any long or short positions. The currency risk of the Bank is monitored on a daily basis. Net foreign currency position/shareholders' equity ratio is also controlled on a daily basis. All foreign currency assets, liabilities and foreign currency forward transactions are taken into consideration while capital requirement to be employed for foreign currency risk is calculated. Standard Method used in legal reporting and amount subject to risk is calculated on a monthly basis.

b) The Bank does not have any derivative financial instruments held for hedging purposes.

c) As a result of the uncertainty and volatility in the markets, foreign currency position is kept at a balance, and accordingly, no currency risk is anticipated. The Bank takes necessary measures to keep the currency risk at a minimum level.



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ç) Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

Full TL	USD	EUR
As of December 31, 2013 - Balance sheet evaluation rate	2, 140	2, 950
As of December 30, 2013	2, 105	2, 907
As of December 27, 2013	2, 050	2, 850
As of December 26, 2013	2, 065	2, 850
As of December 25, 2013	2, 068	2, 830
As of December 24, 2013	2, 057	2, 810

d) The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is full TL 2, 038 for 1 USD (December 2012 - full TL 1, 778), full TL 2, 796 for 1 EURO (December 2012 - full TL 2, 332).

**Foreign currency sensitivity:**

The Bank is mainly exposed to EUR and USD currency risks.

The following table details the Bank's sensitivity to a 10% change in the USD and EURO rates. A negative amount indicates a decrease effect in profit/loss or equity of the 10% value decrease/increase of USD and EUR against TL.

	% change in foreign currency rate	Effect on profit/loss		Effect on equity	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
USD	10% increase	30.302	21.855	474	(28)
USD	10% decrease	(30.302)	(21.855)	(474)	28
EURO	10% increase	4.123	4.906	-	-
EURO	10% decrease	(4.123)	(4.906)	-	-

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## Information on currency risk of the Bank:

Current Period	EUR	USD	Other FC (*)	Total
<b>Assets</b>				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	749.824	980.417	306.026	2.036.267
Banks	106.326	568.334	78.170	752.830
Financial assets at fair value through profit and loss	5	3	14	22
Money market placements	-	-	-	-
Available-for-sale financial assets	51	113.264	-	113.315
Loans and financial lease receivables (**)	1.485.099	3.534.606	-	5.019.705
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	1.925	1.925
Intangible assets	-	-	594	594
Other assets (***)	743	841	1.625	3.209
<b>Total assets</b>	<b>2.342.048</b>	<b>5.197.465</b>	<b>388.354</b>	<b>7.927.867</b>
<b>Liabilities</b>				
Current account and funds collected from banks via participation accounts	157.833	241.550	2.040	401.423
Other current and profit sharing accounts	1.290.668	2.964.166	351.104	4.605.938
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	833.147	1.635.642	-	2.468.789
Marketable securities issued	-	-	-	-
Miscellaneous payables	4.200	14.678	2.529	21.407
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	14.967	38.406	1.181	54.554
<b>Total liabilities</b>	<b>2.300.815</b>	<b>4.894.442</b>	<b>356.854</b>	<b>7.552.111</b>
<b>Net balance sheet position</b>	<b>41.233</b>	<b>303.023</b>	<b>31.500</b>	<b>375.756</b>
<b>Net off balance sheet position</b>	<b>(35.754)</b>	<b>(256.730)</b>	<b>(2.620)</b>	<b>(295.104)</b>
Derivative financial instruments assets (****)	8.496	21.605	2.338	32.439
Derivative financial instruments liabilities (****)	44.250	278.335	4.958	327.543
Non-cash loans (*****)	852.441	2.343.620	10.953	3.207.014
<b>Prior Period</b>				
Total assets	1.612.829	3.489.126	308.322	5.410.277
Total liabilities	1.563.771	3.270.579	285.889	5.120.239
<b>Net balance sheet position</b>	<b>49.058</b>	<b>218.547</b>	<b>22.433</b>	<b>290.038</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Derivative financial instruments assets	-	-	-	-
Derivative financial instruments liabilities	-	-	-	-
Non-cash loans (*****)	658.975	1.663.526	31.309	2.353.810

(\*) TL 305.453 of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 37.646 of the balance in Banks in other FC column represent precious metals accounts with banks, TL 340.927 of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(\*\*) The balance includes foreign currency indexed loans and financial lease receivables of TL 3.436.101 (December 31 2012: TL 2.627.537).

(\*\*\*) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 801 (December 31 2012: TL 471) is included in other assets.

(\*\*\*\*) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 32.439 (December 31, 2012: None) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 30.543 (December 31, 2012: TL 263.575).

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

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**VI. Explanations on position risk of equity securities in banking book:**

The Bank does not have an associate and subsidiary quoted at Borsa İstanbul.

**VII. Explanations on liquidity risk:**

In the banking sector, liquidity risk mainly arises from average maturity of sources being shorter than average maturity of utilizations. The Bank acts in a conservative manner in liquidity management and keeps necessary reserves to meet the liquidity requirements. The Bank utilizes some of its sources in short term foreign investments; receivables from loans are generally collected in monthly installments.

The Bank collects funds through profit/loss sharing accounts for which the profit share rate is not predetermined and repayment of principal is not guaranteed and share of profit/loss on projects funded from these accounts are allocated to such profit/loss sharing accounts. Accordingly, the Bank's assets and liabilities and profit share ratios are compatible.

The Bank covers TL and Foreign Currency (FC) liquidity needs mostly by the funds collected and also utilizes Syndicated Murabaha Loans and wakala borrowings from abroad. Moreover, the Bank takes care to keep the assets in short term liquid assets and prolong average maturity of the liabilities.

The Board of Directors of the Bank monitors both the BRSB liquidity ratios and certain other indicators defined in the liquidity contingency plan on a daily basis. The liquidity sources which will be utilized in case of a potential liquidity shortage are defined in the contingency plans.

As per the BRSB Communiqué "Measurement and Assessment of the Adequacy of Banks' Liquidity", starting from June 1, 2007 the weekly and monthly liquidity ratios for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. Liquidity ratios for the periods ending December 31, 2013 and December 31, 2012 are as follows:

<b>December 31, 2013</b>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
Average (%)	166, 23	183, 59	128, 09	131, 86
Maximum (%)	261, 07	286, 26	156, 72	201, 10
Minimum (%)	105, 34	105, 74	107, 43	100, 83

<b>December 31, 2012</b>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
Average (%)	239, 38	242, 35	167, 72	180, 48
Maximum (%)	345, 05	295, 33	238, 14	213, 75
Minimum (%)	117, 02	194, 66	104, 38	155, 78

## Albaraka Türk Katılım Bankası Anonim Şirketi

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

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (*)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	509.102	1.773.579	-	-	-	-	-	2.282.681
Banks	997.777	8.192	372.739	-	-	-	-	1.378.708
Financial Assets at Fair Value Through Profit and Loss	4.764	27	-	-	-	-	-	4.791
Money Market Placements Available-For-Sale	-	-	-	-	-	-	-	-
Financial Assets	1.543	-	29.105	77.270	132.972	-	-	240.890
Loans Held-To-Maturity	4.623	1.408.310	1.663.864	4.524.500	4.127.733	304.631	-	12.033.661
Investments	-	-	25.512	305.500	414.378	-	-	745.390
Other Assets	-	472	71	2.043	8.366	-	519.480	530.432
<b>Total Assets</b>	<b>1.517.809</b>	<b>3.190.580</b>	<b>2.091.291</b>	<b>4.909.313</b>	<b>4.683.449</b>	<b>304.631</b>	<b>519.480</b>	<b>17.216.553</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	41.673	209.203	224.233	32.515	-	-	-	507.624
Other current and profit sharing accounts	2.526.390	7.564.516	912.993	921.727	92.962	-	-	12.018.588
Funds provided from other financial institutions	-	565.022	331.407	523.039	616.348	432.973	-	2.468.789
Money Market Borrowings	-	144.775	-	-	-	-	-	144.775
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	110.081	53.590	14.581	-	-	150.922	329.174
Other liabilities	-	23.319	22.749	-	-	-	1.701.535	1.747.603
<b>Total Liabilities</b>	<b>2.568.063</b>	<b>8.616.916</b>	<b>1.544.972</b>	<b>1.491.862</b>	<b>709.310</b>	<b>432.973</b>	<b>1.852.457</b>	<b>17.216.553</b>
<b>Net Liquidity Gap</b>	<b>(1.050.254)</b>	<b>(5.426.336)</b>	<b>546.319</b>	<b>3.417.451</b>	<b>3.974.139</b>	<b>(128.342)</b>	<b>(1.332.977)</b>	<b>-</b>
<b>Prior period</b>								
Total Assets	1.439.485	2.020.674	1.258.819	3.468.429	3.541.639	211.319	387.289	12.327.654
Total Liabilities	1.758.769	2.627.054	926.927	5.134.497	376.401	-	1.504.006	12.327.654
<b>Net Liquidity Gap</b>	<b>(319.284)</b>	<b>(606.380)</b>	<b>331.892</b>	<b>(1.666.068)</b>	<b>3.165.238</b>	<b>211.319</b>	<b>(1.116.717)</b>	<b>-</b>

(\*) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses and non-performing loans, are included here. The unallocated other liabilities row consists of equity, provisions and tax liabilities.

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## Analysis of financial liabilities based on the remaining contractual maturities:

The table below is prepared taking into consideration undiscounted amounts of financial liabilities of the Bank and earliest dates required to be paid. The profit share expenses to be paid on funds collected calculated on the basis of account value per unit are included in the table below.

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
<b>Current period</b>							
Funds Collected	2.568.063	7.773.719	1.137.226	954.242	92.962	-	12.526.212
Funds Borrowed from Other Financial Institutions	-	578.823	322.760	526.652	632.395	444.585	2.505.215
Borrowings from Money Markets	-	144.475	-	-	-	-	144.475
<b>Total</b>	<b>2.568.063</b>	<b>8.497.017</b>	<b>1.459.986</b>	<b>1.480.894</b>	<b>725.357</b>	<b>444.585</b>	<b>15.175.902</b>
<b>Prior period</b>							
Funds Collected	1.758.769	2.016.266	773.995	4.299.587	376.401	-	9.225.018
Funds Borrowed from Other Financial Institutions	-	438.472	123.889	843.800	-	-	1.406.161
Borrowings from Money Markets	-	-	-	-	-	-	-
<b>Total</b>	<b>1.758.769</b>	<b>2.454.738</b>	<b>897.884</b>	<b>5.143.387</b>	<b>376.401</b>	<b>-</b>	<b>10.631.179</b>

## Breakdown of commitment and contingencies according to their remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
<b>Current Period</b>								
Letters of guarantee (*)	2.574.442	295.641	317.747	1.226.349	782.376	35.343	-	5.231.898
Bank acceptances	23.524	-	-	-	-	-	-	23.524
Letters of credit	447.522	27.559	2.645	4.285	-	-	-	482.011
Other commitments and contingencies	-	426.434	-	-	-	-	-	426.434
<b>Total</b>	<b>3.045.488</b>	<b>749.634</b>	<b>320.392</b>	<b>1.230.634</b>	<b>782.376</b>	<b>35.343</b>	<b>-</b>	<b>6.163.867</b>
<b>Prior Period</b>								
Letters of guarantee (*)	2.096.771	199.543	294.033	1.176.899	730.658	36.895	-	4.534.799
Bank acceptances	15.490	-	-	-	-	-	-	15.490
Letters of credit	473.669	1.308	1.524	1.332	-	-	-	477.833
Other commitments and contingencies	-	185.159	-	-	-	-	-	185.159
<b>Total</b>	<b>2.585.930</b>	<b>386.010</b>	<b>295.557</b>	<b>1.178.231</b>	<b>730.658</b>	<b>36.895</b>	<b>-</b>	<b>5.213.281</b>

(\*) Remaining maturities presented for letters of guarantees represents the expiration periods. The correspondent of letters of guarantee has the right to demand the liquidation of the letter when the transaction stated at the letter is not realized.

## VIII. Securitisation Positions:

None.

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### IX. Credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized.

The risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at June 28, 2012 are stated below:

a) Financial collaterals (Government securities, cash, deposit or participation fund pledge, gold, stock pledge)

#### b) Guarantees

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

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

The appraisal of the mortgages for loans exceeding TL 3.000 or 5% of Bank's shareholders' equity is being made by the firms authorized by BRSA or Capital Market Board.

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

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

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## Collaterals in terms of Risk Categories:

The information related to amount and type of collaterals which are applied in the calculation of risk weighted amount of risk categories within the scope of the Communiqué on "The Risk Mitigation Techniques" is provided below.

Risk Categories	Amount	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	2.750.140	-	-	-
Conditional and unconditional receivables from regional or local governments	74.313	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	1.547.024	4.216	-	-
Conditional and unconditional receivables from corporates	7.337.271	421.283	-	23.582
Conditional and unconditional retail receivables	1.999.748	113.221	-	15.342
Conditional and unconditional receivables secured by mortgages on property	3.669.786	-	-	-
Past due receivables	25.865	-	-	-
Receivables defined in high risk category by BRSA	39.690	1.380	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	27.814	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	563.479	-	-	-

## X. Explanations on Risk Management Objectives and Policies:

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

Basically the Bank is exposed to market, liquidity, credit and strategic risk, reputation risk, and operational risk and determines risk policies, procedures to be implemented, and risk limits approved by Board of Directors for risks that can be quantified. The related limits are monitored, reported and maintained within the set limits by the units under Internal Systems and the related departments in the Bank. Risk Management Unit, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting risks.



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### Market Risk

Market Risk is the probability of loss that the bank may be exposed to due to the bank's general market risk, foreign exchange risk, specific risk, commodity risk, settlement risk and counterparty credit risk in trading book.

Exchange rate risk or foreign currency risk which is one of the factors that constitutes market risk, defines the probability of loss due to the effects of possible changes in currency to all the Bank's foreign currency assets and liabilities. Security position risk is the negations in the Bank's revenues and thus shareholders' equity, cash flows, asset quality and finally in meeting the commitments arising from negative movements in security prices included in the Bank's trading accounts.

Within the framework of market risk, the Bank calculates foreign currency position risk, general market risk for security position risk and specific risks via standard method and reports to the legal authority. The Bank also measures the foreign currency position risk by various internal methods for testing purposes. The variations between daily predicted value at risk and actual values and back testing practices are used to determine the accuracy and performance of these tests. The potential durability of portfolio against unpredictable risks that can be exposed is measured by stress tests including stress scenarios.

The Bank continuously monitors the compliance of market risk with the limits determined by legal regulations. The Bank's strategy for the currency risk is keeping it at a balance and not having any short or long position.

### Liquidity Risk

The liquidity risk is defined as inability to keep sufficient level of cash to meet cash outflow needs arising from participation accounts that are due and other obligations as a result of cash flow imbalances.

Maturity mismatch, impairment of the asset quality, unpredictable source outflows, decrease in profit and economic crisis situations are the factors that might cause the occurrence of the liquidity risk.

For liquidity risk, cash flows are monitored daily and preventive and remedial precautions are taken to meet obligations on time and in the required manner.

Regarding liquidity risk, in order to meet liquidity needs arising from unpredictable movements in the markets, the Bank prefers to implement the policy of maintaining quality liquid assets in adequate proportion by considering previous liquidity experiences and minimum liquidity adequacy ratios set by legal regulations.

### Credit Risk

Credit risk represents the Bank's possibility of losses due to loan customers not fulfilling the terms of their agreements partially or in full. At the same time, this risk includes market value loss arising from the deterioration of the financial position of the counterparty. Within the scope of the definition of the credit risk used, on balance and off balance sheet portfolios are included.

