

Albaraka Türk Katılım Bankası Anonim Şirketi

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

October 31, 2017

*This report contains "Limited Review Report"
comprising 2 pages and "Unconsolidated
Financial Statements and Related Disclosures
and Footnotes" comprising 86 pages.*

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

LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the unconsolidated statement of financial position of Albaraka Türk Katılım Bankası A.Ş. (“the Bank”) at September 30, 2017 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Albaraka Türk Katılım Bankası A.Ş. as of September 30, 2017 and of the results of its operations and its cash flows for the nine-month period then ended in all aspects in accordance with the BRSA Accounting and Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

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

Alper Güvenç
Partner, SMMM

October 31, 2017
İstanbul, Turkey

Additional paragraph for convenience translation to English:

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

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

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

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

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

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

Melikşah UTKU
General Manager

Temel HAZIROĞLU
Assistant General
Manager

Yunus AHLATCI
Financial Reporting
Manager

Mustafa BÜYÜKABACI
Chairman of the Audit Committee

Hood Hashem Ahmed HASHEM
Member of the Audit Committee

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

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

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

The Bank's head office is located in Istanbul and is operating through 214 (December 31, 2016: 212) local branches and 1 (December 31, 2016: 1) foreign branch and with 3.885 (December 31, 2016: 3.796) staff as of September 30, 2017.

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

As of September 30, 2017, 54,06% (December 31, 2016: 54,06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 25,08% (December 31, 2016: 24,84%) of the shares are publicly traded and quoted at Borsa İstanbul.

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

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

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
Chairman of the Board of Directors (BOD):	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	(*) 0,0000
Members of BOD:	Yalçın ÖNER	Vice Chairman of BOD	Master	-
	Osman AKYÜZ	Member of BOD	Bachelor	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	(*) 0,0000
	Hamad Abdulla A. ALOQAB	Member of BOD	Bachelor	(*) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of BOD	Master	(*) 0,0000
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Khaled Abdulla Mohamed ATEEQ	Member of BOD	Doctorate	-
	Dr. Bekir PAKDEMIRLI	Member of BOD	Doctorate	-
	Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
	Muhammad Zarrug M. RAJAB	Independent Member of BOD	Bachelor	-
General Manager:	Melikşah UTKU	Member of BOD / General Manager	Master	-
Assistant General Managers:	Turgut SİMİTCİOĞLU	Assistant General Manager Responsible for Business Branches (General Manager Deputy)	Master	-
	Mehmet Ali VERÇİN	Assistant General Manager Responsible for Support (General Manager Deputy)	Bachelor	-
	Nihat BOZ	Assistant General Manager Responsible for Legal	Bachelor	-
	Cenk DEMİRÖZ	Assistant General Manager Responsible for Credits	Master	-
	Deniz AKSU	Assistant General Manager Responsible for Risk Monitoring	Bachelor	-
	Temel HAZIROĞLU	Assistant General Manager Responsible for Finance	Master	(*) 0,0342
	Nevzat BAYRAKTAR	Assistant General Manager Responsible for Sales	Bachelor	-
	Hasan ALTUNDAĞ	Assistant General Manager Responsible for Marketing	Bachelor	-
	Malek Khodr TEMSAH	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Fatih BOZ	Assistant General Manager Responsible for Operations	Master	-
	Süleyman ÇELİK	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
	Ali TUĞLU	Assistant General Manager Responsible for Information Technologies	Master	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000

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

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0342% of the Bank's share capital (December 31, 2016: 0,0342%).

IV. Information on the Bank's qualified shareholders:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION TWO

The unconsolidated financial statements

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

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

ASSETS	Notes (Section Five-I)	Reviewed			Audited		
		CURRENT PERIOD September 30, 2017			PRIOR PERIOD December 31, 2016		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	223.837	4.991.186	5.215.023	940.247	4.058.805	4.999.052
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	985.664	3.296	988.960	1.022	65.074	66.096
2.1 Trading Financial Assets		985.664	3.296	988.960	1.022	65.074	66.096
2.1.1 Public Sector Debt Securities		932	-	932	-	-	-
2.1.2 Equity Securities		-	-	-	954	-	954
2.1.3 Derivative Financial Assets Held for Trading		353	-	353	55	65.013	65.068
2.1.4 Other Marketable Securities		984.379	3.296	987.675	13	61	74
2.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(3)	801.087	449.160	1.250.247	656.410	1.501.767	2.158.177
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS-AVAILABLE FOR SALE (Net)	(4)	912.043	417.923	1.329.966	996.067	386.623	1.382.690
5.1 Equity Securities		15	7.751	7.766	15	6.335	6.350
5.2 Public Sector Debt Securities		912.028	322.783	1.234.811	986.482	298.856	1.285.338
5.3 Other Marketable Securities		-	87.389	87.389	9.570	81.432	91.002
VI. LOANS AND RECEIVABLES	(5)	17.389.555	5.591.289	22.980.844	17.448.650	4.394.425	21.843.075
6.1 Loans and Receivables		16.804.840	5.591.282	22.396.122	16.921.201	4.394.425	21.315.626
6.1.1 Loans to Risk Group of The Bank		3.043	45.180	48.223	6.937	29.327	36.264
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		16.801.797	5.546.102	22.347.899	16.914.264	4.365.098	21.279.362
6.2 Non-performing loans		1.308.678	692	1.309.370	1.104.785	1.169	1.105.954
6.3 Specific Provisions (-)		723.963	685	724.648	577.336	1.169	578.505
VII. INVESTMENTS HELD TO MATURITY (Net)	(6)	508.921	-	508.921	668.582	-	668.582
VIII. INVESTMENTS IN ASSOCIATES (Net)	(7)	4.719	-	4.719	4.719	-	4.719
8.1 Accounted for under Equity Method		-	-	-	-	-	-
8.2 Unconsolidated Associates		4.719	-	4.719	4.719	-	4.719
8.2.1 Financial Associates		4.719	-	4.719	4.719	-	4.719
8.2.2 Non-Financial Associates		-	-	-	-	-	-
IX. SUBSIDIARIES (Net)	(8)	5.400	-	5.400	5.400	-	5.400
9.1 Unconsolidated Financial Subsidiaries		5.400	-	5.400	5.400	-	5.400
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X. JOINT VENTURES (Net)	(9)	20.000	-	20.000	20.000	-	20.000
10.1 Accounted for under Equity Method		-	-	-	-	-	-
10.2 Unconsolidated		20.000	-	20.000	20.000	-	20.000
10.2.1 Financial Joint Ventures		20.000	-	20.000	20.000	-	20.000
10.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XI. LEASE RECEIVABLES (Net)	(10)	729.994	-	729.994	878.979	-	878.979
11.1 Finance Lease Receivables		821.018	-	821.018	996.206	-	996.206
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned Income (-)		91.024	-	91.024	117.227	-	117.227
XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
12.1 Fair Value Hedge		-	-	-	-	-	-
12.2 Cash Flow Hedge		-	-	-	-	-	-
12.3 Hedge of Net Investment Risks in Foreign Operations		-	-	-	-	-	-
XIII. TANGIBLE ASSETS (Net)	(12)	564.564	268	564.832	516.340	791	517.131
XIV. INTANGIBLE ASSETS (Net)	(13)	30.116	132	30.248	35.157	305	35.462
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		30.116	132	30.248	35.157	305	35.462
XV. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVI. TAX ASSET	(15)	15.033	-	15.033	25.100	-	25.100
16.1 Current Tax Asset		2.726	-	2.726	5.004	-	5.004
16.2 Deferred Tax Asset		12.307	-	12.307	20.096	-	20.096
XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(16)	62.266	448	62.714	91.884	433	92.317
17.1 Assets Held for Sale		62.266	448	62.714	91.884	433	92.317
17.2 Assets of Discontinued Operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(17)	91.653	28.086	119.739	141.900	12.058	153.958
TOTAL ASSETS		22.344.852	11.481.788	33.826.640	22.430.457	10.420.281	32.850.738

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

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

LIABILITIES	Notes (Section Five-II)	Reviewed			Audited		
		CURRENT PERIOD September 30, 2017			PRIOR PERIOD December 31, 2016		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	12.719.391	11.389.853	24.109.244	12.557.143	10.597.991	23.155.134
1.1 Funds from Risk Group of The Bank		82.627	578.367	660.994	18.908	467.738	486.646
1.2 Other		12.636.764	10.811.486	23.448.250	12.538.235	10.130.253	22.668.488
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	5.194	145	5.339	88	-	88
III. FUNDS BORROWED	(3)	721.791	4.001.507	4.723.298	181.593	4.242.602	4.424.195
IV. BORROWINGS FROM MONEY MARKETS		105.000	-	105.000	492.784	-	492.784
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES		612.100	52.200	664.300	634.215	68.144	702.359
VII. OTHER LIABILITIES	(4)	-	-	-	-	-	-
VIII. LEASE PAYABLES	(5)	-	-	-	-	-	-
8.1 Finance Lease Payables		-	-	-	-	-	-
8.2 Operational Lease Payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
IX. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
9.1 Fair Value Hedge		-	-	-	-	-	-
9.2 Cash Flow Hedge		-	-	-	-	-	-
9.3 Net Foreign Investment Hedge		-	-	-	-	-	-
X. PROVISIONS	(7)	204.227	30.347	234.574	191.485	42.364	233.849
10.1 General Provisions		116.302	24.013	140.315	110.416	25.847	136.263
10.2 Restructuring Reserves		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		49.053	-	49.053	43.260	-	43.260
10.4 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.5 Other Provisions		38.872	6.334	45.206	37.809	16.517	54.326
XI. TAX LIABILITY	(8)	38.644	21	38.665	48.484	3.315	51.799
11.1 Current Tax Liability		38.644	21	38.665	48.484	3.315	51.799
11.2 Deferred Tax Liability		-	-	-	-	-	-
XII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(9)	-	-	-	-	-	-
12.1 Assets Held for Sale		-	-	-	-	-	-
12.2 Assets of Discontinued Operations		-	-	-	-	-	-
XIII. SUBORDINATED LOANS	(10)	-	1.563.245	1.563.245	-	1.510.937	1.510.937
XIV. SHAREHOLDERS' EQUITY	(11)	2.382.644	331	2.382.975	2.288.359	(8.766)	2.279.593
14.1 Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2 Capital Reserves		220.409	331	220.740	220.642	(8.766)	211.876
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Reserve		(10.027)	331	(9.696)	210	(8.766)	(8.556)
14.2.4 Revaluation Reserve on Tangible Assets		215.132	-	215.132	211.642	-	211.642
14.2.5 Revaluation Reserve on Intangible Assets		-	-	-	-	-	-
14.2.6 Investment Property Revaluation Reserve		-	-	-	-	-	-
14.2.7 Bonus Shares From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-
14.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
14.2.9 Accumulated Valuation Differences on Assets Held For Sale and Assets of Discontinued Operations		-	-	-	-	-	-
14.2.10 Other Capital Reserves		15.304	-	15.304	8.790	-	8.790
14.3 Profit Reserves		1.113.454	-	1.113.454	946.157	-	946.157
14.3.1 Legal Reserves		116.236	-	116.236	101.765	-	101.765
14.3.2 Status Reserves		-	-	-	-	-	-
14.3.3 Extraordinary Reserves		997.218	-	997.218	844.392	-	844.392
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Profit or Loss		148.781	-	148.781	221.560	-	221.560
14.4.1 Prior Years Profit / (Loss)		7.664	-	7.664	3.951	-	3.951
14.4.2 Current Year Profit / (Loss)		141.117	-	141.117	217.609	-	217.609
TOTAL LIABILITIES		16.788.991	17.037.649	33.826.640	16.394.151	16.456.587	32.850.738

