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Annual General Meeting Agenda

Board Of Directors Resolution

SESSION NO 1612
DATE February 17, 2017

The Board of Directors of Albaraka Türk Participation Bank has adopted the following resolutions:

Resolutions

1. The Board of Directors (BoD) DECIDED that the ordinary Annual General Assembly of Albaraka Turk Participation Bank (ABAT) shall be held on **23 March 2017** (Thursday), at **10:00**, in the Company Head Office, located in Istanbul at Saray Mah, Dr. Adnan Büyükdeniz Cad. No:6, Ümraniye 34768, in order to discuss the issues in its **Agenda** as inscribed here below.
2. Also, the Information Document on 2016 General Assembly and the Procedures on Participation to General Assembly, as prepared by ABAT Head Office, have been APPROVED for announcement to shareholders through our web page.

Agenda

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 2016.
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.
8. Discussing the BoD proposal about the utilization and distribution of the annual profit and dividends (ratios of sharing).
9. Discussing the fiscal rights and benefits of the Board members like salary & wages, per diems, bonus & premiums and alike.
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. Discussing and resolving the Board of Directors' proposal to amend Article-7 entitled "Bank's Capital" of our Bank's Articles of Incorporation.
13. Permitting members of the BoD with respect to articles 395 and 396 of Turkish Commercial Code.
14. Presenting information to General Assembly about operations effected in scope of the Buy-back Program for bank's own shares in 2016,
15. Providing the General Assembly with details of our Bank's donations in 2016.
16. Remarks and requests.

In their own language, above resolutions have been read to the undersigned foreign members. Resolutions have been agreed upon with no objection.

Adnan Ahmed Yusuf ABDULMALEK
Chairman

Hamad Abdulla A. EQAB
Board Member

Hood Hashem Ahmed HASHEM
Board Member

Ibrahim Fayez Humaid ALSHAMSI
Board Member

Fahad Abdullah A. ALRAJHI
Board Member

Muhammad Zarrug M. RAJAB
Board Member

Yalçın ÖNER
Vice Chairman

Osman AKYÜZ
Board Member

Kemal VAROL
Board Member

Bekir PAKDEMİRLİ
Board Member

Mitat AKTAŞ
Board Member

Melikşah UTKU
Board Member and General Manager

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 Pioneering, Strong, And Future-Focused Leader Since 1985...

Turkey's first participation bank with more than three decades of experience, vision, expert human resources, and technological competency, Albaraka Türk is the country's pioneering and strongest practitioner of participation banking.

Albaraka Türk incorporates the principles of participation banking into its production and trade financing mission in the most effective way possible. The Bank regards supporting SMEs' growth and development under every condition as one of its highest priorities.

Continuing to expand its customer base as a respected and trusted financial institution, Albaraka Türk channels the funds that accumulate in its depositors' current and participation accounts and then channels them to real-sector borrowers for such purposes as personal finance, corporate finance, lease-financing, and project-based profit/loss partnerships.

Vision & Group Synergies: Becoming A Regional Financial Force

A member of the Albaraka Banking Group, the Bank's biggest shareholder, Albaraka Türk continues to take advantage of groupwise synergies as it advances in line with its vision of becoming a regional financial force in the Gulf, Middle East, and North Africa where its parent is active.

Robust Shareholder Structure

Albaraka Türk is a robustly-capitalized joint venture of the Albaraka Banking Group, the Islamic Development Bank, and a Turkish industrial group that has been serving its national economy for more than half a century. As of December 31, 2016, 66% and 9.16% shares of the Bank's capital were controlled by non-resident and resident shareholders respectively while the remaining 24.84% was publicly-held.

A Non-Compromising Approach To Service Quality

Constantly developing its product and service lineup in an ongoing effort to proactively satisfy its customers' needs and expectations, Albaraka Türk complements superior service standards with a sincere and friendly service approach. All of the Bank's activities are conducted under the ISO 9001:2008 Quality Management System certification that it has been awarded. In 2015, Albaraka Türk took a big step forward towards ensuring the uninterrupted conduct of its business processes when the Bank was audited and received ISO 22301 business continuity management system certification.

The Formula For Success: Experience + Performance + Trust

In the management of its customer relations, Albaraka Türk adheres to a formula that may be summed up as "Success = Experience + Performance + Trust". Having developed a business model that is underpinned by trust-based business partnerships, Albaraka Türk further reinforces that model with superior customer-understanding and solution-tailoring abilities. The long-term and productive collaborations that Albaraka Türk enters into with its customers are what strengthen its customer base and contribute to its ongoing expansion.

An Extensive Service Network Of 213 Branches

Albaraka Türk reaches its stakeholders through an extensive service network consisting of 213 branches located all over Turkey and an array of alternative delivery channels. The Bank has one international branch located in the city of Arbil in Iraq.

The Albaraka Banking Group (Abg)

One of the world's leading proponents of interest-free banking, the Albaraka Banking Group (ABG) provides retail, corporate, and investment banking products and services that are compatible with participation banking principles.

Consisting of eleven branches, two representative offices, one branch, and one investment company, members of the Albaraka Banking Group are active across a broad region spanning fifteen countries on three continents.

Besides ABG-member banks located in Algeria, Bahrain, Egypt, Jordan, Lebanon, Pakistan, South Africa, Sudan, Syria, Tunisia, and Turkey, the Albaraka Banking Group has an investment company in Saudi Arabia, a branch in Iraq, and representative offices in Indonesia and Libya.

As of end-2016, the Albaraka Banking Group had total assets of USD 23.4 billion and shareholders' equity of USD 2 billion. As of year-end the group showed an aggregate profit amounting to USD 268 million, had 697 branches, and employed 12,644 people.

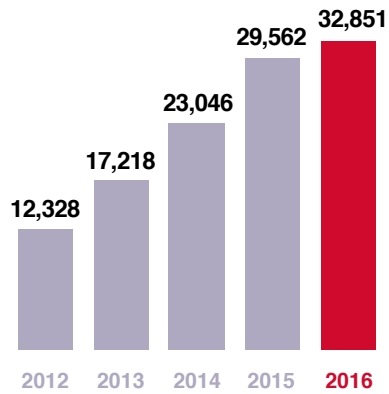
ABG shares are traded on the Bahrain and NASDAQ Dubai stock exchanges. Standard & Poor's has assigned ABG credit ratings of BB+ (long-term) and B (short-term). ABG's core strategic objective is to create a shared corporate values system that informs its "One Mission – One Vision – One Identity" approach to service.

Four years ago, ABG, which has launched the Al Baraka Social Responsibility Program, in 2016 ABG has taken these activities one step further and signed the UN Global Compact.

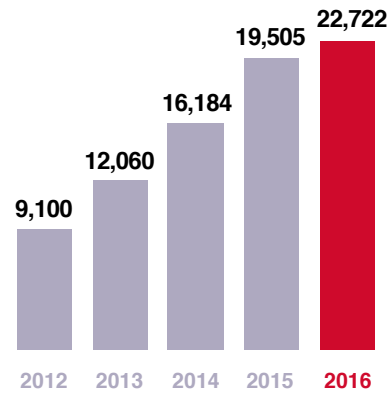
Turkey's first participation bank with more than three decades of experience, vision, expert human resources, and technological competency, Albaraka Türk is the country's pioneering and strongest practitioner of participation banking.

Financial Indicators, Shareholding Structure

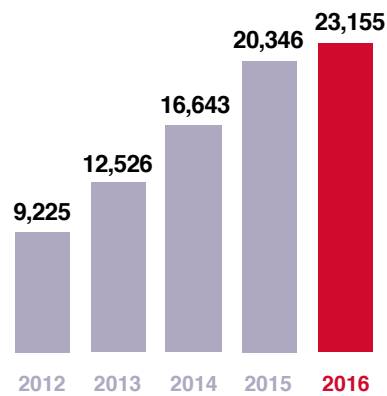
Total Assets (TL million)



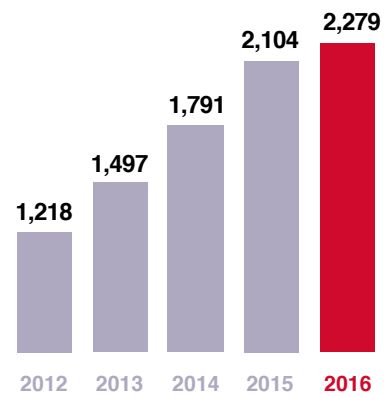
Funded Credits* (TL million)



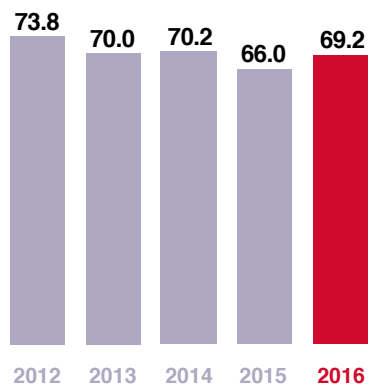
Collected Funds (TL million)



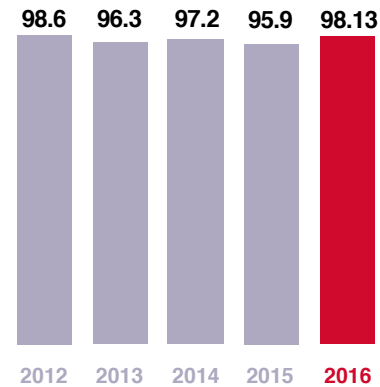
Shareholders' Equity (TL million)



Funded Credits*/Total Assets



Funded Credits*/Collected Funds



*Including financial leasing

Financial Indicators, Shareholding Structure

Key Financial Indicators (TL million)

	2015	2016	Change (%)
Total Assets	29,562	32,851	11.1
Funded Credits*	19,505	22,722	16.5
Collected Funds	20,346	23,155	13.8
Shareholders' Equity	2,104	2,279	8.3
Number of Personnel	3.736	3.796	1.6
Number of Branches	213	213	-

*Including financial leasing.

Key Ratios (%)

	2015	2016
Funded Credits*/Total Assets	66.0	69.2
Funded Credits*/Collected Funds	95.9	98.1
Collected Funds/Total Assets	68.8	70.5
Return on Equity	15.6	9.9
Return on Assets	1.4	0.9
NPL Ratio	2.37	4.75
Net NPL Ratio	1.0	2.26
NPL Provisions Ratio	59.9	52.3
CAR	15.3	13.5

*Including financial leasing.

Shareholder Structure of Albaraka Türk*

	TL	%
Foreign Shareholders	593,952,934.31	66.00
Albaraka Banking Group	486,523,265.68	54.06
Islamic Development Bank (IDB)	70,573,778.85	7.84
Alharthy Family	31,106,364.35	3.46
Other	5,749,525.43	0.64
Local Shareholders	82,469,474.37	9.16
Publicly Traded	223,577,591.32	24.84
Total	900,000,000.00	100.00

*As of 31.12.2016

Albaraka Türk's Position In The Sector

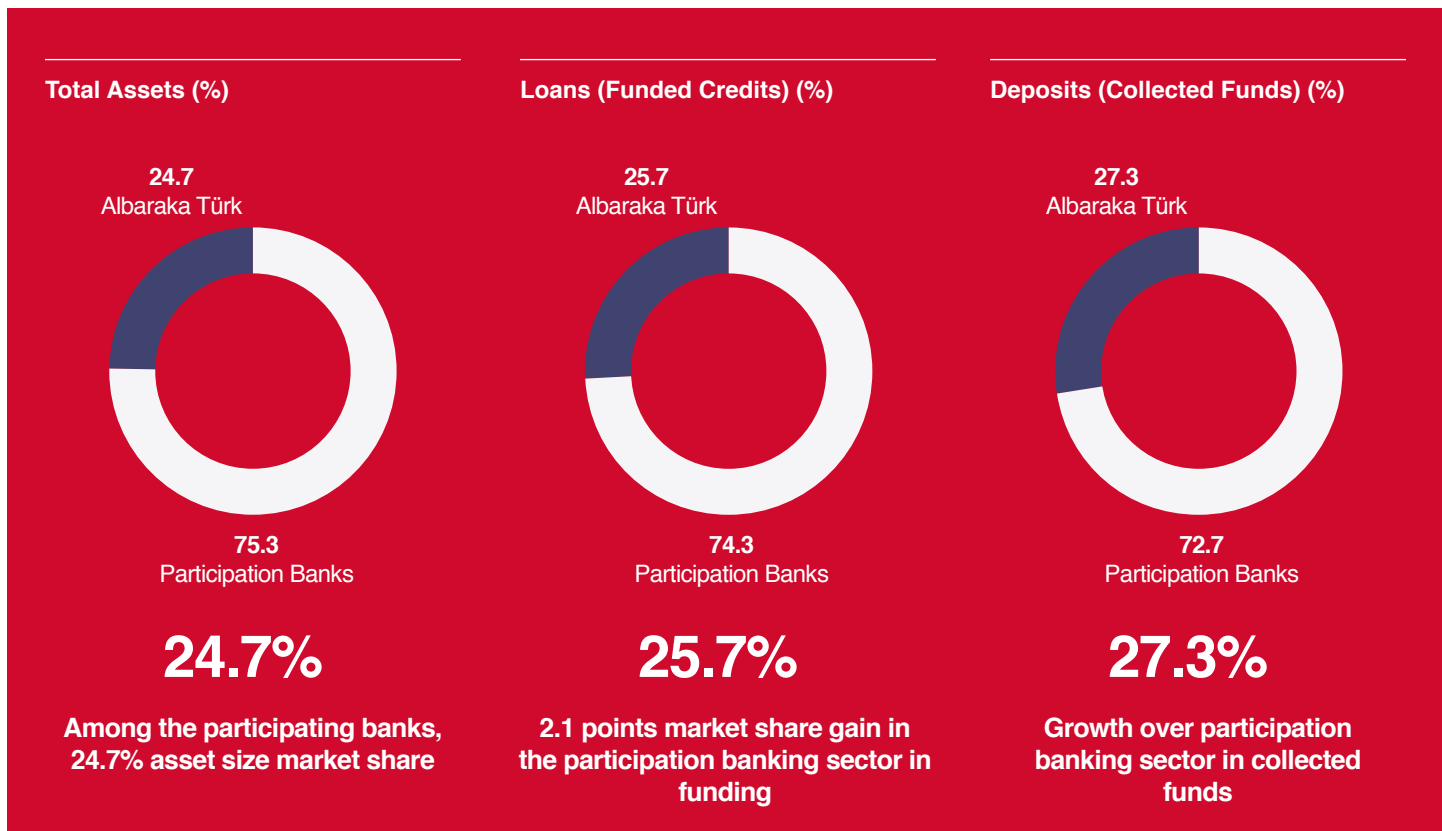
Change (%)

	2014-2015			2015-2016		
	Albaraka Türk	Participation Banks	Banking Industry	Albaraka Türk	Participation Banks	Banking Industry
Total Assets	28.3	15.4	18.2	11.1	10.5	15.8
Loans (Funded Credits)	20.5	16.0	20.3	16.5	7.2	17.1
Deposits (Collected Funds)	22.2	13.3	17.9	13.8	12.1	16.8

Market Shares (%)

	2015			2016		
	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	24.6	1.3	5.1	24.7	1.2	4.9
Loans (Funded Credits)	23.6	1.3	5.4	25.7	1.3	4.9
Deposits (Collected Funds)	26.9	1.5	5.7	27.3	1.5	5.5

Stock exchange information: Albaraka Türk's shares are traded at Borsa İstanbul, National Market under the ticker symbol ALBRK



Decision of the Board of Directors

SESSION NO: 1621

DATE: February 17, 2017

The Board of Directors of Albaraka Türk Participation Bank has adopted the following resolutions:

RESOLUTION:

It has been DECIDED that the Banking Regulation and Supervision Agency (BRSA) shall be approached concerning the distribution of the profit of the year 2016 as depicted below and the disbursement of the DIVIDEND to the shareholders effective from April 10, 2017, and, to propose to the Annual General Assembly of Shareholders in line with the feedback from BRSA:

Profit of the Year	TL	217,609,152.61
Profit of Previous Year	TL	0.00
Profit on Balance-Sheet	TL	217,609,152.61
First Tier Reserve (-)	TL	10,880,457.63
Distributable Net Profit of the Year	TL	206,728,694.98
Tier I. Dividends to Shareholders (Gross)	TL	45,000,000.00
Tier II. Dividends to Shareholders	TL	6,682,173.74
Tier II. Legal Reserve	TL	668,217.37
Special Reserves (Profit of Real Estate Sales)	TL	6,790,863.80
Augmenting to Extraordinary Reserve	TL	147,587,440.06

In their own language, above resolution have been read to the undersigned foreign members. Resolution have been agreed upon with no objection.

Adnan Ahmed Yusuf ABDULMALEK
The Chairman of the Board

Hamad Abdulla A. EQAB
Board Member

Hood Hashem Ahmed HASHEM
Board Member

Ibrahim Fayez Humaid ALSHAMSI
Board Member

Fahad Abdullah A. ALRAJHI
Board Member

Muhammad Zarrug M. RAJAB
Board Member

Yalçın ÖNER
Vice President of the Board of Directors

Osman AKYÜZ
Board Member

Kemal VAROL
Board Member

Bekir PAKDEMİRLİ
Board Member

Mitat AKTAŞ
Board Member

Melikşah UTKU
Board Member and General Manager

Changes In The Articles Of Incorporation

There were no changes in the Articles of Incorporation in 2016.

Albaraka Türk's Milestones

Albaraka Türk has demonstrated a healthy and sustainable growth in its institutional history for more than 30 years and has strengthened its pioneering and innovative position in the participation banking sector.

1984

The founding steps of Albaraka Türk began with the offer from Albaraka, which performs interest-free banking.

1985

Albaraka Türk started operations as Turkey's first private financial institution.

1988

Leasing operations began.

1992

The number of branches reached 10, with total assets exceeding USD 400 million.

1998

The number of branches reaches 22, as Albaraka Türk started offering credit card services after reaching a deal with Visa.

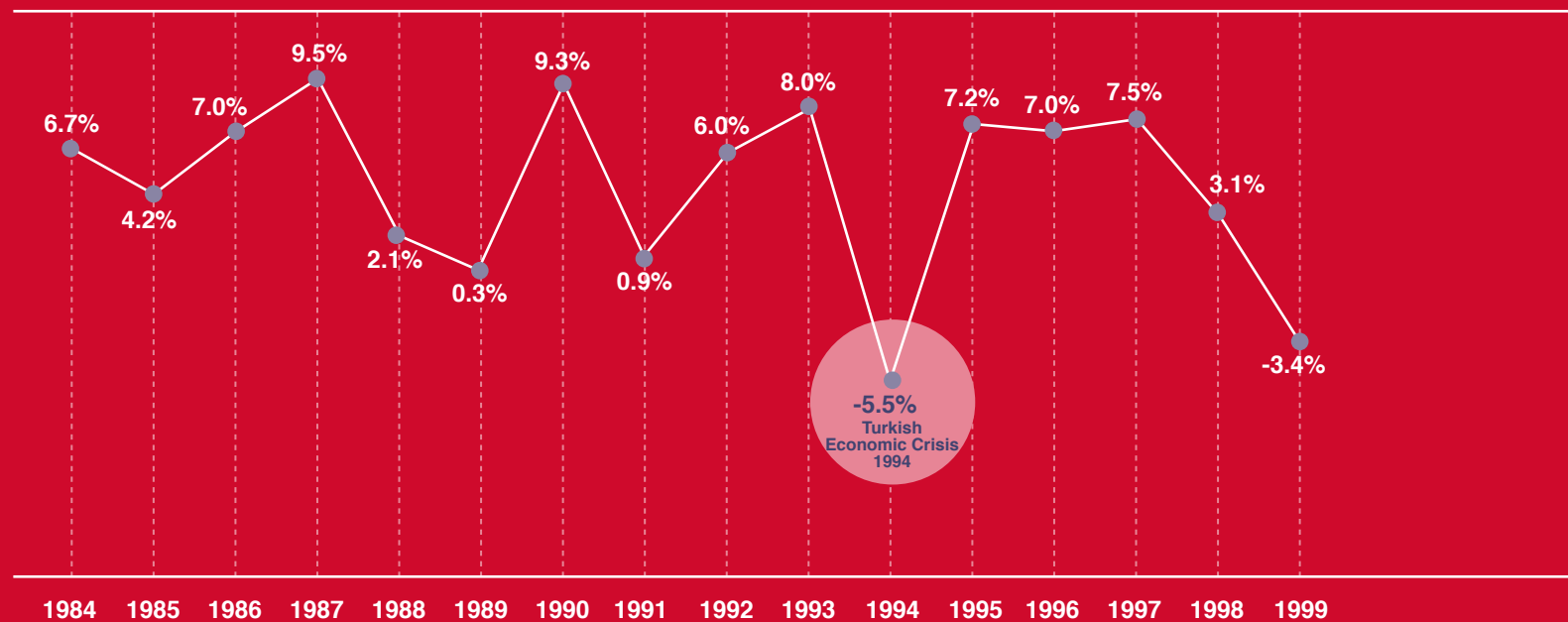
2002

The number of branches reaches 24, with shareholder's equity reaching USD 70 million.

2007

A total of 24,000 investors submit more than USD 7 billion of demands in Albaraka Türk's IPO, valued at USD 170 million.

Milestones of Macroeconomics



2011

First foreign branch opened in Arbil, Iraq.

Albaraka Türk achieves the sector's highest volume syndication loan with a USD 350 million murabaha syndication.

Albaraka Türk's first wakala transaction.

2012

The Bank embarked on the SİMURG transition program in accordance with its vision of being 'the best participation bank in the world'.

2013

The number of domestic branches reaches 166.

The Bank provided subordinated loans with the murabaha sukuk method for the first time in Turkey.

2014

With 35 new branches, the Bank broke a record, taking the number of branches to 202.

Significant gains are started to be gained through the SİMURG program.

2015

The first subordinated sukuk complying with Basel III criteria are issued in Turkey.

alBatros, a new core banking system that shifts the Bank's focus from operations to customers, goes into service as of June 19, 2015.

The Bank's Mobile Branch and Mobile Branch touch ID projects are completed.

2016

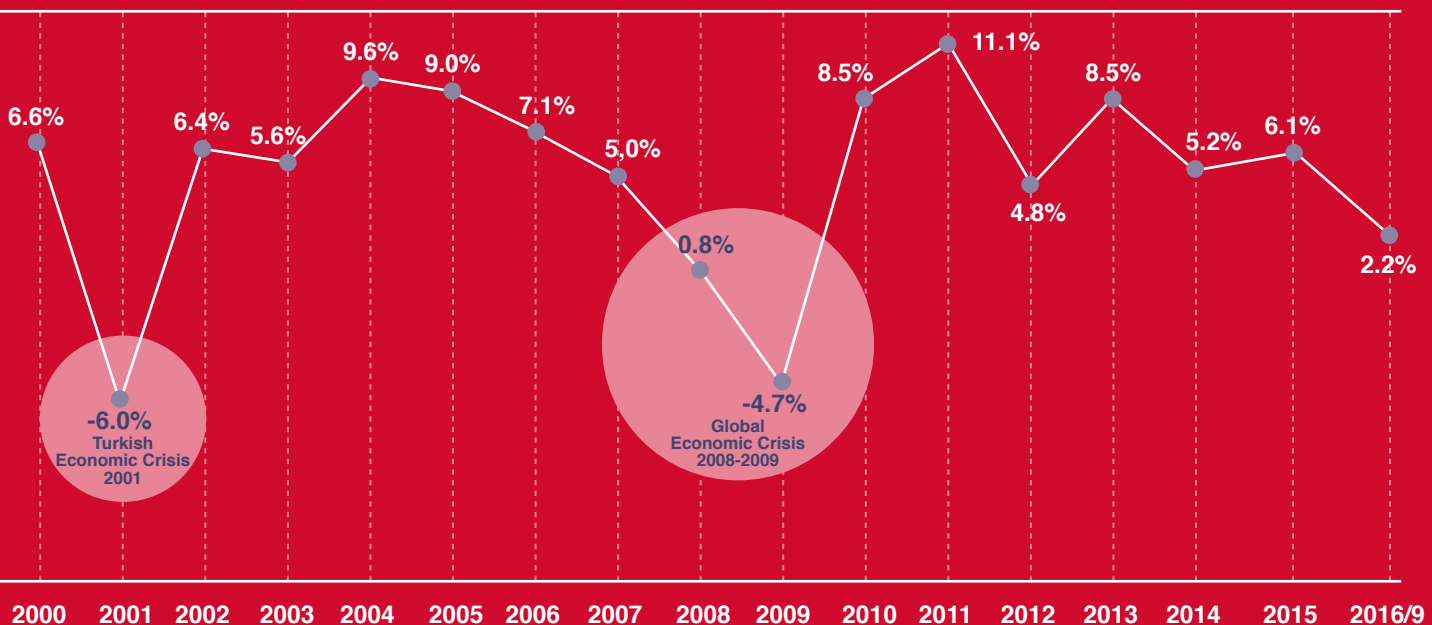
4 lease certificates (sukuk) in TRL are issued for our qualified investors.

Head-quarters building of Albaraka Turk has been granted LEED Gold Certificate.

Albatros (New Main Banking System) project is deemed worthy of an award of "the Best Technology Utilization in Retail Banking" in "Banking Technology Awards".

Our organization structure is renewed and Mr. Melikşah UTKU has taken the General Management.

Turkey has been able to sustain its economic growth in response to challenging macroeconomic conditions, thanks to the strength of its financial system and its structural dynamics.



Albaraka Banking Group and Sustainability

Albaraka Banking Group (ABG) works on various projects as education, health, employment development, environment, culture, sport etc. to contribute to the geographies in which they operate and to contribute to the United Nations 2020 Sustainable Development Goals.

Albaraka Türk works on developing individual awareness that employees should adopt concepts such as philanthropy, social responsibility, and social entrepreneurship.

In line with the objectives of Albaraka Türk's Social Responsibility Program, funding is provided to projects that will contribute to increasing access to employment and education and health services of all individuals/institutions, especially Children, young people, elderly people, women, people with disabilities and people in need of assistance and investment support is provided.

The "Albaraka Social Responsibility Program" initiated within the ABG is a province in the Islamic Banking Sector.

The main social responsibility objectives set by the ABG for the next five years are:

- **+50,000 contributions to employment**
- **Supporting training investments**
- **Support health investments.**



Albaraka Banking Group and Sustainability

Highlights of Albaraka Türk's sustainability initiatives

Economic

Support and priority for SMEs
Approach focused on health
and education sectors

Environmental

Albaraka Türk Headquarters
has received LEED Gold
Certificate

Social

Bereket Foundation has
supported 12 million TL
in social responsibility
projects carried out in the
fields of Education, health,
environment, culture,
sports, classical arts, social
development and so on.

From 1987 to present, a total
of 17,348 student which of
92% undergraduate and 8%
undergraduate scholarships
were provided.

In 2016, Scholarships
were provided for 1,926
undergraduates and 72
doctoral students.

In line with ABG's Sustainability Strategy, Albaraka Türk will continue to focus on the work that will produce positive social impact and will develop its cooperation with its stakeholders in the areas it prioritizes.



Albaraka Türk Headquarters was awarded LEED Gold Certificate with the characteristics of green building.



Albaraka Türk has become the Group Bank which provides the highest contribution to employment creation in 2016 in line with the targets of Albaraka Banking Group 2016-2020.

In 2016, Albaraka Türk continued to advance its growth path with its strong financial and organizational structure, right strategies and practices.

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors



Letter from the Chairman of the Board of Directors

Dear Shareholders,

Many subjects have occupied the agenda of the global economy of 2016 where the expected growth rates have not realized and the shrinkage in trade has continued.

Monetary policy practices of the central banks of developed countries, particularly Fed, the United Kingdom's withdrawal from the European Union (Brexit), presidential elections in the USA, specifically, increasing geopolitical risks in the Middle East, low performance of Chinese economy and increasing oil prices after OPEC's decision on limiting production were the main subjects of the year and the world economy and financial markets are affected from these developments at different levels.

Following the surprising results of the presidential elections in the USA in November 2016, Fed has considered the economic growth acceleration and taken the expected decision in its last meeting in December 2016 and increased political interest rate by 25 basis points and raised to 0.50-0.75% range. Although interest increase is priced by global markets, Fed's surprise has revealed in the projection for 2017 and it is stated that there may be interest increase for 3 times in 2017. The most significant result of these developments is the appreciation of US Dollar against foreign currencies, specifically the currencies of developing countries.

Developed countries are continuing loose monetary policy practices to invigorate economic activity which couldn't gain a permanent acceleration upwards after the global crisis.

2016 has passed under moderate growth conditions for European economy. While Brexit has pushed the markets to confusion and uncertainty for a short time, the European economy has maintained its growth parallel to the projections throughout the year.

In 2016, despite limited recovery in developed countries, uncertainties on global monetary policies have established a ground for volatility in the financial markets to continue, developing country financial asset pricings and risk premium indicators to be affected negatively; and currencies of the countries in this group have lost value.

A higher growth is expected in global economy in 2017 compared to 2016 with the contribution of the recovery in oil and commodity prices. Policies the USA shall follow, deflation threat stipulated for EU, weaknesses of Chinese economy and such many other factors indicate that the year of 2017 shall also be a tough year.

In addition to the pressure of global macroeconomic conditions, Turkey had to fight against negative effects of political developments in the country, coup attempt and terrorist incident on economic activities and expectations in 2016 and has passed successfully the examination so difficult in terms of economy and democracy in the year which has passed under extraordinary conditions.

Risk premium indicators of Turkey have raised with the effects of high loss in value in TL in the turbulent process experienced after the developments within the country and USA elections and increase in long-term interest rates along with the geopolitical risks continuing for a long time.

Thanks to the power of the financial system and structural dynamics, economic growth has been interrupted only in one quarter despite the difficult macroeconomic environment. On the other hand, while foreign trade volume was low in 2016, depreciation of Euro against the USA Dollar has reduced the effect of export on current deficit, current deficit has started to increase in the second half of the year with the negative effect of tourism income. Positive effect of low oil and commodity prices seen in 2016 has decreased with the increasing brent oil price.

For the following period, increase in tourism revenues as a result of strengthening tourism relations with Russia and decreasing geopolitical risks, revival in export with EU countries being permanent, effects of the incentive packages the government has prepared for increasing consumption and stimulate production cycle are seen as the main factors for changing the indicators to positive.

While the year of 2016 was difficult for Turkey, banking sector has maintained its growth with its robust structure and reflexes it has developed and participation banking has protected its consistent development acceleration it has gained.

Albaraka Turk has continued its progression staying on course in 2016 with its strong financial and organizational structure, proper strategy and practices.

Our organic growth is continuing in a balanced manner. We have a widespread customer access today with the number of our branches which has reached to 213. However, another subject which is at least as important as this is increasing our service competency over alternative distribution channels with the investments we have made on technology and keeping pace with the world in digital world, specifically in mobile applications.

While renewing banking infrastructure completely, Albaraka Turk has achieved updated technology by IT investments. Our Bank realizing a technology investment of approximately 20 million USA Dollars, shall reap the fruits of these projects in the following period.

We may say that competition shall be experienced mostly in digitalization in the forthcoming period. Digitalization takes an important place in the agenda of Albaraka Turk and our Bank shall continue to take firm steps in this subject.

In 2016, we have made studies on the position we wish to see Albaraka Turk within the next 15 years and determined our Bank's strategy of the year of 2013.

We have gladly seen that we have succeeded most of our targets until now. We are aware that we have a very high potential to achieve new targets and undersign new successes. With this motivation and trust, we have started to put our activity plans in life in parallel with our strategy.

Shift change at Albaraka Turk

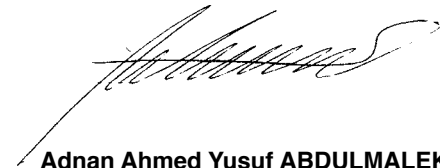
In 2016, there has been a shift change at Albaraka Turk. Mr. Fahrettin Yahşi who has been managing the Bank's leadership team for 15 years have resigned from his office. We'd like to extend our thanks to Mr. Yahşi for his contributions to our Bank. Mr. Melikşah Utku, our precious colleague who has taken over the position of General Manager has been with us for years and is a team mate who has signatures under successes of Albaraka Turk. I'd like to wish him success in his leadership position on my and our Board of Directors' behalf.

We're looking at the year of 2017 with hope and determination.

We have belief that the year of 2017 shall generate strong and positive results for Turkey and our Bank. Turkey shall continue its economic growth journey by getting stronger by overcoming all difficulties. On the other hand, Albaraka Banking Group shall take sides with its participation in Turkey and maintain its support as it has always made.

Albaraka Turk shall continue decisively to contribute in development thrust of Turkey most effectively with its participation banking instruments and by creating financial solutions to real sector.

I'd like express my gratitude to our shareholders, business partners, correspondents and employees who have contribution in actualization of our strong performance and sustainable and profitable growth target on behalf of myself and the Board of Directors of Albaraka Turk.



Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

Since our establishment, we have aimed to develop our values with sustainable strategies and always to protect our values in our banking activities.

Melikşah UTKU
Yönetim Kurulu Üyesi ve Genel Müdür



Message of the General Manager

Dear shareholders,

Our consistent growth journey is continuing.

In the year of 2016 which has witnessed many developments of global and domestic markets, Albaraka Turk has continued its consistent growth journey with its service model reflecting its predictive power and vision, future oriented strategies and participation banking philosophy.

Albaraka Turk is aware of its competition superiorities with its competent management levels and well trained human values and always determines its targets on the grounds of generating higher values and contribute in a better future.

Our total assets have reached to 32.9 billion TL with an increase by 11.1% at the end of the year of 2016. The raised funds of our Bank have recorded a growth by 13.8% and achieved 23.2 billion TL and our total fund providing including financial leasing has achieved 22.7 billion TL, increasing by 16.5%. Ratio of funds we've provided to our total asset is realized as 69% by 3 points increase compared to the previous year.

While operational income has increased by 15.5% and increased to 1,372 million TL, our net profit share income has reached to 1,024 million TL by an increase by 15.6%. Albaraka Turk has completed the year of 2016 with a net profit of 218 million TL and continued to be among the most profitable banks of the sector.

While our equity is actualized as 2.3 billion TL by protecting its strong level; our equity profitability has protected the last year's level and realized at 9.91% level. Our capital adequacy ratio is measured as 13.46%.

We've initiated SIMURG to pass to future oriented management culture and adopt lean working style.

Transformation programs are initiated when the companies have problems or in crisis periods. However, Albaraka Turk, reading the developments in banking system and the world in 2013 and to gain a more flexible structure to develop a precaution against some concerns it has about the future and which provides conformity with the necessities of growth, working coordinatively with the developing technology and responding fast legislation changes effectively, has initiated SIMURG transformation process.

When looking at SIMURG's story, although reaching to a place seems to be the target, the journey itself is the main subject. What is important is the wisdom and maturity the journey brings to a person and/or corporation. The achieved point in fact indicates the start of a new journey. In the last instance, the heart of our program is not the points we arrive, but what the road we have taken has gained and added to us.

At this point, Albaraka Turk has differentiated itself as a corporation which has succeeded transformation in

advance under the current conditions. Our significant characteristic is being in fact a fund manager as a participation bank. We're trying to manage funds entrusted to us. We are not borrowing from our customer, instead, we make a commitment. Accordingly, we place great importance on transparency. We try to build everything on transparency basis as much as possible. We're among the banks performing this best and we believe that it is well recognized by our stakeholders.

Development speed of technology brings a new economic order.

Technological change and digital transformation are increasing their effect in our lives with an unexpected acceleration, and have the whole world experience a new revolution by affecting working methods along with economy and trade, social life and the whole life cycle. It is mandatory to develop some reflexes in the forthcoming period to comply with the speed and conditions of this inversion.

We believe that only the banks and companies which are flexible, have the ability to take decisions and move fast, to adopt easily, and able to establish the internal mechanisms and culture to perform these shall be successful in this new period.

As Albaraka Turk, our route map is continuing our activities as a more digital, more flexible and faster service provider. There is no doubt, we perform this by adhering tightly to universal rules and requirements of participation banking in the heart of our services.

There are 5 main bases of the target of Albaraka Turk in being the best participation bank of the world:

- To have the best, most qualified human resources.
- To be the most valuable company, not the greatest or the most profitable.
- To have the most effective and fast operations.
- To have the most innovative products and
- To be a participation bank with the highest brand awareness.

When looking at the big picture, Albaraka Turk indicates these factors with its knowledge, operational processes supported by technology, innovation culture, and all stakeholders, primarily the partners, employees and customers.

Our sensitivity on sustainability is increasing.

Since our establishment, we have aimed to develop our values with sustainable strategies and always to protect our values in our banking activities. We're determinant in concentrating on our activities in this respect in the forthcoming period.

Our Bank has brought something "new" in 2016. Our Headquarters has gotten full marks in criteria as indoor air and lighting qualities, temperature and moisture control, waste management, material qualities and properties, stationary and cleaning materials not dangerous for health and recyclable along with energy and water saving and is granted LEED Gold Certificate with its green building properties. Albaraka Turk has been the first bank in Turkey holding this certificate. Being appreciated for our meticulous studies with environment awareness and being certificated by an international institution have been a driving force for our Bank in our activities in this field.

For Albaraka Turk, sustainability is protecting future in all aspects. Albaraka Turk has entered in a process reinforcing its approach on sustainability by more active practices. Albaraka Turk, our publicly listed Bank, has deepened its studies in all activity fields to be involved in BIST Sustainability Index. A common movement area is determined regarding the projects to be conducted within the scope of corporate social responsibility program which Albaraka Banking Group, which our Bank is a member of, has put into use. While each Group bank takes part in the social responsibility projects within the framework of local needs in the country it carries out activity; they 'shall involve in social responsibility programs on subjects as woman, young employment, health, education determined by the Group.

Albaraka Turk is continuing to provide significant contributions uninterruptedly in education field over Bereket Foundation. On the other hand, from the point of the fact that art, which is one of the important social responsibility fields, cannot find source for fast development and diffusion in our country; our service shall increasingly continue in Turkish traditional handicrafts as calligraphy, marbling and illumination which are sinking into oblivion. Also, we're intending to develop projects and cooperations to provide support in fields we think that they need support.

As Albaraka Turk, our route map is continuing our activities as a more digital, more flexible and faster service provider.

Message of the General Manager

We're aiming Albaraka Turk to stand out with the use of technology.

Albaraka Turk has been the winner of the award of "The Best Technology Practice in Retail Banking" in "Banking Technology Awards" with Albatros (New Main Banking System) project. Albaraka Turk, redesigning its technology infrastructure according to its needs and bringing the product and service diversity on channels side within the scope of Albatros project, has improved and developed internet banking, ATM, mobile branch and call center functions. The project put into life in all channels in the same night has also been one of the greatest transformation projects realized in Turkey in this size.

The projects and breakthroughs we have performed in parallel with the target of "Being the World's Best Participation Bank" also set forth our effort to offer our customers the best banking experience.

We're offering our customers the best banking experience in accordance with the target of being the "Best Participation Bank of the World".

In transition periods, economies which are not depending on a single product or sector, have diversified export markets and agile exporters, and have compatible demographic properties as young population shall be more successful. Besides all, they shall be adapted to changes faster and use the competition advantages. The most important issue here is reconstructing a management which shall establish trust for future and a robust economic ground. With experience of Turkey in overcoming the difficulties and with compliance reflex it has developed, our belief on a more prosperous future waiting for us shall not be shaken.

Turkey, having the most developed banking systems in the World, is becoming prominent with applications specifically in internet banking, mobile banking and payment systems.

In the forthcoming period, the banks shall make innovation a natural component of all processes. Digitalization shall be used more in all possible points. Moreover, we'll see the branches being differentiated in the future, depending on mobility, internet of objects and as a result of these, on change of work performing styles.

Digitalization and individualization in terms of customer segments take an important place among Albaraka Turk's strategies in the forthcoming period. Within this framework, we're trying to build a model which shall privatize our financial service range for the customer. We're taking firm steps forward in our target of transforming into an organization able to take common actions on subjects as minimizing both source relocation and legislation risk.

Our studies on building branches with a high level technologically, having smaller space and properly located within the scope of a new branch concept taken into agenda in 2016 for the purpose of following technology closely, reducing transaction load on branch personnel and enabling the customers to perform

their own transactions as self-service also in the branch. We shall be able to experience these branches at Albaraka Turk in a close future. Structure of our shareholder, AlBaraka Banking Group has the characteristics to adapt quickly to flexibility and agility which shall become more important in the forthcoming period.

It reflects this competency also to Albaraka Turk and always provides uninterrupted and strong support to our Bank's development and growth breakthrough.

The projects and breakthroughs we have performed in parallel with the target of "Being the World's Best Participation Bank" also set forth our effort to offer our customers the best banking experience.

I'd like to extend my sincere thanks to all our stakeholders who have provided full contribution and support in our efforts being awarded with trust and support of our customers.

Respectfully yours,



Melikşah UTKU

The Member of the Board of Directors and General Manager

Macroeconomic and Sectoral Outlook

Macroeconomic Outlook

The year of 2016 has witnessed many incidents both globally and in our country which shall seriously affect economy of 2017 and after. Developments as increase in oil and commodity prices, specifically in the second half and accordingly increase in global inflation rates, Brexit referendum, 15 July Coup Attempt in our country and presidential elections in the USA are among the most important reasons for reaching a plateau in the world's growth in 2016.



Depreciation of many currencies against the USA Dollar which resulted in disruption of economic indicators of many countries continued to press global trade negatively also in 2016.

While base effect of oil and commodity prices is ending in the last quarter of 2016, main reason on the drop in global trade shall be removed by this way.

The policies of US President Trump who has been just elected and Fed's announcements will be influential on global markets in 2017.



Macroeconomic and Sectoral Outlook

In the first months of 2016, IMF, OECD and World Bank had to revise their forecasts on growth downwards in 2016.

In the first months of 2016, IMF, OECD and World Bank had to revise their forecasts on growth downwards in 2016. This is sourced from forecasts on dropping trend of growth performance of developing market economies.

Actual economic activities have been in approving nature for forecasts on the year of 2016 as to be more difficult than 2015 and year-end global economic growth shall show the lowest growth since Great Recession period. On the other hand, we may say that expectations for 2017 are rather more positive. While base effect of oil and commodity prices is ending in the last quarter of 2016, main reason on the drop in global trade shall be removed by this way. However, expectations on the decrease of speed in value gaining of the USA Dollar against other currencies take place among other positive opinions for 2017. As in 2015, depreciation of many currencies against the USA Dollar

which resulted in disruption of economic indicators of many countries continued to press global trade negatively also in 2016. Inflation has started to increase in EU and USA due to ending of base effect.

Opinion of Fed on interest rates, making interest rate a current issue due to increase in inflation and its expressions on making a gradual increase and uncertainty on the effects and shape of the policies of the President Trump who has been just selected result in expectations for 2017 as Fed's expressions and the policies the new President shall practice shall be very efficient in the global markets.

Due to inflation increase in the size aimed by ECB, it is assumed that Central Bank shall slow down its expansionary policy and end its asset purchasing program. Besides, due to BOJ passing to a new structure named as quantitative and

The Central Bank of the Republic of Turkey has started to take steps on simplification policy as of March 2016

CBT, continued its tight monetary policy status until September and reduced its upper band of interest rate corridor by 250 basis points. Due to developments in the global markets specifically after September, depreciation in currency rates and continuing high volatility, central bank has suspended its tight monetary policy in interest rate corridor. Moreover, in November, it has made increases in weekly repo interest at upper band.

qualitative monetary relaxation by yield curve control, an additional expansion is projected in 2017 within the framework of this new structure. While Chinese Central Bank (BoC) seems to be continuing to be constructive due to slowdown in growth in China, optimism experienced with the expectations on liquidity to stay high in global markets also in 2016 is continued to be supported on behalf of economies which their capital movements are developing.

The Turkish economy has entered into a recovery is after the Great Recession and has become one of the fastest-growing economies of the world by recording two digit growth rates in some periods. However, after 2014 we have observed a slowdown in the rates of economic growth and followed a growth trend in 2015. Turkish economy, starting the first

quarter of 2016 with a good performance, has reached to a rather good rate with the growth of 3.1% in the first half of the year despite all risks. However, GDP calculation method had been reviewed in the third quarter. Accordingly, GDP, according to data calculated with changed volume index method, growth has been reduced by 1.8%, compared to the same period of the previous year. Turkish economy showing growth for 27 quarters has narrowed for the first time in the third quarter of 2016. In the first nine months of the year, Turkish economy has grown by 2.2% in annual basis. Total growth rate by the end of this year is expected to be approximately 2.5 – 3.0%.

The Central Bank of the Republic of Turkey has started to take steps on simplification policy as of March 2016, and continue its tight monetary policy status until September and reduced its upper band of interest rate corridor by 250 basis points. Due to developments in the global markets specifically after September, depreciation in currency rates and continuing high volatility, central bank has suspended its tight monetary policy in interest rate corridor. Moreover, in November, it has made increases in weekly repo interest at upper band.

Creating employment is one of the macroeconomic indicators of Turkey which is significantly better than in developed countries. However, continuing weakening in economic activity maintains negative reflection on employment market and the rate of unemployment continues to be high. The last announced November 2016 unemployment rates has seen the highest level since 2010. Fast increase specifically in young population unemployment rate in November is remarkable. It is realized as 12.18% by increasing by 1.6 points compared to the previous year. Since May, annual unemployment rate is continuing to increase. Rate of contribution to work power has reached to 52.1% increasing by 0.9. According to the comparison made between the periods of 2015 and 2016, the rate of contribution to work power has realized as 71.9%

The Turkish economy has entered into a recovery is after the Great Recession and has become one of the fastest-growing economies of the world by recording two digit growth rates in some periods.

increasing by 0.6 in man and as 32.7% increasing by 1.1 points in women.

With the effect of value loss in TL, export volume has increased by 9% also in December. By this way, narrowing in total export in 2016 has remained at 0.9% level. Recovery in energy and commodity prices has brought increase in import volume along with it in the last quarter of the year. On the other hand, specifically in parallel with the narrowing trend in the first half of the year, import volume has decreased by 4.2% in 2016. Foreign trade deficit in 2016, where import volume has regressed more than export, has been \$56 billion by narrowing by 11.7%. In addition to this, efforts on controlling oil supply of OPEC members and other oil exporters besides OPEC members, as the decision taken at the OPEC meeting in December on limiting daily production capacity, are expected to affect oil prices upwards also in 2017; practice of expansionary monetary and financial policies as Europe and Chinese Central Banks also affect the increase in oil prices.



Macroeconomic and Sectoral Outlook

Due to Central Bank data, current deficit in December is actualized quite lower than the market expectations with \$4.3 billion. For 2016, it has increased by \$0.5 billion compared to 2015 and realized as \$32.6 billion. In this increase, approximate balancing of narrowing in foreign trade deficit and decrease in tourism income has been affected. Current balance in 2016 excluding energy has given a deficit of \$8.7 billion.

In fact, in the beginning of 2016, there was an expectation of decrease in current deficit by the end of the year due to low oil prices and with the assumption of no serious increase in dollar, a decrease also in the rate of current deficit/GDP; however, terror attempts, coup attempt experienced

in the country within the year and serious decrease specifically in tourism and reducing export with the effect of the political crisis with Russia have resulted in Turkish economy to be negatively press in terms of growth and current deficit. Along with this, base effect sourcing from the low course of oil prices has ended as of September, and returned to negative in December. Oil prices are expected to be over the previous year's prices for a long time. Moreover, although relations with Russia are settling, reflection of this to the tourism income shall take time. Accordingly, this means, current deficit shall continue to increase in the forthcoming period.

In the second half of 2016, recovery in the commodity prices and increased rate in currencies have triggered inflation upwards. This effect is expected to affect inflation upwards also in 2017. In medium-term plan, while inflation target expected for the year of 2016 is 7.5%, CPI by the end of the year has recorded an increase by 1.64% compared to the previous month, quite higher than the market expectations.

Budget realizations in 2016 have resulted more positively compared to the Medium-Term Plan (OVP). Ratio of central government budget deficit to national income is distorted limitedly by increasing from 1.0% value of 2015 to 1.1%; however, decrease in ratio of noninterest surplus to national income from 1.3% (2015) to 0.8% (2016) has been more significant. On the other hand, ratio of EU defined government debt stock to GTP has remained almost the same compared to the end of 2015 and is realized as 27.4% level in the third quarter of 2016 (27.5% at the end of 2015).

Budget realizations in 2016 have resulted more positively compared to the Medium-Term Plan (MTP).

Banking Industry-Key Financial Indicators (TL million)

	2015	2016	Change (%)
Total Assets	2,357,428	2,730,942	15.8
Deposits	1,245,428	1,453,660	16.7
Loans*	1,484,960	1,734,342	16.8
Shareholders' Equity	262,275	300,172	14.4
Non cash Loans	458,492	552,326	20.5
Net Profit	26,067	37,352	43.3
Number of Personnel	12,269	11,747	-4.3
Number of Branches	217,504	210,910	-3.0

Participation Banks-Key Financial Indicators (TL million)

	2015	201	Change (%)
Total Assets	120,183	132,874	10.6
Funded Credits*	74,176	81,301	9.6
Collected Funds	72,038	75,896	5.4
Shareholders' Equity	10,645	11,494	8.0
Non cash Funds	35,699	35,813	0.3
Net Profit	409	1,106	170.4
Number of Personnel	1,080	961	-11.0
Number of Branches	16,554	14,465	-12.6

*Excluded Financial Leasing Receivables.

Outlook For The Banking Sector

As of the end of 2016, there are 52 banks, 11,747 branches are performing activities in Turkish banking sector with 210,910 personnel.

Total assets of the banking sector in 2016 have been 2,731 billion TL, by an increase by 15.8%. Finances increased by 16.8% compared to the end of 2015 have reached to 1,734 billion TL level by the end of 2016. Share of finances within total assets has reached 63.5%, decreasing by 2.9 points compared to the year-end of 2015. Nonperforming loans of the sector has increased by 22.1% compared to the year-end of 2015 and increased to 58.1 billion TL level as of the year-end of 2016.

Foreign sources of the sector have reached 1.453.7 billion TL, deposit money having the greatest share with 53.2% as of December, 2016. Equities of the sector are at 300 billion TL level as of 2016 period. Net profit of the period is actualized as 37,352 million TL at the end of 2016.

Capital Adequacy Ratio of the sector is at 15.57% as of December, 2016 which is quite over the legal and target rates.

Turkey has been one of the countries among which Finance/GDP ratio has increased the most since 2009. Finance growth rate to be actualized at reasonable levels is expected to provide contribution to financial stability in the forthcoming period which increasing trend in global volatility is expected to continue. Despite volatilities seen in global economy and geopolitical risks, Turkish banking sector has left a year behind in 2016 good in both growth and profitability. In 2016, finance growth of Banking Sector has accelerated a little with the revival in the domestic demand and reached 17% and is expected to protect this course also in 2017.

Foreign currency liquid assets of the sector is at the level to meet almost half of the short term foreign debts and this indicates that the sector as a resistant financial structure against short-term foreign shocks. However, in 2017, it is

observed that Fed sourced and domestic sourced risks are high, and TR CB shall continue its cautious monetary policy practices to remove the effects of the risks. In this respect, banks are expected to follow a cautious growth strategy to avoid weakening of strong liquidity positions in 2017.

While expecting a growth in branching and employment investments in banking sector similar to 2016, on the other hand, it is thought that productivity and cost management shall come into prominence more in 2017.

When looking at the general economic expectations in 2016, uncertainties in global economy are affecting growth, private-sector investment and regression in private consumption expenses items negatively.

Evaluation of Activities In 2016

Albaraka Türk continued to contribute to the growth and development of the real sector by earmarking 98% of the funds it collected in 2016.

Albaraka Türk continued to support its clients in corporate, commercial and individual segments in 2016 with strong funding capabilities in all economic conditions.

The Bank's strategic objective is to provide effective access to SMEs across all channels with higher volumes and a wider product range.

In addition to the funding services, Albaraka Türk aims to provide added value to SMEs. Albaraka Türk supports its operations in financial, investment, tax, foreign trade, incentives and grants, CGF issues with SME consultancy with its qualified field sales organization.



Albatros project

In 2016, the Albatros project has awarded "Best IT Usage in Retail Banking" at Banking Technology Awards 2016 Awards, and 2nd prize for "Best Change of Year Management" at IDC CIO Summit, and 3rd prize for "Best Information Technology of the Year Governance Project" on the international platform.

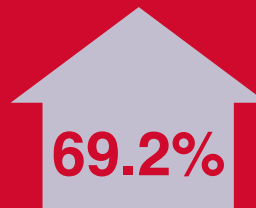
Foreign Trade Volume

Despite the political and economic problems experienced in the main activity areas, the Bank's total foreign trade volume reach to **US \$ 10,711,862,896.74**.



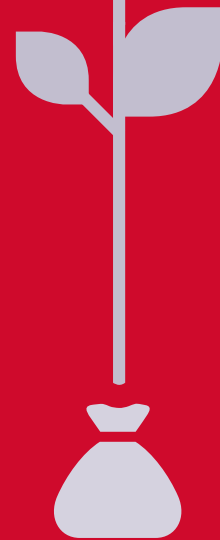
SME

Albaraka Türk is one of the banks with the highest credit/asset ratio of the sector with **69.2%**.



Mobile branch

71% of the 69,523 people who download Albaraka Türk Mobile Banking application actively use Mobile Branch.



Albaraka Türk Headquarters was awarded LEED Gold Certificate with the characteristics of green building.



Real Sector Grows Through Participation Banking

Albaraka Turk continued to contribute to the growth and development of the real sector by utilizing 98% (2015: 96%) of the funds it collected in 2016 with the determination to transfer a significant portion of its resources to SMEs which are the heart of economy and constitute the main customer segment.

Collected funds of the Bank increased by 13.8% and reached 23.155 Million in 2016.

Collected funds of the bank increased by 13.8% and reached 23.155 Million in 2016.

Among the collected funds, the accounts in TL are 54.23% and the foreign currency accounts are 45.27%. In 2016, the participation accounts amounted to TL 16.724 million and the current accounts amounted to TL 5.431 million.

Of the total funds, 23.5% are current accounts and 76.5% are profit/loss participation accounts.

With its strong funding capability, Albaraka Turk continued to support its customers in corporate-commercial and individual segments under all kinds of economic conditions in 2016.

Total funds provided by Albaraka Turk in 2016 increased by 16.5% compared to the end of 2015 and reached TL 22.722 million including financial leasing.

Albaraka Turk is one of the banks with the highest credit/asset ratio (69.2%) in the sector.

SMEs Are Always Our Priority

In SME Banking which maintains its momentum of growth, it is important that the needs of SMEs are met in the most favorable ways and that their demands are fulfilled in a fast and effective manner. Albaraka Turk focuses on the innovation activities in order to increase the diversity of services as well as the basic banking products which are considered as the dynamism of differentiation in the sector, and to provide customer loyalty.

The Bank's strategic target is to effectively access to SMEs through all channels with higher volumes and a wider product range. Defining SMEs as private customers and basing its marketing activities on this regard, Albaraka Turk develops services and products supporting SMEs in every stage of the value cycle as well as financial needs.

Apart from the funding services, Albaraka Turk aims to provide added value to SMEs with its consultancy services and therefore supports the enterprises in such areas as financial, investment, tax, foreign trade, incentives, grants and CGF with the SME consultancy performed by its qualified field personnel.

Evaluation of Activities In 2016

The Bank continued to raise funds with a high-risk funding approach by taking into account of a safe and balanced portfolio structure in Corporate/Commercial Banking segment.



In Extraordinary Conditions Of 2016, Albaraka Turk Acted Through Correct Funding Strategies.

In addition to the uncertainties in the global conjuncture in 2016, high-risk regional geopolitical factors and the increase in the exchange rates negatively affected the economy and the economic and political coercive conditions emerged in the aftermath of the coup attempt in Turkey required an action plan for Albaraka Turk with regards to the funding policies and risk management.

On sectoral basis, the effect of the additional risk created by the fluctuations in exchange rates on the customer portfolio, decreased debt collection capacity in the customer portfolio as a result of that a significant portion of bankruptcy suspensions, which constitute the reason of business cycles in 2015, occurred during 2016 and the effect on the customer portfolio, and the uncertainty it created in relation to the collection, of companies which became troubled after the coup attempt led Albaraka Turk to adopt a more cautious fund utilization policy. The Bank continued to raise funds with a high-risk funding approach by taking into account of a safe and balanced portfolio structure in Corporate/ Commercial Banking segment without compromising its determination to maintain continuous support to real sector, particularly SMEs.

On the other hand, non-cash loans have been reduced in line with the analyses after the first quarter of 2016 in order to prevent negative impacts on the capital adequacy ratios, and the non-cash risks of customers with low productivity have begun to be liquidated. As a result of this implementation, the bank's non-cash risk amount has become TL 11.0 billion as from 2016.

Process Improvement Activities In Corporate/Commercial Banking Accelerated.

In 2016, the Bank continued its improvement activities within the scope of reviewing and taking up comprehensively current products and processes from a customer-focused and integrative viewpoint.

In this regard;

- Regarding Treasury-Backed Credit Guarantee Fund transactions, steps have been taken to ensure the

adaptation of all units of the Bank in a rapid manner to the new system and processes, in particular with regard to the changes announced to be made by CGF in the existing system at the end of the year.

- Similarly, an agreement was concluded with Eximbank for the fund procurement in TL and Euro based on the assessments of customer requirements regarding the funds which have been offered to customers via EximBank and would only be available in US dollar till now, and the automation of all processes was actualized simultaneously.
- Activity Management project was brought to the last stage to be activated in order for the sales personnel to plan, monitor and report their daily activities. It is foreseen that when this project is put into practice a significant increase will be achieved in the employee productivity.
- Effective applications have been put into use for the branches (such as e-mailing system, which is designed to enable the evaluation system to be activated as alBatros module and to communicate with the branches in a quick and easy way).
- It was ensured that the business processes of the employees in Branches and Headquarters were measured and the methods of doing business were optimized.
- Field Sales Automation (Tablet PC Project) was put into effect. Tablet PC Project is a technology-supported sales project that will make a positive contribution to the business manner of the Bank and digitize and mobilize the Sales and Marketing processes by means of the tablet computers.
- Upon the realization of this project, the portfolio managers will take the Bank branch directly to the customers, produce faster, more flexible and more effective solutions and render more quality and value-added services.
- "Maptriks Saha" application which is running with the mobile phone infrastructure and is designed to guide the field sales staff and increase the field sales effectiveness in order to reach commercial customers more actively, has been effectively used by a total of 500 portfolio managers in 213 branches as of the end of 2016.

Collected Funds

	2015		2016		Change (%)	
	TL	USD	TL	USD	TL	USD
(TL thousand)						
Turkish Lira Funds	11,336,176	3,936,172	12,557,143	3,577,534	10.77	-9.11
Current Accounts	2,007,284	696,974	2,666,540	759,698	32.84	9.00
Participation Accounts	9,328,892	3,239,199	9,890,603	2,817,836	6.02	-13.01
Foreign Currency Funds						
Current Accounts	9,010,002	3,128,473	10,597,991	3,019,371	17.62	-3.49
Participation Accounts	2,253,907	782,607	2,764,410	787,581	22.65	0.64
TOTAL	6,756,095	2,345,866	7,833,581	2,231,789	15.95	-4.86
TOTAL	20,346,178	7,064,645	23,155,134	6,596,904	13.81	-6.62
Share of TL Accounts	55.72%		54.23%			
Share of FC Accounts	44.28%		45.77%			
Current Accounts	4,261,191	1,479,580	5,430,950	1,547,279	27.45	4.58
Participation Accounts	16,084,987	5,585,065	17,724,184	5,049,625	10.19	-9.59
TOTAL	20,346,178	7,064,645	23,155,134	6,596,904	13.81	-6.62
Share of TL Accounts	20.94%		23.45%			
Share of FC Accounts	79.06%		76.55%			

Funded Credits

	2015		2016		Change (%)	
	TL	USD	TL	USD	TL	USD
(TL thousand)						
Funded credits*	19,317,826	6,707,578	22,194,605	6,323,249	14.89	-5.73
Non-performing Loans	468,413	162,643	1,105,954	315,087	136.11	93.73
Provisions (-)	280,847	97,516	578,505	164,816	105.99	69.01
TOTAL	19,505,392	6,772,706	22,722,054	6,473,520	16.49	-4.42
USD/TL Exchange Rate	2.880		3.510			

*Included Financial Leasing Receivables.

With its "Maptriks Saha" application, which reduces the dependency of branch managers to the branches, eliminates the manual processes and increases the number of customer visits, increases the productivity thanks to its ability to assign the potential customers based on the location and increases the motivation of the field team, Albaraka Turk received the first prize in the category of "Most Innovative Financial Technology Application" of "Financial Innovation Awards 2016", which is organized annually by British Bankers' Association (BBA) for the participants all around the world and is recognized as one of the most prestigious awards in the field of finance and banking.

Continuous Development Is Ensured In Marketing And Credit Allocation Activities.

- It was ensured that the customer visits are continuously performed at certain intervals, the customer dissatisfaction is eliminated, and the awareness of all corporate portfolio managers is increased by the trainings provided along with the performance meetings.
- An analysis has been performed regarding the letters of guarantee, and it has been foreseen that a positive contribution would be made to the overall capital adequacy ratio with a reduced risk of guarantee letter.
- A 360-degree analysis has been conducted for the troubled companies and the files which contain all kinds of information for each customer have been created.
- The sectoral reports have been prepared by making visits to the companies in the target sectors.
- Risk and efficiency analysis for the corporate business line has been made; inefficient customers have been reported to the branches and it has been requested to take actions in order to increase the efficiency.
- Major foreign trade firms in Turkey were investigated in regard to the directions from ABG about the foreign trade financing, the action plans were submitted to the branches in order to canalize those which are customers into the foreign trade products and steps were taken to gain new customers by directing those which are not customers to the branches in near locations.

Albaraka Turk has launched the web site of www.kureselkobiler.com.tr which is specially designed for SMEs which desire to get into global markets.

Glocal SMEs platform intends to carry our SMEs wishing to grow from local to global with new products and services, wide international network, consultancy support and integrated service approach of Albaraka Turk.



Evaluation of Activities In 2016

- Significant progress has been made in the adoption of a more active approach to the control and analysis of the total risk of the customers with an increasing risk-focused approach, the analysis of the firms with overdue receivables and their business solvency and accordingly taking accurate actions on time.

Albaraka Turk Always Makes Difference With Its Innovative Products.

Albaraka Turk focuses on offering products and services that will facilitate commercial life and provide more added values by taking into consideration of sectoral and professional needs. In this context, in line with the foreign trade targets of Turkey and the Bank, it was aimed to develop customer-oriented approach, channel and accessibility options, and increase the financing and payment alternatives, especially in the

foreign trade products and services in 2016.

EximBank Assignment Confirmation

By assigning to Eximbank the customers' confirmed export LC receivables from the Bank with "Eximbank Assignment Confirmation" product which has been specially designed for the exporters within the scope of the activities performed along with EximBank, it was ensured that Eximbank could use Post-Delivery Rediscount Credits (PDRC) with appropriate rates. In this way, it became possible to receive the export receivables before maturity and utilize EximBank PDRC with appropriate ratios without the need of an additional warrant (bank bill policy, letter of guarantee).

Unilateral Forward-UF

"Unilateral Forward-UF" product which made possible to exchange, buy and purchase at the future date different foreign currencies determined through today's currencies and parities in order to protect customers from exchange rate risks has come to the fore since it eliminates the exchange risk and uncertainty which are the main factors that have affected the trade during 2016.

Albaraka Turk focuses on offering products and services that will facilitate commercial life and provide more added values by taking into consideration of sectoral and professional needs.

Alba Fx Platform

Alba FX platform has been widely demanded by many customers since its launch, and Alba FX has been included in services as "an innovative platform" that enables customers to access directly the Bank's best rates in the fastest way without intermediaries and to make transaction in any place.

Deferred Export Financing-DEF

“Deferred Export Financing”- DEF product which was developed in accordance with the principles of participation banking and presented as an alternative financing method complying with the interest-free principle has been welcomed. Thanks to the “DEF” which allows exporters to obtain their export receivables immediately after the loading without waiting for the maturity of the letter of credit, the customers can control the cash flow without the need of credit limit and therefore increase the liquidity and competitive power of their companies.

The said product will contribute positively to the transaction volumes of forward export letters of credit in the future periods.

Franchise Support Package

With the Franchise Package prepared by taking into consideration of the financial needs of SMEs which are involved in franchising activities, all the instruments required by the customers are offered together in proper terms. Thanks to this package, the customers can take advantage of flexible payment options, grace period, 3-month free super SME package, free fixed POS, corporate finance support for the first use, a special rate for Leasing and Letter of Guarantee and many other advantages.

QR Code Cheque

QR Code Cheque which was developed jointly with KKB (Credit Bureau) enables the check reports to be displayed in a rapid and practical way thanks to its 2D-code. Albaraka Turk became the first participation bank in Turkey to introduce the product.

Enabling the drawers to easily release the checks into the market by obtaining the “counterparty approval” in writing before the checkbooks are issued, QR-Cheque strengthens the decreasing confidence for checks in the market and facilitates the business life of customers by increasing their bargaining power.

At the same time, the usage of QR-Code Cheque which is designed as a measure against check fraud has become mandatory as from January 1, 2017.

Dealership Card

The development of the Dealership Card, which is a closed-circuit card system in which the dealers can only use in the purchase of products from the parent company, was completed in 2016. A POS device is connected to the parent company with which an agreement is made within the scope of the related product and a special, closed-circuit card which will be effective only in this POS device is issued to the dealers. Thus, it will be possible for the parent companies to make forward sales to their customers through the POS device. The forward sales made are under the guarantee of the Albaraka Turk within the loan limits. The product which was tested in 2016 will be announced to all branches at the beginning of the year 2017.

Global SMEs Website

Albaraka Turk has launched the web site of www.kureselkobiler.com.tr which is specially designed for SMEs which desire to get into global markets.

Global SMEs platform intends to carry our SMEs wishing to grow from local to global with new products and services, wide international network, consultancy support and integrated service approach of Albaraka Turk. The website will serve as a consultant for those who want to explore new business opportunities and enable SMEs to discover new business opportunities, establish new business relations, get to know the international markets and gain a competitive advantage with Albaraka Trade system.

In 2017,

- In order to increase Revenues from Banking Services, it is planned to design a product with the title of corporate customer banking service packages consisting of banking services for the corporate customers.
- On Foreign-Trade Financing, the trainings will be organized primarily to raise employees’ awareness and focus on this area and the contribution will be made to the volume growth with a targeting process complying with ABG’s strategy.
- It will be focused on increasing the collectability of overdue receivables and on effective credit risk management.

- The customer relations will be formalized through advanced customer analytics and the efforts to receive shares continuously from the other transactions of the customers will be made for a sustainable relationship.
- Proper solutions will be established by determining the customer’s financial needs (CFS, Leasing, etc.) which will emerge within the scope of the business subject to non-cash loans.
- The relationship with the high-credibility customer group will be internalized by expanding the quality customer base.
- The consultancy service will be advanced in order for SMEs to get to know the international markets and gain a competitive advantage.
- CGF will be given priority due to the increase in the support volume and scope of the CGF loans.



Evaluation of Activities In 2016

As from 2016, its Non-Performing Retail Financing Ratio of 1% (NPL ratio) has become one of the lowest ratios in the sector.

Albaraka Turk Continues to Grow in Retail Banking.

In 2016, Albaraka Turk continued its growth trend in the retail banking. Products such as Housing Finance, Fund Collection, Private Pension System, Automatic Payment and Umrah Financing have been strategically prioritized and a significant growth acceleration has been achieved. In this context, over 100 thousand new customers were gained on in 2016.

With its retail banking performance in 2016, Albaraka Turk was awarded the "Fastest Growing Participation Bank in Retail Banking" in the Global Banking & Finance Review Awards 2016 (Fastest Growing Islamic Retail Bank Turkey 2016-Albaraka Turk).

Retail Financing Support Reached TL 3 Billion.

Albaraka Turk increased the total volume of retail financing by 13% to TL 3.081 million. Its housing financing amounted to TL 2.786 million, its car-ownership financing to TL 112 million and its consumer financing to TL 182 million.

