

*(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' limited review report for the  
interim period ended June 30, 2012**

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

**Albaraka Türk Katılım Bankası Anonim Şirketi**  
**Independent auditors' limited review report**  
**for the interim period ended June 30, 2012**

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

We have reviewed the accompanying unconsolidated balance sheet of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") as of June 30, 2012 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 period then ended. These financial statements are the responsibility of the Bank's management. As independent auditors, our responsibility is to issue a report based on the review performed on these financial statements.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is principally limited to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information; and hence it is substantially less in scope than an audit and therefore provides a lesser assurance. We have not performed an audit and accordingly we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Albaraka Türk Katılım Bankası A.Ş. as of June 30, 2012 and the results of its operations and its cash flows for the period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

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

July 26, 2012  
Istanbul, Turkey

**UNCONSOLIDATED INTERIM FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş  
AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012**

Address of the Bank's headquarter : Saray Mah. Dr. Adnan Büyükdeniz Cad.No:6  
34768 Ümraniye / İstanbul  
Bank's phone number and facsimile : 00 90 216 666 01 01 – 00 90 216 666 16 00  
Bank's website : www.albarakaturk.com.tr  
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
- LIMITED REVIEW 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.

26.07.2012

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

**Fahrettin YAŞI**  
General Manager

**Ayhan KESER**  
Assistant General Manager

**Ahmet OCAK**  
Financial Affairs Senior Manager

**Hamad Abdulla A. EQAB**  
Chairman of the Audit

**Mitat AKTAŞ**  
Member of the Audit

**Hood Hashem Ahmed HASHEM**  
Member of the Audit Committee

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

Name-Surname / Title : Oya AKDOĞAN / Financial Affairs Vice Manager  
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## **Albaraka Türk Katılım Bankası Anonim Şirketi**

### **Notes related to unconsolidated financial statements for the interim period ended June 30, 2012 (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 the Banking Regulation and Supervision Agency (BRSA). 'Communiqué Related to the Incorporation and Activities of Special Finance Houses' has been superseded by the 'Communiqué Related to Credit Operations of 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 Meeting dated December 21, 2005 and the title of the Bank was changed as "Albaraka Türk Katılım Bankası A.Ş.". The change in the title was registered in Istanbul Trade Registry on December 22, 2005 and published in the Trade Registry Gazette dated December 27, 2005, numbered 6461.

The Bank's head office is located in Istanbul and is operating through 133 local branches and 1 foreign branch and with 2.752 staff as of June 30, 2012.

#### **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 June 30, 2012, 54,06% of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 22,86% of the shares are publicly traded and quoted on the Istanbul Stock Exchange.

**Albaraka Türk Katılım Bankası Anonim Şirketi**

**Notes related to unconsolidated financial statements  
for the interim period ended June 30, 2012  
(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:**

<b>Title</b>	<b>Name and Surname</b>	<b>Administrative Function and Responsibility</b>	<b>Educational Degree</b>	<b>Ownership Percentage (%)</b>
<b>Chairman of the Board of Directors (BOD)</b>	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	(*) 0,0000
<b>Members of BOD</b>	Yalçın ÖNER	Vice Chairman of BOD	Master	0,0006
	İbrahim Fayez Humaid ALSHAMSİ	Member of BOD	Bachelor	(*) 0,0000
	Osman AKYÜZ	Member of BOD	Bachelor	-
	Prof.Dr. Ekrem PAKDEMİRLİ	Member of BOD	Doctorate	(*) 0,0000
	Mitat AKTAŞ	Member of BOD	Master	(*) 0,0000
	Hamad Abdulla A. EQAB	Member of BOD	Bachelor	(*) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of BOD	Master	(*) 0,0000
	Khalifa Taha HAMOOD	Member of BOD	Bachelor	(*) 0,0000
<b>General Manager</b>	Fahrettin YAŞI	Member of BOD /General Manager	Master	-
<b>Assistant General Managers</b>	Mehmet Ali VERÇİN	Corporate Marketing and Retail Marketing	Bachelor	-
	Nihat BOZ	Legal Affairs	Bachelor	0,0048
	Temel HAZIROĞLU	Human Resources, Training and Organization Department	Bachelor	0,0342
	Bülent TABAN	Corporate Loans, Commercial Loans and Retail Loans, Credit Management & Monitoring Department	Master	-
	Turgut SİMİTÇİOĞLU	Risk Follow up and Administrative Affairs	Bachelor	-
	Melikşah UTKU	Software Development , IT Support, Project Management , Governance and Strategy of Information Technologies	Master	-
	Mahmut Esfa EMEK	Credit Operation, Foreign Affairs Operation, Banking Services and Payment System Operation	Bachelor	-
	Ayhan KESER	Financial Affairs and Financial Institutions & Fund Management	Bachelor	-
<b>Audit Committee</b>	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(*) 0,0000
<b>Auditors</b>	Seyfettin YENİDÜNYA	Auditor	Bachelor	-
	Prof. Dr. Arif Ateş VURAN	Auditor	Doctorate	-
	Osman KARA	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- 0,0396%).

**Albaraka Türk Katılım Bankası Anonim Şirketi**

**Notes related to unconsolidated financial statements  
for the interim period ended June 30, 2012  
(Currency - Thousand Turkish Lira)**

**IV. Information on the Bank's qualified shareholders:**

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

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

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

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

The Bank classifies current and profit sharing accounts separately from other accounts in accordance with their maturities. Profit sharing accounts are classified under five different maturity groups; up to one month, up to three months (three months included), up to six months (six months included), up to one year (one year included) and one year and more than one year (with monthly, quarterly, 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, Zurich Sigorta, Ankara Sigorta, Avivasa Emeklilik ve Hayat, Generali Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik and Avivasa Emeklilik ve Hayat, and as a brokerage agency on behalf of Bizim Menkul Değerler A.Ş. through its branches, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services.

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

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

## **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 equity
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flows



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

ASSETS	Notes	THOUSAND TURKISH LIRA					
		CURRENT PERIOD (30/06/2012)			PRIOR PERIOD (31/12/2011)		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(1)	182.511	806.356	988.867	292.927	758.273	1.051.200
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)</b>	(2)	4.915	-	4.915	4.802	-	4.802
2.1 Trading Financial Assets		4.915	-	4.915	4.802	-	4.802
2.1.1 Public Sector Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		4.915	-	4.915	4.802	-	4.802
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		-	-	-	-	-	-
<b>III. BANKS</b>	(3)	431.058	464.879	895.937	409.667	897.805	1.307.472
<b>IV. MONEY MARKET PLACEMENTS</b>		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS-AVAILABLE FOR SALE (net)</b>	(4)	60.393	1.285	61.678	84.540	1.340	85.880
5.1 Equity Securities		-	1.285	1.285	-	1.340	1.340
5.2 Public Sector Debt Securities		60.393	-	60.393	84.540	-	84.540
5.3 Other Marketable Securities		-	-	-	-	-	-
<b>VI. LOANS AND RECEIVABLES</b>	(5)	7.383.276	917.513	8.300.789	6.567.141	697.669	7.264.810
6.1 Loans and Receivables		7.368.615	917.513	8.286.128	6.554.087	697.669	7.251.756
6.1.1 Loans to Risk Group of The Bank		33.450	-	33.450	187	-	187
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		7.335.165	917.513	8.252.678	6.553.900	697.669	7.251.569
6.2 Non performing loans		180.816	1.199	182.015	169.477	2.459	171.936
6.3 Specific Provisions (-)		166.155	1.199	167.354	156.423	2.459	158.882
<b>VII. INVESTMENTS HELD TO MATURITY (net)</b>	(6)	128.896	9.063	137.959	411.785	19.077	430.862
<b>VIII. INVESTMENTS IN ASSOCIATES (net)</b>	(7)	3.000	-	3.000	3.000	-	3.000
8.1 Accounted for under Equity Method		-	-	-	-	-	-
8.2 Unconsolidated Associates		3.000	-	3.000	3.000	-	3.000
8.2.1 Financial Associates		3.000	-	3.000	3.000	-	3.000
8.2.2 Non-Financial Associates		-	-	-	-	-	-
<b>IX. SUBSIDIARIES (net)</b>	(8)	50	-	50	50	-	50
9.1 Unconsolidated Financial Subsidiaries		50	-	50	50	-	50
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>X. JOINT VENTURES (net)</b>	(9)	-	-	-	-	-	-
10.1 Accounted for under Equity Method		-	-	-	-	-	-
10.2 Unconsolidated		-	-	-	-	-	-
10.2.1 Financial Joint Ventures		-	-	-	-	-	-
10.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
<b>XI. LEASE RECEIVABLES (net)</b>	(10)	44.018	-	44.018	22.150	-	22.150
11.1 Finance Lease Receivables		54.791	-	54.791	27.298	-	27.298
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned Income (-)		10.773	-	10.773	5.148	-	5.148
<b>XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(11)	-	-	-	-	-	-
12.1 Fair Value Hedge		-	-	-	-	-	-
12.2 Cash Flow Hedge		-	-	-	-	-	-
12.3 Hedge of Net Investment Risks in Foreign Operations		-	-	-	-	-	-
<b>XIII. TANGIBLE ASSETS (net)</b>	(12)	237.711	2.101	239.812	229.071	2.078	231.149
<b>XIV. INTANGIBLE ASSETS (net)</b>	(13)	6.353	535	6.888	4.798	549	5.347
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		6.353	535	6.888	4.798	549	5.347
<b>XV. INVESTMENT PROPERTY (net)</b>	(14)	-	-	-	-	-	-
<b>XVI. TAX ASSET</b>	(15)	13.558	-	13.558	9.865	-	9.865
16.1 Current Tax Asset		3.194	-	3.194	1.262	-	1.262
16.2 Deferred Tax Asset		10.364	-	10.364	8.603	-	8.603
<b>XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)</b>	(16)	25.471	-	25.471	25.372	-	25.372
17.1 Assets Held for Sale		25.471	-	25.471	25.372	-	25.372
17.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>XVIII. OTHER ASSETS</b>	(17)	32.194	995	33.189	18.276	650	18.926
<b>TOTAL ASSETS</b>		<b>8.553.404</b>	<b>2.202.727</b>	<b>10.756.131</b>	<b>8.083.444</b>	<b>2.377.441</b>	<b>10.460.885</b>

