

**Albaraka Türk Katılım Bankası
Anonim Şirketi**

Unconsolidated financial statements
and related disclosures at June 30, 2016
together with limited review report
*(Convenience translation of the limited review report and
financial statements originally issued in Turkish -
see section three Note XXIII)*

4 August 2016

*This report contains “Limited Review Report”
comprising 2 pages and; “Unconsolidated Financial
Statements and Related Disclosures and Footnotes”
comprising 91 pages.*

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

LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the unconsolidated statement of financial position of Albaraka Türk Katılım Bankası A.Ş. (“the Bank”) at 30 June 2016 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Albaraka Türk Katılım Bankası A.Ş. at 30 June 2016 and of the results of its operations and its cash flows for the six-month-period then ended in all aspects in accordance with the BRSA Accounting and Reporting Legislation.

Other Matter

The unconsolidated financial statements of the Company as at and for year ended 31 December 2015 and as at and for the six months period ended 30 June 2016 were audited and reviewed by another auditor who expressed an unmodified opinion/conclusion on those statements on 22 February 2016 and 6 August 2015, respectively.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim annual report in Section VIII, are not consistent with the unconsolidated financial statements and disclosures in all material respects.

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

Alper Güvenç
Partner, SMMM

4 August 2016
İstanbul, Turkey

Additional paragraph for convenience translation to English:

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

UNCONSOLIDATED INTERIM FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.
AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

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34768 Ümraniye / İstanbul
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Bank's website : www.albarakaturk.com.tr
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The unconsolidated interim financial report prepared in accordance with the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- LIMITED REVIEW REPORT
- INTERIM REPORT

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

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

Fahrettin YAHŞİ
General Manager

Melikşah UTKU
Assistant General Manager

Yunus AHLATCI
Budget and Financial Reporting Manager

Hamad Abdulla A. EQAB

Chairman of the Audit
Committee

Mitat AKTAŞ

Member of the Audit
Committee

**Hood Hashem Ahmed
HASHEM**

Member of the Audit
Committee

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

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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2016

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

SECTION ONE

GENERAL INFORMATION

I. History of the Bank including its incorporation date, initial legal status and amendments to legal status:

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

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

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

The Bank’s head office is located in Istanbul and is operating through 212 (December 31, 2015: 212) local branches and 1 (December 31, 2015: 1) foreign branch and with 3.830 (December 31, 2015: 3.736) staff as of June 30, 2016.

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

As of June 30, 2016, 54,06% (December 31, 2015: 54,06%) of the Bank’s shares are owned by Albaraka Banking Group located in Bahrain. 24,84% (December 31, 2015: 24,80%) of the shares are publicly traded and quoted at Borsa İstanbul.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

IV. Information on the Bank's qualified shareholders:

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

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

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

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

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

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

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

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

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

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

VI. Differences between the Communiqu  on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions which are deducted from equity or not included in these three methods:

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

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

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

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

Section two

The unconsolidated financial statements

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS		Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2016			December 31, 2015		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	793.199	3.564.466	4.357.665	894.204	4.010.594	4.904.798
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	1.173	62	1.235	1.427	20.856	22.283
2.1 Trading Financial Assets		1.173	62	1.235	1.427	20.856	22.283
2.1.1 Public Sector Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		814	-	814	790	-	790
2.1.3 Derivative Financial Assets Held for Trading		-	-	-	-	20.822	20.822
2.1.4 Other Marketable Securities		359	62	421	637	34	671
2.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(3)	628.094	1.390.266	2.018.360	599.970	1.882.644	2.482.614
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS-AVAILABLE FOR SALE (net)	(4)	825.856	355.849	1.181.705	755.337	296.229	1.051.566
5.1 Equity Securities		15	5.087	5.102	15	12.850	12.865
5.2 Public Sector Debt Securities		788.152	250.336	1.038.488	737.783	149.374	887.157
5.3 Other Marketable Securities		37.689	100.426	138.115	17.539	134.005	151.544
VI. LOANS AND RECEIVABLES	(5)	15.761.214	3.391.522	19.152.736	15.352.083	3.205.882	18.557.965
6.1 Loans and Receivables		15.425.155	3.390.022	18.815.177	15.165.345	3.205.054	18.370.399
6.1.1 Loans to Risk Group of The Bank		7.864	30.814	38.678	9.424	38.523	47.947
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		15.417.291	3.359.208	18.776.499	15.155.921	3.166.531	18.322.452
6.2 Non-performing loans		704.141	2.758	706.899	467.256	1.157	468.413
6.3 Specific Provisions (-)		368.082	1.258	369.340	280.518	329	280.847
VII. INVESTMENTS HELD TO MATURITY (net)	(6)	762.889	-	762.889	762.890	-	762.890
VIII. INVESTMENTS IN ASSOCIATES (net)	(7)	4.719	-	4.719	4.719	-	4.719
8.1 Accounted for under Equity Method		-	-	-	-	-	-
8.2 Unconsolidated Associates		4.719	-	4.719	4.719	-	4.719
8.2.1 Financial Associates		4.719	-	4.719	4.719	-	4.719
8.2.2 Non-Financial Associates		-	-	-	-	-	-
IX. SUBSIDIARIES (net)	(8)	5.250	-	5.250	5.250	-	5.250
9.1 Unconsolidated Financial Subsidiaries		5.250	-	5.250	5.250	-	5.250
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X. JOINT VENTURES (net)	(9)	15.500	-	15.500	15.500	-	15.500
10.1 Accounted for under Equity Method		-	-	-	-	-	-
10.2 Unconsolidated		15.500	-	15.500	15.500	-	15.500
10.2.1 Financial Joint Ventures		15.500	-	15.500	15.500	-	15.500
10.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XI. LEASE RECEIVABLES (net)	(10)	906.053	-	906.053	947.427	-	947.427
11.1 Finance Lease Receivables		1.033.691	-	1.033.691	1.090.063	-	1.090.063
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned Income (-)		127.638	-	127.638	142.636	-	142.636
XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
12.1 Fair Value Hedge		-	-	-	-	-	-
12.2 Cash Flow Hedge		-	-	-	-	-	-
12.3 Hedge of Net Investment Risks in Foreign Operations		-	-	-	-	-	-
XIII. TANGIBLE ASSETS (net)	(12)	481.645	935	482.580	499.803	1.336	501.139
XIV. INTANGIBLE ASSETS (net)	(13)	38.382	356	38.738	43.796	476	44.272
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		38.382	356	38.738	43.796	476	44.272
XV. INVESTMENT PROPERTY (net)	(14)	-	-	-	-	-	-
XVI. TAX ASSET	(15)	24.433	-	24.433	20.495	-	20.495
16.1 Current Tax Asset		4.366	-	4.366	5.324	-	5.324
16.2 Deferred Tax Asset		20.067	-	20.067	15.171	-	15.171
XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(16)	101.043	235	101.278	22.574	245	22.819
17.1 Assets Held for Sale		101.043	235	101.278	22.574	245	22.819
17.2 Assets of Discontinued Operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(17)	284.095	26.491	310.586	216.018	2.244	218.262
TOTAL ASSETS		20.633.545	8.730.182	29.363.727	20.141.493	9.420.506	29.561.999

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES		Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30,2016			December 31,2015		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	11.029.651	8.736.950	19.766.601	11.336.176	9.010.002	20.346.178
1.1 Funds from Risk Group of The Bank		12.970	266.623	279.593	126.867	152.607	279.474
1.2 Other		11.016.681	8.470.327	19.487.008	11.209.309	8.857.395	20.066.704
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	17.131	17.131	-	-	-
III. FUNDS BORROWED	(3)	177.474	3.944.859	4.122.333	-	4.104.688	4.104.688
IV. BORROWINGS FROM MONEY MARKETS		767.656	-	767.656	770.959	-	770.959
V. SECURITIES ISSUED (net)		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES		830.357	139.317	969.674	633.312	53.074	686.386
VII. OTHER LIABILITIES	(4)	-	-	-	-	-	-
VIII. LEASE PAYABLES	(5)	-	-	-	-	-	-
8.1 Finance Lease Payables		-	-	-	-	-	-
8.2 Operational Lease Payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
IX. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
9.1 Fair Value Hedge		-	-	-	-	-	-
9.2 Cash Flow Hedge		-	-	-	-	-	-
9.3 Net Foreign Investment Hedge		-	-	-	-	-	-
X. PROVISIONS	(7)	225.531	53.684	279.215	216.049	35.810	251.859
10.1 General Provisions		156.369	33.964	190.333	140.016	30.869	170.885
10.2 Restructuring Reserves		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		42.503	-	42.503	53.033	-	53.033
10.4 Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5 Other Provisions		26.659	19.720	46.379	23.000	4.941	27.941
XI. TAX LIABILITY	(8)	50.565	21	50.586	55.695	2.763	58.458
11.1 Current Tax Liability		50.565	21	50.586	55.695	2.763	58.458
11.2 Deferred Tax Liability		-	-	-	-	-	-
XII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(9)	-	-	-	-	-	-
12.1 Assets Held for Sale		-	-	-	-	-	-
12.2 Assets of Discontinued Operations		-	-	-	-	-	-
XIII. SUBORDINATED LOANS	(10)	-	1.218.580	1.218.580	-	1.239.557	1.239.557
XIV. SHAREHOLDERS' EQUITY	(11)	2.168.679	3.272	2.171.951	2.097.426	6.488	2.103.914
14.1 Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2 Capital Reserves		191.760	3.272	195.032	194.422	6.488	200.910
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Reserve		6.602	3.272	9.874	4.203	6.488	10.691
14.2.4 Revaluation Reserve on Tangible Assets		182.619	-	182.619	189.092	-	189.092
14.2.5 Revaluation Reserve on Intangible Assets		-	-	-	-	-	-
14.2.6 Investment Property Revaluation Reserve		-	-	-	-	-	-
14.2.7 Bonus Shares From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-
14.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
14.2.9 Accumulated Valuation Differences on Assets Held For Sale and Assets of Discontinued Operations		-	-	-	-	-	-
14.2.10 Other Capital Reserves		2.539	-	2.539	1.127	-	1.127
14.3 Profit Reserves		946.332	-	946.332	696.531	-	696.531
14.3.1 Legal Reserves		97.815	-	97.815	84.774	-	84.774
14.3.2 Status Reserves		-	-	-	-	-	-
14.3.3 Extraordinary Reserves		848.517	-	848.517	611.757	-	611.757
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Profit or Loss		130.587	-	130.587	306.473	-	306.473
14.4.1 Prior Years Profit / (Loss)		2.037	-	2.037	3.610	-	3.610
14.4.2 Current Year Profit / (Loss)		128.550	-	128.550	302.863	-	302.863
TOTAL LIABILITIES		15.249.913	14.113.814	29.363.727	15.109.617	14.452.382	29.561.999

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
AS OF 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF BALANCE SHEET		Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30,2016			December 31,2015		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	(1)	5.632.628	5.428.301	11.060.929	5.494.071	4.916.466	10.410.537
I. GUARANTEES AND SURETIES		4.363.045	4.465.374	8.828.419	4.275.402	4.388.655	8.664.057
1.1. Letters of Guarantees		4.359.668	3.539.412	7.899.080	4.269.478	3.460.810	7.730.288
1.1.1. Guarantees Subject to State Tender Law		331.648	24.692	356.340	259.046	23.832	282.878
1.1.2. Guarantees Given for Foreign Trade Operations		1.611	766.596	768.207	436	816.444	816.880
1.1.3. Other Letters of Guarantee		4.026.409	2.748.124	6.774.533	4.009.996	2.620.534	6.630.530
1.2. Bank Loans		-	33.415	33.415	-	28.324	28.324
1.2.1. Import Letter of Acceptances		-	33.415	33.415	-	28.324	28.324
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		-	611.192	611.192	-	639.592	639.592
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		-	611.192	611.192	-	639.592	639.592
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		1.410	274.588	275.998	1.877	245.719	247.596
1.7. Other Collaterals		1.967	6.767	8.734	4.047	14.210	18.257
II. COMMITMENTS	(1)	1.269.583	132.148	1.401.731	1.218.669	110.806	1.329.475
2.1. Irrevocable Commitments		1.269.583	132.148	1.401.731	1.218.669	110.806	1.329.475
2.1.1. Asset Purchase and Sale Commitments		84.607	132.148	216.755	76.526	110.806	187.332
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		119.636	-	119.636	116.862	-	116.862
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		566.963	-	566.963	500.882	-	500.882
2.1.7. Tax And Fund Liabilities from Export Commitments		2.418	-	2.418	2.035	-	2.035
2.1.8. Commitments for Credit Card Expenditure Limits		494.597	-	494.597	521.562	-	521.562
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		740	-	740	599	-	599
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		622	-	622	203	-	203
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	-	830.779	830.779	-	417.005	417.005
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		-	830.779	830.779	-	417.005	417.005
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	830.779	830.779	-	417.005	417.005
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	406.689	406.689	-	219.089	219.089
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	424.090	424.090	-	197.916	197.916
3.2.2. Other Forward Buy/Sell Transactions		-	-	-	-	-	-
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		43.014.472	6.030.205	49.044.677	38.754.719	5.866.824	44.621.543
IV. ITEMS HELD IN CUSTODY		1.829.026	1.001.751	2.830.777	1.671.504	932.158	2.603.662
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		72	-	72	72	-	72
4.3. Cheques Received for Collection		1.228.084	140.866	1.368.950	1.135.253	140.774	1.276.027
4.4. Commercial Notes Received for Collection		574.458	26.593	601.051	509.767	23.015	532.782
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		999	165.582	166.581	999	280.573	281.572
4.8. Custodians		25.310	668.710	694.020	25.310	487.796	513.106
V. PLEDGED ITEMS		41.185.446	5.028.454	46.213.900	37.083.215	4.934.666	42.017.881
5.1. Marketable Securities		2.494.051	1.387.447	3.881.498	2.526.159	1.260.176	3.786.335
5.2. Guarantee Notes		1.647.603	213.335	1.860.938	1.792.505	166.731	1.959.236
5.3. Commodity		1.859.315	747.865	2.607.180	1.671.688	750.681	2.422.369
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		33.646.839	1.318.510	34.965.349	29.631.293	1.227.662	30.858.955
5.6. Other Pledged Items		1.404.103	1.358.263	2.762.366	1.372.083	1.526.355	2.898.438
5.7. Pledged Items-Depository		133.535	3.034	136.569	89.487	3.061	92.548
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		48.647.100	11.458.506	60.105.606	44.248.790	10.783.290	55.032.080

