

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated financial statements
and related disclosures at June 30, 2018
together with limited review report
*(Convenience translation of the limited review report and
financial statements originally issued in Turkish –
see section three Note XXIV)*

August 8, 2018

*This report contains “Limited Review
Report” comprising 2 pages and
“Unconsolidated Financial Statements
and Related Disclosures and Footnotes”
comprising 126 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 June 30, 2018 and the related unconsolidated statement of profit or loss, unconsolidated profit or loss and other comprehensive income, 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. as of June 30, 2018 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.

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.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I 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 unconsolidated 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.

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

Alper Güvenç
Partner, SMMM

August 8, 2018
Istanbul, Turkey

UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TRK KATILIM BANKASI A..
AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

Bank's headquarter address : Saray Mah. Dr. Adnan Bykdeniz Cad. No:6
34768 mraniye/İstanbul
Bank's phone number and facsimile : 00 90 216 666 01 01 – 00 90 216 666 16 00
Bank's website : www.albarakaturk.com.tr
Electronic mail contact info : albarakaturk@albarakaturk.com.tr

The unconsolidated interim financial report prepared in accordance with the Communiqu 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
- 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 Communiqu 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	Melikah UTKU General Manager	Mustafa ETİN Assistant General Manager	Yunus AHLATCI Financial Reporting Manager
Mustafa BYKABACI Chairman of the Audit Committee		Sleyman KALKAN 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 JUNE 30, 2018

(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 İstanbul and is operating through 223 (December 31, 2017: 219) local branches and 1 (December 31, 2017: 1) foreign branch and with 3.925 (December 31, 2017: 3.899) staff as of June 30, 2018.

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, 2018, 54,06% (December 31, 2017: 54,06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 25,22% (December 31, 2017: 25,16%) 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 JUNE 30, 2018

(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	-
	Osman AKYÜZ	Member of BOD	Bachelor	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	(*) 0,0000
	Hamad Abdulla A. ALOQAB	Member of BOD	Bachelor	(*) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	(*) 0,0000
	Süleyman KALKAN	Member of BOD	Bachelor	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Khaled Abdulla Mohamed ATEEQ	Member of BOD	Doctorate	-
	Dr. Bekir PAKDEMİRLİ(***)	Member of BOD	Doctorate	-
	Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
	Muhammad Zarrug M. RAJAB	Independent Member of BOD	Bachelor	-
General Manager:	Melikşah UTKU	Member of BOD/General Manager	Master	-
Assistant General Managers:	Turgut SİMİTÇİOĞLU	Assistant General Manager Responsible for Business Branches (General Manager Deputy)	Master	-
	Nihat BOZ	Assistant General Manager Responsible for Legal	Bachelor	-
	Cenk DEMİRÖZ	Assistant General Manager Responsible for Credits	Master	-
	Deniz AKSU	Assistant General Manager Responsible for Risk Monitoring	Bachelor	-
	Mustafa ÇETİN	Assistant General Manager Responsible for Finance and Strategy	Bachelor	-
	Nevzat BAYRAKTAR	Assistant General Manager Responsible for Sales	Bachelor	-
	Hasan ALTUNDAĞ	Assistant General Manager Responsible for Marketing	Bachelor	-
	Malek Khodr TEMSAH	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Fatih BOZ	Assistant General Manager Responsible for Operations	Master	-
	Süleyman ÇELİK	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Süleyman KALKAN	Member of Audit Committee	Bachelor	-

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

(**) Mr. Yalçın ÖNER, who has been serving as the II. Chairman of the BOD of the Bank, has resigned as of June 30, 2018

(***) Mr. Bekir Pakdemirli, a member of the Board of Directors of the Bank, has resigned as of July 10, 2018

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0000% of the Bank's share capital (December 31, 2017: 0,0342%).

IV. Information on the Bank's qualified shareholders:

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

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 six 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), one year and more than one year (with monthly, quarterly, semiannual and annual profit share payment) and accumulated participation accounts.

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 Bereket Sigorta, Anadolu Sigorta, Güneş Sigorta, Allianz Sigorta, Unico Sigorta, Neova Sigorta, Ankara Sigorta, Coface Sigorta, Avivasa Emeklilik Hayat, Generali Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Avivasa Emeklilik 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 Trade since such applications are amendments in nature to the Article of Association. The application is included in the Article of Association after all necessary approvals are obtained.

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

The Bank did not consolidate its associate Kredi Garanti Fonu A.Ş. through equity method considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. The Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş. the subsidiaries of the Bank, through equity method and full consolidation method, respectively. Bereket One 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". Real Estate Investment Funds "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu" have been consolidated as well.

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 profit or loss
- IV. Statement of profit or loss and other comprehensive income
- 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 JUNE 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Reviewed		
		CURRENT PERIOD		
		June 30, 2018		
		TL	FC	Total
I. FINANCIAL ASSETS (Net)		3.391.069	8.097.115	11.488.184
1.1 Cash and Cash Equivalents	(1)	1.099.002	7.738.872	8.837.874
1.1.1 Cash and Balances with Central Bank		333.932	5.445.717	5.779.649
1.1.2 Banks		765.070	2.293.155	3.058.225
1.1.3 Money Market Placements		-	-	-
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	936.552	4.118	940.670
1.2.1 Government Securities		878	-	878
1.2.2 Equity Securities		-	-	-
1.2.3 Other Financial Assets		935.674	4.118	939.792
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(3)	793.398	350.135	1.143.533
1.3.1 Government Securities		739.124	280.558	1.019.682
1.3.2 Equity Securities		15	11.659	11.674
1.3.3 Other Financial Assets		54.259	57.918	112.177
1.4 Financial Assets Measured at Amortised Cost	(4)	563.979	-	563.979
1.4.1 Government Securities		563.979	-	563.979
1.4.2 Other Financial Assets		-	-	-
1.5 Derivative Financial Assets	(5)	45	4.105	4.150
1.5.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		45	4.105	4.150
1.5.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-
1.6 Non Performing Financial Assets		-	-	-
1.7 Expected Credit Losses (-)		1.907	115	2.022
II. LOANS (Net)	(6)	19.612.896	8.075.739	27.688.635
2.1 Loans		18.452.488	8.083.506	26.535.994
2.1.1 Loans Measured at Amortised Cost		18.452.488	8.083.506	26.535.994
2.1.2 Loans Measured at Fair Value through Profit/Loss		-	-	-
2.1.3 Loans Measured at Fair Value through Other Comprehensive Income		-	-	-
2.2 Lease Receivables	(7)	742.391	-	742.391
2.2.1 Financial Lease Receivables		803.319	-	803.319
2.2.2 Operational Lease Receivables		-	-	-
2.2.3 Unearned Income (-)		60.928	-	60.928
2.3 Factoring Receivables		-	-	-
2.3.1 Factoring Receivables Measured at Amortised Cost		-	-	-
2.3.2 Factoring Receivables Measured at Fair Value through Profit/Loss		-	-	-
2.3.3 Factoring Receivables Measured at Fair Value through Other Comprehensive Income		-	-	-
2.4 Non Performing Receivables		1.564.409	43.878	1.608.287
2.5 Expected Credit Losses (-)		1.146.392	51.645	1.198.037
2.5.1 12-Month ECL (Stage 1)		38.131	19.780	57.911
2.5.2 Lifetime ECL Significant Increase in Credit Risk (Stage 2)		203.529	7.842	211.371
2.5.3 Lifetime ECL Impaired Credits (Stage 3)		904.732	24.023	928.755
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	362.960	625	363.585
3.1 Asset Held for Resale		362.960	625	363.585
3.2 Assets of Discontinued Operations		-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(9)	33.837	-	33.837
4.1 Associates (Net)		4.897	-	4.897
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-
4.1.2 Unconsolidated Associates		4.897	-	4.897
4.2 Subsidiaries (Net)		8.940	-	8.940
4.2.1 Unconsolidated Financial Investments in Subsidiaries		5.400	-	5.400
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		3.540	-	3.540
4.3 Joint Ventures (Net)		20.000	-	20.000
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-
4.3.2 Unconsolidated Joint-Ventures		20.000	-	20.000
V. TANGIBLE ASSETS (Net)	(10)	592.208	252	592.460
VI. INTANGIBLE ASSETS (Net)	(11)	30.523	-	30.523
6.1 Goodwill		-	-	-
6.2 Others		30.523	-	30.523
VII. INVESTMENT PROPERTY (Net)	(12)	-	-	-
VIII. CURRENT TAX ASSET		579	-	579
IX. DEFERRED TAX ASSET	(13)	107.763	-	107.763
X. OTHER ASSETS	(15)	129.834	21.010	150.844
TOTAL ASSETS		24.261.669	16.194.741	40.456.410

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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 DECEMBER 31, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Audited		
		PRIOR PERIOD		
		December 31, 2017		
		TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	422.105	5.334.890	5.756.995
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	990.788	3.363	994.151
2.1 Trading Financial Assets		990.788	3.363	994.151
2.1.1 Public Sector Debt Securities		916	-	916
2.1.2 Equity Securities		-	-	-
2.1.3 Derivative Financial Assets Held for Trading		225	-	225
2.1.4 Other Marketable Securities		989.647	3.363	993.010
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	(5)	706.186	805.221	1.511.407
IV. MONEY MARKET PLACEMENTS				
V. FINANCIAL ASSETS-AVAILABLE FOR SALE (Net)	(3)	937.211	412.022	1.349.233
5.1 Equity Securities		15	8.713	8.728
5.2 Public Sector Debt Securities		935.188	341.887	1.277.075
5.3 Other Marketable Securities		2.008	61.422	63.430
VI. LOANS AND RECEIVABLES	(6)	18.334.954	6.121.428	24.456.382
6.1 Loans and Receivables		17.821.846	6.121.363	23.943.209
6.1.1 Loans to Risk Group of The Bank		11.897	106.867	118.764
6.1.2 Public Sector Debt Securities		-	-	-
6.1.3 Other		17.809.949	6.014.496	23.824.445
6.2 Non-performing loans		1.211.785	825	1.212.610
6.3 Specific Provisions (-)		698.677	760	699.437
VII. INVESTMENTS HELD TO MATURITY (Net)	(4)	532.803	-	532.803
VIII. INVESTMENTS IN ASSOCIATES (Net)	(9)	4.719	-	4.719
8.1 Accounted for under Equity Method		-	-	-
8.2 Unconsolidated Associates		4.719	-	4.719
8.2.1 Financial Associates		4.719	-	4.719
8.2.2 Non-Financial Associates		-	-	-
IX. SUBSIDIARIES (Net)	(9)	5.400	-	5.400
9.1 Unconsolidated Financial Subsidiaries		5.400	-	5.400
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
X. JOINT VENTURES (Net)	(9)	20.000	-	20.000
10.1 Accounted for under Equity Method		-	-	-
10.2 Unconsolidated		20.000	-	20.000
10.2.1 Financial Joint Ventures		20.000	-	20.000
10.2.2 Non-Financial Joint Ventures		-	-	-
XI. LEASE RECEIVABLES (Net)	(7)	737.081	-	737.081
11.1 Finance Lease Receivables		807.540	-	807.540
11.2 Operational Lease Receivables		-	-	-
11.3 Other		-	-	-
11.4 Unearned Income (-)		70.459	-	70.459
XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(14)	-	-	-
12.1 Fair Value Hedge		-	-	-
12.2 Cash Flow Hedge		-	-	-
12.3 Hedge of Net Investment Risks in Foreign Operations		-	-	-
XIII. TANGIBLE ASSETS (Net)	(10)	589.430	236	589.666
XIV. INTANGIBLE ASSETS (Net)	(11)	28.397	78	28.475
14.1 Goodwill		-	-	-
14.2 Other		28.397	78	28.475
XV. INVESTMENT PROPERTY (Net)	(12)	-	-	-
XVI. TAX ASSET	(13)	55.029	-	55.029
16.1 Current Tax Asset		2.080	-	2.080
16.2 Deferred Tax Asset		52.949	-	52.949
XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	83.737	493	84.230
17.1 Assets Held for Sale		83.737	493	84.230
17.2 Assets of Discontinued Operations		-	-	-
XVIII. OTHER ASSETS	(15)	81.075	22.431	103.506
TOTAL ASSETS		23.528.915	12.700.162	36.229.077

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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 JUNE 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Reviewed		
		CURRENT PERIOD		
		June 30, 2018		
		TL	FC	Total
I. FUNDS COLLECTED	(1)	12.944.296	14.766.996	27.711.292
II. FUNDS BORROWED	(2)	991.524	5.725.153	6.716.677
III. BORROWINGS FROM MONEY MARKETS		826.957	-	826.957
IV. SECURITIES ISSUED (Net)		-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(3)	1.001	1.233	2.234
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		1.001	1.233	2.234
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-
VII. LEASE PAYABLES	(4)	-	-	-
7.1 Finance Lease Payables		-	-	-
7.2 Operational Lease Payables		-	-	-
7.3 Other		-	-	-
7.4 Deferred Finance Lease Expenses (-)		-	-	-
VIII. PROVISIONS	(6)	81.820	2.477	84.297
8.1 Restructuring Reserves		-	-	-
8.2 Reserve for Employee Benefits		69.455	-	69.455
8.3 Insurance Technical Reserves (Net)		-	-	-
8.4 Other Provisions		12.365	2.477	14.842
IX. CURRENT TAX LIABILITY	(7)	50.799	25	50.824
X. DEFERRED TAX LIABILITY		-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	-	-	-
11.1 Assets Held for Sale		-	-	-
11.2 Assets of Discontinued Operations		-	-	-
XII. SUBORDINATED LOANS	(9)	-	1.040.268	1.040.268
12.1 Loans		-	1.040.268	1.040.268
12.2 Other Debt Instruments		-	-	-
XIII. OTHER LIABILITIES	(10)	688.469	53.862	742.331
XIV. SHAREHOLDERS' EQUITY	(11)	2.517.653	763.877	3.281.530
14.1 Paid-In Capital		900.000	-	900.000
14.2 Capital Reserves		37.829	775.720	813.549
14.2.1 Share Premium		-	-	-
14.2.2 Share Cancellation Profits		-	-	-
14.2.3 Other Capital Reserves		37.829	775.720	813.549
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		218.137	-	218.137
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		8.759	(11.843)	(3.084)
14.5 Profit Reserves		1.318.907	-	1.318.907
14.5.1 Legal Reserves		134.082	-	134.082
14.5.2 Status Reserves		-	-	-
14.5.3 Extraordinary Reserves		1.184.825	-	1.184.825
14.5.4 Other Profit Reserves		-	-	-
14.6 Profit or Loss		34.021	-	34.021
14.6.1 Prior Years Profit/(Loss)		(162.160)	-	(162.160)
14.6.2 Current Year Profit/(Loss)		196.181	-	196.181
TOTAL LIABILITIES		18.102.519	22.353.891	40.456.410

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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 DECEMBER 31, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Audited		
		PRIOR PERIOD		
		December 31, 2017		
		TL	FC	Total
I. FUNDS COLLECTED	(1)	13.247.715	12.062.125	25.309.840
1.1 Funds from Risk Group of The Bank		36.844	585.641	622.485
1.2 Other		13.210.871	11.476.484	24.687.355
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(3)	76	6.342	6.418
III. FUNDS BORROWED	(2)	798.755	4.613.214	5.411.969
IV. BORROWINGS FROM MONEY MARKETS		340.000	-	340.000
V. SECURITIES ISSUED (Net)		-	-	-
VI. MISCELLANEOUS PAYABLES		604.017	90.087	694.104
VII. OTHER LIABILITIES	(10)	-	-	-
VIII. LEASE PAYABLES	(4)	-	-	-
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	(5)	-	-	-
9.1 Fair Value Hedge		-	-	-
9.2 Cash Flow Hedge		-	-	-
9.3 Net Foreign Investment Hedge		-	-	-
X. PROVISIONS	(6)	233.722	31.098	264.820
10.1 General Provisions		119.052	23.368	142.420
10.2 Restructuring Reserves		-	-	-
10.3 Reserve for Employee Benefits		89.107	-	89.107
10.4 Insurance Technical Reserves (Net)		-	-	-
10.5 Other Provisions		25.563	7.730	33.293
XI. TAX LIABILITY	(7)	90.347	2.910	93.257
11.1 Current Tax Liability		90.347	2.910	93.257
11.2 Deferred Tax Liability		-	-	-
XII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	-	-	-
12.1 Assets Held for Sale		-	-	-
12.2 Assets of Discontinued Operations		-	-	-
XIII. SUBORDINATED LOANS	(9)	-	1.627.163	1.627.163
XIV. SHAREHOLDERS' EQUITY	(11)	2.481.652	(146)	2.481.506
14.1 Paid-In Capital		900.000	-	900.000
14.2 Capital Reserves		225.576	(146)	225.430
14.2.1 Share Premium		-	-	-
14.2.2 Share Cancellation Profits		-	-	-
14.2.3 Marketable Securities Valuation Reserve		(18.740)	(146)	(18.886)
14.2.4 Revaluation Reserve on Tangible Assets		238.121	-	238.121
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		6.195	-	6.195
14.3 Profit Reserves		1.113.454	-	1.113.454
14.3.1 Legal Reserves		122.227	-	122.227
14.3.2 Status Reserves		-	-	-
14.3.3 Extraordinary Reserves		991.227	-	991.227
14.3.4 Other Profit Reserves		-	-	-
14.4 Profit or Loss		242.622	-	242.622
14.4.1 Prior Years Profit/(Loss)		5.529	-	5.529
14.4.2 Current Year Profit/(Loss)		237.093	-	237.093
TOTAL LIABILITIES		17.796.284	18.432.793	36.229.077

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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 JUNE 30, 2018

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

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Reviewed		
		CURRENT PERIOD		
		June 30, 2018		
		TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	(1)	6.266.900	7.277.042	13.543.942
I. GUARANTEES AND SURETIES		4.442.524	4.876.244	9.318.768
1.1. Letters of Guarantees		4.425.781	3.577.919	8.003.700
1.1.1. Guarantees Subject to State Tender Law		494.807	53.813	548.620
1.1.2. Guarantees Given for Foreign Trade Operations		1.231	847.854	849.085
1.1.3. Other Letters of Guarantee		3.929.743	2.676.252	6.605.995
1.2. Bank Loans		-	35.795	35.795
1.2.1. Import Letter of Acceptances		-	35.795	35.795
1.2.2. Other Bank Acceptances		-	-	-
1.3. Letter of Credits		2.342	1.175.536	1.177.878
1.3.1. Documentary Letter of Credits		-	-	-
1.3.2. Other Letter of Credits		2.342	1.175.536	1.177.878
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		-	79.800	79.800
1.7. Other Collaterals		14.401	7.194	21.595
II. COMMITMENTS	(1)	1.743.185	364.699	2.107.884
2.1. Irrevocable Commitments		1.743.185	364.699	2.107.884
2.1.1. Asset Purchase and Sale Commitments		309.286	364.699	673.985
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-
2.1.3. Loan Granting Commitments		220.909	-	220.909
2.1.4. Securities Underwriting Commitments		-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-
2.1.6. Payment Commitment for Cheques		603.515	-	603.515
2.1.7. Tax And Fund Liabilities from Export Commitments		5.165	-	5.165
2.1.8. Commitments for Credit Card Expenditure Limits		603.587	-	603.587
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		353	-	353
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		370	-	370
2.2. Revocable Commitments		-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-
2.2.2. Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	81.191	2.036.099	2.117.290
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		81.191	2.036.099	2.117.290
3.2.1. Forward Foreign Currency Buy/Sell Transactions		12.057	11.623	23.680
3.2.1.1. Forward Foreign Currency Transactions-Buy		7.726	4.104	11.830
3.2.1.2. Forward Foreign Currency Transactions-Sell		4.331	7.519	11.850
3.2.2. Other Forward Buy/Sell Transactions		69.134	2.024.476	2.093.610
3.3. Other		-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		64.430.179	10.453.773	74.883.952
IV. ITEMS HELD IN CUSTODY		2.274.358	1.681.139	3.955.497
4.1. Assets Under Management		-	-	-
4.2. Investment Securities Held in Custody		72	-	72
4.3. Cheques Received for Collection		1.753.824	204.431	1.958.255
4.4. Commercial Notes Received for Collection		485.872	67.694	553.566
4.5. Other Assets Received for Collection		103	-	103
4.6. Assets Received for Public Offering		-	-	-
4.7. Other Items Under Custody		999	336.128	337.127
4.8. Custodians		33.488	1.072.886	1.106.374
V. PLEDGED ITEMS		62.155.821	8.772.634	70.928.455
5.1. Marketable Securities		10.825.418	3.128.032	13.953.450
5.2. Guarantee Notes		1.683.371	180.402	1.863.773
5.3. Commodity		2.250.606	767.191	3.017.797
5.4. Warranty		-	-	-
5.5. Properties		44.498.604	3.613.432	48.112.036
5.6. Other Pledged Items		2.710.120	1.078.481	3.788.601
5.7. Pledged Items-Depository		187.702	5.096	192.798
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		70.697.079	17.730.815	88.427.894

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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 DECEMBER 31, 2017