In the Bank, credit allocation authority belongs to the Board of Directors. The Board of Directors takes necessary measures by establishing policies related to allocation and approval of loans, credit risk management policies and other administrative issues; by ensuring implementation and monitoring of these policies. The Board of Directors transferred its credit allocation authority to the Credit Committee and Head-office in line with the policies and procedures defined by the legal regulations. Head-office Credit Committee exercises the credit allocation authority through units of the Bank/regional offices and branches. The Bank grants credits on the basis of limits determined for each individual customer and group of customers separately and core banking system prevents customers' credit risks being in excess of their limits.

The Bank pays attention in order not to result in sectoral concentration that might affect credit portfolio in a negative way. Maximum effort is being made to prevent risks from concentrating on few customers. Credit risk is continuously monitored and reported by units under internal systems and other risk management divisions. By this way, harmonization of credit risk with credit risk management policy and application standards is maintained.

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#### Operational Risk

Operational risk is defined as the possibility of loss occurring due to insufficient or unsuccessful internal processes, persons and systems or external incidents. Although legal risk and compliance risk are included in this risk group, reputation risk and strategy risk (arising from misjudgements at wrong times) are excluded.

Operational risk is a risk type that exists in all functions of the Bank. It might arise from employee mistakes, an error caused by the system, transactions made based on inadequate or incorrect legal information, information flow failure among levels under Bank organization structure, ambiguity in limits of authorization, structural and/or operational changes, natural disasters, terror and fraud.

Operational risk is categorized under five groups according to its sources: employee risk, technological risks, organization risk, legal-compliance risk and external risks. The Bank takes necessary measures in order to keep operational risk at an acceptable level.

#### Other risks

Other risks the Bank is exposed to are strategic risk, reputation risk, counterparty risk, compliance risk, residual risk, country risk, and concentration risk. The Bank's risk management system, in order to prevent and/or control strategic risks, is prepared against changes in economic, political and socio-political conditions, laws, legislation and similar regulations that could affect the Bank's operations, status and strategies significantly and observes these issues in contingency and business continuity plan implementations.

Reputation risk is defined as events and situations arising from all services, functions and relations of the Bank that would cause to lose confidence in the Bank and damage its image.

The Bank's risk management system in order to prevent and/or control reputation risk, switches on a proactive communication mechanism by giving priority to its customers whenever it is determined that the Bank's reputation or image is damaged. The system, ready for the worst case scenarios in advance, takes into account the level of the relationship between operational risks and reputation risk, its level and its effect.

Residual risk is the risk that arises in case that the risk mitigation techniques are not as effective as expected. Senior management procures the implementation of residual risk management policy and strategy that is approved by Board of Directors. It establishes necessary communication channels in order to publish relevant policy and strategies to relevant Bank personnel and inform them about their responsibilities.

Counterparty credit risk is the probability that one of the parties of a transaction where both sides are imposed with liability becomes default on his liability before the last payment in the cash flow of the transaction.

Compliance risk means those risks which are related to sanctions, financial losses and/or loss of reputation that the Bank may suffer in the event that the Bank's operations and the attitudes and acts of the Bank's staff members are not in conformity and compliance with the current legislation, regulations and standards. The Head of Legislation and Compliance Unit, who shall be appointed by the Board of Directors, shall be accountable for the purposes of planning, arranging, conducting, managing, assessing, monitoring and coordinating the corporate compliance activities.

Country risk is the probability of loss that the Bank may be exposed to in case borrowers in one country fail or shirk to fulfill their foreign obligations due to uncertainties in economic, social and political conditions. The Bank constitutes its commercial connections with foreign fiscal institutions and countries, as a result of feasibility studies made for country's economic conditions within legal restrictions and through consideration of market conditions and customer satisfaction.

Concentration risk is the probability of experiencing large scale losses due to one single risk amount or risk amounts in particular risk types that may threaten the body of the Bank and the capability of operating its principal activities. Policies in regards to concentration risk are classified as Sectoral concentration, Concentration to be created on the Basis of Collateral, Concentration on the Basis of Market Risk, Concentration on the Basis of Types of Losses, Concentration Arising from Participation Fund and Other Financing Providers.

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**XI. Explanations on presentation of financial assets and liabilities at fair value:****a. Information on fair value of financial assets and liabilities:**

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

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

The fair values of held-to-maturity investments are determined based on market prices.

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

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

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

	Carrying value		Fair value	
	Current period	Prior period	Current period	Prior period
<b>Financial Assets</b>				
Money market placements	-	-	-	-
Banks	1.378.708	1.037.112	1.378.708	1.037.112
Financial assets at fair value through profit and loss	4.791	6.192	4.791	6.192
Financial assets available for sale	240.890	152.569	240.890	152.569
Held to maturity investments	745.390	365.815	731.303	372.497
Loans and financial lease receivables	12.059.901	9.100.063	12.069.915	9.321.770
<b>Financial Liabilities</b>				
Funds collected from banks via current accounts and profit sharing accounts	507.624	319.199	507.624	319.199
Other current and profit sharing accounts	12.018.588	8.905.819	12.018.588	8.905.819
Funds provided from other financial institutions	2.035.816	1.393.830	2.021.228	1.392.704
Marketable securities issued	-	-	-	-
Miscellaneous payables	329.174	316.398	329.174	316.398

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

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

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

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

<b>Current period</b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>
<b>Financial assets</b>				
Financial assets at fair value through profit and loss	4.764	27	-	4.791
Public sector debt securities	-	-	-	-
Equity securities	4.764	-	-	4.764
Derivative financial assets held for trading	-	-	-	-
Other	-	27	-	27
Financial assets- available for sale	-	239.347	-	239.347
Equity securities (*)	-	-	-	-
Public sector debt securities	-	201.523	-	201.523
Other marketable securities	-	37.824	-	37.824
<b>Financial liabilities</b>				
Derivative financial liabilities held for trading	-	2.804	-	2.804
Derivative financial liabilities for hedging purposes	-	-	-	-
<b>Prior period</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit and loss	4.609	1.583	-	6.192
Public sector debt securities	-	-	-	-
Equity securities	4.609	-	-	4.609
Derivative financial assets held for trading	-	-	-	-
Other	-	1.583	-	1.583
Financial assets- available for sale	-	151.300	-	151.300
Equity securities (*)	-	-	-	-
Public sector debt securities	-	151.300	-	151.300
Other marketable securities	-	-	-	-
<b>Financial liabilities</b>				
Derivative financial liabilities held for trading	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-

(\*) The balances in the balance sheet include unquoted equity securities carried at cost which are not included in the above table since they are not carried at fair value.

## XII. Explanations regarding the activities carried out on behalf and account of other persons:

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

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## XIII. Explanations on business segments:

The Bank operates in retail, commercial and corporate banking segments via profit/loss sharing method in accordance with its mission.

December 31, 2013	Retail	Commercial and Corporate	Treasury	Undistributed	Total
<b>Total Assets</b>	1.383.561	10.482.611	1.496.617	3.853.764	17.216.553
<b>Total Liabilities</b>	8.358.926	6.880.760	217.852	1.759.015	17.216.553
Net profit share income/ (expense) <sup>(*)</sup> <sup>(**)</sup>	(196.040)	757.393	63.823	-	625.176
Net fees and commissions income/ (expense)	1.455	104.026	(4.030)	11.746	113.197
Other operating income/ (expense)	(167)	(72.620)	1.879	(367.922)	(438.830)
Profit/ (loss) before tax	(194.752)	788.799	61.672	(356.176)	299.543
Provision for tax	-	-	-	(58.134)	(58.134)
<b>Net profit for the period</b>	<b>(194.752)</b>	<b>788.799</b>	<b>61.672</b>	<b>(414.310)</b>	<b>241.409</b>

December 31, 2012	Retail	Commercial and Corporate	Treasury	Undistributed	Total
<b>Total Assets</b>	1.037.855	8.059.144	830.393	2.400.262	12.327.654
<b>Total Liabilities</b>	6.128.377	3.933.215	305.105	1.960.957	12.327.654
Net profit share income/ (expense) <sup>(*)</sup> <sup>(**)</sup>	(225.759)	662.749	48.353	555	485.898
Net fees and commissions income/ (expense)	2.507	104.494	(4.993)	11.345	113.353
Other operating income/ (expense)	119	(63.203)	1.301	(296.243)	(358.026)
Profit/ (loss) before tax	(223.133)	704.040	44.661	(284.343)	241.225
Provision for tax	-	-	-	(49.390)	(49.390)
<b>Net profit for the period</b>	<b>(223.133)</b>	<b>704.040</b>	<b>44.661</b>	<b>(333.733)</b>	<b>191.835</b>

<sup>(\*)</sup> The distribution difference in the retail, commercial and corporate segments stems from fund allocation and fund collection methods of the Bank.

<sup>(\*\*)</sup> Since the management uses net profit share income/ (expense) as a performance measurement criteria, profit share income and expense is presented net.

## Section five

## Explanations and notes on the unconsolidated financial statements

## I. Explanations and notes related to assets:

## 1. a) Cash and balances with the Central Bank of Republic of Turkey (CBRT):

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/foreign currency	65.105	63.244	56.903	52.220
CBRT	181.309	1.967.205	65.840	1.060.523
Other <sup>(*)</sup>	-	5.818	-	65.157
<b>Total</b>	<b>246.414</b>	<b>2.036.267</b>	<b>122.743</b>	<b>1.177.900</b>

<sup>(\*)</sup> Includes precious metals amounting to TL 5.818 as of December 31, 2013 (December 31, 2012: TL 65.157).

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## b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	181.309	193.626	65.840	150.069
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	-	1.773.579	-	910.454
<b>Total</b>	<b>181.309</b>	<b>1.967.205</b>	<b>65.840</b>	<b>1.060.523</b>

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2005/1", banks operating in Turkey are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold.

The reserve rates for TL liabilities vary between 5% and 11, 5% for TL deposits and other liabilities according to their maturities as of December 31, 2013 (December 31, 2012: for all TL liabilities between 5% and 11%). The reserve rates for foreign currency liabilities vary between 6% and 13% for deposit and other foreign currency liabilities according to their maturities as of December 31, 2013 (December 31, 2012: for all foreign currency liabilities between 6% and 11, 5%).

(\*) As of December 31, 2013, the reserve requirement held in standard gold is TL 299.635 (December 31, 2012: TL 136.030).

## 2. a) Information on financial assets at fair value through profit/loss subject to repurchase agreements and given as collateral/blocked:

There are no financial assets at fair value through profit and loss subject to repurchase transaction, given as collateral or blocked.

## b) Table of positive differences related to derivative financial assets held for trading:

None (31 December 2012: None).

## 3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	625.878	425.117	643.330	147.538
Abroad	-	279.352	-	214.966
Foreign head offices and branches	-	48.361	-	31.278
<b>Total</b>	<b>625.878</b>	<b>752.830</b>	<b>643.330</b>	<b>393.782</b>

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## b) Information on foreign bank accounts:

	Current period		Prior period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	143.319	-	156.246	-
USA and Canada	120.831	-	45.590	-
OECD Countries <sup>(*)</sup>	8.068	-	3.103	-
Off-shore banking regions	2.941	-	411	-
Other	4.193	-	9.616	-
<b>Total</b>	<b>279.352</b>	<b>-</b>	<b>214.966</b>	<b>-</b>

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

## 4. Information on financial assets available-for-sale:

## a) Information on financial assets available for sale subject to repurchase transactions, given as a guarantee or blocked:

None.

## b) Information on financial assets available-for-sale:

	Current Period	Prior Period
Debt securities	243.121	151.300
Quoted on a stock exchange <sup>(*)</sup>	243.121	151.300
Unquoted	-	-
Share certificates	1.543	1.269
Quoted on a stock exchange	-	-
Unquoted <sup>(**)</sup>	1.543	1.269
Impairment provision (-)	3.774	-
<b>Total</b>	<b>240.890</b>	<b>152.569</b>

<sup>(\*)</sup> Includes debt securities quoted on a stock exchange which are not traded at the related period ends.

<sup>(\*\*)</sup> Indicates unquoted equity securities.



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## 5. Information on loans and receivables:

## a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	45.889	31.349	24.660	77.314
Corporate shareholders	45.682	31.349	23.175	77.314
Real person shareholders	207	-	1.485	-
Indirect loans granted to shareholders	1.476	15.514	34.094	10.305
Loans granted to employees	6.179	-	5.275	-
<b>Total</b>	<b>53.544</b>	<b>46.863</b>	<b>64.029</b>	<b>87.619</b>

## b) Information on the first and second group loans, other receivables and restructured or rescheduled loans and other receivables:

Cash loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	Restructured or rescheduled		Loans and other receivables (Total)	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
<b>Loans</b>	<b>11.448.852</b>	-	-	<b>512.488</b>	<b>233.728</b>	<b>15.337</b>
Export loans	189.514	-	-	3.142	154	-
Import loans	1.383.609	-	-	64.531	5.816	980
Business loans	6.056.693	-	-	366.591	196.663	13.401
Consumer loans	1.308.293	-	-	23.257	11.359	904
Credit cards	190.129	-	-	1.656	-	-
Loans given to financial sector	-	-	-	-	-	-
Other (*)	2.320.614	-	-	53.311	19.736	52
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>11.448.852</b>	<b>-</b>	<b>-</b>	<b>512.488</b>	<b>233.728</b>	<b>15.337</b>

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

Commercial loans with installments	987.644
Other investment credits	416.145
Loans given to abroad	411.570
Profit and loss sharing investments (**)	130.501
Loans for purchase of marketable securities for customer	422.138
Other	5.927
<b>Total</b>	<b>2.373.925</b>

(\*\*) As December 31, 2013, the related balance represents profit and loss sharing investment projects (10 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. In the current period the Bank recognized TL 63.175 (December 31, 2012: TL 17.632) income in the accompanying financial statements in relation to such loans.

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	Extension of Repayment Plan	
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	-	233.728
3, 4 or 5 times	-	-
Over 5 times	-	-
Extension Periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 months	-	9.705
6 - 12 months	-	11.595
1 - 2 years	-	36.422
2 - 5 years	-	148.056
5 years and over	-	27.950

In accordance with the Communiqué "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans" published in Official Gazette dated December 30, 2011 and numbered 28158, information related to the loans granted to real persons and legal entities resident in Libya and real persons and legal entities having operations in or for Libya:

As of December 31, 2013, the Bank does not have any loan receivables arising from rescheduled loans within the scope of related Communiqué.

In accordance with the Communiqué "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans" published in Official Gazette dated December 30, 2011 and numbered 28158, information related to the loans granted to maritime sector:

As of December 31, 2013, the Bank has loan receivables amounting to TL 2.874 arising from rescheduled loans within the scope of related Communiqué.

