

**Albaraka Türk Katılım Bankası
Anonim Şirketi**

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

9 May 2016

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



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

LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the unconsolidated statement of financial position of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") at 31 March 2016 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Albaraka Türk Katılım Bankası A.Ş. at 31 March 2016 and of the results of its operations and its cash flows for the three-month-period then ended in all aspects in accordance with the BRSA Accounting and Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Other matter

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

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

Alper Güvenç
Partner, SMMM

9 May 2016
İstanbul, Turkey

Additional paragraph for convenience translation to English:

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

UNCONSOLIDATED INTERIM FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş. AS OF AND FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2016

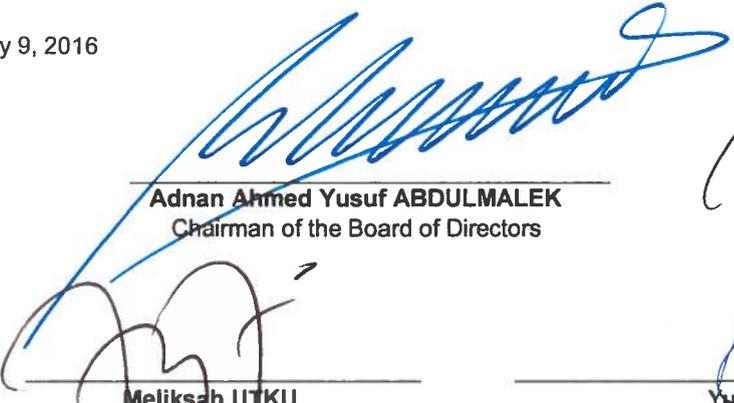
Bank's headquarter address : Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6
34768 Ümraniye / İstanbul
Bank's phone number and facsimile : 00 90 216 666 01 01 – 00 90 216 666 16 00
Bank's website : www.albarakaturk.com.tr
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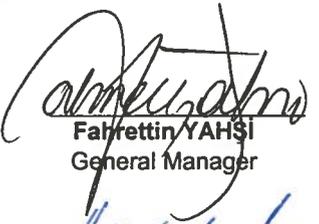
The unconsolidated interim financial report prepared in accordance with the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is comprised of the following sections.

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

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

May 9, 2016


Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

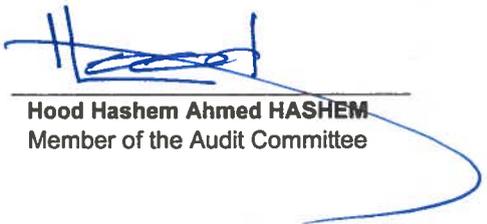

Farrettin YAHSI
General Manager


Melikşah UTKU
Assistant General Manager


Yunus AHLATCI
Budget and 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

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

Name-Surname / Title : Bora ŞİMŞEK / Budget and Financial Reporting / Vice Manager
Telephone : 00 90 216 666 05 59
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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 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 3.743 (December 31, 2015: 3.736) staff as of March 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 March 31, 2016, 54,06% (December 31, 2015: 54,06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 24,82% (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 31 MARCH 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	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	-
General Manager	Dr .Fahrettin YAHŞİ	Member of BOD / General Manager	Doctorate	-
Assistant General Managers	Mehmet Ali VERÇİN	Corporate Marketing, Treasury Marketing, Investment Projects	Bachelor	-
	Nihat BOZ	Legal Advisory, Legal Follow-up	Bachelor	-
	Temel HAZIROĞLU	Human Values, Training & Organisation, Performance & Career Management, Administrative Affairs, Construction and Real Estate	Master	0,0342
	Bülent TABAN	Commercial Marketing, Commercial Products Management, Regional Offices	Master	-
	Turgut SİMİTÇİOĞLU	Credit Operations, Banking Services Operations, Foreign Affairs Operations, Payment Systems Operations, Risk Follow-up	Master	-
	Melikşah UTKU	Financial Affairs, Budget & Financial Reporting, Corporate Communication	Master	-
	Ali TUĞLU	Core Banking Applications Development, Customer & Channel and Analytical Applications, IT Support, IT Strategy & Governance	Master	-
	Mahmut Esfa EMEK	Corporate Credits, Commercial Credits, Retail Credits	Bachelor	-
	Ayhan KESER	Retail Marketing, Alternative Distribution Channels, Retail Products Management, Financial Institutions, Investor Relations	Bachelor	-
Audit Committee	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(*) 0,0000

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

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0342% of the Bank's share capital (December 31, 2015: 0,0342%).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2016

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

IV. Information on the Bank's qualified shareholders:

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

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

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

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

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

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

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

In addition to its ordinary banking activities, the Bank operates as an insurance agency on behalf of Işık Sigorta, Anadolu Sigorta, Güneş Sigorta, Allianz 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2016

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2016

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

ASSETS		Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		March 31, 2016			December 31, 2015		
	TL	FC	Total	TL	FC	Total	
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	290.721	3.187.596	3.478.317	894.204	4.010.594	4.904.798
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	1.056	97	1.153	1.427	20.856	22.283
2.1 Trading Financial Assets		1.056	97	1.153	1.427	20.856	22.283
2.1.1 Public Sector Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		804	-	804	790	-	790
2.1.3 Derivative Financial Assets Held for Trading		-	-	-	-	20.822	20.822
2.1.4 Other Marketable Securities		252	97	349	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)	598.402	2.191.947	2.790.349	599.970	1.882.644	2.482.614
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS-AVAILABLE FOR SALE (net)	(4)	783.943	288.058	1.072.001	755.337	296.229	1.051.566
5.1 Equity Securities		15	12.868	12.883	15	12.850	12.865
5.2 Public Sector Debt Securities		766.700	145.283	911.983	737.783	149.374	887.157
5.3 Other Marketable Securities		17.228	129.907	147.135	17.539	134.005	151.544
VI. LOANS AND RECEIVABLES	(5)	15.680.809	3.283.727	18.964.536	15.352.083	3.205.882	18.557.965
6.1 Loans and Receivables		15.446.091	3.282.665	18.728.756	15.165.345	3.205.054	18.370.399
6.1.1 Loans to Risk Group of The Bank		8.736	33.744	42.480	9.424	38.523	47.947
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		15.437.355	3.248.921	18.686.276	15.155.921	3.166.531	18.322.452
6.2 Non-performing loans		551.158	1.544	552.702	467.256	1.157	468.413
6.3 Specific Provisions (-)		316.440	482	316.922	280.518	329	280.847
VII. INVESTMENTS HELD TO MATURITY (net)	(6)	745.769	-	745.769	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)	5.250	-	5.250	5.250	-	5.250
9.1 Unconsolidated Financial Subsidiaries		5.250	-	5.250	5.250	-	5.250
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X. JOINT VENTURES (net)	(9)	15.500	-	15.500	15.500	-	15.500
10.1 Accounted for under Equity Method		-	-	-	-	-	-
10.2 Unconsolidated		15.500	-	15.500	15.500	-	15.500
10.2.1 Financial Joint Ventures		15.500	-	15.500	15.500	-	15.500
10.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XI. LEASE RECEIVABLES (net)	(10)	926.648	-	926.648	947.427	-	947.427
11.1 Finance Lease Receivables		1.063.015	-	1.063.015	1.090.063	-	1.090.063
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned Income (-)		136.367	-	136.367	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)	492.356	1.072	493.428	499.803	1.336	501.139
XIV. INTANGIBLE ASSETS (net)	(13)	42.231	397	42.628	43.796	476	44.272
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		42.231	397	42.628	43.796	476	44.272
XV. INVESTMENT PROPERTY (net)	(14)	-	-	-	-	-	-
XVI. TAX ASSET	(15)	21.251	-	21.251	20.495	-	20.495
16.1 Current Tax Asset		4.975	-	4.975	5.324	-	5.324
16.2 Deferred Tax Asset		16.276	-	16.276	15.171	-	15.171
XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(16)	37.178	229	37.407	22.574	245	22.819
17.1 Assets Held for Sale		37.178	229	37.407	22.574	245	22.819
17.2 Assets of Discontinued Operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(17)	208.783	2.824	211.607	216.018	2.244	218.262
TOTAL ASSETS		19.854.616	8.955.947	28.810.563	20.141.493	9.420.506	29.561.999

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2016

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

LIABILITIES		Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		March 31, 2016			December 31, 2015		
	TL	FC	Total	TL	FC	Total	
I. FUNDS COLLECTED	(1)	10.835.786	8.657.957	19.493.743	11.336.176	9.010.002	20.346.178
1.1 Funds from Risk Group of The Bank		47.928	216.771	264.699	126.867	152.607	279.474
1.2 Other		10.787.858	8.441.186	19.229.044	11.209.309	8.857.395	20.066.704
DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	9.427	9.427	-	-	-
III. FUNDS BORROWED	(3)	-	4.018.692	4.018.692	-	4.104.688	4.104.688
IV. BORROWINGS FROM MONEY MARKETS		780.138	-	780.138	770.959	-	770.959
V. SECURITIES ISSUED (net)		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES		697.957	141.929	839.886	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 (-)		-	-	-	-	-	-
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)	220.209	46.499	266.708	216.049	35.810	251.859
10.1 General Provisions		149.877	30.781	180.658	140.016	30.869	170.885
10.2 Restructuring Reserves		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		40.516	-	40.516	53.033	-	53.033
10.4 Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5 Other Provisions		29.816	15.718	45.534	23.000	4.941	27.941
XI. TAX LIABILITY	(8)	64.636	2	64.638	55.695	2.763	58.458
11.1 Current Tax Liability		64.636	2	64.638	55.695	2.763	58.458
11.2 Deferred Tax Liability		-	-	-	-	-	-
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)	-	1.224.048	1.224.048	-	1.239.557	1.239.557
XIV. SHAREHOLDERS' EQUITY	(11)	2.105.752	7.531	2.113.283	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		195.279	7.531	202.810	194.422	6.488	200.910
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Reserve		4.798	7.531	12.329	4.203	6.488	10.691
14.2.4 Revaluation Reserve on Tangible Assets		188.026	-	188.026	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		2.455	-	2.455	1.127	-	1.127
14.3 Profit Reserves		946.332	-	946.332	696.531	-	696.531
14.3.1 Legal Reserves		97.815	-	97.815	84.774	-	84.774
14.3.2 Status Reserves		-	-	-	-	-	-
14.3.3 Extraordinary Reserves		848.517	-	848.517	611.757	-	611.757
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Profit or Loss		64.141	-	64.141	306.473	-	306.473
14.4.1 Prior Years Profit / (Loss)		1.066	-	1.066	3.610	-	3.610
14.4.2 Current Year Profit / (Loss)		63.075	-	63.075	302.863	-	302.863
TOTAL LIABILITIES		14.704.478	14.106.085	28.810.563	15.109.617	14.452.382	29.561.999

