

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated financial statements
and related disclosures at June 30, 2017
together with limited review report
*(Convenience translation of the limited review report and
financial statements originally issued in Turkish –
see section three Note XXIII)*

July 28, 2017

*This report contains “Limited Review Report”
comprising 2 pages and “Unconsolidated
Financial Statements and Related Disclosures
and Footnotes” comprising 96 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, 2017 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Albaraka Türk Katılım Bankası A.Ş. as of 30 June 2017 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.

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

Alper Güvenç
Partner, SMMM

July 28, 2017
İstanbul, Turkey

Additional paragraph for convenience translation to English:

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

**UNCONSOLIDATED INTERIM FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.
AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017**

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

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

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

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

Melikşah UTKU
General Manager

Temel HAZIROĞLU
Assistant General
Manager

Yunus AHLATCI
Financial Reporting
Manager

Mustafa BÜYÜKABACI
Chairman of the Audit Committee

Hood Hashem Ahmed HASHEM
Member of the Audit Committee

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

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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2017

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

The Bank's head office is located in Istanbul and is operating through 212 (December 31, 2016: 212) local branches and 1 (December 31, 2016: 1) foreign branch and with 3.816 (December 31, 2016: 3.796) staff as of June 30, 2017.

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, 2017, 54,06% (December 31, 2016: 54,06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 24,95% (December 31, 2016: 24,84%) 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, 2017
(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. EQAB	Member of BOD	Bachelor	(*) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of BOD	Master	(*) 0,0000
	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	-
	Mehmet Ali VERÇİN	Assistant General Manager Responsible for Support (General Manager Deputy)	Bachelor	-
	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	-
	Temel HAZIROĞLU	Assistant General Manager Responsible for Finance	Master	(*) 0,0342
	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	-
	Ali TUĞLU	Assistant General Manager Responsible for Information Technologies	Master	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000

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

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0342% of the Bank's share capital (December 31, 2016: 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, 2017
(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 Customs and Trade since such applications are amendments in nature to the Article of Association. The application is included in the Article of Association after all necessary approvals are obtained.

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

The Bank did not consolidate its associate Kredi Garanti Fonu A.Ş. through equity method considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. The Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Albaraka Gayrimenkul Portföy Yönetimi A.Ş. the subsidiaries of the Bank, through equity method and full consolidation method, respectively. ABT Sukuk Limited and Albaraka Sukuk Limited, which are not subsidiaries of the Bank but over which the Bank has 100% controlling power, have been included in the consolidation due to the reason that these companies are "Structured Entity". Real Estate Investment Funds "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu" and "Albaraka Gayrimenkul 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 income
- IV. Statement of income and expense items accounted under shareholders' equity
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flows

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

ASSETS	Notes (Section Five-I)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2017			December 31, 2016		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	223.680	4.784.952	5.008.632	940.247	4.058.805	4.999.052
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	975.533	3.322	978.855	1.022	65.074	66.096
2.1 Trading Financial Assets		975.533	3.322	978.855	1.022	65.074	66.096
2.1.1 Public Sector Debt Securities		962	-	962	-	-	-
2.1.2 Equity Securities		1.122	-	1.122	954	-	954
2.1.3 Derivative Financial Assets Held for Trading		109	-	109	55	65.013	65.068
2.1.4 Other Marketable Securities		973.340	3.322	976.662	13	61	74
2.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(3)	580.246	1.517.550	2.097.796	656.410	1.501.767	2.158.177
IV. MONEY MARKET PLACEMENTS							
V. FINANCIAL ASSETS-AVAILABLE FOR SALE (Net)	(4)	1.023.743	625.263	1.649.006	996.067	386.623	1.382.690
5.1 Equity Securities		15	7.111	7.126	15	6.335	6.350
5.2 Public Sector Debt Securities		1.007.416	318.354	1.325.770	986.482	298.856	1.285.338
5.3 Other Marketable Securities		16.312	299.798	316.110	9.570	81.432	91.002
VI. LOANS AND RECEIVABLES	(5)	16.773.518	5.337.673	22.111.191	17.448.650	4.394.425	21.843.075
6.1 Loans and Receivables		16.127.058	5.337.666	21.464.724	16.921.201	4.394.425	21.315.626
6.1.1 Loans to Risk Group of The Bank		4.113	20.265	24.378	6.937	29.327	36.264
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		16.122.945	5.317.401	21.440.346	16.914.264	4.365.098	21.279.362
6.2 Non-performing loans		1.424.213	685	1.424.898	1.104.785	1.169	1.105.954
6.3 Specific Provisions (-)		777.753	678	778.431	577.336	1.169	578.505
VII. INVESTMENTS HELD TO MATURITY (Net)	(6)	625.372	-	625.372	668.582	-	668.582
VIII. INVESTMENTS IN ASSOCIATES (Net)	(7)	4.719	-	4.719	4.719	-	4.719
8.1 Accounted for under Equity Method		-	-	-	-	-	-
8.2 Unconsolidated Associates		4.719	-	4.719	4.719	-	4.719
8.2.1 Financial Associates		4.719	-	4.719	4.719	-	4.719
8.2.2 Non-Financial Associates		-	-	-	-	-	-
IX. SUBSIDIARIES (Net)	(8)	5.400	-	5.400	5.400	-	5.400
9.1 Unconsolidated Financial Subsidiaries		5.400	-	5.400	5.400	-	5.400
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X. JOINT VENTURES (Net)	(9)	20.000	-	20.000	20.000	-	20.000
10.1 Accounted for under Equity Method		-	-	-	-	-	-
10.2 Unconsolidated		20.000	-	20.000	20.000	-	20.000
10.2.1 Financial Joint Ventures		20.000	-	20.000	20.000	-	20.000
10.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XI. LEASE RECEIVABLES (Net)	(10)	765.179	-	765.179	878.979	-	878.979
11.1 Finance Lease Receivables		866.307	-	866.307	996.206	-	996.206
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned Income (-)		101.128	-	101.128	117.227	-	117.227
XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
12.1 Fair Value Hedge		-	-	-	-	-	-
12.2 Cash Flow Hedge		-	-	-	-	-	-
12.3 Hedge of Net Investment Risks in Foreign Operations		-	-	-	-	-	-
XIII. TANGIBLE ASSETS (Net)	(12)	563.422	435	563.857	516.340	791	517.131
XIV. INTANGIBLE ASSETS (Net)	(13)	33.810	194	34.004	35.157	305	35.462
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		33.810	194	34.004	35.157	305	35.462
XV. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVI. TAX ASSET	(15)	17.586	-	17.586	25.100	-	25.100
16.1 Current Tax Asset		3.695	-	3.695	5.004	-	5.004
16.2 Deferred Tax Asset		13.891	-	13.891	20.096	-	20.096
XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(16)	34.541	450	34.991	91.884	433	92.317
17.1 Assets Held for Sale		34.541	450	34.991	91.884	433	92.317
17.2 Assets of Discontinued Operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(17)	293.498	6.495	299.993	141.900	12.058	153.958
TOTAL ASSETS		21.940.247	12.276.334	34.216.581	22.430.457	10.420.281	32.850.738

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

LIABILITIES	Notes (Section Five-II)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2017			December 31, 2016		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	12.389.894	11.380.908	23.770.802	12.557.143	10.597.991	23.155.134
1.1 Funds from Risk Group of The Bank		103.370	527.213	630.583	18.908	467.738	486.646
1.2 Other		12.286.524	10.853.695	23.140.219	12.538.235	10.130.253	22.668.488
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	983	-	983	88	-	88
III. FUNDS BORROWED	(3)	495.887	4.564.284	5.060.171	181.593	4.242.602	4.424.195
IV. BORROWINGS FROM MONEY MARKETS		105.000	-	105.000	492.784	-	492.784
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES		963.935	138.050	1.101.985	634.215	68.144	702.359
VII. OTHER LIABILITIES	(4)	-	-	-	-	-	-
VIII. LEASE PAYABLES	(5)	-	-	-	-	-	-
8.1 Finance Lease Payables		-	-	-	-	-	-
8.2 Operational Lease Payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
IX. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
9.1 Fair Value Hedge		-	-	-	-	-	-
9.2 Cash Flow Hedge		-	-	-	-	-	-
9.3 Net Foreign Investment Hedge		-	-	-	-	-	-
X. PROVISIONS	(7)	199.599	35.963	235.562	191.485	42.364	233.849
10.1 General Provisions		109.727	24.875	134.602	110.416	25.847	136.263
10.2 Restructuring Reserves		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		50.735	-	50.735	43.260	-	43.260
10.4 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.5 Other Provisions		39.137	11.088	50.225	37.809	16.517	54.326
XI. TAX LIABILITY	(8)	53.382	14	53.396	48.484	3.315	51.799
11.1 Current Tax Liability		53.382	14	53.396	48.484	3.315	51.799
11.2 Deferred Tax Liability		-	-	-	-	-	-
XII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(9)	-	-	-	-	-	-
12.1 Assets Held for Sale		-	-	-	-	-	-
12.2 Assets of Discontinued Operations		-	-	-	-	-	-
XIII. SUBORDINATED LOANS	(10)	-	1.511.792	1.511.792	-	1.510.937	1.510.937
XIV. SHAREHOLDERS' EQUITY	(11)	2.375.982	908	2.376.890	2.288.359	(8.766)	2.279.593
14.1 Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2 Capital Reserves		224.808	908	225.716	220.642	(8.766)	211.876
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Reserve		(6.921)	908	(6.013)	210	(8.766)	(8.556)
14.2.4 Revaluation Reserve on Tangible Assets		216.373	-	216.373	211.642	-	211.642
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		15.356	-	15.356	8.790	-	8.790
14.3 Profit Reserves		1.113.454	-	1.113.454	946.157	-	946.157
14.3.1 Legal Reserves		116.236	-	116.236	101.765	-	101.765
14.3.2 Status Reserves		-	-	-	-	-	-
14.3.3 Extraordinary Reserves		997.218	-	997.218	844.392	-	844.392
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Profit or Loss		137.720	-	137.720	221.560	-	221.560
14.4.1 Prior Years Profit / (Loss)		6.423	-	6.423	3.951	-	3.951
14.4.2 Current Year Profit / (Loss)		131.297	-	131.297	217.609	-	217.609
TOTAL LIABILITIES		16.584.662	17.631.919	34.216.581	16.394.151	16.456.587	32.850.738

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

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2017			December 31, 2016		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	(1)	5.525.893	4.709.049	10.234.942	5.229.816	5.721.490	10.951.306
I. GUARANTEES AND SURETIES		4.040.300	4.002.077	8.042.377	4.003.878	4.697.315	8.701.193
1.1. Letters of Guarantees		4.014.548	3.114.819	7.129.367	3.992.017	3.817.794	7.809.811
1.1.1. Guarantees Subject to State Tender Law		399.802	34.265	434.067	380.805	33.037	413.842
1.1.2. Guarantees Given for Foreign Trade Operations		1.635	688.035	689.670	5.911	875.341	881.252
1.1.3. Other Letters of Guarantee		3.613.111	2.392.519	6.005.630	3.605.301	2.909.416	6.514.717
1.2. Bank Loans		-	14.513	14.513	-	20.711	20.711
1.2.1. Import Letter of Acceptances		-	14.513	14.513	-	20.711	20.711
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		1.840	801.165	803.005	2.073	750.606	752.679
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		1.840	801.165	803.005	2.073	750.606	752.679
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		-	68.581	68.581	150	101.422	101.572
1.7. Other Collaterals		23.912	2.999	26.911	9.638	6.782	16.420
II. COMMITMENTS	(1)	1.319.134	101.910	1.421.044	1.221.782	9.379	1.231.161
2.1. Irrevocable Commitments		1.319.134	101.910	1.421.044	1.221.782	9.379	1.231.161
2.1.1. Asset Purchase and Sale Commitments		84.080	101.910	185.990	4.020	9.379	13.399
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		143.829	-	143.829	111.042	-	111.042
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		496.304	-	496.304	588.983	-	588.983
2.1.7. Tax And Fund Liabilities from Export Commitments		3.343	-	3.343	3.029	-	3.029
2.1.8. Commitments for Credit Card Expenditure Limits		502.908	-	502.908	475.270	-	475.270
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		458	-	458	963	-	963
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		88.212	-	88.212	38.475	-	38.475
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	166.459	605.062	771.521	4.156	1.014.796	1.018.952
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		166.459	605.062	771.521	4.156	1.014.796	1.018.952
3.2.1. Forward Foreign Currency Buy/Sell Transactions		7.536	7.057	14.593	4.156	1.014.796	1.018.952
3.2.1.1. Forward Foreign Currency Transactions-Buy		3.769	3.529	7.298	2.078	539.810	541.888
3.2.1.2. Forward Foreign Currency Transactions-Sell		3.767	3.528	7.295	2.078	474.986	477.064
3.2.2. Other Forward Buy/Sell Transactions		158.923	598.005	756.928	-	-	-
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		53.684.759	7.214.479	60.899.238	46.841.565	7.544.333	54.385.898
IV. ITEMS HELD IN CUSTODY		1.812.903	1.085.429	2.898.332	1.598.038	1.363.315	2.961.353
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		72	-	72	72	-	72
4.3. Cheques Received for Collection		1.338.008	116.824	1.454.832	1.214.349	110.011	1.324.360
4.4. Commercial Notes Received for Collection		443.772	49.557	493.329	351.020	31.674	382.694
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		999	157.324	158.323	2.534	153.793	156.327
4.8. Custodians		29.949	761.724	791.673	29.960	1.067.837	1.097.797
V. PLEDGED ITEMS		51.871.856	6.129.050	58.000.906	45.243.527	6.181.018	51.424.545
5.1. Marketable Securities		5.861.835	2.363.755	8.225.590	2.553.972	1.690.418	4.244.390
5.2. Guarantee Notes		1.310.491	140.161	1.450.652	1.461.797	180.826	1.642.623
5.3. Commodity		2.059.817	650.434	2.710.251	1.873.977	956.778	2.830.755
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		40.422.869	2.006.091	42.428.960	37.530.439	1.668.064	39.198.503
5.6. Other Pledged Items		2.038.360	964.728	3.003.088	1.571.336	1.681.591	3.252.927
5.7. Pledged Items-Depository		178.484	3.881	182.365	252.006	3.341	255.347
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		59.210.652	11.923.528	71.134.180	52.071.381	13.265.823	65.337.204

