



ALBARAKA TÜRK





ALBARAKA TÜRK

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Summarized Financial Data

Summarized Financial Data

SUMMARIZED FINANCIAL DATA AS AT 31.12.2006 (YTL THOUSAND)

Total Assets	2.491.813
Collected Funds	2.154.014
Utilized Funds	1.983.273
Equity	245.905
Net Profit	69.381

KEY FINANCIAL RATIOS

Utilized Funds / Total Assets	%79,59
Return on Equity	%28,21
Return on Assets	%2,78
Rates of Credits in Legal Pursuit	%1,75
Non Performing Loans Ratio	%0,01
Capital Adequacy Ratio	%15,29
Rate of Provisions For Credits in Legal Pursuit	%99,33

Chairman's Message

Stating that the year 2006 has proven to be prosperous for Albaraka Türk Participation Bank, for the Shareholders and Customers of our Bank, I am greatly proud to present the Annual Report that reflects this achievement.

As is known, Albaraka Türk is the first of Participation Banks in Turkish finance sector. I should like to emphasize proudly that our Bank has lost nothing of the excitement and enthusiasm of the first day of foundation after all the 21 years we have left behind. To the contrary, with the ever-expanding network of branches and the growing balance sheet, I should be pleased to emphasize that it has even promoted its dynamism. Also, we witness that the last 21st Century has blended experience to our excitement and dynamism, which mixture is making for perfection. Again, it is this mixture that absolutely pleases and is sure to continue to please not only its shareholders but also its customers who have entrusted their savings with us having put their trust in our Institution's banking transactions that are based upon profit/loss participation and who have tasted the pleasure of working with an institution that provide them with all kinds of financing and banking services.

Albaraka Türk is the flagship of Albaraka Banking Group (ABG), which is the senior partner of our Institution. Our Group was established in 2002 in Bahrain, which today is the most significant centre in the interest-free banking system in the world, upon the infrastructure that had earlier been constructed by Albaraka Investment and Development Co., which achievement arose from the requirement for a structure that would offer an integrated interest-free banking service all over the world. First of all, with the financial consolidation of independent banks that has been established in ten different countries in the last thirty years' process, the objective was the formation of a modern banking group. It was then envisaged that the coverage and activities of such a banking group would be at global dimensions, that it would have a strong and sound financial structure, and, moreover, that it would be effective against the changing dynamics of the 21st Century. As a matter fact, the Equity of the Group reached US\$ 1,2 Billion as at the year-end of 2006, the Total Assets US\$ 7,6 Billion, and the Capital, with the public offering premium, US\$ 869 Million.

On the other hand, the demand for ABG's public offering during this year was great; that is, the demand for the shares offered to the public was far beyond expectations. ABG shares, which were simultaneously treated at the Stock Markets of both Bahrain and Dubai, are certain to continue to yield profit for investors by virtue of the profitable participations of the Group like Albaraka Türk. Consequently, I should express that ABG has been evaluated by Standard and Poors Rating Agency, which has included our Group within the Investment Category with the rank BBB- in long term, and A-3 in short term.

As it is known, 2006 has proven to be a year of global fluctuations all over the world. We have observed with pleasure that, although it is one of those countries where this fluctuation was highly felt, Turkey managed to rescue itself from the negative impacts of the said fluctuation, whereby we had the opportunity to witness how sound the financial structure and how healthy the growth strategy of Albaraka Türk were.

I hereby should state that Albaraka Türk's performance in 2006 was not only influenced by the mentioned crisis but also surpassed those peaks it had reached in former periods.

The funds we have collected this year have increased by 25 % in comparison with those of the previous year, while the allocated funds increased by 32 %. In light of our principle that risks should be diminished by variegating them, we have expanded our portfolio of corporate and individual customers by giving priority to variegation and expansion on bases of size and sector. Thus, we have continued to spread our credit risk in a balanced manner. With a view to fortifying our basis of capital during the process of growth, we have increased our paid-up capital to YTL 160 Million in 2006.

Again, I should be very much pleased to reveal that, thanks to the effective management, the intensive endeavours of our staff, renovating marketing techniques and high service quality, Albaraka Türk has increased its Net After Tax Profit by 50 % in comparison with that in the previous year up to YTL 69,4 Million.

Last but not least, I would like to reiterate my expectations that the forthcoming year is to be further positive from the points of growth and profitability. Taking this happy occasion, I wish the year 2007 to gift Turkey and Albaraka Türk new opportunities and accomplishments.

Yours very truly,

Adnan Ahmed Yusuf ABDULMALEK
Chairman



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Adnan Ahmed Yusuf ABDULMALEK

Chairman

General Manager's Message

After a theme of stability and growth among structural reforms that define the recent few years of Turkish Economy, the year 2006 has possibly been subject to the first stress test for this new structure. As a matter fact, the impact of this fluctuation upon our country's economy, unlike that on the economies of many developing countries, has proven to be deeper because of the current account deficit risk we bear.

Nonetheless, we have witnessed that Turkish economy recovered from this significant test in a short time, thereby having been convinced with great pleasure that our economy, which has oscillated owing to serious crises in the past and which therefore wavers in face of any negative developments, has structurally become to a less fragile point.

Yet, as result of the fluctuation in May, the short-time interest-rates increased, foreign currency rates rose; and therefore it was impossible to catch the planned inflation targets. It could be assumed that these developments were most felt in the finance sector. In fact, the Banking sector has been founded upon the logic whereby certain risks are to be undertaken and managed. A considerable portion of the said risks is composed of the changes in interest rates and foreign currency rates.

It has been known during the recent years that the Banking sector has not held a serious foreign currency position, and wherefore it has not carried much foreign currency risk. Nonetheless, although the rising interests burdened banks with balance-sheet losses in the first place, these losses were soon made up for to a great extent. In the meantime, the rising interest rates were seen to most impact the demands for credits. While the total credits of banks in US Dollar increased by around 16 % during the first four months of the year, they increased between May and August on the real basis. However, the volume of credits, which began to rise from September onwards, have increased by 8 % on basis of YTL during the past four months while by 12 % on basis of US\$. A similar process has been experienced in deposits: excluding the Interbank deposits, despite the recess for a few months after May the volume of deposits has increased by 22 % during the year.

Needless to mention, the fact that the operation principles of Albaraka Türk, which has been based upon Profit and Loss Participation, as a Participation Bank has protected our Bank from the whole risks it may have encountered with because of the rising interest rates in markets. On the other hand, other than those natural risks the banking transactions based upon profit/loss participation could bring, by virtue of the policy of principle of carrying no position risk, we have not been affected by the fluctuations experienced in foreign currency rates in a negative manner. Thus, our Bank continued to offer its customers quality services without having been influenced by the fluctuations in May by no means at all. Our Bank, which has ever been developing in direction of the principles of productivity, quality service, financial strength and growth, which represent the strategic values whereupon Albaraka Türk stands, has ascended new peaks in 2006.

Within this frame, while the volume of funds that have been collected with Albaraka Türk has increased by 25 % in 2006, those funds we have allocated have risen by 32 %. As is seen, both the rates are higher than the average of the banking sector. In the meantime, the Corporate Profit has hit a historic climax in the past year by adding up to YTL 69,4 Million, which almost corresponds to an increase by 50 %'in comparison with the profit rate of 2005. Thereby, our equity profitability in 2006 increased by 28,2 % in 2006 while the profitability of our assets by 3,2 %.

Furthermore, 2006 has been a privileged year from the aspect of the physical expansion of Albaraka Türk. In fact, with the 20 new branches we have opened during the past year, we have targeted to build closer relations with our customers with a view to spreading the gates of prosperity of Albaraka Türk across an even vaster geography. We should also state that we have carried out this whole process of development and growth without any concession of our essential principles.

Consequently, the achievement we have attained today has definitely been realized thanks to our customers, shareholders and employees. Expressing that we are sure to continue to make for new horizons to merit your trust, again with your esteemed supports, I wish that 2007 be a year of prosperity and felicity in all aspects for our country, for you and for our Bank.

Yours very truly,

Dr. Adnan BÜYÜKDENİZ
General Manager



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Dr. Adnan BÜYÜKDENEZ
General Manager

Turkish Economy

2006 has proven to be outstanding with the quality thereof to be a year of a crucial test for stress for Turkish economy, which has covered quite a long distance in growing in stability during the last few years. The hesitation that was experienced in the fifth month because of the fluctuation in global capital movements imposed negative impacts on the country's economies, particularly those that have been undergoing development. As a matter of fact, Turkey, especially, was caught in the fluctuation with a significant current account deficit risk like South Africa, and in an excessively optimistic atmosphere like Indonesia, as result of which it suffered a more serious earthquake than the other developing economies.

Nevertheless, Turkish economy reflected the mentioned global fluctuation more mildly than it did in previous shocks. In fact, within several months after the leaps in the interest rates and foreign exchange rates, Turkish economy entered a process wherein those costs that had formed during the process of fluctuation began to be repaired to certain extent, which, in a sense, signifies that Turkish economy has managed to establish a structure that is less fragile in comparison to that of the past.

Although, following the fluctuation in May, Gross National Product grew only at the rate of 3 % in the third quarter, after the growths by 6,4 % and 8,8 % in order during the initial two quarters, the national production index of the production sector of the last quarter and the capacity usage rates signify that growth rate of the last quarter will at least be at the level of that of the third quarter, which means that the growth rate in 2006 will be in conformity to the target for 5 %.

One of the basic criticisms about the growth process during the past several years is that there has been no outstanding fall in the rate of unemployment despite the related growth, in which regard it has been commented that such a growth as has been ensured thanks to the increases in productivity in an economy that has passed to a plain where the inflation rate is low will fall short in decreasing unemployment. All the same, it has been observed that there has been partial improvement in the rates of unemployment during the latter half of 2006. Although there is crucial uncertainty whether this fall will be permanent or not, it is understood that it will be gradual for some more time in a structural and demographic environment of changing.

The US\$ currency that rose to the limit of YTL 1,7 in the aftermath of the fluctuations in May but later receded to YTL 1,4 is quite interesting from the point of illustrating the course of wavering rates of foreign currencies that fluctuate because of global movements. In any case, the foreign currency rates that regained their stability over their levels prior to the fluctuation have been perceived as a positive development by exporters who lost their profit margins in earlier years against the valued YTL. It was also presumed that that the new foreign currency platform would also affect imports negatively, thus causing the current accounts deficit risk to decrease relatively in 2006.

However, it was observed at the end of the year that the current accounts deficit exceeded US\$ 30 billion and that GNP reached 8 %. Again, exports increased by 18 % in 2006 in comparison with the past year thus reaching US\$ 91 billion. On the other hand, imports also increased by 20 % and reached US\$ 127 billion. Still, the rate of exports to cover imports has not changed much. In 2006 the import of intermediate goods has increased - especially after the second half of the year - in comparison with the same period of the previous year by around 20 %. Nonetheless, the importing of consumer goods and capital goods that increased by over 35 % and 20 % respectively during the first half of the year in comparison with the same period of the previous year on monthly basis exposed slight increases in the second half of the year. Exporting, which began to slow down in the first half of the year even in consumer and capital goods in comparison with the same month of the previous year, gained speed in the second half of the year. The fact that the fast increase in the import of the intermediary goods was realized through the same process as the increase in export in spite of the deceleration in the increase in other goods of import may be a sign of our exports being dependant upon import.



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Turkish Economy

The worries about the current accounts deficit, which is seen to have greatly arisen from the dependence of exports upon imports, have been worded for some time. Nevertheless, while the influx of capital has been financing the current accounts deficit on one hand in short term, it has been enabling Turkish Lira to maintain its valuable position against foreign currency despite the deficit. This situation, of course, has decreased the Added Value obtained from exports and thus become the most outstanding aspect of the dynamics of Turkish Foreign Trade.

The anxieties that the fluctuations in May would particularly have negative impacts on the banking sector were soon removed. It is seen that this was caused by the facts not only that the finance sector has, in comparison with the situation in the past, been based upon much stronger infrastructure of regulations and supervision but also the processes based on risk management are, in light of experiences, better controlled have also contributed there to. What is more, the fact that the communication between the implementing institutions of economic policies, supervising authorities and banks has been better administered during the period of fluctuation in comparison with those in former crises has been a significant factor in this regard.

In May and June, almost all the sectors were influenced more or less by the rising rates of foreign currency, interest and inflation. While the liabilities of various sectors, especially of the public sector, in foreign currency and variable interest naturally affected these sectors' burdens of loans and their capability to turn these loans, the studies in the public sector during the recent years have lessened the sensitivity of interest and foreign exchange rates of public loans to a considerable degree. On the other hand, whereas the banking sector does not carry any serious open position, certain amount of the credits they have allocated within home has been loaded with certain risk as they have been made up of such credits as are in foreign currency or indexed to foreign currency. For it was uncertain whether those that used the said credits bore open position or they would have difficulty in the repayment of the credit they used with rate increases. It was witnessed that while the credit risk of banks increased for that reason, there was no serious increase in doubtful receivables. Besides, against the fact that the value of assets indexed to foreign currency increased in comparison with the capital based upon YTL, with the depreciation of securities kept in YTL particularly against foreign currency credits, a short-term recess was seen in the banks' rate of capital efficiency; however, this was also solved in a short time.

Likewise, worries prevailed that the rising interest rates were likely to have negative impacts on the banking sector, for the facts that the banks in Columns of Liabilities whereof is actually found a liability with variable interest have for the past years particularly focused on individual credits, which they consider very profitable, and that the interest rates of the said credits are fixed as at the date of the conclusion of the contract as per Consumers' Law also brought about a certain risk of interest. Nonetheless, it is seen that Banks have greatly got rid of the negative effects of the increases in the interest rates towards the end of the year and got back into profits in 2006.

The fluctuation in May had some harming impact on the inflation policies and the inflation rate in 2006 is considerably over the targeted one despite the fast increased interest rates. However, all the same, it materialized at a single digit. The most crucial obstacle before the further reducing of inflation is observed to be the structural price rigidity that is beginning to project before targets that could be regarded quite considerable. It is foreseen that the expectations that the excessive movements in global liquidity will last because 2007 will be a year of two elections will be another big obstacle before the anti-inflation program in the year to follow.

World Economy

In spite of the high levels in the prices of energy and commodities and the excessive volatility in May that influenced all the world markets, it is observed that the world economy has maintained the growth process it has enjoyed for the last several years in spite of the stagnation in the second quarter of the year.

As per the year-end it is estimated that the developing countries grew at the rate of 7 % in total while those with high rates of incomes at around 3 %, whereby it is seen that the average growth rate of the world economy has been around 4 % in 2006.

The developing economies that have contributed to the total global production increase at the approximate rate of 40 % in 2006 seem to have reached 22 % of the total added value. Particularly, the acceleration provided by Chinese and Indian economies appears to have reflected in all the developing economies.

On the other hand, the economic activities in those countries with high levels reached significant levels especially in the first half of 2006. The industrial production that increased in the first quarter of the year in the USA made noteworthy contributions to the growth during that period; however, also under the influence of the partly-cooling real estate market, consumers' demand decelerated a little. Nevertheless, the growth process continued in the other sectors of the economy, unemployment remained low while the intention for a rise in the inflation was not distinguished. On the other hand, in Europe and Japan, which had long exposed quite a dull growth for a long time, the growth process that emerged last year has increasingly lasted in 2006, too.

Doubtlessly, low interest rates that have recently been showing tendency to go up and the amplitude of global liquidity have playing great role in this fast and non-stop (which we have first encountered since 1970's) process of growth.

Although the fast growth and rising input costs bring about an inflationist pressure, the fact that no noteworthy increase is anticipated particularly in long-term interest rates as long as the plenitude of global liquidity, which is enriched with the savings of the oil exporting countries, has actually proven to be one of the important dynamics of the growth process in 2006 in spite of the global fluctuations.

Again, 2006 has been a year wherein there has occurred a considerable increase in the world trade. During the first eight months' period wherein the effects of the global fluctuation in May have not yet been sensed in foreign trade, the world trade appears to have increased 11 % in comparison with the same period of the previous year. It is understood that that process decelerated towards the last years of the year. It is supposed that in the years to come the growth in the volume of the world trade will relatively decelerate, but it will continue a reasonable growth trend. Viewed from the point of export, with no doubt the weight of Chinese economy is felt in the export markets. It is believed that the fact that China, which reached in 2006 a volume of export over the total value of the export of the USA, which firstly developed its exports thanks to the advantage introduced by the law US\$, fixed its currency rate at the rate of US\$ made considerable contributions to that process. On the other hand, China's import also increased to a great extent, thanks to which China turned out to be a great bazaar for the export commodities of other developing countries. That contribution to the world trade of China the volume of imports whereof from developing countries in its total volume of imports reached 80 % provided other developing countries that are to compete with China in export markets with certain relaxation.

It is alleged that the most consequential obstacles before the prospective progress of the world trade will be decrease in the world trade that has partly begun to decelerate and the sterility of the Negotiations of World Trade Organization in Doha. The recent fast growth of the developing countries, particularly China and India, caused the upward movement of the prices of products in commodity markets to last in 2006. Prices increased over 40's % particularly in metal markets also with the effects of low levels of stocks. Nevertheless, that horizontal or vertical price graphics formed in certain items give the impression that the increases in metal markets are approaching to an end.



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World Economy



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World Economy

On the other hand, some energy products, particularly oil, have attained certain saturation owing to the high prices in previous periods and prices have partly loosened despite the rigidities in supplies of oil. However, since this loosening brought about further anxieties over supply due to various political events, the relaxation in prices appear to have been hindered by speculative increases. The situation of supply that is to progress in coming periods in reply to the natural increase in demands established by global growth shall be the basic determiner of the mobility in prices.

Both fast growing dynamics and the increases in the asset prices in international markets as well as in commodity markets have brought along an upward movement, which currently is not very determinative in the global inflation. The median inflation rate in developing economies increased from 1,7 % in 2002 to over 3 % towards the end of 2006. All the same, that increase was not observed at the same precision in all the economies; and in a considerable portion of economies inflation either followed a horizontal course or fell. On the other hand, inflation that went parallel more often with oil prices in developing countries partially increased in the first half of 2006 but decreased later.

The pressure of inflation that became outstanding on the one hand and the fluctuation that was experienced in May and increased the risk premium especially in developing countries appear caused to have an upward movement in short-term interest rates in developing economies. Nonetheless, the long-term interest rates have maintained their low levels.

Despite the interest rate differences between economies, it exerts a fixative impact upon global liquidity, which is high but is beginning to get more volatile. Despite the fact that the local currency of a great number of developing economies decreased in value against US\$ in the aftermath of the fluctuation in May, the related local currencies began to regain value in course time.

Although the second global fluctuation in early 2007 was far less efficient in comparison to that in May 2006, it gave the signals that the appetite for risk would start to diminish in all the world markets. It is estimated that the global investments will be more selective from now on, at least for a while. The developing economies and the developments in the USA, which is the major market of these countries, will be followed closely.

About Albaraka Türk

Albaraka Türk, the first and pioneer of the Finance Institutions in Turkey that operate on interest-free basis, initiated its operations at the very beginning of 1984 having completed its foundation in 1984. Based upon the Resolution of General Assembly Meeting dated 21.12.2005, the Corporate Title was changed as Albaraka Türk Participation Bank Co. Inc., which carries on its activities according to Banking Law no. 5411.

The portion of foreign shareholders in the current shareholders' structure of Albaraka Türk, which was founded under the leadership of Albaraka Banking Group (ABG), of the leading groups in the Middle East, Islamic Development Bank (IDB) and a domestic industrial group that has been serving Turkish economy for over half a century, is 83,80 % while that of domestic shareholders is 16,20 %, the rates for 0.061 %, 0.082 % and 0.025 % whereof belong to three Board Members while 0.01 % and 0.04 % to the two Assistant General Managers. As a matter of fact, the shareholders' structure of Albaraka Türk is the warranty of the esteem and trust shown towards our Bank.

Structure Of Shareholders	
Foreign Shareholders	% 83,80
Albaraka Banking Group	% 67,76
Islamic Development Bank	% 9,83
Alharthy Family	% 4,33
Other Foreign Shareholders	% 1,88
Domestic Shareholders	% 16,20

Albaraka Türk, which collects funds by means of current accounts and Profit/Loss Participation (PLP) accounts and again offers the collected funds to Turkish economy through individual financing, corporate financing, financial leasing and profit and loss partnership on basis of projects, has been vested with authority to offer financing and banking services of quite a few types through its interest-free banking transactions.

Albaraka Türk, which was established with the vision to become the best regional bank in offering financial products and services in a vast geography covering the Gulf, the Middle East and North Africa where Albaraka Banking Group, its Major Shareholder operates, offers intermediary services in fast, qualified and secure in foreign trade (import, export and foreign exchange) through the vast network of 222 correspondent banks in 61 countries from Singapore to England, from South Africa to Morocco, from Australia to Kazakhstan.

Albaraka Türk, which is also competent in Individual Banking, as a universal finance institution that has adopted the mission to contribute to the welfare of its shareholders, employees, customers, society and environment, carries out its activities by means of a total number of 63 branches all over the country as at the year-end of 2006 (28 in Istanbul and 35 in major industrial and commercial centres) and 1156 employees.



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About Albaraka Türk

Our Services

1- Fund Collection

A- Special Current Accounts

They are drawing accounts that could be opened either in New Turkish Lira or Foreign Currency in return for a 'Special Current Account Book' written to name and that could be withdrawn partly or completely any time. A ceiling tranche of YTL 50 thousand of any special Current Accounts opened with Albaraka Türk in the name of a Real Person either in YTL or Foreign Currency is under the coverage of the guarantee of Savings Deposit Insurance Fund. The owners of Special Current Accounts are paid no money under the title of profit or whatsoever other than the capital. On the other hand, the owners of Special Current Accounts benefit from all kinds of banking services (collection of cheques and bonds, transfers, transfer transactions, etc.).

B- Profit and Loss Participation Accounts

a) PLP Accounts in General

They are term accounts opened either in YTL, USD or EURO, written to the name in return for a 'PLP Account Book'. Those funds collected in PLP Accounts are utilized in direct financing of trade and industry by means of interest-free financing methods and those portions of the acquired profits that fall in these accounts are distributed to the Owners of Accounts. PLP Accounts could be opened with such maturities as one month, three months, six months, one year, or longer than one year. Accounts opened with Albaraka Türk in the name of a Real Person either in YTL or Foreign Currency and the profit shares thereof are under the coverage of the guarantee of Savings Deposit Insurance Fund up to as much as YTL 50 thousand.

b) PLP Accounts With Periodical Payments

In these accounts, which could be opened by real persons or legal entities with such terms as 1 year as well as 1, 3 or 6 months with Profit Payments, our customers are granted higher profit shares.

Depositors may open PLP accounts or withdraw their capital or profit shares at the branches of Albaraka Türk or, where there is found no branch thereof, at the branches of our correspondent banks. Currently, all the domestic branches of Akbank offer domestic correspondent banking services to our Bank. As for the Depositors abroad, they may open Profit and Loss Participation Accounts with the Accounts at our Correspondent Banks abroad by either depositing or transferring money:

a) For EURO

The Bank of New York, Frankfurt	Account No: 0049609710
Commerzbank AG, Frankfurt	Account No: 400886307801
Dresdner Bank AG, Frankfurt	Account No: 499/08171142/00/888
KBC Bank NV, Brussels	Account No: 488-5917752-10
UBS AG, Zurich	Account No: 02300000097576700000Y
Standard Chartered Bank, London	Account No: 01 2514184 96
UniCredito Italiano SpA, Milano	Account No: 995 1471

b) For USD

The Bank of New York, New York	Account No: 890 0033 150
Standard Chartered Bank, New York	Account No: 3582-020202-001
UBS AG, Zurich	Account No: 02300000097576710000B
Lloyds TSB Bank plc, London	Account No: 11261258

PLP Accounts transferred by means of the correspondent banks both home and abroad are treated as at the date whereon they are actually entered into the accounts of Albaraka Türk.

2- Fund Utilization

A- CORPORATE FINANCING

Albaraka Türk, which does not invest money in financial markets on treasure stocks, state bonds or similar investment instruments as per its principles of foundation and activities, has mostly made use of its sources in covering the financial requirements of the real sector ever since its foundation. Albaraka Türk uses contemporary and universal banking techniques in corporate marketing as well as in evaluating demands for credits. Again, it segments customers and sectors with selective perception in consideration of factors like liquidity and profitability, whereby heading both to spread the risk and increase the productivity.

As Albaraka Türk, our basic target in the field of corporate banking is to offer more effective and productive financing opportunities and establish long-term, sustainable relations by offering a wide range of projects-based solutions to all kinds of banking requirements of our customers in constantly changing, competitive market conditions.

In fact, in 2006 we have successfully carried on the model of comprehensive, productive placements for minor-scale firms, whereby we have added a lot of new customers to the credit portfolio, in which process the average placement size has been reduced while the placement profitability has been increased. As a matter of fact, this placement policy has brought along high security, high liquidity and high productivity. In this regard, the concept of active marketing shall be carried on in the forthcoming years.

The Financing Methods used in Corporate Financing may be explained as follows:

- Corporate Financing Support

It is the transaction wherein, within the frame of a contract that will be concluded between Albaraka Türk and the firm to use the fund, the price of all kinds of commodities, securities, real estate, rights and services needed by the concerned firm is paid to the seller by Albaraka Türk in the name of the concerned firm, which thereby is indebted on term basis.

- Financial Leasing

In accordance with the Financial Leasing Law no. 3226, Albaraka Türk procures movable and immovable goods and leases them. Period of the leasing contract should not be less than 4 years (for some types of goods this period may be decreased to 2 years). After collecting the instalment proceeds in accordance with a predetermined schedule between Albaraka Türk and its client, the ownership of the leased goods is transferred to the client at the end of the contract period.

- Profit/Loss Participation

Such instrument is operated to provide funds to retail and/or corporate customers in return for participating to their profit/loss which may occur from their all or particular activities or from buying/selling of a particular good. In order to provide funds to persons and enterprises in return for profit/loss participation, Albaraka Türk signs a 'Profit & Loss Participation Investment Contract' with them, and participates in profit and/or loss at the rate determined in the contract. The due share and the guarantees to be received by Albaraka Türk relating to the profit/loss participation would be indicated very clearly in the referred contract.

- Financing Documents Against Commodities

It is a type of transaction wherein, within frame of a contract to be concluded between Albaraka Türk and the Firm that will use the fund, the firm is allocated fund in return for documents against commodities.

- Non-Cash Credits

Albaraka Türk carries out all types of non-cash credit transactions, like customers' letters of guarantee home and abroad, opening letters of credit for imports, confirming letters of credit for exports, avals/acceptances, etc., in conformity with the Banks' Law and the related regulations within the frame of corporate banking principles.



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Our Services

B- INDIVIDUAL FINANCING

It is a type of transaction wherein a Purchaser, who is a real person, is indebted for the commodities or services he has purchased directly from a seller for his individual necessities on condition that the price thereof should be paid to the seller by Albaraka Türk.

Within the frame of individual financing activities, Albaraka Türk provides its customers with finance for houses, vehicles, or consumer products.

- Financing Houses

Customers as real persons or legal entities who wish to buy a flat or workplace could be supplied with Finance for Housing as much as 70 % of the expertise price of the real estate they want to purchase in return for the mortgage or guarantee thereof. Besides, housing finance could be allocated for such real estate, which are purchased from such producers as Albaraka Türk has formed a contract with, the construction whereof has not yet been completed.