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 (30/06/2012)			PRIOR PERIOD (31/12/2011)		
		TL	FC	Total	TL	FC	Total
<b>I. FUNDS COLLECTED</b>	(1)	<b>4.745.867</b>	<b>3.470.573</b>	<b>8.216.440</b>	<b>4.797.751</b>	<b>3.246.996</b>	<b>8.044.747</b>
1.1 Funds from Risk Group of The Bank		23.705	95.871	119.576	242.951	109.056	352.007
1.2 Other		4.722.162	3.374.702	8.096.864	4.554.800	3.137.940	7.692.740
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	-	-	-	-	-	-
<b>III. FUNDS BORROWED</b>	(3)	-	<b>1.029.721</b>	<b>1.029.721</b>	-	<b>1.053.290</b>	<b>1.053.290</b>
<b>IV. BORROWINGS FROM MONEY MARKETS</b>		-	-	-	-	-	-
<b>V. SECURITIES ISSUED (net)</b>		-	-	-	-	-	-
<b>VI. MISCELLANEOUS PAYABLES</b>		<b>207.445</b>	<b>27.085</b>	<b>234.530</b>	<b>169.276</b>	<b>7.726</b>	<b>177.002</b>
<b>VII. OTHER LIABILITIES</b>	(4)	-	-	-	-	-	-
<b>VIII. LEASE PAYABLES (net)</b>	(5)	-	-	-	-	-	-
8.1 Finance Lease Payables		-	-	-	-	-	-
8.2 Operational Lease Payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred Finance Lease Expenses ( - )		-	-	-	-	-	-
<b>IX. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(6)	-	-	-	-	-	-
9.1 Fair Value Hedge		-	-	-	-	-	-
9.2 Cash Flow Hedge		-	-	-	-	-	-
9.3 Net Foreign Investment Hedge		-	-	-	-	-	-
<b>X. PROVISIONS</b>	(7)	<b>111.531</b>	<b>42.048</b>	<b>153.579</b>	<b>104.193</b>	<b>42.000</b>	<b>146.193</b>
10.1 General Provisions		69.837	18.807	88.644	61.164	11.774	72.938
10.2 Restructuring Reserves		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		16.517	-	16.517	14.307	-	14.307
10.4 Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5 Other Provisions		25.177	23.241	48.418	28.722	30.226	58.948
<b>XI. TAX LIABILITY</b>	(8)	<b>30.151</b>	<b>1</b>	<b>30.152</b>	<b>35.401</b>	<b>1</b>	<b>35.402</b>
11.1 Current Tax Liability		30.151	1	30.152	35.401	1	35.402
11.2 Deferred Tax Liability		-	-	-	-	-	-
<b>XII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)</b>	(9)	-	-	-	-	-	-
12.1 Assets Held for Sale		-	-	-	-	-	-
12.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>XIII. SUBORDINATED LOANS</b>	(10)	-	-	-	-	-	-
<b>XIV. SHAREHOLDERS' EQUITY</b>	(11)	<b>1.091.709</b>	-	<b>1.091.709</b>	<b>1.004.251</b>	-	<b>1.004.251</b>
14.1 Paid-In Capital		900.000	-	900.000	539.000	-	539.000
14.2 Capital Reserves		36.304	-	36.304	35.330	-	35.330
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Revaluation Reserve		(281)	-	(281)	(1.438)	-	(1.438)
14.2.4 Revaluation Reserve on Tangible Assets		36.675	-	36.675	36.874	-	36.874
14.2.5 Revaluation Reserve on Intangible Assets		-	-	-	(42)	-	(42)
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		(90)	-	(90)	(64)	-	(64)
14.3 Profit Reserves		68.920	-	68.920	269.051	-	269.051
14.3.1 Legal Reserves		49.966	-	49.966	39.160	-	39.160
14.3.2 Status Reserves		-	-	-	-	-	-
14.3.3 Extraordinary Reserves		18.954	-	18.954	229.891	-	229.891
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Profit or Loss		86.485	-	86.485	160.870	-	160.870
14.4.1 Prior Periods Profit / (Loss)		476	-	476	715	-	715
14.4.2 Current Period Profit / (Loss)		86.009	-	86.009	160.155	-	160.155
14.5 Minority Interest		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>6.186.703</b>	<b>4.569.428</b>	<b>10.756.131</b>	<b>6.110.872</b>	<b>4.350.013</b>	<b>10.460.885</b>

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 (30/06/2012)			PRIOR PERIOD (31/12/2011)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>	<b>(1),(3)</b>	<b>3.431.155</b>	<b>2.501.481</b>	<b>5.932.636</b>	<b>3.071.946</b>	<b>2.513.747</b>	<b>5.585.693</b>
<b>I. GUARANTEES AND SURETIES</b>		<b>2.854.854</b>	<b>2.501.380</b>	<b>5.356.234</b>	<b>2.685.935</b>	<b>2.512.179</b>	<b>5.198.114</b>
1.1. Letters of Guarantees		2.854.359	1.791.873	4.646.232	2.676.710	1.857.501	4.534.211
1.1.1. Guarantees Subject to State Tender Law		151.061	17.285	168.346	150.781	60.412	211.193
1.1.2. Guarantees Given for Foreign Trade Operations		20	770.685	770.705	-	847.504	847.504
1.1.3. Other Letters of Guarantee		2.703.278	1.003.903	3.707.181	2.525.929	949.585	3.475.514
1.2. Bank Loans		-	22.664	22.664	-	43.986	43.986
1.2.1. Import Letter of Acceptances		-	22.664	22.664	-	43.986	43.986
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		-	503.286	503.286	-	506.178	506.178
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		-	503.286	503.286	-	506.178	506.178
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		495	163.570	164.065	225	83.488	83.713
1.7. Other Collaterals		-	19.987	19.987	9.000	21.026	30.026
<b>II. COMMITMENTS</b>	<b>(1),(3)</b>	<b>576.301</b>	<b>101</b>	<b>576.402</b>	<b>386.011</b>	<b>1.568</b>	<b>387.579</b>
2.1. Irrevocable Commitments		576.301	101	576.402	386.011	1.568	387.579
2.1.1. Forward Asset Purchase Commitments		-	-	-	-	-	-
2.1.2. Share Capital Commitment to Associates and Subsidiaries		1.000	-	1.000	1.000	-	1.000
2.1.3. Loan Granting Commitments		36.752	-	36.752	18.278	-	18.278
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Checks		270.407	-	270.407	190.160	-	190.160
2.1.7. Tax And Fund Liabilities from Export Commitments		687	-	687	576	-	576
2.1.8. Commitments for Credit Card Expenditure Limits		263.436	-	263.436	173.723	-	173.723
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		131	-	131	45	-	45
2.1.10. Receivables From Short Sale Commitments		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		3.888	101	3.989	2.229	1.568	3.797
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>17.324.293</b>	<b>1.927.904</b>	<b>19.252.197</b>	<b>14.444.231</b>	<b>1.853.449</b>	<b>16.297.680</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>979.344</b>	<b>631.336</b>	<b>1.610.680</b>	<b>1.130.822</b>	<b>659.393</b>	<b>1.790.215</b>
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Checks Received for Collection		527.244	55.659	582.903	397.679	42.873	440.552
4.4. Commercial Notes Received for Collection		261.963	9.520	271.483	245.203	9.456	254.659
4.5. Other Assets Received for Collection		105	-	105	105	-	105
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		2.316	250.907	253.223	72	262.032	262.104
4.8. Custodians		187.716	315.250	502.966	487.763	345.032	832.795
<b>V. PLEDGED ITEMS</b>		<b>16.344.949</b>	<b>1.296.568</b>	<b>17.641.517</b>	<b>13.313.409</b>	<b>1.194.056</b>	<b>14.507.465</b>
5.1. Marketable Securities		327.288	40.396	367.684	231.595	35.609	267.204
5.2. Guarantee Notes		1.235.751	149.254	1.385.005	976.112	156.319	1.132.431
5.3. Commodity		479.727	251.859	731.586	427.087	251.412	678.499
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		13.496.012	497.909	13.993.921	11.244.768	502.327	11.747.095
5.6. Other Pledged Items		785.479	331.225	1.116.704	413.604	221.105	634.709
5.7. Pledged Items-Depository		20.692	25.925	46.617	20.243	27.284	47.527
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>20.755.448</b>	<b>4.429.385</b>	<b>25.184.833</b>	<b>17.516.177</b>	<b>4.367.196</b>	<b>21.883.373</b>

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 (01/01-30/06/2012)	PRIOR PERIOD (01/01-30/06/2011)	CURRENT PERIOD (01/04-30/06/2012)	PRIOR PERIOD (01/04-30/06/2011)
<b>I. PROFIT SHARE INCOME</b>	<b>(1)</b>	<b>465.659</b>	<b>356.843</b>	<b>240.263</b>	<b>179.503</b>
1.1 Profit Share on Loans		449.951	332.011	235.106	167.457
1.2 Income Received from Reserve Deposits		-	-	-	-
1.3 Income Received from Banks		1.018	313	588	168
1.4 Income Received from Money Market Placements		-	-	-	-
1.5 Income Received from Marketable Securities Portfolio		12.909	23.219	3.555	11.306
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		2.860	3.144	1.099	1.531
1.5.4 Investment-Held for Maturity		10.049	20.075	2.456	9.775
1.6 Finance Lease Income		1.766	1.300	1.014	572
1.7 Other Profit Share Income		15	-	-	-
<b>II. PROFIT SHARE EXPENSE</b>	<b>(2)</b>	<b>247.252</b>	<b>178.960</b>	<b>127.708</b>	<b>88.688</b>
2.1 Expense on Profit Sharing Accounts		232.740	172.557	121.033	85.347
2.2 Profit Share Expense on Funds Borrowed		14.023	6.403	6.675	3.341
2.3 Profit Share Expense on Money Market Borrowings		489	-	-	-
2.4 Expense on Securities Issued		-	-	-	-
2.5 Other Profit Share Expense		-	-	-	-
<b>III. NET PROFIT SHARE INCOME (I – II)</b>		<b>218.407</b>	<b>177.883</b>	<b>112.555</b>	<b>90.815</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>55.716</b>	<b>42.849</b>	<b>28.141</b>	<b>19.430</b>
4.1 Fees and Commissions Received		65.303	53.119	33.359	26.652
4.1.1 Non-Cash Loans		38.085	28.568	19.541	14.408
4.1.2 Other	<b>(12)</b>	27.218	24.551	13.818	12.244
4.2 Fees and Commissions Paid		9.587	10.270	5.218	7.222
4.2.1 Non-Cash Loans		274	239	160	115
4.2.2 Other	<b>(12)</b>	9.313	10.031	5.058	7.107
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>788</b>	<b>-</b>	<b>361</b>	<b>-</b>
<b>VI. TRADING INCOME/LOSS(net)</b>	<b>(4)</b>	<b>8.072</b>	<b>8.372</b>	<b>4.971</b>	<b>3.691</b>
6.1 Capital Market Transaction Income / (Loss)		66	1.385	(243)	546
6.2 Income / (Loss) from Derivative Financial Instruments		-	-	-	-
6.3 Foreign Exchange Income / (Loss)		8.006	6.987	5.214	3.145
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>33.453</b>	<b>25.083</b>	<b>12.755</b>	<b>11.671</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>316.436</b>	<b>254.187</b>	<b>158.783</b>	<b>125.607</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(6)</b>	<b>45.802</b>	<b>47.946</b>	<b>15.302</b>	<b>27.876</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>163.274</b>	<b>117.353</b>	<b>85.919</b>	<b>59.897</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>107.360</b>	<b>88.888</b>	<b>57.562</b>	<b>37.834</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XIII. INCOME / (LOSS) ON EQUITY METHOD</b>		-	-	-	-
<b>XIV. INCOME / (LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. INCOME / (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	<b>(8)</b>	<b>107.360</b>	<b>88.888</b>	<b>57.562</b>	<b>37.834</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>(21.351)</b>	<b>(17.964)</b>	<b>(10.734)</b>	<b>(8.119)</b>
16.1 Provision for Current Taxes		(23.402)	(16.997)	(12.379)	(7.199)
16.2 Provision for Deferred Taxes		2.051	(967)	1.645	(920)
<b>XVII. NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(10)</b>	<b>86.009</b>	<b>70.924</b>	<b>46.828</b>	<b>29.715</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
18.1 Income from Assets Held For Sale		-	-	-	-
18.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
18.3 Income from Other Discontinued Operations		-	-	-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
19.1 Loss from Assets Held for Sale		-	-	-	-
19.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-	-	-
19.3 Loss from Other Discontinued Operations		-	-	-	-
<b>XX. INCOME / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>		-	-	-	-
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
21.1 Provision for Current Taxes		-	-	-	-
21.2 Provision for Deferred Taxes		-	-	-	-
<b>XXII. NET INCOME / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-	-	-
<b>XXIII. NET INCOME / LOSS (XVII+XXII)</b>	<b>(11)</b>	<b>86.009</b>	<b>70.924</b>	<b>46.828</b>	<b>29.715</b>
23.1 Group's Income/Loss		86.009	70.924	46.828	29.715
23.2 Minority Interest		-	-	-	-
Earnings Per Share (Full TL)		0,160	0,132	0,087	0,055