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	Reviewed	Reviewed
		CURRENT PERIOD January 1- June 30, 2017	PRIOR PERIOD January 1- June 30, 2016	CURRENT PERIOD April 1- June 30, 2017	PRIOR PERIOD April 1- June 30, 2016
I. PROFIT SHARE INCOME	(1)	1.287.781	1.094.209	655.033	530.185
1.1 Profit Share on Loans		1.133.638	972.048	578.564	469.556
1.2 Income Received from Reserve Deposits		13.206	10.705	7.599	4.802
1.3 Income Received from Banks		913	31	347	31
1.4 Income Received from Money Market Placements		-	-	-	-
1.5 Income Received from Marketable Securities Portfolio		103.794	74.736	53.102	37.381
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	40.297	36.239	20.261
1.5.4 Investments Held to Maturity		35.054	34.439	16.863	17.120
1.6 Finance Lease Income		35.160	35.785	15.380	17.856
1.7 Other Profit Share Income		1.070	904	41	559
II. PROFIT SHARE EXPENSE	(2)	648.136	580.137	333.772	293.712
2.1 Expense on Profit Sharing Accounts		479.704	431.905	251.431	214.504
2.2 Profit Share Expense on Funds Borrowed		156.522	116.329	80.565	62.045
2.3 Profit Share Expense on Money Market Borrowings		2.849	29.043	1.308	15.068
2.4 Profit Share Expense on Securities Issued		-	-	-	-
2.5 Other Profit Share Expense		9.061	2.860	468	2.095
III. NET PROFIT SHARE INCOME (I – II)		639.645	514.072	321.261	236.473
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		73.917	70.295	36.119	37.941
4.1 Fees and Commissions Received		107.507	99.917	54.233	53.572
4.1.1 Non-Cash Loans		53.390	50.031	26.057	27.252
4.1.2 Other	(12)	54.117	49.886	28.176	26.320
4.2 Fees and Commissions Paid		33.590	29.622	18.114	15.631
4.2.1 Non-Cash Loans		55	152	9	85
4.2.2 Other	(12)	33.535	29.470	18.105	15.546
V. DIVIDEND INCOME	(3)	-	-	-	-
VI. TRADING INCOME/LOSS(net)	(4)	17.785	31.436	24.932	8.668
6.1 Capital Market Transaction Income / (Loss)		34.392	56	30.167	40
6.2 Profit / (Loss) from Derivative Financial Instruments		(13.424)	(33.440)	(10.913)	(12.702)
6.3 Foreign Exchange Income / (Loss)		(3.183)	64.820	5.678	21.330
VII. OTHER OPERATING INCOME	(5)	63.807	65.011	34.373	31.479
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		795.154	680.814	416.685	314.561
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	234.513	144.180	96.484	70.554
X. OTHER OPERATING EXPENSES (-)	(7)	398.494	375.458	204.274	168.319
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		162.147	161.176	115.927	75.688
XII. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII. PROFIT / (LOSS) ON EQUITY METHOD		-	-	-	-
XIV. PROFIT / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV. PROFIT / (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	162.147	161.176	115.927	75.688
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	30.850	32.626	20.423	10.213
16.1 Provision for Current Taxes		15.435	40.394	6.673	16.466
16.2 Provision for Deferred Taxes		15.415	(7.768)	13.750	(6.253)
XVII. NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	131.297	128.550	95.504	65.475
XVIII. INCOME FROM DISCONTINUED OPERATIONS	(10)	-	-	-	-
18.1 Income from Assets Held For Sale		-	-	-	-
18.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
18.3 Income from Other Discontinued Operations		-	-	-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Loss from Assets Held for Sale		-	-	-	-
19.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-	-	-
19.3 Loss from Other Discontinued Operations		-	-	-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
21.1 Provision for Current Taxes		-	-	-	-
21.2 Provision for Deferred Taxes		-	-	-	-
XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII. NET PROFIT / LOSS (XVII+XXII)	(11)	131.297	128.550	95.504	65.475
Earnings Per Share (Full TL)		0,146	0,143	0,106	0,073

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME&EXPENSE ITEMS ACCOUNTED
UNDER SHAREHOLDERS' EQUITY AS OF JUNE 30, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		Reviewed	Reviewed	Reviewed	Reviewed
		CURRENT PERIOD January 1- June 30, 2017	PRIOR PERIOD January 1- June 30, 2016	CURRENT PERIOD April 1- June 30, 2017	PRIOR PERIOD April 1- June 30, 2016
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	3.179	(1.021)	6.254	(3.069)
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	3.366	(1.356)	(1.658)	1.012
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)	204	(1.251)	614
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	5.909	(2.173)	3.345	(1.443)
XI.	PROFIT/LOSS	131.297	128.550	95.504	65.475
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	128.550	95.504	65.475
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	137.206	126.377	98.849	64.032

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED 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, 2016																	
I. Beginning balance	(V)	900.000	-	-	-	84.774	-	611.757	1.127	302.863	3.610	10.691	189.092	-	-	-	2.103.914
Changes In Period																	
II. Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(817)	-	-	-	-	(817)
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates,Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	(1.356)	-	-	-	-	-	-	-	(1.356)
IX. Changes Related to the Disposal Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	(2.822)	-	(3.450)	2.768	-	2.037	-	(6.473)	-	-	-	(7.940)
XVII. Period Net Income/(Loss)		-	-	-	-	-	-	-	-	128.550	-	-	-	-	-	-	128.550
XVIII. Profit Distribution		-	-	-	-	15.863	-	240.210	-	(302.863)	(3.610)	-	-	-	-	-	(50.400)
18.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	(50.400)	-	-	-	-	-	(50.400)
18.2 Transfers To Reserves		-	-	-	-	15.863	-	240.210	-	-	(256.073)	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(302.863)	302.863	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	97.815	-	848.517	2.539	128.550	2.037	9.874	182.619	-	-	-	2.171.951

⁽¹⁾ As per Repurchase Programme accepted at the General Assembly on March 25, 2015 repurchased shares amount to TL 2.625 between January 18, 2016 and June 28, 2016 represented under other reserves.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED 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
CURRENT 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

⁽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
FOR THE PERIOD ENDED JUNE 30, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS		Reviewed CURRENT PERIOD January 1- June 30, 2017	Reviewed PRIOR PERIOD January 1- June 30, 2016
	Notes (Section Five-VI)		
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		676.291	179.545
1.1.1 Profit Share Income Received		1.186.167	977.396
1.1.2 Profit Share Expense Paid		(619.715)	(566.692)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		54.117	49.885
1.1.5 Other Income		49.508	36.332
1.1.6 Collections from Previously Written Off Loans		130.871	74.299
1.1.7 Payments to Personnel and Service Suppliers		(218.556)	(212.111)
1.1.8 Taxes Paid		(30.996)	(58.465)
1.1.9 Others		124.895	(121.099)
1.2 Changes In Operating Assets And Liabilities		(1.200.448)	(1.394.376)
1.2.1 Net (Increase) Decrease in Available For Sale Financial Assets		(912.759)	21.048
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)	(108.723)
1.2.4 Net (Increase) Decrease in Loans		(720.007)	(857.291)
1.2.5 Net (Increase) Decrease in Other Assets		(143.005)	(80.416)
1.2.6 Net Increase (Decrease) in Funds Collected From Banks		902.781	128.541
1.2.7 Net Increase (Decrease) in Other Funds Collected		(155.417)	(578.332)
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)	80.797
I. Net Cash Flow From Banking Operations		(524.157)	(1.214.831)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(259.415)	(1.845)
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)	(15.512)
2.4 Fixed Assets Sales		30.200	39.419
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(658.638)	(499.778)
2.6 Cash Obtained from Sale of Financial Assets Available for Sale		320.697	439.586
2.7 Cash Paid for Purchase of Investment Securities		(132.000)	-
2.8 Cash Obtained from Sale of Investment Securities		210.264	34.440
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		273.953	42.413
3.1 Cash Obtained from Funds Borrowed and Securities Issued		2.691.638	1.486.166
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(2.374.164)	(1.393.353)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		(43.521)	(50.400)
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		(19.712)	(30.136)
V. Net (Decrease) Increase in Cash and Cash Equivalents		(529.331)	(1.204.399)
VI. Cash and Cash Equivalents at the Beginning of the Period		3.464.483	3.808.054
VII. Cash and Cash Equivalents at the End of the Period		2.935.152	2.603.655

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2017

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

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on basis of presentation:

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

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

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, and are consistent with the accounting policies applied in the annual financial statements of the year ended December 31, 2016. The aforementioned accounting policies and valuation principles are explained in Notes II to XXII below.

TAS/TFRS changes which are effective from January 1, 2017 do not have a significant effect on the Bank's accounting policies, financial position or performance. As of the date of financial statements, TAS/TFRS changes which are announced but not yet effective, except TFRS 9 financial instruments and IFRS 16 Leases, do not have a significant effect on the Bank's accounting policies, financial position or performance.

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2017

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

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 portion of risk belonging to the profit sharing accounts for foreign currency performing loans which were funded from these accounts is evaluated at current foreign exchange rates.

The Bank's share of foreign currency non performing loans funded by profit sharing accounts and foreign currency non performing loans funded by equity are evaluated at the exchange rates at their switch from performing to non performing and booked under Turkish lira accounts.

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.

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

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

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

IV. Explanations on profit share income and expenses:

Profit share income

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

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

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

Profit share expense

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

V. Explanations on fees, commission income and expenses:

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

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

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

VI. Explanations on financial assets:

The Bank categorizes and records its financial assets as "Financial Assets at Fair Value through Profit and Loss", "Financial Assets Available for Sale", "Loans and Receivables" or "Financial Assets Held to Maturity". Sale and purchase transactions of the financial assets mentioned above are recognized at the settlement dates. The appropriate classification of financial assets of the Bank is determined 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 financial assets which are either acquired for generating profit from short-term fluctuations in prices or dealers' margin, or are financial assets included in a portfolio in which a pattern of short-term profit making exists.

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

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

As of June 30, 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).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2017

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

VI. Explanations on financial assets (continued):

Financial assets available for sale:

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

Loans and receivables:

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

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

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

Financial assets held to maturity:

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

VII. Explanations on impairment of financial assets:

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

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

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

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

VIII. Explanations on offsetting of financial instruments:

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

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

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

The Bank has not any securities lending transactions.

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

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

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

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

XI. Explanations on goodwill and other intangible assets:

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

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

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

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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.

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

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

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

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XIII. Explanations on leasing transactions:

Transactions as a lessee

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

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

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

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

Transactions as a lessor

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

XIV. Explanations on provisions and contingent liabilities:

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

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

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

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

XV. Explanations on liabilities regarding employee rights:

i. *Defined benefit plans:*

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

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

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Bank recognizes all actuarial gains and losses immediately through other comprehensive income. As of June 30, 2017, actuarial loss amounts to TL 9.729 (December 31, 2016: TL 9.729 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.

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XV. Explanations on liabilities regarding employee rights (continued):

ii. *Defined contribution plans:*

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

iii. *Short term benefits to employees:*

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

XVI. Explanations on taxation:

Current tax:

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

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

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

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

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

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

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

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

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

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

Deferred tax:

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

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

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XVI. Explanations on taxation (continued):

Transfer pricing:

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

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

XVII. Additional explanations on borrowings:

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

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

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

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

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

XX. Explanations on government grants:

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

XXI. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note X.

XXII. Explanations on other matters:

None.

XXIII. Additional paragraph for convenience translation:

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

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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, 2017 the Bank's total capital has been calculated as TL 3.839.063, capital adequacy standard ratio is 16,93%. As of December 31, 2016, Bank's total capital amounted to TL 3.064.000, capital adequacy ratio was 13,46% calculated. This ratio is above the minimum ratio required by the legislation.

a. Information on Capital:

	Current Period	Amounts related to treatment before 1 January 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	1.113.454	
Gains recognized in equity as per TAS	247.053	
Profit	137.720	
Current Period Profit	131.297	
Prior Period Profit	6.423	
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	2.398.227	
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	21.337	
Improvement costs for operating leasing	23.179	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	25.622	32.028
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	70.138	
Total Common Equity Tier 1 Capital	2.328.089	

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

a. Information on Capital (continued):

ADDITIONAL TIER I CAPITAL	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	6.406
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)	2.321.683
TIER II CAPITAL	
Debt instruments and share issue premiums deemed suitable by the BRSA	1.496.112
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	63.119
Tier II Capital Before Deductions	1.559.231
Deductions From Tier II Capital	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	1.559.231
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.880.914
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	39.446
Other items to be defined by the BRSA	2.405

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

a. Information on Capital (continued):

In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
TOTAL CAPITAL	
Total Capital	3.839.063
Total risk weighted amounts	22.682.271
Capital Adequacy Ratios	
Core Capital Adequacy Ratio (%)	10,26
Tier 1 Capital Adequacy Ratio (%)	10,24
Capital Adequacy Ratio (%)	16,93
BUFFERS	
Bank-specific total core capital ratio	1,25
Capital conservation buffer requirement (%)	1,25
Bank specific counter-cyclical buffer requirement (%)	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on	
Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5,76
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	45.753
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before ten thousand twenty five limitation)	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	63.119
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 &-,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 1 January 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	946.157	
Gains recognized in equity as per TAS	232.165	
Profit	221.560	
Current Period Profit	217.609	
Prior Period Profit	3.951	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	2.299.882	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	20.289	
Improvement costs for operating leasing	27.695	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	19.895	33.159
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	67.879	
Total Common Equity Tier 1 Capital	2.232.003	

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

a. Information on Capital (continued):

ADDITIONAL TIER I CAPITAL	-
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	13.264
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	2.218.739
TIER II CAPITAL	
Debt instruments and share issue premiums deemed suitable by the BRSA	793.260
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	60.956
Tier II Capital Before Deductions	854.216
Deductions From Tier II Capital	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	854.216
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.072.955
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	5.813
Other items to be defined by the BRSA	3.142

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

a. Information on Capital (continued):