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

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Audited		
		PRIOR PERIOD		
		December 31, 2017		
		TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	(1)	6.252.472	5.192.237	11.444.709
I. GUARANTEES AND SURETIES		4.136.465	3.996.159	8.132.624
1.1. Letters of Guarantees		4.123.494	2.900.850	7.024.344
1.1.1. Guarantees Subject to State Tender Law		445.010	43.982	488.992
1.1.2. Guarantees Given for Foreign Trade Operations		1.860	677.380	679.240
1.1.3. Other Letters of Guarantee		3.676.624	2.179.488	5.856.112
1.2. Bank Loans		-	21.824	21.824
1.2.1. Import Letter of Acceptances		-	21.824	21.824
1.2.2. Other Bank Acceptances		-	-	-
1.3. Letter of Credits		1.517	1.029.291	1.030.808
1.3.1. Documentary Letter of Credits		-	-	-
1.3.2. Other Letter of Credits		1.517	1.029.291	1.030.808
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		-	40.582	40.582
1.7. Other Collaterals		11.454	3.612	15.066
II. COMMITMENTS	(1)	1.999.439	232.913	2.232.352
2.1. Irrevocable Commitments		1.999.439	232.913	2.232.352
2.1.1. Asset Purchase and Sale Commitments		148.149	232.913	381.062
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-
2.1.3. Loan Granting Commitments		348.871	-	348.871
2.1.4. Securities Underwriting Commitments		-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-
2.1.6. Payment Commitment for Cheques		528.094	-	528.094
2.1.7. Tax And Fund Liabilities from Export Commitments		4.069	-	4.069
2.1.8. Commitments for Credit Card Expenditure Limits		528.560	-	528.560
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		363	-	363
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		441.333	-	441.333
2.2. Revocable Commitments		-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-
2.2.2. Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	116.568	963.165	1.079.733
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		116.568	963.165	1.079.733
3.2.1. Forward Foreign Currency Buy/Sell Transactions		21.884	21.693	43.577
3.2.1.1. Forward Foreign Currency Transactions-Buy		5.259	16.516	21.775
3.2.1.2. Forward Foreign Currency Transactions-Sell		16.625	5.177	21.802
3.2.2. Other Forward Buy/Sell Transactions		94.684	941.472	1.036.156
3.3. Other		-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		59.076.439	9.015.013	68.091.452
IV. ITEMS HELD IN CUSTODY		2.064.347	1.266.279	3.330.626
4.1. Assets Under Management		-	-	-
4.2. Investment Securities Held in Custody		72	-	72
4.3. Cheques Received for Collection		1.590.693	149.772	1.740.465
4.4. Commercial Notes Received for Collection		442.531	45.071	487.602
4.5. Other Assets Received for Collection		103	-	103
4.6. Assets Received for Public Offering		-	-	-
4.7. Other Items Under Custody		999	224.453	225.452
4.8. Custodians		29.949	846.983	876.932
V. PLEDGED ITEMS		57.012.092	7.748.734	64.760.826
5.1. Marketable Securities		7.877.664	3.081.345	10.959.009
5.2. Guarantee Notes		1.476.104	157.116	1.633.220
5.3. Commodity		2.147.323	665.792	2.813.115
5.4. Warranty		-	-	-
5.5. Properties		43.274.769	2.996.857	46.271.626
5.6. Other Pledged Items		2.072.592	843.336	2.915.928
5.7. Pledged Items-Depository		163.640	4.288	167.928
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		65.328.911	14.207.250	79.536.161

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF JUNE 30, 2018

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

STATEMENT OF PROFIT OR LOSS		Notes (Section Five-IV)	Reviewed	Reviewed
			CURRENT PERIOD January 1- June 30, 2018	CURRENT PERIOD April 1- June 30, 2018
I. PROFIT SHARE INCOME		(1)	1.382.378	719.675
1.1 Profit Share on Loans			1.234.284	643.205
1.2 Income Received from Reserve Deposits			24.207	12.916
1.3 Income Received from Banks			685	387
1.4 Income Received from Money Market Placements			-	-
1.5 Income Received from Marketable Securities Portfolio			95.502	51.060
1.5.1 Financial Assets at Fair Value Through Profit and Loss			294	249
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income			59.063	32.902
1.5.3 Financial Assets Measured at Amortised Cost			36.145	17.909
1.6 Finance Lease Income			26.067	11.681
1.7 Other Profit Share Income			1.633	426
II. PROFIT SHARE EXPENSE		(2)	884.043	471.075
2.1 Expense on Profit Sharing Accounts			617.285	323.132
2.2 Profit Share Expense on Funds Borrowed			230.963	127.293
2.3 Profit Share Expense on Money Market Borrowings			34.337	20.636
2.4 Profit Share Expense on Securities Issued			-	-
2.5 Other Profit Share Expense			1.458	14
III. NET PROFIT SHARE INCOME (I – II)			498.335	248.600
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES			85.327	45.291
4.1 Fees and Commissions Received			126.169	67.580
4.1.1 Non-Cash Loans			51.749	26.873
4.1.2 Other		(3)	74.420	40.707
4.2 Fees and Commissions Paid			40.842	22.289
4.2.1 Non-Cash Loans			146	14
4.2.2 Other		(3)	40.696	22.275
V. PERSONNEL EXPENSES (-)		(8)	257.338	135.012
VI. DIVIDEND INCOME		(4)	177	177
VII. TRADING INCOME/LOSS(net)		(5)	146.036	112.144
7.1 Capital Market Transaction Income/(Loss)			28.320	9.765
7.2 Profit/(Loss) from Derivative Financial Instruments			(6.989)	(5.275)
7.3 Foreign Exchange Income/(Loss)			124.705	107.654
VIII. OTHER OPERATING INCOME		(6)	331.049	57.618
IX. TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)			803.586	328.818
X. EXPECTED CREDIT LOSS (-)		(7)	352.680	95.571
XI. OTHER OPERATING EXPENSES (-)		(8)	207.147	104.425
XII. NET OPERATING INCOME/(LOSS) (VIII-IX-X)			243.759	128.822
XIII. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER			-	-
XIV. PROFIT/(LOSS) ON EQUITY METHOD			-	-
XV. PROFIT/(LOSS) ON NET MONETARY POSITION			-	-
XVI. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)		(9)	243.759	128.822
XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)		(10)	47.578	30.358
17.1 Provision for Current Taxes			-	-
17.2 Deferred Tax Expense Effect (+)			82.704	54.002
17.3 Deferred Tax Income Effect (-)			35.126	23.644
XVIII. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		(11)	196.181	98.464
XIX. INCOME FROM DISCONTINUED OPERATIONS		(11)	-	-
19.1 Income from Assets Held For Sale			-	-
19.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)			-	-
19.3 Income from Other Discontinued Operations			-	-
XX. LOSS FROM DISCONTINUED OPERATIONS (-)			-	-
20.1 Loss from Assets Held for Sale			-	-
20.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)			-	-
20.3 Loss from Other Discontinued Operations			-	-
XXI. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)			-	-
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)			-	-
22.1 Provision for Current Taxes			-	-
22.2 Deferred Tax Expense Effect (+)			-	-
22.3 Deferred Tax Income Effect (-)			-	-
XXIII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)			-	-
XXIV. NET PROFIT/LOSS (XVII+XXII)		(12)	196.181	98.464
Earnings Per Share			0,218	0,109

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME
AS OF JUNE 30, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

INCOME AND EXPENSE ITEMS		Notes (Section Five-IV)	Reviewed	Reviewed
			PRIOR PERIOD January 1- June 30, 2017	PRIOR PERIOD April 1- June 30, 2017
I. PROFIT SHARE INCOME		(1)	1.287.781	655.033
1.1 Profit Share on Loans			1.133.638	578.564
1.2 Income Received from Reserve Deposits			13.206	7.599
1.3 Income Received from Banks			913	347
1.4 Income Received from Money Market Placements			-	-
1.5 Income Received from Marketable Securities Portfolio			103.794	53.102
1.5.1 Held-For-Trading Financial Assets			-	-
1.5.2 Financial Assets at Fair Value Through Profit and Loss			-	-
1.5.3 Available-For-Sale Financial Assets			68.740	36.239
1.5.4 Investments Held to Maturity			35.054	16.863
1.6 Finance Lease Income			35.160	15.380
1.7 Other Profit Share Income			1.070	41
II. PROFIT SHARE EXPENSE		(2)	648.136	333.772
2.1 Expense on Profit Sharing Accounts			479.704	251.431
2.2 Profit Share Expense on Funds Borrowed			156.522	80.565
2.3 Profit Share Expense on Money Market Borrowings			2.849	1.308
2.4 Profit Share Expense on Securities Issued			-	-
2.5 Other Profit Share Expense			9.061	468
III. NET PROFIT SHARE INCOME (I – II)			639.645	321.261
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES			73.917	36.119
4.1 Fees and Commissions Received			107.507	54.233
4.1.1 Non-Cash Loans			53.390	26.057
4.1.2 Other		(3)	54.117	28.176
4.2 Fees and Commissions Paid			33.590	18.114
4.2.1 Non-Cash Loans			55	9
4.2.2 Other		(3)	33.535	18.105
V. DIVIDEND INCOME		(4)	-	-
VI. TRADING INCOME/LOSS(net)		(5)	17.785	24.932
6.1 Capital Market Transaction Income/(Loss)			34.392	30.167
6.2 Profit/(Loss) from Derivative Financial Instruments			(13.424)	(10.913)
6.3 Foreign Exchange Income/(Loss)			(3.183)	5.678
VII. OTHER OPERATING INCOME		(6)	63.807	34.373
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)			795.154	416.685
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)		(7)	234.513	96.484
X. OTHER OPERATING EXPENSES (-)		(8)	398.494	204.274
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)			162.147	115.927
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)		(9)	162.147	115.927
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)		(10)	30.850	20.423
16.1 Provision for Current Taxes			15.435	6.673
16.2 Provision for Deferred Taxes			15.415	13.750
XVII. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		(11)	131.297	95.504
XVIII. INCOME FROM DISCONTINUED OPERATIONS		(11)	-	-
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)		(12)	131.297	95.504
Earnings Per Share (Full TL)			0,146	0,106

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME AS OF JUNE 30, 2018

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Reviewed
		CURRENT PERIOD January 1- June 30, 2018
I.	CURRENT PERIOD PROFIT/LOSS	196.181
II.	OTHER COMPREHENSIVE INCOME	(9.946)
2.1	Other Income/Expense Items not to be Recycled to Profit or Loss	(5.059)
2.1.1	Revaluation Surplus on Tangible Assets	(5.059)
2.1.2	Revaluation Surplus on Intangible Assets	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	-
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	-
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	(4.887)
2.2.1	Translation Differences	19.832
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Financial Assets Measured at Fair Value through Other Comprehensive Income	(31.691)
2.2.3	Gains/losses from Cash Flow Hedges	-
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	6.972
III.	TOTAL COMPREHENSIVE INCOME (I+II)	186.235

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER
SHAREHOLDERS' EQUITY AS OF JUNE 30, 2017

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

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		Reviewed
		PRIOR PERIOD January 1- June 30, 2017
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	3.179
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	3.366
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	(636)
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	5.909
XI.	PROFIT/LOSS	131.297
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	131.297
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	137.206

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF JUNE 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss						
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)	Notes (Section Five-IV)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
CURRENT PERIOD (January 1 - June 30, 2018)															
I. Balances at Beginning of Period	(V)	900.000	-	-	431	238.121	(14.925)	-	20.689	(18.886)	-	1.113.454	5.529	237.093	2.481.506
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	(167.149) ^(*)	-	(167.149)
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	(167.149)	-	(167.149)
III. Adjusted Balances at Beginning of Period (I+II)		900.000	-	-	431	238.121	(14.925)	-	20.689	(18.886)	-	1.113.454	(161.620)	237.093	2.314.357
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	-	-	-	-	196.181	196.181
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	775.720 ^(**)	-	-	-	-	-	-	-	-	-	775.720
X. Others Changes		-	-	-	37.398	(5.059)	-	-	19.832	(24.719)	-	-	12.820	-	40.272
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	205.453	(13.360)	(237.093)	(45.000)
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(45.000)	-	(45.000)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	205.453	(205.453)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	237.093	(237.093)	-
Balances at end of the period (III+IV...+X+XI)		900.000	-	-	813.549	233.062	(14.925)	-	40.521	(43.605)	-	1.318.907	(162.160)	196.181	3.281.530

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

^(*) Includes deferred tax asset for general provisions arising from equity and banks shares amount to TL 64.991 recognized under shareholders' equity for TFRS 9 adjustment.

^(**) The bank has recognized unmatured additional tier 1 capital amount to USD 205.000.000 issued through "Bereket One Ltd" under "other capital reserves as per "TAS 32: "Financial Instruments: Presentation" standart.

1. Tangible and Intangible Assets Revaluation Reserve,
2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans,
3. Others (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4. Exchange Differences on Translation,
5. Accumulated gains/(losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Others (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF JUNE 30, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share 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, 2017																	
I. Beginning balance	(V)	900.000	-	-	-	101.765	-	844.392	8.790	217.609	3.951	(8.556)	211.642	-	-	-	2.279.593
Changes In Period																	
II. Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	2.543	-	-	-	-	2.543
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		-	-	-	-	-	-	-	3.366	-	-	-	-	-	-	-	3.366
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		-	-	-	-	3.591	-	(3.591)	(3.591)	-	2.472	-	4.731	-	-	-	3.612
XVII. Period Net Income/(Loss)		-	-	-	-	-	-	-	-	131.297	-	-	-	-	-	-	131.297
XVIII. Profit Distribution		-	-	-	-	10.880	-	156.417	6.791	(217.609)	-	-	-	-	-	-	(43.521)
18.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	(43.521)	-	-	-	-	-	(43.521)
18.2 Transfers To Reserves		-	-	-	-	10.880	-	156.417	6.791	-	(174.088)	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(217.609)	217.609	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	116.236	-	997.218	15.356	131.297	6.423	(6.013)	216.373	-	-	-	2.376.890

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

⁽¹⁾ As per Repurchase Programme accepted at the General Assembly on March 25, 2015 repurchased shares amount to TL 3.887 between March 13, 2017 and March 22, 2017 represented under other reserves and legal reserve has been allocated for the related amount as per Turkish Commercial Code article 612.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2018

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

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Reviewed
		CURRENT PERIOD January 1 - June 30, 2018
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		825.957
1.1.1 Profit Share Income Received		1.290.519
1.1.2 Profit Share Expense Paid		(613.081)
1.1.3 Dividend Received		-
1.1.4 Fees and Commissions Received		74.420
1.1.5 Other Income		176.063
1.1.6 Collections from Previously Written Off Loans		100.066
1.1.7 Payments to Personnel and Service Suppliers		(361.344)
1.1.8 Taxes Paid		(58.298)
1.1.9 Others		217.612
1.2 Changes In Operating Assets And Liabilities		(920.524)
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		75.672
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(1.408.687)
1.2.3 Net (Increase) Decrease in Loans		(1.244.602)
1.2.4 Net (Increase) Decrease in Other Assets		(414.664)
1.2.5 Net Increase (Decrease) in Bank Deposits		339.127
1.2.6 Net Increase (Decrease) in Other Deposits		802.919
1.2.7 Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss		-
1.2.8 Net Increase (Decrease) in Funds Borrowed		-
1.2.9 Net Increase (Decrease) in Matured Payables		-
1.2.10 Net Increase (Decrease) in Other Liabilities		929.711
I. Net Cash Flow From Banking Operations		(94.567)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities		210.110
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(3.540)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-
2.3 Purchases of Property and Equipment		(31.309)
2.4 Disposals of Property and Equipment		56.964
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(259.115)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		467.110
2.7 Purchase of Financial Assets Measured at Amortised Cost		(20.000)
2.8 Sale of Financial Assets Measured at Amortised Cost		-
2.9 Other		-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Flow From Financing Activities		1.143.464
3.1 Cash Obtained from Funds Borrowed and Securities Issued		9.636.017
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(9.223.273)
3.3 Issued Capital Instruments		-
3.4 Dividends Paid		(45.000)
3.5 Payments for Finance Leases		-
3.6 Other		775.720
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		220.163
V. Net (Decrease) Increase in Cash and Cash Equivalents		1.479.170
VI. Cash and Cash Equivalents at the Beginning of the Period		2.889.723
VII. Cash and Cash Equivalents at the End of the Period		4.368.893

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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2017

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

STATEMENT OF CASH FLOWS		Notes (Section Five-VI)	Reviewed PRIOR PERIOD January 1- June 30, 2017
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes In Operating Assets And Liabilities		676.291
1.1.1	Profit Share Income Received		1.186.167
1.1.2	Profit Share Expense Paid		(619.715)
1.1.3	Dividend Received		-
1.1.4	Fees and Commissions Received		54.117
1.1.5	Other Income		49.508
1.1.6	Collections from Previously Written Off Loans		130.871
1.1.7	Payments to Personnel and Service Suppliers		(218.556)
1.1.8	Taxes Paid		(30.996)
1.1.9	Others		124.895
1.2	Changes In Operating Assets And Liabilities		(1.200.448)
1.2.1	Net (Increase) Decrease in Available For Sale Financial Assets		(912.759)
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		(34.308)
1.2.4	Net (Increase) Decrease in Loans		(720.007)
1.2.5	Net (Increase) Decrease in Other Assets		(143.005)
1.2.6	Net Increase (Decrease) in Funds Collected From Banks		902.781
1.2.7	Net Increase (Decrease) in Other Funds Collected		(155.417)
1.2.8	Net Increase (Decrease) in Funds Borrowed		-
1.2.9	Net Increase (Decrease) in Payables		-
1.2.10	Net Increase (Decrease) in Other Liabilities		(137.733)
I.	Net Cash Flow From Banking Operations		(524.157)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash flow from investing activities		(259.415)
2.1	Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		-
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-
2.3	Fixed Assets Purchases		(29.938)
2.4	Fixed Assets Sales		30.200
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		(658.638)
2.6	Cash Obtained from Sale of Financial Assets Available for Sale		320.697
2.7	Cash Paid for Purchase of Investment Securities		(132.000)
2.8	Cash Obtained from Sale of Investment Securities		210.264
2.9	Other		-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Flow From Financing Activities		273.953
3.1	Cash Obtained from Funds Borrowed and Securities Issued		2.691.638
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(2.374.164)
3.3	Issued Capital Instruments		-
3.4	Dividends Paid		(43.521)
3.5	Payments for Finance Leases		-
3.6	Other		-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		(19.712)
V.	Net (Decrease) Increase in Cash and Cash Equivalents		(529.331)
VI.	Cash and Cash Equivalents at the Beginning of the Period		3.464.483
VII.	Cash and Cash Equivalents at the End of the Period		2.935.152

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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 November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not prepared by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") (all are referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced 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 June 28, 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 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.

In accordance with the transition rules of TFRS 9, the prior period financial statements and notes are not restated. Accounting policies and valuation principles used for the year 2018 and 2017 periods are separately presented in the footnotes. The accounting policies for the year 2017, impacts of transition to TFRS 9 and its adoption are disclosed in Section three notes XXIII.

The Bank has started to apply TFRS 9 Financial Instruments ("TFRS 9") published by Public Oversight Accounting and Auditing Standards Authority ("POA") in the accompanying consolidated financial statements starting from January 1, 2018 for the first time based on the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with procedures and principals regarding classification of loans and allowances allocated for such loans which came into force starting from January 1, 2018.

TFRS 15 - Revenue from Customer Contracts and other enacted TAS/TFRS amendments do not have significant impact on Bank's accounting policies, financial position and performance.

The Bank's adoption process continues regarding TFRS 16 Leases ("TFRS 16") which will be in effect starting from January 1, 2019.

Forms of financial statements for the periods beginning from January 1, 2018 are introduced in Communiqué on amendments in Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks published in official gazette dated September 20, 2017 dated 30186. After January 1, 2018, The Bank has prepared its financial statements in accordance with the formats in the related Communiqué. 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.

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I. Explanations on basis of presentation (continued):

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 loans that are recognized in the foreign currency accounts are switched to non performing loans, they are continued to be recognized in the foreign currency accounts and evaluated with the current exchange rates.

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

There are no foreign currency differences capitalized by the Bank.

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

The derivative financial instruments of the Bank, generally, consist of forward foreign currency, forward security and swap agreements. Derivative transactions portfolio may change as per market conditions in related terms. The Bank records the spot foreign currency transactions in asset purchase and sale commitments.

TFRS 9 permits to defer application of TFRS 9 hedge accounting and continue to apply hedge accounting in accordance with TAS 39 as a policy choice. Accordingly, the Bank continues to apply hedge accounting in accordance with TAS 39 in this context.

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.

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IV. Explanations on profit share income and expenses:

Profit share income

Profit share income is accounted in accordance with the internal rate of return method, which is equal to the net present value of the future cash flows of the financial asset determined in TFRS 9 and reflected to the 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.

The Bank has begun to calculate accrual for non-performing loans as of January 1, 2018. Net book value of non-performing receivables (Gross Book Value - Expected Loss Provision) is accounted at the gross book value of accruals with effective profit share rate.

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 "Other Liabilities" 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:

Financial assets are recognized or derecognized according to TFRS 9 section three :“Recognition and Derecognition”. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than “Financial Assets at Fair Value through Profit or Loss”, transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments.

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Assessment of business model

As per TFRS 9, the Bank’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The bank’s business model does not depend on management’s intentions for an individual instrument. Accordingly, this condition is not a classification approach on the basis of a financial instrument but an evaluation by combining financial assets.

The Bank’s business models are divided into three categories. These categories are defined below:

A business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the cash flow test that includes profit share payments arising only from principal and principal amount at specific dates.

