

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

**Publicly announced unconsolidated financial statements
and related disclosures at December 31, 2014 together with
independent auditor's report.**

(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
Independent auditors' report
for the year ended December 31, 2014

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

We have audited the accompanying unconsolidated balance sheet of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") as at December 31, 2014 and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Bank's Board of Directors:

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error and selecting and applying appropriate accounting policies.

Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our audit has been performed in accordance with "Regulation on Authorization and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette numbered 26333 dated November 1, 2006 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.

Independent Auditors' Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Albaraka Türk Katılım Bankası A.Ş. as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411 and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of on accounting and financial reporting.

Report on other responsibilities arising from regulatory requirements

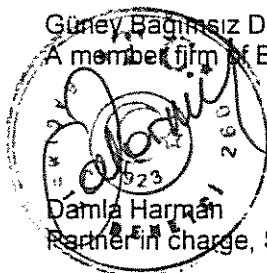
1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period January 1 – December 31, 2014 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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 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.

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



Damla Harman
Partner in charge, SMMM

February 27, 2015
Istanbul, Turkey

**UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014**

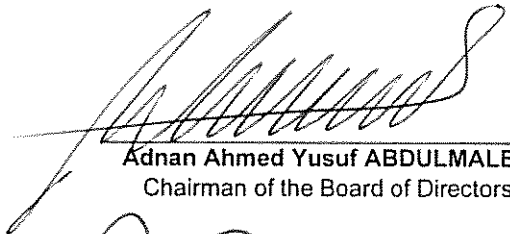
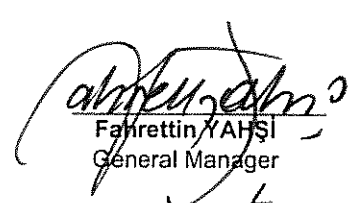

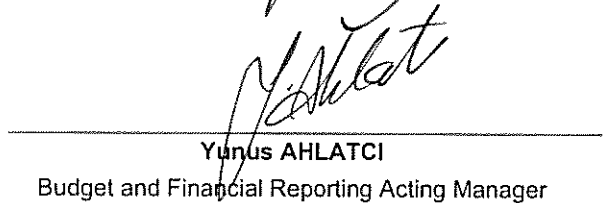



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Bank's phone number and facsimile : 00 90 216 666 01 01 – 00 90 216 666 16 00
Bank's website : www.albarakaturk.com.tr
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The unconsolidated year-end financial report prepared in accordance with the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITORS' 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 audited and presented as attached.

February 27, 2015

 Adnan Ahmed Yusuf ABDULMALEK Chairman of the Board of Directors	 Fahrettin YAHŞI General Manager	
 Melikşah UTKU Assistant General Manager	 Yunus AHLATCI Budget and Financial Reporting Acting Manager	
 Hamad Abdulla A. EQAB Chairman of the Audit Committee	 Mitat AKTAŞ Member of the Audit Committee	 Hood Hashem Ahmed HASHEM Member of the Audit Committee

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

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Telephone : 00 90 216 666 05 59
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Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements as at December 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 permission from the Central Bank of Turkey with the letter numbered 10912 and dated January 21, 1985.

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

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

The Bank's head office is located in Istanbul and is operating through 201 (December 31, 2013: 166) local branches and 1 (December 31, 2013: 1) foreign branch and with 3.510 (December 31, 2013: 3.057) staff as of December 31, 2014.

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

As of December 31, 2014, 54,06 % (December 31, 2013: 54,06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 24,06 % (December 31, 2013: 23,08%) of the shares are publicly traded and quoted at Borsa İstanbul.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

as at December 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
	İbrahim Fayeze 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	Dr .Fahrettin YAHŞİ	Member of BOD /General Manager	Doctorate	-
Assistant General Managers	Mehmet Ali VERÇİN	Corporate Marketing, Treasury Marketing, Investment Projects	Bachelor	-
	Nihat BOZ	Legal Advisory, Legal Follow-up	Bachelor	0,0048
	Temel HAZIROĞLU	Human Values, Training & Organisation, Performance & Career Management, Administrative Affairs	Bachelor	0,0342
	Bülent TABAN	Commercial Marketing, Commercial Products Management,	Master	-
	Turgut SİMİTCİOĞLU	Credit Operations, Banking Services Operations, Foreign Affairs Operations, Payment Systems Operations, Risk Follow-up	Master	-
	Melikşah UTKU	Financial Affairs, Budget & Financial Reporting, Corporate Communication	Master	-
	Ali TUĞLU	Core Banking Applications Development, Customer & Channel and Analytical Applications,IT Support, IT Strategy & Governance	Bachelor	-
	Mahmut Esfa EMEK	Corporate Credits, Commercial Credits, Retail Credits	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 December 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, semiannual and annual profit share payment).

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

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

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

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 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 its associate Kredi Garanti Fonu A.Ş. considering the materiality principle and its insignificant influence over the associate, the related associate is 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 Parent 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. Bereket Varlık Kiralama A.Ş., a subsidiary of the Bank is consolidated using full consolidation method. The Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., a subsidiary of the Bank, through equity method and full consolidation method, respectively.

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

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

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

Section two

The unconsolidated financial statements

- I. Balance sheet (Statement of financial position)
- II. Statement of off-balance sheet
- III. Statement of income
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- V. Statement of changes in shareholders' equity
- VI. Statement of cash flows
- VII. Statement of profit appropriation

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS	Notes (Section Five-I)	THOUSAND TURKISH LIRA					
		CURRENT PERIOD (31/12/2014)			PRIOR PERIOD (31/12/2013)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	352.393	2.776.793	3.129.186	246.414	2.036.267	2.282.681
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	5.611	-	5.611	4.769	22	4.791
2.1 Trading Financial Assets		5.611	-	5.611	4.769	22	4.791
2.1.1 Public Sector Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		5.611	-	5.611	4.764	-	4.764
2.1.3 Derivative Financial Assets Held for Trading		-	-	-	-	-	-
2.1.4 Other Marketable Securities		-	-	-	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)	511.402	1.136.833	1.648.235	625.878	752.830	1.378.708
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS-AVAILABLE FOR SALE (net)	(4)	496.367	163.393	659.760	127.575	113.315	240.890
5.1 Equity Securities		15	1.660	1.675	15	1.528	1.543
5.2 Public Sector Debt Securities		465.361	123.254	588.615	117.550	83.973	201.523
5.3 Other Marketable Securities		30.991	38.479	69.470	10.010	27.814	37.824
VI. LOANS AND RECEIVABLES	(5)	13.494.112	1.979.934	15.474.046	10.403.976	1.583.604	11.987.580
6.1 Loans and Receivables		13.454.414	1.979.918	15.434.332	10.377.759	1.583.581	11.961.340
6.1.1 Loans to Risk Group of The Bank		50.243	-	50.243	1.504	-	1.504
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		13.404.171	1.979.918	15.384.089	10.376.255	1.583.581	11.959.836
6.2 Non-performing loans		326.948	27	326.975	278.968	700	279.668
6.3 Specific Provisions (-)		287.250	11	287.261	252.751	677	253.428
VII. INVESTMENTS HELD TO MATURITY (net)	(6)	783.309	-	783.309	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 (net)	(10)	709.646	-	709.646	72.321	-	72.321
11.1 Finance Lease Receivables		782.612	-	782.612	85.893	-	85.893
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned Income (-)		72.966	-	72.966	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)	485.461	1.678	487.139	378.689	1.925	380.614
XIV. INTANGIBLE ASSETS (net)	(13)	26.326	565	26.891	15.335	594	15.929
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		26.326	565	26.891	15.335	594	15.929
XV. INVESTMENT PROPERTY (net)	(14)	-	-	-	-	-	-
XVI. TAX ASSET	(15)	3.551	-	3.551	10.914	-	10.914
16.1 Current Tax Asset		3.551	-	3.551	2.558	-	2.558
16.2 Deferred Tax Asset		-	-	-	8.356	-	8.356
XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(16)	27.678	-	27.678	28.253	154	28.407
17.1 Assets Held for Sale		27.678	-	27.678	28.253	154	28.407
17.2 Assets of Discontinued Operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(17)	74.852	1.559	76.411	56.113	2.254	58.367
TOTAL ASSETS		16.985.669	6.060.755	23.046.424	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 (31/12/2014)			PRIOR PERIOD (31/12/2013)		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	9.782.163	6.861.055	16.643.218	7.518.851	5.007.361	12.526.212
1.1 Funds from Risk Group of The Bank		71.453	183.838	255.291	23.152	170.967	194.119
1.2 Other		9.710.710	6.677.217	16.387.927	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)	-	3.215.998	3.215.998	-	2.035.816	2.035.816
IV. BORROWINGS FROM MONEY MARKETS		116.740	-	116.740	144.775	-	144.775
V. SECURITIES ISSUED (net)		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES		434.001	76.171	510.172	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)	180.386	52.438	232.824	146.944	54.519	201.463
10.1 General Provisions		128.047	25.863	153.910	89.117	24.591	113.708
10.2 Restructuring Reserves		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		32.529	-	32.529	39.465	-	39.465
10.4 Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5 Other Provisions		19.810	26.575	46.385	18.362	29.928	48.290
XI. TAX LIABILITY	(8)	64.116	3	64.119	46.033	35	46.068
11.1 Current Tax Liability		55.823	3	55.826	46.033	35	46.068
11.2 Deferred Tax Liability		8.293	-	8.293	-	-	-
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)	-	472.426	472.426	-	432.973	432.973
XIV. SHAREHOLDERS' EQUITY	(11)	1.790.092	835	1.790.927	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		159.361	835	160.196	97.311	(4.531)	92.780
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Reserve		9.155	835	9.990	(211)	(4.531)	(4.742)
14.2.4 Revaluation Reserve on Tangible Assets		153.179	-	153.179	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		(2.973)	-	(2.973)	810	-	810
14.3 Profit Reserves		470.137	-	470.137	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		398.393	-	398.393	202.043	-	202.043
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Profit or Loss		260.594	-	260.594	242.843	-	242.843
14.4.1 Prior Years Profit / (Loss)		7.963	-	7.963	1.434	-	1.434
14.4.2 Current Year Profit / (Loss)		252.631	-	252.631	241.409	-	241.409
14.5 Minority Interest		-	-	-	-	-	-
TOTAL LIABILITIES		12.367.498	10.678.926	23.046.424	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**