In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
TOTAL CAPITAL	
Total Capital	3.064.000
Total risk weighted amounts	22.757.911
Capital Adequacy Ratios	
Core Capital Adequacy Ratio (%)	9,81
Tier 1 Capital Adequacy Ratio (%)	9,75
Capital Adequacy Ratio (%)	13,46
BUFFERS	
Bank-specific total core capital ratio	0,63
Capital conservation buffer requirement (%)	0,63
Bank specific counter-cyclical buffer requirement (%)	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5,31
Amounts below the Excess Limits as per the Deduction Principles	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	32.927
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before ten thousand twenty five limitation)	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	60.956
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to &-,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):**
- b. Information on reconciliation of total capital and equity**

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

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

c. Details on Subordinated Liabilities:

Issuer	Albaraka Sukuk Ltd.	ABT Sukuk Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS0927211754
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 Murabaha
Amount recognized in regulatory capital (as of most recent reporting date)	TL 793.712	TL 702.400
Par Value of Instrument	TL 793.712	TL 702.400
Accounting Classification	Subordinated Loan	Subordinated Loan
Original date of Issuance	November 30, 2015	May 7, 2013
Perpetual or dated	Dated	Dated
Maturity date	November 30, 2025	May 7, 2023
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date : November 30, 2020 Total Repayment Amount of Profit Share : USD 131.250.000, Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date : May 7, 2018 Total Repayment Amount of Profit Share : USD 77.500.000 , Repayment Period: 6 months Principal Payment: USD 200.000.000
Subsequent call dates	-	-
Profit Share / Dividends		
Fixed or floating profit share / dividend	Fixed	Fixed
Profit share rate and any related index	10,50%	7,75%
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	Mandatory
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)	-	-
If write-down, full or partial	-	-
If write down, permanent or temporary	-	-
If temporary write-down, description of write-up mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliances with article number 7 and 8 of "Own fund regulation"	No	No

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II. Explanations on credit risk:

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

III. Explanations on currency risk:

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

- a. The Bank is exposed to currency risks as a market risk and tries to balance the currency risks by avoiding to keep any long or short positions. The currency risk of the Bank is monitored on a daily basis. Net foreign currency position / shareholders’ equity ratio is also controlled on a daily basis. All foreign currency assets, liabilities and foreign currency forward transactions are taken into consideration while capital requirement to be employed for foreign currency risk is calculated. Standard Method used in legal reporting and amount subject to risk is calculated on a monthly basis.
- b. The Bank does not have any derivative financial instruments held for hedging purposes.
- c. As a result of the uncertainty and volatility in the markets, foreign currency position is kept at a balance, and accordingly, no currency risk is anticipated. The Bank takes necessary measures to keep the currency risk at a minimum level.
- 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, 2017 - Balance sheet evaluation rate	3,512	4,007
As of June 29, 2017	3,512	4,011
As of June 28, 2017	3,510	3,991
As of June 23, 2017	3,500	3,920
As of June 22, 2017	3,514	3,919
As of June 21, 2017	3,522	3,923

- d. The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is TL 3,512 for 1 USD (December 2016: TL 3,494), TL 3,943 for 1 EUR (December 2016: TL 3,679).

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	804.842	3.103.817	876.293	4.784.952
Banks	447.798	892.777	176.975	1.517.550
Financial assets at fair value through profit and loss	4	3.318	-	3.322
Money market placements	-	-	-	-
Available-for-sale financial assets	166	625.097	-	625.263
Loans and financial lease receivables ^(**)	3.260.620	7.400.356	370	10.661.346
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	435	435
Intangible assets	-	-	194	194
Other assets ^(***)	3.002	4.418	1.191	8.611
Total assets	4.516.432	12.029.783	1.055.458	17.601.673
Liabilities				
Current account and funds collected from banks via participation accounts	964.581	454.717	3.325	1.422.623
Other current and profit sharing accounts	2.476.746	6.657.937	823.602	9.958.285
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	995.285	5.080.791	-	6.076.076
Marketable securities issued	-	-	-	-
Miscellaneous payables	24.477	112.250	1.323	138.050
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	5.214	5.807	81	11.102
Total liabilities	4.466.303	12.311.502	828.331	17.606.136
Net balance sheet position	50.129	(281.719)	227.127	(4.463)
Net off balance sheet position	(19.744)	375.976	(207.210)	149.022
Derivative financial instruments assets ^(****)	12.631	401.485	13.881	427.997
Derivative financial instruments liabilities ^(****)	32.375	25.509	221.091	278.975
Non-cash loans ^(*****)	1.258.678	2.711.449	31.950	4.002.077
Prior Period				
Total assets	4.803.238	10.449.176	1.139.478	16.391.892
Total liabilities	4.767.097	11.015.341	657.068	16.439.506
Net balance sheet position	36.141	(566.165)	482.410	(47.614)
Net off balance sheet position	(222)	534.761	(473.712)	60.827
Derivative financial instruments assets	2.886	538.533	1.082	542.501
Derivative financial instruments liabilities	3.108	3.772	474.794	481.674
Non-cash loans	1.429.354	3.231.964	35.997	4.697.315

(*) TL 867.667 (December 31, 2016: TL 790.486) 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 116.207 (December 31, 2016: TL 274.919) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 776.826 (December 31, 2016: TL 599.733) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(**) The balance includes foreign currency indexed loans and financial lease receivables of TL 5.323.673 (December 31, 2016: TL 5.971.045).

(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 1.666 (December 31, 2016: TL 566) is included in other assets.

(****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 44.063 (December 31, 2016: TL 2.691) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 57.847 (December 31, 2016: TL 6.688).

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

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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.

V. Explanations on liquidity risk:

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

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

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

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

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

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

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

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

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

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

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 ^(*)	
		TL+FC	FC	TL+FC	FC
	Current Period				
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			4.840.787	3.356.363
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	13.463.820	5.635.244	1.182.380	563.524
3	Stable Funds Collected	3.280.029	-	164.001	-
4	Less stable Funds Collected	10.183.791	5.635.244	1.018.379	563.524
5	Unsecured Funding other than Retail and Small Business Customers Deposits	7.389.040	4.468.755	4.238.015	2.523.789
6	Operational Funds Collected	696.693	694.644	174.173	173.661
7	Non-Operational Funds Collected	3.819.416	1.976.653	2.161.976	1.190.254
8	Other Unsecured Funding	2.872.931	1.797.458	1.901.866	1.159.874
9	Secured funding			-	-
10	Other Cash Outflows	975.244	639.998	975.244	639.998
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	975.244	639.998	975.244	639.998
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	8.977.316	3.980.250	739.622	374.728
16	TOTAL CASH OUTFLOWS			7.135.261	4.102.039
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	3.868.170	2.130.924	3.102.296	1.929.571
19	Other contractual cash inflows	981.313	916.541	981.313	916.541
20	TOTAL CASH INFLOWS	4.849.483	3.047.465	4.083.609	2.846.112
				Upper limit applied amounts	
21	TOTAL HQLA			4.840.787	3.356.363
22	TOTAL NET CASH OUTFLOWS			3.051.652	1.255.927
23	Liquidity Coverage Ratio (%)			158,63	267,24

(*) 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 dated 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	116,89	126,59
Date	April 9, 2017	April 16, 2017
Highest	235,38	450,94
Date	April 28, 2017	April 28, 2017
Average (%)	158,63	267,24

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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			4.284.356	3.183.015
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	12.007.743	4.522.901	1.050.523	452.290
3	Stable Funds Collected	3.005.018	-	150.251	-
4	Less stable Funds Collected	9.002.725	4.522.901	900.272	452.290
5	Unsecured Funding other than Retail and Small Business Customers Deposits	5.880.405	3.358.936	3.296.235	1.958.555
6	Operational Funds Collected	442.615	441.165	110.654	110.291
7	Non-Operational Funds Collected	3.321.805	1.797.946	1.840.626	1.138.890
8	Other Unsecured Funding	2.115.985	1.119.825	1.344.955	709.374
9	Secured funding			-	-
10	Other Cash Outflows	726.241	698.029	726.241	698.029
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	726.241	698.029	726.241	698.029
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	9.455.208	4.249.207	747.162	362.820
16	TOTAL CASH OUTFLOWS			5.820.161	3.471.694
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	3.437.727	1.606.509	2.704.696	1.510.024
19	Other contractual cash inflows	731.192	172.774	731.192	172.774
20	TOTAL CASH INFLOWS	4.168.919	1.779.283	3.435.888	1.682.798
				Upper limit applied amounts	
21	TOTAL HQLA			4.284.356	3.183.015
22	TOTAL NET CASH OUTFLOWS			2.384.273	1.788.896
23	Liquidity Coverage Ratio (%)			179,69	177,93

^(*)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 weeks on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2016 are as follows.

Liquidity Coverage Ratio (%)	Prior period	
	TL+FC	FC
Lowest	128,75	137,50
Date	October 29, 2016	October 10, 2016
Highest	235,90	254,80
Date	December 26, 2016	December 3, 2016
Average (%)	179,69	177,93

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V. Explanations on liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (**)(***)	Total
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	1.379.495	3.629.137	-	-	-	-	-	5.008.632
Banks	1.518.172	516.815	62.809	-	-	-	-	2.097.796
Financial Assets at Fair Value Through Profit and Loss	403.679	267	-	-	962	573.947	-	978.855
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	7.126	9.838	437.933	387.521	758.053	48.535	-	1.649.006
Loans ^(*)	-	1.326.007	1.235.610	4.858.855	12.233.983	2.575.448	646.467	22.876.370
Held-To-Maturity Investments	-	-	233.196	780	391.396	-	-	625.372
Other Assets	-	-	8	117	103	-	980.322	980.550
Total Assets	3.308.472	5.482.064	1.969.556	5.247.273	13.384.497	3.197.930	1.626.789	34.216.581
Liabilities								
Current account and funds collected from banks via participation accounts	744.183	519.740	119.174	42.124	-	-	-	1.425.221
Other current and profit sharing accounts	5.042.810	12.153.890	4.096.410	1.033.115	19.356	-	-	22.345.581
Funds provided from other financial institutions and subordinated loans	-	513.292	1.969.513	1.188.224	1.404.822	1.496.112	-	6.571.963
Money Market Borrowings	-	105.000	-	-	-	-	-	105.000
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	189.418	44.327	12.362	-	-	855.878	1.101.985
Other liabilities	-	60.263	6.741	223	-	-	2.599.604	2.666.831
Total Liabilities	5.786.993	13.541.603	6.236.165	2.276.048	1.424.178	1.496.112	3.455.482	34.216.581
Net Liquidity Gap	(2.478.521)	(8.059.539)	(4.266.609)	2.971.225	11.960.319	1.701.818	(1.828.693)	-
Net Off-balance sheet								
Position	-	(883)	4.770	-	-	-	-	3.887
Financial Derivative Assets	-	158.945	223.568	5.191	-	-	-	387.704
Financial Derivative Liabilities	-	159.828	218.798	5.191	-	-	-	383.817
Non-cash Loans	4.583.932	139.971	449.120	1.858.188	973.855	37.311	-	8.042.377
Prior period								
Total Assets	3.353.916	5.376.599	1.826.859	7.070.374	12.139.159	1.473.542	1.610.289	32.850.738
Total Liabilities	5.430.950	15.035.467	2.984.109	3.460.644	1.449.996	1.495.260	2.994.312	32.850.738
Net Liquidity Gap	(2.077.034)	(9.658.868)	(1.157.250)	3.609.730	10.689.163	(21.718)	(1.384.023)	-
Net Off-balance sheet								
Position	-	-	64.824	-	-	-	-	64.824
Financial Derivative Assets	-	945	538.765	2.178	-	-	-	541.888
Financial Derivative Liabilities	-	945	473.941	2.178	-	-	-	477.064
Non-cash Loans	8.216.684	7.177	64.783	172.892	221.384	18.273	-	8.701.193

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

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

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

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VI. Explanations on leverage ratio:

As of June 30, 2017, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 5,16% (December 31, 2016: 5,27%). 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 total risk amount is more than the average increase ratio of core capital.

		Current Period	Prior Period
		June 30, 2017⁽¹⁾	December 31, 2016⁽¹⁾
Balance sheet assets			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	33.723.057	31.308.239
2	(Assets deducted from Core capital)	(52.824)	(62.304)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	33.670.233	31.245.935
Derivatives financial assets and credit derivatives			
4	Cost of replenishment for derivative financial assets and credit derivatives	168	45.286
5	Potential credit risk amount of derivative financial assets and credit derivatives	8.938	9.860
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	9.106	55.146
Financing transactions secured by marketable security or commodity			
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	625.743	218.594
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)	625.743	218.594
Off-balance sheet transactions			
10	Gross notional amount of off-balance sheet transactions	9.618.853	9.809.355
11	(Correction amount due to multiplication with credit conversion rates)	-	-
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	9.618.853	9.809.355
Capital and total risk			
13	Core Capital	2.266.217	2.176.537
14	Total risk amount (sum of lines 3, 6, 9 and 12)	43.923.935	41.329.030
Leverage ratio			
15	Leverage ratio (%)	5,16	5,27

⁽¹⁾ 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)	18.470.801	20.911.373	1.477.664
2	Standardised approach (SA)	18.470.801	20.911.373	1.477.664
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	2.786	37.318	223
5	Standardised approach for counterparty credit risk (SA-CCR)	2.786	37.318	223
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	2.210.375	88.758	176.830
17	Standardised approach (SA)	2.210.375	88.758	176.830
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	1.998.309	1.720.462	159.865
20	Basic Indicator Approach	1.998.309	1.720.462	159.865
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	22.682.271	22.757.911	1.814.582

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	1.424.898	22.364.168	912.696	22.876.370
2 Debt securities	-	2.274.545	3.016	2.271.529
3 Off-balance sheet exposures	92.556	9.370.865	30.124	9.433.297
4 Total	1.517.454	34.009.578	945.836	34.581.196

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	1.105.954	22.313.281	697.181	22.722.054
2 Debt securities	-	2.052.558	7.585	2.044.973
3 Off-balance sheet exposures	90.015	9.842.339	37.036	9.895.318
4 Total	1.195.969	34.208.178	741.802	34.662.345

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	1.195.969	519.163
2 Loans and debt securities that have defaulted since the last reporting period	446.327	790.342
3 Receivables back to non-defaulted status	133	287
4 Amounts written off	4.229	76
5 Other changes	120.480	113.173
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	1.517.454	1.195.969

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	14.476.250	8.400.120	4.068.742	1.382.097	338.471	-	-
2 Dept securities	2.271.529	-	-	-	-	-	-
3 Total	16.747.779	8.400.120	4.068.742	1.382.097	338.471	-	-
4 Of which defaulted	480.125	166.342	82.127	705	357	-	-