A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value changes of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the cash flows test that includes profit share payments arising only from principal and principal amount at specific dates.

Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Contractual cash flows that contains solely payments of principal and profit share:

As per TFRS 9, the Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets at the fair value through profit or loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and profit share at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

VI. Explanations on financial assets (continued):

Financial assets at fair value through other comprehensive income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and profit share at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with effective profit share rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the value corresponding to the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated Other Comprehensive Income or Expense to be Reclassified through Profit or Loss" under shareholders' equity. The accumulated fair value differences that are reflected in shareholders' equity are reflected in the income statement when the stated securities are collected or disposed.

Equity securities, which are classified as financial assets at fair value through other comprehensive income are accounted for at fair value when they are traded in an organized market and/or the fair value can be reliably measured and these financial assets are not subject to expected losses recognition.

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows within the scope of business model where those cash flows represent solely payments of principal and profit share on certain dates are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective internal rate of return method. Profit share income obtained from financial assets measured at amortized cost is accounted in income statement.

Loans:

Loans are non derivative financial assets that have fixed or determinable payments terms and are not quoted in an active market. Stated loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Profit Share Rate (internal rate of return) Method".

The Bank's all loans are recorded under the "Measured at Amortized Cost" account.

Granted cash loans are accounted by using the relevant accounts in accordance with the principles set out in the "Uniform Chart of Accounts to be Applied by the Participation Banks" and published in the Official Gazette dated September 20, 2017 and numbered 30186.

VII. Explanations on expected credit losses:

The Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income. As of January 1, 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

The provisions written back are credited to "provision expenses", and if such write backs are arising from previous year they are accounted under "other operating income". The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and finance lease receivables) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

VII. Explanations on expected credit losses (continued):

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

Provisions for these financial assets are calculated using two different approaches: 12-month expected loss and expected lifetime loss. These financial assets are divided into three categories depending on the increase in credit risk observed since their initial recognition:

Parameters used when calculating expected credit losses:

Probability of Default (PD):

PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, the Bank uses two different PDs in order to calculate expected credit losses:

- 12-Months PD: As the estimated probability of default occurring within the next 12 months following the reporting date.
- Lifetime PD: As the estimated probability of default occurring over the remaining life of the financial instrument.

Loss Given Default (LGD):

If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

Exposure at Default (EAD):

For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion rate corresponds to the factor which adjust the potential increase of the exposure between the current date and the default date.

12 Month Expected Credit Losses (Stage 1)

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan. The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

Significant Increase in Credit Risk (Stage 2)

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

The Bank classifies financial assets as Level 2 by considering the following criteria:

- Loans that pass 30 days but not exceed 90 days
- The data obtained from the early warning system and the evaluation that the bank will make in this case
- The Bank management's conclusion that there is significant increase in credit risk. At this point, the Bank compares probability of default of the loan in its origination with current status.
- Loans for which the repayment amount is fully collateralized and the collateral falls below the net realizable value.

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VII. Explanations on expected credit losses (continued):

Default (Stage 3/Specific Provision):

If the following conditions exist in accordance with the Bank's internal procedures, the related financial asset is evaluated as default:

-Loans past 90 days from the last installment date (In this case, default status starts on the 91st day.)

-Loans classified as "performing loans" after restructuring and 30 days overdue in one year observation period.

-Loans classified as "performing loans" after restructuring and restructuring at least one more time in one year observation period.

-Partially written off loans and loans of the customers whose collaterals are obtained by the bank in return for their debts or paid in kind.

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 financial assets measured at fair value through other comprehensive income and subordinated loan accounts.

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

Securities subject to repurchase agreement are classified as "Financial Assets Measured at Fair Value through Profit/Loss", "Financial Assets Measured at Fair Value through Other Comprehensive Income" and "Financial Assets Measured at Amortised Cost" 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 subject to 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.

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.

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XI. Explanations on goodwill and other intangible assets:

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "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 costs of the intangible assets purchased before December 31, 2004 have been restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Bank's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years.

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

XII. Explanations on tangible assets:

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

As of March 31, 2009, the Bank has made a change in accounting policy and adopted revaluation model for real estates in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2016, the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve.

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

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

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

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

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.

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XII. Explanations on tangible assets (continued):

Fixed assets which are carried at fair value in the financial statements are revalued by independent Capital Markets Board 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 as a liability at the beginning date of the lease. The basis for the determination of the balances recorded in the balance sheet as asset and liability is the lower of fair value of the leased asset at the inception of the lease and the present value of the lease payments. Finance charges arising from lease contracts are expensed in the related periods taking into consideration the internal rate of return over the period of the lease.

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

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

Transactions as a lessor

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

XIV. Explanations on provisions and contingent liabilities:

Provisions and contingent liabilities, excluding the general and specific provisions for impairment on loans, 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.

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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 for reasons other than misconduct or due to resignation. 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. As of June 30, 2018, there is an actuarial loss amounts to TL 18.657 before deferred tax calculation (December 31, 2017: TL 18.657 actuarial loss).

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.

ii) *Defined contribution plans:*

The Bank pays defined contribution plans to publicly administered Social Security Funds for its employees. The Bank has not any further payment obligations other than this contribution share. The contributions are recognized as personnel expenses when they accrue.

iii) *Short term benefits to employees:*

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

XVI. Explanations on taxation:

Current tax:

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

While the corporate tax rate was at the rate of 20% since January 1, 2006, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

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

The prepaid taxes are calculated based on quarterly profits of the Bank using current rate 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.

A 75% portion of the capital gains derived from the sale of equity investments and a 50% portion of the capital gains derived from the sale of immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to 5 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.

XVI. Explanations on taxation (continued):

Current tax (continued):

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

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

Deferred tax:

The Bank calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with TAS 12 "Turkish Accounting Standard for Income Taxes". Deferred tax asset is calculated on all temporary differences 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.

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. According to a change in Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, Article 91, Corporate Tax has been increased to 22% from 20% in order to be applied to the profits of the institutions for the taxation periods of 2018, 2019 and 2020. The Bank calculates deferred taxes using related ratios considering the realization period of the temporary differences.

Transfer pricing:

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

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

XVII. Additional explanations on borrowings:

The Bank accounts its debt instruments in accordance with TFRS 9 "Financial Instruments". In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

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 Bereket One Limited and Albaraka Sukuk Limited.

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

Additional tier 1 capital borrowings:

Unmatured sukuk transaction in foreign currency is issued and included in the additional capital account by the Bank's structured entity "Bereket One Ltd". Stated transaction evaluated as non-cash items and accounted over historical cost under equities in the "other capital reserves" accordance with TAS 32.

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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 investments in associates, subsidiaries and joint ventures:

Non-financial subsidiaries and associates (in Turkish Lira) are accounted at cost in the unconsolidated financial statements and if any, provisions for impairment losses are deducted in accordance with TAS 27.

XXIII. Explanations on other matters:

Disclosures of TFRS 9 financial instruments:

TFRS 9 "Financial Instruments", which is effective as at January 1, 2018 is published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29953 dated 19 January 2017. TFRS 9 will replace TAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments.

TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and general hedge accounting.

Classification and measurement of financial assets:

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent solely payments of principal and profit share.

Assessment whether contractual cash flows are solely payments of principal and profit share:

In assessing whether the contractual cash flows are payments of principal and profit share, the bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows. The Bank fulfills the on-balance sheet classification and measurement criteria by applying the stated procedures for all financial assets.

Upon initial recognition each financial asset will be classified as either fair value through profit or loss ("Fair Value through Profit/Loss"), amortized cost or fair value through other comprehensive income ("Fair Value through Other Comprehensive Income"). The classification and measurement of financial liabilities remain largely unchanged under TAS 39.

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XXIII. Explanations on other matters (continued):

a) Classification and measurement of financial assets

	Before TFRS 9		In scope of TFRS 9	
	Measurement Bases	Book value December 31, 2017	Measurement Bases	Book value January 1, 2018
Financial assets				
Cash Balances and Central Bank	Measured at amortized cost	5.756.995	Measured at amortized cost	5.756.995
Banks	Measured at amortized cost	1.511.407	Measured at amortized cost	1.515.766
Marketable Securities	Fair value through profit and loss	993.926	Fair value through profit and loss	993.926
	Fair value through other comprehensive income	1.349.233	Fair value through other comprehensive income	1.349.692
	Measured at amortized cost	532.803	Measured at amortized cost	532.803
Derivative Financial Assets	Fair value through profit and loss	225	Fair value through profit and loss	225
	Fair value through other comprehensive income	-	Fair value through other comprehensive income	-
Loans (Net)	Measured at amortized cost	24.456.382	Measured at amortized cost	24.239.569
Other	Measured at amortized cost	24.749	Measured at amortized cost	24.357

b) Reconciliation of statement of financial position balances to TFRS 9

	Book value before TFRS 9 December 31, 2017	Reclassifications	Remeasurements	Book value after TFRS 9 January 1, 2018
Financial assets				
Measured at amortized cost				
Balance before classification (held-to-maturity)	532.803	(532.803)	-	-
Book value after classification	-	-	-	532.803
Fair value through Profit/Loss				
Balance before classification (available-for-sale)	993.926	(993.926)	-	-
Book value after classification	-	-	-	993.926
Fair Value Through Other Comprehensive Income				
Book value before classification (available-for-sale)	1.349.233	(1.349.233)	-	-
Book value after classification	-	-	459	1.349.692

Additional explanations on classifications made in accordance with TFRS 9:

The Bank reclassified under the new categories in accordance with TFRS 9 without any change in the basis of the borrowing instruments.

Financial assets classified as “financial assets at fair value through profit or loss” in the prior period are classified as “financial assets at fair value through profit or loss” starting from January 1, 2018.

The sukuk investments classified as available for sale in the prior period are classified as financial assets measured at fair value through other comprehensive income starting from January 1, 2018. Equity type instruments classified as available for sale in the prior period are reclassified as financial assets measured at fair value through other comprehensive income irrevocably and if the related instruments are disposed, the changes in fair values will not be booked under statement of profit or loss.

Financial assets classified as “held-to-maturity investment” in the prior period are classified as “financial assets at amortized cost” starting from January 1, 2018.

All loans continued to be measured at amortized cost.

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XXIII. Explanations on other matters (continued):

Reconciliation of the opening balances of the provision for expected credit losses to TFRS 9

	Book value before TFRS 9 December 31, 2017	Remeasurements	Book value after TFRS 9 January 1, 2018
Loans			
Stage 1	110.290	(48.796)	61.494
Stage 2	14.242	255.533	269.775
Stage 3	699.437	10.076	709.513
Financial Assets (*)	6.180	(4.426)	1.754
Non-Cash Loans (**)			
Stage 1 and 2	11.708	(7.722)	3.986
Stage 3	29.905	(18.167)	11.738
Total	871.762	186.498	1.058.260

(*) Includes banks, central banks, financial assets measured at fair value through other comprehensive income, financial assets measured at amortised cost and financial assets classified under other assets.

(**) Before TFRS 9, the expected credit loss for stage 1 and 2 non-cash loans is classified "10.1. General Provision" and expected credit loss for stage 3 non-cash loans is classified "10.5. Other Provisions" under liabilities. In accordance with TFRS 9, the expected loss provisions for the 1st, 2nd and 3rd stage non-cash loans are in the "8.4 Other Provisions" column in the liabilities.

Effects on equity with TFRS 9 transition

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period information in accordance with TFRS 9 and if the previous period information is not revised, it is stated that the difference between the book value of January 1, 2018 at the date of application should be reflected in the opening aspect of equity. The explanations about the transition effects to TFRS 9 presented in the equity items under the scope of this article are given below.

As stated in the Communiqué on "Uniform Chart of Accounts and Prospectus" issued on September 20, 2017, for general provisions arising from equity and bank shares (TFRS 9 expected loss provisions for the loans at first and second stages), deferred tax assets calculation has started as of January 1, 2018,. Within this scope, deferred tax assets amounting to TL 64.991 have been reflected to the opening financials of January 1, 2018 and the related amount has been classified under "Prior Years Profit/Loss" in shareholders' equity.

In addition, within the scope of TFRS 9 opening adjustments, for special and general provisions of cash (for equity and bank shares) and non-cash loans the bank reduced its equity by TL 232.140 and increased the related balance sheet accounts by the specified amount. On the other hand, opening balance of general and special provisions of cash loans (participation accounts shares) have been reduced by TL 45.642 and the amount of "provision for participation accounts" has been increased by this amount.

Explanations on prior period accounting policies not valid for the current period

"TFRS 9: Financial Instruments" standard came into effect instead of "TAS 39 Financial Instruments: Recognition and Measurement" as of January 1, 2018. Accounting policies lost their validity with the transition of TFRS 9 are given below:

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 is determined and accounted 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 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.

XXIII. Explanations on other matters (continued):

Explanations on prior period accounting policies not valid for the current period (continued)

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

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

As of December 31, 2017, 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, 2016: None).

Financial assets available for sale:

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

Loans and receivables:

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

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

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

Financial assets held to maturity:

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

XXIV. 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.

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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, 2018 the Bank’s total capital has been calculated as TL 4.491.153 and capital adequacy standard ratio is 15,39%. As of December 31, 2017, Bank’s total capital amounted to TL 4.108.617 and capital adequacy ratio was 17,06%. The Bank’s capital adequacy standard 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	Amounts related to treatment before January 1, 2014⁽¹⁾
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	1.156.747	
Gains recognized in equity as per TAS	311.412	
Profit	196.181	
Current Period Profit	196.181	
Prior Period Profit	-	
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	2.564.340	
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	58.530	
Improvement costs for operating leasing	23.305	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	29.073	29.073
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	110.908	
Total Common Equity Tier 1 Capital	2.453.432	

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

a. Information on capital (continued):

	Current Period	Amounts related to treatment before January 1, 2014 ^(*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	775.720	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	775.720	-
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 (-)	-	-
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	775.720	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.229.152	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.030.560	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	237.509	-
Tier II Capital Before Deductions	1.268.069	-
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	4.069	-
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	4.069	-
Total Tier II Capital	1.264.000	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	4.493.152	-
Deductions from Total Capital	-	-
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	1.999	-

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a. Information on capital (continued):

	Current Period	Amounts related to treatment before January 1, 2014 ^(*)
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 Core Capital and Supplementary Capital)	4.491.153	
Total risk weighted amounts	29.186.418	
Capital Adequacy Ratios	-	
Core Capital Adequacy Ratio (%)	8,41	
Tier 1 Capital Adequacy Ratio (%)	11,06	
Capital Adequacy Ratio (%)	15,39	
BUFFERS	-	
The total additional capital requirement ratio (a + b + c)	1,88	
a) Capital conservation buffer requirement (%)	1,88	
b) Bank specific counter-cyclical buffer requirement (%)	0,00	
c) Systemic significant bank buffer ratio (%)	0,00	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3,91	
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	150.288	
Limits related to provisions considered in Tier II calculation	-	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	237.509	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	237.509	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to & 0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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

a. Information on capital (continued):

	Prior Period	Amounts related to treatment before January 1, 2014 ^(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	
Share issue premiums	-	
Reserves	1.113.454	
Gains recognized in equity as per TAS	272.371	
Profit	242.622	
Current Period Profit	237.093	
Prior Period Profit	5.529	
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	2.528.447	
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	46.941	
Improvement costs for operating leasing	24.242	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	21.171	26.464
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	92.354	
Total Common Equity Tier 1 Capital	2.436.093	

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

a. Information on capital (continued):

	Prior Period	Amounts related to treatment before January 1, 2014 ^(*)
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 (-)	5.293	
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)	2.430.800	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.610.280	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	71.830	
Tier II Capital Before Deductions	1.682.110	
Deductions From Tier II Capital	-	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	3.361	
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	3.361	
Total Tier II Capital	1.678.749	
Total Capital (The sum of Tier I Capital and Tier II Capital)	4.109.549	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	932	

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

a. Information on capital (continued):

	Prior Period	Amounts related to treatment before January 1, 2014 ⁽¹⁾
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 Core Capital and Supplementary Capital)	4.108.617	
Total risk weighted amounts	24.089.261	
Capital Adequacy Ratios	-	
Core Capital Adequacy Ratio (%)	10,11	
Tier 1 Capital Adequacy Ratio (%)	10,09	
Capital Adequacy Ratio (%)	17,06	
BUFFERS		
The total additional capital requirement ratio (a + b + c)	1,25	
c) Capital conservation buffer requirement (%)	1,25	
d) Bank specific counter-cyclical buffer requirement (%)	0,00	
c) Systemic significant bank buffer ratio (%)	0,00	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5,61	
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	70.535	
Limits related to provisions considered in Tier II calculation	-	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	71.830	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	71.830	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to & 0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

⁽¹⁾ 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):**
b. Details on subordinated liabilities:

Issuer	Albaraka Sukuk Ltd.	Bereket One Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS17 72390628
Governing Law(s) of the Instrument	English Law	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	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.030.560	TL 775.720 ^(*)
Par Value of Instrument	TL 1.030.560	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: Nov 30, 2020 Total Repayment Amount of Profit Share: USD 131.250.000, Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share: USD 102.500.000 Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-
Profit Share/Dividends		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	10,50%	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative
Convertible or Non-convertible		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval, it is convertible and the rate may be determined.	As per BRSA approval, it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature		
If write-down, write-down trigger(s)	-	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	-	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	-	Permanent and Temporary
If temporary write-down, description of write-up mechanism	-	In case of the ratio of core capital exceeds 5,125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After participation fund owners, other borrowers and the debt instruments included in the Tier II capital calculation
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No	No

^(*) Represented as historical cost

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

The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from Stage 1 and Stage 2 expected credit losses, debt instruments, and share issue premiums deemed suitable by the BRSA. In the calculation of Total Capital, Stage 1 and Stage 2 expected credit losses 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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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.
- ç. Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of June 30, 2018 - Balance sheet evaluation rate	4,560	5,316
As of June 29, 2018	4,560	5,316
As of June 28, 2018	4,588	5,311
As of June 27, 2018	4,598	5,335
As of June 26, 2018	4,625	5,394
As of June 25, 2018	4,673	5,457

- d. The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is TL 4,607 for 1 USD (December 2017: TL 3,832), TL 5,389 for 1 EUR (December 2017: TL 4,535).

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

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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	1.395.384	3.001.689	1.048.644	5.445.717
Banks	1.316.362	778.011	198.782	2.293.155
Financial assets at fair value through profit and loss ^(**)	-	8.223	-	8.223
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	220	349.915	-	350.135
Loans and financial lease receivables ^(***)	4.867.331	9.222.451	266	14.090.048
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	252	252
Intangible assets	-	-	-	-
Other assets ^(****)	5.285	14.995	2.073	22.353
Total assets	7.584.582	13.375.284	1.250.017	22.209.883
Liabilities				
Current account and funds collected from banks via participation accounts	1.340.242	414.481	4.536	1.759.259
Other current and profit sharing accounts	3.662.407	8.186.426	1.158.904	13.007.737
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	1.864.051	4.901.370	-	6.765.421
Marketable securities issued	-	-	-	-
Miscellaneous payables	11.013	38.071	4.778	53.862
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	55	1.862	1.818	3.735
Total liabilities	6.877.768	13.542.210	1.170.036	21.590.014
Net balance sheet position	706.814	(166.926)	79.981	619.869
Net off balance sheet position	(797.480)	1.041.207	(65.541)	178.186
Derivative financial instruments assets ^(*****)	131.944	1.149.225	8.323	1.289.492
Derivative financial instruments liabilities ^(*****)	929.424	108.018	73.864	1.111.306
Non-cash loans ^(*****)	1.580.508	3.243.794	51.942	4.876.244
Prior Period				
Total assets	5.230.416	12.195.299	1.196.246	18.621.961
Total liabilities	4.975.376	12.526.132	908.063	18.409.571
Net balance sheet position	255.040	(330.833)	288.183	212.390
Net off balance sheet position	(225.109)	361.039	(245.184)	(109.254)
Derivative financial instruments assets	26.065	511.411	5.936	543.412
Derivative financial instruments liabilities	251.174	150.372	251.120	652.666
Non-cash loans ^(*****)	1.323.750	2.648.158	24.251	3.996.159

(*) TL 1.018.701 (December 31, 2017: TL 973.313) 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 133.400 (December 31, 2017: TL 116.046) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 1.086.655 (December 31, 2017: TL 849.627) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(**) Derivative financial instruments are included.

(***) The balance includes foreign currency indexed loans and financial lease receivables of TL 6.014.309 (December 31, 2017: TL 5.921.147).

(****) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 833 (December 31, 2017: TL 652) is included in other assets.

(***** In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 237.585 (December 31, 2017: TL 107.178) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 127.114 (December 31, 2017: TL 125.735).

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

Other issues related to currency risk:

Since the bank has issued unmatured additional Tier 1 capital amount to USD 205.000 (historical cost: TL 775.720) and recognized under the equity as "Other Capital Reserves", this stated amount is not included in the above table.

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

The Bank does not have any associate and subsidiary quoted at Borsa İstanbul. “Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu”, “Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu” and “Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu” which are managed and founded by Albaraka Portföy Yönetimi A.Ş. are traded in Borsa İstanbul under qualified trading market. Albaraka Portföy Yönetimi A.Ş. is the subsidiary of the Bank.

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 in the direction of the Fund Transfer Pricing (“FTP”) committee. 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 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.

