

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated financial statements
and related disclosures at December 31, 2016
together with independent auditors' report
*(Convenience translation of the independent auditors' report and
financial statements originally issued in Turkish –
see section three Note XXIII)*

February 20, 2017

*This report contains "independent auditor's Report"
comprising 2 pages and; "Unconsolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 100 pages.*

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

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED FINANCIAL INFORMATION

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

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated financial statements of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") which comprise the unconsolidated statement of financial position as at 31 December 2016 and the unconsolidated statement of income, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes 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 Board and circulars and interpretations published by BRSA and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of the Albaraka Türk Katılım Bankası A.Ş. as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No.6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2016 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Other Matter

The unconsolidated financial statements of the Company as at and for year ended 31 December 2015 was audited by another auditor who expressed an unmodified opinion on those statements on 22 February 2016, respectively.

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

Alper Güvenç
Partner, SMMM

20 February 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 FINANCIAL REPORT OF ALBARAKA TRK KATILIM BANKASI A.Ş.
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016**

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34768 mraniye / İstanbul
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Bank's website : www.albarakaturk.com.tr
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The unconsolidated year ended financial report prepared in accordance with the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is comprised of the following sections.

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

The unconsolidated financial statements and related disclosures and footnotes; presented in **thousands of Turkish Lira** unless otherwise indicated; have been prepared in accordance with the Communiqué on Accounting Applications of Banks and Safeguarding of Documents, 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 independently audited and presented as attached.

Adnan Ahmed Yusuf ABDULMALEK

Chairman of the Board of Directors

Melikşah UTKU

Acting General Manager

Temel HAZIROĞLU

Assistant General Manager

Yunus AHLATCI

Financial Reporting Manager

Hamad Abdulla A. EQAB

Chairman of the Audit Committee

Mitat AKTAŞ

Member of the Audit Committee

Hood Hashem Ahmed HASHEM

Member of the Audit Committee

Muhammad Zarrug M. RAJAB

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 DECEMBER 31, 2016

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

The Bank's head office is located in Istanbul and is operating through 212 (December 31, 2015: 212) local branches and 1 (December 31, 2015: 1) foreign branch and with 3.796 (December 31, 2015: 3.736) staff as of December 31, 2016.

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

As of December 31, 2016, 54,06% (December 31, 2015: 54,06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 24,84% (December 31, 2015: 24,80%) 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 DECEMBER 31, 2016
(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	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	(*) 0,0000
	Osman AKYÜZ	Executive Member of BOD	Bachelor	-
	Bekir PAKDEMİRLİ	Member of BOD	Master	-
	Mitat AKTAŞ	Member of BOD	Master	(*) 0,0000
	Hamad Abdulla A. EQAB	Member of BOD	Bachelor	(*) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of BOD	Master	(*) 0,0000
	Muhammad Zarrug M. RAJAB	Member of BOD	Bachelor	-
	Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
	Dr. Fahrettin YAHŞİ	Executive Member of BOD	Doctorate	-
Acting General Manager	Melikşah UTKU	Member of BOD / Acting General Manager	Master	-
Assistant General Managers	Turgut SİMİTCİOĞLU	Assistant General Manager Responsible for Business Branches (GM Deputy)	Master	-
	Mehmet Ali VERÇİN	Assistant General Manager Responsible for Support (GM Deputy)	Bachelor	-
	Nihat BOZ	Assistant General Manager Responsible for Legal (GM Deputy)	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 and Strategy	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 Central 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	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(*) 0,0000
	Muhammad Zarrug M. RAJAB	Member of Audit Committee	Bachelor	-

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

(**) Related assignments have been written in the board meeting dated December 25, 2016 numbered 1596. Assistant General Managers Bülent Taban and Mahmut Esfa Emek have already resigned as of December 31, 2016.

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, 2015: 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 DECEMBER 31, 2016
(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 five different maturity groups; up to one month, up to three months (three months included), up to six months (six months included), up to one year (one year included) and one year and more than one year (with monthly, quarterly, semiannual and annual profit share payment).

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

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

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

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

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

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. Moreover, 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".

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
- VII. Statement of profit distribution

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		December 31, 2016			December 31, 2015		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	940.247	4.058.805	4.999.052	894.204	4.010.594	4.904.798
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)	(2)	1.022	65.074	66.096	1.427	20.856	22.283
2.1 Trading Financial Assets		1.022	65.074	66.096	1.427	20.856	22.283
2.1.1 Public Sector Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		954	-	954	790	-	790
2.1.3 Derivative Financial Assets Held for Trading		55	65.013	65.068	-	20.822	20.822
2.1.4 Other Marketable Securities		13	61	74	637	34	671
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)	656.410	1.501.767	2.158.177	599.970	1.882.644	2.482.614
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS-AVAILABLE FOR SALE (net)	(4)	996.067	386.623	1.382.690	755.337	296.229	1.051.566
5.1 Equity Securities		15	6.335	6.350	15	12.850	12.865
5.2 Public Sector Debt Securities		986.482	298.856	1.285.338	737.783	149.374	887.157
5.3 Other Marketable Securities		9.570	81.432	91.002	17.539	134.005	151.544
VI. LOANS AND RECEIVABLES	(5)	17.448.650	4.394.425	21.843.075	15.352.083	3.205.882	18.557.965
6.1 Loans and Receivables		16.921.201	4.394.425	21.315.626	15.165.345	3.205.054	18.370.399
6.1.1 Loans to Risk Group of The Bank		6.937	29.327	36.264	9.424	38.523	47.947
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		16.914.264	4.365.098	21.279.362	15.155.921	3.166.531	18.322.452
6.2 Non-performing loans		1.104.785	1.169	1.105.954	467.256	1.157	468.413
6.3 Specific Provisions (-)		577.336	1.169	578.505	280.518	329	280.847
VII. INVESTMENTS HELD TO MATURITY (net)	(6)	668.582	-	668.582	762.890	-	762.890
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	5.250	-	5.250
9.1 Unconsolidated Financial Subsidiaries		5.400	-	5.400	5.250	-	5.250
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X. JOINT VENTURES (net)	(9)	20.000	-	20.000	15.500	-	15.500
10.1 Accounted for under Equity Method		-	-	-	-	-	-
10.2 Unconsolidated		20.000	-	20.000	15.500	-	15.500
10.2.1 Financial Joint Ventures		20.000	-	20.000	15.500	-	15.500
10.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XI. LEASE RECEIVABLES (net)	(10)	878.979	-	878.979	947.427	-	947.427
11.1 Finance Lease Receivables		996.206	-	996.206	1.090.063	-	1.090.063
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned Income (-)		117.227	-	117.227	142.636	-	142.636
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)	516.340	791	517.131	499.803	1.336	501.139
XIV. INTANGIBLE ASSETS (net)	(13)	35.157	305	35.462	43.796	476	44.272
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		35.157	305	35.462	43.796	476	44.272
XV. INVESTMENT PROPERTY (net)	(14)	-	-	-	-	-	-
XVI. TAX ASSET	(15)	25.100	-	25.100	20.495	-	20.495
16.1 Current Tax Asset		5.004	-	5.004	5.324	-	5.324
16.2 Deferred Tax Asset		20.096	-	20.096	15.171	-	15.171
XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(16)	91.884	433	92.317	22.574	245	22.819
17.1 Assets Held for Sale		91.884	433	92.317	22.574	245	22.819
17.2 Assets of Discontinued Operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(17)	141.900	12.058	153.958	216.018	2.244	218.262
TOTAL ASSETS		22.430.457	10.420.281	32.850.738	20.141.493	9.420.506	29.561.999

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		December 31, 2016			December 31, 2015		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	12.557.143	10.597.991	23.155.134	11.336.176	9.010.002	20.346.178
1.1 Funds from Risk Group of The Bank		18.908	467.738	486.646	126.867	152.607	279.474
1.2 Other		12.538.235	10.130.253	22.668.488	11.209.309	8.857.395	20.066.704
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	88	-	88	-	-	-
III. FUNDS BORROWED	(3)	181.593	4.242.602	4.424.195	-	4.104.688	4.104.688
IV. BORROWINGS FROM MONEY MARKETS		492.784	-	492.784	770.959	-	770.959
V. SECURITIES ISSUED (net)		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES		634.215	68.144	702.359	633.312	53.074	686.386
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)	191.485	42.364	233.849	216.049	35.810	251.859
10.1 General Provisions		110.416	25.847	136.263	140.016	30.869	170.885
10.2 Restructuring Reserves		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		43.260	-	43.260	53.033	-	53.033
10.4 Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5 Other Provisions		37.809	16.517	54.326	23.000	4.941	27.941
XI. TAX LIABILITY	(8)	48.484	3.315	51.799	55.695	2.763	58.458
11.1 Current Tax Liability		48.484	3.315	51.799	55.695	2.763	58.458
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)	-	1.510.937	1.510.937	-	1.239.557	1,239.557
XIV. SHAREHOLDERS' EQUITY	(11)	2.288.359	(8.766)	2,279.593	2,097.426	6.488	2,103.914
14.1 Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2 Capital Reserves		220.642	(8.766)	211.876	194.422	6.488	200.910
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Reserve		210	(8.766)	(8.556)	4.203	6.488	10.691
14.2.4 Revaluation Reserve on Tangible Assets		211.642	-	211.642	189.092	-	189.092
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		8.790	-	8.790	1.127	-	1,127
14.3 Profit Reserves		946.157	-	946.157	696.531	-	696.531
14.3.1 Legal Reserves		101.765	-	101.765	84.774	-	84.774
14.3.2 Status Reserves		-	-	-	-	-	-
14.3.3 Extraordinary Reserves		844.392	-	844.392	611.757	-	611.757
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Profit or Loss		221.560	-	221.560	306.473	-	306.473
14.4.1 Prior Years Profit / (Loss)		3.951	-	3.951	3.610	-	3.610
14.4.2 Current Year Profit / (Loss)		217.609	-	217.609	302.863	-	302.863
14.5 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		16.394.151	16.456.587	32.850.738	15.109.617	14.452.382	29.561.999

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
AS OF DECEMBER 31, 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Audited			Audited		
		CURRENT PERIOD December 31, 2016			PRIOR PERIOD December 31, 2015		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I-II+III)	(1)	5.229.816	5.721.490	10.951.306	5.494.071	4.916.466	10.410.537
I. GUARANTEES AND SURETIES		4.003.878	4.697.315	8.701.193	4.275.402	4.388.655	8.664.057
1.1. Letters of Guarantees		3.992.017	3.817.794	7.809.811	4.269.478	3.460.810	7.730.288
1.1.1. Guarantees Subject to State Tender Law		380.805	33.037	413.842	259.046	23.832	282.878
1.1.2. Guarantees Given for Foreign Trade Operations		5.911	875.341	881.252	436	816.444	816.880
1.1.3. Other Letters of Guarantee		3.605.301	2.909.416	6.514.717	4.009.996	2.620.534	6.630.530
1.2. Bank Loans		-	20.711	20.711	-	28.324	28.324
1.2.1. Import Letter of Acceptances		-	20.711	20.711	-	28.324	28.324
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		2.073	750.606	752.679	-	639.592	639.592
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		2.073	750.606	752.679	-	639.592	639.592
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		150	101.422	101.572	1.877	245.719	247.596
1.7. Other Collaterals		9.638	6.782	16.420	4.047	14.210	18.257
II. COMMITMENTS	(1)	1.221.782	9.379	1.231.161	1.218.669	110.806	1.329.475
2.1. Irrevocable Commitments		1.221.782	9.379	1.231.161	1.218.669	110.806	1.329.475
2.1.1. Asset Purchase and Sale Commitments		4.020	9.379	13.399	76.526	110.806	187.332
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		111.042	-	111.042	116.862	-	116.862
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		588.983	-	588.983	500.882	-	500.882
2.1.7. Tax And Fund Liabilities from Export Commitments		3.029	-	3.029	2.035	-	2.035
2.1.8. Commitments for Credit Card Expenditure Limits		475.270	-	475.270	521.562	-	521.562
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		963	-	963	599	-	599
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		38.475	-	38.475	203	-	203
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	4.156	1.014.796	1.018.952	-	417.005	417.005
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		4.156	1.014.796	1.018.952	-	417.005	417.005
3.2.1. Forward Foreign Currency Buy/Sell Transactions		4.156	1.014.796	1.018.952	-	417.005	417.005
3.2.1.1. Forward Foreign Currency Transactions-Buy		2.078	539.810	541.888	-	219.089	219.089
3.2.1.2. Forward Foreign Currency Transactions-Sell		2.078	474.986	477.064	-	197.916	197.916
3.2.2. Other Forward Buy/Sell Transactions		-	-	-	-	-	-
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		46.841.565	7.544.333	54.385.898	38.754.719	5.866.824	44.621.543
IV. ITEMS HELD IN CUSTODY		1.598.038	1.363.315	2.961.353	1.671.504	932.158	2.603.662
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		72	-	72	72	-	72
4.3. Cheques Received for Collection		1.214.349	110.011	1.324.360	1.135.253	140.774	1.276.027
4.4. Commercial Notes Received for Collection		351.020	31.674	382.694	509.767	23.015	532.782
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		2.534	153.793	156.327	999	280.573	281.572
4.8. Custodians		29.960	1.067.837	1.097.797	25.310	487.796	513.106
V. PLEDGED ITEMS		45.243.527	6.181.018	51.424.545	37.083.215	4.934.666	42.017.881
5.1. Marketable Securities		2.553.972	1.690.418	4.244.390	2.526.159	1.260.176	3.786.335
5.2. Guarantee Notes		1.461.797	180.826	1.642.623	1.792.505	166.731	1.959.236
5.3. Commodity		1.873.977	956.778	2.830.755	1.671.688	750.681	2.422.369
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		37.530.439	1.668.064	39.198.503	29.631.293	1.227.662	30.858.955
5.6. Other Pledged Items		1.571.336	1.681.591	3.252.927	1.372.083	1.526.355	2.898.438
5.7. Pledged Items-Depository		252.006	3.341	255.347	89.487	3.061	92.548
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		52.071.381	13.265.823	65.337.204	44.248.790	10.783.290	55.032.080

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME
AS OF DECEMBER 31, 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