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

INCOME AND EXPENSE ITEMS		Reviewed	Reviewed	Reviewed	Reviewed
		CURRENT PERIOD January 1- June 30,2016	PRIOR PERIOD January 1- June 30,2015	CURRENT PERIOD April 1- June 30,2016	PRIOR PERIOD April 1- June 30,2015
I. PROFIT SHARE INCOME	(1)	1.094.209	911.275	530.185	483.798
1.1 Profit Share on Loans		972.048	811.482	469.556	430.943
1.2 Income Received from Reserve Deposits		10.705	3.031	4.802	2.345
1.3 Income Received from Banks		31	86	31	11
4 Income Received from Money Market Placements		-	-	-	-
5 Income Received from Marketable Securities Portfolio		74.736	63.197	37.381	32.468
5.1 Held-For-Trading Financial Assets		-	-	-	-
5.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-
5.3 Available-For-Sale Financial Assets		40.297	32.445	20.261	17.129
5.4 Investments Held to Maturity		34.439	30.752	17.120	15.339
6 Finance Lease Income		35.785	32.627	17.856	17.375
1.7 Other Profit Share Income		904	852	559	656
II. PROFIT SHARE EXPENSE	(2)	580.137	501.400	293.712	265.254
2.1 Expense on Profit Sharing Accounts		431.905	394.663	214.504	204.061
2.2 Profit Share Expense on Funds Borrowed		116.329	75.322	62.045	40.115
2.3 Profit Share Expense on Money Market Borrowings		29.043	22.250	15.068	11.913
2.4 Profit Share Expense on Securities Issued		-	-	-	-
2.5 Other Profit Share Expense		2.860	9.165	2.095	9.165
III. NET PROFIT SHARE INCOME (I - II)		514.072	409.875	236.473	218.544
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		70.295	71.872	37.941	37.338
4.1 Fees and Commissions Received		99.917	94.414	53.572	50.641
4.1.1 Non-Cash Loans		50.031	49.713	27.252	26.664
4.1.2 Other	(12)	49.886	44.701	26.320	23.977
4.2 Fees and Commissions Paid		29.622	22.542	15.631	13.303
4.2.1 Non-Cash Loans		152	159	85	155
4.2.2 Other	(12)	29.470	22.383	15.546	13.148
V. DIVIDEND INCOME	(3)	-	10	-	10
VI. TRADING INCOME/LOSS(net)	(4)	31.436	41.395	8.668	19.857
6.1 Capital Market Transaction Income / (Loss)		56	2.224	40	9
6.2 Profit / (Loss) from Derivative Financial Instruments		(33.440)	14.534	(12.702)	2.136
6.3 Foreign Exchange Income / (Loss)		64.820	24.637	21.330	17.712
VII. OTHER OPERATING INCOME	(5)	65.011	61.639	31.479	34.420
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		680.814	584.791	314.561	310.169
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	144.180	88.004	70.554	48.221
X. OTHER OPERATING EXPENSES (-)	(7)	375.458	319.142	168.319	164.237
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		161.176	177.645	75.688	97.711
XII. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII. PROFIT / (LOSS) ON EQUITY METHOD		-	-	-	-
XIV. PROFIT / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT / (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	161.176	177.645	75.688	97.711
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(32.626)	(37.206)	(10.213)	(21.004)
16.1 Provision for Current Taxes		(40.394)	(42.531)	(16.466)	(26.142)
16.2 Provision for Deferred Taxes		7.768	5.325	6.253	5.138
XVII. NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	128.550	140.439	65.475	76.707
XVIII. INCOME FROM DISCONTINUED OPERATIONS	(10)	-	-	-	-
18.1 Income from Assets Held For Sale		-	-	-	-
18.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
18.3 Income from Other Discontinued Operations		-	-	-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Loss from Assets Held for Sale		-	-	-	-
19.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-	-	-
19.3 Loss from Other Discontinued Operations		-	-	-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
21.1 Provision for Current Taxes		-	-	-	-
21.2 Provision for Deferred Taxes		-	-	-	-
XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII. NET PROFIT / LOSS (XVII+XXII)	(11)	128.550	140.439	65.475	76.707
23.1 Group's Profit/Loss		128.550	140.439	65.475	76.707
23.2 Minority shares (-)		-	-	-	-
Earnings Per Share (Full TL)		0,143	0,156	0,073	0,085

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME&EXPENSE ITEMS ACCOUNTED
UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	Reviewed	Reviewed	Reviewed	Reviewed
	CURRENT PERIOD January 1- June 30,2016	PRIOR PERIOD January 1- June 30,2015	CURRENT PERIOD April 1- June 30,2016	PRIOR PERIOD April 1- June 30,2015
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(1.021)	(3.736)	(3.069)	2.804
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(1.356)	1.246	1.012	399
V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-	-	-
VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-	-	-
VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-	-	-	-
VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	-	-	-	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	204	747	614	(561)
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	(2.173)	(1.743)	(1.443)	2.642
XI. PROFIT/LOSS	128.550	140.439	65.475	76.707
11.1 Net change in Fair Value of Marketable Securities (Recycled To Profit/Loss)	-	-	-	-
11.2 Part of Derivatives Designated for Cash Flow Hedge Purposes reclassified and presented in Income Statement	-	-	-	-
11.3 Part of Hedge of Net Investments in Foreign Operations reclassified and presented in Income Statement	-	-	-	-
11.4 Other	128.550	140.439	65.475	76.707
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	126.377	138.696	64.032	79.349

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)	Notes	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves ⁽¹⁾	Current Period Net Income / (Loss)	Prior Years Net Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc.op.	Total Equity
PRIOR PERIOD																	
January 1- June 30, 2015																	
I. Beginning balance	(V)	900.000	-	-	-	71.744	-	398.393	(2.973)	252.631	7.963	9.990	153.179	-	-	-	1.790.927
Changes In Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(2.989)	-	-	-	-	(2.989)
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates,Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	1.246	-	-	-	-	-	-	-	1.246
IX. Changes Related to the Disposal Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	19	-	1.767	-	(3.527)	-	-	-	(1.741)
XVII. Period Net Income/(Loss)		-	-	-	-	-	-	-	-	140.439	-	-	-	-	-	-	140.439
XVIII. Profit Distribution		-	-	-	-	13.030	-	213.364	-	(252.631)	(7.963)	-	-	-	-	-	(34.200)
18.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	(34.200)	-	-	-	-	-	(34.200)
18.2 Transfers To Reserves		-	-	-	-	13.030	-	213.364	-	-	(226.394)	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(252.631)	252.631	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	84.774	-	611.757	(1.708)	140.439	1.767	7.001	149.652	-	-	-	1.893.682

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)	Notes	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves ^(*)	Current Period Net Income / (Loss)	Prior Years Net Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc.op.	Total Equity
CURRENT PERIOD																	
January 1- June 30, 2016																	
I. Beginning balance	(V)	900.000	-	-	-	84.774	-	611.757	1.127	302.863	3.610	10.691	189.092	-	-	-	2.103.914
Changes In Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(817)	-	-	-	-	(817)
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	(1.356)	-	-	-	-	-	-	-	(1.356)
IX. Changes Related to the Disposal Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	(2.822)	-	(3.450)	2.768	-	2.037	-	(6.473)	-	-	-	(7.940)
XVII. Period Net Income/(Loss)		-	-	-	-	-	-	-	-	128.550	-	-	-	-	-	-	128.550
XVIII. Profit Distribution		-	-	-	-	15.863	-	240.210	-	(302.863)	(3.610)	-	-	-	-	-	(50.400)
18.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	(50.400)	-	-	-	-	-	(50.400)
18.2 Transfers To Reserves		-	-	-	-	15.863	-	240.210	-	-	(256.073)	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(302.863)	302.863	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	97.815	-	848.517	2.539	128.550	2.037	9.874	182.619	-	-	-	2.171.951

^(*)As per Repurchase Programme accepted at the General Assembly on March 25, 2015 repurchased shares amount to TL 2.625 between January 18, 2016 and June 28, 2016 is represented under other reserves.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS		Reviewed CURRENT PERIOD January 1- June 30,2016	Reviewed PRIOR PERIOD January 1- June 30,2015
	Notes (Section Five-VI)		
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		179.545	80.925
1.1.1 Profit Share Income Received		977.396	813.654
1.1.2 Profit Share Expense Paid		(566.692)	(484.345)
1.1.3 Dividend Received		-	10
1.1.4 Fees and Commissions Received		99.917	71.872
1.1.5 Other Income		36.332	56.719
1.1.6 Collections from Previously Written Off Loans		74.299	17.370
1.1.7 Payments to Personnel and Service Suppliers		(212.111)	(175.816)
1.1.8 Taxes Paid		(58.465)	(52.535)
1.1.9 Others		(171.131)	(166.004)
1.2 Changes In Operating Assets And Liabilities		(1.394.376)	(822.559)
1.2.1 Net (Increase) Decrease in Available For Sale Financial Assets		21.048	1.340
1.2.2 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.3 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(108.723)	(424.456)
1.2.4 Net (Increase) Decrease in Loans		(857.291)	(2.373.985)
1.2.5 Net (Increase) Decrease in Other Assets		(80.416)	(212.858)
1.2.6 Net Increase (Decrease) in Funds Collected From Banks		128.541	286.951
1.2.7 Net Increase (Decrease) in Other Funds Collected		(578.332)	1.443.534
1.2.8 Net Increase (Decrease) in Funds Borrowed		(79.046)	41.778
1.2.9 Net Increase (Decrease) in Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities		159.843	415.137
I. Net Cash Flow From Banking Operations		(1.214.831)	(741.634)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(1.845)	(178.657)
2.1 Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		-	(10.000)
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Fixed Assets Purchases		(15.512)	(30.029)
2.4 Fixed Assets Sales		39.419	5.559
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(499.778)	(357.527)
2.6 Cash Obtained from Sale of Financial Assets Available for Sale		439.586	102.385
2.7 Cash Paid for Purchase of Investment Securities		-	(184.599)
2.8 Cash Obtained from Sale of Investment Securities		34.440	295.554
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		42.413	1.460.150
3.1 Cash Obtained from Funds Borrowed and Securities Issued		1.486.166	3.393.264
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(1.393.353)	(1.898.914)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		(50.400)	(34.200)
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		(30.136)	76.503
V. Net (Decrease) Increase in Cash and Cash Equivalents		(1.204.399)	616.362
VI. Cash and Cash Equivalents at the Beginning of the Period		3.808.054	2.383.932
VII. Cash and Cash Equivalents at the End of the Period		2.603.655	3.000.294

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

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on basis of presentation:

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

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

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

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

I. Explanations on basis of presentation (continued):

“Communiqué related to Changes in Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks” published in the Official Gazette dated January 23, 2011 and numbered 27824 has set out the financial statement formats for the banks which selected to early adopt TFRS 9 (In accordance with the Communiqué related to Changes in Communiqué on TFRS 9 “Financial Instruments” published in the Official Gazette dated April 7, 2015 numbered 29319 , the effective date of the mentioned Communiqué has been changed as December 31, 2014 which is planned to be applied after 31 December 2017) “Financial Instruments” before January 1, 2018. Since the Bank has not chosen to early adopt TFRS 9, the accompanying financial statements have been prepared in accordance with the financial statements in the appendix of “Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks” published in the Official Gazette dated June 28, 2012 and numbered 28337.

The preparation of the unconsolidated financial statements according to BRSA Reporting and Accounting Legislation requires the Bank’s management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, provisions for the lawsuits, deferred tax assets and liabilities, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes.

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

Accompanying financial statements are subjected to TAS 29 “Financial Reporting in Hyperinflationary Economies” until December 31, 2004 and with regard to this the BRSA explained with its decision numbered 1623 and dated April 21, 2005 and its circular dated April 28, 2005 that the conditions for applying inflation accounting was no longer applicable and accordingly inflation accounting has not been applied in the accompanying financial statements starting from January 1, 2005.

II. Explanations on strategy of using financial instruments and foreign currency transactions:

The Bank creates its strategies on financial instruments considering its sources of financing. The main financing sources consist of current and profit sharing accounts. Other than current and profit sharing accounts, the Bank’s most important funding sources are its equity and borrowings from foreign financial institutions. The Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

The Bank’s transactions in foreign currencies are accounted in accordance with the TAS 21 “Accounting Standard on the Effect of Changes in Foreign Currency Rates”, and converted with the exchange rate ruling at the transaction date into Turkish Lira. Foreign currency assets and liabilities have been translated into Turkish Lira at the rate of exchange rates ruling at the balance sheet date announced by the Bank. Gains or losses arising from foreign currency transactions and translation of foreign currency assets and liabilities are reflected in the income statement as foreign exchange gain or loss.

The portion of risk belonging to the profit sharing accounts for foreign currency non-performing loans which were funded from these accounts is evaluated at current foreign exchange rates. The portion of provisions provided for such loans belonging to profit sharing accounts are also evaluated at current foreign exchange rates.

II. Explanations on strategy of using financial instruments and foreign currency transactions (continued):

Since the Bank provides full specific provision (except foreign branch) for the Bank's portion of risk of foreign currency non-performing loans and receivables funded from profit sharing accounts and for the risk of foreign currency non-performing loans and receivables funded by equity, such loans and receivables are translated to Turkish Lira at the current exchange rates instead of exchange rates prevailing at the date of transfer of the balances to non-performing portfolio. Such implementation does not have a positive or negative impact on trading income/loss of the Bank.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial assets into Turkish Lira are included in the income statement.

The balance sheet items of the foreign branch of the Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Bank. Income statement items are translated into Turkish lira by exchange rate ruling at the transaction date and all exchange differences arising from translation are accounted in other capital reserves under equity according to TAS 21.

Precious metals (gold) accounted under assets and liabilities which do not have fixed maturity are translated into Turkish lira by using the buying rate of gold at the balance sheet date announced by the Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Bank.

III. Explanations on forward, option contracts and derivative instruments:

The derivative financial instruments of the Bank consist of forward foreign currency and swap agreements. The Bank records the spot foreign currency transactions in asset purchase and sale commitments.

The Bank's derivative transactions, even though they provide effective economic hedges under the Bank's risk management policy, do not qualify for hedge accounting under the specific rules in "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" and are therefore treated as "financial instruments at fair value through profit or loss" and the related gain or loss is associated with income statement.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values. The derivative transactions are initially recognized at fair value and presented in the financial statements at fair values recalculated in the subsequent reporting periods.

IV. Explanations on profit share income and expenses:

Profit share income

Profit share income is accounted in accordance with "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" by using internal rate of return method that equalizes the future cash flows of the financial instrument to the net present value. Profit share income is recognized on accrual basis.

Revenues regarding the profit and loss sharing investment projects are recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer, the Bank retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, inflow of economic benefits associated with the transaction is probable and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

IV. Explanations on profit share income and expenses (continued):

In accordance with the “Communiqué of Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans” dated November 1, 2006 and numbered 26333, the profit share accruals of non-performing loans and other receivables are reversed and are recorded as profit share income when collected.

Profit share expense

The Bank records profit share expenses on accrual basis. The profit share expense accrual calculated in accordance with the unit value method on profit sharing accounts has been included under the account ‘Funds Collected’ in the balance sheet.

V. Explanations on fees, commission income and expenses:

Other than commission income and fees and expenses for various banking services that are reflected as income /expense when collected/paid, fees and commission income and expenses are reflected to income statement depending on the term of the related transaction.

In accordance with provisions of TAS, the portion of the commission and fees which are related to the reporting period and collected in advance for cash and non-cash loans granted is reflected to the income statement by using the internal rate of return method and straight line methods, respectively over the commission period of the related loan, respectively. Fees and commissions collected in advance which are related to the future periods are recorded under the account “Unearned Revenues” and included in “Miscellaneous Payables” in the balance sheet. The commission received from cash loans corresponding to the current period is presented in “Profit Share from Loans” in the income statement.

In the correspondence of BRSA dated June 8, 2012 and numbered B.02.1.BDK.0.13.00.0-91.11-12061, it has been stated that there is no objection to recording the commissions received from long term non-cash loans collected in quarterly periods or periods less than a quarter directly as income. Consequently, the Bank records the related cash and non-cash loans commissions directly as income.

VI. Explanations on financial assets:

The Bank categorizes and records its financial assets as “Financial Assets at Fair Value through Profit and Loss”, “Financial Assets Available for Sale”, “Loans and Receivables” or “Financial Assets Held to Maturity”. Sale and purchase transactions of the financial assets mentioned above are recognized at the settlement dates. The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management taking into consideration the purpose of the investment.

Financial assets at fair value through profit or loss:

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

Trading financial assets are financial assets which are either acquired for generating profit from short-term fluctuations in prices or dealers’ margin, or are financial assets included in a portfolio in which a pattern of short-term profit making exists.

Financial assets classified in this group are initially recognized at cost which reflects their fair values and are subsequently measured at fair value in the financial statements. All gains and losses arising from these valuations are reflected in the income statement.

The Bank has classified share certificates in its portfolio as trading financial assets and presented them at fair value in the accompanying financial statements.

As of June 30, 2016, the Bank has not any financial assets classified as financial assets at fair value through profit or loss except for trading financial assets (December 31, 2015: None).

VI. Explanations on financial assets (continued):

Financial assets available for sale:

Financial assets available for sale are initially recognized at cost; which reflects their fair values; including the transaction costs. After the initial recognition, available for sale securities are measured at fair value and the unrealized gains or losses resulting from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Valuation Reserve" under equity. In case of a disposal of available for sale financial assets, value increases/decreases which have been recorded in the marketable securities valuation reserve under the equity is transferred to income statement. Financial assets classified as available for sale financial assets which do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less impairment, if any.

Loans and receivables:

Loans and receivables are non-derivative financial assets whose payments are fixed or can be determined, are not traded in an active market and are not classified as trading assets, financial assets at fair value through profit or loss and financial assets available for sale.

