PROSPECTUS

ALBARAKA SUKUK LTD.

(incorporated in the Cayman Islands as an exempted company with limited liability)

U.S.$250,000,000 Fixed Rate Resettable Tier 2 Trust Certificates due 2025

The U.S.$250,000,000 fixed rate resettable tier 2 trust certificates due 2025 (the "**Certificates**") of Albaraka Sukuk Ltd. (in its capacity as issuer and trustee, the "**Trustee**") will be constituted by a declaration of trust (the "**Declaration of Trust**") dated on or around 30 November 2015 (the "**Closing Date**") entered into between the Trustee, Albaraka Türk Katılım Bankası Anonim Şirketi ("**Albaraka**" or the "**Bank**") and Deutsche Trustee Company Limited (the "**Delegate**"). The Certificates confer on the holders of the Certificates from time to time (the "**Certificateholders**") the conditional right to receive certain payments (as more particularly described herein) arising from an undivided ownership interest in the assets of a trust declared by the Trustee pursuant to the Declaration of Trust (the "**Trust**") over the Trust Assets (as defined herein) and the Trustee will hold such Trust Assets, including certain subordinated obligations of Albaraka as described herein, upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the Declaration of Trust and the terms and conditions of the Certificates (the "**Conditions**").

The Certificates are subject to loss absorption upon the occurrence of a Non-Viability Event (as defined herein), in which case an investor in the Certificates might lose some or all of its investment in the Certificates. See Condition 9 (*Loss Absorption upon the occurrence of a Non-Viability Event*).

The payment obligations of Albaraka under the Transaction Documents (including all payments which are the equivalent of principal and profit) will constitute direct, unsecured and subordinated obligations of Albaraka and shall, in the case of a Subordination Event (as defined herein) and for so long as that Subordination Event subsists, rank subordinate to all Senior Obligations, rank *pari passu* without any preference among themselves and with all Parity Obligations and rank in priority to all payments in respect of Junior Obligations (each as defined herein).

Periodic Distribution Amounts (as defined herein) shall be payable subject to and in accordance with the Conditions on the outstanding face amount of the Certificates from (and including) the Closing Date to (but excluding) 30 November 2020 (the "**Trustee Call Date**") at a rate of 10.500 per cent. per annum. If the Certificates are not redeemed in accordance with the Conditions on or prior to the Trustee Call Date, Periodic Distribution Amounts shall be payable from (and including) the Trustee Call Date subject to and in accordance with the Conditions at a fixed rate, to be reset on the Trustee Call Date, equal to the Relevant 5 Year Reset Rate (as defined in the Conditions) plus a margin of 8.910 per cent. per annum. Periodic Distribution Amounts will be payable semi-annually in arrear on 30 November and 30 May in each year (each, a "**Periodic Distribution Date**"), commencing 30 May 2016.

Unless previously redeemed, or purchased and cancelled in accordance with the Conditions, subject to and in accordance with the Conditions, the Certificates will be redeemed on the Periodic Distribution Date falling on 30 November 2025 (the "**Scheduled Dissolution Date**") at the Dissolution Distribution Amount (as defined herein). The Trustee will pay the Dissolution Distribution Amount solely from the proceeds received in respect of the Trust Assets (as defined below). In addition, the Trustee (subject to Albaraka having obtained the prior approval of the BRSA) may redeem all but not some only of the Certificates on the Trustee Call Date in accordance with Condition 8.2 (*Early Dissolution at the option of the Trustee*). In addition, upon the occurrence of a Tax Redemption Event or a Capital Disqualification Event (each as defined in the Conditions), the Certificates may be redeemed in whole (but not in part), in each case at any time on or after the Closing Date in accordance with Conditions 8.3 (*Early Dissolution upon a Capital Disqualification Event*) and 8.4 (*Early Dissolution for Tax Reasons*).

The Certificates will be limited recourse obligations of the Trustee. An investment in Certificates involves certain risks. For a discussion of these risks, see "*Risk Factors*".

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**"). Such approval relates only to the Certificates which are to be admitted to trading on the Main Securities Market or any other regulated markets for the purposes of Directive 2004/39/EC (each such regulated market being a "**MiFID Regulated Market**") or which are to be offered to the public in any member state of the European Economic Area (each a "**Member State**").

The Certificates may only be offered, sold or transferred in registered form in minimum face amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Certificates are expected to be assigned a rating of B by Standard and Poor's Credit Market Services Europe Limited ("**S&P**"). As of the date of this Prospectus, S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, S&P is included in the list of credit ratings agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold the Certificates (or interests therein) and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Turkey has been assigned a long-term debt rating of BB+ (negative outlook) by Standard & Poor's Credit Market Services Europe Limited, a division of The McGraw-Hill Companies, Inc. ("**Standard & Poor's**"), Baa3 (negative outlook) by Moody's Investors Service Limited ("**Moody's**") and BBB- (stable outlook) by Fitch. Each of Standard & Poor's and Moody's is established in the European Union and is registered under the CRA Regulation. As such, each of Standard & Poor's and Moody's is included in the list of credit ratings agencies published by ESMA on its website in accordance with the CRA Regulation.

The Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Certificates are being offered or sold solely to persons who are not U.S. persons outside the United States in reliance on Regulation S. Each purchaser of the Certificates is hereby notified that the offer and sale of Certificates to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

Delivery of the Certificates in book-entry form will be made on the Closing Date. The Certificates will be represented by interests in a global certificate in registered form (the "**Global Certificate**") deposited on or about the Closing Date with, and registered in the name of a nominee for, a common depositary (the "**Common Depositary**") for Euroclear Bank S.A/N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Definitive Certificates evidencing holdings of interests in the Certificates will be issued in exchange for interests in the Global Certificate only in certain limited circumstances described herein.

The transaction structure relating to the Certificates (as described in this Prospectus) has been approved by the Albaraka Türk Katılım Bankası A.Ş. *Shari'a* Advisory Board, the Noor Bank *Shari'a* Supervisory Board, the QInvest *Shari'a* Supervisory Board, the *Shari'a* Supervisory Committee of Standard Chartered Bank, the Fatwa and *Shari'a* Supervisory Board of Dubai Islamic Bank PJSC and by Bait Al Mashura (on behalf of Barwa Bank Q.S.C.). Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approvals referred to above is in compliance with *Shari'a* principles.

Sole Global Coordinator
Standard Chartered Bank

Joint Lead Managers and Joint Bookrunners

Barwa Bank Q.S.C. | **Dubai Islamic Bank P.J.S.C.** | **Emirates NBD Capital**

Nomura | **Noor Bank P.J.S.C.** | **QInvest** | **Standard Chartered Bank**

The date of this Prospectus is 26 November 2015

IMPORTANT NOTICES

This Prospectus comprises a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU) (the "Prospectus Directive") and for the purpose of giving information with regard to the Trustee, Albaraka and the Certificates which, according to the particular nature of the Trustee, Albaraka and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and Albaraka.

The Trustee and Albaraka accept responsibility for the information contained in this Prospectus and each declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Joint Lead Managers and the Delegate have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers and the Delegate as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Joint Lead Managers and the Delegate in connection with the offering of the Certificates.

Certain information under the headings "*Risk Factors*", "*Description of Albaraka Türk Katılım Bankası A.Ş.*", "*Selected Financial Information*", "*Financial Review*" "*Turkish Banking System*" and "*Overview of Turkish Banking Sector Regulations*" has been extracted from public official sources. Each of Albaraka and the Trustee confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information is stated where such information appears in this Prospectus.

No person has been authorised by the Trustee or Albaraka to give any information or to make any representation not contained in or not consistent with this Prospectus or any other document entered into in relation to the offering of the Certificates and, if given or made, such information or representation should not be relied upon as having been authorised by the Trustee, Albaraka, the Delegate or any of the Joint Lead Managers.

None of the Joint Lead Managers, the Delegate or any of their respective affiliates make any representation or warranty or accept any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor any sale of any Certificates shall, under any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Trustee or Albaraka since the date hereof or, if later, the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Certificates is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Delegate and the Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Trustee or Albaraka during the life of the Certificates or to advise any investor in the Certificates of any information coming to their attention.

No comment is made or advice given by the Trustee, Albaraka, the Delegate or the Joint Lead Managers in respect of taxation matters relating to any Certificates or the legality of the purchase of Certificates by an investor under applicable or similar laws.

The distribution of this Prospectus and the offering, sale and delivery of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any other information supplied in connection with the Certificates comes are required by the Trustee, Albaraka and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Certificates and on the distribution of this Prospectus and other offering material relating to the Certificates, see "*Subscription and Sale*". In particular, Certificates have not been and will not be registered under the Securities Act. Subject to certain exceptions, Certificates may not be offered, sold or delivered within the United States or to U.S. persons as defined in Regulation S. The Trustee, Albaraka, the Delegate and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

Neither this Prospectus nor any other information supplied in connection with the Certificates constitutes an offer or an invitation to subscribe for or purchase any Certificates and should not be considered as a recommendation by the Trustee, Albaraka, the Delegate and the Joint Lead Managers or any of them that any recipient of this Prospectus or any other information supplied in connection with the Certificates should subscribe for or purchase any Certificates. Each recipient of this Prospectus or any other information supplied in connection with the Certificates shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Trustee and Albaraka.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Prospectus may be deemed to be "forward-looking statements". Forward-looking statements include statements concerning Albaraka's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. When used in this Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. Albaraka has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although Albaraka believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise, including those which Albaraka has identified in this Prospectus, or if any of Albaraka's underlying assumptions prove to be incomplete or inaccurate, Albaraka's actual results of operation may vary from those expected, estimated or predicted.

These forward-looking statements speak only as at the date of this Prospectus. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*". Without prejudice to any requirements under applicable laws and regulations, Albaraka expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any forward looking statement is based.

The investment activities of certain investors are subject to legal investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Certificates constitute legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Certificates by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules and regulations.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Accounting Records

Albaraka maintains its books and prepares its consolidated and unconsolidated year-end financial statements in Turkish Lira ("**TL**") in accordance with the "Regulation on Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by the BRSA and circulars and interpretations published by the BRSA, (together referred to as "**BRSA Principles**") and Turkish Accounting Standards, except for the matters regulated by BRSA Principles.

Albaraka maintains its books and prepares its consolidated and unconsolidated quarterly and half-yearly interim financial statements in TL in accordance with the "Regulation on Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and BRSA Principles and Turkish Accounting Standard 34 "Interim Financial Reporting", except for the matters regulated by BRSA Principles.

BRSA Financial Statements

Albaraka prepares consolidated and unconsolidated annual accounts in accordance with BRSA Principles. Albaraka also prepares quarterly and half-yearly interim consolidated and unconsolidated accounts in accordance with BRSA Principles. The audited unconsolidated convenience translation financial statements of Albaraka originally issued in Turkish as at and for the year ended 31 December 2014 and the audited unconsolidated convenience translation financial statements of Albaraka originally issued in Turkish as at and for the year ended 31 December 2013 (the "**Audited BRSA Financial Statements**") are included elsewhere in this Prospectus and have been prepared and presented in accordance with BRSA Principles. The Audited BRSA Financial Statements were audited in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published in the Official Gazette No. 26333 dated 1 November 2006 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("**POA**") by Albaraka's independent auditors Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Musavirlik A.Ş, a member firm of Ernst & Young Global Limited ("**EY**").

The unaudited unconsolidated convenience translation financial statements of Albaraka originally issued in Turkish as at and for the nine month period ended 30 September 2015 (the "**September 2015 Interim BRSA Financial Statements**"), the unaudited unconsolidated convenience translation financial statements of Albaraka originally issued in Turkish as at and for the six month period ended 30 June 2015 (the "**June 2015 Interim BRSA Financial Statements**") and the unaudited unconsolidated convenience translation financial statements of Albaraka originally issued in Turkish as at and for the six month period ended 30 June 2014 (the "**June 2014 Interim BRSA Financial Statements**" and, together with the September 2015 Interim BRSA Financial Statements and the June 2015 Interim BRSA Financial Statements, the "**Interim BRSA Financial Statements**") are also included elsewhere in this Prospectus and have been prepared and presented in accordance with BRSA Principles. The Interim BRSA Financial Statements were reviewed in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity" by EY.

Except as otherwise indicated, the financial information presented in this Prospectus has been extracted from the Audited BRSA Financial Statements and the Interim BRSA Financial Statements.

Where historical financial information of Albaraka has been translated from Turkish into English for the purposes of its inclusion in this Prospectus, the English translations included herein constitute convenience translations of the Turkish originals (which translations Albaraka confirms are direct and accurate).

BRSA Principles and IFRS

BRSA Principles differ from IFRS. For a discussion of the differences between BRSA Principles and IFRS, see "*Summary of Differences between IFRS and BRSA* Principles".

Certain Conventions

All references in this Prospectus to "**U.S. dollars**", "**U.S.$**" and "**$**" are to the lawful currency of the United States of America, all references to "**euro**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended and all references to "**Turkish Lira**" (in Turkish: Türk Lirası) and "**TL**" are to the lawful currency of the Republic of Turkey. Translations of amounts from U.S. dollars or euro to Turkish Lira and *vice versa* in this Prospectus are solely for the convenience of the reader.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments. Accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Foreign Language

The language of this Prospectus is English. Certain legislative references and technical terms have been cited by reference to the original Turkish term in order that the correct technical meaning may be ascribed to them under Turkish law.

BRSA Tier 2 Approval

Albaraka has obtained a letter dated 13 October 2015 and numbered 43890421-101.02.01-E.14419 from the BRSA (the "**BRSA Tier 2 Approval**") approving the treatment of the Certificates as Tier 2 capital of Albaraka for so long as the Certificates comply with the requirements of the BRSA Regulation (as defined in the Conditions). The BRSA Tier 2 Approval is conditional upon the compliance of the Certificates with the requirements of the BRSA Regulation. Accordingly, among other requirements, if Albaraka provides cash loans to, or purchases debt instruments issued by, an investor who holds 10 per cent. or more of the Certificates (or beneficial interests therein), Albaraka will be required to deduct such cash loan or debt instrument amount (or, in the case of the existence of both, the sum of each) from the amount of Certificates held by such investor to be taken into consideration as Tier 2 capital. For a description of other regulatory requirements in relation to Tier 2 capital requirements, see "*Overview of the Turkish Banking Sector and Regulations*" in this Prospectus.

Certain Defined Terms

Capitalised terms which are used but not defined in any section of this Prospectus will have the meaning attributed thereto in the Conditions or any other section of this Prospectus. In addition, the following terms as used in this Prospectus have the meanings defined below:

- references to "**BRSA**" are to the Banking Regulation and Supervision Agency of Turkey;
- references to "**Turkish Central Bank**" are to the Central Bank of the Republic of Turkey; and
- references to a "**Member State**" herein are references to a Member State of the European Economic Area.

STABILISATION

In connection with the issue of the Certificates, a Joint Lead Manager acting as stabilising manager under the Subscription Agreement (the "**Stabilising Manager**") or persons acting on behalf of the Stabilising Manager, may effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Certificates is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the issue date of the Certificates and sixty (60) days after the date of the allotment of the Certificates. Any stabilisation action must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

SUITABILITY OF INVESTMENTS

The Certificates may not be a suitable investment for all investors. Each potential investor in Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in this Prospectus;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency of payment is different from the potential investor's currency;

(d) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

NOTICE TO RESIDENTS OF TURKEY

The Certificates (or beneficial interests therein) shall not be sold in Turkey in any circumstances which would constitute a sale or a public offering within the meaning of the Capital Markets Law without the approval of the Capital Markets Board of Turkey ("**CMB**"). No transaction that may be deemed as a sale of the Certificates (or beneficial interests therein) in Turkey by way of private placement or a public offering may be engaged in without the approval of the CMB. Additionally, no prospectus and other offering material related to the offering may be utilised in connection with any general offering to the public within Turkey for the purpose of the offer or sale of the Certificates without the prior approval of the CMB. However, pursuant to Article 15(d) (ii) of the Government Decree 32 on the Protection of the Value of the Turkish Currency, as amended ("**Decree 32**"), there is no restriction on the purchase or sale of the Certificates (or beneficial interests therein) in secondary markets by residents of Turkey; **provided that** they purchase or sell such Certificates (or beneficial interests) in the financial markets outside of Turkey and such sale and purchase is made through banks and/or licensed brokerage institutions authorised pursuant to the CMB regulations and the consideration of the purchase of such Certificates has been or will be transferred through banks operating in Turkey.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

No invitation, whether directly or indirectly may be made to any member of the public of the Cayman Islands to subscribe for the Certificates and this Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for the Certificates.

NOTICE TO UK RESIDENTS

The Certificates constitute "alternative finance investment bonds" within the meaning of Article 77A of the Financial Services and Markets Act 2000 ("**FSMA**") as amended by the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010.

Accordingly, this Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom. The distribution in the United Kingdom of this Prospectus and any other marketing materials relating to the Certificates: (A) if effected by a person who is not an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"); and (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (B) if effected by a person who is an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"); (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Prospectus or any other marketing materials in relation to the Certificates.

Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme. Any individual intending to invest in any investment described in this Prospectus should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Certificates issued in connection with this Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain ("**CBB**") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in other currency or such other amount as the CBB may determine.

This Prospectus does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Certificates, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered the Prospectus or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Prospectus. No offer of securities will be made to the public in the Kingdom of Bahrain and this Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

This Prospectus does not and is not intended to constitute an offer, sale or delivery of the Certificates under the laws of the State of Qatar and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, the Qatar Exchange or the Qatar Central Bank. The Certificates have not been, and will not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar, including the Qatar Financial Centre, in a manner that would constitute a public offering. The Certificates are not and will not be traded on the Qatar Exchange.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of Certificates should conduct their own due diligence on the accuracy of the information relating to the Certificates. If a prospective purchaser does not understand the contents of this Prospectus he or she should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF MALAYSIA

Certificates may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within any one of the categories of persons specified under Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia. The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or Albaraka and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus.

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RISK FACTORS

The purchase of Certificates may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in the Certificates. Before making an investment decision, prospective purchasers of Certificates should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Prospectus.

If any of the risks described below actually materialise, the Trustee and/or Albaraka's business, results of operations, financial condition or prospects could be materially adversely affected. If that were to happen, the trading price of the Certificates could decline and investors could lose all or part of their investment.

Each of the Trustee and Albaraka believes that the factors described below represent the principal risks inherent in investing in the Certificates and may affect Albaraka's ability to perform its obligations under the Transaction Documents. However, the inability of the Trustee to pay any amounts on or in connection with any Certificate and the inability of Albaraka to perform its obligations under the Transaction Documents may occur for other reasons and none of the Trustee or Albaraka represents that the statements below regarding the risks of holding any Certificate are exhaustive. There may also be other considerations, including some which may not be presently known to the Trustee or Albaraka or which the Trustee or Albaraka currently deems immaterial, that may impact any investment in the Certificates.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in "Terms and Conditions of the Certificates" shall have the same meanings in this section.

Risk factors relating to the Trustee

The Trustee has no material assets and will depend on receipt of payments from Albaraka to make payments to Certificateholders

The Trustee is a company incorporated with limited liability under the laws of Cayman Islands on 24 August 2015 and has no operating history other than as described in "*Description of the Trustee*". The Trustee will not engage in any business activity other than the issuance of the Certificates, the acquisition of Trust Assets described herein, and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee's only material assets in respect of the Certificates, which will be held on its own behalf and for the account of the Certificateholders, will be the Trust Assets, the obligation of the Managing Agent to make payments under the Management Agency Agreement and the obligation of Albaraka to make payments under the Murabaha Agreement, the Purchase Undertaking or, as the case may be, the Sale Undertaking to the Trustee. Therefore the Trustee is subject to all the risks to which Albaraka is subject to the extent that such risks could limit Albaraka's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents to which it is a party. See "*Risks relating to Albaraka's Business*" below for a further description of these risks.

The ability of the Trustee to pay amounts due on any Certificates will primarily be dependent upon receipt by the Trustee from Albaraka, of all amounts due under the Management Agency Agreement, the Murabaha Agreement, the Purchase Undertaking and the Sale Undertaking, respectively, which, in the aggregate, may not be sufficient to meet all claims under the relevant Certificates and the Transaction Documents in the event that Albaraka does not fully perform its obligations thereunder (as applicable).

Risk factors relating to Albaraka's business

The Bank may not achieve its sustainable growth strategy

The Bank has experienced significant growth in recent years and the Bank's strategy is to continue expanding its business, both domestically and internationally (*see "Description of Albaraka Türk Katılım Bankası A.Ş.-Strategy*"). The Bank's share among participation banks was 19.0 per cent. by reference to assets, 21.3 per cent. by reference to collected funds and 18.9 per cent. by reference to credits as at June 2014. These shares increased to 23.4 per cent. by reference to assets, 25.5 per cent. by reference to collected funds and 23.8 per cent. by reference to credits as at end of June 2015.

The Bank grows in line with its growth targets and it is highly possible that will achieve its year-end budget plans. However, the management of the Bank's growth will require, among other things, continued development of the Bank's financial and concentration control in respect of sectors and customers, the ability to integrate new products and services (especially for small and medium-sized enterprises ("**SMEs**")), the presence of adequate supervision and the maintenance of consistent levels of customer services. If the Bank fails to manage its growth properly, such failure may have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

The Bank may experience credit defaults arising from adverse changes in credit and recoverability that are inherent in the Bank's businesses

The Bank's core banking businesses have historically been, and are expected to continue to be, loans to retail, commercial and corporate customers. As at 30 June 2015 and 31 December 2014, such loans constituted approximately 65.8 per cent. and 67.1 per cent. of the Bank's total assets respectively. Many factors affect customers' ability to repay their loans or other obligations to the Bank. Some of these factors, including adverse changes in consumer confidence levels due to local, national and global factors, consumer spending, bankruptcy rates, and increased market volatility, all of which may be difficult to anticipate and completely outside of the Bank's control. Other factors are dependent upon the Bank's strategy of loan growth (including sector focus) and the viability of the Bank's internal credit application and monitoring systems (see "*– The Bank's risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks*"). All of the aforementioned risks could have a material adverse impact on the Bank's ability to meet its obligations under the Certificates and could have a material adverse effect on the Bank's business, financial condition, results of operations, prospects and thereby affect the Bank's ability to perform its obligations under the Transaction Documents.

The Bank is dependent on short-term funding

In common with other Turkish banks, a significant portion of the Bank's funding requirements are met through short-term funding sources, primarily in the form of customer deposits, whereas its assets are generally medium- to long-term. As at 31 December 2014, customer deposits comprised 72.2 per cent. of the Bank's total liabilities and, of all customer deposits, 93.1 per cent. had maturities of three months or less.

As at 30 June 2015, customer deposits comprised 67.8 per cent. of the Bank's total liabilities and, of all customer deposits, 94.4 per cent. had maturities of three months or less. In the past, such deposits have been a stable source of funding, but it cannot be certain that customers will continue to roll over or maintain their deposits with the Bank. If customers fail to roll over short-term deposits with a substantial aggregate value upon maturity or withdraw their deposits from the Bank, the Bank's liquidity and financial position could be adversely affected and it may be required to seek funding from other, more expensive sources, which in turn could have a material adverse impact on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

Although the Bank believes that its level of access to domestic and international inter-bank markets and its liquidity risk management policy allows, and will continue to allow, the Bank to meet its short-term and long-term liquidity needs, any maturity mismatches between the Bank's assets and liabilities (including by reason of an unexpected withdrawal of funds by the Bank's customers) may have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

The Bank's loan and deposit portfolio has significant geographic, currency and sector concentration

The Bank has a high concentration of loans and deposits in terms of both currency and customer segment. The Bank's loans are concentrated in Turkish Lira (87.2 per cent. of funded loans as at 31 December 2014) and concentrated in commercial segment (SME) (50.9 per cent. of funded loans as at 31 December 2014 and 46.6 per cent. as at 30 June 2015). The Bank's deposits are highly concentrated in Turkish Lira accounts (58.8 per cent. of total funds collected as at 31 December 2014 and 56.1 per cent. of total funds collected as at 30 June 2015) and these are concentrated in the retail banking segment (62.0 per cent. as at 31 December 2014 and 57.0 per cent. as at 30 June 2015). Accordingly, the Bank is particularly exposed to any future downturn in the Turkish economy or the performance of the Turkish Lira.

The Bank has a high concentration of loans to customers in the construction sector (as at 31 December 2014, 19.3 per cent., of the Bank's total funded loans were to customers in this sector (*source: Bank's Annual Report 2014 – Risk Classifications in the Regulation on Measurement and Assessment and Capital Adequacy of Banks*")). A downturn in the construction industry in Turkey could therefore have a materially adverse effect on the business, results of operations, financial condition, cash flows and/or prospects of the Bank. In addition, a high concentration of the Bank's loan portfolio is to its 100 largest cash loan customers (as at 30 June 2015, the Bank's 100 largest cash loan customers accounted for 34.4 per cent. of the Bank's loan portfolio). Any decision by a material customer to move its business to another bank or any default by one or more such customers could have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

The Bank has been, and will likely continue to be, significantly negatively affected by the recent global financial crisis and concurrent economic slowdown

The recent global financial crisis and related economic slowdown that has impacted the Turkish economy and economies around the world, including the principal external markets for Turkish goods and services, has had, and may continue to have, a significant negative impact on the business, financial condition, results of operations and/or prospects of the Bank.

As a result of the global financial crisis and related economic volatility, the Bank's ability to access the financial markets may be restricted at a time when it would need financing, which could have an impact on its flexibility to react to changing economic and business conditions. The continuing impact of the financial crisis and economic volatility could have a material adverse effect on the Bank's customers as well as the Bank and could therefore have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects.

Although there have been indications that the global economy has begun to recover from the economic deterioration of recent years, the recovery may not continue and concerns about (amongst other things) the liquidity, the extent of budgetary deficits and even the solvency of certain countries (such as Greece, Ireland, Spain, Italy and Portugal) could adversely affect the global economic recovery. Similarly, the current political crisis in Ukraine and the sanctions being imposed by certain governments and supra-national organisations on Russia, a major world economy, could adversely affect global economic conditions and the financial markets. A deterioration or worsening in the global economy or continued uncertainty around the potential for such a relapse could have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects.

The interests of the Bank's controlling shareholder may not coincide with the interests of the Certificateholders

The Albaraka Banking Group ("**ABG**") owned 54.1 per cent. of the outstanding share capital of the Bank as at 30 June 2015. There can be no guarantee that the interests of ABG will coincide with those of the Certificateholders. By virtue of its shareholding, ABG has the ability to significantly influence the Bank's business through its ability to control actions that require shareholder approval. If circumstances were to arise where the interests of the major shareholders conflict with the interests of the Certificateholders, the Certificateholders may be disadvantaged by any such conflict. Although it is the Bank's policy that transactions with or with parties related to, or affiliated with, ABG are priced at market rates, are otherwise undertaken on an arm's length basis, are in compliance with applicable Turkish legislation and are subject to the same loan or account approval procedures and limits as applied by the Bank to transactions with parties not related to, or affiliated with, ABG, there can be no assurance that such transactions with or with parties related to, or affiliated with, ABG have been or will be extended on the above basis and terms.

The Bank is exposed to its counterparties' credit risk, which could have a material adverse effect on the Bank

As a large and diverse financial organisation, the Bank is subject to a broad range of general credit risks, including with respect to its retail, corporate and commercial customers and other third parties with obligations to the Bank. These parties include borrowers of loans from the Bank, issuers whose securities are held by the Bank, trading and hedging counterparties, customers of letters of credit provided by the Bank and other financial counterparties of the Bank, any of which might default in their obligations to the Bank due to bankruptcy, lack of liquidity, economic downturns, operational failures or other reasons.

The Bank's business segments have historically been, and are expected to continue to be, loans to retail, SME and corporate clients. Many factors affect customers' ability to repay their loans or other obligations to the Bank. Some of these factors, including adverse changes in consumer confidence levels due to local, national and global factors, consumer spending, bankruptcy rates, and increased market volatility, may be difficult to anticipate and are outside of the Bank's control. Other factors are dependent upon the Bank's strategy for loan growth (including sector focus) and the viability of the Bank's internal credit application and monitoring systems (see "*– The Bank's risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks*"). All of these risks could have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

The availability of accurate and comprehensive financial information and general credit information on which to base credit decisions is more limited for SMEs than is the case for large corporate clients. Therefore, notwithstanding the credit risk determination procedures that the Bank has in place, it may be unable to accurately evaluate the current financial condition of each prospective borrower and to determine such borrower's long-term financial viability.

The Bank's non-performing loans ("**NPLs**") at 30 June 2015, 30 June 2014, 31 December 2014, and 31 December 2013 were 2.3 per cent., 2.3 per cent., 2.0 per cent. and 2.3 per cent. respectively. It is generally accepted that lending to the SME segment represents a higher degree of risk than comparable lending to other groups, and there can be no guarantee that the Bank's NPLs for SMEs, or any of its other customers, will not materially increase in the near to medium term, in particular if there is a deterioration in the macroeconomic conditions in Turkey or globally or if the Bank is unable to accurately model the risk associated with SME or other borrowers to which it extends credit (see "*– The Bank's risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks*"). Furthermore, growth in the Bank's loan portfolio is as a result of increased demand precipitated by the expansion of the Bank's branch network, which may lead to a deterioration in the underlying asset quality and an increase in loan to deposit ratios, due to a relatively slower growth in deposits.

The Bank might not correctly assess the creditworthiness of credit applicants or other counterparties (or their financial condition may change) and, as a result, the Bank could suffer material credit losses even though a significant portion of the Bank's credits are at least partially secured by collateral. If the value of the collateral securing the Bank's credit portfolio is insufficient (including through a decline in its value after the original taking of such collateral), then the Bank will be exposed to greater credit risk and an increased risk of non-recovery if any credit exposure fails to perform. Estimates of the value of non-cash collateral are inherently uncertain and are subject to change as a result of market and other conditions, and may increase the credit risk of the Bank if such values decline. In addition, determining the amount of provisions and other reserves for possible credit losses involves the use of estimates and assumptions and an assessment of other factors that involve a significant amount of judgment. As a result, the level of provisions for credit losses and other reserves that the Bank has set aside (which take account of collateral where loans are secured) may not be sufficient and the Bank may have to create significant additional provisions for possible credit losses in future periods.

The Bank has a strong position in the still-developing mortgage market in Turkey and continues to seek to expand its lending activities, including in the expanding energy sector. The growth in these, or other business lines, or in the Bank's credit portfolio generally, could have a negative impact on the quality of the Bank's assets. Failure to maintain the Bank's asset quality could result in higher loan loss provisioning and higher levels of defaults or write-offs, which could have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects.

Changes in market interest rates could lead to a deterioration of the Bank's net profit share margin

The Bank's results of operations depend upon the level of its net profit share income, which is the difference between profit share income and profit share expenses. The difference between the Bank's average profit share income and its average profit share expense is its net profit share margin. Net profit share income contributed 46.6 per cent. and 47.9 per cent. of income before tax for the years ended 31 December 2014 and 2013, respectively and the net profit share margin was 4.1 per cent. and 4.9 per cent. over the same periods, reflecting a decreasing trend in the Turkish Banking industry. Unlike conventional banks, the Bank's interest rate risk is considerably reduced through the operation of participation accounts which do not pay a defined rate of return but instead pay a defined proportion of the net profit made by the Bank from the utilisation of the funds provided through the deposits. However, changes in market interest rates still affect the Bank indirectly because the economic factors which have an effect on market interest rates may also have a similar effect on the determination of the Bank's profit share rates.

Market interest rates are highly sensitive to many factors beyond the Bank's control, including monetary policies pursued by the Turkish government, domestic and international economic and political conditions and other factors. Income from financial operations is particularly vulnerable to market interest rate volatility, as further illustrated below. In particular, the Bank was affected by the Turkish Central Bank's policy which has recently seen a rapid reduction in market interest rates. Any further interest rates changes will affect the Bank's profit share income and profit share expenses. (see "*– The Turkish Central Bank's policy on reserve requirements and interest rates could materially and negatively affect the Bank's business, financial condition, results of operations* and/or *prospects*")

If the Bank is unable for any reason to re-price its profit sharing assets and profit sharing liabilities in a timely or effective manner, or if market interest rates rise as a result of economic conditions or other reasons, and its profit sharing assets are not appropriately match-funded or hedged, then the Bank's net profit share margin will be adversely affected, as well as potentially its cost of funds, which could have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects. In particular, the Bank's participation accounts pay returns based on the return earned by the Bank from an underlying pool of loans in a prior period, which means that in times of falling market interest rates the Bank's profit share margin is reduced.

In addition, changes in special commission rate levels, spreads and maturity mismatches may affect the margin realised between the Bank's lending and investment activities and its borrowing costs, and the values of assets and investments that are sensitive to special commission rates and spread changes. Changes in debt, equity and commodity prices may affect the value of the Bank's investment portfolios. It is difficult to accurately predict changes in economic and market conditions and to anticipate the effects that such changes could have on the Bank's financial condition, results of operations and/or prospects. See "*Description of Albaraka Türk Katılım Bankası A.Ş. – Risk Management – Market Risk*".

The Bank is exposed to foreign currency exchange rate fluctuations, which could have a material adverse effect on the Bank

The Bank is exposed to the effects of fluctuations in foreign currency exchange rates, principally the U.S.$ and Euro, which can impact on its financial position, results of operations and/or prospects. These risks are both systemic (i.e., the impact of exchange rate volatility on the markets generally, including on the Bank's borrowers) and unique to the Bank (i.e., due to the Bank's own net currency positions). For example, from a systemic perspective, if the Turkish Lira were to depreciate materially against the U.S.$ or the Euro, then it would be more difficult for the Bank's customers whose income is primarily or entirely denominated in Turkish Lira to repay their foreign currency-denominated loans. In addition, the Bank is exposed to exchange rate risk to the extent that its assets and liabilities are mismatched. The Bank seeks to manage the gap between its foreign currency-denominated assets and liabilities by (among other things) matching the volumes and maturities of its foreign currency denominated loans against its foreign currency-denominated deposits or by entering into currency hedges.

Within this framework, all speculative foreign exchange ("**FX**") transactions are prohibited and FX transactions are made solely for the purpose of minimising open currency positions. In addition, regulatory limits set by the BRSA prohibit the Bank from having a net currency short or long position of greater than 20.0 per cent. of the total capital used in the calculation of its regulatory capital adequacy ratios. However, if the Bank is unable to manage the gap between its foreign currency-denominated assets and liabilities, then material volatility in exchange rates could lead to operating losses, which could have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects. See "*Description of Albaraka Türk Katılım Bankası A.Ş. – Risk Management – Market Risk*".

The Bank may have difficulty borrowing funds on acceptable terms, if at all

The Bank is exposed to liquidity risk, which is the risk that a company will be unable to meet its obligations, including funding commitments, as they fall due. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (such as short-term funding), changes in credit ratings or market-wide dislocation.

Credit markets worldwide experienced a severe reduction in liquidity during the global financial crisis and liquidity remains more difficult to obtain on favourable terms. Perceptions of counterparty risk between banks also increased significantly, which led to further reductions in banks' access to traditional sources of liquidity such as the debt markets and asset sales. The Bank's access to these wholesale sources of liquidity has been, and may continue to be, restricted or available only at a high cost. In addition, the Bank's significant reliance on deposits as a funding source makes it susceptible to changes in customer perception of the strength of the banking sector and the Bank would be materially and adversely impacted by substantial customer withdrawals of deposits.

The Bank's primary source of funding is its customer deposits which are principally short-term in nature, although the Bank also obtains funding through loans from other banks and through the sale of securities in the capital markets. A mismatch between the maturity of the Bank's assets and liabilities may require the Bank to incur additional costs to liquidate assets at prices below what the Bank believes to be their values. In addition, the global demand for liquidity has increased following the global financial crisis, with increased competition for funds having reduced the Bank's ability to raise longer-term funding by way of securitisation, subordinated debt and other issuances. As a result, the Bank may find it difficult to diversify its funding sources and to increase the maturity of its funding profile.

A rising market interest rate environment could compound the risk of the Bank not being able to access funds at favourable rates. These and other factors could lead creditors to form a negative view of the Bank's liquidity, which could result in less favourable credit ratings, higher borrowing costs and less accessible funds. In addition, the Bank's ability to raise or access funds may be impaired by factors that are not specific to its operations, such as general market conditions, severe disruption of the financial markets or negative views about the prospects of the sectors to which the Bank provides its loans. While the Bank continually monitors its liquidity requirements and the maturity profile of its funding base, and aims to maintain, at any given time, an adequate level of liquidity reserves, there can be no assurance that the Bank will not experience significant liquidity constraints and any such constraint could adversely affect the Bank's business, financial position, results of operations and/or prospects.

Correlation of financial risks – the occurrence of a particular risk faced by the Bank could exacerbate other risks that the Bank faces

The exposure of the Bank's business to a market downturn in Turkey or the other markets in which the Bank operates, or any other risks, could exacerbate or trigger other risks that the Bank faces. For example, if the Bank incurs substantial trading losses due to market disruptions in Turkey, then its need for liquidity could rise sharply while its access to liquidity and/or capital could be impaired. In addition, in conjunction with a market downturn, the Bank's customers could incur substantial losses of their own, thereby weakening their financial condition and increasing the credit risk of the Bank's exposure to such customers. If this particular combination of risks, or any others occur, then this could have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

Third parties might use the Bank as a conduit for illegal or terrorist activities without the Bank's knowledge, which could have a material adverse effect on the Bank

The Bank is required to comply with applicable anti-money laundering and anti-terrorist financing laws and regulations and has adopted various policies and procedures, including internal control and "know your customer" procedures, aimed at preventing the use of the Bank for money laundering and terrorist financing. In addition, while the Bank reviews its correspondent banks' internal policies and procedures with respect to such matters, the Bank, to a large degree, relies upon its correspondent banks to maintain and properly apply their own appropriate anti-money laundering and anti-terrorist financing procedures. The Bank believes that it is in compliance with all applicable anti-money laundering and anti-terrorist financing laws and regulations. However, such measures and compliance procedures may not be completely effective in preventing third parties from using the Bank (and/or its correspondent banks) as a conduit for money laundering (including illegal cash operations) or terrorist financing without the Bank's (and/or its correspondent banks') knowledge. If the Bank is associated with, or even accused of being associated with, money laundering or terrorist financing, then its reputation could suffer and/or it could become subject to criminal or regulatory fines, sanctions and/or legal enforcement (including being added to any "blacklists" that would prohibit certain parties from engaging in transactions with the Bank), any one of which could have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

The Bank's non-deposit obligations are not guaranteed by the Turkish or any other government and there may not be any governmental support in the event of illiquidity or insolvency

The non-deposit obligations of the Bank are not guaranteed or otherwise supported by the Turkish or any other government. While rating agencies and others have occasionally included in their analysis of certain banks a view that systemically important banks would likely be supported by the banks' home governments in times of illiquidity and/or insolvency (examples of such sovereign support have been seen, and strained, in other countries during the recent global financial crisis), this may not be the case in Turkey or for the Bank in particular. Investors should not place any reliance on the possibility of the Bank being supported by any governmental entity at any time, including providing liquidity or assisting to maintain the Bank's operations during periods of material market volatility. See "*Turkish Regulatory Environment – The SDIF*" for information on the limited government support available for the Bank's deposit obligations.

The Bank may become over-leveraged

One of the principal causes of the recent global financial crisis was the excessive levels of debt prevalent in various sectors of the global economy, including the financial sectors of many countries. While there were many reasons for the over-leverage, important factors included the low cost of funding, the over-reliance by creditors (particularly investors in structured transactions and emerging markets companies) on the analysis provided by rating agencies (which reliance was often encouraged by regulatory and other requirements that permitted capital to be applied based upon the debtor's rating) and the failure of risk management systems to identify adequately the correlation of risks and price risk accordingly. If the Bank becomes over-leveraged as a result of these or any other reasons, then it may be unable to satisfy its obligations in times of financial stress, and such failure could have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

The Bank's continued success depends upon retaining key members of its senior management and its ability to recruit, train and motivate qualified staff

The Bank is dependent upon its senior management to implement its strategy and operate its day-to-day business. In addition, corporate, retail and other relationships of members of senior management are important to the conduct of the Bank's business. In a rapidly emerging and developing market such as Turkey, demand for highly trained and skilled staff, particularly in the Bank's Istanbul headquarters, is very high and requires the Bank to continually re-assess its compensation and employment policies. If members of the Bank's senior management were to leave, then the relationships that those employees have formed and that have benefited the Bank may not continue with the Bank. In addition, the Bank's continuing success depends, in part, upon its ability to attract, retain and motivate qualified and experienced banking and management personnel. The Bank's failure to recruit and retain necessary personnel or manage its personnel successfully could have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

The Bank's operations are highly dependent upon its information technology systems

The Bank's business, financial performance and ability to meet its strategic objectives (including rapid credit decisions, product rollout and growth) depend to a significant extent upon the functionality of its information technology systems ("**IT Systems**") and its ability to increase systems capacity. The proper functioning of the Bank's financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, is critical to the Bank's business and its ability to compete. If the Bank's IT Systems fail, even for a short period of time, then it could be unable to serve some or all customers' need on a timely basis and could lose their business or experience negative publicity as a result of such system failures. In addition, despite the Bank's investments in the infrastructure of its IT Systems, the Bank may fail to update and develop its existing IT Systems as effectively as its competitors. Although the Bank has developed back-up systems for emergency cases, a disruption (even short-term) to the functionality of the Bank's IT Systems, delays or other problems in increasing the capacity of the IT Systems or increased costs associated with such systems could have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

No assurance can be given that such failures or interruptions will not occur or that the Bank will adequately address them if they do occur. Accordingly, the occurrence of such failures or interruptions could have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

The Bank's risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks (operational risk)

There can be no assurance that the Bank's risk management and internal control policies and procedures will adequately control, or protect the Bank against, all credit, liquidity, market and other risks. In addition, certain risks could be greater than the Bank's empirical data would otherwise indicate.

The Bank also cannot give assurances that all of its staff have adhered or will adhere to its policies and procedures. The Bank is susceptible to, amongst other things, failure of internal processes or systems, unauthorised transactions by employees and operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems, and fraud by employees or third parties. The Bank's risk management and internal control capabilities are also limited by the information tools and technologies available to it.

Any material deficiency in the Bank's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects.

As a financial services institution, the Bank is exposed to a wide spectrum of other risks including those arising from external events or from process errors, IT-related failures, fraud, systems failure, inadequate customer services protocols, inadequate staff skills and performance, product development and maintenance, unauthorised activities and security and physical protection. The materialisation of any such risks may have a material adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

Risks relating to the participation bank model

The growth of the Bank's business is dependent upon the continued development of the participation banking industry in Turkey and in countries where it operates. Accordingly, any adverse change in investor perception in relation to the participation banking model (whereby depositors participate in pools of financings made by the Bank to customers and their deposits are subject to the credit risks of financings included in such pools) or any fluctuation or decline in general market perception of the participation banking model may have an adverse effect on the Bank's business, financial condition, results of operations, cash flows and/or prospects.

In 2013, the Turkish government announced the expansion of the participation banking sector in Turkey by establishing public participation banks by the state-owned banks. The Turkish Participation Banks Association hosted a workshop regarding participation banking and interest free financing in December 2013 in Kızılcahamam, Ankara and participants in the workshop discussed whether the establishment of participation banks by state-owned banks would create unfair competition for the existing four participation banks in Turkey. The new public participation banks may have a positive impact on overall market share enjoyed by participation banks, but it could also have a negative impact on the Bank by increasing the competition it faces and, at least temporarily, leading to a shortage of staff with experience working in the participation banking sector.

Ziraat Participation Bank officially began operating as Turkey's first state-owned participation bank on 29 May 2015. Vakıf Bank and Halk Bank's also have current plans to enter the participation banking market. Should this occur there will be seven participation banks operating in Turkey. Market share of the participation banking sector is expected to increase with the entrance of public banks into the market with projections of shares reaching 15.0 per cent. by 2025 (see "*Increased competition in the Turkish banking sector could have a material adverse effect on the Bank*").

Political, Economic and Legal Risks relating to Turkey

The Turkish economy is undergoing continued transformation to a free market system, is subject to significant macroeconomic risks and has been dependent upon the support of the IMF in times of economic crisis

Since the early 1980s, the Turkish economy has undergone a transformation from a highly protected and regulated system to a free market system. Although the Turkish economy has responded well in general to this transformation, it has continued to experience severe macroeconomic imbalances and has frequently resorted to support from the International Monetary Fund (the "**IMF**"). While the economy has been significantly stabilised due, in part, to IMF requirements, Turkey may experience another significant economic crisis. If IMF or similar support is not provided or available in any future crisis, then this lack of assistance could have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects. Investors should note that notwithstanding Turkey's history of resort to the IMF in times of macroeconomic imbalance, as at the date of this Prospectus, no IMF support has been requested in connection with the recent global financial crisis.

Turkey's GDP grew by 8.4 per cent. in 2005, 6.9 per cent. in 2006, 4.7 per cent. in 2007 and 0.7 per cent. in 2008. Turkey's GDP contracted by 7.0 per cent. in the fourth quarter of 2008 and 4.8 per cent. in 2009, before recovering in 2010 (9.2 per cent.) and 2011 (8.5 per cent.). The growth in the Turkish economy has started to increase with GDP increasing by 2.2 per cent. in 2012, 4.0 per cent. in 2013, 2.9 per cent. in 2014 and 3.1 per cent as at 30 June 2015. The ratio of public debt to GDP decreased from 52.7 per cent. in 2005 to 35.9 per cent. in 2013, and 37.2 per cent. in 2014. The last stand-by arrangement with the IMF was completed in May 2008. In May 2013, Turkey paid its last instalment to the IMF after a 50 year relationship. In October 2013, the government announced a three-year medium-term economic programme from 2014 to 2016. Under this programme, the government has set growth targets of 4.0 per cent. for 2014 and 5.0 per cent. for each of 2015 and 2016 respectively, as well as a gradual decrease in the net public debt to GDP ratio, according to the Ministry of Development. In the absence of structural reforms, however, it is likely that GDP growth will remain around 3-3.5 per cent. and that unemployment will increase in 2015. There is no guarantee that the government will continue to successfully implement its current and proposed economic and fiscal policies and if Turkey's economy continues to experience macro-economic imbalances, it could have a material adverse impact on the Bank's business, financial condition, results of operations and/or prospects.

The Bank's banking and other businesses are significantly dependent upon its customers' ability to make payments on their loans and meet their other obligations to it. If the Turkish economy declines because of, among other factors, a reduction in the level of economic activity, devaluation of the Turkish Lira, inflation or an increase in domestic interest rates, then a greater portion of the Bank's customers may not be able to repay loans when due or meet their other debt service requirements to the Bank, which would increase the Bank's past due loan portfolio and could materially reduce its net income and capital levels. In addition, a decline in the Turkish economy would likely result in a decline in the demand for the Bank's products and services. The occurrence of any or all of the above could have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects.

Difficult macroeconomic and financial market conditions have affected and could continue to materially adversely affect the Bank's business, financial condition, results of operations** and/or **prospects

Despite a gradual but uneven recovery in the world economy, growth performance has remained low in the world economy. Although there is a gradually improving growth rate in advanced economies, growth performance in emerging economies has weakened. The advanced economies (which grew by 1.4 per cent. in 2013) continued to grow at a moderate pace in 2014, however, a divergence is observed between the growth performances of these countries. While in the second quarter of 2014 strong growth was observed in the USA economy, other advanced economies realised a weaker performance. International organisations revised their forecasts of growth in advanced economies downwards and provided reasons such as; the failure to provide a stable recovery of the Euro area growth as well as Japan's tax increases that have had a negative effect on growth. In April 2014, while the advanced economies were projected to grow by 2.2 per cent. in 2014, this estimate was revised to 1.8 per cent. in October 2014. For 2015, the growth of advanced economies is expected to be 2.3 per cent., on the back of an expected continued strong recovery of the USA economy.

The growth rate of world trade volume that was recorded as 3 per cent. in 2013, is expected to remain limited in the following years, due to weak demand and weak global activity. In April 2014, the growth rate of world trade volume was estimated to be, 4.3 per cent. in 2014 and 5.3 per cent. in 2015, in October 2014 forecasts were revised downward to 3.8 per cent. for 2014 and to 5.0 per cent. for 2015.

Inflation has also remained low due to weak demand on a global scale. The world trade prices of goods and services, which decreased by 1.7 per cent. in 2012 declined by 0.3 per cent. in 2013. The world consumer prices which increased by 4.2 per cent. in 2012, increased by 3.9 per cent. in 2013. In this period, consumer price inflation in advanced economies decreased from 2.0 per cent. to 1.4 per cent. and inflation decreased from 6.1 per cent. to 5.9 per cent. in emerging markets and developing economies. The inflation rate at the global level is estimated to be 3.9 per cent. in 2015.

The weak global economic outlook has also led to a decline in energy and industrial metal prices. Volatility in food prices were observed due to drought in several regions throughout the world. The average price of Brent oil (a benchmark for global oil prices) was realised as U.S.$109.4 per barrel in 2013. However, since the first quarter of 2014 (despite increasing geopolitical risks) weak demand and supply-side developments means that oil prices have declined significantly. This trend is expected to continue in the medium term, although geopolitical uncertainties may cause temporary price hikes.

The high public debts of the advanced economies, mainly in Japan, the Euro area and USA, are expected to maintain its high levels in the forthcoming period. No significant prospect of recovery in public debts was expected for the upcoming period, due to low growth performance and stimulus packages instigated to vitalise the economy.

The unrest in Middle East and political conflict between Russian and Ukraine increases the risks concerning the global economy. As a result of the tension between Russian and Ukraine, the commercial and financial restrictions adopted mutually between Russia and West European countries negatively affects the economies of both regions. Along with the rise in political risks, volatility in global financial markets increases and the developing economies which are in need of external financing are consequently affected in a negative way. The on-going political tensions may increase the prices of oil and natural gas, therefore an increase in these prices will negatively affect global growth and the balance of payments in countries which are energy importers and have high current account deficits.

In the conjuncture of a global liquidity crunch that intensifies gradually, it is significant for Turkey to sustain its macroeconomic basis by the virtue of tightening fiscal policies, addressing inflation in stronger terms and realising structural reforms swiftly that its economy is in need of.

Any deterioration in the condition of the global or Turkish economies, or continued uncertainty around the potential for such deterioration, could have a material adverse effect on the Bank's business and customers in a number of ways, including, among others, the income, wealth, employment, liquidity, business, prospects or financial condition of the Bank's customers, which, in turn, could reduce the Bank's asset quality and demand for the Bank's products and services and negatively impact the Bank's growth plans. The Bank's business, financial condition, results of operations and/or prospects may also continue to be adversely affected by conditions in the global and Turkish financial markets as long as they remain volatile and subject to disruption and uncertainty.

The Turkish Central Bank's policy on reserve requirements and interest rates could materially and negatively affect the Bank's business, financial condition, results of operations *and/or* ***prospects***

In December 2010, the Turkish Central Bank announced a policy of reducing interest rates while increasing Turkish Lira reserve requirements in order to reduce Turkey's current account deficit. Since that time, the Turkish Central Bank has announced significant increases in bank reserve requirements for Turkish Lira deposits as part of its strategy to lengthen the maturities of assets flowing into the country and to address concerns that maturities of liabilities in the Turkish banking sector are shorter than those of assets, which in turn exposes the sector to liquidity and interest rate risk. As a consequence of these changes, the Bank was required to increase its capital reserves and may need to access more expensive sources of financing to meet its funding requirements. No assurances can be given that the Bank will be able to obtain additional funding on commercially reasonable terms as and when required, or at all, which could have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects. Reflecting its participation banking model in which returns paid on participation accounts reflect returns made on underlying loans in previous periods, reductions in interest rates tend to adversely affect the Bank's results of operations.

The Bank's deposits are highly concentrated in Turkish Lira accounts (56.1 per cent. of total funds collected as at 30 June 2015). (see "– *The Bank's loan and deposit portfolio has significant geographic, currency and sector concentration* "). A significant portion of these deposits are short term. If the Bank is not able to increase the term of its deposits or attract foreign currency deposits, its Turkish Lira reserve requirements and associated costs will increase, which could have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects.

International investors consider Turkey to be an emerging economy

Despite significant political and economic reform, Turkey is considered by many international investors to be an emerging market which involves a higher degree of risk than investing in more-developed markets. Emerging markets such as Turkey are subject to greater risk of being perceived negatively by investors based upon external events than are more-developed markets, and financial turmoil in any emerging market (or global markets generally) could disrupt the business environment in Turkey. The market for securities issued by Turkish companies is influenced by economic and market conditions in Turkey, as well as, to varying degrees, market conditions in other emerging market countries, Europe and the United States. Although economic conditions differ in each country, the reaction of investors to developments in one country may cause capital markets in other countries to fluctuate. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to the Turkish economy and resulted in considerable outflows of funds and declines in the amount of foreign investments in Turkey. Crises in other emerging market countries may diminish investor interest in securities of Turkish issuers, including the Bank's, which could adversely affect the market price of the Certificates.

Moreover, financial turmoil in one or more emerging markets tends to adversely affect stock prices and the prices for debt securities in all emerging market countries as investors move their money to markets that are perceived to be more stable and economically developed. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Turkey and adversely affect the Turkish economy. As a result, investors' interest in the Certificates (and thus their price) may be subject to fluctuations that may not necessarily be related to economic conditions in Turkey or the financial performance of the Bank.

Turkey's economy remains vulnerable to external shocks as evidenced by the global financial crisis, (see "*Difficult macroeconomic and financial market conditions have affected and could continue to materially adversely affect the Bank's business, financial condition, results of operations* and/or *prospects*"). Although Turkey's growth dynamics are to some extent dependent on domestic demand, Turkey is also dependent on trade with Europe and a significant decline in the growth of any of Turkey's major trading partners, such as the EU, could have an adverse impact on Turkey's balance of trade and adversely affect Turkey's economic growth. Although Turkey has diversified its export market in recent years, the EU remains Turkey's largest export market**.** A decline in demand from the EU could have a material adverse effect on Turkish exports and Turkey's economic growth.

Recent volatility in the markets stemming from concerns over China's economic growth may adversely impact economic growth in other emerging economies with close trade links to China. Although China is not a major trading partner of Turkey, no assurance can be given that these developments will not have a negative effect on the financial conditions of Turkey. Additionally, there can be no assurance that investors' interest in Turkey will not be negatively affected by other events in other emerging markets or the global economy in general, which could have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects.

Turkey's economy has been subject to a high current account deficit and significant inflationary pressures

In 2010, the Turkish current account deficit widened significantly to U.S.$ 46.6 billion from U.S.$ 13.4 billion in 2009, and then increased further to U.S.$ 77.1 billion in 2011, according to the Turkish Central Bank. This rapid acceleration has raised concerns regarding financial stability in Turkey, and the Turkish Central Bank, the BRSA and Turkish Ministry of Finance have initiated coordinated measures to lengthen the maturity of deposits, reduce short-term capital inflows and curb domestic demand. The main aim of these measures has been to slow down the current account deficit by controlling the rate of loan growth, but despite these measures and slower loan growth the current account deficit increased in 2011 and 2012. The increase in the current account deficit came to an end in early 2013 as a result of a recovery in domestic demand, with the deficit in 2013 decreasing to U.S.$ 64.9 billion. A package of macro-prudential measures issued by the BRSA to limit domestic demand, the Turkish Central Bank's tight monetary policy and increases in taxes, combined with the depreciation of the TL and lower oil prices, all contributed to a decrease in the 12-month current account deficit to U.S.$ 45.8 billion as of 31 December 2014. Further regulations may be introduced by the BRSA or the Turkish Central Bank with respect to loan growth ratios that could have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects. As a result of the current financial situation in the EU, a decline in demand for imports could have a material adverse effect on Turkish exports and Turkey's economic growth and result in an increase in Turkey's current account deficit. However, during 2013, according to TurkStat, when compared to the previous year imports to Turkey increased by 6.4 per cent., which was due, in part, to currency fluctuations**.** During 2014, when compared to the previous year, imports to Turkey decreased by 3.8 per cent. and at 30 June 2015, imports to Turkey decreased by 16.3 per cent. when compared to the end of 2014.

Unless there is a decline in credit growth, the Minister of Finance has stated that bank-specific actions might be implemented which are likely to reduce economic growth and might adversely affect the Bank's; business, financial condition, results of operations and/or prospects. The Turkish government has also declared its intention to take additional measures to decrease the current account deficit, decreasing the high growth rate of loans as one of the target areas. To that end, the BRSA from time to time introduces regulations to control loan growth, including measures that will, among other things; increase Turkish banks' general provision requirements in certain circumstances and increase the risk-weighting for certain consumer loans in calculating capital adequacy ratios. For example, new regulations on the measurement and evaluation of capital adequacy and on maturity of consumer loans were announced in 2013 and several measures were taken to limit credit card expenditures, which are expected to reduce the growth in credit volumes (see "*Turkish Regulatory Environment*"). These regulations, and any new regulations, could have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects. (see "*– The Turkish Central Bank's policy on reserve requirements and interest rates could materially and negatively affect the Bank's business, financial condition, results of operations* and/or *prospects*" and *"– Risks relating to the Turkish Banking industry – the Bank is subject to numerous banking and other laws and regulations that are subject to change and such changes may have a material adverse effect on the Bank*"). The Turkish Central Bank has taken some measures to contain the deterioration in the current account balance since the end of 2010. To this end, the Turkish Central Bank has changed its policy framework by enriching the set of policy instruments and adopting financial stability as a supplementary objective. In 2015, the Turkish government's objective is to strengthen macroeconomic and financial stability by increasing growth performance while continuing to reduce current account deficit and achieving inflation target. This objective was assisted by developments in the exchange rate and while exports maintained the upward trend, imports began to decrease and the contribution of net exports grew. As a result, current account deficit to GDP ratio declined to 5.7 per cent at the end of 2014. The current account deficit to GDP ratio is expected as 5.4 per cent. in 2015.

There can be no assurances that any regulations that have been, or might in the future be, introduced by the BRSA or the Turkish Central Bank with respect to loan growth ratios would not have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects. The Turkish economy has experienced significant inflationary pressures in the past, with year-over-year consumer price inflation rates as high as 69.0 per cent. in the early 2000s. However, weak domestic demand and declining energy prices in 2009 caused the domestic year-over-year consumer price index to decrease to 6.5 per cent. at the end of 2009, the lowest level in many years. Consumer price inflation was 10.5 per cent. in 2011, 6.2 per cent. in 2012 and 7.4 per cent. in 2013. In 2014, consumer price inflation was 8.2 per cent. mainly because of food prices which increased considerably due to negative weather conditions. Producer price inflation was 13.3 per cent. in 2011, 2.5 per cent. in 2012, 7.0 per cent. in 2013 and 6.4 per cent. in 2014. Significant global price increases in major commodities such as oil, cotton, corn and wheat are likely to increase supply side inflation pressures throughout the world. These inflationary pressures may result in Turkish inflation exceeding the Turkish Central Bank's inflation target, which may cause the Turkish Central Bank to modify its monetary policy. Inflation-related measures that may be taken by the Turkish government in response to increases in inflation could have an adverse effect on the Turkish economy. However, according to the medium-term economic programme from 2015 to 2017 inflation in the food sector will reach approximately 8.0 per cent. At the end of 2015, it is expected that the annual increase in the inflation rate will be 5.0 per cent. from 6.4 per cent. in 2014. Even if the level of inflation in Turkey were to fluctuate or increase significantly, this would have a limited adverse effect on the Bank's business, financial condition and results of operations and/or prospects.

Political instability may impact the Bank's business

Since December 2010, political instability has increased markedly in a number of countries in the Middle East and North Africa, such as Tunisia, Egypt, Jordan, Yemen, Syria, Iraq and Libya. Political instability in the Middle East and elsewhere remains a concern, most recently exemplified by the internal conflict in Syria and Iraq, and tension between Iran and Israel. Unrest in those countries and regions may also have implications for the wider global economy and may negatively affect market sentiment towards other countries in the region, including Turkey. The conflict in Syria has been the subject of significant international attention and is inherently volatile and its impact and resolution is difficult to predict. In early October 2012, Turkish territory was hit by shells launched from Syria, some of which killed Turkish civilians. On 4 October 2012, the Turkish Parliament authorised the government for one year to send and assign military forces in foreign countries should such action be considered appropriate by the government, and the authorisation was extended multiple times since then. Most recently, the authorisation was extended for one year on 3 September 2015.

In early 2014, political unrest and demonstrations in Ukraine led to a change in the national government. While the United States and the EU recognised the new government, Russia claimed that the new government was illegitimate and was violating the rights of ethnic Russians living in the Crimean peninsula and elsewhere in Ukraine. Escalating military activities in Ukraine and on its borders, including Russia effectively taking control of Crimea (and Crimea's independence vote and absorption by Russia), have combined with Ukraine's very weak economic conditions to create great uncertainty in Ukraine and the global markets. Resolution of Ukraine's political and economic conditions will likely not be obtained for some time, and the situation could even degenerate into increased violence and/or economic collapse. While not directly impacting Turkey's territory, the disputes could materially negatively affect Turkey's economy, including through its impact on the global economy and the impact it might have on Turkey's access to Russian energy supplies.

Turkey has also experienced problems with domestic terrorist and ethnic separatist groups. For example, Turkey has been in conflict for many years with the People's Congress of Kurdistan, formerly known as the PKK (an organisation that is listed as a terrorist organisation by states and organisations including Turkey, the EU and the United States). On 9 January 2013, three PKK activists were killed in Paris jeopardising Turkish-Kurdish peace talks. Furthermore, tensions between Syria and Turkey have intensified following the shooting down of a Turkish aircraft by Syrian forces in June 2012 and more recently a mortar attack on the Turkish border town of Akcakale which killed five civilians. In response to this, the Turkish Parliament authorised the government on 4 October 2012 to task the military and send troops outside Turkey for a one year period, if deemed necessary, while the United Nations Security Council issued a statement condemning the attack on Akcakale by the Syrian armed forces. Most recently, the terrorist attack in Suruc which killed thirty two civilians has prompted a counter-offensive by the Turkish military in Syria and raids against the PKK have also intensified. The terrorist attack in Suruç in 20 July 2015 and the direct targeting of Turkey's military border post by the Islamic State in Iraq and the Levant ("**ISIL**") on 23 July 2015 compelled Turkey to initiate necessary and proportionate military actions against this terrorist organisation in Syria. On 24 July 2015, the Turkish Air Force hit certain ISIL targets in Syria, based on Turkey's right of self-defence in accordance with Article 51 of the UN Charter. On 10 October 2015, the latest terrorist attack in Ankara, the capital city of Turkey, caused the death of ninety six civilians. Such circumstances and domestic terrorist attacks have had and could continue to have a material adverse effect on the Turkish economy and the Bank's business, financial condition, results of operations and/or prospects.

While regional conflicts, terrorist attacks and the threat of future terrorism have not had a major negative impact on; Turkey's capital markets, the tourism industry, foreign investment and other elements of the Turkish economy, additional attacks or conflicts may occur in the future and may have a negative impact which could have an adverse effect on the Bank's business, financial condition, results of operations and/or prospects. While the Bank's property and business interruption insurance covers damage to insured property directly caused by terrorism, there can be no assurance that such amounts will be sufficient to cover any losses that may occur.

The Bank may also be affected if there are regional, political or economic events that prevent it from delivering its services. It is not possible to predict the occurrence of such events or circumstances or the impact of such occurrences and no assurance can be given that the Bank would be able to fulfil its obligations if such events or circumstances were to occur. A general economic downturn or instability in certain sectors of the regional economy could have an adverse effect on the Bank's business, financial condition, results of operations and/or prospects.

Recent changes in Turkish law may have a significant impact on the Bank's business, financial condition, results of operations and/or prospects

Recently, four significant pieces of legislation have been subject to substantial amendment, namely the Turkish Code of Obligations, the Turkish Code of Civil Procedures, the Turkish Commercial Code and the Capital Markets Law. Both the Turkish Code of Obligations and the Turkish Commercial Code came into effect on 1 July 2012, the Turkish Code of Civil Procedures came into effect on 1 October 2011, and the Capital Markets Law came into effect on 30 December 2012. The new Consumer Protection Law came into effect on 28 May 2014. These amendments are expected to implement substantial changes in Turkish law and will have a significant impact on commercial life in Turkey. Accordingly, the amendments may adversely impact the Bank's business, financial condition, results of operations and/or prospects although, at this stage, the potential impact cannot be quantified.

In addition, no assurance can be given that the government of Turkey will not implement regulations or fiscal or monetary policies, including policies or new regulations or new legal interpretations of existing regulations or exchange controls, or otherwise take actions which could have an adverse effect on the Bank's business, financial condition, results of operations and/or prospects or which could adversely affect the market price and liquidity of the Certificates.

Turkey's accession to the EU is uncertain, which may lead to a loss of confidence in the Turkish economy

In 1963 Turkey signed an association agreement with the EU, and a supplementary agreement was signed in 1970 providing for a transitional second stage of Turkey's integration into the EU. The EU resolved in 2004 to commence accession negotiations with Turkey and affirmed that Turkey's candidacy will be judged on the same criteria applied to other candidates. These criteria require the implementation of a range of political, legislative and economic reforms. Negotiations for Turkey's accession to the EU commenced in 2005 but, although Turkey has implemented various reforms and continued harmonisation efforts with the EU, progress has been limited and appears to have stalled. While Turkey continues to attempt to implement economic and political reforms, including amending its constitution, it may not be successful in implementing all the necessary reforms. Although Turkey continues to express a desire to become a member state of the EU, it may not attain membership for several more years, if at all. Along with the continued uncertainty over EU membership for Turkey, import volumes have decreased by 4.0 per cent. in 2014 compared to 2013. Export volumes have increased by 8.7 per cent. in 2014 compared to 2013.

Turkey is subject to the risk of significant seismic events

A significant portion of Turkey's population and most of its economic resources are located in a first degree earthquake risk zone and Turkey has experienced a large number of earthquakes in recent years, some quite significant in magnitude. In October 2011, the eastern part of the country near the city of Van was struck by an earthquake measuring 7.2 on the Richter scale, causing significant property damage and loss of life. Although the Bank maintains earthquake insurance, in the event of future earthquakes, effects from the direct impact of such events on the Bank and its employees, as well as measures that could be taken by the government (such as the imposition of taxes), could have a material adverse effect on the Bank's business, financial condition results of operations and/or prospects. In addition, an earthquake or other large-scale disaster may have an adverse impact on the Bank's customers' ability to honour their obligations to the Bank.

Risk factors relating to the Turkish banking industry

Increased competition in the Turkish banking sector could have a material adverse effect on the Bank

The Bank faces direct competition from the four other participation banks in Turkey: Asya Katılım Bankası A.Ş., Türkiye Finans Katılım Bankası A.Ş., Kuveyt Türk Katılım Bankası A.Ş. and Ziraat Katılım Bankası A.Ş. Notwithstanding the fact that the Bank is a participation bank, it also competes in the wider Turkish banking sector and accordingly the Bank also faces significant and increasing competition from other participants in the Turkish banking sector, including both public and private banks in Turkey as well as many subsidiaries and branches of foreign banks and joint ventures between Turkish and foreign shareholders. In addition to the four participation banks, there are currently 52 banks (excluding the Turkish Central Bank) licensed to operate in Turkey. A small number of these banks dominate the banking industry in Turkey. According to the BRSA, as at 30 June 2015, the top five banks in Turkey (in terms of asset size), one of which is state controlled, held 65.2 per cent. of the banking sector's total credit portfolio, 57.7 per cent. of total bank assets in Turkey and 59.8 per cent. of total depositors in Turkey.

In 2013, the Turkish government announced the expansion of the participation banking sector in Turkey by establishing public participation banks. The Turkish government's main intention was to increase the market share of participation banks which then stood at 5.3 per cent. in terms of asset size, 5.9 per cent. in terms of total credits and 6.1 per cent. in terms of deposits. In March 2015, the market share enjoyed by participation banks was 5.1 per cent. in terms of asset size, 5.4 per cent. in terms of total credits and 6.0 per cent. in terms of deposits. The new public participation banks may have a positive impact on overall the market share enjoyed by participation banks and human resources in the participation banking sector, but it could also have a negative impact on the Bank by increasing the competition which it faces. In Turkey, state controlled banks have historically had access to Turkish government and governmental entities deposits, which have provided such banks with a competitive advantage over private banks. This advantage gives these banks a competitive pricing on both deposit and loan products. Along with the strong capital base, they could engage the market more aggressively, expand their branch network and increase their customer base. It is common for Turkish customers to have more confidence in the state controlled banks than in private banks. The effect of this could be that the Bank's market share is negatively impacted.

Foreign financial institutions have shown a strong interest in competing in the banking sector in Turkey. HSBC Bank plc, UniCredito Italiano, BNP Paribas, the National Bank of Greece, Sberbank, Citigroup, ING and Bank Hapoalim, Burgan Bank, Bank Audi, Bank of Tokyo and Mitsubishi UFJ, Commercial Bank of Qatar, Rabobank Pasha Bank, ICBC (Industrial and Commercial Bank of China Ltd.), Intesa Sanpaolo and Standard Chartered Bank are among the many non-Turkish financial institutions that have purchased or made investments in Turkish banks or opened their own Turkish offices. The entry of foreign competitors into the banking sector, either directly or in collaboration with existing Turkish banks, has increased competition in the market, and any further entry of foreign competitors is likely to further increase competition, especially given that some of these foreign competitors have significantly greater resources and less expensive funding sources than Turkish banks.

Competition has been particularly acute in certain sectors where state-controlled banks and foreign owned banks have been active, such as general purpose loans, for which state-controlled banks have lent funds at rates below those considered commercially viable by the Bank. Increased competition from such state-controlled banks or private international banks or otherwise could have a material adverse effect on the Bank's business, financial condition results of operations and/or prospects.

The Bank is subject to numerous banking and other laws and regulations that are subject to change and such changes may have a material adverse effect on the Bank

As banks are highly regulated entities, the Bank is subject to a number of banking, consumer protection, competition, antitrust and other regulations designed to maintain the safety and financial soundness of banks, ensure their compliance with economic and other obligations and limit their exposure to risk. These regulations include Turkish laws and regulations (and in particular those of the BRSA), as well as laws and regulations of certain other countries in which the Bank operates. Basel II regulations, which have been translated into national law in accordance with (where applicable) the capital requirements Directives of the European Community numbered 2006/48/EC and 2006/49/EC (the "**CRD**"), came into effect in Turkey for standardised approaches on 1 July 2012.

Turkish banks' capital adequacy requirements are further affected by Basel III, which includes requirements regarding regulatory capital, liquidity, leverage ratio and counterparty credit risk measurements. Basel III has been introduced by the BRSA and the BRSA's regulations. There are various adoption periods set by the BRSA for the adoption of capital adequacy and liquidity rules. The regulations for the adoption of Basel III rules were put into effect at the beginning of 2014 and this transition period is expected to end at the beginning of 2019. Accordingly, the Issuer will be required to comply with capital adequacy and liquidity rules which may affect its capital structure and pricing of its products. The BRSA published five new regulations for the implementation of Basel III in Turkey:

Regulation on Equity of Banks, Amendments to the Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks, Regulation on Capital Protection and Cyclic Capital Buffer, the Regulation on Measurement and Evaluation of Leverage Levels of Banks and the Regulation on the calculation of the Liquidity Ratio Coverage of Banks. Apart from the implementation of certain leverage ratios set out under the latter regulations that became effective on 1 January 2015, these regulations were effective as of 1 January 2014.

"Regulation on Capital Protection and Cyclical Capital Buffers"

This regulation has been published in the Official Gazette dated 5 November 2013 and numbered 28812 and entered into effect on 1 January 2014. The aim of this regulation is to regulate the required additional core capital of banks as a capital buffer, related to their operations, and to determine what measures should be taken if the banks do not have the requisite additional core capital.

"Regulation on Measurement and Evaluation of Leverage Level of Banks"

This regulation has been published in the Official Gazette dated 5 November 2013 and numbered 28812 and entered into effect on 1 January 2014. The aim of this regulation is to measure and evaluate the leverage level of banks by dividing main capital to total risk items. The ratio is to be calculated quarterly.

"Regulation on Liquidity Coverage Ratio"

This regulation has been published in the Official Gazette, dated 21 March 2014 and numbered 28948 and entered into effect on 1 January 2014 and as amended on 20 August 2015 to further incorporate Basel III requirements. This regulation aims to evaluate the liquidity stocks of the banks in order to meet the liquidity needs of cash outflows.

"Regulation on Equity of Banks"

This regulation has been published in the Official Gazette dated 5 September 2013 and numbered 28756 and entered into effect on 1 January 2014 which changed the equity calculation method. This regulation introduced "core Tier 1 capital" and "additional Tier 1 capital". Accordingly, the capital deduction items have been changed and brought into line with the new definitions.

"Amendment to the Regulation on Measurement and Evaluation of Capital Adequacy of Banks"

This amendment has been published in the Official Gazette dated 5 September 2013 and numbered 28756 and entered into effect on 1 January 2014. Two new capital adequacy ratios have been defined. These are "core capital adequacy ratio" and "main capital adequacy ratio". The minimum core capital adequacy ratio with which banks have to comply is 4.5 per cent., and the minimum main capital adequacy ratio is 6.0 per cent. The capital adequacy ratio is still 12.0 per cent., with an additional 4.0 per cent. plus 8.0 per cent.

Basel requirements

Reflecting global market conditions, the Turkish government intends to maintain the current account deficit, foreign trade deficit, inflation and unemployment at acceptable levels in order to promote continued growth in Turkey. Policy makers in Turkey, the EU and other jurisdictions in which the Bank operates have enacted or proposed various new laws and regulations, including those that limit the fees and commissions that banks may charge their customers, and there is still uncertainty as to what impact these changes may have. The BRSA or the government might also introduce certain new laws and regulations that impose limits with respect to fees and commissions charged to customers or, as to credit cards, the monthly minimum payments required to be paid by cardholders. The BRSA introduced new measures at the beginning of February 2014 to curb the use of credit cards to pay for goods in monthly instalments in the hope that it would restrict the country's growing inflation and current account deficit. Under the new rules, consumers are no longer allowed to defer payments on small items such as food, petrol and mobile phones. Payments for larger items, such as televisions, furniture and appliances, can only be delayed for up to a maximum of nine months.

Reserve requirements are maintained in terms of Turkish Lira for Turkish Lira liabilities and in terms of U.S. dollars and/or Euro for FX liabilities and also gold deposit accounts can be included in the liabilities subject to reserve requirements as of 14 October 2011 at the accounts of the Turkish Central Bank. Nevertheless, a certain portion of the Turkish Lira reserve requirements can be kept in U.S. dollar and/or Euro or as standard gold. On the other hand, the entire amount of precious metal deposit accounts maintained for reserve requirements for FX liabilities can be kept in the form of standard gold in blocked accounts.

Reserves and Liquidity Reserve Requirement

The Banking Law requires Turkish banks to calculate, attain, maintain and report the minimum liquidity level in accordance with principles and procedures set out by the BRSA. Within this framework, a comprehensive liquidity arrangement has been put into force by the BRSA, following approval from the Turkish Central Bank. The reserve requirements regarding foreign currency liabilities vary by category, as set out below:

Category of Foreign Currency Liabilities	**Required Reserve Ratio for Current Liabilities(*)**	**Required Reserve Ratio for New Liabilities(*)**
Demand deposits, notice deposits and private current accounts, precious metal deposit accounts, deposits/participation accounts up to 1-month, up to 3-month, up to 6-month and up to 1-year maturities	13 %	13%
Demand deposits, notice deposits and private current accounts, precious metal deposit accounts, deposits/participation accounts 1 year and more than 1-year maturities	9%	9%
Liabilities other than deposits/participation funds up to 1-year maturity (including 1-year)	20%	25%
Liabilities other than deposits/participation funds up to 2-year maturity (including 2-year)	14%	20%
Liabilities other than deposits/participation funds up to 3-year maturity (including 3-year)	8%	15%
Liabilities other than deposits/participation funds up to 5-year maturity (including 5-year)	7%	7%
Liabilities other than deposits/participation funds longer than 5-year maturity	6%	5%

(*) New reserve requirement ratios will be applied to the liabilities after 28 August 2015, as of the maintenance period dated 23 October 2015. The current ratios will continue to be applied to stock of liabilities on 28 August 2015 until the end of their original maturities.

The reserve requirements regarding Turkish Lira liabilities vary by category, as set out below.

Turkish Lira Liabilities	**Required Reserve Ratio**
Demand deposits, notice deposits and private current accounts.	11.5%
Deposits/participation accounts up to 1-month maturity (including 1-month)	11.5%
Deposits/participation accounts up to 3-month maturity (including 3-month)	11.5%
Deposits/participation accounts up to 6-month maturity (including 6-month)	8.5%
Deposits/participation accounts up to 1-year maturity	6.5%
Deposits/participation accounts up to 1 -year and longer maturity and cumulative deposits/participation accounts	5%
Liabilities other than deposits/participation funds up to 1-year maturity (including 1-year)	11.5%
Liabilities other than deposits/participation funds up to 3-year maturity (including 3-year)	8%
Liabilities other than deposits/participation funds with longer than 3-year maturity	5%

The reserve requirements also apply to gold deposit accounts. Furthermore, banks are permitted to maintain: (a) up to 60.0 per cent. (at least half of which must be in U.S. dollars) of the Turkish Lira reserve requirements in U.S. dollars and/or Euro (provided that at least 50.0 per cent. of such amount will be reserved in U.S. dollars (first 30.0 per cent. at 1.4 times, second 5.0 per cent. at 1.5 times, third 5.0 per cent. at 1.8 times, fourth 5.0 per cent. at 2.6 times, fifth 5.0 per cent. at 2.9 times, sixth 5.0 per cent. at 3.1 times and seventh 5.0 per cent. at 3.2 times the reserve requirement) and up to 30.0 per cent. of the Turkish Lira reserve requirements in standard gold (first 15.0 per cent. at 1.4 times, second 5.0 per cent.

at 1.5 times, third 5.0 per cent. at 2.0 times and fourth 5.0 per cent. at 2.5 times the reserve requirement); and (b) up to the total amount of the foreign currency reserve requirements applicable to precious metal deposit accounts in standard gold.

Starting in November 2014, reserve accounts kept in Turkish Lira became interest bearing under the incentivising measures taken by the CBRT. Additionally, pursuant to the resolution of the CBRT dated 2 May 2015, interest payments will be made to the mandatory reserves and reserve options denominated in USD currency that are held within the CBRT. The interest rate is determined on a daily basis and is announced at 09:30 via Anadolu Ajansı DV008 and Reuters CBTB.

The regulations further state that until 31 December 2013, FX-indexed assets and liabilities shall, for the purposes of calculations of foreign currency liquidity ratios, be deemed to be foreign currency assets and liabilities. However, such FX-indexed assets and liabilities shall continue to be deemed Turkish Lira currency for the calculation of total liquidity adequacy ratios.

Pursuant to the Communiqué regarding Reserve Requirements numbered 2013/15, there is a new reserve requirement to be calculated based upon the financial leverage ratio of banks. The leverage ratio of a bank is determined as the ratio of the main capital of the bank to the sum of: (a) the total of its liabilities; (b) its non-cash loans and liabilities; (c) 10.0 per cent. of its revocable commitments; (d) the total amount to be calculated by the multiplication of each undertaking arising from derivative instruments with their own loan conversion ratio; and (e) total amount of irrevocable undertakings. The reserve requirement based on the financial leverage ratio of banks is required to be determined for three-month periods by calculating the arithmetic average of monthly leverage ratios. The additional reserve requirements to be set aside in the following quarter of the calculation period (calculated separately for each category of Turkish Lira and foreign currency liabilities) vary by leverage ratios, as set forth below:

Calculation Period for the Leverage Ratio	**Leverage Ratio**	**Additional Reserve Requirement**
From the 4th quarter of 2013 through the 3rd quarter of 2014	Below 3.0%	2.0%
	From 3.0% (inclusive) to 3.25%	1.5%
	From 3.25% (inclusive) to 3.5%	1.0%
From the 4th quarter of 2014 through the 3rd quarter of 2015	Below 3.0%	2.0%
	From 3.0% (inclusive) to 3.50%	1.5%
	From 3.50% (inclusive) to 4.0%	1.0%
Following the 4th quarter of 2015 (inclusive)	Below 3.0%	2.0%
	From 3.0% (inclusive) to 4.0%	1.5%
	From 4.0% (inclusive) to 5.0%	1.0%

Reserve accounts kept in Turkish Lira may be interest-bearing pursuant to guidelines adopted by the Turkish Central Bank from time to time according to the reserve requirement manual issued by the Turkish Central Bank on 11 April 2014.

Additionally, to curb loan growth, Turkish authorities reinstated a 15.0 per cent. tax on consumer loans and also limited mortgage loan-to-value ratios to 75.0 per cent.

Regulatory changes such as increased reserve requirements, the non-payment of interest on reserves and caps on interest rates charged on credit cards may have an adverse impact on the Bank's net interest income, thereby exerting downward pressure on the Bank's net interest margins. New laws and regulations may increase the Bank's cost of doing business or limit its activities and might be adopted, enforced or interpreted in a manner that could have an adverse effect on the Bank's business, financial condition, cash flows results of operations and/or prospects. In addition, such measures could also limit or reduce growth of the Turkish economy and consequently the demand for the Bank's products and services.

In addition, as a consequence of certain of these changes, the Bank was required to increase its capital reserves and may need to access more expensive sources of financing to meet its funding requirements. Any failure by the Bank to adopt adequate responses to these or future changes in the regulatory framework could have an adverse effect on the Bank's business, financial condition and results of operations and/or prospects. In addition, non-compliance with regulatory guidelines could expose the Bank to potential liabilities and fines and damage its reputation.

The Turkish banking sector has experienced significant volatility in the past

The significant volatility in the Turkish currency and FX markets experienced in 1994, 1998 and 2001, combined with the short FX positions held by many Turkish banks at those times, affected the profitability and liquidity of certain Turkish banks. In 2001, this resulted in the collapse of several financial institutions, including one participation bank. Following this crisis, the government made structural changes to the Turkish banking system to strengthen the private banking sector and allow it to compete more effectively with the state-controlled banks. Notwithstanding such changes, the Turkish banking sector remains subject to volatility.

If the general macro-economic conditions in Turkey, and the Turkish banking sector in particular, were to suffer another period of volatility, there can be no assurance that this would not result in further bank failures, reduced liquidity and weaker public confidence in the Turkish banking system and potentially a consequential adverse effect on the Bank's financial condition. The Bank's NPLs, deposit level and its profitability could be affected by such volatile macro-economic conditions.

Risk factors relating to the Certificates

Potential Permanent Write-Down – The outstanding face amount of the Certificates might be permanently written-down upon the occurrence of a Non-Viability Event with respect to Albaraka

If a Non-Viability Event occurs at any time, the then outstanding face amount of the Certificates, together with any other Parity Loss-Absorbing Instruments, shall on a *pro rata* basis be reduced by the relevant Write-Down Amount, and Albaraka's corresponding obligations under the Transaction Documents shall (in aggregate) be reduced by the same Write-Down Amount. For these purposes, any determination of a Write-Down Amount will take into account the absorption of the relevant loss(es) to the maximum extent possible by all Junior Obligations and the Writing Down of the Certificates *pro rata* with any other Parity Loss-Absorbing Instruments, thereby maintaining the intended respective rankings of Albaraka's obligations under the Transaction Documents as described in Condition 3.2 (*Status, Subordination and Limited Recourse – Subordination*).

As of the date of this Prospectus, a number of corrective, rehabilitative and restrictive measures may be taken by the BRSA under Articles 68 to 70 of the Banking Law (*No. 5411*) prior to any determination of Non-Viability of Albaraka. In conjunction with any such determination, the relevant loss(es) of Albaraka may be absorbed by shareholders of Albaraka pursuant to Article 71 of the Banking Law (No. *5411*) upon: (a) the transfer of shareholders' rights and the management and supervision of Albaraka to the SDIF; or (b) the revocation of Albaraka's operating licence and its liquidation. However, the Write-Down of the Certificates (and the corresponding Write-Down of Albaraka's obligations under the Transaction Documents) under the BRSA Regulation may take place before any such transfer or liquidation.

Condition 9 (*Loss Absorption upon the occurrence of a Non-Viability Event*) provides, among other things, that while the Certificates may be Written-Down before any liquidation as described in the preceding paragraph, the Write-Down must take place in conjunction with such liquidation in order that the respective rankings described in Condition 3.2 (*Status, Subordination and Limited Recourse – Subordination*) are maintained and the relevant loss(es) are absorbed by Junior Obligations to the maximum extent possible. Where a Write-Down of the Certificates does take place before the liquidation of Albaraka, the Trustee (or the Delegate acting in the name and on behalf of the Trustee pursuant to the Declaration of Trust) would only be able to claim and prove in such liquidation in respect of the outstanding face amount of the Certificates following the Write-Down.

Notwithstanding the above, should the BRSA determine that the Certificates are to be Written-Down (and the corresponding Write-Down of Albaraka's obligations under the Transaction Documents) before the absorption of the relevant loss(es) by shareholders of Albaraka pursuant to Article 71 of the Banking Law or any other Statutory Loss Absorption Measure, there can be no assurance that such loss absorption will take place or that it will be taken into account by the BRSA in the determination of the Write-Down Amount.

Any write-down of the Certificates (and the corresponding Write-Down of Albaraka's obligations under the Transaction Documents) would be permanent and none of the Trustee, the Delegate or the Certificateholders will have any further claim against Albaraka in respect of any Written-Down Amount of the Certificates or the corresponding Write-Down of Albaraka's obligations under the Transaction

Documents. Consequently, there is a risk that an investor in the Certificates will lose all or some of its investment upon the occurrence of a Non-Viability Event. Therefore, the occurrence of any such event or any suggestion of such occurrence could materially adversely affect the rights of Certificateholders, the market price of investments in the Certificates and/or the ability of Albaraka to satisfy its obligations under the Transaction Documents which would fund payments otherwise due under the Certificates. See also Condition 9 (*Loss Absorption upon the occurrence of a Non-Viability Event*) for further information on any such potential write-downs of the Certificates, including for the definitions of various terms used in this risk factor.

An investor in the Certificates assumes an enhanced risk of loss in the event of a Subordination Event

The obligations of Albaraka under the Transaction Documents to which it is a party will be unsecured and subordinated. On any distribution of the assets of Albaraka on its dissolution, winding-up or liquidation (as further described in "*Overview of the Offering – Subordination*"), and for so long as such Subordination Event subsists, the obligations of Albaraka under the Transaction Documents to which it is a party in relation to amounts payable in respect of the Certificates will rank subordinate in right of payment to the payment of all Senior Obligations (as defined in the Conditions) and no amount will be paid by Albaraka in respect of its obligations under the Transaction Documents in relation to the Certificates until all such Senior Obligations have been paid in full. Unless, therefore, Albaraka has assets remaining after making all such payments, no payments will be made in respect of its obligations under the Transaction Documents in relation to the Certificates and any such payments that are made will be made *pari passu* with any payments made by Albaraka in respect of any other obligations it may have under any Parity Obligations (as defined in the Conditions). Consequently, although the Certificates may pay a higher return than comparable instruments relating to unsubordinated obligations, there is an enhanced risk that an investor in the Certificates will lose all or some of its investment on the occurrence of a Subordination Event.

No limitation on incurrence of Senior Obligations or Parity Obligations

There is no restriction on the amount of Senior Obligations or Parity Obligations that Albaraka may incur. As described above, the incurrence of any such obligations may reduce the amount recoverable by Certificateholders on any dissolution, winding-up or liquidation of Albaraka. Accordingly, on such dissolution, winding-up or liquidation, there may not be sufficient amounts to satisfy the amounts owing to Certificateholders in respect of the obligations of Albaraka under the Transaction Documents to which it is a party and this may result in an investor in the Certificates losing all or some of its investment.

Absence of secondary market or limited liquidity

There is no assurance that a secondary market for the Certificates will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of such Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates.

Accordingly, the purchase of the Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates. An investor in the Certificates must be prepared to hold the Certificates for an indefinite period of time or until their maturity. An application has been made for the listing of the Certificates on the Irish Stock Exchange but there can be no assurance that any such listing will occur on or prior to the date of this Prospectus or at all, if it does occur, that it will enhance the liquidity of the Certificates.

The trading market for the Certificates may be volatile and may be adversely impacted by many events

The market for the Certificates is expected to be influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in the United States and Europe and other industrialised countries. There can be no assurance that events in Turkey, the United States, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Certificates or that economic and market conditions will not have any other adverse effect.

The Certificates may be subject to early redemption

In certain circumstances as provided in Condition 8 (*Capital Distributions*), the Certificates may be subject to early redemption. Albaraka will have the right (subject to the approval of the BRSA) under the Transaction Documents to oblige the Trustee on the Trustee Call Date: (i) to sell to Albaraka the Portfolio Assets pursuant to the exercise of the Sale Undertaking; and (ii) to pay the outstanding Deferred Payment Price under the relevant Murabaha Contract, following which the Trustee may redeem all, but not some only, of the Certificates at the Dissolution Distribution Amount. This early redemption feature is likely to limit the market value of the Certificates, as the market value of the Certificates is unlikely to rise substantially above the price at which they can be redeemed during any period when such rights are exercisable. This may also be true prior to such period.

Albaraka may be expected to exercise its rights in respect of such early redemption when its funding costs are lower than the Periodic Distribution Amounts payable in respect of the Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective rate as high as the rate at which such Periodic Distribution Amounts are calculated and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other instruments that may be available at the time.

Subject as provided in Condition 8 (*Capital Distributions*), Albaraka will also have the right under the Transaction Documents to oblige the Trustee at any time upon the occurrence of a Capital Disqualification Event or a Tax Redemption Event: (i) to sell to Albaraka the Portfolio Assets pursuant to the exercise of the Sale Undertaking; and (ii) to pay the outstanding Deferred Payment Price under the relevant Murabaha Contract, following which the Trustee may redeem all, but not some only, of the Certificates at the Dissolution Distribution Amount. Depending on prevailing market conditions on such redemption, an investor may similarly not be able to reinvest the redemption proceeds in a comparable security in respect of which distributions are payable at an equivalent rate to that at which Periodic Distribution Amounts are payable in respect of the Certificates

Limited remedies for non-payment when due or enforcement of any other obligations

It will only be possible to accelerate payment of any amounts payable by Albaraka pursuant to its obligations under the Transaction Documents to which it is a party in relation to amounts payable in respect of the Certificates upon the occurrence of a Subordination Event or otherwise on the winding- up, dissolution or liquidation of Albaraka as described in Condition 14 (*Enforcement*). Subject as provided in Condition 14 (*Enforcement*), the Trustee or the Delegate in the name and on behalf of the Trustee may then claim or prove in the winding-up, dissolution or liquidation for and on behalf of Certificateholders in respect of the resulting amounts due and payable by Albaraka under the Transaction Documents.

Certificateholders may direct the Delegate to bring proceedings against Albaraka, other than in respect of any payment obligation it may have under the Transaction Documents, but Albaraka will not have any obligation by virtue of the institution of any such proceedings to pay any amount or amounts sooner than such amount(s) would otherwise have been payable under the Transaction Documents. This is the case whether such proceedings are instituted in respect of any default by Albaraka in payment or otherwise. The only remedy of Certificateholders on any default by Albaraka in payment under any Transaction Document will be to direct the Delegate to bring proceedings in respect of such defaulted payment for Albaraka's winding-up, dissolution or liquidation as described in Condition 13.2 (*Dissolution Events*) and on such winding-up, dissolution or liquidation to accelerate payment of any remaining amounts payable by Albaraka and prove in the winding-up, dissolution or liquidation in accordance with Condition 14 (*Enforcement*).

No remedy other than those described above will be available to any of the Trustee, the Delegate or Certificateholders in respect of the obligations of Albaraka under the Transaction Documents to which it is a party in relation to the Certificates, whether for the recovery of amounts owing pursuant to such obligations due to Certificateholders or in respect of any breach by Albaraka of any of its obligations under the Transaction Documents in relation to the Certificates and none of the Trustee, the Delegate or Certificateholders will be able to take any further or other action to enforce, claim or prove for any payment by Albaraka in respect of such obligations.

The profit rate on the Certificates will be reset on the Trustee Call Date, which could affect Periodic Distribution Amount distributions on an investment in the Certificates and the market price of any such investment

The Certificates will initially bear profit at the Initial Periodic Distribution Rate until (but excluding) the Trustee Call Date, at which time the Periodic Distribution Rate will be reset to the Reset Periodic Distribution Rate. The Reset Periodic Distribution Rate could be less than the Initial Periodic Distribution Rate and thus could affect the market price of an investment in the Certificates. See Condition 6 (*Periodic Distributions*) for further information of such resetting of the Periodic Distribution Rate, including for the definitions of various terms used in this paragraph.

The Certificates are limited recourse obligations

The Certificates are not debt obligations of the Trustee. Instead, the Certificates represent a beneficial interest solely in the Trust Assets. Recourse to the Trustee in respect of the Certificates is limited to the Trust Assets and the proceeds of such Trust Assets are the sole source of payments on the Certificates.

Other than as separately agreed between Albaraka, the Trustee and the Delegate, upon the occurrence of a Dissolution Event, the sole rights of each of the Trustee and the Delegate (including acting in the name and on behalf of the Trustee) will be to institute proceedings for, or prove in the winding-up, dissolution or liquidation of Albaraka. The Trustee and the Delegate are not entitled to take any further or other action to enforce, claim or prove for any payment by Albaraka in respect of its obligations under the Transaction Documents in relation to the Certificates and may only claim such payment in the winding-up, dissolution or liquidation of Albaraka.

Following the distribution of any payment in the winding-up, dissolution or liquidation of Albaraka, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee or the Delegate have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents and the sole right of the Trustee and the Delegate against Albaraka shall be to enforce the obligation of Albaraka to perform its obligations under the Transaction Documents.

Certificates where denominations involve integral multiples: Definitive Certificates

As the Certificates have a denomination consisting of a minimum Authorised Denomination (as defined in the Conditions) plus one or more higher integral multiples of another smaller amount, it is possible that such Certificates may be traded in amounts that are not integral multiples of such minimum Authorised Denomination. In such a case a Certificateholder who, as a result of trading such amounts, holds a face amount of less than the minimum Authorised Denomination would need to purchase an additional amount of Certificates such that it holds an amount equal to at least the minimum Authorised Denomination to be able to trade such Certificates.

If a Certificateholder holds an amount which is less than the minimum Authorised Denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Certificate in respect of such holding (should Definitive Certificates be printed) and would need to purchase a face amount of Certificates such that its holding amounts to an Authorised Denomination.

If Definitive Certificates are issued, holders should be aware that Definitive Certificates which have a denomination that is not an integral multiple of the minimum Authorised Denomination may be illiquid and difficult to trade.

No third-party guarantees

Investors should be aware that no guarantee is or will be given in relation to the Certificates by the shareholders of the Trustee, Albaraka or any other person.

Risks relating to the Trust Assets and limited rights of enforcement

Transfer of the Portfolio Assets

No assurance has been or will be given as to whether any interest, rights, benefits and entitlements in, to and under any of the Portfolio Assets may be transferred as a matter of the law governing the Portfolio Assets, the law of the jurisdiction where such assets are located or any other relevant law. Furthermore, no opinion will be provided by Turkish or other counsel that the Initial Asset Portfolio Sale and Purchase Agreement is effective to transfer any interests, rights, benefits and entitlements in, to and under the assets described therein. In any event, the Certificateholders will not have any rights of enforcement as against the Portfolio Assets and the Trustee's rights in respect of the Portfolio Assets are limited to the proceeds of enforcement against Albaraka of its obligation to purchase the Trustee's interests, rights, benefits and entitlements in, to and under the Portfolio Assets pursuant to the terms of the Purchase Undertaking and subject to the terms of the Purchase Undertaking.

In the event that the transfer to the Trustee of specified interests, rights, benefits and entitlements in, to and under the Portfolio Assets is for any reason found to have been, or is alleged to have been, ineffective so that the Trustee is unable to deliver such interests, rights, benefits and entitlements (or part thereof) to Albaraka in accordance with the terms of the Purchase Undertaking, Albaraka has agreed in the Purchase Undertaking to fully indemnify the Trustee. In such a situation, the Certificateholders will not have any rights of enforcement as against the Portfolio Assets and their rights in respect of the Portfolio Assets are limited to the proceeds of enforcement against Albaraka of its obligation to indemnify the Trustee pursuant to the terms of the Purchase Undertaking, and consequently the effectiveness of any transfer of any interests, rights, benefits and entitlements in, to and under the Portfolio Assets to the Trustee is likely to be of limited consequence to the rights of the Certificateholders.

Risk factors relating to taxation

Taxation risks on payments

Payments made by Albaraka to the Trustee under the Transaction Documents to which it is a party, by the Trustee in respect of the Certificates, or revenues generated by the Trust Assets and received by the Managing Agent, could become subject to withholding or deduction for or on account of taxation. The Transaction Documents require Albaraka (in its respective capacities) to pay additional amounts in the event that any withholding or deduction is required by applicable law to be made in respect of payments made by it to the Trustee which are intended to fund Periodic Distribution Amounts and Dissolution Distribution Amounts. Condition 11 (*Taxation*) provides that the Trustee is required to pay additional amounts in respect of any such withholding or deduction imposed by Cayman Islands law or Turkish law in certain circumstances. In the event that the Trustee fails to pay additional amounts for any such withholding or deduction on payments due in respect of the Certificates to Certificateholders, Albaraka has unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to the Trustee (for the benefit of the Certificateholders) an amount equal to the liabilities of the Trustee in respect of any and all additional amounts required to be paid in respect of the Certificates pursuant to Condition 11 (*Taxation*) in respect of any withholding or deduction in respect of any tax as set out in that Condition.

If Albaraka has or will become obliged to pay additional amounts to ensure that the funds available to the Trustee are sufficient to pay the relevant Periodic Distribution Amount or the relevant Dissolution Distribution Amount pursuant to Condition 11 (*Taxation*) and such obligation cannot be avoided by the Trustee taking reasonable measures available to it, then Condition 8.4 (*Capital Distributions — Early Dissolution for Tax Reasons*) provides that, in such circumstances, Albaraka has the option to require the Trustee to redeem the Certificates prior to their scheduled maturity.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to or collected by such person for, an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Austria may instead apply (unless during that period they elect otherwise) a withholding system in relation to such payments deducting tax at a rate of 35.0 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 10 November 2015 the Council of the European Union adopted a Council Directive repealing the EU Savings Directive with effect from 1 January 2016 in relation to all Member States other than Austria (and from 1 January 2017, or after 1 October 2016 for certain payments, in relation to Austria) subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Trustee nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Certificate as a result of the imposition of such withholding tax. If the Certificates are in definitive form, the Trustee is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the EU Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

Payments on the Certificates may be subject to U.S. withholding tax under FATCA

The United States has enacted rules, commonly referred to as "**FATCA**", that generally impose a new reporting and withholding regime with respect to certain payments made after 31 December 2016 by entities that are classified as financial institutions under FATCA. The United States has entered into a Model I intergovernmental agreement regarding the implementation of FATCA with the Cayman Islands and has entered into, in substance, a Model I intergovernmental agreement regarding the implementation of FATCA with Turkey (the "**IGAs**"). Under the IGAs, as currently drafted, the Trustee does not expect payments made on or with respect to the Certificates to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Certificates in the future. However, even if changes to the IGAs are made in the future so that withholding under FATCA applies generally to payments by the Trustee, it should not apply to payments on Certificates unless their terms are "materially modified" after the six-month anniversary of the date on which the final regulations that define "foreign passthru payments" are published. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

Risk factors relating to enforcement

Enforcement risk

Ultimately the payments under the Certificates are dependent upon Albaraka making payments to the Trustee and the Trustee making payments to Certificateholders in the manner contemplated under the Transaction Documents. If Albaraka or the Trustee fails to do so, it may be necessary to bring an action in accordance with Condition 13.2 (*Dissolution Events*).

Certain of the Transaction Documents are governed by English law (excluding certain specified provisions therein in respect of subordination which are governed by Turkish law), with the courts of England stated to have jurisdiction to settle any disputes. Notwithstanding that a judgment may be obtained in an English court, there is no assurance that Albaraka or the Trustee has, or would at the relevant time have, assets in the United Kingdom against which such judgment could be enforced.

Enforcing foreign judgments in Turkey

Albaraka is a joint stock company organised under the laws of Turkey. Certain of the directors and officers of Albaraka reside inside Turkey and all or a substantial portion of the assets of such persons may be, and substantially all of the assets of Albaraka are, located in Turkey. As a result, it may not be possible for investors to effect service of process upon such persons outside Turkey or to enforce against them in the courts of jurisdictions other than Turkey any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions.

In accordance with Articles 50–59 of Turkey's International Private and Procedure Law (Law No. 5718), the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey unless:

(a) there is in effect a treaty between such country and Turkey providing for reciprocal enforcement of court judgments;

(b) there is *de facto* enforcement in such country of judgments rendered by Turkish courts; or

(c) there is a provision in the laws of such country that provides for the enforcement of judgments of Turkish courts.

There is no treaty between Turkey and the United Kingdom providing for reciprocal enforcement of judgments. Turkish courts have rendered at least one judgment in the past confirming *de facto* reciprocity between Turkey and the United Kingdom, however, since *de facto* reciprocity is decided by the relevant court on a case-by-case basis, there is uncertainty as to the enforceability of court judgments obtained in the United Kingdom by Turkish courts in the future. Moreover, there is uncertainty as to the ability of an investor to bring an original action in Turkey based on any other non-Turkish securities laws.

In addition, the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey if:

(a) the defendant was not duly summoned or represented or the defendant's fundamental procedural rights were not observed and the defendant brought an objection before the Turkish courts against the request for enforcement on any of these grounds;

(b) the judgment in question was rendered with respect to a matter within the exclusive jurisdiction of the courts of Turkey;

(c) the judgment is incompatible with a judgment of a court in Turkey between the same parties and relating to the same issues or, as the case may be, with an earlier foreign judgment on the same issue and enforceable in Turkey;

(d) the judgment is not of a civil nature;

(e) the judgment is clearly against public policy rules of Turkey;

(f) the judgment is not final and binding with no further recourse for appeal under the laws of the country where the judgment has been rendered; or

(g) the judgment was rendered by a foreign court that has deemed itself competent even though it had no actual relationship with the parties or the subject matter at hand.

If any action or proceeding is instituted in Turkey arising out of or relating to a Transaction Document, it may be necessary for a foreign plaintiff or plaintiffs under Law of Charges No. 492 (as amended) to pay, among other amounts (including amounts in relation to security for court costs), court fees in the amount of 6.83 per cent. of the Turkish Lira equivalent of the amount claimed plus a fixed application fee to the relevant courts.

In connection with the issuance of Certificates, Albaraka will appoint Maples and Calder, 11th Floor, 200 Aldersgate Street, London, EC1A 4HD as its agent upon whom process may be served in connection with any proceedings in England.

Payment of Judgments

Turkish Courts may render judgments in a foreign currency including in the context of enforcing a foreign judgment. If an enforcement action is initiated in respect of a judgment in a foreign currency including Turkish court judgments rendered in connection with the enforcement of foreign court judgments, then the sum claimed in such action would be converted into Turkish Lira on the date of filing such action for the purpose of calculation of the enforcement fee.

Change of law

The structure of the issue of the Certificates is based on English, Cayman Islands and Turkish law and administrative practices in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to English law, Cayman Islands law, Turkish law or administrative practices in each jurisdiction after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of Albaraka or the Trustee to comply with their respective obligations under the Transaction Documents.

Additional risks

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Certificates. The ratings may not reflect the potential impact of all risks related to the transaction structure, the market, the additional factors discussed above or any other factors that may affect the value of the Certificates. A credit rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of repayment and may be revised, suspended or withdrawn by the assigning rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list.

Emerging markets

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including, in some cases, significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Modification of the Conditions and the Transaction Documents and other matters

The Conditions and the Declaration of Trust contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and Certificateholders who voted in a manner contrary to the majority.

The Conditions and the Declaration of Trust also provide that the Delegate may agree, without the consent or sanction of Certificateholders, to any modification of any of the provisions of the Certificates, the Declaration of Trust or any other Transaction Document if, in the opinion of the Delegate, such modification is: (a) of a formal, minor or technical nature; (b) made to correct a manifest error; or (c) (excluding in respect of a Reserved Matter) not materially prejudicial to the interests of Certificateholders. The Delegate may further agree to any waiver or authorisation of any breach or proposed breach of the Conditions, the Declaration of Trust or any other Transaction Document, in each such case as further described in Condition 17 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*).

Exchange rate risks and exchange controls

The Trustee will pay Periodic Distribution Amounts and Dissolution Distribution Amounts on the Certificates in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars.

These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls.

An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease: (i) the Investor's Currency equivalent yield on the Certificates; (ii) the Investor's Currency equivalent value of the Dissolution Distribution Amount payable on the Certificates; and (iii) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive a lower Periodic Distribution Amount and/or Dissolution Distribution Amount than expected, or no Periodic Distribution Amounts or Dissolution Distribution Amount.

Reliance on Euroclear and Clearstream, Luxembourg procedures

The Certificates will be represented on issue by a Global Certificate that will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Certificate. While the Certificates are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Certificates are represented by the Global Certificate, the Trustee will discharge its payment obligation under the Certificates by making payments through the relevant clearing systems. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the relevant Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the relevant Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Shari'a rules

Members of the Albaraka Türk Katılım Bankası A.Ş. *Shari'a* Advisory Board, the Noor Bank *Shari'a* Supervisory Board, the QInvest *Shari'a* Supervisory Board, the *Shari'a* Supervisory Committee of Standard Chartered Bank, the Fatwa and *Shari'a* Supervisory Board of Dubai Islamic Bank PJSC and Bait Al Mashura (on behalf of Barwa Bank Q.S.C.) have each approved the Transaction Documents. However, there can be no assurance that the Transaction Documents or the issue and trading of the Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* board or *Shari'a* scholars or in the future. None of the Trustee, the Delegate, the Agents, Albaraka or the Joint Lead Managers makes any representation as to the *Shari'a* compliance of the Certificates and potential investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Potential investors should obtain their own independent

Shari'a advice as to the compliance of the Transaction Documents and the issue and trading of the Certificates with *Shari'a* principles.

OVERVIEW OF THE OFFERING

The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This overview may not contain all of the information that prospective investors should consider before deciding to invest in the Certificates. Accordingly, any decision by a prospective investor to invest in the Certificates should be based on a consideration of this Prospectus as a whole.

Words and expressions defined in "Terms and Conditions of the Certificates" and "Summary of the Principal Transaction Documents" shall have the same meanings in this overview. Reference to a "Condition" is to a numbered condition of the Conditions.

Trustee	Albaraka Sukuk Ltd. (the "**Trustee**"), an exempted company incorporated with limited liability on 24 August 2015 under the laws of the Cayman Islands and formed and registered in the Cayman Islands with registered number 303386 with its registered office at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands. The Trustee has been incorporated solely for the purpose of issuing the Certificates and entering into related transaction documents and participating in the transactions contemplated by the Transaction Documents to which it is a party. The Trustee shall on the Closing Date issue the Certificates to the Certificateholders.
Ownership of the Trustee	The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 shares of U.S.$1.00 each, of which 250 shares are fully paid up and issued. The Trustee's entire issued share capital is held on trust for charitable purposes by MaplesFS Limited as share trustee under the terms of a declaration of trust.
Administration of the Trustee	The affairs of the Trustee are managed by MaplesFS Limited (the "**Trustee Administrator**"), who has agreed to perform certain management functions and provide certain clerical, administrative and other services pursuant to a corporate services agreement dated 12 November 2015 between the Trustee Administrator and the Trustee (the "**Corporate Services Agreement**"). The Trustee Administrator's registered office is P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.
Joint Lead Managers	Barwa Bank Q.S.C. Dubai Islamic Bank P.J.S.C. Emirates NBD PJSC Nomura International plc Noor Bank P.J.S.C. QInvest LLC Standard Chartered Bank
Delegate	Deutsche Trustee Company Limited.

	In accordance with the Declaration of Trust, the Delegate will agree to undertake certain administrative functions in respect of the Certificates and the Transaction Documents and in its capacity as: (i) the donee of powers set out in clause 6 (*Powers Vested in the Delegate*) of the Declaration of Trust; and (ii) as delegate of the Trustee pursuant to clause 7 (*Delegation of Authority of the Delegate*) of the Declaration of Trust. The appointment of the Delegate does not affect the Trustee's continuing role and obligations.
Principal Paying Agent	Deutsche Bank AG, London Branch.
Transfer Agent and Registrar	Deutsche Bank Luxembourg S.A.
Summary of the Structure	An overview of the structure of the transaction and the principal cash flows is set out in the section entitled "*Structure Diagram and Cash Flows*".
Summary of the Principal Transaction Documents	An overview of the principal terms of the principal Transaction Documents is set out in the section entitled "*Summary of the Principal Transaction Documents*".
Certificates	U.S.$250,000,000 fixed rate resettable tier 2 trust certificates due 2025.
Trust Assets	The Trust Assets consist of: (a) the Issuance Proceeds, pending application thereof in accordance with the terms of the Transaction Documents; (b) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Asset Portfolio, its right to receive payment in respect of each Deferred Payment Price under the Murabaha Contracts and of its rights to amounts payable by the Management Agent under the Management Agency Agreement; (c) all of the Trustee's other rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than: (i) in relation to any representation given to the Trustee by Albaraka pursuant to any of the Transaction Documents; and (ii) the covenants given to the Trustee pursuant to clause 17 (*Remuneration and Indemnification of the Trustee and the Delegate*) of the Declaration of Trust); and (d) all moneys standing to the credit of the Transaction Account, in each case and all proceeds of the foregoing which are held by the Trustee upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each holder in accordance with the Declaration of Trust and the Conditions.
Closing Date	30 November 2015.
Issue Price	100 per cent. of the aggregate face amount of the Certificates.

Periodic Distribution Dates	30 November and 30 May in each year commencing on 30 May 2016.
Periodic Distributions	Subject to and in accordance with the Conditions, on each Periodic Distribution Date, Certificateholders will receive a Periodic Distribution Amount in U.S. dollars determined as follows: (a) in respect of the period from (and including) the Closing Date to (but excluding) the Trustee Call Date, the product of: (a) 10.500 per cent. per annum; (b) the face amount of the Certificates; and (c) the number of days in the relevant Return Accumulation Period calculated on the basis of a year of 12 30-day months divided by 360; and (b) in respect of the period from (and including) the Trustee Call Date to (but excluding) the Scheduled Dissolution Date, the product of: (a) the rate per annum equal to the aggregate of the Reset Margin and the Relevant 5 Year Reset Rate as determined by the Principal Paying Agent on the Determination Date; (b) the face amount of the Certificates; and (c) the number of days in the relevant Return Accumulation Period calculated on the basis of a year of 12 30-day months divided by 360.
Return Accumulation Period	The period from and including the Closing Date to, but excluding the first Periodic Distribution Date and each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date or, if earlier, the Dissolution Date.
Trustee Call Date	The Trustee Call Date is 30 November 2020. Subject as further provided in Condition 8.2 (*Capital Distributions – Early Dissolution at the option of the Trustee*) and subject to the prior approval of the BRSA, the Certificates may be redeemed by the Trustee in whole (but not in part) on the Trustee Call Date.
Non-Viability/Write-Down of the Certificates	If a Non-Viability Event occurs at any time, the then outstanding face amount of each Certificate shall *pro rata* with the other Certificates and any other Parity Loss-Absorbing Instruments be reduced by the relevant Write-Down Amount in the manner described in Condition 9 (*Loss Absorption upon the Occurrence of a Non-Viability Event*). See Condition 9 (*Loss Absorption upon the Occurrence of a Non-Viability Event*) for further information on such potential Write-Downs, including for the definitions of various terms used in this section. A "**Non-Viability Event**" means the determination by the BRSA, and notification thereof to Albaraka, that, upon the incurrence of a loss by Albaraka (on a consolidated or non-consolidated basis), Albaraka has become, or it is probable that Albaraka will become, Non-Viable.
Scheduled Dissolution	Unless the Certificates are previously redeemed, purchased and cancelled or written down in full and cancelled, the Trustee will redeem each Certificate at the Dissolution

Distribution Amount on the Periodic Distribution Date falling on 30 November 2025 (the "**Scheduled Dissolution Date**"). See Condition 8.1 (*Capital Distributions – Scheduled Dissolution*).

Early Dissolution

The Certificates may be redeemed in full prior to the Scheduled Dissolution Date:

(a) on: (i) the Trustee Call Date; (ii) the Capital Disqualification Redemption Date; or (iii) the Tax Redemption Date, in each case in accordance with Condition 8 (*Capital Distributions*); or

(b) on the Dissolution Event Redemption Date in accordance with Condition 13 (*Dissolution Events*).

Dissolution Events

The Dissolution Events are set out in Condition 13 (*Dissolution Events*).

Following the occurrence of a Dissolution Event which is continuing, the Trustee or the Delegate (in either case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) may in its absolute discretion or shall (acting pursuant to the Declaration of Trust) (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) or by Extraordinary Resolution, prove in the winding-up, dissolution or liquidation of Albaraka for the Dissolution Distribution Amount, subject to the subordination of Albaraka's obligations under the Transaction Documents to which it is a party (*see Condition 3.2* (*Status, Subordination and Limited Recourse – Subordination*)).

