

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Unconsolidated financial statements including
independent auditors' report and notes to the financial
statements as of December 31, 2010**

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

**Albaraka Türk Katılım Bankası Anonim Şirketi
Independent auditors' report
for the year ended December 31, 2010**

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

We have audited the accompanying unconsolidated balance sheet of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") as of December 31, 2010 and the unconsolidated statements of income, unconsolidated statement of income and expense items accounted under equity, unconsolidated cash flows and unconsolidated changes in shareholders' equity for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Disclosure for the responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error establishing and maintaining effective internal controls and for selecting and applying appropriate accounting principles to comply with the Regulation on Accounting Applications on Banks and Safeguarding of Documents published on the Official Gazette No. 26333 dated November 1st 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, interpretations and circulars published or declared by Banking Regulation and Supervision Agency ("BRSA") on accounting and financial reporting principles.

Disclosure for the responsibility of the authorized audit firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit has been conducted in accordance with the Regulation on Authorization and Activities of Institutions to Conduct Independent Audit in Banks published on the Official Gazette No: 26333 on November 1st, 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. During the audit, we have used audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; which we selected in accordance with our professional judgement by taking into account the effectiveness of the controls over financial reporting process and assessed the appropriateness of the applied accounting policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our independent audit opinion stated below.

Independent Auditors' Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Albaraka Türk Katılım Bankası A.Ş. as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with the accounting principles and standards set out as per Article 37 of the Banking Act No: 5411 and other regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

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

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

Metin Canoğulları, SMMM
Engagement Partner

March 1, 2011
Istanbul, Turkey

**UNCONSOLIDATED FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010**

Address of the Bank's headquarter : Saray Mah. Dr. Adnan Büyükdeniz Cad.No:6
34768 Ümraniye / İstanbul
Bank's phone number and facsimile : 0 216 666 01 01 – 0216 666 16 00
Bank's website : www.albarakaturk.com.tr
Electronic mail contact info : albarakaturk@albarakaturk.com.tr

The unconsolidated 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 CORRESPONDING ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL POSITION OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITORS' REPORT

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

01.03.2011

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

Fahrettin YAHŞI
General Manager

Turgut SİMİTÇİOĞLU
Assistant General Manager

Ahmet OCAK
Financial Affairs Senior Manager

Othman Ahmed SULIMAN
Chairman of the Audit Committee

Mitat AKTAŞ
Member of the Audit Committee

Hamad Abdulla A. EQAB
Member of the Audit Committee

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

Name-Surname / Title : Oya AKDOĞAN / Financial Affairs Vice Manager
Telephone : 00 90 216 666 02 35
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Table of contents

| | <u>Page</u> |
|--|-------------|
| Section one | |
| General information | |
| I. History of the Bank including its incorporation date, initial legal status and amendments to legal status | 1 |
| II. Shareholding structure, shareholders having direct or indirect, joint or individual control over the management of the Bank and disclosures on related changes in the current year, if any | 1 |
| III. Explanation on the chairman and board of directors, members of audit committee, general manager and assistant general managers and their shares in the Bank, if any | 2 |
| IV. Information on the Bank's qualified shareholders | 2 |
| V. Summary of the Bank's service activities and field of operations | 3 |
| Section two | |
| The unconsolidated financial statements | |
| I. Balance sheet (Statement of financial position) | 5 |
| II. Statement of off-balance sheet commitments | 7 |
| III. Statement of income | 8 |
| IV. Statement of income and expenses accounted under shareholders' equity | 9 |
| V. Statement of changes in shareholders' equity | 10 |
| VI. Statement of cash flow | 12 |
| VII. Statement of profit appropriation | 13 |
| Section three | |
| Accounting principles | |
| I. Explanations on basis of presentation | 14 |
| II. Explanations on strategy of using financial instruments and foreign currency transactions | 15 |
| III. Explanations on forward, option contracts and derivative instruments | 15 |
| IV. Explanations on profit share income and expenses | 15 |
| V. Explanations on fees, commission income and expenses | 16 |
| VI. Explanations on financial assets | 16 |
| VII. Explanations on impairment of financial assets | 17 |
| VIII. Explanations on offsetting of financial instruments | 18 |
| IX. Explanations on sale and repurchase agreements and lending of securities | 18 |
| X. Explanations on assets held for sale and discontinued operations and liabilities related to these assets | 19 |
| XI. Explanations on goodwill and other intangible assets | 19 |
| XII. Explanations on tangible assets | 20 |
| XIII. Explanations on leasing transactions | 21 |
| XIV. Explanations on provisions and contingent liabilities | 21 |
| XV. Explanations on liabilities regarding employee benefits | 21 |
| XVI. Explanations on taxation | 22 |
| XVII. Additional explanations on borrowings | 23 |
| XVIII. Explanations on share certificates and issuance of share certificate | 24 |
| XIX. Explanations on acceptances and availed drafts | 24 |
| XX. Explanations on government grants | 24 |
| XXI. Explanations on segment reporting | 24 |
| XXII. Explanations on other matters | 24 |
| XXIII. Additional paragraph for convenience translation | 24 |
| Section four | |
| Information on financial position | |
| I. Explanations on the capital adequacy standard ratio | 25 |
| II. Explanations on credit risk | 28 |
| III. Explanations on market risk | 32 |
| IV. Explanations on operational risk | 32 |
| V. Explanations on currency risk | 33 |
| VI. Explanations on liquidity risk | 35 |
| VII. Explanations on the presentation of financial assets and liabilities at fair values | 38 |
| VIII. Explanations regarding the activities carried out on behalf and account of other persons | 39 |
| IX. Explanations on business segments | 40 |
| Section five | |
| Explanations and notes on the unconsolidated financial statements | |
| I. Explanations and notes related to assets | 41 |
| II. Explanations and notes related to liabilities | 54 |
| III. Explanations and notes related to off-balance sheet contingencies and commitments | 63 |
| IV. Explanations and notes related to the statement of income | 66 |
| V. Explanations and notes related to the statements of changes in shareholders' equity | 72 |
| VI. Explanations and notes related to cash flow statement | 73 |
| VII. Explanations related to the risk group of the Bank | 75 |
| VIII. Explanations related to domestic, foreign, off-shore branches or investments and foreign representative offices | 76 |
| IX. Explanations and notes related to subsequent events | 76 |
| Section six | |
| Other explanations | |
| I. Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification | 77 |
| Section seven | |
| I. Explanations on independent auditors' report | 77 |
| II. Explanations and notes prepared by the independent auditors | 77 |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010
(Currency - Thousand Turkish Lira)**

Section one

General information

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

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

Special Finance Houses, operating in accordance with the Communiqués of Undersecretariat of Treasury and the Central Bank of Turkey based on the decision of Council of Ministers numbered 83/7506, have been subjected to the provisions of the Banking Law numbered 4389 with the change of law dated December 17, 1999 and numbered 4491. Special Finance Houses have been subjected to the provisions of 'Communiqué Related to the Incorporation and Activities of Special Finance Houses' published in the Official Gazette dated September 20, 2001 numbered 24529 by 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 the Bank' 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 Board of Directors' meeting dated December 21, 2005 and the title was changed as "Albaraka Türk Katılım Bankası A.Ş.". The change in the title was registered in trade registry records 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 İstanbul and is operating through 109 local branches and with 2.175 staff.

At the Board of Directors meeting held on September 17, 2010 numbered 907, it has been decided to move Bank's head office to the address: Saray Mah. Dr. Fazıl Küçük Cad. Esnaf Sok. No: 3 34768 Ümraniye / İstanbul as of December 1, 2010. In accordance with the decision of İstanbul Metropolitan Municipality dated November 26, 2010 and numbered 2675, the address of the head office has been changed as Saray Mah. Dr. Adnan Büyükdeniz Cad. No: 6 34768 Ümraniye / İstanbul.

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

As of December 31, 2010, 54,06% of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 22,49% of the shares are publicly traded and quoted on the İstanbul Stock Exchange.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010
(Currency - Thousand Turkish Lira)**

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

| Title | Name and Surname | Administrative Function and Responsibility | Educational Degree | Ownership Percentage (%) |
|--|-------------------------------|--|---------------------------|---------------------------------|
| Chairman of the Board of Directors (BOD): | Adnan Ahmed Yusuf ABDULMALEK | Chairman of BOD | Master | (*) 0,0000 |
| Members of BOD: | Yalçın ÖNER | Vice Chairman of BOD | Master | 0,0006 |
| | Faisal A.M.A. ALZAMEL | Member of BOD | Master | (*) 0,0000 |
| | İbrahim Fayez Humaid ALSHAMSI | Member of BOD | Bachelor | (*) 0,0000 |
| | Othman Ahmed SULIMAN | Member of BOD | Bachelor | (*) 0,0000 |
| | Osman AKYÜZ | Member of BOD | Bachelor | (*) 0,0000 |
| | Prof.Dr. Ekrem PAKDEMİRLİ | Member of BOD | Doctorate | (*) 0,0000 |
| | Mitat AKTAŞ | Member of BOD | Master | (*) 0,0000 |
| | Hamad Abdulla A. EQAB | Member of BOD | Bachelor | (*) 0,0000 |
| | Fahad Abdullah A. ALRAJHI | Member of BOD | Bachelor | (*) 0,0000 |
| General Manager: | Fahrettin YAŞI | Member of BOD /General Manager | Master | - |
| Assistant General Managers: | M. Ali VERÇİN | Corporate Marketing and Retail Marketing | Bachelor | - |
| | Nihat BOZ | Legal Affairs | Bachelor | 0,0048 |
| | Temel HAZIROĞLU | Operations, Administrative Affairs, Human Resources | Bachelor | 0,0342 |
| | Bülent TABAN | Corporate Loans, Commercial Loans and Foreign Affairs | Master | - |
| | Turgut SİMİTÇİOĞLU | Financial Affairs, Risk Follow up and Banking Services | Bachelor | - |
| | Melikşah UTKU | Information Technologies and Project Management | Master | - |
| Audit Committee: | Othman Ahmed SULIMAN | Chairman of Audit Committee | Bachelor | (*) 0,0000 |
| | Hamad Abdulla A. EQAB | Member of Audit Committee | Bachelor | (*) 0,0000 |
| | Mitat AKTAŞ | Member of Audit Committee | Master | (*) 0,0000 |
| Auditors: | Seyfettin YENİDÜNYA | Auditor | Bachelor | - |
| | Prof. Dr. Arif Ateş VURAN | Auditor | Doctorate | - |
| | Memduh COŞKUNER | Auditor | Bachelor | - |

(*) The share amounts of these persons are between TL 1-6 (full).

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0396% of the Bank's share capital (Prior period- 0,0616%).

IV. Information on the Bank's qualified shareholders:

The Bank's paid in capital amounting to TL 539.000 consists of 539.000.000 number of shares with a nominal value of TL 1 (full) for each share. TL 291.373 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 | 291.373 | 54,06 % | 291.373 | - |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010
(Currency - Thousand Turkish Lira)**

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

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

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

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

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

In addition to its ordinary banking activities, the Bank operates as an insurance agency on behalf of Işık Sigorta, Anadolu Sigorta, Güneş Sigorta, Allianz, Aviva Sigorta, Neova Sigorta and Zurich Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik 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 Industry 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.

Section two

The unconsolidated financial statements

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

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

| ASSETS | Notes | THOUSAND TURKISH LIRA | | | | | |
|---|-------|--------------------------------|-----------|-----------|------------------------------|---------|-----------|
| | | CURRENT PERIOD (31/12/2010) | | | PRIOR PERIOD (31/12/2009) | | |
| | | TL | FC | Total | TL | FC | Total |
| I. CASH AND BALANCES WITH THE CENTRAL BANK | (1) | 284.190 | 416.791 | 700.981 | 354.606 | 262.597 | 617.203 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net) | (2) | 4.562 | - | 4.562 | 3.037 | - | 3.037 |
| 2.1 Trading Financial Assets | | 4.562 | - | 4.562 | 3.037 | - | 3.037 |
| 2.1.1 Public Sector Debt Securities | | - | - | - | - | - | - |
| 2.1.2 Equity Securities | | 4.562 | - | 4.562 | 3.037 | - | 3.037 |
| 2.1.3 Derivative Financial Assets Held for Trading | | - | - | - | - | - | - |
| 2.1.4 Other Marketable Securities | | - | - | - | - | - | - |
| 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) | 566.652 | 164.315 | 730.967 | 244.421 | 363.520 | 607.941 |
| IV. MONEY MARKET PLACEMENTS | | - | - | - | - | - | - |
| V. FINANCIAL ASSETS-AVAILABLE FOR SALE (net) | (4) | 54.544 | 36 | 54.580 | 28.517 | 37 | 28.554 |
| 5.1 Equity Securities | | - | 36 | 36 | - | 37 | 37 |
| 5.2 Public Sector Debt Securities | | 54.544 | - | 54.544 | 28.517 | - | 28.517 |
| 5.3 Other Marketable Securities | | - | - | - | - | - | - |
| VI. LOANS AND RECEIVABLES | (5) | 5.843.577 | 427.318 | 6.270.895 | 4.474.531 | 157.979 | 4.632.510 |
| 6.1 Loans and Receivables | | 5.816.247 | 427.318 | 6.243.565 | 4.456.038 | 157.447 | 4.613.485 |
| 6.1.1 Loans to Risk Group of the Bank | | 104 | - | 104 | 32 | 82.034 | 82.066 |
| 6.1.2 Public Sector Debt Securities | | - | - | - | - | - | - |
| 6.1.3 Other | | 5.816.143 | 427.318 | 6.243.461 | 4.456.006 | 75.413 | 4.531.419 |
| 6.2 Non Performing Loans | | 185.281 | 5.569 | 190.850 | 162.883 | 7.204 | 170.087 |
| 6.3 Specific Provisions (-) | | 157.951 | 5.569 | 163.520 | 144.390 | 6.672 | 151.062 |
| VII. INVESTMENTS HELD TO MATURITY (net) | (6) | 360.674 | 15.530 | 376.204 | 280.876 | 15.131 | 296.007 |
| VIII. INVESTMENTS IN ASSOCIATES (net) | (7) | 2.000 | - | 2.000 | 6.000 | - | 6.000 |
| 8.1 Accounted for under Equity Method | | - | - | - | - | - | - |
| 8.2 Unconsolidated Associates | | 2.000 | - | 2.000 | 6.000 | - | 6.000 |
| 8.2.1 Financial Associates | | 2.000 | - | 2.000 | 2.000 | - | 2.000 |
| 8.2.2 Non-Financial Associates | | - | - | - | 4.000 | - | 4.000 |
| IX. SUBSIDIARIES (net) | (8) | - | - | - | - | - | - |
| 9.1 Unconsolidated Financial Subsidiaries | | - | - | - | - | - | - |
| 9.2 Unconsolidated Non-Financial Subsidiaries | | - | - | - | - | - | - |
| X. JOINT VENTURES (net) | (9) | - | - | - | - | - | - |
| 10.1 Accounted for under Equity Method | | - | - | - | - | - | - |
| 10.2 Unconsolidated | | - | - | - | - | - | - |
| 10.2.1 Financial Joint Ventures | | - | - | - | - | - | - |
| 10.2.2 Non-Financial Joint Ventures | | - | - | - | - | - | - |
| XI. LEASE RECEIVABLES (net) | (10) | 25.920 | - | 25.920 | 53.484 | - | 53.484 |
| 11.1 Finance Lease Receivables | | 29.849 | - | 29.849 | 62.132 | - | 62.132 |
| 11.2 Operational Lease Receivables | | - | - | - | - | - | - |
| 11.3 Other | | - | - | - | - | - | - |
| 11.4 Unearned Income (-) | | 3.929 | - | 3.929 | 8.648 | - | 8.648 |
| 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) | 192.324 | - | 192.324 | 140.054 | - | 140.054 |
| XIV. INTANGIBLE ASSETS (net) | (13) | 2.173 | - | 2.173 | 1.577 | - | 1.577 |
| 14.1 Goodwill | | - | - | - | - | - | - |
| 14.2 Other | | 2.173 | - | 2.173 | 1.577 | - | 1.577 |
| XV. INVESTMENT PROPERTY (net) | (14) | - | - | - | - | - | - |
| XVI. TAX ASSET | (15) | 7.677 | - | 7.677 | 7.789 | - | 7.789 |
| 16.1 Current Tax Asset | | - | - | - | - | - | - |
| 16.2 Deferred Tax Asset | | 7.677 | - | 7.677 | 7.789 | - | 7.789 |
| XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net) | (16) | 18.070 | - | 18.070 | 4.902 | - | 4.902 |
| 17.1 Assets Held for Sale | | 18.070 | - | 18.070 | 4.902 | - | 4.902 |
| 17.2 Assets of Discontinued Operations | | - | - | - | - | - | - |
| XVIII. OTHER ASSETS | (17) | 18.919 | 1.029 | 19.948 | 15.671 | 185 | 15.856 |
| TOTAL ASSETS | | 7.381.282 | 1.025.019 | 8.406.301 | 5.615.465 | 799.449 | 6.414.914 |