INCOME AND EXPENSE ITEMS	Notes (Section Five-IV)	Audited CURRENT PERIOD January 1- December 31, 2016	Audited PRIOR PERIOD January 1- December 31, 2015
I. PROFIT SHARE INCOME	(1)	2.218.804	1.935.159
1.1 Profit Share on Loans		1.965.135	1.708.889
1.2 Income Received from Reserve Deposits		18.811	10.263
1.3 Income Received from Banks		810	36
1.4 Income Received from Money Market Placements		-	-
1.5 Income Received from Marketable Securities Portfolio		159.663	135.215
1.5.1 Held-For-Trading Financial Assets		-	-
1.5.2 Financial Assets at Fair Value Through Profit and Loss		-	-
1.5.3 Available-For-Sale Financial Assets		94.487	70.619
1.5.4 Investments Held to Maturity		65.176	64.596
1.6 Finance Lease Income		73.181	79.117
1.7 Other Profit Share Income		1.204	1.639
II. PROFIT SHARE EXPENSE	(2)	1.195.186	1.049.478
2.1 Expense on Profit Sharing Accounts		870.132	829.534
2.2 Profit Share Expense on Funds Borrowed		266.000	163.528
2.3 Profit Share Expense on Money Market Borrowings		55.734	47.081
2.4 Profit Share Expense on Securities Issued		-	-
2.5 Other Profit Share Expense		3.320	9.335
III. NET PROFIT SHARE INCOME (I – II)		1.023.618	885.681
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		145.935	135.997
4.1 Fees and Commissions Received		208.127	187.627
4.1.1 Non-Cash Loans		104.868	98.046
4.1.2 Other	(12)	103.259	89.581
4.2 Fees and Commissions Paid		62.192	51.630
4.2.1 Non-Cash Loans		334	321
4.2.2 Other	(12)	61.858	51.309
V. DIVIDEND INCOME	(3)	-	519
VI. TRADING INCOME/LOSS(net)	(4)	45.139	52.570
6.1 Capital Market Transaction Income / (Loss)		200	2.223
6.2 Profit / (Loss) from Derivative Financial Instruments		102.994	68.093
6.3 Foreign Exchange Income / (Loss)		(58.055)	(17.746)
VII. OTHER OPERATING INCOME	(5)	157.511	113.407
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.372.203	1.188.174
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	372.157	157.143
X. OTHER OPERATING EXPENSES (-)	(7)	736.126	654.253
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		263.920	376.778
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)	263.920	376.778
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	46.311	73.915
16.1 Provision for Current Taxes		53.999	78.166
16.2 Provision for Deferred Taxes		(7.688)	(4.251)
XVII. NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		217.609	302.863
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)	217.609	302.863
23.1 Group's Profit/Loss		217.609	302.863
23.2 Minority shares (-)		-	-
Earnings Per Share (Full TL)		0,242	0,337

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME&EXPENSE ITEMS ACCOUNTED
UNDER SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	Audited	Audited
	CURRENT PERIOD January 1 - December 31, 2016	PRIOR PERIOD January 1 - December 31, 2015
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(24.059)	876
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	34.580	31.988
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	7.606	4.368
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	(2.833)	9.772
IX. DEFERRED TAX ON VALUATION DIFFERENCES	(1.538)	(2.494)
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	13.756	44.510
XI. PROFIT/LOSS	217.609	302.863
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	217.609	302.863
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	231.365	347.373

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

CHANGES IN SHAREHOLDERS' EQUITY (Audited)	Notes Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves ⁽¹⁾	Current Period Net Income / (Loss)	Prior Years Net Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc.op.	Total Equity
PRIOR PERIOD																	
January 1- December 31, 2015																	
I. Beginning balance	(V)	900.000	-	-	-	71.744	-	398.393	(2.973)	252.631	7.963	9.990	153.179	-	-	-	1.790.927
Changes In Period																	
II. Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	701	-	-	-	-	701
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	29.598	-	-	-	29.598
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates,Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	4.368	-	-	-	-	-	-	-	4.368
IX. Changes Related to the Disposal Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	(268)	-	3.610	-	6.315	-	-	-	9.657
XVII. Period Net Income/(Loss)		-	-	-	-	-	-	-	-	302.863	-	-	-	-	-	-	302.863
XVIII. Profit Distribution		-	-	-	-	13.030	-	213.364	-	(252.631)	(7.963)	-	-	-	-	-	(34.200)
18.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	(34.200)	-	-	-	-	-	(34.200)
18.2 Transfers To Reserves		-	-	-	-	13.030	-	213.364	-	-	(226.394)	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(252.631)	252.631	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	84.774	-	611.757	1.127	302.863	3.610	10.691	189.092	-	-	-	2.103.914

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

CHANGES IN SHAREHOLDERS' EQUITY (Audited)	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves ⁽¹⁾	Current Period Net Income / (Loss)	Prior Years Net Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc.op.	Total Equity
CURRENT PERIOD																	
January 1- December 31, 2016																	
I. Beginning balance	(V)	900.000	-	-	-	84.774	-	611.757	1.127	302.863	3.610	10.691	189.092	-	-	-	2.103.914
Changes In Period																	
II. Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(19.247)	-	-	-	-	(19.247)
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	30.542	-	-	-	30.542
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	7.606	-	-	-	-	-	-	-	7.606
IX. Changes Related to the Disposal Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	1.128	-	(7.575)	57	-	3.951	-	(7.992)	-	-	-	(10.431)
XVII. Period Net Income/(Loss)		-	-	-	-	-	-	-	-	217.609	-	-	-	-	-	-	217.609
I Profit Distribution		-	-	-	-	15.863	-	240.210	-	(302.863)	(3.610)	-	-	-	-	-	(50.400)
18.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	(50.400)	-	-	-	-	-	(50.400)
18.2 Transfers To Reserves		-	-	-	-	15.863	-	240.210	-	-	(256.073)	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(302.863)	302.863	-	-	-	-	-	-
Closing Balance																	
(I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	101.765	-	844.392	8.790	217.609	3.951	(8.556)	211.642	-	-	-	2.279.593

⁽¹⁾ 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 is represented under other reserves.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
AS OF DECEMBER 31, 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS		Audited CURRENT PERIOD January 1- December 31, 2016	Audited PRIOR PERIOD January 1- December 31, 2015
	Notes (Section Five-VI)		
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		1.297.741	848.528
1.1.1 Profit Share Income Received		1.991.802	1.728.917
1.1.2 Profit Share Expense Paid		(1.171.483)	(1.013.622)
1.1.3 Dividend Received		-	10
1.1.4 Fees and Commissions Received		208.127	187.627
1.1.5 Other Income		75.806	107.179
1.1.6 Collections from Previously Written Off Loans	(V-I-5,h2)	164.013	118.799
1.1.7 Payments to Personnel and Service Suppliers		(416.420)	(354.129)
1.1.8 Taxes Paid		(88.261)	(104.771)
1.1.9 Others	(V-VI-3)	534.157	178.518
1.2 Changes In Operating Assets And Liabilities		(1.081.308)	141.094
1.2.1 Net (Increase) Decrease in Available For Sale Financial Assets		(43.813)	(16.672)
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		695.562	(698.078)
1.2.4 Net (Increase) Decrease in Loans		(3.152.211)	(3.105.308)
1.2.5 Net (Increase) Decrease in Other Assets		72.688	(155.456)
1.2.6 Net Increase (Decrease) in Funds Collected From Banks		1.239.937	103.435
1.2.7 Net Increase (Decrease) in Other Funds Collected		300.995	3.105.520
1.2.8 Net Increase (Decrease) in Funds Borrowed		141.022	716.415
1.2.9 Net Increase (Decrease) in Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(V-VI-3)	(335.488)	191.238
I. Net Cash Flow From Banking Operations		216.433	989.622
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(120.840)	(381.782)
2.1 Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		(4.650)	(10.000)
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Fixed Assets Purchases		(32.484)	(68.547)
2.4 Fixed Assets Sales		57.326	43.773
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(1.024.093)	(611.211)
2.6 Cash Obtained from Sale of Financial Assets Available for Sale		723.577	179.188
2.7 Cash Paid for Purchase of Investment Securities	(V-I-6)	(264.055)	(391.427)
2.8 Cash Obtained from Sale of Investment Securities	(V-I-6)	423.539	476.442
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		(769.107)	1.167.349
3.1 Cash Obtained from Funds Borrowed and Securities Issued		3.005.907	6.263.893
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(3.724.614)	(5.062.344)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		(50.400)	(34.200)
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(V-VI-3)	329.943	124.317
V. Net (Decrease) Increase in Cash and Cash Equivalents		(343.571)	1.899.506
VI. Cash and Cash Equivalents at the Beginning of the Period	(V-VI-i)	3.808.054	1.908.548
VII. Cash and Cash Equivalents at the End of the Period	(V-VI-ii)	3.464.483	3.808.054

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
AS OF DECEMBER 31, 2016

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

STATEMENT OF PROFIT DISTRIBUTION	THOUSAND TURKISH LIRA	
	CURRENT PERIOD December 31, 2016	PRIOR PERIOD December 31, 2015
I. Distribution of current year income		
1.1. Current year income	263.920	380.388
1.2. Taxes and duties payable (-)	46.311	73.915
1.2.1. Corporate tax (Income tax)	53.999	78.166
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities (**)	(7.688)	(4.251)
A. Net income for the year (1.1-1.2)	217.609	306.473
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	15.323
1.5. Other statutory reserves (-)	6.791	-
B. Distributable net period income [(A-(1.3+1.4+1.5)) (*)]	210.818	290.610
1.6. First dividend to shareholders (-)	-	50.400
1.6.1. To owners of ordinary shares	-	50.400
1.6.2. To owners of preferred shares	-	-
1.6.3. To owners of preferred shares (Preemptive rights)	-	-
1.6.4. To Profit sharing bonds	-	-
1.6.5. To owners of the profit /loss sharing certificates	-	-
1.7. Dividend to personnel (-)	-	-
1.8. Dividend to board of directors (-)	-	-
1.9. Second dividend to shareholders (-)	-	-
1.9.1. To owners of ordinary shares	-	-
1.9.2. To owners of preferred shares	-	-
1.9.3. To owners of preferred shares (Preemptive rights)	-	-
1.9.4. To profit sharing bonds	-	-
1.9.5. To owners of the profit /loss sharing Certificates	-	-
1.10. Second legal reserve (-)	-	-
1.11. Status reserves (-)	-	-
1.12. Extraordinary reserves	-	240.210
1.13. Other reserves	-	-
1.14. Special funds	-	-
II. Distribution from reserves		
2.1. Distributed reserves	-	-
2.2. Second legal reserves (-)	-	540
2.3. Share to shareholders (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of preferred shares	-	-
2.3.3. To owners of preferred shares (Preemptive rights)	-	-
2.3.4. To profit sharing bonds	-	-
2.3.5. To owners of the profit /loss sharing certificates	-	-
2.4. Share to personnel (-)	-	-
2.5. Share to board of directors (-)	-	-
III. Earnings per share		
3.1. To owners of ordinary shares (***) (Full TL)	0,234	0,323
3.2. To owners of ordinary shares (%)	23,4	32,3
3.3. To owners of preferred shares	-	-
3.4. To owners of preferred shares (%)	-	-
IV. Dividend per share		
4.1. To owners of ordinary shares (Full TL)	-	0,056
4.2. To owners of ordinary shares (%)	-	5,6
4.3. To owners of preferred shares	-	-
4.4. To owners of preferred shares (%)	-	-

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

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

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

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

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on basis of presentation:

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

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not prepared by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") (all are referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette numbered 28337, dated 28 June 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 31 December 2015. The aforementioned accounting policies and valuation principles are explained in Notes II to XXII below.

TAS/TFRS changes which are effective from January 1, 2016 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 TFRS 16 Leases, do not have a significant effect on the Bank's accounting policies, financial position or performance.

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

"Communiqué related to Changes in Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated January 23, 2011 and numbered 27824 has set out the financial statement formats for the banks which selected to early adopt TFRS 9 (In accordance with the Communiqué related to Changes in Communiqué on TFRS 9 "Financial Instruments" published in the Official Gazette dated April 7, 2015 numbered 29319, the effective date of the mentioned Communiqué has been changed as December 31, 2014 which is planned to be applied after 31 December 2017) "Financial Instruments" before January 1, 2018.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

I. Explanations on basis of presentation(continued):

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.

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.

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

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

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

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

There are no foreign currency differences capitalized by the Bank.

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

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.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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VI. Explanations on financial assets:

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

Financial assets at fair value through profit or loss:

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

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

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

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

As of December 31, 2016, 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, 2015: None).

Financial assets available for sale:

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

Loans and receivables:

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

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

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

Financial assets held to maturity:

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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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.

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.

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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 in accordance with TAS 16.

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

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

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.

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

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.

As of December 31, 2016, actuarial loss amounts to TL 9.729 (December 31, 2015: TL 6.896 actuarial loss).

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

XVI. Explanations on taxation:

Current tax:

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

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.

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XVI. Explanations on taxation (continued):

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.

Transfer pricing:

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

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

XVII. Additional explanations on borrowings:

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

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

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

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

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

XX. Explanations on government grants:

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

XXI. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note XI.

XXII. Explanations on other matters:

None.

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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 December 31, 2016 the Bank's total capital has been calculated as TL 3.064.000, capital adequacy standard ratio is 13,46%. As of December 31, 2015, Bank's total capital amounted to TL 3.157.310, capital adequacy ratio was 15,27% calculated as per former regulations. This ratio is above the minimum ratio required by the legislation.

a) Information on Capital:

	Current Period December 31, 2016	Amounts related to treatment before 1 January 2014 ^(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	
Share issue premiums	-	
Reserves	946.157	
Gains recognized in equity as per TAS	232.165	
Profit	221.560	
Current Period Profit	217.609	
Prior Period Profit	3.951	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	2.299.882	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	20.289	
Improvement costs for operating leasing	27.695	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	19.895	33.159
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	67.879	
Total Common Equity Tier 1 Capital	2.232.003	

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

a) Information on Capital (continued):

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

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

a) Information on Capital (continued):

In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
TOTAL CAPITAL	
Total Capital	3.064.000
Total risk weighted amounts	22.757.911
Capital Adequacy Ratios	
Core Capital Adequacy Ratio (%)	9,81
Tier 1 Capital Adequacy Ratio (%)	9,75
Capital Adequacy Ratio (%)	13,46
BUFFERS	
Total buffer requirement (%)	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 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

⁽¹⁾ Amounts in this column represents the amounts of items that are subject to transition provisions.

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

a) Information on Capital (continued):

	December 31 2015^(*)
Tier I capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	696.531
Other Comprehensive Income according to TAS	206.427
Profit	306.473
Current Period Profit	302.863
Prior Period Profit	3.610
General Reserves for Possible Losses	88
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I capital before deductions	2.109.519
Deductions from tier I capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	5.517
Leasehold Improvements on Operational Leases (-)	36.383
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	16.742
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total deductions from tier I capital	58.642
Total tier I capital	2.050.877
Additional core capital	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional core capital before deductions	-
Deductions from additional core capital	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total deductions from additional core capital	-
Total additional core capital	-

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

a) Information on Capital (continued):

Deductions from core capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	25.113
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total core capital	2.025.764
Tier II capital	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	642.166
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	420.300
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	74.819
Tier II capital before deductions	1.137.285
Deductions from tier ii capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total deductions from tier II capital	-
Total tier II capital	1.137.285
Capital	3.163.049
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	2.459
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	3.280
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
Equity	3.157.310
Amounts lower than excesses as per deduction rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	18.922

(*) Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date March 31, 2016, the information given in the prior period column has been calculated as per former regulation.

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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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Explanations on capital adequacy standard ratio (continued):

c) Details on Subordinated Liabilities

Issuer	Albaraka Sukuk Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207
Governing Law(s) of the Instrument	English Law
Special Consideration in the Calculation of Equity	
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No
Eligible at Unconsolidated / Consolidated	Unconsolidated / Consolidated
Instrument Type	Sukuk Wakala
Amount recognized in regulatory capital (as of most recent reporting date)	TL 793.260
Par Value of Instrument	TL 793.260
Accounting Classification	Subordinated Loan
Original date of Issuance	November 30, 2015
Perpetual or dated	Dated
Maturity date	November 30, 2025
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: 30.11.2020 Total Repayment Amount of Profit Share: USD 131.250.000, Repayment Period: 6 months Principal Payment: USD 250.000.000
Subsequent call dates	-
Profit Share / Dividends	
Fixed or floating profit share / dividend	Fixed
Profit share rate and any related index	10,50 %
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or Non-convertible	
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA'a approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA'a approval it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	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
In compliance with article number 7 and 8 of "Own fund regulation"	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No

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II. Explanations on credit risk:

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

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

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

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

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

Loans which are past due up to 90 days as of period ends but not impaired are defined as "Past Due Receivables". "General provision" is set aside for these loans in accordance with the Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans".