In 2016, Albaraka Turk focused on pursuing broad-based, profitable, and healthy growth by enlarging its retail finance customer base. In keeping with the Bank's goal of achieving healthy growth in a superior-quality mortgage portfolio, Albaraka Turk involves itself in the financing of at least one housing project in every province.

Recognizing that the speed and convenience of lending procedures are of the utmost importance to customer satisfaction in retail financing, Albaraka Turk continues to improve such processes through ongoing system development activities. Because of such improvements in the financing process management, it now takes about one day on average to finalize a housing financing process and just half a day to finalize a vehicle financing process.

The bank aims to achieve a healthy growth while the product range is being developed in order to meet the financing needs of customers. As from 2016, its Non-Performing Retail Financing Ratio of 1% (NPL ratio) has become one of the lowest ratios in the sector.

New Retail Financing Products Launched.

Home Finance for Foreigners, Educational Financing with Installment and Dorm Financing with Automatic Collection System were launched to the market in 2016.

A significant progress has been made with OCS (Automatic Collection System) in the educational financing activities.

OCS finances at the amount of TL 36 million were provided to the parents and students through the agreements made with educational institutions in Istanbul and Anatolia. Over 5.000 new customers were gained.

In addition, all contracts and forms received during Educational Financing with Installment System were collected into a single booklet and the number of signatures was reduced. With the designed educational financing process with installment system, it became available to provide financing in the sales office in a short time.

Financing Campaigns Make Significant Contribution to Volumes.

During 2015 nearly twenty campaigns were conducted to draw attention to Albaraka Turk's retail financing support product. Some of the most important of these campaigns were "Housing Finance Campaign", "Umrah Financing Campaign", "Educational Financing Campaign" which are aimed at the employees.

Approximately 4.000 customers were financed within the scope of Interest-Free Six-Installment Umrah Financing Campaign which was performed with the cooperation of Albaraka Turk and Turkish Directorate of Religious Affairs for the customers who desire to go on pilgrimage.

Share of Current Account in Fund Collection Increased.

Collected Retail Fund Amount increased by 4.5% to TL 12 billion (2015:TL 11.5 billion), and its share in the collected funds was 52.23%.

In 2016, with the strategy of "Increasing CA Balances" being one of the most important strategies of the Bank, the share of Current Accounts in the in the fund collection activities was increased. The current account balance increased by 8.5% from TL 1.7 billion to TL 1.9 billion in 2016.

Retail Financing (TL Thousand)

Financing Type	31.12.2015	31.12.2016	Change (%)
Housing	2,431,072	2,785,820	14.6
Vehicle	124,102	112,739	-9.2
Consumer	170,994	182,712	6.9
Total	2,726,168	3,081,271	13.0



In line with the strategy of increasing Current Accounts, Account Maintenance Fee and Remittance Fee for EFT and Money Transfers which are made via Internet-Mobile Branch, ATM or Call Center have been revoked. A significant increase has been achieved in the Current Account balances and the number of new customers.

Automatic Payment Orders Increased By 40%.

In line with the strategy of increasing the current accounts in 2016, the "Automatic Payment Order Lottery Campaign" was organized at the end of the year. After the campaign, the number of Automatic Payment Orders increased by 40%.

Participation Account Marked As "Karlı Hesap".

As a result of communication operations, participation account products of the bank were renamed as "Karlı Hesap".

In 2016, Cumulative Participation Account, Dowry Account and Housing Account products were put into practice. These accounts which can be opened with a 3-year maturity and high profit sharing rate have increased the average maturity and saving accumulation. Customers can receive state subsidies up to 20% of the accumulation amount for Housing and Dowry Accounts.

In order to ensure that more customers can create Gold Participation Accounts, the minimum opening balance has been reduced to 50 gr from 100 gr for the periods of 32 days or more.

Physical Gold Collection Progressed.

In 2016, a significant progress has also been made in the physical gold collection. After the TV commercial campaign made at the end of 2016, 70 kg of physical gold was collected in December.

Spectacular Progress In Private Pension Market And Insurance Business.

The number of active Private Pension System (PPS) accounts increased by 65% from 34.744 (2015) to 57.625 in 2016.

In life insurance branch, the total number of life insurance policies issued reached 13.988. Premium production on such policies amounting to TL 12 million was increased by 263% compared to the last year.

New products introduced in 2016 consist of Education Guarantee Insurance, Long Term Leasing Insurance, and Commercial Credit Life Insurance.

CUSTOMER LOYALTY INCREASING EFFORTS PRODUCE RESULTS.

Apart from the financial value propositions presented to customers, non-financial value proposals have been offered to increase the customer loyalty.

The value proposals such as discounts in e-commerce websites, special day opportunities and free benefits were offered to the customers with aim to increase the customer loyalty.

Apart from the brand collaboration activities, within the scope of communication activities for the special days of customers, various activities such as celebrating the birthdays of retail customers, celebrating the establishment days of the companies and welcome videos were performed.

Improvements Of Product Processes Continued.

The features of "Bill Paying Account" and "Participation Account" products were improved, and more practical use was ensured.

- It was ensured that the participation accounts can be opened for 7 days a week 24 hours a day through alternative distribution channels and, when required, the withdrawal and closing transactions can be made.
- The number of signatures permitted by regulations on agreements and forms submitted to the customers was reduced, resulting in the simplification of process and saving time.

In 2017...

- The Accumulative Participation Accounts will be made more widespread and the "Participation Account" products will be developed for increasing the savings.
- The product range for the foreign or non-resident customers will be increased.
- The number of campaigns to be made with the insurance companies will be increased. Online product range for insurance sales and marketing will be improved and faster services will be provided to the customers.
- More attention will be devoted to the digitalization in retail banking business models.



The total number of transactions made by 49.177 active customers was 1.544.131 and the transaction volume amounted to TL 6.609.957.736.

During 2016, mobile banking development operations has been continued in order to facilitate the lives of customers in line with a mobile-based, innovative and customer-focused digital strategy and 36 different transactions have been put into service for the customers.

26% of 376.095 registered online banking users perform their transactions swiftly and easily through the online branch.



Evaluation of Activities In 2016

Albaraka Turk has reached the amount of credit card of 144.928 and has achieved a credit card turnover of TL 1.757 million as of the end of 2016.

Instant, Easy and Uninterrupted Service Through Alternative Distribution Channels

Albaraka Turk carries out its ADC activities based on

- Improving the service quality with innovative and need-based products,
- Providing excellent customer experience with the Omni Channel strategy,
- Investing in digital platforms depending on the trends.

Number of Cards and POS Units Increased.

Aiming to satisfy all kinds of needs of its customers in the field of card payment system and continuously renew its products and services according to the market conditions, Albaraka Turk has reached the amount of credit card of 144.928 and has achieved a credit card turnover of TL 1.757 million as of the end of 2016. The Bank also continued to manage the payment systems infrastructure with a total turnover of TL 5.560.309.296 through 21.491 POS terminals in 2016.

In 2016, it was ensured that the number of models for virtual POS (Vera-Delta-RG, Ingenico IDE 280, Ingenico IWE 280, Beko TR 220, Beko TR 300, Hugin Verifone VX 675, Profilo Verifone VX 680), is increased and the support is provided for the promotion and marketing of these products. The Bank incorporated all brands and models utilized in the sector.

Albaraka Turk completed "Troy POS and ATM Acquiring" and Troy Bank Card Issuing" projects and, with its TROY Bank Card, ranked first among the participation banks and fifth in the sector in the first domestic license project.

While it was ensured, thanks to the fact that the debit cards are printed instantly in the card issuance system, that the bank cards are granted to the customers at the minute that they open an account, the mailing and shipping costs were significantly reduced.

Developments in card payment system in 2016;

- BKM Express Payment Function for Debit Card– Visa Platinum Card was included in the product range.
- VCPS 2.1.1 Certification was completed.
- Mastercard OBS3 certification was completed.

In 2017...

- In 2017, upon the activation of Albaraka Wallet mobile application on NFC compatible Android devices, the customers will be able to check their card information at anytime and anywhere, to make payment by means of mobile phones during the shopping at Contactless Payment-compatible member business places, and to follow the campaigns and participate in the campaign through an application with a single click.
- Commercial Card-SME Easy Card, Dealership Card, Troy Credit Card, Virtual Card, Financing Card, Mastercard-Visa Licensed TMO Card projects are planned to be deployed.
- The POS side is planning to develop innovative projects in line with the concept of participation banking and to increase customer satisfaction.

- Upon the activation of TKBB (Participation Banks Association of Turkey) Common Card Project, it is planned to create a new type of card that appeals to the customers who adopt the participation banking.
- The money transfers made from credit and bank cards through various payment channels will be accepted by the Bank.
- Masterpass feature that will ensure easy payment in the shopping transactions performed by the customers in different mobile applications will be activated.
- With the inclusion of the BKM Express feature into all cards, a new experience will be provided in the customer's money transfer transactions.

Number of Active User in Online Banking Increased.

26% of 376.095 registered online banking users perform their transactions swiftly and easily through the online branch. In 2016, 98.509 active customers executed a total of 2.967.749 transactions at the amount of TL 23.422.197.274 over more than 200 functions in the Online Branch.

With the web-chat feature which was included in the Internet Branch, the Albaraka Turk customers have taken the opportunity of instant messaging with their customer representatives. Thus the messaging feature which is one of the most important user experiences has been put into the service for the Internet Branch users.

The Albaraka Turk customers can enter the e-government system through Albaraka Turk Online Branch identity confirmation without the need of getting e-government passwords. In the same way, it is possible to enter the e-Government Gate by using Albaraka Turk Internet Branch password through "Online Banking" button on the website of www.turkiye.gov.tr.

If the documents are complete in the system, it is possible to create a membership and make transactions in the "New Membership" section in the online branch (with or without card) without the need of going to the branches to get an online banking password.

In 2017...

Our Internet Branch will be made compatible with mobile devices.

Mobile Banking is our Focal Point in Development

71% of 69,523 people who downloaded the Albaraka Turk Mobile Banking application actively utilize the Mobile Branch. The total number of transactions made by 49.177 active customers was 1.544.131 and the transaction volume amounted to TL 6.609.957.736.

During 2016, mobile banking development operations has been continued in order to facilitate the lives of customers in line with a mobile-based, innovative and customer-focused digital strategy and 36 different transactions have been put into service for the customers.

In 2017...

- New transactions (New Membership/ Forgotten Password/Opening Current Accounts-Closing Account/Opening-Closing Participation Account/Modifying Login Screen Design) will be added to Mobile Branch application.
- The efforts will be made for the addition of new transactions such as Financing Transactions, HGS Transactions, Regular Payment, Automatic Payment Order, Cash Flow, My Assets, Investment Transactions, Member Workplace, Check and Bills Transactions into the Mobile Branch.
- **Albaraka Yanımda (Mobil Application):** Proactive notification will be made to the customers by submitting notifications related to the financial transactions.

Evaluation of Activities In 2016

In 2016, Human Values, AlbaFX, Global SMEs websites was launched according to the needs of users.

- **Bot and Messenger Application Development on Turkcell BIP:** “Instant messaging” and “voice and video call” features which are designed by Turkcell communication services for IOS and Android users and can be used by all operators’ subscribers through Mobile Branch will be available.
- **Mobil IVR Project:** While the customers use the Albaraka Mobile application, they will be able to make a call to the Call Center whenever they want. It will be ensured that the users are directed to the customer representative regarding the information about on which screen and during which process they are.
- **Apple Watch Project:** The notifications will be displayed on the smart watch within the integration with the Albaraka Yanımda application.

Websites Accessible by All Shareholders

In 2016, Human Values, AlbaFX, Global SMEs websites was launched according to the needs of users. In the same year, the website of www.albaraka.com.tr was adapted to all smart devices such as mobile phones and tablets through the Responsive Project.

In 2017...

It is planned to continue to work on microsities and release new websites.

Albaraka BigBang: A common platform will be set up under the Albaraka BigBang website to obtain and implement the

ideas from young brains and professional employees with aim to carry the Bank to a more advanced future and to establish innovative platforms.

Channel Which Has Not Lost Its Significance: ATM

With the projects developed for the 2016 ATM channel, it has been a year in which important activities were carried out to improve the user experience, increase the customer satisfaction and the brand awareness of the Bank.

In this context, within the scope of the efforts to increase card-based and cardless transactions and expand ATM network, the ATM network with 47 main functions in card-based transactions, 9 main functions in cardless transactions reached a total of 274 points 211 of which are On Site ATM and 65 are 65 Off-Site ATM. A turnover of TL 1.677.7425.871 and a total of 2.545.203 transactions were recorded in ATMs.

Albaraka Turk aimed to make its bank products and services accessible to its customers in all segments by directing them into a non-branch channel.

Albaraka Turk has been included in Turkey’s first high-tech and innovative payment method, TROY (Payment Method of Turkey) which is a card system established and operated by Bankalararası Kart Merkezi A.Ş (BKM). With TROY bank cards. The customers can withdraw cash for 7 days a week and 24 hour a day from the ATMs.

Chinese UnionPay cards, which are one of the leading card programs and are used in ATMs of the member banks in Turkey through BKM, have now started to be utilized at Albaraka Turk ATMs.

In 2017...

- Upon the integration of RECYCLE ATMs, which ensure the money deposited at ATMs to be used in withdrawals, the ATMs will be able to be used without needing to load money into them for a long duration and therefore the cost advantage will be provided.
- Visually impaired customers will be able to make their transactions at ATMs through the audible menu.

- The project for the withdrawal of money from ATMs on the cardless transactions menu through the OTP encryption method will be activated.
- With the QR withdrawal feature, it will be possible to withdraw money from ATMs in a faster way.

Call Centre: Unrivalled in Problem Solving

In Albaraka Turk Call Center, the systems which maximize the customer experience, continuously follow the communication center’s performance in the direction of productivity-oriented business culture and give warnings in case of problems were activated. With the monthly scorecard, the communication center service performance (percentage of answered calls, average speed of answer, average call quality score) is measured and the obtained results are reflected in the personal performance system of the call center employees. In line with the call estimation and shifting studies and effective performance tracking system, the targeted numbers and quality levels were met, a total of 608.763 calls were answered in 36 seconds with the answering rate of 90% at the end of 2016.

On the other hand, in the Interactive Voice Response (IVR) system in which easy-to-use, functional and sophisticated technologies are used, the customers’ needs are determined through their voices, their phone numbers or the information dialed and then they are guided to the menus according to their needs. 43% of customers complete their transactions in IVR without the need to speak with a customer representative.

The Call Center, in which the service is rendered with three language options, Turkish, English and Arabic, provides services with special line for the business lines. In 2016, the Call Center has finalized the customer complaints on a private line no 0850 222 87 87.

EN 15838 Quality Certificate (Customer Communication Centers Service Delivery Standard), internationally-accepted management system standard which defines management system requirements

and technical specifications required for the call centers to provide service, including special requirements for call centers, has been received.

With proactive IVR service, it was ensured that the announcements are made to the customers so that the problems that may be encountered by the customers whose internet, telephone or SIM password is blocked are solved instantly, and, with an automatic language option (Turkish / English), the foreign customers who do not know Turkish language can get service in English whenever they call the Call Center.

In 2017...

- **Arabic IVR, Video Conferencing, Call Center IVR-TL** loading will be activated.
- **With Web Engagement and Co-Browse** tools, the customers' problems will be able to be solved instantly and swiftly.
- In the event that the customers hang up the phone without receiving a service, they will be called by the Call Center Customer Representative. Upon the activation of **Call Me Back**, a great loss of time will be prevented.
- **Call Center Sales Organization:** Smart External Call and Dynamic Bid Management projects developed by the Call Center with the approach of Correct Product and Service Delivery to Customer will be able to provide customers with the services and products they are interested in.
- **Call Steering:** With the Vocal Steering system, all services will be shortened in time by ensuring the direct access through a single voice command.
- **With the Speech Recognition** technology, the innovative solutions that ensure the actions to be taken with voice commands and eliminate the need of phone keys in the human-machine communication will be offered.
- It will be ensured that the customers can determine the card password over IVR without the need to contact the customer representative.

Service Channels Expand In Cash Management.

Albaraka Turk has increased the number of invoices, donations and customs duties in a stable manner in order to provide its customers with the solutions required for the collection and payment processes in cash management in 2016.

–In 2016, the Bank reached 110 institutions by reaching agreements with 40 new institutions and increasing its channels in which it renders service to its customers by 56%. 10% increase has been achieved in the number of donating institution and 163% increase in the number of customs duties.

In 2017...

- BELBİM & Istanbul Car Integration,
- Direct banking- Branch-Free Albaraka,
- PTT Bank Integration,
- Municipal Payments and
- ÖSYM (Student Selection and Placement Center) Collections projects are planned to be activated.

Albaraka Turk Strengthens Its Relations With Turkish Correspondent Banks and Takes Firm Steps Forward in International Banking.

Albaraka Turk enters into close, mutually-productive, reciprocity-based relationships with its domestic and international correspondents to ensure that its customers are provided with the effective and superior-quality service they demand in the conduct of their international banking transactions.

As of the end of 2016, Albaraka Turk has provided provides its corporate and SME customers with effective and high-quality service through 49 nostro accounts denominated in 15 different currencies that belong to a total of 1.053 correspondents with operations in 115 countries.

In keeping with Albaraka Turk's medium- and long-term growth strategies, the Bank continued its efforts to strengthen and expand its correspondent network, especially in African and Middle Eastern countries last year. Visits are regularly made to existing and potential correspondent banks while senior Albaraka Turk representatives take part in IMF meetings and Swift International Banking Operations Seminars (SIBOS).

Albaraka Turk has been included in Turkey's first high-tech and innovative payment method, TROY (Payment Method of Turkey) which is a card system established and operated by Bankalararası Kart Merkezi A.Ş (BKM).

On such occasions, the Bank's representatives engage in face-to-face meetings with the representatives of correspondent banks and ensure the continuity and efficiency of the correspondent relations. Albaraka Turk senior officials attended the SIBOS held in Switzerland in 2016 and made talks with representatives of more than fifty banks.

A list of Turkish companies which operate in the said countries was provided from the Turkish Embassies and Commercial Attaché's offices. Up-to-date and detailed information on the country's administrative, political, financial and foreign trade potential areas were obtained. The list of companies was shared with the Bank's marketing departments, and a significant contribution was made for the realization of effective marketing.

In order to promote its own products and services and to enhance correspondent relationships, Albaraka Turk often invites existing and potential correspondent banks to send representatives to take part in its Correspondents Orientation Program in Turkey. In this respect, the active promotion is ensured and the relations with the invited correspondent banks are developed. Besides, detailed information on products and services are provided to the bank representatives who want to grow in Islamic Banking in their own countries. This practice ensures that the correspondent banks play an active role in the development of participation banking in their own countries.

Albaraka Turk was the first participation bank to sign the “Foreign Trade Finance Program” with Asian Development Bank, which was established to contribute to the development of the Asia-Pacific Region with 67 member countries in total 48 of which are from the Asia-Pacific Region and 19 are out of the region.

Within the scope of the agreement, Albaraka Turk aims to increase its activities in the Asia-Pacific countries, in addition to the Middle East and North Africa Region in which it is already effective.



Evaluation of Activities In 2016

On the other hand, detailed information on legal legislation, economic situation, general banking sector, implementation and business principles in the countries of correspondent banks are obtained, and the tailor-made product development and marketing for the current and potential correspondent banks in the said country can be ensured. Local legislation is also shared with them with the possibility compare the country dynamics.

In 2016, the representatives of Bosna Bank International which resides in Bosnia-Herzegovina took part in to an orientation program on the participation banking activities.

Strict Application of International Compliance and Regulations.

The Albaraka Turk Regulatory and Compliance Department is responsible for working closely with correspondent banks to ensure that know-your-customer (KYC) procedures are strictly complied with as required by the Turkish Financial Crimes Investigation Board (MASAK), by the US Treasury Office of Foreign Assets Control (OFAC), and by United Nations Security Council resolutions. In this regard, the trainings were provided to the personnel of the Financial Institutions Department and the sensitivity about the legislation and practices in the communication with the branches was emphasized to the branch personnel.

Headquarters and branch personnel are regularly provided with training on matters involving suspicious entities and individuals.

Optimal Solutions for SMEs

Thanks to its advanced correspondent network Albaraka Turk continued its support to SMEs long term funding needs by issuing sukuk, providing murabaha syndication facilities, SEP, ITFC, ICD and bilateral murabaha facilities in 2016.

As a result of the ongoing negotiations in 2014 with TSKB in connection with the funding at the amount of approximately USD 50 Million which has been obtained from the World Bank and is to be utilized by SMEs and export-oriented companies through the participation banking, disbursement process was started in 2015 and the total of the provided credit was utilized for the customers with a proper cost in 2016.

Albaraka Türk's Foreign Trade Volume (US\$ Million)

The Bank achieved a total foreign trade volume of USD 10.711.862.896.74.

The bank's Letter of Guarantee has amounted to US \$ 49.3 million, which issued foreign countries



Synergy with ABG is Important in Creating Regional Power.

In the conduct of all of its international banking operations, Albaraka Turk benefits from its membership in the Albaraka Banking Group and from the mutual support of the geographically extensive network of ABG subsidiaries as it seeks to create added value in the products and services that it supplies to its corporate customers.

In 2016, Albaraka Turk continued to act as an intermediary for foreign trade transactions through its geographically extensive correspondent network. In spite of the political and economic problems experienced in its main activity areas, the Bank achieved a total foreign trade volume of USD 10.711.862.896.74.

With Investment Banking, Bank Product Range Continues to Increase.

In 2016, Albaraka Turk successfully put new applications into practice in the investment banking in accordance with its strategic plans. In addition to the transactions made in previous years, the Bank began issuing rental certificates and the new negotiations and preparations

in relation to the World Bank loans were completed. The bank has become the first participation bank to sign an agreement with Asian Development Bank.

Issuance of Lease Certificate (Sukuk) Begin for Qualified Investors.

Within the scope of product diversification activities of Albaraka Turk for the investors, a total of four lease certificates for qualified investors with an average maturity of 179 days were issued in April, June, October and December 2016.

The issuances were completed based on the Management Agreement through Bereket Varlık Kiralama A.Ş. under the consultancy of Finans Yatırım Menkul Değerler A.Ş. within the scope of ceiling-ratio approval of CMB at the amount of TL 1 Billion.

The requests were obtained from retail customers which are qualified investors in addition to banks, portfolio management companies, investment companies and insurance and pension funds.

Albaraka Türk Continues to Offer Different Solutions to its Customers with Appropriate Prices and Conditions From Abroad.

Bilateral Murabaha Agreement

Thanks to its extensive network of international correspondents, Albaraka Turk has the ability to obtain funding for the working capital of its corporate and commercial customers may need on highly favorable terms. Since the change in the tax charged on international borrowings in Turkey on January 1, 2013, the Bank has been able to do so on even more advantageous terms and conditions.

Saudi Export Program

The collaboration between Albaraka Turk and the Saudi Export Program, which was set up to finance Saudi Arabian exports except oil, has been growing stronger ever since it began in 2008. Under this program, Albaraka Turk provides low-cost SEP financing on terms of up to three years.

Access to TSKB Innovative Finance Loan

Under a wakala agreement signed with TSKB in 2015, Albaraka Turk secured a total of USD 50 million worth of funding to be lent to finance SMEs and export-oriented enterprises (EOEs) in 2016.

Asian Development Bank

Albaraka Turk was the first participation bank to sign the "Foreign Trade Finance Program" with Asian Development Bank, which was established to contribute to the development of the Asia-Pacific Region with 67 member countries in total 48 of which are from the Asia-Pacific Region and 19 are out of the region.

Within the scope of the agreement, Albaraka Turk aims to increase its activities in the Asia-Pacific countries, in addition to the Middle East and North Africa Region in which it is already effective. Asian Development Bank, which provides financial support (up to 100%) to 200 financial institutions and the import and export transactions of all foreign trade customers of these institutions, and has a credit rating of "AAA", will contribute to the increase in the foreign trade volume of Albaraka Turk throughout the process.

Evaluation of Activities In 2016

Within the scope of alBatros project, the remaining actions have been successfully completed and the system has been started to be maintained in Albaraka Turk.

In 2017...

- In 2017, Albaraka Turk will continue to broaden its efforts to tap local and international markets in order to provide a diversified products with cost-effective and maturity options that are best suited to a customer's requirements.
- Studies for the foreign trade financing are proceeding. In 2017, the bank aims to meet the funding needs of customers in the foreign trade transactions with new products.
- Murabaha syndication loans that will fall due in 2017 will be renewed in line with the market conditions.
- The process to re-include into SYR calculations the Sukuk transaction of 200 million US Dollars which have been issued in 2013 according to Basel II criteria, but lost its qualification as participation capital according to the Regulation regarding Bank Equities, by bringing such transaction to compliance with Basel III criteria has been commenced, and the process is planned to be completed in the first quarter of 2017.
- By means of Wakala Agreement made with Turkish Eximbank, the efforts to obtain long-term export loans from the World Bank are ongoing.

Albaraka Turk Maintains Its Assertion in Information Technologies.

Albaraka Turk continues to be a pioneer in the sector with innovative projects by integrating the innovation and change management, which are required in the world of Information Technologies, into its systems and processes.

Many projects and works carried out in the field of Information Technologies in 2016 were successfully completed.

- Within the scope of alBatros project, the remaining actions have been successfully completed and the system has been started to be maintained in Albaraka Turk.
- The bank's portal structure was modified and old portal software was advanced in accordance with the new portal system.
- The integration of TROY, the first Turkish card license brand, into Albaraka Turk was actualized. Albaraka Turk ATM and POS devices were adapted to TROY technology, and TROY-based employee cards were developed.
- With the WebChat module added to the online banking, it was ensured that the customers could communicate directly by writing with the call center customer representative.
- As part of Albaraka Turk's digitalization studies, new services have been added to ATM screens and new products have been added to the mobile product range.
- "Albaraka Yanımda" application, which enables customers to receive information on many banking transactions such as financial transactions, account statement printing, access to internet branch has been developed.
- Albaraka Mobile Wallet developments, which offer NFC payment to its customers, have been successfully made. With this development, Albaraka Turk has become the first participation bank in the world to have a mobile wallet in which both Visa and Mastercard transactions can be made.
- With the studies conducted on Information Technology infrastructure, the cost optimization and productivity have been increased.

- With the exchange project, the sustainability of the branch telephone lines, the elimination of the need for the exchange in the branches and the decrease in the number of breakdowns have been achieved.
- With Wi-fi project, the in-house wireless internet network has been made both more efficient and less costly.
- While the tablet project was activated with the aim to mobilize the marketing personnel, 220 tablets were presented to the staff in the first phase.
- As a result of the audits of ISO 27001 Information Security Certification and ISO 22301 Business Continuity Certification, the validity of the certifications was maintained in 2016.
- The infrastructure of Iraqi/Erbil Branch has been moved to Istanbul and integrated with the Disaster Recovery Center.

In 2016, alBatros project received the prize of "Best IT Usage e in Retail Banking" in Banking Technology Awards 2016; the second price for "Best Change Management of the Year" and the third price for "Best Information Technology Governance Project of the Year" in IDC CIO Summit.

In 2017...

- The activities for the future financial world will be continued to be carried by taking into consideration of customers' needs.
- New mobile projects for in-house usage and external customers and the developments in the existing mobile structure will be continued.
- It is aimed to provide the customers with new products and services and new banking experiences in the fields of "Internet of Things", "Chatbots" and "Blockchain".
- The studies for the compliance with International Reporting Standards will be focused.
- It is aimed to increase the productivity in processes with the activities to be performed based on in-house productivity solutions.

Albaraka Turk, with its outstanding staff, in compliance with the vision of being the “World’s Best Participation Bank” and with Albaraka brand value, has prioritized exclusive human resource employment in recruitment activities.

Human Values at Albaraka Turk

Albaraka Turk is continuing to be one of the most preferred banks in the sector with its employees adopted team soul, productivity and quality, managing itself, in compliance with corporate culture and open to change and innovation.

Albaraka Turk, always following modern HR applications, leads HR policies for recruiting the right persons to the right positions and selecting high potentials



Recruitment Data in 2016

Increase in number of Employees	60
Total Number of Employees (31/12/2016)	3,796
Total Number of Branches	213
Total Number of Districts	7

which shall provide added value to the bank by right methods with a customer oriented approach. Albaraka Turk, moving with the awareness of that human is creating difference in competition environment, establishing corporate culture on robust grounds; evaluates its employees as a very precious value which shall carry the bank to the future and taking human in the center of its studies. As a result of this sense, it believes that both the current employees and all candidates applying to the Bank are respectful.

Albaraka Turk, with its outstanding staff, in compliance with the vision of being the “World’s Best Participation Bank” and with Albaraka brand value, has prioritized exclusive human resource employment in recruitment activities in 2016.

In 2016, concentrating on expense management, importance on personnel recruitment at the beginning levels is referred. Besides, in 2016, mass recruitment examinations are made for the positions as Assistant Inspector/ Assistant Auditor, Corporate/Commercial/ Retail Marketing Assistant Specialist. Approximately 30,000 job application made to the relevant advertisements are meticulously reviewed and adequate candidates are accepted for tests. As a result of the interviews made with the candidates who are successful in the examination which is also open to the bank personnel, the approved candidates are employed.

Total number of personnel of Albaraka Turk as of the year-end has reached 3,796 and 90% of the total employees in the bank have university and postgraduate diplomas.

The outstanding developments of 2016

- Successful trainees studying in the leading universities of Turkey and working part-time at the bank with the title “Young Albaraka Academy”, have started to work full-time.

- The website www.albarakainsankiyetmeleri.com is taken into operation and from this channel, announcements, news, video and articles relevant to the Bank’s Human Values activities are started to be published.
- Very positive feedback is received relevant to the letter to the family application in which a letter is sent to the families of the newly recruited employees with the signature of the General Manager.
- Vacancies in managerial staff positions have been filled primarily by assigning among the successful employees with proper competencies from the internal sources.
- 22 employees within the body of the Bank are assigned as Managers.
- Rotation of 50 employees who meet the required conditions for service or segment change is realized.
- On-the-job training program for employment is continued with Turkish Employment Agency (İŞKUR) Ümraniye Branch.
- Within the framework of career days of the Universities, attendance to more than 30 events is provided.
- 41 Branch Offices are visited within the scope of Human Values communication activities.
- By HR – Communication Portal on Albaraka Academy, employees who are the members of the portal may freely share their ideas and ask questions and receive their answers from the most proper source. Employees have found the opportunity to express themselves by HR communication portal which reached to 1,321 members.
- Contribution of low and middle level employees to the management is provided by making suggestions with the Employee Community to the Personnel Committee for developing policy and strategy relevant to working life at the Bank.

Evaluation of Activities In 2016

Respect for Human” award organized by Resources Platform Kariyer.net is taken for the ninth time successively in the Banking Sector.

- Traineeship opportunity is provided for the students studying at the leading universities of our country within the scope of occupational education agreement. Besides traineeship opportunity is offered to 150 students from different high schools and universities who want to complete their mandatory traineeship at the Bank.
- Application to the Bank of approximately 280,000 candidates is realized.
- 380 persons have started to their jobs after completing recruitment processes.
- Within the framework of norm staff and workload analysis recruitment activities are realized relevant to many different positions.
- Number of Branch Operational Support employees employed for continuing the services uninterruptedly at the branches for the need of temporary employees due to reasons as illness, education, annual leave, etc. has been increased to 55.
- Rate of APG in fixed high-status positions is increased to 72%.
- In recruitment, Assessment Center/ Competence Based Interview practices are continued.
- By HR Venue system, video pre-interviews are continued to be performed; besides online video interviews are made for the candidate found necessary in Anatolia.

- Mass interview organizations are held for deputy inspector/deputy auditor positions.
- Due to the principle of employing the right person for the right job, agreements with contracted Recruitment Portals are renewed to reach more candidates.
- Number of companies which test consultancy service is received is increased to two to provide cost advantage.
- Participation of more than 40 persons to “How is It Going?” meetings held with personnel who have completed the first six months at the bank is provided and their opinions are received.
- 63 new Young Albaraka persons have joined the Bank and 25 Young Albaraka persons are graduated and started to work full-time.
- Employer brand studies are starting to increase employer brand awareness, and provide to be the best employer for the Bank’s employees and to be the preferred working place for employee candidates. A context is formed by field survey, document scanning, consultant support, educational activities and interviews with the units of the Bank and the expression “Value for Human” is selected as a slogan. Moreover, a video is prepared for presentation and all these studies are submitted to the Executive Management.
- “Internal Customer Satisfaction” survey is held for all employees, survey results and feedbacks are shared with the relevant Units and contribution for increasing work quality is provided.
- A survey is organized to measure the employee loyalty with an attendance of over 90%. Feedback is provided by sharing the survey results with the Executive Management and the relevant units.

Respect for Humans award is given to Albaraka Turk for the 9th time.

“Respect for Human” award organized by Resources Platform Kariyer.net and realized to put forward successful studies on human resources and to share with public is taken for the ninth time successively in the Banking Sector.

In 2017...

- With the precious employees who are open to change and innovation in carry Albaraka Turk to future within the framework of growth strategy, studies and projects which will provide Albaraka Turk to be the most preferred bank in the sector and protect its position shall be continued also in 2017.
- In 2017, in line with the Bank’s growth strategy, Norm staff of the new branches planned to be opened shall be constituted of qualified and outstanding personnel from internal and external sources.
- In case of need, mass examination organizations shall be performed for vacant positions.
- Number of Young Albaraka persons shall be increased and a number of attendance to Young Albaraka Person Academy project shall be increased to 100 persons.
- On-the-job training program started with İŞKUR Ümraniye Branch for employment shall be continued.
- Humanist (Bilin) program shall be continued to be used more effectively and efficiently.
- Within the scope of HR Communications Service activities, career day events, presentations, conferences and seminar activities are planned for the year of 2017 with the leading universities of Turkey.
- Branch visits shall continue prioritizing specifically the branches which have employee loyalty points lower than the expected level. Besides, video messages of unit and branch employees shall be prepared for increasing employee loyalty and shared in Internet and social media mediums.
- Studies for the purchasing of a mobile compatible, interactive communication platform to reach the employees faster and receive fast feedbacks are continuing.
- A mass examination for Inspector/ Deputy Auditor, Corporate/Commercial Marketing Assistant Specialist and Retail Marketing Assistant Specialist shall be organized.

- In the developing participation banking sector, studies required for fast employment of new personnel instead of the personnel resigned shall be conducted.

Within the scope of performance and career studies in 2016;

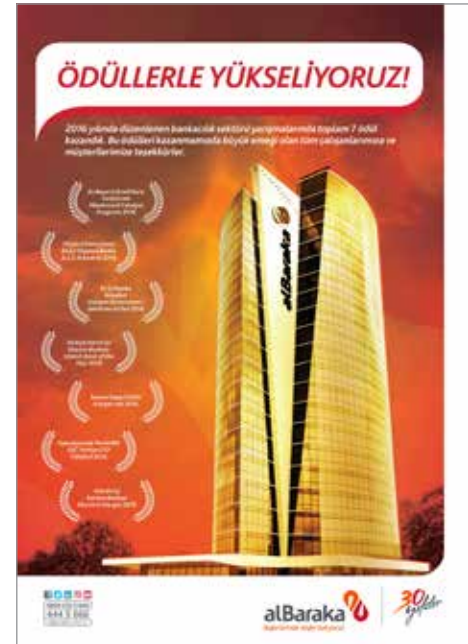
- Joint studies are performed with the General Directorate units, regional directorates and branches and the Bank has passed to “Performance Management System with Targets” which is an objective, strong and dynamic performance management system that work targets directly affect performance points. In the first stage, all branches and part of the General Directorate units (74% of the total personnel) has passed to the new system and the new system is planned to be taken into operation in the whole Bank in 2017.
- Activities on developing performance of personnel are continued with competence improving documents and applications and with performance coaching studies.
- “Star Pool” practice of the Bank which is a talent management project is put into life and potential manager of the future candidates are determined. Programs supporting the personnel’s personal and professional development are started, basic purpose of the program is determining talented employees and supporting their personal and professional development with certificate programs, postgraduate and doctorate programs. Besides, with the program, their motivation and corporate loyalty shall be increased and they shall be provided to be among the manager candidates of the future.
- Mentorship program of the Bank, MAP’s (Mentor Albaraka Project) 2016 studies have continued successfully and new projects are put into operation. With MAP project ;
 - spreading corporate culture by transmitting information and experience,
 - constituting a joint management culture throughout the Bank,
 - Increasing competencies for developing fast and effective solutions against problems to be experienced

in business life and accordingly increasing performance and productivity are aimed.

- Within the scope of Career Consultancy, various tests and inventory studies are performed with the target of the employees to know themselves and the studies are shared as a report. Besides, employees are informed on adequate positions and in-house career ways and improvements fields are shown to them.
- Activities under patient process including transmission of employees from one role to another which are different in terms of competency have continued uninterruptedly.
- Within the scope of organizational backup, critical roles are determined and backup studies, strategic and competent personnel determination are fulfilled.
- Promotion processes of the employees are completed fully in time and 635 employees are promoted for an upper title.

In 2017...

- “P2P-Experience Sharing Platform”, a program which provides sharing of work performance experiences of high performance personnel with low performance personnel to increase individual performance, is designed and the platform is planned to be initiated in 2017.
- “Personnel Feedback for Reinforcing Leadership” study which is planned to be put into practice in 2017 for contribution to Reinforcing Leadership cultural principle of the Bank and in which the personnel shall submit feedback to his first manager is designed.
- Promotion processes shall be reviewed and designed again in line with the expectations of the employees and the needs of the Bank. By the subject renewing studies, offering different career opportunities to the employees in promotion process and increasing their motivations and corporate loyalties are aimed.
- Generalizing mentorship program throughout the Bank and reverse mentoring practice which the preparation studies are completed in



2016 shall be put into practice under Young MAP brand.

- Efficiency of talent management studies and increasing number of employees joining the Star pool are aimed.
- Tools as assessment center used in the determination of the manager candidates shall be enriched.

Human Values Training Studies

Education policy and targets for gaining and developing information and skills required to support individual and professional improvement of the employees within the framework of the Bank’s vision, mission and strategies are being formed.

At Albaraka Turk, training at the basic level is performed for assistant of the managers, assistant specialists and deputy inspectors who have newly started the job for the purpose of gaining employees the competencies required for the job. At the subject training, along with technical training in banking field, training as customer relations and personal development training are given to the attendants.

Many projects are put into practice to support intellectual developments of Bank personnel and in line with the target of “constituting an outstanding staff of employees” which is one of the building blocks of the vision of “being the best participation Bank of the world” of Albaraka Turk.

Evaluation of Activities In 2016

There have been 221,288 hours of training in total in 2016 throughout the Bank, 58.49 hours of training program is prepared per employee in average and it has been 17% over the target.

At Albaraka Turk, with its effective education applications target, Education Management System (EYS) is taken into practice. EYS is an application conducting in class and online training on a single platform, offering extensive reporting opportunities and providing high cost saving.

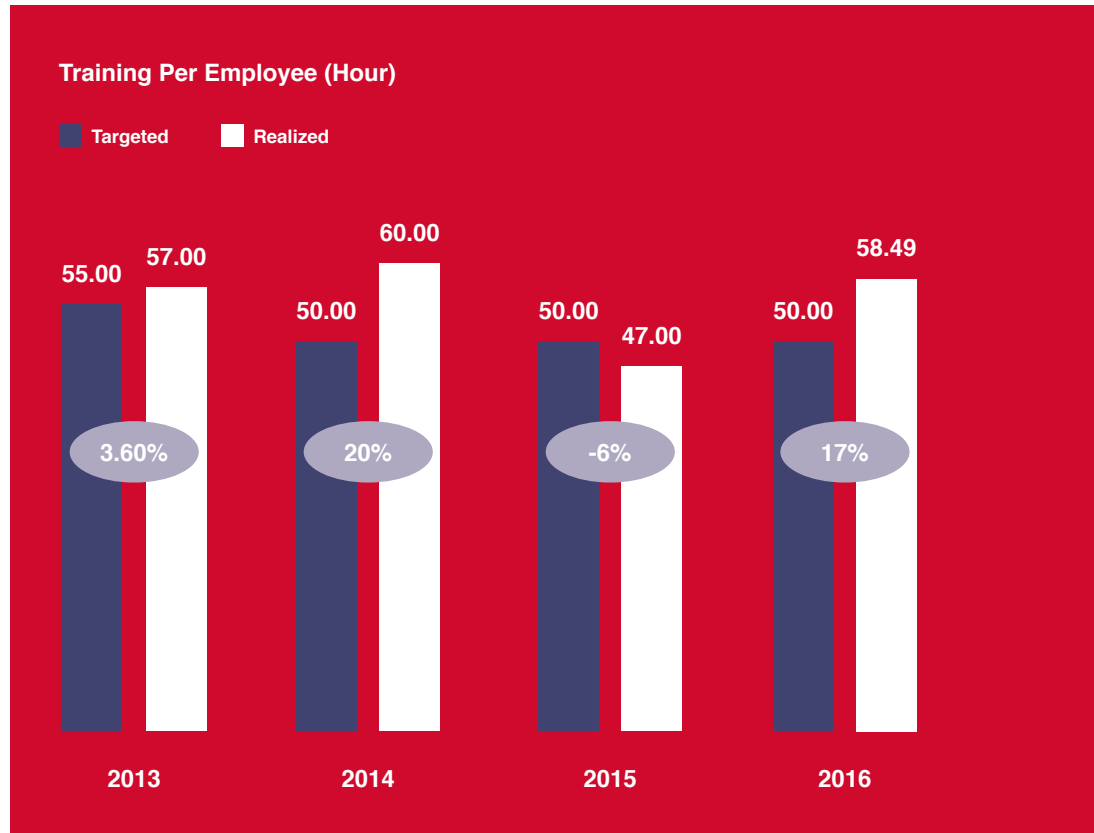
Albaraka Academy Service

“Albaraka Academy” carried into effect in 2013 to offer the best training opportunities in the market to the personnel with the latest training technologies, determine and apply the needed training programs effectively in compliance with the vision and mission of Albaraka Turk has carried its activities uninterruptedly also in 2016. 33,215 hours of e-learning training is performed in total within the body of the Academy and 8.78 hours e-education is offered per person.

On the other hand, approximately 19 trees are saved by Albaraka Academy.

Academy activities outstanding in 2016

- Within the scope of the studies increasing efficiency of the training in Albaraka Academy, time of the training contents is decreased, visual contents are enriched and short animated training are increased. Total training hours offered in 2016 within the scope of this study are reduced by 20% compared to 2015 and decreased from 41,600 hours to 33,215 hours.
- Total number of different training actualized is increased by 24% compared to 2015 and increased from 510 to 668.
- Hours of training performed over mobile devices are increased by 407% compared to 2015 and reached from 1,321 to 5,371 hours.



- Number of surveys assigned by Albaraka Academy Online Survey platform has increased by 28% compared to 2015 and reached from 41 to 57.

E.mobile Application

e.Mobile application is carried into effect at Albaraka Academy in 2016, to support learning any time in everywhere with the new interface developed specifically for mobile devices and receiving 7/24 training uninterruptedly in the fastest way.

There have been 13,493 accesses by 5120 persons to Albaraka Academy platform in 2016 over mobile devices; a mobile learning of 5,371 hours in total is actualized. With Albaraka Academy “e.Mobile” application, Bank personnel are able to continue personal development and learning at any place.

Online Questionnaire Module

In 2016, questionnaire assignment is made on 57 different subjects by Albaraka Academy Online questionnaire platform and 36,017 questionnaire forms are filled in total.

Albaraka Akademi Publications

In 2016, 8 Albaraka Academy Publications are updated at Albaraka Academy. These publications are; Banking Services, Retail Banking, Foreign Transactions, Corporate Banking, Accounting, Booking Clerk’s Manual, Basic Banking and Finances Book. Besides, in 2016, Customer Relations Constitution, Our Cultural Principles and Service Culture Book are added to Albaraka Academy Publications.

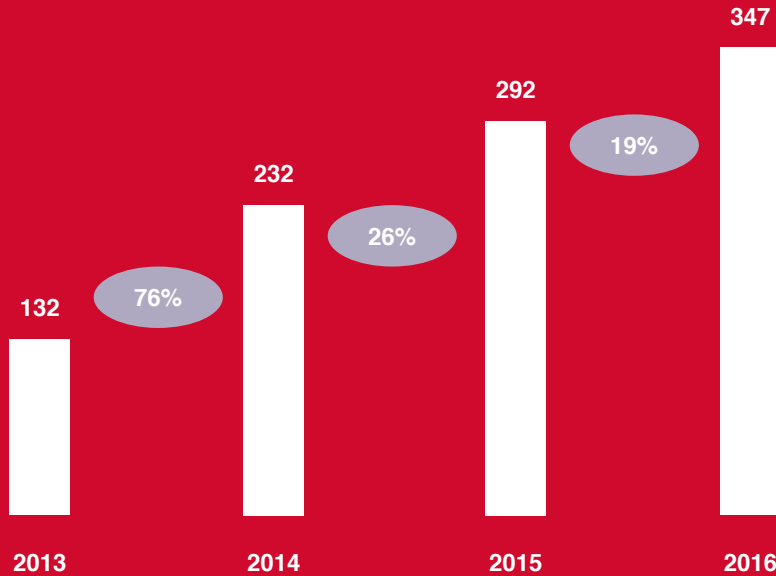
Personal Development and Learning Platform

On Personal Learning and Sharing Properties Platform, 60 social groups are formed and 11,179 training badges are won. Through these training groups personnel’s personal developments are supported 7/24; personnel interest to Albaraka Academy and e-learning training is increased.

Post Graduate And Doctoral Thesis

There is “thesis” section on the main page of the website at www.albarakaakademi.com for the Bank employees to share their knowledge with all Bank employees on a common platform. In this section, theses written by the postgraduate and doctorate

Number Of Employees Receiving Master Degree Support



graduated employees are published. As of the end of 2016, there are 52 theses in total at Albaraka Academy.

Online Promotional Test

In 2016, 720 persons have attended promotional tests throughout the Bank. 107,022 TL saving is provided by online promotion tests made over Albaraka Academy.

Albaraka Akademi TV

Albaraka Academy TV includes education technologies (videos) to be used as a learning tool and created with a target to develop the employees' knowledge, attitudes and behaviors and enables mutual information sharing.

There are 490 training and development videos taking place at Albaraka Academy TV as of the end of 2016 and new videos are continued to be added. In 2016, 357 hours of training videos in total are watched by 1,952 different personnel over Albaraka Academy TV.

Digital Library

Documents downloaded to the Digital Library where training documents take place in the electronic environment and which provides access from any place at any time are downloaded 1601 times in 2016.

Production of Animated Introduction And Training Contents

Production of animated training and introduction video contents prepared by creating scenarios within the body of Albaraka Academy Service is continued in 2016. By animated training prepared within the scope of these studies, a cost saving of 230,000 TL is provided by fast generation of training and introduction studies within the Bank.

Effective Organization, Efficient Processes

Albaraka Turk organization structure is constituted in customer focused structure to meet the claims and expectations of the customers and offer qualified products/ services. Besides, along with adaptation of the Bank's organization structure to the

competition the age requires, flexibility to renew itself continuously is also considered.

With the target to increase efficiency, productivity and quality of all activities of the Bank, research – developments and documentation studies required to apply and spread contemporary management techniques by making the activities within the organization structure more effective and efficient are regularly performed.

Albaraka Turk holds ISO 9001:2000 Quality Management System Certificate since 2004. The certificate is updated as ISO 9001:2008 Quality Management System Certificate in 2010, and follow up examination made in 2016 is accomplished successfully.

As a result of the inspection conducted by SGS Company in 2014, Albaraka Turk has deserved the right to obtain ISO 10002:2004 Customer Satisfaction Management System Certificate. Similarly, follow up examination made in 2016 is accomplished successfully.

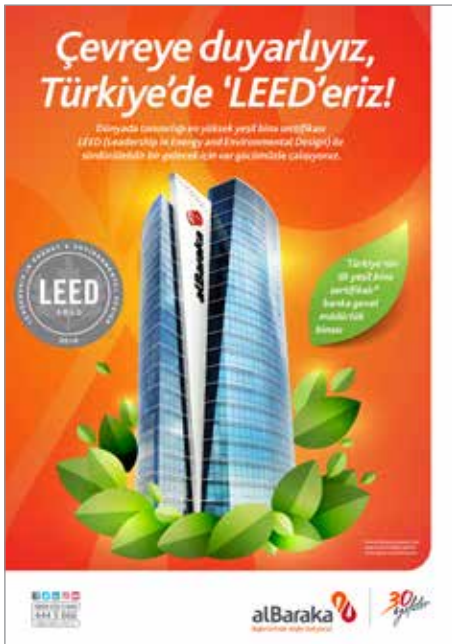
Environmentalism Practices at Albaraka Turk

Albaraka Turk has continued to provide contribution to its stakeholders by activities in environment, social and cultural fields also in 2016 to materialize sustainability approach.

The follow-up examination of the ISO 9001: 2008 Quality Management System and ISO 10002: 2004 Customer Satisfaction Management System documents in 2016 was accomplished successfully.

Evaluation of Activities In 2016

The Headquarters of Albaraka Turk has registered its respectful attitude towards human health and natural environment and gained green building LEED Gold Certificate.



Environment, Waste Management and Energy Efficiency Studies

As a result of the works performed for water and energy efficiency, reducing carbon footprint and increasing indoor quality of the General Directorate building, Albaraka Turk has registered its respectful attitude towards human health and natural environment and gained green building LEED Gold Certificate. Albaraka Turk stipulates primarily to reuse the wastes, otherwise recycle or destroy by authorized companies if not adequate for recycling.

Grey water and artesian water

- Grey water system aiming reuse of water used at sinks by filtering and cleaning is installed at the General Directorate building and cleaned water is provided to be used in reservoirs.
- Treated artesian water is used at the toilets and sinks and for garden watering at the General Directorate building and the fountain at the Bank instead of mains water.

Water Consumption

- Water saving apparatus increasing pressure on water and making the same effect with less water are used on sink faucets at the General Directorate building.
- Mains water is treated and used as drinking water at the General Directorate building. The subject application removes greenhouse gas emission sourced from usage and carrying of plastic carboys.

Environment, energy and atmosphere

- General Directorate building energy survey studies are made.
- Operation system of garden lighting at the General Directorate building is restructured and less electric consumption is provided. Besides, studies on reducing light pollution of the building are performed.

- As a result of restructuring time adjustments of lighting sensors and changes made related to the operation of heating-cooling systems less electricity consumption is provided.
- Vehicle tracking systems are installed on branch marketing vehicles, accordingly, use of branch marketing vehicles out of the purpose is avoided and 15% less gas consumption is provided in the vehicles.
- While 23% gas saving is provided by leasing environment friendly diesel vehicles instead of gasoline powered vehicles at the Bank, approximately 1,408 kg/year less exhaust emission is realized per vehicle. Additionally, usage of electrical vehicles with 70% less exhaust emission compared to gasoline and diesel vehicles are taken into service at the Bank.
- Solution harmless for nature is used instead of harmful salt during snowing.
- Eco friendly Ecolabel certified chemical cleaning materials are used at the General Directorate building.
- Studies are performed for enriching green areas at the General Directorate building with less want to consuming single plant structure. Attention is shown in selecting native types for flowers and trees used in landscape, contribution is made to have soil live longer by using guano instead of fertilizers.
- Harmless observation points are established within the scope of pest management at the General Directorate building. By this way, pest control is made only when needed for minimum effect on the nature.

Recycling

- A new photocopy system constituted of machines providing central control is established at the General Directorate building by leaving machines with different brand and model out of operation. With this new system, unnecessary and one-way printing is avoided and approximately 14,000 kg (2,750,000 pages) A4 paper use is avoided. With this study cutting 240 trees in average in a year is avoided.
- Many processes made on paper (tender, maintenance/breakdown, vehicle etc. claims, invoice processes etc.) are started to be carried out over the system and excess paper consumption is avoided.
- Waste batteries and waste papers are separated and sent to relevant recycling companies to avoid source wasting by protecting nature and recycling. Within the scope, cutting of 103 trees is avoided by gaining annually, approximately 6000 kg 1,200,000 pages) A4 paper to recycling.

Internal environment quality

- By dust absorbing mats in 3 m length placed at the entrances of the General Directorate building dust on the shoes of the people entering the building are avoided to enter the building and indoor cleaning and air quality increase is provided.
- Comfort survey is conducted to measure satisfaction of personnel working at the General Directorate building; survey results have shown that majority of the personnel is satisfied from indoor quality.

Emergency Activities

Emergency management studies aiming to provide safety of the customers, employees, documents, computer systems and data against possible damages which may arise at the General Directorate and branches relevant to all employees, assets, activities and systems of the Bank in case of act of God, terrorism actions, economic crisis, civil movements, system damages, workplace movements and such unexpected and extraordinary situations, are effectively carried out.

Occupational Health and Safety

According to the Occupational Health and Safety Law number 6331, occupational safety specialist is assigned at the working places. Occupational safety specialist assigned within this framework visits the branches and at the branch visits he/she carries out the following studies;

- Preparing Risk Analysis,
- Preparing Emergency Plan,
- Giving Basic Occupational Health and Safety Training,
- Determining Occupational Health and Safety needs

Within the framework of the subject studies, 92 locations are visited in 2016, and visit of 129 locations is planned for the year of 2017.

Social Contribution Studies of Albaraka Türk

As a rooted participant of participation banking sector having corporate culture and values, Albaraka Türk have signed various studies to add value to public also in 2016 by taking part in different projects.

Albaraka Türk makes its regular donations through Bereket Foundation. The Bank has made a donation of 12 million TL through Bereket Foundation in 2016 to social responsibility projects it carries out in education, health, environment, culture, sports, classical arts, social developments etc. fields.

Kindness Club

Albaraka Türk has established "Kindness Club" to support the employees to take place in social responsibility projects on volunteering basis. Within the body of the club, volunteer participants offer support to needy people and perform charity activities.

Kindness Club have performed activities as organizing tours to entertainment parks for Syrian children, food and clothes aid in Ramadan, clothes and shoes for needy children in villages, clothes aid for children in Aleppo. The club carries out social responsibility studies with determination of being more active and effective.

Bereket Foundation Pilaf Day Event

A lunch organization where all students awarded with scholarship meet is arranged with the contribution of Bereket Foundation. The event is held at Sepetçiler Summer Palace with the attendance of approximately 300 scholarship students with the contribution of the Bank.

"Kalemin Bereketi" (Bereket of Plentiffulness) Calligraphy and Illumination Exhibition (Ordu and Fatsa)

Albaraka Calligraphy Collection constituted of approximately 400 works of art and as a result of over 10-year study has met with 3000 visitors at Ordu Metropolitan Municipality Art Gallery.

At Fatsa, the second station of Kalemin Bereketi Calligraphy and Illumination Exhibition, the works have been visited by nearly 1000 people within one week.

Albaraka Türk has established "Kindness Club" to support the employees to take place in social responsibility projects on volunteering basis.

Evaluation of Activities In 2016

Number of students which scholarship is granted in 2016 is 1998 in total, 1.926 graduate and 72 doctorate education.

The Red Crescent Blood Donation Event

Blood donation campaign carried out cooperatively with the Red Crescent and Albaraka Turk is organized twice in 2016 with the attendance of all the employees and approximately 400 employees have attended the campaign.

On the other hand, TURKÖK project, a joint study of the Red Crescent and T.R. Ministry of Health, is performed at Albaraka Turk for the first time in 2016. In the first stage, approximately 300 people have attended the campaign by being a donor by giving three tubes of blood at the General Directorate building.

Albaraka Calligraphy Collection Exhibitions

Two exhibitions where 30 works of art from Albaraka Calligraphy Collection

have taken place are opened at Warsaw, Poland and Berlin, Germany centers of Yunus Emre Institute.

Bereket Magazine

Periodical publications of Bereket Magazine, periodical publication of Albaraka Turk, continue since 2009. In 2016, three issues of the magazine have reached to 60,000 people in total.

Sponsorships Performed in 2016:

- Hayy Children Play Sponsorship
- CFO Summit Sponsorship
- KTU Entrepreneurship Summit Sponsorship
- Gelecekhane Economy 2.0
- Intertech Hackathon Sponsorship
- Boğaziçi Yöneticiler Vakfı (Foundation) IBPF Sponsorship
- 11th Turkish Arab Economic Forum Sponsorship
- GJCIE (Global Joint Conference on Industrial Engineering and Its Application Areas) Congress Sponsorship
- Istanbul Finance Summit Sponsorship
- Islamic Financial News Sponsorship
- IZU ISEFAM Building Opening Ceremony Sponsorship
- MUSIAD Expo Fair Sponsorship
- CNR Real Estate Fair Sponsorship
- Bonds Loans and Sukuk Forum Turkey 2016 Sponsorship
- IGIAD/Economic Enterprise and Business Ethics Association of Turkey Fair

- Making investment expenses required for education,
- Supporting needy people by aids in cash and in kind.

Nonrefundable scholarship opportunity is offered for 17,348 students in total, 92% of it for graduate and 8% for postgraduate education, since 1987. Scholarships are granted regardless of the branches, throughout the country including all cities. Moreover, periodic education supports are provided to support specialization and scientific researches abroad.

Number of students which scholarship is granted in 2016 is 1998 in total, 1.926 graduate and 72 doctorate education.



Contribution In Education By Bereket Foundation

Bereket Foundation is established in 1986 and obtain tax exemption right by the decision of the Council of Ministers dated 21.11.1990 with number 90/1182.

Main objectives of the Foundation;

- Preparing opportunities for talented but needy students studying at every level to provide their education, supporting by aids in cash and in kind supporting,
- Similarly, giving scholarships for students for practical application, specialization and scientific research, graduate and postgraduate studies in the country and abroad,

Research and Development Studies

Albaraka Turk Information Technologies continues to be the pioneer in the sector to integrate innovation and change management which is a requirement of developing information technologies and the age, to its systems and processes with innovative projects. Many projects and studies in 2016 are resulted with success.

The greatest and the most important of these projects, with no doubt, was the Main Banking System transformation. Within the scope of alBatros project, the old portal software are developed in compliance with the new portal system by making changes in the bank portal structure.

Albaraka Turk integration is made to TROY, the first Turkish card license brand. Albaraka Turk ATM and POS devices are brought in compliance with TROY technology, TROY based operating cards are developed. With WebChat module added to Internet Branch, customers are enabled to establish instant communication by corresponding directly with the call center customer representative.

Within the scope of digitalization studies of Albaraka, new services are added to ATM screens and new products are added to Mobile product tree. "Albaraka is With Me" application enabling our customers to be informed about financial transactions, abstract printing, Internet Branch login and many other banking transactions is developed. Developments of Albaraka Mobile Wallet, offering NFC payments to the customers, are accomplished successfully. By this development, Albaraka Turk has been the first Participation Bank of the world having mobile wallet where both Visa and Mastercards can perform transaction.

In 2016, cost optimization and productivity are provided in line with the studies performed in Information Technology infrastructure. By switchboard project, maintaining sustainability of branch telephone lines, removing switchboard need at the branches and significant decrease in the number of breakdowns are provided. By Wifi project, in-house wireless Internet network has become

more productive with less cost. While tablet project aiming to mobilize marketing-personnel is put into practice, 220 tablets are offered to the service of the personnel in the first stage.

Expectations and Projections on 2017

In 2017, our expectations for the future are optimistic in terms of both the economy of our country and as Albaraka Turk. Share of participation banking in the total banking sector shall be at significant levels in the forthcoming period by continuing economic and political stability and new participation banks entering into service. Considering the young population and dynamic structure of Turkey, we project that within the framework of an effective economic plan, targets determined by the government shall be easily achieved.

In terms of banking sector, increases in credits rates may cause regression in margins due to competition of the deposit money side. Consequently, in 2017, looking at the asset quality of the banking sector, there may be an increase in nonperforming finances due to value loss of TL and slowdown in the economy. However, effects of these risks on asset structure may be limited by robust structure of the sector and proper legal regulations.

As Albaraka Turk, we continue to support Turkish economy. In 2016, we have grown in reasonable dimensions. We project that our growth shall continue in 2017 also. In today's world where digital banking has gained importance with the fast development of technology, we make studies relevant to our branch concepts and take serious steps on technology side.

Albaraka Turk has continued to show a growth above the participation banking sector in 2016, on asset, finance and raised funds side. Sukuk issuances shall continue next year in terms of diversification of fund sources for participation banks. Besides, the government's continuing lease certificate

issuances also in 2017 shall provide diversification of the participation banks and to reach an adequate amount to form a second hand market.

Albaraka Turk shall continue its climbing to the summit with firms that with its strong financial structure and asset quality, without disturbing the balance between sustainable growth and profitability. Albaraka Turk aims to increase its total assets, funds collected and funds provided by 15% in 2016.

Albaraka Turk, taking place among the founders of participation banking in our country, is practicing SIMURG Transformation Program successfully. In this respect, while the transformation process initiated four years ago within the bank is ending in the year of 2016, transformation studies of the main banking system are accomplished with great success; technological infrastructure is renewed in conformity with the customers' expectations and developed more. Following this process, product development studies including Mobile Branch are accelerated. Along with these developments, our Bank has continued to be the best Participation Bank and its consistent growth and shall move to its target of climbing upwards in the Turkish banking sector with firm steps.

Katılım Emeklilik, established with Kuveyt Turk, each owning 50% of the share, has been the first insurance company in Turkey holding two licenses in private pension and life insurances. Targets in private pension and life insurance fields are determined as reaching to 500,000 participants in the first five years and to be in the first and in pension sector. Albaraka Turk, starting out with the vision of being the World's Best Participation Bank shall continue to take important steps in 2017.

The Report on Compliance of Annual Report

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITOR'S REPORT RELATED TO ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

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

Report on the Audit of Board of Directors' Annual Report Based on Standards on Auditing

We have audited the accompanying annual report of Albaraka Türk Katılım Bankası Anonim Şirketi (the "Bank"), for the year ended 31 December 2016.

Board of Directors' Responsibility for the Annual Report

In accordance with the Article 514 of the Turkish Commercial Code No. 6102 ("TCC") and "Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333 in accordance with "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of the Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of the annual report.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's annual report based on our audit conducted in accordance with the provisions of the Article 397 of the TCC and the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314, whether the consolidated and unconsolidated financial information included in the accompanying annual report is consistent with the financial statements of the Bank and provides fair presentation.

We conducted our audit in accordance with the Independent Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information included in the annual report is consistent with the consolidated and unconsolidated financial statements and provide fair presentation.

An audit involves performing procedures to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's judgment.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information included in the Board of Directors' annual report is consistent, in all material respects, with the audited consolidated and unconsolidated financial statements and provides a fair presentation.

Report on Other Regulatory Requirements

In accordance with the third clause of the Article 402 of TCC, no material issue has come to our attention that shall be reported about the Bank's ability to continue as a going concern in accordance with TAS 570 Going Concern.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. A member of KPMG International Cooperative



Alper Güvenç
SMMM, Partner

Istanbul, 8 March 2016

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Board of Directors



Adnan Ahmed Yusuf ABDULMALEK
Chairman



Yalçın ÖNER
Vice Chairman



Osman AKYÜZ
Executive Board Member



Ibrahim Fayez Humaid ALSHAMSI
Board Member



Hood Hashem Ahmed HASHEM
Board Member



Prof. Dr. Kemal VAROL
Board Member



Muhammad Zarrug M. RAJAB
Board Member



Hamad Abdulla A. EQAB
Board Member



Mitat AKTAŞ
Board Member



Fahad Abdullah A. ALRAJHI
Board Member



Dr. Bekir PAKDEMİRLİ
Board Member



Dr. Fahrettin YAŞI
Executive Board Member



Melikşah UTKU
Board Member and General Manager

Board of Directors

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 master 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 Chairman of ABC Islamic Bank (EC). He was then appointed as General Manager of Al Baraka Banking Group (ABG) in March 2000. He took office as the CEO of Bahrain Islamic Bank during 2002-04 and two terms (2007-2013) served as the Chairman of the Board of the Arab Bankers' Union in Lebanon. 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 was awarded by LARIBA American Finance House the 2012 "LARIBA Award for Excellence in Achievement", in recognition of his leadership role in consolidating and operating the largest diversified Islamic Banking Group in the world. Mr. Yousif has been awarded the Accolade of the Sudanese Presidency for Excellency in Social Responsibility in December 2015. Dec. 2016 Mr. Adnan Yousif was decorated with the Title of "High Commissioner to preach the United Nations Sustainable Development Goals 2030". He also won the Gold Award for Sustainable Development in recognition of his major role in the service and social responsibility programs both nationally and internationally, as well as recognition for the leading role of Al Baraka Group in the field of CSR activities at Oman International Conference on Social Responsibility 2016. Mr. Yousif has been elected during 2017 as the Chairman of Bahrain Association of Banks. He has been the Chairman of the Board of Directors, Credit Committee and Remuneration Committee of Albaraka Türk since April 2005.

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 master's 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 worked for the Devlet Yatırım Bankası between 1972 -78 and for Yatırım Finansman Investment A.Ş. after 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 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.

Osman AKYÜZ Executive Board Member

He was born in 1954 in 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 (STFA) as an Auditor and Financial Consultant in 1983. In 1985, he started working as the Manager of Financial and Administrative Affairs in Albaraka Türk. 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 and Remuneration in our bank since November 2001 and Executive 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 between 2012-15. He is also the Chairman of Development Board In Istanbul Development Agency, Board Member of Sinpaş Real Estate Investment Trust Co. and Board Member of EYG Real Estate Portfolio Management Inc.

Ibrahim Fayez Humaid ALSHAMSİ 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 1969-1971 at Bank of Oman as Current Accounts Chief. Later on he became the manager of its Ajman branch (1971). In between 1972-76, he held the following positions: Manager of Financial Affairs at the Ministry of Housing & Town Planning of UAE. He

worked as Assistant General Manager at Abu Dhabi Fund for Arab Economic Development between 1976-89; 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 Chairman and CEO of the Emiratis Islamic Bank in Dubai between 2004 and 2011. Later on, his own company AlRabiah Trading Co. (Dubai). He has been a board member of Albaraka Türk since April 2005. He is also the member of Corporate Governance and Social Responsibility Committee.

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. Between February 2005-2015, he has worked at ABG in Bahrain, as senior vice-president responsible for financial control. Since 2015, he has been serving as Executive Vice President-Head of Finance at ABG. Currently he is Chairman of the Accounting Standard Board of AAOIFI and also board and audit committee member in Jordan Islamic Bank and AlBaraka Algeria. He has been holding a CPA (Certified Public Accountant) certificate and CGM (Chartered Global Management Accountant) since 1996. He holds the position of a member of the Board of Directors and the Chairman of Audit Committee since March 2008.

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.

Fahad Abdullah A. ALRAJHI**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.

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 Arab 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 February 2007. Mr. Hashem is a Certified International Project Manager (CIPM) and Certified Information Systems Auditor (CISA). Hood H.A. Hashem was appointed as a Board and Audit Committee member of Albaraka Türk in 2011 and also Board, Risk Committee, Credit Committee member and Chairman of the IT Governance Committee in Jordan Islamic Bank.

Prof. Dr. 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 at Istanbul Commerce University. Kemal

Varol was appointed as the Independent Board Member to the Board of Albaraka Türk in 2013 and he is also the chairman of Corporate Governance Committee and a member of Credit Committee.

Muhammad Zarrug M. RAJAB**Board Member**

He was born in Tripoli, Libya in 1937. He graduated from the Department of Accounting at the University of Libya, and he worked at the same university between 1967-1969. He received the Chartered Accountant Certificate (FCA) in the UK in 1967. He worked as a general inspector at the Libyan Court of Accounts between 1969-1972 and 1992-1994. He served as Secretary of Treasury in Libya between the years 1972-1980. He took senior positions in the Libyan Foreign Investment Institution between 1985-1987 and 2004-2006. He served as Governor of The Libyan Central Bank in 1987 and 1990. Later, he worked for the Libyan Development Bank between 1994-2004. He assumed board memberships at Banca UBAE between 1996-2004, Islamic Development Bank (Jeddah) between 1994-2008, ITFC (International Trade Finance Cooperation-a subsidiary Islamic Development Bank) and Bahrain Islamic Bank between 2006-2011. Then he retired from Libyan Government duties in 2011. Rajab, who has been serving as Board Member in Al-Mizan Bank (Pakistan) has also been appointed Board Member of Albaraka Türk as the date of 24.12.2015 by taking over the position from the previous Board Member Khalifa Taha Hamood ALHASHIMI.