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

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

| LIABILITIES | Notes | THOUSAND TURKISH LIRA | | | | | |
|--|-------|--------------------------------|------------------|------------------|------------------------------|------------------|------------------|
| | | CURRENT PERIOD (31/12/2010) | | | PRIOR PERIOD (31/12/2009) | | |
| | | TL | FC | Total | TL | FC | Total |
| I. FUNDS COLLECTED | (1) | 4.358.934 | 2.522.656 | 6.881.590 | 3.290.809 | 2.173.836 | 5.464.645 |
| 1.1 Funds from Risk Group of the Bank | | 205.019 | 162.841 | 367.860 | 145.201 | 66.134 | 211.335 |
| 1.2 Other | | 4.153.915 | 2.359.815 | 6.513.730 | 3.145.608 | 2.107.702 | 5.253.310 |
| II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING | (2) | - | - | - | - | - | - |
| III. FUNDS BORROWED | (3) | - | 374.807 | 374.807 | - | - | - |
| IV. BORROWINGS FROM MONEY MARKETS | | - | - | - | - | - | - |
| V. SECURITIES ISSUED (net) | | - | - | - | - | - | - |
| VI. MISCELLANEOUS PAYABLES | | 162.084 | 9.760 | 171.844 | 140.008 | 13.099 | 153.107 |
| VII. OTHER LIABILITIES | (4) | - | - | - | - | - | - |
| VIII. LEASE PAYABLES (net) | (5) | - | - | - | - | - | - |
| 8.1 Finance Lease Payables | | - | - | - | - | - | - |
| 8.2 Operational Lease Payables | | - | - | - | - | - | - |
| 8.3 Other | | - | - | - | - | - | - |
| 8.4 Deferred Finance Lease Expenses (-) | | - | - | - | - | - | - |
| IX. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES | (6) | - | - | - | - | - | - |
| 9.1 Fair Value Hedge | | - | - | - | - | - | - |
| 9.2 Cash Flow Hedge | | - | - | - | - | - | - |
| 9.3 Net Foreign Investment Hedge | | - | - | - | - | - | - |
| X. PROVISIONS | (7) | 82.238 | 19.519 | 101.757 | 53.022 | 13.087 | 66.109 |
| 10.1 General Provisions | | 48.447 | 11.154 | 59.601 | 38.037 | 9.628 | 47.665 |
| 10.2 Restructuring Reserves | | - | - | - | - | - | - |
| 10.3 Reserve for Employee Benefits | | 11.576 | - | 11.576 | 8.301 | - | 8.301 |
| 10.4 Insurance Technical Reserves (net) | | - | - | - | - | - | - |
| 10.5 Other Provisions | | 22.215 | 8.365 | 30.580 | 6.684 | 3.459 | 10.143 |
| XI. TAX LIABILITY | (8) | 23.668 | - | 23.668 | 20.387 | - | 20.387 |
| 11.1 Current Tax Liability | | 23.668 | - | 23.668 | 20.387 | - | 20.387 |
| 11.2 Deferred Tax Liability | | - | - | - | - | - | - |
| XII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net) | (9) | - | - | - | - | - | - |
| 12.1 Assets Held for Sale | | - | - | - | - | - | - |
| 12.2 Assets of Discontinued Operations | | - | - | - | - | - | - |
| XIII. SUBORDINATED LOANS | (10) | - | - | - | - | - | - |
| XIV. SHAREHOLDERS' EQUITY | (11) | 852.635 | - | 852.635 | 710.666 | - | 710.666 |
| 14.1 Paid-In Capital | | 539.000 | - | 539.000 | 539.000 | - | 539.000 |
| 14.2 Capital Reserves | | 31.109 | - | 31.109 | 12.738 | - | 12.738 |
| 14.2.1 Share Premium | | - | - | - | - | - | - |
| 14.2.2 Share Cancellation Profits | | - | - | - | - | - | - |
| 14.2.3 Marketable Securities Revaluation Reserve | | 2.364 | - | 2.364 | 2.206 | - | 2.206 |
| 14.2.4 Revaluation Reserve on Tangible Assets | | 28.745 | - | 28.745 | 10.532 | - | 10.532 |
| 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 Revaluation Reserve on Assets Held for Sale and Assets of Discontinued Operations | | - | - | - | - | - | - |
| 14.2.10 Other Capital Reserves | | - | - | - | - | - | - |
| 14.3 Profit Reserves | | 148.147 | - | 148.147 | 53.302 | - | 53.302 |
| 14.3.1 Legal Reserves | | 32.441 | - | 32.441 | 27.160 | - | 27.160 |
| 14.3.2 Status Reserves | | - | - | - | - | - | - |
| 14.3.3 Extraordinary Reserves | | 115.706 | - | 115.706 | 26.142 | - | 26.142 |
| 14.3.4 Other Profit Reserves | | - | - | - | - | - | - |
| 14.4 Profit or Loss | | 134.379 | - | 134.379 | 105.626 | - | 105.626 |
| 14.4.1 Prior Periods Profit / (Loss) | | 335 | - | 335 | 347 | - | 347 |
| 14.4.2 Current Period Profit / (Loss) | | 134.044 | - | 134.044 | 105.279 | - | 105.279 |
| 14.5 Minority Interest | | - | - | - | - | - | - |
| TOTAL LIABILITIES | | 5.479.559 | 2.926.742 | 8.406.301 | 4.214.892 | 2.200.022 | 6.414.914 |

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

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

| | Notes | THOUSAND TURKISH LIRA | | | | | |
|--|----------------|--------------------------------|------------------|-------------------|------------------------------|------------------|-------------------|
| | | CURRENT PERIOD (31/12/2010) | | | PRIOR PERIOD (31/12/2009) | | |
| | | TL | FC | Total | TL | FC | Total |
| A. OFF BALANCE SHEET COMMITMENTS (I+II+III) | (1),(3) | 29.239.574 | 8.344.653 | 37.584.227 | 2.466.660 | 1.404.610 | 3.871.270 |
| I. GUARANTEES AND SURETIES | | 2.436.598 | 1.759.362 | 4.195.960 | 2.187.726 | 1.402.986 | 3.590.712 |
| 1.1. Letters of Guarantees | | 2.433.598 | 1.253.503 | 3.687.101 | 2.186.226 | 1.028.156 | 3.214.382 |
| 1.1.1. Guarantees Subject to State Tender Law | | 227.770 | 23.333 | 251.103 | 181.442 | 26.397 | 207.839 |
| 1.1.2. Guarantees Given for Foreign Trade Operations | | - | 556.637 | 556.637 | - | 515.397 | 515.397 |
| 1.1.3. Other Letters of Guarantee | | 2.205.828 | 673.533 | 2.879.361 | 2.004.784 | 486.362 | 2.491.146 |
| 1.2. Bank Loans | | - | 20.651 | 20.651 | - | 12.691 | 12.691 |
| 1.2.1. Import Letter of Acceptances | | - | 20.651 | 20.651 | - | 12.691 | 12.691 |
| 1.2.2. Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3. Letter of Credits | | - | 470.805 | 470.805 | - | 348.307 | 348.307 |
| 1.3.1. Documentary Letter of Credits | | - | - | - | - | - | - |
| 1.3.2. Other Letter of Credits | | - | 470.805 | 470.805 | - | 348.307 | 348.307 |
| 1.4. Prefinancing Given as Guarantee | | - | - | - | - | - | - |
| 1.5. Endorsements | | - | - | - | - | - | - |
| 1.5.1. Endorsements to the Central Bank Of Turkey | | - | - | - | - | - | - |
| 1.5.2. Other Endorsements | | - | - | - | - | - | - |
| 1.6. Other Guarantees | | - | - | - | - | - | - |
| 1.7. Other Collaterals | | 3.000 | 14.403 | 17.403 | 1.500 | 13.832 | 15.332 |
| II. COMMITMENTS | (1),(3) | 26.802.976 | 6.585.291 | 33.388.267 | 278.934 | 1.624 | 280.558 |
| 2.1. Irrevocable Commitments | | 295.608 | 1.504 | 297.112 | 278.934 | 1.624 | 280.558 |
| 2.1.1. Forward Asset Purchase Commitments | | - | - | - | - | - | - |
| 2.1.2. Share Capital Commitment to Associates and Subsidiaries | | 2.000 | - | 2.000 | 2.000 | - | 2.000 |
| 2.1.3. Loan Granting Commitments | | 13.395 | 1.504 | 14.899 | 6.687 | 1.475 | 8.162 |
| 2.1.4. Securities Underwriting Commitments | | - | - | - | - | - | - |
| 2.1.5. Commitments for Reserve Deposit Requirements | | - | - | - | - | - | - |
| 2.1.6. Payment Commitment for Checks | | 181.529 | - | 181.529 | 190.434 | - | 190.434 |
| 2.1.7. Tax And Fund Liabilities from Export Commitments | | 503 | - | 503 | 219 | - | 219 |
| 2.1.8. Commitments for Credit Card Expenditure Limits | | 98.162 | - | 98.162 | 79.475 | - | 79.475 |
| 2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities | | 19 | - | 19 | 59 | - | 59 |
| 2.1.10. Receivables from Short Sale Commitments | | - | - | - | - | - | - |
| 2.1.11. Payables for Short Sale Commitments | | - | - | - | - | - | - |
| 2.1.12. Other Irrevocable Commitments | | - | - | - | 60 | 149 | 209 |
| 2.2. Revocable Commitments | | 26.507.368 | 6.583.787 | 33.091.155 | - | - | - |
| 2.2.1. Revocable Loan Granting Commitments | | 26.507.368 | 6.583.787 | 33.091.155 | - | - | - |
| 2.2.2. Other Revocable Commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | (2) | - | - | - | - | - | - |
| 3.1. Derivative Financial Instruments for Hedging Purposes | | - | - | - | - | - | - |
| 3.1.1. Fair Value Hedge | | - | - | - | - | - | - |
| 3.1.2. Cash Flow Hedge | | - | - | - | - | - | - |
| 3.1.3. Hedge of Net Investment in Foreign Operations | | - | - | - | - | - | - |
| 3.2. Held for Trading Transactions | | - | - | - | - | - | - |
| 3.2.1. Forward Foreign Currency Buy/Sell Transactions | | - | - | - | - | - | - |
| 3.2.1.1. Forward Foreign Currency Transactions-Buy | | - | - | - | - | - | - |
| 3.2.1.2. Forward Foreign Currency Transactions-Sell | | - | - | - | - | - | - |
| 3.2.2. Other Forward Buy/Sell Transactions | | - | - | - | - | - | - |
| 3.3. Other | | - | - | - | - | - | - |
| B. CUSTODY AND PLEDGED ITEMS (IV+V+VI) | | 10.778.808 | 1.097.661 | 11.876.469 | 7.560.392 | 821.928 | 8.382.320 |
| IV. ITEMS HELD IN CUSTODY | | 503.678 | 290.870 | 794.548 | 436.406 | 229.314 | 665.720 |
| 4.1. Assets Under Management | | - | - | - | - | - | - |
| 4.2. Investment Securities Held in Custody | | - | - | - | - | - | - |
| 4.3. Checks Received for Collection | | 332.317 | 45.136 | 377.453 | 306.558 | 28.805 | 335.363 |
| 4.4. Commercial Notes Received for Collection | | 170.451 | 12.658 | 183.109 | 126.771 | 20.105 | 146.876 |
| 4.5. Other Assets Received for Collection | | 125 | - | 125 | 276 | - | 276 |
| 4.6. Assets Received for Public Offering | | - | - | - | - | - | - |
| 4.7. Other Items Under Custody | | 72 | 177.716 | 177.788 | 72 | 160.660 | 160.732 |
| 4.8. Custodians | | 713 | 55.360 | 56.073 | 2.729 | 19.744 | 22.473 |
| V. PLEDGED ITEMS | | 10.275.130 | 806.791 | 11.081.921 | 7.123.986 | 592.614 | 7.716.600 |
| 5.1. Marketable Securities | | 43.530 | 5.770 | 49.300 | 10.849 | - | 10.849 |
| 5.2. Guarantee Notes | | 670.980 | 107.971 | 778.951 | 615.462 | 68.094 | 683.556 |
| 5.3. Commodity | | 341.662 | 139.913 | 481.575 | 218.121 | 78.770 | 296.891 |
| 5.4. Warranty | | - | - | - | - | - | - |
| 5.5. Properties | | 9.186.963 | 524.031 | 9.710.994 | 6.155.006 | 429.022 | 6.584.028 |
| 5.6. Other Pledged Items | | 13.615 | 10.934 | 24.549 | 105.721 | 4.198 | 109.919 |
| 5.7. Pledged Items-Depository | | 18.380 | 18.172 | 36.552 | 18.827 | 12.530 | 31.357 |
| VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | | - | - | - | - | - | - |
| TOTAL OFF BALANCE SHEET ACCOUNTS (A+B) | | 40.018.382 | 9.442.314 | 49.460.696 | 10.027.052 | 2.226.538 | 12.253.590 |

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş. STATEMENT OF INCOME

| INCOME AND EXPENSE ITEMS | Notes | THOUSAND TURKISH LIRA | |
|---|-------------|--------------------------------|------------------------------|
| | | CURRENT PERIOD (31/12/2010) | PRIOR PERIOD (31/12/2009) |
| I. PROFIT SHARE INCOME | (1) | 666.507 | 656.016 |
| 1.1 Profit Share on Loans | | 611.458 | 606.608 |
| 1.2 Income Received from Reserve Deposits | | - | - |
| 1.3 Income Received from Banks | | 7.347 | 10.730 |
| 1.4 Income Received from Money Market Placements | | - | - |
| 1.5 Income Received from Marketable Securities Portfolio | | 43.253 | 29.497 |
| 1.5.1 Held-for-Trading Financial Assets | | - | - |
| 1.5.2 Financial Assets at Fair Value Through Profit and Loss | | - | - |
| 1.5.3 Available-for-Sale Financial Assets | | 4.827 | 3.545 |
| 1.5.4 Investment-Held for Maturity | | 38.426 | 25.952 |
| 1.6 Finance Lease Income | | 4.449 | 9.181 |
| 1.7 Other Profit Share Income | | - | - |
| II. PROFIT SHARE EXPENSE | (2) | 350.349 | 348.514 |
| 2.1 Expense on Profit Sharing Accounts | | 347.360 | 348.514 |
| 2.2 Profit Share Expense on Funds Borrowed | | 2.989 | - |
| 2.3 Profit Share Expense on Money Market Borrowings | | - | - |
| 2.4 Expense on Securities Issued | | - | - |
| 2.5 Other Profit Share Expense | | - | - |
| III. NET PROFIT SHARE INCOME (I – II) | | 316.158 | 307.502 |
| IV. NET FEES AND COMMISSIONS INCOME/EXPENSES | | 82.916 | 80.718 |
| 4.1 Fees and Commissions Received | | 92.930 | 89.502 |
| 4.1.1 Non-Cash Loans | | 51.605 | 45.906 |
| 4.1.2 Other | | 41.325 | 43.596 |
| 4.2 Fees and Commissions Paid | (12) | 10.014 | 8.784 |
| 4.2.1 Non-Cash Loans | | 340 | 204 |
| 4.2.2 Other | (12) | 9.674 | 8.580 |
| V. DIVIDEND INCOME | (3) | 302 | 284 |
| VI. TRADING INCOME/LOSS(net) | (4) | 16.016 | 25.048 |
| 6.1 Capital Market Transaction Income / (Loss) | | 1.292 | 127 |
| 6.2 Income/ (Loss) from Derivative Financial Instruments | | - | - |
| 6.3 Foreign Exchange Income / (Loss) | | 14.724 | 24.921 |
| VII. OTHER OPERATING INCOME | (5) | 56.861 | 27.312 |
| VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | 472.253 | 440.864 |
| IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) | (6) | 105.106 | 131.769 |
| X. OTHER OPERATING EXPENSES (-) | (7) | 201.471 | 177.338 |
| XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) | | 165.676 | 131.757 |
| XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER | | - | - |
| XIII. INCOME / (LOSS) ON EQUITY METHOD | | - | - |
| XIV. INCOME / (LOSS) ON NET MONETARY POSITION | | - | - |
| XV. INCOME/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV) | (8) | 165.676 | 131.757 |
| XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±) | (9) | (31.632) | (26.478) |
| 16.1 Provision for Current Taxes | | (36.193) | (34.537) |
| 16.2 Provision for Deferred Taxes | | 4.561 | 8.059 |
| XVII. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI) | (10) | 134.044 | 105.279 |
| XVIII. INCOME FROM DISCONTINUED OPERATIONS | | - | - |
| 18.1 Income from Assets Held for Sale | | - | - |
| 18.2 Income from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.) | | - | - |
| 18.3 Other Income from Discontinued Operations | | - | - |
| XIX. LOSS FROM DISCONTINUED OPERATIONS (-) | | - | - |
| 19.1 Loss from Assets Held for Sale | | - | - |
| 19.2 Loss from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.) | | - | - |
| 19.3 Other Loss from r Discontinued Operations | | - | - |
| XX. INCOME / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX) | | - | - |
| XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±) | | - | - |
| 21.1 Provision for Current Taxes | | - | - |
| 21.2 Provision for Deferred Taxes | | - | - |
| XXII. NET INCOME/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI) | | - | - |
| XXIII. NET INCOME/LOSS (XVII+XXII) | (11) | 134.044 | 105.279 |
| 23.1 Group's Income/Loss | | 134.044 | 105.279 |
| 23.2 Minority Interest | | - | - |
| Earnings per Share (full TL) | | 0,249 | 0,195 |

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY

| STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY | THOUSAND TURKISH LIRA | |
|--|--------------------------------------|------------------------------------|
| | CURRENT PERIOD (01/01-31/12/2010) | PRIOR PERIOD (01/01-31/12/2009) |
| I. ADDITIONS FROM MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS | 197 | 2.758 |
| II. TANGIBLE ASSETS REVALUATION DIFFERENCES | 23.185 | 13.165 |
| III. INTANGIBLE ASSETS REVALUATION DIFFERENCES | - | - |
| IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS | - | - |
| 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 DUE TO TAS | - | - |
| IX. DEFERRED TAX ON VALUATION DIFFERENCES | (4.676) | (3.185) |
| X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX) | 18.706 | 12.738 |
| XI. PROFIT/LOSS | 134.044 | 105.279 |
| 11.1 Change in Fair Value of Marketable Securities (Transfer to Profit/Loss) | - | - |
| 11.2 Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes to Income Statement | - | - |
| 11.3 Transfer of Hedge of Net Investments in Foreign Operations to Income Statement | - | - |
| 11.4 Other | 134.044 | 105.279 |
| XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI) | 152.750 | 118.017 |

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

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

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

THOUSAND TURKISH LIRA

| CHANGES IN SHAREHOLDERS' EQUITY | Notes (Section Five) | Paid-in Capital | Effect of Inflation Accounting on Capital and Other Capital Reserves | Share Premium | Share Certificate Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Income / (loss) | Prior Years Net Income / (loss) | Marketable Securities Revaluation Reserve | Tangible and Intangible Assets Revaluation Fund | Bonus Shares from Investments | Hedging Reserves | Asset Held For Sale and Disc.op. Valuation Fund | Total Equity |
|---|----------------------------|--------------------|---|------------------|---|-------------------|--------------------|---------------------------|-------------------|---|---------------------------------------|--|--|--|---------------------|---|-----------------|
| PRIOR PERIOD (31/12/2009) | | | | | | | | | | | | | | | | | |
| I. Beginning balance | (V) | 269.500 | - | 158.396 | - | 17.097 | - | 56.496 | - | 136.242 | 371 | - | - | - | - | - | 638.102 |
| Changes in Period | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| II. Increase/Decrease Related to Merger | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Marketable Securities Revaluation Differences | | - | - | - | - | - | - | - | - | - | - | 2.758 | - | - | - | - | 2.758 |
| IV. Hedging Funds (Effective Portion) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.1 Cash-Flow Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.2 Hedge of Net Investment in Foreign Operations | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. Tangible Assets Revaluation Differences | | - | - | - | - | - | - | - | - | - | - | - | 13.478 | - | - | - | 13.478 |
| VI. Intangible Assets Revaluation Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. Foreign Exchange Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. Changes Related to the Disposal of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| X. Changes Related to the Reclassification of Assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. The Effect of Change in Associate's Equity | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XII. Capital Increase | | 269.500 | - | (158.396) | - | - | - | (30.354) | - | - | (80.750) | - | - | - | - | - | - |
| 12.1 Cash | | - | - | - | - | - | - | - | - | - | (80.750) | - | - | - | - | - | - |
| 12.2 Internal Sources | | 269.500 | - | (158.396) | - | - | - | (30.354) | - | - | (80.750) | - | - | - | - | - | - |
| XIII. Share Issue Premium | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIV. Share Cancellation Profits | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. Inflation Adjustment to Paid-in Capital | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. Other | | - | - | - | - | - | - | - | - | - | 34 | (552) | (2.633) | - | - | - | (3.151) |
| XVII. Period Net Income/(Loss) | | - | - | - | - | - | - | - | - | 105.279 | - | - | - | - | - | - | 105.279 |
| XVIII. Profit Distribution | | - | - | - | - | 10.063 | - | - | - | (136.242) | 80.692 | - | (313) | - | - | - | (45.800) |
| 18.1 Dividends Distributed | | - | - | - | - | - | - | - | - | - | (45.800) | - | - | - | - | - | (45.800) |
| 18.2 Transfers to Reserves | | - | - | - | - | 10.063 | - | - | - | - | (10.063) | - | - | - | - | - | - |
| 18.3 Other | | - | - | - | - | - | - | - | - | (136.242) | 136.555 | - | (313) | - | - | - | - |
| Closing Balance (I+II+III+...+XVI+XVII+XVIII) | | 539.000 | - | - | - | 27.160 | - | 26.142 | - | 105.279 | 347 | 2.206 | 10.532 | - | - | - | 710.666 |