Loans which are past due for more than 90 days as of period ends or assessed as impaired based on risk assessment made are defined as "Impaired Loans". "Specific provision" is set aside for these in accordance with the Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans".

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II. Explanations on credit risk (continued):

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

Risk Categories	Current Period Risk Amount	Average Risk Amount^(*)
Receivables from central governments or central banks	5.771.975	5.583.731
Receivables from regional or local governments	536	1.865
Receivables from administrative units and non-commercial enterprises	38.092	46.930
Receivables from multilateral development banks	66	66
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	2.394.688	2.030.326
Receivables from corporates	12.863.360	13.851.495
Retail receivables	5.282.437	4.040.329
Receivables secured by mortgages on property	2.506.399	3.243.056
Past due receivables	340.793	245.400
Receivables defined in high risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	1.428.512	1.301.379
Equity share investments	-	-
TOTAL^(*)	30.626.858	30.344.577

(*) Amounts include counterparty credit risk.

(**) Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2016.

- (2) The credit risk undertaken for forwards, options and similar agreements is managed together with the risks arising from market movements.
- (3) The risks of forwards, options and similar agreements are followed regularly and the Bank utilizes risk mitigation methods if needed.
- (4) Indemnified non-cash loans are subject to the same risk weight as overdue loans. Rescheduled or restructured loans are followed in accordance with the principles of credit risk management and follow-up principle of the Bank. Financial position and commercial operations of those customers are analyzed continuously and the principal and profit payments based on the restructured payment plan are monitored by the related departments.

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

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

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

- (6) Share of cash receivables of the Bank from its top 100 and top 200 cash loan customers in total cash loans is 41% (December 31, 2015: 38%) and 48% (December 31, 2015: 46%) respectively.

Share of non-cash receivables of the Bank from its top 100 and top 200 non-cash loan customers in total non-cash loans is 44% (December 31, 2015: 45%) and 56% (December 31, 2015: 56%) respectively.

Share of cash and non-cash receivables of the Bank from its top 100 and top 200 loan and non-cash loan customers in total of balance sheet and off balance sheet commitments is 36% (December 31, 2015: 33%) and 44% (December 31, 2015: 41%) respectively.

- (7) The Bank's general provision amount for its credit risk is TL 136.263 (December 31, 2015: TL 170.885).

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II. Explanations on credit risk (continued):

(8) Profile on significant risks in significant regions:

	Risk Categories ^(*)											
	1	2	3	4	5	6	7	8	9	10	11	Total
Current Period												
Domestic	5.290.150	536	38.092	-	1.913.188	12.334.111	5.264.405	2.486.291	296.839	-	1.360.372	28.983.984
EU Countries	-	-	-	-	138.869	143.118	4.123	2.286	-	-	1	288.397
OECD Countries ^(**)	-	-	-	-	11.394	-	28	-	-	-	-	11.422
Off-shore banking regions	-	-	-	-	21.256	44.369	9.755	7.903	43.954	-	-	127.237
USA, Canada	-	-	-	-	85.415	83.885	8	-	-	-	-	169.308
Other countries	-	-	-	66	150.102	257.785	4.118	9.919	-	-	40.670	462.660
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	27.469	27.469
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-
Total	5.290.150	536	38.092	66	2.320.224	12.863.268	5.282.437	2.506.399	340.793	-	1.428.512	30.070.477
	1	2	3	4	5	6	7	8	9	10	11	Total
Prior Period												
Domestic	5.105.988	13.316	1.481		2.092.510	12.343.531	3.495.258	4.316.649	143.142	128.783	1.551.388	29.192.046
EU Countries	-	-	-	-	194.557	79.585	1.589	5.460	-	-	131	281.322
OECD Countries ^(**)	-	-	-	-	5.316	-	12	-	-	-	-	5.328
Off-shore banking regions	-	-	-	-	11.563	186.013	4.517	11.883	6.052	-	-	220.028
USA, Canada	-	-	-	-	77.021	9.450	10	-	-	-	-	86.481
Other countries	-	-	-	62	254.191	271.020	3.114	14.097	918	-	2.002	545.404
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	30.938	-	-	-	-	21.115	52.053
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-
Total	5.105.988	13.316	1.481	62	2.635.158	12.920.537	3.504.500	4.348.089	150.112	128.783	1.574.636	30.382.662

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

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

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

- 1- Receivables from central governments or central banks
- 2- Receivables from regional or local governments
- 3- Receivables from administrative units and non-commercial enterprises
- 4- Receivables from multilateral development banks
- 5- Receivables from banks and brokerage houses
- 6- Receivables from corporates

- 7- Retail receivables
- 8- Receivables secured by mortgages on property
- 9- Past due receivables
- 10- Receivables defined in high risk category by BRSA
- 11- Other receivables

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II. Explanations on credit risk (continued):

Risk Profile according to sectors and counterparties:

		Risk Categories											
Sectors / Counterparties	1	2	3	4	5	6	7	8	9	10	TL	FC	Total
1 Agriculture	-	-	-	-	-	97.811	48.663	21.031	5.234	12	101.753	70.998	172.751
1.1 Farming and stockbreeding	-	-	-	-	-	35.974	23.799	14.039	5.073	8	49.278	29.615	78.893
1.2 Forestry	-	-	-	-	-	53.984	23.893	6.284	161	4	51.445	32.881	84.326
1.3 Fishery	-	-	-	-	-	7.853	971	708	-	-	1.030	8.502	9.532
2 Manufacturing	-	-	321	-	-	6.330.702	1.992.461	743.294	156.736	280	3.165.480	6.058.314	9.223.794
2.1 Mining	-	-	-	-	-	402.472	40.390	18.355	1.387	9	64.366	398.247	462.613
2.2 Production	-	-	321	-	-	5.065.653	1.910.841	694.079	154.552	258	2.949.333	4.876.371	7.825.704
2.3 Electricity, gas, water	-	-	-	-	-	862.577	41.230	30.860	797	13	151.781	783.696	935.477
3 Construction	-	-	19.206	-	-	3.252.870	589.296	1.130.457	51.216	338	2.789.220	2.254.163	5.043.383
4 Services	3.335.369	3	18.448	66	2.272.560	2.672.856	1.071.758	550.999	120.705	374.183	3.468.062	6.948.885	10.416.947
4.1 Wholesale and retail trade	-	3	108	-	1.328	1.069.647	590.569	273.894	58.386	144	1.110.903	883.176	1.994.079
4.2 Hotel, food and beverage services	-	-	-	-	-	344.281	36.209	51.920	510	10	19.104	413.826	432.930
4.3 Transportation and telecommunication	-	-	-	-	-	129.913	70.546	18.810	45.263	35	71.467	193.100	264.567
4.4 Financial institutions	3.335.369	-	-	66	2.260.704	609.205	21.345	145.682	5.371	4.720	1.495.623	4.886.839	6.382.462
4.5 Real estate and renting services	-	-	82	-	10.528	310.371	252.483	27.326	6.069	369.076	561.824	414.111	975.935
4.6 Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education services	-	-	4.737	-	-	5.270	10.095	10.533	151	29	27.947	2.868	30.815
4.8 Health and social services	-	-	13.521	-	-	204.169	90.511	22.834	4.955	169	181.194	154.965	336.159
5 Other	1.954.781	533	117	-	47.664	509.029	1.580.259	60.618	6.902	1.053.699	4.405.940	807.662	5.213.602
6 Total	5.290.150	536	38.092	66	2.320.224	12.863.268	5.282.437	2.506.399	340.793	1.428.512	13.930.455	16.140.022	30.070.477

- 1- Receivables from central governments or central banks
- 2- Receivables from regional or local governments alacaklar
- 3- Receivables from administrative units and non-commercial enterprises
- 4- Receivables from multilateral development banks
- 5- Receivables from banks and brokerage houses

- 6- Receivables from corporates
- 7- Retail receivables
- 8- Receivables secured by mortgages on property
- 9- Past due receivables
- 10- Other receivable

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II. Explanations on credit risk (continued):

Distribution of risks with term structure according to remaining maturities:

Risk Categories	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	1 year and over
1 Receivables from central governments or central banks	-	189.649	-	140.413	955.278
2 Receivables from regional or local governments	-	-	-	-	-
3 Receivables from administrative units and non-commercial enterprises	51	77	304	18	21.637
4 Receivables from multilateral development banks	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-
6 Receivables from banks and brokerage houses	27.206	18.693	5.938	13.638	16.486
7 Receivables from corporates	261.472	750.383	1.229.560	2.276.552	5.734.769
8 Retail receivables	119.314	333.121	528.779	818.991	2.748.497
9 Receivables secured by mortgages on property	58.117	105.650	189.053	391.514	1.454.294
10 Past due receivables	2.329	6.237	10.359	26.131	150.235
11 Receivables defined in high risk category by BRSA	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
14 Investments similar to collective investment funds	-	-	-	-	-
15 Other receivables	3	2	23	170	101
16 Equity share investments	-	-	-	-	-
17 TOTAL	468.492	1.403.812	1.964.016	3.667.427	11.081.297

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

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

Risk Weights (*)	%0	%10	%20	%35	%50	%75	%100	%150	%200	Deductions from Shareholders' Equity
1 Amount before credit risk mitigation	3.181.219	-	1.276.723	575.917	6.403.342	5.282.437	13.718.189	189.031	-	72.113
2 Amount after credit risk mitigation	3.775.860	-	1.451.626	559.076	6.425.283	5.036.322	13.190.459	188.232	-	72.113

(*) Amounts include counterparty credit risk.

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II. Explanations on credit risk (continued):

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

For loans which are classified as impaired loans due to delay of collection of principal or profit share 90 days and above, and/or negative risk assessments of credit worthiness of the debtor; "specific provision" is set aside in the accompanying financial statements as of December 31, 2016.

For loans which are classified as past due not impaired loans due to delay of collection of principal or profit share up to 90 days; "general provision" is set aside in the accompanying financial statements as of December 31, 2016.

Loans				
Sectors / Counterparties	Impaired Loans	Past Due (*)	Value Adjustments (**)	Provisions
1 Agriculture	22.077	2.470	24	14.253
1.1 Farming and stockbreeding	20.114	1.030	13	12.568
1.2 Forestry	1.958	1.440	11	1.680
1.3 Fishery	5	-	-	5
2 Manufacturing	540.446	714.193	9.727	283.574
2.1 Mining	5.524	1.286	10	2.853
2.2 Production	526.808	702.399	9.527	273.516
2.3 Electricity, gas, water	8.114	10.508	190	7.205
3 Construction	240.879	377.284	3.254	140.023
4 Services	256.457	202.069	2.571	111.253
4.1 Wholesale and retail trade	141.998	146.494	2.011	67.084
4.2 Hotel, food and beverage services	799	69	1	289
4.3 Transportation and telecommunication	66.850	21.869	217	17.474
4.4 Financial institutions	15.759	15.680	131	4.906
4.5 Real estate and renting services	5.576	1.145	11	3.336
4.6 Self-employment services	18.195	5.349	2	15.471
4.7 Education services	276	-	-	100
4.8 Health and social services	7.004	11.463	198	2.593
5 Other	46.095	158.745	1.938	29.402
6 Total	1.105.954	1.454.761	17.514	578.505

(*) Only overdue projects of the relevant credits are represented.

(**) The amounts represent general provisions.

- (11) Information related to value adjustments and credit provisions:**

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

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

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments (*)	Closing Balance
1 Specific Provisions	280.847	305.593	(21.522)(**)	13.587	578.505
2 General Provisions	170.885	17.856	(53.039)	561	136.263

(*) Determined according to currency differences.

(**) Related balance includes reversal of provisions regarding write-off's in the amount of TL 76.

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III. Explanations on risks including countercyclical capital buffer calculation:
Explanations on receivables from consolidated private sector:

Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Turkey	17.097.231	37.306	17.134.537
Iraq	195.410	-	195.410
Georgia	105.153	-	105.153
Marshall Islands	90.111	-	90.111
United States of America	83.887	-	83.887
Malaysia	21.781	-	21.781
Germany	12.403	-	12.403
Malta	12.013	-	12.013
Panama	9.953	-	9.953
Romania	9.248	-	9.248
Other	37.945	12	37.957

IV. Explanations on currency risk:

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

- 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.
- The Bank does not have any derivative financial instruments held for hedging purposes.
- 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.
- Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of December 31, 2016 - Balance sheet evaluation rate	3,510	3,700
As of December 30, 2016	3,510	3,700
As of December 29, 2016	3,524	3,682
As of December 28, 2016	3,539	3,679
As of December 27, 2016	3,517	3,673
As of December 26, 2016	3,503	3,663

- 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 3,494 for 1 USD (December 2015: TL 2,883), TL 3,679 for 1 EUR (December 2015: TL 3,145).

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

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IV. 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	763.158	2.487.762	807.885	4.058.805
Banks	741.797	434.279	325.691	1.501.767
Financial assets at fair value through profit and loss	-	65.074	-	65.074
Money market placements	-	-	-	-
Available-for-sale financial assets	153	386.470	-	386.623
Loans and financial lease receivables ^(**)	3.296.564	7.068.317	589	10.365.470
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	791	791
Intangible assets	-	-	305	305
Other assets ^(***)	1.566	7.274	4.217	13.057
Total assets	4.803.238	10.449.176	1.139.478	16.391.892
Liabilities				
Current account and funds collected from banks via participation accounts	1.531.340	261.907	2.433	1.795.680
Other current and profit sharing accounts	2.316.846	5.843.139	642.326	8.802.311
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	908.554	4.844.985	-	5.753.539
Marketable securities issued	-	-	-	-
Miscellaneous payables	4.396	54.768	8.980	68.144
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	5.961	10.542	3.329	19.832
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
Prior Period				
Total assets	3.432.222	10.426.828	630.020	14.489.070
Total liabilities	3.372.658	10.622.240	420.127	14.415.025
Net balance sheet position	59.564	(195.412)	209.893	74.045
Net off balance sheet position	(16.929)	210.880	(191.644)	2.307
Derivative financial instruments assets	8.320	249.140	7.599	265.059
Derivative financial instruments liabilities	25.249	38.260	199.243	262.752
Non-cash loans	1.298.973	3.054.388	35.294	4.388.655

^(*) TL 790.486 (December 31, 2015: TL 446.121) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Turkey in other FC column represent precious metals, TL 274.919 (December 31, 2015: TL 39.682) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 599.733 (December 31, 2015: TL 294.008) 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 5.971.045 (December 31, 2015: TL 5.068.133).

^(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 566 (December 31, 2015: TL 431) is included in other assets.

^(****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 2.691 (December 31, 2015: TL 45.969) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 6.688 (December 31, 2015: TL 64.837).