Dissolution Distribution Amount

The aggregate outstanding face amount of the Certificates plus all accrued and unpaid Periodic Distribution Amounts in respect of such Certificates.

Status of the Certificates

Each Certificate evidences an undivided beneficial ownership interest in the Trust Assets, subject to the terms of the Declaration of Trust and the Conditions, and is a limited recourse obligation of the Trustee. Each Certificate ranks *pari passu*, without any preference or priority, with the other Certificates.

Subordination

The payment obligations of Albaraka under the Transaction Documents to which it is a party, to fund the Periodic Distribution Amounts, the Dissolution Distribution Amount and any other amounts payable in respect of the Certificates, will constitute direct, unsecured and subordinated obligations of Albaraka and shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank:

(a) subordinate in right of payment to the payment of all Senior Obligations;

(b) *pari passu* without any preference among themselves and with all Parity Obligations; and

(c) in priority to all payments in respect of Junior Obligations.

By virtue of such subordination of the payment obligations of Albaraka under the Transaction Documents to which it is a party, no amount will, in the case of a Subordination Event and for so long as that Subordination Event subsists, be paid by Albaraka in respect of its obligations under the Transaction Documents in relation to the Certificates until all payment obligations in respect of Senior Obligations have been satisfied.

Transaction Account

The Principal Paying Agent will maintain and operate a U.S. dollar account opened in the name of the Trustee (the "**Transaction Account**"). Payments to the Trustee by Albaraka under the Transaction Documents will be credited to the Transaction Account. Periodic Distribution Amounts and the Dissolution Distribution Amount will be paid to holders of the Certificates from funds standing to the credit of the Transaction Account in accordance with the order of priority described under Priority of Distributions below.

Priority of Distributions

On each Periodic Distribution Date and any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the Transaction Account in the following order of priority:

(a) *first*, to the Delegate and any Appointee in respect of all amounts (including by way of indemnity) owing to it, or which it is entitled to receive payment pursuant to the Transaction Documents in its capacity as Delegate or Appointee (as the case may be);

(b) *second*, to the Trustee in respect of all amounts properly incurred and documented owing to it under the Transaction Documents in its capacity as Trustee;

(c) *third*, *pro rata* and *pari passu*: (i) to the extent not paid by Albaraka in accordance with the terms of the Agency Agreement, to each Agent in respect of all amounts owing to such Agent on account of its fees, costs, charges, expenses and liabilities properly incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent; and (ii) the Trustee Administrator in respect of all amounts owing to it under the Transaction Documents, the Corporate Services Agreement and the Registered Office Agreement in its capacity as Trustee Administrator;

(d) *fourth*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;

(e) *fifth*, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the Dissolution Distribution Amount; and

(f) *sixth*, only if such payment is made on a Dissolution Date, to the Managing Agent to retain as an incentive fee in accordance with the Management Agency Agreement.

Limited Recourse

Each Certificate represents solely an undivided beneficial ownership interest in the Trust Assets. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the Trust Assets.

Certificateholders have no recourse to any assets of the Trustee (other than the Trust Assets) or Albaraka, the Delegate or the Agents or any other person in respect of any shortfall in the expected amounts from the Trust Assets to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished.

Withholding Tax

All payments by the Trustee under the Certificates are to be made without withholding or deduction for or on account of Cayman Islands taxes, unless the withholding or deduction of the taxes is required by law. In such event, Albaraka will be required pursuant to the relevant Transaction Documents to pay to the Trustee such additional amounts as may be necessary to ensure that the full amount which otherwise would have been due and payable under the Certificates is received by the Certificateholders.

All payments by Albaraka under the Transaction Documents are to be made without withholding or deduction for or on account of any taxes in Turkey, unless the withholding or deduction is required by law. In such event, Albaraka (in its relevant capacity) will be required pursuant to the relevant Transaction Documents to pay to the Trustee such additional amounts as may be necessary to ensure that the Trustee will receive the full amount which otherwise would have been due and payable.

Use of Proceeds

On the Closing Date, the Trustee will apply the Issuance Proceeds in the following manner:

(a) fifty one per cent. (51%) of the proceeds will be used to purchase the Initial Asset Portfolio from Albaraka pursuant to the Initial Asset Portfolio Sale and Purchase Agreement; and

(b) forty nine per cent. (49%) will be used to purchase Commodities from the Supplier, which will be subsequently sold to Albaraka pursuant to the Murabaha Contract entered into pursuant to the Murabaha Agreement.

Form and Delivery of the Certificates

The Certificates will be issued in registered form only. The Certificates will be represented on issue by interests in the Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg. Definitive Certificates evidencing holdings of Certificates will be issued in exchange for interests in the Global Certificate only in the limited circumstances described under "*Global Certificate*".

Clearance and Settlement

Holders of the Certificates must hold their interest in the Global Certificate in book-entry form through Euroclear or Clearstream, Luxembourg, as the case may be. Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearance systems.

Face Amounts of the Certificates	The Certificates will be issued in minimum face amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Listing	Application has been made to the Irish Stock Exchange for the Certificates to be admitted to listing on the Official List and to trading on the Main Securities Market.
Rating	On or prior to the Closing Date, the Certificates are expected to be assigned a rating of B by S&P. S&P is established in the EU and is registered under the CRA Regulation. As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. *A rating is not a recommendation to buy, sell or hold the Certificates (or beneficial interests therein), does not address the likelihood or timing of repayment and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.*
No link to Derivative Transactions	None of the Transaction Documents, the Certificates or any obligations of the Trustee or Albaraka in respect of the Certificates or the Transaction Documents, respectively, will be: (i) linked to any derivative transaction or derivative contract in a way which would result in a violation of Article 8(1)(c) and (d) of the BRSA Regulations; or (ii) in any manner, the subject of any guarantee or security.
Certificateholder Meetings	A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 17 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*).
Tax Considerations	See Condition 11 (*Taxation*) for a description of certain tax considerations applicable to the Certificates.
Transaction Documents	The Transaction Documents are the Initial Asset Portfolio Sale and Purchase Agreement, the Murabaha Agreement, the Commodity Purchase Agreement, the Commodity Sale Agreement, the Netting Deed, Notice of Request to Purchase, the Offer Notice, the Management Agency Agreement, the Purchase Undertaking, the Sale Undertaking, the Declaration of Trust and the Agency Agreement.
Governing Law	The Initial Asset Portfolio Sale and Purchase Agreement, any Sale Agreement or Transfer Agreement entered into pursuant to the Purchase Undertaking or Sale Undertaking and any New Asset Sale Agreement entered into pursuant to the Purchase Undertaking will be governed by Turkish law. Except for the provisions of Condition 3.2 (*Status, Subordination and Limited Recourse – Subordination*) (including reference thereto in Condition 9 (*Loss Absorption upon the occurrence of a Non-Viability Event*), which will be governed by, and construed in accordance with, Turkish law, the Declaration of Trust, the Certificates, the Agency Agreement, the Murabaha Agreement, the Murabaha

Contracts, the Commodity Purchase Agreement, the Commodity Sale Agreement, the Netting Deed, the Management Agency Agreement, the Purchase Undertaking and the Sale Undertaking will be governed by English law.

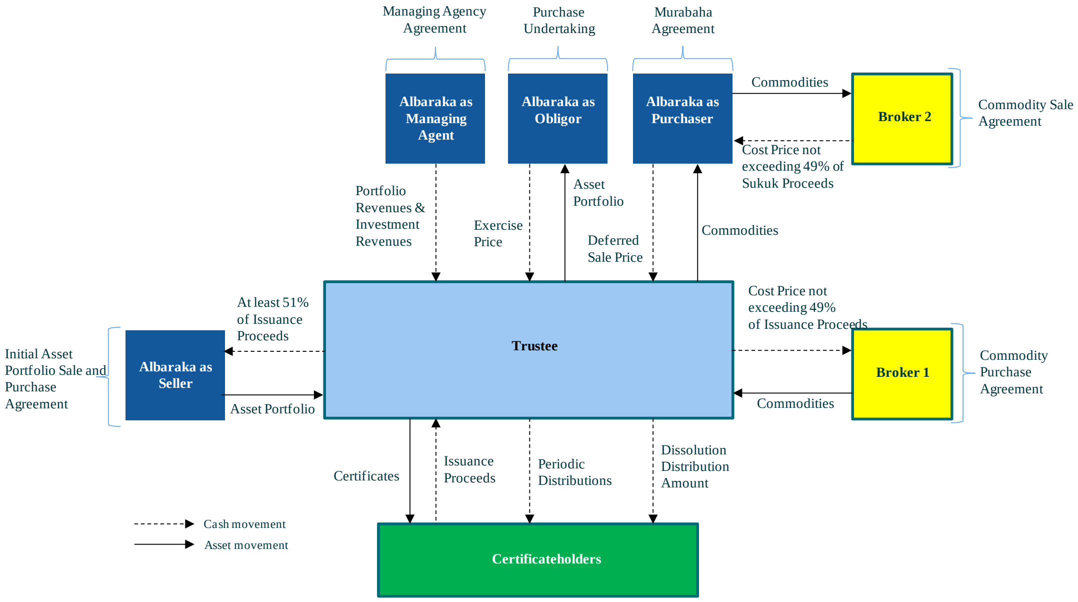
Selling Restrictions

There are restrictions on the distribution of this Prospectus and the offer or sale of Certificates in the United States, the United Kingdom, Republic of Turkey, Hong Kong, Japan, Singapore, the Dubai International Financial Centre, the Kingdom of Bahrain, the State of Qatar (excluding the Qatar Financial Centre), the Qatar Financial Centre, the United Arab Emirates (excluding the Dubai International Financial Centre), the Cayman Islands, the Kingdom of Saudi Arabia, Malaysia and the State of Kuwait and such other restrictions as may be required in connection with the offering and sale of the Certificates.

STRUCTURE DIAGRAM AND CASH FLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying the transaction. This section is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Prospectus. Words and expressions defined in the Conditions shall have the same meanings in this section. In the case of any conflict between this section and the Conditions, the Conditions shall prevail.

Structure Diagram



Cash flows

Payments by the Certificateholders and the Trustee

On the Closing Date, the Certificateholders will pay the issuance proceeds in respect of the Certificates (the "**Issuance Proceeds**") to the Trustee. The Trustee will apply:

(a) fifty one per cent. (51%) of the Issuance Proceeds (the "**Initial Asset Portfolio Purchase Price**"), to purchase Albaraka's interests, rights, benefits and entitlements in, to and under the Initial Asset Portfolio (comprised of various lease assets and *Shari'a* compliant sukuk or trust certificates that are fully based on underlying tangible assets) pursuant to the Initial Asset Portfolio Sale and Purchase Agreement;

(b) the remaining portion of the Issuance Proceeds (forty nine per cent (49%)) (the "**Commodity Purchase Price**") to purchase the Commodities comprised in the Initial Murabaha Contract entered into pursuant to the Murabaha Agreement.

Periodic Distribution Amounts

Pursuant to the relevant Murabaha Contract, the relevant Deferred Payment Price shall be payable in instalments: an amount equal to the Initial Profit Amount (or Reset Profit Amount, as applicable) which forms part of the Deferred Payment Price shall be payable in ten equal instalments on the Business Day immediately preceding each Periodic Distribution Date (each, a "**Payment Date**") during the Initial Murabaha Period (or Reset Murabaha Period, as applicable), each such instalment payment being equal to the Periodic Distribution Amount payable under the Certificates on the relevant periodic Distribution Date.

Pursuant to the Management Agency Agreement, on the relevant Payment Date, the Managing Agent shall credit to the Transaction Account amounts standing to the credit of the Profit Collection Account.

Dissolution Distribution Amounts

Pursuant to the Initial Murababa Contract, the balance of the Initial Deferred Payment Price, being the Initial Purchase Price (together with the balance of the Initial Profit Amount not yet paid), is payable on the Business Day immediately preceding the Trustee Call Date or the Dissolution Date (whichever is the earlier). In the event that the Certificates are not redeemed by the Trustee on the Trustee Call Date, the Purchaser may enter into the Reset Murabaha Contract on the Trustee Call Date. The balance of the Reset Deferred Payment Price, being an amount equal to the Reset Purchase Price (together with the balance of the Reset Profit Amount not yet paid), is payable on the Business Day immediately preceding the Scheduled Dissolution Date or such other Dissolution Date (whichever is the earlier).

Pursuant to the Purchase Undertaking, Albaraka will undertake to pay the Exercise Price to the Trustee on or before the Dissolution Event Redemption Date or on the Business Day prior to the Scheduled Dissolution Date (whichever is the earliest) in accordance with the Purchase Undertaking. Following the payment of the Exercise Price to the Trustee, Albaraka and the Trustee will purchase and sell, respectively, all of the Trustee's interests, rights, benefits and entitlements in, to and under the Portfolio Assets. Albaraka and the Trustee shall enter into a Sale Agreement to effect such sale. See Condition 9.1 (*Write Down of the Certificates*) regarding the exercise of the Purchase Undertaking in the case of a Non-Viability Event.

Pursuant to the Sale Undertaking, the Trustee will undertake to accept payment of the Sale Undertaking Exercise Price from Albaraka on the Tax Redemption Date, the Capital Disqualification Event, or as the case may be, the Trustee Call Date. Following the payment of the Sale Undertaking Exercise Price to the Trustee, Albaraka and the Trustee will purchase and sell, respectively, all of the Trustee's interests, rights, benefits and entitlements in, to and under the Portfolio Assets. Albaraka and the Trustee shall enter into a Sale Agreement to effect such sale.

The aggregate of: (i) the balance of the relevant Deferred Payment Price under the relevant Murabaha Contract; and (ii) the Exercise Price due under the Purchase Undertaking or the Sale Undertaking (as applicable), shall be an amount equal to the Dissolution Distribution Amount payable on the relevant Dissolution Date. See Condition 9.1 (*Write Down of the Certificates*) regarding the consequences of a Non-Viability Event upon the Deferred Payment Price.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the Terms and Conditions of the Certificates which (subject to modification and except for the text in italics) will be endorsed on each Certificate in definitive form (if issued) and will, save as provided in "Global Certificate", apply to the Global Certificate.

Each of the U.S.$250,000,000 Fixed Rate Resettable Tier 2 trust certificates due 2025 (the "**Certificates**") is issued by Albaraka Sukuk Ltd. (in its capacity as the issuer and trustee, as applicable, the "**Trustee**") and represents an undivided beneficial ownership interest in the Trust Assets (as defined in Condition 4.1 (*Trust Arrangements – Summary of the Trust Arrangements*)) held on trust (the "**Trust**") for the holders of such Certificates (the "**Certificateholders**") pursuant to a declaration of trust (the "**Declaration of Trust**") dated on or about 30 November 2015 (the "**Closing Date**") made between the Trustee, Albaraka Türk Katılım Bankası A.Ş. ("**Albaraka**") and Deutsche Trustee Company Limited, in its capacity as: (i) the donee of powers set out in clause 6 (*Powers Vested in the Delegate*) of the Declaration of Trust; and (ii) as delegate of the Trustee pursuant to clause 7 (*Delegation of Authority of the Delegate*) of the Declaration of Trust (the "**Delegate**").

Payments relating to the Certificates will be made pursuant to an agency agreement dated the Closing Date (the "**Agency Agreement**") made between, among others, the Trustee, Deutsche Bank AG, London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agents appointed from time to time in respect of the Certificates, the "**Paying Agents**") and Deutsche Bank Luxembourg S.A. as registrar (in such capacity, the "**Registrar**") and transfer agent (in such capacity, the "**Transfer Agent**" and, together with any further or other transfer agents appointed from time to time in respect of the Certificates, the "**Transfer Agents**"). The Paying Agents, the Transfer Agents and the Registrar are together referred to in these Conditions as the "**Agents**". References to the Agents or any of them shall include their successors from time to time.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents (as defined below). Copies of the Transaction Documents are available for inspection during normal business hours at the Specified Offices of the Principal Paying Agent. For the purposes of these Conditions, "**Specified Office**" shall have the meaning given thereto in the Agency Agreement. The Certificateholders have the benefit of, are bound by, and are deemed to have notice of the provisions of the following documents (the "**Transaction Documents**"):

(i) the Declaration of Trust;

(ii) the Agency Agreement;

(iii) an initial asset portfolio sale and purchase agreement between the Trustee (in its capacity as purchaser), Albaraka (in its capacity as seller) to be dated on or about the Closing Date (the "**Initial Asset Portfolio Sale and Purchase Agreement**");

(iv) a management agency agreement between the Trustee and Albaraka (in its capacity as Managing Agent) to be dated on or about the Closing Date (the "**Management Agency Agreement**");

(v) a purchase undertaking granted by Albaraka in favour of the Trustee and the Delegate to be dated on or about the Closing Date (the "**Purchase Undertaking**");

(vi) a sale undertaking granted by the Trustee in favour of Albaraka to be dated on or about the Closing Date (the "**Sale Undertaking**");

(vii) a murabaha agreement between the Trustee (in its capacity as seller) and Albaraka (in its capacity as purchaser) to be dated on or about the Closing Date (the "**Murabaha Agreement**")

(viii) a notice of request to purchase submitted by Albaraka (in its capacity as purchaser) to the Trustee (in its capacity as seller) pursuant to the Murabaha Agreement (the "**Notice of Request to Purchase**");

(ix) an offer notice from the Trustee (in its capacity as seller) to Albaraka (in its capacity as purchaser), countersigned by Albaraka (in its capacity as purchaser) pursuant to the Murabaha Agreement (the "**Offer Notice**");

(x) a commodity sale agreement dated on or about the Closing Date between Condor Trading Limited (the "**On-Sale Broker**") as purchaser of the Commodities and Albaraka as seller of the Commodities (the "**Commodity Sale Agreement**");

(xi) a commodity purchase agreement dated on or about the Closing Date between the Trustee as purchaser of the Commodities and DD&Co Limited (the "**Supplier**") as seller of the Commodities (the "**Commodity Purchase Agreement**"); and

(xii) a netting deed dated on or about the Closing Date between the Trustee, Albaraka, the Supplier and the On-Sale Broker (the "**Netting Deed**"),

each as may be amended and restated from time to time and any other documents entered into from time to time and designated as Transaction Documents by the parties thereto and the Delegate.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee to apply the sums paid by it in respect of its Certificates towards: (a) the acquisition of the Initial Asset Portfolio; (b) the acquisition of the Commodities comprised in the Initial Murabaha Contract; and (c) to enter into each Transaction Document to which it is a party, subject to the provisions of the Declaration of Trust and these Conditions.

Capitalised terms which are used but not defined herein will have the meaning attributed thereto in the Transaction Documents.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Certificates are issued in registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each an "**Authorised Denomination**"). A Definitive Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates. Each Definitive Certificate will be numbered serially with an identifying number which will be recorded on the relevant Definitive Certificate and in the register of Certificateholders (the "**Register**").

*Upon issue, the Certificates will be represented by interests in the Global Certificate, in fully registered form, which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. Except in certain limited circumstances, owners of interests in the Global Certificate will not be entitled to receive Definitive Certificates representing their holdings of Certificates. See "Global Certificate".*

1.2 Title

The Trustee will cause the Registrar to maintain the Register in respect of the Certificates in accordance with the provisions of the Agency Agreement. Title to the Certificates passes only by registration in the Register. The registered holder of any Certificate will (except as otherwise required by law) be treated as the absolute owner of the Certificates represented by the Definitive Certificate for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Definitive Certificate) and no person will be liable for so treating the holder of any Certificate. The registered holder of a Certificate will be recognised by the Trustee as entitled to its Definitive Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate. In these Conditions, "**Certificateholder**" and (in relation to a Certificate) "**holder**" have the meanings given thereto in the Declaration of Trust.

The Trustee and the Delegate may call for, and shall be at liberty to accept and place full reliance on as sufficient evidence thereof and shall not be liable to any Certificateholder by reason only of either having accepted as valid or not having rejected, an original certificate or other document purporting to be signed on behalf of Euroclear or Clearstream, Luxembourg or any other relevant clearing system to the effect that at any particular time or throughout any particular period any particular person is, was or will be shown in its records as having a particular nominal amount of Certificates credited to his or her securities account.

2. TRANSFERS OF CERTIFICATES

2.1 Transfers

Subject to Condition 2.4 (*Transfers of Certificates – Closed Periods*), Condition 2.5 (*Transfers of Certificates – Regulations*) and the provisions of the Declaration of Trust, a Certificate may be transferred in an Authorised Denomination only by depositing the Definitive Certificate, with the form of transfer on the back duly completed and signed, at the Specified Office of any of the Transfer Agents.

Transfers of interests in the Certificates represented by a Global Certificate will be effected in accordance with the rules and operating procedures of the relevant clearing system through which the interest is held.

2.2 Delivery of New Definitive Certificates

Each new Definitive Certificate to be issued upon any transfer of Certificates will, within five (5) business days of receipt by the relevant Transfer Agent of the duly completed form of transfer endorsed on the relevant Definitive Certificate (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), be delivered at the Specified Office of the relevant Transfer Agent or mailed by uninsured mail at the risk and expense of the holder entitled to the Certificate to the address specified in the form of transfer.

Where some but not all of the Certificates in respect of which a Definitive Certificate is issued are to be transferred, a new Definitive Certificate in respect of the Certificates not so transferred will, within five (5) business days of receipt by the relevant Transfer Agent of the original Definitive Certificate, be mailed by uninsured mail at the risk and expense of the holder of the Certificates not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

For the purposes of this Condition 2.2, "**business day**" shall mean a day on which banks are open for business in the city in which the Specified Office of the Transfer Agent with whom a Definitive Certificate is deposited in connection with a transfer is located.

2.3 Formalities Free of Charge

Registration of any transfer of Certificates will be effected without charge by or on behalf of the Trustee or any Transfer Agent but upon payment (or the giving of such indemnity as the Trustee or any Transfer Agent may reasonably require) by the transferee in respect of any stamp duty, tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Certificateholder may require the transfer of a Certificate to be registered during the period of seven (7) days ending on (and including) the due date for any payment of the Dissolution Distribution Amount (as defined in Condition 8.1 (*Capital Distributions – Scheduled Dissolution*)) or any Periodic Distribution Amount (as defined in Condition 6.1 (*Periodic Distributions – Periodic Distribution Amounts and Periodic Distribution Dates*)).

2.5 Regulations

All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfer of Certificates scheduled to the Declaration of Trust. The regulations may be changed by the Trustee from time to time with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests in writing a copy of such regulations.

The holder of Certificates shall be entitled to receive, in accordance with Condition 2.2 (*Transfers of Certificates – Delivery of New Definitive Certificates*), only one Definitive Certificate in respect of its entire holding of Certificates. In the case of a transfer of a portion of the face amount of a Certificate, a new Definitive Certificate in respect of the balance of the Certificates not transferred will be issued to the transferor in accordance with Condition 2.2 (*Transfers of Certificates – Delivery of New Definitive Certificates*).

3. STATUS, SUBORDINATION AND LIMITED RECOURSE

3.1 Status

Each Certificate evidences an undivided beneficial ownership interest in the Trust Assets, subject to the terms of the Declaration of Trust and these Conditions, and is a limited recourse obligation of the Trustee. Each Certificate ranks *pari passu*, without any preference or priority, with the other Certificates.

3.2 Subordination

The payment obligations of Albaraka under the Transaction Documents to which it is a party to fund the Periodic Distribution Amounts, the Dissolution Distribution Amount, and any other amounts payable under the Certificates, will constitute direct, unsecured and subordinated obligations of Albaraka and shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank:

(a) subordinate in right of payment to the payment of all Senior Obligations;

(b) *pari passu* without any preference among themselves and with all Parity Obligations; and

(c) in priority to all payments in respect of Junior Obligations.

By virtue of such subordination of the payment obligations of Albaraka under the Transaction Documents to which it is a party, no amount will, in the case of a Subordination Event and for so long as that Subordination Event subsists, be paid by Albaraka in respect of its obligations under the Transaction Documents in relation to the Certificates until all payment obligations in respect of Senior Obligations have been satisfied.

In these Conditions:

"**BRSA**" means the Banking Regulation and Supervision Agency (Bankacılık Düzenleme ve Denetleme Kurumu) of Turkey or such other governmental authority in Turkey having primary supervisory authority with respect to Albaraka;

"**BRSA Regulation**" means the BRSA Regulation on Equities of Banks (published in the Official Gazette dated 5 September 2013, No 28756, as amended, modified, supplemented or superseded from time to time);

"**Junior Obligations**" means any class of share capital (including ordinary and preferred shares) of Albaraka together with any present and future undated or perpetual subordinated indebtedness, including any obligations arising out of any other subordinated loans or debt instruments (as defined in Article 7 of the BRSA Regulation) or other payment obligations of Albaraka that rank, or are expressed to rank, junior to Albaraka's obligations under the Transaction Documents;

"**Parity Obligations**" means any securities or other instruments issued by or for the benefit of Albaraka, including any present and future dated subordinated loans (as defined in Article 8 of the BRSA Regulation) or other payment obligations of Albaraka that rank, or are expressed to rank, *pari passu* with Albaraka's obligations under the Transaction Documents;

"**Senior Obligations**" means any of Albaraka's present and future indebtedness and other obligations (including, without limitation: (i) obligations for any Senior Taxes, statutory preferences and other legally-required payments; (ii) obligations to depositors and other creditors; and (iii) obligations under hedging and other financial instruments), other than its obligations in respect of: (a) the Transaction Documents; (b) any Parity Obligations; and (c) any Junior Obligations;

"**Senior Taxes**" means any tax, levy, fund, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest) including, without limitation, the Banking and Insurance Transactions Tax (Banka Sigorta Muameleleri Vergisi) imposed by Article 28 of the Expenditure Taxes Law (Law No. 6802), income withholding tax pursuant to the Decree of the Council of Ministers of Turkey (Decrees No. 2011/1854 and 2010/1182), Articles 15 and 30 of the Corporate Income Tax Law (Law No. 5520) and Article 94 and Provisional Article 67 of the Income Tax Law (Law No. 193), any reverse VAT imposed by the VAT Law (Law No. 3065), any stamp tax imposed by the Stamp Tax Law (Law No. 488) and any withholding tax imposed by, or anti-tax haven regulation under, Article 30.7 of the Corporate Income Tax Law (Law No. 5520);

"**Subordination Event**" means any distribution of the assets of Albaraka on a dissolution, winding-up or liquidation of Albaraka whether in bankruptcy, insolvency, receivership, voluntary or mandatory reorganisation or indebtedness (*konkordato*) or any analogous proceedings referred to in the Banking Law (Law No. 5411), the Turkish Commercial Code (Law No. 6102) or the Turkish Execution and Bankruptcy Code (Law No. 2004); and

"**Turkey**" means the Republic of Turkey.

3.3 **Limited Recourse**

The proceeds of the Trust Assets are the sole source of payments due in respect of the Certificates. Save as provided in the next paragraph, the Certificates do not represent an interest in or obligation of either the Trustee or Albaraka. Accordingly, Certificateholders, by subscribing for or acquiring the Certificates, acknowledge that, notwithstanding anything to the contrary contained in these Conditions or any Transaction Document, they will have no recourse to any assets of the Trustee (other than the Trust Assets) or Albaraka, the Delegate or the Agents in respect of any shortfall in the expected amounts from the Trust Assets to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished.

Albaraka is obliged to make certain payments under the relevant Transaction Documents to which it is a party directly to the Trustee for and on behalf of the Certificateholders, and the Delegate will have recourse against Albaraka to recover such payments (acting in the name and on behalf of the Trustee).

The net proceeds of realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates. If, following the distribution of such proceeds, there remains a shortfall in payments due under the Certificates, no holder of Certificates will have any claim against the Trustee (to the extent the Trust Assets have been exhausted) or, subject to Condition 14 (*Enforcement*), Albaraka or against any of its assets, the Delegate or the Agent in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. Subject to Condition 13 (*Dissolution Events*) and Condition 14 (*Enforcement*), no holder of Certificates will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of Albaraka as a consequence of such shortfall or otherwise.

For the avoidance of doubt: (i) the Trust Assets do not constitute collateral or a security interest in favour of the Certificateholders, the Trustee or the Delegate; and (ii) the laws and regulations applicable in each of England and Wales, Turkey and the Cayman Islands do not regard the Trust Assets as collateral or a security interest in favour of the Certificateholders, the Trustee or the Delegate.

3.4 **Agreement of Certificateholders**

By subscribing for or acquiring the Certificates, each Certificateholder acknowledges that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

(a) no amount whatsoever shall be due and payable by or on behalf of the Trustee, or any of its agents on its behalf except to the extent funds are available therefore from the Trust Assets;

(b) no recourse shall be had for the payment of any amount owing hereunder or under any Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon any Transaction Document, against the Trustee, Albaraka (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate or the Agents to the extent the Trust Assets have been exhausted following which all obligations of the Trustee, Albaraka, the Delegate and the Agents shall be extinguished;

(c) prior to the date which is one year and one day after the date on which all due amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, it will not institute against, or join with any other person in instituting against, the Trustee any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law;

(d) no recourse (whether by institution or enforcement of any legal proceeding or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee arising under these Conditions or otherwise in connection with the Certificates by virtue of any law, statute or otherwise shall be had against any shareholder, officer, director or corporate administrator of the Trustee in its capacity as such and any and all personal liability of every such shareholder, officer, director or corporate administrator in their capacity as such for any breaches by the Trustee of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by law; and

(e) under no circumstances will the Trustee or the Delegate be entitled to sell or shall the Delegate or any Certificateholder be entitled to cause the sale or other disposition of any of the Trust Assets otherwise than to Albaraka in accordance with the terms of the Transaction Documents and the Certificateholders shall only be entitled to enforce their rights against the Trustee in respect of the Trust Assets in accordance with the Transaction Documents and the Delegate shall only be entitled to enforce its rights against the Trustee or Albaraka in accordance with the Transaction Documents.

3.5 **No Set-off or Counterclaim**

All payment obligations of, and payments made by, the Trustee in respect of the Certificates and Albaraka under the Transaction Documents to which it is a party (save as contemplated by the Transaction Documents) in relation to any amounts payable in respect of the Certificates must be determined and made without reference to any right of set-off or counterclaim of any holder of the Certificates or the Trustee, as the case may be, and whether against the Trustee or Albaraka or arising before or in respect of any Subordination Event. By virtue of the subordination of Albaraka's payment obligations under the Transaction Documents to which it is a party in relation to amounts payable in respect of the Certificates, following a Subordination Event and for so long as that Subordination Event subsists and prior to all payment obligations in respect of Senior Obligations having been satisfied, no Certificateholder or the Trustee shall exercise any right of set-off or counterclaim in respect of any amount owed to such holder by the Trustee in respect of the Certificates or Albaraka under the Transaction Documents in relation to any amounts payable in respect of the Certificates and any such rights shall be deemed to be waived.

3.6 **No Link to Derivative Transactions**

None of the Transaction Documents, the Certificates or any obligations of the Trustee or Albaraka in respect of the Certificates or the Transaction Documents, respectively, will be: (i) linked to any derivative transaction or derivative contract in any way which would result in a violation of Article 8(2)(c) of the BRSA Regulation; or (ii) in any manner the subject of any guarantee or security.

4. TRUST ARRANGEMENTS

4.1 Summary of the Trust Arrangements

On the Closing Date, the Trustee will apply: (i) fifty one per cent. (51%) of the proceeds of the issuance (the "**Issuance Proceeds**") to purchase Albaraka' interests, rights, benefits and entitlements in, to and under the Initial Asset Portfolio pursuant to the Initial Asset Portfolio Sale and Purchase Agreement; and (ii) the remaining portion of the Issuance Proceeds (representing forty nine per cent (49%)) (the "**Initial Purchase Price**") to purchase the Commodities in accordance with the Initial Murabaha Contract entered into pursuant to the Murabaha Agreement.

Pursuant to the Management Agency Agreement to be entered into on the Closing Date, the Trustee will appoint Albaraka as the Trustee's agent (in such capacity, the "**Managing Agent**") to perform certain services in respect of the Asset Portfolio for so long as the Certificates remain outstanding. The Managing Agent shall credit: (i) revenues generated from the Asset Portfolio in the nature of principal to a ledger account (the "**Principal Collection Account**"); and (ii) revenues generated from the Asset Portfolio in the nature of profit to a ledger account (the "**Profit Collection Account**"). On each Business Day prior to the relevant Periodic Distribution Date, the Managing Agent shall credit to the Transaction Account amounts standing to the credit of the Profit Collection Account.

On the Closing Date, Albaraka will grant the Purchase Undertaking in favour of the Trustee and the Delegate, pursuant to which Albaraka will irrevocably grant to the Trustee and the Delegate the right to require Albaraka to pay the Dissolution Event Exercise Price to the Trustee on or before the Dissolution Event Redemption Date or on the Business Day prior to the Scheduled Dissolution Date (whichever is earlier) in accordance with the Purchase Undertaking. Following the payment of the Dissolution Event Exercise Price to the Trustee, Albaraka and the Trustee will purchase and sell, respectively, all of the Trustee's interests, rights, benefits and entitlements in, to and under the Portfolio Assets. Albaraka and the Trustee shall enter into a Sale Agreement to effect such sale. See Condition 9.1 (*Write Down of the Certificates*) regarding the exercise of the Purchase Undertaking in the case of a Non-Viability Event.

On the Closing Date, the Trustee will grant the Sale Undertaking in favour of Albaraka, pursuant to which the Trustee will irrevocably grant to Albaraka the right to require the Trustee to accept payment of the Sale Undertaking Exercise Price from Albaraka on the Tax Redemption Date, the Capital Disqualification Redemption Date, or as the case may be, the Trustee Call Date. Following the payment of the Sale Undertaking Exercise Price to the Trustee, Albaraka and the Trustee will purchase and sell, respectively, all of the Trustee's interests, rights, benefits and entitlements in, to and under the Portfolio Assets. Albaraka and the Trustee shall enter into a Sale Agreement to effect such sale.

On the Closing Date, the Trustee shall enter into the Murabaha Agreement with Albaraka (in such capacity, Albaraka as the "**Purchaser**" and the Trustee as the "**Seller**"). The Trustee (either as principal or through an agent) will purchase certain commodities (the "**Commodities**") on the Closing Date for the Initial Purchase Price and will immediately sell the Commodities to the Purchaser pursuant to the Murabaha Agreement on immediate delivery and deferred payment terms, such sale and purchase (the "**Initial Murabaha Contract**") in accordance with the Murabaha Agreement.

The deferred purchase price payable by the Purchaser for the Commodities pursuant to the Initial Murabaha Contract (the "**Initial Deferred Payment Price**") shall be an amount equal to the aggregate of: (i) the Initial Purchase Price; and (ii) US$131,250,000 (the "**Initial Profit Amount**"). The Initial Deferred Payment Price shall be payable in instalments. An amount equal to the Initial Profit Amount shall be payable in ten equal instalments on the Business Day immediately preceding each Periodic Distribution Date during the Initial Murabaha Period, and an amount equal to the Initial Purchase Price (together with the balance of the Initial Profit Amount not yet paid) shall be paid on the Business Day immediately preceding the Trustee Call Date or the Dissolution Date (whichever is the earlier).

In the event that the Certificates are not redeemed by the Trustee on the Trustee Call Date, the Purchaser may purchase further Commodities from the Seller on the Trustee Call Date under the

Murabaha Agreement pursuant to a murabaha contract entered into on that date (the "**Reset Murabaha Contract**") on terms substantially equivalent to those for the Initial Murabaha Contract and for a deferred purchase price (the "**Reset Deferred Payment Price**" and each of the Initial Deferred Payment Price and the Reset Deferred Payment Price, the "**Deferred Payment Price**"). The Reset Deferred Payment Price shall be an amount equal to: (i) the "**Reset Purchase Price**" (which will be an amount equal to the Initial Purchase Price); and (ii) the aggregate of the Periodic Distribution Amounts which will accrue from and including the Trustee Call Date to and including the Scheduled Dissolution Date (the "**Reset Murabaha Period**") (the "**Reset Profit Amount**"). The Reset Deferred Payment Price shall be payable in instalments. An amount equal to the Reset Profit Amount shall be payable in ten equal instalments on the Business Day immediately preceding each Periodic Distribution Date during the Reset Murabaha Period, and the aggregate of an amount equal to the Reset Purchase Price (together with the balance of the Reset Profit Amount not yet paid) shall be payable on the Business Day immediately preceding the Scheduled Dissolution Date or such other Dissolution Date (whichever is the earlier). See Condition 9.1 (*Write Down of the Certificates*) regarding the effect of a Non-Viability Event upon the Deferred Payment Price.

The Trustee has opened a transaction account (the "**Transaction Account**") with the Principal Paying Agent into which Albaraka will deposit all amounts due to the Trustee under the Transaction Documents.

Pursuant to the Declaration of Trust, the Trustee will declare that it will hold certain assets (the "**Trust Assets**") primarily consisting of:

(a) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Asset Portfolio, its right to receive payment in respect of each Deferred Payment Price under the Murabaha Contracts and of its rights to amounts payable by the Management Agent under the Management Agency Agreement;

(b) all of the Trustee's other rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than: (i) in relation to any representation given to the Trustee by Albaraka pursuant to any of the Transaction Documents; and (ii) the covenants given to the Trustee pursuant to clause 17 (*Remuneration and Indemnification of the Trustee and the Delegate*) of the Declaration of Trust); and

(c) all monies standing to the credit of the Transaction Account from time to time,

and all proceeds of the foregoing in its own name and on behalf and for the account of the holders of the Certificates *pro rata* according to the face amount of Certificates held by each holder in accordance with the Declaration of Trust and these Conditions.

4.2 **Application of Proceeds from Trust Assets**

On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the Transaction Account in the following order of priority:

(a) *first*, to the Delegate and any Appointee in respect of all amounts (including by way of indemnity) owing to it, or which it is entitled to receive as payment pursuant to the Transaction Documents in its capacity as Delegate or Appointee (as the case may be);

(b) *second*, to the Trustee in respect of all amounts properly incurred and documented as owing to it under the Transaction Documents in its capacity as Trustee;

(c) *third*, *pro rata* and *pari passu*: (i) to the extent not paid by Albaraka in accordance with the terms of the Agency Agreement, to each Agent in respect of all amounts owing to such Agent on account of its liabilities and its properly incurred fees, costs, charges and expenses by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent and (ii) the Trustee Administrator in respect of all amounts owing to it under the Transaction Documents, the Corporate Services Agreement and the Registered Office Agreement in its capacity as Trustee Administrator;

(d) *fourth*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;

(e) *fifth*, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the Dissolution Distribution Amount; and

(f) *sixth*, only if such payment is made on a Dissolution Date, to the Managing Agent to retain as an incentive payment in accordance with the Management Agency Agreement.

In these Conditions:

"**Corporate Services Agreement**" means the corporate services agreement dated 12 November 2015 between the Trustee and the Trustee Administrator;

"**Registered Office Agreement**" means the registered office agreement dated 1 September 2015 between the Trustee and the Trustee Administrator; and

"**Trustee Administrator**" means MaplesFS Limited.

5. **COVENANTS**

The Trustee covenants that for so long as any Certificate is outstanding (as defined in the Declaration of Trust), except as contemplated in the Transaction Documents, it shall not:

(a) incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares);

(b) secure any of its present or future indebtedness for borrowed money or any other certificates issued by it by any lien, pledge, charge, mortgage or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law);

(c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets except pursuant to the Transaction Documents;

(d) amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) without the prior approval of the Delegate;

(e) act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;

(f) have any subsidiaries or employees;

(g) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;

(h) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;

(i) prior to the date which is one year and one day after the date on which all due amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or

(j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or any permitted amendment or supplement thereto or as expressly permitted or required thereunder or engage in any business or activity other than:

   (i) as provided for or permitted in the Transaction Documents;

   (ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and

   (iii) such other matters which are incidental thereto.

6. PERIODIC DISTRIBUTIONS

6.1 Periodic Distribution Amounts and Periodic Distribution Dates

Subject to Condition 3 (*Status, Subordination And Limited Recourse*), Condition 4.2 (*Trust Arrangements – Application of Proceeds from Trust Assets*), Condition 6.3 (*Periodic Distributions – Cessation of Accrual*), Condition 7 (*Payment*) and Condition 9 (*Loss Absorption upon the occurrence of a Non-Viability Event*), the Principal Paying Agent shall distribute to holders of the Certificates, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account a distribution in relation to the Certificates on each Periodic Distribution Date, equal to the applicable amount (each a "**Periodic Distribution Amount**") determined as follows:

(a) in respect of the period from (and including) the Closing Date to (but excluding) the Trustee Call Date, at the rate of 10.500 per cent. per annum (the "**Initial Periodic Distribution Rate**"); and

(b) in respect of the period from (and including) the Trustee Call Date to (but excluding) the Scheduled Dissolution Date (the "**Reset Period**"), at the rate per annum equal to the aggregate of the Reset Margin and the Relevant 5 Year Reset Rate (the "**Reset Periodic Distribution Rate**" and, together with the Initial Periodic Distribution Rate, each a "**Periodic Distribution Rate**"), as determined by the Principal Paying Agent on the Determination Date.

In the case of any Write-Down (as defined in Condition 9.1 (*Write-Down of the Certificates*)) of the Certificates, Periodic Distribution Amounts will be distributed on the Certificates:

   (i) if the Certificates are Written-Down in full, on the date of the Write-Down (the "**Write-Down Date**") and in respect of:

      (A) the period from (and including) the Periodic Distribution Date immediately preceding the Write-Down Date to (but excluding) the Write-Down Date; and

      (B) the Aggregate Face Amount of the outstanding Certificates during that period; and

   (ii) if the Certificates are not Written-Down in full, on the Periodic Distribution Date immediately following such Write-Down (the "**Partial Write-Down Periodic Distribution Date**") and calculated as the sum of the Periodic Distribution Amount payable in respect of:

      (A) the period from (and including) the Periodic Distribution Date immediately preceding the Write-Down Date to (but excluding) the Write-Down Date; and

      (B) the period from (and including) the Write-Down Date to (but excluding) the Partial Write-Down Periodic Distribution Date, and, in each case, in respect of the Aggregate Face Amount of the outstanding Certificates during those respective periods.

In these Conditions:

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets in Istanbul, London and New York City are open for general business;

"**Determination Date**" means the third Business Day immediately preceding the Trustee Call Date;

"**Periodic Distribution Date**" means each of 30 November and 30 May in each year, commencing on 30 May 2016 and, subject to Condition 6.3 (*Periodic Distributions – Cessation of Accrual*), ending on the Scheduled Dissolution Date;

"**Reference Bank**" means the principal office of each of five leading dealers in the U.S. dollar interest rate swap market as selected by the Trustee (after consultation with Albaraka);

"**Relevant 5 Year Reset Rate**" means the annual mid-swap rate for U.S. dollar swap transactions with a maturity of five years, expressed as a percentage, which appears on Reuters page "ISDAFIX1" (or on such other page as may replace that page on the Reuters information service, or on such other equivalent information service as may be nominated by the person providing or sponsoring such information, in each case for the purposes of displaying equivalent or comparable rates) at or around 11:00 a.m. (New York City time) on the Determination Date. If such rate does not appear on such page on the Determination Date, the Relevant 5 Year Reset Rate will be a percentage per annum determined by the Principal Paying Agent on the basis of the arithmetic mean of quotations provided by the Reference Banks of the bid and offered rates for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a five year fixed-for-floating U.S. dollar interest rate swap transaction in a Representative Amount offered by each Reference Bank at approximately 11:00 a.m. (New York City time) on the Determination Date to an acknowledged dealer of good credit in the U.S. dollar swap market, where the floating leg (calculated on an Actual/360 day count basis) is equivalent to the rate for deposits in U.S. dollars for a three month period offered by the principal London offices of leading dealers in the New York City interbank market to prime banks in the London interbank market. The Principal Paying Agent will request each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the Relevant 5 Year Reset Rate will be the percentage reflecting the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, it will be the arithmetic mean of the quotations provided. If only one quotation is provided, it will be the quotation provided. If no quotations are provided, the Relevant 5 Year Reset Rate will be 1.590 per cent. per annum;

"**Representative Amount**" means an amount that is representative of a single transaction in the relevant market at the relevant time; and

"**Reset Margin**" means 8.910 per cent. per annum.

The Principal Paying Agent may rely upon and shall not be in any way responsible for any ratio, quotation or information provided to it by a Reference Bank which is subsequently found to be incorrect or inaccurate in any way or any losses whatsoever from acting in accordance therewith.

6.2 Calculation of Periodic Distribution Amounts payable other than on a Periodic Distribution Date

If a Periodic Distribution Amount is required to be calculated in respect of a period of less than a full Return Accumulation Period (the "**Relevant Period**"), it shall be calculated as an amount equal to the product of: (a) the Periodic Distribution Rate applying to such Relevant Period; (b) the face amount of the relevant Certificate; and (c) the number of days in the Relevant Period calculated on the basis of a year of 12 30-day months divided by 360 (with the result being rounded to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards).

The period from and including the Closing Date to but excluding the first Periodic Distribution Date and each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date is called a "**Return Accumulation Period**".

6.3 **Cessation of Accrual**

Subject to Condition 3.2 (*Status, Subordination And Limited Recourse – Subordination*) and Condition 9 (*Loss Absorption upon the occurrence of a Non-Viability Event*), no further amounts will be payable on any Certificate from and including its due date for redemption, unless default is made in payment of the Dissolution Distribution Amount in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition 6.

7. **PAYMENT**

7.1 **Payments in respect of the Certificates**

Subject to Condition 7.2 (*Payment – Payments subject to Applicable Laws*), payment of the Dissolution Distribution Amount and any Periodic Distribution Amount will be made by the Principal Paying Agent in U.S. dollars by wire transfer in same day funds to the registered account of each Certificateholder or by U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars mailed to the registered address of the Certificateholder if it does not have a registered account. Payments of the Dissolution Distribution Amount will only be made against surrender of the relevant Certificate at the Specified Office of any of the Paying Agents. The Dissolution Distribution Amount and each Periodic Distribution Amount will be paid to the holder shown on the Register at the close of business on the date (the "**record date**") being the seventh day before the date on which the Dissolution Distribution Amount or the relevant Periodic Distribution Amount, as the case may be, is paid.

For the purposes of this Condition 7, a Certificateholder's registered account means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the relevant record date, and a Certificateholder's "**registered address**" means its address appearing on the Register at that time.

7.2 **Payments subject to Applicable Laws**

Payments in respect of Certificates are subject in all cases to any fiscal or other laws and regulations and directives applicable in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*).

7.3 **Payment only on a Payment Business Day**

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, in each case by the Principal Paying Agent, on the due date for payment or, in the case of a payment of the Dissolution Distribution Amount, if later, on the Business Day on which the relevant Definitive Certificate is surrendered at the Specified Office of a Paying Agent for value as soon as practicable thereafter.

Certificateholders will not be entitled to any additional payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the relevant Certificateholder is late in surrendering its Definitive Certificate (if required to do so) or if a cheque mailed in accordance with this Condition 7.3 arrives after the due date for payment.

If the amount of the Dissolution Distribution Amount or any Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount in fact paid.

In these Conditions, "**Payment Business Day**" means a day on which commercial banks and foreign exchange markets in New York City are open for general business and, in the case of presentation of a Definitive Certificate, in the place in which the Definitive Certificate is presented.

7.4 **Agents**

The names of the initial Agents and their initial Specified Offices are set out in the Agency Agreement. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents with the prior written consent of the Delegate and in accordance with the Agency Agreement **provided that**: (a) it will at all times maintain a Principal Paying Agent, a Transfer Agent and a Registrar (which may be the same entity); (b) it will at all times maintain a Paying Agent (which may be the Principal Paying Agent) having its Specified Office in a European city; and (c) there will at all times be a Paying Agent (which may be the Principal Paying Agent) located in an EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such Directive. Notice of any termination or appointment and of any changes in Specified Offices will be given to Certificateholders promptly by the Trustee in accordance with Condition 16 (*Notices*).

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee and (to the extent provided therein) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders or any other party under the Transaction Documents. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

8. **CAPITAL DISTRIBUTIONS**

8.1 **Scheduled Dissolution**

Unless the Certificates are previously redeemed, purchased and cancelled or written down in full and cancelled, the Trustee will redeem each Certificate at the Dissolution Distribution Amount on the Periodic Distribution Date falling on 30 November 2025 (the "**Scheduled Dissolution Date**"). Upon payment in full of the Dissolution Distribution Amount to the Certificateholders, the Trust will be dissolved, the Certificates shall cease to represent an interest in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee and Albaraka shall have no further obligations in respect thereof.

In these Conditions, "**Dissolution Date**" means any of the Scheduled Dissolution Date, the Trustee Call Date, the Capital Disqualification Redemption Date, the Tax Redemption Date and the Dissolution Event Redemption Date, and "**Dissolution Distribution Amount**" in relation to a Certificate means its then outstanding face amount plus all accrued and unpaid Periodic Distribution Amounts in respect of such Certificate.

8.2 **Early Dissolution at the option of the Trustee**

The Trustee, having given not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and shall specify the Trustee Call Date), may redeem all (but not some only) of the Certificates on 30 November 2020 (the "**Trustee Call Date**") at the Dissolution Distribution Amount, subject to Albaraka having obtained the prior approval of the BRSA for such redemption (the "**Trustee Call**").

8.3 **Early Dissolution upon a Capital Disqualification Event**

The Trustee, having given not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Capital Disqualification Redemption Date**")), may redeem all (but not some only) of the Certificates at any time at the Dissolution Distribution Amount **provided that** no such notice of redemption shall be given unless a corresponding notice has been received by the Trustee from Albaraka under the Murabaha Agreement and the Sale Undertaking, the delivery of which is, subject to Albaraka having obtained the prior approval of the BRSA for such redemption and having delivered to the Delegate a certificate signed by two directors of Albaraka stating that a Capital Disqualification Event has occurred. The Delegate shall be entitled to accept (without further investigation or formality) any such certificate as sufficient evidence thereof in which event it shall be conclusive and binding on the Delegate and the Certificateholders.

In these Conditions:

"**Capital Disqualification Event**" shall be deemed to have occurred if, as a result of any change, after the Closing Date, to any applicable law (including the BRSA Regulation), or the application or official interpretation thereof, the payment obligations of Albaraka under the Transaction Documents to which it is a party in an amount equal to the face amount of the outstanding Certificates is fully or partially excluded from inclusion as Tier 2 capital of Albaraka (save where such exclusion is only as a result of any applicable limitation on the amount of such capital); and

"**Tier 2 capital**" means tier 2 capital as provided under Article 8 of the BRSA Regulation.

8.4 **Early Dissolution for Tax Reasons**

The Certificates may be redeemed by the Trustee in whole, but not in part, on any Periodic Distribution Date (such date, the "**Tax Redemption Date**"), on giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), subject to having obtained the prior approval of the BRSA, at the Dissolution Distribution Amount, if:

(a) (1) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 11 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date; and (2) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(b) (1) the Trustee has received notice from Albaraka that Albaraka has or will become obliged to pay additional amounts pursuant to the terms of the Management Agency Agreement, the Murabaha Agreement or any other Transaction Document as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date; and (2) such obligation cannot be avoided by Albaraka taking reasonable measures available to it,

(each, a "**Tax Redemption Event**"), **provided that** no such notice of redemption shall be given unless a corresponding notice has been received by the Trustee from Albaraka under the Sale Undertaking and the Murabaha Agreement and no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which (in the case of (a) above) the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due or (in the case of (b) above) Albaraka would be obliged to pay such additional amounts if a payment to the Trustee under the Management Agency Agreement or the Murabaha Agreement (as applicable) was then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Trustee shall deliver to the Delegate: (i) a certificate signed by two directors of the Trustee stating that the Trustee is entitled to effect such dissolution and setting forth a statement of facts showing that the conditions precedent in (a) or (b) above to the right of the Trustee so to dissolve have occurred; and (ii) an opinion of independent legal advisers of recognised international standing to the effect that the Trustee or Albaraka, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment. The Delegate shall be entitled to accept (without further investigation or formality) any such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Certificateholders.

8.5 **Dissolution Following Expiry of Notice of Redemption**

Upon the expiry of any notice of redemption as is referred to in Condition 8.2 (*Capital Distributions – Early Dissolution at the option of the Trustee*), Condition 8.3 (*Capital Distributions – Early Dissolution upon a Capital Disqualification Event*) and Condition 8.4 (*Capital Distributions – Early Dissolution for Tax Reasons*), the Trustee shall be bound to redeem the Certificates at the Dissolution Distribution Amount and upon payment in full of the Dissolution Distribution Amount to the Certificateholders, the Trust will dissolve, the Certificates shall cease to represent the Trust Assets and no further amounts shall be payable in respect thereof and neither the Trustee nor Albaraka shall have any further obligations in respect thereof.

8.6 **Dissolution Following a Dissolution Event**

Upon the occurrence of a Dissolution Event (as defined in Condition 13 (*Dissolution Events*)) which is continuing, the Certificates may be redeemed at the Dissolution Distribution Amount.

8.7 **No other Dissolution**

The Trustee shall not be entitled to redeem the Certificates, and the Trustee shall not be entitled to dissolve the Trust, otherwise than as provided in this Condition 8, Condition 9 (*Loss Absorption upon the occurrence of a Non-Viability Event*) in respect of a Write-Down in whole of the face amount of Certificates then outstanding, and Condition 14 (*Enforcement*).

8.8 **Cancellation**

All Certificates which are redeemed will forthwith be cancelled and accordingly may not be held, reissued or resold.

9. **LOSS ABSORPTION UPON THE OCCURRENCE OF A NON-VIABILITY EVENT**

9.1 **Write-Down of the Certificates**

If a Non-Viability Event occurs at any time, the then outstanding face amount of each Certificate shall *pro rata* with the other Certificates and any other Parity Loss-Absorbing Instruments be reduced by the relevant Write-Down Amount (any such reduction, a "**Write-Down**", "**Written-Down**" and "**Writing-Down**" shall be construed accordingly) on the Non-Viability Event Write-Down Date; **provided that** such Write-Down shall only take place in conjunction with:

(a) the maximum possible reduction in the principal amount and/or corresponding conversion into equity being made in respect of any Junior Loss-Absorbing Instruments as provided in the terms of such Junior Loss-Absorbing Instruments; and

(b) the implementation of Statutory Loss-Absorption Measures, involving the absorption by all other Junior Obligations to the maximum extent allowed by law of the relevant loss(es) giving rise to the occurrence of a Non-Viability Event within the framework of the procedures and other measures by which the relevant loss(es) giving rise to the Non-Viability Event may be absorbed by such Junior Obligations pursuant to Article 71 of Banking Law (No. 5411) and/or otherwise under Turkish law and regulations.

For these purposes, any determination of a Write-Down Amount shall take into account the absorption of the relevant loss(es) to the maximum extent possible or otherwise allowed by law by all Junior Obligations and the Writing Down of the Certificates *pro rata* with any other Parity Loss-Absorbing Instruments, thereby maintaining the respective rankings described under Condition 3.2 (*Status, Subordination and Limited Recourse – Subordination*).

A Non-Viability Event may occur on more than one occasion and the Certificates may be Written-Down on more than one occasion, with each such Write-Down resulting in the reduction of the then outstanding face amount of the Certificates by the relevant Write-Down Amount and upon any such Write-Down, the Certificateholders' rights to the Trust Assets shall automatically be deemed to be irrevocably and unconditionally written down by the Write-Down Amount.

Neither the Delegate nor any Certificateholder may exercise, claim or plead any right to any amount due under the Certificates that has been reduced pursuant to this Condition 9.1 (*Write-Down of the Certificates*), and the Delegate and the Certificateholders shall be deemed to have waived all such rights to receive such reduced amounts.

Following the occurrence of any reduction to any amount due under the Certificates pursuant to this Condition 9.1 (*Write-Down of the Certificates*), any reference to any amount due under the Certificates, or to the outstanding face amount of Certificates, shall be deemed to mean such amount subject to any applicable reduction pursuant to this Condition 9.1 (*Write-Down of the Certificates*) *mutatis mutandis*.

Amounts due under the Certificates may be subject to one or more reductions in part, except where such amount has been reduced in its entirety.

Following the occurrence of a Non-Viability Event and receipt by the Trustee of an Initial Non-Viability Notice from Albaraka, on the relevant Non-Viability Event Write-Down Date amounts due under the Murabaha Agreement and the Purchase Undertaking shall be written down pro rata as follows: (a) Albaraka shall acquire the relevant portion of the Asset Portfolio (which corresponds to the relevant portion of the Write-Down Amount) from the Trustee pursuant to the exercise of the Purchase Undertaking in consideration for the relevant Exercise Price, and in accordance with the terms of the Purchase Undertaking, the relevant Exercise Price shall be written down to zero; (b) the Deferred Payment Price due under the Murabaha Agreement shall be automatically deemed to be reduced pro rata by the relevant portion of the Write-Down Amount.

As of the date of this Prospectus, a number of corrective, rehabilitative and restrictive measures may be taken by the BRSA under Articles 68 to 70 of the Banking Law (No. 5411) prior to any determination of Non-Viability of Albaraka. In conjunction with any such determination, the relevant loss(es) of Albaraka may be absorbed by shareholders of Albaraka pursuant to Article 71 of the Banking Law (No. 5411) upon: (a) the transfer of shareholders' rights and the management and supervision of Albaraka to the SDIF; or (b) the revocation of Albaraka's operating licence and its liquidation. However, the Write-Down of the Certificates under the BRSA Regulation may take place before any such transfer or liquidation.

As a result of the proviso in the first paragraph of this Condition 9, while the Certificates may be Written-Down before any transfer or liquidation as described in the preceding paragraph, the Write-Down must take place in conjunction with such liquidation in order that the respective rankings described in Condition 3.2 (Status, Subordination and Limited Recourse – Subordination) are maintained and the relevant loss(es) are absorbed by Junior Obligations to the maximum extent possible. Where a Write-Down of the Certificates does take place before the liquidation of Albaraka, the Trustee (or the Delegate acting in the name and on behalf of the Trustee pursuant to the Declaration of Trust) would only be able to claim and prove in such liquidation in respect of the outstanding face amount of the Certificates following the Write-Down.

While a Write-Down of the Certificates may take place before the absorption of the relevant loss(es) giving rise to the Non-Viability Event to the maximum extent possible by Junior Obligations, such loss absorption might be taken into account by the BRSA, where relevant, in the determination of the Write-Down Amount in order for the respective rankings described in Condition 3.2 (Status, Subordination and Limited Recourse – Subordination) to be maintained on any Write-Down as provided in this Condition 9.

9.2 **Notification of a Non-Viability Event**

On the fifth Business Day following the occurrence of a Non-Viability Event (or on such earlier date as the BRSA may determine), Albaraka shall notify the Trustee and the Principal Paying Agent (with a copy to the Delegate) of the occurrence of a Non-Viability Event, along with the statement(s) in writing received from (or published by) the BRSA of its determination of such Non-Viability Event (together, the "**Initial Non-Viability Notice**").

Albaraka shall notify the Trustee and the Principal Paying Agent (with a copy to the Delegate) of the relevant Write-Down Amount as soon as reasonably practicable upon receiving notice thereof from the BRSA, along with the statement(s) in writing received from (or published by) the BRSA of its determination of such Write-Down Amount (together, the "**Non-Viability Notice**"). The Trustee shall then immediately give notice of the occurrence of such Non-Viability Event, the relevant Write-Down Amount and the Non-Viability Event Write-Down Date to the Certificateholders in accordance with Condition 16 (*Notices*).

9.3 **Limited Recourse**

Neither the Trustee nor the Delegate will have any further claim against Albaraka in respect of any Written-Down Amount of the Certificates or in respect of the relevant portion of the Trust Assets corresponding to the relevant Write-Down Amount.

9.4 **Write-Down in whole**

If, at any time, the Certificates are Written-Down in whole:

(a) the Certificateholders' rights to the Trust Assets shall automatically be deemed to be irrevocably and unconditionally written down by the Write-Down Amount;

(b) the Certificates shall be cancelled; and

(c) subject to payment of the Periodic Distribution Amounts accrued and unpaid to (but excluding) the relevant Non-Viability Event Write-Down Date, all rights of any Certificateholder for payment of any amounts under or in respect of the Certificates (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, a Dissolution Event) shall be cancelled and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Notice or the Non-Viability Event Write-Down Date;

(d) the Trustee shall dissolve the Trust; and

(e) neither the Trustee nor the Delegate will have any further claim against Albaraka in respect of any Certificates.

9.5 **Interpretation**

In these Conditions:

"**Initial Non-Viability Notice**" has the meaning given to it in Condition 9.2 (*Notification of a Non-Viability Event*);

"**Junior Loss-Absorbing Instruments**" means any Loss Absorbing Instrument that is or represents a Junior Obligation;

"**Loss-Absorbing Instrument**" means any security or other instrument issued directly or indirectly by Albaraka or payment obligation of Albaraka that has provision for all or some of its principal amount to be reduced and/or converted into equity (in accordance with its terms or otherwise) on the occurrence or as a result of a Non-Viability Event (which shall not include ordinary shares or any other instrument that does not have such provision in its terms or otherwise but which is subject to any Statutory Loss Absorption Measure);

"**Non-Viable**" means, in the case of Albaraka, where Albaraka is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law (No. 5411) that: (i) its operating licence is to be revoked and that Albaraka is to be liquidated; or (ii) the rights of its shareholders, and the management and supervision of Albaraka, are to be transferred to the SDIF;

"**Non-Viability Event**" means the determination by the BRSA, and notification thereof to Albaraka, that, upon the incurrence of a loss by Albaraka (on a consolidated or non-consolidated basis), Albaraka has become, or it is probable that Albaraka will become, Non-Viable;

"**Non-Viability Event Write-Down Date**" shall be the date on which the Write-Down will take place as specified in the Non-Viability Notice, which date shall be no later than 15 Business Days (or such other date as determined by BRSA) after the date of the Non-Viability Notice;

"**Non-Viability Notice**" has the meaning given to it in Condition 9.2 (*Notification of a Non-Viability Event*);

"**Parity Loss-Absorbing Instruments**" means any Loss-Absorbing Instrument that is or represents a Parity Obligation;

"**SDIF**" means the Savings Deposit Insurance Fund (Tasarruf Mevduatı Sigorta Fonu) of Turkey;

"**Statutory Loss Absorption Measure**" means the transfer of shareholders' rights and the management and supervision of Albaraka to the SDIF pursuant to Article 71 of the Banking Law (No. 5411) or any analogous procedure or other measure under the laws of Turkey by which the relevant loss(es) of Albaraka giving rise to the Non-Viability Event may be absorbed by Junior Obligations; and

"**Write-Down Amount**" means, in respect of a Certificate, the amount by which the outstanding face amount of such Certificate as of the date of the relevant Write-Down is to be Written-Down, which shall be determined as described in Condition 9 (*Loss Absorption upon the occurrence of a Non-Viability Event*) and may be all or part only of such face amount, in each case as specified in writing (including by way of publication) by the BRSA, and "**Written-Down Amount**" shall be construed accordingly.

10. PURCHASE OF CERTIFICATES

Pursuant to Article 8 of the BRSA Regulation, the Certificates shall not be assigned and/or transferred to, or for the benefit of, any of Albaraka's affiliates or subsidiaries (as contemplated in the Banking Law (Law No. 5411)).

11. TAXATION

All payments in respect of the Certificates shall be made without withholding or deduction for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature, imposed or levied by or on behalf of any Relevant Jurisdiction ("**Taxes**"), unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay additional amounts so that the full amount which otherwise would have been due and payable under the Certificates is received by parties entitled thereto, except that no such additional amount shall be payable in relation to any payment in respect of any Certificate:

(a) the holder of which is liable for such Taxes in respect of such Certificate by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Certificate;

(b) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Payment Business Day;

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive; or

(d) presented for payment (where presentation is required) by or on behalf of a Certificateholder who would be able to avoid such withholding or deduction by presenting the relevant Certificate to another Paying Agent in a different Member State of the European Union.

Notwithstanding anything to the contrary in these Conditions, none of the Trustee, any Paying Agent or any other person shall be required to pay any additional amounts with respect to any withholding or deduction imposed on or with respect to any Certificate pursuant to Section 1471 to 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**"), any treaty, law, regulation or other official guidance implementing FATCA, or any agreement (or related guidance) between the Trustee, a paying agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA. As a result, the Periodic Distribution Amounts and/or other profit amounts and/or Dissolution Distribution Amounts received by Certificateholders may be less than expected.

In these Conditions, references to the Dissolution Distribution Amount or any Periodic Distribution Amount payable in respect of a Certificate shall be deemed to include any additional amounts payable under this Condition 11. In addition, in these Conditions:

"**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect shall have been duly given to the Certificateholders in accordance with Condition 16 (*Notices*); and

"**Relevant Jurisdiction**" means each of the Cayman Islands (in the case of any payment made by the Trustee) and Turkey (in the case of any payment made by Albaraka) or, in each case, any political sub-division or authority thereof or therein having power to tax.

The Management Agency Agreement, the Murabaha Agreement and the Purchase Undertaking provide that payments thereunder by Albaraka shall be made without withholding or deduction for, or on account of, any Taxes, unless the withholding or deduction of the Taxes is required by law and without set-off or counterclaim of any kind, and in the event that there is such deduction or withholding, provides for the payment by Albaraka of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.

12. **PRESCRIPTION**

The right to receive distributions in respect of the Certificates will be forfeited unless claimed within periods of ten years (in the case of the Dissolution Distribution Amount) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof, subject to the provisions of Condition 6 (*Periodic Distributions*).

13. **DISSOLUTION EVENTS**

13.1 If:

(a) a Subordination Event occurs; or

(b) an order is made by any competent court or the Government of Turkey, as the case may be, or a resolution is passed for the winding up, dissolution or liquidation of Albaraka,

(each, a "**Dissolution Event**") and written notice of same is received by the Trustee and the Delegate (or they shall have actual knowledge of same) then, subject to the Trustee or the Delegate being indemnified and/or secured and/or prefunded to its satisfaction, the Trustee (failing whom, the Delegate) shall give notice of the occurrence of such Dissolution Event to the holders of Certificates (the "**Dissolution Notice**") in accordance with Condition 16 (*Notices*) with a request to such holders to request if they wish the Certificates to be redeemed and the Trust to be dissolved. The Delegate may in its absolute discretion or, if so requested in writing by the holders of at least 25 per cent. of the aggregate face amount of the Certificates then outstanding or if so directed by an Extraordinary Resolution of the holders of the Certificates (each a "**Dissolution Request**"), the Delegate shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Trustee, Albaraka and all the holders of the Certificates in accordance with Condition 16 (*Notices*) that the Certificates are to be redeemed at the Dissolution Distribution Amount on the date specified in such notice (the "**Dissolution Event Redemption Date**"), in which event all amounts payable by Albaraka in respect of its obligations under the Transaction Documents shall accordingly forthwith become immediately due and payable, subject to the subordination provisions described in Condition 3.2 (*Status, Subordination and Limited Recourse – Subordination*), the non-viability provisions described in Condition 9 (*Loss Absorption upon the occurrence of a Non-Viability Event*) and the provisions described in Condition 14 (*Enforcement*). If it has not already done so, following a Dissolution Request, the Trustee (or the Delegate in the name and on behalf of the Trustee) shall exercise its rights under the Murabaha Agreement and the Purchase Undertaking by serving an Exercise Notice on Albaraka. Notice of any such action shall promptly be given to the Certificateholders in accordance with Condition 16 (*Notices*).

13.2 Provided that a Dissolution Event has not occurred, if default is made by: (i) Albaraka in the payment of any amount due pursuant to its obligations under any Transaction Document to which it is a party and/or default is made in the payment of a Periodic Distribution Amount and the default continues for a period of fourteen (14) days; or (ii) Albaraka in the payment of the Dissolution Distribution Amount and the default continues for a period of seven (7) days, (the amount of such defaulted payment being, the "**Non-Payment Amount**" and the default being, a "**Non-Payment Event**"), the Delegate may in its absolute discretion or shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Trustee, Albaraka and all the holders of the Certificates in accordance with Condition 16 (*Notices*). If so requested in writing by the holders of at least 25 per cent. of the aggregate face amount of the Certificates then outstanding or if so directed by an Extraordinary Resolution of the holders of the Certificates (each a "**Non-Payment Request**"), the Trustee or the Delegate acting in the name and on behalf of the Trustee shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) institute or join proceedings for Albaraka to be declared bankrupt or insolvent or for there otherwise to be a Subordination Event, or for Albaraka's winding-up, dissolution or liquidation, and prove in the winding-up, dissolution or liquidation of Albaraka.

14. ENFORCEMENT

14.1 Upon the occurrence of a Dissolution Event and following the receipt of a Dissolution Request, the Trustee or the Delegate (subject in either case to it being indemnified and/or secured and/or pre-funded to its satisfaction), may in its absolute discretion or shall (acting pursuant to the Declaration of Trust) or by Extraordinary Resolution, institute proceedings for, or prove in the winding-up, dissolution or liquidation of Albaraka, but it is not entitled to take any further or other action to enforce, claim or prove for any payment by Albaraka in respect of its obligations under the Transaction Documents in relation to the Certificates and may only claim such payment in the winding-up, dissolution or liquidation of Albaraka.

14.2 Subject to Condition 14.5 (*Enforcement*), the Delegate is also entitled (subject to being indemnified and/or secured and/or prefunded to its satisfaction) to institute proceedings (other than those referred to in Condition 14.1 (*Enforcement*)) acting in the name and on behalf of the Trustee against Albaraka to enforce any obligation, condition, undertaking or provision binding on Albaraka under the Transaction Documents, **provided that** Albaraka shall not by virtue of the institution of any such proceedings be obliged to pay any amount or amounts in relation to any amount payable in respect of the Certificates sooner than the same would otherwise have been payable by it, except with the prior approval of the BRSA.

14.3 No remedy against Albaraka, other than as provided above or as separately agreed between Albaraka, the Trustee and the Delegate, shall be available to the Trustee or the Delegate, whether for the recovery of amounts owing by Albaraka pursuant to its obligations under the Transaction Documents in respect of any amount due to Certificateholders or in respect of any breach by Albaraka of any of its obligations, covenants or undertakings under the Transaction Documents in relation to the Certificates.

14.4 Neither the Trustee nor the Delegate shall be bound in any circumstances to take any action, proceeding or step to enforce the provisions of the Transaction Documents or take any action against Albaraka unless directed or requested to do so: (a) by an Extraordinary Resolution; or (b) in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Certificates then outstanding, and, in either case, then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing, **provided that** neither the Trustee nor the

Delegate shall be liable for the consequences of exercising or not exercising its discretion or taking or refraining from taking any such action and may do so without having regard to the effect of such action on individual Certificateholders.

14.5 No Certificateholder shall be entitled to proceed directly against Albaraka (in any circumstance) or the Trustee unless: (i) Trustee or the Delegate, having become bound so to proceed against Albaraka in the name and on behalf of the Trustee, fails to do so within a reasonable period of becoming so bound and such failure is continuing; and (ii) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders who propose to proceed directly against the Trustee) holds at least 25 per cent. of the aggregate face amount of the Certificates then outstanding. Under no circumstances shall the Delegate have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Purchase Undertaking and the Declaration of Trust and the sole right of the Delegate against Albaraka shall be to enforce its respective obligations under the Transaction Documents.

14.6 The foregoing paragraphs in this Condition 14 are subject to this Condition 14.6. After enforcing or realising the Trust Assets and distributing in full the proceeds of the Trust Assets in accordance with Condition 4.2 (*Trust Arrangements – Application of Proceeds from Trust Assets*) and the Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and the Trustee shall not be liable for any further sums and, accordingly, no holder of the Certificates may take any further steps against the Trustee, the Delegate or any other person to recover any further sums in respect of the Certificates and the right to receive any sums unpaid shall be extinguished. In particular, no holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

14.7 All claims by the Trustee (or the Delegate acting in the name and on behalf of the Trustee) against Albaraka under the Transaction Documents (including, without limitation, any claim in relation to any unsatisfied payment obligation of Albaraka under the Transaction Documents) shall be subject to, and shall be superseded by the provisions of Condition 9 (*Loss Absorption upon the occurrence of a Non-Viability Event*), irrespective of whether the relevant Non-Viability Event occurs prior to or after the event which is the subject matter of the claim, **provided that** nothing in these Conditions shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Delegate or the rights and remedies of the Delegate in respect thereof, all of which shall accordingly remain unsubordinated.

15. REPLACEMENT OF DEFINITIVE CERTIFICATES

Should any Definitive Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Registrar, the Trustee or Albaraka may reasonably require. Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

16. NOTICES

All notices to Certificateholders will be valid if:

(a) published in a daily newspaper having general circulation in London (which is expected to be the *Financial Times*) approved by the Delegate; or

(b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective registered addresses.

Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

17. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

17.1 The Declaration of Trust contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification by Extraordinary

Resolution of these Conditions or the provisions of the Declaration of Trust. The quorum at any meeting for passing an Extraordinary Resolution other than one relating to a Reserved Matter will be two or more Voters present holding or representing in the aggregate more than 50 per cent. in aggregate face amount of the Certificates for the time being outstanding, or at any adjourned such meeting two or more Voters present whatever the outstanding face amount of the Certificates held or represented by him or them, except that any meeting the business of which includes an Extraordinary Resolution relating to a Reserved Matter, the quorum shall be two or more Voters present holding or representing more than 75 per cent. in aggregate face amount of the Certificates for the time being outstanding, or at any adjourned such meeting two or more Voters present holding or representing more than 25 per cent. in aggregate face amount of the Certificates for the time being outstanding. To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the persons voting on a show of hands or, if a poll is duly demanded, a majority of not less than three-quarters of the votes cast on such poll. The quorum for a meeting for all business other than an Extraordinary Resolution will be two or more Voters present holding or representing in the aggregate more than one-twentieth of the face amount of Certificates for the time being outstanding, or at an adjourned such meeting two or more Voters present whatever the outstanding face amount of the Certificates held or represented by them.

17.2 The Declaration of Trust provides that an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held in accordance with the Declaration of Trust, shall be binding upon all the Certificateholders whether or not present or whether or not represented at such meeting and whether or not voting and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. A Written Resolution or an Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution or an Electronic Consent will be binding on all Certificateholders whether or not they participated in such Written Resolution or Electronic Consent.

17.3 The Declaration of Trust provides that the Delegate may agree, without the consent or sanction of the Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Declaration of Trust or any other Transaction Document, which: (a) (excluding in respect of a Reserved Matter) in any such case is not, in the opinion of the Delegate, materially prejudicial to the interests of Certificateholders; or (b) to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error.

17.4 In connection with the exercise by it of any of its powers, authorities, obligations and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Delegate shall have regard to the general interests of the Certificateholders as a class (and shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof) and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Delegate or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.

17.5 Any modification, waiver, authorisation or determination made pursuant to this Condition 17 shall be binding on all the Certificateholders and, unless the Delegate otherwise agrees, shall be notified by the Trustee to the Certificateholders as soon as practicable thereafter in accordance with Condition 16 (*Notices*).

18. INDEMNIFICATION AND LIABILITY OF THE TRUSTEE AND THE DELEGATE

18.1 The Declaration of Trust contains provisions for the indemnification of the Trustee and the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction, as well as provisions entitling the Trustee and the Delegate to be paid costs and expenses in priority to the claims of Certificateholders.

18.2 The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of Albaraka or the Trustee under the Transaction Documents and shall not under any circumstances have any liability or be obliged to account to the Certificateholders in respect of any payments which should have been made by Albaraka or the Trustee but are not so paid and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.

18.3 The Trustee is exempted from: (i) any liability in respect of any decline in value or loss realised upon any sale or other disposition of, or loss or theft of the Trust Assets; (ii) any obligation to insure the Trust Assets; (iii) any liability in respect of any defect or failure in the right or title over any of the Trust Assets; and (iv) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of wilful default, gross negligence or fraud by the Trustee, as the case may be.

18.4 The Declaration of Trust also contains provisions pursuant to which the Delegate is entitled, among other things: (i) to enter into business transactions with Albaraka, the Trustee and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to Albaraka, the Trustee and/or any of their respective Subsidiaries; (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Certificateholders; and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

19. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. GOVERNING LAW AND DISPUTE RESOLUTION

20.1 The Declaration of Trust and the Certificates (including the remaining provisions of this Condition 20 and any non-contractual obligations arising out of or in connection with the Declaration of Trust and the Certificates) are governed by, and shall be construed in accordance with, English law, except for the provisions of Condition 3.2 (*Status, Subordination and Limited Recourse – Subordination*) (including reference thereto in Condition 9 (*Loss Absorption upon the occurrence of a Non-Viability Event*), which will be governed by, and construed in accordance with, Turkish law.

20.2 Both the Trustee and Albaraka have in the Declaration of Trust irrevocably agreed for the benefit of the Delegate and the Certificateholders that the courts of England shall have exclusive jurisdiction to settle any dispute, controversy or claim arising from or connected with the Declaration of Trust and the Certificates or the consequences of their nullity or any non-contractual or other dispute (a "**Dispute**") and have accordingly submitted to the exclusive jurisdiction of the English courts.

20.3 Each of the Trustee and Albaraka has also agreed that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, it will not argue to the contrary.

20.4 The documents which start any proceedings and any other documents required to be served in relation to those proceedings may (without limiting any other means available) be served on Albaraka by being delivered to Maples and Calder, 11th Floor, 200 Aldersgate Street, London, EC1A 4HD or, if different, its registered office for the time being, and on the Trustee by being delivered to Maples and Calder, 11th Floor, 200 Aldersgate Street, London, EC1A 4HD (marked for the attention of 'Process Agency') or, if different, its registered office for the time being, or at any address of the relevant party in England at which process may be served on it in accordance with Part 34 of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the relevant party, such party shall appoint a further person in England to accept service of process on its behalf and failing such appointment within 15 days, the Delegate shall be entitled to appoint such a person by notice addressed to the Trustee or (as appropriate) Albaraka and delivered to the Trustee or Albaraka pursuant to the Declaration of Trust. Nothing in this Condition 20.4 shall affect the right of any party to serve process in any other manner permitted by law. This Condition 20.4 applies to proceedings in England.

The Trustee and Albaraka agree, without limitation to the generality of any of the foregoing and without prejudice to the enforcement of a judgment obtained in the courts of England pursuant to the provisions of Article 54 of the Act on International Private Law and Procedural Law (Law No. 5718) of Turkey, that if a judgment is obtained against Albaraka and/or the Trustee in the courts of England, such judgment shall constitute conclusive evidence of the existence and amount of the claim against Albaraka and/or the Trustee, pursuant to first paragraph of Article 193 and 199 of the Civil Procedure Code of Turkey (Law No.6100) (published in the Official Gazette dated 4 February 2011, No. 27836) and Article 59 of the Act on International Private Law and Procedural Law (Law No. 5718) of Turkey.

20.5 Each of the Trustee, the Delegate and Albaraka has irrevocably agreed in the Declaration of Trust that if any Proceedings are commenced in relation to a Dispute and/or any Proceedings are brought by or on behalf of a party under the Declaration of Trust, it will: (i) not claim interest under, or in connection with, such Proceedings; and (ii) to the fullest extent permitted by law, waive all and any entitlement it may have to interest awarded in its favour by a court as a result of such Proceedings.

20.6 For the avoidance of doubt, nothing in Condition 20.6 shall be construed as a waiver of rights in respect of Periodic Distribution Amounts, Dissolution Distribution Amount or profit of any kind howsoever described payable by Albaraka or the Trustee pursuant to the Transaction Documents and/or these Conditions, howsoever such amounts may be described or re-characterised by any court.

GLOBAL CERTIFICATE

The Global Certificate contains provisions which apply to the Certificates whilst they are represented by the Global Certificate, some of which modify the effect of the Conditions. Unless otherwise defined, terms defined in the Conditions have the same meaning below.

Form of the Certificates

The Certificates will be in registered form. Certificates will be issued outside the United States in reliance on Regulation S under the Securities Act.

Certificates will initially be represented by a global certificate in registered form (a "**Global Certificate**"). Global Certificates will be deposited with a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the Common Depositary. Persons holding interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Certificates in fully registered form.

Holders

For so long as any Certificate is represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Certificate (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificate standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such face amount of such Certificate for all purposes other than with respect to any payment on such face amount of such Certificate, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee, the Delegate and their respective agents as the holder of such face amount of such Certificate in accordance with and subject to the terms of the Global Certificate and the expressions "**Certificateholder**" and "**holder of Certificates**" and related expressions shall be construed accordingly.

Payments to registered Holder

Payments of any amount in respect of the Global Certificates will, in the absence of provision to the contrary, be made to the person shown in the Register as the registered Holder of the Certificates represented by a Global Certificate at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where the "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business. None of the Trustee, the Delegate, Albaraka, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such interests.

Payment of any amounts in respect of Certificates in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 1.1 (*Form, Denomination and Title – Form and Denomination*)) immediately preceding the due date for payment in the manner provided in that Condition.

Exchange for definitives

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Certificates (a "**Definitive Certificate**") upon the occurrence of an Exchange Event (as defined below). The Trustee will promptly give notice to Certificateholders in accordance with Condition 16 (*Notices*) if an Exchange Event occurs. For these purposes, an "**Exchange Event**" will occur if: (a) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and no successor clearing system is available; or (b) upon the occurrence of a Dissolution Event. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any other person acting on their behalf, as the case may be, (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the

Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Trustee may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar. A Certificateholder who holds a principal amount of less than the minimum Authorised Denomination will not receive a Definitive Certificate in respect of such holding and would need to purchase a principal amount of Certificates such that it holds an amount equal to one or more Authorised Denominations.

It shall be a condition to each Certificateholder exchanging its interests in a Global Certificate for Definitive Certificates that each such Certificateholder provides a confirmation to the Trustee and Delegate that such Certificateholder confirm the appointment of Deutsche Trustee Company Limited as Delegate of the Certificateholders for the purposes specified in and subject to the provisions of the Declaration of Trust.

Notices

For so long as all of the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Certificateholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication to the relative Accountholders rather than by publication and delivery as required by Condition 16 (*Notices*). Any such notice shall be deemed to have been given to the Certificateholders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg as aforesaid.

USE OF PROCEEDS

On the Closing Date, the Trustee will apply the Issuance Proceeds in the following manner:

(i) fifty one per cent. (51%) of the proceeds will be used to purchase the Initial Asset Portfolio from Albaraka pursuant to the Initial Asset Portfolio Sale and Purchase Agreement; and

(ii) forty nine per cent. (49%) will be used to purchase Commodities from the Supplier, which will be subsequently sold to Albaraka pursuant to the Initial Murabaha Contract entered into pursuant to the Murabaha Agreement.

DESCRIPTION OF THE TRUSTEE

Registered Office

The registered office of the Trustee is at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and the telephone number of the registered office is +1 345 945 7099.

Date of Incorporation and legal form

The Trustee is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law (2013 Revision) (as amended) on 24 August 2015 (with registration number 303386).

The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 shares of U.S.$1.00 each, of which 250 shares are fully paid up and issued. All of the issued shares of the Trustee (the "**Shares**") are or will be held by MaplesFS Limited as share trustee (the "**Share Trustee**") under the terms of a declaration of trust (the "**Share Declaration of Trust**") dated 12 November 2015 under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit the Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

Purpose and Business Activity

The principal objectives of the Trustee are unrestricted and the Trustee has full power and authority to carry out any objective not prohibited by the laws of the Cayman Islands. The Trustee has been established to raise capital for Albaraka by the issuance of Certificates.

The Trustee is organised as a special purpose entity and consequently does not have any employees or own any physical assets.

The Trustee does not engage in, and has not, since its incorporation, engaged in, any activities other than those incidental to: (i) its registration and maintenance as an exempted company; (ii) the authorisation of the offering and issue of Certificates to which it is or will be a party; (iii) the ownership of such interests and other assets referred to herein; (iv) the other matters contemplated in this Prospectus or any other prospectus related to the offering and issue of trust certificates to which it is or will be a party; (v) the authorisation and execution of the other documents referred to in this Prospectus or any other prospectus related to the offering and issue of trust certificates to which it is or will be a party; and (vi) other matters which are incidental or ancillary to those activities.

The Trustee's ongoing activities will principally comprise: (i) the issue of Certificates; and (ii) the exercise of related rights and powers and other activities referred to in this Prospectus or reasonably incidental to those activities.

The Trustee does not have subsidiaries or employees.

The Trustee's financial year ends on 31 December of each year. Since the date of its incorporation, no financial statements of the Trustee have been prepared and the Trustee has not carried out any operations. The Trustee is a special purpose vehicle and will not prepare its own financial statements or accounts.

Management

The directors of the Trustee and their respective business addresses and principal activities are as follows:

Name and Occupation

Name	Principal Occupation
Nishma Sanghvi	Assistant Vice President, Maples Fund Services (Middle East) Limited
Cleveland Stewart................................	Senior Vice President, MaplesFS Limited

The business address of Cleveland Stewart is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The business address of Nishma Sanghvi is c/o Maples Fund Services (Middle East) Limited, Office 616, 6th Floor, Liberty House, P.O. Box 506734, Dubai, United Arab Emirates.

There are no potential conflicts of interest between the private interests or other duties of the directors listed above and their duties to the Trustee.

Corporate Administration

MapleFS Limited also acts as the corporate administrator of the Trustee (in such capacity, the "**Corporate Administrator**"). The office of the Corporate Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of a corporate services agreement dated 12 November 2015 entered into between the Trustee and the Corporate Administrator (the "**Corporate Services Agreement**"), the Corporate Administrator has agreed to perform in the Cayman Islands, the United Arab Emirates and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee and the Corporate Administrator have also entered into a registered office agreement (the "**Registered Office Agreement**") for the provision of registered office facilities to the Trustee. In consideration of the foregoing, the Corporate Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses

The terms of the Corporate Services Agreement and the Registered Office Agreement provide that either the Trustee or the Corporate Administrator may terminate such agreements upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Agreement provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party with a copy to any applicable rating agency.

The Corporate Administrator will be subject to the overview of the Trustee's board of directors.

The Corporate Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The directors of the Trustee are all employees or officers of the Corporate Administrator or an affiliate thereof.

DESCRIPTION OF ALBARAKA TÜRK KATILIM BANKASI A.Ş

OVERVIEW

Albaraka Türk Katılım Bankası A.Ş. (the "**Bank**") was established as the first interest-free bank in Turkey in 1984 and commenced commercial operations in March 1985. The Bank's business is undertaken in compliance with the principles of interest-free banking, known as participation banking. The Bank operates in Turkey under Banking Law No. 5411 (the "**Banking Law**").

The Bank's total assets, funds collected and shareholders' equity as at 31 December 2014, 31 December 2013, 31 December 2012 and as at 30 June 2015 and 30 June 2014 were as follows:

	As at 30 June		As at 31 December		
	2015	2014	2014	2013	2012
	(Turkish Lira ("TL") millions)				
Total assets	27,045.666	19,133.616	23,046.424	17,216.553	12,327.654
Funds collected	18,347.596	13,671.628	16,643.218	12,526.212	9,225.018
Shareholders' equity	1,893.682	1,599.583	1,790.927	1,497.268	1,218.333

The three principal business segments through which the Bank conducts its operations are Retail Banking, Commercial and Corporate Banking and Treasury.

As at 30 June 2015, the Bank had 209 branches and 227 automatic teller machines ("**ATMs**"). As at 31 December 2014, the Bank had 202 branches and 216 ATMs across Turkey as compared to 167 branches and 185 ATMs as at 31 December 2013 and 137 branches and 147 ATMs as at 31 December 2012.

The Bank made a net profit of TL 252.6 million for the year ended 31 December 2014 as compared to a net profit of TL 241.4 million for the year ended 31 December 2013, and the Bank made a net profit of TL 140.4 million for the six month period ended 30 June 2015 as compared to a net profit of TL 117.9 million for the six month period ended 30 June 2014.

The Bank's registered office is Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi, No. 6, 34768 Ümraniye, Istanbul, Turkey and its telephone number is +90 216 666 01 01.

HISTORY

The Bank was incorporated on 5 November 1984 as a joint stock company under the name of Albaraka Türk Özel Finans Kurumu A.Ş. On 21 January 1985, by a decision numbered 36729, the Turkish Central Bank granted the Bank a Special Finance Institution licence (being the licence required by institutions undertaking banking activities in an interest-free manner) in accordance with the Council of Ministers Decree Number 83/7506 dated 16 December 1983.

During the late 1980s and 1990s, the Bank began to diversify its products and services, in particular through leasing and the introduction of credit cards. From 2002, in the aftermath of a banking crisis in Turkey which resulted in the liquidation of a number of banks (including the interest-free bank İhlas Finans in 2001), the Bank increased its focus on the retail segment and between 2002 and 2008 expanded its branch network from 24 to 100 branches over the period.

Following the introduction of a new banking framework in 2005 (whereby the regulation and supervision of all interest-free financial institutions was transferred to the BRSA, the Bank was reclassified as a "Participation Bank" (*katılım bankası*). On 22 December 2005, in accordance with the BRSA's new regulations, the Bank changed its name to Albaraka Türk Katılım Bankası A.Ş.

In 2007, 20.6 per cent. of the Bank's shares were sold in an initial public offering which resulted in the Bank being listed on the Istanbul Stock Exchange, Borsa Istanbul ("**BIST**"), and, in 2009 the Bank completed its first internationally syndicated financing (Murabaha). The Bank has gone on to raise the equivalent of:

- U.S.$ 240 million in one year Euro and U.S. dollar funds in the year 2010;
- U.S.$ 350 million in one year Euro and U.S. dollar funds in the year 2011;

- U.S.$ 450 million in one year Euro and U.S. dollar funds in the year 2012;
- U.S.$ 430 million in one year and two year tranche Euro and U.S. dollar funds in the year 2013;
- U.S.$ 216 million in one year Euro and U.S. dollar funds in the year 2014; and
- U.S.$ 268 million in two years three days U.S. dollar funds in April 2015.

SHAREHOLDERS

The Bank's fully paid share capital is TL 900 million, which consists of 900 million shares with a nominal value of TL 1.00 each. As at 30 June 2015, 66.1 per cent. of the Bank's shares were held by international shareholders, 9.8 per cent. by domestic shareholders and the remaining 24.1 per cent. were publicly traded on the BIST. The Bank's shareholding structure as at 30 June 2015 was as follows:

Shareholder name	Number of shares	% of shares held
Foreign shareholders	**594,902,934**	**66.10**
Albaraka Banking Group[1]	486,523,266	54.06
Islamic Development Bank	70,573,779	7.84
Alharthy Family	31,106,364	3.46
Other	6,699,525	0.74
Local shareholders	**88,594,135**	**9.84**
Publicly-held	**216,502,931**	**24.06**
Total	**900,000,000**	**100.00**

Note:

(1) The Albaraka Banking Groups' total shareholding in the Bank amounted to 54.1 per cent. as at 30 June 2015 and 24.1 per cent. of the shares are publicly traded and quoted on the BIST. Through his ownership of shares in Albaraka Banking Group, Saleh Abdullah M. Kamel, Chairman of Albaraka Banking Group, indirectly controls a 54.1 per cent. stake in the Bank. There were no other non-corporate shareholders controlling direct or indirect stakes in the Bank that amounted to more than five per cent. of the total number of shares as at 30 June 2015**.**

As at 30 June 2015, the ABG employed 11,350 people, operated through 573 branches and supplied retail, corporate and investment banking products and services within the framework of the principles of interest-free banking. ABG serves customers in 15 countries on three continents through 11 banks, two representative offices and one investment company. In addition to Turkey, ABG has banks in Bahrain, Algeria, South Africa, Lebanon, Egypt, Pakistan, Sudan, Syria, Tunisia, Iraq and Jordan and representative offices in Indonesia and Libya. As at 31 December 2014, ABG's total assets were U.S.$23.46 billion with shareholders' equity of approximately U.S.$2.08 billion (set out in U.S. dollars as per the 2014 Annual Report). ABG's shares are quoted on the Bahrain Bourse and on NASDAQ Dubai and it has been assigned a "BB+" long term credit rating and a "B" short term credit rating by Standard & Poor's.

The Bank is the largest subsidiary of ABG by assets. However, the Bank has its own set of independent policies which are based on local market conditions.

STRATEGY

The Bank's strategy is to continue expanding its business, both domestically and internationally. The Bank's expansion strategy is expected to be implemented through:

- the expansion of its domestic branch network with a target of reaching 250 domestic branches by the end of 2018 and a corresponding increase in its focus on consumer banking with the aim of achieving a loan portfolio breakdown where loans to consumers will make up approximately 20.0 per cent. of the loans granted as at 31 December 2017 as compared to 13.1 per cent. as at 31 December 2014;
- a focus on SMEs and corporate entities with the aim of achieving a loan portfolio breakdown where loans to SMEs and corporate entities will make up 40.0 per cent. each of the loans granted as of the end of 2017;

- an increased focus on trade finance operations through more effective utilisation of the Bank's strong network of correspondent banks worldwide as well as the strategic support of other members of ABG within those jurisdictions where ABG has a presence;

- in order to support its expansion strategy, the Bank also intends to enhance both its information technology ("**IT**") and human resource ("**HR**") functions so that they remain able to support the Bank's expanded operations efficiently; on the HR side, a performance management system (both for sales personnel and other general management and branch employees) is in the process of being implemented, with the intention that they will be fully implemented before the end of 2015. The Bank has progressed a new core banking system project which went live in June 2015; and

- the expansion of its overseas network by establishing branches and acquiring or establishing subsidiaries in countries outside Turkey. The Bank currently focuses on the Middle East, North Africa, the Balkans and the Commonwealth of Independent States, being regions where the Bank believes that there is strong potential for the growth of participation banking. The Bank opened its first offshore branch in Erbil, Northern Iraq in 2011. The Bank will also consider possible acquisition opportunities as they arise, particularly in the Balkans and the Gulf region.

COMPETITION

The Bank faces competition in each of its principal business areas. According to the website of the BRSA, there are currently 52 banks operating in Turkey, including five participation banks and five branches of foreign banks established and licensed outside Turkey. The private commercial banks in Turkey can be divided into three groups: large private banks, small private banks and banks under foreign control.

Although the main competition faced by the Bank is from the four other participation banks in Turkey (Kuveyt Türk Katılım Bankası A.Ş., Türkiye Finans Katılım Bankası A.Ş., Asya Katılım Bankası A.Ş. and Ziraat Katılım Bankası A.Ş.), the Bank also faces competition from conventional Turkish banks and from foreign banks operating in Turkey. The principal areas where the Bank faces competition from these banks are in relation to its corporate and retail banking activities and, in particular, in relation to its SME customers.

As at 30 June 2015, the Bank's market share in Turkey (based on publicly available balance sheet information) amongst participation banks in respect of total assets, collected funds and funded credits was approximately 23.4 per cent., 25.5 per cent. and 23.8 per cent., respectively. In relation to the Turkish banking industry as a whole, as at 30 June 2015, the Bank's market share (based on publicly available balance sheet information) in respect of total assets, collected funds and funded credits was approximately 1.2 per cent., 1.5 per cent. and 1.3 per cent., respectively. As at 31 December 2014, the Bank's market share (based on publicly available balance sheet information) amongst participation banks in respect of total assets, collected funds and funded credits was approximately 22.1 per cent., 24.0 per cent. and 22.7 per cent., respectively. In relation to the Turkish banking industry as a whole, as at 31 December 2014 the Bank's market share (based on publicly available balance sheet information) in respect of total assets, collected funds and funded credits was approximately 1.2 per cent., 1.4 per cent. and 1.3 per cent., respectively.

It is expected that competition from other banks, both conventional and participation banks, will continue as additional institutions enter the sector.

In 2013, the Turkish government announced the expansion of the participation banking sector in Turkey by establishing public participation banks. To this end, Ziraat Participation Bank officially began operating as Turkey's first state-owned participation bank on 29 May 2015. The Turkish government's main intention was to increase the market share of participation banking which, as at 30 June 2015 was approximately, 5.2 per cent. in terms of asset size, 5.4 per cent. in terms of total credits and 5.8 per cent. in terms of deposits. The new public participation banks may have a positive impact on the market share of participation banks in the Turkish banking sector and human resources of the participation banking sector, but they may also have a negative impact on the Bank in that they will increase competition. As of 30 June 2015, the participation banks in Turkey are Albaraka Türk Katılım Bankası A.Ş., Kuveyt Türk Katılım Bankası A.Ş., Türkiye Finans Katılım Bankası A.Ş., Asya Katılım Bankası A.Ş. and Ziraat Katılım Bankası A.Ş.

Despite the relatively high level of competition in the Turkish banking sector, the Bank expects the continued but limited growth of the economy to lead to an overall growth in demand for banking services, particularly in respect of interest-free products.

The Bank is part of ABG and therefore benefits from the synergies between the group's members. ABG has established guidelines under which each member enters into transactions with other members. For example, the Bank conducted its North African (Algeria, Tunisia) originated trade finance businesses in a more efficient and customer orientated manner, through its group member banks.

BUSINESS

The Bank's three principal business segments are: i) Retail Banking, ii) Commercial and Corporate Banking and iii) Treasury.

Retail Banking

Overview

The table below sets out certain financial information relating to the Retail Banking segment as at and for each of the years ended 31 December 2014, 31 December 2013 and 31 December 2012 and as at and for each of the six month periods ended 30 June 2015 and 30 June 2014.

	As at and for the six month period ended 30 June		As at and for the year ended 31 December		
	2015	**2014**	**2014**	**2013**	**2012**
			(TL millions)		
Total assets	2,727.499	1,499.219	1,935.081	1,383.561	1,037.855
Total liabilities	12,768.054	9,447.763	11,475.842	8,358.926	6,128.377
Net profit for the period	**(90.346)**	**(161.821)**	**(350.212)**	**(194.752)**	**(223.133)**

Note:
The Bank classifies as retail assets and retail liabilities the funds which it applies to, and receives from, retail customers. Accordingly, the Bank generally records losses in its retail segment as the retail business is principally a deposit taking business.

Within the retail banking segment, the Bank principally accepts deposits from its retail customers, although it also has a relatively small portfolio of retail loans.

The Bank's retail banking goals are to improve its service quality and increase its product range, to focus on developing its delivery channels to attract new customers and to strengthen the Bank's position in the sector. As at 30 June 2015 the Bank provided retail banking services to over 1,015,414 customers through a network of 208 branches and 227 ATMs in Turkey and one branch in Erbil, Northern Iraq, as well as through its alternative delivery channels (such as telephone and internet banking).

Within the framework of its "sell the right product to the right customer" approach, the Bank intends to continue emphasising its marketing activities to ensure that customers are aware of the products and services offered by it, to enhance cross selling opportunities and to encourage customers to make greater use of its more cost-effective alternative delivery channels.

Principal Products

The major retail banking products offered are special current accounts and participation accounts:

Special current accounts: Special current accounts are instant access accounts denominated in Turkish Lira or other currencies (principally Euro and U.S. dollars) on which no profit is paid to holders although customers are entitled to a full return of principal. Special current account customers are also entitled to a credit card and can use the Bank's alternative delivery channels (such as telephone and internet banking) to manage their accounts.

Participation accounts: Participation accounts are time deposit accounts with maturities of one, three or six months, one year or longer periods. These accounts can be denominated in Turkish Lira, Euro or U.S. dollars and each currency comprises a separate pool. The pooled funds are used by the Bank to provide finance to its customers and the profits (net of the depositors' share of any losses) earned on such financing are shared between the Bank and the relevant depositors in a pre-defined ratio (typically around 15 per cent. to 20 per cent. for the Bank (although in the case of deposits with a term of at least one year the Bank's share is lower, typically around 8 per cent. with the balance belonging to the depositors**)**. The profit is paid at maturity of the deposit or, in the case of deposits with a term of at least one year, at pre-agreed periodic intervals. Although, unlike current accounts, there is no absolute entitlement to return of principal on these accounts, amounts of less than TL 100,000 in retail accounts benefit from a statutory savings deposits insurance fund guarantee. The ratios are modified by the Bank according to the Bank's marketing policy, deposit level and the Turkish banking sector positions (as determined by senior management and various sub-committees).

The volume of total funds collected, increased by 10.2 per cent. in the first half of 2015 to reach TL 18,348 million compared to 30 June 2014 and 10.2 per cent. compared to 31 December 2014 and funds collected through retail deposits increased by 36.7 per cent. to reach TL 11,553 million in the same period compared to 30 June 2014 (TL 8,452,204.5). The Bank's Turkish Lira and foreign currency accounts are divided into 48.8 per cent. (Turkish Lira) and 51.2 per cent. (foreign currency). For the six month period ending on 30 June 2015, participation accounts amounted to the equivalent of TL 14,907 million (approximately 81 per cent. of total funds deposited) while special current accounts represented the equivalent of TL 3,441 million (approximately 19 per cent. of the total funds deposited) for this same period.

Gold current accounts & participation accounts

Gold current accounts are opened by customers who wish to purchase or sell gold. As at 30 June 2015, the Bank had 1,048 kg of gold (worth approximately TL 104.7 million on deposit in these accounts and 1,468 kg of gold (worth TL 146.8 million) on deposit in participation accounts. As at 31 December 2014, the Bank had 1,508 kg of gold (worth TL 132.2 million) on deposit in these accounts and 2,356 kg of gold (worth TL 207.0 million) on deposit in participation accounts. Gold accounts are opened by customers depositing gold with the Bank. The collected gold can be deposited either to the customer's gold current account ("**Gold Current Accounts**") to protect the gold from larceny or to a gold participation account ("**Gold Participation Accounts**"), a new type of account established in October 2012, which provides interest-free yield for account holders.

Gold deposited in the Gold Participation Accounts will have a pre-determined term. The Bank has a separate pool for the funds collected through Gold Participation Accounts and cannot lend any credit from this pool. The Turkish Central Bank allows banks to hold Turkish Lira required reserves in FX and gold. The Bank uses the Gold Participation Accounts to hold the required reserves in the Turkish Central Bank hence required reserves in Turkish Lira are released against this gold amount. This provides the Bank with an additional fund resource in Turkish Lira. As a result, the Bank shares the profit and loss of this additional fund with gold participation accounts' holders.

All gold trading transactions carried out by the Bank are made by it as agent for its customers and the Bank does not hold any gold positions for its own account. The Bank closely follows up domestic and foreign gold markets and settles its pricing policy by keeping prices at a competitive level in the interbank market and focusing on customer satisfaction. The customers' demand for gold transaction are transmitted to the Gold Desk by branches via telephone or through the online system (Albaraka Operation System (ALBOS)).

Finance facilities

The Bank provides a range of finance facilities to its retail customers, each of which is structured in a manner that ensures that no interest is paid by the customer. The principal retail loans offered by the Bank are home finance loans (with a maturity of up to 10 years and a loan to value ratio of 75 per cent.), vehicle finance loans and a range of consumer finance loans. In respect of vehicle finance loans, where the invoice amount of the vehicle is TL 50,000 or less, the loan to value ratio cannot be more than 70 per cent. If the invoice amount of the vehicle is more than TL 50,000, the loan to value ratio will be applied at 70 per cent. of the invoice amount up to TL 50,000 and at 50 per cent. of the invoice amount over and above TL 50,000. In respect of financing 'used vehicles', the vehicle's insurance value is used to determine its value for the purposes of the above loan to value ratio calculations.

As at 30 June 2015, credit extended as retail financing accounted for 15.4 per cent. of all of the Bank's funded credits. As at 31 December 2014, credit extended as retail financing accounted for 12.5 per cent.

of all of the Bank's funded credits. The bulk of retail (87 per cent.) finance facilities are related to home-ownership lending.

The table below shows the Bank's funded retail credits as at years ended 31 December 2014, 31 December 2013 and 31 December 2012 and as at 30 June 2015 and 30 June 2014 by category.

	As at 30 June		As at year ended 31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Housing loans	2,389.784	1,254.632	1,698.802	1,151.716	875.409
Vehicle loans	128.723	83.956	98.795	76.964	42.899
Retail credit cards	58.654	54.818	54.794	62.977	42.789
Consumer loans	153.538	2.983	15.073	4.388	3.897
Other	-	105.067	61.175	95.577	76.883
Personnel loans	9.577	7.864	7.742	6.179	5.275
Total	**2,740.276**	**1,509.320**	**1,936.381**	**1,397.801**	**1,047.152**

Note: The retail credit figures shown above do not include instalment based commercial credits.

Alternative Delivery Channels

The Bank's alternative delivery channels comprise its ATM network, a call centre and its internet banking operation (all of which are available 24 hours a day, seven days a week). During 2014, the call centre handled 121,035 calls generating a business volume of TL 63.0 million whilst the internet banking operation registered 269,369 users and experienced a transaction volume of TL 12.5 billion. As at 30 June 2015, 86 of the Bank's branches were located in Istanbul with a further 17 located in Ankara. The remaining 106 branches were located in 58 different cities across Turkey. The Bank's ATMs are located in its branches, with some branches having more than one ATM. In addition, the Bank has 18 off-site ATMs

Other Retail Banking Services

In 2007 the Bank became licensed to offer Visa and MasterCard charge cards and in 2011 the Bank obtained the Visa "*Principal Member*" status. In 2011, through an agreement with Yapi Kredi Bank, the Bank introduced the Yapi Kredi Bank's credit card Worldcard namely "*World System*" which offers customers certain loyalty programmes, including instalment and campaign advantages. Thanks to the point of sale ("**POS**") infrastructure, customers can shop in instalments without paying any other fees or commission, however customers are unable to pay definite debt on their statement in instalments. Albaraka Worldcard is an interest-free charge card and the cardholder is obligated to repay any debt to the Bank in full by its due date on a monthly basis. The customer may shop in instalments in predetermined sectors with Albaraka Worldcard in the World POS system. However, after the cut-off date the total of all instalments of that period and any down payments that have been made are set off against each other and the final debt is calculated. The final debt of the customer cannot be received in instalments, the customer has to pay their final debt as at the due date, since Islamic banks are not allowed to finance a debt.

Customers can collect bonus points using Albaraka Worldcard which can be used as a method of payment instead of money. These reward programs help sustain the loyalty of customers to the Albaraka Worldcard. Albaraka Worldcard can be allocated to both retail and commercial customers. There are limitations placed on its usage, for instance, it cannot be used in night clubs, gambling sites, shops which are licenced to sell alcoholic beverages or have their merchant codes listed as alcoholic beverage stores. The merchants are monitored by their Merchant Member Codes ("**MMC**") and the Bank does not allow for shopping at merchants with MMCs in a prohibited field of activity (as referenced above). Moreover, within the framework of the credit card application forms entered into by the Bank's Worldcard customers, customers are prohibited from purchasing goods that are not permissible in accordance with Islamic Shariah from merchants. Customers cannot take out a cash advance with Albaraka Worldcard as it only assists with the purchase of goods or services.

The Bank offers both Visa and MasterCard charge cards to its retail and business customers, and this is an area in which the Bank intends to expand its operations over the coming years. Charge cards allow customers to make payments using the card although it is not possible for the customer to obtain a cash advance using the charge card and there are no extended credit periods available as the customer is obliged to pay off the balance in full at each payment date.

As at 31 December 2014, the number of bank cards in issue increased by 121 per cent. to reach 421,310 compared to 190,702 as at 31 December 2013. As at 31 December 2014, the credit card turnover was TL 1.4 million (compared to a turnover of TL 1.2 million as at 31 December 2013). The number of credit cards in issue as at 31 December 2014 was 108,986 cards compared to 113,890 in as at 31 December 2013. The Bank also provides Electron and Maestro debit cards and, as at 31 December 2014, the Bank had 421,310 debit cards in issue.

	Development in the Bank's Number of Cards		
	2014	**2013**	**Change (%)**
Credit Cards	108,986	113,890	(4.31)
Business Cards (credit cards for corporate and commercial customers)	46,495	41,297	12.60
Bank Cards	421,310	190,702	121.00
Total	**576,791**	**345,889**	**66.80**

The Bank is also focusing on increasing its number of POS terminals. As at 30 June 2015, the number of POS terminals reached 18,413 an increase of 15.5 per cent. when compared to 31 December 2014.

The Bank acts as an agent for nine insurance providers, selling principally conventional life and vehicle collision damage policies to its customers (takaful insurance is not currently available in Turkey). For the six month period ending on 30 June 2015, the total premium income recorded by the Bank was TL 4 million. For the six month period ending on 30 June 2014, the total premium income recorded by the Bank was TL 1.7 million. For the year ended 31 December 2014 and 31 December 2013 the total premium income recorded was TL 4.8 and 3.8 million. During 2010, the Bank became an authorised agent and member of the Turkish private pension system and, in 2011, the Bank entered into an agreement with Anadolu Hayat Emeklilik ("**AHE**") and Avivasa Emeklilik ve Hayat (a life insurance and private pension company), pursuant to which the Bank commenced selling its customers plans based on non-interest bearing pension funds operated by AHE and Avivasa Emeklilik ve Hayat. In 2013, the Bank set up an equal partnership joint venture with Kuveyt Türk Katilim Bankasi A.Ş. called Katilim Emeklilik ve Hayat A.Ş ("**Katılım Emeklilik**") to provide retirement and pension services. Katilim Emeklilik started operations in June 2014 and since then has reached a total volume of 69,668 insurance policies and achieved a fund size of TL 109.5 million.

Commercial and Corporate Banking

Overview

The table below sets out certain financial information relating to the Commercial and Corporate Banking segment for each of the years ended 31 December 2014, 31 December 2013, 31 December 2012 and the six month periods ended 30 June 2015 and 30 June 2014.

	As at and for 30 June		**As at and for the year ended 31 December**		
	2015	**2014**	**2014**	**2013**	**2012**
			(TL millions)		
Total assets	17,011.168	11,097.697	14,168.295	10,482.611	8,059.144
Total liabilities	11,716.666	7,486.467	9,106.218	6,880.760	3,933.215
Net profit for the period	**456.345**	**471.803**	**1,024.950**	**788.799**	**704.040**

The Commercial and Corporate Banking group offers a broad array of loan and deposit products and services designed for corporate and commercial customers of every kind with a particular focus on SMEs. The focus on SMEs reflects the Bank's strategy of increasing its SME customer base with the aim that 40 per cent. of the Bank's total loan portfolio will be represented by SME banking customers. The Bank's corporate and commercial loans are made to finance its customers' business activities and include term loans as well as working capital facilities. A significant part of the Bank's corporate and commercial loans are made to finance imports and exports effected by its customers. See "*Loan Portfolio*" for a breakdown of the Bank's loan portfolio by types of loan and by customer business segment.

The development of products offering different financial solutions for different industries in the SME market (which is the most competitive market in the commercial business) gained momentum in 2014. Packages such as the SME Service Package, Dentist Package and Foreign Commerce package were offered by the Bank to the market. Improvements have also been made to the Direct Debit System and in addition, Eximbank sourced utilisation of cash funds were transferred to customers in the exporting business through a Direct Debit System package. The result of these additional packages was that, with the addition of accounting integration systems for SMEs, opportunities for new business solutions were presented.

As at 30 June 2015, the number of customers in the commercial segment rose by 42.4 per cent. compared to 31 December 2014 to reach 66,939, with the Bank having acquired 19,932 new customers. As at the same date, cash credit risk reached TL 4,664 million, and cash risk ratio in the commercial segment decreased to 24.3 per cent. In terms of non-cash credits, TL 744.8 million letters of guarantee were issued and the volume of financial leasing reached TL 922.7 million in the first half of 2015, equating to 30 per cent. growth when compared to 31 December 2014.

The Bank accepts deposits from its corporate and commercial customers in Turkish Lira, U.S. dollars, EUR and gold current accounts and participation accounts, each of which is described under "*Retail Banking – Principal Products*".

Treasury

The table below sets out certain financial information relating to the Treasury segment for each of the years ended 31 December 2014, 31 December 2013 and 31 December 2012 and for the six month periods ended 30 June 2015 and 30 June 2014.

	As at and for the six month period ended 30 June		As at and for the year ended 31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Total assets	2,253.949	2,266.194	1,844.257	1,496.617	830.393
Total liabilities	268.186	330.796	262.573	217.852	305.105
Net profit for the period	49.767	51.434	103.971	61.672	44.661

The Treasury Marketing Division is principally responsible for managing the assets and liabilities of the Bank in the most efficient manner and within the framework established by the Bank. It is also responsible for managing the Bank's investment portfolio, see "*– Investments*" below.

To assist it in managing the Bank's assets and liabilities, the Treasury maintains an active position in the global FX markets. The FX desk is used as a tool to minimise rate risk rather than to generate profit. The desk operates within the Treasury Group and is responsible for planning foreign currency cash flow structuring, controlling the Bank's foreign currency position, monitoring local and foreign markets to ensure that FX funds are kept at an optimum level and trading on the FX market to minimise rate risk. Within this framework, all speculative FX transactions are prohibited and FX transactions are made solely for the purpose of minimising open currency positions.

The Treasury also operates a Gold Desk which is responsible for fulfilling the demands of the Bank's customers on gold exchange transactions and physical settlement of gold transactions by monitoring internal and international gold markets. The desk is also responsible for the Bank's relationship with BIST. As with the FX desk, all transactions are undertaken for customers and no speculative trading is permitted.

The Treasury also operates a Liquidity Management desk, which prepares a daily money position report for the Bank's management and maintains a regular flow of funds between the Bank's branches and the head office for the purpose of managing funds collected in foreign currencies. Another responsibility of the Liquidity Management desk is to form the connection between front office operations and back office.