## c) Maturity analysis of cash loans:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short term loans and other receivables	4.674.986	-	102.540	32.730
Loans	4.674.986	-	102.540	32.730
Other receivables	-	-	-	-
Medium and long-term loans and other receivables <sup>(*)</sup>	6.773.866	-	160.883	216.335
Loans	6.773.866	-	160.883	216.335
Other receivables	-	-	-	-
<b>Total</b>	<b>11.448.852</b>	<b>-</b>	<b>263.423</b>	<b>249.065</b>

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

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## ç) Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards:

	Short-term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>8.996</b>	<b>1.319.407</b>	<b>1.328.403</b>
Housing loans	1.870	1.149.604	1.151.474
Vehicle loans	2.643	74.321	76.964
Consumer loans	2.920	1.468	4.388
Other	1.563	94.014	95.577
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>242</b>	<b>242</b>
Housing loans	-	242	242
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>55.172</b>	<b>7.805</b>	<b>62.977</b>
With installment	26.820	7.192	34.012
Without installment	28.352	613	28.965
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>1.571</b>	<b>1.334</b>	<b>2.905</b>
Housing loans	-	183	183
Vehicle loans	11	979	990
Consumer loans	1.560	172	1.732
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>2.880</b>	<b>394</b>	<b>3.274</b>
With installment	1.493	374	1.867
Without installment	1.387	20	1.407
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL (real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>68.619</b>	<b>1.329.182</b>	<b>1.397.801</b>

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
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## d) Information on commercial loans with installments and corporate credit cards:

	Short-term	Medium and long-term	Total
<b>Commercial installment loans-TL</b>	<b>617.855</b>	<b>144.410</b>	<b>762.265</b>
Business loans	152.935	12.573	165.508
Vehicle loans	170.753	5.809	176.562
Consumer loans	46	-	46
Other	294.121	126.028	420.149
<b>Commercial installment loans-FC indexed</b>	<b>214.041</b>	<b>11.338</b>	<b>225.379</b>
Business loans	71.633	4.955	76.588
Vehicle loans	22.357	470	22.827
Consumer loans	44	-	44
Other	120.007	5.913	125.920
<b>Commercial installment Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>112.771</b>	<b>12.763</b>	<b>125.534</b>
With installment	18.659	11.375	30.034
Without installment	94.112	1.388	95.500
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (legal entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (legal entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>944.667</b>	<b>168.511</b>	<b>1.113.178</b>

## e) Allocation of loans by customers:

	Current Period	Prior Period
Public	88.391	648
Private	11.872.949	9.032.876
<b>Total</b>	<b>11.961.340</b>	<b>9.033.524</b>

## f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	11.549.770	8.827.001
Foreign loans	411.570	206.523
<b>Total</b>	<b>11.961.340</b>	<b>9.033.524</b>

## g) Loans granted to subsidiaries and associates:

As of the balance sheet date, there are no cash loans granted to subsidiaries and associates.

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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## ğ) Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	25.660	8.101
Loans and receivables with doubtful collectability	64.539	55.894
Uncollectible loans and receivables	154.798	127.444
<b>Total</b>	<b>244.997</b>	<b>191.439</b>

In addition to specific provision for loans amounting TL 244.997 (December 31, 2012: TL 191.439), provision amounting to TL 8.431 (December 31, 2012: TL 6.230) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 253.428 (December 31, 2012: TL 197.669). Specific provision for loans amounting to TL 161.892 (December 31, 2012: TL 149.959) represents participation account share of specific provisions of loans provided from participation accounts.

## h) Information on non-performing loans and receivables (net):

## h.1) Non-performing loans and receivables which are restructured or rescheduled:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current period</b>			
(Gross amount before specific provisions)	-	-	19.311
Restructured loans and other receivables	-	-	19.311
Rescheduled loans and other receivables	-	-	-
<b>Prior period</b>			
(Gross amounts before special provisions)	-	-	10.565
Restructured loans and other receivables	-	-	10.565
Rescheduled loans and other receivables	-	-	-

## h.2) Movements of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Closing balance of prior period	10.899	68.143	137.277
Additions in the current period (+)	163.564	2.624	4.562
Transfers from other categories of non-performing loans (+)	-	124.833	59.753
Transfers to other categories of non-performing loans (-)	124.833	59.753	-
Collections in the current period (-)	18.553	62.749	20.633
Write offs (-)	41	11	13.845
Corporate and commercial loans	16	-	13.122
Retail loans	25	11	558
Credit cards	-	-	165
Other	-	-	-
Closing balance of the current period	31.036	73.087	167.114
Specific provisions (-)	25.660	64.539	154.798
<b>Net balance at the balance sheet</b>	<b>5.376</b>	<b>8.548</b>	<b>12.316</b>

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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Non-performing loans and receivables in the amount of TL 271.237 (December 31, 2012: TL 216.319) comprise TL 160.586 (December 31, 2012: TL 150.335) of participation account share of loans and receivables provided from participation accounts.

In addition to non-performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectibility amounting to TL 8.431 (December 31, 2012: TL 6.230). In the current period, collections from fees, commissions and other receivables with doubtful collectibility amounted to TL 6.305.

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current period:</b>			
Period end balance	-	-	700
Specific provision (-)	-	-	677
Net balance on balance sheet	-	-	23
<b>Prior period:</b>			
Period end balance	-	-	1.145
Specific provision (-)	-	-	1.145
Net balance on balance sheet	-	-	-

## h.4) Gross and net non-performing loans and other receivables per customer categories:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current period (net)</b>	<b>5.376</b>	<b>8.548</b>	<b>12.316</b>
Loans to individuals and corporates (gross)	31.036	73.087	167.114
Specific provision (-)	25.660	64.539	154.798
Loans to individuals and corporates (net)	<b>5.376</b>	<b>8.548</b>	<b>12.316</b>
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
<b>Prior period (net)</b>	<b>2.798</b>	<b>12.249</b>	<b>9.833</b>
Loans to individuals and corporates (gross)	10.899	68.143	137.277
Specific provision (-)	8.101	55.894	127.444
Loans to individuals and corporates (net)	2.798	12.249	9.833
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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## i) Liquidation policy for uncollectible loans and receivables:

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

## i) Information on "Write-off" policies:

The write-off policy of the Bank for receivables under follow up is to retire the receivables from assets in case of determination of the inability of collection through follow-up by the decision of Bank management.

Loans and other receivables, which have been deemed uncollectible according to the "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans" published in the Official Gazette No. 26333 dated November 01, 2006, have been written-off per the decision of the Bank management. In 2013, non-performing loans amounting to TL 13.897 were written-off (2012 - TL 20.401).

## j) Other explanations on loans and receivables:

Aging analysis of past due but not impaired financial assets per classes of financial instruments is stated below:

Current Period	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and Receivables					
Corporate Loans	494.682	69.757	189.749	-	754.188
Consumer Loans	62.662	9.771	6.715	-	79.148
Credit Cards	5.662	903	451	-	7.016
<b>Total</b>	<b>563.006</b>	<b>80.431</b>	<b>196.915</b>	<b>-</b>	<b>840.352</b>
Prior Period	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and Receivables					
Corporate Loans	260.652	64.418	51.354	-	376.424
Consumer Loans	70.696	6.320	4.851	-	81.867
Credit Cards	4.156	942	341	-	5.439
<b>Total</b>	<b>335.504</b>	<b>71.680</b>	<b>56.546</b>	<b>-</b>	<b>463.730</b>

## 6. Information on held-to-maturity investments:

## 6.1) Information on held-to-maturity investments subject to repurchase transactions, given as a guarantee or blocked:

As of December 31, 2013, held to maturity investments given as a guarantee or blocked amount to TL 18.228 (December 31, 2012: None).  
Held to maturity investments subject to repurchase agreements amount to TL 146.794 (December 31, 2012: None).



## Albaraka Türk Katılım Bankası Anonim Şirketi

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## 6.2) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	730.267	365.815
<b>Total</b>	<b>730.267</b>	<b>365.815</b>

(\*) Consists of Sukook certificates issued by Undersecretariat of Treasury of Turkey.

## 6.3) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	<b>745.390</b>	<b>365.815</b>
Quoted on a stock exchange (*)	745.390	356.879
Unquoted	-	8.936
Impairment provision (-)	-	-
<b>Total</b>	<b>745.390</b>	<b>365.815</b>

(\*) Includes debt securities quoted on a stock exchange which are not traded at the related period ends.

## 6.4) Movement of held-to-maturity investments:

	Current Period	Prior Period
Balance at beginning of period	365.815	430.862
Foreign currency differences on monetary assets	-	(500)
Purchases during period	429.378	300.000
Disposals through sales and redemptions	(91.427)	(383.221)
Impairment provision (-)	-	-
Income accruals	41.624	18.674
<b>Closing balance</b>	<b>745.390</b>	<b>365.815</b>

## 7. Associates (net):

## a) Information on unconsolidated associates:

Since the Bank does not have the necessary shareholding percentage to become a qualified shareholder and have significant influence over this associate, it has not been consolidated.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Kredi Garanti Fonu A.Ş.	Ankara/Turkey	1,67	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the unaudited financial statements as of December 31, 2013.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
277.124	276.430	2.824	-	-	11.980	11.213	-

## Albaraka Türk Katılım Bankası Anonim Şirketi

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## b) Information on consolidated associates:

As of balance sheet date, the Bank does not have consolidated associates.

## 8. Information on subsidiaries (net):

## a) Information on unconsolidated subsidiaries:

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Bereket Varlık Kiralama A.Ş.	İstanbul/Turkey	99, 99	99, 99

The Bank did not consolidate financial statements of its subsidiary Bereket Varlık Kiralama A.Ş., considering the materiality principle.

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the unaudited financial statements as of September 31, 2013.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value	Additional Shareholders' Equity Required
203	203	5	-	-	(31)	(16)	-	-

## b) Information on consolidated subsidiaries:

The Bank does not have consolidated subsidiaries as of the balance sheet date.

## 9. Information on investments in joint- ventures:

The Bank has founded Katılım Emeklilik ve Hayat A.Ş. ("Company") - a private pension company- through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50, 00	50, 00	10.975	968	-	-	1.090

Joint venture in the unconsolidated financial statements is carried at cost.

The financial information above is as of December 31, 2013.

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**10. Information on lease receivables (net):****a) Presentation of remaining maturities of funds lent under finance lease method:**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	30.318	23.558	24.271	18.722
1 to 4 years	51.197	45.648	26.395	22.155
More than 4 years	4.378	3.115	828	782
<b>Total</b>	<b>85.893</b>	<b>72.321</b>	<b>51.494</b>	<b>41.659</b>

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

	Current Period	Prior Period
Gross finance lease receivables	85.893	51.494
Unearned finance lease receivable (-)	13.572	9.835
<b>Net receivable from finance leases</b>	<b>72.321</b>	<b>41.659</b>

**c) General explanation on finance lease contracts:**

Finance lease contracts are realized in accordance with the related articles of Finance Lease, Factoring and Financing Companies Act numbered 6361. There are no restrictions due to finance lease contracts, no renewals or contingent rent payments that materially affect the financial statements.

	Standard loans and Other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Restructured or rescheduled		Loans and other receivables	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Finance lease receivables Net)	68.335	-	-	3.986	-	-

**11. Information on derivative financial assets for hedging purposes:**

The Bank does not have any derivative financial assets for hedging purposes.

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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## 12. Information on tangible assets:

Current period	Immovables	Leased tangible assets	Vehicles	Other	Assets held for sale	Total
<b>Cost</b>						
<b>Opening balance: January 1, 2013</b>	<b>206.735</b>	-	<b>2.094</b>	<b>125.017</b>	<b>36.855</b>	<b>370.701</b>
Additions	4.645	-	91	34.674	35.023	74.433
Revaluation differences	53.551	-	-	-	-	53.551
Disposals	(2.445)	-	(108)	(4.113)	(23.386)	(30.052)
Impairment losses (-)/Reversal of impairment losses	-	-	-	-	(313)	(313)
Transfers	-	-	-	-	8.045	8.045
<b>Ending balance: December 31, 2013</b>	<b>262.486</b>	-	<b>2.077</b>	<b>155.578</b>	<b>56.224</b>	<b>476.365</b>
<b>Accumulated depreciation (-)</b>						
<b>Opening balance: January 1, 2013</b>	<b>17.819</b>	-	<b>1.197</b>	<b>56.336</b>	<b>1.012</b>	<b>76.364</b>
Depreciation expense	4.565	-	334	18.275	669	23.843
Reversal of depreciation of the disposed assets	(547)	-	(108)	(3.528)	(273)	(4.456)
Transfers	-	-	-	-	-	-
<b>Ending balance: December 31, 2013</b>	<b>21.837</b>	-	<b>1.423</b>	<b>71.083</b>	<b>1.408</b>	<b>95.751</b>
<b>Total cost at the end of the year</b>	<b>262.486</b>	-	<b>2.077</b>	<b>155.578</b>	<b>56.224</b>	<b>476.365</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(21.837)</b>	-	<b>(1.423)</b>	<b>(71.083)</b>	<b>(1.408)</b>	<b>(95.751)</b>
<b>Closing net book value</b>	<b>240.649</b>	-	<b>654</b>	<b>84.495</b>	<b>54.816</b>	<b>380.614</b>

## Albaraka Türk Katılım Bankası Anonim Şirketi

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Prior period	Immovables	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
<b>Cost</b>						
Opening balance: January 1, 2013	176.433	-	2.502	96.018	18.585	293.538
Additions	6.478	-	579	33.180	252	40.489
Revaluation differences	24.090	-	-	-	-	24.090
Disposals	-	-	(987)	(4.181)	(3.138)	(8.306)
Impairment losses (-)/Reversal of impairment losses	(266)	-	-	-	3	(263)
Transfers	-	-	-	-	21.153	21.153
Ending balance: December 31, 2012	206.735	-	2.094	125.017	36.855	370.701
<b>Accumulated depreciation (-)</b>						
Opening balance: January 1, 2012	13.990	-	1.721	46.201	477	62.389
Depreciation expense	3.861	-	363	14.098	630	18.952
Reversal of depreciation of the disposed assets	(32)	-	(887)	(3.963)	(95)	(4.977)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2012	17.819	-	1.197	56.336	1.012	76.364
<b>Total cost at the end of the year</b>	<b>206.735</b>	<b>-</b>	<b>2.094</b>	<b>125.017</b>	<b>36.855</b>	<b>370.701</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>17.819</b>	<b>-</b>	<b>1.197</b>	<b>56.336</b>	<b>1.012</b>	<b>76.364</b>
<b>Closing net book value</b>	<b>188.916</b>	<b>-</b>	<b>897</b>	<b>68.681</b>	<b>35.843</b>	<b>294.337</b>

As of December 31, 2013, the Bank has revalued its immovables and revaluation fund of TL 96.712 (Prior period- TL 55.522) net of deferred tax and depreciation, has been reflected in the financial statements. The carrying value of the aforesaid immovables would have been TL 107.289 (Prior period- TL 119.781) if revaluation method had not been adopted.

## 13. Information on intangible assets:

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

	Current Period	Prior Period
Cost	29.865	15.872
Accumulated depreciation (-)	13.936	8.820
<b>Total (net)</b>	<b>15.929</b>	<b>7.052</b>

## Albaraka Türk Katılım Bankası Anonim Şirketi

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

	<b>Current Period</b>	<b>Prior Period</b>
Opening balance	7.052	4.798
Additions	13.973	5.286
Disposals (-), net	-	-
Depreciation expense (-)	5.096	3.032
<b>Closing net book value</b>	<b>15.929</b>	<b>7.052</b>

**14. Information on investment property:**

The Bank does not have investment property.

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

As of December 31, 2013, the Bank calculated deferred tax asset of TL 33.398 (December 31, 2012: TL 22.910) and deferred tax liability of TL 25.042 (December 31, 2012: TL 14.992) on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods and presented them as net in the accompanying financial statements.

	<b>Current Period</b>	<b>Prior Period</b>
Discount on profit share and deferred commission income	23.346	18.364
Provisions for retirement and vacation pay liabilities	7.977	3.849
Marketable securities valuation reserve	1.185	-
Difference between carrying value and tax base of tangible assets	454	452
Provision for impairment	382	175
General reserves for possible losses	14	22
Other	40	48
<b>Deferred tax asset</b>	<b>33.398</b>	<b>22.910</b>
Revaluation reserve of immovables	24.178	13.880
Marketable securities valuation reserve	212	340
Discount on profit share	88	6
Trading securities valuation reserve	-	298
Other	564	468
<b>Deferred tax liability</b>	<b>25.042</b>	<b>14.992</b>
<b>Deferred tax asset (net)</b>	<b>8.356</b>	<b>7.918</b>

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

Assets held for sale consist of tangible assets which have been acquired due to non-performing loans and are accounted in the unconsolidated financial statements in accordance with the Communiqué of "Principles and Procedures on Bank's Disposal of Precious Metals and Assets Held for Sale".