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

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

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

VI. 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 Turkish Lira 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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VI. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio:

		Rate of "Percentage to be taken into account" not Implemented Total value ^(*)		Rate of "Percentage to be taken into account" Implemented Total value ^(*)	
		TL+FC	FC	TL+FC	FC
	Current Period				
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			4.949.478	3.020.407
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	13.162.310	5.041.910	1.153.121	504.191
3	Stable Funds Collected	3.262.200	-	163.110	-
4	Less stable Funds Collected	9.900.110	5.041.910	990.011	504.191
5	Unsecured Funding other than Retail and Small Business Customers Deposits	6.612.800	4.020.394	3.653.791	2.243.157
6	Operational Funds Collected	673.832	671.940	168.458	167.985
7	Non-Operational Funds Collected	3.557.314	2.158.696	2.092.313	1.453.058
8	Other Unsecured Funding	2.381.654	1.189.758	1.393.020	622.114
9	Secured funding			-	-
10	Other Cash Outflows	7.633	7.169	7.633	7.169
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	7.633	7.169	7.633	7.169
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	9.275.450	4.417.720	732.184	385.901
16	TOTAL CASH OUTFLOWS			5.546.729	3.140.418
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	3.558.233	1.767.818	2.858.438	1.666.318
19	Other contractual cash inflows	7.660	3.172	7.655	3.172
20	TOTAL CASH INFLOWS	3.565.893	1.770.990	2.866.093	1.669.490
				Upper limit applied amounts	
21	TOTAL HQLA			4.949.478	3.020.407
22	TOTAL NET CASH OUTFLOWS			2.680.636	1.470.928
23	Liquidity Coverage Ratio (%)			184,64	205,34

(*) 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 21 March 2014, the weeks 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	149,00	140,98
Week	November 4, 2016	October 14, 2016
Highest	195,35	233,60
Week	November 25, 2016	December 2, 2016
Average (%)	171,54	175,56

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VI. 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			4.646.672	3.219.811
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	11.185.760	4.553.060	1.118.576	455.306
3	Stable Funds Collected	-	-	-	-
4	Less stable Funds Collected	11.185.760	4.553.060	1.118.576	455.306
5	Unsecured Funding other than Retail and Small Business Customers Deposits	5.457.231	2.634.109	2.806.246	1.411.013
6	Operational Funds Collected	138.796	137.828	34.699	34.457
7	Non-Operational Funds Collected	2.740.796	1.270.374	1.467.273	782.629
8	Other Unsecured Funding	2.577.639	1.225.907	1.304.274	593.927
9	Secured funding			-	-
10	Other Cash Outflows	93.544	64.836	93.544	64.836
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	93.544	64.836	93.544	64.836
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	8.582.626	3.943.011	753.816	370.595
16	TOTAL CASH OUTFLOWS			4.772.182	2.301.750
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	3.881.434	2.240.888	2.982.449	1.874.782
19	Other contractual cash inflows	155.463	102.406	155.463	102.406
20	TOTAL CASH INFLOWS	4.036.897	2.343.294	3.137.912	1.977.188
				Upper limit applied amounts	
21	TOTAL HQLA			4.646.672	3.219.811
22	TOTAL NET CASH OUTFLOWS			1.634.270	575.438
23	Liquidity Coverage Ratio (%)			284,33	559,54

^(*) 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 21 March 2014, the weeks on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2015 are as follows.

Liquidity Coverage Ratio (%)	Prior period	
	TL+FC	FC
Lowest	276,20	314,95
Week	November 11, 2015	October 6, 2015
Highest	387,85	570,73
Week	December 18, 2015	November 30, 2015
Average (%)	327,59	460,32

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VI. 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	1.921.342	3.077.710	-	-	-	-	-	4.999.052
Banks	1.425.270	674.526	58.381	-	-	-	-	2.158.177
Financial Assets at Fair Value Through Profit and Loss	954	65.142	-	-	-	-	-	66.096
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	6.350	2.270	263.665	135.860	938.824	35.721	-	1.382.690
Loans ⁽¹⁾	-	1.556.951	1.303.246	6.724.557	10.938.277	1.437.821	761.202	22.722.054
Held-To-Maturity Investments	-	-	201.558	207.629	259.395	-	-	668.582
Other Assets	-	-	9	2.328	2.663	-	849.087	854.087
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
Liabilities								
Current account and funds collected from banks via participation accounts	677.801	871.266	172.316	76.633	-	-	-	1.798.016
Other current and profit sharing accounts	4.753.149	13.106.511	2.172.039	1.297.897	27.522	-	-	21.357.118
Funds provided from other financial institutions and subordinated loans	-	352.410	591.117	2.073.871	1.422.474	1.495.260	-	5.935.132
Money Market Borrowings	-	492.784	-	-	-	-	-	492.784
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	176.329	45.226	12.243	-	-	468.561	702.359
Other liabilities	-	36.167	3.411	-	-	-	2.525.751	2.565.329
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
Prior period								
Total Assets	3.834.227	5.332.964	2.533.007	6.987.596	8.520.891	1.177.188	1.176.126	29.561.999
Total Liabilities	4.261.191	12.761.275	3.785.861	2.085.824	2.572.262	1.226.880	2.868.706	29.561.999
Net Liquidity Gap	(426.964)	(7.428.311)	(1.252.854)	4.901.772	5.948.629	(49.692)	(1.692.580)	-
Net Off-balance sheet								
Position	-	-	-	21.173	-	-	-	21.173
Financial Derivative Assets	-	-	-	219.089	-	-	-	219.089
Financial Derivative Liabilities	-	-	-	197.916	-	-	-	197.916
Non-cash Loans	4.533.680	596.383	935.430	1.471.883	1.086.885	39.796	-	8.664.057

⁽¹⁾ 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 as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses are included here.

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

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VII. Explanations on leverage ratio:

As of December 31, 2016, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 5,27% (December 31, 2015: 5,03%). 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 December 31, 2016^(*)	Prior Period December 31, 2015^(*)
Balance sheet assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	31.308.239	28.936.499
2 (Assets deducted from Core capital)	(62.304)	(79.053)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	31.245.935	28.857.446
Derivatives financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	45.286	20.043
5 Potential credit risk amount of derivative financial assets and credit derivatives	9.860	4.913
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	55.146	24.956
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	218.594	139.204
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)	218.594	139.204
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	9.809.355	9.880.604
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	9.809.355	9.880.604
Capital and total risk		
13 Core Capital	2.176.537	1.955.492
14 Total risk amount(sum of lines 3, 6, 9 and 12)	41.329.030	38.902.210
Leverage ratio		
15 Leverage ratio (%)	5,27	5,03

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

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

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

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

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

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

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

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

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

	Carrying value		Fair value	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Financial Assets				
Money market placements	-	-	-	-
Banks	2.158.177	2.482.614	2.158.177	2.482.614
Financial assets at fair value through profit and loss	66.096	22.283	66.096	22.283
Financial assets available for sale	1.382.690	1.051.566	1.382.690	1.051.566
Held to maturity investments	668.582	762.890	683.944	771.264
Loans and financial lease receivables	22.722.054	19.505.392	21.821.559	19.198.865
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	1.798.016	526.489	1.798.016	526.489
Other current and profit sharing accounts	21.357.118	19.819.689	21.357.118	19.819.689
Funds provided from other financial institutions	5.935.132	5.344.245	5.028.727	4.904.160
Marketable securities issued	-	-	-	-
Miscellaneous payables	702.359	686.386	702.359	686.386

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

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

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

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

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

Current period (**)	Level I	Level II	Level III	Total
Financial assets				
Financial assets at fair value through profit and loss	954	65.142	-	66.096
Public sector debt securities	-	-	-	-
Equity securities	954	-	-	954
Derivative financial assets held for trading	-	65.068	-	65.068
Other	-	74	-	74
Financial assets- available for sale	1.380.099	-	-	1.380.099
Equity securities (*)	3.759	-	-	3.759
Public sector debt securities	1.285.338	-	-	1.285.338
Other marketable securities	91.002	-	-	91.002
Financial liabilities				
Derivative financial liabilities held for trading	-	88	-	88
Derivative financial liabilities for hedging purposes	-	-	-	-
Prior period	Level I	Level II	Level III	Total
Financial assets				
Financial assets at fair value through profit and loss	790	21.493	-	22.283
Public sector debt securities	-	-	-	-
Equity securities	790	-	-	790
Derivative financial assets held for trading	-	20.822	-	20.822
Other	-	671	-	671
Financial assets- available for sale	1.038.701	-	10.743	1.049.444
Equity securities (*)	-	-	10.743	10.743
Public sector debt securities	887.157	-	-	887.157
Other marketable securities	151.544	-	-	151.544
Financial liabilities				
Derivative financial liabilities held for trading	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-

(*) Represent the amount of Visa accounted in Available For Sale .

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

Apart from financial assets and financial liabilities, as of December 31, 2016 and 2015, the Bank carries the real estates at fair value under tangible assets. Level III section is used in determining the related fair values.

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

The Bank does not perform purchases, sales and custody services on behalf of its customers. The Bank has not any fiduciary transactions.

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X. Explanations On Risk Management:

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables which have to be prepared within the scope of Internal rating-based (IRB) approach have not been presented.

a. Risk management strategy and weighted amounts:

a.1. Risk Management Strategy:

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

The Board of Directors has a responsibility of establishing and providing compatible, adequate and effective system on internal control, risk management and internal auditing as anticipated by the Banking Law for the purpose of monitoring and controlling risks emerging from operations.

The Board of Directors is responsible for establishing risk management policies and strategies. These policies are revised and evaluated periodically according to prevailing market conditions.

The general manager is responsible from ensuring that departments of the bank operate in accordance with the specified policies and strategies about risk management as determined by the Board of Directors.

The Board of Directors of the Bank takes an important part in the processes of risk management by following policies and strategies on consolidated and unconsolidated basis, setting up limit systems and procedures in the Bank.

The related limits are monitored, reported and maintained within the set limits by the units under the internal systems and the related departments in the bank. Risk Management Department, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting of risks.

Ultimate goal of the bank's risk management system is to allocate capital in accordance with risks that functional activities have (economical capital), to maximize return on capital adjusted according to risk and to increase added value created.

In Asset and Liability Committee, asset-liability structure is managed via evaluating fund collection activities in line with risk management policies and domestic and foreign conditions regarding the bank's fund lending.

The risks that the Bank is exposed to or may be exposed to in the future are determined and the definition of these risks is made. Defined risks are measured and prioritized as far as possible. It is provided that all important risks are in the risk appetite considering the potential impact of the risks and the strategy arising from the bank's strategies to risk profile. The bank's strategies are integrated with risk profile and risk appetite. If it is expected that the risk profile is going to change in the future, this change is assessed with the degree of capital impact. While a risk profile is being developed, the risk profile is analyzed based on the risk type, the sector and/or the geographic location.

The bank's risk tolerance is the most comprehensive calculated risk amount which may be accepted in accordance with the determined mission and vision. In other words, before deciding on the necessity of taking measures, it is the bank's readiness to exposure of any risk amount. In this respect, the risk tolerance, in connection with the variety of services offered by the bank, is the level of risk it identifies as acceptable.

The bank's risk appetite means the amount of risk that can be accepted by the bank in order to reach the strategic targets, and it includes an acceptable variability around the targets as well.

The common feature of the bank's risk appetite and risk tolerance is to drive the lines regarding risk acceptance. However, risk tolerance is more comprehensive.

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X. Explanations on Risk Management (continued):

a.1. Risk Management Strategy (continued):

By means of "Albaraka Turk Participation Bank's Credit Strategy and Risk Appetite Policy" approved by the board of directors, risk levels can be taken to implement risk strategies and to achieve the objectives of the Banks were identified. Quantitative and qualitative factors, which are determined within the framework of risk profile of the bank in accordance with the bank's risk appetite and risk tolerance, and triggering functions, were described in detail.

Considering the bank's financial position, activity profile and the growth expectations of the future, the amount of capital needed for the strategic targets to be met have been calculated by the basis of static and dynamic stress tests and scenario analyses.

Considering the factors that may affect the bank operates market today and in the future, stress tests and scenario analysis studies on the financial structure of the bank have been assessed together with the other financial indicators; in this context, a coordination based on harmony was created between prepared capital plans and processes of the bank.

Aiming to ensure capital allocation compatible with the risks of its functional operations and increase the capital yield set according to these risks to the maximum level, Albaraka Türk evaluates risks by classifying them as market risks, liquidity risk, credit risk, operational risk, strategic risk and credibility risk.

Market Risk

Bank's general market risk signifies the probability of possible losses that may arise from usual market movements of the financial instruments which are exposed to profit rate risk and position risk of equity securities rather than specific risk.

Market risk primarily is composed of the probability of possible losses that might occur as a result of movements in market prices, for currency risk, commodity risk, profit rate risk and position risk of equity securities arising from the bank's on-balance sheet and off-balance sheet positions. Within the coverage of market risk, Albaraka Türk calculates the foreign currency position risk and the security risk, as well as specific risks associated with market risk, by using the Standard approach and reports to it the authorities accordingly on a regular basis. Additionally, for test-purpose, foreign currency position risk of our Bank is measured by internal models. With backtesting applications, deviations between actual values and daily VaR values, predicted by internal models, are observed in order to control accuracy and performance of these models. Potential strength of portfolio against to unexpected risks is measured with stress tests including stress scenarios.

Whether the market risk of our Bank is in conformity with legal regulations and the determined limits is constantly monitored. Our foreign currency risk is discussed and evaluated at every Assets/Liabilities Committee meeting and our foreign currency strategy is based on holding this risk constant by holding to square foreign currency position (i.e. no short or long positions are taken).

Liquidity risk

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

The liquidity risk is the situation whereby, as a result of any imbalances in the cash flows, there is a potential for not being able to meet the Participation Funds which have matured or other due liabilities in a timely manner due to shortage of liquid funds.

Market liquidity risk is an expression of the likelihood of the bank's suffering a loss because the bank is unable to close or cover a particular position at the market price owing to insufficient market depth or to excessive market volatility.

Liquidity risk could be caused by such factors as maturity mismatch, deterioration in the quality of assets, unexpected funding outflows, erosion in profitability levels and economic crisis.

In order to manage liquidity risk, the Bank monitors the cash flows on a daily basis and takes preventive and improving measures taken so that commitments are met duly in time. The Liquidity risk is also evaluated by ALCO on a weekly basis.

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X. Explanations on Risk Management (continued):

a.1. Risk Management Strategy (continued):

The Bank applies a policy whereby liquid assets are kept in sufficient volumes and qualities in consideration of the minimum liquidity ratios determined by the related regulations and the liquidity experiences of the past in order to meet any liquidity requirement that could arise with unexpected volatilities in the markets.

Credit risk

Credit risk is defined as the probability of losses to the Bank due to customers failing to partially or completely pay their commitments to the Bank in a timely manner, in violation of the provisions of their credit contracts. This risk also contains any losses in the market value of the customers due to any deterioration in the financial position of the customer. The definition of credit risk includes not just the portfolios within the balance sheet, but also those kept off balance sheet.

The authority to approve credits belongs to the Board of Directors at our Bank. The Board of Directors determines the policies concerning the utilization, approval, risk management of the credits and other related management principles. It then ensures the implementation and supervision of these policies, taking required measures when necessary. The Board of Directors has transferred some of its authority in approving credit lines to the Credit Committee and General Management within the framework of the procedures and principles determined by the legal provisions. The General Management uses that authority to utilize credits by means of the credit departments and Bank branches. At our Bank, credit allocations are realized within those limits that are determined on the basis of each debtor and group of debtors. It is systematically not possible for customers to exceed the predetermined and approved limit. Close attention is paid to prevent any sector concentration that might impair the health of the credit portfolio.

