

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

**Albaraka Türk Katılım Bankası
Anonim Şirketi**

**Unconsolidated financial statements including
independent auditors' report and notes to the financial
statements as of December 31, 2012**

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

Albaraka Türk Katılım Bankası Anonim Şirketi
Independent auditors' report
for the year ended December 31, 2012

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

We have audited the accompanying unconsolidated balance sheet of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") as of December 31, 2012 and the unconsolidated statement of income, unconsolidated statement of income and expense items accounted under equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

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

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

Disclosure for the responsibility of the authorized audit firm:

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

Independent Auditors' Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Albaraka Türk Katılım Bankası A.Ş. as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with the accounting principles and standards set out as per Article 37 of the Banking Act No: 5411 and other regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

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

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

Metin Canoğulları, SMMM
Engagement Partner

February 28, 2013
Istanbul, Turkey

**UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

Address of the Bank's headquarter : Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6
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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 address for contact : albarakaturk@albarakaturk.com.tr

The unconsolidated year-end financial report prepared in accordance with the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is comprised of the following sections.

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

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

28.02.2013

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

Fahrettin YAŞI
General Manager

Turgut SİMİTÇİOĞLU
Assistant General Manager

Ahmet OCAK
Budget and Financial Reporting Senior Manager

Hamad Abdulla A. EQAB
Chairman of the Audit Committee

Mitat AKTAŞ
Member of the Audit Committee

Hood Hashem Ahmed HASHEM
Member of the Audit Committee

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

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Table of contents

	Page
Section one	
General information	
I. History of the Bank including its incorporation date, initial legal status and amendments to legal status	1
II. Shareholding structure, shareholders having direct or indirect, joint or individual control over the management of the Bank and disclosures on related changes in the current year, if any	1
III. Explanation on the chairman and members of board of directors, members of audit committee, general manager and assistant general managers, their areas of responsibility and their shares in the Bank, if any	2
IV. Information on the Bank's qualified shareholders	3
V. Summary on the Bank's service activities and field of operations	3
VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions which are deducted from equity or not included in these three methods	4
VII. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the Bank and Its subsidiaries	4
Section two	
The unconsolidated financial statements	
I. Balance sheet (Statement of financial position)	5
II. Statement of off-balance sheet contingencies and commitments	7
III. Statement of income	8
IV. Statement of income and expense items accounted under shareholders' equity	9
V. Statement of changes in shareholders' equity	10
VI. Statement of cash flows	12
VII. Statement of profit appropriation	13
Section three	
Accounting policies	
I. Explanations on basis of presentation	14
II. Explanations on strategy of using financial instruments and foreign currency transactions	15
III. Explanations on forward, option contracts and derivative instruments	16
IV. Explanations on profit share income and expenses	16
V. Explanations on fees, commission income and expenses	17
VI. Explanations on financial assets	17
VII. Explanations on impairment of financial assets	18
VIII. Explanations on offsetting of financial instruments	19
IX. Explanations on sale and repurchase agreements and lending of securities	19
X. Explanations on assets held for sale and discontinued operations and liabilities related to these assets	19
XI. Explanations on goodwill and other intangible assets	20
XII. Explanations on tangible assets	20
XIII. Explanations on leasing transactions	21
XIV. Explanations on provisions and contingent liabilities	21
XV. Explanations on liabilities regarding employee benefits	22
XVI. Explanations on taxation	22
XVII. Additional explanations on borrowings	24
XVIII. Explanations on issued share certificates	24
XIX. Explanations on acceptances and availed drafts	24
XX. Explanations on government grants	24
XXI. Explanations on segment reporting	24
XXII. Explanations on other matters	24
XXIII. Additional paragraph for convenience translation	24
Section four	
Information on financial structure and risk management	
I. Explanations on the capital adequacy standard ratio	25
II. Explanations on credit risk	29
III. Explanations on market risk	38
IV. Explanations on operational risk	39
V. Explanations on currency risk	40
VI. Explanations on position risk of equity securities in banking book	42
VII. Explanations on liquidity risk	43
VIII. Explanations on securitisation positions	46
IX. Explanations on credit risk mitigation techniques	46
X. Explanations on risk management objectives and policies	48
XI. Explanations on presentation of financial assets and liabilities at fair values	51
XII. Explanations regarding the activities carried out on behalf and account of other persons	53
XIII. Explanations on business segments	54

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

I.	Explanations and notes related to assets	55
II.	Explanations and notes related to liabilities	70
III.	Explanations and notes related to off-balance sheet commitments	80
IV.	Explanations and notes related to the statement of income	83
V.	Explanations and notes related to the statements of changes in shareholders' equity	89
VI.	Explanations and notes related to the statement of cash flows	90
VII.	Explanations related to the risk group of the Bank	92
VIII.	Explanations related to domestic, foreign, off-shore branches or investments and foreign representative offices	93
IX.	Explanations related to subsequent events	93

Section six**Other explanations**

I.	Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification	94
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Section seven**Independent Auditors' report**

I.	Explanations on independent auditors' report	94
II.	Other notes and explanations prepared by the independent auditors	94

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 31, 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 Banks' published in the Official Gazette dated November 1, 2006 numbered 26333 and the Bank operates in accordance with the Banking Law numbered 5411 published in the Official Gazette dated November 1, 2005 numbered 25983.

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

The Bank's head office is located in Istanbul and is operating through 136 (Prior period- 122) local branches and 1 (Prior period- 1) foreign branch and with 2.758 (Prior period- 2.601) staff as of December 31, 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 December 31, 2012, 54,06% of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 22,97% of the shares are publicly traded and quoted on the Istanbul Stock Exchange.

In the Extraordinary General Meeting dated June 19, 2012, it was decided to increase the paid-in capital from 539.000 TL to 900.000 TL and the share capital increase was registered by the Trade Registry Office on June 27, 2012 and announced on July 2, 2012. There has been no change in the shareholding structure after the share capital increase.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 31, 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, their areas of responsibility and their shares in the Bank, if any:

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
Chairman of the Board of Directors (BOD)	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	(*) 0,0000
Members of BOD	Yalçın ÖNER	Vice Chairman of BOD	Master	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
General Manager	Fahrettin YAŞI	Member of BOD /General Manager	Master	-
Assistant General Managers	Mehmet Ali VERÇİN	Corporate Marketing, Commercial Marketing and Project Management	Bachelor	-
	Nihat BOZ	Legal Affairs	Bachelor	-
	Temel HAZIROĞLU	Human Resources, Training and Organization Department, Performance and Career Management.	Bachelor	0,0048
	Bülent TABAN	Corporate Loans, Commercial Loans and Retail Loans, Credit Management & Monitoring Department	Master	0,0342
	Turgut SİMİTÇİOĞLU	Risk Follow up, Administrative Affairs, Financial Affairs and Budget & Financial Reporting	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 Institutions, Fund Management, Retail Marketing	Bachelor	-
Audit Committee	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(*) 0,0000
Auditors	Seyfettin YENİDÜNYA	Auditor	Bachelor	-
	Prof. Dr. Arif Ateş VURAN	Auditor	Doctorate	-
	Osman KARA	Auditor	Bachelor	-

(*) The share amounts of these persons are between TL 1-10 (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
as at December 31, 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.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 31, 2012
(Currency - Thousand Turkish Lira)**

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and Short Explanation About the Institutions Subject to Full or Proportional Consolidation and Institutions which are Deducted from Equity or not Included in These Three Methods:

In the accompanying financial statements, the Bank did not consolidate the financial statements of its subsidiary Bereket Varlık Kiralama A.Ş. and its associate Kredi Garanti Fonu A.Ş. considering the materiality principle and its insignificant influence over the associate, respectively.

VII. The Existing or Potential, Actual or Legal Obstacles on Immediate Transfer of Equity or Reimbursement of Liabilities Between the Bank and Its Subsidiaries:

Immediate transfer of equity between the Bank and its subsidiaries is not an issue.

There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiaries. The Bank charges or pays cost of the services according to the service agreements between the Bank and its subsidiaries.

Section two

The unconsolidated financial statements

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

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

ASSETS	Notes (Section Five-I)	THOUSAND TURKISH LIRA					
		CURRENT PERIOD (31/12/2012)			PRIOR PERIOD (31/12/2011)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	122.743	1.177.900	1.300.643	292.927	758.273	1.051.200
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)	(2)	6.192	-	6.192	4.802	-	4.802
2.1 Trading Financial Assets		6.192	-	6.192	4.802	-	4.802
2.1.1 Public Sector Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		4.609	-	4.609	4.802	-	4.802
2.1.3 Derivative Financial Assets Held for Trading		-	-	-	-	-	-
2.1.4 Other Marketable Securities		1.583	-	1.583	-	-	-
2.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(3)	643.330	393.782	1.037.112	409.667	897.805	1.307.472
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. FINANCIAL ASSETS-AVAILABLE FOR SALE (net)	(4)	104.749	47.820	152.569	84.540	1.340	85.880
5.1 Equity Securities		-	1.269	1.269	-	1.340	1.340
5.2 Public Sector Debt Securities		104.749	46.551	151.300	84.540	-	84.540
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	(5)	7.907.609	1.150.795	9.058.404	6.567.141	697.669	7.264.810
6.1 Loans and Receivables		7.882.729	1.150.795	9.033.524	6.554.087	697.669	7.251.756
6.1.1 Loans to Risk Group of The Bank		34.262	-	34.262	187	-	187
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		7.848.467	1.150.795	8.999.262	6.553.900	697.669	7.251.569
6.2 Non performing loans		221.404	1.145	222.549	169.477	2.459	171.936
6.3 Specific Provisions (-)		196.524	1.145	197.669	156.423	2.459	158.882
VII. INVESTMENTS HELD TO MATURITY (net)	(6)	356.879	8.936	365.815	411.785	19.077	430.862
VIII. INVESTMENTS IN ASSOCIATES (net)	(7)	4.211	-	4.211	3.000	-	3.000
8.1 Accounted for under Equity Method		-	-	-	-	-	-
8.2 Unconsolidated Associates		4.211	-	4.211	3.000	-	3.000
8.2.1 Financial Associates		4.211	-	4.211	3.000	-	3.000
8.2.2 Non-Financial Associates		-	-	-	-	-	-
IX. SUBSIDIARIES (net)	(8)	50	-	50	50	-	50
9.1 Unconsolidated Financial Subsidiaries		50	-	50	50	-	50
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X. JOINT VENTURES (net)	(9)	-	-	-	-	-	-
10.1 Accounted for under Equity Method		-	-	-	-	-	-
10.2 Unconsolidated		-	-	-	-	-	-
10.2.1 Financial Joint Ventures		-	-	-	-	-	-
10.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XI. LEASE RECEIVABLES (net)	(10)	41.659	-	41.659	22.150	-	22.150
11.1 Finance Lease Receivables		51.494	-	51.494	27.298	-	27.298
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned Income (-)		9.835	-	9.835	5.148	-	5.148
XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
12.1 Fair Value Hedge		-	-	-	-	-	-
12.2 Cash Flow Hedge		-	-	-	-	-	-
12.3 Hedge of Net Investment Risks in Foreign Operations		-	-	-	-	-	-
XIII. TANGIBLE ASSETS (net)	(12)	292.493	1.844	294.337	229.071	2.078	231.149
XIV. INTANGIBLE ASSETS (net)	(13)	6.497	555	7.052	4.798	549	5.347
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		6.497	555	7.052	4.798	549	5.347
XV. INVESTMENT PROPERTY (net)	(14)	-	-	-	-	-	-
XVI. TAX ASSET	(15)	10.400	-	10.400	9.865	-	9.865
16.1 Current Tax Asset		2.482	-	2.482	1.262	-	1.262
16.2 Deferred Tax Asset		7.918	-	7.918	8.603	-	8.603
XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(16)	10.714	-	10.714	25.372	-	25.372
17.1 Assets Held for Sale		10.714	-	10.714	25.372	-	25.372
17.2 Assets of Discontinued Operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(17)	37.859	637	38.496	18.276	650	18.926
TOTAL ASSETS		9.545.385	2.782.269	12.327.654	8.083.444	2.377.441	10.460.885

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 (Section Five-II)	THOUSAND TURKISH LIRA					
		CURRENT PERIOD (31/12/2012)			PRIOR PERIOD (31/12/2011)		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	5.535.572	3.689.446	9.225.018	4.797.751	3.246.996	8.044.747
1.1 Funds from Risk Group of The Bank		65.574	165.908	231.482	242.951	109.056	352.007
1.2 Other		5.469.998	3.523.538	8.993.536	4.554.800	3.137.940	7.692.740
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	-	-	-	-	-
III. FUNDS BORROWED	(3)	-	1.393.830	1.393.830	-	1.053.290	1.053.290
IV. BORROWINGS FROM MONEY MARKETS		-	-	-	-	-	-
V. SECURITIES ISSUED (net)		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES		304.153	12.245	316.398	169.276	7.726	177.002
VII. OTHER LIABILITIES	(4)	-	-	-	-	-	-
VIII. LEASE PAYABLES (net)	(5)	-	-	-	-	-	-
8.1 Finance Lease Payables		-	-	-	-	-	-
8.2 Operational Lease Payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
IX. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
9.1 Fair Value Hedge		-	-	-	-	-	-
9.2 Cash Flow Hedge		-	-	-	-	-	-
9.3 Net Foreign Investment Hedge		-	-	-	-	-	-
X. PROVISIONS	(7)	111.101	24.717	135.818	104.193	42.000	146.193
10.1 General Provisions		81.488	21.612	103.100	61.164	11.774	72.938
10.2 Restructuring Reserves		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		19.245	-	19.245	14.307	-	14.307
10.4 Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5 Other Provisions		10.368	3.105	13.473	28.722	30.226	58.948
XI. TAX LIABILITY	(8)	38.256	1	38.257	35.401	1	35.402
11.1 Current Tax Liability		38.256	1	38.257	35.401	1	35.402
11.2 Deferred Tax Liability		-	-	-	-	-	-
XII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(9)	-	-	-	-	-	-
12.1 Assets Held for Sale		-	-	-	-	-	-
12.2 Assets of Discontinued Operations		-	-	-	-	-	-
XIII. SUBORDINATED LOANS	(10)	-	-	-	-	-	-
XIV. SHAREHOLDERS' EQUITY	(11)	1.218.406	(73)	1.218.333	1.004.251	-	1.004.251
14.1 Paid-In Capital		900.000	-	900.000	539.000	-	539.000
14.2 Capital Reserves		56.760	(73)	56.687	35.330	-	35.330
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Reserve		1.266	(73)	1.193	(1.438)	-	(1.438)
14.2.4 Revaluation Reserve on Tangible Assets		55.522	-	55.522	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 Accumulated Valuation Differences on Assets Held For Sale and Assets of Discontinued Operations		-	-	-	-	-	-
14.2.10 Other Capital Reserves		(28)	-	(28)	(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		192.726	-	192.726	160.870	-	160.870
14.4.1 Prior Years Profit / (Loss)		891	-	891	715	-	715
14.4.2 Current Year Profit / (Loss)		191.835	-	191.835	160.155	-	160.155
14.5 Minority Interest		-	-	-	-	-	-
TOTAL LIABILITIES		7.207.488	5.120.166	12.327.654	6.110.872	4.350.013	10.460.885