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	17.191.241	5.530.813	3.856.520	1.342.508	670.447	-	-
2 Dept securities	2.044.973	-	-	-	-	-	-
3 Total	19.236.214	5.530.813	3.856.520	1.342.508	670.447	-	-
4 Of which defaulted	424.410	103.039	89.234	1.778	916	-	-

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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	5.067.936	1.806	5.067.936	503	159.415	3,15%
2	Receivables from regional or local governments	31	1.032	31	515	273	50,00%
3	Receivables from administrative units and non-commercial enterprises	31.488	34.930	31.488	17.034	40.702	83,88%
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	2.126.881	209.764	2.126.881	176.604	1.023.189	44,42%
7	Receivables from corporates	8.486.005	5.245.000	8.486.005	3.260.974	11.116.474	94,63%
8	Retail receivables	3.560.350	3.026.685	3.560.350	1.160.599	3.109.490	65,87%
9	Receivables secured by mortgages on property	1.036.289	77.638	1.036.289	30.279	377.483	35,39%
10	Receivables secured by mortgages on commercial property	2.022.202	647.111	2.022.202	408.927	1.250.361	51,43%
11	Past due receivables	393.049	-	393.049	-	443.677	112,88%
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	1.647.719	3.343	1.647.719	669	949.737	57,62%
17	Equity share investments	-	-	-	-	-	-
18	Total	24.371.950	9.247.309	24.371.950	5.056.104	18.470.801	62,77%

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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	5.289.536	2.377	5.289.536	614	1.449.554	27,40%
2	Receivables from regional or local governments	17	1.049	17	519	268	50,00%
3	Receivables from administrative units and non-commercial enterprises	19.694	38.499	19.694	18.398	37.659	98,86%
4	Receivables from multilateral development banks	-	330	-	66	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	2.193.259	160.958	2.193.259	126.965	974.683	42,01%
7	Receivables from corporates	9.037.195	6.043.517	9.037.194	3.826.074	12.252.669	95,25%
8	Retail receivables	4.045.396	3.073.087	4.045.397	1.237.040	3.796.230	71,87%
9	Receivables secured by mortgages on property	511.961	157.291	511.961	80.985	212.268	35,80%
10	Receivables secured by mortgages on commercial property	1.582.323	410.033	1.582.323	331.130	977.531	51,09%
11	Past due receivables	340.793	-	340.793	-	393.759	115,54%
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	1.427.906	3.992	1.427.906	606	816.752	57,18%
17	Equity share investments	-	-	-	-	-	-
18	Total	24.448.080	9.891.133	24.448.080	5.622.397	20.911.373	69,54%

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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	4.749.847	-	-	-	318.354	-	238	-	-	-	5.068.439
2	Receivables from regional or local governments	-	-	-	-	546	-	-	-	-	-	546
3	Receivables from administrative units and non-commercial enterprises	7.813	-	8	-	-	-	40.701	-	-	-	48.522
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	12.839	-	770.238	-	1.302.534	-	217.874	-	-	-	2.303.485
7	Receivables from corporates	428.431	-	132.932	-	191.454	-	10.994.162	-	-	-	11.746.979
8	Retail receivables	540.983	-	38.795	-	16.592	4.124.579	-	-	-	-	4.720.949
9	Receivables secured by mortgages on property	8.848	-	4.624	1.035.119	7.419	-	10.558	-	-	-	1.066.568
10	Receivables secured by mortgages on commercial property	-	-	-	-	2.361.536	-	69.593	-	-	-	2.431.129
11	Past due receivables	352	-	5	-	116.048	-	58.628	218.016	-	-	393.049
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	290.231	-	510.527	-	-	-	847.630	-	-	-	1.648.388
17	Equity share investments	-	-	-	-	-	-	-	-	-	-	-
18	Total	6.039.344	-	1.457.129	1.035.119	4.314.483	4.124.579	12.239.384	218.016	-	-	29.428.054

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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	2.391.042	-	-	-	2.899.108	-	-	-	-	-	5.290.150
2	Receivables from regional or local governments	-	-	-	-	536	-	-	-	-	-	536
3	Receivables from administrative units and non-commercial enterprises	385	-	61	-	-	-	37.646	-	-	-	38.092
4	Receivables from multilateral development banks	66	-	-	-	-	-	-	-	-	-	66
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	11.502	-	888.583	-	1.246.346	-	173.793	-	-	-	2.320.224
7	Receivables from corporates	392.535	-	131.612	-	225.544	-	12.113.577	-	-	-	12.863.268
8	Retail receivables	186.598	-	35.901	-	23.616	5.036.322	-	-	-	-	5.282.437
9	Receivables secured by mortgages on property	10.334	-	6.507	559.076	3.479	-	13.550	-	-	-	592.946
10	Receivables secured by mortgages on commercial property	-	-	-	-	1.871.842	-	41.611	-	-	-	1.913.453
11	Past due receivables	763	-	255	-	80.367	-	71.176	188.232	-	-	340.793
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	300.810	-	388.688	-	-	-	739.014	-	-	-	1.428.512
17	Equity share investments	-	-	-	-	-	-	-	-	-	-	-
18	Total	3.294.035	-	1.451.607	559.076	6.350.838	5.036.322	13.190.367	188.232	-	-	30.070.477

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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)	109	3.877		-	3.986	2.030
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					134.000	-
6	Total						2.030

(*) 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)	65.068	5.419		-	70.487	35.278
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					4.818	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						35.278

(*) Effective Expected Positive Exposure

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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	3.986	756	70.487	2.040
4 Total subject to the CVA capital obligation	3.986	756	70.487	2.040

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	134.000	-	-	-	-	-	-	-	-	134.000
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	-	-	16	3.887	-	-	-	-	-	3.903
Receivables from corporates	-	-	-	-	-	83	-	-	-	83
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	134.000	-	16	3.887	-	83	-	-	-	137.986

^(*) 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 ⁽¹⁾
	0%	10%	20%	50%	75%	100%	150%	Other	
Receivables from central governments or central banks	4.818	-	-	-	-	-	-	-	4.818
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	10	70.401	-	-	-	-	70.411
Receivables from corporates	-	-	-	-	-	76	-	-	76
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	4.818	-	10	70.401	-	76	-	-	75.305

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

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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	-	-	-	-	-	134.000
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	134.000

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	-	-	-	-	-	125.130
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	125.130

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

The Bank does not have any risks arising from purchased or sold credit derivatives (December 31, 2016: 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, 2016: None).

d. Information to be announced to public on Securitization:

There is not any information to be announced to public on securitization (December 31, 2016: 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)	3.453	37
2	Equity risk (general and specific)	1.948.624	1.908
3	Foreign exchange risk	257.877	86.813
4	Commodity risk	421	-
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9 Total		2.210.375	88.758

⁽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
Total Assets	3.365.800	19.670.475	9.298.031	1.882.275	34.216.581
Total Liabilities	15.240.000	9.495.331	6.644.971	459.389	31.839.691
Total Equity	-	-	-	2.376.890	2.376.890
Net profit share income/(expense) ^(*) (^(**))	(164.060)	590.129	116.426	97.150	639.645
Net fees and commissions income/(expense)	13.540	156.484	(13.459)	(82.648)	73.917
Other operating income/(expense)	22.957	(87.162)	96.292	(348.989)	(316.902)
Provision for loan losses and other receivables	(23.069)	(134.816)	-	(76.628)	(234.513)
Profit/(loss) before tax	(150.632)	524.635	199.259	(411.115)	162.147
Provision for tax	-	-	-	(30.850)	(30.850)
Net profit / (loss) for the period	(150.632)	524.635	199.259	(441.965)	131.297

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	3.143.162	19.700.717	8.605.896	1.400.963	32.850.738
Total Liabilities	14.306.903	9.396.852	6.398.938	468.452	30.571.145
Total Equity	-	-	-	2.279.593	2.279.593
Net profit share income/(expense) ^(*) (^(**))	(154.697)	583.426	83.511	1.832	514.072
Net fees and commissions income/(expense)	8.902	74.768	(13.733)	358	70.295
Other operating income/(expense)	14.594	(7.860)	12.868	(298.613)	(279.011)
Provision for loan losses and other receivables	(14.629)	(84.794)	-	(44.757)	(144.180)
Profit/(loss) before tax	(145.830)	565.540	82.646	(341.180)	161.176
Provision for tax	-	-	-	(32.626)	(32.626)
Net profit / (loss) for the period	(145.830)	565.540	82.646	(373.806)	128.550

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

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

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SECTION FIVE

Explanations and notes on the unconsolidated financial statements

I. Explanations and notes related to assets:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash / Foreign currency	123.343	146.717	123.254	148.150
CBRT	13.195	4.212.266	735.118	3.599.536
Other ^(*)	87.142	425.969	81.875	311.119
Total	223.680	4.784.952	940.247	4.058.805

^(*) Includes precious metals amounting to TL 2.585 (December 31, 2016: TL 4.306) and cash in transit amounting to TL 510.526 (December 31, 2016: TL 388.688) as of June 30, 2017.

b. Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	12.261	584.063	733.965	522.979
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	934	3.628.203	1.153	3.076.557
Total	13.195	4.212.266	735.118	3.599.536

^(*) As of June 30, 2017, the reserve requirement held in standard gold is TL 865.082 (December 31, 2016: TL 786.181).

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, 2017, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 4% to 10,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 4% to 24% depending on maturity of deposits.

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

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

None (December 31, 2016: None).

b. Table of positive differences related to derivative financial assets held for trading:

	Current Period		Prior Period	
	TL	FC	TL	PC
Forward Transactions	109	-	55	65.013
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	109	-	55	65.013

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

c. Information on Other Securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Real Estate Investment Fund Participation Certificates (Net) ^(*)	973.190	-	-	-
Other	150	3.322	13	61
Total	973.340	3.322	13	61

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

3. a. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic ^(*)	580.246	1.279.449	656.410	1.230.805
Abroad	-	238.101	-	270.962
Foreign head offices and branches	-	-	-	-
Total	580.246	1.517.550	656.410	1.501.767

^(*) Includes blockaged amount TL 539.554 (December 31, 2016: TL 610.730) booked under TL accounts arising from POS transactions.

b. Information on foreign bank accounts:

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

4. Information on financial assets available for sale:

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

The Bank does not have any sukuk investments with respect to money market transactions and subject to repurchase agreements (December 31, 2016: TL 292.937).

As of June 30, 2017, available for sale investments' nominal amount given as a guarantee or blocked is TL 757.530 (December 31, 2016: TL 223.346).

b. Information on financial assets available for sale:

	Current Period	Prior Period
Debt securities	1.644.708	1.383.925
Quoted on a stock exchange ^(*)	1.644.708	1.383.925
Unquoted	-	-
Share certificates	7.126	6.350
Quoted on a stock exchange	-	-
Unquoted	7.126	6.350
Impairment provision (-)	2.828	7.585
Total	1.649.006	1.382.690

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

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

5. Information on loans and receivables:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	123.892	15.779	272	62.130
Corporate shareholders	123.536	15.429	-	61.780
Real person shareholders	356	350	272	350
Indirect loans granted to shareholders	24.282	21.877	35.550	24.249
Loans granted to employees	11.703	-	8.905	28
Total	159.877	37.656	44.727	86.407

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

	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	Restructured or rescheduled		Loans and other receivables (Total)	Restructured or rescheduled	
Cash loans		Extension of Repayment Plan			Extension of Repayment Plan	
			Other			Other
Loans	19.944.313	482.338	94.341	1.520.411	227.831	7.465
Export loans	730.772	22.063	-	1.175	-	-
Import loans	1.492.803	22.732	857	20.804	2.784	215
Business loans	10.048.818	288.974	79.055	1.294.952	190.683	2.202
Consumer loans	3.225.829	19.298	9.094	52.021	1.721	4.143
Credit cards	213.197	-	-	5.544	-	-
Loans given to financial sector	135.827	-	-	-	-	-
Other(*)	4.097.067	129.271	5.335	145.915	32.643	905
Other receivables	-	-	-	-	-	-
Total	19.944.313	482.338	94.341	1.520.411	227.831	7.465

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

Commercial loans with installments	1.728.444
Other investment credits	655.307
Loans given to abroad	781.171
Profit and loss sharing investments ^(**)	673.340
Loans for purchase of marketable securities for customer	397.317
Other	7.403
Total	4.242.982

^(**) As of June 30, 2017, the related balance represents profit and loss sharing investment projects (12 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects are done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects are clarified and net profit of projects is determined once the project / stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. In the current period the Bank recognized TL 125.590 (June 30, 2016: TL 55.817) 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):

Extension of Repayment Plan		
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	482.338	227.831
3, 4 or 5 times	-	-
Over 5 times	-	-

Extension Periods	Standard loans and other receivables	Loans and other receivables under close monitoring
6 months	118.572	79.008
6 - 12 months	50.998	21.083
1 - 2 years	82.353	67.170
2 - 5 years	165.546	41.342
5 years and over	64.869	19.228

c. Maturity analysis of cash loans:

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

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

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	43.996	3.226.603	3.270.599
Housing loans	2.925	2.971.514	2.974.439
Vehicle loans	3.709	116.274	119.983
Consumer loans	37.362	138.815	176.177
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	61	-	61
Housing loans	61	-	61
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	67.349	-	67.349
With installment	23.882	-	23.882
Without installment	43.467	-	43.467
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	4.949	2.241	7.190
Housing loans	-	228	228
Vehicle loans	38	1.680	1.718
Consumer loans	4.911	333	5.244
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	4.513	-	4.513
With installment	2.259	-	2.259
Without installment	2.254	-	2.254
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	120.868	3.228.844	3.349.712

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

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

	Short-term	Medium and long-term	Total
Commercial installment loans-TL	40.889	1.106.124	1.147.013
Business loans	10.258	325.381	335.639
Vehicle loans	16.896	265.515	282.411
Consumer loans	13.735	515.228	528.963
Other	-	-	-
Commercial installment loans-FC indexed	16.324	500.039	516.363
Business loans	8.859	227.384	236.243
Vehicle loans	3.034	89.151	92.185
Consumer loans	4.431	183.504	187.935
Other	-	-	-
Commercial installment Loans-FC	-	65.068	65.068
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	65.068	65.068
Other	-	-	-
Corporate credit cards-TL	146.879	-	146.879
With installment	39.094	-	39.094
Without installment	107.785	-	107.785
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	204.092	1.671.231	1.875.323

e. Allocation of loans by customers:

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

f. Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	20.683.553	20.731.548
Foreign loans	781.171	584.078
Total	21.464.724	21.315.626

g. Loans granted to subsidiaries and associates:

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

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

ğ. Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	21.098	31.504
Loans and receivables with doubtful collectability	154.243	140.892
Uncollectible loans and receivables	580.667	387.789
Total	756.008	560.185

In addition to specific provision for loans amounting TL 756.008 (December 31, 2016: TL 560.185), provision amounting to TL 22.423 (December 31, 2016: TL 18.320) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 778.431 (December 31, 2016: TL 578.505). Specific provision for loans amounting to TL 394.495 (December 31, 2016: TL 316.517) represents participation account share of specific provisions of loans provided from participation accounts.

