

(Convenience translation of the independent auditors' report and financial statements originally issued in Turkish - see section three Note XXIII)

Albaraka Türk Katılım Bankası Anonim Şirketi

**Unconsolidated financial statements including independent
auditors' limited review report for the interim period ended
March 31, 2014**

(Convenience translation of the independent auditors' report and financial statements originally issued in Turkish - see section three Note XXIII)

Independent auditors' limited review report

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

We have reviewed the accompanying unconsolidated balance sheet of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") as of March 31, 2014 and the unconsolidated statements of income, unconsolidated statement of income and expense items accounted under equity, unconsolidated cash flows and unconsolidated changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. As independent auditors, our responsibility is to issue a report based on the review performed on these financial statements.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is principally limited to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information; and hence it is substantially less in scope than an audit and therefore provides a lesser assurance. We have not performed an audit and accordingly we do not express an audit opinion.

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 and fair view of the financial position of Albaraka Türk Katılım Bankası A.Ş. as of March 31, 2014 and the results of its operations and its cash flows for the period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

Additional paragraph for convenience translation:

As explained in detail in Note XXIII of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No: 5411 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying 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.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Danla Hayman, SMMM
Partner in charge
May 9, 2014
Istanbul, Turkey

**UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.
AS OF AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014**

Address of the Bank's headquarter : Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6
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The unconsolidated interim financial report for the three month period 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
- LIMITED REVIEW 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, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related appendices and interpretations and in compliance with the records of our Bank, have been independently reviewed and presented as attached.

May 9, 2014



Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors



Fahrettin YAHŞI
General Manager



Melikşah UTKU
Assistant General Manager




Ahmet OCAK
Budget and Financial Reporting Senior Manager



Hamad Abdulla A. EQAB
Chairman of the Audit Committee



Mitat AKTAŞ
Member of the Audit Committee



Hood Hashem Ahmed HASHEM
Member of the Audit Committee

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Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at March 31, 2014
(Currency - Thousand Turkish Lira)**

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 permit 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 Undersecretariat 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 168 (December 31, 2013: 166) local branches and 1 (December 31, 2013: 1) foreign branch and with 3.140 (December 31, 2013: 3.057) staff as of March 31, 2014.

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

As of March 31, 2014 54,06% (December 31, 2013: %54,06) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 23,08% (December 31, 2013: %23,08) of the shares are publicly traded and quoted on Borsa İstanbul.

Albaraka Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
as at March 31, 2014
(Currency - Thousand Turkish Lira)****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	0,0006
	Ibrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	(*) 0,0000
	Osman AKYÜZ	Member of BOD	Bachelor	-
	Prof.Dr. Ekrem PAKDEMİRLİ	Member of BOD	Doctorate	(*) 0,0000
	Mitat AKTAŞ	Member of BOD	Master	(*) 0,0000
	Hamad Abdulla A. EQAB	Member of BOD	Bachelor	(*) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of BOD	Master	(*) 0,0000
	Khalifa Taha HAMOOD			
	Al- HASHIMI	Member of BOD	Bachelor	(*) 0,0000
	Ass. Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
General Manager	Fahrettin YAHŞI	Member of BOD /General Manager	Master	-
Assistant General Managers	Mehmet Ali VERÇİN	Corporate Marketing, Treasury Marketing, Investment Projects	Bachelor	-
	Nihat BOZ	Legal Advisory, Legal Follow-up	Bachelor	-
	Temel HAZIROĞLU	Human Values, Training & Organisation, Performance & Career Management, Administrative Affairs, Financial Affairs	Bachelor	0,0048
	Bülent TABAN	Commercial Marketing, Commercial Products Management, Regional Offices	Master	0,0342
	Turgut SİMİTCİOĞLU	Credit Operations, Banking Services Operations, Foreign Affairs Operations, Payment Systems Operations, Risk Follow-up	Master	-
	Melikşah UTKU	Project Management, Software Development, IT Support, IT Strategy & Governance, Budget & Financial Reporting	Master	-
	Mahmut Esfa EMEK	Corporate Credits, Commercial Credits, Retail Credits, Credit Management & Monitoring	Bachelor	-
	Ayhan KESER	Retail Marketing, Alternative Distribution Channels, Retail Products Management, Financial Institutions	Bachelor	-
Audit Committee	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(*) 0,0000

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

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0396% of the Bank's share capital (December 31,2013: 0,0396%).

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at March 31, 2014
(Currency - Thousand Turkish Lira)**

IV. Information on the Bank's qualified shareholders:

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

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

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

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

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

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

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

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

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at March 31, 2014
(Currency - Thousand Turkish Lira)**

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 the financial statements of its subsidiary Bereket Varlık Kiralama A.Ş. and its associate Kredi Garanti Fonu A.Ş. considering the materiality principle and its insignificant influence over the associate, respectively and the related subsidiary and associate are carried at cost in the accompanying financial statements. Moreover, the financial statements of the Bank's structured entity, Albaraka Türk Sukuk Limited, which is not a subsidiary but over which the Bank exercises 100% control, are not consolidated in the accompanying financial statements considering the materiality principle. Katılım Emeklilik ve Hayat A.Ş., an entity under common control, is consolidated through equity method in the consolidated financial statements.

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

Immediate transfer of equity between the Bank and its subsidiaries is not an issue.

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 commitments
- 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.**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

ASSETS		Notes (Section Five-I)	THOUSAND TURKISH LIRA					
			CURRENT PERIOD (31/03/2014)			PRIOR PERIOD (31/12/2013)		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	193.973	2.130.804	2.324.777	246.414	2.036.267	2.282.681
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)	(2)	7.446	25	7.471	4.769	22	4.791
2.1	Trading Financial Assets		7.446	25	7.471	4.769	22	4.791
2.1.1	Public Sector Debt Securities		-	-	-	-	-	-
2.1.2	Equity Securities		4.754	-	4.754	4.764	-	4.764
2.1.3	Derivative Financial Assets Held for Trading		2.577	-	2.577	-	-	-
2.1.4	Other Marketable Securities		115	25	140	5	22	27
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)	461.394	1.044.349	1.505.743	625.878	752.830	1.378.708
IV.	MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V.	FINANCIAL ASSETS-AVAILABLE FOR SALE (net)	(4)	393.766	136.710	530.476	127.575	113.315	240.890
5.1	Equity Securities		15	1.528	1.543	15	1.528	1.543
5.2	Public Sector Debt Securities		383.928	85.962	469.890	117.550	83.973	201.523
5.3	Other Marketable Securities		9.823	49.220	59.043	10.010	27.814	37.824
VI.	LOANS AND RECEIVABLES	(5)	10.613.044	1.460.660	12.073.704	10.403.976	1.583.604	11.987.580
6.1	Loans and Receivables		10.577.351	1.460.576	12.037.927	10.377.759	1.583.581	11.961.340
6.1.1	Loans to Risk Group of The Bank		1.359	-	1.359	1.504	-	1.504
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		10.575.992	1.460.576	12.036.568	10.376.255	1.583.581	11.959.836
6.2	Non-performing loans		281.521	789	282.310	278.968	700	279.668
6.3	Specific Provisions (-)		245.828	705	246.533	252.751	677	253.428
VII.	INVESTMENTS HELD TO MATURITY (net)	(6)	728.589	-	728.589	745.390	-	745.390
VIII.	INVESTMENTS IN ASSOCIATES (net)	(7)	4.211	-	4.211	4.211	-	4.211
8.1	Accounted for under Equity Method		-	-	-	-	-	-
8.2	Unconsolidated Associates		4.211	-	4.211	4.211	-	4.211
8.2.1	Financial Associates		4.211	-	4.211	4.211	-	4.211
8.2.2	Non-Financial Associates		-	-	-	-	-	-
IX.	SUBSIDIARIES (net)	(8)	250	-	250	250	-	250
9.1	Unconsolidated Financial Subsidiaries		250	-	250	250	-	250
9.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X.	JOINT VENTURES (net)	(9)	10.500	-	10.500	5.500	-	5.500
10.1	Accounted for under Equity Method		-	-	-	-	-	-
10.2	Unconsolidated		10.500	-	10.500	5.500	-	5.500
10.2.1	Financial Joint Ventures		10.500	-	10.500	5.500	-	5.500
10.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XI.	LEASE RECEIVABLES	(10)	92.616	-	92.616	72.321	-	72.321
11.1	Finance Lease Receivables		117.704	-	117.704	85.893	-	85.893
11.2	Operational Lease Receivables		-	-	-	-	-	-
11.3	Other		-	-	-	-	-	-
11.4	Unearned Income (-)		25.088	-	25.088	13.572	-	13.572
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)	388.585	1.840	390.425	378.689	1.925	380.614
XIV.	INTANGIBLE ASSETS (net)	(13)	15.073	574	15.647	15.335	594	15.929
14.1	Goodwill		-	-	-	-	-	-
14.2	Other		15.073	574	15.647	15.335	594	15.929
XV.	INVESTMENT PROPERTY (net)	(14)	-	-	-	-	-	-
XVI.	TAX ASSET	(15)	9.195	-	9.195	10.914	-	10.914
16.1	Current Tax Asset		3.384	-	3.384	2.558	-	2.558
16.2	Deferred Tax Asset		5.811	-	5.811	8.356	-	8.356
XVII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(16)	22.810	153	22.963	28.253	154	28.407
17.1	Assets Held for Sale		22.810	153	22.963	28.253	154	28.407
17.2	Assets of Discontinued Operations		-	-	-	-	-	-
XVIII.	OTHER ASSETS	(17)	81.209	12.115	93.324	56.113	2.254	58.367
TOTAL ASSETS			13.022.661	4.787.230	17.809.891	12.725.588	4.490.965	17.216.553

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

LIABILITIES	Notes (Section Five-II)	THOUSAND TURKISH LIRA					
		CURRENT PERIOD (31/03/2014)			PRIOR PERIOD (31/12/2013)		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	7.392.768	5.249.000	12.641.768	7.518.851	5.007.361	12.526.212
1.1 Funds from Risk Group of The Bank		11.927	131.252	143.179	23.152	170.967	194.119
1.2 Other		7.380.841	5.117.748	12.498.589	7.495.699	4.836.394	12.332.093
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	-	-	2.804	-	2.804
III. FUNDS BORROWED	(3)	-	2.084.718	2.084.718	-	2.035.816	2.035.816
IV. BORROWINGS FROM MONEY MARKETS		450.403	-	450.403	144.775	-	144.775
V. SECURITIES ISSUED (net)		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES		387.784	34.452	422.236	307.767	21.407	329.174
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)	139.298	58.577	197.875	146.944	54.519	201.463
10.1 General Provisions		90.994	25.867	116.861	89.117	24.591	113.708
10.2 Restructuring Reserves		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		26.179	-	26.179	39.465	-	39.465
10.4 Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5 Other Provisions		22.125	32.710	54.835	18.362	29.928	48.290
XI. TAX LIABILITY	(8)	40.269	92	40.361	46.033	35	46.068
11.1 Current Tax Liability		40.269	92	40.361	46.033	35	46.068
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)	-	441.236	441.236	-	432.973	432.973
XIV. SHAREHOLDERS' EQUITY	(11)	1.533.838	(2.544)	1.531.294	1.501.799	(4.531)	1.497.268
14.1 Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2 Capital Reserves		99.147	(2.544)	96.603	97.311	(4.531)	92.780
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Reserve		1.813	(2.544)	(731)	(211)	(4.531)	(4.742)
14.2.4 Revaluation Reserve on Tangible Assets		96.109	-	96.109	96.712	-	96.712
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		1.225	-	1.225	810	-	810
14.3 Profit Reserves		470.272	-	470.272	261.645	-	261.645
14.3.1 Legal Reserves		71.744	-	71.744	59.602	-	59.602
14.3.2 Status Reserves		-	-	-	-	-	-
14.3.3 Extraordinary Reserves		398.528	-	398.528	202.043	-	202.043
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Profit or Loss		64.419	-	64.419	242.843	-	242.843
14.4.1 Prior Years Profit / (Loss)		2.841	-	2.841	1.434	-	1.434
14.4.2 Current Year Profit / (Loss)		61.578	-	61.578	241.409	-	241.409
14.5 Minority Interest		-	-	-	-	-	-
TOTAL LIABILITIES		9.944.360	7.865.531	17.809.891	9.668.973	7.547.580	17.216.553