Loans and receivables are carried initially at cost including the transaction costs which reflects their fair value; and subsequently recognized at the amortized cost value using the internal rate of return method in accordance with TAS 39 "Financial Assets: Recognition and Measurement". Fees, transaction costs and other similar costs in connection with the collaterals of loans and receivables are paid by the customers and accordingly not included in expense items in the income statement.

Cash loans are accounted in related accounts as specified by the Communiqué "Uniform Chart of Accounts and Explanations to be implemented by Participation Banks" dated January 26, 2007 and numbered 26415.

Financial assets held to maturity:

Held to maturity financial assets are financial assets that are not classified under "Loans and receivables" with fixed maturities and fixed or determinable payments where management has the intent and ability to hold until maturity. Held to maturity financial assets are initially recognized at cost including the transaction costs which reflects their fair value, and subsequently carried at amortized cost using the internal rate of return method. Profit share income from held to maturity financial assets is reflected in the income statement.

VII. Explanations on impairment of financial assets:

At each balance sheet date, the Bank evaluates the carrying amounts of its financial assets or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related amount of impairment.

A financial asset or a group of financial assets incurs impairment loss only if there is an objective evidence related to the occurrence of one or more than one event (loss events) subsequent to initial recognition of that asset or group of assets; and such loss event (or events) causes an impairment loss as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Any amount attributable to expected losses arising from any future events is not recognized under any circumstances.

If there is objective evidence that the loans granted might not be collected, general and specific provisions for such loans are expensed as "Provision for Loan Losses and Other Receivables" in accordance with the Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans". Subsequent recoveries of amounts previously written off or provisions provided in prior periods are included in "Other Operating Income" in the income statement. The profit sharing accounts' portion of general and specific provisions for loans and other receivables originated from profit sharing accounts is reflected to the profit sharing accounts.

VII. Explanations on impairment of financial assets (continued):

If there is objective evidence indicating that the value of financial assets held to maturity is impaired, the amount of the loss is measured as the difference between the present value which is calculated by discounting the projected cash flows in the future with the original profit share rate and the net book value; provision is provided for impairment and the provision is associated with the expense accounts.

If there is objective evidence indicating that the fair value of a financial asset available for sale, for which decreases in the fair value has been accounted in the equity, has been impaired then the total loss which was accounted directly under the equity is deducted from equity and transferred to the income statement.

If there is objective evidence indicating that an unquoted equity instrument which is not carried at fair value because its fair value cannot be reliably measured is impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses cannot be reversed.

VIII. Explanations on offsetting of financial instruments:

Financial instruments are offset when the Bank has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously. The sukuk investments issued by the Bank which are repurchased has been offset in available for sale and subordinated loan accounts.

IX. Explanations on sale and repurchase agreements and lending of securities:

Securities subject to repurchase agreement are classified as "at fair value through profit or loss", "available-for-sale" and "held-to-maturity" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from the related agreements are accounted under "Borrowings from Money Markets" in liabilities and the difference between the sale and repurchase price is accrued over the life of the agreements using the internal rate of return method. Profit share expense on such transactions is recorded under "Profit Share Expense on Money Market Borrowings" in the income statement.

The Bank has not any securities lending transactions.

X. Explanations on assets held for sale and discontinued operations and liabilities related to these assets:

Assets held for sale (or disposal group) are measured at the lower of the carrying amount of assets and fair value less any cost to be incurred for disposal. In order to classify an asset as held for sale, the possibility of sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan designed by an appropriate level of management regarding the sale of the asset to be disposed of together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset shall be actively marketed in conformity with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan.

The Bank has assets that are possessed due to receivables and debtors' obligations to the Bank and classified as assets held for sale. In the case that the Bank has not disposed of such assets within a year of receipt or failed to produce a solid plan for sale of the assets, they are reclassified as fixed assets and are amortized. The Bank transfers such assets from assets held for sale and discounted operations to tangible assets.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on assets held for sale and discontinued operations and liabilities related to these assets (continued):

A discontinued operation is a part of the Bank's business which has been disposed of or classified as held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Bank has not any discontinued operations.

XI. Explanations on goodwill and other intangible assets:

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for Intangible Assets". As of the balance sheet date, there is no goodwill in the financial statements of the Bank. The Bank's intangible assets consist of softwares and intangible rights. The Bank has started to use the new core banking system on June 19, 2015 after waiving the prior core banking system and useful live of the new banking system has been determined as 3 years.

The costs of the intangible assets purchased before December 31, 2004 have been restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Bank's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 "Turkish Accounting Standard for Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is provided.

XII. Explanations on tangible assets:

The cost of the tangible assets purchased before December 31, 2004 have been restated by inflationary index from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs. Tangible assets are recorded at cost less accumulated depreciation and provision for impairment, if any in compliance with the TAS 16 "Turkish Accounting Standards for Tangible Assets" in the financial statements.

As of March 31, 2009, the Bank has made a change in accounting policy and adopted revaluation model for real estates in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2015, the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve in accordance with TAS 16.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

There are no changes in the accounting estimates which are expected to have an impact in the current or subsequent periods.

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XII. Explanations on tangible assets (continued):

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

	Depreciation Rate %
Buildings	2
Motor vehicles	20 - 25
Furniture, fixture and office equipment	4 - 33
Safe-deposit boxes	2 - 20
Operational lease improvement costs (Leasehold improvements)	Leasing period - 5 years

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period. In cases where the leasing period is not certain, the useful life is determined as five years. After January 1, 2010 in cases where leasing period is more than five years, the useful life is determined as five years.

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

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

Gain or loss resulting from disposals of the tangible assets is calculated as the difference between the net proceeds from the sale and the net book value of the related asset.

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

XIII. Explanations on leasing transactions:

Transactions as a lessee

Leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases and other leases are classified as operational leases.

Assets acquired under finance lease contracts are recorded both as an asset and a liability at the beginning date of the lease. The basis for the determination of the balances recorded in the balance sheet as asset and liability is the lower of fair value of the leased asset at the inception of the lease and the present value of the lease payments. Finance charges arising from lease contracts are expensed in the related periods taking into consideration the internal rate of return over the period of the lease.

Assets acquired under finance lease contracts are depreciated over their useful lives and impairment provision is provided in case a decrease in recoverable amount has been determined.

The prepaid lease payments made under operational leases are charged to income statement on a straight line basis over the period of the lease.

Transactions as a lessor

The Bank, as a participation bank, acts as a lessor in finance leasing transactions. The Bank presents finance leased assets as a receivable equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

XIV. Explanations on provisions and contingent liabilities:

Provisions and contingent liabilities, excluding the general and specific provisions for impairment on loans and other receivables, are accounted in accordance with TAS 37: “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets”.

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

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

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

XV. Explanations on liabilities regarding employee rights:

i) *Defined benefit plans:*

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

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

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

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

There are no foundations, pension funds or similar associations of which the employees are members. As of June 30, 2016, actuarial loss amounts to TL 6.896 (December 31, 2015: TL 6.896 actuarial loss).

ii) *Defined contribution plans:*

The Bank pays defined contribution plans to publicly administered Social Security Funds for its employees. The Bank has no further payment obligations other than this contribution share. The contributions are recognized as personnel expenses when they accrue.

iii) *Short term benefits to employees:*

In accordance with TAS 19, Bank measures the expected costs of the cumulative annual leaves as additional amounts anticipate to pay accumulated and unused rights as of reporting period.

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XVI. Explanations on taxation:

Current tax:

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

In accordance with the Corporate Tax Law numbered 5520 published in the Official Gazette numbered 26205 dated June 21, 2006, the corporation tax rate effective from January 1, 2006 is 20%.

Dividends paid to the resident institutions are not subject to withholding tax. Withholding tax rate on the dividend payments other than these is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and accordingly is not subject to withholding tax.

The prepaid taxes are calculated based on quarterly profits of the Bank using the corporate rate of 20% which must be announced by the 14th day and paid by the 17th day of the second month following the taxed period. The prepaid taxes can be deducted from the annual corporate tax calculated on the annual corporate income. The remaining prepaid tax, if any after deduction, can be refunded in cash or deducted from other financial liabilities to the government.

75% of the profits generated from the sale of properties and share certificates of which the Bank held possession for two years or more, are exempt from corporate tax if added to the capital or accounted under shareholders' equity as a special fund for 5 years according to the Corporate Tax Law.

Income generated by the transfer of properties, share certificates of subsidiaries, founders' shares, preferred shares and preemptive rights owned by corporations under legal follow-up together with their guarantors and mortgagers, which are transferred to banks due to their debts and used for winding up the debts is exempt from corporation tax. Additionally, 75% of the profit generated by sales of above mentioned instruments is also exempt from corporation tax.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In accordance with the last paragraph of the first article of the law dated February 11, 1986 and numbered 3259 "Law related to granting tax exemption to Islamic Development Bank" dividends paid to Islamic Development Bank is exempt from corporate tax. Therefore, dividend distributed to Islamic Development Bank as a shareholder of the Bank is exempt from corporate tax and income tax withholding.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns to their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings and carry out sectorial investigations.

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

XVI. Explanations on taxation (continued):

Deferred tax:

The Bank calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with TAS 12 “Turkish Accounting Standard for Income Taxes”. Deferred tax asset is calculated on all temporary differences other than general loan loss provisions to the extent that is probable that taxable profit will be available and deferred tax liability is calculated for all temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

Deferred tax liabilities are calculated for all of the temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

Transfer pricing:

Transfer pricing is regulated through article 13 of Corporate Tax Law titled “Disguised Profit Distribution by way of Transfer Pricing”. Detailed information for the practice regarding the subject is found in the “General Communiqué on Disguised Profit Distribution by way of Transfer Pricing”.

According to the related regulation, in the case of making purchase or sales of goods or services with related persons/corporations at a price that is determined against “arm’s length principle”, the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not deductible in calculation of corporate tax.

XVII. Additional explanations on borrowings:

The Bank records borrowings in accordance with TAS 39 “Financial Instruments: Recognition and Measurement”. Borrowings, except for funds collected, are recognized at amortized cost using the effective internal rate of return method in the following periods after the initial recognition.

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

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

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

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

XX. Explanations on government grants:

As of the balance sheet date, there are no government grants received by the Bank.

XXI. Explanations on segment reporting:

Business segment is a component of the Bank that engages in business activities from which the Bank may earn revenues and incur expenses, whose operating results are regularly reviewed by the Bank’s chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial available.

Segment reporting is disclosed in Section Four, Note X.

XXII. Explanations on other matters:

None.

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XXIII. Additional paragraph for convenience translation:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on capital adequacy standard ratio:

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

As of June 30, 2016 the Bank’s total capital has been calculated as TL 2.829.462, capital adequacy standard ratio is 12,21%. As of December 31, 2015, Bank’s total capital amounted to TL 3.157.310, capital adequacy ratio was 15,27% calculated as per former regulations. This ratio is above the minimum ratio required by the legislation.

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I. Explanations on capital adequacy standard ratio (continued):

a) Information on Capital:

	Current Period 30.06.2016	Amounts related to treatment before 1.1.2014 ^(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	
Share issue premiums	-	
Reserves	946.332	
Gains recognized in equity as per TAS	204.054	
Profit	130.587	
Current Period Profit	128.550	
Prior Period Profit	2.037	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	2.180.973	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	9.022	
Improvement costs for operating leasing	32.793	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	21.982	36.637
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	63.797	
Total Common Equity Tier 1 Capital	2.117.176	

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I. Explanations on capital adequacy standard ratio (continued):

ADDITIONAL TIER I CAPITAL	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-
Additional Tier I Capital before Deductions	
Deductions from Additional Tier I Capital	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	14.655
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital))	2.102.521
TIER II CAPITAL	
Debt instruments and share issue premiums deemed suitable by the BRSA	639.580
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	92.182
Tier II Capital Before Deductions	731.762
Deductions From Tier II Capital	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	731.762
Total Capital (The sum of Tier I Capital and Tier II Capital)	2.834.283
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	2.384
Other items to be defined by the BRSA	2.437

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I. Explanations on capital adequacy standard ratio (continued):

In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
TOTAL CAPITAL	
Total Capital	2.829.462
Total risk weighted amounts	23.181.079
Capital Adequacy Ratios	
Core Capital Adequacy Ratio	9,13
Tier 1 Capital Adequacy Ratio	9,07
Capital Adequacy Ratio	12,21
BUFFERS	
Total buffer requirement	0,63
Capital conservation buffer requirement	0,63
Bank specific counter-cyclical buffer requirement	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	4,63
Amounts below the Excess Limits as per the Deduction Principles	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	29.831
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before ten thousand twenty five limitation)	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	92.182
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

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

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I. Explanations on capital adequacy standard ratio (continued):

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

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I. Explanations on capital adequacy standard ratio (continued):

Deductions from core capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	25.113
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total core capital	2.025.764
Tier II capital	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	642.166
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	420.300
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	74.819
Tier II capital before deductions	1.137.285
Deductions from tier ii capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital(-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total deductions from tier II capital	-
Total tier II capital	1.137.285
Capital	3.163.049
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	2.459
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	3.280
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
Equity	3.157.310
Amounts lower than excesses as per deduction rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	18.922

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

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- I. Explanations on capital adequacy standard ratio (continued):**
b) Information on reconciliation of total capital and equity.

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

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I. Explanations on capital adequacy standard ratio (continued):

c) Details on Subordinated Liabilities

Issuer	Albaraka Sukuk Ltd.
Unique Identifier	XS1301525207
Governing Law(s) of the Instrument	English Law
Special Consideration in the Calculation of Equity	
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No
Eligible at Unconsolidated / Consolidated	Unconsolidated / Consolidated
Instrument Type	Sukuk Wakala
Amount recognized in regulatory capital (as of most recent reporting date)	TL 639.580
Par Value of Instrument	TL 639.580
Accounting Classification	Subordinated Loan
Original date of Issuance	November 30, 2015
Perpetual or dated	Dated
Maturity date	November 30, 2025
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: 30.11.2020 Total Repayment Amount of Profit Share: USD 131.250.000, Repayment Period: 6 months Principal Payment: USD 250.000.000
Subsequent call dates	-
Profit Share / Dividends	
Fixed or floating profit share / dividend	Fixed
Profit share rate and any related index	10,50 %
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or Non-convertible	
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA'a approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA'a approval it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No

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II. Explanations on credit risk:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

III. Explanations on currency risk:

Foreign currency risk arises from the Bank’s possible exposure to the changes in foreign currencies.

- a) The Bank is exposed to currency risks as a market risk and tries to balance the currency risks by avoiding to keep any long or short positions. The currency risk of the Bank is monitored on a daily basis. Net foreign currency position / shareholders’ equity ratio is also controlled on a daily basis. All foreign currency assets, liabilities and foreign currency forward transactions are taken into consideration while capital requirement to be employed for foreign currency risk is calculated. Standard Method used in legal reporting and amount subject to risk is calculated on a monthly basis.
- b) The Bank does not have any derivative financial instruments held for hedging purposes.
- c) As a result of the uncertainty and volatility in the markets, foreign currency position is kept at a balance, and accordingly, no currency risk is anticipated. The Bank takes necessary measures to keep the currency risk at a minimum level.
- d) Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of June 30, 2016 - Balance sheet evaluation rate	2,830	3,140
As of June 29, 2016	2,830	3,143
As of June 28, 2016	2,840	3,142
As of June 27, 2016	2,860	3,147
As of June 24, 2016	2,850	3,161
As of June 23, 2016	2,750	3,128

- e) The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is full TL 2,860 for 1 USD (December 2015: full TL 2,883), full TL 3,213 for 1 EURO (December 2015: full TL 3,145).

Foreign currency sensitivity:

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

The following table details the Bank’s sensitivity to a 10% change in the USD and EURO rates. A negative amount indicates a decrease effect in profit/loss or equity of the 10% value change of USD and EUR against TL.