The Money Market desk is currently responsible for running Wakala and Commodity Murabaha investment transactions, monitoring markets and managing the liquidity position of the Bank. Operations performed by the Money Market desk are split into two main activities, borrowing and investment. The Money Market desk is also in charge of buying and selling hard currencies on behalf of the Bank's customers, giving securities as collateral for liquidity generation and also fulfilling primary dealership requirements for the International Islamic Liquidity Management Corporation's sukuk issuances. In addition, the Money Market desk operates open market transactions which includes; repo, reverse repo and buying and selling sovereign securities (sukuk) from the banks in the secondary markets. The Bank may get involved in these transactions with the Turkish Central Bank as a lender of last resort by using its sovereign sukuk to manage its liquidity position in a more effective way.

FINANCIAL INSTITUTIONS

The Financial Institutions Department of the Bank ("**FI**") manages the corporate relations with correspondent banks on a reciprocity basis aiming to enhance local and international legal codes to monitor money laundering and terrorism dealings. The FI also ensures that the Bank is in compliance with the relevant "Know Your Customer" ("**KYC**") policies and rules of Turkish Financial Crimes Investigation Board ("**MASAK** "), the Financial Action Task Force ("**FATF** "), the Office of Foreign Assets Control ("**OFAC** ") and the UN Security Council.

The FI also manages the Bank's international borrowing activities and monitors the Bank's accounts held with domestic and foreign banks. The FI has accordingly established a strong network of correspondent banks and developed relationships with international financial institutions both in the domestic and foreign markets. The Bank's global network of correspondent banks comprises over 1,029 banks operating in approximately 112 countries. In addition, the FI undertakes the necessary marketing activities with potential correspondent banks to guarantee customers' needs in respect of foreign trade. The FI also conducts research and development activities for the purposes of incorporating more instruments to the Bank's product portfolio in compliance with interest-free (Islamic) banking principles. For example, the Bank utilized the first Saudi Export Programme credits in Turkey. The FI also administers the diversification of the Bank's external borrowing activities through the implementation of investment instruments such as "bilateral murabaha", "murabaha syndication", "lease certificates" or "sukuk", "wakalas" and "tawarruq".

The FI also provides external credits via certain programmes such as those provided by the Exports Credit Agencies ("**ECA**"), Islamic Development Bank's members of the International Islamic Trade Finance Corporation (the "**ITFC**"), the Islamic Corporation for the Development of the Private Sector (the "**ICD**") and, in addition, provides the Saudi Export Programme ("**SEP**") credits for those corporate customers seeking a long term investment.

LOAN PORTFOLIO

The Bank's total funded loans (including finance lease receivables) and other receivables portfolio amounted to TL 18.7 million as at 30 June 2015 compared to TL 12.7 million as at 30 June 2014 and TL 16.2 million as at 31 December 2014 compared to TL 12.1 million as at 31 December 2013.

The table below classifies this portfolio by credit quality as at 31 December 2014, 31 December 2013 and 31 December 2012:

	As at 31 December		
	2014	2013	2012
		(%)	
Above average (Category A)	16.01	26.12	18.59
Average (Categories B and C)	75.26	67.53	78.97
Below average (Category D)	8.73	6.35	2.44

Category A loans comprises of loans which are further sub-divided by the Bank as either AAA, AA or A. Loans rated AAA are regarded as being of exceptional credit quality and substantially risk free. Loans rated AA are regarded as being of excellent credit quality with minimal risk and loans rated A are regarded as being of superior credit quality with modest risk.

Category B loans comprises of loans which are further sub-divided by the Bank as either BBB, BB or B. Loans rated BBB are regarded as being of good credit quality and of better than average risk. Loans rated BB are regarded as being of satisfactory credit quality with average risk and loans rated B are regarded as being of adequate credit quality with borderline risk characteristics.

Category C loans comprises of loans which are further sub-divided by the Bank as either CCC, CC or C. Loans rated CCC are loans to obligors with uncertain profitability which have volatile operating earnings, tight cash flows and return on asset/return on equity levels that are below peer levels. Loans rated CC are those constituting an undue and unwarranted credit risk although no loss of principal has yet taken place. Loans rated C constitute an unacceptable business credit for the Bank, normal repayment of these loans is in jeopardy and the financing is inadequately protected by the current net worth and paying capacity of the obligor.

Category D loans are loans for which there is only limited or no prospect of recovery.

Under the BRSA's requirements, the Bank is required to classify its loans into five separate risk groups as follows:

- Group 1: Loans and other receivables of a standard nature. Loans classified by the Bank as AAA and AA fall into this category;
- Group 2: Loans and other receivables under close monitoring. Loans classified by the Bank as A and BBB fall into this category;
- Group 3: Loans and other receivables with limited collectability. Loans classified by the Bank as BB fall into this category;
- Group 4: Loans and other receivables with doubtful collectability. Loans classified by the Bank as B and CCC fall into this category;
- Group 5: Loans and other receivables identified as loss. Loans classified by the Bank as CC, C and D fall into this category.

Loans within Groups 1 and 2 are classified as performing whilst loans in Groups 3, 4 and 5 are classified as non-performing. See "– *Risk Management – Credit Risk – Non-performing loans*" for a description of the characteristics of the different classes of non-performing loan and the general provision rates applied by the Bank to its Group 1 and Group 2 loans. Under the BRSA's requirements, the Bank makes specific provisions against the non-performing loans as follows:

- at a minimum of 20 per cent. for Group 3 loans from the date of their inclusion in that group;
- at a minimum of 50 per cent. for Group 4 loans from the date of their inclusion in that group; and
- at a minimum of 100 per cent. for Group 5 loans from the date of their inclusion in that group.

Loans and other receivables determined as uncollectible are liquidated through commencing legal enforcement action and by converting any guarantees into cash.

The write-off policy of the Bank for receivables under follow up is to retire the receivables from assets where the Bank's management has determined that follow-up is not going to result in collection of the amount owed. Loans and other receivables, which have been deemed uncollectible according to the "*Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans*" published in the Official Gazette numbered 26333 dated 1 November 2006, are written-off. For the year ended 31 December 2014, non-performing loans amounting to TL 19.3 million were written-off, compared to the year ended 31 December 2013 where TL 13.9 million was written off.

The table below sets out details of the Bank's specific provisions for its funded loans and receivables as at 31 December 2014, 31 December 2013 and 31 December 2012 and as at the six month periods ended 30 June 2015 and 30 June 2014.

	As at 30 June		**As at 31 December**		
	2015	**2014**	**2014**	**2013**	**2012**
			(TL millions)		
Loans and receivables with limited collectability	20.482	26.351	23.769	25.660	8.101
Loans and receivables with doubtful collectability	54.873	37.933	40.451	64.539	55.894
Uncollectible loans and receivables	241.760	194.929	212.500	154.798	127.444
Total..	**317.115**	**259.213**	**276.720**	**244.997**	**191.439**

In addition to non-performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectability amounting to TL 12.4 million. As at 31 December 2014, the collections from fees, commissions and other receivables with doubtful collectability was TL 10.5 million. As at 30 June 2015, collections from fees, commissions and other receivables with doubtful collectability amounted to TL 1.6 million.

FUNDING AND LIQUIDITY

The Bank's principal source of funding is through customer deposits which amounted to TL 18,347.6 million at 30 June 2015 compared to TL 16,643.2 million at 31 December 2014 and TL 12,526.2 million at 31 December 2013. The main reason for this increase is the Bank's sustained growth and the implementation of the new branch network.

In addition, the Bank's shareholders' equity increased to TL 1,893.7 million as at 30 June 2015 compared to TL 1,790.9 million as at 31 December 2014 and TL 1,497.3 million as at 31 December 2013 as a result of the increase in profit reserves.

Borrowings in the form of syndicated Murabaha loans and Wakala borrowings amounted to TL 4,281.7 million as at 30 June 2015 compared to TL 3,216.0 million as at 31 December 2014 and TL 2,035.8 million as at 31 December 2013. International borrowings of the Bank have increased in parallel with the Bank's growth strategy. Previously the Bank only had one murabaha syndication each year but in 2015, as part of its growth strategy, the number of murabaha syndications has increased to two.

The table below sets out the Bank's customer deposits by currency and by type of account as at 31 December 2014, 31 December 2013 and 31 December 2012 and as at the six month periods ended 30 June 2015 and 30 June 2014.

	As at 30 June		As at 31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Turkish Lira funds	**10,287.055**	**7,893.121**	**9,782.163**	**7,518.851**	**5,535.572**
Current accounts	1,679.570	1,200.535	1,735.837	1,442.219	777.954
Participation accounts	8,607.485	6,692.585	8,046.326	6,076.632	4,757.618
Foreign currency funds	**8,060.541**	**5,778.507**	**6,861.055**	**5,007.361**	**3,689.446**
Current accounts	1,865.837	1,157.413	1,640.098	1,125.844	980.815
Participation accounts	6,194.704	4,621.094	5,220.957	3,881.517	2,708.631
U.S.$ accounts	5,710.903	3,960.957	3,518.038	2,524.002	1,833.672
EUR accounts	2,016.739	1,492.908	1,495.922	1,204.939	805.709
Gold accounts	251.836	305.831	206.998	152.577	69.250
Total funds collected	**18,347.596**	**13,671.628**	**16,643.218**	**12,526.212**	**9,225.018**
Share of Turkish Lira accounts	**56.07%**	**57.73%**	**58.78%**	**60.0%**	**60.0%**
Share of foreign currency accounts	**43.93%**	**42.27%**	**41.22%**	**40.0%**	**40.0%**
Current accounts	3,545.403	2,357.949	3,375.935	2,568.063	1,758.769
Participation accounts	14,802.193	11,313.679	13,267.283	9,958.149	7,466.249
Total	**18,347.596**	**13,671.628**	**16,643.218**	**12,526.212**	**9,225.018**
Share of current accounts	**19.32%**	**17.25%**	**20.28%**	**20.50%**	**19.06%**
Share of participation accounts	**80.68%**	**82.75%**	**79.72%**	**79.50%**	**80.94%**

In the banking sector, liquidity risk mainly arises from a maturity mismatch. Accordingly, the Bank's liquidity position is always kept under control and followed simultaneously by the Treasury Marketing Division. Idle funds that cannot be used after reserves are set aside are placed in short term foreign investments such as; murabahas and reverse wakalas.

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. The share of profit/loss on projects funded from these accounts are allocated to such profit/loss sharing accounts.

The Bank covers Turkish Lira and foreign currency liquidity needs mostly by the funds collected and also utilises syndicated murabaha loans and wakala borrowings from abroad. Moreover, the Bank invests a portion of its assets in short term liquid assets and shortens the average maturity of any liabilities.

The Liquidity Contingency Plan is prepared by the Risk Management Department and approved by the Board of Directors of the Bank and sent to the BRSA. The Board of Directors 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 utilised in case of a potential liquidity shortage are defined in the contingency plans

Liquidity coverage ratios are calculated weekly and monthly starting from 1 January 2015 as per "*Regulation on Liquidity Coverage Ratio Calculation*" published in the Official Gazette no. 28948, dated 21 March 2014. Liquidity coverage ratios must be at least 40 per cent. for foreign currency denominated assets and liabilities and 60 per cent. for total assets and liabilities for 2015. Liquidity coverage ratios for the first half of 2015 and year ended at 31 December 2014 are as follows:

	30 June 2015	**31 December 2014**(*)
	Foreign currency + Turkish Lira	
Average (%)...	238.59	111.81

(*) The prior period balances are calculated as per former regulation.

RISK MANAGEMENT

The Bank faces a variety of financial and other risks in its operations (including market, liquidity, credit and operational risks). The Board of Directors is responsible for establishing and periodically reviewing the Bank's risk management policies and strategies. The General Manager of the Bank (the "**General Manager**") is responsible for ensuring that these policies and strategies are complied with.

The principal objective of the Bank's risk management is to ensure that all relevant risks are defined, measured, monitored and controlled through appropriate policies, implementation methods and limits.

The Bank operates the following committees to manage risk:

The Asset and Liability Management Committee ("**ALMC**"). The ALMC has 14 members including the General Manager and the eight assistant general managers of the Bank. The ALMC was formed mainly to assess and evaluate the composition of assets and liabilities on the Bank's balance sheet for the purpose of ensuring effective management of the Bank's financials. In this context, the ALMC examines all of the resources and the areas in which they are used, the structure of tenor maturity, liquidity levels, foreign currency and pricing risks, credit risks and capital adequacy factors which affect the quality of assets. It also aims to possess the resources that are required for products and services rendered to the Bank's customers, readily available, and peruse the factors that could affect the Bank's profitability. The ALMC also ensures the measures to be taken as a result of its evaluations, perusals and examinations are executed.

The ALMC meets at least once a week and has the following responsibilities:

(a) providing the distribution of resources effectively and using sources efficiently in order to ensure growth in the Bank;

(b) evaluating general economic data, current and likely political and economic developments;

(c) analysing the factors that could affect the quality of the balance sheet and effectiveness of the Bank (i.e. maturity mismatch, liquidity risk, foreign currency and pricing risks) in light of relevant reports and presentations;

(d) ensuring that the resources required for the products and services extended to customers are readily available at the best cost and quality;

(e) as a result of the evaluation, developing investment, pricing and funding strategies and ensuring that necessary measures be taken in this direction;

(f) evaluating the asset and liability composition of the Bank's balance sheet;

(g) assessing the Bank's resources, as well as the areas and activities in which they are used;

(h) assessing the credit risks that could affect asset quality;

(i) evaluating Bank's capital adequacy, liquidity and FX position as well as efficiency of utilisation of resources;

(j) examining the factors that could affect profitability of the Bank, including operational risks; and

(k) ensuring that the actions required for restoring the findings of its evaluations are executed.

The Credit Committee. The Credit Committee is a Board committee comprising the Chairman, the General Manager and one other Board Member. The Credit Committee meets twice weekly and all members must be present and its decisions must be unanimous to be effective. The Credit Committee is responsible for monitoring the general credit policy of the Bank and for approving credit applications (including in relation to renewals, amendments or changes in collateral) for amounts up to 10 per cent. of the Bank's shareholders' equity. The Credit Committee convened 101 times in 2014 with all members in attendance. The Credit Committee has convened every Tuesday and Thursday so far in 2015.

The Audit Committee. The Audit Committee consists of the Board Members for assisting the audit and supervision activities of the Board of Directors in accordance with article 24.6 of the Banking Law. The Audit Committee consists of at least two non-executive Board Members. The Committee members have to meet the criteria specified by the Banking Regulation and Supervision Agency.

The Audit Committee meets at least four times a year and has the following responsibilities:

(a) in the name of the Board of Directors, Audit Committee monitors the efficiency and proficiency of the internal systems of the Bank, the functioning of these systems as well as the accounting and reporting systems in framework of the Banking Law and related regulations, and the integrity of the produced data;

(b) providing preliminary evaluations to the Board of Directors when selecting the independent firms of auditing, rating, appraising and outsourcing;

(c) regularly monitoring the activities of the companies that are appointed by the Board of Directors and with which contracts are signed; and

(d) ensuring the consolidated internal auditing of partnerships as per the regulations introduced with respect to the Banking Law, and coordinating their activities.

The Bank is exposed to four major areas of risk, market risk, liquidity risk, credit risk and operational risk, as well as other risks such as strategic and reputational risk. The Audit Committee convened six times in 2014 with all members in attendance and three times so far in 2015.

Market Risk

Market risk is the probability of possible losses that may arise from the effect of fluctuations in exchange rates to the Bank's assets and liabilities held in different foreign currencies (both on and off balance sheets) and the probability of loss the Bank is likely to incur due to the price movements in any stocks held by the Bank.

The Bank measures its market risk exposures within the framework of "*Regulation on Measurement and Assessment of Capital Adequacy of Banks*" published by the BRSA in Official Gazette numbered 28337 dated 28 June 2012 by using the standardised approach (the "**Standard Method**") and allocates statutory capital accordingly. Market risk is also calculated for testing purposes using value at risk ("**VaR**"), predicted by internal models, 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 necessary measures are taken by the risk management department and top level management in respect of defining, measuring, prioritising, monitoring and managing the risks the Bank is exposed to.

The risk associated with on and off balance sheet positions (which arises due to the market volatility) is measured regularly. The information related to market risk taken into consideration in calculation of legal capital is stated below.

		Amount
		As at 31 Dec 2014
(I)	Capital requirement to be employed for general market risk - Standard Method	449
(II)	Capital requirement to be employed for specific risk - Standard Method	449
(III)	Capital requirement against specific risks of securitisation positions-Standard Method	—
(IV)	Capital requirement to be employed for currency risk - Standard Method	12.360
(V)	Capital requirement to be employed for commodity risk - Standard Method	—
(VI)	Capital requirement to be employed for swap risk - Standard Method	—
(VII)	Capital requirement to be employed for market risk of options - Standard Method	—
(VIII)	Capital requirement against counterparty credit risks - Standard Method	
(IX)	Capital requirement to be employed for market risks of banks using risk measurement model	—
(X)	Total capital requirement to be employed for market risk (I+II+III+IV+V+VI+VII)	13.258
(XI)	Amount subject to market risk (12, 5 X VIII) or (12, 5 x IX)	165.729

The FX rate risk (or foreign currency position risk) portion of the Bank's market risk is defined as the negative impact on the Bank's income caused by unexpected changes in exchange rates. The Bank monitors the "*FX Net General Position / Equity Standard Ratio*" daily in order to keep it at a balance. The main goal is to keep currency risk at a balance continuously and to that end, there is a 10 per cent. prudential ratio to limit sudden or gradual increases in this position as a result of exceptional circumstances.

The upper limit of Bank's "*FX Net General Position / Equity Standard Ratio*" is 20 per cent., which is the legal limit according to the BRSA regulation on the calculation and implementation of foreign currency net general position/equity standard ratio by banks on consolidated and non-consolidated basis. This limit is calculated via the difference between the sum of foreign currency assets and liabilities in local currency divided by the equity.

Similarly, security risk is defined as the negative impact on the Bank's income caused by unexpected changes in prices of the securities held in the balance sheet of the Bank. Accordingly, this risk may also impact the Bank's: equity, cash flows, quality of assets and the Bank's capacity to fulfil its commitments.

Within the coverage of market risk, the Bank calculates the FX and currency risk and the security risk, as well as specific risks associated with market risk, by using the Standard Method and reports it to the authorities on a regular basis. Additionally, the FX and currency risk of the Bank is measured by internal models. The Bank also utilises back testing applications by observing any deviations between actual values and daily VaR values (as predicted by internal models) to control the accuracy and performance of these models. The potential strength of the Bank's portfolios against unexpected risks is also measured via stress tests and stress scenarios.

In the context of market risk the Bank's conformity with legal regulations and determined limits is constantly monitored. The Bank's foreign currency risk is discussed and evaluated at every ALMC meeting and the Bank's foreign currency strategy is based on holding this risk constant by holding to square foreign currency position. No short or long positions are taken by the Bank.

The table below sets out the monthly average VaRs for the years ended 31 December 2014, 31 December 2013 and 31 December 2012.

	For the year ended 31 December 2014			For the year ended 31 December 2013			For the year ended 31 December 2012		
	Avg.	Max	Min	Avg.	Max	Min	Avg.	Max	Min
					(TL millions)				
Interest rate risk				—	—	—	0.02	0.14	—
Share certificate risk	0.791	0.898	0.722	0.873	1.064	0.762	0.64	0.74	0.53
Currency risk	10.406	12.360	7.711	7.430	10.625	4.062	6.09	8.23	4.50
Counterparty credit risk	0.172	0.406		0.04	0.24	—	—	—	—
Total value subject to risk	**11.369**	**13.664**	**8.433**	**8.343**	**11.924**	**4.824**	**6.75**	**9.11**	**5.03**

Currency risk

The Bank is exposed to the effect of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank seeks to reduce this risk by avoiding any long or short positions. The currency risk of the Bank is monitored on a daily basis. Net foreign currency positions and shareholders' equity ratios are also controlled on a daily basis. All foreign currency assets, liabilities and foreign currency forward transactions are taken into consideration when capital requirement to be employed for foreign currency risk is calculated. The Bank uses the Standard Method to calculate and report its currency risk on a monthly basis.

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

As a result of the uncertainty and volatility in the markets, foreign currency positions are kept balanced, and accordingly, no currency risk is anticipated. The Bank takes necessary measures to keep currency risk to a minimum.

The table below shows the impact that a 10 per cent. increase or decrease in the exchange rates of Turkish Lira against U.S. dollars and Euro, respectively, would have on the Bank's profit and loss or equity for the years ended 31 December 2014, 31 December 2013 and 31 December 2012.

		As at 31 December					
		% change in FX rate		Effect on profit/loss		Effect on equity	
		2014	2013	2012	2014	2013	2012
U.S.$	10% increase	6.037	4.629	21.86	0.84	0.453	(0.03)
U.S.$	10% decrease............	(6.04)	(4.63))	(21.86)	(0.84)	(0.453)	0.03
EUR	10% increase	(0.29)	0.55	4.91	—	—	—
EUR	10% decrease............	0.29	(0.55)	(4.91)	—	—	—

Profit rate risk

Profit rate risk is the risk of loss to which the Bank may be exposed due to movements in the profit rates based on positions associated with financial instruments. Unlike conventional banks, the Bank's profit rate risk is considerably reduced through the operation of participation accounts which do not pay a defined rate of return but instead pay a defined proportion of the net profit made by the Bank from the use of funds provided through the deposits.

Liquidity Risk

Liquidity risk is the risk that the Bank may not be able to meet the repayment of its participation funds which have matured or other liabilities due in a timely manner due to shortage of liquid funds and imbalances of cash flows.

The Bank acts in a conservative manner in liquidity management and keeps necessary reserves to meet liquidity requirements. The Bank uses some of its resources for short term foreign investments and receivables from loans are generally collected in monthly instalments.

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. The profit/loss on projects funded from these accounts are shared with such profit/loss sharing accounts. Accordingly, the Bank's assets and liabilities and profit share ratios are compatible.

The Bank covers Turkish Lira and foreign currency liquidity needs mostly through funds deposited with it and also uses Syndicated Murabaha Loans and wakala borrowings in foreign currency. In addition, the Bank takes care to keep assets as short term liquid assets and prolongs the average maturity of its 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 used in case of a potential liquidity shortage are defined in the contingency plans.

Liquidity risk could be caused by such factors as; maturity mismatches, a deterioration in the quality of assets, unexpected funding outflows, erosion in profitability levels and an economic crisis. In order to manage liquidity risk, the Bank monitors the cash flows on a daily basis and takes preventive and responsive measures to ensure that commitments are met duly in time. The Liquidity risk is also evaluated by the ALMC on a weekly basis. The Bank applies a policy whereby liquid assets of an appropriate quality are kept in sufficient volumes to meet the minimum liquidity ratios determined by the applicable regulations and the liquidity experiences of the past in order to meet any liquidity requirement that could arise as a result of unexpected volatilities in the markets.

Credit Risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial exposure or instrument fails to meet its contractual obligations.

The authority to approve credit lies with the Board of Directors which determines the policies concerning the allocation and approval of loans, credit risk management and other administrative issues. The Board of Directors is also responsible for the implementation and supervision of these policies. The Board of Directors has delegated credit approval authority to the Credit Committee and Head-office in line with the policies and procedures defined by the legal regulations. The Credit Committee exercises the credit allocation authority through units of the Bank and regional offices and branches. The Bank grants credit on the basis of limits determined for each customer and type of customer separately and core banking systems prevent customers' credit risks exceeding such limits.

Close attention is paid to prevent over-concentration in any sector that might exceed the predetermined and approved limit and negatively affect the credit portfolio. The Bank works to prevent risks from concentrating on a small number of customers. Credit risk is continuously monitored and reported by risk management units via internal systems. In short, credit risk is reduced through credit risk management policies and the application of standards across the Bank.

All credit applications must be made through the Bank's branches. The Board of Directors has delegated credit approval authority as follows:

- customers with an annual turnover or total assets of up to TL 1 million (falling under the limit criteria of TL 500,000) are approved by the Branch Credit Committee. These loans are classified under the "*Micro*" segment of the Bank. There are pre-determined limits and conditions for each branch;

- customers with an annual turnover or total assets of up to TL 1 million (falling under the limit criteria of up to TL 1 million) are approved by the Retail Credits Department Micro Credits Committee (which comprises the banking assistant manager and manager and assistant general manager of the Bank responsible for credits. These loans are classified under the "*Micro*" segment of the Bank;

- customers with an annual turnover or total assets of up to TL 40 million (falling under the limit criteria of up to TL 3 million) are approved by the Regional Head Office Credit Committee (which comprises the marketing and allocation assistant managers and regional head office manager). These loans are classified under the "*Commercial and SME*" segment of the Bank;

- customers with an annual turnover or total assets of up to TL 40 million (falling under the limit criteria of up to TL 6 million) are approved by the General Management Credit Committee (which comprises the commercial credits department manager, assistant General Manager responsible from credits and the general manager). These loans are classified under the "*Commercial and SME*" segment of the Bank;

- customers with an annual turnover or total assets of up to TL 40 million (falling under the limit criteria of over TL 6 million) are approved by the Credit Committee. These loans are classified under the "*Commercial and SME*" segment of the Bank;

- customers with an annual turnover or total assets of over TL 40 million (falling under the limit criteria of up to TL 6 million) are approved by the General Management Credit Committee (which comprises the corporate credits department manager, assistant general manager responsible for credits and the general manager). These loans are classified under the "*Corporate*" segment of the Bank; and

- customers with an annual turnover or total assets of over TL 40 million (falling under the "no limit" criteria) are approved by the Credit Committee. These loans are classified under the "*Corporate*" segment of the Bank.

Credit limits are determined for each individual customer, company, group of companies and risk group, respectively. When determining the credit risk and the applicable credit limit, the Bank considers criteria such as the customer's financial strength, its commercial capabilities, its sector, its geographical area of operation and its capital structure. Any loan in excess of 10 per cent. of the Bank's equity capital is subject to approval by the Board of Directors.

Credit approval process

The Corporate Credits department, which consists of 42 employees as at 30 June 2015, analyses the credit applications received by branches of the Bank which exceed TL 12 million and where the applicant has an annual turnover or total assets of more than TL 70 million. The analysis consists of preparing a brief report (including financial analysis, investigation report, performance data and industry and market analysis) which is then presented by the Corporate Credits department to the relevant approval committees. The Corporate Credits department informs the relevant branch of the decision and, where the application has been successful, enters the credit line into the IT system. The Credit Operations Department ensures that the facility documentation, covenants and collateral received from the customer conform to the terms and conditions stipulated in the approval and, following confirmation of this, activates the credit line for the release of funds to the customer. The average length of time for the approval process to be completed is 12 working days.

The Bank generally requires collateral to be provided in respect of loans made by it. Collateral accepted by the Bank includes cash and cash equivalents (including government securities and other liquid assets), securities issued by banks with strong credit ratings, mortgages of real estate, security over vehicles, third party guarantees from guarantors with acceptable credit ratings, share pledges and assignments of receivables. Individual credit committees are authorised to determine whether collateral is required and, if so, the amount of collateral required. Periodic inspections and internal audit checks are made to determine the adequacy of collateral taken and that all necessary formalities to make the collateral enforceable have been complied with.

The Bank has an improved system which integrates the Bank's internal rating system with its credit approval process. The Bank also uses financial data and credit scores obtained from the Credit Bureau of Turkey to supplement its internal credit systems.

Credit monitoring

The Credit Administration and Monitoring Department ("**CAM**") produces periodic reports regarding early warning signals that may be indications of increased credit risk. These early warning signals ("**EWSs**") relate both to specific companies and to sectors in general or to some other criteria. EWSs are evaluated in the meetings chaired by the General Manager, where decisions are taken as to appropriate measures which need to be implemented. Moreover, the Credit Risk Management Committee discusses the issues which have arisen in relation to credit risk and takes necessary action in this regard.

Allocated credit lines are valid for one year (unless otherwise specified) and credit lines which are not renewed on time cannot be utilised.

Non-performing loans

Non-performing loans are categorised into three groups, which correspond to the BRSA risk groups 3, 4 and 5 described under "– *Loan Portfolio*", as follows:

- loans with limited collectability (being loans where the debtors have suffered a deterioration in their creditworthiness or where the collateral given is perceived to have become inadequate or where payment of principal, profit share or both are or are likely to become more than 90 days but less than 180 days overdue);

- loans with doubtful collectability (being loans where repayment is not considered likely or where it is considered quite likely that all of the sums falling due will not be recovered in accordance with the loan contract or where the debtors have suffered a substantial deterioration in their creditworthiness but which are still not considered to have the nature of loss or where payment of principal, profit share or both are more than 180 days but less than one year overdue); and

- loans which are identified as a loss (being loans where it is firmly believed that recovery is not possible or where recovery of principal, profit share or both are more than one year overdue).

In addition to specific provisions made in respect of non-performing loans (see "– *Loan Portfolio*"), the Bank also makes general provisions in respect of its BRSA Group 1 (standard loans) and Group 2 (closely monitored) loans:

- at a rate of 1.0 per cent. of the total sum of Group 1 cash credits of a standard nature and 0.2 per cent. of the total sum of guarantee letters, sureties and other non-cash loans of a standard nature; and

- at a rate of 2.0 per cent. of the total sum of Group 2 cash loans which are closely monitored and 0.4 per cent. of the total sum of guarantee letters, sureties and other non-cash loans which are closely monitored.

Write offs

Once it has been determined that there is no further likelihood of a bad debt being recovered, a report to this effect is made to the Risk Follow-up Committee requesting that the debt be written off. The Risk Follow-up Committee has authority to approve write off requests relating to amounts of up to TL 27 million (or its equivalent in Turkish Lira) per client per annum.

Write off requests in respect of amounts falling between 0.5 per cent. and 5.0 per cent. of the Bank's equity are approved by the Credit Committee of the Board of Directors. The decision to write off any amount exceeding 5.0 per cent. of the Bank's equity will be submitted to the Board of Directors for approval. The Risk Follow-up Committee pursues and implements the above mentioned resolutions.

Write off requests in respect of amounts between TL 27 million and TL 40 million also requires the approval of the Credit Committee of the Board of Directors. Write off requests in respect of amounts in excess of TL 40 million require the approval of the Board of Directors.

Exposure to credit risk

The table below shows the distribution of credit risk exposure by sectors and geographical concentration as at 31 December 2014 and 31 December 2013:

	As at 31 December			
	2014		2013	
	(TL Millions)	%	*(TL Millions)*	%
Agriculture	**275.558**	**1.13**	**241.809**	**1.34**
Farming and stockbreeding	234.031	85.93	213.845	88.44
Forestry	37.839	13.73	26.364	10.90
Fishery	3.688	1.34	1.600	0.66
Manufacturing	**7,484.707**	**30.85**	**5,427.583**	**30.09**
Mining	198.710	2.65	114.066	2.10
Production	6,535.245	87.31	4,528.838	83.44
Electricity, gas, water	750.752	10.03	784.679	14.46
Construction	**4,680.387**	**19.29**	**3,240.097**	**17.97**
Services	**8,638.153**	**35.60**	**6,691.890**	**37.10**
Wholesale and retail trade	1,168.717	13.53	1,158.874	17.31
Hotel, food and beverage services	69.148	0.80	47.696	0.71
Transportation and telecommunication	209.444	2.42	160.123	2.39
Financial institutions	6,636.810	76.83	4,932.962	73.71
Real estate and renting services	216.263	2.50	111.389	1.66
Self-employment services	175.007	2.03	165.785	2.48
Education services	16.473	0.19	10.402	0.16
Health and social services	146.291	1.69	104.659	1.56
Other	**3,186.274**	**13.13**	**2,433.751**	**13.49**
Total funded loans	**24,265.079**	**100**	**18,035.130**	**100**

	As at 31 December			
	2014		2013	
	(TL millions)	*%*	*(TL millions)*	*%*
Information according to geographical concentration				
Domestic	21,934.716	90.40	16,602.670	92.06
European Union ("**EU**") countries	47.232	0.19	162.871	0.90
OECD countries[(2)]	0.000	0.00	6.249	0.03
Off-shore banking regions	74.529	0.31	263.560	1.46
USA, Canada	32.306	0.13	143.245	0.79
Other countries	2,176.300	8.97	293.056	1.62
Unallocated assets/liabilities[(3)]			563.500	3.12
Total	**24,265.079**	**100**	**18,035.100**	**100**

Notes:

(1) Since the reporting requirements have been altered by the BRSA, the first table represents the risk profile according to sectors and counterparties while the second table represents the profile on significant risk in significant regions.

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

(3) Assets and liabilities are not allocated on a consistent basis.

Operational Risk

At the Bank, operational risk is a risk of loss resulting from insufficient, inadequate or unsuccessful internal processes, due to persons, systems or external events.

Operational risk is present in all activities of the Bank. It could arise from many areas, such as:

- errors made by staff;
- the failure of systems;
- transactions which have been made based on insufficient or incorrect information or documents;
- impediments in the flow of information between divisions of the Bank; uncertainties surrounding limits set by authorities;
- structural and/or operational changes;
- natural disasters;
- acts of terror; or frauds etc.

The Bank classifies operational risks into five groups according to their sources: staff risks, technological risks, organisational risks, legal and compliance risks and external risks. The Bank also takes appropriate measures to maintain operational risks at acceptable levels and aims to keep operational risk at an acceptable level through an operational risk management framework which focuses on identifying these risks and using appropriate preventative or corrective applications to manage them. Information processing systems and software are integrated to ensure that data is accessible and documented and sufficient back-up systems are in place to prevent against data and system losses. The framework also includes an emphasis on supervision of the flow of information within the Bank and ensuring that there is compliance within the Bank with the relevant charters and procedures. Furthermore, the framework also includes security measures aimed at ensuring data protection and also includes an emergency management plan in order to provide for external events which impact upon the Bank's business.

Other Risks

Other risks the Bank is exposed to are; strategic risk, reputational risk, counterparty risk, compliance risk, residual risk, geographical risk, and concentration risk. The Bank's risk management system seeks to identify and prevent and/or control strategic risks and is prepared against changes in economic, political and socio-political conditions, laws, legislation and similar regulations that could have a significant effect on the Bank's operations, status and strategies and continuously observes these issues within its business continuity plan and implementation.

Reputational risk is defined as events and situations arising from any services, functions and relations of the Bank that would cause a loss of confidence in, or adversely affect, the Bank and its brand or image.

In order to prevent and/or control reputational risk, the Bank's risk management system adopts a proactive communication mechanism which involves giving priority to its customers whenever it is determined that the Bank's reputation or image could be adversely affected. The system is prepared for the worst case scenario and takes into account the degree of the relationship between operational risk and reputational risk and its effect.

Residual risk is the risk that arises if the risk mitigation techniques employed by the Bank are not as effective as expected. Senior management requires business units to implement the residual risk management policies and strategies that are approved by the Board of Directors. Senior management establishes necessary communication channels in order to publish such policies and strategies to relevant Bank personnel and to inform them of their responsibilities.

Compliance risk means those risks which are related to non-compliance with sanctions, laws, regulations, standards and/or rules. The Bank may suffer financial losses and/or loss of reputation if its operations and the acts of its staff members are not in conformity and compliance with current applicable sanctions, laws, regulations, standards and/or rules. The Head of the Legislation and Compliance Unit, who is appointed by the Board of Directors, is accountable for the purposes of planning, arranging, conducting, managing, assessing, monitoring and co-ordinating the corporate compliance activities.

Geographical risk is the risk of loss that the Bank may be exposed to where the borrowers in one country fail to fulfil their foreign obligations due to uncertainties in economic, social and political conditions. The Bank makes decisions to enter into its commercial arrangements with foreign financial institutions on the basis of feasibility studies made in respect of that country's economic conditions within legal restrictions and through consideration of market conditions and customer satisfaction.

Concentration risk is the risk of experiencing large scale losses due to one single risk amount or risk amounts in particular risk types that may adversely affect the Bank or its business, financial position, results of operations or prospects. Policies in regards to concentration risk are classified as sectoral concentration, concentration to be created on the basis of collateral, concentration on the basis of market risk, concentration on the basis of types of losses, concentration arising from participation funds and other financing providers.

CAPITAL ADEQUACY

The Bank calculates its capital adequacy ratio in accordance with guidelines promulgated by the BRSA. These guidelines require banks to maintain adequate levels of regulatory capital against risk-bearing assets and off-balance sheet exposure. In accordance with these guidelines, the Bank has to maintain a minimum capital adequacy ratio of 12 per cent. The risk calculation methods used in the calculation of the capital adequacy ratio include the determination of risk weighted on and off balance sheet assets as well as measuring the Bank's market risk and operational risk in accordance with applicable regulations. As at 30 June 2015, the Bank's capital adequacy ratio was 12.2 per cent. and as at 30 June 2014 the Bank's capital adequacy ratio was 14.9 per cent. As at 31 December 2014, the Bank's capital adequacy ratio was 14.2 per cent. and as at 31 December 2013, the Bank's capital adequacy ratio was 14.9 per cent.

For the year ended 31 December 2014, the Bank's capital adequacy ratio calculations are made in accordance with the BRSA regulation entitled "*Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks*" published in the Official Gazette No. 28337 on 28 June 2012. In accordance with the BRSA's "*Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks*" published in Official Gazette No. 28337 dated 28 June 2012, the Bank has not re-calculated capital adequacy ratios for previous years.

The table below shows the summary information relating to the Bank's capital adequacy ratio for the six month period ended 30 June 2015 and the year ended 31 December 2014.

	30 June 2015	**31 December 2014**
	(TL millions)	
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) ("**CRCR**")	1,395.292	1,167.538
Capital Requirement for Market Risk ("**MRCR**")	8.029	13.258

	30 June 2015	31 December 2014
	(TL millions)	
Capital Requirement for Operational Risk ("**ORCR**")	114.795	95.440
Shareholders' equity	2,308.812	2,256.680
Shareholders' Equity/((CRCR+MRCR+ORCR)*12.5) *100	**12.17**	**14.15**

COMPLIANCE

Anti-Money Laundering ("**AML**") and KYC procedures are subject to local regulations, which require transaction monitoring, suspicious activity reporting and staff training to form a part of such procedures. The Bank's Compliance Department is responsible for preparing and updating the Bank's policies in compliance with those regulations and is also responsible for carrying out compliance risk management, monitoring and control functions. The Compliance Department is required to ensure that any suspicious transactions are reported to the MASAK, to carry out all necessary training activities and to prepare reports regarding its monitoring, control, education and inspection activities for the Board of Directors.

Risk reports are sent to the Bank's branches and units for the purpose of monitoring high-risk customers and transactions (as determined by the policies of the Bank). In addition, training programmes which are approved by the Board of Directors and are compulsory for all employees of the Bank are prepared annually.

The Bank's policies aim to ensure that the Compliance Department is provided with sufficient information in respect of each customer and the level of such information required is based on the nature of the relationship that the customer has with the Bank and the banking services that will be provided to such customer. The Compliance Department maintains an internal suspicious person list and also monitors the OFAC, UN sanctions lists and EU sanctions lists, the Federal Bureau of Investigation most wanted terrorists list, the US Bureau of Industry and Security denied persons list and the UK sanctions list and ensures that all persons included in these lists are recorded in the Bank's systems. In addition, all local and international sanction programs are monitored closely and the Compliance Department ensures that no transaction with any sanctioned persons or entities will be conducted by the Bank.

INVESTMENTS

The Bank has a portfolio of debt securities and equity investments which are classified as held to maturity investments (which are investments with fixed maturities which the Bank intends to hold to their maturity), as financial assets at fair value through profit and loss (which are investments acquired by the Bank for generating profit from short-term fluctuations in prices or are investments which are included in a portfolio in which a pattern of short-term profit making exists) or as financial assets available for sale (which are investments not falling within either of the previous categories). The table below shows the classification of the Bank's investment portfolio as at 31 December 2014, 31 December 2013 and 31 December 2012 and as at the six month periods ended 30 June 2015 and 30 June 2014.

	As at 30 June		As at 31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Financial assets at fair value through profit and loss (net)					
Equity securities	0.787	4.871	5.611	4.764	4.609
Financial assets available for sale					
Quoted debt securities	925.408	532.982	658.435	243.121	151.300
Unquoted	1.966	1.514	1.675	1.543	1.269
Impairment provision	0.884	0.666	0.350	3.774	-
Held to maturity investments					
Quoted on a stock exchange (including debt securities which are not traded at the related period ends.)	703.106	730.126	783.309	745.390	356.879
Unquoted debt securities	-	-	-		8.936
Total investments	**1,632.151**	**1,270.159**	**1,449.380**	**998.592**	**522.993**

The Bank's held to maturity instruments comprise of sukuk certificates issued by the Central Bank of Bahrain as well as sukuk and income indexed bonds issued by the Under secretariat of the Turkish Treasury. As at 30 June 2015 and 30 June 2014, 100 per cent. of these securities were denominated in

Turkish Lira. As at 31 December 2013 and 2014, 100 per cent. of these securities were denominated in Turkish Lira.

INFORMATION TECHNOLOGY

The Bank recognises the substantial importance of IT in assisting it to reach its objectives of growth, expansion and competitive market positioning. The Bank has placed high emphasis on growth and other opportunities made possible by the use of modern technology and has used IT as a main factor to strengthen its competitive market position.

The IT division within the Bank is organised into four distinct, yet highly interactive teams, namely the IT strategy and governance team, the software development team, the project management team and the system support team.

The Bank launched various IT related initiatives which have positively transformed the business landscape at the Bank. One of the most promising initiatives is the Enterprise Architecture initiative, which was launched in 2011 to assess the organisational objectives, structure, functions, systems and the technologies supporting those systems. A service catalogue has been prepared and service owners were assigned as part of this initiative. Several Enterprise Architecture processes have been modelled and automated within the Bank's IT systems. All core and sub IT systems were fully integrated with the new banking system at the end of June 2015.

The IT division has also launched "Business Intelligence" and "Data Management" projects, with the aim of improving the quality of the Bank's data and aligning it to the needs of the various business units. Several benefits have already been realised.

The "KULE" tool has been implemented into the Bank's Project Portfolio Management framework, and its aim to administer demands and projects. "KULE" is based on the innovative HP PPM platform. An HP ITSM based service desk management platform called "Çözüm Vadisi" was also implemented. "Çözüm Vadisi" was implemented as a pilot in a few departments only, and after a short time, implementation was expanded to cover the entire Bank and its various branches. A service management application based on HP BSM has been installed, and configured by the IT division, with the aim of providing better monitoring of the Bank's hardware and infrastructure, and to prevent any potential network component from malfunctioning, and to predict problems before they occur.

In terms of IT security, the Bank has established backup systems. As part of this backup system, two disaster recovery sites were established, one located in Istanbul, and a newer centre was established in the western city of Izmir in 2012. Also, all user data is stored in terminal servers and file servers. Data is being backed up in real-time, on a daily, weekly, monthly, and yearly basis. All weekly back-ups are full back-ups, whereas daily back-ups are incremental. The daily, weekly, monthly, and annual back-ups are stored in offsite locations. In addition, the Bank periodically conducts penetration testing to ensure that its network infrastructure is immune to attacks. Moreover, the Bank follows the latest security recommendations and all security systems are monitored and continually updated, to ensure utmost protection at all times.

RELATED PARTY TRANSACTIONS

The Bank's related parties include its shareholders, directors and key management (including ABG executives), as well as entities owned and controlled by its key management. The Bank enters into transactions with its related parties in the ordinary course of its activities and the principal related party transactions include deposits from and, to a limit extent, loans to directors and members of key management. All such transactions are undertaken on arm's length terms.

MANAGEMENT AND EMPLOYEES

The Board

The Board of Directors of the Bank (the "**Board**") is comprised of a maximum of 12 directors ("**Board Members**"), including the General Manager, and a minimum of four and a maximum of 11 other members appointed by the shareholders at the general meeting. Each member of the Board is appointed for a three year term and may be re-appointed when his term expires. The shareholders of the Bank have the power to dismiss the directors at the general meeting.

The following table sets out the names of the current members of the Board:

Name	Position	Date joined
Adnan Ahmed Yusuf Abdulmalek	Chairman	2005
Yalçin Öner	Vice Chairman	1985
Osman Akyüz	Board Member	1996
Ibrahim Fayez Humaid AlShamsi	Board Member	2005
Khalifa Taha Hamood Al-Hashimi	Board Member	2011
Hood Hashem Ahmed Hashem	Board Member	2011
Prof. Dr. Ekrem Pakdemirli	Board Member	2007
Mitat Aktaş	Board Member	2008
Hamad Abdulla A. Eqab	Board Member	2008
Fahad Abdullah A. Al Rajhi	Board Member	2008
Dr. Fahrettin Yahşi	Board Member	2009
Prof. Dr. Kemal Varol	Board Member	2013

The address of each Board Member is Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi, No: 6 34768, Ümraniye, Istanbul.

There are no potential conflicts of interest between the private interests or other duties of the directors listed above and their duties to the Bank.

Adnan Ahmed Yusuf Abdulmalek

Chairman

Mr. Adnan Yusuf was born in 1955 in Manama (Bahrain) and received a degree in Administrative Sciences from Hull University, England, where he also completed his post-graduate degree. He commenced his banking career at Habib Bank (1973). He then worked at the American Express Bank Assistant Manager of Credit Transactions (1975-1980) and after that held the following positions at the Arab Banking Corporation (ABC) from 1980 onwards: Manager of Main Branch, Deputy General Manager and Vice-Chairman, Director of Global Marketing and Financial Institutions Division, Head of Arab World Division and Vice Manager of Subsidiaries and Investments. Mr. Adnan Yusuf became the Chairman of ABC Islamic Bank (EC) (1998). He was then appointed as the General Manager of ABG (2000) and took office as the CEO of the Bahrain Islamic Bank (2002-2004). Since August 2004, he has been working as a board member and CEO of ABG. Mr. Adnan is also on the board of directors of many banks within ABG where he holds a position as either a member or chairman. He has been the Chairman of the Board and the Credit Committee of the Bank since April 2005. Mr. Adnan Yusuf has received the "*Islamic Banker of the Year*" award twice at the World Islamic Banking Conference, in December 2004 and December 2009. He has been the Chairman of the Board of Directors and the Credit Committee of the Bank since April 2005.

Yalçın Öner

Vice Chairman

Mr. Yalçın Öner was born in 1938 in Araç (Kastamonu), Turkey and received a degree from the Faculty of Political Sciences at Ankara University and completed his post-graduate study at Minnesota University on Public Administration. Mr. Yalçın Öner started his professional career at the Ministry of Finance as a tax inspector (1959). He then began to work for the State Investment Bank (1972) and for Yatırım Finansman Investment AŞ (1978). Mr. Yalçın Öner became the first General Manager of the Bank (1985) and held this position until 1996. Yalçın Öner has been a Board Member since then and has also been the President of Internal Control and Audit Group in the Bank from 2001 onwards. He took office in the Bank as Executive (Resident) Board Member (2002-2007) and during the period from December 2006 through to March 2008, Mr. Yalçın Öner was the Board Member responsible for internal systems. He has been an Audit Committee member of the Bank and the Vice-Chairman of the Board since April 2002. He is also the independent board member of Saf Real Estate Investment Trust Co.

Osman Akyüz

Board Member

Mr. Osman Akyüz was born in 1954 in Yomra (Trabzon), Turkey and received a degree from the Faculty of Political Sciences at Ankara University, Turkey in 1977. He commenced his professional career as a tax inspector at the Turkish Ministry of Finance (1978). He was then transferred to Sezai Türkeş – Fevzi Akkaya Group as an auditor and financial consultant (1983) and thereafter started working as the Manager of Financial and Administrative Affairs at the Bank (1985). Following this, he worked as the Manager of Fund Allocations (1991-1994), as an Assistant General Manager (1994-1995) and as a General Manager of the Bank (1996-2002). Mr. Osman Akyüz has been a member of the Credit Committee of the Bank since November 2001 and an Executive (Resident) Board Member since April 2002. Mr. Osman Akyüz has also held a position in the Union of Turkish Participation Banks as Secretary General since July 2002, as well as a board membership in the Istanbul Chamber of Commerce since April 2005. In addition, Mr. Osman Akyüz has been a board member of BIST since January 2012. He is also the Chairman of the Development Board in Istanbul Development Agency, an independent board member of Sinpaş Real Estate Investment Trust Co. and a board member of EYG Real Estate Portfolio Management Inc.

Ibrahim Fayez Humaid Al Shamsi

Board Member

Mr. Ibrahim Fayez was born in 1949 in the Emirate of Ajman in the UAE and received a degree in economics from the Arab University of Beirut in Lebanon in 1972. Mr. Ibrahim Fayez commenced his professional career at the Bank of Oman as Current Accounts Chief (1969) and he then became Manager of its Ajman branch (1971). Since then, he has held the following positions: Manager of Financial Affairs on the Ministry of Housing & Town Planning of the UAE (1972); Assistant General Manager at Abu Dhabi Fund for Arab Economic Development (1976); board member of European Arab Bank Holding in Luxembourg (1978); board member of Industrial Bank of the UAE (1983); board member of Austrian Conference Centre Co in Vienna (1984) and board member of Dubai Islamic Bank (1998). He also worked as Chairman of Bangladesh Investment Co in the UAE and Manager of Arab Fund for Economic & Social Development in Kuwait (1983-2010) and he worked as Chief Executive Officer of the Emirates Islamic Bank in Dubai (2004-2011). He has been a Board Member of the Bank since April 2005 and is also a member of the Corporate Governance and Social Responsibility Committee.

Khalifa Taha Hamood

Board Member

Mr. Khalifa Hamood was born in 1952 in Aden, the Republic of Yemen and graduated from the Faculty of Accountancy and Finance programme of Newcastle Upon Tyne Polytechnic, the United Kingdom. He was a self-employed accountant in England and Djibouti (Africa) (1976-1987) and then worked for Deloitte & Touche in their Jeddah (Saudi Arabia) and Texas (USA) departments (1989-1992) as a senior auditor. Mr. Khalifa Hamood then moved to Whinney Murray & Co in Riyadh (Saudi Arabia) as Assistant Manager (1992-1996) and then joined the Islamic Development Bank ("**IDB**") in Jeddah (1996) as; Senior Internal Auditor, Section Head of Disbursements and Division Chief of Budget and Disbursements. Presently he is the Division Chief of Settlements at the IDB. Mr. Khalifa Hamood has been a Board Member since 2011.

Hood Hashem Ahmed Hashem

Board Member

Mr. Hashem was born in 1965 in the Kingdom of Bahrain, graduated from the Faculty of Computer Engineering at King Fahd Petroleum and Mineral University, the Kingdom of Saudi Arabia in 1989 and completed an MBA programme in 2005 at Glamorgan University in Cardiff, the United Kingdom. Mr. Hashem worked as an analyst programmer at Bahrain National Oil Company (1989-1996), and joined the

Arabian Insurance Group as Senior Systems Developer (1996). Mr. Hashem worked in Bahrain for the airlines computer data centre of the SABRE Group (1998-1999) and at Arthur Andersen (1999-2000). Mr. Hashem worked as Senior IT manager in Bahrain Islamic Bank (2000-2007) and he then joined the ABG in Bahrain (2007). Mr. Hashem was appointed as a Board Member in 2011 and he is also a board member and on the risk committee at Jordan Islamic Bank.

Professor Dr. Ekrem Pakdemirli

Board Member

Professor Pakdemirli was born in 1939 in Izmir and holds a bachelor's and master's degrees from the Faculty of Mechanical Engineering at the Middle-East Technical University, Ankara (Turkey) in 1962 and 1963 respectively. He then completed his doctorate at Imperial College London University in 1967. Professor Pakdemirli has held several governmental offices and positions including; Deputy Undersecretary of the State Planning Organization, Vice-Rector of Dokuz Eylül University, Undersecretary of the Undersecretariat of Treasury and Foreign Trade, Chief Consultant to the Prime Minister of Turkey and Ambassador at large. Professor Pakdemirli was also a Member of Parliament, representing Manisa City for four consecutive terms between 1987 and 2002 and during this time was appointed as the Minister of Transportation, Minister of Finance and Customs, Minister of State and Deputy Prime-Minister of Turkey. Professor Pakdemirli has also held the following positions: lecturer at Bilkent University, Baskent University and Istanbul Ticaret University since 2003; Deputy Chairman of Vestel Electronics A.S. and BIM Birlesik Magazalar A.S. and Çevresel Kimya A.S. as board member. He is also a board member of Sinpas GYO, SAF GYO and Ülker Bisküvi A.S. Professor Pakdemirli was appointed as a Board Member in 2007.

Mitat Aktaş

Board Member

Mr. Mitat Aktas was born in 1963 in Selendi (Manisa, Turkey), graduated from the Economics Department of the Faculty of Political Sciences at Ankara University (Turkey), in 1984 and completed his master's degree in 1992 at the Vanderbilt University (USA). He then started his career at the Turkish Ministry of Finance as tax inspector (1984). Mr. Aktas started working at the Bank as the Manager of the Financial Affairs Department (1996) and then worked as the Head of the Audit and Inspection Group at the Bank (2003-2008). Since March 2008 he has been working as a member of the Audit Committee and as the Board Member responsible for the internal systems of the Bank.

Hamad Abdulla A. Eqab

Board Member

Mr. Hamad Eqab was born in 1970 in Manama City, the Kingdom of Bahrain and received a degree in accounting from the University of Bahrain in 1993. He commenced his professional career as banks' inspector for the Bahrain Monetary Agency (1993). Mr. Hamad Eqab moved to the Bahrain Office of Arthur Andersen Auditing & Consultancy firm as an insurance auditor (1996). He then worked at Shamil Bank (in Bahrain) as Internal Auditing Manager responsible for numerous auditing and consultancy projects (2002-2004) and following this, joined Ithmaar Bank in Manama as Senior Manager overseeing internal audit operations (2004-2005). Since February 2005, Mr. Hamad Eqab has been working at ABG in Bahrain as Senior Vice-President responsible for financial control. He has held a CPA certificate since 1996 and currently is the Vice-Chairman of the Accounting and Auditing Standard Board of AAOIFI. He is also a board and audit committee member of Jordan Islamic Bank and Albaraka Algeria. He has been a Board Member since March 2008.

Fahad Abdullah A. Al Rajhi

Board Member

Mr. Fahad Al Rajhi was born in Riyadh, the Kingdom of Saudi Arabia in 1961 and graduated from the Industrial Management Department at King Fahad Petroleum and Minerals University in 1984. He commenced his professional career at Al Rajhi Banking and Investment Corporation as Vice Manager of the central branch (1987). He was then promoted to Manager of the central branch and subsequently as Assistant Manager of the Collaterals Department. In the same bank, he was responsible for liaising with government offices and investments. Mr. Fahad Al Rajhi worked as a board member for the Saudi Public Transport Company (1995-2001). He also worked as the General Manager of the Treasury and Finance Department at Al Rajhi Banking and Investment Corporation until May 2008. Currently, he is the Chairman of the Board of Directors of Fahad Abdullah Rajhi Venture Holding Company. He is an Executive Director of the Medical Innovation Co. and Al-Rajhi Real Estate Co. in the Kingdom of Saudi Arabia. In March 2011, he became a board member of ABG (Bahrain). He is also a member of the board of directors in the Resot Cement Co. in Oman, Najran Cement Co. in the UAE and Bukhait Investment Group in the Kingdom of Saudi Arabia. He has been a Board Member and a member of the Corporate Management Committee since March 2008.

Kemal Varol

Board Member

Mr. Kemal Varol was born in 1943 in Igdir and completed his master's degree in Textile Chemistry at the Institute of Science and Technology of Manchester University in 1965, where he also completed his doctorate in 1968. Since 1974, Mr. Kemal Varol has worked as a senior manager at various companies, including at Sümerbank where he was General Manager and Chairman of the Board. He is currently an Associate Professor and the Head of the Industrial Engineering Department at Istanbul Commerce University. Mr. Kemal Varol was appointed as an Independent Board Member in 2013 and is also the Chairman of the Corporate Governance Committee and a Credit Committee Member.

Fahrettin Yahşi

Board Member, General Manager

Mr. Fahrettin Yahşi was born in Fatsa (Turkey) in 1965 and received his degree in 1987 from the Department of Management of the Faculty of Political Sciences at Ankara University. He completed his master's degree in Banking Department of Social Sciences Institute at Marmara University, Istanbul (Turkey) in 2006. Mr. Fahrettin Yahşi started his professional career as a sworn auditor for banks (1987). He worked for Ege Bank as an Assistant General Manager (1996-1998) and was then appointed as Assistant General Manager to the Bank (1998). He held the position of Senior Assistant General Manager at the Bank (2005-2009) and has been a General Manager of the Bank since then. He has also been the Chairman of the Board at Katılım Emeklilik and Hayat A.Ş. since 2014 and is the Chairman of Strategic Planning Committee and Member of the Credit, Remuneration and Social Responsibility Committees for the Bank.

Senior Management

The Bank's senior management is responsible for the day-to-day management of the Bank in accordance with the instructions, policies and operating guidelines set by the Board.

The following table sets out the names of the current members of the Bank's senior management:

Name	Position	Date joined
Dr Fahrettin Yahşi	Board Member, General Manager	2009
Mehmet Ali Verçin	Assistant General Manager	2005
Nihat Boz	Assistant General Manager	2009
Mahmut Esfa Emek	Assistant General Manager	2011
Temel Hazıroğlu	Assistant General Manager	2003
Ayhan Keser	Assistant General Manager	2011
Bülent Taban	Assistant General Manager	2003
Turgut Simitçioğlu	Assistant General Manager	2009
Melikşah Utku	Assistant General Manager	2009
Ali Tuglu	Assistant General Manager	2014

The address of each member of the Bank's senior management is Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi, No: 6 34768, Ümraniye, Istanbul.

There are no potential conflicts of interest between the private interests or other duties of the senior management listed above and their duties to the Bank.

Fahrettin Yahşi

Board Member, General Manager

See "*–The Board – Fahrettin Yahşi*" above.

Mehmet Ali Verçin

Assistant General Manager

Mr. Mehmet Ali Verçin has worked for several private companies as exporting affairs manager and marketing manager and began to work as marketing specialist for projects at the Bank in 1993. Mr. Mehmet Ali Verçin was appointed as Marketing Manager in 2003 and has been Assistant General Manager responsible for corporate marketing, treasury marketing and the Investment Projects Department.

Nihat Boz

Assistant General Manager

Mr. Nihat Boz was appointed as a lawyer to the Department of Legal Affairs of the Bank in 1987, and became Deputy Manager in 1995 and Legal Affairs Manager in 1996. Between 2002 and 2009 he was Chief Legal Counsel at the Bank and since December 2009 has served as Assistant General Manager and Chief Legal Counsel responsible for the Legal Advisory and Legal Follow-Up Departments.

Mahmut Esfa Emek

Assistant General Manager

Mr. Mahmut Emek joined the Bank in 1990. He was appointed as Assistant Inspector, Inspector, Assistant Head of the Inspection Board and Head of the Inspection Board. He was appointed as Senior Manager of the Operations Department in 2010. He has been Assistant General Manager since March 2011 and is responsible for Corporate Credits, Commercial Credits, Retail Credits and the Credit Administration and Monitoring Departments.

Temel Hazıroğlu

Assistant General Manager

Mr. Temel Hazıroğlu worked as the IT Manager and Deputy Manager for the Human Resources and Administrative Affairs Departments of the Bank and has been Assistant General Manager since 2003 and is primarily responsible for the Human Values, Training and Organization, Performance and Career Management and Administrative Services Departments.

Ayhan Keser

Assistant General Manager

Mr. Ayhan Keser joined the Bank in 2011 and has been Assistant General Manager responsible for the Retail Products, Financial Institutions, Alternative Distribution Channel and Retail Marketing Departments.

Bülent Taban

Assistant General Manager

Mr. Bülent Taban began working as the Retail Banking Manager for the Bank in 2002 and has been Assistant General Manager primarily responsible for Commercial Marketing, Commercial Products and Regional Office Departments.

Turgut Simitçioğlu

Assistant General Manager

Mr. Turgut Simitcioğlu was the Manager of the central branch of the Bank from 2003 to 2009 and has been Assistant General Manager primarily responsible for Credit Operations, International Banking Operations, Payment Systems Operations, Risk Follow-Up and the Banking Services Operations Departments since.

Melikşah Utku

Assistant General Manager

Mr. Melikşah Utku held the position of Chief Economist at the Bank between 2006 and 2007, and then worked as Investor Relations Manager during 2007 to 2009. He was appointed as Assistant General Manager in December 2009 and is primarily responsible for Financial Affairs, Budget and Financial Reporting and Corporate Communication Departments. In addition, he was an economics columnist for Yeni Şafak newspaper for over 10 years (1995-2009).

Ali Tuğlu

Assistant General Manager

Mr. Ali Tuğlu served as a Senior Consultant, a Senior Project Manager and a Consultancy Regional Manager for Turkey and International Departments. Between 2008 and 2014 he worked as an Assistant General Manager responsible for Information Technologies at Bank Asya Participation Bank. Since October 2014 he has been appointed as Assistant General Manager at the Bank, responsible for Information Technologies, Core Banking Applications Development, Information Technologies System Support, Customer Channels and Analytical Applications Development and the Governance and Strategy of Information Technologies departments.

Committees

Board Committees

The Board has delegated certain of its functions to four Board committees, the Credit Committee (see "*Description of Albaraka Türk Katilim Bankasi A.Ş. – Risk Management*"), the Audit Committee, the Corporate Governance Committee, the Remuneration Committee and the Social Responsibility Committee.

The Audit Committee consists of at least two non-executive directors and is principally responsible for monitoring the internal systems of the Bank, including the accounting and reporting systems, and for evaluating proposals for the appointment of external audit and other firms as well as for monitoring their performance.

The Corporate Governance Committee consists of at least two directors and is principally responsible for ensuring that the Bank's corporate governance principles are properly applied, co-ordinating investor relations and ensuring the proper appointment and evaluation of Board Members and senior management.

The Remuneration Committee currently comprises the Bank's Chairman and two other Board Members and is responsible for ensuring a balanced distribution between the benefits and rights of Board Members, senior management, Bank employees and partners.

The Social Responsibility Committee was established in May 2012. It consists of three directors namely, Ekrem Pakdemirli, Ibrahim Fayez Humaid Al Shamsi and Fahrettin Yahşi, and is responsible for the review of the Bank's global best practices on social responsibility, establishment of socially responsible policies within the Bank in line with the core values adopted by the Bank, assessing the social impact of the Bank's business, overseeing the actions taken by the Bank in this regard and discussing the issues and report provided by the Executive Committee for Social Responsibility.

Credit Committee

One of the authorities vested by the Board in the Credit Committee is to resolve demands for credit line allocations up to 10 per cent. of the Bank's equity, including their renewal, amendment and/or collateral changes relating to them, on the basis that the tasks, powers and responsibilities of the Credit Committee remain within the restrictions defined in the Banking Law.

Members of the Credit Committee:

President: Adnan Ahmed Yusuf Abdulmalek, Chairman

Member: Osman Akyüz, Board Member

Member: Fahrettin Yahşi, Board Member and General Manager

Member: Kemal Varol, Board Member

Reserve Members: Yalçın Öner, Ekrem Pakdemirli

Audit Committee

The Audit Committee assists the audit and supervision activities of the Board in accordance with article 24.6 of the Banking Law.

Members of the Audit Committee:

President: Hamad Abdulla A. Eqab, Board Member

Member: Hood Hashem Ahmed Hashem, Board Member

Member: Mitat Aktaş, Board Member and Internal Systems Executive

Observer: Yalçın Öner, Vice Chairman

Observer: Ibrahim Fayez Humaid Al Shamsi, Board Member

Observer: Fahrettin Yahşi, Board Member and General Manager

Corporate Governance Committee

The Corporate Governance Committee was formed to follow-up, evaluate and improve the Bank's compliance with the principles of Corporate Governance and submit proposals to the Board in this respect.

Members of the Corporate Governance Committee:

President: Ibrahim Fayez Humaid Al Shamsi, Board Member

Member: Fahad Abdullah A. Al Rajhi, Board Member

Member: Mustafa Cetin, Head of Financial Institutions Department. and Head of Investor Relations Department.

Observer: Osman Akyüz, Board Member

Observer: Fahrettin Yahşi, Board Member and General Manager

Remuneration Committee

The Remuneration Committee ensures the establishment of a balanced distribution between the benefits and rights of the Board, senior management, the Bank's employees and partners and rewarding the Board, senior management and the Bank's employees to the extent of their participation in the Bank's business.

Members of the Remuneration Committee:

President: Adnan Ahmed Yusuf Abdulmalek, Chairman

Member: Osman Akyüz, Board Member

Member: Fahrettin Yahşi, Board Member and General Manager

Strategic Planning Committee

The Strategic Planning Committee was formed to determine the strategic objectives that will realise the Bank's vision, starting from the Bank's current position, mission and primary principles and defining, executing, observing and evaluating the strategic targets that will enable the Bank to achieve these.

Members of the Strategic Planning Committee:

President: Fahrettin Yahşi, General Manager

Member: Mehmet Ali Verçin, Assistant General Manager

Member: Temel Hazıroğlu, Assistant General Manager

Member: Bülent Taban, Assistant General Manager

Member: Nihat Boz, Assistant General Manager

Member: Turgut Simitcioğlu, Assistant General Manager)

Member: Melikşah Utku, Assistant General Manager, Secretary

Member: Mahmut Esfa Emek, Assistant General Manager

Member: Ayhan Keser, Assistant General Manager

Member: Ali Tuğlu, Assistant General Manager

Asset/Liability Management Committee

The ALMC was formed mainly to assess and evaluate the composition of assets and liabilities on the Bank's balance sheet for the purpose of ensuring effective financial management of the Bank. In this context, the ALMC examines all the Bank's resources and the areas in which they are used, the structure of tenor maturity, liquidity levels, foreign currency and pricing risks, credit risks and capital adequacy factors which affect the quality of assets. It also aims to manage the resources that are required for products and services rendered to customers, ensure they are readily available and review factors that could affect the Bank's profitability. The ALMC also ensures the measures to be taken as a result of its evaluations, review and examinations are executed.

Members of the ALMC:

President: Fahrettin Yahşi, General Manager

Member: Mehmet Ali Verçin, Assistant General Manager

Member: Bülent Taban, Assistant General Manager

Member: Temel Haziroğlu, Assistant General Manager

Member: Nihat Boz, Assistant General Manager

Member: Turgut Simitcioğlu, Assistant General Manager

Member: Melikşah Utku, Assistant General Manager

Member: Mahmut Esfa Emek, Assistant General Manager

Member: Ayhan Keser, Assistant General Manager

Member: İhsan Fehmi Sözkesen, Treasury Marketing Manager

Member: Volkan Evcil, Head of Risk Management

Member: Hasan Altundağ, Strategy and Corporate Performance Management Manager

Member: Yunus Ahlatçi (Budget and Financial Reporting Department Manager)

Social Responsibility Committee

The Social Responsibility Committee was founded in order to implement best social responsibility practices by considering core values and social responsibility principles of the Bank.

Members of the Social Responsibility Committee:

President: Professor Ekrem Pakdemirli

Ibrahim Fayez Humaid Alshamsi, Board Member

Dr. Fahrettin Yahşi, Board Member and General Manager

The Social Responsibility Committee appoints one of its members to carry out the duty of reporter and one to be the secretary to the Social Responsibility Committee. That person is responsible for maintaining and publishing meeting minutes and reports and co-ordinating the operations of the Social Responsibility Committee in accordance with its guidance. The secretary and the reporter do not have the right to vote.

Shari'a Consultancy Committee

The Shari'a Consultancy Committee was founded in order to audit the Bank's banking activities and whether they comply with the interest free banking model.

The responsibilities of the Bank's *Shari'a* Consultancy Committee include:

- responding to questions addressed to the committee regarding the principles of interest-free banking;
- monitoring market developments regarding interest-free banking;
- monitoring the Bank's operations to ensure compliance with interest-free banking principles;
- organising training for the Bank's employees to develop the interest-free banking culture in the Bank;
- representing the Bank at interest-free banking conferences;
- presenting an annual executive report regarding the committee's activities to the Board;
- auditing all interest-free activities in the Bank in accordance with procedures approved by the Board;
- approving the Bank's standard contracts and, if required, assisting in the development and improvement of them;
- monitoring the Bank's business activities in coordination with the general management;
- suggesting interest-free banking solutions where financial transactions conflict with interest-free banking principles and, in cooperation with the Bank's management, identifying interest-free banking alternatives to products which are not compatible with interest-free banking principles; and
- preparing the annual activity budget of the committee for approval by the Board.

The *Shari'a* Consultancy Committee's members are:

Sheikh Dr. Abdul Sattar Abu Ghuddah, President

Dr Abu Ghuddah obtained a PhD. in Shariah from Al-Azhar University, Egypt in 1975, an M.A in Ulum Hadith from Al-Azhar University, Egypt in 1967, an M.A. in Shariah from Al-Azhar University, Egypt in 1966, a Bachelor of Law degree from the University of Damascus, Syria in 1965 and a Bachelor of Shariah degree from the University of Damascus, Syria in 1964.

Professor Dr Hayrettin Karaman, Member

Professor Karaman graduated from Konya School for Imams & Sermons in 1959 and from the Istanbul High Institute for Islamic Studies in 1963. In 1971, he became a teaching staff member at Istanbul High Institute for Islamic Studies in the field of Islamic jurisprudence. His thesis is titled "*The Issue of Ijtihad in Islamic Law from Beginning until 4th Century AH*".

Professor Karaman assisted in the conversion of the High Institutes for Islamic Studies into Faculties of Divinity in Turkey and was granted a doctorate and a professorship. In 2001, he retired from the Faculty of Divinity of Marmara University. He is currently a visiting teaching staff member at the Europe International Islamic University, Netherlands.

Professor Dr Ahmed Mohyuiddin Ahmed, Member

Professor Ahmed obtained a PhD. in Islamic Economics from Um Al Qorah University, Saudi Arabia in 1989, an M.A. in Figh transactions from Um Al Qorah University, Saudi Arabia 1984 and a BSc in Economics from Omdurman Islamic University in 1979. He is currently the Manager of Research and Development in ABG and Assistant Secretary General for the Economic Islamic Chamber of Commerce and Industry.

Professor Dr Hamdi Döndüren, Member

Professor Döndüren obtained a bachelor's degree from the Istanbul High Institute for Islamic Studies in 1970 and from the Istanbul University Faculty of Law in 1971. He gained a doctorate from Ankara University Social Sciences Institute in 1983. He is currently a teaching staff member at Uludag University, Department of Islamic Law.

Employees

As at 30 June 2015, the Bank had 3,659 employees compared with 3,510 as at 31 December 2014 and 3,057 as at 31 December 2013.

The Bank is committed to the development of its employees and its human resources policy aims to reward employees' successes, increasing their job motivation and encouraging them to supply more productive and high-quality service. Integrated into this policy is a strong career progression and fair compensation system.

The Bank provides both in-house and external training to its employees. In 2014, on average, 60 hours of training was provided to employees compared to 57 hours on average in 2013.

SELECTED FINANCIAL INFORMATION

The following tables set out in summary form the unconsolidated balance sheet and income statement information relating to the Bank. The selected unconsolidated financial information presented below as at and for the years ended 31 December 2014, 2013 and 2012 has been extracted from the Audited BRSA Financial Statements (the comparative financial information as at and for the year ended 31 December 2012 has been derived from the audited unconsolidated financial statements of the Bank as at and for the year ended 31 December 2013). The selected unconsolidated financial information presented below as at and for the six months ended 30 June 2015 and the comparative unconsolidated financial information as at and for the six months ended 30 June 2014 has been extracted from the June 2015 Interim BRSA Financial Statements (with the exception of the balance sheet data as at 30 June 2014 set out below under the heading "*Balance Sheet Data*" which has been extracted from the June 2014 Interim BRSA Financial Statements).

The Audited BRSA Financial Statements, the June 2015 Interim BRSA Financial Statements and the June 2014 Interim BRSA Financial Statements, together with the audit or review reports of Güney Bağimsiz Denetim ve Serbest Muhasebeci Mali Müsavirlik A.Ş. (a member firm of Ernst & Young Global Limited) prepared in connection therewith and the accompanying notes thereto, appear elsewhere in this Prospectus. The financial information presented below should be read in conjunction with the Audited BRSA Financial Statements, the June 2015 Interim BRSA Financial Statements, the June 2014 Interim BRSA Financial Statements, the notes thereto and the audit or review reports prepared in connection therewith.

Income Statement Data

	Six months ended 30 June		Year ended 31 December		
	2015	**2014**	**2014**	**2013**	**2012**
			(TL millions)		
Profit share on loans	811.482	645.253	1,376.418	1,095.102	966.404
Income received from banks	0.086	1.384	1.882	1.680	1.712
Income received from marketable securities portfolio	63.197	42.016	95.136	51.985	24.801
Available for sale financial assets	32.445	16.601	41.154	10.361	6.126
Investments held to maturity	30.752	25.415	53.982	41.624	18.675
Finance lease income	32.627	5.765	28.152	4.569	3.896
Profit share income	**911.275**	**694.418**	**1,502.306**	**1,153.336**	**996.828**
Expense on profit sharing accounts	394.663	316.954	680.979	464.403	479.892
Profit share expense on funds borrowed	75.322	36.082	100.036	59.166	30.549
Profit Share Expense on Money Market Borrowings	22.250	12.608	22.007	4.591	0.489
Profit share expense	**501.400**	**365.644**	**803.332**	**528.160**	**510.930**
Net profit share income	**409.875**	**328.774**	**698.974**	**625.176**	**485.898**
Fees and commissions received	94.414	76.250	161.173	141.295	135.585
Fees and commissions paid	22.542	14.594	32.837	28.098	22.232
Net fees and commissions income/expenses	**71.872**	**61.656**	**128.336**	**113.197**	**113.353**
Dividend income	**0.010**	**0.174**	**0.180**	**0.459**	**0.788**
Trading income/loss (net)	41.395	29.583	53.257	37.181	20.397
Other operating income	61.639	65.294	96.819	118.814	85.122
Total operating income	**584.791**	**485.481**	**977.566**	**894.827**	**705.558**
Provision for loan losses and other receivables	**88.004**	**87.250**	**149.576**	**190.883**	**122.412**
Other operating expenses	319.142	245.336	502.438	404.401	341.921
Net operating income	**177.645**	**152.895**	**325.552**	**299.543**	**241.225**
Income loss on equity method	-	-	-	—	—
Provision for current taxes	(42.531)	(30.540)	(73.282)	(67.827)	(54.181)
Provision for deferred taxes	5.325	(4.486)	0.361	9.693	4.791
Tax provision	**(37.206)**	**(35.026)**	**(72.921)**	**(58.134)**	**(49.390)**
Net income	**140.439**	**117.869**	**252.631**	**241.409**	**191.835**

Balance Sheet Data

	As at 30 June		As at 31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
ASSETS					
Cash and balances with the CBRT	3,504.973	2,449.852	3,129.186	2,282.681	1,300.643
Financial assets at fair value through profit and loss (net)	4.271	7.405	5.611	4.791	6.192
Banks	2,312.996	2,131.831	1,648.235	1378.708	1,037.112
Financial assets – available for sale (net)	926.490	533.830	659.760	240.890	152.569
Loans and receivables	17,699.426	12,521.515	15,434.332	11,961.340	9,033.524
Non-performing loans	437.185	291.984	287.261	279.668	222.549
Specific provisions	329.542	269.006	326.975	253.428	197.669
Loans and receivables	17,807.069	12,544.493	15,474.046	11,987.580	9,058.404
Investments held to maturity (net)	703.106	730.126	783.309	745.390	365.815
Investments in associates (net)	4.211	4.211	4.211	4.211	4.211
Subsidiaries	5.250	0.250	0.250	0.250	0.050
Joint venture	15.500	10.500	10.500	5.500	—
Lease receivables (net)	922.7	193.113	709.646	72.321	41.659
Tangible assets (net)	473.647	399.666	487.139	380.614	294.337
Intangible assets (net)	50.208	18.207	26.891	15.929	7.052
Tax asset	4.670	4.289	3.551	10.914	10.400
Assets held for sale and assets of discontinued operations	23.296	21.073	27.678	28.407	10.714
Other assets	287.279	84.770	76.411	58.367	38.496
Total assets	**27,045.666**	**19,133.616**	**23,046.424**	**17,216.553**	**12,327.654**
LIABILITIES AND EQUITY					
Funds collected	18,347.596	13,671.628	16,643.218	12,526.212	9,225.018
Derivative financial liabilities held for trading	0.001	-	-	2.804	—
Funds borrowed	4,281.658	2,731.067	3,215.998	2,035.816	1,393.830
Borrowings from money markets	771.634	-	116.740	144.775	—
Miscellaneous payables	895.948	456.378	510.172	329.174	316.398
General provisions	185.042	129.661	153.910	113.708	103.100
Reserve for employee benefits	38.514	26.002	32.529	39.465	19.245
Other provisions	34.483	56.040	46.385	48.290	13.473
Provisions	258.039	211.703	232.824	201.463	135.818
Tax liability	60.918	38.457	64.119	46.068	38.257
Subordinated Loans	536.190	424.800	472.426	432.973	—
Paid-in capital	900.000	900.000	900.000	900.000	900.000
Capital reserves	154.945	104.819	160.196	92.780	56.687
Profit reserves	696.531	470.137	470.137	261.645	68.920
Profit or loss	142.206	124.627	260.594	242.843	192.726
Shareholders' equity	1,893.682	1,599.583	1,790.927	1,497.268	1,218.333
Total liabilities	**27,045.666**	**19,133.616**	**23,046.424**	**17,216.553**	**12,327.654**

Statement of Cash Flows

	30 June		31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Net cash flow from banking operations	(741.634)	491.009	(168.842)	414.551	(710.000)
Net cash flow from investing activities	(178.657)	(261.686)	(409.049)	(513.180)	(29.805)
Net cash flow from financing activities	1,460.150	534.276	1,021.532	518.434	333.893
Effect of change in FX rate on cash and cash equivalents	76.503	2.324	58.299	100.043	2.065
Net (decrease) / increase in cash and cash equivalents	**616.362**	**765.923**	**501.940**	**519.848**	**(403.847)**
Cash and cash equivalents at the beginning of the period	2,383.932	1,881.992	1,881.992	1,362.144	1,765.991
Cash and cash equivalents at the end of the period	**3,000.294**	**2,647.915**	**2,383.932**	**1,881.992**	**1,362.144**

Key Financial Ratios

The following table sets out certain key ratios calculated with results derived from the Audited BRSA Financial Statements, the June 2015 Interim BRSA Financial Statements and the June 2014 Interim BRSA Financial Statements. These ratios are not calculated on the basis of IFRS and are not IFRS measures of financial performance.

	As at 30 June		As at 31 December		
	2015	**2014**	**2014**	**2013**	**2012**
Key Ratios					
Net profit share margin(1)	3.9	4.5	4.1	4.92	4.98
Funded credits / total assets	69.3	66.6	70.2	70.0	73.5
Return on average equity(2)	15.27	17.3	15.35	16.0	15.7
Return on average assets(3)	1.4	1.8	1.2	1.4	1.6
Non-performing loan ratio(4)	2.3	2.2	2.0	2.3	2.5
Net non-performing loan ratio(5)	0.5	0.2	0.2	0.2	0.3
Non-performing loan provisions ratio(6)	75.4	92.1	87.9	90.6	88.8
Capital adequacy ratio(7)	12.2	14.9	14.2	14.9	13.0
Earnings per share (TL)	0.156	0.131	0.281	0.268	0.213

Notes:

(1) Net profit share income over the last four quarters divided by earning assets over the last four quarters.

(2) Net income divided by total equity.

(3) Net income divided by total assets.

(4) Non-performing loans divided by total loans and receivables.

(5) (Non-performing loans minus specific provisions) divided by total loans and receivables (excluding accruals and profit rediscounts).

(6) Specific provisions divided by non-performing loans.

(7) Calculated in accordance with the BRSA's regulations.

FINANCIAL REVIEW

The following review of the Bank's financial condition and results of operations should be read in conjunction with the information set out in "Presentation of Financial and Other Information" and "Selected Financial Information".

The review of the Bank's financial condition and results of operations is based upon the Audited BRSA Financial Statements, the September 2015 Interim BRSA Financial Statements and the June 2015 Interim BRSA Financial Statements (with the exception of balance sheet data as at 30 June 2014 which is based upon the June 2014 Interim BRSA Financial Statements). This discussion contains forward-looking statements that involve risks and uncertainties. The Bank's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Prospectus, particularly under the headings "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors".

All financial information in this section has been extracted from the Bank's Audited BRSA Financial Statements, the September 2015 Interim BRSA Financial Statements and the June 2015 Interim BRSA Financial Statements (with the exception of balance sheet data as at 30 June 2014 which has been extracted from the June 2014 Interim BRSA Financial Statements) which have been audited or reviewed (as applicable) by Güney Bağimsiz Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, a member firm of Ernst & Young Global Limited. References in this section to the years 2014, 2013 and 2012 are to the 12 months ended 31 December in each such year.

OVERVIEW

As outlined above in *"Description of Albaraka Turk Katlim Banasi A.Ş. – Overview"*, the Bank was established as the first interest-free bank in Turkey in 1984 and commenced commercial operations in March 1985. The Bank's business is undertaken in compliance with the principles of interest-free banking, known as "participation banking".

Turkish Economic and Political Environment

The Bank operates primarily in Turkey. Accordingly, its results of operations and financial condition are and will continue to be significantly affected by Turkish political and economic factors, including the economic growth rate, the rate of inflation and fluctuations in exchange rates and interest rates.

The following table sets out key Turkish economic indicators for the years 2014, 2013 and 2012 and for the six months periods ended 30 June 2014 and 30 June 2015.

	30 June		31 December		
	2015	2014	2014	2013	2012
GDP (*current prices-TL billions*)	926	838	1,750	1,562	1,417
Real GDP growth (%)	3.1	2.3	2.9	4.0	2.2
GDP per capita (*U.S.$*)	NA	NA	10,404	10,782	10,504
Unemployment (%)	9.6	9.1	9.9	9.7	9.2
The Turkish Central Bank policy rate (*year-end, %*)	7.50	8.75	8.25	4.50	5.50
Benchmark yield (*year-end, %*)	9.75	8.15	8.18	10.10	6.15
Inflation (%)	8.28	8.31	8.85	7.40	6.20
Exports (*U.S.$ billions*)	73.471	80.067	157.610	151.802	152.461
Imports (*U.S.$ billions*)	106.746	119.785	242.177	251.661	236.545
Trade deficit (*U.S.$ billions*)	(33.275)	(39.717)	(84.567)	(99.858)	(84.083)
Current account deficit (*U.S.$ billions*)	(22.277)	(24.545)	(46.527)	64.658	(48.535)
Budget deficit (*TL billions*)	0.6	0.6	(10.6)	18.4	(28.8)

Sources: Turkish Treasury, Turkish Statistical Institute (TUIK), the Turkish Central Bank

This financial review analyses the Bank's results of operations in 2012, 2013 and 2014.
* Has not been officially announced
** Forecast

Accounting Policies

The Bank's accounting policies are set out in Section 3 to the June 2015 Interim BRSA Financial Statements, Section 3 to the 2014 Audited BRSA Financial Statements and Section 3 to the 2013 Audited

BRSA Financial Statements. As explained in Note XXIII of Section 3 to the June 2015 Interim BRSA Financial Statements, Note XXIII of Section 3 to the 2014 Audited BRSA Financial Statements and Note XXIII of Section 3 to the 2013 Audited BRSA Financial Statements, 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 in accordance with International Financial Reporting Standards ("**IFRS**") have not been quantified in any of the June 2015 Interim BRSA Financial Statements, the 2014 Audited BRSA Financial Statements or the 2013 Audited BRSA Financial Statements. Accordingly, none of the June 2015 Interim BRSA Financial Statements, the 2014 Audited BRSA Financial Statements or the 2013 Audited BRSA Financial Statements is intended to present the Bank's financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries or IFRS.

RESULTS OF OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2014, 31 DECEMBER 2013 AND 31 DECEMBER 2012 AND FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2015 AND 30 JUNE 2014

Net profit share income

The following table sets out the Bank's net profit share income for the years 2014, 2013 and 2012 and for the six month periods ended 30 June 2015 and 30 June 2014.

	30 June		31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Profit share on loans	811.482	645.253	1,376.418	1,095.102	966.404
Income received from banks	0.086	1.384	1.882	1.680	1.712
Income received from marketable securities portfolio	63.197	42.016	95.136	51.985	24.801
Available for sale financial assets	32.445	16.601	41.154	10.361	6.126
Investments held to maturity	30.752	25.415	53.982	41.624	18.675
Finance lease income	32.627	5.765	28.152	4.569	3.896
Profit share income	**911.275**	**694.418**	**1,502.306**	**1,153.336**	**996.828**
Expense on profit sharing accounts	394.663	316.954	680.979	464.403	479.892
Profit share expense on funds borrowed	75.322	36.082	100.036	59.166	30.549
Profit Share expense on Money Market Borrowings	22.250	12.608	22.007	4.591	0.489
Profit share expense	**501.400**	**365.644**	**803.332**	**528.160**	**510.930**
Net profit share income	**409.875**	**328.774**	**698.974**	**625.176**	**485.898**

The Bank's net profit share income was TL 699.0 million in 2014, an increase of TL 73.8 million, or 11.8 per cent., compared to TL 625.2 million in the year ended 31 December 2013, which itself represented an increase of TL 139.3 million, or 28.7 per cent., compared to TL 485.9 million in the year ended 31 December 2012. The Bank's net profit share income was TL 409.9 million for the six month period ended 30 June 2015, an increase of TL 81.1 million, or 24.7 per cent., compared to TL 328.8 million for the six month period ended 30 June 2014.

Profit share income

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

Revenues relating to profit and loss sharing investment projects are recognised when the significant risks and rewards of ownership of the relevant goods are transferred to the buyer and, accordingly, 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 and costs incurred in respect of such transactions can be measured reliably and an inflow of economic benefits associated with the transaction is probable.

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 NPLs and other receivables are reversed and are recorded as profit share income when collected.

The Bank principally earns profit share income on the loans and financial leases made by it and from debt securities held by it.

The Bank's profit share income was TL 911.3 million in the six month period ended 30 June 2015, an increase of TL 216.9 million, or 31.2 per cent., from TL 694.4 million in the six month period ended 30 June 2014. This increase was the result of a corresponding increase of TL 166.2 million, or 25.8 per cent., in profit share on loans and an increase of TL 21.2 million, or 50.4 per cent., in income received from the Bank's marketable securities portfolio. The increase in profit share on loans was attributable to increased growth in funded credits which amounted to TL 18,729.7 million in the six month period ended 30 June 2015, an increase of 47.0 per cent. as compared to 30 June 2014 and 15.7 per cent. compared to 31 December 2014 respectively.

The Bank's finance lease income was TL 32.6 million in the six month period ended 30 June 2015, an increase of TL 26.9 million or 465.9 per cent., from TL 5.8 million in the six month period ended 30 June 2014. The Bank's finance lease income was TL 28.2 million in the year ended 31 December 2014, an increase of TL 23.6 million or 616.2 per cent., from TL 4.6 million in the year ended 31 December 2013.

The Bank's investments held to maturity was TL 30.8 million in the six month period ended 30 June 2015, an increase of TL 5.3 million or 21.0 per cent., from TL 25.4 million in the six month period ended 30 June 2014. The Bank's investments held to maturity was TL 54 million in the year ended 31 December 2014, an increase of 12.4 or 29.7 per cent., from TL 41.6 million in the year ended 31 December 2013.

The Bank's available for sale financial assets was TL 32.4 million in the six month period ended 30 June 2015, an increase of TL 15.8 or 95.4 per cent., from TL 16.6 million in the six month period ended 30 June 2014. The Bank's available for sale financial assets was TL 41.2 million in the year ended 31 December 2014, an increase of TL 30.8 million or 297.2 per cent., from TL 10.4 million in the year ended 31 December 2013.

The Bank's income received from banks was TL 0.9 million in the six month period ended 30 June 2015, a decrease of TL 1.3 million or 93.8 per cent., from TL 1.4 million in the six month period ended 30 June 2014. The Bank's income received from banks was TL 1.9 million in the year ended 31 December 2014, an increase of TL 0.2 million or 12.0 per cent., from TL 1.7 million in the year ended 31 December 2013.

The Bank's profit share income was TL 1,502.3 million in the year ended 31 December 2014, an increase of TL 349 million, or 30.3 per cent., from TL 1,153.3 million in the year ended 31 December 2013, the result of increases in finance lease income, investments held to maturity and available for sale financial assets. As at 31 December 2014, total funded credits increased by 29.4 per cent. as compared to December 2013. The increase in profit share income was reflected in the increase in total funded credits which increased as a result of the Bank opening new branches and serving an increased number of customers.. The Bank's profit share income was TL 1,153.3 million in the year ended 31 December 2013, an increase of TL 156.5 million, or 16.0 per cent., from TL 996.8 million in the year ended 31 December 2012. This increase was the result of an increase of TL 128.7 million, or 13.3 per cent., in profit share on loans and an increase of TL 27.2 million, or 109.6 per cent., in income received from the Bank's marketable securities portfolio. The increase in the latter is explained by a 122.9 per cent. increase in income received from investments held to maturity due to improved market conditions.

Profit share on loans represents the Bank's return on loan transactions that it enters into as well as fees and commissions received in respect of those transactions which are entered into to provide financing to the Bank's clients. The increases in income from profit share on loans in 2014, 2013 and 2012 principally reflected increased volumes of transactions entered into by the Bank, due to improved market conditions.

The Bank's net profit share income also increased to TL 699.0 million as at 31 December 2014, an increase of 11.8 per cent. over the 31 December 2013 figure of TL 625.2 million. The main reason for this increase is the expansion of the branch network and the increased volume of transactions, which has affected the net profit positively.

Profit share expense

The ABG, the Bank's parent, records profit share expenses on an 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.

The Bank incurs profit share expense on participation accounts opened by its customers and on borrowings made by it. The Bank's profit share expense was TL 501.4 million in the six month period ended 30 June 2015, an increase of TL 135.8 million, or 37.1 per cent., from TL 365.6 million in the six month period ended 30 June 2014. The Bank's profit share expense was TL 803.3 million in the year ended 31 December 2014, an increase of TL 275.2 million, or 52.1 per cent., from TL 528.2 million in the year ended 31 December 2013. The increases in profit share expense were attributable to corresponding increases in the collected funds. As of December 2014, the collected funds have increased by 32.9 per cent. compared to 31 December 2013. In the six month period ended 30 June 2015, collected funds were at TL 18,347.6 million, an increase of 34.2 per cent. compared to 30 June 2014 and 10.2 per cent. compared to 31 December 2014. The increases in the collected funds were the result of the Bank opening new branches and serving an increased number of customers.

The Bank's profit share expense was TL 528.2 million in the year ended 31 December 2013, an increase of TL 17.2 million, or 3.4 per cent., from TL 510.9 million in the year ended 31 December 2012. This slight increase was a result of a decrease of TL 15.5 million, or 3.2 per cent., in expense on profit sharing accounts which was offset by an increase in profit sharing expense on funds borrowed of 93.7 per cent. from TL 30.5 million at the year ended 31 December 2012 to TL 59.2 million at the year ended 31 December 2013 and an increase in profit share expense on money market borrowings of 838.9 per cent., from TL 0.5 million in the year ended 31 December 2012 to TL 4.6 million in the year ended 31 December 2013.

Net income from fees and commissions

The following table sets out the Bank's net income from fees and commissions for the years 2014, 2013 and 2012 and for the six month periods ended 30 June 2015 and 30 June 2014.

	30 June		**31 December**		
	2015	**2014**	**2014**	**2013**	**2012**
			(TL millions)		
Fees and commissions received, of which:	94.414	76.250	161.173	141.295	135.585
Non cash loans	49.713	40.526	81.953	82.354	77.846
Other	44.701	35.724	79.220	58.941	57.739
Fees and commissions paid, of which:	22.542	14.594	32.837	28.098	22.232
Non cash loans	0.159	0.256	0.421	0.518	0.489
Other	22.383	14.338	32.416	27.580	21.809
Net fees and commissions income/expenses	**71.872**	**61.656**	**128.336**	**113.197**	**113.353**

The Bank earns fees and commissions on non-cash loans made by it (such as guarantees, commitments to make financing available and letters of credit issued by it) and from other services provided by it (such as through card and point of sale ("**POS**") terminal transactions as well as import letters of acceptance). The Bank pays fees and commissions to credit card service providers, Visa and MasterCard, and to banks to which it has outsourced its POS terminal arrangements.

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 in the income statement depending on the term of the related transaction.

In accordance with provisions of Turkish Accounting Standards ("**TAS**"), the portion of the commission and fees which relate to the reporting period and collected in advance for cash and non-cash loans granted is reflected in the income statement by using the internal rate of return method and straight line methods, respectively, over the commission period of the related loan. Fees and commissions collected in advance which relate to future periods are recorded under the heading *'Deferred Revenues'* and are 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 the BRSA dated 8 June 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.

The Bank's net income from fees and commissions was TL 71.9 million in the six month period ended 30 June 2015, an increase of TL 10.2 million, or 16.6 per cent., from TL 61.7 million in the six month period ended 30 June 2014.

This increase principally reflected an increase of TL 18.2 million, or 23.8 per cent. in fees and commissions received from TL 76.3 million in the six month period ended 30 June 2014 compared to 94.4 million in the six month period ended 30 June 2015. This increase was attributable to increases in fees and commissions from non-cash loans, of TL 9.2 million or 22.7 per cent. from TL 40.5 million in the six month period ended 30 June 2014 compared to TL 49.7 million in the six month period ended 30 June 2015 as well as increases in other fees and commissions of TL 9.0 million or 25.1 per cent. from TL 35.7 million in the six month period ended 30 June 2014 compared to TL 44.7 million in the six month period ended 30 June 2015, in each case attributable to increased volumes of transactions entered into by the Bank and the segmentation between the corporate and commercial marketing with the new branches. The expansion of the branch network and the increase in customers, resulted in an increase in safe deposit box commissions, POS commissions, expertise charges and insurance intermediary commissions which is reflected in the increase of other fees and commissions. The segmentation between the corporate and commercial marketing gives the Bank flexible and tailored marketing capabilities for each customer which is reflected in the increase in volumes of transactions.

The fees and commissions paid also increased by 54.5 per cent. from TL 14.6 million in the six month period ended 30 June 2014 compared to TL 22.5 million in the six month period ended 30 June 2015. This increase was attributable to increases in other fees and commissions paid, of TL 8.0 million or 56.1 per cent. from TL 14.3 million in the six month period ended 30 June 2014 compared to TL 22.4 million in the six month period ended 30 June 2015. Other fees and commissions paid refers to the amount which the Bank paid fees and commissions to the other banks such as; credit card commissions, swift charges, transfer charges and letters of guarantee charges. This was offset by a slight decrease in fees and commissions paid for non-cash loans of TL 0.1 million or 37.9 per cent. from TL 0.3 million in the six month period ended 30 June 2014 compared to TL 0.2 million in the six month period ended 30 June 2015, in each case attributable to increased volumes of transactions entered into by the Bank and the segmentation between the corporate and commercial marketing with the new branches.

The Bank's net income from fees and commissions was TL 128.3 million in the year ended 31 December 2014, an increase of TL 15.1 million, or 13.4 per cent., from TL 113.2 million in the year ended 31 December 2013. This increase principally reflected an increase of TL 19.9 million, or 14.1 per cent. in fees and commissions received from TL 141.3 million in the year ended 31 December 2013 to 161.2 million in the year ended 31 December 2014 where the fees and commissions paid increased by 16.9 per cent. from TL 28.1 million in the year ended 31 December 2013 to TL 32.8 million in the year ended 31 December 2014.

The increase in the Bank's fees and commissions received in the year ended 31 December 2014 reflected an increase in other fees and commissions of TL 20.3 million or 34.4 per cent. from TL 58.9 million in the in the year ended 31 December 2013 to TL 79.2 million in the year ended 31 December 2014 in each case attributable to increased volumes of transactions entered into by the Bank and the segmentation between the corporate and commercial marketing with the new branches.

Despite the Bank recording an increase in fees and commissions received for the year ended 31 December 2014 as compared with the year ended 31 December 2013, the Bank recorded a slight decrease in fees and commissions from non-cash loans of TL 0.4 million or 0.5 per cent. from TL 82.4 million in the in the year ended 31 December 2013 to TL 82.0 million in the year ended 31 December 2014.

Net trading income

The following table sets out the Bank's net trading income for the years 2014, 2013 and 2012 and for the six month periods ended 30 June 2015 and 30 June 2014.

	30 June		31 December		
	2015	**2014**	**2014**	**2013**	**2012**
			(TL millions)		
Capital market transaction income/(Loss)	2.224	0.128	1.474	0.018	(0.175)
Net FX income	24.637	27.052	30.642	39.967	20.572
Income / (Loss) from Derivative Financial Instruments	14.534	2.403	21.141	(2.804)	0.000
Trading income/loss (net)	**41.395**	**29.583**	**53.257**	**37.181**	**20.397**

The Bank's net trading income principally reflects its profit or loss on FX trading transactions. The Bank also records limited income on capital markets transactions resulting from changes in fair value of the Bank's securities held at fair value through profit and loss, see "*Description of Albaraka Türk Katilim Bankasi A.Ş. – Investments*".

Foreign currency assets and liabilities have been translated into Turkish Lira at the rate of exchange on the balance sheet date announced by the ABG. Gains or losses arising from foreign currency transactions and translation of foreign currency assets and liabilities are reflected in the income statement as FX gain or loss.

The Bank's net trading income was TL 41.4 million for the six month period ended 30 June 2015, an increase of TL 11.8 million, or 39.9 per cent. from the Bank's net trading income for the six month period ended 30 June 2014, of TL 29.6 million. This increase principally reflected an increase of TL 12.1 million, or 504.8 per cent., in income from Derivative Financial Instruments from TL 2.4 million in the six month period ended 30 June 2014 to TL 14.5 million in the six month period ended 30 June 2015. This increase is attributable to an increase in capital markets transactions and other treasury operations during the relevant period. Specifically, the Bank increased the volume of its investments in Turkish Treasury sukuk (lease certificate) issuances as well as its investments in FX operations during the relevant period. The Bank's capital market transaction income also increased during the relevant period by TL 2.1 million or 1,637.5 per cent. from TL 0.1 million in the six month period ending 30 June 2014 to TL 2.2 million in the six month period ended 30 June 2015. These increases offset a slight reduction in net FX income of TL 2.4 million or 8.9 per cent. from TL 27.1 million in the six month period ended 30 June 2014 to TL 24.6 million in the six month period ended 30 June 2015 due to changes in market conditions.

The Bank's net trading income was TL 53.3 million as at the year ended 31 December 2014, an increase of TL 16.1 million, or 43.2 per cent., from TL 37.2 million in the year ended 31 December 2013. This increase principally reflected an increase of TL 23.9 million, or 854 per cent., in income from Derivative Financial Instruments from TL (2.8) million in the year ended 31 December 2013 to TL 30.6 million in the year ended 31 December 2014. The Bank's capital market transaction income also increased during the relevant period by TL 1.5 million or 8,088.9 per cent. from TL 0.018 million in the year ended 31 December 2013 to TL 1.5 million in the year ended 31 December 2014. The main reason for this increase is attributable to an increase in capital markets transactions and other treasury operations during the relevant period. Specifically, the Bank increased the volume of investments in Turkish Treasury sukuk (lease certificate) issuances as well as its investments in FX operations during the relevant period. These increases offset a decrease in net FX income of TL 9.3 million or 23.3 per cent. from TL 40.0 million in the year ended 31 December 2013 to TL 30.6 million in the year ended 31 December 2014. These changes reflected changes in market conditions.

The Bank's net trading income was TL 37.2 million as at the year ended 31 December 2013, an increase of TL 16.8 million, or 82.3 per cent., from TL 20.4 million as at the year ended 31 December 2012. This increase principally reflected an increase of TL 19.4 million, or 94.3 per cent., in net FX income from TL 20.6 million in the year ended 31 December 2012 to TL 40.0 million in the year ended 31 December 2013 (reflecting increased values of such transactions, primarily undertaken on behalf of customers) as well as a decrease in capital market transaction losses of TL 0.2 million, or 100 per cent., from a loss of TL 0.2 million in the year ended 31 December 2012 to breakeven in the year ended 31 December 2013.

Other operating income

The following table sets out the Bank's other operating income for the years 2014, 2013 and 2012 and for the six month periods ended 30 June 2015 and 30 June 2014.

	30 June		31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Reversal of prior year provisions	47.112	57.932	79.768	96.005	73.779
Income from sale of assets	10.767	3.751	9.863	15.562	5.935
Other	3.760	3.611	7.188	7.247	5.408
Total other operating income	**61.639**	**65.294**	**96.819**	**118.814**	**85.122**

Other operating income consists of reversals, sale of assets, reimbursement for communication expenses, reimbursement for bank statement expenses and cheque book charges.

The Bank's other operating income was TL 61.6 million for the six month period ended 30 June 2015 a decrease of TL 3.7 million, or 5.6 per cent., from TL 65.3 million in the six month period ended 30 June 2014. This decrease principally reflected a decrease of TL 10.8 million or 18.5 per cent. in reversal of prior year provisions for loans from TL 57.9 million in the six month period ended 30 June 2014 compared to TL 47.1 million in the six month period ended 30 June 2015. The decrease was offset by an increase of TL 7.0 million, or 187.0 per cent., in income from sale of assets from TL 3.8 million in the six month period ended 30 June 2014 compared to TL 10.8 million in the six month period ended 30 June 2015 as well as an increase of TL 0.1 million, or 4.1 per cent., in ‘other' income from TL 3.6 million in the six month period ended 30 June 2014 compared to TL 3.8 million in the six month period ended 30 June 2015.

The Bank's other operating income was TL 96.8 million in the year ended 31 December 2014, a decrease of TL 22 million, or 18.5 per cent., from TL 118.8 million in the year ended 31 December 2013. This decrease principally reflected a decrease of TL 16.2 million or 16.9 per cent. in reversal of prior year provisions for loans from TL 96.0 million in the year ended 31 December 2013 compared to TL 79.8 million in the year ended 31 December 2014. The Bank's income from sale of assets also decreased by TL 5.7 million, or 36.6 per cent., from TL 15.6 million in the year ended 31 December 2013 compared to TL 9.9 million in the year ended 30 December 2014. Finally, ‘other' income also decreased slightly, by TL 0.1 million or 0.8 per cent. from TL 7.247 million in the year ended 31 December 2013 compared to TL 7.188 million in the year ended 31 December 2014.

Total operating income

Reflecting the above factors, the Bank's total operating income was TL 584.8 million in the six month period ended 30 June 2015, an increase of TL 99.3 million, or 20.5 per cent., from the TL 485.5 million recorded in the six month period ended 30 June 2014. The Bank's total operating income was TL 977.6 million in the year ended 31 December 2014, an increase of TL 82.8 million or 26.8 per cent., from the TL 894.8 million recorded in the year ended 31 December 2013, which itself represented an increase of TL 189.3 million, or 26.8 per cent., from TL 705.5 million in the year ended 31 December 2012.

Provision for loan losses and other receivables

The following table sets out the Bank's provision for loan losses and other receivables for the years 2014, 2013 and 2012 and for the six month periods ended 30 June 2015 and 30 June 2014.

	30 June		31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Specific provisions for loans and other receivables	53.594	40.085	86.262	146.065	84.385
General provision expenses	29.916	21.981	45.361	10.588	30.689

	30 June		31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Other*	4.494	25.184	17.953	34.230	7.338
Total provision for loan losses and other receivables	**88.004**	**87.250**	**149.576**	**190.883**	**122.412**

*Other incorporates; provision expenses for possible losses, 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.

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 in the profit sharing accounts.
The Bank's total provision for loan losses and other receivables was TL 88.0 million in the six month period ended 30 June 2015, an increase of TL 0.8 million, or 0.9 per cent. from TL 87.3 million in the six month period ended 30 June 2014.

The Bank's total provision for loan losses and other receivables was TL 149.6 million in the year ended 31 December 2014, a decrease of TL 41.3 million, or 21.6 per cent., from TL 190.9 million in the year ended 31 December 2013. The main reason for the decrease was the decrease of specific provisions of TL 59.8 million or 40.9 per cent. from TL 146.1 million for the year ended 31 December 2013 to TL 86.3 million for the year ended 31 December 2014. The decrease was also the result of a decrease in the provision for 'Other' items of TL 16.3 million or 47.6 per cent. from TL 34.2 million for the year ended 31 December 2013 to TL 18.0 million for the year ended 31 December 2014. The decrease was, however, offset by an increase in general provision expenses of TL 34.8 million or 328.4 per cent. from TL 10.6 million for the year ended 31 December 2013 to TL 45.4 million for the year ended 31 December 2014.

The Bank's total provision for loan losses and other receivables was TL 190.9 million in the year ended 31 December 2013, an increase of TL 68.5 million, or 55.9 per cent., from TL 122.4 million in the year ended 31 December 2012. This increase principally reflected increases of TL 61.7 million, or 73.1 per cent., in specific provisions for loans and other receivables from TL 84.4 million in 2012 to TL 146.1 million in 2013, and TL 26.7 million, or 363.4 per cent., in other provision from TL 7.3 million in 2012 to TL 34.2 million in 2013, which was partially offset by a decrease of TL 20.1 million, or 65.5 per cent., in general provision expenses from TL 30.7 million in 2012 to TL 10.6 million in 2013.

Other operating expenses

The following table sets out the Bank's other operating expenses for the years ended 31 December 2014, 31 December 2013 and 31 December 2012 and for the six month periods ended 30 June 2015 and 30 June 2014.

	30 June		31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Personnel expenses	175.816	144.057	281.884	227.302	201.416
Provision for retirement pay liability	3.230	1.116	2.717	2.096	4.248
Impairment expenses of tangible assets	-	-	-	-	0.266
Depreciation expenses of tangible assets	19.701	14.527	31.812	23.094	18.153
Amortisation expenses of intangible assets	7.278	4.205	9.603	5.096	3.077
Impairment expenses of assets to be disposed	0.290	-	1.347	1.058	0.100
Depreciation expenses of assets to be disposed	0.976	0.539	1.257	0.669	0.630
Impairment expenses of assets held for sale and assets of discontinued operations	1.000	0.003	0.003	0.960	0.101
Other operating expenses	64.886	50.287	106.864	36.685	29.484
Loss on sale of assets	0.293	0.233	0.351	0.524	0.189

	30 June		31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Other	45.933	30.369	66.600	67.135	47.189
Total other operating expenses	**319.142**	**245.336**	**502.438**	**404.401**	**341.921**

The Bank's principal other operating expense remains its personnel expense (accounting for 55.1 per cent. of its other operating expenses as of 30 June 2015 and 56.1 per cent. of its other operating expenses for the year ended 31 December 2014). The Bank's total other operating expenses were TL 319.1 million in the six month period ended 30 June 2015, an increase of TL 73.8 million, or 30.1 per cent., from TL 245.3 million in the six month period ended 30 June 2014. These increases principally reflected increases of TL 31.8 million, or 22.0 per cent. in personnel expenses in the six month period ended 30 June 2015 compared to the prior year. The Bank's total other operating expenses were TL 502.4 million in the year ended 31 December 2014, an increase of TL 98 million, or 24.2 per cent., from TL 404.4 million in the year ended 31 December 2013, which itself reflected an increase of TL 62.5 million, or 18.3 per cent., from TL 341.9 million in the year ended 31 December 2012. There was also a significant increase in the line item reflecting 'other operating expenses' which increased by TL 70.2 million or 191.3 per cent. from TL 36.7 million for the year ended 31 December 2013 to TL 106.9 million for the year ended 31 December 2014.

These increases principally reflected increases of TL 54.6 million, or 24.0 per cent., and TL 25.9 million, or 12.9 per cent., in personnel expenses in the years ended 31 December 2014, 2013 and 2012 respectively compared to the prior year, which reflected an increase in total staffing numbers (from 2,758 at 31 December 2012 to 3,057 at 31 December 2013 and 3,510 at 31 December 2014). The main reason for this increase is the Bank's expanded branch network, which is reflected in the increase in personnel expenses and IT expenses.

Net operating income

Reflecting the above factors, the Bank's net operating income was TL 177.6 million in the six month period ended 30 June 2015 an increase of TL 24.8 million, or 16.2 per cent., from TL 152.9 million in the six month period ended 30 June 2014. The Bank's net operating income was TL 325.6 million in the year ended 31 December 2014, an increase of TL 26.0 million, or 8.7 per cent., from TL 299.5 million in the year ended 31 December 2013, which in itself represented an increase of TL 58.3 million, or 24.2 per cent., from TL 241.2 million in the year ended 31 December 2012. The main reason for this increase is the increase in net profit share income and trading income *(*see *"-Financial Review-Profit Share Income and –Financial Review-Net Trading Income"*).

Tax provision for continued operations

The following table sets out the Bank's tax provision for the years 2014, 2013 and 2012 and for the six month periods ended 30 June 2015 and 30 June 2014.

	30 June		31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Provision for current taxes	(42.531)	(30.540)	(73.282)	(67.827)	(54.181)
Provision for deferred taxes	5.325	(4.486)	0.361	9.693	4.791
Tax provision for continued operations	(37.206)	(35.026)	(72.921)	(58.134)	(49.390)

The Bank's tax provision was TL 37.2 million in the six month period ended 30 June 2015, an increase of TL 2.2 million, or 6.2 per cent., from TL 35.0 million in the six month period ended 30 June 2014. The Bank's tax provision was TL 72.9 million in the year ended 31 December 2014, an increase of TL 14.8 million, or 25.4 per cent., from TL 58.1 million in the year ended 31 December 2013, which in itself represented an increase of TL 8.7 million, or 17.7 per cent., from TL 49.4 million in the year ended 31 December 2012, reflecting comparable increases in both provision for current taxes and provision for deferred taxes.

Net income

Reflecting the above factors, the Bank's net income was TL 140.4 million in the six month period ended 31 June 2015, an increase of TL 22.6 million, or 19.1 per cent., from TL 117.9 million in the six month period ended 30 June 2014. The Bank's net income was TL 252.6 million in the year ended 31 December 2014, an increase of TL 11.2 million, or 4.6 per cent., from TL 241.4 million in the year ended 31 December 2013, which in itself represented an increase of TL 49.6 million, or 25.8 per cent., from TL 191.8 million in the year ended 31 December 2012.

SEGMENTAL INFORMATION

For accounting purposes, the Bank classifies its activities into three segments: (i) Retail; (ii) Commercial and Corporate; and (iii) Treasury.

The Bank classifies as retail assets and retail liabilities the funds which it applies to, and receives from, retail customers, respectively. Accordingly, the Bank generally records losses in its retail segment as the retail business is principally a deposit taking business. Similarly, the Bank classifies as corporate and commercial assets and corporate and commercial liabilities the funds which it applies to, and receives from, its corporate and commercial customers, respectively. Accordingly, the Bank generally records profits in its corporate and commercial segment as the corporate and commercial business is principally a lending business.

CASH FLOW STATEMENTS

The following table sets out the cash flows of the Bank as at, and for each of the years ended, 2014, 2013 and 2012 and for the six month periods ended 30 June 2015 and 30 June 2014.

	30 June		**31 December**		
	2015	**2014**	**2014**	**2013**	**2012**
			(TL millions)		
Net cash flow from banking operations	(741.634)	491.009	(168.842)	414.551	(710.000)
Net cash flow from investing activities	(178.657)	(261.686)	(409.049)	(513.180)	(29.805)
Net cash flow from financing activities	1,460.150	534.276	1,021.532	518.434	333.893
Effect of change in FX rate on cash and cash equivalents	76.503	2.324	58.299	100.043	2.065
Net (decrease) / increase in cash and cash equivalents	**616.362**	**765.923**	**501.940**	**519.848**	**(403.847)**
Cash and cash equivalents at the beginning of the period	2,383.932	1,881.992	1,881.992	1,362.144	1,765.991
Cash and cash equivalents at the end of the period	**3,000.294**	**2,647.915**	**2,383.932**	**1,881.992**	**1,362.144**

Net cash flow from banking operations

The Bank's net cash flow from banking operations decreased TL 1,232.6 million or 151.0 per cent. to TL (741.6) million in the six month period ended 30 June 2015 compared to net cash used in banking operations of TL 491.0 million in the six month period ended 30 June 2014. This decrease was principally due to the increase in Loans of TL 1,515.2 million or 176.4 per cent. from TL (2,374.0) million for the six month period ending 30 June 2015 compared to TL (858.8) million for the six month period ending 30 June 2014. This decrease was slightly offset by an increase in Other Funds Collected of TL 446.9 million or 44.8 per cent. from TL 1,443.5 million in the six month period ended 30 June 2015 compared to TL 996.6 million in the six month period ended 30 June 2014.

The Bank's net cash flow from banking operations decreased TL 583.4 million or 40.7 per cent. from TL (168.8) million in the year ended 31 December 2014 compared to net cash flow from banking operations of TL 414.6 million in the year ended 31 December 2013.