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.**STATEMENT OF OFF-BALANCE SHEET COMMITMENTS**

	Notes (Section Five-III)	THOUSAND TURKISH LIRA					
		CURRENT PERIOD (31/03/2014)			PRIOR PERIOD (31/12/2013)		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	(1)	4.025.895	3.684.515	7.710.410	4.064.280	3.567.122	7.631.402
I. GUARANTEES AND SURETIES		2.893.017	3.389.789	6.282.806	2.956.853	3.207.014	6.163.867
1.1. Letters of Guarantees		2.879.489	2.362.624	5.242.113	2.947.334	2.284.564	5.231.898
1.1.1. Guarantees Subject to State Tender Law		91.301	17.403	108.704	92.207	23.278	115.485
1.1.2. Guarantees Given for Foreign Trade Operations		316	819.034	819.350	280	814.268	814.548
1.1.3. Other Letters of Guarantee		2.787.872	1.526.187	4.314.059	2.854.847	1.447.018	4.301.865
1.2. Bank Loans		-	24.881	24.881	-	23.524	23.524
1.2.1. Import Letter of Acceptances		-	24.881	24.881	-	23.524	23.524
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		-	513.650	513.650	-	482.011	482.011
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		-	513.650	513.650	-	482.011	482.011
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		1.995	430.762	432.757	937	355.427	356.364
1.7. Other Collaterals		11.533	57.872	69.405	8.582	61.488	70.070
II. COMMITMENTS	(1)	884.125	48.626	932.751	813.111	63.108	876.219
2.1. Irrevocable Commitments		884.125	48.626	932.751	813.111	63.108	876.219
2.1.1. Asset Purchase and Sale Commitments		14.324	48.500	62.824	2.401	62.982	65.383
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	5.000	-	5.000
2.1.3. Loan Granting Commitments		46.406	-	46.406	45.428	-	45.428
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		325.440	-	325.440	297.235	-	297.235
2.1.7. Tax And Fund Liabilities from Export Commitments		1.444	-	1.444	1.445	-	1.445
2.1.8. Commitments for Credit Card Expenditure Limits		494.722	-	494.722	458.540	-	458.540
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		387	-	387	369	-	369
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		1.402	126	1.528	2.693	126	2.819
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	248.753	246.100	494.853	294.316	297.000	591.316
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		248.753	246.100	494.853	294.316	297.000	591.316
3.2.1. Forward Foreign Currency Buy/Sell Transactions		248.753	246.100	494.853	294.316	297.000	591.316
3.2.1.1. Forward Foreign Currency Transactions-Buy		248.753	-	248.753	294.316	-	294.316
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	246.100	246.100	-	297.000	297.000
3.2.2. Other Forward Buy/Sell Transactions		-	-	-	-	-	-
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		23.783.252	3.458.957	27.242.209	22.641.233	3.855.845	26.497.078
IV. ITEMS HELD IN CUSTODY		1.068.314	1.070.665	2.138.979	1.660.275	1.293.437	2.953.712
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		11.072	-	11.072	72	-	72
4.3. Cheques Received for Collection		787.334	70.412	857.746	701.874	89.326	791.200
4.4. Commercial Notes Received for Collection		253.796	17.758	271.554	235.972	23.262	259.234
4.5. Other Assets Received for Collection		104	-	104	104	-	104
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	726.000	726.000	-	720.711	720.711
4.8. Custodians		16.008	256.495	272.503	722.253	460.138	1.182.391
V. PLEDGED ITEMS		22.714.938	2.388.292	25.103.230	20.980.958	2.562.408	23.543.366
5.1. Marketable Securities		1.318.076	687.036	2.005.112	689.548	714.909	1.404.457
5.2. Guarantee Notes		1.440.837	175.225	1.616.062	1.415.238	172.025	1.587.263
5.3. Commodity		809.414	348.394	1.157.808	762.432	321.208	1.083.640
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		17.742.361	745.473	18.487.834	16.616.802	787.750	17.404.552
5.6. Other Pledged Items		1.354.565	424.019	1.778.584	1.448.353	542.198	1.990.551
5.7. Pledged Items-Depository		49.685	8.145	57.830	48.585	24.318	72.903
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		27.809.147	7.143.472	34.952.619	26.705.513	7.422.967	34.128.480

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.**STATEMENT OF INCOME**

INCOME AND EXPENSE ITEMS	Notes (Section Five-IV)	THOUSAND TURKISH LIRA	
		CURRENT PERIOD (01/01/2014- 31/03/2014)	PRIOR PERIOD (01/01/2013- 31/03/2013)
I. PROFIT SHARE INCOME	(1)	318.539	274.166
1.1 Profit Share on Loans		295.672	262.127
1.2 Income Received from Reserve Deposits		-	-
1.3 Income Received from Banks		1.034	346
1.4 Income Received from Money Market Placements		-	-
1.5 Income Received from Marketable Securities Portfolio		19.185	10.327
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		6.407	2.316
1.5.4 Investments Held to Maturity		12.778	8.011
1.6 Finance Lease Income		2.648	1.366
1.7 Other Profit Share Income		-	-
II. PROFIT SHARE EXPENSE	(2)	172.230	123.367
2.1 Expense on Profit Sharing Accounts		151.026	114.633
2.2 Profit Share Expense on Funds Borrowed		18.468	8.734
2.3 Profit Share Expense on Money Market Borrowings		2.736	-
2.4 Profit Share Expense on Securities Issued		-	-
2.5 Other Profit Share Expense		-	-
III. NET PROFIT SHARE INCOME (I - II)		146.309	150.799
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		29.592	25.688
4.1 Fees and Commissions Received		36.114	32.164
4.1.1 Non-Cash Loans		19.659	19.225
4.1.2 Other	(12)	16.455	12.939
4.2 Fees and Commissions Paid		6.522	6.476
4.2.1 Non-Cash Loans		95	148
4.2.2 Other	(12)	6.427	6.328
V. DIVIDEND INCOME	(3)	-	-
VI. TRADING INCOME/LOSS(net)	(4)	17.002	7.965
6.1 Capital Market Transaction Income / (Loss)		5	759
6.2 Income / (Loss) from Derivative Financial Instruments		2.560	-
6.3 Foreign Exchange Income / (Loss)		14.437	7.206
VII. OTHER OPERATING INCOME	(5)	41.107	58.809
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		234.010	243.261
IX. PROVISION FOR IMPAIRMENT OF LOANS AND OTHER RECEIVABLES (-)	(6)	24.698	85.091
X. OTHER OPERATING EXPENSES (-)	(7)	128.781	90.233
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		80.531	67.937
XII. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-
XIII. INCOME / (LOSS) ON EQUITY METHOD		-	-
XIV. INCOME / (LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME / (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	80.531	67.937
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(18.953)	(14.227)
16.1 Provision for Current Taxes		(17.411)	(15.142)
16.2 Provision for Deferred Taxes		(1.542)	915
XVII. NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	61.578	53.710
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from Assets Held For Sale		-	-
18.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
18.3 Income from Other Discontinued Operations		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Loss from Assets Held for Sale		-	-
19.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
19.3 Loss from Other Discontinued Operations		-	-
XX. INCOME / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1 Provision for Current Taxes		-	-
21.2 Provision for Deferred Taxes		-	-
XXII. NET INCOME / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET INCOME / LOSS (XVII+XXII)	(11)	61.578	53.710
23.1 Group's Income/Loss		61.578	53.710
23.2 Minority Interest		-	-
Earnings Per Share (Full TL)		0,068	0,060

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

**STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED
UNDER SHAREHOLDERS' EQUITY**

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		THOUSAND TURKISH LIRA	
		CURRENT PERIOD (01/01/2014- 31/03/2014)	PRIOR PERIOD (01/01/2013- 31/03/2013)
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	6.267	(812)
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(63)	1
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	(1.003)	135
VIII.	OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	-	-
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	(1.253)	162
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	3.948	(514)
XI.	PROFIT/LOSS	61.578	53.710
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	61.578	53.710
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	65.526	53.196

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

THOUSAND TURKISH LIRA

CHANGES IN SHAREHOLDERS' EQUITY	Notes (Section Five)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Cancellation	Share Certificate Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Income / (Loss)	Prior Years Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences	
																	For Sale and Disc.op.	Equity
PRIOR PERIOD (01/01/2013-31/03/2013)																		
I. Beginning balance	(V)	900.000	-	-	-	-	49.966	-	18.954	(28)	191.835	891	1.193	55.522	-	-	-	1.218.333
II. Changes In Period Increase/Decrease		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	1
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. Initiation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Period Net Income/(Loss)		-	-	-	-	-	-	-	-	-	53,710	362	130	(357)	-	-	-	135
XVIII. Profit Distribution		-	-	-	-	-	9,636	-	183,089	-	(191,835)	(890)	-	-	-	-	-	53,710
18.1 Dividends Distributed		-	-	-	-	-	9,636	-	183,089	-	-	-	-	-	-	-	-	-
18.2 Transfers To Reserves		-	-	-	-	-	9,636	-	183,089	-	(191,835)	191,835	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	-	59.602	-	202.043	(27)	53,710	363	673	55.165	-	-	-	1.271.529

The accompanying explanations and notes are an integral part of these financial statements.
(10)

ALBARAKA TÜRK KATILIM BANKASI A.Ş. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

THOUSAND TURKISH LIRA

CHANGES IN SHAREHOLDERS' EQUITY	Notes (Section Five)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Cancellation	Share Certificate Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period 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 (01/01/2014-31/03/2014)																		
I.	Beginning balance	900.000	-	-	-	-	59.602	-	202.043	810	241.409	1.434	(4.742)	96.712	-	-	-	1.497.268
II.	Changes In Period Increase/Decrease Related to Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Hedging Funds (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge Of Net Investment in Foreign Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	(64)	-	-	-	-	-	-	-	(64)
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	-	-	-	-	-	-	-	-	479	-	125	(1.003)	(603)	-	-	-	(1.002)
XVII.	Period Net Income/(Loss)	-	-	-	-	-	-	-	-	-	61.578	-	-	-	-	-	-	61.578
XVIII.	Profit Distribution	-	-	-	-	-	12.142	-	196.485	-	(241.409)	1.282	-	-	-	-	-	(31.500)
18.1	Dividends Distributed	-	-	-	-	-	-	-	-	-	-	(31.500)	-	-	-	-	-	(31.500)
18.2	Transfers To Reserves	-	-	-	-	-	12.142	-	196.485	-	-	(208.627)	-	-	-	-	-	(31.500)
18.3	Other	-	-	-	-	-	-	-	-	-	(241.409)	241.409	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	-	71.744	-	398.528	1.225	61.578	2.841	(731)	96.109	-	-	-	1.531.294

The accompanying explanations and notes are an integral part of these financial statements.
(11)

ALBARAKA TÜRK KATILIM BANKASI A.Ş.**STATEMENT OF CASH FLOWS**

		THOUSAND TURKISH LIRA	
STATEMENT OF CASH FLOWS		CURRENT PERIOD (01/01/2013-31/03/2014)	PRIOR PERIOD (01/01/2013-31/03/2013)
	Notes		
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		209.117	115.314
1.1.1 Profit Share Income Received		278.906	256.287
1.1.2 Profit Share Expense Paid		(151.127)	(114.988)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		29.592	47.376
1.1.5 Other Income		18.891	56.641
1.1.6 Collections from Previously Written Off Loans	(V-I-5,h2)	13.789	61.483
1.1.7 Payments to Personnel and Service Suppliers		(78.707)	(52.333)
1.1.8 Taxes Paid		(27.498)	(17.323)
1.1.9 Others		125.271	(121.829)
1.2 Changes in operating assets and liabilities		(154.569)	158.788
1.2.1 Net (Increase) Decrease in Available For Sale Financial Assets		(2.680)	(1.198)
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		(51.929)	(353.076)
1.2.4 Net (Increase) Decrease in Loans		(183.809)	(352.332)
1.2.5 Net (Increase) Decrease in Other Assets		(40.541)	16.906
1.2.6 Net Increase (Decrease) in Funds Collected From Banks		-	-
1.2.7 Net Increase (Decrease) in Other Funds Collected		111.296	874.927
1.2.8 Net Increase (Decrease) in Funds Borrowed		(74.373)	-
1.2.9 Net Increase (Decrease) in Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities		87.467	(26.439)
I. Net Cash Flow From Banking Operations		54.548	274.102
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(149.974)	(237.888)
2.1 Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		(5.000)	-
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Fixed Assets Purchases		(20.754)	(27.418)
2.4 Fixed Assets Sales		3.401	2.749
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(157.200)	-
2.6 Cash Obtained from Sale of Financial Assets Available for Sale		-	-
2.7 Cash Paid for Purchase of Investment Securities	(V-I-6.4)	-	(274.378)
2.8 Cash Obtained from Sale of Investment Securities	(V-I-6.4)	29.579	61.159
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		85.021	144.497
3.1 Cash Obtained from Funds Borrowed and Securities Issued		1.104.724	144.497
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(1.019.703)	-
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		132.365	(3.494)
V. Net (Decrease) Increase in Cash and Cash Equivalents		121.960	177.217
VI. Cash and Cash Equivalents at the Beginning of the Period		1.881.992	1.362.144
VII. Cash and Cash Equivalents at the End of the Period		2.003.952	1.539.361

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at March 31, 2014
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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 Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC"), and Turkish Tax Legislation.