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

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	1.638	25.004	20.935
Restructured loans and other receivables	1.638	25.004	20.935
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before specific provisions)	464	3.973	10.726
Restructured loans and other receivables	464	3.973	10.726
Rescheduled loans and other receivables	-	-	-

h.2. Movements of non-performing loans:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Closing balance of prior period	236.903	355.038	495.693
Additions in the current period (+)	385.756	34.480	26.091
Transfers from other categories of non-performing loans (+)	-	428.158	278.981
Transfers to other categories of non-performing loans (-)	428.158	278.981	-
Transfers to standard loans (-)	82	51	-
Collections in the current period (-)	27.356	47.977	51.791
Write offs (-)	-	-	4.229
Corporate and commercial loans	-	-	4.229
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	167.063	490.667	744.745
Specific provisions (-)	21.098	154.243	580.667
Net balance at the balance sheet	145.965	336.424	164.078

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

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

Non-performing loans and receivables in the amount of TL 1.402.475 (December 31, 2016: TL 1.087.634) comprise TL 737.367 (December 31, 2016: TL 572.551) 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 22.423 (December 31, 2016: TL 18.320). In the current period, collections from fees, commissions and other receivables with doubtful collectability amounted to TL 3.747 (December 31, 2016: TL 4.167).

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period:			
Period end balance	6.693	93.823	28.362
Specific provision (-)	1.006	33.142	21.688
Net balance on balance sheet	5.687	60.681	6.674
Prior period:			
Period end balance	62.883	1.885	20.518
Specific provision (-)	8.006	298	12.845
Net balance on balance sheet	54.877	1.587	7.673

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)^(*)	145.965	336.424	164.078
Loans to individuals and corporates (gross)	167.063	490.667	744.745
Specific provision (-)	21.098	154.243	580.667
Loans to individuals and corporates (net)	145.965	336.424	164.078
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior period (net)^(*)	205.399	214.146	107.904
Loans to individuals and corporates (gross)	236.903	355.038	495.588
Specific provision (-)	31.504	140.892	387.684
Loans to individuals and corporates (net)	205.399	214.146	107.904
Banks (gross)	-	-	105
Specific provision (-)	-	-	105
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

^(*) 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 22.423 (December 31, 2016: TL 18.320).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
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I. Explanations and notes related to assets (continued):

i. Liquidation policy for uncollectible loans and receivables:

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

i. Information on "Write-off" policies:

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

6. Information on held-to-maturity investments:

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

As of June 30, 2017, nominal value of held to maturity investments given as a guarantee/blocked is TL 67.000. The Bank does not have any held to maturity investments subject to repurchase transactions. (December 31, 2016: The Bank does not have any held to maturity investments given as a guarantee / blocked. Nominal value of held to maturity investments subject to repurchase agreements is TL 188.888).

b. Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ^(*)	625.372	668.582
Total	625.372	668.582

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

c. Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	625.372	668.582
Quoted on a stock exchange ^(*)	625.372	668.582
Unquoted	-	-
Impairment provision (-)	-	-
Total	625.372	668.582

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

ç. Movement of held-to-maturity investments:

	Current Period	Prior Period
Balance at beginning of period	668.582	762.890
Foreign currency differences on monetary assets	-	-
Purchases during period	132.000	264.055
Disposals through sales and redemptions	(210.264)	(423.539)
Impairment provision (-)	-	-
Income accruals	35.054	65.176
Closing balance	625.372	668.582

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

7. Associates (net):

a. Information on unconsolidated associates:

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

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

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2016.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
296.098	268.121	7.898	-	-	372	(12.443)	-

b. Information on consolidated associates:

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

8. Information on subsidiaries (net):

8. Information on unconsolidated subsidiaries:

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

9. Information on consolidated subsidiaries:

i. The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the not reviewed financial statements as of June 30, 2017.

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
1.556.520	277	4	-	-	87	(210)	-

ii. In the Board of Directors meeting dated February 25, 2015, the Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The balances of Albaraka Gayrimenkul Portföy Yönetimi A.Ş. presented in the table below have been obtained from the not reviewed financial statements as of June 30, 2017.

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

b. Information on consolidated subsidiaries (continued):

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
6.394	5.938	5	-	-	1.682	(744)	-

iii. Movement and Sectoral Information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	5.400	5.250
Movements inside the term	-	-
Purchases / new incorporations / capital increases	-	150
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 period (%)	100,00	100,00

	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):

9. Information on investments in joint- ventures:

The Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") – a private pension and insurance company- through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The financial data from not reviewed financial statements as of June 30, 2017 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	66.311	830.476	836.516	32.148	27.979

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

10. Information on lease receivables (net):

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	357.021	284.669	377.436	300.158
1 to 4 years	399.923	374.480	489.465	453.402
More than 4 years	109.363	106.030	129.305	125.419
Total	866.307	765.179	996.206	878.979

b. Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	866.307	996.206
Unearned financial lease receivable (-)	101.128	117.227
Net receivable from financial leases	765.179	878.979

c. General explanation on finance lease contracts:

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

Information on leasing receivables:

	Standard loans and Other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	Restructured or rescheduled		Loans and other receivables (Total)	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Financial lease receivables (Net)	637.909	38.793	12.032	127.270	80.725	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
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I. Explanations and notes related to assets (continued):

11. Information on derivative financial assets for hedging purposes:

None (December 31, 2016: None).

12. Information on tangible assets:

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

13. Information on intangible assets:

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

14. Information on investment property:

None (December 31, 2016: None).

15. Information related to deferred tax assets:

As of June 30, 2017, the Bank calculated net deferred tax asset of TL 13.891 (December 31, 2016: TL 20.096) by netting off deferred tax asset of TL 53.712 (December 31, 2016: TL 52.576) and deferred tax liability of TL 39.821 (December 31, 2016: TL 32.480) on all tax deductible/ taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	37.053	37.806
Provisions for retirement and vacation pay liabilities	10.147	8.652
Difference between carrying value and tax base of tangible assets	4.923	3.013
Revaluation difference of available for sale	636	2.139
Provision for impairment	760	772
Other	193	194
Deferred tax asset	53.712	52.576
Revaluation difference of property	12.019	22.183
Trading securities revaluation difference	6.836	8
Rediscount on profit share	17.463	7.662
Other	3.503	2.627
Deferred tax liability	39.821	32.480
Deferred tax asset (net)	13.891	20.096

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

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

Assets held for sale consist of tangible assets which have been acquired due to non-performing loans.

	Current Period	Prior Period
Opening Balance	92.317	22.819
Additions	28.424	117.190
Disposals	(14.206)	(28.834)
Transfers ^(*)	(71.599)	(19.153)
Impairment Provision(-)/Reversal of Impairment Provision	55	295
Net closing balance	34.991	92.317

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

As of June 30, 2017, TL 32.174 (December 31, 2016: TL 88.341) of the assets held for sale is comprised of real estates, TL 2.817 (December 31, 2016: TL 3.976) is comprised of other tangible assets.

The Bank has not any discontinued operations and assets of discontinued operations (December 31, 2016: None).

17. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 299.993 (December 31, 2016: TL 153.958) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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II. Explanations and notes related to liabilities:

1. Information on funds collected:

a. Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	996.016	-	-	-	-	-	-	-	996.016
II. Real Persons Participation Accounts Non-Trade TL	-	2.367.438	4.458.291	134.528	-	36.042	451.276	5.038	7.452.613
III. Current Account other-TL	1.385.926	-	-	-	-	-	-	-	1.385.926
Public Sector	38.540	-	-	-	-	-	-	-	38.540
Commercial Institutions	1.278.058	-	-	-	-	-	-	-	1.278.058
Other Institutions	62.942	-	-	-	-	-	-	-	62.942
Commercial and Other Institutions	4.252	-	-	-	-	-	-	-	4.252
Banks and Participation Banks	2.134	-	-	-	-	-	-	-	2.134
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	739	-	-	-	-	-	-	-	739
Foreign Banks	1.391	-	-	-	-	-	-	-	1.391
Participation Banks	4	-	-	-	-	-	-	-	4
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	420.463	2.014.467	39.833	-	6.866	42.672	18	2.524.319
Public Sector	-	37	-	-	-	-	-	-	37
Commercial Institutions	-	401.825	1.625.289	24.734	-	6.387	34.205	18	2.092.458
Other Institutions	-	18.447	388.173	15.099	-	479	6.884	-	429.082
Commercial and Other Institutions	-	154	541	-	-	-	1.583	-	2.278
Banks and Participation Banks	-	-	464	-	-	-	-	-	464
V. Real Persons Current Accounts Non- Trade FC	1.209.750	-	-	-	-	-	-	-	1.209.750
VI. Real Persons Participation Accounts Non-Trade FC	-	1.484.488	2.607.065	207.819	-	17.749	558.498	44	4.875.663
VII. Other Current Accounts FC	1.930.457	-	-	-	-	-	-	-	1.930.457
Residents in Turkey-Corporate	1.075.582	-	-	-	-	-	-	-	1.075.582
Residents Abroad-Corporate	112.826	-	-	-	-	-	-	-	112.826
Banks and Participation Banks	742.049	-	-	-	-	-	-	-	742.049
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	739.980	-	-	-	-	-	-	-	739.980
Participation Banks	2.069	-	-	-	-	-	-	-	2.069
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	734.733	1.468.227	186.670	-	87.955	110.627	-	2.588.212
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	416.496	858.931	15.410	-	62.891	19.583	-	1.373.311
Other institutions	-	14.854	104.244	38	-	-	-	-	119.136
Commercial and Other Institutions	-	60.393	264.817	-	-	960	89.021	-	415.191
Banks and Participation Banks	-	242.990	240.235	171.222	-	24.104	2.023	-	680.574
IX. Precious Metals Deposits	264.844	123.712	365.005	11.639	-	505	11.113	8	776.826
X. Participation Accounts Special Fund Pools TL	-	-	-	31.020	-	-	-	-	31.020
Residents in Turkey	-	-	-	31.020	-	-	-	-	31.020
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	5.786.993	5.130.834	10.913.055	611.509	-	149.117	1.174.186	5.108	23.770.802

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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	996.122	-	-	-	-	-	-	-	996.122
II. Real Persons Participation Accounts Non-Trade TL	-	1.287.069	5.505.341	79.907	-	93.100	545.201	2.136	7.512.754
III. Current Account other-TL	1.670.418	-	-	-	-	-	-	-	1.670.418
Public Sector	25.325	-	-	-	-	-	-	-	25.325
Commercial Institutions	1.591.526	-	-	-	-	-	-	-	1.591.526
Other Institutions	49.820	-	-	-	-	-	-	-	49.820
Commercial and Other Institutions	1.857	-	-	-	-	-	-	-	1.857
Banks and Participation Banks	1.890	-	-	-	-	-	-	-	1.890
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	13	-	-	-	-	-	-	-	13
Foreign Banks	1.866	-	-	-	-	-	-	-	1.866
Participation Banks	11	-	-	-	-	-	-	-	11
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	267.671	2.027.700	27.837	-	18.341	36.263	37	2.377.849
Public Sector	-	2.512	3	-	-	-	-	-	2.515
Commercial Institutions	-	255.797	1.848.641	15.773	-	16.647	33.044	37	2.169.939
Other Institutions	-	9.358	151.778	12.064	-	1.694	3.219	-	178.113
Commercial and Other Institutions	-	4	26.832	-	-	-	-	-	26.836
Banks and Participation Banks	-	-	446	-	-	-	-	-	446
V. Real Persons Current Accounts Non- Trade FC	888.794	-	-	-	-	-	-	-	888.794
VI. Real Persons Participation Accounts Non-Trade FC	-	712.667	2.864.441	92.024	-	159.176	575.077	-	4.403.385
VII. Other Current Accounts FC	1.685.795	-	-	-	-	-	-	-	1.685.795
Residents in Turkey- Corporate	922.978	-	-	-	-	-	-	-	922.978
Residents abroad- Corporate	86.906	-	-	-	-	-	-	-	86.906
Banks and Participation Banks	675.911	-	-	-	-	-	-	-	675.911
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	583.218	-	-	-	-	-	-	-	583.218
Participation Banks	92.693	-	-	-	-	-	-	-	92.693
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	612.934	1.942.665	256.436	-	60.743	147.506	-	3.020.284
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	215.473	936.309	107.745	-	59.170	8.315	-	1.327.012
Other Institutions	-	2.749	127.976	-	-	18	-	-	130.743
Commercial and Other Institutions	-	24.224	279.641	-	-	1.555	137.340	-	442.760
Banks and Participation Banks	-	370.488	598.739	148.691	-	-	1.851	-	1.119.769
IX. Precious Metals Deposits	189.821	68.938	323.920	4.833	-	4.696	7.525	-	599.733
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools –FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	5.430.950	2.949.279	12.664.067	461.037	-	336.056	1.311.572	2.173	23.155.134

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

a. Saving deposits and other deposits accounts insured by Saving Deposit Insurance Fund:

b.1. Exceeding the limit of Insurance Fund:

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

	Under the guarantee of Insurance		Exceeding the guarantee of Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	4.604.565	4.644.005	3.874.063	3.864.868
Foreign currency accounts	1.934.095	1.563.947	4.828.602	4.259.604
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

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

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

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

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	28.669	26.805
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	10.392	10.556
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

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

2. Information on derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	983	-	88	-
Swap transactions	-	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	983	-	88	-

3. Information on borrowings:

The Bank has obtained Syndicated Murabaha Loans from international markets amounting to USD 403.500.000 and EUR 56.250.000 with maturity of more than one year (December 31, 2016: more than one year maturity: USD 458.500.000 and EUR 56.250.000).