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 (Section Five-III)	THOUSAND TURKISH LIRA					
		CURRENT PERIOD (31/12/2012)			PRIOR PERIOD (31/12/2011)		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	(1),(3)	3.737.941	2.617.485	6.355.426	3.071.946	2.513.747	5.585.693
I. GUARANTEES AND SURETIES		2.859.471	2.353.810	5.213.281	2.685.935	2.512.179	5.198.114
1.1. Letters of Guarantees		2.852.364	1.682.435	4.534.799	2.676.710	1.857.501	4.534.211
1.1.1. Guarantees Subject to State Tender Law		149.051	15.888	164.939	150.781	60.412	211.193
1.1.2. Guarantees Given for Foreign Trade Operations		20	795.286	795.306	-	847.504	847.504
1.1.3. Other Letters of Guarantee		2.703.293	871.261	3.574.554	2.525.929	949.585	3.475.514
1.2. Bank Loans		-	15.490	15.490	-	43.986	43.986
1.2.1. Import Letter of Acceptances		-	15.490	15.490	-	43.986	43.986
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		6.296	471.537	477.833	-	506.178	506.178
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		6.296	471.537	477.833	-	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		-	168.039	168.039	225	83.488	83.713
1.7. Other Collaterals		811	16.309	17.120	9.000	21.026	30.026
II. COMMITMENTS	(1),(3)	878.470	263.675	1.142.145	386.011	1.568	387.579
2.1. Irrevocable Commitments		878.470	263.675	1.142.145	386.011	1.568	387.579
2.1.1. Forward Asset Purchase Commitments		265.158	263.575	528.733	-	-	-
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	1.000	-	1.000
2.1.3. Loan Granting Commitments		39.577	-	39.577	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		263.656	-	263.656	190.160	-	190.160
2.1.7. Tax And Fund Liabilities from Export Commitments		1.043	-	1.043	576	-	576
2.1.8. Commitments for Credit Card Expenditure Limits		306.032	-	306.032	173.723	-	173.723
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		323	-	323	45	-	45
2.1.10. Receivables From Short Sale Commitments		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		2.681	100	2.781	2.229	1.568	3.797
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	-	-	-	-	-	-
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		-	-	-	-	-	-
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2. Other Forward Buy/Sell Transactions		-	-	-	-	-	-
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		18.914.892	2.365.084	21.279.976	14.444.231	1.853.449	16.297.680
IV. ITEMS HELD IN CUSTODY		1.313.127	662.365	1.975.492	1.130.822	659.393	1.790.215
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		72	-	72	-	-	-
4.3. Checks Received for Collection		626.896	51.715	678.611	397.679	42.873	440.552
4.4. Commercial Notes Received for Collection		230.109	19.014	249.123	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		-	253.338	253.338	72	262.032	262.104
4.8. Custodians		455.945	338.298	794.243	487.763	345.032	832.795
V. PLEDGED ITEMS		17.601.765	1.702.719	19.304.484	13.313.409	1.194.056	14.507.465
5.1. Marketable Securities		444.122	193.889	638.011	231.595	35.609	267.204
5.2. Guarantee Notes		1.225.294	163.687	1.388.981	976.112	156.319	1.132.431
5.3. Commodity		485.124	242.477	727.601	427.087	251.412	678.499
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		14.424.663	706.303	15.130.966	11.244.768	502.327	11.747.095
5.6. Other Pledged Items		995.139	376.727	1.371.866	413.604	221.105	634.709
5.7. Pledged Items-Depository		27.423	19.636	47.059	20.243	27.284	47.527
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		22.652.833	4.982.569	27.635.402	17.516.177	4.367.196	21.883.373

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 (Section Five-IV)	THOUSAND TURKISH LIRA	
		CURRENT PERIOD (01/01/2012- 31/12/2012)	PRIOR PERIOD (01/01/2011- 31/12/2011)
I. PROFIT SHARE INCOME	(1)	996.828	769.727
1.1 Profit Share on Loans		966.404	718.310
1.2 Income Received from Reserve Deposits		-	-
1.3 Income Received from Banks		1.712	593
1.4 Income Received from Money Market Placements		-	-
1.5 Income Received from Marketable Securities Portfolio		24.801	48.545
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		6.126	7.207
1.5.4 Investments Held to Maturity		18.675	41.338
1.6 Finance Lease Income		3.896	2.265
1.7 Other Profit Share Income		15	14
II. PROFIT SHARE EXPENSE	(2)	510.930	384.079
2.1 Expense on Profit Sharing Accounts		479.892	359.921
2.2 Profit Share Expense on Funds Borrowed		30.549	18.370
2.3 Profit Share Expense on Money Market Borrowings		489	5.788
2.4 Profit Share Expense on Securities Issued		-	-
2.5 Other Profit Share Expense		-	-
III. NET PROFIT SHARE INCOME (I – II)		485.898	385.648
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		113.353	90.332
4.1 Fees and Commissions Received		135.585	110.625
4.1.1 Non-Cash Loans		77.846	59.740
4.1.2 Other	(12)	57.739	50.885
4.2 Fees and Commissions Paid		22.232	20.293
4.2.1 Non-Cash Loans		423	424
4.2.2 Other	(12)	21.809	19.869
V. DIVIDEND INCOME	(3)	788	-
VI. TRADING INCOME/LOSS(net)	(4)	20.397	21.224
6.1 Capital Market Transaction Income / (Loss)		(175)	346
6.2 Income / (Loss) from Derivative Financial Instruments		-	-
6.3 Foreign Exchange Income / (Loss)		20.572	20.878
VII. OTHER OPERATING INCOME	(5)	85.122	55.460
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		705.558	552.664
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	122.412	106.341
X. OTHER OPERATING EXPENSES (-)	(7)	341.921	244.160
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		241.225	202.163
XII. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-
XIII. INCOME / (LOSS) ON EQUITY METHOD		-	-
XIV. INCOME / (LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME / (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	241.225	202.163
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(49.390)	(42.008)
16.1 Provision for Current Taxes		(54.181)	(44.263)
16.2 Provision for Deferred Taxes		4.791	2.255
XVII. NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	191.835	160.155
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from Assets Held For Sale		-	-
18.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
18.3 Income from Other Discontinued Operations		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Loss from Assets Held for Sale		-	-
19.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
19.3 Loss from Other Discontinued Operations		-	-
XX. INCOME / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1 Provision for Current Taxes		-	-
21.2 Provision for Deferred Taxes		-	-
XXII. NET INCOME / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET INCOME / LOSS (XVII+XXII)	(11)	191.835	160.155
23.1 Group's Income/Loss		191.835	160.155
23.2 Minority Interest		-	-
Earnings Per Share (Full TL)		0,213	0,178

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 (01/01/2012- 31/12/2012)	PRIOR PERIOD (01/01/2011- 31/12/2011)
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	3.289	(4.753)
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	24.090	11.400
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	354	(382)
V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-
VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-
VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	(10)	-
VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	-	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	(5.476)	(1.329)
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	22.247	4.936
XI. PROFIT/LOSS	191.835	160.155
11.1 Net change in Fair Value of Marketable Securities (Recycled To Profit/Loss)	-	-
11.2 Part - of Derivatives Designated for Cash Flow Hedge Purposes reclassified and presented in Income Statement	-	-
11.3 Part of Hedge of Net Investments in Foreign Operations reclassified and presented in Income Statement	-	-
11.4 Other	191.835	160.155
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	214.082	165.091

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	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 Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc.op.	Total Equity
PRIOR PERIOD (01/01/2011 - 31/12/2011)																	
I. Beginning balance	(V)	539.000	-	-	-	32.441	-	115.706	-	134.044	335	2.364	28.745	-	-	-	852.635
II. Changes In Period Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(4.753)	-	-	-	-	(4.753)
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	11.400	-	-	-	11.400
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	(382)	-	-	-	-	-	-	-	(382)
IX. Changes Related to the Disposal Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	715	951	(2.995)	-	-	-	(1.329)
XVII. Period Net Income/(Loss)		-	-	-	-	-	-	-	-	160.155	-	-	-	-	-	-	160.155
XVIII. Profit Distribution		-	-	-	-	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	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		539.000	-	-	-	39.160	-	229.891	(382)	160.155	715	(1.438)	37.150	-	-	-	1.004.251

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	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 Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc.op.	Total Equity
CURRENT PERIOD (01/01/2012 - 31/12/2012)																	
I. Beginning balance	(V)	539.000	-	-	-	39.160	-	229.891	(382)	160.155	715	(1.438)	37.150	-	-	-	1.004.251
II. Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	3.289	-	-	-	-	3.289
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	24.090	-	-	-	24.090
VI. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	354	-	-	-	-	-	-	-	354
IX. Changes Related to the Disposal Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The Effect of Change in Associate's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		361.000	-	-	-	(61)	-	(360.939)	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Sources		361.000	-	-	-	(61)	-	(360.939)	-	-	-	-	-	-	-	-	-
XIII. Share Issue Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	2.824	-	(2.824)	-	-	890	(658)	(5.718)	-	-	-	(5.486)
XVII. Period Net Income/(Loss)		-	-	-	-	-	-	-	-	191.835	-	-	-	-	-	-	191.835
XVIII. Profit Distribution		-	-	-	-	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)	160.155	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	49.966	-	18.954	(28)	191.835	891	1.193	55.522	-	-	-	1.218.333

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 (01/01/2012-31/12/2012)	PRIOR PERIOD (01/01/2011-31/12/2011)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes In Operating Assets And Liabilities		479.835	326.132
1.1.1	Profit Share Income Received		944.634	705.931
1.1.2	Profit Share Expense Paid		(508.708)	(368.685)
1.1.3	Dividend Received		788	-
1.1.4	Fees and Commissions Received		224.593	138.702
1.1.5	Other Income		76.196	43.395
1.1.6	Collections from Previously Written Off Loans	(V-I-5,h2)	27.639	30.960
1.1.7	Payments to Personnel and Service Suppliers		(200.912)	(141.882)
1.1.8	Taxes Paid		(69.531)	(19.042)
1.1.9	Others	(V-VI-3)	(14.864)	(63.247)
1.2	Changes in operating assets and liabilities		(1.189.835)	(313.501)
1.2.1	Net (Increase) Decrease in Available For Sale Financial Assets		(1.390)	(240)
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		(447.756)	(221.744)
1.2.4	Net (Increase) Decrease in Loans		(1.981.802)	(876.994)
1.2.5	Net (Increase) Decrease in Other Assets		44.036	(65.124)
1.2.6	Net Increase (Decrease) in Funds Collected From Banks		-	-
1.2.7	Net Increase (Decrease) in Other Funds Collected		1.165.138	860.521
1.2.8	Net Increase (Decrease) in Funds Borrowed		-	-
1.2.9	Net Increase (Decrease) in Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(V-VI-3)	31.939	(9.920)
I.	Net Cash Flow From Banking Operations		(710.000)	12.631
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities		(29.805)	(95.260)
2.1	Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		(1.211)	(1.000)
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3	Fixed Assets Purchases	(V-I12,13,16)	(60.872)	(72.138)
2.4	Fixed Assets Sales		12.356	17.698
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		(113.299)	(30.000)
2.6	Cash Obtained from Sale of Financial Assets Available for Sale		50.000	-
2.7	Cash Paid for Purchase of Investment Securities	(V-I-6.4)	(300.000)	(50.000)
2.8	Cash Obtained from Sale of Investment Securities	(V-I-6.4)	383.221	40.180
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flow from financing activities		333.893	653.315
3.1	Cash Obtained from Funds Borrowed and Securities Issued		936.239	1.038.612
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(602.346)	(371.822)
3.3	Capital Increase		-	-
3.4	Dividends Paid		-	(13.475)
3.5	Payments for Finance Leases		-	-
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(V-VI-3)	2.065	52.392
V.	Net (Decrease) / Increase in Cash and Cash Equivalents		(403.847)	623.078
VI.	Cash and Cash Equivalents at the Beginning of the Period	(V-VI-i)	1.765.991	1.142.913
VII.	Cash and Cash Equivalents at the End of the Period	(V-VI-ii)	1.362.144	1.765.991