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED 31 MARCH 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

INCOME AND EXPENSE ITEMS			Reviewed	Reviewed
			CURRENT PERIOD January 1- March 31,2016	PRIOR PERIOD January 1- March 31,2015
I.	PROFIT SHARE INCOME	(1)	564.024	427.477
1.1	Profit Share on Loans		502.492	380.539
1.2	Income Received from Reserve Deposits		5.903	686
1.3	Income Received from Banks		-	75
4	Income Received from Money Market Placements		-	-
5	Income Received from Marketable Securities Portfolio		37.355	30.729
5.1	Held-For-Trading Financial Assets		-	-
5.2	Financial Assets at Fair Value Through Profit and Loss		-	-
5.3	Available-For-Sale Financial Assets		20.036	15.316
5.4	Investments Held to Maturity		17.319	15.413
6	Finance Lease Income		17.929	15.252
1.7	Other Profit Share Income		345	196
II.	PROFIT SHARE EXPENSE	(2)	286.425	236.146
2.1	Expense on Profit Sharing Accounts		217.401	190.602
2.2	Profit Share Expense on Funds Borrowed		54.284	35.207
2.3	Profit Share Expense on Money Market Borrowings		13.975	10.337
2.4	Profit Share Expense on Securities Issued		-	-
2.5	Other Profit Share Expense		765	-
III.	NET PROFIT SHARE INCOME (I – II)		277.599	191.331
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		32.354	34.534
4.1	Fees and Commissions Received		46.345	43.773
4.1.1	Non-Cash Loans		22.779	23.049
4.1.2	Other	(12)	23.566	20.724
4.2	Fees and Commissions Paid		13.991	9.239
4.2.1	Non-Cash Loans		67	4
4.2.2	Other	(12)	13.924	9.235
V.	DIVIDEND INCOME	(3)	-	-
VI.	TRADING INCOME/LOSS(net)	(4)	22.768	21.538
6.1	Capital Market Transaction Income / (Loss)		16	2.215
6.2.	Profit / (Loss) from Derivative Financial Instruments		(20.738)	12.398
6.3	Foreign Exchange Income / (Loss)		43.490	6.925
VII.	OTHER OPERATING INCOME	(5)	33.532	27.219
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		366.253	274.622
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	73.626	39.783
X.	OTHER OPERATING EXPENSES (-)	(7)	207.139	154.905
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		85.488	79.934
XII.	EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-
XIII.	PROFIT / (LOSS) ON EQUITY METHOD		-	-
XIV.	PROFIT / (LOSS) ON NET MONETARY POSITION		-	-
XV.	(XI+...+XIV)	(8)	85.488	79.934
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(22.413)	(16.202)
16.1	Provision for Current Taxes		(23.928)	(16.389)
16.2	Provision for Deferred Taxes		1.515	187
XVII.	NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	63.075	63.732
XVIII.	INCOME FROM DISCONTINUED OPERATIONS	(10)	-	-
18.1	Income from Assets Held For Sale		-	-
	Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
18.2	Income from Other Discontinued Operations		-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Loss from Assets Held for Sale		-	-
	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
19.2	Loss from Other Discontinued Operations		-	-
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)	63.075	63.732
23.1	Group's Profit/Loss		63.075	63.732
23.2	Minority shares (-)		-	-
	Earnings Per Share (Full TL)		0,070	0,071

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME&EXPENSE ITEMS ACCOUNTED
UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

		Reviewed	Reviewed
		CURRENT	PRIOR
		PERIOD	PERIOD
		January 1-	January 1-
		March 31,2016	March 31,2015
STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY			
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	2.048	(6.540)
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(2.368)	847
V.	PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-
VI.	PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-
VII.	THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-	-
VIII.	OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	-	-
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	(410)	1.308
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	(730)	(4.385)
XI.	PROFIT/LOSS	63.075	63.732
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	63.075	63.732
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	62.345	59.347

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)	Notes	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- March 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		-	-	-	-	-	-	-	-	-	-	(5.232)	-	-	-	-	(5.232)
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	847	-	-	-	-	-	-	-	847
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		-	-	-	-	-	-	-	18	-	977	-	(2.532)	-	-	-	(1.537)
XVII. Period Net Income/(Loss)		-	-	-	-	-	-	-	-	63.732	-	-	-	-	-	-	63.732
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	(2.108)	63.732	977	4.758	150.647	-	-	-	1.814.537

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)	Notes	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- March 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		-	-	-	-	-	-	-	-	-	-	1.638	-	-	-	-	1.638
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	(2.368)	-	-	-	-	-	-	-	(2.368)
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		-	-	-	-	(2.822)	-	(3.450)	3.696	-	1.066	-	(1.066)	-	-	-	(2.576)
XVII. Period Net Income/(Loss)		-	-	-	-	-	-	-	-	63.075	-	-	-	-	-	-	63.075
XVIII. Profit Distribution		-	-	-	-	15.863	-	240.210	-	(302.863)	(3.610)	-	-	-	-	-	(50.400)
18.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	(50.400)	-	-	-	-	-	(50.400)
18.2 Transfers To Reserves		-	-	-	-	15.863	-	240.210	-	-	(256.073)	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(302.863)	302.863	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	97.815	-	848.517	2.455	63.075	1.066	12.329	188.026	-	-	-	2.113.283

⁽¹⁾As per Repurchase Programme accepted at the General Assembly on March 25, 2015 repurchased shares amount to TL 2.576 between January 18, 2016 and January 26, 2016 is represented under other reserves.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2016
(Thousand of Turkish Lira (TL) unless otherwise stated)

	Notes (Section Five-VI)	Reviewed CURRENT PERIOD January 1- March 31,2016	Reviewed PRIOR PERIOD January 1- March 31,2015
STATEMENT OF CASH FLOWS			
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		155.666	175.595
1.1.1 Profit Share Income Received		466.223	396.619
1.1.2 Profit Share Expense Paid		(199.550)	(183.073)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		46.345	43.773
1.1.5 Other Income		13.128	23.743
1.1.6 Collections from Previously Written Off Loans		33.932	9.258
1.1.7 Payments to Personnel and Service Suppliers		(112.167)	(84.772)
1.1.8 Taxes Paid		(27.491)	(29.649)
1.1.9 Others		(64.754)	(304)
1.2 Changes In Operating Assets And Liabilities		(851.360)	(500.478)
1.2.1 Net (Increase) Decrease in Available For Sale Financial Assets		21.130	4.519
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		138.362	(132.009)
1.2.4 Net (Increase) Decrease in Loans		(535.747)	(1.059.016)
1.2.5 Net (Increase) Decrease in Other Assets		13.553	(29.982)
1.2.6 Net Increase (Decrease) in Funds Collected From Banks		(220.894)	(149.157)
1.2.7 Net Increase (Decrease) in Other Funds Collected		(389.462)	732.946
1.2.8 Net Increase (Decrease) in Funds Borrowed		-	97.200
1.2.9 Net Increase (Decrease) in Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities		121.698	35.021
I. Net Cash Flow From Banking Operations		(695.694)	(324.883)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(110.618)	(26.935)
2.1 Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		-	(5.000)
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Fixed Assets Purchases		(6.175)	(25.823)
2.4 Fixed Assets Sales		4.725	3.346
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(406.008)	(181.215)
2.6 Cash Obtained from Sale of Financial Assets Available for Sale		262.400	87.742
2.7 Cash Paid for Purchase of Investment Securities		-	(184.599)
2.8 Cash Obtained from Sale of Investment Securities		34.440	278.614
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		(87.049)	575.721
3.1 Cash Obtained from Funds Borrowed and Securities Issued		572.900	1.490.536
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(659.949)	(914.815)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		(86.759)	56.421
V. Net (Decrease) Increase in Cash and Cash Equivalents		(980.120)	280.324
VI. Cash and Cash Equivalents at the Beginning of the Period		3.808.054	2.383.932
VII. Cash and Cash Equivalents at the End of the Period		2.827.934	2.664.256

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

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SECTION THREE

ACCOUNTING POLICIES

I. Explanations on basis of presentation:

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

The 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 do not have a significant effect on the Bank's accounting policies, financial position or performance.

The effects of changes in TAS and TFRS standards, except from TFRS 9 "Financial Instruments" (version 2011) and TAS 27 "Separate Financial Statements", which have been published as of reporting date but has not been implemented yet, will have no significant impact on the accounting policies, financial condition and performance of the Bank. The Bank assesses the impact of TFRS 9 Financial Instruments standard. TFRS 9 will have an effect on the classification and measurement of financial statements. However, as the impact of adoption depends on the assets held by the Bank at the date of adoption itself, potential effect has not been quantified yet. The change in TAS 27 "Separate Financial Statements", which will be effective starting from January 1, 2016, will enable Bank to recognize investments in associates, joint ventures and subsidiaries using equity method in separate financial statements as specified in TAS 28. The Bank will not use the related method in unconsolidated financial statements.