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

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

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V. Explanations on liquidity risk (continued):

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 (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			5.964.101	5.224.968
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	16.308.031	7.670.087	1.446.081	767.009
3	Stable Funds Collected	3.694.445	-	184.722	-
4	Less stable Funds Collected	12.613.586	7.670.087	1.261.359	767.009
5	Unsecured Funding other than Retail and Small Business Customers Deposits	9.096.646	6.355.496	5.571.591	3.925.882
6	Operational Funds Collected	638.049	634.763	159.512	158.691
7	Non-Operational Funds Collected	4.135.632	2.682.089	2.427.117	1.731.459
8	Other Unsecured Funding	4.322.965	3.038.644	2.984.962	2.035.732
9	Secured funding			-	-
10	Other Cash Outflows	1.136.517	720.981	1.136.517	720.981
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.136.517	720.981	1.136.517	720.981
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	9.624.172	4.104.580	814.369	412.107
16	TOTAL CASH OUTFLOWS			8.968.558	5.825.979
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	4.620.980	2.481.030	3.731.873	2.284.803
19	Other contractual cash inflows	1.144.702	1.068.610	1.144.702	1.068.610
20	TOTAL CASH INFLOWS	5.765.682	3.549.640	4.876.575	3.353.413
				Üst Sınır Uygulanmış Değerler	
21	TOTAL HQLA			5.964.101	5.224.968
22	TOTAL NET CASH OUTFLOWS			4.091.983	2.472.566
23	Liquidity Coverage Ratio (%)			145,75	211,32

^(*) 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 March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months are as follows:

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	92,84	115,83
Date	April 23,2018	April 23,2018
Highest	203,80	387,28
Date	June 19,2018	June 29,2018
Average	145,75	211,32

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V. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio (continued):

		Rate of "Percentage to be taken into account" not Implemented Total value ^(*)		Rate of "Percentage to be taken into account" Implemented Total value ^(*)	
	Prior period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			5.243.029	4.555.563
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	14.800.394	6.349.221	1.304.781	634.922
3	Stable Funds Collected	3.505.163	-	175.258	-
4	Less stable Funds Collected	11.295.231	6.349.221	1.129.523	634.922
5	Unsecured Funding other than Retail and Small Business Customers Deposits	7.911.834	5.136.242	4.751.807	3.233.620
6	Operational Funds Collected	657.255	650.261	164.314	162.565
7	Non-Operational Funds Collected	3.484.214	1.958.013	1.915.091	1.221.911
8	Other Unsecured Funding	3.770.365	2.527.968	2.672.402	1.849.144
9	Secured funding			-	-
10	Other Cash Outflows	681.339	588.084	681.339	588.084
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	681.339	588.084	681.339	588.084
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	8.878.390	3.510.911	754.795	347.691
16	TOTAL CASH OUTFLOWS			7.492.722	4.804.317
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	3.588.340	1.582.596	2.782.126	1.442.761
19	Other contractual cash inflows	679.681	301.854	679.681	301.854
20	TOTAL CASH INFLOWS	4.268.021	1.884.450	3.461.807	1.744.615
				Üst Sınır Uygulanmış Değerler	
21	TOTAL HQLA			5.243.029	4.555.563
22	TOTAL NET CASH OUTFLOWS			4.030.915	3.059.702
23	Liquidity Coverage Ratio (%)			130,07	148,89

^(*) 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 March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2017 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	115,60	122,03
Date	November 30, 2017	October 31, 2017
Highest	156,98	214,45
Date	October 11, 2017	December 15, 2017
Average	130,07	148,89

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V. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio (continued):

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in 30 days maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, marketable securities that are not subject to repurchase agreements or not given as collateral, banks receivables, funds collected, funds borrowed. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank's high quality liquid assets are composed of 6,99% cash, 86,77% deposits in central banks and 6,24% securities considered as high quality liquid assets.

The Bank's main funding sources are funds collected, funds borrowed, borrowings from money market and subordinated loans. Funding source composition in report date is 68,49% funds collected, 21,22% funds borrowed, borrowings from money market and subordinated loans.

Cash flows of derivatives that will take place within 30 days are taken into account in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

The bank manages all the transactions with its foreign branches and subsidiaries consolidated in the framework of central bank, markets and related legislation of the country in which the institutions are located. Liquidity risk of the bank, its foreign branches and subsidiaries that are to be consolidated are managed within the regulatory limits and in accordance with group strategies. The liquidity positions of consolidated subsidiaries are continuously monitored by the Bank.

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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	2.093.229	3.686.420	-	-	-	-	-	5.779.649
Banks	2.285.065	677.481	95.679	-	-	-	-	3.058.225
Financial Assets at Fair Value Through Profit and Loss ⁽¹⁾	391.465	4.571	-	-	878	547.906	-	944.820
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	11.674	25.448	117.534	403.320	540.256	45.301	-	1.143.533
Loans ^(**)	-	1.222.911	1.733.419	7.324.800	14.759.998	2.224.240	423.267	27.688.635
Financial Assets Measured at Amortised Cost	-	-	105.266	209.147	249.566	-	-	563.979
Other Assets	-	-	-	-	49	-	1.277.520	1.277.569
Total Assets	4.781.433	5.616.831	2.051.898	7.937.267	15.550.747	2.817.447	1.700.787	40.456.410
Liabilities								
Current account and funds collected from banks via participation accounts	756.499	826.590	182.503	-	-	-	-	1.765.592
Other current and profit sharing accounts	6.760.985	15.209.367	2.838.834	1.102.000	34.514	-	-	25.945.700
Funds provided from other financial institutions and subordinated loans	-	1.309.353	669.756	2.988.944	1.758.332	1.030.560	-	7.756.945
Money Market Borrowings	-	826.957	-	-	-	-	-	826.957
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	248.060	59.241	17.805	-	-	417.225	742.331
Other liabilities	775.720	1.233	-	1.001	-	-	2.640.931	3.418.885
Total Liabilities	8.293.204	18.421.560	3.750.334	4.109.750	1.792.846	1.030.560	3.058.156	40.456.410
Net Liquidity Gap	(3.511.771)	(12.804.729)	(1.698.436)	3.827.517	13.757.901	1.786.887	(1.357.369)	-
Net Off-balance sheet								
Position	-	(1.971)	3.796	155	-	-	-	1.980
Financial Derivative Assets	-	974.577	80.120	4.938	-	-	-	1.059.635
Financial Derivative Liabilities	-	976.548	76.324	4.783	-	-	-	1.057.655
Non-cash Loans	5.441.609	84.617	519.846	2.162.401	1.070.521	39.774	-	9.318.768
Prior period								
Total Assets	3.282.866	5.951.460	1.973.733	5.709.235	14.867.195	2.911.547	1.533.041	36.229.077
Total Liabilities	7.153.232	17.392.314	2.412.272	2.750.708	1.696.444	1.610.280	3.213.827	36.229.077
Net Liquidity Gap	(3.870.366)	(11.440.854)	(438.539)	2.958.527	13.170.751	1.301.267	(1.680.786)	-
Net Off-balance sheet								
Position	-	(1.387)	(5.992)	-	-	-	-	(7.379)
Financial Derivative Assets	-	346.103	189.180	894	-	-	-	536.177
Financial Derivative Liabilities	-	347.490	195.172	894	-	-	-	543.556
Non-cash Loans	4.773.783	110.085	464.673	1.523.918	1.222.066	38.099	-	8.132.624

⁽¹⁾ Derivative financial instruments are included.

^(**) Leasing receivables are included under loans. Unallocated amount represents the net non-performing loans, stage one and stage two expected credit losses and advances granted for leasing receivables.

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

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

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VI. Explanations on leverage ratio:

As of June 30, 2018, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 6,18% (December 31, 2017: 5,00%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks". The reason for the difference in leverage ratio between current and previous period is the average increase ratio of core capital is more than the average increase ratio of total risk amount.

		Current Period ^(*)	Prior Period ^(*)
Balance sheet assets			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	39.941.899	36.009.484
2	(Assets deducted from Core capital)	(48.973)	(49.583)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	39.892.926	35.959.901
Derivative financial assets and credit derivatives			
4	Cost of replenishment for derivative financial assets and credit derivatives	6.377	18.858
5	Potential credit risk amount of derivative financial assets and credit derivatives	10.829	19.061
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	17.206	37.919
Financing transactions secured by marketable security or commodity			
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	410.646	1.469.254
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)	410.646	1.469.254
Off-balance sheet transactions			
10	Gross notional amount of off-balance sheet transactions	11.086.764	9.818.003
11	(Correction amount due to multiplication with credit conversion rates)	-	-
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	11.086.764	9.818.003
Capital and total risk			
13	Core Capital	3.175.942	2.361.558
14	Total risk amount (sum of lines 3, 6, 9 and 12)	51.407.542	47.285.077
Leverage ratio			
15	Leverage ratio (%)	6,18	5,00

^(*) 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)	23.772.895	19.809.092	1.901.832
2	Standardised approach (SA)	23.772.895	19.809.092	1.901.832
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	13.281	2.271	1.062
5	Standardised approach for counterparty credit risk (SA-CCR)	13.281	2.271	1.062
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	3.098.099	2.279.589	247.848
17	Standardised approach (SA)	3.098.099	2.279.589	247.848
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	2.302.143	1.998.309	184.171
20	Basic Indicator Approach	2.302.143	1.998.309	184.171
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)	29.186.418	24.089.261	2.334.913

b. 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):

c. Credit risk:

c.1. General information on credit risk:

c.1.1. General qualitative information on credit risk:

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

c.1.2. Credit quality of assets:

Current Period	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	1.608.287	27.339.326	1.258.978	27.688.635
2 Debt securities	-	1.737.884	37.099	1.700.785
3 Off-balance sheet exposures	40.624	11.386.028	2.194	11.424.458
4 Total	1.648.911	40.463.238	1.298.271	40.813.878

Prior Period	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	1.212.610	24.764.879	784.026	25.193.463
2 Debt securities	-	1.886.655	9.306	1.877.349
3 Off-balance sheet exposures	49.285	10.315.691	19.478	10.345.498
4 Total	1.261.895	36.967.225	812.810	37.416.310

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

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	1.261.895	1.195.969
2 Loans and debt securities that have defaulted since the last reporting period	495.743	686.675
3 Receivables back to non-defaulted status	-	2.165
4 Amounts written off	-	314.339
5 Other changes	108.727	304.245
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	1.648.911	1.261.895

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

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

c.2. Credit risk mitigation

c.2.1 Qualitative disclosure on credit risk mitigation techniques:

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

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IX. Explanations on risk management (continued):

c.2.2 Credit risk mitigation techniques :

Current Period		Exposures unsecured: carrying amount as pes TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	19.247.728	8.440.907	3.899.842	1.149.101	234.607	-	-
2	Dept securities	1.700.785	-	-	-	-	-	-
3	Total	20.948.513	8.440.907	3.899.842	1.149.101	234.607	-	-
4	Of which defaulted	568.408	111.124	47.871	1.414	538	-	-

Prior Period		Exposures unsecured: carrying amount as pes TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	16.412.347	8.781.116	4.211.764	978.202	242.969	-	-
2	Dept securities	1.877.349	-	-	-	-	-	-
3	Total	18.289.696	8.781.116	4.211.764	978.202	242.969	-	-
4	Of which defaulted	408.285	104.888	64.068	2.176	687	-	-

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IX. Explanations on risk management (continued):

c.3. Credit risk under standardised approach:

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

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

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

Current Period	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 Receivables from central governments or central banks	5.152.053	1.794	5.152.053	594	140.478	2,73%
2 Receivables from regional or local governments	23	-	23	-	12	52,17%
3 Receivables from administrative units and non-commercial enterprises	144.029	31.466	144.029	14.646	155.522	98,01%
4 Receivables from multilateral development banks	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	3.462.232	338.439	3.462.232	287.490	1.826.885	48,72%
7 Receivables from corporates	11.467.424	6.265.098	11.467.424	3.914.312	14.820.521	96,35%
8 Retail receivables	4.541.996	3.491.827	4.541.996	1.301.362	3.733.478	63,89%
9 Receivables secured by mortgages on property	601.803	77.038	601.803	34.698	223.335	35,09%
10 Receivables secured by mortgages on commercial property	2.093.702	539.646	2.093.702	328.057	1.231.697	50,86%
11 Past due receivables	408.106	-	408.106	-	412.166	100,99%
12 Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13 Securities collateralized by mortgages	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-
16 Other receivables	2.414.721	5.165	2.414.721	1.033	1.228.801	50,87%
17 Equity share investments	-	-	-	-	-	-
18 Total	30.286.089	10.750.473	30.286.089	5.882.192	23.772.895	65,73%

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IX. Explanations on risk management (continued):

c.3.2. Credit risk exposure and credit risk mitigation techniques (continued):

Prior Period	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 Receivables from central governments or central banks	5.217.509	1.717	5.217.509	523	171.177	3,28%
2 Receivables from regional or local governments	32	-	32	-	16	50,00%
3 Receivables from administrative units and non-commercial enterprises	182.037	36.888	182.037	17.411	197.226	98,89%
4 Receivables from multilateral development banks	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	1.521.372	266.601	1.521.372	250.345	761.503	42,98%
7 Receivables from corporates	9.712.410	5.489.944	9.712.410	3.258.579	12.353.192	95,24%
8 Retail receivables	4.256.559	3.559.863	4.256.559	1.268.094	3.458.735	62,61%
9 Receivables secured by mortgages on property	845.512	52.355	845.512	22.561	302.913	34,89%
10 Receivables secured by mortgages on commercial property	2.073.506	552.999	2.073.506	342.328	1.236.170	51,17%
11 Past due receivables	305.597	-	305.597	-	390.073	127,64%
12 Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13 Securities collateralized by mortgages	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-
16 Other receivables	2.075.681	4.069	2.075.681	814	938.087	45,18%
17 Equity share investments	-	-	-	-	-	-
18 Total	26.190.215	9.964.436	26.190.215	5.160.655	19.809.092	63,19%

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IX. Explanations on risk management (continued):

c.3.3 Exposures by asset classes and risk weights:

Current Period		35% secured by										Total risk amount (post-CCF and CRM)
Risk Classes/Risk Weighted	0%	10%	20%	Property mortgage	50%	75%	100%	150%	200%	Others		
1	Receivables from central governments or central banks	4.871.865	-	33	-	280.558	-	191	-	-	-	5.152.647
2	Receivables from regional or local governments	-	-	-	-	23	-	-	-	-	-	23
3	Receivables from administrative units and non-commercial enterprises	3.144	-	11	-	-	-	155.520	-	-	-	158.675
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	19.577	-	1.146.590	-	1.971.976	-	611.579	-	-	-	3.749.722
7	Receivables from corporates	368.140	-	58.763	-	292.132	-	14.662.701	-	-	-	15.381.736
8	Retail receivables	794.520	-	54.820	-	91.994	4.902.024	-	-	-	-	5.843.358
9	Receivables secured by mortgages on property	6.924	-	996	623.094	867	-	4.620	-	-	-	636.501
10	Receivables secured by mortgages on commercial property	-	-	-	-	2.380.125	-	41.634	-	-	-	2.421.759
11	Past due receivables	748	-	2	-	142.186	-	113.363	151.807	-	-	408.106
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Other receivables	654.650	-	665.376	-	-	-	1.095.728	-	-	-	2.415.754
17	Equity share investments	-	-	-	-	-	-	-	-	-	-	-
18	Total	6.719.568	-	1.926.591	623.094	5.159.861	4.902.024	16.685.336	151.807	-	-	36.168.281

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IX. Explanations on risk management (continued):

c.3.3 Exposures by asset classes and risk weights (continued):

Prior Period		35% secured by										Total risk amount (post-CCF and CRM)
	Risk Classes/Risk Weighted	0%	10%	20%	Property mortgage	50%	75%	100%	150%	200%	Others	
1	Receivables from central governments or central banks	4.875.912	-	-	-	341.885	-	235	-	-	-	5.218.032
2	Receivables from regional or local governments	-	-	-	-	32	-	-	-	-	-	32
3	Receivables from administrative units and non-commercial enterprises	2.215	-	9	-	-	-	197.224	-	-	-	199.448
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	9.093	-	1.078.597	-	276.487	-	407.540	-	-	-	1.771.717
7	Receivables from corporates	558.851	-	50.204	-	37.565	-	12.324.369	-	-	-	12.970.989
8	Retail receivables	875.843	-	43.870	-	14.974	4.589.966	-	-	-	-	5.524.653
9	Receivables secured by mortgages on property	13.737	-	899	845.958	1.663	-	5.816	-	-	-	868.073
10	Receivables secured by mortgages on commercial property	-	-	-	-	2.359.328	-	56.506	-	-	-	2.415.834
11	Past due receivables	472	-	276	-	55.607	-	23.298	225.944	-	-	305.597
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Other receivables	447.896	-	863.140	-	-	-	765.459	-	-	-	2.076.495
17	Equity share investments	-	-	-	-	-	-	-	-	-	-	-
18	Total	6.784.019	-		845.958	3.087.541	4.589.966	13.780.447		-	-	31.350.870

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IX. Explanations on risk management (continued):

ç. Counterparty credit risk:

ç.1. Qualitative disclosure on counterparty credit risk:

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

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

Current Period		Replacement cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	4.572	13.965		-	18.537	9.830
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					742.347	-
6	Total						9.830

^(*) Effective Expected Positive Exposure

Prior Period		Replacement cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	225	5.362		-	5.587	2.215
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					384.000	-
6	Total						2.215

^(*) Effective Expected Positive Exposure

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IX. Explanations on risk management (continued):

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

	Current Period		Prior Period	
	EAD post-CRM	RWA	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	18.537	3.451	5.587	56
4 Total subject to the CVA capital obligation	18.537	3.451	5.587	56

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

Current Period									
Risk Classes	Risk Weighted								Total credit exposure ^(*)
	0%	10%	20%	50%	75%	100%	150%	Other	
Receivables from central governments or central banks	742.347	-	-	-	-	-	-	-	742.347
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	-	17.416	-	957	-	-	18.373
Receivables from corporates	-	-	-	-	-	164	-	-	164
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	742.347	-	-	17.416	-	1.121	-	-	760.884

^(*) 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):

ç.4. CCR exposures by risk class and risk weights (continued):

Prior Period									
Risk Classes	Risk Weighted								Total credit exposure^(*)
	0%	10%	20%	50%	75%	100%	150%	Other	
Receivables from central governments or central banks	384.000	-	-	-	-	-	-	-	384.000
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	2.093	3.396	-	-	-	-	5.489
Receivables from corporates	-	-	-	-	-	98	-	-	98
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	384.000	-	2.093	3.396	-	98	-	-	389.587

^(*) 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):

ç.5. Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	742.347
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	742.347

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	384.000
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	384.000

ç.6. Information on the risks of the Bank arising from purchased or sold credit derivatives

The Bank does not have any risks arising from purchased or sold credit derivatives (December 31, 2017: None).

ç.7. Information on risks of the Bank arising from central counterparty

The Bank does not have any risks arising from central counterparty (December 31, 2017: None).

d. Information to be announced to public on Securitization:

There is not any information to be announced to public on securitization (December 31, 2017: None).

e. Market risk

e.1. Qualitative disclosure on market risk:

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

e.2 Market risk under standardised approach:

		Current Period	Prior Period
		RWA	RWA
Outright products⁽¹⁾			
1	Profit rate risk (general and specific)	2.638	1.196
2	Equity risk (general and specific)	1.870.602	1.978.822
3	Foreign exchange risk	1.215.062	299.110
4	Commodity risk	9.797	461
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	3.098.099	2.279.589

⁽¹⁾ Outright products refer to positions in products that are not optional.

f. 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
Operating Income (Net)	(265.604)	753.578	268.545	304.405	1.060.924
Operating Expenses	(111.571)	(408.926)	(41.913)	(254.755)	(817.165)
Operating Income/Expenses	(377.175)	344.652	226.632	49.650	243.759
Profit/(Loss) Before Tax	(377.175)	344.652	226.632	49.650	243.759
Tax Expense	-	-	-	(47.578)	(47.578)
Current Year Profit/(Loss)	(377.175)	344.652	226.632	2.072	196.181
Total Assets	3.084.840	25.409.822	10.369.557	1.592.191	40.456.410
Total Liabilities	18.465.414	10.232.844	7.793.911	3.964.241	40.456.410

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(168.556)	753.142	136.546	74.022	795.154
Operating Expenses	(141.435)	(306.961)	(16.663)	(167.948)	(633.007)
Operating Income/Expenses	(309.991)	446.181	119.883	(93.926)	162.147
Profit/(Loss) Before Tax	(309.991)	446.181	119.883	(93.926)	162.147
Tax Expense	-	-	-	(30.850)	(30.850)
Current Year Profit/(Loss)	(309.991)	446.181	119.883	(124.776)	131.297
Total Assets	3.274.207	22.458.692	8.917.201	1.578.977	36.229.077
Total Liabilities	16.715.105	9.551.341	7.315.945	2.646.686	36.229.077

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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	
	TL	FC
Cash/Foreign currency	118.392	337.767
CBRT	149.470	4.418.494
Other ^(*)	66.070	689.456
Total	333.932	5.445.717

^(*) Includes precious metals amounting to TL 90.150 and cash in transit amounting to TL 665.375 as of June 30, 2018.