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette No. 28337 dated June 28, 2012.

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

Accounting policies and valuation methods used in the preparation of financial statements have been applied as specified in the related communiqués, pronouncements and regulations of TAS and BRSA. The accounting policies adopted in the preparation of the current year-end financial statements are consistent with those adopted in the preparation of the financial statements as of December 31, 2013. The accounting policies and valuation principles used in the preparation of unconsolidated financial statements are explained in Notes II and XXII below.

TAS/TFRS changes which are effective from January 1, 2014 (TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended), TRFS Interpretation 21 Levies, Amendments to TAS 36 - (Recoverable Amount Disclosures for Non-Financial assets), Amendments to TAS 39 - Novation of Derivatives and Continuation of Hedge Accounting, TFRS 10 Consolidated Financial Statements (Amendment)) do not have a significant effect on the Bank's accounting policies, financial position or performance.

The effects of TFRS 9, "Financial Instruments" which has not been implemented yet, are under evaluation by the Bank. The standard which the Bank did not early adopt will primarily have an effect on the classification and measurement of the Bank's financial assets. The Bank is currently assessing the impact of adopting TFRS 9. However, as the impact of adoption depends on the assets held by the Bank at the date of adoption itself, it is not practical or possible to quantify the effect at this stage. As of the date of these financial statements, the other TAS/TFRS standards announced but not yet effective are not expected to have significant impact on the Bank's accounting policies, financial position and performance.

Albaraka Türk Katılım Bankası Anonim Şirketi

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I. Explanations on basis of presentation (continued):

"Communiqué related to Changes in Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated January 23, 2011 and numbered 27824 has set out the financial statement formats for the banks which selected to early adopt TFRS 9 (In accordance with the Communiqué related to Changes in Communiqué on TFRS 9 "Financial Instruments" published in the Official Gazette dated December 30, 2012 numbered 28513 , the effective date of the mentioned Communiqué has been changed as December 31, 2014 which was previously January 1, 2013) "Financial Instruments" before January 1, 2015. 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 unconsolidated financial statements are prepared in accordance with the historical cost basis except for the financial assets at fair value through profit and loss, financial assets-available for sale and immovables which are reflected at fair values.

The preparation of the unconsolidated financial statements according to TAS 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, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes.

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

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

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

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

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

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

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**Notes related to unconsolidated financial statements
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II. Explanations on strategy of using financial instruments and foreign currency transactions (continued):

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

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

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

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

There are no foreign currency differences capitalized by the Bank.

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

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

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

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

As of the balance sheet date, there are no embedded derivatives and no derivative instruments formed through separation from the host contract.

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.

Albaraka Türk Katılım Bankası Anonim Şirketi

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

In accordance with the “Communiqué of Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans”, 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 non-cash loans commissions directly as income.

VI. Explanations on financial assets:

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

Financial assets at fair value through profit or loss; This category 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 March 31, 2014, the Bank has no financial assets classified as financial assets at fair value through profit or loss except for trading financial assets.

Albaraka Türk Katılım Bankası Anonim Şirketi

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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".

Held to maturity financial assets:

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.

Albaraka Türk Katılım Bankası Anonim Şirketi

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

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

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

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

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

VIII. Explanations on offsetting of financial instruments:

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

There are no such offset of financial assets and liabilities.

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 no securities lending transactions.

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

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

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

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.

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 no discontinued operations.

XI. Explanations on goodwill and other intangible assets:

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Intangible Assets". As of the balance sheet date, there is no goodwill in the financial statements of the Bank. The Bank's intangible assets consist of softwares and intangible rights.

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

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

XII. Explanations on tangible assets:

The cost of the tangible assets purchased before December 31, 2004 have been restated by inflationary index from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs. Tangible assets are recorded at cost less accumulated depreciation and provision for impairment, if any in compliance with the TAS 16 "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 immovables 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, 2013, the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve in accordance with TAS 16.

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

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XII. Explanations on tangible assets (continued):

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

	%
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 5 years. After January 1, 2010 in cases where leasing period is more than 5 years, the useful life is determined as 5 years.

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

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

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

XIII. Explanations on leasing transactions:

Transactions as a lessee

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

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

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

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

Transactions as a lessor

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

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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: "Provisions, Contingent Liabilities and Contingent Assets".

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

Provision is booked for contingent liabilities originated as a result of past events in the period they arise if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

XV. Explanations on liabilities regarding employee benefits:

i) *Defined benefit plans:*

In accordance with existing social legislation, the Bank is required to make severance pay to each employee who has completed over one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The retirement pay provision recognized in the financial statements, is calculated in accordance with TAS 19 "Employee Benefits" by using the "projection method" and based upon factors derived using the Bank's experience with respect to completion of service period and eligibility to receive retirement pay and which is discounted by using the current market yield rate of government bonds at the balance sheet date. Actuarial gains and losses generated after January 1, 2013, are accounted for under equity in accordance with the revised TAS 19 standard.

The Bank's employees are not members of any pension fund, foundations, union or other similar entities.

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

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XVI. Explanations on taxation:

Current tax:

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

In accordance with the Corporate Tax Law no.5520 published in the Official Gazette no.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.

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XVI. Explanations on taxation (continued):

Deferred tax:

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

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

Transfer pricing:

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

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

XVII. Additional explanations on borrowings:

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

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

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.

Albaraka Türk Katılım Bankası Anonim Şirketi

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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 XIII.

XXII. Explanations on other matters:

None.

XXIII. Additional paragraph for convenience translation:

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

Capital adequacy ratio calculations are made in accordance with "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" (Regulation) published in the Official Gazette no.28337 dated June 28, 2012 starting from July 1, 2012. As of March 31, 2014, the Bank's unconsolidated capital adequacy ratio calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" is 15,18% (Prior Period- 14,86%).

a) Risk measurement methods used in the calculation of capital adequacy standard ratio:

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", "Regulation on Credit Risk Mitigation Techniques" published in the Official Gazette no.28337 dated June 28, 2012 and become valid as of July 1, 2012 and the "Regulation on Equities of Banks" published in the Official Gazette no 28756 dated September 5, 2013.

In the calculation of capital adequacy ratio the Bank applies standard method for market risk, basic indicator method for operational risk and standard method for credit risk.

In the calculation of capital adequacy ratio, the data composed from accounting records prepared in compliance with the current legislation are used. Such accounting data is included in the calculation of credit and market risks subsequent to their designation as "trading book" and "banking book" according to the Regulation.

The items classified as trading book and the items deducted from the equity are not included in the calculation of credit risk. In the calculation of risk weighted assets, the assets subject to amortisation or impairment, are taken into account on a net basis after being reduced by the related amortisations and provisions.

In the calculation of the value at credit risk for the non-cash loans and commitments and the receivables from counterparties in such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

Albaraka Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
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Bank									
	%0	%10	%20	%50	%75	%100	%150	%200	%250
Value at Credit Risk	3.101.722	-	1.762.290	4.341.948	1.824.206	7.547.965	26.070	15.993	-
Risk Categories									
Conditional and unconditional receivables from central governments or central banks	2.954.678	-	11.849	85.960	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	151.462	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	1.148.816	395.041	-	135.461	-	-	-
Conditional and unconditional receivables from corporates	-	-	286.491	16.275	-	6.916.284	-	-	-
Conditional and unconditional retail receivables	-	-	109.547	444	1.824.206	17.375	-	-	-
Conditional and unconditional receivables secured by mortgages on property	-	-	3.791	3.831.688	-	-	-	-	-
Past due receivables	-	-	-	12.540	-	15.289	5.369	-	-
Receivables defined in high risk category by BRSA	-	-	1.112	-	-	-	20.701	15.993	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	49.222	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	147.044	-	-	-	-	463.556	-	-	-

On the table, the collateralized credit amounts are included to risk weights based on related risk categories.

c) Summary information related to capital adequacy standard ratio:

	Current Period	Prior Period(*)
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	920.851	911.365
Capital Requirement for Market Risk (MRCR)	8.876	11.622
Capital Requirement for Operational Risk (ORCR)	95.440	77.228
Shareholders' Equity	1.944.756	1.858.124
Shareholders' Equity/((CRCR+MRCR+ORCR)*12,5*100)	%15,18	%14,86
Core Capital/((CRCR+MRCR+ORCR)*12,5)*100	%11,53	%10,80
Tier I Capital/((CRCR+MRCR+ORCR)*12,5)*100	%11,63	-

(*) Equity calculation has changed as per the "Regulation on Equities of Banks" applicable as of January 1, 2014, figures belonging to prior period are calculated as per former regulation.

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

ç) Details of shareholders' equity accounts:

Current period equity amount is calculated as per "Regulation on Equities of Banks" applicable as of January 1, 2014 published in Official gazette dated September 5, 2013 numbered 28756

	March 31 2014
Tier I capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	470.272
Other Comprehensive Income according to TAS	97.334
Profit	64.419
Current Period Profit	61.578
Prior Period Profit	2.841
General Reserves for Possible Losses	72
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I capital before deductions	1.532.097
Deductions from tier I capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	731
Leasehold Improvements on Operational Leases (-)	38.539
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	2.978
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total deductions from tier I capital	42.248
Total tier I capital	1.489.849
Additional core capital	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional core capital before deductions	-
Deductions from additional core capital	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total deductions from additional core capital	-
Total additional core capital	-

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

Deductions from core capital	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	11.912
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total core capital	1.477.937
Tier II capital	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	424.148
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	45.684
Tier II capital before deductions	469.832
Deductions from tier II capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total deductions from tier II capital	-
Total tier II capital	469.832
Capital	1.947.769
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	1.376
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	1.637
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
Equity	1.944.756
Amounts lower than excesses as per deduction rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	50
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	6.366