STATEMENT OF OFF BALANCE SHEET		Notes (Section Five-III)	THOUSAND TURKISH LIRA					
			CURRENT PERIOD (31/12/2014)			PRIOR PERIOD (31/12/2013)		
			TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		(1)	5.077.895	3.929.264	9.007.159	4.064.280	3.567.122	7.631.402
I. GUARANTEES AND SURETIES			4.149.365	3.929.144	8.078.509	2.956.853	3.207.014	6.163.867
1.1. Letters of Guarantees			4.122.802	2.749.839	6.872.641	2.947.334	2.284.564	5.231.898
1.1.1. Guarantees Subject to State Tender Law			166.552	21.939	188.491	92.207	23.278	115.485
1.1.2. Guarantees Given for Foreign Trade Operations			597	778.622	779.219	280	814.268	814.548
1.1.3. Other Letters of Guarantee			3.955.653	1.949.278	5.904.931	2.854.847	1.447.018	4.301.865
1.2. Bank Loans			-	33.055	33.055	-	23.524	23.524
1.2.1. Import Letter of Acceptances			-	33.055	33.055	-	23.524	23.524
1.2.2. Other Bank Acceptances			-	-	-	-	-	-
1.3. Letter of Credits			7.997	581.273	589.270	-	482.011	482.011
1.3.1. Documentary Letter of Credits			-	-	-	-	-	-
1.3.2. Other Letter of Credits			7.997	581.273	589.270	-	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			2.551	558.481	561.032	937	355.427	356.364
1.7. Other Collaterals			16.015	6.496	22.511	8.582	61.488	70.070
II. COMMITMENTS		(1)	928.530	120	928.650	813.111	63.108	876.219
2.1. Irrevocable Commitments			928.530	120	928.650	813.111	63.108	876.219
2.1.1. Asset Purchase and Sale Commitments			-	-	-	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			59.439	-	59.439	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			353.093	-	353.093	297.235	-	297.235
2.1.7. Tax And Fund Liabilities from Export Commitments			1.506	-	1.506	1.445	-	1.445
2.1.8. Commitments for Credit Card Expenditure Limits			510.257	-	510.257	458.540	-	458.540
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities			523	-	523	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			3.712	120	3.832	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)	-	-	-	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			-	-	-	294.316	297.000	591.316
3.2.1. Forward Foreign Currency Buy/Sell Transactions			-	-	-	294.316	297.000	591.316
3.2.1.1. Forward Foreign Currency Transactions-Buy			-	-	-	294.316	-	294.316
3.2.1.2. Forward Foreign Currency Transactions-Sell			-	-	-	-	297.000	297.000
3.2.2. Other Forward Buy/Sell Transactions			-	-	-	-	-	-
3.3. Other			-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)			30.389.457	4.509.815	34.899.272	22.641.233	3.855.845	26.497.078
IV. ITEMS HELD IN CUSTODY			1.353.738	1.454.959	2.808.697	1.660.275	1.293.437	2.953.712
4.1. Assets Under Management			-	-	-	-	-	-
4.2. Investment Securities Held in Custody			72	-	72	72	-	72
4.3. Cheques Received for Collection			841.140	105.953	947.093	701.874	89.326	791.200
4.4. Commercial Notes Received for Collection			488.418	18.801	507.219	235.972	23.262	259.234
4.5. Other Assets Received for Collection			103	-	103	104	-	104
4.6. Assets Received for Public Offering			-	-	-	-	-	-
4.7. Other Items Under Custody			7.997	986.909	994.906	-	720.711	720.711
4.8. Custodians			16.008	343.296	359.304	722.253	460.138	1.182.391
V. PLEDGED ITEMS			29.035.719	3.054.856	32.090.575	20.980.958	2.562.408	23.543.366
5.1. Marketable Securities			1.530.006	1.157.125	2.687.131	689.548	714.909	1.404.457
5.2. Guarantee Notes			1.877.551	204.313	2.081.864	1.415.238	172.025	1.587.263
5.3. Commodity			1.070.691	380.393	1.451.084	762.432	321.208	1.083.640
5.4. Warranty			-	-	-	-	-	-
5.5. Properties			23.266.419	773.474	24.039.893	16.616.802	787.750	17.404.552
5.6. Other Pledged Items			1.237.960	530.859	1.768.819	1.448.353	542.198	1.990.551
5.7. Pledged Items-Depository			53.092	8.692	61.784	48.585	24.318	72.903
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES			-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			35.467.352	8.439.079	43.906.431	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- 31/12/2014)	PRIOR PERIOD (01/01/2013- 31/12/2013)
I. PROFIT SHARE INCOME		(1)	1.502.306	1.153.336
1.1 Profit Share on Loans			1.376.418	1.095.102
1.2 Income Received from Reserve Deposits			492	-
1.3 Income Received from Banks			1.882	1.680
1.4 Income Received from Money Market Placements			-	-
1.5 Income Received from Marketable Securities Portfolio			95.136	51.985
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			41.154	10.361
1.5.4 Investments Held to Maturity			53.982	41.624
1.6 Finance Lease Income			28.152	4.569
1.7 Other Profit Share Income			226	-
II. PROFIT SHARE EXPENSE		(2)	803.332	528.160
2.1 Expense on Profit Sharing Accounts			680.979	464.403
2.2 Profit Share Expense on Funds Borrowed			100.036	59.166
2.3 Profit Share Expense on Money Market Borrowings			22.007	4.591
2.4 Profit Share Expense on Securities Issued			-	-
2.5 Other Profit Share Expense			310	-
III. NET PROFIT SHARE INCOME (I - II)			698.974	625.176
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES			128.336	113.197
4.1 Fees and Commissions Received			161.173	141.295
4.1.1 Non-Cash Loans			81.953	82.354
4.1.2 Other		(12)	79.220	58.941
4.2 Fees and Commissions Paid			32.837	28.098
4.2.1 Non-Cash Loans			421	518
4.2.2 Other		(12)	32.416	27.580
V. DIVIDEND INCOME		(3)	180	459
VI. TRADING INCOME/LOSS(net)		(4)	53.257	37.181
6.1 Capital Market Transaction Income / (Loss)			1.474	18
6.2 Profit / (Loss) from Derivative Financial Instruments			21.141	(2.804)
6.3 Foreign Exchange Income / (Loss)			30.642	39.967
VII. OTHER OPERATING INCOME		(5)	96.819	118.814
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)			977.566	894.827
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)		(6)	149.576	190.883
X. OTHER OPERATING EXPENSES (-)		(7)	502.438	404.401
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)			325.552	299.543
XII. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER			-	-
XIII. PROFIT / (LOSS) ON EQUITY METHOD			-	-
XIV. PROFIT / (LOSS) ON NET MONETARY POSITION			-	-
XV. PROFIT / (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)		(8)	325.552	299.543
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)		(9)	(72.921)	(58.134)
16.1 Provision for Current Taxes			(73.282)	(67.827)
16.2 Provision for Deferred Taxes			361	9.693
XVII. NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		(10)	252.631	241.409
XVIII. INCOME FROM DISCONTINUED OPERATIONS		(10)	-	-
18.1 Income from Assets Held For Sale			-	-
18.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)			-	-
18.3 Income from Other Discontinued Operations			-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)			-	-
19.1 Loss from Assets Held for Sale			-	-
19.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)			-	-
19.3 Loss from Other Discontinued Operations			-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)			-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)			-	-
21.1 Provision for Current Taxes			-	-
21.2 Provision for Deferred Taxes			-	-
XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)			-	-
XXIII. NET PROFIT / LOSS (XVII+XXII)		(11)	252.631	241.409
23.1 Group's Profit/Loss			252.631	241.409
23.2 Minority shares (-)			-	-
Earnings Per Share (Full TL)			0,281	0,268

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**

		THOUSAND TURKISH LIRA	
		CURRENT PERIOD (01/01/2014- 31/12/2014)	PRIOR PERIOD (01/01/2013- 31/12/2013)
STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY			
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	18.415	(7.419)
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	73.598	53.265
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	1.305	502
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	-	11
VIII.	OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	(6.958)	420
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	(17.010)	(9.253)
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	69.350	37.526
XI.	PROFIT/LOSS	252.631	241.409
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	252.631	241.409
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	321.981	278.935

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

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

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

(THOUSAND TURKISH LIRA)

CHANGES IN SHAREHOLDERS' EQUITY																Accumulated Valuation Differences on Assets Held For Sale and Disc.op.	
Notes (Section Five-V)	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation	Share Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Years Net Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Total Equity		
PRIOR PERIOD (01/01/2013-31/12/2013)																	
I. Beginning balance	-	-	-	-	49.966	-	18.954	(28)	191.835	891	1.193	55.522	-	-	1.218.333		
Changes In Period Increase/Decrease Related to Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	(5.935)	-	-	-	(5.935)		
Hedging Funds (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Cash-Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4.1 Hedge Of Net Investment in Foreign Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
V. Tangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VI. Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	42.841	-	-	42.841		
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VIII. Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IX. Changes Related to the Disposal Of Assets	-	-	-	-	-	-	-	502	-	-	-	-	-	-	502		
X. Changes Related to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	(286)	-	-	(286)		
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)	-	-	-	-	-	-	-	336	241.409	1.433	-	(1.365)	-	-	404		
XVIII. Profit Distribution	-	-	-	-	-	-	-	-	(191.835)	(890)	-	-	-	-	241.409		
18.1 Dividends Distributed	-	-	-	-	-	-	-	183.089	-	-	-	-	-	-	-		
18.2 Transfers To Reserves	-	-	-	-	-	-	-	183.089	-	(192.725)	-	-	-	-	-		
18.3 Other	-	-	-	-	-	-	-	-	(191.835)	191.835	-	-	-	-	-		
Closing Balance (I+II+III+...+XVI+XVII+XVIII)	-	-	-	-	59.602	-	202.043	810	241.409	1.434	(4.742)	96.712	-	-	1.497.268		

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-V)	Paid-in Capital	Effect of Inflation on Capital	Share Premium	Share Cancellation	Share Certificate Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Years Net Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc.op.		Total Equity
CURRENT PERIOD (01/01/2014-31/12/2014)																			
I.	Beginning balance	(V)	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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes Related to the Disposal Of Assets		-	-	-	-	-	-	-	1.305	-	-	-	-	-	-	-	-	1.305
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		-	-	-	-	-	-	-	(5.038)	-	5.112	-	(2.411)	-	-	-	-	(2.387)
XVII.	Period Net Income/(Loss)		-	-	-	-	-	-	-	-	252.631	-	-	-	-	-	-	-	252.631
XVIII.	Profit Distribution		-	-	-	-	12.142	-	196.350	-	(241.409)	1.417	-	-	-	-	-	-	(31.500)
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	(31.500)	-	-	-	-	-	-	(31.500)
18.2	Transfers To Reserves		-	-	-	-	12.142	-	196.350	-	-	(208.492)	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(241.409)	241.409	-	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)			900.000	-	-	-	71.744	-	398.393	(2.973)	252.631	7.963	9.990	153.179	-	-	-	-	1.790.927

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

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

		THOUSAND TURKISH LIRA	
STATEMENT OF CASH FLOWS		CURRENT PERIOD (01/01/2014-31/12/2014)	PRIOR PERIOD (01/01/2013-31/12/2013)
	Notes (Section Five-VI)		
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		620.664	934.859
1.1.1 Profit Share Income Received		1.266.709	1.034.359
1.1.2 Profit Share Expense Paid		(783.408)	(508.675)
1.1.3 Dividend Received		180	459
1.1.4 Fees and Commissions Received		273.494	232.147
1.1.5 Other Income		70.248	110.815
1.1.6 Collections from Previously Written Off Loans	(V-I-5,h2)	43.332	108.240
1.1.7 Payments to Personnel and Service Suppliers		(281.884)	(227.302)
1.1.8 Taxes Paid		(90.842)	(74.955)
1.1.9 Others	(V-VI-3)	122.835	259.771
1.2 Changes In Operating Assets And Liabilities		(789.506)	(520.308)
1.2.1 Net (Increase) Decrease in Available For Sale Financial Assets		(820)	1.401
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		(617.796)	(863.125)
1.2.4 Net (Increase) Decrease in Loans		(4.151.863)	(2.739.115)
1.2.5 Net (Increase) Decrease in Other Assets		(13.757)	39.392
1.2.6 Net Increase (Decrease) in Funds Collected From Banks		-	-
1.2.7 Net Increase (Decrease) in Other Funds Collected		3.827.989	2.713.238
1.2.8 Net Increase (Decrease) in Funds Borrowed		78.000	358.600
1.2.9 Net Increase (Decrease) in Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(V-VI-3)	88.741	(30.699)
I. Net Cash Flow From Banking Operations		(168.842)	414.551
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(409.049)	(513.180)
2.1 Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		(5.000)	(5.700)
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Fixed Assets Purchases	(V-I-12, 13,16)	(72.082)	(131.034)
2.4 Fixed Assets Sales	(V-I-12, 13,16)	28.893	46.426
2.5 Cash Paid for Purchase of Financial Assets Available for Sale	(V-I-4)	(376.923)	(118.921)
2.6 Cash Obtained from Sale of Financial Assets Available for Sale	(V-I-4)	-	34.000
2.7 Cash Paid for Purchase of Investment Securities	(V-I-6)	(350.000)	(429.378)
2.8 Cash Obtained from Sale of Investment Securities	(V-I-6)	366.063	91.427
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		1.021.532	518.434
3.1 Cash Obtained from Funds Borrowed and Securities Issued		1.343.198	1.538.137
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(290.166)	(1.019.703)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		(31.500)	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(V-VI-3)	58.299	100.043
V. Net (Decrease) Increase in Cash and Cash Equivalents		501.940	519.848
VI. Cash and Cash Equivalents at the Beginning of the Period	(V-VI-i)	1.881.992	1.362.144
VII. Cash and Cash Equivalents at the End of the Period	(V-VI-II)	2.383.932	1.881.992

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.**STATEMENT OF PROFIT APPROPRIATION**