As of June 30, 2017, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 219.520.181 and EUR 153.782.311 (December 31, 2016: USD 84.171.095 and EUR 132.496.602).

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

Issue Date	Amount ^(*)	FC	Maturity	Profit Share % (Yearly)	Profit Share % (97 / 179 days)
June 30, 2014	350.000.000	USD	5 Years	6,25	
March 31, 2017	110.000.000	TL	179 Days		5,64
May 11, 2017	100.000.000	TL	97 Days		3,19
June 23, 2017	115.000.000	TL	179 Days		5,89

(*) Represented in full amount

a. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	342.528	1.517.503	181.593	1.511.415
Loans from foreign banks, institutions and funds	153.359	3.046.781	-	2.731.187
Total	495.887	4.564.284	181.593	4.242.602

b. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	495.887	1.451.115	181.593	996.686
Medium and Long-Term	-	3.113.169	-	3.245.916
Total	495.887	4.564.284	181.593	4.242.602

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

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

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

None (December 31, 2016: None).

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

5. Lease payables:

a. Information on financial lease transactions:

a.1. Information on financial lease agreements:

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

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

None.

a.3. Explanations on the obligations originating from 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	Prior Period
Less than a year	45.157	44.067
1 to 4 years	125.127	118.697
Over 4 years	101.575	104.791
Total	271.859	267.555

6. Information on hedging derivative financial liabilities:

None (December 31, 2016: None).

7. Information on provisions:

a. Information on general provisions:

	Current Period	Prior Period
General provision for	134.602	136.263
I. Group loans and receivables (Total)	103.480	107.707
Participation Accounts' Share	58.473	64.059
Bank's Share	45.007	43.648
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	6.654	3.821
Participation Accounts' Share	3.262	2.295
Bank's Share	3.392	1.526
Others	-	-
II. Group loans and receivables (Total)	21.527	17.086
Participation Accounts' Share	13.010	11.248
Bank's Share	8.517	5.838
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	5.880	3.104
Participation Accounts' Share	2.572	1.422
Bank's Share	3.308	1.682
Others	-	-
Non-cash loans	9.595	11.470
Others	-	-

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

As of June 30, 2017, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 33.137 (December 31, 2016: TL 1.449) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

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

As of June 30, 2017, the Bank has provided specific provisions amounting to TL 45.915 (December 31, 2016: TL 37.036) for non-cash loans that are not indemnified.

ç. Other provisions:

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

	Current Period	Prior Period
General Reserves for Possible Losses ^(*)	14	14
Total	14	14

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

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

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts ^(*)	606	15.884
Provision for unindemnified letter of guarantees	30.124	27.822
Payment commitments for cheques	15.791	9.214
Provision for promotions related with credit cards and promotion of banking services	161	172
General reserves for possible losses	14	14
Financial assets at fair value through profit and loss	173	3
Other	3.356	1.217
Total	50.225	54.326

^(*) 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):

d. Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 40.320 (December 31, 2016: TL 35.925), vacation pay liability amounting to TL 10.415 (December 31, 2016: TL 7.335) totaling to TL 50.735 (December 31, 2016: TL 43.260). Provisions for performance premium has not been allocated in the current period (December 31, 2016: None). The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	11,60	11,60
Estimated increase rate of salary ceiling (%)	7,50	7,50

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

	Current Period	Prior Period
Prior period ending balance	35.925	30.235
Provisions made in the period	6.778	8.288
Actuarial (gain)/loss	-	2.833
Paid during the period	(2.383)	(5.431)
Balance at the end of the period	40.320	35.925

8. Information on taxes payable:

a. Explanations on current tax liability:

a.1. Explanations on Tax Provisions:

As of June 30, 2017, the Bank's corporate tax payable is TL 6.673 (December 31, 2016: TL 7.091) after offsetting prepaid corporate tax.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	6.673	7.091
Banking insurance transaction tax	16.994	16.364
Taxation on securities income	13.837	11.162
Value added tax payable	652	1.274
Taxation on real estate income	904	754
Foreign exchange transaction tax	-	-
Other	6.211	8.052
Total	45.271	44.697

a.3. Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	3.547	3.101
Social security premiums-employer	3.825	3.344
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	251	219
Unemployment insurance-employer	502	438
Other	-	-
Total	8.125	7.102

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

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

None (December 31, 2016: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Domestic Banks	-	-	-	-
Loans from other Institutions	-	-	-	-
Loans from Foreign Banks	-	-	-	-
Loans from other Foreign Institutions	-	1.511.792	-	1.510.937
Total	-	1.511.792	-	1.510.937

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

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

11. Information on shareholders' equity:

a. Presentation of paid-in capital:

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

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 till the end of the last fiscal year and following interim period.

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

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

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

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

There is no privilege given to stocks representing the capital.

g. Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference ^(*)	(6.921)	908	210	(8.766)
Foreign exchange difference	-	-	-	-
Total	(6.921)	908	210	(8.766)

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

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

1. Explanations on off balance sheet:

a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	502.908	475.270
Payment commitments for cheques	496.304	588.983
Asset purchase and sale commitments	185.990	13.399
Loan granting commitments	143.829	111.042
Tax and funds liabilities arising from export commitments	3.343	3.029
Commitments for promotions related with credit cards and banking activities	458	963
Other irrevocable commitments	88.212	38.475
Total	1.421.044	1.231.161

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

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

	Current Period	Prior Period
Letters of guarantees	7.129.367	7.809.811
Bank loans	14.513	20.711
Letters of credit	803.005	752.679
Other guaranties and sureties	95.492	117.992
Total	8.042.377	8.701.193

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

	Current Period	Prior Period
Letters of guarantees	7.129.367	7.809.811
Long standing letters of guarantees	4.575.456	4.845.313
Temporary letters of guarantees	211.972	240.046
Advance letters of guarantees	173.956	257.462
Letters of guarantees given to customs	225.270	229.514
Letters of guarantees given for obtaining cash loans	1.942.713	2.237.476
Sureties and similar transactions	95.492	117.992
Total	7.224.859	7.927.803

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

c. Within the Non-cash Loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	1.942.713	2.237.476
With original maturity of 1 year or less	434.037	369.164
With original maturity of more than 1 year	1.508.676	1.868.312
Other non-cash loans	6.099.664	6.463.717
Total	8.042.377	8.701.193

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

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

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

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

2. Explanations on derivative transactions:

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

3. Explanations on contingent assets and liabilities:

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

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

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

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

1. Information on profit share income:

a. Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans^(*)				
Short Term Loans	228.067	12.561	231.712	11.264
Medium and Long Term Loans	767.075	115.256	644.788	79.656
Profit Share on Non-Performing Loans	10.679	-	4.628	-
Total	1.005.821	127.817	881.128	90.920

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

b. Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	2.109	11.097	4.632	6.073
Domestic Banks	-	913	-	-
Foreign Banks	-	-	-	31
Head Offices and Branches Abroad	-	-	-	-
Total	2.109	12.010	4.632	6.104

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From financial assets held for trading	-	-	-	-
From financial assets at fair value through profit or loss	-	-	-	-
From financial assets available-for-sale	54.767	13.973	36.779	3.518
From held-to-maturity investments	35.054	-	34.439	-
Total	89.821	13.973	71.218	3.518

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	736	2.170	-	849
Total	736	2.170	-	849

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

2. Explanations on profit share expenses:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	3.241	30.160	-	24.253
CBRT	-	-	-	-
Domestic banks	-	3.767	-	1.345
Foreign banks	3.241	26.393	-	22.908
Head offices and branches abroad	-	-	-	-
Other institutions	6.313	116.808	2.474	89.602
Total	9.554	146.968	2.474	113.855

b. Profit share expense paid to associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to Investments in Associates and Subsidiaries	6.295	42.167	2.474	31.533
Total	6.295	42.167	2.474	31.533

c. Profit share expenses paid to marketable securities issued:

None (June 30, 2016: None).

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

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

Current Period		Profit sharing accounts						
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	Accumulated profit sharing account	Total
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

Prior Period		Profit sharing accounts						
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	Accumulated profit sharing account	Total
TL								
Funds collected from banks through current and profit sharing accounts	-	920	-	-	-	-	-	920
Real persons' non-trading profit sharing accounts	45.930	203.682	3.519	-	3.939	26.360	-	283.430
Public sector profit sharing accounts	21	59	-	-	-	-	-	80
Commercial sector profit sharing accounts	8.553	71.456	2.312	-	646	4.411	-	87.378
Other institutions profit sharing accounts	525	11.183	594	-	69	92	-	12.463
Total	55.029	287.300	6.425	-	4.654	30.863	-	384.271
FC								
Banks	166	953	632	-	77	-	-	1.828
Real persons' non-trading profit sharing accounts	4.810	19.663	676	-	1.294	4.668	-	31.111
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	1.045	6.796	150	-	456	83	-	8.530
Other institutions profit sharing accounts	209	3.605	30	-	64	629	-	4.537
Precious metals deposits	313	1.170	40	-	45	60	-	1.628
Total	6.543	32.187	1.528	-	1.936	5.440	-	47.634
Grand total	61.572	319.487	7.953	-	6.590	36.303	-	431.905

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

3. Information on dividend income:

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

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

	Current Period	Prior Period
Income	3.489.442	2.710.741
Income from capital market transactions	34.425	56
Income from derivative financial instruments	8.197	16.107
Foreign exchange income	3.446.820	2.694.578
Loss (-)	3.471.657	2.679.305
Loss on capital market transactions	33	-
Loss on derivative financial instruments	21.621	49.547
Foreign exchange losses	3.450.003	2.629.758
Trading Income/Loss (net)	17.785	31.436

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	45.101	29.058
Income from sale of assets	13.888	26.950
Reimbursement for communication expenses	2.608	2.164
Reimbursement of vacation pay expenses	-	-
Cheque book charges	608	612
Other income	1.602	6.227
Total	63.807	65.011

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	217.974	103.662
Loans and receivables in III. Group	16.341	32.217
Loans and receivables in IV. Group	98.783	39.913
Loans and receivables in V. Group	96.501	26.652
Doubtful commission, fee and other receivables	6.349	4.880
General provision expenses	7.270	19.970
Provision expenses for possible losses	-	-
Impairment losses on marketable securities	390	201
Financial assets at fair value through profit and loss	188	100
Financial assets available for sale	202	101
Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other^(*)	8.879	20.347
Total	234.513	144.180

TL 87.343 (June 30, 2016: TL 43.343) of the total specific provisions provided for loan and other receivables amounting to TL 217.974 (June 30, 2016: TL 103.662) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 3.151 (June 30, 2016: TL 2.495) 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 (June 30, 2016: TL 19.970).

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

	Current Period	Prior Period
Specific provisions for non-cash loans that are not indemnified	8.879	6.325
Provisions allocated from profit shares to be distributed to profit sharing accounts	-	14.022
Total	8.879	20.347

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

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	218.556	196.361
Provision for retirement pay liability	4.395	2.400
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	19.251	19.772
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	11.552	11.752
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	33	1.968
Depreciation expenses of assets to be disposed	2.506	622
Impairment expenses of assets held for sale and assets of discontinued operations	-	55
Other business expenses	84.086	83.886
<i>Operating lease expenses</i>	33.007	29.466
<i>Maintenance expenses</i>	5.983	6.789
<i>Advertisement expenses</i>	10.742	12.213
<i>Other expenses^(*)</i>	34.354	35.418
Loss on sale of assets	93	498
Other ^(**)	58.022	58.144
Total	398.494	375.458

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

	Current Period	Prior Period
Communication Expenses	6.336	5.352
Donations	4.060	8.063
Cleaning expenses	6.060	6.172
Heating, lighting and water expenses	4.252	3.404
Representation and Hosting expenses	1.994	2.304
Vehicle expenses	2.203	1.715
Lawsuit and court expenses	1.347	2.621
Other	8.102	5.787
Total	34.354	35.418

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	19.354	17.937
Taxes, Duties, Charges and Funds	15.144	13.373
Expertise and Information Expenses	5.887	6.849
Audit and Consultancy Fees	7.352	3.326
Vacation Pay Provision Expense	3.081	11.797
Other	7.204	4.862
Total	58.022	58.144

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

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

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

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

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	162.147	161.176
Tax calculated with tax rate of 20%	32.429	32.235
Other additions and disallowable expenses	2.581	15.170
Deductions	(19.575)	(7.011)
Provision for current taxes	15.435	40.394
Provision for deferred taxes	15.415	(7.768)
Continuing operations tax provision	30.850	32.626

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

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

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

11. Explanations on net income/ loss:

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

None.

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

None.

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

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

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	16.261	18.825
Clearing room fees and commissions	9.673	8.968
Commissions on money orders	7.213	4.981
Appraisal fees	5.727	5.205
Insurance and brokerage commissions	5.598	4.994
Other	9.645	6.913
Total	54.117	49.886

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	13.991	14.099
Credit cards fees and commissions	4.336	3.859
Member firm-POS fees and commissions	7.966	5.937
Fees and commissions for Swift, EFT and money orders	2.498	1.781
Other	4.744	3.794
Total	33.535	29.470

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

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

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

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

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

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

a. Current period:

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	-	-	35.550	24.249	714	28
Balance at the end of the period	-	-	24.282	21.877	96	-
Profit share and commission income received	2.906	-	744	58	13	-

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	-	-	47.906	65.512	41	28
Balance at end of period	-	-	35.550	24.249	714	28
Profit share and commission income received	849	-	1.108	172	40	-

^(*) 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	10.496	7.810	470.674	268.530	5.476	3.134
Balance at the end of period	3.004	10.496	621.862	470.674	5.717	5.476
Profit share expense	370	247	5.581	3.689	47	83

^(*) As of June 30, 2017 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 198.520.181 and EUR 93.982.311 (December 31, 2016: USD 79.171.095 and EURO 127.196.602). The profit share expense relating to such borrowings for the period between January 1, 2017 – June 30, 2017 is TL 4.082 (June 30, 2016: TL 5.442). The Bank has issued Sukuk in the amounts of USD 350.000.000 and TL 325.000.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Bank. The total expense for the related issues is TL 48.165 as of June 30, 2017 (June 30, 2016: TL 34.007).