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I. Explanations on basis of presentation (continued):

“Communiqué related to Changes in Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks” published in the Official Gazette dated January 23, 2011 and numbered 27824 has set out the financial statement formats for the banks which selected to early adopt TFRS 9 (In accordance with the Communiqué related to Changes in Communiqué on TFRS 9 “Financial Instruments” published in the Official Gazette dated 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. 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 TAS and 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 non-performing loans which were funded from these accounts is evaluated at current foreign exchange rates. The portion of provisions provided for such loans belonging to profit sharing accounts are also evaluated at current foreign exchange rates.

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

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

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

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

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

There are no foreign currency differences capitalized by the Bank.

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

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

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

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

IV. Explanations on profit share income and expenses:

Profit share income

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

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

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

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

Profit share expense

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

V. Explanations on fees, commission income and expenses:

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

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

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

VI. Explanations on financial assets:

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

Financial assets at fair value through profit or loss:

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

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

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

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

As of March 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).

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VI. Explanations on financial assets (continued):

Financial assets available for sale:

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

Loans and receivables:

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

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

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

Financial assets held to maturity:

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

VII. Explanations on impairment of financial assets:

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

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

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

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

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.

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.

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

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.

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, 2015, the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve in accordance with TAS 16.

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

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

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XII. Explanations on tangible assets (continued):

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

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

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

XIII. Explanations on leasing transactions:

Transactions as a lessee

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

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

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

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

Transactions as a lessor

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

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XIV. Explanations on provisions and contingent liabilities:

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

Provisions are recognized 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.

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 March 31, 2016, actuarial loss amounts to TL 6.896 (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 no further payment obligations other than this contribution share. The contributions are recognized as personnel expenses when they accrue.

iii) *Short term benefits to employees:*

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

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XVI. Explanations on taxation:

Current tax:

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

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

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

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

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

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

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

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

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

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

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XVI. Explanations on taxation (continued):

Deferred tax:

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

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

Transfer pricing:

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

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

XVII. Additional explanations on borrowings:

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

There are no debt securities issued by the Bank. The Bank has issued borrowings through its subsidiary Bereket Varlık Kiralama A.Ş. 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.

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XXI. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note X.

XXII. Explanations on other matters:

None.

XXIII. Additional paragraph for convenience translation:

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

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. **Explanations on capital adequacy standard ratio:**

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

As of March 31, 2016 the Bank's total capital has been calculated as TL 2.745.002, capital adequacy standard ratio is 12,22%. 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.

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

a) Information on Capital:

	Current Period 31.03.2016	Amounts related to treatment before 1.1.2014 ^(*)
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	946.332	
Gains recognized in equity as per TAS	210.904	
Profit	64.141	
Current Period Profit	63.075	
Prior Period Profit	1.066	
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	2.121.377	
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	8.094	
Improvement costs for operating leasing	33.081	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	24.236	40.393
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	65.411	
Total Common Equity Tier 1 Capital	2.055.966	

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I. Explanations on capital adequacy standard ratio (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 (-)	16.157
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)	2.039.809
TIER II CAPITAL	
Debt instruments and share issue premiums deemed suitable by the BRSA	628.280
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	82.049
Tier II Capital Before Deductions	710.329
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	710.329
Total Capital (The sum of Tier I Capital and Tier II Capital)	2.750.138
Deductions from Capital Loans granted contrary to the 50th and 51th 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	2.356
Other items to be defined by the BRSA	2.780

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I. Explanations on capital adequacy standard ratio (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	2.745.002
Total risk weighted amounts	22.462.086
Capital Adequacy Ratios	
Core Capital Adequacy Ratio	9,15
Tier 1 Capital Adequacy Ratio	9,08
Capital Adequacy Ratio	12,22
BUFFERS	
Total buffer requirement	0,63
Capital conservation buffer requirement	0,63
Bank specific counter-cyclical buffer requirement	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	4,65
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	28.501
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	82.049
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	-

(*)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):

	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):

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

c) Details on Subordinated Liabilities

Issuer	Albaraka Sukuk Ltd.
Unique Identifier	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 628.280
Par Value of Instrument	TL 628.280
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 incompliances with article number 7 and 8 of "Own fund regulation"	No

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II. Explanations on credit risk:

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

III. Explanations on currency risk:

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

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

	USD	EUR
As of March 31, 2016 - Balance sheet evaluation rate	2,780	3,167
As of March 30, 2016	2,790	3,168
As of March 29, 2016	2,810	3,150
As of March 28, 2016	2,830	3,172
As of March 25, 2016	2,820	3,147
As of March 24, 2016	2,820	3,148

- e) The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is full TL 2,840 for 1 USD (December 2015: full TL 2,883), full TL 3,159 for 1 EURO (December 2015: full TL 3,145).

Foreign currency sensitivity:

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

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

	% Change in foreign currency rate	Effect on profit / loss		Effect on equity	
		Current period	Prior period	Current	Prior period
				period	period
USD	10% increase	4.929	1.547	(112)	(210)
USD	10% decrease	(4.929)	(1.547)	112	210
EURO	10% increase	897	4.264	865	859
EURO	10% decrease	(897)	(4.264)	(865)	(859)

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III. Explanations on currency risk (continued):

Information on currency risk of the Bank:

Current Period	EUR	USD	Other FC^(*)	Total
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	513.885	2.052.969	620.742	3.187.596
Banks	86.581	1.909.495	195.871	2.191.947
Financial assets at fair value through profit and loss	-	97	-	97
Money market placements	-	-	-	-
Available-for-sale financial assets	10.950	277.108	-	288.058
Loans and financial lease receivables ^(**)	2.744.245	5.628.748	1.720	8.374.713
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	1.072	1.072
Intangible assets	-	-	397	397
Other assets ^(***)	1.030	1.271	1.275	3.576
Total assets	3.356.691	9.869.688	821.077	14.047.456
Liabilities				
Current account and funds collected from banks via participation accounts	261.181	73.080	5.297	339.558
Other current and profit sharing accounts	1.990.268	6.013.569	314.562	8.318.399
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	932.597	4.310.143	-	5.242.740
Marketable securities issued	-	-	-	-
Miscellaneous payables	7.185	81.063	53.681	141.929
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	5.912	9.760	48	15.720
Total liabilities	3.197.143	10.487.615	373.588	14.058.346
Net balance sheet position	159.548	(617.927)	447.489	(10.890)
Net off balance sheet position	(150.579)	667.217	(435.113)	81.525
Derivative financial instruments assets ^(****)	5.226	685.919	7.681	698.826
Derivative financial instruments liabilities ^(****)	155.805	18.702	442.794	617.301
Non-cash loans ^(*****)	1.475.468	3.154.691	37.300	4.667.459
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 600.285 of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 90.976 of the balance in Banks in other FC column represent precious metals accounts with banks, TL 260.133 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 5.090.986 (December 31, 2015: TL 5.068.133).

(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 523 (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 271.809 (December 31, 2015: TL 45.969) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 180.947 (December 31, 2015: TL 64.837).

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

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

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

V. Explanations on liquidity risk:

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

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

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

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

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

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

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

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

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

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

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V. Explanations on liquidity risk (continued):

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.

Liquidity Coverage Ratio:

	Current Period	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
	HIGH QUALITY LIQUID ASSETS				
1	High quality liquid assets			3.551.478	2.569.599
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	11.608.000	4.875.710	974.939	434.814
3	Stable Funds Collected	3.717.220	1.055.140	185.861	52.757
4	Less stable Funds Collected	7.890.780	3.820.570	789.078	382.057
5	Unsecured Funding other than Retail and Small Business Customers Deposits	5.524.819	2.643.063	2.798.789	1.339.545
6	Operational Funds Collected	179.776	179.352	44.944	44.838
7	Non-Operational Funds Collected	2.847.510	1.281.113	1.316.194	604.235
8	Other Unsecured Funding	2.497.533	1.182.598	1.437.651	690.472
9	Secured funding			-	-
10	Other Cash Outflows	401.158	290.632	401.158	290.632
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	401.158	290.632	401.158	290.632
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	9.600.253	4.438.382	800.938	399.707
16	TOTAL CASH OUTFLOWS			4.975.824	2.464.698
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	3.881.619	2.427.957	2.753.294	1.772.448
19	Other contractual cash inflows	419.328	401.698	419.328	401.698
20	TOTAL CASH INFLOWS	4.300.947	2.829.655	3.172.622	2.174.146
				Upper limit applied amounts	
21	TOTAL HQLA			3.551.478	2.569.599
22	TOTAL NET CASH OUTFLOWS			1.803.202	616.175
23	Liquidity Coverage Ratio (%)			196,95	417,02

^(*) 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:

	Current Period	
	TL+FC	FC
Lowest	270,20	388,62
Week	04.03.2016	29.01.2016
Highest	329,38	520,66
Week	12.02.2016	11.03.2016
Average (%)	298,12	447,11

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V. Explanations on liquidity risk (continued):

	Prior period	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
HIGH QUALITY LIQUID ASSETS					
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 HOLA			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 are as follows:

	Prior period	
	TL+FC	FC
Lowest	276,20	314,95
Week	11.11.2015	06.10.2015
Highest	387,85	570,73
Week	18.12.2015	30.11.2015
Average (%)	327,59	460,32