STATEMENT OF PROFIT APPROPRIATION	THOUSAND TURKISH LIRA	
	CURRENT PERIOD (*) (31/12/2014)	PRIOR PERIOD (31/12/2013)
I. Distribution of current year income		
1.1. Current year income (****)	333.515	300.977
1.2. Taxes and duties payable (-)	72.921	58.134
1.2.1. Corporate tax (Income tax)	73.282	67.827
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities (**)	(361)	(9.693)
A. Net income for the year (1.1-1.2)	260.594	242.843
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	12.142
1.5. Other statutory reserves (-)	-	-
B. Distributable net period income [(A-(1.3+1.4+1.5)) (*)]	260.594	230.701
1.6. First dividend to shareholders (-)	-	31.500
1.6.1. To owners of ordinary shares	-	31.500
1.6.2. To owners of preferred shares	-	-
1.6.3. To owners of preferred shares (Preemptive rights)	-	-
1.6.4. To Profit sharing bonds	-	-
1.6.5. To owners of the profit /loss sharing certificates	-	-
1.7. Dividend to personnel (-)	-	-
1.8. Dividend to board of directors (-)	-	-
1.9. Second dividend to shareholders (-)	-	-
1.9.1. To owners of ordinary shares	-	-
1.9.2. To owners of preferred shares	-	-
1.9.3. To owners of preferred shares (Preemptive rights)	-	-
1.9.4. To profit sharing bonds	-	-
1.9.5. To owners of the profit /loss sharing Certificates	-	-
1.10. Second legal reserve (-)	-	-
1.11. Status reserves (-)	-	-
1.12. Extraordinary reserves	-	196.350
1.13. Other reserves	-	-
1.14. Special funds	-	-
II. Distribution from reserves		
2.1. Distributed reserves	-	-
2.2. Second legal reserves (-)	-	-
2.3. Share to shareholders (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of preferred shares	-	-
2.3.3. To owners of preferred shares (Preemptive rights)	-	-
2.3.4. To profit sharing bonds	-	-
2.3.5. To owners of the profit /loss sharing certificates	-	-
2.4. Share to personnel (-)	-	-
2.5. Share to board of directors (-)	-	-
III. Earnings per share		
3.1. To owners of ordinary shares (***) (Full TL)	0,290	0,270
3.2. To owners of ordinary shares (%)	29,0	27,0
3.3. To owners of preferred shares	-	-
3.4. To owners of preferred shares (%)	-	-
IV. Dividend per share		
4.1. To owners of ordinary shares (Full TL)	-	-
4.2. To owners of ordinary shares (%)	-	-
4.3. To owners of preferred shares	-	-
4.3. To owners of preferred shares (%)	-	-

(*) General Assembly of the Bank is the authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of the preparation of these financial statements

(**) Deferred tax income is presented in "other taxes and legal liabilities" line. Deferred tax income is not subject to profit distribution, thus it is classified under extraordinary reserves.

(***) Calculated by using the number of share certificates as of year-end.

(****) Current year income includes previous year's profit and current year profit.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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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 numbered 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 numbered 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 numbered 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 between 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 assessment 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. TFRS 9 will have an effect on the classification and measurement of financial statements. However, as the impact of adoption depends on the assets held by the Bank at the date of adoption itself, potential effect has not been quantified yet. 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.

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b. Accounting policies and valuation principles applied in the preparation of unconsolidated financial statements (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 (except unquoted equity securities which are indicated as equity securities on the balance sheet) 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, provisions for the lawsuits, 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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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.

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.

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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" dated November 1, 2006 and numbered 26333, the profit share accruals of non-performing loans and other receivables are reversed and are recorded as profit share income when collected.

Profit share expense

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

V. Explanations on fees, commission income and expenses:

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

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

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

VI. Explanations on financial assets:

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

Financial assets at fair value through profit or loss:

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

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Notes related to unconsolidated financial statements
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VI. Explanations on financial assets (continued):

As of December 31, 2014, the Bank has no financial assets classified as financial assets at fair value through profit or loss except for trading financial assets. (December 31, 2013: None)

Financial assets available for sale:

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

Loans and receivables:

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

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

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

Financial assets held to maturity:

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

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 KATILIM BANKASI A.Ş.

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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. The Bank transfers such assets from assets held for sale and discounted operations to tangible assets.

A discontinued operation is a part of the Bank's business which has been disposed of or classified as held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Bank has 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 "Turkish Accounting Standards for Intangible Assets". As of the balance sheet date, there is no goodwill in the financial statements of the Bank. The Bank's intangible assets consist of softwares and intangible rights.

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

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

XII. Explanations on tangible assets:

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

As of March 31, 2009, the Bank has made a change in accounting policy and adopted revaluation model for 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, 2014, the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve in accordance with TAS 16.

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

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

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XII. Explanations on tangible assets (continued):

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

	%
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 "Turkish Accounting Standard for Impairment of Assets" and if the recoverable amount is less than its carrying value, provides for an impairment loss.

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

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

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

XIII. Explanations on leasing transactions:

Transactions as a lessee

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

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

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

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

Transactions as a lessor

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

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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: "Turkish Accounting Standard for 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 rights:

i) *Defined benefit plans:*

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

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

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

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

There are no foundations, pension funds or similar associations of which the employees are members

As of December 31, 2014, actuarial loss amounts to TL 6.958 (December 31, 2013: TL 420).

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

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XVI. Explanations on taxation:

Current tax:

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

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

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

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

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

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

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

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

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

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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 issued borrowings through its subsidiary Bereket Varlık Kiralama A.Ş.

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.

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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 numbered 28337 dated June 28, 2012 starting from July 1, 2012. As of December 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 14,15% (December 31, 2013: 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", published in the Official Gazette numbered 28337 dated June 28, 2012, "Regulation on Credit Risk Mitigation Techniques" published in the Official Gazette numbered 29111 dated September 6, 2014 and the "Regulation on the Equity of Banks" published in the Official Gazette numbered 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.

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

Bank									
	%0	%10	%20	%50	%75	%100	%150	%200	%250
Value at Credit Risk	4.501.147	-	1.978.195	5.922.544	2.698.778	9.100.365	30.455	33.595	-
Risk Categories									
Receivables from central governments or central banks	3.678.241	-	-	123.255	-	-	-	-	-
Receivables from regional or local Governments	-	-	105.734	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	361	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	1.490.126	143.417	-	143.799	-	-	-
Receivables from corporates	517.358	-	337.824	123.763	-	8.389.095	-	-	-
Retail receivables	105.626	-	44.318	-	2.698.778	19.707	-	-	-
Receivables secured by mortgages on property	-	-	-	5.532.109	-	2.008	-	-	-
Past due receivables	-	-	-	-	-	23.995	3.183	-	-
Receivables defined in high risk category by BRSA	905	-	193	-	-	-	27.272	33.595	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	199.017	-	-	-	-	521.400	-	-	-

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)	1.167.538	911.365
Capital Requirement for Market Risk (MRCR)	13.258	11.622
Capital Requirement for Operational Risk (ORCR)	95.440	77.228
Shareholders' Equity	2.256.680	1.858.124
Shareholders' Equity/((CRCR+MRCR+ORCR)*12,5*100)	%14,15	%14,86
Core Capital/((CRCR+MRCR+ORCR) *12,5)*100	%10,80	%10,80
Tier I Capital/((CRCR+MRCR+ORCR) *12,5)*100	%10,92	-

(*) 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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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.

	December 31, 2014
Tier I capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	470.137
Other Comprehensive Income according to TAS	165.427
Profit	260.594
Current Period Profit	252.631
Prior Period Profit	7.963
General Reserves for Possible Losses	88
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I capital before deductions	1.796.246
Deductions from tier I capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	5.231
Leasehold Improvements on Operational Leases (-)	43.470
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	5.081
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	53.782
Total tier I capital	1.742.464
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	-

Albaraka Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements****As at December 31, 2014****(Currency - Thousand Turkish Lira)****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 (-) 20.323

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 1.722.141

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) 467.000

Pledged Assets of the Shareholders to be used for the Bank's Capital Increases -

General Provisions 70.947

Tier II capital before deductions 537.947

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 537.947

Capital 2.260.088

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 (-) 1.408

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 (-) 2.000

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 2.256.680

Amounts lower than excesses as per deduction rules

Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital -

Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital -

Remaining Mortgage Servicing Rights -

Net Deferred Tax Assets arising from Temporary Differences 7.375

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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

Albaraka Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements****As at December 31, 2014****(Currency - Thousand Turkish Lira)****I. Explanations on capital adequacy standard ratio (continued):****e) Approaches for assessment of adequacy of internal capital requirements for current and future activities:**

Charter on Internal Capital Adequacy Policy was prepared in order to define internal capital adequacy evaluation process and capital adequacy policy by the Bank and was approved by the Board of Directors on October 17, 2012. The ultimate aim of such internal capital adequacy policy is to maintain capital adequacy by defining the basic principles that regulate management and implementation of internal capital adequacy, apart from exceptional circumstances.

The Bank within the framework of BRSA regulations and also considering the best practices ensures the management of internal capital adequacy, pursuant to the volume, qualification and complexity of its operations. The methodology for evaluation of internal capital adequacy is considered an ongoing process and the related future studies are planned in this way.

f) 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 Unconsolidated / Consolidated	Unconsolidated / Consolidated
Instrument Type	Sukuk Murabaha
Amount recognized in regulatory capital (as of most recent reporting date)	467.000.000
Par Value of Instrument	467.000.000
Accounting Classification	Subordinated Loan
Original date of Issuance	May 7 2013
Perpetual or dated	Dated
Maturity date	May 7 2023
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 Including Profit Share : USD.77.500.000,- Repayment Period: Principal Payment for 6 months 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 creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	7,2,j

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2014

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk:

- (1) Credit risk represents the Bank's risk or losses arising from corporate and individual loan customers who have cash or non-cash credit relations with the Bank not fulfilling the terms of their agreements partially or in full. Limit assignment authority primarily belongs to the Board of Directors and based on the authority given by the Board of Directors, the risk limits of the Bank are determined by Head-office Loan Committee, Loan Committee and Board of Directors. Head-office Loan Committee may exercise such authority partially through units of the Bank or branches. Proposal for loans are presented in a written format to the Loan Committee and Board of Directors and are signed by the members of Loan Proposal Committee.

Regarding the credit risk, debtors or group of debtors is subject to risk limitations. Credit limits are determined separately for each individual customer, company, group of companies, and risk groups. While determining credit risk several criteria such as the customers' financial strength, commercial capacities, sectors, geographical areas and capital structure are evaluated collectively.

In accordance with the decision taken by the Board of Directors of the Bank, the Bank cannot grant loans above 15% of its equity to a real person or legal entity. (Exception to this decision is subject to the decision of the Board of Directors.) Distributing the risk in a balanced manner to the sectors is observed, therefore in their marketing operations the branches strive for reaching various firms existing in different sectors. As a principle, each branch oversee the balanced distribution of the total risk to the sectors and progress of the firms existing in critical sectors.

The credibility of the debtors of loans and other receivables are monitored periodically in accordance with related legislation. The financial documents for loans are obtained, audited and updated as necessary as stipulated in the related legislation. Credit limits of customers are renewed periodically according to the Bank's credit limit renewal procedure. The Bank obtains necessary collaterals for loans and other receivables by analyzing the creditworthiness of corporate and individual loans according to its credit policy. Main collaterals obtained for credit risk are mortgage on real estate, cash blockage, pledges on vehicle and machinery.

Limits defined by the Board of Directors and Loan Committee for each bank are followed-up by Treasury Management on a daily basis for the transactions related with placements or treasury operations like foreign currency purchase and sales with domestic and foreign correspondent banks.

Loans which are past due up to 90 days as of period ends but not impaired are defined as "Past Due Receivables". "General provision" is set aside for these loans 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".

Loans which are past due for more than 90 days as of period ends or assessed as impaired based on risk assessment made are defined as "Impaired Loans". "Specific provision" is set aside for these 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".

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2014

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

The amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

Risk Categories	Current Period Risk Amount(*)	Average Risk Amount
Receivables from central governments or central banks	3.786.127	3.287.547
Receivables from regional or local governments	93.059	108.478
Receivables from administrative units and non-commercial enterprises	361	123
Receivables from multilateral development banks	-	-
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	1.768.259	1.949.474
Receivables from corporates	9.386.949	8.157.010
Retail receivables	2.886.646	2.237.658
Receivables secured by mortgages on property	5.534.118	4.279.709
Past due receivables	27.178	25.517
Receivables defined in high risk category by BRSA	61.965	38.629
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	720.417	616.457
Total	24.265.079	20.700.602

(*) Represents amounts, before risk mitigating factors, after risk conversion factors.