% Change in foreign currency rate		Effect on profit / loss		Effect on equity	
		Current period	Prior period	Current period	Prior period
USD	10% increase	3.861	1.547	327	(210)
USD	10% decrease	(3.861)	(1.547)	(327)	210
EURO	10% increase	4.758	4.264	-	859
EURO	10% decrease	(4.758)	(4.264)	-	(859)

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III. Explanations on currency risk (continued):

Information on currency risk of the Bank:

Current Period	EUR	USD	Other FC ^(*)	Total
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	585.620	2.304.207	674.639	3.564.466
Banks	108.052	1.166.732	115.482	1.390.266
Financial assets at fair value through profit and loss	-	62	-	62
Money market placements	-	-	-	-
Available-for-sale financial assets	130	355.719	-	355.849
Loans and financial lease receivables ^(**)	2.861.150	5.923.289	2.121	8.786.560
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	935	935
Intangible assets	-	-	356	356
Other assets ^(***)	1.267	24.603	1.438	27.308
Total assets	3.556.219	9.774.612	794.971	14.125.802
Liabilities				
Current account and funds collected from banks via participation accounts	552.054	78.198	2.202	632.454
Other current and profit sharing accounts	1.911.908	5.886.030	306.558	8.104.496
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	1.010.055	4.153.384	-	5.163.439
Marketable securities issued	-	-	-	-
Miscellaneous payables	8.684	78.789	51.844	139.317
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	7.951	11.726	64	19.741
Total liabilities	3.490.652	10.208.127	360.668	14.059.447
Net balance sheet position	65.567	(433.515)	434.303	66.355
Net off balance sheet position	(17.983)	472.124	(423.508)	30.633
Derivative financial instruments assets ^(****)	6.509	486.967	3.304	496.780
Derivative financial instruments liabilities ^(****)	24.492	14.843	426.812	466.147
Non-cash loans ^(*****)	1.439.003	2.995.820	30.551	4.465.374
Prior Period				
Total assets	3.432.222	10.426.828	630.020	14.489.070
Total liabilities	3.372.658	10.622.240	420.127	14.415.025
Net balance sheet position	59.564	(195.412)	209.893	74.045
Net off balance sheet position	(16.929)	210.880	(191.644)	2.307
Derivative financial instruments assets	8.320	249.140	7.599	265.059
Derivative financial instruments liabilities	25.249	38.260	199.243	262.752
Non-cash loans	1.298.973	3.054.388	35.294	4.388.655

^(*) TL 664.343 (December 31, 2015: TL 446.121) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 2.406 (December 31, 2015: TL 39.682) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 237.325 (December 31, 2015: TL 294.008) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

^(**) The balance includes foreign currency indexed loans and financial lease receivables of TL 5.395.038 (December 31, 2015: TL 5.068.133).

^(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 582 (December 31, 2015: TL 431) is included in other assets.

^(****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 90.091 (December 31, 2015: TL 45.969) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 42.057 (December 31, 2015: TL 64.837).

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

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

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

V. Explanations on liquidity risk:

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

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

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

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

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

The Bank's funding management is carried out in compliance with the ALCO decisions. Funding and placement strategies are developed by assessing liquidity of the Bank.

In liquidity risk management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions.

Diversification of assets and liabilities is assured so as to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Bank's funding base of funds collected and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed.

In the context of TL and foreign currencies liquidity management, the Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view.

Liquidity risk exposed by the Bank is managed by establishing risk appetite, effective control environment and closely monitoring by limits.

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V. Explanations on liquidity risk (continued):

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of strategy, policy and procedures regarding liquidity risk and contingency funding plan is prepared within this framework.

There exists “Liquidity Risk Management Contingency Funding Plan” in the Bank including mechanisms to prevent increase in liquidity risk during normal and liquidity crisis scenarios for different conditions and levels. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Bank monitors liquidity risk in terms of early warning indicators in each stress.

Liquidity Coverage Ratio:

		Rate of “Percentage to be taken into account” not Implemented Total value ^(*)		Rate of “Percentage to be taken into account” Implemented Total value ^(*)	
	Current Period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS				
1	High quality liquid assets			4.465.952	2.929.795
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	11.262.940	4.493.980	992.113	449.398
3	Stable Funds Collected	2.683.620	-	134.181	-
4	Less stable Funds Collected	8.579.320	4.493.980	857.932	449.398
5	Unsecured Funding other than Retail and Small Business Customers Deposits	4.907.355	2.714.296	2.886.488	1.393.810
6	Operational Funds Collected	239.380	237.916	59.845	59.479
7	Non-Operational Funds Collected	2.769.125	1.415.704	1.275.635	666.679
8	Other Unsecured Funding	1.898.850	1.060.676	1.551.008	667.652
9	Secured funding			-	-
10	Other Cash Outflows	108.867	42.056	108.867	42.056
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	108.867	42.056	108.867	42.056
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	9.458.335	4.225.033	745.172	354.827
16	TOTAL CASH OUTFLOWS			4.732.640	2.240.091
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	2.922.162	1.543.534	2.316.334	1.364.801
19	Other contractual cash inflows	113.144	90.092	113.144	90.092
20	TOTAL CASH INFLOWS	3.035.306	1.633.626	2.429.478	1.454.893
				Upper limit applied amounts	
21	TOTAL HQLA			4.465.952	2.929.795
22	TOTAL NET CASH OUTFLOWS			2.303.162	785.198
23	Liquidity Coverage Ratio (%)			193,91	373,13

^(*)Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

As per “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette numbered 28948, dated 21 March 2014, the weeks on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months are as follows:

	Current Period	
	TL+FC	FC
Lowest Week	185,22 05.06.2016	260,27 27.05.2016
Highest Week	309,00 17.04.2016	475,94 17.04.2016
Average (%)	239,67	357,29

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V. Explanations on liquidity risk (continued):

		Rate of "Percentage to be taken into account" not Implemented Total value ^(*)		Rate of "Percentage to be taken into account" Implemented Total value ^(*)	
		TL+FC	FC	TL+FC	FC
	Prior period				
	HIGH QUALITY LIQUID ASSETS				
1	High quality liquid assets			4.646.672	3.219.811
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	11.185.760	4.553.060	1.118.576	455.306
3	Stable Funds Collected	-	-	-	-
4	Less stable Funds Collected	11.185.760	4.553.060	1.118.576	455.306
5	Unsecured Funding other than Retail and Small Business Customers Deposits	5.457.231	2.634.109	2.806.246	1.411.013
6	Operational Funds Collected	138.796	137.828	34.699	34.457
7	Non-Operational Funds Collected	2.740.796	1.270.374	1.467.273	782.629
8	Other Unsecured Funding	2.577.639	1.225.907	1.304.274	593.927
9	Secured funding			-	-
10	Other Cash Outflows	93.544	64.836	93.544	64.836
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	93.544	64.836	93.544	64.836
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	8.582.626	3.943.011	753.816	370.595
16	TOTAL CASH OUTFLOWS			4.772.182	2.301.750
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	3.881.434	2.240.888	2.982.449	1.874.782
19	Other contractual cash inflows	155.463	102.406	155.463	102.406
20	TOTAL CASH INFLOWS	4.036.897	2.343.294	3.137.912	1.977.188
				Upper limit applied amounts	
21	TOTAL HQLA			4.646.672	3.219.811
22	TOTAL NET CASH OUTFLOWS			1.634.270	575.438
23	Liquidity Coverage Ratio (%)			284,33	559,54

^(*)Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated 21 March 2014, the weeks on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2015 are as follows:

	Prior period	
	TL+FC	FC
Lowest	276,20	314,95
Week	11.11.2015	06.10.2015
Highest	387,85	570,73
Week	18.12.2015	30.11.2015
Average (%)	327,59	460,32

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V. Explanations on liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (**)(***)	Total
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	1.195.914	3.161.751	-	-	-	-	-	4.357.665
Banks	1.352.081	594.617	71.662	-	-	-	-	2.018.360
Financial Assets at Fair Value Through Profit and Loss	814	421	-	-	-	-	-	1.235
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	5.102	5.256	260.090	204.704	675.423	31.130	-	1.181.705
Loans ^(*)	-	1.635.853	2.073.911	6.793.705	7.786.737	1.270.849	497.734	20.058.789
Held-To-Maturity Investments	-	-	371.463	184.598	206.828	-	-	762.889
Other Assets	-	-	9	2.328	2.663	-	978.084	983.084
Total Assets	2.553.911	5.397.898	2.777.135	7.185.335	8.671.651	1.301.979	1.475.818	29.363.727
Liabilities								
Current account and funds collected from banks via participation accounts	239.378	97.712	272.182	25.125	-	-	-	634.397
Other current and profit sharing accounts	3.849.841	11.531.365	2.694.448	1.054.024	2.526	-	-	19.132.204
Funds provided from other financial institutions and subordinated loans	-	365.873	778.694	1.128.292	1.862.474	1.205.580	-	5.340.913
Money Market Borrowings	-	767.656	-	-	-	-	-	767.656
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	160.381	41.392	11.061	-	-	756.840	969.674
Other liabilities	-	67.245	160.985	26.687	-	-	2.263.966	2.518.883
Total Liabilities	4.089.219	12.990.232	3.947.701	2.245.189	1.865.000	1.205.580	3.020.806	29.363.727
Net Liquidity Gap	(1.535.308)	(7.592.334)	(1.170.566)	4.940.146	6.806.651	96.399	(1.544.988)	-
Net Off-balance sheet Position	-	-	(14.584)	(2.817)	-	-	-	(17.401)
Financial Derivative Assets	-	-	219.411	187.278	-	-	-	406.689
Financial Derivative Liabilities	-	-	233.995	190.095	-	-	-	424.090
Non-cash Loans	6.398.122	137.113	349.421	1.112.899	790.033	40.831	-	8.828.419
Prior period								
Total Assets	3.834.227	5.332.964	2.533.007	6.987.596	8.520.891	1.177.188	1.176.126	29.561.999
Total Liabilities	4.261.191	12.761.275	3.785.861	2.085.824	2.572.262	1.226.880	2.868.706	29.561.999
Net Liquidity Gap	(426.964)	(7.428.311)	(1.252.854)	4.901.772	5.948.629	(49.692)	(1.692.580)	-
Net Off-balance sheet Position	-	-	-	21.173	-	-	-	21.173
Financial Derivative Assets	-	-	-	219.089	-	-	-	219.089
Financial Derivative Liabilities	-	-	-	197.916	-	-	-	197.916
Non-cash Loans	4.533.680	596.383	935.430	1.471.883	1.086.885	39.796	-	8.664.057

(*) Leasing receivables are included under loans. Unallocated amount represents the amount arising from advances granted for leasing receivables and net non-performing loans.

(**) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses are included here.

(***) The unallocated other liabilities column consists of equity, provisions and deferred tax liabilities.

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VI. Explanations on leverage ratio:

As of June 30, 2016, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 5,27% (December 31, 2015: 5,03%). This ratio is above the minimum required. The reason for the difference in leverage ratio between current and previous period is the average increase ratio of core capital is more than the average increase ratio of total risk amount.

Disclosure of Leverage ratio template:

		Current Period	Prior Period
		June 30, 2016 ^(*)	December 31, 2015 ^(*)
Balance sheet assets			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	29.155.057	28.936.499
2	(Assets deducted from Core capital)	(70.571)	(79.053)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	29.084.486	28.857.446
Derivatives financial assets and credit derivatives			
4	Cost of replenishment for derivative financial assets and credit derivatives	6.327	20.043
5	Potential credit risk amount of derivative financial assets and credit derivatives	9.713	4.913
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	16.040	24.956
Financing transactions secured by marketable security or commodity			
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	154.899	139.204
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	154.899	139.204
Off-balance sheet transactions			
10	Gross notional amount of off-balance sheet transactions	10.274.823	9.880.604
11	(Correction amount due to multiplication with credit conversion rates)	-	-
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	10.274.823	9.880.604
Capital and total risk			
13	Core Capital	2.082.510	1.955.492
14	Total risk amount(sum of lines 3, 6, 9 and 12)	39.530.248	38.902.210
Leverage ratio			
15	Leverage ratio	5,27	5,03

^(*)The arithmetic average of the last 3 months in the related periods

VII. Explanations on presentation of financial assets and liabilities at fair value:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

VIII. Explanations regarding the activities carried out on behalf and account of other persons:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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IX. Explanations On Risk Management:

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables which have to be prepared within the scope of Internal rating-based (IRB) approach have not been presented.

a. Risk management strategy and weighted amounts:

a.1. Risk Management Strategy:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

a.2. Risk weighted amounts:

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	21.332.183	19.138.134	1.706.575
2	Standardised approach (SA)	21.332.183	19.138.134	1.706.575
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	3.043	11.507	243
5	Standardised approach for counterparty credit risk (SA-CCR)	3.043	11.507	243
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies - look-through approach	-	-	-
9	Investments made in collective investment companies - mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	125.391	91.424	10.031
17	Standardised approach (SA)	125.391	91.424	10.031
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	1.720.462	1.434.941	137.637
20	Basic Indicator Approach	1.720.462	1.434.941	137.637
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	23.181.079	20.676.006	1.854.486

a.3. Financial statements and regulatory exposures reconciliation:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

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IX. Explanations On Risk Management (continued):

b. Credit Risk:

b.1. General information on credit risk:

b.1.1. General qualitative information on credit risk:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

b.1.2. Credit quality of assets:

	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	706.899	19.942.613	590.723	20.058.789
2 Debt securities	-	1.939.492	-	1.939.492
3 Off-balance sheet exposures	101.123	9.633.690	21.021	9.713.792
4 Total	808.022	31.515.795	611.744	31.712.073

b.1.3. Changes in stock of default loans and debt securities:

1 Defaulted loans and debt securities at end of the previous reporting period	519.163
2 Loans and debt securities that have defaulted since the last reporting period	307.580
3 Receivables back to non-defaulted status	-
4 Amounts written off	45
5 Other changes	18.676
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	808.022

b.1.4. Additional information on credit quality of assets:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

b.2. Credit risk mitigation

b.2.1 Qualitative disclosure on credit risk mitigation techniques:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

b.2.2 Credit risk mitigation techniques :

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	15.287.509	4.771.280	3.494.395	89.348	63.431	-	-
2 Debt securities	1.939.492	-	-	-	-	-	-
3 Total	17.227.001	4.771.280	3.494.395	89.348	63.431	-	-
4 Of which defaulted	661.701	45.198	41.779	-	-	-	-

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IX. Explanations On Risk Management (continued):

b.3. Credit risk under standardised approach:

b.3.1. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

b.3.2. Credit risk exposure and credit risk mitigation techniques:

		Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes							
1	Exposures to sovereigns and their central banks	5.701.324	2.346	5.057.598	582	1.432.058	28,31%
2	Exposures to regional and local governments	482	1.049	369	519	444	50,00%
3	Exposures to administrative bodies and non-commercial entities	30.819	65.050	22.256	32.061	53.633	98,74%
4	Exposures to multilateral development banks	-	330	-	66	-	0,00%
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	2.044.533	104.650	2.044.348	76.225	614.206	28,96%
7	Exposures to corporates	11.724.121	6.807.669	9.794.216	4.229.506	13.475.506	96,09%
8	Retail exposures	4.292.636	2.403.184	3.360.445	899.195	3.069.578	72,06%
9	Exposures secured by residential property	1.658.260	153.148	1.209.422	73.505	450.431	35,11%
10	Exposures secured by commercial property	2.218.674	473.552	1.789.331	291.138	1.056.192	50,77%
11	Past-due items	284.344	-	243.305	-	285.838	117,48%
12	Exposures in high-risk categories	-	-	-	-	-	-
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-
16	Other exposures	1.335.767	2.418	1.333.383	484	894.297	67,05%
17	Equity share investments	-	-	-	-	-	-
18	Total	29.290.960	10.013.396	24.854.673	5.603.281	21.332.183	70,04%

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IX. Explanations On Risk Management (continued):

b.3.3 Exposures by asset classes and risk weights :