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

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

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	THOUSAND TURKISH LIRA			
	CURRENT PERIOD (01/01- 30/06/2012)	PRIOR PERIOD (01/01- 30/06/2011)	CURRENT PERIOD (01/04- 30/06/2012)	PRIOR PERIOD (01/04- 30/06/2011)
<b>I. ADDITIONS FROM MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS</b>	1.446	(2.007)	460	(376)
<b>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-	-	-
<b>IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	292	-	(20)	-
<b>V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)</b>	-	-	-	-
<b>VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)</b>	-	-	-	-
<b>VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES</b>	-	-	-	-
<b>VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY DUE TO TAS</b>	-	-	-	-
<b>IX. DEFERRED TAX ON VALUATION DIFFERENCES</b>	(289)	401	(92)	75
<b>X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)</b>	1.449	(1.606)	348	(301)
<b>XI. PROFIT/LOSS</b>	86.009	70.924	46.828	29.715
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	86.009	70.924	46.828	29.715
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	87.458	69.318	47.176	29.414

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 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
<b>PRIOR PERIOD (30/06/2011)</b>																	
<b>I. Beginning balance</b>	(V)	539.000	-	-	-	32.441	-	115.706	-	134.044	335	2.364	28.745	-	-	-	852.635
Changes In Period																	
<b>II. Increase/Decrease Related to Merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Marketable Securities Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	(2.007)	-	-	-	-	(2.007)
<b>IV. Hedging Funds (Effective Portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Tangible Assets Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Intangible Assets Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Foreign Exchange Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Changes Related to the Disposal Of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Changes Related to the Reclassification of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. The Effect of Change in Associate's Equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Capital Increase</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Share Issue Premium</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Share Cancellation Profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Inflation Adjustment to Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Other</b>		-	-	-	-	-	-	-	-	-	347	401	(347)	-	-	-	401
<b>XVII. Period Net Income/(Loss)</b>		-	-	-	-	-	-	-	-	70.924	-	-	-	-	-	-	70.924
<b>XVIII. Profit Distribution</b>		-	-	-	-	6.719	-	114.185	-	(134.044)	(335)	-	-	-	-	-	(13.475)
18.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	(13.475)	-	-	-	-	-	(13.475)
18.2 Transfers To Reserves		-	-	-	-	6.719	-	114.185	-	-	(120.904)	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	(134.044)	134.044	-	-	-	-	-	-
<b>Closing Balance (I+II+III+...+XVI+XVII+XVIII)</b>		539.000	-	-	-	39.160	-	229.891	-	70.924	347	758	28.398	-	-	-	908.478

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
<b>CURRENT PERIOD (30/06/2012)</b>																	
<b>I. Beginning balance</b>	<b>(V)</b>	<b>539.000</b>	-	-	-	<b>39.160</b>	-	<b>229.891</b>	<b>(382)</b>	<b>160.155</b>	<b>715</b>	<b>(1.438)</b>	<b>37.150</b>	-	-	-	<b>1.004.251</b>
Changes In Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Increase/Decrease Related to Merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Marketable Securities Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	1.446	-	-	-	-	1.446
<b>IV. Hedging Funds (Effective Portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Tangible Assets Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Intangible Assets Revaluation Differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Foreign Exchange Differences</b>		-	-	-	-	-	-	-	292	-	-	-	-	-	-	-	292
<b>IX. Changes Related to the Disposal Of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Changes Related to the Reclassification of Assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. The Effect of Change in Associate's Equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Capital Increase</b>		361.000	-	-	-	(61)	-	(360.939)	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Sources		361.000	-	-	-	(61)	-	(360.939)	-	-	-	-	-	-	-	-	-
<b>XIII. Share Issue Premium</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Share Cancellation Profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Inflation Adjustment to Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Other</b>		-	-	-	-	2.824	-	(2.824)	-	-	475	(289)	(475)	-	-	-	(289)
<b>XVII. Period Net Income/(Loss)</b>		-	-	-	-	-	-	-	-	86.009	-	-	-	-	-	-	86.009
<b>XVIII. Profit Distribution</b>		-	-	-	-	8.043	-	152.826	-	(160.155)	(714)	-	-	-	-	-	-
18.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers To Reserves		-	-	-	-	8.043	-	152.826	-	(160.869)	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	160.155	-	-	-	-	-	-	-
<b>Closing Balance (+II+III+...+XVI+XVII+XVIII)</b>		<b>900.000</b>	-	-	-	<b>49.966</b>	-	<b>18.954</b>	<b>(90)</b>	<b>86.009</b>	<b>476</b>	<b>(281)</b>	<b>36.675</b>	-	-	-	<b>1.091.709</b>

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

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

STATEMENT OF CASH FLOWS	Notes	THOUSAND TURKISH LIRA	
		CURRENT PERIOD (30/06/2012)	PRIOR PERIOD (30/06/2011)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes In Operating Assets And Liabilities</b>		<b>227.054</b>	<b>64.980</b>
1.1.1 Profit Share Income Received		440.635	337.486
1.1.2 Profit Share Expense Paid		(238.910)	(175.840)
1.1.3 Dividend Received		788	-
1.1.4 Fees and Commissions Received		104.314	75.018
1.1.5 Other Income	(V-IV-5)	27.614	18.908
1.1.6 Collections from Previously Written Off Loans	(V-I-5,h2)	14.656	14.301
1.1.7 Payments to Personnel and Service Suppliers		(94.609)	(69.052)
1.1.8 Taxes Paid		(33.697)	(23.661)
1.1.9 Others		6.263	(112.180)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(1.050.629)</b>	<b>(76.280)</b>
1.2.1 Net (Increase) Decrease in Available For Sale Financial Assets		(113)	(1.335)
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		(112.681)	(2.041)
1.2.4 Net (Increase) Decrease in Loans		(1.176.156)	(159.702)
1.2.5 Net (Increase) Decrease in Other Assets		58.632	22.403
1.2.6 Net Increase (Decrease) in Funds Collected From Banks		-	-
1.2.7 Net Increase (Decrease) in Other Funds Collected		159.408	36.820
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		20.281	27.575
<b>I. Net Cash Flow From Banking Operations</b>		<b>(823.575)</b>	<b>(11.300)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>		<b>307.492</b>	<b>(38.404)</b>
2.1 Cash Paid for Purchase Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Fixed Assets Purchases		(23.900)	(20.325)
2.4 Fixed Assets Sales		3.816	13.212
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		-	-
2.6 Cash Obtained from Sale of Financial Assets Available for Sale		25.000	-
2.7 Cash Paid for Purchase of Investment Securities	(V-I-6,4)	-	(50.000)
2.8 Cash Obtained from Sale of Investment Securities	(V-I-6,4)	302.576	18.709
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>4.348</b>	<b>76.893</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		4.348	93.097
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	(2.729)
3.3 Capital Increase		-	-
3.4 Dividends Paid		-	(13.475)
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>12</b>	<b>(17.401)</b>
<b>V. Net (Decrease) / Increase in Cash and Cash Equivalents</b>		<b>(511.723)</b>	<b>9.788</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>		<b>1.765.991</b>	<b>1.142.913</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>		<b>1.254.268</b>	<b>1.152.701</b>

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



## **Albaraka Türk Katılım Bankası Anonim Şirketi**

### **Notes related to unconsolidated financial statements for the interim period ended June 30, 2012 (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 these interim financial statements are consistent with those adopted in the preparation of the financial statements as of December 31, 2011. TAS/TFRS changes (IAS 12 "Income Taxes: Recovery of Underlying Assets (Amendment)", IFRS 7 "Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amendment)") do not have an effect on the Bank's accounting policies, financial position or performance. 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 amendments of TAS and TFRS, except TFRS 9 "Financial Instruments", which have been effective as of reporting date, have no impact on the accounting policies, financial condition and performance of the Bank. The Bank assesses the impact of TFRS 9 "Financial Instruments "

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

**Albaraka Türk Katılım Bankası Anonim Şirketi**

**Notes related to unconsolidated financial statements  
for the interim period ended June 30, 2012  
(Currency - Thousand Turkish Lira)**

**I. Explanations on basis of presentation (continued):**

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, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes.

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

The BRSA explained with its decision numbered 1623 and dated April 21, 2005 and its circular dated April 28, 2005 that the conditions for applying inflation accounting was no longer applicable and accordingly inflation accounting has not been applied in the accompanying financial statements starting from January 1, 2005.

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

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

The portion of risk belonging to the profit sharing accounts for foreign currency non-performing loans which were funded from these accounts is evaluated at current foreign exchange rates. The portion of provisions provided for such loans belonging to profit sharing accounts are also evaluated at current foreign exchange rates.

Since the Bank provides specific provision for foreign currency 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.

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

**Albaraka Türk Katılım Bankası Anonim Şirketi**

**Notes related to unconsolidated financial statements  
for the interim period ended June 30, 2012  
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**II. Explanations on strategy of using financial instruments and foreign currency transactions (continued):**

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

There are no foreign currency differences capitalized by the Bank.

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

The 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.

The Bank has no forward and option contracts.

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.

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

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

*Profit share expense*

The Bank records profit share expenses 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.

**Albaraka Türk Katılım Bankası Anonim Şirketi**

**Notes related to unconsolidated financial statements  
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**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 term of the related transaction.

In accordance with provisions of TAS, the portion of the commission and fees which are related to the reporting period and collected in advance for cash and non-cash loans granted is reflected to the income statement by using the internal rate of return method and straight line methods 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. The commission received from cash loans corresponding to the current period is presented in "Profit Share from Loans" in the income statement.

**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 June 30, 2012, the Bank has no financial assets classified as financial assets at fair value through profit or loss except for trading financial assets.

**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.

**Albaraka Türk Katılım Bankası Anonim Şirketi**

**Notes related to unconsolidated financial statements  
for the interim period ended June 30, 2012  
(Currency - Thousand Turkish Lira)**

**VI. Explanations on financial assets (continued):**

**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 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 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.

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.

**Albaraka Türk Katılım Bankası Anonim Şirketi**

**Notes related to unconsolidated financial statements  
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**VII. Explanations on impairment of financial assets (continued):**

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:**

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

The Bank has no securities lending transactions.

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

Assets held for sale (or disposal group) are measured at the lower of the carrying amount of assets and fair value less any cost 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.

**Albaraka Türk Katılım Bankası Anonim Şirketi**

**Notes related to unconsolidated financial statements  
for the interim period ended June 30, 2012  
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**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 December 31, 2004 have been restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Bank's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years.