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

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

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		September 30, 2017			December 31, 2016		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	(1)	5.857.209	4.818.588	10.675.797	5.229.816	5.721.490	10.951.306
I. GUARANTEES AND SURETIES		3.962.335	3.631.868	7.594.203	4.003.878	4.697.315	8.701.193
1.1. Letters of Guarantees		3.958.944	2.698.245	6.657.189	3.992.017	3.817.794	7.809.811
1.1.1. Guarantees Subject to State Tender Law		418.329	34.178	452.507	380.805	33.037	413.842
1.1.2. Guarantees Given for Foreign Trade Operations		1.885	600.871	602.756	5.911	875.341	881.252
1.1.3. Other Letters of Guarantee		3.538.730	2.063.196	5.601.926	3.605.301	2.909.416	6.514.717
1.2. Bank Loans		-	21.369	21.369	-	20.711	20.711
1.2.1. Import Letter of Acceptances		-	21.369	21.369	-	20.711	20.711
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		674	859.378	860.052	2.073	750.606	752.679
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		674	859.378	860.052	2.073	750.606	752.679
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		-	50.855	50.855	150	101.422	101.572
1.7. Other Collaterals		2.717	2.021	4.738	9.638	6.782	16.420
II. COMMITMENTS	(1)	1.555.065	156.643	1.711.708	1.221.782	9.379	1.231.161
2.1. Irrevocable Commitments		1.555.065	156.643	1.711.708	1.221.782	9.379	1.231.161
2.1.1. Asset Purchase and Sale Commitments		70.978	156.643	227.621	4.020	9.379	13.399
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		154.919	-	154.919	111.042	-	111.042
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		634.130	-	634.130	588.983	-	588.983
2.1.7. Tax And Fund Liabilities from Export Commitments		3.682	-	3.682	3.029	-	3.029
2.1.8. Commitments for Credit Card Expenditure Limits		498.413	-	498.413	475.270	-	475.270
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		443	-	443	963	-	963
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		192.500	-	192.500	38.475	-	38.475
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	339.809	1.030.077	1.369.886	4.156	1.014.796	1.018.952
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		339.809	1.030.077	1.369.886	4.156	1.014.796	1.018.952
3.2.1. Forward Foreign Currency Buy/Sell Transactions		6.022	5.616	11.638	4.156	1.014.796	1.018.952
3.2.1.1. Forward Foreign Currency Transactions-Buy		3.012	2.808	5.820	2.078	539.810	541.888
3.2.1.2. Forward Foreign Currency Transactions-Sell		3.010	2.808	5.818	2.078	474.986	477.064
3.2.2. Other Forward Buy/Sell Transactions		333.787	1.024.461	1.358.248	-	-	-
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		56.654.033	7.436.768	64.090.801	46.841.565	7.544.333	54.385.898
IV. ITEMS HELD IN CUSTODY		1.919.116	1.039.013	2.958.129	1.598.038	1.363.315	2.961.353
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		72	-	72	72	-	72
4.3. Cheques Received for Collection		1.472.594	130.899	1.603.493	1.214.349	110.011	1.324.360
4.4. Commercial Notes Received for Collection		415.399	47.084	462.483	351.020	31.674	382.694
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		999	144.044	145.043	2.534	153.793	156.327
4.8. Custodians		29.949	716.986	746.935	29.960	1.067.837	1.097.797
V. PLEDGED ITEMS		54.734.917	6.397.755	61.132.672	45.243.527	6.181.018	51.424.545
5.1. Marketable Securities		7.610.766	2.697.012	10.307.778	2.553.972	1.690.418	4.244.390
5.2. Guarantee Notes		1.329.107	144.649	1.473.756	1.461.797	180.826	1.642.623
5.3. Commodity		2.070.551	658.820	2.729.371	1.873.977	956.778	2.830.755
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		41.484.043	2.034.230	43.518.273	37.530.439	1.668.064	39.198.503
5.6. Other Pledged Items		2.057.823	859.050	2.916.873	1.571.336	1.681.591	3.252.927
5.7. Pledged Items-Depository		182.627	3.994	186.621	252.006	3.341	255.347
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		62.511.242	12.255.356	74.766.598	52.071.381	13.265.823	65.337.204

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

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

INCOME AND EXPENSE ITEMS	Notes (Section Five-IV)	Reviewed	Reviewed	Reviewed	Reviewed
		CURRENT PERIOD January 1- September 30, 2017	PRIOR PERIOD January 1- September 30, 2016	CURRENT PERIOD July 1- September 30, 2017	PRIOR PERIOD July 1- September 30, 2016
I. PROFIT SHARE INCOME	(1)	1.897.858	1.635.408	610.077	541.199
1.1 Profit Share on Loans		1.677.540	1.449.412	543.902	477.364
1.2 Income Received from Reserve Deposits		22.566	14.773	9.360	4.068
1.3 Income Received from Banks		1.134	312	221	281
1.4 Income Received from Money Market Placements		-	-	-	-
1.5 Income Received from Marketable Securities Portfolio		145.860	116.870	42.066	42.134
1.5.1 Held-For-Trading Financial Assets		219	-	219	-
1.5.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-
1.5.3 Available-For-Sale Financial Assets		98.221	65.039	29.481	24.742
1.5.4 Investments Held to Maturity		47.420	51.831	12.366	17.392
1.6 Finance Lease Income		49.647	53.128	14.487	17.343
1.7 Other Profit Share Income		1.111	913	41	9
II. PROFIT SHARE EXPENSE	(2)	995.974	878.358	347.838	298.221
2.1 Expense on Profit Sharing Accounts		729.849	648.511	250.145	216.606
2.2 Profit Share Expense on Funds Borrowed		249.779	182.878	93.257	66.549
2.3 Profit Share Expense on Money Market Borrowings		4.673	43.649	1.824	14.606
2.4 Profit Share Expense on Securities Issued		-	-	-	-
2.5 Other Profit Share Expense		11.673	3.320	2.612	460
III. NET PROFIT SHARE INCOME (I – II)		901.884	757.050	262.239	242.978
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		109.185	105.191	35.268	34.896
4.1 Fees and Commissions Received		159.845	150.630	52.338	50.713
4.1.1 Non-Cash Loans		77.063	76.319	23.673	26.288
4.1.2 Other	(12)	82.782	74.311	28.665	24.425
4.2 Fees and Commissions Paid		50.660	45.439	17.070	15.817
4.2.1 Non-Cash Loans		176	225	121	73
4.2.2 Other	(12)	50.484	45.214	16.949	15.744
V. DIVIDEND INCOME	(3)	-	-	-	-
VI. TRADING INCOME/LOSS(net)	(4)	25.945	51.750	8.160	20.314
6.1 Capital Market Transaction Income / (Loss)		44.857	71	10.465	15
6.2 Profit / (Loss) from Derivative Financial Instruments		(19.994)	(21.258)	(6.570)	12.182
6.3 Foreign Exchange Income / (Loss)		1.082	72.937	4.265	8.117
VII. OTHER OPERATING INCOME	(5)	85.315	82.120	21.508	17.109
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.122.329	996.111	327.175	315.297
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	358.819	227.124	124.306	82.944
X. OTHER OPERATING EXPENSES (-)	(7)	588.276	547.336	189.782	171.878
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		175.234	221.651	13.087	60.475
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)	175.234	221.651	13.087	60.475
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	34.117	42.784	3.267	10.158
16.1 Provision for Current Taxes		16.196	46.902	761	6.508
16.2 Provision for Deferred Taxes		17.921	(4.118)	2.506	3.650
XVII. NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	141.117	178.867	9.820	50.317
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)	141.117	178.867	9.820	50.317
Earnings Per Share (Full TL)		0,157	0,199	0,011	0,056

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

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

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	Reviewed	Reviewed
	CURRENT PERIOD January 1- September 30, 2017	PRIOR PERIOD January 1- September 30, 2016
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(1.425)	(3.883)
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	3.314	218
V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-
VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-
VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-	-
VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	-	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	285	777
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	2.174	(2.888)
XI. PROFIT/LOSS	141.117	178.867
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	141.117	178.867
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	143.291	175.979

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

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

CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves ^(*)	Current Period Income / (Loss)	Prior Years Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc.op.	Total Equity
PRIOR PERIOD																	
January 1 - September 30, 2016																	
I. Beginning balance	(V)	900.000	-	-	-	84.774	-	611.757	1.127	302.863	3.610	10.691	189.092	-	-	-	2.103.914
II. Changes In Period																	
III. Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(3.106)	-	-	-	-	(3.106)
V. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Associates Subsidiaries and Jointly Controlled		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	218	-	-	-	-	-	-	-	218
IX. Changes Related to the Disposal Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to the Redassification of		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Period Net Income/(Loss)		-	-	-	-	(2.822)	-	(3.450)	2.323	178.867	3.095	-	(7.530)	-	-	-	(8.384)
XVIII. Profit Distribution		-	-	-	-	15.863	-	240.210	-	(302.863)	(3.610)	-	-	-	-	-	178.867
18.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	(50.400)	-	-	-	-	-	(50.400)
18.2 Transfers To Reserves		-	-	-	-	15.863	-	240.210	-	(302.863)	(256.073)	-	-	-	-	-	(50.400)
18.3 Other		-	-	-	-	-	-	-	-	-	302.863	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	97.815	-	848.517	3.668	178.867	3.095	7.585	181.562	-	-	-	2.221.109

^(*) As per Repurchase Programme accepted at the General Assembly on March 25, 2015 repurchased shares amount to TL 3.005 between January 18, 2016 and July 22, 2016 represented under other reserves.

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

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

CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves ^(*)	Current Period Income / (Loss)	Prior Years Net Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc.op.	Total Equity
CURRENT PERIOD																	
January 1 - September 30, 2017																	
I. Beginning balance	(V)	900.000	-	-	-	101.765	-	844.392	8.790	217.609	3.951	(8.556)	211.642	-	-	-	2.279.593
Changes In Period																	
Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(1.140)	-	-	-	-	(1.140)
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		-	-	-	-	-	-	-	3.314	-	-	-	-	-	-	-	3.314
X. Changes Related to the Redassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation Adjustment to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Period Net Income/(Loss)		-	-	-	-	3.591	-	(3.591)	(3.591)	-	3.713	-	3.490	-	-	-	3.612
XVIII. Profit Distribution		-	-	-	-	-	-	-	-	141.117	-	-	-	-	-	-	141.117
18.1 Dividends Distributed		-	-	-	-	10.880	-	156.417	6.791	(217.609)	-	-	-	-	-	-	(43.521)
18.2 Transfers To Reserves		-	-	-	-	-	-	-	-	-	(43.521)	-	-	-	-	-	(43.521)
18.3 Other		-	-	-	-	10.880	-	156.417	6.791	-	(174.088)	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	(217.609)	217.609	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	116.236	-	997.218	15.304	141.117	7.664	(9.696)	215.132	-	-	-	2.382.975

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS		Notes (Section Five-VI)	Reviewed CURRENT PERIOD January 1- September 30, 2017	Reviewed PRIOR PERIOD January 1- September 30, 2016
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes In Operating Assets And Liabilities		600.870	816.007
1.1.1	Profit Share Income Received		1.873.035	1.428.062
1.1.2	Profit Share Expense Paid		(907.427)	(789.803)
1.1.3	Dividend Received		-	-
1.1.4	Fees and Commissions Received		82.782	74.311
1.1.5	Other Income		68.899	58.861
1.1.6	Collections from Previously Written Off Loans		209.659	120.147
1.1.7	Payments to Personnel and Service Suppliers		(328.749)	(309.440)
1.1.8	Taxes Paid		(44.455)	(73.942)
1.1.9	Others		(352.874)	307.811
1.2	Changes In Operating Assets And Liabilities		(1.362.156)	(1.158.925)
1.2.1	Net (Increase) Decrease in Available For Sale Financial Assets		(922.864)	15.207
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		682.355	(91.015)
1.2.4	Net (Increase) Decrease in Loans		(1.001.215)	(1.091.347)
1.2.5	Net (Increase) Decrease in Other Assets		(5.412)	87.359
1.2.6	Net Increase (Decrease) in Funds Collected From Banks		(538.972)	1.251.231
1.2.7	Net Increase (Decrease) in Other Funds Collected		1.378.422	(1.765.496)
1.2.8	Net Increase (Decrease) in Funds Borrowed		-	-
1.2.9	Net Increase (Decrease) in Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities		(954.470)	435.136
I.	Net Cash Flow From Banking Operations		(761.286)	(342.918)
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities		(49.948)	(50.518)
2.1	Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		-	(4.500)
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3	Fixed Assets Purchases		(35.400)	(21.738)
2.4	Fixed Assets Sales		34.688	51.410
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		(806.904)	(680.721)
2.6	Cash Obtained from Sale of Financial Assets Available for Sale		598.242	439.586
2.7	Cash Paid for Purchase of Investment Securities		(232.000)	(184.555)
2.8	Cash Obtained from Sale of Investment Securities		391.426	350.000
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Flow From Financing Activities		(475.918)	(1.546.538)
3.1	Cash Obtained from Funds Borrowed and Securities Issued		5.004.812	1.090.346
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(5.437.209)	(2.586.484)
3.3	Issued Capital Instruments		-	-
3.4	Dividends Paid		(43.521)	(50.400)
3.5	Payments for Finance Leases		-	-
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		24.496	61.909
V.	Net (Decrease) Increase in Cash and Cash Equivalents		(1.262.656)	(1.878.065)
VI.	Cash and Cash Equivalents at the Beginning of the Period		3.464.483	3.808.054
VII.	Cash and Cash Equivalents at the End of the Period		2.201.827	1.929.989

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

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

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on basis of presentation:

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

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

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

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

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

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

New IFRS 16 Leases Standard has been published by IASB on January 13, 2016. This standard replaces the current IAS 17 Leases Standard regulating leasing transactions, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC 15 Operating Leases Incentives and leading to changes in IAS 40 Investment Property. IFRS 16 replaces the current dual accounting model presenting the financial leases on balance sheet and not representing operational leases on balance sheet. Instead, a singular accounting model will be represented similar to current financial leasing accounting model based on balance sheet. For lessors, the accounting will remain the same as to the current accounting practices. This change will be effective for the periods after January 1, 2019. Early adoption is allowed for the entities which are already applying "TFRS 15 Revenue from contracts with customers". The Bank evaluates the impacts of the standard on financial position and performance.