Albaraka Türk has developed in 2006 especially in allocation of housing finance. As a matter fact, with the allocation for YTL 116,7 its portion has formed 71 % of the total sum of individual financing for YTL 164,8.

- Financing Vehicles

Those, either real persons or legal entities, who would like to purchase automobiles or commercial vehicles are provided with vehicle financing both for new or second-hand vehicles. While the amount of vehicle financing may be up to as high as 80 % of the total sum of the vehicle's invoice for brand new passenger cars, light commercial vehicles, panel vans, lorries, minibuses, midi-buses, private public transportation buses, trucks and towing vehicles, the amount of financing can be as high as 50 % of the insurance value for maximum three-year-old commercial vehicles produced at home and for maximum five-year-old imported commercial vehicles.

The rate of the vehicle financing in the individual financings allocated by Albaraka Türk in 2006 has been realized at 28 % with the total sum of allocation for YTL 46 Million.

- Consumer Financing

Consumer financing could be provided with a view to financing consumers, who are supposed to be real persons, to purchase durable consumer goods like white goods, furniture, computers, air conditioners, combination boilers, etc. and services such as the payment for the installation of durable consumer goods like combination boilers and natural gas transformation equipment, etc. Real person consumers could be provided with consumer financing in such manner as will not exceed the bill of the consumer commodity or service they wish to purchase.

3- Foreign Transactions:

Albaraka Türk, just like other conventional banks, is authorized to render all types of intermediary and consultancy services on foreign trade and foreign exchange. All types of import payment methods and procedures such as letters of credit, cash against documents, cash against goods, cash payments, acceptance credits and transit trade are carried out within the framework of international banking rules and practices by highly qualified and experienced staff using the most advanced banking means and opting only for client satisfaction.

The bank is also ambitious in export services, as this trade is vital to the Turkish economy. Albaraka Türk offers intermediary and consultancy services for all types of export operations. It has a widespread international correspondent bank network. Albaraka Türk is one of the very few Turkish banks adding confirmation to the export letters of credit issued through Afro-Asian region, especially countries of the Middle East and North Africa like Algeria, Yemen and Sudan. The bank's major shareholder ABG (Albaraka Banking Group) banks are operating in a very wide geography including North Africa and the Middle East. A total number of 9 banks, including Banque Al Baraka d'Algerie in Algeria, Bank Et-Tamweel Al-Tunisi Al-Saudi (BEST Bank) in Tunisia, Egyptian Saudi Finance Bank in Egypt, Jordan Islamic Bank in Jordan, Al Baraka Bank Lebanon in Lebanon, Albaraka Islamic Bank Bahrain and Al Amin Bank E.C. in Bahrain, Albaraka Bank Sudan in Sudan and Albaraka Bank Ltd. in South Africa all provide Albaraka Türk Participation Bank with solemn group synergy in foreign trade between Turkey and the countries in the Middle East and North Africa.

Albaraka Türk Participation Bank offers its customers fast, quality and secure international banking services through a vast network of correspondent banks numbering 222 in 61 countries from Singapore to England, from South Africa to China, from Australia to Kazakhstan, inclusive of long-established banks like UBS AG, BNP Paribas, KBC Bank, WGZ Bank, UniCredito Italiano SpA, Societe Generale, The Bank of New York, Lloyds TSB Bank plc, Commerzbank AG, Bank of China Limited, Intesa Sanpaolo SpA, Standard Chartered Bank Plc, KBC Bank, Banco de Sabadell SA, MashreqBank PSC, Dubai Islamic Bank, Gulf International Bank, National Commercial Bank, SAMBA Financial Group, Doha Bank, UBAF as well as over 460 SWIFT BKE partners in almost every country.

Albaraka Türk, which has successfully integrated the most sophisticated technology used in international banking and foreign transactions into its structure, actually manages to maintain its leading position in the sector with this quality. The effective use of technology and the periodical trainings of the staff have minimized operational risks, which feat has been proven with the correspondent services provided in the field of international banking transactions in 2006, whereby having been recompensed by The Bank of New York (American) and Standard Chartered Bank (British) with STP (Straight Through Processing) awards.

4- Other Banking Products and Services

A- Credit Cards:

Albaraka Türk Visa Credit Cards can be used at millions of stores, shopping malls and workplaces in Turkey and in over 220 countries. We have offered the 'Albaraka Türk Business Card', which we added to the range of credit card products in 2005, to the use of 4.386 customers in 2006.

Again, in 2006, Albaraka Türk Business Cards have been arranged to have access to current accounts and withdraw cash and do shopping from both ATM's and member workplaces.

B- Point of Sale (POS) Services:

Also, noteworthy developments have been achieved in POS services in 2006 and the number of our POS has reached 9.671, while our POS turnover added up to YTL 883 Million. The range of our products composed of ABAT POS, MOBIL POS and MAIL-ORDER POS has been enriched with GPRS POS and IP POS products in 2006.

C- Alternative Distribution Channels

Technological developments ensure banks' customers to have easier access to banking products and services at lower costs. On the other hand, such channels as ATM machines placed at the locations of branches for providing customers with banking products and services other than banks as the conventional channel, kiosks and the Internet branches, telephone banking, WAP banking and SMS banking whereby customers can do the carry out banking transactions without going to physical branches have been offered by banks to the service of their customers. We, as Albaraka Türk, offer service to our customers by means of the ATM machines located at our braches, the Individual and Corporate Internet Branches outside of our branches and Call Centre that provide Telephone Banking.

At our Individual and Corporate Internet Branches and Call Centre, which may be reached on non-stop basis 7/24 on 365 days of the year, a great variety of banking transactions - except for depositing money in accounts - can be realized such as foreign (SWIFT) and domestic (EFT) fund transfers, foreign exchange, opening PLP accounts, monitoring account activities, monitoring periodic payment details, monitoring credit card/business card statements and debit details within the related period, payment of credit card/business card debts, payment of bills, etc. within international security standards.

D- Other Services

- Cheque Books
- Intermediary Services for Collection of Cheques and Bonds
- Foreign Exchange Dealing
- Domestic and Offshore Transfer Transactions
- Automatic Payment Services
- Insurance Intermediary Services
- Safe-Deposit Boxes



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Our Services

Our Activities in 2006

Fund Collection

In 2006, Albaraka Türk accomplished an increase by around 24,82 % in those funds it has collected by means of 'Special Current Accounts' and 'Profit and Loss Participation Accounts'. As at the year-end of 2006, the total funds of Albaraka Türk reached 2 Billion 154 Million New Turkish Lira, around 56,20 % whereof is made up of foreign currency funds. On the other hand, the Special Current Accounts added up to 414 Million 606 Thousand New Turkish Lira with an increase by 20,47 % in 2006. The portion of Special Current Accounts in total funds materialized at 19,25 %. Again, the funds collected in the Participation Funds increased by 25,90 % in comparison to the previous year and reached 1 Billion 739 Million New Turkish Lira.

Progress of Collected Funds

	2006		2005		Change	
	YTL	USD Equiv.	YTL	USD Equiv.	YTL	USD
Funds in YTL	943.379	673.842	820.812	608.911	14,93%	10,66%
Current Accounts	167.810	119.864	146.423	108.622	14,61%	10,35%
Participation Accounts	775.569	553.978	674.389	500.289	15,00%	10,73%
Funds in Foreign Currency	1.210.636	864.740	904.897	671.289	33,79%	28,82%
Current Accounts	246.797	176.284	197.727	146.682	24,82%	20,18%
Participation Accounts	963.839	688.456	707.170	524.607	36,30%	31,23%
USD Accounts	555.711	396.936	416.470	308.954	33,43%	28,48%
EUR Accounts	408.128	291.520	290.700	215.653	40,39%	35,18%
TOTAL FUNDS	2.154.014	1.538.582	1.725.709	1.280.200	24,82%	20,18%

Table-1: Funds Collected in YTL Thousand and USD Thousand

1USD=1.348 YTL (2005)
1USD=1.4 YTL (2006)

From the point of Fund Collection Activities of Albaraka Türk, in comparison with the other Participation Banks, it ranks 2nd with the Size of Funds with USD 1.322.000.- per Member of Staff and USD 24.258.498.- per Branch.

Fund Collection Activities of Albaraka Türk are carried out by means of:

- a- Main Branch and Branches of Karaköy, Kadıköy, Bakırköy, Bayrampaşa, Fatih, Ümraniye, Sultanhamam, İkitelli, Pendik, Merter, Beşyüzevler, Bağcılar, Beylikdüzü, Üsküdar, Sahrayıcedit, İmes, Zeytinburnu, Güneşli, Sultanbeyli, Maltepe, Çağlayan, Şirinevler, Levent Sanayi, Avcılar, Kartal, Kavacık and Sefaköy in Istanbul; Branches of Ankara, Siteler, Ostim, Balgat and Etlük in Ankara; Branches of Izmir and Karabağlar in Izmir; Branches of Bursa and Uludağ in Bursa; Branches of Konya, Konya Industrial Region and Konya Büsan in Konya; Branches of Kayseri and Kayseri Industrial Region in Kayseri; Branches of Izmit and Gebze in Izmit; as well as Branches of Adana, Gaziantep, Samsun, Malatya, Kahramanmaraş, Adapazarı, Antalya, Balıkesir, Diyarbakır, Denizli, Şanlıurfa, Eskişehir, Sivas, Erzurum, Trabzon, Elazığ, Düzce, Afyon and Çorum.
- b- Branches of Akbank all over in Turkey.
- c- Correspondent Banks abroad.

Fund Utilization

In 2006 a total amount of limit allocation for YTL 4,3 billion has been allocated to customers, 50 % whereof pertain to two thousand new fund-utilization customers from diverse sectors that have recently joined the portfolio. On the other hand, the most significant item of development in our limit allocations has been realized in non-cash allocations with the growth rate for 193 %. Our Bank has further increased the fund allocation volume in 2006 in comparison with the previous years both absolutely and relatively, according to which:

(YTL Thousand) (USD Thousand)	2006		2005		Change	
	YTL	USD Equiv.	YTL	USD Equiv.	YTL	USD
Corporate/ Individual Financial Leasing	1.813.656	1.295.469	1.365.775	1.013.186	32,79 %	27,86 %
Financial Leasing	150.412	107.437	129.553	96.108	16,10 %	11,79 %
Profit/Loss Partnership	19.205	13.718	5.051	3.747	280,22 %	266,10 %
TOTALS	1.983.273	1.416.624	1.500.379	1.113.041	32,18 %	27,28 %

Table 2: Fund Utilization Table

1\$=1.348 YTL (2005)
1\$=1.400 YTL (2006)

Total Placements reached YTL 1,98 billion in 2006 with an increase by 32,18 % on basis of YTL in comparison with those in 2005.

a) Corporate / Individual Finance Support

In 2006, those funds allocated by manner of Corporate/Individual Finance Support added up to YTL 1,8 billion with an increase by 32,79 % on basis of YTL in comparison with those in 2005.

In this regard, while the rate of Corporate/Individual Funds in Total Placements was 91,03 % in 2005, it materialized at 91,45 % in 2006 with no considerable difference.

b) Financial Leasing

In 2006, those funds allocated by manner of Financial Leasing summed YTL 150 million with an increase by 16,10 % on basis of YTL in comparison with those in 2005.

On the other hand, while the rate of Financial Leasing Funds in Total Placements was 8,63 % in 2005, it decreased to 7,58 % in 2006.

c) Profit/Loss Sharing Investments

In 2006, those funds allocated by manner of Profit/Loss Sharing Investment, the portion whereof is very low among the placements of our Bank, reached as high as YTL 19 million with an increase by 280 % on basis of YTL in comparison with those in 2005 for YTL 5 million.

Thus, while the rate of Profit/Loss Sharing Investment Funds in Total Placements was 0,34 % in 2005, it increased to 0,97 % in 2006.

International Banking Services

As in the past years, with its vision to be a proficient Participation Bank that offers products and services both home and abroad, Albaraka Türk has continued to offer its customers quality services in foreign exchange transactions in 2006. The Foreign Currency Position of Albaraka Türk with international banks as at 31 December is composed of 45 accounts in 10 different currencies. On the other hand, the number of overseas correspondent banks all over the world as at the year-end has reached 222. The volumes of comparative transactions as regards to the Bank's foreign transactions in 2006 are given in the table below:

	2006	2005	Change (%)
Exporting	\$ 430.001.760.-	\$ 351.389,39	22,37
Importing	\$ 897.875.925.-	\$ 690.095,77	30,11
Invisible transactions	\$ 1.524.281.758.-	\$ 928.193,88	64,22
TOTAL	\$ 2.852.159.443.-	\$ 1.969.679,04	44,80

Table- 3: Volume of Foreign Transactions Wherein Our Bank Acted as Agent (USD)

1\$=1.348 YTL (2005)
1\$=1.400 YTL (2006)



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Our Activities in 2006

ADMINISTRATION AND CORPORATE ADMINISTRATION APPLICATIONS

BOARD of DIRECTORS

Chairman

Mr. Adnan Ahmed Yusuf ABDULMALEK

Vice Chairman (Authorized Director)

Mr. Yalçın ÖNER

Member (Authorized Director)

Mr. Osman AKYÜZ

Member

Mr. Osman Ahmed SULIMAN

Member

Mr. Ibrahim Fayez Humaid ALSHAMSI

Member

Mr. Faisal Abdulaziz ALZAMEL

Member (Authorized Director)

Dr. Adnan BÜYÜKDENİZ



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Board of Directors

Short Biographies of Board Members

Mr. Adnan A. Yusuf Abdulmalek: Mr. Adnan A. Yusuf Abdulmalek, who was born in 1955 in Bahrain, studied Administrative Sciences at Hull University (England), where he also did his post-graduate study.

Mr. Adnan Yusuf, who started his Banking career in 1973 at Habib Bank, worked as Assistant Manager of Credits Transactions at American Express Bank between 1975 and 80. Then, he held the following positions at Arab Banking Corporation (ABC) from 1980 onwards in order: Main Branch Manager, Acting General Manager and Vice-Chairman, Director of Global Marketing and Finance Institutions Division, Head of Arab World Division, Vice Manager of Participations and Investments. Afterwards, in 1998 Mr. Adnan Yusuf became Chairman of ABC Islamic Bank (EC). Next, in March 2000 he was appointed as General Manager of Albaraka Banking Group (ABG). Mr. Adnan Yusuf, who officiated as CEO of Bahrain Islamic Bank from 2002 to 2004, became a Board Member and CEO of ABG in August 2004. He still holds this position.

Mr. Adnan Yusuf, who is a Board Member or Chairman of all the banks within ABG family, has been Chairman, Executive Committee President and Credit Committee Member of our Bank since April 2005.

Apart from his abovementioned positions, Mr. Yusuf, who was granted the award of 'Banker of Year' at the World Islamic Banks' Conference in 2004, is also Vice Chairman of Arab Banks' Union in Lebanon and Chairman of Islamic Investment Bank of Europe in England.

Mr. Yalçın Öner: Mr. Yalçın Öner, who had his degree from Faculty of Political Sciences, Ankara University, did his post-graduate study at Minnesota University (USA) on Public Administration. He started his career in 1959 at the Ministry of Finance as a Certified Public Accountant. Then, he began to work for State Investment Bank in 1972 and for Investment Financing Co. Inc. in 1978. Afterwards, he became the first General Manager of Albaraka Türk in 1985 and held this position until 1996.

After that, he has been executing the following positions at Albaraka Türk: Board Member since 1996; Vice Chairman since 2000, Board Member Responsible for Internal Control and Risk Management since 2001, Executive Board Member since 2002.

Mr. Osman Akyüz: Mr. Osman Akyüz, having had his degree from the Faculty of Political Sciences of Ankara University, started his career as a Certified Public Accountant at Ministry of Finance in 1978. Then, he quit that position and transferred to Sezai Türkeş - Fevzi Akkaya Group as an Auditor and Financial Consultant in 1983. Next, he started to work as Manager of Financial and Administrative Affairs at our Bank in 1985. Thereafter, he worked as Fund Allocations Manager (1991-94), Assistant General Manager (1994-95) and General Manager from 1996 to 2002. Mr. Akyüz has been Executive Board Member of our Bank since 2002. Besides, Mr. Akyüz has been a Member of the Credits Committee and Executive Committee of our Bank.

Also, Mr. Osman Akyüz has worked as Secretary General of the Union of Turkish Participation Banks, Board Member of Chamber of Commerce of Istanbul, and Board Member of Formula Istanbul Investment Inc. and Motor Sports Organization Inc.

Mr. Osman Ahmed Suliman: Mr. Osman Ahmed Suliman was born in Sudan in 1941. Having had his degree from the Faculty of Economics of Khartoum University in the capital city of Khartoum, he did his postgraduate study at 'The International Banking School' at 17 November University in Czechoslovakia.

Afterwards, Mr. Osman A. Suliman started his career at EL-Nilein Bank in Sudan in 1965, where he worked, in order, as: Branch Manager, Assistant General Manager, General Manager, Vice Chairman and Chairman. Mr. Osman Suliman, who worked as an Assistant General Manager in the Division of Banking Coordination from 1988 to 1995 for Albaraka Investment & Development Co., the Head-Office whereof is in Jeddah, worked for the aforesaid company between 1995 and 2002 as Board Member accountable for the Sector of Financial Services (from In-Group Banks). Then, between 1985 and 86 he officiated as Chairman of Sudan Banks' Union and Banking Foreign Currency Board. He has been Chairman of Albaraka Bank in Sudan since 1995 and Board Member of Albaraka Islamic Bank in Bahrain since 2005 and Assistant General Manager at ABG. Furthermore, he was appointed as Board Member to Arab Banks' Union (Lübnan) and Kenana Sugar Co. before March 1988.

Mr. Osman Suliman, who was appointed as Board Member of Albaraka Türk in April 2005, still holds this position; again, he is President of Audit Committee of our Bank.

Mr. İbrahim Fayeز Humaid Alshamsi: Mr. Alshamsi was born in 1949 in United Arab Emirates (UAE). He had his degree in 1972 from the Arab University of Beirut, in Lebanon.

He started his career in 1969 at Bank of Oman as Current Accounts Chief and then became Manager of Ajman Branch of this Bank (1971). He held the following positions in order: Manager of Financial Affairs at Ministry of Public Works and City Planning of UAE (1972); Assistant General Manager at Abu Dhabi Fund For Arab Economic Development (1976); Board Member for European Arab Bank Holding in Luxembourg (1978), for Austrian Conference Centre Co. in Vienna (1984), Industrial Bank of UAE (1983) and Dubai Islamic Bank (1998). Mr. İbrahim Fayeز, who also worked as Chairman of Bangladesh Investment Co. in Bahrain and Manager of Arab Fund For Economical & Social Development in Kuwait (1983), has been Chairman and CEO of Emirates Islamic Bank in Dubai since the beginning of 2004.

Mr. İbrahim Fayeز has been Board Member and Member of Audit Committee of our Bank since April 2005.

Mr. Faisal Abdulaziz Al Zamel: Mr. Faisal Alzamel was born in Kuwait in 1956. He had his degree at Kuwait University in 1975 and then did postgraduate study at New Haven University (USA) in 1979.

As part of his banking career, in 1981 he became Assistant General Manager of Kuwait Finance House [Kuwait], which position he held until 1995. Again, he worked as Executive Director of Islamic Development Bank from 1986 to 2003.

Between 1988 and 2001 he officiated as Board Member of Kuwait Türk Awqaf Finance House Co. in our country, during which period he was also General Manager of International Environment & Services Co. in Kuwait.

Mr. Faisal Alzamel has been a Board Member of our Bank on behalf of Islamic Development Bank, of our Shareholders, since 2003.

Dr. Adnan Büyükdeniz: Dr. Adnan Büyükdeniz completed his high school education in the U.S.A. He had his degree in 1980 from the Branch of Economics of Bosphorus University. He got a degree of Economics and Master's degree from The London School of Economics in England. Thereafter, he did his doctorate degree at the Social Sciences Institute at Istanbul University. He started his career in 1982 as a Researcher Economist at TÜSIAD (Association of Turkish Industrialists and Businessmen). In 1986 he began to work as Assistant Manager of Researches/Marketing at Albaraka Türk. He worked in order as Manager of International Division, Assistant General Manager and Senior Assistant General Manager. In 2003 he was appointed as General Manager of Albaraka Türk. Apart from his position as General Manager, Dr. Büyükdeniz has also been an Executive Board Member and Member of Executive Committee.



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Board of Directors

OUR SENIOR STAFF

GENERAL MANAGER : Dr. Adnan BÜYÜKDENİZ

Senior Deputy Assistant

General Manager

: Mr. Fahrettin YAŞI

Assistant General Manager

: Mr. Temel HAZIROĞLU

Assistant General Manager

: Mr. Bülent TABAN

Assistant General Manager

: Mr. M. Ali VERÇİN

Chief Legal Advisor

: Mr. Nihat BOZ

Chief Auditor

: Mr. Mitat AKTAŞ

International Division

: Mr. İhsan Fehmi SÖZKESEN

Corporate Banking Division

: Mr. Hüseyin TUNÇ

Retail Banking Division

: Mr. Ömer Lütfi TAMA

Operations Division

: Mr. Mahmut Esfa EMEK

Marketing Division

: Mr. Osman ÇELEBİ

Marketing Division

: Mr. İsmail KUZ

Marketing Division

: Mr. Hasan ALTUNDAĞ

Marketing Division

: Mr. Kenan Can GÖKPINAR

Financial Affairs Division

: Mr. Ahmet OCAK

Risk Monitoring Division

: Mr. Kemal YAYLA

Information Technology Division

: Mr. Ahmet GÜZEL

Administrative Affairs Division

: Mr. Salih UZUN



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Our Senior Staff

Short Biographies of Assistant General Managers

Mr. Fahrettin Yahşi, Senior Assistant General Manager: He was born in Fatsa, Ordu in 1965. He had his degree from the Branch of Management, Faculty of Political Sciences, Ankara University in 1987. He started his career as Sworn Auditor for Banks in 1987. He worked for Ege Bank as an Assistant General Manager between 1996 and 1998. He was appointed as Assistant General Manager at Albaraka Türk in 1998. He has been Senior Assistant General Manager since June 2005.

Mr. Temel Hazıroğlu, Assistant General Manager: He was born in Trabzon in 1955. He had his degree from the Branch of Mathematical Engineering, Istanbul Technical University in 1980. He worked as Programmer, System Analyst, Assistant Manager of IT for Türkiye Emlak Bankası. He dealt with trade and worked as an independent consultant between 1992 and 1995. Then, he was appointed as Manager of IT Department and Deputy Manager of Personnel and Administrative Affairs of Albaraka Türk in 1996. He was promoted to the position of Assistant General Manager at Albaraka Türk in 2003. He is still Assistant General Manager accountable for Departments of IT, Risk Follow Up, Human Resources and Administrative Affairs.

Mr. Bülent Taban, Assistant General Manager: He was born in Ordu in 1966. He had degree from the Faculty of Management of Istanbul University in 1987. Then, he did his post-graduate study at the Branch of Management, Social Sciences Institute, Istanbul Technical University in 1990. He started his banking career as an Inspector of the Board of Inspectors for Türk Ticaret Bankası (Turkish Commercial Bank). He was transferred to Kentbank in 1995, where he was appointed as Manager of Retail Banking in 1997. He began to work as Manager of Retail Banking for Albaraka Türk in 2002. Mr. Bülent Taban has been officiating as Assistant General Manager accountable for Departments of Retail Banking, International Division (Correspondent Banking, Treasury and Operations) since 2003.

Mr. M. Ali Verçin, Assistant General Manager: He was born in Kurtalan in 1962. He had degree from the Branch of Economics, Faculty of Political Sciences, Ankara University. He worked as Manager of Exporting Affairs and Marketing Manager for several companies between 1984 and 1993. He began to work as Projects Marketing Expert for Albaraka Türk in 1993. He was promoted to the position of Marketing Manager in 2002. Mr. M. Ali Verçin has been Assistant General Manager accountable for Departments of Marketing and Banking Affairs since September 2005.

Auditors

The professional experience, durations of service for our Bank and durations of service as an auditor for our Bank are as follows.

Full Names	Professional Experience (Years)	Duration of Service for our Bank (Years)	Duration of Service as Auditor for our Bank (Years)
Mr. Memduh Çoşkuner	11	9	9
Mr. Seyfettin Yenidünya	37	15	3
Mr. Arif Ateş Vuran	36	21	21



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Short Biographies

Committees and Their Functions:

• Executive Committee:

The Executive Committee has been formed for the supervision of the implementation of the resolutions of Board of Directors and the realization of transactions having been vested with the authority thereof with Article 36 of the Articles of Incorporation of our Bank. The Executive Committee, which convenes at least four times a year on condition that the period between two consecutive meetings should not exceed four months, is made up of the following members:

President	: Mr. Adnan Ahmed Yusuf ABDULMALEK, Chairman
Member	: Mr. Yalçın ÖNER, Executive Board Member and Vice Chairman
Member	: Mr. Osman AKYÜZ, Executive Board Member
Member	: Dr. Adnan BÜYÜKDENİZ, Executive Board Member and General Manager

• Credit Committee:

The Credit Committee, the tasks, authorities and liabilities of whom should be limited with the restrictions of Banks' Law, is composed of the following members:

Full Members:

Full Member	: Mr. Adnan Ahmed Yusuf ABDULMALEK, Chairman
Full Member	: Dr. Adnan BÜYÜKDENİZ, Executive Board Member and General Manager
Full Member	: Mr. Osman AKYÜZ, Executive Board Member

Alternative Members:

Alternative Member	: Mr. Yalçın ÖNER, Executive Board Member and Vice Chairman
Alternative Member	: Mr. Faisal A. ALZAMEL, Executive Board Member

• Audit Committee:

The Audit Committee is accountable, on behalf of the Board of Directors, for:

- Supervising the efficiency and the competence of the internal systems of the Bank, the functioning of these systems as well as the accounting and reporting systems along with the integration of the produced data within the frame of the Banks' Law and the related regulations; carrying out pre-evaluations in the selection by the Board of Directors of independent audit firms, ranking firms as well as firms for evaluation and support services; monitoring regularly the activities of those institutions appointed by the Board of Directors wherewith a contract is concluded; ensuring the maintenance and coordination of the consolidated internal audit activities of the shareholders that are subject to consolidation as per the regulations that are put into effect on basis of the Banks' Law.

The Methods and Principles for the Operation of the Audit Committee are as follows:

- Audit Committee convenes at least four times a year;
- Audit Committee, if and when needed, calls the authorities of Independent Audit Firms to meetings with a view to asking for their views on controlling, financial tables, internal audit and such articles of the agenda as may require private session;
- Adopted resolutions, by their qualities, are submitted to the information or approval of the Board of Directors;
- Resolutions of the Audit Committee are registered as per the provisions of Banks' Law as to Books of Resolutions.

With the Resolution of Board of Directors of Albaraka Türk Participation Bank dated 31st October, 2006 and no. 636, it was deemed proper that Mr. Osman Ahmed Suliman, Mr. Ibrahim Fayez Humaid Alshamsi and Mr. Yalçın Öner, of Board Members, be selected as Members of Audit Committee. With the same Resolution Mr. Osman Ahmed Suliman was appointed as President of the Audit Committee.