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

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

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

THOUSAND TURKISH LIRA

| CHANGES IN SHAREHOLDERS' EQUITY | | Notes (Section Five) | Paid-in Capital | Effect of Inflation Accounting on Capital and Other Capital Reserves | Share Premium | Share Certificate Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Income / (loss) | Prior Years Net Income / (loss) | Marketable Securities Revaluation Reserve | Tangible and Intangible Assets Revaluation Fund | Bonus Shares from Investments | Hedging Reserves | Asset Held For Sale and Disc.op. Valuation Fund | Total Equity | |
|--------------------------------------|---|----------------------------|--------------------|--|------------------|---|-------------------|--------------------|---------------------------|-------------------|--|---|--|--|--|---------------------|---|-----------------|--|
| CURRENT PERIOD | | | | | | | | | | | | | | | | | | | |
| (31/12/2010) | | | | | | | | | | | | | | | | | | | |
| I. | Beginning balance | (V) | 539.000 | - | - | - | 27.160 | - | 26.142 | - | 105.279 | 347 | 2.206 | 10.532 | - | - | - | 710.666 | |
| | Changes In Period | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| II. | Increase/Decrease Related to Merger | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| III. | Marketable Securities Revaluation Differences | | - | - | - | - | - | - | - | - | - | - | 197 | - | - | - | - | 197 | |
| IV. | Hedging Funds (Effective Portion) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4.1 | Cash-Flow Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4.2 | Hedge of Net Investment in Foreign Operations | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| V. | Tangible Assets Revaluation Differences | | - | - | - | - | - | - | - | - | - | - | - | 24.700 | - | - | - | 24.700 | |
| VI. | Intangible Assets Revaluation Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| VII. | Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| VIII. | Foreign Exchange Differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| IX. | Changes Related to the Disposal of Assets | | - | - | - | - | - | - | - | - | - | - | - | (1.515) | - | - | - | (1.515) | |
| 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 | | - | - | - | - | - | - | - | - | - | 335 | (39) | (4.972) | - | - | - | (4.676) | |
| XVII. | Period Net Income/(Loss) | | - | - | - | - | - | - | - | - | 134.044 | - | - | - | - | - | - | 134.044 | |
| XVIII. | Profit Distribution | | - | - | - | - | 5.281 | - | 89.564 | - | (105.279) | (347) | - | - | - | - | - | (10.781) | |
| 18.1 | Dividends Distributed | | - | - | - | - | - | - | - | - | - | (10.781) | - | - | - | - | - | (10.781) | |
| 18.2 | Transfers to Reserves | | - | - | - | - | 5.281 | - | 89.564 | - | - | (94.845) | - | - | - | - | - | - | |
| 18.3 | Other | | - | - | - | - | - | - | - | - | (105.279) | 105.279 | - | - | - | - | - | - | |
| Closing Balance | | | | | | | | | | | | | | | | | | | |
| (I+II+III+...+XVI+XVII+XVIII) | | | 539.000 | - | - | - | 32.441 | - | 115.706 | - | 134.044 | 335 | 2.364 | 28.745 | - | - | - | 852.635 | |

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

| STATEMENT OF CASH FLOWS | | Notes | THOUSAND TURKISH LIRA | |
|-------------------------|---|------------|--------------------------------|------------------------------|
| | | | CURRENT PERIOD (31/12/2010) | PRIOR PERIOD (31/12/2009) |
| A. | CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 | Operating Profit Before Changes in Operating Assets and Liabilities | | 241.330 | 400.282 |
| 1.1.1 | Profit Share Income Received | | 623.797 | 650.886 |
| 1.1.2 | Profit Share Expense Paid | | (347.739) | (354.440) |
| 1.1.3 | Dividend Received | | 302 | 284 |
| 1.1.4 | Fees and Commissions Received | | 143.266 | 116.476 |
| 1.1.5 | Other Income | (V-IV-5) | 50.582 | 27.312 |
| 1.1.6 | Collections from Previously Written off Loans | (V-I-5,h2) | 49.671 | 44.885 |
| 1.1.7 | Payments to Personnel and Service Suppliers | | (118.140) | (106.474) |
| 1.1.8 | Taxes Paid | | (44.181) | (42.736) |
| 1.1.9 | Others | (V-VI-3) | (116.228) | 64.089 |
| 1.2 | Changes in Operating Assets and Liabilities | | (404.825) | 381.368 |
| 1.2.1 | Net (Increase) Decrease in Available for Sale Financial Assets | | (1.525) | (1.110) |
| 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 | | (116.255) | 49.908 |
| 1.2.4 | Net (Increase) Decrease in Loans | | (1.667.793) | (1.194.327) |
| 1.2.5 | Net (Increase) Decrease in Other Assets | | (12.639) | 26.898 |
| 1.2.6 | Net Increase (Decrease) in Funds Collected from Banks | | - | - |
| 1.2.7 | Net Increase (Decrease) in Other Funds Collected | | 1.417.320 | 1.485.461 |
| 1.2.8 | Net Increase (Decrease) in Funds Borrowed | | - | - |
| 1.2.9 | Net Increase (Decrease) in Due Payables | | - | - |
| 1.2.10 | Net Increase (Decrease) in Other Liabilities | (V-VI-3) | (23.933) | 14.538 |
| I. | Net Cash Provided from Banking Operations | | (163.495) | 781.650 |
| B. | CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. | Net Cash Provided from Investing Activities | | (115.183) | (395.816) |
| 2.1 | Cash Paid for Purchase Jointly Controlled Operations, Associates and Subsidiaries | | - | (2.000) |
| 2.2 | Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries | | 4.000 | - |
| 2.3 | Fixed Assets Purchases | | (73.922) | (85.731) |
| 2.4 | Fixed Assets Sales | | 21.120 | 7.528 |
| 2.5 | Cash Paid for Purchase of Financial Assets Available for Sale | | (25.000) | (25.000) |
| 2.6 | Cash Obtained from Sale of Financial Assets Available for Sale | | - | - |
| 2.7 | Cash Paid for Purchase of Investment Securities | | (275.000) | (290.613) |
| 2.8 | Cash Obtained from Sale of Investment Securities | | 233.619 | - |
| 2.9 | Other | | - | - |
| C. | CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. | Net Cash Provided from Financing Activities | | 348.816 | (45.800) |
| 3.1 | Cash Obtained from Funds Borrowed and Securities Issued | | 359.597 | - |
| 3.2 | Cash Used for Repayment of Funds Borrowed and Securities Issued | | - | - |
| 3.3 | Capital Increase | | - | - |
| 3.4 | Dividends Paid | | (10.781) | (45.800) |
| 3.5 | Payments for Finance Leases | | - | - |
| 3.6 | Other | | - | - |
| IV. | Effect Of Change in Foreign Exchange Rate on Cash and Cash Equivalents | | (13.307) | (1.701) |
| V. | Net (Decrease) Increase in Cash and Cash Equivalents | | 56.831 | 338.333 |
| VI. | Cash and Cash Equivalents at the Beginning of the Period | (V-VI-i) | 1.086.082 | 747.749 |
| VII. | Cash and Cash Equivalents at the End of the Period | (V-VI-ii) | 1.142.913 | 1.086.082 |

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

ALBARAKATURK KATILIM BANKASI A.Ş. STATEMENT OF PROFIT APPROPRIATION

| | CURRENT PERIOD 31.12.2010 (*) | PRIOR PERIOD 31.12.2009 |
|---|----------------------------------|----------------------------|
| I. Distribution of current year income | | |
| 1.1. Current year income | 165.676 | 131.757 |
| 1.2. Taxes and duties payable (-) | 31.632 | 26.478 |
| 1.2.1. Corporate tax (Income tax) | 36.193 | 34.537 |
| 1.2.2. Income withholding tax | - | - |
| 1.2.3. Other taxes and legal liabilities (**) | (4.561) | (8.059) |
| A. Net income for the year (1.1-1.2) | 134.044 | 105.279 |
| 1.3. Prior year losses (-) | - | - |
| 1.4. First legal reserves (-) | - | 5.281 |
| 1.5. Other statutory reserves (-) | - | - |
| B. Distributable net period income [(A-(1.3+1.4+1.5))] | 134.044 | 99.998 |
| 1.6. First dividend to shareholders (-) | - | 10.781 |
| 1.6.1. To owners of ordinary shares | - | 10.781 |
| 1.6.2. To owners of preferred stocks | - | - |
| 1.6.3. To owners of preferred stocks (Preemptive rights) | - | - |
| 1.6.4. To Profit sharing bonds | - | - |
| 1.6.5. To owners of the profit /loss sharing certificates | - | - |
| 1.7. Dividend to personnel (-) | - | - |
| 1.8. Dividend to board of directors (-) | - | - |
| 1.9. Second dividend to shareholders (-) | - | - |
| 1.9.1. To owners of ordinary shares | - | - |
| 1.9.2. To owners of preferred stocks | - | - |
| 1.9.3. To owners of preferred Stocks (Preemptive rights) | - | - |
| 1.9.4. To profit sharing bonds | - | - |
| 1.9.5. To owners of the profit /loss sharing Certificates | - | - |
| 1.10. Second legal reserve (-) | - | - |
| 1.11. Status reserves (-) | - | - |
| 1.12. Extraordinary reserves | - | - |
| 1.13. Other reserves | - | - |
| 1.14. Special funds | - | - |
| II. Distribution from reserves | | |
| 2.1. Distributed reserves | - | - |
| 2.2. Second legal reserves (-) | - | - |
| 2.3. Share to shareholders (-) | - | - |
| 2.3.1. To owners of ordinary shares | - | - |
| 2.3.2. To Owners of preferred stocks | - | - |
| 2.3.3. To owners of preferred stocks (Preemptive rights) | - | - |
| 2.3.4. To profit sharing bonds | - | - |
| 2.3.5. To owners of the profit /loss sharing certificates | - | - |
| 2.4. Share to personnel (-) | - | - |
| 2.5. Share to board of directors (-) | - | - |
| III. Earnings per share | | |
| 3.1. To owners of stocks (***) | 0,249 | 0,195 |
| 3.2. To owners of stocks (%) | %24,9 | %19,5 |
| 3.3. To owners of preferred stocks | - | - |
| 3.4. To owners of preferred stocks (%) | - | - |
| IV. Dividend per share | | |
| 4.1. To owners of stocks | - | 10.781 |
| 4.2. To owners of stocks (%) | - | %2.00 |
| 4.3. To owners of preferred stocks | - | - |
| 4.4. To owners of preferred stocks (%) | - | - |

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

(**) Deferred tax income is presented in "other taxes and legal liabilities" line. Deferred tax income cannot be added into profit distribution, thus it is classified under extraordinary reserves.

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

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010
(Currency - Thousand Turkish Lira)**

Section three

Accounting policies

I. Explanations on basis of presentation:

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

The Bank prepares its unconsolidated financial statements and the related explanations and notes in accordance with the Communiqué "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published by the Banking Regulatory and Supervisory Agency (BRSA) per Article 37 of "Accounting and Reporting Rules" of the Turkish Banking Law No 5411, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and the related statements and guidances thereon, other communiqués, pronouncements and explanations about accounting and financial reporting issued by BRSA.

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

Accounting policies and valuation methods used in the preparation of financial statements have been applied as specified in the related communiqués, pronouncements and regulations of TAS and BRSA. The accounting policies adopted in the preparation of the year end financial statements are consistent with those adopted in the preparation of the financial statements as of December 31, 2009. The accounting policies and valuation principles used in the preparation of unconsolidated financial statements are explained in Notes II and XXII below.

"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 "Financial Instruments" before 01.01.2013. 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 February 10, 2007 and numbered 26430.

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for the trading financial assets, securities available for sale and immovable.

The preparation of the unconsolidated financial statements according to TAS requires the Bank's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments and impairment of the financial assets and reviewed periodically and when adjustments are considered necessary they are reflected in the income statement.

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

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.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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

The Bank manages its strategies on financial instruments depending on 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 TAS 21 "Accounting Standard on the Effect of Changes in Foreign Currency Rates", and converted with the currency 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 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 are 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.

Since the Bank provides specific provision for non-performing loans and receivables originated from profit sharing accounts of which the risk belongs to the Bank in full, 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 instruments into Turkish Lira are included in the income statement.

There are no foreign currency differences capitalized by the Bank.

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

The fair values of forward transactions are calculated by using discounted cash flow model. Unrealized gains or losses are reflected in 'Gains (Losses) from Derivative Financial Instruments' account in the income statement.

There are no embedded derivatives separated from the host contract and no derivatives that are designated as hedging instruments.

IV. Explanations on profit share income and expenses:

Profit share income

Profit share income is accounted in accordance with TAS 39 "Financial Instruments: Recognition and Measurement" 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.

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", the profit share accruals of non-performing loans and other receivables are reversed and are recorded as profit share income when collected.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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

Profit share expense

The Bank records profit share expenses paid to profit sharing accounts 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 and 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 maturity 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 has been reflected to the income statement by using the internal rate of return method and straight line methods in 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 'Deferred Revenues' and included in 'Miscellaneous Payables' in the balance sheet.

VI. Explanations on financial assets:

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

Financial assets at fair value through profit or loss: This category has two sub categories: "Trading financial assets" and "Financial assets classified as 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 and subsequently measured at fair value in the financial statements. All gains and losses arising from these valuations are reflected in the income statement.

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

As of December 31, 2010 the Bank has no financial assets classified as financial assets at fair value through profit or loss except for trading financial assets.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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 Revaluation 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 revaluation 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; and subsequently recognized at the amortized cost value using the internal rate of return method in accordance with TAS 32 "Financial Assets: Presentation" and 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".

Held to maturity financial assets:

Held to maturity financial assets are financial assets that are not classified under 'Loans and receivables' with fixed maturities and fixed or determinable payments where management has the intent and ability to hold until maturity. Held to maturity financial assets are initially recognized at cost 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 (loss/damage event) of one or more than one event (or occurrence) subsequent to initial recognition of that asset or group of assets; and such loss event causes an impairment loss as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Any amount attributable to expected losses arising from any future events is not recognized under any circumstances.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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

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

If there is objective evidence indicating that the value of financial assets held to maturity is impaired, the amount of the loss is the difference between the present value which is calculated by discounting the projected cash flows in the future with the original profit share rate with 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 of 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 can not be reversed.

VIII. Explanations on offsetting of financial instruments:

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

There are no such offset financial assets and liabilities.

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

The Bank has no sale and repurchase agreements transactions and lending of securities transactions.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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 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.

In the case that the Bank has not disposed of the real-estate and commodities that were received due to receivables and debtors' obligations to the Bank within a year of receipt or failed to produce a solid plan for sale of the assets, the aforementioned assets are amortized and classified as fixed assets rather than assets held for sale.

A discontinued operation is a part of the Bank's business which has been disposed of or classified as held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Bank has no discontinued operations.

XI. Explanations on goodwill and other intangible assets:

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

The costs of the intangible assets purchased before 31 December 2004 have been restated from the purchasing dates to 31 December 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 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 TAS 36 "Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is provided.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

XII. Explanations on tangible assets:

The cost of the tangible 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. 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 TAS 16 "Tangible Assets" in the financial statements.

As of March 31, 2009, the Bank adopted alternative revaluation model for buildings in accordance with TAS 16 and reflected the results of appraisal reports prepared by an independent real estate appraiser firm to the financial statements. The valuation of the new head office, which was completed and entered into service in 2010, was carried out by an independent real estate appraiser firm and results of appraisal report were reflected to the financial statements. Regarding the aforesaid revaluations, TL 28.745; net of deferred tax and depreciation, (Prior period- TL 10.532) has been accounted under the equity as revaluation fund. The revaluation fund mentioned can not be distributed as dividend to shareholders. Current period depreciation charge of the revaluation fund has been transferred to retained earnings from revaluation fund reserve in accordance with TAS 16.

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

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

Depreciation is calculated on a straight-line basis. Depreciation rates used are determined by considering the estimated 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 useful lives in equal amounts. The estimated useful lives can not exceed the leasing period. In cases where the leasing period is not certain, the useful life is determined as 5 years. After January 1, 2010 in cases where leasing period is more than 5 years, the useful life is determined as 5 years.

If the recoverable amount (the higher of value in use and fair value) of a tangible asset is less than its carrying value, impairment loss is provided in accordance with TAS 36 "Impairment of Assets" and the carrying value is written down to its recoverable amount.

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

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

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

XIII. Explanations on leasing transactions:

Transactions as a lessee

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

XIV. Explanations on provisions and contingent liabilities:

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

Provisions are accounted if; there is a legal or contractual obligation as of the balance sheet date or originating from past, there is a possibility of outflow of the economic resources and a reliable estimate for the liability amount can be made.

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

XV. Explanations on liabilities regarding employee benefits:

i) *Defined benefit plans:*

In accordance with existing social legislation, the Bank is required to make severance pay to each employee who has completed over one year of service with the Bank and whose employment is not terminated due to retirement, resignation or misconduct.

The retirement pay provision recognized in the accompanying financial statements, is calculated based on TAS 19 "Employee Benefits" by using the "projection method" and based on upon factors derived using the experience of the retiring personnel, eligibility to receive retirement pay which is discounted by using the current market yield rate of government bonds at the balance sheet date.

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

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

In accordance with TAS 19, vacation pay liabilities are classified as "Short Term Benefits to Employees" and accrued when they qualify and not discounted.

XVI. Explanations on taxation:

Current tax:

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

In accordance with the Corporate Tax Law no.5520 published in the Official Gazette no.26205 dated June 21, 2006, the corporation tax rate effective from January 1, 2006 is 20%.

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

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

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

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

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

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

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

XVI. Explanations on taxation (continued):

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.

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 "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. Deferred tax asset is not calculated for provisions for possible risks and general provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated December 8, 2004.

Transfer pricing:

The article No.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "Disguised profit distribution by way of transfer pricing ". "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at 18 November 2007, explains the application related issues on this topic.

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

As stated in the "7.1 Annual Documentation" section of this Communiqué, taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

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. Derivative instruments are accounted with their fair values.

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

XVIII. Explanations on share certificate and issuance of share certificate:

The Bank has not issued share certificates in the current period.

XIX. Explanations on acceptances and availed drafts:

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

XX. Explanations on government grants:

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

XXI. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note IX.

XXII. Explanations on other matters:

There are no other matters to be disclosed by the Bank.

XXIII. Additional paragraph for convenience translation:

The effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No: 5411 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****Section four****Information on financial position****I. Explanations on capital adequacy standard ratio:**

The capital adequacy standard ratio is calculated in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” and Communiqué on “Shareholders’ Equity of Banks”. In the calculation of capital adequacy standard ratio, data prepared in accordance with the legislation related to account and record plan is used. The Bank’s capital adequacy ratio is 14,09 % (Prior period – 15,33%).

The risk calculation methods used in the calculation of capital adequacy standard ratio includes determination of risk weighted assets and non-cash loans in line with the relevant banking regulation and measuring the market risk and operational risk in line with the same regulation.