	Prior Period	
	TL	FC
Cash/Foreign currency	138.354	227.082
CBRT	193.426	4.307.563
Other ^(*)	90.325	800.245
Total	422.105	5.334.890

^(*) Includes precious metals amounting to TL 27.429 and cash in transit amounting to TL 863.141 as of December 31, 2017.

b. Information related to CBRT:

	Current Period	
	TL	FC
Unrestricted demand deposit	146.487	735.057
Unrestricted time deposit	-	-
Restricted time deposit ^(*)	2.983	3.683.437
Total	149.470	4.418.494

^(*) As of June 30, 2018, the reserve requirement held in standard gold is TL 928.551.

	Prior Period	
	TL	FC
Unrestricted demand deposit	192.354	580.192
Unrestricted time deposit	-	-
Restricted time deposit ^(*)	1.072	3.727.371
Total	193.426	4.307.563

^(*) As of December 31, 2017, the reserve requirement held in standard gold is TL 945.884.

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, 2018, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 4% to 10,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 4% to 24% depending on maturity of deposits.

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

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

c1. Information on banks:

	Current Period	
	TL	FC
Banks		
Domestic ^(*)	765.070	1.717.951
Abroad	-	575.204
Foreign head offices and branches	-	-
Total	765.070	2.293.155

^(*) Includes blockaged amount TL 692.289 booked under TL accounts arising from POS transactions.

	Prior Period	
	TL	FC
Banks		
Domestic ^(*)	706.186	259.348
Abroad	-	545.873
Foreign head offices and branches	-	-
Total	706.186	805.221

^(*) Includes blockaged amount TL 622.752 booked under TL accounts arising from POS transactions.

c2. 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".

2. Financial assets measured at fair value through profit or loss:

	Current Period	
	TL	FC
Real estate investment fund participation certificates (net) ^(*)	935.302	-
Other	1.250	4.118
Total	936.552	4.118

^(*) Includes participation certificates of "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu".

	Prior Period	
	TL	FC
Real estate investment fund participation certificates (net) ^(*)	989.411	-
Other	1.377	3.363
Total	990.788	3.363

^(*) Includes participation certificates of "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu".

a. Information on financial assets measured at fair value through profit/loss subject to repurchase agreements and given as collateral/blocked:

As of June 30, 2018, the nominal amount subject to repurchase agreements in the financial assets at fair value through profit/loss is TL 106.084 (December 31, 2017: None).

There is not any blocked amount given as a gurantee (December 31, 2017: None).

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

3. Information on financial assets measured at fair value through other comprehensive income:

a. Information on financial assets measured at fair value through other comprehensive income subject to repurchase transactions, given as a guarantee or blocked:

The Bank has collateralized sukuk investments with a nominal amount of TL 341.144 to CBRT with respect to money market transactions and subjected to repurchase agreements.

As of June 30, 2018, financial assets at fair value through other comprehensive income investments' nominal amount given as a guarantee or blocked is TL 462.840.

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

The Bank does not have any sukuk investments with respect to money market transactions and subject to repurchase agreements.

As of December 31, 2017, available for sale investments' nominal amount given as a guarantee or blocked is TL 1.252.731.

c. Information on financial assets measured at fair value through other comprehensive income:

c1. Information on financial assets measured at fair value through other comprehensive income:

	Current Period
Debt securities	1.168.409
Quoted on a stock exchange	1.168.409
Unquoted	-
Share certificates	11.674
Quoted on a stock exchange	-
Unquoted	11.674
Impairment provision (-)	36.550
Total	1.143.533

c2. Information on financial assets available for sale:

	Prior Period
Debt securities	1.348.779
Quoted on a stock exchange	1.348.779
Unquoted	-
Share certificates	8.728
Quoted on a stock exchange	-
Unquoted	8.728
Impairment provision (-)	8.274
Total	1.349.233

4. Information on financial assets measured at amortised cost:

a.1) Information on subject to repurchase transactions, given as a guarantee or blocked:

As of June 30, 2018, nominal value of financial assets measured at amortised cost investments subject to repurchase transactions is TL 350.330. The Bank does not have any financial assets measured at amortised cost investments given as a guarantee/blocked.

a.2) Information on held-to-maturity investments

As of December 31, 2017, nominal value of held to maturity investments given as a guarantee/blocked is TL 503.500. The Bank does not have any held to maturity investments subject to repurchase transactions.

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

b.1) Information on related to government securities measured at amortised cost:

	Current Period
Government Bonds	-
Treasury Bills	-
Other Government Securities ^(*)	563.979
Total	563.979

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

b.2) Information on related to government securities held to maturity:

	Prior Period
Government Bonds	-
Treasury Bills	-
Other Government Securities ^(*)	532.803
Total	532.803

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

c.1) Information related to financial assets measured at amortised cost:

	Current Period
Debt Securities	563.979
Quoted on a stock exchange	563.979
Unquoted	-
Impairment provision (-)	-
Total	563.979

c.2) Information on held-to-maturity investments:

	Prior Period
Debt Securities	532.803
Quoted on a stock exchange	532.803
Unquoted	-
Impairment provision (-)	-
Total	532.803

ç.1) Movements of the financial investments measured at amortised cost:

	Current Period
Balance at beginning of period	532.803
Foreign currency differences on monetary assets	-
Purchases during period	20.000
Disposals through sales and redemptions	-
Impairment provision (-)	-
Reclassifications	-
Income accruals	11.176
Closing balance	563.979

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

ç.2) Movement of held-to-maturity investments:

	Prior Period
Balance at beginning of period	668.582
Foreign currency differences on monetary assets	-
Purchases during period	244.500
Disposals through sales and redemptions	(419.226)
Impairment provision (-)	-
Income accruals	38.947
Closing balance	532.803

5. Information on derivative financial assets

a.1) Table of positive differences related to derivative financial assets:

	Current Period	
	TL	FC
Forward Transactions	45	-
Swap Transactions	-	4.105
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	45	4.105

a.2) Table of positive differences related to derivative financial assets held for trading:

	Prior Period	
	TL	FC
Forward Transactions	95	-
Swap Transactions	130	-
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	225	-

6. Information on loans:

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

	Current Period	
	Cash	Non-cash
Direct loans granted to shareholders	200.203	7.157
Corporate shareholders	199.941	6.807
Real person shareholders	262	350
Indirect loans granted to shareholders	150.840	27.192
Loans granted to employees	13.241	2
Total	364.284	34.351

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

6. Information on loans (continued):

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

	Prior Period	
	Cash	Non-cash
Direct loans granted to shareholders	133.994	7.593
Corporate shareholders	133.664	7.243
Real person shareholders	330	350
Indirect loans granted to shareholders	118.658	22.039
Loans granted to employees	12.548	2
Total	265.200	29.634

b. Information on standard loans and loans under close monitoring including restructured or rescheduled Loans:

Current Period		Loans Under Close Monitoring		
		Not Under the Scope of	Restructured	
Cash Loans	Standard Loans	Restructuring or Rescheduling	Amendments to the Terms of Contracts	Refinancing
Loans	22.803.263	3.393.787	83.221	255.723
Export loans	1.094.681	32.331	-	-
Import loans	2.099.070	121.911	9	-
Business loans	11.354.462	2.429.813	78.902	255.723
Consumer loans	2.608.251	298.548	2.549	-
Credit cards	265.916	22.220	-	-
Loans given to financial sector	217.538	-	-	-
Other ^(*)	5.163.345	488.964	1.761	-
Other receivables	-	-	-	-
Total	22.803.263	3.393.787	83.221	255.723

^(*) Details of other loans are provided below:

Commercial loans with installments	1.852.138
Other investment credits	492.117
Loans given to abroad	1.039.822
Profit and loss sharing investments ^(**)	1.809.884
Loans for purchase of marketable securities for customer	421.768
Other	38.341
Total	5.654.070

^(**) As of June 30, 2018, the related balance represents profit and loss sharing investment projects (10 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank.

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- I. Explanations and notes related to assets (continued):
6. Information on loans (continued):
- b. Information on the first and second group loans, other receivables and restructured or rescheduled loans and other receivables (continued):

Prior Period	Standard Loans and Other Receivables			Loans and other receivables under close monitoring		
	Loans and Other Receivables (Total)	Restructured		Loans and Other Receivables (Total)	Restructured	
Cash loans		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Loans	23.029.443	469.344	33.672	913.766	252.361	16.649
Export loans	946.953	22.861	-	10.655	-	-
Import loans	1.749.578	24.857	25	3.623	598	-
Business loans	12.084.833	371.776	17.916	664.272	132.896	12.223
Consumer loans	3.114.308	11.613	9.917	66.049	8.348	3.557
Credit cards	253.695	-	-	2.383	-	-
Loans given to financial sector	145.426	-	-	-	-	-
Other ^(*)	4.734.650	38.237	5.814	166.784	110.519	869
Other receivables	-	-	-	-	-	-
Total	23.029.443	469.344	33.672	913.766	252.361	16.649

^(*) Details of other loans are provided below:

Commercial loans with installments	1.941.518
Other investment credits	763.078
Loans given to abroad	761.586
Profit and loss sharing investments ^(**)	1.052.340
Loans for purchase of marketable securities for customer	375.627
Other	7.285
Total	4.901.434

^(**) As of December 31, 2017, the related balance represents profit and loss sharing investment projects (10 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. In the prior period the Bank recognized TL 233.165 income in the accompanying financial statements in relation to such loans and presented in the profit share on loans in the income statement.

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

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

Current Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses (Stage I)	57.911	-
Significant Increase in Credit Risk (Stage II)	-	211.371

Current Period	Number of Contract Revisions for Extension of Payment Plan	
	Standard loans	Loans under close monitoring
1 or 2 times	143.101	40.145
3, 4 or 5 times	-	-
Over 5 times	-	-

Prior Period	Extension of Repayment Plan	
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	469.344	252.361
3, 4 or 5 times	-	-
Over 5 times	-	-

Current Period		
Extension Periods	Standard loans	Loans under close monitoring
6 months	142.477	32.202
6 - 12 months	-	1.456
1 - 2 years	-	-
2 - 5 years	624	3.540
5 years and over	-	2.947

Prior Period		
Extension Periods	Standard loans and other receivables	Loans and other receivables under close monitoring
6 months	167.629	103.996
6 - 12 months	16.647	21.767
1 - 2 years	98.887	32.692
2 - 5 years	120.176	62.911
5 years and over	66.005	30.995

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:

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TL	24.182	2.875.975	2.900.157
Housing loans	5.574	2.655.194	2.660.768
Vehicle loans	3.926	108.474	112.400
Consumer loans	14.682	112.307	126.989
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	234	537	771
Housing loans	234	537	771
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	81.005	-	81.005
With installment	27.162	-	27.162
Without installment	53.843	-	53.843
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	6.927	1.493	8.420
Housing loans	23	192	215
Vehicle loans	19	1.117	1.136
Consumer loans	6.885	184	7.069
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	4.821	-	4.821
With installment	2.360	-	2.360
Without installment	2.461	-	2.461
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	117.169	2.878.005	2.995.174

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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 (continued):

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TL	48.674	3.123.746	3.172.420
Housing loans	5.682	2.886.619	2.892.301
Vehicle loans	4.211	112.738	116.949
Consumer loans	38.781	124.389	163.170
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	476	101	577
Housing loans	476	101	577
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	75.643	-	75.643
With installment	26.885	-	26.885
Without installment	48.758	-	48.758
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	5.422	1.938	7.360
Housing loans	-	210	210
Vehicle loans	35	1.444	1.479
Consumer loans	5.387	284	5.671
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	5.188	-	5.188
With installment	2.285	-	2.285
Without installment	2.903	-	2.903
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	135.403	3.125.785	3.261.188

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

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	92.177	1.037.582	1.129.759
Business loans	4.268	292.718	296.986
Vehicle loans	27.114	272.512	299.626
Consumer loans	60.795	472.352	533.147
Other	-	-	-
Commercial installment loans-FC indexed	725	461.373	462.098
Business loans	-	229.899	229.899
Vehicle loans	432	80.461	80.893
Consumer loans	293	151.013	151.306
Other	-	-	-
Commercial installment Loans-FC	435	259.846	260.281
Business loans	-	128.605	128.605
Vehicle loans	435	1.326	1.761
Consumer loans	-	129.915	129.915
Other	-	-	-
Corporate credit cards-TL	202.310	-	202.310
With installment	52.359	-	52.359
Without installment	149.951	-	149.951
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	295.647	1.758.801	2.054.448

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	50.341	1.164.053	1.214.394
Business loans	3.694	337.217	340.911
Vehicle loans	16.908	281.050	297.958
Consumer loans	29.739	545.786	575.525
Other	-	-	-
Commercial installment loans-FC indexed	6.122	500.595	506.717
Business loans	2.869	245.232	248.101
Vehicle loans	1.523	89.010	90.533
Consumer loans	1.730	166.353	168.083
Other	-	-	-
Commercial installment Loans-FC	-	220.407	220.407
Business loans	-	122.679	122.679
Vehicle loans	-	-	-
Consumer loans	-	97.728	97.728
Other	-	-	-
Corporate credit cards-TL	175.247	-	175.247
With installment	44.961	-	44.961
Without installment	130.286	-	130.286
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	231.710	1.885.055	2.116.765

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

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
Domestic loans	25.496.172
Foreign loans	1.039.822
Total	26.535.994
	Prior Period
Domestic loans	23.181.623
Foreign loans	761.586
Total	23.943.209

g. Loans granted to subsidiaries and associates:

	Current Period	
	TL	FC
Loans granted to subsidiaries and associates	3	-
Total	3	-
	Prior Period	
	TL	FC
Loans granted to subsidiaries and associates	-	-
Total	-	-

ğ.1) Specific provisions for loans or provisions for default loans (third group):

	Current Period
Loans with limited collectability	64.314
Loans with doubtful collectability	186.193
Uncollectible loans	678.248
Total	928.755

Specific provisions in the amount of TL 928.755 comprise TL 481.897 of participation account share of loans and receivables provided from participation accounts.

ğ.2) Specific provisions for loans:

	Prior Period
Loans and receivables with limited collectability	7.198
Loans and receivables with doubtful collectability	94.536
Uncollectible loans and receivables	582.484
Total	684.218

In addition to specific provision for loans amounting TL 684.218, provision amounting to TL 15.219 have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 699.437. Specific provision for loans amounting to TL 356.615 represents participation account share of specific provisions of loans provided from participation accounts.

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

h. Information on non-performing loans (net):

h.1.i) Information on non-performing and restructured loans:

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current period			
Gross amount before specific provisions	249	3.048	7.307
Restructured loans	249	3.048	7.307

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period			
(Gross amount before specific provisions)	191	11.137	47.302
Restructured loans and other receivables	191	11.137	47.302
Rescheduled loans and other receivables	-	-	-

h.2. Movements of total non-performing loans:

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period			
Closing balance of prior period	68.903	268.963	874.744
Additions in the current period (+)	418.725	18.607	58.411
Transfers from other categories of non-performing loans (+)	-	281.208	234.161
Transfers to other categories of non-performing loans (-)	281.208	234.161	-
Transfers to standard loans (-)	33.979	18.975	47.112
Collections in the current period (-)	-	-	-
Write offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	172.441	315.642	1.120.204
Provisions (-)	64.314	186.193	678.248
Net balance at the balance sheet	108.127	129.449	441.956

Non-performing loans and receivables in the amount of TL 1.608.287 comprise TL 826.660 of participation account share of loans and receivables provided from participation accounts.

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

h.2. Movements of total non-performing loans (continued):

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior Period			
Closing balance of prior period	236.903	355.038	495.693
Additions in the current period (+)	547.618	69.963	69.094
Transfers from other categories of non-performing loans (+)	-	668.162	725.265
Transfers to other categories of non-performing loans (-)	668.162	725.265	-
Transfers to standard loans (-)	82	2.083	-
Collections in the current period (-)	46.971	95.054	118.389
Write offs (-)	1.040	5.018	308.281
Corporate and commercial loans	-	-	4.949
Retail loans	-	-	3
Credit cards	-	-	-
Other (*)	1.040	5.018	303.329
Closing balance of the current period	68.266	265.743	863.382
Specific provisions (-)	7.198	94.536	582.484
Net balance at the balance sheet	61.068	171.207	280.898

(*) The Bank has assigned TL 309.387 from its non performing loan portfolio to asset management companies.

Non-performing loans and receivables in the amount of TL 1.197.391 comprise TL 646.203 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 15.219. For these fees, commissions and other receivables , the same amount has been allocated as specific provision.

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

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectability	Uncollectible loans
Current period:			
Period end balance	42.791	32.720	73.184
Provision (-)	23.094	25.678	30.978
Net balance	19.697	7.042	42.206
	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Prior period:			
Period end balance	10.392	23.678	52.562
Specific provision (-)	1.005	11.038	24.859
Net balance	9.387	12.640	27.703

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

h.4. Gross and net amounts of non-performing loans according to user groups:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current period (net)	108.127	129.449	441.956
Loans to individuals and corporates (gross)	172.441	315.642	1.120.204
Provision (-)	64.314	186.193	678.248
Loans to individuals and corporates (net)	108.127	129.449	441.956
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)^(*)	61.068	171.207	280.898
Loans to individuals and corporates (gross)	68.266	265.743	863.382
Specific provision (-)	7.198	94.536	582.484
Loans to individuals and corporates (net)	61.068	171.207	280.898
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

^(*) In addition to non-performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectability and their full specific provision both amounting to TL 15.219.

h.5. Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	15.464	19.774	40.552
Profit Share Accruals and Valuation Differences	20.681	49.936	125.572
Provision (-)	5.217	30.162	85.020

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

i. Liquidation policy for uncollectible loans and receivables:

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”.

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”.

7. Information on lease receivables (net):

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

	Current Period	
	Gross	Net
Less than a year	382.278	370.733
1 to 4 years	322.936	291.896
More than 4 years	98.105	79.762
Total	803.319	742.391
	Prior Period	
	Gross	Net
Less than a year	302.955	255.990
1 to 4 years	491.302	469.172
More than 4 years	13.283	11.919
Total	807.540	737.081

b. Information on net investments through finance lease:

Current Period	
Financial lease receivables (Gross)	803.319
Unearned financial lease receivable (-)	60.928
Net receivable from financial leases	742.391
Prior Period	
Financial lease receivables (Gross)	807.540
Unearned financial lease receivable (-)	70.459
Net receivable from financial leases	737.081

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

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:

Current Period	Standard Loans	Loans Under Close Monitoring				
		Not Under the Scope of Restructuring or Rescheduling		Restructured		
				Loans with Revised Contract Terms		Refinancing
Financial lease receivables (Net)	387.202	44.560		310.629	-	

Prior Period	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Restructured		Loans and Other Receivables (Total)	Restructured	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Financial lease receivables (Net)	674.383	119.219	17	62.698	5.212	4.544

8. 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.

	Current Period
Opening Balance	84.230
Additions	325.039
Disposals	(28.251)
Transfers ^(*)	(17.485)
Impairment Provision(-)/Reversal of Impairment Provision	52
Net closing balance	363.585

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

	Prior Period
Opening Balance	92.317
Additions	100.284
Disposals	(26.758)
Transfers ^(*)	(78.680)
Impairment Provision(-)/Reversal of Impairment Provision	(2.933)
Net closing balance	84.230

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

As of June 30, 2018, TL 360.583 (December 31, 2017: TL 81.252) of the assets held for sale is comprised of real estates, TL 3.002 (December 31, 2017: TL 2.978) is comprised of other tangible assets. The Bank has not any discontinued operations and assets of discontinued operations.

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

9. Ownership investments:

a. Associates:

a.1. Information on unconsolidated associates:

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

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Kredi Garanti Fonu A.Ş.	Ankara/Turkey	1,54	-

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, 2017.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
467.788	434.126	11.548	-	-	135.818	(22.810)	-

a.2. Information on consolidated associates:

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

b. Information on subsidiaries (net):

b1. Information on unconsolidated non financial subsidiaries:

As per BOD decision dated December 22, 2017 "Albaraka Kültür Sanat ve Yayıncılık A.Ş." has been established. As of June 30, 2018, the company's capital is TL 3.540 and the Bank has 100% ownership on it. Since it is a non-financial subsidiary, it has not been consolidated.

b2. Information on consolidated subsidiaries:

i. The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from not reviewed financial statements as of June 30, 2018.

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
2.800.615	510	3	-	-	89	21	-

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

b2. Information on consolidated subsidiaries (continued):

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 title of the company was changed to "Albaraka Portföy Yönetimi A.Ş." upon the decision of "2018 Extraordinary General Assembly" dated December 20, 2017. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from not reviewed financial statements as of June 30, 2018.

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
14.549	13.202	10	100	499	3.588	4.384	-

iii. Movement and sectoral information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	5.400	5.400
Movements inside the term	-	-
Purchases/new incorporations/capital	-	-
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	5.400	5.400
Capital commitments	-	-
Share of the capital at the end of the	100	100

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	5.400	5.400

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

c. Information on investments in joint-ventures:

The Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") – a private pension and insurance company-through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The financial data from not reviewed financial statements as of June 30, 2018 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	100.755	1.274.532	1.284.994	46.125	37.828

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

10. 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".

11. 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".

12. Information on investment property:

None (December 31, 2017: None).