Again, with the Resolution dated 21st December, 2006 and no. 651, Mr. Yalçın Öner, Member of Audit Committee, was appointed as the Authority Liable For Internal Systems.

• **Risk Follow-Up Committee:**

The Risk Follow-Up Committee, which has been established to officiate for the liquidation of Bad Debts, is composed of the following persons:

- President** : Dr. Adnan BÜYÜKDENİZ, General Manager
President : Mr. Temel HAZIROĞLU, Assistant General Manager
President : Mr. Kemal YAYLA, Risk Follow-Up Manager
President : Mr. Hakan KURBETÇİ, Assistant Chief Legal Consultant

• **Committee For Management Of Assets and Liabilities:**

The Committee For Management Of Assets and Liabilities, which deals with issues related to the Bank's activities, convenes at least once a week under the presidency of General Manager with the participation of the Assistant General Managers Accountable for Funds Allocations, Marketing, Individual Banking Fund Management and Financial Affairs and the Managers of the concerned divisions.

• **Committee For Determination Of Prices:**

This Committee determines as to at which profit rates the Bank's sources shall be allocated to customers by the branches thereof in terms and currencies and announces this to the related divisions.

The Committee For Determination of Prices, which meets at least once a week, convenes under the presidency of Senior Assistant General Manager of the Bank with the participations of the Assistant General Managers accountable for Funds Management, Marketing, Individual Banking and Operations as well as the Managers of the related divisions.

Human Resources and Training:

Training:

The training policies of Albaraka Türk have been shaped within the frame of its strategies and objectives so that the employees can be provided with the required knowledge and skills that will promote their individual and professional development. With a view to providing them the required proficiencies for positions at our Bank orientation programs are held for newly recruited Clerks, Assistant Experts and Assistant Inspectors, whereat participants are furnished with training for customer relations and personal development aside from technical trainings in banking. On the other hand, the experienced employees of our Bank are offered training programs as to amendments in regulations and technological developments that occur periodically as regards to their positions. Also, in cases of appointments or promotions to a new position within the Bank, they are given on-the-job training and/or in-division training so that they can be furnished with the necessary knowledge and skills as regards to their new office.

The total time of the trainings given in 2006 add up to 47.796 hours, whereby the average time of training programs per capital is 40 hours. 311 employees have participated in the orientation trainings held during the year.

Promotions:

Promotion is the advancement of the staff at Albaraka Türk on basis of title within the hierarchical structure, wherein are two types of criteria, being general conditions and seniority:

1. General Conditions:

- To pass the promotion exams;
- To be regarded successful in year-end performance evaluations;
- Not to have any disciplinary defect that will hinder promotion.

2. Seniority:

It signifies that the concerned officer is to complete the duration of service in his current position as long as is stipulated by the Personnel Regulations.



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Human Resources and Training

Career Management:

For our Bank to attain its Vision and maintain its accomplishments it is essential that it is to develop its organization constantly.

Within the frame of Career Management, we have aimed to develop the skills of our employees in their current positions, to train them as qualified Bankers through training programs, thus ensuring improvement in performance through the proper utilization of knowledge and skills in right places. To this end, Performance Evaluation is conducted every year in regards to the proficiencies and objectives of our employees, wherein the staff are constantly supported with training programs in direction of their requirements.

Our strategy in Career Management is to form and implement such a systematic as enables the employees of Albaraka Türk to plan and administer their careers in that it optimises not only their careers but also their organizational requirements and personal proficiencies.

Recruitment:

In fact, 2006 has been a year wherein there has been a considerable increase in the number of our recruitment parallel to our attempt for opening new branches and expanding. In the process of recruitments to our Bank advanced technologies and methods are used, thus ensuring that suitable persons are recruited for vacant positions. As the recruitment of employees, who will form our intellectual capital, plays an important role in our Bank's attaining its set goals and constantly enhancing customer satisfaction, utmost diligence is assigned to employment procedures.

The determination of any requirement for recruitment is made in consideration of the staff-requirements of the branches to be opened as well as of the current branches and the divisions of the Head Office and the demands by Managers of Departments/Branches. Candidates that are found successful as result of the evaluations (i.e. exam/interview) are recruited in accordance with the 'Recruitment Process' of the Department of Human Resources.

Parallel to the expanding and branching activities of our Bank, the numerical development in our human resources is as follows:

Numbers of Employees of Albaraka Türk Participation Bank

2004	2005	2006
739	909	1156

Applications In Organization and Quality Management:

In order to improve efficiency, productivity and quality of all the activities of our Bank, research and development and documentation studies are carried out so that the organizational structure and the activities therein can be rendered more efficient and productive, that sophisticated management techniques can be implemented and disseminated.

Our Bank holds ISO 9001:2000 Quality Management System Certificate. On the other hand, studies are underway for the constant improvement of the operation of the Quality Management System, documentation management as well as the performance of the whole system.

Again, in 2006 the Learning Organization Project has been prepared for the Intellectual Capital to be improved into a more structural value for our Bank.

Still, studies have been carried out so that the strategic aims can be transformed into the targets of process and staff within the frame of targets and management.

Besides, our Bank successfully passed the external auditing realized by SGS Certification Institute in mid-2006.

What is more, the new employees recruited to our Bank have been given Quality Awareness Training; and studies have been done for the efficient management of our Bank's system of suggestions.

Explanation On Outsourcing Supports

Information on our Bank's fields of operation for which it gets outsource support services and the providers thereof are as follows:

Support Services Received	Outsource Support Partners
Printing Cheques	Güzel Sanatlar Çek Basım Ltd. Şti, Oğul Dış Ticaret ve Makine Sanayi A.Ş.
Insurance Agency	Işık Insurance, Güneş Insurance, Anadolu Insurance.
Business Card Management and Printing Cards	Anadolu Credit Cards
POS Management, Credit Card Operations	Yapı ve Kredi Bankası
Web Site Design	Çizgi Computer Systems Ind. and Trade Co. Ltd.
Internet Connection	Doruknet Doruk Communications and Automations Ind. and Trade Co. Inc.
System Support	Eastern Networks Co. Inc.
ATM Maintenance Services	NCR IT Systems Co. Ltd.



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Outsourcing Supports

FINANCIAL INFORMATION AND RISK MANAGEMENT



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Financial Information and Risk Management

REPORT OF BOARD OF AUDITORS

TO THE GENERAL MANAGEMENT OF
ALBARAKA TURK PARTICIPATION BANK

- TITLE OF INSTITUTION : ALBARAKA TURK PARTICIPATION BANK
HEAD OFFICE : ISTANBUL
CAPITAL : YTL 160.000.000,- (One Hundred and Sixty Million New Turkish Lira)
FIELD OF OPERATION : Banking Transactions based upon Profit and Loss Participation and other activities mentioned in the Articles of Incorporation.
- Name/Names of Auditor(s); duration of his/their office; whether he is/they are shareholders : Mr. Arif VURAN (not a shareholder), Mr. Memduh COŞKUNER (not a shareholder); Mr. Seyfettin YENİDÜNYA (not a shareholder). The duration of their office is three years. (They were appointed at the General Assembly dated 07.04.2005)
- Number of Board Meetings Attended and Audit Meetings Held : 10 (Ten)
- Coverage of Audit of Shareholders' Accounts, Books and Documents; Dates of Audit and Results Thereof : Cash, cheques, bonds and vouchers were counted periodically on certain days of each month and records and documents were scanned by manner of sampling inspection; as a result, no irregularity was observed. No point was seen that would require criticism.
- Number and Results of Counts Done At Shareholders' Teller as per Sub-Paragraph 3 of Paragraph 1 of Article 353 of Turkish Commercial Code : No irregularity was witnessed as result of 16 (sixteen) counts.
- Dates and Results of Audits Done as per Sub-Paragraph 4 of Paragraph 1 of Article 353 of Turkish Commercial Code : Through the audits on the Company's Books realized on certain days of each month, it was observed that all kinds of valuable papers were present in conformity to records.
- Reported Complaints and Frauds and Transactions Executed Thereon : No complaint or allegation for corruption practice reached our institution.

We have audited the Accounts and Transactions of Albaraka Turk Participation Bank Company Incorporated for the period between 01/01/2006 and 31/12/2006 according to Turkish Commercial Code, the Company's Articles of Incorporation, other Regulations and generally accepted principles and standards of accountancy.

In our point of view, the attached Balance-Sheet dated 31/12/2006 the contents whereof have been approved by us reflects the real financial situation of the Company on the said date; again, the Profit and Loss Statement for the period between 01/01/2006 and 31/12/2006 reflect the real results of activities for the mentioned period.

We submit to your kind approval of the Balance-Sheet and Profit and Loss Statement and of the acquittal of the Board Members.

Best regards,
BOARD OF AUDITORS

Arif VURAN



Memduh COŞKUNER



Seyfettin YENİDÜNYA



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Auditor's Report

Evaluation of Audit Committee As Regards To Functioning of Internal Systems:

In order to monitor and control suffered risks, our Bank has formed a sufficient and efficient structure of internal systems, consistent with the coverage and structure of activities, in conformity to changing conditions, covering all the branches and divisions, within the frame of the methods and principles.

The divisions within the coverage of the Internal Systems are the Board of Inspectors, Board of Internal Control and Board of Risk Management. All the three Boards operate accountable to the Supervisor of Internal Systems and Board of Directors through the President of Auditors and Inspectors.

Board of Inspectors

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

Board of Inspectors functions with understanding of risk-focused audit. During the process of audit, for which developing technology is used, it is supervised whether the activities are in conformity with both external and internal regulations. The function of supervision is performed by manner of on-the-spot supervision. The report prepared at the end of an inspection study is also submitted the Supervisor of Internal Systems, who is also a Member of Board of Audit, and within his knowledge, to the General Manager and Assistant General Managers.

In 2006, inspection has been intensified on risk-focused inspections and in cooperation with the Internal Control Division a large part of the credit portfolio, which makes the most significant risk field of Bank, has been inspected.

The staff appointed to the Board of Inspectors, who perform their office independently and impartially, have sufficient professional knowledge and experience.

The results of the activities of Board of Inspectors are periodically evaluated by the Bank's Audit Committee and the Board Directors.

Board of Internal Control

The Board of Internal Control - in order to ensure that the Bank's activities to be executed in conformity to the determined aims and principles, the policies, methods, application instructions and limits stipulated by the Management, in a regular, fruitful and efficient manner, within the frame of regulations and rules - is liable for designing, developing, implementing, administering the internal controlling activities; monitoring and evaluating activities in this frame and reporting the results to the ranks of Senior Staff.

Thus, it ensures that the Internal Control System of Albaraka Türk function in a regular, efficient and secure manner both by the Head Office and through the Internal Control Staff by means of risk-focused and interactive controls carried out at the Divisions of the Head Office and the Branches thereof.

Such determinations, opinions and suggestions as are determined as result of the internal controlling activities are in the first place shared and evaluated by those that carry on these activities, thereby not only the necessary complementary and preventive measures are adopted and implemented in a fast manner but also the 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.

The staff appointed to the Board of Internal Controlling, who perform their office independently and impartially, have sufficient professional knowledge and experience.

The results of Internal Controlling Activities are periodically evaluated by the Bank's Audit Committee and the Board Directors.

Presidency of Risk Management

In order to determine the financial and non-financial risks our Bank has been exposed to within the management activities as well as the management strategies of these risks and the implementation methods thereof, studies were initiated in 2006. In January 2007 policies as to the risks of credit, market, liquidity, operation and other risks apart from the manners of implementation thereof were endorsed by our Board of Directors and thus took effect.

The risk management policies and the manners of the implementation thereof are inclusive of the definition of financial and non-financial risks, fields of risks, risk minimising techniques, activities for preventing and correcting risks, measuring, monitoring and controlling risks.

With risk management policies, risk limits have been determined for those of the risks whereto our Bank has been exposed that have been digitised.

Risks evaluated in general, the biggest risk experienced in 2006 has been the credit risk.

The majority of the data received from the IT system of our Bank as regards to risks is accordant and consistent with the activities, thus following a course parallel to objectives. The information and documents received from the IT system to form basis for reports are subject to constant control both by the managers of the related divisions and the Boards of Inspectors and Boards of Internal Controlling.

Necessary studies are carried out in order to increase the risk reports' sensitivity and efficiency towards developments. Studies for passing to CDR/Basel II are underway in conformity to the Bank's roadmap, the developments in which regard have been conveyed to the Banks' Regulating and Supervising Agency as an advancement report as well.

The task as regards to the Study for Numerical Effects (QIS-TR2), which has been prepared in 2006 with a view to discovering the probable effects of the provisions of Basel II on the capital sufficiency of our Bank, has been continued. The staff appointed to Risk Management Presidency, who perform their task independently and impartially, have sufficient professional knowledge and experience.

Risk management activities are evaluated periodically by the Audit Committee and the Board of Directors.

İbrahim Fayez Humaid Alshamsi
Member of Audit Committee

Yalçın Öner
Member of Audit Committee
And Supervisor For Internal Systems

Osman Ahmed Suliman
President of Audit Committee

Divisions Within Coverage Internal Systems

Information on professional experiences, duration of service in their positions at our Bank and educational background of Managers of Divisions within internal systems of our Bank is below:

Full Names	Professional Experience (Years)	Duration of Service at our Bank (Years)	Duration of Service in Office of Liability (Years)	Educational Background	Field of Responsibility
Mr. Mitat Aktaş	22	10	4	Post-graduate Study	Inspection, Internal Control, Risk Management
Mr. İsmail Küçükerdoğan	22	11	4	Bachelor's Degree	Inspection
Mr. Volkan Evcil	16	14	5	Bachelor's Degree	Risk Management
Mr. İlhami Özdemir	10	5	5	Bachelor's Degree	Internal Control



ALBARAKA TÜRK

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Auditor's Report

Independent Auditors' Report

ALBARAKA TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
INDEPENDENT AUDITORS' REPORT AS OF AND
FOR THE YEAR ENDED DECEMBER 31, 2006

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

1. We have audited the accompanying financial statements of Albaraka Türk Katılım Bankası Anonim Şirketi (The Bank), which comprise the balance sheet as at December 31, 2006 and the income statement, the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.
2. The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for adopting sound accounting policies in compliance with the 'Regulation on Accounting Applications for Banks and Safeguarding of Documents' published on the Official Gazette no. 26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and statements and guidances published by the Banking and Supervision Agency (BRSA) on accounting and financial reporting principles .
3. Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgement by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.
4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Albaraka Türk Katılım Bankası Anonim Şirketi as of December 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with the accounting principles and standards set forth by the regulations in effect as per Article 37 of the Banking Law Number 5411.

KAPİTAL BAĞIMSIZ DENETİM VE YMM A.Ş.
Correspondent Firm of RSM International

Lokman Ketenci
Partner

Istanbul, March 14, 2007

Additional paragraph for convenience translation to English:

The accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.



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Independent Auditors' Report

Information on Financial Structure

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL REPORT PREPARED AS OF DECEMBER 31, 2006

The Bank's;
Address of the head office : Büyükdere Cad. No:78 34394 Mecidiyeköy / İSTANBUL
Phone number : 0212 274 99 00
Facsimile number : 0212 272 44 70
Web page : www.albarakaturk.com.tr
E-mail address : albarakaturk@albarakaturk.com.tr

The Reporting Package, prepared in accordance with "Regulation on Accounting Applications on the Financial Statements to be Announced to the Public and the Accompanying Footnotes and Explanations" as regulated by the Banking Regulation and Supervision Agency, consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- FOOTNOTES AND EXPLANATIONS ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER FOOTNOTES AND EXPLANATIONS
- INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances and are in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying unconsolidated financial statements are presented in thousands of New Turkish Lira (YTL).

Annan Ahmed Yusuf ABDULMALEK
Chairman of The Board of Directors

Dr. Annan Büyükdeniz
Chief General Manager

Fahrettin Yahşi
Executive Vice General Manager

Ahmet Ocak
Financial Affairs Manager

Yalçın Öner
Member of The Audit Committee

Othman Ahmed SULIMAN
Member of The Audit Committee

İbrahim Fayez Humaid ALSHAMSI
Member of The Audit Committee

Information of contact personnel for the questions regarding this report:

Name / Status : Fahrettin Yahşi / Executive Vice General Manager in charge of
Financial Control & Financial Reporting Dept.
Phone : (212) 274 99 00
Facsimile : (212) 272 44 70



ALBARAKA TÜRK

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Information on Financial Structure

SECTION ONE

General Information About The Bank

I. GENERAL INFORMATION ABOUT THE BANK

- a. **Bank's Trade Name:**
Albaraka Türk Katılım Bankası A.Ş.
- b. **The Bank's;**
Address of the head office : Büyükdere Cad. No:78 34394 Mecidiyeköy / İSTANBUL
Phone number : 0212 274 99 00
Facsimile number : 0212 272 44 70
- c. **Web page** : www.albarakaturk.com.tr
E-mail address : albarakaturk@albarakaturk.com.tr
- d. **Reporting Period** : January 01 - December 31, 2006

II. HISTORY OF THE BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS, AMENDMENTS TO LEGAL STATUS

Albaraka Türk Katılım Bankası Anonim Şirketi (The Bank) was incorporated in 1984 relying on the decision of Council of Ministers numbered 83/7506 and dated December 16, 1983 regarding establishments of Special Finance Houses and obtained an operating permit from The Central Bank of Turkey by letter number 10912 dated January 21, 1985. Special Finance Houses, operating in accordance with the Communiqués of Undersecretariat of Treasury and The Central Bank of Turkey based on the decision mentioned above, has been subject to provisions of Banking Law numbered 4389 by the change in law dated December 17, 1999 and numbered as Law 4491. According to the temporary clause 3 of the Law numbered 4491, an adaptation period of two years was provided to these institutions. However, "Decree on Establishment and Operations of Special Finance Houses" was published by Banking Regulations and Supervision Agency at the Official Gazette dated September 20, 2001 and numbered 24529, and according to the clause 44 of this decree all the clauses were decided to become valid at the date of the publishment of the decree except for the clauses whose validity date have been declared separately. The name of the Bank changed as "Albaraka Türk Katılım Bankası A.Ş." with the decision taken on Extraordinary General Meeting dated December 21, 2005 in the framework of Banking Law numbered 5411 published at November 1, 2005 in the Official Gazette numbered 25983 and registered to trade registry records numbered 6461 on December 27, 2005.

III. THE BANK'S SHAREHOLDER STRUCTURE, MANAGEMENT AND INTERNAL AUDIT, DIRECT AND INDIRECT SHAREHOLDERS, CHANGE IN SHAREHOLDER STRUCTURE DURING THE YEAR AND INFORMATION ON BANK'S RISK GROUP

As of the balance sheet date, the Bank has 171 shareholders. 67.76% of Bank's shares are owned by the Albaraka Banking Group and the duration of the Bank is determined as indefinite. The General Assembly of Shareholders has the authority to determine, limit or decrease the duration of the Bank.



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General Information

IV. EXPLANATIONS ABOUT THE QUALIFICATIONS OF THE CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, MEMBERS OF AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS, ANY CHANGES IN QUALIFICATIONS AND THE INFORMATION ABOUT THE BANK SHARES THEY HOLD

Name	Title	Education	Explanations	Shares
Adnan Ahmed Yusuf ABDULMALEK	Chairman	University of Hull (Mba)	Chairman since 08.04.2005	-
Yalçın ÖNER	Vice Chairman	University of Minnesota (Public Adm.) Master Degree	From 1985 to 1995 General Manager, From 1996 to 2000 Member of BOD and since 2000 Vice Chairman	0.0612 %
Faisal A.M.A. Al ZAMEL	Board Member	New Haven University Master of Finance Adm.	Member of BOD since 2003	-
İbrahim Fayeز Humid ALSHAMSI	Board Member	Arab University of Bahrain	Member of BOD since 08/04/2005	-
Osman Ahmed SULIMAN	Board Member	The International Banking School /Czech Republic-Banking Dept.	Member of BOD since 08/04/2005	-
Osman AKYÜZ	Board Member	Ank. Unv. Political Science Faculty	From 1996 to 2000 General Manager and Member of BOD since 2002	0.0825 %
Dr. Adnan BÜYÜKDENİZ	Board Member and General Manager	Bosphours Unv. Branch of Economics, The London School of Economics, Degree of Economics and Master's, İstanbul Unv. Social Science Institute Doctorate Degree	From 1995 to 2003 Assistant General Manager, General Manager and Member of BOD since 2003	0.0249 %
Fahrettin YAHŞI	Senior Deputy Assistant General Manager	Ankara Unv. Political Science Faculty, Business Administration Department	Assistant General Manager Since 1998.	0.0132 %
Temel HAZIROĞLU	Assistant General Manager	I.T.U. Unv. Mathematical Engineering Department	From 1996 to 2003 IT Manager and Assistant General Manager since 2003	0.0416 %
Bülent TABAN	Assistant General Manager	İstanbul Unv. Business Administration Faculty, I.T.U. Unv. Social Science Institute-MBA	From 2002 to 2003 Individual Banking Manager and Assistant General Manager since 2003	-
M. Ali VERÇİN	Assistant General Manager	ANK. Unv. Political Science Faculty, Branch of Economics	From 2003 to 2005 Marketing Manager and Assistant General Manager since 2005.	-
Seyfettin YENİDÜNYA	Auditor	İST. Economics and Commerce Academy, Domestic Commerce Finance	Auditor since 2003	-
Arif ATEŞVURAN	Auditor	İST. Academy for Economics Science, Business Administration	Auditor since 1986	-
Memduh COŞKUNER	Auditor	ANK. Unv. Political Science Faculty	Auditor since 1998	-



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General Information

V. INFORMATION ON THE BANK'S QUALIFIED SHAREHOLDERS:

Company	Shares	Ownership	Paid in Capital	Unpaid Portion
Albaraka Banking Group	108,418	% 67,76	108,418	-

VI. EXPLANATIONS ON THE BANKS' SERVICE ACTIVITIES AND OPERATING AREAS:

The Bank's operating areas include corporate banking, international banking activities, and individual banking and credit card operations. The main activity of the Bank is fund collection through current and participation accounts by interest-free regulations and providing this fund to its customers. As of December 31, 2006 Bank has 63 local branches and 1.156 employees.



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General Information

SECTION TWO

Unconsolidated Financial Statements

- I. Balance sheet - Assets
- Liabilities
- II. Statement of Contingencies and Commitments
- III. Statement of Income
- IV. Statement of Cash Flow
- V. Statement of Changes in Equity
- VI. Statement of Profit Distribution



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Unconsolidated Financial Statements

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2006 AND 2005 (CURRENCY - THOUSANDS OF YTL)

ASSETS	Notes	Audited 31.12.2006			Audited 31.12.2005		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	65,793	158,563	224,356	110,186	119,145	229,331
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/ LOSS (NET)	(2)	-	-	-	-	-	-
2.1 Trading Securities		-	-	-	-	-	-
2.1.1 Government Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		-	-	-	-	-	-
2.1.3 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets Valued at Fair Value Through P/L		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Other Marketable Securities		-	-	-	-	-	-
2.3 Trading Derivatives		-	-	-	-	-	-
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(3)	112,409	105,620	218,029	76,070	97,596	173,666
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. SECURITIES AVAILABLE FOR SALE (Net)	(4)	-	-	-	-	-	-
5.1 Equity Securities		-	-	-	-	-	-
5.2 Government Dept Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	(5)	1,795,192	37,669	1,832,861	1,366,564	4,262	1,370,826
6.1 Loans		1,794,958	37,669	1,832,627	1,359,413	4,113	1,363,526
6.2 Loans under follow-up		25,127	9,568	34,695	19,617	11,564	31,181
6.3 Specific provisions (-)		(24,893)	(9,568)	(34,461)	(12,466)	(11,415)	(23,881)
VII. SECURITIES HELD TO MATURITY (Net)	(6)	-	-	-	-	-	-
VIII. ASSOCIATES (Net)	(7)	4,858	-	4,858	4,844	13	4,857
8.1 Consolidated by Equity Method		-	-	-	-	-	-
8.2 Unconsolidated Associates		4,858	-	4,858	4,844	13	4,857
8.2.1 Financial associates		-	-	-	-	-	-
8.2.2 Non-financial associates		4,858	-	4,858	4,844	13	4,857
IX. SUBSIDIARIES (Net)	(8)	-	-	-	-	-	-
9.1 Unconsolidated Financial subsidiaries		-	-	-	-	-	-
9.2 Unconsolidated Non-financial subsidiaries		-	-	-	-	-	-
X. JOINT VENTURES (Net)	(9)	-	-	-	-	-	-
10.1 Consolidated by Equity Method		-	-	-	-	-	-
10.2 Unconsolidated		-	-	-	-	-	-
10.2.1 Financial Investments in Joint-Ventures		-	-	-	-	-	-
10.2.2 Non-financial Investments in Joint-Ventures		-	-	-	-	-	-
XI. LEASE RECEIVABLES (Net)	(10)	150,412	-	150,412	129,553	-	129,553
11.1 Financial Lease Receivables		175,901	-	175,901	144,920	-	144,920
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Others		-	-	-	-	-	-
11.4 Unearned Income (-)		(25,489)	-	(25,489)	(15,367)	-	(15,367)
XII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	(11)	-	-	-	-	-	-
12.1 Fair Value Hedges		-	-	-	-	-	-
12.2 Cash Flow Hedges		-	-	-	-	-	-
12.3 Net Foreign Investments Hedges		-	-	-	-	-	-
XIII. TANGIBLE ASSETS (Net)	(12)	35,240	-	35,240	32,769	-	32,769
XIV. INTANGIBLE ASSETS (Net)	(13)	494	-	494	474	-	474
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		494	-	494	474	-	474
XV. TAX ASSET	(14)	6,580	-	6,580	8,826	-	8,826
15.1 Current Tax Asset		-	-	-	-	-	-
15.2 Deferred Tax Asset		6,580	-	6,580	8,826	-	8,826
XVI. ASSETS HELD FOR SALE (Net)	(15)	8,403	-	8,403	13,985	-	13,985
XVII. OTHER ASSETS	(16)	9,352	1,228	10,580	4,880	291	5,171
TOTAL ASSETS		2,188,733	303,080	2,491,813	1,748,151	221,307	1,969,458

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2006 AND 2005 (CURRENCY - THOUSANDS OF YTL)