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

	December 31 2013
Core capital	
Paid-in Capital	900.000
Nominal Capital	900.000
Capital Commitments (-)	-
Inflation Adjustments to Paid-in Capital	-
Share Premium	-
Share Cancellation Profits	-
Reserves	262.455
Inflation Adjustments to Reserves	-
Profit	242.843
Current Period Net Profit	241.409
Prior Years' Profits	1.434
Provision for possible losses up to 25% of the core capital	72
Income on Sale of Equity Shares and Real Estate Property	-
Primary Subordinated Debts	-
Loss in excess of Reserves (-)	-
Current Period Net Loss	-
Prior Years' Loss	-
Leasehold Improvements on Operational Leases(-)	38.688
Intangible Assets (-)	15.929
Deferred Tax Asset Exceeding 10% of the Core Capital (-)	-
Amount in excess as per the 3rd Paragraph of the Article 56 of the Banking Law(-)	-
Total core capital	1.350.753
Supplementary capital	
General Loan Loss Reserves	47.378
45% of the Revaluation Reserve for Movable Fixed Assets	-
45% of the Revaluation Reserve for Properties	43.520
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	-
Primary Subordinated Loans Excluded in the Calculation of The Core Capital	-
Secondary Subordinated Loans	424.148
45% of Marketable Securities Value Increase Fund	(4.742)
Indexation Differences For Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-
Total supplementary capital	510.304
Capital	1.861.057
Deductions from the capital	2.933
Shareholdings in Unconsolidated Banks and Financial Institutions (Domestic, Foreign) in which the Bank Owns Ten Percent or More of Capital	250
Shareholdings in Unconsolidated Banks and Financial Institutions (Domestic, Foreign) in which the Bank Owns Less than Ten Percent of Capital which Exceed the Ten Percent Of Bank's Core and Supplementary Capital	-
Secondary Subordinated Loans Granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and Placements that Possess the Nature of their Primary or Secondary Subordinated Debt	-
Loans Granted Being Non-Compliant with the Articles 50 and 51 of the Banking Law	-
The Net Book Value of Properties Exceeding Fifty Percent of Equity and Properties Held for Sale and Properties and Commodity to be Disposed, Acquired In Exchange of Loans and Receivables According to the Article 57 of the Banking Law and Have Not Been Disposed Yet After 5 Years After Foreclosure	1.391
Securitization Positions to be Deducted from Equity	-
Other	1.292
Total shareholders' equity	1.858.124

d) Approaches for assessment of adequacy of internal capital requirements for current and future activities:

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 on capital adequacy standard ratio (continued):

e) Details on Subordinated Liabilities

Issuer	ABT Sukuk Ltd.
Unique Identifier	-
Governing Law(s) of the Instrument	English Law
Special Consideration in the Calculation of Equity	
As of January 1, 2015 consideration to be subject to a 10% reduction application status	-
Eligible at Solo/Consolidated	Solo/ Consolidated
Instrument Type	Sukuk Murabaha
Amount recognized in regulatory capital (as of most recent reporting date)	424.148.000
Par Value of Instrument	428.000.000
Accounting Classification	Subordinated Loan
Original date of Issuance	May 7 2013
Perpetual or dated	Dated
Original maturity date	May 7 2013
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last payment date : 07.05.2018 Total repayment amount : USD.77.500.000,- repayment period : 6 months Total Amount : USD.69.750.000,-
Subsequent call dates	-
Profit Share / Dividends	
Fixed or floating profit share / dividend	Fixed
Profit share rate and any related index	7,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or Non-convertible	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
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 ceditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	Yes
Details of incompliances with article number 7 and 8 of "Own fund regulation"	-

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".

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III. Explanations on market risk:

The Bank measures its market risk exposures within the framework of "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in Official Gazette numbered 28337 dated June 28, 2012 by using standardized approach and allocates statutory capital accordingly. On the other hand, market risk is also calculated for testing purposes using internal model methods (Value at Risk) and the results are validated by back test analysis. The VaR (Value at Risk) is calculated daily by using Variance, Covariance, EWMA, Monte Carlo and historical simulation methods and the results are reported to senior management.

The Board of Directors set the risk limits by taking into account the main risk factors and these limits are periodically revised in accordance with the market conditions and the Bank's strategies. Furthermore, the Board of Directors ensure that, the necessary measures are to be taken by risk management department and top level management in respect of defining, measuring, prioritizing, monitoring and managing the risks exposed by the Bank.

The riskiness of on and off balance sheet positions which will occur due to the market volatility is measured regularly. The information related to market risk taken into consideration in calculation of legal capital is stated below.

a) Information related to market risk:

	Amount
(I) Capital requirement to be employed for general market risk - standard method	380
(II) Capital requirement to be employed for specific risk - standard method	380
Capital requirement against specific risks of securitisation positions– standard method	-
(III) Capital requirement to be employed for currency risk - standard method	7.711
(IV) Capital requirement to be employed for commodity risk - standard method	-
(V) Capital requirement to be employed for swap risk - standard method	-
(VI) Capital requirement to be employed for market risk of options - standard method	-
(VII) Capital requirement against counterparty credit risks - standard method	405
(VIII) Capital requirement to be employed for market risks of banks using risk measurement model	-
(IX) Total capital requirement to be employed for market risk (I+II+III+IV+V+VI+VII)	8.876
(X) Amount subject to market risk (12,5 X VIII) or (12,5 x IX)	110.950

b) Average Market Risk Table Concerning Market Risk Calculated as of Month Ends During the Period:

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 on operational 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".

V. 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 March 31, 2014 - Balance sheet evaluation rate	2,140	2,948
As of March 28, 2014	2,170	2,984
As of March 27, 2014	2,167	2,978
As of March 26, 2014	2,173	2,996
As of March 25, 2014	2,207	3,041
As of March 24, 2014	2,217	3,056

- 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 full TL 2,191 for 1 USD (December 2013 – full TL 2,038), full TL 3,029 for 1 EURO (December 2013 – full TL 2,796).

Foreign currency sensitivity:

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

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

% change in foreign currency rate		Effect on profit / loss		Effect on equity	
		March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
USD	10% increase	(251)	4.629	410	474
USD	10% decrease	251	(4.629)	(410)	(474)
EURO	10% increase	1.226	548	-	-
EURO	10% decrease	(1.226)	(548)	-	-

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V. 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	799.036	1.101.039	230.729	2.130.804
Banks	145.968	826.049	72.332	1.044.349
Financial assets at fair value through profit and loss	18	3	4	25
Money market placements	-	-	-	-
Available-for-sale financial assets	51	136.659	-	136.710
Loans and financial lease receivables(**)	1.431.298	3.405.201	32	4.836.531
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	1.840	1.840
Intangible assets	-	-	574	574
Other assets (***)	704	10.858	1.251	12.813
Total assets	2.377.075	5.479.809	306.762	8.163.646
Liabilities				
Current account and funds collected from banks via participation accounts	132.492	352.261	1.449	486.202
Other current and profit sharing accounts	1.351.768	3.143.074	267.956	4.762.798
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	848.615	1.677.339	-	2.525.954
Marketable securities issued	-	-	-	-
Miscellaneous payables	5.204	26.225	3.023	34.452
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	17.219	39.709	1.741	58.669
Total liabilities	2.355.298	5.238.608	274.169	7.868.075
Net balance sheet position	21.777	241.201	32.593	295.571
Net off balance sheet position	(9.522)	(243.707)	(1.223)	(254.452)
Derivative financial instruments assets(****)	3.390	15.183	1.501	20.074
Derivative financial instruments liabilities(****)	12.912	258.890	2.724	274.526
Non-cash loans (*****)	991.015	2.358.919	39.855	3.389.789
Prior Period				
Total assets	2.342.048	5.197.465	388.354	7.927.867
Total liabilities	2.300.815	4.894.442	356.854	7.552.111
Net balance sheet position	41.233	303.023	31.500	375.756
Net off balance sheet position	(35.754)	(256.730)	(2.620)	(295.104)
Derivative financial instruments assets	8.496	21.605	2.338	32.439
Derivative financial instruments liabilities	44.250	278.335	4.958	327.543
Non-cash loans(*****)	852.441	2.343.620	10.953	3.207.014

(*) TL 230.484 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 24.532 of the balance in Banks in other FC column represent precious metals accounts with banks, TL 253.551 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 3.375.871 (December 31 2013: TL 3.436.101).

(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 545 (December 31 2013: TL 801) is included in other assets.

(****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 20.074 (December 31, 2013: 32.439) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 28.426 (December 31, 2013: TL 30.543).

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

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

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

VII. Explanations on liquidity risk:

In the banking sector, liquidity risk mainly arises from average maturity of sources being shorter than average maturity of utilizations. The Bank acts in a conservative manner in liquidity management and keeps necessary reserves to meet the liquidity requirements. The Bank utilizes some of its sources in short term foreign investments; receivables from loans are generally collected in monthly installments.

The Bank collects funds through profit/loss sharing accounts for which the profit share rate is not predetermined and repayment of principal is not guaranteed and share of profit/loss on projects funded from these accounts are allocated to such profit/loss sharing accounts. Accordingly, the Bank's assets and liabilities and profit share ratios are compatible.

The Bank covers TL and Foreign Currency (FC) liquidity needs mostly by the funds collected and also utilizes Syndicated Murabaha Loans and wakala borrowings from abroad. Moreover, the Bank takes care to keep the assets in short term liquid assets and prolong average maturity of the liabilities.

The Board of Directors of the Bank monitors both the BRSA liquidity ratios and certain other indicators defined in the liquidity contingency plan on a daily basis. The liquidity sources which will be utilized in case of a potential liquidity shortage are defined in the contingency plans.

As per the BRSA Communiqué "Measurement and Assessment of the Adequacy of Banks' Liquidity", starting from June 1, 2007 the weekly and monthly liquidity ratios for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. Liquidity ratios for the periods ending March 31, 2014 and December 31, 2013 are as follows:

March 31, 2014	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	165,68	171,80	119,31	113,55
Maximum (%)	241,00	219,31	125,43	118,26
Minimum (%)	119,09	137,88	105,54	106,64

December 31, 2013	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	166,23	183,59	128,09	131,86
Maximum (%)	261,07	286,26	156,72	201,10
Minimum (%)	105,34	105,74	107,43	100,83

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VII. Explanations on liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (*)	Total
Current Period								
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	499.269	1.825.508	-	-	-	-	-	2.324.777
Banks	1.063.934	15.535	426.274	-	-	-	-	1.505.743
Financial Assets at Fair Value Through Profit and Loss	4.754	2.717	-	-	-	-	-	7.471
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1.543	45.124	6.420	82.968	394.421	-	-	530.476
Loans	4.030	1.344.087	1.913.430	4.203.379	4.352.427	313.190	-	12.130.543
Held-To-Maturity Investments	-	-	11.038	-	567.551	150.000	-	728.589
Other Assets	-	509	76	3.243	7.054	-	571.410	582.292
Total Assets	1.573.530	3.233.480	2.357.238	4.289.590	5.321.453	463.190	571.410	17.809.891
Liabilities								
Current account and funds collected from banks via participation accounts	92.658	183.718	253.118	21.740	-	-	-	551.234
Other current and profit sharing accounts	2.066.681	7.354.652	1.817.297	827.009	24.895	-	-	12.090.534
Funds provided from other financial institutions	-	513.067	318.148	640.310	613.193	441.236	-	2.525.954
Money Market Borrowings	-	450.403	-	-	-	-	-	450.403
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	100.766	10.175	3.332	-	-	307.963	422.236
Other liabilities	-	22.961	17.400	-	-	-	1.729.169	1.769.530
Total Liabilities	2.159.339	8.625.567	2.416.138	1.492.391	638.088	441.236	2.037.132	17.809.891
Net Liquidity Gap	(585.809)	(5.392.087)	(58.900)	2.797.199	4.683.365	21.954	(1.465.722)	-
Prior period								
Total Assets	1.517.809	3.190.580	2.091.291	4.909.313	4.683.449	304.631	519.480	17.216.553
Total Liabilities	2.568.063	8.616.916	1.544.972	1.491.862	709.310	432.973	1.852.457	17.216.553
Net Liquidity Gap	(1.050.254)	(5.426.336)	546.319	3.417.451	3.974.139	(128.342)	(1.332.977)	-

(*) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses and non-performing loans, are included here. The unallocated other liabilities row consists of equity, provisions and tax liabilities.

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VII. Explanations on liquidity risk (continued):

Analysis of financial liabilities based on the remaining contractual maturities:

The table below is prepared taking into consideration undiscounted amounts of financial liabilities of the Bank and earliest dates required to be paid. The profit share expenses to be paid on funds collected calculated on the basis of account value per unit are included in the table below.