13. Information related to deferred tax asset:

As of June 30, 2018, the Bank calculated net deferred tax asset of TL 107.763 (December 31, 2017: TL 52.949) by netting off deferred tax asset of TL 148.838 (December 31, 2017: TL 86.158) and deferred tax liability of TL 41.075 (December 31, 2017: TL 33.209) on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	Current Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	40.650
Provisions for retirement premium and vacation pay liabilities	20.121
Difference between carrying value and tax base of tangible assets (amortisation differences)	6.943
Depreciation of tangible assets	4.844
Provisions for cases on trial	2.601
Revaluation difference of financial assets measured at fair value through other comprehensive income	12.024
Provisions	51.365
Provision for impairment	502
Other	9.788
Deferred tax asset	148.838
Revaluation difference of property	13.180
Rediscount on profit share	20.831
Other	7.064
Deferred tax liability	41.075
Deferred tax asset (net)	107.763

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

13. Information related to deferred tax asset (continued):

	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	40.816
Provisions for retirement premium and vacation pay liabilities	17.844
Difference between carrying value and tax base of tangible assets	4.920
Revaluation difference of available for sale	5.052
Derivative financial instruments	14.271
Provision for impairment	2.300
Other	955
Deferred tax asset	86.158
Revaluation difference of property	14.445
Rediscount on profit share	15.487
Other	3.277
Deferred tax liability	33.209
Deferred tax asset (net)	52.949

14. Information on derivative financial assets for hedging purposes:

None (December 31, 2017: None).

15. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 150.844 (December 31, 2017: TL 103.506) 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	1.273.230	-	-	-	-	-	-	-	1.273.230
II. Real Persons Participation									
Accounts Non-Trade TL	-	2.645.297	4.668.610	131.591	-	35.920	407.459	9.243	7.898.120
III. Current Account other-TL	1.681.636	-	-	-	-	-	-	-	1.681.636
Public Sector	23.245	-	-	-	-	-	-	-	23.245
Commercial Institutions	1.566.774	-	-	-	-	-	-	-	1.566.774
Other Institutions	84.199	-	-	-	-	-	-	-	84.199
Commercial and Other									
Institutions	1.614	-	-	-	-	-	-	-	1.614
Banks and Participation Banks	5.804	-	-	-	-	-	-	-	5.804
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	133	-	-	-	-	-	-	-	133
Foreign Banks	5.668	-	-	-	-	-	-	-	5.668
Participation Banks	3	-	-	-	-	-	-	-	3
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	347.866	1.603.436	41.222	-	18.199	47.661	25	2.058.409
Public Sector	-	175	1.135	-	-	-	-	-	1.310
Commercial Institutions	-	316.332	1.420.245	38.879	-	17.603	41.943	25	1.835.027
Other Institutions	-	29.179	181.522	2.343	-	596	3.989	-	217.629
Commercial and Other									
Institutions	-	2.180	5	-	-	-	1.729	-	3.914
Banks and Participation Banks	-	-	529	-	-	-	-	-	529
V. Real Persons Current Accounts									
Non- Trade FC	1.784.351	-	-	-	-	-	-	-	1.784.351
VI. Real Persons Participation									
Accounts Non-Trade FC	-	1.962.308	3.492.507	274.742	-	29.646	623.712	115	6.383.030
VII. Other Current Accounts FC	2.429.722	-	-	-	-	-	-	-	2.429.722
Residents in Turkey-Corporate	1.462.776	-	-	-	-	-	-	-	1.462.776
Residents Abroad-Corporate	216.251	-	-	-	-	-	-	-	216.251
Banks and Participation Banks	750.695	-	-	-	-	-	-	-	750.695
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	746.762	-	-	-	-	-	-	-	746.762
Participation Banks	3.933	-	-	-	-	-	-	-	3.933
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts									
other- FC	-	683.100	2.196.326	185.732	-	10.353	7.727	-	3.083.238
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	256.208	1.278.618	37.390	-	10.353	7.705	-	1.590.274
Other institutions	-	2.151	176.828	1.586	-	-	-	-	180.565
Commercial and Other									
Institutions	-	86.770	210.194	6.849	-	-	22	-	303.835
Banks and Participation Banks	-	337.971	530.686	139.907	-	-	-	-	1.008.564
IX. Precious Metals Deposits	348.545	157.659	531.032	20.871	-	7.698	20.804	46	1.086.655
X. Participation Accounts									
Special Fund Pools TL	-	-	-	32.901	-	-	-	-	32.901
Residents in Turkey	-	-	-	32.901	-	-	-	-	32.901
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts									
Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	7.517.484	5.796.230	12.491.911	687.059	-	101.816	1.107.363	9.429	27.711.292

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

a. Information on maturity structure of funds collected (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	1.210.837	-	-	-	-	-	-	-	1.210.837
II. Real Persons Participation									
Accounts Non-Trade TL	-	2.687.839	4.459.640	136.450	-	34.112	409.812	6.974	7.734.827
III. Current Account other-TL	1.984.912	-	-	-	-	-	-	-	1.984.912
Public Sector	18.088	-	-	-	-	-	-	-	18.088
Commercial Institutions	1.868.045	-	-	-	-	-	-	-	1.868.045
Other Institutions	93.305	-	-	-	-	-	-	-	93.305
Commercial and Other Institutions	3.956	-	-	-	-	-	-	-	3.956
Banks and Participation Banks	1.518	-	-	-	-	-	-	-	1.518
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	97	-	-	-	-	-	-	-	97
Foreign Banks	1.388	-	-	-	-	-	-	-	1.388
Participation Banks	33	-	-	-	-	-	-	-	33
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	370.428	1.811.322	42.977	-	7.375	54.191	26	2.286.319
Public Sector	-	149	-	-	-	-	-	-	149
Commercial Institutions	-	346.321	1.650.343	39.880	-	3.777	46.480	26	2.086.827
Other Institutions	-	23.931	159.464	3.097	-	3.598	6.047	-	196.137
Commercial and Other Institutions	-	27	1.011	-	-	-	1.664	-	2.702
Banks and Participation Banks	-	-	504	-	-	-	-	-	504
V. Real Persons Current									
Accounts Non- Trade FC	1.561.961	-	-	-	-	-	-	-	1.561.961
VI. Real Persons Participation									
Accounts Non-Trade FC	-	1.625.686	2.818.937	226.199	-	22.495	570.529	30	5.263.876
VII. Other Current Accounts FC	2.130.281	-	-	-	-	-	-	-	2.130.281
Residents in Turkey- Corporate	1.447.642	-	-	-	-	-	-	-	1.447.642
Residents abroad- Corporate	120.901	-	-	-	-	-	-	-	120.901
Banks and Participation Banks	561.738	-	-	-	-	-	-	-	561.738
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	560.807	-	-	-	-	-	-	-	560.807
Participation Banks	931	-	-	-	-	-	-	-	931
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	826.424	1.254.293	110.653	-	53.276	11.734	-	2.256.380
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	230.375	735.810	6.128	-	43.587	11.716	-	1.027.616
Other Institutions	-	1.873	27.682	25	-	-	-	-	29.580
Commercial and Other Institutions	-	153.935	182.180	-	-	570	18	-	336.703
Banks and Participation Banks	-	440.241	308.621	104.500	-	9.119	-	-	862.481
IX. Precious Metals Deposits	265.241	141.931	410.938	15.588	-	1.091	14.804	34	849.627
X. Participation Accounts									
Special Fund Pools TL	-	-	-	30.820	-	-	-	-	30.820
Residents in Turkey	-	-	-	30.820	-	-	-	-	30.820
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts									
Special Fund Pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	7.153.232	5.652.308	10.755.130	562.687	-	118.349	1.061.070	7.064	25.309.840

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

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 Current Period	Exceeding the guarantee of Insurance Current Period
Real persons' current and participation accounts not subject to trading transactions		
Turkish Lira accounts	4.850.132	4.351.217
Foreign currency accounts	2.275.613	6.844.953
Foreign branches' deposits subject to foreign authorities insurance	-	-
Off-shore deposits under foreign authorities' insurance	-	-

	Under the guarantee of Insurance Prior Period	Exceeding the guarantee of Insurance Prior Period
Real persons' current and participation accounts not subject to trading transactions		
Turkish Lira accounts	4.723.871	4.251.791
Foreign currency accounts	2.023.522	5.546.939
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
Foreign Branches' Profit Sharing Accounts and Other Accounts	20.946
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	10.577
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):

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

	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	13.179
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	9.787
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-

2. Information on borrowings:

a1. Information on types of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	1.906.919	-	1.192.422
Wakala Loans	-	1.550.434	-	1.802.060
Loans Obtained from Issued Lease Certificates (Sukuk)	789.502	2.010.280	457.682	1.323.679
Other	202.022	257.520	341.073	295.053
Total	991.524	5.725.153	798.755	4.613.214

a2. Information on banks and other financial institutions:

	Current Period	
	TL	FC
Loans from CBRT	-	-
Loans from domestic banks and institutions	833.866	2.267.800
Loans from foreign banks, institutions and funds	157.658	3.457.353
Total	991.524	5.725.153

	Prior Period	
	TL	FC
Loans from CBRT	-	-
Loans from domestic banks and institutions	484.497	1.618.733
Loans from foreign banks, institutions and funds	314.258	2.994.481
Total	798.755	4.613.214

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

a3. Maturity analysis of funds borrowed:

	Current Period	
	TL	FC
Short-Term	833.866	1.949.746
Medium and Long-Term	157.658	3.775.407
Total	991.524	5.725.153
	Prior Period	
	TL	FC
Short-Term	641.459	1.803.899
Medium and Long-Term	157.296	2.809.315
Total	798.755	4.613.214

b. Additional disclosures on concentration areas of Bank's liabilities:

The Bank does not have concentration on customer or sector group providing funds (December 31, 2017: None).

3. a.Information on derivative financial liabilities:

	Current Period	
	TL	FC
Forward transactions	340	-
Swap transactions	661	1.233
Futures transactions	-	-
Options	-	-
Other	-	-
Total	1.001	1.233

b. Information on derivative financial liabilities held for trading:

	Prior Period	
	TL	FC
Forward transactions	76	-
Swap transactions	-	6.342
Futures transactions	-	-
Options	-	-
Other	-	-
Total	76	6.342

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

4. Lease payables:

a. Information on financial lease transactions:

a.1. Information on financial lease agreements:

The Bank has not any obligation from finance lease operations as of balance sheet date.

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

None.

a.3. Explanations on the obligations originating from financial 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
Less than a year	54.189
1 to 4 years	152.038
Over 4 years	118.961
Total	325.188

	Prior Period
Less than a year	53.352
1 to 4 years	145.089
Over 4 years	120.905
Total	319.346

5. Information on hedging derivative financial liabilities:

None (December 31, 2017: None).

6. Information on provisions:

a. Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 56.623 (December 31, 2017: TL 50.623), vacation pay liability amounting to TL 12.832 (December 31, 2017: TL 8.484) totaling to TL 69.455 (December 31, 2017: TL 59.107). Provisions for performance premium has not been allocated in the current period (December 31, 2017: TL 30.000). 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
Discount rate (%)	11,70
Estimated increase rate of salary ceiling (%)	8,50
	Prior Period
Discount rate (%)	11,70
Estimated increase rate of salary ceiling (%)	8,50

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

a. Information on provisions for employee rights (continued):

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

	Current Period
Prior period ending balance	50.623
Change in the period	8.926
Actuarial (gain)/loss	-
Paid during the period	(2.926)
Balance at the end of the period	56.623

	Prior Period
Prior period ending balance	35.925
Change in the period	10.733
Actuarial (gain)/loss	8.928
Paid during the period	(4.963)
Balance at the end of the period	50.623

b.1) Other provisions:

	Current Period
Non-cash loans first and second stage expected loss provision	6.649
Provisions allocated from profit shares to be distributed to profit sharing accounts ^(*)	-
Third stage expected loss provision for unindemnified letter of guarantees	2.194
Third stage expected loss provision for cheques commitments	1.820
Provision for promotions related with credit cards and promotion of banking services	216
Provisions for cases on trial	2.698
Accrual for purchase and sale commitments	653
Other	612
Total	14.842

^(*) Represents participation accounts' portion of specific provisions, general provisions and Saving Deposits Insurance Fund premiums provided in accordance with the article 19 of Communiqué "Principles and Procedures for the Classification of Loans and Reserves to be provided for These Loans".

b.2) Other provisions:

	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts ^(*)	-
Provision for unindemnified letter of guarantees	19.479
Payment commitments for cheques	10.426
Provision for promotions related with credit cards and promotion of banking services	205
Provisions for cases on trial	2.264
Accrual for purchase and sale commitments	232
Other	687
Total	33.293

^(*) 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".

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

c. Information on provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables:

As of June 30, 2018, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 13 (December 31, 2017: TL 14.130) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

d. Information on general provisions:

	Prior Period
General provision for	142.420
I. Group loans and receivables (Total)	116.470
Participation Accounts' Share	63.406
Bank's Share	53.064
Others	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	8.069
Participation Accounts' Share	3.327
Bank's Share	4.742
Others	-
II. Group loans and receivables (Total)	14.242
Participation Accounts' Share	7.184
Bank's Share	7.058
Others	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	5.223
Participation Accounts' Share	2.409
Bank's Share	2.814
Others	-
Non-cash loans	11.708
Others	-

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

7. Information on taxes payable:

a. Explanations on current tax liability:

a.1. Explanations on tax provisions:

As of June 30, 2018, the Bank has not any remaining tax liability after offsetting prepaid corporate tax (December 31, 2017: TL 45.998).

a.2. Information on taxes payable:

	Current Period
Corporate taxes payable	-
Banking insurance transaction tax	15.865
Taxation on securities income	16.206
Value added tax payable	611
Taxation on real estate income	1.105
Foreign exchange transaction tax	-
Other	7.563
Total	41.350

	Prior Period
Corporate taxes payable	45.998
Banking insurance transaction tax	15.942
Taxation on securities income	12.769
Value added tax payable	1.058
Taxation on real estate income	887
Foreign exchange transaction tax	-
Other	8.115
Total	84.769

a.3. Information on premiums:

	Current Period
Social security premiums-employee	4.130
Social security premiums-employer	4.466
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	293
Unemployment insurance-employer	585
Other	-
Total	9.474

	Prior Period
Social security premiums-employee	3.704
Social security premiums-employer	3.999
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	262
Unemployment insurance-employer	523
Other	-
Total	8.488

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

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

None (December 31, 2017: None).

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

	Current Period	
	TL	FC
To be included in the calculation of additional capital borrowing instruments	-	-
Subordinated loans	-	-
Subordinated debt instruments	-	-
Debt instruments to be included in contribution capital calculation	-	1.040.268
Subordinated loans	-	1.040.268
Subordinated debt instruments	-	-
Total	-	1.040.268

	Prior Period	
	TL	FC
Loans from Domestic Banks	-	-
Loans from other Institutions	-	-
Loans from Foreign Banks	-	-
Loans from other Foreign Institutions	-	1.627.163
Total	-	1.627.163

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 financial assets measured at fair value through other comprehensive income and subordinated loans.

The Bank has recognized its unmatured additional Tier 1 Capital dated February 20, 2018 under "other capital reserves". Its amount is USD 205.000.000, quoted at Ireland stock market, issued through the Bank's structured entity "Bereket One Ltd" and compatible with Basel III criteria.

10. 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, 2017: None)

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

11. Information on shareholders' equity:

a. Presentation of paid-in capital:

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

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

In the Board of Directors meeting dated February 28, 2013, the Bank has taken a resolution on transition to registered capital system. The application dated December 27, 2016 for the extension of the Registered Capital Ceiling to the Capital Markets Board was approved on January 10, 2017 and the registered capital ceiling was determined as TL 2.500.000 to be valid until December 31, 2021.

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 until 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	
	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-
Valuation difference ⁽¹⁾	(31.762)	(11.843)
Foreign exchange difference	-	-
Total	(31.762)	(11.843)

⁽¹⁾ The amount represents the net balance after deferred tax calculation.

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

g. Information on marketable securities valuation reserve:

	Prior Period	
	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-
Valuation difference ^(*)	(18.740)	(146)
Foreign exchange difference	-	-
Total	(18.740)	(146)

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

ğ) Information on other capital reserves:

The Bank has evaluated its unmatured sukuk transaction as non monetary item as per TAS 32 which is issued by "Bereket One Ltd" quoted at Ireland Stock Exchange amount to USD 205.000.000 (historical cost is TL 775.720) and compatible with Basel III criteria. In addition to this evaluation, considering BRSA's approval to add it to additional Tier 1 capital dated February 20, 2018, the Bank recognized it in shareholders' equity under "other capital reserves" on historical cost. The settlement date of the sukuk transaction is February 20, 2023 and its yearly cost is 10% with every six month payment. The Bank has option to cancel the expense amounts. If the Bank uses this option, unpaid amounts will not have to be paid by the Bank for the coming periods.

A total of TL 35.765 of charges and taxes related to the stated borrowing has been accounted under other capital reserves.

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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
Commitments for credit card limits	603.587
Payment commitments for cheques	603.515
Asset purchase and sale commitments	673.985
Loan granting commitments	220.909
Tax and funds liabilities arising from export commitments	5.165
Commitments for promotions related with credit cards and banking activities	353
Other irrevocable commitments	370
Total	2.107.884

	Prior Period
Commitments for credit card limits	528.560
Payment commitments for cheques	528.094
Asset purchase and sale commitments	381.062
Loan granting commitments	348.871
Tax and funds liabilities arising from export commitments	4.069
Commitments for promotions related with credit cards and banking activities	363
Other irrevocable commitments	441.333
Total	2.232.352

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
Letters of guarantees	8.003.700
Bank loans	35.795
Letters of credit	1.177.878
Other guaranties and sureties	101.395
Total	9.318.768

	Prior Period
Letters of guarantees	7.024.344
Bank loans	21.824
Letters of credit	1.030.808
Other guaranties and sureties	55.648
Total	8.132.624

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

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

	Current Period
Letters of guarantees	8.003.700
Long standing letters of guarantees	4.915.302
Temporary letters of guarantees	306.565
Advance letters of guarantees	267.919
Letters of guarantees given to customs	240.033
Letters of guarantees given for obtaining cash loans	2.273.881
Sureties and similar transactions	101.395
Total	8.105.095
	Prior Period
Letters of guarantees	7.024.344
Long standing letters of guarantees	4.441.424
Temporary letters of guarantees	229.023
Advance letters of guarantees	229.973
Letters of guarantees given to customs	238.333
Letters of guarantees given for obtaining cash loans	1.885.591
Sureties and similar transactions	55.648
Total	7.079.992

c. Within the Non-cash Loans

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

	Current Period
Non-cash loans given against cash loans	2.273.881
With original maturity of 1 year or less	626.108
With original maturity of more than 1 year	1.647.773
Other non-cash loans	7.044.887
Total	9.318.768
	Prior Period
Non-cash loans given against cash loans	1.885.591
With original maturity of 1 year or less	346.696
With original maturity of more than 1 year	1.538.895
Other non-cash loans	6.247.033
Total	8.132.624

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".

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

3. Explanations on contingent assets and liabilities:

Not prepared in compliance with the Article 25 of the Communiqu   “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 not any 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 profit or loss:

1. Information on profit share income:

a. Information on profit share income received from loans:

	Current Period	
	TL	FC
Profit share received from loans^(*)		
Short Term Loans	209.572	20.735
Medium and Long Term Loans	765.296	203.328
Profit Share on Non-Performing Loans	35.338	15
Total	1.010.206	224.078

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

	Prior Period	
	TL	FC
Profit share received from loans^(*)		
Short Term Loans	228.067	12.561
Medium and Long Term Loans	767.075	115.256
Profit Share on Non-Performing Loans	10.679	-
Total	1.005.821	127.817

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

b. Information on profit share income received from banks:

	Current Period	
	TL	FC
CBRT	4.358	19.849
Domestic Banks	-	685
Foreign Banks	-	-
Head Offices and Branches Abroad	-	-
Total	4.358	20.534
	Prior Period	
	TL	FC
CBRT	2.109	11.097
Domestic Banks	-	913
Foreign Banks	-	-
Head Offices and Branches Abroad	-	-
Total	2.109	12.010

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IV. Explanations and notes related to the statement of profit or loss (continued):

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

	Current Period	
	TL	FC
Financial assets measured at fair value through profit/loss	85	209
Financial assets measured at fair value through other comprehensive income	43.837	15.226
Financial assets measured at amortised cost	36.145	-
Total	80.067	15.435
	Prior Period	
	TL	FC
From financial assets held for trading	-	-
From financial assets at fair value through profit or loss	-	-
From financial assets available-for-sale	54.767	13.973
From held-to-maturity investments	35.054	-
Total	89.821	13.973

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

	Current Period	
	TL	FC
Profit shares income received from associates and subsidiaries	2.450	1.170
Total	2.450	1.170
	Prior Period	
	TL	FC
Profit shares income received from associates and subsidiaries	736	2.170
Total	736	2.170

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IV. Explanations and notes related to the statement of profit or loss (continued):

2. Explanations on profit share expenses:

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

	Current Period	
	TL	FC
Banks	12.005	42.513
CBRT	-	-
Domestic banks	-	3.855
Foreign banks	12.005	38.658
Head offices and branches abroad	-	-
Other institutions	40.416	136.029
Total	52.421	178.542

	Prior Period	
	TL	FC
Banks	3.241	30.160
CBRT	-	-
Domestic banks	-	3.767
Foreign banks	3.241	26.393
Head offices and branches abroad	-	-
Other institutions	6.313	116.808
Total	9.554	146.968

b. Profit share expense paid to associates and subsidiaries:

	Current Period	
	TL	FC
Profit share paid to investments in associates and subsidiaries	39.710	50.054
Total	39.710	50.054

	Prior Period	
	TL	FC
Profit share paid to investments in associates and subsidiaries	6.295	42.167
Total	6.295	42.167

c. Profit share expenses paid to marketable securities issued:

None (June 30, 2017: None).