Information on capital adequacy standard ratio: Thousand TL, %

| | Risk Weights | | | |
|---|---------------------|----------------|------------------|------------------|
| | Bank | | | |
| | 0% | 20% | 50% | 100% |
| Amount Subject to Credit Risk | | | | |
| Balance Sheet Items (Net) | 1.442.126 | 730.725 | 2.254.023 | 2.262.234 |
| Cash and Cash Equivalents | 122.166 | - | - | - |
| Matured Marketable Securities | - | - | - | - |
| The Central Bank of the Republic of Turkey Domestic Banks, Foreign Banks, Foreign Head Offices and Branches | 337.489 | - | - | - |
| Money Market Placements | - | 729.070 | - | 2.889 |
| Receivables From Reverse Repurchase Transactions | - | - | - | - |
| Reserve Deposits | 187.957 | - | - | - |
| Loans | 359.629 | 1.557 | 2.177.937 | 1.947.605 |
| Non-performing Loans (Net) | - | - | - | 23.708 |
| Financial Lease Receivables | 335 | - | 18.416 | 2.458 |
| Available-for-Sale Financial Assets | - | - | - | - |
| Held to Maturity Investments | 357.650 | - | - | 7.650 |
| Receivables from Term Sales of Assets | 86 | 80 | - | 8.079 |
| Miscellaneous Receivables | - | - | - | 616 |
| Accrued Profit Share and Income Accruals | 68.307 | 18 | 57.670 | 61.405 |
| Investment in Associates, Subsidiaries and Joint Ventures (Business Partnerships) (net) | - | - | - | 2.000 |
| Tangible Assets | - | - | - | 201.753 |
| Other Assets | 8.507 | - | - | 4.071 |
| Off-Balance Sheet Items | 64.665 | 7.686 | 509.776 | 1.516.918 |
| Guarantees and Commitments | 64.665 | 7.686 | 509.776 | 1.516.918 |
| Derivative Financial Instruments | - | - | - | - |
| Non Risk Weighted Accounts | - | - | - | - |
| Total Risk-Weighted Assets | 1.506.791 | 738.411 | 2.763.799 | 3.779.152 |

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****I. Explanations on capital adequacy standard ratio (continued):****Summary information related to capital adequacy ratio:**

| | Current Period | Prior Period |
|--|---------------------------|-------------------------|
| Total Risk Weighted Assets (TRWA) | 5.308.734 | 4.139.662 |
| Amount Subject to Market Risk (ASMR) | 39.100 | 32.288 |
| Amount Subject to Operational Risk (ASOR) | 617.328 | 462.299 |
| Shareholders' Equity | 840.250 | 710.216 |
| Shareholders' Equity / (TRWA + ASMR + ASOR) *100 | 14,09 | 15,33 |

Components of shareholders' equity:

| | Current Period | Prior Period |
|--|---------------------------|-------------------------|
| CORE CAPITAL | | |
| Paid-in capital | 539.000 | 539.000 |
| Nominal Capital | 539.000 | 539.000 |
| Capital Commitments (-) | - | - |
| Paid-in Capital Inflation Indexation Difference | - | - |
| Share Premium | - | - |
| Share Cancellation Profits | - | - |
| Legal Reserves | 32.441 | 27.160 |
| First Legal Reserve (Turkish Commercial Code 466/1) | 25.287 | 20.006 |
| Second Legal Reserve (Turkish Commercial Code 466/2) | 7.093 | 7.093 |
| Other Legal Reserve Per Special Laws | 61 | 61 |
| Status Reserves | - | - |
| Extraordinary Reserves | 115.706 | 26.142 |
| Reserves Allocated by the General Assembly | 115.706 | 26.142 |
| Retained Earnings | - | - |
| Accumulated Losses | - | - |
| Foreign Currency Share Capital Exchange Difference | - | - |
| Inflation Adjustments to Legal, Status And Extraordinary Reserves | - | - |
| Profit | 134.379 | 105.626 |
| Current Period Net Profit | 134.044 | 105.279 |
| Prior Years' Profits | 335 | 347 |
| Provision for Possible Losses up to 25% of the Core Capital | 90 | 84 |
| Gains on Sale of Associates and Subsidiaries and Properties to be Added to Capital | - | - |
| Primary Subordinated Loans up to 15% of the Core Capital | - | - |
| Losses that cannot be Covered by Reserves (-) | - | - |
| Net Current Period Loss | - | - |
| Prior Years' Loss | - | - |
| Leasehold Improvements (-) | 8.501 | 7.557 |
| Prepaid Expenses (-) | 6.188 | 2.204 |
| Intangible Assets (-) | 2.173 | 1.577 |
| Deferred Tax Asset Exceeding 10% of the Core Capital (-) | - | - |
| Excess Amount in the Article 56, Clause 3 of the Banking Law (-) | - | - |
| Total Core Capital | 804.754 | 686.674 |

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****I. Explanations on capital adequacy standard ratio (continued):**

| | Current Period | Prior Period |
|--|---------------------------|-------------------------|
| SUPPLEMENTARY CAPITAL | | |
| General Loan Loss Reserves | 21.637 | 18.323 |
| 45% of the Revaluation Reserve for Movable Fixed Assets | - | - |
| 45% of the Revaluation Reserve for Properties | 12.935 | 4.739 |
| Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures | - | - |
| Primary Subordinated Loans Excluded in the Calculation of the Core Capital | - | - |
| Secondary Subordinated Loans | - | - |
| 45% of Marketable Securities Value Increase Fund | 1.064 | 993 |
| Associates and Subsidiaries | - | - |
| Available for Sale Securities | 1.064 | 993 |
| Indexation Differences for Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves) | - | - |
| Total Supplementary Capital | 35.636 | 24.055 |
| TIER III CAPITAL | - | - |
| CAPITAL | 840.390 | 710.729 |
| DEDUCTIONS FROM THE CAPITAL | | |
| Shareholdings of Unconsolidated Banks and Financial Institutions (Domestic, Foreign) from which the Bank Keeps Ten Percent or More of Capitals | - | - |
| Shareholdings of Unconsolidated Banks and Financial Institutions (Domestic, Foreign) from which the Bank Keeps Less than Ten Percent of Capitals which Exceed the Ten Percent Of Bank's Core and Supplementary Capital | - | - |
| Secondary Subordinated Loans Granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and Placements that Possess the Nature of their Primary or Secondary Subordinated Debt | - | - |
| Loans Granted Being Non-Compliant with the Articles 50 and 51 of the Banking Law | - | - |
| The Net Book Value of Properties Exceeding Fifty Percent of Equity and Properties Held for Sale and Properties and Commodity to be Disposed, Acquired In Exchange of Loans and Receivables According to the Article 57 of the Banking Law and Have Not Been Disposed Yet After 5 Years After Foreclosure | 140 | 513 |
| Other | - | - |
| TOTAL SHAREHOLDERS' EQUITY | 840.250 | 710.216 |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

II. Explanations on credit risk:

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

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

In accordance with the decision taken by the Board of Directors of the Bank, the Bank can not grant loans above 15% of its equity to a real person or legal entity. (Exception to this decision is subject to the decision of the Board of Directors.) The Bank focuses to distribute the risk in different sectors evenly; accordingly the branches of the Bank are trying to reach companies from various sectors. In principle each branch considers distributing the credit risk evenly and following the companies operating in risky sectors.

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

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

- (2) The Bank does not have derivative financial instruments like options, forward exchange.
- (3) Indemnified non-cash loans are subject to the same risk weight as overdue loans. Rescheduled or restructured loans are followed in accordance with the principles of credit risk management and follow-up principle of the Bank. Financial position and business operations of those customers are analyzed systematically while the principal and profit payments based on the restructured payment plan are monitored by the related departments.

The Bank considers that long-term commitments are exposed to more credit risk than short-term commitments, and matters such as defining risk limits for long-term risks and obtaining collateral are treated in a wider extent than short-term risks.

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

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****II. Explanations on credit risk (continued):**

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

- (5) As of December 31, 2010, share of cash receivables of the Bank from its top 100 cash loan customers in total cash loans is 43% (Prior period - 46%).

As of December 31, 2010, share of non- cash receivables of the Bank from its top 100 non-cash loan customers in total non-cash loans is 48% (Prior period - 48%).

As of December 31, 2010, share of cash and non-cash receivables of the Bank from its top 100 loan customers in total of balance sheet and non-cash loans is 36% (Prior period - 38%).

- (6) As of December 31, 2010 the Bank's general provision amount for its credit risk is TL 59.601 (Prior period - TL 47.665).

Distribution of credit risk by types of borrowers and geographical concentration:

| | Loans to individuals and corporates | | Balances with banks and other financial institutions | | Marketable securities (*) | | Other loans (**) | |
|--|-------------------------------------|------------------|--|---------------|---------------------------|----------------|------------------|------------------|
| | Current period | Prior period | Current period | Prior period | Current period | Prior period | Current period | Prior period |
| Distribution of credit risk by type of borrowers | | | | | | | | |
| Private Sector | 5.633.690 | 4.202.758 | 103.362 | 98.463 | - | - | 4.313.199 | 3.672.654 |
| Public Sector | 1.552 | 43.233 | - | - | 423.072 | 317.038 | - | - |
| Banks | - | - | 993 | 968 | 7.676 | 7.486 | 15.208 | 48.670 |
| Retail Customers | 529.888 | 321.547 | - | - | - | - | 172.910 | 159.292 |
| Equity Securities | - | - | - | - | 4.598 | 3.074 | - | - |
| Total | 6.165.130 | 4.567.538 | 104.355 | 99.431 | 435.346 | 327.598 | 4.501.317 | 3.880.616 |
| Information according to geographical concentration | | | | | | | | |
| Domestic | 6.038.003 | 4.512.928 | 103.362 | 98.463 | 427.670 | 320.112 | 4.411.236 | 3.769.308 |
| European Union (EU) Countries | 23.973 | 3.477 | - | - | - | - | 10.846 | 12.070 |
| OECD Countries (***) | - | - | - | - | - | - | 216 | - |
| Off-Shore Banking Regions | 20.383 | 26.743 | - | - | 7.676 | 7.486 | 11.097 | 6.268 |
| USA, Canada | 3.873 | 15.629 | - | - | - | - | - | - |
| Other Countries | 78.898 | 8.761 | 993 | 968 | - | - | 67.922 | 92.970 |
| Total | 6.165.130 | 4.567.538 | 104.355 | 99.431 | 435.346 | 327.598 | 4.501.317 | 3.880.616 |

(*) Includes financial assets at fair value through profit or loss, financial assets available-for-sale and investments held-to-maturity.

(**) Includes transactions defined as credit as per the Article 48 of the Turkish Banking Law No 5411 and not covered in the first three columns above.

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

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****II. Explanations on credit risk (continued):****Geographical concentration:**

| | Assets | Liabilities | Non-cash Loans | Capital Expenditures | Net Profit (*) |
|--|------------------|------------------|-------------------|-------------------------|-------------------|
| Current Period | | | | | |
| Domestic | 8.174.575 | 6.855.504 | 4.105.879 | - | 134.044 |
| EU countries | 58.822 | 12.479 | 10.846 | - | - |
| OECD countries (**) | 8.710 | 1 | 216 | - | - |
| Off-shore banking regions | 28.033 | 437.628 | 11.097 | - | - |
| USA, Canada | 53.480 | 319 | - | - | - |
| Other countries | 80.681 | 247.735 | 67.922 | - | - |
| Associates, subsidiaries and jointly controlled entities | 2.000 | - | - | - | - |
| Unallocated assets/liabilities (***) | - | - | - | - | - |
| Total | 8.406.301 | 7.553.666 | 4.195.960 | - | 134.044 |

| | Assets | Liabilities | Non-cash Loans | Capital Expenditures | Net Profit (*) |
|--|------------------|------------------|-------------------|-------------------------|-------------------|
| Prior Period | | | | | |
| Domestic | 6.163.643 | 5.596.860 | 3.479.404 | - | 105.279 |
| EU countries | 103.943 | 9.529 | 12.070 | - | - |
| OECD countries (**) | 15.342 | 1.545 | - | - | - |
| Off-shore banking regions | 34.198 | 29.252 | 6.268 | - | - |
| USA, Canada | 80.750 | 221 | - | - | - |
| Other countries | 11.038 | 66.841 | 92.970 | - | - |
| Associates, subsidiaries and jointly controlled entities | 6.000 | - | - | - | - |
| Unallocated assets/liabilities (***) | - | - | - | - | - |
| Total | 6.414.914 | 5.704.248 | 3.590.712 | - | 105.279 |

(*) Geographical distribution has not been performed.

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

(***) Assets, liabilities and equity items that can not be allocated on a consistent basis.

Sectoral distribution of cash loans:

| | Current Period | | | | Prior Period | | | |
|--------------------------------------|------------------|---------------|----------------|---------------|------------------|---------------|----------------|---------------|
| | TL | (%) | FC | (%) | TL | (%) | FC | (%) |
| Agriculture | 144.793 | 2,49 | 729 | 0,17 | 108.249 | 2,42 | - | 0,00 |
| Farming and stockbreeding | 81.171 | 1,40 | - | - | 58.081 | 1,30 | - | 0,00 |
| Forestry | 58.741 | 1,01 | - | - | 41.179 | 0,92 | - | 0,00 |
| Fishery | 4.881 | 0,08 | 729 | 0,17 | 8.989 | 0,20 | - | 0,00 |
| Manufacturing | 2.222.483 | 38,21 | 120.510 | 28,20 | 1.773.918 | 39,81 | 42.957 | 27,28 |
| Mining | 50.123 | 0,86 | 49.818 | 11,66 | 66.073 | 1,48 | - | 0,00 |
| Production | 2.056.275 | 35,35 | 69.321 | 16,22 | 1.634.383 | 36,68 | 42.811 | 27,19 |
| Electricity, gas, water | 116.085 | 2,00 | 1.371 | 0,32 | 73.462 | 1,65 | 146 | 0,09 |
| Construction | 1.458.425 | 25,08 | 233.774 | 54,71 | 1.096.810 | 24,61 | 82.034 | 52,10 |
| Services | 1.199.204 | 20,60 | 52.836 | 12,36 | 907.201 | 20,35 | 13.345 | 8,47 |
| Wholesale and retail trade | 751.916 | 12,93 | - | - | 523.477 | 11,75 | - | 0,00 |
| Hotel, food and beverage services | 61.358 | 1,05 | - | - | 44.403 | 1,00 | - | 0,00 |
| Transportation and telecommunication | 107.692 | 1,85 | 51.843 | 12,13 | 85.302 | 1,91 | 12.377 | 7,86 |
| Financial institutions | 105.438 | 1,81 | 993 | 0,23 | 100.183 | 2,25 | 968 | 0,61 |
| Real estate and renting services | 53.038 | 0,91 | - | - | 58.083 | 1,30 | - | 0,00 |
| Self-employment services | 12.359 | 0,21 | - | - | 15.671 | 0,35 | - | 0,00 |
| Education services | 36.897 | 0,63 | - | - | 23.810 | 0,53 | - | 0,00 |
| Health and social services | 70.506 | 1,21 | - | - | 56.272 | 1,26 | - | 0,00 |
| Other | 791.342 | 13,62 | 19.469 | 4,56 | 569.860 | 12,81 | 19.111 | 12,15 |
| Total | 5.816.247 | 100,00 | 427.318 | 100,00 | 4.456.038 | 100,00 | 157.447 | 100,00 |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

II. Explanations on credit risk (continued):

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

| | Current period | Prior period |
|---|-----------------------|---------------------|
| Central Bank of the Republic of Turkey | 578.815 | 506.938 |
| Trading financial assets | - | - |
| Due from banks | 730.967 | 607.941 |
| Available-for-sale financial assets | 54.544 | 28.517 |
| Loans | 6.270.895 | 4.632.510 |
| Held to maturity investments | 376.204 | 296.007 |
| Finance lease receivables | 25.920 | 53.484 |
| Other assets | 8.245 | 9.346 |
| Total balance sheet items subject to credit risk | 8.045.590 | 6.134.743 |
| Contingent liabilities | 4.195.960 | 3.590.712 |
| Commitments | 297.112 | 280.558 |
| Total off-balance sheet items subject to credit risk | 4.493.072 | 3.871.270 |
| Total credit risk exposure | 12.538.662 | 10.006.013 |

Explanations on credit rating system:

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

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

| | Current period | Prior period |
|---------------|-----------------------|---------------------|
| Above average | 24,13 % | 23,69 % |
| Average | 62,02 % | 66,06 % |
| Below average | 13,85 % | 10,25 % |

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****III. Explanations on market risk:**

Amount subject to market risk is calculated by using Standard Measurement Method of Market Risk described in the third chapter of the Communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette No. 26333 dated November 1, 2006 and reported on a monthly basis.

a) Information related to market risk:

| | Amount |
|---|---------------|
| (I) Capital requirement to be employed for general market risk - standard method | 477 |
| (II) Capital requirement to be employed for specific risk - standard method | 99 |
| (III) Capital requirement to be employed for currency risk - standard method | 2.552 |
| (IV) Capital requirement to be employed for commodity risk - standard method | - |
| (V) Capital requirement to be employed for exchange risk - standard method | - |
| (VI) Capital requirement to be employed for market risk of options - standard method | - |
| (VII) Capital requirement to be employed for market risks of banks using risk measurement model | - |
| (VIII) Total capital requirement to be employed for market risk (I+II+III+IV+V+VI) | 3.128 |
| (IX) Amount subject to market risk (12,5 X VIII) or (12,5 x VII) | 39.100 |

b) Monthly average values at market risk:

| | Current period | | | Prior period | | |
|------------------------------------|-----------------------|----------------|----------------|---------------------|----------------|----------------|
| | Average | Maximum | Minimum | Average | Maximum | Minimum |
| Interest Rate Risk | 1.315 | 1.950 | 638 | 264 | 1.263 | 650 |
| Share Certificates Risk | 4.946 | 6.013 | 4.025 | 3.649 | 4.013 | 3.213 |
| Currency Risk | 35.021 | 44.175 | 25.725 | 23.456 | 37.063 | 10.613 |
| Commodity Risk | - | - | - | - | - | - |
| Settlement Risk | - | - | - | - | - | - |
| Option Risk | - | - | - | - | - | - |
| Total Value Subject to Risk | 41.282 | 52.138 | 30.388 | 27.369 | 42.339 | 14.476 |

IV. Explanations on operational risk:

The "Basic indicator method" is used in the operational risk calculation of the Bank. The amount subject to the operational risk is calculated through the use of the gross income of the Bank in 2009, 2008, and 2007 in accordance to the "Calculation of the Operational Risk" applicable from 1 June 2007, which is the 4th part of the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio" published in the Official Gazette No.26333 dated November 1, 2006. In the scope of "Capital adequacy ratio" stated in Note I of this section, amount subject to operational risk is TL 617.328, capital requirement of operational risk is TL 49.386.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

V. Explanations on currency risk:

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

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

| | USD | EUR |
|---|-------|-------|
| As of December 31, 2010 - Balance sheet evaluation rate | 1,530 | 2,045 |
| As of December 30, 2010 | | |
| As of December 29, 2010 | 1,548 | 2,054 |
| As of December 28, 2010 | 1,556 | 2,045 |
| As of December 27, 2010 | 1,550 | 2,038 |
| As of December 24, 2010 | 1,540 | 2,026 |
| | 1,540 | 2,022 |

- d) The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is TL 1,511 for 1 USD (December 2009 – TL 1,496), 1,997 for 1 EURO (December 2009 – TL 2,182) and TL 1,809 for 100 JPY (December 2009 – TL 1,656).