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

**XII. Explanations on tangible assets:**

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

As of March 31, 2009, the Bank adopted revaluation model for buildings in accordance TAS 16 and reflected the results of appraisal reports prepared by an independent real estate appraiser firm to the financial statements. As of December 31, 2011 the Bank has revalued its buildings and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned 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 economic useful life of the assets. The annual rates used are as follows:

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

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives 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.

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**XII. Explanations on tangible assets (continued):**

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.

**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.



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**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 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.

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.

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**XVI. Explanations on taxation (continued):**

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.

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 "Turkish Accounting Standard for Income Taxes". Deferred tax asset is calculated on all temporary differences other than general loan loss provisions to the extent that is probable that taxable profit will be available and deferred tax liability is calculated for all temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

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

**Transfer pricing:**

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

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

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**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.

**XVIII. Explanations on issued share certificates:**

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:**

None.

**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 Anonim Şirketi****Notes related to unconsolidated financial statements  
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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 is used. As of June 30, 2012, the Bank’s capital adequacy ratio is 12,39 % (December 31, 2011 – 12,53%).

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%	150%	200%
<b>Amount Subject to Credit Risk</b>						
<b>Balance Sheet Items (Net)</b>	<b>1.244.993</b>	<b>878.099</b>	<b>3.074.421</b>	<b>3.412.703</b>	<b>5.708</b>	<b>652</b>
Cash and Cash Equivalents	146.874	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	266.614	-	-	-	-	-
Domestic Banks, Foreign Banks, Foreign Head Offices and Branches	-	854.482	-	58.630	-	-
Money Market Placements	-	-	-	-	-	-
Receivables From Reverse Repurchase Transactions	-	-	-	-	-	-
Reserve Deposits	466.342	-	-	-	-	-
Loans	213.226	22.999	2.953.054	2.931.313	5.708	652
Non-performing Loans (Net)	-	-	-	14.347	-	-
Financial Lease Receivables	1.392	-	9.832	32.431	-	-
Available-for-Sale Financial Assets	-	-	-	-	-	-
Held to Maturity Investments	125.000	-	-	9.025	-	-
Receivables from Term Sales of Assets	-	-	-	3.747	-	-
Miscellaneous Receivables	-	-	-	2.952	-	-
Accrued Profit Share and Income Accruals	8.946	618	111.535	89.885	-	-
Investment in Associates, Subsidiaries and Joint Ventures (Business Partnerships) (net)	-	-	-	3.000	-	-
Tangible Assets	-	-	-	243.924	-	-
Other Assets	16.599	-	-	23.449	-	-
<b>Off-Balance Sheet Items</b>	<b>156.761</b>	<b>25.497</b>	<b>652.054</b>	<b>2.274.345</b>	<b>-</b>	<b>-</b>
Guarantees and Commitments	156.761	25.497	652.054	2.274.345	-	-
Derivative Financial Instruments	-	-	-	-	-	-
<b>Non Risk Weighted Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk-Weighted Assets</b>	<b>1.401.754</b>	<b>903.596</b>	<b>3.726.475</b>	<b>5.687.048</b>	<b>5.708</b>	<b>652</b>

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**Notes related to unconsolidated financial statements  
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**I. Explanations on capital adequacy standard ratio (continued):**

**Summary information related to capital adequacy ratio:**

	<b>Current Period</b>	<b>Prior Period</b>
Total Risk Weighted Assets (TRWA)	7.740.871	7.138.358
Amount Subject to Market Risk (ASMR)	81.150	87.200
Amount Subject to Operational Risk (ASOR)	835.793	738.014
Shareholders' Equity	1.072.919	997.782
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	12,39	12,53

**Details of shareholders' equity accounts:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>CORE CAPITAL</b>		
Paid-in Capital Subordinated to All Other Receivables in Case of Liquidation of the Bank	900.000	539.000
Nominal Capital	900.000	539.000
Capital Commitments (-)	-	-
Inflation Indexation Difference on Paid-in Capital Subordinated to All Other Receivables in Case of the Liquidation of the Bank	-	-
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	49.966	39.160
First Legal Reserve (Turkish Commercial Code 466/1)	40.050	32.006
Second Legal Reserve (Turkish Commercial Code 466/2)	7.093	7.093
Other Legal Reserve Per Special Laws	2.823	61
Status Reserves	-	-
Extraordinary Reserves	18.864	229.827
Reserves Allocated by the General Assembly	18.954	229.891
Retained Earnings	-	-
Accumulated Losses (*)	(90)	(64)
Foreign Currency Share Capital Exchange Difference	-	-
Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	86.485	160.870
Current Period Net Profit	86.009	160.155
Prior Years' Profits	476	715
Provision for possible losses up to 25% of the core capital	122	2.976
Gains on Sale of Associates and Subsidiaries and Properties to be Added to Capital	-	-
Primary Subordinated Loans on Conditions not Exceeding the Limits Specified in the Regulations	-	-
Losses that cannot be Covered by Reserves (-)	-	-
Current Period Net Loss	-	-
Prior Years' Loss	-	-
Operational Leases Improvement Costs(-)	21.007	17.516
Prepaid Expenses (-)	-	-
Intangible Assets (-)	6.888	5.388
Deferred Tax Asset Exceeding 10% of the Core Capital (-)	-	-
Excess Amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
<b>Total Core Capital</b>	<b>1.027.542</b>	<b>948.929</b>

(\*) The balance represents the foreign currency translation difference of the Bank's foreign branch's income statement.

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Loan Loss Reserves	37.039	34.096
45% of the Revaluation Reserve for Movable Fixed Assets	-	(10)
45% of the Revaluation Reserve for Properties	16.504	16.718
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	(281)	(1.438)
Associates and Subsidiaries	-	-
Available for Sale Securities	(281)	(1.438)
Indexation Differences For Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
<b>Total Supplementary Capital</b>	<b>53.262</b>	<b>49.366</b>
<b>CAPITAL</b>	<b>1.080.804</b>	<b>998.295</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>7.885</b>	<b>513</b>
Shareholdings of Unconsolidated Banks and Financial Institutions (Domestic, Foreign) from which the Bank Keeps Ten Percent or More of Capitals	50	-
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	352	224
Other	7.483	289
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1.072.919</b>	<b>997.782</b>

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**II. Explanations on credit risk:**

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

**III. Explanations on 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:**

	<b>Amount</b>
(I) Capital requirement to be employed for general market risk - standard method	617
(II) Capital requirement to be employed for specific risk - standard method	201
(III) Capital requirement to be employed for currency risk - standard method	5.674
(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)	6.492
(IX) Amount subject to market risk (12,5 X VIII) or (12,5 x VII)	<b>81.150</b>

**b) Average Market Risk Table of Calculated Market Risk for Period Ends:**

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

**IV. Explanations on operational risk:**

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

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**V. Explanations on currency risk:**

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

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

Full TL	USD	EUR
As of June 30, 2012 - Balance sheet evaluation rate	1,805	2,290
As of June 29, 2012	1,801	2,283
As of June 28, 2012	1,824	2,270
As of June 27, 2012	1,807	2,251
As of June 26, 2012	1,808	2,256
As of June 25, 2012	1,815	2,267

- 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 full TL 1,812 for 1 USD (December 2011 – full TL 1, 859), full TL 2,273 for 1 EURO (December 2011 – full TL 2,447) and full TL 2,281 for 100 JPY (December 2011 – full TL 2,382).

**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 currency rate	Effect on profit / loss		Effect on equity	
		Current Period	Prior Period	Current Period	Prior Period
USD	10 % increase	(643)	2.783	(90)	(382)
USD	10 % increase	643	(2.783)	90	382
EURO	10 % decrease	540	199	-	-
EURO	10 % decrease	(540)	(199)	-	-



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**V. Explanations on currency risk (continued):**

**Information on currency risk of the Bank:**

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>Other FC(*)</b>	<b>Total</b>
<b>Assets</b>					
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	341.502	306.271	-	158.583	806.356
Banks	106.144	180.925	160	177.650	464.879
Financial assets at fair value through profit and loss	-	-	-	-	-
Money market placements	-	-	-	-	-
Available-for-sale financial assets	40	-	-	1.245	1.285
Loans and financial lease receivables(**)	939.689	2.375.512	-	-	3.315.201
Subsidiaries, associates and joint ventures	-	-	-	-	-
Held-to-maturity investments	-	9.063	-	-	9.063
Derivative financial assets for hedging purposes	-	-	-	-	-
Tangible assets	-	-	-	2.101	2.101
Intangible assets	-	-	-	535	535
Other assets (***)	1.137	893	-	5	2.035
<b>Total assets</b>	<b>1.388.512</b>	<b>2.872.664</b>	<b>160</b>	<b>340.119</b>	<b>4.601.455</b>
<b>Liabilities</b>					
Current account and funds collected from banks via participation accounts	37.450	241.598	-	126	279.174
Other current and profit sharing accounts	942.957	1.942.186	7	306.249	3.191.399
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	395.309	634.412	-	-	1.029.721
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	2.087	24.217	-	781	27.085
Derivative financial liabilities for hedging purposes	-	-	-	-	-
Other liabilities	5.310	36.684	-	55	42.049
<b>Total liabilities</b>	<b>1.383.113</b>	<b>2.879.097</b>	<b>7</b>	<b>307.211</b>	<b>4.569.428</b>
<b>Net balance sheet position</b>	<b>5.399</b>	<b>(6.433)</b>	<b>153</b>	<b>32.908</b>	<b>32.027</b>
<b>Net off balance sheet position</b>	<b>710.629</b>	<b>1.761.349</b>	<b>420</b>	<b>28.982</b>	<b>2.501.380</b>
Derivative financial instruments assets	-	-	-	-	-
Derivative financial instruments liabilities	-	-	-	-	-
Non-cash loans (****)	710.629	1.761.349	420	28.982	2.501.380
<b>Prior Period</b>					
Total assets	1.407.285	2.645.611	132	335.458	4.388.486
Total liabilities	1.405.296	2.617.780	4	326.933	4.350.012
<b>Net balance sheet position</b>	<b>1.989</b>	<b>27.831</b>	<b>128</b>	<b>8.525</b>	<b>38.474</b>
<b>Net off balance sheet position</b>	<b>703.997</b>	<b>1.799.721</b>	<b>466</b>	<b>7.995</b>	<b>2.512.179</b>
Derivative financial instruments assets	-	-	-	-	-
Derivative financial instruments liabilities	-	-	-	-	-
Non-cash loans	703.997	1.799.721	466	7.995	2.512.179

(\*) TL 55.157 of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 146.824 of the balance in Banks in other FC column represent precious metals accounts with banks, TL 302.244 of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(\*\*) The balance includes foreign currency indexed loans and financial lease receivables of TL 2.397.688 (Prior period- TL 2.008.849).

(\*\*\*) Foreign currency indexed receivables from credit sale of assets amounting to TL 360 (Prior period- TL 2.068) and foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 680 (Prior period- TL 128) is included in other assets.