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

ALBARAKATURK KATILIM BANKASI A.Ş. STATEMENT OF PROFIT APPROPRIATION

STATEMENT OF PROFIT APPROPRIATION	THOUSAND TURKISH LIRA	
	CURRENT PERIOD (*) (31/12/2012)	PRIOR PERIOD (31/12/2011)
I. Distribution of current year income		
1.1. Current year income (****)	242.116	202.878
1.2. Taxes and duties payable (-)	49.390	42.008
1.2.1. Corporate tax (Income tax)	54.181	44.263
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities (**)	(4.791)	(2.255)
A. Net income for the year (1.1-1.2)	192.726	160.870
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	8.043
1.5. Other statutory reserves (-)	-	-
B. Distributable net period income [(A-(1.3+1.4+1.5))] (*)	192.726	152.827
1.6. First dividend to shareholders (-)	-	-
1.6.1. To owners of ordinary shares	-	-
1.6.2. To owners of preferred shares	-	-
1.6.3. To owners of preferred shares (Preemptive rights)	-	-
1.6.4. To Profit sharing bonds	-	-
1.6.5. To owners of the profit /loss sharing certificates	-	-
1.7. Dividend to personnel (-)	-	-
1.8. Dividend to board of directors (-)	-	-
1.9. Second dividend to shareholders (-)	-	-
1.9.1. To owners of ordinary shares	-	-
1.9.2. To owners of preferred shares	-	-
1.9.3. To owners of preferred shares (Preemptive rights)	-	-
1.9.4. To profit sharing bonds	-	-
1.9.5. To owners of the profit /loss sharing Certificates	-	-
1.10. Second legal reserve (-)	-	-
1.11. Status reserves (-)	-	-
1.12. Extraordinary reserves	-	152.827
1.13. Other reserves	-	-
1.14. Special funds	-	-
II. Distribution from reserves		
2.1. Distributed reserves	-	-
2.2. Second legal reserves (-)	-	-
2.3. Share to shareholders (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of preferred shares	-	-
2.3.3. To owners of preferred shares (Preemptive rights)	-	-
2.3.4. To profit sharing bonds	-	-
2.3.5. To owners of the profit /loss sharing certificates	-	-
2.4. Share to personnel (-)	-	-
2.5. Share to board of directors (-)	-	-
III. Earnings per share		
3.1. To owners of ordinary shares (***) (Full TL)	0,214	0,298
3.2. To owners of ordinary shares (%)	21,4	29,8
3.3. To owners of preferred shares	-	-
3.4. To owners of preferred shares (%)	-	-
IV. Dividend per share		
4.1. To owners of ordinary shares (Full TL)	-	-
4.2. To owners of ordinary shares (%)	-	-
4.3. To owners of preferred shares	-	-
4.3. To owners of preferred shares (%)	-	-

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

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

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

(****) Current year income includes previous years profit and current year profit.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 31, 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 the current year-end 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 January 1, 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 June 28, 2012 and numbered 28337.

The amendments of TAS and TFRS, which have been issued as of the reporting date, are not expected to have a material impact on the accounting policies, financial condition and performance of the Bank, except for TFRS 9 "Financial Instruments". 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 which are reflected at fair values.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 31, 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 creates its strategies on financial instruments considering its sources of financing. The main financing sources consist of current and profit sharing accounts. Other than current and profit sharing accounts, the Bank's most important funding sources are its equity and borrowings from foreign financial institutions. The Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

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

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

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

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 31, 2012
(Currency - Thousand Turkish Lira)**

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 using the buying rate of gold at the balance sheet date announced by the Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Bank.

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

The fair values of forward foreign currency purchase-sale 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.

The Bank does not have any derivative financial instruments.

Embedded derivatives are separated from the host contract and accounted for as a derivative under TAS 39 if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. When the host contract and embedded derivative are closely related, embedded derivatives are not separated from the host contract and are accounted according to the standard applied to the host contract.

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
as at December 31, 2012
(Currency - Thousand Turkish Lira)**

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, respectively over the commission period of the related loan, respectively. Fees and commissions collected in advance which are related to the future periods are recorded under the account '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.

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

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 at fair value through profit and loss".

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

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

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

As of December 31, 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 Valuation Reserve" under equity. In case of a disposal of available for sale financial assets, value increases/decreases which have been recorded in the marketable securities valuation reserve under the equity is transferred to income statement. Financial assets classified as available for sale financial assets which do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less impairment, if any.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 31, 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 which reflects their fair value; and subsequently recognized at the amortized cost value using the internal rate of return method in accordance with TAS 39 "Financial Assets: Recognition and Measurement". Fees, transaction costs and other similar costs in connection with the collaterals of loans and receivables are paid by the customers and accordingly not included in expense items in the income statement.

Cash loans are accounted in related accounts as specified by the Communiqué "Uniform Chart of Accounts and Explanations".

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 including the transaction costs which reflects their fair value, and subsequently carried at amortized cost using the internal rate of return method. Profit share income from held to maturity financial assets is reflected in the income statement.

VII. Explanations on impairment of financial assets:

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

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

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 31, 2012
(Currency - Thousand Turkish Lira)**

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 has been accounted in the equity, has been impaired then the total loss which was accounted directly under the equity is deducted from equity and transferred to the income statement.

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

VIII. Explanations on offsetting of financial instruments:

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

There are no such offset of 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 to be incurred for disposal. In order to classify an asset as held for sale, the possibility of sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan designed by an appropriate level of management regarding the sale of the asset to be disposed of together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset shall be actively marketed in conformity with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan.

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

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
as at December 31, 2012
(Currency - Thousand Turkish Lira)**

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 has made a change in accounting policy and adopted revaluation model for immovables 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, 2012 the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve in accordance with TAS 16.

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

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

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

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

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period. In cases where the leasing period is not certain, the useful life is determined as 5 years. After January 1, 2010 in cases where leasing period is more than 5 years, the useful life is determined as 5 years.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 31, 2012
(Currency - Thousand Turkish Lira)**

XII. Explanations on tangible assets (continued):

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

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

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

XIII. Explanations on leasing transactions:

Transactions as a lessee

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

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

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

The 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 Contingent Assets".

Provisions are recognized if; as of the balance sheet date there is a present legal or constructive obligation as a result of past events, it is probable that an outflow resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation 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.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 31, 2012
(Currency - Thousand Turkish Lira)**

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 terminated due to retirement or for reasons other than resignation or misconduct.

The retirement pay provision recognized in the financial statements, is calculated in accordance with TAS 19 "Employee Benefits" by using the "projection method" and based upon factors derived using the Bank's experience with respect to completion of service period and eligibility to receive retirement pay and 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 in the period they are earned and are 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.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 31, 2012
(Currency - Thousand Turkish Lira)**

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 for 5 years according to the Corporate Tax Law.

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

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

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

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
as at December 31, 2012
(Currency - Thousand Turkish Lira)**

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:

With the decision of Extraordinary General Meeting dated June 19 2012, the Bank increased the paid-in capital from 539.000 TL to 900.000 TL through internal resources (without cash consideration).

XIX. Explanations on acceptances and availed drafts:

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

XX. Explanations on government grants:

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

XXI. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note XIII.

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
as at December 31, 2012
(Currency - Thousand Turkish Lira)**

Section four

Information on financial structure and risk management

I. Explanations on capital adequacy standard ratio:

Capital adequacy ratio calculations are made in accordance with "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" (Regulation) published in the Official Gazette no.28337 dated June 28, 2012 starting from July 1, 2012. As of December 31, 2012, the Bank's unconsolidated capital adequacy ratio calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" is 13,03 %. In accordance with "Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" published in Official Gazette No.28337 dated June 28, 2012 the Bank has not re-calculated capital adequacy ratio of the previous period.

a) Risk measurement methods used in the calculation of capital adequacy standard ratio:

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", "Regulation on Credit Risk Mitigation Techniques" published in the Official Gazette no.28337 dated June 28, 2012 and the "Regulation on Equities of Banks" published in the Official Gazette no.26333 dated November 1, 2006.

In the calculation of capital adequacy ratio the Bank applies standard method for market risk, basic indicator method for operational risk and standard method for credit risk.

In the calculation of capital adequacy ratio, the data composed from accounting records prepared in compliance with the current legislation are used. Such accounting data is included in the calculation of credit and market risks subsequent to their designation as "trading book" and "banking book" according to the Regulation.

The items classified as trading book and the items deducted from the equity are not included in the calculation of credit risk. In the calculation of risk weighted assets, the assets subject to amortisation or impairment, are taken into account on a net basis after being reduced by the related amortisations and provisions.

In the calculation of the value at credit risk for the non-cash loans and commitments and the receivables from counterparties in such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

Albaraka Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements
as at December 31, 2012
(Currency - Thousand Turkish Lira)****I. Explanations on capital adequacy standard ratio (continued):****b) Information on capital adequacy standard ratio: Thousand TL, %**

Value at Credit Risk	Bank Only							
	%0	%10	%20	%50	%75	%100	%150	%200
	2.037.522	-	901.068	3.431.015	1.593.765	5.158.844	9.697	1.010
Risk Categories								
Conditional and unconditional receivables from central governments or central banks	1.428.573	-	-	55.487	-	1.270	-	-
Conditional and unconditional receivables from regional or local governments	-	-	10.364	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	1.165	-	890.251	245.929	848	54.103	-	-
Conditional and unconditional receivables from corporates	333.901	-	-	-	-	4.796.615	-	-
Conditional and unconditional retail receivables	83.833	-	-	-	1.592.917	-	-	-
Conditional and unconditional receivables secured by mortgages on property	-	-	453	3.119.129	-	-	-	-
Past due receivables	-	-	-	10.470	-	12.992	697	-
Receivables defined in high risk category by BRSA	489	-	-	-	-	-	9.000	1.010
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	189.561	-	-	-	-	293.864	-	-

On the table, the collateralized credit amounts are included to risk weights based on related risk categories.

c) Summary information related to capital adequacy standard ratio:

	Current Period
A Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	661.316
B Capital Requirement for Market Risk (MRCR)	5.234
C Capital Requirement for Operational Risk (ORCR)	66.816
Shareholders' Equity	1.194.026
Shareholders' Equity/((CRCR+MRCR+ORCR)*12.5)*100	% 13,03

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

d) Details of shareholders' equity accounts:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	900.000	539.000
Nominal Capital	900.000	539.000
Capital Commitments (-)	-	-
Inflation Adjustments to Paid-in Capital	-	-
Share Premium	-	-
Share Cancellation Profits	-	-
Reserves	68.892	268.987
Inflation Adjustments to Reserves	-	-
Profit	192.726	160.870
Current Period Net Profit	191.835	160.155
Prior Years' Profits	891	715
Provision for possible losses up to 25% of the core capital	108	2.976
Income on Sale of Equity Shares and Real Estate Property	-	-
Primary Subordinated Debts	-	-
Loss in excess of Reserves (-)	-	-
Current Period Net Loss	-	-
Prior Years' Loss	-	-
Leasehold Improvements on Operational Leases(-)	29.409	17.516
Intangible Assets (-)	7.052	5.388
Deferred Tax Asset Exceeding 10% of the Core Capital (-)	-	-
Amount in excess as per the 3rd Paragraph of the Article 56 of the Banking Law(-)	-	-
Total Core Capital	1.125.265	948.929

Albaraka Türk Katılım Bankası Anonim Şirketi**Notes related to unconsolidated financial statements****As at December 31, 2012****(Currency - Thousand Turkish Lira)****I. Explanations on capital adequacy standard ratio (continued):**

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Loan Loss Reserves	44.750	34.096
45% of the Revaluation Reserve for Movable Fixed Assets	-	(10)
45% of the Revaluation Reserve for Properties	24.985	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	537	(1.438)
Indexation Differences For Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	70.272	49.366
CAPITAL	1.195.537	998.295
DEDUCTIONS FROM THE CAPITAL	1.511	513
Shareholdings in Unconsolidated Banks and Financial Institutions (Domestic, Foreign) in which the Bank Owns Ten Percent or More of Capital	50	-
Shareholdings in Unconsolidated Banks and Financial Institutions (Domestic, Foreign) in which the Bank Owns Less than Ten Percent of Capital 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	802	224
Securitization Positions to be Deducted from Equity	-	-
Other	659	289
TOTAL SHAREHOLDERS' EQUITY	1.194.026	997.782

e) Approaches for assessment of adequacy of internal capital requirements for current and future activities:

Charter on Internal Capital Adequacy Policy was prepared in order to define internal capital adequacy evaluation process and capital adequacy policy by the Bank and was approved by the Board of Directors on October 17, 2012. The ultimate aim of such internal capital adequacy policy is to maintain capital adequacy by defining the basic principles that regulate management and implementation of internal capital adequacy, apart from exceptional circumstances.

The Bank within the framework of BRSA regulations and also considering the best practices, ensures the management of internal capital adequacy, pursuant to the volume, qualification and complexity of its operations. The methodology for evaluation of internal capital adequacy is considered an ongoing process and the related future studies are planned in this way.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2012

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk:

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

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

In accordance with the decision taken by the Board of Directors of the Bank, the Bank cannot grant loans above 15% of its equity to a real person or legal entity. (Exception to this decision is subject to the decision of the Board of Directors.) The Bank focuses to distribute the risk in different sectors evenly; accordingly the branches of the Bank are trying to reach companies from various sectors. In principle each branch tries to distribute overall risk in the branch evenly among sectors and development of the entities in critical sectors are observed.