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V. Explanations on liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (**)(***)	Total
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	617.990	2.860.327	-	-	-	-	-	3.478.317
Banks	2.215.772	502.915	71.662	-	-	-	-	2.790.349
Financial Assets at Fair Value Through Profit and Loss	804	349	-	-	-	-	-	1.153
Money Market Placements Available-For-Sale Financial Assets	12.883	23.351	81.206	338.146	586.200	30.215	-	1.072.001
Loans ^(*)	-	1.912.806	2.170.227	6.490.220	7.676.749	1.250.251	390.931	19.891.184
Held-To-Maturity Investments	-	-	-	536.495	209.274	-	-	745.769
Other Assets	-	-	9	2.328	2.663	-	826.790	831.790
Total Assets	2.847.449	5.299.748	2.323.104	7.367.189	8.474.886	1.280.466	1.217.721	28.810.563
Liabilities								
Current account and funds collected from banks via participation accounts	179.775	68.689	106.257	15.856	-	-	-	370.577
Other current and profit sharing accounts	3.849.641	11.928.321	2.006.020	1.243.339	95.845	-	-	19.123.166
Funds provided from other financial institutions and subordinated loans	-	387.198	394.940	703.657	2.572.665	1.184.280	-	5.242.740
Money Market Borrowings	-	780.138	-	-	-	-	-	780.138
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	147.538	32.447	10.160	-	-	649.741	839.886
Other liabilities	-	65.209	71.163	5.638	-	-	2.312.046	2.454.056
Total Liabilities	4.029.416	13.377.093	2.610.827	1.978.650	2.668.510	1.184.280	2.961.787	28.810.563
Net Liquidity Gap	(1.181.967)	(8.077.345)	(287.723)	5.388.539	5.806.376	96.186	(1.744.066)	-
Net Off-balance sheet Position	-	(3.147)	(5.731)	(459)	-	-	-	(9.337)
Financial Derivative Assets	-	106.538	104.943	215.536	-	-	-	427.017
Financial Derivative Liabilities	-	109.685	110.674	215.995	-	-	-	436.354
Non-cash Loans	4.909.897	192.269	429.004	2.248.689	1.244.865	45.321	-	9.070.045
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

(*) 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 deferred tax liabilities.

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VI. Explanations on leverage ratio:

As of March 31, 2016, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 5,12% (December 31, 2015: 5,03%). This ratio is above the minimum required. 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.

Disclosure of Leverage ratio template:

	Current Period	Prior Period
	31 March 2016 ^(*)	31 December 2015 ^(*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	29.156.868	28.936.499
1 (Assets deducted from Core capital)	(75.462)	(79.053)
2 Total risk amount of balance sheet assets (sum of lines 1 and 2)	29.081.406	28.857.446
Derivatives financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	5.426	20.043
5 Potential credit risk amount of derivative financial assets and credit derivatives	9.019	4.913
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	14.445	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)	58.698	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)	58.698	139.204
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	10.495.682	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)	10.495.682	9.880.604
Capital and total risk		
13 Core Capital	2.032.740	1.955.492
14 Total risk amount(sum of lines 3, 6, 9 and 12)	39.650.231	38.902.210
Leverage ratio		
15 Leverage ratio	5,12	5,03

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

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

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

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

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

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IX. Explanations On Risk Management:

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

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

Overview of RWA

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	20.630.661	19.138.134	1.650.453
2	Standardised approach (SA)	20.630.661	19.138.134	1.650.453
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	5.325	11.507	426
5	Standardised approach for counterparty credit risk (SA-CCR)	5.325	11.507	426
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	105.638	91.424	8.451
17	Standardised approach (SA)	105.638	91.424	8.451
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)	22.462.086	20.676.006	1.796.967

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X. Explanations on business segments:

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

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	2.918.324	18.034.704	2.356.224	5.501.311	28.810.563
Total Liabilities	13.181.416	7.531.474	5.450.268	534.122	26.697.280
Total Equity	-	-	-	2.113.283	2.113.283
Net profit share income/(expense) ^(*) (**)	(77.142)	381.206	(25.223)	(1.242)	277.599
Net fees and commissions income/(expense)	4.154	34.488	(6.997)	709	32.354
Other operating income/(expense)	7.456	23.646	(14.501)	(167.440)	(150.839)
Provision for loan losses and other receivables	(7.458)	(46.088)	-	(20.080)	(73.626)
Profit/(loss) before tax	(72.990)	393.252	(46.721)	(188.053)	85.488
Provision for tax	-	-	-	(22.413)	(22.413)
Net profit / (loss) for the period	(72.990)	393.252	(46.721)	(210.466)	63.075
Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	2.772.567	17.685.898	2.263.190	6.840.344	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) ^(*) (**)	(87.317)	242.863	35.785	-	191.331
Net fees and commissions income/(expense)	1.808	42.916	(1.128)	(9.062)	34.534
Other operating income/(expense)	3.962	8.228	666	(119.004)	(106.148)
Provision for loan losses and other receivables	(4.030)	(24.903)	-	(10.850)	(39.783)
Profit/(loss) before tax	(85.577)	269.104	35.323	(138.916)	79.934
Provision for tax	-	-	-	(16.202)	(16.202)
Net profit / (loss) for the period	(85.577)	269.104	35.323	(155.118)	63.732

(*) 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	109.606	212.645	124.648	283.565
CBRT	163.688	2.862.807	698.140	3.371.781
Other (*)	17.427	112.144	71.416	355.248
Total	290.721	3.187.596	894.204	4.010.594

(*) Includes precious metals amounting to TL 5.821 (December 31, 2015: TL 12.370) and cash in transit amounting to TL 123.750 (December 31, 2015: TL 414.294) as of March 31, 2016.

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	160.849	5.319	695.445	377.110
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	2.839	2.857.488	2.695	2.994.671
Total	163.688	2.862.807	698.140	3.371.781

(*) As of March 31, 2016, the reserve requirement held in standard gold is TL 594.464 (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 March 31, 2016, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 5% to 25% 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.

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1. Explanations and notes related to assets (continued):
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:
None (December 31, 2015: TL 20.822).

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic (*)	598.402	1.773.852	599.970	1.456.406
Abroad	-	418.095	-	426.238
Foreign head offices and branches	-	-	-	-
Total	598.402	2.191.947	599.970	1.882.644

(*)Includes blockaged amount TL 574.550 (December 31, 2015: TL 569.474) booked under TL accounts arising from POS transactions.

b) Information on foreign bank accounts:

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

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

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

The Bank has collateralized sukuk investments with a nominal amount of TL 136.753 and carrying value of TL 137.329 to CBRT with respect to money market transactions and subjected to repurchase agreements (December 31, 2015: TL 226.102).

As of March 31, 2016, there are not any available for sale investments given as a guarantee or blocked (December 31, 2015: TL 34.132).

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

	Current Period	Prior Period
Debt securities	1.059.814	1.040.924
Quoted on a stock exchange(*)	1.059.814	1.040.924
Unquoted	-	-
Share certificates	12.883	12.865
Quoted on a stock exchange	-	-
Unquoted	12.883	12.865
Impairment provision (-)	696	2.223
Total	1.072.001	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	81.080	87.879	80.073	62.236
Corporate shareholders	80.820	87.529	79.777	61.294
Real person shareholders	260	350	296	942
Indirect loans granted to shareholders	42.466	50.727	47.947	62.416
Loans granted to employees	11.173	27	8.985	28
Total	134.719	138.633	137.005	124.680

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		Loans and other receivables (Total)	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Loans	18.027.053	195.220	22.132	701.703	64.062	18.195
Export loans	442.373	2.320	-	5.499	-	-
Import loans	1.398.151	19.441	958	23.291	610	-
Business loans	9.419.826	143.444	11.034	538.532	53.744	8.674
Consumer loans	2.844.436	7.751	1.066	29.171	4.024	56
Credit cards	189.296	-	-	4.643	-	-
Loans given to financial sector	8.658	-	-	-	-	-
Other (*)	3.724.313	22.264	9.074	100.567	5.684	9.465
Other receivables	-	-	-	-	-	-
Total	18.027.053	195.220	22.132	701.703	64.062	18.195

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

(*) Details of other loans are provided below:

Commercial loans with installments	1.953.114
Other investment credits	726.803
Loans given to abroad	444.838
Profit and loss sharing investments (**)	373.680
Loans for purchase of marketable securities for customer	269.013
Other	57.432
Total	3.824.880

(**)As of March 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 51.890 (March 31, 2015: TL 7.526) income in the accompanying financial statements in relation to such loans and presented in the profit share on loans in the income statement

	Extension of Repayment Plan	
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	195.220	64.062
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	29.136	15.047
6 - 12 months	27.854	18.002
1 - 2 years	37.066	16.885
2 - 5 years	86.965	13.677
5 years and over	14.199	451

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

As of March 31, 2016, the Bank has loan receivables amounting to TL 8.629 arising from rescheduled loans from maritime sector within the scope of related Communiqué.