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

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**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 Foreign Currency (FC) liquidity needs mostly by the funds collected and also utilizes Syndicated Murabaha Loans and wakala borrowings from abroad. Moreover, the Bank takes notice to keep the assets in short term liquid assets and 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 June 30, 2012 and December 31, 2011 are as follows:

<b>Current Period</b>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
<b>Average (%)</b>	270,94	251,85	191,15	187,01
<b>Maximum (%)</b>	345,05	280,37	238,14	204,49
<b>Minimum (%)</b>	219,67	219,17	158,20	170,70

<b>Prior Period</b>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
<b>Average (%)</b>	215,68	260,13	128,63	168,02
<b>Maximum (%)</b>	366,84	351,32	212,63	215,69
<b>Minimum (%)</b>	144,68	203,36	80,50	131,33

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**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
<b>Current Period</b>								
<b>Assets</b>								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	413.488	575.379	-	-	-	-	-	988.867
Banks	844.448	11.648	39.841	-	-	-	-	895.937
Financial Assets at Fair Value Through Profit and Loss	4.915	-	-	-	-	-	-	4.915
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1.285	-	26.393	-	34.000	-	-	61.678
Loans	14.900	1.076.976	1.234.431	2.992.778	2.880.808	130.253	-	8.330.146
Held-To-Maturity Investments	-	-	78.934	59.025	-	-	-	137.959
Other Assets	-	485	270	1.006	1.949	-	332.919	336.629
<b>Total Assets</b>	<b>1.279.036</b>	<b>1.664.488</b>	<b>1.379.869</b>	<b>3.052.809</b>	<b>2.916.757</b>	<b>130.253</b>	<b>332.919</b>	<b>10.756.131</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	135.396	89.744	71.381	17.227	-	-	-	313.748
Other current and profit sharing accounts	1.554.735	1.783.088	735.787	3.546.298	282.784	-	-	7.902.692
Funds provided from other financial institutions	-	132.101	894.364	3.256	-	-	-	1.029.721
Money Market Borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	72.269	11.635	-	-	-	150.626	234.530
Other liabilities	-	17.181	12.971	-	-	-	1.245.288	1.275.440
<b>Total Liabilities</b>	<b>1.690.131</b>	<b>2.094.383</b>	<b>1.726.138</b>	<b>3.566.781</b>	<b>282.784</b>	<b>-</b>	<b>1.395.914</b>	<b>10.756.131</b>
<b>Net Liquidity Gap</b>	<b>(411.095)</b>	<b>(429.895)</b>	<b>(346.269)</b>	<b>(513.972)</b>	<b>2.633.973</b>	<b>130.253</b>	<b>(1.062.995)</b>	<b>-</b>
<b>Prior period</b>								
Total Assets	1.871.497	1.278.022	1.324.605	2.861.438	2.697.715	125.166	302.442	10.460.885
Total Liabilities	1.852.343	2.323.464	913.271	3.774.717	344.287	-	1.252.803	10.460.885
<b>Net Liquidity Gap</b>	<b>19.154</b>	<b>(1.045.442)</b>	<b>411.334</b>	<b>(913.279)</b>	<b>2.353.428</b>	<b>125.166</b>	<b>(950.361)</b>	<b>-</b>

(\*) 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 and non-allocable provisions.

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**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
<b>Current period</b>							
Funds Collected	1.690.131	1.872.832	807.168	3.563.525	282.784	-	8.216.440
Funds Borrowed from Other Financial Institutions	-	139.795	891.857	3.303	-	-	1.034.955
Borrowings from Money Markets	-	-	-	-	-	-	-
<b>Total</b>	<b>1.690.131</b>	<b>2.012.627</b>	<b>1.699.025</b>	<b>3.566.828</b>	<b>282.784</b>	<b>-</b>	<b>9.251.395</b>
<b>Prior period</b>							
Funds Collected	1.852.343	2.017.722	788.669	3.041.726	344.287	-	8.044.747
Funds Borrowed from Other Financial Institutions	-	288.901	668.102	102.734	-	-	1.059.737
Borrowings from Money Markets	-	-	-	-	-	-	-
<b>Total</b>	<b>1.852.343</b>	<b>2.306.623</b>	<b>1.456.771</b>	<b>3.144.460</b>	<b>344.287</b>	<b>-</b>	<b>9.104.484</b>

**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
<b>Current Period</b>								
Letters of guarantee (*)	2.226.289	177.084	239.414	1.172.342	785.454	45.649	-	4.646.232
Bank acceptances	22.664	-	-	-	-	-	-	22.664
Letters of credit	486.401	15.190	637	1.058	-	-	-	503.286
Other commitments and contingencies	-	184.052	-	-	-	-	-	184.052
<b>Total</b>	<b>2.735.354</b>	<b>376.326</b>	<b>240.051</b>	<b>1.173.400</b>	<b>785.454</b>	<b>45.649</b>	<b>-</b>	<b>5.356.234</b>
<b>Prior Period</b>								
Letters of guarantee (*)	2.166.745	293.894	257.191	1.084.813	671.525	60.043	-	4.534.211
Bank acceptances	43.986	-	-	-	-	-	-	43.986
Letters of credit	470.506	30.820	-	3.772	1.080	-	-	506.178
Other commitments and contingencies	-	113.739	-	-	-	-	-	113.739
<b>Total</b>	<b>2.681.237</b>	<b>438.453</b>	<b>257.191</b>	<b>1.088.585</b>	<b>672.605</b>	<b>60.043</b>	<b>-</b>	<b>5.198.114</b>

(\*) Remaining maturities presented for letters of guarantees represents the expiration periods. The correspondent of letters of guarantee has the right to demand the liquidation of the letter when the transaction stated at the letter is not realized.

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

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

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

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

**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.

<b>Current Period</b>	<b>Retail</b>	<b>Commercial and Corporate</b>	<b>Treasury</b>	<b>Undistributed</b>	<b>Total</b>
Net profit share income/(expense)(*)(**)	(108.388)	299.111	27.684	-	218.407
Net fees and commissions income/(expense)	1.391	51.630	(1.869)	4.564	55.716
Other operating income /(expense)	12	(11.423)	503	(155.855)	(166.763)
Profit before tax	(106.985)	339.318	26.318	(151.291)	107.360
Provision for tax	-	-	-	(21.351)	(21.351)
<b>Net profit for the period</b>	<b>(106.985)</b>	<b>339.318</b>	<b>26.318</b>	<b>(172.642)</b>	<b>86.009</b>

<b>Prior Period</b>	<b>Retail</b>	<b>Commercial and Corporate</b>	<b>Treasury</b>	<b>Undistributed</b>	<b>Total</b>
Net profit share income/(expense)(*)(**)	(91.986)	241.562	28.307	-	177.883
Net fees and commissions income/(expense)	551	43.172	(1.088)	214	42.849
Other operating income /(expense)	(72)	(23.803)	272	(108.241)	(131.844)
Profit before tax	(91.507)	260.931	27.491	(108.027)	88.888
Provision for tax	-	-	-	(17.964)	(17.964)
<b>Net profit for the period</b>	<b>(91.507)</b>	<b>260.931</b>	<b>27.491</b>	<b>(125.991)</b>	<b>70.924</b>

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

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

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**Section five**

**Explanations and notes on the unconsolidated financial statements**

**I. Explanations and notes related to assets:**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/foreign currency	42.426	49.291	49.197	58.135
CBRT	140.085	701.908	243.730	570.155
Other (*)	-	55.157	-	129.983
<b>Total</b>	<b>182.511</b>	<b>806.356</b>	<b>292.927</b>	<b>758.273</b>

(\*) Includes precious metals amounting to TL 55.157 as of June 30, 2012 (Prior period- TL 129.983).

**b) Information related to CBRT:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	140.085	126.529	243.730	107.457
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	-	575.379	-	462.698
<b>Total</b>	<b>140.085</b>	<b>701.908</b>	<b>243.730</b>	<b>570.155</b>

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2005/1", banks operating in Turkey are required to maintain reserves in CBRT in TL, USD and/or standard gold for TL liabilities and in USD, Euro and/or standard gold for foreign currency liabilities. In accordance with the "Communiqué Regarding the Reserve Requirements no. 2012/44" dated June 21, 2012; the reserve requirement ratio for TL liabilities that can be held as standard gold increased from 20% to 25%, the upper limit for reserve requirement that can be held as foreign currency increased from 45% to 50%.

The reserve rates for TL liabilities vary between 5% and 11% for TL deposits and other liabilities according to their maturities as of 30 June 2012 (31 December 2011: TL liabilities vary between 5% and 11%). The reserve rates for foreign currency liabilities vary between 6% and 11% for deposit and other foreign currency liabilities according to their maturities as of 30 June 2012 (31 December 2011: between 6% and 11% for all foreign currency liabilities).

(\*) As of June 30, 2012, the reserve requirement held in standard gold is TL 102.996 (December, 2011- 96.627).

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

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
<b>Banks</b>				
Domestic	431.058	272.717	409.667	662.939
Abroad	-	192.162	-	234.866
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>431.058</b>	<b>464.879</b>	<b>409.667</b>	<b>897.805</b>

**b) Information on foreign bank accounts:**

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

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

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

None (Prior period- None).

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

	Current Period	Prior Period
Debt securities	60.393	85.226
Quoted on a stock exchange(*)	60.393	85.226
Unquoted	-	-
Share certificates	1.285	1.340
Quoted on a stock exchange	-	-
Unquoted	1.285	1.340
Impairment provision (-)	-	686
<b>Total</b>	<b>61.678</b>	<b>85.880</b>

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

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**5. Information on loans and receivables:**

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	18.223	63.428	13.341	41.215
Corporate shareholders	16.781	63.428	11.914	41.215
Real person shareholders	1.442	-	1.427	-
Indirect loans granted to shareholders	33.383	18.842	118	38.037
Loans granted to employees	6.262	-	3.743	-
<b>Total</b>	<b>57.868</b>	<b>82.270</b>	<b>17.202</b>	<b>79.252</b>

**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
<b>Loans</b>				
Financing commodity against document	-	-	-	-
Export loans	227.316	-	-	187
Import loans	1.089.606	6.008	74.973	2.052
Business loans	4.214.500	108.190	154.683	49.364
Consumer loans	1.005.170	2.535	12.742	2.125
Credit cards	107.917	-	1.347	-
Profit and loss sharing investment (*)	115.756	-	-	-
Precious metals loans	-	-	-	-
Loans given to financial sector	17.265	-	-	-
Loans given to abroad	220.755	2.556	2.634	3.677
Other	797.644	8.622	48.387	10.117
<b>Other receivables</b>	-	-	-	-
<b>Total</b>	<b>7.795.929</b>	<b>127.911</b>	<b>294.766</b>	<b>67.522</b>

(\*) The Bank has 9 profit and loss sharing investment projects which are real estate development projects in various regions of Istanbul and Ankara. The Bank estimates the completion periods of such projects as: 2013 for TL 53.756, 2014 for TL 40.000, 2015 for TL 10.000, 2017 for TL 12.000. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project / stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank.



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**5. Information on loans and receivables (continued):**

*In accordance with the Communiqué “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans” published in Official Gazette dated May 28, 2011 and numbered 27947, information related to the restructuring (after publish date of the aforementioned Communiqué) of the standard loans and loans and other receivables under close monitoring with respect to the payment schedules and terms is as follows (last installment dates and principal amounts are taken into the account):*

<b>Number of changes in the payment plan</b>	<b>0-1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6 months - 1 year</b>	<b>1- 5 years</b>	<b>Over 5 years</b>	<b>TOTAL</b>
1	4.647	16.367	722	42.498	20.311	-	<b>84.545</b>
<b>TOTAL</b>	<b>4.647</b>	<b>16.367</b>	<b>722</b>	<b>42.498</b>	<b>20.311</b>	-	<b>84.545</b>

*In accordance with the Communiqué “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans” published in Official Gazette dated December 30, 2011 and numbered 28158, information related to the loans granted to real persons and legal entities resident in Libya and real persons and legal entities having operations in or for Libya:*

As of June 30, 2012, the Bank does not have any loan receivables arising from rescheduled loans within the scope of related Communiqué.