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 increase/decrease of USD and EUR against TL.

| | % change in foreign exchange rate | Effect on profit / loss | | Effect on equity | |
|-----|--------------------------------------|-------------------------|-----------------|-------------------|-----------------|
| | | Current Period | Prior Period | Current Period | Prior Period |
| USD | 10% | 1.840 | 1.345 | - | - |
| EUR | 10% | (29) | 318 | - | - |

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****V. Explanations on currency risk (continued):****Information on currency risk of the Bank:**

| Current Period | EUR | USD | JPY | Other FC | Total |
|--|------------------|------------------|------------|---------------------|------------------|
| Assets | | | | | |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey | 132.056 | 237.026 | - | 47.709 | 416.791 |
| Banks | 78.609 | 82.859 | 85 | 2.762 | 164.315 |
| Financial assets at fair value through profit and loss | - | - | - | - | - |
| Money market placements | - | - | - | - | - |
| Available-for-sale financial assets | 36 | - | - | - | 36 |
| Loans and financial lease receivables(*) | 838.680 | 1.505.721 | - | - | 2.344.401 |
| Subsidiaries, associates and joint ventures | - | - | - | - | - |
| Held-to-maturity investments | - | 15.530 | - | - | 15.530 |
| Derivative financial assets for hedging purposes | - | - | - | - | - |
| Tangible assets | - | - | - | - | - |
| Intangible assets | - | - | - | - | - |
| Other assets (**) | 115 | 5.476 | - | - | 5.591 |
| Total assets | 1.049.496 | 1.846.612 | 85 | 50.471 | 2.946.664 |
| Liabilities | | | | | |
| Funds collected from banks via current accounts and profit sharing accounts | 69.641 | 198.938 | - | 29 | 268.608 |
| Other current and profit sharing accounts | 748.375 | 1.457.053 | 2 | 48.618 | 2.254.048 |
| Money market borrowings | - | - | - | - | - |
| Funds provided from other financial institutions | 223.830 | 150.977 | - | - | 374.807 |
| Marketable securities issued | - | - | - | - | - |
| Miscellaneous payables | 2.627 | 7.034 | - | 99 | 9.760 |
| Derivative financial liabilities for hedging purposes | - | - | - | - | - |
| Other liabilities | 5.311 | 14.208 | - | - | 19.519 |
| Total liabilities | 1.049.784 | 1.828.210 | 2 | 48.746 | 2.926.742 |
| Net balance sheet position | (288) | 18.402 | 83 | 1.725 | 19.922 |
| Net off balance sheet position | 508.337 | 1.244.782 | 829 | 5.414 | 1.759.362 |
| Derivative financial instruments assets | - | - | - | - | - |
| Derivative financial instruments liabilities | - | - | - | - | - |
| Non-cash loans (***) | 508.337 | 1.244.782 | 829 | 5.414 | 1.759.362 |
| Prior Period | | | | | |
| Total assets | 734.773 | 1.467.771 | 263 | 15.387 | 2.218.194 |
| Total liabilities | 731.589 | 1.454.318 | 208 | 13.907 | 2.200.022 |
| Net balance sheet position | 3.184 | 13.453 | 55 | 1.480 | 18.172 |
| Net off balance sheet position | 437.745 | 960.699 | 478 | 4.064 | 1.402.986 |
| Derivative financial instruments assets | - | - | - | - | - |
| Derivative financial instruments liabilities | - | - | - | - | - |
| Non-cash loans | 437.745 | 960.699 | 478 | 4.064 | 1.402.986 |

(*) The balance includes foreign currency indexed loans and financial lease receivables of TL 1.917.083 (Prior period- TL - 1.267.949).

(**) Foreign currency indexed receivables from term sale of assets amounting to TL 4.471 (Prior period- TL 649) and foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 91 (Prior period- TL 24) is included in other assets.

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

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

VI. Explanations on liquidity risk:

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

The Bank collects funds through profit/loss sharing accounts for which the profit share rate is not predetermined and the depositors are not guaranteed to receive the balance they have deposited in case of losses of the projects funded from these accounts. Accordingly, the Bank's assets and liabilities are consistent with profit share ratios.

The Bank covers TL and FC liquidity needs mostly by the funds collected and takes notice to keep the assets in short term liquid assets to prolong average maturity of the liabilities.

As per the BRSA Communiqué "Measurement and Assessment of the Adequacy of Banks' Liquidity", starting from June 1, 2007 the weekly and monthly liquidity ratios for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. Liquidity ratios for the periods ending December 31, 2010 and December 31, 2009 are as follows:

| Current Period | First Maturity Bracket (Weekly) | | Second Maturity Bracket (Monthly) | |
|-----------------------|--|----------------|--|----------------|
| | FC | FC + TL | FC | FC + TL |
| Average (%) | 258,17 | 258,19 | 116,94 | 128,65 |
| Maximum (%) | 340,40 | 319,69 | 177,04 | 173,53 |
| Minimum (%) | 145,18 | 203,29 | 80,44 | 100,12 |

| Prior Period | First Maturity Bracket (Weekly) | | Second Maturity Bracket (Monthly) | |
|---------------------|--|----------------|--|----------------|
| | FC | FC + TL | FC | FC + TL |
| Average (%) | 192,84 | 252,31 | 104,11 | 140,40 |
| Maximum (%) | 293,37 | 302,97 | 134,48 | 173,16 |
| Minimum (%) | 141,85 | 216,65 | 80,42 | 110,10 |

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****VI. Explanations on liquidity risk (continued):****Presentation of assets and liabilities according to their remaining maturities:**

| | Demand | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | Over 5 years | Unallocated (*) | Total |
|--|------------------|--------------------|------------------|------------------|------------------|---------------|------------------|------------------|
| Current Period | | | | | | | | |
| Assets | | | | | | | | |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey | 459.655 | 241.326 | - | - | - | - | - | 700.981 |
| Banks | 730.967 | - | - | - | - | - | - | 730.967 |
| Financial assets at fair value through profit and loss | 4.562 | - | - | - | - | - | - | 4.562 |
| Money market placements | - | - | - | - | - | - | - | - |
| Available-for-sale financial assets | 36 | - | 4.544 | - | 50.000 | - | - | 54.580 |
| Loans | 2.004 | 661.828 | 843.052 | 2.400.037 | 2.273.284 | 89.280 | - | 6.269.485 |
| Held-to-maturity investments | - | - | 10.904 | - | 365.300 | - | - | 376.204 |
| Other assets | - | 1.719 | 511 | 2.241 | 3.774 | - | 261.277 | 269.522 |
| Total Assets | 1.197.224 | 904.873 | 859.011 | 2.402.278 | 2.692.358 | 89.280 | 261.277 | 8.406.301 |
| Liabilities | | | | | | | | |
| Funds collected from banks via current accounts and profit sharing accounts | 41.087 | 33.825 | 178.880 | 23.001 | - | - | - | 276.793 |
| Other current and profit sharing accounts | 1.125.226 | 3.339.635 | 804.068 | 1.328.713 | 7.155 | - | - | 6.604.797 |
| Funds provided from other financial institutions | - | - | - | 374.807 | - | - | - | 374.807 |
| Money market borrowings | - | - | - | - | - | - | - | - |
| Marketable securities issued | - | - | - | - | - | - | - | - |
| Miscellaneous payables | - | 82.279 | 5.145 | - | - | - | 84.420 | 171.844 |
| Other liabilities | - | - | - | - | - | - | 978.060 | 978.060 |
| Total Liabilities | 1.166.313 | 3.455.739 | 988.093 | 1.726.521 | 7.155 | - | 1.062.480 | 8.406.301 |
| Net Liquidity Gap | 30.911 | (2.550.866) | (129.082) | 675.757 | 2.685.203 | 89.280 | (801.203) | - |
| Prior period | | | | | | | | |
| Total Assets | 1.104.462 | 618.076 | 681.181 | 1.957.123 | 1.811.915 | 56.301 | 185.856 | 6.414.914 |
| Total Liabilities | 988.710 | 3.326.053 | 571.902 | 678.156 | - | - | 850.093 | 6.414.914 |
| Net Liquidity Gap | 115.752 | (2.707.977) | 109.279 | 1.278.967 | 1.811.915 | 56.301 | (664.237) | - |

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

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****VI. Explanations on liquidity risk (continued):****Analysis of financial liabilities based on the remaining contractual maturities:**

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

| | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Total |
|-----------------------|------------------|------------------|----------------|------------------|--------------|-----------------|------------------|
| Current period | | | | | | | |
| Funds Collected | 1.166.313 | 3.373.460 | 982.948 | 1.351.714 | 7.155 | - | 6.881.590 |
| Funds Borrowed | - | - | 5.366 | 382.824 | - | - | 388.190 |
| Total | 1.166.313 | 3.373.460 | 988.314 | 1.734.538 | 7.155 | - | 7.269.780 |
| Prior period | | | | | | | |
| Funds Collected | 988.710 | 3.237.038 | 564.416 | 674.481 | - | - | 5.464.645 |
| Funds Borrowed | - | - | - | - | - | - | - |
| Total | 988.710 | 3.237.038 | 564.416 | 674.481 | - | - | 5.464.645 |

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

| | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Unallocated | Total |
|-------------------------------------|------------------|------------------|----------------|----------------|----------------|-----------------|-------------|------------------|
| Current Period | | | | | | | | |
| Letters of guarantee | 1.803.928 | 158.442 | 331.558 | 714.572 | 568.014 | 110.587 | - | 3.687.101 |
| Bank acceptances | 20.098 | 553 | - | - | - | - | - | 20.651 |
| Letters of credit | 421.878 | 22.900 | 90 | 20.570 | 5.367 | - | - | 470.805 |
| Other commitments and contingencies | - | 17.403 | - | - | - | - | - | 17.403 |
| Total | 2.245.904 | 199.298 | 331.648 | 735.142 | 573.381 | 110.587 | - | 4.195.960 |
| Prior Period | | | | | | | | |
| Letters of guarantee | 1.500.776 | 102.538 | 181.002 | 743.940 | 626.113 | 60.013 | - | 3.214.382 |
| Bank acceptances | 12.691 | - | - | - | - | - | - | 12.691 |
| Letters of credit | 336.262 | 4.773 | 94 | 1.856 | 5.322 | - | - | 348.307 |
| Other commitments and contingencies | - | 15.332 | - | - | - | - | - | 15.332 |
| Total | 1.849.729 | 122.643 | 181.096 | 745.796 | 631.435 | 60.013 | - | 3.590.712 |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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

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

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

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

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

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

Carrying value of the funds collected approximates their fair value.

| | Carrying value | | Fair value | |
|---|----------------|--------------|----------------|--------------|
| | Current period | Prior period | Current period | Prior period |
| Financial Assets | | | | |
| Money market placements | - | - | - | - |
| Banks | 1.309.782 | 1.114.879 | 1.309.782 | 1.114.879 |
| Financial assets at fair value through profit and loss | 4.562 | 3.037 | 4.562 | 3.037 |
| Financial assets available for sale | 54.580 | 28.554 | 54.580 | 28.554 |
| Held to maturity investments | 376.204 | 296.007 | 378.229 | 307.090 |
| Loans and financial lease receivables | 6.269.485 | 4.666.969 | 6.252.393 | 4.689.173 |
| Financial Liabilities | | | | |
| Funds collected from banks via current accounts and profit sharing accounts | 276.793 | 82.817 | 276.793 | 82.817 |
| Other current and profit sharing accounts | 6.604.797 | 5.381.828 | 6.604.797 | 5.381.828 |
| Funds provided from other financial institutions | 374.807 | - | 374.807 | - |
| Marketable securities issued | - | - | - | - |
| Miscellaneous payables | 171.844 | 153.107 | 171.844 | 153.107 |

b. Information on fair value calculations accounted in the financial statements:

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

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

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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

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

| Current period | Level I | Level II | Level III | Total |
|--|----------------|-----------------|------------------|--------------|
| Financial assets | | | | |
| Financial assets at fair value through profit and loss | 4.562 | - | - | 4.562 |
| Public sector debt securities | - | - | - | - |
| Equity securities | 4.562 | - | - | 4.562 |
| Derivative financial assets held for trading | - | - | - | - |
| Other | - | - | - | - |
| Financial assets- available for sale | - | 54.544 | - | 54.544 |
| Equity securities | - | - | - | - |
| Public sector debt securities | - | 54.544 | - | 54.544 |
| Other marketable securities | - | - | - | - |
| Financial liabilities | | | | |
| Derivative financial liabilities held for trading | - | - | - | - |
| Derivative financial liabilities for hedging purposes | - | - | - | - |
| Prior period | | | | |
| Financial assets | | | | |
| Financial assets at fair value through profit and loss | 3.037 | - | - | 3.037 |
| Public sector debt securities | - | - | - | - |
| Equity securities | 3.037 | - | - | 3.037 |
| Derivative financial assets held for trading | - | - | - | - |
| Other | - | - | - | - |
| Financial assets- available for sale | - | 28.517 | - | 28.517 |
| Equity securities | - | - | - | - |
| Public sector debt securities | - | 28.517 | - | 28.517 |
| Other marketable securities | - | - | - | - |
| Financial liabilities | | | | |
| Derivative financial liabilities held for trading | - | - | - | - |
| Derivative financial liabilities for hedging purposes | - | - | - | - |

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

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

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

IX. Explanations on business segments:

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

| Current Period | Retail | Commercial and Corporate | Treasury | Undistributed | Total |
|---|------------------|-------------------------------------|-----------------|----------------------|----------------|
| Total assets | 526.428 | 5.743.309 | 609.317 | 1.527.247 | 8.406.301 |
| Total liabilities | 4.678.711 | 2.511.835 | 253.049 | 962.706 | 8.406.301 |
| Net profit share income/(expense)(*)(**) | (208.837) | 466.184 | 58.811 | - | 316.158 |
| Net fees and commissions income/(expense) | 962 | 73.388 | 472 | 8.094 | 82.916 |
| Other operating income /(expense) | (6.595) | (39.040) | 478 | (188.241) | (233.398) |
| Profit before tax | (214.470) | 500.532 | 59.761 | (180.147) | 165.676 |
| Provision for tax | - | - | - | (31.632) | (31.632) |
| Net profit for the period | (214.470) | 500.532 | 59.761 | (211.779) | 134.044 |

| Prior Period | Retail | Commercial and Corporate | Treasury | Undistributed | Total |
|---|------------------|-------------------------------------|-----------------|----------------------|----------------|
| Total assets | 316.589 | 4.369.473 | 528.695 | 1.200.157 | 6.414.914 |
| Total liabilities | 3.776.748 | 1.767.327 | 86.655 | 784.184 | 6.414.914 |
| Net profit share income/(expense)(*)(**) | (238.689) | 494.559 | 51.632 | - | 307.502 |
| Net fees and commissions income/(expense) | 1.311 | 69.685 | 1.658 | 8.064 | 80.718 |
| Other operating income /(expense) | (98) | (96.927) | 349 | (159.787) | (256.463) |
| Profit before tax | (237.476) | 467.317 | 53.639 | (151.723) | 131.757 |
| Provision for tax | - | - | - | (26.478) | (26.478) |
| Net profit for the period | (237.476) | 467.317 | 53.639 | (178.201) | 105.279 |

(*) 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.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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 the Republic of Turkey (CBRT):

| | Current Period | | Prior Period | |
|-----------------------|----------------|----------------|----------------|----------------|
| | TL | FC | TL | FC |
| Cash/foreign currency | 38.212 | 36.245 | 38.688 | 59.289 |
| CBRT | 245.978 | 332.837 | 315.918 | 191.020 |
| Other (*) | - | 47.709 | - | 12.288 |
| Total | 284.190 | 416.791 | 354.606 | 262.597 |

(*) Includes precious metals amounting to TL 47.709 as of December 31, 2010 (Prior period- TL 12.288).

b) Information related to CBRT:

| | Current Period | | Prior Period | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | TL | FC | TL | FC |
| Unrestricted demand deposit | 245.605 | 91.884 | 313.842 | 66.322 |
| Unrestricted time deposit | - | - | - | - |
| Restricted time deposit | 373 | 240.953 | 2.076 | 124.698 |
| Total | 245.978 | 332.837 | 315.918 | 191.020 |

The banks operating in Turkey keep reserve deposits at CBRT for Turkish currency and foreign currency liabilities in TL and USD or EUR at the rates of 6% and 11 %, respectively as per the Communiqué No. 2010/10 and 2010/9 "Reserve Deposits" of CBRT.

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

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

b) Positive differences on trading derivative instruments table:

The Bank does not have trading derivative instruments.

3. a) Information on Banks:

| | Current Period | | Prior Period | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 566.652 | 70.392 | 244.421 | 181.320 |
| Foreign | - | 93.923 | - | 182.200 |
| Foreign head offices and branches | - | - | - | - |
| Total | 566.652 | 164.315 | 244.421 | 363.520 |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

3. a) Information on Banks (continued):

b) Information on foreign bank accounts:

| | Current period | | Prior period | |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
| | Unrestricted amount | Restricted amount | Unrestricted amount | Restricted amount |
| European Union Countries | 33.708 | - | 100.245 | - |
| USA and Canada | 49.607 | - | 65.121 | - |
| OECD Countries (*) | 8.710 | - | 15.342 | - |
| Off-shore banking regions | - | - | - | - |
| Other | 1.898 | - | 1.492 | - |
| Total | 93.923 | - | 182.200 | - |

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

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:

There are no financial assets available for sale subject to repurchase transactions, given as a guarantee or blocked.

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

| | Current Period | Prior Period |
|----------------------------|----------------|---------------|
| Debt securities | 54.544 | 28.517 |
| Quoted on a stock exchange | - | - |
| Unquoted(*) | 54.544 | 28.517 |
| Share certificates | 36 | 37 |
| Quoted on a stock exchange | - | - |
| Unquoted | 36 | 37 |
| Impairment provision (-) | - | - |
| Total | 54.580 | 28.554 |

(*) Unquoted debt securities consist of income indexed bonds issued by Undersecretariat of Treasury.