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

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

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

II. Explanations on credit risk (continued):

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

Risk Categories	Current Period Risk Amount(*)	Average Risk Amount (**)
Conditional and unconditional receivables from central governments or central banks	1.485.330	1.206.023
Conditional and unconditional receivables from regional or local governments	10.364	6.329
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	1.192.296	1.246.635
Conditional and unconditional receivables from corporates	5.130.516	4.861.021
Conditional and unconditional retail receivables	1.676.750	1.478.025
Conditional and unconditional receivables secured by mortgages on property	3.119.582	3.299.414
Past due receivables	24.159	29.562
Receivables defined in high risk category by BRSA	10.499	4.726
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	483.425	411.409

(*) Represents amounts, before risk mitigating factors, after risk conversion factors.

(**) The average risk amount determined by arithmetical average of the values from monthly reports prepared from June 28 2012 (date of publication of "Regulation on Measurement and Assessment of Capital Adequacy of Banks") to end of period.

(2) The Bank does not have derivative financial instruments like options, forwards etc.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

II. Explanations on credit risk (continued):

- (3) Indemnified non-cash loans are subject to the same risk weight as overdue loans. Rescheduled or restructured loans are followed in accordance with the principles of credit risk management and follow-up principle of the Bank. Financial position and commercial operations of those customers are analyzed continuously and the principal and profit payments based on the restructured payment plan are monitored by the related departments.

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

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

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

- (5) Share of cash receivables of the Bank from its top 100 and top 200 cash loan customers in total cash loans is 38% (Prior period - 37%) and 49% respectively.

Share of non- cash receivables of the Bank from its top 100 and top 200 non-cash loan customers in total non-cash loans is 45% (Prior period - 46%) and 58% respectively.

Share of cash and non-cash receivables of the Bank from its top 100 and top 200 loan customers in total of balance sheet and non-cash loans is 33% (Prior period - 33%) and 44% respectively.

- (6) The Bank's general provision amount for its credit risk is TL 103.100 (Prior period - TL 72.938).

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

II. Explanations on credit risk (continued):

(7) Profile on significant risks in significant regions:

	Risk Categories (*)							Total
	1	2	3	4	5	6	7	
Current Period								
Domestic	1.476.394	10.364	886.799	5.075.648	1.673.138	3.098.803	10.499	12.231.645
EU Countries	-	-	156.653	839	862	5.893	-	164.247
OECD countries (**)	-	-	2.905	-	-	-	-	2.905
Off-shore banking regions	-	-	944	994	-	2.627	-	4.565
USA, Canada	-	-	60.337	-	2	9.460	-	69.799
Other countries	8.936	-	84.658	53.035	2.748	2.799	-	152.176
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-
Unallocated assets/liabilities	-	-	-	-	-	-	-	-
	1.485.330	10.364	1.192.296	5.130.516	1.676.750	3.119.582	10.499	12.625.337

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

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

- 1-Conditional and unconditional receivables from central governments or central banks
- 2-Conditional and unconditional receivables from regional or local governments
- 3-Conditional and unconditional receivables from banks and brokerage houses
- 4-Conditional and unconditional receivables from corporates
- 5-Conditional and unconditional retail receivables
- 6-Conditional and unconditional receivables secured by mortgages on property
- 7-Receivables defined in high risk category by BRSA

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2012

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

Risk Profile according to sectors and counterparties:

		Risk Categories											
Sectors / Counterparties	1	2	3	4	5	6	7	8	9	TL	FC	Total	
1 Agriculture	-	-	-	113.629	35.592	65.634	49	-	-	193.627	21.277	214.904	
1.1 Farming and stockbreeding	-	-	-	82.830	28.913	55.373	2	-	-	146.708	20.410	167.118	
1.2 Forestry	-	-	-	30.740	6.446	10.091	47	-	-	46.555	769	47.324	
1.3 Fishery	-	-	-	59	233	170	-	-	-	364	98	462	
2 Manufacturing	-	-	-	2.349.204	614.503	1.516.139	10.699	-	-	3.346.155	1.144.390	4.490.545	
2.1 Mining	-	-	-	41.236	7.129	22.380	12	-	-	64.809	5.948	70.757	
2.2 Production	-	-	-	2.010.556	570.884	1.410.305	9.167	-	-	3.045.280	955.632	4.000.912	
2.3 Electricity, gas, water	-	-	-	297.412	36.490	83.454	1.520	-	-	236.066	182.810	418.876	
3 Construction	-	-	-	1.457.462	250.748	591.316	10.262	-	-	1.681.197	628.591	2.309.788	
4 Services	-	10.364	1.192.296	863.270	344.257	540.931	1.131	-	-	1.898.820	1.053.429	2.952.249	
4.1 Wholesale and retail trade	-	6.939	-	369.364	128.807	249.184	1.054	-	-	638.394	116.954	755.348	
4.2 Hotel, food and beverage services	-	-	-	14.759	16.470	13.468	52	-	-	13.511	31.238	44.749	
4.3 Transportation and telecommunication	-	-	-	78.026	31.171	41.606	5	-	-	79.073	71.735	150.808	
4.4 Financial institutions	-	-	1.192.296	190.717	18.683	80.050	-	-	-	725.352	756.394	1.481.746	
4.5 Real estate and renting services	-	-	-	71.354	87.207	82.483	-	-	-	195.217	45.827	241.044	
4.6 Self-employment services	-	3.425	-	91.983	29.558	38.897	20	-	-	145.621	18.262	163.883	
4.7 Education services	-	-	-	6.829	4.218	5.142	-	-	-	16.126	63	16.189	
4.8 Health and social services	-	-	-	40.238	28.143	30.101	-	-	-	85.526	12.956	98.482	
5 Other	1.485.330	-	-	346.951	431.650	405.562	2.018	10.499	483.425	2.368.744	796.691	3.165.435	
6 Total	1.485.330	10.364	1.192.296	5.130.516	1.676.750	3.119.582	24.159	10.499	483.425	9.488.543	3.644.378	13.132.921	

1-Conditional and unconditional receivables from central governments or central banks

2-Conditional and unconditional receivables from regional or local governments

3-Conditional and unconditional receivables from banks and brokerage houses

4-Conditional and unconditional receivables from corporates

5-Conditional and unconditional retail receivables

6-Conditional and unconditional receivables secured by mortgages on property

7-Past due receivables

8-Receivables defined in high risk category by BRSA

9-Other Receivables

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

II. Explanations on credit risk (continued):

Distribution of risks with term structure according to remaining maturities:

	Risk Categories	Time to Maturity				
		1 month	1–3 months	3–6 months	6–12 months	1 year and over
1	Conditional and unconditional receivables from central governments or central banks	961.448	61.944	-	35.908	426.030
2	Conditional and unconditional receivables from regional or local governments	727	1.258	1.925	4.083	2.371
3	Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
4	Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
5	Conditional and unconditional receivables from international organizations	-	-	-	-	-
6	Conditional and unconditional receivables from banks and brokerage houses	332.508	425.536	352.956	28.424	52.872
7	Conditional and unconditional receivables from corporates	739.149	602.535	864.421	1.190.164	1.734.247
8	Conditional and unconditional retail receivables	270.551	290.303	334.410	370.289	411.197
9	Conditional and unconditional receivables secured by mortgages on property	312.904	313.649	423.821	670.010	1.399.198
10	Past due receivables	-	-	-	-	-
11	Receivables defined in high risk category by BRSA	-	-	-	-	10.499
12	Securities collateralized by mortgages	-	-	-	-	-
13	Securitization positions	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-
16	Other receivables	-	-	-	-	-
	GENERAL TOTAL	2.617.287	1.695.225	1.977.533	2.298.878	4.036.414

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

II. Explanations on credit risk (continued):

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

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

Risk Weights	%0	%10	%20	%50	%75	%100	%150	%200	%250	Deductions from	
										Shareholders' Equity	
1	Amount before credit risk mitigation	1.618.134	-	901.068	3.431.936	1.677.598	5.492.989	10.137	1.059	-	1.511
2	Amount after credit risk mitigation	2.037.522	-	901.068	3.431.015	1.593.765	5.158.844	9.697	1.010	-	1.511

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

Sectors / Counterparties	Loans				
	Impaired Loans	Past Due	Value Adjustments	Provisions	
1	Agriculture	6.451	2.242	36	6.319
1.1	Farming and stockbreeding	2.677	1.706	26	2.571
1.2	Forestry	3.517	536	10	3.495
1.3	Fishery	257	-	-	253
2	Manufacturing	68.958	91.567	1.481	57.695
2.1	Mining	2.080	960	12	2.072
2.2	Production	63.226	90.545	1.468	53.455
2.3	Electricity, gas, water	3.652	62	1	2.168
3	Construction	100.348	19.386	359	91.181
4	Services	30.120	32.819	564	26.239
4.1	Wholesale and retail trade	14.486	13.889	219	11.679
4.2	Hotel, food and beverage services	97	645	10	81
4.3	Transportation and telecommunication	3.890	3.763	60	3.662
4.4	Financial institutions	227	263	5	227
4.5	Real estate and renting services	4.504	11.780	225	4.492
4.6	Self-employment services	6.466	992	16	5.648
4.7	Education services	7	238	4	7
4.8	Health and social services	443	1.249	25	443
5	Other	16.672	121.417	2.131	16.235
6	Total	222.549	267.431	4.571	197.669

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

II. Explanations on credit risk (continued):

10) Information related to value adjustments and credit provisions:

	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments (*)	Closing Balance
1 Specific Provisions	158.882	92.774 (**)	(49.390) (**)	(4.597)	197.669
2 General Provisions	72.938	30.689	(8)	(519)	103.100

(*)Determined according to currency differences.

(**) Related balance includes reversal of provisions regarding write-off's in the amount of TL 20.401.

(***) Related balance includes reversal of provisions made within the same period in the amount of TL 8.389 .

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

	Current period	Prior period
Central Bank of the Republic of Turkey	1.126.363	813.885
Trading financial assets	1.583	-
Due from banks	1.037.112	1.307.472
Available-for-sale financial assets	151.300	84.540
Loans	9.058.404	7.264.810
Held to maturity investments	365.815	430.862
Finance lease receivables	41.659	22.150
Other assets	2.850	4.321
Total balance sheet items subject to credit risk	11.785.086	9.928.040
Contingent liabilities	5.213.281	5.198.114
Commitments	1.142.145	387.579
Total off-balance sheet items subject to credit risk	6.355.426	5.585.693
Total credit risk exposure	18.140.512	15.513.733

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

II. Explanations on credit risk (continued):

Explanations on credit rating system:

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

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

	Current period	Prior period
Above average	18,59 %	18,47 %
Average	78,97 %	77,25 %
Below average	2,44 %	4,28 %

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

III. Explanations on market risk:

(1) The Bank measures its market risk exposures within the framework of "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in Official Gazette numbered 28337 dated June 28, 2012 by using standardized approach and allocates statutory capital accordingly. On the other hand, market risk is also calculated using internal model methods (VaR) and the results are validated by back test analysis. The VaR is calculated daily by using Variance, Covariance, EWMA, Monte Carlo and historical simulation methods and the results are reported to senior management.

The Board of Directors set the risk limits by taking into account the main risk factors and these limits are periodically revised in accordance with the market conditions and the Bank's strategies. Furthermore, the Board of Directors ensure that, the necessary measures are to be taken by risk management department and top level management in respect of defining, measuring, prioritizing, monitoring and managing the risks exposed by the Bank.

The riskiness of on and off balance sheet positions which will occur due to the market volatility is measured regularly. The information related to market risk taken into consideration in calculation of capital is stated below.

a) Information related to market risk:

	Amount
(I) Capital requirement to be employed for general market risk - standard method	369
(II) Capital requirement to be employed for specific risk - standard method	369
Capital requirement against specific risks of securitisation positions- standard method	-
(III) Capital requirement to be employed for currency risk - standard method	4.496
(IV) Capital requirement to be employed for commodity risk - standard method	-
(V) Capital requirement to be employed for swap risk - standard method	-
(VI) Capital requirement to be employed for market risk of options - standard method	-
(VII) Capital requirement against counterparty credit risks - standard method	-
(VIII) Capital requirement to be employed for market risks of banks using risk measurement model	-
(IX) Total capital requirement to be employed for market risk (I+II+III+IV+V+VI+VII)	5.234
(X) Amount subject to market risk (12,5 X VIII) or (12,5 x IX)	65.425

b) Average Market Risk Table Concerning Market Risk Calculated as of Month Ends During the Period:

	Current period			Prior period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	23	137	-	1.847	3.613	-
Share Certificates Risk	640	738	534	6.812	8.713	5.938
Currency Risk	6.086	8.231	4.496	50.064	76.375	35.300
Commodity Risk	-	-	-	-	-	-
Swap Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counterparty Credit Risk	-	-	-	-	-	-
Total Value Subject to Risk	6.749	9.106	5.030	58.723	88.701	41.238

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

III. Explanations on market risk (continued):

(2) Information on counterparty credit risk:

There are no transactions that require calculation of counterparty credit risk.

(3) Explanations on calculation of capital requirements through a risk measurement model which is permitted to be used by the authorities:

None.

IV. Explanations on operational risk:

a) Amount subject to operational risk is calculated with the help of basic indicator method according to article fourteen of "Regulation on Measurement and Assessment of Capital Adequacy of Banks". Annual gross profit calculated based on adding net fee and commission income, dividend income except for dividends from subsidiaries and associates, trading gain/loss(net) and other operational income to net profit share income; and deducting the profit/loss from selling assets except from trading accounts, extraordinary income, operating expense due to support services from a bank, main shareholder of the bank and compensations from insurance.

b) In case of using the basic indicator approach, the related information is as below:

	2 PP Value	1 PP Value	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	500.700	418.488	417.124	445.437	15	66.816
Amount subject to Operational Risk (Total*12,5)						835.195

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)

V. Explanations on currency risk:

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

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

Full TL	USD	EUR
As of December 31, 2012 - Balance sheet evaluation rate	1,780	2,355
As of December 28, 2012	1,782	2,358
As of December 27, 2012	1,785	2,362
As of December 26, 2012	1,788	2,369
As of December 25, 2012	1,789	2,360
As of December 24, 2012	1,791	2,366

- 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 1,778 for 1 USD (December 2011 – full TL 1,858), full TL 2,332 for 1 EURO (December 2011 – full TL 2,447) and full TL 2,121 for 100 JPY (December 2011 – full TL 2,430).