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2017
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I. Explanations on basis of presentation (continued):

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

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

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

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

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

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

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

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

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

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

There are no foreign currency differences capitalized by the Bank.

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

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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IV. Explanations on profit share income and expenses:

Profit share income

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

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

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

Profit share expense

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

V. Explanations on fees, commission income and expenses:

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

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

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

VI. Explanations on financial assets:

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

Financial assets at fair value through profit or loss:

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

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

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

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

As of September 30, 2017, the Bank has not any financial assets classified as financial assets at fair value through profit or loss except for trading financial assets (December 31, 2016: None).

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

VI. Explanations on financial assets (continued):

Financial assets available for sale:

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

Loans and receivables:

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

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

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

Financial assets held to maturity:

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

VII. Explanations on impairment of financial assets:

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

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

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

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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VIII. Explanations on offsetting of financial instruments:

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

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

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

The Bank has not any securities lending transactions.

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

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

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

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

XI. Explanations on goodwill and other intangible assets:

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

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

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

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XII. Explanations on tangible assets:

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

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

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

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

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

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

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

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

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

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

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

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XIII. Explanations on leasing transactions:

Transactions as a lessee

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

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

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

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

Transactions as a lessor

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

XIV. Explanations on provisions and contingent liabilities:

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

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

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

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

XV. Explanations on liabilities regarding employee rights:

i. *Defined benefit plans:*

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

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

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

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

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

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

ii. *Defined contribution plans:*

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

iii. *Short term benefits to employees:*

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

XVI. Explanations on taxation:

Current tax:

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

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

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

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

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

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

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

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

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

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

Deferred tax:

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

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

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XVI. Explanations on taxation (continued):

Transfer pricing:

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

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

XVII. Additional explanations on borrowings:

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

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

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

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

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

XX. Explanations on government grants:

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

XXI. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note X.

XXII. Explanations on other matters:

None.

XXIII. Additional paragraph for convenience translation:

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

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on capital adequacy standard ratio:

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of September 30, 2017 the Bank's total capital has been calculated as TL 3.909.664, capital adequacy standard ratio is 17,37%. As of December 31, 2016, Bank's total capital amounted to TL 3.064.000, capital adequacy ratio was 13,46% calculated. This ratio is above the minimum ratio required by the legislation.

a. Information on Capital:

	Current Period	Amounts related to treatment before 1 January 2014 ⁽¹⁾
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	
Share issue premiums	-	
Reserves	1.113.454	
Gains recognized in equity as per TAS	245.760	
Profit	148.781	
Current Period Profit	141.117	
Prior Period Profit	7.664	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	2.407.995	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	25.020	
Improvement costs for operating leasing	22.100	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	22.692	28.365
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	69.812	
Total Common Equity Tier 1 Capital	2.338.183	

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

a. Information on Capital (continued):

ADDITIONAL TIER I CAPITAL	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	5.673
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	2.332.510
TIER II CAPITAL	
Debt instruments and share issue premiums deemed suitable by the BRSA	1.511.874
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	69.471
Tier II Capital Before Deductions	1.581.345
Deductions From Tier II Capital	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	3.284
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	3.284
Total Tier II Capital	1.578.061
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.910.571
Deductions from Total Capital	-
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be defined by the BRSA	907

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

a. Information on Capital (continued):

In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
Total Capital	3.909.664
Total risk weighted amounts	22.511.496
Capital Adequacy Ratios	-
Core Capital Adequacy Ratio (%)	10,39
Tier 1 Capital Adequacy Ratio (%)	10,36
Capital Adequacy Ratio (%)	17,37
BUFFERS	-
The total additional capital requirement ratio (a + b + c)	1,25
a) Capital conservation buffer requirement (%)	1,25
b) Bank specific counter-cyclical buffer requirement (%)	0,00
c) Systemic significant bank buffer ratio (%)	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5,89
Amounts below the Excess Limits as per the Deduction Principles	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	47.609
Limits related to provisions considered in Tier II calculation	-
General provisions for standard based receivables (before ten thousand twenty five limitation)	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	69.471
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to &-.6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

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

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

a. Information on Capital (continued):

	Prior Period	Amounts related to treatment before 1 January 2014 ⁽¹⁾
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	
Share issue premiums	-	
Reserves	946.157	
Gains recognized in equity as per TAS	232.165	
Profit	221.560	
Current Period Profit	217.609	
Prior Period Profit	3.951	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	2.299.882	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	20.289	
Improvement costs for operating leasing	27.695	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	19.895	33.159
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	67.879	
Total Common Equity Tier 1 Capital	2.232.003	

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

a. Information on Capital (continued):

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

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

a. Information on Capital (continued):

In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
Total Capital	3.064.000
Total risk weighted amounts	22.757.911
Capital Adequacy Ratios	
Core Capital Adequacy Ratio (%)	9,81
Tier 1 Capital Adequacy Ratio (%)	9,75
Capital Adequacy Ratio (%)	13,46
BUFFERS	
Bank-specific total core capital ratio	0,63
Capital conservation buffer requirement (%)	0,63
Bank specific counter-cyclical buffer requirement (%)	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5,31
Amounts below the Excess Limits as per the Deduction Principles	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	32.927
Limits related to provisions considered in Tier II calculation	
General provisions for standard based receivables (before ten thousand twenty five limitation)	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	60.956
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to &-,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

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

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

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

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

c. Details on Subordinated Liabilities:

Issuer	Albaraka Sukuk Ltd.	ABT Sukuk Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS0927211754
Governing Law(s) of the Instrument	English Law	English Law
Special Consideration in the Calculation of Equity		
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No	No
Eligible at Unconsolidated / Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Murabaha
Amount recognized in regulatory capital (as of most recent reporting date)	TL 802.074	TL 709.800
Par Value of Instrument	TL 802.074	TL 709.800
Accounting Classification	Subordinated Loan	Subordinated Loan
Original date of Issuance	November 30, 2015	May 7, 2013
Perpetual or dated	Dated	Dated
Maturity date	November 30, 2025	May 7, 2023
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date : Nov 30, 2020 Total Repayment Amount of Profit Share : USD 131.250.000, Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date : May 7, 2018 Total Repayment Amount of Profit Share : USD 77.500.000 , Repayment Period: 6 months Principal Payment: USD 200.000.000
Subsequent call dates	-	-
Profit Share / Dividends		
Fixed or floating profit share / dividend	Fixed	Fixed
Profit share rate and any related index	10,50%	7,75%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative
Convertible or Non-convertible		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval it is convertible and the rate may be determined.	As per BRSA approval it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature		
If write-down, write-down trigger(s)	-	-
If write-down, full or partial	-	-
If write down, permanent or temporary	-	-
If temporary write-down, description of write-up mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No	No

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II. Explanations on credit risk:

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

III. Explanations on currency risk:

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

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

	USD	EUR
As of September 30, 2017 - Balance sheet evaluation rate	3,549	4,193
As of September 29, 2017	3,549	4,193
As of September 28, 2017	3,555	4,187
As of September 27, 2017	3,564	4,184
As of September 26, 2017	3,544	4,170
As of September 25, 2017	3,534	4,198

- d. The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is TL 3,466 for 1 USD (December 2016: TL 3,494), TL 4,131 for 1 EUR (December 2016: TL 3,679).

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

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III. Explanations on currency risk (continued):

Information on currency risk of the Bank:

Current Period	EUR	USD	Other FC ^(*)	Total
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	935.277	3.159.195	896.714	4.991.186
Banks	171.593	169.382	108.185	449.160
Financial assets at fair value through profit and loss	-	3.294	2	3.296
Money market placements	-	-	-	-
Available-for-sale financial assets	174	417.749	-	417.923
Loans and financial lease receivables ^(**)	3.464.143	7.812.643	341	11.277.127
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	268	268
Intangible assets	-	-	132	132
Other assets ^(***)	2.070	24.938	2.299	29.307
Total assets	4.573.257	11.587.201	1.007.941	17.168.399
Liabilities				
Current account and funds collected from banks via participation accounts	1.114.067	167.927	2.904	1.284.898
Other current and profit sharing accounts	2.316.720	7.020.910	767.325	10.104.955
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	813.467	4.751.285	-	5.564.752
Marketable securities issued	-	-	-	-
Miscellaneous payables	12.182	38.747	1.271	52.200
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	2.938	3.467	95	6.500
Total liabilities	4.259.374	11.982.336	771.595	17.013.305
Net balance sheet position	313.883	(395.135)	236.346	155.094
Net off balance sheet position	(314.978)	520.682	(216.814)	(11.110)
Derivative financial instruments assets ^(****)	10.273	573.374	4.158	587.805
Derivative financial instruments liabilities ^(****)	325.251	52.692	220.972	598.915
Non-cash loans ^(*****)	1.231.795	2.379.532	20.541	3.631.868
Prior Period				
Total assets	4.803.238	10.449.176	1.139.478	16.391.892
Total liabilities	4.767.097	11.015.341	657.068	16.439.506
Net balance sheet position	36.141	(566.165)	482.410	(47.614)
Net off balance sheet position	(222)	534.761	(473.712)	60.827
Derivative financial instruments assets	2.886	538.533	1.082	542.501
Derivative financial instruments liabilities	3.108	3.772	474.794	481.674
Non-cash loans	1.429.354	3.231.964	35.997	4.697.315

(*) TL 880.473 (December 31, 2016: TL 790.486) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 61.447 (December 31, 2016: TL 274.919) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 725.035 (December 31, 2016: TL 599.733) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(**) The balance includes foreign currency indexed loans and financial lease receivables of TL 5.685.838 (December 31, 2016: TL 5.971.045).

(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 773 (December 31, 2016: TL 566) is included in other assets.

(****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 52.941 (December 31, 2016: TL 2.691) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 103.702 (December 31, 2016: TL 6.688).

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

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

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

V. Explanations on liquidity risk:

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

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

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

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

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

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

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

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

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

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

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

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

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V. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio:

		Rate of "Percentage to be taken into account" not Implemented Total value ^(*)		Rate of "Percentage to be taken into account" Implemented Total value ^(*)	
	Current Period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			5.011.304	3.822.556
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	13.965.558	6.015.783	1.230.327	601.578
3	Stable Funds Collected	3.324.578	-	166.229	-
4	Less stable Funds Collected	10.640.980	6.015.783	1.064.098	601.578
5	Unsecured Funding other than Retail and Small Business Customers Deposits	7.120.760	4.531.335	4.175.740	2.684.253
6	Operational Funds Collected	657.742	655.044	164.435	163.761
7	Non-Operational Funds Collected	3.109.868	1.615.290	1.659.461	919.664
8	Other Unsecured Funding	3.353.150	2.261.001	2.351.844	1.600.828
9	Secured funding			-	-
10	Other Cash Outflows	419.362	280.065	419.362	280.065
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	419.362	280.065	419.362	280.065
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	8.510.387	3.433.961	702.931	327.735
16	TOTAL CASH OUTFLOWS			6.528.360	3.893.631
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	3.277.384	1.554.583	2.591.193	1.447.329
19	Other contractual cash inflows	408.540	359.103	408.540	359.103
20	TOTAL CASH INFLOWS	3.685.924	1.913.686	2.999.733	1.806.432
				Upper limit applied amounts	
21	TOTAL HQLA			5.011.304	3.822.556
22	TOTAL NET CASH OUTFLOWS			3.528.627	2.087.199
23	Liquidity Coverage Ratio (%)			142,02	183,14

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

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

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	100,79	107,39
Date	September 10, 2017	September 10, 2017
Highest	186,41	286,53
Date	August 18, 2017	July 14, 2017
Average (%)	142,02	183,14

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V. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio (continued):

		Rate of "Percentage to be taken into account" not Implemented Total value ^(*)		Rate of "Percentage to be taken into account" Implemented Total value ^(*)	
	Prior period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			4.284.356	3.183.015
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	12.007.743	4.522.901	1.050.523	452.290
3	Stable Funds Collected	3.005.018	-	150.251	-
4	Less stable Funds Collected	9.002.725	4.522.901	900.272	452.290
5	Unsecured Funding other than Retail and Small Business Customers Deposits	5.880.405	3.358.936	3.296.235	1.958.555
6	Operational Funds Collected	442.615	441.165	110.654	110.291
7	Non-Operational Funds Collected	3.321.805	1.797.946	1.840.626	1.138.890
8	Other Unsecured Funding	2.115.985	1.119.825	1.344.955	709.374
9	Secured funding			-	-
10	Other Cash Outflows	726.241	698.029	726.241	698.029
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	726.241	698.029	726.241	698.029
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	9.455.208	4.249.207	747.162	362.820
16	TOTAL CASH OUTFLOWS			5.820.161	3.471.694
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	3.437.727	1.606.509	2.704.696	1.510.024
19	Other contractual cash inflows	731.192	172.774	731.192	172.774
20	TOTAL CASH INFLOWS	4.168.919	1.779.283	3.435.888	1.682.798
				Upper limit applied amounts	
21	TOTAL HQLA			4.284.356	3.183.015
22	TOTAL NET CASH OUTFLOWS			2.384.273	1.788.896
23	Liquidity Coverage Ratio (%)			179,69	177,93

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

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the weeks on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2016 are as follows.