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

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

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

For the six-month-period ended June 30, 2017; the Bank has paid TL 5.051 (June 30, 2016: TL 10.370) to top management.

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

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

IX. Explanations related to subsequent events:

None.

SECTION SIX

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

None.

SECTION SEVEN

Limited review report

I. Explanations on limited review report:

The Bank's unconsolidated financial statements as of and for the period ended June 30, 2017 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. *(the Turkish member firm of the KPMG International Cooperative)* and the limited review report dated July 28, 2017 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

a. 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%, share of the domestic partners is 9.05% and publicly held share is 24.95%. 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, 2017, the registered capital ceiling is TL 2.500.000.

Shareholders’ Structure of Albaraka Türk as of June 30, 2017		
	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	81.464	9,05
Publicly Listed	224.583	24,95
Total	900.000	100,00

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Information on Interim Report (continued):

3. The amendments in the articles of association during period of January 1, 2017- June 30, 2017

The Ordinary General Assembly Meeting of the Bank for the 2016 accounting period was held on March 23, 2017, on Thursday, at 10:00 a.m., at the address of Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi No:6 Ümraniye, İstanbul and it is resolved that The Article 7 of the Articles of Association of the Bank be amended.

The old and the amended new article in the Articles of Incorporation are listed below.

OLD TEXT	NEW TEXT
<p>Bank's Capital Article 7:</p> <p>(1) The Bank has accepted the registered capital system pursuant to the provisions of the Capital Market Law, and switched to the registered capital system with the permission of the Capital Markets Board dated 06/03/2013 and numbered 7/259.</p> <p>(2) The upper limit of the registered capital of the Bank is TL 2.500.000.000 TL (two billion and five hundred million Turkish Liras), divided into 2.500.000.000 registered nominative shares with a value of TL 1 Turkish Lira each.</p> <p>(3) The permission given by the Capital Markets Board in relation to the upper limit of the registered capital shall be in effect for a 5-year period between 2013 and 2017. Even if the upper limit of the registered capital is not reached until the end of 2017, in order to make a decision by the Board of Directors to increase the share capital after 2017, it is obligatory to obtain authorization for a new time period not to exceed 5 years from the General Assembly for the previously permitted or a newly determined upper limit of the registered capital, after having been received the permission of Capital Markets Board. In case of failure in obtaining the said authorization, the Bank shall be deemed to be logged off from the registered capital system.</p> <p>(4) The Bank's issued share capital is 900.000.000 TL, and this amount has been fully paid in cash being free of collusion.</p> <p>(5) The shares representing the Bank's Capital shall be traced on the basis of the records within the framework of the principles of dematerialization.</p>	<p>Bank's Capital Article 7:</p> <p>(1) The Bank has accepted the registered capital system pursuant to the provisions of the Capital Market Law, and switched to the registered capital system with the permission of the Capital Markets Board dated 06/03/2013 and numbered 7/259.</p> <p>(2) The upper limit of the registered capital of the Bank is TL 2.500.000.000 TL (two billion and five hundred million Turkish Liras), divided into 2.500.000.000 registered nominative shares with a value of TL 1 Turkish Lira each.</p> <p>(3) The permission given by the Capital Markets Board in relation to the upper limit of the registered capital shall be in effect for a 5-year period between 2017 and 2021. Even if the upper limit of the registered capital is not reached until the end of 2021, in order to make a decision by the Board of Directors to increase the share capital after 2021, it is obligatory to obtain authorization for a new time period not to exceed 5 years from the General Assembly for the previously permitted or a newly determined upper limit of the registered capital, after having been received the permission of Capital Markets Board. In case of failure in obtaining the said authorization, the Bank shall be deemed to be logged off from the registered capital system.</p> <p>(4) The Bank's issued share capital is 900.000.000 TL, and this amount has been fully paid in cash being free of collusion.</p> <p>(5) The shares representing the Bank's Capital shall be traced on the basis of the records within the framework of the principles of dematerialization.</p>

You may access the Information Document, the Profit Distribution Statement, the Meeting Minutes and the Resolutions of the Ordinary General Assembly Meeting of the Bank for the 2016 accounting period that was held on March 23, 2017 from Albaraka Türk website Investor Relations section at the link below:

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

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Information on Interim Report (continued):

4. Branch and Personnel Information:

As of June 30, 2017, total number of branches of the Bank is 213 and the total number of personnel is 3.816. Albaraka Türk carries out its activities with 212 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	44
Yalçın ÖNER	Vice Chairman of BOD	Master	1985	45
Osman AKYÜZ	Member of BOD	Bachelor	1996	32
İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	2005	46
Hamad Abdulla A. EQAB	Member of BOD	Bachelor	2008	23
Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	2008	29
Hood Hashem Ahmed HASHEM	Member of BOD	Master	2011	16
Prof.Dr.Kemal Varol	Independent Member of BOD	Doctorate	2013	8
Muhammad Zarrug M. RAJAB	Independent Member of BOD	Bachelor	2016	31
Dr. Bekir PAKDEMİRLİ	Member of BOD	Doctorate	2016	1
Dr. Khaled Abdulla Mohamed ATEEQ	Member of BOD	Doctorate	2017	-
Mustafa BÜYÜKABACI	Member of BOD	Master	2017	25
Melikşah UTKU	Member of BOD and CEO	Master	2016	13

6. Top Management:

Name and Surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Melikşah UTKU	Member of BOD and CEO	Master	2016	13
Turgut SİMİTÇİOĞLU	Senior Assistant General Manager (Deputy)	Master	2017	27
Mehmet Ali VERÇİN	Senior Assistant General Manager (Deputy)	Bachelor	2017	24
Temel HAZIROĞLU	Assistant General Manager	Master	2003	31
Ali TUĞLU	Assistant General Manager	Master	2014	9
Nihat BOZ	Assistant General Manager	Bachelor	2009	30
Süleyman ÇELİK	Assistant General Manager	Bachelor	2017	28
Nevzat BAYRAKTAR	Assistant General Manager	Bachelor	2017	21
Fatih BOZ	Assistant General Manager	Master	2017	19
Hasan ALTUNDAĞ	Assistant General Manager	Bachelor	2017	30
Deniz AKSU	Assistant General Manager	Bachelor	2017	21
Malek Khodr TEMSAH	Assistant General Manager	Master	2017	14
Cenk DEMİRÖZ	Assistant General Manager	Master	2017	17

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Information on Interim Report (continued):

7. 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	25 years 6 months	23 years 6 months	14 years 6 months	Bachelor	Internal Systems Senior Manager
Ahmet UYSAL	12 years 2 months	12 years 2 months	10 years	Master	Inspection
Umut ÇAKMAK	12 years 6 months	12 years 6 months	12 years 6 months	Bachelor	Risk Management
Ahmet Faruk DEĞİRMENCİ	9 years 6 months	9 years 6 months	9 years 6 months	Bachelor	Internal Control Regulation and Compliance
Hakan KURBETCİ	25 years 6 months	21 years 6 months	4 years 9 months	Bachelor	

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Information on Interim Report (continued):

8. Committee Information After Distribution of Roles Among BOD:

AUDIT COMMITTEE

Chairman: Mustafa BÜYÜKABACI
Member: Hood Hashem Ahmed HASHEM
Observer: Hamad Abdulla A.EQAB, Ibrahim Fayeز Humaid ALSHAMSI, Khaled Abdulla Mohamed ATEEQ

CREDIT COMMITTEE:

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

CORPORATE GOVERNANCE COMMITTEE:

Chairman: Muhammad Zarrug M. RAJAB
Member: Ibrahim Fayeز 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 Fayeز Humaid ALSHAMSI
Member: Mustafa BÜYÜKABACI

EXECUTIVE COMMITTEE:

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

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Information on Interim Report (continued):

II. Bank's Financial Information and Evaluations:

1. Main Financial Figures:

ASSETS	Current Period	Prior Period
Cash and Balances with The Central Bank	5.008.632	4.999.052
Banks	2.097.796	2.158.177
Financial Assets- Available For Sale (Net)	1.649.006	1.382.690
Loans and Receivables	22.111.191	21.843.075
Financial Leasing Receivables	765.179	878.979
Others	2.584.777	1.588.765
TOTAL ASSETS	34.216.581	32.850.738
LIABILITIES	Current Period	Prior Period
Funds Collected	23.770.802	23.155.134
Funds Borrowed	5.060.171	4.424.195
Subordinated Loans	1.511.792	1.510.937
Shareholders' Equity	2.376.890	2.279.593
Others	1.496.926	1.480.879
TOTAL LIABILITIES	34.216.581	32.850.738
INCOME AND EXPENSE ITEMS	Current Period	Prior Period
Profit Share Income	1.287.781	1.094.209
Profit Share Expense	648.136	580.137
Net Profit Share Income/Expenses	639.645	514.072
Net Fees and Commissions Income/Expenses	73.917	70.295
Trading Income/Loss (Net)	17.785	31.436
Other Operating Income	63.807	65.011
Total Operating Income	795.154	680.814
Provision For Loan Losses and Other Receivables (-)	234.513	144.180
Other Operating Expenses (-)	398.494	375.458
Net Operating Income/ (Losses)	162.147	161.176
Tax Provision For Discontinued Operations (-+)	30.850	32.626
NET PROFIT/LOSSES	131.297	128.550
Earnings Per Share (Full TL)	0,146	0,143

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Information on Interim Report (continued):

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

Our Precious Stakeholders,

The positive expectations for the continuation of global economic activity still remains. The International Money Fund (IMF), World Bank and OECD have revised their global growth forecasts to upward direction for 2017.

The Federal Reserve (FED) has increased their interest rates in June, hiking by 25 basis points to 1-1.25% band in line with expectations and has given some details regarding their balance sheet normalization program. Recovery in the Euro zone continues throughout the region. The European Central Bank (ECB) has not changed its policy rate and asset purchase schedule in line with expectations at its June meeting. On the other hand, the UK elections and the terrorist incidents in the country have increased the uncertainties regarding the Brexit process. The Bank of Japan (BOJ) did not make any changes in its monetary policy in parallel with the market forecast in June. The Chinese economy, which has started with positive trends to 2017, has increased the expectations that its economy will perform better than expected by the first half of 2017.

In Turkey, The Turkish economy has grown by 5% in the first quarter of 2017. The decline in uncertainties following the referendum is among the factors supporting the growth in the strong increase in consumption expenditures. Nevertheless, the unemployment rate continues to decline with its recent announcement of 10.5% unemployment rate in April due to the recovery in economic activity. Foreign trade deficit continues to expand; and foreign trade deficit has increased by 43.3% to USD 7.3 billion in the last announced May data. The current account deficit continues its course with above expectations. The rise in non-monetary gold imports was influential on the current account deficit, which has expanded to USD 5.2 billion in May. Budget expenditures have increased compared to the previous year according to June data and in the first half of the year 2017, the budget had a deficit of TL 25.2 billion. The CPI (Consumer Price Index), which was in an upward trend, has continued to decline in June after May, reaching 10.9% on an annual basis.

The maintenance of the tight monetary policy of the Central Bank of Turkey has a positive impact on the exchange rates and on the risk premium indicators. While the Credit Guarantee Fund stimulus and the increase in the credit supply effects the increase in the credit volume of the banks; other macro precautionary measures such as tax reductions and KOSGEB support to SMEs continue to support the economic activity in our country.

Albaraka Turk, which is the flagship of Albaraka Banking Group (ABG), continues its stable growth strategy and investments for a stronger Turkey and for a stronger banking sector by closely monitoring global and regional developments. With the knowledge and responsibility of being Turkey's first and foremost Participation Bank, it has reached TL 34.216.581 of asset size as of June 30, 2017 and it will continue to respond to the financial needs of its customers as it has been doing for 32 years with its management team becoming more professional every day, and with its employees and stakeholders. Just as it was yesterday, our Bank, Albaraka Turk, will continue to take firm steps today as well as tomorrow, while adding value to all of its stakeholders in line with its vision of "Becoming the World's Best Participation Bank". I would therefore like to thank all of our colleagues, our customers, shareholders and all other stakeholders for their contributions.

Respectfully Yours,

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

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Information on Interim Report (continued):

3. Message from the CEO

Our Precious Stakeholders,

Albaraka Turk, which has brought Participation Banking to our country, has continued to increase its contribution to the Turkish economy and real sector for 32 years and I am honored to present Albaraka Turk Participation Bank's financial results and the projects that has completed within the first half of 2017.

According to our financial results, the total assets of our bank have reached TL 34.216.581. Our total loan portfolio including financial leasing has reached TL 22.876.370. Funds collected through profit and loss participation accounts and private current accounts has increased by 2.7% as compared to the previous period to reach TL 23.770.802. About 47.88% of these funds are composed of foreign currency funds. Our equity size has increased by 4.2% as compared to our previous period and has reached TL 2.376.890. Our capital adequacy ratio is 16.93%.

As of June 30, 2017, our Bank's net profit was TL 131.297. Our quarterly profit is up by 46% as compared to the same period of last year to reach TL 95.504.

Our Bank continues to work without slowing down in order to diversify its fund resources and continues to issue domestic lease certificates. In the first half of 2017, TL 325.000 TL worth of total lease certificate issuance was realized, while the total leasing certificate volume has reached TL 675.000. Also at the beginning of the second quarter, a successful Murabaha syndicated loan amounting to USD 213 million with a maturity of 370 days was obtained in April.

In June, in order to raise the position of our Bank in international banking within the global finance community, we joined the International Finance Institute (IIF), which has close to 500 members from 70 different countries, our bank Albaraka Turk will be able to represent participation banking in the discussion platforms, where policy makers are involved in key regulatory bodies such as IIF membership, IAIS, Basel Committee, FSB, IOSCO, IASB and key organizations such as G-20 and IMF.

As Albaraka Turk, we closely follow the rapid development of entrepreneurship ecosystem in our country and we act with the vision of establishing and supporting successful enterprises. In line with this vision, our Bank launched a first in June and opened the world's first Participation Banking Startup Acceleration Center called the Albaraka Garage. Albaraka Garage will serve as an Entrepreneur Acceleration Center, where the entrepreneurs with financial technology based business ideas and projects are supported by incubation and acceleration facilities in Albaraka Turk. Beside the Albaraka Garage program, we have launched an in-house entrepreneurship program; we are leading the way in creating new business opportunities by ensuring that innovative business and enterprise ideas coming from our employees can be tested with the least resources and in the shortest possible time considering the needs of our company and our industry with our program that we have executed. Within the scope of the program, we started to support 11 projects selected from 137 projects of 101 domestic entrepreneurs.