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 decrease/increase 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	21.855	2.783	(28)	(382)
USD	10% decrease	(21.855)	(2.783)	28	382
EURO	10% increase	4.906	199	-	-
EURO	10% decrease	(4.906)	(199)	-	-

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

V. Explanations on currency risk (continued):

Information on currency risk of the Bank:

Current Period	EUR	USD	Other FC(*)	Total
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	410.423	566.233	201.244	1.177.900
Banks	99.689	189.414	104.679	393.782
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Available-for-sale financial assets	41	47.779	-	47.820
Loans and financial lease receivables(**)	1.102.193	2.676.139	-	3.778.332
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	8.936	-	8.936
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	1.844	1.844
Intangible assets	-	-	555	555
Other assets (***)	483	625	-	1.108
Total assets	1.612.829	3.489.126	308.322	5.410.277
Liabilities				
Current account and funds collected from banks via participation accounts	73.503	250.959	385	324.847
Other current and profit sharing accounts	935.738	2.143.901	284.960	3.364.599
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	547.404	846.426	-	1.393.830
Marketable securities issued	-	-	-	-
Miscellaneous payables	1.989	9.820	436	12.245
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	5.137	19.473	108	24.718
Total liabilities	1.563.771	3.270.579	285.889	5.120.239
Net balance sheet position	49.058	218.547	22.433	290.038
Net off balance sheet position	658.975	1.663.526	31.309	2.353.810
Derivative financial instruments assets	-	-	-	-
Derivative financial instruments liabilities	-	-	-	-
Non-cash loans (****)	658.975	1.663.526	31.309	2.353.810
Prior Period				
Total assets	1.407.285	2.645.611	335.590	4.388.486
Total liabilities	1.405.296	2.617.780	326.937	4.350.012
Net balance sheet position	1.989	27.831	8.653	38.474
Net off balance sheet position	703.997	1.799.721	8.461	2.512.179
Derivative financial instruments assets	-	-	-	-
Derivative financial instruments liabilities	-	-	-	-
Non-cash loans	703.997	1.799.721	8.461	2.512.179

(*) TL 201.187 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 80.701 of the balance in Banks in other FC column represent precious metals accounts with banks, TL 282.007 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 2.627.537 (Prior period- TL 2.008.849).

(***) Foreign currency indexed receivables from credit sale of assets (Current period- none, prior period- TL 2.068) and foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 471 (Prior period- TL 128) is included in other assets.

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2012

(Currency - Thousand Turkish Lira)

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

The Bank does not have an associate and subsidiary quoted on Istanbul Stock Exchange.

Realised gains/losses, revaluation surpluses and unrealised gains/losses on equity securities and results included in core and supplementary capitals:

	Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
			Total	Amount included in Supplementary Capital	Total	Amount included In Core Capital	Amount included in Supplementary Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	-	-	-
3	Other Shares	-	-	-	-	-	-
4	Total	-	-	-	-	-	-

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

VII. 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 repayment of principal is not guaranteed and share of profit/loss on projects funded from these accounts are allocated to such profit/loss sharing accounts. Accordingly, the Bank's assets and liabilities and profit share ratios are compatible.

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 care to keep the assets in short term liquid assets and prolong average maturity of the liabilities.

The Board of Directors of the Bank monitors both the BRSA liquidity ratios and certain other indicators defined in the liquidity contingency plan on a daily basis. The liquidity sources which will be utilized in case of a potential liquidity shortage are defined in the contingency plans.

As per the BRSA Communiqué "Measurement and Assessment of the Adequacy of Banks' Liquidity", starting from June 1, 2007 the weekly and monthly liquidity ratios for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. Liquidity ratios for the periods ending December 31, 2012 and December 31, 2011 are as follows:

Current Period	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	239,38	242,35	167,72	180,48
Maximum (%)	345,05	295,33	238,14	213,75
Minimum (%)	117,02	194,66	104,38	155,78

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

VII. Explanations on liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (*)	Total
Current Period								
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	390.189	910.454	-	-	-	-	-	1.300.643
Banks	1.037.112	-	-	-	-	-	-	1.037.112
Financial Assets at Fair Value Through Profit and Loss	6.192	-	-	-	-	-	-	6.192
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1.269	-	1.230	36.771	67.019	46.280	-	152.569
Loans	4.723	1.110.022	1.196.996	3.425.424	3.172.979	165.039	-	9.075.183
Held-To-Maturity Investments	-	-	60.376	5.439	300.000	-	-	365.815
Other Assets	-	198	217	795	1.641	-	387.289	390.140
Total Assets	1.439.485	2.020.674	1.258.819	3.468.429	3.541.639	211.319	387.289	12.327.654
Liabilities								
Current account and funds collected from banks via participation accounts	73.137	117.711	77.323	51.028	-	-	-	319.199
Other current and profit sharing accounts	1.685.632	1.898.555	696.672	4.248.559	376.401	-	-	8.905.819
Funds provided from other financial institutions	-	430.744	128.176	834.910	-	-	-	1.393.830
Money Market Borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	155.753	10.787	-	-	-	149.858	316.398
Other liabilities	-	24.291	13.969	-	-	-	1.354.148	1.392.408
Total Liabilities	1.758.769	2.627.054	926.927	5.134.497	376.401	-	1.504.006	12.327.654
Net Liquidity Gap	(319.284)	(606.380)	331.892	(1.666.068)	3.165.238	211.319	(1.116.717)	-
Prior period								
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
Net Liquidity Gap	19.154	(1.045.442)	411.334	(913.279)	2.353.428	125.166	(950.361)	-

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

VII. Explanations on liquidity risk (continued):

Analysis of financial liabilities based on the remaining contractual maturities:

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Current period							
Funds Collected	1.758.769	2.016.266	773.995	4.299.587	376.401	-	9.225.018
Funds Borrowed from Other Financial Institutions	-	438.472	123.889	843.800	-	-	1.406.161
Borrowings from Money Markets	-	-	-	-	-	-	-
Total	1.758.769	2.454.738	897.884	5.143.387	376.401	-	10.631.179
Prior period							
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	-	-	-	-	-	-	-
Total	1.852.343	2.306.623	1.456.771	3.144.460	344.287	-	9.104.484

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
Current Period								
Letters of guarantee (*)	2.096.771	199.543	294.033	1.176.899	730.658	36.895	-	4.534.799
Bank acceptances	15.490	-	-	-	-	-	-	15.490
Letters of credit	473.669	1.308	1.524	1.332	-	-	-	477.833
Other commitments and contingencies	-	185.159	-	-	-	-	-	185.159
Total	2.585.930	386.010	295.557	1.178.231	730.658	36.895	-	5.213.281
Prior Period								
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
Total	2.681.237	438.453	257.191	1.088.585	672.605	60.043	-	5.198.114

(*) 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.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

VIII. Securitisation Positions:

None.

IX. Credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized..

The risk mitigators that are used in credit process in compliance with Communiqué “The Risk Mitigation Techniques” which is published at June 28, 2012 are stated below:

- a) Financial collaterals (Government securities, cash, deposit or participation fund pledge, gold, stock pledge)
- b) Guarantees

The credibility of guarantors is monitored and evaluated within the framework of credit revision periods.

Collaterals obtained by the Bank are reviewed and appraised in accordance with related legislation as long as the credit relationship is outstanding.

The appraisal of the mortgages for loans exceeding TL 3.000 or 5% of Bank’s shareholders’ equity are being made by the firms authorized by BRSA or Capital Market Board.

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

IX. Credit risk mitigation techniques (continued):

Collaterals in terms of Risk Categories:

The information related to amount and type of collaterals which are applied in the calculation of risk weighted amount of risk categories within the scope of the Communiqué on “The Risk Mitigation Techniques” is provided below.

Risk Categories	Amount	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	1.485.330	-	-	-
Conditional and unconditional receivables from regional or local governments	10.364	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	1.192.296	1.165	-	-
Conditional and unconditional receivables from corporates	5.130.516	333.901	-	53.609
Conditional and unconditional retail receivables	1.676.750	83.833	-	5.757
Conditional and unconditional receivables secured by mortgages on property	3.119.582	-	-	-
Past due receivables	24.159	-	-	-
Receivables defined in high risk category by BRSA	10.499	489	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	483.425	-	-	-

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

X. Explanations on Risk Management Objectives and Policies:

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

Basically the Bank is exposed to market, liquidity, credit and strategic risk , reputation risk, and operational risk and determines risk policies, procedures to be implemented, and risk limits approved by Board of Directors for risks that can be quantified. The related limits are monitored, reported and maintained within the set limits by the units under Internal Systems and the related departments in the Bank. Risk Management Unit, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting risks.

Market Risk

Market Risk reflects the possibility of loss due to fluctuations in the price of marketable securities regarding the position of the marketable securities included in the trading books of the Bank and the possibility of loss due to fluctuations in foreign exchange rates due to foreign exchange assets and liabilities included in balance sheet and off balance sheet.

Exchange rate risk or foreign currency risk included in market risk emerges when there are unexpected exchange rate movements in the foreign currency positions of the Bank included in its balance sheets. Security position risk is the negations in the Bank's revenues and thus shareholders' equity, cash flows, asset quality and finally in meeting the commitments arising from negative movements in security prices included in the Bank's trading accounts.

Within the framework of market risk, the Bank calculates foreign currency position risk, general market risk for security position risk and specific risks via standard method and reports to legal authorities. The Bank also measures the foreign currency position risk by various internal methods for testing purposes. The variations between daily predicted value at risk and actual values and back testing practices are used to determine the accuracy and performance of these tests. The potential durability of portfolio against unpredictable risks that can be exposed is measured by stress tests including stress scenarios.

The Bank continuously monitors the compliance of market risk with the limits determined by legal regulations. The Bank's strategy for the currency risk is keeping it at a balance and not having any short or long position.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

X. Explanations on Risk Management Objectives and Policies (continued):

Liquidity Risk

The liquidity risk is defined as inability to keep sufficient level of cash to meet cash outflow needs arising from participation accounts that are due and other obligations as a result of cash flow imbalances.

Maturity mismatch, impairment of the asset quality, unpredictable source outflows, decrease in profit and economic crisis situations are the factors that might cause the occurrence of the liquidity risk.

For liquidity risk, cash flows are monitored daily and preventive and remedial precautions are taken to meet obligations on time and in the required manner.

Regarding liquidity risk, in order to meet liquidity needs arising from unpredictable movements in the markets, the Bank prefers to implement the policy of maintaining quality liquid assets in adequate proportion by considering previous liquidity experiences and minimum liquidity adequacy ratios set by legal regulations.

Credit Risk

Credit risk represents the Bank's possibility of losses due to loan customers not fulfilling the terms of their agreements partially or in full. At the same time, this risk includes market value loss arising from the deterioration of the financial position of the counterparty. Within the scope of the definition of the credit risk used, on balance and off balance sheet portfolios are included.

In the Bank, credit allocation authority belongs to the Board of Directors. The Board of Directors takes necessary measures by establishing policies related to allocation and approval of loans, credit risk management policies and other administrative issues; by ensuring implementation and monitoring of these policies. The Board of Directors transferred its credit allocation authority to the Credit Committee and Head-office in line with the policies and procedures defined by the legal regulations. Head-office Credit Committee exercises the credit allocation authority through units of the Bank/ regional offices and branches. The Bank grants credits on the basis of limits determined for each individual customer and group of customers separately and core banking system prevents customers' credit risks being in excess of their limits.

The Bank pays attention in order not to result in sectoral concentration that might affect credit portfolio in a negative way. Maximum effort is being made to prevent risks from concentrating on few customers. Credit risk is continuously monitored and reported by units under Internal Systems and other Risk Management divisions. By this way, harmonization of credit risk with credit risk management policy and application standards is maintained.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

X. Explanations on Risk Management Objectives and Policies (continued):

Operational Risk

Operational risk is defined as the possibility of loss occurring due to insufficient or unsuccessful internal processes, persons and systems or external incidents. Although legal risk and compliance risk are included in this risk group, reputation risk and strategy risk (arising from misjudgments at wrong times) are excluded.

Operational risk is a risk type that exists in all functions of the Bank. It might arise from employee mistakes, an error caused by the system, transactions made based on inadequate or incorrect legal information, information flow failure among levels under Bank organization structure, ambiguity in limits of authorization, structural and/or operational changes, natural disasters , terror and fraud.

Operational risk is categorized under five groups according to its sources: employee risk, technological risks, organization risk, legal-compliance risk and external risks. The Bank takes necessary measures in order to keep operational risk at an acceptable level.

Other risks

Other risks the Bank is exposed to are strategic risk and reputation risk. The Bank's risk management system ,in order to prevent and/or control strategic risks, is prepared against changes in economical, political and socio- political conditions, laws, legislation and similar regulations that could affect the Bank's operations, status and strategies significantly and observes these issues in contingency and business continuity plan implementations.

Reputation risk is defined as events and situations arising from all services, functions and relations of the Bank that would cause to lose confidence in the Bank and damage its image.