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Current period							
Funds Collected	2.159.339	7.538.370	2.070.415	848.749	24.895	-	12.641.768
Funds Borrowed from Other Financial Institutions	-	513.067	374.866	657.328	730.274	455.178	2.730.713
Borrowings from Money Markets	-	450.403	-	-	-	-	450.403
Total	2.159.339	8.501.840	2.445.281	1.506.077	755.169	455.178	15.822.884
Prior period							
Funds Collected	2.568.063	7.773.719	1.137.226	954.242	92.962	-	12.526.212
Funds Borrowed from Other Financial Institutions	-	578.823	322.760	526.652	632.395	444.585	2.505.215
Borrowings from Money Markets	-	144.475	-	-	-	-	144.475
Total	2.568.063	8.497.017	1.459.986	1.480.894	725.357	444.585	15.175.902

Breakdown of commitment and contingencies according to their remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Current Period								
Letters of guarantee (*)	2.624.459	146.015	299.895	1.341.418	785.991	44.335	-	5.242.113
Bank acceptances	24.881	-	-	-	-	-	-	24.881
Letters of credit	472.269	25.675	2.964	12.263	479	-	-	513.650
Other commitments and contingencies	-	502.162	-	-	-	-	-	502.162
Total	3.121.609	673.852	302.859	1.353.681	786.470	44.335	-	6.282.806
Prior Period								
Letters of guarantee (*)	2.574.442	295.641	317.747	1.226.349	782.376	35.343	-	5.231.898
Bank acceptances	23.524	-	-	-	-	-	-	23.524
Letters of credit	447.522	27.559	2.645	4.285	-	-	-	482.011
Other commitments and contingencies	-	426.434	-	-	-	-	-	426.434
Total	3.045.488	749.634	320.392	1.230.634	782.376	35.343	-	6.163.867

(*) Remaining maturities presented for letters of guarantees represents the expiration periods. The correspondent of letters of guarantee has the right to demand the liquidation of the letter when the transaction stated at the letter is not realized.

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VIII. Explanations on securitisation positions:

None.

IX. Explanations on credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized.

The risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at June 28, 2012 are stated below:

- a) Financial collaterals (Government securities, cash, deposit or participation fund pledge, gold, stock pledge)
- b) Guarantees

The credibility of guarantors is monitored and evaluated within the framework of credit revision periods. Collaterals obtained by the Bank are reviewed and appraised in accordance with related legislation as long as the credit relationship is outstanding.

The appraisal of the mortgages for loans exceeding TL 3.000 or 5% of Bank's shareholders' equity is being made by the firms authorized by BRSA or Capital Market Board.

The Bank monitors other banks' guarantees that are evaluated as risk mitigators within the framework of BRSA regulations on a regular basis and reviews the credibility of banks periodically.

The volatility in real estate market is monitored closely by the Bank and the market fluctuations are considered in credit activities.

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IX. Credit risk mitigation techniques (continued):

The information related to amount and type of collaterals which are applied in the calculation of risk weighted amount of risk categories within the scope of the Communiqué on “The Risk Mitigation Techniques” is provided below.

Collaterals in terms of Risk Categories:

Risk Categories	Amount(*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	3.052.487	-	-	-
Conditional and unconditional receivables from regional or local governments	151.462	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	1.679.318	4.387	-	-
Conditional and unconditional receivables from corporates	7.219.050	302.766	-	29.252
Conditional and unconditional retail receivables	1.951.572	109.991	-	13.483
Conditional and unconditional receivables secured by mortgages on property	3.835.479	-	-	-
Past due receivables	33.198	-	-	-
Receivables defined in high risk category by BRSA	37.806	1.112	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	49.222	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	610.600	-	-	-

(*) Represents the total risk amount after credit mitigation techniques are applied

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X. Explanations on risk management objectives and policies:

The aim of the Bank's Risk management system is basically to ensure identification, measurement, monitoring and controlling of risks exposed, through establishment of policies, implementation procedure and limits for monitoring, controlling and in case of need changing the risk/return structure of future cash flows, and accordingly nature and level of operations.

Basically the Bank is exposed to market, liquidity, credit and strategic risk, reputation risk, and operational risk and determines risk policies, procedures to be implemented, and risk limits approved by Board of Directors for risks that can be quantified. The related limits are monitored, reported and maintained within the set limits by the units under Internal Systems and the related departments in the Bank. Risk Management Unit, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting risks.

Market Risk

Market Risk is the probability of loss that the bank may be exposed to due to the bank's general market risk, foreign exchange risk, specific risk, commodity risk, settlement risk and counterparty credit risk in trading book.

Exchange rate risk or foreign currency risk which is one of the factors that constitutes market risk, defines the probability of loss due to the effects of possible changes in currency to all the Bank's foreign currency assets and liabilities. Security position risk is the negations in the Bank's revenues and thus shareholders' equity, cash flows, asset quality and finally in meeting the commitments arising from negative movements in security prices included in the Bank's trading accounts.

Within the framework of market risk, the Bank calculates foreign currency position risk, general market risk for security position risk and specific risks via standard method and reports to the legal authority. The Bank also measures the foreign currency position risk by various internal methods for testing purposes. The variations between daily predicted value at risk and actual values and back testing practices are used to determine the accuracy and performance of these tests. The potential durability of portfolio against unpredictable risks that can be exposed is measured by stress tests including stress scenarios.

The Bank continuously monitors the compliance of market risk with the limits determined by legal regulations. Additionally foreign currency risk is reviewed by Assets and Liabilities Committee. The Bank's strategy for the currency risk is keeping it at a balance and not having any short or long position.

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X. Explanations on risk management objectives and policies (continued):

Liquidity Risk

The Bank's liquidity risk consists of funding liquidity risk and market liquidity risk.

Funding liquidity risk explains the probability of loss occurs in case of unable to meet the Bank's all anticipated and unanticipated cash flow requirements without damaging daily operations or the financial position.

Market liquidity risk is the probability of loss in case of the Bank's failure to close any position or stabilize market prices due to market depth or over fluctuations.

Maturity mismatch, impairment of the asset quality, unpredictable source outflows, decrease in profit and economic crisis situations are the factors that might cause the occurrence of the liquidity risk.

For liquidity risk, cash flows are monitored daily and preventive and remedial precautions are taken to meet obligations on time and in the required manner. Liquidity risk is evaluated on a weekly basis from Assets and Liabilities committee.

Regarding liquidity risk, in order to meet liquidity needs arising from unpredictable movements in the markets, the Bank prefers to implement the policy of maintaining quality liquid assets in adequate proportion by considering previous liquidity experiences and minimum liquidity adequacy ratios set by legal regulations.

Credit Risk

Credit risk represents the Bank's possibility of losses due to loan customers not fulfilling the terms of their agreements partially or in full. At the same time, this risk includes market value loss arising from the deterioration of the financial position of the counterparty. Within the scope of the definition of the credit risk used, on balance and off balance sheet portfolios are included.

In the Bank, credit allocation authority belongs to the Board of Directors. The Board of Directors takes necessary measures by establishing policies related to allocation and approval of loans, credit risk management policies and other administrative issues; by ensuring implementation and monitoring of these policies. The Board of Directors transferred its credit allocation authority to the Credit Committee and Head-office in line with the policies and procedures defined by the legal regulations. Head-office Credit Committee exercises the credit allocation authority through units of the Bank/ regional offices and branches. The Bank grants credits on the basis of limits determined for each individual customer and group of customers separately and core banking system prevents customers' credit risks being in excess of their limits.

The Bank pays attention in order not to result in sectoral concentration that might affect credit portfolio in a negative way. Maximum effort is being made to prevent risks from concentrating on few customers. Credit risk is continuously monitored and reported by units under internal systems and other risk management divisions. By this way, harmonization of credit risk with credit risk management policy and application standards is maintained.

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X. Explanations on risk management objectives and policies (continued):

Operational Risk

Operational risk is defined as the possibility of loss occurring due to insufficient or unsuccessful internal processes, persons and systems or external incidents. Although legal risk and compliance risk are included in this risk group, reputation risk and strategy risk (arising from misjudgements at wrong times) are excluded.

Operational risk is a risk type that exists in all functions of the Bank. It might arise from employee mistakes, an error caused by the system, transactions made based on inadequate or incorrect legal information, information flow failure among levels under Bank organization structure, ambiguity in limits of authorization, structural and/or operational changes, natural disasters, terror and fraud.

Operational risk is categorized under five groups according to its sources: employee risk, technological risks, organization risk, legal-compliance risk and external risks.

The Bank also takes necessary preventive measures in order to keep operational risk at an acceptable level.

Other Risks

Other risks the Bank is exposed to are strategic risk, reputation risk, counterparty risk, compliance risk, residual risk, country risk, and concentration risk.

The Bank's risk management system ,in order to prevent and/or control strategic risks, is prepared against changes in economic, political and socio-political conditions, laws, legislation and similar regulations that could affect the Bank's operations, status and strategies significantly and observes these issues in contingency and business continuity plan implementations.

Reputation risk is defined as events and situations arising from all services, functions and relations of the Bank that would cause to lose confidence in the Bank and damage its image. The Bank's risk management system in order to prevent and/or control reputation risk, switches on a proactive communication mechanism by giving priority to its customers whenever it is determined that the Bank's reputation or image is damaged. The system, ready for the worst case scenarios in advance, takes into account the level of the relationship between operational risks and reputation risk, its level and its effect.

Residual risk is the risk that arises in case that the risk mitigation techniques are not as effective as expected. Senior management procures the implementation of residual risk management policy and strategy that is approved by Board of Directors. Moreover, It considers maturity match between credit and collateral, some factors like changes due to negative market movements for risk management.

Counterparty credit risk is the probability that one of the parties of a transaction where both sides are imposed with liability becomes default on his liability before the last payment in the cash flow of the transaction. The Bank should manage counterparty credit risk in accordance with the volume, quality and complexity of its activities within the framework of legal legislation.

Compliance risk means those risks which are related to sanctions, financial losses and/ or loss of reputation that the Bank may suffer in the event that the Bank's operations and the attitudes and acts of the Bank's staff members are not in conformity and compliance with the current legislation, regulations and standards. The Head of Legislation and Compliance Unit, who shall be appointed by the Board of Directors, shall be accountable for the purposes of planning, arranging, conducting, managing, assessing, monitoring and coordinating the corporate compliance activities.

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X. Explanations on risk management objectives and policies (continued):

Country risk is the probability of loss that the Bank may be exposed to in case borrowers in one country fail or shirk to fulfill their foreign obligations due to uncertainties in economic, social and political conditions. The Bank constitutes its commercial connections with foreign fiscal institutions and countries, as a result of feasibility studies made for country's economic conditions within legal restrictions and through consideration of market conditions and customer satisfaction.

Concentration risk is the probability of experiencing large scale losses due to one single risk amount or risk amounts in particular risk types that may threaten the body of the Bank and the capability of operating its principal activities. Policies in regards to concentration risk are classified as sectoral concentration, concentration to be created on the basis of collateral, concentration on the basis of market risk, concentration on the basis of types of losses, concentration arising from participation fund and other financing providers.

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

a. Information on fair value of financial assets and liabilities :

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated profit share accruals of corresponding financial assets or liabilities.

The fair values of financial assets and liabilities are calculated based on the following principles:

The fair values of held-to-maturity investments are determined based on market prices.

The fair value of loans and receivables are determined by calculating the discounted cash flows using the current market profit share rates.

Carrying value of funds collected via special current accounts and participation accounts is assumed to approximate their fair value as they are valued at year-end unit values.

The fair values of funds collected from financial institutions are determined by calculating the discounted cash flows using the current market profit share rates.