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IV. Explanations and notes related to the statement of profit or loss (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	-	25	-	-	-	-	-	25	
Real persons' non-trading profit sharing accounts	125.580	228.044	9.588	-	1.888	22.516	430	388.046	
Public sector profit sharing accounts	8	21	-	-	-	-	-	29	
Commercial sector profit sharing accounts	15.597	88.789	3.225	-	594	2.377	-	110.582	
Other institutions profit sharing accounts	1.708	10.539	304	-	80	336	-	12.967	
Total	142.893	327.418	13.117	-	2.562	25.229	430	511.649	
FC									
Banks	5.066	7.021	537	-	14	-	-	12.638	
Real persons' non-trading profit sharing accounts	17.553	36.130	2.695	-	292	8.403	1	65.074	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	2.251	16.208	174	-	315	132	-	19.080	
Other institutions profit sharing accounts	1.103	3.082	12	-	-	-	-	4.197	
Precious metals deposits	669	3.529	161	-	26	262	-	4.647	
Total	26.642	65.970	3.579	-	647	8.797	1	105.636	
Grand total	169.535	393.388	16.696	-	3.209	34.026	431	617.285	
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	-	18	-	-	-	-	-	18	
Real persons' non-trading profit sharing accounts	86.785	183.463	5.534	-	2.678	22.699	169	301.328	
Public sector profit sharing accounts	1	-	-	-	-	-	-	1	
Commercial sector profit sharing accounts	17.396	70.909	3.818	-	590	1.528	-	94.241	
Other institutions profit sharing accounts	2.898	10.884	588	-	46	310	-	14.726	
Total	107.080	265.274	9.940	-	3.314	24.537	169	410.314	
FC									
Banks	2.516	4.203	996	-	62	18	-	7.795	
Real persons' non-trading profit sharing accounts	10.564	23.739	1.375	-	649	5.627	-	41.954	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	2.853	7.762	1.026	-	456	117	-	12.214	
Other institutions profit sharing accounts	394	3.157	-	-	10	1.561	-	5.122	
Precious metals deposits	345	1.833	45	-	15	67	-	2.305	
Total	16.672	40.694	3.442	-	1.192	7.390	-	69.390	
Grand total	123.752	305.968	13.382	-	4.506	31.927	169	479.704	

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IV. Explanations and notes related to the statement of profit or loss (continued):

3. 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
Member firm-POS fees and commissions	21.474
Clearing room fees and commissions	14.609
Commissions on money orders	5.399
Appraisal fees	5.485
Insurance and brokerage commissions	6.221
Checks and bills commissions	1.520
Safe deposit box commissions	966
Advocacy service commissions	2.772
Service pack commissions	3.590
Other	12.384
Total	74.420

Other Fees and Commissions Received	Prior Period
Member firm-POS fees and commissions	16.261
Clearing room fees and commissions	9.673
Commissions on money orders	7.213
Appraisal fees	5.727
Insurance and brokerage commissions	5.598
Other	9.645
Total	54.117

Other Fees and Commissions Paid	Current Period
Funds borrowed fees and commissions	15.121
Credit cards fees and commissions	5.432
Member firm-POS fees and commissions	10.527
Fees and commissions for Swift, EFT and money orders	4.987
Other	4.629
Total	40.696

Other Fees and Commissions Paid	Prior Period
Funds borrowed fees and commissions	13.991
Credit cards fees and commissions	4.336
Member firm-POS fees and commissions	7.966
Fees and commissions for Swift, EFT and money orders	2.498
Other	4.744
Total	33.535

4. 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".

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IV. Explanations and notes related to the statement of profit or loss (continued):

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

	Current Period
Income	4.530.279
Income from capital market transactions	29.826
Income from derivative financial instruments	27.683
Foreign exchange income	4.472.770
Loss (-)	4.384.243
Loss on capital market transactions	1.506
Loss on derivative financial instruments	34.672
Foreign exchange losses	4.348.065
Trading Income/Loss (net)	146.036
	Prior Period
Income	3.489.442
Income from capital market transactions	34.425
Income from derivative financial instruments	8.197
Foreign exchange income	3.446.820
Loss (-)	3.471.657
Loss on capital market transactions	33
Loss on derivative financial instruments	21.621
Foreign exchange losses	3.450.003
Trading Income/Loss (net)	17.785

6. Explanations related to other operating income:

	Current Period
Reversal of prior year provisions	304.667
Income from sale of assets	20.547
Reimbursement for communication expenses	3.159
Reimbursement of vacation pay expenses	-
Cheque book charges	769
Other income	1.907
Total	331.049
	Prior Period
Reversal of prior year provisions	45.101
Income from sale of assets	13.888
Reimbursement for communication expenses	2.608
Reimbursement of vacation pay expenses	-
Cheque book charges	608
Other income	1.602
Total	63.807

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IV. Explanations and notes related to the statement of profit or loss (continued):

7.1. Expected credit loss provisions in accordance with TFRS 9:

	Current Period
Expected Credit Loss	345.836
12 month expected credit loss (stage 1)	17.159
Significant increase in credit risk (stage 2)	40.005
Non-performing loans (stage 3)	288.672
Marketable Securities Impairment Expense	-
Financial Assets Measured at Fair Value through Profit/Loss	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-
Impairment Provision for Associates, Subsidiaries and Joint Ventures	-
Associates	-
Subsidiaries	-
Joint ventures	-
Other (*)	6.844
Total	352.680

Expected credit losses amount to TL 345.836 includes TL 120.774 representing participation account share of expected credit losses of loans provided from participation accounts.

(*) Details of the "other" amount is as follows:

	Current Period
Third stage expected loss provision for unindemnified non cash loans	6.257
Expected credit losses (stage 1) for banks	585
Expected credit losses (stage 1) for other financial assets	2
Total	6.844

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IV. Explanations and notes related to the statement of profit or loss (continued):

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

	Prior Period
Specific provisions for loans and other receivables	217.974
Loans and receivables in III. Group	16.341
Loans and receivables in IV. Group	98.783
Loans and receivables in V. Group	96.501
Doubtful commission, fee and other receivables	6.349
General provision expenses	7.270
Provision expenses for ongoing lawsuit	-
Impairment losses on marketable securities	390
Financial assets at fair value through profit and loss	188
Financial assets available for sale	202
Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments	-
Associates	-
Subsidiaries	-
Joint ventures	-
Held to maturity investments	-
Other^(*)	8.879
Total	234.513

TL 87.343 of the total specific provisions provided for loan and other receivables amounting to TL 217.974 is the participation accounts portion of specific provision provided for loans and other receivables. TL 3.151 participation accounts portion of general loan loss provision provided for loans and other receivables of the total general loan loss provisions amounts to TL 7.270.

^(*) Details of the "other" amount is as follows:

	Prior Period
Specific provisions for non-cash loans that are not indemnified	8.879
Provisions allocated from profit shares to be distributed to profit sharing accounts	-
Total	8.879

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IV. Explanations and notes related to the statement of profit or loss (continued):

8. Information on other operating expenses:

	Current Period
Personnel expenses ^(*)	257.338
Provision for retirement pay liability	6.000
Deficit provision for pension fund	-
Impairment expenses of tangible assets	-
Depreciation expenses of tangible assets	19.365
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortization expenses of intangible assets	10.518
Impairment provision for investments accounted for under equity method	-
Impairment expenses of assets to be disposed	-
Depreciation expenses of assets to be disposed	-
Impairment expenses of assets held for sale and assets of discontinued operations	-
Other business expenses	104.006
<i>Operating lease expenses</i>	40.773
<i>Maintenance expenses</i>	6.712
<i>Advertisement expenses</i>	14.357
<i>Other expenses^(**)</i>	42.164
Loss on sale of assets	173
Other ^(***)	67.085
Total	464.485

^(*) Personnel expenses which do not exist in Statement of Profit or Loss , but available as a separate item, represented under other operating expenses.

^(**) Other expenses under “other business expenses” are provided as below:

	Current Period
Communication Expenses	8.066
Donations	6.669
Cleaning expenses	7.039
Heating, lighting and water expenses	4.099
Representation and Hosting expenses	3.454
Vehicle expenses	2.850
Lawsuit and court expenses	1.303
Movables Insurance Expenses	1.093
Stationery Expenses	1.368
Expense Share for Common Expenses	894
Other	5.329
Total	42.164

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

	Current Period
Saving Deposit Insurance Fund	21.029
Taxes, Duties, Charges and Funds	18.231
Bonus Reserve Expenses	-
Expertise and Information Expenses	4.986
Audit and Consultancy Fees	9.671
Vacation Pay Provision Expense	4.348
Amounts allocated from profits to be distributed to participation accounts (net)	-
Other	8.820
Total	67.085

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IV. Explanations and notes related to the statement of profit or loss (continued):

8. Information on other operating expenses (continued):

	Prior Period
Personnel expenses	218.556
Provision for retirement pay liability	4.395
Deficit provision for pension fund	-
Impairment expenses of tangible assets	-
Depreciation expenses of tangible assets	19.251
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortization expenses of intangible assets	11.552
Impairment provision for investments accounted for under equity method	-
Impairment expenses of assets to be disposed	33
Depreciation expenses of assets to be disposed	2.506
Impairment expenses of assets held for sale and assets of discontinued operations	-
Other business expenses	84.086
<i>Operating lease expenses</i>	33.007
<i>Maintenance expenses</i>	5.983
<i>Advertisement expenses</i>	10.742
<i>Other expenses^(*)</i>	34.354
Loss on sale of assets	93
Other ^(**)	58.022
Total	398.494

() Other expenses under "other business expenses" are provided as below:*

	Prior Period
Communication Expenses	6.336
Donations	4.060
Cleaning expenses	6.060
Heating, lighting and water expenses	4.252
Representation and Hosting expenses	1.994
Vehicle expenses	2.203
Lawsuit and court expenses	1.347
Other	8.102
Total	34.354

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

	Prior Period
Saving Deposit Insurance Fund	19.354
Taxes, Duties, Charges and Funds	15.144
Expertise and Information Expenses	5.887
Audit and Consultancy Fees	7.352
Vacation Pay Provision Expense	3.081
Other	7.204
Total	58.022

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IV. Explanations and notes related to the statement of profit or loss (continued):

9. 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".

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

Tax provision of the Bank for continued operations:

	Current Period
Income before tax	243.759
Tax calculated with tax rate of 22%	53.627
Other additions and disallowable expenses	7.093
Deductions	(60.720)
Provision for current taxes	-
Provision for deferred taxes	47.578
Continuing operations tax provision	47.578

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

	Prior Period
Income before tax	162.147
Tax calculated with tax rate of 20%	32.429
Other additions and disallowable expenses	2.581
Deductions	(19.575)
Provision for current taxes	15.435
Provision for deferred taxes	15.415
Continuing operations tax provision	30.850

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

11. 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".

12. 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.

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 notes 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						
Balance at the beginning of the period	-	-	118.658	22.039	106	-
Balance at the end of the period	3	-	150.840	27.192	164	-
Profit share and commission income received	3.620	-	2.970	28	-	-

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	-	-	35.550	24.249	714	28
Balance at end of period	-	-	118.658	22.039	106	-
Profit share and commission income received	2.906	-	744	58	13	-

^(*) 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	15.395	10.496	602.289	470.674	4.801	5.476
Balance at the end of period	8.288	15.395	921.142	602.289	6.377	4.801
Profit share expense	273	370	3.474	5.581	85	47

^(*) As of June 30, 2018 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 29.311.865 and EUR 191.821.648 (December 31, 2017: USD 190.095.236 and EUR 153.550.880). The profit share expense relating to such borrowings for the period between January 1, 2018- June 30, 2018 is TL 7.088 (June 30, 2017: TL 4.082). The Bank has issued Sukuk in the amounts of USD 440.000.000 and TL 775.000.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Bank. The total expenses for the related issues are TL 89.443 as of June 30, 2018 (June 30, 2017: TL 48.165).

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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.

As of June 30, 2018, the Bank has paid TL 10.534 (June 30, 2017: TL 5.051) to top management.

VIII. Explanations related to domestic, foreign and offshore branches or investments and foreign representative offices:

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

IX. Explanations related to subsequent events:

At the Board of Directors meeting dated 24 July 2018, in order to realize the issue of lease certificates of corporate customers, an Asset Leasing Company in accordance with national regulations was decided to be established in Turkey.

ALBARAKA TRK KATILIM BANKASI A..
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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SECTION SIX

Other explanations

- 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 consolidated financial statements as of and for the period ended June 30, 2018 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.. (the Turkish member firm of the KPMG International Cooperative) and the limited review report August 7, 2018 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 Türk 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 Türk 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 Türk, 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 8,78% and publicly held share is 25,22%. Partnership structure of Albaraka Türk is the guarantee of the respect and trust we bear.

Albaraka Türk, 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 variety of finance and banking services by interest free banking application.

Albaraka Türk has always aimed to achieve sustainable growth with the strategy of "adding value to your values" for all its stakeholders with its "reliable", "understandable", "responsible" and "transparent" approach to all its customers, including individual, corporate and SME segments in order to offer services and improve customer experience in all-inclusive participation banking system. With its competent and dynamic human resources and interest-free banking infrastructure, Albaraka Türk is a leader in its products and services without compromising on its quality and value.

Albaraka Türk, 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 Türk, is an international Participation Bank adopted the mission of adding value to its customers, partners, employees and Turkey.

2. Capital and Shareholders' Structure:

Albaraka Türk's paid-up capital is TL 900.000 as of June 30, 2018.

Shareholders' Structure of Albaraka Türk as of June 30, 2018		
	Share amount (TL)	Ratio (%)
Foreign Shareholders	593.953	66,00
Albaraka Banking Group	486.523	54,06
Islamic Development Bank	70.574	7,84
Alharthy Family	31.106	3,46
Others	5.750	0,64
Local Shareholders	79.042	8,78
Publicly Listed	227.005	25,22
Total	900.000	100,00

3. The amendments in the articles of association during period of January 1, 2018 - June 30, 2018

There is no change in the Bank's articles of association during the related period.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
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Information on Interim Report (continued):

4. Branch and Personnel Information:

As of June 30, 2018, total number of branches of the Bank is 224 and the total number of personnel is 3.925. Albaraka Türk carries out its activities with 223 domestic branches extended throughout the country and 1 branch abroad in Erbil.

5. Board of Directors Chairman and Members^(*):

Name and surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	2005	45
Yalçın ÖNER	Vice Chairman of BOD	Master	1985	46
Osman AKYÜZ	Member of BOD	Bachelor	1996	33
İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	2005	47
Hamad Abdulla A. ALOQAB	Member of BOD	Bachelor	2008	24
Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	2008	30
Süleyman KALKAN	Member of BOD	Bachelor	2018	35
Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	2013	9
Muhammad Zarrug M. RAJAB	Independent Member of BOD	Bachelor	2016	32
Dr. Bekir PAKDEMİRLİ	Member of BOD	Doctorate	2016	2
Dr. Khaled Abdulla Mohamed ATEEQ	Member of BOD	Doctorate	2017	1
Mustafa BÜYÜKABACI	Member of BOD	Master	2017	26
Melikşah UTKU	Member of BOD and CEO	Master	2016	14

^(*) Mr.Hood Hashem Ahmed Hashem, a member of the Board of Directors of our Bank, resigned from his position as of May 30, 2018, and Mr.Süleyman KALKAN was appointed instead of him.

6. Top Management^(*):

Name and Surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Melikşah UTKU	Member of BOD and CEO	Master	2016	14
Turgut SİMİTCİOĞLU	Senior Assistant General Manager (Deputy)	Master	2017	28
Mustafa ÇETİN	Assistant General Manager	Bachelor	2018	22
Nihat BOZ	Assistant General Manager	Bachelor	2009	31
Süleyman ÇELİK	Assistant General Manager	Bachelor	2017	29
Nevzat BAYRAKTAR	Assistant General Manager	Bachelor	2017	22
Fatih BOZ	Assistant General Manager	Master	2017	20
Hasan ALTUNDAĞ	Assistant General Manager	Bachelor	2017	31
Deniz AKSU	Assistant General Manager	Bachelor	2017	22
Malek Khodr TEMSAH	Assistant General Manager	Master	2017	15
Cenk DEMİRÖZ	Assistant General Manager	Master	2017	18

^(*) Mustafa ÇETİN who have served as Manager in charge of Foreign Trade Operations has been appointed as the Assistant General Manager responsible for Finance and Strategy at the meeting of the Board of Directors held on 27 April 2018. Mr. Mehmet Ali Verçin who has been serving as the Senior Assistant General Manager in charge of Information Technology, Operation and Human Value, has left his position as of April 30, 2018. Mr. Temel Haziroğlu who has been serving as the Senior Assistant General Manager in charge of Financial Affairs, Financial Reporting, Strategic Planning and Process Management and Organization Management departments has left his position as of March 31, 2018.

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7. Information on Interim Report (continued):
Managers of Departments within Internal Systems^(*)

Name and Surname	Professional Experience (Years)	Duration of Services at Albaraka Türk (Years)	Length of Services in His Area (Years)	Education	Field of Responsibility
Volkan EVCİL	26 years 3 months	24 years 3 months	15 years 3 months	Bachelor	Internal Systems Senior Manager
Ahmet UYSAL	12 years 11 months	12 years 11 months	10 years 9 months	Master	Inspection
Umut ÇAKMAK	13 years 3 months	13 years 3 months	13 years 3 months	Bachelor	Risk Management
Ahmet Faruk DEĞİRMENCİ	10 years 3 months	10 years 3 months	10 years 3 months	Bachelor	Internal Control Regulation and Compliance
Hakan KURBETCİ	26 years 3 months	22 years 3 months	5 Years 6 months	Bachelor	

^(*) It has been decided to change Mr.Volkan EVCİL's title as "Senior Manager of Internal Systems" instead of "Internal Systems Manager/Senior President" at the meeting of the Board of Directors held on 27 April 2018.

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8. Information on Interim Report (continued):
Committee Information After Distribution of Roles Among BOD:

AUDIT COMMITTEE

Chairman: Mustafa BÜYÜKABACI
Member: Süleyman KALKAN
Observer: Hamad Abdulla A. ALOQAB, Ibrahim Fayez Humaid ALSHAMSI, Khaled Abdulla Mohamed ATEEQ

CREDIT COMMITTEE:

Chairman: Adnan Ahmed Yusuf ABDULMALEK
Member: Osman AKYÜZ
Member: Prof. Dr. Kemal VAROL
Member: Melikşah UTKU
Reserve Member: Yalçın ÖNER, Bekir PAKDEMİRLİ

CORPORATE GOVERNANCE COMMITTEE:

Chairman: Muhammad Zarrug M. RAJAB
Member: Ibrahim Fayez Humaid ALSHAMSI
Member: Mustafa KARAMEHMETOĞLU
Observer: Khaled Abdulla Mohamed ATEEQ

REMUNERATION COMMITTEE:

Chairman: Adnan Ahmed Yusuf ABDULMALEK
Member: Osman AKYÜZ
Member: Melikşah UTKU

SUSTAINABILITY AND SOCIAL RESPONSIBILITY COMMITTEE:

Chairman: Bekir PAKDEMİRLİ
Member: Ibrahim Fayez Humaid ALSHAMSI
Member: Mustafa BÜYÜKABACI

EXECUTIVE COMMITTEE:

Chairman: Adnan Ahmed Yusuf ABDULMALEK
Vice Chairman: Yalçın ÖNER
Member: Osman AKYÜZ
Member: Hamad Abdulla Ali ALOQAB
Member: Melikşah UTKU

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Information on Interim Report (continued):

II. Banks Financial Information and Evaluations:

1. Main Financial Figures:

ASSETS	Current Period	Prior Period
Cash and Balances with The Central Bank	5.779.649	5.756.995
Banks	3.058.225	1.511.407
Public Sector Debt Securities	1.584.539	1.277.991
Loans and Receivables	26.535.994	23.943.209
Financial Leasing Receivables	742.391	737.081
Others	2.755.612	3.002.394
TOTAL ASSETS	40.456.410	36.229.077
LIABILITIES	Current Period	Prior Period
Funds Collected	27.711.292	25.309.840
Funds Borrowed	6.716.677	5.411.969
Subordinated Loans	1.040.268	1.627.163
Shareholders' Equity	3.281.530	2.481.506
Others	1.706.643	1.398.599
TOTAL LIABILITIES	40.456.410	36.229.077
INCOME AND EXPENSE ITEMS	Current Period	Prior Period
Profit Share Income	1.382.378	1.287.781
Profit Share Expense	884.043	648.136
Net Profit Share Income/Expenses	498.335	639.645
Net Fees and Commissions Income/Expenses	85.327	73.917
Trading Income/Loss (Net)	146.036	17.785
Other Operating Income	331.049	63.807
Net Operating Income/(Losses)	243.759	162.147
Tax Provision For Discontinued Operations (-+)	47.578	30.850
NET PROFIT/LOSSES	196.181	131.297
Earnings Per Share (Full TL)	0,218	0,146

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Information on Interim Report (continued):

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

Dear Precious Stakeholders,

In the first half of 2018, political developments and economic activities found a path relevant to these developments have come into prominence in the agenda of global economy as in 2017. While the leading global economic organizations predict a growth rate of close to 4% for the year, the first half data on global growth show that growth in developed and developing countries are continuing simultaneously. Growth forecasts for the following period in both country groups being updated upwards indicates continuity of steady course of global economic growth. However, especially the US-centered trade wars, the slowing momentum of growth in Europe and Japan and the tightening liquidity conditions for developing countries pose downside risks to growth.