The Bank's risk management system in order to prevent and/or control reputation risk, switches on a proactive communication mechanism by giving priority to its customers whenever it is determined that the Bank's reputation or image is damaged. The system, ready for the worst case scenarios in advance, takes into account the level of the relationship between operational risks and reputation risk, its level and its effect.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

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

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

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

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

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

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

Carrying value of funds collected from financial institutions is assumed to approximate fair value as they are short term.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

	Carrying value		Fair value	
	Current period	Prior period	Current period	Prior period
Financial Assets				
Money market placements	-	-	-	-
Banks	1.037.112	1.307.472	1.037.112	1.307.472
Financial assets at fair value through profit and loss	6.192	4.802	6.192	4.802
Financial assets available for sale	152.569	85.880	152.569	85.880
Held to maturity investments	365.815	430.862	372.497	430.270
Loans and financial lease receivables	9.100.063	7.286.960	9.321.770	7.141.219
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	319.199	242.914	319.199	242.914
Other current and profit sharing accounts	8.905.819	7.801.833	8.905.819	7.801.833
Funds provided from other financial institutions	1.393.830	1.053.290	1.393.830	1.053.290
Marketable securities issued	-	-	-	-
Miscellaneous payables	316.398	177.002	316.398	177.002

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

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

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

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

Current period	Level I	Level II	Level III	Total
Financial assets				
Financial assets at fair value through profit and loss	4.609	1.583	-	6.192
Public sector debt securities	-	-	-	-
Equity securities	4.609	-	-	4.609
Derivative financial assets held for trading	-	-	-	-
Other	-	1.583	-	1.583
Financial assets- available for sale	-	151.300	-	151.300
Equity securities	-	-	-	-
Public sector debt securities	-	151.300	-	151.300
Other marketable securities	-	-	-	-
Financial liabilities				
Derivative financial liabilities held for trading	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

Prior period	Level I	Level II	Level III	Total
Financial assets				
Financial assets at fair value through profit and loss	4.802	-	-	4.802
Public sector debt securities	-	-	-	-
Equity securities	4.802	-	-	4.802
Derivative financial assets held for trading	-	-	-	-
Other	-	-	-	-
Financial assets- available for sale	-	84.540	-	84.540
Equity securities	-	-	-	-
Public sector debt securities	-	84.540	-	84.540
Other marketable securities	-	-	-	-
Financial liabilities				
Derivative financial liabilities held for trading	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

XIII. Explanations on business segments:

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

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	1.037.855	8.059.144	830.393	2.400.262	12.327.654
Total Liabilities	6.128.377	3.933.215	305.105	1.960.957	12.327.654
Net profit share income/(expense)(*)(**)	(225.759)	662.749	48.353	555	485.898
Net fees and commissions income/(expense)	2.507	104.494	(4.993)	11.345	113.353
Other operating income /(expense)	119	(63.203)	1.301	(296.243)	(358.026)
Profit before tax	(223.133)	704.040	44.661	(284.343)	241.225
Provision for tax	-	-	-	(49.390)	(49.390)
Net profit for the period	(223.133)	704.040	44.661	(333.733)	191.835

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	947.662	6.303.834	928.485	2.280.904	10.460.885
Total Liabilities	5.201.944	3.475.683	189.649	1.593.609	10.460.885
Net profit share income/(expense)(*)(**)	(182.777)	504.482	63.943	-	385.648
Net fees and commissions income/(expense)	931	85.435	(2.394)	6.360	90.332
Other operating income /(expense)	(3.190)	(39.051)	609	(232.185)	(273.817)
Profit before tax	(185.036)	550.866	62.158	(225.825)	202.163
Provision for tax	-	-	-	(42.008)	(42.008)
Net profit for the period	(185.036)	550.866	62.158	(267.833)	160.155

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

Section five

Explanations and notes on the unconsolidated financial statements

I. Explanations and notes related to assets:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/foreign currency	56.903	52.220	49.197	58.135
CBRT	65.840	1.060.523	243.730	570.155
Other (*)	-	65.157	-	129.983
Total	122.743	1.177.900	292.927	758.273

(*) Includes precious metals amounting to TL 65.157 as of December 31, 2012 (Prior period- TL 129.983).

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	65.840	150.069	243.730	107.457
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	-	910.454	-	462.698
Total	65.840	1.060.523	243.730	570.155

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2005/1", banks operating in Turkey are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold.

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

(*) As of December 31, 2012, the reserve requirement held in standard gold is TL 136.030 (December 31, 2011: TL 96.627).

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2012

(Currency - Thousand Turkish Lira)

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

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

b) Positive differences on trading derivative instruments table:

The Bank does not have trading derivative instruments.

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	643.330	147.538	409.667	662.939
Abroad	-	246.244	-	234.866
Foreign head offices and branches	-	-	-	-
Total	643.330	393.782	409.667	897.805

b) Information on foreign bank accounts:

	Current period		Prior period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	156.246	-	98.373	-
USA and Canada	45.590	-	71.705	-
OECD Countries (*)	3.103	-	4.511	-
Off-shore banking regions	411	-	5.463	-
Other	40.894	-	54.814	-
Total	246.244	-	234.866	-

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

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	151.300	85.226
Quoted on a stock exchange(*)	151.300	85.226
Unquoted	-	-
Share certificates	1.269	1.340
Quoted on a stock exchange	-	-
Unquoted	1.269	1.340
Impairment provision (-)	-	686
Total	152.569	85.880

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2012

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	24.660	77.314	13.341	41.215
Corporate shareholders	23.175	77.314	11.914	41.215
Real person shareholders	1.485	-	1.427	-
Indirect loans granted to shareholders	34.094	10.305	118	38.037
Loans granted to employees	5.275	-	3.743	-
Total	64.029	87.619	17.202	79.252

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		
		Extension of Repayment Plan	Other	Extension of Repayment Plan	Other	
Loans	8.759.628	28.868	-	273.896	86.353	14.650
Export loans	157.116	-	-	159	159	-
Import loans	1.145.688	-	-	20.378	4.577	131
Business loans	4.941.934	28.868	-	200.283	61.923	13.126
Consumer loans	987.501	-	-	14.797	1.970	779
Credit cards	140.948	-	-	1.116	-	-
Loans given to financial sector	17.735	-	-	-	-	-
Other (*)	1.368.706	-	-	37.163	17.724	614
Other receivables	-	-	-	-	-	-
Total	8.759.628	28.868	-	273.896	86.353	14.650

(*) Details of other loans are provided below:

Commercial loans with installments	610.413
Other investment credits	283.129
Loans given to abroad	206.523
Profit and loss sharing investments (**)	119.835
Loans for purchase of marketable securities for customer	180.027
Other	5.942
Total	1.405.869

(**)The related balance represents 10 profit and loss sharing investment projects which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project / stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. In the current period the Bank recognized TL 17.632 (Prior Period - TL 6.996) income in the accompanying financial statements in relation to such loans.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

5. Information on loans and receivables (continued):

	Extension of Repayment Plan	
	Standard loans and Other receivables	Loans and other receivables under close monitoring
1 or 2 times	28.868	86.353
3, 4 or 5 times	-	-
Over 5 times	-	-

Extension Periods	Standard loans and Other receivables		Loans and other receivables under close monitoring	
0 - 6 months	28.868		7.261	
6 - 12 months	-		22.197	
1 - 2 years	-		23.805	
2 - 5 year	-		33.090	
5 years and over	-		-	

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 December 31, 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:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short term loans and other receivables	3.422.185	-	84.391	34.030
Loans	3.422.185	-	84.391	34.030
Other receivables	-	-	-	-
Medium and long-term loans and other receivables(*)	5.308.575	28.868	88.502	66.973
Loans	5.308.575	28.868	88.502	66.973
Other receivables	-	-	-	-
Total	8.730.760	28.868	172.893	101.003

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2012

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	9.357	989.731	999.088
Housing loans	2.045	873.364	875.409
Vehicle loans	2.247	40.652	42.899
Consumer loans	2.071	1.826	3.897
Other	2.994	73.889	76.883
Consumer loans-FC indexed	-	872	872
Housing loans	-	675	675
Vehicle loans	-	5	5
Consumer loans	-	-	-
Other	-	192	192
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	37.790	4.999	42.789
With installment	15.289	4.731	20.020
Without installment	22.501	268	22.769
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	1.515	823	2.338
Housing loans	-	332	332
Vehicle loans	36	444	480
Consumer loans	1.479	42	1.521
Other	-	5	5
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	2.657	280	2.937
With installment	1.095	253	1.348
Without installment	1.562	27	1.589
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	51.319	996.705	1.048.024

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

5. Information on loans and receivables (continued):

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

	Short-term	Medium and long-term	Total
Commercial installment loans-TL	353.290	101.007	454.297
Business loans	76.133	14.853	90.986
Vehicle loans	82.586	14.869	97.455
Consumer loans	296	-	296
Other	194.275	71.285	265.560
Commercial installment loans-FC indexed	143.230	12.886	156.116
Business loans	38.035	7.466	45.501
Vehicle loans	17.667	737	18.404
Consumer loans	47	-	47
Other	87.481	4.683	92.164
Commercial installment Loans-FC	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	89.123	7.215	96.338
With installment	31.058	6.870	37.928
Without installment	58.065	345	58.410
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC(legal entity)	-	-	-
Total	585.643	121.108	706.751

e) Allocation of loans by customers:

	Current Period	Prior Period
Public	648	1.209
Private	9.032.876	7.250.547
Total	9.033.524	7.251.756

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	8.827.001	6.997.519
Foreign loans	206.523	254.237
Total	9.033.524	7.251.756

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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:

	Current Period	Prior Period
Loans and receivables with limited collectability	8.101	15.253
Loans and receivables with doubtful collectability	55.894	16.133
Uncollectible loans and receivables	127.444	122.722
Total	191.439	154.108

In addition to specific provision for loans amounting TL 191.439 (Prior period – TL 154.108), provision amounting to TL 6.230 (Prior period – TL 4.774) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 197.669 (Prior period- TL 158.882). Specific provision for loans amounting to TL 149.959 (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:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	-	-	10.565
Restructured loans and other receivables	-	-	10.565
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:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Closing balance of prior period	16.753	21.532	128.877
Additions in the current period (+)	51.858	39.307	3.273
Transfers from other categories of non-performing loans (+)	-	52.386	44.555
Transfers to other categories of non-performing loans (-)	52.386	44.555	-
Collections in the current period (-)	5.319	472	19.089
Write offs (-)	7	55	20.339
Corporate and commercial loans	2	21	19.068
Retail loans	5	34	1.151
Credit cards	-	-	120
Other	-	-	-
Closing balance of the current period	10.899	68.143	137.277
Specific provisions (-)	8.101	55.894	127.444
Net balance at the balance sheet	2.798	12.249	9.833

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

5. Information on loans and receivables (continued):

Non-performing loans and receivables in the amount of TL 216.319 (Prior period- TL 167.162) comprise TL 150.335 (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 6.230 (Prior period- TL 4.774). In the current period, collections from fees, commissions and other receivables with doubtful collectibility amounted to TL 2.759.

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	-	-	1.145
Specific provision (-)	-	-	1.145
Net balance on balance sheet	-	-	-
Prior period:			
Period end balance	-	-	2.459
Specific provision (-)	-	-	2.459
Net balance on balance sheet	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period (net)	2.798	12.249	9.833
Loans to individuals and corporates (gross)	10.899	68.143	137.277
Specific provision (-)	8.101	55.894	127.444
Loans to individuals and corporates (net)	2.798	12.249	9.833
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior period (net)	1.499	5.400	6.155
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)	-	-	-

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2012

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

i. Liquidation policy for uncollectible loans and receivables:

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

i. Information on "Write-off" policies:

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

Loans and other receivables, which have been deemed uncollectible according to the "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans" published in the Official Gazette No. 26333 dated November 01, 2006, have been written-off per the decision of the Bank management. In 2012, non-performing loans amounting to TL 20.401 were written-off (2011 – TL 37.245).

j. Other explanations on loans and receivables:

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

Current Period	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and Receivables					
Corporate Loans	260.652	64.418	51.354	-	376.424
Consumer Loans	70.696	6.320	4.851	-	81.867
Credit Cards	4.156	942	341	-	5.439
Total	335.504	71.680	56.546	-	463.730

Prior Period	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
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
Total	134.788	130.774	77.435	-	342.997

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

6. Information on held-to-maturity investments:

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

None (Prior period- None)

6.2) Information related to government securities held to maturity :

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	365.815	430.862
Total	365.815	430.862

(*) Consists of Sukook certificates issued by the Central Bank of Bahrain amounting to TL 8.937 (Prior period- TL 9.435), income indexed bonds issued by the Undersecretariat of Treasury of Turkey amounting to TL 51.439 (Prior period- TL 421.427) and sukuk certificates issued by the Undersecretariat of Treasury of Turkey amounting to TL 305.439 (Prior Period - None).

6.3) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	365.815	430.862
Quoted on a stock exchange(*)	356.879	421.427
Unquoted	8.936	9.435
Impairment provision(-)	-	-
Total	365.815	430.862

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

6.4) Movement of held-to-maturity investments:

	Current Period	Prior Period
Balance at beginning of period	430.862	376.204
Foreign currency differences on monetary assets	(500)	3.500
Purchases during period	300.000	50.000
Disposals through sales and redemptions	(383.221)	(40.180)
Impairment provision (-)	-	-
Income accruals	18.674	41.338
Closing balance	365.815	430.862

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

7. Associates (net):

a) Information on unconsolidated associates:

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

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

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the unaudited financial statements as of September 30, 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
247.800	242.307	3.113	8.322	1	6.695	8.579	-

b) Information on consolidated associates:

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

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

The Bank did not consolidate financial statements of its subsidiary Bereket Varlık Kiralama A.Ş., considering the materiality principle.

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the unaudited financial statements as of December 31, 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	Additional Shareholders' Equity Required
34	34	-	-	-	(16)	-	-	-

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

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.