LIABILITIES	Notes	Audited 31.12.2006			Audited 31.12.2005		
		YTL	FC	Total	YTL	FC	Total
I. FUNDS COLLECTED	(1)	943,378	1,210,636	2,154,014	820,812	904,897	1,725,709
II. DERIVATIVE FINANCIAL LIABILITIES							
HELD FOR TRADING	(2)	-	-	-	-	-	-
III. FUNDS BORROWED	(3)	-	-	-	-	-	-
IV. INTERBANK MONEY MARKETS		-	-	-	-	-	-
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES		58,217	7,973	66,190	37,865	5,362	43,227
VII. OTHER EXTERNAL RESOURCES	(4)	-	-	-	-	-	-
XIII. FINANCIAL LEASE PAYABLES (Net)	(5)	383	-	383	-	188	188
8.1 Finance lease payables		429	-	429	-	194	194
8.2 Operational lease payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred finance lease expenses (-)		(46)	-	(46)	-	(6)	(6)
IX. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(6)	-	-	-	-	-	-
9.1 Fair value hedges		-	-	-	-	-	-
9.2 Cash flow hedges		-	-	-	-	-	-
9.3 Net foreign investment hedges		-	-	-	-	-	-
X. PROVISIONS	(7)	14,081	4,434	18,515	9,690	2,926	12,616
10.1 General provisions		8,833	3,733	12,566	5,570	2,653	8,223
10.2 Restructuring reserves		-	-	-	-	-	-
10.3 Provision for employee benefits		3,868	-	3,868	3,139	-	3,139
10.4 Other provisions		1,380	701	2,081	981	273	1,254
XI. TAX LIABILITY	(8)	6,806	-	6,806	4,901	-	4,901
11.1 Current tax liability		6,806	-	6,806	4,901	-	4,901
11.2 Deferred tax liability		-	-	-	-	-	-
XI. PAYABLES FOR ASSETS HELD FOR SALE	(9)	-	-	-	-	-	-
XIII. SUBORDINATED DEBTS	(10)	-	-	-	-	-	-
XIV. SHAREHOLDERS' EQUITY	(11)	245,905	-	245,905	182,817	-	182,817
14.1 Paid-in capital		160,000	-	160,000	126,000	-	126,000
14.2 Capital reserves		-	-	-	577	-	577
14.2.1 Share premium	(11)	-	-	-	-	-	-
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Securities value increase fund		-	-	-	-	-	-
14.2.4 Revaluation surplus on tangible assets		-	-	-	-	-	-
14.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
14.2.6 Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-
14.2.7 Hedging reserves (effective portion)		-	-	-	-	-	-
14.2.8 Revaluation surplus on assets held for sale		-	-	-	-	-	-
14.2.9 Other capital reserves		-	-	-	577	-	577
14.3 Profit reserves		16,197	-	16,197	10,001	-	10,001
14.3.1 Legal reserves		7,220	-	7,220	4,924	-	4,924
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves		8,977	-	8,977	5,077	-	5,077
14.3.4 Other profit reserves		-	-	-	-	-	-
14.4 Profit or loss		69,708	-	69,708	46,239	-	46,239
14.4.1 Prior periods profit/loss		327	-	327	(178)	-	(178)
14.4.2 Current period profit/loss		69,381	-	69,381	46,417	-	46,417
14.5 Minority interest	(12)	-	-	-	-	-	-
TOTAL LIABILITIES		1,268,770	1,223,043	2,491,813	1,056,085	913,373	1,969,458



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ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2006 AND 2005 (CURRENCY - THOUSANDS OF YTL)

OFF-BALANCE SHEET ITEMS	Notes	31.12.2006			31.12.2005		
		YTL	FC	Total	YTL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		472,947	375,174	848,121	231,820	123,834	355,654
I. GUARANTEES AND SURETIES	(1),(3)	306,313	375,174	681,487	109,197	123,834	233,031
1.1. Letters of guarantee		306,313	213,580	519,893	109,197	35,411	144,608
1.1.1. Guarantees subject to State Tender Law		16,849	4,562	21,411	35,286	4,352	39,638
1.1.2. Guarantees given for foreign trade operations		-	134,371	134,371	-	12,427	12,427
1.1.3. Other letters of guarantee		289,464	74,647	364,111	73,911	18,632	92,543
1.2. Bank acceptances		-	4,438	4,438	-	3,996	3,996
1.2.1. Import letter of acceptance		-	4,438	4,438	-	3,996	3,996
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	156,243	156,243	-	84,277	84,277
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		-	156,243	156,243	-	84,277	84,277
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Other guarantees		-	-	-	-	-	-
1.7. Other sureties		-	913	913	-	150	150
II. COMMITMENTS	(1),(3)	166,634	-	166,634	122,623	-	122,623
2.1. Irrevocable commitments		166,634	-	166,634	122,623	-	122,623
2.1.1. Asset purchase commitments with maturity		-	-	-	-	-	-
2.1.2. Participation accounts purchase and sales commitments with maturity		-	-	-	-	-	-
2.1.3. Loan granting commitments		-	-	-	-	-	-
2.1.4. Securities issue brokerage commitments		-	-	-	-	-	-
2.1.5. Obligatory deposit payment commitments		-	-	-	-	-	-
2.1.6. Payment commitment for checks		127,445	-	127,445	102,563	-	102,563
2.1.7. Payables for export taxes commitments		-	-	-	-	-	-
2.1.8. Commitments for credit card limits		39,189	-	39,189	20,060	-	20,060
2.1.9. Receivables from short sale commitments		-	-	-	-	-	-
2.1.10. Payables for short sale commitments		-	-	-	-	-	-
2.1.11. Other irrevocable commitments		-	-	-	-	-	-
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	-	-	-	-	-	-
3.1. Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Net foreign investment hedges.		-	-	-	-	-	-
3.2. Trading derivatives		-	-	-	-	-	-
3.2.1. Forward foreign currency buy/sell transactions		-	-	-	-	-	-
3.2.1.1. Forward foreign currency transactions-buy		-	-	-	-	-	-
3.2.1.2. Forward foreign currency transactions-sell		-	-	-	-	-	-
3.2.2. Other Forward foreign currency buy/sell transactions		-	-	-	-	-	-
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		2,763,404	459,432	3,222,836	1,805,615	420,994	2,226,609
IV. ITEMS HELD IN CUSTODY		656,079	167,666	823,745	450,058	136,450	586,508
4.1. Fund and portfolio of customers		-	-	-	-	-	-
4.2. Securities held in custody		5,564	-	5,564	6,703	-	6,703
4.3. Checks received for collection		575,697	52,222	627,919	384,782	34,395	419,177
4.4. Commercial notes received for collection		71,809	57,121	128,930	57,808	52,886	110,694
4.5. Other assets received for collection		874	-	874	693	-	693
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		72	58,309	58,381	72	49,169	49,241
4.8. Custodians		2,063	14	2,077	-	-	-
V. PLEDGED ITEMS		2,107,325	291,766	2,399,091	1,355,557	284,544	1,640,101
5.1. Securities		11,770	-	11,770	7,121	809	7,930
5.2. Guarantee notes		82,740	38,898	121,638	74,135	35,951	110,086
5.3. Commodity		225,495	82,497	307,992	222,885	73,480	296,365
5.4. Warranty		-	-	-	-	-	-
5.5. Property		1,784,688	168,197	1,952,885	1,048,784	172,506	1,221,290
5.6. Other pledged items		1,445	2,174	3,619	1,445	1,798	3,243
5.7. Pledged items-depository		1,187	-	1,187	1,187	-	1,187
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ITEMS (A+B)		3,236,351	834,606	4,070,957	2,037,435	544,828	2,582,263

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2006 AND 2005 (CURRENCY - THOUSANDS OF YTL)

INCOME AND EXPENSE ITEMS	Notes	Audited	
		01.01.2006 - 31.12.2006	01.01.2005- 31.12.2005
I. PROFIT SHARE INCOME	(1)	262,052	186,105
1.1 Profit share on loans		236,499	166,933
1.2 Income received from obligatory deposits		9,028	5,083
1.3 Income received from banks		-	-
1.4 Income received from money market transactions		-	-
1.5 Income received from securities portfolio		-	-
1.5.1 Trading financial assets		-	-
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		-	-
1.5.4 Investments held-to-maturity		-	-
1.6 Financial lease income		16,519	14,085
1.7 Other profit share income		6	4
II. PROFIT SHARE EXPENSE	(2)	157,896	112,275
2.1 Profit share on participation accounts		157,866	112,265
2.2 Profit share on funds borrowed		30	10
2.3 Profit share on money market transactions		-	-
2.4 Profit share on securities issued		-	-
2.5 Other profit share expense		-	-
III. NET PROFIT SHARE INCOME (I - II)		104,156	73,830
IV. NET FEES AND COMMISSIONS INCOME		36,842	28,897
4.1 Fees and commissions received		46,122	33,978
4.1.1 Cash loans		18,237	15,014
4.1.2 Non-cash loans		5,807	2,288
4.1.3 Other		22,078	16,676
4.2 Fees and commissions paid		9,280	5,081
4.2.1 Cash loans		9,236	5,043
4.2.2 Non-cash loans		44	38
4.2.3 Other		-	-
V. DIVIDEND INCOME	(3)	-	1,156
VI. NET TRADING INCOME/LOSSES (Net)	(4)	(56,311)	52,483
6.1 Trading account income/losses (Net)		-	-
6.2 Foreign exchange gains/losses (Net)		(56,311)	52,483
VII. OTHER OPERATING INCOME	(5)	115,221	7,497
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		199,908	163,863
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(6)	8,825	2,750
X. OTHER OPERATING EXPENSES (-)	(7)	119,456	119,099
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		71,627	42,014
XII. INCOME RESULTING FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITIONS		-	-
XV. PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	(8)	71,627	42,014
XVI. PROVISION FOR TAXES (-)	(9)	2,246	(4,403)
16.1 Current tax charge		-	-
16.2 Deferred tax charge		2,246	(4,403)
XVII. NET OPERATING PROFIT/LOSS AFTER TAXES (XIV-XV)	(10)	69,381	46,417
17.1 Discontinued operations		-	-
17.2 Others		-	-
XVIII. NET PROFIT LOSS (XVI+XVII)	(11)	69,381	46,417
18.1 Profit/loss of the group		-	-
18.2 Profit/loss of the minority rights (-)		-	-
Earnings/losses per share (full amount)		0.043	0.037



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	Notes	Paid-in Capital	Inflation adjustment to Paid-in capital	Share Premium	Share Cancellation profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current period Profit/(Loss)	Prior period Profit/(Loss)	Securities Value Increase fund	(Except minority interest) Total Equity	Minority Rights	Total Equity
PRIOR PERIOD (01/01-31/12/2005)															
I.	Balances at beginning of the period	100,000	-	-	-	2,707	-	6,772	2,188	31,377	2,741	-	145,785	-	145,785
II.	Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	38	-	38	-	38
2.1	Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changing in accounting policies	-	-	-	-	-	-	-	-	-	38	-	38	-	38
III.	Adjusted balances at the beginning of the period (I+II)	100,000	-	-	-	2,707	-	6,772	2,188	31,377	2,779	-	145,823	-	145,823
	Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Available-for-sale securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Available-for-sale securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Current period net profit	-	-	-	-	2,217	-	4,995	-	46,417	14,165	-	46,417	-	46,417
X.	Profit distribution	-	-	-	-	2,217	-	4,995	-	(31,377)	(10,000)	-	(10,000)	-	(10,000)
10.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.2	Transferred to reserves	-	-	-	-	-	-	-	-	-	24,165	-	-	-	-
10.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Capital increase	26,000	-	-	-	-	-	(6,690)	(2,188)	-	(17,122)	-	-	-	-
11.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4	Securities value increase fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5	Capital reserves from inflation adjustment to paid-in-capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6	Issuance of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.7	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8	Other	26,000	-	-	-	-	-	(6,690)	577	-	(17,122)	-	577	-	577
XII.	Changes resulting from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Changes resulting from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Primary subordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Secondary subordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	The effect of changes in subsidiary equity to Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the end of the period (III+IV+V+VI+VII+VIII+IX+X+XI+...+XVI)	126,000	-	-	-	4,924	-	5,077	577	46,417	(176)	-	182,817	-	182,817

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005 (CURRENCY - THOUSANDS OF YTL)

	Notes	Paid-in Capital	Inflation adjustment to Paid-in capital	Share Premium	Share Cancellation profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current period Profit/(Loss)	Prior period Profit/(Loss)	Securities Value Increase fund	(Except minority interest) Total Equity	Minority Rights	Total Equity
CURRENT PERIOD (01/01-31/12/2006)															
I.	Balances at the end of the prior period	126,000	-	-	-	4,924	-	5,077	577	46,417	(178)	-	182,817	-	182,817
	Changes during the period														
II.	Mergers														
III.	Available-for-sale securities														
IV.	Hedges for risk management														
4.1	Net cash flow hedges														
4.2	Net foreign investment hedges														
	Transfers														
V.	Available-for-sale securities								7				7		7
VI.	Hedges for risk management														
6.1	Net cash flow hedges														
6.2	Net foreign investment hedges														
VII.	Current period net profit									69,381	33,285		69,381		69,381
VIII.	Profit distribution					2,296		4,536		(46,417)	(6,300)		(6,300)		(6,300)
8.1	Dividends														
8.2	Transferred to reserves					2,296		4,536			(6,832)		(6,300)		(6,300)
8.3	Other														
IX.	Capital increase	34,000						(636)	(584)		(32,780)				
9.1	Cash														
9.2	Revaluation surplus on tangible assets														
9.3	Bonus shares of associates, subsidiaries and joint-ventures														
9.4	Securities value increase fund														
9.5	Capital reserves from inflation adjustment to paid-in-capital														
9.6	Issuance of share certificates														
9.7	Foreign exchange differences														
9.8	Other	34,000						(636)	(584)		(32,780)				
X.	Changes resulted from disposal of assets														
XI.	Changes resulted from reclassification of assets														
XII.	Primary subordinated debts														
XIII.	Secondary subordinated debts														
XVI.	The effect of changes in subsidiary equity to Bank's equity														
	Balances at the end of the period(III+IV+V+VI+VII+VIII+IX+X+XI+...+XVI)	160,000	-	-	-	7,220	-	8,977	-	69,381	327	-	245,905	-	245,905

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THE YEAR ENDED DECEMBER 31, 2006 AND 2005 (CURRENCY - THOUSANDS OF YTL)

STATEMENT OF CASH FLOW		Audited		
		Notes	31.12.2006	Audited 31.12.2005
A. CASH FLOWS FROM BANKING OPERATIONS				
1.1	Operating profit before changes in operating assets and liabilities		74,728	47,216
1.1.1	Profit share received		259,553	171,564
1.1.2	Profit share paid		(157,896)	(104,298)
1.1.3	Dividend received		-	1,156
1.1.4	Fees and commissions received		36,842	28,897
1.1.5	Other income		115,221	54,164
1.1.6	Collections from previously written off loans and other receivables		2,499	5,613
1.1.7	Payments to personnel and service suppliers		(41,416)	(30,023)
1.1.8	Taxes paid		(2,590)	(1,000)
1.1.9	Other	(1)	(137,485)	(78,857)
1.2	Changes in operating assets and liabilities		(57,841)	28,415
1.2.1	Net (increase) decrease in trading securities		-	-
1.2.2	Net (increase) decrease in due from banks and other financial institutions		-	-
1.2.3	Net (increase) decrease in loans		-	-
1.2.4	Net (increase) decrease in other assets		(462,035)	(454,401)
1.2.5	Net increase (decrease) in banks and other financial institutions deposits		(55,074)	16,079
1.2.6	Net increase (decrease) in other deposits		-	-
1.2.7	Net increase (decrease) in funds borrowed		428,305	441,089
1.2.8	Net increase (decrease) in matured payables		-	-
1.2.9	Net increase (decrease) in other liabilities		-	-
1.2.9	Changes in operating assets and liabilities	(1)	30,963	25,648
I.	Net cash provided from banking operations		16,887	75,631
B. CASH FLOWS FROM INVESTING ACTIVITIES				
II.	Net cash provided from investing activities		(5)	23,524
2.1	Purchase of investments, associates and subsidiaries	(2)	-	(651)
2.2	Sale of investments, associates and subsidiaries	(3)	-	31,734
2.3	Fixed assets purchases		(9,960)	(7,104)
2.4	Fixed assets sales		9,955	(455)
2.5	Purchase of investments available for sale		-	-
2.6	Sale of investments available for sale		-	-
2.7	Purchase of investment securities		-	-
2.8	Sale of investment securities		-	-
2.9	Other	(1)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES				
III.	Net cash provided from financing activities		(6,300)	(10,000)
3.1	Cash received from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Common stocks issued		-	-
3.4	Dividends Paid		(6,300)	(10,000)
3.5	Payments for finance leases		-	-
3.6	Other	(1)	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(1)	-	-
V.	Net increase in cash and cash equivalents		10,582	89,155
VI.	Cash and cash equivalents at beginning of the year	(4)	305,342	216,187
VII.	Cash and cash equivalents at end of the year	(5)	315,924	305,342

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THE YEAR ENDED DECEMBER 31, 2006 AND 2005 (CURRENCY - THOUSANDS OF YTL)**

	Audited 31. 12.2006	Audited 31.12. 2005
I. APPROPRIATION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR PROFIT	69,381	46,417
1.2 TAXES AND OTHER DUTIES PAYABLE (-)	-	-
1.2.1 Corporate Tax (Income Tax)	-	-
1.2.2 Other Tax and Duties	-	-
A. NET PROFIT (1.1. - 1.2)	69,381	46,417
1.3 PRIOR YEAR INCOME/LOSS (-)	-	178
1.4 FIRST LEGAL RESERVES (-)	3,469	2,296
1.5 OTHER MANDATORY STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	65,912	43,943
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	8,000	6,300
1.6.1 To Owners of Ordinary Shares	8,000	6,300
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Participation Certificates	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	2,000	-
1.9.1 To Owners of Ordinary Shares	2,000	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Participation Certificates	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	200	-
1.11 STATUS RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	15,712	4,536
1.13 OTHER RESERVES	40,000	33,107
1.14 SPECIAL FUNDS	-	-
II. APPROPRIATION OF RESERVES	-	-
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDEND TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Privileged Shares	-	-
2.3.3 To Owners of Participation Certificates	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNING PER SHARE	-	-
.3.1 TO OWNERS OF ORDINARY SHARES	0.43	0.37
.3.2 TO OWNERS OF ORDINARY SHARES (%)	%43	% 36.61
.3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
.3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE	-	-
4.1 TO OWNERS OF ORDINARY SHARES	0.25	0.05
4.2 TO OWNERS OF ORDINARY SHARES (%)	%25	%5.00
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

[*] General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements. The table above is the suggested profit appropriation table which will be proposed by the BOD to the General Assembly.



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Financial Statements

SECTION THREE

Accounting Policies

I. BASIS OF PRESENTATION

- a) The Bank prepares its financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents for Banks" published by the Banking Regulation and Supervision Agency (BRSA) and in effect since 1 November 2006, published on the Official Gazette no.26333, related communiqués and further explanations and communiqués which modify or supplement such communiqués.

b) The Valuation Methods used in the Financial Statements

The "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published by the Banking Regulation and Supervision Agency (BRSA) which has gone into effect since 1 November 2006, published on the Official Gazette no.26333 has cancelled the "Regulation on Accounting Applications" in effect since 22 June 2002, published on the Official Gazette no. 24793. The Bank keeps its accounting records and prepares its unconsolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in "Turkish Accounting Standards and Turkish Financial Reporting Standards" as per the communiqué no.1 "Framework for Preparation and Presentation of Financial Statements" of the Turkish Accounting Standards Board published on the Official Gazette no.25702 dated 16 January 16, 2005. The accounting principles and valuation methods are disclosed in footnote no.II below.

c) Accounting Policies of the Financial Statements

Accounting Policies used in the Financial Statements have been based on the "Turkish Accounting Standards" (TAS). The "Turkish Financial Reporting Standards 1" regulated first time application of Turkish Financial Reporting Standards. In accordance with the related standard, in order to present the financial statements on a comparative basis, the opening balance sheet as of 1 January 2005 have been prepared according to TAS and adjustments and reclassifications have been booked in the financial statements as of December 31,2005. The accounting principles and valuation methods which have been used and disclosed under the footnote no.II below.

II. ACCOUNTING POLICIES DISCLOSURE

a) Strategy for the use of financial instruments and foreign currency transactions

Main funding source of the Bank is funds collected from customers. Average maturity of these funds collected is one month. The Bank does not have any funding sources other than current and participating accounts. The Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

Among the activities of the Bank, there are no activities generating yields higher than the calculated average yield. The Bank does not perform any transactions in money, equity and commodity markets.

The Bank does not hold any equity instruments in foreign currency classified as available for sale.

The Bank's transactions in foreign currencies are accounted in accordance with the "Accounting Standard on the Effect of Changes in Foreign Currency Rates", Communiqué No:11 and converted with the currency rate at the transaction date into New Turkish Lira(YTL). Foreign currency assets and liabilities have been translated into New Turkish Lira (YTL) at the rate of exchange 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.



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Accounting Policies

b) Explanations on forward and option contracts and derivative instruments

In order to determine the fair values of forward contracts, current foreign currency market rates ruling at the balance sheet date are assumed to reflect the discounted values of forward rates at maturity, due to the fact that there are no defined market prices and it is impossible to make a reliable estimation for future periods by using other methods in a highly changing financial environment. As a result, the fair value differences are calculated by comparing the contractual forward rates discounted to the balance sheet date by using the effective interest rate method with the Bank's foreign currency buying rates at the balance sheet date.

There are no embedded derivatives separated from the host contract and no derivatives that are designated as hedging instruments.

c) Profit share income and expense

Profit Share Income

The Bank computes profit share accruals and discounts by using Internal Rate of Return (IRR) method. IRR method is the rate that is used for discounting the expected future cash flows provided from funds utilized until their maturity, to a value at the balance sheet date. These profit share accruals and discounts are reflected under "Loans" in the balance sheets. In accordance with the related legislation, profit share income accruals and discounts of non-performing loans are cancelled and such amounts are excluded from the profit share income until they are collected.

Profit Share Expense

Profit share expense has been recognized on an accrual basis. As of balance sheet dates, accrued amounts are classified under profit share and expenses in the balance sheets.

d) Fees and commission income and expense

Other than commission income and fees and expenses for various banking services that are reflected as income when collected, the commission income and expenses are accounted on accrual basis.

e) Financial assets

Except for loans and receivables, the Bank has no financial assets under the scope of "Turkish Accounting Standards" "Financial Instruments: Presentation (TAS 32) and Recognition and Measurement (TAS 39).

Loans and receivables; are those generated by lending money to the customer and exclude those that are held with the intention of trading or selling in near future.

f) Impairment of financial assets

If financial instruments' estimated collectible amounts calculated by discounting expected future cash flows with "Internal Rate of Return" or fair value amount, are less than the carrying values, these financial instruments are considered to be impaired. In case of impairment, provision is provided for and booked in related expense account.



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g) Netting of financial instruments

Financial instruments are offset when the Bank has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously.

There are no such netted-off of financial assets and liabilities.

h) Repurchase and Resale agreements and securities lending

Securities sold under agreements to repurchase ("repurchase") are classified as "trading securities", "available-for-sale securities" and "held-to-maturity securities" in the balance sheet according to the investment purposes and measured according to the portfolio of the Group to which they belong. Funds deposited under repurchase agreements are accounted under "Funds Provided under Repurchase Agreements" and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the internal rate of return method.

Securities purchased under agreements to resell ("reverse repurchase") are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the internal rate of return method.

The Group has no securities lending transactions.

i) Assets held for sale and discontinued operations

The Bank's fixed assets, acquired through its receivables, are recorded at cost in the account-fixed assets held for sale. These assets are classified in balance sheet under assets held for sale are depreciated according to "The Regulation on Procedures for Sale/ Disposal of Merchandise and Real Property by Banks Acquired Through Their Receivables and Purchase /Sale of Valuable Metals" published by the BRSA in the Official Gazette no. 26333 and dated 1 November 2006. The negative differences between the values established by reports expert values and the book values of the real properties in question are booked on losses for reduction in value. The provision for impairment in value of assets held for sale amounted to YTL 632 as of December 31, 2006.

j) Goodwill and other intangible assets

There is no goodwill arising from associates.

Intangible assets are stated at inflation adjusted cost until December 31, 2004 and amortized on a straight-line basis after provision for impairment, if any, has been reduced.

The software classified as other intangible assets are carried at inflation adjusted acquisition costs. The useful lives of these mentioned assets are determined as three to four years.

k) Tangible assets

Tangible assets are stated at inflation adjusted cost until December 31, 2004 less accumulated depreciation and provision for impairment, if any.

As of December 31, 2006, the inflation adjusted net book values of the immovables were compared with the expertise values of independent experts' reports prepared at December 2006 and a provision of YTL 670 was provided for impairment.



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Depreciation is calculated on a straight-line basis. Depreciation rates used are determined by considering the estimated useful life of the assets. The annual rates used are as follows:

	%
Buildings	2
Motor Vehicles	20 - 25
Furniture, fixture and office equipment	4 - 33
Safe-deposit boxes	2 - 20
Leasehold improvements	Leasing period (5 to 10 years)

Gain or loss resulting from disposals of the tangible assets are recorded in "Gain/Loss from Sales of Assets" account and reflected to the "Other Operating Income/Loss" at th statement of income as the difference between the net proceeds and the net book value of the related asset.

The repair costs of the tangible assets are capitalized, if the expenditure increases the economic life of the asset. Other repair costs are expensed.

There are no pledges, mortgages or other restrictions on the tangible fixed assets.

There are no purchase commitments related to the tangible fixed assets.

l) Leasing transactions

Transactions as a Lessee

Fixed assets acquired by financial lease contracts are recorded in accordance with the "Turkish Accounting Standards"; "Leasing Transactions (TAS 17)". Such assets are recorded with the lower of fair value or the present value of the future rental payments under tangible assets and are depreciated over the restated cost with respect to their useful lives by using straight-line method. The depreciation rate used for such assets is 20%. The liabilities for the leasing agreements are reflected under "Financial Lease Payables" at the liability side of the balance sheet. The profit share expenses and foreign exchange losses are reflected to the income statement.

The payments made under operating leases are charged to income statement on a straight line basis over the period of the lease. There are no penalty payments made and expenses recorded to the lessors for agreements cancelled before the operational lease agreement period ended.

Transactions as a Lessor

The Bank began to record for the financial lease transactions in accordance with the "Turkish Accounting Standards"; "Leasing Transactions (TAS 17)" starting from March 31, 2004 and prepared the financial statements within these provisions. Accordingly, in the financial statements as of December 31, 2006, total amount of capital payments and profit share income resulting from financial lease agreement is reflected as "Financial Lease Receivables", difference between capitalized lease receivables and present value of these receivables is reflected as unearned financial lease income as a deduction from financial lease receivables.



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m) Provisions and contingent liabilities

In accordance with the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement", the Bank initially records originated loans and receivables at cost, and subsequently, these loans are carried at amortized cost by using the effective interest rate method. Taxes, transaction costs and other expenses paid for the guarantees taken are collected from the customers and no expense is recorded.

Cash loans are recorded in accordance with the regulations stated at the "Communiqué on the Uniform Chart of Accounts and Its Explanations".

Considering the existing risk classifications, The Bank's Board of Directors determines and revises the provisions according to the "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 26333 dated 1 November 2006.

These general and specific provisions are reflected to the statement of income under "Provision for Loan Losses and Other Receivables" account.

The collections made regarding such loans are offset against the "Provision for Loan Losses and Other Receivables" account. The principal collections made related to the loans that were written off or for which a provision was made in previous years are recorded under "Collections Regarding Previous Year's Expenses" account under "Other Operating Income" account and related profit share income is recorded to "Profit Share Income on Loans under Follow-up" account.

Releases of reserve balances are offset against "Provision for Impairment-Specific Reserves" account. Releases of reserve balances related with the loans for which provisions were provided in the prior years are recognized by recording income to the "Collections from Prior Year Expenses" account.