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

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V. Explanations on liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (**)(***)	Total
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	1.571.237	3.643.786	-	-	-	-	-	5.215.023
Banks	594.831	582.005	73.411	-	-	-	-	1.250.247
Financial Assets at Fair Value Through Profit and Loss	403.076	496	-	-	932	584.456	-	988.960
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	7.766	313	28.914	456.527	787.008	49.438	-	1.329.966
Loans ^(*)	-	1.476.724	1.325.872	4.817.430	12.732.343	2.483.252	875.217	23.710.838
Held-To-Maturity Investments	-	-	2.702	82.151	424.068	-	-	508.921
Other Assets	-	-	10	-	80	-	822.595	822.685
Total Assets	2.576.910	5.703.324	1.430.909	5.356.108	13.944.431	3.117.146	1.697.812	33.826.640
Liabilities								
Current account and funds collected from banks via participation accounts	576.745	558.376	126.648	25.178	-	-	-	1.286.947
Other current and profit sharing accounts	5.528.599	13.583.576	2.709.305	980.855	19.962	-	-	22.822.297
Funds provided from other financial institutions and subordinated loans	-	1.409.914	359.495	1.438.004	1.567.256	1.511.874	-	6.286.543
Money Market Borrowings	-	105.000	-	-	-	-	-	105.000
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	210.001	71.240	18.664	-	-	364.395	664.300
Other liabilities	-	60.263	6.741	223	-	-	2.594.326	2.661.553
Total Liabilities	6.105.344	15.927.130	3.273.429	2.462.924	1.587.218	1.511.874	2.958.721	33.826.640
Net Liquidity Gap	(3.528.434)	(10.223.806)	(1.842.520)	2.893.184	12.357.213	1.605.272	(1.260.909)	-
Net Off-balance sheet								
Position	-	162	(202)	-	-	-	-	(40)
Financial Derivative Assets	-	273.122	407.256	4.545	-	-	-	684.923
Financial Derivative Liabilities	-	272.960	407.458	4.545	-	-	-	684.963
Non-cash Loans	4.293.505	88.973	418.500	1.674.339	1.082.696	36.190	-	7.594.203
Prior period								
Total Assets	3.353.916	5.376.599	1.826.859	7.070.374	12.139.159	1.473.542	1.610.289	32.850.738
Total Liabilities	5.430.950	15.035.467	2.984.109	3.460.644	1.449.996	1.495.260	2.994.312	32.850.738
Net Liquidity Gap	(2.077.034)	(9.658.868)	(1.157.250)	3.609.730	10.689.163	(21.718)	(1.384.023)	-
Net Off-balance sheet								
Position	-	-	64.824	-	-	-	-	64.824
Financial Derivative Assets	-	945	538.765	2.178	-	-	-	541.888
Financial Derivative Liabilities	-	945	473.941	2.178	-	-	-	477.064
Non-cash Loans	8.216.684	7.177	64.783	172.892	221.384	18.273	-	8.701.193

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

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

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

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VI. Explanations on leverage ratio:

As of September 30, 2017, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 5,32% (December 31, 2016: 5,27%). Leverage ratio is required to remain minimum 3% as per Communiqué on Measurement and Evaluation for Leverage Ratios of Banks. The reason for the difference in leverage ratio between current and previous period is the average increase ratio of core capital is more than the average increase ratio of total risk amount.

		Current Period^(*)	Prior Period^(*)
Balance sheet assets			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	33.622.743	31.308.239
2	(Assets deducted from Core capital)	(52.309)	(62.304)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	33.570.434	31.245.935
Derivatives financial assets and credit derivatives			
4	Cost of replenishment for derivative financial assets and credit derivatives	1.312	45.286
5	Potential credit risk amount of derivative financial assets and credit derivatives	14.919	9.860
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	16.231	55.146
Financing transactions secured by marketable security or commodity			
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	914.094	218.594
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	914.094	218.594
Off-balance sheet transactions			
10	Gross notional amount of off-balance sheet transactions	9.147.063	9.809.355
11	(Correction amount due to multiplication with credit conversion rates)	-	-
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	9.147.063	9.809.355
Capital and total risk			
13	Core Capital	2.320.113	2.176.537
14	Total risk amount(sum of lines 3, 6, 9 and 12)	43.647.822	41.329.030
Leverage ratio			
15	Leverage ratio (%)	5,32	5,27

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

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

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

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

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

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IX. Explanations on risk management:

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. The following tables which have to be presented on a quarterly basis have not been presented since the Bank use the standard approach for the calculation of capital adequacy:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

Information on risk weighted amounts:

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	18.174.466	20.911.373	1.453.957
2	Standardised approach (SA)	18.174.466	20.911.373	1.453.957
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	4.514	37.318	361
5	Standardised approach for counterparty credit risk (SA-CCR)	4.514	37.318	361
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	2.334.207	88.758	186.737
17	Standardised approach (SA)	2.334.207	88.758	186.737
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	1.998.309	1.720.462	159.865
20	Basic Indicator Approach	1.998.309	1.720.462	159.865
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	22.511.496	22.757.911	1.800.920

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X. Explanations on business segments:

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

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	3.290.721	20.171.298	8.369.376	1.995.245	33.826.640
Total Liabilities	16.039.783	8.942.421	6.316.914	144.547	31.443.665
Total Equity	-	-	-	2.382.975	2.382.975
Net profit share income/(expense) ^(*) (**)	(255.791)	874.864	167.412	115.399	901.884
Net fees and commissions income/(expense)	24.142	197.290	684	(112.931)	109.185
Other operating income/(expense)	18	47.941	28.765	(553.740)	(477.016)
Provision for loan losses and other receivables	(5.373)	(318.082)	(272)	(35.092)	(358.819)
Profit/(loss) before tax	(237.004)	802.013	196.589	(586.364)	175.234
Provision for tax	-	-	-	(34.117)	(34.117)
Net profit / (loss) for the period	(237.004)	802.013	196.589	(620.481)	141.117

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	3.143.162	19.700.717	8.605.896	1.400.963	32.850.738
Total Liabilities	14.306.903	9.396.852	6.398.938	468.452	30.571.145
Total Equity	-	-	-	2.279.593	2.279.593
Net profit share income/(expense) ^(*) (**)	(233.587)	731.215	131.155	128.267	757.050
Net fees and commissions income/(expense)	19.589	211.539	386	(126.323)	105.191
Other operating income/(expense)	18	46.367	54.103	(513.954)	(413.466)
Provision for loan losses and other receivables	(3.291)	(199.941)	(77)	(23.815)	(227.124)
Profit/(loss) before tax	(217.271)	789.180	185.567	(535.825)	221.651
Provision for tax	-	-	-	(42.784)	(42.784)
Net profit / (loss) for the period	(217.271)	789.180	185.567	(578.609)	178.867

^(*) 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	103.910	144.478	123.254	148.150
CBRT	58.322	4.225.881	735.118	3.599.536
Other ^(*)	61.605	620.827	81.875	311.119
Total	223.837	4.991.186	940.247	4.058.805

^(*) Includes precious metals amounting to TL 6.338 (December 31, 2016: TL 4.306) and cash in transit amounting to TL 676.094 (December 31, 2016: TL 388.688) as of September 30, 2017.

b. Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	57.484	582.933	733.965	522.979
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	838	3.642.948	1.153	3.076.557
Total	58.322	4.225.881	735.118	3.599.536

^(*) As of September 30, 2017, the reserve requirement held in standard gold is TL 874.135 (December 31, 2016: TL 786.181).

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

As of September 30, 2017, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 4% to 10,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 4% to 24% depending on maturity of deposits.

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

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

None (December 31, 2016: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	126	-	55	65.013
Swap Transactions	227	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	353	-	55	65.013

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

c. Information on Other Securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Real estate investment fund participation certificates (net) ^(*)	984.198	-	-	-
Other	181	3.296	13	61
Total	984.379	3.296	13	61

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

3. a. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic ^(*)	801.087	200.845	656.410	1.230.805
Abroad	-	248.315	-	270.962
Foreign head offices and branches	-	-	-	-
Total	801.087	449.160	656.410	1.501.767

^(*) Includes blockaged amount TL 613.272 (December 31, 2016: TL 610.730) booked under TL accounts arising from POS transactions.

b. Information on foreign bank accounts:

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

4. Information on financial assets available for sale:

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

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

As of September 30, 2017, available for sale investments' nominal amount given as a guarantee or blocked is TL 888.208 (December 31, 2016: TL 223.346).

b. Information on financial assets available for sale:

	Current Period	Prior Period
Debt securities	1.328.340	1.383.925
Quoted on a stock exchange ^(*)	1.328.340	1.383.925
Unquoted	-	-
Share certificates	7.766	6.350
Quoted on a stock exchange	-	-
Unquoted	7.766	6.350
Impairment provision (-)	6.140	7.585
Total	1.329.966	1.382.690

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

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

5. Information on loans and receivables:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	125.504	7.455	272	62.130
Corporate shareholders	125.165	7.105	-	61.780
Real person shareholders	339	350	272	350
Indirect loans granted to shareholders	48.102	11.070	35.550	24.249
Loans granted to employees	13.664	2	8.905	28
Total	187.270	18.527	44.727	86.407

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

	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	Restructured or rescheduled		Loans and other receivables (Total)	Restructured or rescheduled	
Cash loans		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Loans	21.224.511	391.099	35.014	1.171.611	311.957	16.755
Export loans	817.424	21.004	-	9.854	1.388	-
Import loans	1.609.272	26.778	-	7.799	1.624	872
Business loans	10.991.818	284.853	22.083	878.295	192.427	11.604
Consumer loans	3.140.966	19.298	8.723	61.405	1.982	2.409
Credit cards	230.068	-	-	6.144	-	-
Loans given to financial sector	137.647	-	-	-	-	-
Other(*)	4.297.316	39.166	4.208	208.114	114.536	1.870
Other receivables	-	-	-	-	-	-
Total	21.224.511	391.099	35.014	1.171.611	311.957	16.755

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

Commercial loans with installments	1.905.677
Other investment credits	725.253
Loans given to abroad	773.145
Profit and loss sharing investments ^(**)	713.801
Loans for purchase of marketable securities for customer	382.135
Other	5.419
Total	4.505.430

^(**) As of September 30, 2017, the related balance represents profit and loss sharing investment projects (10 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project / stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. In the current period the Bank recognized TL 144.947 (September 30, 2016: TL 62.108) income in the accompanying financial statements in relation to such loans and presented in the profit share on loans in the income statement.