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XI. Explanations on presentation of financial assets and liabilities at fair value (continued):

	Carrying value		Fair value	
	Current period	Prior period	Current period	Prior period
Financial Assets				
Money market placements	-	-	-	-
Banks	1.505.743	1.378.708	1.505.743	1.378.708
Financial assets at fair value through profit and loss	7.471	4.791	7.471	4.791
Financial assets available for sale	530.476	240.890	530.476	240.890
Held to maturity investments	728.589	745.390	716.242	731.303
Loans and financial lease receivables	12.166.320	12.059.901	12.080.063	12.069.915
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	551.234	507.624	551.234	507.624
Other current and profit sharing accounts	12.090.534	12.018.588	12.090.534	12.018.588
Funds provided from other financial institutions	2.084.718	2.035.816	2.069.772	2.021.228
Marketable securities issued	-	-	-	-
Miscellaneous payables	422.236	329.174	422.236	329.174

b. Information on fair value measurement recognized in the financial statements:

TFRS 7 (Financial Instruments: Turkish Financial Reporting Standard Related to Explanations) sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish a basis for fair value measurement. Fair value hierarchy is determined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level I);
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in Level 1 (Level II);
- Data not based on observable data regarding assets and liabilities (Level III).

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles are given in the table below:

Current period	Level I	Level II	Level III	Total
Financial assets				
Financial assets at fair value through profit and loss	4.754	2.717	-	7.471
Public sector debt securities	-	-	-	-
Equity securities	4.754	-	-	4.754
Derivative financial assets held for trading	-	2.577	-	2.577
Other	-	140	-	140
Financial assets- available for sale	528.933	-	-	528.933
Equity securities (*)	-	-	-	-
Public sector debt securities	469.890	-	-	469.890
Other marketable securities	59.043	-	-	59.043
Financial liabilities				
Derivative financial liabilities held for trading	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-

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XI. Explanations on presentation of financial assets and liabilities at fair value (continued):

Prior period	Level I	Level II	Level III	Total
Financial assets				
Financial assets at fair value through profit and loss	4.764	27	-	4.791
Public sector debt securities	-	-	-	-
Equity securities	4.764	-	-	4.764
Derivative financial assets held for trading	-	-	-	-
Other	-	27	-	27
Financial assets- available for sale	239.347	-	-	239.347
Equity securities (*)	-	-	-	-
Public sector debt securities	201.523	-	-	201.523
Other marketable securities	37.824	-	-	37.824
Financial liabilities				
Derivative financial liabilities held for trading	-	2.804	-	2.804
Derivative financial liabilities for hedging purposes	-	-	-	-

(*) The balances in the balance sheet include unquoted equity securities carried at cost which are not included in the above table since they are not carried at fair value.

XII. 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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XIII. 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	1.425.428	10.614.048	1.560.825	4.209.590	17.809.891
Total Liabilities	8.923.035	6.760.173	312.015	1.814.668	17.809.891
Net profit share income/(expense)(*)(**)	(77.652)	201.938	22.023	-	146.309
Net fees and commissions income/(expense)	1.723	26.156	972	741	29.592
Other operating income /(expense)	43	3.240	486	(99.139)	(95.370)
Profit/(loss) before tax	(75.886)	231.334	23.481	(98.398)	80.531
Provision for tax	-	-	-	(18.953)	(18.953)
Net profit / loss for the period	(75.886)	231.334	23.481	(117.351)	61.578

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	1.383.561	10.482.611	1.496.617	3.853.764	17.216.553
Total Liabilities	8.358.926	6.880.760	217.852	1.759.015	17.216.553
Net profit share income/(expense)(*)(**)	(48.995)	184.483	15.311	-	150.799
Net fees and commissions income/(expense)	(511)	25.379	(1.840)	2.660	25.688
Other operating income /(expense)	(75)	12.592	432	(121.499)	(108.550)
Profit/(loss) before tax	(49.581)	222.454	13.903	(118.839)	67.937
Provision for tax	-	-	-	(14.227)	(14.227)
Net profit / loss for the period	(49.581)	222.454	13.903	(133.066)	53.710

(*) 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	66.050	70.738	65.105	63.244
CBRT	127.923	2.059.006	181.309	1.967.205
Other (*)	-	1.060	-	5.818
Total	193.973	2.130.804	246.414	2.036.267

(*) Includes precious metals amounting to TL 1.060 as of March 31, 2014 (December 31, 2013: TL 5.818).

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	127.923	233.498	181.309	193.626
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	-	1.825.508	-	1.773.579
Total	127.923	2.059.006	181.309	1.967.205

In accordance with the "Communiqué Regarding the Reserve Requirements no. 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.

The reserve rates for TL liabilities vary between 5% and 11,5% for TL deposits and other liabilities according to their maturities as of March 31, 2014 (December 31,2013: for all TL liabilities between 5% and 11,5%). The reserve rates for foreign currency liabilities vary between 6% and 13% for deposit and other foreign currency liabilities according to their maturities as of March 31,2014 (December 31,2013: for all foreign currency liabilities between 6% and 13%).

(*) As of March 31, 2014, the reserve requirement held in standard gold is TL 229.424 (December 31, 2013: TL 299.635).

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

There are no financial assets at fair value through profit and loss subject to repurchase transaction, given as collateral or blocked.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	2.577	-	-	-
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	2.577	-	-	-

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	461.394	860.109	625.878	425.117
Abroad	-	150.349	-	279.352
Foreign head offices and branches	-	33.891	-	48.361
Total	461.394	1.044.349	625.878	752.830

b) Information on foreign bank accounts:

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

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

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

The Bank has collateralized sukuk investments with a nominal amount of TL 99.299 and carrying value of TL 101.454 to CBRT with respect to money market transactions and subjected to repurchase agreements.

As of March 31, 2014, available for sale investments given as a guarantee or blocked amount to TL 25.440.

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

	Current Period	Prior Period
Debt securities	531.428	243.121
Quoted on a stock exchange(*)	531.428	243.121
Unquoted	-	-
Share certificates	1.543	1.543
Quoted on a stock exchange	-	-
Unquoted (**)	1.543	1.543
Impairment provision (-)	2.495	3.774
Total	530.476	240.890

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

(**) Indicates unquoted equity securities.

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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	56.539	26.019	45.889	31.349
Corporate shareholders	56.378	26.019	45.682	31.349
Real person shareholders	161	-	207	-
Indirect loans granted to shareholders	1.353	47.904	1.476	15.514
Loans granted to employees	7.371	-	6.179	-
Total	65.263	73.923	53.544	46.863

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

	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	Restructured or rescheduled		Loans and other receivables (Total)	Restructured or rescheduled	
Cash loans						
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Loans	11.482.311	-	-	555.616	222.352	8.608
Export loans	161.091	-	-	735	130	-
Import loans	1.375.394	-	-	16.837	5.529	493
Business loans	6.119.293	-	-	426.570	185.796	7.069
Consumer loans	1.354.751	-	-	24.026	11.332	1.019
Credit cards	157.685	-	-	1.818	-	-
Loans given to financial sector	-	-	-	-	-	-
Other (*)	2.314.097	-	-	85.630	19.565	27
Other receivables (**)	-	-	-	-	-	-
Total	11.482.311	-	-	555.616	222.352	8.608

(**) Amount of TL 515 consist of extension of repayment plan for financial leasing receivables and presented in the footnote 10-c.

(*) Details of other loans are provided below:

Commercial loans with installments	997.875
Other investment credits	394.404
Loans given to abroad	335.505
Profit and loss sharing investments (***)	185.697
Loans for purchase of marketable securities for customer	470.823
Other	15.423
Total	2.399.727

(***) As of March 31, 2014, the related balance represents profit and loss sharing investment projects (11 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project / stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. In the current period the Bank recognized TL 14.850 (March 31, 2013: TL 10.878) income in the accompanying financial statements in relation to such loans.

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5. Information on loans and receivables (continued):

	Extension of Repayment Plan	
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	-	222.867
3, 4 or 5 times	-	-
Over 5 times	-	-

Extension Periods	Extension of Repayment Plan	
	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 months	-	10.652
6 - 12 months	-	11.904
1 - 2 years	-	33.854
2 - 5 years	-	137.413
5 years and over	-	29.044

In accordance with the Communiqué “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans” published in Official Gazette dated December 30, 2011 and numbered 28158, information related to the loans granted to real persons and legal entities resident in Libya and real persons and legal entities having operations in or for Libya:

As of March 31, 2014, the Bank does not have any loan receivables arising from rescheduled loans within the scope of related Communiqué.

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

As of March 31, 2014, the Bank has loan receivables amounting to TL 2.824 arising from rescheduled loans within the scope of related Communiqué.

c) Maturity analysis of cash loans:

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

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5. Information on loans and receivables (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	8.032	1.366.054	1.374.086
Housing loans	1.861	1.184.939	1.186.800
Vehicle loans	3.297	82.974	86.271
Consumer loans	1.600	2.027	3.627
Other	1.274	96.114	97.388
Consumer loans-FC indexed	-	188	188
Housing loans	-	188	188
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	50.796	4.800	55.596
With installment	20.945	4.314	25.259
Without installment	29.851	486	30.337
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	3.089	1.414	4.503
Housing loans	-	211	211
Vehicle loans	32	1.027	1.059
Consumer loans	3.057	176	3.233
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	2.617	251	2.868
With installment	1.372	237	1.609
Without installment	1.245	14	1.259
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	64.534	1.372.707	1.437.241

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5. Information on loans and receivables (continued):

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

	Short-term	Medium and long-term	Total
Commercial installment loans-TL	674.226	106.091	780.317
Business loans	174.303	11.114	185.417
Vehicle loans	159.691	4.173	163.864
Consumer loans	49	-	49
Other	340.183	90.804	430.987
Commercial installment loans-FC indexed	210.350	7.208	217.558
Business loans	69.104	3.864	72.968
Vehicle loans	19.294	360	19.654
Consumer loans	41	-	41
Other	121.911	2.984	124.895
Commercial installment Loans-FC	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	93.835	7.204	101.039
With installment	1.736	6.174	7.910
Without installment	92.099	1.030	93.129
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC(legal entity)	-	-	-
Total	978.411	120.503	1.098.914

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	11.702.422	11.549.770
Foreign loans	335.505	411.570
Total	12.037.927	11.961.340

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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5. Information on loans and receivables (continued):

ğ) Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectibility	18.216	25.660
Loans and receivables with doubtful collectibility	34.599	64.539
Uncollectible loans and receivables	184.580	154.798
Total	237.395	244.997

In addition to specific provision for loans amounting TL 237.395 (December 31, 2013: TL 244.997), provision amounting to TL 9.138 (December 31, 2013: TL 8.431) have been provided for fees and commissions and other receivables with doubtful collectibility which sums up to total TL 246.533 (December 31, 2013: TL 253.428). Specific provision for loans amounting to TL 155.016 (December 31, 2013: TL 161.892) 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	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	-	-	19.235
Restructured loans and other receivables	-	-	19.235
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before special provisions)	-	-	19.311
Restructured loans and other receivables	-	-	19.311
Rescheduled loans and other receivables	-	-	-

h.2) Movements of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Closing balance of prior period	31.036	73.087	167.114
Additions in the current period (+)	16.507	131	489
Transfers from other categories of non-performing loans (+)	-	12.523	35.352
Transfers to other categories of non-performing loans (-)	12.523	37.494	-
Collections in the current period (-)	2.246	6.253	4.551
Write offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	32.774	41.994	198.404
Specific provisions (-)	18.216	34.599	184.580
Net balance at the balance sheet	14.558	7.395	13.824

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5. Information on loans and receivables (continued):

Non-performing loans and receivables in the amount of TL 273.172 (December 31, 2013: TL 271.237) comprise TL 160.975 (December 31, 2013: TL 160.586) 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 collectibility amounting to TL 9.138 (December 31, 2013: TL 8.431). In the current period, collections from fees, commissions and other receivables with doubtful collectibility amounted to TL 739.