- (2) The credit risk undertaken for forwards, options and similar agreements is managed together with the risks arising from market movements.

The risks of forwards, options and similar agreements are followed regularly and the Bank utilizes risk mitigation methods if needed.

- (3) Indemnified non-cash loans are subject to the same risk weight as overdue loans. Rescheduled or restructured loans are followed in accordance with the principles of credit risk management and follow-up principle of the Bank. Financial position and commercial operations of those customers are analyzed continuously and the principal and profit payments based on the restructured payment plan are monitored by the related departments.

The Bank considers that long-term commitments are exposed to more credit risk than short-term commitments, and matters such as defining risk limits and obtaining collateral for long-term risks are addressed more extensively as compared to short-term risks.

- (4) The Bank has credit lines in different countries within the scope of its banking activity and due inquiries (economic, cyclical, etc.) are carried out during the allocation and revision of such credit lines.

For the banks where correspondent activity and international commodity transactions are intended to be carried out, credit limits are allocated by the related credit committees taking into account the size of the correspondent bank and the size of Bank itself and concentration of risk is avoided. The Bank does not carry any serious risk in this respect.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2014

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

- (5) Share of cash receivables of the Bank from its top 100 and top 200 cash loan customers in total cash loans is 38% (December 31, 2013: 41%) and 47% (December 31, 2013: 50%) respectively.

Share of non- cash receivables of the Bank from its top 100 and top 200 non-cash loan customers in total non-cash loans is 47% (December 31, 2013: 48%) and 59% (December 31, 2013: 60%) respectively.

Share of cash and non-cash receivables of the Bank from its top 100 and top 200 loan and non-cash loan customers in total of balance sheet and off balance sheet commitments is 35% (December 31, 2013: 36%) and 44% (December 31, 2013: 47%) respectively.

- (6) The Bank's general provision amount for its credit risk is TL 153.910 (December 31, 2013: TL 113.708).

(7) Profile on significant risks in significant regions:

	Risk Categories (*)										Total
	1	2	3	4	5	6	7	8	9	10	
Current Period											
Domestic	3.786.127	93.039	361	1.610.643	8.679.252	2.641.431	5.016.639	26.829	61.325	19.070	21.934.716
EU Countries	-	-	-	-	27.047	7.853	12.327	-	-	5	47.232
OECD Countries (**)	-	-	-	-	-	-	-	-	-	-	-
Off-shore banking regions	-	-	-	117	55.063	4.952	14.397	-	-	-	74.529
USA, Canada	-	-	-	-	15.661	393	16.252	-	-	-	32.306
Other countries	-	20	-	157.499	609.926	232.017	474.503	349	640	701.342	2.176.296
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities(***)	-	-	-	-	-	-	-	-	-	-	-
	3.786.127	93.059	361	1.768.259	9.386.949	2.886.646	5.534.118	27.178	61.965	720.417	24.265.079

(*) Risk classifications in the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" will be used.

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

(***) Assets and liabilities are not allocated on a consistent basis

- 1- Receivables from central governments or central banks
- 2- Receivables from regional or local governments
- 3- Receivables from administrative units and non-commercial enterprises
- 4- Receivables from banks and brokerage houses.
- 5- Receivables from corporates
- 6- Retail receivables
- 7- Receivables secured by mortgages on property
- 8- Past due receivables
- 9- Receivables defined in high risk category by BRSA
- 10- Other Receivables

Albaraka Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements****As at December 31, 2014****(Currency - Thousand Turkish Lira)****II. Explanations on credit risk (continued):****Risk Profile according to sectors and counterparties:**

	Sectors / Counterparties	Risk Categories										FC	TL	Total
		1	2	3	4	5	6	7	8	9	10			
1	Agriculture	-	39	-	-	158.881	55.096	61.045	481	-	16	98.959	176.599	275.558
1.1	Farming and stockbreeding	-	39	-	-	135.076	45.493	52.947	460	-	16	91.459	142.572	234.031
1.2	Forestry	-	-	-	-	23.705	7.051	7.062	21	-	-	4.907	32.932	37.839
1.3	Fishery	-	-	-	-	100	2.552	1.036	-	-	-	2.593	1.095	3.688
2	Manufacturing	-	60.219	-	-	4.481.901	1.378.074	1.552.422	11.562	-	529	4.364.416	3.120.291	7.484.707
2.1	Mining	-	1.365	-	-	146.741	25.767	24.614	141	-	82	161.208	37.502	198.710
2.2	Production	-	58.338	-	-	3.707.181	1.316.227	1.442.221	11.231	-	47	3.646.508	2.888.737	6.535.245
2.3	Electricity, gas, water	-	516	-	-	627.979	36.080	85.587	190	-	400	556.700	194.052	750.752
3	Construction	-	32.717	-	-	2.437.432	337.171	1.863.053	9.154	-	860	1.971.981	2.708.406	4.680.387
4	Services	3.786.081	39	-	1.768.259	1.867.907	553.733	639.341	5.765	-	17.028	5.258.295	3.379.858	8.638.153
4.1	Wholesale and retail trade	-	39	-	-	544.961	348.130	270.460	5.107	-	20	429.332	739.385	1.168.717
4.2	Hotel, food and beverage services	-	-	-	-	14.847	25.386	28.902	10	-	3	63.490	5.658	69.148
4.3	Transportation and telecommunication	-	-	-	-	142.215	39.014	27.911	301	-	3	143.253	66.191	209.444
4.4	Financial institutions	3.786.081	-	-	1.768.259	874.059	49.717	141.707	-	-	16.987	4.368.033	2.268.777	6.636.810
4.5	Real estate and renting services	-	-	-	-	145.093	35.964	35.117	80	-	9	125.251	91.012	216.263
4.6	Self-employment services	-	-	-	-	53.451	12.103	109.248	205	-	-	114.761	60.246	175.007
4.7	Education services	-	-	-	-	9.945	2.997	3.530	-	-	1	19	16.454	16.473
4.8	Health and social services	-	-	-	-	83.336	40.422	22.466	62	-	5	14.156	132.135	146.291
5	Other	46	45	361	-	440.828	562.572	1.418.257	216	61.965	701.984	355.001	2.831.273	3.186.274
6	Total	3.786.127	93.059	361	1.768.259	9.386.949	2.886.646	5.534.118	27.178	61.965	720.417	12.048.652	12.216.427	24.265.079

- 1- Receivables from central governments or central banks
2- Receivables from regional or local governments
3- Receivables from administrative units and non-commercial enterprises
4- Receivables from banks and brokerage houses.
5- Receivables from corporates
6- Retail receivables
7- Receivables secured by mortgages on property
8- Past due receivables
9- Receivables defined in high risk category by BRSA
10- Other Receivables

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

**Notes related to unconsolidated financial statements
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II. Explanations on credit risk (continued):

Distribution of risks with term structure according to remaining maturities:

Risk Categories	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	1 year and over
Receivables from central governments or central banks	2.461.544	264.378	-	199.000	861.205
Receivables from regional or local governments	7.597	12.642	19.447	40.759	12.611
Receivables from administrative units and non-commercial enterprises	361	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-
Receivables from banks and brokerage houses	1.728.701	30.618	7.726	57	1.132
Receivables from corporates	2.827.495	881.678	924.283	1.549.579	2.976.844
Retail receivables	374.036	85.370	150.136	198.851	359.751
Receivables secured by mortgages on property	870.225	428.100	597.499	820.801	2.562.500
Past due receivables	27.178	-	-	-	-
Receivables defined in high risk category by BRSA	2.394	4.034	6.242	13.280	32.581
Securities collateralized by mortgages	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-
Other receivables	34.420	-	-	-	-
TOTAL	8.333.951	1.706.820	1.705.333	2.822.327	6.806.624

- (8) While determining risk weights of receivables from banks and receivables from central banks and central governments indicated in the sixth article of "Regulation on Measurement and Assessment of Capital Adequacy of Banks", rating grades obtained from rating agencies commissioned by customers are being used. Other receivables in the regulation are considered as unrated while calculating capital adequacy.

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks" are presented below:

Risk Weights		%0	%10	%20	%50	%75	%100	%150	%200	%250	Deductions from Shareholders' Equity
1	Amount before credit risk mitigation	3.861.889	-	1.607.625	5.879.553	2.866.423	9.984.441	30.972	34.176	-	3.408
2	Amount after credit risk mitigation	4.501.147	-	1.978.195	5.922.544	2.698.778	9.100.365	30.455	33.595	-	3.408

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Notes related to unconsolidated financial statements

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(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

- (9) Amounts of impaired loans and past due receivables, value adjustments and provisions, current period value adjustments and provisions according to sectors or counterparties individually:

For loans which are classified as impaired loans due to delay of collection of principal or profit share 90 days and above, and/or negative risk assessments of credit worthiness of the debtor; "specific provision" is set aside in the accompanying financial statements as of December 31, 2014.

For loans which are classified as past due not impaired loans due to delay of collection of principal or profit share up to 90 days; " general provision" is set aside in the accompanying financial statements as of December 31, 2014.

Sectors / Counterparties	Loans			
	Impaired Loans	Past Due	Value Adjustments	Provisions
1 Agriculture	10.446	4.458	118	9.595
1.1 Farming and stockbreeding	5.891	3.897	104	5.146
1.2 Forestry	4.523	259	8	4.417
1.3 Fishery	32	302	6	32
2 Manufacturing	145.267	236.550	6.041	127.314
2.1 Mining	3.542	1.073	51	3.344
2.2 Production	138.840	159.422	4.432	121.278
2.3 Electricity, gas, water	2.885	76.055	1.558	2.692
3 Construction	89.209	128.816	3.034	77.283
4 Services	58.749	135.498	3.960	50.667
4.1 Wholesale and retail trade	37.487	51.750	1.194	30.782
4.2 Hotel, food and beverage services	401	126	6	391
4.3 Transportation and telecommunication	3.998	31.189	1.289	3.479
4.4 Financial institutions	269	17.599	748	269
4.5 Real estate and renting services	2.379	683	20	1.950
4.6 Self-employment services	13.525	30.661	628	13.195
4.7 Education services	-	121	2	-
4.8 Health and social services	690	3.369	73	601
5 Other	23.304	100.999	2.227	22.402
6 Total	326.975	606.321	15.380	287.261

(10) Information related to value adjustments and credit provisions:

The Bank provides specific provisions for loans which are overdue for 90 days or more. The collaterals are being taken into consideration while providing specific provisions in accordance with the Provisioning Communiqué.

The bank provides general loan provision for loans classified as first and second group loan portfolio. This provision is calculated in accordance with the "Regulation on procedures and principles for determination of qualifications of loans and other receivables by banks and provisions to be set aside" communiqué.

	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments (*)	Closing Balance
1 Specific Provisions	253.428	91.371(**)	(58.663)(**)	1.125	287.261
2 General Provisions	113.708	45.361	(4.833)	(326)	153.910

(*) Determined according to currency differences.

(**) Related balance includes reversal of provisions regarding write-off's in the amount of TL 19.336

(***) Related balance includes reversal of provisions made within the same period in the amount of TL 5.109

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Notes related to unconsolidated financial statements
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II. Explanations on credit risk (continued):

The table below presents the maximum exposure to credit risk for the components of the financial statements:

	Current period	Prior period
Central Bank of the Republic of Turkey	2.933.726	2.148.514
Trading financial assets	-	27
Due from banks	1.648.235	1.378.708
Available-for-sale financial assets	658.085	239.347
Loans	15.474.046	11.987.580
Held to maturity investments	783.309	745.390
Finance lease receivables	709.646	72.321
Other assets	10.860	10.952
Total balance sheet items subject to credit risk	22.217.907	16.582.839
Contingent liabilities	8.078.509	6.163.867
Commitments	928.650	876.219
Total off-balance sheet items subject to credit risk	9.007.159	7.040.086
Total credit risk exposure	31.225.066	23.622.925

Explanations on credit rating system:

The Bank assesses the credit quality of customers through rating systems developed for the loan and finance lease customers. The principal criteria used in the rating systems are the volume of transactions of the customer with the Bank, payment performance of the customer and income generated from the customer.