	<b>Current Period</b>	<b>Prior Period</b>
Opening Balance	10.714	25.372
Additions	42.628	15.097
Disposals	(16.374)	(8.526)
Transfers (*)	(8.045)	(21.153)
Impairment Provision (-)/Reversal of Impairment Provision	(516)	(76)
<b>Net closing balance</b>	<b>28.407</b>	<b>10.714</b>

(\*) The balance is transferred to assets to be disposed included in tangible assets.

The Bank has no discontinued operations and assets of discontinued operations.

**17. Information on other assets:**

As of the balance sheet date, the Bank's other assets balance is TL 58.367 (December 31, 2012: TL 38.496) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.



## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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(Currency - Thousand Turkish Lira)

## II. Explanations and notes related to liabilities:

## 1. Information on funds collected:

## a) Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>520.107</b>	-	-	-	-	-	-	-	<b>520.107</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>3.366.875</b>	<b>809.658</b>	<b>86.932</b>	-	<b>28.740</b>	<b>420.175</b>	-	<b>4.712.380</b>
<b>III. Current Account other-TL</b>	<b>922.112</b>	-	-	-	-	-	-	-	<b>922.112</b>
Public Sector	18.029	-	-	-	-	-	-	-	18.029
Commercial Institutions	873.573	-	-	-	-	-	-	-	873.573
Other Institutions	27.147	-	-	-	-	-	-	-	27.147
Commercial and Other Institutions	2.434	-	-	-	-	-	-	-	2.434
Banks and Participation Banks	929	-	-	-	-	-	-	-	929
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	274	-	-	-	-	-	-	-	274
Participation Banks	655	-	-	-	-	-	-	-	655
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>671.069</b>	<b>345.486</b>	<b>109.846</b>	-	<b>101.743</b>	<b>136.108</b>	-	<b>1.364.252</b>
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	629.331	196.949	108.418	-	101.734	122.917	-	1.159.349
Other Institutions	-	39.124	45.944	1.428	-	9	9.389	-	95.894
Commercial and Other Institutions	-	2.614	1.123	-	-	-	-	-	3.737
Banks and Participation Banks	-	-	101.470	-	-	-	3.802	-	105.272
<b>V. Real Persons Current Accounts Non-Trade FC</b>	<b>464.824</b>	-	-	-	-	-	-	-	<b>464.824</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>1.459.461</b>	<b>438.269</b>	<b>95.481</b>	-	<b>16.377</b>	<b>352.111</b>	-	<b>2.361.699</b>
<b>VII. Other Current Accounts FC</b>	<b>472.670</b>	-	-	-	-	-	-	-	<b>472.670</b>
Residents in Turkey-Corporate	406.538	-	-	-	-	-	-	-	406.538
Residents Abroad-Corporate	25.388	-	-	-	-	-	-	-	25.388
Banks and Participation Banks	40.744	-	-	-	-	-	-	-	40.744
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	36.072	-	-	-	-	-	-	-	36.072
Participation Banks	4.672	-	-	-	-	-	-	-	4.672
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	-	<b>534.021</b>	<b>676.219</b>	<b>69.386</b>	-	<b>25.317</b>	<b>62.298</b>	-	<b>1.367.241</b>
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	395.237	401.721	10.206	-	-	42.916	-	850.080
Other institutions	-	29.930	2.255	7	-	-	-	-	32.192
Commercial and Other Institutions	-	49.307	64.945	5.851	-	1.102	3.085	-	124.290
Banks and Participation Banks	-	59.547	207.298	53.322	-	24.215	16.297	-	360.679
<b>IX. Precious Metals Deposits</b>	<b>188.350</b>	-	<b>149.530</b>	<b>1.589</b>	-	<b>712</b>	<b>746</b>	-	<b>340.927</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools - FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>2.568.063</b>	<b>6.031.426</b>	<b>2.419.162</b>	<b>363.234</b>	-	<b>172.889</b>	<b>971.438</b>	-	<b>12.526.212</b>

## Albaraka Türk Katılım Bankası Anonim Şirketi

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Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>297.366</b>	-	-	-	-	-	-	-	<b>297.366</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>644.324</b>	<b>167.469</b>	<b>27.565</b>	-	<b>1.979</b>	<b>2.672.571</b>	-	<b>3.513.908</b>
<b>III. Current Account other-TL</b>	<b>480.588</b>	-	-	-	-	-	-	-	<b>480.588</b>
Public Sector	20.029	-	-	-	-	-	-	-	20.029
Commercial Institutions	444.522	-	-	-	-	-	-	-	444.522
Other Institutions	14.779	-	-	-	-	-	-	-	14.779
Commercial and Other Institutions	94	-	-	-	-	-	-	-	94
Banks and Participation Banks	1.164	-	-	-	-	-	-	-	1.164
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	167	-	-	-	-	-	-	-	167
Participation Banks	997	-	-	-	-	-	-	-	997
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>94.543</b>	<b>189.076</b>	<b>124.733</b>	-	<b>70.901</b>	<b>764.457</b>	-	<b>1.243.710</b>
Public Sector	-	10	-	-	-	-	1	-	11
Commercial Institutions	-	89.667	168.640	122.391	-	70.900	613.103	-	1.064.701
Other Institutions	-	4.866	19.398	2.342	-	1	147.804	-	174.411
Commercial and Other Institutions	-	-	1.038	-	-	-	-	-	1.038
Banks and Participation Banks	-	-	-	-	-	-	3.549	-	3.549
<b>V. Real Persons Current Accounts Non-Trade FC</b>	<b>230.163</b>	-	-	-	-	-	-	-	<b>230.163</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>294.512</b>	<b>138.365</b>	<b>23.133</b>	-	<b>3.671</b>	<b>1.306.992</b>	-	<b>1.766.673</b>
<b>VII. Other Current Accounts FC</b>	<b>537.895</b>	-	-	-	-	-	-	-	<b>537.895</b>
Residents in Turkey-Corporate	441.060	-	-	-	-	-	-	-	441.060
Residents Abroad-Corporate	24.863	-	-	-	-	-	-	-	24.863
Banks and Participation Banks	71.972	-	-	-	-	-	-	-	71.972
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	70.668	-	-	-	-	-	-	-	70.668
Participation Banks	1.304	-	-	-	-	-	-	-	1.304
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	-	<b>73.073</b>	<b>214.095</b>	<b>48.170</b>	-	<b>55.232</b>	<b>482.137</b>	-	<b>872.707</b>
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	15.609	115.773	796	-	-	401.512	-	533.690
Other institutions	-	354	28.589	3	-	-	26.731	-	55.677
Commercial and Other Institutions	-	56	50	-	-	-	40.720	-	40.826
Banks and Participation Banks	-	57.054	69.683	47.371	-	55.232	13.174	-	242.514
<b>IX. Precious Metals Deposits</b>	<b>212.757</b>	-	<b>68.744</b>	<b>225</b>	-	-	<b>282</b>	-	<b>282.008</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools - FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total ((I+II+.....+IX+X+XI))</b>	<b>1.758.769</b>	<b>1.106.452</b>	<b>777.749</b>	<b>223.826</b>	-	<b>131.783</b>	<b>5.226.439</b>	-	<b>9.225.018</b>

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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## b) Saving deposits and other deposits accounts insured by Saving Deposit Insurance Fund:

## b.1) Exceeding the limit of Insurance Fund:

Information on real persons' current and participation accounts not subject to trading transactions under the guarantee of insurance and exceeding the limit of Insurance Fund:

	Under the guarantee of Insurance		Exceeding the guarantee of Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	2.588.347	1.704.459	2.644.139	2.102.987
Foreign currency accounts	990.673	629.491	2.146.456	1.638.371
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 100 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law Numbered 5411.

## b.2) Saving deposits at domestic branches of foreign banks in Turkey under the coverage of foreign insurance:

The head office of the Bank is in Turkey.

## b.3) Funds collected which are not under the guarantee of insurance fund:

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

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	9.774	6.265
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	5.640	4.701
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

## 2. Information on derivative financial liabilities held for trading:

Derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	2.804	-	-	-
Swap transactions	-	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>2.804</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes Related to Unconsolidated Financial Statements as at December 31, 2013**

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**3. Information on borrowings:**

The Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 61.000.000 and EUR 64.500.000 with maturity of one year and amounting to USD 135.000.000 and EUR 98.000.000 with maturity of two years, totaling to USD 196.000.000 and EUR 175.500.000. The loan agreement has been signed on September 12, 2013.

As of December 31, 2013, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from international and domestic banks in the amounts of USD 343.292.089 and EUR 104.772.443, USD 1.730.000 and EUR 1.800.000 respectively.

**a) Information on banks and other financial institutions:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	-	47.392	-	-
Loans from foreign banks, institutions and funds	-	1.988.424	-	1.393.830
<b>Total</b>	<b>-</b>	<b>2.035.816</b>	<b>-</b>	<b>1.393.830</b>

**b) Maturity analysis of funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	1.414.563	-	1.393.830
Medium and Long-Term	-	621.253	-	-
<b>Total</b>	<b>-</b>	<b>2.035.816</b>	<b>-</b>	<b>1.393.830</b>

**c) Additional disclosures on concentration areas of Bank's liabilities:**

The Bank does not have concentration on customer or sector group providing funds.

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

None.

**5. Lease payables:****a) Information on finance lease transactions:****a.1) Information on financial lease agreements:**

The Bank has no obligation from finance lease operations as of balance sheet date.

**a.2) Explanations on the changes in agreements and new obligations originating from these changes:**

None.

**a.3) Explanations on the obligations originating from finance leases:**

None.

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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## b) Explanations on operational leases:

The Bank has rented some branches, warehouses, storage and some of the administrative vehicles through operational lease agreements. The Bank does not have any overdue liabilities arising on the existing operational lease agreements.

The rent payments resulting from the operational leases which the Bank will pay in future periods are as follows:

	Current Period	Prior Period
Less than a year	23.451	18.825
1 to 4 years	66.677	54.320
Over 4 years	62.254	49.550
<b>Total</b>	<b>152.382</b>	<b>122.695</b>

## 6. Information on hedging derivative financial liabilities:

The Bank does not have hedging derivative financial liabilities.

## 7. Information on provisions:

## a) Information on general provisions:

	Current Period	Prior Period
<b>General provision for</b>	<b>113.708</b>	<b>103.100</b>
<b>I. Group loans and receivables (Total)</b>	<b>86.549</b>	<b>85.480</b>
Participation Accounts' Share	55.687	55.007
Bank's Share	30.862	30.473
Others	-	-
<b>Additional provision for loans and receivables with extended maturities for loans and receivables in Group I</b>	<b>-</b>	<b>869</b>
Participation Accounts' Share	-	739
Bank's Share	-	130
Others	-	-
<b>II. Group loans and receivables (Total)</b>	<b>15.598</b>	<b>5.552</b>
Participation Accounts' Share	10.643	3.343
Bank's Share	4.955	2.209
Others	-	-
<b>Additional provision for loans and receivables with extended maturities for loans and receivables in Group II</b>	<b>6.685</b>	<b>1.469</b>
Participation Accounts' Share	4.493	562
Bank's Share	2.192	907
Others	-	-
<b>Non-cash loans</b>	<b>11.561</b>	<b>12.068</b>
<b>Others</b>	<b>-</b>	<b>-</b>

## b) Information on provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables:

As of December 31, 2013, provision for foreign exchange losses on foreign currency indexed loans amounting to TL 129 (December 31, 2012: TL 20.540) has been offset against the loans included in the assets of the balance sheet.

## Albaraka Türk Katılım Bankası Anonim Şirketi

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## c) Information on specific provisions for non-cash loans that are not indemnified and converted into cash:

As of December 31, 2013, the Bank has provided specific provisions amounting to TL 12.629 (December 31, 2012: TL 10.053) for non-cash loans that are not indemnified and converted into cash.

## ç) Other provisions:

## ç.1) Information on general reserves for possible losses:

	Current Period	Prior Period
General Reserves for Possible Losses <sup>(*)</sup>	72	108
<b>Total</b>	<b>72</b>	<b>108</b>

<sup>(\*)</sup>The balance represents provision for the lawsuits against the Bank with high probability of realization and cash outflows.

## ç.2) Information on nature and amount of other provisions exceeding 10% of total provisions:

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts <sup>(*)</sup>	33.033	963
Provision for unindemnified non-cash loans	12.629	10.053
Payment commitments for cheques	2.256	2.225
Provision for promotions related with credit cards and promotion of banking services	230	124
General reserves for possible losses	72	108
Financial assets at fair value through profit and loss	70	-
<b>Total</b>	<b>48.290</b>	<b>13.473</b>

<sup>(\*)</sup>Represents participation accounts' portion of specific provisions, general provisions and Saving Deposits Insurance Fund premiums provided in accordance with the article 14 of Communiqué "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans".

## d) Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 16.526 (December 31, 2012: TL 14.850), vacation pay liability amounting to TL 5.939 (December 31, 2012: TL 4.395) and provision for performance premium amounting to TL 17.000 (December 31, 2012: None) totaling to TL 39.465 (December 31, 2012: TL 19.245). The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	10,34	8,6
Estimated increase rate of salary ceiling (%)	6,00	5,0
Rate used in relation to possibility of retirement <sup>(*)</sup> (%)	73,01	71,8

<sup>(\*)</sup>The rate has been calculated depending on the years of service of the employees; the rate presented in the table represents the average of such rates.

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

	Current Period	Prior Period
Prior period ending balance	14.850	10.602
Provisions made in the period	3.958	9.204
Actuarial gain/ (loss)	(420)	(2.899)
Paid during the period	(1.862)	(2.057)
<b>Balance at the end of the period</b>	<b>16.526</b>	<b>14.850</b>

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## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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## 8. Information on taxes payable:

## a) Explanations on current tax liability:

a.1) As of December 31, 2013, the Bank's corporate tax payable is TL 22.749 (December 31, 2012: TL 13.969) after offsetting prepaid corporate tax.

## a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	22.749	13.969
Banking insurance transaction tax	7.444	4.818
Taxation on securities income	6.777	6.393
Value added tax payable	654	527
Taxation on real estate income	440	305
Foreign exchange transaction tax	-	-
Other	4.107	7.463
<b>Total</b>	<b>42.171</b>	<b>33.475</b>

## a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	1.705	2.163
Social security premiums-employer	1.832	2.161
Bank pension fund premium- employees	-	-
Bank pension fund premium- employer	-	-
Pension fund membership fees and provisions-employees	-	-
Pension fund membership fees and provisions- employer	-	-
Unemployment insurance-employee	120	153
Unemployment insurance-employer	240	305
Other	-	-
<b>Total</b>	<b>3.897</b>	<b>4.782</b>

## b) Information on deferred tax liability:

The Bank does not have net deferred tax liability as of the balance sheet date.

## 9. Liabilities for assets held for sale and discontinued operations:

None.



## Albaraka Türk Katılım Bankası Anonim Şirketi

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Domestic Banks	-	-	-	-
Loans from other Institutions	-	-	-	-
Loans from Foreign Banks	-	-	-	-
Loans from other Foreign Institutions	-	432.973	-	-
<b>Total</b>	<b>-</b>	<b>432.973</b>	<b>-</b>	<b>-</b>

The Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey amounting to USD 200 million with 10 years maturity with a grace period of five years. The profit rate was determined as 7, 75%.

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	900.000	900.000
Preferred stock	-	-

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

In the Board of Directors meeting dated February 28, 2013, the Bank has taken a resolution on transition to registered capital system. The Bank's application to the Capital Market Board on the same date was approved on March 7, 2013 and the registered capital ceiling was determined as TL 2.500.000 to be valid until December 31, 2017.