The Bank reflects the foreign currency loans resourced by current accounts and equity, and the Bank's portion of the loans resourced by participation accounts which are recorded at loans and receivables with limited collectibility, loans and receivables with doubtful collectibility and uncollectible loans and receivables accounts by converting the amounts to New Turkish Lira with the effective currency rate of the date these amounts are transferred to follow-up accounts. The portion of the foreign currency loans resourced by participation accounts for which the risk is taken by participation accounts are revalued with the current currency rates and the recognized currency gains and losses are reflected at foreign exchange gain/loss accounts.

The provisions and contingent liabilities, excluding the general and specific provisions for impairment on loans and other receivables, are accounted in accordance with the "Turkish Accounting Standards for Provisions, Contingent Liabilities and Assets (TAS 37)".

The provisions are accounted if; there is a legal or contractual obligation as of the balance sheet date or originating from past, there is a possibility of outflow of the economic resources and a reliable estimate for the liability amount can be made.

Provisions are made and reflected in the financial statements when there is a present obligation as a result of a past event and the amount of the obligation can be estimated.



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n) Liabilities regarding employee benefits

In accordance with the existing social legislation, the Bank is required to make lump-sum termination indemnities 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 the 30 days salary or the official ceiling amount per year of employment. The Bank sets provision for retirement and holiday pay liabilities in accordance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits".

The Bank does not have any employees who work under limited period contracts with remaining terms longer than 12 months after the balance sheet date.

The Bank employees are not members of any pension fund.

There are no liabilities that require additional provisions related to other employee rights.

o) Taxation

Corporate Tax:

The Bank is subject to tax laws and legislation effective in Turkey.

In accordance with the new Corporate Tax Law no.5520 published in the Official Gazette no.26205 dated June 21 2006, the corporate tax rate is reduced from 30% to 20%. The corporation tax rate applied for the year 2005 was 30%. Accordingly, effective from 1 January 2006, statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. This rate was 30% for the first quarter of 2006, and 20% for the subsequent quarters. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings. After the deduction, the excess value can also be deducted from the other taxes or can draw back.

The profits, 75%, of properties and share certificates held for sale for two years or more, are tax exemptions in condition of addition to the capital 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.



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In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with 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.

The Bank calculates and records deferred tax on the temporary timing differences between the book value of an asset or liability and its value based on the tax regulations according to the communiqué number 18 "Accounting Standard for Taxation" and commentary of BRSA related there to.

Deferred Taxes:

In accordance with Turkish Accounting Standards 12 "Taxes on Income" ,the Bank has calculated deferred tax assets in cases where deduction from future profits is considered possible and a deferred tax liability on all taxable temporary timing differences. Deferred tax assets and deferred tax liabilities and netted off and the net balance is reflected in the financial statements.

p) Funds borrowed:

Financial liabilities are recognized at amortized cost using the effective interest rate method in the following periods after the initial recognition. Derivative instruments are reflected with the fair values.

The Bank does not have any debt securities.

n) Shares and share issuances

None.

r) Confirmed bills of exchange and acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as commitments in off-balance sheet accounts.

s) Government grants

None.

t) Other disclosures

For comparison with the financial statements as of December 31, 2006, the Bank has made adjustments and reclassifications to the financial statements as of December 31 . Such adjustments relate to the calculations of provisions for personnel severance pay and for accrued holiday pay in accordance with Turkish Accounting Standards 19 "Employee Benefits" and to calculation of deferred taxes in accordance Turkish Accounting Standards 12 "Taxes on Income" in respect of the previous year. The reclassifications relate to adaptation of the financial statements as of December 31, 2005 and the notes attached there to the format explained in the communiqué of BRSA on "Financial Statements and Notes There to be Presented to the Public" issued in the Official Gazette dated 10 February 2007 and numbered 26430.



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Accounting Policies

SECTION FOUR

Information on Financial Structure

I. Capital Adequacy Standard Ratio

Risk measurement methods used in the computation of the capital adequacy standard ratio; The capital adequacy standard ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette numbered 2633 and dated November 1, 2006. Bank's capital adequacy ratio is 15,29% which is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks".

For the calculation of the capital adequacy ratio, the Bank classifies the risk weighted assets and non-cash loans according to the risk weights defined by the regulations and calculates "Total risk weighed assets". The following tables present the classifications of "risk weighed assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.

	Risk Weights			
	0%	20%	50%	100%
Bank				
Value at Credit Risk				
Balance Sheet Items (Net)	222,401	215,114	320,525	1,229,783
Cash	46,848	-	-	-
Securities in Redemption	-	-	-	-
Balances with the Central Bank of Turkey	51,047	-	-	-
Domestic and Foreign Banks, Foreign Headoffices and Branches	-	215,114	-	2,915
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	93,661	-	-	-
Loans	21,487	-	320,525	1,029,722
Loans under Follow-Up (Net)	-	-	-	234
Lease Receivables	-	-	-	110,213
Financial Assets Available-for-Sale	-	-	-	-
Investments Held-to-Maturity	-	-	-	-
Receivables from Term Sale of Assets	-	-	-	644
Miscellaneous Receivables	-	-	-	393
Accrued Interest and Income	2,574	-	-	35,844
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	4,858
Tangible Assets (Net)	-	-	-	43,596
Other Assets	6,784	-	-	1,364
Off-Balance Sheet Items	1,138	80,125	77,298	108,829
Non-Cash Loans and Commitments	1,138	80,125	77,298	108,829
Derivative Financial Instruments	-	-	-	-
Non-Risk-Weighted Account	-	-	-	-
Total Risk-Weighted Assets	223,539	295,239	397,823	1,338,612



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Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk	1,596,571	1,420,091
Value at Market Risk	1,405	5,523
Value at Operational Risk	-	-
Shareholders' Equity	244,383	182,001
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	15.29	12.77

Components of shareholders' equity items

	Current Period	Prior Period
CAPITAL		
Paid-in Capital	160,000	126,000
Nominal Capital	160,000	126,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	7,220	4,924
I. Legal Reserve (Turkish Commercial Code 466/1)	5,441	3,145
II. Legal Reserve (Turkish Commercial Code 466/2)	1,779	1,779
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	8,977	5,077
Reserve allocated as per the Decision held by the General Assembly	-	-
Retained Earnings	8,977	5,077
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	69,708	46,417
Current Period Profit	69,381	46,417
Prior Periods Profit	327	-
Provision for Possible Losses (up to 25% of Core Capital)	1,120	-
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	-	-
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	(178)
Current Period Loss	-	-
Prior Periods Loss	-	(178)
Leasehold Improvements (-)	(6,087)	(2,936)
Prepaid Expenses (-)	(1,888)	(753)
Intangible Assets (-)	(494)	-
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Capital	238,556	178,551
SUPPLEMENTARY CAPITAL		
General Provisions	5,874	2,873
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	-	577
Bonus shares of Associates, Subsidiaries and Joint-Ventures	-	-
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Securities Value Increase Fund	-	-
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	-	-
Inflation adjustments related to Capital Reserves, Revenue Reserves and accumulated profits (excluding inflation adjustments for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	5,874	3,450
TIER III CAPITAL	-	-
CAPITAL	244,430	182,001



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DEDUCTIONS FROM CAPITAL	47	-
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	-	-
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	47	-
Others	-	-
Total Equity	244,383	182,001

II. Credit Risk

1. a.1) Bank's branches had been opened on the strong economic and financial geographical regions of the country. Therefore, risk limitation solely based on geographic regions does not exist.

a.2) In accordance with the decision taken by the Board of Directors of the Bank, unless a new decision has been taken, the Bank can not grant loans above the 15% of its equity to a Company, Group or Bank. Exception to this decision in the special projects is subject to the decision of the Board of Management. Before this decision had been taken, there were already three groups that the risk amounts approaching of 20% of the Bank's equity and these three groups are financially strong companies which are closely monitored by the Bank.

a.3) The Bank focuses to distribute the risk in different sectors in a balanced manner; accordingly the branches of the Bank are trying to reach companies from various sectors. In accordance with this strategy the share of the textile sector, constituting 15% of the Bank's total risk, is planned to be decreased to 14% by the end of 2007 and this issue is considered in the loan proposals.

Risk distribution by sector is monitored monthly. In addition to the textile sector, an increase has been noted in the construction sector parallel to the economic development in the country. The share of construction sector in the total cash loans is 16% as of the end of the year 2006 and the Bank does not consider increasing its concentration in this sector.

a.4) Loan assignment authority belongs to the Board of Directors and in accordance with the authority given by the Board of Directors the risk limits of the Bank have been designated into four groups:

a. Corporate Banking Management Loan Committee: Has the authority to allocate loan limits up to YTL 500,000 (full). The members are Assistant General Manager responsible from Loans, Corporate Banking Manager and Assistant Corporate Banking Manager.

b. General Management Loan Committee: Has the authority to allocate loan limits up to YTL 2,000,000. The members are General Manager, Assistant General Manager responsible from Loans and Corporate Banking Manager.

c. Loan Committee: Has the authority to allocate loan limits between YTL 2,000,000. and 10% of the Bank's shareholders' equity. The members are Chairman of the Board of Directors, a member of the Board of Directors and General Manager.

d. Board of Directors; The approval of the Board of Management is required in the case where the total of the limit granted to a company on a group of companies is to exceed 10% of the equity of the Bank.

Although the authority to allocate loan limits up to USD 10,000,000 (full) belongs to the Loan committee, the Board of Directors is informed of such limit allocations.



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Proposal for loans are presented in a written format, which is signed by the members of loan proposal committee.

Members of Loan Proposal Committee:

For the loan limits between YTL 500,000 (full) and YTL 2,000,000: Assistant General Manager responsible from Loans, Assistant General Manager responsible from Marketing, Assistant General Manager responsible from Individual Banking and Corporate Banking Manager.

For the loan limits above YTL 2,000,000: General Manager, Assistant General Manager responsible from Loans, Assistant General Manager responsible from Marketing and Assistant General Manager responsible from Individual Banking.

- b.1) For daily transactions a limit has not been identified. However transactions are performed under the control of the Marketing and Operation Directorates in respect of price and amount determination.
- b.2) Risk concentration related to the off-balance sheet items are monitored weekly by the asset liability meetings and daily fund management department chiefs.
- c) The credibility of the debtors of the Bank is closely monitored by the branches. While Risk follow-up directorate follows the payment performance of the debtors, the risk follow-up service of the corporate banking directorate monitors in a monthly basis the payment and guarantees of debtors, whose limits are higher than 1,000,000 YTL (full). Assigned loan limits are effective for one year, limits higher than 1,000,000 YTL (full) are automatically disabled and can not be used unless a new evaluation and assignment is made. Financial leasing limits and limits assigned for a specific project for one time usage can not be used again since it is used for that project.

The ratio of limits assigned to a company or group to the equity of the Bank is monitored due to the legal requirements and is monthly reported to the Banking Regulation and Supervision Agency.

Statement of Accounts is obtained from the customers for whom a loan is allocated or a guarantee provided. Such statement is renewed each year within six months following the accounting period as long as the loans are used. Statement of accounts also includes information regarding the financial and shareholding information, including the signatures and stamps.

If the amount of funds used or guarantees provided exceeds YTL 2,000,000 (full), statement of accounts to be obtained should include financial statements, which should be prepared in accordance with the legislation applicable in Turkey, audited by a Turkish Chartered Accountant.

2. There are no derivative financial instruments.
3. a) Indemnified non-cash loans are closely monitored for some period, and transferred to legal follow-up when such credits are considered as uncollectible. The risk of the Bank arising from non-cash is immaterial in amount and the Bank applies a tight policy with regard to these.
- b) Each customer, whose loans are restructured or rescheduled, is evaluated separately and if the delays in payments are related with the temporary problems of the customer, the Bank continues to work under normal working conditions. If the financial problems of the customer increase, the risk is liquidated and limit of the customer is terminated. Since such customers are liquidated, no further credibility assessment is performed.

In order to keep the asset/liability balance, except for financial leasing and project based transactions, transactions with maturity over one year are not performed. In general, long term transactions are performed with a mortgage on properties. In accordance with the credit policy and application, the Bank focuses on the equilibrium of maturity of long term transactions and the risk weight point of view.



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4. a) The Bank has credit lines in 32 countries within framework of its banking activity and due inquiries (economic, cycles etc.) are carried out during the allocation and revision of credit lines.
- b) With the exception of the cash kept idle and the deposits/ placings at banks where commodity transactions are carried out, the Bank does not lend money to any company outside of Turkey. For the Banks where correspondent activity and international commodity transactions and intended to be carried out the credit limits and set by the related credit committees; such limits are set after taking into account the capacity of the Bank with which business is contemplated the intention being to avoid concentration of risk. The Bank does not carry any serious risk in this respect.
5. a) The share of the Bank's receivables from its top 100 cash credit customers in its total cash loan portfolio is 34% (2005-35%).
- b) The share of the Bank's receivables from its top 100 non-cash credit customers in its total non-cash loan is 69% (2005-53%).
- c) The ratio of the Bank's total cash and non-cash receivables from its top 100 customers to its total balance sheet and off-balance sheet asset is 35% (2005-37%).
6. The Bank has calculated a general provision in accordance with the communiqués of "Methods and Principles for the Determination of the Status of the Loans and Other Receivables to be Reserved for and Allocation of Reserves" amounting to YTL 12,566 (2005 - YTL 8,222) of which YTL 11,599 (2005 - YTL 7,867) is provided for the first group of cash loans and YTL 967 (2005 - YTL 355) for non-cash loans.

Information according to geographical concentration:

	Assets	Liabilities (***)	Non-cash loans	Fixed Capital Investments	Net Profit
Current Period					
Domestic	2,402,071	2,172,096	626,669	-	69,381
European Union Countries	20,326	7,628	903	-	-
OECD Countries (*)	2,905	36	-	-	-
Off-shore Banking Regions	21,004	5,636	2,064	-	-
USA, Canada	23,172	99	-	-	-
Other Countries	17,477	60,413	51,851	-	-
Joint - Ventures	-	-	-	4,858	-
Unallocated Assets/liabilities (**)	-	-	-	-	-
Total	2,486,955	2,245,908	681,487	4,858	69,381
Prior Period					
Domestic	1,900,753	1,718,461	217,593	-	46,417
European Union Countries	18,789	3,243	4,172	-	-
OECD Countries (*)	1,732	4,892	-	-	-
Off-shore Banking Regions	1,669	5,277	917	-	-
USA, Canada	33,766	18	-	-	-
Other Countries	7,892	54,750	10,349	-	-
Joint - Ventures	-	-	-	4,857	-
Unallocated Assets/liabilities (**)	-	-	-	-	-
Total	1,964,601	1,786,641	233,031	4,857	46,417

(*) OECD Countries other than EU countries, USA and Canada

(**) Unallocated assets / liabilities which could not be distributed according to consistent criteria

(***) Excluding shareholders' equity.



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Sectoral Breakdown of Cash Loans:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	67,450	3.76			41,739	3.06	-	-
Farming and Stockbreeding	52,743	2.94			32,141	2.36	-	-
Forestry 14,499	0.81			9,478	0.70	-	-	-
Fishing 208	0.01			120	0.00	-	-	-
Manufacturing	831,032	46.30			722,263	53.13	-	-
Mining 9,619	0.54			8,684	0.64	-	-	-
Production	814,597	45.38			709,212	52.17	-	-
Electric, gas and water	6,816	0.38			4,367	0.32	-	-
Construction	265,527	14.79			130,790	9.62	-	-
Services	586,510	32.68	37,563	99.72	440,087	32.36	4,055	98.59
Wholesale and retail trade	225,691	12.57			121,886	8.97	-	-
Hotel, food and beverage services	13,019	0.73			3,847	0.28	-	-
Transportation and telecommunication	27,801	1.55			38,661	2.84	-	-
Financial institutions	36,379	2.03			11,062	0.81	-	-
Real estate and renting services	26,899	1.50			15,190	1.12	-	-
Self-employment services	120,475	6.71			101,207	7.44	-	-
Education services	20,894	1.16			12,675	0.93	-	-
Health and social services	17,299	0.96			10,389	0.76	-	-
Others 98,053	5.46	37,563	99.72	125,170	9.21	-	-	-
Profit Share and Income Accruals (*)	44,439	2.48	106	0.28	24,534	1.80	58	1.41
Total	1,794,958		37,669		1,359,413		4,113	

(*) Sectoral breakdown can not be provided for profit share and income accruals.

III. Market Risk

The Bank has only currency risk as market risk and the risk is reported to BRSA monthly, weekly and on a quarterly basis.

a) Information on market risk

Amount

(I) Capital to be employed for general market risk - Standard Method	-
(II) Capital to be employed for specific risk- Standard Method	-
(III) Capital to be employed for currency risk - Standard Method	112
(IV) Capital to be employed for stocks risk- Standard Method	-
(V) Capital to be employed for exchange risk- Standard Method	-
(VI) Capital obligation against market risk of options- Standard Method	-
(VII) Capital obligation against market risk of Banks applying risk measurement models	-
(VIII) Total capital to be employed for market risk (I+II+III+IV+V+VI)	112
(IX) Amount subject to market risk (12,5 x VIII) or (12,5 x VII)	1,405

b) Monthly average values at market risk:

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	-	-	-	-	-	-
Common Share Risk	-	-	-	-	-	-
Currency Risk	7,779	13,603	1,405	9,290	24,720	2,973
Merchandise Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value at Risk	7,779	13,603	1,405	9,290	24,720	2,973

IV. Operational risk

As per the Article 24 of "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" operational risk is not calculated. Operational risk calculates Basel II method.

V. Foreign currency risk

- The Bank does not hold short or long term position relating to currency risk.
- The Bank does not have derivative financial instruments held for risk management.
- Management policy of foreign currency risk:

As a result of the uncertainty and volatility in the markets, no short or long positions are maintained, and accordingly, no currency risk is anticipated. The Bank provides required precautions to keep the currency risk at a minimum level. However, the currency risk that may arise has been calculated with the Standard Method on a weekly and monthly basis, and the results are reported to the official institutions and the Bank's senior management. In this regard, currency risk is closely monitored. Currency risk is taken into consideration as part of the general market risk within the calculation of the Capital Adequacy Ratio

Foreign exchange buying rates of the last five business days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EURO
As of December 29/2006	1,400	1,84
As of December 28/2006	1,403	1,846
As of December 27/2006	1,420	1,868
As of December 26/2006	1,419	1,864
As of December 25/2006	1,419	1,863

The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty one days before the balance sheet date is 1.421581 US Dollar/ YTL (2005- 1.3469 US Dollar/ YTL), 1.879484 EURO/ YTL (2005-1.5964 EURO/ YTL) and 0.012089 Japanese Yen/ YTL (2005- 0.011343 Yen/ YTL).



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Information on currency risk of the Bank: Foreign currencies (in thousands of YTL)

	EURO	USD	Yen	Other FC	Total
Current Period					
Assets					
Cash (cash in vault, money in transit, cheques purchased) and balances with the Central Bank of Turkey	64,778	93,683	-	102	158,563
Due from other banks and financial institutions	51,108	51,571	172	2,769	105,620
Financial assets at fair value through profit/loss	-	-	-	-	-
Due from Interbank Money Market	-	-	-	-	-
Financial Assets Available for Sale	-	-	-	-	-
Loans (*)	361,680	595,469	-	-	957,149
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Investments Held- to- Maturity	-	-	-	-	-
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Fixed Assets	-	-	-	-	-
Intangible Fixed Assets	-	-	-	-	-
Other Assets	5	1,198	-	25	1,228
Total Assets	477,571	741,921	172	2,896	1,223,560
Liabilities					
Funds collected from banks through special current and participation accounts	16,959	55,900	-	3	72,862
Other Special Current and Participation Accounts	457,418	679,277	59	1,020	1,137,774
Interbank Money Market Takings	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-	-
Securities Issued	-	-	-	-	-
Miscellaneous Payables	1,533	5,680	31	729	7,973
Derivative Financial Liabilities Held for Risk Management	-	-	-	-	-
Other Liabilities	1,497	2,937	-	-	4,434
Total Liabilities	477,407	743,794	90	1,752	1,223,043
Net on Balance Sheet Position	164	(1,873)	82	1,144	(483)
Net off Balance Sheet Position					
Derivative Financial Instruments Assets	-	-	-	-	-
Derivative Financial Instruments Liabilities	-	-	-	-	-
Non-cash Loans	79,397	281,352	1,010	13,415	375,174
Prior Period					
Total Assets	358,973	555,952	332	1,826	917,083
Total Liabilities	360,786	551,366	99	1,122	913,373
Net on Balance Sheet Position	(1,813)	4,586	233	704	3,710
Net off Balance Sheet Position					
Derivative Financial Instruments Assets	-	-	-	-	-
Derivative Financial Instruments Liabilities	-	-	-	-	-
Non-cash Loans	21,334	97,754	592	4,004	123,684

(*) The balance includes foreign currency indexed loans and financial lease receivables of YTL 896,216 (2005- YTL 684,160) and profit share discounts of YTL 23,264 (2005- YTL 11,616).

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VI. Liquidity Risk

- Liquidity risk represents the risk of not having sufficient cash or cash inflows to meet the cash outflows completely and on time, as a result of instable cash flows. The Bank manages liquidity risk by determining funds that can be granted according to the position of the excess liquidity.
- The Bank does not have structural interest rate risk.
- The Bank has not had any instruments which may lead to supply of money.
- Amounts, sources and maturity analysis of cash flows are given in the table below.

Presentation of assets and liabilities based on their outstanding maturities

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and over	Unallocated (*)	Total
Current Period								
Assets								
Cash (cash in vault, money in transit, cheques purchased) and Balances with the Central Bank of Turkey.	97,895	126,461	-	-	-	-	-	224,356
Due from banks and other financial institutions	218,029	-	-	-	-	-	-	218,029
Financial Assets at Fair Value through Profit/ Loss	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Securities Available-for-Sale	-	-	-	-	-	-	-	-
Loans (**)	-	263,769	369,613	387,030	424,845	490,221	47,561	1,983,039
Securities Held-to-Maturity.	-	-	-	-	-	-	-	-
Other assets(*)	-	-	-	-	-	-	66,389	66,389
Total Assets	315,924	390,230	369,613	387,030	424,845	490,221	113,950	2,491,813
Liabilities								
Funds collected from banks through special current and participation accounts	23,320	11,546	30,671	-	7,844	-	-	73,381
Other Special Current and Participation Accounts(***)	391,286	1,391,662	192,452	47,983	42,831	-	14,419	2,080,633
Funds Borrowed from Other Institutions	-	-	-	-	-	-	-	-
Interbank Money Market Takings	-	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	66,190	66,190
Other liabilities	-	-	-	-	-	-	271,609	271,609
Total Liabilities	414,606	1,403,208	223,123	47,983	50,675	-	352,218	2,491,813
Net Liquidity Gap/Excess	(98,682)	(1,012,978)	146,490	339,047	374,170	490,221	(238,268)	-
Prior Period								
Total Assets	305,342	305,538	280,233	311,860	335,238	357,865	73,382	1,969,458
Total Liabilities	344,148	1,081,999	194,151	43,195	45,501	5,454	255,010	1,969,598
Liquidity Gap	(38,806)	(776,461)	86,082	268,665	289,737	352,411	(181,628)	-

(*) Such assets as fixed assets, subsidiaries and investments in associates, stationary, prepaid expenses and loans under follow-up, are included under this column.

(**) The "Unallocated" balance of YTL 47,561 comprises profit share and income accrued on loans.

(***) The "Unallocated" balance of YTL 14,419 comprises profit share and expense accrued on participation accounts.



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VII. Presentation of Assets and Liabilities with Their Fair Values

The table below presents fair values and book values of financial assets and liabilities which are not reflected at their fair values in the financial statements.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	2,328,441	1,836,659	2,378,576	1,863,821
Interbank Money Market Placements	-	-	-	-
Banks and Other Financials Institutions	392,963	369,251	395,537	370,742
Securities Available-for-Sale	-	-	-	-
Securities Held-to-Maturity	-	-	-	-
Loans	1,935,478	1,467,408	1,983,039	1,493,079
Financial Liabilities	2,194,557	1,740,234	2,208,976	1,751,495
Funds Obtained from Banks	73,381	54,909	73,894	55,255
Other Funds Obtained	2,066,214	1,659,539	2,080,120	1,670,454
Funds Obtained from Other Financial Institutions	383	188	383	188
Securities Issued	-	-	-	-
Miscellaneous Payables	54,579	25,598	54,579	25,598

The table below presents fair values and book values of financial assets and liabilities which are not reflected at their fair values in the financial statements.

Banks and Other Financials Institutions include demand deposits and unrestricted and reserve deposits at The Central Bank of Turkey.

The fair values of the current accounts are considered to be the amount to be paid at the time of withholding. The approximate fair value of the participation accounts is the unit value of the participation accounts calculated as of such date.

VIII. Transactions in The Name and Account of Third Parties, Fiduciary Transactions

1. The Bank does not perform any purchase, sales transactions in the name of others and does not provide management or consultancy services but provides custody services.
2. The Bank is not engaged in trust activities.



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SECTION FIVE

Footnotes and Explanations on Financial Statements

I. Explanation and footnotes on assets

1. a) Information on Cash and The Central Bank of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash/ Cash in Foreign Currency	13,332	32,466	11,677	20,578
Central Bank of Turkey	52,461	125,047	98,509	98,567
Other	-	1,050	-	-
Total	65,793	158,563	110,186	119,145

b) Information on The Central Bank of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Demand Unrestricted Deposit	50,500	547	97,377	2,044
Time Unrestricted Deposit	-	-	-	-
Time Restricted Deposit (Reserve Deposits)	1,961	124,500	1,132	96,523
Total	52,461	125,047	98,509	98,567

2. a) Financial assets at fair value through profit/loss subject to repurchase agreements and given as collateral/ blocked;

None.

b) Positive differences on trading derivative instruments:

None.

3. a) Information on banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	112,409	105,620	76,070	97,596
Domestic	112,409	56,302	76,070	40,660
Foreign	-	49,318	-	56,936
Head Office and Branches Abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	112,409	105,620	76,070	97,596

b) Information on foreign banks:

	Unrestricted Deposit	Restricted Deposit	Unrestricted Deposit	Restricted Deposit
	Current Period	Current Period	Prior Period	Prior Period
European Union Countries	20,326	-	18,789	-
USA and Canada	23,172	-	33,766	-
OECD Countries (*)	2,905	-	1,732	-
Off-shore banking regions	4	-	1,669	-
Other	2,911	-	980	-
Total	49,318	-	56,936	-

(*) OECD countries other than European Union countries, USA and Canada.



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Footnotes and Explanations

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4. Information on financial assets available-for-sale:

- a) Financial assets subject to repurchase agreements and provided as collateral/blocked:
None.
- b) Information on financial assets available-for-sale;
None.