The table below presents the concentration information of the loans and finance lease receivables classified according to the rating systems:

	Current period	Prior period
Above average	%16,01	%26,12
Average	%75,26	%67,53
Below average	%8,73	%6,35

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Notes related to unconsolidated financial statements

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III. Explanations on market risk:

- (1) 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	449
(II) Capital requirement to be employed for specific risk - standard method	449
Capital requirement against specific risks of securitization positions- standard method	-
(III) Capital requirement to be employed for currency risk - standard method	12.360
(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	-
(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)	13.258
(X) Amount subject to market risk (12,5 X VIII) or (12,5 x IX)	165.729

b) Average market risk table concerning market risk calculated as of month ends during the period:

	Current period			Prior period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	-	-	-	-	-	-
Share Certificates Risk	791	898	722	873	1.064	762
Currency Risk	10.406	12.360	7.711	7.430	10.625	4.062
Commodity Risk	-	-	-	-	-	-
Swap Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counterparty Credit Risk	172	406	-	40	235	-
Total Value Subject to Risk	11.369	13.664	8.433	8.343	11.924	4.824

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Notes related to unconsolidated financial statements

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III. Explanations on market risk (continued):

(2) Quantitative information on counterparty risk:

The "counterparty credit risk" is calculated according to the fair value methodology indicated in the Appendix-2 Part 3 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

Replacement cost of agreements having positive value is calculated by revaluation of agreements according to their fair values. Potential credit risk amount is acquired by multiplying related ratios on agreement types by agreement amounts or amounts subject to the transaction.

	Balance(*)	
	December 31, 2014	December 31, 2013
Interest Rate Contracts	-	-
Foreign Exchange Rate Contracts	-	2.943
Commodity Contracts	-	-
Equity Shares Related Contracts	-	-
Other	-	-
Gross Positive Fair Value	-	-
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collateral Received	-	-
Net Derivative Position	-	2.943

(*) Includes only the counterparty risks arising from trading book.

(3) Explanations on calculation of capital requirements through a risk measurement model which is permitted to be used by the authorities:

None.

IV. Explanations on operational risk:

a) Amount subject to operational risk is calculated with the help of basic indicator method according to article fourteen of "Regulation on Measurement and Assessment of Capital Adequacy of Banks". Annual gross profit calculated based on adding net fee and commission income, dividend income except for dividends from subsidiaries and associates, trading gain/loss (net) and other operational income to net profit share income; and deducting the profit/loss from selling assets except from trading accounts, extraordinary income, operating expense due to support services from a bank, main shareholder of the bank and compensations from insurance.

b) In case of using the basic indicator approach, the related information is as below:

	2 PP Value	1 PP Value	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	500.700	625.375	782.732	636.269	15	95.440
Amount subject to Operational Risk (Total*12,5)						1.193.004

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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.
- d) Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of December 31, 2014 - Balance sheet evaluation rate	2,335	2,825
As of December 30, 2014	2,303	2,802
As of December 29, 2014	2,295	2,796
As of December 26, 2014	2,297	2,796
As of December 25, 2014	2,298	2,816
As of December 24, 2014	2,297	2,800

- e) The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is full TL 2,272 for 1 USD (December 2013 : full TL 2,038), full TL 2,794 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	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
USD	10% increase	6.037	4.629	84	453
USD	10% decrease	(6.037)	(4.629)	(84)	(453)
EURO	10% increase	(294)	548	-	-
EURO	10% decrease	294	(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	348.736	2.084.816	343.241	2.776.793
Banks	422.729	654.029	60.075	1.136.833
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Available-for-sale financial assets	49	163.344	-	163.393
Loans and financial lease receivables(**)	1.826.289	4.863.143	11.127	6.700.559
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	1.678	1.678
Intangible assets	-	-	565	565
Other assets (***)	667	1.186	579	2.432
Total assets	2.598.470	7.766.518	417.265	10.782.253
Liabilities				
Current account and funds collected from banks via participation accounts	170.280	256.459	3.315	430.054
Other current and profit sharing accounts	1.652.371	4.414.890	363.740	6.431.001
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	752.035	2.936.389	-	3.688.424
Marketable securities issued	-	-	-	-
Miscellaneous payables	6.578	68.423	1.170	76.171
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	20.147	29.990	2.304	52.441
Total liabilities	2.601.411	7.706.151	370.529	10.678.091
Net balance sheet position	(2.941)	60.367	46.736	104.162
Net off balance sheet position				
Derivative financial instruments assets(****)	-	-	-	-
Derivative financial instruments liabilities(****)	-	-	-	-
Non-cash loans (*****)	1.130.253	2.775.456	23.435	3.929.144
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 341.330 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 353 of the balance in Banks in other FC column represent precious metals accounts with banks, TL 339.115 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 4.720.625 (December 31, 2013: TL 3.436.101).

(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 873 (December 31, 2013: TL 801) is included in other assets.

(****) In the current period, there are not any derivative financial instruments and foreign currency purchase & sale commitments. (December 31, 2013: TL 32.439 foreign currency purchase commitment, TL 30.543 foreign currency sale commitment, TL 297.000 derivative financial instruments liabilities.)

(*****) 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 December 31, 2014 and December 31, 2013 are as follows:

December 31, 2014	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	187,96	170,70	125,76	111,81
Maximum (%)	285,03	240,61	146,66	125,63
Minimum (%)	119,09	134,09	105,54	101,30

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	737.549	2.391.637	-	-	-	-	-	3.129.186
Banks	1.158.027	438.772	51.436	-	-	-	-	1.648.235
Financial Assets at Fair Value Through Profit and Loss	5.611	-	-	-	-	-	-	5.611
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1.675	-	42.661	50.984	538.419	26.021	-	659.760
Loans(*)	56.693	1.929.040	2.014.090	5.238.633	6.425.888	479.634	-	16.143.978
Held-To-Maturity Investments	-	-	269.905	154.941	358.463	-	-	783.309
Other Assets(**)	-	819	915	4.288	4.838	-	665.485	676.345
Total Assets	1.959.555	4.760.268	2.379.007	5.448.846	7.327.608	505.655	665.485	23.046.424
Liabilities								
Current account and funds collected from banks via participation accounts	116.363	252.262	140.629	63.463	-	-	-	572.717
Other current and profit sharing accounts	3.259.572	10.102.479	1.623.622	1.074.035	10.793	-	-	16.070.501
Funds provided from other financial institutions	-	632.730	328.425	1.408.969	1.014.166	304.134	-	3.688.424
Money Market Borrowings	-	116.740	-	-	-	-	-	116.740
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	141.158	26.676	5.944	-	-	336.394	510.172
Other liabilities(***)	-	31.792	24.034	-	-	-	2.032.044	2.087.870
Total Liabilities	3.375.935	11.277.161	2.143.386	2.552.411	1.024.959	304.134	2.368.438	23.046.424
Net Liquidity Gap	(1.416.380)	(6.516.893)	235.621	2.896.435	6.302.649	201.521	(1.702.953)	-
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)	-

(*) Leasing receivables are included under loans.

(**) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such 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	3.375.935	10.354.741	1.764.251	1.137.498	10.793	-	16.643.218
Funds Borrowed from Other Financial Institutions	-	642.931	331.791	1.493.708	1.330.547	430.807	4.229.784
Borrowings from Money Markets	-	116.740	-	-	-	-	116.740
Total	3.375.935	11.114.412	2.096.042	2.631.206	1.341.340	430.807	20.989.742
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 (*)	3.523.368	174.087	388.300	1.622.644	1.138.964	25.278	-	6.872.641
Bank acceptances	33.055	-	-	-	-	-	-	33.055
Letters of credit	537.894	39.456	2.227	4.627	5.066	-	-	589.270
Other commitments and contingencies	-	583.543	-	-	-	-	-	583.543
Total	4.094.317	797.086	390.527	1.627.271	1.144.030	25.278	-	8.078.509
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. (December 31, 2013: 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 Communiqu  "The Risk Mitigation Techniques" which is published at September 6, 2014 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.

If there are indicators on significant decreases of real estate's value in comparison to general market prices ,the real estate's valuation is performed by the authorised valuation corporations authorised by Banking Regulation and Supervision Agency or Capital Markets Board of Turkey.

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 Communiqu  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
Receivables from central governments or central banks	3.801.496	-	-	-
Receivables from regional or local governments	105.734	-	-	-
Receivables from administrative units and non-commercial enterprises	361	-	-	-
Receivables from multilateral development banks	-	-	-	-
Receivables from international organizations	-	-	-	-
Receivables from banks and brokerage houses	1.777.342	-	-	-
Receivables from corporates	9.368.040	864.650	-	18.909
Retail receivables	2.868.429	149.944	-	18.218
Receivables secured by mortgages on property	5.534.117	-	-	-
Past due receivables	27.178	-	-	-
Receivables defined in high risk category by BRSA	61.965	1.098	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	720.417	-	-	-

(*) 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 of the Bank, 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	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Financial Assets				
Money market placements	-	-	-	-
Banks	1.648.235	1.378.708	1.648.235	1.378.708
Financial assets at fair value through profit and loss	5.611	4.791	5.611	4.791
Financial assets available for sale	659.760	240.890	659.760	240.890
Held to maturity investments	783.309	745.390	794.685	731.303
Loans and financial lease receivables	16.183.692	12.059.901	15.593.643	12.069.915
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	572.717	507.624	572.717	507.624
Other current and profit sharing accounts	16.070.501	12.018.588	16.070.501	12.018.588
Funds provided from other financial institutions	3.688.424	2.035.816	3.682.518	2.021.228
Marketable securities issued	-	-	-	-
Miscellaneous payables	510.172	329.174	510.172	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. Aforesaid 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	5.611	-	-	5.611
Public sector debt securities	-	-	-	-
Equity securities	5.611	-	-	5.611
Derivative financial assets held for trading	-	-	-	-
Other	-	-	-	-
Financial assets- available for sale	658.085	-	-	658.085
Equity securities (*)	-	-	-	-
Public sector debt securities	588.615	-	-	588.615
Other marketable securities	69.470	-	-	69.470
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.

(**) In the current period, there is no classification between level I and level II.

As of December 31, 2014 and 2013 the Bank carries the real estates at fair value under tangible assets. Level III section is used in determining the related fair values.

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

The Bank does not perform purchases, sales and custody services on behalf of its customers. The Bank has no fiduciary transactions.

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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	1.935.081	14.168.295	1.844.257	5.098.791	23.046.424
Total Liabilities	11.475.842	9.106.218	262.573	410.864	21.255.497
Total Equity	-	-	-	1.790.927	1.790.927
Net profit share income/(expense)(*)(**)	(359.080)	947.417	110.637	-	698.974
Net fees and commissions income/(expense)	8.849	132.867	(8.955)	(4.425)	128.336
Other operating income /(expense)	19	(55.334)	2.289	(448.732)	(501.758)
Profit/(loss) before tax	(350.212)	1.024.950	103.971	(453.157)	325.552
Provision for tax	-	-	-	(72.921)	(72.921)
Net profit / (loss) for the period	(350.212)	1.024.950	103.971	(526.078)	252.631

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	261.747	15.719.285
Total Equity	-	-	-	1.497.268	1.497.268
Net profit share income/(expense)(*)(**)	(196.040)	757.393	63.823	-	625.176
Net fees and commissions income/(expense)	1.455	104.026	(4.030)	11.746	113.197
Other operating income /(expense)	(167)	(72.620)	1.879	(367.922)	(438.830)
Profit/(loss) before tax	(194.752)	788.799	61.672	(356.176)	299.543
Provision for tax	-	-	-	(58.134)	(58.134)
Net profit / (loss) for the period	(194.752)	788.799	61.672	(414.310)	241.409

(*) 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	88.803	106.119	65.105	63.244
CBRT	263.590	2.670.136	181.309	1.967.205
Other (*)	-	538	-	5.818
Total	352.393	2.776.793	246.414	2.036.267

(*) Includes precious metals amounting to TL 538 as of December 31, 2014 (December 31, 2013: TL 5.818).

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	263.328	278.761	181.309	193.626
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	262	2.391.375	-	1.773.579
Total	263.590	2.670.136	181.309	1.967.205

(*) As of December 31, 2014, the reserve requirement held in standard gold is TL 340.792 (December 31, 2013: TL 299.635).

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

As of December 31, 2014, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 6% to 13% depending on maturity of deposits.

As per the press release by The Central Bank of Republic of Turkey dated October 21, 2014 numbered 2014-72, income payment on TL reserves is launched since November 2014.