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

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

Extension of Repayment Plan		
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	391.099	311.957
3, 4 or 5 times	-	-
Over 5 times	-	-

Extension Periods	Standard loans and other receivables	Loans and other receivables under close monitoring
6 months	53.906	155.488
6 - 12 months	40.485	20.097
1 - 2 years	90.991	31.871
2 - 5 years	139.921	75.345
5 years and over	65.796	29.156

c. Maturity analysis of cash loans:

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

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

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	28.594	3.164.962	3.193.556
Housing loans	3.533	2.919.039	2.922.572
Vehicle loans	3.690	111.056	114.746
Consumer loans	21.371	134.867	156.238
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	32	-	32
Housing loans	32	-	32
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	72.068	-	72.068
With installment	25.835	-	25.835
Without installment	46.233	-	46.233
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	6.716	2.067	8.783
Housing loans	-	219	219
Vehicle loans	44	1.545	1.589
Consumer loans	6.672	303	6.975
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	4.881	-	4.881
With installment	2.291	-	2.291
Without installment	2.590	-	2.590
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	112.291	3.167.029	3.279.320

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

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

	Short-term	Medium and long-term	Total
Commercial installment loans-TL	42.391	1.161.138	1.203.529
Business loans	5.765	309.737	315.502
Vehicle loans	15.360	263.399	278.759
Consumer loans	21.266	588.002	609.268
Other	-	-	-
Commercial installment loans-FC indexed	12.099	499.483	511.582
Business loans	5.676	236.748	242.424
Vehicle loans	3.297	90.262	93.559
Consumer loans	3.126	172.473	175.599
Other	-	-	-
Commercial installment Loans-FC	-	190.566	190.566
Business loans	-	122.464	122.464
Vehicle loans	-	-	-
Consumer loans	-	68.102	68.102
Other	-	-	-
Corporate credit cards-TL	159.263	-	159.263
With installment	40.437	-	40.437
Without installment	118.826	-	118.826
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	213.753	1.851.187	2.064.940

e. Allocation of loans by customers:

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

f. Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	21.622.977	20.731.548
Foreign loans	773.145	584.078
Total	22.396.122	21.315.626

g. Loans granted to subsidiaries and associates:

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

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

ğ. Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	26.951	31.504
Loans and receivables with doubtful collectability	101.003	140.892
Uncollectible loans and receivables	577.108	387.789
Total	705.062	560.185

In addition to specific provision for loans amounting TL 705.062 (December 31, 2016: TL 560.185), provision amounting to TL 19.586 (December 31, 2016: TL 18.320) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 724.648 (December 31, 2016: TL 578.505). Specific provision for loans amounting to TL 340.765 (December 31, 2016: TL 316.517) represents participation account share of specific provisions of loans provided from participation accounts.

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

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	865	27.424	18.854
Restructured loans and other receivables	865	27.424	18.854
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before specific provisions)	464	3.973	10.726
Restructured loans and other receivables	464	3.973	10.726
Rescheduled loans and other receivables	-	-	-

h.2. Movements of non-performing loans:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Closing balance of prior period	236.903	355.038	495.693
Additions in the current period (+)	487.848	47.627	45.252
Transfers from other categories of non-performing loans (+)	-	514.617	489.729
Transfers to other categories of non-performing loans (-)	514.617	489.729	-
Transfers to standard loans (-)	82	51	-
Collections in the current period (-)	36.428	73.015	100.216
Write offs (-)	-	-	168.785
Corporate and commercial loans	-	-	4.235
Retail loans	-	-	-
Credit cards	-	-	-
Other ^(*)	-	-	164.550
Closing balance of the current period	173.624	354.487	761.673
Specific provisions (-)	26.951	101.003	577.108
Net balance at the balance sheet	146.673	253.484	184.565

^(*) The Bank has sold TL 164.550 from its non performing loan portfolio at TL 1.600 to the Asset Management Company.

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

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

Non-performing loans and receivables in the amount of TL 1.289.784 (December 31, 2016: TL 1.087.634) comprise TL 670.138 (December 31, 2016: TL 572.551) of participation account share of loans and receivables provided from participation accounts. In addition to non-performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectability amounting to TL 19.586 (December 31, 2016: TL 18.320).

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period:			
Period end balance	13.521	52.729	62.280
Specific provision (-)	1.562	16.549	55.158
Net balance	11.959	36.180	7.122
Prior period:			
Period end balance	62.883	1.885	20.518
Specific provision (-)	8.006	298	12.845
Net balance	54.877	1.587	7.673

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period (net)^(*)	146.673	253.484	184.565
Loans to individuals and corporates (gross)	173.624	354.487	761.673
Specific provision (-)	26.951	101.003	577.108
Loans to individuals and corporates (net)	146.673	253.484	184.565
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior period (net)^(*)	205.399	214.146	107.904
Loans to individuals and corporates (gross)	236.903	355.038	495.588
Specific provision (-)	31.504	140.892	387.684
Loans to individuals and corporates (net)	205.399	214.146	107.904
Banks (gross)	-	-	105
Specific provision (-)	-	-	105
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

^(*) In addition to non-performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectability and their full specific provision both amounting to TL 19.586 (December 31, 2016: TL 18.320).

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

i. Liquidation policy for uncollectible loans and receivables:

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

i. Information on "Write-off" policies:

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

6. Information on held-to-maturity investments:

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

As of September 30, 2017, nominal value of held to maturity investments given as a guarantee/blocked is TL 117.000. The Bank does not have any held to maturity investments subject to repurchase transactions. (December 31, 2016: The Bank does not have any held to maturity investments given as a guarantee / blocked. Nominal value of held to maturity investments subject to repurchase agreements is TL 188.888).

b. Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ^(*)	508.921	668.582
Total	508.921	668.582

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

c. Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	508.921	668.582
Quoted on a stock exchange ^(*)	508.921	668.582
Unquoted	-	-
Impairment provision (-)	-	-
Total	508.921	668.582

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

ç. Movement of held-to-maturity investments:

	Current Period	Prior Period
Balance at beginning of period	668.582	762.890
Foreign currency differences on monetary assets	-	-
Purchases during period	232.000	259.396
Disposals through sales and redemptions	(419.226)	(383.880)
Impairment provision (-)	-	-
Income accruals	27.565	30.176
Closing balance	508.921	668.582

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

7. Associates (net):

a. Information on unconsolidated associates:

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

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

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

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

b. Information on consolidated associates:

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

8. Information on subsidiaries (net):

a. Information on unconsolidated subsidiaries:

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

b. Information on consolidated subsidiaries:

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

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/ loss	Prior period income/loss	Fair value
1.659.374	325	4	-	-	135	(210)	-

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

b. Information on consolidated subsidiaries (continued):

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

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
8.538	7.768	4	-	-	3.512	(744)	-

iii. Movement and Sectoral Information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	5.400	5.250
Movements inside the term	-	-
Purchases / new incorporations / capital increases	-	150
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	5.400	5.400
Capital commitments	-	-
Share of the capital at the end of the period (%)	100,00	100,00

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

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

9. Information on investments in joint- ventures:

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

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	71.951	928.359	936.918	49.736	43.903

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	352.444	286.433	377.436	300.158
1 to 4 years	371.440	349.075	489.465	453.402
More than 4 years	97.134	94.486	129.305	125.419
Total	821.018	729.994	996.206	878.979

b. Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	821.018	996.206
Unearned financial lease receivable (-)	91.024	117.227
Net receivable from financial leases	729.994	878.979

c. General explanation on finance lease contracts:

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

Information on leasing receivables:

	Standard loans and Other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	Restructured or rescheduled		Loans and other receivables (Total)	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Financial lease receivables (Net)	402.822	50.292	34	327.172	68.156	12.287

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

11. Information on derivative financial assets for hedging purposes:

None (December 31, 2016: None).

12. Information on tangible assets:

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

13. Information on intangible assets:

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

14. Information on investment property:

None (December 31, 2016: None).

15. Information related to deferred tax asset:

As of September 30, 2017, the Bank calculated net deferred tax asset of TL 12.307 (December 31, 2016: TL 20.096) by netting off deferred tax asset of TL 57.628 (December 31, 2016: TL 52.576) and deferred tax liability of TL 45.321 (December 31, 2016: TL 32.480) on all tax deductible/ taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	39.507	37.806
Provisions for retirement and vacation pay liabilities	9.811	8.652
Difference between carrying value and tax base of tangible assets	4.937	3.013
Revaluation difference of available for sale	2.424	2.139
Provision for impairment	754	772
Other	195	194
Deferred tax asset	57.628	52.576
Revaluation difference of property	11.708	22.183
Trading securities valuation difference	8.997	8
Rediscount on profit share	21.559	7.662
Other	3.057	2.627
Deferred tax liability	45.321	32.480
Deferred tax asset (net)	12.307	20.096

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

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

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

	Current Period	Prior Period
Opening Balance	92.317	22.819
Additions	63.227	117.190
Disposals	(18.268)	(28.834)
Transfers ^(*)	(74.617)	(19.153)
Impairment Provision(-)/Reversal of Impairment Provision	55	295
Net closing balance	62.714	92.317

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

As of September 30, 2017, TL 59.757 (December 31, 2016: TL 88.341) of the assets held for sale is comprised of real estates, TL 2.957 (December 31, 2016: TL 3.976) is comprised of other tangible assets.

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

17. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 119.739 (December 31, 2016: TL 153.958) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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II. Explanations and notes related to liabilities:

1. Information on funds collected:

a. Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	1.108.190	-	-	-	-	-	-	-	1.108.190
II. Real Persons Participation Accounts Non-Trade TL	-	2.564.038	4.356.467	142.957	-	34.341	385.423	6.108	7.489.334
III. Current Account other-TL	1.679.996	-	-	-	-	-	-	-	1.679.996
Public Sector	22.890	-	-	-	-	-	-	-	22.890
Commercial Institutions	1.583.103	-	-	-	-	-	-	-	1.583.103
Other Institutions	70.848	-	-	-	-	-	-	-	70.848
Commercial and Other Institutions	1.579	-	-	-	-	-	-	-	1.579
Banks and Participation Banks	1.576	-	-	-	-	-	-	-	1.576
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	73	-	-	-	-	-	-	-	73
Foreign Banks	1.446	-	-	-	-	-	-	-	1.446
Participation Banks	57	-	-	-	-	-	-	-	57
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	370.236	1.916.620	74.656	-	7.577	40.966	19	2.410.074
Public Sector	-	38	-	-	-	-	-	-	38
Commercial Institutions	-	345.890	1.767.276	62.220	-	4.065	32.434	19	2.211.904
Other Institutions	-	24.244	148.747	12.436	-	3.512	6.910	-	195.849
Commercial and Other Institutions	-	64	124	-	-	-	1.622	-	1.810
Banks and Participation Banks	-	-	473	-	-	-	-	-	473
V. Real Persons Current Accounts Non- Trade FC	1.326.787	-	-	-	-	-	-	-	1.326.787
VI. Real Persons Participation Accounts Non-Trade FC	-	1.609.217	2.862.371	213.323	-	17.965	550.687	21	5.253.584
VII. Other Current Accounts FC	1.773.384	-	-	-	-	-	-	-	1.773.384
Residents in Turkey-Corporate	1.100.576	-	-	-	-	-	-	-	1.100.576
Residents Abroad-Corporate	97.639	-	-	-	-	-	-	-	97.639
Banks and Participation Banks	575.169	-	-	-	-	-	-	-	575.169
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	473.940	-	-	-	-	-	-	-	473.940
Participation Banks	101.229	-	-	-	-	-	-	-	101.229
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	617.654	1.363.705	196.670	-	29.616	103.418	-	2.311.063
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	377.242	775.660	22.291	-	20.414	10.720	-	1.206.327
Other institutions	-	1.974	51.950	39	-	-	-	-	53.963
Commercial and Other Institutions	-	67.510	182.166	-	-	797	90.571	-	341.044
Banks and Participation Banks	-	170.928	353.929	174.340	-	8.405	2.127	-	709.729
IX. Precious Metals Deposits	216.987	119.274	363.151	12.593	-	806	12.197	27	725.035
X. Participation Accounts Special Fund Pools TL	-	-	-	31.797	-	-	-	-	31.797
Residents in Turkey	-	-	-	31.797	-	-	-	-	31.797
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	6.105.344	5.280.419	10.862.314	671.996	-	90.305	1.092.691	6.175	24.109.244

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

a. Information on maturity structure of funds collected (continued):