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	24.271	18.722	18.260	15.256
1 to 4 years	26.395	22.155	8.921	6.793
More than 4 years	828	782	117	101
Total	51.494	41.659	27.298	22.150

b) Information on net investments through finance lease:

	Current Period	Prior Period
Gross finance lease receivables	51.494	27.298
Unearned finance lease receivable (-)	9.835	5.148
Net receivable from finance leases	41.659	22.150

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 are no restrictions due to finance lease contracts, no renewals or contingent rent payments that materially affect the financial statements.

	Standard loans and Other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Restructured or rescheduled	Other	Loans and other receivables	Restructured or rescheduled	Other
Finance lease receivables Net)	34.367	-	-	1.480	-	5.812

11. Information on derivative financial assets for hedging purposes:

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

12. Information on tangible assets:

Current period	Immovables	Leased tangible assets	Vehicles	Other	Assets held for sale	Total
Cost						
Opening balance: January 1, 2012	176.433	-	2.502	96.018	18.585	293.538
Additions	6.478	-	579	33.180	252	40.489
Revaluation differences	24.090	-	-	-	-	24.090
Disposals	-	-	(987)	(4.181)	(3.138)	(8.306)
Impairment losses(-)/Reversal of impairment losses	(266)	-	-	-	3	(263)
Transfers	-	-	-	-	21.153	21.153
Ending balance: December 31, 2012	206.735	-	2.094	125.017	36.855	370.701
Accumulated depreciation(-)						
Opening balance: January 1, 2012	13.990	-	1.721	46.201	477	62.389
Depreciation expense	3.861	-	363	14.098	630	18.952
Reversal of depreciation of the disposed assets	(32)	-	(887)	(3.963)	(95)	(4.977)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2012	17.819	-	1.197	56.336	1.012	76.364
Total cost at the end of the year	206.735	-	2.094	125.017	36.855	370.701
Total accumulated depreciation at the end of the year	17.819	-	1.197	56.336	1.012	76.364
Closing net book value	188.916	-	897	68.681	35.843	294.337
Prior period						
Cost						
Opening balance: January 1, 2011	158.839	988	3.153	70.248	10.984	244.212
Additions	6.169	-	244	27.694	192	34.299
Revaluation differences	11.400	-	-	-	-	11.400
Disposals	-	-	(895)	(2.912)	(7.758)	(11.565)
Impairment losses(-)/Reversal of impairment losses	25	-	-	-	(154)	(129)
Transfers	-	(988)	-	988	15.321	15.321
Ending balance: December 31, 2011	176.433	-	2.502	96.018	18.585	293.538
Accumulated depreciation(-)						
Opening balance: January 1, 2011	10.522	510	2.018	38.502	336	51.888
Depreciation expense	3.468	-	467	9.489	278	13.702
Reversal of depreciation of the disposed assets	-	-	(764)	(2.300)	(137)	(3.201)
Transfers	-	(510)	-	510	-	-
Ending balance: December 31, 2011	13.990	-	1.721	46.201	477	62.389
Total cost at the end of the year	176.433	-	2.502	96.018	18.585	293.538
Total accumulated depreciation at the end of the year	13.990	-	1.721	46.201	477	62.389
Closing net book value	162.443	-	781	49.817	18.108	231.149

As of December 31, 2012, the Bank has revalued its immovables and revaluation fund of TL 55.522 (Prior period- TL 37.150) net of deferred tax and depreciation, has been reflected in the financial statements. The carrying value of the aforesaid immovables would have been TL 119.781 (Prior period- TL 116.006) if revaluation method had not been adopted.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

13. Information on intangible assets:

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

	Current Period	Prior Period
Cost	15.872	11.123
Accumulated depreciation(-)	8.820	5.776
Total (net)	7.052	5.347

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

	Current Period	Prior Period
Opening balance	4.798	2.173
Additions	5.286	4.859
Disposals (-), net	-	-
Depreciation expense (-)	3.032	1.685
Closing net book value	7.052	5.347

14. Information on investment property:

The Bank does not have investment property.

15. Information related to deferred tax asset:

As of December 31, 2012, the Bank calculated deferred tax asset of TL 22.910 (Prior period- TL 18.573) and deferred tax liability of TL 14.992 (Prior period- TL 9.970) on all tax deductible/ taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods and presented them as net in the accompanying financial statements.

	Current Period	Prior Period
Difference between carrying value and tax base of tangible assets	452	369
Provisions for impairment	175	144
Provisions for retirement and vacation pay liabilities	3.849	2.861
Discount on profit share and deferred commission income	18.364	14.062
Marketable securities valuation reserve	-	360
General reserves for possible losses	22	595
Other	48	182
Deferred tax asset	22.910	18.573
Revaluation reserve of immovables	13.880	9.287
Marketable securities valuation reserve	298	-
Discount on profit share	6	325
Other	808	358
Deferred tax liability	14.992	9.970
Deferred tax asset (net)	7.918	8.603

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2012

(Currency - Thousand Turkish Lira)

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

Assets held for sale consist of tangible assets which have been acquired due to non-performing loans and are accounted in the unconsolidated financial statements in accordance with the Communiqué of "Principles and Procedures on Bank's Disposal of Precious Metals and Assets Held for Sale".

	Current Period	Prior Period
Opening balance	25.372	18.070
Additions	15.097	31.731
Disposals	(8.526)	(9.334)
Transfers (*)	(21.153)	(15.321)
Impairment Provision(-)/Reversal of Impairment Provision	(76)	226
Net closing balance	10.714	25.372

(*) 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 38.496 (Prior period- TL 18.926) and does not exceed 10% of balance sheet total.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

II. Explanations and notes related to liabilities:

1. Information on funds collected:

a. Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts									
Non-Trade TL	297.366	-	-	-	-	-	-	-	297.366
II. Real Persons Participation Accounts Non-Trade TL	-	644.324	167.469	27.565	-	1.979	2.672.571	-	3.513.908
III. Current Account other-TL	480.588	-	-	-	-	-	-	-	480.588
Public Sector	20.029	-	-	-	-	-	-	-	20.029
Commercial Institutions	444.522	-	-	-	-	-	-	-	444.522
Other Institutions	14.779	-	-	-	-	-	-	-	14.779
Commercial and Other Institutions	94	-	-	-	-	-	-	-	94
Banks and Participation Banks	1.164	-	-	-	-	-	-	-	1.164
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	167	-	-	-	-	-	-	-	167
Participation Banks	997	-	-	-	-	-	-	-	997
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	94.543	189.076	124.733	-	70.901	764.457	-	1.243.710
Public Sector	-	10	-	-	-	-	1	-	11
Commercial Institutions	-	89.667	168.640	122.391	-	70.900	613.103	-	1.064.701
Other Institutions	-	4.866	19.398	2.342	-	1	147.804	-	174.411
Commercial and Other Institutions	-	-	1.038	-	-	-	-	-	1.038
Banks and Participation Banks	-	-	-	-	-	-	3.549	-	3.549
V. Real Persons Current Accounts Non- Trade FC	230.163	-	-	-	-	-	-	-	230.163
VI. Real Persons Participation Accounts Non-Trade FC	-	294.512	138.365	23.133	-	3.671	1.306.992	-	1.766.673
VII. Other Current Accounts FC	537.895	-	-	-	-	-	-	-	537.895
Residents in Turkey-Corporate	441.060	-	-	-	-	-	-	-	441.060
Residents Abroad-Corporate	24.863	-	-	-	-	-	-	-	24.863
Banks and Participation Banks	71.972	-	-	-	-	-	-	-	71.972
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	70.668	-	-	-	-	-	-	-	70.668
Participation Banks	1.304	-	-	-	-	-	-	-	1.304
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	73.073	214.095	48.170	-	55.232	482.137	-	872.707
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	15.609	115.773	796	-	-	401.512	-	533.690
Other institutions	-	354	28.589	3	-	-	26.731	-	55.677
Commercial and Other Institutions	-	56	50	-	-	-	40.720	-	40.826
Banks and Participation Banks	-	57.054	69.683	47.371	-	55.232	13.174	-	242.514
IX. Precious Metals Deposits	212.757	-	68.744	225	-	-	282	-	282.008
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+...+IX+X+XI)	1.758.769	1.106.452	777.749	223.826	-	131.783	5.226.439	-	9.225.018

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

1. Information on funds collected (continued):

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current									
Accounts Non-Trade TL	256.870	-	-	-	-	-	-	-	256.870
II. Real Persons Participation									
Accounts Non-Trade TL	-	959.512	186.448	48.152	-	1.493	1.810.383	-	3.005.988
III. Current Account other-TL	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	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	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
V. Real Persons Current									
Accounts Non- Trade FC	150.611	-	-	-	-	-	-	-	150.611
VI. Real Persons Participation									
Accounts Non-Trade FC	-	398.158	159.273	34.591	-	3.807	854.517	-	1.450.346
VII. Other Current Accounts									
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	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts									
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
IX. Precious Metals Deposits	324.813	-	-	-	-	-	-	-	324.813
X. Participation Accounts									
Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts									
Special Fund Pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	1.852.315	1.490.007	584.203	307.610	-	27.996	3.782.616	-	8.044.747

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

1. Information on funds collected (continued):

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

b.1) Exceeding the limit of Insurance Fund:

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

	Under the guarantee of Insurance		Exceeding the guarantee of Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions	-	-	-	-
Turkish Lira accounts	1.704.459	1.556.243	2.102.987	1.701.920
Foreign currency accounts	629.491	598.409	1.638.371	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 up to a limit of maximum TL 50 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law Numbered 5411.

b.2) 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	6.265	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	4.701	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

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

2. Information on derivative financial liabilities held for trading:

The Bank has no derivative financial liabilities held for trading.

3. Information on borrowings:

The Bank has obtained a Syndicated Murabaha Loan amounting to USD 293.200.000 and EUR 124.500.000 with a maturity of one year. The loan agreement has been signed on September 11, 2012.

As of December 31, 2012, the Bank has wakala borrowings in the amount of USD 181.629.432 and EUR 107.413.509 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	-	-	-	17.235
Loans from foreign banks, institutions and funds	-	1.393.830	-	1.036.055
Total	-	1.393.830	-	1.053.290

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	1.393.830	-	1.053.290
Medium and Long-Term	-	-	-	-
Total	-	1.393.830	-	1.053.290

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

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

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

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

5. Lease payables:

a) Information on finance lease transactions:

a.1) Information on financial lease agreements:

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

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

None.

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

None.

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)

5. Lease payables (continued):

b) Explanations on operational leases:

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

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

	Current Period	Prior Period
Less than a year	18.825	14.406
1 to 4 years	54.320	41.865
Over 4 years	49.550	39.233
Total	122.695	95.504

6. Information on hedging derivative financial liabilities:

The Bank does not have hedging derivative financial liabilities.

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General provision for	103.100	72.938
I. Group loans and receivables (Total)	85.480	57.181
Participation Accounts' Share	55.007	34.711
Bank's Share	30.473	22.470
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	1.087	663
Participation Accounts' Share	924	565
Bank's Share	163	98
Others	-	-
II. Group loans and receivables (Total)	5.552	5.559
Participation Accounts' Share	3.343	4.131
Bank's Share	2.209	1.428
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	5.105	210
Participation Accounts' Share	3.273	131
Bank's Share	1.832	79
Others	-	-
Non-cash loans	12.068	10.198
Others	-	-

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2012

(Currency - Thousand Turkish Lira)

7. Information on provisions (continued):

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

As of December 31, 2012, provision for foreign exchange losses on foreign currency indexed loans amounting to TL 20.540 (Prior period- TL 5.644) has been offset against the loans included in the assets of the balance sheet.

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

As of December 31, 2012, the Bank has provided specific provisions amounting to TL 10.053 for non-cash loans that are not indemnified and converted into cash (Prior period – TL 9.879).

ç) Other provisions:

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

	Current Period	Prior Period
General Reserves for Possible Losses	108	2.976
Total	108	2.976

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

	Current Period	Prior Period
Provision for unindemnified non-cash loans	10.053	9.880
Payment commitments for checks	2.225	1.970
Provisions allocated from profit shares to be distributed to profit sharing accounts(*)	963	43.998
Provision for promotions related with credit cards and promotion of banking services	124	124
General reserves for possible losses	108	2.976
Total	13.473	58.948

(*) 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".

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

7. Information on provisions (continued):

d) Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 14.850 (Prior period- TL 10.602) and vacation pay liability amounting to TL 4.395 (Prior period - TL 3.705), totaling to TL 19.245 (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.