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

c) Maturity analysis of cash loans:

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

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

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	21.740	2.844.295	2.866.035
Housing loans	5.418	2.577.051	2.582.469
Vehicle loans	4.053	118.259	122.312
Consumer loans	12.269	148.985	161.254
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	56.359	-	56.359
With installment	20.300	-	20.300
Without installment	36.059	-	36.059
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	5.704	1.868	7.572
Housing loans	-	219	219
Vehicle loans	175	1.290	1.465
Consumer loans	5.529	359	5.888
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	3.601	-	3.601
With installment	1.745	-	1.745
Without installment	1.856	-	1.856
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	87.404	2.846.163	2.933.567

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

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

	Short-term	Medium and long-term	Total
Commercial installment loans-TL	97.477	1.276.626	1.374.103
Business loans	9.023	375.354	384.377
Vehicle loans	14.352	308.748	323.100
Consumer loans	74.102	592.524	666.626
Other	-	-	-
Commercial installment loans-FC indexed	675	531.210	531.885
Business loans	-	200.736	200.736
Vehicle loans	349	73.543	73.892
Consumer loans	326	256.931	257.257
Other	-	-	-
Commercial installment Loans-FC	-	47.126	47.126
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	47.126	47.126
Other	-	-	-
Corporate credit cards-TL	133.979	-	133.979
With installment	29.751	-	29.751
Without installment	104.228	-	104.228
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC (legal entity)	-	-	-
Total	232.131	1.854.962	2.087.093

e) Allocation of loans by customers:

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

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	18.283.918	17.879.660
Foreign loans	444.838	490.739
Total	18.728.756	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):

ğ) Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	24.474	20.420
Loans and receivables with doubtful collectability	47.113	56.714
Uncollectible loans and receivables	232.102	192.801
Total	303.689	269.935

In addition to specific provision for loans amounting TL 303.689 (December 31, 2015: TL 269.935), provision amounting to TL 13.233 (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 316.922 (December 31, 2015: TL 280.847). Specific provision for loans amounting to TL 189.180 (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)	41.884	35.885	16.901
Restructured loans and other receivables	41.884	35.885	16.901
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before specific provisions)	49.844	9.817	14.785
Restructured loans and other receivables	49.844	9.817	14.785
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 (+)	105.532	2.143	7.123
Transfers from other categories of non-performing loans (+)	-	67.814	65.152
Transfers to other categories of non-performing loans (-)	67.814	65.152	-
Transfers to standard loans (-)	-	-	-
Collections in the current period (-)	12.251	4.342	16.235
Write offs (-)	1	-	1
Corporate and commercial loans	1	-	1
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	149.065	113.065	277.339
Specific provisions (-)	24.474	47.113	232.102
Net balance at the balance sheet	124.591	65.952	45.237

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

Non-performing loans and receivables in the amount of TL 539.469 (December 31, 2015: TL 457.501) comprise TL 327.984 (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 13.233 (December 31, 2015: TL 10.912). In the current period, collections from fees, commissions and other receivables with doubtful collectability amounted to TL 1.104.

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	1.471	73	-
Specific provision (-)	441	41	-
Net balance on balance sheet	1.030	32	-
Prior period:			
Period end balance	1.114	43	-
Specific provision (-)	317	12	-
Net balance on balance sheet	797	31	-

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)			
Loans to individuals and corporates (gross)	124.591	65.952	45.237
Loans to individuals and corporates (gross)	149.065	113.065	277.339
Specific provision (-)	24.474	47.113	232.102
Loans to individuals and corporates (net)	124.591	65.952	45.237
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
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)	123.599	112.602	221.300
Loans to individuals and corporates (gross)	123.599	112.602	221.300
Specific provision (-)	20.420	56.714	192.801
Loans to individuals and corporates (net)	103.179	55.888	28.499
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
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.

i) Information on "Write-off" policies:

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

6. Information on held-to-maturity investments:

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

As of March 31, 2016, held to maturity investments given as a guarantee or blocked amount to TL 500. Held to maturity investments subject to repurchase agreements amount to TL 663.618 (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).

6.2) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	745.769	762.890
Total	745.769	762.890

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

6.3) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	745.769	762.890
Quoted on a stock exchange (*)	745.769	762.890
Unquoted	-	-
Impairment provision(-)	-	-
Total	745.769	762.890

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

6.4) Movement of held-to-maturity investments:

	Current Period	Prior Period
Balance at beginning of period	762.890	783.309
Foreign currency differences on monetary assets	-	-
Purchases during period	-	391.427
Disposals through sales and redemptions	(34.440)	(476.442)
Impairment provision (-)	-	-
Income accruals	17.319	64.596
Closing balance	745.769	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 have significant influence over this associate, it has not been consolidated.

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

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 limited reviewed financial statements as of March 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.	İstanbul / Türkiye	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
1.007.676	97	4	-	-	(31)	(144)	-

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 reviewed financial statements as of March 31, 2016.

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

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Gayrimenkul Portföy Yön.A.Ş.	İstanbul / Türkiye	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
4.664	4.620	9	-	-	(125)	(255)	-

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 financials from unaudited financial statements as of March 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	33.152	308.638	311.072	8.224	9.365

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	387.336	307.476	325.587	257.672
1 to 4 years	526.641	476.512	577.191	523.390
More than 4 years	149.038	142.660	187.285	166.365
Total	1.063.015	926.648	1.090.063	947.427

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

b) Information on net investments through finance lease:

	Current Period	Prior Period
Gross finance lease receivables	1.063.015	1.090.063
Unearned finance lease receivable (-)	136.367	142.636
Net receivable from finance leases	926.648	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)	849.907	87.492	-	76.741	-	-

11. Information on derivative financial assets for hedging purposes:

None (December 31, 2015: None).

12. Information on tangible assets:

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

13. Information on intangible assets:

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

14. Information on investment property:

None (December 31, 2015: None).

15. Information related to deferred tax asset:

As of March 31, 2016, the Bank calculated deferred tax asset of TL 45.267 (December 31, 2015: TL 44.887) and deferred tax liability of TL 28.991 (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 and presented them as net in the accompanying financial statements (December 31, 2015: TL 15.171).

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

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	34.773	33.064
Provisions for retirement and vacation pay liabilities	8.103	10.607
Difference between carrying value and tax base of tangible assets	1.597	736
Provision for impairment	712	414
Other	82	66
Deferred tax asset	45.267	44.887
Revaluation difference of property	17.863	18.130
Financial assets available for sale valuation difference	3.082	2.673
Trading securities valuation difference	-	-
Rediscount on profit share	1.152	1.404
Other	6.894	7.509
Deferred tax liability	28.991	29.716
Deferred tax asset (net)	16.276	15.171

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	20.206	37.242
Disposals	(1.666)	(18.246)
Transfers (*)	(4.302)	(23.549)
Impairment Provision(-)/Reversal of Impairment Provision	350	(306)
Net closing balance	37.407	22.819

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

As of March 31, 2016, TL 34.219 of the assets held for sale is comprised of real estates, TL 3.188 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 211.607 (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	757.815	-	-	-	-	-	-	-	757.815
II. Real Persons Participation Accounts Non-Trade TL	-	1.534.294	4.430.086	77.457	-	93.603	602.194	-	6.737.634
III. Current Account other-TL	1.034.728	-	-	-	-	-	-	-	1.034.728
Public Sector Commercial Institutions	41.997	-	-	-	-	-	-	-	41.997
Other Institutions Commercial and Other Institutions	934.535	-	-	-	-	-	-	-	934.535
Banks and Participation Banks	48.278	-	-	-	-	-	-	-	48.278
Central Bank of Turkey	9.493	-	-	-	-	-	-	-	9.493
Domestic Banks	425	-	-	-	-	-	-	-	425
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	2	-	-	-	-	-	-	-	2
Other	421	-	-	-	-	-	-	-	421
IV. Participation Accounts-TL	-	280.522	1.837.277	74.838	-	13.894	99.078	-	2.305.609
Public Sector Commercial Institutions	-	12	2.089	-	-	-	-	-	2.101
Other Institutions Commercial and Other Institutions	-	258.545	1.590.461	62.513	-	12.308	97.650	-	2.021.477
Banks and Participation Banks	-	21.124	104.110	12.325	-	1.586	1.428	-	140.573
Central Bank of Turkey	-	841	110.023	-	-	-	-	-	110.864
Domestic Banks	-	-	30.594	-	-	-	-	-	30.594
V. Real Persons Current Accounts Non- Trade FC	1.141.742	-	-	-	-	-	-	-	1.141.742
VI. Real Persons Participation Accounts Non-Trade FC	-	950.582	2.544.100	87.165	-	174.713	580.232	-	4.336.792
VII. Other Current Accounts FC	1.004.479	-	-	-	-	-	-	-	1.004.479
Residents in Turkey- Corporate	737.686	-	-	-	-	-	-	-	737.686
Residents Abroad- Corporate	87.443	-	-	-	-	-	-	-	87.443
Banks and Participation Banks	179.350	-	-	-	-	-	-	-	179.350
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	159.733	-	-	-	-	-	-	-	159.733
Participation Banks	19.617	-	-	-	-	-	-	-	19.617
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	256.893	1.360.491	137.967	-	87.625	71.835	-	1.914.811
Public sector Commercial institutions	-	199.651	941.127	13.931	-	61.299	5.897	-	1.221.905
Other institutions Commercial and Other Institutions	-	12.994	129.391	-	-	6.416	-	-	148.801
Banks and Participation Banks	-	44.248	267.766	1.890	-	4.055	65.938	-	383.897
Central Bank of Turkey	-	-	22.207	122.146	-	15.855	-	-	160.208
IX. Precious Metals Deposits	90.652	28.132	130.795	3.013	-	3.394	4.147	-	260.133
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)	4.029.416	3.050.423	10.302.749	380.440	-	373.229	1.357.486	-	19.493.743

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II. Explanations and notes related to liabilities (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	4.143.331	4.031.698	3.352.117	3.495.029
Foreign currency accounts	1.730.316	1.556.831	4.080.719	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"	20.017	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	10.084	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 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

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

2. Information on derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	-	9.427	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	9.427	-	-

3. Information on borrowings:

The Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 87.500.000 and EUR 98.250.000 with maturity of one year, amounting to USD 458.500.000 and EUR 56.250.000 with maturity of more than one year, totaling to USD 546.000.000 and EUR 154.500.000. (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 March 31, 2016, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 129.493.612 and EUR 117.582.012 (December 31, 2015: USD 161.448.187 and EUR 112.419.953).