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period:			
Period end balance	89	52	648
Specific provision (-)	25	32	648
Net balance on balance sheet	64	20	-
Prior period:			
Period end balance	-	-	700
Specific provision (-)	-	-	677
Net balance on balance sheet	-	-	23

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period (net)	14.558	7.395	13.824
Loans to individuals and corporates (gross)	32.774	41.994	198.404
Specific provision (-)	18.216	34.599	184.580
Loans to individuals and corporates (net)	14.558	7.395	13.824
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior period (net)	5.376	8.548	12.316
Loans to individuals and corporates (gross)	31.036	73.087	167.114
Specific provision (-)	25.660	64.539	154.798
Loans to individuals and corporates (net)	5.376	8.548	12.316
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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5. Information on loans and receivables (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”.

j) Other explanations on loans and receivables:

Aging analysis of past due but not impaired financial assets per classes of financial instruments is stated below:

Current Period	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and Receivables					
Corporate Loans	757.980	233.326	39.818	-	1.031.124
Consumer Loans	63.951	12.136	3.384	-	79.471
Credit Cards	6.912	842	654	-	8.408
Total	828.843	246.304	43.856	-	1.119.003

Prior Period	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and Receivables					
Corporate Loans	494.682	69.757	189.749	-	754.188
Consumer Loans	62.662	9.771	6.715	-	79.148
Credit Cards	5.662	903	451	-	7.016
Total	563.006	80.431	196.915	-	840.352

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6. Information on held-to-maturity investments:

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

As of March 31, 2014, held to maturity investments given as a guarantee or blocked amount to TL 56.013 (December 31, 2013: 18.228). Held to maturity investments subject to repurchase agreements amount to TL 364.845 (December 31, 2013: 146.794).

6.2) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	728.589	730.267
Total	728.589	730.267

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

6.3) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	728.589	745.390
Quoted on a stock exchange(*)	728.589	745.390
Unquoted	-	-
Impairment provision(-)	-	-
Total	728.589	745.390

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

6.4) Movement of held-to-maturity investments:

	Current Period	Prior Period
Balance at beginning of period	745.390	365.815
Foreign currency differences on monetary assets	-	-
Purchases during period	-	429.378
Disposals through sales and redemptions	(29.579)	(91.427)
Impairment provision (-)	-	-
Income accruals	12.778	41.624
Closing balance	728.589	745.390

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7. Associates (net):

a) Information on unconsolidated associates:

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

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Kredi Garanti Fonu A.Ş	Ankara / Turkey	1,67	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the unaudited financial statements as of March 31, 2014.

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
280.665	276.055	2.887	-	-	3.910	2.122	-

b) Information on consolidated associates:

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

8. Information on subsidiaries (net):

a) Information on unconsolidated subsidiaries:

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Bereket Varlık Kiralama A.Ş	İstanbul / Türkiye	99,99	99,99

The Bank did not consolidate financial statements of its subsidiary Bereket Varlık Kiralama A.Ş., considering the materiality principle.

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the unaudited financial statements as of March 31, 2014.

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	Additional Shareholders' Equity Required
194	194	5	-	-	(10)	(5)	-	-

b) Information on consolidated subsidiaries:

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

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Notes related to unconsolidated financial statements

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9. Information on investments in joint- ventures:

The Bank has founded Katılım Emeklilik ve Hayat A.Ş. ("Company") – a private pension 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 Company registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The financials as of March 31, 2014 are below.

<u>Joint-Ventures</u>	<u>The Parent Bank's shareholding percentage (%)</u>	<u>Group's shareholding percentage (%)</u>	<u>Current Assets</u>	<u>Non- Current Assets</u>	<u>Long Term Debts</u>	<u>Income</u>	<u>Expense</u>
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	15.489	3.418	-	-	1.591

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:

	<u>Current Period</u>		<u>Prior Period</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Less than a year	43.323	32.580	30.318	23.558
1 to 4 years	70.153	57.015	51.197	45.648
More than 4 years	4.228	3.021	4.378	3.115
Total	117.704	92.616	85.893	72.321

b) Information on net investments through finance lease:

	<u>Current Period</u>	<u>Prior Period</u>
Gross finance lease receivables	117.704	85.893
Unearned finance lease receivable (-)	25.088	13.572
Net receivable from finance leases	92.616	72.321

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.

	<u>Standard loans and Other receivables</u>		<u>Loans and other receivables under close monitoring</u>	
	<u>Loans and other receivables</u>	<u>Restructured or rescheduled</u>	<u>Loans and other receivables</u>	<u>Restructured or rescheduled</u>
	<u>Extension of Repayment Plan</u>		<u>Extension of Repayment Plan</u>	
		<u>Other</u>		<u>Other</u>
Finance lease receivables Net)	88.219	-	4.397	515

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11. Information on derivative financial assets for hedging purposes:

The Bank does not have any derivative financial assets for hedging purposes.

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:

The Bank does not have investment property.

15. Information related to deferred tax asset:

As of March 31, 2014, the Bank calculated deferred tax asset of TL 31.071 (December 31, 2013: TL 33.398) and deferred tax liability of TL 25.260 (December 31, 2013: TL 25.042) 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 and presented them as net in the accompanying financial statements.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	24.208	23.346
Provisions for retirement and vacation pay liabilities	5.320	7.977
Financial assets available for sale valuation difference	183	1.185
Difference between carrying value and tax base of tangible assets	930	454
Provision for impairment	377	382
Other	53	54
Deferred tax asset	31.071	33.398
Revaluation difference of property	24.027	24.178
Trading securities valuation difference	210	212
Rediscount on profit share	170	88
Other	853	564
Deferred tax liability	25.260	25.042
Deferred tax asset (net)	5.811	8.356

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Notes related to unconsolidated financial statements

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

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

	Current Period	Prior Period
Opening Balance	28.407	10.714
Additions	6.781	42.628
Disposals	(1.398)	(16.374)
Transfers (*)	(10.820)	(8.045)
Impairment Provision(-)/Reversal of Impairment Provision	(7)	(516)
Net closing balance	22.963	28.407

(*) The balance is transferred to assets to be disposed included in tangible assets.

The Bank has no discontinued operations and assets of discontinued operations.

17. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 93.324 (December 31, 2013: TL 58.367) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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**Notes related to unconsolidated financial statements
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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	446.145	-	-	-	-	-	-	-	446.145
II. Real Persons Participation Accounts Non-Trade TL		3.508.964	1.093.893	92.584	-	16.009	395.199	-	5.106.649
III. Current Account other-TL	642.627	-	-	-	-	-	-	-	642.627
Public Sector	31.782	-	-	-	-	-	-	-	31.782
Commercial Institutions	590.526	-	-	-	-	-	-	-	590.526
Other Institutions	19.228	-	-	-	-	-	-	-	19.228
Commercial and Other Institutions	892	-	-	-	-	-	-	-	892
Banks and Participation Banks	199	-	-	-	-	-	-	-	199
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	1	-	-	-	-	-	-	-	1
Foreign Banks	11	-	-	-	-	-	-	-	11
Participation Banks	187	-	-	-	-	-	-	-	187
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	583.611	167.099	167.227	-	143.551	135.859	-	1.197.347
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	540.207	122.988	118.441	-	143.089	124.594	-	1.049.319
Other Institutions	-	42.417	22.892	5.470	-	462	7.377	-	78.618
Commercial and Other Institutions	-	987	1.141	2.449	-	-	-	-	4.577
Banks and Participation Banks	-	-	20.078	40.867	-	-	3.888	-	64.833
V. Real Persons Current Accounts Non-Trade FC	413.012	-	-	-	-	-	-	-	413.012
VI. Real Persons Participation Accounts Non-Trade FC	-	1.675.467	615.109	101.563	-	16.534	338.398	-	2.747.071
VII. Other Current Accounts FC	515.227	-	-	-	-	-	-	-	515.227
Residents in Turkey-Corporate	396.350	-	-	-	-	-	-	-	396.350
Residents Abroad-Corporate	26.418	-	-	-	-	-	-	-	26.418
Banks and Participation Banks	92.459	-	-	-	-	-	-	-	92.459
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	70.977	-	-	-	-	-	-	-	70.977
Participation Banks	21.482	-	-	-	-	-	-	-	21.482
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	648.135	535.414	62.679	-	24.367	49.540	-	1.320.135
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	442.152	335.983	17.547	-	-	28.953	-	824.635
Other institutions	-	27.957	2.261	8	-	-	-	-	30.226
Commercial and Other Institutions	-	65.128	-	2.187	-	-	4.216	-	71.531
Banks and Participation Banks	-	112.898	197.170	42.937	-	24.367	16.371	-	393.743
IX. Precious Metals Deposits	142.328	-	108.382	1.706	-	415	724	-	253.555
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)	2.159.339	6.416.177	2.519.897	425.759	-	200.876	919.720	-	12.641.768

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1. Information on 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	520.107	-	-	-	-	-	-	-	520.107
II. Real Persons Participation									
Accounts Non-Trade TL	-	3.366.875	809.658	86.932	-	28.740	420.175	-	4.712.380
III. Current Account other-TL	922.112	-	-	-	-	-	-	-	922.112
Public Sector	18.029	-	-	-	-	-	-	-	18.029
Commercial Institutions	873.573	-	-	-	-	-	-	-	873.573
Other Institutions	27.147	-	-	-	-	-	-	-	27.147
Commercial and Other Institutions	2.434	-	-	-	-	-	-	-	2.434
Banks and Participation Banks	929	-	-	-	-	-	-	-	929
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	274	-	-	-	-	-	-	-	274
Participation Banks	655	-	-	-	-	-	-	-	655
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	671.069	345.486	109.846	-	101.743	136.108	-	1.364.252
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	629.331	196.949	108.418	-	101.734	122.917	-	1.159.349
Other Institutions	-	39.124	45.944	1.428	-	9	9.389	-	95.894
Commercial and Other Institutions	-	2.614	1.123	-	-	-	-	-	3.737
Banks and Participation Banks	-	-	101.470	-	-	-	3.802	-	105.272
V. Real Persons Current									
Accounts Non-Trade FC	464.824	-	-	-	-	-	-	-	464.824
VI. Real Persons Participation									
Accounts Non-Trade FC	-	1.459.461	438.269	95.481	-	16.377	352.111	-	2.361.699
VII. Other Current Accounts									
FC	472.670	-	-	-	-	-	-	-	472.670
Residents In Turkey-Corporate	406.538	-	-	-	-	-	-	-	406.538
Residents abroad-Corporate	25.388	-	-	-	-	-	-	-	25.388
Banks and Participation Banks	40.744	-	-	-	-	-	-	-	40.744
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	36.072	-	-	-	-	-	-	-	36.072
Participation Banks	4.672	-	-	-	-	-	-	-	4.672
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts									
other- FC	-	534.021	676.219	69.386	-	25.317	62.298	-	1.367.241
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	395.237	401.721	10.206	-	-	42.916	-	850.080
Other Institutions	-	29.930	2.255	7	-	-	-	-	32.192
Commercial and Other Institutions	-	49.307	64.945	5.851	-	1.102	3.085	-	124.290
Banks and Participation Banks	-	59.547	207.298	53.322	-	24.215	16.297	-	360.679
IX. Precious Metals Deposits	188.350	-	149.530	1.589	-	712	746	-	340.927
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)	2.568.063	6.031.426	2.419.162	363.234	-	172.889	971.438	-	12.526.212

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
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1. Information on funds collected (continued):

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

b.1) Exceeding the limit of Insurance Fund:

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

	Under the guarantee of Insurance		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	2.947.327	2.588.347	2.605.467	2.644.139
Foreign currency accounts	1.047.045	990.673	2.426.490	2.146.456
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	12.367	9.774
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	6.099	5.640
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	-	-

Albaraka Türk Katılım Bankası Anonim Şirketi

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2. Information on derivative financial liabilities held for trading:

None. (December 31, 2013- TL 2.804)

3. Information on borrowings:

The Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 61.000.000 and EUR 64.500.000, with maturity of one year and amounting to EUR 13.000.000 from domestic markets and with maturity of one year and amounting to USD 135.000.000 and EUR 98.000.000 with maturity of two years, totaling to USD 196.000.000 and EUR 175.500.000 from international markets. The loan agreement has been signed on September 12, 2013.