5. Information on loans:

- 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	17,000	12,022	12,961	3,497
Corporate shareholders	16,131	12,013	12,003	3,457
Real person shareholders	869	9	958	40
Indirect loans granted to shareholders	45,903	12,160	29,848	5,164
Loans granted to employees	458	-	378	-
Total	63,361	24,182	43,187	8,661

- b) Information on the first and second group loans, other receivables and restructured or rescheduled loans and other receivables:

Cash Loans	Standart 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
Loans				
Financing of certificates against goods				-
Export loans	33,081			-
Import loans	347,718			-
Operational loans	1,114,001	7,564	14,396	-
Consumer loans	139,513		356	-
Credit cards	12,260			-
Profit/loss sharing loans	19,205			-
Precious metals loans (Gold, etc.)	-			-
Loans given to financial sector	844			-
Loans given to foreign customers	35,565			-
Other	84,184			-
Foreign Exchange loss provision on FC indexed loans	(20,605)			-
Profit share income and accrual (*)	44,545			-
Other receivables	152,856	8,123	13	-
Total	1,963,167	15,687	14,765	-

- (*) As profit share income and accruals are not classified as above in the Uniform Chart of Accounts, the balance could not be segregated.

Cash Loans	Standart 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	1,195,376	7,564	14,752	-
Loans	1,195,376	7,564	14,752	-
Other Receivables	-	-	-	-
Medium and long term loans and other receivables	709,650	8,123	13	-
Loans	709,650	8,123	13	-
Other Receivables	-	-	-	-
Profit share income and accruals (*)	47,561	-	-	-

- (*) As profit share income and accruals are not classified as above in the Uniform Chart of Accounts, the balance could not be segregated. The above balance includes medium and long term loans and discounts on finance lease receivables included in other receivables (YTL 3,016).

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d) Information on consumer loans:

	Short Term	Medium and Long-Term	Profit Share and Income Receivable and Accruals (*)	Total
Consumer Loans-YTL	2,032	124,278	1,231	127,541
Real estate loans	992	111,944	1,076	114,012
Vehicle loans	960	11,598	143	12,701
General purpose loans	19	92	1	112
Other	61	644	11	716
Consumer Loans- FC Indexed	885	12,162	55	13,102
Real estate loans	401	9,302	41	9,744
Vehicle loans	422	2,071	11	2,504
General purpose loans	-	-	-	-
Other	62	789	3	854
Consumer Loans -FC	-	-	-	-
Real estate loans	-	-	-	-
Vehicle loans	-	-	-	-
General purpose loans	-	-	-	-
Other	-	-	-	-
Credit Cards - YTL	8,678	-	-	8,678
With instalment	-	-	-	-
Without instalment	8,678	-	-	8,678
Credit Cards - FC	-	-	-	-
With instalment	-	-	-	-
Without instalment	-	-	-	-
Personnel Loans - YTL	45	111	-	156
Real estate loans	-	15	-	15
Vehicle loans	39	82	-	121
General purpose loans	2	2	-	4
Other	4	12	-	16
Personnel Loans - FC Indexed	-	-	-	-
Real estate loans	-	-	-	-
Vehicle loans	-	-	-	-
General purpose loans	-	-	-	-
Other	-	-	-	-
Personnel Loans -YTL	-	-	-	-
Real estate loans	-	-	-	-
Vehicle loans	-	-	-	-
General purpose loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards -YTL	302	-	-	302
With instalment	-	-	-	-
Without instalment	302	-	-	302
Personnel Credit Cards - FC	-	-	-	-
With instalment	-	-	-	-
Without instalment	-	-	-	-
Deposit Account -YTL (Real Person)	-	-	-	-
Deposit Account -FC (Real Person)	-	-	-	-
Total	11,942	136,551	1,286	149,779



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e) Information on commercial loans with instalments and corporate credit cards:

	Short Term	Medium and Long-Term	Profit Share and Income Receivable and Accruals (*)	Total
Instalment based commercial loans-YTL	2,108	74,188	455	76,751
Business Loans	267	28,843	212	29,322
Vehicle Loans	1,841	43,474	229	45,544
General purpose Loans	-	-	-	-
Other	-	1,871	14	1,885
Instalment based commercial loans - FC indexed	48	7,585	55	7,688
Business Loans	-	1,085	3	1,088
Vehicle Loans	48	6,500	52	6,600
General purpose Loans	-	-	-	-
Other	-	-	-	-
Instalment based commercial loans -FC	-	-	-	-
Business Loans	-	-	-	-
Vehicle Loans	-	-	-	-
General purpose Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards-YTL	3,280	-	-	3,280
With instalment	-	-	-	-
Without instalment	3,280	-	-	3,280
Corporate Credit Cards-FC	-	-	-	-
With instalment	-	-	-	-
Without instalment	-	-	-	-
Deposit Account -YTL (Corporate)	-	-	-	-
Deposit Account -FC (Corporate)	-	-	-	-
Total	5,436	81,773	510	87,719

f) Loans according to type of borrowers:

	Current Period	Prior Period
Public	5,314	4,610
Private	1,782,768	1,334,324
Profit Share Income Receivable and Accruals	44,545	24,592
Total	1,832,627	1,363,526

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	1,752,517	1,332,023
Foreign loans	35,565	6,911
Profit Share Income Receivable and Accruals	44,545	24,592
Total	1,832,627	1,363,526

h) Loans granted to subsidiaries and associates:
None.

i) Specific provisions provided for loans:

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibility	4,820	5,616
Loans and receivables with doubtful collectibility	5,597	2,257
Uncollectible loans and receivables	24,044	16,008
Total	34,461	23,881

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The Bank provides provision after taking collaterals into consideration and provides minimum 20% provision for Loans and receivables with limited collectibility, minimum 50% for loans and receivables with doubtful collectibility and 100% for uncollectible loans and receivables.

j) Information on loans under follow-up account (net):

j.1. Loans and other receivables included in loans under follow-up account which are restructured or rescheduled amounts to YTL 4,937 and classified in uncollectible loans and receivables.

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period			
(Gross amount before specific provisions)			
Restructured Loans and other Receivables	-	-	1,418
Rescheduled Loans and other receivables	-	-	3,519
Prior Period			
(Gross amounts before special provisions)			
Restructured Loans and other Receivables	-	-	1,613
Rescheduled Loans and other receivables	-	-	4,443

j.2. Movement of loans under follow-up:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period ending balance	10,844	3,732	16,605
Additions (+)	19,412	3,194	2,108
Transfers from other categories of loans under follow-up (+)	-	16,575	12,282
Transfers to other categories of loans under follow-up (-)	(16,584)	(12,274)	-
Collections (-)	(8,785)	(5,362)	(6,493)
Write-offs (-)	(27)	(253)	(279)
Current period ending balance	4,860	5,612	24,223
Specific provision (-)	(4,820)	(5,597)	(24,044)
Net balance on balance sheet	40	15	179

j.3. Information on foreign currency loans and other receivables under follow-up:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period:			
Period end balance	544	1,027	12,218
Specific provision (-)	(544)	(1,027)	(12,218)
Net balance on balance sheet	-	-	-
Prior period:			
Period end balance	2,161	1,658	12,521
Specific provision (-)	(1,367)	(1,005)	(12,352)
Net balance on balance sheet	794	653	169

Not: For the III., IV and V. Group receivables YTL 4,221 of foreign currency indexed receivable under follow-up foreign currency indexed specific reserves are included. (2005 - YTL 4,776 of foreign currency indexed receivable under follow-up, YTL 3,309 of foreign currency indexed specific reserves)



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k) Liquidation policies for the uncollectible loans and other receivables:

The loans and other receivables determined as uncollectible are written off from the assets according to the Tax Law by the decision of the top management in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" related to the clause announced at the Banking Law numbered 53. and 93. and dated October 19, 2005.

6. Information on securities held-to-maturity (Net):

None.

7. Information on associates (Net):

The Bank has a participation of 12.5% and 0.5% respectively in Rozi Kağıt ve Temizlik Ürünleri Sanayi ve Ticaret A.Ş. and Islamic International Rating Agency (IAA). As the shareholding in these companies do not exceed 50% and as the Bank does not have power of control, they have not been consolidated. The participation in Rozi Kağıt was reflected at cost adjusted for inflation as of December 31, 2004. The participation in IAA is in foreign currency and it was booked by converting into YTL at exchange rate valid on December 31, 2006.

a.2. Information on the unconsolidated associates:

	Description	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
1)	Rozi Kağıt ve Temizlik Ürünleri San ve Tic A.Ş. (ROZI)	İstanbul / Turkey	12.5	12.5
2)	Islamic International Rating Agency (IAA)	Manama / Bahrain	0.5	0.5

The balances presented in the below table are obtained from the financial statements of the Rozi Kağıt ve Temizlik Ürünleri San ve Tic A.Ş. prepared as of September 30, 2006 and Islamic International Rating Agency as of September 30, 2005.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Dividend or Profit Share Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1) *	30,481	5,830	25,273	-	-	(6,074)	(5,017)	-
2) *	1,534	1,513	15	-	-	(155)	(197)	-

(* Prepared in accordance with the local regulations of the country in which the related associate is incorporated.

b) The Bank does not have consolidated associates as of the balance sheet date.

8) Information on unconsolidated subsidiaries (Net):

1. The Bank does not have unconsolidated subsidiaries as of the balance sheet date.

9) Investments in joint- ventures:

None.

10) Information on finance lease receivables (Net):

a) Investments in financial leases as to remaining maturity:

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	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	83,933	69,739	78,059	67,599
1 to 4 years	87,824	76,625	64,977	60,096
Over 4 years	1,128	1,032	805	779
Profit Share Income Receivable and Accruals	3,016	3,016	1,079	1,079
Total	175,901	150,412	144,920	129,553

b) Information on finance lease receivables:

	Current Period	Prior Period
Finance Lease Receivable, Gross	175,901	144,920
Unearned Financial Lease Receivable (-)	(25,489)	(15,367)
Cancelled Lease Amounts (-)	-	-
Financial Lease Receivable, Net	150,412	129,553

- c) In relation to leasing agreements; points like criteria used to determine conditional lease instalments, if any, existing conditions for options of renewable or purchase and updating of agreement and restrictions of lease agreement, if any, existing penalty fee, whether agreements is renewed, if renewed, conditions for renewable, whether renewable brings new restrictions and other points about rent agreement: There is no conditional instalments for leasing receivables. The customer has the right to buy the leased asset with an immaterial amount defined in the leasing agreements subsequent to the finalization of the required period for legal title transfer.

11. Derivative financial instruments held for risk management:
None.

12. Information on Fixed Assets: (Net)

	Land and buildings	Leased fixed assets	Vehicles	Other fixed assets	Total
Prior Period End:					
Cost	28,843	522	2,964	24,365	56,694
Accumulated depreciation (-)	7,007	54	1,299	15,565	23,925
Net book value	21,836	468	1,665	8,800	32,769
Current Period End:					
Net book value-beginning of period	21,836	468	1,665	8,800	32,769
Additions	561	876	852	4,051	6,340
Disposals (-)	-	-	(5)	(29)	(34)
Impairment (+)	450	-	-	-	450
Depreciation expense (-)	(631)	(196)	(570)	(2,888)	(4,285)
Currency translation differences resulting from foreign investments (-)	-	-	-	-	-
Cost at the end of period	29,854	1,398	3,594	27,500	62,346
Accumulated depreciation at the end of period (-)	(7,638)	(250)	(1,652)	(17,566)	(27,106)
Net book value at the end of period	21,216	1,148	1,942	9,934	35,240

There are no impairment provisions provided or released on any individual asset or group of assets which are not material to the financial statements on an individual basis but material on a total basis.

13. Information on Intangible Fixed Assets:

a) Useful life or amortization rates:

The value of the intangible assets subject to amortization is distributed systematically over its estimated useful lives starting from the effective usage date of the asset.

- b) Depreciation Method:** Intangible fixed assets are amortized by using straight-line method over the inflation adjusted book values. Depreciation rates used are %33 and %25.



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c) Book value and accumulated depreciation amounts at beginning and end of period:

	Current Period	Prior Period
Gross book value	1,610	1,253
Accumulated depreciation	(1,116)	(779)
Total	494	474

d) Movement of intangible assets for the current period:

	Current Period
Net book value at the end of Prior Period	474
Balances created internally	-
Additions due to mergers, transfers and acquisitions	357
Not used and disposed items (-)	-
Increases or decreases in the revaluation fund	-
Impairment charges	-
Reversal of impairment charges	-
Depreciation expenses (-)	(337)
Currency translation differences on foreign investments	-
Other differences in book values	-
Net book value at the end of Current Period	494

e) There is no specific intangible asset that is material to the financial statements.

f) There are no intangible assets acquired through government incentives and accounted at fair value.

g) There are no intangible assets that are pledged or restricted for use.

i) The Bank has no commitments for the intangible fixed asset purchases.

j) The Bank has no revalued intangible assets.

k) The Bank has no research and development expenses recorded in income statement within the period.

l) The Bank has no positive or negative consolidation goodwill arising from consolidated subsidiaries.

m) Net book value of the goodwill at the beginning of the period, at the end of the period and movement in the current period: None.

Net book value of the negative goodwill at the beginning of the period, at the end of period and movement in the current period: None.

14. Information on deferred tax asset:

As of December 31, 2005 the Bank calculated deferred tax assets of YTL 7,884 related to its investments tax credits. As of December 31, 2005 the Bank calculated deferred tax assets YTL 21,660 related to its financial leasing receivables however, this was not considered as assets as it was not realisable through a deduction from the taxes payable in the foreseeable future and the balance was provided for.

As of December 31, 2006 The Bank took into account the consideration that it would not be interested in benefiting from investment tax credits due to the changes in tax regulations (2007) and did not calculate a deferred tax assets on its investments tax credits. However deferred tax assets of YTL 5,428 were calculated on financial leasing receivables because it was foreseen that these will be deductible from the taxable profits in the foreseeable future. The deferred tax assets amounting to YTL 1,152 are related to other temporary timing differences (YTL 5,428 + YTL 1,152= YTL 6,580).



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15. Information on Assets held for sale:

	Current Period
Balance at Beginning of Current Period	13,985
Accumulated depreciation - beginning of period	-
Net book value-beginning of period	13,985
Addition	3,264
Disposals	9,921
Reversal of Impairment Losses (+)	1,386
Depreciation Expense (-)	(311)
Cost - end of period	8,714
Accumulated depreciation - end of period	(311)
Net book value-end of Current Period	8,403

16. Information on assets held for sale:

As of the balance sheet date, other assets, excluding the off balance sheet commitments, do not exceed 10% of the balance sheet total.



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II. EXPLANATIONS AND FOOTNOTES ON LIABILITIES:

1. Information on funds collected:

a) Information of maturity structure of funds collected:

a.1) Current Period

	Demand	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 Year	Over 1 Year	Accumulating Deposit Accounts	Total
I. Real Persons Current Accounts Non-Trade YTL	71,368	-	-	-	-	-	-	-	71,368
II. Real Persons Participation Accounts Non-Trade YTL	-	524,108	99,539	21,211	-	29,216	12,995	-	687,069
III. Current Account. other-YTL	96,441	-	-	-	-	-	-	-	96,441
Public sector	104	-	-	-	-	-	-	-	104
Commercial institutions	92,329	-	-	-	-	-	-	-	92,329
Other institutions	3,900	-	-	-	-	-	-	-	3,900
Commercial and Other institutions	2	-	-	-	-	-	-	-	2
Banks and Participation Banks	106	-	-	-	-	-	-	-	106
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Bank	106	-	-	-	-	-	-	-	106
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-YTL	-	75,098	3,597	81	-	238	-	-	79,014
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	61,256	2,630	1	-	219	-	-	64,106
Other institutions	-	13,842	50	80	-	19	-	-	13,991
Commercial and Other institutions	-	-	917	-	-	-	-	-	917
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
V. Real Persons Current Accounts FC	111,721	-	-	-	-	-	-	-	111,721
VI. Real Persons Participation Accounts Non-Trade FC	-	586,928	143,906	28,113	-	59,387	-	-	818,334
VII. Other Current Accounts Non-Trade FC	135,076	-	-	-	-	-	-	-	135,076
Residents in Turkey-corporate	110,932	-	-	-	-	-	-	-	110,932
Residents abroad-corporate	930	-	-	-	-	-	-	-	930
Banks and Participation Banks	23,214	-	-	-	-	-	-	-	23,214
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	11,200	-	-	-	-	-	-	-	11,200
Foreign Banks	6,772	-	-	-	-	-	-	-	6,772
Participation Bank	5,242	-	-	-	-	-	-	-	5,242
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts, other- FC	-	98,176	33,373	723	-	8,300	-	-	140,572
Public sector	-	-	-	-	-	0	-	-	-
Commercial institutions	-	62,987	2,156	723	-	54	-	-	65,920
Other institutions	-	17,421	1,463	-	-	14	-	-	18,898
Commercial and Other institutions	-	17,768	29,754	-	-	8,232	-	-	55,754
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
IX. Precious metals deposits	-	-	-	-	-	-	-	-	-
X. Participation accounts special fund pools YTL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special fund pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Profit Share and Expense Discounts	14,419	-	-	-	-	-	-	-	14,419
Total	429,025	1,284,310	280,415	50,128	-	97,141	12,995	-	2,154,014

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a.1) Prior Period

	Demand	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 Year	Over 1 Year	Accumulating Deposit Accounts	Total
I. Real Persons Current Accounts Non-Trade YTL	71,368	-	-	-	-	-	-	-	71,368
II. Real Persons Participation Accounts Non-Trade YTL	-	524,108	99,539	21,211	-	29,216	12,995	-	687,069
III. Current Account. other-YTL	96,441	-	-	-	-	-	-	-	96,441
Public sector	104	-	-	-	-	-	-	-	104
Commercial institutions	92,329	-	-	-	-	-	-	-	92,329
Other institutions	3,900	-	-	-	-	-	-	-	3,900
Commercial and Other institutions	2	-	-	-	-	-	-	-	2
Banks and Participation Banks	106	-	-	-	-	-	-	-	106
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Bank	106	-	-	-	-	-	-	-	106
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-YTL	-	75,098	3,597	81	-	238	-	-	79,014
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	61,256	2,630	1	-	219	-	-	64,106
Other institutions	-	13,842	50	80	-	19	-	-	13,991
Commercial and Other institutions	-	-	917	-	-	-	-	-	917
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
V. Real Persons Current Accounts FC	111,721	-	-	-	-	-	-	-	111,721
VI. Real Persons Participation Accounts Non-Trade FC	-	586,928	143,906	28,113	-	59,387	-	-	818,334
VII. Other Current Accounts Non-Trade FC	135,076	-	-	-	-	-	-	-	135,076
Residents in Turkey-corporate	110,932	-	-	-	-	-	-	-	110,932
Residents abroad-corporate	930	-	-	-	-	-	-	-	930
Banks and Participation Banks	23,214	-	-	-	-	-	-	-	23,214
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	11,200	-	-	-	-	-	-	-	11,200
Foreign Banks	6,772	-	-	-	-	-	-	-	6,772
Participation Bank	5,242	-	-	-	-	-	-	-	5,242
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts, other- FC	-	98,176	33,373	723	-	8,300	-	-	140,572
Public sector	-	-	-	-	-	0	-	-	-
Commercial institutions	-	62,987	2,156	723	-	54	-	-	65,920
Other institutions	-	17,421	1,463	-	-	14	-	-	18,898
Commercial and Other institutions	-	17,768	29,754	-	-	8,232	-	-	55,754
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
IX. Precious metals deposits	-	-	-	-	-	-	-	-	-
X. Participation accounts special fund pools YTL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special fund pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Profit Share and Expense Discounts	14,419	-	-	-	-	-	-	-	14,419
Total	429,025	1,284,310	280,415	50,128	-	97,141	12,995	-	2,154,014



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b.1) Saving deposits and other deposits accounts insured by Saving Deposit Insurance Fund :

Funds Collected	Under the Savings Deposit Insurance Fund		Exceeding the limit of Guarantee Fund	
	Current Period	Prior Period	Current Period	Prior Period
Real persons current and participation accounts not subject to trading transactions				
Turkish lira accounts	550,371	477,090	214,964	194,430
Foreign currency accounts	418,970	340,628	517,559	359,993
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and investment accounts opened on behalf of a real person denominated in Turkish Lira or foreign currency with a limit of maximum of YTL 50 (including both capital and profit shares) for each person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law Number 5411 published at the official gazette dated November 1, 2005 and numbered 25983.

b.2) Since the headquarter of the Bank is not located abroad, current and participation accounts not subject to trading transactions of real persons is not insured in the country of the head office.

b.3) Funds collected which are not under guarantee fund:

The Bank does not have any branches abroad or off-shore banking regions.

2. Information on available- for- sale derivative financial Instruments:
None.

3. There are no funds borrowed:

4. Breakdown of items in other external resources which exceed 10 % of the balance sheet total (excluding off-balance sheet commitments) and breakdown of items which constitute at least 20% of grand total:

Other external resources (excluding off balance sheet commitments) do not exceed 10% of the balance sheet total.

5. Information on finance lease obligations:

a) Information on financial lease obligations:

The Bank has acquired some of its IT equipments through financial leasing and performs monthly payments to financial lease company in accordance with the obligations originated from the leasing agreements. Such agreements do not result in any other important obligations to the Bank other than the committed payments.

b) Explanations on the changes in agreements and new obligations originating from these changes: None.



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c) Explanations on the obligations originating from financial leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	429	383	194	188
1 to 4 years	-	-	-	-
Over 4 years	-	-	-	-
Total	429	383	194	188

d) Explanations on operational leases:

The leasing transactions, in which all risks and benefits are held by the lessor, are classified as operational leases. Such transactions consist of rent contracts of branches which may be cancelled by declaration. The payments related with operational leases are recognized as expense in the income statement during the period of the agreement.

There are no significant commitments regarding the changes at the operational lease agreements.

The rent obligations resulting from the operational leases are as follows; the payables represent the rent payments which are not recorded because the related invoices are not issued.

	Current Period	Prior Period
Less than a year	2,623	1,435
1 to 4 years	9,694	4,401
Over 4 years	9,836	2,884
Total	22,153	8,720

e) There are no sale and lease back transactions.

6) Derivative financial liabilities held for risk management:

None.

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General provision	12,566	8,222
I. Group loans and receivables	11,599	7,867
Participation Account Share	6,692	4,818
Institution Share	4,907	3,049
Others	-	-
II. Group loans and receivables	-	-
Participation Account Share	-	-
Institution Share	-	-
Others	-	-
Provisions for non-cash loans	967	355
Others	-	-

b) Information on foreign exchange losses on foreign currency indexed loans:

	Current Period	Prior Period
Foreign currency indexed loans		
Foreign Exchange losses (netted-off from loans)	20,605	15,878

c) Information on specific provisions for non-cash loans that are not indemnified and liquidated:

	Current Period	Prior Period
Provisions for non-cash loans that are not indemnified and liquidated	961	1,254



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d) Information on other provisions:

d.1) Information on Provisions for possible losses.

	Current Period	Prior Period
Provisions for possible losses	1,120	-

d.2) If other provisions exceed %10 of total provisions, explanations on such items: None.

8. Information on taxes payable:

a.1) Corporate tax: None.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	-	-
Taxation of Securities	2,139	1,863
Property Tax	39	24
Banking insurance Transaction Tax	1,542	1,076
Foreign Exchange Transaction Tax	270	130
Value Added Tax Payable	82	103
Other	1,488	772
Total	5,560	3,968

a.3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	472	354
Social Security Premiums-Employer	675	504
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	33	25
Unemployment insurance-Employer	66	50
Other	-	-
Total	1,246	933

b) There are no deferred tax payables.

9) Information on payables for assets held for sale;
None.

10) Subordinated loans:
None.

11) Information on equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common Stock	160,000	126,000
Preferred Stock	-	-

b) The Bank is not subject to registered share capital system.

c) Information on share capital increases and their sources; other information on increased share capital in current period:

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December 31, 2006

At the Ordinary General Meeting held on February 28, 2006, the Bank decided to increase its share capital from YTL 126,000 to YTL 160,000 , by transferring YTL 32,780 from prior years' profit, YTL 584 from gain on sale of fixed assets and YTL 636 from extraordinary reserves, and the increase has been recorded on March 31, 2006.

December 31, 2005

At the Ordinary General Meeting held on April 7, 2005, the Bank decided to increase its share capital from YTL 100,000 to YTL 125,000 , by transferring YTL 17,122 from prior years' profit, YTL 1,377 from gain on sale of fixed assets and YTL 6,500 from extraordinary reserves, and the increase has been recorded on April 25, 2005.

At the Ordinary General Meeting held on July 21, 2005, the Bank decided to increase its share capital from YTL 125,000 to YTL 126,000 , by transferring YTL 810 from gain on sale of fixed assets and YTL 190 from extraordinary reserves, and the increase has been recorded on July 26, 2005

- d) The Bank has supplemented YTL 584, capital reserves to capital.
- e) There are no capital commitments in the last fiscal year and at the end of the following interim period.
- f) Prior periods' indicators related with the Bank's income, profit and liquidity and the possible effects of the uncertainties in these indicators on the Bank's equity:
- The Bank collects large amount of funds, uses these funds to give domestic loans and continues to realize profit possibilities. In the forthcoming periods, the management foresees that when the demand for loans increases, the profitability of the Bank will rise and these profits will positively affect the equity.
- g) There are no privileges attributed to the shares constituting the share capital.

12) Information on minority interest: None.

III. EXPLANATIONS OF CONTINGENCIES AND COMMITMENTS:

1) Disclosures on other contingent liabilities:

- a) Nature and amount of irrevocable loan commitments:

The Bank has credit card expenditure limit commitments amounting to YTL 39,189 (2005- YTL 20,060) payment commitments for checks, amounting to YTL 127,445 (2005- YTL 102,563) and in total YTL 166,634 (2005- YTL 122,623) of irrevocable loan commitments as of December 31, 2006.



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b) Nature and amount of contingent loss and commitments from off-balance sheet items including below statements:

b.1) Non-cash loans including guarantees, acceptances, financial collaterals and other letters of credits:

As of the balance sheet date ,total letters of credit amounts to YTL 156,243 (2005- YTL 84,227) and acceptances amounts to YTL 4,438 (2005- YTL 3,996)

b.2) Definite guarantees, temporary guarantees, sureties and similar transactions:

As of the balance sheet date, total letters of guarantees amounts to YTL 519,893 (2005-YTL 144,608)

c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Guarantees given against cash loans	-	-
With maturity of 1 year or less	-	-
With maturity of more than 1 year	-	-
Other non-cash loans	681,487	233,031
Total	681,487	233,031

c.2) Information on the sectoral risk concentration of non-cash loans:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	2,031	0.66	3,236	0.86	-	-	1,102	0.01
Farming and stockbreeding	980	0.32	2,872	0.77	-	-	1,027	0.83
Forestry	1,051	0.34	340	0.09	-	-	75	0.06
Fishing	-	-	24	0.00	-	-	-	-
Manufacturing	61,266	20.00	114,675	30.57	-	-	60,094	48.52
Mining	10	0.00	696	0.19	-	-	8,338	6.73
Production	60,780	19.84	110,106	29.35	-	-	51,639	41.70
Electric, gas and water	476	0.16	3,873	1.03	-	-	117	0.09
Construction	16,531	5.40	42,372	11.29	-	-	1,359	1.10
Services	226,485	73.14	214,891	57.29	109,197	100	61,279	49.49
Wholesale and retail trade	7,296	2.38	18,401	4.91	-	-	12,369	9.99
Hotel, food and beverage services	168	0.05	94	0.03	-	-	-	-
Transportation and telecommunication	1,764	0.58	3,560	0.95	-	-	92	0.16
Financial institutions	147	0.05	-	-	-	-	-	-
Real estate and renting services	249	0.08	894	0.24	-	-	-	-
Self-employment services	195,512	63.83	189,990	50.64	-	-	47,840	38.63
Education services	251	0.08	-	-	-	-	-	-
Health and social services	6,113	1.20	1,438	0.38	-	-	842	0.68
Other	14,985	4.89	514	0.14	109,197	100	36	0.03
Total	306,313		375,174		109,197		123,834	

c.3) Information on non-cash loans in Ist and IInd Groups :

	I st Group		IInd Group	
	YTL	FC	YTL	FC
Non-cash loans	306,313	375,174	-	-
Letters of guarantee	306,313	213,580	-	-
Bank acceptances	-	4,438	-	-
Letters of credit	-	156,243	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring of guarantee	-	-	-	-
Other commitments and contingencies	-	913	-	-

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2) Information on derivative financial instruments:

None.