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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:

None. (December 31, 2013: None)

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

None. (December 31, 2013: None)

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	511.402	731.224	625.878	425.117
Abroad	-	405.609	-	327.713
Foreign head offices and branches	-	-	-	-
Total	511.402	1.136.833	625.878	752.830

b) Information on foreign bank accounts:

	Current period		Prior period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	83.042	-	143.319	-
USA and Canada	225.731	-	120.831	-
OECD Countries (*)	2.696	-	8.068	-
Off-shore banking regions	758	-	2.941	-
Other	93.382	-	52.554	-
Total	405.609	-	327.713	-

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

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:

None. (December 31, 2013: None)

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

	Current Period	Prior Period
Debt securities	658.435	243.121
Quoted on a stock exchange(*)	658.435	243.121
Unquoted	-	-
Share certificates	1.675	1.543
Quoted on a stock exchange	-	-
Unquoted (**)	1.675	1.543
Impairment provision (-)	350	3.774
Total	659.760	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	8.808	35.469	45.889	31.349
Corporate shareholders	8.663	35.119	45.682	31.349
Real person shareholders	145	350	207	-
Indirect loans granted to shareholders	50.238	69.492	1.476	15.514
Loans granted to employees	7.742	-	6.179	-
Total	66.788	104.961	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	Extension of Repayment Plan	Loans and other receivables (Total)	Restructured or rescheduled	Extension of Repayment Plan(*)
Cash loans			Other			Other
Loans	14.632.175	768	-	802.157	297.191	22.334
Export loans	314.061	-	-	533	533	-
Import loans	1.577.617	-	-	86.146	14.325	2.154
Business loans	7.600.408	-	-	585.315	247.765	3.266
Consumer loans	1.850.408	768	-	27.827	14.583	930
Credit cards	157.821	-	-	1.824	-	-
Loans given to financial sector	3.055	-	-	-	-	-
Other (**)	3.128.805	-	-	100.512	19.985	15.984
Other receivables (**)	-	-	-	-	-	-
Total	14.632.175	768	-	802.157	297.191	22.334

(*) Amount of TL 4.544 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	1.687.054
Other investment credits	634.380
Loans given to abroad	341.030
Profit and loss sharing investments (***)	316.114
Loans for purchase of marketable securities for customer	245.168
Other	5.571
Total	3.229.317

(***) As of December 31, 2014, the related balance represents profit and loss sharing investment projects (12 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects 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 57.388 (December 31, 2013: TL 63.175) 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	768	301.735
3, 4 or 5 times	-	-
Over 5 times	-	-

Extension Periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 months	-	25.069
6 - 12 months	768	16.002
1 - 2 years	-	45.668
2 - 5 years	-	170.818
5 years and over	-	44.178

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 December 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 December 31, 2014, the Bank has loan receivables amounting to TL 942 arising from rescheduled loans within the scope of related Communiqué.

c) Maturity analysis of cash loans:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Short term loans and other receivables				
Loans	6.246.970	-	127.254	36.728
Other receivables	-	-	-	-
Medium and long-term loans and other receivables(*)				
Loans	8.384.437	768	355.378	282.797
Other receivables	-	-	-	-
Total	14.631.407	768	482.632	319.525

(*) Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

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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	15.629	1.858.151	1.873.780
Housing loans	2.340	1.696.397	1.698.737
Vehicle loans	3.522	95.273	98.795
Consumer loans	8.799	6.274	15.073
Other	968	60.207	61.175
Consumer loans-FC indexed	46	19	65
Housing loans	46	19	65
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	54.696	98	54.794
With installment	21.593	48	21.641
Without installment	33.103	50	33.153
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	2.270	2.120	4.390
Housing loans	-	325	325
Vehicle loans	102	1.270	1.372
Consumer loans	2.168	422	2.590
Other	-	103	103
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	3.343	9	3.352
With installment	1.563	7	1.570
Without installment	1.780	2	1.782
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	75.984	1.860.397	1.936.381

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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	1.177.399	112.778	1.290.177
Business loans	382.574	70.303	452.877
Vehicle loans	243.752	2.012	245.764
Consumer loans	48	-	48
Other	551.025	40.463	591.488
Commercial installment loans-FC indexed	393.144	3.733	396.877
Business loans	139.211	1.705	140.916
Vehicle loans	35.149	123	35.272
Consumer loans	33	-	33
Other	218.751	1.905	220.656
Commercial installment Loans-FC	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	101.499	-	101.499
With installment	11.435	-	11.435
Without installment	90.064	-	90.064
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC(legal entity)	-	-	-
Total	1.672.042	116.511	1.788.553

e) Allocation of loans by customers:

	Current Period	Prior Period
Public	106.554	88.391
Private	15.327.778	11.872.949
Total	15.434.332	11.961.340

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	15.093.302	11.549.770
Foreign loans	341.030	411.570
Total	15.434.332	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 collectability	23.769	25.660
Loans and receivables with doubtful collectability	40.451	64.539
Uncollectible loans and receivables	212.500	154.798
Total	276.720	244.997

In addition to specific provision for loans amounting TL 276.720 (December 31, 2013: TL 244.997), provision amounting to TL 10.541 (December 31, 2013: TL 8.431) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 287.261 (December 31, 2013: TL 253.428). Specific provision for loans amounting to TL 183.120 (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 Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	62	1.132	19.288
Restructured loans and other receivables	62	1.132	19.288
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before specific provisions)	-	-	19.311
Restructured loans and other receivables	-	-	19.311
Rescheduled loans and other receivables	-	-	-

h.2) Movements of non-performing loans:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Closing balance of prior period	31.036	73.087	167.114
Additions in the current period (+)	101.417	658	5.489
Transfers from other categories of non-performing loans (+)	-	80.516	93.343
Transfers to other categories of non-performing loans (-)	80.516	93.343	-
Transfers to standard loans (-)	-	2.142	1.238
Collections in the current period (-)	8.510	10.326	20.815
Write offs (-)	4.244	-	15.092
Corporate and commercial loans	4.244	-	14.200
Retail loans	-	-	881
Credit cards	-	-	11
Other	-	-	-
Closing balance of the current period	39.183	48.450	228.801
Specific provisions (-)	23.769	40.451	212.500
Net balance at the balance sheet	15.414	7.999	16.301

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5. Information on loans and receivables (continued):

Non-performing loans and receivables in the amount of TL 316.434 (December 31, 2013: TL 271.237) comprise TL 194.337 (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 collectability amounting to TL 10.541 (December 31, 2013: TL 8.431). In the current period, collections from fees, commissions and other receivables with doubtful collectability amounted to TL 3.681.

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period:			
Period end balance	15	12	-
Specific provision (-)	4	7	-
Net balance on balance sheet	11	5	-
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 collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period (net)	15.414	7.999	16.301
Loans to individuals and corporates (gross)	39.183	48.450	228.801
Specific provision (-)	23.769	40.451	212.500
Loans to individuals and corporates (net)	15.414	7.999	16.301
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:

The write-off policy of the Bank for receivables under follow up is to retire the receivables from assets in case of determination of the inability of collection through follow-up by the decision of Bank management.

Loans and other receivables, which have been deemed uncollectible according to the "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans" published in the Official Gazette numbered 26333 dated November 01, 2006, have been written-off per the decision of the Bank management. In 2014, non-performing loans amounting to TL 19.336 were written-off (2013 – TL 13.897).

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	Total
Loans and Receivables				
Corporate Loans	422.348	92.033	221.102	735.483
Consumer Loans	79.128	14.155	2.874	96.157
Credit Cards	3.708	990	339	5.037
Total	505.184	107.178	224.315	836.677

Prior Period	Less than 30 days	31-60 days	61-90 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 December 31, 2014, held to maturity investments given as a guarantee or blocked amount to TL 30.982. Held to maturity investments subject to repurchase agreements amount to TL 113.775 (December 31, 2013 : Held to maturity investments given as a guarantee or blocked amount to TL 18.228, held to maturity investments subject to repurchase agreements amount to TL 146.794).

6.2) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	783.309	730.267
Total	783.309	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	783.309	745.390
Quoted on a stock exchange(*)	783.309	745.390
Unquoted	-	-
Impairment provision(-)	-	-
Total	783.309	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	350.000	429.378
Disposals through sales and redemptions	(366.063)	(91.427)
Impairment provision (-)	-	-
Income accruals	53.982	41.624
Closing balance	783.309	745.390

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Notes related to unconsolidated financial statements

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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	1,75	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the unaudited financial statements as of December 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
292.213	288.535	2.926	-	-	14.745	19.227	-

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:

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

b) Information on consolidated subsidiaries:

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

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the audited financial statements as of December 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
812.062	173	4	-	-	(30)	(47)	-

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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 and insurance company- through equal partnership with Kuveyt Turk Katılım Bankası A.Ş in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. Company registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The audited financials as of December 31, 2014 are below.

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	11.221	3.857	-	-	11.135

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

10. Information on lease receivables (net):

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	208.180	173.564	30.318	23.558
1 to 4 years	352.652	315.581	51.197	45.648
More than 4 years	221.780	220.501	4.378	3.115
Total	782.612	709.646	85.893	72.321

b) Information on net investments through finance lease:

	Current Period	Prior Period
Gross finance lease receivables	782.612	85.893
Unearned finance lease receivable (-)	72.966	13.572
Net receivable from finance leases	709.646	72.321

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As at December 31, 2014

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10. Information on lease receivables (net) (continued):

c) General explanation on finance lease contracts:

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

Information on leasing receivables:

	Standard loans and Other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Restructured or rescheduled		Loans and other receivables	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Finance lease receivables (Net)	695.999	-	-	13.647	4.544	-

11. Information on derivative financial assets for hedging purposes:

None (December 31,2013: None)

12. Information on tangible assets:

Current period	Immovables	Leased tangible assets	Vehicles	Other	Assets held for sale	Total
Cost						
Opening balance: January 1,2014	262.486	-	2.077	155.578	56.224	476.365
Additions	2.226	-	14	49.058	218	51.517
Revaluation differences	73.598	-	-	-	-	73.598
Disposals	-	-	(424)	(8.216)	(7.619)	(16.259)
Impairment losses(-)/Reversal of impairment losses	266	-	-	-	(1.093)	(828)
Transfers	-	-	-	-	23.045	23.045
Ending balance: December 31,2014	338.576	-	1.667	196.420	70.775	607.438
Accumulated depreciation(-)						
Opening balance: January 1,2014	21.837	-	1.423	71.083	1.408	95.751
Depreciation expense	5.896	-	277	25.653	1.255	33.082
Reversal of depreciation of the disposed assets	-	-	(422)	(7.909)	(202)	(8.534)
Transfers	-	-	-	-	-	-
Ending balance: December 31,2014	27.733	-	1.278	88.827	2.461	120.299
Total cost at the end of the year	338.576	-	1.667	196.420	70.775	607.438
Total accumulated depreciation at the end of the year	(27.733)	-	(1.278)	(88.827)	(2.461)	(120.299)
Closing net book value	310.843	-	389	107.593	68.314	487.139

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Notes related to unconsolidated financial statements

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Prior period	Immovables	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
Cost						
Opening balance: January 1, 2013	206.735	-	2.094	125.017	36.855	370.701
Additions	4.645	-	91	34.674	35.023	74.433
Revaluation differences	53.551	-	-	-	-	53.551
Disposals	(2.445)	-	(108)	(4.113)	(23.386)	(30.052)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	(313)	(313)
Transfers	-	-	-	-	8.045	8.045
Ending balance: December 31, 2013	262.486	-	2.077	155.578	56.224	476.365
Accumulated depreciation(-)						
Opening balance: January 1, 2013	17.819	-	1.197	56.336	1.012	76.364
Depreciation expense	4.565	-	334	18.275	669	23.843
Reversal of depreciation of the disposed assets	(547)	-	(108)	(3.528)	(273)	(4.456)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2013	21.837	-	1.423	71.083	1.408	95.751
Total cost at the end of the year	262.486	-	2.077	155.578	56.224	476.365
Total accumulated depreciation at the end of the year	(21.837)	-	(1.423)	(71.083)	(1.408)	(95.751)
Closing net book value	240.649	-	654	84.495	54.816	380.614

As of December 31, 2014, the Bank has revalued its immovables and revaluation fund of TL 153.179 (December 31, 2013: TL 96.712) net of deferred tax and depreciation, has been reflected in the financial statements. The carrying value of the aforesaid immovables would have been TL 106.810 (December 31, 2013: TL 107.289) if revaluation method had not been adopted.