	Risk Classes/Risk Weighted	0%	10%	20%	35% secured by Property mortgage	50%	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
1	Exposures to sovereigns and their central banks	2.194.059	-	7	-	2.864.114	-	-	-	-	-	5.058.180
2	Exposures to regional and local government	-	-	-	-	888	-	-	-	-	-	888
3	Exposures to administrative bodies and non-commercial entities	607	-	96	-	-	-	53.614	-	-	-	54.317
4	Exposures to multilateral development banks	66	-	-	-	-	-	-	-	-	-	66
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	2.286	-	1.793.317	-	138.857	-	186.113	-	-	-	2.120.573
7	Exposures to corporates	294.635	-	274.918	-	67.294	-	13.386.875	-	-	-	14.023.722
8	Retail exposures	136.980	-	36.889	-	8.511	4.077.260	-	-	-	-	4.259.640
9	Exposures secured by residential property	8.455	-	5.536	1.259.690	1.628	-	7.618	-	-	-	1.282.927
10	Exposures secured by commercial property	-	-	-	-	2.048.553	-	31.916	-	-	-	2.080.469
11	Past-due items	400	-	58	-	41.111	-	74.667	127.069	-	-	243.305
12	Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-
16	Other exposures	261.497	-	222.590	-	-	-	849.780	-	-	-	1.333.867
17	Equity share investments	-	-	-	-	-	-	-	-	-	-	-
18	Total	2.898.985	-	2.333.411	1.259.690	5.170.956	4.077.260	14.590.583	127.069	-	-	30.457.954

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IX. Explanations On Risk Management (continued):

c. Counterparty credit risk:

c.1. Qualitative disclosure on counterparty credit risk:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

c.2. Counterparty credit risk (CCR) approach analysis:

	Current Period - 30.06.2016	Replacement cost	Potential Future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	-	4.067		1,4	4.067	2.034
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					7.383	-
6	Total						2.034

(*)Effective Expected Positive Exposure

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IX. Explanations On Risk Management (continued):

c.3. Capital requirement for credit valuation adjustment (CVA):

Current Period - 30.06.2016		EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation		-	-
1 (i) VaR component (including the 3×multiplier)			-
2 (ii) Stressed VaR component (including the 3×multiplier)			-
3 All portfolios subject to the Standardised CVA capital obligation		4.067	1.009
4 Total subject to the CVA capital obligation		4.067	1.009

c.4. CCR exposures by risk class and risk weights:

Risk Weighted	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure*
Risk Classes									
Exposures to sovereigns and their central banks	7.383	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	-	4.067	-	-	-	-	2.034
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	7.383			4.067					2.034

(*) Total credit risk represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

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IX. Explanations On Risk Management (continued):

c.5. Collaterals for CCR

Current Period - 30.06.2016	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	52.000
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	52.000

ç. Securitization Explanations:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

d. Market risk

d.1. Qualitative disclosure on market risk:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

d.2 Market risk under standardised approach:

Current Period: 30.06.2016		RWA
Outright products		
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	1.628
3	Foreign exchange risk	123.763
4	Commodity risk	-
Options		
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	125.391

Outright products refer to positions in products that are not optional.

e. Operational risk:

Not prepared in compliance with the “Regulation on Calculation of Risk Management Disclosures”.

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X. Explanations on business segments:

The Bank operates in retail, commercial and corporate banking segments via profit/loss sharing method in accordance with its mission.

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	2.772.561	17.671.759	2.226.479	6.692.928	29.363.727
Total Liabilities	13.119.733	8.133.235	5.553.554	385.254	27.191.776
Total Equity	-	-	-	2.171.951	2.171.951
Net profit share income/(expense) ^(*) (**)	(335.963)	1.286.591	(66.628)	(369.928)	514.072
Net fees and commissions income/(expense)	15.351	144.227	(17.874)	(71.409)	70.295
Other operating income/(expense)	(164)	(77.669)	(27.518)	(173.660)	(279.011)
Provision for loan losses and other receivables	(13.613)	(86.771)	-	(43.796)	(144.180)
Profit/(loss) before tax	(334.389)	1.266.378	(112.020)	(658.793)	161.176
Provision for tax	-	-	-	(32.626)	(32.626)
Net profit / (loss) for the period	(334.389)	1.266.378	(112.020)	(691.419)	128.550

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	2.772.567	17.685.898	2.263.190	6.840.344	29.561.999
Total Liabilities	13.119.733	8.367.686	5.570.834	399.832	27.458.085
Total Equity	-	-	-	2.103.914	2.103.914
Net profit share income/(expense) ^(*) (**)	(87.397)	431.859	65.413	-	409.875
Net fees and commissions income/(expense)	(563)	80.132	13.367	(21.064)	71.872
Other operating income/(expense)	(161)	(19.995)	(29.013)	(166.929)	(216.098)
Provision for loan losses and other receivables	(2.225)	(35.651)	-	(50.128)	(88.004)
Profit/(loss) before tax	(90.346)	456.345	49.767	(238.121)	177.645
Provision for tax	-	-	-	(37.206)	(37.206)
Net profit / (loss) for the period	(90.346)	456.345	49.767	(275.327)	140.439

(*) The distribution difference in the retail, commercial and corporate segments stems from fund allocation and fund collection methods of the Bank.

(**) Since the management uses net profit share income/ (expense) as a performance measurement criteria, profit share income and expense is presented net.

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SECTION FIVE

Explanations and notes on the unconsolidated financial statements

I. Explanations and notes related to assets:

1. a) Cash and balances with the Central Bank of Republic of Turkey (CBRT):

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash / Foreign currency	115.248	120.400	124.648	283.565
CBRT	640.506	3.257.505	698.140	3.371.781
Other ^(*)	37.445	186.561	71.416	355.248
Total	793.199	3.564.466	894.204	4.010.594

^(*) Includes precious metals amounting to TL 1.417 (December 31, 2015: TL 12.370) and cash in transit amounting to TL 222.589 (December 31, 2015: TL 414.294) as of June 30, 2016.

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	638.713	97.547	695.445	377.110
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	1.793	3.159.958	2.695	2.994.671
Total	640.506	3.257.505	698.140	3.371.781

^(*) As of June 30, 2016, the reserve requirement held in standard gold is TL 662.926 (December 31, 2015: TL 433.751).

In accordance with the “Communiqué Regarding the Reserve Requirements numbered 2005/1”, banks operating in Turkey are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold.

As of June 30, 2016, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 5% to 25% depending on maturity of deposits.

The Central Bank of Republic of Turkey has started to pay income on TL reserves since November 2014 and on USD reserves, reserve options and unrestricted deposits since May 2015.

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1. Explanations and notes related to assets (continued):
2. a) Information on financial assets at fair value through profit/loss subject to repurchase agreements and given as collateral/blocked:
None (December 31, 2015: None).
b) Table of positive differences related to derivative financial assets held for trading:
None (December 31, 2015: TL 20.822).

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic (*)	628.094	1.052.888	599.970	1.456.406
Abroad	-	337.378	-	426.238
Foreign head offices and branches	-	-	-	-
Total	628.094	1.390.266	599.970	1.882.644

(*) Includes blockaged amount TL 609.202 (December 31, 2015: TL 569.474) booked under TL accounts arising from POS transactions.

b) Information on foreign bank accounts:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

a) Information on financial assets available for sale subject to repurchase transactions, given as a guarantee or blocked:

The Bank has collateralized sukuk investments with a nominal amount of TL 286.803 and carrying value of TL 303.708 to CBRT with respect to money market transactions and subjected to repurchase agreements (December 31, 2015: TL 226.102).

As of June 30, 2016, available for sale investments given as a guarantee or blocked amount to TL 149.350 (December 31, 2015: TL 34.132).

b) Information on financial assets available-for-sale:

	Current Period	Prior Period
Debt securities	1.176.603	1.040.924
Quoted on a stock exchange(*)	1.176.603	1.040.924
Unquoted	-	-
Share certificates	5.102	12.865
Quoted on a stock exchange	-	-
Unquoted	5.102	12.865
Impairment provision (-)	-	2.223
Total	1.181.705	1.051.566

(*) Includes debt securities quoted on a stock exchange which are not traded at the related period ends.

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I. Explanations and notes related to assets (continued):

5. Information on loans and receivables:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	247	87.702	80.073	62.236
Corporate shareholders	-	87.352	79.777	61.294
Real person shareholders	247	350	296	942
Indirect loans granted to shareholders	38.667	52.119	47.947	62.416
Loans granted to employees	11.345	28	8.985	28
Total	50.259	139.849	137.005	124.680

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

	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	Restructured or rescheduled		Loans and other receivables (Total)	Restructured or rescheduled	
Cash loans		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Loans	17.431.490	157.076	12.383	1.383.687	101.824	15.949
Export loans	485.235	14.876	-	828	-	-
Import loans	1.308.927	14.705	920	37.525	4.806	-
Business loans	8.972.556	99.825	9.970	1.113.890	84.208	10.270
Consumer loans	2.886.973	6.935	1.068	38.460	4.399	271
Credit cards	204.737	-	-	4.599	-	-
Loans given to financial sector	16.146	-	-	-	-	-
Other ^(*)	3.556.916	20.735	425	188.385	8.411	5.408
Other receivables	-	-	-	-	-	-
Total	17.431.490	157.076	12.383	1.383.687	101.824	15.949

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I. Explanations and notes related to assets (continued):

(*) Details of other loans are provided below:

Commercial loans with installments	1.937.836
Other investment credits	686.764
Loans given to abroad	475.585
Profit and loss sharing investments (**)	399.362
Loans for purchase of marketable securities for customer	225.437
Other	20.317
Total	3.745.301

(**) As of June 30, 2016, the related balance represents profit and loss sharing investment projects (12 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects are done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects are clarified and net profit of projects is determined once the project / stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. In the current period the Bank recognized TL 55.817 (June 31, 2015: TL 16.557) income in the accompanying financial statements in relation to such loans and presented in the profit share on loans in the income statement

Extension of Repayment Plan		
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	156.130	101.824
3, 4 or 5 times	946	-
Over 5 times	-	-

Extension Periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 months	9.327	36.608
6 - 12 months	19.479	28.008
1 - 2 years	43.782	18.627
2 - 5 years	46.850	14.729
5 years and over	37.638	3.852

In accordance with the Communiqué "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans" published in Official Gazette dated December 30, 2011 and numbered 28158, information related to the loans granted to maritime and tourism sector:

As of June 30, 2016, the Bank has loan receivables amounting to TL 14.722 arising from rescheduled loans from maritime sector within the scope of related Communiqué.

As of June 30, 2016, the Bank does not have not any loan receivables from tourism sector within the scope of related Communiqué.

c) Maturity analysis of cash loans:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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I. Explanations and notes related to assets (continued):

ç) Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards:

	Short-term	Medium and long-term	Total
Consumer loans-TL	21.040	2.896.998	2.918.038
Housing loans	5.105	2.631.978	2.637.083
Vehicle loans	4.253	117.250	121.503
Consumer loans	11.682	147.770	159.452
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	60.190	-	60.190
With installment	22.085	-	22.085
Without installment	38.105	-	38.105
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	5.322	2.073	7.395
Housing loans	41	196	237
Vehicle loans	193	1.415	1.608
Consumer loans	5.088	462	5.550
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	3.950	-	3.950
With installment	2.034	-	2.034
Without installment	1.916	-	1.916
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	90.502	2.899.071	2.989.573

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I. Explanations and notes related to assets (continued):

d) Information on commercial loans with installments and corporate credit cards:

	Short-term	Medium and long-term	Total
Commercial installment loans-TL	121.392	1.233.630	1.355.022
Business loans	5.619	352.105	357.724
Vehicle loans	14.317	287.930	302.247
Consumer loans	101.456	593.595	695.051
Other	-	-	-
Commercial installment loans-FC indexed	1.618	533.082	534.700
Business loans	-	224.298	224.298
Vehicle loans	1.618	78.139	79.757
Consumer loans	-	230.645	230.645
Other	-	-	-
Commercial installment Loans-FC	-	48.114	48.114
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	48.114	48.114
Other	-	-	-
Corporate credit cards-TL	145.196	-	145.196
With installment	32.639	-	32.639
Without installment	112.557	-	112.557
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC (legal entity)	-	-	-
Total	268.206	1.814.826	2.083.032

e) Allocation of loans by customers:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	18.339.592	17.879.660
Foreign loans	475.585	490.739
Total	18.815.177	18.370.399

g) Loans granted to subsidiaries and associates:

As of the balance sheet date, there are no cash loans granted to subsidiaries and associates.

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I. Explanations and notes related to assets (continued):

ğ) Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	31.591	20.420
Loans and receivables with doubtful collectability	62.271	56.714
Uncollectible loans and receivables	261.557	192.801
Total	355.419	269.935

In addition to specific provision for loans amounting TL 355.419 (December 31, 2015: TL 269.935), provision amounting to TL 13.921 (December 31, 2015: TL 10.912) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 369.340 (December 31, 2015: TL 280.847). Specific provision for loans amounting to TL 210.937 (December 31, 2015: TL 179.220) represents participation account share of specific provisions of loans provided from participation accounts.

h) Information on non-performing loans and receivables (net):

h.1) Non-performing loans and receivables which are restructured or rescheduled:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	37.107	59.482	21.037
Restructured loans and other receivables	37.107	59.482	21.037
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before specific provisions)	49.844	9.817	14.785
Restructured loans and other receivables	49.844	9.817	14.785
Rescheduled loans and other receivables	-	-	-

h.2) Movements of non-performing loans:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Closing balance of prior period	123.599	112.602	221.300
Additions in the current period (+)	282.327	7.309	17.944
Transfers from other categories of non-performing loans (+)	-	184.031	109.559
Transfers to other categories of non-performing loans (-)	184.031	109.559	-
Transfers to standard loans (-)	-	-	-
Collections in the current period (-)	23.107	14.787	34.164
Write offs (-)	36	1	8
Corporate and commercial loans	34	-	8
Retail loans	2	1	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	198.752	179.595	314.631
Specific provisions (-)	31.591	62.271	261.557
Net balance at the balance sheet	167.161	117.324	53.074

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Non-performing loans and receivables in the amount of TL 692.978 (December 31, 2015: TL 457.501) comprise TL 387.380 (December 31, 2015: TL 281.719) of participation account share of loans and receivables provided from participation accounts.

In addition to non-performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectability amounting to TL 13.921 (December 31, 2015: TL 10.912). In the current period, collections from fees, commissions and other receivables with doubtful collectability amounted to TL 2.241.

h.3) Non-performing loans and other receivables in foreign currencies:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period:			
Period end balance	1.244	1.514	-
Specific provision (-)	347	911	-
Net balance on balance sheet	897	603	-
Prior period:			
Period end balance	1.114	43	-
Specific provision (-)	317	12	-
Net balance on balance sheet	797	31	-

h.4) Gross and net non-performing loans and other receivables per customer categories:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)	167.161	117.324	53.074
Loans to individuals and corporates (gross)	198.752	179.595	314.631
Specific provision (-)	31.591	62.271	261.557
Loans to individuals and corporates (net)	167.161	117.324	53.074
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior period (net)	103.179	55.888	28.499
Loans to individuals and corporates (gross)	123.599	112.602	221.300
Specific provision (-)	20.420	56.714	192.801
Loans to individuals and corporates (net)	103.179	55.888	28.499
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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I. Explanations and notes related to assets (continued):

i) Liquidation policy for uncollectible loans and receivables:

Loans and other receivables determined as uncollectible are liquidated through starting legal follow up and by converting the guarantees into cash.

i) Information on “Write-off” policies:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

6. Information on held-to-maturity investments:

6.1) Information on held-to-maturity investments subject to repurchase transactions, given as a guarantee or blocked:

As of June 30, 2016, held to maturity investments given as a guarantee or blocked amount to TL 512. Held to maturity investments subject to repurchase agreements amount to TL 465.032 (December 31, 2015: Held to maturity investments given as a guarantee or blocked amount to TL 80.576, held to maturity investments subject to repurchase agreements amount to TL 553.490).

6.2) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ^(*)	762.889	762.890
Total	762.889	762.890

^(*) Consists of Sukook certificates issued by Undersecretariat of Treasury of Turkey.

6.3) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	762.889	762.890
Quoted on a stock exchange ^(*)	762.889	762.890
Unquoted	-	-
Impairment provision(-)	-	-
Total	762.889	762.890

^(*) Includes debt securities quoted on a stock exchange which are not traded at the related period ends.