Despite the positive global growth appearance, global inflation rates continue to flow moderately. Possibility of rapid increase of salaries in parallel with the course of oil prices and reducing unemployment rates in developed countries are the most important risk factors which may increase global inflation. Central banks of developed countries, primarily the FED and the ECB continue to perform normalization steps in monetary policy within expectations. In June, the FED has increased policy interest to 1,75-2,00% band with a 25-basis point increase in parallel with market expectations. While forecast of the FED members for median interest level for the yearend of 2018 will be more hawkish than the previous period, the number of those expecting 3 interest increases and 4 interest increases in 2018 have been equalized.

The European Central Bank ("ECB") has not made a change in interest rates in July monetary policy meetings as it was expected and pointed out that the uncertainty over the inflation outlook has diminished. It was also stated in the meeting that despite the momentum loss on growth, the asset repurchasing program will decrease to 15 billion euros after September and will remain committed to the end of the year. In this context, the expectations of the European Central Bank to remain at low interest levels until at least mid-2019 remain strong. On the other hand, the Brexit process officially has begun by the end of March and the intricacies in the Brexit process is also causing uncertainty about monetary policy from time to time. The Bank of England ("BOE") has not changed its monetary policy in the first quarter of the year. In Japan, a slowing trend towards expanding monetary policies is not appeared in the foreseeable future.

When looking at the developments within the country, despite unsuccessful coup attempt in July 2016, economy stimulus packages and durability of economy has pushed Turkish economy to a strong growth. While share of Turkish economy in the World continuously increasing by strong expansionary policy and strong export, Turkish economy has recorded the most rapid growth among G20 countries including China in 2017 with 7,4% growth. In the first quarter of 2018, this momentum led to a growth of 7,3%. In the second quarter of the year, due to the tightening market conditions, it is predicted that it will be around 5% although the growth has evolved into a more moderate path. The deterioration in consumer inflation in Turkey's economy stands out as the most critical risks. Especially in April-May period, the sharp depreciation in TL is increasing the risks on inflation with the effect of exchange rate pass-through.

TR Central Bank, gradually tightening its monetary policy standing in the last quarter of 2017 due to continuing risks on inflation, has increased its tightening rate since April and raised the weighted average funding cost by 500 basis point to 17,75% in April-June period. In addition, the funding composition made through the Late Liquidity Window ("GLP") has started to be made over the weekly repo rate by re-applying the interest rate corridor method and the market funding method has been simplified.

Albaraka Turk, in the light of all these global and local markets developments, has shown that working principles and active structures of participation banking are more enduring compared to traditional banking and continued its contribution in Turkish economy and real sector also in the first half of the year. We, as Albaraka Turk, shall continue to meet financial needs of our customers as it has been in 33 years by increasing the energy needed for our growth with our management team professionalizing more every passing day with the awareness and responsibility of being the first and pioneer Participation Bank of Turkey, our young and dynamic human resource and the organization we have. Our Bank, as it was yesterday, shall continue to take firm steps today and tomorrow by "Adding value to the values" of all stakeholders in accordance with the vision of "Being the Best Participation Bank of the World".

Our Bank shall continue to be a pioneer in the sector with its employees and stakeholders; and shall serve for sustainable growth and development also in the forthcoming periods. Hereby, I would like to take this opportunity to thank my colleagues, our customers, shareholders and all our stakeholders for their contribution in our success.

Respectfully Yours,

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
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Adnan Ahmed Yusuf ABDULMALEK

Chairman of the Board of Directors

Information on Interim Report (continued):

3. Message from the CEO

Dear Precious Stakeholders,

Despite developments in both the global and local markets in the first half of 2018 and which shall show their effects afterwards, Albaraka Turk has maintained its contribution to the economy of Turkey and real sector.

According to our financial results for the first half, total assets of our Bank is actualized as TL 40.456.410. Our total loan portfolio has reached to TL 27.688.635 in the same period. Funds collected through profit and loss sharing accounts and private current accounts have increased by 9,49% compared to the previous term and realized as TL 27.711.292. Approximately 53,29% of these funds are comprised of foreign currency type funds. Net profit of our Bank as of June 30, 2018, is actualized as TL 196.181.

Albaraka Turk, growing its customer mass each passing day with its experience and service quality, is maintaining its support of development of Turkey with its entrepreneurship projects. Breaking new grounds of Participation Banking, Albaraka Turk is taking firm steps towards being the leader of not only participation banking sector but also the whole finance sector in innovation and entrepreneurship.

As a requisite of "Being the Best Participation Bank of the World" vision, we're maintaining our studies for the goal of offering all physical branch services end to end also in digital medium by achieving developments in rapidly changing and renewing finance world and making investment in future banking, and supporting entrepreneurs having finance technology-based business ideas and projects by offering incubation and acceleration opportunities with Albaraka Garaj, a first in terms of participation banks.

Interaction of in-house innovation and entrepreneurship spirit with executives is increased and customer oriented innovative solutions are started to be generated also with "Discover" program supporting in-house entrepreneurship along with Albaraka Garaj.

In the first half of 2018 we have accomplished the first Tier 1 addition principal capital sukuk issue on call of Turkey with a value of USD 205 million. This issuance which is a first in Participation Banking sector is an indicator of Albaraka Turk successfully putting new investment banking practices into effect while maintaining its steady growth journey with the service model reflecting Albaraka Turk's predictive power and vision, future-oriented strategies and participation banking philosophy in the best way.

As Albaraka Turk, while putting new investment banking practices into effect successfully, we also continue to extend investor base. We're reaching various investor mass with investment banking practices in compliance with our strategic plans. Domestic Leasing Certificate issues started in 2016 for our bank's qualified investors have continued also in 2018 and we have performed TL 1.085.000 and USD 90 million Leasing Certificate (Sukuk) issuance in the first half with a demand beyond our expectations.

Our Bank, being the first participation bank of Turkey and maintaining its goal of being the best participation bank of the World, has added new awards to the awards it has won in international field by receiving "The Best Participation Bank of Turkey" and "The Best Sukuk Transaction" awards at the eighth 'Islamic Finance Awards 2018' organized by International Finance Journal World Finance.

These awards received has been an indicator for justifying reputation of our Bank selected as "The Best Participation Bank of Turkey" in global markets and our various innovative investments pioneering participation banking in Turkey. This also indicates that investments and projects we perform has gotten positive returns from our customers. Projects and progresses we have performed in accordance with the goal of "Being the Best Participation Bank of the World" also reveals to our customers our efforts we show to offer the best banking experience. As Albaraka Turk, with all our activities we have developed and increased in every field, we will continue our studies meticulously and devotedly for 15 percent market share which participation banking has aimed to achieve in 2023 in our country.

I would like to express my warmest thanks to all our stakeholders who have not begrudged their contribution and supports in our efforts awarded with trust and support of our Customers.

Respectfully Yours,

Melikşah UTKU

Board Member and CEO

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Information on Interim Report (continued):

4. Activities in Second Quarter of 2018:

- In the first half of 2018, our total assets have actualized as TL 40.456.410.
- In the first half of 2018, the funds collected by our Bank through "Special Current Accounts" and "Participation to Profit and Loss Accounts" has been TL 27.711.292 as of June 30, 2018. Approximately 53.29% of these funds are constituted of foreign currency funds.
- Participation accounts in the first half of 2018 has been TL 20.193.808. Our Bank's Fund Collecting Activities are carried out through our branches, 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	12.944.296	2.838.661	13.247.715	3.504.686	(2,29)	(19,00)
Current Accounts	2.954.866	647.997	3.195.749	845.436	(7,54)	(23,35)
Participation Accounts	9.989.430	2.190.664	10.051.966	2.659.250	(0,62)	(17,62)
FC Funds	14.766.996	3.238.376	12.062.125	3.191.038	22,42	1,48
Current Accounts	4.562.618	1.000.574	3.957.483	1.046.953	15,29	(4,43)
Participation Accounts	10.204.378	2.237.802	8.104.642	2.144.085	25,91	4,37
TOTAL	27.711.292	6.077.037	25.309.840	6.695.724	9,49	(9,24)

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
Credits (*)	27.278.385	5.982.102	24.680.290	6.529.177	10,53	(8,38)
Non Performing Receivables	1.608.287	352.695	1.212.610	320.796	32,63	9,94
Lifetime ECL Impaired Credits (Stage 3)	(928.755)	(203.674)	(699.437)	(185.036)	32,79	10,07
TOTAL	27.957.917	6.131.123	25.193.463	6.664.937	10,97	(8,01)

(*) Financial Leasing Receivables included.

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

Balance Sheet Period	USD/TL
As of June 30, 2018	4,560
As of December 31, 2017	3,780

5. Evaluation on Financial Status, Profitability and Solvency:

- Our Operating Income has been TL 803.586 increasing by 1,06% compared to the same period of the previous year.
- Net Fee and Commission Revenues have been TL 85.327, increasing by 15,44%, our Net Profit Share income has been TL 498.335.
- Our net profit has been TL 196.181 for the first 6 months of the year.
- As of June 30, 2018, our capital adequacy ratio is actualized as 15,39%, over the minimum ratio.

Investor Relations presentation related our unconsolidated financial results for the first 6 months of 2018 can be found at "Investor Relations" section in "<https://www.albaraka.com.tr/en/default.aspx>".

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Information on Interim Report (continued):

- 6. Announcements regarding important developments during January 1, 2018 - June 30, 2018 period:**
- Within the scope of the issuance ceiling approved in Capital Market Boards' meeting numbered 48/1570 on 29 December 2017, the Capital Market Boards approved issuance certificate of Albaraka Türk Katılım Bankası A.Ş, a fund user, to issue interrex management agreement based lease certificate of 125.000 Turkish Lira, with a tenor of 95 days for selling to qualified domestic investors without public offering. In case additional demand is received from local investors, total amount can reach up to 150.000 Turkish Lira. In line with the approvals that we received from the Capital Markets Board, sales transactions for domestic qualified investors amounting to TL 135.000 with a maturity of 95 days have been completed.
 - Within the scope of the issuance ceiling approved in Capital Market Boards' meeting numbered 48/1570 on 29 December 2017, the Capital Market Boards approved issuance certificate of Albaraka Türk Katılım Bankası A.Ş, a fund user, to issue interrex management agreement based lease certificate of 150.000 Turkish Lira, with a tenor of 95 days for selling to qualified domestic investors without public offering. In case additional demand is received from local investors, total amount can reach up to TL 175.000.
 - Albaraka Türk Participation Bank successfully completed the perpetual additional Tier 1 capital sukuk transaction listed on Irish Stock Exchange with a sum of USD 205 million in compliant with Basel III criteria under the global coordination of Standard Chartered Bank and with the leadership of Arab Banking Corporation (B.S.C.), Emirates NBD Capital Limited, Noorbank PJSC and QInvest LLC through Bereket One Ltd., Cayman Islands, and the profit share rate was determined as 10%.
 - Within the scope of the issuance ceiling approved in Capital Market Boards' meeting numbered 48/1570 on 29 December 2017, the Capital Market Boards approved issuance certificate of Albaraka Türk Katılım Bankası A.Ş, a fund user, to issue interrex management agreement based lease certificate of TL 175.000, with a tenor of 179 days for selling to qualified domestic investors without public offering. In case additional demand is received from local investors, total amount can reach up to TL 200.000.
 - The decisions of the Ordinary General Assembly Meeting held on March 28, 2018 was registered to Istanbul Chamber of Commerce.

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Information on Interim Report (continued):

- As announced in Public Disclosure Platform on February 23, 2018, our Bank's Ordinary General Meeting of Shareholders of was held on March 28, 2018 with the following agenda:

AGENDA:

1. Inauguration; formation of Presiding Council.
2. Authorizing the Presiding Council to sign the general assembly minutes of meeting.
3. Reading and discussing the Annual Report of the BoD about the fiscal year 2017.
4. Reading and discussing Auditor reports.
5. Reading, discussing and approving the Financial Statements.
6. Acquitting the Members of the BoD.
7. Acquitting the Auditor.
8. Discussing the BoD proposal about the utilization and distribution of the annual profit and dividends (ratios of sharing).
9. Discussing the fiscal rights and benefits of the Board members such as salary & wages, per diems, bonus & premiums and alike.
10. Electing the Auditor.
11. Permitting members of the BoD with respect to articles 395 and 396 of Turkish Commercial Code.
12. Presenting information to General Assembly about operations effected in scope of the Buy-back Program for bank's own shares in 2017,
13. Approving the buyback program prepared by the BoD regarding authorization of the BoD on our Bank's accepting its own shares as acquisition and/or pledge.
14. Presenting our Bank's "Grants and Aids Policy" to General Assembly of Shareholders for their information and approval in accordance with CMA's Corporate Governance Principles and providing with details of our Bank's donations in 2017.
15. Informing General Assembly on our Bank's Ethical Principles Policy along with Fight Against Bribery and Corruption Policy in accordance with CMA's Corporate Governance Principles.
16. Remarks and requests.

You may find Information Document, Profit Distribution Table, Minutes and Resolutions regarding Ordinary General Meeting of Shareholders which was held on March 28, 2018 from Albaraka Türk website Investor Relations section from following link:

<https://www.albaraka.com.tr/en/general-assembly-information-document.aspx>

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Information on Interim Report (continued):

- At the General Assembly meeting held on 28 March 2018, article 8 of the agenda item about the use and distribution of Profit Shares was discussed and the gross total of TL 45.000 was unanimously approved to be distributed from April 13, 2018.
- Mr. Sayın Temel Hazıroğlu who has been serving as Assistant General Manager responsible for Financial Affairs, Financial Reporting, Strategic Planning and Process Management and Organization departments resigned from his position on 31 March 2018.
- Within the scope of the issuance ceiling approved in Capital Market Boards' meeting numbered 48/1570 on 29 December 2017, Capital Market Boards approved issuance certificate prepared by Albaraka Türk Katılım Bankası A.Ş. in order to issue lease certificate for selling to qualified domestic investors without public offering. The issuance of the lease certificate based on interrex management agreement with the value of TL 150.000 and a term of 92 days was realized. In case additional demand is received from local investors, total amount can reach up to 175.000 Turkish Lira.
- Within the scope of the Capital Market Boards' Lease Certificate Communiqué published in the official gazette numbered 28670 dated on 7 June 2013, the necessary permission was granted to Bereket Varlık Kiralama A.Ş. by Capital Markets Boards to issue lease certificate up to USD 200 million which is not listed on the stock exchange, with a maximum maturity of 9 months.
- On 25 April 2018, our Bank procured Murabaha Syndication Credits amounting USD 245 million and EUR 60 million with the participation of 17 banks from 8 countries. The cost of the murabaha syndication loan, which was provided as a 370 day maturity, was realized at LIBOR + 125 bps for participation in the US dollar and EURIBOR + 115 bps for participation in EUR.
- At the Board of Directors meeting held on April 27, 2018, it was decided that the title of Mr. Volkan EVCİL shall be amended as "Chief Internal Systems Executive", Mr. Mustafa ÇETİN shall be appointed as the Assistant General Manager responsible from Finance & Strategy, Mr. Mustafa Cengiz shall be appointed as Manager responsible from Foreign Trade Operations, the 'Investment Banking Service Desk' which is currently functioning under the "Treasury and Investment Banking Department" shall be reorganized as the "Investment Banking Department", "Investment Banking Department" and "Treasury Department" shall operate under Mr. Malek Khodr TEMSAH, the Assistant General Manager of Treasury and Financial Institutions, Tülay Salva shall be appointed as Manager to "Investment Banking Department"
- Within the scope of the issuance ceiling approved in Capital Market Boards' meeting numbered 18/512 on 16 April 2018, Capital Market Boards approved issuance certificate prepared by Albaraka Türk Katılım Bankası A.Ş. in order to issue non-publicly offered lease certificate in abroad. The issuance of the lease certificate based on management agreement with the value of USD 100 million and a term of 184 days was realized. In case additional demand is received from investors, total amount can reach up to USD 115 million.
- Mr. Mehmet Ali Verçin, who has been serving as the Senior Assistant General Manager in charge of Information Technology, Operation and Human Value, resigned from his position as of April 30, 2018.
It was decided that;
- The letter submitted by Mr. Hood Hashem Ahmed Hashem, concerning his resignation from his Board Membership as of 30 May 2018 shall be accepted.
- Pursuant to the Turkish Commercial Code Article 363/1 and the Articles of Incorporation of ABAT Article 22/1, Süleyman Kalkan is hereby elected as member (director) to the Board of Directors of ABAT. The new Director Elect shall be our Board Member temporarily until upcoming General Assembly of Shareholders (AGM) approval. Once his membership is approved in the AGM, Süleyman Kalkan shall complete the office term of his predecessor.
- Süleyman KALKAN shall also be appointed as a member of the Audit Committee as of 30 May 2018,

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- The letter submitted by Mr. Yalçın Öner who has been serving as the Vice Chairman of the Board, concerning his resignation from his Board Membership as of 30 May 2018 shall be accepted.
- Pursuant to the Turkish Commercial Code Article 363/1 and the Articles of Incorporation of ABAT Article 22/1, Mehmet ASUTAY is hereby elected as member (director) to the Board of Directors of ABAT. The new Director Elect shall be our Board Member temporarily until upcoming General Assembly of Shareholders ("AGM") approval. Once his membership is approved in the AGM, Mehmet ASUTAY shall complete the office term of his predecessor.
- Mehmet ASUTAY shall also be appointed as a member of the Audit Committee as of 30 June 2018,
- Mehmet ASUTAY shall be appointed as a member of the Corporate Governance Committee as of 30 June 2018,
- Osman AKYÜZ shall fill-in the vacant Vice Chairman position as the Vice Chairman as of 30 June 2018.
- Hamad Abdullah Ali ALOQAB shall fill-in the vacant Credit Committee Substitute Membership position as the Substitute Member as of 30 June 2018.
- In accordance with the approval received from the Capital Markets Board on 30 April 2018, Albaraka Türk Katılım Bankası A.Ş. has successfully issued lease certificate amounting USD 90 million with a maturity of 184 days which is sold without a public offering in abroad and based on the management agreement.
- On 1 May 2018, International rating agency Standard & Poor's revised our bank's long term credit ratings as B + with a stable outlook and short term credit rating as B after the announcement of Turkey's credit rating as "BB-"
- Pursuant to subclause (d) of the 2nd sub-paragraph of the 8th Article of regulation on equity of banks, Albaraka Turk Participation Bank used the call option at 08 May 2018 and fully repay USD 200 million lease certificate which was issued on May 2013 for the purpose of providing Subordinated Loan (Sub-loan) (Tier 2 Capital)
- JCR Eurasia Rating has confirmed the Albaraka Türk Participation Bank's Long-term National Rating as AA (Trk) and revised its outlook from "Negative" to "Stable", and International Foreign Currency Note as "BBB-" and its outlook as "Stable".
- Our Bank has made a Manager Liability Insurance covering the period April 04, 2018 - April 3, 2019.
- In its report dated July 11, 2018, JCR- Eurasia Rating revised our Bank's Corporate Governance Principles Compliance Rating (8,92) and outlook (Positive). Our company will continue to remain in the BIST Corporate Governance Index as it is above the 7th threshold of the Corporate Governance Principles Compliance Rating.
- Mr. Bekir PAKDEMİRLİ who has attended our Bank's Board of Directors in 2016 and has been serving as a member of the Board of Directors, Chairman of Sustainability and Social Responsibility Committee and Reserve Member of the Credit Committee has resigned from his positions.
- At the meeting of the Board of Directors of our Bank dated July 24, 2018, the following have been decided that; 1- A Special Purpose Vehicle ("SPV") shall be established by our bank in Turkey in compliance with the national regulations in order to execute customer's issuance of lease certificates; 2- 'Investor Relations Service Desk' which is currently functioning under the "Financial Institutions and Investor Relations Department" shall be reorganized as the "Investor Relations Department". 3- In accordance with the second paragraph of Article 11 of Corporate Governance Communiqué No. II-17.1, which was published in the Official Gazette dated January 3, 2014 of the Capital Markets Board, Mr. Sadrettin BAĞCI who has "Capital Market Activities Level 3 License" and "Corporate Governance Rating License" shall be appointed as Manager to "Investor Relations Department" and as a member of the Corporate Governance Committee.

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- At the meeting of the Board of Directors of our Bank dated July 24, 2018, it has been decided that Mr. Sadrettin BAĐCI who has “Capital Market Activities Level 3 License” and “Corporate Governance Rating License” shall be appointed as Manager to “Inverstor Relations Department” and as a member of the Corporate Governance Committee in accordance with the second paragraph of Article 11 of Corporate Governance Communiqué No. II-17.1, which was published in the Official Gazette dated January 3, 2014 of the Capital Markets Board.
- The issues that took place during the period January 1, 2018 - June 30, 2018 were announced to the public and uploaded to the Public Disclosure Platform as notifications. All of these announcements are shared in the Investor Relations section of the Albaraka Trk website.

<https://www.albaraka.com.tr/ozel-durum-aciklamalari.aspx>