Dr. Bekir PAKDEMİRLİ**Board Member**

Bekir Pakdemirli was born in İzmir in 1973. After graduating from Bilkent University, Faculty of Business Administration, he completed his Master's degree in Management at Baskent University and his PhD degree in Economics at Celal Bayar University. Mr. Pakdemirli has been an entrepreneur in food, computer and automotive industries, besides taking roles in the establishment and management of various companies. During his career, he also served as the General Manager of a ceramics company, which is among the 500 industrial companies in Turkey and a publicly-traded food company. He has served in executive management positions at McCain Foods, a multinational company, and still offers consultancy services to McCain Company. Serving as a member of the Board of Directors of Albaraka Turk Participation Bank and Turkcell İletişim Hizmetleri A.Ş., Mr. Pakdemirli also continues his roles as a member of the Board of Directors of Tarkem-Tarihi Kemeraltı A.S., Turkish Foundation for Mental Healthcare, as well as being a member of the Board of Trustees of Anatolian Autism Foundation and a member of Capital Markets Investors Association with his attention to social responsibility. Mr. Pakdemirli presents a weekly economic program on Ege TV. Mr. Pakdemirli is a captain, pilot and an amateur radio operator.

Dr. Fahrettin YAŞİ**Executive Board Member**

Mr. Yaşİ 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. Yaşİ held the position of Deputy Assistant General Manager at Albaraka Türk. He worked as the Board Member and General Manager of Albaraka Turk between November 2009 and October 2016. He worked as Chairman of the Board at Katılım Emeklilik and Hayat A.Ş. between 2014-17 and he worked as Chairman of the Board at Albaraka Gayrimenkul Portföy Yönetimi A.Ş. between 2015-17. He continues to serve Albaraka Türk Board Member, which started in November 2009.

Melikşah UTKU**Board Member and 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 Master's Degree on economic development in Marmara University (Istanbul, 1998). In 2004, he served as consultant to General Manager of Albaraka Turk. In 2006-2007, he was head economist in Albaraka Turk. In addition, he was an economics columnist for Yeni Şafak newspaper for over 10 years (1995-2009). He later worked as Investor Relations Manager from 2007-2009. He continued as CIO-Assistant General Manager in December 2009 and was appointed as CFO-primarily responsible for Financial Affairs, Budget and Financial Reporting and Corporate Communication Departments. He was a board member of Borsa Istanbul from 2013 to 2016. As the General Manager of Albaraka Türk as of October 2016 Utku continued his duty, as well as Chairman of the Board of directors of Turkey Union of Participation Banks (TKBB), Bereket Varlık Kiralama A.Ş. Albaraka Gayrimenkul Portföy Yönetimi A.Ş., Katılım Emeklilik ve Hayat A.Ş.

Senior Management



Melikşah UTKU
Board Member and General Manager



Turgut SİMİTCİOĞLU
Senior Assistant General Manager
(Deputy)



Mehmet Ali VERÇİN
Senior Assistant General Manager
(Deputy)



Temel HAZIROĞLU
Assistant General Manager



Nevzat BAYRAKTAR
Assistant General Manager



Fatih BOZ
Assistant General Manager



Hasan ALTUNDAĞ
Assistant General Manager



Nihat BOZ
Assistant General Manager



Ali TUĞLU
Assistant General Manager



Süleyman ÇELİK
Assistant General Manager



Deniz AKSU
Assistant General Manager



Malek Khodr TEMSAH
Assistant General Manager



Cenk DEMİRÖZ
Assistant General Manager

Senior Management

Melikşah UTKU

Board Member and General Manager

Please see Board of Directors page for the CV of Melikşah UTKU.

Turgut SİMİTCİOĞLU

Senior Assistant General Manager (Deputy)

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. As of January 2017, he was appointed as Senior Assistant General Manager and Deputy General Manager. Assistant General Managers responsible against Mr. Simitcioğlu; Assistant General Manager of Sales, Assistant General Manager of Marketing, Assistant General Manager of Treasury and Financial Institutions.

Mehmet Ali VERÇİN

Senior Assistant General Manager (Deputy)

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. As of January 2017, he was appointed as Senior Assistant General Manager and Deputy General Manager. Assistant General Managers responsible against Mr. Verçin; Assistant General Manager of Information Technologies, Assistant General Manager of Operations, Assistant General Manager of Human Values. Also he has been carrying out his duty as the Vice Chairman of the Board of Albaraka Gayrimenkul Portföy Yönetimi A.Ş. since 2015.

Temel HAZIROĞLU

Assistant General Manager

Mr. Haziroğlu was born in Trabzon in 1955. He received his degree from the Department of Mathematical Engineering in Istanbul Technical University (1980) and completed his Masters Degree in Management Department of Social Sciences Institute at Istanbul Sabahattin Zaim University (Istanbul, 2015). He worked as Programmer, System Analyst and Assistant Manager of IT for Türkiye Emlak Bankası. He worked as the IT Manager at Albaraka Turk 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 Turk where he worked as Manager of IT department and Deputy Manager of Human Resources and Administrative Affairs Department. Mr. Haziroğlu had been Assistant General Manager between 2003 and 2017 primarily responsible for Human Values, Training and Organization, Performance and Career Management and Administrative Services Departments. Since January 2017 He is responsible for Financial Affairs Department, Financial Reporting Department, Strategic Planning Department, and Process Management and Organization Department. He is currently Member of the Board of Albaraka Gayrimenkul Portföy Yönetimi A.Ş.

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 Turk in 1987. He later became Assistant Manager and Manager within the same department (1995-1996). Between 2002 and 2009, Mr. Boz was head legal consultant at Albaraka Turk. He had served as Assistant General Manager responsible for Legal Advisory and Legal Follow-Up Departments of Albaraka Turk since December 2009. Since January 2017 He has been the Assistant General Manager for Legal Advisory.

Ali TUĞLU

Assistant General Manager

Born in 1969 in İstanbul, Mr. Ali TUĞLU graduated from the Department of Computer Engineering at İstanbul Technical University (1991). Between 1990 and 2003, he worked as an instructor in Virginia Tech University, ABD and he took his master degree in the field of computer science in the same university. In 1995, Mr. Ali TUĞLU began working as a software engineer for CGN & Associates Company and two years later, by transferring to Minerva he worked as the Manager of Software Group. Transferred to HP in 1998, for ten years Mr. Ali TUĞLU served as a Senior Consultant, a Senior Project Manager, a Consultancy Regional Manager of Turkey and International Departments. Between 2008 and August 2014, He worked as an Assistant General Manager responsible for Information Technologies at Bank Asya Participation Bank and since October 2014 he was appointed as Assistant General Manager responsible for Albaraka Turk Information Technologies. Mr. Ali TUĞLU has been an Assistant General Manager primarily responsible for Core Banking Applications Development, IT Support and Infrastructure, Customer Channels and Analytical Applications Development, Governance and Strategy of Information Technologies Departments.

Süleyman ÇELİK

Assistant General Manager

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

Nevzat BAYRAKTAR
Assistant General Manager

Nevzat Bayraktar was born in Bayburt in 1969 and graduated from Eskişehir Anadolu University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1993. Between 1993-1994, he studied English at Leeds Metropolitan University in England. After working in Esbank for about a year in Foreign Trade Department in 1995, he started to work as Assistant Specialist in Albaraka Türk Project and Marketing Department in 1996. In 2003, Bayraktar continued to work in Albaraka Türk as the second manager in the Central Branch. Between 2010 and 2016, Bayraktar became the Head of the Central Branch. As of January 2017, he was appointed as Assistant General Manager and he is responsible for Corporate Sales Department, Commercial Sales Department, Retail Sales Department, Regional Dept. & Branches.

Fatih BOZ
Assistant General Manager

He was born in Edirne in 1973. In 1995, he graduated from the Faculty of Political Sciences, Ankara University. He has a master's degree in political science from the same school. In 1995-1998, he worked as a director for various companies. In 1998, he joined Albaraka Türk family as an inspector assistant in the Inspection Board. In 2003, he served as Deputy Director of Operations Department, Branch Manager in 2006-2009, Manager at Project Management Department in 2010-April 2011, and later as Credits Operations Manager. During his tenure, he worked on many bank projects. In January 2017 he was appointed as Assistant General Manager responsible for central operations 2017 and he is responsible for Credit Limit Management Department, Banking Services Operations Department, Foreign Trade Operations Department, Payment Systems Operations Department, Credits Operations Department.

Hasan ALTUNDAĞ
Assistant General Manager

He was born in 1966 in Konya. He was graduated from Ankara University, Faculty of Political Sciences, Department of Economics. In 1986 he started to work for Yapı Kredi Bank. Until 1999, he served as Inspector, Operations Director and Operations Field Director respectively. He served as Sultanhamam and Merter Branches Manager at Asya Participation Bank for the period between 1999-2004. In March 2004, he was appointed as Sultanhamam Branch Manager to Albaraka Türk Participation Bank. He served as Regional Manager of Marketing at Albaraka Türk between 2005 and 2011, Director of Transformation Administration Office between 2011 and 2013, and Manager of Strategy and Corporate Performance Management between years 2013-2016. As of January 2017, he was appointed as Assistant General Manager and he is responsible for Product Management Department, Alternative Distribution Channels Department, Marketing Department and Corporate Communications Department.

Deniz AKSU
Assistant General Manager

Deniz AKSU, graduated from Middle East Technical University, Economics, started his banking career as a corporate portfolio manager in Pamuk Bank in 1995. He became Bursa District Manager in Yapı Kredi Leasing Corporation in 1997. After 1998, he continued his career as Corporate and Commercial Sales Head in CitiBank and in 2008 he got Senior Branch Manager position in HSBC. Aksu joined Albaraka Türk Participation Bank family in 2012 and after working as Corporate Marketing Department Head for 5 years, he became Assistant General Manager Responsible for Credit Risk in 2017. Aksu has 22-year work experience in financial markets is responsible for Credit Intelligence Management, Credit Risk Monitoring Management, Collection Management and Legal Follow-up as an Assistant General Manager Responsible for Credit Risk.

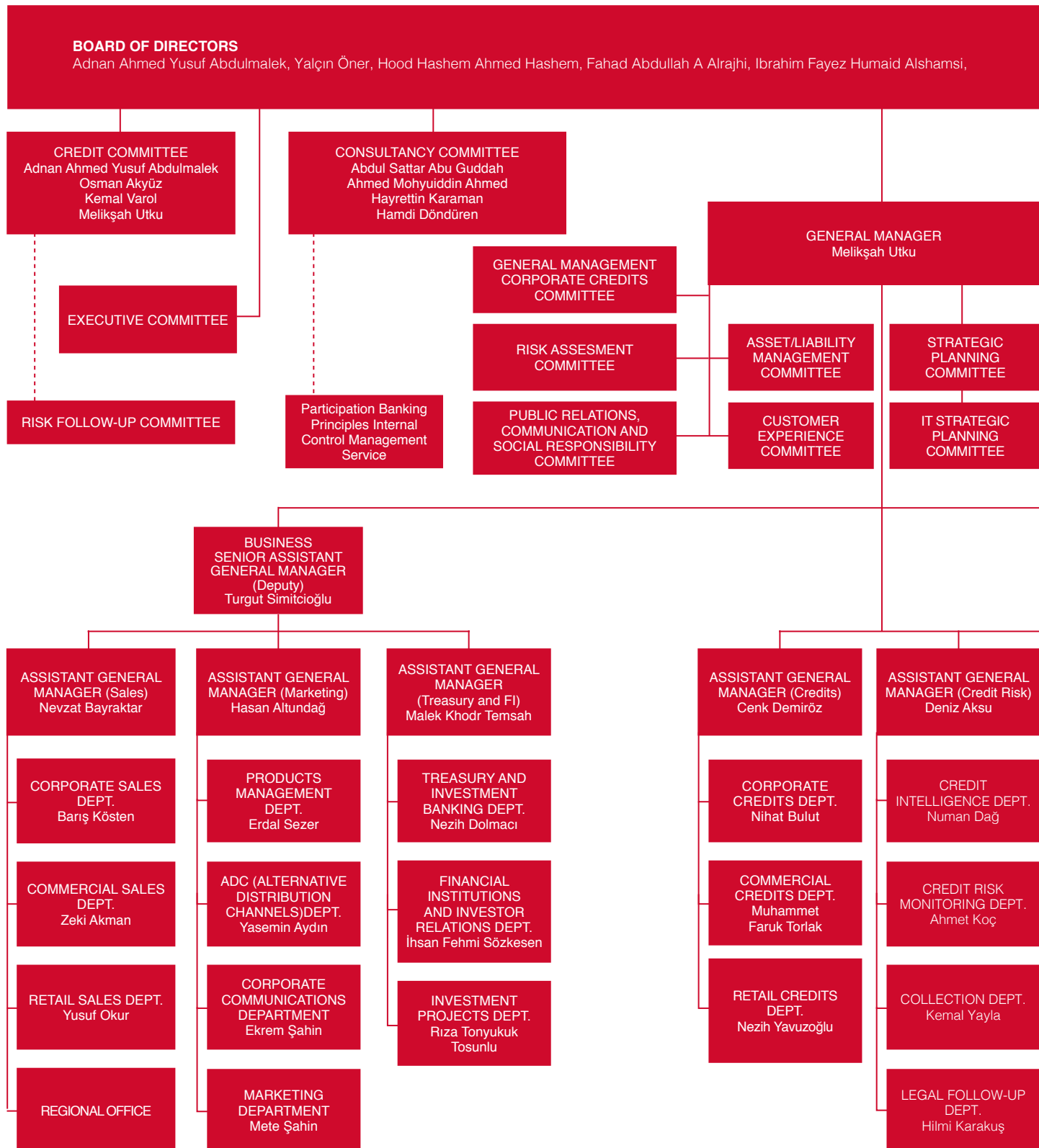
Malek Khodr TEMSAH
Assistant General Manager

Mr. Temsah was born in Beirut, Lebanon in 1981. He received his Bachelor of Business Administration from The George Washington University (Washington D.C., 2003). He completed his Master's Degree in Business Administration from Thunderbird, the Garvin School of International Management (Arizona, 2006). In 2003, Mr. Temsah began his career with Bank of America Business Banking in Washington DC followed by his tenure at the London-based European Islamic Investment Bank between 2007 and 2009. In 2010 he joined leading global Islamic bank Albaraka Banking Group, Bahrain as Vice President of Treasury where he established & oversaw the sukuk desk until 2014. Since 2014, Mr. Temsah has been working with Albaraka Türk Katılım Bankası and is also currently a member of the board of directors for one of Morocco's first Islamic banks where he serves on the audit and remuneration committee. As of January 2017, he was appointed as Assistant General Manager will be responsible for Treasury and Investment Banking Department, Financial Institutions and Investor Relations Department, Investment Projects Department.

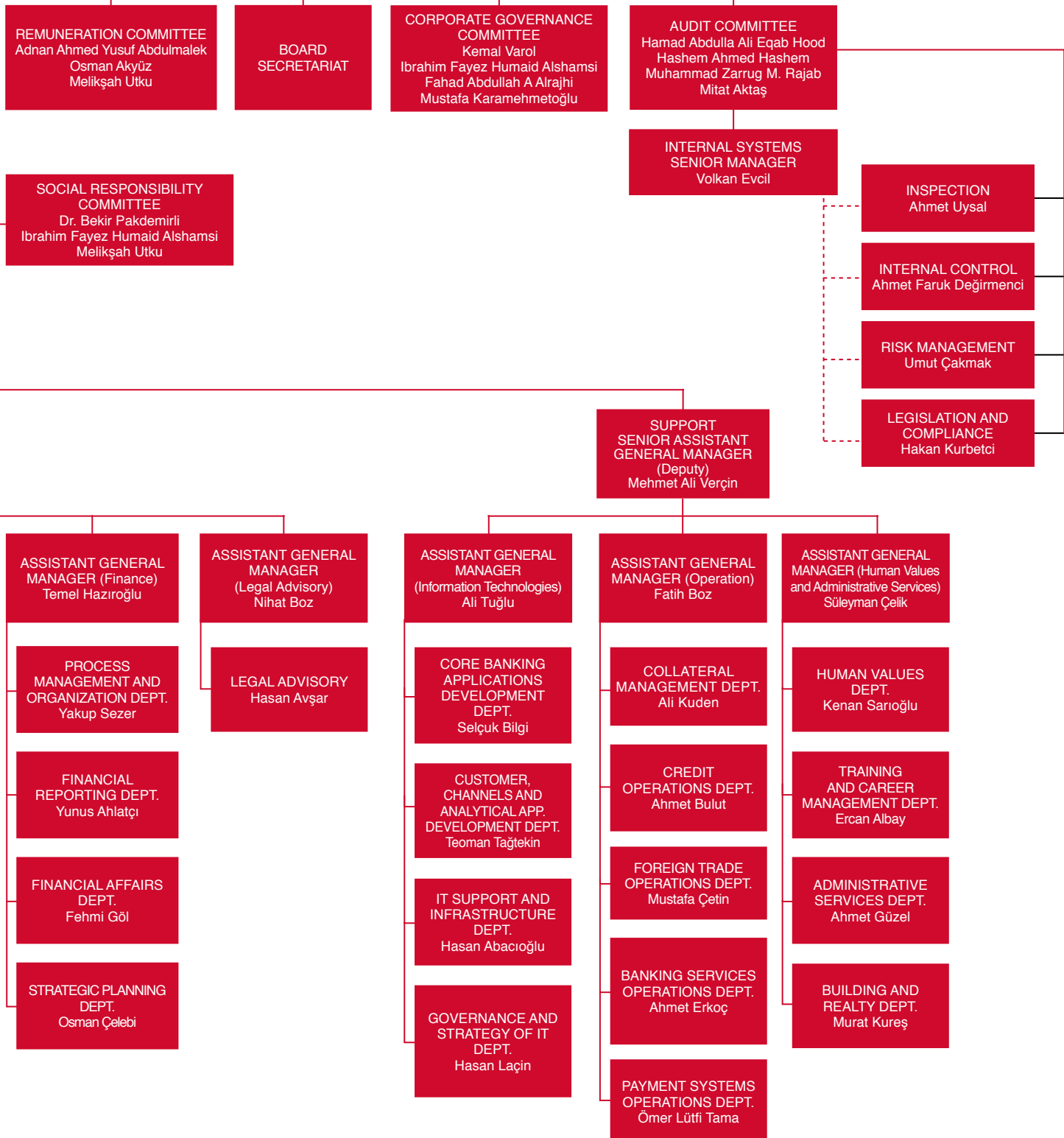
Cenk DEMİRÖZ
Assistant General Manager

Mr. Demiroz was born in Istanbul in 1973. He received his B.A. and M.A. degree in Economics from Bogazici University (1996-ranking first within 119 Economics Graduates) and Cornell University (2000) respectively. He started his career as a Corporate RM at HSBC Bank in 2000 and served as Department Manager between 2002 and 2010 in Corporate and Commercial Credit Department. In 2010, he joined ING Bank as Co-Head of Commercial and SME Credit & Risk. He returned back to HSBC Bank in November 2010 assuming a Director role responsible from Corporate, Commercial and Financial Institutions Credit Approvals and Counterparty and Market Risk Management. As of February 2017, he joined Albaraka Türk as Assistant General Manager responsible from Corporate, Commercial and Retail Credits.

Organization Chart



Muhammad Zarrug M.Rajab, Osman Akyüz, Hamad Abdulla Ali Eqab, Kemal Varol, Bekir Pakdemirli, Mitat Aktaş, Fahrettin Yahşi, Melikşah Utku



Organization Structure Changes

- Senior Assistant General Manager (Deputy) Responsible from Business Lines and Senior Assistant General Manager (Deputy) Responsible from Support positions are established between General Manager and Assistant General Managers positions. Turgut Simitcioğlu who was in the position of the Assistant General Manager Responsible from Operation is appointed as the Senior Assistant General Manager (Deputy) Responsible from Business Lines. Mehmet Ali Verçin who was in the position of the Assistant General Manager Responsible from Corporate Marketing and Sales is appointed as the Senior Assistant General Manager (Deputy) Responsible from Support.
- Assistant General Manager Responsible from Corporate Marketing and Sales and Assistant General Manager Responsible from Commercial Marketing and Sales positions are removed; Assistant General Manager Responsible from Sales and Assistant General Manager Responsible from Marketing positions reporting to the Senior Assistant General Manager (Deputy) Responsible from Business Lines are established. Nevzat Bayraktar who was previously in the position of Central Branch Manager is assigned as the Assistant General Manager Responsible from Sales, and Hasan Altundağ in the position of Strategy and Corporate Performance Manager is appointed to the position of Assistant General Manager Responsible from Marketing.
- Corporate Marketing, Commercial Marketing and Retail Marketing departments are removed and instead, Corporate Sales, Commercial Sales and Retail Sales reporting to the Assistant General Manager Responsible from Sales are established. Regional Directorates and Branches are also connected to the Assistant General Manager Responsible from Sales.
- Retail and Commercial Product Management Departments are combined and named under Product Management Departments. Customer Relations Management service within the body of the Retail Marketing Department is restructured as the Marketing Department by updating fields and description of responsibility fields. The Department of Product Management, Alternative Distribution Channels, Corporate Communication and Marketing are connected to the Assistant General Manager Responsible from Marketing.
- Also, Assistant General Manager Responsible from Treasury and Financial Institutions reporting to the Senior Assistant General Manager (Deputy) Responsible from Business Lines is established. Investment Banking service within the body of Financial Institutions Department is connected to the Department of Treasury Marketing and named as Department of Treasury and Investment Banking. Department of Financial Institutions and Investor Relations are combined; name of the department is changed as the Department of Financial Institutions and Investor Relations. Ihsan Fehmi Sözkese who was in the position of the Treasury Marketing Manager is assigned as the Financial Institutions and Investor Relations Manager. Department of Investment Projects, Department of Treasury and Investment Banking and Financial Institutions and Investor Relations are connected to the Assistant General Manager Responsible from Treasury and Financial Corporations. Malek Khodr Temsah who was an assistant manager at the Department of Treasury Marketing is assigned as the Assistant General Manager Responsible from Treasury and Financial Institutions.
- Assistant General Manager Responsible from Credit Risk reporting to the General Manager is established. Credit Management and Monitoring Department and Department of Risk Follow-up are restructured; Credit Intelligence Management, Credit Risk Monitoring Management, Collection Management and Legal Supervision Management are established and connected to the Assistant General Manager Responsible from Credit Risk. Deniz Aksu who was in the position of the Department of Corporate Marketing is assigned as the Assistant General Manager Responsible from Credit Risk.
- The position of Strategy and Corporate Performance Manager reporting to the General Manager is divided as the Strategic Planning, and Process Management and Organization Departments. Budget service is separated from Department of the Budget and Financial Reporting and included in the responsibility of the Department of the Strategic Planning. Accordingly, Department of the Budget and Financial Reporting is named as the Department of Financial Reporting.

- Department of Financial Affairs, Department of Strategic Planning, Process Management and Organization and Financial Reporting are connected to the Assistant General Manager Responsible from Finance reporting to the General Manager. Temel Hazıroğlu who was in the position of the Assistant General Manager Responsible from Human Values is assigned as the Assistant General Manager Responsible from Finance.
- Organization service of the Department of Training and Organization is connected to the Department of Process Management and Organization. Department of Training service Performance and Career are combined and named as the Education and Career Management Department. Department of Human Values, Administrative Affairs, Construction and Real Estate and Department of Education and Career Management are connected to the Assistant General Manager Responsible from Human Values and Administrative Affairs reporting to the Senior Assistant General Manager (Deputy) Responsible from Support. Süleyman Çelik who was in the position of the Department of Human Values is assigned as the Assistant General Manager Responsible from Human Values and Administrative Affairs.
 - Cenk Demiröz who was a director at HSBC Bank in the position of the Director responsible from Corporate, Commercial and Financial Institutions Credits Allocation, Market and Counterparty Risks is assigned as the Assistant General Manager Responsible from Credits reporting to the General Manager. Department of Corporate, Commercial and Retail Credits are connected to Cenk Demiröz.
 - Collateral Management Department is established. Name of Department of Foreign Transactions Operation is updated as the Department of Foreign Trade Operation. Fatih Boz who was working as the Manager of Credits Operation Department is assigned as the Assistant General Manager Responsible from Operations connected to the Senior Assistant General Manager (Deputy) Responsible from Support. In addition to the Department of Collateral Management, Foreign Trade Operation, Department of Credits Operation, Banking Services Operation and Payment Systems Operation are connected to the Assistant General Manager Responsible from Operations.
 - Department of Information Technologies System Support is updated with the name IT System Support and Infrastructure Department.
 - Inspection, Internal Control, Risk Management and Legislation and Compliance reporting to the Member of the Board of Directors Responsible from Internal Systems has started to work reporting to the Audit Committee and the Board of Directors through Volkan Evcil assigned as the Senior Manager Internal Systems. Ahmet Uysal is assigned as the Inspection President, Ahmet Faruk Değirmenci is assigned as the President of the Internal Control and Umut Çakmak is assigned as the President of the Risk Management.
 - An Executive Committee reporting to the Board of Directors is established to increase the efficiency of the Board of Directors. Besides, Risk Monitoring Committee within the General Manager Committees is connected to the Credit Committee of the Board of Directors. Credit Offering Committee connected to the Credit Committee is removed.
 - At the Ordinary General Assembly held on 24.03.2016, In order to complete the remaining period of Our Board Member who passed away on 31.12.2015 Mr. Prof. Dr. Ekrem Pakdemirli, Bekir Pakdemirli was appointed as a member of the Board of Directors.
 - Mr. Ayhan Keser in the position of Assistant General Manager Responsible from Retail Marketing, Retail Product Management, Alternative Distribution Channels, Financial Institutions and Investor Relations Departments has left his Office as of 31.08.2016.
 - Mr. Melikşah Utku who was working as CFO is assigned as the Acting General Manager and the Member of the Board of Directors on 19.10.2016.
 - Bülent TABAN, the Assistant General Manager Responsible from Retail & Corporate Marketing and Sales, İsmail KÜÇÜKERDOĞAN, the President of the Inspection and Hüseyin TUNÇ, the Department of Credit Management and Monitoring have resigned as of 31.12.2016, Mahmut Esfa EMEK, the Assistant General Manager Responsible from Credits has resigned as of 02.01.2017 from their offices at our Bank.
 - Acting General Manager Mr. Melikşah UTKU has been duly appointed as General Manager with the decision of Board of Directors dated 17.02.2017 and numbered 1603.

Information on Board of Directors and Senior Management

Position	Name-Surname	Education	Duty Date	Experience in Banking Sector	Share (%)
Board of Directors					
Chairman	Adnan Ahmed Yusuf ABDULMALEK	Masters Degree	2014-2017	43	0.00000037
Vice Chairman	Yalçın ÖNER	Masters Degree	2014-2017	44	-
Board Member	İbrahim Fayez Humaid ALSHAMSI	Bachelors Degree	2014-2017	46	0.00000037
Board Member	Osman AKYÜZ	Bachelors Degree	2014-2017	30	-
Board Member	Dr. Bekir PAKDEMİRLİ	PhD Degree	2014-2017	1	-
Board Member	Mitat AKTAŞ	Masters Degree	2014-2017	32	0.0000011
Board Member	Hamad Abdulla A. EQAB	Bachelors Degree	2014-2017	23	0.00000037
Board Member	Fahad Abdullah A. ALRAJHI	Bachelors Degree	2014-2017	29	0.00000037
Board Member	Hood Hashem Ahmed HASHEM	Masters Degree	2014-2017	16	0.00000037
Board Member	Muhammad Zarrug M.RAJAB	Bachelors Degree	2014-2017	31	-
Board Member	Prof. Dr. Kemal VAROL	PhD Degree	2014-2017	8	-
Board Member	Dr. Fahrettin YAŞI	PhD Degree	2014-2017	28	-
Board Member and General Manager	Melikşah UTKU	Masters Degree	2016	13	-
Senior Management					
Board Member and General Manager	Melikşah UTKU	Masters Degree	2016	13	-
Senior Assistant General Manager (Deputy)	Turgut SİMİTÇİOĞLU	Masters Degree	2017	27	-
Senior Assistant General Manager (Deputy)	Mehmet Ali VERÇİN	Bachelors Degree	2017	24	-
Assistant General Manager	Temel HAZIROĞLU	Masters Degree	2003	31	0.0342
Assistant General Manager	Ali TUĞLU	Masters Degree	2014	9	-
Assistant General Manager	Nihat BOZ	Bachelors Degree	2009	30	-
Assistant General Manager	Süleyman ÇELİK	Bachelors Degree	2017	28	-
Assistant General Manager	Nevzat BAYRAKTAR	Bachelors Degree	2017	21	-
Assistant General Manager	Fatih BOZ	Masters Degree	2017	19	-
Assistant General Manager	Hasan ALTUNDAĞ	Bachelors Degree	2017	30	-
Assistant General Manager	Deniz AKSU	Bachelors Degree	2017	21	-
Assistant General Manager	Malek Khodr TEMSAH	Masters Degree	2017	14	-
Assistant General Manager	Cenk DEMİRÖZ	Masters Degree	2017	17	-

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, Executive Board Member

Member Melikşah UTKU, Board Member and General Manager

Member Prof. Dr. Kemal VAROL, Board Member

Reserve Members: Yalçın ÖNER, Dr. Bekir 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 96 times in 2016 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 5411 No. 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

Member: Muhammad Zarrug M. RAJAB, Board Member

Observer: Yalçın ÖNER, Vice Chairman

Observer: Ibrahim Fayez Humaid ALSHAMSI, Board Member

Observer: Melikşah UTKU,, 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.

Committees and Committee Meetings Attendance

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 2016 with all members attended.

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 6 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: Prof. Dr. Kemal VAROL, Board Member

Member: Ibrahim Fayed Humaid ALSHAMSI, Board Member

Member: Fahad Abdullah A. ALRAJHI, Board Member

Member: Mustafa KARAMEHMETOĞLU, Investor Relations Service Manager

Observer: Melikşah UTKU,, Board Member and General Manager

Observer: Osman AKYÜZ, Executive Board Member

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 2016. 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, Executive Board Member

Member: Melikşah UTKU, 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 2 times in 2015. All committee members attended all of the meetings.

5. 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 Presidium 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 Presidium 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 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 1 time in 2015.

CURRENT MEMBERS OF THE SOCIAL RESPONSIBILITY COMMITTEE:

President: Dr. Bekir PAKDEMİRLİ, Board Member

Member: Ibrahim Fayeze Humaid ALSHAMSI, Board Member

Member: Melikşah UTKU, Board Member and General Manager

6. CONSULTANCY COUNCIL

a. Purpose

Consultancy Council was founded in order to audit Albaraka Türk Participation Bank A.Ş.'s banking activities whether they are comply with interest free banking model, on the 6th May 2001 with 957 number decision of the Board of Directors.

b. Organization of the Council

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

c. Current Members of the Consultancy Council:

President: Abdul Sattar Abu GUDDAH

Member: Hayrettin KARAMAN

Member: Ahmed Mohyuddin AHMED

Member: Hamdi DÖNDÜREN

Note: The Council convened 4 times in 2016.

7. EXECUTIVE COMMITTEE

a. Purpose

The aim of this Charter (of the Executive Committee, the EC) is to ensure resolving the issues that need to be decided at the Board of Directors meetings in a quicker, more effectively and a healthier manner; resolving urgent matters by minimizing the hurdles associated with the crowded and infrequently meeting Board; to draft proposals, reports and memos (notifications) concerning the general businesses of the Bank such as the Bank's strategic plans, work plans, policies and procedures, all within the boundaries drawn in the related legislation whereas the Board's nontransferable duties and authorities and those that are exclusively assigned to a board, committee, department or a person as well as the authorities and representations therein, are defined; and, to act and take urgent and active decisions in the areas stipulated below, within the limitations expressed therein, when necessary. This Charter is based on Article 19 of our Bank's Articles of Association (The EC was established on 29.12.2016.)

b. Functions of the Committee

- To make reviews and proposals regarding the resolutions that the Board of Directors will take concerning general issues such as long-term strategic planning, policies, business plans and banking services,
- To identify any changes or deviations in the bank's existing finance, investment, income and expense policies and procedures, annual budget,
- To identify the adequacy or inadequacy of the bank's investment and finance levels as well as the facilities, the changes in the investment policies, make proposals for updates,
- To offer opinion and make decisions concerning new, existing and approved products, derivative, side and sub products,
- To offer suggestions on issues such as strategy, marketing, business plan and balance sheet for any venture, partnership, investment, and financial activity,

Committees and Committee Meetings Attendance

- To offer suggestions on issues investing in and purchasing important goods, services and rights and other means of acquiring or dismissing, making commitments, acquiring and participating in joint ventures with other methods and other investments, expenses, to decide on investments to be made by purchasing goods, services and rights up to the amount between 2% and 5% of Bank's shareholders' equity, joint venture, acquisition of subsidiaries and other methods, and To Commitment up to the amount between 2% and 5% of Bank's shareholders' equity of assets included in the Bank's assets, To examine the business processes, procedures and activities related to the activities of the Bank and to make new proposals in these matters and approve the authority to be given by the Board of Directors, to support the Bank's units.
- To report on the Bank, to observe the effectiveness of information and business policies and to make recommendations and recommendations.
- To present the findings and recommendations of the Bank on credit and other risk classifications
- The speed of the reports prepared for the Bank's activities, to examine the integrity of the Bank and to make proposals and proposals relating to the existing reports and the financial requirements and internal risks of the Bank on a quarterly basis
- To make proposals for any amendment to the Articles of Association, in particular to increase the capital of the Bank
- To give suggestions about specific sectors, geographical regions and customers,
- To review and propose the works that may affect the Bank's activities and other issues that may arise before the meetings of the Board of Directors
- To make proposals for restructuring related to the debts of the Bank's customers, partial or total liquidation of the debts and in other matters, to decide for restructuring of the loans and receivables up to the amount between 2% and 5% of the Bank's shareholders' equity, To decide on the liquidation or abolition of the Bank's loans, receivables and assets up to the amount between 2% and 5% of the annual Bank's own funds, To decide acceptance and other transactions of the Bank's receivables or payables up to the amount between 2% and 5% of the Bank's annual shareholders' equity, To provide proposals for dividends to be distributed to shareholders, premiums to be paid to the employees and other payments
- To make proposals for resolving legal disputes within Bank customers, staff or third parties with peace, misappropriation, acceptance, waiver and other methods in these matters, To make decisions on matters up to the amount between 2% and 5% of annual Bank's shareholders' equity
- To decide on the appointment, transfer and promotion of the employees with first degree signature authority, to present those to the approval of the Board of Directors
- To fulfill the duties assigned by the Board of Directors
- To solve any problems that are not within the jurisdiction of any other board, committee, organ, unit and person, to support the relevant units within their duties and authority

c. Organization of the Committee

The Committee consists of the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, the Managing Director and the General Manager. The Board of Directors may change the number of members of the Committee at any time. Chairman of the Board, Chairman of the Committee; The Vice-Chairman of the Board is designated as the Vice Chairman of the Committee. The Committee Secretariat shall be elected and administered by the Committee Secretariat, elected by the Committee. The secretary cannot be elected from among the members of the Committee.

d. Working Principles of the Committee

Members of the Committee shall be convened immediately upon invitation of the General Manager or the Chairman of the Committee, in particular if any critical problems arise. The meeting agenda shall be sent by the General Manager or the Chairman of the Committee together with the meeting invitation. In addition to the agenda sent at the meeting, the points of interest to be discussed can also be discussed and discussed. As a rule, the Committee meets prior to Board meetings. However, it may also be convened when there is no meeting of the Board of Directors when necessary. The Committee shall hold at least four meetings per year in each case. The meeting is held with the participation of at least 3 members. The Chairman directs the Committee meetings and the Vice Chairman in the absence of the Chairman. Decisions are taken by the majority of those present at the meeting. Meeting minutes and resolutions are recorded. Minutes are regularly signed by Committee members and presented to the Board of Directors.

Summary of the Board of Directors' Annual Report

Esteemed shareholders,

Welcome to the 32nd 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 2016 for your consideration and approval, we respectfully greet our shareholders, their representatives, and our guests who have honored this meeting with their presence.

2016 will be remembered as a difficult year in which our country's markets were shaped by global economic volatilities abroad and by political uncertainties at home. Despite these challenging conditions, the banking sector continued its sustainable growth. Our Bank also had another successful year in line with its targets both sustainable growth and profitability in 2016.

In the year to 31 December 2016:

Total assets increased by **11.1%** to TL **32,851** million.

Total collected funds increased by **13.8%** to TL **23,155** million.

Funded credits* increased by **16.5%** to TL **22,722** million.

Shareholders' equity increased by **8.35%** to TL **2,279** million.

Net profit realized as TL 217,6 million.

*Includes financial leasing receivables.

*Excludes revocable commitments.

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 2017 as well.

We hereby submit for your consideration and approval the balance sheet and profit/loss statement contained in our annual report for 2016.

Respectfully,

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
THE BOARD OF DIRECTORS

Support Services Providers

The Name Of The Company	Explanation for Services and Products
C/S Enformasyon Teknolojileri Ltd. Şti.	Information Technologies
Acerpro Biliflim 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 İç 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 (ATM) 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
VBT Bilgi Teknolojileri A.Ş.	Operational Services
Eksagate Elektronik ve Bilgisayar San. Tic. A.Ş.	Information Technologies
Sys Telekomünikasyon Bilgisayar Elektronik San. ve Tic. A.Ş.	Automated External Search
Sistaş Sayısal İletişim San. ve Tic. A.Ş.	Information Technologies
Sistaş Sayısal İletişim San. ve Tic. A.Ş.	IP-Based Power Plant Contract
Bir Gayrimenkul Yatırım Danışmanlık A.Ş.	Attorney for Real Estate Registering
Kets Bilgisayar Elektronik İletişim Hizmetleri San. ve Tic. Ltd. Şti.	Information Technologies
Desmer Güvenlik Hiz. Tic. A.Ş.	Off Site ATM Supply
32Bit Bilgisayar Hizmetleri Ltd. Şti.	Information Technologies
Turkcell İletişim Hizmetleri A.Ş.	Information Technologies
Monitise Yazılım A.Ş.	Mobile Banking
Zenn Bilişim Teknolojileri San. ve Tic. Ltd. Şti	ATM Lock System
Tnetworks Bilişim Teknolojileri San. Tic. Ltd. Şti.	Information Technologies
Austria Kart Turkey Kart Operasyonları A.Ş.	Personalization and enveloping services
Mastercard Payment Transaction Services Turkey Bilişim Hizmetleri A.Ş.	Operational Services
Mobil Eğlence Telekomünikasyon Filmcilik Reklamcılık Turizm Yayıncılık San. ve Tic. Ltd. Şti.	Information Technologies
ODC İş Çözümleri Danışmanlık Ticaret A.Ş.	Information Technologies
Innovaera Bilişim Teknolojileri A.Ş.	Information Technologies
Avi Gayrimenkul Yatırım Değerleme ve Danışmanlık A.Ş.	Attorney for Real Estate Registering
Eteration Bilişim Çözümleri Ticaret A.Ş.	Information Technologies

Transactions of the Bank with the Risk Group*

As of December 31, 2016 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 79.171.095 and EUR 127.196.602 (December 31,2015: USD 125.440.079 and EURO 90.816.893). The profit share expense relating to such borrowings for the period between January 1, 2016 – December 31, 2016 is TL 8.563 (December 31, 2015: TL 12.345). The Bank has issued Sukuk in the amounts of USD 350.000.000 and TL 175.000.000 through “Bereket Varlık Kiralama A.Ş.” which exists in the risk group of the Bank. The total expense for the related issues is TL 82.328 as of December 31, 2016 (December 31, 2015: TL 61.491).

*Unconsolidated Financial Statements and Independent Auditor’s Report”, under footnote – VII.

Corporate Governance Compliance Report (31.12.2016)

1. DECLARATION OF COMPLIANCE TO CORPORATE GOVERNANCE PRINCIPLES

Albaraka Turk Katılım Bankası A.Ş. (“Albaraka Turk” or “Bank”) is subject to the Corporate Governance Principles attached to Corporate Governance Communiqué (“Communiqué”) number II-17.1 published by CMB according to the relevant articles of the Turkish Commercial Code, Banking legislation, Capital Market Board (“CMB”) legislation since 2007 the public offering is made until today. Albaraka Turk is also subject to the management structure, process and principles provisions stated with “Regulations on the Banks’ Corporate Governance Principles” published by Banking Regulation and Supervision Agency (“BRSA”). Albaraka Turk determining being the Best Participation Bank of the World as its Vision has adopted the Corporate Governance Principles at the basic corporate value and show the required care to comply with the mandatory principles. Besides, it continues it studies for compliance with the principles which are not mandatory.

Within the framework of Corporate Governance Communiqué regulations number II-17.1, independent member of the Board of Directors selection is made at the general assembly meeting in 2012. Also, on the compliance with the same communiqué and Turkish Commercial Code number 6102, the Articles of Association of our Bank is reviewed and submitted to the General Assembly of 2012 and approved. Updated information of our Bank is offered to the service of all our stakeholders from Albaraka Turk website and Investor relations tab in the same site.

Within the scope of studies on compliance with our Bank Corporate Governance Principles, Corporate Governance Committee (the “Committee”) responsible from following, evaluating and performing improvement studies for compliance with the relevant principles is established in 2007. The Committee has made studies on improvement of our Bank’s corporate governance applications at the meeting held in 2016. Information on the activities of the Committee coordinating studies of the Investor Relations unit is given in detail in the section our Bank Committees of the activity report.

Albaraka Turk is receiving rating service from JCR Eurasia Rating (JCR Avrasya derecelendirme A.Ş.) entitled by CMB on Corporate Governance Rating since 2010. In this respect, on June 11, 2016, while corporate governance rating note given by JCR Eurasia Rating is increased from 8.59 to 8.75, the appearance is revised as stable. As the note for compliance with CMB Corporate Governance Principles is over the Threshold Point of 7, Albaraka Turk takes place in the Stock Market Istanbul Corporate Governance Index since 2010. Compliance notes our Bank has received in four main sections are in the table below.

	Weight %	Note
1. Shareholders	25	8.83
2. Public Disclosure and Transparency	25	9.04
3. Stakeholders	15	8.56
4. Board of Directors	35	8.58

The note increase in 2016 is due to the Shareholders (from 8.31 to 8.83) and Public Disclosure and Transparency (from 8.89 to 9.04) fields. During the monitoring, our Bank management purchasing its own share at the Stock Market Istanbul and providing share price to have more balance performance and announcing all trade transactions made within the scope to public in compliance with the legislation has affected the note increase of the “Shareholders”. Investor relations unit carrying out its activities efficiently with its experienced personnel and increasing its transparency level by the website of the Bank, PPP announcements and activity reports has been effective in increasing “Public Disclosure and Transparency” points.

There have been no interest conflicts between the beneficiaries within the period due to the corporate governance principles which compliance is not provided.

PART I-SHAREHOLDERS

2. Investor Relations Unit

According to the 11th Article of the Corporate Governance Communiqué (the “Communiqué”) number II-17.1 published by the Capital Market Board, as it is mandatory to constitute investor relations department providing relation between the partnerships and the investors in this department to be operated directly connected to partnership general manager or deputy general manager or one of the corresponding managers who have administrative responsibility, and the manager of the investor relations department to hold “Advanced Level License of Capital Market Activities” and “License of Corporate Governance Ratings Specialist”, and work full-time as a manager in the partnership and being assigned as a member of the Corporate Governance Committee; Albaraka Turk has established Investor Relations in 2007. Mustafa KARAMEHMETOĞLU, the Assistant Manager of the Investor Relations holding the relevant licenses is assigned as the manager of the Investor Relations Service and he is working as the Member of the Corporate Governance Committee.

Corporate Governance Compliance Report (31.12.2016)

Information on the employees of the Investor Relations carrying out its activities under the Corporate Governance Committee are given in the table below;

Name Surname	Title	Telephone Number	E-mail Address
Mustafa KARAMEHMETOĞLU	Assistant Manager	+90 (216) 666 09 23	mkaramehmetoglu@albarakaturk.com.tr
İbrahim ÖZ	Assistant Manager	+90 (216) 666 05 90	ibrahimoz@albarakaturk.com.tr
Merve GÜNEY	Assistant Specialist	+90 (216) 666 13 95	mguney@albarakaturk.com.tr

Investor Relations department is responsible from management of the relations with domestic and foreign corporate investors/ shareholders, investment institutions, rating institutions and individual shareholders. All questions excluding commercial secrets are answered by this department regarding the quality principle and continuous contact of the management and the shareholder is provided.

In 2016, all correspondences made between the shareholders and the partnership relevant to the shares and information and documents relevant to shares required to be kept within the scope of legal legislation are kept safely and currently.

In 2016, face-to-face interviews are made with 40 national and international intermediary institutions and investment funds. Besides these, 11 Portfolio company visits are performed in the country. Within the activity period, over 500 questions asked by telephone, email and teleconference are replied meticulously by investors and analysts including individual investors.

Investor Relations carrying out all processes with the rating institutions have held finance evaluation meetings with four rating institutions within the year of 2016 and taken part in providing required information flow and announcement of the rating notes. Moreover, it has conducted corporate governance rating process with JCR Avrasya Derecelendirme A.Ş. and the compliance note is increased from 8.59 to 8.75 in the report published on July 11, 2016. In increase of the compliance note, conducting efficient activities with the experienced personnel of the Investor Relations and increasing level of transparency with the website of the Bank, PDP announcement and the activity report have been effective.

Financial statements stated in the legislation are provided from the relevant departments per quarter terms and announced to public through Public Disclosure Platform in time. Four teleconferences are organized on the results of the financial statements.

4 interim period activity reports per quarter periods where financial statements are published and which also take place in the independent audit report and 4 investor presentation are revised and prepared in 2016 and published on our website to inform the investors.

6 presentations are prepared for the Board of Directors Meetings held within 2016. Economy and finance contents are prepared weekly by the Investor Relations and presented to the readers by revising in the Weekly Bulletin published within the Bank.

Conference and out of the bank informing presentations of our General Manager are prepared and approximately 20 texts sent by the Corporate Communication are prepared for economy magazines and daily newspapers about interviews.

Besides the explanations on the financial statements, 65 special condition explanation are announced at the Public Disclosure Platform within the period about the Bank according to the Special Conditions Communiqué number II-15.1.

By the Investor Relations tab in Albaraka Turk web site, information about our Bank submitted to the service of all our stakeholders are periodically updated within 2016 by the Investor Relations regarding the issues stated in the Corporate Governance Principles.

Investor Relations have conducted all the processes of the Ordinary General Assembly Meeting of 2015 within the period and provided the meeting to be in compliance with the relevant legislation and the articles of Association; within this framework, it has prepared all documents required to be submitted for review and informing of the shareholders, and prepared the Annual Activity Report of the Board of Directors within the scope of the relevant legislation regulations. Besides, due to the profit distribution decision taken by the General Assembly, it has provided distribution of the profit of 50.4 million TL to the shareholders.

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?

- English investor relations site: 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 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. General Assembly Meeting

General Assembly Meetings are held within the framework of the Banks Law, Turkish Commercial Code and Capital Market Law. Ordinary General Assembly Meeting is held on 24.03.2016. The quorum of the Ordinary General Assembly Meeting is realized as 73.69% and all beneficiaries who wished to attend the meeting have attended the meetings.

For the attendance of our shareholders to the General assembly meetings, they are informed by sending invitation, publishing in the Trade Registry Gazette and national newspapers three weeks before the determined date of the meeting and sending special condition announcement to the Public Disclosure Platform, and information entry is made to the Central Securities Depository Electronic General Assembly system for the shareholders traded in the Stock Market to attend the General Assembly.

Informing document on the General assembly meeting, procedure of participation to the general assembly meeting and general assembly invitation announcement are published on the website of the Bank, besides, invitation for the general assembly meeting and meeting dates, agenda, sample of power of attorney are sent by registered and replied paid letter to the shareholders written in the share ledger and the shareholders sending a document proving their shares or shareholder and notifying their settlement places.

At the General Assembly, shareholders use their rights for asking questions and all questions are replied. According to the provisions of the Bank's Articles of Association, it is possible to vote by proxy. According to the 38th article of the Articles of Association, shareholders may use their rights for voting either individually or by proxy at the general assembly meetings. Our Bank is subject to the provisions of the Regulations on General Assemblies to be held in Electronic Environment in Corporations published in the Official Gazette dated 28.8.2012 with issue number 28395. For this purpose, necessary arrangements are being made and our shareholders may also attend General Assemblies over the Electronic General Assembly System.

General Assembly Minutes are open to the shareholders at the website of the Bank, on the Investor Relations tab. Besides, it may be displayed over the Public Disclosure Platform. Following the legal regulations, articles of Association and internal regulations of the bank in using the shareholder rights and duties providing the use of these rights are fulfilled by the Investor Relations of our Bank.

For the present members and beneficiaries to attend the general assembly meetings, invitation is made for the general assembly meeting.

As a separate item in the agenda of the General Assembly, donations and the total amount of the donations and their beneficiaries are informed to the partners.

At the Ordinary General Assembly Meeting held on 24.03.2016, will request is received by our bank on adding an item to the agenda by the shareholders.

Corporate Governance Compliance Report (31.12.2016)

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 2016 is as follows:

Shareholder Structure of the Bank (31.12.2016)

Shareholder Type	Share Amount (TRL)	Share (%)
Foreign Shareholders	593,952,934.31	66.00
Albaraka Banking Group	486,523,265.68	54.06
Islamic Development Bank	70,573,778.85	7.84
Alharthy Family	31,106,364.35	3.46
Other	5,749,525.43	0.64
Local Shareholders	82,469,474.37	9.16
Public Shares	223,577.591,32	24.84
Total	900,000,000.00	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 2016.

6. Dividend Rights

Our Bank's profit distribution policy is submitted for information of the general assembly and published in our website.

No privileges are granted to the shareholders about the profit distribution. Each shareholder takes share from the distributed profits in the amount corresponding to his partnership share. Profit distribution is performed according to the Turkish Commercial Code, and regulations relevant to the Banking Regulation and Supervision Agency and Capital Market Board. Profit distribution are started to be distributed according to the decision taken at the General Assembly and performed within the legal period. Within the year of 2016, a profit distribution of 50.4 million TL is made from the income of the year of 2015.

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. 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.

Turkish web site	English web site
www.albaraka.com.tr	en.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 About Us and Investors Relations.

Under the About Us title;

(History, our top management, organization structure, quality policy, vision and mission, ethic principles for banking)

Under the Investors Relations title;

Corporate Information (trade registry information, shareholders information, articles of incorporation), Corporate Governance (profit distribution policy), General Assembly (announcement information document for ordinary annual general meeting, participation procedure, minutes of the meeting, list of attendants, sample power of attorney, internal directive of the general assembly), Financial Tables and Rating Reports (annual reports, independent auditors report, rating reports, TFRS consolidated reports, financial tables), Presentations, Sustainability (Management, Environment, Human Rights, Anti-Bribery and Anti-Corruption, Occupational Health and Safety, Corporate Social Responsibility), Stock Information (upper managements transactions, dividend distribution, capital position), Stock Performance, Investor Relations Contact.

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

Annual reports of the Bank contain the information required by the CMB's regulations concerning Corporate Governance Principles and other capital market legislation and regulations in effect.

Corporate Governance Compliance Report (31.12.2016)

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, the Bank's website and Investor Relations Manager.

Tip line have been allocated for stakeholders so that they can convey any act or situation that contradicts with the legislation or that is unethical to the Audit Committee through the Presidency of the Inspection Board.

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.

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

- Calling our 'You Ask, We Solve' line on 0850 222 87 87, or the Alo Albaraka line on 0850 222 5 666 or 444 5 666
- Filling the Customer Forms available at our web site www.albaraka.com.tr
- Sending faxes to +90 (216) 666 16 87
- Writing directly to the Head Office located at Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6 PK: 34768 Ümraniye/İSTANBUL
- Filling the Customer Forms available at all the branches
- Sharing them through our social media accounts (Facebook, Twitter).

All complaints and suggestions from our customers are assessed by customer relations department and all the customers replied. Complaints received are categorized and reported to the Customer Complaints Committee and the senior management periodically.

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)

Sending e-mails to 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

13. Human Resources Policy

Objective of the Human resources policy; employing qualified and skilled personnel having the qualifications needed and specialized in its field at national and international level, improving their qualifications and providing stability in compliance with the objective, vision, mission and corporate values of the activities of the bank to carry out the activities of the bank in efficient, fast, safe and effective way and content.

Human Resources Policy of the Bank is assigned and determined by the General Directorate.

The Assistant General Manager Responsible from Human Resources is primarily responsible from practice, developments and following of the human resources policy. This responsibility involves also all the relevant Managers in the fields they are assigned.

Basic principles of human resources policy are as the following:

- To show respect to the personality of the personnel, provide protection of their rights about business relation,
- to provide sharing of the corporate culture, create loyalty to the corporate values and culture and provide all personnel to meet around the common targets,
- to execute personnel employment in the required and sufficient number, proper for the job, having intellectual, occupational knowledge and skills and provide personnel to work in line with the highest productivity and profitability target,
- to provide occupational training, improvement and developments opportunities to all personnel in line with the job to be fulfilled,
- to provide environments for the personnel which shall lead them for innovative thinking and encourage them to produce new ideas and products,
- to show effort for training personnel within the bank for management and officer positions and give priority for the train personnel within the bank in assigning for the vacant positions,
- to inform the personnel on the subjects relevant to them, develop procedures and principles to provide the personnel transmit they are opinions and ideas to the managers easily,
- to create a working environment increasing working motivation of the personnel and show effort to improve their social relations,
- to encourage personnel to achieve success, develop applications relevant to this, award outstanding success of the personnel.

The Working Committee makes suggestions to the Personnel Committee for developing policy and strategy relevant to the working life in our Bank and aims contribution of the low and middle level personnel to the management. The Committee discusses the decisions it takes with the Personnel Committee within one month. Decisions suggested by the Working Committee and approved by the majority votes of the Personnel Committee are informed to all personnel of our Bank by announcement.

HR Communication Service is established within the scope of Albaraka Turk Simurg transformation project. Purpose of the establishment of this service is increasing brand value of Albaraka and to be a good employer for the employees. For employee candidates, creating a preferable employer brand image is aimed.

No complaint is received by the Directorate of the Human Values from the employees specifically on discrimination within the period.

14. Social Responsibility

Albaraka Türk, conducts its activities in compliance with the “Code of Ethics” that adopted by Participation Banks Association of Turkey. The “Code of Ethics” is also made available to public at Albaraka Türk website.

Giving great importance to the support of development of society, Albaraka Türk has continued its efforts in corporate social responsibility in 2016.

Albaraka believes that social responsibility, artistic and cultural studies, in addition to financial indicators, are the key elements in order to move our Bank and customers into the future and Albaraka broke grounds with the many projects related mentioned areas as both supporting and carrying out.

Social Responsibility is an inherit business ethic of Islam and, therefore, with Al Baraka’s traditional principles and philosophy. As a member of an Islamic banking group, we at Albaraka Turk aims to make a positive, sustainable impact to create a long-term economic growth and social development as well as supporting vulnerable communities to be better off in our society. In this regard, we created a strategic road map and initiated our Social Responsibility Program in 2015. We intend to support educational and social projects, and importantly, through active investments in the projects that contribute to the real economy. We are also dedicated to build environmental sustainability into all of our business processes to become more environmentally friendly.

By the guidance of Albaraka Banking Group (ABG), we have formed three priorities in the areas of Job Creation, Education and Healthcare, and we defined a rational strategy to focus on sustainability in order to achieve our goals by the year 2020. Furthermore the ABG and we together have stepped up to contribute to achieving some of the United Nations (UN) Global Goals for Sustainable Development by 2030. Our priorities focus on following Global Goals of the UN; “No Poverty”, “Good Health and Wellbeing”, “Quality Education”, “Gender Equality”, “Affordable and Clean Energy”, “Decent Work and Economic Growth”, “Industry Innovation and Infrastructure”.

Corporate Governance Compliance Report (31.12.2016)

The ABG has proactively designed and implemented a business model that increases incomes and betters the quality of life of vulnerable communities. As the leading unit of the ABG, we have a pioneer role of transforming societies' ability to confront important challenges and, by being a responsible corporate citizen we foster creativity and innovation.

We encourage and support every member of our Bank to volunteer for social responsibility activities, especially by time commitment. In accordance with this purpose the first employee volunteering program, under the name of "İyilik Kulübü (Kindness Club)" has been founded by some volunteering staff of Albaraka Turk. The volunteers organize social responsibility projects, philanthropic activities and support the people in need.

We place special emphasis on environmental issues, therefore; our HQ is designed as an intelligent, smart building to serve for protection of the environment. The properties of our building help saving the energy and decreasing the CO2 emission. Moreover we've initiated digitalizing our business processes which is expected to enable us to run a paperless workplace.

We are committed to making our entire business model to be socially responsible and environmentally friendly. We are going to further our steps towards advancing and expanding our social responsibility program which make valuable contribution to sustainable development of our society.

Social Responsibility

Our credit policy is being redesigned in accordance with our Social Responsibility Program. We aim to increase our support by offering financing facilities to profit & non-profit organizations which are motivated to provide people in our society with access to quality education and health services. Furthermore all the projects that helps creating new jobs, are evaluated and supported within the scope of social responsibility targets. With this purpose, we added some questions to the evaluation criteria of credit applications.

Since we prioritized financing education and healthcare projects, we've financed **198** projects by providing **\$ 21** million with firms which operate in the education sector and financed **2,215** projects by providing **\$ 55** million with firms which operate in the healthcare sector.

Strategically, Albaraka Turk has focused on increasing the portion of SME credits in total credits portfolio since 2012. Therefore we restructured the Bank's organization by placing great emphasis on SME segment customers.

- We have started working on contributing innovation and infrastructure goal of UN.

On the innovation side we developed and have being using an internal inovation platform called "Big Bang – Open Innovation" since 2014. The platform is open to the Bank's staff and we make announcements to ask everyone's opinions to develop new products/ services and improve the systems and processes of our Bank. We are establishing a new version of the platform by which we will call for new innovative ideas from the people outside Albaraka Turk. By doing this, we aim to develop better products and services that satisfies expectations of our customers better.

Furthermore we organize "Albaraka Turk Meetups" where we discuss new trends and technologies in local and global banking with speakers from leading companies.

For the contribution of infrastructure development, we aim to support Turkey's progress on development of infrastructure by the Bank's the profit-loss products.

All our operations comply with Islamic ethical standards for which development of communities, improvement of people's quality of life standards are essential. In Albaraka Turk, we embrace the following principles and apply them to our business lines.

First: Investments may only be made in sectors and industries that meet ethical standards. The moral values of Islam dictate that Muslims must invest in the production of, and trade in, useful and beneficial goods only. They therefore forbid investment in such activities as, for example, contribute to the production of alcoholic beverages, tobacco or weapons, or are associated in any way with gambling, pornography or the abuse of children, women and minorities, or any other morally questionable practices.

Second: Albaraka Turk eschew the payment of interest in their relations with depositors, consumers and businesses, as Islam prohibits the paying or charging of interest. Instead we as All the other ABG subsidiaries; accept deposits on an investment basis whereby depositors share with the bank in the actual results of the realization of their investments. Financing is provided to businesses in turn mainly on the basis of installment sale, leasing or equity participation. In this way, we and our depositors share the financial risk with the entrepreneurs and together we reap the benefits of the investments. The essential difference in Islam is that the practice of profit sharing is such that wealth creation is the result of a partnership between investors and entrepreneurs in which both the risks and the rewards are shared: returns on invested capital are based on profits actually generated rather than predetermined interest rates.

Third: All contracts we enter into with business owners and depositors, must comply with the ethical standards of the Shari' a.

Within our credit policy, financing of harmful investments such as production of alcoholic beverages, tobacco or weapons are strictly forbidden. Our credit allocation processes are designed to monitor every single credit transaction and prevent non-Islamic and harmful investments or projects which are harmful to societies.

By internal training program and communication campaigns, we expand the Bank's staff's awareness of our social responsibility initiatives. We also encourage and support all our colleagues to create, participate in social responsibility activities and projects.

We provide qard hasan with our commercial customer through short term financing facilities (e.g. salary, cheque, tax payments and day loans).

We're working on new products and services to provide the opportunity of qard hasan to our retail customers, therefore, we created Hajj-Umrah financing on installment basis without getting any expence such as profit share, commission etc. **3,328** customers of the Bank benefited from our Hajj-Umrah financing, and the total amount of financing has reached **TRL 14** million in 2016.

In accordance with our social responsibility program, we aim to prioritize investments and projects which are related to our program's targets and initiatives such as job creation, improvement of education and healthcare.

Increasing portion of SME financing in our total financing portfolio is an important strategic targets of the Bank. Therefore portion of SME credits increased from 37.4% at the year-end of 2010 to 43.5% at the end of September 2016.

Albaraka Kindness Club have done some social responsibility projects such as organizing trips with Syrian refugee kids to amusement parks, distributing food aid packages to the people in need in Ramadan, distributing clothes to the children in need in Ramazan Eid, distributing coats and shoes for children in need in the villages of Turkey, winter clothes support to Aleppo/Syria etc.

With the support of Albaraka Social Responsibility Program, the volunteers of Kindness Club determined their principles and working areas to work more actively and effectively.

Albaraka Turk make regular donations through "Bereket (al barakat) Foundation" and our ongoing social responsibility activities in the areas of education, health, environment, culture, sport, classical arts, social progress and other charity. **TRL 12 Million** donation has been made through Bereket Foundation in 2016 and planned donation for 2017 is **TRL 13.450 Million**.

We are planning to initiate a new social project named as "Albaraka Publications" which aims to publish classical and historical books that are sunk into oblivion.

Contributions to Education Through the Bereket Foundation:

The Bereket Foundation is a non-profit charitable foundation that was set up in 1986. The main purposes of the foundation can be summarized as follows;

- Provide resources, including cash and non-cash assistance, to enable talented but needy students to pursue their studies at every level of education,
- Provide scholarships to support such students in their efforts to pursue practical, specialized, scholarly research, and graduate and post-graduate studies in Turkey and abroad,
- Undertake essential education-related investment expenditures,
- Provide cash and non-cash support to indigent and needy individuals.

Since 1987, The Bereket Foundation has provided gratuitous (non-reciprocal) scholarships to 17,348 students (92% undergraduate and 8% graduate). The foundation's scholarships are provided to students who may be from any part of the country and without making any distinctions as to area of study or curriculum. Occasional (non-recurring) educational assistance may also be provided to support those engaged in advanced and/or scholarly research abroad. 1,998 people (1,926 undergraduate students and 72 doctoral candidates) received scholarship support from the foundation in 2016.

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Other Social Projects Conducted in 2016

- Hayy Child Theater Sponsorship:

Albaraka Turk supported a children's play named Hayy, dedicated to "All Children in the Shadows" is taken from a classical Islamic work Hayy bin Yakzan which is based upon the famous philosopher Ibn Tufeyl.

The theme of the theater play, dedicating to "All Children Shadowing", is taken from classical Islamic work called "Hayy bin Yakzan", which is taken by the well-known philosophers of the world of Islam, Ibn Tufeyl (d. If another book of this name is thought to have been written by Ibn Sina (d. 1037), the work is a classic work inspired by a thousand years of history.

The Hayy theater play has been adapted with a content suitable for children, giving the opportunity to think about being human and virtue.

The play has been staged more than 40 times in numerous cities around Turkey.

- Islamic Divinity Students High School: Calligraphy Oeuvres:

In order to support Islamic calligraphy culture among young people, Albaraka Turk has donated 35 calligraphic Works to more than 50 Islamic Divinity High-Schools all around Turkey. The Project will be continuing to grow and aims to extend its reach to all divinity high schools and universities.

- Red Crescent Blood Donation:

Albaraka Turk employees participate to Red Crescent's blood donation every year. Aiming to collect blood for blood banks in Turkey, the employees reach an average of 200 units of blood each year.

- Türkök Stem Cell Donation

The TÜRKÖK project, a joint project of the Red Crescent and the Ministry of Health, was first implemented in our bank in 2016. In the first stage, only about 3 tubes were donated to the campaign and about 200 people contributed to the campaign.

- Bereket Foundation Pilaf Day Event:

Bereket All of the students who were granted scholarships with the contributions of our foundation were brought together and the food organization processes were managed. With the contribution of our bank, the event was held with the participation of approximately 300 franchisees in Sepetçiler Kasrı.

- Kalemin Bereketi Hat and Tezhip Exhibition (Ordu)

The works of Albaraka Hat Collection, which was formed as a result of working for more than 10 years and consisting of 400 works, were opened to visitors in different illusions in Turkey.

- Albaraka Hat Collection Exhibition

30 works from the Albaraka Hat Collection have been opened in the centers of the Yunus Emre Institute in Warsaw, Poland and Berlin, Germany.

Apart from these, the activities we sponsored in 2016 are as follows.

CFO Summit Sponsorship, KTÜ Entrepreneurship Summit Sponsorship, Futurehouse Economy 2.0, Intertech Hackathon Sponsorship, Bosphorus Management Foundation IBPF Sponsorship 11th Turkish Arab Economic Forum Sponsorship, GJCIE Congress Sponsorship, Istanbul Finance Summit Sponsorship, Islamic Financial News Sponsor, İZÜ ISEFAM Building Opening Ceremony Sponsorship, MÜSİAD Expo Fair Sponsorship, CNR Property Fair Sponsorship, Bonds Loans and Sukuk Forum Turkey 2016 Sponsorship, İGİAD/Turkey Economic Enterprise and Business Ethics Association Fair.

PART IV – THE BOARD OF DIRECTORS

15. Formation and Structure of the Board of Directors

Chairman of the Board of Directors of the Bank is **Adnan Ahmed Yusuf ABDULMALEK**. Chairman of the Board of Directors do not have executive jobs within the scope of BRSA regulations, executive members in the Members of the Board of Directors are **Osman Akyüz** and **Dr. Fahrettin Yahşi**.

Vice president of the Board of Directors is **Yalçın ÖNER**, and the members are **Ibrahim Fayeز Humaid ALSHAMSI, Hood Hashem Ahmed HASHEM, Muhammad Zarrug M. RAJAB, Dr.Bekir PAKDEMİRLİ, Mitat AKTAŞ, Hamad Abdulla Ali EQAB, Fahad Abdullah A. ALRAJHİ, Prof.Dr.Kemal VAROL**. And **Melikşah Utku**, General Manager.

The members of the Board of Directors are selected for maximum 3 years according to the 16th article of the Articles of Association. The members of the board of directors may be selected again after the expiry of their term of office. The General Manager of the Bank and his deputy in his absence are natural members of the Board of Directors. After the ordinary General Assembly of our Bank held on March 29, 2013, with the amendment of the 14th article titled "Number and Qualifications of the Members of the Board of Directors" number of the members of the Board of Directors is determined to be at least 5 and maximum 13.

With the "Corporate Governance Communiqué" number II-17.1 put into effect on January 3, 2014 by publishing in the official Gazette, independent member of the board of directors is voluntary of the bank provided that the number of the members shall not be less than three, within the structuring of the board of directors of the bank, the members of the board of directors assigned for audit committee membership within the framework of this Communiqué it is stated that they are accepted as the independent member of the board of directors. Currently, Hamad Abdulla A.EQAB, Hood Hashem Ahmed HASHEM, Mitat AKTAŞ, Muhammad Zarrug M. RAJAB are the independent member of the Board of Directors working as the Audit Committee Member of the bank.