	Current Period	Prior Period
Discount rate (%)	8,6	10,0
Estimated increase rate of salary ceiling (%)	5,0	5,1
Rate used in relation to possibility of retirement (*) (%)	71,8	77,3

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

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

	Current Period	Prior Period
Prior period ending balance	10.602	8.856
Provisions made in the period	9.204	3.729
Actuarial gain/(loss)	(2.899)	(639)
Paid during the period	(2.057)	(1.344)
Balance at the end of the period	14.850	10.602

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

8. Information on taxes payable:

a) Explanations on current tax liability:

a.1) As of December 31, 2012, the Bank's corporate tax payable is TL 13.969 (Prior period- TL 15.750) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	13.969	15.750
Taxation on securities income	6.393	5.082
Taxation on real estate income	305	260
Banking insurance transaction tax	4.818	5.783
Foreign exchange transaction tax	-	-
Value added tax payable	527	310
Other	7.463	3.709
Total	33.475	30.894

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	2.163	2.007
Social security premiums-employer	2.161	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	153	141
Unemployment insurance-employer	305	282
Other	-	-
Total	4.782	4.507

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.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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 and 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:

Date of Increase	Amount Increased	Cash	Profit Reserves Used in the Increase	Capital Reserves Used in the Increase
27.06.2012	361.000	-	361.000	-

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

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

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

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

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

11. Information on shareholders' equity (continued):

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

There is no privilege given to stocks representing the capital.

g) Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference (*)	1.193	-	(1.438)	-
Foreign exchange difference	-	-	-	-
Total	1.193	-	(1.438)	-

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

1. Explanations on off balance sheet commitments:

a) Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Forward Asset Purchase Commitments	528.733	-
Share capital commitment to associates and subsidiaries	-	1.000
Loan granting commitments	39.577	18.278
Payment commitments for checks	263.656	190.160
Tax and funds liabilities arising from export commitments	1.043	576
Commitments for credit card limits	306.032	173.723
Commitments for promotions related with credit cards and banking activities	323	45
Other irrevocable commitments	2.781	3.797
Total	1.142.145	387.579

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

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

	Current Period	Prior Period
Guarantees	4.534.799	4.534.211
Acceptances	15.490	43.986
Letters of credit	477.833	506.178
Other guaranties and sureties	185.159	113.739
Total	5.213.281	5.198.114

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

	Current Period	Prior Period
Letters of guarantees	4.534.799	4.534.211
Long standing letters of guarantees	2.854.776	2.866.374
Temporary letters of guarantees	496.096	514.815
Advance letters of guarantees	275.550	316.178
Letters of guarantees given to customs	173.679	191.214
Letters of guarantees given for obtaining cash loans	734.698	645.630
Sureties and similar transactions	185.159	113.739
Total	4.719.958	4.647.950

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

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

	Current Period	Prior Period
Guarantees given for obtaining cash loans	734.698	645.630
With original maturity of 1 year or less	410.984	420.991
With original maturity of more than 1 year	323.714	224.639
Other non-cash loans	4.478.583	4.552.484
Total	5.213.281	5.198.114

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

	Current period				Prior period			
	TP	(%)	FC	(%)	TP	(%)	FC	(%)
Agricultural	123.945	4,34	10.567	0,45	62.105	2,31	7.701	0,31
Farming and stockbreeding	61.924	2,17	10.233	0,43	54.032	2,01	941	0,04
Forestry	62.019	2,17	200	0,01	8.064	0,30	6.760	0,27
Fishery	2	-	134	0,01	9	0,00	0	0,00
Manufacturing	817.564	28,59	924.033	39,26	720.975	26,84	1.032.790	41,12
Mining	24.956	0,87	6.001	0,25	11.854	0,44	38.135	1,52
Production	533.485	18,66	643.662	27,35	529.404	19,71	638.029	25,40
Electricity, gas and water	259.123	9,06	274.370	11,66	179.717	6,69	356.626	14,20
Construction	1.135.882	39,72	554.037	23,54	1.201.297	44,73	671.679	26,74
Services	446.690	15,62	541.914	23,03	410.950	15,30	420.471	16,73
Wholesale and retail trade	125.907	4,40	111.703	4,75	125.595	4,68	103.355	4,11
Hotel, food and beverage services	5.843	0,20	40.611	1,73	6.032	0,22	62.422	2,48
Transportation and telecommunication	39.603	1,38	47.122	2,00	28.549	1,06	30.314	1,21
Financial Institutions	60.543	2,12	199.754	8,49	77.291	2,88	129.033	5,14
Real estate and renting services	98.867	3,46	35.007	1,49	52.593	1,96	33.653	1,34
Self-employment services	11.918	0,42	90.738	3,85	12.364	0,46	13.383	0,53
Education services	14.072	0,49	82	0,00	14.702	0,55	856	0,03
Health and social services	89.937	3,15	16.897	0,72	93.824	3,49	47.455	1,89
Other	335.390	11,73	323.259	13,72	290.608	10,82	379.538	15,10
Total	2.859.471	100,00	2.353.810	100,00	2.685.935	100,00	2.512.179	100,00

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

	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	2.796.240	2.326.007	63.231	27.803
Letters of guarantee	2.789.133	1.657.947	63.231	24.488
Bank acceptances	-	15.490	-	-
Letters of credit	6.296	468.222	-	3.315
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	811	184.348	-	-

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2012

(Currency - Thousand Turkish Lira)

2. Explanations on derivative transactions:

The Bank does not have any derivative financial instruments.

3. Explanations on contingent assets and liabilities:

The Bank has made a provision amounting to TL 108 , as presented under “Other Provisions” note in Section Five Note II.7.ç ,for the lawsuits opened by various real persons and legal entities against the Bank with high probability of realization and cash outflows and. Although there are other ongoing lawsuits against the Bank, the Bank considers the probability of a negative result in ongoing litigations resulting in cash outflows as remote.

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)

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

I. Information on profit share income:

a) Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans (*)	903.594	62.810	677.115	41.195
Short Term Loans	395.017	8.091	259.730	8.390
Medium and Long Term Loans	502.727	54.342	407.934	32.404
Loans Under Follow up	5.850	377	9.451	401
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	1.199	-	593	-
Foreign Banks	-	513	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	1.199	513	593	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From financial assets held for trading	-	-	-	-
From financial assets at fair value through profit or loss	-	-	-	-
From financial assets available-for-sale	5.782	344	7.207	-
From held-to-maturity investments	18.503	172	40.659	679
Total	24.285	516	47.866	679

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

2. Explanations on profit share expenses:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	-	30.549	-	18.370
CBRT	-	-	-	-
Domestic banks	-	218	-	146
Foreign banks	-	30.331	-	18.224
Head offices and branches abroad	-	-	-	-
Other institutions	-	-	-	-
Total	-	30.549	-	18.370

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:

Account name	Profit sharing accounts							Accumulated profit sharing account	Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	-	14	-	-	-	356	-	370	
Real persons' non-trading profit sharing accounts	64.908	14.233	3.021	-	129	198.488	-	280.779	
Public sector profit sharing accounts	1	77	-	-	-	127	-	205	
Commercial sector profit sharing accounts	5.662	12.834	6.073	-	1.255	53.832	-	79.656	
Other institutions profit sharing accounts	688	1.746	25	-	-	6.077	-	8.536	
Total	71.259	28.904	9.119	-	1.384	258.880	-	369.546	
FC									
Banks	1.472	2.563	1.878	-	1.358	589	-	7.860	
Real persons' non-trading profit sharing accounts	13.116	5.234	1.025	-	131	44.549	-	64.055	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	1.150	7.480	9	-	4.285	20.010	-	32.934	
Other institutions profit sharing accounts	31	1.132	147	-	-	4.002	-	5.312	
Precious metals deposits	-	183	1	-	-	1	-	185	
Total	15.769	16.592	3.060	-	5.774	69.151	-	110.346	
Grand total	87.028	45.496	12.179	-	7.158	328.031	-	479.892	

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

3. Information on dividend income:

	Current Period		Prior Period	
	TP	YP	TP	YP
From trading financial assets	788	-	-	-
From financial assets at fair value through profit and loss	-	-	-	-
From available for sale financial assets	-	-	-	-
Other	-	-	-	-
Total	788	-	-	-

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

	Current Period	Prior Period
Income	2.090.743	2.532.463
Income from capital market transactions	-	346
Income from derivative financial instruments	-	-
Foreign exchange income	2.090.743	2.532.117
Loss (-)	2.070.346	2.511.239
Loss on capital market transactions	175	-
Loss on derivative financial instruments	-	-
Foreign exchange losses	2.070.171	2.511.239
Trading income/loss (net)	20.397	21.224

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

5. Explanations related to other operating income:

	Current Period	Prior Period
Reimbursement for communication expenses	1.976	997
Reimbursement for bank statement expenses	1.348	1.167
Reversal of prior year provisions	73.779	44.942
Income from sale of assets	5.935	6.648
Cheque book charges	659	656
Other income	1.425	1.050
Total	85.122	55.460

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	84.385	58.038
Loans and receivables in III. Group	33.715	35.705
Loans and receivables in IV. Group	40.712	8.393
Loans and receivables in V. Group	6.834	11.671
Doubtful commission, fee and other receivables	3.124	2.269
General provision expenses	30.689	20.834
Provision expenses for possible losses	1	2.906
General provision expenses	-	186
Provision expenses for possible losses	-	186
Impairment losses on marketable securities	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available for sale	-	-
Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other	7.337	24.377
Total	122.412	106.341

TL 63.675 (Prior period- TL 42,507) of the total specific provisions provided for loan and other receivables amounting to TL 84.385 (Prior period- TL 58,058) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 20.035 (Prior Period- TL 7.064) of the total general loan loss provisions provided for loan and other receivables amounting to TL 30.689 (Prior Period- 20.834 TL) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	201.416	141.882
Provision for retirement pay liability	4.248	1.746
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	266	-
Depreciation expenses of tangible assets	18.153	13.530
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	3.077	1.685
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	100	237
Depreciation expenses of assets to be disposed	630	278
Impairment expenses of assets held for sale and assets of discontinued operations	101	31
Other operating expenses	66.552	53.035
Operating lease expenses	26.323	19.617
Maintenance expenses	3.600	3.007
Advertisement expenses	7.145	6.155
Other expenses	29.484	24.256
Loss on sale of assets	189	391
Other	47.189	31.345
Total	341.921	244.160

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

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

The Bank's income before tax increased by 19 % compared to prior period and is realized as TL 241.225. Income before tax comprises net profit share income in the amount of TL 485.898 and fees and commission income in the amount of TL 113.353. Total other operating expenses amount to TL 341.921.

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

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	241.225	202.163
Tax calculated with tax rate of 20%	48.245	40.433
Other additions and disallowable expenses	4.882	3.574
Deductions	(3.737)	(1.999)
Tax calculated	49.390	42.008

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

The Bank has no discontinued operations. Net income for the period has been realized as TL 191.835 (Prior period – TL 160.155) by deducting tax provision expense amounting to TL 49.390 (Prior period – TL 42.008) from profit from continued operations amounting to TL 241.225 (Prior period – TL 202.163) .

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.

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

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS	30.274	28.572
Commissions on money orders	5.610	4.440
Credit cards commissions and fees	3	43
Other	21.852	17.830
Total	57.739	50.885

Other Fees and Commissions Paid	Current Period	Prior Period
Clearing room	89	4.540
Funds borrowed	7.429	4.911
Member firm-POS	6.123	5.449
Credit cards commissions and fees	4.330	2.615
Other	3.838	2.354
Total	21.809	19.869

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

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

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

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

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

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

	Current Period	Prior Period
Cash	458.519	411.946
Cash in TL/foreign currency	107.332	74.457
Cash in transit	-	-
CBRT	351.187	337.489
Cash equivalents	1.307.472	730.967
Domestic banks	1.072.606	637.044
Foreign banks	234.866	93.923
Total cash and cash equivalents	1.765.991	1.142.913

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

	Current Period	Prior Period
Cash	325.032	458.519
Cash in TL/foreign currency	109.123	107.332
Cash in transit	-	-
CBRT	215.909	351.187
Cash equivalents	1.037.112	1.307.472
Domestic banks	790.868	1.072.606
Foreign banks	246.244	234.866
Total cash and cash equivalents	1.362.144	1.765.991

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

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Notes related to unconsolidated financial statements

As at December 31, 2012

(Currency - Thousand Turkish Lira)

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

The "Others" item under "Operating profit before changes in operating assets and liabilities" amounting to TL (-) 14.864 (Prior period- TL (-) 63.247) mainly comprises other operating expenses excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 31.939 (Prior period - TL (-) 9.920) mainly comprises changes in miscellaneous payables, other liabilities and taxes and other duties payable.

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately as TL 2.065 as of December 31, 2012 (Prior period - TL 52.392).

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

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

a. Current period:

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	-	-	8	-	179	38.037
Balance at the end of the period	-	-	9	-	34.253	10.305
Profit share and commission income received	-	-	-	-	450	196

b. Prior period:

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	-	-	5	-	99	27.442
Balance at end of period	-	-	8	-	179	38.037
Profit share and commission income received	-	-	-	-	5	100

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

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect Shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	41	-	1.360	775	350.647	367.085
Balance at the end of period	33	41	1.647	1.360	229.835	350.647
Profit share expense	-	-	214	51	10.290	21.195

(*) As of December 31, 2012 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 148.629.432 and EURO 76.113.509 (Prior Period-104.534.953 USD and 70.538.802 EURO). The profit share expense relating to such borrowings for the period between January 1, 2012 – December 31, 2012 is TL 10.944 (Prior period-2.597 TL).

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 December 31, 2012; the Bank has paid TL 8.320 (Prior period- TL 5.982) to top management.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

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

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

	Number	Number of Personnel			
Domestic Branches	136	1.806			
			Country		
Foreign Representation Office	-	-			
				Total Assets (thousand TL)	Statutory Share Capital
Foreign Branches	1	10	Iraq	36.013	USD 7.000.000
Off-Shore Branches	-	-	-	-	-

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

In 2012, the Bank has opened 14 domestic branches.

IX. Explanations related to subsequent events:

Based on the "Communiqué on the Amendment to the Communiqué on Reserve Requirements" published in the Official Gazette dated February 20, 2013 numbered 28565; the reserve rates has been determined between 5% and 11,5% for TL deposits and other liabilities according to their maturities, the reserve rates for foreign currency liabilities has been determined between 6% and 12,5% for foreign currency deposit and other foreign currency liabilities according to their maturities to be effective March 1,2013.

Albaraka Türk Katılım Bankası Anonim Şirketi

**Notes related to unconsolidated financial statements
As at December 31, 2012
(Currency - Thousand Turkish Lira)**

Section six

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

None.

Section seven

Independent auditors' report

I. Explanations on independent auditors' report:

The Bank's unconsolidated financial statements as of and for the year ended December 31, 2012 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a Member Firm of Ernst & Young Global Limited) and the independent auditors' report dated February 28, 2013 is presented at the beginning of the financial statements and related notes.

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

None.