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	996.122	-	-	-	-	-	-	-	996.122
II. Real Persons Participation Accounts Non-Trade TL	-	1.287.069	5.505.341	79.907	-	93.100	545.201	2.136	7.512.754
III. Current Account other-TL	1.670.418	-	-	-	-	-	-	-	1.670.418
Public Sector	25.325	-	-	-	-	-	-	-	25.325
Commercial Institutions	1.591.526	-	-	-	-	-	-	-	1.591.526
Other Institutions	49.820	-	-	-	-	-	-	-	49.820
Commercial and Other Institutions	1.857	-	-	-	-	-	-	-	1.857
Banks and Participation Banks	1.890	-	-	-	-	-	-	-	1.890
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	13	-	-	-	-	-	-	-	13
Foreign Banks	1.866	-	-	-	-	-	-	-	1.866
Participation Banks	11	-	-	-	-	-	-	-	11
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	267.671	2.027.700	27.837	-	18.341	36.263	37	2.377.849
Public Sector	-	2.512	3	-	-	-	-	-	2.515
Commercial Institutions	-	255.797	1.848.641	15.773	-	16.647	33.044	37	2.169.939
Other Institutions	-	9.358	151.778	12.064	-	1.694	3.219	-	178.113
Commercial and Other Institutions	-	4	26.832	-	-	-	-	-	26.836
Banks and Participation Banks	-	-	446	-	-	-	-	-	446
V. Real Persons Current Accounts Non- Trade FC	888.794	-	-	-	-	-	-	-	888.794
VI. Real Persons Participation Accounts Non-Trade FC	-	712.667	2.864.441	92.024	-	159.176	575.077	-	4.403.385
VII. Other Current Accounts FC	1.685.795	-	-	-	-	-	-	-	1.685.795
Residents in Turkey- Corporate	922.978	-	-	-	-	-	-	-	922.978
Residents abroad- Corporate	86.906	-	-	-	-	-	-	-	86.906
Banks and Participation Banks	675.911	-	-	-	-	-	-	-	675.911
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	583.218	-	-	-	-	-	-	-	583.218
Participation Banks	92.693	-	-	-	-	-	-	-	92.693
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	612.934	1.942.665	256.436	-	60.743	147.506	-	3.020.284
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	215.473	936.309	107.745	-	59.170	8.315	-	1.327.012
Other Institutions	-	2.749	127.976	-	-	18	-	-	130.743
Commercial and Other Institutions	-	24.224	279.641	-	-	1.555	137.340	-	442.760
Banks and Participation Banks	-	370.488	598.739	148.691	-	-	1.851	-	1.119.769
IX. Precious Metals Deposits	189.821	68.938	323.920	4.833	-	4.696	7.525	-	599.733
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools –FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	5.430.950	2.949.279	12.664.067	461.037	-	336.056	1.311.572	2.173	23.155.134

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

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

b.1. Exceeding the limit of Insurance Fund:

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

	Under the guarantee of Insurance		Exceeding the guarantee of Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	4.598.874	4.644.005	4.030.447	3.864.868
Foreign currency accounts	1.999.157	1.563.947	5.231.246	4.259.604
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

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

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

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

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	22.227	26.805
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	8.141	10.556
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

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

2. Information on derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	102	-	88	-
Swap transactions	5.092	145	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	5.194	145	88	-

3. Information on borrowings:

The Bank has obtained Syndicated Murabaha Loans from international markets amounting to USD 213.000.000 with maturity of more than one year (December 31, 2016: more than one year maturity: USD 458.500.000 and EUR 56.250.000).

As of September 30, 2017, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 294.614.116 and EUR 157.058.746 (December 31, 2016: USD 84.171.095 and EUR 132.496.602).

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

Issue Date	Amount ^(*)	FC	Maturity	Profit Share % (Yearly)	Profit Share % (92/178/179 days)
June 30, 2014	350.000.000	USD	5 Years	6,25	
June 23, 2017	115.000.000	TL	179 Days		5,89
August 16, 2017	125.000.000	TL	92 Days		3,05
September 26, 2017	150.000.000	TL	178 Days		5,85

(*) Represented in full amount

a. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	416.712	1.529.558	181.593	1.511.415
Loans from foreign banks, institutions and funds	305.079	2.471.949	-	2.731.187
Total	721.791	4.001.507	181.593	4.242.602

b. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	569.047	1.697.905	181.593	996.686
Medium and Long-Term	152.744	2.303.602	-	3.245.916
Total	721.791	4.001.507	181.593	4.242.602

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

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

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

None (December 31, 2016: None).

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

5. Lease payables:

a. Information on financial lease transactions:

a.1. Information on financial lease agreements:

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

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

None.

a.3. Explanations on the obligations originating from financial leases:

None.

b. Explanations on operational leases:

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

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

	Current Period	Prior Period
Less than a year	48.716	44.067
1 to 4 years	134.026	118.697
Over 4 years	110.227	104.791
Total	292.969	267.555

6. Information on hedging derivative financial liabilities:

None (December 31, 2016: None).

7. Information on provisions:

a. Information on general provisions:

	Current Period	Prior Period
General provision for	140.315	136.263
I. Group loans and receivables (Total)	106.919	107.707
Participation Accounts' Share	59.324	64.059
Bank's Share	47.595	43.648
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	5.101	3.821
Participation Accounts' Share	3.126	2.295
Bank's Share	1.975	1.526
Others	-	-
II. Group loans and receivables (Total)	23.600	17.086
Participation Accounts' Share	11.520	11.248
Bank's Share	12.080	5.838
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	7.789	3.104
Participation Accounts' Share	2.722	1.422
Bank's Share	5.067	1.682
Others	-	-
Non-cash loans	9.796	11.470
Others	-	-

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

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

As of September 30, 2017, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 17.368 (December 31, 2016: TL 1.449) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

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

As of September 30, 2017, the Bank has provided specific provisions amounting to TL 43.953 (December 31, 2016: TL 37.036) for non-cash loans that are not indemnified.

ç. Other provisions:

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

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

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

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

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts ^(*)	51	15.884
Provision for unindemnified letter of guarantees	26.254	27.822
Payment commitments for cheques	17.699	9.214
Provision for promotions related with credit cards and promotion of banking services	180	172
General reserves for possible losses	14	14
Financial assets at fair value through profit and loss	171	3
Other	837	1.217
Total	45.206	54.326

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

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

d. Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 42.517 (December 31, 2016: TL 35.925), vacation pay liability amounting to TL 6.536 (December 31, 2016: TL 7.335) totaling to TL 49.053 (December 31, 2016: TL 43.260). Provisions for performance premium has not been allocated in the current period (December 31, 2016: None). The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

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

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

	Current Period	Prior Period
Prior period ending balance	35.925	30.235
Provisions made in the period	10.527	8.288
Actuarial (gain)/loss	-	2.833
Paid during the period	(3.935)	(5.431)
Balance at the end of the period	42.517	35.925

8. Information on taxes payable:

a. Explanations on current tax liability:

a.1. Explanations on Tax Provisions:

As of September 30, 2017, the Bank's corporate tax payable is TL 761 (December 31, 2016: TL 7.091) after offsetting prepaid corporate tax.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	761	7.091
Banking insurance transaction tax	9.951	16.364
Taxation on securities income	11.895	11.162
Value added tax payable	478	1.274
Taxation on real estate income	899	754
Foreign exchange transaction tax	-	-
Other	6.495	8.052
Total	30.479	44.697

a.3. Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	3.575	3.101
Social security premiums-employer	3.852	3.344
Bank pension fund premium-employees	-	-
Bank pension fund premium-employer	-	-
Pension fund membership fees and provisions-employees	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	253	219
Unemployment insurance-employer	506	438
Other	-	-
Total	8.186	7.102

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

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

None (December 31, 2016: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Domestic Banks	-	-	-	-
Loans from other Institutions	-	-	-	-
Loans from Foreign Banks	-	-	-	-
Loans from other Foreign Institutions	-	1.563.245	-	1.510.937
Total	-	1.563.245	-	1.510.937

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

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

11. Information on shareholders' equity:

a. Presentation of paid-in capital:

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

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

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

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

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

There is no capital increase in the current period.

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

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

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

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

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

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

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

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

There is no privilege given to stocks representing the capital.

g. Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference ^(*)	(10.027)	331	210	(8.766)
Foreign exchange difference	-	-	-	-
Total	(10.027)	331	210	(8.766)

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

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

1. Explanations on off balance sheet:

a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	498.413	475.270
Payment commitments for cheques	634.130	588.983
Asset purchase and sale commitments	227.621	13.399
Loan granting commitments	154.919	111.042
Tax and funds liabilities arising from export commitments	3.682	3.029
Commitments for promotions related with credit cards and banking activities	443	963
Other irrevocable commitments	192.500	38.475
Total	1.711.708	1.231.161

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

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

	Current Period	Prior Period
Letters of guarantees	6.657.189	7.809.811
Bank loans	21.369	20.711
Letters of credit	860.052	752.679
Other guaranties and sureties	55.593	117.992
Total	7.594.203	8.701.193

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

	Current Period	Prior Period
Letters of guarantees	6.657.189	7.809.811
Long standing letters of guarantees	4.186.122	4.845.313
Temporary letters of guarantees	217.735	240.046
Advance letters of guarantees	171.352	257.462
Letters of guarantees given to customs	226.450	229.514
Letters of guarantees given for obtaining cash loans	1.855.530	2.237.476
Sureties and similar transactions	55.593	117.992
Total	6.712.782	7.927.803

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

c. Within the Non-cash Loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	1.855.530	2.237.476
With original maturity of 1 year or less	422.783	369.164
With original maturity of more than 1 year	1.432.747	1.868.312
Other non-cash loans	5.738.673	6.463.717
Total	7.594.203	8.701.193

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

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

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

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

2. Explanations on derivative transactions:

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

3. Explanations on contingent assets and liabilities:

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

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

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

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

1. Information on profit share income:

a. Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans^(*)				
Short Term Loans	315.768	23.580	339.700	17.413
Medium and Long Term Loans	1.106.617	208.260	953.932	128.062
Profit Share on Non-Performing Loans	23.315	-	10.305	-
Total	1.445.700	231.840	1.303.937	145.475

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

b. Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	2.947	19.619	5.750	9.023
Domestic Banks	-	1.134	-	281
Foreign Banks	-	-	-	31
Head Offices and Branches Abroad	-	-	-	-
Total	2.947	20.753	5.750	9.335

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From financial assets held for trading	53	166	-	-
From financial assets at fair value through profit or loss	-	-	-	-
From financial assets available-for-sale	80.183	18.038	57.363	7.676
From held-to-maturity investments	47.420	-	51.831	-
Total	127.656	18.204	109.194	7.676

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	948	2.753	-	1.353
Total	948	2.753	-	1.353

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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	11.800	47.473	-	38.806
CBRT	-	-	-	-
Domestic banks	-	5.861	-	4.327
Foreign banks	11.800	41.612	-	34.479
Head offices and branches abroad	-	-	-	-
Other institutions	22.216	168.290	7.163	136.909
Total	34.016	215.763	7.163	175.715

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	21.976	57.959	7.485	48.141
Total	21.976	57.959	7.485	48.141

c. Profit share expenses paid to marketable securities issued:

None (September 30, 2016: None).

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

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

Current Period		Profit sharing accounts						
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total
TL								
Funds collected from banks through current and profit sharing accounts	-	28	-	-	-	-	-	28
Real persons' non-trading profit sharing accounts	137.338	279.086	9.680	-	3.442	32.866	294	462.706
Public sector profit sharing accounts	1	-	-	-	-	-	-	1
Commercial sector profit sharing accounts	25.371	107.977	4.954	-	691	2.316	-	141.309
Other institutions profit sharing accounts	3.332	16.880	905	-	81	514	-	21.712
Total	166.042	403.971	15.539	-	4.214	35.696	294	625.756
FC								
Banks	3.511	5.431	1.720	-	131	29	-	10.822
Real persons' non-trading profit sharing accounts	16.731	36.283	2.304	-	709	8.486	-	64.513
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	4.633	11.377	1.102	-	526	184	-	17.822
Other institutions profit sharing accounts	726	4.167	-	-	13	2.188	-	7.094
Precious metals deposits	582	3.034	86	-	17	123	-	3.842
Total	26.183	60.292	5.212	-	1.396	11.010	-	104.093
Grand total	192.225	464.263	20.751	-	5.610	46.706	294	729.849

Prior Period		Profit sharing accounts						
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total
TL								
Funds collected from banks through current and profit sharing accounts	-	930	-	-	-	-	-	930
Real persons' non-trading profit sharing accounts	68.077	309.018	5.623	-	5.762	39.027	4	427.511
Public sector profit sharing accounts	34	62	-	-	-	-	-	96
Commercial sector profit sharing accounts	12.588	105.099	2.761	-	969	5.834	-	127.251
Other institutions profit sharing accounts	772	15.885	891	-	100	123	-	17.771
Total	81.471	430.994	9.275	-	6.831	44.984	4	573.559
FC								
Banks	298	2.543	940	-	98	-	-	3.879
Real persons' non-trading profit sharing accounts	7.404	30.828	1.107	-	2.034	7.813	-	49.186
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	1.782	10.838	196	-	606	124	-	13.546
Other institutions profit sharing accounts	269	5.063	56	-	87	911	-	6.386
Precious metals deposits	382	1.376	52	-	57	88	-	1.955
Total	10.135	50.648	2.351	-	2.882	8.936	-	74.952
Grand total	91.606	481.642	11.626	-	9.713	53.920	4	648.511

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3. Information on dividend income:

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

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

	Current Period	Prior Period
Income	4.522.776	5.276.349
Income from capital market transactions	45.592	75
Income from derivative financial instruments	8.970	34.688
Foreign exchange income	4.468.214	5.241.586
Loss (-)	4.496.831	5.224.599
Loss on capital market transactions	735	4
Loss on derivative financial instruments	28.964	55.946
Foreign exchange losses	4.467.132	5.168.649
Trading Income/Loss (net)	25.945	51.750

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	59.072	41.814
Income from sale of assets	18.235	19.295
Reimbursement for communication expenses	3.839	3.160
Reimbursement of vacation pay expenses	799	1.280
Cheque book charges	910	925
Other income	2.460	15.646 ^(*)
Total	85.315	82.120

^(*) Visa Inc has purchased Visa Europe Ltd. on June 21, 2016. Following this transaction, TL 8.692 has been transferred to bank accounts and accounted as "Other Operating Income".