**c) Maturity analysis of cash loans:**

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

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**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
<b>Consumer loans-TL</b>	<b>9.497</b>	<b>1.008.245</b>	<b>1.017.742</b>
Housing loans	2.398	880.014	882.412
Vehicle loans	2.104	36.216	38.320
Consumer loans	584	1.730	2.314
Other	4.411	90.285	94.696
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>2.124</b>	<b>2.124</b>
Housing loans	-	1.692	1.692
Vehicle loans	-	11	11
Consumer loans	-	-	-
Other	-	421	421
<b>Consumer loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>31.272</b>	<b>3.216</b>	<b>34.488</b>
With installment	12.801	3.090	15.891
Without installment	18.471	126	18.597
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>1.921</b>	<b>785</b>	<b>2.706</b>
Housing loans	-	370	370
Vehicle loans	32	337	369
Consumer loans	1.889	76	1.965
Other	-	2	2
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>3.182</b>	<b>374</b>	<b>3.556</b>
With installment	1.538	356	1.894
Without installment	1.644	18	1.662
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment based	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL(real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC(real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>45.872</b>	<b>1.014.744</b>	<b>1.060.616</b>

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**5. Information on loans and receivables (continued):**

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

	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>319.692</b>	<b>47.176</b>	<b>366.868</b>
Business loans	70.066	20.637	90.703
Vehicle loans	79.058	18.157	97.215
Consumer loans	84	-	84
Other	170.484	8.382	178.866
<b>Commercial installment loans-FC indexed</b>	<b>142.921</b>	<b>11.967</b>	<b>154.888</b>
Business loans	44.974	7.010	51.984
Vehicle loans	20.417	869	21.286
Consumer loans	63	-	63
Other	77.467	4.088	81.555
<b>Commercial installment Loans-FC</b>	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>67.442</b>	<b>3.778</b>	<b>71.220</b>
With installment	19.463	3.629	23.092
Without installment	47.979	149	48.128
<b>Corporate credit cards-FC</b>	-	-	-
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (legal entity)</b>	-	-	-
<b>Overdraft account-FC(legal entity)</b>	-	-	-
<b>Total</b>	<b>530.055</b>	<b>62.921</b>	<b>592.976</b>

**e) Allocation of loans by customers:**

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

**f) Breakdown of domestic and foreign loans:**

	<b>Current Period</b>	<b>Prior Period</b>
Domestic loans	8.056.506	6.997.519
Foreign loans	229.622	254.237
<b>Total</b>	<b>8.286.128</b>	<b>7.251.756</b>

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**5. Information on loans and receivables (continued):**

**g) Loans granted to subsidiaries and associates:**

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

**ğ) Specific provisions for loans:**

	<b>Current Period</b>	<b>Prior Period</b>
Loans and receivables with limited collectability	4.995	15.253
Loans and receivables with doubtful collectability	29.290	16.133
Uncollectible loans and receivables	127.574	122.722
<b>Total</b>	<b>161.859</b>	<b>154.108</b>

In addition to specific provision for loans amounting TL 161.859 (Prior period – TL 154.108), provision amounting to TL 5.495 (Prior period – TL 4.774) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 167.354 (Prior period- TL 158.882). Specific provision for loans amounting to TL 124.642 (Prior period- TL 121.865) represents participation account share of specific provisions of loans provided from participation accounts.

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

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

	<b>III. Group Loans and receivables with limited collectability</b>	<b>IV. Group Loans and receivables with doubtful collectability</b>	<b>V. Group Uncollectible loans and receivables</b>
Current period			
(Gross amount before specific provisions)	-	-	180
Restructured loans and other receivables	-	-	180
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before special provisions)	-	-	252
Restructured loans and other receivables	-	-	252
Rescheduled loans and other receivables	-	-	-

**h.2) Movements of non-performing loans:**

	<b>III. Group Loans and receivables with limited collectability</b>	<b>IV. Group Loans and receivables with doubtful collectability</b>	<b>V. Group Uncollectible loans and receivables</b>
Closing balance of prior period	16.753	21.532	128.877
Additions in the current period (+)	22.416	-	1.010
Transfers from other categories of non-performing loans (+)	-	28.705	16.068
Transfers to other categories of non-performing loans (-)	28.705	16.068	-
Collections in the current period (-)	2.405	863	10.462
Write offs (-)	2	11	325
Corporate and commercial loans	2	2	60
Retail loans	-	9	238
Credit cards	-	-	27
Other	-	-	-
Closing balance of the current period	8.057	33.295	135.168
Specific provisions (-)	4.995	29.290	127.574
<b>Net balance at the balance sheet</b>	<b>3.062</b>	<b>4.005</b>	<b>7.594</b>

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**4. Information on loans and receivables (continued):**

Non-performing loans and receivables in the amount of TL 176.520 (Prior period- TL 167.162) comprise TL 123.830 (Prior period- TL 123.621) of participation account share of loans and receivables provided from participation accounts.

In addition to non- performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectibility amounting to TL 5.495 (Prior period- TL 4.774). In the current period, collections from fees, commissions and other receivables with doubtful collectibility amounted to TL 923.

**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(net):			
Period end balance	-	-	1.199
Specific provision (-)	-	-	1.199
<b>Net balance on balance sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>
Prior period:			
Period end balance	-	-	2.459
Specific provision (-)	-	-	2.459
<b>Net balance on balance sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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
<b>Current period (net)</b>	<b>3.062</b>	<b>4.005</b>	<b>7.594</b>
Loans to individuals and corporates (gross)	8.057	33.295	135.168
Specific provision (-)	4.995	29.290	127.574
Loans to individuals and corporates (net)	3.062	4.005	7.594
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
<b>Prior period (net)</b>	<b>1.499</b>	<b>5.400</b>	<b>6.155</b>
Loans to individuals and corporates (gross)	16.753	21.532	128.877
Specific provision (-)	15.254	16.132	122.722
Loans to individuals and corporates (net)	1.499	5.400	6.155
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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**5. Information on loans and receivables (continued):**

**i. Liquidation policy for uncollectible loans and receivables:**

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

**i. Information on "Write-off" policies:**

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

**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:

<b>Current Period</b>	<b>Less than 30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>More than 91 days</b>	<b>Total</b>
Loans and Receivables					
Corporate Loans	261.414	24.310	140.173	-	425.897
Consumer Loans	81.266	15.143	6.459	-	102.868
Credit Cards	3.978	616	149	-	4.743
<b>Total</b>	<b>346.658</b>	<b>40.069</b>	<b>146.781</b>	<b>-</b>	<b>533.508</b>
<b>Prior Period</b>	<b>Less than 30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>More than 91 days</b>	<b>Total</b>
Loans and Receivables					
Corporate Loans	92.247	123.179	64.873	-	280.299
Consumer Loans	41.117	7.272	12.562	-	60.951
Credit Cards	1.424	323	-	-	1.747
<b>Total</b>	<b>134.788</b>	<b>130.774</b>	<b>77.435</b>	<b>-</b>	<b>342.997</b>

**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:**

None (Prior period- None)

**6.2. Information related to government securities held to maturity :**

	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	137.959	430.862
<b>Total</b>	<b>137.959</b>	<b>430.862</b>

(\*) Consists of Sukook certificates issued by the Central Bank of Bahrain amounting to TL 9.063TL (Prior period- TL 9.435) and income indexed bonds issued by the Undersecretariat of Treasury of Turkey amounting to TL 128.896 (Prior period- TL 421.427).

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**6. Information on held-to-maturity investments (continued):**

**6.3. Information on held-to-maturity investments:**

	<b>Current Period</b>	<b>Prior Period</b>
Debt Securities	137.959	430.862
Quoted on a stock exchange(*)	128.896	421.427
Unquoted	9.063	9.435
Impairment provision(-)	-	-
<b>Total</b>	<b>137.959</b>	<b>430.862</b>

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

**6.4. Movement of held-to-maturity investments:**

	<b>Current Period</b>	<b>Prior Period</b>
Balance at beginning of period	430.862	376.204
Foreign currency differences on monetary assets	(375)	3.500
Purchases during period	-	50.000
Disposals through sales and redemptions	(302.576)	(40.180)
Impairment provision (-)	-	-
Income accruals	10.048	41.338
<b>Closing balance</b>	<b>137.959</b>	<b>430.862</b>

**7. Associates (net):**

**a) Information on unconsolidated associates:**

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 A.Ş. on September 11, 2009, the Bank has paid TL 2.000 of its capital commitment at October 15, 2009. The Bank has paid TL 1.000 of its capital commitment at July 29, 2011 regarding the Board of Directors Meeting of Kredi Garanti Fonu A.Ş on May 24, 2011.

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 table below have been obtained from the audited financial statements as of December 31, 2011.

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
198.846	170.177	3.134	-	-	5.867	(10.191)	-

**7. Associates (net) (continued):**

**b) Information on consolidated associates:**

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

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**8. Information on subsidiaries (net):**

**a) Information on unconsolidated subsidiaries:**

The Bank has founded Bereket Varlık Kiralama A.Ş on 14.10.2011, the purpose of which is to obtain rental income by taking over the assets of the source institution and leasing them back to the source institution, issue rent certificates based on said rental income and pass on the related assets to source institution by the end of the rental period. Bereket Varlık Kiralama A.Ş has been founded to operate according to rulings of Turkish Trade Law about foundations of incorporations and complying with Communiqué on "Principles Related to Rent Certificates and Asset Leasing Companies" dated 01.04.2010 and numbered 27539 serial : 3 no: 43 published in Official Gazette by Capital Market Board of Turkey and other related regulations, upon BRSA's opinion dated 22.09.2011, numbered B.02,1.BDK.0.13.00.0-91.11-20564 and permission of Capital Market Board of Turkey dated 06.10.2011 numbered 32/923. The capital of the Company is TL 50 comprising 50.000 (full TL) shares with the nominal value of TL 1 (full TL).

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Bereket Varlık Kiralama A.Ş	İstanbul / Türkiye	99,99	99,99

Since the Bank did not issue sukook which is the aim of the establishment of Bereket Varlık Kiralama A.Ş., the financial statements of the related subsidiary are not consolidated.

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the unaudited financial statements as of March 31, 2012

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
51	50	-	-	-	-	-	-

**b) Information on consolidated subsidiaries:**

The Bank does not have consolidated 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.



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**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	26.103	20.478	18.260	15.256
1 to 4 years	26.784	21.798	8.921	6.793
More than 4 years	1.904	1.742	117	101
<b>Total</b>	<b>54.791</b>	<b>44.018</b>	<b>27.298</b>	<b>22.150</b>

**b) Information on net investments through finance lease:**

	Current Period	Prior Period
Gross finance lease receivables	54.791	27.298
Unearned finance lease receivable (-)	10.773	5.148
<b>Net receivable from finance leases</b>	<b>44.018</b>	<b>22.150</b>

**c) General explanation on finance lease contracts:**

Finance lease contracts are realized in accordance with the related articles of Finance Lease Act numbered 3226. 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)	41.497	2.040	481	-

**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:**

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

**13. Information on intangible assets:**

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

**14. Information on investment property:**

The Bank does not have investment property.