Utmost care is given to the prevention of risks concentrating on a small number of customers. Credit risks are constantly monitored and reported by the internal systems units and risk management bodies. Credit risks are ensured to be in conformity to credit risk management policies and implementation methods.

Operational risk

Operational risk is a risk of loss caused by insufficient or unsuccessful internal processes, by persons and systems or external events, wherein the legal risks and compliance risks are included while the strategic (making wrong decisions at the wrong time) and reputational risk are excluded.

Operational risk is a type of risk present in all activities of the Bank. It could arise from errors of the staff or the system, from such transactions as may have been made based on insufficient or incorrect legal information or documents, due to impediments in the flow of information between the divisions in the organizational structure of the Bank, due to uncertainties in the definition of limits of authorities or from structural and/or operational changes, natural disasters, terror and frauds.

The Bank classifies operational risks into five groups according to their sources: staff risks, technological risks, organizational risks, legal and compliance risks and external risks.

The Bank also takes required measures to maintain operational risks at acceptable levels.

Other risks

The other risks that the Bank could encounter include strategic and reputational risk, counterparty credit risk, country risk, and concentration risk.

For the management of strategic risk, the Bank keeps a close watch on the domestic and international situation, on technological, financial, and social developments, on the legal and regulatory frameworks, and on the banking industry as a whole in order to make rational decisions and to change them as circumstances warrant.

The Bank regards reputational risk as anything that might lead to the Bank's suffering a loss on account of adverse developments such as a reduction in the confidence that is had in it or any impairment in its good standing due to unfavorable opinions that existing or potential customers, shareholders, competitors, regulatory agencies, or other outside or associated parties may have about it or due to any breach of existing laws and regulations.

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X. Explanations on Risk Management (continued):

a.1. Risk Management Strategy (continued):

For the risk of reputation to be avoided and/or controlled by the Bank's Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Bank's reputation or image is detected.

Preparations are made for the worst-case scenarios in advance. In the evaluation of the reputation risk, the relationship, level and impact of operational risks to the reputation risk are also taken into account.

Counterparty credit risk is an expression of the likelihood that the counterparty in any transaction that imposes an obligation on two parties will default on the obligation before the final payment in the transaction's cash flow sequence. The Bank manages its counterparty credit risk exposure as required by laws and regulations, taking best practices into consideration, and compatibly with the volume, nature, and complexity of its operations.

Country risk is an expression of the likelihood that the bank will suffer a loss because debtors in another country fail to fulfill or avoid fulfilling their obligations owing to uncertainties in the economic, social, and/or political conditions of that country. The Bank enters into business relationships with foreign financial institutions and/or the agencies of foreign countries taking legal and regulatory restrictions, market conditions, and customer satisfaction into consideration and on the basis of feasibility studies that take the country's economic conditions into account.

Concentration risk is defined as the likelihood that a single risk or several risks that have some attribute in common may, if realized, cause losses that are capable of endangering the bank itself or its ability to carry out its essential activities. Policies aimed at managing concentration risk are formulated so as to deal with particular aspects of it such as sectoral concentration, collateral concentration, market risk concentration, types of loss concentration, and creditor concentration.

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X. Explanations on Risk Management (continued):

a.2. 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)	20.911.373	19.138.134	1.672.910
2	Standardised approach (SA)	20.911.373	19.138.134	1.672.910
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	37.318	11.507	2.985
5	Standardised approach for counterparty credit risk (SA-CCR)	37.318	11.507	2.985
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	88.758	91.424	7.101
17	Standardised approach (SA)	88.758	91.424	7.101
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	1.720.462	1.434.941	137.637
20	Basic Indicator Approach	1.720.462	1.434.941	137.637
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)	22.757.911	20.676.006	1.820.633

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X. Explanations On Risk Management (continued):

b. Relationships Between Financial Statements and Risk Amounts:

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation:

	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk ^(*)	Not subject to capital requirements or deducted from capital
Assets						
Cash and balances with the central bank	4.999.052	4.999.052	-	-	-	-
Trading financial assets	66.096	-	65.068	-	1.028	-
Financial assets at fair value through profit and loss	-	-	-	-	-	-
Banks	2.158.177	2.158.177	-	-	-	-
Money market placements	-	-	-	-	-	-
Financial assets-available for sale (net)	1.382.690	1.382.690	-	-	-	-
Loans and receivables	21.843.075	21.839.933	-	-	-	3.142
Factoring receivables	-	-	-	-	-	-
Investments held to maturity (net)	668.582	668.582	-	-	-	-
Investments in associates (net)	4.719	4.719	-	-	-	-
Subsidiaries (net)	5.400	5.400	-	-	-	-
Joint ventures (net)	20.000	20.000	-	-	-	-
Lease receivables	878.979	878.979	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-	-	-
Tangible assets (net)	517.131	489.435	-	-	-	27.696
Intangible assets (net)	35.462	-	-	-	-	35.462
Investment property (net)	-	-	-	-	-	-
Tax asset	25.100	25.100	-	-	-	-
Assets held for sale and assets of discontinued operations (net)	92.317	92.317	-	-	-	-
Other assets	153.958	148.145	-	-	-	5.813
Total assets	32.850.738	32.712.529	65.068	-	1.028	72.113
Liabilities						
Funds collected	23.155.134	23.155.134	-	-	-	-
Derivative financial liabilities held for trading	88	-	88	-	-	-
Funds borrowed	4.424.195	4.424.195	-	-	-	-
Borrowings from money markets	492.784	492.784	-	-	-	-
Securities issued	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous payables	702.359	702.359	-	-	-	-
Other liabilities	-	-	-	-	-	-
Factoring debts	-	-	-	-	-	-
Lease payables	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-
Provisions	233.849	233.849	-	-	-	-
Tax liability	51.799	51.799	-	-	-	-
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated loans	1.510.937	1.510.937	-	-	-	-
Shareholders' equity	2.279.593	2.279.593	-	-	-	-
Total liabilities	32.850.738	32.850.650	88	-	-	-

(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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X. Explanations On Risk Management (continued):

b.2. Main reasons of the differences between the risk amounts and Carrying Value in accordance with Turkish Accounting Standards (TAS):

	Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk ^(*)
1 Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	32.850.738	32.712.529	-	65.068	1.028
2 Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	-	-	(88)	-
3 Total net amount within the scope of legal consolidation	32.850.738	32.712.529	-	65.156	1.028
4 Off balance sheet amounts	10.951.306	5.622.397	-	70.487	-
5 Repo and similar transactions ^(**)	-	-	-	4.818	-
6 Differences in valuations					
7 Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8 Differences arising from consideration of provisions	-	-	-	-	-
9 Differences arising from BRSA's applications	-	-	-	-	-
10 Risk amounts	-	38.334.926	-	75.305	1.028

^(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

^(**) In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

b.3. Explanations on differences between carrying values in accordance with Turkish Accounting Standards (TAS) and risk amounts:

There is no significant difference between the financial statement amounts of assets and liabilities and the amounts included in capital adequacy calculation.

c. Public issues related to credit risk:

c.1. General information on credit risk:

c.1.1. General qualitative information on credit risk:

This information is already included in *Explanations on Credit Risk and (a.1) The Bank's risk management approach*:

c.1.2. Credit quality of assets:

	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Provisions/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	1.105.954	22.313.281	697.181	22.722.054
2 Debt securities	-	2.052.558	7.585	2.044.973
3 Off-balance sheet exposures	90.015	9.842.339	37.036	9.895.318
4 Total	1.195.969	34.208.178	741.802	34.662.345

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X. Explanations On Risk Management (continued):

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

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

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

The scope and definitions of past due receivables and the methods used by the bank to determine the provisions are mentioned in the Explanations on Credit risk.

The Bank may restructure not only non-performing credits and receivables but also the first and the second group credits and other receivables. Restructuring for the first and the second group credits and other receivables are made for improvement the customer's ability to repay the credit or for changes in contractual terms upon the customer request regardless of the customer's credit risk. Restructuring for non-performing credits and receivables are made for providing collection possibility by establishing a new payment plan.

Breakdowns for receivables in terms of sectors are mentioned in the footnote numbered VIII (Explanations on Credit Risk).

Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are shown below. The amount of non-performing credits which are actively written off in 2016 is TL 76.

Aging analysis for past due receivables:

As per Financial instruments segmentations, aging analysis af past due but not impaired financial assets is as follows:

0-30 Days	31-60 Days	61-90 Days	Total
739.521	671.339	544.143	1.955.003

Receivables that provisions are set in terms of geographical region:

Current Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	1.043.911	563.492
Off-shore Banking Countries	60.761	13.731
Other Countries	1.282	1.282
General Total	1.105.954	578.505

(*) Represents amounts for cash loans.

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X. Explanations On Risk Management (continued):

c.2. Credit risk mitigation

c.2.1 Qualitative disclosure on credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized.

The risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at September 6, 2014 are stated below.

- a) Financial Collaterals (Government Securities, Cash, Deposit or Participation Fund Pledge, Gold, Stock Pledge)
- b) Guarantees

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

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

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

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

c.2.2 Credit risk mitigation techniques - General outlook:

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	17.191.241	5.530.813	3.856.520	1.342.508	670.447	-	-
2 Dept securities	2.044.973	-	-	-	-	-	-
3 Total	19.236.214	5.530.813	3.856.520	1.342.508	670.447	-	-
4 Of which defaulted	424.410	103.039	89.234	1.778	916	-	-

c.3. Credit risk under standardised approach:

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

Explanations on rating grades that the banks use for calculation of credit risk by the standardised approach are mentioned in the footnote *numbered (IX) for Explanations on Credit Risk*.

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X. Explanations On Risk Management (continued):

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

Risk classes	Exposures before Credit Conversion Factor and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Receivables from central governments or central banks	5.289.536	2.377	5.289.536	614	1.449.554	27,40%
2 Receivables from regional or local governments	17	1.049	17	519	268	50,00%
3 Receivables from administrative units and non-commercial enterprises	19.694	38.499	19.694	18.398	37.659	98,86%
4 Receivables from multilateral development banks	-	330	-	66	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	2.193.259	160.958	2.193.259	126.965	974.683	42,01%
7 Receivables from corporates	9.037.195	6.043.517	9.037.194	3.826.074	12.252.669	95,25%
8 Retail receivables	4.045.396	3.073.087	4.045.397	1.237.040	3.796.230	71,87%
9 Receivables secured by mortgages on property	2.094.284	567.324	2.094.284	412.115	1.189.799	47,47%
10 Past due receivables	340.793	-	340.793	-	393.759	115,54%
11 Receivables defined in high risk category by BRSA	-	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
14 Investments similar to collective investment funds	-	-	-	-	-	-
15 Other receivables	1.427.906	3.992	1.427.906	606	816.752	57,18%
16 Equity share investments	-	-	-	-	-	-
17 Total	24.448.080	9.891.133	24.448.080	5.622.397	20.911.373	69,54%

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X. Explanations On Risk Management (continued):

c.3.3 Exposures by asset classes and risk weights:

	Risk Classes/Risk Weighted	0%	10%	20%	35% secured by Mortgages on Property	50%	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
1	Receivables from central governments or central banks	2.391.042	-	-	-	2.899.108	-	-	-	-	-	5.290.150
2	Receivables from regional or local governments	-	-	-	-	536	-	-	-	-	-	536
3	Receivables from administrative units and non-commercial enterprises	385	-	61	-	-	-	37.646	-	-	-	38.092
4	Receivables from multilateral development banks	66	-	-	-	-	-	-	-	-	-	66
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	11.502	-	888.583	-	1.246.346	-	173.793	-	-	-	2.320.224
7	Receivables from corporates	392.535	-	131.612	-	225.544	-	12.113.577	-	-	-	12.863.268
8	Retail receivables	186.598	-	35.901	-	23.616	5.036.322	-	-	-	-	5.282.437
9	Receivables secured by mortgages on property	10.334	-	6.507	559.076	1.875.321	-	55.161	-	-	-	2.506.399
10	Past due receivables	763	-	255	-	80.367	-	71.176	188.232	-	-	340.793
11	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
12	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
13	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
14	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
15	Other receivables	300.810	-	388.688	-	-	-	739.014	-	-	-	1.428.512
16	Equity share investments	-	-	-	-	-	-	-	-	-	-	-
17	Total	3.294.035	-	1.451.607	559.076	6.350.838	5.036.322	13.190.367	188.232	-	-	30.070.477

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X. Explanations On Risk Management (continued):

ç. Counterparty credit risk:

ç.1. Qualitative disclosure on counterparty credit risk:

Derivatives and repurchase transactions in the calculation of counterparty credit risk are calculated according to the fair value in accordance with "Appendix-2 of Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette dated 23.11.2015 and numbered 29511. The sum of potential future exposures and positive replacement costs is taken in the calculation of the risk amount related to derivative transactions.

The bank prepared "Charter on the Counterparty Credit Risk Management Policy and Implementation Procedures" in order to determine the basic principles that manage the counterparty credit risk and this regulation was approved by the Board of Directors. The Board of Directors periodically reviews and assesses the related policy.

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

Current Period		Replacement cost	Potential Future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	65.068	5.419		-	70.487	35.278
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					4.818	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						35.278

(*)Effective expected positive exposure

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X. Explanations On Risk Management (continued):

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

Current Period	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	-	-
1 (i) VaR component (including the 3*multiplier)		-
2 (ii) Stressed VaR component (including the 3*multiplier)		-
3 All portfolios subject to the Standardised CVA capital obligation	70.487	2.040
4 Total subject to the CVA capital obligation	70.487	2.040

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

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

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

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X. Explanations On Risk Management (continued):

ç.5.Collaterals for CCR

Current Period -	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	125.130
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	125.130

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

The Bank does not have any risks arising from purchased or sold credit derivatives.

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

The Bank does not have any risks arising from central counterparty.

d. Information to be announced to public on Securitization:

There is not any information to be announced to public on securitization.

e. Information on Market risk:

e.1.Qualitative disclosure on market risk:

The Bank measures market risk by using the standard method in accordance with "Regulation on the Measurement and Assessment of the Capital Adequacy of Banks" dated October 23, 2015 and numbered 29511 and allocates legal capital on this basis. On the other hand, the market risk is also calculated by using the internal model for testing (Value at Risk) and the results found are supported by considering backtesting results. The market risk value (Value at Risk) calculated by using the internal model is calculated on a daily basis by using Variance-Covariance, EWMA, Monte Carlo and Historical Simulation methods and is reported to the top management.

The Board of Directors sets limits for these risks by considering the main risks and revises these limits periodically in line with market conditions and Bank's strategies. In addition, the Board of Directors ensures that the risk management unit and senior management take all necessary measures to identify, to measure, to prioritize, to reduce at an acceptable level and to manage the various risks that the Bank is exposed to.