Net cash flow from investing activities

The Bank's net cash flow from investing activities consists of:

- cash paid for acquisition of jointly controlled operations, associates and subsidiaries;

- cash obtained from sale of jointly controlled operations, associates and subsidiaries;
- fixed assets purchases;
- fixed assets sales;
- cash paid for purchase of financial assets available for sale;
- cash obtained from sale of financial assets available for sale;
- cash paid for purchase of investment securities; and
- cash obtained from sale of investment securities.

The Bank's net cash flow from investing activities increased by TL 83.0 million or 31.7 per cent. from TL (261.7) million for the six month period ended 30 June 2014 to TL (178.7) million for the six month period ended 30 June 2015. This increase in net cash flow from investing activities was largely due to an increase in cash obtained from the sale of financial assets available for sale of TL 74.6 million or 268.1 per cent. from TL 27.8 million for the six month period ended 30 June 2014 to TL 102.4 million for the six month period ended 30 June 2015 as well as an increase in cash obtained from the sale of investment securities of TL 254.8 million or 624.3 per cent. from TL 40.679 million for the six month period ended 30 June 2014 to TL 295.6 million for the six month period ended 30 June 2015. However, these increases were partly offset by TL 184.6 million of cash paid for the purchase of investment securities in the six month period ended 30 June 2015 where no similar amounts were paid in the six month period ended 30 June 2014.

The Bank's net cash flow from investing activities increased by TL 104.2 million or 20.3 per cent. from TL (513.2) million for the year ended 31 December 2013 to TL (409.0) million for the year ended 31 December 2014. This increase in net cash flow from investing activities was largely due to an increase in cash obtained from the sale of investment activities of TL 274.6 million or 300.3 per cent from TL 91.4 million for the year ended 31 December 2013 to TL 366.1 million for the year ended 31 December 2014 as well as a decrease in the amount of cash paid for the purchase of investment securities of TL 79.4 million or 18.5 per cent. from TL 429.4 million for the year ended 31 December 2013 to TL 350.0 million for the year ended 31 December 2014. These increases were offset by an increase in the amount of cash paid for the purchase of financial assets available for sale of TL 258.0 million or 217.0 per cent. from TL 118.9 million for the year ended 31 December 2013 to TL 376.9 million for the year ended 31 December 2014.

Net cash flow from financing activities

The Bank's net cash flow from financing activities increased by TL 925.9 million or 173.3 per cent. from TL 534.3 million for the six month period ended 30 June 2014 compared to TL 1,460.2 million for the six month period ended 30 June 2015.

Cash obtained from funds borrowed and securities issued increased by TL 1,038.5 million, or 44.1 per cent., from TL 2,354.8 million in the six month period ended 30 June 2014 to TL 3,393.3 million in the six month period ended 30 June 2015.

The Bank's net cash flow from financing activities increased TL 503.1 million or 97.0 per cent. from TL 518.4 million in the year ended 31 December 2013 compared to TL 1,021.5 million in the year ended 31 December 2014 which was an increase of TL 184.5 million or 55.2 per cent. from TL 333.9 million for the year ended 31 December 2012. This increase in net cash flow from financing activities was largely due to a decrease in the amount of cash used by the Bank for the repayment of funds borrowed and securities issued of TL 729.5 million or 71.5 per cent. from TL 1,019.7 million for the year ended 31 December 2013 to TL 290.2 million for the year ended 31 December 2014 but was slightly offset by a decrease in the amount of cash obtained from funds borrowed and securities issued of TL 194.9 million or 12.7 per cent. from TL 1,896.7 million for the year ended 31 December 2013 to TL 1,421.2 million for the year ended 31 December 2014 and the payment of dividends of TL 31.5 million for the year ended 31 December 2014 where there was no similar dividends paid for the year ended 31 December 2013.

OFF-BALANCE SHEET COMMITMENTS

The Bank's off-balance sheet commitments principally comprise letters of guarantees, commitments to extend credit and letters of credit.

The following table sets out the Bank's off balance sheet commitments as at, and for each of the years ended 2014, 2013 and 2012 and for the six month periods ended 30 June 2015 and 30 June 2014.

	30 June		31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Guarantees subject to State Tender Law	211.635	101.592	188.491	115.485	164.939
Guarantees given for foreign trade operations	727.860	785.989	779.219	814.548	795.306
Other letters of guarantee......................................	6,677.944	4,583.768	5,904.931	4,301.865	3,574.554
Import letter of acceptances..................................	31.085	22.691	33.055	23.524	15.490
Letter of credits...	520.224	508.268	589.270	482.011	477.833
Other guarantees...	300.021	470.832	561.032	356.364	168.039
Other collaterals..	22.908	61.822	22.511	70.070	17.120
Asset Purchase and Sale Commitments	164.510	90.231	-	65.383	528.733
Share Capital Commitment to Associates and Subsidiaries...	-	-	-	5.000	-
Loan granting commitments	123.783	46.838	59.439	45.428	39.577
Payment commitment for cheques	485.249	330.204	353.093	297.235	263.656
Tax and fund liabilities from export commitments	1.907	1.373	1.506	1.445	1.043
Commitments for credit card expenditure limits....	520.453	498.760	510.257	458.540	306.032
Commitments for Promotions Related with Credit Cards and Banking Activities	0.592	0.445	0.523	0.369	0.323
Other Irrevocable Commitments...........................	0.179	1.652	3.832	2.819	2.781
Derivative Financial Instruments	499.763	422.451	-	591.361	-
Total off balance sheet commitments	**10,288.113**	**7,926.916**	**9,007.159**	**7,631.402**	**6,355.426**

Loan portfolio

The table below sets out details of the Bank's funded loans and other receivables by type of loan as at 31 December 2014, 31 December 2013 and 31 December 2012 and as at the six month periods ended 30 June 2015 and 30 June 2014.

	As at 30 June		As at 31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Funded loans					
Export loans...	419.724	198.349	314.594	192.656	157.275
Import loans...	1,767.743	1,418.294	1,663.763	1,448.140	1,166.066
Business loans..	8,905.396	6,711.804	8,185.723	6,423.284	5,142.217
Consumer loans	2,677.946	1,451.408	1,878.235	1,331.550	1,002.298
Credit cards..	190.641	155.444	159.645	191.785	142.064
Investments on profit/loss partnership	335.525*	203.077	316.114	130.501	119.835
Loans given to abroad..	441.877	338.865	341.030	411.570	206.523
Other..	2,954.947	2,044.274	2,572.173	1,831.854	1,079.511
Total funded loans	**17,699.426**	**12,521.515**	**15,434.332**	**11,961.340**	**9,033.524**
Other receivables	—	—	—	—	—
Total funded loans and receivables.....................	**17,699.426**	**12,521.515**	**15,434.332**	**11,961.340**	**9,033.524**

*****As at 30 June 2015, the related balance represents profit and loss sharing investment projects (12 projects), which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of an executed agreement between the Bank and the relevant 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 such loss is limited to the funds invested in the project by the Bank. The Bank recognised a decrease of TL 9.6 million or 36.6 per cent. of income, being in relation to such loans from the six month period ended on 30 June 2015 TL 16.6 million compared to TL 26.2 million for the six month period ended on 30 June 2014.

The Bank's total funded loans amounted to TL 17,807.1 million for the six month period ended 30 June 2015, an increase of TL 5,262.6 million, or 42.0 per cent. from the Bank's total funded loans for the six month period ended 30 June 2014, of TL 12,544.5 million. The Bank's total funded loans amounted to TL 15,474.0 million in the year ended 31 December 2014, an increase of TL 3,486.5 million, or 29.1 per cent., from TL 11,987.6 million in the year ended 31 December 2013. These increases principally reflect the increased volumes of retail banking consumer loans provided by the new branches that opened in 2014, the additional exposure provided by these new branches has been a significant driving factor of the Bank's growth in funded loans.

The table below sets out details of the Bank's funded loans by sector as at, 31 December 2014, 31 December 2013 and 31 December 2012.

	As at 31 December		
	2014	**2013**	**2012**
		(TL millions)	
Agriculture	275.558	241.809	214.904
Manufacturing	7,484.707	5,427.583	4,490.545
Mining	198.710	114.066	70.757
Production	6,535.245	4,528.838	4,000.912
Electricity, gas, water	750.752	784.679	418.876
Construction	4,680.387	3,240.097	2,309.788
Services	8,638.153	6,691.890	2,952.249
Wholesale and retail trade	1,168.717	1,158.874	755.348
Hotel, food and beverage services	69.148	47.696	44.749
Transportation and telecommunication	209.444	160.123	150.808
Financial institutions	6,636.810	4,932.962	1,481.746
Real estate and renting services	216.263	111.389	241.044
Self-employment services	175.007	165.785	163.883
Education services	16.473	10.402	16.189
Health and social services	146.291	104.659	98.482
Other	3,186.274	2,433.751	3,165.435
Distribution of credit risk	24,265.079	18,035.130	13,132.921

The table below sets out details of the Bank's funded loans by customer sector and by geography as at 31 December 2014, 31 December 2013 and 31 December 2012 and as at the six month periods ended 30 June 2014 and 30 June 2015. The key driver for the increases across the private sector is the segmentation of the corporate and commercial business segments with the Bank and the new marketing products offered, such as the SME Service Package, Dentist Package and Foreign Commerce packages, all of which have been made available to a wider market as a result of the expanding of the branch networks.

	As at 30 June		As at 31 December		
	2015	**2014**	**2014**	**2013**	**2012**
			(TL millions)		
By customer sector					
Public sector	61.336	146.245	106.554	88.391	0.648
Private sector	17,638.090	12,375.270	15,327.778	11,872.949	9,032.876
Total funded loans	**17,699.426**	**12,521.515**	**15,434.332**	**11,961.340**	**9,033.524**
By geography					
Domestic loans	17,257.549	12,182.650	15,093.302	11,549.770	8,827.001
Foreign loans	441.877	338.865	341.030	411.570	206.523
Total funded loans	**17,699.426**	**12,521.515**	**15,434.332**	**11,961.340**	**9,033.524**

The table below sets out details of the remaining maturity of the Bank's funded loans and lease receivables as at 31 December 2014, 31 December 2013 and 31 December 2012 and as at the six month periods ended 30 June 2014 and 30 June 2015, which also saw increase as a result of the Bank's growing retail presence (see "*Retail Banking – Overview*").

	As at 30 June		As at 31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
One year and under	9,654.032	7.662.276	9,238.456	7,601.297	5,737.165
More than one year	8,968.094	5,052.352	6,905.522	4,431.364	3,338.018
Total	**18,256.015**	**12,714.628**	**16,143.978**	**12,031.661**	**9,075.183**

The table below sets out details of the Bank's non-performing funded loans and receivables (net of specific provisions made) for the years ended 31 December 2014, 31 December 2013 and 31 December 2012 and for the six month periods ended 30 June 2015 and 30 June 2014.

	As at 30 June		As at 31 December		
	2015	2014	2014	2013	2012
			(TL millions)		
Loans and receivables with limited collectability	50.121	2.906	15.414	5.376	2.798
Loans and receivables with doubtful collectability	39.233	4.388	7.999	8.548	12.249
Uncollectible loans and receivables	18.289	15.684	16.301	12.316	9.833
Total	**107.643**	**22.978**	**39.714**	**26.240**	**24.880**

For the six month period ending 30 June 2015, total non-performing loans and receivables amount to TL 424.8 million, of this figure TL 224.5 million is comprised of loans and receivables provided from participation accounts. This figure was TL 282.2 million for the six month period ended on 30 June 2014 with TL 167.1 million provided from participation accounts.

For the year ended 31 December 2014, total non-performing loans and receivables amount to TL 316.434 million, of this figure TL 194.3 million is comprised of loans and receivables provided from participation accounts. This figure was TL 271.2 million for the year ended on 31 December 2013 with TL 160.6 million provided from participation accounts.

In addition to non-performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectability amounting to TL 12.4 million for the six month period ended 30 June 2015 (compared to TL 9.8 million for the six month period ended on 30 June 2014). For the year ended 31 December 2014 the fees, commissions and other receivables with doubtful collectability amounted to TL 10.5 million, compared to TL 8.4 million for the year ended 31 December 2013.

RECENT DEVELOPMENTS

The Bank completed its second sukuk issuance in 2014 after the subordinated sukuk in 2013. On 30 June 2014, Bereket Asset Leasing Company issued a sukuk for an amount of U.S.$350 million with a maturity of five years through the sukuk wakala and murabaha structure.

The deal was oversubscribed two times and the Joint Lead Managers were Emirates NBD Capital, Nomura International, QInvest LLC and Standard Chartered Bank. Bereket Asset Leasing's sukuk transaction received offers from 63 qualified investors from countries in the Far East, the Gulf and Europe. The geographical distribution of the issue was as follows: 61 per cent. to the Gulf countries, 31 per cent. in Europe and 8 per cent. in Asia. Banks and financial institutions subscribed to 80 per cent. of the issuance, the remaining 8 per cent. to investment funds, 6 per cent. to private equity funds and 6 per cent. to other investors. The Sukuk is listed in Irish Stock Exchange and started to be traded in the secondary market.

The Bank has successfully closed a U.S.$268 million Syndicated Murabaha Financing Facility, signed on 7 April 2015. ABC Islamic Bank (E.C.), Emirates NBD Capital Limited, Kuwait International Bank, Noor Bank PJSC and Qatar Islamic Bank QSC were the initial Mandated Lead Arrangers. The Facility received a strong response from the market with 14 financial institutions participating from Europe and MENA. Due to the significant oversubscription, the Bank decided to increase the facility size to U.S.$268 million.

Financial performance for the nine month period ended 30 September 2015

The following information has been extracted from the September 2015 Interim BRSA Financial Statements.

Interim Unconsolidated Statement of Income
(TL Millions)

	For the nine months ended 30 September	
	2015	**2014**
Profit share income ……………………………………….	1,409.456	1,080.918
Profit share expense ………………………………………	766.830	580.214
Net profit share income ……………………………….	**642.626**	**500.704**
Net fees and commissions income/expenses ……………..	94.198	93.865
Dividend income …………………………………………	0.010	0.174
Trading income/loss(net) …………………………………	30.971	40.778
Other operating income …………………………………..	94.174	79.406
Total operating income ……………………………….	**861.979**	**714.927**
Provision for loan losses and other receivables (-) ……….	123.102	117.787
Other operating expenses (-) ……………………………..	473.701	360.851
Net operating income/(loss) …………………………….	**265.176**	**236.289**
Profit / (loss) from continued operations before taxes …...	265.176	236.289
Tax provision for continued operations (-) ………………	(53.315)	(53.255)
Net profit / loss …………………………………………..	**211.861**	**183.034**

Net operating income of the Bank amounted to TL 265.2 million for the nine months ended 30 September 2015, representing an increase of TL 28.9 million or 12.2 per cent. compared to TL 236.3 million for the same period in 2014. This increase was mainly due to increases, for the nine months ended 30 September 2015 compared to the same period in 2014, in:

a) net profit share income to TL 642.6 million, representing an increase of 28.3 per cent. from TL 500.7 million for the nine months ended 30 September 2014, primarily as a result of the expansion of the Bank's branch network; and

b) total operating income to TL 862.0 million, representing an increase of 20.6 per cent. from TL 714.9 million for the nine months ended 30 September 2014, as a result of the increase in other operating income.

These increases were, however, offset by an increased provision for loan losses and other receivables to TL 123.1 million, representing an increase of 4.5 per cent. from TL 117.8 million for the nine month period ended 30 September 2014, and an increase in other operating expenses to TL 473.7 million, representing an increase of 31.3 per cent. from TL 360.9 million for the nine month period ended 30 September 2014. This increase in other operating expenses was primarily as a result of an increase in salaries and employee related expenses.

Interim Unconsolidated Statement of Financial Position

ASSETS *(TL Millions)*	**As at 30 September 2015**	**As at 31 December 2014**
Cash and balances with the Central Bank ……………………...	4,930.287	3,129.186
Financial assets at fair value through profit and loss (net) …….	21.101	5.611
Banks …………………………………………………………...	2,166.527	1,648.235
Financial assets - available for sale …………………………….	971.203	659.760
Loans and Receivables …………………………………………	18,400.243	15,474.046
Investments held to maturity (net) ……………………………..	745.582	783.309
Investments in associates (net) …………………………………	4.211	4.211
Subsidiaries (net) ………………………………………………	5.250	0.250
Joint ventures (net) ……………………………………………..	15.500	10.500
Lease receivables (net) …………………………………………	998.602	709.646
Tangible assets (net) ……………………………………………	542.789	487.139
Intangible assets (net) …………………………………………..	46.207	26.891
Tax asset ………………………………………………………..	4.580	3.551
Assets held for sale and assets of discontinued operations (net)	25.688	27.678
Other assets …………………………………………………….	335.663	76.411
TOTAL ASSETS ……………………………………………...	**29,213.433**	**23,046.424**

LIABILITIES *(TL Millions)*	**As at 30 September 2015**	**As at 31 December 2014**
Funds collected ……………………………………………….	20,437.731	16,643.218
Funds borrowed ……………………………………………….	4,458.748	3,215.998
Borrowings from money markets …………………………….	451.153	116.740
Miscellaneous payables ………………………………………	973.065	510.172
Provisions …………………………………………………….	253.812	232.824
Tax liability …………………………………………………..	51.183	64.119
Subordinated loans …………………………………………...	618.913	472.426
TOTAL LIABILITIES …………………………………….	**27,244.605**	**21,255.497**
Shareholders' equity		
Paid-in capital ………………………………………………..	900.000	900.000
Capital reserves ………………………………………………	157.675	160.196
Profit reserves ………………………………………………..	696.531	470.137
Profit or loss ………………………………………………….	214.622	260.594
TOTAL EQUITY ……..…………………………………….	**1,968.828**	**1,790.927**
TOTAL LIABILITIES AND EQUITY...…………………..	**29,213.433**	**23,046.424**

As at 30 September 2015, the Bank's total assets amounted to TL 29,213.4 million, representing an increase of 26.8 per cent. compared to TL 23,046.4 million as at 31 December 2014, primarily as a result of increases, over the period, in (a) Cash and Balances with the Central Bank of 57.6 per cent., (b) Financial assets at fair value through profit and loss of 276.0 per cent., (c) intangible assets of 71.8 per cent., and (d) Subsidiaries of 2,000 per cent. Each of these increases was attributable to the increase in the Bank's business.

As at 30 September 2015, the Bank's total shareholders' equity was TL 1,968.8 million, representing an increase of 9.9 per cent. compared to TL 1,790.9 million as at 31 December 2014. Collected funds amounted to TL 20,437.7 million, representing an increase of 22.8 per cent. compared to TL 16,643.2 million as at 31 December 2014.

Total Liabilities and Equity of the Bank was TL 29,213.4 million as at 30 September 2015, representing an increase of 26.8 per cent. compared to TL 23,046.4 million as at 31 December 2014. This increase was primarily a result of increases, over the period, in (a) Borrowings from Money Markets of 286.5 per cent., (b) Funds Borrowed of 38.6 per cent. and (c) Miscellaneous payables of 90.7 per cent.

As at 30 September 2015 the Bank's non-performing loans to gross loans ratio (including lease receivables), non-performing loans coverage ratio, return on shareholders' equity attributable to the Bank and total capital adequacy ratio were 2.5 per cent., 70.5 per cent., 14.3 per cent. and 12.1 per cent. respectively, compared to 2.0 per cent., 87.9 per cent., 14.1 per cent. and 14.2 per cent. as at 31 December 2014 respectively.

TURKISH BANKING SYSTEM

The following information relating to the Turkish banking sector has been provided for background purposes only. The information has been extracted from third-party sources that Albaraka's management believes to be reliable but Albaraka has not independently verified such information.

General Outlook of the Turkish Banking Sector as at June 2015

As at the date of this prospectus, there are currently 52 banks operating from 12,298 branches with a total work force of 218,341 in Turkey, including five participation banks.

As of June 2015, the total asset size of the Turkish Banking Sector reached TL 2.2 billion. Total assets of the sector increased by 11.5 per cent. compared to 2014. As of June 2015, loans which are the biggest item composed of 62.9 per cent. of total assets amounting to TL 1.4 billion. As of June 2015, the sector's profit was TL 14 billion; representing an increase of TL 1 billion (7.6 per cent) compared to the same period in the previous year. The sector's return on assets and return on equities were realised respectively as 0.8 per cent. and 6.0 per cent. The sector's capital adequacy standard ratio was 15.4 per cent. as of June 2015. NPL ratio which was realised as 2.9 per cent. as of December 2014 is formed as 2.9 per cent. as of June 2015. Along with the new bank cards regulations on the instalments in Turkey, the volume of the sales in instalments have started to decrease by September 2013.

After the Federal Reserve's decision to taper programs, an increase of the currency and the interest rates have resulted in a major outflow of funds from emerging markets. Besides, the Turkish authorities have taken the necessary steps to mitigate the long term risks of credit increase and deposits decrease as the results of increase of currency and the interest rates. These policies effected positively and slowed down the all types of credits increase.

THE TURKISH BANKING SECTOR

Types of Banks in Turkey

Banks in Turkey are classified into one of the following categories:(i) public sector commercial banks; (ii) private sector commercial banks; (iii) foreign commercial banks; (iv) development and investment banks; (v) participation banks; and (vi) banks under the control of the Savings Deposit Insurance Fund ("**SDIF**").

The following table sets out certain statistical information for the Turkish banking sector as at 31 December 2014 under BRSA accounting principles.

	Public Sector Banks	Private Sector Banks	Foreign Banks	Development and Investment Bank*	Participation Banks	Total
			(TRY in millions, where applicable)			
Total assets	632,586.52	1,047,363.86	327,784.93	97,077.06	115,525.59	2,220,337.96
Total loans	404,381.57	679,298.06	211,401.95	73,743.38	68,878.20	1,437,703.16
Total deposits	386,491.41	603,933.26	185,269.10	0	70,210.38	1,245,904.15
Total shareholders' equity	62,746.10	114,492.36	33,204.10	22,157.20	10,645.83	243,245.59
Net income	4,479.74	6,549.90	1,243.48	931.33	413,096.0	426,300.45
Number of domestic branches	3,575	5,394	2,265	41	1,024	12,299
Number of domestic employees	57,203	95,160	43,822	5,481	16,612	218,278
Number of banks	3	10	20	13	5	51

Source: BRSA

The public and private sector commercial banks form the majority of the Turkish banking sector in terms of assets and operations. The three public sector banks, which all have large branch networks, were originally established with social rather than profit objectives, principally to provide services to certain sectors of the working population. Private sector commercial banks are comprised of full-service banks and corporate/trade finance-orientated banks. The four largest private commercial banks are Türkiye İş Bankası A.Ş., Türkiye Garanti Bankası A.Ş. ("**Garanti Bankası**"), Akbank T.A.Ş. ("**Akbank**") and Yapi Kredi Bankası A.Ş. These banks provide a large proportion of retail banking services and related financial products to the Turkish population in addition to providing large Turkish corporations and Turkish subsidiaries of large foreign companies with corporate and foreign trade related banking services.

In recent years, the liberalisation of the Turkish economy has resulted in an increase in the number of foreign-banks operating in Turkey, either as locally incorporated banks, branches or joint ventures with domestic banks. The following are examples of notable merger and acquisition activities by foreign banks in recent years. In February 2005, BNP Paribas acquired 50 per cent. of the shares of TEB Mali Yatırımlar A.Ş. which owns 84.3 per cent. of the shares of TEB A.Ş. In October 2006, Denizbank was acquired from the Zorlu Group by Dexia for U.S.$2.4 billion. Latterly, in September 2012, Sberbank acquired 99.9 per cent. of Denizbank from Dexia for U.S.$3.6 billion (subject to post-closing adjustments). In January 2007, Citigroup acquired a 20 per cent. stake in Akbank and later in the same year ING acquired Oyakbank for U.S.$2.7 billion. More recently, in March 2011, General Electric Co. and Doğuş Holding A.Ş. sold their 18.6 per cent. and 6.3 per cent. stakes, respectively, in Garanti Bankası to Banco Bilbao Vizcaya Argentaria S.A. ("**BBVA**") for U.S.$3.8 billion and U.S.$2 billion, respectively. In December 2012, Burgan Bank SAK purchased 99.3 per cent. of Eurobank Tekfen A.Ş. for U.S. $355 million. The Commercial Bank of Qatar (Q.S.C.) acquired 70.84 per cent. of Alternatif Bank A.Ş. in July 2013 by paying twice the book value at 30 June 2013. Finally, in July 2015, BBVA acquired an additional 14.89 per cent. of the shares of Garanti Bankası from Doğuş Holding A.Ş., making it the majority shareholder of Garanti Bankası with 39.9 per cent. of overall shares.

In October 2011, the BRSA approved the application of Bank Audi s.a.l-Audi Saradar Group to establish a new deposit bank in Turkey, Odea Bank A.Ş., which was later granted an operation permit in September 2012. Since 1997, this was the BRSA's first authorisation to establish a deposit bank in Turkey. Later in 2012, the BRSA also approved The Bank of Tokyo-Mitsubishi UFJ's application to establish a deposit bank and The Bank of Tokyo-Mitsubishi UFJ was granted an operation permit in September 2013. In August 2013, Rabobank International B.V. was granted an authorisation to establish a deposit bank in Turkey.

Development banks are funded by international banks and institutions such as the World Bank. Their objective is to provide medium and long-term financing to Turkish companies that cannot raise such funding easily through the market. These banks do not accept customer deposits.

In October 2014, one of Turkey's largest state-owned banks, T.C. Ziraat Bankası, was given permission by the BRSA to establish a participation bank with U.S.$300 million capital. T.C. Ziraat Bankası received approval in January 2015 and launched its participation bank in May 2015. Türkiye Halk Bankası also received approval in January 2015 to establish a participation bank. Also in January 2015, Vakıflar Bankası T.A.O. announced that it would apply for regulatory approval to establish a participation bank and received the approval in March 2015.

The Banking Law permits commercial banks to engage in all areas of financial activities including deposit taking, corporate and consumer lending, foreign exchange transactions, certain capital markets activities, securities trading and investment banking (except collecting participation funds and financial leasing activities). The Banking Law permits participation banks to engage in all areas of financial activities (other than accepting deposits).

Public Sector Commercial Banks

There are three public sector commercial banks within Turkey, all or a majority of which are owned or controlled by state entities. They generally have large branch networks and were originally established for development purposes, such as for agriculture, housing or foundations, rather than for profit motives.

Through their broad branch networks and ownership structures, these banks have traditionally been able to collect a substantial amount of deposits and thereby access cost-efficient funding sources.

The following table sets out the three state-owned commercial banks in Turkey, ranked for size of assets under Turkish GAAP accounting principles as at the dates presented.

Bank	Total Assets as at 30 June 2015	Number of branches as at 30 June 2015
	(TRY in millions)	
Vakıflar Bankasi T.A.O.	174,470	903
Türkiye Halk Bankası	178,677	912
T.C. Ziraat Bankası	282,509	1,760

Source: The Banks Association of Turkey.

According to the BRSA, total loans provided by these banks as at 30 June 2015 were TL 404,381 million.

Private Sector Commercial Banks

Private sector commercial banks comprise full-service banks and corporate/trade finance-oriented banks. Private sector commercial banks can be divided into large and small branch network commercial banks. Most private sector banks belong to large industrial groups, which may provide additional support to the banks.

The following table ranks the larger branch network private sector commercial banks by asset size under BRSA accounting principles as at the dates presented.

Bank	Ownership	Total Assets as at 30 June 2015	Number of branches as at 30 June 2015
		(TRY in millions)	
Türkiye İş Bankası A.Ş.	Bank Pension Fund and Republican People's Party	268,271	1,367
Türkiye Garanti Bankası A.Ş.	Doğuş Group and BBVA	235,049	1,006
Akbank T.A.Ş.	Sabancı Group	221,063	950
Yapı ve Kredi Bankası A.Ş.	Koç Financial Services and TEB Holding A.Ş.	208,895	1,013
Türk Ekonomi Bankası A.Ş.	BNP Yatırımlar Holding A.Ş. and BNP Paribas	61,449	550
Şekerbank	Employee Pension Funds, Samruk Kazyna and BTA Securities JSC	22,272	312

Source: The Banks Association of Turkey.

The following table ranks the small branch network private sector commercial banks by asset size as at the dates presented.

Bank	Ownership	Total Assets as at 30 June 2015	Number of branches as at 30 June 2015
		(TRY in millions)	
Anadolubank A.Ş.	Habas Group	10,739	108
Fibabanka A.Ş.	Fiba Holding A.Ş. and Özyol Group	9,119	68
Turkish Bank A.Ş.	Mehmet Tanju Özyol	1,471	18
Adabank	Transferred to SDIF	52	1

Source: The Banks Association of Turkey.

Despite significant growth in the number of small commercial banks, larger commercial banks (both private and public) continue to dominate the banking sector. As at the date of this Prospectus, out of 11 privately owned commercial banks, apart from the four largest banks, there are seven medium sized privately owned commercial banks. Two of these private sector commercial banks are smaller banks, which have, in aggregate, relatively negligible banking market share (i.e. having less than U.S.$1 billion in total assets).

Foreign Commercial Banks

The strengthening of regulations and the transparency of the Turkish economy over the past decade has resulted in an increase in the number of foreign commercial banks operating in Turkey. As at the date of this Prospectus there are 17 foreign banks in total, 12 of which are locally incorporated banks and five of which are Turkish branches of foreign banks.

The table below indicates certain information regarding foreign commercial banks in Turkey, together with their asset size, under Turkish BRSA accounting principles as at the dates presented.

Bank	**Ownership**	**Total Assets as at 30 June 2015**	**Number of branches as at 30 June 2015**
		(TRY in millions)	
Finansbank A.Ş.	National Bank of Greece S.A.	82,454	654
Denizbank A.Ş...........................	Sberbank of Russia	79,522	724
ING Bank A.Ş.	ING Bank N.V.	45,592	316
HSBC Bank A.Ş.......................	HSBC Bank PLC	32,984	291
Odea Bank A.Ş.........................	Bank Audi Sal and Audi Saradar Private Bank Sal	28,999	53
Alternatifbank A.Ş.....................	Commercial Bank of Qatar	12,505	64
Burgan Bank A.Ş......................	Burgan Bank S.A.K.	9,621	59
Citibank A.Ş.............................	Citi Group	9,299	8
Fibabanka A.Ş.	Fiba Holding and Özyol Group	9,119	68
Türkland Bank A.Ş...................	Arab Bank Suisse, Arab Bank and BankMed	5,291	34
Tekstil Bankası A.Ş..................	ICBC	4,246	44
The Bank of Tokyo-Mitsubishi UFJ Turkey A.Ş.....................	The Bank of Tokyo-Mitsubishi UFJ Ltd	3,680	1
Arab Türk Bankası A.Ş.	Libyan Arab Foreign Bank Tripoli Libya	3,512	7
Deutsche Bank A.Ş...................	Deutsche Bank AG	2,158	1
Rabobank A.Ş...........................	Rabobank NV	0,80	1
Branches of Foreign Banks	**Country of Incorporation**		
Intesa Sanpaolo S.p.A.	Italy	3,204	1
The Royal Bank of Scotland......	Scotland	2,650	1
Société Générale.......................	France	446	1
JP Morgan Chase Bank N.A......	United States	393	1
Bank Mellat..............................	Iran	329	3
Habib Bank Limited	Pakistan	94	1

Source: The Banks Association of Turkey

Development and Investment Banks

Development banks are funded by the Central Bank, international banks and institutions such as the World Bank, the European Investment Bank and various export credit agencies. Their objective is to provide medium and long-term financing to large and medium sized companies on a project basis. Development banks do not accept deposits and are also active in foreign exchange and securities transactions. These banks are not subject to the Banking Law.

There are four state-owned, six privately-owned and three foreign development and investment banks in Turkey. The following table sets out these banks and their assets and number of branches as at the dates presented.

Bank	Total Asset Total Assets as at 30 June 2015	Number of branches as at 30 June 2015
	(TRY in millions)	
State-owned Development Banks		
Türk Eximbank	40,373	2
Iller Bankasi A.Ş.	16,937	19
Istanbul Takas ve Saklama Bankasi A.Ş.	6,486	1
Türkiye Kalkinma Bankasi A.Ş	4,449	1
Privately-owned Development and Investment Banks		
Türkiye Sinayi Kalkinma Bankası A.Ş	18, 680	3
Aktif Yatırım Bankası A.Ş	6,557	8
Nurol Yatırım Bankası A.Ş	740	1
GSD Yatırım Bankası A.Ş	153	1
Diler Yatırım Bankası A.Ş	111	1
Foreign Development and Investment Banks		
BankPozitif Kredı ve Kalkınma Bankası	2,089	1
Merrill Lynch Yatırım Bankası	157	1
Standard Chartered Yatirim Bankasi Turk A.Ş.	79	1
Pasha Yatırım Bankası A.Ş	268	1

Source: *The Banks Association of Turkey.*

PARTICIPATION BANKS

As at the date of this Prospectus, there are currently five participation banks operating in Turkey, namely the Bank, Asya Katılım Bankası A.Ş., Türkiye Finans Katılım Bankası A.Ş., Kuveyt Türk Katılım Bankası A.Ş. and Ziraat Katılım Bankası A.Ş. Participation banks are subject to the Banking Law and are permitted to engage in financial activities other than accepting deposits. Each of these participation banks is a member of The Participation Banks Association of Turkey, a cooperative organisation of Turkish participation banks.

Participation banks structure their products and provide services on an interest-free basis. Accordingly, participation banks may collect funds in two ways:

(i) ***Special current accounts*****:** special current accounts are instant access accounts on which no income is paid to holders although customers are entitled to full or partial return of principal; and

(ii) ***Participation accounts*****:** these are time deposit accounts with varying maturities. The funds are used by the participation bank to provide finance to its customers and the profits (net of the account holders' share of any losses) earned on such financing are shared between the Bank and the relevant account holders in a pre-defined ratio. The profit is either paid at maturity of the deposit or at pre-agreed periodic intervals.

Participation banks may designate special fund pools exclusively for the financing of pre-determined projects and other investments. Such funds are utilised in separate pools as per their maturities and are segregated from other pools of accounts. The BRSA must be informed within 15 days of the formalisation of special fund pools and must be updated as to the status of such pools at three-month intervals. Such special fund pools must remain apart for a minimum of one month and must be liquidated at the end of the financing period.

The table below sets out the four participation banks in Turkey, ranked by size of assets (non-consolidated basis) under Turkish GAAP accounting principles as at the dates presented.

Bank	**Total Assets as at 30 June 2015**	**Number of branches as at 30 June 2015**
	(TRY in thousands)	
Kuveyt Türk	39,660,725	343
Türkiye Finans	37,271,720	285
Al Baraka Türk	27,045,666	209
Bank Asya	11,967,386	200
Ziraat Katılım	778,238	14

Source: The PBAT; BRSA
Note: As at the date of this Prospectus, Total Assets as at 30 September 2015 were unavailable from The PBAT

In 2013, the Turkish government announced the expansion of the participation banking sector in Turkey by establishing participation banks by the state owned banks. The Turkish government shall be issuing a new legislation based on which the state owned Turkish banks shall be entitled to either carry out participation banking activities or establish new participation banks. The Turkish Participation Banks Association has hosted a workshop regarding the participation banking and the interest free financing between 21 December 2013-23 December 2013 in Kızılcahamam, Ankara and it has been discussed whether the establishment of participation banks by the state owned banks shall be creating an unfair competition for the existing four participation banks in Turkey. The new public participation banks may have a positive impact on overall the market share enjoyed by participation banks and human resources in the participation banking sector, but it could also have a negative impact on Albaraka by increasing the competition which it faces.

COMPETITION

The Turkish banking industry is highly competitive but the Bank's management believes that it is well-positioned to compete in the market. The Bank principally competes with the three other participation banks in Turkey but also faces competition from the rest of the Turkish banking industry.

The following table shows major shareholders, total assets and market shares of the four Turkish participation banks as at 31 December 2014 according to the BRSA data.

Bank	***Major Shareholders***	***Assets (TL millions)***	***Assets market share***	***Loans market share(1)***	***Deposits market share***	***Branches***
Albaraka Türk Katılım Bankası A.Ş.	Albaraka Banking Group (54.06%)	23,046	22.11%	23.07%	24.91%	202
Bank Asya, Asya Katılım Bankası A.Ş.	Ortadogu Tekstil A.S. (4.89%)	13,679	13.12%	12.21%	13.30%	200
Türkiye Finans Katılım Bankası A.Ş.	National Commercial Bank (67.03%)	33,494	32.13%	34..39%	28.61%	280
Kuveyt Türk Katılım Bankası A.Ş.	Kuwait Finance House (62.24%)	34,008	32.62%	30.32%	33.15%	308

OVERVIEW OF TURKISH BANKING SECTOR REGULATIONS

Turkish banks are governed by two primary regulatory authorities in Turkey, the BRSA and the Turkish Central Bank. The Savings Deposit Insurance Fund is also a regulatory authority which has been established to develop trust and stability in the banking sector by strengthening the financial structures of Turkish banks, restructuring Turkish banks as needed and insuring the savings deposits of Turkish banks.

In June 1999, the BRSA was established by the former Banks Act (Law No. 4389) (which has subsequently been replaced by the Banking Law No. 5411, (the "**Banking Law**"), which came into force upon publication in the Official Gazette dated 1 November 2005 and numbered 25983). The BRSA ensures that banks observe banking legislation, supervises the application of banking legislation and monitors the banking system. The BRSA has administrative and financial autonomy.

Articles 82 and 93 of the Banking Law state that the BRSA, having the status of a public legal entity with administrative and financial autonomy, is established in order to ensure application of the Banking Law and other relevant acts, to ensure that savings are protected and to carry out other activities as necessary by issuing regulations within the limits of authority granted to it by the Banking Law. It is the sole regulatory and supervisory authority for the Turkish banking sector. The BRSA's role is to protect the rights and benefits of depositors and to establish a competitive, disciplined and efficient banking and financial sector within Turkey. Accordingly, the BRSA is authorised to undertake all necessary steps, within the limits of the autonomy granted to it by the Banking Law, to ensure it effectively monitors and regulates the Turkish banking sector.

The BRSA has responsibility for all banks operating in Turkey, including foreign and participation banks. The BRSA sets various mandatory ratios such as capital adequacy and liquidity ratios. In addition, all banks operating in Turkey must provide the BRSA, on a regular and timely basis, with information adequate to permit off-site analysis by the BRSA of such bank's financial performance, including balance sheets, profit and loss accounts, board of directors' reports and auditors' reports. Under current practice, such reporting is required on a daily, weekly, monthly, quarterly and annual basis, depending upon the nature of the information to be reported.

The BRSA conducts both on-site and off-site audits and supervises implementation of the provisions of the Banking Law and other legislation, examines all banking operations and analyses the relationship and balance between assets, receivables, equity capital, liabilities, profit and loss accounts and all other factors affecting a bank's financial structure. The BRSA's on-site supervision is conducted through a team of sworn bank auditors and other experts who are employed by the BRSA. In addition, the chairman of the BRSA has the authority to commission independent audit teams to examine specific matters within any bank.

Pursuant to the regulation regarding the internal systems and internal capital adequacy assessment process of Banks issued by the BRSA and published in the official gazette dated 11 July 2014 and numbered 29057, banks are obligated to establish, manage and develop, both for themselves and all of their consolidated affiliates, internal audit and risk management systems in line with the scope and structure of their organisations, in compliance with the provisions of such regulation. Pursuant to such regulation, the internal audit and risk management systems are required to be vested in a department of the bank that has the necessary independence to accomplish its purpose and such department must report to the bank's board of directors. Furthermore, pursuant to Article 20 of the regulation, internal control personnel cannot also be appointed to work in a role which conflicts with their internal control duties.

The Turkish Central Bank ("**Central Bank**") was founded in 1930 and performs the traditional functions of a central bank, including the issuance of bank notes, implementation of the government's fiscal and monetary policies, regulation of the money supply, management of official gold and foreign exchange reserves, supervision of the banking system and advising the government on financial matters. The Central Bank is empowered to determine the inflation target together with the government, and to adopt a monetary policy in compliance with such target. The Central Bank is the only institution authorised and responsible for the implementation of such monetary policy.

The Central Bank sets mandatory reserve levels and liquidity ratios. In addition, each bank must provide the Central Bank, with up to date, information adequate to permit off-site evaluation of its financial performance, including balance sheets, profit and loss accounts, board of directors' reports and auditors' reports.

There are bank auditors, who are officially certified and responsible for the on-site examination of banks, implementing the provisions of the Banking Law and other related legislation, examining on behalf of the BRSA all banking operations and analysing the relationship between assets, liabilities, net worth, profit and loss accounts and all other factors affecting a bank's financial structure.

The Participation Banks Association of Turkey ("**PBAT**"), established in accordance with the Banking Law, acts as an organisation with limited supervision and coordination in respect of participation banks. All participation banks in Turkey are obliged to become members of this association. As the representative body of the participation banking sector, the association aims to examine, protect and promote its members' professional interests; however, despite its regulatory and disciplinary functions, it does not possess any powers to regulate participation banking. This remains the responsibility of the BRSA.

SHAREHOLDING

The direct or indirect acquisition by a person of shares that represent 10 per cent. or more of the share capital of any bank, or the direct or indirect acquisition or disposal of such shares by a person if the total number of shares held by such shareholder increases above, or falls below 10 per cent., 20 per cent., 33 per cent. or 50 per cent. of the share capital of a bank, requires the permission of the BRSA in order to preserve full voting and other shareholders' rights associated with such shares. In addition, irrespective of the above thresholds, an assignment and transfer of preference shares to which attach the right to nominate a member to the board of directors or audit committee or the issuance of new shares with such preferences is also subject to the authorisation of the BRSA. In the absence of such authorisation, shareholders on such thresholds cannot be registered in the share ledger, which effectively deprives such shareholder of the ability to participate in shareholder meetings or to exercise voting or other shareholders' rights with respect to the shares but not of the right to collect dividends declared on such shares. Additionally, the direct and indirect acquisition or the transfer of the shares of a legal entity owning more than 10 per cent. of the share capital of a bank is also subject to BRSA approval if such transfer directly or indirectly results in the total number of the shares held by a shareholder increasing above or falling below 10 per cent., 20 per cent., 33 per cent. or 50 per cent. of the share capital of such legal entity. If such approval is not sought, then the relevant shares would merely entitle its owner to the dividend rights attaching to any such shares. In such case, the voting and other shareholder rights are exercised by the SDIF.

The board of directors of a bank is responsible for ensuring that shareholders attending general assembly's have obtained the applicable authorisations from the BRSA. If the BRSA determines that a shareholder has exercised voting or other shareholder's rights (other than the right to collect dividends) without due authorisation as described in the preceding paragraph, then it is authorised to direct the board of directors of a bank to cancel any applicable general assembly resolutions (including by way of taking any necessary precautions concerning such banks within its authority under the Banking Law). If the shares are obtained on the stock exchange, then the BRSA may also impose administrative fines on shareholders who exercise their rights or acquire or transfer shares as described in the preceding paragraph without BRSA authorisation. Unless and until a shareholder obtains the necessary share transfer approvals from the BRSA, the SDIF has the authority to exercise such voting and other shareholders' rights (other than the right to collect dividends and priority rights) attributable to such shareholder.

LENDING LIMITS

Turkish law sets out certain limits on the asset profile of banks and other financial institutions which are designed to protect those institutions from excessive exposure to any one counterparty (or group of related counterparties), in particular:

- Credits extended in amounts of 10 per cent. or more of a bank's shareholders' equity are classified as major credits and the total of such credits cannot be more than eight times the bank's shareholders' equity (except for avals and sureties from the same risk group that the loan is extended to). In this context, "credits" include cash credits and non-cash credits such as letters of guarantee, counter-guarantees, sureties, avals, endorsements and acceptances extended by a bank, bonds and similar capital market instruments purchased by it, loans (whether deposits or other), receivables arising from the future sales of assets, overdue cash credits, accrued but not collected interest, amounts of non-cash credits converted into cash and futures and options and other similar contracts, partnership interests, shareholding interests, payment of fees of movable and immovable property or services, profit and loss sharing investments, immovable equipment or property procurement and financial leasing and similar methods for participation banks according to the Banking Law.

- The Banking Law restricts the total financial exposure (including extension of credits, issuance of guarantees, etc.) that a bank may have to any one customer or a risk group (directly or indirectly) to 25 per cent. of its equity capital. In calculating such limit, a credit extended to a partnership is deemed to be extended to an unincorporated the partners in proportion to their liabilities. A risk group is defined as an individual, his or her spouse and children and partnerships in which any one of such persons is a director or general manager as well as partnerships that are directly or indirectly controlled by any one of such persons, either individually or jointly with third parties, or in which any one of such persons participate with unlimited liability. Furthermore, a bank, its shareholders holding 10 per cent. or more of the bank's voting rights or the right to nominate board members, its board members, general manager and partnerships directly or indirectly, individually or jointly, controlled by any of these persons or a partnership in which these persons participate with unlimited liability or in which these persons act as directors or general managers constitute a risk group, for which the lending limits are reduced to 20 per cent. of a bank's equity capital, subject to BRSA's discretion to increase such lending limit up to 25 per cent. or to lower it to the legal limit.

- Loans made available to a bank's controlling shareholders or registered shareholders holding more than 1 per cent. of the share capital of the bank and their risk groups may not in aggregate exceed 50 per cent. of its equity capital.

Non cash loans, futures and option contracts and other similar contracts, warranties, guarantees and suretyships, transactions carried out with credit institutions and other financial institutions, transactions carried out with the central governments, central banks and banks of the countries accredited with the BRSA, as well as bills, bonds and similar capital market instruments issued or guaranteed to be paid by them, and transactions carried out pursuant to such guarantees are taken into account for the purpose of calculation of loan limits within the framework of principles and ratios set by the BRSA.

The BRSA determines the permissible ratio of non-cash loans, futures and options, other similar transactions, avals, acceptances, guarantees and sureties, and bills of exchange, bonds and other similar capital markets instruments issued or guaranteed by, and credit and other financial instruments and other contracts entered into with governments, central banks and banks of the countries accredited with the BRSA for the purpose of calculation of loan limits.

Pursuant to Article 55 of the Banking Law, the following transactions are exempt from the above-mentioned lending limits:

- transactions against cash, cash-like assets and accounts and precious metals;

- transactions carried out with the Undersecretariat of Treasury of the Republic of Turkey, Central Bank, Privatisation Administration of the Republic of Turkey and the Housing Development Administration of the Republic of Turkey, as well as the transactions carried out against bills, bonds and similar securities issued or guaranteed by these institutions;

- transactions carried out on markets established by the Central Bank and on money markets organised as per special laws;

- any increase in a credit resulting from an increase in the value of the respective currency and interests accrued and other charges on overdue credits provided that subsequently allocated credits in a foreign currency shall be taken into consideration at the exchange rate applied on the date of utilisation thereof for calculation of lines of credit in the event a new credit is allocated to the same person or the same risk group;

- bonus shares (scrip issues) received as a result of capital increases, and any increase in the value of shares not requiring any fund outflow;

- interbank operations within the framework of the principles set out by the BRSA;

- shares acquired within the framework of underwriting services for public offering activities, provided that such shares are disposed of in the time and manner determined by the BRSA;
- transactions considered as "deductibles" in the shareholders' equity calculation; and
- other transactions to be determined by the BRSA.

LOAN LOSS RESERVES

Procedures relating to loan loss reserves for non-performing loans are set out in Article 53 of the Banking Law or in regulations issued by the BRSA. Pursuant to the Regulation on the Principles and Procedures Related to the Determination of Qualifications of the Loans and other Receivables by Banks and the Provisions to be Set Aside (the "**Loans and Provisions Regulation**") (as amended), banks are required to classify their loans and receivables into one of the following groups:

1. Standard Loans and Other Receivables: This group involves loans and other receivables:

    (a) that have been disbursed to natural persons and legal entities with financial creditworthiness;

    (b) the principal and interest payments of which have been structured according to the solvency and cash flow of the debtor;

    (c) the reimbursement of which has been made within specified periods, for which no reimbursement problems are expected in the future and which can be fully collected; and

    (d) for which no weakening of the creditworthiness of the debtor concerned has been found.

    he terms of a bank's loans and receivables which have been classified into this group may be modified provided they continue to meet the classification requirements for this group. However, in the event that such modification relates to the extension of the initial payment plan under the loan or receivable, a general loan provision, not being less than five times the sum of 1 per cent. of the cash loan portfolio plus 0.2 per cent. of the non-cash loan portfolio (for example, letters of guarantee, acceptance credits, letters of credit undertakings and endorsements) (except for: (a) cash and non-cash export loans, for which the general loan loss reserve is calculated as five times 0 per cent., and (b) cash and non-cash SME loans, for which the general loan loss reserve is calculated as five times 0.5 per cent. and 0.1 per cent. respectively), is required to be set aside and such modifications are required to be disclosed in the financial reports which are disclosed to the public. This ratio is required to be at least 2.5 times the Consumer Loans Provisions (as defined below) for amended consumer loan agreements (other than auto and housing loans). The modified loan or receivable may not be subject to this additional general loan provision if such loan or receivable has low risk, is extended with a short term and the interest payments thereon are made in a timely manner and provided that the principal amount of such loan or receivable must be repaid within a year, at the latest or if the term of the loan or receivable is renewed without causing any additional cost to a bank.

2. Closely Monitored Loans and Other Receivables: This group involves loans and other receivables:

    (a) that have been disbursed to natural persons and legal entities with financial creditworthiness and for the principal and interest payments of which there is no problem at present, but which need to be monitored closely due to reasons such as negative changes in the solvency or cash flow of the debtor, probable materialisation of the latter or significant financial risk carried by the person utilising the loan;

    (b) whereby principal and interest payments according to the conditions of the loan agreement are not likely to be repaid according to the terms of the loan agreement and where the persistence of such problems might result in partial or full non-reimbursement risk:

    (c) which are very likely to be repaid but where the collection of principal and interest have not been made for justifiable reasons and are delayed for more than 30 days; being loans which cannot however be considered as loans or other receivables with limited recovery for the purpose of group 3 below; or

(d) although the standing of the debtor has not weakened, there is a strong likelihood of it weakening due to the debtor's irregular cash flow which is difficult to control.

Where a bank provides a loan to a customer which falls within the classification requirements set out above then , all of the loans made by the bank to that customer will be classified in this group, notwithstanding the fact that certain loans made to that customer may themselves not fall within the classification requirements of this group. The terms of a bank's loans and receivables which fall within the classification requirements of this group may be modified provided they continue to meet the classification requirements of this group. However, in the event that such modification relates to the extension of the initial payment plan under the loan or receivable, a general loan provision, not being less than 2.5 times the sum of 2 per cent. of the cash loan portfolio plus 0.4 per cent. of the non-cash loan portfolio for closely-monitored loans will be set aside and such modifications are required to be disclosed in the financial reports which are disclosed to the public. This ratio is required to be at least 1.25 times the Consumer Loans Provisions for amended consumer loan agreements (other than auto and housing loans). If a modified loan or receivable is considered low risk, is extended with a short-term and the interest payments are made in a timely manner, such loan or receivable may not be subject to the additional general loan provision provided that the principal amount of such loan or receivable must be repaid within a year at the latest, or if the term of the loan or receivable is renewed without causing any additional cost to a bank.

3. Loans and Other Receivables with Limited Collection Ability: This group involves loans and other receivables:

(a) with limited collectability due to the resources of, or the securities furnished by, the debtor which one found to be insufficient to meet the debt on the due date, and where, if the problems observed are not eliminated, they are likely to give rise to losses;

(b) whereby the credibility of the debtor has weakened and where the recoverability of loan is deemed to have weakened;

(c) whereby collection of principal and interest or both has been delayed for more than 90 days but not more than 180 days from the due date; or

(d) in connection with which the bank is of the opinion that collection of the principal or interest of the loan or both will be delayed for more than 90 days from the due date owing to reasons such as the debtor's difficulties in financing working capital or in creating additional liquidity.

4. Loans and Other Receivables with Remote Collection Ability: This group involves loans and other receivables:

(a) that seem unlikely to be repaid or liquidated under existing conditions;

(b) in connection with which there is a strong likelihood that the bank will not be able to collect the full loan amount that has become due or payable under the terms stated in the loan agreement;

(c) where the debtor's creditworthiness is deemed to have significantly weakened but which are not considered as an actual loss due to such factors as a merger, the possibility of finding new financing or a capital increase; or

(d) there is a delay of more than 180 days but not more than one year from the due date in the collection of the principal or interest or both.

5. Loans and Other Receivables Considered as Losses: This group involves loans and other receivables:

(a) that are deemed to be uncollectable;

(b) whereby collection of principal or interest or both has been delayed by one year or more from the due date; or

(c) for which, although carrying the characteristics stated in groups 3 or 4 above, the bank is of the opinion that they have become weakened and that the debtor has lost his creditworthiness due to the strong possibility that it will not be possible to fully collect the amounts that have become due and payable within a period of over one year.

Pursuant to Article 53 of the Banking Law, banks must calculate the losses that have arisen, or are likely to arise, in connection with loans and other receivables. Such calculations must be regularly reviewed. They must also reserve adequate provisions against depreciation or impairment of other assets, qualify and classify assets, receive guarantees and security and measure the reliability and the value of such guarantees and security. In addition, banks must monitor the loans under follow-up procedures and the repayment of overdue loans and establish and operate the structures that will perform these functions. All provisions set aside for loans and other receivables in accordance with this article are considered expenditures deductible from the corporate tax base in the year they are set aside.

The Loans and Provisions Regulation also requires Turkish banks to provide a general reserve calculated at 1 per cent. of the cash loan portfolio plus 0.2 per cent. of the non-cash loan portfolio (letters of guarantee, acceptance credits, letters of credit undertakings and endorsements) (except for: (a) cash and non-cash export loans, for which the general loan loss reserve is calculated at 0 per cent., and (b) cash and non-cash SME loans, for which the general loan loss reserve is calculated at 0.5 per cent. and 0.1 per cent. respectively) for standard loans; and a general reserve calculated at 2 per cent. of the cash loan portfolio plus 0.4 per cent. of the non-cash loan portfolio for closely-monitored loans. In addition, 25 per cent. of the above-mentioned rates will be applied for each cheque that remains uncollected for a period of five years after issuance. Also, at least 40 per cent. of the general reserve amount calculated according to the above mentioned ratios was required to be reserved by 31 December 2012, at least 60 per cent. was required to be reserved by 31 December 2013 and at least 80 per cent. is required to be reserved by 31 December 2014 and 100 per cent. was required be reserved by 31 December 2015.

Pursuant to Article 7/2 of the Loans and Provisions Regulation, banks which have a consumer loan ratio which exceeds 25 per cent. of its total loans and banks which have a non-performing consumer loan ratio (non-performing consumer loans being consumer loans which are classified as frozen receivables, excluding auto and housing loans) greater than 8 per cent. of their total consumer loans (excluding auto and housing loans) (as calculated pursuant to the unconsolidated financial data prepared as of the general reserve calculation period) are required to set aside a 4 per cent. general provision for outstanding but not yet due consumer loans (excluding auto and housing loans) under group 1 above and an 8 per cent. general provision for outstanding but not yet due consumer loans (excluding auto and housing loans) under group 2 above (the "**Consumer Loans Provisions**").

Pursuant to Article 7/3 of the Loans and Provisions Regulation, if the sum of the letters of guarantee, acceptance credits, letters of credit undertakings, endorsements, purchase guarantees in security issuances, factoring guarantees or other guarantees and sureties and unsecured pre-financing loans of a bank is higher than ten times its equity calculated pursuant to the Regulation on Equity of Banks, a 0.3 per cent. general provision ratio is required to be applied by such bank for all of its standard non-cash loans. Notwithstanding the above ratio, and by taking into consideration the standard capital adequacy ratio, the BRSA may apply the same ratio or a higher ratio as the general reserve requirement ratio.

The banks should also set aside general provisions for the amounts monitored under the accounts of "Receivables from Derivative Financial Instruments" on the basis of the sums to be computed by multiplying them by the rates of conversion into credit indicated in Article 12 of the "Regulation on Loan Transactions of Banks" by applying the general provision rate applicable for cash loans. Apart from the general provisions, special provisions must be set aside for the loans and receivables in groups 3, 4 and 5 described above in the amounts of 20 per cent, 50 per cent. and 100 per cent, respectively.

Pursuant to these regulations, all loans and receivables in groups 3, 4 and 5 above, irrespective of whether any interest or other similar obligations of the debtor are applicable on the principal or whether the receivables have been refinanced, are defined as "**frozen receivables**." If several loans have been extended to a loan customer by the same bank and if any of these loans is considered as a frozen receivable, then all outstanding risks of such loan customer are classified in the same group as the frozen receivable even if such loans would not otherwise fall under the same group as such frozen receivable. If a frozen receivable is repaid in full, then the other loans of the loan customer may be re-classified into the applicable group as if there were no related frozen receivable.

Pursuant to Article 14/4 of the Loans and Provisions Regulation, the term "interest" refers to "share of profit" in respect of the funds extended by the participation banks.

Pursuant to Articles 14/1, 2 and 3 of the Loans and Provisions Regulation, the general and special provisions set aside for the funds and other receivables extended from participation accounts are required to be reflected in the expense accounts and participation accounts according to the rate of participation in loss to be determined in accordance with the relevant regulation. The participation banks are entitled to reflect the portion corresponding to the participation accounts, in their expense accounts provided that they obtain the approval of their shareholders' general assembly. Additionally, provided that the participation account agreements permit them, the participation banks are also entitled to set aside: (i) a portion of up to 5 per cent. of the profit amount to be distributed to participation accounts, (ii) collections from the written off loans arising from participation accounts; and (iii) cancellations of participation shares of the general and special provisions, as provisions to be utilised to meet the general and special provisions and the SDIF premium.

Banks must also monitor the following types of security based upon their classification:

> ***Category I Collateral***: Cash, deposits, profit sharing funds and gold deposit accounts that are secured by pledge or assignment agreements; repurchase agreement proceeds secured by promissory notes, debenture bonds, lease certificates (issued within the scope of the Law on Public Financing and Debt Management dated 28 March 2002 and numbered 4749) and similar securities issued directly or guaranteed by the Central Bank, the Treasury of the Republic of Turkey, the Mass Housing Administration of the Republic of Turkey or the Privatisation Administration of the Republic of Turkey and B-type investment profit sharing funds; member firm receivables arising out of credit cards and gold reserved within the Bank; securities issued directly or guaranteed by the central governments or central banks of countries that are members of the Organisation for Economic Co-operation and Development ("**OECD**") and securities issued directly or guaranteed by the European Central Bank; transactions made with the Treasury of the Republic of Turkey, Central Bank, the Mass Housing Administration of the Republic of Turkey or the Privatisation Administration of the Republic of Turkey or transactions that are guaranteed by securities issued directly or guaranteed by such administrations; guarantees issued by banks operating in OECD member countries; and sureties and letters of guarantee issued by banks operating in Turkey in compliance with their maximum lending limits and bonds ,debentures and cover bonds issued, or lease certificates the underlying assets of which are originated, by banks operating in Turkey, lease certificates funds of which are utilised by banks operating in Turkey and mortgage backed and asset backed securities issued by such banks.
>
> ***Category II Collateral***: Precious metals other than gold; shares quoted on a stock exchange; A-type investment profit sharing funds; asset-backed securities and private sector bonds except ones issued by the borrower; credit derivatives providing protection against credit risk; the assignment or pledge of accrued entitlements of persons from public agencies; liquid securities, negotiable instruments representing commodities, other types of commodities and movables pledged at market value; mortgages on property registered with the land registry and mortgages on real property built on allocated real estate provided that their appraised value is sufficient; export documents appurtenant to bill of lading or carrier's receipt or insured within the scope of an exportation loan insurance policy and negotiable instruments obtained from real or legal persons based upon actual commercial relationships; trade receivable insurance policies; and credit guarantee fund suretyships which are not endorsed by the Undersecretariat of the Treasury.
>
> ***Category III Collateral***: Commercial enterprise pledges, export documents, vehicle pledges, mortgages on aircraft or ships, suretyships of creditworthy natural persons or legal entities and other client promissory notes of natural persons and legal entities.
>
> ***Category IV Collateral***: Any other security not otherwise included in Categories I, II or III.

In calculating the special provision requirements for non-performing loans, the value of collateral received from the borrower will be deducted from the frozen receivables in groups 3, 4 and 5 above in the following proportions in order to determine the amount that will be subject to special provisioning:

Discount Ratio	**(%)**
Category I Collateral	100
Category II Collateral	75
Category III Collateral	50
Category IV Collateral	25

In case the value of the collateral exceeds the amount of the non-performing loan, the above-mentioned rates of consideration are applied only to the portion of the collateral that is equal to the amount of the non-performing loan.

According to Article 11 of the Loans and Provisions Regulation, in the event of a borrower's failure to repay loans or any other receivables due to a temporary lack of liquidity that the borrower is facing, a bank is allowed to refinance the borrower with additional funding in order to strengthen the borrower's liquidity position or to structure a new repayment plan. Despite such refinancing or new repayment plan, such loans and other receivables are required to be monitored in their current loan groups (whether group 3, 4 or 5) for at least the following six-month period and to be provided against in line with the relevant loan group provisioning level. After this six-month period, if total collections reach at least 15 per cent. of the total receivables for restructured loans, then the remaining receivables may be reclassified to the "Refinanced/Restructured Loans and Receivables" account. The bank may refinance the borrower for a second time if the borrower fails to repay the refinanced loan; provided that 20 per cent. of the principal and other receivables are collected on a yearly basis.

The Regulation has been subject to a series of amendments. Pursuant on the amendment dated 21 September 2012, the BRSA is entitled to increase the provision rates for general and special reserves, taking into consideration the sector and geographical risks of the borrower, and banks are required to reserve adequate provisions for loans and other receivables until the end of the month on which the payment of such loans and receivables has been delayed.

According to Provisional Article 6 of the Regulation, which will be effective until 31 December 2015, loans and receivables classified as Closely Monitored Loans and Other Receivables (group 2) that were granted to be used in the maritime sector can be restructured twice. Furthermore, such loans and other receivables subject to a new redemption plan may be classified as Standard Loans and Other Receivables (group 1) provided that at least 10 per cent. of the total debt has been repaid. Any such debt classified under group 1 that is reclassified as group 2 debt or that is restructured or is continued to be monitored under group 2 as the agreed conditions for reclassification were not adhered to and are restructured once again may be reclassified as group 1; provided that at least 15 per cent. of the total debt has been repaid. If such loans and receivables become subject to a redemption plan for a second time by granting new loans, then such loans and receivables shall be classified as group 3 until 5 per cent. of the total debt has been repaid. As long as such percentage of payments foreseen in the redemption plan are made within the payment periods envisaged for group 3, it is in the bank's discretion to set aside special provisions for such loans and receivables.

In addition, pursuant to Provisional Article 6 (b) described above, if there are any loans and receivables that are classified in groups 3, 4 and 5, other than those relating to the maritime sector shall be reclassified in the same group as such debt. However, setting aside special provisions in the ratio foreseen by the related group for these loans is in the discretion of banks. So long as the classification methods as set out in the regulation are complied with, if a borrower fails to repay such loans or receivables due to a temporary lack of liquidity, then the bank is allowed to refinance the borrower with additional funding in order to strengthen its liquidity position or to structure a new repayment plan up to three times.

Any debt restructured pursuant to Provisional Article 6(b) may be transferred to the "Renewed/Restructured Loans Account" if:

- at least 5 per cent. of the total debt in the first restructuring has been repaid and the restructured loans and receivables have been monitored under their respective group(s) for a period of at least three months;

- at least 10 per cent. of the total/debt in the second restructuring has been repaid and the restructured loans and receivables have been monitored under their respective group(s) for a period of six months;

- at least 15 per cent. of the total debt in the third restructuring has been repaid and the restructured loans and receivables have been monitored under their respective group(s) for a period of one year; and

- the payments foreseen in the payment plan are not delayed.

CAPITAL ADEQUACY

Pursuant to Article 45 of the Banking Law Capital Adequacy is defined as having adequate equity against losses that could arise from the risks encountered. The banks must calculate, and report their capital adequacy ratio, which cannot be less than 8 per cent.

The BRSA is authorised to increase the minimum capital adequacy ratio and the minimum consolidated capital adequacy ratio, to set different ratios for each bank and to revise the calculation and notification periods, by taking into account each bank's internal systems as well as its asset and financial structures.

In order to implement the rules of the report entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" published by the Basel Committee on Banking Supervision (the "**Basel Committee**") in December 2010 and revised in June 2011 (i.e., Basel III) the Regulation on Equities of Banks and amendments to the Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks were published by the BRSA in the Official Gazette dated 5 September 2013 and numbered 28756 and entered into force on 1 January 2014.

Furthermore, the Regulation on the Capital Maintenance and Cyclical Capital Buffer and the Regulation on the Measurement and Evaluation of Leverage Levels of Banks were published in the Official Gazette dated 5 November 2013 and numbered 28812, both of which are effective as of 1 January 2014 (with the exception of certain provisions of the latter regulation that entered into effect on 1 January 2015).

Also, the Regulation on Liquidity Coverage Ratios, published in the Official Gazette dated 21 March 2014 and numbered 28948.

In accordance with Basel III rules, each bank is required to prepare an internal capital adequacy assessment process report (the "**ICAAP Report**") representing its own assessment of its capital requirements. The first ICAAP Report covering the activities of Albaraka in Istanbul, Turkey was submitted to the BRSA on 27 June 2013. Subsequent filings of the ICAAP Report are required to be made at the end of March in each year.

Please see the section *Basel Committee – Basel III* below for further details on the abovementioned new regulations.

The Regulation on Equities of Banks, debt instruments and their issuance premium can be included either in additional Tier I capital or in Tier II capital subject to certain conditions; however, such amount is required to be reduced by the amount of any cash credit extended to creditors holding 10 per cent. or more of such debt instruments of a bank (or to any person within such creditors' risk group).

Tier II Rules set forth under the Regulation on Equities of Banks

According to the Regulation on Equities of Banks, Tier II capital shall be calculated by subtracting capital deductions from general provisions, issuance premiums and the debt instruments which are not to be included in Tier I capital and which have been approved by the BRSA upon the application of the board of directors of the bank along with a written statement confirming compliance of the debt instruments with conditions set forth below (the "**Tier II Conditions**"):

(a) the debt instrument must be issued by the bank and registered with the CMB and must be fully paid in cash;

(b) the debt instrument must have priority over debt instruments that are included in additional Tier I capital and must be subordinated with respect to rights of deposit holders and all other creditors;

(c) the debt instrument must not be related to any derivative operation or contract breaching the condition set forth in clause (b) nor can it be tied to any guarantee or security, directly or indirectly;

(d) the debt instrument must have an initial maturity of at least five years and must not include any provision that may incentivises prepayment, such as dividends and increase of interest rate;

(e) if the debt instrument includes a prepayment option, such option shall be exercisable no earlier than five years after issuance and subject to the approval of the BRSA. The BRSA approval is subject to the following conditions:

(i) the bank cannot create any market expectation that the option will be exercised by the bank,

(ii) the debt instrument must be replaced by another debt instrument either of the same quality or higher quality, and such replacement must not have a restrictive effect on the bank's ability to sustain its operations, or

(iii) following the exercise of the option, the equity of the bank must exceed the higher of: (A) the capital adequacy requirement that is to be calculated pursuant to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks along with the procedures and principles on capital buffers that are to be set by the BRSA, (B) the capital requirement derived as a result of an internal capital adequacy evaluation process of the bank and (C) the higher capital requirement set by the BRSA (if any);

however, if tax legislation or other regulations are materially amended, a prepayment option may be exercised; provided that the above conditions in clause (e) are met and the BRSA approves,

(f) the debt instrument must not provide for acceleration except in the case of a bankruptcy or dissolution process relating to the issuer;

(g) the debt instrument's dividend or interest payments shall not be linked to the creditworthiness of the issuer;

(h) the debt instrument must not be: (i) purchased by the issuer or by entities directly or indirectly controlled by the issuer ;or (ii) assigned to such entities, and its purchase shall not be directly or indirectly financed by the issuer itself;

(i) if there is a possibility that the bank's operating license would be cancelled or the probability of transfer of management of the bank to the SDIF arises pursuant to Article 71 of the Banking Law, temporary or permanent removal of the debt instrument from the bank's records or the debt instrument's conversion to share certificates would be possible if the BRSA so decides; and

(j) in the event that the debt instrument has not been issued by the bank itself or one of its consolidated entities, the amounts obtained from the issuance shall be immediately transferred without any restriction to the bank or its consolidated entity (as the case may be) in accordance with the rules listed above.

In addition, procedures and principles regarding the deduction of the debt instrument's value and/or removal of the debt instrument from the bank's records, and/or the debt instrument's conversion to shares, are determined by the BRSA.

Loans (*as opposed to securities*) that have been approved by the BRSA upon the application of the board of directors of the applicable bank accompanied by a written statement confirming that all of the Tier II Conditions (except the issuance and registration with the CMB) are met also can be included in Tier II capital calculations.

In addition to the conditions that need to be met before including debt instruments and loans in the calculation of Tier II capital, the Regulation on Equities of Banks also amended the limit for inclusion of general provisions in Tier II capital. under to the Regulation on Equities of Banks dated 2006, the portion of the general provisions that exceeded 125 parts per 10,000 of the total risk-weighted assets (i.e., credit risk, market risk and operation risk) had not been taken into consideration in calculating the Tier II capital. Under the new Regulation on Equities of Banks dated 2013, the basis for the calculation of this limit has changed from total risk-weighted assets to risk-weighted assets related to credit risk only.

The BRSA may require new conditions for each debt instrument in addition to the Tier II Conditions set forth above.

Applications to include debt instruments or loans into Tier II capital must be accompanied with the original copy or a notarised copy of the applicable agreement(s) or, if an applicable agreement is not yet signed, a draft of such agreement (*with submission of its original or a notarised copy to the BRSA within five business days of the signing of such agreement*). If the interest rate is not explicitly indicated in the loan agreement or the prospectus of the debt instrument (borçlanma aracı izahnamesi), or if the interest rate is excessively high compared to that of similar loans or debt instruments, then the BRSA might not authorise the inclusion of the loan or debt instrument in the calculation of Tier II capital.

Debt instruments and loans which are approved by the BRSA are included in accounts of Tier II capital as of the date of transfer to the relevant accounts in the applicable bank's records. Loan agreements and debt instruments that have been included in Tier II capital calculations, and that have less than five years maturity, shall be included in Tier II capital calculations after being reduced by 20 per cent. each year.

Basel Committee

Basel II. The main difference between the capital adequacy regulations which were in effect before 1 July 2012 and the Basel II regulations is the calculation of risk-weighted assets related to credit risk. The Basel II regulations seek to align more closely the minimum capital requirement of a bank with its borrowers' credit risk profile. The impact of the Basel II regulations on the capital adequacy levels of Turkish banks largely stems from exposures to the Turkish government, principally through the holding of Turkish government bonds. Whereas the previous rules provided a 0 per cent. risk weight for exposures to the Turkish sovereign and the Central Bank, the Basel II rules requires that claims on sovereign entities and their central banks be risk-weighted according to their credit assessment, which currently results in a 50 per cent. risk weighting for Turkey. The Turkish rules implementing the Basel principles in Turkey revises this general rule by providing that all Turkish Lira-denominated claims on sovereign entities in Turkey and all foreign currency-denominated claims on the Central Bank will have a 0 per cent. risk weight. As a result of these implementation rules, the impact of the new regulations has been fairly limited. The BRSA has announced that the migration from the previous regime to Basel II regulations resulted in an approximately 0.2 per cent. decline in the capital adequacy levels of the Turkish banking system as of 31 July 2012.

Basel III. The Turkish banks' capital adequacy requirements may be further affected by Basel III including requirements regarding regulatory capital, liquidity, leverage ratio and counterparty credit risk measurements, which are expected to be implemented between 2014 and 2019. In 2013, the BRSA announced its intention to adopt the Basel III requirements and issued the following regulations:

(i) The Regulation on Equities of Banks was published in the Official Gazette dated 5 September 2013 and numbered 28756, which entered into effect on 1 January 2014. This regulation introduced core Tier I capital and additional Tier I capital as components of Tier I capital. In addition, this regulation has introduced new Tier II rules and determined new criteria for debt instruments to be included in Tier II capital.

(ii) The Amendment on Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks was published in the Official Gazette dated 5 September 2013 and numbered 28756, which entered into effect on 1 January 2014. This regulation introduced a minimum core capital adequacy standard ratio (4.5 per cent.) and a minimum Tier I capital adequacy standard ratio (6.0 per cent.) to be calculated on a consolidated and un-consolidated basis (which are in addition to the previous requirement for a minimum total capital adequacy ratio of 8.0 per cent.) and change the risk weights of certain items that are categorised under "*other assets*."

(iii) The Regulation on the Capital Maintenance and Cyclical Capital Buffer, which regulates the procedures and principles regarding the calculation of additional core capital amount, was published in the Official Gazette dated 5 November 2013 and numbered 28812 and entered into effect on 1 January 2014.

(iv) The Regulation on the Measurement and Evaluation of Leverage Levels of Banks, which seeks to constrain leverage in the banking system and ensure maintenance of adequate equity on a consolidated and un-consolidated basis against leverage risks (*including measurement error in* *the risk-based capital measurement approach*), was published in the Official Gazette dated 5 November 2013 and numbered 28812 and entered into effect on 1 January 2014 except for certain provisions that entered into effect on 1 January 2015.

(v) The Regulation on the Calculation of Banks' Liquidity Coverage Ratios was published in the Official Gazette, dated 21 March 2014 and numbered 28948, and entered into effect on 1 January 2014 (*with the exception of certain provisions relating to minimum coverage ratio levels and the consequences of failing to maintain compliance, which entered into effect on 1 January 2015*), By this regulation the BRSA seeks to ensure that banks maintain an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for a thirty calendar day period both on a consolidated and unconsolidated basis. The Regulation on Liquidity Coverage Ratios provides that the ratio of the high quality asset stock to the net cash outflows, both of which are calculated in line with the regulation, cannot be lower than 100 per cent. in respect of total consolidated and un-consolidated liquidity and 80 per cent. in respect of total consolidated and un-consolidated foreign exchange liquidity. Unconsolidated total and foreign currency liquidity coverage ratios cannot be noncompliant more than six times within a calendar year. This includes any instance of non-compliances which have already been remedied. With respect to consolidated total and foreign currency liquidity coverage, these cannot be noncompliant consecutively within a calendar year and such ratios cannot be noncompliant more than twice within a calendar year, including any instance of non-compliance that have already been remedied.

The Basel Committee has also proposed that the risk-sensitive capital framework should be supplemented with a non-risk-based measure, the leverage ratio. The leverage ratio will be calculated as the Tier I capital divided by the exposure (on and off-balance sheet exposures, with certain adjustments for selected items such as derivatives). A minimum leverage ratio of 3 per cent. will be evaluated during a parallel run period. Another new key component of the Basel III framework is the introduction of increased regulations for liquidity risks. The objective of the liquidity reform is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. The Basel Committee has developed two new quantitative liquidity standards as part of the Basel III framework, which are the liquidity coverage ratio ("**LCR**") and the net stable funding ratio ("**NSFR**"). The LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality assets that can be converted into cash to meet its liquidity needs for a 30-day time horizon under an acute liquidity stress scenario. The NSFR, on the other hand, establishes a minimum acceptable amount of stable funding, based on the liquidity characteristics of an institution's assets and activities over a one-year horizon. These standards aim to set the minimum levels of liquidity for internationally active banks.

LIQUIDITY RESERVE REQUIREMENT

Article 46 of the Banking Law requires banks to calculate, attain, maintain and report the minimum liquidity level in accordance with principles and procedures to be set out by the BRSA. Within this framework, a comprehensive liquidity arrangement was put into force by the BRSA, following the consent of the Central Bank.

The reserve requirements regarding foreign currency liabilities vary by category, as set forth below:

Category of Foreign Currency Liabilities	**Required Reserve Ratio for Current Liabilities (*)**	**Required Reserve Ratio for New Liabilities (*)**
Demand deposits, notice deposits and private current accounts, precious metal deposit accounts, deposits/participation accounts up to 1-month, up to 3-month, up to 6-month and up to 1-year maturities	20%	20%
Deposits/participation accounts and precious metal deposit accounts, with 1-year and longer maturity and cumulative deposits/participation accounts	9%	9%
Liabilities other than deposits/participation funds up to 1-year maturity (including 1-year)	20%	25%
Liabilities other than deposits/participation funds up to 2-year maturity (including 2-year)	14%	20%

Liabilities other than deposits/participation funds up to 3-year maturity (including 3-year)	18%	15%
Liabilities other than deposits/participation funds up to 5-year maturity (including 5-year)	7%	7%
Liabilities other than deposits/participation funds longer than 5-year maturity	6%	5%
Special fund pools	Ratios for corresponding maturities	

(*) New ratios will be applicable as of 23 October 2015 to new liabilities to arise after 28 August 2015. As of 28 August 2015, current ratios will continue to be applied to current liabilities.

The reserve requirements regarding Turkish Lira liabilities vary by category, as set forth below:

Category of Turkish Lira Liabilities	*Required Reserve Ratio*
Demand deposits, notice deposits and private current accounts	11.5%
Deposits/participation accounts up to 1-month maturity (including 1-month)	11.5%
Deposits/participation accounts up to 3-month maturity (including 3-month)	11.5%
Deposits/participation accounts up to 6-month maturity (including 6-month)	8.5%
Deposits/participation accounts up to 1-year maturity	6.5%
Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	5%
Liabilities other than deposits/participation funds up to 1-year maturity (including 1-year)	11.5%
Liabilities other than deposits/participation funds up to 3-year maturity (including 3-year)	8%
Liabilities other than deposits/participation funds with longer than 3-year maturity	5%
Special fund pools	Ratios for corresponding maturities above

The reserve requirements also apply to gold deposit accounts. Furthermore, banks are permitted to maintain: (a) up to 60 per cent. (at least half of which must be in U.S. dollars) of the Turkish Lira reserve requirements in U.S. dollars and/or Euro (first 35 per cent. at 1.4 times, second 5 per cent. at 1.7 times, third 5 per cent. at 2.1 times, fourth 5 per cent. at 2.4 times, fifth 5 per cent. at 2.6 times and sixth 5 per cent. at 2.7 times the reserve requirement) and up to 30 per cent. of the Turkish lira reserve requirements in standard gold (first 15 per cent. at 1.4 times, second 5 per cent. at 1.3 times, third 5 per cent. at 2.0 times and fourth 5 per cent. at 2.5 times the reserve requirement); and (b) up to the total amount of the foreign currency reserve requirements applicable to precious metal deposit accounts in standard gold. In addition, as required by a press release from the Central Bank dated 11 September 2012, banks are required to maintain their required reserves against their US Dollar-denominated liabilities in U.S. dollars only.

Since September 2010, reserve accounts kept in Turkish Lira became non-interest-bearing (reserve accounts in foreign currencies have not been interest-bearing since 2008). As of the date of this Prospectus, no interest is paid by the Central Bank on Turkish Lira or foreign currency liquidity reserve accounts.

The regulations further state that until 31 December 2013, foreign exchange-indexed assets and liabilities shall, for the purposes of calculations of foreign currency liquidity ratios, be deemed to be foreign currency assets and liabilities. However, such foreign exchange-indexed assets and liabilities shall continue to be deemed Turkish Lira currency for the calculation of total liquidity adequacy ratios.

The regulations state that the liquidity adequacy ratio of a bank is the ratio of liquid reserves to liabilities of the bank. A bank must maintain a weekly arithmetic average of 100 per cent. liquidity adequacy before the first maturity period (0-7 days before the maturity date of liabilities on a weekly average as defined by the regulation) and second maturity period (0-31 days before the maturity date of liabilities on a monthly average) for its aggregate liabilities and 80 per cent. liquidity adequacy for its foreign currency liabilities.

Pursuant to the amendment to the Communiqué regarding Reserve Requirements numbered 2013/15, the Central Bank introduced a new reserve requirement to be calculated based upon the financial leverage ratio of banks. The leverage ratio of a bank is determined as the ratio of the main capital of the bank to the sum of: (a) the total of its liabilities, (b) its non-cash loans and liabilities, (c) 10 per cent. of its revocable commitments, (d) the total amount to be calculated by the multiplication of each undertaking arising from derivative instruments with their own loan conversion ratio and (e) irrevocable undertakings. The additional reserve requirements to be set aside in the following quarter of the calculation period (calculated separately for each category of Turkish lira and foreign currency liabilities) vary by leverage ratios, as set forth below:

Calculation Period for the Leverage Ratio	*Leverage Ratio*	*Additional Reserve Requirement*
From the 4th quarter of 2013 through the 3rd quarter of 2014...	Below 3.0%	2.0%
	From 3.0% (inclusive) to 3.25%	1.5%
	From 3.25% (inclusive) to 3.5%	1.0%
From the 4th quarter of 2014 through the 3rd quarter of 2015...	Below 3.0%	2.0%
	From 3.0% (inclusive) to 3.50%	1.5%
	From 3.50% (inclusive) to 4.0%	1.0%
Following the 4th quarter of 2015 (inclusive)............................	Below 3.0%	2%
	From 3.0% (inclusive) to 4.0%	1.5%
	From 4.0% (inclusive) to 5.0%	1.0%

Starting in November 2014, reserve accounts kept in Turkish Lira became interest bearing under the incentivising measures taken by the CBT. Additionally, pursuant to the resolution of the CBT dated 2 May 2015, interest payments will be made to the mandatory reserves and reserve options denominated in USD currency that are held within the CBT. The interest rate will be determined on a daily basis and will be announced at 09:30 via Anadolu Ajansı DV008 and Reuters CBTB.

FOREIGN EXCHANGE REQUIREMENTS

The weekly average of the absolute values of the standard ratios of a bank's foreign exchange net position to its capital base calculated over the working days in weeks should not exceed 20 per cent. based on both consolidated and unconsolidated financials. The net foreign exchange position is the difference between the Turkish Lira equivalent of a bank's foreign exchange assets and its foreign exchange liabilities. For the purpose of computing the net foreign exchange position, foreign exchange assets include all active foreign exchange accounts held by a bank and its foreign branches, its foreign exchange-indexed assets and its subscribed forward foreign exchange purchases; for purposes of computing the net foreign exchange position, foreign exchange liabilities include all passive foreign exchange accounts held by a bank (including its foreign branches), its subscribed foreign exchange-indexed liabilities and its subscribed forward foreign exchange sales. If the ratio of a bank's net foreign exchange position to its capital base exceeds 20 per cent., then the bank is required to take steps to move back into compliance within two weeks following the bank's calculation period. Banks are permitted to exceed the legal net foreign exchange position to capital base ratio up to six times per calendar year.

AUDIT OF BANKS

According to Article 24 of the Banking Law, banks' boards of directors shall establish audit committees for the performance of audit and monitoring functions. Audit committees shall consist of a minimum of two members and be appointed from among the members of the board of directors who do not have executive duties. The duties and responsibilities of the audit committee include the supervision of the efficiency and adequacy of the banks' internal control, risk management and internal audit systems, the functioning of these systems and accounting and reporting systems within the framework of the Banking Law and other relevant legislation, and the integrity of the information produced; conducting the necessary preliminary evaluations for the selection of independent audit firms by the board of directors; regularly monitoring the activities of independent audit firms selected by the board of directors; and, in the case of holding companies covered by the Banking Law, ensuring that the internal audit functions of the institutions that are subject to consolidation and operate in a coordinated manner, on behalf of the board of directors.

The BRSA, as the principal regulatory authority in the Turkish banking sector, has the right to monitor compliance by banks with the requirements relating to audit committees. As part of exercising this right, the BRSA reviews audit reports prepared for banks by their independent auditing firms. Banks are required to select an independent audit firm in accordance with the regulation of the BRSA related to the authorisation and activities of independent firms to perform auditing of banks. Independent auditors are held liable for damages and losses to relevant parties referred to under the same legislation. Professional liability insurance is required for (a) independent auditors and (b) evaluators, rating agencies and certain other outsourcing services (if requested by the service-acquiring bank or required by the BRSA). Furthermore, banks are required to consolidate their financial statements on a quarterly basis in accordance with certain consolidation principles established by the BRSA. The year-end consolidated financial statements are required to be audited whereas interim consolidated financial statements are subject to only a limited review by independent audit firms.

The reports prepared by independent audit firms are also filed with the CMB if the bank's shares are quoted on the Borsa Istanbul. The CMB has the right to inspect the accounts and transaction records of any publicly traded company. In addition, quarterly reports that are subject to limited review must also be filed with the CMB.

All banks (public and private) also undergo an annual audit by certified bank auditors who have the authority to audit banks on behalf of the BRSA. Audits by certified bank auditors encompass all aspects of a bank's operations, its financial statements and other matters affecting the bank's financial position, including its domestic banking activities, foreign exchange transactions and tax liabilities. Additionally, such audits seek to ensure compliance with applicable laws and the constitutional documents of the bank. The Central Bank has the right to monitor compliance by banks with the Central Bank's regulations through off-site examinations.

THE SDIF

Article 111 of the Banking Law relates to the SDIF and its principles. The SDIF has been established to develop trust and stability in the banking sector by strengthening the financial structures of Turkish banks, restructuring Turkish banks as needed and insuring the savings deposits and participation funds of Turkish banks. The SDIF is a public legal entity set up to insure savings deposits and participation funds held with banks. The SDIF is responsible for and authorised to take measures for restructuring, transfers to third parties and strengthening the financial structures of banks, the shares of which and/or the management and control of which have been transferred to the SDIF in accordance with Article 71 of the Banking Law, as well as other duties imposed on it.

(a) *Insurance of Deposits and Participation Funds*

Pursuant to Article 63 of the Banking Law, savings deposits and participation funds (belonging to real persons) held with banks are insured by the SDIF. The scope and amount of savings deposits and participation funds subject to the insurance, the tariff of the risk-based insurance premium, the time and method of collection of this premium, and other relevant matters are determined by the SDIF upon consultation with the Undersecretariat of the Treasury, the BRSA and the Central Bank.

(b) *Borrowings of the SDIF*

Under Article 131 of the Banking Law, the SDIF may, in extraordinary situations, borrow with the authorisation of the Undersecretariat of the Treasury and/or, if necessary, the Undersecretariat of the Treasury can issue government securities, the proceeds of which shall be allocated to the SDIF. The principles and procedures regarding government debt securities, including their interest rates and terms and conditions of repayment to the Undersecretariat of the Treasury, are to be determined together by the Undersecretariat of the Treasury and the SDIF.

(c) *Power to require Advances from Banks*

If the assets of the SDIF do not meet the demands and the resources of the SDIF are insufficient, then (subject to the consent of the BRSA) banks may be required to make advances of up to the total insurance premiums paid by them in the previous year to be set-off against their future premium obligations.

(d) *Contribution of the Central Bank*

If the SDIF's resources prove insufficient due to extraordinary circumstances, then the Central Bank will, on request, provide the SDIF with an advance. The terms, amounts, repayment conditions, interest rates and other conditions of the advance will be determined by the Central Bank upon consultation with the SDIF.

(e) *Savings Deposits and Participation Funds that are not subject to Insurance*

Deposits and participation funds held in a bank by controlling shareholders, the chairman and members of the board of directors or board of managers, general manager and assistant general managers, auditors and by the parents, spouses and children of the above, and deposits, participation funds and other accounts within the scope of criminally-related assets set forth in Article 282 of the Turkish Criminal Code and other deposits, participation funds and accounts as determined by the BRSA are not covered by insurance.

(f) *Premiums as an Expense Item*

Premiums paid by a bank into the SDIF are to be treated as an expense in the calculation of that bank's corporate tax.

(g) *Liquidation*

In the event of the bankruptcy of a bank, the SDIF is a privileged creditor and may liquidate the bank under the provisions of the Enforcement and Bankruptcy Act, exercising the duties and powers of the bankruptcy office and creditors' meeting and the bankruptcy administration.

(h) *Claims*

In the event of the bankruptcy of a bank, holders of savings deposits and participation funds will have a first-degree privileged claim in respect of the part of their deposit and participation fund that is not covered by the SDIF.

Up to TL 100,000 of the amounts of deposit accounts and participation funds benefit from the SDIF insurance guarantee.

CANCELLATION OF BANKING LICENSE

If the results of an audit show that a bank's financial structure has seriously weakened, then the BRSA may require the bank's board of directors to take measures to strengthen its financial position. Pursuant to the Banking Law, in the event the BRSA in its sole discretion determines that:

- the assets of a bank are insufficient or are likely to become insufficient to cover its obligations as they become due;
- the bank is not complying with liquidity requirements;
- the bank's profitability is not sufficient to conduct its business in a secure manner due to disturbances in the relation and balance between the expenses and profit;
- the regulatory equity capital of such bank is not sufficient or is likely to become insufficient;
- the quality of assets of such bank have been impaired in a manner potentially weakening its financial structure;
- the by-laws and regulations of such bank are in breach of the Banking Law or relevant regulations or the decisions of the BRSA;
- the decisions, transactions or applications of such bank are in breach of the Banking Law, relevant regulations or the decisions of the BRSA;
- such bank fails to establish internal audit, supervision and risk management systems or to effectively and sufficiently conduct such systems or any factor impedes the supervision of such systems, or any factor impedes the audit; or

- imprudent acts of such bank's managers materially increase or weaken the bank's financial structure,

then the BRSA may require the board of directors of such bank:

- to increase its equity capital;
- not to distribute dividends for a period to be determined by the BRSA and to transfer its distributable dividend to the reserve fund;
- to increase its loan provisions;
- to stop extension of loans to its shareholders;
- to dispose of its assets in order to strengthen its liquidity;
- to limit or stop its new investments;
- to restrict payment of fees and other types of payments;
- to cease its long term investments;
- to comply with the relevant banking legislation;
- to cease its risky transactions, by re-evaluating its credit policy;
- to take all actions to decrease any maturity foreign exchange and interest rate risks; and/or
- to exercise other necessary actions to be determined by the BRSA,

for a period determined by BRSA and in accordance with a plan approved by the BRSA.

In the event the aforementioned actions are not taken (in whole or in part) by that bank or its financial structure cannot be strengthened despite its having taken such actions, or its financial structure has become so weak that it could not be strengthened, then the BRSA may require such bank:

- to strengthen its financial structure, to increase its liquidity and/or capital adequacy;
- to dispose of its fixed assets and long-term assets within a reasonable time determined by the BRSA;
- to decrease its operational and management costs;
- to postpone its payments under any name whatsoever, excluding the regular payments to be made to its members;
- to limit or prohibit extension of any cash or non-cash loans to certain third persons, legal entities, risk groups or sectors;
- to convene an extraordinary general assembly in order to change the members of the board of directors or assign new member(s) to the board of directors, in the event any board member is responsible for non-compliance with relevant legislation or increase of risks as stipulated above by the failure to apply the aforementioned actions;
- to implement short, medium or long-term plans and projections that are approved by the BRSA to decrease the risks incurred by the bank; and/or
- to exercise other necessary actions to be determined by the BRSA.

In the event the aforementioned actions are not (in whole or in part) taken by that bank or are not sufficient to cause such bank to continue its business in a secure manner, then the BRSA may require such bank:

- to limit the scope of its business or cease its business or its whole organisation for a temporary period (to include its relations with its local or foreign branches and correspondents);
- to apply various restrictions, including restrictions on interest rate ratio and maturity with respect to resource collection and utilisation;
- to remove from office (in whole or in part) its members of the board of directors, general manager and deputy general managers and department and branch managers and obtain approval from the BRSA as to the persons to be appointed to replace these individually;
- to make available long-term loans, provided that these will not exceed the amount of deposit or participation funds subject to insurance, and be secured by the shares or other assets of the controlling shareholders;
- to limit or cease its non-performing operations and to dispose of its non-performing assets;
- to merge with one or more other banks;
- to provide new shareholders in order to increase its equity capital;
- to cover its losses with its equity capital; and/or
- to exercise other necessary actions to be determined by the BRSA.

In the event: (a) the aforementioned actions are not (in whole or in part) taken by that bank within a period of time set forth by the BRSA or in any case within twelve months; (b) the financial structure of such bank cannot be strengthened despite its having taken such actions or the financial structure of such bank has become so weak that it could not be strengthened even if the actions were taken; (c) the continuation of the activities of such bank would jeopardise the rights of the depositors and the participation fund owners and the security and stability of the financial system; (d) such bank cannot cover its liabilities as they become due; (e) the total amount of the liabilities of such bank exceeds the total amount of its assets; or (f) the controlling shareholders of such bank are found to have made use of that bank's resources for their own interests, directly or indirectly or fraudulently, in a manner that jeopardised the secure functioning of the bank or caused such bank to sustain a loss as a result of such misuse, then the BRSA, with the affirmative vote of at least five of its board members, may revoke the license of such bank to engage in banking operations and/or to accept deposits and transfer the management, supervision and control of the privileges of shareholders (excluding dividends) of such bank to the SDIF for the purpose of whole or partial transfer or sale of such bank to third persons or merger thereof, provided that the loss is deducted from the share capital of current shareholders.

In the event that the license of a bank to engage in banking operations and/or to accept deposits is revoked, then that bank's management and audit will be taken over by the SDIF. Any and all execution and bankruptcy proceedings (including preliminary injunction) against such bank would be discontinued as and from the date on which the BRSA's decision to revoke such bank's license is published in the Official Gazette. From the date of revocation of such bank's license, the creditors of such bank may not assign their rights or take any action that could lead to assignment of their rights. The SDIF must take measures for the protection of the rights of depositors and other creditors of such bank. The SDIF is required to pay the insured deposits of such bank either by itself or through another bank it may designate. In practice, the SDIF may designate another bank that is under its control. The SDIF is required to institute bankruptcy proceedings in the name of depositors against a bank whose banking license is revoked.

ANNUAL REPORTING

Pursuant to the Banking Law, Turkish banks are required to follow the BRSA's principles and procedures (which are established in consultation with the Turkish Accounting Standards Board and international standards) when preparing their annual reports. In addition, they must ensure uniformity in their accounting systems, correctly record all their transactions and prepare timely and accurate financial reports in a format that is clear, reliable and comparable as well as suitable for auditing, analysis and interpretation.

Furthermore, Turkish companies (including banks) are required to comply with the Regulation regarding Determination of the Minimum Content of the Companies' Annual Reports published by the Ministry of Customs and Trade when preparing their annual reports. Additionally, annual reports of publicly listed companies are also subject to the provisions of the Corporate Governance Communiqué. These reports include the following information: management and organisation structures, human resources, activities, financial situations, assessment of management and expectations and a summary of the directors' report and independent auditor's report.

A bank cannot settle its balance sheets without ensuring reconciliation with the legal and auxiliary books and records of its branches and domestic and foreign correspondents.

The BRSA is authorised to take necessary measures where it is determined that a bank's financial statements have been misrepresented.

When the BRSA requests a bank's financial reports, the chairman of the board, audit committee, general manager, deputy general manager responsible for financial reporting and the relevant unit manager (or equivalent authorities) must sign the reports indicating their full names and titles and declare that the financial report complies with relevant legislation and accounting records. In addition, foreign banks must have the members of the board of managers of their Turkish branches sign the annual reports.

Independent auditors must approve all annual reports that banks present to their general assemblies.

Banks are required to submit their financial reports to related authorities and publish them in accordance with the BRSA's principles and procedures.

Furthermore, banks are required to submit and publish activity reports that comply with the BRSA's established guidelines. These reports include the following information: management and organisation structures, human resources, activities, financial positions, assessment of management and expectations and a summary of the directors' report and independent auditor's report.

The Regulation on the Preparation and Publication of Annual Reports regulates the procedures and principles regarding the annual reports of banks to be published at the end of each fiscal year. According to the regulation, a bank's financial performance and the risks that it faces need to be assessed in the annual report. The annual report is subject to the approval of the board of directors and must be submitted to shareholders at least 15 days before the annual general assembly of the bank. Each bank must submit a copy of its annual report to the BRSA by the end of April and keep a copy of it at its headquarters and each branch and publish it on its website by the end of May.

FINANCIAL SERVICES FEE

Pursuant to Heading XI of Article 8 of the Law on Fees (Law No. 492) amended by the Law No. 5951, banks are required to pay to the relevant tax office to which their head office reports an annual financial services fee for each of their branches. The amount of the fee is determined in accordance with the population of the district in which the relevant branch is located.

Anti-Money Laundering and Combating the Finance of Terrorism (AML/CFT) Policies

The AML/CFT policies applicable to banks are defined under the Law No. 5549 on Prevention of Laundering Proceeds of Crime, the Turkish Criminal Code No. 5237 and the Regulation on Programme of Compliance with Obligations of Anti-Money Laundering and Combating the Finance of Terrorism and the Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism and related Financial Crime Investigation Board Communiques (together the "**Anti-Money Laundering Laws**"). In addition, a new law on Combating the Finance of Terrorism number 6415 has been published in the Official Gazette on 16 February 2013.

Pursuant to the Anti-Money Laundering Laws, banks are required to identify their customers and the persons carrying out transactions on behalf of, or on account of, their customers. In the event there is any information or concern that a transaction concluded by a customer is a suspicious transaction or there are reasonable grounds to suspect that the asset which is the subject of the transaction, carried out or attempted to be carried out within or through a bank, is acquired through illegal means or used for illegal purposes, such a transaction must be reported by the relevant bank to the Turkish Financial Crimes Investigation Board. The notifying bank cannot disclose such notification to third parties, including the parties to the suspicious transaction, other than to the investigators assigned to inspect the transaction and the competent courts during legal proceedings.

When requested by the Financial Crimes Investigation Board or the investigators thereof, banks are required to provide information relating to their customers and their transactions. Furthermore, banks are required to maintain all documents, books and records of identification documents regarding all transactions for eight years starting from the transaction date, the last record date and the last transaction date.

Banks breaching any of the obligations set out in the Anti-Money Laundering Laws may be subject to an administrative fine of approximately TL15,000. Furthermore, real persons who are found not to have complied with their duty to notify suspicious transactions to the Financial Crimes Investigation Board may be subject to imprisonment with terms ranging from one year to three years.

Although Turkey has a high-level political commitment to work with the Financial Action Task Force (the "**FATF**") to seek to address Turkey's deficiencies in combating the financing of terrorism, the FATF requested that Turkey make progress in implementing its action plan. In particular, Turkey: (a) is required to make sufficient progress in adequately criminalising terrorist financing and (b) was required, before 23 February 2013, to implement an adequate legal framework for identifying and freezing terrorist assets. If sufficient progress is not realised, the FATF has advised that it might call upon its members to apply countermeasures proportionate to the risks associated with Turkey (for example, the FATF may require banks in member states to apply extra procedures on any transactions with banks in Turkey).

In an effort to ensure compliance with the FATF requirements, new measures against financing terrorist activities in Turkey were introduced with the entry into force of the Law No. 6415 on the Prevention of the Financing of Terrorism on 16 February 2013 (the "**CFT Law**"). In order to address shortcomings identified by the FATF and with a view to achieving compatibility with international standards as outlined under the International Convention for the Suppression of the Financing of Terrorism and annexes thereto, the CFT Law introduced an expanded scope to the financing of terrorism offense (as currently defined under Turkish anti-terrorism laws). The CFT Law also presents new principles and mechanisms for identifying and freezing terrorist assets and facilitates the implementation of United Nations Security Council decisions, in particular those relating to entities and/or individuals placed on sanction lists. On 31 May 2013, the Regulation on Procedures and Principles Regarding the Application of the Law on the Prevention of the Financing of Terrorism became effective, which regulation provides the procedures and principles for the decision-making, execution and termination of the freezing of assets as well as the management and supervision of frozen assets. In addition, the Council of Ministers' Decree dated 30 September 2013 implementing United Nations Security Council Resolutions ("**UNSCR**") 1267, 1988 and 1989 and recent court decisions have further improved Turkey's CFT regime and compliance with the FATF standard on criminalisation of terrorist financing; *however*, certain concerns remain regarding Turkey's framework for identifying and freezing terrorist assets under UNSCRs 1267 and 1373, and the FATF has encouraged Turkey to address these remaining strategic deficiencies and continue the process of implementing its action plan. In the event that the FATF finds Turkey's efforts to be insufficient, then FATF measures as described above may be imposed on Turkey and this could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Consumer Loan, Provisioning and Credit Card Regulations

The BRSA introduced new regulations as of 8 October 2013 in order to limit the expansion of individual loans (especially credit card instalments).

The Regulation Amending the Regulation on Bank Cards and Credit Cards made certain changes to the credit limits for credit cards and income verification so that: (a) the total credit card limit of a cardholder from all banks will not exceed four times his/her monthly income in the second and the following years (twice the cardholder's monthly income for the first year) and (b) banks need to verify the monthly income of the cardholders in the limit increase procedures and will not be able to increase the limit if the total credit card limit of the cardholder from all banks exceeds four times his/her monthly income. In addition, the minimum payment amounts have been changed as follows (i) minimum payment amounts are differentiated in respect of first time cardholders in the sector, new cardholders, existing cardholders and existing cardholders' second card by customer limits, (ii) if the cardholder does not pay at least three times the minimum payment amount on his/her credit card statement in a year, then his/her credit card cannot be used for cash advances and also will not be permitted limit upgrade until the total statement amount is paid, and (iii) if the cardholder does not pay the minimum payment amount for three consecutive payment dates, then his/her credit card cannot be used for cash advances or shopping, and such card will not be considered for a limit upgrade, until the total amount in the statements is paid.

In addition, the instalments for purchases of goods and services and cash withdrawals cannot exceed nine months. In addition, in respect of expenditure on telecommunication, jewellery expenditures, food, nutriment and fuel oil, instalment payment via credit card is not allowed.

Furthermore, since 1 January 2014, minimum payment ratios for credit card limits up to TL 20,000 were incrementally increased to ratios between 30 per cent. and 40 per cent. until 1 January 2015. These new regulations might result in slowing the growth and/or reducing the profitability of the Bank's credit card business.

The Law on the Protection of Consumers (Law No: 6502), published in the Official Gazette No. 28835 dated 28 November 2013 which entered into force six months after its publication date, sets forth new rules such as requiring banks to offer to its customers at least one credit card type for which no annual subscription fee or another similar fee is payable. Also, while a bank is generally permitted to charge its customers fees for accounts held with it, no such fees shall be payable on certain specific accounts (such as fixed term loan accounts and mortgage accounts).

The Regulation Amending the Regulation on Provisions and Classification of Loans and Receivables, which was published in the Official Gazette dated 8 October 2013 and numbered 28789, reduced the general reserve requirements for cash and non-cash loans provided to SMEs for export purposes as follows: (a) for cash export loans and non-cash export loans, from 1 per cent. and 0.2 per cent., respectively, to 0 per cent.; (b) for cash SME loans and non-cash SME loans, from 1 per cent. and 0.2 per cent. to 0.5 per cent. and 0.1 per cent., respectively; (c) for cash export loans whose loan conditions will be amended in order to extend the first payment schedule, from 5 per cent. to 0 per cent.; and (d) for cash SME loans whose loan conditions will be amended in order to extend the first payment schedule, from 5 per cent. to 2.5 per cent. In addition, this regulation altered the requirements for calculating consumer loan provisions by: (i) increasing the ratio of consumer loans to total loans beyond which additional consumer loan provisions are required from 20 per cent. to 25 per cent; and (ii) requiring the inclusion of auto loans and credit cards in the calculation of the ratio of non-performing consumer loans to total consumer loans (if such ratio is beyond 8 per cent., which ratio was not altered by these amendments, additional consumer loans provisions are required). Credit cards are included in the definition of consumer loans by this regulation and the consumer loan provision rate for credit cards in Group I (Loans of a Standard Nature and Other Receivables) and Group II (Loans and Other Receivables under Close Monitoring) increased from 1 per cent. and 2 per cent. to 4 per cent. and 8 per cent., respectively.

On 31 December 2013, the BRSA adopted new rules on loan to value and instalments of certain types of loans. Pursuant to these rules, the minimum loan-to-value requirement for housing loans extended to consumers, for loans (except vehicle loans) secured by houses and for financial lease transactions is 75 per cent. In addition, for vehicle loans extended to consumers, for loans secured by vehicles and for financial lease transactions, the loan-to-value requirement is set at 70 per cent.; provided that in each case the sale price of the respective vehicle is not higher than TL 50,000. If the sale price of the respective vehicle is above this TL 50,000 threshold, then the minimum loan-to-value ratio for the portion of the loan below the threshold amount is 70 per cent. and the remainder is set at 50 per cent. As for limitations regarding instalments, the maturity of consumer loans (other than loans extended for housing finance and other real estate finance loans) cannot to exceed 36 months, while vehicle loans and loans secured by vehicles may not have a maturity of longer than 48 months. Provisions regarding the minimum loan-to-value requirement for vehicle loans entered into force on 1 February 2014 and the other provisions of this amendment entered into force on 31 December 2013.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available both in electronic and physical format, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of the Trustee and the specified London office of the Principal Paying Agent. Capitalised terms not defined below have the meaning given to them in the Transaction Documents.

Initial Asset Portfolio Sale and Purchase Agreement

Pursuant to the Initial Asset Portfolio Sale and Purchase Agreement dated on or about the Closing Date between Albaraka (in its capacity as asset seller, the "**Asset Seller**") and the Trustee (in its capacity as asset purchaser, the "**Asset Purchaser**"), the Asset Seller will, on or about the Closing Date, sell and transfer to the Asset Purchaser the Asset Seller's interests, rights, benefits and entitlements in, to and under certain assets, each as identified in schedule 1 (*The Initial Asset Portfolio*) to the Initial Asset Portfolio Sale and Purchase Agreement (the "**Initial Portfolio Assets**") comprised in the Initial Asset Portfolio. The Initial Portfolio Assets will be comprised of certain lease assets, as well as certain investment sukuk.

The Asset Purchaser shall make a payment of the Initial Asset Portfolio Purchase Price to the Asset Seller in U.S. dollars in freely available funds for value on the Closing Date in consideration for the sale and transfer of the Initial Asset Portfolio by the Asset Seller to the Asset Purchaser.

To the extent that the sale and purchase of the Asset Seller's interests, rights, benefits and entitlements in, to and under any Initial Portfolio Asset pursuant to the Initial Asset Portfolio Sale and Purchase Agreement is not effective in any jurisdiction for any reason, the Asset Seller agrees to make payment of an amount equal to the portion of the Initial Asset Portfolio Purchase Price that relates to such Initial Portfolio Asset by way of restitution to the Asset Purchaser immediately upon request and on receipt of such amount the Asset Purchaser shall immediately return such Initial Portfolio Asset to the Asset Seller.

The Initial Asset Portfolio Sale and Purchase Agreement is governed by, and shall be construed in accordance with, the laws of Turkey.

Management Agency Agreement

Pursuant to the Management Agency Agreement dated on or about the Closing Date between the Trustee and Albaraka, the Trustee appoints Albaraka as Managing Agent to perform certain services on its behalf.

Pursuant to the terms of the Management Agency Agreement, the Managing Agent undertakes to the Trustee that during the Services Term:

(a) do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) necessary or desirable to ensure the assumption of, and compliance by, each counterparty under each Lease Finance Document and each Investment Sukuk Document relating to the Portfolio Assets with its covenants, undertakings or other obligations under such Lease Finance Documents or Investment Sukuk Documents in accordance with applicable law and the terms of such Lease Finance Documents or, as the case may be, Investment Sukuk Documents;

(b) discharge all of its obligations in its corporate capacity as a party to any Lease Finance Documents or Investment Sukuk Documents relating to any Portfolio Asset from time to time;

(c) use all reasonable endeavours to ensure the timely receipt of all Revenues from the Portfolio Assets, any Shari'a Compliant Temporary Accounts and any Murabaha Contract, investigate non-payment of such Revenues and generally make all reasonable endeavours to collect or enforce the collection of such Revenues as and when the same shall become due;

(d) pay on behalf of the Trustee any actual costs, expenses, losses, taxes or other amounts which would otherwise be payable by the Trustee as a result of the Trustee's interest in the Portfolio Assets, the Shari'a Compliant Temporary Accounts or the Murabaha Contracts;

(e) use its reasonable endeavours ensure that at all times the total Outstanding Principal Value of the Portfolio Assets is not less than thirty three and one third per cent. ($33^1/_3$%) of the value of the Trust Assets at the relevant time (the "**Portfolio Assets Ratio**"); and

(f) use its reasonable endeavours to ensure that at all times the aggregate of:

(i) the Outstanding Principal Value of the Portfolio Assets;

(ii) the outstanding Deferred Principal Amount under any Murabaha Contract;

(iii) the amount standing to the credit of the Principal Collection Account; and

(iv) the principal amount invested in Shari'a Compliant Temporary Accounts at the relevant time,

is at least equal to the aggregate face amount of the Certificates then outstanding;

(g) perform the functions set out in, and undertaken by it, in Clause 5 (*Collection Accounts and Distribution*) of the Management Agency Agreement;

(h) notify the Trustee of the existence of any Portfolio Asset that has become an Impaired Portfolio Asset as soon as it becomes, or could reasonably be expected to be, aware that such Portfolio Asset has become an Impaired Portfolio Asset and the availability (if any) of any Eligible Portfolio Assets for the purposes of substituting the relevant Impaired Portfolio Asset in accordance with the terms of the Purchase Undertaking;

(i) obtain all necessary authorisations in connection with any of the Trust Assets, the acquisition of any Eligible Portfolio Assets and any Shari'a Compliant Temporary Accounts and its obligations under or in connection with the Management Agency Agreement; and

(j) carry out any incidental matters relating to any of the above

Pursuant to the Management Agency Agreement, the Managing Agent shall also ensure that:

(a) the Lease Assets are insured at all times against total loss and expropriation in an amount at least equal to the Outstanding Principal Value of that Lease Asset (the "**Insurance Coverage Amount**") and that such insurance policies are maintained with reputable insurers in good financial standing; and

(b) in the event of a total loss or expropriation of any of the Lease Assets, an amount at least equal to the Insurance Coverage Amount of the relevant Lease Asset is paid in U.S. dollars directly into the Transaction Account by no later than close of business on the date falling thirty (30) days after the occurrence of such total loss or expropriation and that the relevant insurer(s) are directed accordingly.

A failure by the Managing Agent to comply with (a) and (b) above shall not constitute a Dissolution Event and the sole remedy of the Trustee for any failure by the Managing Agent to comply with the provisions of (a) and (b) above shall be to claim against the Managing Agent for any Insurance Shortfall Amount.

In the event that the relevant insurance company fails to pay the Insurance Coverage Amount relating to a Lease Asset to the Managing Agent, by crediting such amount to the Principal Collection Account, within thirty (30) calendar days of a Total Loss of that Lease Asset and the Managing Agent is unable to unequivocally prove that it complied with all of its obligations or where the Managing Agent has failed to maintain or ensure the maintenance of any insurances over the Lease Assets in breach of its obligations:

(a) the Managing Agent acknowledges that it shall have failed to comply with its obligations; and

(b) the Managing Agent irrevocably and unconditionally undertakes to pay in US Dollars on the thirty first (31^{st}) calendar day after the occurrence of the Total Loss, in same day funds (free and clear of any withholding or deduction or any set off or any counterclaim), an amount equal to the difference between the insurance proceeds credited to the Principal Collection Account and the

Insurance Coverage Amount, in each case, in respect of the relevant Lease Asset, directly into the Principal Collection Account (the "**Insurance Shortfall Amount**").

Pursuant to the Management Agency Agreement, the Managing Agent will maintain two separate ledger accounts ("**Principal Collection Account**" and the "**Profit Collection Account**") in its books each of which shall be denominated in US dollars and be non-interest bearing. All monies received by the Managing Agent will be credited, promptly after receipt, to, in the case of Principal Revenues, the Principal Collection Account and, in the case of Profit Revenues, the Profit Collection Account.

For these purposes:

"**Principal Revenues**" means:

(a) all revenues generated by, or in connection with, the Portfolio Assets and payable to the Managing Agent in the nature of principal (including, without limitation, any fixed rental, total loss and expropriation related insurance proceeds, any indemnity payments and any exercise price payments);

(b) all amounts payable to the Trustee under the Murabaha Contract as the Deferred Principal Amount;

(c) all revenues generated by, or in connection with, the Shari'a Compliant Temporary Accounts in the nature of principal;

(d) all amounts payable by the Obligor pursuant to clause 2.3 of the Initial Asset Portfolio Sale and Purchase Agreement or any equivalent clause in any sale and purchase agreement entered into in connection with the sale and purchase of Eligible Portfolio Assets from time to time; and

(e) all amounts payable by the Obligor, in the nature of principal, pursuant to clause 3 (Duties and Rights of the Seller in Respect of the Initial Portfolio Assets) of the Initial Asset Portfolio Sale and Purchase Agreement or any equivalent clause in any sale and purchase agreement entered into in connection with the sale and purchase of Eligible Portfolio Assets from time to time; and

"**Profit Revenues**" means:

(a) all revenues generated by, or in connection with, the Portfolio Assets and payable to the Managing Agent in the nature of profit;

(b) all amounts payable to the Trustee under any Murabaha Contract as the Profit Amount;

(c) all revenues in the nature of profit generated by the Shari'a Compliant Temporary Accounts; and

(d) all amounts payable by the Obligor, in the nature of profit, pursuant to clause 3 (Duties and Rights of the Seller in Respect of the Initial Portfolio Assets) of the Initial Asset Portfolio Sale and Purchase Agreement or any equivalent clause in any sale and purchase agreement entered into in connection with the sale and purchase of Eligible Portfolio Assets from time to time.