6.4) Movement of held-to-maturity investments:

	Current Period	Prior Period
Balance at beginning of period	762.890	783.309
Foreign currency differences on monetary assets	-	-
Purchases during period	-	391.427
Disposals through sales and redemptions	(34.440)	(476.442)
Impairment provision (-)	-	-
Income accruals	34.439	64.596
Closing balance	762.889	762.890

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I. Explanations and notes related to assets (continued):

7. Associates (net):

a) Information on unconsolidated associates:

Since the Bank does not have the necessary shareholding percentage to become a qualified shareholder and have significant influence over this associate, it has not been consolidated.

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Kredi Garanti Fonu A.Ş.	Ankara / Turkey	1,69	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2015.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
303.701	299.527	5.692	-	-	5.483	-	-

b) Information on consolidated associates:

As of balance sheet date, the Bank does not have any consolidated associates.

8. Information on subsidiaries (net):

a) Information on unconsolidated subsidiaries:

As of balance sheet date, the Bank does not have any unconsolidated subsidiary.

b) Information on consolidated subsidiaries:

i) The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the limited not reviewed financial statements as of June 30, 2016.

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş.	İstanbul / Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
1.190.525	68	4	-	-	(61)	(144)	-

ii) In the Board of Directors meeting dated February 25, 2015, the Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The balances of Albaraka Gayrimenkul Portföy Yönetimi A.Ş. presented in the table below have been obtained from the limited reviewed financial statements as of June 30, 2016.

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I. Explanations and notes related to assets (continued):

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Gayrimenkul Portföy Yön.A.Ş.	İstanbul / Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
4.563	4.503	8	-	-	(242)	(255)	-

9. Information on investments in joint- ventures:

The Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") - a private pension and insurance company- through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The financials from limited not reviewed financial statements as of June 30, 2016 are below.

Joint- Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non- Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	37.543	400.662	404.349	18.414	19.073

Investment in joint venture in the unconsolidated financial statements is carried at cost.

10. Information on lease receivables (net):

a) Presentation of remaining maturities of funds lent under finance lease method:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	405.229	326.245	325.587	257.672
1 to 4 years	494.274	451.009	577.191	523.390
More than 4 years	134.188	128.799	187.285	166.365
Total	1.033.691	906.053	1.090.063	947.427

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I. Explanations and notes related to assets (continued):

b) Information on net investments through finance lease:

	Current Period	Prior Period
Gross finance lease receivables	1.033.691	1.090.063
Unearned finance lease receivable (-)	127.638	142.636
Net receivable from finance leases	906.053	947.427

c) General explanation on finance lease contracts:

Finance lease contracts are realized in accordance with the related articles of Finance Lease, Factoring and Financing Companies Act numbered 6361. There are no restrictions due to finance lease contracts, no renewals or contingent rent payments that materially affect the financial statements.

Information on leasing receivables:

	Standard loans and Other receivables		Loans and other receivables under close monitoring			
	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled		
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Finance lease receivables (Net)	794.939	84.900	-	111.114	2.862	-

11. Information on derivative financial assets for hedging purposes:

None (December 31, 2015: None).

12. Information on tangible assets:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

13. Information on intangible assets:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

14. Information on investment property:

None (December 31, 2015: None).

15. Information related to deferred tax asset:

As of June 30, 2016, the Bank calculated net deferred tax asset of TL 20.067 (December 31, 2015: TL 15.171) by netting off deferred tax asset of TL 47.618 (December 31, 2015: TL 44.887) and deferred tax liability of TL 27.551 (December 31, 2015: TL 29.716) on all tax deductible/ taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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I. Explanations and notes related to assets (continued):

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	36.074	33.064
Provisions for retirement and vacation pay liabilities	8.501	10.607
Difference between carrying value and tax base of tangible assets	2.244	736
Provision for impairment	723	414
Other	76	66
Deferred tax asset	47.618	44.887
Revaluation difference of property	17.584	18.130
Financial assets available for sale valuation difference	2.469	2.673
Trading securities valuation difference	-	-
Rediscount on profit share	2.093	1.404
Other	5.405	7.509
Deferred tax liability	27.551	29.716
Deferred tax asset (net)	20.067	15.171

16. Information on assets held for sale and assets of discontinued operations:

Assets held for sale consist of tangible assets which have been acquired due to non-performing loans and are accounted in the unconsolidated financial statements in accordance with the Communiqué of "Principles and Procedures on Bank's Disposal of Precious Metals and Assets Held for Sale".

	Current Period	Prior Period
Opening Balance	22.819	27.678
Additions	100.878	37.242
Disposals	(16.825)	(18.246)
Transfers (*)	(5.887)	(23.549)
Impairment Provision(-)/Reversal of Impairment Provision	293	(306)
Net closing balance	101.278	22.819

(*)The balance has been transferred from assets held for sale tangible assets to assets to be sold.

As of June 30, 2016, TL 97.334 (December 31, 2015: TL 22.539) of the assets held for sale is comprised of real estates, TL 3.944 (December 31, 2015: TL 280) is comprised of other tangible assets.

The Bank has not any discontinued operations and assets of discontinued operations (December 31, 2015: None).

17. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 310.586 (December 31, 2015: TL 218.262) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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II. Explanations and notes related to liabilities:

1. Information on funds collected:

a) Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	804.930	-	-	-	-	-	-	-	804.930
II. Real Persons Participation Accounts Non-Trade TL	-	543.515	5.728.528	118.384	-	93.814	577.119	-	7.061.360
III. Current Account other-TL	1.068.300	-	-	-	-	-	-	-	1.068.300
Public Sector	32.149	-	-	-	-	-	-	-	32.149
Commercial Institutions	959.681	-	-	-	-	-	-	-	959.681
Other Institutions	57.046	-	-	-	-	-	-	-	57.046
Commercial and Other Institutions	17.962	-	-	-	-	-	-	-	17.962
Banks and Participation Banks	1.462	-	-	-	-	-	-	-	1.462
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	1.409	-	-	-	-	-	-	-	1.409
Participation Banks	51	-	-	-	-	-	-	-	51
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	120.502	1.829.725	41.186	-	15.185	88.463	-	2.095.061
Public Sector	-	10.000	2.025	-	-	-	-	-	12.025
Commercial Institutions	-	108.061	1.614.014	26.295	-	13.529	86.993	-	1.848.892
Other Institutions	-	2.266	115.392	13.580	-	1.656	1.470	-	134.364
Commercial and Other Institutions	-	175	97.813	1.311	-	-	-	-	99.299
Banks and Participation Banks	-	-	481	-	-	-	-	-	481
V. Real Persons Current Accounts Non- Trade FC	1.043.366	-	-	-	-	-	-	-	1.043.366
VI. Real Persons Participation Accounts Non-Trade FC	-	356.601	3.034.642	128.975	-	175.813	574.685	-	4.270.716
VII. Other Current Accounts FC	1.096.551	-	-	-	-	-	-	-	1.096.551
Residents in Turkey- Corporate	771.832	-	-	-	-	-	-	-	771.832
Residents Abroad-Corporate	86.803	-	-	-	-	-	-	-	86.803
Banks and Participation Banks	237.916	-	-	-	-	-	-	-	237.916
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	237.780	-	-	-	-	-	-	-	237.780
Participation Banks	136	-	-	-	-	-	-	-	136
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	111.137	1.687.830	105.221	-	79.634	105.170	-	2.088.992
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	97.106	1.039.122	12.392	-	53.505	6.723	-	1.208.848
Other institutions	-	1.131	94.453	18	-	6.459	-	-	102.061
Commercial and Other Institutions	-	12.900	263.516	4.770	-	3.912	98.447	-	383.545
Banks and Participation Banks	-	-	290.739	88.041	-	15.758	-	-	394.538
IX. Precious Metals Deposits	76.072	39.064	105.431	8.298	-	3.747	4.713	-	237.325
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+....+IX+X+XI)	4.089.219	1.170.819	12.386.156	402.064	-	368.193	1.350.150	-	19.766.601

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II. Explanations and notes related to liabilities (continued):

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	771.214	-	-	-	-	-	-	-	771.214
II. Real Persons Participation Accounts Non-Trade TL	-	418.623	5.626.945	84.267	-	91.904	533.772	-	6.755.511
III. Current Account other-TL	1.236.070	-	-	-	-	-	-	-	1.236.070
Public Sector	38.481	-	-	-	-	-	-	-	38.481
Commercial Institutions	1.138.310	-	-	-	-	-	-	-	1.138.310
Other Institutions	52.254	-	-	-	-	-	-	-	52.254
Commercial and Other Institutions	6.056	-	-	-	-	-	-	-	6.056
Banks and Participation Banks	969	-	-	-	-	-	-	-	969
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	947	-	-	-	-	-	-	-	947
Participation Banks	20	-	-	-	-	-	-	-	20
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	128.900	2.253.037	62.236	-	22.997	106.211	-	2.573.381
Public Sector	-	-	2.114	-	-	-	-	-	2.114
Commercial Institutions	-	127.370	1.899.813	48.471	-	21.761	102.397	-	2.199.812
Other Institutions	-	1.528	162.999	13.765	-	1.236	3.814	-	183.342
Commercial and Other Institutions	-	2	170.828	-	-	-	-	-	170.830
Banks and Participation Banks	-	-	17.283	-	-	-	-	-	17.283
V. Real Persons Current Accounts Non- Trade FC	1.005.988	-	-	-	-	-	-	-	1.005.988
VI. Real Persons Participation Accounts Non-Trade FC	-	259.827	3.269.145	85.684	-	176.141	558.294	-	4.349.091
VII. Other Current Accounts FC	1.142.114	-	-	-	-	-	-	-	1.142.114
Residents in Turkey- Corporate	796.423	-	-	-	-	-	-	-	796.423
Residents abroad- Corporate	207.863	-	-	-	-	-	-	-	207.863
Banks and Participation Banks	137.828	-	-	-	-	-	-	-	137.828
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	106.227	-	-	-	-	-	-	-	106.227
Participation Banks	31.601	-	-	-	-	-	-	-	31.601
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	109.229	1.805.612	164.175	-	55.447	84.338	-	2.218.801
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	77.065	1.087.442	84.549	-	34.474	16.457	-	1.299.987
Other Institutions	-	901	231.702	-	-	2.980	-	-	235.583
Commercial and Other Institutions	-	995	237.658	4.087	-	2.201	67.881	-	312.822
Banks and Participation Banks	-	30.268	248.810	75.539	-	15.792	-	-	370.409
IX. Precious Metals Deposits	105.805	41.027	132.729	7.025	-	3.736	3.686	-	294.008
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+....+IX+X+XI)	4.261.191	957.606	13.087.468	403.387	-	350.225	1.286.301	-	20.346.178

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

b.1) Exceeding the limit of Insurance Fund:

Information on real persons' current and participation accounts not subject to trading transactions under the guarantee of insurance and exceeding the limit of Insurance Fund:

	Under the guarantee of Insurance		Exceeding the guarantee of Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	4.411.249	4.031.698	3.455.043	3.495.029
Foreign currency accounts	1.672.915	1.556.831	3.971.049	4.115.302
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 100 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

b.2) Funds collected which are not under the guarantee of insurance fund:

Funds collected of real persons which are not under the guarantee of insurance fund:

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts"	21.168	21.595
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	9.734	8.825
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

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II. Explanations and notes related to liabilities (continued):

2. Information on derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	-	17.131	-	-
Swap transactions	-	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	17.131	-	-

3. Information on borrowings:

The Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 87.500.000 and EUR 98.250.000 with maturity of one year, amounting to USD 458.500.000 and EUR 56.250.000 with maturity of more than one year, totaling to USD 546.000.000 and EUR 154.500.000. (December 31, 2015: one year maturity: USD 87.500.000 and EUR 98.250.000, more than one year maturity: USD 458.500.000 and EUR 56.250.000).

As of June 30, 2016, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 74.100.906 and EUR 138.309.292 (December 31, 2015: USD 161.448.187 and EUR 112.419.953).

The table below represents the sukuk issued by Bank through its subsidiary Bereket Varlık Kiralama A.Ş. to collect funds from various investors.

Issue Date	Amount	FC	Maturity	Profit Share % (Yearly)	Profit Share % (for 179 days)
30 June 2014	350.000.000	USD	5 Years	6,25	
08 April 2016	100.000.000	TL	179 Days		5,30
28 June 2016	75.000.000	TL	179 Days		5,07

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	177.474	1.239.866	-	1.158.248
Loans from foreign banks, institutions and funds	-	2.704.993	-	2.946.440
Total	177.474	3.944.859	-	4.104.688

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	177.474	762.101	-	884.552
Medium and Long-Term	-	3.182.758	-	3.220.136
Total	177.474	3.944.859	-	4.104.688

c) Additional disclosures on concentration areas of Bank's liabilities:

The Bank does not have concentration on customer or sector group providing funds.

4. Breakdown of items in other liabilities which exceed 10% of the balance sheet total and breakdown of items which constitute at least 20% of grand total:

None (December 31, 2015: None).

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II. Explanations and notes related to liabilities (continued):

5. Lease payables:

a) Information on finance lease transactions:

a.1) Information on financial lease agreements:

The Bank has no obligation from finance lease operations as of balance sheet date.

a.2) Explanations on the changes in agreements and new obligations originating from these changes:

None.

a.3) Explanations on the obligations originating from finance leases:

None.

b) Explanations on operational leases:

The Bank has rented some branches, warehouses, storage and some of the administrative vehicles through operational lease agreements. The Bank does not have any overdue liabilities arising on the existing operational lease agreements.

The rent payments resulting from the operational leases which the Bank will pay in future periods are as follows:

	Current Period	Prior Period
Less than a year	41.781	40.057
1 to 4 years	112.365	103.291
Over 4 years	110.425	96.642
Total	264.571	239.990

6. Information on hedging derivative financial liabilities:

None (December 31, 2015: None).

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General provision for	190.333	170.885
I. Group loans and receivables (Total)	142.487	142.268
Participation Accounts' Share	82.299	87.710
Bank's Share	60.188	54.558
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	10.257	8.270
Participation Accounts' Share	4.309	3.586
Bank's Share	5.948	4.684
Others	-	-
II. Group loans and receivables (Total)	31.293	14.436
Participation Accounts' Share	15.852	8.356
Bank's Share	15.441	6.080
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	4.340	3.494
Participation Accounts' Share	3.007	2.692
Bank's Share	1.333	802
Others	-	-
Non-cash loans	16.553	14.181
Others	-	-

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II. Explanations and notes related to liabilities (continued):

b) Information on provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables:

As of June 30, 2016, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 96.531 (December 31, 2015: TL 27.874) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

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

As of June 30, 2016, the Bank has provided specific provisions amounting to TL 26.401 (December 31, 2015: TL 22.394) for non-cash loans that are not indemnified.

ç) Other provisions:

ç.1) Information on general reserves for possible losses:

	Current Period	Prior Period
General Reserves for Possible Losses ^(*)	88	88
Total	88	88

^(*) The balance represents provision for the lawsuits against the Bank with high probability of realization and cash outflows.

ç.2) Information on nature and amount of other provisions exceeding 10% of total provisions:

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts ^(*)	13.581	40
Provision for unindemnified letter of guarantees	21.021	18.469
Payment commitments for cheques	5.380	3.925
Provision for promotions related with credit cards and promotion of banking services	-	80
General reserves for possible losses	88	88
Financial assets at fair value through profit and loss	1.401	429
Other ^(**)	4.908	4.910
Total	46.379	27.941

^(*) Represents participation accounts' portion of specific provisions, general provisions and Saving Deposits Insurance Fund premiums provided in accordance with the article 14 of Communiqué "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans".

^(**) Indicates other provision amount for possible losses in loan portfolio.

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II. Explanations and notes related to liabilities (continued):

d) Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 32.635 (December 31, 2015: TL 30.235), vacation pay liability amounting to TL 9.868 (December 31, 2015: TL 7.048) totaling to TL 42.503 (December 31, 2015: TL 53.033). Provisions for Performance Premium has not been allocated in the current period (December 31, 2015: TL 15.750). The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	8,40	8,40
Estimated increase rate of salary ceiling (%)	6,90	6,90
Rate used in relation to possibility of retirement (*) (%)	62,26	62,26

(*) The rate has been calculated depending on the years of service of the employees; the rate presented in the table represents the average of such rates.