3) Accounting and presentation of contingent assets and liabilities in the financial statements:

3.a) For contingent assets, if realization probability is close to certain, it is accounted for in the financial statements. If realization probability is high, then it is explained in the footnotes. As of December 31, 2006 there are no contingent assets that need to be explained.

3.b) There are no provisions set for contingent liabilities.

4) Information on the services in the name and account of third parties:

The Bank does not have any operations in the name and account of real persons, legal entries, foundations, retirement insurance funds and other legal entities.

IV. I. EXPLANATIONS AND FOOTNOTES RELATED WITH STATEMENT OF INCOME:

1) a) Information on profit share income from loans:

	I st Group		II nd Group	
	YTL	FC	YTL	FC
Profit Share Income	235,458	1,041	-	-
Short Term Loans	152,734	992	-	-
Medium and Long Term Loans	80,225	49	-	-
Loans under follow-up	2,499	-	-	-
Premiums received from Resource Utilization Support Fund	-	-	-	-

b) Information on profit share income from banks:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	-	-	-
Foreign Headoffices and Branches	-	-	-	-
Total	-	-	-	-

c) The Bank has no profit share income from marketable securities.

d) The Bank has no profit share income from associates and subsidiaries.

2) a) Information on profit share expenses on funds borrowed :

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks				
Central Bank of Turkey	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	-	-	-
Headoffices and Branches Abroad	-	-	-	-
Other Institutions (Related to Financial Leasing Payables)	30	-	10	-
Total	30	-	10	-

b) Profit share income paid to associates and subsidiaries: None.

c) Profit share expenses paid to securities: None.



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d) Maturity structure of the profit share expenses paid to participation accounts:

Account	Up to 1 month	Up to 3 month	Up to 6 month	Up to 9 month	Up to 1 Year	Over 1 Year	Accumulating Deposit Accounts	Total
Turkish Lira								
Participation accounts granted to banks and special finance houses	-	-	-	-	-	-	-	-
Participation accounts of real persons (non-trading)	80,618	15,524	3,479	-	4,943	-	-	104,564
Participation accounts of public institutions (non- trading)	218	-	-	-	-	-	-	218
Participation accounts of commercial institutions.	11,212	443	-	-	35	-	-	11,690
Participation accounts of other institutions	1,329	140	9	-	3	-	-	1,481
Total	93,377	16,107	3,488	-	4,981	-	-	117,953
Foreign Currency								
Banks	319	93	-	-	81	-	-	493
Participation accounts of real persons(non-trading)	20,599	6,293	1,156	-	2,704	3,953	-	34,705
Participation accounts of public institutions (non-trading)	126	-	-	-	-	-	-	126
Participation accounts of commercial institutions	1,713	88	18	-	13	-	-	1,832
Participation accounts of other Institution	1,556	882	-	-	319	-	-	2,757
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	24,313	7,356	1,174	-	3,117	3,953	-	39,913

3) Information on dividend income:

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets Valued at Fair Value Through Profit/Loss	-	-
Financial Assets Available for Sale	-	-
Other	-	1,156
Total	-	1,156

4) Information on trading profit/loss :

	Current Period	Prior Period
Profit	152,958	313,288
Trading Account Income	-	-
Derivative financial instruments	-	-
Other	-	-
Foreign Exchange Gain	152,958	313,288
Loss (-)	(209,269)	(260,805)
Trading Account Loss	-	-
Derivative financial instruments	-	-
Other	-	-
Foreign Exchange Loss	(209,269)	(260,805)

5) Information on other operating income:

Total operating income amounting to YTL 115,221 comprises income from foreign exchange loans in the amount of YTL 81,186, cancellation of expenses foreign exchange loans in the amount of YTL 20,911, YTL 8,019 of the remaining comprises income from sale of assets and property and YTL 5,105 adjustments to prior year

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6) Provision for loan losses and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	4,121	1,420
III. Group	1,034	875
IV. Group	595	15
V. Group	1,908	530
Doubtful fees and commissions receivable and other receivables	584	-
General provision expenses	2,975	829
Provision for possible losses	1,144	-
Foreign currency indexed loans exchange differences	-	-
Financial assets at fair value through profit or loss	-	-
Financial assets available for sale	-	-
Impairment losses on associates, subsidiaries and investments held-to- maturity	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments held-to-maturity	-	-
Other	585	501
Total	8,825	2,750

7) a) Information on other operating expenses:

	Current Period	Prior Period
Foreign Exchange Expenses	35,497	48,228
Personnel Expenses	41,416	30,024
Reserve for Employee Termination Benefits	729	744
Deficit Provision for Pension Fund	-	-
Impairment Losses of Tangible Fixed Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	5,406	4,402
Impairment Losses of Intangible Fixed Assets	-	-
Impairment Losses Goodwill	-	-
Depreciation Expenses of Intangible Fixed Assets	337	294
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Assets to be Disposed	-	-
Impairment Losses on Assets held-for-Sale	-	-
Other Operating Expenses	16,499	15,791
Operational lease related expenses	3,657	2,285
Repair and maintenance expenses	766	744
Advertisement expenses	2,870	3,933
Other Expenses	9,206	8,829
Loss on Sale of Assets	1,265	8,371
Other	18,307	11,245
Total	119,456	119,099

8) Information on profit/loss before taxes:

The Bank's profit before taxes YTL 71,627 (2005- YTL 42,014)

9) Information on provision for taxes:

a) Explanations on current and deferred tax income or expense:

As of December 31, 2006 the Bank has not recorded any current tax income or expense, but recorded deferred tax income amounting to YTL 2,246 (2005- YTL 4,403).



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- b) Deferred tax income or expense on temporary differences, carried forward tax losses or tax exemptions or deductions:

Temporary Differences	Current Period		Prior Period	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Fixed Assets Acquired by Financial Leases (net)	32,598	6,520	-	-
Financial Leasing Receivables	(5,460)	(1,092)	-	-
Impairment Losses Tangible Fixed Assets	1,302	260	-	-
Reserve for Employee Termination Benefits	3,868	774	3,139	942
Profit Share Discount	591	118	-	-
Investment allowance with withholding tax	-	-	28,743	2,932
Investment allowance exemption-without withholding tax	-	-	16,506	4,952
Deferred Tax Assets	-	-	6,580	8,826
Deferred Tax Expenses	-	2,246	-	-

10) Information on profit/loss after taxes:

The Bank's profit after taxes is 69,381 YTL. (2005 - 46,417 YTL)

11) Information on net income / loss for the period:

- a) The nature and amount of certain income and expense items from ordinary operations are disclosed 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 profit/loss; including the effects on the future period:

None.

- c) Income / loss of minority interest:

None.

12) Components of other items in income statement, as each sub-account exceeding 20% of the total separately, exceeding 10% of total income statement.

Other commissions income of YTL 22,078 shown in the statement of income included fees and commissions received of YTL 6,446 from member companies.

V. FOOTNOTES AND EXPLANATIONS RELATED TO STATEMENT OF SHAREHOLDERS' EQUITY MOVEMENT:

1) Explanations on the adjustments made in the current period related to the application of Accounting Standards on Financial Instruments:

- a) Increase resulting from the measurement of available for sale securities: None.

- b) Increase in cash flow risk hedging items: None.

- c) Reconciliation of beginning and ending balances of the foreign currency differences: None.

2) Explanations on the adjustments made in the current period regarding the application of Accounting Standard on Financial Instruments:

- a) Information on securities available for sale: None

- b) Information on cash flow hedges: None.



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3) Information on dividend:

- a) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.
- b) Dividends per share proposed subsequent to the balance sheet date: YTL 0,25 (2005- YTL 0,05)
- c) Proposals to General Assembly for the payment times of dividend and if it will not be appropriated the reasons of this: None.

4) Amounts transferred to legal reserves: Amount transferred to legal reserves from retained earnings was YTL 2,296 in 2005, and for 2006 proposed legal reserve amount is YTL 3,469 in the proposed profit distribution table.

5) Information on shares issued:

- a) There are no priorities or restrictions regarding the distribution of income and repayment of the capital. Income is equally distributed to all shareholders.
- b) Information on the other capital increase items in the statement of changes in shareholders' equity.:None.

VI. FOOTNOTES AND EXPLANATIONS RELATED TO THE STATEMENT OF CASH FLOW:

1) The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

"Other items" amounting to YTL 137,485 included in "Operating profit before changes in operating assets and liabilities" consist of foreign currency losses of foreign currency index loans and other expenses other than personnel expenses, loss on sales of assets, taxes paid and fees and commissions paid.

2) Cash flows related to acquisition of participations, subsidiaries and other investments:

	Current Period	Prior Period
Cash and cash equivalents	-	-
Loans granted	-	-
Other assets	-	-
Loans from other financial institutions	-	-
Other commitments	-	-
Goodwill	-	-
Cost (1)	-	-
Foreign currency gains (2)	-	-
Cost (3)	-	-
Cash and cash equivalent amount of the acquired investment (4)	-	-
Total cash outflow (5)	-	651



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3) Information on disposals of the participations, subsidiaries and other investments:

	Current Period	Prior Period
Net assets (1)	-	-
Cash and cash equivalents	-	-
Receivables from other banks and other financial institutions	-	-
Loans granted	-	-
Current and participation accounts of banks	-	-
Loans granted to other financial institutions	-	-
Other commitments	-	-
Selling income (2)	-	-
Cash and cash equivalent amount of the disposed investment (3)	-	-
Net cash inflow from the disposal	-	31,734

4) Information on cash and cash equivalents at the beginning of period:

	Current Period	Prior Period
Cash	131,676	79,089
Cash/ Cash in Foreign Currency	32,255	26,647
Money in Transit The Central Bank of Turkey	99,421	52,442
Cash Equivalents	173,666	137,098
Domestic Banks	116,730	71,713
Foreign Banks	56,936	65,385
Total Cash and cash equivalents	305,342	216,187

5) Information on cash and cash equivalents at the end of period:

	Current Period	Prior Period
Cash	97,895	131,676
Cash/ Cash in Foreign Currency	45,798	32,255
Money in Transit	1,050	-
The Central Bank of Turkey	51,047	99,421
Cash Equivalents	218,029	173,666
Domestic Banks	168,711	116,730
Foreign Banks	49,318	56,936
Total Cash and cash equivalents	315,924	305,342

6) There is no cash and cash equivalent item which are restricted for the usage of the Bank or subsidiaries of the Bank by legal or other limitations.



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VII. EXPLANATIONS AND FOOTNOTES FOR RELATED PARTY TRANSACTIONS:

1) Volume of related party transactions, income and expense amounts involved and outstanding loan and funds collected balances:

a) Current Period:

Bank's Risk Group	Associates, Subsidiaries and Join-Ventures		Direct and indirect shareholders of the Bank		Other components in risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	-	42,809	8,661	-	-
Balance at end of the period	-	-	62,903	24,182	-	-
Profit share and commission income received	-	-	5,145	-	-	-

b) Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Join-Ventures		Direct and indirect shareholders of the Bank		Other components in risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	475	48,695	2,858	-	-
Balance at end of the period	-	-	42,809	8,661	-	-
Profit share and commission income received	-	-	5,542	-	-	-

c.1) Information on special current and participation accounts related to the Bank's risk group:

Bank's Risk Group	Associates, Subsidiaries and Join-Ventures		Direct and indirect shareholders of the Bank		Other components in risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Special current and participation accounts						
Balance at the beginning of the period	-	2,847	96,134	68,090	-	-
Balance at end of the period	-	-	64,237	96,134	-	-
Profit share expense	-	-	4,016	1,961	-	-

c.2) Information on forward and option agreements and other similar agreements made with related parties:

None.

VIII. INFORMATION ON THE BANK'S DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES:

Information relating to the domestic, foreign, offshore branches and foreign representatives of the Bank;

	Number	Number of Employess	Country of Incorporation	Total Assets	Statutory Share Capital
Domestic branch	63	1,156			
Foreign representatives	-	-	-	-	-
Foreign branch	-	-	-	-	-
Offshore banking region branches	-	-	-	-	-

Explanation on the opening and closing of branches and representations in Turkey or abroad or change in its organization structure with significant effect:

There is no change that significantly effects the organization



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SECTION SIX Other Explanations

I. Other Disclosures and Footnotes:

None.

- II. The Bank does not have to prepare consolidated financial statements in accordance with the "Comminuque on the Preparation of Financial Statements by Banks" published in the Official Gazette dated 8 November 2006 and numbered 26340.



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Other Explanations

SECTION SEVEN

Explanations On The Independent Auditors' Report

I. Explanations on the independent auditors' report

The financial statements of the Bank for the period between January 1 - December 31, 2006 were audited by Kapital Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.

Independent audit report is presented preceding the financial statements and related disclosures to financial statements.

II. Explanations and footnotes prepared by independent auditors

None.



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Explanations on The Independent Auditors' Report

Risk Management Policies Applied As Per Their Types:

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 to be included by the future cash flows and the qualities and level of the activities related thereto.

The ultimate target of our Risk Management System is to allocate our functional activities such capital as is consistent with the risks they bear (economic capital) and to maximize the capital income adapted according to the risk, thus increasing the produced added value.

In our Bank's activities for passing to Basel II, the Roadmap Banks' Regulating and Supervising Agency (BRSA) has been taken as reference according to which the Roadmap of our Bank has been prepared, in which respect it has been aimed that the said Roadmap be dynamic and consistent with the updates in the roadmap of BRSA.

The Risk Management Presidency, which has been organized within the frame of the arrangements of Risk Management, fulfils the activities of measuring, monitoring, controlling and reporting risks.

Another Risk Management body is the Committee of Assets/Liabilities, which manages the Structure of Assets-Liabilities by evaluating domestic and overseas economic conditions concerning collecting and allocating funds in direction of the risk management policies of our Bank. This Committee assembles under the Presidency of the General Manager with the participations of the Assistant General Managers and the Managers of the related divisions.

Our Bank is basically exposed to liquidity and credit risks, the strategic risk, the risk of prestige and operational risk.

For those of risks suffered by our Bank that can be digitized, risk policies and implementation methods thereof and risk limits were determined after they had been ratified by the Board of Directors. The said limits are monitored and reported by those divisions within the coverage of the internal systems and by the related bodies of the Bank, thus ensuring the risks to remain within the determined limits.

Market Risk:

The Market Risk signifies any probable loss that may arise from the fluctuations in foreign currencies owing to our Bank's all the Assets and Liabilities in different foreign currencies that take place in the in-balance-sheet and off-balance-sheet items.

Foreign exchange rate risk or foreign currency position risk that forms our Market Risk because of the movements of Foreign Currency positions in unexpected directions in the Balance Sheets of our Bank is considered to have negative impacts on the Bank's incomes, and accordingly in the equity, in the cash-flows, in the quality of assets and consequently in our Bank's fulfilling its commitments.

Our Bank's Market Risk is calculated by using the standard method and then reported to official authorities.

It is constantly followed whether the Market Risk of our Bank is in conformity with legal regulations and the determined limits.

Our Foreign Currency Risk being discussed and evaluated at the Committee of Assets/Liabilities, our Foreign Currency strategy is that the foreign currency should risk remain in balance, without any deficit or surplus position.



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Risk Management Policies

Liquidity Risk:

The Liquidity Risk is the situation wherein, as result of any imbalance in cash flows, there is not sufficient cash money to be able to cover due Participation Funds or other payment liabilities in time of need.

Liquidity risk could be caused by such factors as term inconsistency, a failure in the quality of assets, unexpected source exits, a fall in profitability and the cases of economic crisis, etc.

Against liquidity risk, cash flow is followed up on daily basis, and preventive and improving measures are taken so that commitments are met duly in time. Besides, the liquidity risk is evaluated by the Committee For Assets/Liabilities on weekly basis.

Our Bank applies a policy wherein liquid assets are found at sufficient rate and quality in consideration of the minimum liquidity rates determined by the related legal regulations and the liquidity experiences in the past in order to meet any liquidity requirement that is likely to rise with unexpected volatilities in markets.

Credit Risk:

It signifies any probability of risk our bank is likely to encounter with because a customer has partly or completely failed to carry out his commitment in time in disobedience to the provisions of the credit contract. This risk also consists of any loss in the market value because of any breakdown in the financial situation of the other party. The definition of used credit risk is inclusive of the portfolios in and out of balance-sheets.

The authority to open credits belongs to the Board of Directors at our Bank. The Board of Directors determines the policies as to opening credits, approval, credit risk management and other principles. Then it monitors their implementation and follow-up, taking required measures thereon.

The Board of Directors has transferred its authority to open credits to the Credit Committee and General Management within the frame of the manners and principles determined by legal provisions. The General Management uses that authority to open credits by means of the divisions and branches.

At our Bank, credit allocations are realised within those limits that are fixed on basis of each debtor and group of debtors. Customers' exceeding the limit of the credit risk is systematically avoided. Attention is paid to not bringing about any sector concentration that might affect the health of credit portfolio negatively. Utmost care is given to the prevention of risks' focusing on a small number of customers.

Credit risks are constantly monitored and reported by the divisions within the coverage of the internal systems and risk management bodies. Credit risks are ensured to be in conformity to credit risk management policies and the manners of implementation thereof.

Operational Risk:

At our Bank, an operational risk is a risk of loss that is caused by insufficient or unsuccessful internal processes, persons and systems or external events, wherein the legal risk and consistency risk are included while the risks of prestige and strategy are excluded.

The operational risk takes place in all the activities of the Bank, which might be caused by errors of the Staff, systematic errors, such transactions as may have been made based on insufficient or incorrect legal information or documents, any default in the information flow between the divisions in the organizational structure of the Bank, any uncertainty in the limits of authorities, constructional and/or operational changes, natural disasters, terror and frauds, etc.



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Risk Management Policies



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Risk Management Policies

At our Bank operational risks are classified into five groups according to their sources: personnel risks, technologic risks, organizational risks, legal risks - consistency risks and external risks.

The required measures have been taken by our Bank so that operational risks can be maintained at a acceptable level.

Other Risks:

The other risks that our Bank is likely to encounter with include strategic risks and the risk for prestige.

Strategic risks are those that are caused by making wrong resolutions at wrong times. In order to avoid and/or control strategic risks, our Bank's Risk Management System is ready for such changes as may have crucial impacts on its activities in economic, political and socio-political conditions as well as in laws, regulations and similar arrangements, Bank's position and strategies, thus taking these issues into consideration in urgent cases and continuity of work.

The risk of prestige is inclusive of events and situations that are likely to shake the trust put in and the image of the Bank caused by all kinds of services, activities and relations of the Bank, or to break the Bank's value.

For the risk of prestige to be avoided and/or controlled by the Bank's Risk Management System, at any time when it has been determined that the Bank's prestige or image has been shaken, customers shall be given priority and a proactive communication mechanism shall be established, wherein preparations are to be made for the worst-case scenarios in advance.

In the evaluation of the prestige risk, the relationship, level and impacts of operational risks with the prestige risk should be taken into account.

Information on the Risk Rating Agency:

The Activities and Financial Tables of Albaraka Türk Participation Bank in 2005 have been rated by the International Rating Agency FITCH RATINGS.

The results of rating have been announced to the public on the official Internet Sites of Fitch Ratings and Albaraka Türk. According to these evaluations, both the Short-Term and Long-Term Rates of Albaraka Türk Participation both in Local Currency and Foreign Currency have been ratified as B for each respectively. In the official announcements by Fitch attention has been called to the enhanced asset quality and profitability, as well as stable funding structure for Albaraka Türk.

Financial Figures Pertaining To The Recent Five Years

ALBARAKA TÜRK PARTICIPATION BANK BALANCE-SHEET AS AT 31.12.2002

ASSETS		LIABILITIES	
CASH ASSETS	20.253	CURRENT AND PLS FUNDS	835.349
Cash 2.987		Special Current Accounts	134.333
Effective Stock	13.884	PLS Accounts	701.016
Cash in Transit	3.382	OTHER FUNDS RECEIVED	
BANKS	96.432	PROFIT SHARE TO BE DISTRIBUTED	12.082
T.R. Central Bank	6.038	TAXES, DUTIES, CHARGES & PREM. PAYABLE	2.081
Domestic Banks	44.737	MISCELLANEOUS LOANS	9.032
Overseas Banks	45.657	Cash Securities Received	3.209
TRCB OBLIGATORY PROVISIONS	78.873	Provisions For Expenses Received	
ALLOCATED FUNDS	456.239	Blocked Currency	63
Short Term	348.535	Others	5.760
Medium and Long Term	107.704	Sellers	
RECEIVABLES UNDER LEGAL FOLLOW-UP (NET)	99.038	PROVISIONS	4.207
Receivables Under Legal Follow Up	143.054	Provision For Severance Pay	1.445
Provisions For Receivables Under Legal Follow Up	(44.016)	Provisions For General Credit	2.449
PROFIT SHARE & INCOME ACCR. & REDISCOUNT	11.830	Other Provisions	313
Profit Share and Income Accrual	3.339	OTHER LIABILITIES	8.087
Profit Share and Income Rediscounts	8.491	EQUITY	115.298
MISCELLANEOUS RECEIVABLES	1.946	Capital	41.000
Receivables From Banking Services	874	Reserves	5.021
Others	1.072	Revaluation Funds	66.618
FIXED ASSETS [NET]	216.667	Corporate Revaluation Fund	8.047
Securities	9.239	Financial Leasing Revaluation Fund	58.571
Real Estate	20.348	Real Estate Sale Gains To Be Added To Capital	11.925
Special Costs	625	Profit/Loss Of Previous Year	(10.344)
Accumulated Depreciations	(107.015)	Profit/Loss of Period	1.078
Financial Leasing Fixed Assets	320.851		
Provisions For Financial Leasing Fixed Assets	(37.387)		
Assets To Be Disposed Off	10.006		
OTHER ASSETS	4.858		
TOTAL ASSETS	986.136	TOTAL LIABILITIES	986.136



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Recent Financial Figures

**ALBARAKA TURK PARTICIPATION BANK
STATEMENT OF INCOME AS AT 31.12.2002**

I- PROFIT SHARE INCOMES	142.485
A. Profit Shares Received From Turkish Currency Funds	48.731
1) From Production Support Funds	32.890
2) From PLS Funds	27i
3) From Financial Leasing Funds	14.483
4) From Other Short Term Funds	1.084
B. Profit Shares Received From Foreign Currency Funds	88.473
1) From Production Support Funds	14.440
2) From PLS Funds	21
3) From Financial Leasing Funds	73.830
4) From Special Funds	117
5) From Other Short Term Funds	245
C. Other Profit Share Incomes	5.281
II- PROFIT SHARE EXPENSES	49.492
A. Profit Shares Given To Turkish Currency - Part. Accounts	23.151
1) From Production Support Funds	21.029
2) From PLS Funds	
3) From Financial Leasing Funds	2.122
4) From Special Funds	
B. Profit Shares Given To Foreign Currency - Part. Accounts	24.541
1) From Production Support Funds	11.494
2) From PLS Funds	14
3) From Financial Leasing Funds	14.935
4) From Special Funds	94
III - NET PROFIT SHARE INCOMES [I - II]	92.993
IV- INCOMES OTHER THAN PROFIT SHARES	145.117
A. Received Fees and Commissions	7.849
1) From Non-Cash Funds	1.142
2) Others	4.707
B. Foreign Exchange Profits	133.554
C. Incomes Other Than Profit Shares	3.714
V- EXPENSES OTHER THAN PROFIT SHARES	237.032
A. Given Fees and Commissions	1.830
1) Given To Non-Cash Funds	345
2) Others	1.445
B. Foreign Exchange Losses	150.222
C. Personnel Expenses	9.072
D. Expenses for Rent	1.008
E. Depreciation Expenses	50.949
F. Taxes and Duties	1.923
G. Provisions for Receivables under Legal Pursuit	4.832
H. Other Provisions	204
J. Provisions for Severance Pay	317
K. Expenses Other Than Profit Shares	14.453
1) Other Expenses	11.548
2) Expenses Legally Accepted	3.085
VI- PRE-TAX PROFIT (III+IV+V)	1.078
VII- PROVISIONS FOR TAXES (-)	-
VIII-NET PERIOD PROFIT/ LOSS (VI-VII)	1.078



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**ALBARAKA TURK PARTICIPATION BANK
BALANCE-SHEET AS AT 31.12.2003**

ASSETS			LIABILITIES
I- CASH VALUES	23.035	I - CURRENT AND PLS FUNDS	943.788
A. Cash	5.535	A. Special Current Accounts	201.988
B. Effective Stock	17.500	B. PLS Accounts	761.800
C. Cash in Transit	0	II - OTHER FUNDS RECEIVED	0
D. Purchased Cheques	0	III- PROFIT SHARE TO BE DISTRIBUTED	0
II- BANKS	79.412	TAXES, DUTIES, CHARGES & PREM. PAYABLE	3.423
A. T.R. Central Bank	11.416	V- MISCELLANEOUS LOANS	14.854
B. Other Banks	68.196	A. Cash Securities Received	7.044
1. Domestic Banks	39.861	B. Provisions For Expenses Received	0
2. Overseas Banks	28.335	C. Sellers	0
III- TRCB OBLIGATORY PROVISIONS	82.116	D. Blocked Currency	260
IV- ALLOCATED FUNDS	610.705	E. Others	7.550
A. Short Term	539.775	VI- PROVISIONS	6.600
B. Medium and Long Term	70.930	A. Provisions For Severance Pay	1.861
V- CREDITS UNDER FOLLOW-UP (NET)	33.123	B. General Credit Provisions	4.092
A. Credits Under Follow-Up	69.945	C. Other Provisions	647
B. Special Provisions (-)	(36.822)	VII- OTHER LIABILITIES	5.518
VI- PROFIT SHARE & INCOME ACCR. & REDISCOUNT	16.727	VIII - EQUITY	187.343
A. Profit Share and Income Accrual	800	A. Paid Capital	88.000
B. Profit Share and Income Rediscunts	15.927	1) Nominal Capital	88.000
VII- FINANCIAL LEASING RECEIVABLES (NET)	52.785	2) Unpaid Capital (-)	0
A. Financial Leasing Receivables	191.621	B. Legal Reserves	2.277
B. Unearned Financial Leasing	(138.836)	1) I. and II. Series Legal Reserves	2.277
VIII- PARTICIPATIONS	30.336	2) Other Legal Reserves	0
IX- MISCELLANEOUS RECEIVABLES	2.197	C. Optional Reserves	2.744
A. Receivables From Banking Services	661	D. Revaluation Funds	101.477
B. Prepaid Taxes	530	E. Real Estate Sale Gains To Be Added To Capital	2.111
C. Others	1.006	F. Loss	(9.266)
X- FIXED ASSETS (Net)	265.201	1) Loss of Period	0
A. Securities	14.307	2) Losses of Previous Year	(9.266)
B. Real Estate	28.245	IX- PROFIT	17.874
C. Special Costs	930	A. Profit of Period	17.874
D. Financial Leasing Fixed Assets	439.511	B. Profits of Previous Year	0
E. Accumulated Depreciations (-)	(212.395)		
F. Provisions For Financial Leasing Fixed Assets (-)	(16.991)		
G. Assets To Be Disposed Off	11.594		
XI- OTHER ASSETS	3.763		
TOTAL ASSETS	1.199.600	TOTAL LIABILITIES	1.199.600