The Managing Agent shall, on the Business Day prior to each Periodic Distribution Date and a Dissolution Date, apply amounts standing to the credit of the Profit Collection Account in the following order of priority:

(a) *firstly*, (to the extent necessary to pay the Periodic Distribution Amount due on such Periodic Distribution Date) to be paid to the Transaction Account on such Business Day;

(b) *secondly*, to pay the Managing Agent the amount of any unpaid claims, losses, costs and expenses properly incurred or suffered by the Managing Agent in providing the Services (the "**Management Costs**"); and

(c) *thirdly*, any excess amounts remaining shall, subject to the provisions of the Management Agency Agreement, be retained in the Profit Collection Account.

The Managing Agent shall be entitled to deduct amounts standing to the credit of the Profit Collection Account at any time during the Services Term and use such amounts for its own account provided that any such amounts are immediately repaid by the Managing Agent in the event that on the Business Day prior to a Periodic Distribution Date there is a shortfall between (i) the aggregate of the amounts standing to the credit of the Profit Collection Account and the Transaction Account and (ii) the aggregate of the amount required to meet the Periodic Distribution Amount due on such Periodic Distribution Date and any Management Costs. Following a redemption in full of all of the Certificates, the Managing Agent shall be entitled to retain any amounts standing to the credit of the Profit Collection Account as an incentive fee for its performance as Managing Agent in accordance with the terms of the Management Agency Agreement.

Any amounts standing to the credit of the Principal Collection Account shall be applied as follows:

(a) to the extent that the Obligor has Eligible Portfolio Assets available for sale:

(i) the Managing Agent shall promptly notify the Trustee of the Outstanding Principal Value of such Eligible Portfolio Assets and the amount standing to the credit of the Principal Collection Account which can be used for the purposes of purchasing the Eligible Portfolio Assets (which amount shall not be greater than the Outstanding Principal Value of such Eligible Portfolio Assets); and

(ii) the Trustee upon receipt of such notification shall use such amounts to purchase Eligible Portfolio Assets from the Obligor in accordance with the terms of the Purchase Undertaking and a New Asset Sale Agreement; or

(b) to the extent that the Obligor does not have Eligible Portfolio Assets available for sale, the Managing Agent shall place such amounts temporarily in US Dollars denominated accounts that are *Shari'a* compliant, as determined by the *Shari'a* board of the Managing Agent (the "**Shari'a Compliant Temporary Accounts**").

Any amounts standing to the credit of the Principal Collection Account on the Business Day prior to the relevant Dissolution Date shall be credited, in freely available funds, by the Managing Agent to the Transaction Account by no later than close of business on such Business Day.

The payment obligations of the Managing Agent under the Transaction Documents to which it is a party and which relate to the Periodic Distribution Amounts, the Dissolution Distribution Amount and any other amounts payable to the Trustee for the purposes of making payments in respect of the Certificates will constitute direct, unsecured and subordinated obligations of the Managing Agent and shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank:

(a) subordinate in right of payment to the payment of all Senior Obligations;

(b) *pari passu* without any preference among themselves and with all Parity Obligations; and

(c) in priority to all payments in respect of Junior Obligations.

By virtue of such subordination of such payment obligations of the Managing Agent under the Transaction Documents, no amount will, in the case of a Subordination Event and for so long as that Subordination Event subsists, be paid by the Managing Agent in respect of its obligations under the Transaction Documents which relate to payments to be made by the Trustee under the Certificates until all payment obligations in respect of Senior Obligations have been satisfied.

Following the occurrence of a Non-Viability Event and the receipt by the Trustee of an Initial Non-Viability Notice from Albaraka in accordance with Condition 9.2, on the relevant Non-Viability Event Write-Down Date:

(a) a proportion of the Shari'a Compliant Temporary Accounts existing as at the Non-Viability Event Write-Down Date equal to the Write-Down Percentage shall be liquidated and any proceeds in the nature of principal from such liquidation that would otherwise be due from the Managing Agent to the Trustee shall automatically be deemed to be fully written-off; and

(b) a proportion of the amounts standing to the credit of the Principal Collection Account as at the Non-Viability Event Write-Down Date equal to the Write-Down Amount shall automatically be deemed to be fully written-off, in each case, such that such amounts that have been written-down shall no longer be due and payable by the Managing Agent to the Trustee.

The Trustee may not exercise, claim or plead any right to any amount that may be due from the Managing Agent to the Trustee pursuant to this Agreement but that has been reduced pursuant to the Management Agency Agreement, and the Trustee shall be deemed to have waived all such rights to receive such reduced amounts.

Purchase Undertaking

Pursuant to the Purchase Undertaking dated on or about the Closing Date granted by Albaraka in favour of the Trustee and the Delegate, Albaraka irrevocably grants to the Trustee the right to require Albaraka:

(a) at any time on or prior to a Dissolution Event Redemption Date, to pay the Dissolution Event Exercise Price specified in the Purchase Undertaking Exercise Notice to the Trustee, provided that:

   (i) a Dissolution Event has occurred and is continuing; and

   (ii) the Delegate has given notice to the Trustee that a Dissolution Request has been made in accordance with Condition 13 (*Dissolution Events*);

(b) on the Business Day prior to the Scheduled Dissolution Date, to pay the Dissolution Event Exercise Price specified in the Purchase Undertaking Exercise Notice to the Trustee; and

(c) on the Non-Viability Event Write-Down Date, to pay the Non-Viability Event Exercise Price specified in the Purchase Undertaking Exercise Notice to the Trustee.

In order to exercise these rights, the Trustee (or, pursuant to the provisions of the Purchase Undertaking, the Delegate as applicable, in its name and on its behalf) is required to deliver an Exercise Notice to Albaraka under, and in accordance with, the terms of the Purchase Undertaking.

Albaraka also irrevocably grants to the Trustee the right to require Albaraka:

(a) to transfer to the Trustee on the relevant Impaired Portfolio Asset Substitution Date all of Albaraka's interests, rights, benefits and entitlements in, to and under certain New Assets against the transfer to Albaraka of all of the Trustee's interests, rights, benefits and entitlements in, to and under certain Substituted Impaired Portfolio Assets; and

(b) to sell and transfer to the Trustee on the relevant Additional Portfolio Asset Date all of Albaraka's interests, rights, benefits and entitlements in, to and under certain New Assets against the payment by the Trustee of an amount equal to the Additional Portfolio Asset Purchase Price.

In order to exercise these rights, the Trustee (or, pursuant to the provisions of the Purchase Undertaking, the Delegate as applicable, in its name and on its behalf) is required to deliver an Impaired Portfolio Asset Substitution Notice or an Additional Portfolio Asset Exercise Notice (as the case may be) to Albaraka under, and in accordance with, the terms of the Purchase Undertaking.

Albaraka irrevocably undertakes in the Purchase Undertaking that:

(a) following the exercise of a right pursuant to clauses 3.1(a) and 3.1(b) of the Purchase Undertaking, it will pay to the Trustee by wire transfer in US Dollars and in same day, freely transferable, cleared funds, the Dissolution Event Exercise Price (plus an amount equal to any Taxes payable (if any and as applicable) in respect of such sale) into the Transaction Account:

   (i) no later than 10.00 am (London time) in immediately available funds on the date which is the Business Day immediately preceding the Dissolution Event Redemption Date or the relevant Scheduled Dissolution Date; or

   (ii) on the Business Day following the date on which the Purchase Undertaking Exercise Notice is received if the Purchase Undertaking Exercise Notice is received on or after the Business Day prior to the Dissolution Date; and

(iii) subject to payment in full of the Dissolution Event Exercise Price on the Due Date, and as consideration therefor enter into a Sale Agreement between the Trustee and Albaraka for the purchase and transfer of all of the Trustee's interests, rights, benefits and entitlements in, to and under the Portfolio Assets at the Dissolution Event Exercise Price;

(b) following the exercise of a right pursuant to clause 3.1(c) of the Purchase Undertaking, it will, subject to clause 9 (*Non-Viability Event Write-Down*) of the Purchase Undertaking, pay to the Trustee the Non-Viability Event Exercise Price (plus an amount equal to any Taxes payable (if any and as applicable) in respect of such sale) on the Non-Viability Event Write-Down Date;

(c) following the exercise of a right pursuant to clause 3.1(d) of the Purchase Undertaking, it will substitute the Substituted Impaired Portfolio Assets for New Assets by the execution of a Transfer Agreement between the Trustee and Albaraka and, in order to enable the Trustee to finalise the form of the Transfer Agreement to be entered into for such purposes, it will immediately on receipt of an Impaired Portfolio Asset Substitution Notice provide the Trustee with details of the relevant New Assets to be inserted into the form of Transfer Agreement; and

(d) following the exercise of the right granted under clause 3.1(e) of the Purchase Undertaking, it will sell the New Assets to the Trustee by the execution of a New Asset Sale Agreement between the Trustee and Albaraka and, in order to enable the Trustee to finalise the form of the New Asset Sale Agreement to be entered into for such purposes, it will immediately on receipt of an Additional Portfolio Asset Exercise Notice provide the Trustee with details of the relevant New Assets to be inserted into the form of New Asset Sale Agreement.

The payment obligations of Albaraka under the Purchase Undertaking and the other Transaction Documents to which it is a party and which relate to the Periodic Distribution Amounts, the Dissolution Distribution Amount and any other amounts payable to the Trustee for the purposes of making payments in respect of the Certificates will constitute direct, unsecured and subordinated obligations of Albaraka shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank:

(a) subordinate in right of payment to the payment of all Senior Obligations;

(b) *pari passu* without any preference among themselves and with all Parity Obligations; and

(c) in priority to all payments in respect of Junior Obligations.

By virtue of such subordination of such payment obligations of Albaraka under the Transaction Documents, no amount will, in the case of a Subordination Event and for so long as that Subordination Event subsists, be paid by Albaraka in respect of its obligations under the Transaction Documents which relate to payments to be made by the Trustee under the Certificates until all payment obligations in respect of Senior Obligations have been satisfied.

Following the occurrence of a Non-Viability Event and the receipt by the Trustee of an Initial Non-Viability Notice from Albaraka, on the relevant Non-Viability Event Write-Down Date, the obligation of Albaraka to pay the amount of the Non-Viability Event Exercise Price set out in paragraph (a) of the definition of Non-Viability Event Exercise Price shall automatically be deemed to be written-down to zero and Albaraka's obligation to pay such amount shall be deemed to have been satisfied.

For these purposes:

"**Non-Viability Event Exercise Price**" means an amount equal to the aggregate of:

(a) the Outstanding Principal Value of the Write-Down Portfolio Assets as at the Non-Viability Event Write-Down Date;

(b) if all of the Certificates are being written-down, without duplication or double-counting, an amount equal to any accrued but unpaid Management Costs; and

(c) if all of the Certificates are being written-down, without duplication or double-counting, an amount representing any prior ranking claims (as described in items (a) and (b) of Condition 4.2 (*Application of Proceeds from Trust Assets*)) in accordance with Condition 4.2 (*Application of Proceeds from Trust Assets*).

Sale Undertaking

Pursuant to the Sale Undertaking dated on or about the Closing Date granted by the Trustee in favour of Albaraka, the Trustee irrevocably grants to Albaraka the right to:

(a) upon the occurrence of a Tax Event, Capital Disqualification Event (in each case, which is continuing) or at the sole option of Albaraka, to require the Trustee to accept the payment of the Sale Undertaking Exercise Price on the Tax Redemption Date, the Capital Disqualification Redemption Date or as the case may be, the Trustee Call Date specified in the relevant Sale Undertaking Exercise Notice by payment of the same to the Transaction Account on the relevant date in accordance with the terms of the Sale Undertaking; and

(b) to oblige the Trustee to transfer on any Substitution Date all of the Trustee's interests, rights, benefits and entitlements in, to and under certain Substituted Assets against the transfer to the Trustee of all of Albaraka's interests, rights, benefits and entitlements in, to and under certain New Assets.

The rights granted of Albaraka granted pursuant to the Sale Undertaking may only be exercised:

(a) in the case of a Tax Event, by delivering a Sale Undertaking Exercise Notice to the Trustee (with a copy to the Delegate) specifying the Tax Redemption Date (which must be a Periodic Distribution Date and must be no less than 30 days and no more than 60 days after the date on which the Sale Undertaking Exercise Notice is delivered to the Trustee) together with an opinion of independent legal advisors of recognised standing or of independent accountants of recognised standing that a Tax Event (as defined in the Conditions) does exist or that, upon a change in or amendment to the laws, or in the interpretation or administration thereof, of any relevant jurisdiction, which at the date of such opinion is proposed and in the opinion of such legal advisor or accountant is reasonably expected to become effective on or prior to the date on which the relevant Periodic Distribution Amount, or as the case may be, Dissolution Distribution Amount in respect of the Certificates would otherwise be made, becoming so effective, such circumstances would exist;

(b) in the case of a Capital Disqualification Event, by delivering a Sale Undertaking Exercise Notice to the Trustee (with a copy to the Delegate) specifying the Capital Disqualification Redemption Date (which must be no less than 30 days and no more than 60 days after the date on which the Sale Undertaking Exercise Notice is delivered to the Trustee) together with a confirmation in writing that prior approval by the BRSA of the redemption has been obtained and a certificate signed by two directors of Albaraka stating that a Capital Disqualification Event has occurred;

(c) at the sole option of Albaraka, by delivering a Sale Undertaking Exercise Notice to the Trustee (with a copy to the Delegate) specifying the Trustee Call Date (which must be no less than 30 days and no more than 60 days after the date on which the Sale Undertaking Exercise Notice is delivered to the Trustee)

(d) in the case of a substitution, at any time, by Albaraka delivering a Substitution Notice to the Trustee specifying the Substitution Date (which may be the same date as the Substitution Notice) and provided that in such Substitution Notice Albaraka provides certain representations and warranties in accordance with the terms of the Sale Undertaking and certain conditions are satisfied.

Any purchase or transfer of the Portfolio Assets or, as the case may be, the Substituted Assets pursuant to the Sale Undertaking shall be on an "as is, where is" basis but free and clear of any Encumbrances (other than any Encumbrance created in favour of Albaraka pursuant to the terms of the relevant Lease Finance Documents or, as the case may be, the relevant Investment Sukuk Documents) (without any warranty, express or implied, as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Sale Undertaking.

Murabaha Agreement

Pursuant to the Murabaha Agreement dated on or about the Closing Date between the Trustee (in its capacity as seller of Commodities, the "**Seller**") and Albaraka (in its capacity as purchaser of

Commodities, the "**Purchaser**"), the Seller will, at the request of the Purchaser, purchase Commodities from the Supplier on immediate delivery and immediate payment terms and will immediately sell such Commodities to the Purchaser on immediate delivery terms but with payment on a deferred basis in accordance with the terms of the Murabaha Agreement.

The Purchaser may issue a duly completed Notice of Request to Purchase to the Seller:

(a) in relation to a proposed Initial Murabaha Contract, no later than 12:00 hours (London time), on the proposed Settlement Date; and

(b) in relation to a proposed Reset Murabaha Contract, no earlier than 60 days, and no later than 30 days, prior to the Trustee Call Date,

or such other time and date as may be mutually agreed in writing by the Purchaser and the Seller from time to time. Once issued, a Notice of Request to Purchase will be irrevocable.

The Purchaser will undertake in the Notice of Request to Purchase that it will purchase the relevant Commodities from the Seller on the relevant Settlement Date in accordance with the terms of the Notice of Request to Purchase and the Murabaha Agreement.

Pursuant to the request of the Purchaser set out in the Notice of Request to Purchase, the Seller shall no later than 1.00pm (London time) (or such other time as may be mutually agreed in writing by the Purchaser and the Seller) on the proposed Settlement Date:

(a) purchase the Commodities which are the subject of the Notice of Request to Purchase from the Supplier at the relevant Purchase Price in accordance with the terms set out in the Notice of Request to Purchase and the Commodity Purchase Agreement; and

(b) offer to sell those Commodities to the Purchaser at the relevant Deferred Payment Price on deferred payment terms in accordance with the Murabaha Agreement.

Upon completion of the purchase of the Commodities by the Seller and the Seller gaining title and (actual or constructive) possession thereof, the Seller shall, no later than 1.00pm (London time) (or such other time as may be agreed by the Purchaser and the Seller) on the proposed Settlement Date, offer to sell such Commodities to the Purchaser, upon the terms of the Murabaha Agreement and the relevant Offer Notice, by delivering an Offer Notice to the Purchaser.

Immediately upon receipt of a duly completed and issued Offer Notice, the Purchaser shall, in accordance with the undertaking to purchase set out in the relevant Notice of Request to Purchase, accept such offer to purchase the Commodities from the Seller by countersigning the relevant Offer Notice and sending it to the Seller no later than 2.00pm (London time) (or such other time as may be agreed by the Purchaser and the Seller) on the proposed Settlement Date.

As soon as the Purchaser has accepted the Seller's offer by countersigning the relevant Offer Notice:

(a) the relevant Murabaha Contract shall be created between the Seller and the Purchaser upon the terms of that Offer Notice and incorporating the terms and conditions set out in the Murabaha Agreement; and

(b) ownership of and all risks in and to the Commodities shall immediately pass to and be vested in the Purchaser, together with all rights and obligations relating thereto.

Pursuant to the terms of the Murabaha Agreement, the Purchaser irrevocably and unconditionally undertakes to pay to the Seller:

(a) on the date falling one (1) Business Day prior to each Periodic Distribution Date falling within the Initial Murabaha Period, an amount of the outstanding Initial Profit Amount component of the Deferred Payment Price of the Initial Murabaha Contract equal to the Initial Profit Amount Instalment, by crediting such amount to the Profit Collection Account on such date;

(b) on the date falling one (1) Business Day prior to each Periodic Distribution Date falling within the Reset Murabaha Period, an amount of the outstanding Reset Profit Amount component of the

Deferred Payment Price of the Reset Murabaha Contract equal to the Reset Profit Amount Instalment, by crediting such amount to the Profit Collection Account on such date;

(c) upon the occurrence of a Dissolution Event which is continuing and following the service of a Dissolution Request, on the Business Day immediately preceding the Dissolution Event Redemption Date, the outstanding Deferred Payment Price in full by close of business on such date;

(d) upon the occurrence of a Trustee Call and provided that the Purchaser has given the Seller not less than 30 days' and not more than 60 days' notice (which shall be irrevocable and shall specify the date fixed for payment of the outstanding Deferred Payment Price in full (the "**Trustee Call Date**")) by crediting such amount to the Principal Collection Account on the date which is the Business Day immediately preceding the Trustee Call Date, the outstanding Deferred Payment Price in full no later than 10.00 am (London time);

(e) upon the occurrence of a Capital Disqualification Event and provided that:

(i) the Purchaser has given the Seller not less than 30 days' and not more than 60 days' notice (which shall be irrevocable and shall specify the date fixed for payment of the outstanding Deferred Payment Price in full (the "**Capital Disqualification Redemption Date**")); and

(ii) the Purchaser having delivered to the Seller and the Delegate:

(A) confirmation in writing that prior approval by the BRSA of the redemption has been obtained; and

(B) a certificate signed by two directors of the Purchaser stating that a Capital Disqualification Event has occurred,

by crediting the outstanding Deferred Payment Price to the Principal Collection Account on the date which is the Business Day immediately preceding the Capital Disqualification Redemption Date by no later than 10.00 am (London time) on such date;

(f) upon the occurrence of a Tax Event and provided that:

(i) the Purchaser has given the Seller not less than 30 days' and not more than 60 days' notice prior to the Tax Redemption Date (which notice shall be irrevocable and shall not be given earlier than 60 days prior to the earliest date on which (in the case of Condition 8.4(a)) the Trustee would be obliged to pay the additional amounts referred to therein if a payment in respect of the Certificates were then due or (in the case of Condition 8.4(b)) the Purchaser would be obliged to pay the additional amounts referred to therein if a payment to the Seller under the Murabaha Agreement was then due); and

(ii) the Purchaser having delivered to the Seller and the Delegate:

(A) a certificate signed by two directors of the Purchaser stating that a Tax Event has occurred, that the Trustee is entitled to effect the redemption of the Certificates and setting forth a statement of facts showing that the conditions precedent in Condition 8.4(a) or 8.4(b) relating to the right of the Trustee to redeem the Certificates have occurred; and

(B) an opinion of independent legal advisers of recognised standing to the effect that the Trustee or the Purchaser, as the case may be, has or will become obliged to pay such additional amounts as a result of the relevant change or amendment,

by crediting the outstanding Deferred Payment Price to the Principal Collection Account on the date which is the Business Day immediately preceding the Tax Redemption Date by no later than 10.00 am (London time) on such date;

(g) subject to the set-off provisions set out in the Murabaha Agreement, the outstanding Deferred Payment Price under the Initial Murabaha Contract in full by crediting such amount to the

Principal Collection Account no later than 10.00 am (London time) on the Business Day immediately preceding the corresponding Deferred Payment Date; and

(h) the outstanding Deferred Payment Price under the Reset Murabaha Contract in full by crediting such amount to the Principal Collection Account no later than 10.00 am (London time) on the Business Day immediately preceding the corresponding Deferred Payment Date.

The payment obligations of the Purchaser under the Murabaha Agreement and the other Transaction Documents to which it is a party and which relate to the Periodic Distribution Amounts, the Dissolution Distribution Amount and any other amounts payable to the Trustee for the purposes of making payments in respect of the Certificates will constitute direct, unsecured and subordinated obligations of the Purchaser and shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank:

(a) subordinate in right of payment to the payment of all Senior Obligations;

(b) *pari passu* without any preference among themselves and with all Parity Obligations; and

(c) in priority to all payments in respect of Junior Obligations.

By virtue of such subordination of such payment obligations of the Purchaser under the Transaction Documents, no amount will, in the case of a Subordination Event and for so long as that Subordination Event subsists, be paid by the Purchaser in respect of its obligations under the Transaction Documents which relate to payments to be made by the Trustee under the Certificates until all payment obligations in respect of Senior Obligations have been satisfied.

Following the occurrence of a Non-Viability Event and the receipt by the Trustee of an Initial Non-Viability Notice from Albaraka, on the relevant Non-Viability Event Write-Down Date, a proportion of the Deferred Principal Amount of any Deferred Payment Price outstanding as at the Non-Viability Event Write-Down Date equal to the Write-Down Percentage shall automatically be deemed to be written-down to zero, such that such amounts that have been written-down shall no longer be due and payable by the Purchaser to the Seller and the relevant Deferred Payment Price shall be deemed to have been reduced accordingly.

The Seller may not exercise, claim or plead any right to any amount of the Deferred Payment Price reduced pursuant to the Murabaha Agreement, and the Seller shall be deemed to have waived all such rights to receive such reduced amounts.

Following the occurrence of any reduction to the Deferred Payment Price, any reference to any portion of the Deferred Payment Price shall be deemed to mean the portion of the Deferred Payment Price subject to any applicable reduction. The Deferred Payment Price may be subject to one or more reductions in part, except where the Deferred Payment Price has been reduced in its entirety.

Agency Agreement

Pursuant to the Agency Agreement to be dated on or about the Closing Date entered into between the Trustee, Albaraka, the Delegate, the Principal Paying Agent, the Registrar and the Transfer Agent:

(i) the Registrar has agreed to be appointed as agent of the Trustee and in such capacity has agreed, amongst other things, to complete, authenticate and deliver the Global Certificates;

(ii) the Principal Paying Agent has agreed to be appointed as agent of the Trustee and in such capacity has agreed, amongst other things, to pay all sums due under such Global Certificates, and to make all calculations and determinations in relation to amounts due under the Global Certificates; and

(iii) the Transfer Agent has agreed to be appointed as agent of the Trustee and in such capacity has agreed, amongst other things, to effect requests to transfer all or part of the Definitive Certificates and issue Definitive Certificates in accordance with each request.

On the Closing Date, the Registrar will: (i) authenticate the Global Certificate in accordance with the Declaration of Trust; and (ii) deliver, on the Closing Date, the Global Certificate to the common depositary or to such clearing system or other depositary or custodian for a clearing system as shall have been agreed between the Trustee, Albaraka and the Principal Paying Agent or otherwise, at such time, on such date, to such person and in such place as may have been agreed between the Trustee, Albaraka and the Principal Paying Agent.

The Trustee will pay in freely transferable, cleared funds to the Transaction Account opened by the Trustee with the Principal Paying Agent, any payment which becomes due in respect of a Certificate in accordance with the Conditions.

The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and/or to appoint additional or other Agents by giving, *inter alia*, such Agent at least 60 days' prior written notice to that effect, **provided that**: (a) it will at all times maintain a Principal Paying Agent and a Registrar (which may be the same entity); (b) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system; and (c) there will at all times be a Paying Agent (which may be the Principal Paying Agent) located in an EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

The Agency Agreement is governed by, and shall be construed in accordance with, the laws of England.

The Declaration of Trust

Pursuant to a declaration of trust (the "**Declaration of Trust**") to be dated on or about the Closing Date entered into between the Trustee, Albaraka and the Delegate, the Trustee will declare that it will hold the following assets upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each holder in accordance with the Declaration of Trust and the Conditions:

(a) the Issuance Proceeds, pending application thereof in accordance with the terms of the Transaction Documents;

(b) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Asset Portfolio, its right to receive payment in respect of each Deferred Payment Price under the Murabaha Contracts and of its rights to amounts payable by the Management Agent under the Managing Agency Agreement;

(c) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than: (i) in relation to any representation given to the Trustee by Albaraka pursuant to any of the Transaction Documents; and (ii) the covenants given to the Trustee pursuant to clause 17 of the Declaration of Trust); and

(d) all moneys standing to the credit of the Transaction Account from time to time,

in each case and all proceeds of the foregoing which are held by the Trustee (the "**Trust Assets**").

With effect from the execution of the Declaration of Trust, in respect of the Trust created by the Declaration of Trust, the Trustee, by way of security for the performance of all covenants, obligations and duties of the Trustee to the Certificateholders under the Declaration of Trust, irrevocably and unconditionally appoints the Delegate to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by these presents, that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Non-Payment Event or a Dissolution Event (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), to exercise all of the rights of the Trustee under these presents and any of the other Transaction Documents (**provided that** no obligations, duties, Liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of the delegation) and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with these presents (together the "**Delegation**" of the "**Relevant Powers**"), **provided**

that in no circumstances will such Delegation result in the Delegate holding the Trust Assets on trust and **provided further that** such Delegation and the Relevant Powers shall not include any duty, power, trust, authority or discretion to hold any of the Trust Assets, to dissolve the Trust following the occurrence of a Dissolution Event or to determine the remuneration of the Delegate.

The Declaration of Trust is governed by, and shall be construed in accordance with, the laws of England.

TAXATION

The following is a general description of certain Cayman Islands, Turkish and European Union tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates, whether in those countries or elsewhere. Prospective purchasers of Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Certificates and receiving payments of profit, principal and/or other amounts under the Certificates and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Cayman Islands

The following is a discussion of certain Cayman Islands income tax consequences of an investment in the Certificates. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws payments on the Certificates will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Certificates nor will gains derived from the disposal of Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of the Certificates. An instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

Turkey

The following summary of the anticipated tax treatment in Turkey in relation to the payments on the Certificates is based on the taxation law and practice in force at the date of this Prospectus, and does not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Certificates and the receipt of any payments in respect of any Periodic Distribution Amounts, the Dissolution Distribution Amount or any other amounts payable in respect of such Certificates under the laws of the jurisdictions in which they may be liable to taxation.

Overview

For Turkish tax purposes, a legal entity is a resident of Turkey if its corporate domicile is in Turkey or its effective place of management is in Turkey. A resident legal entity is subject to Turkish taxes on its worldwide income (unlimited tax liability), whereas a non-resident legal entity is only liable to Turkish taxes for trading income made through a permanent establishment or a permanent representative, or only for income otherwise sourced in Turkey (limited tax liability).

A natural person is a resident of Turkey if it has established domicile in Turkey, or stays in Turkey more than six months in a calendar year. A resident individual is liable for Turkish taxes on world- wide income, while a non-resident individual is only liable for Turkish taxes on trading income made through a permanent establishment or permanent representative, or only for income otherwise sourced in Turkey.

Taxation of Interest and Capital Gains

Turkish resident Certificateholders should treat Periodic Distribution Amounts paid in accordance with the terms and conditions of the Certificates as ordinary interest income and any gain realised on the disposal or redemption of Certificates as a capital gain to be declared for Turkish tax purposes and accordingly subject to income/corporate tax in Turkey.

Periodic Distribution Amounts received and capital gains realised in respect of the Certificates held by non-Turkish resident Certificateholders are not subject to any Turkish income/corporate tax **provided that:** (i) the Certificates are not held through a permanent establishment or a permanent representative in Turkey; (ii) the Certificates are not acquired through Turkish on-shore bank accounts or the proceeds from the sale of the Certificates are not received through Turkish on-shore bank accounts; and (iii) the purchase and sale of the Certificates are not carried out in Turkey (i.e. no Turkish intermediaries are involved in the transaction).

Withholding Tax

Payments of Periodic Distributions Amounts or the Dissolution Distribution Amount under the terms and conditions of the Certificates made by the Trustee to the Certificateholders are not subject to withholding taxes under Turkish law as the Trustee is not a resident in Turkey.

Article 30.1 (c) of the Corporation Tax Law (Law No. 5520) (the Corporation Tax Law) requires a withholding tax, at a rate of 15 per cent., to be withheld from all payments of interest and fees on loans obtained by borrowers resident in Turkey from non-resident persons, except that the Council of Ministers' Decree No. 2009/14593 (the Decree) issued pursuant to Article 30 of the Corporation Tax Law reduces the Turkish withholding tax rate applicable on payments of interest on loans to one per cent. if such loans are: (i) obtained by banks and qualify as Tier 2 capital pursuant to Law No. 5411; or (ii) obtained by banks or entities through securitisations that take place outside Turkey and are structured on a cash flow or an asset portfolio.

It has further been confirmed in a tax ruling of the Ministry of Finance that, for the purposes of the Corporation Tax Law and the Decree, the Turkish withholding tax rate applicable to all payments made under such loans is considered to be one per cent.

If payments by Albaraka to the Trustee in respect of its obligations under the Transaction Documents are subject to any withholding tax, Albaraka will, in certain circumstances specified in the Transaction Documents, become obliged to pay such additional amounts as may be necessary so that the net payments received by the Trustee will not be less than the amount the Trustee would have received in the absence of such withholding.

Stamp tax

Article 30.5.3 of the General Communique' (Serial No. 1) on Corporate Tax issued by the Ministry of Finance on 3 April 2007 provides that special purpose vehicles incorporated by Turkish banks for the purpose of securitisations qualify as financial institutions. Article 23 of Part IV of Table 2 of the Stamp Tax Law (Law No. 488) (the "**Stamp Tax Law**") further provides that documents executed with banks, foreign credit institutions or international financial institutions in relation to the granting and/or repayment of and/or security for loans shall be exempt from stamp tax. In accordance with the foregoing, none of the Transaction Documents should be subject to stamp tax, if:

(a) the transactions contemplated by the Transaction Documents qualify from the perspective of the tax authorities, in their entirety, as a loan transaction entered into with a bank, foreign credit institution or international financial institution; and

(b) subject to (a) above, the Transaction Documents are deemed to be documents executed with a bank, foreign credit institution or international financial institution in relation to the granting and/or repayment and/or security for such loan transaction.

To the extent any of the Transaction Documents are subject to stamp tax, stamp tax will be levied as a percentage of what is considered to be the monetary value of each relevant Transaction Document at a rate of 0.948 per cent. of such monetary value. Pursuant to the Stamp Tax Law General Communique' (Serial No. 58), TL 1,702,138.00 is the highest amount payable for the 2015 year as stamp duty on each taxable document.

Parties to a taxable document are jointly liable for the payment of stamp tax and each and every signed copy of the taxable document is separately subject to stamp tax. Under the Transaction Documents, Albaraka will undertake to pay any stamp tax payable in respect of the Transaction Documents and to indemnify the relevant parties against any liabilities with respect to such stamp tax.

Stamp tax is not required to be paid under the laws of Turkey for the purpose any enforcement proceedings in respect of the Certificates or the Transaction Documents brought in the courts of Turkey. Certificateholders (who are not resident or incorporated or having a permanent establishment in Turkey) will not incur, or become liable for, stamp duty, registration, transfer or other similar taxes under the laws of Turkey by reason only of the acquisition, ownership or disposal of the Certificates.

Other Taxes

According to current Turkish tax laws and regulations, the sale, transfer or other disposition of Certificates is not subject to Turkish transfer taxes or value added tax **provided that** these transactions are performed outside Turkey.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to or collected by such person for, an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Austria may instead apply (unless during that period they elect otherwise) a withholding system in relation to such payments deducting tax at a rate of 35.0 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 10 November 2015 the Council of the European Union adopted a Council Directive repealing the EU Savings Directive with effect from 1 January 2016 in relation to all Member States other than Austria (and from 1 January 2017, or after 1 October 2016 for certain payments, in relation to Austria) subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates.

Investors who are in any doubt as to their position should consult their professional advisers.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Certificates (including secondary market transactions) in certain circumstances. The issuance and subscription of Certificates should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State; or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Certificates are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Under a subscription agreement (the "**Subscription Agreement**") dated 26 November 2015 between the Trustee, Albaraka and Barwa Bank Q.S.C., Dubai Islamic Bank P.J.S.C., Emirates NBD PJSC, Nomura International plc, Noor Bank P.J.S.C., QInvest LLC and Standard Chartered Bank (together the "**Joint Lead Managers**") the Trustee has agreed to issue and sell to the Joint Lead Managers U.S.$250,000,000 in aggregate face amount of the Certificates and, subject to certain conditions, the Joint Lead Managers have jointly and severally agreed to subscribe for the Certificates. The Subscription Agreement provides that the obligations of the Joint Lead Managers to pay for and accept delivery of the Certificates are subject to certain conditions. Pursuant to the Subscription Agreement, the Joint Lead Managers will be paid certain commissions in respect of their services for managing the issue and sale of the Certificates. The Joint Lead Managers will also be reimbursed in respect of certain of their expenses, and each of the Trustee and Albaraka has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Certificates.

General

Each Joint Lead Manager has represented, warranted and undertaken, that it has complied, and will comply, to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Certificates or possesses, distributes or publishes this Prospectus or any related offering material, in all cases at its own expense. Other persons into whose hands this Prospectus comes are required by the Trustee, Albaraka and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Certificates or possess, distribute or publish this Prospectus or any related offering material, in all cases at their own expense.

The Subscription Agreement provides that the Joint Lead Managers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out below) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Joint Lead Managers described in this paragraph.

United States of America

The Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has represented and agreed that it has not and will not offer, sell or deliver Certificates: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of the Certificates, as certified to the Principal Paying Agent or the Trustee by such Joint Lead Manager (or, in the case of a sale of Certificates to or through more than one Joint Lead Manager, by each of such Joint Lead Managers as to the Certificates purchased by or through it, in which case the Principal Paying Agent, the Trustee or Albaraka shall notify each such Joint Lead Manager when all such Joint Lead Managers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Joint Lead Manager will have sent to each manager to which it sells Certificates during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Certificates, any offer or sale of Certificates within the United States by any manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each Joint Lead Manager has also agreed that, at or prior to confirmation of sale of Certificates, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Certificates from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Joint Lead Manager, except, in either case, in accordance with Regulation S under the Securities Act ("**Regulation S**"). Terms used above have the meanings given to them by Regulation S."

Each Joint Lead Manager has represented and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Certificate and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or Albaraka; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

The Republic of Turkey

Each Joint Lead Manager has represented, warranted and agreed that the Certificates (or beneficial interests therein) shall not be sold in Turkey in any circumstances which would constitute a sale or a public offering within the meaning of the Capital Markets Law without the approval of the Capital Markets Board of Turkey ("**CMB**"). No transaction that may be deemed as a sale of the Certificates (or beneficial interests therein) in Turkey by way of private placement or a public offering may be engaged in without the approval of the CMB. Additionally, no prospectus and other offering material related to the offering may be utilised in connection with any general offering to the public within Turkey for the purpose of the offer or sale of the Certificates without the prior approval of the CMB. However, pursuant to Article 15(d)(ii) of the Government Decree 32 on the Protection of the Value of the Turkish Currency, as amended ("**Decree 32**"), there is no restriction on the purchase or sale of the Certificates (or beneficial interests therein) in markets by residents of Turkey; **provided that** they purchase or sell such Certificates (or beneficial interests) in the financial markets outside of Turkey and such sale and purchase is made through banks and/or licensed brokerage institutions authorised pursuant to the CMB regulations and the consideration of the purchase of such Certificates has been or will be transferred through banks operating in Turkey.

Cayman Islands

Each Joint Lead Manager has represented and agreed that no invitation, whether directly or indirectly, has been or will be made to the public in the Cayman Islands to subscribe for the Certificates.

Dubai International Financial Centre

Each Joint Lead Manager has represented, warranted and agreed that it has not offered and will not offer the Certificates to any person in the Dubai International Financial Centre unless such offer is:

(a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the "**DFSA**"); and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module.

Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than: (i) to "**professional investors**" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CO**") or which do not constitute an offer to the public within the meaning of the CO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" within the meaning of the SFO and any rules made under the SFO.

Japan

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**"). Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Certificates in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws and regulations of Japan.

Kingdom of Bahrain

Each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, any Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are "**accredited investors**".

For this purpose, an accredited investor means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 10 of the "**Offers of Securities Regulations**" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "**KSA Regulations**"), through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations. Each Joint Lead Manager has represented and agreed that any offer of Certificates to a Saudi Investor will be made in compliance with the KSA Regulations.

Investors are informed that Article 17 of the KSA Regulations place restrictions on secondary market activity with respect to the Certificates, including as follows:

(a) a Saudi Investor (referred to as a "**transferor**") who has acquired Certificates pursuant to a private placement may not offer or sell Certificates to any person (referred to as a "**transferee**") unless the offer or sale is made through an authorised person where one of the following requirements is met:

   (i) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;

   (ii) the Certificates are offered or sold to a sophisticated investor; or

   (iii) the Certificates are being offered or sold in such other circumstances as the CMA may prescribe for these purposes;

(b) if the requirement of paragraph (a)(i) above cannot be fulfilled because the price of the Certificates being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Certificates to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;

(c) if the requirement in paragraph (b) above cannot be fulfilled, the transferor may offer or sell Certificates if he/she sells his entire holding of Certificates to one transferee; and

(d) the provisions of paragraphs (a), (b) and (c) above shall apply to all subsequent transferees of the Certificates.

Malaysia

Each Joint Lead Manager has represented, warranted and agreed that:

(a) this Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia ("**CMSA**"); and

(b) accordingly, the Certificates have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b), and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Joint Lead Managers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

Qatar Financial Centre

Each Joint Lead Manager has represented, warranted and agreed that this Prospectus: (i) has not been, and will not be, registered with or approved by the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the Qatar Financial Centre; (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the Qatar Financial Centre and may not be reproduced or used for any other purpose.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Certificates or caused the Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

State of Kuwait

Each Joint Lead Manager has represented and agreed the following:

No Certificates have been licensed for offering in the State of Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of Certificates in the State of Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities. No private or public offering of the Certificates is being made in the State of Kuwait, and no agreement relating to the sale of the Certificates will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Certificates in the State of Kuwait.

State of Qatar (excluding the Qatar Financial Centre)

Each of the Joint Lead Managers has represented, warranted and agreed that it has not offered, delivered or sold, and will not offer, deliver or sell at any time, directly or indirectly, any Certificates in the State of Qatar, except: (a) in compliance with all applicable laws and regulations of the State of Qatar; and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar. This Prospectus has not been reviewed or approved by the Qatar Central Bank or the Qatar Financial Markets Authority and is only intended for specific recipients, in compliance with the foregoing.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Joint Lead Manager has represented and agreed that the Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

GENERAL INFORMATION

Authorisation

The issue of the Certificates has been duly authorised by a resolution of the Board of Directors of the Trustee dated 12 November 2015. The Trustee has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Certificates and the execution and performance of the Transaction Documents to which it is a party. The entry into the Transaction Documents to which it is a party has been duly authorised by a resolution of the Board of Directors of Albaraka on 25 June 2015.

Listing of Certificates

Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the Official List and admitted to trading on the Main Securities Market. The listing of the Certificates is expected to be granted on or before 30 November 2015.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in connection with the Certificates and is not itself seeking admission of the Certificates to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

The total expenses related to the admission to trading are estimated to be €6,790.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Trustee or Albaraka is aware) which may have, or have had during the twelve months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Trustee, Albaraka, or Albaraka and its subsidiaries taken as a whole.

Significant/Material Change

There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the prospects of the Trustee, in each case, since the date of its incorporation.

Since 30 September 2015, there has been no significant change in the financial or trading position of Albaraka and its subsidiaries taken as a whole and, since 31 December 2014, there has been no material adverse change in the prospects of Albaraka and its subsidiaries taken as a whole.

Auditors

The Audited BRSA Financial Statements and the Interim BRSA Financial Statements have been audited or reviewed (as applicable) without qualification in accordance with BRSA Principles for each of the two years ended 31 December 2013 and 31 December 2014 and for each of the three interim periods ended 30 September 2015, 30 June 2015 and 30 June 2014 by EY (Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş, a member firm of Ernst & Young Global Limited, as previously defined) of Eski Büyükdere Cad. Orjin Maslak No:27, 34398, İstanbul, Turkey as stated in their reports appearing elsewhere herein.

EY is an institution authorised by the BRSA to conduct independent audits of banks in Turkey. EY is a member of the Union of Certified Public Accountants and Sworn-in Certified Public Accountants of Turkey.

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is a special purpose vehicle and is not required under the law of the Cayman Islands, and has no intention to prepare its own financial statements.

Documents Available

For so long as any Certificates remain outstanding, copies (and English translations where the documents in question are not in English) of the following documents will be available both in electronic and physical format, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of the Trustee and the specified London office of the Principal Paying Agent:

(a) the Transaction Documents;

(b) the Memorandum and Articles of Association of the Trustee;

(c) the Memorandum and Articles of Association of Albaraka;

(d) the Audited BRSA Financial Statements and the Interim BRSA Financial Statements, in each case together with any audit or review reports prepared in connection therewith; and

(e) this Prospectus together with any future supplements to this Prospectus.

The Prospectus is available for viewing on the website of the Central Bank of Ireland (*http: www.centralbank.ie*).

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN for the Certificates is XS1301525207. The Common Code for the Certificates is 130152520.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Shari'a Advisory Boards

The transaction structure relating to the Certificates (as described in this Prospectus) has been approved by the Albaraka Türk Katılım Bankası A.Ş. *Shari'a* Advisory Board, the Noor Bank *Shari'a* Supervisory Board, the QInvest *Shari'a* Supervisory Board, the *Shari'a* Supervisory Committee of Standard Chartered Bank, the Fatwa and *Shari'a* Supervisory Board of Dubai Islamic Bank PJSC and by Bait Al Mashura (on behalf of Barwa Bank Q.S.C.). Prospective Certificateholders should not rely on the approval referred to above in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction is in compliance with *Shari'a* principles.

Joint Lead Managers Transacting with the Trustee and Albaraka

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Trustee, Albaraka and their respective affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee or the Trustee's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Trustee and/or Albaraka routinely hedge their credit exposure to the Trustee and/or Albaraka, as the case may be, consistent with their customary risk management policies.

Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Certificates. Any such short positions could adversely affect future trading prices of the Certificates. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

SUMMARY OF DIFFERENCES BETWEEN IFRS AND BRSA PRINCIPLES

Certain financial information contained in this Prospectus, and in particular "*Selected Financial Information*", is presented in accordance with BRSA Principles (see "*Presentation of Unconsolidated Financial and Certain Other Information*").

BRSA Principles differ from IFRS. Such differences primarily relate to the format of presentation of financial statements, disclosure requirements and accounting policies. BRSA format and disclosure requirements are prescribed by relevant regulations and do not always meet IFRS or IAS 34 standards. Among the differences in accounting policies some of the most important are:

- **Consolidation**: Only financial sector subsidiaries and associates are consolidated under BRSA Principles, others are carried at cost or at fair value.

- **Specific provisioning for loan losses**: BRSA Principles provisioning for loan losses is different from IAS 39 and is based on minimum percentages relating to the number of days overdue prescribed by relevant regulations, whereas the IFRS provisioning for loan losses is based on the present value of future cash flows discounted at original effective interest rates.

- **General loan loss provisioning**: This is required under BRSA Principles but prohibited under IFRS. Instead, IFRS requires portfolio/collective provisioning for groups of loans and receivables sharing similar characteristics and not individually identified as impaired. Moreover, BRSA Principles generic provisioning is based on minimum percentages defined in regulations for many asset classes (both on-balance and off-balance sheet), not only for loans, which is not the case with IFRS.

- **Deferred taxation**: Certain differences exist in this area. According to the IAS 12 Income Taxes deferred taxation is calculated in full on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements when it is probable that the future economic benefit resulting from the reversal of temporary differences will flow to or from the Bank, whereas under BRSA Principles there are some specific exemptions. For example, under BRSA Principles, no deferred tax is computed in relation to general loan loss provisions.

INDEX TO FINANCIAL STATEMENTS

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Publicly announced unconsolidated financial statements and related disclosures at September 30, 2015 together with independent auditor's limited review report

EY

Building a better working world

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

Limited Review Report on Interim Financial Information

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

Introduction

We have reviewed the unconsolidated balance sheet of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") as of September 30, 2015 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Limited Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not presented fairly, in all material respects, the financial position of Albaraka Türk Katılım Bankası A.Ş. as of September 30, 2015 and the result of its operations and cash flows for the nine-month period ended in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation.

A member firm of Ernst & Young Global Limited

Additional paragraph for convenience translation to English:

As explained in detail in Note XXIII of Section Three, the effects of differences between accounting principles and standards set out by BRSA Accounting and Reporting Legislation and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Damla Harman
Partner, SMMM

November 5, 2015
Istanbul, Turkey

alBaraka

UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş. AS OF AND FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2015

Bank's headquarter address	: Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6 34768 Ümraniye / İstanbul
Bank's phone number and facsimile	: 00 90 216 666 01 01 – 00 90 216 666 16 00
Bank's website	: www.albarakaturk.com.tr
Electronic mail contact info	: albarakaturk@albarakaturk.com.tr

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

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

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 reviewed and presented as attached.

November 5, 2015

Adnan Ahmed Yusuf **ABDULMALEK** Chairman of the Board of Directors	**Fahrettin YAHŞİ** General Manager
Melikşah UTKU Assistant General Manager	**Yunus AHLATCI** Budget and Financial Reporting Manager

Hamad Abdulla A. EQAB Chairman of the Audit Committee	**Mitat AKTAŞ** Member of the Audit Committee	**Hood Hashem Ahmed HASHEM** Member of the Audit Committee

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

Name-Surname / Title	: Bora ŞİMŞEK / Budget and Financial Reporting / Vice Manager
Telephone	: 00 90 216 666 05 59
Facsimile	: 00 90 216 666 16 11

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Section one

General information

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

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

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

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

The Bank's head office is located in Istanbul and is operating through 209 (December 31, 2014: 201) local branches and 1 (December 31, 2014: 1) foreign branch and with 3.698 (December 31, 2014: 3.510) staff as of September 30, 2015.

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

As of September 30, 2015, 54,06% (December 31, 2014: 54,06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 24,80% (December 31, 2014: 24,06%) of the shares are publicly traded and quoted at Borsa İstanbul.

(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	-
	İbrahim Fayez Humaid ALSHAMSI	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 Al- HASHIMI	Member of BOD	Bachelor	(*) 0,0000
	Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
General Manager	Dr .Fahrettin YAHŞİ	Member of BOD /General Manager	Doctorate	-
Assistant General Managers	Mehmet Ali VERÇİN	Corporate Marketing, Treasury Marketing, Investment Projects	Bachelor	-
	Nihat BOZ	Legal Advisory, Legal Follow-up	Bachelor	-
	Temel HAZIROĞLU	Human Values, Training & Organisation, Performance & Career Management, Administrative Affairs, Construction and Real Estate	Bachelor	0,0342
	Bülent TABAN	Commercial Marketing, Commercial Products Management, Regional Offices	Master	-
	Turgut SİMİTCİOĞLU	Credit Operations, Banking Services Operations, Foreign Affairs Operations, Payment Systems Operations, Risk Follow-up	Master	-
	Melikşah UTKU	Financial Affairs, Budget & Financial Reporting, Corporate Communication	Master	-
	Ali TUĞLU	Core Banking Applications Development, Customer & Channel and Analytical Applications,IT Support, IT Strategy & Governance	Bachelor	-
	Mahmut Esfa EMEK	Corporate Credits, Commercial Credits, Retail Credits	Bachelor	-
	Ayhan KESER	Retail Marketing, Alternative Distribution Channels, Retail Products Management, Financial Institutions	Bachelor	-
Audit Committee	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(*) 0,0000

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

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0342% of the Bank's share capital (December 31, 2014: 0,0396%).

IV. Information on the Bank's qualified shareholders:

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

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

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

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

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

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

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

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

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

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

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions which are deducted from equity or not included in these three methods:

The Bank did not consolidate its associate Kredi Garanti Fonu A.Ş. considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. Moreover, the financial statements of the Bank's structured entity, Albaraka Türk Sukuk Limited, which is not a subsidiary but over which the Parent Bank exercises 100% control, are not consolidated in the accompanying financial statements considering the materiality principle. Katılım Emeklilik ve Hayat A.Ş, an entity under common control, is consolidated through equity method in the consolidated financial statements. The Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Albaraka Gayrimenkul Portföy Yönetimi A.Ş the subsidiaries of the Bank, through equity method and full consolidation method, respectively.

VII. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the bank and its subsidiaries:

There is no immediate transfer of equity between the Bank and its subsidiaries.

There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiaries.

Section two

The unconsolidated financial statements

I. Balance sheet (Statement of financial position)

II. Statement of off-balance sheet

III. Statement of income

IV. Statement of income and expense items accounted under shareholders' equity

V. Statement of changes in shareholders' equity

VI. Statement of cash flows

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS		Notes (Section Five-I)	THOUSAND TURKISH LIRA					
			CURRENT PERIOD (30/09/2015)			PRIOR PERIOD (31/12/2014)		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	977.387	3.952.900	4.930.287	352.393	2.776.793	3.129.186
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	962	20.139	21.101	5.611	-	5.611
2.1	Trading Financial Assets		962	20.139	21.101	5.611	-	5.611
2.1.1	Public Sector Debt Securities		-	-	-	-	-	-
2.1.2	Equity Securities		773	-	773	5.611	-	5.611
2.1.3	Derivative Financial Assets Held for Trading		-	20.086	20.086	-	-	-
2.1.4	Other Marketable Securities		189	53	242	-	-	-
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)	579.984	1.586.543	2.166.527	511.402	1.136.833	1.648.235
IV.	MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V.	FINANCIAL ASSETS-AVAILABLE FOR SALE (net)	(4)	740.635	230.568	971.203	496.367	163.393	659.760
5.1	Equity Securities		15	2.209	2.224	15	1.660	1.675
5.2	Public Sector Debt Securities		726.273	155.528	881.801	465.361	123.254	588.615
5.3	Other Marketable Securities		14.347	72.831	87.178	30.991	38.479	69.470
VI.	LOANS AND RECEIVABLES	(5)	15.233.954	3.166.289	18.400.243	13.494.112	1.979.934	15.474.046
6.1	Loans and Receivables		15.085.852	3.165.534	18.251.386	13.454.414	1.979.918	15.434.332
6.1.1	Loans to Risk Group of The Bank		11.120	43.802	54.922	50.243	-	50.243
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		15.074.732	3.121.732	18.196.464	13.404.171	1.979.918	15.384.089
6.2	Non-performing loans		503.399	1.093	504.492	326.948	27	326.975
6.3	Specific Provisions (-)		355.297	338	355.635	287.250	11	287.261
VII.	INVESTMENTS HELD TO MATURITY (net)	(6)	745.582	-	745.582	783.309	-	783.309
VIII.	INVESTMENTS IN ASSOCIATES (net)	(7)	4.211	-	4.211	4.211	-	4.211
8.1	Accounted for under Equity Method		-	-	-	-	-	-
8.2	Unconsolidated Associates		4.211	-	4.211	4.211	-	4.211
8.2.1	Financial Associates		4.211	-	4.211	4.211	-	4.211
8.2.2	Non-Financial Associates		-	-	-	-	-	-
IX.	SUBSIDIARIES (net)	(8)	5.250	-	5.250	250	-	250
9.1	Unconsolidated Financial Subsidiaries		5.250	-	5.250	250	-	250
9.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X.	JOINT VENTURES (net)	(9)	15.500	-	15.500	10.500	-	10.500
10.1	Accounted for under Equity Method		-	-	-	-	-	-
10.2	Unconsolidated		15.500	-	15.500	10.500	-	10.500
10.2.1	Financial Joint Ventures		15.500	-	15.500	10.500	-	10.500
10.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XI.	LEASE RECEIVABLES (net)	(10)	998.602	-	998.602	709.646	-	709.646
11.1	Finance Lease Receivables		1.144.214	-	1.144.214	782.612	-	782.612
11.2	Operational Lease Receivables		-	-	-	-	-	-
11.3	Other		-	-	-	-	-	-
11.4	Unearned Income (-)		145.612	-	145.612	72.966	-	72.966
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)	541.233	1.556	542.789	485.461	1.678	487.139
XIV.	INTANGIBLE ASSETS (net)	(13)	45.652	555	46.207	26.326	565	26.891
14.1	Goodwill		-	-	-	-	-	-
14.2	Other		45.652	555	46.207	26.326	565	26.891
XV.	INVESTMENT PROPERTY (net)	(14)	-	-	-	-	-	-
XVI.	TAX ASSET	(15)	4.580	-	4.580	3.551	-	3.551
16.1	Current Tax Asset		4.580	-	4.580	3.551	-	3.551
16.2	Deferred Tax Asset		-	-	-	-	-	-
XVII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(16)	25.688	-	25.688	27.678	-	27.678
17.1	Assets Held for Sale		25.688	-	25.688	27.678	-	27.678
17.2	Assets of Discontinued Operations		-	-	-	-	-	-
XVIII.	OTHER ASSETS	(17)	332.061	3.602	335.663	74.852	1.559	76.411
	TOTAL ASSETS		20.251.281	8.962.152	29.213.433	16.985.669	6.060.755	23.046.424

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 (30/09/2015)			PRIOR PERIOD (31/12/2014)		
			TL	FC	Total	TL	FC	Total
I.	**FUNDS COLLECTED**	(1)	11.112.893	9.324.838	20.437.731	9.782.163	6.861.055	16.643.218
1.1	Funds from Risk Group of The Bank		206.251	163.972	370.223	71.453	183.838	255.291
1.2	Other		10.906.642	9.160.866	20.067.508	9.710.710	6.677.217	16.387.927
II.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**	(2)	-	-	-	-	-	-
III.	**FUNDS BORROWED**	(3)	-	4.458.748	4.458.748	-	3.215.998	3.215.998
IV.	**BORROWINGS FROM MONEY MARKETS**		451.153	-	451.153	116.740	-	116.740
V.	**SECURITIES ISSUED (net)**		-	-	-	-	-	-
VI.	**MISCELLANEOUS PAYABLES**		796.836	176.229	973.065	434.001	76.171	510.172
VII.	**OTHER LIABILITIES**	(4)	-	-	-	-	-	-
VIII.	**LEASE PAYABLES**	(5)	-	-	-	-	-	-
8.1	Finance Lease Payables		-	-	-	-	-	-
8.2	Operational Lease Payables		-	-	-	-	-	-
8.3	Other		-	-	-	-	-	-
8.4	Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
IX.	**DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES**	(6)	-	-	-	-	-	-
9.1	Fair Value Hedge		-	-	-	-	-	-
9.2	Cash Flow Hedge		-	-	-	-	-	-
9.3	Net Foreign Investment Hedge		-	-	-	-	-	-
X.	**PROVISIONS**	(7)	207.433	46.379	253.812	180.386	52.438	232.824
10.1	General Provisions		146.632	38.132	184.764	128.047	25.863	153.910
10.2	Restructuring Reserves		-	-	-	-	-	-
10.3	Reserve for Employee Benefits		36.816	-	36.816	32.529	-	32.529
10.4	Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5	Other Provisions		23.985	8.247	32.232	19.810	26.575	46.385
XI.	**TAX LIABILITY**	(8)	51.158	25	51.183	64.116	3	64.119
11.1	Current Tax Liability		46.807	25	46.832	55.823	3	55.826
11.2	Deferred Tax Liability		4.351	-	4.351	8.293	-	8.293
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)	-	618.913	618.913	-	472.426	472.426
XIV.	**SHAREHOLDERS' EQUITY**	(11)	1.971.668	(2.840)	1.968.828	1.790.092	835	1.790.927
14.1	Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2	Capital Reserves		160.515	(2.840)	157.675	159.361	835	160.196
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Marketable Securities Valuation Reserve		8.830	(2.840)	5.990	9.155	835	9.990
14.2.4	Revaluation Reserve on Tangible Assets		148.658	-	148.658	153.179	-	153.179
14.2.5	Revaluation Reserve on Intangible Assets		-	-	-	-	-	-
14.2.6	Investment Property Revaluation Reserve		-	-	-	-	-	-
14.2.7	Bonus Shares From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-
14.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
14.2.9	Accumulated Valuation Differences on Assets Held For Sale and Assets of Discontinued Operations		-	-	-	-	-	-
14.2.10	Other Capital Reserves		3.027	-	3.027	(2.973)	-	(2.973)
14.3	Profit Reserves		696.531	-	696.531	470.137	-	470.137
14.3.1	Legal Reserves		84.774	-	84.774	71.744	-	71.744
14.3.2	Status Reserves		-	-	-	-	-	-
14.3.3	Extraordinary Reserves		611.757	-	611.757	398.393	-	398.393
14.3.4	Other Profit Reserves		-	-	-	-	-	-
14.4	Profit or Loss		214.622	-	214.622	260.594	-	260.594
14.4.1	Prior Years Profit / (Loss)		2.761	-	2.761	7.963	-	7.963
14.4.2	Current Year Profit / (Loss)		211.861	-	211.861	252.631	-	252.631
14.5	Minority Interest		-	-	-	-	-	-
	TOTAL LIABILITIES		14.591.141	14.622.292	29.213.433	12.367.498	10.678.926	23.046.424

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

STATEMENT OF OFF-BALANCE SHEET

	STATEMENT OF OFF BALANCE SHEET	Notes (Section Five-III)	THOUSAND TURKISH LIRA CURRENT PERIOD (30/09/2015)			PRIOR PERIOD (31/12/2014)		
			TL	FC	Total	TL	FC	Total
A.	**OFF BALANCE SHEET COMMITMENTS (I+II+III)**	(1)	**5.368.728**	**5.201.447**	**10.570.175**	**5.077.895**	**3.929.264**	**9.007.159**
I.	**GUARANTEES AND SURETIES**		**4.195.172**	**4.663.054**	**8.858.226**	**4.149.365**	**3.929.144**	**8.078.509**
1.1.	Letters of Guarantees		4.189.458	3.654.190	7.843.648	4.122.802	2.749.839	6.872.641
1.1.1.	Guarantees Subject to State Tender Law		202.628	24.709	227.337	166.552	21.939	188.491
1.1.2.	Guarantees Given for Foreign Trade Operations		1.091	813.710	814.801	597	778.622	779.219
1.1.3.	Other Letters of Guarantee		3.985.739	2.815.771	6.801.510	3.955.653	1.949.278	5.904.931
1.2.	Bank Loans		-	27.443	27.443	-	33.055	33.055
1.2.1.	Import Letter of Acceptances		-	27.443	27.443	-	33.055	33.055
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letter of Credits		1.030	624.984	626.014	7.997	581.273	589.270
1.3.1.	Documentary Letter of Credits		-	-	-	-	-	-
1.3.2.	Other Letter of Credits		1.030	624.984	626.014	7.997	581.273	589.270
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Other Guarantees		1.869	338.531	340.400	2.551	558.481	561.032
1.7.	Other Collaterals		2.815	17.906	20.721	16.015	6.496	22.511
II.	**COMMITMENTS**	(1)	**1.173.556**	**89.796**	**1.263.352**	**928.530**	**120**	**928.650**
2.1.	Irrevocable Commitments		1.173.556	89.796	1.263.352	928.530	120	928.650
2.1.1.	Asset Purchase and Sale Commitments		46.812	89.796	136.608	-	-	-
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3.	Loan Granting Commitments		124.995	-	124.995	59.439	-	59.439
2.1.4.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6.	Payment Commitment for Cheques		475.586	-	475.586	353.093	-	353.093
2.1.7.	Tax And Fund Liabilities from Export Commitments		1.971	-	1.971	1.506	-	1.506
2.1.8.	Commitments for Credit Card Expenditure Limits		523.487	-	523.487	510.257	-	510.257
2.1.9.	Commitments for Promotions Related with Credit Cards and Banking Activities		509	-	509	523	-	523
2.1.10.	Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11.	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments		196	-	196	3.712	120	3.832
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	(2)	-	**448.597**	**448.597**	-	-	-
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		-	448.597	448.597	-	-	-
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	448.597	448.597	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	234.358	234.358	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	214.239	214.239	-	-	-
3.2.2.	Other Forward Buy/Sell Transactions		-	-	-	-	-	-
3.3.	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		**36.597.022**	**5.382.901**	**41.979.923**	**30.389.457**	**4.509.815**	**34.899.272**
IV.	**ITEMS HELD IN CUSTODY**		**1.670.005**	**999.811**	**2.669.816**	**1.353.738**	**1.454.959**	**2.808.697**
4.1.	Assets Under Management		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		72	-	72	72	-	72
4.3.	Cheques Received for Collection		1.085.862	169.184	1.255.046	841.140	105.953	947.093
4.4.	Commercial Notes Received for Collection		556.629	29.228	585.857	488.418	18.801	507.219
4.5.	Other Assets Received for Collection		103	-	103	103	-	103
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		2.029	325.844	327.873	7.997	986.909	994.906
4.8.	Custodians		25.310	475.555	500.865	16.008	343.296	359.304
V.	**PLEDGED ITEMS**		**34.927.017**	**4.383.090**	**39.310.107**	**29.035.719**	**3.054.856**	**32.090.575**
5.1.	Marketable Securities		2.399.949	1.158.667	3.558.616	1.530.006	1.157.125	2.687.131
5.2.	Guarantee Notes		1.820.972	253.897	2.074.869	1.877.551	204.313	2.081.864
5.3.	Commodity		1.455.715	718.132	2.173.847	1.070.691	380.393	1.451.084
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		27.809.568	824.234	28.633.802	23.266.419	773.474	24.039.893
5.6.	Other Pledged Items		1.374.295	1.424.580	2.798.875	1.237.960	530.859	1.768.819
5.7.	Pledged Items-Depository		66.518	3.580	70.098	53.092	8.692	61.784
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		-	-	-	-	-	-
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		41.965.750	10.584.348	52.550.098	35.467.352	8.439.079	43.906.431

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 (01/01/2015-30/09/2015)	PRIOR PERIOD (01/01/2014-30/09/2014)	CURRENT PERIOD (01/07/2015-30/09/2015)	PRIOR PERIOD (01/07/2014-30/09/2014)
I.	**PROFIT SHARE INCOME**	(1)	**1.409.456**	**1.080.918**	**498.181**	**386.500**
1.1	Profit Share on Loans		1.254.498	999.935	443.016	354.682
1.2	Income Received from Reserve Deposits		5.579	-	2.548	-
1.3	Income Received from Banks		36	1.647	(50)	263
1.4	Income Received from Money Market Placements		-	-	-	-
1.5	Income Received from Marketable Securities Portfolio		97.253	65.869	34.056	23.853
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		49.963	27.566	17.518	10.965
1.5.4	Investments Held to Maturity		47.290	38.303	16.538	12.888
1.6	Finance Lease Income		51.201	13.241	18.574	7.476
1.7	Other Profit Share Income		889	226	37	226
II.	**PROFIT SHARE EXPENSE**	(2)	**766.830**	**580.214**	**265.430**	**214.570**
2.1	Expense on Profit Sharing Accounts		604.177	498.519	209.514	181.565
2.2	Profit Share Expense on Funds Borrowed		119.267	67.898	43.945	31.816
2.3	Profit Share Expense on Money Market Borrowings		34.221	13.719	11.971	1.111
2.4	Profit Share Expense on Securities Issued		-	-	-	-
2.5	Other Profit Share Expense		9.165	78	-	78
III.	**NET PROFIT SHARE INCOME (I – II)**		**642.626**	**500.704**	**232.751**	**171.930**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**94.198**	**93.865**	**22.326**	**32.209**
4.1	Fees and Commissions Received		130.490	116.394	36.076	40.144
4.1.1	Non-Cash Loans		66.423	60.281	16.710	19.755
4.1.2	Other	(12)	64.067	56.113	19.366	20.389
4.2	Fees and Commissions Paid		36.292	22.529	13.750	7.935
4.2.1	Non-Cash Loans		162	332	3	76
4.2.2	Other	(12)	36.130	22.197	13.747	7.859
V.	**DIVIDEND INCOME**	(3)	**10**	**174**	-	-
VI.	**TRADING INCOME/LOSS(net)**	(4)	**30.971**	**40.778**	**(10.424)**	**11.195**
6.1	Capital Market Transaction Income / (Loss)		2.222	474	(2)	346
6.2.	Profit / (Loss) from Derivative Financial Instruments		50.184	-	35.650	(2.403)
6.3	Foreign Exchange Income / (Loss)		(21.435)	40.304	(46.072)	13.252
VII.	**OTHER OPERATING INCOME**	(5)	**94.174**	**79.406**	**32.535**	**14.112**
VIII.	**TOTAL OPERATING INCOME (III+IV+V+VI+VII)**		**861.979**	**714.927**	**277.188**	**229.446**
IX.	**PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)**	(6)	**123.102**	**117.787**	**35.098**	**30.537**
X.	**OTHER OPERATING EXPENSES (-)**	(7)	**473.701**	**360.851**	**154.559**	**115.515**
XI.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X)**		**265.176**	**236.289**	**87.531**	**83.394**
XII.	**EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER**		-	-	-	-
XIII.	**PROFIT / (LOSS) ON EQUITY METHOD**		-	-	-	-
XIV.	**PROFIT / (LOSS) ON NET MONETARY POSITION**		-	-	-	-
XV.	**PROFIT / (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)**	(8)	**265.176**	**236.289**	**87.531**	**83.394**
XVI.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	(9)	**(53.315)**	**(53.255)**	**(16.109)**	**(18.229)**
16.1	Provision for Current Taxes		(55.874)	(49.248)	(13.343)	(18.708)
16.2	Provision for Deferred Taxes		2.559	(4.007)	(2.766)	479
XVII.	**NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)**	(10)	**211.861**	**183.034**	**71.422**	**65.165**
XVIII.	**INCOME FROM DISCONTINUED OPERATIONS**	(10)	-	-	-	-
18.1	Income from Assets Held For Sale		-	-	-	-
18.2	Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
18.3	Income from Other Discontinued Operations		-	-	-	-
XIX.	**LOSS FROM DISCONTINUED OPERATIONS (-)**		-	-	-	-
19.1	Loss from Assets Held for Sale		-	-	-	-
19.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-	-	-
19.3	Loss from Other Discontinued Operations		-	-	-	-
XX.	**PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)**		-	-	-	-
XXI.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		-	-	-	-
21.1	Provision for Current Taxes		-	-	-	-
21.2	Provision for Deferred Taxes		-	-	-	-
XXII.	**NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)**		-	-	-	-
XXIII.	**NET PROFIT / LOSS (XVII+XXII)**	(11)	211.861	183.034	71.422	65.165
23.1	Group's Profit/Loss		211.861	183.034	71.422	65.165
23.2	Minority shares (-)		-	-	-	-
	Earnings Per Share (Full TL)		0,235	0,203	0,079	0,072

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

		THOUSAND TURKISH LIRA			
STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		CURRENT PERIOD (01/01/2015-30/09/2015)	PRIOR PERIOD (01/01/2014-30/09/2014)	CURRENT PERIOD (01/07/2015-30/09/2015)	PRIOR PERIOD (01/07/2014-30/09/2014)
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(5.000)	8.529	(1.264)	(7.469)
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	5.981	789	4.735	999
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	-	-	-	(11)
VIII.	OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	-	223	-	-
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	1.000	(1.750)	253	1.494
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	1.981	7.791	3.724	(4.987)
XI.	PROFIT/LOSS	211.861	183.034	71.422	65.165
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	211.861	183.034	71.422	65.165
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	213.842	190.825	75.146	60.178

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

(THOUSAND TURKISH LIRA)

	CHANGES IN SHAREHOLDERS' EQUITY	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	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 (01/01/2014-30/09/2014)																	
I.	Beginning balance	(V)	900.000	-	-	-	59.602	-	202.043	810	241.409	1.434	(4.742)	96.712	-	-	-	1.497.268
	Changes in Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	6.824	-	-	-	-	6.824
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	789	-	-	-	-	-	-	-	789
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		-	-	-	-	-	-	-	658	-	4.509	-	(1.809)	-	-	-	3.358
XVII.	Period Net Income/(Loss)		-	-	-	-	-	-	-	-	183.034	-	-	-	-	-	-	183.034
XVIII.	Profit Distribution		-	-	-	-	12.142	-	196.350	-	(241.409)	1.417	-	-	-	-	-	(31.500)
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	(31.500)	-	-	-	-	-	(31.500)
18.2	Transfers To Reserves		-	-	-	-	12.142	-	196.350	-	-	(208.492)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(241.409)	241.409	-	-	-	-	-	-
	Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	71.744	-	398.393	2.257	183.034	7.360	2.082	94.903	-	-	-	1.659.773

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

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

(THOUSAND TURKISH LIRA)

	CHANGES IN SHAREHOLDERS' EQUITY	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	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 (01/01/2015-30/09/2015)																	
I.	Beginning balance	(V)	900.000	-	-	-	71.744	-	398.393	(2.973)	252.631	7.963	9.990	153.179	-	-	-	1.790.927
	Changes In Period																	
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(4.000)	-	-	-	-	(4.000)
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	5.981	-	-	-	-	-	-	-	5.981
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		-	-	-	-	-	-	-	19	-	2.761	-	(4.521)	-	-	-	(1.741)
XVII.	Period Net Income/(Loss)		-	-	-	-	-	-	-	-	211.861	-	-	-	-	-	-	211.861
XVIII.	Profit Distribution		-	-	-	-	13.030	-	213.364	-	(252.631)	(7.963)	-	-	-	-	-	(34.200)
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	(34.200)	-	-	-	-	-	(34.200)
18.2	Transfers To Reserves		-	-	-	-	13.030	-	213.364	-	-	(226.394)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(252.631)	252.631	-	-	-	-	-	-
	Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	84.774	-	611.757	3.027	211.861	2.761	5.990	148.658	-	-	-	1.968.828

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

STATEMENT OF CASH FLOWS

			THOUSAND TURKISH LIRA	
	STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	CURRENT PERIOD (01/01/2015-30/09/2015)	PRIOR PERIOD (01/01/2014-30/09/2014)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes In Operating Assets And Liabilities**		**970.375**	**411.454**
1.1.1	Profit Share Income Received		1.213.007	895.511
1.1.2	Profit Share Expense Paid		(707.199)	(510.653)
1.1.3	Dividend Received		10	174
1.1.4	Fees and Commissions Received		94.198	194.146
1.1.5	Other Income		87.440	55.709
1.1.6	Collections from Previously Written Off Loans	(V-I-5,h2)	50.486	33.252
1.1.7	Payments to Personnel and Service Suppliers		(263.586)	(210.097)
1.1.8	Taxes Paid		(57.909)	(66.768)
1.1.9	Others	(V-VI-3)	553.928	20.180
1.2	**Changes In Operating Assets And Liabilities**		**(321.696)**	**(326.414)**
1.2.1	Net (Increase) Decrease in Available For Sale Financial Assets		(15.490)	(1)
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		(675.861)	(444.715)
1.2.4	Net (Increase) Decrease in Loans		(2.658.670)	(2.650.991)
1.2.5	Net (Increase) Decrease in Other Assets		(262.582)	(42.188)
1.2.6	Net Increase (Decrease) in Funds Collected From Banks		397.310	342.445
1.2.7	Net Increase (Decrease) in Other Funds Collected		2.317.806	2.310.161
1.2.8	Net Increase (Decrease) in Funds Borrowed		111.778	27.000
1.2.9	Net Increase (Decrease) in Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(V-VI-3)	464.013	131.875
I.	**Net Cash Flow From Banking Operations**		**648.679**	**85.040**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash flow from investing activities**		**(265.580)**	**(321.150)**
2.1	Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		(10.000)	(5.000)
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3	Fixed Assets Purchases		(46.242)	(31.593)
2.4	Fixed Assets Sales		6.741	6.859
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		(452.177)	(374.194)
2.6	Cash Obtained from Sale of Financial Assets Available for Sale		151.081	27.814
2.7	Cash Paid for Purchase of Investment Securities	(V-I-6)	(391.427)	-
2.8	Cash Obtained from Sale of Investment Securities	(V-I-6)	476.444	54.964
2.9	Other		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Flow From Financing Activities**		**1.008.498**	**1.175.207**
3.1	Cash Obtained from Funds Borrowed and Securities Issued		5.408.564	4.218.367
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(4.365.866)	(3.011.660)
3.3	Issued Capital Instruments		-	-
3.4	Dividends Paid		(34.200)	(31.500)
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)	**250.792**	**74.573**
V.	**Net (Decrease) Increase in Cash and Cash Equivalents**		**1.642.389**	**1.013.670**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**	(V-VI-i)	**2.383.932**	**1.881.992**
VII.	**Cash and Cash Equivalents at the End of the Period**	(V-VI-ii)	**4.026.321**	**2.895.662**

Section three

Accounting policies

I. Explanations on basis of presentation:

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

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette numbered 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets, liabilities and real estates carried at fair value.

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, 2014. The accounting policies and valuation principles used in the preparation of unconsolidated financial statements are explained between in Notes II and XXII below.

TAS/TFRS changes which are effective from January 1, 2015 do not have a significant effect on the Bank's accounting policies, financial position or performance. As of the date of financial statements, TAS/TFRS changes which are announced but not yet effective do not have a significant effect on the Bank's accounting policies, financial position or performance.

The effects of changes in TAS and TFRS standards, except from TFRS 9 "Financial Instruments" (version 2011), which has been published as of reporting date but has not been implemented yet, will have no significant impact on the accounting policies, financial condition and performance of the Bank. The Bank assesses the impact of TFRS 9 Financial Instruments standard. TFRS 9 will have an effect on the classification and measurement of financial statements. However, as the impact of adoption depends on the assets held by the Bank at the date of adoption itself, potential effect has not been quantified yet.

I. Explanations on basis of presentation (continued):

"Communiqué related to Changes in Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated January 23, 2011 and numbered 27824 has set out the financial statement formats for the banks which selected to early adopt TFRS 9 (In accordance with the Communiqué related to Changes in Communiqué on TFRS 9 "Financial Instruments" published in the Official Gazette dated April 7, 2015 numbered 29319 , the effective date of the mentioned Communiqué has been changed as December 31, 2014 which is planned to be applied after 31 December 2017.) "Financial Instruments" before January 1, 2018. Since the Bank has not chosen to early adopt TFRS 9, the accompanying financial statements have been prepared in accordance with the financial statements in the appendix of "Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated June 28, 2012 and numbered 28337.

The preparation of the unconsolidated financial statements according to TAS and BRSA Reporting and Accounting Legislation requires the Bank's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, provisions for the lawsuits, 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.

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

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

The balance sheet items of the foreign branch of the Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Bank. Income statement items are translated into Turkish lira by exchange rate ruling at the transaction

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

date and all exchange differences arising from translation are accounted in other capital reserves under equity according to TAS 21.

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

There are no foreign currency differences capitalized by the Bank.

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

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

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

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

IV. Explanations on profit share income and expenses:

Profit share income

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

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

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

Profit share expense

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

V. Explanations on fees, commission income and expenses:

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

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

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

VI. Explanations on financial assets:

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

Financial assets at fair value through profit or loss:

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

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

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

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

As of September 30, 2015, the Bank has no financial assets classified as financial assets at fair value through profit or loss except for trading financial assets. (December 31, 2014: None)

Financial assets available for sale:

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

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 to be implemented by Participation Banks" dated January 26, 2007 and numbered 26415.

Financial assets held to maturity:

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

VII. Explanations on impairment of financial assets:

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

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

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

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

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

If there is objective evidence indicating that the fair value of a financial asset available for sale, for which decreases in the fair value has been accounted in the equity, has been impaired then the total loss which was accounted directly under the equity is deducted from equity and transferred to the income statement.

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

VIII. Explanations on offsetting of financial instruments:

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

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. The Bank transfers such assets from assets held for sale and discounted operations to tangible assets.

(Currency – Thousand Turkish Lira)

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

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

XI. Explanations on goodwill and other intangible assets:

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for Intangible Assets". As of the balance sheet date, there is no goodwill in the financial statements of the Bank. The Bank's intangible assets consist of softwares and intangible rights. The Bank has started to use the new core banking system on June 19, 2015 after waiving the prior core banking system and useful live of the new banking system has been determined as 3 years.

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

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

XII. Explanations on tangible assets:

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

As of March 31, 2009, the Bank has made a change in accounting policy and adopted revaluation model for immovables in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2014, 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

XII. Explanations on tangible assets (continued):

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

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

Fixed assets which are carried at fair value in the financial statements are revalued by independent CMB licensed firms in accordance with TFRS 13.

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

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

XIII. Explanations on leasing transactions:

Transactions as a lessee

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

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

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

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

Transactions as a lessor

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

XIV. Explanations on provisions and contingent liabilities:

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

Provisions are recognized 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.

XV. Explanations on liabilities regarding employee rights:

i) *Defined benefit plans:*

Provision for employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Bank.

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Bank recognizes all actuarial gains and losses immediately through other comprehensive income.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.
There are no foundations, pension funds or similar associations of which the employees are members

As of September 30, 2015, the Bank does not have any actuarial loss. (December 31, 2014: TL 6.958 actuarial loss).

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

XVI. Explanations on taxation:

Current tax:

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

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

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

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

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 exempt from corporate tax if added to the capital or accounted under shareholders' equity as a special fund for 5 years according to the Corporate Tax Law.

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

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

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

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

Deferred tax:

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

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

Transfer pricing:

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

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

XVII. Additional explanations on borrowings:

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

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

The Bank has not issued convertible bonds.

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

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

XX. Explanations on government grants:

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

XXI. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note XIII.

XXII. Explanations on other matters:

None.

XXIII. Additional paragraph for convenience translation:

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

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 numbered 28337 dated June 28, 2012 starting from July 1, 2012. As of September 30, 2015, the Bank's unconsolidated capital adequacy ratio calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" is 12,11% (December 31, 2014: 14,15%).

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", published in the Official Gazette numbered 28337 dated June 28, 2012, "Regulation on Credit Risk Mitigation Techniques" published in the Official Gazette numbered 29111 dated September 6, 2014 and the "Regulation on the Equity of Banks" published in the Official Gazette numbered 28756 dated September 5, 2013.

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 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.

(Currency – Thousand Turkish Lira)

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

b) Information on capital adequacy standard ratio:

	Bank								
	%0	%10	%20	%50	%75	%100	%150	%200	%250
Value at Credit Risk	**6.703.051**	**-**	**2.721.110**	**6.619.821**	**2.925.323**	**11.884.669**	**61.532**	**55.666**	**-**
Risk Categories									
Receivables from central governments or central banks	5.707.547	-	-	157.274	-	-	-	-	-
Receivables from regional or local Governments	-	-	42.037	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	925	-	-	-
Receivables from multilateral development banks	62	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	4.150	-	2.203.526	111.660	-	218.328	-	-	-
Receivables from corporates	169.010	-	421.431	111.326	-	10.945.160	-	-	-
Retail receivables	75.059	-	53.641	-	2.925.323	-	-	-	-
Receivables secured by mortgages on property	-	-	-	6.239.561	-	13.996	-	-	-
Past due receivables	-	-	-	-	-	68.763	29.447	-	-
Receivables defined in high risk category by BRSA	837	-	475	-	-	-	32.085	55.666	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	746.386	-	-	-	-	637.497	-	-	-

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	Prior Period(*)
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	1.450.914	1.167.538
Capital Requirement for Market Risk (MRCR)	10.776	13.258
Capital Requirement for Operational Risk (ORCR)	114.795	95.440
Shareholders' Equity	**2.385.486**	**2.256.680**
Shareholders' Equity/((CRCR+MRCR+ORCR)*12.5*100)	**%12,11**	**%14,15**
Core Capital/((CRCR+MRCR+ORCR) *12,5)*100	**%9,58**	**%10,80**
Tier I Capital/((CRCR+MRCR+ORCR) *12,5)*100	**%9,71**	**%10,92**

(*) Equity calculation has changed as per the "Regulation on Equities of Banks" applicable as of January 1, 2015, figures belonging to prior period are calculated as per former regulation.

(Currency - Thousand Turkish Lira)

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

ç) Details of shareholders' equity accounts:

Current period equity amount is calculated as per "Regulation on Equities of Banks" applicable as of January 1, 2015 published in Official gazette dated September 5, 2013 numbered 28756.

	September 30, 2015
Tier I capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	696.531
Other Comprehensive Income according to TAS	162.905
Profit	214.622
Current Period Profit	211.861
Prior Period Profit	2.761
General Reserves for Possible Losses	88
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I capital before deductions	**1.974.146**
Deductions from tier I capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	5.230
Leasehold Improvements on Operational Leases (-)	37.761
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	17.596
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total deductions from tier I capital	**60.587**
Total tier I capital	**1.913.559**
Additional core capital	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional core capital before deductions	-
Deductions from additional core capital	-
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total deductions from additional core capital	-
Total additional core capital	-

(Currency - Thousand Turkish Lira)

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

Deductions from core capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	26.393
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total core capital	**1.887.166**
Tier II capital	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	420.300
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	
General Provisions	82.289
Tier II capital before deductions	**502.589**
Deductions from tier II capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total deductions from tier II capital	-
Total tier II capital	**502.589**
Capital	**2.389.755**
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	2.081
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	2.188
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
Equity	**2.385.486**
Amounts lower than excesses as per deduction rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	18.728

(Currency - Thousand Turkish Lira)

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

	December 31, 2014
Tier I capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	470.137
Other Comprehensive Income according to TAS	165.427
Profit	260.594
Current Period Profit	252.631
Prior Period Profit	7.963
General Reserves for Possible Losses	88
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I capital before deductions	**1.796.246**
Deductions from tier I capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	5.231
Leasehold Improvements on Operational Leases (-)	43.470
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	5.081
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total deductions from tier I capital	**53.782**
Total tier I capital	**1.742.464**
Additional core capital	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional core capital before deductions	-
Deductions from additional core capital	-
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total deductions from additional core capital	-
Total additional core capital	-

(Currency - Thousand Turkish Lira)

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

Deductions from core capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	20.323
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total core capital	**1.722.141**
Tier II capital	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	467.000
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	70.947
Tier II capital before deductions	**537.947**
Deductions from tier II capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total deductions from tier II capital	-
Total tier II capital	**537.947**
Capital	**2.260.088**
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	1.408
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	2.000
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
Equity	**2.256.680**
Amounts lower than excesses as per deduction rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	7.375

(Currency - Thousand Turkish Lira)

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

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

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

e) Details on Subordinated Liabilities

Issuer	ABT Sukuk Ltd.
Unique Identifier	-
Governing Law(s) of the Instrument	English Law
Special Consideration in the Calculation of Equity	
As of January 1, 2015 consideration to be subject to a 10% reduction application status	Yes
Eligible at Unconsolidated / Consolidated	Unconsolidated / Consolidated
Instrument Type	Sukuk Murabaha
Amount recognized in regulatory capital (as of most recent reporting date)	TL 420.300
Par Value of Instrument	TL 600.000
Accounting Classification	Subordinated Loan
Original date of Issuance	May 7 2013
Perpetual or dated	Dated
Maturity date	May 7 2023
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date : 07.05.2018 Total Repayment Amount Including Profit Share : USD.77.500.000,- Repayment Period: Principal Payment for 6 months USD.69.750.000
Subsequent call dates	-
Profit Share / Dividends	
Fixed or floating profit share / dividend	Fixed
Profit share rate and any related index	7,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or Non-convertible	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	No
Details of incompliances with article number 7 and 8 of "Own fund regulation"	8,2,ğ

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk:

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

III. Explanations on market risk:

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 for testing purposes using internal model methods (Value at Risk) and the results are validated by back test analysis. The VaR (Value at Risk) 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 legal capital is stated below.

a) Information related to market risk:

		Amount
(I)	Capital requirement to be employed for general market risk - standard method	62
(II)	Capital requirement to be employed for specific risk - standard method	62
	Capital requirement against specific risks of securitization positions– standard method	-
(III)	Capital requirement to be employed for currency risk - standard method	8.858
(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	1.794
(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)	10.776
(X)	Amount subject to market risk (12,5 X VIII) or (12,5 x IX)	134.704

b) Average market risk table concerning market risk calculated as of month ends during the period:

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

(Currency - Thousand Turkish Lira)

IV. Explanations on operational risk:

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

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.

d) Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of September 30, 2015 - Balance sheet evaluation rate	3,000	3,352
As of September 29, 2015	3,000	3,369
As of September 28, 2015	3,010	3,372
As of September 23, 2015	2,980	3,316
As of September 22, 2015	2,990	3,327
As of September 21, 2015	2,970	3,326

e) The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is full TL 2,969 for 1 USD (December 2014 : full TL 2,272), full TL 3,332 for 1 EURO (December 2014 : full TL 2,794).

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	
		September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
USD	10% increase	6.421	6.037	(284)	84
USD	10% decrease	(6.421)	(6.037)	284	(84)
EURO	10% increase	829	(294)	-	-
EURO	10% decrease	(829)	294	-	-

(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	641.273	2.831.717	479.910	3.952.900
Banks	206.790	1.270.887	108.866	1.586.543
Financial assets at fair value through profit and loss	-	20.139	-	20.139
Money market placements	-	-	-	-
Available-for-sale financial assets	139	230.429	-	230.568
Loans and financial lease receivables(**)	2.799.423	6.006.391	3.691	8.809.505
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	1.556	1.556
Intangible assets	-	-	555	555
Other assets (***)	780	2.323	1.283	4.386
Total assets	**3.648.405**	**10.361.886**	**595.861**	**14.606.152**
Liabilities				
Current account and funds collected from banks via participation accounts	411.042	377.659	8.737	797.438
Other current and profit sharing accounts	2.328.918	5.887.658	310.824	8.527.400
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	878.160	4.199.501	-	5.077.661
Marketable securities issued	-	-	-	-
Miscellaneous payables	18.066	83.125	75.038	176.229
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	1.917	6.331	24	8.272
Total liabilities	**3.638.103**	**10.554.274**	**394.623**	**14.587.000**
Net balance sheet position	**10.302**	**(192.388)**	**201.238**	**19.152**
Net off balance sheet position	**(2.010)**	**256.597**	**(213.066)**	**41.521**
Derivative financial instruments assets(****)	13.577	274.164	2.216	289.957
Derivative financial instruments liabilities(****)	15.587	17.567	215.282	248.436
Non-cash loans (*****)	1.403.118	3.224.134	35.802	4.663.054
Prior Period				
Total assets	2.598.470	7.766.518	417.265	10.782.253
Total liabilities	2.601.411	7.706.151	370.529	10.678.091
Net balance sheet position	**(2.941)**	**60.367**	**46.736**	**104.162**
Net off balance sheet position	-	-	-	-
Derivative financial instruments assets	-	-	-	-
Derivative financial instruments liabilities	-	-	-	-
Non-cash loans	1.130.253	2.775.456	23.435	3.929.144

(*) TL 472.235 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 1.243 of the balance in Banks in other FC column represent precious metals accounts with banks, TL 261.546 of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(**) The balance includes foreign currency indexed loans and financial lease receivables of TL 5.643.216 (December 31, 2014: TL 4.720.625).

(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 783 (December 31, 2014: TL 873) is included in other assets.

(****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 55.597 and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 34.199 (December 31,2014: foreign currency purchase commitment: none, foreign currency sale commitment: none)

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

(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 at Borsa İstanbul.

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.

Liquidity coverage ratios are calculated weekly and monthly starting from 1 January 2015 as per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette no. 28948, dated 21 March 2014. Liquidity coverage ratios should be at least 40% for foreign currency denominated assets and liabilities and 60% for total assets and liabilities for 2015. Liquidity coverage ratios for the third quarter of 2015 are as follows:

	CURRENT PERIOD		PRIOR PERIOD (*)	
	FC	FC+TL	FC	FC+TL
Average (%)	423,24	245,15	125,76	111,81

(*) The prior period balances are calculated as per former Regulation.

(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	1.861.722	3.068.565	-	-	-	-	-	4.930.287
Banks	1.664.810	445.569	56.148	-	-	-	-	2.166.527
Financial Assets at Fair Value Through Profit and Loss	773	11.131	9.197	-	-	-	-	21.101
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	2.224	5.699	22.410	425.440	484.100	31.330	-	971.203
Loans(*)	-	2.009.107	2.248.689	5.964.736	8.226.886	600.975	348.452	19.398.845
Held-To-Maturity Investments	-	-	-	350.091	395.491	-	-	745.582
Other Assets	-	-	9	3.700	2.901	-	973.278	979.888
Total Assets	**3.529.529**	**5.540.071**	**2.336.453**	**6.743.967**	**9.109.378**	**632.305**	**1.321.730**	**29.213.433**
Liabilities								
Current account and funds collected from banks via participation accounts	138.917	467.872	196.881	16.794	-	-	-	820.464
Other current and profit sharing accounts	3.603.792	12.733.311	1.956.215	1.313.982	9.967	-	-	19.617.267
Funds provided from other financial institutions and subordinated loans	-	379.377	444.431	975.238	2.886.522	392.093	-	5.077.661
Money Market Borrowings	-	451.153	-	-	-	-	-	451.153
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	148.483	27.605	9.119	-	-	787.858	973.065
Other liabilities	-	33.489	13.343	-	-	-	2.226.991	2.273.823
Total Liabilities	**3.742.709**	**14.213.685**	**2.638.475**	**2.315.133**	**2.896.489**	**392.093**	**3.014.849**	**29.213.433**
Net Liquidity Gap	**(213.180)**	**(8.673.614)**	**(302.022)**	**4.428.834**	**6.212.889**	**240.212**	**(1.693.119)**	**-**
Prior period								
Total Assets	1.959.555	4.760.268	2.379.007	5.448.846	7.327.608	505.655	665.485	23.046.424
Total Liabilities	3.375.935	11.277.161	2.143.386	2.552.411	1.024.959	304.134	2.368.438	23.046.424
Net Liquidity Gap	**(1.416.380)**	**(6.516.893)**	**235.621**	**2.896.435**	**6.302.649**	**201.521**	**(1.702.953)**	**-**

(*) Leasing receivables are included under loans. Unallocated amount represents the amount arising from advances granted for leasing receivables and net non-performing loans.
(**) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses are included here.
(***) The unallocated other liabilities column consists of equity, provisions and deferred tax liabilities.

(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	3.742.709	13.201.183	2.153.096	1.330.776	9.967	-	20.437.731
Funds Borrowed from Other Financial Institutions and subordinated loans	-	429.519	488.687	1.153.410	3.203.414	530.250	5.805.280
Borrowings from Money Markets	-	451.218	-	-	-	-	451.218
Total	**3.742.709**	**14.081.920**	**2.641.783**	**2.484.186**	**3.213.381**	**530.250**	**26.694.229**
Prior period							
Funds Collected	3.375.935	10.354.741	1.764.251	1.137.498	10.793	-	16.643.218
Funds Borrowed from Other Financial Institutions and subordinated loans	-	642.931	331.791	1.493.708	1.330.547	430.807	4.229.784
Borrowings from Money Markets	-	116.740	-	-	-	-	116.740
Total	**3.375.935**	**11.114.412**	**2.096.042**	**2.631.206**	**1.341.340**	**430.807**	**20.989.742**

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 (*)	3.905.982	122.889	486.853	2.145.707	1.121.254	60.963	-	7.843.648
Bank acceptances	27.443	-	-	-	-	-	-	27.443
Letters of credit	621.044	250	3.817	603	300	-	-	626.014
Other commitments and contingencies	361.121	-	-	-	-	-	-	361.121
Total	**4.915.590**	**123.139**	**490.670**	**2.146.310**	**1.121.554**	**60.963**	**-**	**8.858.226**
Prior Period								
Letters of guarantee (*)	3.523.368	174.087	388.300	1.622.644	1.138.964	25.278	-	6.872.641
Bank acceptances	33.055	-	-	-	-	-	-	33.055
Letters of credit	537.894	39.456	2.227	4.627	5.066	-	-	589.270
Other commitments and contingencies	-	583.543	-	-	-	-	-	583.543
Total	**4.094.317**	**797.086**	**390.527**	**1.627.271**	**1.144.030**	**25.278**	**-**	**8.078.509**

(*) 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.

VIII. Explanations on securitisation positions:

None. (December 31, 2014: None)

IX. Explanations on credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized.

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

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

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

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

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

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

(Currency - Thousand Turkish Lira)

IX. Credit risk mitigation techniques (continued):

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.

Collaterals in terms of Risk Categories:

Risk Categories	Amount(*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Receivables from central governments or central banks	5.864.821	-	-	-
Receivables from regional or local governments	42.037	-	-	-
Receivables from administrative units and non-commercial enterprises	925	-	-	-
Receivables from multilateral development banks	62	-	-	-
Receivables from international organizations	-	-	-	-
Receivables from banks and brokerage houses	2.537.664	-	-	-
Receivables from corporates	11.646.927	516.835	-	7.111
Retail receivables	3.054.023	128.700	-	10.112
Receivables secured by mortgages on property	6.253.557	-	-	-
Past due receivables	98.210	-	-	-
Receivables defined in high risk category by BRSA	89.063	1.312	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	1.383.883	-	-	-

(*) Represents the total risk amount after credit mitigation techniques are applied.

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 is the probability of loss that the bank may be exposed to due to the bank's general market risk, foreign exchange risk, specific risk, commodity risk, settlement risk and counterparty credit risk in trading book.

Exchange rate risk or foreign currency risk which is one of the factors that constitutes market risk, defines the probability of loss due to the effects of possible changes in currency to all the Bank's foreign currency assets and liabilities. 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 the legal authority. 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. Additionally foreign currency risk is reviewed by Assets and Liabilities Committee. The Bank's strategy for the currency risk is keeping it at a balance and not having any short or long position.

X. Explanations on risk management objectives and policies (continued):

Liquidity Risk

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

Funding liquidity risk explains the probability of loss occurs in case of unable to meet the Bank's all anticipated and unanticipated cash flow requirements without damaging daily operations or the financial position.

Market liquidity risk is the probability of loss in case of the Bank's failure to close any position or stabilize market prices due to market depth or over fluctuations.

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. Liquidity risk is evaluated on a weekly basis from Assets and Liabilities committee.

Regarding liquidity risk of the Bank, 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.

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 misjudgements 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 also takes necessary preventive measures in order to keep operational risk at an acceptable level.

Other Risks

Other risks the Bank is exposed to are strategic risk, reputation risk, counterparty risk, compliance risk, residual risk, country risk, and concentration risk.

The Bank's risk management system, in order to prevent and/or control strategic risks, is prepared against changes in economic, 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.

Residual risk is the risk that arises in case that the risk mitigation techniques are not as effective as expected. Senior management procures the implementation of residual risk management policy and strategy that is approved by Board of Directors. Moreover, It considers maturity match between credit and collateral, some factors like changes due to negative market movements for risk management.

Counterparty credit risk is the probability that one of the parties of a transaction where both sides are imposed with liability becomes default on his liability before the last payment in the cash flow of the transaction. The Bank should manage counterparty credit risk in accordance with the volume, quality and complexity of its activities within the framework of legal legislation.

Compliance risk means those risks which are related to sanctions, financial losses and/ or loss of reputation that the Bank may suffer in the event that the Bank's operations and the attitudes and acts of the Bank's staff members are not in conformity and compliance with the current legislation, regulations and standards. The Head of Legislation and Compliance Unit, who shall be appointed by the Board of Directors, shall be accountable for the purposes of planning, arranging, conducting, managing, assessing, monitoring and coordinating the corporate compliance activities.

X. Explanations on risk management objectives and policies (continued):

Country risk is the probability of loss that the Bank may be exposed to in case borrowers in one country fail or shirk to fulfill their foreign obligations due to uncertainties in economic, social and political conditions. The Bank constitutes its commercial connections with foreign fiscal institutions and countries, as a result of feasibility studies made for country's economic conditions within legal restrictions and through consideration of market conditions and customer satisfaction.

Concentration risk is the probability of experiencing large scale losses due to one single risk amount or risk amounts in particular risk types that may threaten the body of the Bank and the capability of operating its principal activities. Policies in regards to concentration risk are classified as sectoral concentration, concentration to be created on the basis of collateral, concentration on the basis of market risk, concentration on the basis of types of losses, concentration arising from participation fund and other financing providers.

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

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

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

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

(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	2.728.052	17.759.254	2.119.206	6.606.921	29.213.433
Total Liabilities	13.208.981	13.312.565	292.035	431.024	27.244.605
Total Equity	-	-	-	1.968.828	1.968.828
Net profit share income/(expense)(*)(**)	(250.096)	791.228	101.494	-	642.626
Net fees and commissions income/(expense)	10.536	99.784	(10.647)	(5.475)	94.198
Other operating income /(expense)	2.533	16.972	12.989	(381.040)	(348.546)
Provision for loan losses and other receivables	(2.697)	(55.495)	-	(64.910)	(123.102)
Profit/(loss) before tax	(239.724)	852.489	103.836	(451.425)	265.176
Provision for tax	-	-	-	(53.315)	(53.315)
Net profit / (loss) for the period	**(239.724)**	**852.489**	**103.836**	**(504.740)**	**211.861**

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	1.935.081	14.168.295	1.844.257	5.098.791	23.046.424
Total Liabilities	11.475.842	9.106.218	262.573	410.864	21.255.497
Total Equity	-	-	-	1.790.927	1.790.927
Net profit share income/(expense)(*)(**)	(262.843)	686.533	77.014	-	500.704
Net fees and commissions income/(expense)	6.919	81.009	2.080	3.857	93.865
Other operating income /(expense)	3.482	6.420	1.610	(252.005)	(240.493)
Provision for loan losses and other receivables	(3.431)	(43.275)	-	(71.081)	(117.787)
Profit/(loss) before tax	(255.873)	730.687	80.704	(319.229)	236.289
Provision for tax	-	-	-	(53.255)	(53.255)
Net profit / (loss) for the period	**(255.873)**	**730.687**	**80.704**	**(372.484)**	**183.034**

(*) 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.

(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	126.204	201.094	88.803	106.119
CBRT	783.973	3.447.037	263.590	2.670.136
Other (*)	67.210	304.769	-	538
Total	**977.387**	**3.952.900**	**352.393**	**2.776.793**

(*) Includes precious metals amounting to TL 2.839 (December 31, 2014: TL 538) and cash in transit amounting to TL 369.140 (December 31,2014: None) as of September 30, 2015

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	782.704	379.741	263.328	278.761
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	1.269	3.067.296	262	2.391.375
Total	**783.973**	**3.447.037**	**263.590**	**2.670.136**

(*) As of September 30, 2015, the reserve requirement held in standard gold is TL 469.397 (December 31, 2014: TL 340.792).

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

As of September 30, 2015, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 6% to 20% depending on maturity of deposits.

The Central Bank of Republic of Turkey has launched to pay income on TL reserves since November 2014 and on USD reserves , reserve options and unrestricted deposits since May 2015.

(Currency - Thousand Turkish Lira)

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

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

None. (December 31, 2014: None)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	20.086	-	-
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	**20.086**	-	-

3. a) Information on banks:

	Current Period		Prior Period	
	TL(*)	FC	TL	FC
Banks				
Domestic	579.984	1.195.568	511.402	731.224
Abroad	-	390.975	-	405.609
Foreign head offices and branches	-	-	-	-
Total	**579.984**	**1.586.543**	**511.402**	**1.136.833**

(*) Includes blockaged amount TL 501.717 booked under TL accounts arising from POS transactions.

b) Information on foreign bank accounts:

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

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

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

The Bank has collateralized sukuk investments with a nominal amount of TL 272.568 and carrying value of TL 279.091 to CBRT with respect to money market transactions and subjected to repurchase agreements. (December 31, 2014: None)

As of September 30,2015, available for sale investments given as a guarantee or blocked amount to TL 83.952. (December 31, 2014: None)

(Currency - Thousand Turkish Lira)

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

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

	Current Period	Prior Period
Debt securities	971.653	658.435
Quoted on a stock exchange(*)	971.653	658.435
Unquoted	-	-
Share certificates	2.224	1.675
Quoted on a stock exchange	-	-
Unquoted (**)	2.224	1.675
Impairment provision (-)	2.674	350
Total	**971.203**	**659.760**

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

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(*)	84.926	10.213	140	35.469
Corporate shareholders	84.821	9.835	-	35.119
Real person shareholders	105	378	140	350
Indirect loans granted to shareholders	54.922	75.657	50.243	69.492
Loans granted to employees	9.519	-	7.742	-
Total	**149.367**	**85.870**	**58.125**	**104.961**

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		
Cash loans	Loans and other receivables (Total)	Restructured or rescheduled		Loans and other receivables (Total)	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Loans	**17.106.871**	**145.132**	**9.875**	**1.144.515**	**214.031**	**51.317**
Export loans	449.411			4.777		
Import loans	1.596.551	8.744	-	56.660	9.530	3.293
Business loans	8.565.986	111.318	3.957	707.480	141.198	39.004
Consumer loans	2.627.015	4.486	1.034	52.888	2.677	67
Credit cards	177.640	-	-	7.645	-	-
Loans given to financial sector	5.229	-	-	-	-	-
Other (*)	3.685.039	20.584	4.884	315.065	60.626	8.953
Other receivables	-	-	-	-	-	-
Total	**17.106.871**	**145.132**	**9.875**	**1.144.515**	**214.031**	**51.317**

(Currency - Thousand Turkish Lira)

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

(*) Details of other loans are provided below:

Commercial loans with installments	1.911.539
Other investment credits	913.675
Loans given to abroad	548.216
Profit and loss sharing investments (**)	347.796
Loans for purchase of marketable securities for customer	237.821
Other	41.057
Total	**4.000.104**

(**) As of September 30, 2015, the related balance represents profit and loss sharing investment projects (12 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects 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 31.335 (September 30, 2014: TL 40.007) income in the accompanying financial statements in relation to such loans and presented in the profit share on loans in the income statement

	Extension of Repayment Plan	
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	145.132	214.031
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	28.172	17.033
6 - 12 months	22.892	5.270
1 - 2 years	25.416	15.437
2 - 5 years	45.795	169.224
5 years and over	22.857	7.067

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

As of September 30, 2015, the Bank has loan receivables amounting to TL 60.173 arising from rescheduled loans within the scope of related Communiqué.

c) Maturity analysis of cash loans:

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

(Currency - Thousand Turkish Lira)

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

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	**22.820**	**2.651.602**	**2.674.422**
Housing loans	2.481	2.379.545	2.382.026
Vehicle loans	3.021	120.011	123.032
Consumer loans	17.318	152.046	169.364
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	**57.624**	-	**57.624**
With installment	21.654	-	21.654
Without installment	35.970	-	35.970
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	**3.315**	**2.166**	**5.481**
Housing loans	-	265	265
Vehicle loans	41	1.380	1.421
Consumer loans	3.274	521	3.795
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	**4.038**	-	**4.038**
With installment	1.900	-	1.900
Without installment	2.138	-	2.138
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	87.797	2.653.768	2.741.565

(Currency - Thousand Turkish Lira)

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

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

	Short-term	Medium and long-term	Total
Commercial installment loans-TL	**39.232**	**1.334.663**	**1.373.895**
Business loans	5.834	348.801	354.635
Vehicle loans	20.676	296.980	317.656
Consumer loans	12.722	688.882	701.604
Other	-	-	-
Commercial installment loans-FC indexed	**4.341**	**533.303**	**537.644**
Business loans	1.155	185.832	186.987
Vehicle loans	1.411	80.637	82.048
Consumer loans	1.775	266.834	268.609
Other	-	-	-
Commercial installment Loans-FC	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	**123.400**	-	**123.400**
With installment	28.504	-	28.504
Without installment	94.896	-	94.896
Corporate credit cards-FC	**223**	-	**223**
With installment	-	-	-
Without installment	223	-	223
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC(legal entity)	-	-	-
Total	**167.196**	**1.867.966**	**2.035.162**

e) Allocation of loans by customers:

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

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	17.703.170	15.093.302
Foreign loans	548.216	341.030
Total	**18.251.386**	**15.434.332**

g) Loans granted to subsidiaries and associates:

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

(Currency - Thousand Turkish Lira)

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

ğ) Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	9.515	23.769
Loans and receivables with doubtful collectability	52.050	40.451
Uncollectible loans and receivables	281.647	212.500
Total	**343.212**	**276.720**

In addition to specific provision for loans amounting TL 343.212 (December 31, 2014: TL 276.720), provision amounting to TL 12.423 (December 31, 2014: TL 10.541) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 355.635 (December 31, 2014: TL 287.261). Specific provision for loans amounting to TL 226.291 (December 31, 2014: TL 183.120) 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 collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	**7.330**	**2.781**	**22.670**
Restructured loans and other receivables	7.330	2.781	22.670
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before specific provisions)	**62**	**1.132**	**19.288**
Restructured loans and other receivables	62	1.132	19.288
Rescheduled loans and other receivables	-	-	-

h.2) Movements of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Closing balance of prior period	39.183	48.450	228.801
Additions in the current period (+)	184.922	10.469	28.666
Transfers from other categories of non-performing loans (+)	-	147.869	72.594
Transfers to other categories of non-performing loans (-)	147.869	72.594	-
Transfers to standard loans (-)	-	179	60
Collections in the current period (-)	18.084	9.650	20.291
Write offs (-)	3	-	155
Corporate and commercial loans	-	-	155
Retail loans	3	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	58.149	124.365	309.555
Specific provisions (-)	9.515	52.050	281.647
Net balance at the balance sheet	**48.634**	**72.315**	**27.908**

(Currency - Thousand Turkish Lira)

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

Non-performing loans and receivables in the amount of TL 492.069 (December 31, 2014: TL 316.434) comprise TL 312.738 (December 31, 2014: TL 194.337) of participation account share of loans and receivables provided from participation accounts.

In addition to non- performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectability amounting to TL 12.423 (December 31, 2014: TL 10.541). In the current period, collections from fees, commissions and other receivables with doubtful collectability amounted to TL 2.461.

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	**Loans and receivables with doubtful collectability**	**Uncollectible loans and receivables**
Current period:			
Period end balance	844	249	-
Specific provision (-)	186	152	-
Net balance on balance sheet	**658**	**97**	**-**
Prior period:			
Period end balance	15	12	-
Specific provision (-)	4	7	-
Net balance on balance sheet	**11**	**5**	**-**

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	**Loans and receivables with doubtful collectability**	**Uncollectible loans and receivables**
Current period (net)	**48.634**	**72.315**	**27.908**
Loans to individuals and corporates (gross)	58.149	124.365	309.555
Specific provision (-)	9.515	52.050	281.647
Loans to individuals and corporates (net)	**48.634**	**72.315**	**27.908**
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior period (net)	**15.414**	**7.999**	**16.301**
Loans to individuals and corporates (gross)	39.183	48.450	228.801
Specific provision (-)	23.769	40.451	212.500
Loans to individuals and corporates (net)	**15.414**	**7.999**	**16.301**
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

(Currency - Thousand Turkish Lira)

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

ı) Liquidation policy for uncollectible loans and receivables:

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

i) Information on "Write-off" policies:

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

j) Other explanations on loans and receivables:

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

Current Period	Less than 30 days	31-60 days	61-90 days	Total
Loans and Receivables				
Corporate Loans	1.081.121	338.026	630.063	2.049.210
Consumer Loans	176.571	30.240	15.011	221.822
Credit Cards	13.258	3.291	2.918	19.467
Total	**1.270.950**	**371.557**	**647.992**	**2.290.499**

Prior Period	Less than 30 days	31-60 days	61-90 days	Total
Loans and Receivables				
Corporate Loans	422.348	92.033	221.102	735.483
Consumer Loans	79.128	14.155	2.874	96.157
Credit Cards	3.708	990	339	5.037
Total	**505.184**	**107.178**	**224.315**	**836.677**

(Currency - Thousand Turkish Lira)

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

6. Information on held-to-maturity investments:

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

As of September 30, 2015, held to maturity investments given as a guarantee or blocked amount to TL 500. Held to maturity investments subject to repurchase agreements amount to TL 186.275 (December 31, 2014 : Held to maturity investments given as a guarantee or blocked amount to TL 30.982, held to maturity investments subject to repurchase agreements amount to TL 113.775).

6.2) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	745.582	783.309
Total	**745.582**	**783.309**

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

6.3) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	745.582	783.309
Quoted on a stock exchange(*)	745.582	783.309
Unquoted	-	-
Impairment provision(-)	-	-
Total	**745.582**	**783.309**

(*) 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	783.309	745.390
Foreign currency differences on monetary assets	-	-
Purchases during period	391.427	350.000
Disposals through sales and redemptions	(476.444)	(366.063)
Impairment provision (-)	-	-
Income accruals	47.290	53.982
Closing balance	**745.582**	**783.309**

(Currency - Thousand Turkish Lira)

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

7. Associates (net):

a) Information on unconsolidated associates:

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

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Kredi Garanti Fonu A.Ş	Ankara / Turkey	1,75	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the unaudited financial statements as of December 31, 2014.

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
292.213	288.535	2.926	-	-	14.745	19.227	-

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:

As of balance sheet date, the Bank does not have unconsolidated subsidiary.

b) Information on consolidated subsidiaries:

i) The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the limited unreviewed financial statements as of September 30, 2015.

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş	İstanbul / Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
1.082.373	152	4	-	-	(21)	(77)	-

ii) In the Board of Directors meeting dated February 25, 2015, the Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The balances of Albaraka Gayrimenkul Portföy Yönetimi A.Ş. presented in the table below have been obtained from the limited unreviewed financial statements as of September 30, 2015.

(Currency - Thousand Turkish Lira)

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

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Gayrimenkul Portföy Yön.A.Ş.	İstanbul / Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
4.937	4.886	7	-	-	(114)	-	-

9. Information on investments in joint- ventures:

The Bank has founded Katılım Emeklilik ve Hayat A.Ş ("Company") – a private pension and insurance company- through equal partnership with Kuveyt Turk Katılım Bankası A.Ş in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. Company registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The financials from limited unreviewed financial statements as of September 30, 2015 are below.

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	24.496	168.185	168.279	-	4.298

Investment in joint venture in the unconsolidated financial statements is carried at cost.

10. Information on lease receivables (net):

a) Presentation of remaining maturities of funds lent under finance lease method:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	165.601	162.383	208.180	173.564
1 to 4 years	390.965	327.928	352.652	315.581
More than 4 years	587.648	508.291	221.780	220.501
Total	**1.144.214**	**998.602**	**782.612**	**709.646**

b) Information on net investments through finance lease:

	Current Period	Prior Period
Gross finance lease receivables	1.144.214	782.612
Unearned finance lease receivable (-)	145.612	72.966
Net receivable from finance leases	**998.602**	**709.646**

(Currency - Thousand Turkish Lira)

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

c) General explanation on finance lease contracts:

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

Information on leasing receivables:

	Standard loans and Other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Restructured or rescheduled		Loans and other receivables	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Finance lease receivables (Net)	963.345	2.864	-	35.257	35.257	-

11. Information on derivative financial assets for hedging purposes:

None. (December 31,2014: None)

12. Information on tangible assets:

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

13. Information on intangible assets:

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

14. Information on investment property:

None. (December 31, 2014: None)

(Currency - Thousand Turkish Lira)

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

15. Information related to deferred tax asset:

None. (December 31, 2014: None)

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	27.678	28.407
Additions	13.877	34.403
Disposals	(6.741)	(12.634)
Transfers (*)	(8.857)	(23.045)
Impairment Provision(-)/Reversal of Impairment Provision	(269)	547
Net closing balance	**25.688**	**27.678**

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

As of September 30,2015 , TL 25.680 of the assets held for sale is comprised of real estates, TL 8 is comprised of other tangible assets.