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	2.500.000

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

There is no capital increase in the current period.

ç) Information on share capital increases from capital reserves during the current period:

There is no share capital increase from capital reserves during the current period.

d) Capital commitments in the last fiscal year and by the end of the following interim period, general purpose of these commitments and projected resources required to meet these commitments:

There are no capital commitments till the end of the last fiscal year and following interim period.

e) Estimated effects on the shareholders equity of the Bank, of predictions to be made by taking into account previous period indicators regarding the Bank's income, profitability and liquidity, and uncertainties regarding such indicators:

The Bank continues its operations in a profitable manner and majority of the profits are kept in shareholders' equity through capital increase or transfer to reserves. Moreover, the Bank's shareholders' equity is invested in liquid and earning assets.

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

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## f) Information on privileges given to stocks representing the capital:

There is no privilege given to stocks representing the capital.

## g) Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference <sup>(*)</sup>	(211)	(4.531)	1.266	(73)
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(211)</b>	<b>(4.531)</b>	<b>1.266</b>	<b>(73)</b>

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

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

## 1. Explanations on off balance sheet commitments:

## a) Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	458.540	306.032
Payment commitments for cheques	297.235	263.656
Asset purchase and sale commitments	65.383	528.733
Loan granting commitments	45.428	39.577
Share capital commitment to associates and subsidiaries	5.000	-
Tax and funds liabilities arising from export commitments	1.445	1.043
Commitments for promotions related with credit cards and banking activities	369	323
Other irrevocable commitments	2.819	2.781
<b>Total</b>	<b>876.219</b>	<b>1.142.145</b>

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

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

	Current Period	Prior Period
Guarantees	5.231.898	4.534.799
Letters of credit	482.011	477.833
Other guaranties and sureties	426.434	185.159
Acceptances	23.524	15.490
<b>Total</b>	<b>6.163.867</b>	<b>5.213.281</b>

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

	Current Period	Prior Period
Letters of guarantees	5.231.898	4.534.799
Long standing letters of guarantees	3.262.242	2.854.776
Temporary letters of guarantees	475.388	496.096
Advance letters of guarantees	269.201	275.550
Letters of guarantees given to customs	219.985	173.679
Letters of guarantees given for obtaining cash loans	1.005.082	734.698
Sureties and similar transactions	426.434	185.159
<b>Total</b>	<b>5.658.332</b>	<b>4.719.958</b>

## c) Within the Non-cash Loans

## c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Guarantees given for obtaining cash loans	1.005.082	734.698
With original maturity of 1 year or less	426.048	410.984
With original maturity of more than 1 year	579.034	323.714
Other non-cash loans	5.158.785	4.478.583
<b>Total</b>	<b>6.163.867</b>	<b>5.213.281</b>

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

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>76.864</b>	<b>2, 60</b>	<b>18.382</b>	<b>0, 58</b>	<b>123.945</b>	<b>4, 34</b>	<b>10.567</b>	<b>0, 45</b>
Farming and stockbreeding	59.391	2, 01	9.779	0, 30	61.924	2, 17	10.233	0, 43
Forestry	17.171	0, 58	7.425	0, 24	62.019	2, 17	200	0, 01
Fishery	302	0, 01	1.178	0, 04	2	-	134	0, 01
<b>Manufacturing</b>	<b>907.448</b>	<b>30, 69</b>	<b>1.510.004</b>	<b>47, 08</b>	<b>817.564</b>	<b>28, 59</b>	<b>924.033</b>	<b>39, 26</b>
Mining	39.757	1, 34	47.502	1, 48	24.956	0, 87	6.001	0, 25
Production	605.447	20, 48	867.028	27, 03	533.485	18, 66	643.662	27, 35
Electricity, gas and water	262.244	8, 87	595.474	18, 57	259.123	9, 06	274.370	11, 66
<b>Construction</b>	<b>1.103.995</b>	<b>37, 34</b>	<b>552.914</b>	<b>17, 24</b>	<b>1.135.882</b>	<b>39, 72</b>	<b>554.037</b>	<b>23, 54</b>
<b>Services</b>	<b>757.413</b>	<b>25, 62</b>	<b>850.419</b>	<b>26, 52</b>	<b>446.690</b>	<b>15, 62</b>	<b>541.914</b>	<b>23, 03</b>
Wholesale and retail trade	169.243	5, 72	114.228	3, 56	125.907	4, 40	111.703	4, 75
Hotel, food and beverage services	6.174	0, 21	49.552	1, 55	5.843	0, 20	40.611	1, 73
Transportation and telecommunication	38.593	1, 31	33.646	1, 05	39.603	1, 38	47.122	2, 00
Financial Institutions	62.333	2, 11	370.994	11, 57	60.543	2, 12	199.754	8, 49
Real estate and renting services	72.623	2, 46	34.811	1, 09	98.867	3, 46	35.007	1, 49
Self-employment services	13.372	0, 45	109.507	3, 40	11.918	0, 42	90.738	3, 85
Education services	20.010	0, 68	133	0, 01	14.072	0, 49	82	0, 00
Health and social services	375.065	12, 68	137.548	4, 29	89.937	3, 15	16.897	0, 72
<b>Other</b>	<b>111.133</b>	<b>3, 75</b>	<b>275.295</b>	<b>8, 58</b>	<b>335.390</b>	<b>11, 73</b>	<b>323.259</b>	<b>13, 72</b>
<b>Total</b>	<b>2.956.853</b>	<b>100, 00</b>	<b>3.207.014</b>	<b>100, 00</b>	<b>2.859.471</b>	<b>100, 00</b>	<b>2.353.810</b>	<b>100, 00</b>

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

	I st Group		II nd Group	
	TL	FC	TL	FC
<b>Non-cash loans</b>	<b>2.908.939</b>	<b>3.181.615</b>	<b>47.914</b>	<b>25.399</b>
Letters of guarantee	2.899.662	2.259.882	47.672	24.682
Bank acceptances	-	23.524	-	-
Letters of credit	-	482.011	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	9.277	416.198	242	717

## 2. Explanations on derivative transactions:

	Derivative transactions according to purpose	
	December 31, 2013	December 31, 2012
<b>Trading Derivatives</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>591.316</b>	-
Currency Forwards-Purchases, sales	591.316	-
Currency Swaps-Purchases, sales	-	-
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
<b>Interest Rate Related Derivative Transactions (II)</b>	-	-
Interest rates forwards-Purchase, sales	-	-
Interest rates swaps-Purchases, sales	-	-
Interest rates options-Purchases, sales	-	-
Interest rates futures-Purchases, sales	-	-
<b>Other Trading Derivatives (III)</b>	-	-
<b>A. Total Trading Derivatives (I + II + III)</b>	<b>591.316</b>	-
<b>Hedging Derivatives</b>	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
<b>B. Total Hedging Derivatives</b>	-	-
<b>Total Derivatives Transactions (A+B)</b>	<b>591.316</b>	-

## 3. Explanations on contingent assets and liabilities:

The Bank has made a provision amounting to TL 72 (December 31, 2012: TL 108), as presented under "Other Provisions" note in Section Five Note II.7.ç, for the lawsuits opened by various real persons and legal entities against the Bank with high probability of realization and cash outflows. Although there are other ongoing lawsuits against the Bank, the Bank considers the probability of a negative result in ongoing litigations resulting in cash outflows as remote.

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

The Bank has no operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions

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## IV. Explanations and notes related to the statement of income:

## I. Information on profit share income:

## a) Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Profit share received from loans<sup>(*)</sup></b>	<b>979.383</b>	<b>115.719</b>	<b>903.594</b>	<b>62.810</b>
Short Term Loans	382.732	17.882	395.017	8.091
Medium and Long Term Loans	586.784	95.919	502.727	54.342
Loans Under Follow up	9.867	1.918	5.850	377
Premiums Received from Resource Utilization Support Fund	-	-	-	-

(\*) Includes fees and commission income on cash loans.

## b) Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	-	-	-	-
Domestic Banks	-	-	1.199	-
Foreign Banks	-	1.680	-	513
Head Offices and Branches Abroad	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.680</b>	<b>1.199</b>	<b>513</b>

## c) Information on profit share income received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From financial assets held for trading	-	-	-	-
From financial assets at fair value through profit or loss	-	-	-	-
From financial assets available-for-sale	8.525	1.836	5.782	344
From held-to-maturity investments	41.596	28	18.503	172
<b>Total</b>	<b>50.121</b>	<b>1.864</b>	<b>24.285</b>	<b>516</b>

## ç) Information on profit share income received from associates and subsidiaries:

The Bank has not received profit share income from associates and subsidiaries.

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## 2. Explanations on profit share expenses:

## a) Information on profit share expense paid to funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	-	38.262	-	30.549
CBRT	-	-	-	-
Domestic banks	-	246	-	218
Foreign banks	-	38.016	-	30.331
Head offices and branches abroad	-	-	-	-
Other institutions	-	20.904	-	-
<b>Total</b>	<b>-</b>	<b>59.166</b>	<b>-</b>	<b>30.549</b>

## b) Profit share expense paid to associates and subsidiaries:

There is no profit share expense paid to associates and subsidiaries of the Bank.

## c) Profit share expenses paid to marketable securities issued:

There is no profit share expense paid to marketable securities of the Bank.

## ç) Distribution of profit share expense on funds collected based on maturity of funds collected:

Account name	Profit sharing accounts						Accumulated profit sharing account	Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year		
TL								
Funds collected from banks through current and profit sharing accounts	-	1.870	-	-	7.896	301	-	10.067
Real persons' non-trading profit sharing accounts	139.907	34.990	4.499	-	1.439	80.440	-	261.275
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	26.427	16.214	15.166	-	2.150	21.074	-	81.031
Other institutions profit sharing accounts	2.840	2.687	116	-	201	3.085	-	8.929
<b>Total</b>	<b>169.174</b>	<b>55.761</b>	<b>19.781</b>	<b>-</b>	<b>11.686</b>	<b>104.900</b>	<b>-</b>	<b>361.302</b>
FC								
Banks	2.343	5.622	1.420	-	1.762	554	-	11.701
Real persons' non-trading profit sharing accounts	28.455	7.787	1.960	-	338	22.057	-	60.597
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	8.181	9.549	317	-	20	4.883	-	22.950
Other institutions profit sharing accounts	2.490	1.721	49	-	1.192	1.327	-	6.779
Precious metals deposits	-	1.065	7	-	-	2	-	1.074
<b>Total</b>	<b>41.469</b>	<b>25.744</b>	<b>3.753</b>	<b>-</b>	<b>3.312</b>	<b>28.823</b>	<b>-</b>	<b>103.101</b>
<b>Grand total</b>	<b>210.643</b>	<b>81.505</b>	<b>23.534</b>	<b>-</b>	<b>14.998</b>	<b>133.723</b>	<b>-</b>	<b>464.403</b>

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## 3. Information on dividend income:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	459	-	788	-
From financial assets at fair value through profit and loss	-	-	-	-
From available for sale financial assets	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>459</b>	<b>-</b>	<b>788</b>	<b>-</b>

## 4. Explanations on trading income/loss (net):

	Current Period	Prior Period
<b>Income</b>	<b>2.888.474</b>	<b>2.090.743</b>
Income from capital market transactions	18	-
Income from derivative financial instruments	-	-
Foreign exchange income	2.888.456	2.090.743
<b>Loss (-)</b>	<b>2.851.293</b>	<b>2.070.346</b>
Loss on capital market transactions	-	175
Loss on derivative financial instruments	2.804	-
Foreign exchange losses	2.848.489	2.070.171
<b>Trading income/loss (net)</b>	<b>37.181</b>	<b>20.397</b>

## 5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	96.005	73.779
Income from sale of assets	15.562	5.935
Reimbursement for communication expenses	2.738	1.976
Reimbursement for bank statement expenses	1.332	1.348
Cheque book charges	725	659
Other income	2.452	1.425
<b>Total</b>	<b>118.814</b>	<b>85.122</b>



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## 6. Provisions for loan losses and other receivables of the Bank:

	Current Period	Prior Period
<b>Specific provisions for loans and other receivables</b>	<b>146.065</b>	<b>84.385</b>
Loans and receivables in III. Group	103.128	33.715
Loans and receivables in IV. Group	27.433	40.712
Loans and receivables in V. Group	11.604	6.834
Doubtful commission, fee and other receivables	3.900	3.124
<b>General provision expenses</b>	<b>10.588</b>	<b>30.689</b>
<b>Provision expenses for possible losses</b>	<b>28</b>	<b>1</b>
<b>Impairment losses on marketable securities</b>	<b>205</b>	<b>-</b>
Financial assets at fair value through profit and loss	205	-
Financial assets available for sale	-	-
<b>Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments</b>	<b>-</b>	<b>-</b>
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
<b>Other (*)</b>	<b>33.997</b>	<b>7.337</b>
<b>Total</b>	<b>190.883</b>	<b>122.412</b>

TL 90.811 (December 31, 2012: TL 63.675) of the total specific provisions provided for loan and other receivables amounting to TL 146.065 (December 31, 2012: TL 84.385) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 6.044 (December 31, 2012: TL 20.035) of the total general loan loss provisions provided for loan and other receivables amounting to TL 10.588 (December 31, 2012: TL 30.689) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

(\*) Related amount includes participation accounts' portion of specific provisions, general provisions and Saving Deposits Insurance Fund premiums provided in accordance with the article 14 of Communiqué "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans", amounting to TL 28.370 (September 30, 2012: TL 2.386).

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## 7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	227.302	201.416
Provision for retirement pay liability	2.096	4.248
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	266
Depreciation expenses of tangible assets	23.094	18.153
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	5.096	3.077
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1.058	100
Depreciation expenses of assets to be disposed	669	630
Impairment expenses of assets held for sale and assets of discontinued operations	960	101
Other operating expenses	76.467	66.552
Operating lease expenses	30.432	26.323
Maintenance expenses	4.207	3.600
Advertisement expenses	5.143	7.145
Other expenses	36.685	29.484
Loss on sale of assets	524	189
Other (*)	67.135	47.189
<b>Total</b>	<b>404.401</b>	<b>341.921</b>

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	17.321	11.614
Taxes, Duties, Charges and Funds	15.923	12.963
Provision expenses for short term employee rights	18.544	690
Audit and Consultancy Fees	5.942	9.237
Other	9.405	12.685
<b>Total</b>	<b>67.135</b>	<b>47.189</b>

## 8. Explanations on income/loss from continued operations before taxes:

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

The Bank's income before tax increased by 24% compared to prior period and is realized as TL 299.543. Income before tax comprises net profit share income in the amount of TL 625.176 and fees and commission income in the amount of TL 113.197. Total other operating expenses amount to TL 404.401.

## Albaraka Türk Katılım Bankası Anonim Şirketi

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**9. Explanations on tax provision for continued and discontinued operations:**

Tax provision for continued operations:

	<b>Current Period</b>	<b>Prior Period</b>
Income before tax	299.543	241.225
Tax calculated with tax rate of 20%	59.909	48.245
Other additions and disallowable expenses	3.838	4.882
Deductions	(5.613)	(3.737)
Tax calculated	58.134	49.390

Since the Bank does not have any discontinued operations, there is no tax provision for discontinued operations.

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

The Bank has no discontinued operations. Net income for the period has been realized as TL 241.409 (Prior period - TL 191.835) by deducting tax provision expense amounting to TL 58.134 (Prior period - TL 49.390) from profit from continued operations amounting to TL 299.543 (Prior period - TL 241.225).

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

a) The nature and amount of certain income and expense items from ordinary operations; if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period:

None.

b) The effect of the change in accounting estimates to the net income/loss; including the effects on the future period:

None.

c) Income/loss of minority interest:

None.