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****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 | 21.017 | 63.532 | 22.254 | 78.670 |
| Corporate shareholders | 20.964 | 63.532 | 21.888 | 78.670 |
| Real person shareholders | 53 | - | 366 | - |
| Indirect loans granted to shareholders | 51 | 27.442 | 82.034 | 9.840 |
| Loans granted to employees | 2.020 | - | 1.846 | - |
| Total | 23.088 | 90.974 | 106.134 | 88.510 |

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

| | Standard loans and Other receivables | | Loans and other receivables under close monitoring | |
|--|---|-----------------------------------|---|-----------------------------------|
| | Loans and other receivables | Restructured or rescheduled | Loans and other receivables | Restructured or rescheduled |
| Cash loans | | | | |
| Loans | | | | |
| Financing commodity against document | - | - | - | - |
| Export loans | 181.022 | 1.208 | 80 | 476 |
| Import loans | 743.332 | 8.703 | 6.538 | 10.720 |
| Business loans | 3.638.450 | 103.839 | 28.640 | 72.852 |
| Consumer loans | 507.464 | 5.686 | 8.266 | 1.019 |
| Credit cards | 28.208 | - | 205 | - |
| Investments on profit/loss partnership | 131.463 | - | - | - |
| Precious metals loans | - | - | - | - |
| Loans given to financial sector | 103.362 | - | - | - |
| Loans given to abroad | 120.276 | 7.817 | - | - |
| Other | 516.203 | 11.968 | 4.034 | 1.734 |
| Other receivables | - | - | - | - |
| Total | 5.969.780 | 139.221 | 47.763 | 86.801 |

c) Maturity analysis of cash loans:

| Cash Loans | Standard Loans and Other Receivables | | Loans and Other Receivables Under Close Monitoring | |
|--|---|--------------------------------|---|--------------------------------|
| | Loans and Other Receivables | Restructured or Rescheduled | Loans and Other Receivables | Restructured or Rescheduled |
| Short term loans and other receivables | 2.269.253 | 35.074 | 11.917 | 14.002 |
| Loans | 2.269.253 | 35.074 | 11.917 | 14.002 |
| Other receivables | - | - | - | - |
| Medium and long-term loans and other receivables(*) | 3.700.527 | 104.147 | 35.846 | 72.799 |
| Loans | 3.700.527 | 104.147 | 35.846 | 72.799 |
| Other receivables | - | - | - | - |
| Total | 5.969.780 | 139.221 | 47.763 | 86.801 |

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

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****5. Information on loans and receivables (continued):****ç) Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards:**

| | Short-term | Medium and long-term | Total |
|--|---------------|----------------------|----------------|
| Consumer loans-TL | 17.842 | 496.606 | 514.448 |
| Housing loans | 3.402 | 414.441 | 417.843 |
| Vehicle loans | 2.380 | 31.477 | 33.857 |
| Consumer loans | 126 | 2.556 | 2.682 |
| Other | 11.934 | 48.132 | 60.066 |
| Consumer loans-FC indexed | - | 6.512 | 6.512 |
| Housing loans | - | 5.821 | 5.821 |
| Vehicle loans | - | 353 | 353 |
| Consumer loans | - | 22 | 22 |
| Other | - | 316 | 316 |
| Consumer loans-FC | - | - | - |
| Housing loans | - | - | - |
| Vehicle loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Retail credit cards-TL | 6.908 | - | 6.908 |
| With installment | - | - | - |
| Without installment | 6.908 | - | 6.908 |
| Retail credit cards-FC | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Personnel loans-TL | 832 | 643 | 1.475 |
| Housing loans | - | 272 | 272 |
| Vehicle loans | 45 | 294 | 339 |
| Consumer loans | 784 | 74 | 858 |
| Other | 3 | 3 | 6 |
| 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 | 545 | - | 545 |
| With installment | - | - | - |
| Without installment | 545 | - | 545 |
| Personnel credit cards-FC | - | - | - |
| Installment based | - | - | - |
| Without-installment | - | - | - |
| Overdraft account-TL(real person) | - | - | - |
| Overdraft account-FC(real person) | - | - | - |
| Total | 26.127 | 503.761 | 529.888 |

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****5. Information on loans and receivables (continued):****d) Information on commercial loans with installments and corporate credit cards:**

| | Short-term | Medium and long-term | Total |
|--|----------------|----------------------|----------------|
| Commercial installment loans-TL | 131.548 | 167.947 | 299.495 |
| Business loans | 37.932 | 110.708 | 148.640 |
| Vehicle loans | 38.597 | 52.512 | 91.109 |
| Consumer loans | 5 | - | 5 |
| Other | 55.014 | 4.727 | 59.741 |
| Commercial installment loans-FC indexed | 39.895 | 10.975 | 50.870 |
| Business loans | 20.728 | 5.238 | 25.966 |
| Vehicle loans | 3.366 | 3.640 | 7.006 |
| Consumer loans | - | - | - |
| Other | 15.801 | 2.097 | 17.898 |
| Commercial installment Loans-FC | - | - | - |
| Business loans | - | - | - |
| Vehicle loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Corporate credit cards-TL | 20.960 | - | 20.960 |
| With installment | - | - | - |
| Without installment | 20.960 | - | 20.960 |
| Corporate credit cards-FC | - | - | - |
| With installment | - | - | - |
| Without installment | - | - | - |
| Overdraft account-TL (legal entity) | - | - | - |
| Overdraft account-FC(legal entity) | - | - | - |
| Total | 192.403 | 178.922 | 371.325 |

e) Allocation of loans by customers:

| | Current Period | Prior Period |
|--------------|------------------|------------------|
| Public | 1.552 | 43.233 |
| Private | 6.242.013 | 4.570.252 |
| Total | 6.243.565 | 4.613.485 |

f) Breakdown of domestic and foreign loans:

| | Current Period | Prior Period |
|----------------|------------------|------------------|
| Domestic loans | 6.115.472 | 4.603.940 |
| Foreign loans | 128.093 | 9.545 |
| Total | 6.243.565 | 4.613.485 |

g) Loans granted to subsidiaries and associates:

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

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****5. Information on loans and receivables (continued):****ğ) Specific provisions for loans:**

| | Current Period | Prior Period |
|--|----------------|----------------|
| Loans and receivables with limited collectability | 18.329 | 17.075 |
| Loans and receivables with doubtful collectability | 22.930 | 29.652 |
| Uncollectible loans and receivables | 117.767 | 100.451 |
| Total | 159.026 | 147.178 |

In addition to specific provision for loans amounting TL 159.026, provision amounting to TL 4.494 (Prior period- TL 3.884) have been provided for fees and commissions and other receivables with doubtful collectability, which sums up to total TL 163.520 (Prior period- TL 151.062). Specific provision for loans amounting to TL 109.981 (Prior period- TL 109.281) represents profit sharing account share of specific provisions of loans provided from profit sharing 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) | - | - | 205 |
| Restructured loans and other receivables | - | - | 205 |
| Rescheduled loans and other receivables | - | - | - |
| Prior period | | | |
| (Gross amounts before special provisions) | - | - | 625 |
| Restructured loans and other receivables | - | - | 203 |
| Rescheduled loans and other receivables | - | - | 422 |

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 | 21.417 | 33.288 | 111.453 |
| Additions in the current period (+) | 74.343 | 313 | 7.047 |
| Transfers from other categories of non-performing loans (+) | - | 59.062 | 57.459 |
| Transfers to other categories of non-performing loans (-) | 59.062 | 57.459 | - |
| Collections in the current period (-) | 2.744 | 5.937 | 35.667 |
| Write offs (-) | 122 | 2.901 | 14.134 |
| Corporate and commercial loans | 9 | 2.849 | 13.260 |
| Retail loans | 113 | 52 | 597 |
| Credit cards | - | - | 277 |
| Other | - | - | - |
| Closing balance of the current period | 33.832 | 26.366 | 126.158 |
| Specific provisions (-) | 18.329 | 22.930 | 117.767 |
| Net balance at the balance sheet | 15.503 | 3.436 | 8.391 |

Non-performing loans and receivables in the amount of TL 186.956 (Prior period- TL 166.158) comprise TL 122.055 (Prior period- TL 109.796) of profit sharing account share of loans and receivables provided from profit sharing 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 4.494 (Prior period- TL 3.929). In the current period, collections from fees, commissions and other receivables with doubtful collectability amount to TL 5.323.

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****5. Information on loans and receivables (continued):**

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

| | III. Group | IV. Group | V. Group |
|------------------------------|--|---|---|
| | Loans and receivables with limited collectibility | Loans and receivables with doubtful collectibility | Uncollectible loans and receivables |
| Current period: | | | |
| Period end balance | - | - | 5.569 |
| Specific provision (-) | - | - | 5.569 |
| | | | - |
| Net balance on balance sheet | - | - | - |
| Prior period: | | | |
| Period end balance | - | - | 7.204 |
| Specific provision (-) | - | - | 6.672 |
| | | | - |
| Net balance on balance sheet | - | - | 532 |

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 collectibility | Loans and receivables with doubtful collectibility | Uncollectible loans and receivables |
| Current period (net) | 15.503 | 3.436 | 8.391 |
| Loans to individuals and corporates (gross) | 33.832 | 26.366 | 126.158 |
| Specific provision (-) | 18.329 | 22.930 | 117.767 |
| Loans to individuals and corporates (net) | 15.503 | 3.436 | 8.391 |
| Banks (gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Banks (net) | - | - | - |
| Other loans and receivables (gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Other loans and receivables (net) | - | - | - |
| Prior period (net) | 4.342 | 3.636 | 11.002 |
| Loans to individuals and corporates (gross) | 21.417 | 33.288 | 111.453 |
| Specific provision (-) | 17.075 | 29.652 | 100.451 |
| Loans to individuals and corporates (net) | 4.342 | 3.636 | 11.002 |
| Banks (gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Banks (net) | - | - | - |
| Other loans and receivables (gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Other loans and receivables (net) | - | - | - |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

5. Information on loans and receivables (continued):

i. Liquidation policy for uncollectible loans and receivables:

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

i. Information on “Write-off” policies:

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

Loans and other receivables, which have been deemed uncollectible according to the “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans” published in the Official Gazette No. 26333 dated November 01, 2006, have been written-off per the decision of the Bank management. In 2010, non-performing loans amount to TL 17.157 were written-off (2009 – TL 6.709).

j. Other explanations on loans and receivables:

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

| Current Period | Less than 30 days | 31-60 days | 61-90 days | More than 91 days | Total |
|-----------------------|------------------------------|-------------------|-------------------|------------------------------|----------------|
| Loans and Receivables | | | | | |
| Corporate Loans | 121.998 | 38.346 | 13.159 | - | 173.503 |
| Consumer Loans | 31.605 | 8.061 | 1.823 | - | 41.489 |
| Credit Cards | 4.946 | 131 | 13 | - | 5.090 |
| Total | 158.549 | 46.538 | 14.995 | - | 220.082 |
| Prior Period | Less than 30 days | 31-60 days | 61-90 days | More than 91 days | Total |
| Loans and Receivables | | | | | |
| Corporate Loans | 227.994 | 46.475 | 40.561 | - | 315.030 |
| Consumer Loans | 19.377 | 9.084 | 4.098 | - | 32.559 |
| Credit Cards | 402 | 165 | 30 | - | 597 |
| Total | 247.773 | 55.724 | 44.689 | - | 348.186 |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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:

There are no held-to-maturity investments subject to repurchase transactions, given as a guarantee or blocked (Prior period- None).

6.2. Information related to government securities held to maturity :

| | Current Period | Prior Period |
|---------------------------------|-----------------------|---------------------|
| Government Bonds | - | - |
| Treasury Bills | - | - |
| Other Government Securities (*) | 376.204 | 296.007 |
| Total | 376.204 | 296.007 |

(*) Consists of Sukook certificates issued by Central Bank of Bahrain amounting to TL 7.676 (Prior period- TL 7.486) and income indexed bonds issued by Undersecretariat of Treasury amounting to TL 368.528 (Prior period- TL 288.521).

6.3. Information on held-to-maturity investments:

| | Current Period | Prior Period |
|----------------------------|-----------------------|---------------------|
| Debt Securities | 376.204 | 296.007 |
| Quoted on a stock exchange | 376.204 | - |
| Unquoted(*) | - | 296.007 |
| Impairment provision | - | - |
| Total | 376.204 | 296.007 |

(*) Debt securities which are quoted on a stock exchange but not traded at related period end are included.

6.4. Movement of held-to-maturity investments:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Balance at beginning of period | 296.007 | - |
| Foreign currency differences on monetary assets | 390 | (1.300) |
| Purchases during period (*) | 275.000 | 290.613 |
| Disposals through sales and redemptions | (233.619) | - |
| Impairment provision (-) | - | - |
| Income accruals | 38.426 | 6.694 |
| Closing balance | 376.204 | 296.007 |

(*) Prior period balance includes transfer from financial assets held for trading of TL 8.158.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

7. Associates (net):

a) Information on unconsolidated associates:

The Bank has sold its 12.5% share in Komili Kağıt ve Kişisel Bakım Üretim A.Ş, for TL 4.381 on December 30, 2010.

At the Board of Directors meeting held on July 17, 2009 it was decided to participate in Kredi Garanti Fonu A.Ş up to TL 4.000. Regarding the capital increase of Kredi Garanti Fonu AŞ on September 11, 2009 Bank has paid TL 2.000 of its capital commitment at October 15, 2009.

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

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

The balances of Kredi Garanti Fonu A.Ş. presented in the below table have been obtained from the audited financial statements as at December 31, 2009.

| 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 |
|-----------------|-------------------------|-----------------------|--|--|----------------------------------|-----------------------------|------------|
| 125.773 | 115.041 | 352 | - | - | 2.016 | (4.581) | - |

b. Information about consolidated associates:

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

8. Information on subsidiaries (net):

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

9. Information on investments in joint- ventures:

The Bank does not have investments in joint- ventures as of the balance sheet date.

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 | 20.108 | 17.067 | 34.762 | 29.137 |
| 1 to 4 years | 9.741 | 8.853 | 27.080 | 24.069 |
| Over 4 years | - | - | 290 | 278 |
| Total | 29.849 | 25.920 | 62.132 | 53.484 |

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****10. Information on lease receivables (net) (continued):****b) Information on net investments through finance lease:**

| | Current Period | Prior Period |
|---|----------------|---------------|
| Gross finance lease receivables | 29.849 | 62.132 |
| Unearned finance lease receivables (-) | 3.929 | 8.648 |
| Net receivable from finance leases | 25.920 | 53.484 |

c) General explanation on finance lease contracts:

Finance lease contracts are realized in accordance with the related articles of Finance Lease Act numbered 3286. There is no constraint due to finance lease contracts, any renewal or contingent rent payments that materially affect the financial statements.

| | Standard loans and other receivables | | Loans and other receivables under close monitoring | |
|---------------------------------|---|-----------------------------------|---|-----------------------------------|
| | Receivables from finance lease | Restructured or rescheduled | Receivables from finance lease | Restructured or rescheduled |
| Finance lease receivables (Net) | 12.267 | 9.059 | 468 | 4.126 |
| Total | 12.267 | 9.059 | 468 | 4.126 |

11. Information on derivative financial assets for hedging purposes:

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

12. Information on tangible assets:

| Current period | Land and buildings | Leased tangible assets | Vehicles | Other | Assets held for sale | Total |
|--|-----------------------|------------------------------|--------------|---------------|----------------------------|----------------|
| Cost | | | | | | |
| Opening balance-January 1, 2010 | 114.397 | 1.464 | 4.047 | 58.683 | 11.834 | 190.425 |
| Additions | 23.777 | - | 272 | 17.184 | 1.401 | 42.634 |
| Revaluation funds | 23.148 | - | - | - | - | 23.148 |
| Disposals | (2.483) | - | (1.166) | (6.095) | (5.241) | (14.985) |
| Impairment losses(-)/Reversal of impairment losses | - | - | - | - | 455 | 455 |
| Transfers | - | (476) | - | 476 | 2.535 | 2.535 |
| Ending balance: December 31,2010 | 158.839 | 988 | 3.153 | 70.248 | 10.984 | 244.212 |
| Accumulated depreciation(-) | | | | | | |
| Opening balance-January 1, 2010 | 9.819 | 684 | 2.498 | 37.143 | 227 | 50.371 |
| Depreciation expense | 1.209 | 164 | 607 | 6.912 | 167 | 9.059 |
| Reversal of depreciation of the disposed assets | (506) | - | (1.087) | (5.891) | (58) | (7.542) |
| Transfers | - | (338) | - | 338 | - | - |
| Ending balance: December 31,2010 | 10.522 | 510 | 2.018 | 38.502 | 336 | 51.888 |
| Total cost at the end of the year | 158.839 | 988 | 3.153 | 70.248 | 10.984 | 244.212 |
| Total accumulated depreciation at the end of the year | 10.522 | 510 | 2.018 | 38.502 | 336 | 51.888 |
| Closing net book value | 148.317 | 478 | 1.135 | 31.746 | 10.648 | 192.324 |

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****12. Information on tangible assets (continued):**

| Prior period | Land and buildings | Leased tangible assets | Vehicles | Other | Assets Held for sale | Total |
|--|--------------------|------------------------|--------------|---------------|----------------------|----------------|
| Cost | | | | | | |
| Opening balance-January 1, 2009 | 31.656 | 2.178 | 4.085 | 55.720 | 1.815 | 95.454 |
| Additions | 69.247 | - | 345 | 4.339 | 6.788 | 80.719 |
| Revaluation funds | 13.478 | - | - | - | - | 13.478 |
| Disposals | - | - | (383) | (2.090) | (1.308) | (3.781) |
| Impairment losses(-)/Reversal of impairment losses | 16 | - | - | - | (512) | (496) |
| Transfers | - | (714) | - | 714 | 5.051 | 5.051 |
| Ending balance: December 31, 2009 | 114.397 | 1.464 | 4.047 | 58.683 | 11.834 | 190.425 |
| Accumulated depreciation(-) | | | | | | |
| Opening balance-January 1, 2009 | 8.835 | 762 | 2.163 | 32.033 | 36 | 43.829 |
| Depreciation expense | 984 | 379 | 689 | 6.352 | 197 | 8.601 |
| Reversal of depreciation of the disposed assets | - | - | (354) | (1.699) | (6) | (2.059) |
| Transfers | - | (457) | - | 457 | - | - |
| Ending balance: December 31, 2009 | 9.819 | 684 | 2.498 | 37.143 | 227 | 50.371 |
| Total cost at the end of the year | 114.397 | 1.464 | 4.047 | 58.683 | 11.834 | 190.425 |
| Total accumulated depreciation at the end of the year | 9.819 | 684 | 2.498 | 37.143 | 227 | 50.371 |
| Closing net book value | 104.578 | 780 | 1.549 | 21.540 | 11.607 | 140.054 |

13. Information on intangible assets:

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

| | Current Period | Prior Period |
|-----------------------------|----------------|--------------|
| Cost | 6.269 | 4.574 |
| Accumulated depreciation(-) | 4.096 | 2.997 |
| Total (net) | 2.173 | 1.577 |

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

| | Current Period | Prior Period |
|-------------------------------|----------------|--------------|
| Opening balance | 1.577 | 1.488 |
| Additions | 1.695 | 929 |
| Disposals (-), net | - | - |
| Depreciation expense (-) | 1.099 | 840 |
| Closing net book value | 2.173 | 1.577 |

14. Information on investment property:

The Bank does not have investment property.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

15. Information related to deferred tax asset:

As of December 31, 2010 the Bank presented the deferred tax asset of TL 15.947 (Prior period- TL 11.121) and deferred tax liability of TL 8.270 (Prior period- TL 3.332) calculated on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods as net in the accompanying financial statements.