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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	337.772	197.773
Loans and receivables in III. Group	22.279	49.091
Loans and receivables in IV. Group	85.187	84.779
Loans and receivables in V. Group	221.353	57.103
Doubtful commission, fee and other receivables	8.953	6.800
General provision expenses	13.858	10.673
Provision expenses for possible losses	-	-
Impairment losses on marketable securities	272	77
Financial assets at fair value through profit and loss	272	77
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^(*)	6.917	18.601
Total	358.819	227.124

TL 123.317 (September 30, 2016: TL 86.588) of the total specific provisions provided for loan and other receivables amounting to TL 337.772 (September 30, 2016: TL 197.773) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 3.149 (September 30, 2016: TL 1.290) participation accounts portion of general loan loss provision provided for loans and other receivables of the total general loan loss provisions amounts to TL 13.858 (September 30, 2016: TL 10.673).

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

	Current Period	Prior Period
Specific provisions for non-cash loans that are not indemnified	6.917	10.450
Provisions allocated from profit shares to be distributed to profit sharing accounts	-	8.151
Total	6.917	18.601

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7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	328.749	309.440
Provision for retirement pay liability	6.592	3.600
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	28.423	29.418
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	17.455	17.797
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	255	2.188
Depreciation expenses of assets to be disposed	-	875
Impairment expenses of assets held for sale and assets of discontinued operations	-	55
Other business expenses	123.518	115.885
<i>Operating lease expenses</i>	<i>50.240</i>	<i>44.582</i>
<i>Maintenance expenses</i>	<i>7.942</i>	<i>8.958</i>
<i>Advertisement expenses</i>	<i>16.485</i>	<i>13.553</i>
<i>Other expenses^(*)</i>	<i>48.851</i>	<i>48.792</i>
Loss on sale of assets	211	505
Other ^(**)	83.073	67.573
Total	588.276	547.336

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

	Current Period	Prior Period
Communication Expenses	9.525	7.913
Donations	4.096	8.970
Cleaning expenses	9.098	8.803
Heating, lighting and water expenses	5.747	5.013
Representation and Hosting expenses	3.190	2.987
Vehicle expenses	3.398	2.603
Lawsuit and court expenses	2.268	3.407
Other	11.529	9.096
Total	48.851	48.792

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	29.251	26.879
Taxes, Duties, Charges and Funds	21.929	19.387
Expertise and Information Expenses	8.001	9.194
Audit and Consultancy Fees	15.233	6.074
Vacation Pay Provision Expense	-	-
Other	8.659	6.039
Total	83.073	67.573

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

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

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

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

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	175.234	221.651
Tax calculated with tax rate of 20%	35.047	44.330
Other additions and disallowable expenses	3.642	12.836
Deductions	(22.493)	(10.264)
Provision for current taxes	16.196	46.902
Provision for deferred taxes	17.921	(4.118)
Continuing operations tax provision	34.117	42.784

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

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

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

11. Explanations on net income/ loss:

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

None.

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

None.

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

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

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	25.213	28.554
Clearing room fees and commissions	15.504	13.573
Commissions on money orders	10.956	7.844
Appraisal fees	8.179	6.845
Insurance and brokerage commissions	8.060	6.929
Other	14.870	10.566
Total	82.782	74.311

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	20.755	20.402
Credit cards fees and commissions	6.910	5.928
Member firm-POS fees and commissions	12.077	9.478
Fees and commissions for Swift, EFT and money orders	3.825	2.745
Other	6.917	6.661
Total	50.484	45.214

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

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

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

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

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

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

a. Current period:

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	-	-	35.550	24.249	714	28
Balance at the end of the period	-	-	48.102	11.070	121	-
Profit share and commission income received	3.701	-	1.005	87	13	-

b. Prior period:

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	-	-	47.906	65.512	41	28
Balance at end of period	-	-	35.550	24.249	714	28
Profit share and commission income received	1.353	-	1.579	257	59	-

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

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

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	10.496	7.810	470.674	268.530	5.476	3.134
Balance at the end of period	7.577	10.496	649.822	470.674	3.595	5.476
Profit share expense	447	438	8.144	4.241	81	126

^(*) As of September 30, 2017 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 282.614.116 and EUR 113.958.746 (December 31, 2016: USD 79.171.095 and EURO 127.196.602). The profit share expense relating to such borrowings for the period between January 1, 2017 – September 30, 2017 is TL 8.135 (September 30, 2016: TL 6.785). The Bank has issued Sukuk in the amounts of USD 350.000.000 and TL 390.000.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Bank. The total expense for the related issues is TL 79.580 as of September 30, 2017 (September 30, 2016: TL 55.304).

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

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

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

For the nine-month-period ended September 30, 2017; the Bank has paid TL 7.824 (September 30, 2016: TL 12.894) to top management.

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

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

IX. Explanations related to subsequent events:

In the Board meeting dated October 26, 2017, it is decided to establish an intermediary company by either the Bank itself or with several partners. The Head Office has been authorised to commit capital and pay it up to TL 15.000, determine the name of the company, the probable partners and their participation rates, implement the license take-over and all other similar operations related to establishing the company.

SECTION SIX

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

None.

SECTION SEVEN

Limited review report

I. Explanations on limited review report:

The Bank's unconsolidated financial statements as of and for the period ended September 30, 2017 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of the KPMG International Cooperative) and the limited review report dated October 31, 2017 is presented at the beginning of the financial statements and related notes.

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

None.

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SECTION EIGHT

Information on Interim Report

I. General Information

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

Albaraka Türk Participation Bank, the first and the leading financial institution in interest free banking field in Turkey, has completed its establishment in 1984 and entered into service as of the beginning of the year of 1985. Albaraka Türk is continuing its activities subject to the Banking Law No. 5411. In the partnership structure of Albaraka Banking Group (ABG), one of the leading groups of Middle East, Islamic Development Bank (IDB) and Albaraka Türk, established under the leadership of a domestic industrial group serving to Turkish economy for more than a half century, share of the foreign partners is 65,87%, share of the domestic partners is 9,05% and publicly held share is 25,08%. Partnership structure of Albaraka Türk is the guarantee of the respect and trust we bear.

Albaraka Türk, collecting funds through current accounts and participation accounts and gaining the funds it contributes to the economy of the country by products as individual financing, corporate finance, financial leasing and profit-loss partnership on the basis of a project, is entitled to offer a variety of finance and banking services by interest free banking application.

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

Albaraka Türk, started with the vision of being the best regional bank in offering financial products and services in Gulf, Middle East and North Africa geographies where its main partner ABG is carrying out business, is rendering fast, qualified and safe foreign trade (import, export and foreign exchange) services to its customers in 80 countries from Singapore to England, South Africa to Morocco, Australia to Kazakhstan, by the wide correspondent net it has established with 1000 banks. Albaraka Türk, is an international Participation Bank adopted the mission of adding value to its customers, partners, employees and Turkey.

2. Capital and Shareholders’ Structure:

Albaraka Türk’s paid-up capital is TL 900.000 as of September 30, 2017, the registered capital ceiling is TL 2.500.000.

Shareholders’ Structure of Albaraka Türk as of September 30, 2017		
	Share amount (TL)	Ratio (%)
Foreign Shareholders	592.847	65,87
Albaraka Banking Group	486.523	54,06
Islamic Development Bank	70.574	7,84
Alharthy Family	26.005	2,89
Others	9.745	1,08
Local Shareholders	81.464	9,05
Publicly Listed	225.689	25,08
Total	900.000	100,00

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Information on Interim Report (continued):

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

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

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

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

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

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

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Information on Interim Report (continued):

4. Branch and Personnel Information:

As of September 30, 2017, total number of branches of the Bank is 215 and the total number of personnel is 3.885. Albaraka Türk carries out its activities with 214 domestic branches extended throughout the country and 1 branch abroad in Erbil.

5. Board of Directors Chairman and Members:

Name and surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	2005	44
Yalçın ÖNER	Vice Chairman of BOD	Master	1985	45
Osman AKYÜZ	Member of BOD	Bachelor	1996	32
İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	2005	46
Hamad Abdulla A. ALOQAB	Member of BOD	Bachelor	2008	23
Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	2008	29
Hood Hashem Ahmed HASHEM	Member of BOD	Master	2011	16
Prof.Dr.Kemal Varol	Independent Member of BOD	Doctorate	2013	8
Muhammad Zarrug M. RAJAB	Independent Member of BOD	Bachelor	2016	31
Dr. Bekir PAKDEMİRLİ	Member of BOD	Doctorate	2016	1
Dr. Khaled Abdulla Mohamed ATEEQ	Member of BOD	Doctorate	2017	-
Mustafa BÜYÜKABACI	Member of BOD	Master	2017	25
Melikşah UTKU	Member of BOD and CEO	Master	2016	13

6. Top Management:

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

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Information on Interim Report (continued):

7. Managers of Departments within Internal Systems^(*)

Name and Surname	Professional Experience (Years)	Duration of Services at Albaraka Türk (Years)	Length of Services in His Area (Years)	Education	Field of Responsibility
Volkan EVCİL	25 years 9 months	23 years 9 months	14 years 9 months	Bachelor	Internal Systems Senior Manager
Ahmet UYSAL	12 years 5 months	12 years 8 months	10 years 3 months	Master	Inspection
Umut ÇAKMAK	12 years 9 months	12 years 9 months	12 years 9 months	Bachelor	Risk Management
Ahmet Faruk DEĞİRMENCİ	9 years 9 months	9 years 9 months	9 years 9 months	Bachelor	Internal Control Regulation and Compliance
Hakan KURBET	25 years 9 months	21 years 9 months	5 Years	Bachelor	

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Information on Interim Report (continued):

8. Committee Information After Distribution of Roles Among BOD:

AUDIT COMMITTEE

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

CREDIT COMMITTEE:

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

CORPORATE GOVERNANCE COMMITTEE:

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

REMUNERATION COMMITTEE:

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

SUSTAINABILITY AND SOCIAL RESPONSIBILITY COMMITTEE:

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

EXECUTIVE COMMITTEE:

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

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Information on Interim Report (continued):

II. Banks Financial Information and Evaluations:

1. Main Financial Figures:

ASSETS	Current Period	Prior Period
Cash and Balances with The Central Bank	5.215.023	4.999.052
Banks	1.250.247	2.158.177
Financial Assets- Available For Sale (Net)	1.329.966	1.382.690
Loans and Receivables	22.980.844	21.843.075
Financial Leasing Receivables	729.994	878.979
Others	2.320.566	1.588.765
TOTAL ASSETS	33.826.640	32.850.738
LIABILITIES	Current Period	Prior Period
Funds Collected	24.109.244	23.155.134
Funds Borrowed	4.723.298	4.424.195
Subordinated Loans	1.563.245	1.510.937
Shareholders' Equity	2.382.975	2.279.593
Others	1.047.878	1.480.879
TOTAL LIABILITIES	33.826.640	32.850.738
INCOME AND EXPENSE ITEMS	Current Period	Prior Period
Profit Share Income	1.897.858	1.635.408
Profit Share Expense	995.974	878.358
Net Profit Share Income/Expenses	901.884	757.050
Net Fees and Commissions Income/Expenses	109.185	105.191
Trading Income/Loss (Net)	25.945	51.750
Other Operating Income	85.315	82.120
Total Operating Income	1.122.329	996.111
Provision For Loan Losses and Other Receivables (-)	358.819	227.124
Other Operating Expenses (-)	588.276	547.336
Net Operating Income/ (Losses)	175.234	221.651
Tax Provision For Discontinued Operations (-+)	34.117	42.784
NET PROFIT/LOSSES	141.117	178.867
Earnings Per Share (Full TL)	0,157	0,199

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Information on Interim Report (continued):

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

Our Precious Stakeholders,

The optimistic outlook for the recovery in the global economy remains favorable in the third quarter. The International Monetary Fund (IMF) has revised its global growth forecasts upwardly for the World Bank and OECD 2017.