On the other hand, Albaraka Turk, at the Ordinary General Assembly Meeting held in 2013, has selected Prof. Dr. Kemal VAROL who bears all the criteria for independent membership declared by the Capital Market Board, as the independent member of the board of directors. Report of the Corporate Governance Committee dated February 26, 2013 stating that Prof. Dr. Kemal VAROL bears all the independent criteria is submitted to the Board of Directors and decided by the Board of Directors to be reported to the Capital Market Board as the independent member candidate. Independency declaration of Prof. Dr. Kemal VAROL who is selected as the independent member of the board of directors at the Ordinary General Assembly Meeting held in 2013 is as the following:

"To Albaraka Turk Katılım Bankası A.Ş. Corporate Governance Committee,

I declare that I'm currently working as an "independent member" in the Board of Directors of your Bank according to the provisions of the Corporate Governance Communiqué number II-17.1 published by the Capital Market Board, and within the scope I do declare that;

- a) I have not been in the Membership of the Board of Directors of the Bank for more than six years in the last 10 years,
- b) Among I myself, my spouse and blood relatives and relatives by marriage up to second-degree; there is no one having employment relation in executive position to undertake significant tasks and responsibilities in the last five years in the bank, at partnerships who have control or significant effect on the management or control of the bank, entities who own the management control of these partnerships or have more than 5% of the capital or voting rights or prestigious shares jointly or severally and have not established any significant commercial relation,
- c) I have not worked as an officer in management position taking important duties and responsibilities or a member of the board of directors at the companies making but audits (tax inspection, legal inspection, internal audit are included), rating or consultancy of another bank or within the framework of the agreements, at the companies the bank purchases or sells significant amount of service or product or in periods service or product are sold or purchased, partners (5% or over) within the last five years,
- d) I have the occupational education, knowledge and experience to fulfill duly the jobs I shall undertake for the independent membership of the board of directors,
- e) I am not working full-time as of now at public institutions and organizations,
- f) I'm settled in Turkey according to the Income Tax Law,
- g) I have strong ethical standards, occupational reputation and experience to make contributions to the activities of the bank, to protect my objectivity in conflicts of interest between the bank partners, and to decide independently considering the rights of the beneficiaries,
- h) I have the time to allocate for bank works to fulfill the requirements of the duties I undertake and follow the process of the bank activities,
- i) I have not worked as an independent member of the board of directors at the bank or at the companies holding the management of the bank or the companies which partners of all the control of the management of the bank also hold the control of the management of the company,
- j) I shall carry out membership duty in the Board of Directors of the bank is a real person and that I have not been registered or announced on behalf of any legal entity selected as a member of the board of directors in the scope."

Corporate Governance Compliance Report (31.12.2016)

On the other hand, there has been no condition removing the independency of the independent members of the board of directors within the activity year of 2016.

You may find the, CVs terms of duty and job distribution of the members of the Board of Directors on pages 50 and 51 in the Activity Report. Duties the members of the Board of Directors of our Bank have undertaken in the bank or out of the bank are stated in their CVs.

Turkish Commercial Code and regulations in compliance with the other relevant legal legislation are adopted in placing rules or restrictions for the members of the Board of Directors to take other job or jobs outside of the bank

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.

Taking into consideration the best practices in the world in the field of social responsibility, the Social Responsibility Committee composed of three members of the Board of Directors in order to establish policies in line with the basic values of our Bank and the principle of Social Responsibility.

Detailed information regarding the formation and operation of all committees is provided in the "Committees and Committee Meetings Attendance" section of this 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.

No lawsuits, which might affect the financial position and the activities of the Bank, have been filed against the Bank, its shareholders, managers and employees during the reporting period.

19. Strategic Goals of the Bank

The Board of Albaraka Türk has clearly established the strategic targets of Albaraka Türk as specified in its 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

Conditions and scope of the financial rights to be provided for the Board of Directors are stated in the 20th article of the Articles of Association of our Bank. According to this;

“(1) Payments as attendance fee, salary, bonus, premium, share from the annual profit or under any other name may be made to the Chairman of the Board of Directors, the vice president and to the other members, provided that the amount shall be determined by the decision of the General Assembly. The amounts of these payments may be determined for each member by considering issues as the meetings he shall attend, time and effort he shall spend at the meeting, before and after the meeting to fulfill his preparations and duties, committee memberships, and being assigned for specific duties.

(2) In addition to the payments to be determined by the General Assembly, all accommodation expenses and travel expenses of the members of the Board of Directors relevant to their duties and limited with their term of office shall be covered by the Bank.”

Within the framework of these arrangements; it is decided at the Ordinary General Assembly Meeting of 2015 held in 2016; to pay attendance fee not exceeding the amount of Turkish Liras corresponding to 750,000.00 USD (Seven-hundred-fifty American Dollars) net annually to all of the Members of the Board of Directors; of this attendance fee to be paid annually; to pay each of the Members of the Board of Directors annually, net and at once an attendance fee of Turkish Liras corresponding to 20,000.00 USD (Twenty-thousand American Dollars), paying net 3,000.00 USD (Three-thousand American Dollars) per meeting to the Chairman of the Board of Directors and net 2,000.00 USD (Two-thousand American Dollars) per meeting to each of the other members of the Board of Directors who have attended the Board of Directors Meetings, reserving all the rights of those from the bank staff selected for the membership of the board of directors, besides, due to the Articles of Association, to pay separate fee for each of the Members of the Board of Directors to be assigned at the committees established or shall be established by the Board of Directors as Audit Committee and Finance Committee, for the determination of the fees and their quantities and methods to be paid to each member of the board of directors, to entitle the Board of Directors for determining for each year and separately with the offer of the Pricing Committee.

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Summary Financial Information for the Five-Year Period

Key Financial Highlights (TL Thousand)

	2012	2013	2014	2015	2016
Total Assets	12,327,654	17,216,553	23,046,424	29,561,999	32,850,738
Collected Funds	9,225,018	12,526,212	16,643,218	20,346,178	23,155,134
Funded Credits*	9,100,063	12,059,901	16,183,692	19,505,392	22,722,054
Shareholders' Equity	1,218,333	1,497,268	1,790,927	2,103,914	2,279,593
Net Profit	191,835	241,409	252,631	302,863	217,609
Number of Personnel	2,758	3,057	3,510	3,736	3,796
Number of Branches	137	167	202	213	213

*Includes financial leasing receivables.

Key Financial Ratios (%)

	2012	2013	2014	2015	2016
Funded Credits*/Total Assets	73.8	70.0	70.2	66.0	69.2
Funded Credits*/Collected Funds	98.6	96.3	97.2	95.9	98.13
Collected Funds/Total Assets	74.8	72.8	72.2	68.8	70.5
Return on Average Equity	17.0	17.7	15.4	15.6	9.9
Return on Average Assets	1.7	1.6	1.2	1.1	0.88
NPL Ratio	2.4	2.3	2.0	2.4	4.75
Net NPL Ratio	0.3	0.2	0.2	1.0	2.26
NPL Provisions Ratio	88.8	90.6	87.9	59.9	52.31
CAR	13.0	14.9	14.2	15.3	13.46

*Includes financial leasing receivables.

Evaluation on Financial Position, Profitability and Capability to Pay

Despite the problems in the global markets and volatilities within the country, Albaraka Turk has increased its assets by 11.1% compared to the previous year and reached to 32.9 billion TL in 2016.

Albaraka Turk, continuing its support in real economy also in 2016, has increased funded credits* TL 22.7 billion by increasing by 16.5% compared to the previous year-end. Share of the funded credits* in the total assets have actualized as 69.2%.

Collected Funds the Bank have increased by 13.8% and raised to 23.2 billion TL in 2016. The Bank has issued lease certificate for 4 times in 2016 with its subsidiary Bereket Varlık Kiralama A.Ş. Redemption of 2 issues is made within the year. Source structure of the Bank is diversified with domestic lease certificates.

Albaraka Turk has protected its strong equity structure by increasing its equities to 2.3 billion TL with an increase of 8.35% compared to the previous year.

The Bank has gained a net profit of 217,6 million TL in 2016. The Bank raising its activity income to 1,372 million TL by increasing by 15.5%, has raised its net profit share income to 1,024 million TL by increasing by 15.57%.

Capital adequacy ratio of the Bank is actualized as 13.46% as of the end of 2016, which is above the level of legal liability.

*Financial leasing receivables are included.

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 risk

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 Presidency of Inspection, Presidency of Internal Control, Presidency of Risk Management and Presidency of Legislation and Compliance. These units operate under the supervision of the audit committee and the board of directors. *

Presidency of Inspection 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, and investigation. Efforts are made to provide assurances to senior management not only that the Bank's activities are being carried out in line with the requirements of current laws and regulations as well as with the Bank's own strategies, policies, principles, and objectives but also that the Bank's internal control and risk management systems are effective and adequate.

Inspection functions with an understanding of risk-focused audit. Technological resources are made use of in the performance of auditing functions. Inspectors' professional development is supported by means of both intramural and extramural training. Operations are checked to ensure that they are in compliance with both internal and external regulations. Inspections are concerned with more than just the findings that are turned up: processes are analyzed, recommendations are made to improve efficacy, and corrective and other action is proactively followed up.

Under "Regulation for Bank Information System and Banking Process Audit by recognized Independent Audit Firms" the Bank's information systems and banking processes are audited each year by the Presidency of Inspection.

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 at the end of internal control activities are initially shared and evaluated. 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.

*The mentioned units operate as of 19.01.2017 depending on the audit committee and the board of directors through the internal systems manager.

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

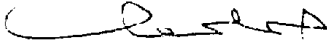
Additionally, risk measurement models are used for test-purpose in order to calculate market risk with other than standard method which is currently used for measuring and reporting market risk. With back testing applications, deviations between actual values and daily VaR values, predicted by risk measurement 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.

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.



Hamad Abdulla A. Eqab
Chairman of Audit Committee



Mitat Aktaş
Member of Audit Committee



Hood Hashem Ahmed Hashem
Member of Audit Committee



Muhammad Zarrug M. Rajab
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
Volkan EVCİL	25	23	14	Bachelors Degree	Internal Systems Senior Manager
Ahmet UYSAL	11 y 8 m	11 y 8 m	9 y 6 m	Masters Degree	Inspection
Umut ÇAKMAK	12	12	12	Bachelors Degree	Risk Management
Ahmet Faruk DEĞİRMENÇİ	9	9	9	Bachelors Degree	Internal Control
Hakan KURBETÇİ	25	21	4 y 3 m	Bachelors Degree	Regulation and Compliance

*As of 19.01.2017, Mr. Ahmet UYSAL has been appointed as the Chairman of the Internal Audit Department, Umut ÇAKMAK as Risk Management Chairman, Ahmet Faruk DEĞİRMENÇİ Internal Control Chairman and Volkan EVCİL Internal Systems Senior Manager.

Ratings Issued by International Rating Agencies to Albaraka Türk

Standard&Poor's Results Issued In August 2016 & 27 January 2017

Long Term Credit Rating	BB-
Short Term Credit Rating	B
Outlook	Stable
ABT Sukuk Ltd.	B-
Albaraka Sukuk Ltd.	CCC+
Bereket Varlık Kiralama A.S.	BB-

Jcr Eurasia's Results Issued In April 2016

	Foreign Currency	Local Currency	Outlook	Sponsor Support	Stand Alone
Long Term	BBB-	BBB-	Stable	3	AB
Short Term	A-3	A-3	Stable	-	-

Albaraka Türk's Corporate Governance Compliance Ratings of CMB

Jcr Eurasia Rating Results Issued In July 2016

Corporate Governance Compliance*	8.75
Shareholders	8.83
Public Disclosure and Transparency	9.04
Stakeholders	8.56
Board of Directors	8.58

*It is the compliance note taken from the evaluation made over 10 points.

Financial Information and Assessment on Risk Management

- 89** Unconsolidated Financial Statements and Related Disclosures at December 31, 2016 Together with Independent Auditors' Report

Independent Auditors' Report For the Year Ended Financial Information

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English (See Note XXIII in Section Three)



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To the Board of Directors of Albaraka Türk Katılım Bankası A.Ş.;

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated financial statements of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") which comprise the unconsolidated statement of financial position as at 31 December 2016 and the unconsolidated statement of income, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of the Albaraka Türk Katılım Bankası A.Ş. as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

Independent Auditors' Report For the Year Ended Financial Information

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English (See Note XXIII in Section Three)

Report on Other Legal and Regulatory Requirements

- 1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No.6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2016 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Other Matter

The unconsolidated financial statements of the Company as at and for year ended 31 December 2015 was audited by another auditor who expressed an unmodified opinion on those statements on 22 February 2016, respectively.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative



Alper Güvenç
Partner, SMMM
20 February 2017
İstanbul, Turkey

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note XXIII Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

Albaraka Türk Katılım Bankası Anonim Şirketi

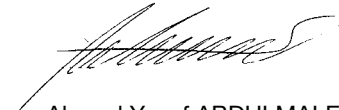
Unconsolidated Financial Report of Albaraka Türk Katılım Bankası A.Ş. as of and For the Year Ended December 31, 2016

Bank's headquarter address : 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 contact info : albarakaturk@albarakaturk.com.tr

The unconsolidated year ended 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
- OTHER EXPLANATIONS
- INDEPENDENT AUDITORS' REPORT

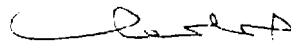
The unconsolidated financial statements and related disclosures and footnotes; presented in **thousands of Turkish Lira** unless otherwise indicated; have been prepared in accordance with the Communiqué on Accounting Applications of Banks and Safeguarding of Documents, Banking Regulation and Supervision Agency Regulations, 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.


Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors


Melikşah UTKU
Acting General Manager



Temel HAZIROĞLU
Assistant General Manager


Yunus AHLATCI
Financial Reporting 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


Muhammad Zarrug M. RAJAB
Member of the Audit
Committee

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

Name-Surname/Title : Bora ŞİMŞEK / Financial Reporting / Vice Manager
Telephone : 00 90 216 666 05 59
Facsimile : 00 90 216 666 16 11

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Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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 permission 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 Under secretariat 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 212 (December 31, 2015: 212) local branches and 1 (December 31, 2015: 1) foreign branch and with 3.796 (December 31, 2015: 3.736) staff as of December 31, 2016.

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

As of December 31, 2016, 54,06% (December 31, 2015: 54,06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 24,84% (December 31, 2015: 24,80%) of the shares are publicly traded and quoted at Borsa Istanbul.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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 (%)
Chairman of the Board of Directors (BOD)	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	(¹) 0,0000
Members of BOD	Yalçın ÖNER	Vice Chairman of BOD	Master	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	(¹) 0,0000
	Osman AKYÜZ	Executive Member of BOD	Bachelor	-
	Bekir PAKDEMİRLİ	Member of BOD	Master	-
	Mitat AKTAŞ	Member of BOD	Master	(¹) 0,0000
	Hamad Abdulla A. EQAB	Member of BOD	Bachelor	(¹) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	(¹) 0,0000
	Hood Hashem Ahmed HASHEM	Member of BOD	Master	(¹) 0,0000
	Muhammad Zarrug M. RAJAB	Member of BOD	Bachelor	-
	Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
	Dr. Fahrettin YAHŞİ	Executive Member of BOD	Doctorate	-
Acting General Manager	Melikşah UTKU	Member of BOD/Acting General Manager	Master	-
Assistant General Managers	Turgut SİMİTCİOĞLU	Assistant General Manager Responsible for Business Branches (GM Deputy)	Master	-
	Mehmet Ali VERÇİN	Assistant General Manager Responsible for Support (GM Deputy)	Bachelor	-
	Nihat BOZ	Assistant General Manager Responsible for Legal (GM Deputy)	Bachelor	-
	Cenk DEMİRÖZ (²)	Assistant General Manager Responsible for Credits	Master	-
	Deniz AKSU (²)	Assistant General Manager Responsible for Risk Monitoring	Bachelor	-
	Temel HAZIROĞLU	Assistant General Manager Responsible for Finance and Strategy	Master	(¹) 0,0342
	Nevzat BAYRAKTAR (²)	Assistant General Manager Responsible for Sales	Bachelor	-
	Hasan ALTUNDAĞ (²)	Assistant General Manager Responsible for Marketing	Bachelor	-
	Malek Khodr TEMSAH (²)	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Fatih BOZ (²)	Assistant General Manager Responsible for Central Operations	Master	-
	Süleyman ÇELİK (²)	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
	Ali TUĞLU	Assistant General Manager Responsible for Information Technologies	Master	-
Audit Committee	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(¹) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(¹) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(¹) 0,0000
	Muhammad Zarrug M. RAJAB	Member of Audit Committee	Bachelor	-

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

(²) Related assignments have been written in the board meeting dated December 25,2016 numbered 1596. Assistant General Managers Bülent Taban and Mahmut Esfa Emek have already resigned as of December 31,2016.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0342% of the Bank's share capital (December 31, 2015: 0,0342%).

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.

Name/commercial name	Share amount (nominal)	Share ratio	Paid shares	Unpaid shares
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, semiannual 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 Sigorta, Unico Sigorta, Neova Sigorta, Ankara Sigorta, Coface Sigorta, Avivasa Emeklilik ve Hayat, Generali Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Avivasa Emeklilik ve Hayat and Katılım 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.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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 its associate Kredi Garanti Fonu A.Ş. through equity method considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. The Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Albaraka Gayrimenkul Portföy Yönetimi A.Ş. the subsidiaries of the Bank, through equity method and full consolidation method, respectively. Moreover, ABT Sukuk Limited and Albaraka Sukuk Limited, which are not subsidiaries of the Bank but over which the Bank has 100% controlling power, have been included in the consolidation due to the reason that these companies are “Structured Entity”.

VII. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the bank and its subsidiaries:

There is no immediate transfer of equity between the Bank and its subsidiaries.

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
- 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 distribution

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated Balance Sheet (Statement of Financial Position) As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Audited			Audited		
		Current Period			Prior Period		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	940.247	4.058.805	4.999.052	894.204	4.010.594	4.904.798
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	1.022	65.074	66.096	1.427	20.856	22.283
2.1 Trading Financial Assets		1.022	65.074	66.096	1.427	20.856	22.283
2.1.1 Public Sector Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		954	-	954	790	-	790
2.1.3 Derivative Financial Assets Held for Trading		55	65.013	65.068	-	20.822	20.822
2.1.4 Other Marketable Securities		13	61	74	637	34	671
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		-	-	-	-	-	-
III. BANKS	(3)	656.410	1.501.767	2.158.177	599.970	1.882.644	2.482.614
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS-AVAILABLE FOR SALE (net)	(4)	996.067	386.623	1.382.690	755.337	296.229	1.051.566
5.1 Equity Securities		15	6.335	6.350	15	12.850	12.865
5.2 Public Sector Debt Securities		986.482	298.856	1.285.338	737.783	149.374	887.157
5.3 Other Marketable Securities		9.570	81.432	91.002	17.539	134.005	151.544
VI. LOANS AND RECEIVABLES	(5)	17.448.650	4.394.425	21.843.075	15.352.083	3.205.882	18.557.965
6.1 Loans and Receivables		16.921.201	4.394.425	21.315.626	15.165.345	3.205.054	18.370.399
6.1.1 Loans to Risk Group of The Bank		6.937	29.327	36.264	9.424	38.523	47.947
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		16.914.264	4.365.098	21.279.362	15.155.921	3.166.531	18.322.452
6.2 Non-performing loans		1.104.785	1.169	1.105.954	467.256	1.157	468.413
6.3 Specific Provisions (-)		577.336	1.169	578.505	280.518	329	280.847
VII. INVESTMENTS HELD TO MATURITY (net)	(6)	668.582	-	668.582	762.890	-	762.890
VIII. INVESTMENTS IN ASSOCIATES (net)	(7)	4.719	-	4.719	4.719	-	4,719
8.1 Accounted for under Equity Method		-	-	-	-	-	-
8.2 Unconsolidated Associates		4.719	-	4,719	4,719	-	4,719
8.2.1 Financial Associates		4,719	-	4,719	4,719	-	4,719
8.2.2 Non-Financial Associates		-	-	-	-	-	-
IX. SUBSIDIARIES (net)	(8)	5.400	-	5.400	5.250	-	5.250
9.1 Unconsolidated Financial Subsidiaries		5.400	-	5.400	5.250	-	5.250
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X. JOINT VENTURES (net)	(9)	20.000	-	20.000	15.500	-	15.500
10.1 Accounted for under Equity Method		-	-	-	-	-	-
10.2 Unconsolidated		20.000	-	20.000	15.500	-	15.500
10.2.1 Financial Joint Ventures		20.000	-	20.000	15.500	-	15.500
10.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XI. LEASE RECEIVABLES (net)	(10)	878.979	-	878.979	947.427	-	947.427
11.1 Finance Lease Receivables		996.206	-	996.206	1.090.063	-	1.090.063
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned Income (-)		117.227	-	117.227	142.636	-	142.636
XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
12.1 Fair Value Hedge		-	-	-	-	-	-
12.2 Cash Flow Hedge		-	-	-	-	-	-
12.3 Hedge of Net Investment Risks in Foreign Operations		-	-	-	-	-	-
XIII. TANGIBLE ASSETS (net)	(12)	516.340	791	517.131	499.803	1.336	501.139
XIV. INTANGIBLE ASSETS (net)	(13)	35.157	305	35.462	43.796	476	44.272
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		35.157	305	35.462	43.796	476	44.272
XV. INVESTMENT PROPERTY (net)	(14)	-	-	-	-	-	-
XVI. TAX ASSET	(15)	25.100	-	25.100	20.495	-	20.495
16.1 Current Tax Asset		5.004	-	5.004	5.324	-	5.324
16.2 Deferred Tax Asset		20.096	-	20.096	15.171	-	15.171
XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(16)	91.884	433	92.317	22.574	245	22.819
17.1 Assets Held for Sale		91.884	433	92.317	22.574	245	22.819
17.2 Assets of Discontinued Operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(17)	141.900	12.058	153.958	216.018	2.244	218.262
TOTAL ASSETS		22.430.457	10.420.281	32.850.738	20.141.493	9.420.506	29.561.999

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated Balance Sheet (Statement of Financial Position) As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Audited			Audited		
		Current Period			Prior Period		
		December 31, 2016			December 31, 2015		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	12.557.143	10.597.991	23.155.134	11.336.176	9.010.002	20.346.178
1.1 Funds from Risk Group of The Bank		18.908	467.738	486.646	126.867	152.607	279.474
1.2 Other		12.538.235	10.130.253	22.668.488	11.209.309	8.857.395	20.066.704
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	88	-	88	-	-	-
III. FUNDS BORROWED	(3)	181.593	4.242.602	4.424.195	-	4.104.688	4.104.688
IV. BORROWINGS FROM MONEY MARKETS		492.784	-	492.784	770.959	-	770.959
V. SECURITIES ISSUED (net)		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES		634.215	68.144	702.359	633.312	53.074	686.386
VII. OTHER LIABILITIES	(4)	-	-	-	-	-	-
VIII. LEASE PAYABLES	(5)	-	-	-	-	-	-
8.1 Finance Lease Payables		-	-	-	-	-	-
8.2 Operational Lease Payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
IX. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
9.1 Fair Value Hedge		-	-	-	-	-	-
9.2 Cash Flow Hedge		-	-	-	-	-	-
9.3 Net Foreign Investment Hedge		-	-	-	-	-	-
X. PROVISIONS	(7)	191.485	42.364	233.849	216.049	35.810	251.859
10.1 General Provisions		110.416	25.847	136.263	140.016	30.869	170.885
10.2 Restructuring Reserves		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		43.260	-	43.260	53.033	-	53.033
10.4 Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5 Other Provisions		37.809	16.517	54.326	23.000	4.941	27.941
XI. TAX LIABILITY	(8)	48.484	3.315	51.799	55.695	2.763	58.458
11.1 Current Tax Liability		48.484	3.315	51.799	55.695	2.763	58.458
11.2 Deferred Tax Liability		-	-	-	-	-	-
XII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(9)	-	-	-	-	-	-
12.1 Assets Held for Sale		-	-	-	-	-	-
12.2 Assets of Discontinued Operations		-	-	-	-	-	-
XIII. SUBORDINATED LOANS	(10)	-	1.510.937	1.510.937	-	1.239.557	1,239.557
XIV. SHAREHOLDERS' EQUITY	(11)	2.288.359	(8.766)	2.279.593	2.097.426	6.488	2.103.914
14.1 Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2 Capital Reserves		220.642	(8.766)	211.876	194.422	6.488	200.910
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Reserve		210	(8.766)	(8.556)	4.203	6.488	10.691
14.2.4 Revaluation Reserve on Tangible Assets		211.642	-	211.642	189.092	-	189.092
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		8.790	-	8.790	1.127	-	1.127
14.3 Profit Reserves		946.157	-	946.157	696.531	-	696.531
14.3.1 Legal Reserves		101.765	-	101.765	84.774	-	84.774
14.3.2 Status Reserves		-	-	-	-	-	-
14.3.3 Extraordinary Reserves		844.392	-	844.392	611.757	-	611.757
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Profit or Loss		221.560	-	221.560	306.473	-	306.473
14.4.1 Prior Years Profit/(Loss)		3.951	-	3.951	3.610	-	3.610
14.4.2 Current Year Profit/(Loss)		217.609	-	217.609	302.863	-	302.863
14.5 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		16.394.151	16.456.587	32.850.738	15.109.617	14.452.382	29.561.999

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated Statement of Off-Balance Sheet As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Audited Current Period December 31, 2016			Audited Prior Period December 31, 2015		
		TL	FC	Total	TL	FC	Total
		A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	(1)	5.229.816	5.721.490	10.951.306	5.494.071
I. GUARANTEES AND SURETIES		4.003.878	4.697.315	8.701.193	4.275.402	4.388.655	8.664.057
1.1. Letters of Guarantees		3.992.017	3.817.794	7.809.811	4.269.478	3.460.810	7.730.288
1.1.1. Guarantees Subject to State Tender Law		380.805	33.037	413.842	259.046	23.832	282.878
1.1.2. Guarantees Given for Foreign Trade Operations		5.911	875.341	881.252	436	816.444	816.880
1.1.3. Other Letters of Guarantee		3.605.301	2.909.416	6.514.717	4.009.996	2.620.534	6.630.530
1.2. Bank Loans		-	20.711	20.711	-	28.324	28.324
1.2.1. Import Letter of Acceptances		-	20.711	20.711	-	28.324	28.324
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		2.073	750.606	752.679	-	639.592	639.592
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		2.073	750.606	752.679	-	639.592	639.592
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		150	101.422	101.572	1.877	245.719	247.596
1.7. Other Collaterals		9.638	6.782	16.420	4.047	14.210	18.257
II. COMMITMENTS	(1)	1.221.782	9.379	1.231.161	1.218.669	110.806	1.329.475
2.1. Irrevocable Commitments		1.221.782	9.379	1.231.161	1.218.669	110.806	1.329.475
2.1.1. Asset Purchase and Sale Commitments		4.020	9.379	13.399	76.526	110.806	187.332
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		111.042	-	111.042	116.862	-	116.862
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		588.983	-	588.983	500.882	-	500.882
2.1.7. Tax And Fund Liabilities from Export Commitments		3.029	-	3.029	2.035	-	2.035
2.1.8. Commitments for Credit Card Expenditure Limits		475.270	-	475.270	521.562	-	521.562
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		963	-	963	599	-	599
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		38.475	-	38.475	203	-	203
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	4.156	1.014.796	1.018.952	-	417.005	417.005
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		4.156	1.014.796	1.018.952	-	417.005	417.005
3.2.1. Forward Foreign Currency Buy/Sell Transactions		4.156	1.014.796	1.018.952	-	417.005	417.005
3.2.1.1. Forward Foreign Currency Transactions-Buy		2.078	539.810	541.888	-	219.089	219.089
3.2.1.2. Forward Foreign Currency Transactions-Sell		2.078	474.986	477.064	-	197.916	197.916
3.2.2. Other Forward Buy/Sell Transactions		-	-	-	-	-	-
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		46.841.565	7.544.333	54.385.898	38.754.719	5.866.824	44.621.543
IV. ITEMS HELD IN CUSTODY		1.598.038	1.363.315	2.961.353	1.671.504	932.158	2.603.662
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		72	-	72	72	-	72
4.3. Cheques Received for Collection		1.214.349	110.011	1.324.360	1.135.253	140.774	1.276.027
4.4. Commercial Notes Received for Collection		351.020	31.674	382.694	509.767	23.015	532.782
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		2.534	153.793	156.327	999	280.573	281.572
4.8. Custodians		29.960	1.067.837	1.097.797	25.310	487.796	513.106
V. PLEDGED ITEMS		45.243.527	6.181.018	51.424.545	37.083.215	4.934.666	42.017.881
5.1. Marketable Securities		2.553.972	1.690.418	4.244.390	2.526.159	1.260.176	3.786.335
5.2. Guarantee Notes		1.461.797	180.826	1.642.623	1.792.505	166.731	1.959.236
5.3. Commodity		1.873.977	956.778	2.830.755	1.671.688	750.681	2.422.369
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		37.530.439	1.668.064	39.198.503	29.631.293	1.227.662	30.858.955
5.6. Other Pledged Items		1.571.336	1.681.591	3.252.927	1.372.083	1.526.355	2.898.438
5.7. Pledged Items-Depository		252.006	3.341	255.347	89.487	3.061	92.548
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		52.071.381	13.265.823	65.337.204	44.248.790	10.783.290	55.032.080

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated Statement of Income

As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

		Notes	Audited	Audited
		(Section	Current Period	PRIOR PERIOD
		Five-IV)	January 1-	January 1-
			December 31, 2016	December 31, 2015
INCOME AND EXPENSE ITEMS				
I.	PROFIT SHARE INCOME	(1)	2.218.804	1.935.159
1.1	Profit Share on Loans		1.965.135	1.708.889
1.2	Income Received from Reserve Deposits		18.811	10.263
1.3	Income Received from Banks		810	36
1.4	Income Received from Money Market Placements		-	-
1.5	Income Received from Marketable Securities Portfolio		159.663	135.215
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		94.487	70.619
1.5.4	Investments Held to Maturity		65.176	64.596
1.6	Finance Lease Income		73.181	79.117
1.7	Other Profit Share Income		1.204	1.639
II.	PROFIT SHARE EXPENSE	(2)	1.195.186	1.049.478
2.1	Expense on Profit Sharing Accounts		870.132	829.534
2.2	Profit Share Expense on Funds Borrowed		266.000	163.528
2.3	Profit Share Expense on Money Market Borrowings		55.734	47.081
2.4	Profit Share Expense on Securities Issued		-	-
2.5	Other Profit Share Expense		3.320	9.335
III.	NET PROFIT SHARE INCOME (I - II)		1.023.618	885.681
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		145.935	135.997
4.1	Fees and Commissions Received		208.127	187.627
4.1.1	Non-Cash Loans		104.868	98.046
4.1.2	Other	(12)	103.259	89.581
4.2	Fees and Commissions Paid		62.192	51.630
4.2.1	Non-Cash Loans		334	321
4.2.2	Other	(12)	61.858	51.309
V.	DIVIDEND INCOME	(3)	-	519
VI.	TRADING INCOME/LOSS(net)	(4)	45.139	52.570
6.1	Capital Market Transaction Income/(Loss)		200	2.223
6.2	Profit/(Loss) from Derivative Financial Instruments		102.994	68.093
6.3	Foreign Exchange Income/(Loss)		(58.055)	(17.746)
VII.	OTHER OPERATING INCOME	(5)	157.511	113.407
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.372.203	1.188.174
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	372.157	157.143
X.	OTHER OPERATING EXPENSES (-)	(7)	736.126	654.253
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		263.920	376.778
XII.	EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-
XIII.	PROFIT/(LOSS) ON EQUITY METHOD		-	-
XIV.	PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	263.920	376.778
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	46.311	73.915
16.1	Provision for Current Taxes		53.999	78.166
16.2	Provision for Deferred Taxes		(7.688)	(4.251)
XVII.	NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	217.609	302.863
XVIII.	INCOME FROM DISCONTINUED OPERATIONS	(10)	-	-
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		-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
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		-	-
XX.	PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1	Provision for Current Taxes		-	-
21.2	Provision for Deferred Taxes		-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(11)	217.609	302.863
23.1	Group's Profit/Loss		217.609	302.863
23.2	Minority shares (-)		-	-
	Earnings Per Share (Full TL)		0,242	0,337

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated Statement of Income & Expense Items Accounted Under Shareholders' Equity as of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	Audited	Audited
	Current Period January 1- December 31, 2016	Prior Period January 1- December 31, 2015
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(24.059)	876
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	34.580	31.988
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	7.606	4.368
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	-	-
VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	(2.833)	9.772
IX. DEFERRED TAX ON VALUATION DIFFERENCES	(1.538)	(2.494)
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	13.756	44.510
XI. PROFIT/LOSS	217.609	302.863
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	217.609	302.863
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	231.365	347.373

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated Statement of Profit Distribution

As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

	Notes (Section Five-VI)	Audited Current Period January 1- December 31, 2016	Audited Prior Period January 1- December 31, 2015
STATEMENT OF CASH FLOWS			
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes In Operating Assets And Liabilities	1.297.741	848.528
1.1.1	Profit Share Income Received	1.991.802	1.728.917
1.1.2	Profit Share Expense Paid	(1.171.483)	(1.013.622)
1.1.3	Dividend Received	-	10
1.1.4	Fees and Commissions Received	208.127	187.627
1.1.5	Other Income	75.806	107.179
1.1.6	Collections from Previously Written Off Loans	164.013	118.799
1.1.7	Payments to Personnel and Service Suppliers	(416.420)	(354.129)
1.1.8	Taxes Paid	(88.261)	(104.771)
1.1.9	Others	534.157	178.518
1.2	Changes In Operating Assets And Liabilities	(1.081.308)	141.094
1.2.1	Net (Increase) Decrease in Available For Sale Financial Assets	(43.813)	(16.672)
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	695.562	(698.078)
1.2.4	Net (Increase) Decrease in Loans	(3.152.211)	(3.105.308)
1.2.5	Net (Increase) Decrease in Other Assets	72.688	(155.456)
1.2.6	Net Increase (Decrease) in Funds Collected From Banks	1.239.937	103.435
1.2.7	Net Increase (Decrease) in Other Funds Collected	300.995	3.105.520
1.2.8	Net Increase (Decrease) in Funds Borrowed	141.022	716.415
1.2.9	Net Increase (Decrease) in Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(335.488)	191.238
I.	Net Cash Flow From Banking Operations	216.433	989.622
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities	(120.840)	(381.782)
2.1	Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries	(4.650)	(10.000)
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries	-	-
2.3	Fixed Assets Purchases	(32.484)	(68.547)
2.4	Fixed Assets Sales	57.326	43.773
2.5	Cash Paid for Purchase of Financial Assets Available for Sale	(1.024.093)	(611.211)
2.6	Cash Obtained from Sale of Financial Assets Available for Sale	723.577	179.188
2.7	Cash Paid for Purchase of Investment Securities	(264.055)	(391.427)
2.8	Cash Obtained from Sale of Investment Securities	423.539	476.442
2.9	Other	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Flow From Financing Activities	(769.107)	1.167.349
3.1	Cash Obtained from Funds Borrowed and Securities Issued	3.005.907	6.263.893
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	(3.724.614)	(5.062.344)
3.3	Issued Capital Instruments	-	-
3.4	Dividends Paid	(50.400)	(34.200)
3.5	Payments for Finance Leases	-	-
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	329.943	124.317
V.	Net (Decrease) Increase in Cash and Cash Equivalents	(343.571)	1.899.506
VI.	Cash and Cash Equivalents at the Beginning of the Period	3.808.054	1.908.548
VII.	Cash and Cash Equivalents at the End of the Period	3.464.483	3.808.054

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated Changes in Shareholders' Equity As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

CHANGES IN SHAREHOLDERS' EQUITY (Audited)	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves
PRIOR PERIOD							
January 1- December 31, 2015							
I. Beginning balance	(V)	900.000	-	-	-	71.744	-
Changes In Period							
II. Increase/Decrease Related to Merger		-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-
IX. Changes Related to the Disposal Of Assets		-	-	-	-	-	-
X. Changes Related to the Reclassification of Assets		-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-
XV. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-
XVII. Period Net Income/(Loss)		-	-	-	-	-	-
XVIII. Profit Distribution		-	-	-	-	13.030	-
18.1 Dividends Distributed		-	-	-	-	-	-
18.2 Transfers To Reserves		-	-	-	-	13.030	-
18.3 Other		-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	84.774	-

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

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
398.393	(2.973)	252.631	7.963	9.990	153.179	-	-	-	1.790.927
-	-	-	-	-	-	-	-	-	-
-	-	-	-	701	-	-	-	-	701
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	29.598	-	-	-	29.598
-	-	-	-	-	-	-	-	-	-
-	4.368	-	-	-	-	-	-	-	4.368
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	(268)	-	3.610	-	6.315	-	-	-	9.657
-	-	302.863	-	-	-	-	-	-	302.863
213.364	-	(252.631)	(7.963)	-	-	-	-	-	(34.200)
-	-	-	(34.200)	-	-	-	-	-	(34.200)
213.364	-	-	(226.394)	-	-	-	-	-	-
-	-	(252.631)	252.631	-	-	-	-	-	-
611.757	1.127	302.863	3.610	10.691	189.092	-	-	-	2.103.914

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated Changes in Shareholders' Equity As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

CHANGES IN SHAREHOLDERS' EQUITY (Audited)	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves
CURRENT PERIOD							
January 1- December 31, 2016							
I. Beginning balance	(V)	900.000	-	-	-	84.774	-
Changes In Period							
II. Increase/Decrease Related to Merger		-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-
IX. Changes Related to the Disposal Of Assets		-	-	-	-	-	-
X. Changes Related to the Reclassification of Assets		-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-
XV. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-
XVI. Other		-	-	-	-	1.128	-
XVII. Period Net Income/(Loss)		-	-	-	-	-	-
XVIII. Profit Distribution		-	-	-	-	15.863	-
18.1 Dividends Distributed		-	-	-	-	-	-
18.2 Transfers To Reserves		-	-	-	-	15.863	-
18.3 Other		-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	101.765	-

⁽¹⁾ As per Repurchase Programme accepted at the General Assembly on March 25, 2015 repurchased shares amount to TL 3.005 between January 18, 2016 and July 22, 2016 is represented under other reserves.

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
611.757	1.127	302.863	3.610	10.691	189.092	-	-	-	2.103.914
-	-	-	-	-	-	-	-	-	-
-	-	-	-	(19.247)	-	-	-	-	(19.247)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	30.542	-	-	-	30.542
-	-	-	-	-	-	-	-	-	-
-	7.606	-	-	-	-	-	-	-	7.606
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(7.575)	57	-	3.951	-	(7.992)	-	-	-	(10.431)
-	-	217.609	-	-	-	-	-	-	217.609
240.210	-	(302.863)	(3.610)	-	-	-	-	-	(50.400)
-	-	-	(50.400)	-	-	-	-	-	(50.400)
240.210	-	-	(256.073)	-	-	-	-	-	-
-	-	(302.863)	302.863	-	-	-	-	-	-
844.392	8.790	217.609	3.951	(8.556)	211.642	-	-	-	2.279.593

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated Statement of Profit Distribution

As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT DISTRIBUTION	THOUSAND TURKISH LIRA	
	Current Period December 31, 2016	Prior Period December 31, 2015
I. Distribution of current year income		
1.1. Current year income	263.920	380.388
1.2. Taxes and duties payable (-)	46.311	73.915
1.2.1. Corporate tax (Income tax)	53.999	78.166
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities ^(*)	(7.688)	(4.251)
A. Net income for the year (1.1-1.2)	217.609	306.473
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	15.323
1.5. Other statutory reserves (-)	6.791	-
B. Distributable net period income [(A-(1.3+1.4+1.5)) ^(†)	210.818	290.610
1.6. First dividend to shareholders (-)	-	50.400
1.6.1. To owners of ordinary shares	-	50.400
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	-	240.210
1.13. Other reserves	-	-
1.14. Special funds	-	-
II. Distribution from reserves		
2.1. Distributed reserves	-	-
2.2. Second legal reserves (-)	-	540
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 (-)	-	-
III. Earnings per share		
3.1. To owners of ordinary shares ^(**) (Full TL)	0,234	0,323
3.2. To owners of ordinary shares (%)	23,4	32,3
3.3. To owners of preferred shares	-	-
3.4. To owners of preferred shares (%)	-	-
IV. Dividend per share		
4.1. To owners of ordinary shares (Full TL)	-	0,056
4.2. To owners of ordinary shares (%)	-	5,6
4.3. To owners of preferred shares	-	-
4.4. To owners of preferred shares (%)	-	-

^(†) 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

^(*) 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.

^(**) Calculated by using the number of share certificates as of year-end.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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 unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not prepared by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") (all are referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette numbered 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets, liabilities and revalued real estates carried at fair value.

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

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2015. The aforementioned accounting policies and valuation principles are explained in Notes II to XXII below.

TAS/TFRS changes which are effective from January 1, 2016 do not have a significant effect on the Bank's accounting policies, financial position or performance. As of the date of financial statements, TAS/TFRS changes which are announced but not yet effective, except TFRS 9 financial instruments and TFRS 16 Leases, do not have a significant effect on the Bank's accounting policies, financial position or performance.

New IFRS 16 Leases Standard has been published by IASB on January 13, 2016. IFRS 16 replaces the current dual accounting model presenting the financial leases on balance sheet and not representing operational leases on balance sheet. Instead, a singular accounting model will be represented similar to current financial leasing accounting model based on balance sheet. For lessors, the accounting will remain the same as to the current accounting practices. This change will be effective for the periods after January 1, 2019. Early adoption is allowed for the entities which are already applying "TFRS 15 Revenue from contracts with customers". The Bank evaluates the impacts of the standard on financial position and performance.

"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 April 7, 2015 numbered 29319, the effective date of the mentioned Communiqué has been changed as December 31, 2014 which is planned to be applied after 31 December 2017) "Financial Instruments" before January 1, 2018.

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.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

The preparation of the unconsolidated financial statements according to BRSA Reporting and Accounting Legislation 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, provisions for the lawsuits, deferred tax assets and liabilities, 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.

c. Restatement of the financial statements according to the current purchasing power of money:

Accompanying financial statements are subjected to TAS 29 "Financial Reporting in Hyperinflationary Economies" until December 31, 2004 and with regard to this 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 performing loans which were funded from these accounts is 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, generally consist of forward foreign currency, forward security and swap agreements. Derivative transactions portfolio may change as per market conditions in related terms. The Bank records the spot foreign currency transactions in asset purchase and sale commitments.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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.

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.

IV. Explanations on profit share income and expenses:

Profit share income

Profit share income is accounted in accordance with "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" 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" dated November 1, 2006 and numbered 26333, 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 "Unearned 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 cash and non-cash loans commissions directly as income.

VI. Explanations on financial assets:

The Bank categorizes and records 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.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss has two sub-categories: “Trading financial assets” and “Financial assets at fair value through profit and loss”.

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, 2016, the Bank has not any financial assets classified as financial assets at fair value through profit or loss except for trading financial assets (December 31, 2015: None).

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” dated January 26, 2007 and numbered 26415.

Financial assets held to maturity:

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.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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.

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. The sukuk investments issued by the Bank which are repurchased has been offset in available for sale and subordinated loan accounts.

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 not any 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.

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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. The Bank transfers such assets from assets held for sale and discounted operations to tangible assets.

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 not any discontinued operations.

XI. Explanations on goodwill and other intangible assets:

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for 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 Bank has started to use the new core banking system on June 19, 2015 after waiving the prior core banking system and useful live of the new banking system has been determined as 3 years.

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 "Turkish Accounting Standard for 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 "Turkish Accounting Standards for 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 real estates 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, 2016, 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:

	Depreciation Rate (%)
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

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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 five years. After January 1, 2010 in cases where leasing period is more than five years, the useful life is determined as five years.

If there is an indication for impairment, the Bank estimates the recoverable amount of the tangible asset in accordance with TAS 36 "Turkish Accounting Standard for Impairment of Assets" and if the recoverable amount is less than its carrying value, provides for an impairment loss.

Fixed assets which are carried at fair value in the financial statements are revalued by independent CMB licensed firms in accordance with TFRS 13.

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.

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 prepaid lease 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. Financial 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: "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets".

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the cut-off principle.

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A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

XV. Explanations on liabilities regarding employee rights:

i) Defined benefit plans:

Provision for employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Bank.

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Bank recognizes all actuarial gains and losses immediately through other comprehensive income.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the employees are members.

As of December 31, 2016, actuarial loss amounts to TL 9.729 (December 31, 2015: TL 6.896 actuarial loss).

ii) Defined contribution plans:

The Bank pays defined contribution plans to publicly administered Social Security Funds for its employees. The Bank has not any 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, Bank measures the expected costs of the cumulative annual leaves as additional amounts anticipate to pay accumulated and unused rights as of reporting period.

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 numbered 5520 published in the Official Gazette numbered 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.

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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 and carry out sectorial investigations.

Considering the participation accounts' part in general loan loss provision as expense for tax calculation, Finance Ministry initiated a sector-specific review. The relevant documents and calculations have been requested from the Bank. As of report date, there is no information or written report transmitted to the Bank.

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 the 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 related regulation, in the case of making purchase or sales of goods or services with related persons/corporations at a price that is determined against "the 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.

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There are no debt securities issued by the Bank. The Bank has issued borrowings through its subsidiary Bereket Varlık Kiralama A.Ş. and its structured entities ABT Sukuk Limited and Albaraka Sukuk Limited.

The Bank has subordinated loan borrowed through sukuk issuance which has convertible nature to the shares.

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 XI.

XXII. Explanations on other matters:

None.

XXIII. Additional paragraph for convenience translation:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these 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:

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of December 31, 2016 the Bank's total capital has been calculated as TL 3.064.000, capital adequacy standard ratio is 13,46%. As of December 31, 2015, Bank's total capital amounted to TL 3.157.310, capital adequacy ratio was 15,27% calculated as per former regulations. This ratio is above the minimum ratio required by the legislation.

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a) Information on Capital:

	Current Period December 31, 2016	Amounts related to treatment before 1 January 2014 (*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	
Share issue premiums	-	
Reserves	946.157	
Gains recognized in equity as per TAS	232.165	
Profit	221.560	
Current Period Profit	217.609	
Prior Period Profit	3.951	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	2.299.882	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	20.289	
Improvement costs for operating leasing	27.695	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	19.895	33.159
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	

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	Current Period December 31, 2016	Amounts related to treatment before 1 January 2014 (*)
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	67.879	
Total Common Equity Tier 1 Capital	2.232.003	
ADDITIONAL TIER I CAPITAL	-	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital	-	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	13.264	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	2.218.739	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	793.260	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	60.956	
Tier II Capital Before Deductions	854.216	
Deductions From Tier II Capital	-	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	

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	Current Period December 31, 2016	Amounts related to treatment before 1 January 2014 (*)
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	854.216	
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.072.955	
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	5.813	
Other items to be defined by the BRSA	3.142	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
TOTAL CAPITAL		
Total Capital	3.064.000	
Total risk weighted amounts	22.757.911	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	9,81	
Tier 1 Capital Adequacy Ratio (%)	9,75	
Capital Adequacy Ratio (%)	13,46	

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	Current Period December 31, 2016	Amounts related to treatment before 1 January 2014 (*)
BUFFERS		
Total buffer requirement (%)	0,63	
Capital conservation buffer requirement (%)	0,63	
Bank specific counter-cyclical buffer requirement (%)	0,00	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5,31	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	32.927	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	60.956	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4		
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(*) Amounts in this column represents the amounts of items that are subject to transition provisions.

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	December 31 2015 (*)
Tier I capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	696.531
Other Comprehensive Income according to TAS	206.427
Profit	306.473
Current Period Profit	302.863
Prior Period Profit	3.610
General Reserves for Possible Losses	88
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I capital before deductions	2.109.519
Deductions from tier I capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	5.517
Leasehold Improvements on Operational Leases (-)	36.383
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	16.742
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital(-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total deductions from tier I capital	58.642
Total tier I capital	2.050.877
Additional core capital	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-

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(Thousand of Turkish Lira (TL) unless otherwise stated)

	December 31 2015 (*)
Additional core capital before deductions	-
Deductions from additional core capital	-
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total deductions from additional core capital	-
Total additional core capital	-
Deductions from core capital	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	25.113
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total core capital	2.025.764
Tier II capital	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	642.166
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	420.300
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	74.819
Tier II capital before deductions	1.137.285
Deductions from tier ii capital	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital(-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total deductions from tier II capital	-
Total tier II capital	1.137.285
Capital	3.163.049
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	2.459
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	3.280

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

	December 31 2015 ^(*)
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
Equity	3.157.310
Amounts lower than excesses as per deduction rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	18.922

^(*) Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date March 31, 2016, the information given in the prior period column has been calculated as per former regulation.

b) Information on reconciliation of total capital and equity.

The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from the general provisions and debt instruments and share issue premiums deemed suitable by the BRSA. In the calculation of Total Capital, general provision up to 1,25% of the credit risk is taken into consideration as Tier II Capital. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

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c) Details on Subordinated Liabilities

Issuer	Albaraka Sukuk Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207
Governing Law(s) of the Instrument	English Law
Special Consideration in the Calculation of Equity	
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala
Amount recognized in regulatory capital (as of most recent reporting date)	TL 793.260
Par Value of Instrument	TL 793.260
Accounting Classification	Subordinated Loan
Original date of Issuance	November 30, 2015
Perpetual or dated	Dated
Maturity date	November 30, 2025
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: 30.11.2020 Total Repayment Amount of Profit Share: USD 131.250.000, Repayment Period: 6 months Principal Payment: USD 250.000.000
Subsequent call dates	-
Profit Share/Dividends	
Fixed or floating profit share/dividend	Fixed
Profit share rate and any related index	10,50 %
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or Non-convertible	
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA'a approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA'a approval it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	No
Details of incompliances with article number 7 and 8 of "Own fund regulation"	No

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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). Distributing the risk in a balanced manner to the sectors is observed, therefore in their marketing operations the branches strive for reaching various firms existing in different sectors. As a principle, each branch oversee the balanced distribution of the total risk to the sectors and progress of the firms existing in critical sectors.

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".

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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:

Risk Categories	Current Period Risk Amount	Average Risk Amount ^(*)
Receivables from central governments or central banks	5.771.975	5.583.731
Receivables from regional or local governments	536	1.865
Receivables from administrative units and non-commercial enterprises	38.092	46.930
Receivables from multilateral development banks	66	66
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	2.394.688	2.030.326
Receivables from corporates	12.863.360	13.851.495
Retail receivables	5.282.437	4.040.329
Receivables secured by mortgages on property	2.506.399	3.243.056
Past due receivables	340.793	245.400
Receivables defined in high risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	1.428.512	1.301.379
Equity share investments	-	-
TOTAL ^(*)	30.626.858	30.344.577

^(*) Amounts include counterparty credit risk.

^(*) Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2016.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

(2) The credit risk undertaken for forwards, options and similar agreements is managed together with the risks arising from market movements.

(3) The risks of forwards, options and similar agreements are followed regularly and the Bank utilizes risk mitigation methods if needed.

(4) 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.

(5) 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.

(6) Share of cash receivables of the Bank from its top 100 and top 200 cash loan customers in total cash loans is 41% (December 31, 2015: 38%) and 48% (December 31, 2015: 46%) 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 44% (December 31, 2015: 45%) and 56% (December 31, 2015: 56%) 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% (December 31, 2015: 33%) and 44% (December 31, 2015: 41%) respectively.

(7) The Bank's general provision amount for its credit risk is TL 136.263 (December 31, 2015: TL 170.885).

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

(8) Profile on significant risks in significant regions:

Current Period	Risk Categories ^(*)						
	1	2	3	4	5	6	7
Domestic	5.290.150	536	38.092	-	1.913.188	12.334.111	5.264.405
EU Countries	-	-	-	-	138.869	143.118	4.123
OECD Countries ^(**)	-	-	-	-	11.394	-	28
Off-shore banking regions	-	-	-	-	21.256	44.369	9.755
USA, Canada	-	-	-	-	85.415	83.885	8
Other countries	-	-	-	66	150.102	257.785	4.118
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-
Total	5.290.150	536	38.092	66	2.320.224	12.863.268	5.282.437
Prior Period	1	2	3	4	5	6	7
Domestic	5.105.988	13.316	1.481	-	2.092.510	12.343.531	3.495.258
EU Countries	-	-	-	-	194.557	79.585	1.589
OECD Countries ^(**)	-	-	-	-	5.316	-	12
Off-shore banking regions	-	-	-	-	11.563	186.013	4.517
USA, Canada	-	-	-	-	77.021	9.450	10
Other countries	-	-	-	62	254.191	271.020	3.114
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	30.938	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-
Total	5.105.988	13.316	1.481	62	2.635.158	12.920.537	3.504.500

(*) 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- Receivables from central governments or central banks
- 2- Receivables from regional or local governments
- 3- Receivables from administrative units and non-commercial enterprises
- 4- Receivables from multilateral development banks
- 5- Receivables from banks and brokerage houses
- 6- Receivables from corporates
- 7- Retail receivables
- 8- Receivables secured by mortgages on property
- 9- Past due receivables
- 10- Receivables defined in high risk category by BRSA
- 11- Other receivables

Risk Categories (*)					
	8	9	10	11	Total
	2.486.291	296.839	-	1.360.372	28.983.984
	2.286	-	-	1	288.397
	-	-	-	-	11.422
	7.903	43.954	-	-	127.237
	-	-	-	-	169.308
	9.919	-	-	40.670	462.660
	-	-	-	27.469	27.469
	-	-	-	-	-
	2.506.399	340.793	-	1.428.512	30.070.477
	8	9	10	11	Total
	4.316.649	143.142	128.783	1.551.388	29.192.046
	5.460	-	-	131	281.322
	-	-	-	-	5.328
	11.883	6.052	-	-	220.028
	-	-	-	-	86.481
	14.097	918	-	2.002	545.404
	-	-	-	21.115	52.053
	-	-	-	-	-
	4.348.089	150.112	128.783	1.574.636	30.382.662

Albaraka Türk Katılım Bankası Anonim Şirketi

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Risk Profile according to sectors and counterparties:

Sectors/Counterparties	Risk Categories						
	1	2	3	4	5	6	7
1 Agriculture	-	-	-	-	-	97.811	48.663
Farming and stockbreeding	-	-	-	-	-	35.974	23.799
1.1 Forestry	-	-	-	-	-	53.984	23.893
1.2 Fishery	-	-	-	-	-	7.853	971
2 Manufacturing	-	-	321	-	-	6.330.702	1.992.461
2.1 Mining	-	-	-	-	-	402.472	40.390
2.2 Production	-	-	321	-	-	5.065.653	1.910.841
2.3 Electricity, gas, water	-	-	-	-	-	862.577	41.230
3 Construction	-	-	19.206	-	-	3.252.870	589.296
4 Services	3.335.369	3	18.448	66	2.272.560	2.672.856	1.071.758
4.1 Wholesale and retail trade	-	3	108	-	1.328	1.069.647	590.569
Hotel, food and beverage services	-	-	-	-	-	344.281	36.209
4.3 Transportation and telecommunication	-	-	-	-	-	129.913	70.546
4.4 Financial institutions	3.335.369	-	-	66	2.260.704	609.205	21.345
Real estate and renting services	-	-	82	-	10.528	310.371	252.483
4.6 Self-employment services	-	-	-	-	-	-	-
4.7 Education services	-	-	4.737	-	-	5.270	10.095
4.8 Health and social services	-	-	13.521	-	-	204.169	90.511
5 Other	1.954.781	533	117	-	47.664	509.029	1.580.259
6 Total	5.290.150	536	38.092	66	2.320.224	12.863.268	5.282.437

- 1- Receivables from central governments or central banks
- 2- Receivables from regional or local governments
- 3- Receivables from administrative units and non-commercial enterprises
- 4- Receivables from multilateral development banks
- 5- Receivables from banks and brokerage houses
- 6- Receivables from corporates
- 7- Retail receivables
- 8- Receivables secured by mortgages on property
- 9- Past due receivables
- 10- Other receivable

Risk Categories						
	8	9	10	TL	FC	Total
	21.031	5.234	12	101.753	70.998	172.751
	14.039	5.073	8	49.278	29.615	78.893
	6.284	161	4	51.445	32.881	84.326
	708	-	-	1.030	8.502	9.532
	743.294	156.736	280	3.165.480	6.058.314	9.223.794
	18.355	1.387	9	64.366	398.247	462.613
	694.079	154.552	258	2.949.333	4.876.371	7.825.704
	30.860	797	13	151.781	783.696	935.477
	1.130.457	51.216	338	2.789.220	2.254.163	5.043.383
	550.999	120.705	374.183	3.468.062	6.948.885	10.416.947
	273.894	58.386	144	1.110.903	883.176	1.994.079
	51.920	510	10	19.104	413.826	432.930
	18.810	45.263	35	71.467	193.100	264.567
	145.682	5.371	4.720	1.495.623	4.886.839	6.382.462
	27.326	6.069	369.076	561.824	414.111	975.935
	-	-	-	-	-	-
	10.533	151	29	27.947	2.868	30.815
	22.834	4.955	169	181.194	154.965	336.159
	60.618	6.902	1.053.699	4.405.940	807.662	5.213.602
	2.506.399	340.793	1.428.512	13.930.455	16.140.022	30.070.477

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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
1 Receivables from central governments or central banks	-	189.649	-	140.413	955.278
2 Receivables from regional or local governments	-	-	-	-	-
3 Receivables from administrative units and non-commercial enterprises	51	77	304	18	21.637
4 Receivables from multilateral development banks	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-
6 Receivables from banks and brokerage houses	27.206	18.693	5.938	13.638	16.486
7 Receivables from corporates	261.472	750.383	1.229.560	2.276.552	5.734.769
8 Retail receivables	119.314	333.121	528.779	818.991	2.748.497
9 Receivables secured by mortgages on property	58.117	105.650	189.053	391.514	1.454.294
10 Past due receivables	2.329	6.237	10.359	26.131	150.235
11 Receivables defined in high risk category by BRSA	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
14 Investments similar to collective investment funds	-	-	-	-	-
15 Other receivables	3	2	23	170	101
16 Equity share investments	-	-	-	-	-
17 TOTAL	468.492	1.403.812	1.964.016	3.667.427	11.081.297

(9) 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 ^(*)	%0	%10	%20	%35	%50	%75	%100	%150	%200	Deductions from Shareholders' Equity
1 Amount before credit risk mitigation	3.181.219	-	1.276.723	575.917	6.403.342	5.282.437	13.718.189	189.031	-	72.113
2 Amount after credit risk mitigation	3.775.860	-	1.451.626	559.076	6.425.283	5.036.322	13.190.459	188.232	-	72.113

(*) Amounts include counterparty credit risk.

(10) Amounts of impaired loans and past due receivables, value adjustments and provisions, current period value adjustments and provisions according to sectors or counterparties individually:

For loans which are classified as impaired loans due to delay of collection of principal or profit share 90 days and above, and/or negative risk assessments of credit worthiness of the debtor; "specific provision" is set aside in the accompanying financial statements as of December 31, 2016.

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For loans which are classified as past due not impaired loans due to delay of collection of principal or profit share up to 90 days; "general provision" is set aside in the accompanying financial statements as of December 31, 2016.

Sectors/Counterparties	Loans			Provisions
	Impaired Loans	Past Due (*)	Value Adjustments (**)	
1 Agriculture	22.077	2.470	24	14.253
1.1 Farming and stockbreeding	20.114	1.030	13	12.568
1.2 Forestry	1.958	1.440	11	1.680
1.3 Fishery	5	-	-	5
2 Manufacturing	540.446	714.193	9.727	283.574
2.1 Mining	5.524	1.286	10	2.853
2.2 Production	526.808	702.399	9.527	273.516
2.3 Electricity, gas, water	8.114	10.508	190	7.205
3 Construction	240.879	377.284	3.254	140.023
4 Services	256.457	202.069	2.571	111.253
4.1 Wholesale and retail trade	141.998	146.494	2.011	67.084
4.2 Hotel, food and beverage services	799	69	1	289
4.3 Transportation and telecommunication	66.850	21.869	217	17.474
4.4 Financial institutions	15.759	15.680	131	4.906
4.5 Real estate and renting services	5.576	1.145	11	3.336
4.6 Self-employment services	18.195	5.349	2	15.471
4.7 Education services	276	-	-	100
4.8 Health and social services	7.004	11.463	198	2.593
5 Other	46.095	158.745	1.938	29.402
6 Total	1.105.954	1.454.761	17.514	578.505

(*) Only overdue projects of the relevant credits are represented.

(**) The amounts represent general provisions.

(11) Information related to value adjustments and credit provisions:

The Bank provides specific provisions for loans which are overdue for 90 days or more. The collaterals are being taken into consideration while providing specific provisions in accordance with the Provisioning Communiqué.

The bank provides general loan provision for loans classified as first and second group loan portfolio. This provision is calculated in accordance with the "Regulation on procedures and principles for determination of qualifications of loans and other receivables by banks and provisions to be set aside" communiqué.

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments (*)	Closing Balance
1 Specific Provisions	280.847	305.593	(21.522) (**)	13.587	578.505
2 General Provisions	170.885	17.856	(53.039)	561	136.263

(*) Determined according to currency differences.

(**) Related balance includes reversal of provisions regarding write-off's in the amount of TL 76.

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III. Explanations on risks including countercyclical capital buffer calculation:

Explanations on receivables from consolidated private sector:

Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Turkey	17.097.231	37.306	17.134.537
Iraq	195.410	-	195.410
Georgia	105.153	-	105.153
Marshall Islands	90.111	-	90.111
United States of America	83.887	-	83.887
Malaysia	21.781	-	21.781
Germany	12.403	-	12.403
Malta	12.013	-	12.013
Panama	9.953	-	9.953
Romania	9.248	-	9.248
Other	37.945	12	37.957

IV. 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.

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:

	USD	EUR
As of December 31, 2016 - Balance sheet evaluation rate	3,510	3,700
As of December 30, 2016	3,510	3,700
As of December 29, 2016	3,524	3,682
As of December 28, 2016	3,539	3,679
As of December 27, 2016	3,517	3,673
As of December 26, 2016	3,503	3,663

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 TL 3,494 for 1 USD (December 2015: TL 2,883), TL 3,679 for 1 EUR (December 2015: TL 3,145).

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The Bank is mainly exposed to EUR and USD currency risks.

Information on currency risk of the Bank:

	EUR	USD	Other FC ^(*)	Total
Current Period				
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	763.158	2.487.762	807.885	4.058.805
Banks	741.797	434.279	325.691	1.501.767
Financial assets at fair value through profit and loss	-	65.074	-	65.074
Money market placements	-	-	-	-
Available-for-sale financial assets	153	386.470	-	386.623
Loans and financial lease receivables ^(**)	3.296.564	7.068.317	589	10.365.470
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	791	791
Intangible assets	-	-	305	305
Other assets ^(***)	1.566	7.274	4.217	13.057
Total assets	4.803.238	10.449.176	1.139.478	16.391.892
Liabilities				
Current account and funds collected from banks via participation accounts	1.531.340	261.907	2.433	1.795.680
Other current and profit sharing accounts	2.316.846	5.843.139	642.326	8.802.311
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	908.554	4.844.985	-	5.753.539
Marketable securities issued	-	-	-	-
Miscellaneous payables	4.396	54.768	8.980	68.144
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	5.961	10.542	3.329	19.832
Total liabilities	4.767.097	11.015.341	657.068	16.439.506
Net balance sheet position	36.141	(566.165)	482.410	(47.614)
Net off balance sheet position	(222)	534.761	(473.712)	60.827
Derivative financial instruments assets ^(****)	2.886	538.533	1.082	542.501
Derivative financial instruments liabilities ^(****)	3.108	3.772	474.794	481.674
Non-cash loans ^(****)	1.429.354	3.231.964	35.997	4.697.315
Prior Period				
Total assets	3.432.222	10.426.828	630.020	14.489.070
Total liabilities	3.372.658	10.622.240	420.127	14.415.025
Net balance sheet position	59.564	(195.412)	209.893	74.045
Net off balance sheet position	(16.929)	210.880	(191.644)	2.307
Derivative financial instruments assets	8.320	249.140	7.599	265.059
Derivative financial instruments liabilities	25.249	38.260	199.243	262.752
Non-cash loans	1.298.973	3.054.388	35.294	4.388.655

^(*) TL 790.486 (December 31, 2015: TL 446.121) 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 274.919 (December 31, 2015: TL 39.682) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 599.733 (December 31, 2015: TL 294.008) 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 5.971.045 (December 31, 2015: TL 5.068.133).

^(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 566 (December 31, 2015: TL 431) is included in other assets.

^(****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 2.691 (December 31, 2015: TL 45.969) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 6.688 (December 31, 2015: TL 64.837).

^(****) Does not have any effect on the net off-balance sheet position.

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V. Explanations on position risk of equity securities in banking book:

The Bank does not have any associate and subsidiary quoted at Borsa İstanbul.

VI. Explanations on liquidity risk:

Liquidity Risk is managed by Asset and Liability Committee (ALCO) in line with risk management policies and risk appetite approved by the Board of Directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure of the Bank. Under stressed conditions, liquidity risk is managed within the Contingency Funding Plan framework.

The Board of Directors reviews the liquidity risk management strategy, policy and practices and approves the liquidity strategy and policies within the framework of risk management strategy and policies, ensures the effective of practice of policies and integrations with Bank's risk management strategy. The Board of Directors determines the basic metrics in liquidity risk measurement and monitoring. The Board of Directors establishes risk appetite of the Bank in liquidity risk management and identifies the risk limits in accordance with the risk appetite and reviews it regularly.

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Bank is exposed to and considering the Bank's strategy and conditions of competition and pursues the implementations.

Risk Management Department defines the Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with legal legislation, presents measurement results periodically to related departments, committees and senior management. Risk Management Department coordinates related parties in order to ensure compliance of risk management process in accordance with the Bank's risk profile, operation environment and strategic plan with regulations.

The liquidity risk analysis and the important early warning signals are reported periodically to related senior management. Additionally, analysis and monitored internal reserve limit ratios related to liquidity risk are presented in ALCO report. Reserve limit ratios and alert levels approved by the Board of Directors are monitored and reported regularly to related parties.

The Bank's funding management is carried out in compliance with the ALCO decisions. Funding and placement strategies are developed by assessing liquidity of the Bank.

In liquidity risk management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions.

Diversification of assets and liabilities is assured so as to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Bank's funding base of funds collected and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed.

In the context of Turkish Lira and foreign currencies liquidity management, the Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view.

Liquidity risk exposed by the Bank is managed by establishing risk appetite, effective control environment and closely monitoring by limits.

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of strategy, policy and procedures regarding liquidity risk and contingency funding plan is prepared within this framework.

There exists "Liquidity Risk Management Contingency Funding Plan" in the Bank including mechanisms to prevent increase in liquidity risk during normal and liquidity crisis scenarios for different conditions and levels. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Bank monitors liquidity risk in terms of early warning indicators in each stress.