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**15. Information related to deferred tax asset:**

As of June 30, 2012, the Bank presented the deferred tax asset of TL 19.968 (Prior period- 18.573 TL) and deferred tax liability of TL 9.604 (Prior period- TL 9.970) 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.

	<b>Current Period</b>	<b>Prior Period</b>
Difference of carrying value and taxable value of tangible assets	584	369
Provisions for impairment	126	144
Provisions for retirement and vacation pay liabilities	3.304	2.861
Discount on profit share and deferred commission income	15.815	14.062
Marketable securities revaluation reserve	70	360
General reserves for possible losses	42	595
Other	27	182
<b>Deferred tax asset</b>	<b>19.968</b>	<b>18.573</b>
Revaluation reserve of buildings	9.169	9.287
Discount on profit share	37	325
Other	398	358
<b>Deferred tax liability</b>	<b>9.604</b>	<b>9.970</b>
<b>Deferred tax asset (net)</b>	<b>10.364</b>	<b>8.603</b>

**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".

	<b>Current Period</b>	<b>Prior Period</b>
Opening balance	25.372	18.070
Additions	7.081	31.731
Disposals	(3.816)	(9.334)
Transfers (*)	(3.124)	(15.321)
Impairment Provision(-)/Reversal of Impairment Provision	(42)	226
<b>Net closing balance</b>	<b>25.471</b>	<b>25.372</b>

(\*) 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:**

As of the balance sheet date, the Bank's other assets balance is TL 33.189 (Prior period- TL 18.926) and does not exceed 10% of balance sheet total.

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**II. Explanations and notes related to liabilities:**

**1. Information on funds collected:**

**a. Information on maturity structure of funds collected:**

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>272.407</b>	-	-	-	-	-	-	-	<b>272.407</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>774.862</b>	<b>169.964</b>	<b>32.646</b>	-	<b>1.471</b>	<b>2.177.933</b>	-	<b>3.156.876</b>
<b>III. Current Account other-TL</b>	<b>501.588</b>	-	-	-	-	-	-	-	<b>501.588</b>
Public Sector	6.798	-	-	-	-	-	-	-	6.798
Commercial Institutions	446.428	-	-	-	-	-	-	-	446.428
Other Institutions	16.194	-	-	-	-	-	-	-	16.194
Commercial and Other Institutions	140	-	-	-	-	-	-	-	140
Banks and Participation Banks	32.028	-	-	-	-	-	-	-	32.028
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	31.802	-	-	-	-	-	-	-	31.802
Foreign Banks	168	-	-	-	-	-	-	-	168
Participation Banks	58	-	-	-	-	-	-	-	58
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>75.219</b>	<b>137.919</b>	<b>1.149</b>	-	<b>16</b>	<b>600.693</b>	-	<b>814.996</b>
Public Sector	-	19	-	-	-	-	-	-	19
Commercial Institutions	-	67.536	113.112	1.108	-	14	479.338	-	661.108
Other Institutions	-	7.664	23.808	41	-	2	117.935	-	149.450
Commercial and Other Institutions	-	-	999	-	-	-	-	-	999
Banks and Participation Banks	-	-	-	-	-	-	3.420	-	3.420
<b>V. Real Persons Current Accounts Non- Trade FC</b>	<b>185.930</b>	-	-	-	-	-	-	-	<b>185.930</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>329.026</b>	<b>118.864</b>	<b>26.953</b>	-	<b>3.535</b>	<b>1.029.889</b>	-	<b>1.508.267</b>
<b>VII. Other Current Accounts FC</b>	<b>427.964</b>	-	-	-	-	-	-	-	<b>427.964</b>
Residents in Turkey-Corporate	320.009	-	-	-	-	-	-	-	320.009
Residents Abroad-Corporate	5.613	-	-	-	-	-	-	-	5.613
Banks and Participation Banks	102.342	-	-	-	-	-	-	-	102.342
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	47.264	-	-	-	-	-	-	-	47.264
Foreign Banks	28.013	-	-	-	-	-	-	-	28.013
Participation Banks	27.065	-	-	-	-	-	-	-	27.065
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	-	<b>69.039</b>	<b>257.636</b>	<b>60.718</b>	-	<b>149.304</b>	<b>509.471</b>	-	<b>1.046.168</b>
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	27.042	205.849	32	-	118.155	426.598	-	777.676
Other institutions	-	385	22.903	2	-	-	25.735	-	49.025
Commercial and Other Institutions	-	380	72	-	-	-	44.086	-	44.538
Banks and Participation Banks	-	41.232	28.812	60.684	-	31.149	13.052	-	174.929
<b>IX. Precious Metals Deposits</b>	<b>302.244</b>	-	-	-	-	-	-	-	<b>302.244</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>1.690.133</b>	<b>1.248.146</b>	<b>684.383</b>	<b>121.466</b>	-	<b>154.326</b>	<b>4.317.986</b>	-	<b>8.216.440</b>

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**1. Information on funds collected (continued):**

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current</b>									
Accounts Non-Trade TL	256.870	-	-	-	-	-	-	-	256.870
<b>II. Real Persons Participation</b>									
Accounts Non-Trade TL	-	959.512	186.448	48.152	-	1.493	1.810.383	-	3.005.988
<b>III. Current Account other-TL</b>	617.669	-	-	-	-	-	-	-	617.669
Public Sector	6.342	-	-	-	-	-	-	-	6.342
Commercial Institutions	572.780	-	-	-	-	-	-	-	572.780
Other Institutions	8.028	-	-	-	-	-	-	-	8.028
Commercial and Other Institutions	33	-	-	-	-	-	-	-	33
Banks and Participation Banks	30.486	-	-	-	-	-	-	-	30.486
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	288	-	-	-	-	-	-	-	288
Participation Banks	30.198	-	-	-	-	-	-	-	30.198
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	81.447	110.046	108.186	-	15.413	602.132	-	917.224
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	71.337	100.187	108.125	-	15.411	570.964	-	866.024
Other Institutions	-	10.110	8.782	61	-	2	27.885	-	46.840
Commercial and Other Institutions	-	-	-	-	-	-	40	-	40
Banks and Participation Banks	-	-	1.077	-	-	-	3.243	-	4.320
<b>V. Real Persons Current</b>									
Accounts Non- Trade FC	150.611	-	-	-	-	-	-	-	150.611
<b>VI. Real Persons Participation</b>									
Accounts Non-Trade FC	-	398.158	159.273	34.591	-	3.807	854.517	-	1.450.346
<b>VII. Other Current Accounts</b>									
FC	502.352	-	-	-	-	-	-	-	502.352
Residents in Turkey-Corporate	392.011	-	-	-	-	-	-	-	392.011
Residents abroad-Corporate	72.958	-	-	-	-	-	-	-	72.958
Banks and Participation Banks	37.383	-	-	-	-	-	-	-	37.383
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	28.792	-	-	-	-	-	-	-	28.792
Participation Banks	8.591	-	-	-	-	-	-	-	8.591
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts</b>									
other- FC	-	50.890	128.436	116.681	-	7.283	515.584	-	818.874
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	34.928	59.555	206	-	-	453.025	-	547.714
Other Institutions	-	1.132	10.886	37.926	-	-	20.162	-	70.106
Commercial and Other Institutions	-	124	1.160	-	-	-	29.045	-	30.329
Banks and Participation Banks	-	14.706	56.835	78.549	-	7.283	13.352	-	170.725
<b>IX. Precious Metals Deposits</b>	324.813	-	-	-	-	-	-	-	324.813
<b>X. Participation Accounts</b>									
Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts</b>									
Special Fund Pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>1.852.315</b>	<b>1.490.007</b>	<b>584.203</b>	<b>307.610</b>	<b>-</b>	<b>27.996</b>	<b>3.782.616</b>	<b>-</b>	<b>8.044.747</b>

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**1. Information on funds collected (continued):**

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

b.1) Exceeding the limit of Insurance Fund:

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

	Under the guarantee of Insurance		Exceeding the guarantee of Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	1.581.512	1.556.243	1.843.470	1.701.920
Foreign currency accounts	608.464	598.409	1.373.465	1.326.994
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency 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	1.265	399
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	5.567	5.673
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	-	-

**Albaraka Türk Katılım Bankası Anonim Şirketi**

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**2. Information on derivative financial liabilities held for trading:**

The Bank has no derivative financial liabilities held for trading.

**3. Information on borrowings:**

As of June 30, 2012, the Bank has wakala borrowings in the amount of USD 146.677.808 and EUR 68.056.000 obtained from foreign banks in accordance with investment purpose wakala contracts.

**a) Information on banks and other financial institutions:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	-	16.148	-	17.235
Loans from foreign banks, institutions and funds	-	1.013.573	-	1.036.055
<b>Total</b>	<b>-</b>	<b>1.029.721</b>	<b>-</b>	<b>1.053.290</b>

**b) Maturity analysis of funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	1.029.721	-	1.053.290
Medium and Long-Term	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.029.721</b>	<b>-</b>	<b>1.053.290</b>

**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.

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**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 overdue liabilities arising on the existing operational lease agreements.

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

	<b>Current Period</b>	<b>Prior Period</b>
Less than a year	19.297	14.406
1 to 4 years	55.618	41.865
Over 4 years	48.680	39.233
<b>Total</b>	<b>123.595</b>	<b>95.504</b>

**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:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>General provision for</b>	<b>88.644</b>	<b>72.938</b>
<b>I. Group loans and receivables</b>	<b>70.726</b>	<b>57.181</b>
Participation Accounts' Share	46.623	34.711
Bank's Share	24.103	22.470
Others	-	-
<b>II. Group loans and receivables</b>	<b>6.871</b>	<b>5.559</b>
Participation Accounts' Share	4.982	4.131
Bank's Share	1.889	1.428
Others	-	-
<b>Non-cash loans</b>	<b>11.047</b>	<b>10.198</b>
<b>Others</b>	<b>-</b>	<b>-</b>

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

As of June 30, 2012, provision for foreign exchange losses on foreign currency indexed loans amounting to TL 27.579 (Prior period- TL 5.644) 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 or converted into cash:**

As of June 30, 2012, the Bank has provided specific provisions amounting to TL 13.671 for non-cash loans that are non-funded and unindemnified non –cash loans (Prior period – TL 9.879).

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**Notes related to unconsolidated financial statements  
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**7. Information on provisions (continued):**

**ç) Other provisions:**

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

	<b>Current Period</b>	<b>Prior Period</b>
General Reserves for Possible Losses	122	2.976
<b>Total</b>	<b>122</b>	<b>2.976</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Provision for unindemnified non-cash loans	13.671	9.880
Payment commitments for checks	2.291	1.970
Provisions allocated from profit shares to be distributed to profit sharing accounts(*)	32.164	43.998
Provision for promotions related with credit cards and promotion of banking services	170	124
General reserves for possible losses	122	2.976
<b>Total</b>	<b>48.418</b>	<b>58.948</b>

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

**d) Information on provisions for employee rights:**

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 11.639 (Prior period- TL 10.602) and vacation pay liability amounting to TL 4.878 (Prior period- TL 3.705), totaling to TL 16.517 (Prior period- TL 14.307). 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.

	<b>Current Period</b>	<b>Prior Period</b>
Discount rate (%)	10,0	10,0
Estimated increase rate of salary ceiling (%)	5,1	5,1
Rate used in relation to possibility of retirement (*)	76,3	77,3

(\*) The rate has been calculated depending on the years of service of the employees and represents the average rate.