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Difference of carrying value and taxable value of tangible assets | 356 | 902 |
| Provisions for impairment | 142 | 175 |
| Provisions for retirement and vacation pay liabilities | 2.315 | 1.660 |
| Discount on profit share and deferred commission income | 13.084 | 8.326 |
| Other | 50 | 58 |
| Deferred tax asset | 15.947 | 11.121 |
| Revaluation reserve of buildings | 7.186 | 2.633 |
| Marketable securities revaluation reserve | 591 | 552 |
| Discount on profit share | 210 | 122 |
| Other | 283 | 25 |
| Deferred tax liability | 8.270 | 3.332 |
| Deferred tax asset (net) | 7.677 | 7.789 |

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 | 4.902 | 5.958 |
| Additions | 29.593 | 4.083 |
| Disposals | (13.676) | (193) |
| Transfers (*) | (2.535) | (5.051) |
| Impairment Provision(-)/Reversal of Impairment Provision | (214) | 105 |
| Net closing balance | 18.070 | 4.902 |

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

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

17. Information on other assets:

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

As of balance sheet date, the Bank's other assets balance is TL 19.948 (Prior period- TL 15.856) and does not exceed 10% of balance sheet total.

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 | Accumulating profit sharing accounts | Total |
|---|------------------|------------------|-------------------|-------------------|-------------------|-----------------|------------------|--|------------------|
| I. Real Persons Current Accounts | | | | | | | | | |
| Non-Trade- TL | 213.254 | - | - | - | - | - | - | - | 213.254 |
| II. Real Persons Profit Sharing | | | | | | | | | |
| Accounts Non-Trade- TL | - | 1.942.220 | 325.516 | 70.301 | - | 75.856 | 436.329 | - | 2.850.222 |
| III. Current Accounts, other-TL | 452.198 | - | - | - | - | - | - | - | 452.198 |
| Public Sector | 10.240 | - | - | - | - | - | - | - | 10.240 |
| Commercial Institutions | 430.334 | - | - | - | - | - | - | - | 430.334 |
| Other Institutions | 8.815 | - | - | - | - | - | - | - | 8.815 |
| Commercial and OtherInstitutions | 321 | - | - | - | - | - | - | - | 321 |
| Banks and Participation Banks | 2.488 | - | - | - | - | - | - | - | 2.488 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic Banks | - | - | - | - | - | - | - | - | - |
| Foreign Banks | - | - | - | - | - | - | - | - | - |
| Participation Banks | 2.488 | - | - | - | - | - | - | - | 2.488 |
| Other | - | - | - | - | - | - | - | - | - |
| IV. Profit Sharing Accounts-TL | - | 357.659 | 41.556 | 11.997 | - | 23.312 | 408.736 | - | 843.260 |
| Public Sector | - | - | - | - | - | - | - | - | - |
| Commercial Institutions | - | 343.230 | 32.550 | 5.508 | - | 19.940 | 406.159 | - | 807.387 |
| Other Institutions | - | 14.429 | 7.818 | 6.489 | - | 342 | 2.575 | - | 31.653 |
| Commercial and OtherInstitutions | - | - | - | - | - | - | 2 | - | 2 |
| Banks and Participation Banks | - | - | 1.188 | - | - | 3.030 | - | - | 4.218 |
| V. Real Persons Current Accounts | | | | | | | | | |
| Non-Trade- FC | 188.036 | - | - | - | - | - | - | - | 188.036 |
| VI. Real Persons Profit Sharing | | | | | | | | | |
| Accounts Non-Trade- FC | - | 780.187 | 179.203 | 48.806 | - | 129.934 | 220.124 | - | 1.358.254 |
| VII. Other Current Accounts- FC | 265.163 | - | - | - | - | - | - | - | 265.163 |
| Residents in Turkey-Corporate | 217.749 | - | - | - | - | - | - | - | 217.749 |
| Residents Abroad-Corporate | 8.816 | - | - | - | - | - | - | - | 8.816 |
| Banks and Participation Banks | 38.598 | - | - | - | - | - | - | - | 38.598 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic Banks | - | - | - | - | - | - | - | - | - |
| Foreign Banks | 11.634 | - | - | - | - | - | - | - | 11.634 |
| Participation Banks | 26.964 | - | - | - | - | - | - | - | 26.964 |
| Other | - | - | - | - | - | - | - | - | - |
| VIII. Profit Sharing Accounts, other- FC | - | 190.793 | 179.227 | 141.928 | - | 11.073 | 140.523 | - | 663.544 |
| Public sector | - | - | - | - | - | - | - | - | - |
| Commercial institutions | - | 161.353 | 47.752 | 1.386 | - | 27 | 136.889 | - | 347.407 |
| Other institutions | - | 13.298 | 19.630 | 46.117 | - | 12 | 2.066 | - | 81.123 |
| Commercial and Other Institutions | - | 1.443 | - | - | - | 514 | 1.568 | - | 3.525 |
| Banks and Participation Banks | - | 14.699 | 111.845 | 94.425 | - | 10.520 | - | - | 231.489 |
| IX. Precious Metals Deposits | 47.659 | - | - | - | - | - | - | - | 47.659 |
| X. Profit Sharing Accounts | | | | | | | | | |
| Special Fund Pools- TL | - | - | - | - | - | - | - | - | - |
| Residents in Turkey | - | - | - | - | - | - | - | - | - |
| Residents Abroad | - | - | - | - | - | - | - | - | - |
| XI. Profit Sharing Accounts | | | | | | | | | |
| Special Fund Pools - FC | - | - | - | - | - | - | - | - | - |
| Residents in Turkey | - | - | - | - | - | - | - | - | - |
| Residents Abroad | - | - | - | - | - | - | - | - | - |
| Total (I+II+....+IX+X+XI) | 1.166.310 | 3.270.859 | 725.502 | 273.032 | - | 240.175 | 1.205.712 | - | 6.881.590 |

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****1. Information on funds collected (continued):**

| Prior Period | Demand | Up to 1 month | Up to 3 months | Up to 6 months | Up to 9 months | Up to 1 year | Over 1 year | Accumulating participation accounts | Total |
|---|----------------|------------------|-------------------|-------------------|-------------------|-----------------|----------------|---|------------------|
| I. Real Persons Current Accounts Non-Trade- TL | 152.292 | - | - | - | - | - | - | - | 152.292 |
| II. Real Persons Profit Sharing Accounts Non-Trade- TL | - | 1.565.327 | 257.201 | 45.383 | - | 78.208 | 222.081 | - | 2.168.200 |
| III. Current Accounts, other-TL | 432.851 | - | - | - | - | - | - | - | 432.851 |
| Public Sector | 9.118 | - | - | - | - | - | - | - | 9.118 |
| Commercial Institutions | 419.740 | - | - | - | - | - | - | - | 419.740 |
| Other Institutions | 3.634 | - | - | - | - | - | - | - | 3.634 |
| Commercial and OtherInstitutions | 164 | - | - | - | - | - | - | - | 164 |
| Banks and Participation Banks | 195 | - | - | - | - | - | - | - | 195 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic Banks | - | - | - | - | - | - | - | - | - |
| Foreign Banks | - | - | - | - | - | - | - | - | - |
| Participation Banks | 195 | - | - | - | - | - | - | - | 195 |
| Other | - | - | - | - | - | - | - | - | - |
| IV. Profit Sharing Accounts-TL | - | 347.209 | 112.086 | 2.152 | - | 21.238 | 54.781 | - | 537.466 |
| Public Sector | - | - | - | - | - | - | - | - | - |
| Commercial Institutions | - | 339.456 | 77.233 | 2.007 | - | 18.225 | 51.262 | - | 488.183 |
| Other Institutions | - | 7.753 | 33.751 | 145 | - | 199 | 3.519 | - | 45.367 |
| Commercial and OtherInstitutions | - | - | 1.102 | - | - | - | - | - | 1.102 |
| Banks and Participation Banks | - | - | - | - | - | 2.814 | - | - | 2.814 |
| V. Real Persons Current Accounts Non- Trade- FC | 166.743 | - | - | - | - | - | - | - | 166.743 |
| VI. Real Persons Profit Sharing Accounts Non-Trade- FC | - | 718.149 | 160.455 | 36.874 | - | 123.532 | 215.018 | - | 1.254.028 |
| VII. Other Current Accounts- FC | 224.570 | - | - | - | - | - | - | - | 224.570 |
| Residents in Turkey-Corporate | 196.477 | - | - | - | - | - | - | - | 196.477 |
| Residents abroad-Corporate | 22.793 | - | - | - | - | - | - | - | 22.793 |
| Banks and Participation Banks | 5.300 | - | - | - | - | - | - | - | 5.300 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic Banks | 1 | - | - | - | - | - | - | - | 1 |
| Foreign Banks | 4.335 | - | - | - | - | - | - | - | 4.335 |
| Participation Banks | 964 | - | - | - | - | - | - | - | 964 |
| Other | - | - | - | - | - | - | - | - | - |
| VIII. Profit Sharing Accounts, other- FC | - | 187.496 | 42.998 | 102.510 | - | 46.228 | 137.009 | - | 516.241 |
| Public Sector | - | - | - | - | - | - | - | - | - |
| Commercial Institutions | - | 150.093 | 18.785 | 63.064 | - | 35.814 | 131.436 | - | 399.192 |
| Other Institutions | - | 2.977 | 6.880 | 22.527 | - | 20 | 2.669 | - | 35.073 |
| Commercial and OtherInstitutions | - | 2.356 | 1.688 | - | - | 519 | 2.904 | - | 7.467 |
| Banks and Participation Banks | - | 32.070 | 15.645 | 16.919 | - | 9.875 | - | - | 74.509 |
| IX. Precious Metals Deposits | 12.254 | - | - | - | - | - | - | - | 12.254 |
| X. Profit Sharing Accounts Special Fund Pools- TL | - | - | - | - | - | - | - | - | - |
| Residents in Turkey | - | - | - | - | - | - | - | - | - |
| Residents abroad | - | - | - | - | - | - | - | - | - |
| XI. Profit Sharing Accounts Special Fund Pools -FC | - | - | - | - | - | - | - | - | - |
| Residents in Turkey | - | - | - | - | - | - | - | - | - |
| Residents abroad | - | - | - | - | - | - | - | - | - |
| Total (I+II+.....+IX+X+XI) | 988.710 | 2.818.181 | 572.740 | 186.919 | - | 269.206 | 628.889 | - | 5.464.645 |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

1. Information on funds collected (continued):

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

b.1) Exceeding the limit of Insurance Fund:

Information on real persons' current and profit sharing accounts not subject to trading transactions 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 Profit Sharing Accounts not Subject to Trading Transactions | | | | |
| Turkish Lira Accounts | 1.603.778 | 1.336.620 | 1.458.233 | 982.098 |
| Foreign Currency Accounts | 473.746 | 459.469 | 1.127.965 | 983.569 |
| Foreign Branches' Deposits under Foreign Authorities Insurance | - | - | - | - |
| Off-Shore Deposits Under Foreign Authorities' Insurance | - | - | - | - |

Funds collected by participation banks (except foreign branches) from current and profit sharing accounts denominated in Turkish Lira or foreign currency with a limit of maximum of TL 50 opened on behalf of a real person (including both capital and profit shares) for each person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law Numbered 5411.

b.2) Saving deposits at domestic branches of foreign banks in Turkey under the coverage of foreign insurance:

The head office of the Bank is in Turkey.

b.3) 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 | - | - |
| 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 | 1.770 | 2.489 |
| Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004 | - | - |
| Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities | - | - |

2. Information on derivative financial liabilities held for trading:

The Bank has no derivative financial liabilities held for trading.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

3. Information on Borrowings:

The Bank has obtained a Syndicated Murabaha Loan in two portions amounting to USD 98.000.000 (full) and EUR 108.500.000 (full) with a maturity of one year. The loan agreement has been signed on September 15, 2010. The loan portions have variable costs based on Libor/Euribor.

a) Information on banks and other financial institutions:

| | Current Period | | Prior Period | |
|--|----------------|----------------|--------------|----|
| | TL | FC | TL | FC |
| Loans from The Central Bank Turkey | - | - | - | - |
| Loans from Domestic Banks and Institutions | - | - | - | - |
| Loans from Foreign Banks, Institutions and Funds | - | 374.807 | - | - |
| Total | - | 374.807 | - | - |

b) Maturity analysis of funds borrowed:

| | Current Period | | Prior Period | |
|----------------------|----------------|----------------|--------------|----|
| | TL | FC | TL | FC |
| Short-Term | - | 374.807 | - | - |
| Medium and Long-Term | - | - | - | - |
| Total | - | 374.807 | - | - |

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 (excluding off-balance sheet commitments) and breakdown of items which constitute at least 20% of grand total:

As of balance sheet date, other liabilities (excluding off balance sheet commitments) do not exceed 10% of the balance sheet total.

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.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

5. Lease payables (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 commitments arising on the existing operational lease agreements.

6. Information on hedging derivative financial liabilities:

The Bank does not have hedging derivative financial liabilities.

7. Information on provisions:

a) Information on general provisions:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| General provision for | 59.601 | 47.665 |
| I. Group loans and receivables | 48.688 | 36.696 |
| Profit Sharing Accounts' Share | 35.840 | 26.216 |
| Bank's Share | 12.848 | 10.480 |
| Others | - | - |
| II. Group loans and receivables | 2.769 | 3.957 |
| Profit Sharing Accounts' Share | 2.125 | 3.126 |
| Bank's Share | 644 | 831 |
| Others | - | - |
| Non-cash loans | 8.144 | 7.012 |
| Others | - | - |

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

As of December 31, 2010, provision for foreign currency indexed loans amounting to TL 10.793 (Prior period- TL 12.420) has been offset with the loans included in the assets of the balance sheet.

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

As of December 31, 2010 the Bank has provided specific provisions amounting to TL 5.966 for non-cash loans that are not indemnified and converted into cash (Prior period – TL 5.139).

ç) Other provisions:

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

| | Current Period | Prior Period |
|--------------------------------------|-----------------------|---------------------|
| General reserves for possible losses | 90 | 84 |
| Total | 90 | 84 |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

7. Information on provisions (continued):

ç.2) Information on account name and amount of other provisions exceeding 10% of total provisions:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Provision for unindemnified non-cash loans | 5.966 | 5.139 |
| Payment commitments for checks | 1.871 | 1.630 |
| Provisions allocated from profit shares to be distributed to profit sharing accounts(*) | 22.582 | 3.216 |
| Provision for promotions related with credit cards and banking activities | 71 | 74 |
| General reserves for possible losses | 90 | 84 |
| Total | 30.580 | 10.143 |

(*) Represents the balance 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" to cover profit sharing accounts' portion of specific provisions.

d) Information on provisions for employee benefits:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 8.856 (Prior period- TL 6.449) and vacation pay liability amounting to TL 2.720 (Prior period- TL 1.852), totaling to TL 11.576 (Prior period- TL 8.301). The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Discount rate (%) | 10,0 | 11,0 |
| Estimated increase rate of salary ceiling (%) | 5,1 | 4,8 |

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

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Prior period ending balance | 6.449 | 4.770 |
| Provisions charged in the period | 4.423 | 3.374 |
| Actuarial gain/(loss) | (1.298) | (1.165) |
| Paid during the period | (718) | (530) |
| Balance at the end of the period | 8.856 | 6.449 |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

8. Information on taxes payable

a) Explanations on current tax liability:

a.1) As of December 31, 2010 the Bank's corporate tax payable is TL 9.320 (Prior period- TL 8.665) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

| | Current Period | Prior Period |
|-----------------------------------|-----------------------|---------------------|
| Corporate taxes payable | 9.320 | 8.665 |
| Taxation on securities income | 4.839 | 4.434 |
| Taxation on real estate income | 191 | 187 |
| Banking insurance transaction tax | 3.419 | 3.813 |
| Foreign exchange transaction tax | - | - |
| Value added tax payable | 395 | 183 |
| Other | 2.880 | 1.587 |
| Total | 21.044 | 18.869 |

a.3) Information on premiums:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Social security premiums-employee | 1.148 | 662 |
| Social security premiums-employer | 1.234 | 718 |
| 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 | 80 | 46 |
| Unemployment insurance-employer | 162 | 92 |
| Other | - | - |
| Total | 2.624 | 1.518 |

b) Information on deferred tax liability:

The Bank has no deferred tax liability as of the balance sheet date.

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

None.

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

None.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

| | Current Period | Prior Period |
|-----------------|----------------|--------------|
| Common stock | 539.000 | 539.000 |
| Preferred stock | - | - |

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

Registered capital system is not applied at the Bank.

| Share Capital System | Paid in Capital | Ceiling |
|-------------------------------|-----------------|---------|
| Share Certificate Equivalence | 539.000 | - |

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.

In prior period; in accordance with the board of directors decision on March 1, 2009 the Bank has increased its share capital of TL 269.500 to TL 539.000 from internal sources on April 15, 2009. TL 80.750 of the increase was transferred from profit for the year 2008, TL 158.396 of the increase was transferred from the share premium account and TL 30.354 of increase was transferred from the extraordinary reserves. Bonus shares of the share certificates traded in Istanbul Stock Exchange were transferred to the safekeeping accounts at Merkezi Kayıt Kuruluşu A.Ş.

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 at the end of the following interim period, general purpose of these commitments and projected resources required to meet these commitments:

The Bank does not have capital commitments till the end of the last fiscal year and following interim period.

e) The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and the anticipations regarding the uncertainty of these indicators on the shareholders' equity :

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

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

There is no privilege given to stocks representing the capital.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

11. Information on shareholders' equity (continued):

g) Information on marketable securities revaluation reserve:

| | Current Period | | Prior Period | |
|--|----------------|----------|--------------|----------|
| | TL | FC | TL | FC |
| From investments in associates, subsidiaries, and joint ventures | - | - | - | - |
| Valuation difference (*) | 2.364 | - | 2.206 | - |
| Foreign exchange difference | - | - | - | - |
| Total | 2.364 | - | 2.206 | - |

(*) Deferred tax liability is netted off.

12. Information on minority interest:

None (Prior Period – None).