13. Information on intangible assets:

a) Opening and ending book values and accumulated depreciation balances:

	Current Period	Prior Period
Cost	50.447	29.865
Accumulated depreciation (-)	23.556	13.936
Total (net)	26.891	15.929

b) Intangible assets movement between the beginning and end of the period:

	Current Period	Prior Period
Opening balance	15.929	7.052
Additions	20.565	13.973
Disposals (-) net	-	-
Depreciation expense (-)	9.603	5.096
Closing net book value	26.891	15.929

14. Information on investment property:

None. (December 31, 2013: None)

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15. Information related to deferred tax asset:

None. (December 31, 2013: TL 8.356)

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	34.403	42.628
Disposals	(12.634)	(16.374)
Transfers (*)	(23.045)	(8.045)
Impairment Provision(-)/Reversal of Impairment Provision	547	(516)
Net closing balance	27.678	28.407

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

TL 27.575 of the assets held for sale is comprised of real estates, TL 103 is comprised of other 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 76.411 (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 As at December 31, 2014 (Currency - Thousand Turkish Lira)

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	651.085	-	-	-	-	-	-	-	651.085
II. Real Persons Participation Accounts Non-Trade TL		3.221.702	2.450.686	129.932	-	38.739	433.932	-	6.274.991
III. Current Account other-TL	1.084.752	-	-	-	-	-	-	-	1.084.752
Public Sector	27.473	-	-	-	-	-	-	-	27.473
Commercial Institutions	1.027.822	-	-	-	-	-	-	-	1.027.822
Other Institutions	28.554	-	-	-	-	-	-	-	28.554
Commercial and Other Institutions	49	-	-	-	-	-	-	-	49
Banks and Participation Banks	854	-	-	-	-	-	-	-	854
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	801	-	-	-	-	-	-	-	801
Participation Banks	51	-	-	-	-	-	-	-	51
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	512.441	984.970	123.546	-	30.191	120.187	-	1.771.335
Public Sector	-	18.575	41	-	-	-	-	-	18.616
Commercial Institutions	-	446.099	883.116	24.953	-	8.209	115.749	-	1.478.126
Other Institutions	-	35.074	65.275	7.311	-	886	4.438	-	112.984
Commercial and Other Institutions	-	12.693	7.107	-	-	-	-	-	19.800
Banks and Participation Banks	-	-	29.431	91.282	-	21.096	-	-	141.809
V. Real Persons Current Accounts Non-Trade FC	764.756	-	-	-	-	-	-	-	764.756
VI. Real Persons Participation Accounts Non-Trade FC	-	1.711.026	1.199.277	151.563	-	26.657	422.339	-	3.510.862
VII. Other Current Accounts FC	743.223	-	-	-	-	-	-	-	743.223
Residents in Turkey-Corporate	576.703	-	-	-	-	-	-	-	576.703
Residents Abroad-Corporate	51.011	-	-	-	-	-	-	-	51.011
Banks and Participation Banks	115.509	-	-	-	-	-	-	-	115.509
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	115.091	-	-	-	-	-	-	-	115.091
Participation Banks	418	-	-	-	-	-	-	-	418
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	408.717	922.390	43.286	-	117.148	11.558	-	1.503.099
Public sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	327.919	679.277	5.108	-	92.161	951	-	1.105.416
Other institutions	-	26.777	7.295	9	-	-	-	-	34.081
Commercial and Other Institutions	-	25.756	10.315	-	-	2.379	10.607	-	49.057
Banks and Participation Banks	-	28.265	225.503	38.169	-	22.608	-	-	314.545
IX. Precious Metals Deposits	132.119	96.393	102.886	3.586	-	611	3.520	-	339.115
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)	3.375.935	5.950.279	5.660.209	451.913	-	213.346	991.536	-	16.643.218

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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

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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	3.576.170	2.588.347	3.349.906	2.644.139
Foreign currency accounts	1.296.029	990.673	3.265.958	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	29.444	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	7.451	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	-	-

2. Information on derivative financial liabilities held for trading:

None. (December 31, 2013 : TL 2.804)

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Notes related to unconsolidated financial statements

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3. Information on borrowings:

The Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 151.000.000 and EUR 54.400.000 with maturity of one year, amounting to USD 135.000.000 and EUR 98.000.000 with maturity of two years, totaling to USD 286.000.000 and EUR 152.400.000.

As of December 31, 2014, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 359.955.589 and EUR 113.435.323 (31 December 2013: USD 345.022.089 and EUR 106.572.443).

The Bank has issued sukuk at June 30, 2014 in the amounts of USD 350.000.000 with five year maturity and 6.25% yearly profit rate determined to collect funds from various investors. The Bank has practised this transaction through its subsidiary Bereket Varlık Kiralama A.Ş. founded particularly for the related issue.

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	-	884.691	-	47.392
Loans from foreign banks, institutions and funds	-	2.331.307	-	1.988.424
Total	-	3.215.998	-	2.035.816

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	1.746.725	-	1.414.563
Medium and Long-Term	-	1.469.273	-	621.253
Total	-	3.215.998	-	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. (December 31, 2013: 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	34.737	23.451
1 to 4 years	92.312	66.677
Over 4 years	95.845	62.254
Total	222.894	152.382

6. Information on hedging derivative financial liabilities:

None. (December 31, 2013: None)

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Notes related to unconsolidated financial statements

As at December 31, 2014

(Currency - Thousand Turkish Lira)

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General provision for	153.910	113.708
I. Group loans and receivables (Total)	115.490	86.549
Participation Accounts' Share	67.736	55.687
Bank's Share	47.754	30.862
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	49	-
Participation Accounts' Share	44	-
Bank's Share	5	-
Others	-	-
II. Group loans and receivables (Total)	23.414	15.598
Participation Accounts' Share	15.227	10.643
Bank's Share	8.187	4.955
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	8.743	6.685
Participation Accounts' Share	5.694	4.493
Bank's Share	3.049	2.192
Others	-	-
Non-cash loans	15.006	11.561
Others	-	-

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

As of December 31, 2014, provision for foreign exchange losses on foreign currency indexed loans amounting to TL 15.086 (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 December 31, 2014, the Bank has provided specific provisions amounting to TL 15.328 (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 (*)	88	72
Total	88	72

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

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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(*)	23.117	33.033
Provision for unindemnified non-cash loans	15.328	12.629
Payment commitments for cheques	2.574	2.256
Provision for promotions related with credit cards and promotion of banking services	217	230
General reserves for possible losses	88	72
Financial assets at fair value through profit and loss	-	70
Other (**)	5.061	-
Total	46.385	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".

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

d) Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 26.201 (December 31, 2013: TL 16.526) and vacation pay liability amounting to TL 6.328 (December 31, 2013: TL 5.939) totaling to TL 32.529 (December 31, 2013: TL 39.465). Provisions for Performance Premium has not been allocated in the current term.(December 31,2013: TL 17.000) The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	8,40	10,34
Estimated increase rate of salary ceiling (%)	6,00	6,00
Rate used in relation to possibility of retirement (*) (%)	73,71	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	4.324	3.958
Actuarial gain/(loss)	6.958	(420)
Paid during the period	(1.607)	(1.862)
Balance at the end of the period	26.201	16.526

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8. Information on taxes payable:

a) Explanations on current tax liability:

a.1) As of December 31, 2014, the Bank's corporate tax payable is TL 24.034 (December 31, 2013: TL 22.749) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	24.034	22.749
Banking insurance transaction tax	11.050	7.444
Taxation on securities income	9.391	6.777
Value added tax payable	710	654
Taxation on real estate income	561	440
Foreign exchange transaction tax	-	-
Other	5.048	4.107
Total	50.794	42.171

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	2.190	1.705
Social security premiums-employer	2.380	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	154	120
Unemployment insurance-employer	308	240
Other	-	-
Total	5.032	3.897

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8. Information on taxes payable (continued):

b) Information on deferred tax liability:

As of December 31, 2014, the Bank calculated deferred tax asset of TL 35.388 (December 31, 2013: TL 33.398) and deferred tax liability of TL 43.681 (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. (December 31: 2013: TL 8.356 deferred tax asset)

	Tax Assessment	Deferred Tax Amount
Rediscount on profit share and prepaid fees and commission income and unearned revenues	137.820	27.564
Provisions for retirement and vacation pay liabilities	32.529	6.506
Difference between carrying value and tax base of tangible assets	4.105	821
Provision for impairment	2.215	443
Other	271	54
Deferred tax asset	176.940	35.388
Revaluation difference of property	191.475	38.295
Financial assets available for sale valuation difference	12.485	2.497
Trading securities valuation difference	1.930	386
Rediscount on profit share	125	25
Prepaid Expenses	12.390	2.478
Deferred tax liability	218.405	43.681
Deferred tax liability (net)	41.465	8.293

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

None. (December 31, 2013: None)

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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	-	472.426	-	432.973
Total	-	472.426	-	432.973

The Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey through its structured entity Albaraka Türk Sukuk Limited amounting to USD 200.000.000 with 10 years maturity with a grace period of 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 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 (*)	9.155	835	(211)	(4.531)
Foreign exchange difference	-	-	-	-
Total	9.155	835	(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:

1. Explanations on off balance sheet:

a) Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	510.257	458.540
Payment commitments for cheques	353.093	297.235
Asset purchase and sale commitments	-	65.383
Loan granting commitments	59.439	45.428
Share capital commitment to associates and subsidiaries	-	5.000
Tax and funds liabilities arising from export commitments	1.506	1.445
Commitments for promotions related with credit cards and banking activities	523	369
Other irrevocable commitments	3.832	2.819
Total	928.650	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	6.872.641	5.231.898
Acceptances	33.055	23.524
Letters of credit	589.270	482.011
Other guaranties and sureties	583.543	426.434
Total	8.078.509	6.163.867

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

	Current Period	Prior Period
Letters of guarantees	6.872.641	5.231.898
Long standing letters of guarantees	4.602.603	3.262.242
Temporary letters of guarantees	345.357	475.388
Advance letters of guarantees	289.778	269.201
Letters of guarantees given to customs	219.657	219.985
Letters of guarantees given for obtaining cash loans	1.415.246	1.005.082
Sureties and similar transactions	583.543	426.434
Total	7.456.184	5.658.332

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

c) Within the Non-cash Loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	1.415.246	1.005.082
With original maturity of 1 year or less	903.720	426.048
With original maturity of more than 1 year	511.526	579.034
Other non-cash loans	6.663.263	5.158.785
Total	8.078.509	6.163.867

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

	Current period				Prior period			
	TP	(%)	FC	(%)	TP	(%)	FC	(%)
Agricultural	99.639	2,41	25.056	0,64	76.864	2,60	18.382	0,58
Farming and stockbreeding	54.739	1,32	23.906	0,61	59.391	2,01	9.779	0,30
Forestry	44.856	1,08	-	-	17.171	0,58	7.425	0,24
Fishery	44	0,01	1.150	0,03	302	0,01	1.178	0,04
Manufacturing	1.119.292	26,98	1.955.461	49,77	907.448	30,69	1.510.004	47,08
Mining	33.103	0,80	78.965	2,01	39.757	1,34	47.502	1,48
Production	772.471	18,62	1.335.795	34,00	605.447	20,48	867.028	27,03
Electricity, gas and water	313.718	7,56	540.701	13,76	262.244	8,87	595.474	18,57
Construction	1.077.293	25,96	606.437	15,43	1.103.995	37,34	552.914	17,24
Services	1.662.751	40,06	1.076.420	27,40	757.413	25,62	850.419	26,52
Wholesale and retail trade	276.452	6,66	97.533	2,48	169.243	5,72	114.228	3,56
Hotel, food and beverage services	8.320	0,20	77.802	1,98	6.174	0,21	49.552	1,55
Transportation and telecommunication	50.769	1,22	182.038	4,63	38.593	1,31	33.646	1,05
Financial Institutions	79.009	1,90	522.572	13,30	62.333	2,11	370.994	11,57
Real estate and renting services	134.764	3,25	39.300	1,00	72.623	2,46	34.811	1,09
Self-employment services	15.253	0,37	4.073	0,10	13.372	0,45	109.507	3,40
Education services	21.604	0,52	41	0,01	20.010	0,68	133	0,01
Health and social services	1.076.580	25,94	153.061	3,90	375.065	12,68	137.548	4,29
Other	190.390	4,59	265.770	6,76	111.133	3,75	275.295	8,58
Total	4.149.365	100,00	3.929.144	100,00	2.956.853	100,00	3.207.014	100,00

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

	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	4.079.950	3.842.176	69.415	86.968
Letters of guarantee	4.053.476	2.664.249	69.326	85.590
Bank acceptances	-	33.055	-	-
Letters of credit	7.997	581.273	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	18.477	563.599	89	1.378

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

2. Explanations on derivative transactions:

	Derivative transactions according to purpose	
	December 31,2014	December 31,2013
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	-	591.316
Currency Forwards-Purchases, sales	-	591.316
Currency Swaps-Purchases, sales	-	-
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Interest Rate Related Derivative Transactions (II)	-	-
Interest rates forwards-Purchase, sales	-	-
Interest rates swaps-Purchases, sales	-	-
Interest rates options-Purchases, sales	-	-
Interest rates futures-Purchases, sales	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I + II + III)	-	591.316
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	-	591.316

3. Explanations on contingent assets and liabilities:

The Bank has made a provision amounting to TL 88 (December 31,2013: TL 72), as presented under "Other Provisions" note in Section Five Note II.7.ç ,for the lawsuits opened by various real persons and legal entities against the Bank with high probability of realization and cash outflows. Although there are other ongoing lawsuits against the Bank, the Bank considers the probability of a negative result in ongoing litigations resulting in cash outflows as remote.