As of March 31, 2014, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from international and domestic banks in the amounts of USD 358.122.086 and EUR 110.071.855, USD 2.150.000 and EUR 1.808.970 respectively. (31 December 2013: USD 343.292.089 and EUR 104.772.443 (foreign), USD 1.730.000 and EUR 1.800.000 (domestic))

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	-	48.289	-	47.392
Loans from foreign banks, institutions and funds	-	2.036.429	-	1.988.424
Total	-	2.084.718	-	2.035.816

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	1.463.123	-	1.414.563
Medium and Long-Term	-	621.595	-	621.253
Total	-	2.084.718	-	2.035.816

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.

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**Notes related to unconsolidated financial statements
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5. Lease payables:

a) Information on finance lease transactions:

a.1) Information on financial lease agreements:

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

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

None.

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

None.

b) Explanations on operational leases:

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

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

	Current Period	Prior Period
Less than a year	26.290	23.451
1 to 4 years	73.519	66.677
Over 4 years	71.013	62.254
Total	170.822	152.382

6. Information on hedging derivative financial liabilities:

The Bank does not have hedging derivative financial liabilities.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements
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7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General provision for	116.861	113.708
I. Group loans and receivables (Total)	88.118	86.549
Participation Accounts' Share	60.415	55.687
Bank's Share	27.703	30.862
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	-	-
Participation Accounts' Share	-	-
Bank's Share	-	-
Others	-	-
II. Group loans and receivables (Total)	16.577	15.598
Participation Accounts' Share	10.762	10.643
Bank's Share	5.815	4.955
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	6.306	6.685
Participation Accounts' Share	4.274	4.493
Bank's Share	2.032	2.192
Others	-	-
Non-cash loans	12.166	11.561
Others	-	-

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

As of March 31, 2014, provision for foreign exchange losses on foreign currency indexed loans amounting to TL 23.743 (December 31, 2013: TL 129) has been offset against the loans included in the assets of the balance sheet.

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

As of March 31, 2014, the Bank has provided specific provisions amounting to TL 12.743 (December 31, 2013: TL 12.629) 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 (*)	72	72
Total	72	72

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

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As at March 31, 2014

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7. Information on provisions (continued):

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(*)	39.265	33.033
Provision for unindemnified non-cash loans	12.743	12.629
Payment commitments for cheques	2.486	2.256
Provision for promotions related with credit cards and promotion of banking services	223	230
General reserves for possible losses	72	72
Financial assets at fair value through profit and loss	46	70
Total	54.835	48.290

(*) 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".

d) Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 18.109 (December 31, 2013: TL 16.526), vacation pay liability amounting to TL 7.322 (December 31, 2013: TL 5.939) and provision for performance premium amounting to TL 748 (December 31, 2013: 17.000) totaling to TL 26.179 (December 31, 2013: TL 39.465). 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 (%)	10,34	10,34
Estimated increase rate of salary ceiling (%)	6,00	6,00
Rate used in relation to possibility of retirement (*) (%)	73,04	73,01

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

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

	Current Period	Prior Period
Prior period ending balance	16.526	14.850
Provisions made in the period	2.130	3.958
Actuarial gain/(loss)	-	(420)
Paid during the period	(547)	(1.862)
Balance at the end of the period	18.109	16.526

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at March 31, 2014

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8. Information on taxes payable:

a) Explanations on current tax liability:

a.1) As of March 31, 2014, the Bank's corporate tax payable is TL 17.411 (December 31, 2013: TL 22.749) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	17.411	22.749
Banking insurance transaction tax	6.554	7.444
Taxation on securities income	7.805	6.777
Value added tax payable	453	654
Taxation on real estate income	479	440
Foreign exchange transaction tax	-	-
Other	3.034	4.107
Total	35.736	42.171

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	2.020	1.705
Social security premiums-employer	2.179	1.832
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	142	120
Unemployment insurance-employer	284	240
Other	-	-
Total	4.625	3.897

b) Information on deferred tax liability:

The Bank does not have net deferred tax liability as of the balance sheet date.

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

None.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at March 31, 2014

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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	-	441.236	-	432.973
Total	-	441.236	-	432.973

The Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey amounting to USD 200 million with 10 years maturity with a grace period of five years. The profit rate of the subordinated loan with grace period of five years with 10 years total maturity' was determined as 7,75 %.

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

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

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

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

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

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

There is no capital increase in the current period.

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

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

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

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

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11. Information on shareholders' equity (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 capital increase or 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 (*)	1.813	(2.544)	(211)	(4.531)
Foreign exchange difference	-	-	-	-
Total	1.813	(2.544)	(211)	(4.531)

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

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

1. Explanations on off balance sheet commitments:

a) Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	494.722	458.540
Payment commitments for cheques	325.440	297.235
Asset purchase and sale commitments	62.824	65.383
Loan granting commitments	46.406	45.428
Share capital commitment to associates and subsidiaries	-	5.000
Tax and funds liabilities arising from export commitments	1.444	1.445
Commitments for promotions related with credit cards and banking activities	387	369
Other irrevocable commitments	1.528	2.819
Total	932.751	876.219

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

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

	Current Period	Prior Period
Guarantees	5.242.113	5.231.898
Acceptances	24.881	23.524
Letters of credit	513.650	482.011
Other guaranties and sureties	502.162	426.434
Total	6.282.806	6.163.867

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

	Current Period	Prior Period
Letters of guarantees	5.242.113	5.231.898
Long standing letters of guarantees	3.293.729	3.262.242
Temporary letters of guarantees	417.770	475.388
Advance letters of guarantees	226.921	269.201
Letters of guarantees given to customs	213.996	219.985
Letters of guarantees given for obtaining cash loans	1.089.697	1.005.082
Sureties and similar transactions	502.162	426.434
Total	5.744.275	5.658.332

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III. Explanations and notes related to off-balance sheet commitments (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	1.089.697	1.005.082
With original maturity of 1 year or less	491.885	426.048
With original maturity of more than 1 year	597.812	579.034
Other non-cash loans	5.193.109	5.158.785
Total	6.282.806	6.163.867

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

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

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

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

2. Explanations on derivative transactions:

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

3. Explanations on contingent assets and liabilities:

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

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

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

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

I. 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 (*)	274.045	21.627	237.321	24.806
Short Term Loans	113.575	3.151	89.724	2.580
Medium and Long Term Loans	157.435	18.468	143.839	21.383
Loans Under Follow up	3.035	8	3.758	843

(*) 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	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	1.034	-	346
Head Offices and Branches Abroad	-	-	-	-
Total	-	1.034	-	346

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

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".

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

The Bank has not received profit share income from associates and subsidiaries.

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Notes related to unconsolidated financial statements
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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	-	10.205	-	8.734
CBRT	-	-	-	-
Domestic banks	-	177	-	-
Foreign banks	-	10.028	-	8.734
Head offices and branches abroad	-	-	-	-
Other institutions	-	8.263	-	-
Total	-	18.468	-	8.734

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	47	-	46	-

c) Profit share expenses paid to marketable securities issued:

None.

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

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".

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
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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	1.043.038	470.137
Income from capital market transactions	5	759
Income from derivative financial instruments	2.560	-
Foreign exchange income	1.040.473	469.378
Loss (-)	1.026.036	462.172
Loss on capital market transactions	-	-
Loss on derivative financial instruments	-	-
Foreign exchange losses	1.026.036	462.172
Trading income/loss (net)	17.002	7.965

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	37.743	56.667
Income from sale of assets	1.831	796
Reimbursement for communication expenses	711	647
Reimbursement for bank statement expenses	217	164
Cheque book charges	187	164
Other income	418	371
Total	41.107	58.809

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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	6.856	33.850
Loans and receivables in III. Group	3.689	29.886
Loans and receivables in IV. Group	645	962
Loans and receivables in V. Group	1.240	2.114
Doubtful commission, fee and other receivables	1.282	888
General provision expenses	8.664	12.191
Provision expenses for possible losses	-	13
Impairment losses on marketable securities	4	-
Financial assets at fair value through profit and loss	4	-
Financial assets available for sale	-	-
Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other(*)	9.174	39.037
Total	24.698	85.091

TL 2.412 (March 31, 2013: TL 27.151) of the total specific provisions provided for loan and other receivables amounting to TL 6.856 (March 31, 2013: TL 33.850) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 7.098 (March 31, 2013: TL 6.383) of the total general loan loss provisions provided for loan and other receivables amounting to TL 8.664 (March 31, 2013: TL 12.191) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

(*) Related amount includes 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", amounting to TL 8.438 (March 31, 2013: TL 37.713).

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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	79.041	52.553
Provision for retirement pay liability	1.583	882
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	6.966	5.411
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	1.959	996
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	48	436
Depreciation expenses of assets to be disposed	277	225
Impairment expenses of assets held for sale and assets of discontinued operations	11	354
Other operating expenses	24.164	17.015
Operating lease expenses	9.245	6.960
Maintenance expenses	1.041	788
Advertisement expenses	2.049	796
Other expenses	11.829	8.471
Loss on sale of assets	3	51
Other(*)	14.729	12.310
Total	128.781	90.233

(*) Details of other balance are provided below:

	Current Period	Prior Period
Saving Deposit Insurance Fund	5.192	4.096
Taxes, Duties, Charges and Funds	4.524	3.338
Provision expenses for short term employee rights	1.383	2.365
Audit and Consultancy Fees	1.437	863
Other	2.193	1.648
Total	14.729	12.310

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

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

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

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	80.531	67.937
Tax calculated with tax rate of 20%	16.106	13.587
Other additions and disallowable expenses	4.873	1.296
Deductions	(2.026)	(656)
Continuing Operations Tax Provision	18.953	14.227

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

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

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

11. Explanations on net income/ loss:

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

None.

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

None.

c) Income / loss of minority interest:

None.

Albaraka Türk Katılım Bankası Anonim Şirketi

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- 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	6.064	6.143
Clearing room fees and commissions	3.433	1.282
Commissions on money orders	2.197	1.530
Appraisal fees	1.348	1.006
Insurance and brokerage commissions	838	644
Other	2.575	2.334
Total	16.455	12.939

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	2.824	2.406
Credit cards fees and commissions	1.498	1.804
Member firm-POS fees and commissions	563	876
Other	1.542	1.242
Total	6.427	6.328

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

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

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

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

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

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

a) Current period:

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	-	-	28	-	1.476	15.514
Balance at the end of the period	-	-	5	-	1.354	47.904
Profit share and commission income received	-	-	-	-	73	25

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	-	-	9	-	34.253	10.305
Balance at end of period	-	-	28	-	1.476	15.514
Profit share and commission income received	-	-	-	-	2.835	7

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	5.703	33	3.224	1.647	185.192	229.835
Balance at the end of period	7.965	5.703	2.297	3.224	132.917	185.192
Profit share expense	-	-	64	33	1.285	1.712

(*) As of March 31, 2014 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 271.148.503 and EURO 96.590.914 (December 31,2013: USD 214.182.338 and EURO 96.424.370). The profit share expense relating to such borrowings for the period between January 1, 2014 – March 31, 2014 is TL 4.404 (March 31, 2013: 2.714 TL).

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

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

As of March 31, 2014; the Bank has paid TL 4.901 (March 31, 2013: TL 4.008) to top management.

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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:

With the resolution dated April 30,2014 and per the Communique on Sukuk numbered III-61.1 published by Capital Markets Board of Turkey in Official Gazette dated June 7,2013 numbered 28670 ("The Communique"), the Bank decided to issue Sukuk outside of Turkey up to the amount of TL 500 million with a 5 year maturity through Bereket Varlık A.Ş.

Additionally, according to the framework of the Communique, Bank also proceed on issuing Sukuk in Turkey through Bereket Varlık A.Ş. with a maximum issuance limit of TL 1.000.000.000 (1 Billion TL) which will be matured on various dates. Under the terms of the above mentioned framework of Communique and as part of the issuance in Turkey, Bank will offer SUKUK to qualified investors via public offerings and/or private placements.

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Section six

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

None.

Section seven

Limited review report

- I. Explanations on independent auditors' limited review report:**

The Bank's unconsolidated financial statements as of and for the period ended March 31, 2014 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a Member Firm of Ernst & Young Global Limited) and the independent auditors' limited review report dated May 9, 2014 is presented at the beginning of the financial statements and related notes.

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

None.