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**ALBARAKA TURK PARTICIPATION BANK
STATEMENT OF INCOME AS AT 31.12.2003**

I - PROFIT SHARE INCOMES	133.795
A. Profit Shares from Turkish Currency Funds	68.418
1) From Funds for Corporate Financing Support	50.786
2) From PLS Funds	0
3) From Financial Leasing Funds	5.998
4) From Funds for Individual Financing Support	11.634
5) From Special Funds	0
B. Profit Shares from Foreign Currency Funds	55.997
1) From Funds for Corporate Financing Support	23.436
2) From PLS Funds	3.239
3) From Financial Leasing Funds	27.197
4) From Funds for Individual Financing Support	2.025
5) From Special Funds	100
C. Other Profit Share Incomes	9.380
II- PROFIT SHARE EXPENSES	84.551
A. Profit Shares Given from Turkish Currency Funds	42.194
1) From Funds for Corporate and Individual Financing Support	39.807
2) From PLS Funds	0
3) From PLS Funds	2.387
4) From Special Funds	0
B. Profit Shares from Foreign Currency Funds	42.357
1) From Funds for Corporate and Individual Financing Support	19.281
2) From PLS Funds	2.591
3) From Financial Leasing Funds	20.392
4) From Special Funds	93
III - NET PROFIT SHARE INCOME [I - II]	49.244
IV- INCOMES OTHER THAN PROFIT SHARES	124.709
A. Received Fees and Commissions	14.163
1) From Non-Cash Funds	1.228
2) Others	12.935
B. Foreign Exchange Profits	21.124
C. Incomes Other Than Profit Shares	89.422
V- EXPENSES OTHER THAN PROFIT SHARES	156.079
A. Given Fees and Commissions	979
1) Given to Non-Cash Funds	29
2) Others	950
B. Foreign Exchange Losses	9.220
C. Personnel Expenses	13.602
D. Expenses for Rents	1.278
E. Depreciation Expenses	77.334
F. Taxes and Duties	3.808
G. Provisions for Receivables under Legal Pursuit	30.255
H. Other Provisions	766
I. Provisions for Severance Pay	416
J. Expenses for Other Than Profit Shares	18.421
VI - NET INCOMES OTHER THAN PROFIT SHARES (IV - V)	(31.370)
VII - PRE-TAX PROFIT/(LOSS) (III + VI)	17.874
VIII - PROVISIONS FOR TAXES	0
IX - NET PROFIT /(LOSS) [VII - VIII]	17.874



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**ALBARAKA TURK PARTICIPATION BANK
BALANCE-SHEET AS AT 31.12.2004**

ASSETS			LIABILITIES
I- CASH VALUES	24.447	I- CURRENT AND PLS ACCOUNTS	1.282.592
A. Cash Assets	4.437	A. Special Current Accounts	237.870
B. Effective Stock	20.010	B. PLS Accounts	1.044.722
C. Cash in Transit	0	II - OTHER FUNDS RECEIVED	0
D. Purchased Cheques	0	III - PROFIT SHARE TO BE DISTRIBUTED	0
II- BANKS	189.540	IV - TAXES, DUT., CHARG. & PREM. PAYABLE	3.544
A. T.R. Central Bank	52.442	V - MISCELLANEOUS LOANS	15.597
B. Other Banks	137.098	A. Cash Securities Received	438
1. Domestic Banks	71.713	B. Provisions For Expenses Received	0
2. Overseas Banks	45.385	C. Sellers	0
III- TRCB OBLIGATORY PROVISIONS	100.193	D. Blocked Currency	499
IV- ALLOCATED FUNDS	880.352	E. Others	14.440
A. Short Term	759.041	VI - PROVISIONS	9.041
B. Medium or Long Term	121.291	A. Provisions For Severance Pay	2.450
V- CREDITS UNDER FOLLOW-UP (NET)	11.572	B. General Credit Provisions	5.953
A. Credits Under Follow-Up	43.510	C. Tax Provisions	0
B. Special Provisions (-)	-31.938	D. Other Provisions	438
VI- PROFIT SHARE & INCOME ACC. & REDISC.	18.234	VII- OTHER LIABILITIES	2.170
A. Profit Share and Income Accruals	1.451	VIII- EQUITY	111.447
B. Profit Share and Income Rediscouts	14.583	A. Paid Capital	100.000
VII- FINANCIAL LEASING RECEIVABLES (NET)	141.103	1) Nominal Capital	100.000
A. Financial Leasing Receivables	141.418	2) Unpaid Capital (-)	0
B. Unearned Financial Leasing	[20.315]	B. Legal Reserves	2.707
VIII- PARTICIPATIONS	38.724	1) I. and II. Series Legal Reserves	2.707
IX- MISCELLANEOUS RECEIVABLES	344	2) Other Legal Reserves	0
A. Receivables From Banking Services	19	C. Optional Reserves	4.772
B. Prepaid Taxes	248	D. Revaluation Funds	0
C. Others	97	E. Real Estate Sale Gains To Be Added To Capital	2.188
X- FIXED ASSETS (Net)	52.744	F. Loss	0
A. Securities	24.590	1) Loss of Period	0
B. Real Estate	29.023	2) Losses of Previous Year	0
C. Special Costs	4.213	IX - PROFIT	34.178
D. Financial Leasing Fixed Assets	0	A. Profit of Period	34.334
E. Accumulated Depreciations (-)	[20.114]	B. Profits of Previous Year	1.844
F. Provisions For Financial Leasing Fixed Assets (-)	0		
G. Assets To Be Disposed Off	15.054		
XI- OTHER ASSETS	1.292		
TOTAL ASSETS	1.440.789	TOTAL LIABILITIES	1.440.789



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**ALBARAKA TURK PARTICIPATION BANK
STATEMENT OF INCOME AS AT 31.12.2004**

I - PROFIT SHARE INCOMES	140.121
A. Profit Shares from Turkish Currency Funds	102.537
1) From Funds for Corporate Financing Support	69.08
2) From PLS Funds	0
3) From Financial Leasing Funds	5.479
4) From Funds for Individual Financing Support	27.910
5) From Special Funds	0
B. Profit Shares from Foreign Currency Funds	47.863
1) From Funds for Corporate Financing Support	30.302
2) From PLS Funds	0
3) From Financial Leasing Funds	U.162
4) From Funds for Individual Financing Support	3.397
5) From Special Funds	2
C. Other Profit Share Incomes	9.721
II - PROFIT SHARE EXPENSES	103.630
A. Profit Shares Given from Turkish Currency Funds	67.751
1) From Funds for Corporate and Individual Financing Support	65.266
2) From PLS Funds	0
3) From Financial Leasing Funds	2.485
4) From Special Funds	0
B. Profit Shares from Foreign Currency Funds	34.050
1) From Funds for Corporate and Individual Financing Support	25.983
2) From PLS Funds	0
3) From Financial Leasing Funds	8.065
4) From Special Funds	2
C. Other Profit Share Expenses	1.829
III - NET PROFIT SHARE INCOME [I - II]	56.491
IV - INCOMES OTHER THAN PROFIT SHARES	42.354
A. Received Fees and Commissions	21.546
1) From Non-Cash Funds	1.844
2) Others	19.702
B. Foreign Exchange Profits	8.999
D. Incomes Other Than Profit Shares	11.809
V - EXPENSES OTHER THAN PROFIT SHARES	58.563
A. Given Fees and Commissions	2.339
1) Given to Non-Cash Funds	3
2) Others	2.336
B. Foreign Exchange Losses	3.782
C. Personnel Expenses	20.234
D. Expenses for Rents	1.682
E. Depreciation Expenses	3.761
F. Taxes and Duties	1.141
G. Provisions for Receivables under Legal Pursuit	10.859
H. Other Provisions	595
I. Provisions for Severance Pay	589
J. Expenses for Other Than Profit Shares	13.581
VI - NET INCOMES OTHER THAN PROFIT SHARES (IV - V)	(16.209)
VII - NET MONETARY POSITION PROFIT/LOSS	(5.948)
VIII - PRE-TAX PROFIT/(LOSS) (III + VI + VII)	34.334
IX - PROVISIONS FOR TAXES	0
X - NET PROFIT /(LOSS) [VIII- IX]	34.334



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ALBARAKA TURK PARTICIPATION BANK
BALANCE-SHEET AS AT 31.12.2005
(Unit - YTL Thousand)

ASSETS		LIABILITIES	
I. CASH VALUES AND CENTRAL BANK	229.331	I. COLLECTED FUNDS	1.725.709
II. FIN ASSETS WHOSE REAL VAL. DIF. IS REF. IN PRO. OR LOSS	-	II. DERIVATIONAL FINANCIAL LOANS FOR TRADING	-
2.1 Trading Securities	-	III. CREDITS BORROWED	-
2.1.1 State Loaning Securities	-	IV. LOANS BORROWED FROM MONEY MARKETS	-
2.1.2 Securities Whose Share is Represented in Capital	-	V. ISSUED SECURITIES (Net)	-
2.1.3 Other Securities	-	VI. MISCELLANEOUS LOANS	43.227
2.2 Fin. Assets Whose Real Value Dif. Is Reflected In Profit or Loss	-	VII. OTHER FOREIGN SOURCES	-
2.2.1 State Loaning Securities	-	XIII. LOANS FROM LEASING TRANSACTIONS (Net)	188
2.2.2 Securities Whose Share is Represented in Capital	-	8.1 Financial Leasing Loans	194
2.2.3 Other Securities	-	8.2 Operational Leasing Loans	-
2.3. Derivative Financial Instruments	-	8.3 Others	-
Targeted for Trading	-	8.4 Deferred Financial Leasing Expenses (-)	(6)
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	173.666	IX. DERIVATIONAL FINANCIAL LOANS AIMED FOR PROTECTION AGAINST RISKS	-
IV. RECEIVABLES FROM MONEY MARKETS	-	9.1 Those Aimed for Protection against Real Risk in Value	-
V. FINANCIAL ASSETS READY FOR SALE (Net)	-	9.2 Those Aimed for Protection against Risk in Cash Flow	-
5.1 Securities Whose Share is Represented in Capital	-	9.3 Those Aimed for Protection against Net Investment Risk Abroad	-
5.2 State Loaning Securities	-	X. PROVISIONS	12.616
5.3 Other Securities	-	10.1 General Provisions	8.223
VI. CREDITS	1.370.826	10.2 Provisions for Restructuring	-
6.1 Credits	1.363.526	10.3 Provisions for Employees' Rights	3.139
6.2 Credits in Legal Pursuit	31.181	10.4 Other Provisions	1.254
6.3 Specific Provision (-)	(23.881)	XI. TAX LOAN	4.901
VII. FINANCIAL ASSETS TO BE HELD UNTIL MATURITY (Net)	-	11.1 Current Tax Loan	4.901
VIII. PARTNERSHIPS (Net)	4.857	11.2 Deferred Tax Loan	-
8.1 Those Consolidated by Equity Method	-	XI. LOANS AS TO FIXED ASSETS AIMED FOR SALES	-
8.2 Those Unconsolidated	4.857	XIII. CAPITAL-LIKE CREDITS	-
8.2.1 Financial Partnerships	-	XIV. EQUITIES	182.817
8.2.2 Non-Financial Partnerships	4.857	14.1 Paid-up Capital	126.000
IX. SUBSIDIARIES (Net)	-	14.2 Capital Provisions	577
9.1 Unconsolidated Financial Partnerships	-	14.2.1 Premiums for Issuance of Securities	-
9.2 Unconsolidated Non-Financial Partnerships	-	14.2.2 Profit from Cancellation of Securities	-
X. PARTNERSHIPS CO-ADMINISTERED (Net)	-	14.2.3 Securities Appreciation Fund	-
10.1 Those Consolidated by Equity Method	-	14.2.4 Tangible Fixed Assets Revaluation Appreciation	-
10.2 Those Unconsolidated	-	14.2.5 Intangible Fixed Assets Revaluation Appreciation	-
10.2.1 Financial Partnerships	-	14.2.6 Free Securities for Partnerships, Subsidiaries and Co-Administered Partnerships	-
10.2.2 Non-Financial Partnerships	-	14.2.7 Funds for Protection against Risks (Active Part)	-
XI. RECEIVABLES FROM LEASING TRANSACTIONS (Net)	129.553	14.2.8 Revaluation of Fixed Assets for Sale	-
11.1 Financial Leasing Receivables	144.920	14.2.9 Other Capital Provisions	577
11.2 Operational Leasing Receivables	-	14.3 Profit Provisions	10.001
11.3 Others	-	14.3.1 Legal Provisions	4.924
11.4 Unearned Incomes (-)	(15.367)	14.3.2 Status Provisions	-
XII. FINANCIAL ASSETS AIMED FOR PROTECTION AGAINST RISKS	-	14.3.3 Extraordinary Provisions	5.077
12.1 Those Aimed for Protection against Real Risk in Value	-	14.3.4 Other Profit Provisions	-
12.2 Those Aimed for Protection against Risk in Cash Flow	-	14.4 Profit or Loss	46.239
12.3 Those Aimed for Protection against Net Investment Risk Abroad	-	14.4.1 Profits/Losses of Previous Years	(178)
XIII. TANGIBLE FIXED ASSETS (Net)	32.769	14.4.2 Net Profit/Loss of Period	46.417
XIV. INTANGIBLE FIXED ASSETS (Net)	474	14.5. Minority Rights	-
14.1 Intangible Rights	-		
14.2 Others	474		
XV. TAX ASSETS	8.826		
15.1 Current Tax Assets	-		
15.2 Deferred Tax Assets	8.826		
XVI. FIXED ASSETS RETAINED FOR SALE (Net)	13.985		
XVII. OTHER ASSETS	5.171		
TOTAL ASSETS	1.969.458	TOTAL LIABILITIES	1.969.458



ALBARAKA TÜRK

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ALBARAKA TURK PARTICIPATION BANK
STATEMENT OF INCOME AS AT 31.12.2005
(Unit - YTL Thousand)

ITEMS OF INCOMES AND EXPENSES

I. PROFIT INCOMES	186.105
1.1 Profit Shares from Credits	166.933
1.2 Incomes from Obligatory Provisions	5.083
1.3 Incomes from Banks	-
1.4 Incomes from Money Market Transactions	-
1.5 Incomes from Securities	-
1.5.1 From Financial Assets Aimed for Sale	-
1.5.2 Financial Assets Whose Real Value Differential Is Reflected In Profit or Loss	-
1.5.3 From Financial Assets that are Ready for Sale	-
1.5.4 From Financial Assets to be Held until Maturity	-
1.6 Financial Leasing Incomes	14.085
1.7 Other Profit Share Incomes	4
II. PROFIT SHARE EXPENSES	112.275
2.1 Profit Shares Given to Participation Accounts	112.265
2.2 Profit Shares Given to Used Credits	10
2.3 Profit Shares Given to Money Market Transactions	-
2.4 Profit Shares Given to Issued Securities	-
2.5 Other Profit Share Expenses	-
III. NET PROFIT SHARE INCOME (I - II)	73.830
IV. NET INCOMES FROM FEES AND COMMISSIONS	28.897
4.1 Received Fees and Commissions	33.978
4.1.1 From Cash Credits	15.014
4.1.2 From Non-Cash Credits	2.288
4.1.3 Others	16.676
4.2 Given Fees and Commissions	5.081
4.2.1 To Cash Credits	5.043
4.2.2 To Non-Cash Credits	38
4.2.3 Others	-
V. DIVIDENT INCOMES	1.156
VI. NET COMMERCIAL PROFIT/LOSS	52.483
6.1 Profit/Loss of Capital Market Transactions (Net)	-
6.2 Profit/Loss of Foreign Exchange Transactions (Net)	52.483
VII. OTHER OPERATIONAL INCOMES	7.497
VIII. TOTAL OF OPERATIONAL INCOMES (III+IV+V+VI+VII)	163.863
IX. PROVISIONS FOR DEPRECIATION OF CREDITS AND OTHER RECEIVABLES (-)	2.750
X. OTHER OPERATIONAL EXPENSES (-)	119.099
XI. NET OPERATIONAL PROFIT/LOSS (VIII-IX-X)	42.014
XII. AS INCOME AFTER TRANSACTION OF MERGER	-
TOTAL OF RECORDED SURPLUS	-
XIII. FROM PARTNERSHIPS WHEREIN EQUITY METHOD IS APPLIED	-
PROFIT/LOSS	-
XIV. NET MONETARY POSITION PROFIT/LOSS	-
XV. PRE-TAX PROFIT/LOSS (XI+XII+XIII+XIV)	42.014
XVI. PROVISIONS FOR TAXES (-)	(4.403)
16.1 Provisions for Current Taxes	-
16.2 Provisions for Deferred Taxes	(4.403)
XVII. AFTER TAX OPERATIONAL PROFIT/LOSS (XIV-XV)	46.417
17.1 From Countermanded Activities	-
17.2 Others	-
XVIII. NET PERIOD PROFIT/LOSS (XVI+XVII)	46.417
18.1 Profit/Loss of Group	-
18.2 Profit/Loss of Minority Rights (-)	-
Profit/Loss Per Share (Full un YTL)	0.037



ALBARAKA TÜRK

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ALBARAKA TURK PARTICIPATION BANK
BALANCE-SHEET AS AT 31.12.2006
(Unit - YTL Thousand)

ASSETS		LIABILITIES	
I. CASH VALUES AND CENTRAL BANK	224.356	I. COLLECTED FUNDS	2.154.014
II. FIN ASSETS WHOSE REAL VAL. DIF. IS REF. IN PROFIT OR LOSS	-	II. DERIVATIONAL FINANCIAL LOANS FOR TRADING	-
2.1 Trading Securities	-	III. CREDITS BORROWED	-
2.1.1 State Loaning Securities	-	IV. LOANS BORROWED FROM MONEY MARKETS	-
2.1.2 Securities Whose Share is Represented in Capital	-	V. ISSUED SECURITIES (Net)	-
2.1.3 Other Securities	-	VI. MISCELLANEOUS LOANS	66.190
2.2 Fin. Assets Whose Real Value Differential Is Reflected In Prof or Loss	-	VII. OTHER FOREIGN SOURCES	-
2.2.1 State Loaning Securities	-	XIII. LOANS FROM LEASING TRANSACTIONS (Net)	383
2.2.2 Securities Whose Share is Represented in Capital	-	8.1 Financial Leasing Loans	429
2.2.3 Other Securities	-	8.2 Operational Leasing Loans	-
2.3. Derivative Financial Instruments Targeted for Trading	-	8.3 Others	-
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	218.029	8.4 Deferred Financial Leasing Expenses (-)	(46)
IV. RECEIVABLES FROM MONEY MARKETS	-	IX. DERIVATIONAL FINANCIAL LOANS AIMED FOR PROTECTION AGAINST RISKS	-
V. FINANCIAL ASSETS READY FOR SALE (Net)	-	9.1 Those Aimed for Protection against Real Risk in Value-	
5.1 Securities Whose Share is Represented in Capital	-	9.2 Those Aimed for Protection against Risk in Cash Flow-	
5.2 State Loaning Securities	-	9.3 Those Aimed for Protection against Net Investment Risk Abroad	-
5.3 Other Securities	-	X. PROVISIONS	18.515
VI. CREDITS	1.832.861	10.1 General Provisions	12.566
6.1 Credits	1.832.627	10.2 Provisions for Restructuring	-
6.2 Credits in Legal Pursuit	34.695	10.3 Provisions for Employees' Rights	3.868
6.3 Specific Provision (-)	(34.461)	10.4 Other Provisions	2.081
VII. FINANCIAL ASSETS TO BE HELD UNTIL MATURITY (Net)	-	XI. TAX LOAN	6.806
VIII. PARTNERSHIPS (Net)	4.858	11.1 Current Tax Loan	6.806
8.1 Those Consolidated by Equity Method	-	11.2 Deferred Tax Loan	-
8.2 Those Unconsolidated	4.858	XI. LOANS AS TO FIXED ASSETS AIMED FOR SALES	-
8.2.1 Financial Partnerships	-	XIII. CAPITAL-LIKE CREDITS	-
8.2.2 Non-Financial Partnerships	4.858	XIV. EQUITIES	245.905
IX. SUBSIDIARIES (Net)	-	14.1 Paid-up Capital	160.000
9.1 Unconsolidated Financial Partnerships	-	14.2 Capital Provisions	-
9.2 Unconsolidated Non-Financial Partnerships	-	14.2.1 Premiums for Issuance of Securities	-
X. PARTNERSHIPS CO-ADMINISTERED (Net)	-	14.2.2 Profit from Cancellation of Securities	-
10.1 Those Consolidated by Equity Method	-	14.2.3 Securities Appreciation Fund	-
10.2 Those Unconsolidated	-	14.2.4 Tangible Fixed Assets Revaluation Appreciation	-
10.2.1 Financial Partnerships	-	14.2.5 Intangible Fixed Assets Revaluation Appreciation	-
10.2.2 Non-Financial Partnerships	-	14.2.6 Free Securities for Partnerships, Subsidiaries and Co-Administered Partnerships	-
XI. RECEIVABLES FROM LEASING TRANSACTIONS Net)	150.412	14.2.7 Funds for Protection against Risks (Active Part)	-
11.1 Financial Leasing Receivables	175.901	14.2.8 Revaluation of Fixed Assets for Sale	-
11.2 Operational Leasing Receivables	-	14.2.9 Other Capital Provisions	-
11.3 Others	-	14.3 Profit Provisions	16.197
11.4 Unearned Incomes (-)	(25.489)	14.3.1 Legal Provisions	7.220
XII. FINANCIAL ASSETS AIMED FOR PROTECTION AGAINST RISKS	-	14.3.2 Status Provisions	-
12.1 Those Aimed for Protection against Real Risk in Value	-	14.3.3 Extraordinary Provisions	8.977
12.2 Those Aimed for Protection against Risk in Cash Flow	-	14.3.4 Other Profit Provisions	-
12.3 Those Aimed for Protection against Net Investment Risk Abroad	-	14.4 Profit or Loss	69.708
XIII. TANGIBLE FIXED ASSETS (Net)	35.240	14.4.1 Profits/Losses of Previous Years	327
XIV. INTANGIBLE FIXED ASSETS (Net)	494	14.4.2 Net Profit/Loss of Period	69.381
14.1 Intangible Rights	-	14.5. Minority Rights	-
14.2 Others	494		
XV. TAX ASSETS	6.580		
15.1 Current Tax Assets	-		
15.2 Deferred Tax Assets	6.580		
XVI. FIXED ASSETS RETAINED FOR SALE (Net)	8.403		
XVII. OTHER ASSETS	10.580		
TOTAL ASSETS	2.491.813	TOTAL LIABILITIES	2.491.813



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ALBARAKA TURK PARTICIPATION BANK
STATEMENT OF INCOME AS AT 31.12.2006
(Unit - YTL Thousand)

ITEMS OF INCOMES AND EXPENSES

I. INCOMES FROM PROFIT SHARES	262.052
1.1 Profit Shares from Credits	236.499
1.2 Incomes from Obligatory Provisions	9.028
1.3 Incomes from Banks	-
1.4 Incomes from Money Market Transactions	-
1.5 Incomes from Securities	-
1.5.1 Incomes from Financial Assets for Trading	-
1.5.2 Financial Assets Whose Real Value Differential Is Reflected In Profit or Loss	-
1.5.3 Incomes from Financial Assets that are Ready for Sale	-
1.5.4 Incomes from Financial Assets that shall be Held until Maturity	-
1.6 Incomes from Financial Leasing	16.519
1.7 Incomes from Other Profit Shares	6
II. PROFIT SHARE EXPENSES	157.896
2.1 Profit Shares Given to Participation Accounts	157.866
2.2 Profit Shares Given to Used Credits	30
2.3 Profit Shares Given to Money Market Transactions	-
2.4 Profit Shares given to Issued Securities	-
2.5 Other Profit Share Expenses	-
III. NET PROFIT SHARE INCOME (I - II)	104.156
IV. NET INCOMES FROM FEES AND COMMISSIONS	36.842
4.1 Received Fees and Commissions	46.122
4.1.1 From Cash Credits	18.237
4.1.2 From Non-Cash Credits	5.807
4.1.3 Others	22.078
4.2 Given Fees and Commissions	9.280
4.2.1 To Cash Credits	9.236
4.2.2 To Non-Cash Credits	44
4.2.3 Others	-
V. INCOMES FROM DIVIDENDS	-
VI. NET COMMERCIAL PROFIT/LOSS	(56.311)
6.1 Profit/Loss from Capital Market Transactions (Net)	-
6.2 Profit/Loss from Foreign Exchange Transactions (Net)	(56.311)
VII. OTHER OPERATIONAL INCOMES	115.221
VIII. TOTAL OF OPERATIONAL INCOMES (III+IV+V+VI+VII)	199.908
IX. PROVISION FOR IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)	8.825
X. OTHER OPERATING EXPENSES (-)	119.456
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)	71.627
XII. TOTAL OF SURPLUS ENTERED AS INCOME AFTER THE CONSOLIDATION PROCESS	-
XIII. PROFIT/LOSS FROM ASSOCIATES WHEREIN EQUITY METHOD IS APPLIED	-
XIV. NET MONETARY POSITION PROFIT/LOSS	-
XV. INCOME BEFORE TAXATION (XI+XII+XIII+XIV)	71.627
XVI. PROVISION FOR TAXES ON INCOME (-)	2.246
16.1 Provision for Current Taxes	-
16.2 Provision for Deferred Taxes	2.246
XVII. OPERATING PROFIT/LOSS AFTER TAXES (XIV-XV)	69.381
17.1 From Stopped Operations	-
17.2 Others	-
XVIII. NET PERIOD PROFIT/LOSS (XVI+XVII)	69.381
18.1 Profit/Loss of Group	-
18.2 Profit/ Loss of Minority Rights (-)	-
Profit/ Loss Per Share (Full Amount in YTL)	0.043



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BEŞYÜZEVLER BRANCH

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ÇORUM BRANCH

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İstasyon Cad. No:48
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DIYARBAKIR BRANCH

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Domestic Branch Network

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LEVENT SANAYİ BRANCH

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PENDİK BRANCH

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SAMSUN BRANCH

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SİVAS BRANCH

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SULTANHAMAM BRANCH

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Domestic Branch Network

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Al Baraka Islamic Bank

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Al Baraka Bank Ltd.

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Al Baraka Bank Lebanon

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Bank Et-Tamweel Al-Tunisi Al-Saudi (BEST Bank)

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2006

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