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12. Components of other items which constitute at least 20% of the total of other items, if the total of other items in income statement exceed 10% of the total of income statement:

<b>Other Fees and Commissions Received</b>	<b>Current Period</b>	<b>Prior Period</b>
Member firm-POS	24.012	30.274
Commissions on money orders	7.760	7.037
Clearing room	6.938	5.610
Appraisal fees	5.332	3.412
Insurance and brokerage commissions	4.314	3.606
Other	10.585	7.800
<b>Total</b>	<b>58.941</b>	<b>57.739</b>
<b>Other Fees and Commissions Paid</b>	<b>Current Period</b>	<b>Prior Period</b>
Funds borrowed	7.051	7.429
Credit cards commissions and fees	6.180	4.330
Member firm-POS	5.694	6.123
Other	8.655	3.927
<b>Total</b>	<b>27.580</b>	<b>21.809</b>

**V. Explanations and notes related to the statement of changes in shareholders' equity:**

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

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

b) "Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are recognized in the "Marketable securities valuation reserve" account under equity, until the financial assets are sold, disposed of or impaired at which time they are transferred to the statement of income. TL 7.419 decrease has occurred after the revaluation of available-for-sale securities (December 31, 2012: TL 3.289 increase).

c) Revaluation funds related to tangible and intangible assets and foreign exchange differences arising from translation of tangible and intangible assets of foreign branch of the Bank are accounted under equity in revaluation reserve on tangible assets and revaluation reserve on intangible assets.

d) Foreign exchange differences arising from translation of income statement of foreign branch of the Bank are accounted in other capital reserves (December 31, 2013: TL 502, December 31, 2012: TL 354).

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**VI. Explanations and notes related to the cash flows statement:****a) Components of cash and cash equivalents and accounting policy applied in their determination:**

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

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

	Current Period	Prior Period
<b>Cash</b>	<b>325.032</b>	<b>458.519</b>
Cash in TL/foreign currency	109.123	107.332
Cash in transit	-	-
CBRT	215.909	351.187
<b>Cash equivalents</b>	<b>1.037.112</b>	<b>1.307.472</b>
Domestic banks	790.868	1.072.606
Foreign banks	246.244	234.866
<b>Total cash and cash equivalents</b>	<b>1.362.144</b>	<b>1.765.991</b>

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

	Current Period	Prior Period
<b>Cash</b>	<b>503.284</b>	<b>325.032</b>
Cash in TL/foreign currency	128.349	109.123
Cash in transit	-	-
CBRT	374.935	215.909
<b>Cash equivalents</b>	<b>1.378.708</b>	<b>1.037.112</b>
Domestic banks	1.050.995	790.868
Foreign banks	327.713	246.244
<b>Total cash and cash equivalents</b>	<b>1.881.992</b>	<b>1.362.144</b>

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

Restricted time deposits held at the Central Bank of Turkey are not considered as cash and cash equivalent items.

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

The "Others" item under "Operating profit before changes in operating assets and liabilities" amounting to TL 259.771 (Prior period- TL (-) 14.864) mainly comprises other operating expenses excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL (30.699) (Prior period - TL 31.939) mainly comprises changes in miscellaneous payables, other liabilities and taxes and other duties payable.

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately as TL 100.043 as of December 31, 2013 (Prior period - TL 2.065).

## Albaraka Türk Katılım Bankası Anonim Şirketi

## Notes Related to Unconsolidated Financial Statements as at December 31, 2013

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

## VII. Explanations related to the risk group of the Bank:

1. Information on the volume of transactions relating to the Bank's risk group, outstanding loans and funds collected and income and expenses related to the period:

## a) Current period:

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at the beginning of the period	-	-	9	-	34.253	10.305
Balance at the end of the period	-	-	28	-	1.476	15.514
<b>Profit share and commission income received</b>	-	-	-	-	3.000	27

## b) Prior period:

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at the beginning of period	-	-	8	-	179	38.037
Balance at end of period	-	-	9	-	34.253	10.305
<b>Profit share and commission income received</b>	-	-	-	-	235	191

## c.1) Information on current and profit sharing accounts of the Bank's risk group:

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect Shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Current and profit sharing accounts</b>						
Balance at the beginning of period	33	41	1.647	1.360	229.835	350.647
Balance at the end of period	5.703	33	3.224	1.647	185.192	229.835
<b>Profit share expense</b>	-	-	300	214	7.242	10.290

(\*) As of December 31, 2013 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 214.182.338 and EURO 96.424.370 (December 31, 2012: USD 148.629.432 and EURO 76.113.509). The profit share expense relating to such borrowings for the period between January 1, 2013 - December 31, 2013 is TL 11.582 (December 31, 2012: 10.944 TL).

## c.2) Information on forward and option agreements and other similar agreements with related parties:

The Bank does not have forward and option agreements with the risk group of the Bank.

As of December 31, 2013; the Bank has paid TL 9.020 (December 31, 2012: TL 8.320) to top management.

## Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes Related to Unconsolidated Financial Statements as at December 31, 2013**

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)  
(Currency - Thousand Turkish Lira)

**VIII. Explanations related to domestic, foreign and off-shore branches or investments and foreign representative offices:****1. Information on the domestic and foreign branches and representative offices of the Bank:**

	<b>Number</b>	<b>Number of Personnel</b>			
Domestic Branches	166	3.044			
			<b>Country</b>		
Foreign Representation Office	-	-	-		
				<b>Total Assets (thousand TL)</b>	<b>Statutory Share Capital</b>
Foreign Branches	1	13	Iraq	84.194	USD 7.000.000
Off-Shore Branches	-	-	-	-	-

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

In 2013, the Bank has opened 30 domestic branches.

**IX. Explanations related to subsequent events:**

1) Communiqué on Amendments to be made on Communiqué on Required Reserves" of CBRT dated December 25, 2013 and numbered 28862, reserve deposit calculation principles and calculation method has changed however reserve deposit rates did not change. New method and calculation will be applicable as of January 17, 2014.

2) In the Board of Directors' meeting dated February 20, 2014 it was decided to propose to the Shareholders' General Assembly for distribution of TL 31.500 from net income for the year 2013.

**Section six****I. Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification:**

None.

**Section seven****Independent Auditors' report****I. Explanations on independent auditors' report:**

The Bank's unconsolidated financial statements as of and for the year ended December 31, 2013 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a Member Firm of Ernst & Young Global Limited) and the independent auditors' report dated February 20, 2014 is presented at the beginning of the financial statements and related notes.

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

None.

## Directory

### Head Office

Dr. Adnan Büyükdere Cad. No: 6  
34768 Ümraniye/İSTANBUL  
Tel: (90 216) 666 01 01  
Fax: (90 216) 666 16 00  
Trade Registration:  
206671-154214  
www.albarakaturk.com.tr  
albarakaturk@albarakaturk.com.tr

### Region Representative Offices

#### İstanbul Anatolian Region Representative Office

Kozyatağı Mah. Saniye Ermutlu Sok. No: 6  
Şaşmaz Plaza Kat: 12 D: 24  
Kozyatağı/İSTANBUL  
Tel: (90 216) 464 81 00  
Fax: (90 216) 666 16 33

#### İstanbul Europe 1st Region Representative Office

Büyükdere Cad. No: 78-80  
Akabe Ticaret Merkezi Kat: 10  
Mecidiyeköy - Şişli/İSTANBUL  
Tel: (90 212) 347 68 58  
Fax: (90 216) 666 16 31

#### İstanbul Europe 2nd Region Representative Office

Çoban Çeşme Sanayi Cad. No: 44  
Nishistanbul Yenibosna/İSTANBUL  
Tel: (90 212) 603 60 18  
Fax: (90 216) 666 16 32

#### Ankara Region Representative Office

Kızılelma Mah. Anafartalar Cad. No: 59  
Ulus/ANKARA  
Tel: (90 312) 311 00 43  
Fax: (90 216) 666 16 34

#### Southern Anatolia Region Representative Office

İncilipınar Mh. Nişantaşı Sok. No: 11  
FH İş Merkezi Asma Kat No: 4  
Şehitkamil/GAZİANTEP  
Tel: (90 342) 215 04 32  
Fax: (90 216) 666 16 35

### İstanbul Branches

#### Alibeyköy Branch

Atatürk Cad. No: 21  
34100 Eyüp/İSTANBUL  
Tel: (90 212) 627 43 33  
Fax: (90 216) 666 18 17

#### Altunizade Branch

Kısıklı Cad. Aköz İş Merkezi A-Blok No: 2  
Altunizade, Üsküdar/İSTANBUL  
Tel: (90 216) 651 74 94  
Fax: (90 216) 666 17 92

#### Anadolu Corporate Branch

Kozyatağı Mah. Saniye Ermutlu Sok. No: 6  
Şaşmaz Plaza Kat: 12 D: 25  
Kozyatağı/İSTANBUL  
Tel: (90 216) 445 05 50  
Fax: (90 216) 666 18 30

#### Arnautköy Branch

Fatih Cad. Kadakal İş Merkezi No: 15/B  
34276 Arnautköy/İSTANBUL  
Tel: (90 212) 597 67 57  
Fax: (90 216) 666 18 12

#### Avcılar Branch

Namık Kemal Cad. No: 37/A  
34310 Avcılar/İSTANBUL  
Tel: (90 212) 509 05 24  
Fax: (90 216) 666 17 53

#### Avrupa Corporate Branch

Büyükdere Cad. No: 78-80  
Akabe Ticaret Merkezi Kat: 10  
Mecidiyeköy - Şişli/İSTANBUL  
Tel: (90 212) 347 13 53  
Fax: (90 216) 666 18 31

#### Bağcılar Branch

Osmangazi Cad. No: 23/B  
34560 Bağcılar/İSTANBUL  
Tel: (90 212) 434 23 28  
Fax: (90 216) 666 17 28

#### Bahçelievler Branch

Eski Edirne Asfaltı  
Ömür Sitesi B1-Blok No: 30  
34180 Bahçelievler/İSTANBUL  
Tel: (90 212) 642 00 44  
Fax: (90 216) 666 17 75

#### Bakırköy Çarşısı Branch

İstanbul Cad. Dantelacı Sk. No: 7  
34142 Bakırköy/İSTANBUL  
Tel: (90 212) 583 66 33  
Fax: (90 216) 666 17 99

#### Basın Ekspres Branch

Yenibosna Merkez Mah.  
Değirmenbahçe Cad. No: 17-A1/10  
Yenibosna/Bahçelievler/İSTANBUL  
Tel: (90 212) 397 04 58  
Fax: (90 216) 666 18 52

#### Bayrampaşa Branch

Yenidoğan Mah. Abdi İpekçi Cad. No: 67  
Bayrampaşa/İSTANBUL  
Tel: (90 212) 612 52 21  
Fax: (90 216) 666 17 13

#### Beşyüzevler Branch

Eski Edirne Asfaltı No: 349-351  
34045 Bayrampaşa/İSTANBUL  
Tel: (90 212) 477 61 90  
Fax: (90 216) 666 17 27

#### Beylikdüzü Organize Sanayi Branch

Beylikdüzü OSB Mah. Birlik Sanayi Sitesi  
3. Cad. No: 1 Beylikdüzü/İSTANBUL  
Tel: (90 212) 876 49 13  
Fax: (90 216) 666 18 54

#### Beylikdüzü Branch

Yavuz Sultan Selim Bulvarı  
Perla Vista AVM No: C-73  
34520 Beykent - Beylikdüzü/İSTANBUL  
Tel: (90 212) 871 00 45  
Fax: (90 216) 666 17 30

#### Büyükkçekmece Branch

Mimar Sinan Cad. Cami Sk. No: 1  
34500 Büyükkçekmece/İSTANBUL  
Tel: (90 212) 881 57 01  
Fax: (90 216) 666 18 21

#### Cennet Mahallesi Branch

Cennet Mah. Barbaros Cad. No: 73/B  
Küçükçekmece/İSTANBUL  
Tel: (90 212) 598 79 02  
Fax: (90 216) 666 18 50

#### Çağlayan Branch

Vatan Cad. No: 15/C  
34403 Çağlayan, Kağıthane/İSTANBUL  
Tel: (90 212) 246 06 11  
Fax: (90 216) 666 17 44

#### Çekmeköy Branch

Meclis Mah. Aşkın Sk. No: 27/C  
Sancaktepe/İSTANBUL  
Tel: (90 216) 420 63 63  
Fax: (90 216) 666 18 22

#### Esenler Branch

Atışalanı Cad. No: 46/B  
34220 Esenler/İSTANBUL  
Tel: (90 212) 508 49 99  
Fax: (90 216) 666 17 80

#### Esenyurt Branch

Doğan Araslı Cad.  
Hanplas İş Merkezi No: 150  
34510 Esenyurt/İSTANBUL  
Tel: (90 212) 699 33 99  
Fax: (90 216) 666 18 13

#### Fatih Branch

Macarkardeşler Cad. No: 30  
34080 Fatih/İSTANBUL  
Tel: (90 212) 635 48 96  
Fax: (90 216) 666 17 15

#### Florya Branch

Şenlikköy Mah. Florya Cad. No: 88/1-2  
Florya/Bakırköy/İSTANBUL  
Tel: (90 212) 574 20 41  
Fax: (90 216) 666 18 42

#### Gaziosmanpaşa Branch

Çukurçeşme Cad. No: 5  
34245 Gaziosmanpaşa/İSTANBUL  
Tel: (90 212) 563 54 10  
Fax: (90 216) 666 17 93

#### Güneşli Branch

Güneşli Mah. Koçman Cad. No: 4  
Güneşli/Bağcılar/İSTANBUL  
Tel: (90 212) 474 03 03  
Fax: (90 216) 666 17 40



## Directory

### Güngören Branch

Posta Cad. No: 109/1  
34164 Güngören/İSTANBUL  
Tel: (90 212) 539 03 80  
Fax: (90 216) 666 18 01

### Hadımköy Branch

Kıraç Tem Bağlantı Yolu No: 196  
34522 Kıraç, Esenyurt/İSTANBUL  
Tel: (90 212) 886 19 10  
Fax: (90 216) 666 17 98

### Hasanpaşa Branch

Fahrettin Kerim Gökay Cad.  
Ergür İş Merkezi No: 1  
34722 Hasanpaşa, Kadıköy/İSTANBUL  
Tel: (90 216) 336 55 40  
Fax: (90 216) 666 17 81

### Ihlamurkuyu Branch

Ihlamurkuyu Mah. Alemdağ Cad.  
No: 271/A Ümraniye/İSTANBUL  
Tel: (90 216) 614 00 77  
Fax: (90 216) 666 18 51

### İkitelli Branch

İkitelli Organize Sanayi Bölgesi  
Atatürk Cad. No: 72/C  
34306 Başakşehir/İSTANBUL  
Tel: (90 212) 671 28 10  
Fax: (90 216) 666 17 24

### İmes Branch

İmes Sanayi Sitesi, A-Blok 104.Sk.  
No: 2 34776  
Y.Dudullu, Ümraniye/İSTANBUL  
Tel: (90 216) 590 09 90  
Fax: (90 216) 666 17 37

### İncirli Branch

İncirli Cad. No: 106  
34740 Bakırköy/İSTANBUL  
Tel: (90 212) 542 02 22  
Fax: (90 216) 666 17 12

### İstoç Branch

İstoç Ticaret Merkezi, 3. Ada No: 77  
34218 Mahmutbey, Bağcılar/İSTANBUL  
Tel: (90 212) 659 68 70  
Fax: (90 216) 666 17 83

### Kadıköy Branch

Rihtım Cad. No: 44  
34716 Kadıköy/İSTANBUL  
Tel: (90 216) 414 31 63  
Fax: (90 216) 666 17 11

### Karaköy Branch

Haraççı Ali Sokak No: 2  
Karaköy Meydanı  
34420 Beyoğlu/İSTANBUL  
Tel: (90 212) 252 56 87  
Fax: (90 216) 666 17 05