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

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	-	1.215.269	-	1.158.248
Loans from foreign banks, institutions and funds	-	2.803.423	-	2.946.440
Total	-	4.018.692	-	4.104.688

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	814.193	-	884.552
Medium and Long-Term	-	3.204.499	-	3.220.136
Total	-	4.018.692	-	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).

5. Lease payables:

a) Information on finance lease transactions:

a.1) Information on financial lease agreements:

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

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

None.

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

None.

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

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	40.675	40.057
1 to 4 years	106.844	103.291
Over 4 years	102.871	96.642
Total	250.390	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	180.658	170.885
I. Group loans and receivables (Total)	147.204	142.268
Participation Accounts' Share	88.473	87.710
Bank's Share	58.731	54.558
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	8.029	8.270
Participation Accounts' Share	3.705	3.586
Bank's Share	4.324	4.684
Others	-	-
II. Group loans and receivables (Total)	16.791	14.436
Participation Accounts' Share	10.136	8.356
Bank's Share	6.655	6.080
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	4.444	3.494
Participation Accounts' Share	2.938	2.692
Bank's Share	1.506	802
Others	-	-
Non-cash loans	16.663	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 March 31, 2016, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 87.555 (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 March 31, 2016, the Bank has provided specific provisions amounting to TL 24.951 (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 ^(*)	88	88
Total	88	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 ^(*)	13.177	40
Provision for unindemnified letter of guarantees	20.102	18.469
Payment commitments for cheques	4.849	3.925
Provision for promotions related with credit cards and promotion of banking services	27	80
General reserves for possible losses	88	88
Financial assets at fair value through profit and loss	2.384	429
Other ^(**)	4.907	4.910
Total	45.534	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 31.435 (December 31, 2015: TL 30.235), vacation pay liability amounting to TL 9.081 (December 31, 2015: TL 7.048) totaling to TL 40.516 (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 (%)	8,40	8,40
Estimated increase rate of salary ceiling (%)	6,90	6,90
Rate used in relation to possibility of retirement (*) (%)	62,26	62,26

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

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

	Current Period	Prior Period
Prior period ending balance	30.235	26.201
Provisions made in the period	2.026	6.480
Actuarial gain/(loss)	-	358
Paid during the period	(826)	(2.804)
Balance at the end of the period	31.435	30.235

8. Information on taxes payable:

a) Explanations on current tax liability:

a.1) As of March 31, 2016, the Bank's corporate tax payable is TL 21.210 (December 31, 2015: TL 21.165) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	21.210	21.165
Banking insurance transaction tax	11.628	11.775
Taxation on securities income	11.457	11.747
Value added tax payable	622	895
Taxation on real estate income	734	665
Foreign exchange transaction tax	-	-
Other	9.283	6.130
Total	54.934	52.377

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

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	4.236	2.645
Social security premiums-employer	4.569	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	300	187
Unemployment insurance-employer	599	373
Other	-	-
Total	9.704	6.081

b) Information on deferred tax liability:

None (December 31, 2015: None).

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	-	1.224.048	-	1.239.557
Total	-	1.224.048	-	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 10,50%. 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):

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 (*)	4.798	7.531	4.203	6.488
Foreign exchange difference	-	-	-	-
Total	4.798	7.531	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	521.250	521.562
Payment commitments for cheques	545.830	500.882
Asset purchase and sale commitments	580.912	187.332
Loan granting commitments	107.976	116.862
Tax and funds liabilities arising from export commitments	2.294	2.035
Commitments for promotions related with credit cards and banking activities	666	599
Other irrevocable commitments	214	203
Total	1.759.142	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
Guarantees	8.010.661	7.730.288
Bank loans	28.129	28.324
Letters of credit	680.728	639.592
Other guaranties and sureties	350.527	265.853
Total	9.070.045	8.664.057

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

	Current Period	Prior Period
Letters of guarantees	8.010.661	7.730.288
Long standing letters of guarantees	5.002.967	4.956.813
Temporary letters of guarantees	378.053	293.937
Advance letters of guarantees	287.985	278.642
Letters of guarantees given to customs	244.274	247.773
Letters of guarantees given for obtaining cash loans	2.097.382	1.953.123
Sureties and similar transactions	350.527	265.853
Total	8.361.188	7.996.141

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

c) Within the Non-cash Loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	2.097.382	1.953.123
With original maturity of 1 year or less	601.649	441.733
With original maturity of more than 1 year	1.495.733	1.511.390
Other non-cash loans	6.972.663	6.710.934
Total	9.070.045	8.664.057

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

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

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

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

2. Explanations on derivative transactions:

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

3. Explanations on contingent assets and liabilities:

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

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

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

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

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 (*)	460.049	42.443	344.448	36.091
Short Term Loans	116.410	5.307	102.937	4.117
Medium and Long Term Loans	342.016	37.136	239.564	31.974
Profit Share on Non-Performing Loans	1.623	-	1.947	-

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

b) Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	2.839	3.064	686	-
Domestic Banks	-	-	-	-
Foreign Banks	-	-	-	75
Head Offices and Branches Abroad	-	-	-	-
Total	2.839	3.064	686	75

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	18.065	1.971	13.482	1.834
From held-to-maturity investments	17.319	-	15.413	-
Total	35.384	1.971	28.895	1.834

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	-	465	-	469
Total	-	465	-	469

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

2. Explanations on profit share expenses:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	-	11.949	-	10.819
CBRT	-	-	-	-
Domestic banks	-	362	-	500
Foreign banks	-	11.587	-	10.319
Head offices and branches abroad	-	-	-	-
Other institutions	-	42.335	-	24.388
Total	-	54.284	-	35.207

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	276	15.244	29	13.869
Total	276	15.244	29	13.869

c) Profit share expenses paid to marketable securities issued:

None (March 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						Accumulated profit sharing account	Total
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			
TL									
Funds collected from banks through current and profit sharing accounts	-	676	-	-	-	-	-	-	676
Real persons' non-trading profit sharing accounts	21.736	102.791	1.528	-	1.919	12.608	-	140.582	
Public sector profit sharing accounts	14	28	-	-	-	-	-	42	
Commercial sector profit sharing accounts	4.467	37.049	1.206	-	368	2.306	-	45.396	
Other institutions profit sharing accounts	272	6.254	273	-	33	58	-	6.890	
Total	26.489	146.798	3.007	-	2.320	14.972	-	193.586	
FC									
Banks	17	445	299	-	38	-	-	799	
Real persons' non-trading profit sharing accounts	2.195	10.015	284	-	653	2.204	-	15.351	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	522	3.266	105	-	302	57	-	4.252	
Other institutions profit sharing accounts	122	1.901	14	-	22	263	-	2.322	
Precious metals deposits	222	795	18	-	26	30	-	1.091	
Total	3.078	16.422	720	-	1.041	2.554	-	23.815	
Grand total	29.567	163.220	3.727	-	3.361	17.526	-	217.401	
Prior Period		Profit sharing accounts						Accumulated profit sharing account	Total
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			
TL									
Funds collected from banks through current and profit sharing accounts	-	442	1.126	-	6	-	-	1.574	
Real persons' non-trading profit sharing accounts	37.082	74.436	2.577	-	1.158	9.151	-	124.404	
Public sector profit sharing accounts	187	189	-	-	-	-	-	376	
Commercial sector profit sharing accounts	5.849	24.004	2.387	-	147	2.508	-	34.895	
Other institutions profit sharing accounts	601	1.999	142	-	20	96	-	2.858	
Total	43.719	101.070	6.232	-	1.331	11.755	-	164.107	
FC									
Banks	325	1.242	123	-	160	-	-	1.850	
Real persons' non-trading profit sharing accounts	4.988	9.527	662	-	360	2.774	-	18.311	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	1.103	3.147	12	-	487	34	-	4.783	
Other institutions profit sharing accounts	170	407	5	-	14	63	-	659	
Precious metals deposits	240	588	41	-	5	18	-	892	
Total	6.826	14.911	843	-	1.026	2.889	-	26.495	
Grand total	50.545	115.981	7.075	-	2.357	14.644	-	190.602	

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

3. Information on dividend income:

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

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

	Current Period	Prior Period
Income	1.322.459	1.745.236
Income from capital market transactions	16	2.229
Income from derivative financial instruments	9.380	12.398
Foreign exchange income	1.313.063	1.730.609
Loss (-)	1.299.691	1.723.698
Loss on capital market transactions	-	14
Loss on derivative financial instruments	30.118	-
Foreign exchange losses	1.269.573	1.723.684
Trading income/loss (net)	22.768	21.538

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	29.638	19.769
Income from sale of assets	1.335	5.665
Reimbursement for communication expenses	1.086	929
Reimbursement for bank statement expenses	6	42
Cheque book charges	224	205
Other income	1.243	609
Total	33.532	27.219

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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	45.547	22.431
Loans and receivables in III. Group	18.023	16.320
Loans and receivables in IV. Group	11.559	1.991
Loans and receivables in V. Group	12.324	2.765
Doubtful commission, fee and other receivables	3.641	1.355
General provision expenses	10.599	12.906
Provision expenses for possible losses	-	-
Impairment losses on marketable securities	110	131
Financial assets at fair value through profit and loss	110	131
Financial assets available for sale	-	-
Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other	17.370	4.315
Total	73.626	39.783

TL 18.656 (March 31, 2015: TL 14.752) of the total specific provisions provided for loan and other receivables amounting to TL 45.547 (March 31, 2015: TL 22.431) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 3.167 (March 31, 2015: TL 7.095) of the total general loan loss provisions provided for loan and other receivables amounting to TL 10.599 (March 31, 2015: TL 12.906) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

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

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	112.211	84.772
Provision for retirement pay liability	1.200	1.615
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	10.016	9.743
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	5.840	3.187
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1.826	63
Depreciation expenses of assets to be disposed	363	458
Impairment expenses of assets held for sale and assets of discontinued operations	-	1.000
Other operating expenses	46.723	30.795
Operating lease expenses	14.611	12.292
Maintenance expenses	3.069	1.519
Advertisement expenses	10.145	1.980
Other expenses	18.898	15.004
Loss on sale of assets	7	276
Other ^(*)	28.953	22.996
Total	207.139	154.905

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	8.810	7.815
Taxes, Duties, Charges and Funds	6.344	5.615
Bonus Reserve Expenses	-	-
Expertise and Information Expenses	3.715	3.639
Audit and Consultancy Fees	1.521	1.317
Other	8.563	4.610
Total	28.953	22.996

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

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

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

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

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	85.488	79.934
Tax calculated with tax rate of 20%	17.098	15.987
Other additions and disallowable expenses	8.528	4.343
Deductions	(1.698)	(3.941)
Provision for current taxes	23.928	16.389
Provision for deferred taxes	(1.515)	(187)
Continuing Operations Tax Provision	22.413	16.202

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

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

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

11. Explanations on net income/ loss:

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

None.