Movement of the reserve for employment termination benefits in the balance sheet is as follows:

	Current Period	Prior Period
Prior period ending balance	30.235	26.201
Provisions made in the period	4.343	6.480
Actuarial gain/(loss)	-	358
Paid during the period	(1.943)	(2.804)
Balance at the end of the period	32.635	30.235

8. Information on taxes payable:

a) Explanations on current tax liability:

a.1) As of June 30, 2016, the Bank's corporate tax payable is TL 16.466 (December 31, 2015: TL 21.165) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	16.466	21.165
Banking insurance transaction tax	9.284	11.775
Taxation on securities income	11.103	11.747
Value added tax payable	612	895
Taxation on real estate income	753	665
Foreign exchange transaction tax	-	-
Other	5.363	6.130
Total	43.581	52.377

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II. Explanations and notes related to liabilities (continued):

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	3.061	2.645
Social security premiums-employer	3.296	2.876
Bank pension fund premium- employees	-	-
Bank pension fund premium- employer	-	-
Pension fund membership fees and provisions-employees	-	-
Pension fund membership fees and provisions- employer	-	-
Unemployment insurance-employee	216	187
Unemployment insurance-employer	432	373
Other	-	-
Total	7.005	6.081

b) Information on deferred tax liability:

None (December 31, 2015: None).

9. Liabilities for assets held for sale and discontinued operations:

None (December 31, 2015: None).

10. Detailed explanations on number, maturity, profit share rate, creditor and option to convert to share certificates; if any; of subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Domestic Banks	-	-	-	-
Loans from other Institutions	-	-	-	-
Loans from Foreign Banks	-	-	-	-
Loans from other Foreign Institutions	-	1.218.580	-	1.239.557
Total	-	1.218.580	-	1.239.557

The Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey through its structured entity Albaraka Türk Sukuk Limited amounting to USD 200.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of five years with 10 years total maturity' was determined as 7,75%.

The Bank obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey through its structured entity Albaraka Sukuk Limited amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,5%. The Bank has repurchased the sukuk issued in the amount of USD 24.000.000 and this amount is offset in available for sale assets and subordinated loans.

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	900.000	900.000
Preferred stock	-	-

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II. Explanations and notes related to liabilities (continued):

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Bank and if so, amount of the registered share capital ceiling:

In the Board of Directors meeting dated February 28, 2013, the Bank has taken a resolution on transition to registered capital system. The Bank's application to the Capital Markets Board on the same date was approved on March 7, 2013 and the registered capital ceiling was determined as TL 2.500.000 to be valid until December 31, 2017.

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	2.500.000

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

There is no capital increase in the current period.

ç) Information on share capital increases from capital reserves during the current period:

There is no share capital increase from capital reserves during the current period.

d) Capital commitments in the last fiscal year and by the end of the following interim period, general purpose of these commitments and projected resources required to meet these commitments:

There are no capital commitments till the end of the last fiscal year and following interim period.

e) Estimated effects on the shareholders equity of the Bank , of predictions to be made by taking into account previous period indicators regarding the Bank's income, profitability and liquidity, and uncertainties regarding such indicators:

The Bank continues its operations in a profitable manner and majority of the profits are kept in shareholders' equity through transfer to reserves. Moreover, the Bank's shareholders' equity is invested in liquid and earning assets.

f) Information on privileges given to stocks representing the capital:

There is no privilege given to stocks representing the capital.

g) Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference (*)	6.602	3.272	4.203	6.488
Foreign exchange difference	-	-	-	-
Total	6.602	3.272	4.203	6.488

(*) The amount represents the net balance after deferred tax liability.

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III. Explanations and notes related to off-balance sheet:

1. Explanations on off balance sheet:

a) Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	494.597	521.562
Payment commitments for cheques	566.963	500.882
Asset purchase and sale commitments	216.755	187.332
Loan granting commitments	119.636	116.862
Tax and funds liabilities arising from export commitments	2.418	2.035
Commitments for promotions related with credit cards and banking activities	740	599
Other irrevocable commitments	622	203
Total	1.401.731	1.329.475

b) Type and amount of possible losses and commitments arising from off-balance sheet items:

b.1) Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letters of credit:

	Current Period	Prior Period
Guarantees	7.899.080	7.730.288
Bank loans	33.415	28.324
Letters of credit	611.192	639.592
Other guaranties and sureties	284.732	265.853
Total	8.828.419	8.664.057

b.2) Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period	Prior Period
Letters of guarantees	7.899.080	7.730.288
Long standing letters of guarantees	5.001.221	4.956.813
Temporary letters of guarantees	287.743	293.937
Advance letters of guarantees	263.170	278.642
Letters of guarantees given to customs	239.919	247.773
Letters of guarantees given for obtaining cash loans	2.107.027	1.953.123
Sureties and similar transactions	284.732	265.853
Total	8.183.812	7.996.141

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III. Explanations and notes related to off-balance sheet (continued):

c) Within the Non-cash Loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	2.107.027	1.953.123
With original maturity of 1 year or less	456.425	441.733
With original maturity of more than 1 year	1.650.602	1.511.390
Other non-cash loans	6.721.392	6.710.934
Total	8.828.419	8.664.057

c.2) Sectoral risk concentration of non-cash loans:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

c.3) Information on the non-cash loans classified in Group I and Group II:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

2. Explanations on derivative transactions:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

3. Explanations on contingent assets and liabilities:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

4. Explanations on services rendered on behalf of third parties:

The Bank has no operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions.

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IV. Explanations and notes related to the statement of income:

1. Information on profit share income:

a) Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans (*)	881.128	90.920	729.982	81.500
Short Term Loans	231.712	11.264	210.890	9.121
Medium and Long Term Loans	644.788	79.656	515.853	72.373
Profit Share on Non-Performing Loans	4.628	-	3.239	6

(*) Includes fees and commission income on cash loans.

b) Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	4.632	6.073	2.744	287
Domestic Banks	-	-	-	-
Foreign Banks	-	31	-	86
Head Offices and Branches Abroad	-	-	-	-
Total	4.632	6.104	2.744	373

c) Information on profit share income received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From financial assets held for trading	-	-	-	-
From financial assets at fair value through profit or loss	-	-	-	-
From financial assets available-for-sale	36.779	3.518	28.785	3.660
From held-to-maturity investments	34.439	-	30.752	-
Total	71.218	3.518	59.537	3.660

ç) Information on profit share income received from associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	-	849	-	1.104
Total	-	849	-	1.104

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IV. Explanations and notes related to the statement of income (continued):

2. Explanations on profit share expenses:

a) Information on profit share expense paid to funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	-	24.253	-	24.034
CBRT	-	-	-	-
Domestic banks	-	1.345	-	1.109
Foreign banks	-	22.908	-	22.925
Head offices and branches abroad	-	-	-	-
Other institutions	2.474	89.602	-	51.288
Total	2.474	113.855	-	75.322

b) Profit share expense paid to associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to Investments in Associates and Subsidiaries	2.474	31.533	94	29.302
Total	2.474	31.533	94	29.302

c) Profit share expenses paid to marketable securities issued:

None (June 30, 2015: None).

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IV. Explanations and notes related to the statement of income (continued):

ç) Distribution of profit share expense on funds collected based on maturity of funds collected:

Current Period		Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	-	920	-	-	-	-	-	920	
Real persons' non-trading profit sharing accounts	45.930	203.682	3.519	-	3.939	26.360	-	283.430	
Public sector profit sharing accounts	21	59	-	-	-	-	-	80	
Commercial sector profit sharing accounts	8.553	71.456	2.312	-	646	4.411	-	87.378	
Other institutions profit sharing accounts	525	11.183	594	-	69	92	-	12.463	
Total	55.029	287.300	6.425	-	4.654	30.863	-	384.271	
FC									
Banks	166	953	632	-	77	-	-	1.828	
Real persons' non-trading profit sharing accounts	4.810	19.663	676	-	1.294	4.668	-	31.111	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	1.045	6.796	150	-	456	83	-	8.530	
Other institutions profit sharing accounts	209	3.605	30	-	64	629	-	4.537	
Precious metals deposits	313	1.170	40	-	45	60	-	1.628	
Total	6.543	32.187	1.528	-	1.936	5.440	-	47.634	
Grand total	61.572	319.487	7.953	-	6.590	36.303	-	431.905	
Prior Period		Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	-	2.372	2.914	-	6	-	-	5.292	
Real persons' non-trading profit sharing accounts	64.046	166.800	4.686	-	3.020	19.012	-	257.564	
Public sector profit sharing accounts	316	324	-	-	-	-	-	640	
Commercial sector profit sharing accounts	10.955	50.243	3.203	-	275	4.618	-	69.294	
Other institutions profit sharing accounts	998	4.181	480	-	46	194	-	5.899	
Total	76.315	223.920	11.283	-	3.347	23.824	-	338.689	
FC									
Banks	623	3.115	311	-	447	-	-	4.496	
Real persons' non-trading profit sharing accounts	8.705	21.977	1.214	-	1.086	5.713	-	38.695	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	1.685	6.494	34	-	1.017	83	-	9.313	
Other institutions profit sharing accounts	384	1.146	12	-	32	98	-	1.672	
Precious metals deposits	425	1.254	72	-	15	32	-	1.798	
Total	11.822	33.986	1.643	-	2.597	5.926	-	55.974	
Grand total	88.137	257.906	12.926	-	5.944	29.750	-	394.663	

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IV. Explanations and notes related to the statement of income (continued):

3. Information on dividend income:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

4. Explanations on trading income/loss (net):

	Current Period	Prior Period
Income	2.710.741	3.256.337
Income from capital market transactions	56	2.238
Income from derivative financial instruments	16.107	19.362
Foreign exchange income	2.694.578	3.234.737
Loss (-)	2.679.305	3.214.942
Loss on capital market transactions	-	14
Loss on derivative financial instruments	49.547	4.828
Foreign exchange losses	2.629.758	3.210.100
Trading income/loss (net)	31.436	41.395

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	29.058	47.112
Income from sale of assets	26.950	10.767
Reimbursement for communication expenses	2.164	1.947
Reimbursement for bank statement expenses	8	112
Cheque book charges	612	433
Other income	6.219	1.268
Total	65.011	61.639

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IV. Explanations and notes related to the statement of income (continued):

6. Provisions for loan losses and other receivables of the Bank:

	Current Period	Prior Period
Specific provisions for loans and other receivables	103.662	53.594
Loans and receivables in III. Group	32.217	24.367
Loans and receivables in IV. Group	39.913	16.864
Loans and receivables in V. Group	26.652	9.271
Doubtful commission, fee and other receivables	4.880	3.092
General provision expenses	19.970	29.916
Provision expenses for possible losses	-	-
Impairment losses on marketable securities	201	178
Financial assets at fair value through profit and loss	100	127
Financial assets available for sale	101	51
Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other	20.347	4.316
Total	144.180	88.004

TL 43.343 (June 30, 2015: TL 29.847) of the total specific provisions provided for loan and other receivables amounting to TL 103.662 (June 30, 2015: TL 53.594) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 2.495 (June 30, 2015: TL 14.176) of the total general loan loss provisions provided for loan and other receivables amounting to TL 19.970 (June 30, 2015: TL 29.916) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

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IV. Explanations and notes related to the statement of income (continued):

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	196.361	175.816
Provision for retirement pay liability	2.400	3.230
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	19.772	19.701
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	11.752	7.278
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1.968	29
Depreciation expenses of assets to be disposed	622	976
Impairment expenses of assets held for sale and assets of discontinued operations	55	1.000
Other operating expenses	83.886	64.886
Operating lease expenses	29.466	25.555
Maintenance expenses	6.789	3.818
Advertisement expenses	12.213	4.815
Other expenses	35.418	30.698
Loss on sale of assets	498	293
Other ^(*)	58.144	45.933
Total	375.458	319.142

^(*)Details of other balance are provided as below:

	Current Period	Prior Period
Saving Deposit Insurance Fund	17.937	15.965
Taxes, Duties, Charges and Funds	13.373	12.112
Bonus Reserve Expenses	-	-
Expertise and Information Expenses	6.849	7.567
Audit and Consultancy Fees	3.326	3.254
Vacation Pay Provision Expense	11.797	3.781
Other	4.862	3.254
Total	58.144	45.933

8. Explanations on income/loss from continued operations before taxes:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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IV. Explanations and notes related to the statement of income (continued):

9. Explanations on tax provision for continued and discontinued operations:

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	161.176	177.645
Tax calculated with tax rate of 20%	32.235	35.529
Other additions and disallowable expenses	15.170	14.774
Deductions	(7.011)	(7.772)
Provision for current taxes	40.394	42.531
Provision for deferred taxes	(7.768)	(5.325)
Continuing Operations Tax Provision	32.626	37.206

Since the Bank does not have any discontinued operations, there is no tax provision for discontinued operations.

10. Explanations on net income/loss from continued and discontinued operations:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

11. Explanations on net income/ loss:

- a) The nature and amount of certain income and expense items from ordinary operations; if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank’s performance for the period:

None.

- b) The effect of the change in accounting estimates to the net income/loss; including the effects on the future period:

None.

- c) Income / loss of minority interest:

None.

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IV. Explanations and notes related to the statement of income (continued):

12. Components of other items which constitute at least 20% of the total of other items, if the total of other items in income statement exceed 10 % of the total of income statement:

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	18.825	16.610
Clearing room fees and commissions	8.968	7.228
Commissions on money orders	4.981	4.936
Appraisal fees	5.205	5.441
Insurance and brokerage commissions	4.994	4.212
Other	6.913	6.274
Total	49.886	44.701

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	13.603	5.987
Credit cards fees and commissions	3.859	4.226
Member firm-POS fees and commissions	5.937	4.333
Other	6.071	7.837
Total	29.470	22.383

V. Explanations and notes related to the statement of changes in shareholders' equity:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

VI. Explanations and disclosures related to the statement of cash flows:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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VII. Explanations related to the risk group of the Bank:

- 1. Information on the volume of transactions relating to the Bank's risk group, outstanding loans and funds collected and income and expenses related to the period:**

a) Current period:

Risk Group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	-	-	8	-	47.939	62.444
Balance at the end of the period	-	-	812	-	37.866	52.147
Profit share and commission income received	849	-	39	-	1.108	172

b) Prior period:

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	-	-	5	-	50.238	69.492
Balance at end of period	-	-	8	-	47.939	62.444
Profit share and commission income received	1.104	-	-	-	7.894	197

(*) Defined under Banking Law numbered 5411 in article 49 and "Communiqué Related to Credit Operations of Banks" in article 4 published on November 1, 2006.

c.1) Information on current and profit sharing accounts of the Bank's risk group:

Risk Group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	7.810	1.594	5.563	5.354	266.101	248.343
Balance at the end of period	6.610	7.810	4.950	5.563	268.033	266.101
Profit share expense	365	250	82	90	3.572	7.382

(*) As of June 30, 2016 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 56.100.906 and EURO 113.309.293 (December 31, 2015: USD 125.440.079 and EURO 90.816.893). The profit share expense relating to such borrowings for the period between January 1, 2016 - June 30, 2016 is TL 5.442 (June 30, 2015: TL 7.216). The Bank has issued Sukuk in the amounts of USD 350.000.000 and TL 175.000.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Bank. The total expense for the related issues is TL 34.007 as of June 30, 2016.

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VII. Explanations related to the risk group of the Bank (continued):

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

The Bank does not have forward and option agreements with the risk group of the Bank.

For the six-month-period ended June 30,2016; the Bank has paid TL 10.370 (June 30, 2015: TL 7.808) to top management.

VIII. Explanations related to domestic, foreign and off-shore branches or investments and foreign representative offices:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

IX. Explanations related to subsequent events:

The Bank’s joint venture Katılım Emeklilik ve Hayat A.Ş. has taken a resolution to increase its capital from TL 31.000 to TL 40.000 in its Board meeting dated 11 July 2016. Subsequently, as per the related resolution, The Bank has invested capital amounts to TL 4.500 to Katılım Emeklilik ve Hayat A.Ş.

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SECTION SIX

- I. Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification:**

None.

SECTION SEVEN

Limited review report

- I. Explanations on limited review report:**

The Bank's unconsolidated financial statements as of and for the period ended June 30, 2016 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. *(the Turkish member firm of the KPMG International Cooperative)* and the limited review report dated August 4, 2016 is presented at the beginning of the financial statements and related notes.