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Liquidity Coverage Ratio:

Current Period	Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" not Implemented Total value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 HIGH QUALITY LIQUID ASSETS			4.949.478	3.020.407
CASH OUTFLOWS				
2 Retail and Small Business Funds Collected	13.162.310	5.041.910	1.153.121	504.191
3 Stable Funds Collected	3.262.200	-	163.110	-
4 Less stable Funds Collected	9.900.110	5.041.910	990.011	504.191
5 Unsecured Funding other than Retail and Small Business Customers Deposits	6.612.800	4.020.394	3.653.791	2.243.157
6 Operational Funds Collected	673.832	671.940	168.458	167.985
7 Non-Operational Funds Collected	3.557.314	2.158.696	2.092.313	1.453.058
8 Other Unsecured Funding	2.381.654	1.189.758	1.393.020	622.114
9 Secured funding			-	-
10 Other Cash Outflows	7.633	7.169	7.633	7.169
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	7.633	7.169	7.633	7.169
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	9.275.450	4.417.720	732.184	385.901
16 TOTAL CASH OUTFLOWS			5.546.729	3.140.418
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	3.558.233	1.767.818	2.858.438	1.666.318
19 Other contractual cash inflows	7.660	3.172	7.655	3.172
20 TOTAL CASH INFLOWS	3.565.893	1.770.990	2.866.093	1.669.490
			Upper limit applied amounts	
21 TOTAL HQLA			4.949.478	3.020.407
22 TOTAL NET CASH OUTFLOWS			2.680.636	1.470.928
23 Liquidity Coverage Ratio (%)			184,64	205,34

(*) Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

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As per “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette numbered 28948, dated 21 March 2014, the weeks on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months are as follows:

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	149,00	140,98
Week	November 4, 2016	October 14, 2016
Highest	195,35	233,60
Week	November 25, 2016	December 2, 2016
Average (%)	171,54	175,56

Prior period	Rate of “Percentage to be taken into account” not Implemented Total value ^(*)		Rate of “Percentage to be taken into account” not Implemented Total value ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 HIGH QUALITY LIQUID ASSETS			4.646.672	3.219.811
CASH OUTFLOWS				
2 Retail and Small Business Funds Collected	11.185.760	4.553.060	1.118.576	455.306
3 Stable Funds Collected	-	-	-	-
4 Less stable Funds Collected	11.185.760	4.553.060	1.118.576	455.306
5 Unsecured Funding other than Retail and Small Business Customers Deposits	5.457.231	2.634.109	2.806.246	1.411.013
6 Operational Funds Collected	138.796	137.828	34.699	34.457
7 Non-Operational Funds Collected	2.740.796	1.270.374	1.467.273	782.629
8 Other Unsecured Funding	2.577.639	1.225.907	1.304.274	593.927
9 Secured funding	-	-	-	-
10 Other Cash Outflows	93.544	64.836	93.544	64.836
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	93.544	64.836	93.544	64.836
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	8.582.626	3.943.011	753.816	370.595
16 TOTAL CASH OUTFLOWS	-	-	4.772.182	2.301.750
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	3.881.434	2.240.888	2.982.449	1.874.782
19 Other contractual cash inflows	155.463	102.406	155.463	102.406
20 TOTAL CASH INFLOWS	4.036.897	2.343.294	3.137.912	1.977.188
			Upper limit applied amounts	
21 TOTAL HQLA			4.646.672	3.219.811
22 TOTAL NET CASH OUTFLOWS			1.634.270	575.438
23 Liquidity Coverage Ratio (%)	-		284,33	559,54

^(*) Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

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As per “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette numbered 28948, dated 21 March 2014, the weeks on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2015 are as follows.

Liquidity Coverage Ratio (%)	Prior period	
	TL+FC	FC
Lowest	276,20	314,95
Week	November 11, 2015	October 6, 2015
Highest	387,85	570,73
Week	December 18, 2015	November 30, 2015
Average (%)	327,59	460,32

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Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (^(*) (^(**))	Total
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	1.921.342	3.077.710	-	-	-	-	-	4.999.052
Banks	1.425.270	674.526	58.381	-	-	-	-	2.158.177
Financial Assets at Fair Value Through Profit and Loss	954	65.142	-	-	-	-	-	66.096
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	6.350	2.270	263.665	135.860	938.824	35.721	-	1.382.690
Loans ^(*)	-	1.556.951	1.303.246	6.724.557	10.938.277	1.437.821	761.202	22.722.054
Held-To-Maturity Investments	-	-	201.558	207.629	259.395	-	-	668.582
Other Assets	-	-	9	2.328	2.663	-	849.087	854.087
Total Assets	3.353.916	5.376.599	1.826.859	7.070.374	12.139.159	1.473.542	1.610.289	32.850.738
Liabilities								
Current account and funds collected from banks via participation accounts	677.801	871.266	172.316	76.633	-	-	-	1.798.016
Other current and profit sharing accounts	4.753.149	13.106.511	2.172.039	1.297.897	27.522	-	-	21.357.118
Funds provided from other financial institutions and subordinated loans	-	352.410	591.117	2.073.871	1.422.474	1.495.260	-	5.935.132
Money Market Borrowings	-	492.784	-	-	-	-	-	492.784
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	176.329	45.226	12.243	-	-	468.561	702.359
Other liabilities	-	36.167	3.411	-	-	-	2.525.751	2.565.329
Total Liabilities	5.430.950	15.035.467	2.984.109	3.460.644	1.449.996	1.495.260	2.994.312	32.850.738
Net Liquidity Gap	(2.077.034)	(9.658.868)	(1.157.250)	3.609.730	10.689.163	(21.718)	(1.384.023)	-
Net Off-balance sheet Position	-	-	64.824	-	-	-	-	64.824
Financial Derivative Assets	-	945	538.765	2.178	-	-	-	541.888
Financial Derivative Liabilities	-	945	473.941	2.178	-	-	-	477.064
Non-cash Loans	8.216.684	7.177	64.783	172.892	221.384	18.273	-	8.701.193
Prior period								
Total Assets	3.834.227	5.332.964	2.533.007	6.987.596	8.520.891	1.177.188	1.176.126	29.561.999
Total Liabilities	4.261.191	12.761.275	3.785.861	2.085.824	2.572.262	1.226.880	2.868.706	29.561.999
Net Liquidity Gap	(426.964)	(7.428.311)	(1.252.854)	4.901.772	5.948.629	(49.692)	(1.692.580)	-
Net Off-balance sheet Position	-	-	-	21.173	-	-	-	21.173
Financial Derivative Assets	-	-	-	219.089	-	-	-	219.089
Financial Derivative Liabilities	-	-	-	197.916	-	-	-	197.916
Non-cash Loans	4.533.680	596.383	935.430	1.471.883	1.086.885	39.796	-	8.664.057

^(*) Leasing receivables are included under loans. Unallocated amount represents the amount arising from advances granted for leasing receivables and net non-performing loans.

^(**) 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 are included here.

^(***) The unallocated other liabilities column consists of equity, provisions and (if any) deferred tax liabilities.

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VII. Explanations on leverage ratio:

As of December 31, 2016, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 5,27% (December 31, 2015: 5,03%). Leverage ratio is required to remain minimum 3% as per Communiqué on Measurement and Evaluation for Leverage Ratios of Banks. The reason for the difference in leverage ratio between current and previous period is the average increase ratio of core capital is more than the average increase ratio of total risk amount.

	Current Period December 31, 2016 ^(*)	Prior Period December 31, 2015 ^(*)	
Balance sheet assets			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	31.308.239	28.936.499
2	(Assets deducted from Core capital)	(62.304)	(79.053)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	31.245.935	28.857.446
Derivatives financial assets and credit derivatives			
4	Cost of replenishment for derivative financial assets and credit derivatives	45.286	20.043
5	Potential credit risk amount of derivative financial assets and credit derivatives	9.860	4.913
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	55.146	24.956
Financing transactions secured by marketable security or commodity			
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	218.594	139.204
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	218.594	139.204
Off-balance sheet transactions			
10	Gross notional amount of off-balance sheet transactions	9.809.355	9.880.604
11	(Correction amount due to multiplication with credit conversion rates)	-	-
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	9.809.355	9.880.604
Capital and total risk			
13	Core Capital	2.176.537	1.955.492
14	Total risk amount(sum of lines 3, 6, 9 and 12)	41.329.030	38.902.210
Leverage ratio			
15	Leverage ratio (%)	5,27	5,03

^(*) The arithmetic average of the last 3 months in the related periods.

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VIII. 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	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Financial Assets				
Money market placements	-	-	-	-
Banks	2.158.177	2.482.614	2.158.177	2.482.614
Financial assets at fair value through profit and loss	66.096	22.283	66.096	22.283
Financial assets available for sale	1.382.690	1.051.566	1.382.690	1.051.566
Held to maturity investments	668.582	762.890	683.944	771.264
Loans and financial lease receivables	22.722.054	19.505.392	21.821.559	19.198.865
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	1.798.016	526.489	1.798.016	526.489
Other current and profit sharing accounts	21.357.118	19.819.689	21.357.118	19.819.689
Funds provided from other financial institutions	5.935.132	5.344.245	5.028.727	4.904.160
Marketable securities issued	-	-	-	-
Miscellaneous payables	702.359	686.386	702.359	

a. 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:

Current period (*)	Level I	Level II	Level III	Total
Financial assets				
Financial assets at fair value through profit and loss	954	65.142	-	66.096
Public sector debt securities	-	-	-	-
Equity securities	954	-	-	954
Derivative financial assets held for trading	-	65.068	-	65.068
Other	-	74	-	74
Financial assets- available for sale	1.380.099	-	-	1.380.099
Equity securities ^(†)	3.759	-	-	3.759
Public sector debt securities	1.285.338	-	-	1.285.338
Other marketable securities	91.002	-	-	91.002
Financial liabilities				
Derivative financial liabilities held for trading	-	88	-	88
Derivative financial liabilities for hedging purposes	-	-	-	-
Prior period				
Financial assets				
Financial assets at fair value through profit and loss	790	21.493	-	22.283
Public sector debt securities	-	-	-	-
Equity securities	790	-	-	790
Derivative financial assets held for trading	-	20.822	-	20.822
Other	-	671	-	671
Financial assets- available for sale	1.038.701	-	10.743	1.049.444
Equity securities ^(†)	-	-	10.743	10.743
Public sector debt securities	887.157	-	-	887.157
Other marketable securities	151.544	-	-	151.544
Financial liabilities				
Derivative financial liabilities held for trading	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-

^(†) Represent the amount of Visa accounted in Available For Sale.

^(*) In the current period, there is no classification between level I and level II.

Apart from financial assets and financial liabilities, as of December 31, 2016 and 2015, the Bank carries the real estates at fair value under tangible assets. Level III section is used in determining the related fair values.

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IX. 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 not any fiduciary transactions.

X. Explanations On Risk Management:

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables which have to be prepared within the scope of Internal rating-based (IRB) approach have not been presented.

a. Risk management strategy and weighted amounts:

a.1. Risk Management Strategy:

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.

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

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

The general manager is responsible from ensuring that departments of the bank operate in accordance with the specified policies and strategies about risk management as determined by the Board of Directors.

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

The related limits are monitored, reported and maintained within the set limits by the units under the internal systems and the related departments in the bank. Risk Management Department, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting of risks.

Ultimate goal of the bank's risk management system is to allocate capital in accordance with risks that functional activities have (economical capital), to maximize return on capital adjusted according to risk and to increase added value created.

In Asset and Liability Committee, asset-liability structure is managed via evaluating fund collection activities in line with risk management policies and domestic and foreign conditions regarding the bank's fund lending.

The risks that the Bank is exposed to or may be exposed to in the future are determined and the definition of these risks is made. Defined risks are measured and prioritized as far as possible. It is provided that all important risks are in the risk appetite considering the potential impact of the risks and the strategy arising from the bank's strategies to risk profile. The bank's strategies are integrated with risk profile and risk appetite. If it is expected that the risk profile is going to change in the future, this change is assessed with the degree of capital impact. While a risk profile is being developed, the risk profile is analyzed based on the risk type, the sector and/or the geographic location.

The bank's risk tolerance is the most comprehensive calculated risk amount which may be accepted in accordance with the determined mission and vision. In other words, before deciding on the necessity of taking measures, it is the bank's readiness to exposure of any risk amount. In this respect, the risk tolerance, in connection with the variety of services offered by the bank, is the level of risk it identifies as acceptable.

The bank's risk appetite means the amount of risk that can be accepted by the bank in order to reach the strategic targets, and it includes an acceptable variability around the targets as well.

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The common feature of the bank's risk appetite and risk tolerance is to drive the lines regarding risk acceptance. However, risk tolerance is more comprehensive.

By means of "Albaraka Turk Participation Bank's Credit Strategy and Risk Appetite Policy" approved by the board of directors, risk levels can be taken to implement risk strategies and to achieve the objectives of the Banks were identified. Quantitative and qualitative factors, which are determined within the framework of risk profile of the bank in accordance with the bank's risk appetite and risk tolerance, and triggering functions, were described in detail.

Considering the bank's financial position, activity profile and the growth expectations of the future, the amount of capital needed for the strategic targets to be met have been calculated by the basis of static and dynamic stress tests and scenario analyses.

Considering the factors that may affect the bank operates market today and in the future, stress tests and scenario analysis studies on the financial structure of the bank have been assessed together with the other financial indicators; in this context, a coordination based on harmony was created between prepared capital plans and processes of the bank.

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.

Market Risk

Bank's general market risk signifies the probability of possible losses that may arise from usual market movements of the financial instruments which are exposed to profit rate risk and position risk of equity securities rather than specific risk.

Market risk primarily is composed of the probability of possible losses that might occur as a result of movements in market prices, for currency risk, commodity risk, profit rate risk and position risk of equity securities arising from the bank's on-balance sheet and off-balance sheet positions. Within the coverage of market risk, Albaraka Türk 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 Bank's liquidity risk, consists of funding related liquidity risk and market-related 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.

Market liquidity risk is an expression of the likelihood of the bank's suffering a loss because the bank is unable to close or cover a particular position at the market price owing to insufficient market depth or to excessive market volatility.

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.

The 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.

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Credit risk

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.

Operational risk

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 the Bank. 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.

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.

The Bank also takes required measures to maintain operational risks at acceptable levels.

Other risks

The other risks that the Bank could encounter include strategic and reputational risk, counterparty credit risk, country risk, and concentration risk.

For the management of strategic risk, the Bank keeps a close watch on the domestic and international situation, on technological, financial, and social developments, on the legal and regulatory frameworks, and on the banking industry as a whole in order to make rational decisions and to change them as circumstances warrant.

The Bank regards reputational risk as anything that might lead to the Bank's suffering a loss on account of adverse developments such as a reduction in the confidence that is had in it or any impairment in its good standing due to unfavorable opinions that existing or potential customers, shareholders, competitors, regulatory agencies, or other outside or associated parties may have about it or due to any breach of existing laws and regulations.

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.

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Counterparty credit risk is an expression of the likelihood that the counterparty in any transaction that imposes an obligation on two parties will default on the obligation before the final payment in the transaction's cash flow sequence. The Bank manages its counterparty credit risk exposure as required by laws and regulations, taking best practices into consideration, and compatibly with the volume, nature, and complexity of its operations.

Country risk is an expression of the likelihood that the bank will suffer a loss because debtors in another country fail to fulfill or avoid fulfilling their obligations owing to uncertainties in the economic, social, and/or political conditions of that country. The Bank enters into business relationships with foreign financial institutions and/or the agencies of foreign countries taking legal and regulatory restrictions, market conditions, and customer satisfaction into consideration and on the basis of feasibility studies that take the country's economic conditions into account.

Concentration risk is defined as the likelihood that a single risk or several risks that have some attribute in common may, if realized, cause losses that are capable of endangering the bank itself or its ability to carry out its essential activities. Policies aimed at managing concentration risk are formulated so as to deal with particular aspects of it such as sectoral concentration, collateral concentration, market risk concentration, types of loss concentration, and creditor concentration.

a.2. Information on risk weighted amounts:

	Risk Weighted Amount		Minimum capital requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	20.911.373	19.138.134	1.672.910
2 Standardised approach (SA)	20.911.373	19.138.134	1.672.910
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	37.318	11.507	2.985
5 Standardised approach for counterparty credit risk (SA-CCR)	37.318	11.507	2.985
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies - look-through approach	-	-	-
9 Investments made in collective investment companies - mandate-based approach	-	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	88.758	91.424	7.101
17 Standardised approach (SA)	88.758	91.424	7.101
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	1.720.462	1.434.941	137.637
20 Basic Indicator Approach	1.720.462	1.434.941	137.637
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	22.757.911	20.676.006	1.820.633

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b. Relationships Between Financial Statements and Risk Amounts:

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation:

	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				Not subject to capital requirements or deducted from capital
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk ⁽¹⁾	
Assets						
Cash and balances with the central bank	4.999.052	4.999.052	-	-	-	-
Trading financial assets	66.096	-	65.068	-	1.028	-
Financial assets at fair value through profit and loss	-	-	-	-	-	-
Banks	2.158.177	2.158.177	-	-	-	-
Money market placements	-	-	-	-	-	-
Financial assets-available for sale (net)	1.382.690	1.382.690	-	-	-	-
Loans and receivables	21.843.075	21.839.933	-	-	-	3.142
Factoring receivables	-	-	-	-	-	-
Investments held to maturity (net)	668.582	668.582	-	-	-	-
Investments in associates (net)	4.719	4.719	-	-	-	-
Subsidiaries (net)	5.400	5.400	-	-	-	-
Joint ventures (net)	20.000	20.000	-	-	-	-
Lease receivables	878.979	878.979	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-	-	-
Tangible assets (net)	517.131	489.435	-	-	-	27.696
Intangible assets (net)	35.462	-	-	-	-	35.462
Investment property (net)	-	-	-	-	-	-
Tax asset	25.100	25.100	-	-	-	-
Assets held for sale and assets of discontinued operations (net)	92.317	92.317	-	-	-	-
Other assets	153.958	148.145	-	-	-	5.813
Total assets	32.850.738	32.712.529	65.068	-	1.028	72.113
Liabilities						
Funds collected	23.155.134	23.155.134	-	-	-	-
Derivative financial liabilities held for trading	88	-	88	-	-	-
Funds borrowed	4.424.195	4.424.195	-	-	-	-
Borrowings from money markets	492.784	492.784	-	-	-	-
Securities issued	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous payables	702.359	702.359	-	-	-	-
Other liabilities	-	-	-	-	-	-
Factoring debts	-	-	-	-	-	-
Lease payables	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-
Provisions	233.849	233.849	-	-	-	-
Tax liability	51.799	51.799	-	-	-	-
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated loans	1.510.937	1.510.937	-	-	-	-
Shareholders' equity	2.279.593	2.279.593	-	-	-	-
Total liabilities	32.850.738	32.850.650	88	-	-	-

⁽¹⁾ Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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b.2. Main reasons of the differences between the risk amounts and Carrying Value in accordance with Turkish Accounting Standards (TAS):

	Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk ^(*)
1 Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	32.850.738	32.712.529	-	65.068	1.028
2 Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	-	-	(88)	-
3 Total net amount within the scope of legal consolidation	32.850.738	32.712.529	-	65.156	1.028
4 Off balance sheet amounts	10.951.306	5.622.397	-	70.487	-
5 Repo and similar transactions ^(**)	-	-	-	4.818	-
6 Differences in valuations	-	-	-	-	-
7 Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8 Differences arising from consideration of provisions	-	-	-	-	-
9 Differences arising from BRSA's applications	-	-	-	-	-
10 Risk amounts	-	38.334.926	-	75.305	1.028

^(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

^(**) In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

b.3. Explanations on differences between carrying values in accordance with Turkish Accounting Standards (TAS) and risk amounts:

There is no significant difference between the financial statement amounts of assets and liabilities and the amounts included in capital adequacy calculation.

c. Public issues related to credit risk:

c.1. General information on credit risk:

c.1.1. General qualitative information on credit risk:

This information is already included in *Explanations on Credit Risk and (a.) The Bank's risk management approach:*

c.1.2. Credit quality of assets:

	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Provisions/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	1.105.954	22.313.281	697.181	22.722.054
2 Debt securities	-	2.052.558	7.585	2.044.973
3 Off-balance sheet exposures	90.015	9.842.339	37.036	9.895.318
4 Total	1.195.969	34.208.178	741.802	34.662.345

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c.1.3. Changes in stock of default loans and debt securities:

1	Defaulted loans and debt securities at end of the previous reporting period	519.163
2	Loans and debt securities that have defaulted since the last reporting period	790.342
3	Receivables back to non-defaulted status	287
4	Amounts written off	76
5	Other changes	113.173
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	1.195.969

c.1.4. Additional information on credit quality of assets:

The scope and definitions of past due receivables and the methods used by the bank to determine the provisions are mentioned in the Explanations on Credit risk.

The Bank may restructure not only non-performing credits and receivables but also the first and the second group credits and other receivables. Restructuring for the first and the second group credits and other receivables are made for improvement the customer's ability to repay the credit or for changes in contractual terms upon the customer request regardless of the customer's credit risk. Restructuring for non-performing credits and receivables are made for providing collection possibility by establishing a new payment plan.

Breakdowns for receivables in terms of sectors are mentioned in the footnote numbered VIII (*Explanations on Credit Risk*).

Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are shown below. The amount of non-performing credits which are actively written off in 2016 is TL 76.

Aging analysis for past due receivables:

As per Financial instruments segmentations, aging analysis of past due but not impaired financial assets is as follows:

0-30 Days	31-60 Days	61-90 Days	Total
739.521	671.339	544.143	1.955.003

Receivables that provisions are set in terms of geographical region:

Current Period	Non-performing Loans ^(*)	Specific Provision ^(*)
Domestic	1.043.911	563.492
Off-shore Banking Countries	60.761	13.731
Other Countries	1.282	1.282
General Total	1.105.954	578.505

^(*) Represents amounts for cash loans.

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c.2. Credit risk mitigation

c.2.1 Qualitative disclosure on 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 September 6, 2014 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.

If there are indicators on significant decreases of real estate’s value in comparison to general market prices, the real estate’s valuation is performed by the authorised valuation corporations authorised by Banking Regulation and Supervision Agency or Capital Markets Board of Turkey.

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

c.2.2 Credit risk mitigation techniques - General outlook:

	Exposures unsecured: carrying amount as pes TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	17.191.241	5.530.813	3.856.520	1.342.508	670.447	-	-
2 Dept securities	2.044.973	-	-	-	-	-	-
3 Total	19.236.214	5.530.813	3.856.520	1.342.508	670.447	-	-
4 Of which defaulted	424.410	103.039	89.234	1.778	916	-	-

c.3. Credit risk under standardised approach:

c.3.1. Qualitative disclosures on banks’ use of external credit ratings under the standardised approach for credit risk:

Explanations on rating grades that the banks use for calculation of credit risk by the standardised approach are mentioned in the footnote numbered (IX) for Explanations on Credit Risk.

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c.3.2. Credit risk exposure and credit risk mitigation techniques:

Risk classes	Exposures before Credit Conversion Factor and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Receivables from central governments or central banks	5.289.536	2.377	5.289.536	614	1.449.554	27,40%
2 Receivables from regional or local governments	17	1.049	17	519	268	50,00%
3 Receivables from administrative units and non-commercial enterprises	19.694	38.499	19.694	18.398	37.659	98,86%
4 Receivables from multilateral development banks	-	330	-	66	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	2.193.259	160.958	2.193.259	126.965	974.683	42,01%
7 Receivables from corporates	9.037.195	6.043.517	9.037.194	3.826.074	12.252.669	95,25%
8 Retail receivables	4.045.396	3.073.087	4.045.397	1.237.040	3.796.230	71,87%
9 Receivables secured by mortgages on property	2.094.284	567.324	2.094.284	412.115	1.189.799	47,47%
10 Past due receivables	340.793	-	340.793	-	393.759	115,54%
11 Receivables defined in high risk category by BRSA	-	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
14 Investments similar to collective investment funds	-	-	-	-	-	-
15 Other receivables	1.427.906	3.992	1.427.906	606	816.752	57,18%
16 Equity share investments	-	-	-	-	-	-
17 Total	24.448.080	9.891.133	24.448.080	5.622.397	20.911.373	69,54%

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c.3.3 Exposures by asset classes and risk weights:

Risk Classes/Risk Weighted											Total risk amount (post-CCF and CRM)	
	0%	10%	20%	35% secured by Mortgages on Property	50%	75%	100%	150%	200%	Others		
1 Receivables from central governments or central banks	2.391.042	-	-	-	2.899.108	-	-	-	-	-	-	5.290.150
2 Receivables from regional or local governments	-	-	-	-	536	-	-	-	-	-	-	536
3 Receivables from administrative units and non-commercial enterprises	385	-	61	-	-	-	37.646	-	-	-	-	38.092
4 Receivables from multilateral development banks	66	-	-	-	-	-	-	-	-	-	-	66
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	11.502	-	888.583	-	1.246.346	-	173.793	-	-	-	-	2.320.224
7 Receivables from corporates	392.535	-	131.612	-	225.544	-	12.113.577	-	-	-	-	12.863.268
8 Retail receivables	186.598	-	35.901	-	23.616	5.036.322	-	-	-	-	-	5.282.437
9 Receivables secured by mortgages on property	10.334	-	6.507	559.076	1.875.321	-	55.161	-	-	-	-	2.506.399
10 Past due receivables	763	-	255	-	80.367	-	71.176	188.232	-	-	-	340.793
11 Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
14 Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-	-
15 Other receivables	300.810	-	388.688	-	-	-	739.014	-	-	-	-	1.428.512
16 Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
17 Total	3.294.035	-	1.451.607	559.076	6.350.838	5.036.322	13.190.367	188.232	-	-	-	30.070.477

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Notes Related to Unconsolidated Financial Statements As of December 31, 2016

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ç. Counterparty credit risk:

ç.1. Qualitative disclosure on counterparty credit risk:

Derivatives and repurchase transactions in the calculation of counterparty credit risk are calculated according to the fair value in accordance with “Appendix-2 of Regulation on Measurement and Assessment of Capital Adequacy of Banks” published in the Official Gazette dated 23.11.2015 and numbered 29511. The sum of potential future exposures and positive replacement costs is taken in the calculation of the risk amount related to derivative transactions.

The bank prepared “Charter on the Counterparty Credit Risk Management Policy and Implementation Procedures” in order to determine the basic principles that manage the counterparty credit risk and this regulation was approved by the Board of Directors. The Board of Directors periodically reviews and assesses the related policy.

ç.2. Counterparty credit risk (CCR) approach analysis:

Current Period	Replacement cost	Potential Future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1 Standardised Approach - CCR (for derivatives)	65.068	5.419		-	70.487	35.278
2 Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3 Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					4.818	-
4 Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5 Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6 Total						35.278

(*) Effective expected positive exposure

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ç.3. Capital requirement for credit valuation adjustment (CVA):

Current Period	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	-	-
1 (i) VaR component (including the 3*multiplier)	-	-
2 (ii) Stressed VaR component (including the 3*multiplier)	-	-
3 All portfolios subject to the Standardised CVA capital obligation	70.487	2.040
4 Total subject to the CVA capital obligation	70.487	2.040

ç.4. CCR exposures by risk class and risk weights:

Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Risk Weighted									
Receivables from central governments or central banks	4.818	-	-	-	-	-	-	-	4.818
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	10	70.401	-	-	-	-	70.411
Receivables from corporates	-	-	-	-	-	76	-	-	76
Retail receivables									
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	4.818	-	10	70.401	-	76	-	-	75.305

(*) Total credit risk represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

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Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

ç.5. Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	125.130
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	125.130

ç.6. Information on the risks of the Bank arising from purchased or sold credit derivatives

The Bank does not have any risks arising from purchased or sold credit derivatives.

ç.7. Information on risks of the Bank arising from central counterparty

The Bank does not have any risks arising from central counterparty.

d. Information to be announced to public on Securitization:

There is not any information to be announced to public on securitization.

e. Information on Market risk:

e.1. Qualitative disclosure on market risk:

The Bank measures market risk by using the standard method in accordance with “Regulation on the Measurement and Assessment of the Capital Adequacy of Banks” dated October 23, 2015 and numbered 29511 and allocates legal capital on this basis. On the other hand, the market risk is also calculated by using the internal model for testing (Value at Risk) and the results found are supported by considering backtesting results. The market risk value (Value at Risk) calculated by using the internal model is calculated on a daily basis by using Variance-Covariance, EWMA, Monte Carlo and Historical Simulation methods and is reported to the top management.

The Board of Directors sets limits for these risks by considering the main risks and revises these limits periodically in line with market conditions and Bank’s strategies. In addition, the Board of Directors ensures that the risk management unit and senior management take all necessary measures to identify, to measure, to prioritize, to reduce at an acceptable level and to manage the various risks that the Bank is exposed to.

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Risks that positions held by the Bank under on-balance sheet and off-balance sheet accounts may occur due to fluctuations in financial markets are measured. Information about the market risk considered in the calculation of legal capital as follows

e.2 Standardised Approach:

Current Period	RWA
Outright products	
1 Profit rate risk (general and specific)	37
2 Equity risk (general and specific)	1.908
3 Foreign exchange risk	86.813
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	-
7 Scenario approach	-
8 Securitisation	-
9 Total	88.758

f. Information on Operational risk:

Capital requirement for operational risk is calculated annually by using the Basic Indicator Method in accordance with Article 24 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks. As of December 31, 2016, amount subject to operational risk and the calculation information are given below.

	2 PP Value	1 PP Value	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	782.732	887.798	1.082.210	917.580	15	137.637
Amount subject to Operational Risk (Total*12,5)						1.720.462

g. Qualitative disclosure on profit rate risk arising from banking books

a) Important assumptions including the nature of profit rate risk arising from banking books and the early repayment of loans and movements in deposits other than time deposits with measurement frequency of the profit rate risk

Profit rate risk arising from banking books measures profit rate risk arising from on-balance sheet and off-balance sheet positions in the Bank's banking books by standard shock method.

The Bank calculates and measures legal ratio for profit rate risk arising from banking books on a monthly basis in accordance with "Regulation on Measurement and Assessment of Interest Rate Risk arising from Banking Books by Standard Shock Method" that have been published in Official Gazette numbered 28034 and dated August 23, 2011.

Profit share-yield assets, liabilities that profit share is paid, restructuring risk, yield curve risk in banking books and changes in profit rates occurred in market conditions are monitored, assessed, measured and managed by the Bank in the calculations made within the scope of the related regulation.

Against the risk that these matters may affect the Bank's capital negatively, these risks are assessed and managed on a weekly basis within the scope of the Charters established by the Board of Directors.

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b) Economic value differences arising from profit rate fluctuations in accordance with Regulation on Measurement and Assessment of Profit Rate Risk arising from Banking Books by Standard Shock Method:

Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TL	(+) 500bp	(476.583)	(15,55)
TL	(-) 400bp	466.068	15,21
USD	(+) 200bp	(21.998)	(0,72)
USD	(-) 200bp	37.699	1,23
EUR	(+) 200bp	(41.490)	(1,35)
EUR	(-) 200bp	(3.720)	(0,12)
Total (For Negative Shocks)	-	500.047	16,32
Total (For Positive Shocks)	-	(540.071)	(17,62)

XI. Explanations on business segments:

The Bank operates in retail, commercial and corporate banking segments via profit/loss sharing method in accordance with its mission.

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	3.143.162	20.003.078	6.718.972	2.985.526	32.850.738
Total Liabilities	14.306.903	9.396.852	6.398.938	468.452	30.571.145
Total Equity	-	-	-	2.279.593	2.279.593
Net profit share income/(expense) ^(*) ^(**)	(311.957)	1.167.898	173.927	(6.250)	1.023.618
Net fees and commissions income/(expense)	18.551	155.233	(26.389)	(1.460)	145.935
Other operating income/(expense)	(352)	(306.775)	45.576	(271.925)	(533.476)
Provision for loan losses and other receivables	(35.607)	(226.609)	-	(109.941)	(372.157)
Profit/(loss) before tax	(329.365)	789.747	193.114	(389.576)	263.920
Provision for tax	-	-	-	(46.311)	(46.311)
Net profit/(loss) for the period	(329.365)	789.747	193.114	(435.887)	217.609
Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	2.772.567	17.685.898	6.328.675	2.774.859	29.561.999
Total Liabilities	13.119.733	8.367.686	5.570.834	399.832	27.458.085
Total Equity	-	-	-	2.103.914	2.103.914
Net profit share income/(expense) ^(*) ^(**)	(335.961)	1.078.566	143.892	(816)	885.681
Net fees and commissions income/(expense)	15.291	144.737	(17.866)	(6.165)	135.997
Other operating income/(expense)	14.574	16.274	65.787	(584.392)	(487.757)
Provision for loan losses and other receivables	(14.738)	(94.013)	-	(48.392)	(157.143)
Profit/(loss) before tax	(320.834)	1.145.564	191.813	(639.765)	376.778
Provision for tax	-	-	-	(73.915)	(73.915)
Net profit/(loss) for the period	(320.834)	1.145.564	191.813	(713.680)	302.863

^(*) The distribution difference in the retail, commercial and corporate segments stems from fund allocation and fund collection methods of the Bank.

^(**) Since the management uses net profit share income/(expense) as a performance measurement criteria, profit share income and expense is presented net

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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	123.254	148.150	124.648	283.565
CBRT	735.118	3.599.536	698.140	3.371.781
Other ⁽¹⁾	81.875	311.119	71.416	355.248
Total	940.247	4.058.805	894.204	4.010.594

⁽¹⁾ Includes precious metals amounting to TL 4.306 (December 31, 2015: TL 12.370) and cash in transit amounting to TL 388.688 (December 31, 2015: TL 414.294) as of December 31, 2016.

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	733.965	522.979	695.445	377.110
Unrestricted time deposit	-	-	-	-
Restricted time deposit ⁽¹⁾	1.153	3.076.557	2.695	2.994.671
Total	735.118	3.599.536	698.140	3.371.781

⁽¹⁾ As of December 31, 2016, the reserve requirement held in standard gold is TL 786.181 (December 31, 2015: TL 433.751).

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 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.

As of December 31, 2016, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 4% to 10,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 4% to 24% depending on maturity of deposits.

The Central Bank of Republic of Turkey has started to pay income on TL reserves since November 2014 and on USD reserves, reserve options and unrestricted deposits since May 2015.

2. a) Information on financial assets at fair value through profit/loss subject to repurchase agreements and given as collateral/ blocked:

None (December 31, 2015: None).

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Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

b) Table of positive differences related to derivative financial assets held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	55	65.013	-	-
Swap Transactions	-	-	-	20.822
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	55	65.013	-	20.822

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic ⁽¹⁾	656.410	1.230.805	599.970	1.456.406
Abroad	-	270.962	-	426.238
Foreign head offices and branches	-	-	-	-
Total	656.410	1.501.767	599.970	1.882.644

⁽¹⁾ Includes blockaged amount TL 610.730 (December 31, 2015: TL 569.474) booked under TL accounts arising from POS transactions.**b) Information on foreign bank accounts:**

	Current period		Prior period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	117.081	-	194.411	-
USA and Canada	85.415	-	77.021	-
OECD Countries ⁽¹⁾	6.656	-	5.316	-
Off-shore banking regions	3.367	-	3.096	-
Other ⁽²⁾	58.443	-	146.394	-
Total	270.962	-	426.238	-

⁽¹⁾ OECD countries other than EU countries, USA and Canada.⁽²⁾ Represents the balance amounts to TL 43.106 (December 31, 2015: TL 127.178) in Iraq Banks belonging to Bank's foreign branch "Erbil"

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Notes Related to Unconsolidated Financial Statements As of December 31, 2016

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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:

The Bank has collateralized sukuk investments with a nominal amount of TL 292.937 and carrying value of TL 302.792 to CBRT with respect to money market transactions and subjected to repurchase agreements (December 31, 2015 : TL 226.102).

As of December 31, 2016, available for sale investments given as a guarantee or blocked amount to TL 225.663 (December 31, 2015 : TL 34.132).

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt securities	1.383.925	1.040.924
Quoted on a stock exchange ⁽¹⁾	1.383.925	1.040.924
Unquoted	-	-
Share certificates	6.350	12.865
Quoted on a stock exchange	-	-
Unquoted	6.350	12.865
Impairment provision (-)	7.585	2.223
Total	1.382.690	1.051.566

⁽¹⁾ Includes debt securities quoted on a stock exchange which are not traded at the related period ends.

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	272	62.130	80.048	62.209
Corporate shareholders	-	61.780	79.771	61.859
Real person shareholders	272	350	277	350
Indirect loans granted to shareholders	35.550	24.249	47.906	65.512
Loans granted to employees	8.905	28	8.985	28
Total	44.727	86.407	136.939	127.749

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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
Loans	20.100.144	372.923	16.083	1.215.482	119.318	4.390
Export loans	578.700	17.924	-	2.529	-	-
Import loans	1.504.885	24.633	1.398	34.976	524	-
Business loans	10.974.587	239.184	6.036	935.265	110.323	2.956
Consumer loans	3.040.180	20.791	6.217	41.091	490	265
Credit cards	219.734	-	-	5.189	-	-
Loans given to financial sector	17.257	-	-	-	-	-
Other ⁽¹⁾	3.764.801	70.391	2.432	196.432	7.981	1.169
Other receivables	-	-	-	-	-	-
Total	20.100.144	372.923	16.083	1.215.482	119.318	4.390

⁽¹⁾ Details of other loans are provided below:

Commercial loans with installments	1.866.897
Other investment credits	788.048
Loans given to abroad	584.078
Profit and loss sharing investments ⁽²⁾	500.049
Loans for purchase of marketable securities for customer	198.842
Other	23.319
Total	3.961.233

⁽²⁾ As of December 31, 2016, the related balance represents profit and loss sharing investment projects (12 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects are done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects are 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 63.818 (December 31, 2015: TL 54.862) income in the accompanying financial statements in relation to such loans and presented in the profit share on loans in the income statement.

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	Extension of Repayment Plan	
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	372.923	119.318
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	43.377	28.682
6 - 12 months	32.743	40.147
1 - 2 years	130.558	16.468
2 - 5 years	101.489	25.677
5 years and over	64.756	8.344

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”, information related to the loans granted to maritime, tourism and energy sector:

As of December 31, 2016, the Bank has loan receivables amounting to TL 18.538 arising from rescheduled loans from maritime sector within the scope of related Communiqué.

As of December 31, 2016, the Bank does not have not any loan receivables from tourism sector within the scope of related Communiqué.

As of December 31, 2016, the Bank has loan receivables amounting to TL 1.893 arising from rescheduled loans from energy sector 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	4.482.793	1.480	101.325	4.596
Loans	4.482.793	1.480	101.325	4.596
Other receivables	-	-	-	-
Medium and long-term loans and other receivables (*)	15.228.345	387.526	990.449	119.112
Loans	15.228.345	387.526	990.449	119.112
Other receivables	-	-	-	-
Total	19.711.138	389.006	1.091.774	123.708

(*) Loans with original maturities longer than a year are classified as “Medium and Long Term Loans”.

(*) Includes extensions, reductions and other changes in payment plans.

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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
Consumer loans-TL	40.946	3.035.756	3.076.702
Housing loans	4.507	2.781.035	2.785.542
Vehicle loans	4.401	107.063	111.464
Consumer loans	32.038	147.658	179.696
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	66.815	-	66.815
With installment	25.897	-	25.897
Without installment	40.918	-	40.918
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	2.767	1.802	4.569
Housing loans	32	246	278
Vehicle loans	115	1.160	1.275
Consumer loans	2.620	396	3.016
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	4.336	-	4.336
With installment	2.050	-	2.050
Without installment	2.286	-	2.286
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	114.864	3.037.558	

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d) Information on commercial loans with installments and corporate credit cards:

	Short-term	Medium and long-term	Total
Commercial installment loans-TL	59.630	1.152.161	1.211.791
Business loans	6.851	347.223	354.074
Vehicle loans	17.019	263.160	280.179
Consumer loans	35.760	541.778	577.538
Other	-	-	-
Commercial installment loans-FC indexed	5.557	589.099	594.656
Business loans	1.571	272.602	274.173
Vehicle loans	3.986	81.553	85.539
Consumer loans	-	234.944	234.944
Other	-	-	-
Commercial installment Loans-FC	-	60.450	60.450
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	60.450	60.450
Other	-	-	-
Corporate credit cards-TL	153.772	-	153.772
With installment	40.009	-	40.009
Without installment	113.763	-	113.763
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC (legal entity)	-	-	-
Total	218.959	1.801.710	2.020.669

e) Allocation of loans by customers:

	Current Period	Prior Period
Public	-	13.012
Private	21.315.626	18.357.387
Total	21.315.626	18.370.399

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	20.731.548	17.879.660
Foreign loans	584.078	490.739
Total	21.315.626	18.370.399

g) Loans granted to subsidiaries and associates:

As of the balance sheet date, there are no cash loans granted to subsidiaries and associates.

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ğ) Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	31.504	20.420
Loans and receivables with doubtful collectability	140.892	56.714
Uncollectible loans and receivables	387.789	192.801
Total	560.185	269.935

In addition to specific provision for loans amounting TL 560.185 (December 31, 2015: TL 269.935), provision amounting to TL 18.320 (December 31, 2015: TL 10.912) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 578.505 (December 31, 2015: TL 280.847). Specific provision for loans amounting to TL 316.517 (December 31, 2015: TL 179.220) 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 Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	464	3.973	10.726
Restructured loans and other receivables	464	3.973	10.726
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before specific provisions)	155	633	14.712
Restructured loans and other receivables	155	633	14.712
Rescheduled loans and other receivables	-	-	-

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h.2) Movements of non-performing loans:

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Closing balance of prior period	123.599	112.602	221.300
Additions in the current period (+)	727.553	16.026	46.763
Transfers from other categories of non-performing loans (+)	-	552.077	292.126
Transfers to other categories of non-performing loans (-)	552.077	292.126	-
Transfers to standard loans (-)	-	7	280
Collections in the current period (-)	62.135	33.533	64.178
Write offs (-)	37	1	38
Corporate and commercial loans	34	-	36
Retail loans	3	1	2
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	236.903	355.038	495.693
Specific provisions (-)	31.504	140.892	387.789
Net balance at the balance sheet	205.399	214.146	107.904

Non-performing loans and receivables in the amount of TL 1.087.634 (December 31, 2015: TL 457.501) comprise TL 572.551 (December 31, 2015: TL 281.719) 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 collectability amounting to TL 18.320 (December 31, 2015: TL 10.912). In the current period, collections from fees, commissions and other receivables with doubtful collectability amounted to TL 4.167 (December 31, 2015: TL 3.763).

h.3) Non-performing loans and other receivables in foreign currencies:

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period:			
Period end balance	62.883	1.885	20.518
Specific provision (-)	8.006	298	12.845
Net balance on balance sheet	54.877	1.587	7.673
Prior period:			
Period end balance	1.219	17.175	8.872
Specific provision (-)	337	7.525	8.378
Net balance on balance sheet	882	9.650	494

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h.4) Gross and net non-performing loans and other receivables per customer categories:

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period (net)	205.399	214.146	107.904
Loans to individuals and corporates (gross)	236.903	355.038	495.588
Specific provision (-)	31.504	140.892	387.684
Loans to individuals and corporates (net)	205.399	214.146	107.904
Banks (gross)	-	-	105
Specific provision (-)	-	-	105
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior period (net)	103.179	55.888	28.499
Loans to individuals and corporates (gross)	123.494	112.602	221.300
Specific provision (-)	20.399	56.714	192.801
Loans to individuals and corporates (net)	103.095	55.888	28.499
Banks (gross)	105	-	-
Specific provision (-)	21	-	-
Banks (net)	84	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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 numbered 26333 dated November 1, 2006, have been written-off as per the decision of the Bank Management. The mentioned written off amount is TL 76 (December 31, 2015: 94.592).

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6. Information on held-to-maturity investments:

a) Information on held-to-maturity investments subject to repurchase transactions, given as a guarantee or blocked:

As of December 31, 2016, the Bank does not have any held to maturity investments given as a guarantee/blocked. Held to maturity investments subject to repurchase transactions amount to TL 192.560 (December 31, 2015: Held to maturity investments given as a guarantee or blocked amount to TL 80.576, held to maturity investments subject to repurchase agreements amount to TL 553.490).

b) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ⁽¹⁾	668.582	762.890
Total	668.582	762.890

⁽¹⁾ Consists of Sukuk certificates issued by Undersecretariat of Treasury of Turkey.

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	668.582	762.890
Quoted on a stock exchange ⁽¹⁾	668.582	762.890
Unquoted	-	-
Impairment provision(-)	-	-
Total	668.582	762.890

⁽¹⁾ Includes debt securities quoted on a stock exchange which are not traded at the related period ends.

ç) Movement of held-to-maturity investments:

	Current Period	Prior Period
Balance at beginning of period	762.890	783.309
Foreign currency differences on monetary assets	-	-
Purchases during period	264.055	391.427
Disposals through sales and redemptions	(423.539)	(476.442)
Impairment provision (-)	-	-
Income accruals	65.176	64.596
Closing balance	668.582	762.890

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7. Associates (net):

a) Information on unconsolidated associates:

Since the Bank does not have the necessary shareholding percentage to become a qualified shareholder and 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	1,69	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2015.

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
303.701	299.527	5.692	-	-	5.483	-	-

b) Information on consolidated associates:

As of balance sheet date, the Bank does not have any consolidated associates.

8. Information on subsidiaries (net):

a) Information on unconsolidated subsidiaries:

As of balance sheet date, the Bank does not have any unconsolidated subsidiary.

b) Information on consolidated subsidiaries:

i. The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the unaudited financial statements as of December 31, 2016.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	100,00	-

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
1.409.988	191	5	-	-	(65)	(144)	-

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b) Information on consolidated subsidiaries:

ii. In the Board of Directors meeting dated February 25, 2015, the Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş." whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The balances of Albaraka Gayrimenkul Portföy Yönetimi A.Ş. presented in the table below have been obtained from the unaudited financial statements as of December 31, 2016.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Gayrimenkul Portföy Yön. A.Ş.	Istanbul/Turkey	100,00	-

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
4.321	4.256	7	-	-	(489)	(255)	-

iii. Movement and Sectoral Information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	5.250	250
Movements inside the term	-	-
Purchases/new incorporations/capital increases	150	5.000
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	5.400	5.250
Capital commitments	-	-
Share of the capital at the end of the period (%)	100,00	100,00

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	5.400	5.250

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9. Information on investments in joint- ventures:

The Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") - a private pension and insurance 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. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The financial statement from audited financial statements as of December 31, 2016 are below.

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	49.503	637.494	640.067	42.638	37.772

Investment in joint venture in the unconsolidated financial statements is carried at cost.

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	377.436	300.158	325.587	257.672
1 to 4 years	489.465	453.402	577.191	523.390
More than 4 years	129.305	125.419	187.285	166.365
Total	996.206	878.979	1.090.063	947.427

b) Information on net investments through finance lease:

	Current Period	Prior Period
Gross finance lease receivables	996.206	1.090.063
Unearned finance lease receivable (-)	117.227	142.636
Net receivable from finance leases	878.979	947.427

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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.

Information on leasing receivables:

	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)	776.510	39.097	8.014	102.469	65.054

11. Information on derivative financial assets for hedging purposes:

None (December 31, 2015: None).

12. Information on tangible assets:

Current period	Immovables	Leased tangible assets	Vehicles	Other	Assets held for sale	Total
Cost						
Opening balance: January 1, 2016	364.021	-	1.647	215.973	73.963	655.604
Additions	2.552	-	126	14.816	-	17.494
Revaluation differences	34.580	-	-	-	-	34.580
Disposals	(5.355)	-	(803)	(1.359)	(7.224)	(14.741)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	(3.804)	(3.804)
Transfers	-	-	-	-	19.153	19.153
Ending balance: December 31, 2016	395.798	-	970	229.430	82.088	708.286
Accumulated depreciation(-)						
Opening balance: January 1, 2016	32.687	-	899	118.344	2.535	154.465
Depreciation expense	7.523	-	70	29.500	1.593	38.686
Reversal of depreciation of the disposed assets	(1.239)	-	(158)	-	(599)	(1.996)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2016	38.971	-	811	147.844	3.529	191.155
Total cost at the end of the year	395.798	-	970	229.430	82.088	708.286
Total accumulated depreciation at the end of the year	(38.971)	-	(811)	(147.844)	(3.529)	(191.155)
Closing net book value	356.827	-	159	81.586	78.559	517.131

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Prior period	Immovables	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
Cost						
Opening balance: January 1, 2014	338.576	-	1.667	196.420	70.775	607.438
Additions	9.492	-	801	22.112	27	32.432
Revaluation differences	31.988	-	-	-	-	31.988
Disposals	(16.035)	-	(821)	(2.559)	(20.482)	(39.897)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	94	94
Transfers	-	-	-	-	23.549	23.549
Ending balance: December 31, 2014	364.021	-	1.647	215.973	73.963	655.604
Accumulated depreciation(-)						
Opening balance: January 1, 2014	27.733	-	1.278	88.827	2.461	120.299
Depreciation expense	7.494	-	230	30.083	1.307	39.114
Reversal of depreciation of the disposed assets	(2.540)	-	(609)	(566)	(1.233)	(4.948)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2014	32.687	-	899	118.344	2.535	154.465
Total cost at the end of the year	364.021	-	1.647	215.973	73.963	655.604
Total accumulated depreciation at the end of the year	(32.687)	-	(899)	(118.344)	(2.535)	(154.465)
Closing net book value	331.334	-	748	97.629	71.428	501.139

As of December 31, 2016, the immovables of the Bank have been revalued by an independent valuer and revaluation fund of TL 211.642 (December 31, 2015: TL 189.092) net of deferred tax and depreciation has been reflected in the financial statements. The carrying value of the aforesaid immovables would have been TL 110.342 (December 31, 2015: TL 109.007) 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	101.689	86.623
Accumulated depreciation (-)	66.227	42.351
Total (net)	35.462	44.272

b) Intangible assets movement between the beginning and end of the period:

	Current Period	Prior Period
Opening balance	44.272	26.891
Additions	14.990	36.115
Disposals (-) (net)	-	-
Depreciation expense (-)	23.800	18.734
Closing net book value	35.462	44.272

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14. Information on investment property:

None (December 31, 2015: None).

15. Information related to deferred tax asset:

As of December 31, 2016, the Bank calculated net deferred tax asset of TL 20.096 (December 31, 2015: TL 15.171) by netting off deferred tax asset of TL 52.576 (December 31, 2015: TL 44.887) and deferred tax liability of TL 32.480 (December 31, 2015: TL 29.716) 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.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	37.806	33.064
Provisions for retirement and vacation pay liabilities	8.652	10.607
Difference between carrying value and tax base of tangible assets	3.013	736
Provision for impairment	772	414
Other	2.333	66
Deferred tax asset	52.576	44.887
Revaluation difference of property	22.183	18.130
Financial assets available for sale valuation difference	-	2.673
Trading securities valuation difference	8	-
Rediscount on profit share	7.662	1.404
Other	2.627	7.509
Deferred tax liability	32.480	29.716
Deferred tax asset (net)	20.096	15.171

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".

	Current Period	Prior Period
Opening Balance	22.819	27.678
Additions	117.190	37.242
Disposals	(28.834)	(18.246)
Transfers ⁽¹⁾	(19.153)	(23.549)
Impairment Provision(-)/Reversal of Impairment Provision	295	(306)
Net closing balance	92.317	22.819

⁽¹⁾ The balance has been transferred from assets held for sale tangible assets to assets to be sold.

As of December 31, 2016, TL 88.341 (December 31, 2015: TL 22.539) of the assets held for sale is comprised of real estates, TL 3.976 (December 31, 2015: TL 280) is comprised of other tangible assets.

The Bank has not any discontinued operations and assets of discontinued operations (December 31, 2015: None).

17. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 153.958 (December 31, 2015: TL 218.262) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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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
I. Real Persons Current Accounts									
Non-Trade TL	996.122	-	-	-	-	-	-	-	996.122
II. Real Persons Participation									
Accounts Non-Trade TL	-	1.287.069	5.505.341	79.907	-	93.100	545.201	2.136	7.512.754
III. Current Account other-TL	1.670.418								1.670.418
Public Sector	25.325	-	-	-	-	-	-	-	25.325
Commercial Institutions	1.591.526	-	-	-	-	-	-	-	1.591.526
Other Institutions	49.820	-	-	-	-	-	-	-	49.820
Commercial and Other Institutions	1.857	-	-	-	-	-	-	-	1.857
Banks and Participation Banks	1.890	-	-	-	-	-	-	-	1.890
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	13	-	-	-	-	-	-	-	13
Foreign Banks	1.866	-	-	-	-	-	-	-	1.866
Participation Banks	11	-	-	-	-	-	-	-	11
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	267.671	2.027.700	27.837	-	18.341	36.263	37	2.377.849
Public Sector	-	2.512	3	-	-	-	-	-	2.515
Commercial Institutions	-	255.797	1.848.641	15.773	-	16.647	33.044	37	2.169.939
Other Institutions	-	9.358	151.778	12.064	-	1.694	3.219	-	178.113
Commercial and Other Institutions	-	4	26.832	-	-	-	-	-	26.836
Banks and Participation Banks	-	-	446	-	-	-	-	-	446
V. Real Persons Current Accounts									
Non- Trade FC	888.794	-	-	-	-	-	-	-	888.794
VI. Real Persons Participation									
Accounts Non-Trade FC	-	712.667	2.864.441	92.024	-	159.176	575.077	-	4.403.385
VII. Other Current Accounts FC	1.685.795								1.685.795
Residents in Turkey-Corporate	922.978	-	-	-	-	-	-	-	922.978
Residents Abroad-Corporate	86.906	-	-	-	-	-	-	-	86.906
Banks and Participation Banks	675.911	-	-	-	-	-	-	-	675.911
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	583.218	-	-	-	-	-	-	-	583.218
Participation Banks	92.693	-	-	-	-	-	-	-	92.693
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	612.934	1.942.665	256.436	-	60.743	147.506	-	3.020.284
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	215.473	936.309	107.745	-	59.170	8.315	-	1.327.012
Other institutions	-	2.749	127.976	-	-	18	-	-	130.743
Commercial and Other Institutions	-	24.224	279.641	-	-	1.555	137.340	-	442.760
Banks and Participation Banks	-	370.488	598.739	148.691	-	-	1.851	-	1.119.769
IX. Precious Metals Deposits	189.821	68.938	323.920	4.833	-	4.696	7.525	-	599.733
X. Participation Accounts Special									
Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special									
Fund Pools - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	5.430.950	2.949.279	12.664.067	461.037	-	336.056	1.311.572	2.173	23.155.134

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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
I. Real Persons Current Accounts Non-Trade TL	771.214	-	-	-	-	-	-	-	771.214
II. Real Persons Participation Accounts Non-Trade TL	-	418.623	5.626.945	84.267	-	91.904	533.772	-	6.755.511
III. Current Account other-TL	1.236.070	-	-	-	-	-	-	-	1.236.070
Public Sector	38.481	-	-	-	-	-	-	-	38.481
Commercial Institutions	1.138.310	-	-	-	-	-	-	-	1.138.310
Other Institutions	52.254	-	-	-	-	-	-	-	52.254
Commercial and Other Institutions	6.056	-	-	-	-	-	-	-	6.056
Banks and Participation Banks	969	-	-	-	-	-	-	-	969
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	947	-	-	-	-	-	-	-	947
Participation Banks	20	-	-	-	-	-	-	-	20
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	128.900	2.253.037	62.236	-	22.997	106.211	-	2.573.381
Public Sector	-	-	2.114	-	-	-	-	-	2.114
Commercial Institutions	-	127.370	1.899.813	48.471	-	21.761	102.397	-	2.199.812
Other Institutions	-	1.528	162.999	13.765	-	1.236	3.814	-	183.342
Commercial and Other Institutions	-	2	170.828	-	-	-	-	-	170.830
Banks and Participation Banks	-	-	17.283	-	-	-	-	-	17.283
V. Real Persons Current Accounts Non- Trade FC	1.005.988	-	-	-	-	-	-	-	1.005.988
VI. Real Persons Participation Accounts Non-Trade FC	-	259.827	3.269.145	85.684	-	176.141	558.294	-	4.349.091
VII. Other Current Accounts FC	1.142.114	-	-	-	-	-	-	-	1,142,114
Residents in Turkey-Corporate	796.423	-	-	-	-	-	-	-	796.423
Residents abroad-Corporate	207.863	-	-	-	-	-	-	-	207.863
Banks and Participation Banks	137.828	-	-	-	-	-	-	-	137.828
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	106.227	-	-	-	-	-	-	-	106.227
Participation Banks	31.601	-	-	-	-	-	-	-	31.601
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	109.229	1.805.612	164.175	-	55.447	84.338	-	2,218,801
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	77.065	1.087.442	84.549	-	34.474	16.457	-	1,299,987
Other Institutions	-	901	231.702	-	-	2.980	-	-	235,583
Commercial and Other Institutions	-	995	237.658	4.087	-	2.201	67.881	-	312,822
Banks and Participation Banks	-	30.268	248.810	75.539	-	15.792	-	-	370,409
IX. Precious Metals Deposits	105.805	41.027	132.729	7.025	-	3.736	3.686	-	294.008
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	4.261.191	957.606	13.087.468	403.387	-	350.225	1.286.301	-	20.346.178

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

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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	4.644.005	4.031.698	3.864.868	3.495.029
Foreign currency accounts	1.563.947	1.556.831	4.259.604	4.115.302
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) 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"	26.805	21.595
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	10.556	8.825
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 September 26, 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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	88	-	-	-
Swap transactions	-	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	88	-	-	-

Albaraka Türk Katılım Bankası Anonim Şirketi

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3. Information on borrowings:

The Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 458.500.000 and EUR 56.250.000 with maturity of more than one year (December 31, 2015: one year maturity: USD 87.500.000 and EUR 98.250.000, more than one year maturity: USD 458.500.000 and EUR 56.250.000).

As of December 31, 2016, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 84.171.095 and EUR 132.496.602 (December 31, 2015: USD 161.448.187 and EUR 112.419.953).

The table below represents the sukuk issued by Bank through its subsidiary Bereket Varlık Kiralama A.Ş. to collect funds from various investors:

Issue Date	Amount ^(*)	FC	Maturity	Profit Share % (Yearly)	Profit Share % (for 178/179 days)
June 30, 2014	350.000.000	USD	5 Years	6,25	
October 4, 2016	100.000.000	TL	178 Days		5,12
December 26, 2016	75.000.000	TL	179 Days		5,20

^(*) Represented in full amount.

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	181.593	1.511.415	-	1.158.248
Loans from foreign banks, institutions and funds	-	2.731.187	-	2.946.440
Total	181.593	4.242.602	-	4.104.688

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	181.593	996.686	-	884.552
Medium and Long-Term	-	3.245.916	-	3.220.136
Total	181.593	4.242.602	-	4.104.688

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 (December 31, 2015: None).

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

5. Lease payables:

a) Information on finance lease transactions:

a.1. Information on financial lease agreements:

The Bank has not any 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.

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	44.067	40.057
1 to 4 years	118.697	103.291
Over 4 years	104.791	96.642
Total	267.555	239.990

6. Information on hedging derivative financial liabilities:

None (December 31, 2015: None).

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Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General provision for	136.263	170.885
I. Group loans and receivables (Total)	107.707	142.268
Participation Accounts' Share	64.059	87.710
Bank's Share	43.648	54.558
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	3.821	8.270
Participation Accounts' Share	2.295	3.586
Bank's Share	1.526	4.684
Others	-	-
II. Group loans and receivables (Total)	17.086	14.436
Participation Accounts' Share	11.248	8.356
Bank's Share	5.838	6.080
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	3.104	3.494
Participation Accounts' Share	1.422	2.692
Bank's Share	1.682	802
Others	-	-
Non-cash loans	11.470	14.181
Others	-	-

b) Information on provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables:

As of December 31, 2016, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 1.449 (December 31, 2015: TL 27.874) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

c) Information on specific provisions for non-cash loans that are not indemnified:

As of December 31, 2016, the Bank has provided specific provisions amounting to TL 37.036 (December 31, 2015: TL 22.394) for non-cash loans that are not indemnified.

ç) Other provisions:

ç.1. Information on general reserves for possible losses:

	Current Period	Prior Period
General Reserves for Possible Losses ⁽¹⁾	14	88
Total	14	88

⁽¹⁾ The balance represents provision for the lawsuits against the Bank with high probability of realization and cash outflows.

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Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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 ^(*)	15.884	40
Provision for unindemnified letter of guarantees	27.822	18.469
Payment commitments for cheques	9.214	3.925
Provision for promotions related with credit cards and promotion of banking services	172	80
General reserves for possible losses	14	88
Financial assets at fair value through profit and loss	3	429
Other ^(**)	1.217	4.910
Total	54.326	27.941

^(*) 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".

^(**) Indicates other provision amount for possible losses in loan portfolio.

d) Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 35.925 (December 31, 2015: TL 30.235), vacation pay liability amounting to TL 7.335 (December 31, 2015: TL 7.048) totaling to TL 43.260 (December 31, 2015: TL 53.033). Provisions for performance premium has not been allocated in the current period (December 31, 2015: TL 15.750). 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 (%)	11,60	8,40
Estimated increase rate of salary ceiling (%)	7,50	6,90

Movement of the reserve for employment termination benefits in the balance sheet is as follows:

	Current Period	Prior Period
Prior period ending balance	30.235	26.201
Provisions made in the period	8.288	6.480
Actuarial gain/(loss)	2.833	358
Paid during the period	(5.431)	(2.804)
Balance at the end of the period	35.925	30.235

8. Information on taxes payable:

a) Explanations on current tax liability:

a.1) Explanations on Tax Provisions:

As of December 31, 2016, the Bank's corporate tax payable is TL 7.091 (December 31, 2015: TL 21.165) after offsetting prepaid corporate tax.

Albaraka Türk Katılım Bankası Anonim Şirketi

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(Thousand of Turkish Lira (TL) unless otherwise stated)

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	7.091	21.165
Banking insurance transaction tax	16.364	11.775
Taxation on securities income	11.162	11.747
Value added tax payable	1.274	895
Taxation on real estate income	754	665
Foreign exchange transaction tax	-	-
Other	8.052	6.130
Total	44.697	52.377

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	3.101	2.645
Social security premiums-employer	3.344	2.876
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	219	187
Unemployment insurance-employer	438	373
Other	-	-
Total	7.102	6.081

9. Liabilities for assets held for sale and discontinued operations:

None (December 31, 2015: None).

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	-	1.510.937	-	1.239.557
Total	-	1.510.937	-	1.239.557

The Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey through its structured entity Albaraka Türk Sukuk Limited amounting to USD 200.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of five years with 10 years total maturity' was determined as 7,75%.

Albaraka Türk Katılım Bankası Anonim Şirketi

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The Bank obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey through its structured entity Albaraka Sukuk Limited amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,5%. The Bank has repurchased the sukuk issued in the amount of USD 24.000.000 and this amount is offset in available for sale assets and subordinated loans.

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 Markets 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 transfer to reserves. Moreover, the Bank's shareholders' equity is invested in liquid and earning assets.

f) Information on privileges given to stocks representing the capital:

There is no privilege given to stocks representing the capital.

Albaraka Türk Katılım Bankası Anonim Şirketi

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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 ⁽¹⁾	210	(8.766)	4.203	6.488
Foreign exchange difference	-	-	-	-
Total	210	(8.766)	4.203	6.488

⁽¹⁾ The amount represents the net balance after deferred tax liability.**III. Explanations and notes related to off-balance sheet:****1. Explanations on off balance sheet:****a) Type and amount of irrevocable loan commitments:**

	Current Period	Prior Period
Commitments for credit card limits	475.270	521.562
Payment commitments for cheques	588.983	500.882
Asset purchase and sale commitments	13.399	187.332
Loan granting commitments	111.042	116.862
Tax and funds liabilities arising from export commitments	3.029	2.035
Commitments for promotions related with credit cards and banking activities	963	599
Other irrevocable commitments	38.475	203
Total	1.231.161	1.329.475

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
Letters of guarantees	7.809.811	7.730.288
Bank loans	20.711	28.324
Letters of credit	752.679	639.592
Other guaranties and sureties	117.992	265.853
Total	8.701.193	8.664.057

Albaraka Türk Katılım Bankası Anonim Şirketi

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b.2) Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period	Prior Period
Letters of guarantees	7.809.811	7.730.288
Long standing letters of guarantees	4.845.313	4.956.813
Temporary letters of guarantees	240.046	293.937
Advance letters of guarantees	257.462	278.642
Letters of guarantees given to customs	229.514	247.773
Letters of guarantees given for obtaining cash loans	2.237.476	1.953.123
Sureties and similar transactions	117.992	265.853
Total	7.927.803	7.996.141

1. Explanations on off balance sheet:

c) Within the Non-cash Loans

c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against cash loans	2.237.476	1.953.123
With original maturity of 1 year or less	369.164	441.733
With original maturity of more than 1 year	1.868.312	1.511.390
Other non-cash loans	6.463.717	6.710.934
Total	8.701.193	8.664.057

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Notes Related to Unconsolidated Financial Statements As of December 31, 2016

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c.2) Sectoral risk concentration of non-cash loans:

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	58.865	1,47	51.815	1,10	73.452	1,72	39.514	0,90
Farming and stockbreeding	42.142	1,05	15.099	0,32	60.693	1,42	13.675	0,31
Forestry	16.289	0,41	28.643	0,61	11.284	0,26	23.341	0,53
Fishery	434	0,01	8.073	0,17	1.475	0,04	2.498	0,06
Manufacturing	966.599	24,14	2.756.795	58,69	932.582	21,81	2.434.207	55,47
Mining	27.815	0,69	101.604	2,16	22.933	0,54	61.431	1,40
Production	742.159	18,54	1.937.520	41,25	678.558	15,87	1.627.801	37,09
Electricity, gas and water	196.625	4,91	717.671	15,28	231.091	5,40	744.975	16,98
Construction	1.237.368	30,90	618.243	13,16	1.176.191	27,51	645.842	14,72
Services	1.374.381	34,33	1.107.492	23,58	1.691.894	39,57	1.150.416	26,21
Wholesale and retail trade	558.903	13,96	472.816	10,07	690.202	16,14	555.381	12,65
Hotel, food and beverage services	27.885	0,70	102.249	2,18	22.976	0,54	96.734	2,20
Transportation and telecommunication	66.772	1,67	113.148	2,41	65.131	1,52	71.640	1,63
Financial Institutions	24.247	0,61	78.803	1,68	17.638	0,41	118.816	2,71
Real estate and renting services	438.701	10,96	98.139	2,09	622.039	14,55	103.532	2,36
Self-employment services	83.412	2,08	220.644	4,70	119.216	2,79	187.680	4,28
Education services	29.779	0,74	1.792	0,04	31.998	0,75	1.319	0,03
Health and social services	144.682	3,61	19.901	0,41	122.694	2,87	15.314	0,35
Other	366.665	9,16	162.970	3,47	401.283	9,39	118.676	2,70
Total	4.003.878	100,00	4.697.315	100,00	4.275.402	100,00	4.388.655	100,00

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
Non-cash loans	3.892.986	4.445.491	70.902	213.354
Letters of guarantee	3.881.125	3.568.248	70.902	211.076
Bank loans	-	20.711	-	-
Letters of credit	2.073	748.328	-	2.278
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	9.788	108.204	-	-

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

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2. Explanations on derivative transactions:

	Derivative transactions according to purpose	
	December 31, 2016	December 31, 2015
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	1.018.952	417.005
Currency Forwards-Purchases, sales	1.018.952	-
Currency Swaps-Purchases, sales	-	417.005
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Profit share Rate Related Derivative Transactions (II)	-	-
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I + II + III)	1.018.952	417.005
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	1.018.952	417.005

3. Explanations on contingent assets and liabilities:

The Bank has made a provision amounting to TL 14 (December 31,2015: TL 88), as presented under "Other Provisions" note in Section Five Note II.ç.1, 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 not any operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions.

IV. Explanations and notes related to the statement of income:

1. Information on profit share income:

a) Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans ^(*)				
Short Term Loans	460.671	23.155	418.602	20.455
Medium and Long Term Loans	1.267.637	197.539	1.100.716	160.958
Profit Share on Non-Performing Loans	16.133	-	8.152	6
Total	1.744.441	220.694	1.527.470	181.419

(*) Includes fees and commission income on cash loans.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

b) Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	6.902	11.909	6.718	3.545
Domestic Banks	-	779	-	-
Foreign Banks	-	31	-	36
Head Offices and Branches Abroad	-	-	-	-
Total	6.902	12.719	6.718	3.581

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	79.323	15.164	62.858	7.761
From held-to-maturity investments	65.176	-	64.596	-
Total	144.499	15.164	127.454	7.761

ç) Information on profit share income received from associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	-	1.993	-	2.326
Total	-	1.993	-	2.326

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	-	53.314	-	50.701
CBRT	-	-	-	-
Domestic banks	-	6.360	-	3.127
Foreign banks	-	46.954	-	47.574
Head offices and branches abroad	-	-	-	-
Other institutions	2.656	210.030	-	112.827
Total	2.656	263.344	-	163.528

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

b) Profit share expense paid to associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to Investments in Associates and Subsidiaries	12.331	70.565	255	61.491
Total	12.331	70.565	255	61.491

c) Profit share expenses paid to marketable securities issued:

None (December 31, 2015: None).