The Bank has no discontinued operations and assets of discontinued operations. (December 31, 2014: None)

17. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 335.663 (December 31, 2014: TL 76.411) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

(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	**729.287**	-	-	-	-	-	-	-	**729.287**
II. Real Persons Participation Accounts Non-Trade TL	-	**1.768.223**	**4.101.539**	**95.478**	-	**94.762**	**567.988**	-	**6.627.990**
III. Current Account other-TL	**1.072.520**	-	-	-	-	-	-	-	**1.072.520**
Public Sector	100.490	-	-	-	-	-	-	-	100.490
Commercial Institutions	911.075	-	-	-	-	-	-	-	911.075
Other Institutions	55.715	-	-	-	-	-	-	-	55.715
Commercial and Other Institutions	2.361	-	-	-	-	-	-	-	2.361
Banks and Participation Banks	2.879	-	-	-	-	-	-	-	2.879
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	2.870	-	-	-	-	-	-	-	2.870
Participation Banks	7	-	-	-	-	-	-	-	7
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	**365.673**	**2.151.885**	**49.445**	-	**18.186**	**97.707**	-	**2.683.096**
Public Sector	-	-	4.091	-	-	-	-	-	4.091
Commercial Institutions	-	336.448	1.812.196	35.479	-	16.971	93.876	-	2.294.970
Other Institutions	-	28.289	101.692	13.966	-	1.215	3.831	-	148.993
Commercial and Other Institutions	-	1.136	213.759	-	-	-	-	-	214.895
Banks and Participation Banks	-	-	20.147	-	-	-	-	-	20.147
V. Real Persons Current Accounts Non- Trade FC	**968.995**	-	-	-	-	-	-	-	**968.995**
VI. Real Persons Participation Accounts Non-Trade FC	-	**1.136.837**	**2.688.343**	**122.256**	-	**189.783**	**532.100**	-	**4.669.319**
VII. Other Current Accounts FC	**874.006**	-	-	-	-	-	-	-	**874.006**
Residents in Turkey-Corporate	691.193	-	-	-	-	-	-	-	691.193
Residents Abroad-Corporate	46.775	-	-	-	-	-	-	-	46.775
Banks and Participation Banks	136.038	-	-	-	-	-	-	-	136.038
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	135.674	-	-	-	-	-	-	-	135.674
Participation Banks	364	-	-	-	-	-	-	-	364
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	**275.559**	**1.947.717**	**186.921**	-	**57.636**	**83.139**	-	**2.550.972**
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	237.284	1.084.933	99.732	-	36.272	17.969	-	1.476.190
Other institutions	-	24.796	49.446	-	-	12	-	-	74.254
Commercial and Other Institutions	-	13.479	232.636	23.284	-	4.559	65.170	-	339.128
Banks and Participation Banks	-	-	580.702	63.905	-	16.793	-	-	661.400
IX. Precious Metals Deposits	**97.901**	**31.074**	**120.575**	**3.681**	-	**3.491**	**4.824**	-	**261.546**
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)	3.742.709	3.577.566	11.010.059	457.781	-	363.858	1.285.758	-	20.437.731

(Currency - Thousand Turkish Lira)

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

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	**651.085**	-	-	-	-	-	-	-	**651.085**
II. Real Persons Participation Accounts Non-Trade TL	-	**3.221.702**	**2.450.686**	**129.932**	-	**38.739**	**433.932**	-	**6.274.991**
III. Current Account other-TL	**1.084.752**	-	-	-	-	-	-	-	**1.084.752**
Public Sector	27.473	-	-	-	-	-	-	-	27.473
Commercial Institutions	1.027.822	-	-	-	-	-	-	-	1.027.822
Other Institutions	28.554	-	-	-	-	-	-	-	28.554
Commercial and Other Institutions	49	-	-	-	-	-	-	-	49
Banks and Participation Banks	854	-	-	-	-	-	-	-	854
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	801	-	-	-	-	-	-	-	801
Participation Banks	51	-	-	-	-	-	-	-	51
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	**512.441**	**984.970**	**123.546**	-	**30.191**	**120.187**	-	**1.771.335**
Public Sector	-	18.575	41	-	-	-	-	-	18.616
Commercial Institutions	-	446.099	883.116	24.953	-	8.209	115.749	-	1.478.126
Other Institutions	-	35.074	65.275	7.311	-	886	4.438	-	112.984
Commercial and Other Institutions	-	12.693	7.107	-	-	-	-	-	19.800
Banks and Participation Banks	-	-	29.431	91.282	-	21.096	-	-	141.809
V. Real Persons Current Accounts Non- Trade FC	**764.756**	-	-	-	-	-	-	-	**764.756**
VI. Real Persons Participation Accounts Non-Trade FC	-	**1.711.026**	**1.199.277**	**151.563**	-	**26.657**	**422.339**	-	**3.510.862**
VII. Other Current Accounts FC	**743.223**	-	-	-	-	-	-	-	**743.223**
Residents in Turkey-Corporate	576.703	-	-	-	-	-	-	-	576.703
Residents abroad-Corporate	51.011	-	-	-	-	-	-	-	51.011
Banks and Participation Banks	115.509	-	-	-	-	-	-	-	115.509
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	115.091	-	-	-	-	-	-	-	115.091
Participation Banks	418	-	-	-	-	-	-	-	418
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	**408.717**	**922.390**	**43.286**	-	**117.148**	**11.558**	-	**1.503.099**
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	327.919	679.277	5.108	-	92.161	951	-	1.105.416
Other Institutions	-	26.777	7.295	9	-	-	-	-	34.081
Commercial and Other Institutions	-	25.756	10.315	-	-	2.379	10.607	-	49.057
Banks and Participation Banks	-	28.265	225.503	38.169	-	22.608	-	-	314.545
IX. Precious Metals Deposits	**132.119**	96.393	102.886	3.586	-	611	3.520	-	339.115
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)	3.375.935	5.950.279	5.660.209	451.913	-	213.346	991.536	-	16.643.218

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

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

b.1) Exceeding the limit of Insurance Fund:

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

	Under the guarantee of Insurance		Exceeding the guarantee of Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	3.923.719	3.576.170	3.433.556	3.349.906
Foreign currency accounts	1.555.512	1.296.029	4.412.748	3.265.958
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 100 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

b.2) Funds collected which are not under the guarantee of insurance fund:

Funds collected of real persons which are not under the guarantee of insurance fund:

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	19.828	29.444
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	9.404	7.451
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

2. Information on derivative financial liabilities held for trading:

None (December 31;2014: None)

(Currency - Thousand Turkish Lira)

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

3. Information on borrowings:

The Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 87.500.000 and EUR 98.250.000 with maturity of one year, amounting to USD 458.500.000 and EUR 56.250.000 with maturity of more than one year, totaling to USD 546.000.000 and EUR 154.500.000. (December 31, 2014: one year maturity: USD 151.000.000 and EUR 54.400.000, more than one year maturity: USD 135.000.000 and EUR 98.000.000) The Bank has obtained Syndicated Murabaha Loan amounting to USD 546.000.000 in the current period.

As of September 30, 2015, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 209.643.380 and EUR 106.875.671 (December 31, 2014: USD 359.955.589 and EUR 113.435.323).

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

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	-	1.238.734	-	884.691
Loans from foreign banks, institutions and funds	-	3.220.014	-	2.331.307
Total	**-**	**4.458.748**	**-**	**3.215.998**

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	1.095.947	-	1.746.725
Medium and Long-Term	-	3.362.801	-	1.469.273
Total	**-**	**4.458.748**	**-**	**3.215.998**

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

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

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

None. (December 31, 2014: None)

5. Lease payables:

a) Information on finance lease transactions:

a.1) Information on financial lease agreements:

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

a.2) Explanations on the changes in agreements and new obligations originating from these changes:
None.

a.3) Explanations on the obligations originating from finance leases:
None.

(Currency - Thousand Turkish Lira)

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

b) Explanations on operational leases:

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

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

	Current Period	Prior Period
Less than a year	39.342	34.737
1 to 4 years	102.563	92.312
Over 4 years	102.316	95.845
Total	**244.221**	**222.894**

6. Information on hedging derivative financial liabilities:

None. (December 31, 2014: None)

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General provision for	**184.764**	**153.910**
I. Group loans and receivables (Total)	**139.366**	**115.490**
Participation Accounts' Share	85.713	67.736
Bank's Share	53.653	47.754
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	**6.345**	**49**
Participation Accounts' Share	4.071	44
Bank's Share	2.274	5
Others	-	-
II. Group loans and receivables (Total)	**28.571**	**23.414**
Participation Accounts' Share	16.762	15.227
Bank's Share	11.809	8.187
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	**10.260**	**8.743**
Participation Accounts' Share	7.348	5.694
Bank's Share	2.912	3.049
Others	-	-
Non-cash loans	**16.827**	**15.006**
Others	-	-

(Currency - Thousand Turkish Lira)

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

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

As of September 30, 2015, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 2.094 (December 31, 2014: TL 15.086) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

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

As of September 30, 2015, the Bank has provided specific provisions amounting to TL 19.701 (December 31, 2014: TL 15.328) for non-cash loans that are not indemnified.

ç) Other provisions:

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

	Current Period	Prior Period
General Reserves for Possible Losses (*)	88	88
Total	**88**	**88**

(*) The balance represents provision for the lawsuits against the Bank with high probability of realization and cash outflows.

(Currency - Thousand Turkish Lira)

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

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

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts(*)	4.146	23.117
Provision for unindemnified letter of guarantees	16.230	15.328
Payment commitments for cheques	3.471	2.574
Provision for promotions related with credit cards and promotion of banking services	142	217
General reserves for possible losses	88	88
Financial assets at fair value through profit and loss	418	-
Other (**)	7.737	5.061
Total	**32.232**	**46.385**

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

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

d) Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 31.046 (December 31, 2014: TL 26.201) and vacation pay liability amounting to TL 5.770 (December 31, 2014: TL 6.328) totaling to TL 36.816 (December 31, 2014: TL 32.529). The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	8,40	8,40
Estimated increase rate of salary ceiling (%)	6,00	6,00
Rate used in relation to possibility of retirement (*) (%)	73,71	73,71

(*) 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	26.201	16.526
Provisions made in the period	7.170	4.324
Actuarial gain/(loss)	-	6.958
Paid during the period	(2.325)	(1.607)
Balance at the end of the period	**31.046**	**26.201**

(Currency - Thousand Turkish Lira)

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

8. Information on taxes payable:

a) Explanations on current tax liability:

a.1) As of September 30, 2015, the Bank's corporate tax payable is TL 13.343 (December 31, 2014: TL 24.034) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	13.343	24.034
Banking insurance transaction tax	10.793	11.050
Taxation on securities income	10.617	9.391
Value added tax payable	501	710
Taxation on real estate income	710	561
Foreign exchange transaction tax	-	-
Other	5.053	5.048
Total	**41.017**	**50.794**

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	2.534	2.190
Social security premiums-employer	2.745	2.380
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	179	154
Unemployment insurance-employer	357	308
Other	-	-
Total	**5.815**	**5.032**

(Currency - Thousand Turkish Lira)

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

b) Information on deferred tax liability:

As of September 30, 2015, the Bank calculated deferred tax asset of TL 44.603 (December 31, 2014: TL 35.388) and deferred tax liability of TL 48.954 (December 31, 2014: TL 43.681) 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
Rediscount on profit share and prepaid fees and commission income and unearned revenues	36.108	27.564
Provisions for retirement and vacation pay liabilities	7.363	6.506
Difference between carrying value and tax base of tangible assets	738	821
Provision for impairment	346	443
Other	48	54
Deferred tax asset	**44.603**	**35.388**
Revaluation difference of property	37.164	38.295
Financial assets available for sale valuation difference	1.498	2.497
Trading securities valuation difference	-	386
Rediscount on profit share	1.278	25
Other	9.014	2.478
Deferred tax liability	**48.954**	**43.681**
Deferred tax liability (net)	**4.351**	**8.293**

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

None. (December 31, 2014: None)

(Currency - Thousand Turkish Lira)

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Domestic Banks	-	-	-	-
Loans from other Institutions	-	-	-	-
Loans from Foreign Banks	-	-	-	-
Loans from other Foreign Institutions	-	618.913	-	472.426
Total	**-**	**618.913**	**-**	**472.426**

The Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey through its structured entity Albaraka Türk Sukuk Limited amounting to USD 200.000.000 with 10 years maturity with a grace period of five years. The profit rate of the subordinated loan with grace period of five years with 10 years total maturity' was determined as 7,75%.

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	900.000	900.000
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:

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

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

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

There is no capital increase in the current period.

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

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

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

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

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

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

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

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

There is no privilege given to stocks representing the capital.

g) Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference (*)	8.830	(2.840)	9.155	835
Foreign exchange difference	-	-	-	-
Total	**8.830**	**(2.840)**	**9.155**	**835**

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

(Currency - Thousand Turkish Lira)

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

1. Explanations on off balance sheet:

a) Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	523.487	510.257
Payment commitments for cheques	475.586	353.093
Asset purchase and sale commitments	136.608	-
Loan granting commitments	124.995	59.439
Tax and funds liabilities arising from export commitments	1.971	1.506
Commitments for promotions related with credit cards and banking activities	509	523
Other irrevocable commitments	196	3.832
Total	**1.263.352**	**928.650**

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	7.843.648	6.872.641
Acceptances	27.443	33.055
Letters of credit	626.014	589.270
Other guaranties and sureties	361.121	583.543
Total	**8.858.226**	**8.078.509**

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

	Current Period	Prior Period
Letters of guarantees	7.843.648	6.872.641
Long standing letters of guarantees	5.027.422	4.602.603
Temporary letters of guarantees	295.777	345.357
Advance letters of guarantees	287.929	289.778
Letters of guarantees given to customs	238.976	219.657
Letters of guarantees given for obtaining cash loans	1.993.544	1.415.246
Sureties and similar transactions	361.121	583.543
Total	**8.204.769**	**7.456.184**

(Currency - Thousand Turkish Lira)

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

c) Within the Non-cash Loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	1.993.544	1.415.246
With original maturity of 1 year or less	1.104.953	903.720
With original maturity of more than 1 year	888.591	511.526
Other non-cash loans	6.864.682	6.663.263
Total	**8.858.226**	**8.078.509**

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

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

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

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

2. Explanations on derivative transactions:

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

3. Explanations on contingent assets and liabilities:

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

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

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

(Currency - Thousand Turkish Lira)

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

1. Information on profit share income:

a) Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans (*)	**1.119.490**	**135.008**	**910.024**	**89.911**
Short Term Loans	314.998	14.990	399.482	10.218
Medium and Long Term Loans	799.996	120.012	504.959	79.684
Profit Share on Non–Performing Loans	4.496	6	5.583	9

(*) 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	4.013	1.566	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	36	-	1.647
Head Offices and Branches Abroad	-	-	-	-
Total	**4.013**	**1.602**	**-**	**1.647**

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	-	1.346	-	-
Total	**-**	**1.346**	**-**	**-**

(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	-	38.592	-	29.967
CBRT	-	-	-	-
Domestic banks	-	2.281	-	417
Foreign banks	-	36.311	-	29.550
Head offices and branches abroad	-	-	-	-
Other institutions	-	80.675	-	37.931
Total	**-**	**119.267**	**-**	**67.898**

b) Profit share expense paid to associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to Investments in Associates and Subsidiaries	240	45.966	12.683	-
Total	**240**	**45.966**	**12.683**	**-**

c) Profit share expenses paid to marketable securities issued:

None.(December 31,2014 : None)

(Currency - Thousand Turkish Lira)

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

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

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

3. Information on dividend income:

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

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

	Current Period	Prior Period
Income	**5.315.911**	**2.455.800**
Income from capital market transactions	2.242	474
Income from derivative financial instruments	55.304	-
Foreign exchange income	5.258.365	2.455.326
Loss (-)	**5.284.940**	**2.415.022**
Loss on capital market transactions	20	-
Loss on derivative financial instruments	5.120	-
Foreign exchange losses	5.279.800	2.415.022
Trading income/loss (net)	**30.971**	**40.778**

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	76.569	67.409
Income from sale of assets	12.511	6.931
Reimbursement for communication expenses	2.787	2.305
Reimbursement for bank statement expenses	114	890
Cheque book charges	605	540
Other income	1.588	1.331
Total	**94.174**	**79.406**

(Currency - Thousand Turkish Lira)

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	**86.106**	**58.776**
Loans and receivables in III. Group	29.813	41.125
Loans and receivables in IV. Group	28.715	9.337
Loans and receivables in V. Group	24.300	4.006
Doubtful commission, fee and other receivables	3.278	4.308
General provision expenses	**24.839**	**35.079**
Provision expenses for possible losses	-	**60**
Impairment losses on marketable securities	**141**	**73**
Financial assets at fair value through profit and loss	141	73
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	**12.016**	**23.799**
Total	**123.102**	**117.787**

TL 49.817 (September 30, 2014: TL 36.746) of the total specific provisions provided for loan and other receivables amounting to TL 86.106 (September 30, 2014: TL 58.776) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 13.080 (September 30, 2014: TL 13.806) of the total general loan loss provisions provided for loan and other receivables amounting to TL 24.839 (September 30, 2014: TL 35.079) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

(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	263.586	210.097
Provision for retirement pay liability	4.846	1.085
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	29.584	23.023
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	12.970	6.774
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	115	5
Depreciation expenses of assets to be disposed	1.279	801
Impairment expenses of assets held for sale and assets of discontinued operations	1.000	3
Other operating expenses	97.987	74.724
Operating lease expenses	39.267	29.415
Maintenance expenses	6.824	4.054
Advertisement expenses	6.727	5.240
Other expenses	45.169	36.015
Loss on sale of assets	295	290
Other(*)	62.039	44.049
Total	**473.701**	**360.851**

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	24.188	16.618
Taxes, Duties, Charges and Funds	17.486	14.063
Expertise and Information Expenses	9.397	6.016
Audit and Consultancy Fees	5.253	5.316
Other	5.715	2.036
Total	**62.039**	**44.049**

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

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

(Currency - Thousand Turkish Lira)

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

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

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	265.176	236.289
Tax calculated with tax rate of 20%	53.035	47.258
Other additions and disallowable expenses	18.385	9.284
Deductions	(15.546)	(7.294)
Provision for current taxes	55.874	49.248
Provision for deferred taxes	(2.559)	4.007
Continuing Operations Tax Provision	53.315	53.255

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

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

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

11. Explanations on net income/ loss:

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

None.

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

None.

c) Income / loss of minority interest:

None.

(Currency - Thousand Turkish Lira)

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

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

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	24.347	21.389
Clearing room fees and commissions	10.742	12.023
Commissions on money orders	7.727	6.202
Appraisal fees	6.521	4.901
Insurance and brokerage commissions	5.945	3.121
Other	8.785	8.477
Total	**64.067**	**56.113**

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commisions	10.930	8.354
Credit cards fees and commisions	5.986	4.292
Member firm-POS fees and commisions	7.170	4.614
Other	12.044	4.937
Total	**36.130**	**22.197**

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

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

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

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

(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	-	-	5	-	50.238	69.492
Balance at the end of the period	-	-	5	-	54.917	75.657
Profit share and commission income received	1.346	-	-	-	8.650	372

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	-	-	28	-	1.476	15.514
Balance at end of period	-	-	5	-	50.238	69.492
Profit share and commission income received	62	-	-	-	260	165

(*) defined under Banking Law numbered 5411 in article 49 and "Communiqué Related to Credit Operations of Banks" in article 4 published on November 1, 2006.

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

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect Shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	1.594	5.703	5.354	3.224	248.343	185.192
Balance at the end of period	6.445	1.594	5.243	5.354	358.535	248.343
Profit share expense	339	403	76	109	8.310	4.959

(*) As of September 30, 2015 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 144.508.380 and EURO 85.525.671 (December 31,2014: USD 241.859.711 and EURO 100.017.980). The profit share expense relating to such borrowings for the period between January 1, 2015 – September 30, 2015 is TL 10.670 (September 30, 2014: 12.972 TL). The Bank has issued Sukuk in the amounts of USD 350.000.000 through "Bereket Varlık Kiralama A.Ş" which exists in the risk group of the Bank. The expense for the related issue is TL 45.966 as of September 30, 2015.

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 September 30, 2015; the Bank has paid TL 9.740 (September 30, 2014: TL 8.058) to top management.

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

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

IX. Explanations related to subsequent events:

The Bank shall be the sole debtor utilizing the funds to be generated from issuing Lease Certificates up to an amount of TL 1,000,000 in tranches with different tenors and by using one or more categories and types of lease certificates according to the Communiqué of Lease Certificates with private placement and/or qualified investors in accordance with the Communiqué of Lease Certificates (Serial: III-61.1) of the Capital Markets Board which was announced in the Official Gazette Nr: 28670, dated 07 June 2013. For this purpose the Bank will submit all necessary documentation and applications demanding approval from Capital Market Board and other related authorities.

Section six

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

None.

Section seven

Limited review report

I. Explanations on independent auditors' limited review report:

The Bank's unconsolidated financial statements as of and for the period ended September 30, 2015 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a Member Firm of Ernst & Young Global Limited) and the independent auditors' limited review report dated November 5, 2015 is presented at the beginning of the financial statements and related notes.

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

None.

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Publicly announced unconsolidated financial statements and related disclosures at June 30, 2015 together with independent auditor's limited review report

Building a better working world

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

Limited Review Report on Interim Financial Information

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

Introduction

We have reviewed the unconsolidated balance sheet of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") as of June 30, 2015 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Limited Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not presented fairly, in all material respects, the financial position of Albaraka Türk Katılım Bankası A.Ş. as of June 30, 2015 and the result of its operations and cash flows for the six-month period ended in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation.

A member firm of Ernst & Young Global Limited

Additional paragraph for convenience translation to English:

As explained in detail in Note XXIII of Section Three, the effects of differences between accounting principles and standards set out by BRSA Accounting and Reporting Legislation and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Damla Harman
Partner in charge, SMMM

August 6, 2015
Istanbul, Turkey

alBaraka

UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş. AS OF AND FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2015

Bank's headquarter address	: Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6 34768 Ümraniye / İstanbul
Bank's phone number and facsimile	: 00 90 216 666 01 01 – 00 90 216 666 16 00
Bank's website	: www.albarakaturk.com.tr
Electronic mail contact info	: albarakaturk@albarakaturk.com.tr

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

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

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 reviewed and presented as attached.

August 6, 2015

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

Fahrettin YAHŞİ
General Manager

Melikşah UTKU
Assistant General Manager

Yunus AHLATCI
Budget and Financial Reporting Manager

Hamad Abdulla A. EQAB
Chairman of the Audit Committee

Mitat AKTAŞ
Member of the Audit Committee

Hood Hashem Ahmed HASHEM
Member of the Audit Committee

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

Name-Surname / Title	: Bora ŞİMŞEK / Budget and Financial Reporting / Vice Manager
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Section one

General information

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

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

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

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

The Bank's head office is located in Istanbul and is operating through 208 (December 31, 2014: 201) local branches and 1 (December 31, 2014: 1) foreign branch and with 3.659 (December 31, 2014: 3.510) staff as of June 30, 2015.

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

As of June 30, 2015, 54,06% (December 31, 2014: 54,06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 24,77% (December 31, 2014: 24,06%) of the shares are publicly traded and quoted at Borsa İstanbul.

(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	-
	İbrahim Fayez Humaid ALSHAMSI	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 Al- HASHIMI	Member of BOD	Bachelor	(*) 0,0000
	Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
General Manager	Dr .Fahrettin YAHŞİ	Member of BOD /General Manager	Doctorate	-
Assistant General Managers	Mehmet Ali VERÇİN	Corporate Marketing, Treasury Marketing, Investment Projects	Bachelor	-
	Nihat BOZ	Legal Advisory, Legal Follow-up	Bachelor	-
	Temel HAZIROĞLU	Human Values, Training & Organisation, Performance & Career Management, Administrative Affairs	Bachelor	0,0342
	Bülent TABAN	Commercial Marketing, Commercial Products Management, Regional Offices	Master	-
	Turgut SİMİTCİOĞLU	Credit Operations, Banking Services Operations, Foreign Affairs Operations, Payment Systems Operations, Risk Follow-up	Master	-
	Melikşah UTKU	Financial Affairs, Budget & Financial Reporting, Corporate Communication	Master	-
	Ali TUĞLU	Core Banking Applications Development, Customer & Channel and Analytical Applications,IT Support, IT Strategy & Governance	Bachelor	-
	Mahmut Esfa EMEK	Corporate Credits, Commercial Credits, Retail Credits	Bachelor	-
	Ayhan KESER	Retail Marketing, Alternative Distribution Channels, Retail Products Management, Financial Institutions	Bachelor	-
Audit Committee	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(*) 0,0000

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

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0342% of the Bank's share capital (December 31, 2014: 0,0396%).

IV. Information on the Bank's qualified shareholders:

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

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

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

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

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

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

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

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

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

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

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions which are deducted from equity or not included in these three methods:

The Bank did not consolidate its associate Kredi Garanti Fonu A.Ş. considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. Moreover, the financial statements of the Bank's structured entity, Albaraka Türk Sukuk Limited, which is not a subsidiary but over which the Parent Bank exercises 100% control, are not consolidated in the accompanying financial statements considering the materiality principle. Katılım Emeklilik ve Hayat A.Ş, an entity under common control, is consolidated through equity method in the consolidated financial statements. Bereket Varlık Kiralama A.Ş., a subsidiary of the Bank is consolidated using full consolidation method. The Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Albaraka Gayrimenkul Portföy Yönetimi A.Ş the subsidiaries of the Bank, through equity method and full consolidation method, respectively.

VII. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the bank and its subsidiaries:

There is no immediate transfer of equity between the Bank and its subsidiaries.

There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiaries.

Section two

The unconsolidated financial statements

I. Balance sheet (Statement of financial position)

II. Statement of off-balance sheet

III. Statement of income

IV. Statement of income and expense items accounted under shareholders' equity

V. Statement of changes in shareholders' equity

VI. Statement of cash flows

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	ASSETS	Notes (Section Five-I)	THOUSAND TURKISH LIRA					
			CURRENT PERIOD (30/06/2015)			PRIOR PERIOD (31/12/2014)		
			TL	FC	Total	TL	FC	Total
I.	**CASH AND BALANCES WITH THE CENTRAL BANK**	(1)	248.633	3.256.340	3.504.973	352.393	2.776.793	3.129.186
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)**	(2)	1.116	3.155	4.271	5.611	-	5.611
2.1	Trading Financial Assets		1.116	3.155	4.271	5.611	-	5.611
2.1.1	Public Sector Debt Securities		-	-	-	-	-	-
2.1.2	Equity Securities		787	-	787	5.611	-	5.611
2.1.3	Derivative Financial Assets Held for Trading		-	3.042	3.042	-	-	-
2.1.4	Other Marketable Securities		329	113	442	-	-	-
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)	577.628	1.735.368	2.312.996	511.402	1.136.833	1.648.235
IV.	**MONEY MARKET PLACEMENTS**		-	-	-	-	-	-
V.	**FINANCIAL ASSETS-AVAILABLE FOR SALE (net)**	(4)	679.358	247.132	926.490	496.367	163.393	659.760
5.1	Equity Securities		15	1.951	1.966	15	1.660	1.675
5.2	Public Sector Debt Securities		651.887	138.700	790.587	465.361	123.254	588.615
5.3	Other Marketable Securities		27.456	106.481	133.937	30.991	38.479	69.470
VI.	**LOANS AND RECEIVABLES**	(5)	15.125.326	2.681.743	17.807.069	13.494.112	1.979.934	15.474.046
6.1	Loans and Receivables		15.017.864	2.681.562	17.699.426	13.454.414	1.979.918	15.434.332
6.1.1	Loans to Risk Group of The Bank		10.375	-	10.375	50.243	-	50.243
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		15.007.489	2.681.562	17.689.051	13.404.171	1.979.918	15.384.089
6.2	Non-performing loans		436.926	259	437.185	326.948	27	326.975
6.3	Specific Provisions (-)		329.464	78	329.542	287.250	11	287.261
VII.	**INVESTMENTS HELD TO MATURITY (net)**	(6)	703.106	-	703.106	783.309	-	783.309
VIII.	**INVESTMENTS IN ASSOCIATES (net)**	(7)	4.211	-	4.211	4.211	-	4.211
8.1	Accounted for under Equity Method		-	-	-	-	-	-
8.2	Unconsolidated Associates		4.211	-	4.211	4.211	-	4.211
8.2.1	Financial Associates		4.211	-	4.211	4.211	-	4.211
8.2.2	Non-Financial Associates		-	-	-	-	-	-
IX.	**SUBSIDIARIES (net)**	(8)	5.250	-	5.250	250	-	250
9.1	Unconsolidated Financial Subsidiaries		5.250	-	5.250	250	-	250
9.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X.	**JOINT VENTURES (net)**	(9)	15.500	-	15.500	10.500	-	10.500
10.1	Accounted for under Equity Method		-	-	-	-	-	-
10.2	Unconsolidated		15.500	-	15.500	10.500	-	10.500
10.2.1	Financial Joint Ventures		15.500	-	15.500	10.500	-	10.500
10.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XI.	**LEASE RECEIVABLES (net)**	(10)	922.700	-	922.700	709.646	-	709.646
11.1	Finance Lease Receivables		1.077.389	-	1.077.389	782.612	-	782.612
11.2	Operational Lease Receivables		-	-	-	-	-	-
11.3	Other		-	-	-	-	-	-
11.4	Unearned Income (-)		154.689	-	154.689	72.966	-	72.966
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)	472.169	1.478	473.647	485.461	1.678	487.139
XIV.	**INTANGIBLE ASSETS (net)**	(13)	49.648	560	50.208	26.326	565	26.891
14.1	Goodwill		-	-	-	-	-	-
14.2	Other		49.648	560	50.208	26.326	565	26.891
XV.	**INVESTMENT PROPERTY (net)**	(14)	-	-	-	-	-	-
XVI.	**TAX ASSET**	(15)	4.670	-	4.670	3.551	-	3.551
16.1	Current Tax Asset		4.670	-	4.670	3.551	-	3.551
16.2	Deferred Tax Asset		-	-	-	-	-	-
XVII.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)**	(16)	23.296	-	23.296	27.678	-	27.678
17.1	Assets Held for Sale		23.296	-	23.296	27.678	-	27.678
17.2	Assets of Discontinued Operations		-	-	-	-	-	-
XVIII.	**OTHER ASSETS**	(17)	280.933	6.346	287.279	74.852	1.559	76.411
	TOTAL ASSETS		19.113.544	7.932.122	27.045.666	16.985.669	6.060.755	23.046.424

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)

			THOUSAND TURKISH LIRA					
			CURRENT PERIOD (30/06/2015)			PRIOR PERIOD (31/12/2014)		
	LIABILITIES	Notes (Section Five-II)	TL	FC	Total	TL	FC	Total
I.	FUNDS COLLECTED	(1)	10.287.055	8.060.541	18.347.596	9.782.163	6.861.055	16.643.218
1.1	Funds from Risk Group of The Bank		205.208	222.552	427.760	71.453	183.838	255.291
1.2	Other		10.081.847	7.837.989	17.919.836	9.710.710	6.677.217	16.387.927
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	1	1	-	-	-
III.	FUNDS BORROWED	(3)	-	4.281.658	4.281.658	-	3.215.998	3.215.998
IV.	BORROWINGS FROM MONEY MARKETS		771.634	-	771.634	116.740	-	116.740
V.	SECURITIES ISSUED (net)		-	-	-	-	-	-
VI.	MISCELLANEOUS PAYABLES		747.645	148.303	895.948	434.001	76.171	510.172
VII.	OTHER LIABILITIES	(4)	-	-	-	-	-	-
VIII.	LEASE PAYABLES	(5)	-	-	-	-	-	-
8.1	Finance Lease Payables		-	-	-	-	-	-
8.2	Operational Lease Payables		-	-	-	-	-	-
8.3	Other		-	-	-	-	-	-
8.4	Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
IX.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
9.1	Fair Value Hedge		-	-	-	-	-	-
9.2	Cash Flow Hedge		-	-	-	-	-	-
9.3	Net Foreign Investment Hedge		-	-	-	-	-	-
X.	PROVISIONS	(7)	208.524	49.515	258.039	180.386	52.438	232.824
10.1	General Provisions		146.508	38.534	185.042	128.047	25.863	153.910
10.2	Restructuring Reserves		-	-	-	-	-	-
10.3	Reserve for Employee Benefits		38.514	-	38.514	32.529	-	32.529
10.4	Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5	Other Provisions		21.502	12.981	34.483	19.810	26.575	46.385
XI.	TAX LIABILITY	(8)	60.861	57	60.918	64.116	3	64.119
11.1	Current Tax Liability		59.025	57	59.082	55.823	3	55.826
11.2	Deferred Tax Liability		1.836	-	1.836	8.293	-	8.293
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)	-	536.190	536.190	-	472.426	472.426
XIV.	SHAREHOLDERS' EQUITY	(11)	1.893.662	20	1.893.682	1.790.092	835	1.790.927
14.1	Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2	Capital Reserves		154.925	20	154.945	159.361	835	160.196
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Marketable Securities Valuation Reserve		6.981	20	7.001	9.155	835	9.990
14.2.4	Revaluation Reserve on Tangible Assets		149.652	-	149.652	153.179	-	153.179
14.2.5	Revaluation Reserve on Intangible Assets		-	-	-	-	-	-
14.2.6	Investment Property Revaluation Reserve		-	-	-	-	-	-
14.2.7	Bonus Shares From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-
14.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
14.2.9	Accumulated Valuation Differences on Assets Held For Sale and Assets of Discontinued Operations		-	-	-	-	-	-
14.2.10	Other Capital Reserves		(1.708)	-	(1.708)	(2.973)	-	(2.973)
14.3	Profit Reserves		696.531	-	696.531	470.137	-	470.137
14.3.1	Legal Reserves		84.774	-	84.774	71.744	-	71.744
14.3.2	Status Reserves		-	-	-	-	-	-
14.3.3	Extraordinary Reserves		611.757	-	611.757	398.393	-	398.393
14.3.4	Other Profit Reserves		-	-	-	-	-	-
14.4	Profit or Loss		142.206	-	142.206	260.594	-	260.594
14.4.1	Prior Years Profit / (Loss)		1.767	-	1.767	7.963	-	7.963
14.4.2	Current Year Profit / (Loss)		140.439	-	140.439	252.631	-	252.631
14.5	Minority Interest		-	-	-	-	-	-
	TOTAL LIABILITIES		13.969.381	13.076.285	27.045.666	12.367.498	10.678.926	23.046.424

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

STATEMENT OF OFF-BALANCE SHEET

	STATEMENT OF OFF BALANCE SHEET	Notes (Section Five-III)	THOUSAND TURKISH LIRA					
			CURRENT PERIOD (30/06/2015)			PRIOR PERIOD (31/12/2014)		
			TL	FC	Total	TL	FC	Total
A.	OFF BALANCE SHEET COMMITMENTS (I+II+III)	(1)	5.468.054	4.820.059	10.288.113	5.077.895	3.929.264	9.007.159
I.	GUARANTEES AND SURETIES		4.297.745	4.193.932	8.491.677	4.149.365	3.929.144	8.078.509
1.1.	Letters of Guarantees		4.286.401	3.329.038	7.617.439	4.122.802	2.749.839	6.872.641
1.1.1.	Guarantees Subject to State Tender Law		189.809	21.826	211.635	166.552	21.939	188.491
1.1.2.	Guarantees Given for Foreign Trade Operations		597	727.263	727.860	597	778.622	779.219
1.1.3.	Other Letters of Guarantee		4.097.995	2.579.949	6.677.944	3.955.653	1.949.278	5.904.931
1.2.	Bank Loans		-	31.085	31.085	-	33.055	33.055
1.2.1.	Import Letter of Acceptances		-	31.085	31.085	-	33.055	33.055
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letter of Credits		1.000	519.224	520.224	7.997	581.273	589.270
1.3.1.	Documentary Letter of Credits		-	-	-	-	-	-
1.3.2.	Other Letter of Credits		1.000	519.224	520.224	7.997	581.273	589.270
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		2.139	297.882	300.021	2.551	558.481	561.032
1.7.	Other Collaterals		6.205	16.703	22.908	16.015	6.496	22.511
II.	COMMITMENTS	(1)	1.170.309	126.364	1.296.673	928.530	120	928.650
2.1.	Irrevocable Commitments		1.170.309	126.364	1.296.673	928.530	120	928.650
2.1.1.	Asset Purchase and Sale Commitments		38.146	126.364	164.510	-	-	-
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3.	Loan Granting Commitments		123.783	-	123.783	59.439	-	59.439
2.1.4.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6.	Payment Commitment for Cheques		485.249	-	485.249	353.093	-	353.093
2.1.7.	Tax And Fund Liabilities from Export Commitments		1.907	-	1.907	1.506	-	1.506
2.1.8.	Commitments for Credit Card Expenditure Limits		520.453	-	520.453	510.257	-	510.257
2.1.9.	Commitments for Promotions Related with Credit Cards and Banking Activities		592	-	592	523	-	523
2.1.10.	Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11.	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments		179	-	179	3.712	120	3.832
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	-	499.763	499.763	-	-	-
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		-	499.763	499.763	-	-	-
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	410.963	410.963	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	207.016	207.016	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	203.947	203.947	-	-	-
3.2.2.	Other Forward Buy/Sell Transactions		-	88.800	88.800	-	-	-
3.3.	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		35.831.957	4.854.559	40.686.516	30.389.457	4.509.815	34.899.272
IV.	ITEMS HELD IN CUSTODY		1.617.219	1.697.061	3.314.280	1.353.738	1.454.959	2.808.697
4.1.	Assets Under Management		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		72	-	72	72	-	72
4.3.	Cheques Received for Collection		1.026.605	118.867	1.145.472	841.140	105.953	947.093
4.4.	Commercial Notes Received for Collection		563.130	21.154	584.284	488.418	18.801	507.219
4.5.	Other Assets Received for Collection		103	-	103	103	-	103
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		1.999	1.103.302	1.105.301	7.997	986.909	994.906
4.8.	Custodians		25.310	453.738	479.048	16.008	343.296	359.304
V.	PLEDGED ITEMS		34.214.738	3.157.498	37.372.236	29.035.719	3.054.856	32.090.575
5.1.	Marketable Securities		1.768.683	1.279.817	3.048.500	1.530.006	1.157.125	2.687.131
5.2.	Guarantee Notes		2.014.040	212.687	2.226.727	1.877.551	204.313	2.081.864
5.3.	Commodity		1.395.371	634.126	2.029.497	1.070.691	380.393	1.451.084
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		27.496.849	868.162	28.365.011	23.266.419	773.474	24.039.893
5.6.	Other Pledged Items		1.473.355	159.855	1.633.210	1.237.960	530.859	1.768.819
5.7.	Pledged Items-Depository		66.440	2.851	69.291	53.092	8.692	61.784
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		41.300.011	9.674.618	50.974.629	35.467.352	8.439.079	43.906.431

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 (01/01/2015-30/06/2015)	PRIOR PERIOD (01/01/2014-30/06/2014)	CURRENT PERIOD (01/04/2015-30/06/2015)	PRIOR PERIOD (01/04/2014-30/06/2014)
I.	PROFIT SHARE INCOME	(1)	911.275	694.418	483.798	375.879
1.1	Profit Share on Loans		811.482	645.253	430.943	349.581
1.2	Income Received from Reserve Deposits		3.031	-	2.345	-
1.3	Income Received from Banks		86	1.384	11	350
1.4	Income Received from Money Market Placements		-	-	-	-
1.5	Income Received from Marketable Securities Portfolio		63.197	42.016	32.468	22.831
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		32.445	16.601	17.129	10.194
1.5.4	Investments Held to Maturity		30.752	25.415	15.339	12.637
1.6	Finance Lease Income		32.627	5.765	17.375	3.117
1.7	Other Profit Share Income		852	-	656	-
II.	PROFIT SHARE EXPENSE	(2)	501.400	365.644	265.254	193.414
2.1	Expense on Profit Sharing Accounts		394.663	316.954	204.061	165.928
2.2	Profit Share Expense on Funds Borrowed		75.322	36.082	40.115	17.614
2.3	Profit Share Expense on Money Market Borrowings		22.250	12.608	11.913	9.872
2.4	Profit Share Expense on Securities Issued		-	-	-	-
2.5	Other Profit Share Expense		9.165	-	9.165	-
III.	NET PROFIT SHARE INCOME (I – II)		409.875	328.774	218.544	182.465
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		71.872	61.656	37.338	32.064
4.1	Fees and Commissions Received		94.414	76.250	50.641	40.136
4.1.1	Non-Cash Loans		49.713	40.526	26.664	20.867
4.1.2	Other	(12)	44.701	35.724	23.977	19.269
4.2	Fees and Commissions Paid		22.542	14.594	13.303	8.072
4.2.1	Non-Cash Loans		159	256	155	161
4.2.2	Other	(12)	22.383	14.338	13.148	7.911
V.	DIVIDEND INCOME	(3)	10	174	10	174
VI.	TRADING INCOME/LOSS(net)	(4)	41.395	29.583	19.857	12.581
6.1	Capital Market Transaction Income / (Loss)		2.224	128	9	123
6.2.	Profit / (Loss) from Derivative Financial Instruments		14.534	2.403	2.136	(157)
6.3	Foreign Exchange Income / (Loss)		24.637	27.052	17.712	12.615
VII.	OTHER OPERATING INCOME	(5)	61.639	65.294	34.420	24.187
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		584.791	485.481	310.169	251.471
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	88.004	87.250	48.221	62.552
X.	OTHER OPERATING EXPENSES (-)	(7)	319.142	245.336	164.237	116.555
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		177.645	152.895	97.711	72.364
XII.	EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII.	PROFIT / (LOSS) ON EQUITY METHOD		-	-	-	-
XIV.	PROFIT / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV.	PROFIT / (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	177.645	152.895	97.711	72.364
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(37.206)	(35.026)	(21.004)	(16.073)
16.1	Provision for Current Taxes		(42.531)	(30.540)	(26.142)	(13.129)
16.2	Provision for Deferred Taxes		5.325	(4.486)	5.138	(2.944)
XVII.	NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	140.439	117.869	76.707	56.291
XVIII.	INCOME FROM DISCONTINUED OPERATIONS	(10)	-	-	-	-
18.1	Income from Assets Held For Sale		-	-	-	-
18.2	Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
18.3	Income from Other Discontinued Operations		-	-	-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1	Loss from Assets Held for Sale		-	-	-	-
19.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-	-	-
19.3	Loss from Other Discontinued Operations		-	-	-	-
XX.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
21.1	Provision for Current Taxes		-	-	-	-
21.2	Provision for Deferred Taxes		-	-	-	-
XXII.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII.	NET PROFIT / LOSS (XVII+XXII)	(11)	140.439	117.869	76.707	56.291
23.1	Group's Profit/Loss		140.439	117.869	76.707	56.291
23.2	Minority shares (-)		-	-	-	-
	Earnings Per Share (Full TL)		0.156	0.131	0.085	0.063

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

		THOUSAND TURKISH LIRA			
STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		CURRENT PERIOD (01/01/2015-30/06/2015)	PRIOR PERIOD (01/01/2014-30/06/2014)	CURRENT PERIOD (01/04/2015-30/06/2015)	PRIOR PERIOD (01/04/2014-30/06/2014)
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(3.736)	15.998	2.804	9.731
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	1.246	(210)	399	(147)
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	-	11	-	1.014
VIII.	OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	-	223	-	223
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	747	(3.244)	(561)	(1.991)
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	(1.743)	12.778	2.642	8.830
XI.	PROFIT/LOSS	140.439	117.869	76.707	56.291
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	140.439	117.869	76.707	56.291
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	138.696	130.647	79.349	65.121

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

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

(THOUSAND TURKISH LIRA)

	CHANGES IN SHAREHOLDERS' EQUITY	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	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 (01/01/2014-30/06/2014)																	
I.	Beginning balance	(V)	900.000	-	-	-	59.602	-	202.043	810	241.409	1.434	(4.742)	96.712	-	-	-	1.497.268
	Changes In Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	12.798	-	-	-	-	12.798
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	(210)	-	-	-	-	-	-	-	(210)
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		-	-	-	-	-	-	-	657	-	3.907	-	(1.206)	-	-	-	3358
XVII.	Period Net Income/(Loss)		-	-	-	-	-	-	-	-	117 869	-	-	-	-	-	-	117 869
XVIII.	Profit Distribution		-	-	-	-	12 142	-	196 350	-	(241.409)	1.417	-	-	-	-	-	(31.500)
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	(31 500)	-	-	-	-	-	(31.500)
18.2	Transfers To Reserves		-	-	-	-	12.142	-	196 350	-	-	(208 492)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(241 409)	241 409	-	-	-	-	-	-
	Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	71.744	-	398.393	1.257	117.869	6.758	8.056	95.506	-	-	-	1.599.583

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

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

(THOUSAND TURKISH LIRA)

	CHANGES IN SHAREHOLDERS' EQUITY	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	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 (01/01/2015-30/06/2015)																	
I.	**Beginning balance**	(V)	900.000	-	-	-	71.744	-	398.393	(2.973)	252.631	7.963	9.990	153.179	-	-	-	1.790.927
	Changes In Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(2.989)	-	-	-	-	(2.989)
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	1.246	-	-	-	-	-	-	-	1.246
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		-	-	-	-	-	-	-	19	-	1.767	-	(3.527)	-	-	-	(1.741)
XVII.	Period Net Income/(Loss)		-	-	-	-	-	-	-	-	140.439	-	-	-	-	-	-	140.439
XVIII.	Profit Distribution		-	-	-	-	13.030	-	213.364	-	(252.631)	(7.963)	-	-	-	-	-	(34.200)
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	(34.200)	-	-	-	-	-	(34.200)
18.2	Transfers To Reserves		-	-	-	-	13.030	-	213.364	-	-	(226.394)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(252.631)	252.631	-	-	-	-	-	-
	Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	84.774	-	611.757	(1.708)	140.439	1.767	7.001	149.652	-	-	-	1.893.682

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 (Section Five-VI)	THOUSAND TURKISH LIRA CURRENT PERIOD (01/01/2015-30/06/2015)	PRIOR PERIOD (01/01/2014-30/06/2014)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes In Operating Assets And Liabilities		80.925	243.316
1.1.1	Profit Share Income Received		813.654	571.522
1.1.2	Profit Share Expense Paid		(484.345)	(366.323)
1.1.3	Dividend Received		10	174
1.1.4	Fees and Commissions Received		71.872	61.656
1.1.5	Other Income		56.719	42.682
1.1.6	Collections from Previously Written Off Loans	(V-I-5,h2)	17.370	24.596
1.1.7	Payments to Personnel and Service Suppliers		(175.816)	(144.057)
1.1.8	Taxes Paid		(52.535)	(49.000)
1.1.9	Others	(V-VI-3)	(166.004)	102.066
1.2	Changes In Operating Assets And Liabilities		(822.559)	247.693
1.2.1	Net (Increase) Decrease in Available For Sale Financial Assets		1.340	(2.614)
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		(424.456)	(143.982)
1.2.4	Net (Increase) Decrease in Loans		(2.373.985)	(858.817)
1.2.5	Net (Increase) Decrease in Other Assets		(212.858)	(37.897)
1.2.6	Net Increase (Decrease) in Funds Collected From Banks		286.951	140.361
1.2.7	Net Increase (Decrease) in Other Funds Collected		1.443.534	996.623
1.2.8	Net Increase (Decrease) in Funds Borrowed		41.778	(8.000)
1.2.9	Net Increase (Decrease) in Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(V-VI-3)	415.137	162.019
I.	Net Cash Flow From Banking Operations		(741.634)	491.009
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities		(178.657)	(261.686)
2.1	Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		(10.000)	(5.000)
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3	Fixed Assets Purchases		(30.029)	(24.402)
2.4	Fixed Assets Sales		5.559	(4.251)
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		(357.527)	(296.526)
2.6	Cash Obtained from Sale of Financial Assets Available for Sale		102.385	27.814
2.7	Cash Paid for Purchase of Investment Securities	(V-I-6)	(184.599)	-
2.8	Cash Obtained from Sale of Investment Securities	(V-I-6)	295.554	40.679
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Flow From Financing Activities		1.460.150	534.276
3.1	Cash Obtained from Funds Borrowed and Securities Issued		3.393.264	2.354.757
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(1.898.914)	(1.788.791)
3.3	Issued Capital Instruments		-	-
3.4	Dividends Paid		(34.200)	(31.500)
3.5	Payments for Finance Leases		-	-
3.6	Other		-	(190)
IV.	Effect of Change In Foreign Exchange Rate on Cash and Cash Equivalents	(V-VI-3)	76.503	2.324
V.	Net (Decrease) Increase in Cash and Cash Equivalents		616.362	765.923
VI.	Cash and Cash Equivalents at the Beginning of the Period	(V-VI-i)	2.383.932	1.881.992
VII.	Cash and Cash Equivalents at the End of the Period	(V-VI-ii)	3.000.294	2.647.915

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

Section three

Accounting policies

I. Explanations on basis of presentation:

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

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette numbered 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets, liabilities and real estates carried at fair value.

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, 2014. The accounting policies and valuation principles used in the preparation of unconsolidated financial statements are explained between in Notes II and XXII below.

TAS/TFRS changes which are effective from January 1, 2015 do not have a significant effect on the Bank's accounting policies, financial position or performance. As of the date of financial statements, TAS/TFRS changes which are announced but not yet effective do not have a significant effect on the Bank's accounting policies, financial position or performance.

The effects of TFRS 9, "Financial Instruments" which has not been implemented yet, are under assessment by the Bank. The standard which the Bank did not early adopt will primarily have an effect on the classification and measurement of the Bank's financial assets. The Bank is currently assessing the impact of adopting TFRS 9. TFRS 9 will have an effect on the classification and measurement of financial statements. However, as the impact of adoption depends on the assets held by the Bank at the date of adoption itself, potential effect has not been quantified yet. As of the date of these financial statements, the other TAS/TFRS standards announced but not yet effective are not expected to have significant impact on the Bank's accounting policies, financial position and performance.

I. Explanations on basis of presentation (continued):

"Communiqué related to Changes in Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated January 23, 2011 and numbered 27824 has set out the financial statement formats for the banks which selected to early adopt TFRS 9 (In accordance with the Communiqué related to Changes in Communiqué on TFRS 9 "Financial Instruments" published in the Official Gazette dated April 7, 2015 numbered 29319 , the effective date of the mentioned Communiqué has been changed as December 31, 2014 which is planned to be applied after 31 December 2017.) "Financial Instruments" before January 1, 2018. Since the Bank has not chosen to early adopt TFRS 9, the accompanying financial statements have been prepared in accordance with the financial statements in the appendix of "Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated June 28, 2012 and numbered 28337.

The preparation of the unconsolidated financial statements according to TAS and BRSA Reporting and Accounting Legislation requires the Bank's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, provisions for the lawsuits, 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.

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

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

The balance sheet items of the foreign branch of the Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Bank. Income statement items are translated into Turkish lira by exchange rate ruling at the transaction

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

date and all exchange differences arising from translation are accounted in other capital reserves under equity according to TAS 21.

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

There are no foreign currency differences capitalized by the Bank.

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

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

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

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

IV. Explanations on profit share income and expenses:

Profit share income

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

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

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

Profit share expense

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

V. Explanations on fees, commission income and expenses:

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

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

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

VI. Explanations on financial assets:

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

Financial assets at fair value through profit or loss:

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

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

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

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

As of June 30, 2015, the Bank has no financial assets classified as financial assets at fair value through profit or loss except for trading financial assets. (December 31, 2014: None)

Financial assets available for sale:

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

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 to be implemented by Participation Banks" dated January 26, 2007 and numbered 26415.

Financial assets held to maturity:

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

VII. Explanations on impairment of financial assets:

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

A financial asset or a group of financial assets incurs impairment loss only if there is an objective evidence related to the occurrence of one or more than one event (loss events) subsequent to initial recognition of that asset or group of assets; and such loss event (or events) causes an impairment loss as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Any amount attributable to expected losses arising from any future events is not recognized under any circumstances.
If there is objective evidence that the loans granted might not be collected, general and specific provisions for such loans are expensed as 'Provision for Loan Losses and Other Receivables' in accordance with the Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans". Subsequent recoveries of amounts previously written off or provisions provided in prior periods are included in "Other Operating Income" in the income statement. The profit sharing accounts' portion of general and specific provisions for loans and other receivables originated from profit sharing accounts is reflected to the profit sharing accounts.

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

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

If there is objective evidence indicating that the fair value of a financial asset available for sale, for which decreases in the fair value has been accounted in the equity, has been impaired then the total loss which was accounted directly under the equity is deducted from equity and transferred to the income statement.

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

VIII. Explanations on offsetting of financial instruments:

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

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. The Bank transfers such assets from assets held for sale and discounted operations to tangible assets.

(Currency – Thousand Turkish Lira)

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

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

XI. Explanations on goodwill and other intangible assets:

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

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

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

XII. Explanations on tangible assets:

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

As of March 31, 2009, the Bank has made a change in accounting policy and adopted revaluation model for immovables in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2014, 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

XII. Explanations on tangible assets (continued):

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.

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

Fixed assets which are carried at fair value in the financial statements are revalued by independent CMB licensed firms in accordance with TFRS 13.

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

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

XIII. Explanations on leasing transactions:

Transactions as a lessee

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

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

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

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

Transactions as a lessor

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

XIV. Explanations on provisions and contingent liabilities:

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

Provisions are recognized 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.

XV. Explanations on liabilities regarding employee rights:

i) *Defined benefit plans*:

Provision for employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Bank.

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Bank recognizes all actuarial gains and losses immediately through other comprehensive income.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.
There are no foundations, pension funds or similar associations of which the employees are members

As of June 30, 2015, the Bank does not have any actuarial loss. (December 31, 2014: TL 6.958 actuarial loss).

ii) *Defined contribution plans*:

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

iii) *Short term benefits to employees*:

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

XVI. Explanations on taxation:

Current tax:

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

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

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

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

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 exempt from corporate tax if added to the capital or accounted under shareholders' equity as a special fund for 5 years according to the Corporate Tax Law.

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

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

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

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

Deferred tax:

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

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

Transfer pricing:

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

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

XVII. Additional explanations on borrowings:

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

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

The Bank has not issued convertible bonds.

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

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

XX. Explanations on government grants:

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

XXI. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note XIII.

XXII. Explanations on other matters:

None.

XXIII. Additional paragraph for convenience translation:

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

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 numbered 28337 dated June 28, 2012 starting from July 1, 2012. As of June 30, 2015, the Bank's unconsolidated capital adequacy ratio calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" is 12,17 % (December 31, 2014: 14,15%).

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", published in the Official Gazette numbered 28337 dated June 28, 2012, "Regulation on Credit Risk Mitigation Techniques" published in the Official Gazette numbered 29111 dated September 6, 2014 and the "Regulation on the Equity of Banks" published in the Official Gazette numbered 28756 dated September 5, 2013.

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 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.

(Currency – Thousand Turkish Lira)

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

b) Information on capital adequacy standard ratio:

	Bank								
	%0	%10	%20	%50	%75	%100	%150	%200	%250
Value at Credit Risk	**4.531.454**	**-**	**2.216.918**	**6.781.516**	**3.450.888**	**10.972.677**	**25.253**	**4.146**	**-**
Risk Categories									
Receivables from central governments or central banks	4.120.330	-	-	138.698	-	-	-	-	-
Receivables from regional or local Governments	-	-	54.417	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	334	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	1.727.908	310.473	-	166.670	-	-	-
Receivables from corporates	141.301	-	392.731	90.011	-	10.160.182	-	-	-
Retail receivables	82.489	-	41.407	1.418	3.450.888	-	-	-	-
Receivables secured by mortgages on property	-	-	-	6.240.916	-	10.311	-	-	-
Past due receivables	-	-	-	-	-	49.782	24.890	-	-
Receivables defined in high risk category by BRSA	1.045	-	455	-	-	-	363	4.146	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	186.289	-	-	-	-	585.398	-	-	-

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	Prior Period(*)
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	1.395.292	1.167.538
Capital Requirement for Market Risk (MRCR)	8.029	13.258
Capital Requirement for Operational Risk (ORCR)	114.795	95.440
Shareholders' Equity	**2.308.812**	**2.256.680**
Shareholders' Equity/((CRCR+MRCR+ORCR)*12.5*100)	**%12,17**	**%14,15**
Core Capital/((CRCR+MRCR+ORCR) *12,5)*100	**%9,52**	**%10,80**
Tier I Capital/((CRCR+MRCR+ORCR) *12,5)*100	**%9,67**	**%10,92**

(*) Equity calculation has changed as per the "Regulation on Equities of Banks" applicable as of January 1, 2015, figures belonging to prior period are calculated as per former regulation.

(Currency - Thousand Turkish Lira)

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

ç) Details of shareholders' equity accounts:

Current period equity amount is calculated as per "Regulation on Equities of Banks" applicable as of January 1, 2015 published in Official gazette dated September 5, 2013 numbered 28756.

	June 30, 2015
Tier I capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	696.531
Other Comprehensive Income according to TAS	160.175
Profit	142.206
Current Period Profit	140.439
Prior Period Profit	1.767
General Reserves for Possible Losses	88
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I capital before deductions	**1.899.000**
Deductions from tier I capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	5.230
Leasehold Improvements on Operational Leases (-)	39.134
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	19.204
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total deductions from tier I capital	**63.568**
Total tier I capital	**1.835.432**
Additional core capital	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional core capital before deductions	
Deductions from additional core capital	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total deductions from additional core capital	
Total additional core capital	

(Currency - Thousand Turkish Lira)

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

Deductions from core capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	28.806
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total core capital	**1.806.626**
Tier II capital	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	420.300
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	85.810
Tier II capital before deductions	**506.110**
Deductions from tier ii capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total deductions from tier II capital	-
Total tier II capital	**506.110**
Capital	**2.312.736**
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	1.267
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	2.657
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
Equity	**2.308.812**
Amounts lower than excesses as per deduction rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	17.732

(Currency - Thousand Turkish Lira)

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

	December 31, 2014
Tier I capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	470.137
Other Comprehensive Income according to TAS	165.427
Profit	260.594
Current Period Profit	252.631
Prior Period Profit	7.963
General Reserves for Possible Losses	88
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I capital before deductions	**1.796.246**
Deductions from tier I capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	5.231
Leasehold Improvements on Operational Leases (-)	43.470
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	5.081
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total deductions from tier I capital	**53.782**
Total tier I capital	**1.742.464**
Additional core capital	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional core capital before deductions	-
Deductions from additional core capital	-
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total deductions from additional core capital	-
Total additional core capital	-

(Currency - Thousand Turkish Lira)

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

Deductions from core capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	20.323
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total core capital	**1.722.141**
Tier II capital	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	467.000
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	70.947
Tier II capital before deductions	**537.947**
Deductions from tier II capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total deductions from tier II capital	-
Total tier II capital	**537.947**
Capital	**2.260.088**
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	1.408
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	2.000
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
Equity	**2.256.680**
Amounts lower than excesses as per deduction rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	7.375

(Currency - Thousand Turkish Lira)

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

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

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

e) Details on Subordinated Liabilities

Issuer	ABT Sukuk Ltd.
Unique Identifier	-
Governing Law(s) of the Instrument	English Law
Special Consideration in the Calculation of Equity	
As of January 1, 2015 consideration to be subject to a 10% reduction application status	-
Eligible at Unconsolidated / Consolidated	Unconsolidated / Consolidated
Instrument Type	Sukuk Murabaha
Amount recognized in regulatory capital (as of most recent reporting date)	TL 420.300
Par Value of Instrument	TL 530.000
Accounting Classification	Subordinated Loan
Original date of Issuance	May 7 2013
Perpetual or dated	Dated
Maturity date	May 7 2023
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date : 07.05.2018 Total Repayment Amount Including Profit Share : USD.77.500.000,- Repayment Period: Principal Payment for 6 months USD.69.750.000
Subsequent call dates	-
Profit Share / Dividends	
Fixed or floating profit share / dividend	Fixed
Profit share rate and any related index	7,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or Non-convertible	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	No
Details of incompliances with article number 7 and 8 of "Own fund regulation"	7,2,j

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk:

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

III. Explanations on market risk:

(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 for testing purposes using internal model methods (Value at Risk) and the results are validated by back test analysis. The VaR (Value at Risk) 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 legal capital is stated below.

a) Information related to market risk:

		Amount
(I)	Capital requirement to be employed for general market risk - standard method	63
(II)	Capital requirement to be employed for specific risk - standard method	63
	Capital requirement against specific risks of securitization positions– standard method	-
(III)	Capital requirement to be employed for currency risk - standard method	7.685
(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	218
(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)	8.029
(X)	Amount subject to market risk (12,5 X VIII) or (12,5 x IX)	100.364

b) Average market risk table concerning market risk calculated as of month ends during the period:

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

(Currency - Thousand Turkish Lira)

IV. Explanations on operational risk:

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

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.

d) Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of June 30, 2015 - Balance sheet evaluation rate	2,650	2,960
As of June 29, 2015	2,660	2,965
As of June 26, 2015	2,640	2,943
As of June 25, 2015	2,630	2,941
As of June 24, 2015	2,653	2,966
As of June 23, 2015	2,650	2,962

e) The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is full TL 2,670 for 1 USD (December 2014 : full TL 2,272), full TL 2,996 for 1 EURO (December 2014 : full TL 2,794).

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	
		June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
USD	10% increase	(70.021)	6.037	2	84
USD	10% decrease	70.021	(6.037)	(2)	(84)
EURO	10% increase	(31.032)	(294)	-	-
EURO	10% decrease	31.032	294	-	-

(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	422.002	2.414.366	419.972	3.256.340
Banks	96.377	1.524.113	114.878	1.735.368
Financial assets at fair value through profit and loss	-	3.153	2	3.155
Money market placements	-	-	-	-
Available-for-sale financial assets	123	247.009	-	247.132
Loans and financial lease receivables(**)	2.089.233	4.675.960	5.126	6.770.319
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	1.478	1.478
Intangible assets	-	-	560	560
Other assets (***)	751	4.307	2.360	7.418
Total assets	**2.608.486**	**8.868.908**	**544.376**	**12.021.770**
Liabilities				
Current account and funds collected from banks via participation accounts	322.671	363.828	2.254	688.753
Other current and profit sharing accounts	1.740.839	5.341.049	289.900	7.371.788
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	776.394	4.041.454	-	4.817.848
Marketable securities issued	-	-	-	-
Miscellaneous payables	13.557	70.499	64.247	148.303
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	9.258	3.720	60	13.038
Total liabilities	**2.862.719**	**9.820.550**	**356.461**	**13.039.730**
Net balance sheet position	**(254.233)**	**(951.642)**	**187.915**	**(1.017.960)**
Net off balance sheet position	**(56.092)**	**251.433**	**(206.102)**	**(10.761)**
Derivative financial instruments assets(****)	16.280	286.032	5.371	307.683
Derivative financial instruments liabilities(****)	72.372	34.599	211.473	318.444
Non-cash loans (*****)	1.238.623	2.862.837	92.472	4.193.932
Prior Period				
Total assets	2.598.470	7.766.518	417.265	10.782.253
Total liabilities	2.601.411	7.706.151	370.529	10.678.091
Net balance sheet position	**(2.941)**	**60.367**	**46.736**	**104.162**
Net off balance sheet position	-	-	-	-
Derivative financial instruments assets	-	-	-	-
Derivative financial instruments liabilities	-	-	-	-
Non-cash loans	1.130.253	2.775.456	23.435	3.929.144

(*) TL 418.501 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 33.403 of the balance in Banks in other FC column represent precious metals accounts with banks, TL 251.837 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 4.088.576 (December 31, 2014: TL 4.720.625).

(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 1.072 (December 31, 2014: TL 873) is included in other assets.

(****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 56.268 and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 70.097 (December 31,2014: foreign currency purchase commitment: none, foreign currency sale commitment: none)

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

(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 at Borsa İstanbul.

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.

Liquidity coverage ratios are calculated weekly and monthly starting from 1 January 2015 as per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette no. 28948, dated 21 March 2014. Liquidity coverage ratios should be at least 40% for foreign currency denominated assets and liabilities and 60% for total assets and liabilities for 2015. Liquidity coverage ratios for the first quarter of 2015 are as follows:

	CURRENT PERIOD		PRIOR PERIOD (*)	
	FC	FC+TL	FC	FC+TL
Average (%)	440,40	238,59	125,76	111,81

(*) The prior period balances are calculated as per former Regulation.

(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	688.593	2.816.360	-	-	-	-	-	3.504.973
Banks	1.789.805	483.505	39.686	-	-	-	-	2.312.996
Financial Assets at Fair Value Through Profit and Loss	787	442	-	3.042	-	-	-	4.271
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1.966	60.230	95.425	261.095	479.155	28.619		926.490
Loans(*)	-	1.709.015	2.051.193	5.893.824	7.771.690	830.293	366.111	18.622.126
Held-To-Maturity Investments	-	-	154.903	-	548.203	-	-	703.106
Other Assets(**)	-	-	3	5.334	3.036	-	963.331	971.704
Total Assets	**2.481.151**	**5.069.572**	**2.341.210**	**6.163.295**	**8.802.084**	**858.912**	**1.329.442**	**27.045.666**
Liabilities								
Current account and funds collected from banks via participation accounts	120.141	588.708	61.412	32.606	-	-	-	802.867
Other current and profit sharing accounts	3.425.260	11.167.683	1.954.782	971.519	25.485	-	-	17.544.729
Funds provided from other financial institutions and subordinated loans	-	539.788	1.729.749	208.858	1.994.290	345.163	-	4.817.848
Money Market Borrowings	-	771.634	-	-	-	-	-	771.634
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	-	43	107	110	8	895.680	895.948
Other liabilities(***)	-	27.558	25.036	-	-	-	2.160.046	2.212.640
Total Liabilities	**3.545.401**	**13.095.371**	**3.771.022**	**1.213.090**	**2.019.885**	**345.171**	**3.055.726**	**27.045.666**
Net Liquidity Gap	**(1.064.250)**	**(8.025.799)**	**(1.429.812)**	**4.950.205**	**6.782.199**	**513.741**	**(1.726.284)**	**-**
Prior period								
Total Assets	1.959.555	4.760.268	2.379.007	5.448.846	7.327.608	505.655	665.485	23.046.424
Total Liabilities	3.375.935	11.277.161	2.143.386	2.552.411	1.024.959	304.134	2.368.438	23.046.424
Net Liquidity Gap	**(1.416.380)**	**(6.516.893)**	**235.621**	**2.896.435**	**6.302.649**	**201.521**	**(1.702.953)**	**-**

(*) Leasing receivables are included under loans. Unallocated amount represents the amount arising from uninvoiced leasing transactions.
(**) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, suchtangible 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.

(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	3.545.401	11.756.391	2.016.194	1.004.125	25.485	-	18.347.596
Funds Borrowed from Other Financial Institutions and subordinated loans	-	566.745	1.761.345	420.989	2.270.443	468.388	5.487.910
Borrowings from Money Markets	-	772.229	-	-	-	-	772.229
Total	**3.545.401**	**13.095.365**	**3.777.539**	**1.425.114**	**2.295.928**	**468.388**	**24.607.735**
Prior period							
Funds Collected	3.375.935	10.354.741	1.764.251	1.137.498	10.793	-	16.643.218
Funds Borrowed from Other Financial Institutions and subordinated loans	-	642.931	331.791	1.493.708	1.330.547	430.807	4.229.784
Borrowings from Money Markets	-	116.740	-	-	-	-	116.740
Total	**3.375.935**	**11.114.412**	**2.096.042**	**2.631.206**	**1.341.340**	**430.807**	**20.989.742**

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 (*)	3.981.425	97.553	454.544	2.069.318	971.710	42.889	-	7.617.439
Bank acceptances	31.085	-	-	-	-	-	-	31.085
Letters of credit	517.783	221	808	1.147	265	-	-	520.224
Other commitments and contingencies	322.929	-	-	-	-	-	-	322.929
Total	**4.853.222**	**97.774**	**455.352**	**2.070.465**	**971.975**	**42.889**	**-**	**8.491.677**
Prior Period								
Letters of guarantee (*)	3.523.368	174.087	388.300	1.622.644	1.138.964	25.278	-	6.872.641
Bank acceptances	33.055	-	-	-	-	-	-	33.055
Letters of credit	537.894	39.456	2.227	4.627	5.066	-	-	589.270
Other commitments and contingencies	-	583.543	-	-	-	-	-	583.543
Total	**4.094.317**	**797.086**	**390.527**	**1.627.271**	**1.144.030**	**25.278**	**-**	**8.078.509**

(*) 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.

VIII. Explanations on securitisation positions:

None. (December 31, 2014: None)

IX. Explanations on credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized.

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

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

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

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

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

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

(Currency - Thousand Turkish Lira)

IX. Credit risk mitigation techniques (continued):

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.

Collaterals in terms of Risk Categories:

Risk Categories	Amount(*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Receivables from central governments or central banks	4.259.028	-	-	-
Receivables from regional or local governments	54.417	-	-	-
Receivables from administrative units and non-commercial enterprises	334	-	-	-
Receivables from multilateral development banks	-	-	-	-
Receivables from international organizations	-	-	-	-
Receivables from banks and brokerage houses	2.205.051	-	-	-
Receivables from corporates	10.784.225	451.206	-	58
Retail receivables	3.576.202	125.314	-	7.428
Receivables secured by mortgages on property	6.251.227	-	-	-
Past due receivables	74.672	-	-	-
Receivables defined in high risk category by BRSA	6.009	1.500	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	771.687	-	-	-

(*) Represents the total risk amount after credit mitigation techniques are applied.

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 is the probability of loss that the bank may be exposed to due to the bank's general market risk, foreign exchange risk, specific risk, commodity risk, settlement risk and counterparty credit risk in trading book.

Exchange rate risk or foreign currency risk which is one of the factors that constitutes market risk, defines the probability of loss due to the effects of possible changes in currency to all the Bank's foreign currency assets and liabilities. 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 the legal authority. 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. Additionally foreign currency risk is reviewed by Assets and Liabilities Committee. The Bank's strategy for the currency risk is keeping it at a balance and not having any short or long position.

X. Explanations on risk management objectives and policies (continued):

Liquidity Risk

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

Funding liquidity risk explains the probability of loss occurs in case of unable to meet the Bank's all anticipated and unanticipated cash flow requirements without damaging daily operations or the financial position.

Market liquidity risk is the probability of loss in case of the Bank's failure to close any position or stabilize market prices due to market depth or over fluctuations.

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. Liquidity risk is evaluated on a weekly basis from Assets and Liabilities committee.

Regarding liquidity risk of the Bank, 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.

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 misjudgements 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 also takes necessary preventive measures in order to keep operational risk at an acceptable level.

Other Risks

Other risks the Bank is exposed to are strategic risk, reputation risk, counterparty risk, compliance risk, residual risk, country risk, and concentration risk.

The Bank's risk management system, in order to prevent and/or control strategic risks, is prepared against changes in economic, 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.

Residual risk is the risk that arises in case that the risk mitigation techniques are not as effective as expected. Senior management procures the implementation of residual risk management policy and strategy that is approved by Board of Directors. Moreover, It considers maturity match between credit and collateral, some factors like changes due to negative market movements for risk management.

Counterparty credit risk is the probability that one of the parties of a transaction where both sides are imposed with liability becomes default on his liability before the last payment in the cash flow of the transaction. The Bank should manage counterparty credit risk in accordance with the volume, quality and complexity of its activities within the framework of legal legislation.

Compliance risk means those risks which are related to sanctions, financial losses and/ or loss of reputation that the Bank may suffer in the event that the Bank's operations and the attitudes and acts of the Bank's staff members are not in conformity and compliance with the current legislation, regulations and standards. The Head of Legislation and Compliance Unit, who shall be appointed by the Board of Directors, shall be accountable for the purposes of planning, arranging, conducting, managing, assessing, monitoring and coordinating the corporate compliance activities.

X. Explanations on risk management objectives and policies (continued):

Country risk is the probability of loss that the Bank may be exposed to in case borrowers in one country fail or shirk to fulfill their foreign obligations due to uncertainties in economic, social and political conditions. The Bank constitutes its commercial connections with foreign fiscal institutions and countries, as a result of feasibility studies made for country's economic conditions within legal restrictions and through consideration of market conditions and customer satisfaction.

Concentration risk is the probability of experiencing large scale losses due to one single risk amount or risk amounts in particular risk types that may threaten the body of the Bank and the capability of operating its principal activities. Policies in regards to concentration risk are classified as sectoral concentration, concentration to be created on the basis of collateral, concentration on the basis of market risk, concentration on the basis of types of losses, concentration arising from participation fund and other financing providers.

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

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

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

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

(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	2.727.499	17.011.168	2.253.949	5.053.050	27.045.666
Total Liabilities	12.768.054	11.716.666	268.186	399.078	25.151.984
Total Equity	-	-	-	1.893.682	1.893.682
Net profit share income/(expense)(*)(**)	(87.397)	431.859	65.413	-	409.875
Net fees and commissions income/(expense)	(563)	80.132	13.367	(21.064)	71.872
Other operating income /(expense)	(161)	(19.995)	(29.013)	(166.929)	(216.098)
Provision for loan losses and other receivables	(2.225)	(35.651)	-	(50.128)	(88.004)
Profit/(loss) before tax	(90.346)	456.345	49.767	(238.121)	177.645
Provision for tax	-	-	-	(37.206)	(37.206)
Net profit / (loss) for the period	**(90.346)**	**456.345**	**49.767**	**(275.327)**	**140.439**

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	1.935.081	14.168.295	1.844.257	5.098.791	23.046.424
Total Liabilities	11.475.842	9.106.218	262.573	410.864	21.255.497
Total Equity	-	-	-	1.790.927	1.790.927
Net profit share income/(expense)(*)(**)	(166.372)	446.324	48.822	-	328.774
Net fees and commissions income/(expense)	4.438	53.639	1.588	1.991	61.656
Other operating income /(expense)	113	19.290	1.024	(170.712)	(150.285)
Provision for loan losses and other receivables	(3.562)	(47.450)	-	(36.238)	(87.250)
Profit/(loss) before tax	(165.383)	471.803	51.434	(204.959)	152.895
Provision for tax	-	-	-	(35.026)	(35.026)
Net profit / (loss) for the period	**(165.383)**	**471.803**	**51.434**	**(239.985)**	**117.869**

(*) 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.

(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	80.964	99.246	88.803	106.119
CBRT	167.669	3.155.685	263.590	2.670.136
Other (*)	-	1.409	-	538
Total	**248.633**	**3.256.340**	**352.393**	**2.776.793**

(*) Includes precious metals amounting to TL 1.409 as of June 30, 2015 (December 31, 2014: TL 538).

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	165.611	341.363	263.328	278.761
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	2.058	2.814.322	262	2.391.375
Total	**167.669**	**3.155.685**	**263.590**	**2.670.136**

(*) As of June 30, 2015, the reserve requirement held in standard gold is TL 417.092 (December 31, 2014: TL 340.792).

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

As of June 30, 2015, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 6% to 20% depending on maturity of deposits.

The Central Bank of Republic of Turkey has launched to pay income on TL reserves since November 2014 and on USD reserves , reserve options and unrestricted deposits since May 2015.

(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:

None. (December 31, 2014: None)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	3.042	-	-
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	**3.042**	-	-

3. a) Information on banks:

	Current Period		Prior Period	
	TL(*)	FC	TL	FC
Banks				
Domestic	577.628	1.117.194	511.402	731.224
Abroad	-	618.174	-	405.609
Foreign head offices and branches	-	-	-	-
Total	**577.628**	**1.735.368**	**511.402**	**1.136.833**

(*) Includes blockaged amount TL 523.191 booked under TL accounts arising from POS transactions.

b) Information on foreign bank accounts:

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

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

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

The Bank has collateralized sukuk investments with a nominal amount of TL 210.802 and carrying value of TL 219.346 to CBRT with respect to money market transactions and subjected to repurchase agreements. (December 31, 2014: None)

As of June 30,2015, available for sale investments given as a guarantee or blocked amount to TL 121.219. (December 31, 2014: None)

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

	Current Period	Prior Period
Debt securities	925.408	658.435
Quoted on a stock exchange(*)	925.408	658.435
Unquoted	-	-
Share certificates	1.966	1.675
Quoted on a stock exchange	-	-
Unquoted (**)	1.966	1.675
Impairment provision (-)	884	350
Total	**926.490**	**659.760**

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

(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(*)	74.485	26.004	140	35.469
Corporate shareholders	74.373	25.654	-	35.119
Real person shareholders	112	350	140	350
Indirect loans granted to shareholders	10.375	56.272	50.243	69.492
Loans granted to employees	9.577	-	7.742	-
Total	**94.437**	**82.276**	**58.125**	**104.961**

(*)Defined under Banking Law numbered 5411 through article 49 and "Communiqué Related to Credit Operations of Banks" published November 1, 2006 through article 4.

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

Cash loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	Restructured or rescheduled		Loans and other receivables (Total)	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Loans						
Export loans	419.648	-	-	76	-	-
Import loans	1.722.268	13.133	-	45.475	1.126	2.004
Business loans	8.248.538	139.274	2.135	656.858	104.044	22.779
Consumer loans	2.657.005	7.355	792	20.941	152	-
Credit cards	187.496	-	-	3.145	-	-
Loans given to financial sector	5.627	-	-	-	-	-
Other (*)	3.595.757	18.845	4.570	136.592	50.767	-
Other receivables	-	-	-	-	-	-
Total	**16.836.339**	**178.607**	**7.497**	**863.087**	**156.089**	**24.783**

(*) Details of other loans are provided below:

Commercial loans with installments	1.916.259
Other investment credits	772.070
Loans given to abroad	441.877
Profit and loss sharing investments (**)	335.525
Loans for purchase of marketable securities for customer	247.950
Other	18.668
Total	**3.732.349**

(**) As of June 30, 2015, the related balance represents profit and loss sharing investment projects (12 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects 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 16.557 (June 30, 2014: TL 26.216) income in the accompanying financial statements in relation to such loans.

(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	178.607	156.089
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	6.081	32.421
6 - 12 months	12.784	2.737
1 - 2 years	17.251	21.098
2 - 5 years	123.045	87.389
5 years and over	19.446	12.444

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

As of June 30, 2015, the Bank has loan receivables amounting to TL 53.161 arising from rescheduled loans within the scope of related Communiqué.

c) Maturity analysis of cash loans:

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

(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	**8.705**	**2.663.340**	**2.672.045**
Housing loans	1.710	2.388.074	2.389.784
Vehicle loans	2.630	126.093	128.723
Consumer loans	4.365	149.173	153.538
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	**58.654**	-	**58.654**
With installment	22.137	-	22.137
Without installment	36.517	-	36.517
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	**3.611**	**2.290**	**5.901**
Housing loans	-	286	286
Vehicle loans	59	1.420	1.479
Consumer loans	3.552	584	4.136
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	**3.676**	-	**3.676**
With installment	1.848	-	1.848
Without installment	1.828	-	1.828
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	**74.646**	**2.665.630**	**2.740.276**

(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	**65.468**	**1.361.007**	**1.426.475**
Business loans	18.283	341.450	359.733
Vehicle loans	29.560	301.444	331.004
Consumer loans	17.625	718.113	735.738
Other	-	-	-
Commercial installment loans-FC indexed	**14.238**	**475.546**	**489.784**
Business loans	7.191	168.308	175.499
Vehicle loans	2.847	73.564	76.411
Consumer loans	4.200	233.674	237.874
Other	-	-	-
Commercial installment Loans-FC	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	**128.311**	-	**128.311**
With installment	30.055	-	30.055
Without installment	98.256	-	98.256
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC(legal entity)	-	-	-
Total	**208.017**	**1.836.553**	**2.044.570**

e) Allocation of loans by customers:

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

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	17.257.549	15.093.302
Foreign loans	441.877	341.030
Total	**17.699.426**	**15.434.332**

g) Loans granted to subsidiaries and associates:

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

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

ğ) Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	20.482	23.769
Loans and receivables with doubtful collectability	54.873	40.451
Uncollectible loans and receivables	241.760	212.500
Total	**317.115**	**276.720**

In addition to specific provision for loans amounting TL 317.115 (December 31, 2014: TL 276.720), provision amounting to TL 12.427 (December 31, 2014: TL 10.541) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 329.542 (December 31, 2014: TL 287.261). Specific provision for loans amounting to TL 210.985 (December 31, 2014: TL 183.120) 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 collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	23.225	322	18.007
Restructured loans and other receivables	23.225	322	18.007
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before specific provisions)	62	1.132	19.288
Restructured loans and other receivables	62	1.132	19.288
Rescheduled loans and other receivables	-	-	-

h.2) Movements of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Closing balance of prior period	39.183	48.450	228.801
Additions in the current period (+)	113.667	708	10.075
Transfers from other categories of non-performing loans (+)	-	76.918	30.253
Transfers to other categories of non-performing loans (-)	76.918	30.253	-
Transfers to standard loans (-)	-	179	60
Collections in the current period (-)	5.326	1.538	8.865
Write offs (-)	3	-	155
Corporate and commercial loans	-	-	155
Retail loans	3	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	70.603	94.106	260.049
Specific provisions (-)	20.482	54.873	241.760
Net balance at the balance sheet	50.121	39.233	18.289

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

Non-performing loans and receivables in the amount of TL 424.758 (December 31, 2014: TL 316.434) comprise TL 224.539 (December 31, 2014: TL 194.337) of participation account share of loans and receivables provided from participation accounts.

In addition to non- performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectability amounting to TL 12.427 (December 31, 2014: TL 10.541). In the current period, collections from fees, commissions and other receivables with doubtful collectability amounted to TL 1.641.

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period:			
Period end balance	39	220	-
Specific provision (-)	11	67	-
Net balance on balance sheet	**28**	**153**	**-**
Prior period:			
Period end balance	15	12	-
Specific provision (-)	4	7	-
Net balance on balance sheet	**11**	**5**	**-**

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)	**50.121**	**39.233**	**18.289**
Loans to individuals and corporates (gross)	70.603	94.106	260.049
Specific provision (-)	20.482	54.873	241.760
Loans to individuals and corporates (net)	**50.121**	**39.233**	**18.289**
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior period (net)	**15.414**	**7.999**	**16.301**
Loans to individuals and corporates (gross)	39.183	48.450	228.801
Specific provision (-)	23.769	40.451	212.500
Loans to individuals and corporates (net)	**15.414**	**7.999**	**16.301**
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

ı) Liquidation policy for uncollectible loans and receivables:

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

i) Information on "Write-off" policies:

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

j) Other explanations on loans and receivables:

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

Current Period	Less than 30 days	31-60 days	61-90 days	Total
Loans and Receivables				
Corporate Loans	620.630	170.859	361.043	1.152.532
Consumer Loans	44.102	16.706	3.709	64.517
Credit Cards	7.582	1.112	791	9.485
Total	**672.314**	**188.677**	**365.543**	**1.226.534**

Prior Period	Less than 30 days	31-60 days	61-90 days	Total
Loans and Receivables				
Corporate Loans	422.348	92.033	221.102	735.483
Consumer Loans	79.128	14.155	2.874	96.157
Credit Cards	3.708	990	339	5.037
Total	**505.184**	**107.178**	**224.315**	**836.677**

(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:

As of June 30, 2015, held to maturity investments given as a guarantee or blocked amount to TL 55.291. Held to maturity investments subject to repurchase agreements amount to TL 565.620 (December 31, 2014 : Held to maturity investments given as a guarantee or blocked amount to TL 30.982, held to maturity investments subject to repurchase agreements amount to TL 113.775).

6.2) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	703.106	783.309
Total	**703.106**	**783.309**

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

6.3) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	703.106	783.309
Quoted on a stock exchange(*)	703.106	783.309
Unquoted	-	-
Impairment provision(-)	-	-
Total	**703.106**	**783.309**

(*) 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	783.309	745.390
Foreign currency differences on monetary assets	-	-
Purchases during period	184.599	350.000
Disposals through sales and redemptions	(295.554)	(366.063)
Impairment provision (-)	-	-
Income accruals	30.752	53.982
Closing balance	**703.106**	**783.309**

(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	1,75	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the unaudited financial statements as of December 31, 2014.

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
292.213	288.535	2.926	-	-	14.745	19.227	-

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:

As of balance sheet date, the Bank does not have unconsolidated subsidiary.

b) Information on consolidated subsidiaries:

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the limited reviewed financial statements as of June 30, 2015.

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş	İstanbul / Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
940.525	161	4	-	-	(14)	(77)	-

In the Board of Directors meeting dated February 25, 2015, the Bank tas taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The balances of Albaraka Gayrimenkul Portföy Yönetimi A.Ş. presented in the table below have been obtained from the limited unreviewed financial statements as of June 30, 2015.

(Currency - Thousand Turkish Lira)

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

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Gayrimenkul Portföy Yön.A.Ş.	İstanbul / Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
4.998	4.979	8	-	-	(20)	-	-

9. Information on investments in joint- ventures:

The Bank has founded Katılım Emeklilik ve Hayat A.Ş ("Company") – a private pension and insurance company- through equal partnership with Kuveyt Turk Katılım Bankası A.Ş in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. Company registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The financials from limited unreviewed financial statements as of June 30, 2015 are below.

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	24.953	129.138	128.072	-	3.081

Investment in joint venture in the unconsolidated financial statements is carried at cost.

10. Information on lease receivables (net):

a) Presentation of remaining maturities of funds lent under finance lease method:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	169.865	166.647	208.180	173.564
1 to 4 years	431.577	379.349	352.652	315.581
More than 4 years	475.947	376.704	221.780	220.501
Total	**1.077.389**	**922.700**	**782.612**	**709.646**

b) Information on net investments through finance lease:

	Current Period	Prior Period
Gross finance lease receivables	1.077.389	782.612
Unearned finance lease receivable (-)	154.689	72.966
Net receivable from finance leases	**922.700**	**709.646**

(Currency - Thousand Turkish Lira)

10. Information on lease receivables (net) (continued):

c) General explanation on finance lease contracts:

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

Information on leasing receivables:

	Standard loans and Other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Restructured or rescheduled		Loans and other receivables	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Finance lease receivables (Net)	874.040	1.875	-	48.660	-	-

11. Information on derivative financial assets for hedging purposes:

None. (December 31,2014: None)

12. Information on tangible assets:

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

13. Information on intangible assets:

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

14. Information on investment property:

None. (December 31, 2014: None)

(Currency - Thousand Turkish Lira)

15. Information related to deferred tax asset:

None. (December 31, 2014: None)

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	27.678	28.407
Additions	9.465	34.403
Disposals	(5.559)	(12.634)
Transfers (*)	(8.019)	(23.045)
Impairment Provision(-)/Reversal of Impairment Provision	(269)	547
Net closing balance	**23.296**	**27.678**

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

As of June 30,2015 , TL 23.178 of the assets held for sale is comprised of real estates, TL 118 is comprised of other tangible assets.

The Bank has no discontinued operations and assets of discontinued operations. (December 31, 2014: None)

17. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 287.279 (December 31, 2014: TL 76.411) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

(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	**638.176**	-	-	-	-	-	-	-	**638.176**
II. Real Persons Participation Accounts Non-Trade TL	-	**821.467**	**5.186.799**	**101.808**	-	**102.288**	**458.892**	-	**6.671.254**
III. Current Account other-TL	**1.041.388**	-	-	-	-	-	-	-	**1.041.388**
Public Sector	20.012	-	-	-	-	-	-	-	20.012
Commercial Institutions	968.324	-	-	-	-	-	-	-	968.324
Other Institutions	50.357	-	-	-	-	-	-	-	50.357
Commercial and Other Institutions	1.172	-	-	-	-	-	-	-	1.172
Banks and Participation Banks	1.523	-	-	-	-	-	-	-	1.523
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	1.443	-	-	-	-	-	-	-	1.443
Participation Banks	78	-	-	-	-	-	-	-	78
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	**207.946**	**1.561.518**	**70.467**	-	**5.204**	**91.102**	-	**1.936.237**
Public Sector	-	8.067	43	-	-	-	-	-	8.110
Commercial Institutions	-	191.260	1.346.102	53.919	-	3.912	86.733	-	1.681.926
Other Institutions	-	4.658	91.944	16.548	-	1.292	4.369	-	118.811
Commercial and Other Institutions	-	3.961	10.838	-	-	-	-	-	14.799
Banks and Participation Banks	-	-	112.591	-	-	-	-	-	112.591
V. Real Persons Current Accounts Non- Trade FC	**955.247**	-	-	-	-	-	-	-	**955.247**
VI. Real Persons Participation Accounts Non-Trade FC	-	**494.597**	**3.023.225**	**115.951**	-	**161.122**	**501.401**	-	**4.298.296**
VII. Other Current Accounts FC	805.857	-	-	-	-	-	-	-	805.857
Residents in Turkey-Corporate	642.065	-	-	-	-	-	-	-	642.065
Residents Abroad-Corporate	45.174	-	-	-	-	-	-	-	45.174
Banks and Participation Banks	118.618	-	-	-	-	-	-	-	118.618
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	118.244	-	-	-	-	-	-	-	118.244
Participation Banks	374	-	-	-	-	-	-	-	374
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	**323.451**	**1.177.393**	**66.402**	-	**171.034**	**13.024**	-	**1.751.304**
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	140.678	730.154	8.031	-	120.810	8.720	-	1.008.393
Other institutions	-	7.167	76.834	-	-	11	-	-	84.012
Commercial and Other Institutions	-	16.407	63.968	-	-	4.085	4.304	-	88.764
Banks and Participation Banks	-	159.199	306.437	58.371	-	46.128	-	-	570.135
IX. Precious Metals Deposits	**104.733**	**30.046**	**104.524**	**6.313**	-	**2.325**	**3.896**	-	**251.837**
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)	**3.545.401**	**1.877.507**	**11.053.459**	**360.941**	-	**441.973**	**1.068.315**	-	**18.347.596**

(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	**651.085**	-	-	-	-	-	-	-	**651.085**
II. Real Persons Participation Accounts Non-Trade TL	-	**3.221.702**	**2.450.686**	**129.932**	-	**38.739**	**433.932**	-	**6.274.991**
III. Current Account other-TL	**1.084.752**	-	-	-	-	-	-	-	**1.084.752**
Public Sector	27.473	-	-	-	-	-	-	-	27.473
Commercial Institutions	1.027.822	-	-	-	-	-	-	-	1.027.822
Other Institutions	28.554	-	-	-	-	-	-	-	28.554
Commercial and Other Institutions	49	-	-	-	-	-	-	-	49
Banks and Participation Banks	854	-	-	-	-	-	-	-	854
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	801	-	-	-	-	-	-	-	801
Participation Banks	51	-	-	-	-	-	-	-	51
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	**512.441**	**984.970**	**123.546**	-	**30.191**	**120.187**	-	**1.771.335**
Public Sector	-	18.575	41	-	-	-	-	-	18.616
Commercial Institutions	-	446.099	883.116	24.953	-	8.209	115.749	-	1.478.126
Other Institutions	-	35.074	65.275	7.311	-	886	4.438	-	112.984
Commercial and Other Institutions	-	12.693	7.107	-	-	-	-	-	19.800
Banks and Participation Banks	-	-	29.431	91.282	-	21.096	-	-	141.809
V. Real Persons Current Accounts Non- Trade FC	**764.756**	-	-	-	-	-	-	-	**764.756**
VI. Real Persons Participation Accounts Non-Trade FC	-	**1.711.026**	**1.199.277**	**151.563**	-	**26.657**	**422.339**	-	**3.510.862**
VII. Other Current Accounts FC	**743.223**	-	-	-	-	-	-	-	**743.223**
Residents in Turkey-Corporate	576.703	-	-	-	-	-	-	-	576.703
Residents abroad-Corporate	51.011	-	-	-	-	-	-	-	51.011
Banks and Participation Banks	115.509	-	-	-	-	-	-	-	115.509
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	115.091	-	-	-	-	-	-	-	115.091
Participation Banks	418	-	-	-	-	-	-	-	418
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	**408.717**	**922.390**	**43.286**	-	**117.148**	**11.558**	-	**1.503.099**
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	327.919	679.277	5.108	-	92.161	951	-	1.105.416
Other Institutions	-	26.777	7.295	9	-	-	-	-	34.081
Commercial and Other Institutions	-	25.756	10.315	-	-	2.379	10.607	-	49.057
Banks and Participation Banks	-	28.265	225.503	38.169	-	22.608	-	-	314.545
IX. Precious Metals Deposits	**132.119**	**98.393**	**102.886**	**3.586**	-	**611**	**3.520**	-	**339.115**
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)	**3.375.935**	**5.950.279**	**5.660.209**	**451.913**	-	**213.346**	**991.536**	-	**16.643.218**

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	3.893.941	3.576.170	3.415.491	3.349.906
Foreign currency accounts	1.539.670	1.296.029	4.009.539	3.265.958
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 100 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

b.2) Funds collected which are not under the guarantee of insurance fund:

Funds collected of real persons which are not under the guarantee of insurance fund:

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	15.922	29.444
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	9.270	7.451
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

2. Information on derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	-	1	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	1	-	-

(Currency - Thousand Turkish Lira)

3. Information on borrowings:

The Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 151.000.000 and EUR 54.400.000 with maturity of one year, amounting to USD, 403.000.000 and EUR 98.000.000 with maturity of more than one year, totaling to USD 554.000.000 and EUR 152.400.000. (December 31, 2014: one year maturity: USD 151.000.000 and EUR 54.400.000, more than one year maturity: USD 135.000.000 and EUR 98.000.000) The Bank has obtained Syndicated Murabaha Loan amounting to USD 268.000.000 in the current period.

As of June 30, 2015, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 333.059.557 and EUR 109.429.390 (December 31, 2014: USD 359.955.589 and EUR 113.435.323).

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

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	-	1.050.850	-	884.691
Loans from foreign banks, institutions and funds	-	3.230.808	-	2.331.307
Total	**-**	**4.281.658**	**-**	**3.215.998**

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	1.850.217	-	1.746.725
Medium and Long-Term	-	2.431.441	-	1.469.273
Total	**-**	**4.281.658**	**-**	**3.215.998**

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

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

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

None. (December 31, 2014: None)

5. Lease payables:

a) Information on finance lease transactions:

a.1) Information on financial lease agreements:

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

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

None.

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

None.

(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	38.221	34.737
1 to 4 years	99.441	92.312
Over 4 years	99.668	95.845
Total	**237.330**	**222.894**

6. Information on hedging derivative financial liabilities:

None. (December 31, 2014: None)

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General provision for	**185.042**	**153.910**
I. Group loans and receivables (Total)	**147.661**	**115.490**
Participation Accounts' Share	85.318	67.736
Bank's Share	62.343	47.754
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	**8.298**	**49**
Participation Accounts' Share	6.286	44
Bank's Share	2.012	5
Others	-	-
II. Group loans and receivables (Total)	**21.514**	**23.414**
Participation Accounts' Share	13.914	15.227
Bank's Share	7.600	8.187
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	**7.682**	**8.743**
Participation Accounts' Share	4.995	5.694
Bank's Share	2.687	3.049
Others	-	-
Non-cash loans	**15.867**	**15.006**
Others	-	-

(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 June 30, 2015, provision for foreign exchange losses on foreign currency indexed loans amounting to TL 14.580 (December 31, 2014: TL 15.086) 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:

As of June 30, 2015, the Bank has provided specific provisions amounting to TL 20.217 (December 31, 2014: TL 15.328) for non-cash loans that are not indemnified.

ç) Other provisions:

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

	Current Period	Prior Period
General Reserves for Possible Losses (*)	88	88
Total	**88**	**88**

(*) The balance represents provision for the lawsuits against the Bank with high probability of realization and cash outflows.

(Currency - Thousand Turkish Lira)

7. Information on provisions (continued):

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

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts(*)	8.584	23.117
Provision for unindemnified letter of guarantees	16.746	15.328
Payment commitments for cheques	3.471	2.574
Provision for promotions related with credit cards and promotion of banking services	192	217
General reserves for possible losses	88	88
Financial assets at fair value through profit and loss	236	-
Other (**)	5.166	5.061
Total	**34.483**	**46.385**

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

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

d) Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 29.431 (December 31, 2014: TL 26.201) and vacation pay liability amounting to TL 9.083 (December 31, 2014: TL 6.328) totaling to TL 38.514 (December 31, 2014: TL 32.529). Provisions for Performance Premium has not been allocated in the current term. (December 31,2014: None) The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	8,40	8,40
Estimated increase rate of salary ceiling (%)	6,00	6,00
Rate used in relation to possibility of retirement (*) (%)	73,71	73,71

(*) 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	26.201	16.526
Provisions made in the period	4.779	4.324
Actuarial gain/(loss)	-	6.958
Paid during the period	(1.549)	(1.607)
Balance at the end of the period	**29.431**	**26.201**

(Currency - Thousand Turkish Lira)

8. Information on taxes payable:

a) Explanations on current tax liability:

a.1) As of June 30, 2015, the Bank's corporate tax payable is TL 26.142 (December 31, 2014: TL 24.034) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	26.142	24.034
Banking insurance transaction tax	9.406	11.050
Taxation on securities income	10.880	9.391
Value added tax payable	472	710
Taxation on real estate income	714	561
Foreign exchange transaction tax	-	-
Other	5.383	5.048
Total	**52.997**	**50.794**

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	2.650	2.190
Social security premiums-employer	2.874	2.380
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	187	154
Unemployment insurance-employer	374	308
Other	-	-
Total	**6.085**	**5.032**

(Currency - Thousand Turkish Lira)

8. Information on taxes payable (continued):

b) Information on deferred tax liability:

As of June 30, 2015, the Bank calculated deferred tax asset of TL 42.132 (December 31, 2014: TL 35.388) and deferred tax liability of TL 43.968 (December 31, 2014: TL 43.681) 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
Rediscount on profit share and prepaid fees and commission income and unearned revenues	33.817	27.564
Provisions for retirement and vacation pay liabilities	7.703	6.506
Difference between carrying value and tax base of tangible assets	222	821
Provision for impairment	331	443
Other	59	54
Deferred tax asset	**42.132**	**35.388**
Revaluation difference of property	37.414	38.295
Financial assets available for sale valuation difference	1.750	2.497
Trading securities valuation difference	-	386
Rediscount on profit share	24	25
Other	4.780	2.478
Deferred tax liability	**43.968**	**43.681**
Deferred tax liability (net)	**1.836**	**8.293**

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

None. (December 31, 2014: None)

(Currency - Thousand Turkish Lira)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Domestic Banks	-	-	-	-
Loans from other Institutions	-	-	-	-
Loans from Foreign Banks	-	-	-	-
Loans from other Foreign Institutions	-	536.190	-	472.426
Total	**-**	**536.190**	**-**	**472.426**

The Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey through its structured entity Albaraka Türk Sukuk Limited amounting to USD 200.000.000 with 10 years maturity with a grace period of five years. The profit rate of the subordinated loan with grace period of five years with 10 years total maturity' was determined as 7,75%.

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	900.000	900.000
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:

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

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

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

There is no capital increase in the current period.

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

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

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

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

11. Information on shareholders' equity (continued):

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

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

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

There is no privilege given to stocks representing the capital.

g) Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference (*)	6.981	20	9.155	835
Foreign exchange difference	-	-	-	-
Total	**6.981**	**20**	**9.155**	**835**

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

(Currency - Thousand Turkish Lira)

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

1. Explanations on off balance sheet:

a) Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	520.453	510.257
Payment commitments for cheques	485.249	353.093
Asset purchase and sale commitments	164.510	-
Loan granting commitments	123.783	59.439
Tax and funds liabilities arising from export commitments	1.907	1.506
Commitments for promotions related with credit cards and banking activities	592	523
Other irrevocable commitments	179	3.832
Total	**1.296.673**	**928.650**

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	7.617.439	6.872.641
Acceptances	31.085	33.055
Letters of credit	520.224	589.270
Other guaranties and sureties	322.929	583.543
Total	**8.491.677**	**8.078.509**

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

	Current Period	Prior Period
Letters of guarantees	7.617.439	6.872.641
Long standing letters of guarantees	5.036.919	4.602.603
Temporary letters of guarantees	294.712	345.357
Advance letters of guarantees	295.136	289.778
Letters of guarantees given to customs	226.243	219.657
Letters of guarantees given for obtaining cash loans	1.764.429	1.415.246
Sureties and similar transactions	322.929	583.543
Total	**7.940.368**	**7.456.184**

(Currency - Thousand Turkish Lira)

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

c) Within the Non-cash Loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	1.764.429	1.415.246
With original maturity of 1 year or less	1.089.209	903.720
With original maturity of more than 1 year	675.220	511.526
Other non-cash loans	6.727.248	6.663.263
Total	**8.491.677**	**8.078.509**

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

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

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

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

2. Explanations on derivative transactions:

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

3. Explanations on contingent assets and liabilities:

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

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

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

(Currency - Thousand Turkish Lira)

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

1. Information on profit share income:

a) Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans (*)	**729.982**	**81.500**	**587.275**	**57.978**
Short Term Loans	210.890	9.121	244.006	6.713
Medium and Long Term Loans	515.853	72.373	339.159	51.257
Profit Share on Non–Performing Loans	3.239	6	4.110	8

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

b) Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	2.744	287	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	86	-	1.384
Head Offices and Branches Abroad	-	-	-	-
Total	**2.744**	**373**	**-**	**1.384**

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	-	1.104	-	-
Total	**-**	**1.104**	**-**	**-**

(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	-	24.034	-	19.809
CBRT	-	-	-	-
Domestic banks	-	1.109	-	314
Foreign banks	-	22.925	-	19.495
Head offices and branches abroad	-	-	-	-
Other institutions	-	51.288	-	16.273
Total	**-**	**75.322**	**-**	**36.082**

b) Profit share expense paid to associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to Investments in Associates and Subsidiaries	94	29.302	81	-
Total	**94**	**29.302**	**81**	**-**

c) Profit share expenses paid to marketable securities issued:

None.

(Currency - Thousand Turkish Lira)

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

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

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

3. Information on dividend income:

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

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

	Current Period	Prior Period
Income	**3.256.337**	**1.733.695**
Income from capital market transactions	2.238	128
Income from derivative financial instruments	19.362	2.403
Foreign exchange income	3.234.737	1.731.164
Loss (-)	**3.214.942**	**1.704.112**
Loss on capital market transactions	14	-
Loss on derivative financial instruments	4.828	-
Foreign exchange losses	3.210.100	1.704.112
Trading income/loss (net)	**41.395**	**29.583**

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	47.112	57.932
Income from sale of assets	10.767	3.751
Reimbursement for communication expenses	1.947	1.476
Reimbursement for bank statement expenses	112	838
Cheque book charges	433	362
Other income	1.268	935
Total	**61.639**	**65.294**

(Currency - Thousand Turkish Lira)

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	**53.594**	**40.085**
Loans and receivables in III. Group	24.367	26.808
Loans and receivables in IV. Group	16.864	7.951
Loans and receivables in V. Group	9.271	3.023
Doubtful commission, fee and other receivables	3.092	2.303
General provision expenses	**29.916**	**21.981**
Provision expenses for possible losses	-	**60**
Impairment losses on marketable securities	**178**	-
Financial assets at fair value through profit and loss	127	-
Financial assets available for sale	51	-
Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other	**4.316**	**25.124**
Total	**88.004**	**87.250**

TL 29.847 (June 30, 2014: TL 24.592) of the total specific provisions provided for loan and other receivables amounting to TL 53.594 (June 30, 2014: TL 40.085) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 14.176 (June 30, 2014: TL 10.102) of the total general loan loss provisions provided for loan and other receivables amounting to TL 29.916 (June 30, 2014: TL 21.981) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

(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	175.816	144.057
Provision for retirement pay liability	3.230	1.116
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	19.701	14.527
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	7.278	4.205
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	29	-
Depreciation expenses of assets to be disposed	976	539
Impairment expenses of assets held for sale and assets of discontinued operations	1.000	3
Other operating expenses	64.886	50.287
Operating lease expenses	25.555	18.898
Maintenance expenses	3.818	2.436
Advertisement expenses	4.815	3.423
Other expenses	30.698	25.530
Loss on sale of assets	293	233
Other(*)	45.933	30.369
Total	**319.142**	**245.336**

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	15.965	10.641
Taxes, Duties, Charges and Funds	12.112	9.425
Expertise and Information Expenses	7.567	3.395
Audit and Consultancy Fees	3.254	3.635
Other	7.035	3.273
Total	**45.933**	**30.369**

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

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

(Currency - Thousand Turkish Lira)

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

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

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	177.645	152.895
Tax calculated with tax rate of 20%	35.529	30.579
Other additions and disallowable expenses	14.774	5.275
Deductions	(7.772)	(5.314)
Provision for current taxes	42.531	30.540
Provision for deferred taxes	5.325	4.486
Continuing Operations Tax Provision	37.206	35.026

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

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

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

11. Explanations on net income/ loss:

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

None.

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

None.

c) Income / loss of minority interest:

None.

(Currency - Thousand Turkish Lira)

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

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

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	16.610	13.574
Clearing room fees and commissions	7.228	4.130
Commissions on money orders	4.936	7.805
Appraisal fees	5.441	2.782
Insurance and brokerage commissions	4.212	1.928
Other	6.274	5.505
Total	**44.701**	**35.724**

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commisions	5.987	5.481
Credit cards fees and commisions	4.226	2.865
Member firm-POS fees and commisions	4.333	2.818
Other	7.837	3.174
Total	**22.383**	**14.338**

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

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

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

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

(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	-	-	5	-	50.238	69.492
Balance at the end of the period	-	-	3	-	10.372	56.272
Profit share and commission income received	1.104	-	-	-	7.894	197

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	-	-	28	-	1.476	15.514
Balance at end of period	-	-	5	-	50.238	69.492
Profit share and commission income received	-	-	-	-	150	88

(*) defined under Banking Law numbered 5411 in article 49 and "Communiqué Related to Credit Operations of Banks" in article 4 published on November 1, 2006.

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

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect Shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	1.594	5.703	5.354	3.224	248.343	185.192
Balance at the end of period	11.813	1.594	5.181	5.354	410.766	248.343
Profit share expense	250	269	90	71	7.382	3.046

(*) As of June 30, 2015 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 246.477.944 and EURO 84.079.390 (December 31,2014: USD 241.859.711 and EURO 100.017.980). The profit share expense relating to such borrowings for the period between January 1, 2015 – June 30, 2015 is TL 7.216 (June 30, 2014: 8.756 TL).
The Bank has issued Sukuk in the amounts of USD 350.000.000 through "Bereket Varlık Kiralama A.Ş" which exists in the risk group of the Bank. The expense for the related issue is TL 29.302 as of June 30, 2015.

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 June 30, 2015; the Bank has paid TL 7.808 (June 30, 2014: TL 6.467) to top management.

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

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

IX. Explanations related to subsequent events:

None.

Section six

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

None.

Section seven

Limited review report

I. Explanations on independent auditors' limited review report:

The Bank's unconsolidated financial statements as of and for the period ended June 30, 2015 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a Member Firm of Ernst & Young Global Limited) and the independent auditors' limited review report dated August 6, 2015 is presented at the beginning of the financial statements and related notes.

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

None.

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

Albaraka Türk Katılım Bankası Anonim Şirketi

Unconsolidated financial statements including independent auditors' limited review report for the interim period ended June 30, 2014

Building a better working world

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

Independent auditors' limited review report

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

We have reviewed the accompanying unconsolidated balance sheet of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") as of June 30, 2014 and the unconsolidated statements of income, unconsolidated statement of income and expense items accounted under equity, unconsolidated cash flows and unconsolidated changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. As independent auditors, our responsibility is to issue a report based on the review performed on these financial statements.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Albaraka Türk Katılım Bankası A.Ş. as of June 30, 2014 and the results of its operations and its cash flows for the period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency.

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

Damla Harman, SMMM
Partner in charge

August 8, 2014
Istanbul, Turkey

A member firm of Ernst & Young Global Limited

alBaraka

UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş. AS OF AND FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2014

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

The unconsolidated interim financial report for the six months period 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
- LIMITED REVIEW REPORT

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

August 8, 2014

Adnan Ahmed Yusuf ABDULMALEK Chairman of the Board of Directors	**Fahrettin YAHŞI** General Manager
Melikşah UTKU 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:

Name-Surname / Title	: Yunus AHLATCI / Budget and Financial Reporting / Vice Manager
Telephone	: 00 90 216 666 01 99
Facsimile	: 00 90 216 666 16 11

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Explanations and notes on the unconsolidated financial statements

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Limited review report

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 175 (December 31, 2013: 166) local branches and 1 (December 31, 2013: 1) foreign branch and with 3.212 (December 31, 2013: 3.057) staff as of June 30, 2014.

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

As of June 30, 2014, 54,06% (December 31, 2013: %54,06) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 23,42% (December 31, 2013: %23,08) of the shares are publicly traded and quoted at Borsa İstanbul.

(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 ALSHAMSI	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 Al- HASHIMI	Member of BOD	Bachelor	(*) 0,0000
	Ass. Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
General Manager	Fahrettin YAHŞİ	Member of BOD /General Manager	Master	-
Assistant General Managers	Mehmet Ali VERÇİN	Corporate Marketing, Treasury Marketing, Investment Projects	Bachelor	-
	Nihat BOZ	Legal Advisory, Legal Follow-up	Bachelor	0,0048
	Temel HAZIROĞLU	Human Values, Training & Organisation, Performance & Career Management, Administrative Affairs, Financial Affairs	Bachelor	0,0342
	Bülent TABAN	Commercial Marketing, Commercial Products Management, Regional Offices	Master	-
	Turgut SİMİTCİOĞLU	Credit Operations, Banking Services Operations, Foreign Affairs Operations, Payment Systems Operations, Risk Follow-up	Master	-
	Melikşah UTKU	Project Management, Software Development, IT Support, IT Strategy & Governance, Budget & Financial Reporting	Master	-
	Mahmut Esfa EMEK	Corporate Credits, Commercial Credits, Retail Credits, Credit Management & Monitoring	Bachelor	-
	Ayhan KESER	Retail Marketing, Alternative Distribution Channels, Retail Products Management, Financial Institutions	Bachelor	-
Audit Committee	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(*) 0,0000

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

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0396% of the Bank's share capital (December 31,2013: 0,0396%).