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**7. Information on provisions (continued):**

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

	<b>Current Period</b>	<b>Prior Period</b>
Prior period ending balance	10.602	8.856
Provisions charged in the period	2.811	3.729
Actuarial gain/(loss)	(612)	(639)
Paid during the period	(1.162)	(1.344)
<b>Balance at the end of the period</b>	<b>11.639</b>	<b>10.602</b>

**8. Information on taxes payable:**

**a) Explanations on current tax liability:**

a.1) As of June 30, 2012, the Bank's corporate tax payable is TL 12.971 (Prior period- TL 15.750) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate taxes payable	12.971	15.750
Taxation on securities income	5.798	5.082
Taxation on real estate income	359	260
Banking insurance transaction tax	4.450	5.783
Foreign exchange transaction tax	-	-
Value added tax payable	460	310
Other	1.966	3.709
<b>Total</b>	<b>26.004</b>	<b>30.894</b>

a.3) Information on premiums:

	<b>Current Period</b>	<b>Prior Period</b>
Social security premiums-employee	1.868	2.007
Social security premiums-employer	1.887	2.077
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	131	141
Unemployment insurance-employer	262	282
Other	-	-
<b>Total</b>	<b>4.148</b>	<b>4.507</b>

**Albaraka Türk Katılım Bankası Anonim Şirketi**

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**8. Information on taxes payable (continued)**

**b) Information on deferred tax liability:**

The Bank does not have net 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.

**11. Information on shareholders' equity:**

**a) Presentation of paid-in capital:**

	Current Period	Prior Period
Common stock	900.000	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	900.000	-

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

In the Extraordinary General Meeting dated June 19, 2012, it was decided to increase the paid-in capital from 539.000.000 (full TL) to 900.000.000 (full TL) through transfer of income from sale of real estate in the amount of 60.524,20 (full TL) and through transfer from extraordinary reserves in the amount of 360.939.475,80 (full TL).

**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:**

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

**Albaraka Türk Katılım Bankası Anonim Şirketi**

**Notes related to unconsolidated financial statements  
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**11. Information on shareholders' equity (continued):**

- 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.

- 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 (*)	(281)	-	(1.438)	-
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(281)</b>	<b>-</b>	<b>(1.438)</b>	<b>-</b>

(\*) Deferred tax liability is netted off.

**Albaraka Türk Katılım Bankası Anonim Şirketi**

**Notes related to unconsolidated financial statements  
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**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:**

	<b>Current Period</b>	<b>Prior Period</b>
Share capital commitment to associates and subsidiaries	1.000	1.000
Loan granting commitments	36.752	18.278
Payment commitments for checks	270.407	190.160
Tax and funds liabilities arising from exporting commitments	687	576
Commitments for credit card limits	263.436	173.723
Commitments for promotions related with credit cards and banking activities	131	45
Other irrevocable commitments	3.989	3.797
<b>Total</b>	<b>576.402</b>	<b>387.579</b>

**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:

	<b>Current Period</b>	<b>Prior Period</b>
Letters of guarantees	4.646.232	4.534.211
Acceptances	22.664	43.986
Letters of credit	503.286	506.178
Other guarantees	184.052	113.739
<b>Total</b>	<b>5.356.234</b>	<b>5.198.114</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of guarantees	4.646.232	4.534.211
Long standing letters of guarantees	3.001.662	2.866.374
Temporary letters of guarantees	471.661	514.815
Advance letters of guarantees	317.132	316.178
Letters of guarantees given to duties	206.841	191.214
Letters of guarantees given for obtaining cash loans	648.936	645.630
Sureties and similar transactions	184.052	113.739
<b>Total</b>	<b>4.830.284</b>	<b>4.647.950</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Guarantees given for obtaining cash loans	648.936	645.630
With original maturity of 1 year or less	414.078	420.991
With original maturity of more than 1 year	234.858	224.639
Other non-cash loans	4.707.298	4.552.484
<b>Total</b>	<b>5.356.234</b>	<b>5.198.114</b>

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

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

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

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

**2. Explanations on derivative transactions:**

The Bank does not have any derivative financial instruments.

**3. Explanations on contingent assets and liabilities:**

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

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

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

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

**I. Information on profit share income:**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Profit share received from loans (*)</b>	<b>420.827</b>	<b>29.124</b>	<b>313.108</b>	<b>18.903</b>
Short Term Loans	183.235	5.154	116.770	5.002
Medium and Long Term Loans	234.885	23.891	192.139	13.787
Loans Under Follow up	2.707	79	4.199	114
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	-	-	-	-
Domestic Banks	1.018	-	313	-
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
<b>Total</b>	<b>1.018</b>	<b>-</b>	<b>313</b>	<b>-</b>

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

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

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

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

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**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	-	14.023	-	6.403
CBRT	-	-	-	-
Domestic banks	-	118	-	-
Foreign banks	-	13.905	-	6.403
Head offices and branches abroad	-	-	-	-
Other institutions	-	-	-	-
<b>Total</b>	-	<b>14.023</b>	-	<b>6.403</b>

**b) Profit share expense paid to associates and subsidiaries:**

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

**c) Profit share expenses paid to marketable securities issued:**

There is no profit share expense paid to marketable securities of the Bank.

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

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

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**3. Information on dividend income:**

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

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Income</b>	<b>1.088.973</b>	<b>1.225.276</b>
Income from capital market transactions	240	1.385
Income from derivative financial instruments	-	-
Foreign exchange income	1.088.733	1.223.891
<b>Loss (-)</b>	<b>1.080.901</b>	<b>1.216.904</b>
Loss on capital market transactions	174	-
Loss on derivative financial instruments	-	-
Foreign exchange losses	1.080.727	1.216.904
<b>Trading income/loss (net)</b>	<b>8.072</b>	<b>8.372</b>

**5. Explanations related to other operating income:**

	<b>Current Period</b>	<b>Prior Period</b>
Provision for communication expenses	776	446
Provision for bank statement expenses	608	579
Reversal of prior year provisions	28.522	19.668
Income from sale of assets	2.643	3.525
Cheque book charges	334	342
Other income	570	523
<b>Total</b>	<b>33.453</b>	<b>25.083</b>



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**6. Provisions for loan losses and other receivables of the Bank:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Specific provisions for loans and other receivables</b>	<b>21.916</b>	<b>29.554</b>
Loans and receivables in III. Group	15.911	19.815
Loans and receivables in IV. Group	755	4.105
Loans and receivables in V. Group	3.653	4.521
Doubtful commission, fee and other receivables	1.597	1.113
<b>General provision expenses</b>	<b>16.183</b>	<b>3.762</b>
<b>Provision expenses for possible losses</b>	-	<b>15</b>
<b>Impairment losses on marketable securities</b>	-	<b>130</b>
Financial assets at fair value through profit and loss	-	130
Financial assets available for sale	-	-
<b>Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments</b>	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
<b>Other</b>	<b>7.703</b>	<b>14.485</b>
<b>Total</b>	<b>45.802</b>	<b>47.946</b>

TL 21.916 (Prior period- TL 29.554) of the total specific provisions provided for loan and other receivables amounting to TL 13.264 (Prior period- TL 20.412) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 16.183 of the total general loan loss provisions provided for loan and other receivables amounting to TL 13.238 is the participation accounts portion of general loan loss provision provided for loans and other receivables.

**7. Information on other operating expenses:**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel expenses	94.609	69.052
Provision for retirement pay liability	1.038	836
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	8.161	6.250
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	1.416	657
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	78	127
Depreciation expenses of assets to be disposed	204	86
Impairment expenses of assets held for sale and assets of discontinued operations	68	5
Other operating expenses	32.442	24.281
Financial leasing expenses	12.484	8.993
Maintenance expenses	1.684	1.399
Advertisement expenses	3.095	2.176
Other expenses	15.179	11.713
Loss on sale of assets	25	90
Other	25.233	15.969
<b>Total</b>	<b>163.274</b>	<b>117.353</b>

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**Notes related to unconsolidated financial statements  
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**8. Explanations on income/loss from continued operations before taxes:**

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

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

Tax provision for continued operations:

	<b>Current Period</b>	<b>Prior Period</b>
Income before tax	107.360	88.888
Tax calculated with tax rate of 20%	21.472	17.778
Other additions and disallowable expenses	1.417	1.818
Deductions	(1.538)	(1.632)
Tax calculated	21.351	17.964

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

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

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

**11. Explanations on net income/ loss:**

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

None.

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

None.

**c. Income / loss of minority interest:**

None.

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**Notes related to unconsolidated financial statements  
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**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:**

<b>Other Fees and Commissions Received</b>	<b>Current Period</b>	<b>Prior Period</b>
Member firm-POS	14.359	14.201
Commissions on money orders	2.770	2.020
Credit cards commissions and fees	3	35
Other	10.086	8.295
<b>Total</b>	<b>27.218</b>	<b>24.551</b>

<b>Other Fees and Commissions Paid</b>	<b>Current Period</b>	<b>Prior Period</b>
Clearing room	44	3.821
Funds borrowed	3.244	2.140
Member firm-POS	2.543	2.062
Credit cards commissions and fees	1.908	1.011
Other	1.574	997
<b>Total</b>	<b>9.313</b>	<b>10.031</b>

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**Notes related to unconsolidated financial statements  
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**V. Explanations and notes related to the statement of changes in shareholders' equity:**

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

**VI. Explanations and notes related to the cash flows statement:**

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

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**Notes related to unconsolidated financial statements  
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**VII. Explanations related to the risk group of the Bank:**

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

**a. Current period:**

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at the beginning of the period	-	-	8	-	179	38.037
Balance at the end of the period	-	-	8	-	33.442	18.842
<b>Profit share and commission income received</b>	-	-	-	-	138	187

**b. Prior period:**

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at the beginning of period	-	-	5	-	99	27.442
Balance at end of period	-	-	8	-	179	38.037
<b>Profit share and commission income received</b>	-	-	-	-	15	61

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

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect Shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Current and profit sharing accounts</b>						
Balance at the beginning of period	-	-	1.360	775	350.647	367.085
Balance at the end of period	-	-	1.690	1.360	117.886	350.647
<b>Profit share expense</b>	-	-	164	25	3.457	11.030

(\*) As of June 30, 2012 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 122.548.308 and EURO 49.056.000. The profit share expense relating to such borrowings for the period between January 1, 2012 – June 30, 2012 is TL 5.402.

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

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

As of end of June 30, 2012; the Bank has paid TL 4.978 (Prior period- TL 3.440) to top management.

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**Notes related to unconsolidated financial statements  
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**VIII. Explanations related to domestic, foreign and off-shore branches or investments and foreign representative offices:**

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

**IX. Explanations related to subsequent events:**

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2012/54", the upper reserve requirement ratio for TL liabilities that can be held as foreign currency I increased from 50% to 55% and the reserve requirement to be provided for the corresponding five percent portion as multiplied by coefficient of 1,9 can be held in foreign currency.

**Albaraka Türk Katılım Bankası Anonim Şirketi**

**Notes related to unconsolidated financial statements  
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**Section six**

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

None.

**Section seven**

**Independent auditors' limited review report**

**I. Explanations on independent auditors' limited review report:**

The Bank's unconsolidated financial statements as of and for the period ended June 30, 2012 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a Member Firm of Ernst & Young Global Limited) and the independent auditors' limited review report dated July 26, 2012 is presented at the beginning of the financial statements and related notes.

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

None.