### Kartal Branch

Ankara Cad. No: 92  
34860 Kartal/İSTANBUL  
Tel: (90 216) 473 60 05  
Fax: (90 216) 666 17 56

### Kavacık Branch

Fatih Sultan Mehmet Cad.  
Beşler Plaza, B-Blok No: 38/1  
34810 Kavacık/İSTANBUL  
Tel: (90 216) 680 27 33  
Fax: (90 216) 666 17 57

### Kaynarca Branch

Cemal Gürsel Cad. No: 175  
Kaynarca, Pendik/İSTANBUL  
Tel: (90 216) 397 07 10  
Fax: (90 216) 666 18 27

### Kocamustafapaşa Branch

Kocamustafapaşa Cd. No: 186  
Kocamustafapaşa, Fatih/İSTANBUL  
Tel: (90 212) 587 89 89  
Fax: (90 216) 666 18 29

### Kozyatağı Branch

Üsküdar Cad. Saniye Ermutlu Sk.  
Şaşmaz Plaza No: 6  
34742 Kozyatağı, Kadıköy/İSTANBUL  
Tel: (90 216) 384 28 22  
Fax: (90 216) 666 17 85

### Kurtköy Branch

Ankara Cd. No: 322  
Kurtköy, Pendik/İSTANBUL  
Tel: (90 216) 378 14 39  
Fax: (90 216) 666 18 20

### Küçükbakkalköy Branch

Küçükbakkalköy Mah. Fevzipaşa Cad.  
No: 45 Ataşehir/İSTANBUL  
Tel: (90 216) 576 89 99  
Fax: (90 216) 666 18 33

### Küçükköy Branch

Hekimsuyu Cad. No: 7 Küçükköy  
34180 Gaziosmanpaşa/İSTANBUL  
Tel: (90 0212) 618 11 80  
Fax: (90 216) 666 18 24

### Laleli Branch

Ordu Cad. No: 56  
34130 Laleli, Fatih/İSTANBUL  
Tel: (90 212) 528 70 70  
Fax: (90 216) 666 17 71

### Levent Sanayi Branch

Eski Büyükdere Cad. No: 49/A  
34416 4.Levent, Kağıthane/İSTANBUL  
Tel: (90 212) 278 25 00  
Fax: (90 216) 666 17 49

### Maltepe Branch

Bağdat Caddesi No: 403/A  
34394 Maltepe/İSTANBUL  
Tel: (90 216) 370 14 70  
Fax: (90 216) 666 17 43

### Masko Branch

İkitelli OSB Mah. Süleyman Demirel Bulvarı Esot  
Sanayi Sitesi Esot İş Merkezi No: 6/1B  
Başakşehir/İSTANBUL  
Tel: (90 212) 549 37 77  
Fax: (90 216) 666 18 37

### Maslak Branch

Büyükdere Cad. No: 257-G  
Maslak/İSTANBUL  
Tel: (90 212) 276 01 11  
Fax: (90 216) 666 18 09

### Mecidiyeköy Branch

Büyükdere Cad. No: 80  
34460 Mecidiyeköy, Şişli/İSTANBUL  
Tel: (90 212) 347 16 10  
Fax: (90 216) 666 18 10

### Merkez Şube

Dr. Adnan Büyükdere Cad. No: 6 34768  
Ümraniye/İSTANBUL  
Tel: (90 216) 666 02 02  
Fax: (90 216) 666 17 01

### Merter Branch

Keresteciler Sitesi Fatih Cad. No: 24  
34169 Merter, Güngören/İSTANBUL  
Tel: (90 212) 637 84 10  
Fax: (90 216) 666 17 26

### Osmanbey Branch

Meşrutiyet Mah. Halaskargazi Cad. No: 100A  
Şişli/İSTANBUL  
Tel: (90 212) 231 81 65  
Fax: (90 216) 666 17 86

### Pendik Branch

23 Nisan Cad. No: 16/A  
34890 Pendik/İSTANBUL  
Tel: (90 216) 483 65 05  
Fax: (90 216) 666 17 25

### Sahrayıcedit Branch

Şemsettin Günaltay Cd. No: 250/A  
34735 Kadıköy/İSTANBUL  
Tel: (90 216) 302 16 32  
Fax: (90 216) 666 17 36

### Sancaktepe Branch

Eski Ankara Cad. No: 50/A  
34785 Sancaktepe/İSTANBUL  
Tel: (90 216) 622 55 00  
Fax: (90 216) 666 18 04

### Sefaköy Branch

Ahmet Kocabıyık Sk. No: 13/A  
34295 Sefaköy/İSTANBUL  
Tel: (90 212) 580 32 00  
Fax: (90 216) 666 17 58

### Silivri Branch

Piri Mehmet Paşa Mah.  
Fevzi Çakmak Cad.  
No: 3B Silivri/İSTANBUL  
Tel: (90 212) 728 78 00  
Fax: (90 216) 666 18 66

**Sultanbeyli Branch**

Abdurrahman Gazi Mah.  
Bosna Bulvarı No: 4  
Sultanbeyli/İSTANBUL  
Tel: (90 216) 419 37 00  
Fax: (90 216) 666 17 41

**Sultançiftliği Branch**

Eski Edirne Asfaltı No: 672/B  
34270 Sultangazi/İSTANBUL  
Tel: (90 212) 475 53 40  
Fax: (90 216) 666 17 94

**Sultanhamam Branch**

Marpuççular Sk. No: 26  
34110 Eminönü/İSTANBUL  
Tel: (90 212) 519 64 30  
Fax: (90 216) 666 17 23

**Şirinevler Branch**

Mahmutbey Cad. No: 15  
34191 Şirinevler, Bahçelievler/İSTANBUL  
Tel: (90 212) 551 81 51  
Fax: (90 216) 666 17 48

**Topçular Branch**

Ramî Kışla Cad. Vaytaşlar Plaza No: 58  
34055 Topçular, Eyüp/İSTANBUL  
Tel: (90 212) 613 85 74  
Fax: (90 216) 666 17 84

**Topkapı Branch**

Maltepe Mah. Gümüşsuyu Cad. No: 28  
Dk: 156 Zeytinburnu/İSTANBUL  
Tel: (90 212) 565 95 03  
Fax: (90 216) 666 18 38

**Trakya Corporate Branch**

Evrân Mah. Koçman Cad. No: 54  
B Blok 2. Kat İşyeri No: 22  
Güneşli/Bağcılar İSTANBUL  
Tel: (90 212) 550 16 65  
Fax: (90 216) 666 18 36

**Tuzla Sanayi Branch**

Mescit Mah. Demokrasi Cad.  
No: 3 A11 Tuzla/İSTANBUL  
Tel: (90 216) 394 86 54  
Fax: (90 216) 666 18 44

**Ümraniye Branch**

Alemdağ Cad. No: 10-12 Ümraniye  
34764 Ümraniye/İSTANBUL  
Tel: (90 216) 443 66 35  
Fax: (90 216) 666 17 18

**Üsküdar Branch**

Mimar Sinan Mah. Hakimiyet-i Milliye Cad. Molla  
Eşref Sok. No: 17 - 17/A Üsküdar/İSTANBUL  
Tel: (90 216) 532 89 39  
Fax: (90 216) 666 17 35

**Zeytinburnu Branch**

Semiha Şakir Cad. No: 15  
34025 Zeytinburnu/İSTANBUL  
Tel: (90 212) 510 10 22  
Fax: (90 216) 666 17 39

**Branches in Other Cities and Towns****Adana Barkal Branch**

Turhan Cemal Beriker Bulvarı  
Adana İş Merkezi A-Blok No: 25  
01100 Seyhan/ADANA  
Tel: (90 322) 429 78 78  
Fax: (90 216) 666 17 79

**Adana Organize Sanayi Branch**

Adana Hacı Sabancı Organize Sanayi Bölgesi  
OSB Turgut Özal Bulvarı No: 17  
Sarıçam/ADANA  
Tel: (90 322) 394 53 29  
Fax: (90 216) 666 18 39

**Adana Branch**

İnönü Cad. No: 85  
01060 Seyhan/ADANA  
Tel: (90 322) 363 11 00  
Fax: (90 216) 666 17 08

**Adapazarı Branch**

Atatürk Bulvarı No: 39 ADAPAZARI  
Tel: (90 264) 277 91 41  
Fax: (90 216) 666 17 20

**Adıyaman Branch**

Gölbaşı Cad. Sıddık Efendi Pasajı No: 13  
ADİYAMAN  
Tel: (90 416) 213 60 84  
Fax: (90 216) 666 18 26

**Afyon Branch**

Milli Egemenlik Cad. No: 14/A  
03100 AFYONKARAHİSAR  
Tel: (90 272) 214 10 14  
Fax: (90 216) 666 17 62

**Aksaray Branch**

Bankalar Cad. No: 32  
68100 AKSARAY  
Tel: (90 382) 212 12 71  
Fax: (90 216) 666 17 91

**Ankara Branch**

Atatürk Bulvarı No: 57/A  
06410 Sıhhiye /ANKARA  
Tel: (90 312) 430 53 20  
Fax: (90 216) 666 17 02

**Antakya Branch**

Haraparası Mah. Yavuz Sultan Selim Cad.  
No: 27/B-C-D-E Antakya/HATAY  
Tel: (90 326) 225 12 26  
Fax: (90 216) 666 18 47

**Antalya Branch**

Milli Egemenlik Cad. No: 36/5-6  
07100 Muratpaşa/ANTALYA  
Tel: (90 242) 247 46 12  
Fax: (90 216) 666 17 21

**Aydın Branch**

Hükümet Bulvarı No: 11 09100 AYDIN  
Tel: (90 256) 213 48 38  
Fax: (90 216) 666 17 66

**Bakanlıklar Branch**

Tunus Cad. No: 6/A  
06800 Kavaklıdere, Çankaya/ANKARA  
Tel: (90 312) 417 70 33  
Fax: (90 216) 666 18 03

**Balgat Branch**

Ceyhun Atif Kansu Cad. No: 100/Ü  
06520 Balgat, Çankaya/ANKARA  
Tel: (90 312) 472 40 30  
Fax: (90 216) 666 17 42

**Balıkesir Branch**

Anafartalar Cad. No: 15  
10100 BALIKESİR  
Tel: (90 266) 243 73 33  
Fax: (90 216) 666 17 22

**Başkent Corporate Branch**

Ceyhun Atif Kansu Cad. Başkent Plaza  
No: 106 Kat: 12 D: 42-45  
Balgat - Çankaya/ANKARA  
Tel: (90 312) 474 09 09  
Fax: (90 216) 666 18 32

**Batman Branch**

Diyarbakır Cad. No: 58  
72070 BATMAN  
Tel: (90 488) 215 26 42  
Fax: (90 216) 666 17 72

**Bolu Branch**

İzzet Baysal Cad. No: 85  
14100 BOLU  
Tel: (90 374) 218 12 92  
Fax: (90 216) 666 18 23

**Bornova Branch**

Mustafa Kemal Cad. No: 20/E  
35040 Bornova/İZMİR  
Tel: (90 232) 342 43 23  
Fax: (90 216) 666 17 97

**Bursa Demirtaş Branch**

Yeni Yalova Yolu Cad. No: 496  
Demirtaş - Osmangazi/BURSA  
Tel: (90 224) 211 26 11  
Fax: (90 216) 666 18 56

**Bursa Branch**

İnönü Cad. No: 27  
16010 BURSA  
Tel: (90 224) 220 97 60  
Fax: (90 216) 666 17 04

**Büsan Branch**

Kosgeb Caddesi No: 1/F  
Büsan Özel Organize Sanayi Bölgesi 42050  
Karatay/KONYA  
Tel: (90 332) 345 40 40  
Fax: (90 216) 666 17 51

**Cebeci Branch**

Demirlibahçe Mah. Talatpaşa Bulvarı  
No: 173/B Mamak/ANKARA  
Tel: (90 312) 363 30 11  
Fax: (90 216) 666 18 64

## Directory

### Çallı Branch

Namık Kemal Bulvarı No: 7  
Kepez/ANTALYA  
Tel: (90 242) 344 45 05  
Fax: (90 216) 666 18 15

### Çanakale Branch

Çarşı Cad. No: 135  
17100 ÇANAKKALE  
Tel: (90 286) 214 40 82  
Fax: (90 216) 666 18 08

### Çankırı Branch

Cumhuriyet Mah. Necip Fazıl Kısakürek Sok.  
No: 32/C Merkez/ÇANKIRI  
Tel: (90 376) 212 72 51  
Fax: (90 216) 666 18 63

### Çerkezköy Branch

Gazi Mustafa Kemal Paşa Mah.  
Atatürk Cad. No: 6-8B Çerkezköy/TEKİRDAĞ  
Tel: (90 282) 725 00 22  
Fax: (90 216) 666 18 60

### Çiğli Branch

Anadolu Caddesi No: 780  
35640 Çiğli/İZMİR  
Tel: (90 232) 386 10 13  
Fax: (90 216) 666 18 14

### Çorlu Branch

Salih Omurtak Cad. No: 34/C  
59850 Çorlu/TEKİRDAĞ  
Tel: (90 282) 673 66 10  
Fax: (90 216) 666 17 82

### Çorum Branch

İnönü Cad. No: 23  
19000 ÇORUM  
Tel: (90 364) 224 19 11  
Fax: (90 216) 666 17 63

### Çukurova Branch

Mahfesiğmaz Mah. Turgut Özal Bulvarı  
No: 131/A Çukurova/ADANA  
Tel: (90 322) 233 23 51  
Fax: (90 216) 666 18 61

### Denizli Branch

2. Ticari Yol No: 43  
20100 DENİZLİ  
Tel: (90 258) 242 00 25  
Fax: (90 216) 666 17 33

### Diyarbakır Branch

İnönü Cad. No: 19  
21300 Sur/DİYARBAKIR  
Tel: (90 412) 224 75 30  
Fax: (90 216) 666 17 32

### Düzce Branch

İstanbul Cad. No: 3/A  
81010 DÜZCE  
Tel: (90 380) 512 08 51  
Fax: (90 216) 666 17 61

### Elazığ Branch

Hürriyet Cad. No: 35/B  
23100 ELAZIĞ  
Tel: (90 424) 212 47 24  
Fax: (90 216) 666 17 60

### Erzurum Branch

Orhan Şerifsoy Cad.  
Özlem İş Merkezi A-Blok No: 2  
25100 ERZURUM  
Tel: (90 442) 213 24 76  
Fax: (90 216) 666 17 54

### Eskişehir Branch

Sakarya Cad. No: 45/A  
26130 Tepebaşı/ESKİŞEHİR  
Tel: (90 222) 231 36 66  
Fax: (90 216) 666 17 50

### Etlük Branch

Yunus Emre Cad. No: 5/A-B  
06010 Etlük/ANKARA  
Tel: (90 312) 325 91 91  
Fax: (90 216) 666 17 59

### Gaziantep Branch

Suburcu Cad. No: 4  
27400 Şahinbey/GAZİANTEP  
Tel: (90 342) 230 91 68  
Fax: (90 216) 666 17 09

### Gebze Org. San. Branch

Gebze Güzeller Organize Sanayi Bölgesi  
Atatürk Bulvarı No: 2/B  
Gebze/KOCAELİ  
Tel: (90 262) 751 20 28  
Fax: (90 216) 666 18 18

### Gebze Branch

Hacı Halil Mah. Körfez Cad. No: 18  
Gebze/KOCAELİ  
Tel: (90 262) 641 15 82  
Fax: (90 216) 666 17 34

### Giresun Branch

Hacı Miktat Mah. Fatih Cad. No: 28  
GİRESUN  
Tel: (90 454) 213 30 01  
Fax: (90 216) 666 18 35