ç) Distribution of profit share expense on funds collected based on maturity of funds collected:

Current Period	Profit sharing accounts							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	Accumulated profit sharing account	
TL								
Funds collected from banks through current and profit sharing accounts	-	938	-	-	-	-	-	938
Real persons' non-trading profit sharing accounts	94.177	410.685	7.218	-	7.565	51.339	37	571.021
Public sector profit sharing accounts	34	63	-	-	-	-	-	97
Commercial sector profit sharing accounts	16.923	138.630	2.980	-	1.327	6.788	-	166.648
Other institutions profit sharing accounts	1.102	19.958	984	-	136	158	-	22.338
Total	112.236	570.274	11.182	-	9.028	58.285	37	761.042
FC								
Banks	1.602	5.548	1.344	-	98	1	-	8.593
Real persons' non-trading profit sharing accounts	10.897	43.795	1.535	-	2.882	11.397	-	70.506
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	2.466	15.401	303	-	801	179	-	19.150
Other institutions profit sharing accounts	364	6.627	65	-	96	1.206	-	8.358
Precious metals deposits	474	1.784	58	-	66	101	-	2.483
Total	15.803	73.155	3.305	-	3.943	12.884	-	109.090
Grand total	128.039	643.429	14.487	-	12.971	71.169	37	870.132

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

Prior Period	Profit sharing accounts							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	Accumulated profit sharing account	
Account name								
TL								
Funds collected from banks through current and profit sharing accounts	-	4.139	2.914	-	6	-	-	7.059
Real persons' non-trading profit sharing accounts	112.942	351.446	8.701	-	6.821	42.840	-	522.750
Public sector profit sharing accounts	382	420	-	-	-	-	-	802
Commercial sector profit sharing accounts	22.591	120.309	5.278	-	1.015	8.901	-	158.094
Other institutions profit sharing accounts	1.575	17.858	1.173	-	101	369	-	21.076
Total	137.490	494.172	18.066	-	7.943	52.110	-	709.781
FC								
Banks	1.196	6.806	807	-	643	-	-	9.452
Real persons' non-trading profit sharing accounts	15.439	47.227	2.237	-	2.703	11.079	-	78.685
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	3.377	15.647	727	-	1.593	246	-	21.590
Other institutions profit sharing accounts	643	4.430	129	-	74	743	-	6.019
Precious metals deposits	927	2.757	165	-	55	103	-	4.007
Total	21.582	76.867	4.065	-	5.068	12.171	-	119.753
Grand total	159.072	571.039	22.131	-	13.011	64.281	-	829.534

3. Information on dividend income:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	-	-	10	-
From financial assets at fair value through profit and loss	-	-	-	-
From available for sale financial assets	-	-	-	-
Other	-	-	509	-
Total	-	-	519	-

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

4. Explanations on trading income/loss (net):

	Current Period	Prior Period
Income	7.412.267	6.809.954
Income from capital market transactions	212	2.243
Income from derivative financial instruments	104.570	73.239
Foreign exchange income	7.307.485	6.734.472
Loss (-)	7.367.128	6.757.384
Loss on capital market transactions	12	20
Loss on derivative financial instruments	1.576	5.146
Foreign exchange losses	7.365.540	6.752.218
Trading Income/Loss (net)	45.139	52.570

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	114.356	89.166
Income from sale of assets	20.581	16.742
Reimbursement for communication expenses	4.334	3.798
Reimbursement of vacation pay expenses	-	-
Cheque book charges	1.316	806
Other income ⁽¹⁾	16.924	2.895
Total	157.511	113.407

⁽¹⁾ Visa Inc has purchased Visa Europe Ltd. on June 21, 2016. Following this transaction, TL 8.692 has been transferred to bank accounts and accounted as "Other Income".

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

6. Provisions for loan losses and other receivables of the Bank:

	Current Period	Prior Period
Specific provisions for loans and other receivables	305.593	130.834
Loans and receivables in III. Group	32.470	43.412
Loans and receivables in IV. Group	131.925	46.642
Loans and receivables in V. Group	129.671	36.222
Doubtful commission, fee and other receivables	11.527	4.558
General provision expenses	17.856	12.869
Provision expenses for possible losses	-	-
Impairment losses on marketable securities	154	194
Financial assets at fair value through profit and loss	-	124
Financial assets available for sale	154	70
Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other ^(*)	48.554	13.246
Total	372.157	157.143

TL 139.990 (December 31, 2015: TL 78.376) of the total specific provisions provided for loan and other receivables amounting to TL 305.593 (December 31, 2015: TL 130.834) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 17.683 (December 31, 2015: TL 9.287) of the total general loan loss provisions provided for loan and other receivables amounting to TL 17.856 (December 31, 2015: TL 12.869) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

^(*) Details of the "other" amount is as follows:

	Current Period	Prior Period
Specific provisions for non-cash loans that are not indemnified	30.708	11.777
Provisions allocated from profit shares to be distributed to profit sharing accounts	17.602	1.469
Other	244	-
Total	48.554	13.246

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	416.420	354.129
Provision for retirement pay liability	2.857	3.676
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	38.686	39.114
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	23.800	18.734
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	2.264	404
Depreciation expenses of assets to be disposed	1.592	1.307
Impairment expenses of assets held for sale and assets of discontinued operations	55	1.036
Other business expenses	157.116	136.719
Operating lease expenses	59.987	53.531
Maintenance expenses	12.213	10.639
Advertisement expenses	18.264	10.192
Other expenses	66.652	62.357
Loss on sale of assets ⁽¹⁾	677	1.215
Other ⁽²⁾	92.659	97.919
Total	736.126	654.253

⁽¹⁾ Other expenses under "other business expenses" are provided as below:

	Current Period	Prior Period
Communication expenses	11.439	11.026
Donations	10.604	9.111
Cleaning expenses	11.703	9.844
Heating, lighting and water expenses	6.643	6.724
Representation and Hosting expenses	5.282	4.189
Vehicle expenses	3.615	3.699
Lawsuit and court expenses	4.116	7.748
Other	13.250	10.016
Total	66.652	62.357

⁽²⁾ Details of other balance are provided as below:

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

	Current Period	Prior Period
Saving Deposit Insurance Fund	36.192	32.571
Taxes, Duties, Charges and Funds	27.192	23.735
Bonus Provision Expenses	-	15.750
Expertise and Information Expenses	13.099	11.825
Audit and Consultancy Fees	8.630	7.632
Vacation Pay Provision Expense	287	720
Other	7.259	5.686
Total	92.659	97.919

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 decreased by 30% compared to prior period and is realized as TL 263.920. Income before tax comprises net profit share income in the amount of TL 1.023.618 and fees and commission income in the amount of TL 145.935. Total other operating expenses amount to TL 736.126.

9. Explanations on tax provision for continued and discontinued operations:

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	263.920	376.778
Tax calculated with tax rate of 20%	52.784	75.356
Other additions and disallowable expenses	15.216	18.276
Deductions	(14.001)	(15.466)
Provision for current taxes	53.999	78.166
Provision for deferred taxes	(7.688)	(4.251)
Continuing operations tax provision	46.311	73.915

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 not any discontinued operations. Net income for the period has been realized as TL 263.920 (December 31, 2015: TL 376.778) by deducting tax provision expense amounting to TL 46.311 (December 31, 2015: TL 73.915) from profit from continued operations amounting to TL 217.609 (December 31, 2015: TL 302.863).

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.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

c) Income/loss of minority interest:

None.

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:

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	37.212	33.618
Clearing room fees and commissions	18.604	15.482
Commissions on money orders	11.184	10.602
Appraisal fees	11.151	8.808
Insurance and brokerage commissions	9.569	8.229
Other	15.539	12.842
Total	103.259	89.581

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	27.320	18.385
Credit cards fees and commissions	8.645	8.002
Member firm-POS fees and commissions	14.398	11.162
Fees and commissions for Swift, EFT and money orders	3.866	3.166
Other	7.629	10.594
Total	61.858	51.309

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 24.059 decrease has occurred after the revaluation of available-for-sale securities (December 31, 2015: TL 876 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 amounts to TL 7.606 as increase. (December 31, 2015: TL 4.368 increase).

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations and disclosures related to the statement of cash flows:

1. 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
Cash	1.895.062	737.011
Cash in TL/foreign currency	408.213	194.922
Cash in transit	414.294	-
CBRT	1.072.555	542.089
Cash equivalents	1.912.992	1.171.537
Domestic banks	1.486.902	767.242
Foreign banks	426.090	404.295
Total cash and cash equivalents	3.808.054	1.908.548

(ii). Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	1.917.036	1.895.062
Cash in TL/foreign currency	271.404	408.213
Cash in transit	388.688	414.294
CBRT	1.256.944	1.072.555
Cash equivalents	1.547.447	1.912.992
Domestic banks	1.276.485	1.486.902
Foreign banks	270.962	426.090
Total cash and cash equivalents	3.464.483	3.808.054

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 and blockaged amount arising from POS 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 534.157 (December 31, 2015: TL 178.518) mainly comprises other operating expenses excluding personnel expenses and amortization expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 335.488 (December 31, 2015: TL 191.238) 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 329.943 as of December 31, 2016 (December 31, 2015: TL 124.317).

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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
Loans and other receivables						
Balance at the beginning of the period	-	-	47.906	65.512	41	28
Balance at the end of the period	-	-	35.550	24.249	714	28
Profit share and commission income received	1.993	-	2.016	301	78	-

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
Loans and other receivables						
Balance at the beginning of period	-	-	50.229	69.492	15	-
Balance at end of period	-	-	47.906	65.512	41	28
Profit share and commission income received	2.326	-	1.857	391	-	-

^(*) Defined under Banking Law numbered 5411 in article 49 and "Communiqué Related to Credit Operations of Banks" in article 4 published on November 1, 2006.

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
Current and profit sharing accounts						
Balance at the beginning of period	7.810	1.594	268.530	252.274	3.134	1.423
Balance at the end of period	10.496	7.810	470.674	268.530	5.476	3.134
Profit share expense	476	521	4.810	12.173	153	91

^(*) As of December 31, 2016 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 79.171.095 and EUR 127.196.602 (December 31, 2015: USD 125.440.079 and EURO 90.816.893). The profit share expense relating to such borrowings for the period between January 1, 2016 - December 31, 2016 is TL 8.563 (December 31, 2015: TL 12.345). The Bank has issued Sukuk in the amounts of USD 350.000.000 and TL 175.000.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Bank. The total expense for the related issues is TL 82.328 as of December 31, 2016 (December 31, 2015: TL 61.491).

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Unconsolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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.

For the period ended December 31, 2016; the Bank has paid TL 20.263 (December 31, 2015: TL 12.014) to top management.

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:

	Number	Number of Personnel	Country	Total Assets (Thousand TL)	Statutory Share Capital
Domestic Branches	212	3.780			
Foreign Representation Office	-	-	-		
Foreign Branches	1	16	Iraq	232.887	Iraq Dinar 21.282.905.265
Off-Shore Branches					

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure:

In 2016, the Bank did not open any branches.

IX. Explanations related to subsequent events:

The Bank has completed the process to make its subordinated loan in line with Basel III requirements following approvals of the investors. Along with this transaction, the mentioned subordinated loan, which has 10 years maturity and amounts to USD 200 million, will be able to added to the capital calculation.

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 Audit report

I. Explanations on audit report:

The Bank's unconsolidated financial statements as of and for the period ended December 31, 2016 have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of the KPMG International Cooperative) and the audit report dated February 20, 2017 is presented at the beginning of the financial statements and related notes.

II. Other notes and explanations prepared by the independent auditors:

None.

Financial Information and Assessment on Risk Management

202 Consolidated Financial Statements and Related Disclosures at December 31, 2016 Together with Independent Auditors' Report

Independent Auditors' Report For the Year Ended Financial Information

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English (See Note XXIII in Section Three)



**Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.**
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To the Board of Directors of Albaraka Türk Katılım Bankası Anonim Şirketi;

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Albaraka Türk Katılım Bankası Anonim Şirketi ("the Bank") and its consolidated financial subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statements of income, income and expense items accounted under shareholders' equity, changes in shareholders' equity, cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Bank's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Albaraka Türk Katılım Bankası Anonim Şirketi and its financial subsidiaries as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

Independent Auditors' Report For the Year Ended Financial Information

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English (See Note XXIII in Section Three)

Report on Other Legal and Regulatory Requirements

- 1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No.6102; no significant matter has come to our attention that causes us to believe that the Bank's book keeping activities for the period 1 January - 31 December 2016 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Other Matter

The consolidated financial statements of the Company as at and for year ended 31 December 2015 was audited by another auditor who expressed an unmodified opinion on those statements on 7 March 2016.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative



Alper Güvenç,
Partner, SMMM
March 8, 2017
Istanbul, Turkey

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note XXIV Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

Albaraka Türk Katılım Bankası Anonim Şirketi

Consolidated Financial Report of Albaraka Türk Katılım Bankası A.Ş. as of and For the Year Ended December 31, 2016

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

The consolidated year ended 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.

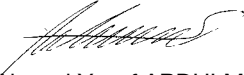
- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS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

Investments in associates, subsidiaries and joint ventures whose financial statements have been consolidated in this consolidated financial report are as follows.

Subsidiaries	Associates	Joint Ventures
1. -	-	Katılım Emeklilik ve Hayat A.Ş.
2. Bereket Varlık Kiralama A.Ş.	-	-
3. Albaraka Gayrimenkul Portföy Yönetimi A.Ş.	-	-


ABT Sukuk Limited and Albaraka Sukuk Limited, which are not a subsidiaries of the Bank but over which the Bank has 100% controlling power, have been included in the consolidation due to the reason that these companies are "Structured Entity".

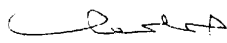
The consolidated financial statements and related disclosures and footnotes; presented in **thousands of Turkish Lira** unless otherwise indicated; have been prepared in accordance with the Communiqué on Accounting Applications of Banks and Safeguarding of Documents, Banking Regulation and Supervision Agency regulations, 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.


Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors


Melikşah UTKU
Acting General Manager



Temel HAZIROĞLU
Assistant General Manager


Yunus AHLATCI
Financial Reporting 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


Muhammad Zarrug M. RAJAB
Member of the Audit
Committee

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

Name-Surname/Title : Bora ŞİMŞEK/Financial Reporting/Vice Manager
Telephone : 00 90 216 666 05 59
Facsimile : 00 90 216 666 16 11

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Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION ONE

General Information

I. History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status:

Albaraka Türk Katılım Bankası Anonim Şirketi ("The Parent 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 permission 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 Under Secretariat 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 Parent 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 Parent 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 Parent 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 Parent Bank together with its consolidated subsidiary is referred to as the "Group" in the accompanying consolidated financial statements.

The Parent Bank's head office is located in Istanbul and is operating through 212 (December 31, 2015: 212) local branches and 1 (December 31, 2015: 1) foreign branch and with 3.796 (December 31, 2015: 3.736) staff as of December 31, 2016. The Group has 3.798 staff as of December 31, 2016.

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

As of December 31, 2016, 54,06% (December 31, 2015: 54,06%) of the Parent Bank's shares are owned by Albaraka Banking Group located in Bahrain. 24,84% (December 31, 2015: 24,80%) of the shares are publicly traded and quoted at Borsa İstanbul.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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 Parent Bank, if any:

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
Chairman of the Board of Directors (BOD)	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	(¹) 0,0000
Members of BOD	Yalçın ÖNER	Vice Chairman of BOD	Master	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	(¹) 0,0000
	Osman AKYÜZ	Executive Member of BOD	Bachelor	-
	Bekir PAKDEMİRLİ	Member of BOD	Master	-
	Mitat AKTAŞ	Member of BOD	Master	(¹) 0,0000
	Hamad Abdulla A. EQAB	Member of BOD	Bachelor	(¹) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	(¹) 0,0000
	Hood Hashem Ahmed HASHEM	Member of BOD	Master	(¹) 0,0000
	Muhammad Zarrug M. RAJAB	Member of BOD	Bachelor	-
	Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
	Dr. Fahrettin YAHŞİ	Executive Member of BOD	Doctorate	-
Acting General Manager	Melikşah UTKU	Member of BOD/Acting General Manager	Master	-
Assistant General Managers	Turgut SİMİTCİOĞLU	Assistant General Manager Responsible for Business Branches (GM Deputy)	Master	-
	Mehmet Ali VERÇİN	Assistant General Manager Responsible for Support (GM Deputy)	Bachelor	-
	Nihat BOZ	Assistant General Manager Responsible for Legal (GM Deputy)	Bachelor	-
	Cenk DEMİRÖZ (²)	Assistant General Manager Responsible for Credits	Master	-
	Deniz AKSU (²)	Assistant General Manager Responsible for Risk Monitoring	Bachelor	-
	Temel HAZIROĞLU	Assistant General Manager Responsible for Finance and Strategy	Master	(¹) 0,0342
	Nevzat BAYRAKTAR (²)	Assistant General Manager Responsible for Sales	Bachelor	-
	Hasan ALTUNDAĞ (²)	Assistant General Manager Responsible for Marketing	Bachelor	-
	Malek Khodr TEMSAH (²)	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Fatih BOZ (²)	Assistant General Manager Responsible for Central Operations	Master	-
	Süleyman ÇELİK (²)	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
	Ali TUĞLU	Assistant General Manager Responsible for Information Technologies	Master	-
Audit Committee	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(¹) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(¹) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(¹) 0,0000
	Muhammad Zarrug M. RAJAB	Member of Audit Committee	Bachelor	-

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

(²) Related assignments have been written in the board meeting dated December 25, 2016 numbered 1596. Assistant General Managers Bülent Taban and Mahmut Esfa Emek have already resigned as of December 31, 2016.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0342% of the Parent Bank's share capital (December 31, 2015: 0,0342%).

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

The Parent 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:

Name/Commercial Name	Share amount (nominal)	Share ratio	Paid shares	Unpaid shares
Albaraka Banking Group	486.523	54,06%	486.523	-

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

The Parent Bank operates in accordance with the principles of interest-free banking as a participation bank. The Parent 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 Parent 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 Parent 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 Parent 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 Parent Bank operates as an insurance agency on behalf of Işık Sigorta, Anadolu Sigorta, Güneş Sigorta, Allianz Sigorta, Unico Sigorta, Neova Sigorta, Ankara Sigorta, Coface Sigorta, Avivasa Emeklilik ve Hayat, Generali Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Avivasa Emeklilik ve Hayat and Katılım 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 Parent 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 Parent Bank are not limited to the clauses listed above. If any activities other than those mentioned are considered as beneficial to the Parent 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.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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 Parent Bank did not consolidate its associate Kredi Garanti Fonu A.Ş. through equity method considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. The Parent Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Albaraka Gayrimenkul Portföy Yönetimi A.Ş. the subsidiaries of the Parent Bank, through equity method and full consolidation method, respectively. Moreover, ABT Sukuk Limited and Albaraka Sukuk Limited, which are not subsidiaries of the Parent Bank but over which the Parent Bank has 100% controlling power, have been included in the consolidation due to the reason that these companies are "Structured Entity".

VII. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the parent bank and its subsidiaries:

There is no immediate transfer of equity between the parent bank and its subsidiaries.

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

SECTION TWO

The consolidated financial statements

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Consolidated Balance Sheet (Statement of Financial Position)

As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		December 31, 2016			December 31, 2015		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	940.247	4.058.805	4.999.052	894.204	4.010.594	4.904.798
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)	(2)	1.022	65.074	66.096	1.427	20.856	22.283
2.1 Trading Financial Assets		1.022	65.074	66.096	1.427	20.856	22.283
2.1.1 Public Sector Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		954	-	954	790	-	790
2.1.3 Derivative Financial Assets Held for Trading		55	65.013	65.068	-	20.822	20.822
2.1.4 Other Marketable Securities		13	61	74	637	34	671
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		-	-	-	-	-	-
III. BANKS	(3)	656.410	1.501.767	2.158.177	599.970	1.882.644	2.482.614
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS-AVAILABLE FOR SALE (net)	(4)	994.108	348.753	1.342.861	755.337	265.290	1.020.627
5.1 Equity Securities		15	6.335	6.350	15	12.850	12.865
5.2 Public Sector Debt Securities		986.482	298.856	1.285.338	737.783	149.374	887.157
5.3 Other Marketable Securities		7.611	43.562	51.173	17.539	103.066	120.605
VI. LOANS AND RECEIVABLES	(5)	17.448.650	4.394.425	21.843.075	15.352.083	3.205.882	18.557.965
6.1 Loans and Receivables		16.921.201	4.394.425	21.315.626	15.165.345	3.205.054	18.370.399
6.1.1 Loans to Risk Group of The Bank		6.937	29.327	36.264	9.424	38.523	47.947
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		16.914.264	4.365.098	21.279.362	15.155.921	3.166.531	18.322.452
6.2 Non-performing loans		1.104.785	1.169	1.105.954	467.256	1.157	468.413
6.3 Specific Provisions (-)		577.336	1.169	578.505	280.518	329	280.847
VII. INVESTMENTS HELD TO MATURITY (net)	(6)	668.582	-	668.582	762.890	-	762.890
VIII. INVESTMENTS IN ASSOCIATES (net)	(7)	4.719	-	4.719	4.719	-	4,719
8.1 Accounted for under Equity Method		-	-	-	-	-	-
8.2 Unconsolidated Associates		4.719	-	4,719	4,719	-	4,719
8.2.1 Financial Associates		4,719	-	4,719	4,719	-	4,719
8.2.2 Non-Financial Associates		-	-	-	-	-	-
IX. SUBSIDIARIES (net)	(8)	-	-	-	-	-	-
9.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X. JOINT VENTURES (net)	(9)	14.319	-	14.319	7.161	-	7.161
10.1 Accounted for under Equity Method		14.319	-	14.319	7.161	-	7.161
10.2 Unconsolidated		-	-	-	-	-	-
10.2.1 Financial Joint Ventures		-	-	-	-	-	-
10.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XI. LEASE RECEIVABLES (net)	(10)	878.979	-	878.979	947.427	-	947.427
11.1 Finance Lease Receivables		996.206	-	996.206	1.090.063	-	1.090.063
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned Income (-)		117.227	-	117.227	142.636	-	142.636
XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
12.1 Fair Value Hedge		-	-	-	-	-	-
12.2 Cash Flow Hedge		-	-	-	-	-	-
12.3 Hedge of Net Investment Risks in Foreign Operations		-	-	-	-	-	-
XIII. TANGIBLE ASSETS (net)	(12)	516.343	791	517.134	499.803	1.336	501.139
XIV. INTANGIBLE ASSETS (net)	(13)	35.165	305	35.470	43.807	476	44.283
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		35.165	305	35.470	43.807	476	44.283
XV. INVESTMENT PROPERTY (net)	(14)	-	-	-	-	-	-
XVI. TAX ASSET	(15)	25.067	-	25.067	20.424	-	20.424
16.1 Current Tax Asset		5.023	-	5.023	5.334	-	5.334
16.2 Deferred Tax Asset		20.044	-	20.044	15.090	-	15.090
XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(16)	91.884	433	92.317	22.574	245	22.819
17.1 Assets Held for Sale		91.884	433	92.317	22.574	245	22.819
17.2 Assets of Discontinued Operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(17)	141.947	12.058	154.005	216.054	2.244	218.298
TOTAL ASSETS		22.417.442	10.382.411	32.799.853	20.127.880	9.389.567	29.517.447

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Consolidated Balance Sheet (Statement of Financial Position)

As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		December 31, 2016			December 31, 2015		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	12.552.857	10.597.991	23.150.848	11.331.293	9.010.002	20.341.295
1.1 Funds from Risk Group of The Bank		14.622	467.738	482.360	121.984	152.607	274.591
1.2 Other		12.538.235	10.130.253	22.668.488	11.209.309	8.857.395	20.066.704
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	88	-	88	-	-	-
III. FUNDS BORROWED	(3)	3.937	3.013.682	3.017.619	-	3.096.343	3.096.343
IV. BORROWINGS FROM MONEY MARKETS		492.784	-	492.784	770.959	-	770.959
V. SECURITIES ISSUED (net)	(4)	175.695	1.190.788	1.366.483	-	977.001	977.001
VI. MISCELLANEOUS PAYABLES		634.067	68.144	702.211	633.315	53.074	686.389
VII. OTHER LIABILITIES	(5)	-	-	-	-	-	-
VIII. LEASE PAYABLES	(6)	-	-	-	-	-	-
8.1 Finance Lease Payables		-	-	-	-	-	-
8.2 Operational Lease Payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
IX. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(7)	-	-	-	-	-	-
9.1 Fair Value Hedge		-	-	-	-	-	-
9.2 Cash Flow Hedge		-	-	-	-	-	-
9.3 Net Foreign Investment Hedge		-	-	-	-	-	-
X. PROVISIONS	(8)	191.510	42.364	233.874	216.055	35.810	251.865
10.1 General Provisions		110.416	25.847	136.263	140.016	30.869	170.885
10.2 Restructuring Reserves		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		43.285	-	43.285	53.039	-	53.039
10.4 Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5 Other Provisions		37.809	16.517	54.326	23.000	4.941	27.941
XI. TAX LIABILITY	(9)	48.523	3.315	51.838	55.247	2.763	58.010
11.1 Current Tax Liability		48.523	3.315	51.838	55.247	2.763	58.010
11.2 Deferred Tax Liability		-	-	-	-	-	-
LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(10)	-	-	-	-	-	-
12.1 Assets Held for Sale		-	-	-	-	-	-
12.2 Assets of Discontinued Operations		-	-	-	-	-	-
XIII. SUBORDINATED LOANS	(11)	-	1.510.937	1.510.937	-	1.239.557	1,239.557
XIV. SHAREHOLDERS' EQUITY	(12)	2.281.727	(8.556)	2.273.171	2,089.216	6.812	2,096.028
14.1 Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2 Capital Reserves		220.644	(8.556)	212.088	194.422	6.812	201.234
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Reserve		212	(8.556)	(8.344)	4.203	6.812	11.015
14.2.4 Revaluation Reserve on Tangible Assets		211.642	-	211.642	189.092	-	189.092
14.2.5 Revaluation Reserve on Intangible Assets		-	-	-	-	-	-
14.2.6 Investment Property Revaluation Reserve		-	-	-	-	-	-
Bonus Shares From Associates, Subsidiaries and		-	-	-	-	-	-
Jointly Controlled Entities		-	-	-	-	-	-
14.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
Accumulated Valuation Differences on Assets Held For Sale and Assets		-	-	-	-	-	-
of Discontinued Operations		-	-	-	-	-	-
14.2.10 Other Capital Reserves		8.790	-	8.790	1.127	-	1.127
14.3 Profit Reserves		946.157	-	946.157	696.531	-	696.531
14.3.1 Legal Reserves		101.765	-	101.765	84.774	-	84.774
14.3.2 Status Reserves		-	-	-	-	-	-
14.3.3 Extraordinary Reserves		844.392	-	844.392	611.757	-	611.757
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Profit or Loss		214.926	-	214.926	298.263	-	298.263
14.4.1 Prior Years Profit/(Loss)		(4.681)	-	(4.681)	(2.580)	-	(2.580)
14.4.2 Current Year Profit/(Loss)		219.607	-	219.607	300.843	-	300.843
14.5 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		16.381.188	16.418.665	32.799.853	15.096.085	14.421.362	29.517.447

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Consolidated Statement of Off-Balance Sheet As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	(1)	5.229.816	5.721.490	10.951.306	5.494.071	4.916.466	10.410.537
I. GUARANTEES AND SURETIES		4.003.878	4.697.315	8.701.193	4.275.402	4.388.655	8.664.057
1.1. Letters of Guarantees		3.992.017	3.817.794	7.809.811	4.269.478	3.460.810	7.730.288
1.1.1. Guarantees Subject to State Tender Law		380.805	33.037	413.842	259.046	23.832	282.878
1.1.2. Guarantees Given for Foreign Trade Operations		5.911	875.341	881.252	436	816.444	816.880
1.1.3. Other Letters of Guarantee		3.605.301	2.909.416	6.514.717	4.009.996	2.620.534	6.630.530
1.2. Bank Loans		-	20.711	20.711	-	28.324	28.324
1.2.1. Import Letter of Acceptances		-	20.711	20.711	-	28.324	28.324
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		2.073	750.606	752.679	-	639.592	639.592
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		2.073	750.606	752.679	-	639.592	639.592
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		150	101.422	101.572	1.877	245.719	247.596
1.7. Other Collaterals		9.638	6.782	16.420	4.047	14.210	18.257
II. COMMITMENTS	(1)	1.221.782	9.379	1.231.161	1.218.669	110.806	1.329.475
2.1. Irrevocable Commitments		1.221.782	9.379	1.231.161	1.218.669	110.806	1.329.475
2.1.1. Asset Purchase and Sale Commitments		4.020	9.379	13.399	76.526	110.806	187.332
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		111.042	-	111.042	116.862	-	116.862
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		588.983	-	588.983	500.882	-	500.882
2.1.7. Tax And Fund Liabilities from Export Commitments		3.029	-	3.029	2.035	-	2.035
2.1.8. Commitments for Credit Card Expenditure Limits		475.270	-	475.270	521.562	-	521.562
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		963	-	963	599	-	599
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		38.475	-	38.475	203	-	203
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	4.156	1.014.796	1.018.952	-	417.005	417.005
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		4.156	1.014.796	1.018.952	-	417.005	417.005
3.2.1. Forward Foreign Currency Buy/Sell Transactions		4.156	1.014.796	1.018.952	-	417.005	417.005
3.2.1.1. Forward Foreign Currency Transactions-Buy		2.078	539.810	541.888	-	219.089	219.089
3.2.1.2. Forward Foreign Currency Transactions-Sell		2.078	474.986	477.064	-	197.916	197.916
3.2.2. Other Forward Buy/Sell Transactions		-	-	-	-	-	-
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		46.841.565	7.544.333	54.385.898	38.754.719	5.866.824	44.621.543
IV. ITEMS HELD IN CUSTODY		1.598.038	1.363.315	2.961.353	1.671.504	932.158	2.603.662
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		72	-	72	72	-	72
4.3. Cheques Received for Collection		1.214.349	110.011	1.324.360	1.135.253	140.774	1.276.027
4.4. Commercial Notes Received for Collection		351.020	31.674	382.694	509.767	23.015	532.782
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		2.534	153.793	156.327	999	280.573	281.572
4.8. Custodians		29.960	1.067.837	1.097.797	25.310	487.796	513.106
V. PLEDGED ITEMS		45.243.527	6.181.018	51.424.545	37.083.215	4.934.666	42.017.881
5.1. Marketable Securities		2.553.972	1.690.418	4.244.390	2.526.159	1.260.176	3.786.335
5.2. Guarantee Notes		1.461.797	180.826	1.642.623	1.792.505	166.731	1.959.236
5.3. Commodity		1.873.977	956.778	2.830.755	1.671.688	750.681	2.422.369
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		37.530.439	1.668.064	39.198.503	29.631.293	1.227.662	30.858.955
5.6. Other Pledged Items		1.571.336	1.681.591	3.252.927	1.372.083	1.526.355	2.898.438
5.7. Pledged Items-Depository		252.006	3.341	255.347	89.487	3.061	92.548
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		52.071.381	13.265.823	65.337.204	44.248.790	10.783.290	55.032.080

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Consolidated Statement of Income

As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

INCOME AND EXPENSE ITEMS	Notes (Section Five-IV)	Audited	Audited
		CURRENT PERIOD January 1- December 31, 2016	PRIOR PERIOD January 1- December 31, 2015
I. PROFIT SHARE INCOME	(1)	2.216.811	1.932.833
1.1 Profit Share on Loans		1.965.135	1.708.889
1.2 Income Received from Reserve Deposits		18.811	10.263
1.3 Income Received from Banks		810	36
1.4 Income Received from Money Market Placements		-	-
1.5 Income Received from Marketable Securities Portfolio		157.670	132.889
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		92.494	68.293
1.5.4 Investments Held to Maturity		65.176	64.596
1.6 Finance Lease Income		73.181	79.117
1.7 Other Profit Share Income		1.204	1.639
II. PROFIT SHARE EXPENSE	(2)	1.192.767	1.046.897
2.1 Expense on Profit Sharing Accounts		869.706	829.279
2.2 Profit Share Expense on Funds Borrowed		183.672	102.037
2.3 Profit Share Expense on Money Market Borrowings		55.734	47.081
2.4 Profit Share Expense on Securities Issued		80.335	59.165
2.5 Other Profit Share Expense		3.320	9.335
III. NET PROFIT SHARE INCOME (I - II)		1.024.044	885.936
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		145.935	135.997
4.1 Fees and Commissions Received		208.127	187.627
4.1.1 Non-Cash Loans		104.868	98.046
4.1.2 Other	(12)	103.259	89.581
4.2 Fees and Commissions Paid		62.192	51.630
4.2.1 Non-Cash Loans		334	321
4.2.2 Other	(12)	61.858	51.309
V. DIVIDEND INCOME	(3)	-	519
VI. TRADING INCOME/LOSS(net)	(4)	45.139	52.570
6.1 Capital Market Transaction Income/(Loss)		200	2.223
6.2 Income/(Loss) from Derivative Financial Instruments		102.994	68.093
6.3 Foreign Exchange Income/(Loss)		(58.055)	(17.746)
VII. OTHER OPERATING INCOME	(5)	157.511	113.407
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.372.629	1.188.429
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	372.157	157.143
X. OTHER OPERATING EXPENSES (-)	(7)	737.106	654.807
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		263.366	376.479
XII. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-
XIII. INCOME/(LOSS) ON EQUITY METHOD		2.552	(2.226)
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	265.918	374.253
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	46.311	73.410
16.1 Provision for Current Taxes		53.999	77.661
16.2 Provision for Deferred Taxes		(7.688)	(4.251)
XVII. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	219.607	300.843
XVIII. INCOME FROM DISCONTINUED OPERATIONS	(10)	-	-
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		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
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		-	-
XX. INCOME/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1 Provision for Current Taxes		-	-
21.2 Provision for Deferred Taxes		-	-
XXII. NET INCOME/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET INCOME/LOSS (XVII+XXII)	(11)	219.607	300.843
23.1 Group's Income/Loss		219.607	300.843
23.2 Minority Shares (-)		-	-
Earnings Per Share (Full TL)		0,244	0,334

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Consolidated Statement of Income & Expense Items Accounted Under Shareholders' Equity as of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	Audited	Audited
	CURRENT PERIOD January 1- December 31, 2016	PRIOR PERIOD January 1- December 31, 2015
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(24.199)	1.225
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	34.580	31.988
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	7.606	4.368
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	-	-
VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	(2.833)	8.549
IX. DEFERRED TAX ON VALUATION DIFFERENCES	(1.510)	(2.564)
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	13.644	43.566
XI. PROFIT/LOSS	219.607	300.843
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	219.607	300.843
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	233.251	344.409

Albaraka Türk Katılım Bankası Anonim Şirketi

Consolidated Statement of Cash Flows

As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

	Notes (Section Five-VI)	Audited CURRENT PERIOD January 1- December 31,2016	Audited PRIOR PERIOD January 1- December 31,2015
STATEMENT OF CASH FLOWS			
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes In Operating Assets And Liabilities	1.304.121	861.379
1.1.1	Profit Share Income Received	1.989.809	1.730.352
1.1.2	Profit Share Expense Paid	(1.169.064)	(1.011.041)
1.1.3	Dividend Received	-	10
1.1.4	Fees and Commissions Received	208.127	187.627
1.1.5	Other Income	76.093	107.179
1.1.6	Collections from Previously Written Off Loans	(V-I-5,h2) 164.013	118.799
1.1.7	Payments to Personnel and Service Suppliers	(416.420)	(354.129)
1.1.8	Taxes Paid	(88.261)	(104.771)
1.1.9	Others	(V-VI-3) 539.824	187.353
1.2	Changes In Operating Assets And Liabilities	(1.081.042)	127.075
1.2.1	Net (Increase) Decrease in Available For Sale Financial Assets	(43.813)	(16.672)
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	695.562	(698.078)
1.2.4	Net (Increase) Decrease in Loans	(3.152.211)	(3.105.308)
1.2.5	Net (Increase) Decrease in Other Assets	72.668	(155.497)
1.2.6	Net Increase (Decrease) in Funds Collected From Banks	1.239.937	103.435
1.2.7	Net Increase (Decrease) in Other Funds Collected	305.562	3.100.801
1.2.8	Net Increase (Decrease) in Funds Borrowed	141.022	716.415
1.2.9	Net Increase (Decrease) in Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(V-VI-3) (339.769)	181.979
I.	Net Cash Flow From Banking Operations	223.079	988.454
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Flow From Investing Activities	(118.737)	(376.133)
2.1	Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries	(4.500)	(5.000)
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries	-	-
2.3	Fixed Assets Purchases	(32.488)	(68.547)
2.4	Fixed Assets Sales	57.326	43.773
2.5	Cash Paid for Purchase of Financial Assets Available for Sale	(1.022.136)	(610.562)
2.6	Cash Obtained from Sale of Financial Assets Available for Sale	723.577	179.188
2.7	Cash Paid for Purchase of Investment Securities	(V-I-6) (264.055)	(391.427)
2.8	Cash Obtained from Sale of Investment Securities	(V-I-6) 423.539	476.442
2.9	Other	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Flow From Financing Activities	(777.856)	1.162.868
3.1	Cash Obtained from Funds Borrowed and Securities Issued	2.997.158	6.259.412
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	(3.724.614)	(5.062.344)
3.3	Issued Capital Instruments	-	-
3.4	Dividends Paid	(50.400)	(34.200)
3.5	Payments for Finance Leases	-	-
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(V-VI-3) 329.943	124.317
V.	Net (Decrease) Increase in Cash and Cash Equivalents	(343.571)	1.899.506
VI.	Cash and Cash Equivalents at the Beginning of the Period	(V-VI-i) 3.808.054	1.908.548
VII.	Cash and Cash Equivalents at the End of the Period	(V-VI-ii) 3.464.483	3.808.054

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Consolidated Changes in Shareholders' Equity As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves
PRIOR PERIOD January 1- December 31, 2015							
I. Beginning balance	(V)	900.000	-	-	-	71.744	-
Changes In Period							
II. Increase/Decrease Related to Merger		-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-
IX. Changes Related to the Disposal Of Assets		-	-	-	-	-	-
X. Changes Related to the Reclassification of Assets		-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-
XV. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-
XVII. Period Net Income/(Loss)		-	-	-	-	-	-
XVIII. Profit Distribution		-	-	-	-	13.030	-
18.1 Dividends Distributed		-	-	-	-	-	-
18.2 Transfers To Reserves		-	-	-	-	13.030	-
18.3 Other		-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	84.774	-

Extraordinary Reserves	Other Reserves ⁽¹⁾	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
398.393	(2.973)	248.147	7.480	10.035	153.179	-	-	-	1.786.005
-	-	-	-	-	-	-	-	-	-
-	-	-	-	980	-	-	-	-	980
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	29.598	-	-	-	29.598
-	-	-	-	-	-	-	-	-	-
-	4.368	-	-	-	-	-	-	-	4.368
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	(268)	-	2.387	-	6.315	-	-	-	8.434
-	-	300.843	-	-	-	-	-	-	300.843
213.364	-	(248.147)	(12.447)	-	-	-	-	-	(34.200)
-	-	-	(34.200)	-	-	-	-	-	(34.200)
213.364	-	-	(226.394)	-	-	-	-	-	-
-	-	(248.147)	248.147	-	-	-	-	-	-
611.757	1.127	300.843	(2.580)	11.015	189.092	-	-	-	2.096.028

Albaraka Türk Katılım Bankası Anonim Şirketi

Consolidated Changes in Shareholders' Equity As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves
CURRENT PERIOD January 1- December 31, 2016							
I. Beginning balance	(V)	900.000	-	-	-	84.774	-
Changes In Period							
II. Increase/Decrease Related to Merger		-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-
IX. Changes Related to the Disposal Of Assets		-	-	-	-	-	-
X. Changes Related to the Reclassification of Assets		-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-
XV. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-
XVI. Other		-	-	-	-	1.128	-
XVII. Period Net Income/(Loss)		-	-	-	-	-	-
XVIII. Profit Distribution		-	-	-	-	15.863	-
18.1 Dividends Distributed		-	-	-	-	-	-
18.2 Transfers To Reserves		-	-	-	-	15.863	-
18.3 Other		-	-	-	-	-	-
Closing Balance (I+II+III+... +XVI+XVII+XVIII)		900.000	-	-	-	101.765	-

As per Repurchase Programme accepted at the General Assembly on March 25, 2015 repurchased shares amount to TL 3.005 between January 18, 2016 and July 22, 2016 is represented under other reserves.

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
611.757	1.127	300.843	(2.580)	11.015	189.092	-	-	-	2.096.028
-	-	-	-	-	-	-	-	-	-
-	-	-	-	(19.359)	-	-	-	-	(19.359)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	30.542	-	-	-	30.542
-	-	-	-	-	-	-	-	-	-
-	7.606	-	-	-	-	-	-	-	7.606
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(7.575)	57	-	3.529	-	(7.992)	-	-	-	(10.853)
-	-	219.607	-	-	-	-	-	-	219.607
240.210	-	(300.843)	(5.630)	-	-	-	-	-	(50.400)
-	-	-	(50.400)	-	-	-	-	-	(50.400)
240.210	-	-	(256.073)	-	-	-	-	-	-
-	-	(300.843)	300.843	-	-	-	-	-	-
844.392	8.790	219.607	(4.681)	(8.344)	211.642	-	-	-	2.273.171

Albaraka Türk Katılım Bankası Anonim Şirketi

Consolidated Statement of Profit Distribution

As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT DISTRIBUTION	THOUSAND TURKISH LIRA	
	CURRENT PERIOD ⁽¹⁾ December 31, 2016	PRIOR PERIOD December 31, 2015
I. Distribution of current year income		
1.1. Current year income	263.920	380.388
1.2. Taxes and duties payable (-)	46.311	73.915
1.2.1. Corporate tax (Income tax)	53.999	78.166
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities ⁽²⁾	(7.688)	(4.251)
A. Net income for the year (1.1-1.2)	217.609	306.473
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	15.323
1.5. Other statutory reserves (-)	6.791	-
B. Distributable net period income [(A)-(1.3+1.4+1.5)] ⁽³⁾	210.818	290.610
1.6. First dividend to shareholders (-)	-	50.400
1.6.1. To owners of ordinary shares	-	50.400
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	-	240.210
1.13. Other reserves	-	-
1.14. Special funds	-	-
II. Distribution from reserves		
2.1. Distributed reserves	-	-
2.2. Second legal reserves (-)	-	540
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 (-)	-	-
III. Earnings per share		
3.1. To owners of ordinary shares ⁽⁴⁾ (Full TL)	0,234	0,323
3.2. To owners of ordinary shares (%)	23,4	32,3
3.3. To owners of preferred shares	-	-
3.4. To owners of preferred shares (%)	-	-
IV. Dividend per share		
4.1. To owners of ordinary shares (Full TL)	-	0,056
4.2. To owners of ordinary shares (%)	-	5,6
4.3. To owners of preferred shares	-	-
4.4. To owners of preferred shares (%)	-	-

⁽¹⁾ 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. Statement of profit appropriation is prepared as per the Parent Bank's unconsolidated financial statements.

⁽²⁾ 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.

⁽³⁾ Calculated by using the number of share certificates as of year-end.

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

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 consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not prepared by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") (all are referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette numbered 28337, dated June 28, 2012, and amendments to this Communiqué. The Parent Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The consolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets, liabilities and revalued real estates carried at fair value.

b) Accounting policies and valuation principles applied in the preparation of consolidated 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 for the year ended December 31, 2015. Consolidated financial statements as of December 31, 2016 have been prepared by accounting for Katılım Emeklilik ve Hayat A.Ş. using equity method and Bereket Varlık Kiralama A.Ş. and Albaraka Gayrimenkul Portföy Yönetimi A.Ş. using full consolidation method. The accounting policies and valuation principles used in the preparation of consolidated financial statements are explained between in Notes II and XXIV below.

TAS/TFRS changes which are effective from January 1, 2016 do not have a significant effect on the Group's accounting policies, financial position or performance. As of the date of financial statements, TAS/TFRS changes which are announced but not yet effective, except TFRS 9 financial instruments and TFRS 16 Leases, do not have a significant effect on the Group's accounting policies, financial position or performance.

New IFRS 16 Leases Standard has been published by IASB on January 13, 2016. IFRS 16 replaces the current dual accounting model presenting the financial leases on balance sheet and not representing operational leases on balance sheet. Instead, a singular accounting model will be represented similar to current financial leasing accounting model based on balance sheet. For lessors, the accounting will remain the same as to the current accounting practices. This change will be effective for the periods after January 1, 2019. Early adoption is allowed for the entities which are already applying "TFRS 15 Revenue from contracts with customers". The Parent Bank evaluates the impacts of the standard on financial position and performance.

"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 April 7, 2015 numbered 29319, the effective date of the mentioned Communiqué has been changed as December 31, 2014 which is planned to be applied after December 31, 2017). "Financial Instruments" before January 1, 2018. Since the Parent 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.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

The preparation of the consolidated financial statements according to BRSA Reporting and Accounting Legislation requires the Group'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, provisions for the lawsuits, deferred tax assets and liabilities, 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.

c) Restatement of the financial statements according to the current purchasing power of money:

Accompanying financial statements are subjected to TAS 29 "Financial Reporting in Hyperinflationary Economies" until December 31, 2004 and with regard to this 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 Group 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 Parent Bank's most important funding sources are its equity and borrowings from foreign financial institutions. The Parent Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

The Parent 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 Parent 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 performing loans which were funded from these accounts is evaluated at current foreign exchange rates.

Since the Parent Bank provides full specific provision (except foreign branch) for the Parent 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 Group.

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 Parent Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Parent 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 Parent Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Group.

III. Information on consolidated associates:

Consolidated financial statements are prepared in accordance with the decrees, notes and explanations set forth in Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated November 8, 2006, numbered 26340 and "Turkish Accounting Standard for Consolidated Financial Statements" ("TFRS 10").

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

a) Consolidation principles on joint ventures:

The joint venture is an entity in which the Parent Bank participates in its capital and has joint control and whose main operation is private pension and insurance and operates according to special legislation with permission and license and is established in Turkey. The related joint venture has been consolidated through equity method. Where necessary, accounting policies of the joint venture have been harmonized to ensure consistency with the policies adopted by the Parent Bank.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in a joint venture from the changes in the participated joint venture's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the joint venture amount.

The joint venture included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Katılım Emeklilik ve Hayat A.Ş.	Istanbul/Turkey	Private pension and insurance	50,00	50,00

b) Consolidation principles on subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated using the full consolidation method considering materiality principle, taking account the operation results, size of asset and shareholders' equity. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank.

Control is accepted as when Parent Bank has power over its investee, or exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, and income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Parent Bank.

The subsidiaries included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	Sukuk Issue	100,00	100,00
Albaraka Gayrimenkul Portföy Yönetimi A.Ş.	Istanbul/Turkey	Real Estates Investment Fund Foundation and Management	100,00	100,00

c) Presentation of consolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in consolidated associates and subsidiaries are accounted at cost value, less any impairment, in accordance with "Turkish Accounting Standards for Individual Financial Statements ("TAS 27")" in the consolidated financial statements.

When the cost of associates and subsidiaries is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

IV. Explanations on forward, option contracts and derivative instruments:

The derivative financial instruments of the Group consist of forward foreign currency, forward security and swap agreements. The Group records the spot foreign currency transactions in asset purchase and sale commitments.

The Group's derivative transactions, even though they provide effective economic hedges under the Group'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.

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.

V. Explanations on profit share income and expenses:

Profit share income

Profit share income is accounted in accordance with "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" 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" dated November 1, 2006 and numbered 26333, 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 Parent 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.

VI. 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 "Unearned 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 Parent Bank records the related cash and non-cash loans commissions directly as income.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

VII. Explanations on financial assets:

The Group categorizes and records 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 Group is determined at the time of purchase by the Parent Bank management taking into consideration the purpose of the investment.

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss has two sub categories: “Trading financial assets” and “Financial assets at fair value through profit and loss”.

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 Parent 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, 2016, the Parent Bank has not any financial assets classified as financial assets at fair value through profit or loss except for trading financial assets (December 31, 2015: None).

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” dated January 26, 2007 and numbered 26415.

Financial assets held to maturity:

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.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

VIII. Explanations on impairment of financial assets:

At each balance sheet date, the Group 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 Group 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.

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.

IX. Explanations on offsetting of financial instruments:

Financial instruments are offset when the Group 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. The sukuk investments issued by the Group which are repurchased have been offset in available for sale and subordinated loan accounts.

X. 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 Group 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 Group has not any securities lending transactions.

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XI. 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 Group has assets that are possessed due to receivables and debtors' obligations to the Parent Bank and classified as assets held for sale. In the case that the Group 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. The Group transfers such assets from assets held for sale and discounted operations to tangible assets.

A discontinued operation is a part of the Group'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 Group has not any discontinued operations.

XII. Explanations on goodwill and other intangible assets:

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for Intangible Assets". As of the balance sheet date, there is no goodwill in the financial statements of the Parent Bank. The Parent Bank's intangible assets consist of softwares and intangible rights. The Parent Bank has started to use the new core banking system on June 19, 2015 after waiving the prior core banking system and useful live of the new banking system has been determined as 3 years.

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 Parent Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Parent 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 "Turkish Accounting Standard for 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.

XIII. 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) "Turkish Accounting Standards for Tangible Assets" in the financial statements.

As of March 31, 2009, the Parent Bank has made a change in accounting policy and adopted revaluation model for real estates 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, 2016, the Parent 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.

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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:

	Depreciation Rate %
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 five years. After January 1, 2010 in cases where leasing period is more than five years, the useful life is determined as five years.

If there is an indication for impairment, the Group estimates the recoverable amount of the tangible asset in accordance with (TAS 36) “Turkish Accounting Standard for Impairment of Assets” and if the recoverable amount is less than its carrying value, provides for an impairment loss.

Fixed assets which are carried at fair value in the financial statements are revalued by independent CMB licensed firms in accordance with TFRS 13.

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.

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.

XIV. 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 prepaid lease 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 Parent Bank, as a participation bank, acts as a lessor in finance leasing transactions. The Parent Bank presents finance leased assets as a receivable equal to the net investment in the lease. Financial income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

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XV. 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: "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets".

Provisions are recognized when the Parent Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the cut-off principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Parent Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

XVI. Explanations on liabilities regarding employee rights:

i) *Defined benefit plans:*

Provision for employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the group over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Group.

The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Group recognizes all actuarial gains and losses immediately through other comprehensive income.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the employees are members.

As of December 31, 2016, actuarial loss amounts to TL 9.729 (December 31, 2015: TL 6.896 actuarial loss).

ii) *Defined contribution plans:*

The Group pays defined contribution plans to publicly administered Social Security Funds for its employees. The Group has not any 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, the Group measures the expected costs of the cumulative annual leaves as additional amounts anticipate to pay accumulated and unused rights as of reporting period.

XVII. Explanations on taxation:

Current tax:

The Group is subject to tax laws and legislation effective in Turkey.

In accordance with the Corporate Tax Law numbered 5520 published in the Official Gazette numbered 26205 dated June 21, 2006, the corporation tax rate effective from January 1, 2006 is 20%.

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Turkish tax Legislation does not enable parent company to file tax returns on the basis of consolidated financial statement including subsidiaries and associates. Therefore, tax provisions presented in the related financial statements are calculated separately for all companies subject to full consolidation.

Dividends paid to the resident institutions are not subject to withholding tax in Turkey. 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 Parent Bank is exempt from corporate tax and income tax withholding.

Current tax:

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 and carry out sectorial investigations.

Considering the participation accounts' part in general loan loss provision as expense for tax calculation, Finance Ministry initiated a sector-specific review. The relevant documents and calculations have been requested from the Parent Bank. As of report date, there is no information or written report transmitted to the Parent Bank.

Deferred tax:

The Group 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.

In accordance with TAS 12, deferred tax assets and liabilities arising from subsidiaries subject to consolidation are netted off in the subsidiaries' financial statements and presented in the assets and liabilities separately.

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.

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Transfer pricing:

Transfer pricing is regulated through the 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 related regulation, in the case of making purchase or sales of goods or services with related persons/corporations at a price that is determined against “the 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.

XVIII. Additional explanations on borrowings:

The Group 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 Parent Bank. The Parent Bank has issued borrowings through its subsidiary Bereket Varlık Kiralama A.Ş. and its structured entities ABT Sukuk Limited and Albaraka Sukuk Limited.

The Parent Bank has subordinated loan borrowed through sukuk issuance which has convertible nature to the shares.

XIX. Explanations on issued share certificates:

None.

XX. Explanations on acceptances and availed drafts:

Acceptances and availed drafts are realized simultaneously by the Parent Bank with the payment dates of the customers and they are presented as commitments in the off-balance sheet accounts.

XXI. Explanations on government grants:

As of the balance sheet date, there are no government grants received by the Group.

XXII. Explanations on segment reporting:

Business segment is a component of the Bank that engages in business activities from which the Group 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 XI.

XXIII. Explanations on other matters:

None.

XXIV. 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 consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated 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.

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SECTION FOUR

Information on Consolidated Financial Structure and Risk Management

I. Explanations on consolidated capital adequacy standard ratio:

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of December 31, 2016 the Group’s total capital has been calculated as TL 3.057.570 capital adequacy standard ratio is 13,45%. As of December 31, 2015, the Group’s total capital amounted to TL 3.149.413 capital adequacy ratio was 15,16% calculated as per former regulations. This ratio is above the minimum ratio required by the legislation.

a) Information on Consolidated Capital:

	Current Period December 31,2016	Amounts related to treatment before January 1,2014 (*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	
Share issue premiums	-	
Reserves	946.157	
Gains recognized in equity as per TAS	232.377	
Profit	214.926	
Current Period Profit	219.607	
Prior Period Profit	(4.681)	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	
Minority Share	-	
Common Equity Tier 1 Capital Before Deductions	2.293.460	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	20.289	
Improvement costs for operating leasing	27.695	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	19.899	33.167
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4 th clause of the 56 th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	

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	Current Period December 31,2016	Amounts related to treatment before January 1,2014 (*)
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	67.883	
Total Common Equity Tier 1 Capital	2.225.577	
ADDITIONAL TIER I CAPITAL	-	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital	-	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	13.268	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	2.212.309	
TIER II CAPITAL		

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	Current Period December 31, 2016	Amounts related to treatment before January 1, 2014 (*)
Debt instruments and share issue premiums deemed suitable by the BRSA	793.260	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	60.956	
Tier II Capital Before Deductions	854.216	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	854.216	
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.066.525	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	5.813	
Other items to be defined by the BRSA	3.142	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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	Current Period December 31,2016	Amounts related to treatment before January 1,2014 ^(*)
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first subparagraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
TOTAL CAPITAL		
Total Capital (Total Core Capital and Supplementary Capital)	3.057.570	
Total risk weighted amounts	22.727.130	
Capital Adequacy Ratios (%)		
Consolidated Core Capital Adequacy Ratio (%)	9,79	
Consolidated Tier 1 Capital Adequacy Ratio (%)	9,73	
Consolidated Capital Adequacy Ratio (%)	13,45	
BUFFERS		
Bank-specific total core capital ratio (%)	0,63	
Capital conservation buffer requirement (%)	0,63	
Bank specific counter-cyclical buffer requirement (%)	0,00	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5,29	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	32.927	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	60.956	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(*) Amounts in this column represents the amounts of items that are subject to transition provisions.

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	December 31, 2015 (*)
Tier I capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	696.531
Other Comprehensive Income according to TAS	206.751
Profit	298.263
Current Period Profit	300.843
Prior Period Profit	(2.580)
General Reserves for Possible Losses	88
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Minority Shares	-
Tier I capital before deductions	2.101.633
Deductions from tier I capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	5.517
Leasehold Improvements on Operational Leases (-)	36.383
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	16.747
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total deductions from tier I capital	58.647
Total tier I capital	2.042.986
Additional core capital	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional core capital before deductions	-
Deductions from additional core capital	-

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	December 31, 2015 (*)
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total deductions from additional core capital	-
Total additional core capital	-
Deductions from core capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	25.119
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total core capital	2.017.867
Tier II capital	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	642.166
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	420.300
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	74.819
Third parties' share in the Tier II Capital	-
Tier II capital before deductions	1.137.285
Deductions from tier ii capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued	
Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total deductions from tier II capital	-
Total tier II capital	1.137.285

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Notes Related to Consolidated Financial Statements As of December 31, 2016

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	December 31, 2015 ⁽¹⁾
Capital	3.155.152
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	2.459
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	3.280
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
Equity	3.149.413
Amounts lower than excesses as per deduction rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	18.922

⁽¹⁾ Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date March 31, 2016, the information given in the prior period column has been calculated as per former regulation.

b) Information on reconciliation of consolidated total capital and consolidated equity

The difference between Total Capital and Equity in the consolidated balance sheet mainly arises from the general provisions and debt instruments and share issue premiums deemed suitable by the BRSA. In the calculation of Total Capital, general provision up to 1,25% of the credit risk is taken into consideration as Tier II Capital. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

Albaraka Türk Katılım Bankası Anonim Şirketi

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c) Details on Subordinated Liabilities:

Issuer	Albaraka Sukuk Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207
Governing Law(s) of the Instrument	English Law
Special Consideration in the Calculation of Equity	
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala
Amount recognized in regulatory capital (as of most recent reporting date)	TL 793.260
Par Value of Instrument	TL 793.260
Accounting Classification	Subordinated Loan
Original date of Issuance	November 30, 2015
Perpetual or dated	Dated
Maturity date	November 30, 2025
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date : November 30,2020 Total Repayment Amount of Profit Share : USD 131.250.000, Repayment Period: 6 months Principal Payment: USD 250.000.000
Subsequent call dates	-
Profit Share/Dividends	
Fixed or floating profit share/dividend	Fixed
Profit share rate and any related index	10,50%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or Non-convertible	
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	No
Details of incompliances with article number 7 and 8 of "Own fund regulation"	No

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II. Explanations on consolidated credit risk:

(1) Credit risk represents the Parent Bank's risk or losses arising from corporate and individual loan customers who have cash or non-cash credit relations with the Parent 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 Parent 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 Parent Bank, the parent 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.) Distributing the risk in a balanced manner to the sectors is observed, therefore in their marketing operations the branches strive for reaching various firms existing in different sectors. As a principle, each branch oversee the balanced distribution of the total risk to the sectors and progress of the firms existing in critical sectors.

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 Parent Bank's credit limit renewal procedure. The Parent 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:

Risk Categories	Current Period Risk Amount	Average Risk Amount ^(*)
Receivables from central governments or central banks	5.771.975	5.583.731
Receivables from regional or local governments	536	1.866
Receivables from administrative units and non-commercial enterprises	38.092	46.930
Receivables from multilateral development banks	66	66
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	2.394.688	2.030.326
Receivables from corporates	12.823.531	13.816.591
Retail receivables	5.282.437	4.040.329
Receivables secured by mortgages on property	2.506.399	3.243.056
Past due receivables	340.793	245.400
Receivables defined in high risk category by BRSA	-	29.441
Securities collateralized by mortgages	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	1.417.448	1.287.989
Equity share investments	-	-
Total ^(†)	30.575.965	30.325.725

^(†) Amounts include counterparty credit risk.

^(*) Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2016.

(2) The credit risk undertaken for forwards, options and similar agreements is managed together with the risks arising from market movements.

(3) The risks of forwards, options and similar agreements are followed regularly and the Parent Bank utilizes risk mitigation methods if needed.

(4) 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 Parent 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 Parent 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.

(5) The Parent 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 Parent Bank itself and concentration of risk is avoided. The Parent Bank does not carry any serious risk in this respect.

(6) Share of cash receivables of the Parent Bank from its top 100 and top 200 cash loan customers in total cash loans is 41% (December 31, 2015: 38%) and 48% (December 31, 2015: 46%) respectively.

Share of non-cash receivables of the Parent Bank from its top 100 and top 200 non-cash loan customers in total non-cash loans is 44% (December 31, 2015: 45%) and 56% (December 31, 2015: 56%) respectively.

Share of cash and non-cash receivables of the Parent 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% (December 31, 2015: 33%) and 44% (December 31, 2015: 41%) respectively.

(7) The Parent Bank's general provision amount for its credit risk is TL 136.263 (December 31, 2015: TL 170.885).

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Notes Related to Consolidated Financial Statements As of December 31, 2016

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(8) Profile on significant risks in significant regions:

	Risk Categories ^(*)						
	1	2	3	4	5	6	7
Current Period							
Domestic	5.290.150	536	38.092	-	1.913.188	12.294.282	5.264.405
EU Countries	-	-	-	-	138.869	143.118	4.123
OECD Countries ^(**)	-	-	-	-	11.394	-	28
Off-shore banking regions	-	-	-	-	21.256	44.369	9.755
USA, Canada	-	-	-	-	85.415	83.885	8
Other countries	-	-	-	66	150.102	257.785	4.118
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-
TOTAL	5.290.150	536	38.092	66	2.320.224	12.823.439	5.282.437
Prior Period							
Domestic	5.105.988	13.316	1.481	-	2.092.510	12.312.592	3.495.258
EU Countries	-	-	-	-	194.557	79.585	1.589
OECD Countries ^(**)	-	-	-	-	5.316	-	12
Off-shore banking regions	-	-	-	-	11.563	186.013	4.517
USA, Canada	-	-	-	-	77.021	9.450	10
Other countries	-	-	-	62	254.191	271.020	3.114
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	30.938	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-
TOTAL	5.105.988	13.316	1.481	62	2.635.158	12.889.598	3.504.500

(*) 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- Receivables from central governments or central banks
- 2- Receivables from regional or local governments
- 3- Receivables from administrative units and non-commercial enterprises
- 4- Receivables from multilateral development banks
- 5- Receivables from banks and brokerage houses
- 6- Receivables from corporates
- 7- Retail receivables
- 8- Receivables secured by mortgages on property
- 9- Past due receivables
- 10- Receivables defined in high risk category by BRSA
- 11- Other receivables

Risk Categories (*)					
	8	9	10	11	Total
	2.486.291	296.839	-	1.349.308	28.933.091
	2.286	-	-	1	288.397
	-	-	-	-	11.422
	7.903	43.954	-	-	127.237
	-	-	-	-	169.308
	9.919	-	-	40.670	462.660
	-	-	-	27.469	27.469
	-	-	-	-	-
	2.506.399	340.793	-	1.417.448	30.019.584
	8	9	10	11	Total
	4.316.649	143.142	128.783	1.537.764	29.147.483
	5.460	-	-	131	281.322
	-	-	-	-	5.328
	11.883	6.052	-	-	220.028
	-	-	-	-	86.481
	14.097	918	-	2.002	545.404
	-	-	-	21.115	52.053
	-	-	-	-	-
	4.348.089	150.112	128.783	1.561.012	30.338.099

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Risk Profile according to sectors and counterparties:

Sectors/Counterparties	Risk Categories						
	1	2	3	4	5	6	7
1 Agriculture	-	-	-	-	-	97.811	48.663
1.1 Farming and stockbreeding	-	-	-	-	-	35.974	23.799
1.2 Forestry	-	-	-	-	-	53.984	23.893
1.3 Fishery	-	-	-	-	-	7.853	971
2 Manufacturing	-	-	321	-	-	6.330.702	1.992.461
2.1 Mining	-	-	-	-	-	402.472	40.390
2.2 Production	-	-	321	-	-	5.065.653	1.910.841
2.3 Electricity, gas, water	-	-	-	-	-	862.577	41.230
3 Construction	-	-	19.206	-	-	3.252.870	589.296
4 Services	3.335.369	3	18.448	66	2.272.560	2.672.856	1.071.758
4.1 Wholesale and retail trade	-	3	108	-	1.328	1.069.647	590.569
4.2 Hotel, food and beverage services	-	-	-	-	-	344.281	36.209
4.3 Transportation and telecommunication	-	-	-	-	-	129.913	70.546
4.4 Financial institutions	3.335.369	-	-	66	2.260.704	609.205	21.345
4.5 Real estate and renting services	-	-	82	-	10.528	310.371	252.483
4.6 Self-employment services	-	-	-	-	-	-	-
4.7 Education services	-	-	4.737	-	-	5.270	10.095
4.8 Health and social services	-	-	13.521	-	-	204.169	90.511
5 Other	1.954.781	533	117	-	47.664	469.200	1.580.259
Total	5.290.150	536	38.092	66	2.320.224	12.823.439	5.282.437

- 1- Receivables from central governments or central banks
- 2- Receivables from regional or local governments
- 3- Receivables from administrative units and non-commercial enterprises
- 4- Receivables from multilateral development banks
- 5- Receivables from banks and brokerage houses
- 6- Receivables from corporates
- 7- Retail receivables
- 8- Receivables secured by mortgages on property
- 9- Past due receivables
- 10- Other receivable

Risk Categories						
	8	9	10	TL	FC	Total
	21.031	5.234	12	101.753	70.998	172.751
	14.039	5.073	8	49.278	29.615	78.893
	6.284	161	4	51.445	32.881	84.326
	708	-	-	1.030	8.502	9.532
	743.294	156.736	280	3.165.480	6.058.314	9.223.794
	18.355	1.387	9	64.366	398.247	462.613
	694.079	154.552	258	2.949.333	4.876.371	7.825.704
	30.860	797	13	151.781	783.696	935.477
	1.130.457	51.216	338	2.789.220	2.254.163	5.043.383
	550.999	120.705	369.233	3.463.112	6.948.885	10.411.997
	273.894	58.386	144	1.110.903	883.176	1.994.079
	51.920	510	10	19.104	413.826	432.930
	18.810	45.263	35	71.467	193.100	264.567
	145.682	5.371	4.720	1.495.623	4.886.839	6.382.462
	27.326	6.069	364.126	556.874	414.111	970.985
	-	-	-	-	-	-
	10.533	151	29	27.947	2.868	30.815
	22.834	4.955	169	181.194	154.965	336.159
	60.618	6.902	1.047.585	4.397.867	769.792	5.167.659
	2.506.399	340.793	1.417.448	13.917.432	16.102.152	30.019.584

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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
1 Receivables from central governments or central banks	-	189.649	-	140.413	955.278
2 Receivables from regional or local governments	-	-	-	-	-
3 Receivables from administrative units and non-commercial enterprises	51	77	304	18	21.637
4 Receivables from multilateral development banks	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-
6 Receivables from banks and brokerage houses	27.206	18.693	5.938	13.638	16.486
7 Receivables from corporates	261.472	748.425	1.229.560	2.276.552	5.696.898
8 Retail receivables	119.314	333.121	528.779	818.991	2.748.497
9 Receivables secured by mortgages on property	58.117	105.650	189.053	391.514	1.454.294
10 Past due receivables	2.329	6.237	10.359	26.131	150.235
11 Receivables defined in high risk category by BRSA	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
14 Investments similar to collective investment funds	-	-	-	-	-
15 Other receivables	3	2	23	170	101
16 Equity share investments	-	-	-	-	-
17 TOTAL	468.492	1.401.854	1.964.016	3.667.427	11.043.426

(9) 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 ⁽¹⁾	Deductions from Shareholders' Equity									
	0%	10%	20%	35%	50%	75%	100%	150%	200%	
1 Amount before credit risk mitigation	3.181.233	-	1.276.723	575.917	6.363.513	5.282.437	13.707.111	189.031	-	72.171
2 Amount after credit risk mitigation	3.775.874	-	1.451.626	559.076	6.385.454	5.036.322	13.179.381	188.232	-	72.171

⁽¹⁾ Amounts include counterparty credit risk.

(10) Amounts of impaired loans and past due receivables, value adjustments and provisions, current period value adjustments and provisions according to sectors or counterparties individually:

For loans which are classified as impaired loans due to delay of collection of principal or profit share 90 days and above, and/or negative risk assessments of credit worthiness of the debtor; "specific provision" is set aside in the accompanying financial statements as of December 31, 2016.

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For loans which are classified as past due not impaired loans due to delay of collection of principal or profit share up to 90 days; "general provision" is set aside in the accompanying financial statements as of December 31, 2016.