Risks that positions held by the Bank under on-balance sheet and off-balance sheet accounts may occur due to fluctuations in financial markets are measured. Information about the market risk considered in the calculation of legal capital as follows

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X. Explanations On Risk Management (continued):

e.2 Standardised Approach:

Current Period		RWA
Outright products		
1	Profit rate risk (general and specific)	37
2	Equity risk (general and specific)	1.908
3	Foreign exchange risk	86.813
4	Commodity risk	-
Options		
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	88.758

f. Information on Operational risk:

Capital requirement for operational risk is calculated annually by using the Basic Indicator Method in accordance with Article 24 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks. As of December 31, 2016, amount subject to operational risk and the calculation information are given below.

	PP Value I	PP Value	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	782.732	887.798	1.082.210	917.580	15	137.637
Amount subject to Operational Risk (Total*12,5)						1.720.462

g. Qualitative disclosure on profit rate risk arising from banking books

a) Important assumptions including the nature of profit rate risk arising from banking books and the early repayment of loans and movements in deposits other than time deposits with measurement frequency of the profit rate risk

Profit rate risk arising from banking books measures profit rate risk arising from on-balance sheet and off-balance sheet positions in the Bank's banking books by standard shock method.

The Bank calculates and measures legal ratio for profit rate risk arising from banking books on a monthly basis in accordance with "Regulation on Measurement and Assessment of Interest Rate Risk arising from Banking Books by Standard Shock Method" that have been published in Official Gazette numbered 28034 and dated August 23, 2011.

Profit share-yield assets, liabilities that profit share is paid, restructuring risk, yield curve risk in banking books and changes in profit rates occurred in market conditions are monitored, assessed, measured and managed by the Bank in the calculations made within the scope of the related regulation.

Against the risk that these matters may affect the Bank's capital negatively, these risks are assessed and managed on a weekly basis within the scope of the Charters established by the Board of Directors.

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X. Explanations On Risk Management (continued):

b) Economic value differences arising from profit rate fluctuations in accordance with Regulation on Measurement and Assessment of Profit Rate Risk arising from Banking Books by Standard Shock Method:

Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TL	(+) 500bp	(476.583)	(15,55)
TL	(-) 400bp	466.068	15,21
USD	(+) 200bp	(21.998)	(0,72)
USD	(-) 200bp	37.699	1,23
EUR	(+) 200bp	(41.490)	(1,35)
EUR	(-) 200bp	(3.720)	(0,12)
Total (For Negative Shocks)	-	500.047	16,32
Total (For Positive Shocks)	-	(540.071)	(17,62)

XI. 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	3.143.162	20.003.078	6.718.972	2.985.526	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) ^(*) (**)	(311.957)	1.167.898	173.927	(6.250)	1.023.618
Net fees and commissions income/(expense)	18.551	155.233	(26.389)	(1.460)	145.935
Other operating income/(expense)	(352)	(306.775)	45.576	(271.925)	(533.476)
Provision for loan losses and other receivables	(35.607)	(226.609)	-	(109.941)	(372.157)
Profit/(loss) before tax	(329.365)	789.747	193.114	(389.576)	263.920
Provision for tax	-	-	-	(46.311)	(46.311)
Net profit / (loss) for the period	(329.365)	789.747	193.114	(435.887)	217.609

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	2.772.567	17.685.898	6.328.675	2.774.859	29.561.999
Total Liabilities	13.119.733	8.367.686	5.570.834	399.832	27.458.085
Total Equity	-	-	-	2.103.914	2.103.914
Net profit share income/(expense) ^(*) (**)	(335.961)	1.078.566	143.892	(816)	885.681
Net fees and commissions income/(expense)	15.291	144.737	(17.866)	(6.165)	135.997
Other operating income/(expense)	14.574	16.274	65.787	(584.392)	(487.757)
Provision for loan losses and other receivables	(14.738)	(94.013)	-	(48.392)	(157.143)
Profit/(loss) before tax	(320.834)	1.145.564	191.813	(639.765)	376.778
Provision for tax	-	-	-	(73.915)	(73.915)
Net profit / (loss) for the period	(320.834)	1.145.564	191.813	(713.680)	302.863

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

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

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SECTION FIVE

Explanations and notes on the unconsolidated financial statements

I. Explanations and notes related to assets:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash / Foreign currency	123.254	148.150	124.648	283.565
CBRT	735.118	3.599.536	698.140	3.371.781
Other ^(*)	81.875	311.119	71.416	355.248
Total	940.247	4.058.805	894.204	4.010.594

^(*) Includes precious metals amounting to TL 4.306 (December 31, 2015: TL 12.370) and cash in transit amounting to TL 388.688 (December 31, 2015: TL 414.294) as of December 31, 2016.

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	733.965	522.979	695.445	377.110
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	1.153	3.076.557	2.695	2.994.671
Total	735.118	3.599.536	698.140	3.371.781

^(*) As of December 31, 2016, the reserve requirement held in standard gold is TL 786.181 (December 31, 2015: TL 433.751).

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

As of December 31, 2016, 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, 2015: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	55	65.013	-	-
Swap Transactions	-	-	-	20.822
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	55	65.013	-	20.822

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

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic (*)	656.410	1.230.805	599.970	1.456.406
Abroad	-	270.962	-	426.238
Foreign head offices and branches	-	-	-	-
Total	656.410	1.501.767	599.970	1.882.644

(*) Includes blockaged amount TL 610.730 (December 31, 2015: TL 569.474) booked under TL accounts arising from POS transactions.

b) Information on foreign bank accounts:

	Current period		Prior period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	117.081	-	194.411	-
USA and Canada	85.415	-	77.021	-
OECD Countries (*)	6.656	-	5.316	-
Off-shore banking regions	3.367	-	3.096	-
Other(**)	58.443	-	146.394	-
Total	270.962	-	426.238	-

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

(**) Represents the balance amounts to TL 43.106 (December 31, 2015: TL 127.178) in Iraq Banks belonging to Bank's foreign branch "Erbil"

4. Information on financial assets available for sale:

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

The Bank has collateralized sukuk investments with a nominal amount of TL 292.937 and carrying value of TL 302.792 to CBRT with respect to money market transactions and subjected to repurchase agreements (December 31, 2015 : TL 226.102).

As of December 31, 2016, available for sale investments given as a guarantee or blocked amount to TL 225.663 (December 31, 2015 : TL 34.132).

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt securities	1.383.925	1.040.924
Quoted on a stock exchange(*)	1.383.925	1.040.924
Unquoted	-	-
Share certificates	6.350	12.865
Quoted on a stock exchange	-	-
Unquoted	6.350	12.865
Impairment provision (-)	7.585	2.223
Total	1.382.690	1.051.566

(*) 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	272	62.130	80.048	62.209
Corporate shareholders	-	61.780	79.771	61.859
Real person shareholders	272	350	277	350
Indirect loans granted to shareholders	35.550	24.249	47.906	65.512
Loans granted to employees	8.905	28	8.985	28
Total	44.727	86.407	136.939	127.749

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

Cash loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	Restructured or rescheduled	Extension of Repayment Plan	Loans and other receivables (Total)	Restructured or rescheduled	Extension of Repayment Plan
			Other			Other
Loans	20.100.144	372.923	16.083	1.215.482	119.318	4.390
Export loans	578.700	17.924	-	2.529	-	-
Import loans	1.504.885	24.633	1.398	34.976	524	-
Business loans	10.974.587	239.184	6.036	935.265	110.323	2.956
Consumer loans	3.040.180	20.791	6.217	41.091	490	265
Credit cards	219.734	-	-	5.189	-	-
Loans given to financial sector	17.257	-	-	-	-	-
Other (*)	3.764.801	70.391	2.432	196.432	7.981	1.169
Other receivables	-	-	-	-	-	-
Total	20.100.144	372.923	16.083	1.215.482	119.318	4.390

(*) Details of other loans are provided below:

Commercial loans with installments	1.866.897
Other investment credits	788.048
Loans given to abroad	584.078
Profit and loss sharing investments (**)	500.049
Loans for purchase of marketable securities for customer	198.842
Other	23.319
Total	3.961.233

(*) As of December 31, 2016, the related balance represents profit and loss sharing investment projects (12 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects are done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects are clarified and net profit of projects is determined once the project / stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. In the current period the Bank recognized TL 63.818 (December 31, 2015: TL 54.862) 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):

5. Information on loans and receivables (continued):

	Extension of Repayment Plan	
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	372.923	119.318
3, 4 or 5 times	-	-
Over 5 times	-	-

Extension Periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 months	43.377	28.682
6 - 12 months	32.743	40.147
1 - 2 years	130.558	16.468
2 - 5 years	101.489	25.677
5 years and over	64.756	8.344

In accordance with the Communiqué “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans”, information related to the loans granted to maritime, tourism and energy sector:

As of December 31, 2016, the Bank has loan receivables amounting to TL 18.538 arising from rescheduled loans from maritime sector within the scope of related Communiqué.

As of December 31, 2016, the Bank does not have not any loan receivables from tourism sector within the scope of related Communiqué.

As of December 31, 2016, the Bank has loan receivables amounting to TL 1.893 arising from rescheduled loans from energy sector within the scope of related Communiqué.

c) Maturity analysis of cash loans:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled (**)	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Short term loans and other receivables	4.482.793	1.480	101.325	4.596
Loans	4.482.793	1.480	101.325	4.596
Other receivables	-	-	-	-
Medium and long-term loans and other receivables (*)	15.228.345	387.526	990.449	119.112
Loans	15.228.345	387.526	990.449	119.112
Other receivables	-	-	-	-
Total	19.711.138	389.006	1.091.774	123.708

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

(**) Includes extensions, reductions and other changes in payment plans.

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

5. Information on loans and receivables (continued):

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	40.946	3.035.756	3.076.702
Housing loans	4.507	2.781.035	2.785.542
Vehicle loans	4.401	107.063	111.464
Consumer loans	32.038	147.658	179.696
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	66.815	-	66.815
With installment	25.897	-	25.897
Without installment	40.918	-	40.918
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	2.767	1.802	4.569
Housing loans	32	246	278
Vehicle loans	115	1.160	1.275
Consumer loans	2.620	396	3.016
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	4.336	-	4.336
With installment	2.050	-	2.050
Without installment	2.286	-	2.286
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	114.864	3.037.558	3.152.422

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

5. Information on loans and receivables (continued):

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

	Short-term	Medium and long-term	Total
Commercial installment loans-TL	59.630	1.152.161	1.211.791
Business loans	6.851	347.223	354.074
Vehicle loans	17.019	263.160	280.179
Consumer loans	35.760	541.778	577.538
Other	-	-	-
Commercial installment loans-FC indexed	5.557	589.099	594.656
Business loans	1.571	272.602	274.173
Vehicle loans	3.986	81.553	85.539
Consumer loans	-	234.944	234.944
Other	-	-	-
Commercial installment Loans-FC	-	60.450	60.450
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	60.450	60.450
Other	-	-	-
Corporate credit cards-TL	153.772	-	153.772
With installment	40.009	-	40.009
Without installment	113.763	-	113.763
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC (legal entity)	-	-	-
Total	218.959	1.801.710	2.020.669

e) Allocation of loans by customers:

	Current Period	Prior Period
Public	-	13.012
Private	21.315.626	18.357.387
Total	21.315.626	18.370.399

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	20.731.548	17.879.660
Foreign loans	584.078	490.739
Total	21.315.626	18.370.399

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):

5. Information on loans and receivables (continued):

ğ) Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	31.504	20.420
Loans and receivables with doubtful collectability	140.892	56.714
Uncollectible loans and receivables	387.789	192.801
Total	560.185	269.935

In addition to specific provision for loans amounting TL 560.185 (December 31, 2015: TL 269.935), provision amounting to TL 18.320 (December 31, 2015: TL 10.912) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 578.505 (December 31, 2015: TL 280.847). Specific provision for loans amounting to TL 316.517 (December 31, 2015: TL 179.220) 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)	464	3.973	10.726
Restructured loans and other receivables	464	3.973	10.726
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before specific provisions)	155	633	14.712
Restructured loans and other receivables	155	633	14.712
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	123.599	112.602	221.300
Additions in the current period (+)	727.553	16.026	46.763
Transfers from other categories of non-performing loans (+)	-	552.077	292.126
Transfers to other categories of non-performing loans (-)	552.077	292.126	-
Transfers to standard loans (-)	-	7	280
Collections in the current period (-)	62.135	33.533	64.178
Write offs (-)	37	1	38
Corporate and commercial loans	34	-	36
Retail loans	3	1	2
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	236.903	355.038	495.693
Specific provisions (-)	31.504	140.892	387.789
Net balance at the balance sheet	205.399	214.146	107.904

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

5. Information on loans and receivables (continued):

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

Non-performing loans and receivables in the amount of TL 1.087.634 (December 31, 2015: TL 457.501) comprise TL 572.551 (December 31, 2015: TL 281.719) 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 18.320 (December 31, 2015: TL 10.912). In the current period, collections from fees, commissions and other receivables with doubtful collectability amounted to TL 4.167 (December 31, 2015: TL 3.763).

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period:			
Period end balance	62.883	1.885	20.518
Specific provision (-)	8.006	298	12.845
Net balance on balance sheet	54.877	1.587	7.673
Prior period:			
Period end balance	1.219	17.175	8.872
Specific provision (-)	337	7.525	8.378
Net balance on balance sheet	882	9.650	494

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)	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)	-	-	-
Prior period (net)	103.179	55.888	28.499
Loans to individuals and corporates (gross)	123.494	112.602	221.300
Specific provision (-)	20.399	56.714	192.801
Loans to individuals and corporates (net)	103.095	55.888	28.499
Banks (gross)	105	-	-
Specific provision (-)	21	-	-
Banks (net)	84	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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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.

ii) Information on "Write-off" policies:

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

Loans and other receivables, which have been deemed uncollectible according to the "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans" published in the Official Gazette numbered 26333 dated November 1, 2006, have been written-off as per the decision of the Bank Management. The mentioned written off amount is TL 76 (December 31, 2015: 94.592).

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 December 31, 2016, the Bank does not have any held to maturity investments given as a guarantee / blocked. Held to maturity investments subject to repurchase transactions amount to TL 192.560 (December 31, 2015: Held to maturity investments given as a guarantee or blocked amount to TL 80.576, held to maturity investments subject to repurchase agreements amount to TL 553.490).

b) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ^(*)	668.582	762.890
Total	668.582	762.890

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

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	668.582	762.890
Quoted on a stock exchange ^(*)	668.582	762.890
Unquoted	-	-
Impairment provision(-)	-	-
Total	668.582	762.890

^(*) 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	762.890	783.309
Foreign currency differences on monetary assets	-	-
Purchases during period	264.055	391.427
Disposals through sales and redemptions	(423.539)	(476.442)
Impairment provision (-)	-	-
Income accruals	65.176	64.596
Closing balance	668.582	762.890

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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, 2015.

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
303.701	299.527	5.692	-	-	5.483	-	-

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 unaudited financial statements as of December 31, 2016.

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
1.409.988	191	5	-	-	(65)	(144)	-

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

b) Information on consolidated subsidiaries:

- 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 unaudited financial statements as of December 31, 2016.