### Isparta Branch

Cumhuriyet Cad. No: 11  
32100 İSPARTA  
Tel: (90 246) 223 47 42  
Fax: (90 216) 666 17 74

### İnegöl Branch

Kemalpaşa Mah. Atatürk Bulvarı No: 12  
İNEGÖL/BURSA  
Tel: (90 224) 716 04 90  
Fax: (90 216) 666 18 55

### İskenderun Branch

Mareşal Fevzi Çakmak Cad. No: 4  
31200 İskenderun/HATAY  
Tel: (90 326) 614 68 60  
Fax: (90 216) 666 18 00

### İvedik Branch

İvedik Organize Sanayi Bölgesi  
Melih Gökçek Bulvarı No: 18/3  
06378 Yenimahalle/ANKARA  
Tel: (90 312) 394 70 05  
Fax: (90 216) 666 18 07

### İzmir Gıda Çarşısı Branch

1203/1 Sok. No: 21 Gıda Çarşısı  
Yenişehir - Konak/İZMİR  
Tel: (90 232) 469 14 03  
Fax: (90 216) 666 18 53

### İzmir Branch

Fevziye Bulvarı No: 51  
35210 Konak/İZMİR  
Tel: (90 232) 441 21 61  
Fax: (90 216) 666 17 03

### İzmit E5 Branch

Körfez Mah. D-100 Karayolu  
(Ankara Karayolu)  
No: 123 İzmit/KOCAELİ  
Tel: (90 262) 324 78 06  
Fax: (90 216) 666 18 45

### İzmit Branch

Alemdar Cad. No: 17  
41100 KOCAELİ  
Tel: (90 262) 323 37 72  
Fax: (90 216) 666 17 19

### K.Maraş Branch

Yusuflar Mah. Hacı Arifoğlu Cad.  
No: 28/A KAHRAMANMARAŞ  
Tel: (90 344) 225 49 26  
Fax: (90 216) 666 17 17

### Karabağlar Branch

Yeşillik Cad. No: 473  
35400 Karabağlar/İZMİR  
Tel: (90 232) 237 27 81  
Fax: (90 216) 666 17 47

### Karabük Branch

Hürriyet Cad.  
Beyaz Saray İşhanı No: 151/A  
78100 KARABÜK  
Tel: (90 370) 415 66 33  
Fax: (90 216) 666 18 05

### Karadeniz Ereğli Branch

Müftü Mah. Devrim Bulvarı  
No: 9/A Kdz.  
Ereğli/ZONGULDAK  
Tel: (90 372) 322 84 14  
Fax: (90 216) 666 17 76

### Karaman Branch

İsmetpaşa Cd. No: 22/B  
KARAMAN  
Tel: (90 338) 213 91 00  
Fax: (90 216) 666 18 25

**Kastamonu Branch**

Cumhuriyet Cad. No: 46/B  
37100 KASTAMONU  
Tel: (90 366) 212 88 37  
Fax: (90 216) 666 17 73

**Kayapınar Branch**

Kayapınar Cd. Yeni Sebze Hali Kavşağı  
Rema Sitesi A-Blok No: 30  
Kayapınar/DİYARBAKIR  
Tel: (90 412) 251 31 33  
Fax: (90 216) 666 18 16

**Kayseri Org. Sanayi Branch**

Organize Sanayi Bölgesi 12 Cad.  
OSB Ticaret Merkezi No: 5/22  
38070 Anbar, Melikgazi/KAYSERİ  
Tel: (90 352) 321 42 82  
Fax: (90 216) 666 18 11

**Kayseri Sanayi Branch**

Osman Kavuncu Cad. No: 112/A  
38010 KAYSERİ  
Tel: (90 352) 336 63 66  
Fax: (90 216) 666 17 45

**Kayseri Branch**

Vatan Cad. No: 26  
38040 Melikgazi/KAYSERİ  
Tel: (90 352) 222 67 91  
Fax: (90 216) 666 17 07

**Keçiören Branch**

Kızılarpınarı Cd. No: 104/A  
Keçiören/ANKARA  
Tel: (90 312) 314 14 14  
Fax: (90 216) 666 18 28

**Kemalpaşa Branch**

Sekiz Eylül Mah. İzmir Cad.  
No: 22/A Kemalpaşa/İZMİR  
Tel: (90 232) 878 31 38  
Fax: (90 216) 666 18 57

**Kestel Branch**

Kestel OSB Bursa Cad. No: 75 B Blok  
2 nolu işyeri Kestel/BURSA  
Tel: (90 224) 372 75 87  
Fax: (90 216) 666 18 40

**Konya Organize Sanayi Branch**

Konya Org. Sanayi Bölgesi  
Kırım Cad. No: 20 Selçuklu/KONYA  
Tel: (90 332) 239 21 76  
Fax: (90 216) 666 18 34

**Konya Sanayi Branch**

Musalla Bağları Mah. Ankara Cad. No: 101  
Selçuklu/KONYA  
Tel: (90 332) 238 21 25  
Fax: (90 216) 666 17 29

**Konya Branch**

Mevlana Cad. No: 5  
42030 Karatay/KONYA  
Tel: (90 332) 350 19 77  
Fax: (90 216) 666 17 06

**Konyaaltı Branch**

Arapsuyu Mah. Atatürk Bulvarı  
M. Gökay Plaza A Blok No: 23/C-D  
Konyaaltı/ANTALYA  
Tel: (90 242) 290 99 19  
Fax: (90 216) 666 18 49

**Körfez Branch**

Kuzey Mah. Cahit Zarifoğlu Cad. No: 65  
Körfez/KOCAELİ  
Tel: (90 262) 526 62 75  
Fax: (90 216) 666 18 59

**Küçüksaat Branch**

Sefaözlü Cad. No: 3/E  
01060 Seyhan/ADANA  
Tel: (90 322) 351 20 00  
Fax: (90 216) 666 17 96

**Kütahya Branch**

Balıklı Mah. Pekmez Pazarı Cad. No: 12/A  
KÜTAHYA  
Tel: (90 274) 223 75 00  
Fax: (90 216) 666 18 41

**Malatya Branch**

İnönü Cad. No: 14  
44100 MALATYA  
Tel: (90 422) 326 04 20  
Fax: (90 216) 666 17 16

**Manisa Branch**

Mustafa Kemal Paşa Cad. No: 14  
45020 MANİSA  
Tel: (90 236) 238 93 00  
Fax: (90 216) 666 17 67

**Mardin Branch**

13 Mart Mah. Vali Ozan Cad.  
No: 82/1- 84/A-B-C-D MARDİN  
Tel: (90 482) 213 22 50  
Fax: (90 216) 666 18 46

**Mersin Branch**

İstiklal Cad No: 33  
33060 MERSİN  
Tel: (90 324) 237 85 60  
Fax: (90 216) 666 17 70

**Mevlana Branch**

Taşkapı Medrese Cad.  
No: 2/A-2/B-2/202  
Meram/KONYA  
Tel: (90 332) 350 00 42  
Fax: (90 216) 666 18 02

**Nevşehir Branch**

Kapucubaşı Mah. Atatürk Bulvarı No: 105  
NEVŞEHİR  
Tel: (90 384) 212 12 16  
Fax: (90 216) 666 18 43

**Nilüfer Branch**

Nilüfer Caddesi İzmir Yolu Üzeri  
Küçük Sanayi Girişi No: 4 BURSA  
Tel: (90 224) 443 74 00  
Fax: (90 216) 666 17 95

**Ordu Branch**

Süleyman Felek Cad. No: 73  
52100 ORDU  
Tel: (90 452) 214 73 51  
Fax: (90 216) 666 17 88

**Osmaniye Branch**

Atatürk Cad. No: 164  
80010 OSMANİYE  
Tel: (90 328) 813 71 71  
Fax: (90 216) 666 17 68

**Ostim Branch**

100. Yıl Bulvarı No: 1  
06370 Ostim, Yenimahalle/ANKARA  
Tel: (90 312) 385 79 01  
Fax: (90 216) 666 17 31

**Rize Branch**

Cumhuriyet Cad. No: 105H  
53100 RİZE  
Tel: (90 464) 214 27 67  
Fax: (90 216) 666 17 77

**Samsun Sanayi Branch**

Şabanoğlu Mah. Atatürk Bulvarı  
No: 229/2 Tekkeköy/SAMSUN  
Tel: (90 362) 266 62 52  
Fax: (90 216) 666 18 62

**Samsun Branch**

Kaptanağa Cad. No: 12  
55030 İlkadım/SAMSUN  
Tel: (90 362) 435 10 92  
Fax: (90 216) 666 17 10

**Sincan Branch**

Ankara Cad. No: 23/2  
06930 Sincan/ANKARA  
Tel: (90 312) 270 99 88  
Fax: (90 216) 666 17 64

**Siteler Branch**

Karacakaya Cad. No: 73/1  
06160 Siteler/ANKARA  
Tel: (90 312) 353 49 50  
Fax: (90 216) 666 17 14

**Sivas Branch**

Sirer Cad. No: 22/A 58070 SİVAS  
Tel: (90 346) 224 00 90  
Fax: (90 216) 666 17 52

**Şanlıurfa Branch**

Kadri Eroğan Cad. No: 22  
63100 ŞANLIURFA  
Tel: (90 414) 313 01 58  
Fax: (90 216) 666 17 46

**Şaşmaz Branch**

2488 Cad. (Eski 6.Cad.) No: 16 3/C  
06790 Şaşmaz, Etimesgut/ANKARA  
Tel: (90 312) 278 32 42  
Fax: (90 216) 666 18 06

## Directory

### Şehitkamil Branch

Prof. Muammer Aksoy Bulvarı No: 19/E  
27090 Şehitkamil/GAZİANTEP  
Tel: (90 342) 215 36 51  
Fax: (90 216) 666 18 19

### Taşvanlı Branch

Yeni Mahalle Ada Caddesi No: 7  
Taşvanlı/KÜTAHYA  
Tel: (90 274) 614 77 61  
Fax: (90 216) 666 18 65

### Tokat Branch

Gaziosmanpaşa Bulvarı No: 167  
60100 TOKAT  
Tel: (90 356) 214 69 66  
Fax: (90 216) 666 17 78

### Trabzon Değirmendere Branch

Sanayi Mah. Devlet Karayolu Cad. No: 89  
Değirmendere/TRABZON  
Tel: (90 462) 325 00 23  
Fax: (90 216) 666 18 48

### Trabzon Branch

Kahramanmaraş Cad. No: 35/B  
TRABZON  
Tel: (90 462) 321 66 06  
Fax: (90 216) 666 17 55

### Turan Güneş Branch

Turan Güneş Bulvarı No: 54/B  
06500 Çankaya/ANKARA  
Tel: (90 312) 443 07 65  
Fax: (90 216) 666 17 90

### Turgutlu Branch

Turan Mah. Atatürk Bulvarı No: 180/A  
Turgutlu/MANİSA  
Tel: (90 236) 312 75 00  
Fax: (90 216) 666 18 58

### Uludağ Branch

Ankarayolu Cad. No: 73  
Yıldırım/BURSA  
Tel: (90 224) 272 59 00  
Fax: (90 216) 666 17 38

### Ulus Branch

Anafartalar Cad. No: 59  
06250 Altındağ, Ulus/ANKARA  
Tel: (90 312) 324 65 70  
Fax: (90 216) 666 17 89

### Ümitköy Branch

Seyfi Saltoğlu Cad. No: 35/7  
06810 Çayyolu, Yenimahalle/ANKARA  
Tel: (90 312) 241 60 00  
Fax: (90 216) 666 17 87

### Van Branch

Cumhuriyet Cad. No: 124  
65100 VAN  
Tel: (90 432) 212 17 12  
Fax: (90 216) 666 17 65

### Yalova Branch

Yalı Cad. No: 19/A  
77100 YALOVA  
Tel: (90 226) 812 23 80  
Fax: (90 216) 666 17 69

### International Branch

#### Erbil Branch

60. Street Across to Hewa Group Head Office  
Iskan-Erbil/Iraq  
Tel: +964 750 370 98 90  
Mobile: +964 750 163 96 59

### Albaraka Banking Group

**Albaraka Türk Katılım Bankası A.Ş.**  
Saray Mah. Dr Adnan Büyükdenez Cad. No: 6  
34768 Ümraniye İstanbul  
Tel: (90 216) 666 01 01  
Fax: (90 216) 216 666 16 00  
www.albarakatürk.com.tr

### Jordan Islamic Bank

P.O. Box 926225,  
Amman 11190 Jordan  
Tel: + 9626 567 7377  
Fax: + 9626 566 6326  
www.jordanislamicbank.com/

### Al Baraka Banking Group

#### Representative Office, Indonesia

Ravindo Building, 10th Floor,  
Jalan Kebon Sirih, No. 75,  
Jakarta Pusat 10340, Indonesia  
Tel: +62 21 316 1345  
Fax: +62 21 316 1074  
www.albaraka.com

### Al Baraka Bank (Pakistan) Limited

162, Bangalore Town,  
Main Shahrah-e-Faisal,  
Karachi, Pakistan  
Tel: +92 21 34315851  
Fax: +92 21 34546465  
www.albaraka.com.pk

### Al Baraka Islamic Bank B.S.C.

Al Baraka Tower, P.O. Box 1882,  
Manama, Kingdom of Bahrain  
Tel: +973 17 535 300  
Fax: +973 17 533 993  
www.albaraka.bh

### Al Baraka Bank Tunisia

88, Avenue Hedi Chaker 1002,  
Tunis, Tunisia  
Tel: +21671 790000  
Fax: +21671 780235  
www.albarakabank.com.tn

### Al Baraka Banking Group

#### Representative Office, Libya

Trepoli Tower, Tower1 Floor 14,  
Office No.144  
P.O. Box 93271, Tripoli, Libya  
Tel: +218 (21) 336 2310-1  
Fax: +218 (21) 336 2312  
www.albarakalibya.com.ly

### Saudi Arabia Itqan capital

Al Shatei Center, Al Malik Road P.O. Box 8021  
Jeddah 21482 Kingdom of Saudi Arabia  
Tel: +966 2 234 7000  
Fax: +966 2 234 7222  
http://www.itqancapital.com

### Banque Al Baraka D'Algerie S.P.A.

Hai Bouteldja Houidef, Villa No.1,  
Rocade Sud, Ben Aknoun,  
Algiers, Algeria  
Tel: +213 21 91 64 50 to 55  
Fax: +213 21 91 64 58  
www.albaraka-bank.com

### Al Baraka Bank Limited

2 Kingsmead Boulevard,  
Kingsmead Office Park,  
Stalwart Simelane Street,  
Durban 4001, South Africa  
Tel: +2731 364 9000  
Fax: +2731 364 9001  
www.albaraka.co.za

### Al Baraka Bank Sudan

AL Baraka Tower,  
P.O. Box 3583, Qasr ST,  
Khartoum, Sudan  
Tel: +249183 780 688  
Fax: +249183 788 585  
www.albaraka.com.sd

### Al Baraka Bank Syria s.a.

Alshahbender Street, P.O. Box 100,  
Damascus, Syria  
Tel: +963 11 443 78 20  
Fax: +963 11 443 78 10  
www.albarakasyria.com

### Al Baraka Bank Lebanon S.A.L

2nd Floor, Center Verdan 2000,  
Rashid Karamah Street,  
Verdan, Beirut, Lebanon  
Tel: +9611 808008  
Fax: +9611 806499  
www.al-baraka.com

### Al Baraka Bank Egypt

60, Mohie Elddin Abu Elezz Street,  
P.O. Box 455, Dokki, Giza, Egypt  
Tel: +2023 748 1222  
Fax: +2023 761 1436/7  
www.albaraka-bank.com.eg