- II. Other notes and explanations prepared by the independent auditors:**

None.

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SECTION EIGHT

Information on Interim Report

I. General Information

1. Summary Information about Albaraka Türk Katılım Bankası A.Ş:

Albaraka Turk Participation Bank, the first and the leading financial institution in interest free banking field in Turkey, has completed its establishment in 1984 and entered into service as of the beginning of the year of 1985. Albaraka Turk is continuing its activities subject to the Banking Law No. 5411. In the partnership structure of Albaraka Banking Group (ABG), one of the leading groups of Middle East, Islamic Development Bank (IDB) and Albaraka Turk, established under the leadership of a domestic industrial group serving to Turkish economy for more than a half century, share of the foreign partners is 66,00%, share of the domestic partners is 9,16% and publicly held share is 24,84%. Partnership structure of Albaraka Turk is the guarantee of the respect and trust we bear.

Albaraka Turk, collecting funds through current accounts and participation accounts and gaining the funds it contributes to the economy of the country by products as individual financing, corporate finance, financial leasing and profit-loss partnership on the basis of a project, is entitled to offer a great variety of finance and banking services by interest free banking application. Albaraka Turk, started with the vision of being the best regional bank in offering financial products and services in Gulf, Middle East and North Africa geographies where its main partner ABG is carrying out business, is rendering fast, qualified and safe foreign trade (import, export and foreign exchange) services to its customers in 80 countries from Singapore to England, South Africa to Morocco, Australia to Kazakhstan, by the wide correspondent net it has established with 1000 banks. Albaraka Turk, also ambitious in Retail Banking area, is an international Participation Bank adopted the mission of adding value to its customers, partners, employees and Turkey.

2. Capital and Shareholders's Structure:

Albaraka Turk's paid-up capital is TL 900.000.000 as of June 30, 2016.

Shareholders' Structure of Albaraka Turk as of 30.06.2016		
Shareholders' Structure	Share amount (TL)	Ratio
Foreign Shareholders	593.952.934,31	66,00%
Albaraka Banking Group	486.523.265,68	54,06%
Islamic Development Bank	70.573.778,85	7,84%
Alharthy Family	31.106.364,35	3,46%
Others	5.749.525,43	0,64%
Local Shareholders	82.471.984,39	9,16%
Publicly Listed	223.575.081,30	24,84%
Total	900.000.000,00	100,00%

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Information on Interim Report (continued):

3. Branch and Personnel Information:

As of June 30, 2016, total number of branches of the Bank is 213 and the total number of personnel is 3,830. Albaraka Türk carries out its activities with 212 domestic branches extended throughout the country and 1 branch abroad in Erbil.

4. Board of Directors Chairman and Members:

Administrative Function	Name and surname	Educational Degree	Start Date
Chairman of BOD	Adnan Ahmed Yusuf ABDULMALEK	Master	2005
Vice Chairman of BOD	Yalçın ÖNER	Master	1985
Member of BOD	Osman AKYÜZ	Bachelor	1996
Member of BOD	İbrahim Fayez Humaid ALSHAMSI	Bachelor	2005
Member of BOD	Mitat AKTAŞ	Master	2008
Member of BOD	Hamad Abdulla A. EQAB	Bachelor	2008
Member of BOD	Fahad Abdullah A. ALRAJHI	Bachelor	2008
Member of BOD	Hood Hashem Ahmed HASHEM	Master	2011
Member of BOD	Prof.Dr.Kemal Varol	Doctorate	2013
Member of BOD	Muhammad Zarrug M. RAJAB	Bachelor	2016
Member of BOD	Bekir PAKDEMİRLİ	Master	2016
Member of BOD	Dr.Fahrettin YAŞI	Doctorate	2009

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Information on Interim Report (continued):

5. Committee Information After Distribution of Roles Among BOD

AUDIT COMMITTEE	
Chairman	: Hamad Abdulla A.EQAB
Member	: Hood Hashem Ahmed HASHEM
Member	: Mitat AKTAŞ
Observer	: Yalçın ÖNER, Ibrahim Fayez Humaid ALSHAMSI, Dr.Fahrettin YAHŞİ
CREDIT COMMITTEE:	
Chairman	: Adnan Ahmed Yusuf ABDULMALEK
Member	: Osman AKYÜZ
Member	: Prof.Dr.Kemal VAROL
Member	: Dr.Fahrettin YAHŞİ
Reserve Member:	Yalçın ÖNER
CORPORATE GOVERNANCE COMMITTEE:	
Chairman	: Prof.Dr.Kemal VAROL
Member	: Ibrahim Fayez Humaid ALSHAMSI
Member	: Fahad Abdullah A. ALRAJHI
Member	: Mustafa ÇETİN
Observer	: Osman AKYÜZ, Dr.Fahrettin YAHŞİ
REMUNERATION COMMITTEE:	
Chairman	: Adnan Ahmed Yusuf ABDULMALEK
Member	: Osman AKYÜZ
Member	: Dr.Fahrettin YAHŞİ
SOCIAL RESPONSIBILITY COMMITTEE:	
Member	: Ibrahim Fayez Humaid ALSHAMSI
Member	: Dr.Fahrettin YAHŞİ

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Information on Interim Report (continued):

6. Top Management:

Administrative Function	Name and Surname	Educational Degree	Start Date
General Manager	Dr.Fahrettin YAHŞİ	Doctorate	2009
Assistant General Manager	Mehmet Ali VERÇİN	Bachelor	2005
Assistant General Manager	Nihat BOZ	Bachelor	2009
Assistant General Manager	Temel HAZIROĞLU	Master	2003
Assistant General Manager	Bülent TABAN	Master	2003
Assistant General Manager	Turgut SİMİTÇİOĞLU	Master	2009
Assistant General Manager	Melikşah UTKU	Master	2009
Assistant General Manager	Mahmut Esfa EMEK	Bachelor	2011
Assistant General Manager	Ayhan KESER	Bachelor	2011
Assistant General Manager	Ali TUĞLU	Master	2014

I. Banks Financial Information and Evaluations:

Main Financial Figures:

ASSETS	Current Period	Prior Period
Cash and Balances with The Central Bank	4.357.665	4.904.798
Banks	2.018.360	2.482.614
Financial Assets- Available For Sale (Net)	1.181.705	1.051.566
Loans and Receivables	19.152.736	18.557.965
Others	2.653.261	2.565.056
TOTAL ASSETS	29.363.727	29.561.999
LIABILITIES	Current Period	Prior Period
Funds Collected	19.766.601	20.346.178
Funds Borrowed	4.122.333	4.104.688
Subordinated Loans	1.218.580	1.239.557
Shareholders' Equity	2.171.951	2.103.914
Others	2.084.262	1.767.662
TOTAL LIABILITIES	29.363.727	29.561.999
INCOME AND EXPENSE ITEMS	Current Period	Prior Period
Profit Share Income	1.094.209	911.275
Profit Share Expense	580.137	501.400
Net Profit Share Income/Expenses	514.072	409.875
Net Fees and Commissions Income/Expenses	70.295	71.872
Trading Income/Loss (Net)	31.436	41.395
Other Operating Income	65.011	61.639
Total Operating Income	680.814	584.791
Provision For Loan Losses and Other Receivables (-)	144.180	88.004
Other Operating Expenses (-)	375.458	319.142
Net Operating Income/ (Losses)	161.176	177.645
Tax Provision For Discontinued Operations (-+)	(32.626)	(37.206)
NET PROFIT/LOSSES	128.550	140.439
Earnings Per Share (Full TL)	0,143	0,156

Information on Interim Report (continued):

1. Message from the Chairman of the Board of Directors:

Our Precious Stakeholders,

2016 Second Quarter was all about high fluctuations due to increased volatility in the global markets. Although the interest rate hike expectations emerging for 2016 remain the same for 2016 Second Quarter following the interest rate hike by the FED, the central bank of the US, in December 2015, it is also highlighted that interest rate hike may be delayed to the end of the year or to 2017 due to low payrolls in the US.

Another key factor causing increased volatility during Second Quarter was the Brexit referendum resulted in the exit of the UK from the EU. The decision to exit the EU as a result of the referendum held at the end of June caused dramatic fluctuations in the markets, which led to the expectation that central banks may loosen the monetary policies. All this volatile environment was reflected in the global growth expectations and resulted in a downward revision. In the light of these recent developments, the market is strongly convinced that the FED will delay the interest rate hike for 2016, resulting in increased global risk appetite.

Japan Central Bank continues to implement an expansionary monetary policy since the early 2016. The central bank started to use negative interest rates in order to realize its inflation target and is expected to announce additional incentive measures in the upcoming period.

The Central Bank of Turkey continues to implement a tight monetary policy with expectations that uncertainties related to monetary policies will remain the same due to developments and fluctuations in the global markets. In addition, steps to simply interest continue to be implemented by lowering the upper band of interest rate corridor by 175 basis points during the first half of the year with increased resistance in the local economy against global shocks.

With the impact of strong demand, the Turkish economy demonstrated a growth performance of 4,8% during 2016 First Quarter. The Consumer Price Index fell down to 7,6% as a result of the decreased food and oil prices. On the other hand, the current deficit continued to shrink for Second Quarter by 15,5%, on top of other developments, suggesting that the Turkish economy will continue to grow in 2016.

Operating in the Turkish participation banking sector as a leader organization for 30 years aligned with its vision "to be the best Participation Bank in the world", Albaraka Turk is the flagship of its biggest partner Albaraka Banking Group ("ABG"). ABG operates in the field of corporate, commercial, retail and investment banking in line with the principles of interest-free banking at 586 locations across Jordan, Lebanon, Egypt, Tunisia, Algeria, Sudan, South Africa, Syria, Pakistan, Bahrain, Indonesia, Libya and Turkey with 11.458 employees and agencies. As of the end of 2015 the total size of assets of Albaraka Banking Group reached USD 24,6 billion with collected funds reaching USD 20,2 billion and an equity size of USD 2,1 billion.

As Albaraka Turk we supported the real economy despite uncertainties in the local and global economy by continuing our operations, which have been conducted uninterruptedly for the last 30 years, also during 2016 Second Quarter. During this period our credit portfolio grew by 3,20%.

The energy needed to grow is strongly fueled by our professional management team, young and dynamic human resource, and our organization. We will continue to move towards our target of sustainable and profitable growth together with our shareholders, business partners, correspondents and employees through close collaboration and harmony. Our Bank will remain to be an organization to deliver upon its profitability and investment targets aligned with the policy of solid financial structure and sustainable growth which was defined at the time of its establishment and its vision of "being the best Participation Banking in the world".

Respectfully Yours,

Adnan Ahmed Yusuf ABDULMALEK

Chairman of the Board of Directors

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Information on Interim Report (continued):

2. Message from the General Manager

Our Precious Stakeholders,

Despite ongoing fluctuations both in the local and global markets, Albaraka Turk continued to grow also during 2016 Second Quarter thanks to its solid banking structure, high forecasting ability, proactive strategies and excellent service model, maintaining its differentiation by its position in the sector and the service experience provided to its customers.

According to the 2016 Second Quarter financial results, total assets of our Bank amount to TL 29.363.727. During the same period, our total credit portfolio grew by 3,20% over the end of the year, reaching TL 19.152.736. Funds collected during the same period through P&L participation accounts and private current accounts were realized as TL 19.766.601. Around 44,20% of such funds is composed of currency funds.

As of June 30, 2016, our Bank declared TL 161.176 as profit before tax and TL 128.550 as net profit.

Our Bank continues to leverage the financing opportunities in the capital market by issuing lease certificates, an alternative investment instrument with high liquidity, which meets the principles of interest-free financing. Maintaining its leading position and reassuring investors with the name Albaraka Turk, our bank issued lease certificates to qualified investors without public offering during 2016 Second Quarter reaching a total amount of TL 175.000, consisting of an initial amount of TL 100.000 which is followed by a second amount of TL 75.000.

Our Bank continued to receive awards for its differentiated services offered to customers and sustainable banking structure. Albaraka Turk granted four times in a row "The Best Participation Bank in Turkey" award as part of the "Islamic Bank of The Year 2016" awards by the Banker, a publication of the Financial Times Group. Our Bank became the only bank to win this award among Albaraka Banking Group countries.

As Albaraka Turk, we particularly make sure not to compromise on increasing our service quality as part of our banking activities every day and managing the demands of our customer in a healthy manner. As a participation bank with uninterrupted growth over the last 30 years, we will continue to meet the needs of customers with the same pace and quality as we diversify our customer portfolio and services. Accordingly, we won another award after the one granted the last year in the Customer Experience category at A.L.F.A. Awards, the only online complaint management contest held in Turkey in cooperation with Şikayetvar.com.

As Albaraka Turk, we will remain committed to deliver upon the participation banking target of achieving a market of share of 15 percent by 2025 in a dedicated and careful manner. Operating in line with its vision of "being the best participation bank in the world", our bank will continue to lead the sector in the next periods as in the current quarter with its employees and stakeholders.

Respectfully Yours,
Dr. Fahrettin YAHŞİ
General Manager

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

Information on Interim Report (continued):

3. Activities in the Second Quarter of the Year of 2016:

- In the second quarter of 2016, our total assets have actualized as TL 29.363.727, reducing by 0,67% according to the year end of 2015.
- In the second quarter of 2016, the funds our Bank has collected through “Special Current Accounts” and “Participation to Profit and Loss Accounts” has been TL 19.766.601 as of June 30, 2016. Approximately 44,20% of these funds are constituted of foreign currency funds.
- Participation accounts in the second quarter of 2016 has been TL 15.677.382. Our Bank’s Fund Collecting Activities are carried out through our bank’s branches throughout the country and correspondent banks abroad.

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
TL Funds	11.029.651	3.897.403	11.336.176	3.936.172	(2,70)%	(0,98)%
Current Accounts	1.873.230	661.919	2.007.284	696.973	(6,68)%	(5,03)%
Participation Accounts	9.156.421	3.235.484	9.328.892	3.239.199	(1,85)%	(0,11)%
FC Funds	8.736.950	3.087.262	9.010.002	3.128.473	(3,03)%	(1,32)%
Current Accounts	2.215.989	783.035	2.253.907	782.607	(1,68)%	0,05%
Participation Accounts	6.520.961	2.304.227	6.756.095	2.345.866	(3,48)%	(1,78)%
TOTAL	19.766.601	6.984.665	20.346.178	7.064.645	(2,85)%	(1,13)%

- As of June 2016, our credits have reached to TL 19.152.736 with an increase of 3.20% compared to year end. Our non-performing loan ratio has been 3.46% and rate of provision for non-performing loans as been 52.25%.

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
Credits ^(*)	19.721.230	6.968.632	19.317.826	6.707.579	2,09%	3,89%
Non-performing Loans	706.899	249.788	468.413	162.643	50,91%	53,58%
Provisions	(369.340)	(130.509)	(280.847)	(97.516)	31,51%	33,83%
TOTAL	20.058.789	7.087.911	19.505.392	6.772.706	2,84%	4,65%

^(*) Financial leasing receivables included.

The currency used in the preparation of the tables are as follows;

Balance Sheet Period	USD/TL
As of 30 June 2016	2.830
As of 31 December 2015	2.880

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2016
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Information on Interim Report (continued):

4. Evaluation on Financial Status, Profitability and Solvency:

- Our Operating Income has been TL 680.814, increasing by 16,42% compared to the same period of the previous year.
- Net Fee and Commission Revenues have been TL 70.295, decreasing by 2,19%, our Net Profit Share has been TL 514.072, increasing by 25,42%, and Foreign Exchange Income has been TL 64.820, increasing by 163%.
- Personnel expenses has been TL 196.361, increasing by 11,69% compared to the same period of the previous year, Credit and Other Receivables Allowance for Loss in Value has been TL 144.180, increasing by 63,83% and Depreciation Expenses have been TL 32.146, increasing by 14,99%.
- Our net profit has been TL 128.550, decreasing by 8,47% compared to the same period of the previous year.
- As of June 30, 2016, our capital adequacy ratio is actualized as 12,21%, over the legal obligation level.