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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

1. Explanations on off balance sheet commitments:

a) Type and amount of irrevocable loan commitments:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Asset Purchase-Sale Commitments | - | - |
| Time Deposit Purchase-Sale Commitments | - | - |
| Share capital commitment to associates and subsidiaries | 2.000 | 2.000 |
| Loan granting commitments | 14.899 | 8.162 |
| Commitments for credit card limits | 98.162 | 79.475 |
| Commitments for promotions related with credit cards and banking activities | 19 | 59 |
| Payment commitments for checks | 181.529 | 190.434 |
| Tax and funds liabilities arising from exporting commitments | 503 | 219 |
| Other irrevocable commitments | - | 209 |
| Total | 297.112 | 280.558 |

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 | 3.687.101 | 3.214.382 |
| Acceptances | 20.651 | 12.691 |
| Letters of credit | 470.805 | 348.307 |
| Other guarantees | 17.403 | 15.332 |
| Total | 4.195.960 | 3.590.712 |

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

| | Current Period | Prior Period |
|---------------------------------------|-----------------------|---------------------|
| Letters of guarantees | 3.687.101 | 3.214.382 |
| Long standing letters of guarantees | 2.895.920 | 2.421.735 |
| Temporary letters of guarantees | 361.017 | 327.433 |
| Advance letters of guarantees | 253.924 | 296.860 |
| Letters of guarantees given to duties | 176.240 | 168.354 |
| Sureties and similar transactions | 17.403 | 15.332 |
| Total | 3.704.504 | 3.229.714 |

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****III. Explanations and notes related to off-balance sheet commitments and contingencies
(continued):**

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

| | Current Period | Prior Period |
|--|------------------|------------------|
| Guarantees given for obtaining cash loans | 138.939 | 124.538 |
| With original maturity of 1 year or less | 75.934 | 58.820 |
| With original maturity of more than 1 year | 63.005 | 65.718 |
| Other non-cash loans | 4.057.021 | 3.466.174 |
| Total | 4.195.960 | 3.590.712 |

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

| | Current period | | | | Prior period | | | |
|--------------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | TP | (%) | FC | (%) | TP | (%) | FC | (%) |
| Agricultural | 77.953 | 3,20 | 10.745 | 0,61 | 84.150 | 3,84 | 17.305 | 1,24 |
| Farming and stockbreeding | 14.108 | 0,58 | 4.944 | 0,28 | 24.385 | 1,11 | 2.742 | 0,20 |
| Forestry | 63.819 | 2,62 | 5.706 | 0,32 | 59.695 | 2,73 | 14.429 | 1,03 |
| Fishery | 26 | - | 95 | 0,01 | 70 | - | 134 | 0,01 |
| Manufacturing | 615.230 | 25,25 | 787.439 | 44,76 | 650.198 | 29,71 | 609.493 | 43,44 |
| Mining | 18.461 | 0,76 | 9.793 | 0,56 | 9.274 | 0,42 | 4.650 | 0,33 |
| Production | 509.820 | 20,92 | 587.531 | 33,39 | 573.690 | 26,22 | 518.210 | 36,94 |
| Electricity, gas and water | 86.949 | 3,57 | 190.115 | 10,81 | 67.234 | 3,07 | 86.633 | 6,17 |
| Construction | 1.101.072 | 45,19 | 520.591 | 29,59 | 993.370 | 45,41 | 500.410 | 35,67 |
| Services | 378.921 | 15,55 | 210.814 | 11,98 | 407.019 | 18,61 | 215.173 | 15,33 |
| Wholesale and retail trade | 128.059 | 5,26 | 84.551 | 4,81 | 141.855 | 6,48 | 121.236 | 8,64 |
| Hotel, food and beverage services | 8.304 | 0,34 | 40.801 | 2,32 | 33.590 | 1,54 | 34.219 | 2,44 |
| Transportation and telecommunication | 36.132 | 1,48 | 22.158 | 1,26 | 57.353 | 2,62 | 26.698 | 1,90 |
| Financial Institutions | 51.508 | 2,11 | 43.769 | 2,49 | 56.463 | 2,58 | 2.800 | 0,20 |
| Real estate and renting services | 23.648 | 0,97 | 11.697 | 0,66 | 10.436 | 0,48 | 19.413 | 1,38 |
| Self-employment services | 17.606 | 0,72 | 217 | 0,01 | 32.158 | 1,47 | 171 | 0,01 |
| Education services | 12.360 | 0,51 | 734 | 0,04 | 12.161 | 0,56 | 2.541 | 0,18 |
| Health and social services | 101.304 | 4,16 | 6.887 | 0,39 | 63.003 | 2,88 | 8.095 | 0,58 |
| Other | 263.422 | 10,81 | 229.773 | 13,06 | 52.989 | 2,43 | 60.605 | 4,32 |
| Total | 2.436.598 | 100,00 | 1.759.362 | 100,00 | 2.187.726 | 100,00 | 1.402.986 | 100,00 |

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

| | I st Group | | II nd Group | |
|-------------------------------------|------------------|------------------|---------------|--------------|
| | TL | FC | TL | FC |
| Non-cash loans | 2.354.065 | 1.754.008 | 82.533 | 5.354 |
| Letters of guarantee | 2.351.065 | 1.248.157 | 82.533 | 5.346 |
| Bank acceptances | - | 20.643 | - | 8 |
| Letters of credit | - | 470.805 | - | - |
| Endorsements | - | - | - | - |
| Underwriting commitments | - | - | - | - |
| Factoring commitments | - | - | - | - |
| Other commitments and contingencies | 3.000 | 14.403 | - | - |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

2. Explanations on derivative transactions:

The Bank does not have any derivative financial instruments.

3. Explanations on contingent assets and liabilities:

In accordance with the Communiqué "Amendment to the Communiqué related to the Uniform Chart of Accounts and Prospectus Applied by Participation Banks" published in Official Gazette dated December 11, 2009 and numbered 27429, revocable loan granting commitments to real persons and legal entities shall be followed under the account "Revocable Loan Granting Commitments". Within this framework, the Bank has accounted the aforesaid commitments under "Revocable Loan Granting Commitments" account in the Statement of Off-Balance Sheet Commitments as from June 30, 2010, the date the Communiqué became effective.

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.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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

I. Information on profit share income:

1. a) Information on profit share income received from loans:

| | Current Period | | Prior Period | |
|--|----------------|---------------|----------------|--------------|
| | TL | FC | TL | FC |
| Profit share received from loans (*) | 592.855 | 18.603 | 600.675 | 5.933 |
| Short Term Loans | 215.944 | 8.679 | 276.233 | 2.034 |
| Medium and Long Term Loans | 367.487 | 9.539 | 319.870 | 3.899 |
| Loans Under Follow up | 9.424 | 385 | 4.572 | - |
| Premiums Received from Resource Utilization Support Fund | - | - | - | - |

(*) 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 | 7.295 | - | 10.730 | - |
| Domestic Banks | 52 | - | - | - |
| Foreign Banks | - | - | - | - |
| Head Offices and Branches Abroad | - | - | - | - |
| Total | 7.347 | - | 10.730 | - |

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 | 4.827 | - | 3.545 | - |
| From held-to-maturity investments | 37.850 | 576 | 25.331 | 621 |
| Total | 42.677 | 576 | 28.876 | 621 |

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

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

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****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 | - | 2.989 | - | - |
| CBRT | - | - | - | - |
| Domestic banks | - | - | - | - |
| Foreign banks | - | 2.989 | - | - |
| Head offices and branches abroad | - | - | - | - |
| Other institutions | - | - | - | - |
| Total | - | 2.989 | - | - |

b) Profit share expense paid to associates and subsidiaries:

There is no profit share expense paid to associates and subsidiaries.

c) Profit share expenses paid to marketable securities issued:

There is no profit share expense paid to marketable securities issued.

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

| Account name | Profit sharing accounts | | | | | | | Total |
|--|-------------------------|----------------|----------------|----------------|---------------|------------------|------------------------------------|----------------|
| | Up to 1 month | Up to 3 months | Up to 6 months | Up to 9 months | Up to 1 year | More than 1 year | Accumulated profit sharing account | |
| TL | | | | | | | | |
| Funds collected from banks through current and profit sharing accounts | - | 7 | - | - | 257 | - | - | 264 |
| Real persons' non-trading profit sharing accounts | 151.024 | 26.213 | 4.753 | - | 31.105 | - | - | 213.095 |
| Public sector profit sharing accounts | - | - | - | - | - | - | - | - |
| Commercial sector profit sharing accounts | 35.825 | 4.396 | 292 | - | 18.673 | - | - | 59.186 |
| Other institutions profit sharing accounts | 880 | 713 | 2.789 | - | 181 | - | - | 4.563 |
| Total | 187.729 | 31.329 | 7.834 | - | 50.216 | - | - | 277.108 |
| FC | | | | | | | | |
| Banks | 2.108 | 2.364 | 1.905 | - | 462 | - | - | 6.839 |
| Real persons' non-trading profit sharing accounts | 27.461 | 5.590 | 1.625 | - | 12.642 | - | - | 47.318 |
| Public sector profit sharing accounts | - | - | - | - | - | - | - | - |
| Commercial sector profit sharing accounts | 5.511 | 1.560 | 859 | - | 5.704 | - | - | 13.634 |
| Other institutions profit sharing accounts | 315 | 680 | 1.278 | - | 188 | - | - | 2.461 |
| Precious metals deposits | - | - | - | - | - | - | - | - |
| Total | 35.395 | 10.194 | 5.667 | - | 18.996 | - | - | 70.252 |
| Grand total | 223.124 | 41.523 | 13.501 | - | 69.212 | - | - | 347.360 |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

3. Information on dividend income:

| | Current Period | | Prior Period | |
|---|----------------|----------|--------------|----------|
| | TP | YP | TP | YP |
| From trading financial assets | 302 | - | 284 | - |
| From financial assets at fair value through profit and loss | - | - | - | - |
| From available for sale financial assets | - | - | - | - |
| Other | - | - | - | - |
| Total | 302 | - | 284 | - |

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

| | Current Period | | Prior Period | |
|--|------------------|-----------|------------------|-----------|
| | TP | YP | TP | YP |
| Income | 1.689.424 | | 1.924.509 | |
| Income from capital market transactions | | 1.292 | | 127 |
| Income from derivative financial instruments | | - | | - |
| Foreign exchange income | | 1.688.132 | | 1.924.382 |
| Loss (-) | 1.673.408 | | 1.899.461 | |
| Loss on capital market transactions | | - | | - |
| Loss on derivative financial instruments | | - | | - |
| Foreign exchange losses | | 1.673.408 | | 1.899.461 |
| Trading income/loss (net) | 16.016 | | 25.048 | |

5. Information on other operating income:

| | Current Period | | Prior Period | |
|---------------------------------------|----------------|---------------|--------------|---------------|
| | TP | YP | TP | YP |
| Provision for communication expenses | | 885 | | 1.096 |
| Provision for bank statement expenses | | 1.104 | | 772 |
| Reversal of prior year provisions | | 44.573 | | 17.843 |
| Income from sale of assets | | 8.865 | | 5.642 |
| Cheque book charges | | 814 | | 1.157 |
| Other income | | 620 | | 802 |
| Total | | 56.861 | | 27.312 |

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****6. Provisions for loan losses and other receivables of the Bank:**

| | Current Period | Prior Period |
|---|----------------|----------------|
| Specific provisions for loans and other receivables | 68.026 | 109.360 |
| Loans and receivables in III. Group | 46.836 | 45.468 |
| Loans and receivables in IV. Group | 4.000 | 38.686 |
| Loans and receivables in V. Group | 14.286 | 22.435 |
| Doubtful commission, fee and other receivables | 2.904 | 2.771 |
| General provision expenses | 13.970 | 12.494 |
| Provision expenses for possible losses | 42 | 14 |
| Impairment losses on marketable securities | 80 | - |
| Financial assets at fair value through profit and loss | 80 | - |
| Financial assets available for sale | - | - |
| Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments | - | 130 |
| Associates | - | 130 |
| Subsidiaries | - | - |
| Joint ventures | - | - |
| Held to maturity investments | - | - |
| Other | 22.988 | 9.771 |
| Total | 105.106 | 131.769 |

TL 44.046 (Prior period- TL 74.906) of the total specific provisions provided for loan and other receivables amounting to TL 68.026 (Prior period- TL 109.360) is the profit sharing accounts portion of specific provision provided for loans and other receivables.

TL 11.579 (Prior period – TL 8.475) of the total general loan loss provisions provided for loan and other receivables amounting to TL 13.970 (Prior period- TL 12.494) is the profit sharing accounts portion of general loan loss provision provided for loans and other receivables.

7. Information on other operating expenses:

| | Current Period | Prior Period |
|---|----------------|----------------|
| Personnel expenses | 117.292 | 105.945 |
| Provision for retirement pay liability | 3.255 | 2.209 |
| Deficit provision for pension fund | - | - |
| Impairment expenses of tangible assets | - | - |
| Depreciation expenses of tangible assets | 8.892 | 8.405 |
| Impairment expenses of intangible assets | - | - |
| Impairment expense of goodwill | - | - |
| Amortization expenses of intangible assets | 1.099 | 840 |
| Impairment provision for investments accounted for under equity method | - | - |
| Impairment expenses of assets to be disposed | 22 | 407 |
| Depreciation expenses of assets to be disposed | 167 | 196 |
| Impairment expenses of assets held for sale and assets of discontinued operations | 240 | - |
| Other operating expenses | 42.381 | 40.378 |
| Financial leasing expenses | 16.053 | 13.648 |
| Maintenance expenses | 1.902 | 1.718 |
| Advertisement expenses | 3.963 | 7.905 |
| Other expenses | 20.463 | 17.107 |
| Loss on sale of assets | 796 | 419 |
| Other | 27.327 | 18.539 |
| Total | 201.471 | 177.338 |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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

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

The Bank's income before tax increased by 26 % compared to prior period and is realized as TL 165.676. Income before tax comprises net profit share income in the amount of TL 316.158 and fees and commission income in the amount of TL 82.916. Total other operating expenses amount to TL 201.471.

| | Current period | Prior period |
|---|-----------------------|---------------------|
| Income before tax | 165.676 | 131.757 |
| Tax calculated with tax rate of 20% | 33.135 | 26.351 |
| Other additions and disallowable expenses | 17.578 | 11.736 |
| Deductions | (14.520) | (3.550) |
| Tax calculated | 36.193 | 34.537 |

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

As the Bank does not have any discontinued operations, the Bank has no tax provision for discontinued operations.

a. Explanations on current and deferred tax income or expense:

As of December 31, 2010, the Bank's current tax expense is TL 36.193 and deferred tax income is TL 4.561.

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

The Bank has no discontinued operations. Net income for the period has been realized as TL 134.044 (Prior period – TL 105.279) by deducting tax provision expense amounting to TL 31.632 (Prior period – TL 26.478) from profit from continued operations amounting to TL 165.676 (Prior period – TL 131.757).

11. Explanations on net income/ loss:

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

None.

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

None.

c) Income / loss of minority interest:

None.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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

| Other Fees and Commissions Received | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Member firm-POS | 21.785 | 25.536 |
| Commissions on money orders | 4.376 | 3.539 |
| Credit cards commissions and fees | 75 | 79 |
| Other | 15.089 | 14.442 |
| Total | 41.325 | 43.596 |

| Other Fees and Commissions Paid | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Member firm-POS | 5.097 | 5.438 |
| Credit cards commissions and fees | 1.934 | 1.863 |
| Other | 2.643 | 1.279 |
| Total | 9.674 | 8.580 |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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

- a) There are no disclosed dividend amounts subsequent to the balance sheet date, prior to the presentation of the financial statements.

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

- b) In current year, the Bank has paid dividend amounting to TL 10.781 to its shareholders.
- c) "Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the "Marketable securities revaluation reserve" account under equity, until the financial assets are sold, disposed of or impaired.
- d) Intangible assets revaluation funds are accounted under equity in "Tangible assets and intangible assets revaluation fund" account.

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

VI. Explanations and notes related to the cash flow statement:

1. Information on cash and cash equivalents:

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

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

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

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Cash | 478.141 | 204.990 |
| Cash in TL/foreign currency | 97.977 | 68.155 |
| Cash in transit | - | - |
| CBRT | 380.164 | 136.835 |
| Cash equivalents | 607.941 | 542.759 |
| Domestic banks | 425.741 | 413.966 |
| Foreign banks | 182.200 | 128.793 |
| Total cash and cash equivalents | 1.086.082 | 747.749 |

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

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Cash | 411.946 | 478.141 |
| Cash in TL/foreign currency | 74.457 | 97.977 |
| Cash in transit | - | - |
| CBRT | 337.489 | 380.164 |
| Cash equivalents | 730.967 | 607.941 |
| Domestic banks | 637.044 | 425.741 |
| Foreign banks | 93.923 | 182.200 |
| Total cash and cash equivalents | 1.142.913 | 1.086.082 |

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

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

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

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

The "Other" item under "Operating profits before changes in operating assets and liabilities" amounting to TL (-) 116.228 (Prior period- TL 64.089) mainly comprises other operating expenses excluding personnel expenses and provision for loan losses and other receivables.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL (-) 23.933 (Prior period- TL 14.538) mainly comprises changes in miscellaneous payables, other liabilities and taxes and other duties payable.

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately as TL (-) 13.307 as of December 31, 2010 (Prior period- TL 1.701).

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****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 persons or legal entities 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 | - | - | 3 | - | 82.063 | 9.840 |
| Balance at the end of the period | - | - | 5 | - | 99 | 27.442 |
| Profit share and commission income received | - | - | - | - | 974 | 53 |

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 persons or legal entities included in the risk group | |
|--|---|----------|--|----------|---|----------|
| | Cash | Non-cash | Cash | Non-cash | Cash | Non-cash |
| Loans and other receivables | | | | | | |
| Balance at the beginning of period | - | - | - | - | 23.316 | 8.603 |
| Balance at end of period | - | - | 3 | - | 82.063 | 9.840 |
| Profit share and commission income received | - | - | - | - | 622 | 33 |

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 persons or legal entities 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 | - | - | 1.180 | 30.966 | 210.155 | 73.456 |
| Balance at the end of period | - | - | 775 | 1.180 | 367.085 | 210.155 |
| Profit share expense | - | - | 238 | 587 | 18.141 | 14.672 |

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

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

For the year ended December 31, 2010, the Bank has paid TL 4.376 (Prior period- TL 4.584) to top management.

Albaraka Türk Katılım Bankası A.Ş.**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)****VIII. Explanations related to domestic, foreign and off-shore branches or investments and foreign representative offices:**

| | Number | Number of Personnel | | | |
|-------------------------------|--------|---------------------|----------------|---------------------|--------------------------------|
| Domestic Branches | 109 | 2.175 | | | |
| | | | Country | | |
| Foreign Representation Office | - | - | - | | |
| | | | | | |
| | | | | | |
| | | | | Total Assets | Statutory Share Capital |
| Foreign Branches | - | - | - | - | - |
| | | | | | |
| | | | | | |
| Off-Shore Branches | - | - | - | - | - |
| | | | | | |
| | | | | | |

BRSA has given the permission to open a branch in Erbil, Iraq with its decision dated December 2, 2010 and numbered 3941. Central Bank of Iraq Republic has granted the preliminary approval to open a branch in Erbil on the condition that the related requirements are met with its decision dated February 16, 2011 and numbered 09.03.827.

IX. Explanations related to subsequent events:

In accordance with the "Communiqué related to change in the Communiqué on Reserve Deposits" numbered 2011/2 published in Official Gazette dated January 24, 2011 and numbered 27825; reserve requirement ratios for Turkish Lira liabilities have been determined as in table below. There has been no change in the reserve requirement ratio for foreign currency liabilities of 11 %.

| TL Liabilities | Required Reserve Ratios (%) |
|--|-------------------------------------|
| Demand deposits, notice deposits and private current accounts | 12 |
| Deposits/profit sharing accounts up to 1-month maturity (including 1-month) | 10 |
| Deposits/profit sharing accounts up to 3-month maturity (including 3-month) | 9 |
| Deposits/profit sharing accounts up to 6-month maturity (including 6-month) | 7 |
| Deposits/profit sharing accounts up to 1-year maturity | 6 |
| Deposits/profit sharing accounts with 1-year and longer maturity and cumulative deposits/profit sharing accounts | 5 |
| Liabilities other than deposits/profit sharing funds | 9 |
| Special fund pools | Ratios for corresponding maturities |

Albaraka Türk Katılım Bankası A.Ş.

**Notes related to unconsolidated financial statements
as at December 31, 2010 (continued)
(Currency - Thousand Turkish Lira)**

Section Six

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

None.

Section Seven

Independent auditors' report

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

The Bank's unconsolidated financial statements as of and for the year ended December 31, 2010 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and the independent auditors' report dated March 1 2011 is presented at the beginning of the financial statements and related notes.

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

None.