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

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

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

1. Information on profit share income:

a) Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans (*)	1.255.868	120.550	979.383	115.719
Short Term Loans	552.910	13.494	382.732	17.882
Medium and Long Term Loans	695.778	107.045	586.784	95.919
Profit Share on Non-Performing Loans	7.180	11	9.867	1.918

(*) 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	492	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	1.882	-	1.680
Head Offices and Branches Abroad	-	-	-	-
Total	492	1.882	-	1.680

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From financial assets held for trading	-	-	-	-
From financial assets at fair value through profit or loss	-	-	-	-
From financial assets available-for-sale	36.656	4.498	8.525	1.836
From held-to-maturity investments	53.982	-	41.596	28
Total	90.638	4.498	50.121	1.864

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	-	920	-	-
Total	-	920	-	-

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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	-	39.791	-	38.262
CBRT	-	-	-	-
Domestic banks	-	473	-	246
Foreign banks	-	39.318	-	38.016
Head offices and branches abroad	-	-	-	-
Other institutions	-	60.245	-	20.904
Total	-	100.036	-	59.166

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	179	25.684	171	-
Total	179	25.684	171	-

c) Profit share expenses paid to marketable securities issued:

None.

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

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

Profit sharing accounts								
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total
TL								
Funds collected from banks through current and profit sharing accounts	-	4.526	3.972	-	1.096	236	-	9.830
Real persons' non-trading profit sharing accounts	279.966	115.958	8.282	-	1.963	35.295	-	441.464
Public sector profit sharing accounts	642	2	-	-	-	-	-	644
Commercial sector profit sharing accounts	47.046	26.857	7.496	-	6.204	10.777	-	98.380
Other institutions profit sharing accounts	3.614	4.234	947	-	51	704	-	9.550
Total	331.268	151.577	20.697	-	9.314	47.012	-	559.868
FC								
Banks	2.351	8.508	1.327	-	344	162	-	12.692
Real persons' non-trading profit sharing accounts	42.486	19.717	3.016	-	578	10.271	-	76.068
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	10.223	13.456	1.266	-	28	357	-	25.330
Other institutions profit sharing accounts	2.478	157	61	-	21	242	-	2.959
Precious metals deposits	1.118	2.822	67	-	13	42	-	4.062
Total	58.656	44.660	5.737	-	984	11.074	-	121.111
Grand total	389.924	196.237	26.434	-	10.298	58.086	-	680.979

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

3. Information on dividend income:

	Current Period		Prior Period	
	TP	YP	TP	YP
From trading financial assets	180	-	459	-
From financial assets at fair value through profit and loss	-	-	-	-
From available for sale financial assets	-	-	-	-
Other	-	-	-	-
Total	180	-	459	-

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

	Current Period	Prior Period
Income	3.295.553	2.888.474
Income from capital market transactions	1.484	18
Income from derivative financial instruments	21.681	-
Foreign exchange income	3.272.388	2.888.456
Loss (-)	3.242.296	2.851.293
Loss on capital market transactions	10	-
Loss on derivative financial instruments	540	2.804
Foreign exchange losses	3.241.746	2.848.489
Trading income/loss (net)	53.257	37.181

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	79.768	96.005
Income from sale of assets	9.863	15.562
Reimbursement for communication expenses	3.295	2.738
Reimbursement for bank statement expenses	980	1.332
Cheque book charges	754	725
Other income	2.159	2.452
Total	96.819	118.814

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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	86.262	146.065
Loans and receivables in III. Group	64.093	103.128
Loans and receivables in IV. Group	10.500	27.433
Loans and receivables in V. Group	6.530	11.604
Doubtful commission, fee and other receivables	5.139	3.900
General provision expenses	45.361	10.588
Provision expenses for possible losses	31	28
Impairment losses on marketable securities	26	205
Financial assets at fair value through profit and loss	26	205
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(*)	17.896	33.997
Total	149.576	190.883

(*) 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 6.906 (December 31, 2013: TL 28.370).

TL 59.340 (December 31, 2013: TL 90.811) of the total specific provisions provided for loan and other receivables amounting to TL 86.262 (December 31, 2013: TL 146.065) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 18.515 (December 31, 2013: TL 6.044) of the total general loan loss provisions provided for loan and other receivables amounting to TL 45.361 (December 31, 2013: TL 10.588) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

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

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	281.884	227.302
Provision for retirement pay liability	2.717	2.096
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	31.812	23.094
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	9.603	5.096
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1.347	1.058
Depreciation expenses of assets to be disposed	1.257	669
Impairment expenses of assets held for sale and assets of discontinued operations	3	960
Other operating expenses	106.864	76.467
Operating lease expenses	41.220	30.432
Maintenance expenses	6.256	4.207
Advertisement expenses	8.166	5.143
Other expenses	51.222	36.685
Loss on sale of assets	351	524
Other(*)	66.600	67.135
Total	502.438	404.401

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	27.223	17.321
Taxes, Duties, Charges and Funds	19.445	15.923
Expertise and Information Expenses	9.170	6.247
Audit and Consultancy Fees	7.174	5.942
Other	3.588	21.702
Total	66.600	67.135

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

As the Bank does not have any discontinued operations, there is no explanation related to income/loss from discontinued operations before taxes.

The Bank's income before tax increased by 9 % compared to prior period and is realized as TL 325.552. Income before tax comprises net profit share income in the amount of TL 698.974 and fees and commission income in the amount of TL 128.336. Total other operating expenses amount to TL 502.438.

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

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

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	325.552	299.543
Tax calculated with tax rate of 20%	65.110	59.909
Other additions and disallowable expenses	15.939	11.663
Deductions	(7.767)	(3.745)
Provision for current taxes	73.282	67.827
Provision for deferred taxes	(361)	(9.693)
Continuing Operations Tax Provision	72.921	58.134

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:

The Bank has no discontinued operations. Net income for the period has been realized as TL 325.552 (December 31,2013: TL 299.543) by deducting tax provision expense amounting to TL 72.921 (December 31,2013: TL 58.134) from profit from continued operations amounting to TL 252.631 (December 31,2013: TL 241.409).

11. Explanations on net income/ loss:

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

None.

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

None.

c) Income / loss of minority interest:

None.

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

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

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	30.130	24.012
Clearing room fees and commissions	16.039	7.760
Commissions on money orders	8.323	6.938
Appraisal fees	7.389	5.332
Insurance and brokerage commissions	5.109	4.314
Other	12.230	10.585
Total	79.220	58.941

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	11.526	7.051
Credit cards fees and commissions	6.092	6.180
Member firm-POS fees and commissions	7.469	5.694
Other	7.329	8.655
Total	32.416	27.580

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

- a) There is no declaration of dividends made subsequent to the balance sheet date, and prior to the announcement of the financial statements.

Decision related to the dividend distribution will be taken in the General Assembly. General Assembly has not been held as of the date of finalization of the accompanying financial statements.

- b) "Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are recognized in the "Marketable securities valuation reserve" account under equity, until the financial assets are sold, disposed of or impaired at which time they are transferred to the statement of income. TL 18.414 increase has occurred after the revaluation of available-for-sale securities (December 31, 2013: TL 7.419 decrease).
- c) Revaluation funds related to tangible and intangible assets and foreign exchange differences arising from translation of tangible and intangible assets of foreign branch of the Bank are accounted under equity in revaluation reserve on tangible assets and revaluation reserve on intangible assets.
- d) Foreign exchange differences arising from translation of income statement of foreign branch of the Bank are accounted in other capital reserves amounts to TL 1.305. (December 31, 2013: TL 502).

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

- a) Components of cash and cash equivalents and accounting policy applied in their determination:

"Cash" is defined as cash in vault and foreign currency cash, money in transit, cheques purchased, unrestricted balance with the Central Bank and demand deposits at banks. "Cash equivalents" is defined as money market placements and time deposits at banks with original maturities less than three months.

- (i). Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash	503.284	325.032
Cash in TL/foreign currency	128.349	109.123
Cash in transit	-	-
CBRT	374.935	215.909
Cash equivalents	1.378.708	1.037.112
Domestic banks	1.050.995	790.868
Foreign banks	327.713	246.244
Total cash and cash equivalents	1.881.992	1.362.144

- (ii). Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	737.011	503.284
Cash in TL/foreign currency	194.922	128.349
Cash in transit	-	-
CBRT	542.089	374.935
Cash equivalents	1.646.921	1.378.708
Domestic banks	1.242.626	1.050.995
Foreign banks	404.295	327.713
Total cash and cash equivalents	2.383.932	1.881.992

2. Cash and cash equivalent items which are restricted for the usage of the Bank by legal or other limitations:

Restricted time deposits held at the Central Bank of Turkey are not considered as cash and cash equivalent items.

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VI. Explanations and disclosures regarding the cash flow table (continued):

3. Explanation about other cash flow items and the effect of the changes in foreign exchange rates on cash and cash equivalents:

The "Others" item under "Operating profit before changes in operating assets and liabilities" amounting to TL 122.835 (December 31, 2013: TL 259.771) mainly comprises other operating expenses excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 88.741 (December 31, 2013: TL 30.699) mainly comprises changes in miscellaneous payables, other liabilities and taxes and other duties payable.

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately as TL 58.299 as of December 31, 2014 (December 31, 2013: TL 100.043).

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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	-	50.238	69.492
Profit share and commission income received	535	-	-	-	437	257

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	-	-	-	-	3.000	27

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

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

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect Shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	5.703	33	3.224	1.647	185.192	229.835
Balance at the end of period	1.594	5.703	5.354	3.224	248.343	185.192
Profit share expense	500	-	152	300	7.368	7.242

(*) As of December 31, 2014 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 241.859.711 and EURO 100.017.980 (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 – December 31, 2014 is TL 16.656 (December 31, 2013: 11.582 TL). The Bank has issued Sukuk in the amounts of USD 350.000.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Bank. The expense for the related issue is TL 25.684 as of December 31, 2014.

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 December 31, 2014; the Bank has paid TL 10.033 (December 31, 2013: TL 9.020) to top management.

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

1. Information on the domestic and foreign branches and representative offices of the Bank:

	Number	Number of Personnel			
Domestic Branches	201	3.496			
			Country		
Foreign Representation Office	-	-	-		
				Total Assets (thousand TL)	Statutory Share Capital
Foreign Branches	1	14	Iraq	175.437	USD 7.000.000
Off-Shore Branches	-	-	-	-	-

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure:

In 2014, the Bank has opened 35 domestic branches.

IX. Explanations related to subsequent events:

As per the press release by Central Bank of Turkey dated January 3, 2015 numbered 2015-1, starting from February 13, 2015 on the liabilities subject to legal reserves, the Banks will allocate legal reserves varying between 6% and 18 % according to nature of the deposits corresponding to Foreign reserves.

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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

Independent Auditors' report

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

The Bank's unconsolidated financial statements as of and for the period ended December 31, 2014 have been audited by Gney Baėımsız Denetim ve Serbest Muhasebeci Mali Mavirlik A.. (a Member Firm of Ernst & Young Global Limited) and the independent auditors' report dated February 27, 2015 is presented at the beginning of the financial statements and related notes.

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

None.