We aim to create a creative ecosystem for our employees with innovative ideas and innovative projects that have emerged in the Social Responsibility Project Competition that we have launched within the company, which gives great importance to human and employee values since the day it was established in line with the objective of "Becoming the World's Best Participation Bank". In this context, we have started to work on the realization of the projects by having 3 project owner awards as a result of our first competition with a total of 93 applications from different fields.

With our activities, which continues to improve in each area, we have completed our work with care and devotion in the first half of 2017, as it has been for 32 years. As Albaraka Turk, we will continue to work with our existing stakeholders as well as our 213 branches and 3816 employees in order to expand participation banking and support the country's economy in our country and in the world. I would like to express my deepest gratitude to all of the stakeholders who have contributed and supported the realization of Albaraka Turk's goals.

Respectfully Yours,

Melikşah UTKU

Board Member and CEO

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Information on Interim Report (continued):

4. Activities in the Second Quarter of 2017:

- In the second quarter of 2017, our total assets have actualized as TL 34.216.581.
- In the second quarter of 2017, the funds our Bank has collected through “Special Current Accounts” and “Participation to Profit and Loss Accounts” has been TL 23.770.802 as of June 30, 2017. Approximately 47.88% of these funds are constituted of foreign currency funds.
- Participation accounts in the second quarter of 2017 has been TL 17.983.809. Our Bank’s Fund Collecting Activities are carried out through our 213 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	12.389.894	3.527.874	12.557.143	3.577.534	(1,33)	(1,39)
Current Accounts	2.381.942	678.229	2.666.540	759.698	(10,67)	(10,72)
Participation Accounts	10.007.952	2.849.645	9.890.603	2.817.836	1,19	1,13
FC Funds	11.380.908	3.240.578	10.597.991	3.019.370	7,39	7,33
Current Accounts	3.405.051	969.548	2.764.410	787.581	23,17	23,10
Participation Accounts	7.975.857	2.271.030	7.833.581	2.231.789	1,82	1,76
TOTAL	23.770.802	6.768.452	23.155.134	6.596.904	2,66	2,60

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
Credits(*)	22.229.903	6.329.699	22.194.605	6.323.249	0,16	0,10
Non-performing Loans	1.424.898	405.723	1.105.954	315.087	28,84	28,77
Provisions	(778.431)	(221.649)	(578.505)	(164.816)	34,56	34,48
TOTAL	22.876.370	6.513.773	22.722.054	6.473.520	0,68	0,62

(*) 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, 2017	3,512
As of December 31, 2016	3,510

5. Evaluation on Financial Status, Profitability and Solvency:

- Our Operating Income has been TL 795.154, increasing by 16.79% compared to the same period of the previous year.
- Net Fee and Commission Revenues have been TL 73.917, increasing by 5.15%, our Net Profit Share has been TL 639.645, increasing by 24.43%.
- Personnel expenses has been TL 218.556, increasing by 11.30% and Depreciation Expenses have been TL 33.309, decreasing by 3.62% compared to the same period of the previous year.
- Our net profit has been TL 131.297, raising by 2.14% for the first 3 months of the year. Our quarterly profit increased by 46% to TL 95,504 compared to the same period of last year.
- As of June 30, 2017, our capital adequacy ratio is actualized as 16.93%.

Investor Relations presentation regarding our unconsolidated financial results for the first half of 2017 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, 2017 - June 30, 2017 period:

- Our Bank has made new appointments under the organizational changes of the year 2017. Senior Assistant General Manager (Deputy) Responsible from Business Lines and Senior Assistant General Manager (Deputy) Responsible from Support positions are established between General Manager and Assistant General Managers positions. Appointments of positions are as follows:
Assistant General Manager Responsible for Business Branches (GM Deputy) - **Turgut SİMİTÇİOĞLU**
Assistant General Manager Responsible for Support (GM Deputy) - **Mehmet Ali VERÇİN**
Assistant General Manager Responsible for Legal - **Nihat BOZ**
Assistant General Manager Responsible for Credits - **Cenk DEMİRÖZ**
Assistant General Manager Responsible for Credit Risk - **Deniz AKSU**
Assistant General Manager Responsible for Finance - **Temel HAZIROĞLU**
Assistant General Manager Responsible for Sales - **Nevzat BAYRAKTAR**
Assistant General Manager Responsible for Marketing - **Hasan ALTUNDAĞ**
Assistant General Manager Responsible for Treasury and Financial Institutions - **Malek Khodr TEMSAH**
Assistant General Manager Responsible for Operations - **Fatih BOZ**
Assistant General Manager Responsible for Human Values and Administrative Affairs - **Süleyman ÇELİK**
Assistant General Manager Responsible for Information Technologies - **Ali TUĞLU**
- In our Bank's public disclosure dated January 9, 2017, we disclosed that Tax Inspection Board, Istanbul Large Taxpayers Groups prepared a tax audit report for the review of KKDF (Resource Utilization Support Fund) for retail consumer financing customers for the year of 2011. A total of TL 41 accrual slip were issued with KKDF cut and penalty.
- In our Bank's public disclosure dated January 24, 2017, we disclosed that we have completed our studies on ensuring that our Tier 2 subordinated loan, which is in the murabaha sukuk format amounting to USD 200 million with a total maturity of 10 years with a principal repayment of 5 years and a coupon profit rate of 7.75% provided in 2013, can be considered as contribution capital within the scope of the relevant legislation in order to comply with Basel III requirements.
- In our Bank's public disclosure dated January 27, 2017, we disclosed that International Credit Rating Company Standard & Poors has revised the rating of Albaraka Sukuk Ltd. and Sukuk as a contribution capital issued by Albaraka Sukuk Limited on November 30, 2015 as CCC+. Also, Standard & Poors has placed its 'B-' issue rating on the tier 2 sukuk trust certificates issued by ABT Sukuk Ltd. on Credit watch with negative implications.
- In our Bank's public disclosure dated February 17, 2017, we disclosed that our Acting General Manager Melikşah UTKU has been appointed as General Manager by resolution of the Board of Directors dated February 17, 2017 and numbered 1603.
- Within our Bank Repurchase Program accepted Ordinary General Assembly held March 25, 2015, total TL 6.115 nominal value shares were bought by our Bank between January 18, 2016 and March 22, 2017. With this transaction, our Bank's share of capital in Albaraka Türk Katılım Bankası A.Ş.'s Capital reached to 0.68% as of March 22, 2017.

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Information on Interim Report (continued):

- As announced in Public Disclosure Platform on February 17, 2017, our Bank's Ordinary General Meeting of Shareholders of was held on March 23, 2017 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 2016.
4. Reading and discussing Auditor reports.
5. Reading, discussing and approving the Financial Statements.
6. Acquitting the Members of the BoD.
7. Acquitting the Auditor.
8. Discussing the BoD proposal about the utilization and distribution of the annual profit and dividends (ratios of sharing).
9. Discussing the fiscal rights and benefits of the Board members like salary & wages, per diems, bonus & premiums and alike.
10. Electing new members for the BoD, as the offices of our current directors will expire; and determining their new terms of office.
11. Electing the Auditor.
12. Discussing and resolving the Board of Directors' proposal to amend Article-7 entitled "Bank's Capital" of our Bank's Articles of Incorporation.
13. Permitting members of the BoD with respect to articles 395 and 396 of Turkish Commercial Code.
14. Presenting information to General Assembly about operations effected in scope of the Repurchase Program for bank's own shares in 2016,
15. Providing the General Assembly with details of our Bank's donations in 2016.
16. Wishes and requests.

- Our Article 7 titled "Bank's Capital" of Article of Incorporation was amended by general meeting with the permission of the BRSA, CMB and the Ministry of Customs and Trade regarding the extension of the registered capital ceiling permit period.
- You may find Information Document, Profit Distribution Table, Minutes and Resolutions regarding Ordinary General Meeting of Shareholders which was held on March 23, 2017 from Albaraka Türk website Investor Relations section from following link:

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

- At the General Assembly Meeting held on March 23, 2017, it was decided that the number of the members of the board of directors should be determined as 13, including the General Manager, which is the natural member of the board of directors. Also, it has been decided that the term of office of the elected board members shall be 3 years and that the other 12 members of the board of directors other than the General Manager who is the natural member of the board of directors shall be the following:

Mr. ADNAN AHMED YUSUF ABDULMALEK, Mr. YALÇIN ÖNER, Mr. OSMAN AKYÜZ, Mr. IBRAHİM FAYEZ HUMAİD ALSHAMSI, Mr. HAMAD ABDULLA ALI EQAB, Mr. FAHAD ABDULLAH A. ALRAJHI, Mr. HOOD HASHEM AHMED HASHEM, Mr. MUSTAFA BÜYÜKABACI, Mr. KHALED ABDULLA MOHAMED ATEEQ, Mr. BEKİR PAKDEMİRLİ, Mr. KEMAL VAROL, Mr. MUHAMMAD ZARRUG M. RAJAB. From these members;

Mr. KEMAL VAROL and Mr. MUHAMMAD ZARRUG M. RAJAB was elected as an independent board member.

At the General Assembly meeting held on March 23, 2017, Article 8 of the agenda for the use and distribution of Profit Shares was discussed and a gross total of TL 43.521 profit distribution has been approved by the voting consortium as of April 10, 2017.

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Information on Interim Report (continued):

- In accordance with the resolution of the Board of Directors dated March 30, 2017; Board members and the General Manager, who were elected to the Board of Directors for three years at the Ordinary General Meeting of Shareholders held on March 23, 2017, distributions of the duties of the Board of Directors among themselves as follows:

Chairman of the Board of Directors- Adnan Ahmed Yusuf ABDULMALEK, **Vice Chairman of the Board of Directors** - Yalçın ÖNER

Credit Committee Chairman - Adnan Ahmed Yusuf ABDULMALEK, **Members** - Osman AKYÜZ

Kemal VAROL, Melikşah UTKU, **Reserve Members** - Yalçın ÖNER, Bekir PAKDEMİRLİ

Audit Committee Chairman - Mustafa BÜYÜKABACI, **Member** - Hood Hashem Ahmed HASHEM

Observers - Hamad Abdulla Ali EQAB, Ibrahim Fayez Humaid ALSHAMSI, Khaled Abdulla Mohamed ATEEQ

Corporate Governance Committee Chairman - Muhammed Zarrug M. RAJAB, **Members** - Ibrahim Fayez Humaid ALSHAMSI, Mustafa KARAMEHMETOĞLU, **Observer** - Khaled Abdulla Mohamed ATEEQ

Remuneration Committee Chairman - Adnan Ahmed Yusuf ABDULMALEK, **Members** - Osman AKYÜZ, Melikşah UTKU

Social Responsibility Committee Chairman - Bekir PAKDEMİRLİ, **Members** - Ibrahim Fayez Humaid ALSHAMSI, Mustafa BÜYÜKABACI

Executive Committee Chairman - Adnan Ahmed Yusuf ABDULMALEK, **Vice Chairman** - Yalçın ÖNER, **Members** - Osman AKYÜZ, Hamad Abdulla Ali EQAB, Melikşah UTKU

- On March 31, 2017, a successful Sukuk Certificate (Sukuk) was issued by Albaraka Türk which is resource institution and fund user with a maturity of 179 days with a funding source of TL 110.000.
- In our Bank's public disclosure dated April 7, 2017, we disclosed that International Rating Agency Standard & Poor's determined the rating of the sukuk transaction issued by ABT Sukuk Ltd. as "CCC +".
- In our Bank's public disclosure dated April 19, 2017, we disclosed that our Bank has provided 213 million USD Murabaha Syndicated Loan with the participation of 12 banks from 8 countries. The cost of the murabaha syndicated loan, which was provided as 370 days maturity, was realized as Libor + 125 bps.
- At the Board of Directors' meeting held on 28 April 2017, it has been decided to change the name of the Committee on Social Responsibility to "Sustainability and Social Responsibility Committee".
- At the Board of Directors' meeting held on 28 April 2017, it has been decided to authorize the General Directorate in connection with the opening of the branch titled "Albaraka Türk Katılım Bankası A.Ş. Bağdat Şubesi" in Bağdat, Iraq to carry out all kinds of required works both at Turkey and Iraq. On May 9, 2017, the Banking Regulation and Supervision Agency was applied for permission to open branch.
- On May 11, 2017, a successful Sukuk Certificate (Sukuk) was issued by Albaraka Türk which is resource institution and fund user with a maturity of 97 days with a funding source of TL 100.000.
- JCR Eurasia Rating has affirmed the credit ratings of Albaraka Türk Katılım Bankası A.Ş., evaluating within high investable category, as the Long Term International Foreign and Local Currency ratings have been affirmed as "BBB-" with a 'Stable' outlook in its report dated May 15, 2017. Other notes and details of the ratings are given in the table below:

Long Term International Foreign Currency : BBB- / (Stable Outlook)

Long Term International Local Currency : BBB- / (Stable Outlook)

Long Term National Local Rating : AA (Trk) / (Negative Outlook)

Short Term International Foreign Currency : A-3 / (Stable Outlook)

Short Term International Local Currency : A-3 / (Stable Outlook)

Short Term National Local Rating : A-1+ (Trk) / (Negative Outlook)

Sponsor Support : 3

Stand Alone : AB

On June 23, 2017, a successful Sukuk Certificate (Sukuk) was issued by Albaraka Türk which is resource institution and fund user with a maturity of 179 days with a funding source of TL 115.000.

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Information on Interim Report (continued):

- JCR Eurasia Rating has revised our Bank's compliance with CMB Corporate Governance Principles a score of 8,81 along with a Positive outlook in its report dated July 11, 2017. The Company's compliance levels in each of the four main sections are submitted below.

Overall: 8,81 (Positive)

Shareholders: 8,83

Public Disclosure and Transparency: 9,04

Stakeholders: 8,90

Board of Directors: 8,58

By virtue of the fact that the Bank's compliance with the corporate governance principles notes are above [(7) Threshold Score], Albaraka Türk is entitled to continue to be included in the BIST Corporate Governance Index.

- Important developments during **January 1, 2017 - June 30, 2017** period were announced and the disclosures were uploaded to the Public Disclosure Platform. All the announcements are shared at Albaraka Türk web site Investor Relations section.

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