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

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

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

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

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions which are deducted from equity or not included in these three methods:

The Bank did not consolidate its associate Kredi Garanti Fonu A.Ş. considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. Moreover, the financial statements of the Bank's structured entity, Albaraka Türk Sukuk Limited, which is not a subsidiary but over which the Parent Bank exercises 100% control, are not consolidated in the accompanying financial statements considering the materiality principle. Katılım Emeklilik ve Hayat A.Ş, an entity under common control, is consolidated through equity method in the consolidated financial statements. Bereket Varlık Kiralama A.Ş., a subsidiary of the Bank is consolidated using full consolidation method. The Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., a subsidiary of the Bank, through equity method and full consolidation method, 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.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS		Notes (Section Five-I)	THOUSAND TURKISH LIRA					
			CURRENT PERIOD (30/06/2014)			PRIOR PERIOD (31/12/2013)		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	224.903	2.224.949	2.449.852	246.414	2.036.267	2.282.681
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)	(2)	7.403	2	7.405	4.769	22	4.791
2.1	Trading Financial Assets		7.403	2	7.405	4.769	22	4.791
2.1.1	Public Sector Debt Securities		-	-	-	-	-	-
2.1.2	Equity Securities		4.871	-	4.871	4.764	-	4.764
2.1.3	Derivative Financial Assets Held for Trading		2.403	-	2.403	-	-	-
2.1.4	Other Marketable Securities		129	2	131	5	22	27
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)	439.469	1.692.362	2.131.831	625.878	752.830	1.378.708
IV.	MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V.	FINANCIAL ASSETS-AVAILABLE FOR SALE (net)	(4)	408.885	124.945	533.830	127.575	113.315	240.890
5.1	Equity Securities		15	1.499	1.514	15	1.528	1.543
5.2	Public Sector Debt Securities		398.760	86.920	485.680	117.550	83.973	201.523
5.3	Other Marketable Securities		10.110	36.526	46.636	10.010	27.814	37.824
VI.	LOANS AND RECEIVABLES	(5)	10.857.864	1.686.629	12.544.493	10.403.976	1.583.604	11.987.580
6.1	Loans and Receivables		10.834.988	1.686.527	12.521.515	10.377.759	1.583.581	11.961.340
6.1.1	Loans to Risk Group of The Bank		36.963	-	36.963	1.504	-	1.504
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		10.798.025	1.686.527	12.484.552	10.376.255	1.583.581	11.959.836
6.2	Non-performing loans		283.175	8.809	291.984	278.968	700	279.668
6.3	Specific Provisions (-)		260.299	8.707	269.006	252.751	677	253.428
VII.	INVESTMENTS HELD TO MATURITY (net)	(6)	730.126	-	730.126	745.390	-	745.390
VIII.	INVESTMENTS IN ASSOCIATES (net)	(7)	4.211	-	4.211	4.211	-	4.211
8.1	Accounted for under Equity Method		-	-	-	-	-	-
8.2	Unconsolidated Associates		4.211	-	4.211	4.211	-	4.211
8.2.1	Financial Associates		4.211	-	4.211	4.211	-	4.211
8.2.2	Non-Financial Associates		-	-	-	-	-	-
IX.	SUBSIDIARIES (net)	(8)	250	-	250	250	-	250
9.1	Unconsolidated Financial Subsidiaries		250	-	250	250	-	250
9.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X.	JOINT VENTURES (net)	(9)	10.500	-	10.500	5.500	-	5.500
10.1	Accounted for under Equity Method		-	-	-	-	-	-
10.2	Unconsolidated		10.500	-	10.500	5.500	-	5.500
10.2.1	Financial Joint Ventures		10.500	-	10.500	5.500	-	5.500
10.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XI.	LEASE RECEIVABLES	(10)	193.113	-	193.113	72.321	-	72.321
11.1	Finance Lease Receivables		222.569	-	222.569	85.893	-	85.893
11.2	Operational Lease Receivables		-	-	-	-	-	-
11.3	Other		-	-	-	-	-	-
11.4	Unearned Income (-)		29.456	-	29.456	13.572	-	13.572
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)	397.799	1.867	399.666	378.689	1.925	380.614
XIV.	INTANGIBLE ASSETS (net)	(13)	17.667	540	18.207	15.335	594	15.929
14.1	Goodwill		-	-	-	-	-	-
14.2	Other		17.667	540	18.207	15.335	594	15.929
XV.	INVESTMENT PROPERTY (net)	(14)	-	-	-	-	-	-
XVI.	TAX ASSET	(15)	4.289	-	4.289	10.914	-	10.914
16.1	Current Tax Asset		3.663	-	3.663	2.558	-	2.558
16.2	Deferred Tax Asset		626	-	626	8.356	-	8.356
XVII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(16)	20.923	150	21.073	28.253	154	28.407
17.1	Assets Held for Sale		20.923	150	21.073	28.253	154	28.407
17.2	Assets of Discontinued Operations		-	-	-	-	-	-
XVIII.	OTHER ASSETS	(17)	80.133	4.637	84.770	56.113	2.254	58.367
	TOTAL ASSETS		13.397.535	5.736.081	19.133.616	12.725.588	4.490.965	17.216.553

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 (30/06/2014)			PRIOR PERIOD (31/12/2013)		
			TL	FC	Total	TL	FC	Total
I.	**FUNDS COLLECTED**	(1)	**7.893.121**	**5.778.507**	**13.671.628**	**7.518.851**	**5.007.361**	**12.526.212**
1.1	Funds from Risk Group of The Bank		54.389	299.299	353.688	23.152	170.967	194.119
1.2	Other		7.838.732	5.479.208	13.317.940	7.495.699	4.836.394	12.332.093
II.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**	(2)	-	-	-	**2.804**	-	**2.804**
III.	**FUNDS BORROWED**	(3)	-	**2.731.067**	**2.731.067**	-	**2.035.816**	**2.035.816**
IV.	**BORROWINGS FROM MONEY MARKETS**		-	-	-	**144.775**	-	**144.775**
V.	**SECURITIES ISSUED (net)**		-	-	-	-	-	-
VI.	**MISCELLANEOUS PAYABLES**		**406.429**	**49.949**	**456.378**	**307.767**	**21.407**	**329.174**
VII.	**OTHER LIABILITIES**	(4)	-	-	-	-	-	-
VIII.	**LEASE PAYABLES**	(5)	-	-	-	-	-	-
8.1	Finance Lease Payables		-	-	-	-	-	-
8.2	Operational Lease Payables		-	-	-	-	-	-
8.3	Other		-	-	-	-	-	-
8.4	Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
IX.	**DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES**	(6)	-	-	-	-	-	-
9.1	Fair Value Hedge		-	-	-	-	-	-
9.2	Cash Flow Hedge		-	-	-	-	-	-
9.3	Net Foreign Investment Hedge		-	-	-	-	-	-
X.	**PROVISIONS**	(7)	**147.027**	**64.676**	**211.703**	**146.944**	**54.519**	**201.463**
10.1	General Provisions		102.187	27.474	129.661	89.117	24.591	113.708
10.2	Restructuring Reserves		-	-	-	-	-	-
10.3	Reserve for Employee Benefits		26.002	-	26.002	39.465	-	39.465
10.4	Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5	Other Provisions		18.838	37.202	56.040	18.362	29.928	48.290
XI.	**TAX LIABILITY**	(8)	**38.448**	**9**	**38.457**	**46.033**	**35**	**46.068**
11.1	Current Tax Liability		38.448	9	38.457	46.033	35	46.068
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)	-	**424.800**	**424.800**	-	**432.973**	**432.973**
XIV.	**SHAREHOLDERS' EQUITY**	(11)	**1.599.532**	**51**	**1.599.583**	**1.501.799**	**(4.531)**	**1.497.268**
14.1	Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2	Capital Reserves		104.768	51	104.819	97.311	(4.531)	92.780
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Marketable Securities Valuation Reserve		8.005	51	8.056	(211)	(4.531)	(4.742)
14.2.4	Revaluation Reserve on Tangible Assets		95.506	-	95.506	96.712	-	96.712
14.2.5	Revaluation Reserve on Intangible Assets		-	-	-	-	-	-
14.2.6	Investment Property Revaluation Reserve		-	-	-	-	-	-
14.2.7	Bonus Shares From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-
14.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
14.2.9	Accumulated Valuation Differences on Assets Held For Sale and Assets of Discontinued Operations		-	-	-	-	-	-
14.2.10	Other Capital Reserves		1.257	-	1.257	810	-	810
14.3	Profit Reserves		470.137	-	470.137	261.645	-	261.645
14.3.1	Legal Reserves		71.744	-	71.744	59.602	-	59.602
14.3.2	Status Reserves		-	-	-	-	-	-
14.3.3	Extraordinary Reserves		398.393	-	398.393	202.043	-	202.043
14.3.4	Other Profit Reserves		-	-	-	-	-	-
14.4	Profit or Loss		124.627	-	124.627	242.843	-	242.843
14.4.1	Prior Years Profit / (Loss)		6.758	-	6.758	1.434	-	1.434
14.4.2	Current Year Profit / (Loss)		117.869	-	117.869	241.409	-	241.409
14.5	Minority Interest		-	-	-	-	-	-
	TOTAL LIABILITIES		**10.084.557**	**9.049.059**	**19.133.616**	**9.668.973**	**7.547.580**	**17.216.553**

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 (30/06/2014)			PRIOR PERIOD (31/12/2013)		
			TL	FC	Total	TL	FC	Total
A.	**OFF BALANCE SHEET COMMITMENTS (I+II+III)**	(1)	**4.241.983**	**3.684.933**	**7.926.916**	**4.064.280**	**3.567.122**	**7.631.402**
I.	**GUARANTEES AND SURETIES**		**3.132.283**	**3.402.679**	**6.534.962**	**2.956.853**	**3.207.014**	**6.163.867**
1.1.	Letters of Guarantees		3.117.779	2.353.570	5.471.349	2.947.334	2.284.564	5.231.898
1.1.1.	Guarantees Subject to State Tender Law		84.550	17.042	101.592	92.207	23.278	115.485
1.1.2.	Guarantees Given for Foreign Trade Operations		493	785.496	785.989	280	814.268	814.548
1.1.3.	Other Letters of Guarantee		3.032.736	1.551.032	4.583.768	2.854.847	1.447.018	4.301.865
1.2.	Bank Loans		-	22.691	22.691	-	23.524	23.524
1.2.1.	Import Letter of Acceptances		-	22.691	22.691	-	23.524	23.524
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letter of Credits		7.997	500.271	508.268		482.011	482.011
1.3.1.	Documentary Letter of Credits		-	-	-	-	-	-
1.3.2.	Other Letter of Credits		7.997	500.271	508.268	-	482.011	482.011
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Other Guarantees		1.582	469.250	470.832	937	355.427	356.364
1.7.	Other Collaterals		4.925	56.897	61.822	8.582	61.488	70.070
II.	**COMMITMENTS**	(1)	**897.249**	**72.254**	**969.503**	**813.111**	**63.108**	**876.219**
2.1.	Irrevocable Commitments		897.249	72.254	969.503	813.111	63.108	876.219
2.1.1.	Asset Purchase and Sale Commitments		18.099	72.132	90.231	2.401	62.982	65.383
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		-	-	-	5.000	-	5.000
2.1.3.	Loan Granting Commitments		46.838	-	46.838	45.428	-	45.428
2.1.4.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6.	Payment Commitment for Cheques		330.204	-	330.204	297.235	-	297.235
2.1.7.	Tax And Fund Liabilities from Export Commitments		1.373	-	1.373	1.445	-	1.445
2.1.8.	Commitments for Credit Card Expenditure Limits		498.760	-	498.760	458.540	-	458.540
2.1.9.	Commitments for Promotions Related with Credit Cards and Banking Activities		445	-	445	369	-	369
2.1.10.	Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11.	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments		1.530	122	1.652	2.693	126	2.819
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	(2)	212.451	**210.000**	**422.451**	**294.316**	**297.000**	**591.316**
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		212.451	210.000	422.451	294.316	297.000	591.316
3.2.1	Forward Foreign Currency Buy/Sell Transactions		212.451	210.000	422.451	294.316	297.000	591.316
3.2.1.1	Forward Foreign Currency Transactions-Buy		212.451	-	212.451	294.316	-	294.316
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	210.000	210.000	-	297.000	297.000
3.2.2.	Other Forward Buy/Sell Transactions		-	-	-	-	-	-
3.3.	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		24.858.573	**3.964.746**	**28.823.319**	**22.641.233**	**3.855.845**	**26.497.078**
IV.	**ITEMS HELD IN CUSTODY**		1.106.693	**1.172.964**	**2.279.657**	**1.660.275**	**1.293.437**	**2.953.712**
4.1.	Assets Under Management		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		72	-	72	72	-	72
4.3.	Cheques Received for Collection		829.449	78.259	907.708	701.874	89.326	791.200
4.4.	Commercial Notes Received for Collection		253.064	20.579	273.643	235.972	23.262	259.234
4.5.	Other Assets Received for Collection		103	-	103	104	-	104
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		7.997	765.250	773.247	-	720.711	720.711
4.8.	Custodians		16.008	308.876	324.884	722.253	460.138	1.182.391
V.	**PLEDGED ITEMS**		**23.751.880**	**2.791.782**	**26.543.662**	**20.980.958**	**2.562.408**	**23.543.366**
5.1.	Marketable Securities		1.401.436	1.064.738	2.466.174	689.548	714.909	1.404.457
5.2.	Guarantee Notes		1.508.377	165.114	1.673.491	1.415.238	172.025	1.587.263
5.3.	Commodity		865.831	341.851	1.207.682	762.432	321.208	1.083.640
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		18.543.257	723.484	19.266.741	16.616.802	787.750	17.404.552
5.6.	Other Pledged Items		1.378.281	488.612	1.866.893	1.448.353	542.198	1.990.551
5.7.	Pledged Items-Depository		54.698	7.983	62.681	48.585	24.318	72.903
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		-	-	-	-	-	-
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		29.100.556	**7.649.679**	**36.750.235**	**26.705.513**	**7.422.967**	**34.128.480**

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 (01/01-30/06/2014)	PRIOR PERIOD (01/01-30/06/2013)	CURRENT PERIOD (01/04-30/06/2014)	PRIOR PERIOD (01/04-30/06/2013)
I.	PROFIT SHARE INCOME	(1)	694.418	542.701	375.879	268.535
1.1	Profit Share on Loans		645.253	517.712	349.581	255.585
1.2	Income Received from Reserve Deposits		-	-	-	-
1.3	Income Received from Banks		1.384	616	350	270
1.4	Income Received from Money Market Placements		-	-	-	-
1.5	Income Received from Marketable Securities Portfolio		42.016	21.958	22.831	11.631
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		16.601	4.504	10.194	2.188
1.5.4	Investments Held to Maturity		25.415	17.454	12.637	9.443
1.6	Finance Lease Income		5.765	2.415	3.117	1.049
1.7	Other Profit Share Income		-	-	-	-
II.	PROFIT SHARE EXPENSE	(2)	365.644	245.436	193.414	122.069
2.1	Expense on Profit Sharing Accounts		316.954	222.282	165.928	107.649
2.2	Profit Share Expense on Funds Borrowed		36.082	23.154	17.614	14.420
2.3	Profit Share Expense on Money Market Borrowings		12.608	-	9.872	-
2.4	Profit Share Expense on Securities Issued		-	-	-	-
2.5	Other Profit Share Expense		-	-	-	-
III.	NET PROFIT SHARE INCOME (I – II)		328.774	297.265	182.465	146.466
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		61.656	54.901	32.064	29.213
4.1	Fees and Commissions Received		76.250	67.927	40.136	35.763
4.1.1	Non-Cash Loans		40.526	40.282	20.867	21.057
4.1.2	Other	(12)	35.724	27.645	19.269	14.706
4.2	Fees and Commissions Paid		14.594	13.026	8.072	6.550
4.2.1	Non-Cash Loans		256	277	161	129
4.2.2	Other	(12)	14.338	12.749	7.911	6.421
V.	DIVIDEND INCOME	(3)	174	459	174	459
VI.	TRADING INCOME/LOSS(net)	(4)	29.583	13.826	12.581	5.861
6.1	Capital Market Transaction Income / (Loss)		128	386	123	(373)
6.2.	Income / (Loss) from Derivative Financial Instruments		2.403	-	(157)	-
6.3	Foreign Exchange Income / (Loss)		27.052	13.440	12.615	6.234
VII.	OTHER OPERATING INCOME	(5)	65.294	71.355	24.187	12.546
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		485.481	437.806	251.471	194.545
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	87.250	124.519	62.552	39.428
X.	OTHER OPERATING EXPENSES (-)	(7)	245.336	185.727	116.555	95.494
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		152.895	127.560	72.364	59.623
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)	152.895	127.560	72.364	59.623
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(35.026)	(27.470)	(16.073)	(13.243)
16.1	Provision for Current Taxes		(30.540)	(28.907)	(13.129)	(13.765)
16.2	Provision for Deferred Taxes		(4.486)	1.437	(2.944)	522
XVII.	NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	117.869	100.090	56.291	46.380
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)	117.869	100.090	56.291	46.380
23.1	Group's Income/Loss		117.869	100.090	56.291	46.380
23.2	Minority Interest		-	-	-	-
	Earnings Per Share (Full TL)		0,131	0,111	0,063	0,052

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY

	STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	THOUSAND TURKISH LIRA CURRENT PERIOD (01/01-30/06/2014)	PRIOR PERIOD (01/01-30/06/2013)	CURRENT PERIOD (01/04-30/06/2014)	PRIOR PERIOD (01/04-30/06/2013)
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	15.998	(3.982)	9.731	(3.332)
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(210)	92	(147)	91
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	11	5	1.014	-
VIII.	OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	223	-	223	-
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	(3.244)	796	(1.991)	666
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	12.778	(3.089)	8.830	(2.575)
XI.	PROFIT/LOSS	117.869	100.090	56.291	46.380
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	117.869	100.090	56.291	46.380
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	130.647	97.001	65.121	43.805

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
	PRIOR PERIOD (01/01/2013-30/06/2013)																	
I.	**Beginning balance**	(V)	900.000	-	-	-	49.966	-	18.954	(28)	191.835	891	1.193	55.522	-	-	-	1.218.333
	Changes In Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(3.982)	-	-	-	-	(3.982)
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-		-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Assets Revaluation Differences		-	-	-	-	-		-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-			-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-			-	92	-	-	-	-	-	-	-	92
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		-	-	-	-	-	-	-	-	-	719	796	(714)	-	-	-	801
XVII.	Period Net Income/(Loss)		-	-	-	-	-	-	-	-	100.090	-	-	-	-	-	-	100.090
XVIII.	Profit Distribution		-	-	-	-	9.636	-	183.089	-	(191.835)	(890)	-	-	-	-	-	-
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers To Reserves		-	-	-	-	9.636	-	183.089	-	-	(192.725)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(191.835)	191.835	-	-	-	-	-	-
	Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	59.602	-	202.043	64	100.090	720	(1.993)	54.808	-	-	-	1.315.334

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 (01/01/2014-30/06/2014)																	
I.	Beginning balance	(V)	900.000	-	-	-	59.602	-	202.043	810	241.409	1.434	(4.742)	96.712	-	-	-	1.497.268
	Changes In Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	15.998	-	-	-	-	15.998
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	(210)	-	-	-	-	-	-	-	(210)
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		-	-	-	-	-	-	-	657	-	3.907	(3.200)	(1.206)	-	-	-	158
XVII.	Period Net Income/(Loss)		-	-	-	-	-	-	-	-	117.869	-	-	-	-	-	-	117.869
XVIII.	Profit Distribution		-	-	-	-	12.142	-	196.350	-	(241.409)	1.417	-	-	-	-	-	(31.500)
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	(31.500)	-	-	-	-	-	(31.500)
18.2	Transfers To Reserves		-	-	-	-	12.142	-	196.350	-	-	(208.492)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(241.409)	241.409	-	-	-	-	-	-
	Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	71.744	-	398.393	1.257	117.869	6.758	8.056	95.506	-	-	-	1.599.583

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 CASH FLOWS

(THOUSAND TL)

	STATEMENT OF CASH FLOWS	Notes	THOUSAND TURKISH LIRA CURRENT PERIOD (01/01/2014-30/06/2014)	PRIOR PERIOD (01/01/2013-30/06/2013)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	**Operating Profit Before Changes In Operating Assets And Liabilities**		**301.966**	**369.297**
1.1.1	Profit Share Income Received		572.049	512.662
1.1.2	Profit Share Expense Paid		(366.323)	(235.697)
1.1.3	Dividend Received		174	459
1.1.4	Fees and Commissions Received		119.779	104.640
1.1.5	Other Income		42.682	68.381
1.1.6	Collections from Previously Written Off Loans	(V-I-5,h2)	24.596	70.106
1.1.7	Payments to Personnel and Service Suppliers		(144.057)	(109.193)
1.1.8	Taxes Paid		(49.000)	(36.392)
1.1.9	Others		102.066	(5.669)
1.2	**Changes in operating assets and liabilities**		**189.570**	**(624.784)**
1.2.1	Net (Increase) Decrease in Available For Sale Financial Assets		(2.614)	(1.055)
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		(143.982)	(540.328)
1.2.4	Net (Increase) Decrease in Loans		(858.817)	(1.262.076)
1.2.5	Net (Increase) Decrease in Other Assets		(37.897)	46.027
1.2.6	Net Increase (Decrease) in Funds Collected From Banks		-	-
1.2.7	Net Increase (Decrease) in Other Funds Collected		1.136.984	728.972
1.2.8	Net Increase (Decrease) in Funds Borrowed		(8.000)	386.199
1.2.9	Net Increase (Decrease) in Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities		103.896	17.477
I.	**Net Cash Flow From Banking Operations**		**491.536**	**(255.487)**
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	**Net cash flow from investing activities**		**(262.213)**	**(232.064)**
2.1	Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		(5.000)	-
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3	Fixed Assets Purchases		(24.402)	(39.020)
2.4	Fixed Assets Sales		(4.251)	8.898
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		(269.239)	-
2.6	Cash Obtained from Sale of Financial Assets Available for Sale		-	-
2.7	Cash Paid for Purchase of Investment Securities	(V-I-6.4)	-	(274.378)
2.8	Cash Obtained from Sale of Investment Securities	(V-I-6.4)	40.679	72.436
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	**Net cash flow from financing activities**		**534.276**	**295.385**
3.1	Cash Obtained from Funds Borrowed and Securities Issued		565.966	295.385
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3	Issued Capital Instruments		-	-
3.4	Dividends Paid		(31.500)	-
3.5	Payments for Finance Leases		-	-
3.6	Other		(190)	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**2.324**	**21.853**
V.	**Net (Decrease) Increase in Cash and Cash Equivalents**		**765.923**	**(170.313)**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**		**1.881.992**	**1.362.144**
VII.	**Cash and Cash Equivalents at the End of the Period**		**2.647.915**	**1.191.831**

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

Section three

Accounting policies

I. Explanations on basis of presentation:

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

The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC"), and Turkish Tax Legislation.

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette numbered 28337 dated June 28, 2012.

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, 2013. The accounting policies and valuation principles used in the preparation of unconsolidated financial statements are explained in Notes II and XXII below.

TAS/TFRS changes which are effective from January 1, 2014 (TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended), TRFS Interpretation 21 Levies, Amendments to TAS 36 - (Recoverable Amount Disclosures for Non-Financial assets), Amendments to TAS 39 - Novation of Derivatives and Continuation of Hedge Accounting, TFRS 10 Consolidated Financial Statements (Amendment)) do not have a significant effect on the Bank's accounting policies, financial position or performance.

The effects of TFRS 9, "Financial Instruments" which has not been implemented yet, are under evaluation by the Bank. The standard which the Bank did not early adopt will primarily have an effect on the classification and measurement of the Bank's financial assets. The Bank is currently assessing the impact of adopting TFRS 9. However, as the impact of adoption depends on the assets held by the Bank at the date of adoption itself, it is not practical or possible to quantify the effect at this stage. As of the date of these financial statements, the other TAS/TFRS standards announced but not yet effective are not expected to have significant impact on the Bank's accounting policies, financial position and performance.

I. Explanations on basis of presentation (continued):

"Communiqué related to Changes in Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated January 23, 2011 and numbered 27824 has set out the financial statement formats for the banks which selected to early adopt TFRS 9 (In accordance with the Communiqué related to Changes in Communiqué on TFRS 9 "Financial Instruments" published in the Official Gazette dated December 30, 2012 numbered 28513 , the effective date of the mentioned Communiqué has been changed as December 31, 2014 which was previously January 1, 2013) "Financial Instruments" before January 1, 2015. 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 unconsolidated financial statements are prepared in accordance with the historical cost basis except for the financial assets at fair value through profit and loss, financial assets-available for sale and immovables which are reflected at fair values.

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:

Accompanying financial statements are subjected to TAS 29 "Financial Reporting in Hyperinflationary Economies" until December 31, 2004 and with regard to this the BRSA explained with its decision numbered 1623 and dated April 21, 2005 and its circular dated April 28, 2005 that the conditions for applying inflation accounting was no longer applicable and accordingly inflation accounting has not been applied in the accompanying financial statements starting from January 1, 2005.

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

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

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

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

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

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

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

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

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

There are no foreign currency differences capitalized by the Bank.

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

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

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

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

As of the balance sheet date, there are no embedded derivatives and no derivative instruments formed through separation from the host contract.

IV. Explanations on profit share income and expenses:

Profit share income

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

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

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

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

Profit share expense

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

V. Explanations on fees, commission income and expenses:

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

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

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

VI. Explanations on financial assets:

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

Financial assets at fair value through profit or loss:

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

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

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

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

VI. Explanations on financial assets (continued):

As of June 30, 2014, 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.

Loans and receivables:

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

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

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

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.

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

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

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

If there is objective evidence indicating that the fair value of a financial asset available for sale, for which decreases in the fair value has been accounted in the equity, has been impaired then the total loss which was accounted directly under the equity is deducted from equity and transferred to the income statement.

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

VIII. Explanations on offsetting of financial instruments:

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

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.

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

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.

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 authorized real estate appraisal firm to the financial statements. As of December 31, 2013, 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.

XII. Explanations on tangible assets (continued):

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

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

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

If there is an indication for impairment, the Bank estimates the recoverable amount of the tangible asset in accordance 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 prepaid lease payments made under operational leases are charged to income statement on a straight line basis over the period of the lease.

Transactions as a lessor

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

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.

XV. Explanations on liabilities regarding employee rights:

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. Actuarial gains and losses generated after January 1, 2013, are accounted for under equity in accordance with the revised TAS 19 standard. As of June 30, 2014, actuarial gain amounts to TL 223 (December 31, 2013 : TL 420).

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

XVI. Explanations on taxation:

Current tax:

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

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

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

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

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

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

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

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

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

XVI. Explanations on taxation (continued):

Deferred tax:

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

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

Transfer pricing:

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

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

XVII. Additional explanations on borrowings:

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

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

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

XX. Explanations on government grants:

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

XXI. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note XIII.

XXII. Explanations on other matters:

None.

XXIII. Additional paragraph for convenience translation:

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

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 numbered 28337 dated June 28, 2012 starting from July 1, 2012. As of June 30, 2014, the Bank's unconsolidated capital adequacy ratio calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" is 14,87% (Prior Period- 14,86%).

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 numbered 28337 dated June 28, 2012 and become valid as of July 1, 2012 and the "Regulation on Equities of Banks" published in the Official Gazette numbered 28756 dated September 5, 2013.

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.

(Currency - Thousand Turkish Lira)

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

b) Information on capital adequacy standard ratio:

	Bank								
	%0	%10	%20	%50	%75	%100	%150	%200	%250
Value at Credit Risk	**3.163.749**	**-**	**2.179.612**	**4.663.860**	**1.833.556**	**7.994.302**	**21.482**	**12.675**	**-**
Risk Categories									
Conditional and unconditional receivables from central governments or central banks	3.001.474	-	-	88.123	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	136.450	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	47	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	1.729.749	494.162	-	130.476	-	-	-
Conditional and unconditional receivables from corporates	-	-	226.953	26.807	-	7.406.762	-	-	-
Conditional and unconditional retail receivables	-	-	83.047	472	1.833.556	17	-	-	-
Conditional and unconditional receivables secured by mortgages on property	-	-	2.647	4.054.296	-	15	-	-	-
Past due receivables	-	-	-	-	-	15.231	870	-	-
Receivables defined in high risk category by BRSA	-	-	766	-	-	-	20.612	12.675	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	162.275	-	-	-	-	441.754	-	-	-

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	Prior Period(*)
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	975.592	911.365
Capital Requirement for Market Risk (MRCR)	11.226	11.622
Capital Requirement for Operational Risk (ORCR)	95.440	77.228
Shareholders' Equity	**2.012.189**	**1.858.124**
Shareholders' Equity/((CRCR+MRCR+ORCR)*12.5*100)	**%14,87**	**%14,86**
Core Capital/((CRCR+MRCR+ORCR) *12,5)*100	**%11,41**	**%10,80**
Tier I Capital/((CRCR+MRCR+ORCR) *12,5)*100	**%11,51**	**-**

(*) Equity calculation has changed as per the "Regulation on Equities of Banks" applicable as of January 1, 2014, figures belonging to prior period are calculated as per former regulation.

(Currency - Thousand Turkish Lira)

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

ç) Details of shareholders' equity accounts:

Current period equity amount is calculated as per "Regulation on Equities of Banks" applicable as of January 1, 2014 published in Offical gazette dated September 5, 2013 numbered 28756.

	June 30 2014
Tier I capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	470.137
Other Comprehensive Income according to TAS	104.819
Profit	124.627
Current Period Profit	117.869
Prior Period Profit	6.758
General Reserves for Possible Losses	117
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I capital before deductions	**1.599.700**
Deductions from tier I capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	-
Leasehold Improvements on Operational Leases (-)	38.679
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	3.480
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	
Mortgage Servicing Rights not deducted (-)	
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total deductions from tier I capital	**42.159**
Total tier I capital	**1.557.541**
Additional core capital	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional core capital before deductions	-
Deductions from additional core capital	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total deductions from additional core capital	-
Total additional core capital	-

(Currency - Thousand Turkish Lira)

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

Deductions from core capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	13.921
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total core capital	**1.543.620**
Tier II capital	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	416.765
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	55.961
Tier II capital before deductions	**472.726**
Deductions from tier ii capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total deductions from tier II capital	**-**
Total tier II capital	**472.726**
Capital	**2.016.346**
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	1.384
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	2.773
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
Equity	**2.012.189**
Amounts lower than excesses as per deduction rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	5.817

(Currency - Thousand Turkish Lira)

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

	December 31, 2013
Core capital	
Paid-in Capital	900.000
Nominal Capital	900.000
Capital Commitments (-)	-
Inflation Adjustments to Paid-in Capital	-
Share Premium	-
Share Cancellation Profits	-
Reserves	262.455
Inflation Adjustments to Reserves	-
Profit	242.843
Current Period Net Profit	241.409
Prior Years' Profits	1.434
Provision for possible losses up to 25% of the core capital	72
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(-)	38.688
Intangible Assets (-)	15.929
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	**1.350.753**
Supplementary capital	
General Loan Loss Reserves	47.378
45% of the Revaluation Reserve for Movable Fixed Assets	-
45% of the Revaluation Reserve for Properties	43.520
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	-
Primary Subordinated Loans Excluded in the Calculation of The Core Capital	-
Secondary Subordinated Loans	424.148
45% of Marketable Securities Value Increase Fund	(4.742)
Indexation Differences For Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-
Total supplementary capital	**510.304**
Capital	**1.861.057**
Deductions from the capital	**2.933**
Shareholdings in Unconsolidated Banks and Financial Institutions (Domestic, Foreign) in which the Bank Owns Ten Percent or More of Capital	250
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	1.391
Securitization Positions to be Deducted from Equity	-
Other	1.292
Total shareholders' equity	**1.858.124**

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

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

(Currency - Thousand Turkish Lira)

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

e) Details on Subordinated Liabilities

Issuer	ABT Sukuk Ltd.
Unique Identifier	-
Governing Law(s) of the Instrument	English Law
Special Consideration in the Calculation of Equity	
As of January 1, 2015 consideration to be subject to a 10% reduction application status	-
Eligible at Unconsolidated / Consolidated	Unconsolidated / Consolidated
Instrument Type	Sukuk Murabaha
Amount recognized in regulatory capital (as of most recent reporting date)	416.765.000
Par Value of Instrument	420.000.000
Accounting Classification	Subordinated Loan
Original date of Issuance	May 7 2013
Perpetual or dated	Dated
Original maturity date	May 7 2013
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last payment date : 07.05.2018 Total repayment amount : USD.77.500.000,- repayment period : 6 months Total Amount : USD.69.750.000,-
Subsequent call dates	-
Profit Share / Dividends	
Fixed or floating profit share / dividend	Fixed
Profit share rate and any related index	7,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or Non-convertible	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	Yes
Details of incompliances with article number 7 and 8 of "Own fund regulation"	-

II. Explanations on credit risk:

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

(Currency - Thousand Turkish Lira)

III. Explanations on market risk:

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 for testing purposes using internal model methods (Value at Risk) and the results are validated by back test analysis. The VaR (Value at Risk) 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 legal capital is stated below.

a) Information related to market risk:

		Amount
(I)	Capital requirement to be employed for general market risk - standard method	390
(II)	Capital requirement to be employed for specific risk - standard method	390
	Capital requirement against specific risks of securitisation positions– standard method	-
(III)	Capital requirement to be employed for currency risk - standard method	10.084
(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	362
(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)	11.226
(X)	Amount subject to market risk (12,5 X VIII) or (12,5 x IX)	140.325

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

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

IV. Explanations on operational risk:

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

(Currency - Thousand Turkish Lira)

V. Explanations on currency risk:

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

a) The Bank is exposed to currency risks as a market risk and tries to balance the currency risks by avoiding to keep any long or short positions. The currency risk of the Bank is monitored on a daily basis. Net foreign currency position / shareholders' equity ratio is also controlled on a daily basis. All foreign currency assets, liabilities and foreign currency forward transactions are taken into consideration while capital requirement to be employed for foreign currency risk is calculated. Standard Method used in legal reporting and amount subject to risk is calculated on a monthly basis.

b) The Bank does not have any derivative financial instruments held for hedging purposes.

c) As a result of the uncertainty and volatility in the markets, foreign currency position is kept at a balance, and accordingly, no currency risk is anticipated. The Bank takes necessary measures to keep the currency risk at a minimum level.

ç) Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of June 30, 2014 - Balance sheet evaluation rate	2,100	2,874
As of June 27, 2014	2,104	2,869
As of June 26, 2014	2,107	2,864
As of June 25, 2014	2,110	2,877
As of June 24, 2014	2,112	2,871
As of June 23, 2014	2,116	2,877

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 2,098 for 1 USD (December 2013 – full TL 2,038), full TL 2,852 for 1 EURO (December 2013 – full TL 2,796).

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	
		June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
USD	10% increase	3.733	4.629	(5)	453
USD	10% decrease	(3.733)	(4.629)	5	(453)
EURO	10% increase	426	548	-	-
EURO	10% decrease	(426)	(548)	-	-

(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	808.071	1.133.477	283.401	2.224.949
Banks	83.146	1.532.606	76.610	1.692.362
Financial assets at fair value through profit and loss	-	-	2	2
Money market placements	-	-	-	-
Available-for-sale financial assets	50	124.895	-	124.945
Loans and financial lease receivables(**)	1.458.993	3.819.853	-	5.278.846
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	1.867	1.867
Intangible assets	-	-	540	540
Other assets (***)	1.114	2.613	1.959	5.686
Total assets	**2.351.374**	**6.613.444**	**364.379**	**9.329.197**
Liabilities				
Current account and funds collected from banks via participation accounts	167.125	381.736	2.638	551.499
Other current and profit sharing accounts	1.326.008	3.578.178	322.822	5.227.008
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	807.047	2.348.820	-	3.155.867
Marketable securities issued	-	-	-	-
Miscellaneous payables	10.881	36.117	2.951	49.949
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	19.422	43.109	2.154	64.685
Total liabilities	**2.330.483**	**6.387.960**	**330.565**	**9.049.008**
Net balance sheet position	**20.891**	**225.484**	**33.814**	**280.189**
Net off balance sheet position	**(25.148)**	**(188.158)**	**(3.094)**	**(216.400)**
Derivative financial instruments assets(****)	-	32.343	523	32.866
Derivative financial instruments liabilities(****)	25.148	220.501	3.617	249.266
Non-cash loans (*****)	921.688	2.447.373	33.618	3.402.679
Prior Period				
Total assets	2.342.048	5.197.465	388.354	7.927.867
Total liabilities	2.300.815	4.894.442	356.854	7.552.111
Net balance sheet position	**41.233**	**303.023**	**31.500**	**375.756**
Net off balance sheet position	**(35.754)**	**(256.730)**	**(2.620)**	**(295.104)**
Derivative financial instruments assets	8.496	21.605	2.338	32.439
Derivative financial instruments liabilities	44.250	278.335	4.958	327.543
Non-cash loans(*****)	852.441	2.343.620	10.953	3.207.014

(*) TL 283.123 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 24.302 of the balance in Banks in other FC column represent precious metals accounts with banks, TL 305.830 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 3.592.217 (December 31, 2013: TL 3.436.101).

(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 899 (December 31, 2013: TL 801) is included in other assets.

(****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 32.866 (December 31, 2013: 32.439) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 39.266 (December 31, 2013: TL 30.543).

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

(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 at Borsa İstanbul.

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 June 30, 2014 and December 31, 2013 are as follows:

June 30,2014	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	172,09	163,43	119,32	110,25
Maximum (%)	241,00	219,31	127,00	118,26
Minimum (%)	119,09	136,11	105,54	101,30

December 31,2013	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	166,23	183,59	128,09	131,86
Maximum (%)	261,07	286,26	156,72	201,10
Minimum (%)	105,34	105,74	107,43	100,83

(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	532.291	1.917.561	-	-	-	-	-	2.449.852
Banks	1.699.221	391.629	40.981	-	-	-	-	2.131.831
Financial Assets at Fair Value Through Profit and Loss	4.871	2.534	-	-	-	-	-	7.405
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1.514	25.197	11.330	78.197	417.592	-	-	533.830
Loans	80.234	1.335.065	1.886.197	4.360.780	4.722.856	329.496	-	12.714.628
Held-To-Maturity Investments	-	-	-	575.260	154.866	-	-	730.126
Other Assets	-	640	83	4.470	5.732	-	555.019	565.944
Total Assets	**2.318.131**	**3.672.626**	**1.938.591**	**5.018.707**	**5.301.046**	**329.496**	**555.019**	**19.133.616**
Liabilities								
Current account and funds collected from banks via participation accounts	110.177	101.145	388.480	17.287	-	-	-	617.089
Other current and profit sharing accounts	2.247.773	7.055.018	2.932.678	792.443	26.627	-	-	13.054.539
Funds provided from other financial institutions	-	527.475	636.638	234.925	1.332.029	424.800		3.155.867
Money Market Borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	119.219	12.667	4.086	-	-	320.406	456.378
Other liabilities	-	25.328	13.129	-	-	-	1.811.286	1.849.743
Total Liabilities	**2.357.950**	**7.828.185**	**3.983.592**	**1.048.741**	**1.358.656**	**424.800**	**2.131.692**	**19.133.616**
Net Liquidity Gap	**(39.819)**	**(4.155.559)**	**(2.045.001)**	**3.969.966**	**3.942.390**	**(95.304)**	**(1.576.673)**	**-**
Prior period								
Total Assets	**1.517.809**	**3.190.580**	**2.091.291**	**4.909.313**	**4.683.449**	**304.631**	**519.480**	**17.216.553**
Total Liabilities	**2.568.063**	**8.616.916**	**1.544.972**	**1.491.862**	**709.310**	**432.973**	**1.852.457**	**17.216.553**
Net Liquidity Gap	**(1.050.254)**	**(5.426.336)**	**546.319**	**3.417.451**	**3.974.139**	**(128.342)**	**(1.332.977)**	**-**

(*) 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.

(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	2.357.950	7.156.163	3.321.158	809.730	26.627	-	13.671.628
Funds Borrowed from Other Financial Institutions	-	536.253	638.033	316.254	1.644.935	550.200	3.685.675
Borrowings from Money Markets	-	-	-	-	-	-	-
Total	2.357.950	7.692.416	3.959.191	1.125.984	1.671.562	550.200	17.357.303
Prior period							
Funds Collected	2.568.063	7.773.719	1.137.226	954.242	92.962	-	12.526.212
Funds Borrowed from Other Financial Institutions	-	578.823	322.760	526.652	632.395	444.585	2.505.215
Borrowings from Money Markets	-	144.475	-	-	-	-	144.475
Total	2.568.063	8.497.017	1.459.986	1.480.894	725.357	444.585	15.175.902

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 (*)	2.847.813	120.347	332.572	1.300.276	837.255	33.086	-	5.471.349
Bank acceptances	22.691	-	-	-	-	-	-	22.691
Letters of credit	468.817	17.736	2.444	14.718	4.553	-	-	508.268
Other commitments and contingencies	-	532.654	-	-	-	-	-	532.654
Total	3.339.321	670.737	335.016	1.314.994	841.808	33.086	-	6.534.962
Prior Period								
Letters of guarantee (*)	2.574.442	295.641	317.747	1.226.349	782.376	35.343	-	5.231.898
Bank acceptances	23.524	-	-	-	-	-	-	23.524
Letters of credit	447.522	27.559	2.645	4.285	-	-	-	482.011
Other commitments and contingencies	-	426.434	-	-	-	-	-	426.434
Total	3.045.488	749.634	320.392	1.230.634	782.376	35.343	-	6.163.867

(*) 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.

VIII. Explanations on securitisation positions:

None.

IX. Explanations on credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized.

The risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at 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 is being made by the firms authorized by Banking Regulation and Supervision Agency 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.

(Currency - Thousand Turkish Lira)

IX. Credit risk mitigation techniques (continued):

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.

Collaterals in terms of Risk Categories:

Risk Categories	Amount(*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	3.089.597	-	-	-
Conditional and unconditional receivables from regional or local governments	136.450	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	47	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	2.354.387	6	-	-
Conditional and unconditional receivables from corporates	7.660.522	253.760	-	21.808
Conditional and unconditional retail receivables	1.917.092	83.519	-	11.625
Conditional and unconditional receivables secured by mortgages on property	4.056.958	-	-	-
Past due receivables	16.101	-	-	-
Receivables defined in high risk category by BRSA	34.053	766	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	604.029	-	-	-

(*) Represents the total risk amount after credit mitigation techniques are applied.

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 is the probability of loss that the bank may be exposed to due to the bank's general market risk, foreign exchange risk, specific risk, commodity risk, settlement risk and counterparty credit risk in trading book.

Exchange rate risk or foreign currency risk which is one of the factors that constitutes market risk, defines the probability of loss due to the effects of possible changes in currency to all the Bank's foreign currency assets and liabilities. 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 the legal authority. 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. Additionally foreign currency risk is reviewed by Assets and Liabilities Committee. The Bank's strategy for the currency risk is keeping it at a balance and not having any short or long position.

X. Explanations on risk management objectives and policies (continued):

Liquidity Risk

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

Funding liquidity risk explains the probability of loss occurs in case of unable to meet the Bank's all anticipated and unanticipated cash flow requirements without damaging daily operations or the financial position.

Market liquidity risk is the probability of loss in case of the Bank's failure to close any position or stabilize market prices due to market depth or over fluctuations.

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. Liquidity risk is evaluated on a weekly basis from Assets and Liabilities committee.

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.

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 misjudgements 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 also takes necessary preventive measures in order to keep operational risk at an acceptable level.

Other Risks

Other risks the Bank is exposed to are strategic risk, reputation risk, counterparty risk, compliance risk, residual risk, country risk, and concentration risk.

The Bank's risk management system, in order to prevent and/or control strategic risks, is prepared against changes in economic, 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.

Residual risk is the risk that arises in case that the risk mitigation techniques are not as effective as expected. Senior management procures the implementation of residual risk management policy and strategy that is approved by Board of Directors. Moreover, It considers maturity match between credit and collateral, some factors like changes due to negative market movements for risk management.

Counterparty credit risk is the probability that one of the parties of a transaction where both sides are imposed with liability becomes default on his liability before the last payment in the cash flow of the transaction. The Bank should manage counterparty credit risk in accordance with the volume, quality and complexity of its activities within the framework of legal legislation.

Compliance risk means those risks which are related to sanctions, financial losses and/ or loss of reputation that the Bank may suffer in the event that the Bank's operations and the attitudes and acts of the Bank's staff members are not in conformity and compliance with the current legislation, regulations and standards. The Head of Legislation and Compliance Unit, who shall be appointed by the Board of Directors, shall be accountable for the purposes of planning, arranging, conducting, managing, assessing, monitoring and coordinating the corporate compliance activities.

X. Explanations on risk management objectives and policies (continued):

Country risk is the probability of loss that the Bank may be exposed to in case borrowers in one country fail or shirk to fulfill their foreign obligations due to uncertainties in economic, social and political conditions. The Bank constitutes its commercial connections with foreign fiscal institutions and countries, as a result of feasibility studies made for country's economic conditions within legal restrictions and through consideration of market conditions and customer satisfaction.

Concentration risk is the probability of experiencing large scale losses due to one single risk amount or risk amounts in particular risk types that may threaten the body of the Bank and the capability of operating its principal activities. Policies in regards to concentration risk are classified as sectoral concentration, concentration to be created on the basis of collateral, concentration on the basis of market risk, concentration on the basis of types of losses, concentration arising from participation fund and other financing providers.

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

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

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

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

(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	1.499.219	11.097.697	2.266.194	4.270.506	19.133.616
Total Liabilities	9.447.763	7.486.467	330.796	1.868.590	19.133.616
Net profit share income/(expense)(*)(**)	(166.372)	446.324	48.822	-	328.774
Net fees and commissions income/(expense)	4.438	53.639	1.588	1.991	61.656
Other operating income /(expense)	113	(28.160)	1.024	(210.512)	(237.535)
Profit/(loss) before tax	(161.821)	471.803	51.434	(208.521)	152.895
Provision for tax	-	-	-	(35.026)	(35.026)
Net profit / (loss) for the period	**(161.821)**	**471.803**	**51.434**	**(243.547)**	**117.869**

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	1.383.561	10.482.611	1.496.617	3.853.764	17.216.553
Total Liabilities	8.358.926	6.880.760	217.852	1.759.015	17.216.553
Net profit share income/(expense)(*)(**)	(93.017)	362.303	27.979	-	297.265
Net fees and commissions income/(expense)	(156)	51.999	(3.327)	6.385	54.901
Other operating income /(expense)	(221)	(19.238)	888	(206.035)	(224.606)
Profit/(loss) before tax	(93.394)	395.064	25.540	(199.650)	127.560
Provision for tax	-	-	-	(27.470)	(27.470)
Net profit / (loss) for the period	**(93.394)**	**395.064**	**25.540**	**(227.120)**	**100.090**

(*) 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.

(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	70.558	72.395	65.105	63.244
CBRT	154.345	2.136.347	181.309	1.967.205
Other (*)	-	16.207	-	5.818
Total	224.903	2.224.949	246.414	2.036.267

(*) Includes precious metals amounting to TL 16.207 as of June 30, 2014 (December 31, 2013: TL 5.818).

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	154.345	218.786	181.309	193.626
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	-	1.917.561	-	1.773.579
Total	154.345	2.136.347	181.309	1.967.205

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 11,5% for TL deposits and other liabilities according to their maturities as of June 30, 2014. The reserve rates for foreign currency liabilities vary between 6% and 13% for deposit and other foreign currency liabilities according to their maturities as of June 30, 2014.

(*) As of June 30, 2014, the reserve requirement held in standard gold is TL 266.916 (December 31, 2013: TL 299.635).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	2.403	-	-	-
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	2.403	-	-	-

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	439.469	813.124	625.878	425.117
Abroad	-	846.640	-	279.352
Foreign head offices and branches	-	32.598	-	48.361
Total	439.469	1.692.362	625.878	752.830

b) Information on foreign bank accounts:

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

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

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

None.

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

	Current Period	Prior Period
Debt securities	532.982	243.121
Quoted on a stock exchange(*)	532.982	243.121
Unquoted	-	-
Share certificates	1.514	1.543
Quoted on a stock exchange	-	-
Unquoted (**)	1.514	1.543
Impairment provision (-)	666	3.774
Total	**533.830**	**240.890**

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

(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	61.365	25.480	45.889	31.349
Corporate shareholders	61.190	25.480	45.682	31.349
Real person shareholders	175	-	207	-
Indirect loans granted to shareholders	36.955	46.241	1.476	15.514
Loans granted to employees	7.864	-	6.179	-
Total	**106.184**	**71.721**	**53.544**	**46.863**

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		
Cash loans	Loans and other receivables (Total)	Restructured or rescheduled		Loans and other receivables (Total)	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Loans	11.946.996	-	-	574.519	245.707	7.839
Export loans	196.271	-	-	2.078	644	-
Import loans	1.380.173	-	-	38.121	13.108	79
Business loans	6.294.250	-	-	417.554	204.599	3.731
Consumer loans	1.418.339	-	-	33.069	11.263	908
Credit cards	153.113	-	-	2.331	-	-
Loans given to financial sector	-	-	-	-	-	-
Other (*)	2.504.850	-	-	81.366	16.093	3.121
Other receivables (**)	-	-	-	-	-	-
Total	**11.946.996**	-	-	**574.519**	**245.707**	**7.839**

(**) Amount of TL 367 consist of extension of repayment plan for financial leasing receivables and presented in the footnote 10-c.

(*) Details of other loans are provided below:

Commercial loans with installments	1.046.142
Other investment credits	570.406
Loans given to abroad	338.865
Profit and loss sharing investments (***)	203.077
Loans for purchase of marketable securities for customer	406.095
Other	21.631
Total	**2.586.216**

(***) As of June 30, 2014, the related balance represents profit and loss sharing investment projects (11 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 26.216 (June 30, 2013: TL 14.055) income in the accompanying financial statements in relation to such loans.

(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	-	246.074
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	-	12.421
6 - 12 months	-	10.345
1 - 2 years	-	26.769
2 - 5 years	-	152.943
5 years and over	-	43.596

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

As of June 30, 2014, the Bank does not have any loan receivables arising from rescheduled loans within the scope of related Communiqué.

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

As of June 30, 2014, the Bank does not have any loan receivables arising from rescheduled loans within the scope of related Communiqué.

c) Maturity analysis of cash loans:

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

(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	**8.726**	**1.437.782**	**1.446.508**
Housing loans	3.558	1.250.944	1.254.502
Vehicle loans	3.252	80.704	83.956
Consumer loans	601	2.382	2.983
Other	1.315	103.752	105.067
Consumer loans-FC indexed	**80**	**50**	**130**
Housing loans	80	50	130
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	**52.533**	**2.285**	**54.818**
With installment	19.136	1.910	21.046
Without installment	33.397	375	33.772
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	**3.045**	**1.725**	**4.770**
Housing loans	-	198	198
Vehicle loans	42	1.107	1.149
Consumer loans	3.003	353	3.356
Other	-	67	67
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	**2.967**	**127**	**3.094**
With installment	1.510	114	1.624
Without installment	1.457	13	1.470
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	**67.351**	**1.441.969**	**1.509.320**

(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	**667.023**	**111.542**	**778.565**
Business loans	158.676	15.558	174.234
Vehicle loans	160.658	3.087	163.745
Consumer loans	33	-	33
Other	347.656	92.897	440.553
Commercial installment loans-FC indexed	**261.575**	**6.002**	**267.577**
Business loans	92.505	3.181	95.686
Vehicle loans	21.857	234	22.091
Consumer loans	36	-	36
Other	147.177	2.587	149.764
Commercial installment Loans-FC	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	**94.560**	**2.972**	**97.532**
With installment	15	2.084	2.099
Without installment	94.545	888	95.433
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC(legal entity)	-	-	-
Total	**1.023.158**	**120.516**	**1.143.674**

e) Allocation of loans by customers:

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

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	12.182.650	11.549.770
Foreign loans	338.865	411.570
Total	**12.521.515**	**11.961.340**

g) Loans granted to subsidiaries and associates:

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

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

ğ) Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectibility	26.351	25.660
Loans and receivables with doubtful collectibility	37.933	64.539
Uncollectible loans and receivables	194.929	154.798
Total	**259.213**	**244.997**

In addition to specific provision for loans amounting TL 259.213 (December 31, 2013: TL 244.997), provision amounting to TL 9.793 (December 31, 2013: TL 8.431) have been provided for fees and commissions and other receivables with doubtful collectibility which sums up to total TL 269.006 (December 31, 2013: TL 253.428). Specific provision for loans amounting to TL 168.916 (December 31, 2013: TL 161.892) 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 collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	-	-	20.290
Restructured loans and other receivables	-	-	20.290
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before special provisions)	-	-	19.311
Restructured loans and other receivables	-	-	19.311
Rescheduled loans and other receivables	-	-	-

h.2) Movements of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Closing balance of prior period	31.036	73.087	167.114
Additions in the current period (+)	38.421	131	1.642
Transfers from other categories of non-performing loans (+)	-	36.568	56.483
Transfers to other categories of non-performing loans (-)	36.568	58.627	-
Collections in the current period (-)	3.632	8.838	11.387
Write offs (-)	-	-	3.239
Corporate and commercial loans	-	-	2.874
Retail loans	-	-	365
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	29.257	42.321	210.613
Specific provisions (-)	26.351	37.933	194.929
Net balance at the balance sheet	**2.906**	**4.388**	**15.684**

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

Non-performing loans and receivables in the amount of TL 282.191 (December 31, 2013: TL 271.237) comprise TL 167.133 (December 31, 2013: TL 160.586) 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 9.793 (December 31, 2013: TL 8.431). In the current period, collections from fees, commissions and other receivables with doubtful collectibility amounted to TL 1.275.

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period:			
Period end balance	8.123	-	686
Specific provision (-)	8.021	-	686
Net balance on balance sheet	**102**	**-**	**-**
Prior period:			
Period end balance	-	-	700
Specific provision (-)	-	-	677
Net balance on balance sheet	**-**	**-**	**23**

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)	**2.906**	**4.388**	**15.684**
Loans to individuals and corporates (gross)	29.257	42.321	210.613
Specific provision (-)	26.351	37.933	194.929
Loans to individuals and corporates (net)	**2.906**	**4.388**	**15.684**
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior period (net)	**5.376**	**8.548**	**12.316**
Loans to individuals and corporates (gross)	31.036	73.087	167.114
Specific provision (-)	25.660	64.539	154.798
Loans to individuals and corporates (net)	**5.376**	**8.548**	**12.316**
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

ı) Liquidation policy for uncollectible loans and receivables:

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

i) Information on "Write-off" policies:

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

j) Other explanations on loans and receivables:

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

Current Period	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and Receivables					
Corporate Loans	533.856	138.691	116.526	-	789.073
Consumer Loans	53.490	8.696	5.686	-	67.872
Credit Cards	4.767	955	1.080	-	6.802
Total	592.113	**148.342**	**123.292**	**-**	**863.747**

Prior Period	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and Receivables					
Corporate Loans	494.682	69.757	189.749	-	754.188
Consumer Loans	62.662	9.771	6.715	-	79.148
Credit Cards	5.662	903	451	-	7.016
Total	563.006	**80.431**	**196.915**	**-**	**840.352**

(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. (December 31, 2013: held to maturity investments given as a guarantee or blocked amount to TL 18.228. December 31, 2013: Held to maturity investments subject to repurchase agreements amount to TL 146. 794).

6.2) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	730.126	730.267
Total	**730.126**	**730.267**

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

6.3) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	730.126	745.390
Quoted on a stock exchange(*)	730.126	745.390
Unquoted	-	-
Impairment provision(-)	-	-
Total	**730.126**	**745.390**

(*) 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	745.390	365.815
Foreign currency differences on monetary assets	-	-
Purchases during period	-	429.378
Disposals through sales and redemptions	(40.679)	(91.427)
Impairment provision (-)	-	-
Income accruals	25.415	41.624
Closing balance	**730.126**	**745.390**

(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 June 30, 2014.

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
279.263	278.200	2.395	-	-	6.055	19.227	-

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 does not have unconsolidated subsidiaries as of the balance sheet date.

b) Information on consolidated subsidiaries:

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş	İstanbul / Türkiye	100,00	-

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the unaudited financial statements as of June 30, 2014.

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
938	184	5	-	-	(19)	(47)	-

(Currency - Thousand Turkish Lira)

9. Information on investments in joint- ventures:

The Bank has founded Katılım Emeklilik ve Hayat A.Ş ("Company") – a private pension company- through equal partnership with Kuveyt Turk Katılım Bankası A.Ş in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. Company registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The financials as of June 30, 2014 are below.

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	9.601	3.745	-	-	3.783

Joint venture in the unconsolidated financial statements is carried at cost.

10. Information on lease receivables (net):

a) Presentation of remaining maturities of funds lent under finance lease method:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	119.234	105.906	30.318	23.558
1 to 4 years	98.659	83.673	51.197	45.648
More than 4 years	4.676	3.534	4.378	3.115
Total	**222.569**	**193.113**	**85.893**	**72.321**

b) Information on net investments through finance lease:

	Current Period	Prior Period
Gross finance lease receivables	222.569	85.893
Unearned finance lease receivable (-)	29.456	13.572
Net receivable from finance leases	**193.113**	**72.321**

c) General explanation on finance lease contracts:

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

	Standard loans and Other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Restructured or rescheduled		Loans and other receivables	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Finance lease receivables (Net)	187.206	-	-	5.907	367	-

(Currency - Thousand Turkish Lira)

11. Information on derivative financial assets for hedging purposes:

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

12. Information on tangible assets:

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

13. Information on intangible assets:

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

14. Information on investment property:

The Bank does not have investment property.

15. Information related to deferred tax asset:

As of June 30, 2014, the Bank calculated deferred tax asset of TL 28.280 (December 31, 2013: TL 33.398) and deferred tax liability of TL 27.654 (December 31, 2013: TL 25.042) 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
Rediscount on profit share and prepaid fees and commission income and unearned revenues	21.435	23.346
Provisions for retirement and vacation pay liabilities	5.329	7.977
Financial assets available for sale valuation difference	-	1.185
Difference between carrying value and tax base of tangible assets	1.137	454
Provision for impairment	321	382
Other	58	54
Deferred tax asset	**28.280**	**33.398**
Revaluation difference of property	23.877	24.178
Financial assets available for sale valuation difference	2.014	-
Trading securities valuation difference	233	212
Rediscount on profit share	26	88
Other	1.504	564
Deferred tax liability	**27.654**	**25.042**
Deferred tax asset (net)	**626**	**8.356**

(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	28.407	10.714
Additions	10.429	42.628
Disposals	(4.251)	(16.374)
Transfers (*)	(13.582)	(8.045)
Impairment Provision(-)/Reversal of Impairment Provision	70	(516)
Net closing balance	**21.073**	**28.407**

(*) 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 84.770 (December 31, 2013: TL 58.367) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

(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	464.793	-	-	-	-	-	-	-	**464.793**
II. Real Persons Participation Accounts Non-Trade TL		3.617.530	1.300.298	95.883	-	16.472	382.294	-	**5.412.477**
III. Current Account other-TL	735.743	-	-	-	-	-	-	-	**735.743**
Public Sector	62.144	-	-	-	-	-	-	-	62.144
Commercial Institutions	640.837	-	-	-	-	-	-	-	640.837
Other Institutions	26.312	-	-	-	-	-	-	-	26.312
Commercial and Other Institutions	5.572	-	-	-	-	-	-	-	5.572
Banks and Participation Banks	878	-	-	-	-	-	-	-	878
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	1	-	-	-	-	-	-	-	1
Foreign Banks	840	-	-	-	-	-	-	-	840
Participation Banks	37	-	-	-	-	-	-	-	37
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	714.338	271.353	118.643	-	45.426	130.348	-	**1.280.108**
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	671.428	175.586	109.663	-	44.954	119.106	-	1.120.737
Other Institutions	-	42.302	33.883	8.980	-	472	7.257	-	92.894
Commercial and Other Institutions	-	608	1.157	-	-	-	-	-	1.765
Banks and Participation Banks	-	-	60.727	-	-	-	3.985	-	64.712
V. Real Persons Current Accounts Non- Trade FC	425.475	-	-	-	-	-	-	-	**425.475**
VI. Real Persons Participation Accounts Non-Trade FC		1.703.043	723.335	109.792	-	18.759	326.528	-	**2.881.457**
VII. Other Current Accounts FC	583.009	-	-	-	-	-	-	-	**583.009**
Residents in Turkey-Corporate	428.807	-	-	-	-	-	-	-	428.807
Residents Abroad-Corporate	44.903	-	-	-	-	-	-	-	44.903
Banks and Participation Banks	109.299	-	-	-	-	-	-	-	109.299
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	102.882	-	-	-	-	-	-	-	102.882
Participation Banks	6.417	-	-	-	-	-	-	-	6.417
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	578.359	775.864	203.655	-	11.542	13.316	-	**1.582.736**
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	456.172	480.813	125.067	-	-	1.168	-	1.063.220
Other institutions	-	26.739	2.181	7	-	-	-	-	28.927
Commercial and Other Institutions	-	32.988	2.101	2.686	-	-	10.614	-	48.389
Banks and Participation Banks	-	62.460	290.769	75.895	-	11.542	1.534	-	442.200
IX. Precious Metals Deposits	148.930	38.769	113.036	3.214	-	426	1.455	-	**305.830**
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)	**2.357.950**	**6.652.039**	**3.183.886**	**531.187**	**-**	**92.625**	**853.941**	**-**	**13.671.628**

(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	520.107	-	-	-	-	-	-	-	520.107
II. Real Persons Participation Accounts Non-Trade TL	-	3.366.875	809.658	86.932	-	28.740	420.175	-	4.712.380
III. Current Account other-TL	922.112	-	-	-	-	-	-	-	922.112
Public Sector	18.029	-	-	-	-	-	-	-	18.029
Commercial Institutions	873.573	-	-	-	-	-	-	-	873.573
Other Institutions	27.147	-	-	-	-	-	-	-	27.147
Commercial and Other Institutions	2.434	-	-	-	-	-	-	-	2.434
Banks and Participation Banks	929	-	-	-	-	-	-	-	929
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	274	-	-	-	-	-	-	-	274
Participation Banks	655	-	-	-	-	-	-	-	655
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	671.069	345.486	109.846	-	101.743	136.108	-	1.364.252
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	629.331	196.949	108.418	-	101.734	122.917	-	1.159.349
Other Institutions	-	39.124	45.944	1.428	-	9	9.389	-	95.894
Commercial and Other Institutions	-	2.614	1.123	-	-	-	-	-	3.737
Banks and Participation Banks	-	-	101.470	-	-		3.802	-	105.272
V. Real Persons Current Accounts Non- Trade FC	464.824	-	-	-	-	-	-	-	464.824
VI. Real Persons Participation Accounts Non-Trade FC	-	1.459.461	438.269	95.481	-	16.377	352.111	-	2.361.699
VII. Other Current Accounts FC	472.670	-	-	-	-	-	-	-	472.670
Residents in Turkey-Corporate	406.538	-	-	-	-	-	-	-	406.538
Residents abroad-Corporate	25.388	-	-	-	-	-	-	-	25.388
Banks and Participation Banks	40.744	-	-	-	-	-	-	-	40.744
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	36.072	-	-	-	-	-	-	-	36.072
Participation Banks	4.672	-	-	-	-	-	-	-	4.672
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	534.021	676.219	69.386	-	25.317	62.298	-	1.367.241
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	395.237	401.721	10.206	-	-	42.916	-	850.080
Other Institutions	-	29.930	2.255	7	-	-	-	-	32.192
Commercial and Other Institutions	-	49.307	64.945	5.851	-	1.102	3.085	-	124.290
Banks and Participation Banks	-	59.547	207.298	53.322	-	24.215	16.297	-	360.679
IX. Precious Metals Deposits	188.350	-	149.530	1.589	-	712	746	-	340.927
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)	2.568.063	6.031.426	2.419.162	363.234	-	172.889	971.438	-	12.526.212

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	3.064.420	2.588.347	2.812.848	2.644.139
Foreign currency accounts	1.126.410	990.673	2.505.455	2.146.456
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 100 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law Numbered 5411.

b.2) Funds collected which are not under the guarantee of insurance fund:

Funds collected of real persons which are not under the guarantee of insurance fund:

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	10.285	9.774
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	6.713	5.640
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	-	-

(Currency - Thousand Turkish Lira)

2. Information on derivative financial liabilities held for trading:

None. (December 31, 2013- TL 2.804)

3. Information on borrowings:

The Parent Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 61.000.000 and EUR 64.500.000, with maturity of one year and amounting to EUR 13.000.000 from domestic markets and with maturity of one year and amounting to USD 135.000.000 and EUR 98.000.000 with maturity of two years, totaling to USD 196.000.000 and EUR 175.500.000 from international markets. The loan agreement has been signed on September 12, 2013.

As of June 30, 2014, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 348.360.519 and EUR 104.711.810 (31 December 2013: USD 345.022.089 and EUR 106.572.443).

The Parent Bank has issued sukuk at June 30, 2014 in the amounts of USD 350 milllion with five year maturity and 6.25% yearly profit rate determined to collect funds from various investors. The Parent Bank has practised this transaction through its subsidiary Bereket Varlık Kiralama A.Ş. founded particularly for the related issue.

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	-	792.822	-	47.392
Loans from foreign banks, institutions and funds	-	1.938.245	-	1.988.424
Total	**-**	**2.731.067**	**-**	**2.035.816**

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	1.387.314	-	1.414.563
Medium and Long-Term	-	1.343.753	-	621.253
Total	**-**	**2.731.067**	**-**	**2.035.816**

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

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

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

As of the balance sheet date, the Bank's other liabilities balance does not exceed 10% of 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.

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	27.929	23.451
1 to 4 years	76.924	66.677
Over 4 years	74.136	62.254
Total	**178.989**	**152.382**

6. Information on hedging derivative financial liabilities:

The Bank does not have hedging derivative financial liabilities.

(Currency - Thousand Turkish Lira)

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General provision for	**129.661**	**113.708**
I. Group loans and receivables (Total)	**99.307**	**86.549**
Participation Accounts' Share	62.913	55.687
Bank's Share	36.394	30.862
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	-	-
Participation Accounts' Share	-	-
Bank's Share	-	-
Others	-	-
II. Group loans and receivables (Total)	**17.643**	**15.598**
Participation Accounts' Share	10.787	10.643
Bank's Share	6.856	4.955
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	*6.782*	6.685
Participation Accounts' Share	*4.357*	4.493
Bank's Share	*2.425*	2.192
Others	-	-
Non-cash loans	**12.711**	**11.561**
Others	-	-

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

As of June 30, 2014, provision for foreign exchange losses on foreign currency indexed loans amounting to TL 38.891 (December 31, 2013: TL 129) 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:

As of June 30, 2014, the Bank has provided specific provisions amounting to TL 13.961 (December 31, 2013: TL 12.629) for non-cash loans that are not indemnified.

ç) Other provisions:

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

	Current Period	Prior Period
General Reserves for Possible Losses (*)	117	72
Total	**117**	**72**

(*) The balance represents provision for the lawsuits against the Bank with high probability of realization and cash outflows.

(Currency - Thousand Turkish Lira)

7. Information on provisions (continued):

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

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts(*)	39.143	33.033
Provision for unindemnified non-cash loans	13.961	12.629
Payment commitments for cheques	2.476	2.256
Provision for promotions related with credit cards and promotion of banking services	203	230
General reserves for possible losses	117	72
Financial assets at fair value through profit and loss	140	70
Total	**56.040**	**48.290**

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

d) Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 17.418 (December 31, 2013: TL 16.526), vacation pay liability amounting to TL 7.836 (December 31, 2013: TL 5.939) and provision for performance premium amounting to TL 748 (December 31, 2013: 17.000) totaling to TL 26.002 (December 31, 2013: TL 39.465). The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	11,00	10,34
Estimated increase rate of salary ceiling (%)	6,00	6,00
Rate used in relation to possibility of retirement (*) (%)	74,22	73,01

(*) 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	16.526	14.850
Provisions made in the period	2.084	3.958
Actuarial gain/(loss)	(223)	(420)
Paid during the period	(969)	(1.862)
Balance at the end of the period	**17.418**	**16.526**

(Currency - Thousand Turkish Lira)

8. Information on taxes payable:

a) Explanations on current tax liability:

a.1) As of June 30, 2014, the Bank's corporate tax payable is TL 13.129 (December 31, 2013: TL 22.749) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	13.129	22.749
Banking insurance transaction tax	7.588	7.444
Taxation on securities income	8.657	6.777
Value added tax payable	435	654
Taxation on real estate income	494	440
Foreign exchange transaction tax	-	-
Other	3.713	4.107
Total	**34.016**	**42.171**

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	1.933	1.705
Social security premiums-employer	2.101	1.832
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	136	120
Unemployment insurance-employer	271	240
Other	-	-
Total	**4.441**	**3.897**

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.

(Currency - Thousand Turkish Lira)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Domestic Banks	-	-	-	-
Loans from other Institutions	-	-	-	-
Loans from Foreign Banks	-	-	-	-
Loans from other Foreign Institutions	-	424.800	-	432.973
Total	**-**	**424.800**	**-**	**432.973**

The Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey amounting to USD 200 million with 10 years maturity with a grace period of five years. The profit rate of the subordinated loan with grace period of five years with 10 years total maturity' was determined as 7,75%.

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	900.000	900.000
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:

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

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

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

There is no capital increase in the current period.

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

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

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

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

11. Information on shareholders' equity (continued):

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.

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 (*)	8.005	51	(211)	(4.531)
Foreign exchange difference	-	-	-	-
Total	**8.005**	**51**	**(211)**	**(4.531)**

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

(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
Commitments for credit card limits	498.760	458.540
Payment commitments for cheques	330.204	297.235
Asset purchase and sale commitments	90.231	65.383
Loan granting commitments	46.838	45.428
Share capital commitment to associates and subsidiaries	-	5.000
Tax and funds liabilities arising from export commitments	1.373	1.445
Commitments for promotions related with credit cards and banking activities	445	369
Other irrevocable commitments	1.652	2.819
Total	**969.503**	**876.219**

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	5.471.349	5.231.898
Acceptances	22.691	23.524
Letters of credit	508.268	482.011
Other guaranties and sureties	532.654	426.434
Total	**6.534.962**	**6.163.867**

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

	Current Period	Prior Period
Letters of guarantees	5.471.349	5.231.898
Long standing letters of guarantees	3.545.650	3.262.242
Temporary letters of guarantees	360.932	475.388
Advance letters of guarantees	223.199	269.201
Letters of guarantees given to customs	230.721	219.985
Letters of guarantees given for obtaining cash loans	1.110.847	1.005.082
Sureties and similar transactions	532.654	426.434
Total	**6.004.003**	**5.658.332**

(Currency - Thousand Turkish Lira)

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

c) Within the Non-cash Loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	1.110.847	1.005.082
With original maturity of 1 year or less	557.047	426.048
With original maturity of more than 1 year	553.800	579.034
Other non-cash loans	5.424.115	5.158.785
Total	**6.534.962**	**6.163.867**

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

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

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

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

2. Explanations on derivative transactions:

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

3. Explanations on contingent assets and liabilities:

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

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

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

(Currency - Thousand Turkish Lira)

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

1. Information on profit share income:

a) Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans (*)	**587.275**	**57.978**	**469.777**	**47.935**
Short Term Loans	244.006	6.713	181.876	6.969
Medium and Long Term Loans	339.159	51.257	282.742	40.118
Loans Under Follow up	4.110	8	5.159	848

(*) 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	-	-	-	-
Foreign Banks	-	1.384	-	616
Head Offices and Branches Abroad	-	-	-	-
Total	-	1.384	-	616

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

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

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

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

(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	-	19.809	-	18.755
CBRT	-	-	-	-
Domestic banks	-	314	-	18
Foreign banks	-	19.495	-	18.737
Head offices and branches abroad	-	-	-	-
Other institutions	-	16.273	-	4.399
Total	**-**	**36.082**	**-**	**23.154**

b) Profit share expense paid to associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to Investments in Associates and Subsidiaries	81	-	87	-

c) Profit share expenses paid to marketable securities issued:

None.

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

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

(Currency - Thousand Turkish Lira)

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

3. Information on dividend income:

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

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

	Current Period	Prior Period
Income	**1.733.695**	**1.292.463**
Income from capital market transactions	128	386
Income from derivative financial instruments	2.403	-
Foreign exchange income	1.731.164	1.292.077
Loss (-)	**1.704.112**	**1.278.637**
Loss on capital market transactions	-	-
Loss on derivative financial instruments	-	-
Foreign exchange losses	1.704.112	1.278.637
Trading income/loss (net)	**29.583**	**13.826**

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	57.932	66.308
Income from sale of assets	3.751	2.026
Reimbursement for communication expenses	1.476	1.327
Reimbursement for bank statement expenses	838	258
Cheque book charges	362	342
Other income	935	1.094
Total	**65.294**	**71.355**

(Currency - Thousand Turkish Lira)

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	**40.085**	**75.702**
Loans and receivables in III. Group	26.808	60.285
Loans and receivables in IV. Group	7.951	5.758
Loans and receivables in V. Group	3.023	7.588
Doubtful commission, fee and other receivables	2.303	2.071
General provision expenses	**21.981**	**17.491**
Provision expenses for possible losses	**60**	**13**
Impairment losses on marketable securities	-	**73**
Financial assets at fair value through profit and loss	-	73
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(*)	**25.124**	**31.240**
Total	87.250	124.519

TL 24.592 (June 30, 2013: TL 56.218) of the total specific provisions provided for loan and other receivables amounting to TL 40.085 (June 30, 2013: TL 75.702) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 10.102 (June 30, 2013: TL 4.470) of the total general loan loss provisions provided for loan and other receivables amounting to TL 21.981 (June 30, 2013: TL 17.491) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

(*) Related amount includes 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", amounting to TL 22.007 (June 30,2013:TL 27.950).

(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	144.057	109.193
Provision for retirement pay liability	1.116	1.499
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	14.527	10.878
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	4.205	2.044
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	760
Depreciation expenses of assets to be disposed	539	334
Impairment expenses of assets held for sale and assets of discontinued operations	3	362
Other operating expenses	50.287	35.856
Operating lease expenses	18.898	14.139
Maintenance expenses	2.436	1.854
Advertisement expenses	3.423	1.938
Other expenses	25.530	17.925
Loss on sale of assets	233	205
Other(*)	30.369	24.596
Total	**245.336**	**185.727**

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	10.641	8.268
Taxes, Duties, Charges and Funds	9.425	7.265
Provision expenses for short term employee rights	1.897	2.540
Audit and Consultancy Fees	3.635	2.336
Other	4.771	4.187
Total	**30.369**	**24.596**

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

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

(Currency - Thousand Turkish Lira)

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

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

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	152.895	127.560
Tax calculated with tax rate of 20%	30.579	25.512
Other additions and disallowable expenses	5.275	5.534
Deductions	(5.314)	(2.139)
Provision for current taxes	30.540	28.907
Provision for deferred taxes	4.486	(1.437)
Continuing Operations Tax Provision	35.026	27.470

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

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

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

11. Explanations on net income/ loss:

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

None.

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

None.

c) Income / loss of minority interest:

None.

(Currency - Thousand Turkish Lira)

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

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

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	13.574	12.026
Clearing room fees and commissions	4.130	3.098
Commissions on money orders	7.805	3.114
Appraisal fees	2.782	2.489
Insurance and brokerage commissions	1.928	1.766
Other	5.505	5.152
Total	**35.724**	**27.645**

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commisions	5.481	4.846
Credit cards fees and commisions	2.865	3.314
Member firm-POS fees and commisions	2.818	2.225
Other	3.174	2.364
Total	**14.338**	**12.749**

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

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

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

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

(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	-	-	28	-	1.476	15.514
Balance at the end of the period	-	-	8	-	36.955	46.241
Profit share and commission income received	-	-	-	-	150	88

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	-	-	9	-	34.253	10.305
Balance at end of period	-	-	28	-	1.476	15.514
Profit share and commission income received	-	-	-	-	2.835	7

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	5.703	33	3.224	1.647	185.192	229.835
Balance at the end of period	5.047	5.703	3.776	3.224	344.865	185.192
Profit share expense	269	-	71	33	3.046	1.712

(*) As of June 30, 2014 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 255.613.847 and EURO 90.307.045 (December 31,2013: USD 214.182.338 and EURO 96.424.370). The profit share expense relating to such borrowings for the period between January 1, 2014 – June 30, 2014 is TL 8.756 (June 30, 2013: 5.454 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 June 30, 2014; the Bank has paid TL 6.467 (June 30, 2013: TL 5.893) to top management.

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

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

IX. Explanations related to subsequent events:

None.

Section six

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

None.

Section seven

Limited review report

I. Explanations on independent auditors' limited review report:

The Bank's unconsolidated financial statements as of and for the period ended June 30, 2014 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a Member Firm of Ernst & Young Global Limited) and the independent auditors' limited review report dated August 8, 2014 is presented at the beginning of the financial statements and related notes.

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

None.

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

Publicly announced unconsolidated financial statements and related disclosures at December 31, 2014 together with independent auditor's report.

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(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, 2014

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 at December 31, 2014 and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Bank's Board of Directors:

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error and selecting and applying appropriate accounting policies.

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 audit has been performed in accordance with "Regulation on Authorization and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette numbered 26333 dated November 1, 2006 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.

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Independent Auditors' Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Albaraka Türk Katılım Bankası A.Ş. as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411 and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of on accounting and financial reporting.

Report on other responsibilities arising from regulatory requirements

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period January 1 – December 31, 2014 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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

Damla Harman
Partner in charge, SMMM

February 27, 2015
Istanbul, Turkey

alBaraka

UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş. AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

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

The unconsolidated 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.

February 27, 2015

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

Fahrettin YAHŞİ
General Manager

Melikşah UTKU
Assistant General Manager

Yunus AHLATCI
Budget and Financial Reporting Acting Manager

Hamad Abdulla A. EQAB
Chairman of the Audit Committee

Mitat AKTAŞ
Member of the Audit Committee

Hood Hashem Ahmed HASHEM
Member of the Audit Committee

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

Name-Surname / Title	: Bora ŞİMŞEK / Budget and Financial Reporting / Vice Manager
Telephone	: 00 90 216 666 05 59
Facsimile	: 00 90 216 666 16 11

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Section one

General information

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

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

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

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

The Bank's head office is located in Istanbul and is operating through 201 (December 31, 2013: 166) local branches and 1 (December 31, 2013: 1) foreign branch and with 3.510 (December 31, 2013: 3.057) staff as of December 31, 2014.

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

As of December 31, 2014, 54,06 % (December 31, 2013: 54,06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 24,06 % (December 31, 2013: 23,08%) of the shares are publicly traded and quoted at Borsa İstanbul.

(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 ALSHAMSI	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 Al- HASHIMI	Member of BOD	Bachelor	(*) 0,0000
	Ass. Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
General Manager	Dr .Fahrettin YAHŞİ	Member of BOD /General Manager	Doctorate	-
Assistant General Managers	Mehmet Ali VERÇİN	Corporate Marketing, Treasury Marketing, Investment Projects	Bachelor	-
	Nihat BOZ	Legal Advisory, Legal Follow-up	Bachelor	0,0048
	Temel HAZIROĞLU	Human Values, Training & Organisation, Performance & Career Management, Administrative Affairs	Bachelor	0,0342
	Bülent TABAN	Commercial Marketing, Commercial Products Management,	Master	-
	Turgut SİMİTCİOĞLU	Credit Operations, Banking Services Operations, Foreign Affairs Operations, Payment Systems Operations, Risk Follow-up	Master	-
	Melikşah UTKU	Financial Affairs, Budget & Financial Reporting, Corporate Communication	Master	-
	Ali TUĞLU	Core Banking Applications Development, Customer & Channel and Analytical Applications,IT Support, IT Strategy & Governance	Bachelor	-
	Mahmut Esfa EMEK	Corporate Credits, Commercial Credits, Retail Credits	Bachelor	-
	Ayhan KESER	Retail Marketing, Alternative Distribution Channels, Retail Products Management, Financial Institutions	Bachelor	-
Audit Committee	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(*) 0,0000

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

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0396% of the Bank's share capital (December 31,2013: 0,0396%).

IV. Information on the Bank's qualified shareholders:

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

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

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

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

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

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

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

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

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

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

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions which are deducted from equity or not included in these three methods:

The Bank did not consolidate its associate Kredi Garanti Fonu A.Ş. considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. Moreover, the financial statements of the Bank's structured entity, Albaraka Türk Sukuk Limited, which is not a subsidiary but over which the Parent Bank exercises 100% control, are not consolidated in the accompanying financial statements considering the materiality principle. Katılım Emeklilik ve Hayat A.Ş, an entity under common control, is consolidated through equity method in the consolidated financial statements. Bereket Varlık Kiralama A.Ş., a subsidiary of the Bank is consolidated using full consolidation method. The Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., a subsidiary of the Bank, through equity method and full consolidation method, 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:

There is no immediate transfer of equity between the Bank and its subsidiaries.

There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiaries.

Section two

The unconsolidated financial statements

I. Balance sheet (Statement of financial position)

II. Statement of off-balance sheet

III. Statement of income

IV. Statement of income and expense items accounted under shareholders' equity

V. Statement of changes in shareholders' equity

VI. Statement of cash flows

VII. Statement of profit appropriation

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	ASSETS	Notes (Section Five-I)	THOUSAND TURKISH LIRA					
			CURRENT PERIOD (31/12/2014)			PRIOR PERIOD (31/12/2013)		
			TL	FC	Total	TL	FC	Total
I.	**CASH AND BALANCES WITH THE CENTRAL BANK**	(1)	352.393	2.776.793	3.129.186	246.414	2.036.267	2.282.681
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)**	(2)	5.611	-	5.611	4.769	22	4.791
2.1	Trading Financial Assets		5.611	-	5.611	4.769	22	4.791
2.1.1	Public Sector Debt Securities		-	-	-	-	-	-
2.1.2	Equity Securities		5.611	-	5.611	4.764	-	4.764
2.1.3	Derivative Financial Assets Held for Trading		-	-	-	-	-	-
2.1.4	Other Marketable Securities		-	-	-	5	22	27
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)	511.402	1.136.833	1.648.235	625.878	752.830	1.378.708
IV.	**MONEY MARKET PLACEMENTS**		-	-	-	-	-	-
V.	**FINANCIAL ASSETS-AVAILABLE FOR SALE (net)**	(4)	496.367	163.393	659.760	127.575	113.315	240.890
5.1	Equity Securities		15	1.660	1.675	15	1.528	1.543
5.2	Public Sector Debt Securities		465.361	123.254	588.615	117.550	83.973	201.523
5.3	Other Marketable Securities		30.991	38.479	69.470	10.010	27.814	37.824
VI.	**LOANS AND RECEIVABLES**	(5)	13.494.112	1.979.934	15.474.046	10.403.976	1.583.604	11.987.580
6.1	Loans and Receivables		13.454.414	1.979.918	15.434.332	10.377.759	1.583.581	11.961.340
6.1.1	Loans to Risk Group of The Bank		50.243	-	50.243	1.504	-	1.504
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		13.404.171	1.979.918	15.384.089	10.376.255	1.583.581	11.959.836
6.2	Non-performing loans		326.948	27	326.975	278.968	700	279.668
6.3	Specific Provisions (-)		287.250	11	287.261	252.751	677	253.428
VII.	**INVESTMENTS HELD TO MATURITY (net)**	(6)	783.309	-	783.309	745.390	-	745.390
VIII.	**INVESTMENTS IN ASSOCIATES (net)**	(7)	4.211	-	4.211	4.211	-	4.211
8.1	Accounted for under Equity Method		-	-	-	-	-	-
8.2	Unconsolidated Associates		4.211	-	4.211	4.211	-	4.211
8.2.1	Financial Associates		4.211	-	4.211	4.211	-	4.211
8.2.2	Non-Financial Associates		-	-	-	-	-	-
IX.	**SUBSIDIARIES (net)**	(8)	250	-	250	250	-	250
9.1	Unconsolidated Financial Subsidiaries		250	-	250	250	-	250
9.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X.	**JOINT VENTURES (net)**	(9)	10.500	-	10.500	5.500	-	5.500
10.1	Accounted for under Equity Method		-	-	-	-	-	-
10.2	Unconsolidated		10.500	-	10.500	5.500	-	5.500
10.2.1	Financial Joint Ventures		10.500	-	10.500	5.500	-	5.500
10.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XI.	**LEASE RECEIVABLES (net)**	(10)	709.646	-	709.646	72.321	-	72.321
11.1	Finance Lease Receivables		782.612	-	782.612	85.893	-	85.893
11.2	Operational Lease Receivables		-	-	-	-	-	-
11.3	Other		-	-	-	-	-	-
11.4	Unearned Income (-)		72.966	-	72.966	13.572	-	13.572
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)	485.461	1.678	487.139	378.689	1.925	380.614
XIV.	**INTANGIBLE ASSETS (net)**	(13)	26.326	565	26.891	15.335	594	15.929
14.1	Goodwill		-	-	-	-	-	-
14.2	Other		26.326	565	26.891	15.335	594	15.929
XV.	**INVESTMENT PROPERTY (net)**	(14)	-	-	-	-	-	-
XVI.	**TAX ASSET**	(15)	3.551	-	3.551	10.914	-	10.914
16.1	Current Tax Asset		3.551	-	3.551	2.558	-	2.558
16.2	Deferred Tax Asset		-	-	-	8.356	-	8.356
XVII.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)**	(16)	27.678	-	27.678	28.253	154	28.407
17.1	Assets Held for Sale		27.678	-	27.678	28.253	154	28.407
17.2	Assets of Discontinued Operations		-	-	-	-	-	-
XVIII.	**OTHER ASSETS**	(17)	74.852	1.559	76.411	56.113	2.254	58.367
	TOTAL ASSETS		16.985.669	6.060.755	23.046.424	12.725.588	4.490.965	17.216.553

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 (31/12/2014) TL	FC	Total	PRIOR PERIOD (31/12/2013) TL	FC	Total
I.	**FUNDS COLLECTED**	**(1)**	**9.782.163**	**6.861.055**	**16.643.218**	**7.518.851**	**5.007.361**	**12.526.212**
1.1	Funds from Risk Group of The Bank		71.453	183.838	255.291	23.152	170.967	194.119
1.2	Other		9.710.710	6.677.217	16.387.927	7.495.699	4.836.394	12.332.093
II.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**	**(2)**	-	-	-	**2.804**	-	**2.804**
III.	**FUNDS BORROWED**	**(3)**	-	**3.215.998**	**3.215.998**	-	**2.035.816**	**2.035.816**
IV.	**BORROWINGS FROM MONEY MARKETS**		**116.740**	-	**116.740**	**144.775**	-	**144.775**
V.	**SECURITIES ISSUED (net)**		-	-	-	-	-	-
VI.	**MISCELLANEOUS PAYABLES**		**434.001**	**76.171**	**510.172**	**307.767**	**21.407**	**329.174**
VII.	**OTHER LIABILITIES**	**(4)**	-	-	-	-	-	-
VIII.	**LEASE PAYABLES**	**(5)**	-	-	-	-	-	-
8.1	Finance Lease Payables		-	-	-	-	-	-
8.2	Operational Lease Payables		-	-	-	-	-	-
8.3	Other		-	-	-	-	-	-
8.4	Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
IX.	**DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES**	**(6)**	-	-	-	-	-	-
9.1	Fair Value Hedge		-	-	-	-	-	-
9.2	Cash Flow Hedge		-	-	-	-	-	-
9.3	Net Foreign Investment Hedge		-	-	-	-	-	-
X.	**PROVISIONS**	**(7)**	**180.386**	**52.438**	**232.824**	**146.944**	**54.519**	**201.463**
10.1	General Provisions		128.047	25.863	153.910	89.117	24.591	113.708
10.2	Restructuring Reserves		-	-	-	-	-	-
10.3	Reserve for Employee Benefits		32.529	-	32.529	39.465	-	39.465
10.4	Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5	Other Provisions		19.810	26.575	46.385	18.362	29.928	48.290
XI.	**TAX LIABILITY**	**(8)**	**64.116**	**3**	**64.119**	**46.033**	**35**	**46.068**
11.1	Current Tax Liability		55.823	3	55.826	46.033	35	46.068
11.2	Deferred Tax Liability		8.293	-	8.293	-	-	-
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)**	-	**472.426**	**472.426**	-	**432.973**	**432.973**
XIV.	**SHAREHOLDERS' EQUITY**	**(11)**	**1.790.092**	**835**	**1.790.927**	**1.501.799**	**(4.531)**	**1.497.268**
14.1	Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2	Capital Reserves		159.361	835	160.196	97.311	(4.531)	92.780
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Marketable Securities Valuation Reserve		9.155	835	9.990	(211)	(4.531)	(4.742)
14.2.4	Revaluation Reserve on Tangible Assets		153.179	-	153.179	96.712	-	96.712
14.2.5	Revaluation Reserve on Intangible Assets		-	-	-	-	-	-
14.2.6	Investment Property Revaluation Reserve		-	-	-	-	-	-
14.2.7	Bonus Shares From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-
14.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
14.2.9	Accumulated Valuation Differences on Assets Held For Sale and Assets of Discontinued Operations		-	-	-	-	-	-
14.2.10	Other Capital Reserves		(2.973)	-	(2.973)	810	-	810
14.3	Profit Reserves		470.137	-	470.137	261.645	-	261.645
14.3.1	Legal Reserves		71.744	-	71.744	59.602	-	59.602
14.3.2	Status Reserves		-	-	-	-	-	-
14.3.3	Extraordinary Reserves		398.393	-	398.393	202.043	-	202.043
14.3.4	Other Profit Reserves		-	-	-	-	-	-
14.4	Profit or Loss		260.594	-	260.594	242.843	-	242.843
14.4.1	Prior Years Profit / (Loss)		7.963	-	7.963	1.434	-	1.434
14.4.2	Current Year Profit / (Loss)		252.631	-	252.631	241.409	-	241.409
14.5	Minority Interest		-	-	-	-	-	-
	TOTAL LIABILITIES		**12.367.498**	**10.678.926**	**23.046.424**	**9.668.973**	**7.547.580**	**17.216.553**

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 OFF-BALANCE SHEET

	STATEMENT OF OFF BALANCE SHEET	Notes (Section Five-III)	THOUSAND TURKISH LIRA					
			CURRENT PERIOD (31/12/2014)			PRIOR PERIOD (31/12/2013)		
			TL	FC	Total	TL	FC	Total
A.	**OFF BALANCE SHEET COMMITMENTS (I+II+III)**	(1)	**5.077.895**	**3.929.264**	**9.007.159**	**4.064.280**	**3.567.122**	**7.631.402**
I.	**GUARANTEES AND SURETIES**		**4.149.365**	**3.929.144**	**8.078.509**	**2.956.853**	**3.207.014**	**6.163.867**
1.1.	Letters of Guarantees		4.122.802	2.749.839	6.872.641	2.947.334	2.284.564	5.231.898
1.1.1.	Guarantees Subject to State Tender Law		166.552	21.939	188.491	92.207	23.278	115.485
1.1.2.	Guarantees Given for Foreign Trade Operations		597	778.622	779.219	280	814.268	814.548
1.1.3.	Other Letters of Guarantee		3.955.653	1.949.278	5.904.931	2.854.847	1.447.018	4.301.865
1.2.	Bank Loans		-	33.055	33.055	-	23.524	23.524
1.2.1.	Import Letter of Acceptances		-	33.055	33.055	-	23.524	23.524
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letter of Credits		7.997	581.273	589.270	-	482.011	482.011
1.3.1.	Documentary Letter of Credits		-	-	-	-	-	-
1.3.2.	Other Letter of Credits		7.997	581.273	589.270	-	482.011	482.011
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		2.551	558.481	561.032	937	355.427	356.364
1.7.	Other Collaterals		16.015	6.496	22.511	8.582	61.488	70.070
II.	**COMMITMENTS**	(1)	**928.530**	**120**	**928.650**	**813.111**	**63.108**	**876.219**
2.1.	Irrevocable Commitments		928.530	120	928.650	813.111	63.108	876.219
2.1.1.	Asset Purchase and Sale Commitments		-	-	-	2.401	62.982	65.383
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		-	-	-	5.000	-	5.000
2.1.3.	Loan Granting Commitments		59.439	-	59.439	45.428	-	45.428
2.1.4.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6.	Payment Commitment for Cheques		353.093	-	353.093	297.235	-	297.235
2.1.7.	Tax And Fund Liabilities from Export Commitments		1.506	-	1.506	1.445	-	1.445
2.1.8.	Commitments for Credit Card Expenditure Limits		510.257	-	510.257	458.540	-	458.540
2.1.9.	Commitments for Promotions Related with Credit Cards and Banking Activities		523	-	523	369	-	369
2.1.10.	Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11.	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments		3.712	120	3.832	2.693	126	2.819
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	(2)	-	-	-	**294.316**	**297.000**	**591.316**
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		-	-	-	294.316	297.000	591.316
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	294.316	297.000	591.316
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	-	-	294.316	-	294.316
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	-	-	-	297.000	297.000
3.2.2.	Other Forward Buy/Sell Transactions		-	-	-	-	-	-
3.3.	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		**30.389.457**	**4.509.815**	**34.899.272**	**22.641.233**	**3.855.845**	**26.497.078**
IV.	**ITEMS HELD IN CUSTODY**		**1.353.738**	**1.454.959**	**2.808.697**	**1.660.275**	**1.293.437**	**2.953.712**
4.1.	Assets Under Management		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		72	-	72	72	-	72
4.3.	Cheques Received for Collection		841.140	105.953	947.093	701.874	89.326	791.200
4.4.	Commercial Notes Received for Collection		488.418	18.801	507.219	235.972	23.262	259.234
4.5.	Other Assets Received for Collection		103	-	103	104	-	104
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		7.997	986.909	994.906	-	720.711	720.711
4.8.	Custodians		16.008	343.296	359.304	722.253	460.138	1.182.391
V.	**PLEDGED ITEMS**		**29.035.719**	**3.054.856**	**32.090.575**	**20.980.958**	**2.562.408**	**23.543.366**
5.1.	Marketable Securities		1.530.006	1.157.125	2.687.131	689.548	714.909	1.404.457
5.2.	Guarantee Notes		1.877.551	204.313	2.081.864	1.415.238	172.025	1.587.263
5.3.	Commodity		1.070.691	380.393	1.451.084	762.432	321.208	1.083.640
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		23.266.419	773.474	24.039.893	16.616.802	787.750	17.404.552
5.6.	Other Pledged Items		1.237.960	530.859	1.768.819	1.448.353	542.198	1.990.551
5.7.	Pledged Items-Depository		53.092	8.692	61.784	48.585	24.318	72.903
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		-	-	-	-	-	-
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		**35.467.352**	**8.439.079**	**43.906.431**	**26.705.513**	**7.422.967**	**34.128.480**

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

STATEMENT OF INCOME

	INCOME AND EXPENSE ITEMS	Notes (Section Five-IV)	THOUSAND TURKISH LIRA CURRENT PERIOD (01/01/2014-31/12/2014)	PRIOR PERIOD (01/01/2013-31/12/2013)
I.	**PROFIT SHARE INCOME**	(1)	**1.502.306**	**1.153.336**
1.1	Profit Share on Loans		1.376.418	1.095.102
1.2	Income Received from Reserve Deposits		492	-
1.3	Income Received from Banks		1.882	1.680
1.4	Income Received from Money Market Placements		-	-
1.5	Income Received from Marketable Securities Portfolio		95.136	51.985
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		41.154	10.361
1.5.4	Investments Held to Maturity		53.982	41.624
1.6	Finance Lease Income		28.152	4.569
1.7	Other Profit Share Income		226	-
II.	**PROFIT SHARE EXPENSE**	(2)	**803.332**	**528.160**
2.1	Expense on Profit Sharing Accounts		680.979	464.403
2.2	Profit Share Expense on Funds Borrowed		100.036	59.166
2.3	Profit Share Expense on Money Market Borrowings		22.007	4.591
2.4	Profit Share Expense on Securities Issued		-	-
2.5	Other Profit Share Expense		310	-
III.	**NET PROFIT SHARE INCOME (I – II)**		**698.974**	**625.176**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**128.336**	**113.197**
4.1	Fees and Commissions Received		161.173	141.295
4.1.1	Non-Cash Loans		81.953	82.354
4.1.2	Other	(12)	79.220	58.941
4.2	Fees and Commissions Paid		32.837	28.098
4.2.1	Non-Cash Loans		421	518
4.2.2	Other	(12)	32.416	27.580
V.	**DIVIDEND INCOME**	(3)	**180**	**459**
VI.	**TRADING INCOME/LOSS(net)**	(4)	**53.257**	**37.181**
6.1	Capital Market Transaction Income / (Loss)		1.474	18
6.2.	Profit / (Loss) from Derivative Financial Instruments		21.141	(2.804)
6.3	Foreign Exchange Income / (Loss)		30.642	39.967
VII.	**OTHER OPERATING INCOME**	(5)	**96.819**	**118.814**
VIII.	**TOTAL OPERATING INCOME (III+IV+V+VI+VII)**		**977.566**	**894.827**
IX.	**PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)**	(6)	**149.576**	**190.883**
X.	**OTHER OPERATING EXPENSES (-)**	(7)	**502.438**	**404.401**
XI.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X)**		**325.552**	**299.543**
XII.	**EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER**		-	-
XIII.	**PROFIT / (LOSS) ON EQUITY METHOD**		-	-
XIV.	**PROFIT / (LOSS) ON NET MONETARY POSITION**		-	-
XV.	**PROFIT / (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)**	(8)	**325.552**	**299.543**
XVI.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	(9)	**(72.921)**	**(58.134)**
16.1	Provision for Current Taxes		(73.282)	(67.827)
16.2	Provision for Deferred Taxes		361	9.693
XVII.	**NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)**	(10)	**252.631**	**241.409**
XVIII.	**INCOME FROM DISCONTINUED OPERATIONS**	(10)	-	-
18.1	Income from Assets Held For Sale		-	-
18.2	Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
18.3	Income from Other Discontinued Operations		-	-
XIX.	**LOSS FROM DISCONTINUED OPERATIONS (-)**		-	-
19.1	Loss from Assets Held for Sale		-	-
19.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
19.3	Loss from Other Discontinued Operations		-	-
XX.	**PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)**		-	-
XXI.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		-	-
21.1	Provision for Current Taxes		-	-
21.2	Provision for Deferred Taxes		-	-
XXII.	**NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)**		-	-
XXIII.	**NET PROFIT / LOSS (XVII+XXII)**	(11)	**252.631**	**241.409**
23.1	Group's Profit/Loss		252.631	241.409
23.2	Minority shares (-)		-	-
	Earnings Per Share (Full TL)		0,281	0,268

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 (01/01/2014-31/12/2014)	PRIOR PERIOD (01/01/2013-31/12/2013)
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	18.415	(7.419)
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	73.598	53.265
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	1.305	502
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	-	11
VIII.	OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	(6.958)	420
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	(17.010)	(9.253)
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	69.350	37.526
XI.	PROFIT/LOSS	252.631	241.409
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	252.631	241.409
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	321.981	278.935

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

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

(THOUSAND TURKISH LIRA)

	CHANGES IN SHAREHOLDERS' EQUITY	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	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 (01/01/2013-31/12/2013)																	
I.	**Beginning balance**	(V)	900.000	-	-	-	49.966	-	18.954	(28)	191.835	891	1.193	55.522	-	-	-	1.218.333
	Changes In Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(5.935)	-	-	-	-	(5.935)
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	42.841	-	-	-	42.841
VI.	Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	502	-	-	-	-	-	-	-	502
IX.	Changes Related to the Disposal Of Assets		-	-	-	-	-	-	-	-	-	-	-	(286)	-	-	-	(286)
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		-	-	-	-	-	-	-	336	-	1.433	-	(1.365)	-	-	-	404
XVII.	Period Net Income/(Loss)		-	-	-	-	-	-	-	-	241.409	-	-	-	-	-	-	241.409
XVIII.	Profit Distribution		-	-	-	-	9.636	-	183.089	-	(191.835)	(890)	-	-	-	-	-	-
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers To Reserves		-	-	-	-	9.636	-	183.089	-	-	(192.725)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(191.835)	191.835	-	-	-	-	-	-
	Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	59.602	-	202.043	810	241.409	1.434	(4.742)	96.712	-	-	-	1.497.268

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

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

(THOUSAND TURKISH LIRA)

	CHANGES IN SHAREHOLDERS' EQUITY	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	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 (01/01/2014-31/12/2014)																	
I.	Beginning balance	(V)	900.000	-	-	-	59.602	-	202.043	810	241.409	1.434	(4.742)	96.712	-	-	-	1.497.268
	Changes In Period																	
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	14.732	-	-	-	-	14.732
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	58.878	-	-	-	58.878
VI.	Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	1.305	-	-	-	-	-	-	-	1.305
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		-	-	-	-	-	-	-	(5.088)		5.112	-	(2.411)	-	-	-	(2.387)
XVII.	Period Net Income/(Loss)		-	-	-	-	-	-	-	-	252.631	-	-	-	-	-	-	252.631
XVIII.	Profit Distribution		-	-	-	-	12.142	-	196.350	-	(241.409)	1.417	-	-	-	-	-	(31.500)
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	(31.500)	-	-	-	-	-	(31.500)
18.2	Transfers To Reserves		-	-	-	-	12.142	-	196.350	-	-	(208.492)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(241.409)	241.409	-	-	-	-	-	-
	Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	71.744	-	398.393	(2.973)	252.631	7.963	9.990	153.179	-	-	-	1.790.927

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

STATEMENT OF CASH FLOWS

			THOUSAND TURKISH LIRA	
	STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	CURRENT PERIOD (01/01/2014-31/12/2014)	PRIOR PERIOD (01/01/2013-31/12/2013)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes In Operating Assets And Liabilities**		**620.664**	**934.859**
1.1.1	Profit Share Income Received		1.266.709	1.034.359
1.1.2	Profit Share Expense Paid		(783.408)	(508.675)
1.1.3	Dividend Received		180	459
1.1.4	Fees and Commissions Received		273.494	232.147
1.1.5	Other Income		70.248	110.815
1.1.6	Collections from Previously Written Off Loans	(V-I-5,h2)	43.332	108.240
1.1.7	Payments to Personnel and Service Suppliers		(281.884)	(227.302)
1.1.8	Taxes Paid		(90.842)	(74.955)
1.1.9	Others	(V-VI-3)	122.835	259.771
1.2	**Changes In Operating Assets And Liabilities**		**(789.506)**	**(520.308)**
1.2.1	Net (Increase) Decrease in Available For Sale Financial Assets		(820)	1.401
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		(617.796)	(863.125)
1.2.4	Net (Increase) Decrease in Loans		(4.151.863)	(2.739.115)
1.2.5	Net (Increase) Decrease in Other Assets		(13.757)	39.392
1.2.6	Net Increase (Decrease) in Funds Collected From Banks		-	-
1.2.7	Net Increase (Decrease) in Other Funds Collected		3.827.989	2.713.238
1.2.8	Net Increase (Decrease) in Funds Borrowed		78.000	358.600
1.2.9	Net Increase (Decrease) in Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(V-VI-3)	88.741	(30.699)
I.	**Net Cash Flow From Banking Operations**		**(168.842)**	**414.551**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash flow from investing activities**		**(409.049)**	**(513.180)**
2.1	Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		(5.000)	(5.700)
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3	Fixed Assets Purchases	(V-I-12, 13,16)	(72.082)	(131.034)
2.4	Fixed Assets Sales	(V-I-12, 13,16)	28.893	46.426
2.5	Cash Paid for Purchase of Financial Assets Available for Sale	(V-I-4)	(376.923)	(118.921)
2.6	Cash Obtained from Sale of Financial Assets Available for Sale	(V-I-4)	-	34.000
2.7	Cash Paid for Purchase of Investment Securities	(V-I-6)	(350.000)	(429.378)
2.8	Cash Obtained from Sale of Investment Securities	(V-I-6)	366.063	91.427
2.9	Other		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Flow From Financing Activities**		**1.021.532**	**518.434**
3.1	Cash Obtained from Funds Borrowed and Securities Issued		1.343.198	1.538.137
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(290.166)	(1.019.703)
3.3	Issued Capital Instruments		-	-
3.4	Dividends Paid		(31.500)	-
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)	**58.299**	**100.043**
V.	**Net (Decrease) Increase in Cash and Cash Equivalents**		**501.940**	**519.848**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**	(V-VI-i)	**1.881.992**	**1.362.144**
VII.	**Cash and Cash Equivalents at the End of the Period**	(V-VI-ii)	**2.383.932**	**1.881.992**

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

STATEMENT OF PROFIT APPROPRIATION

	THOUSAND TURKISH LIRA	
STATEMENT OF PROFIT APPROPRIATION	CURRENT PERIOD (*) (31/12/2014)	PRIOR PERIOD (31/12/2013)
I. Distribution of current year income		
1.1. Current year income (****)	333.515	300.977
1.2. Taxes and duties payable (-)	72.921	58.134
1.2.1. Corporate tax (Income tax)	73.282	67.827
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities (**)	(361)	(9.693)
A. Net income for the year (1.1-1.2)	**260.594**	**242.843**
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	12.142
1.5. Other statutory reserves (-)	-	-
B. Distributable net period income [(A-(1.3+1.4+1.5)] (*)	**260.594**	**230.701**
1.6. First dividend to shareholders (-)	-	31.500
1.6.1. To owners of ordinary shares	-	31.500
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	-	196.350
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)	0,290	0,270
3.2. To owners of ordinary shares (%)	29,0	27,0
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 year's profit and current year profit.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Notes related to unconsolidated financial statements
as at December 31, 2014
(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 maintains its books of accounts in Turkish Lira in accordance with the Banking Act numbered 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC"), and Turkish Tax Legislation.

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette numbered 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette numbered 28337 dated June 28, 2012.

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, 2013. The accounting policies and valuation principles used in the preparation of unconsolidated financial statements are explained between in Notes II and XXII below.

TAS/TFRS changes which are effective from January 1, 2014 (TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended), TRFS Interpretation 21 Levies, Amendments to TAS 36 - (Recoverable Amount Disclosures for Non-Financial assets), Amendments to TAS 39 - Novation of Derivatives and Continuation of Hedge Accounting, TFRS 10 Consolidated Financial Statements (Amendment)) do not have a significant effect on the Bank's accounting policies, financial position or performance.

The effects of TFRS 9, "Financial Instruments" which has not been implemented yet, are under assessment by the Bank. The standard which the Bank did not early adopt will primarily have an effect on the classification and measurement of the Bank's financial assets. The Bank is currently assessing the impact of adopting TFRS 9. TFRS 9 will have an effect on the classification and measurement of financial statements.However, as the impact of adoption depends on the assets held by the Bank at the date of adoption itself, potential effect has not been quantified yet. As of the date of these financial statements, the other TAS/TFRS standards announced but not yet effective are not expected to have significant impact on the Bank's accounting policies, financial position and performance.

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

"Communiqué related to Changes in Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated January 23, 2011 and numbered 27824 has set out the financial statement formats for the banks which selected to early adopt TFRS 9 (In accordance with the Communiqué related to Changes in Communiqué on TFRS 9 "Financial Instruments" published in the Official Gazette dated December 30, 2012 numbered 28513 , the effective date of the mentioned Communiqué has been changed as December 31, 2014 which was previously January 1, 2013) "Financial Instruments" before January 1, 2015. 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 unconsolidated financial statements are prepared in accordance with the historical cost basis except for the financial assets at fair value through profit and loss, financial assets-available for sale (except unquoted equity securities which are indicated as equity securities on the balance sheet) and immovables which are reflected at fair values.

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

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

Accompanying financial statements are subjected to TAS 29 "Financial Reporting in Hyperinflationary Economies" until December 31, 2004 and with regard to this the BRSA explained with its decision numbered 1623 and dated April 21, 2005 and its circular dated April 28, 2005 that the conditions for applying inflation accounting was no longer applicable and accordingly inflation accounting has not been applied in the accompanying financial statements starting from January 1, 2005.

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

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

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

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

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

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

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

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

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

There are no foreign currency differences capitalized by the Bank.

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

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

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

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

IV. Explanations on profit share income and expenses:

Profit share income

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

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

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

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

Profit share expense

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

V. Explanations on fees, commission income and expenses:

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

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

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

VI. Explanations on financial assets:

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

Financial assets at fair value through profit or loss:

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

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

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

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

VI. Explanations on financial assets (continued):

As of December 31, 2014, the Bank has no financial assets classified as financial assets at fair value through profit or loss except for trading financial assets. (December 31, 2013: None)

Financial assets available for sale:

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

Loans and receivables:

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

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

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

Financial assets held to maturity:

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

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.

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

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

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

If there is objective evidence indicating that the fair value of a financial asset available for sale, for which decreases in the fair value has been accounted in the equity, has been impaired then the total loss which was accounted directly under the equity is deducted from equity and transferred to the income statement.

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

VIII. Explanations on offsetting of financial instruments:

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

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.

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

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

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

XI. Explanations on goodwill and other intangible assets:

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

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

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

XII. Explanations on tangible assets:

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

As of March 31, 2009, the Bank has made a change in accounting policy and adopted revaluation model for immovables in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2014, 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.

XII. Explanations on tangible assets (continued):

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

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

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

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

Fixed assets which are carried at fair value in the financial statements are revalued by independent CMB licensed firms in accordance with TFRS 13.

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

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

XIII. Explanations on leasing transactions:

Transactions as a lessee

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

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

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

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

Transactions as a lessor

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

XIV. Explanations on provisions and contingent liabilities:

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

Provisions are recognized 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.

XV. Explanations on liabilities regarding employee rights:

i) *Defined benefit plans*:

Provision for employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Bank.

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to IAS 19, The Bank recognizes all actuarial gains and losses immediately through other comprehensive income.

Provision for the employees' unused vacations has been booked in accordance with IAS 19 and reflected to the financial statements.
There are no foundations, pension funds or similar associations of which the employees are members

As of December 31, 2014, actuarial loss amounts to TL 6.958 (December 31, 2013: TL 420).

ii) *Defined contribution plans*:

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

iii) *Short term benefits to employees*:

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

XVI. Explanations on taxation:

Current tax:

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

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

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

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

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

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

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

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

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

XVI. Explanations on taxation (continued):

Deferred tax:

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

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

Transfer pricing:

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

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

XVII. Additional explanations on borrowings:

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

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

The Bank has not issued convertible bonds.

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

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

XX. Explanations on government grants:

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

XXI. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note XIII.

XXII. Explanations on other matters:

None.

XXIII. Additional paragraph for convenience translation:

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

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 numbered 28337 dated June 28, 2012 starting from July 1, 2012. As of December 31, 2014, the Bank's unconsolidated capital adequacy ratio calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" is 14,15% (December 31, 2013: 14,86%).

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", published in the Official Gazette numbered 28337 dated June 28, 2012, "Regulation on Credit Risk Mitigation Techniques" published in the Official Gazette numbered 29111 dated September 6, 2014 and the "Regulation on the Equity of Banks" published in the Official Gazette numbered 28756 dated September 5, 2013.

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.

(Currency – Thousand Turkish Lira)

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

b) Information on capital adequacy standard ratio:

	Bank								
	%0	%10	%20	%50	%75	%100	%150	%200	%250
Value at Credit Risk	**4.501.147**	-	**1.978.195**	**5.922.544**	**2.698.778**	**9.100.365**	**30.455**	**33.595**	-
Risk Categories									
Receivables from central governments or central banks	3.678.241	-	-	123.255	-	-	-	-	-
Receivables from regional or local Governments	-	-	105.734	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	361	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	1.490.126	143.417	-	143.799	-	-	-
Receivables from corporates	517.358	-	337.824	123.763		8.389.095	-	-	-
Retail receivables	105.626	-	44.318		2.698.778	19.707	-	-	-
Receivables secured by mortgages on property	-	-	-	5.532.109	-	2.008	-	-	-
Past due receivables	-	-	-	-	-	23.995	3.183		-
Receivables defined in high risk category by BRSA	905	-	193	-	-	-	27.272	33.595	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	199.017	-	-	-	-	521.400	-	-	-

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	Prior Period(*)
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	1.167.538	911.365
Capital Requirement for Market Risk (MRCR)	13.258	11.622
Capital Requirement for Operational Risk (ORCR)	95.440	77.228
Shareholders' Equity	**2.256.680**	**1.858.124**
Shareholders' Equity/((CRCR+MRCR+ORCR)*12.5*100)	**%14,15**	**%14,86**
Core Capital/((CRCR+MRCR+ORCR) *12,5)*100	**%10,80**	**%10,80**
Tier I Capital/((CRCR+MRCR+ORCR) *12,5)*100	**%10,92**	**-**

(*) Equity calculation has changed as per the "Regulation on Equities of Banks" applicable as of January 1, 2014, figures belonging to prior period are calculated as per former regulation.

(Currency - Thousand Turkish Lira)

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

d) Details of shareholders' equity accounts:

Current period equity amount is calculated as per "Regulation on Equities of Banks" applicable as of January 1, 2014 published in Offical gazette dated September 5, 2013 numbered 28756.

	December 31, 2014
Tier I capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	470.137
Other Comprehensive Income according to TAS	165.427
Profit	260.594
Current Period Profit	252.631
Prior Period Profit	7.963
General Reserves for Possible Losses	88
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I capital before deductions	**1.796.246**
Deductions from tier I capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	5.231
Leasehold Improvements on Operational Leases (-)	43.470
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	5.081
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total deductions from tier I capital	**53.782**
Total tier I capital	**1.742.464**
Additional core capital	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional core capital before deductions	-
Deductions from additional core capital	-
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total deductions from additional core capital	-
Total additional core capital	-

(Currency - Thousand Turkish Lira)

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

Deductions from core capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	20.323
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total core capital	**1.722.141**
Tier II capital	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	467.000
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	70.947
Tier II capital before deductions	**537.947**
Deductions from tier ii capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total deductions from tier II capital	**-**
Total tier II capital	**537.947**
Capital	**2.260.088**
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	1.408
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	2.000
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
Equity	**2.256.680**
Amounts lower than excesses as per deduction rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	7.375

(Currency - Thousand Turkish Lira)

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

	December 31, 2013
Core capital	
Paid-in Capital	900.000
Nominal Capital	900.000
Capital Commitments (-)	-
Inflation Adjustments to Paid-in Capital	-
Share Premium	-
Share Cancellation Profits	-
Reserves	262.455
Inflation Adjustments to Reserves	-
Profit	242.843
Current Period Net Profit	241.409
Prior Years' Profits	1.434
Provision for possible losses up to 25% of the core capital	72
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(-)	38.688
Intangible Assets (-)	15.929
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	**1.350.753**
Supplementary capital	
General Loan Loss Reserves	47.378
45% of the Revaluation Reserve for Movable Fixed Assets	-
45% of the Revaluation Reserve for Properties	43.520
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	-
Primary Subordinated Loans Excluded in the Calculation of The Core Capital	-
Secondary Subordinated Loans	424.148
45% of Marketable Securities Value Increase Fund	(4.742)
Indexation Differences For Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-
Total supplementary capital	**510.304**
Capital	**1.861.057**
Deductions from the capital	**2.933**
Shareholdings in Unconsolidated Banks and Financial Institutions (Domestic, Foreign) in which the Bank Owns Ten Percent or More of Capital	250
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	1.391
Securitization Positions to be Deducted from Equity	-
Other	1.292
Total shareholders' equity	**1.858.124**

(Currency - Thousand Turkish Lira)

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

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.

f) Details on Subordinated Liabilities

Issuer	ABT Sukuk Ltd.
Unique Identifier	-
Governing Law(s) of the Instrument	English Law
Special Consideration in the Calculation of Equity	
As of January 1, 2015 consideration to be subject to a 10% reduction application status	-
Eligible at Unconsolidated / Consolidated	Unconsolidated / Consolidated
Instrument Type	Sukuk Murabaha
Amount recognized in regulatory capital (as of most recent reporting date)	467.000.000
Par Value of Instrument	467.000.000
Accounting Classification	Subordinated Loan
Original date of Issuance	May 7 2013
Perpetual or dated	Dated
Maturity date	May 7 2023
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date : 07.05.2018 Total Repayment Amount Including Profit Share : USD.77.500.000,- Repayment Period: Principal Payment for 6 months USD.69.750.000
Subsequent call dates	-
Profit Share / Dividends	
Fixed or floating profit share / dividend	Fixed
Profit share rate and any related index	7,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or Non-convertible	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	No
Details of incompliances with article number 7 and 8 of "Own fund regulation"	7,2,j

II. Explanations on credit risk:

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

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

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

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

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

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

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

(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
Receivables from central governments or central banks	3.786.127	3.287.547
Receivables from regional or local governments	93.059	108.478
Receivables from administrative units and non-commercial enterprises	361	123
Receivables from multilateral development banks	-	-
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	1.768.259	1.949.474
Receivables from corporates	9.386.949	8.157.010
Retail receivables	2.886.646	2.237.658
Receivables secured by mortgages on property	5.534.118	4.279.709
Past due receivables	27.178	25.517
Receivables defined in high risk category by BRSA	61.965	38.629
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	720.417	616.457
Total	**24.265.079**	**20.700.602**

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

(2) The credit risk undertaken for forwards, options and similar agreements is managed together with the risks arising from market movements.