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

None.

- c) Income / loss of minority interest:

None.

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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	8.915	8.219
Clearing room fees and commissions	4.207	3.361
Commissions on money orders	2.167	2.371
Appraisal fees	2.627	2.389
Insurance and brokerage commissions	2.484	1.365
Other	3.166	3.019
Total	23.566	20.724

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	6.822	1.852
Credit cards fees and commissions	1.778	2.165
Member firm-POS fees and commissions	2.441	1.300
Other	2.883	3.918
Total	13.924	9.235

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

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

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

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

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

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

a) Current period:

Risk Group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	-	-	8	-	47.939	62.444
Balance at the end of the period	-	-	791	-	41.689	50.754
Profit share and commission income received	465	-	20	-	98	57

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	-	-	5	-	50.238	69.492
Balance at end of period	-	-	8	-	47.939	62.444
Profit share and commission income received	469	-	-	-	7.317	111

(*) 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	5.563	5.354	266.101	248.343
Balance at the end of period	5.467	7.810	5.161	5.563	254.071	266.101
Profit share expense	242	69	32	45	2.949	2.525

(*) As of March 31, 2016 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 109.985.270 and EURO 96.482.012 (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 – March 31, 2016 is TL 2.128 (March 31, 2015: TL 3.786). The Bank has issued Sukuk in the amounts of USD 350.000.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Bank. The expense for the related issue is TL 15.244 as of March 31, 2016.

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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.

As of March 31, 2016; the Bank has paid TL 7.048 (March 31, 2015: TL 5.792) to top management.

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

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

IX. Explanations related to subsequent events:

The Bank has completed the process of issuing domestic rent certificates amount to nominal value of TL 100.000 to qualified investors through its subsidiary Bereket Varlık Kiralama A.Ş. on April 8, 2016. The maturity of the issued rent certificates is 179 days and the periodical profit share is 5,30%.

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SECTION SIX

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

None.

SECTION SEVEN

Limited review report

- I. Explanations on limited review report:**

The Bank's unconsolidated financial statements as of and for the period ended March 31, 2016 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. *(the Turkish member firm of the KPMG International Cooperative)* and the limited review report dated May 9, 2016 is presented at the beginning of the financial statements and related notes.

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

None.

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SECTION EIGHT

Information on Interim Report

I. General Information

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

Albaraka Turk Participation Bank, the first and the leading financial institution in interest free banking field in Turkey, has completed its establishment in 1984 and entered into service as of the beginning of the year of 1985. Albaraka Turk is continuing its activities subject to the Banking Law No. 5411. In the partnership structure of Albaraka Banking Group (ABG), one of the leading groups of Middle East, Islamic Development Bank (IDB) and Albaraka Turk, established under the leadership of a domestic industrial group serving to Turkish economy for more than a half century, share of the foreign partners is 65.98%, share of the domestic partners is 9.20% and publicly held share is 24.82%. Partnership structure of Albaraka Turk is the guarantee of the respect and trust we bear.

Albaraka Turk, collecting funds through current accounts and participation accounts and gaining the funds it contributes to the economy of the country by products as individual financing, corporate finance, financial leasing and profit-loss partnership on the basis of a project, is entitled to offer a great variety of finance and banking services by interest free banking application. Albaraka Turk, started with the vision of being the best regional bank in offering financial products and services in Gulf, Middle East and North Africa geographies where its main partner ABG is carrying out business, is rendering fast, qualified and safe foreign trade (import, export and foreign exchange) services to its customers in 72 countries from Singapore to England, South Africa to Morocco, Australia to Kazakhstan, by the wide correspondent net it has established with 807 banks. Albaraka Turk, also ambitious in Retail Banking area, is an international Participation Bank adopted the mission of adding value to its customers, partners, employees and Turkey.

2. Capital and Shareholders' Structure:

Albaraka Turk's paid-up capital is TL 900.000.000 as of March 31, 2016.

Shareholders' Structure of Albaraka Turk as of 31 March 2016	Share amount (TL)	Ratio
Foreign Shareholders	593.906.071,13	65,98%
Albaraka Banking Group	486.523.265,68	54,06%
Islamic Development Bank	70.573.778,85	7,84%
Alharthy Family	31.106.364,35	3,46%
Others	5.702.662,25	0,62%
Local Shareholders	82.759.529,20	9,20%
Publicly Listed	223.334.399,67	24,82%
Total	900.000.000,00	100,00%

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Information on Interim Report (continued):

3. Branch and Personnel Information:

As of March 31, 2016, total number of branches of the Bank is 213 and the total number of personnel is 3,743. Albaraka Türk carries out its activities with 212 domestic branches extended throughout the country and 1 branch abroad in Erbil.

4. Board of Directors Chairman and Members:

Administrative Function	Name and surname	Educational Degree	Start Date
Chairman of BOD	Adnan Ahmed Yusuf ABDULMALEK	Master	2005
Vice Chairman of BOD	Yalçın ÖNER	Master	1985
Member of BOD	Osman AKYÜZ	Bachelor	1996
Member of BOD	İbrahim Fayez Humaid ALSHAMSI	Bachelor	2005
Member of BOD	Mitat AKTAŞ	Master	2008
Member of BOD	Hamad Abdulla A. EQAB	Bachelor	2008
Member of BOD	Fahad Abdullah A. ALRAJHI	Bachelor	2008
Member of BOD	Hood Hashem Ahmed HASHEM	Master	2011
Member of BOD	Prof.Dr.Kemal Varol	Doctorate	2013
Member of BOD	Muhammad Zarrug M. RAJAB	Bachelor	2016
Member of BOD	Bekir PAKDEMİRLİ	Master	2016
Member of BOD	Dr.Fahrettin YAŞI	Doctorate	2009

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Information on Interim Report (continued):

5. Committee Information After Distribution of Roles Among BOD

AUDIT COMMITTEE

Chairman : Hamad Abdulla A.EQAB
Member : Hood Hashem Ahmed HASHEM
Member : Mitat AKTAŞ
Observer : Yalçın ÖNER, Ibrahim Fayez Humaid ALSHAMSI, Dr.Fahrettin YAHŞİ

CREDIT COMMITTEE:

Chairman : Adnan Ahmed Yusuf ABDULMALEK
Member : Osman AKYÜZ
Member : Prof.Dr.Kemal VAROL
Member : Dr.Fahrettin YAHŞİ
Reserve Member: Yalçın ÖNER

CORPORATE GOVERNANCE COMMITTEE:

Chairman : Prof.Dr.Kemal VAROL
Member : Ibrahim Fayez Humaid ALSHAMSI
Member : Fahad Abdullah A. ALRAJHI
Member : Mustafa ÇETİN
Observer : Osman AKYÜZ, Dr.Fahrettin YAHŞİ

REMUNERATION COMMITTEE:

Chairman : Adnan Ahmed Yusuf ABDULMALEK
Member : Osman AKYÜZ
Member : Dr.Fahrettin YAHŞİ

SOCIAL RESPONSIBILITY COMMITTEE:

Member : Ibrahim Fayez Humaid ALSHAMSI
Member : Dr.Fahrettin YAHŞİ

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Information on Interim Report (continued):

6. Top Management:

Administrative Function	Name and Surname	Educational Degree	Start Date
General Manager	Dr.Fahrettin YAHŞI	Doctorate	2009
Assistant General Manager	Mehmet Ali VERÇİN	Bachelor	2005
Assistant General Manager	Nihat BOZ	Bachelor	2009
Assistant General Manager	Temel HAZIROĞLU	Master	2003
Assistant General Manager	Bülent TABAN	Master	2003
Assistant General Manager	Turgut SİMİTÇİOĞLU	Master	2009
Assistant General Manager	Melikşah UTKU	Master	2009
Assistant General Manager	Mahmut Esfa EMEK	Bachelor	2011
Assistant General Manager	Ayhan KESER	Bachelor	2011
Assistant General Manager	Ali TUĞLU	Master	2014

II. Annual General Assembly Meeting and Dividend Distribution Information:

Ordinary General Meeting of the Bank was held on 24 March 2016. Memberships of the Board of Directors of Mr. Muhammad Zarrug M. RAJAB and Mr. Bekir PAKDEMİRLİ assigned by the Board of Directors to complete the term of offices for the Memberships of the Board of Directors become vacant within the Activity Year of 2015 are submitted to the approval of the General Meeting and are accepted.