Sectors/Counterparties	Loans			Provisions
	Impaired Loans	Past Due ^(*)	Value Adjustments ^(**)	
1 Agriculture	22.077	2.470	24	14.253
1.1 Farming and stockbreeding	20.114	1.030	13	12.568
1.2 Forestry	1.958	1.440	11	1.680
1.3 Fishery	5	-	-	5
2 Manufacturing	540.446	714.193	9.727	283.574
2.1 Mining	5.524	1.286	10	2.853
2.2 Production	526.808	702.399	9.527	273.516
2.3 Electricity, gas, water	8.114	10.508	190	7.205
3 Construction	240.879	377.284	3.254	140.023
4 Services	256.457	202.069	2.571	111.253
4.1 Wholesale and retail trade	141.998	146.494	2.011	67.084
4.2 Hotel, food and beverage services	799	69	1	289
4.3 Transportation and telecommunication	66.850	21.869	217	17.474
4.4 Financial institutions	15.759	15.680	131	4.906
4.5 Real estate and renting services	5.576	1.145	11	3.336
4.6 Self-employment services	18.195	5.349	2	15.471
4.7 Education services	276	-	-	100
4.8 Health and social services	7.004	11.463	198	2.593
5 Other	46.095	158.745	1.938	29.402
Total	1.105.954	1.454.761	17.514	578.505

^(*) Only overdue projects of the relevant credits are represented.

^(**) The amounts represent general provisions.

(11) Information related to value adjustments and credit provisions:

The Parent Bank provides specific provisions for loans which are overdue for 90 days or more. The collaterals are being taken into consideration while providing specific provisions in accordance with the Provisioning Communiqué.

The Parent bank provides general loan provision for loans classified as first and second group loan portfolio. This provision is calculated in accordance with the "Regulation on procedures and principles for determination of qualifications of loans and other receivables by banks and provisions to be set aside" communiqué.

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments ^(*)	Closing Balance
1 Specific Provisions	280.847	305.593	(21.522) ^(**)	13.587	578.505
2 General Provisions	170.885	17.856	(53.039)	561	136.263

^(*) Determined according to currency differences.

^(**) Related balance includes reversal of provisions regarding write-off's in the amount of TL 76.

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III. Explanations on risks including countercyclical capital buffer calculation:

Explanations on receivables from consolidated private sector:

Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Turkey	17.097.231	37.306	17.134.537
Iraq	195.410	-	195.410
Georgia	105.153	-	105.153
Marshall Islands	90.111	-	90.111
United States of America	83.887	-	83.887
Malaysia	21.781	-	21.781
Germany	12.403	-	12.403
Malta	12.013	-	12.013
Panama	9.953	-	9.953
Romania	9.248	-	9.248
Other	37.945	12	37.957

IV. Explanations on consolidated currency risk:

Foreign currency risk arises from the Group's possible exposure to the changes in foreign currencies.

a) The Parent 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 Parent 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 Group 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 Parent Bank takes necessary measures to keep the currency risk at a minimum level.

ç) Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Parent Bank are as follows:

	USD	EUR
As of December 31, 2016 - Balance sheet evaluation rate	3,510	3,700
As of December 30, 2016	3,510	3,700
As of December 29, 2016	3,524	3,682
As of December 28, 2016	3,539	3,679
As of December 27, 2016	3,517	3,673
As of December 26, 2016	3,503	3,663

d) The simple arithmetical average of the major foreign exchange buying rates of the Parent Bank for the thirty days before the balance sheet date is TL 3,494 for 1 USD (December 2015: TL 2,883), TL 3,679 for 1 EUR (December 2015: TL 3,145).

The Group is mainly exposed to EUR and USD currency risks.

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Information on currency risk of the Group:

Current Period	EUR	USD	Other FC ^(*)	Total
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	763.158	2.487.762	807.885	4.058.805
Banks	741.797	434.279	325.691	1.501.767
Financial assets at fair value through profit and loss	-	65.074	-	65.074
Money market placements	-	-	-	-
Available-for-sale financial assets	153	348.600	-	348.753
Loans and financial lease receivables ^(**)	3.296.564	7.068.317	589	10.365.470
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	791	791
Intangible assets	-	-	305	305
Other assets ^(***)	1.566	7.274	4.217	13.057
Total assets	4.803.238	10.411.306	1.139.478	16.354.022
Liabilities				
Current account and funds collected from banks via participation accounts	1.531.340	261.907	2.433	1.795.680
Other current and profit sharing accounts	2.316.846	5.843.139	642.326	8.802.311
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	908.554	3.616.065	-	4.524.619
Marketable securities issued	-	1.190.788	-	1.190.788
Miscellaneous payables	4.396	54.768	8.980	68.144
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	5.961	10.542	3.329	19.832
Total liabilities	4.767.097	10.977.209	657.068	16.401.374
Net balance sheet position	36.141	(565.903)	482.410	(47.352)
Net off balance sheet position	(222)	534.761	(473.712)	60.827
Derivative financial instruments assets ^(****)	2.886	538.533	1.082	542.501
Derivative financial instruments liabilities ^(****)	3.108	3.772	474.794	481.674
Non-cash loans ^(****)	1.429.354	3.231.964	35.997	4.697.315
Prior Period				
Total assets	3.432.222	10.395.889	630.020	14.458.131
Total liabilities	3.372.658	10.590.896	420.127	14.383.681
Net balance sheet position	59.564	(195.007)	209.893	74.450
Net off balance sheet position	(16.929)	210.880	(191.644)	2.307
Derivative financial instruments assets	8.320	249.140	7.599	265.059
Derivative financial instruments liabilities	25.249	38.260	199.243	262.752
Non-cash loans ^(****)	1.298.973	3.054.388	35.294	4.388.655

^(*) TL 790.486 (December 31, 2015: TL 446.121) 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 274.919 (December 31, 2015: TL 39.682) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 599.733 (December 31, 2015: TL 294.008) 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 5.971.045 (December 31, 2015: TL 5.068.133).

^(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 566 (December 31, 2015: TL 431) is included in other assets.

^(****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 2.691 (December 31, 2015: TL 45.969) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 6.688 (December 31, 2015: TL 64.837).

^(*****) Does not have any effect on the net off-balance sheet position.

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V. Explanations on consolidated position risk of equity securities in banking book:

The Parent Bank does not have any associate and subsidiary quoted at Borsa İstanbul.

VI. Explanations on consolidated liquidity risk:

Liquidity Risk is managed by Asset and Liability Committee (ALCO) in line with risk management policies and risk appetite approved by the Board of Directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure of the Parent Bank. Under stressed conditions, liquidity risk is managed within the Contingency Funding Plan framework.

The Board of Directors reviews the liquidity risk management strategy, policy and practices and approves the liquidity strategy and policies within the framework of risk management strategy and policies, ensures the effective of practice of policies and integrations with Parent Bank's risk management strategy. The Board of Directors determines the basic metrics in liquidity risk measurement and monitoring. The Board of Directors establishes risk appetite of the Parent Bank in liquidity risk management and identifies the risk limits in accordance with the risk appetite and reviews it regularly.

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Parent Bank is exposed to and considering the Parent Bank's strategy and conditions of competition and pursues the implementations.

Risk Management Department defines the Parent Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with legal legislation, presents measurement results periodically to related departments, committees and senior management. Risk Management Department coordinates related parties in order to ensure compliance of risk management process in accordance with the Parent Bank's risk profile, operation environment and strategic plan with regulations.

The liquidity risk analysis and the important early warning signals are reported periodically to related senior management. Additionally, analysis and monitored internal reserve limit ratios related to liquidity risk are presented in ALCO report. Reserve limit ratios and alert levels approved by the Board of Directors are monitored and reported regularly to related parties.

The Parent Bank's funding management is carried out in compliance with the ALCO decisions. Funding and placement strategies are developed by assessing liquidity of the Parent Bank.

In liquidity risk management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions.

Diversification of assets and liabilities is assured so as to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Parent Bank's funding base of funds collected and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed.

In the context of TL and foreign currencies liquidity management, the Parent Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view.

Liquidity risk exposed by the Parent Bank is managed by establishing risk appetite, effective control environment and closely monitoring by limits.

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of strategy, policy and procedures regarding liquidity risk and contingency funding plan is prepared within this framework.

There exists "Liquidity Risk Management Contingency Funding Plan" in the Parent Bank including mechanisms to prevent increase in liquidity risk during normal and liquidity crisis scenarios for different conditions and levels. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Parent Bank monitors liquidity risk in terms of early warning indicators in each stress.

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Consolidated Liquidity Coverage Ratio:

Current Period	Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 High quality liquid assets			4.934.642	3.197.466
CASH OUTFLOWS				
2 Retail and Small Business Funds Collected	12.340.683	4.710.653	1.078.804	471.065
3 Stable Funds Collected	3.105.293	-	155.265	-
4 Less stable Funds Collected	9.235.390	4.710.653	923.539	471.065
5 Unsecured Funding other than Retail and Small Business Customers Deposits	6.084.091	3.519.453	3.649.446	2.023.373
6 Operational Funds Collected	564.972	563.095	141.243	140.774
7 Non-Operational Funds Collected	3.405.576	1.888.545	1.907.048	1.215.966
8 Other Unsecured Funding	2.113.543	1.067.813	1.601.155	666.633
9 Secured funding	0	0	-	-
10 Other Cash Outflows	74.075	69.676	74.075	69.676
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	74.075	69.676	74.075	69.676
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	9.237.591	4.277.944	731.861	368.927
16 TOTAL CASH OUTFLOWS			5.534.186	2.933.041
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	3.017.934	1.300.153	2.341.041	1.210.644
19 Other contractual cash inflows	78.833	53.213	78.833	53.213
20 TOTAL CASH INFLOWS	3.096.767	1.353.366	2.419.874	1.263.857
			Upper limit applied amounts	
21 TOTAL HQLA			4.934.642	3.197.466
22 TOTAL NET CASH OUTFLOWS			3.114.312	1.669.185
23 Liquidity Coverage Ratio (%)			158,45	191,56

(*) Average of the last three months of liquidity coverage ratios calculated considering monthly simple arithmetic averages

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As per “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette numbered 28948, dated March 21, 2014, the weeks on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months are as follows:

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	128,78	152,89
Date	October 31, 2016	October 31, 2016
Highest	184,71	233,00
Date	December 31, 2016	November 30, 2016
Average	158,45	191,56

Prior Period	Rate of “Percentage to be taken into account” not Implemented Total value ^(*)		Rate of “Percentage to be taken into account” Implemented Total value ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 High quality liquid assets			4.437.524	3.112.829
CASH OUTFLOWS				
2 Retail and Small Business Funds Collected	10.892.813	4.537.750	986.769	425.995
3 Stable Funds Collected	2.050.253	555.613	102.513	27.781
4 Less stable Funds Collected	8.842.560	3.982.137	884.256	398.214
5 Unsecured Funding other than Retail and Small Business Customers Deposits	5.642.854	2.723.466	2.899.686	1.451.416
6 Operational Funds Collected	133.401	132.601	33.350	33.150
7 Non-Operational Funds Collected	3.071.877	1.463.492	1.546.688	823.042
8 Other Unsecured Funding	2.437.576	1.127.373	1.319.648	595.224
9 Secured funding	0	0	-	-
10 Other Cash Outflows	165.042	134.971	165.042	134.971
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	165.042	134.971	165.042	134.971
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	8.332.838	3.846.241	746.308	371.112
16 TOTAL CASH OUTFLOWS			4.797.805	2.383.494
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	3.650.770	2.207.909	2.859.366	1.944.319
19 Other contractual cash inflows	187.462	140.240	187.462	140.240
20 TOTAL CASH INFLOWS	3.838.232	2.348.149	3.046.828	2.084.559
			Upper limit applied amounts	
21 TOTAL HQLA			4.437.524	3.112.829
22 TOTAL NET CASH OUTFLOWS			1.750.976	595.874
23 Liquidity Coverage Ratio (%)			253,43	522,40

^(*) Average of the last three months of liquidity coverage ratios calculated considering monthly simple arithmetic averages.

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As per “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette numbered 28948, dated March 21, 2014, the weeks on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2015 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	189,97	471,98
Date	October 31, 2015	October 31, 2015
Highest	319,26	559,54
Date	November 30, 2015	December 31, 2015
Average	253,43	522,40

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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
Current Period								
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	1.921.342	3.077.710	-	-	-	-	-	4.999.052
Banks	1.425.270	674.526	58.381	-	-	-	-	2.158.177
Financial Assets at Fair Value Through Profit and Loss	954	65.142	-	-	-	-	-	66.096
Money Market Placements	-	-	-	-	-	-	-	-
Available For Sale Financial Assets	6.350	2.270	261.708	135.858	900.954	35.721	-	1.342.861
Loans (*)	-	1.556.951	1.303.246	6.724.557	10.938.277	1.437.821	761.202	22.722.054
Held To Maturity Investments	-	-	201.558	207.629	259.395	-	-	668.582
Other Assets	-	-	9	2.328	2.663	-	838.031	843.031
Total Assets	3.353.916	5.376.599	1.824.902	7.070.372	12.101.289	1.473.542	1.599.233	32.799.853
Liabilities								
Current account and funds collected from banks via participation accounts	677.801	871.266	172.316	76.633	-	-	-	1.798.016
Other current and profit sharing accounts	4.753.117	13.105.493	2.168.803	1.297.897	27.522	-	-	21.352.832
Funds provided from other financial institutions and subordinated loans	-	352.410	488.589	1.998.743	193.554	1.495.260	-	4.528.556
Money Market Borrowings	-	492.784	-	-	-	-	-	492.784
Marketable securities issued	-	-	100.307	75.126	1.191.050	-	-	1.366.483
Miscellaneous payables	-	176.329	45.226	12.243	-	-	468.413	702.211
Other liabilities	-	36.167	3.411	-	-	-	2.519.393	2.558.971
Total Liabilities	5.430.918	15.034.449	2.978.652	3.460.642	1.412.126	1.495.260	2.987.806	32.799.853
Net Liquidity Gap	(2.077.002)	(9.657.850)	(1.153.750)	3.609.730	10.689.163	(21.718)	(1.388.573)	-
Net Off-balance sheet Position	-	-	64.824	-	-	-	-	64.824
Financial Derivative Assets	-	945	538.765	2.178	-	-	-	541.888
Financial Derivative Liabilities	-	945	473.941	2.178	-	-	-	477.064
Non-cash Loans	8.216.684	7.177	64.783	172.892	221.384	18.273	-	8.701.193
Prior period								
Total Assets	3.834.227	5.332.964	2.533.007	6.987.596	8.489.952	1.177.188	1.162.513	29.517.447
Total Liabilities	4.261.040	12.761.275	3.781.129	2.085.824	2.540.918	1.226.880	2.860.381	29.517.447
Net Liquidity Gap	(426.813)	(7.428.311)	(1.248.122)	4.901.772	5.949.034	(49.692)	(1.697.868)	-
Net Off-balance sheet Position	-	-	-	21.173	-	-	-	21.173
Financial Derivative Assets	-	-	-	219.089	-	-	-	219.089
Financial Derivative Liabilities	-	-	-	197.916	-	-	-	197.916
Non-cash Loans	4.533.680	596.383	935.430	1.471.883	1.086.885	39.796	-	8.664.057

(*) Leasing receivables are included under loans. Unallocated amount represents the amount arising from advances granted for uninvoiced leasing receivables and net non-performing loans transactions.

(**) 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 column consists of equity, provisions and deferred tax liabilities.

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VII. Explanations on consolidated leverage ratio:

As of December 31, 2016, consolidated leverage ratio of the Group calculated from the arithmetic average of the last three months is 5,26% (December 31, 2015: 5,01%). Leverage ratio is required to remain minimum 3% as per Communiqué on Measurement and Evaluation for Leverage Ratios of Banks. The reason for the difference in leverage ratio between current and previous period is the average increase ratio of core capital is more than the average increase ratio of total risk amount.

	Current Period ^(*)	Prior Period ^(*)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(†)	31.353.524	28.956.542
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" ^(†)	-	-
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	929.857	466.357
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	589.280	719.784
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	31.590	20.719
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-	-
Total Risk Amount	41.275.972	38.857.618

^(†) Consolidated financial statements prepared in compliance with the paragraph 6 of article 5 of the communiqué. "Preparation of Consolidated Financial Statements."

^(*) The arithmetic average of the last 3 months in the related periods.

	Current Period December 31, 2016 ^(†)	Prior Period December 31, 2015 ^(†)
Balance sheet assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	31.255.189	28.891.918
2 (Assets deducted from Core capital)	(62.312)	(79.064)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	31.192.877	28.812.854
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	45.286	20.043
5 Potential credit risk amount of derivative financial assets and credit derivatives	9.860	4.913
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	55.146	24.956
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	218.594	139.204
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	218.594	139.204
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	9.809.355	9.880.604
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	9.809.355	9.880.604
Capital and total risk		
13 Core Capital	2.169.323	1.947.891
14 Total risk amount (sum of lines 3, 6, 9 and 12)	41.275.972	38.857.618
Leverage ratio		
15 Leverage ratio (%)	5,26	5,01

^(†) The arithmetic average of the last three months in the related periods

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VIII. Explanations on presentation of consolidated 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	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Financial Assets				
Money market placements	-	-	-	-
Banks	2.158.177	2.482.614	2.158.177	2.482.614
Financial assets at fair value through profit and loss	66.096	22.283	66.096	22.283
Financial assets available for sale	1.342.861	1.020.627	1.342.861	1.020.627
Held to maturity investments	668.582	762.890	683.944	771.264
Loans and financial lease receivables	22.722.054	19.505.392	21.821.559	19.198.865
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	1.798.016	526.489	1.798.016	526.489
Other current and profit sharing accounts	21.352.832	19.814.806	21.352.832	19.814.806
Funds provided from other financial institutions	4.528.556	4.335.900	3.637.389	3.953.925
Marketable securities issued	1.366.483	977.001	1.351.245	950.235
Miscellaneous payables	702.211	686.389	702.211	686.389

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 Parent Bank carried at fair value according to the foregoing principles are given in the table below:

Current period (**)	Level I	Level II	Level III	Total
Financial assets				
Financial assets at fair value through profit and loss	954	65.142	-	66.096
Public sector debt securities	-	-	-	-
Equity securities	954	-	-	954
Derivative financial assets held for trading	-	65.068	-	65.068
Other	-	74	-	74
Financial assets- available for sale	1.340.270	-	-	1.340.270
Equity securities (*)	3.759	-	-	3.759
Public sector debt securities	1.285.338	-	-	1.285.338
Other marketable securities	51.173	-	-	51.173
Financial liabilities				
Derivative financial liabilities held for trading	-	88	-	88
Derivative financial liabilities for hedging purposes	-	-	-	-
Prior period				
Financial assets				
Financial assets at fair value through profit and loss	790	21.493	-	22.283
Public sector debt securities	-	-	-	-
Equity securities	790	-	-	790
Derivative financial assets held for trading	-	20.822	-	20.822
Other	-	671	-	671
Financial assets- available for sale	1.007.762	-	10.743	1.018.505
Equity securities (*)	-	-	10.743	10.743
Public sector debt securities	887.157	-	-	887.157
Other marketable securities	120.605	-	-	120.605
Financial liabilities				
Derivative financial liabilities held for trading	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-

(*) Represent the amount of Visa accounted in Available For Sale.

(**) In the current period, there is no classification between level I and level II.

Apart from financial assets and financial liabilities, as of December 31, 2016 and 2015 the Parent Bank carries the real estates at fair value under tangible assets. Level III section is used in determining the related fair values.

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IX. Explanations regarding the activities carried out on behalf and account of other persons:

The Parent Bank does not perform purchases, sales and custody services on behalf of its customers. The Bank has no fiduciary transactions.

X. Consolidated explanations On Risk Management:

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Parent Bank, tables which have to be prepared within the scope of Internal rating-based ("IRB") approach have not been presented.

a. Consolidated Risk management strategy and weighted amounts:

a.1. Risk Management Strategy:

The aim of the Parent 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.

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

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

The general manager is responsible from ensuring that departments of the bank operate in accordance with the specified policies and strategies about risk management as determined by the Board of Directors.

The Board of Directors of the Parent Bank takes an important part in the processes of risk management by following policies and strategies on consolidated and unconsolidated basis, setting up limit systems and procedures in the Parent Bank. The related limits are monitored, reported and maintained within the set limits by the units under the internal systems and the related departments in the Parent bank. Risk Management Department, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting of risks.

Ultimate goal of the bank's risk management system is to allocate capital in accordance with risks that functional activities have (economical capital), to maximize return on capital adjusted according to risk and to increase added value created.

In Asset and Liability Committee, asset-liability structure is managed via evaluating fund collection activities in line with risk management policies and domestic and foreign conditions regarding the bank's fund lending.

The risks that the Parent Bank is exposed to or may be exposed to in the future are determined and the definition of these risks is made. Defined risks are measured and prioritized as far as possible. It is provided that all important risks are in the risk appetite considering the potential impact of the risks and the strategy arising from the Parent bank's strategies to risk profile. The Parent bank's strategies are integrated with risk profile and risk appetite. If it is expected that the risk profile is going to change in the future, this change is assessed with the degree of capital impact. While a risk profile is being developed, the risk profile is analyzed based on the risk type, the sector and/or the geographic location.

The Parent bank's risk tolerance is the most comprehensive calculated risk amount which may be accepted in accordance with the determined mission and vision. In other words, before deciding on the necessity of taking measures, it is the Parent bank's readiness to exposure of any risk amount. In this respect, the risk tolerance, in connection with the variety of services offered by the Parent bank, is the level of risk it identifies as acceptable.

The Parent bank's risk appetite means the amount of risk that can be accepted by the Parent bank in order to reach the strategic targets, and it includes an acceptable variability around the targets as well.

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The common feature of the bank's risk appetite and risk tolerance is to drive the lines regarding risk acceptance. However, risk tolerance is more comprehensive.

By means of "Albaraka Turk Participation Bank's Credit Strategy and Risk Appetite Policy" approved by the board of directors, risk levels can be taken to implement risk strategies and to achieve the objectives of the Parent Bank's were identified. Quantitative and qualitative factors, which are determined within the framework of risk profile of the bank in accordance with the Parent bank's risk appetite and risk tolerance, and triggering functions, were described in detail.

Considering the Parent bank's financial position, activity profile and the growth expectations of the future, the amount of capital needed for the strategic targets to be met have been calculated by the basis of static and dynamic stress tests and scenario analyses.

Considering the factors that may affect the Parent bank operates market today and in the future, stress tests and scenario analysis studies on the financial structure of the Parent bank have been assessed together with the other financial indicators; in this context, a coordination based on harmony was created between prepared capital plans and processes of the bank.

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, the Parent bank's evaluates risks by classifying them as market risks, liquidity risk, credit risk, operational risk, strategic risk and credibility risk.

Market Risk

Parent Bank's general market risk signifies the probability of possible losses that may arise from usual market movements of the financial instruments which are exposed to profit rate risk and position risk of equity securities rather than specific risk.

Market risk primarily is composed of the probability of possible losses that might occur as a result of movements in market prices, for currency risk, commodity risk, profit rate risk and position risk of equity securities arising from the Parent bank's on-balance sheet and off-balance sheet positions. Within the coverage of market risk, the Parent 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 the Parent 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 the Parent 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 Parent Bank's liquidity risk, consists of funding related liquidity risk and market-related 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.

Market liquidity risk is an expression of the likelihood of the Parent bank's suffering a loss because the Parent bank is unable to close or cover a particular position at the market price owing to insufficient market depth or to excessive market volatility.

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 Parent 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.

The Parent 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.

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Credit risk

Credit risk is defined as the probability of losses to the Parent Bank due to customers failing to partially or completely pay their commitments to the Parent 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 the Parent 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 the Parent Bank's branches. At the Parent Bank's, 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.

Operational risk

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 the Parent Bank. 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 Parent Bank, due to uncertainties in the definition of limits of authorities or from structural and/or operational changes, natural disasters, terror and frauds.

The Parent Bank classifies operational risks into five groups according to their sources: staff risks, technological risks, organizational risks, legal and compliance risks and external risks.

The Parent Bank also takes required measures to maintain operational risks at acceptable levels.

Other risks

The other risks that The Parent Bank could encounter include strategic and reputational risk, counterparty credit risk, country risk, and concentration risk.

For the management of strategic risk, the Parent Bank keeps a close watch on the domestic and international situation, on technological, financial, and social developments, on the legal and regulatory frameworks, and on the banking industry as a whole in order to make rational decisions and to change them as circumstances warrant.

The Parent Bank regards reputational risk as anything that might lead to the Parent Bank's suffering a loss on account of adverse developments such as a reduction in the confidence that is had in it or any impairment in its good standing due to unfavorable opinions that existing or potential customers, shareholders, competitors, regulatory agencies, or other outside or associated parties may have about it or due to any breach of existing laws and regulations.

For the risk of reputation to be avoided and/or controlled by the Parent Bank's Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Parent 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.

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Counterparty credit risk is an expression of the likelihood that the counterparty in any transaction that imposes an obligation on two parties will default on the obligation before the final payment in the transaction's cash flow sequence. The Parent Bank manages its counterparty credit risk exposure as required by laws and regulations, taking best practices into consideration, and compatibly with the volume, nature, and complexity of its operations.

Country risk is an expression of the likelihood that the Parent bank will suffer a loss because debtors in another country fail to fulfill or avoid fulfilling their obligations owing to uncertainties in the economic, social, and/or political conditions of that country. The Parent Bank enters into business relationships with foreign financial institutions and/or the agencies of foreign countries taking legal and regulatory restrictions, market conditions, and customer satisfaction into consideration and on the basis of feasibility studies that take the country's economic conditions into account.

Concentration risk is defined as the likelihood that a single risk or several risks that have some attribute in common may, if realized, cause losses that are capable of endangering the bank itself or its ability to carry out its essential activities. Policies aimed at managing concentration risk are formulated so as to deal with particular aspects of it such as sectoral concentration, collateral concentration, market risk concentration, types of loss concentration, and creditor concentration.

a.2. Risk weighted amounts:

	Risk Weighted Amount		Minimum capital requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	20.880.381	19.109.075	1.670.430
2 Standardised approach (SA)	20.880.381	19.109.075	1.670.430
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	37.318	11.507	2.985
5 Standardised approach for counterparty credit risk (SA-CCR)	37.318	11.507	2.985
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-
9 Investments made in collective investment companies – mandate-based approach	-	-	-
10 Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	88.810	91.343	7.105
17 Standardised approach (SA)	88.810	91.343	7.105
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	1.720.621	1.566.122	137.650
20 Basic Indicator Approach	1.720.621	1.566.122	137.650
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	22.727.130	20.778.047	1.818.170

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b. Financial statements and regulatory exposures reconciliation:

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation:

	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				Not subject to capital requirements or deducted from capital
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk ^(*)	
Assets						
Cash and balances with the central bank	4.999.052	4.999.052	-	-	-	-
Trading financial assets	66.096	-	65.068	-	1.028	-
Financial assets at fair value through profit and loss	-	-	-	-	-	-
Banks	2.158.177	2.158.177	-	-	-	-
Money market placements	-	-	-	-	-	-
Financial assets-available for sale (net)	1.342.861	1.342.861	-	-	-	-
Loans and receivables	21.843.075	21.839.933	-	-	-	3.142
Factoring receivables	-	-	-	-	-	-
Investments held to maturity (net)	668.582	668.582	-	-	-	-
Investments in associates (net)	4.719	4.719	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-
Joint ventures (net)	14.319	14.319	-	-	-	-
Lease receivables	878.979	878.979	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-	-	-
Tangible assets (net)	517.134	489.435	-	-	-	27.699
Intangible assets (net)	35.470	-	-	-	-	35.470
Investment property (net)	-	-	-	-	-	-
Tax asset	25.067	25.067	-	-	-	-
Assets held for sale and assets of discontinued operations (net)	92.317	92.317	-	-	-	-
Other assets	154.005	148.145	-	-	-	5.860
Total assets	32.799.853	32.661.586	65.068	-	1.028	72.171
Liabilities						
Funds collected	23.150.848	23.150.848	-	-	-	-
Derivative financial liabilities held for trading	88	-	88	-	-	-
Funds borrowed	3.017.619	3.017.619	-	-	-	-
Borrowings from money markets	492.784	492.784	-	-	-	-
Securities issued	1.366.483	1.366.483	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous payables	702.211	702.211	-	-	-	-
Other liabilities	-	-	-	-	-	-
Factoring debts	-	-	-	-	-	-
Lease payables	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-
Provisions	233.874	233.874	-	-	-	-
Tax liability	51.838	51.838	-	-	-	-
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated loans	1.510.937	1.510.937	-	-	-	-
Shareholders' equity	2.273.171	2.273.171	-	-	-	-
Total liabilities	32.799.853	32.799.765	88	-	-	-

(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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b.2. Main reasons of the differences between the risk amounts and Carrying Value in accordance with Turkish Accounting Standards (TAS):

	Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk ^(*)
1 Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	32.799.853	32.661.586	-	65.068	1.028
2 Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	-	-	(88)	-
3 Total net amount within the scope of legal consolidation	32.799.853	32.661.586	-	65.156	1.028
4 Off balance sheet amounts	10.951.306	5.622.397	-	70.487	-
5 Repo and similar transactions ^(**)	-	-	-	4.818	-
6 Differences in valuations	-	-	-	-	-
7 Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8 Differences arising from consideration of provisions	-	-	-	-	-
9 Differences arising from BRSA's applications	-	-	-	-	-
10 Risk amounts	-	38.283.983	-	75.305	1.028

^(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

^(**) In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

b.3. Explanations on differences between carrying values in accordance with Turkish Accounting Standards ("TAS") and risk amounts:

There is no significant difference between the financial statement amounts of assets and liabilities and the amounts included in capital adequacy calculation.

c. Consolidated Credit Risk:

c.1. General information on credit risk:

c.1.1. General qualitative information on credit risk:

This information is already included in *Explanations on Credit Risk* and (a.I) *The Bank's risk management approach*:

c.1.2. Credit quality of assets:

	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards ("TAS")		Provisions/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	1.105.954	22.313.281	697.181	22.722.054
2 Debt securities	-	2.012.314	7.170	2.005.144
3 Off-balance sheet exposures	90.015	9.842.339	37.036	9.895.318
4 Total	1.195.969	34.167.934	741.387	34.622.516

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c.1.3. Changes in stock of default loans and debt securities:

1	Defaulted loans and debt securities at end of the previous reporting period	519.163
2	Loans and debt securities that have defaulted since the last reporting period	790.342
3	Receivables back to non-defaulted status	287
4	Amounts written off	76
5	Other changes	113.173
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	1.195.969

c.1.4. Additional information on credit quality of assets:

The scope and definitions of past due receivables and the methods used by the Parent bank to determine the provisions are mentioned in the Explanations on Credit risk.

The Parent Bank may restructure not only non-performing credits and receivables but also the first and the second group credits and other receivables. Restructuring for the first and the second group credits and other receivables are made for improvement of the customer's ability to repay the credit or for changes in contractual terms upon the customer request regardless of the customer's credit risk. Restructuring for non-performing credits and receivables are made for providing collection possibility by establishing a new payment plan.

Breakdowns for receivables in terms of sectors are mentioned in the footnote numbered VIII (*Explanations on Credit Risk*).

Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are shown below. The amount of non-performing credits which are written off in 2016 is TL 76.

Aging analysis for past due receivables:

As per Financial instruments segmentations, aging analysis at past due but not impaired financial assets is as follows:

0-30 Days	31-60 Days	61-90 Days	Total
739.521	671.339	544.143	1.955.003

Receivables that provisions are set in terms of geographical region:

Current Period	Non-performing Loans ^(*)	Specific Provision ^(*)
Domestic	1.043.911	563.492
Off-shore Banking Countries	60.761	13.731
Other Countries	1.282	1.282
General Total	1.105.954	578.505

^(*) Represents amounts for cash loans.

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c.2. Credit risk mitigation

c.2.1. Qualitative disclosure on credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized.

The Parent Bank, the risk mitigators that are used in credit process in compliance with Communiqué “The Risk Mitigation Techniques” which is published at September 6, 2014 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 Parent Bank are reviewed and appraised in accordance with related legislation as long as the credit relationship is outstanding.

If there are indicators on significant decreases of real estate’s value in comparison to general market prices, the real estate’s valuation is performed by the authorised valuation corporations authorised by Banking Regulation and Supervision Agency or Capital Markets Board of Turkey.

The Parent 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 Parent Bank and the market fluctuations are considered in credit activities

c.2.2. Credit risk mitigation techniques :

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	17.191.241	5.530.813	3.856.520	1.342.508	670.447	-	-
2 Debt securities	2.005.144	-	-	-	-	-	-
3 Total	19.196.385	5.530.813	3.856.520	1.342.508	670.447	-	-
4 Of which defaulted	424.410	103.039	89.234	1.778	916	-	-

c.3. Credit risk under standardised approach:

c.3.1. Qualitative disclosures on banks’ use of external credit ratings under the standardised approach for credit risk:

Explanations on rating grades that the banks use for calculation of credit risk by the standardised approach are mentioned in the footnote numbered (IX) for Explanations on Credit Risk.

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c.3.2. Credit risk exposure and credit risk mitigation techniques:

Risk classes	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Receivables from central governments or central banks	5.289.536	2.377	5.289.536	614	1.449.554	27,40%
2 Receivables from regional or local governments	17	1.049	17	519	268	50,00%
3 Receivables from administrative units and non-commercial enterprises	19.694	38.499	19.694	18.398	37.659	98,86%
4 Receivables from multilateral development banks	-	330	-	66	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	2.193.259	160.958	2.193.259	126.965	974.683	42,01%
7 Receivables from corporates	8.997.366	6.043.517	8.997.365	3.826.074	12.232.754	95,39%
8 Retail receivables	4.045.396	3.073.087	4.045.397	1.237.040	3.796.230	71,87%
9 Receivables secured by mortgages on property	2.094.284	567.324	2.094.284	412.115	1.189.799	47,47%
10 Past due receivables	340.793	-	340.793	-	393.759	115,54%
11 Receivables defined in high risk category by BRSA	-	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
14 Investments similar to collective investment funds	-	-	-	-	-	-
15 Other receivables	1.416.842	3.992	1.416.842	606	805.675	56,84%
16 Equity share investments	-	-	-	-	-	-
17 Total	24.397.187	9.891.133	24.397.187	5.622.397	20.880.381	69,56%

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

c.3.3. Exposures by asset classes and risk weights :

Risk Classes/Risk Weighted	35% secured by Property mortgage										Total risk amount (post-CCF and CRM)	
	0%	10%	20%	50%	75%	100%	150%	200%	Others			
1 Receivables from central governments or central banks	2.391.042	-	-	-	2.899.108	-	-	-	-	-	-	5.290.150
2 Receivables from regional or local governments	-	-	-	-	536	-	-	-	-	-	-	536
3 Receivables from administrative units and non-commercial enterprises	385	-	61	-	-	-	37.646	-	-	-	-	38.092
4 Receivables from multilateral development banks	66	-	-	-	-	-	-	-	-	-	-	66
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	11.502	-	888.583	-	1.246.346	-	173.793	-	-	-	-	2.320.224
7 Receivables from corporates	392.535	-	131.612	-	185.715	-	12.113.577	-	-	-	-	12.823.439
8 Retail receivables	186.598	-	35.901	-	23.616	5.036.322	-	-	-	-	-	5.282.437
9 Receivables secured by mortgages on property	10.334	-	6.507	559.076	1.875.321	-	55.161	-	-	-	-	2.506.399
10 Past due receivables	763	-	255	-	80.367	-	71.176	188.232	-	-	-	340.793
11 Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
14 Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-	-
15 Other receivables	300.824	-	388.688	-	-	-	727.936	-	-	-	-	1.417.448
16 Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
17 Total	3.294.049	-	1.451.607	559.076	6.311.009	5.036.322	13.179.289	188.232	-	-	-	30.019.584

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

ç. Consolidated Counterparty credit risk:

ç.1. Qualitative disclosure on counterparty credit risk:

Derivatives and repurchase transactions in the calculation of counterparty credit risk are calculated according to the fair value in accordance with "Appendix-2 of Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette dated November 23, 2015 and numbered 29511. The sum of potential future exposures and positive replacement costs is taken in the calculation of the risk amount related to derivative transactions.

The Parent bank prepared "Charter on the Counterparty Credit Risk Management Policy and Implementation Procedures" in order to determine the basic principles that manage the counterparty credit risk and this regulation was approved by the Board of Directors. The Board of Directors periodically reviews and assesses the related policy.

ç.2. Counterparty credit risk (CCR) approach analysis:

Current Period	Replacement cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1 Standardised Approach - CCR (for derivatives)	65.068	5.419		-	70.487	35.278
2 Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3 Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					4.818	-
4 Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5 Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6 Total						35.278

^(*) Effective Expected Positive Exposure

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(Thousand of Turkish Lira (TL) unless otherwise stated)

ç.3. Capital requirement for credit valuation adjustment (CVA):

Current Period	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	-	-
1 (i) VaR component (including the 3×multiplier)	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-
3 All portfolios subject to the Standardised CVA capital obligation	70.487	2.040
4 Total subject to the CVA capital obligation	70.487	2.040

ç.4. CCR exposures by risk class and risk weights:

Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Risk Weighted									
Receivables from central governments or central banks	4.818	-	-	-	-	-	-	-	4.818
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	10	70.401	-	-	-	-	70.411
Receivables from corporates	-	-	-	-	-	76	-	-	76
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	4.818	-	10	70.401	-	76	-	-	75.305

(*) Total credit risk represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

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ç.5. Collaterals for CCR

Current Period - 31.12.2016	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	125.130
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	125.130

ç.6. Information on the risks of the Parent Bank arising from purchased or sold credit derivatives

The Parent Bank does not have any risks arising from purchased or sold credit derivatives.

ç.7. Information on risks of the Parent Bank arising from central counterparty

The Parent Bank does not have any risks arising from central counterparty.

d. Consolidated Securitization Explanations:

There is not any information to be announced to public on securitization.

e. Consolidated Market risk

e.1. Qualitative disclosure on market risk:

The Parent Bank measures market risk by using the standard method in accordance with "Regulation on the Measurement and Assessment of the Capital Adequacy of Banks" dated 23.10.2015 and numbered 29511 and allocates legal capital on this basis. On the other hand, the market risk is also calculated by using the internal model for testing (Value at Risk) and the results found are supported by considering backtesting results. The market risk value (Value at Risk) calculated by using the internal model is calculated on a daily basis by using Variance-Covariance, EWMA, Monte Carlo and Historical Simulation methods and is reported to the top management.

The Board of Directors sets limits for these risks by considering the main risks and revises these limits periodically in line with market conditions and the Parent Bank's strategies. In addition, the Board of Directors ensures that the risk management unit and senior management take all necessary measures to identify, to measure, to prioritize, to reduce at an acceptable level and to manage the various risks that the Parent Bank is exposed to.

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Risks that positions held by the Parent Bank under on-balance sheet and off-balance sheet accounts may occur due to fluctuations in financial markets are measured. Information about the market risk considered in the calculation of legal capital as follows.

e.2. Market risk under standardised approach:

Current Period	RWA
Outright products	
1 Profit rate risk (general and specific)	37
2 Equity risk (general and specific)	1.908
3 Foreign exchange risk	86.865
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	-
7 Scenario approach	-
8 Securitisation	-
9 Total	88.810

f. Consolidated Operational risk:

Capital requirement for operational risk is calculated annually by using the Basic Indicator Method in accordance with Article 24 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks. As of December 31, 2016, amount subject to operational risk and the calculation information are given below:

	2 PP Value	1 PP Value	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	782.732	887.798	1.082.464	917.665	15	137.650
Amount subject to Operational Risk (Total 12,5)						1.720.621

g. Qualitative disclosure on profit rate risk arising from banking books

a) Important assumptions including the nature of profit rate risk arising from banking books and the early repayment of loans and movements in deposits other than time deposits with measurement frequency of the profit rate risk

Profit rate risk arising from banking books measures profit rate risk arising from on-balance sheet and off-balance sheet positions in the Parent Bank's banking books by standard shock method.

The Parent Bank calculates and measures legal ratio for profit rate risk arising from banking books on a monthly basis in accordance with "Regulation on Measurement and Assessment of Interest Rate Risk arising from Banking Books by Standard Shock Method" that have been published in Official Gazette numbered 28034 and dated August 23, 2011.

Profit share-yield assets, liabilities that profit share is paid, restructuring risk, yield curve risk in banking books and changes in profit rates occurred in market conditions are monitored, assessed, measured and managed by the Parent Bank in the calculations made within the scope of the related regulation.

Against the risk that these matters may affect the Parent Bank's capital negatively, these risks are assessed and managed on a weekly basis within the scope of the Charters established by the Board of Directors.

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Notes Related to Consolidated Financial Statements As of December 31, 2016

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b) Economic value differences arising from profit rate fluctuations in accordance with Regulation on Measurement and Assessment of Profit Rate Risk arising from Banking Books by Standard Shock Method:

Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TL	(+) 500bp	(476.583)	(15,55)
TL	(-) 400bp	466.068	15,21
USD	(+) 200bp	(21.998)	(0,72)
USD	(-) 200bp	37.699	1,23
EUR	(+) 200bp	(41.490)	(1,35)
EUR	(-) 200bp	(3.720)	(0,12)
Total (For Negative Shocks)	-	500.047	16,32
Total (For Positive Shocks)	-	(540.071)	(17,62)

XI. Explanations on consolidated business segments:

The Parent Bank operates in retail, commercial and corporate banking segments via profit/loss sharing method in accordance with its mission.

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	3.143.162	19.992.022	6.679.143	2.985.526	32.799.853
Total Liabilities	14.306.903	9.392.482	6.358.845	468.452	30.526.682
Total Equity	-	-	-	2.273.171	2.273.171
Net profit share income/(expense) ^(*) ^(**)	(311.957)	1.168.324	173.927	(6.250)	1.024.044
Net fees and commissions income/(expense)	18.551	155.233	(26.389)	(1.460)	145.935
Other operating income/(expense)	(352)	(305.203)	45.576	(271.925)	(531.904)
Provision for loan losses and other receivables	(35.607)	(226.609)	-	(109.941)	(372.157)
Profit/(loss) before tax	(329.365)	791.745	193.114	(389.576)	265.918
Provision for tax	-	-	-	(46.311)	(46.311)
Net profit/(loss) for the period	(329.365)	791.745	193.114	(435.887)	219.607
Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	2.772.567	17.672.285	2.232.251	6.840.344	29.517.447
Total Liabilities	13.119.733	8.362.364	5.539.490	399.832	27.421.419
Total Equity	-	-	-	2.096.028	2.096.028
Net profit share income/(expense) ^(*) ^(**)	(335.961)	1.289.430	(66.717)	(816)	885.936
Net fees and commissions income/(expense)	15.291	144.737	(17.866)	(6.165)	135.997
Other operating income/(expense)	14.574	13.494	65.787	(584.392)	(490.537)
Provision for loan losses and other receivables	(14.738)	(94.013)	-	(48.392)	(157.143)
Profit/(loss) before tax	(320.834)	1.353.648	(18.796)	(639.765)	374.253
Provision for tax	-	-	-	(73.410)	(73.410)
Net profit/(loss) for the period	(320.834)	1.353.648	(18.796)	(713.175)	300.843

^(*) The distribution difference in the retail, commercial and corporate segments stems from fund allocation and fund collection methods of the Parent Bank.

^(**) Since the Parent Bank uses net profit share income/(expense) as a performance measurement criteria, profit share income and expense is presented net.

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SECTION FIVE

CONSOLIDATED EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. Consolidated 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	123.254	148.150	124.648	283.565
CBRT	735.118	3.599.536	698.140	3.371.781
Other ⁽¹⁾	81.875	311.119	71.416	355.248
Total	940.247	4.058.805	894.204	4.010.594

⁽¹⁾ As of December 31, 2016, includes precious metals amounting to TL 4.306 (December 31, 2015: TL 12.370) and cash in transit amounting to TL 388.688 (December 31, 2015: TL 414.294).

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	733.965	522.979	695.445	377.110
Unrestricted time deposit	-	-	-	-
Restricted time deposit ⁽¹⁾	1.153	3.076.557	2.695	2.994.671
Total	735.118	3.599.536	698.140	3.371.781

⁽¹⁾ As of December 31, 2016, the reserve requirement held in standard gold is TL 786.181 (December 31, 2015: TL 433.751).

In accordance with the “Communiqué Regarding the Reserve Requirements numbered 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 EUR and standard gold.

As of December 31, 2016, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 4% to 10,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 4% to 24% depending on maturity of deposits.

The Central Bank of Republic of Turkey has launched to pay income on TL reserves since November 2014 and on USD reserves, reserve options and unrestricted deposits since May 2015.

2. a) Information on financial assets at fair value through profit/loss subject to repurchase agreements and given as collateral/ blocked:

None (December 31, 2015: None).

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Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

b) Table of positive differences related to derivative financial assets held for trading:

	Current Period		Prior Period	
	TL	FC	TL	PC
Forward Transactions	55	65.013	-	-
Swap Transactions	-	-	-	20.822
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	55	65.013	-	20.822

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic ⁽¹⁾	656.410	1.230.805	599.970	1.456.406
Abroad	-	270.962	-	426.238
Foreign head offices and branches	-	-	-	-
Total	656.410	1.501.767	599.970	1.882.644

⁽¹⁾ Includes blockaged amount TL 610.730 (December 31, 2015: TL 569.474) booked under TL accounts arising from POS transactions.**b) Information on foreign bank accounts:**

	Current period		Prior period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	117.081	-	194.411	-
USA and Canada	85.415	-	77.021	-
OECD Countries ⁽¹⁾	6.656	-	5.316	-
Off-shore banking regions	3.367	-	3.096	-
Other ⁽²⁾	58.443	-	146.394	-
Total	270.962	-	426.238	-

⁽¹⁾ OECD countries other than EU countries, USA and Canada.⁽²⁾ Represents the balance amounts to TL 43.106 (December 31, 2015: TL 127.178) in Iraq Banks belonging to Parent Bank's foreign branch "Erbil"

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Notes Related to Consolidated Financial Statements As of December 31, 2016

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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:

The Parent Bank has collateralized sukuk investments with a nominal amount of TL 292.937 and carrying value of TL 302.792 to CBRT with respect to money market transactions and subjected to repurchase agreements (December 31, 2015: TL 226.102).

As of December 31, 2016, available for sale investments given as a guarantee or blocked amount to TL 225.663 (December 31, 2015: TL 34.132).

b) Information on financial assets available-for-sale:

	Current Period	Prior Period
Debt securities	1.343.681	1.009.985
Quoted on a stock exchange ⁽¹⁾	1.343.681	1.009.985
Unquoted	-	-
Share certificates	6.350	12.865
Quoted on a stock exchange	-	-
Unquoted	6.350	12.865
Impairment provision (-)	7.170	2.223
Total	1.342.861	1.020.627

⁽¹⁾ Includes debt securities quoted on a stock exchange which are not traded at the related period ends.

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	272	62.130	80.048	62.209
Corporate shareholders	-	61.780	79.771	61.859
Real person shareholders	272	350	277	350
Indirect loans granted to shareholders	35.550	24.249	47.906	65.512
Loans granted to employees	8.905	28	8.985	28
Total	44.727	86.407	136.939	127.749

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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
Loans	20.100.144	372.923	16.083	1.215.482	119.318	4.390
Export loans	578.700	17.924	-	2.529	-	-
Import loans	1.504.885	24.633	1.398	34.976	524	-
Business loans	10.974.587	239.184	6.036	935.265	110.323	2.956
Consumer loans	3.040.180	20.791	6.217	41.091	490	265
Credit cards	219.734	-	-	5.189	-	-
Loans given to financial sector	17.257	-	-	-	-	-
Other ⁽¹⁾	3.764.801	70.391	2.432	196.432	7.981	1.169
Other receivables	-	-	-	-	-	-
Total	20.100.144	372.923	16.083	1.215.482	119.318	4.390

⁽¹⁾ Details of other loans are provided below:

Commercial loans with installments	1.866.897
Other investment credits	788.048
Loans given to abroad	584.078
Profit and loss sharing investments ⁽²⁾	500.049
Loans for purchase of marketable securities for customer	198.842
Other	23.319
Total	3.961.233

⁽²⁾ As of December 31, 2016, the related balance represents profit and loss sharing investment projects (12 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 Parent 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 Parent Bank's share of loss is limited with the funds invested in the project by the Parent Bank. In the current period the Parent Bank recognized TL 63.818 (December 31, 2015: TL 54.862) income in the accompanying financial statements in relation to such loans and presented in the profit share on loans in the income statement.

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	Extension of Repayment Plan	
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	372.923	119.318
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	43.377	28.682
6 - 12 months	32.743	40.147
1 - 2 years	130.558	16.468
2 - 5 years	101.489	25.677
5 years and over	64.756	8.344

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, tourism and energy sector :

As of December 31, 2016, the Parent Bank has loan receivables amounting to TL 18.538 arising from rescheduled loans from maritime sector within the scope of related Communiqué.

As of December 31, 2016, the Parent Bank does not have any loan receivables from tourism sector within the scope of related Communiqué.

As of December 31, 2016, the Bank has loan receivables amounting to TL 1.893 arising from rescheduled loans from energy sector 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	4.482.793	1.480	101.325	4.596
Loans	4.482.793	1.480	101.325	4.596
Other receivables	-	-	-	-
Medium and long-term loans and other receivables ⁽¹⁾	15.228.345	387.526	990.449	119.112
Loans	15.228.345	387.526	990.449	119.112
Other receivables	-	-	-	-
Total	19.711.138	389.006	1.091.774	123.708

⁽¹⁾ Loans with original maturities longer than a year are classified as “Medium and Long Term Loans”.

^(*) Includes extensions, reductions and other changes in payment plans.

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Notes Related to Consolidated Financial Statements As of December 31, 2016

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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
Consumer loans-TL	40.946	3.035.756	3.076.702
Housing loans	4.507	2.781.035	2.785.542
Vehicle loans	4.401	107.063	111.464
Consumer loans	32.038	147.658	179.696
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	66.815	-	66.815
With installment	25.897	-	25.897
Without installment	40.918	-	40.918
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	2.767	1.802	4.569
Housing loans	32	246	278
Vehicle loans	115	1.160	1.275
Consumer loans	2.620	396	3.016
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	4.336	-	4.336
With installment	2.050	-	2.050
Without installment	2.286	-	2.286
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	114.864	3.037.558	3.152.422

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Notes Related to Consolidated Financial Statements As of December 31, 2016

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d) Information on commercial loans with installments and corporate credit cards:

	Short-term	Medium and long-term	Total
Commercial installment loans-TL	59.630	1.152.161	1.211.791
Business loans	6.851	347.223	354.074
Vehicle loans	17.019	263.160	280.179
Consumer loans	35.760	541.778	577.538
Other	-	-	-
Commercial installment loans-FC indexed	5.557	589.099	594.656
Business loans	1.571	272.602	274.173
Vehicle loans	3.986	81.553	85.539
Consumer loans	-	234.944	234.944
Other	-	-	-
Commercial installment Loans-FC	-	60.450	60.450
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	60.450	60.450
Other	-	-	-
Corporate credit cards-TL	153.772	-	153.772
With installment	40.009	-	40.009
Without installment	113.763	-	113.763
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC (legal entity)	-	-	-
Total	218.959	1.801.710	2.020.669

e) Allocation of loans by customers:

	Current Period	Prior Period
Public	-	13.012
Private	21.315.626	18.357.387
Total	21.315.626	18.370.399

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	20.731.548	17.879.660
Foreign loans	584.078	490.739
Total	21.315.626	18.370.399

g) Loans granted to subsidiaries and associates:

As of the balance sheet date, there are no cash loans granted to subsidiaries and associates.

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(Thousand of Turkish Lira (TL) unless otherwise stated)

ğ) Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	31.504	20.420
Loans and receivables with doubtful collectability	140.892	56.714
Uncollectible loans and receivables	387.789	192.801
Total	560.185	269.935

In addition to specific provision for loans amounting TL 560.185 (December 31, 2015: TL 269.935), provision amounting to TL 18.320 (December 31, 2015: TL 10.912) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 578.505 (December 31, 2015: TL 280.847). Specific provision for loans amounting to TL 316.517 (December 31, 2015: TL 179.220) 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 Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	464	3.973	10.726
Restructured loans and other receivables	464	3.973	10.726
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before specific provisions)	155	633	14.712
Restructured loans and other receivables	155	633	14.712
Rescheduled loans and other receivables	-	-	-

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Notes Related to Consolidated Financial Statements As of December 31, 2016

(Thousand of Turkish Lira (TL) unless otherwise stated)

h.2) Movements of non-performing loans:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Closing balance of prior period	123.599	112.602	221.300
Additions in the current period (+)	727.553	16.026	46.763
Transfers from other categories of non-performing loans (+)	-	552.077	292.126
Transfers to other categories of non-performing loans (-)	552.077	292.126	-
Transfers to standard loans (-)	-	7	280
Collections in the current period (-)	62.135	33.533	64.178
Write offs (-)	37	1	38
Corporate and commercial loans	34	-	36
Retail loans	3	1	2
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	236.903	355.038	495.693
Specific provisions (-)	31.504	140.892	387.789
Net balance at the balance sheet	205.399	214.146	107.904

h.2) Movements of non-performing loans:

Non-performing loans and receivables in the amount of TL 1.087.634 (December 31, 2015: TL 457.501) comprise TL 572.551 (December 31, 2015: TL 281.719) 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 collectability amounting to TL 18.320 (December 31, 2015: TL 10.912). In the current period, collections from fees, commissions and other receivables with doubtful collectability amounted to TL 4.167 (December 31, 2015: TL 3.763).

h.3) Non-performing loans and other receivables in foreign currencies:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period:			
Period end balance	62.883	1.885	20.518
Specific provision (-)	8.006	298	12.845
Net balance on balance sheet	54.877	1.587	7.673
Prior period:			
Period end balance	1.219	17.175	8.872
Specific provision (-)	337	7.525	8.378
Net balance on balance sheet	882	9.650	494

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h.4) Gross and net non-performing loans and other receivables per customer categories:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period (net)	205.399	214.146	107.904
Loans to individuals and corporates (gross)	236.903	355.038	495.588
Specific provision (-)	31.504	140.892	387.684
Loans to individuals and corporates (net)	205.399	214.146	107.904
Banks (gross)	-	-	105
Specific provision (-)	-	-	105
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior period (net)	103.179	55.888	28.499
Loans to individuals and corporates (gross)	123.494	112.602	221.300
Specific provision (-)	20.399	56.714	192.801
Loans to individuals and corporates (net)	103.095	55.888	28.499
Banks (gross)	105	-	-
Specific provision (-)	21	-	-
Banks (net)	84	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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 Parent 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 the Parent 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 numbered 26333 dated November 1, 2006, have been written-off as per the decision of the Parent Bank Management. The mentioned written off amount is TL 76 (December 31, 2015: TL 94.592).

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(Thousand of Turkish Lira (TL) unless otherwise stated)

6. Information on held-to-maturity investments:

a) Information on held-to-maturity investments subject to repurchase transactions, given as a guarantee or blocked:

As of December 31, 2016, The Parent Bank does not have any held to maturity investments given as a guarantee/blocked. Held to maturity investments subject to repurchase transactions amount to TL 192.560 (December 31, 2015: Held to maturity investments given as a guarantee or blocked amount to TL 80.576, held to maturity investments subject to repurchase agreements amount to TL 553.490).

b) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ⁽¹⁾	668.582	762.890
Total	668.582	762.890

⁽¹⁾ Consists of Sukuk certificates issued by Under Secretariat of Treasury of Turkey.

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	668.582	762.890
Quoted on a stock exchange ⁽¹⁾	668.582	762.890
Unquoted	-	-
Impairment provision (-)	-	-
Total	668.582	762.890

⁽¹⁾ Includes debt securities quoted on a stock exchange which are not traded at the related period ends.

d) Movement of held-to-maturity investments:

	Current Period	Prior Period
Balance at beginning of period	762.890	783.309
Foreign currency differences on monetary assets	-	-
Purchases during period	264.055	391.427
Disposals through sales and redemptions	(423.539)	(476.442)
Impairment provision (-)	-	-
Income accruals	65.176	64.596
Closing balance	668.582	762.890

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7. Associates (net):

a) Information on unconsolidated associates:

Kredi Garanti Fonu A.Ş. in the accompanying financial tables, since the Parent Bank does not have the necessary shareholding percentage to become a qualified shareholder and have significant influence over this associate, has not been consolidated.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Parent Bank's risk group share percentage (%)
Kredi Garanti Fonu A.Ş.	Ankara/Turkey	1,69	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2015.

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
303.701	299.527	5.692	-	-	5.483	-	-

b) Information on consolidated associates:

As of balance sheet date, the Group does not have any consolidated associates.

8. Information on subsidiaries (net):

a) Information on unconsolidated subsidiaries:

As of balance sheet date, the Group does not have any unconsolidated subsidiary.

b) Information on consolidated subsidiaries:

i) Bereket Varlık Kiralama A.Ş., subject to consolidation by the Parent Bank founded on October 14, 2011, the purpose of which is to obtain rental income by taking over the assets of the source institution and leasing them back to the source institution, issue rent certificates based on said rental income and pass on the related assets to source institution by the end of the rental period. Bereket Varlık Kiralama A.Ş. has been founded to operate according to rulings of Turkish Trade Law about foundations of incorporations and complying with Communiqué on "Principles Related to Rent Certificates and Asset Leasing Companies" dated April 1, 2010 and numbered 27539 serial: 3 no:43 published in Official Gazette by Capital Market Board of Turkey and other related regulations, upon BRSA's opinion dated September 22, 2011, numbered B.02.1.BDK.0.13.00.0-91.11-20564 and permission of Capital Markets Board of Turkey dated October 6, 2011 numbered 32/923. The founding capital of the Company is TL 50. As of December 31, 2016 the capital of the Company is TL 400. Bereket Varlık Kiralama A.Ş. is consolidated using full consolidation method as of December 31, 2016.

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2016.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	100,00	-

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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
1.409.988	191	5	-	-	(65)	(144)	-

ii) In the Board of Directors meeting dated February 25, 2015, the Parent Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. Albaraka Gayrimenkul Portföy Yönetimi A.Ş. is consolidated using full consolidation method as of December 31, 2016.

The balances of Albaraka Gayrimenkul Portföy Yönetimi A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2016.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Gayrimenkul Portföy Yön. A.Ş.	Istanbul/Turkey	100,00	-

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
4.321	4.256	7	-	-	(489)	(255)	-

iii) Movement and Sectoral Information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	5.250	250
Movements inside the term	-	-
Purchases/new incorporations/capital increases	150	5.000
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	5.400	5.250
Capital commitments	-	-
Share of the capital at the end of the period (%)	100,00	100,00

⁽¹⁾ Since full consolidation methods is used, related cost balances do not take part in consolidated balance sheet.

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	5.400	5.250

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9. Information on investments in joint- ventures:

a) Information on unconsolidated investments in joint-ventures:

The Group does not have unconsolidated investments in joint-ventures as of the balance sheet date.

b) Information on consolidated investments in joint- ventures:

The Parent Bank has founded Katılım Emeklilik ve Hayat A.Ş. ("Company") – a private pension and insurance 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. The Company is registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. As of December 31, 2016, Katılım Emeklilik ve Hayat A.Ş. has been consolidated by the Parent Bank using equity method. The financials from audited financial statements as of December 31, 2016 are presented below.

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	49.503	637.494	640.067	42.638	37.772

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	377.436	300.158	325.587	257.672
1 to 4 years	489.465	453.402	577.191	523.390
More than 4 years	129.305	125.419	187.285	166.365
Total	996.206	878.979	1.090.063	947.427

b) Information on net investments through finance lease:

	Current Period	Prior Period
Gross finance lease receivables	996.206	1.090.063
Unearned finance lease receivable (-)	117.227	142.636
Net receivable from finance leases	878.979	947.427

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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.

Information on leasing receivables:

	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)	776.510	39.097	8.014	102.469	65.054

11. Information on derivative financial assets for hedging purposes:

None (December 31, 2015: None).

12. Information on tangible assets:

Current period	Immovables	Leased tangible assets	Vehicles	Other	Assets held for sale	Total
Cost						
Opening balance: January 1, 2016	364.021	-	1.647	215.973	73.963	655.604
Additions	2.552	-	126	14.820	-	17.498
Revaluation differences	34.580	-	-	-	-	34.580
Disposals	(5.355)	-	(803)	(1.359)	(7.224)	(14.741)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	(3.804)	(3.804)
Transfers	-	-	-	-	19.153	19.153
Ending balance: December 31, 2016	395.798	-	970	229.434	82.088	708.290
Accumulated depreciation(-)						
Opening balance: January 1, 2016	32.687	-	899	118.344	2.535	154.465
Depreciation expense	7.523	-	70	29.501	1.593	38.687
Reversal of depreciation of the disposed assets	(1.239)	-	(158)	-	(599)	(1.996)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2016	38.971	-	811	147.845	3.529	191.156
Total cost at the end of the year	395.798	-	970	229.434	82.088	708.290
Total accumulated depreciation at the end of the year	(38.971)	-	(811)	(147.845)	(3.529)	(191.156)
Closing net book value	356.827	-	159	81.589	78.559	517.134

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Prior period	Immovables	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
Cost						
Opening balance: January 1, 2015	338.576	-	1.667	196.420	70.775	607.438
Additions	9.492	-	801	22.112	27	32.432
Revaluation differences	31.988	-	-	-	-	31.988
Disposals	(16.035)	-	(821)	(2.559)	(20.482)	(39.897)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	94	94
Transfers	-	-	-	-	23.549	23.549
Ending balance: December 31, 2015	364.021	-	1.647	215.973	73.963	655.604
Accumulated depreciation(-)						
Opening balance: January 1, 2015	27.733	-	1.278	88.827	2.461	120.299
Depreciation expense	7.494	-	230	30.083	1.307	39.114
Reversal of depreciation of the disposed assets	(2.540)	-	(609)	(566)	(1.233)	(4.948)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2015	32.687	-	899	118.344	2.535	154.465
Total cost at the end of the year	364.021	-	1.647	215.973	73.963	655.604
Total accumulated depreciation at the end of the year	(32.687)	-	(899)	(118.344)	(2.535)	(154.465)
Closing net book value	331.334	-	748	97.629	71.428	501.139

As of December 31, 2016, the immovables of the Parent Bank have been revalued by an independent valuer and revaluation fund of TL 211.642 (December 31, 2015: TL 189.092) net of deferred tax and depreciation has been reflected in the financial statements. The carrying value of the aforesaid immovables would have been TL 110.342 (December 31, 2015: TL 109.007) 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	101.702	86.636
Accumulated depreciation (-)	66.232	42.353
Total (net)	35.470	44.283

b) Intangible assets movement between the beginning and end of the period:

	Current Period	Prior Period
Opening balance	44.283	26.895
Additions	14.990	36.124
Disposals (-) net	-	-
Depreciation expense (-)	23.803	18.736
Closing net book value	35.470	44.283

14. Information on investment property:

None (December 31, 2015: None).

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15. Information related to deferred tax asset:

As of December 31, 2016, the Group calculated net deferred tax asset of TL 20.044 (December 31, 2015: TL 15.090) by netting off deferred tax asset of TL 52.524 (December 31, 2015: TL 44.887) and deferred tax liability of TL 32.480 (December 31, 2015: TL 29.797) 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.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	37.806	33.064
Provisions for retirement and vacation pay liabilities	8.652	10.607
Difference between carrying value and tax base of tangible assets	3.013	736
Provision for impairment	772	414
Other	2.281	66
Deferred tax asset	52.524	44.887
Revaluation difference of property	22.183	18.130
Financial assets available for sale valuation difference	-	2.754
Trading securities valuation difference	8	-
Rediscount on profit share	7.662	1.404
Other	2.627	7.509
Deferred tax liability	32.480	29.797
Deferred tax asset (net)	20.044	15.090

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 consolidated financial statements in accordance with the Communiqué of "Principles and Procedures on Bank's Disposal of Precious Metals and Assets Held for Sale".

	Current Period	Prior Period
Opening Balance	22.819	27.678
Additions	117.190	37.242
Disposals	(28.834)	(18.246)
Transfers ⁽¹⁾	(19.153)	(23.549)
Impairment Provision(-)/Reversal of Impairment Provision	295	(306)
Net closing balance	92.317	22.819

⁽¹⁾ The balance has been transferred from assets held for sale to assets to be sold.

As of December 31, 2016, TL 88.341 (December 31, 2015: TL 22.539) of the assets held for sale is comprised of real estates, TL 3.976 (December 31, 2015: TL 280) is comprised of other tangible assets.

The Group has not any discontinued operations and assets of discontinued operations (December 31, 2015: None).

17. Information on other assets:

As of the balance sheet date, the Group's other assets balance is TL 154.005 (December 31, 2015: TL 218.298) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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Notes Related to Consolidated Financial Statements As of December 31, 2016

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II. Consolidated 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
I. Real Persons Current Accounts									
Non-Trade TL	996.122	-	-	-	-	-	-	-	996.122
II. Real Persons Participation									
Accounts Non-Trade TL	-	1.287.069	5.505.341	79.907	-	93.100	545.201	2.136	7.512.754
III. Current Account other-TL	1.670.386	-	-	-	-	-	-	-	1.670.386
Public Sector	25.325	-	-	-	-	-	-	-	25.325
Commercial Institutions	1.591.494	-	-	-	-	-	-	-	1.591.494
Other Institutions	49.820	-	-	-	-	-	-	-	49.820
Commercial and Other Institutions	1.857	-	-	-	-	-	-	-	1.857
Banks and Participation Banks	1.890	-	-	-	-	-	-	-	1.890
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	13	-	-	-	-	-	-	-	13
Foreign Banks	1.866	-	-	-	-	-	-	-	1.866
Participation Banks	11	-	-	-	-	-	-	-	11
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	266.653	2.027.700	27.837	-	15.105	36.263	37	2.373.595
Public Sector	-	2.512	3	-	-	-	-	-	2.515
Commercial Institutions	-	254.779	1.848.641	15.773	-	13.411	33.044	37	2.165.685
Other Institutions	-	9.358	151.778	12.064	-	1.694	3.219	-	178.113
Commercial and Other Institutions	-	4	26.832	-	-	-	-	-	26.836
Banks and Participation Banks	-	-	446	-	-	-	-	-	446
V. Real Persons Current Accounts									
Non- Trade FC	888.794	-	-	-	-	-	-	-	888.794
VI. Real Persons Participation									
Accounts Non-Trade FC	-	712.667	2.864.441	92.024	-	159.176	575.077	-	4.403.385
VII. Other Current Accounts FC	1.685.795	-	-	-	-	-	-	-	1.685.795
Residents in Turkey-Corporate	922.978	-	-	-	-	-	-	-	922.978
Residents Abroad-Corporate	86.906	-	-	-	-	-	-	-	86.906
Banks and Participation Banks	675.911	-	-	-	-	-	-	-	675.911
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	583.218	-	-	-	-	-	-	-	583.218
Participation Banks	92.693	-	-	-	-	-	-	-	92.693
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	612.934	1.942.665	256.436	-	60.743	147.506	-	3.020.284
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	215.473	936.309	107.745	-	59.170	8.315	-	1.327.012
Other institutions	-	2.749	127.976	-	-	18	-	-	130.743
Commercial and Other Institutions	-	24.224	279.641	-	-	1.555	137.340	-	442.760
Banks and Participation Banks	-	370.488	598.739	148.691	-	-	1.851	-	1.119.769
IX. Precious Metals Deposits	189.821	68.938	323.920	4.833	-	4.696	7.525	-	599.733
X. Participation Accounts Special									
Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special									
Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	5.430.918	2.948.261	12.664.067	461.037	-	332.820	1.311.572	2.173	23.150.848

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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
I. Real Persons Current Accounts									
Non-Trade TL	771.214	-	-	-	-	-	-	-	771.214
II. Real Persons Participation									
Accounts Non-Trade TL	-	418.623	5.626.945	84.267	-	91.904	533.772	-	6.755.511
III. Current Account other-TL	1.235.919	-	-	-	-	-	-	-	1.235.919
Public Sector	38.481	-	-	-	-	-	-	-	38.481
Commercial Institutions	1.138.159	-	-	-	-	-	-	-	1.138.159
Other Institutions	52.254	-	-	-	-	-	-	-	52.254
Commercial and Other Institutions	6.056	-	-	-	-	-	-	-	6.056
Banks and Participation Banks	969	-	-	-	-	-	-	-	969
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	947	-	-	-	-	-	-	-	947
Participation Banks	20	-	-	-	-	-	-	-	20
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	128.900	2.248.305	62.236	-	22.997	106.211	-	2.568.649
Public Sector	-	-	2.114	-	-	-	-	-	2.114
Commercial Institutions	-	127.370	1.895.081	48.471	-	21.761	102.397	-	2.195.080
Other Institutions	-	1.528	162.999	13.765	-	1.236	3.814	-	183.342
Commercial and Other Institutions	-	2	170.828	-	-	-	-	-	170.830
Banks and Participation Banks	-	-	17.283	-	-	-	-	-	17.283
V. Real Persons Current Accounts									
Non- Trade FC	1.005.988	-	-	-	-	-	-	-	1.005.988
VI. Real Persons Participation									
Accounts Non-Trade FC	-	259.827	3.269.145	85.684	-	176.141	558.294	-	4.349.091
VII. Other Current Accounts FC	1.142.114	-	-	-	-	-	-	-	1.142.114
Residents in Turkey-Corporate	796.423	-	-	-	-	-	-	-	796.423
Residents Abroad-Corporate	207.863	-	-	-	-	-	-	-	207.863
Banks and Participation Banks	137.828	-	-	-	-	-	-	-	137.828
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	106.227	-	-	-	-	-	-	-	106.227
Participation Banks	31.601	-	-	-	-	-	-	-	31.601
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	109.229	1.805.612	164.175	-	55.447	84.338	-	2.218.801
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	77.065	1.087.442	84.549	-	34.474	16.457	-	1.299.987
Other institutions	-	901	231.702	-	-	2.980	-	-	235.583
Commercial and Other Institutions	-	995	237.658	4.087	-	2.201	67.881	-	312.822
Banks and Participation Banks	-	30.268	248.810	75.539	-	15.792	-	-	370.409
IX. Precious Metals Deposits	105.805	41.027	132.729	7.025	-	3.736	3.686	-	294.008
X. Participation Accounts Special									
Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special									
Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	4.261.040	957.606	13.082.736	403.387	-	350.225	1.286.301	-	20.341.295

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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	4.644.005	4.031.698	3.864.868	3.495.029
Foreign currency accounts	1.563.947	1.556.831	4.259.604	4.115.302
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) 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	26.805	21.595
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	10.556	8.825
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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	88	-	-	-
Swap transactions	-	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	88	-	-	-

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3. Information on borrowings:

The Parent Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 458.500.000 and EUR 56.250.000 with maturity of more than one year (December 31, 2015: one year maturity: USD 87.500.000 and EUR 98.250.000, more than one year maturity: USD 458.500.000 and EUR 56.250.000).