The Federal Reserve Bank of America (FED), which carried out the fourth interest rate increase for the last 11 years and the second interest rate increase for this year in June and moved the funding interest to 1.00-1.25 range, while not raising interest rates during July and September meetings, announced that the balance sheet reduction program will begin in October. However, while the second quarter growth in the US is above the market expectation of 3%, the continuation of low inflation indicators leads the Fed to weaken its position on the interest rate increase. Increasing political tension between the United States and North Korea has recently become the top spot on the global economy's agenda, which has heightened the global risk perception. Recovery in the euro area continues throughout the region. While the European Central Bank (ECB) did not change its policy interest rate and asset purchase program in line with expectations in the September meeting, it has left the agenda for the exit strategy from the asset-purchasing program to the other meetings in the autumn. The Bank of Japan (BOJ) has not made any changes in its monetary policy in line with the market anticipation in September. Following the China's second quarter economic growth of 6.9% which is higher than expectations, the fact that recently announced economic data failed to meet expectations, raised uncertainties about the third quarter

Turkish economy has completed the second quarter of 2017 with growth of 5,1%. The decline in uncertainties following the referendum, the strong growth in the services sectors, which are comprised of the agricultural sector, the industrial sector, and trade, transportation, accommodation and foodservice activities, are among the factors that support the growth. The unemployment rate was 10.7% compared to the July data due to the recovery in economic activities. Foreign trade deficit continues to expand; foreign trade deficit increased by 80,4% on the annual basis to 8.8 billion US dollars in July. The current account deficit continues to move on expectations. The rise in non-monetary gold imports was influential on the widening current account deficit in July. Budget expenditures increased compared to the previous year according to June data and in the first half of 2017 the budget had a deficit of 25.2 billion TL. The CPI, which is in a rising trend for a while, also recorded a rise in September, reaching 11,2% on an annual basis.

The maintenance of the tight monetary policy position of the Central Bank of Turkey has a positive impact on separation of the exchange rate and risk premium indicators. While the increase in credit supply through the Credit Guarantee Fund incentive is affecting the rise in the credit volume of banks, other macro precautionary measures for SMEs such as tax cuts and KOSGEB support continue to support economic activity in our country.

Albaraka Türk, which is the flagship of Albaraka Banking Group (ABG), continues its stable growth strategy and investments for a stronger Turkey and banking sector by closely monitoring global and regional developments. With the awareness and responsibility of being Turkey's first and foremost Participation Bank, and with its asset size of TL 33.826.640 reached as of September 30, 2017, the management team, employees and stakeholders, it will continue to respond to the financial needs of its customers as it has been for 32 years. As it was yesterday, our Bank, Albaraka Türk, will continue to take firm steps today and tomorrow, "adding values to the values" of all its stakeholders in line with its vision of "Becoming the World's Best Participation Bank". I would therefore like to thank my colleagues, our customers, our participators and all other stakeholders by heart for their contribution to our success.

Yours sincerely,

Respectfully Yours,

Adnan Ahmed Yusuf ABDULMALEK

Chairman of the Board of Directors

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Information on Interim Report (continued):

3. Message from the CEO

Our Precious Stakeholders,

Albaraka Türk Katılım Bankası A.Ş., which has been the pioneer of Participation Banking in our country and continues by increasing its contribution to Turkey's economy and real sector for 32 years, has signed important projects in this period that we left behind the financial results of the third quarter of 2017.

According to our financial results for the third quarter, our Bank's total assets amounted to TL 33.826.640. Our total loan portfolio including financial leasing reached TL 23.710.838. Funds collected via profit and loss participation accounts and private current accounts increased by 4,12% compared to previous period and realized as TL 24.109.244. Approximately 47,24% of these funds are composed of foreign currency funds. As of September 30, 2017, our Bank's net profit was TL 141.117. Our equity size increased by 4,54% compared to the previous period and reached TL 2.382.975. Our capital adequacy ratio was 17,37% above the sector average.

Our Bank continues to work in order to diversify its fund resources without slowing down and to domestic rent certificate transactions. At the very beginning of the second quarter, a successful murabaha syndication loan of 213 million US Dollars in 370 days maturity was provided in April. In the first 9 months of 2017, a total of TL 600.000 rent certificates has been issued, while TL rent certificates have totaled TL 950.000.

Hosted by the Astana International Finance Center (AIFC), the Global Islamic Finance Awards (GIFA) organized by Edbiz Consulting took place in Kazakhstan's capital city Astana. More than 200 representatives of the Islamic finance sector, attended the Global Islamic Finance Awards, to which Albaraka Türk was awarded the "Best Islamic Bank 2017" award.

As Albaraka Türk, we closely monitor the rapid development of entrepreneurship ecosystem in our country and act with the vision of establishing and supporting successful enterprises. In line with this vision, our Bank launched the world's first Participation Banking Startup Acceleration Center Albaraka Garaj by leading the way. Albaraka Garaj will serve as an Entrepreneur Acceleration Center in Albaraka Türk where Entrepreneurs with Financial Technology based business ideas and projects are supported with incubation and acceleration facilities. In addition to the Albaraka Garaj project, we launched an in-house entrepreneurship program; through that program we are leading the way to create new business opportunities by ensuring that innovative business and enterprise ideas coming from our employees can be tested with the least resources and in the shortest possible time considering the needs of our company and our sector. Within the scope of the program, we started to support 11 projects selected from 137 projects of 101 entrepreneurs.

In the direction of the goal of "Becoming the World's Best Participation Bank", in our bank which pays great attention to human and employee values since its establishment, we once more aim to create a creative ecosystem for our employees with innovative ideas and innovative projects that have emerged in the Social Responsibility Project Competition that we have launched within the company. In this context, as a result of our first competition with a total of 93 applications in different fields, 3 project owners, having received their awards, started to work in order to realize their projects.

With our activities we have increased by developing at each area, as it has been for 32 years, we have completed our works with diligence and devotion in the third quarter of 2017. As Albaraka Türk, we will continue to work with our existing stakeholders as well as our 215 branches and 3.885 employees to popularize participation banking in our country and in the world and support the country's economy. I would like to express my deepest gratitude to all of the stakeholders who contributed and supported to the realization of Albaraka Türk's goals.

Respectfully Yours,

Melikşah UTKU

Board Member and CEO

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Information on Interim Report (continued):

4. Activities in the Third Quarter of 2017:

- In the third quarter of 2017, our total assets have actualized as TL 33.826.640.
- In the third quarter of 2017, the consolidated funds our Bank has collected through "Special Current Accounts" and "Participation to Profit and Loss Accounts" has been TL 24.109.244 as of September 30, 2017. Approximately 47,24% of these funds are constituted of foreign currency funds.
- Participation accounts in the third quarter of 2017 has been TL 18.003.900. Our Bank's Fund Collecting Activities are carried out through our branches, our bank's branches throughout the country and correspondent banks abroad.

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
TL Funds	12.719.391	3.583.937	12.557.143	3.577.534	1,29	0,18
Current Accounts	2.788.186	785.626	2.666.540	759.698	4,56	3,41
Participation Accounts	9.931.205	2.798.311	9.890.603	2.817.836	0,41	(0,69)
FC Funds	11.389.853	3.209.313	10.597.991	3.019.370	7,47	6,29
Current Accounts	3.317.158	934.674	2.764.410	787.581	20,00	18,68
Participation Accounts	8.072.695	2.274.639	7.833.581	2.231.789	3,05	1,92
TOTAL	24.109.244	6.793.250	23.155.134	6.596.904	4,12	2,98

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
Credits ^(*)	23.126.116	6.516.234	22.194.605	6.323.249	4,20	3,05
Non-performing Loans	1.309.370	368.941	1.105.954	315.087	18,39	17,09
Provisions	(724.648)	(204.184)	(578.505)	(164.816)	25,26	23,89
TOTAL	23.710.838	6.680.991	22.722.054	6.473.520	4,35	3,20

(*)Financial Leasing Receivables included.

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

Balance Sheet Period	USD/TL
As of September 30, 2017	3,549
As of December 31, 2016	3,510

5. Evaluation on Financial Status, Profitability and Solvency:

- Our Operating Income has been TL 1.122.329 increasing by 12,67% compared to the same period of the previous year.
- Net Fee and Commission Revenues have been TL 109.185, increasing by 3,80%, our Net Profit Share has been TL 901.884, increasing by 19.13%.
- Personnel expenses has been TL 328.749, increasing by 6.24% and Depreciation Expenses have been TL 45.878, decreasing by 4,60% compared to the same period of the previous year.
- Our consolidated net profit has been TL 141.117, declined by 21,11% for the first 9 months of the year.
- As of September 30, 2017, our capital adequacy ratio is actualized as 17,37%.

Investor Relations presentation regarding our unconsolidated financial results for the first half of 2017 can be found at "Investor Relations" section in "<https://www.albaraka.com.tr/en/default.aspx>".

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Information on Interim Report (continued):

6. Announcements regarding important developments during January 1, 2017 - September 30, 2017 period:

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

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Information on Interim Report (continued):

- As announced in Public Disclosure Platform on February 17, 2017, our Bank's Ordinary General Meeting of Shareholders of was held on March 23, 2017 with the following agenda:

AGENDA:

1. Inauguration; formation of Presiding Council.
2. Authorizing the Presiding Council to sign the general assembly minutes of meeting.
3. Reading and discussing the Annual Report of the BoD about the fiscal year 2016.
4. Reading and discussing Auditor reports.
5. Reading, discussing and approving the Financial Statements.
6. Acquitting the Members of the BoD.
7. Acquitting the Auditor.
8. Discussing the BoD proposal about the utilization and distribution of the annual profit and dividends (ratios of sharing).
9. Discussing the fiscal rights and benefits of the Board members like salary & wages, per diems, bonus & premiums and alike.
10. Electing new members for the BoD, as the offices of our current directors will expire; and determining their new terms of office.
11. Electing the Auditor.
12. Discussing and resolving the Board of Directors' proposal to amend Article-7 entitled "Bank's Capital" of our Bank's Articles of Incorporation.
13. Permitting members of the BoD with respect to articles 395 and 396 of Turkish Commercial Code.
14. Presenting information to General Assembly about operations effected in scope of the Repurchase Program for bank's own shares in 2016,
15. Providing the General Assembly with details of our Bank's donations in 2016.
16. Wishes and requests.

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

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

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

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

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

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Information on Interim Report (continued):

- At the General Assembly meeting held on March 23, 2017, Article 8 of the agenda for the use and distribution of Profit Shares was discussed and a gross total of TL 43.521 profit distribution has been approved by the voting consortium as of April 10, 2017.
- In accordance with the resolution of the Board of Directors dated March 30, 2017; Board members and the General Manager, who were elected to the Board of Directors for three years at the Ordinary General Meeting of Shareholders held on March 23, 2017, distributions of the duties of the Board of Directors among themselves as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sponsor Support: 3

Stand Alone: AB

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Information on Interim Report (continued):

- On Sep 23, 2017, a successful Sukuk Certificate (Sukuk) was issued by Albaraka Türk which is resource institution and fund user with a maturity of 179 days with a funding source of TL 115.000.
- JCR Eurasia Rating has revised our Bank's compliance with CMB Corporate Governance Principles a score of 8,81 along with a Positive outlook in its report dated July 11, 2017. The Company's compliance levels in each of the four main sections are submitted below.

Overall: 8,81 (Positive)

Shareholders: 8,83

Public Disclosure and Transparency: 9,04

Stakeholders: 8,90

Board of Directors: 8,58

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

- International Credit Rating Agency, Standard & Poor's, has confirmed the rating note given to Albaraka Türk as Long Term Credit Rating: BB-, Short Term Credit Rating: B, Credit Rating Outlook: Stable.
- By Tax Inspection Board the Istanbul Large-scale Taxpayers Group Presidency, for the review of RUSF for the customers who have been provided individual consumer financing related to years 2012, 2013 and 2014, TL 86 for the RUSF Withholding and TL 83 the Penalty for a total of TL 169, TL 199 for the RUSF Withholding and TL 153 for the Penalty for a total of TL 352 referring the tax inspection report of the year 2013, TL 195 for the RUSF Withholding and TL 111 for the Penalty Rate for a total of TL 306 referring the tax inspection report of the year 2014 were accrued for Albaraka Türk.
- In accordance with the approvals we received from the Capital Markets Board, the sales procedures of the rent certificates which we carried out the book building with a maturity of 178 days and a total amount of TL 150.000 have been completed for selling to qualified investors domestically.
- The issues that took place during the period **January 1, 2017 - September 30, 2017** were announced to the public and uploaded to the Public Disclosure Platform as notifications. All of these announcements are shared in the Investor Relations section of the Albaraka Türk website.

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