At the ordinary general meeting of our Bank, it is decided to allocate from the profit obtained from the activities of the year of 2015 as below;

TL 15.863 as Legal Reserve,
TL 240.210 as Extraordinary Retained Earnings,
TL 50.400 as Dividend for shareholders,

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Information on Interim Report (continued):

III. Banks Financial Information and Evaluations:

Main Financial Figures:

ASSETS	Current Period	Prior Period
Cash and Balances with The Central Bank	3.478.317	4.904.798
Banks	2.790.349	2.482.614
Financial Assets- Available For Sale (Net)	1.072.001	1.051.566
Loans and Receivables	18.964.536	18.557.965
Others	2.505.360	2.565.056
TOTAL ASSETS	28.810.563	29.561.999
LIABILITIES	Current Period	Prior Period
Funds Collected	19.493.743	20.346.178
Funds Borrowed	4.018.692	4.104.688
Subordinated Loans	1.224.048	1.239.557
Shareholders' Equity	2.113.283	2.103.914
Others	1.960.797	1.767.662
TOTAL LIABILITIES	28.810.563	29.561.999
INCOME AND EXPENSE ITEMS	Current Period	Prior Period
Profit Share Income	564.024	427.477
Profit Share Expense	286.425	236.146
Net Profit Share Income/Expenses	277.599	191.331
Net Fees and Commissions Income/Expenses	32.354	34.534
Trading Income/Loss (Net)	22.768	21.538
Other Operating Income	33.532	27.219
Total Operating Income	366.253	274.622
Provision For Loan Losses and Other Receivables (-)	73.626	39.783
Other Operating Expenses (-)	207.139	154.905
Net Operating Income/ (Losses)	85.488	79.934
Tax Provision For Discontinued Operations (-/+)	(22.413)	(16.202)
NET PROFIT/LOSSES	63.075	63.732
Earnings Per Share (Full TL)	0,070	0,071

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Information on Interim Report (continued):

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

Our Precious Stakeholders,

We have already completed the first quarter of the year of 2016. After a period of more than 9 years, interest rate hike of FED in December has caused an expectation of interest rate hike for the year of 2016 from the first days of the year. However, while tendency of weak growth of global economy in the first quarter and the problems experienced continues to suppress USA economy negatively, FED has given messages that it shall act cautiously in interest raise. Decrease of FED interest raise expectation and specifically oil prices being low steadily has given a positive acceleration in capital flow to globally developing countries. Again in global markets, effects of continuing monetary expansion of European Central Bank and taking decisions in this respect and other central banks' policies are continuing.

It is estimated that floating view continuing for a long time in China, the second greatest economy of the World, is continuing in the first quarter, economic slowdown of the economy of China shall continue also in the first quarter of this year and the growth rate shall be lower than the previous quarter. However, in the abovementioned period, in other developing countries, specifically Eastern Europe and Asian Region, it is being evaluated that growth view may slightly change to positive and may start to gain stability again.

Although Turkish economy is closely affected from the negative developments in the global economy and capital movements, it has shown the fastest growth of the last 17 quarters by recording a growth of 4,0% in 2015 on the annual basis and a growth of 5,7% in the 4th quarter on the quarterly. Leaving the political uncertainties behind and assuring stability again, decrease in inflation in conformity with the medium-term plan and specifically narrowing current deficit indicate that Turkish economy shall continue its growth also in 2016. As Albaraka Turk, we continue our contribution to the country economy with our strong banking structure and the values we own and continue to take the steps necessary to continue out steady growth in 2016.

Albaraka Turk, being in the leader position in interest free banking area, is the flagship of Albaraka Banking Group (ABG), its biggest partner. ABG, acting according to the principles of interest free banking; is carrying out business in corporate, commercial, retail and investment banking fields with its 586 branches, 11,458 personnel and representatives in Jordan, Lebanon, Egypt, Tunisia, Algeria, Sudan, South Africa, Syria, Pakistan, Bahrain, Indonesia, Libya and Turkey. As of the year end of 2015, total size of assets of Albaraka Banking Group is 24.6 billion dollars, collected funds are 20.2 billion dollars and equity size has reached to 2.1 billion dollars level.

As Albaraka Turk, despite the economic uncertainties in the first quarter of 2016, we have continued to protect our active quality and our credit portfolio has an increase of 2,19%. Non-performing loan ratio, which is one of the most important priorities of our Bank and is shown among the most successful ones of our sector in this point, has been 2,74% in the first quarter.

Our Bank being in the effort of performing the sense of "better service" without making concessions from interest free banking principles by becoming more powerful day by day, shall continue to be a bank performing profitability and investments as it is targeted by the strong financial structure and steady growth policy it has specified since its establishment.

Respectfully Yours,

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

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Information on Interim Report (continued):

2. Message from the General Manager

Our Precious Stakeholders,

In the first quarter of 2016, we see again that central banks are determining the agenda in terms of global economy. Central banks of developed country economies are continuing to take firming steps to protect their own currencies as FED ends monetary expansion and takes the first steps for interest rate increase. Along with this, European Central Bank is continuing its loose monetary policy and applying an expansionary policy to support Euro Region economies which have not recovered yet and continue slow growth tendency.

Loss in value of TL as the exchange rate has increased and high inflation towards the yearend of 2015, raise in value of TL in the first quarter of 2016 and CPI falling to 7,46% on annual base indicates that improvement of rate of inflation shall continue in compliance with medium term plan in 2016. Reflections to the banking sector of positive atmosphere constituted by stability dominating the market and environment of trust after the uncertainties in 2015 are continuing.

Albaraka Turk, being the leading bank in interest free banking, has a significant role in the stable standing of Turkish economy with the support it gives to real sector and its financials showing a development over the average in banking sector and business line. Despite the problems in the country in the first quarter of 2016, it has been a period which we have protected our active quality and our profitability is continued in terms of our Bank.

In the first quarter of 2016, our Bank's total assets have been TL 28.810.563. In the same period, our total credit portfolio has reached to TL 18.964.536 with an increase of 2,19% according to the year end. In the same period, funds collected through participation to profit and loss accounts and special current accounts have been TL 19.493.743. Approximately 44,41% of these funds are constituted of foreign currency funds.

As of March 31, 2016, our net income after tax has been TL 63.075.

Our non-performing loan ratio in the first quarter of 2016 has been below the sector average with the rate of 2,74%.

Albaraka Turk shall continue its development also in periods moving within the direction of healthy and sustainable balance policy established between profitability and growth.

Respectfully Yours,
Dr. Fahrettin YAHŞİ
General Manager

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Information on Interim Report (continued):

3. Activities in the First Quarter of the Year of 2016:

- In the first quarter of 2016, our total assets have actualized as TL 28.810.563, reducing by 2,54% according to the year end of 2015.
- In the first quarter of 2016, the funds our Bank has collected through “Special Current Accounts” and “Participation to Profit and Loss Accounts” has been TL 19.493.743 as of March 31, 2016. Approximately 44,41% of these funds are constituted of foreign currency funds.
- Participation accounts in the first quarter of 2016 has been TL 15.464.327. Our Bank’s Fund Collecting Activities are carried out through our 213 branches, our bank’s branches throughout the country and correspondent banks abroad.

TL and USD Equivalent	Current Period		Prior Period		Change	
	TL	USD	TL	USD	TL	USD
	Equivalent	Equivalent	Equivalent	Equivalent		
TL Funds	10.835.786	3.897.765	11.336.176	3.936.172	(4,41)%	(0,98)%
Current Accounts	1.792.543	644.800	2.007.284	696.974	(10,70)%	(7,49)%
Participation Accounts	9.043.243	3.252.965	9.328.892	3.239.199	(3,06)%	0,42%
FC Funds	8.657.957	3.114.373	9.010.002	3.128.473	(3,91)%	(0,45)%
Current Accounts	2.236.873	804.631	2.253.907	782.607	(0,76)%	(2,81)%
Participation Accounts	6.421.084	2.309.742	6.756.095	2.345.866	(4,96)%	(1,54)%
TOTAL	19.493.743	7.012.138	20.346.178	7.064.645	(4,19)%	(0,74)%

- As of March 2016, our credits have reached to TL 18.964.536 with an increase of 2,19% compared to yearend. Our non-performing loan ratio has been 2,74% and rate of provision for non-performing loans as been 57,34%.

TL and USD Equivalent	Current Period		Prior Period		Change	
	TL	USD	TL	USD	TL	USD
	Equivalent	Equivalent	Equivalent	Equivalent		
Credits (*)	19.655.404	7.070.289	19.317.826	6.707.578	1,75%	5,41%
Non-performing Loans	552.702	198.814	468.413	162.643	17,99%	22,24%
Provisions	(316.922)	(114.001)	(280.847)	(97.516)	12,85%	16,90%
TOTAL	19.891.184	7.155.102	19.505.392	6.772.706	1,98%	5,65%

(*) Financial Leasing receivables included.

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

Balance Sheet Period	USD/TL
As of 31 March 2016	2,780
As of 31 December 2015	2,880

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Information on Interim Report (continued):

4. Evaluation on Financial Status, Profitability and Solvency:

- Our Net Operating Income has been TL 366.253, increasing by 33,37% compared to the same period of the previous year.
- Net Fee and Commission Revenues have been TL 32.354, decreasing by 6,31%, our Net Profit Share has been TL 277.599, increasing by 45,09%, and Foreign Exchange Income has been TL 43.490, increasing by 528%.
- Personnel expenses has been TL 112.211, increasing by 32,37% compared to the same period of the previous year, Credit and Other Receivables Allowance for Loss in Value has been TL 73.626, increasing by 85,06% and Depreciation Expenses have been TL 16.219, increasing by 21,15%.
- Our net profit has been TL 63.075, reducing by 1,03% compared to the same period of the previous year.
- As of March 31, 2016, our capital adequacy ratio is actualized as 12,22%, over the legal obligation level.