As of December 31, 2016, the Parent Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 84.171.095 and EUR 132.496.602 (December 31, 2015: USD 161.448.187 and EUR 112.419.953).

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	3.937	282.495	-	149.903
Loans from foreign banks, institutions and funds	-	2.731.187	-	2.946.440
Total	3.937	3.013.682	-	3.096.343

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	3.937	996.686	-	884.552
Medium and Long-Term	-	2.016.996	-	2.211.791
Total	3.937	3.013.682	-	3.096.343

c) Additional disclosures on concentration areas of Bank's liabilities:

The Parent Bank does not have concentration on customer or sector group providing funds.

4. Information on Securities Issued :

The table below represents the sukuk issued by the parent bank through its subsidiary Bereket Varlık Kiralama A.Ş. to collect funds from various investors:

Issue Date	Amount ^(*)	FC	Maturity	Profit Share (Yearly) %	Profit Share (for 178/179 days) %
June 30, 2014	350.000.000	USD	5 Years	6,25	
October 4, 2016	100.000.000	TL	178 Days		5,12
December 26, 2016	75.000.000	TL	179 Days		5,20

^(*) Full amount

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a) Breakdown of sukuk issued :

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk issued	175.695	1.190.788	-	977.001
Total	175.695	1.190.788	-	977.001

5. 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 (December 31, 2015: None).

6. Lease payables:**a) Information on finance lease transactions:****a.1) Information on financial lease agreements:**

The Group has not any 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.

b) Explanations on operational leases:

The Parent Bank has rented some branches, warehouses, storage and some of the administrative vehicles through operational lease agreements. The Parent Bank does not have any overdue liabilities arising on the existing operational lease agreements.

The rent payments resulting from the operational leases which the Parent Bank will pay in future periods are as follows:

	Current Period	Prior Period
Less than a year	44.067	40.057
1 to 4 years	118.697	103.291
Over 4 years	104.791	96.642
Total	267.555	239.990

7. Information on hedging derivative financial liabilities:

None (December 31, 2015: None).

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8. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General provisions	136.263	170.885
I. Group loans and receivables (Total)	107.707	142.268
Participation Accounts' Share	64.059	87.710
Bank's Share	43.648	54.558
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	3.821	8.270
Participation Accounts' Share	2.295	3.586
Bank's Share	1.526	4.684
Others	-	-
II. Group loans and receivables (Total)	17.086	14.436
Participation Accounts' Share	11.248	8.356
Bank's Share	5.838	6.080
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	3.104	3.494
Participation Accounts' Share	1.422	2.692
Bank's Share	1.682	802
Others	-	-
Non-cash loans	11.470	14.181
Others	-	-

b) Information on provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables:

As of December 31, 2016, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 1.449 (December 31, 2015: TL 27.874) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

c) Information on specific provisions for non-cash loans that are not indemnified:

As of December 31, 2016, the Parent Bank has provided specific provisions amounting to TL 37.036 (December 31, 2015: TL 22.394) for non-cash loans that are not indemnified.

ç) Other provisions:

ç.1) Information on general reserves for possible losses:

	Current Period	Prior Period
General Reserves for Possible Losses ⁽¹⁾	14	88
Total	14	88

⁽¹⁾ The balance represents provision for the lawsuits against the Parent Bank with high probability of realization and cash outflows.

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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 ^(*)	15.884	40
Provision for unindemnified letter of guarantees	27.822	18.469
Payment commitments for cheques	9.214	3.925
Provision for promotions related with credit cards and promotion of banking services	172	80
General reserves for possible losses	14	88
Financial assets at fair value through profit and loss	3	429
Other ^(**)	1.217	4.910
Total	54.326	27.941

^(*) 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".

^(**) Indicates other provision amount for possible losses in loan portfolio

d) Information on provisions for employee rights:

The Group's Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 35.947 (December 31, 2015: TL 30.241), vacation pay liability amounting to TL 7.338 (December 31, 2015: TL 7.048) totaling to TL 43.285 (December 31, 2015: TL 53.039). Provisions for performance premium has not been allocated in the current period (December 31, 2015: TL 15.750) The Group 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 (%)	11,60	8,40
Estimated increase rate of salary ceiling (%)	7,50	6,90

Movement of the reserve for employment termination benefits in the balance sheet is as follows:

	Current Period	Prior Period
Prior period ending balance	30.241	26.201
Provisions made in the period	8.304	6.486
Actuarial (gain)/loss	2.833	358
Paid during the period	(5.431)	(2.804)
Balance at the end of the period	35.947	30.241

9. Information on taxes payable:

a) Explanations on current tax liability:

a.1) Explanations on Tax Provisions:

As of December 31, 2016, the Group's corporate tax payable is TL 7.091 after offsetting prepaid corporate tax (December 31, 2015: TL 20.714).

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a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	7.091	20.714
Banking insurance transaction tax	16.364	11.775
Taxation on securities income	11.162	11.747
Value added tax payable	1.278	895
Taxation on real estate income	754	665
Foreign exchange transaction tax	-	-
Other	8.083	6.130
Total	44.732	51.926

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	3.103	2.646
Social security premiums-employer	3.346	2.878
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	219	187
Unemployment insurance-employer	438	373
Other	-	-
Total	7.106	6.084

b) Information on deferred tax liability of the group:

None (December 31, 2015: None).

10. Liabilities for assets held for sale and discontinued operations:

None (December 31, 2015: None).

11. 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	-	1.510.937	-	1.239.557
Total	-	1.510.937	-	1.239.557

The Parent Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey through its structured entity ABT Sukuk Limited amounting to USD 200.000.000 with 10 years maturity with a grace period of five years. The profit rate of the subordinated loan with grace period of five years' with 10 years total maturity was determined as 7,75%.

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The Parent Bank obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey through its structured entity Albaraka Sukuk Limited amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,50%. The Parent Bank has repurchased the sukuk issued in the amount of USD 24.000.000 and this amount is offset in available for sale assets and subordinated loans.

12. 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 Parent Bank has taken a resolution on transition to registered capital system. The Parent'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 Parent 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 Parent Bank continues its operations in a profitable manner and majority of the profits are kept in shareholders' equity through transfer to reserves. Moreover, the Parent Bank's shareholders' equity is invested in liquid and earning assets.

f) Information on privileges given to stocks representing the capital:

There is no privilege given to stocks representing the capital.

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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 ⁽¹⁾	212	(8.556)	4.203	6.812
Foreign exchange difference	-	-	-	-
Total	212	(8.556)	4.203	6.812

⁽¹⁾ The amount represents the net balance after deferred tax liability.**III. Consolidated explanations and notes related to off-balance sheet commitments:****1. Consolidated explanations on off-balance sheet commitments:****a) Type and amount of irrevocable loan commitments:**

	Current Period	Prior Period
Commitments for credit card limits	475.270	521.562
Payment commitments for cheques	588.983	500.882
Asset purchase and sale commitments	13.399	187.332
Loan granting commitments	111.042	116.862
Tax and funds liabilities arising from export commitments	3.029	2.035
Commitments for promotions related with credit cards and banking activities	963	599
Other irrevocable commitments	38.475	203
Total	1.231.161	1.329.475

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
Letters of guarantees	7.809.811	7.730.288
Bank loans	20.711	28.324
Letters of credit	752.679	639.592
Other guaranties and sureties	117.992	265.853
Total	8.701.193	8.664.057

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b.2) Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period	Prior Period
Letters of guarantees	7.809.811	7.730.288
Long standing letters of guarantees	4.845.313	4.956.813
Temporary letters of guarantees	240.046	293.937
Advance letters of guarantees	257.462	278.642
Letters of guarantees given to customs	229.514	247.773
Letters of guarantees given for obtaining cash loans	2.237.476	1.953.123
Sureties and similar transactions	117.992	265.853
Total	7.927.803	7.996.141

c) Within the Non-cash Loans**c.1) Total amount of non-cash loans:**

	Current Period	Prior Period
Non-cash loans given against cash loans	2.237.476	1.953.123
With original maturity of 1 year or less	369.164	441.733
With original maturity of more than 1 year	1.868.312	1.511.390
Other non-cash loans	6.463.717	6.710.934
Total	8.701.193	8.664.057

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c.2) Sectoral risk concentration of non-cash loans:

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	58.865	1,47	51.815	1,10	73.452	1,72	39.514	0,90
Farming and stockbreeding	42.142	1,05	15.099	0,32	60.693	1,42	13.675	0,31
Forestry	16.289	0,41	28.643	0,61	11.284	0,26	23.341	0,53
Fishery	434	0,01	8.073	0,17	1.475	0,04	2.498	0,06
Manufacturing	966.599	24,14	2.756.795	58,69	932.582	21,81	2.434.207	55,47
Mining	27.815	0,69	101.604	2,16	22.933	0,54	61.431	1,40
Production	742.159	18,54	1.937.520	41,25	678.558	15,87	1.627.801	37,09
Electricity, gas and water	196.625	4,91	717.671	15,28	231.091	5,40	744.975	16,98
Construction	1.237.368	30,90	618.243	13,16	1.176.191	27,51	645.842	14,72
Services	1.374.381	34,33	1.107.492	23,58	1.691.894	39,57	1.150.416	26,21
Wholesale and retail trade	558.903	13,96	472.816	10,07	690.202	16,14	555.381	12,65
Hotel, food and beverage services	27.885	0,70	102.249	2,18	22.976	0,54	96.734	2,20
Transportation and telecommunication	66.772	1,67	113.148	2,41	65.131	1,52	71.640	1,63
Financial Institutions	24.247	0,61	78.803	1,68	17.638	0,41	118.816	2,71
Real estate and renting services	438.701	10,96	98.139	2,09	622.039	14,55	103.532	2,36
Self-employment services	83.412	2,08	220.644	4,70	119.216	2,79	187.680	4,28
Education services	29.779	0,74	1.792	0,04	31.998	0,75	1.319	0,03
Health and social services	144.682	3,61	19.901	0,41	122.694	2,87	15.314	0,35
Other	366.665	9,16	162.970	3,47	401.283	9,39	118.676	2,70
Total	4.003.878	100,00	4.697.315	100,00	4.275.402	100,00	4.388.655	100,00

c.3) Information on the non-cash loans classified in Group I and Group II:

	I st Group		II st Group	
	TL	FC	TL	FC
Non-cash loans	3.892.986	4.445.491	70.902	213.354
Letters of guarantee	3.881.125	3.568.248	70.902	211.076
Bank acceptances	-	20.711	-	-
Letters of credit	2.073	748.328	-	2.278
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	9.788	108.204	-	-

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2. Explanations on derivative transactions:

	Derivative transactions according to purpose	
	December 31,2016	December 31,2015
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	1.018.952	417.005
Currency Forwards-Purchases, sales	1.018.952	-
Currency Swaps-Purchases, sales	-	417.005
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Profit Share Rate Related Derivative Transactions (II)	-	-
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I + II + III)	1.018.952	417.005
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	1.018.952	417.005

3. Explanations on contingent assets and liabilities:

The Parent Bank has made a provision amounting to TL 14 (December 31, 2015: TL 88), as presented under "Other Provisions" note in Section Five Note II.8.ç.1, 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 Parent Bank, the Parent 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 Group has not any operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions.

IV. Consolidated explanations and notes related to the statement of income:

1. Information on profit share income:

a) Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans ⁽¹⁾				
Short Term Loans	460.671	23.155	418.602	20.455
Medium and Long Term Loans	1.267.637	197.539	1.100.716	160.958
Profit Share on Non-Performing Loans	16.133	-	8.152	6
Total	1.744.441	220.694	1.527.470	181.419

⁽¹⁾ Includes fees and commission income on cash loans.

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b) Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	6.902	11.909	6.718	3.545
Domestic Banks	-	779	-	-
Foreign Banks	-	31	-	36
Head Offices and Branches Abroad	-	-	-	-
Total	6.902	12.719	6.718	3.581

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	79.323	13.171	62.858	5.435
From held-to-maturity investments	65.176	-	64.596	-
Total	144.499	13.171	127.454	5.435

ç) Information on profit share income received from associates and subsidiaries:

None (December 31, 2015: None).

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	-	53.314	-	50.701
CBRT	-	-	-	-
Domestic banks	-	6.360	-	3.127
Foreign banks	-	46.954	-	47.574
Head offices and branches abroad	-	-	-	-
Other institutions	-	130.358	-	51.336
Total	-	183.672	-	102.037

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b) Profit share expense paid to associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to Investments in Associates and Subsidiaries	127	-	98	-
Total	127	-	98	-

c) Profit share expenses paid to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share expenses paid to marketable securities issued	2.656	77.679	-	59.165
Total	2.656	77.679	-	59.165

ç) Distribution of profit share expense on funds collected based on maturity of funds collected:

Account name	Current Period							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	Profit sharing accounts		
TL									
Funds collected from banks through current and profit sharing accounts	-	938	-	-	-	-	-	-	938
Real persons' non-trading profit sharing accounts	94.177	410.685	7.218	-	7.565	51.339	37	571.021	
Public sector profit sharing accounts	34	63	-	-	-	-	-	97	
Commercial sector profit sharing accounts	16.497	138.630	2.980	-	1.327	6.788	-	166.222	
Other institutions profit sharing accounts	1.102	19.958	984	-	136	158	-	22.338	
Total	111.810	570.274	11.182	-	9.028	58.285	37	760.616	
FC									
Banks	1.602	5.548	1.344	-	98	1	-	8.593	
Real persons' non-trading profit sharing accounts	10.897	43.795	1.535	-	2.882	11.397	-	70.506	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	2.466	15.401	303	-	801	179	-	19.150	
Other institutions profit sharing accounts	364	6.627	65	-	96	1.206	-	8.358	
Precious metals deposits	474	1.784	58	-	66	101	-	2.483	
Total	15.803	73.155	3.305	-	3.943	12.884	-	109.090	
Grand total	127.613	643.429	14.487	-	12.971	71.169	37	869.706	

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Prior Period	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	-	4.139	2.914	-	6	-	-	7.059
Real persons' non-trading profit sharing accounts	112.942	351.446	8.701	-	6.821	42.840	-	522.750
Public sector profit sharing accounts	382	420	-	-	-	-	-	802
Commercial sector profit sharing accounts	22.591	120.054	5.278	-	1.015	8.901	-	157.839
Other institutions profit sharing accounts	1.575	17.858	1.173	-	101	369	-	21.076
Total	137.490	493.917	18.066	-	7.943	52.110	-	709.526
FC								
Banks	1.196	6.806	807	-	643	-	-	9.452
Real persons' non-trading profit sharing accounts	15.439	47.227	2.237	-	2.703	11.079	-	78.685
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	3.377	15.647	727	-	1.593	246	-	21.590
Other institutions profit sharing accounts	643	4.430	129	-	74	743	-	6.019
Precious metals deposits	927	2.757	165	-	55	103	-	4.007
Total	21.582	76.867	4.065	-	5.068	12.171	-	119.753
Grand total	159.072	570.784	22.131	-	13.011	64.281	-	829.279

3. Information on dividend income:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	-	-	10	-
From financial assets at fair value through profit and loss	-	-	-	-
From available for sale financial assets	-	-	-	-
Other	-	-	509	-
Total	-	-	519	-

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4. Explanations on trading income/loss (net):

	Current Period	Prior Period
Income	7.412.267	6.809.954
Income from capital market transactions	212	2.243
Income from derivative financial instruments	104.570	73.239
Foreign exchange income	7.307.485	6.734.472
Loss (-)	7.367.128	6.757.384
Loss on capital market transactions	12	20
Loss on derivative financial instruments	1.576	5.146
Foreign exchange losses	7.365.540	6.752.218
Trading income/loss (net)	45.139	52.570

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	114.356	89.166
Income from sale of assets	20.581	16.742
Reimbursement for communication expenses	4.334	3.798
Reimbursement of vacation pay expenses	-	-
Cheque book charges	1.316	806
Other income ^(*)	16.924	2.895
Total	157.511	113.407

^(*) Visa Inc has purchased Visa Europe Ltd. on June 21, 2016. Following this transaction, TL 8.692 has been transferred to bank accounts and accounted as "Operating Income".

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6. Provisions for loan losses and other receivables of the Parent Bank:

	Current Period	Prior Period
Specific provisions for loans and other receivables	305.593	130.834
Loans and receivables in III. Group	32.470	43.412
Loans and receivables in IV. Group	131.925	46.642
Loans and receivables in V. Group	129.671	36.222
Doubtful commission, fee and other receivables	11.527	4.558
General provision expenses	17.856	12.869
Provision expenses for possible losses	-	-
Impairment losses on marketable securities	154	194
Financial assets at fair value through profit and loss	-	124
Financial assets available for sale	154	70
Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other ^(*)	48.554	13.246
Total	372.157	157.143

TL 139.990 (December 31, 2015: TL 78.376) of the total specific provisions provided for loans and other receivables amounting to TL 305.593 (December 31, 2015: TL 130.834) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 17.683 (December 31, 2015: TL 9.287) of the total general loan loss provisions provided for loan and other receivables amounting to TL 17.856 (December 31, 2015: TL 12.869) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

^(*) Details of the "other" amount is as follows:

	Current Period	Prior Period
Specific provisions for non-cash loans that are not indemnified	30.708	11.777
Provisions allocated from profit shares to be distributed to profit sharing accounts	17.602	1.469
Other	244	-
Total	48.554	13.246

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7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	417.031	354.537
Provision for retirement pay liability	2.873	3.676
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	38.687	39.114
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	23.803	18.735
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	2.264	404
Depreciation expenses of assets to be disposed	1.592	1.307
Impairment expenses of assets held for sale and assets of discontinued operations	55	1.036
Other operating expenses	157.173	136.737
Operating lease expenses	60.035	53.549
Maintenance expenses	12.213	10.639
Advertisement expenses	18.264	10.192
Other expenses ^(*)	66.661	62.357
Loss on sale of assets	677	1.215
Other ^(**)	92.951	98.046
Total	737.106	654.807

^(*) Other expenses under "other business expenses" are provided as below:

	Current Period	Prior Period
Communication Expenses	11.439	11.026
Donations	10.604	9.111
Cleaning expenses	11.703	9.844
Heating, lighting and water expenses	6.643	6.724
Representation and Hosting expenses	5.282	4.189
Vehicle expenses	3.615	3.699
Lawsuit and court expenses	4.125	7.748
Other	13.250	10.016
Total	66.661	62.357

^(**) Details of other balance are provided as below:

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	Current Period	Prior Period
Saving Deposit Insurance Fund	36.192	32.571
Taxes, Duties, Charges and Funds	27.352	23.794
Bonus Provision Expenses	-	15.750
Expertise and Information Expenses	13.099	11.825
Audit and Consultancy Fees	8.654	7.648
Vacation Pay Provision Expense	291	720
Other	7.363	5.738
Total	92.951	98.046

8. Explanations on income/loss from continued operations before taxes:

As the Parent Bank does not have any discontinued operations, there is no explanation related to income/loss from discontinued operations before taxes.

The Parent Bank's income before tax increased by 29% compared to prior period and is realized as TL 265.918. Income before tax comprises net profit share income in the amount of TL 1.024.044 and fees and commission income in the amount of TL 145.935. Total other operating expenses amount to TL 737.106.

9. Explanations on tax provision for continued and discontinued operations:

Tax provision of the Parent Bank for continued operations:

	Current Period	Prior Period
Income before tax	265.918	374.253
Tax calculated with tax rate of 20%	53.184	74.851
Other additions and disallowable expenses	15.216	18.276
Deductions	(14.001)	(15.466)
Financial losses not considered in deferred tax calculation	(400)	-
Provision for current taxes	53.999	77.661
Provision for deferred taxes	(7.688)	(4.251)
Continuing Operations Tax Provision	46.311	73.410

Since the group 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 Parent Bank has not discontinued operations. Net income for the period has been realized as TL 219.607 (December 31, 2015: TL 300.843) by deducting tax provision expense amounting to TL 46.311 (December 31, 2015: TL 73.410) from profit from continued operations amounting to TL 265.918 (December 31, 2015: TL 374.253).

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.

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c) Income/loss of minority interest:

None.

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:

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	37.212	33.618
Clearing room fees and commissions	18.604	15.482
Commissions on money orders	11.184	10.602
Appraisal fees	11.151	8.808
Insurance and brokerage commissions	9.569	8.229
Other	15.539	12.842
Total	103.259	89.581

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	27.320	17.941
Credit cards fees and commissions	8.645	8.002
Member firm-POS fees and commissions	14.398	11.162
Fees and commissions for Swift, EFT and money orders	3.866	-
Other	7.629	14.204
Total	61.858	51.309

V. Consolidated 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 24.199 decrease has occurred after the revaluation of available-for-sale securities (December 31, 2015: TL 1.225 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 Parent 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 Parent Bank are accounted in other capital reserves amounts to TL 7.606 as increase. (December 31, 2015: TL 4.368 increase).

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VI. Consolidated explanations and disclosures related to the statement of cash flows:

1) 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
Cash	1.895.062	737.011
Cash in TL/foreign currency	408.213	194.922
Cash in transit	414.294	-
CBRT	1.072.555	542.089
Cash equivalents	1.912.992	1.171.537
Domestic banks	1.486.902	767.242
Foreign banks	426.090	404.295
Total cash and cash equivalents	3.808.054	1.908.548

(ii). Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	1.917.036	1.895.062
Cash in TL/foreign currency	271.404	408.213
Cash in transit	388.688	414.294
CBRT	1.256.944	1.072.555
Cash equivalents	1.547.447	1.912.992
Domestic banks	1.276.485	1.486.902
Foreign banks	270.962	426.090
Total cash and cash equivalents	3.464.483	3.808.054

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 and blockaged amount arising from POS 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 539.824 (December 31, 2015: TL 187.353) mainly comprises other operating expenses excluding personnel expenses and amortization expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 339.769 (December 31, 2015: TL 181.979) 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 329.943 as of December 31, 2016 (December 31, 2015: TL 124.317).

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VII. Explanations related to the risk group of the Parent Bank:

1. Information on the volume of transactions relating to the Parent Bank's risk group, outstanding loans and funds collected and income and expenses related to the period:

a) Current period:

Risk Group of the Parent Bank ⁽¹⁾	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	-	-	47.906	65.512	41	28
Balance at the end of the period	-	-	35.550	24.249	714	28
Profit share and commission income received	-	-	2.016	301	78	-

b) Prior period:

Risk Group of the Parent Bank ⁽¹⁾	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	-	-	50.229	69.492	15	-
Balance at end of period	-	-	47.906	65.512	41	28
Profit share and commission income received	-	-	1.857	391	-	-

⁽¹⁾ Defined under Banking Law numbered 5411 in article 49 and "Communiqué Related to Credit Operations of Banks" in article 4 published on November 1, 2006.

c.1) Information on current and profit sharing accounts of the Parent Bank's risk group:

Risk Group of the Parent Bank ⁽¹⁾	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect Shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	2.927	1.430	268.530	252.274	3.134	1.423
Balance at the end of period	6.210	2.927	470.674	268.530	5.476	3.134
Profit share expense	137	521	4.810	12.173	153	91

⁽¹⁾ As of December 31, 2016 wakala borrowings obtained from risk group of the Parent Bank through investment purpose wakala contracts amount to USD 79.171.095 and EURO 127.196.602 (December 31, 2015: USD 125.440.079 and EURO 90.816.893). The profit share expense relating to such borrowings for the period between January 1, 2016 – December 31, 2016 is TL 8.563 (December 31, 2015: TL 12.345). The Parent Bank has issued Sukuk in the amounts of USD 350.000.000 and TL 175.000.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Parent Bank. The total expense for the related issue is TL 80.335 as of December 31, 2016 (December 31, 2015: TL 59.165).

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c.2) Information on forward and option agreements and other similar agreements with related parties:

The Group does not have forward and option agreements with the risk group of the Bank.

As of December 31, 2016 the Group has paid TL 20.672 (December 31, 2015: TL 12.321) to top management.

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:

	Number	Number of Personnel	Country	Total Assets (thousand TL)	Statutory Share Capital
Domestic Branches	212	3.780			
Foreign Representation Office	-	-	-		
Foreign Branches	1	16	Iraq	232.887	Iraqi Dinar 21.282.905.265
Off-Shore Branches					

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure:

In 2016, the Parent Bank did not open any branches

IX. Explanations related to subsequent events:

The Parent Bank has completed the process to make its subordinated loan in line with Basel III requirements following approvals of the investors. Along with this transaction, the mentioned subordinated loan, which has 10 years maturity and amounts to USD 200 million, will be able to added to the capital calculation.

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 Audit Report

I. Explanations on audit report:

The Group's consolidated financial statements as of and for the period ended December 31, 2016 have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of the KPMG International Cooperative) and the audit report dated March 8, 2017 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 Büyükdeniz Cad. No: 6
34768 Ümraniye/İSTANBUL
Tel : (90 216) 666 01 01
Fax : (90 216) 666 16 00

Region Representative Offices

Ankara Region Representative Office

Kızılalma Mah. Anafartalar Cad. No: 59
Ulus/ANKARA
Tel : (90 312) 311 00 43
Fax : (90 216) 666 16 34

Ege Region Representative Office

Aşık Veysel Mah. Yeşillik Cad. No: 437-441A
Kat: 2
Karabağlar/İZMİR
Tel : (90 232) 254 54 00
Fax : (90 216) 666 16 47

İstanbul Anadolu 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 Avrupa 1 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 Avrupa 2 Region Representative Office

Göztepe Mah. Batışehir Cad.
Batışehir Sit. K1 Blok No: 2 İç Kapı No: 21-22
Bağcılar/İSTANBUL
Tel : (90 212) 603 60 18
Fax : (90 216) 666 16 32

İç Anadolu Region Representative Office

Musalla Bağları Mah.
Kule Cad. No: 2 Kat: 17 İç Kapı No: 25
Kulesite,
Selçuklu/KONYA
Tel : (90 332) 235 00 44
Fax : (90 216) 666 16 44

Güney Anadolu Region Representative Office

İncilipınar Mah. Nişantaşı Sok. No: 11
FH İşmerkezi Asma Kat No: 4
Şehitkamil/GAZİANTEP
Tel : (90 342) 215 04 32
Fax : (90 216) 666 16 35

İstanbul Branches

İstanbul Akşemsettin Branch

Telsiz Mah. Seyit Nizam Cad. No: 160/B
Zeytinburnu/İSTANBUL
Tel : (90 212) 415 83 40
Fax : (90 216) 666 18 78

İstanbul Alibeyköy Branch

Atatürk Cad. No: 21
34100 Eyüp/İSTANBUL
Tel : (90 212) 627 43 33
Fax : (90 216) 666 18 17

İstanbul 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

İstanbul Anadolu Kurumsal Branch

Kozyatağı Mah. Saniye Ermutlu Sok. No: 6
Şaşmaz Plaza Kat: 12 D: 25
Kozyatağı Kadıköy/İSTANBUL
Tel : (90 216) 445 05 50
Fax : (90 216) 666 18 30

İstanbul Arnavutköy Branch

Fatih Cad. Kadakal İş Merkezi No: 15/B
34276 Arnavutköy/İSTANBUL
Tel : (90 212) 597 67 57
Fax : (90 216) 666 18 12

İstanbul Avcılar Branch

Merkez Mah. Reşitpaşa Cad. No: 37/2B
Avcılar/İSTANBUL
Tel : (90 212) 509 05 24
Fax : (90 216) 666 17 53

İstanbul Avrupa Kurumsal 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

İstanbul Bağcılar Branch

Osmangazi Cad. No: 23/B
34560 Bağcılar/İSTANBUL
Tel : (90 212) 434 23 28
Fax : (90 216) 666 17 28

İstanbul 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

İstanbul Bahçelievler Soğanlı Branch

Soğanlı Mah. Mustafa Kemal Paşa Cad. No:
176 B
Bahçelievler/İSTANBUL
Tel : (90 212) 643 16 72
Fax : (90 216) 666 18 98

İstanbul Bakırköy Çarşı Branch

Sakızağacı Mah. İstanbul Cad. No: 40/A
Bakırköy/İSTANBUL
Tel : (90 212) 583 66 33
Fax : (90 216) 666 17 99

İstanbul Balmumcu Branch

Gayrettepe Mah.
Barbaros Bulv. No: 157B D: 7
Beşiktaş/İSTANBUL
Tel : (90 212) 216 74 01
Fax : (90 216) 666 18 89

İstanbul Basın Ekspres Branch

Yeniibosna Merkez Mah.
Değirmenbahçe Cad. No: 17-A1/10
Yeniibosna Bahçelievler/İSTANBUL
Tel : (90 212) 397 04 58
Fax : (90 216) 666 18 52

İstanbul Başakşehir Branch

İkitelli OSB Mah.
Tümsan 1. Kısım 3. Blok Sok. No: 15/15
Başakşehir/İSTANBUL
Tel : (90 212) 485 12 74
Fax : (90 216) 666 89 00

İstanbul Bayrampaşa Branch

Yenidoğan Mah. Abdî İpekçi Cad. No: 75
Bayrampaşa/İSTANBUL
Tel : (90 212) 612 52 21
Fax : (90 216) 666 17 13

İstanbul Beşüzevler Branch

Eski Edirne Asfaltı No: 349-351
34045 Bayrampaşa/İSTANBUL
Tel : (90 212) 477 61 90
Fax : (90 216) 666 17 27

İstanbul Beyazıt Branch

Mimar Kemalettin Mah.
Yeniçeriler Cad. No: 59B
Fatih/İSTANBUL
Tel : (90 212) 516 17 13
Fax : (90 216) 666 18 84

İstanbul Beylikdüzü Branch

Yavuz Sultan Selim Bulv.
Perla Vista AvM No: C-73
34520 Beykent - Beylikdüzü/İSTANBUL
Tel : (90 212) 871 00 45
Fax : (90 216) 666 17 30

İstanbul 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

İstanbul Büyükçekmece Branch

Mimar Sinan Cad. Cami Sok. No: 1
34500 Büyükçekmece/İSTANBUL
Tel : (90 212) 881 57 01
Fax : (90 216) 666 18 21

İstanbul Cennet Mahallesi Branch

Cennet Mah. Barbaros Cad. No: 73/B
Küçükçekmece/İSTANBUL
Tel : (90 212) 598 79 02
Fax : (90 216) 666 18 50

İstanbul Çağlayan Branch

Vatan Cad. No: 15/C
34403 Çağlayan, Kağıthane/İSTANBUL
Tel : (90 212) 246 06 11
Fax : (90 216) 666 17 44

İstanbul Çakmak Branch

Armağanevler Mah.
Alemdağ Cad. No: 414A
Ümraniye/İSTANBUL
Tel : (90 216) 335 04 64
Fax : (90 216) 666 18 83

İstanbul Çekmeköy Branch

Meclis Mah. Aşkın Sok. No: 27/C
Sancaktepe/İSTANBUL
Tel : (90 216) 420 63 63
Fax : (90 216) 666 18 22

İstanbul Dudullu Branch

Adem Yavuz Mah.
Alemdağ Cad. No: 447/A
Ümraniye/İSTANBUL
Tel : (90 216) 614 09 87
Fax : (90 216) 666 89 11

İstanbul Esenler Branch

Atışalanı Cad. No: 46/B
34220 Esenler/İSTANBUL
Tel : (90 212) 508 49 99
Fax : (90 216) 666 17 80

İstanbul Esenyurt Branch

İnönü Mah. Doğan Araslı Bulv. No: 108 AB
Esenyurt/İSTANBUL
Tel : (90 212) 699 33 99
Fax : (90 216) 666 18 13

İstanbul Eyüp Branch

Eyüp Merkez Mah.
Fahri Korutürk Cad. No: 52/A
Eyüp/İSTANBUL
Tel : (90 212) 578 10 20
Fax : (90 216) 666 18 92

İstanbul Fatih Branch

Macarkardeşler Cad. No: 30
34080 Fatih/İSTANBUL
Tel : (90 212) 635 48 96
Fax : (90 216) 666 17 15

İstanbul Firuzköy Branch

M. Kemal Paşa Mah.
Firuzköy Bulv. No: 103
Avcılar/İSTANBUL
Tel : (90 212) 428 68 36
Fax : (90 216) 666 18 82

İstanbul 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

İstanbul Gaziosmanpaşa Branch

Sangöl Mah. Ordu Cad. No: 9B
Gaziosmanpaşa/İSTANBUL
Tel : (90 212) 563 54 10
Fax : (90 216) 666 17 93

İstanbul Güneşli Branch

Güneşli Mah. Koçman Cad. No: 4
Güneşli/Bağcılar/İSTANBUL
Tel : (90 212) 474 03 03
Fax : (90 216) 666 17 40

İstanbul Güngören Branch

Posta Cad. No: 109/1
34164 Güngören/İSTANBUL
Tel : (90 212) 539 03 80
Fax : (90 216) 666 18 01

İstanbul Hadımköy Branch

Kıraç Tem Bağlantı Yolu No: 196
34522 Kıraç, Esenyurt/İSTANBUL
Tel : (90 212) 886 19 10
Fax : (90 216) 666 17 98

İstanbul Hasanpaşa Branch

Hasanpaşa Mah. Fahrettin Kerim Gökay Cad.
No: 7
Kadıköy/İSTANBUL
Tel : (90 216) 336 55 40
Fax : (90 216) 666 17 81

İstanbul İhlamurkuyu Branch

İhlamurkuyu Mah. Alemdağ Cad. No: 271/A
Ümraniye/İSTANBUL
Tel : (90 216) 614 00 77
Fax : (90 216) 666 18 51

İstanbul 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

İstanbul İmes Branch

İmes Sanayi Sitesi, A-Blok 104.Sok. No: 2
34776
Y.Dudullu, Ümraniye/İSTANBUL
Tel : (90 216) 590 09 90
Fax : (90 216) 666 17 37

İstanbul İncirli Branch

İncirli Cad. No: 106
34740 Bakırköy/İSTANBUL
Tel : (90 212) 542 02 22
Fax : (90 216) 666 17 12

İstanbul 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

İstanbul Kadıköy Branch

Rıhtım Cad. No: 44
34716 Kadıköy/İSTANBUL
Tel : (90 216) 414 31 63
Fax : (90 216) 666 17 11

İstanbul Karaköy Branch

Haraççı Ali Sok. No: 2
Karaköy Meydanı
34420 Beyoğlu/İSTANBUL
Tel : (90 212) 252 56 87
Fax : (90 216) 666 17 05

İstanbul Kartal Branch

Ankara Cad. No: 92
34860 Kartal/İSTANBUL
Tel : (90 216) 473 60 05
Fax : (90 216) 666 17 56

İstanbul Kavacık Branch

Kavacık Mah. Orhan Veli Kanık Cad. No: 98
Beykoz/İSTANBUL
Tel : (90 216) 680 27 33
Fax : (90 216) 666 17 57

Directory

İstanbul Kaynarca Branch

Cemal Gürsel Cad. No: 175
Kaynarca, Pendik/İSTANBUL
Tel : (90 216) 397 07 10
Fax : (90 216) 666 18 27

İstanbul Kocamustafapaşa Branch

Kocamustafapaşa Cad. No: 186
Kocamustafapaşa, Fatih/İSTANBUL
Tel : (90 212) 587 89 89
Fax : (90 216) 666 18 29

İstanbul Kozyatağı Branch

Kozyatağı Mah. Değirmen Sok.
Nida Kule İş Merkezi No: 18 Bağımsız Bölüm 7
Kadıköy/İSTANBUL
Tel : (90 216) 384 28 22
Fax : (90 216) 666 17 85

İstanbul Kurtköy Branch

Ankara Cad. No: 322
Kurtköy, Pendik/İSTANBUL
Tel : (90 216) 378 14 39
Fax : (90 216) 666 18 20

İstanbul Küçükbakkalköy Branch

Küçükbakkalköy Mah. Fevzipaşa Cad. No: 45
Ataşehir/İSTANBUL
Tel : (90 216) 576 89 99
Fax : (90 216) 666 18 33

İstanbul Küçükköy Branch

Hekimsuyu Cad. No: 7 Küçükköy
34180 Gaziosmanpaşa/İSTANBUL
Tel : (90 0212) 618 11 80
Fax : (90 216) 666 18 24

İstanbul Laleli Branch

Ordu Cad. No: 56
34130 Laleli, Fatih/İSTANBUL
Tel : (90 212) 528 70 70
Fax : (90 216) 666 17 71

İstanbul 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

İstanbul Maltepe Branch

Bağlarbaşı Mah. Bağdat Cad. No: 418A
Maltepe/İSTANBUL
Tel : (90 216) 370 14 70
Fax : (90 216) 666 17 43

İstanbul Masko Branch

İkitelli OSB Mah. Süleyman Demirel Bulv.
Esot Sanayi Sitesi Esot İş Merkezi No: 6/1B
Başakşehir/İSTANBUL
Tel : (90 212) 549 37 77
Fax : (90 216) 666 18 37

İstanbul Maslak Branch

Büyükdere Cad. No: 257-G
Maslak Şişli/İSTANBUL
Tel : (90 212) 276 01 11
Fax : (90 216) 666 18 09

İstanbul Mecidiyeköy Branch

Büyükdere Cad. No: 80
34460 Mecidiyeköy, Şişli/İSTANBUL
Tel : (90 212) 347 16 10
Fax : (90 216) 666 18 10

İstanbul Megacenter Branch

Kocatepe Mah. Yağ İşkelesi Cad. No: 29/C
Bayrampaşa/İSTANBUL
Tel : (90 212) 437 38 04
Fax : (90 216) 666 18 75

İstanbul Merkez Şube

Dr. Adnan Büyükdeniz Cad. No: 6
34768 Ümraniye/İSTANBUL
Tel : (90 216) 666 02 02
Fax : (90 216) 666 17 01

İstanbul Merter Branch

Keresteciler Sitesi Fatih Cad. No: 24
34169 Merter, Güngören/İSTANBUL
Tel : (90 212) 637 84 10
Fax : (90 216) 666 17 26

İstanbul Metrokent Branch

Başak Mah. Yeşil Vadi Cad.
Metrokent Sitesi D2 Blok No: 3/1Z
Başakşehir/İSTANBUL
Tel : (90 212) 777 98 53
Fax : (90 216) 666 18 99

İstanbul Osmanbey Branch

Meşrutiyet Mah. Halaskargazi Cad. No: 100A
Şişli/İSTANBUL
Tel : (90 212) 231 81 65
Fax : (90 216) 666 17 86

İstanbul Pendik Branch

23 Nisan Cad. No: 16/A
34890 Pendik/İSTANBUL
Tel : (90 216) 483 65 05
Fax : (90 216) 666 17 25

İstanbul Pendik E5 Branch

Çınardere Mah.
Gönenli Mehmet Efendi Cad. No: 71/F-G
Pendik/İSTANBUL
Tel : (90 216) 379 49 00
Fax : (90 216) 666 18 74

İstanbul Sahrayıcedit Branch

Sahrayıcedit Mah.
Şemsettin Günaltay Cad. No: 238 A-B
Kadıköy/İSTANBUL
Tel : (90 216) 302 16 32
Fax : (90 216) 666 17 36

İstanbul Sancaktepe Branch

Meclis Mah. Katip Çelebi Cad. No: 1C
Sancaktepe/İSTANBUL
Tel : (90 216) 622 55 00
Fax : (90 216) 666 18 04

İstanbul Sefaköy Branch

Kartaltepe Mah. Halkalı Cad. No: 82 A-B
Küçükçekmece/İSTANBUL
Tel : (90 212) 580 32 00
Fax : (90 216) 666 17 58

İstanbul 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

İstanbul Sultanbeyli Branch

Abdurrahman Gazi Mah.
Bosna Bulv. No: 4
Sultanbeyli/İSTANBUL
Tel : (90 216) 419 37 00
Fax : (90 216) 666 17 41

İstanbul Sultançiftliği Branch

Eski Edirne Asfaltı No: 672/B
34270 Sultangazi/İSTANBUL
Tel : (90 212) 475 53 40
Fax : (90 216) 666 17 94

İstanbul Sultanhamam Branch

Marpuççular Sok. No: 26
34110 Eminönü Fatih/İSTANBUL
Tel : (90 212) 519 64 30
Fax : (90 216) 666 17 23

İstanbul Şehremini Branch

Şehremini Mah.
Turgut Özal Millet Cad. No: 163/A
Fatih/İSTANBUL
Tel : (90 212) 585 00 13
Fax : (90 216) 666 18 69

İstanbul Şirinevler Branch

Şirinevler Mah. Fetih Cad. No: 19/A
Şirinevler, Bahçelievler/İSTANBUL
Tel : (90 212) 551 81 51
Fax : (90 216) 666 17 48

İstanbul Terazidere Branch

Terazidere Mah. Güneş Cad. No: 5-7
Bayrampaşa/İSTANBUL
Tel : (90 212) 501 28 76
Fax : (90 216) 666 18 97

İstanbul Topçular Branch

Rami Kışla Cad. Vaytaşlar Plaza No: 58
34055 Topçular, Eyüp/İSTANBUL
Tel : (90 212) 613 85 74
Fax : (90 216) 666 17 84

İstanbul Topkapı Branch

Maltepe Mah. Gümüşsuyu Cad.
No: 28 Dk: 156
Zeytinburnu/İSTANBUL
Tel : (90 212) 565 95 03
Fax : (90 216) 666 18 38

İstanbul Trakya Kurumsal Branch

Göztepe Mah. Batışehir Cad.
Batışehir Sit. K1 Blok No: 2 İç Kapı No: 11-12
Bağcılar/İSTANBUL
Tel : (90 212) 550 16 65
Fax : (90 216) 666 18 36

İstanbul Tuzla Sanayi Branch

Mescit Mah. Demokrası Cad.
No: 3 A11 Tuzla/İSTANBUL
Tel : (90 216) 394 86 54
Fax : (90 216) 666 18 44

İstanbul Ümraniye Branch

Alemdağ Cad. No: 10-12 Ümraniye
34764 Ümraniye/İSTANBUL
Tel : (90 216) 443 66 35
Fax : (90 216) 666 17 18

İstanbul Ümraniye Çarşı Branch

İstiklal Mah. Alemdağ Cad. No: 176A
Ümraniye/İSTANBUL
Tel : (90 216) 523 44 14
Fax : (90 216) 666 18 95

İstanbul 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

İstanbul Yavuzselim Branch

Ali Kuşçu Mah. Fevzipaşa Cad. No: 60
Fatih/İSTANBUL
Tel : (90 212) 532 92 52
Fax : (90 216) 666 18 93

İstanbul Zeytinburnu Branch

Gökalp Mah. 58 Bulvar Cad. No: 12/A
Zeytinburnu/İSTANBUL
Tel : (90 212) 510 10 22
Fax : (90 216) 666 17 39

Branches in Other Cities and Towns**Adana Branch**

İnönü Cad. No: 85
01060 Seyhan/ADANA
Tel : (90 322) 363 11 00
Fax : (90 216) 666 17 08

Adana Barkal Branch

Turhan Cemal Beriker Bulv.
Adana İş Merkezi A-Blok No: 25
01100 Seyhan/ADANA
Tel : (90 322) 429 78 78
Fax : (90 216) 666 17 79

Adana Çukurova Branch

Mahfesiğmaz Mah.
Turgut Özal Bulv. No: 131/A
Çukurova/ADANA
Tel : (90 322) 233 23 51
Fax : (90 216) 666 18 61

Adana Küçük Saat Branch

Sefaözler Cad. No: 3/E
01060 Seyhan/ADANA
Tel : (90 322) 351 20 00
Fax : (90 216) 666 17 96

Adana Organize Sanayi Branch

Adana Hacı Sabancı OSB
Turgut Özal Bulv. No: 17
Sarıçam/ADANA
Tel : (90 322) 394 53 29
Fax : (90 216) 666 18 39

Adıyaman Branch

Gölbaşı Cad. Sıddık Efendi Pasajı No: 13
Merkez/ADİYAMAN
Tel : (90 416) 213 60 84
Fax : (90 216) 666 18 26

Afyonkarahisar Branch

Marulcu Mah. Kadınana Cad. No: 24/B
Merkez/AFYONKARAHİSAR
Tel : (90 272) 214 10 14
Fax : (90 216) 666 17 62

Aksaray Branch

Bankalar Cad. No: 32
Merkez/AKSARAY
Tel : (90 382) 212 12 71
Fax : (90 216) 666 17 91

Amasya Branch

Dere Mah. Mustafa Kemal Paşa Cad.
No: 9 A B
Merkez/AMASYA
Tel : (90 358) 218 07 03
Fax : (90 216) 666 89 12

Ankara Branch

Atatürk Bulv. No: 57/A
06410 Sıhhiye Çankaya/ANKARA
Tel : (90 312) 430 53 20
Fax : (90 216) 666 17 02

Ankara Bakanlıklar Branch

Kavaklıdere Mah. Atatürk Bulv. No: 165/A
Çankaya/ANKARA
Tel : (90 312) 417 70 33
Fax : (90 216) 666 18 03

Ankara 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

Ankara Başkent Kurumsal 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

Ankara Cebeci Branch

Demirlibahçe Mah. Talatpaşa Bulv. No: 173/B
Mamak/ANKARA
Tel : (90 312) 363 30 11
Fax : (90 216) 666 18 64

Ankara Çukurambar Branch

Kızılırmak Mah. Muhsin Yazıcıoğlu Cad.
No: 17/8
Çukurambar Çankaya/ANKARA
Tel : (90 312) 287 44 02
Fax : (90 216) 666 18 91

Ankara Etimesgut Branch

Kazım Karabekir Mah. İstasyon Cad.
No: 49/C-D
Etimesgut/ANKARA
Tel : (90 312) 245 57 00
Fax : (90 216) 666 18 68

Directory

Ankara Etlik Branch

Yunus Emre Cad. No: 5/A-B
06010 Etlik Keçiören/ANKARA
Tel : (90 312) 325 91 91
Fax : (90 216) 666 17 59

Ankara İvedik Branch

İvedik Organize Sanayi Bölgesi
Melih Gökçek Bulv. No: 18/3
06378 Yenimahalle/ANKARA
Tel : (90 312) 394 70 05
Fax : (90 216) 666 18 07

Ankara Keçiören Branch

Kızlarpınarı Cad. No: 104/A
Keçiören/ANKARA
Tel : (90 312) 314 14 14
Fax : (90 216) 666 18 28

Ankara Ostim Branch

100. Yıl Bulv. No: 1
06370 Ostim, Yenimahalle/ANKARA
Tel : (90 312) 385 79 01
Fax : (90 216) 666 17 31

Ankara Pursaklar Branch

Merkez Mah. Yunus Emre Cad. No: 15/A
Pursaklar/ANKARA
Tel : (90 312) 527 00 93
Fax : (90 216) 666 18 73

Ankara Sincan Branch

Ankara Cad. No: 23/2
06930 Sincan/ANKARA
Tel : (90 312) 270 99 88
Fax : (90 216) 666 17 64

Ankara Siteler Branch

Karacakaya Cad. No: 73/1
06160 Siteler Altındağ/ANKARA
Tel : (90 312) 353 49 50
Fax : (90 216) 666 17 14

Ankara Şaşmaz Branch

Bahçekapı Mah. Sanayi Bulv. No: 16 C
Şaşmaz, Etimesgut/ANKARA
Tel : (90 312) 278 32 42
Fax : (90 216) 666 18 06

Ankara Turan Güneş Branch

Turan Güneş Bulv. No: 54/B
06500 Çankaya/ANKARA
Tel : (90 312) 443 07 65
Fax : (90 216) 666 17 90

Ankara Ulus Branch

Anafartalar Cad. No: 59
06250 Ulus Altındağ/ANKARA
Tel : (90 312) 324 65 70
Fax : (90 216) 666 17 89

Ankara Ümitköy Branch

Seyfi Saltoğlu Cad. No: 35/7
06810 Çayyolu, Yenimahalle/ANKARA
Tel : (90 312) 241 60 00
Fax : (90 216) 666 17 87

Antalya Branch

Milli Egemenlik Cad. No: 36/E
07100 Muratpaşa/ANTALYA
Tel : (90 242) 247 46 12
Fax : (90 216) 666 17 21

Antalya Alanya Branch

Kadıpaşa Mah. Şevket Tokuş Cad. No: 59/C
Alanya/ANTALYA
Tel : (90 242) 512 15 40
Fax : (90 216) 666 89 10

Antalya Çallı Branch

Namık Kemal Bulv. No: 7
Kepez/ANTALYA
Tel : (90 242) 344 45 05
Fax : (90 216) 666 18 15

Antalya Konyaaltı Branch

Arapşuyu Mah. Atatürk Bulv.
M. Gökay Plaza A Blok No: 23/C-D
Konyaaltı/ANTALYA
Tel : (90 242) 290 99 19
Fax : (90 216) 666 18 49

Antalya Manavgat Branch

Bahçelievler Mah. Demokrasi Bulv. No: 40/A
Manavgat/ANTALYA
Tel : (90 242) 742 00 40
Fax : (90 216) 666 18 67

Aydın Branch

Hükümet Bulv. No: 11 09100 Efeler/AYDIN
Tel : (90 256) 213 48 38
Fax : (90 216) 666 17 66

Aydın Nazilli Branch

Altıntaş Mah. Türkocağı Cad. No: 51/A
Nazilli/AYDIN
Tel : (90 256) 315 01 02
Fax : (90 216) 666 18 96

Balıkesir Branch

Anafartalar Cad. No: 15
Karesi/BALIKESİR
Tel : (90 266) 243 73 33
Fax : (90 216) 666 17 22

Balıkesir Bandırma Branch

Dere Mah. İsmet İnönü Cad. No: 4
Bandırma/BALIKESİR
Tel : (90 266) 714 43 30
Fax : (90 216) 666 18 88

Batman Branch

Diyarbakır Cad. No: 58
Merkez/BATMAN
Tel : (90 488) 215 26 42
Fax : (90 216) 666 17 72

Bitlis Tatvan Branch

Aydınlar Mah. Cumhuriyet Cad. No: 78-2
Tatvan/BİTLİS
Tel : (90 434) 827 46 41
Fax : (90 216) 666 18 72

Bolu Branch

Büyük Cami Mah. İzzet Baysal Cad. No: 85/B
Merkez/BOLU
Tel : (90 374) 218 12 92
Fax : (90 216) 666 18 23

Burdur Bucak Branch

Yeni Mahalle Süleyman Demirel Bulv.
No: 21/3-4
Bucak/BURDUR
Tel : (90 248) 325 23 01
Fax : (90 216) 666 18 86

Bursa Branch

Reyhan Mah. Haşim İşcan Cad. No: 6
Osmangazi/BURSA
Tel : (90 224) 220 97 60
Fax : (90 216) 666 17 04

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 İnegöl Branch

Kemalpaşa Mah. Atatürk Bulv. No: 12
İnegöl/BURSA
Tel : (90 224) 716 04 90
Fax : (90 216) 666 18 55

Bursa Kestel Branch

Kestel OSB Bursa Cad. No: 75
B Blok 2 Nolu İşyeri
Kestel/BURSA
Tel : (90 224) 372 75 87
Fax : (90 216) 666 18 40

Bursa Nilüfer Branch

Nilüfer Cad. İzmir Yolu Üzeri
Küçük Sanayi Girişi No: 4
Nilüfer/BURSA
Tel : (90 224) 443 74 00
Fax : (90 216) 666 17 95

Bursa Uludağ Branch

Ankarayolu Cad. No: 73
Yıldırım/BURSA
Tel : (90 224) 272 59 00
Fax : (90 216) 666 17 38

Çanakkale Branch

Çarşı Cad. No: 135
Merkez/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

Çorum Branch

İnönü Cad. No: 23
Merkez/ÇORUM
Tel : (90 364) 224 19 11
Fax : (90 216) 666 17 63

Denizli Branch

2. Ticari Yol No: 43
20100 Merkezefendi/DENİZLİ
Tel : (90 258) 242 00 25
Fax : (90 216) 666 17 33

Denizli Sanayi Branch

İlbade Mah. Örnek Cad. No: 167/A
Merkezefendi/DENİZLİ
Tel : (90 258) 372 01 25
Fax : (90 216) 666 18 79

Diyarbakır Branch

Kooperatifler Mah. Akkoyunlu Bulv. No: 25/B
Yenişehir/DİYARBAKIR
Tel : (90 412) 224 75 30
Fax : (90 216) 666 17 32

Diyarbakır Kayapınar Branch

Kayapınar Cad. Yeni Sebze Hali Kavşağı
Rema Sitesi A-Blok No: 30
Kayapınar/DİYARBAKIR
Tel : (90 412) 251 31 33
Fax : (90 216) 666 18 16

Düzce Branch

İstanbul Cad. No: 3/A
Düzce/DÜZCE
Tel : (90 380) 512 08 51
Fax : (90 216) 666 17 61

Edirne Branch

Sabuni Mah. Çilingirler Cad. No: 17
Merkez/EDİRNE
Tel : (90 284) 212 02 65
Fax : (90 216) 666 89 08

Elazığ Branch

Hürriyet Cad. No: 35/B
Merkez/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
Yakutiye/ERZURUM
Tel : (90 442) 213 24 76
Fax : (90 216) 666 17 54

Eskişehir Branch

Cumhuriyet Mah. Sakarya – 1 Cad. No: 7/C
Tepebaşı/ESKİŞEHİR
Tel : (90 222) 231 36 66
Fax : (90 216) 666 17 50

Gaziantep Branch

Suburcu Cad. No: 4
27400 Şahinbey/GAZİANTEP
Tel : (90 342) 230 91 68
Fax : (90 216) 666 17 09

Gaziantep Gatem Branch

Sanayi Mah. Erdoğan Ergönül Cad. No: 41
Şehitkamil/GAZİANTEP
Tel : (90 342) 238 17 33
Fax : (90 216) 666 18 87

Gaziantep Organize Sanayi Branch

2. Organize Sanayi Bölgesi
Celal Doğan Bulv. No: 71
Şehitkamil/GAZİANTEP
Tel : (90 342) 337 87 87
Fax : (90 216) 666 18 71

Gaziantep Şehitkamil Branch

Prof. Muammer Aksoy Bulv. No: 19/E
27090 Şehitkamil/GAZİANTEP
Tel : (90 342) 215 36 51
Fax : (90 216) 666 18 19

Giresun Branch

Hacı Miktat Mah. Fatih Cad. No: 28
Merkez/GİRESUN
Tel : (90 454) 213 30 01
Fax : (90 216) 666 18 35

Hatay 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

Hatay İskenderun Branch

Mareşal Fevzi Çakmak Cad. No: 4
31200 İskenderun/HATAY
Tel : (90 326) 614 68 60
Fax : (90 216) 666 18 00

Isparta Branch

Cumhuriyet Cad. No: 11
Merkez/İSPARTA
Tel : (90 246) 223 47 42
Fax : (90 216) 666 17 74

İçel Mersin Branch

İstiklal Cad No: 33
Akdeniz/MERSİN
Tel : (90 324) 237 85 60
Fax : (90 216) 666 17 70

İzmir Branch

Akdeniz Mah. Fezvipaşa Bulv. No: 61/1A
Konak/İZMİR
Tel : (90 232) 441 21 61
Fax : (90 216) 666 17 03

İzmir Bornova Branch

Mustafa Kemal Cad. No: 20/E
35040 Bornova/İZMİR
Tel : (90 232) 342 43 23
Fax : (90 216) 666 17 97

İzmir Çiğli Branch

Anadolu Cad. No: 780
35640 Çiğli/İZMİR
Tel : (90 232) 386 10 13
Fax : (90 216) 666 18 14

Directory

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 Işıkkent Branch

Egemenlik Mah. 6129 Sok.. No: 49 Aykūsan
Sanayi Sitesi,
Işıkkent Bornova/İZMİR
Tel : (90 232) 436 47 72
Fax : (90 216) 666 18 77

İzmir Karabağlar Branch

Aşık Veyssel Mah. Yeşillik Cad. No: 437-441A
Karabağlar/İZMİR
Tel : (90 232) 237 27 81
Fax : (90 216) 666 17 47

İzmir Kemalpaşa Branch

Seviz Eylül Mah. İzmir Cad.
No: 22/A Kemalpaşa/İZMİR
Tel : (90 232) 878 31 38
Fax : (90 216) 666 18 57

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

Kahramanmaraş Branch

Yusuflar Mah. Hacı Arifoğlu Cad. No: 28/A
Onikişubat/KAHRAMANMARAŞ
Tel : (90 344) 225 49 26
Fax : (90 216) 666 17 17

Karabük Branch

Bayır Mah. Kemal Güneş Cad. No: 96
Merkez/KARABÜK
Tel : (90 370) 415 66 33
Fax : (90 216) 666 18 05

Karaman Branch

İsmetpaşa Cad. No: 22/B
Merkez/KARAMAN
Tel : (90 338) 213 91 00
Fax : (90 216) 666 18 25

Kastamonu Branch

Cebraill Mah. Plevne Cad. No: 28/B
Merkez/KASTAMONU
Tel : (90 366) 212 88 37
Fax : (90 216) 666 17 73

Kayseri Branch

Vatan Cad. No: 26
38040 Melikgazi/KAYSERİ
Tel : (90 352) 222 67 91
Fax : (90 216) 666 17 07

Kayseri Organize 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
Kocasinan/KAYSERİ
Tel : (90 352) 336 63 66
Fax : (90 216) 666 17 45

Kayseri Sivas Cad. Branch

Mimarsinan Mah. Sivas Bulv. No: 145/B
Kocasinan/KAYSERİ
Tel : (90 352) 235 18 00
Fax : (90 216) 666 18 85

Kocaeli Gebze Branch

Hacı Halil Mah. Körfez Cad. No: 18
Gebze/KOCAELİ
Tel : (90 262) 641 15 82
Fax : (90 216) 666 17 34

Kocaeli Gebze Organize Sanayi Branch

Gebze Güzeller Organize Sanayi Bölgesi
Atatürk Bulv. No: 2/B
Gebze/KOCAELİ
Tel : (90 262) 751 20 28
Fax : (90 216) 666 18 18

Kocaeli İzmit Branch

Alemdar Cad. No: 17
İzmit/KOCAELİ
Tel : (90 262) 323 37 72
Fax : (90 216) 666 17 19

Kocaeli Körfez Branch

Kuzey Mah. Cahit Zarifoğlu Cad. No: 65
Körfez/KOCAELİ
Tel : (90 262) 526 62 75
Fax : (90 216) 666 18 59

Konya Branch

Mevlana Cad. No: 5
42030 Karatay/KONYA
Tel : (90 332) 350 19 77
Fax : (90 216) 666 17 06

Konya Akşehir Branch

Selçuk Mah. İnönü Cad. No: 29/A
Akşehir/KONYA
Tel : (90 332) 811 02 47
Fax : (90 216) 666 89 02

Konya Büsan Branch

Kosgeb Cad. No: 1/F
Büsan Özel Organize Sanayi Bölgesi 42050
Karatay/KONYA
Tel : (90 332) 345 40 40
Fax : (90 216) 666 17 51

Konya Ereğli Branch

Namık Kemal Mah. Atatürk Cad. No: 19/A
Ereğli/KONYA
Tel : (90 332) 712 00 71
Fax : (90 216) 666 18 94

Konya 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

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 Yeni Toptancılar Branch

Fevzi Çakmak Mah. Karakayış Cad. No: 289-
(1 İşyeri)
Karatay/KONYA
Tel : (90 332) 342 00 72
Fax : (90 216) 666 18 76

Konya Zafer Sanayi Branch

Horozluhan Mah. Selçuklu Cad. No: 2/B
Zafer Sanayi Sitesi Selçuklu/KONYA
Tel : (90 332) 248 84 30
Fax : (90 216) 666 89 01

Kütahya Branch

Balıklı Mah. Pekmez Pazarı Cad. No: 12/A
Merkez/KÜTAHYA
Tel : (90 274) 223 75 00
Fax : (90 216) 666 18 41

Kütahya Tavşanlı Branch

Yeni Mahalle Ada Cad. No: 7
Tavşanlı/KÜTAHYA
Tel : (90 274) 614 77 61
Fax : (90 216) 666 18 65

Malatya Branch

Hamidiye Mah. İnönü Cad. No: 49/A
Battalgazi/MALATYA
Tel : (90 422) 326 04 20
Fax : (90 216) 666 17 16

Manisa Branch

Mustafa Kemal Paşa Cad. No: 14
45020 Şehzadeler/MANİSA
Tel : (90 236) 238 93 00
Fax : (90 216) 666 17 67

Manisa Turgutlu Branch

Turan Mah. Atatürk Bulv. No: 180/A
Turgutlu/MANİSA
Tel : (90 236) 312 75 00
Fax : (90 216) 666 18 58

Mardin Branch

13 Mart Mah. Vali Ozan Cad.
No: 82/1- 84/A-B-C-D
Artuklu/MARDİN
Tel : (90 482) 213 22 50
Fax : (90 216) 666 18 46

Mersin Pozcu Branch

Güvenevler Mah. Gazi Mustafa Kemal Bulv.
No: 368/A
Yenişehir/MERSİN
Tel : (90 324) 326 76 76
Fax : (90 216) 666 89 06

Mersin Tarsus Branch

Şehitmustafa Mah. Atatürk Bulv. No: 45/A
Tarsus/MERSİN
Tel : (90 324) 613 00 20
Fax : (90 216) 666 89 07

Muş Branch

Kültür Mah. Atatürk Bulv. No: 46/A/70
Merkez/Muş
Tel : (90 436) 212 80 10
Fax : (90 216) 666 18 70

Neveşehir Branch

Kapucubaşı Mah. Atatürk Bulv. No: 105
Merkez/NEVŞEHİR
Tel : (90 384) 212 12 16
Fax : (90 216) 666 18 43

Ordu Branch

Şarkıye Mah. Süleyman Felek Cad. No: 54
Altınordu/ORDU
Tel : (90 452) 214 73 51
Fax : (90 216) 666 17 88

Ordu Fatsa Branch

Mustafa Kemal Paşa Mah. Sakarya Cad. No:
13/B
Fatsa/ORDU
Tel : (90 452) 400 46 46
Fax : (90 216) 666 18 90

Osmaniye Branch

Atatürk Cad. No: 164
Merkez/OSMANİYE
Tel : (90 328) 813 71 71
Fax : (90 216) 666 17 68

Rize Branch

Cumhuriyet Cad. No: 105/H
Merkez/RİZE
Tel : (90 464) 214 27 67
Fax : (90 216) 666 17 77

Sakarya Adapazarı Branch

Atatürk Bulv. No: 39
Adapazarı/SAKARYA
Tel : (90 264) 277 91 41
Fax : (90 216) 666 17 20

Samsun Branch

Kaptanağa Cad. No: 12
55030 İlkadım/SAMSUN
Tel : (90 362) 435 10 92
Fax : (90 216) 666 17 10

Samsun Sanayi Branch

Şabanoğlu Mah. Atatürk Bulv. No: 229/2
Tekkeköy/SAMSUN
Tel : (90 362) 266 62 52
Fax : (90 216) 666 18 62

Siirt Branch

Bahçelievler Mah.
Mizbah Çalapçıkay Cad. No: 12C
Merkez/SİİRT
Tel : (90 484) 223 41 40
Fax : (90 216) 666 18 80

Sivas Sivas Branch

Sirer Cad. No: 22/A Merkez/SİVAS
Tel : (90 346) 224 00 90
Fax : (90 216) 666 17 52

Şanlıurfa Branch

Kamberiye Mah. Kadri Eroğan Cad. No: 10
Haliliye/ŞANLIURFA
Tel : (90 414) 313 01 58
Fax : (90 216) 666 17 46

Şanlıurfa Emniyet Cad. Branch

Yeşildirek Mah. Yunus Emre Cad. No: 63/A
Haliliye/ŞANLIURFA
Tel : (90 414) 318 01 80
Fax : (90 216) 666 89 04

Tekirdağ Branch

Yavuz Mah. Hükümet Cad. No: 133
Süleymanpaşa/TEKİRDAĞ
Tel : (90 282) 260 16 88
Fax : (90 216) 666 18 81

Tekirdağ 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

Tekirdağ Çorlu Branch

Salih Omurtak Cad. No: 34/C
59850 Çorlu/TEKİRDAĞ
Tel : (90 282) 673 66 10
Fax : (90 216) 666 17 82

Tokat Branch

Gaziosmanpaşa Bulv. No: 167
Merkez/TOKAT
Tel : (90 356) 214 69 66
Fax : (90 216) 666 17 78

Trabzon Branch

Kahramanmaraş Cad. No: 35/B
Ortahisar/TRABZON
Tel : (90 462) 321 66 06
Fax : (90 216) 666 17 55

Trabzon Akçaabat Branch

Orta Mahalle İnönü Cad. No: 145
Akçaabat/TRABZON
Tel : (90 462) 228 80 01
Fax : (90 216) 666 89 03

Trabzon Değirmendere Branch

Sanayi Mah. Devlet Karayolu Cad. No: 89
Değirmendere Ortahisar/TRABZON
Tel : (90 462) 325 00 23
Fax : (90 216) 666 18 48

Directory

Uşak Branch

İslicce Mah. İsmetpaşa Cad. No: 45/B
Merkez/UŞAK
Tel : (90 276) 223 30 02
Fax : (90 216) 666 89 09

Van Branch

Cumhuriyet Cad. No: 124
65100 İpekyolu/VAN
Tel : (90 432) 212 17 12
Fax : (90 216) 666 17 65

Yalova Branch

Yalı Cad. No: 19/A
Merkez/YALOVA
Tel : (90 226) 812 23 80
Fax : (90 216) 666 17 69

Yozgat Branch

Medrese Mah. Şeyhzade Cad. No: 22/A
Merkez/YOZGAT
Tel : (90 354) 217 50 30
Fax : (90 216) 666 89 05

Zonguldak Karadeniz Ereğli Branch

Müftü Mah. Devrim Bulv. No: 9/A
Ereğli/ZONGULDAK
Tel : (90 372) 322 84 14
Fax : (90 216) 666 17 76

International Branch

Erbil Branch

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