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
4.321	4.256	7	-	-	(489)	(255)	-

iii. Movement and Sectoral Information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	5.250	250
Movements inside the term	-	-
Purchases / new incorporations / capital increases	150	5.000
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	5.400	5.250
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	5.250

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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 statement from audited financial statements as of December 31, 2016 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	49.503	637.494	640.067	42.638	37.772

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	377.436	300.158	325.587	257.672
1 to 4 years	489.465	453.402	577.191	523.390
More than 4 years	129.305	125.419	187.285	166.365
Total	996.206	878.979	1.090.063	947.427

b) Information on net investments through finance lease:

	Current Period	Prior Period
Gross finance lease receivables	996.206	1.090.063
Unearned finance lease receivable (-)	117.227	142.636
Net receivable from finance leases	878.979	947.427

c) General explanation on finance lease contracts:

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

Information on leasing receivables:

	Standard loans and Other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Restructured or rescheduled		Loans and other receivables	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Finance lease receivables (Net)	776.510	39.097	8.014	102.469	65.054	13.199

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

11. Information on derivative financial assets for hedging purposes:

None (December 31, 2015: None).

12. Information on tangible assets:

Current period	Immovables	Leased tangible assets	Vehicles	Other	Assets held for sale	Total
Cost						
Opening balance: January 1, 2016	364.021	-	1.647	215.973	73.963	655.604
Additions	2.552	-	126	14.816	-	17.494
Revaluation differences	34.580	-	-	-	-	34.580
Disposals	(5.355)	-	(803)	(1.359)	(7.224)	(14.741)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	(3.804)	(3.804)
Transfers	-	-	-	-	19.153	19.153
Ending balance: December 31, 2016	395.798	-	970	229.430	82.088	708.286
Accumulated depreciation(-)						
Opening balance: January 1, 2016	32.687	-	899	118.344	2.535	154.465
Depreciation expense	7.523	-	70	29.500	1.593	38.686
Reversal of depreciation of the disposed assets	(1.239)	-	(158)	-	(599)	(1.996)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2016	38.971	-	811	147.844	3.529	191.155
Total cost at the end of the year	395.798	-	970	229.430	82.088	708.286
Total accumulated depreciation at the end of the year	(38.971)	-	(811)	(147.844)	(3.529)	(191.155)
Closing net book value	356.827	-	159	81.586	78.559	517.131

Prior period	Immovables	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
Cost						
Opening balance: January 1, 2014	338.576	-	1.667	196.420	70.775	607.438
Additions	9.492	-	801	22.112	27	32.432
Revaluation differences	31.988	-	-	-	-	31.988
Disposals	(16.035)	-	(821)	(2.559)	(20.482)	(39.897)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	94	94
Transfers	-	-	-	-	23.549	23.549
Ending balance: December 31, 2014	364.021	-	1.647	215.973	73.963	655.604
Accumulated depreciation(-)						
Opening balance: January 1, 2014	27.733	-	1.278	88.827	2.461	120.299
Depreciation expense	7.494	-	230	30.083	1.307	39.114
Reversal of depreciation of the disposed assets	(2.540)	-	(609)	(566)	(1.233)	(4.948)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2014	32.687	-	899	118.344	2.535	154.465
Total cost at the end of the year	364.021	-	1.647	215.973	73.963	655.604
Total accumulated depreciation at the end of the year	(32.687)	-	(899)	(118.344)	(2.535)	(154.465)
Closing net book value	331.334	-	748	97.629	71.428	501.139

As of December 31, 2016, the immovables of the Bank have been revalued by an independent valuer and revaluation fund of TL 211.642 (December 31, 2015: TL 189.092) net of deferred tax and depreciation has been reflected in the financial statements. The carrying value of the aforesaid immovables would have been TL 110.342 (December 31, 2015: TL 109.007) if revaluation method had not been adopted.

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

13. Information on intangible assets:

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

	Current Period	Prior Period
Cost	101.689	86.623
Accumulated depreciation (-)	66.227	42.351
Total (net)	35.462	44.272

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

	Current Period	Prior Period
Opening balance	44.272	26.891
Additions	14.990	36.115
Disposals (-) (net)	-	-
Depreciation expense (-)	23.800	18.734
Closing net book value	35.462	44.272

14. Information on investment property:

None (December 31, 2015: None).

15. Information related to deferred tax asset:

As of December 31, 2016, the Bank calculated net deferred tax asset of TL 20.096 (December 31, 2015: TL 15.171) by netting off deferred tax asset of TL 52.576 (December 31, 2015: TL 44.887) and deferred tax liability of TL 32.480 (December 31, 2015: TL 29.716) on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	37.806	33.064
Provisions for retirement and vacation pay liabilities	8.652	10.607
Difference between carrying value and tax base of tangible assets	3.013	736
Provision for impairment	772	414
Other	2.333	66
Deferred tax asset	52.576	44.887
Revaluation difference of property	22.183	18.130
Financial assets available for sale valuation difference	-	2.673
Trading securities valuation difference	8	-
Rediscount on profit share	7.662	1.404
Other	2.627	7.509
Deferred tax liability	32.480	29.716
Deferred tax asset (net)	20.096	15.171

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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 and are accounted in the unconsolidated financial statements in accordance with the Communiqué of “Principles and Procedures on Bank’s Disposal of Precious Metals and Assets Held for Sale”.

	Current Period	Prior Period
Opening Balance	22.819	27.678
Additions	117.190	37.242
Disposals	(28.834)	(18.246)
Transfers (*)	(19.153)	(23.549)
Impairment Provision(-)/Reversal of Impairment Provision	295	(306)
Net closing balance	92.317	22.819

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

As of December 31, 2016, TL 88.341 (December 31, 2015: TL 22.539) of the assets held for sale is comprised of real estates, TL 3.976 (December 31, 2015: TL 280) is comprised of other tangible assets.

The Bank has not any discontinued operations and assets of discontinued operations (December 31, 2015: None).

17. Information on other assets:

As of the balance sheet date, the Bank’s other assets balance is TL 153.958 (December 31, 2015: TL 218.262) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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II. Explanations and notes related to liabilities:

1. Information on funds collected:

a) Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	996.122	-	-	-	-	-	-	-	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) 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	771.214	-	-	-	-	-	-	-	771.214
II. Real Persons Participation									
Accounts Non-Trade TL	-	418.623	5.626.945	84.267	-	91.904	533.772	-	6.755.511
III. Current Account other-TL	1.236.070	-	-	-	-	-	-	-	1.236.070
Public Sector	38.481	-	-	-	-	-	-	-	38.481
Commercial Institutions	1.138.310	-	-	-	-	-	-	-	1.138.310
Other Institutions	52.254	-	-	-	-	-	-	-	52.254
Commercial and Other Institutions	6.056	-	-	-	-	-	-	-	6.056
Banks and Participation Banks	969	-	-	-	-	-	-	-	969
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	947	-	-	-	-	-	-	-	947
Participation Banks	20	-	-	-	-	-	-	-	20
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	128.900	2.253.037	62.236	-	22.997	106.211	-	2.573.381
Public Sector	-	-	2.114	-	-	-	-	-	2.114
Commercial Institutions	-	127.370	1.899.813	48.471	-	21.761	102.397	-	2.199.812
Other Institutions	-	1.528	162.999	13.765	-	1.236	3.814	-	183.342
Commercial and Other Institutions	-	2	170.828	-	-	-	-	-	170.830
Banks and Participation Banks	-	-	17.283	-	-	-	-	-	17.283
V. Real Persons Current									
Accounts Non- Trade FC	1.005.988	-	-	-	-	-	-	-	1.005.988
VI. Real Persons Participation									
Accounts Non-Trade FC	-	259.827	3.269.145	85.684	-	176.141	558.294	-	4.349.091
VII. Other Current Accounts FC	1.142.114								1.142.114
Residents in Turkey- Corporate	796.423	-	-	-	-	-	-	-	796.423
Residents abroad- Corporate	207.863	-	-	-	-	-	-	-	207.863
Banks and Participation Banks	137.828	-	-	-	-	-	-	-	137.828
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	106.227	-	-	-	-	-	-	-	106.227
Participation Banks	31.601	-	-	-	-	-	-	-	31.601
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	109.229	1.805.612	164.175	-	55.447	84.338	-	2.218.801
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	77.065	1.087.442	84.549	-	34.474	16.457	-	1.299.987
Other Institutions	-	901	231.702	-	-	2.980	-	-	235.583
Commercial and Other Institutions	-	995	237.658	4.087	-	2.201	67.881	-	312.822
Banks and Participation Banks	-	30.268	248.810	75.539	-	15.792	-	-	370.409
IX. Precious Metals Deposits	105.805	41.027	132.729	7.025	-	3.736	3.686	-	294.008
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)	4.261.191	957.606	13.087.468	403.387	-	350.225	1.286.301	-	20.346.178

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

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

b.1) Exceeding the limit of Insurance Fund:

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

	Under the guarantee of Insurance		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	4.644.005	4.031.698	3.864.868	3.495.029
Foreign currency accounts	1.563.947	1.556.831	4.259.604	4.115.302
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"	26.805	21.595
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	10.556	8.825
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 September 26, 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	88	-	-	-
Swap transactions	-	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	88	-	-	-

3. Information on borrowings:

The Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 458.500.000 and EUR 56.250.000 with maturity of more than one year (December 31, 2015: one year maturity: USD 87.500.000 and EUR 98.250.000, more than one year maturity: USD 458.500.000 and EUR 56.250.000).

As of December 31, 2016, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 84.171.095 and EUR 132.496.602 (December 31, 2015: USD 161.448.187 and EUR 112.419.953).

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 % (for 178/179 days)
June 30, 2014	350.000.000	USD	5 Years	6,25	
October 4, 2016	100.000.000	TL	178 Days		5,12
December 26, 2016	75.000.000	TL	179 Days		5,20

(*)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	181.593	1.511.415	-	1.158.248
Loans from foreign banks, institutions and funds	-	2.731.187	-	2.946.440
Total	181.593	4.242.602	-	4.104.688

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	181.593	996.686	-	884.552
Medium and Long-Term	-	3.245.916	-	3.220.136
Total	181.593	4.242.602	-	4.104.688

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, 2015: None).

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

5. Lease payables:

a) Information on finance lease transactions:

a.1. Information on financial lease agreements:

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

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

None.

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

None.

b) Explanations on operational leases:

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

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

	Current Period	Prior Period
Less than a year	44.067	40.057
1 to 4 years	118.697	103.291
Over 4 years	104.791	96.642
Total	267.555	239.990

6. Information on hedging derivative financial liabilities:

None (December 31, 2015: None).

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General provision for	136.263	170.885
I. Group loans and receivables (Total)	107.707	142.268
Participation Accounts' Share	64.059	87.710
Bank's Share	43.648	54.558
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	3.821	8.270
Participation Accounts' Share	2.295	3.586
Bank's Share	1.526	4.684
Others	-	-
II. Group loans and receivables (Total)	17.086	14.436
Participation Accounts' Share	11.248	8.356
Bank's Share	5.838	6.080
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	3.104	3.494
Participation Accounts' Share	1.422	2.692
Bank's Share	1.682	802
Others	-	-
Non-cash loans	11.470	14.181
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 December 31, 2016, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 1.449 (December 31, 2015: TL 27.874) 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 December 31, 2016, the Bank has provided specific provisions amounting to TL 37.036 (December 31, 2015: TL 22.394) 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	88
Total	14	88

^(*) 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 ^(*)	15.884	40
Provision for unindemnified letter of guarantees	27.822	18.469
Payment commitments for cheques	9.214	3.925
Provision for promotions related with credit cards and promotion of banking services	172	80
General reserves for possible losses	14	88
Financial assets at fair value through profit and loss	3	429
Other ^(**)	1.217	4.910
Total	54.326	27.941

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

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

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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 35.925 (December 31, 2015: TL 30.235), vacation pay liability amounting to TL 7.335 (December 31, 2015: TL 7.048) totaling to TL 43.260 (December 31, 2015: TL 53.033). Provisions for performance premium has not been allocated in the current period (December 31, 2015: TL 15.750). 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	8,40
Estimated increase rate of salary ceiling (%)	7,50	6,90

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

	Current Period	Prior Period
Prior period ending balance	30.235	26.201
Provisions made in the period	8.288	6.480
Actuarial gain/(loss)	2.833	358
Paid during the period	(5.431)	(2.804)
Balance at the end of the period	35.925	30.235

8. Information on taxes payable:

a) Explanations on current tax liability:

a.1) Explanations on Tax Provisions:

As of December 31, 2016, the Bank's corporate tax payable is TL 7.091 (December 31, 2015: TL 21.165) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	7.091	21.165
Banking insurance transaction tax	16.364	11.775
Taxation on securities income	11.162	11.747
Value added tax payable	1.274	895
Taxation on real estate income	754	665
Foreign exchange transaction tax	-	-
Other	8.052	6.130
Total	44.697	52.377

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	3.101	2.645
Social security premiums-employer	3.344	2.876
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	219	187
Unemployment insurance-employer	438	373
Other	-	-
Total	7.102	6.081

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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, 2015: 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	-	1.510.937	-	1.239.557
Total	-	1.510.937	-	1.239.557

The Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey through its structured entity Albaraka Türk Sukuk Limited amounting to USD 200.000.000 with 10 years maturity with a grace period of 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	-	-

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

11. Information on shareholders' equity (continued):

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

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

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

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

There is no capital increase in the current period.

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

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

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

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

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 ^(*)	210	(8.766)	4.203	6.488
Foreign exchange difference	-	-	-	-
Total	210	(8.766)	4.203	6.488

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

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

1. Explanations on off balance sheet:

a) Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	475.270	521.562
Payment commitments for cheques	588.983	500.882
Asset purchase and sale commitments	13.399	187.332
Loan granting commitments	111.042	116.862
Tax and funds liabilities arising from export commitments	3.029	2.035
Commitments for promotions related with credit cards and banking activities	963	599
Other irrevocable commitments	38.475	203
Total	1.231.161	1.329.475

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

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

	Current Period	Prior Period
Letters of guarantees	7.809.811	7.730.288
Bank loans	20.711	28.324
Letters of credit	752.679	639.592
Other guaranties and sureties	117.992	265.853
Total	8.701.193	8.664.057

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

	Current Period	Prior Period
Letters of guarantees	7.809.811	7.730.288
Long standing letters of guarantees	4.845.313	4.956.813
Temporary letters of guarantees	240.046	293.937
Advance letters of guarantees	257.462	278.642
Letters of guarantees given to customs	229.514	247.773
Letters of guarantees given for obtaining cash loans	2.237.476	1.953.123
Sureties and similar transactions	117.992	265.853
Total	7.927.803	7.996.141

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

1. Explanations on off balance sheet:

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	2.237.476	1.953.123
With original maturity of 1 year or less	369.164	441.733
With original maturity of more than 1 year	1.868.312	1.511.390
Other non-cash loans	6.463.717	6.710.934
Total	8.701.193	8.664.057

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

	Current period				Prior period			
	TP	(%)	FC	(%)	TP	(%)	FC	(%)
Agricultural	58.865	1,47	51.815	1,10	73.452	1,72	39.514	0,90
Farming and stockbreeding	42.142	1,05	15.099	0,32	60.693	1,42	13.675	0,31
Forestry	16.289	0,41	28.643	0,61	11.284	0,26	23.341	0,53
Fishery	434	0,01	8.073	0,17	1.475	0,04	2.498	0,06
Manufacturing	966.599	24,14	2.756.795	58,69	932.582	21,81	2.434.207	55,47
Mining	27.815	0,69	101.604	2,16	22.933	0,54	61.431	1,40
Production	742.159	18,54	1.937.520	41,25	678.558	15,87	1.627.801	37,09
Electricity, gas and water	196.625	4,91	717.671	15,28	231.091	5,40	744.975	16,98
Construction	1.237.368	30,90	618.243	13,16	1.176.191	27,51	645.842	14,72
Services	1.374.381	34,33	1.107.492	23,58	1.691.894	39,57	1.150.416	26,21
Wholesale and retail trade	558.903	13,96	472.816	10,07	690.202	16,14	555.381	12,65
Hotel, food and beverage services	27.885	0,70	102.249	2,18	22.976	0,54	96.734	2,20
Transportation and telecommunication	66.772	1,67	113.148	2,41	65.131	1,52	71.640	1,63
Financial Institutions	24.247	0,61	78.803	1,68	17.638	0,41	118.816	2,71
Real estate and renting services	438.701	10,96	98.139	2,09	622.039	14,55	103.532	2,36
Self-employment services	83.412	2,08	220.644	4,70	119.216	2,79	187.680	4,28
Education services	29.779	0,74	1.792	0,04	31.998	0,75	1.319	0,03
Health and social services	144.682	3,61	19.901	0,41	122.694	2,87	15.314	0,35
Other	366.665	9,16	162.970	3,47	401.283	9,39	118.676	2,70
Total	4.003.878	100,00	4.697.315	100,00	4.275.402	100,00	4.388.655	100,00

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

	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	3.892.986	4.445.491	70.902	213.354
Letters of guarantee	3.881.125	3.568.248	70.902	211.076
Bank loans	-	20.711	-	-
Letters of credit	2.073	748.328	-	2.278
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	9.788	108.204	-	-

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

2. Explanations on derivative transactions:

	Derivative transactions according to purpose	
	December 31, 2016	December 31, 2015
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	1.018.952	417.005
Currency Forwards-Purchases, sales	1.018.952	-
Currency Swaps-Purchases, sales	-	417.005
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Profit share Rate Related Derivative Transactions (II)	-	-
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I + II + III)	1.018.952	417.005
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	1.018.952	417.005

3. Explanations on contingent assets and liabilities:

The Bank has made a provision amounting to TL 14 (December 31,2015: TL 88), as presented under "Other Provisions" note in Section Five Note II.ç.1 ,for the lawsuits opened by various real persons and legal entities against the Bank with high probability of realization and cash outflows. Although there are other ongoing lawsuits against the Bank, the Bank considers the probability of a negative result in ongoing litigations resulting in cash outflows as remote.

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

The Bank has not any operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions.

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IV. Explanations and notes related to the statement of 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	460.671	23.155	418.602	20.455
Medium and Long Term Loans	1.267.637	197.539	1.100.716	160.958
Profit Share on Non-Performing Loans	16.133	-	8.152	6
Total	1.744.441	220.694	1.527.470	181.419

(*) 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	6.902	11.909	6.718	3.545
Domestic Banks	-	779	-	-
Foreign Banks	-	31	-	36
Head Offices and Branches Abroad	-	-	-	-
Total	6.902	12.719	6.718	3.581

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From financial assets held for trading	-	-	-	-
From financial assets at fair value through profit or loss	-	-	-	-
From financial assets available-for-sale	79.323	15.164	62.858	7.761
From held-to-maturity investments	65.176	-	64.596	-
Total	144.499	15.164	127.454	7.761

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	-	1.993	-	2.326
Total	-	1.993	-	2.326

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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	-	53.314	-	50.701
CBRT	-	-	-	-
Domestic banks	-	6.360	-	3.127
Foreign banks	-	46.954	-	47.574
Head offices and branches abroad	-	-	-	-
Other institutions	2.656	210.030	-	112.827
Total	2.656	263.344	-	163.528

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	12.331	70.565	255	61.491
Total	12.331	70.565	255	61.491

c) Profit share expenses paid to marketable securities issued:

None (December 31, 2015: 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	-	938	-	-	-	-	-	938
Real persons' non-trading profit sharing accounts	94.177	410.685	7.218	-	7.565	51.339	37	571.021
Public sector profit sharing accounts	34	63	-	-	-	-	-	97
Commercial sector profit sharing accounts	16.923	138.630	2.980	-	1.327	6.788	-	166.648
Other institutions profit sharing accounts	1.102	19.958	984	-	136	158	-	22.338
Total	112.236	570.274	11.182	-	9.028	58.285	37	761.042
FC								
Banks	1.602	5.548	1.344	-	98	1	-	8.593
Real persons' non-trading profit sharing accounts	10.897	43.795	1.535	-	2.882	11.397	-	70.506
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	2.466	15.401	303	-	801	179	-	19.150
Other institutions profit sharing accounts	364	6.627	65	-	96	1.206	-	8.358
Precious metals deposits	474	1.784	58	-	66	101	-	2.483
Total	15.803	73.155	3.305	-	3.943	12.884	-	109.090
Grand total	128.039	643.429	14.487	-	12.971	71.169	37	870.132
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	-	4.139	2.914	-	6	-	-	7.059
Real persons' non-trading profit sharing accounts	112.942	351.446	8.701	-	6.821	42.840	-	522.750
Public sector profit sharing accounts	382	420	-	-	-	-	-	802
Commercial sector profit sharing accounts	22.591	120.309	5.278	-	1.015	8.901	-	158.094
Other institutions profit sharing accounts	1.575	17.858	1.173	-	101	369	-	21.076
Total	137.490	494.172	18.066	-	7.943	52.110	-	709.781
FC								
Banks	1.196	6.806	807	-	643	-	-	9.452
Real persons' non-trading profit sharing accounts	15.439	47.227	2.237	-	2.703	11.079	-	78.685
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	3.377	15.647	727	-	1.593	246	-	21.590
Other institutions profit sharing accounts	643	4.430	129	-	74	743	-	6.019
Precious metals deposits	927	2.757	165	-	55	103	-	4.007
Total	21.582	76.867	4.065	-	5.068	12.171	-	119.753
Grand total	159.072	571.039	22.131	-	13.011	64.281	-	829.534

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

3. Information on dividend income:

	Current Period		Prior Period	
	TP	YP	TP	YP
From trading financial assets	-	-	10	-
From financial assets at fair value through profit and loss	-	-	-	-
From available for sale financial assets	-	-	-	-
Other	-	-	509	-
Total	-	-	519	-

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

	Current Period	Prior Period
Income	7.412.267	6.809.954
Income from capital market transactions	212	2.243
Income from derivative financial instruments	104.570	73.239
Foreign exchange income	7.307.485	6.734.472
Loss (-)	7.367.128	6.757.384
Loss on capital market transactions	12	20
Loss on derivative financial instruments	1.576	5.146
Foreign exchange losses	7.365.540	6.752.218
Trading Income/Loss (net)	45.139	52.570

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	114.356	89.166
Income from sale of assets	20.581	16.742
Reimbursement for communication expenses	4.334	3.798
Reimbursement of vacation pay expenses	-	-
Cheque book charges	1.316	806
Other income (*)	16.924	2.895
Total	157.511	113.407

(*) 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 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	305.593	130.834
Loans and receivables in III. Group	32.470	43.412
Loans and receivables in IV. Group	131.925	46.642
Loans and receivables in V. Group	129.671	36.222
Doubtful commission, fee and other receivables	11.527	4.558
General provision expenses	17.856	12.869
Provision expenses for possible losses	-	-
Impairment losses on marketable securities	154	194
Financial assets at fair value through profit and loss	-	124
Financial assets available for sale	154	70
Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other^(*)	48.554	13.246
Total	372.157	157.143

TL 139.990 (December 31, 2015: TL 78.376) of the total specific provisions provided for loan and other receivables amounting to TL 305.593 (December 31, 2015: TL 130.834) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 17.683 (December 31, 2015: TL 9.287) of the total general loan loss provisions provided for loan and other receivables amounting to TL 17.856 (December 31, 2015: TL 12.869) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

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

	Current Period	Prior Period
Specific provisions for non-cash loans that are not indemnified	30.708	11.777
Provisions allocated from profit shares to be distributed to profit sharing accounts	17.602	1.469
Other	244	-
Total	48.554	13.246

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

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	416.420	354.129
Provision for retirement pay liability	2.857	3.676
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	38.686	39.114
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	23.800	18.734
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	2.264	404
Depreciation expenses of assets to be disposed	1.592	1.307
Impairment expenses of assets held for sale and assets of discontinued operations	55	1.036
Other business expenses	157.116	136.719
Operating lease expenses	59.987	53.531
Maintenance expenses	12.213	10.639
Advertisement expenses	18.264	10.192
Other expenses	66.652	62.357
Loss on sale of assets ^(*)	677	1.215
Other ^(**)	92.659	97.919
Total	736.126	654.253

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

	Current Period	Prior Period
Communication expenses	11.439	11.026
Donations	10.604	9.111
Cleaning expenses	11.703	9.844
Heating, lighting and water expenses	6.643	6.724
Representation and Hosting expenses	5.282	4.189
Vehicle expenses	3.615	3.699
Lawsuit and court expenses	4.116	7.748
Other	13.250	10.016
Total	66.652	62.357

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	36.192	32.571
Taxes, Duties, Charges and Funds	27.192	23.735
Bonus Provision Expenses	-	15.750
Expertise and Information Expenses	13.099	11.825
Audit and Consultancy Fees	8.630	7.632
Vacation Pay Provision Expense	287	720
Other	7.259	5.686
Total	92.659	97.919

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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:

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

The Bank's income before tax decreased by 30% compared to prior period and is realized as TL 263.920. Income before tax comprises net profit share income in the amount of TL 1.023.618 and fees and commission income in the amount of TL 145.935. Total other operating expenses amount to TL 736.126.

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

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	263.920	376.778
Tax calculated with tax rate of 20%	52.784	75.356
Other additions and disallowable expenses	15.216	18.276
Deductions	(14.001)	(15.466)
Provision for current taxes	53.999	78.166
Provision for deferred taxes	(7.688)	(4.251)
Continuing operations tax provision	46.311	73.915

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

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

The Bank has not any discontinued operations. Net income for the period has been realized as TL 263.920 (December 31, 2015: TL 376.778) by deducting tax provision expense amounting to TL 46.311 (December 31, 2015: TL 73.915) from profit from continued operations amounting to TL 217.609 (December 31, 2015: TL 302.863).

11. Explanations on net income/ loss:

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

None.

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

None.

- c) Income / loss of minority interest:**

None.

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

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

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	37.212	33.618
Clearing room fees and commissions	18.604	15.482
Commissions on money orders	11.184	10.602
Appraisal fees	11.151	8.808
Insurance and brokerage commissions	9.569	8.229
Other	15.539	12.842
Total	103.259	89.581

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	27.320	18.385
Credit cards fees and commissions	8.645	8.002
Member firm-POS fees and commissions	14.398	11.162
Fees and commissions for Swift, EFT and money orders	3.866	3.166
Other	7.629	10.594
Total	61.858	51.309

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

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

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

- b) "Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are recognized in the "Marketable securities valuation reserve" account under equity, until the financial assets are sold, disposed of or impaired at which time they are transferred to the statement of income. TL 24.059 decrease has occurred after the revaluation of available-for-sale securities (December 31, 2015: TL 876 increase).
- c) Revaluation funds related to tangible and intangible assets and foreign exchange differences arising from translation of tangible and intangible assets of foreign branch of the Bank are accounted under equity in revaluation reserve on tangible assets and revaluation reserve on intangible assets.
- d) Foreign exchange differences arising from translation of income statement of foreign branch of the Bank are accounted in other capital reserves amounts to TL 7.606 as increase. (December 31, 2015: TL 4.368 increase).

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

1. Components of cash and cash equivalents and accounting policy applied in their determination:
“Cash” is defined as cash in vault and foreign currency cash, money in transit, cheques purchased, unrestricted balance with the Central Bank and demand deposits at banks. “Cash equivalents” is defined as money market placements and time deposits at banks with original maturities less than three months.

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

	Current Period	Prior Period
Cash	1.895.062	737.011
Cash in TL/foreign currency	408.213	194.922
Cash in transit	414.294	-
CBRT	1.072.555	542.089
Cash equivalents	1.912.992	1.171.537
Domestic banks	1.486.902	767.242
Foreign banks	426.090	404.295
Total cash and cash equivalents	3.808.054	1.908.548

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

	Current Period	Prior Period
Cash	1.917.036	1.895.062
Cash in TL/foreign currency	271.404	408.213
Cash in transit	388.688	414.294
CBRT	1.256.944	1.072.555
Cash equivalents	1.547.447	1.912.992
Domestic banks	1.276.485	1.486.902
Foreign banks	270.962	426.090
Total cash and cash equivalents	3.464.483	3.808.054

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

Restricted time deposits held at the Central Bank of Turkey and blockaged amount arising from POS are not considered as cash and cash equivalent items.

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

The “Others” item under “Operating profit before changes in operating assets and liabilities” amounting to TL 534.157 (December 31, 2015: TL 178.518) mainly comprises other operating expenses excluding personnel expenses and amortization expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 335.488 (December 31, 2015: TL 191.238) mainly comprises changes in miscellaneous payables, other liabilities and taxes and other duties payable.

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately as TL 329.943 as of December 31, 2016 (December 31, 2015: TL 124.317).

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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	-	-	47.906	65.512	41	28
Balance at the end of the period	-	-	35.550	24.249	714	28
Profit share and commission income received	1.993	-	2.016	301	78	-

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	-	-	50.229	69.492	15	-
Balance at end of period	-	-	47.906	65.512	41	28
Profit share and commission income received	2.326	-	1.857	391	-	-

^(*) 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	7.810	1.594	268.530	252.274	3.134	1.423
Balance at the end of period	10.496	7.810	470.674	268.530	5.476	3.134
Profit share expense	476	521	4.810	12.173	153	91

^(*) As of December 31, 2016 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 79.171.095 and EUR 127.196.602 (December 31, 2015: USD 125.440.079 and EURO 90.816.893). The profit share expense relating to such borrowings for the period between January 1, 2016 – December 31, 2016 is TL 8.563 (December 31, 2015: TL 12.345). The Bank has issued Sukuk in the amounts of USD 350.000.000 and TL 175.000.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Bank. The total expense for the related issues is TL 82.328 as of December 31, 2016 (December 31, 2015: TL 61.491).

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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 period ended December 31, 2016; the Bank has paid TL 20.263 (December 31, 2015: TL 12.014) to top management.

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

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

	Number	Number of Personnel			
Domestic Branches	212	3.780			
			Country		
Foreign Representation Office	-	-	-		
				Total Assets (Thousand TL)	Statutory Share Capital
Foreign Branches	1	16	Iraq	232.887	Iraq Dinar 21.282.905.265
Off-Shore Branches					

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

In 2016, the Bank did not open any branches.

IX. Explanations related to subsequent events:

The Bank has completed the process to make its subordinated loan in line with Basel III requirements following approvals of the investors. Along with this transaction, the mentioned subordinated loan, which has 10 years maturity and amounts to USD 200 million, will be able to added to the capital calculation.

SECTION SIX

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

None.

SECTION SEVEN

Independent Audit report

I. Explanations on audit report:

The Bank's unconsolidated financial statements as of and for the period ended December 31, 2016 have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of the KPMG International Cooperative) and the audit report dated February 20, 2017 is presented at the beginning of the financial statements and related notes.

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

None.