The risks of forwards, options and similar agreements are followed regularly and the Bank utilizes risk mitigation methods if needed.

(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.

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

(5) Share of cash receivables of the Bank from its top 100 and top 200 cash loan customers in total cash loans is 38% (December 31, 2013: 41%) and 47% (December 31, 2013: 50%) 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 47% (December 31, 2013: 48%) and 59% (December 31, 2013: 60%) respectively.

Share of cash and non-cash receivables of the Bank from its top 100 and top 200 loan and non-cash loan customers in total of balance sheet and off balance sheet commitments is 35% (December 31, 2013: 36%) and 44% (December 31, 2013: 47%) respectively.

(6) The Bank's general provision amount for its credit risk is TL 153.910 (December 31, 2013: TL 113.708).

(7) Profile on significant risks in significant regions:

	Risk Categories (*)										
	1	2	3	4	5	6	7	8	9	10	Total
Current Period											
Domestic	3.786.127	93.039	361	1.610.643	8.679.252	2.641.431	5.016.639	26.829	61.325	19.070	**21.934.716**
EU Countries	-	-	-	-	27.047	7.853	12.327	-	-	5	**47.232**
OECD Countries (**)	-	-	-	-	-	-	-	-	-	-	-
Off-shore banking regions	-	-	-	117	55.063	4.952	14.397	-	-	-	**74.529**
USA, Canada	-	-	-	-	15.661	393	16.252	-	-	-	**32.306**
Other countries	-	20		157.499	609.926	232.017	474.503	349	640	701.342	**2.176.296**
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities(***)	-	-	-	-	-	-	-	-	-	-	-
	3.786.127	**93.059**	**361**	**1.768.259**	**9.386.949**	**2.886.646**	**5.534.118**	**27.178**	**61.965**	**720.417**	**24.265.079**

(*) Risk classifications in the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" will be used.
(**) OECD countries other than EU countries, USA and Canada.
(***) Assets and liabilities are not allocated on a consistent basis

1- Receivables from central governments or central banks
2- Receivables from regional or local governments
3- Receivables from administrative units and non-commercial enterprises
4- Receivables from banks and brokerage houses.
5- Receivables from corporates
6- Retail receivables
7- Receivables secured by mortgages on property
8- Past due receivables
9- Receivables defined in high risk category by BRSA
10-Other Receivables

(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	10	TL	FC	Total
1	**Agriculture**	-	39	-	-	158.881	55.096	61.045	481	-	16	176.599	98.959	275.558
1.1	Farming and stockbreeding	-	39	-	-	135.076	45.493	52.947	460	-	16	142.572	91.459	234.031
1.2	Forestry	-	-	-	-	23.705	7.051	7.062	21	-	-	32.932	4.907	37.839
1.3	Fishery	-	-	-	-	100	2.552	1.036	-	-	-	1.095	2.593	3.688
2	**Manufacturing**	-	60.219	-	-	4.481.901	1.378.074	1.552.422	11.562	-	529	3.120.291	4.364.416	7.484.707
2.1	Mining	-	1.365	-	-	146.741	25.767	24.614	141	-	82	37.502	161.208	198.710
2.2	Production	-	58.338	-	-	3.707.181	1.316.227	1.442.221	11.231	-	47	2.888.737	3.646.508	6.535.245
2.3	Electricity, gas, water	-	516	-	-	627.979	36.080	85.587	190	-	400	194.052	556.700	750.752
3	**Construction**	-	32.717	-	-	2.437.432	337.171	1.863.053	9.154	-	860	2.708.406	1.971.981	4.680.387
4	**Services**	3.786.081	39	-	1.768.259	1.867.907	553.733	639.341	5.765	-	17.028	3.379.858	5.258.295	8.638.153
4.1	Wholesale and retail trade	-	39	-	-	544.961	348.130	270.460	5.107	-	20	739.385	429.332	1.168.717
4.2	Hotel, food and beverage services	-	-	-	-	14.847	25.386	28.902	10	-	3	5.658	63.490	69.148
4.3	Transportation and telecommunication	-	-	-	-	142.215	39.014	27.911	301	-	3	66.191	143.253	209.444
4.4	Financial institutions	3.786.081	-	-	1.768.259	874.059	49.717	141.707	-	-	16.987	2.268.777	4.368.033	6.636.810
4.5	Real estate and renting services	-	-	-	-	145.093	35.964	35.117	80	-	9	91.012	125.251	216.263
4.6	Self-employment services	-	-	-	-	53.451	12.103	109.248	205	-	-	60.246	114.761	175.007
4.7	Education services	-	-	-	-	9.945	2.997	3.530	-	-	1	16.454	19	16.473
4.8	Health and social services	-	-	-	-	83.336	40.422	22.466	62	-	5	132.135	14.156	146.291
5	**Other**	46	45	361	-	440.828	562.572	1.418.257	216	61.965	701.984	2.831.273	355.001	3.186.274
6	**Total**	3.786.127	93.059	361	1.768.259	9.386.949	2.886.646	5.534.118	27.178	61.965	720.417	12.216.427	12.048.652	24.265.079

1- Receivables from central governments or central banks
2- Receivables from regional or local governments
3- Receivables from administrative units and non-commercial enterprises
4- Receivables from banks and brokerage houses.
5- Receivables from corporates
6- Retail receivables
7- Receivables secured by mortgages on property
8- Past due receivables
9- Receivables defined in high risk category by BRSA
10-Other Receivables

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

Distribution of risks with term structure according to remaining maturities:

	Time to Maturity				
Risk Categories	**1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1 year and over**
Receivables from central governments or central banks	2.461.544	264.378	-	199.000	861.205
Receivables from regional or local governments	7.597	12.642	19.447	40.759	12.611
Receivables from administrative units and non-commercial enterprises	361	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-
Receivables from banks and brokerage houses	1.728.701	30.618	7.726	57	1.132
Receivables from corporates	2.827.495	881.678	924.283	1.549.579	2.976.844
Retail receivables	374.036	85.370	150.136	198.851	359.751
Receivables secured by mortgages on property	870.225	428.100	597.499	820.801	2.562.500
Past due receivables	27.178	-	-	-	-
Receivables defined in high risk category by BRSA	2.394	4.034	6.242	13.280	32.581
Securities collateralized by mortgages	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-
Other receivables	34.420	-	-	-	-
TOTAL	**8.333.951**	**1.706.820**	**1.705.333**	**2.822.327**	**6.806.624**

(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	3.861.889	-	1.607.625	5.879.553	2.866.423	9.984.441	30.972	34.176	-	3.408
2	Amount after credit risk mitigation	4.501.147	-	1.978.195	5.922.544	2.698.778	9.100.365	30.455	33.595	-	3.408

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

(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:

For loans which are classified as impaired loans due to delay of collection of principal or profit share 90 days and above, and/or negative risk assessments of credit worthiness of the debtor; "specific provision" is set aside in the accompanying financial statements as of December 31, 2014.

For loans which are classified as past due not impaired loans due to delay of collection of principal or profit share up to 90 days; " general provision" is set aside in the accompanying financial statements as of December 31, 2014.

	Sectors / Counterparties	Loans			
		Impaired Loans	Past Due	Value Adjustments	Provisions
1	**Agriculture**	10.446	4.458	118	9.595
1.1	Farming and stockbreeding	5.891	3.897	104	5.146
1.2	Forestry	4.523	259	8	4.417
1.3	Fishery	32	302	6	32
2	**Manufacturing**	145.267	236.550	6.041	127.314
2.1	Mining	3.542	1.073	51	3.344
2.2	Production	138.840	159.422	4.432	121.278
2.3	Electricity, gas, water	2.885	76.055	1.558	2.692
3	**Construction**	89.209	128.816	3.034	77.283
4	**Services**	58.749	135.498	3.960	50.667
4.1	Wholesale and retail trade	37.487	51.750	1.194	30.782
4.2	Hotel, food and beverage services	401	126	6	391
4.3	Transportation and telecommunication	3.998	31.189	1.289	3.479
4.4	Financial institutions	269	17.599	748	269
4.5	Real estate and renting services	2.379	683	20	1.950
4.6	Self-employment services	13.525	30.661	628	13.195
4.7	Education services	-	121	2	-
4.8	Health and social services	690	3.369	73	601
5	**Other**	23.304	100.999	2.227	22.402
6	**Total**	**326.975**	**606.321**	**15.380**	**287.261**

(10) Information related to value adjustments and credit provisions:

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

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

	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments (*)	Closing Balance
1 Specific Provisions	253.428	91.371(***)	(58.663)(**)	1.125	287.261
2 General Provisions	113.708	45.361	(4.833)	(326)	153.910

(*) Determined according to currency differences.
(**) Related balance includes reversal of provisions regarding write-off's in the amount of TL 19.336
(***) Related balance includes reversal of provisions made within the same period in the amount of TL 5.109

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

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	2.933.726	2.148.514
Trading financial assets	-	27
Due from banks	1.648.235	1.378.708
Available-for-sale financial assets	658.085	239.347
Loans	15.474.046	11.987.580
Held to maturity investments	783.309	745.390
Finance lease receivables	709.646	72.321
Other assets	10.860	10.952
Total balance sheet items subject to credit risk	**22.217.907**	**16.582.839**
Contingent liabilities	8.078.509	6.163.867
Commitments	928.650	876.219
Total off-balance sheet items subject to credit risk	**9.007.159**	**7.040.086**
Total credit risk exposure	**31.225.066**	**23.622.925**

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 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	%16,01	%26,12
Average	%75,26	%67,53
Below average	%8,73	%6,35

(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 for testing purposes using internal model methods (Value at Risk) and the results are validated by back test analysis. The VaR (Value at Risk) 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 legal capital is stated below.

a) Information related to market risk:

		Amount
(I)	Capital requirement to be employed for general market risk - standard method	449
(II)	Capital requirement to be employed for specific risk - standard method	449
	Capital requirement against specific risks of securitization positions– standard method	-
(III)	Capital requirement to be employed for currency risk - standard method	12.360
(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)	13.258
(X)	Amount subject to market risk (12,5 X VIII) or (12,5 x IX)	165.729

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	-	-	-	-	-	-
Share Certificates Risk	791	898	722	873	1.064	762
Currency Risk	10.406	12.360	7.711	7.430	10.625	4.062
Commodity Risk	-	-	-	-	-	-
Swap Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counterparty Credit Risk	172	406	-	40	235	-
Total Value Subject to Risk	**11.369**	**13.664**	**8.433**	**8.343**	**11.924**	**4.824**

(Currency - Thousand Turkish Lira)

III. Explanations on market risk (continued):

(2) Quantitative information on counterparty risk:

The "counterparty credit risk" is calculated according to the fair value methodology indicated in the Appendix-2 Part 3 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

Replacement cost of agreements having positive value is calculated by revaluation of agreements according to their fair values. Potential credit risk amount is acquired by multiplying related ratios on agreement types by agreement amounts or amounts subject to the transaction.

	Balance(*)	
	December 31, 2014	December 31, 2013
Interest Rate Contracts	-	-
Foreign Exchange Rate Contracts	-	2.943
Commodity Contracts	-	-
Equity Shares Related Contracts	-	-
Other	-	-
Gross Positive Fair Value	-	-
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collateral Received	-	-
Net Derivative Position	**-**	**2.943**

(*) Includes only the counterparty risks arising from trading book.

(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	625.375	782.732	636.269	15	95.440
Amount subject to Operational Risk (Total*12,5)						1.193.004

(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.

d) Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of December 31, 2014 - Balance sheet evaluation rate	2,335	2,825
As of December 30, 2014	2,303	2,802
As of December 29, 2014	2,295	2,796
As of December 26, 2014	2,297	2,796
As of December 25, 2014	2,298	2,816
As of December 24, 2014	2,297	2,800

e) The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is full TL 2,272 for 1 USD (December 2013 : full TL 2,038), full TL 2,794 for 1 EURO (December 2013 : full TL 2,796).

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	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
USD	10% increase	6.037	4.629	84	453
USD	10% decrease	(6.037)	(4.629)	(84)	(453)
EURO	10% increase	(294)	548	-	-
EURO	10% decrease	294	(548)	-	-

(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	348.736	2.084.816	343.241	2.776.793
Banks	422.729	654.029	60.075	1.136.833
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Available-for-sale financial assets	49	163.344	-	163.393
Loans and financial lease receivables(**)	1.826.289	4.863.143	11.127	6.700.559
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	1.678	1.678
Intangible assets	-	-	565	565
Other assets (***)	667	1.186	579	2.432
Total assets	**2.598.470**	**7.766.518**	**417.265**	**10.782.253**
Liabilities				
Current account and funds collected from banks via participation accounts	170.280	256.459	3.315	430.054
Other current and profit sharing accounts	1.652.371	4.414.890	363.740	6.431.001
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	752.035	2.936.389	-	3.688.424
Marketable securities issued	-	-	-	-
Miscellaneous payables	6.578	68.423	1.170	76.171
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	20.147	29.990	2.304	52.441
Total liabilities	**2.601.411**	**7.706.151**	**370.529**	**10.678.091**
Net balance sheet position	**(2.941)**	**60.367**	**46.736**	**104.162**
Net off balance sheet position	-	-	-	-
Derivative financial instruments assets(****)	-	-	-	-
Derivative financial instruments liabilities(****)	-	-	-	-
Non-cash loans (*****)	1.130.253	2.775.456	23.435	3.929.144
Prior Period				
Total assets	2.342.048	5.197.465	388.354	7.927.867
Total liabilities	2.300.815	4.894.442	356.854	7.552.111
Net balance sheet position	**41.233**	**303.023**	**31.500**	**375.756**
Net off balance sheet position	**(35.754)**	**(256.730)**	**(2.620)**	**(295.104)**
Derivative financial instruments assets	8.496	21.605	2.338	32.439
Derivative financial instruments liabilities	44.250	278.335	4.958	327.543
Non-cash loans(*****)	852.441	2.343.620	10.953	3.207.014

(*) TL 341.330 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 353 of the balance in Banks in other FC column represent precious metals accounts with banks, TL 339.115 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 4.720.625 (December 31, 2013: TL 3.436.101).

(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 873 (December 31, 2013: TL 801) is included in other assets.

(****) In the current period, there are not any derivative financial instruments and foreign currency purchase & sale commitments. (December 31,2013: TL 32.439 foreign currency purchase commitment, TL 30.543 foreign currency sale commitment, TL 297.000 derivative financial instruments liabilities.)

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

(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 at Borsa İstanbul.

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, 2014 and December 31, 2013 are as follows:

December 31,2014	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	187,96	170,70	125,76	111,81
Maximum (%)	285,03	240,61	146,66	125,63
Minimum (%)	119,09	134,09	105,54	101,30

December 31,2013	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	166,23	183,59	128,09	131,86
Maximum (%)	261,07	286,26	156,72	201,10
Minimum (%)	105,34	105,74	107,43	100,83

(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	737.549	2.391.637	-	-	-	-	-	3.129.186
Banks	1.158.027	438.772	51.436	-	-	-	-	1.648.235
Financial Assets at Fair Value Through Profit and Loss	5.611	-	-	-	-	-	-	5.611
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1.675	-	42.661	50.984	538.419	26.021	-	659.760
Loans(*)	56.693	1.929.040	2.014.090	5.238.633	6.425.888	479.634	-	16.143.978
Held-To-Maturity Investments	-	-	269.905	154.941	358.463	-	-	783.309
Other Assets(**)	-	819	915	4.288	4.838	-	665.485	676.345
Total Assets	**1.959.555**	**4.760.268**	**2.379.007**	**5.448.846**	**7.327.608**	**505.655**	**665.485**	**23.046.424**
Liabilities								
Current account and funds collected from banks via participation accounts	116.363	252.262	140.629	63.463	-	-	-	572.717
Other current and profit sharing accounts	3.259.572	10.102.479	1.623.622	1.074.035	10.793	-	-	16.070.501
Funds provided from other financial institutions	-	632.730	328.425	1.408.969	1.014.166	304.134	-	3.688.424
Money Market Borrowings	-	116.740	-	-	-	-	-	116.740
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	141.158	26.676	5.944	-	-	336.394	510.172
Other liabilities(***)	-	31.792	24.034	-	-	-	2.032.044	2.087.870
Total Liabilities	**3.375.935**	**11.277.161**	**2.143.386**	**2.552.411**	**1.024.959**	**304.134**	**2.368.438**	**23.046.424**
Net Liquidity Gap	**(1.416.380)**	**(6.516.893)**	**235.621**	**2.896.435**	**6.302.649**	**201.521**	**(1.702.953)**	**-**
Prior period								
Total Assets	1.517.809	3.190.580	2.091.291	4.909.313	4.683.449	304.631	519.480	17.216.553
Total Liabilities	2.568.063	8.616.916	1.544.972	1.491.862	709.310	432.973	1.852.457	17.216.553
Net Liquidity Gap	**(1.050.254)**	**(5.426.336)**	**546.319**	**3.417.451**	**3.974.139**	**(128.342)**	**(1.332.977)**	**-**

(*) Leasing receivables are included under loans.

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

(***) The unallocated other liabilities row consists of equity, provisions and tax liabilities.

(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	3.375.935	10.354.741	1.764.251	1.137.498	10.793	-	**16.643.218**
Funds Borrowed from Other Financial Institutions	-	642.931	331.791	1.493.708	1.330.547	430.807	**4.229.784**
Borrowings from Money Markets	-	116.740	-	-	-	-	**116.740**
Total	**3.375.935**	**11.114.412**	**2.096.042**	**2.631.206**	**1.341.340**	**430.807**	**20.989.742**
Prior period							
Funds Collected	2.568.063	7.773.719	1.137.226	954.242	92.962	-	12.526.212
Funds Borrowed from Other Financial Institutions	-	578.823	322.760	526.652	632.395	444.585	2.505.215
Borrowings from Money Markets	-	144.475	-	-	-	-	144.475
Total	**2.568.063**	**8.497.017**	**1.459.986**	**1.480.894**	**725.357**	**444.585**	**15.175.902**

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 (*)	3.523.368	174.087	388.300	1.622.644	1.138.964	25.278	-	6.872.641
Bank acceptances	33.055	-	-	-	-	-	-	33.055
Letters of credit	537.894	39.456	2.227	4.627	5.066	-	-	589.270
Other commitments and contingencies	-	583.543	-	-	-	-	-	583.543
Total	**4.094.317**	**797.086**	**390.527**	**1.627.271**	**1.144.030**	**25.278**	**-**	**8.078.509**
Prior Period								
Letters of guarantee (*)	2.574.442	295.641	317.747	1.226.349	782.376	35.343	-	5.231.898
Bank acceptances	23.524	-	-	-	-	-	-	23.524
Letters of credit	447.522	27.559	2.645	4.285	-	-	-	482.011
Other commitments and contingencies	-	426.434	-	-	-	-	-	426.434
Total	**3.045.488**	**749.634**	**320.392**	**1.230.634**	**782.376**	**35.343**	**-**	**6.163.867**

(*) 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.

VIII. Explanations on securitisation positions:

None. (December 31, 2013: None)

IX. Explanations on credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized.

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

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

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

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

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

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

(Currency - Thousand Turkish Lira)

IX. Credit risk mitigation techniques (continued):

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.

Collaterals in terms of Risk Categories:

Risk Categories	Amount(*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Receivables from central governments or central banks	3.801.496	-	-	-
Receivables from regional or local governments	105.734	-	-	-
Receivables from administrative units and non-commercial enterprises	361	-	-	-
Receivables from multilateral development banks	-	-	-	-
Receivables from international organizations	-	-	-	-
Receivables from banks and brokerage houses	1.777.342	-	-	-
Receivables from corporates	9.368.040	864.650	-	18.909
Retail receivables	2.868.429	149.944	-	18.218
Receivables secured by mortgages on property	5.534.117	-	-	-
Past due receivables	27.178	-	-	-
Receivables defined in high risk category by BRSA	61.965	1.098	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	720.417	-	-	-

(*) Represents the total risk amount after credit mitigation techniques are applied.

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 is the probability of loss that the bank may be exposed to due to the bank's general market risk, foreign exchange risk, specific risk, commodity risk, settlement risk and counterparty credit risk in trading book.

Exchange rate risk or foreign currency risk which is one of the factors that constitutes market risk, defines the probability of loss due to the effects of possible changes in currency to all the Bank's foreign currency assets and liabilities. 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 the legal authority. 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. Additionally foreign currency risk is reviewed by Assets and Liabilities Committee. The Bank's strategy for the currency risk is keeping it at a balance and not having any short or long position.

X. Explanations on risk management objectives and policies (continued):

Liquidity Risk

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

Funding liquidity risk explains the probability of loss occurs in case of unable to meet the Bank's all anticipated and unanticipated cash flow requirements without damaging daily operations or the financial position.

Market liquidity risk is the probability of loss in case of the Bank's failure to close any position or stabilize market prices due to market depth or over fluctuations.

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. Liquidity risk is evaluated on a weekly basis from Assets and Liabilities committee.

Regarding liquidity risk of the Bank, 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.

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 misjudgements 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 also takes necessary preventive measures in order to keep operational risk at an acceptable level.

Other Risks

Other risks the Bank is exposed to are strategic risk, reputation risk, counterparty risk, compliance risk, residual risk, country risk, and concentration risk.

The Bank's risk management system, in order to prevent and/or control strategic risks, is prepared against changes in economic, 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.

Residual risk is the risk that arises in case that the risk mitigation techniques are not as effective as expected. Senior management procures the implementation of residual risk management policy and strategy that is approved by Board of Directors. Moreover, It considers maturity match between credit and collateral, some factors like changes due to negative market movements for risk management.

Counterparty credit risk is the probability that one of the parties of a transaction where both sides are imposed with liability becomes default on his liability before the last payment in the cash flow of the transaction. The Bank should manage counterparty credit risk in accordance with the volume, quality and complexity of its activities within the framework of legal legislation.

Compliance risk means those risks which are related to sanctions, financial losses and/ or loss of reputation that the Bank may suffer in the event that the Bank's operations and the attitudes and acts of the Bank's staff members are not in conformity and compliance with the current legislation, regulations and standards. The Head of Legislation and Compliance Unit, who shall be appointed by the Board of Directors, shall be accountable for the purposes of planning, arranging, conducting, managing, assessing, monitoring and coordinating the corporate compliance activities.

X. Explanations on risk management objectives and policies (continued):

Country risk is the probability of loss that the Bank may be exposed to in case borrowers in one country fail or shirk to fulfill their foreign obligations due to uncertainties in economic, social and political conditions. The Bank constitutes its commercial connections with foreign fiscal institutions and countries, as a result of feasibility studies made for country's economic conditions within legal restrictions and through consideration of market conditions and customer satisfaction.

Concentration risk is the probability of experiencing large scale losses due to one single risk amount or risk amounts in particular risk types that may threaten the body of the Bank and the capability of operating its principal activities. Policies in regards to concentration risk are classified as sectoral concentration, concentration to be created on the basis of collateral, concentration on the basis of market risk, concentration on the basis of types of losses, concentration arising from participation fund and other financing providers.

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.

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

(Currency - Thousand Turkish Lira)

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

	Carrying value		Fair value	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Financial Assets				
Money market placements	-	-	-	-
Banks	1.648.235	1.378.708	1.648.235	1.378.708
Financial assets at fair value through profit and loss	5.611	4.791	5.611	4.791
Financial assets available for sale	659.760	240.890	659.760	240.890
Held to maturity investments	783.309	745.390	794.685	731.303
Loans and financial lease receivables	16.183.692	12.059.901	15.593.643	12.069.915
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	572.717	507.624	572.717	507.624
Other current and profit sharing accounts	16.070.501	12.018.588	16.070.501	12.018.588
Funds provided from other financial institutions	3.688.424	2.035.816	3.682.518	2.021.228
Marketable securities issued	-	-	-	-
Miscellaneous payables	510.172	329.174	510.172	329.174

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:

a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level I);

b. 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);

c. 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	5.611	-	-	5.611
Public sector debt securities	-	-	-	-
Equity securities	5.611	-	-	5.611
Derivative financial assets held for trading	-	-	-	-
Other	-	-	-	-
Financial assets- available for sale	658.085	-	-	658.085
Equity securities (*)	-	-	-	-
Public sector debt securities	588.615	-	-	588.615
Other marketable securities	69.470	-	-	69.470
Financial liabilities				
Derivative financial liabilities held for trading	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-

(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	4.764	27	-	4.791
Public sector debt securities	-	-	-	-
Equity securities	4.764	-	-	4.764
Derivative financial assets held for trading	-	-	-	-
Other	-	27	-	27
Financial assets- available for sale	239.347	-	-	239.347
Equity securities (*)	-	-	-	-
Public sector debt securities	201.523	-	-	201.523
Other marketable securities	37.824	-	-	37.824
Financial liabilities				
Derivative financial liabilities held for trading	-	2.804	-	2.804
Derivative financial liabilities for hedging purposes	-	-	-	-

(*) The balances in the balance sheet include unquoted equity securities carried at cost which are not included in the above table since they are not carried at fair value.
(**) In the current period, there is no classification between level I and level II.

As of December 31, 2014 and 2013 the Bank carries the real estates at fair value under tangible assets. Level III section is used in determining the related fair values.

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.

(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	1.935.081	14.168.295	1.844.257	5.098.791	23.046.424
Total Liabilities	11.475.842	9.106.218	262.573	410.864	21.255.497
Total Equity	-	-	-	1.790.927	1.790.927
Net profit share income/(expense)(*)(**)	(359.080)	947.417	110.637	-	698.974
Net fees and commissions income/(expense)	8.849	132.867	(8.955)	(4.425)	128.336
Other operating income /(expense)	19	(55.334)	2.289	(448.732)	(501.758)
Profit/(loss) before tax	(350.212)	1.024.950	103.971	(453.157)	325.552
Provision for tax	-	-	-	(72.921)	(72.921)
Net profit / (loss) for the period	**(350.212)**	**1.024.950**	**103.971**	**(526.078)**	**252.631**

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	1.383.561	10.482.611	1.496.617	3.853.764	17.216.553
Total Liabilities	8.358.926	6.880.760	217.852	261.747	15.719.285
Total Equity	-	-	-	1.497.268	1.497.268
Net profit share income/(expense)(*)(**)	(196.040)	757.393	63.823	-	625.176
Net fees and commissions income/(expense)	1.455	104.026	(4.030)	11.746	113.197
Other operating income /(expense)	(167)	(72.620)	1.879	(367.922)	(438.830)
Profit/(loss) before tax	(194.752)	788.799	61.672	(356.176)	299.543
Provision for tax	-	-	-	(58.134)	(58.134)
Net profit / (loss) for the period	**(194.752)**	**788.799**	**61.672**	**(414.310)**	**241.409**

(*) 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.

(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	88.803	106.119	65.105	63.244
CBRT	263.590	2.670.136	181.309	1.967.205
Other (*)	-	538	-	5.818
Total	**352.393**	**2.776.793**	**246.414**	**2.036.267**

(*) Includes precious metals amounting to TL 538 as of December 31, 2014 (December 31, 2013: TL 5.818).

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	263.328	278.761	181.309	193.626
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	262	2.391.375	-	1.773.579
Total	**263.590**	**2.670.136**	**181.309**	**1.967.205**

(*) As of December 31, 2014, the reserve requirement held in standard gold is TL 340.792 (December 31, 2013: TL 299.635).

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

As of December 31, 2014, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 6% to 13% depending on maturity of deposits.

As per the press release by The Central Bank of Republic of Turkey dated October 21, 2014 numbered 2014-72, income payment on TL reserves is launched since November 2014.

(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:

None. (December 31, 2013: None)

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

None. (December 31, 2013: None)

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	511.402	731.224	625.878	425.117
Abroad	-	405.609	-	327.713
Foreign head offices and branches	-	-	-	-
Total	**511.402**	**1.136.833**	**625.878**	**752.830**

b) Information on foreign bank accounts:

	Current period		Prior period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	83.042	-	143.319	-
USA and Canada	225.731	-	120.831	-
OECD Countries (*)	2.696	-	8.068	-
Off-shore banking regions	758	-	2.941	-
Other	93.382	-	52.554	-
Total	**405.609**	**-**	**327.713**	**-**

(*) 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. (December 31, 2013: None)

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

	Current Period	Prior Period
Debt securities	658.435	243.121
Quoted on a stock exchange(*)	658.435	243.121
Unquoted	-	-
Share certificates	1.675	1.543
Quoted on a stock exchange	-	-
Unquoted (**)	1.675	1.543
Impairment provision (-)	350	3.774
Total	**659.760**	**240.890**

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

(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	8.808	35.469	45.889	31.349
Corporate shareholders	8.663	35.119	45.682	31.349
Real person shareholders	145	350	207	-
Indirect loans granted to shareholders	50.238	69.492	1.476	15.514
Loans granted to employees	7.742	-	6.179	-
Total	**66.788**	**104.961**	**53.544**	**46.863**

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		
Cash loans	Loans and other receivables (Total)	Restructured or rescheduled		Loans and other receivables (Total)	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan(*)	Other
Loans	14.632.175	768	-	802.157	297.191	22.334
Export loans	314.061	-	-	533	533	-
Import loans	1.577.617	-	-	86.146	14.325	2.154
Business loans	7.600.408	-	-	585.315	247.765	3.266
Consumer loans	1.850.408	768	-	27.827	14.583	930
Credit cards	157.821	-	-	1.824	-	-
Loans given to financial sector	3.055	-	-	-	-	-
Other (**)	3.128.805	-	-	100.512	19.985	15.984
Other receivables (*)	-	-	-	-	-	-
Total	**14.632.175**	**768**	**-**	**802.157**	**297.191**	**22.334**

(*) Amount of TL 4.544 consist of extension of repayment plan for financial leasing receivables and presented in the footnote 10-c.

(**) Details of other loans are provided below:

Commercial loans with installments	1.687.054
Other investment credits	634.380
Loans given to abroad	341.030
Profit and loss sharing investments (***)	316.114
Loans for purchase of marketable securities for customer	245.168
Other	5.571
Total	**3.229.317**

(***) As of December 31, 2014, the related balance represents profit and loss sharing investment projects (12 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects 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 57.388 (December 31, 2013: TL 63.175) income in the accompanying financial statements in relation to such loans.

(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	768	301.735
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	-	25.069
6 - 12 months	768	16.002
1 - 2 years	-	45.668
2 - 5 years	-	170.818
5 years and over	-	44.178

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, 2014, the Bank does not have any loan receivables arising from rescheduled loans within the scope of related Communiqué.

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

As of December 31, 2014, the Bank has loan receivables amounting to TL 942 arising from rescheduled loans within the scope of related Communiqué.

c) Maturity analysis of cash loans:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
Cash Loans	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short term loans and other receivables				
Loans	6.246.970	-	127.254	36.728
Other receivables	-	-	-	-
Medium and long-term loans and other receivables(*)				
Loans	8.384.437	768	355.378	282.797
Other receivables	-	-	-	-
Total	**14.631.407**	**768**	**482.632**	**319.525**

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

(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	**15.629**	**1.858.151**	**1.873.780**
Housing loans	2.340	1.696.397	1.698.737
Vehicle loans	3.522	95.273	98.795
Consumer loans	8.799	6.274	15.073
Other	968	60.207	61.175
Consumer loans-FC indexed	**46**	**19**	**65**
Housing loans	46	19	65
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	**54.696**	**98**	**54.794**
With installment	21.593	48	21.641
Without installment	33.103	50	33.153
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	**2.270**	**2.120**	**4.390**
Housing loans	-	325	325
Vehicle loans	102	1.270	1.372
Consumer loans	2.168	422	2.590
Other	-	103	103
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	**3.343**	**9**	**3.352**
With installment	1.563	7	1.570
Without installment	1.780	2	1.782
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	**75.984**	**1.860.397**	**1.936.381**

(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	**1.177.399**	**112.778**	**1.290.177**
Business loans	382.574	70.303	452.877
Vehicle loans	243.752	2.012	245.764
Consumer loans	48	-	48
Other	551.025	40.463	591.488
Commercial installment loans-FC indexed	**393.144**	**3.733**	**396.877**
Business loans	139.211	1.705	140.916
Vehicle loans	35.149	123	35.272
Consumer loans	33	-	33
Other	218.751	1.905	220.656
Commercial installment Loans-FC	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	**101.499**	-	**101.499**
With installment	11.435	-	11.435
Without installment	90.064	-	90.064
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC(legal entity)	-	-	-
Total	**1.672.042**	**116.511**	**1.788.553**

e) Allocation of loans by customers:

	Current Period	Prior Period
Public	106.554	88.391
Private	15.327.778	11.872.949
Total	**15.434.332**	**11.961.340**

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	15.093.302	11.549.770
Foreign loans	341.030	411.570
Total	**15.434.332**	**11.961.340**

g) Loans granted to subsidiaries and associates:

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

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

ğ) Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	23.769	25.660
Loans and receivables with doubtful collectability	40.451	64.539
Uncollectible loans and receivables	212.500	154.798
Total	**276.720**	**244.997**

In addition to specific provision for loans amounting TL 276.720 (December 31, 2013: TL 244.997), provision amounting to TL 10.541 (December 31, 2013: TL 8.431) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 287.261 (December 31, 2013: TL 253.428). Specific provision for loans amounting to TL 183.120 (December 31, 2013: TL 161.892) 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 collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	62	1.132	19.288
Restructured loans and other receivables	62	1.132	19.288
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before specific provisions)	-	-	19.311
Restructured loans and other receivables	-	-	19.311
Rescheduled loans and other receivables	-	-	-

h.2) Movements of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Closing balance of prior period	31.036	73.087	167.114
Additions in the current period (+)	101.417	658	5.489
Transfers from other categories of non-performing loans (+)	-	80.516	93.343
Transfers to other categories of non-performing loans (-)	80.516	93.343	-
Transfers to standard loans (-)	-	2.142	1.238
Collections in the current period (-)	8.510	10.326	20.815
Write offs (-)	4.244	-	15.092
Corporate and commercial loans	4.244	-	14.200
Retail loans	-	-	881
Credit cards	-	-	11
Other	-	-	-
Closing balance of the current period	39.183	48.450	228.801
Specific provisions (-)	23.769	40.451	212.500
Net balance at the balance sheet	**15.414**	**7.999**	**16.301**

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

Non-performing loans and receivables in the amount of TL 316.434 (December 31, 2013: TL 271.237) comprise TL 194.337 (December 31, 2013: TL 160.586) of participation account share of loans and receivables provided from participation accounts.

In addition to non- performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectability amounting to TL 10.541 (December 31, 2013: TL 8.431). In the current period, collections from fees, commissions and other receivables with doubtful collectability amounted to TL 3.681.

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period:			
Period end balance	15	12	-
Specific provision (-)	4	7	-
Net balance on balance sheet	**11**	**5**	**-**
Prior period:			
Period end balance	-	-	700
Specific provision (-)	-	-	677
Net balance on balance sheet	**-**	**-**	**23**

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)	**15.414**	**7.999**	**16.301**
Loans to individuals and corporates (gross)	39.183	48.450	228.801
Specific provision (-)	23.769	40.451	212.500
Loans to individuals and corporates (net)	**15.414**	**7.999**	**16.301**
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior period (net)	**5.376**	**8.548**	**12.316**
Loans to individuals and corporates (gross)	31.036	73.087	167.114
Specific provision (-)	25.660	64.539	154.798
Loans to individuals and corporates (net)	**5.376**	**8.548**	**12.316**
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

ı) 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 numbered 26333 dated November 01, 2006, have been written-off per the decision of the Bank management. In 2014, non-performing loans amounting to TL 19.336 were written-off (2013 – TL 13.897).

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	Total
Loans and Receivables				
Corporate Loans	422.348	92.033	221.102	735.483
Consumer Loans	79.128	14.155	2.874	96.157
Credit Cards	3.708	990	339	5.037
Total	**505.184**	**107.178**	**224.315**	**836.677**

Prior Period	Less than 30 days	31-60 days	61-90 days	Total
Loans and Receivables				
Corporate Loans	494.682	69.757	189.749	754.188
Consumer Loans	62.662	9.771	6.715	79.148
Credit Cards	5.662	903	451	7.016
Total	**563.006**	**80.431**	**196.915**	**840.352**

(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:

As of December 31, 2014, held to maturity investments given as a guarantee or blocked amount to TL 30.982. Held to maturity investments subject to repurchase agreements amount to TL 113.775 (December 31, 2013 : Held to maturity investments given as a guarantee or blocked amount to TL 18.228, held to maturity investments subject to repurchase agreements amount to TL 146.794).

6.2) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	783.309	730.267
Total	**783.309**	**730.267**

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

6.3) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	783.309	745.390
Quoted on a stock exchange(*)	783.309	745.390
Unquoted	-	-
Impairment provision(-)	-	-
Total	**783.309**	**745.390**

(*) 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	745.390	365.815
Foreign currency differences on monetary assets	-	-
Purchases during period	350.000	429.378
Disposals through sales and redemptions	(366.063)	(91.427)
Impairment provision (-)	-	-
Income accruals	53.982	41.624
Closing balance	**783.309**	**745.390**

(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	1,75	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the unaudited financial statements as of December 31, 2014.

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
292.213	288.535	2.926	-	-	14.745	19.227	-

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:

As of balance sheet date, the Bank does not have unconsolidated subsidiary.

b) Information on consolidated subsidiaries:

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş	İstanbul / Türkiye	100,00	-

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2014.

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
812.062	173	4	-	-	(30)	(47)	-

(Currency - Thousand Turkish Lira)

9. Information on investments in joint- ventures:

The Bank has founded Katılım Emeklilik ve Hayat A.Ş ("Company") – a private pension and insurance company- through equal partnership with Kuveyt Turk Katılım Bankası A.Ş in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. Company registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The audited financials as of December 31, 2014 are below.

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	11.221	3.857	-	-	11.135

Investment in joint venture in the unconsolidated financial statements is carried at cost.

10. Information on lease receivables (net):

a) Presentation of remaining maturities of funds lent under finance lease method:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	208.180	173.564	30.318	23.558
1 to 4 years	352.652	315.581	51.197	45.648
More than 4 years	221.780	220.501	4.378	3.115
Total	**782.612**	**709.646**	**85.893**	**72.321**

b) Information on net investments through finance lease:

	Current Period	Prior Period
Gross finance lease receivables	782.612	85.893
Unearned finance lease receivable (-)	72.966	13.572
Net receivable from finance leases	**709.646**	**72.321**

(Currency - Thousand Turkish Lira)

10. Information on lease receivables (net) (continued):

c) General explanation on finance lease contracts:

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

Information on leasing receivables:

	Standard loans and Other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Restructured or rescheduled		Loans and other receivables	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Finance lease receivables (Net)	695.999	-	-	13.647	4.544	-

11. Information on derivative financial assets for hedging purposes:

None (December 31,2013: None)

12. Information on tangible assets:

Current period	Immovables	Leased tangible assets	Vehicles	Other	Assets held for sale	Total
Cost						
Opening balance: January 1,2014	**262.486**	**-**	**2.077**	**155.578**	**56.224**	**476.365**
Additions	2.226	-	14	49.058	218	51.517
Revaluation differences	73.598	-	-	-	-	73.598
Disposals	-	-	(424)	(8.216)	(7.619)	(16.259)
Impairment losses(-)/Reversal of impairment losses	266	-	-	-	(1.093)	(828)
Transfers	-	-	-	-	23.045	23.045
Ending balance: December 31,2014	**338.576**	**-**	**1.667**	**196.420**	**70.775**	**607.438**
Accumulated depreciation(-)						
Opening balance: January 1,2014	**21.837**	**-**	**1.423**	**71.083**	**1.408**	**95.751**
Depreciation expense	5.896	-	277	25.653	1.255	33.082
Reversal of depreciation of the disposed assets	-	-	(422)	(7.909)	(202)	(8.534)
Transfers	-	-	-	-	-	-
Ending balance: December 31,2014	**27.733**	**-**	**1.278**	**88.827**	**2.461**	**120.299**
Total cost at the end of the year	**338.576**	**-**	**1.667**	**196.420**	**70.775**	**607.438**
Total accumulated depreciation at the end of the year	**(27.733)**	**-**	**(1.278)**	**(88.827)**	**(2.461)**	**(120.299)**
Closing net book value	**310.843**	**-**	**389**	**107.593**	**68.314**	**487.139**

(Currency - Thousand Turkish Lira)

Prior period	Immovables	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
Cost						
Opening balance: January 1, 2013	**206.735**	**-**	**2.094**	**125.017**	**36.855**	**370.701**
Additions	4.645	-	91	34.674	35.023	74.433
Revaluation differences	53.551	-	-	-	-	53.551
Disposals	(2.445)	-	(108)	(4.113)	(23.386)	(30.052)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	(313)	(313)
Transfers	-		-	-	8.045	8.045
Ending balance: December 31, 2013	**262.486**	**-**	**2.077**	**155.578**	**56.224**	**476.365**
Accumulated depreciation(-)						
Opening balance: January 1, 2013	**17.819**	**-**	**1.197**	**56.336**	**1.012**	**76.364**
Depreciation expense	4.565	-	334	18.275	669	23.843
Reversal of depreciation of the disposed assets	(547)	-	(108)	(3.528)	(273)	(4.456)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2013	**21.837**	**-**	**1.423**	**71.083**	**1.408**	**95.751**
Total cost at the end of the year	**262.486**	**-**	**2.077**	**155.578**	**56.224**	**476.365**
Total accumulated depreciation at the end of the year	**(21.837)**	**-**	**(1.423)**	**(71.083)**	**(1.408)**	**(95.751)**
Closing net book value	**240.649**	**-**	**654**	**84.495**	**54.816**	**380.614**

As of December 31, 2014, the Bank has revalued its immovables and revaluation fund of TL 153.179 (December 31, 2013: TL 96.712) net of deferred tax and depreciation, has been reflected in the financial statements. The carrying value of the aforesaid immovables would have been TL 106.810 (December 31, 2013: TL 107.289) if revaluation method had not been adopted.

13. Information on intangible assets:

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

	Current Period	**Prior Period**
Cost	50.447	29.865
Accumulated depreciation (-)	23.556	13.936
Total (net)	**26.891**	**15.929**

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

	Current Period	**Prior Period**
Opening balance	15.929	7.052
Additions	20.565	13.973
Disposals (-) net	-	-
Depreciation expense (-)	9.603	5.096
Closing net book value	**26.891**	**15.929**

14. Information on investment property:

None. (December 31, 2013: None)

(Currency - Thousand Turkish Lira)

15. Information related to deferred tax asset:

None. (December 31, 2013: TL 8.356)

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	28.407	10.714
Additions	34.403	42.628
Disposals	(12.634)	(16.374)
Transfers (*)	(23.045)	(8.045)
Impairment Provision(-)/Reversal of Impairment Provision	547	(516)
Net closing balance	**27.678**	**28.407**

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

TL 27.575 of the assets held for sale is comprised of real estates, TL 103 is comprised of other 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 76.411 (December 31, 2013: TL 58.367) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

(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	**651.085**	-	-	-	-	-	-	-	**651.085**
II. Real Persons Participation Accounts Non-Trade TL		**3.221.702**	**2.450.686**	**129.932**	-	**38.739**	**433.932**	-	**6.274.991**
III. Current Account other-TL	**1.084.752**	-	-	-	-	-	-	-	**1.084.752**
Public Sector	27.473	-	-	-	-	-	-	-	27.473
Commercial Institutions	1.027.822	-	-	-	-	-	-	-	1.027.822
Other Institutions	28.554	-	-	-	-	-	-	-	28.554
Commercial and Other Institutions	49	-	-	-	-	-	-	-	49
Banks and Participation Banks	854	-	-	-	-	-	-	-	854
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	801	-	-	-	-	-	-	-	801
Participation Banks	51	-	-	-	-	-	-	-	51
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	**512.441**	**984.970**	**123.546**	-	**30.191**	**120.187**	-	**1.771.335**
Public Sector	-	18.575	41	-	-	-	-	-	18.616
Commercial Institutions	-	446.099	883.116	24.953	-	8.209	115.749	-	1.478.126
Other Institutions	-	35.074	65.275	7.311	-	886	4.438	-	112.984
Commercial and Other Institutions	-	12.693	7.107	-	-	-	-	-	19.800
Banks and Participation Banks	-	-	29.431	91.282	-	21.096	-	-	141.809
V. Real Persons Current Accounts Non- Trade FC	**764.756**	-	-	-	-	-	-	-	**764.756**
VI. Real Persons Participation Accounts Non-Trade FC	-	**1.711.026**	**1.199.277**	**151.563**	-	**26.657**	**422.339**	-	**3.510.862**
VII. Other Current Accounts FC	**743.223**	-	-	-	-	-	-	-	**743.223**
Residents in Turkey-Corporate	576.703	-	-	-	-	-	-	-	576.703
Residents Abroad-Corporate	51.011	-	-	-	-	-	-	-	51.011
Banks and Participation Banks	115.509	-	-	-	-	-	-	-	115.509
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	115.091	-	-	-	-	-	-	-	115.091
Participation Banks	418	-	-	-	-	-	-	-	418
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	**408.717**	**922.390**	**43.286**	-	**117.148**	**11.558**	-	**1.503.099**
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	327.919	679.277	5.108	-	92.161	951	-	1.105.416
Other institutions	-	26.777	7.295	9	-	-	-	-	34.081
Commercial and Other Institutions	-	25.756	10.315	-	-	2.379	10.607	-	49.057
Banks and Participation Banks	-	28.265	225.503	38.169	-	22.608	-	-	314.545
IX. Precious Metals Deposits	**132.119**	**96.393**	**102.886**	**3.586**	-	**611**	**3.520**	-	**339.115**
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)	**3.375.935**	**5.950.279**	**5.660.209**	**451.913**	-	**213.346**	**991.536**	-	**16.643.218**

(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	**520.107**	-	-	-	-	-	-	-	**520.107**
II. Real Persons Participation Accounts Non-Trade TL	-	**3.366.875**	**809.658**	**86.932**	-	**28.740**	**420.175**	-	**4.712.380**
III. Current Account other-TL	**922.112**	-	-	-	-	-	-	-	**922.112**
Public Sector	18.029	-	-	-	-	-	-	-	18.029
Commercial Institutions	873.573	-	-	-	-	-	-	-	873.573
Other Institutions	27.147	-	-	-	-	-	-	-	27.147
Commercial and Other Institutions	2.434	-	-	-	-	-	-	-	2.434
Banks and Participation Banks	929	-	-	-	-	-	-	-	929
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	274	-	-	-	-	-	-	-	274
Participation Banks	655	-	-	-	-	-	-	-	655
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	**671.069**	**345.486**	**109.846**	-	**101.743**	**136.108**	-	**1.364.252**
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	629.331	196.949	108.418	-	101.734	122.917	-	1.159.349
Other Institutions	-	39.124	45.944	1.428	-	9	9.389	-	95.894
Commercial and Other Institutions	-	2.614	1.123	-	-	-	-	-	3.737
Banks and Participation Banks	-	-	101.470	-	-		3.802	-	105.272
V. Real Persons Current Accounts Non- Trade FC	**464.824**	-	-	-	-	-	-	-	**464.824**
VI. Real Persons Participation Accounts Non-Trade FC	-	**1.459.461**	**438.269**	**95.481**	-	**16.377**	**352.111**	-	**2.361.699**
VII. Other Current Accounts FC	**472.670**	-	-	-	-	-	-	-	**472.670**
Residents in Turkey-Corporate	406.538	-	-	-	-	-	-	-	406.538
Residents abroad-Corporate	25.388	-	-	-	-	-	-	-	25.388
Banks and Participation Banks	40.744	-	-	-	-	-	-	-	40.744
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	36.072	-	-	-	-	-	-	-	36.072
Participation Banks	4.672	-	-	-	-	-	-	-	4.672
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	**534.021**	**676.219**	**69.386**	-	**25.317**	**62.298**	-	**1.367.241**
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	395.237	401.721	10.206	-	-	42.916	-	850.080
Other Institutions	-	29.930	2.255	7	-	-	-	-	32.192
Commercial and Other Institutions	-	49.307	64.945	5.851	-	1.102	3.085	-	124.290
Banks and Participation Banks	-	59.547	207.298	53.322	-	24.215	16.297	-	360.679
IX. Precious Metals Deposits	**188.350**	-	**149.530**	**1.589**	-	**712**	**746**	-	**340.927**
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)	**2.568.063**	**6.031.426**	**2.419.162**	**363.234**	-	**172.889**	**971.438**	-	**12.526.212**

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	3.576.170	2.588.347	3.349.906	2.644.139
Foreign currency accounts	1.296.029	990.673	3.265.958	2.146.456
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 100 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

b.2) Funds collected which are not under the guarantee of insurance fund:

Funds collected of real persons which are not under the guarantee of insurance fund:

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	29.444	9.774
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	7.451	5.640
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

2. Information on derivative financial liabilities held for trading:

None. (December 31, 2013 : TL 2.804)

(Currency - Thousand Turkish Lira)

3. Information on borrowings:

The Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 151.000.000 and EUR 54.400.000 with maturity of one year, amounting to USD 135.000.000 and EUR 98.000.000 with maturity of two years, totaling to USD 286.000.000 and EUR 152.400.000.

As of December 31, 2014, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 359.955.589 and EUR 113.435.323 (31 December 2013: USD 345.022.089 and EUR 106.572.443).

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

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	-	884.691	-	47.392
Loans from foreign banks, institutions and funds	-	2.331.307	-	1.988.424
Total	**-**	**3.215.998**	**-**	**2.035.816**

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	1.746.725	-	1.414.563
Medium and Long-Term	-	1.469.273	-	621.253
Total	**-**	**3.215.998**	**-**	**2.035.816**

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

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

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

None. (December 31, 2013: None)

(Currency - Thousand Turkish Lira)

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.

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	34.737	23.451
1 to 4 years	92.312	66.677
Over 4 years	95.845	62.254
Total	**222.894**	**152.382**

6. Information on hedging derivative financial liabilities:

None. (December 31, 2013: None)

(Currency - Thousand Turkish Lira)

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General provision for	**153.910**	**113.708**
I. Group loans and receivables (Total)	**115.490**	**86.549**
Participation Accounts' Share	67.736	55.687
Bank's Share	47.754	30.862
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	**49**	-
Participation Accounts' Share	44	-
Bank's Share	5	-
Others	-	-
II. Group loans and receivables (Total)	**23.414**	**15.598**
Participation Accounts' Share	15.227	10.643
Bank's Share	8.187	4.955
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	**8.743**	**6.685**
Participation Accounts' Share	5.694	4.493
Bank's Share	3.049	2.192
Others	-	-
Non-cash loans	**15.006**	**11.561**
Others	-	-

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

As of December 31, 2014, provision for foreign exchange losses on foreign currency indexed loans amounting to TL 15.086 (December 31, 2013: TL 129) 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:

As of December 31, 2014, the Bank has provided specific provisions amounting to TL 15.328 (December 31, 2013: TL 12.629) for non-cash loans that are not indemnified.

ç) Other provisions:

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

	Current Period	Prior Period
General Reserves for Possible Losses (*)	88	72
Total	**88**	**72**

(*) The balance represents provision for the lawsuits against the Bank with high probability of realization and cash outflows.

(Currency - Thousand Turkish Lira)

7. Information on provisions (continued):

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

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts(*)	23.117	33.033
Provision for unindemnified non-cash loans	15.328	12.629
Payment commitments for cheques	2.574	2.256
Provision for promotions related with credit cards and promotion of banking services	217	230
General reserves for possible losses	88	72
Financial assets at fair value through profit and loss	-	70
Other (**)	5.061	-
Total	**46.385**	**48.290**

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

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

d) Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 26.201 (December 31, 2013: TL 16.526) and vacation pay liability amounting to TL 6.328 (December 31, 2013: TL 5.939) totaling to TL 32.529 (December 31, 2013: TL 39.465). Provisions for Performance Premium has not been allocated in the current term.(December 31,2013: TL 17.000) The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	8,40	10,34
Estimated increase rate of salary ceiling (%)	6,00	6,00
Rate used in relation to possibility of retirement (*) (%)	73,71	73,01

(*) 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	16.526	14.850
Provisions made in the period	4.324	3.958
Actuarial gain/(loss)	6.958	(420)
Paid during the period	(1.607)	(1.862)
Balance at the end of the period	**26.201**	**16.526**

(Currency - Thousand Turkish Lira)

8. Information on taxes payable:

a) Explanations on current tax liability:

a.1) As of December 31, 2014, the Bank's corporate tax payable is TL 24.034 (December 31, 2013: TL 22.749) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	24.034	22.749
Banking insurance transaction tax	11.050	7.444
Taxation on securities income	9.391	6.777
Value added tax payable	710	654
Taxation on real estate income	561	440
Foreign exchange transaction tax	-	-
Other	5.048	4.107
Total	**50.794**	**42.171**

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	2.190	1.705
Social security premiums-employer	2.380	1.832
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	154	120
Unemployment insurance-employer	308	240
Other	-	-
Total	**5.032**	**3.897**

(Currency - Thousand Turkish Lira)

8. Information on taxes payable (continued):

b) Information on deferred tax liability:

As of December 31, 2014, the Bank calculated deferred tax asset of TL 35.388 (December 31, 2013: TL 33.398) and deferred tax liability of TL 43.681 (December 31, 2013: TL 25.042) on all tax deductible/ taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods and presented them as net in the accompanying financial statements. (December 31: 2013: TL 8.356 deferred tax asset)

	Tax Assessment	Deferred Tax Amount
Rediscount on profit share and prepaid fees and commission income and unearned revenues	137.820	27.564
Provisions for retirement and vacation pay liabilities	32.529	6.506
Difference between carrying value and tax base of tangible assets	4.105	821
Provision for impairment	2.215	443
Other	271	54
Deferred tax asset	**176.940**	**35.388**
Revaluation difference of property	191.475	38.295
Financial assets available for sale valuation difference	12.485	2.497
Trading securities valuation difference	1.930	386
Rediscount on profit share	125	25
Prepaid Expenses	12.390	2.478
Deferred tax liability	**218.405**	**43.681**
Deferred tax liability (net)	**41.465**	**8.293**

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

None. (December 31, 2013: None)

(Currency - Thousand Turkish Lira)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Domestic Banks	-	-	-	-
Loans from other Institutions	-	-	-	-
Loans from Foreign Banks	-	-	-	-
Loans from other Foreign Institutions	-	472.426	-	432.973
Total	**-**	**472.426**	**-**	**432.973**

The Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey through its structured entity Albaraka Türk Sukuk Limited amounting to USD 200.000.000 with 10 years maturity with a grace period of five years. The profit rate of the subordinated loan with grace period of five years with 10 years total maturity' was determined as 7,75%.

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	900.000	900.000
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:

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

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

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

There is no capital increase in the current period.

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

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

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

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

11. Information on shareholders' equity (continued):

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

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

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

There is no privilege given to stocks representing the capital.

g) Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference (*)	9.155	835	(211)	(4.531)
Foreign exchange difference	-	-	-	-
Total	**9.155**	**835**	**(211)**	**(4.531)**

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

(Currency - Thousand Turkish Lira)

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

1. Explanations on off balance sheet:

a) Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	510.257	458.540
Payment commitments for cheques	353.093	297.235
Asset purchase and sale commitments	-	65.383
Loan granting commitments	59.439	45.428
Share capital commitment to associates and subsidiaries	-	5.000
Tax and funds liabilities arising from export commitments	1.506	1.445
Commitments for promotions related with credit cards and banking activities	523	369
Other irrevocable commitments	3.832	2.819
Total	**928.650**	**876.219**

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	6.872.641	5.231.898
Acceptances	33.055	23.524
Letters of credit	589.270	482.011
Other guaranties and sureties	583.543	426.434
Total	**8.078.509**	**6.163.867**

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

	Current Period	Prior Period
Letters of guarantees	6.872.641	5.231.898
Long standing letters of guarantees	4.602.603	3.262.242
Temporary letters of guarantees	345.357	475.388
Advance letters of guarantees	289.778	269.201
Letters of guarantees given to customs	219.657	219.985
Letters of guarantees given for obtaining cash loans	1.415.246	1.005.082
Sureties and similar transactions	583.543	426.434
Total	**7.456.184**	**5.658.332**

(Currency - Thousand Turkish Lira)

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

c) Within the Non-cash Loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	1.415.246	1.005.082
With original maturity of 1 year or less	903.720	426.048
With original maturity of more than 1 year	511.526	579.034
Other non-cash loans	6.663.263	5.158.785
Total	**8.078.509**	**6.163.867**

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

	Current period				Prior period			
	TP	(%)	FC	(%)	TP	(%)	FC	(%)
Agricultural	**99.639**	**2,41**	**25.056**	**0,64**	**76.864**	**2,60**	**18.382**	**0,58**
Farming and stockbreeding	54.739	1,32	23.906	0,61	59.391	2,01	9.779	0,30
Forestry	44.856	1,08	-	-	17.171	0,58	7.425	0,24
Fishery	44	0,01	1.150	0,03	302	0,01	1.178	0,04
Manufacturing	**1.119.292**	**26,98**	**1.955.461**	**49,77**	**907.448**	**30,69**	**1.510.004**	**47,08**
Mining	33.103	0,80	78.965	2,01	39.757	1,34	47.502	1,48
Production	772.471	18,62	1.335.795	34,00	605.447	20,48	867.028	27,03
Electricity, gas and water	313.718	7,56	540.701	13,76	262.244	8,87	595.474	18,57
Construction	**1.077.293**	**25,96**	**606.437**	**15,43**	**1.103.995**	**37,34**	**552.914**	**17,24**
Services	**1.662.751**	**40,06**	**1.076.420**	**27,40**	**757.413**	**25,62**	**850.419**	**26,52**
Wholesale and retail trade	276.452	6,66	97.533	2,48	169.243	5,72	114.228	3,56
Hotel, food and beverage services	8.320	0,20	77.802	1,98	6.174	0,21	49.552	1,55
Transportation and telecommunication	50.769	1,22	182.038	4,63	38.593	1,31	33.646	1,05
Financial Institutions	79.009	1,90	522.572	13,30	62.333	2,11	370.994	11,57
Real estate and renting services	134.764	3,25	39.300	1,00	72.623	2,46	34.811	1,09
Self-employment services	15.253	0,37	4.073	0,10	13.372	0,45	109.507	3,40
Education services	21.604	0,52	41	0,01	20.010	0,68	133	0,01
Health and social services	1.076.580	25,94	153.061	3,90	375.065	12,68	137.548	4,29
Other	**190.390**	**4,59**	**265.770**	**6,76**	**111.133**	**3,75**	**275.295**	**8,58**
Total	**4.149.365**	**100,00**	**3.929.144**	**100,00**	**2.956.853**	**100,00**	**3.207.014**	**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	**4.079.950**	**3.842.176**	**69.415**	**86.968**
Letters of guarantee	4.053.476	2.664.249	69.326	85.590
Bank acceptances	-	33.055	-	-
Letters of credit	7.997	581.273	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	18.477	563.599	89	1.378

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

2. Explanations on derivative transactions:

	Derivative transactions according to purpose	
	December 31,2014	December 31,2013
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	-	591.316
Currency Forwards-Purchases, sales	-	591.316
Currency Swaps-Purchases, sales	-	-
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Interest Rate Related Derivative Transactions (II)	-	-
Interest rates forwards-Purchase, sales	-	-
Interest rates swaps-Purchases, sales	-	-
Interest rates options-Purchases, sales	-	-
Interest rates futures-Purchases, sales	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I + II + III)	-	591.316
	-	
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	-	591.316

3. Explanations on contingent assets and liabilities:

The Bank has made a provision amounting to TL 88 (December 31,2013: TL 72), 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. 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.

(Currency - Thousand Turkish Lira)

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

1. Information on profit share income:

a) Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans (*)	**1.255.868**	**120.550**	**979.383**	**115.719**
Short Term Loans	552.910	13.494	382.732	17.882
Medium and Long Term Loans	695.778	107.045	586.784	95.919
Profit Share on Non–Performing Loans	7.180	11	9.867	1.918

(*) 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	492	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	1.882	-	1.680
Head Offices and Branches Abroad	-	-	-	-
Total	**492**	**1.882**	**-**	**1.680**

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	36.656	4.498	8.525	1.836
From held-to-maturity investments	53.982	-	41.596	28
Total	**90.638**	**4.498**	**50.121**	**1.864**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	-	920	-	-
Total	**-**	**920**	**-**	**-**

(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	-	39.791	-	38.262
CBRT	-	-	-	-
Domestic banks	-	473	-	246
Foreign banks	-	39.318	-	38.016
Head offices and branches abroad	-	-	-	-
Other institutions	-	60.245	-	20.904
Total	**-**	**100.036**	**-**	**59.166**

b) Profit share expense paid to associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to Investments in Associates and Subsidiaries	179	25.684	171	-
Total	**179**	**25.684**	**171**	**-**

c) Profit share expenses paid to marketable securities issued:

None.

(Currency - Thousand Turkish Lira)

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

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

	Profit sharing accounts							
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total
TL								
Funds collected from banks through current and profit sharing accounts	-	4.526	3.972	-	1.096	236	-	**9.830**
Real persons' non-trading profit sharing accounts	279.966	115.958	8.282	-	1.963	35.295	-	**441.464**
Public sector profit sharing accounts	642	2	-	-	-	-	-	**644**
Commercial sector profit sharing accounts	47.046	26.857	7.496	-	6.204	10.777	-	**98.380**
Other institutions profit sharing accounts	3.614	4.234	947	-	51	704	-	**9.550**
Total	**331.268**	**151.577**	**20.697**	**-**	**9.314**	**47.012**	**-**	**559.868**
FC								
Banks	2.351	8.508	1.327	-	344	162	-	**12.692**
Real persons' non-trading profit sharing accounts	42.486	19.717	3.016	-	578	10.271	-	**76.068**
Public sector profit sharing accounts	-	-	-	-	-	-	-	**-**
Commercial sector profit sharing accounts	10.223	13.456	1.266	-	28	357	-	**25.330**
Other institutions profit sharing accounts	2.478	157	61	-	21	242	-	**2.959**
Precious metals deposits	1.118	2.822	67	-	13	42	-	**4.062**
Total	**58.656**	**44.660**	**5.737**	**-**	**984**	**11.074**	**-**	**121.111**
Grand total	**389.924**	**196.237**	**26.434**	**-**	**10.298**	**58.086**	**-**	**680.979**

(Currency - Thousand Turkish Lira)

IV. Explanations and notes related to the statement of income (continued):

3. Information on dividend income:

	Current Period		Prior Period	
	TP	YP	TP	YP
From trading financial assets	180	-	459	-
From financial assets at fair value through profit and loss	-	-	-	-
From available for sale financial assets	-	-	-	-
Other	-	-	-	-
Total	**180**	**-**	**459**	**-**

4. Explanations on trading income/loss (net):

	Current Period	Prior Period
Income	**3.295.553**	**2.888.474**
Income from capital market transactions	1.484	18
Income from derivative financial instruments	21.681	-
Foreign exchange income	3.272.388	2.888.456
Loss (-)	**3.242.296**	**2.851.293**
Loss on capital market transactions	10	-
Loss on derivative financial instruments	540	2.804
Foreign exchange losses	3.241.746	2.848.489
Trading income/loss (net)	**53.257**	**37.181**

5. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	79.768	96.005
Income from sale of assets	9.863	15.562
Reimbursement for communication expenses	3.295	2.738
Reimbursement for bank statement expenses	980	1.332
Cheque book charges	754	725
Other income	2.159	2.452
Total	**96.819**	**118.814**

(Currency - Thousand Turkish Lira)

IV. Explanations and notes related to the statement of income (continued):

6. Provisions for loan losses and other receivables of the Bank:

	Current Period	Prior Period
Specific provisions for loans and other receivables	**86.262**	**146.065**
Loans and receivables in III. Group	64.093	103.128
Loans and receivables in IV. Group	10.500	27.433
Loans and receivables in V. Group	6.530	11.604
Doubtful commission, fee and other receivables	5.139	3.900
General provision expenses	**45.361**	**10.588**
Provision expenses for possible losses	**31**	**28**
Impairment losses on marketable securities	**26**	**205**
Financial assets at fair value through profit and loss	26	205
Financial assets available for sale	-	-
Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments	**-**	**-**
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other(*)	**17.896**	**33.997**
Total	**149.576**	**190.883**

(*) Related amount includes 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", amounting to TL 6.906 (December 31,2013:TL 28.370).

TL 59.340 (December 31, 2013: TL 90.811) of the total specific provisions provided for loan and other receivables amounting to TL 86.262 (December 31, 2013: TL 146.065) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 18.515 (December 31, 2013: TL 6.044) of the total general loan loss provisions provided for loan and other receivables amounting to TL 45.361 (December 31, 2013: TL 10.588) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

(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	281.884	227.302
Provision for retirement pay liability	2.717	2.096
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	31.812	23.094
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	9.603	5.096
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1.347	1.058
Depreciation expenses of assets to be disposed	1.257	669
Impairment expenses of assets held for sale and assets of discontinued operations	3	960
Other operating expenses	106.864	76.467
Operating lease expenses	41.220	30.432
Maintenance expenses	6.256	4.207
Advertisement expenses	8.166	5.143
Other expenses	51.222	36.685
Loss on sale of assets	351	524
Other(*)	66.600	67.135
Total	**502.438**	**404.401**

(*) Details of other balance are provided as below:

	Current Period	Prior Period
Saving Deposit Insurance Fund	27.223	17.321
Taxes, Duties, Charges and Funds	19.445	15.923
Expertise and Information Expenses	9.170	6.247
Audit and Consultancy Fees	7.174	5.942
Other	3.588	21.702
Total	**66.600**	**67.135**

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 9 % compared to prior period and is realized as TL 325.552. Income before tax comprises net profit share income in the amount of TL 698.974 and fees and commission income in the amount of TL 128.336. Total other operating expenses amount to TL 502.438.

(Currency - Thousand Turkish Lira)

IV. Explanations and notes related to the statement of income (continued):

9. Explanations on tax provision for continued and discontinued operations:

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	325.552	299.543
Tax calculated with tax rate of 20%	65.110	59.909
Other additions and disallowable expenses	15.939	11.663
Deductions	(7.767)	(3.745)
Provision for current taxes	73.282	67.827
Provision for deferred taxes	(361)	(9.693)
Continuing Operations Tax Provision	72.921	58.134

Since the Bank does not have any discontinued operations, there is no tax provision for discontinued operations.

10. Explanations on net income/loss from continued and discontinued operations:

The Bank has no discontinued operations. Net income for the period has been realized as TL 325.552 (December 31,2013: TL 299.543) by deducting tax provision expense amounting to TL 72.921 (December 31,2013: TL 58.134) from profit from continued operations amounting to TL 252.631 (December 31,2013: TL 241.409).

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.

(Currency - Thousand Turkish Lira)

IV. Explanations and notes related to the statement of income (continued):

12. Components of other items which constitute at least 20% of the total of other items, if the total of other items in income statement exceed 10 % of the total of income statement:

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	30.130	24.012
Clearing room fees and commissions	16.039	7.760
Commissions on money orders	8.323	6.938
Appraisal fees	7.389	5.332
Insurance and brokerage commissions	5.109	4.314
Other	12.230	10.585
Total	**79.220**	**58.941**

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commisions	11.526	7.051
Credit cards fees and commisions	6.092	6.180
Member firm-POS fees and commisions	7.469	5.694
Other	7.329	8.655
Total	**32.416**	**27.580**

V. Explanations and notes related to the statement of changes in shareholders' equity:

a) There is no declaration of dividends made subsequent to the balance sheet date, and prior to the announcement of the financial statements.

Decision related to the dividend distribution will be taken in the General Assembly. General Assembly has not been held as of the date of finalization of the accompanying financial statements.

b) "Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are recognized in the "Marketable securities valuation reserve" account under equity, until the financial assets are sold, disposed of or impaired at which time they are transferred to the statement of income.TL 18.414 increase has occurred after the revaluation of available-for-sale securities (December 31, 2013: TL 7.419 decrease).

c) Revaluation funds related to tangible and intangible assets and foreign exchange differences arising from translation of tangible and intangible assets of foreign branch of the Bank are accounted under equity in revaluation reserve on tangible assets and revaluation reserve on intangible assets.

d) Foreign exchange differences arising from translation of income statement of foreign branch of the Bank are accounted in other capital reserves amounts to TL 1.305. (December 31, 2013: TL 502).

(Currency - Thousand Turkish Lira)

VI. Explanations and disclosures related to the statement of cash flows:

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, cheques purchased, unrestricted balance with the Central Bank and demand deposits at banks. "Cash equivalents" is defined as money market placements and time deposits at banks with original maturities less than three months.

(i). Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash	**503.284**	**325.032**
Cash in TL/foreign currency	128.349	109.123
Cash in transit	-	-
CBRT	374.935	215.909
Cash equivalents	**1.378.708**	**1.037.112**
Domestic banks	1.050.995	790.868
Foreign banks	327.713	246.244
Total cash and cash equivalents	**1.881.992**	**1.362.144**

(ii). Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	**737.011**	**503.284**
Cash in TL/foreign currency	194.922	128.349
Cash in transit	-	-
CBRT	542.089	374.935
Cash equivalents	**1.646.921**	**1.378.708**
Domestic banks	1.242.626	1.050.995
Foreign banks	404.295	327.713
Total cash and cash equivalents	**2.383.932**	**1.881.992**

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.

VI. Explanations and disclosures regarding the cash flow table (continued):

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 122.835 (December 31, 2013: TL 259.771) 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 88.741 (December 31, 2013: TL 30.699) 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 58.299 as of December 31, 2014 (December 31, 2013: TL 100.043).

(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	-	-	28	-	1.476	15.514
Balance at the end of the period	-	-	5	-	50.238	69.492
Profit share and commission income received	535	-	-	-	437	257

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	-	-	9	-	34.253	10.305
Balance at end of period	-	-	28	-	1.476	15.514
Profit share and commission income received	-	-	-	-	3.000	27

(*) defined under Banking Law numbered 5411 in article 49 and "Communiqué Related to Credit Operations of Banks" in article 4 published on November 1, 2006.

c.1) Information on current and profit sharing accounts of the Bank's risk group:

Risk Group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect Shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	5.703	33	3.224	1.647	185.192	229.835
Balance at the end of period	1.594	5.703	5.354	3.224	248.343	185.192
Profit share expense	500	-	152	300	7.368	7.242

(*) As of December 31, 2014 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 241.859.711 and EURO 100.017.980 (December 31,2013: USD 214.182.338 and EURO 96.424.370). The profit share expense relating to such borrowings for the period between January 1, 2014 – December 31, 2014 is TL 16.656 (December 31, 2013: 11.582 TL).
The Bank has issued Sukuk in the amounts of USD 350.000.000 through "Bereket Varlık Kiralama A.Ş" which exists in the risk group of the Bank. The expense for the related issue is TL 25.684 as of December 31, 2014.

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, 2014; the Bank has paid TL 10.033 (December 31, 2013: TL 9.020) to top management.

VIII. Explanations related to domestic, foreign and off-shore branches or investments and foreign representative offices:

1. Information on the domestic and foreign branches and representative offices of the Bank:

	Number	Number of Personnel	Country	Total Assets (thousand TL)	Statutory Share Capital
Domestic Branches	201	3.496			
Foreign Representation Office	-	-	-		
Foreign Branches	1	14	Iraq	175.437	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 2014, the Bank has opened 35 domestic branches.

IX. Explanations related to subsequent events:

As per the press release by Central Bank of Turkey dated January 3, 2015 numbered 2015-1, starting from February 13, 2015 on the liabilities subject to legal reserves, the Banks will allocate legal reserves varying between 6% and 18 % according to nature of the deposits corresponding to Foreign reserves.

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 period ended December 31, 2014 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 27, 2015 is presented at the beginning of the financial statements and related notes.

II. Other notes and explanations prepared by the independent auditors:

None.

(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, 2013

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(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, 2013

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 at December 31, 2013 and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Bank's Board of Directors for the financial statements:

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error and selecting and applying appropriate accounting policies.

Auditor's responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Authorization and Activities of Institutions to Conduct Independent Audit in Banks" published in the Official Gazette dated November 1, 2006 and numbered 26333 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Albaraka Türk Katılım Bankası A.Ş. as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411 and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of on accounting and financial reporting.

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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 accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Metin Canoğulları
Partner, SMMM

February 20, 2014
Istanbul, Turkey

alBaraka

UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş. AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

Address of the Bank's headquarter	: Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6 34768 Ümraniye / İstanbul
Bank's phone number and facsimile	: 00 90 216 666 01 01 – 00 90 216 666 16 00
Bank's website	: www.albarakaturk.com.tr
Electronic mail contact info	: albarakaturk@albarakaturk.com.tr

The unconsolidated 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.

February 20, 2014

Adnan Ahmed Yusuf ABDULMALEK Chairman of the Board of Directors	**Fahrettin YAHŞI** General Manager
Melikşah UTKU 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:

Name-Surname / Title	: Oya AKDOĞAN / Budget and Financial Reporting Vice Manager
Telephone	: 00 90 216 666 02 35
Facsimile	: 00 90 216 666 16 11

Table of contents

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 166 (December 31, 2012: 136) local branches and 1 (December 31, 2012: 1) foreign branch and with 3.057 (December 31, 2012: 2.758) staff as of December 31, 2013.

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, 2013, 54,06% (December 31, 2012: %54,06) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain. 23,08% (December 31, 2012: %22,97) of the shares are publicly traded and quoted on Borsa İstanbul.

(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 ALSHAMSI	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
	Ass. Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
General Manager	Fahrettin YAHŞİ	Member of BOD /General Manager	Master	-
Assistant General Managers	Mehmet Ali VERÇİN	Corporate Marketing, Treasury Marketing, Investment Projects	Bachelor	-
	Nihat BOZ	Legal Advisory, Legal Follow-up	Bachelor	-
	Temel HAZIROĞLU	Human Values, Training & Organisation, Performance & Career Management, Administrative Affairs, Financial Affairs	Bachelor	0,0048
	Bülent TABAN	Commercial Marketing, Commercial Products Management, Regional Offices	Master	0,0342
	Turgut SİMİTCİOĞLU	Credit Operations, Banking Services Operations, Foreign Affairs Operations, Payment Systems Operations, Risk Follow-up	Master	-
	Melikşah UTKU	Project Management, Software Development, IT Support, IT Strategy & Governance, Budget & Financial Reporting	Master	-
	Mahmut Esfa EMEK	Corporate Credits, Commercial Credits, Retail Credits, Credit Management & Monitoring	Bachelor	-
	Ayhan KESER	Retail Marketing, Alternative Distribution Channels, Retail Products Management, Financial Institutions	Bachelor	-
Audit Committee	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(*) 0,0000

(*) The share amounts of these persons are between TL 1-10 (full).

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0396% of the Bank's share capital (December 31,2012: 0,0396%).

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 one month, to be allocated to individually predetermined projects for financing purposes. Profit sharing accounts, which are part of the funds collected for project financing purpose, are managed in accordance with their maturities and independently from other accounts and transfers from these accounts to any other maturity groups are not executed. Specific fund pools are liquidated at the end of the financing period.

In addition to its ordinary banking activities, the Bank operates as an insurance agency on behalf of Işık Sigorta, Anadolu Sigorta, Güneş Sigorta, Allianz, 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.

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and Short Explanation about the Institutions Subject to Full or Proportional Consolidation and Institutions which are deducted from Equity or not included in These Three Methods:

The Bank did not consolidate 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 and the related subsidiary and associate are carried at cost in the accompanying financial statements. Moreover, the financial statements of the Bank's special purpose entity, Albaraka Türk Sukuk Limited, which is not a subsidiary but over which the Bank exercises 100% control, are not consolidated in the accompanying financial statements considering the materiality principle. Katılım Emeklilik ve Hayat A.Ş, an entity under common control, is consolidated through equity method in the consolidated financial statements.

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.

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

(Convenience translation of a report and financial statements originally issued in Turkish - See section three Note XXIII)

ALBARAKA TÜRK KATILIM BANKASI A.Ş. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS		Notes (Section Five-I)	THOUSAND TURKISH LIRA CURRENT PERIOD (31/12/2013) TL	FC	Total	PRIOR PERIOD (31/12/2012) TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	246.414	2.036.267	2.282.681	122.743	1.177.900	1.300.643
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)	(2)	4.769	22	4.791	6.192	-	6.192
2.1	Trading Financial Assets		4.769	22	4.791	6.192	-	6.192
2.1.1	Public Sector Debt Securities		-	-	-	-	-	-
2.1.2	Equity Securities		4.764	-	4.764	4.609	-	4.609
2.1.3	Derivative Financial Assets Held for Trading		-	-	-	-	-	-
2.1.4	Other Marketable Securities		5	22	27	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)	625.878	752.830	1.378.708	643.330	393.782	1.037.112
IV.	MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V.	FINANCIAL ASSETS-AVAILABLE FOR SALE (net)	(4)	127.575	113.315	240.890	104.749	47.820	152.569
5.1	Equity Securities		15	1.528	1.543	-	1.269	1.269
5.2	Public Sector Debt Securities		117.550	83.973	201.523	104.749	46.551	151.300
5.3	Other Marketable Securities		10.010	27.814	37.824	-	-	-
VI.	LOANS AND RECEIVABLES	(5)	10.403.976	1.583.604	11.987.580	7.907.609	1.150.795	9.058.404
6.1	Loans and Receivables		10.377.759	1.583.581	11.961.340	7.882.729	1.150.795	9.033.524
6.1.1	Loans to Risk Group of The Bank		1.504	-	1.504	34.262	-	34.262
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Other		10.376.255	1.583.581	11.959.836	7.848.467	1.150.795	8.999.262
6.2	Non-performing loans		278.968	700	279.668	221.404	1.145	222.549
6.3	Specific Provisions (-)		252.751	677	253.428	196.524	1.145	197.669
VII.	INVESTMENTS HELD TO MATURITY (net)	(6)	745.390	-	745.390	356.879	8.936	365.815
VIII.	INVESTMENTS IN ASSOCIATES (net)	(7)	4.211	-	4.211	4.211	-	4.211
8.1	Accounted for under Equity Method		-	-	-	-	-	-
8.2	Unconsolidated Associates		4.211	-	4.211	4.211	-	4.211
8.2.1	Financial Associates		4.211	-	4.211	4.211	-	4.211
8.2.2	Non-Financial Associates		-	-	-	-	-	-
IX.	SUBSIDIARIES (net)	(8)	250	-	250	50	-	50
9.1	Unconsolidated Financial Subsidiaries		250	-	250	50	-	50
9.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
X.	JOINT VENTURES (net)	(9)	5.500	-	5.500	-	-	-
10.1	Accounted for under Equity Method		-	-	-	-	-	-
10.2	Unconsolidated		5.500	-	5.500	-	-	-
10.2.1	Financial Joint Ventures		5.500	-	5.500	-	-	-
10.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XI.	LEASE RECEIVABLES	(10)	72.321	-	72.321	41.659	-	41.659
11.1	Finance Lease Receivables		85.893	-	85.893	51.494	-	51.494
11.2	Operational Lease Receivables		-	-	-	-	-	-
11.3	Other		-	-	-	-	-	-
11.4	Unearned Income (-)		13.572	-	13.572	9.835	-	9.835
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)	378.689	1.925	380.614	292.493	1.844	294.337
XIV.	INTANGIBLE ASSETS (net)	(13)	15.335	594	15.929	6.497	555	7.052
14.1	Goodwill		-	-	-	-	-	-
14.2	Other		15.335	594	15.929	6.497	555	7.052
XV.	INVESTMENT PROPERTY (net)	(14)	-	-	-	-	-	-
XVI.	TAX ASSET	(15)	10.914	-	10.914	10.400	-	10.400
16.1	Current Tax Asset		2.558	-	2.558	2.482	-	2.482
16.2	Deferred Tax Asset		8.356	-	8.356	7.918	-	7.918
XVII.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)	(16)	28.253	154	28.407	10.714	-	10.714
17.1	Assets Held for Sale		28.253	154	28.407	10.714	-	10.714
17.2	Assets of Discontinued Operations		-	-	-	-	-	-
XVIII.	OTHER ASSETS	(17)	56.113	2.254	58.367	37.859	637	38.496
	TOTAL ASSETS		12.725.588	4.490.965	17.216.553	9.545.385	2.782.269	12.327.654

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 (31/12/2013)			PRIOR PERIOD (31/12/2012)		
			TL	FC	Total	TL	FC	Total
I.	**FUNDS COLLECTED**	(1)	**7.518.851**	**5.007.361**	**12.526.212**	**5.535.572**	**3.689.446**	**9.225.018**
1.1	Funds from Risk Group of The Bank		23.152	170.967	194.119	65.574	165.908	231.482
1.2	Other		7.495.699	4.836.394	12.332.093	5.469.998	3.523.538	8.993.536
II.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**	(2)	**2.804**	-	**2.804**	-	-	-
III.	**FUNDS BORROWED**	(3)	-	**2.035.816**	**2.035.816**	-	**1.393.830**	**1.393.830**
IV.	**BORROWINGS FROM MONEY MARKETS**		**144.775**	-	**144.775**	-	-	-
V.	**SECURITIES ISSUED (net)**		-	-	-	-	-	-
VI.	**MISCELLANEOUS PAYABLES**		**307.767**	**21.407**	**329.174**	**304.153**	**12.245**	**316.398**
VII.	**OTHER LIABILITIES**	(4)	-	-	-	-	-	-
VIII.	**LEASE PAYABLES**	(5)	-	-	-	-	-	-
8.1	Finance Lease Payables		-	-	-	-	-	-
8.2	Operational Lease Payables		-	-	-	-	-	-
8.3	Other		-	-	-	-	-	-
8.4	Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
IX.	**DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES**	(6)	-	-	-	-	-	-
9.1	Fair Value Hedge		-	-	-	-	-	-
9.2	Cash Flow Hedge		-	-	-	-	-	-
9.3	Net Foreign Investment Hedge		-	-	-	-	-	-
X.	**PROVISIONS**	(7)	**146.944**	**54.519**	**201.463**	**111.101**	**24.717**	**135.818**
10.1	General Provisions		89.117	24.591	113.708	81.488	21.612	103.100
10.2	Restructuring Reserves		-	-	-	-	-	-
10.3	Reserve for Employee Benefits		39.465	-	39.465	19.245	-	19.245
10.4	Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5	Other Provisions		18.362	29.928	48.290	10.368	3.105	13.473
XI.	**TAX LIABILITY**	(8)	**46.033**	**35**	**46.068**	**38.256**	**1**	**38.257**
11.1	Current Tax Liability		46.033	35	46.068	38.256	1	38.257
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)	-	**432.973**	**432.973**	-	-	-
XIV.	**SHAREHOLDERS' EQUITY**	(11)	**1.501.799**	**(4.531)**	**1.497.268**	**1.218.406**	**(73)**	**1.218.333**
14.1	Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2	Capital Reserves		97.311	(4.531)	92.780	56.760	(73)	56.687
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Marketable Securities Valuation Reserve		(211)	(4.531)	(4.742)	1.266	(73)	1.193
14.2.4	Revaluation Reserve on Tangible Assets		96.712	-	96.712	55.522	-	55.522
14.2.5	Revaluation Reserve on Intangible Assets		-	-	-	-	-	-
14.2.6	Investment Property Revaluation Reserve		-	-	-	-	-	-
14.2.7	Bonus Shares From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-
14.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
14.2.9	Accumulated Valuation Differences on Assets Held For Sale and Assets of Discontinued Operations		-	-	-	-	-	-
14.2.10	Other Capital Reserves		810	-	810	(28)	-	(28)
14.3	Profit Reserves		261.645	-	261.645	68.920	-	68.920
14.3.1	Legal Reserves		59.602	-	59.602	49.966	-	49.966
14.3.2	Status Reserves		-	-	-	-	-	-
14.3.3	Extraordinary Reserves		202.043	-	202.043	18.954	-	18.954
14.3.4	Other Profit Reserves		-	-	-	-	-	-
14.4	Profit or Loss		242.843	-	242.843	192.726	-	192.726
14.4.1	Prior Years Profit / (Loss)		1.434	-	1.434	891	-	891
14.4.2	Current Year Profit / (Loss)		241.409	-	241.409	191.835	-	191.835
14.5	Minority Interest		-	-	-	-	-	-
	TOTAL LIABILITIES		9.668.973	7.547.580	17.216.553	7.207.488	5.120.166	12.327.654

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

			THOUSAND TURKISH LIRA					
		Notes (Section Five-III)	CURRENT PERIOD (31/12/2013)			PRIOR PERIOD (31/12/2012)		
			TL	FC	Total	TL	FC	Total
A.	OFF BALANCE SHEET COMMITMENTS (I+II+III)	(1)	**4.064.280**	**3.567.122**	**7.631.402**	**3.737.941**	**2.617.485**	**6.355.426**
I.	**GUARANTEES AND SURETIES**		**2.956.853**	**3.207.014**	**6.163.867**	**2.859.471**	**2.353.810**	**5.213.281**
1.1.	Letters of Guarantees		2.947.334	2.284.564	5.231.898	2.852.364	1.682.435	4.534.799
1.1.1.	Guarantees Subject to State Tender Law		92.207	23.278	115.485	149.051	15.888	164.939
1.1.2.	Guarantees Given for Foreign Trade Operations		280	814.268	814.548	20	795.286	795.306
1.1.3.	Other Letters of Guarantee		2.854.847	1.447.018	4.301.865	2.703.293	871.261	3.574.554
1.2.	Bank Loans		-	23.524	23.524	-	15.490	15.490
1.2.1.	Import Letter of Acceptances		-	23.524	23.524	-	15.490	15.490
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letter of Credits			482.011	482.011	6.296	471.537	477.833
1.3.1.	Documentary Letter of Credits		-	-	-	-	-	-
1.3.2.	Other Letter of Credits			482.011	482.011	6.296	471.537	477.833
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		937	355.427	356.364	-	168.039	168.039
1.7.	Other Collaterals		8.582	61.488	70.070	811	16.309	17.120
II.	**COMMITMENTS**	(1)	**813.111**	**63.108**	**876.219**	**878.470**	**263.675**	**1.142.145**
2.1.	Irrevocable Commitments		813.111	63.108	876.219	878.470	263.675	1.142.145
2.1.1.	Asset Purchase and Sale Commitments		2.401	62.982	65.383	265.158	263.575	528.733
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		5.000	-	5.000	-	-	-
2.1.3.	Loan Granting Commitments		45.428	-	45.428	39.577	-	39.577
2.1.4.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6.	Payment Commitment for Cheques		297.235	-	297.235	263.656	-	263.656
2.1.7.	Tax And Fund Liabilities from Export Commitments		1.445	-	1.445	1.043	-	1.043
2.1.8.	Commitments for Credit Card Expenditure Limits		458.540	-	458.540	306.032	-	306.032
2.1.9.	Commitments for Promotions Related with Credit Cards and Banking Activities		369	-	369	323	-	323
2.1.10.	Receivables From Short Sale Commitments		-	-	-	-	-	-
2.1.11.	Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments		2.693	126	2.819	2.681	100	2.781
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	(2)	**294.316**	**297.000**	**591.316**	-	-	-
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		294.316	297.000	591.316	-	-	-
3.2.1	Forward Foreign Currency Buy/Sell Transactions		294.316	297.000	591.316	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		294.316	-	294.316	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	297.000	297.000	-	-	-
3.2.2.	Other Forward Buy/Sell Transactions		-	-	-	-	-	-
3.3.	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		**22.641.233**	**3.855.845**	**26.497.078**	**18.914.892**	**2.365.084**	**21.279.976**
IV.	**ITEMS HELD IN CUSTODY**		**1.660.275**	**1.293.437**	**2.953.712**	**1.313.127**	**662.365**	**1.975.492**
4.1.	Assets Under Management		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		72	-	72	72	-	72
4.3.	Cheques Received for Collection		701.874	89.326	791.200	626.896	51.715	678.611
4.4.	Commercial Notes Received for Collection		235.972	23.262	259.234	230.109	19.014	249.123
4.5.	Other Assets Received for Collection		104	-	104	105	-	105
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		-	720.711	720.711	-	253.338	253.338
4.8.	Custodians		722.253	460.138	1.182.391	455.945	338.298	794.243
V.	**PLEDGED ITEMS**		**20.980.958**	**2.562.408**	**23.543.366**	**17.601.765**	**1.702.719**	**19.304.484**
5.1.	Marketable Securities		689.548	714.909	1.404.457	444.122	193.889	638.011
5.2.	Guarantee Notes		1.415.238	172.025	1.587.263	1.225.294	163.687	1.388.981
5.3.	Commodity		762.432	321.208	1.083.640	485.124	242.477	727.601
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		16.616.802	787.750	17.404.552	14.424.663	706.303	15.130.966
5.6.	Other Pledged Items		1.448.353	542.198	1.990.551	995.139	376.727	1.371.866
5.7.	Pledged Items-Depository		48.585	24.318	72.903	27.423	19.636	47.059
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		-	-	-	-	-	-
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		26.705.513	7.422.967	34.128.480	22.652.833	4.982.569	27.635.402

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 01/01/2013-31/12/2013)	PRIOR PERIOD (01/01/2012-31/12/2012)
I.	PROFIT SHARE INCOME	(1)	1.153.336	996.828
1.1	Profit Share on Loans		1.095.102	966.404
1.2	Income Received from Reserve Deposits		-	-
1.3	Income Received from Banks		1.680	1.712
1.4	Income Received from Money Market Placements		-	-
1.5	Income Received from Marketable Securities Portfolio		51.985	24.801
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		10.361	6.126
1.5.4	Investments Held to Maturity		41.624	18.675
1.6	Finance Lease Income		4.569	3.896
1.7	Other Profit Share Income		-	15
II.	PROFIT SHARE EXPENSE	(2)	528.160	510.930
2.1	Expense on Profit Sharing Accounts		464.403	479.892
2.2	Profit Share Expense on Funds Borrowed		59.166	30.549
2.3	Profit Share Expense on Money Market Borrowings		4.591	489
2.4	Profit Share Expense on Securities Issued		-	-
2.5	Other Profit Share Expense		-	-
III.	NET PROFIT SHARE INCOME (I – II)		625.176	485.898
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		113.197	113.353
4.1	Fees and Commissions Received		141.295	135.585
4.1.1	Non-Cash Loans		82.354	77.846
4.1.2	Other	(12)	58.941	57.739
4.2	Fees and Commissions Paid		28.098	22.232
4.2.1	Non-Cash Loans		518	423
4.2.2	Other	(12)	27.580	21.809
V.	DIVIDEND INCOME	(3)	459	788
VI.	TRADING INCOME/LOSS(net)	(4)	37.181	20.397
6.1	Capital Market Transaction Income / (Loss)		18	(175)
6.2.	Income / (Loss) from Derivative Financial Instruments		(2.804)	-
6.3	Foreign Exchange Income / (Loss)		39.967	20.572
VII.	OTHER OPERATING INCOME	(5)	118.814	85.122
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		894.827	705.558
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	190.883	122.412
X.	OTHER OPERATING EXPENSES (-)	(7)	404.401	341.921
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		299.543	241.225
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)	299.543	241.225
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(58.134)	(49.390)
16.1	Provision for Current Taxes		(67.827)	(54.181)
16.2	Provision for Deferred Taxes		9.693	4.791
XVII.	NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	241.409	191.835
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)	(8)	-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9)	-	-
21.1	Provision for Current Taxes		-	-
21.2	Provision for Deferred Taxes		-	-
XXII.	NET INCOME / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(10)	-	-
XXIII.	NET INCOME / LOSS (XVII+XXII)	(11)	241.409	191.835
23.1	Group's Income/Loss		241.409	191.835
23.2	Minority Interest		-	-
	Earnings Per Share (Full TL)		0,268	0,213

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 (01/01/2013-31/12/2013)	 PRIOR PERIOD (01/01/2012-31/12/2012)
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(7.419)	3.289
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	53.265	24.090
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	502	354
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	11	(10)
VIII.	OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	420	-
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	(9.253)	(5.476)
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	37.526	22.247
XI.	PROFIT/LOSS	241.409	191.835
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	241.409	191.835
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	278.935	214.082

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
	PRIOR 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
	Changes In Period																	
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.

(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 (01/01/2013-31/12/2013)																	
I.	**Beginning balance**	(V)	900.000	-	-	-	49.966	-	18.954	(28)	191.835	891	1.193	55.522	-	-	-	1.218.333
	Changes in Period		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(7.419)	-	-	-	-	(7.419)
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge Of Net Investment in Foreign Operations		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	53.551	-	-	-	53.551
VI.	Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-		-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-		-	-	502	-	-	-	-	-	-	-	502
IX.	Changes Related to the Disposal Of Assets		-	-	-	-		-	-	-	-	-	-	(286)	-	-	-	(286)
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		-	-	-	-		-	-	336	-	1.433	1.484	(12.075)	-	-	-	(8.822)
XVII.	Period Net Income/(Loss)		-	-	-	-	-	-	-	-	241.409	-	-	-	-	-	-	241.409
XVIII.	Profit Distribution		-	-	-	-	9.636	-	183.089	-	(191.835)	(890)	-	-	-	-	-	-
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers To Reserves		-	-	-	-	9.636	-	183.089	-	-	(192.725)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(191.835)	191.835	-	-	-	-	-	-
	Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	59.602	-	202.043	810	241.409	1.434	(4.742)	96.712	-	-	-	1.497.268

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 (01/01/2013-31/12/2013)	THOUSAND TURKISH LIRA PRIOR PERIOD (01/01/2012-31/12/2012)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes In Operating Assets And Liabilities**		**934.859**	**479.835**
1.1.1	Profit Share Income Received		1.034.359	944.634
1.1.2	Profit Share Expense Paid		(508.675)	(508.708)
1.1.3	Dividend Received		459	788
1.1.4	Fees and Commissions Received		232.147	224.593
1.1.5	Other Income		110.815	76.196
1.1.6	Collections from Previously Written Off Loans	(V-I-5,h2)	108.240	27.639
1.1.7	Payments to Personnel and Service Suppliers		(227.302)	(200.912)
1.1.8	Taxes Paid		(74.955)	(69.531)
1.1.9	Others	(V-VI-3)	259.771	(14.864)
1.2	**Changes in operating assets and liabilities**		**(520.308)**	**(1.189.835)**
1.2.1	Net (Increase) Decrease in Available For Sale Financial Assets		1.401	(1.390)
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		(863.125)	(447.756)
1.2.4	Net (Increase) Decrease in Loans		(2.739.115)	(1.981.802)
1.2.5	Net (Increase) Decrease in Other Assets		39.392	44.036
1.2.6	Net Increase (Decrease) in Funds Collected From Banks		-	-
1.2.7	Net Increase (Decrease) in Other Funds Collected		2.713.238	1.165.138
1.2.8	Net Increase (Decrease) in Funds Borrowed		358.600	-
1.2.9	Net Increase (Decrease) in Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(V-VI-3)	(30.699)	31.939
I.	**Net Cash Flow From Banking Operations**		**414.551**	**(710.000)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash flow from investing activities**		**(513.180)**	**(29.805)**
2.1	Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		(5.700)	(1.211)
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3	Fixed Assets Purchases	(V-I-12, 13,16)	(131.034)	(60.872)
2.4	Fixed Assets Sales	(V-I-12, 13,16)	46.426	12.356
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		(118.921)	(113.299)
2.6	Cash Obtained from Sale of Financial Assets Available for Sale		34.000	50.000
2.7	Cash Paid for Purchase of Investment Securities	(V-I-6.4)	(429.378)	(300.000)
2.8	Cash Obtained from Sale of Investment Securities	(V-I-6.4)	91.427	383.221
2.9	Other		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flow from financing activities**		**518.434**	**333.893**
3.1	Cash Obtained from Funds Borrowed and Securities Issued		1.538.137	936.239
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(1.019.703)	(602.346)
3.3	Capital Increase		-	-
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		-	-
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**	(V-VI-3)	**100.043**	**2.065**
V.	**Net (Decrease) Increase in Cash and Cash Equivalents**		**519.848**	**(403.847)**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**	(V-VI-i)	**1.362.144**	**1.765.991**
VII.	**Cash and Cash Equivalents at the End of the Period**	(V-VI-ii)	**1.881.992**	**1.362.144**

The accompanying explanations and notes are an integral part of these financial statements.

(Currency - Thousand Turkish Lira)

STATEMENT OF PROFIT APPROPRIATION	THOUSAND TURKISH LIRA	
	CURRENT PERIOD (*) (31/12/2013)	PRIOR PERIOD (31/12/2012)
I. Distribution of current year income		
1.1. Current year income (****)	300.977	242.116
1.2. Taxes and duties payable (-)	58.134	49.390
1.2.1. Corporate tax (Income tax)	67.827	54.181
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities (**)	(9.693)	(4.791)
A. Net income for the year (1.1-1.2)	242.843	192.726
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	9.636
1.5. Other statutory reserves (-)	-	-
B. Distributable net period income [(A-(1.3+1.4+1.5)] (*)	242.843	183.090
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	-	183.090
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)	0,270	0,214
3.2. To owners of ordinary shares (%)	27,0	21,4
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 year's profit and current year profit.

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 maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC"), and Turkish Tax Legislation.

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette No. 28337 dated June 28, 2012.

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, 2012. The accounting policies and valuation principles used in the preparation of unconsolidated financial statements are explained in Notes II and XXII below.

TAS/TFRS changes which are effective from January 1, 2013 (TFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment), TAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income, TAS 19 Employee Benefits (Amended), TAS 27 Separate Financial Statements (Amended), TAS 28 Investments in Associates and Joint Ventures (Amended), TFRS 10 Consolidated Financial Statements, TFRS 11 Joint Arrangements, TFRS 12 Disclosure of Interests in Other Entities, TFRS 13 Fair Value Measurement) do not have a significant effect on the Bank's accounting policies, financial position or performance. The effects of changes introduced by TFRS 13 and TFRS 9, which are not effective yet, are evaluated by the Bank.

I. Explanations on basis of presentation (continued):

"Communiqué related to Changes in Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated January 23, 2011 and numbered 27824 has set out the financial statement formats for the banks which selected to early adopt TFRS 9 (In accordance with the Communiqué related to Changes in Communiqué on TFRS 9 "Financial Instruments" published in the Official Gazette dated December 30, 2012 numbered 28513 , the effective date of the mentioned Communiqué has been changed as December 31, 2014 which was previously January 1, 2013) "Financial Instruments" before January 1, 2015. 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 unconsolidated financial statements are prepared in accordance with the historical cost basis except for the financial assets at fair value through profit and loss, financial assets-available for sale and immovables which are reflected at fair values.

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.

II. Explanations on strategy of using financial instruments and foreign currency transactions (continued):

Since the Bank provides full specific provision (except foreign branch) for the Bank's portion of risk of foreign currency non-performing loans and receivables funded from profit sharing accounts and for the risk of foreign currency non-performing loans and receivables funded by equity, such loans and receivables are translated to Turkish Lira at the current exchange rates instead of exchange rates prevailing at the date of transfer of the balances to non-performing portfolio. Such implementation does not have a positive or negative impact on trading income/loss of the Bank.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial assets into Turkish Lira are included in the income statement.

The balance sheet items of the foreign branch of the Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Bank. Income statement items are translated into Turkish lira by exchange rate ruling at the transaction date and all exchange differences arising from translation are accounted in other capital reserves under equity according to TAS 21.

Precious metals (gold) accounted under assets and liabilities which do not have fixed maturity are translated into Turkish lira by using the buying rate of gold at the balance sheet date announced by the Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Bank.

III. Explanations on forward, option contracts and derivative instruments:

The derivative financial instruments of the Bank consist of forward foreign currency agreements. The Bank records the spot foreign currency transactions in asset purchase and sale commitments .

The Bank's derivative transactions, even though they provide effective economic hedges under the Bank's risk management policy, do not qualify for hedge accounting under the specific rules in "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" and are therefore treated as "financial instruments at fair value through profit or loss" and the related gain or loss is associated with income statement.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values. The derivative transactions are initially recognized at fair value and presented in the financial statements at fair values recalculated in the subsequent reporting periods.

As of the balance sheet date, there are no embedded derivatives and no derivative instruments formed through separation from 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.

IV. Explanations on profit share income and expenses (continued):

In accordance with the Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans", the profit share accruals of non-performing loans and other receivables are reversed and are recorded as profit share income when collected.

Profit share expense

The Bank records profit share expenses on accrual basis. The profit share expense accrual calculated in accordance with the unit value method on profit sharing accounts has been included under the account 'Funds Collected' in the balance sheet.

V. Explanations on fees, commission income and expenses:

Other than commission income and fees and expenses for various banking services that are reflected as income /expense when collected/ paid, fees and commission income and expenses are reflected to income statement depending on the term of the related transaction.

In accordance with provisions of TAS, the portion of the commission and fees which are related to the reporting period and collected in advance for cash and non-cash loans granted is reflected to the income statement by using the internal rate of return method and straight line methods, respectively over the commission period of the related loan, respectively. Fees and commissions collected in advance which are related to the future periods are recorded under the account '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, 2013, the Bank has no financial assets classified as financial assets at fair value through profit or loss except for trading financial assets.

VI. Explanations on financial assets (continued):

Financial assets available for sale:

Financial assets available for sale are initially recognized at cost; which reflects their fair values; including the transaction costs. After the initial recognition, available for sale securities are measured at fair value and the unrealized gains or losses resulting from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Valuation Reserve" under equity. In case of a disposal of available for sale financial assets, value increases/decreases which have been recorded in the marketable securities valuation reserve under the equity is transferred to income statement. Financial assets classified as available for sale financial assets which do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less impairment, if any.

Loans and receivables:

Loans and receivables are non-derivative financial assets whose payments are fixed or can be determined, are not traded in an active market and are not classified as trading assets, financial assets at fair value through profit or loss and financial assets available for sale.

Loans and receivables are carried initially at cost including the transaction costs which reflects their fair value; and subsequently recognized at the amortized cost value using the internal rate of return method in accordance with TAS 39 "Financial Assets: Recognition and Measurement". Fees, transaction costs and other similar costs in connection with the collaterals of loans and receivables are paid by the customers and accordingly not included in expense items in the income statement.

Cash loans are accounted in related accounts as specified by the Communiqué "Uniform Chart of Accounts and Explanations to be implemented by Participation Banks".

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.

VII. Explanations on impairment of financial assets (continued):

If there is objective evidence that the loans granted might not be collected, general and specific provisions for such loans are expensed as 'Provision for Loan Losses and Other Receivables' in accordance with the Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans". Subsequent recoveries of amounts previously written off or provisions provided in prior periods are included in "Other Operating Income" in the income statement. The profit sharing accounts' portion of general and specific provisions for loans and other receivables originated from profit sharing accounts is reflected to the profit sharing accounts.

If there is objective evidence indicating that the value of financial assets held to maturity is impaired, the amount of the loss is measured as the difference between the present value which is calculated by discounting the projected cash flows in the future with the original profit share rate and the net book value; provision is provided for impairment and the provision is associated with the expense accounts.

If there is objective evidence indicating that the fair value of a financial asset available for sale, for which decreases in the fair value has been accounted in the equity, has been impaired then the total loss which was accounted directly under the equity is deducted from equity and transferred to the income statement.

If there is objective evidence indicating that an unquoted equity instrument which is not carried at fair value because its fair value cannot be reliably measured is impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses cannot be reversed.

VIII. Explanations on offsetting of financial instruments:

Financial instruments are offset when the Bank has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously.

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.

X. Explanations on assets held for sale and discontinued operations and liabilities related to these assets (continued):

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.

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 authorized real estate appraisal firm to the financial statements. As of December 31, 2013, 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.

XII. Explanations on tangible assets (continued):

Depreciation is calculated on a straight-line basis. Depreciation rates used are determined by considering the estimated economic useful life of the assets. The annual rates used are as follows:

	%
Buildings	2
Motor vehicles	20 – 25
Furniture, fixture and office equipment	4 – 33
Safe-deposit boxes	2 – 20
Operational lease improvement costs (Leasehold improvements)	Leasing period - 5 years

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period. In cases where the leasing period is not certain, the useful life is determined as 5 years. After January 1, 2010 in cases where leasing period is more than 5 years, the useful life is determined as 5 years.

If there is an indication for impairment, the Bank estimates the recoverable amount of the tangible asset in accordance 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.

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. Actuarial gains and losses generated after January 1, 2013, are accounted for under equity in accordance with the revised TAS 19 standard.

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.

75% of the profits generated from the sale of properties and share certificates of which the Bank held possession for two years or more, are exempt from corporate tax if added to the capital or accounted under shareholders' equity as a special fund for 5 years according to the Corporate Tax Law.

Income generated by the transfer of properties, share certificates of subsidiaries, founders' shares, preferred shares and preemptive rights owned by corporations under legal follow-up together with their guarantors and mortgagers, which are transferred to banks due to their debts and used for winding up the debts is exempt from corporation tax. Additionally, 75% of the profit generated by sales of above mentioned instruments is also exempt from corporation tax.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In accordance with the last paragraph of the first article of the law dated February 11, 1986 and numbered 3259 "Law related to granting tax exemption to Islamic Development Bank" dividends paid to Islamic Development Bank is exempt from corporate tax. Therefore, dividend distributed to Islamic Development Bank as a shareholder of the Bank is exempt from corporate tax and income tax withholding.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns to their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

XVI. Explanations on taxation (continued):

Deferred tax:

The Bank calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with TAS 12 "Turkish Accounting Standard for Income Taxes". Deferred tax asset is calculated on all temporary differences other than general loan loss provisions to the extent that is probable that taxable profit will be available and deferred tax liability is calculated for all temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

Deferred tax liabilities are calculated for all of the temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

Transfer pricing:

Transfer pricing is regulated through article 13 of Corporate Tax Law titled "Disguised Profit Distribution by way of Transfer Pricing". Detailed information for the practice regarding the subject is found in the "General Communiqué on Disguised Profit Distribution by way of Transfer Pricing".

According to the 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.

XVII. Additional explanations on borrowings:

The Bank records borrowings in accordance with TAS 39 'Financial Instruments: Recognition and Measurement'. Borrowings, except for funds collected, are recognized at amortized cost using the effective internal rate of return method in the following periods after the initial recognition.

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

Acceptances and availed drafts are realized simultaneously with the payment dates of the customers and they are presented as commitments in the off-balance sheet accounts.

XX. Explanations on government grants:

As of the balance sheet date, there are no government grants received by the Bank.

XXI. Explanations on segment reporting:

Business segment is a component of the Bank that engages in business activities from which the Bank may earn revenues and incur expenses, whose operating results are regularly reviewed by the Bank's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial available.

Segment reporting is disclosed in Section Four, Note XIII.

XXII. Explanations on other matters:

None.

XXIII. Additional paragraph for convenience translation:

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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, 2013, the Bank's unconsolidated capital adequacy ratio calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" is 14,86% (Prior Period- 13,03%).

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.

(Currency - Thousand Turkish Lira)

I. Explanations on capital adequacy standard ratio (continued):

b) Information on capital adequacy standard ratio:

	Bank								
	%0	%10	%20	%50	%75	%100	%150	%200	%250
Value at Credit Risk	**2.798.802**	**-**	**1.668.904**	**4.148.225**	**1.858.384**	**7.521.705**	**19.132**	**19.936**	**42**
Risk Categories									
Conditional and unconditional receivables from central governments or central banks	2.653.721	-	12.446	83.973	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	74.313	-	-	-	-	-	-
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	-	-	1.032.874	365.919	1.062	147.169	-	-	-
Conditional and unconditional receivables from corporates	-	-	403.229	18.054	-	6.915.988	-	-	-
Conditional and unconditional retail receivables	-	-	113.050	171	1.857.322	29.205	-	-	-
Conditional and unconditional receivables secured by mortgages on property	-	-	3.798	3.665.988	-	-	-	-	-
Past due receivables	-	-	-	14.120	-	10.945	800	-	-
Receivables defined in high risk category by BRSA	-	-	1.380	-	-	-	18.332	19.936	42
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	27.814	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	145.081	-	-	-	-	418.398	-	-	-

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	Prior Period
A Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	911.365	661.316
B Capital Requirement for Market Risk (MRCR)	11.622	5.234
C Capital Requirement for Operational Risk (ORCR)	77.228	66.816
Shareholders' Equity	1.858.124	1.194.026
Shareholders' Equity/((CRCR+MRCR+ORCR)*12.5*100)	% 14,86	% 13,03

(Currency - Thousand Turkish Lira)

I. Explanations on capital adequacy standard ratio (continued):

d) Details of shareholders' equity accounts:

	December 31 2013	December 31 2012
CORE CAPITAL		
Paid-in Capital	900.000	900.000
Nominal Capital	900.000	900.000
Capital Commitments (-)	-	-
Inflation Adjustments to Paid-in Capital	-	-
Share Premium	-	-
Share Cancellation Profits	-	-
Reserves	262.455	68.892
Inflation Adjustments to Reserves	-	-
Profit	242.843	192.726
Current Period Net Profit	241.409	191.835
Prior Years' Profits	1.434	891
Provision for possible losses up to 25% of the core capital	72	108
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(-)	38.688	29.409
Intangible Assets (-)	15.929	7.052
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	**1.350.753**	**1.125.265**
SUPPLEMENTARY CAPITAL		
General Loan Loss Reserves	47.378	44.750
45% of the Revaluation Reserve for Movable Fixed Assets	-	-
45% of the Revaluation Reserve for Properties	43.520	24.985
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	-	-
Primary Subordinated Loans Excluded in the Calculation of The Core Capital	-	-
Secondary Subordinated Loans	424.148	-
45% of Marketable Securities Value Increase Fund	(4.742)	537
Indexation Differences For Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	**510.304**	**70.272**
CAPITAL	**1.861.057**	**1.195.537**
DEDUCTIONS FROM THE CAPITAL	**2.933**	**1.511**
Shareholdings in Unconsolidated Banks and Financial Institutions (Domestic, Foreign) in which the Bank Owns Ten Percent or More of Capital	250	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	1.391	802
Securitization Positions to be Deducted from Equity	-	-
Other	1.292	659
TOTAL SHAREHOLDERS' EQUITY	**1.858.124**	**1.194.026**

I. Explanations on capital adequacy standard ratio (continued):

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.

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 is 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.

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

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".

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	2.737.694	2.216.612
Conditional and unconditional receivables from regional or local governments	64.718	5.997
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	1.530.141	1.270.862
Conditional and unconditional receivables from corporates	7.360.853	6.264.962
Conditional and unconditional retail receivables	2.015.090	1.825.043
Conditional and unconditional receivables secured by mortgages on property	3.669.786	3.370.855
Past due receivables	25.865	37.713
Receivables defined in high risk category by BRSA	39.690	25.090
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	27.814	22.862
Investments similar to collective investment funds	-	-
Other receivables	563.479	481.944

(*) Represents amounts, before risk mitigating factors, after risk conversion factors.

II. Explanations on credit risk (continued):

(2) The Bank has control limits over the positions of forwards, options and similar agreements. The credit risk undertaken for such positions is managed together with the risks arising from market movements.

The risks of forwards, options and similar agreements are followed regularly and the Bank utilizes risk mitigation methods if needed.

(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 41% (Prior period - 38%) and 50% (Prior period - 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 48% (Prior period - 45%) and 60% (Prior period - 58%) respectively.

Share of cash and non-cash receivables of the Bank from its top 100 and top 200 loan and non-cash loan customers in total of balance sheet and off balance sheet commitments is 36% (Prior period - 33%) and 47% (Prior period - 44%) respectively.

(6) The Bank's general provision amount for its credit risk is TL 113.708 (Prior period - TL 103.100).

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

(7) Profile on significant risks in significant regions:

	Risk Categories (*)										
	1	2	3	4	5	6	7	8	9	10	Total
Current Period											
Domestic	2.750.140	74.313	1.131.441	6.992.850	1.956.742	3.631.656	25.842	39.686	-	-	16.602.670
EU Countries	-	-	121.241	28.075	3.902	9.653	-	-	-	-	162.871
OECD Countries (**)	-	-	6.249	-	-	-	-	-	-	-	6.249
Off-shore banking regions	-	-	3.767	215.991	3.654	12.334	-	-	27.814	-	263.560
USA, Canada	-	-	126.908	926	265	15.146	-	-	-	-	143.245
Other countries	-	-	157.418	99.429	35.185	997	23	4	-	-	293.056
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities(***)	-	-	-	-	-	-	-	-	-	563.479	563.479
	2.750.140	74.313	1.547.024	7.337.271	1.999.748	3.669.786	25.865	39.690	27.814	563.479	18.035.130

(*) Risk classifications in the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" will be used.
(**) OECD countries other than EU countries, USA and Canada.
(***) Assets and liabilities are not allocated on a consistent basis

1-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 as high risk category by the Regulator
9- Short term receivables from banks and brokerage houses and short term receivables from corporates
10- Other receivables

(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	10	TL	FC	Total
1	**Agriculture**	-	-	-	122.370	56.605	62.752	82	-	-	-	158.860	82.949	241.809
1.1	Farming and stockbreeding	-	-	-	107.585	49.946	56.274	40	-	-	-	147.139	66.706	213.845
1.2	Forestry	-	-	-	14.692	5.155	6.478	39	-	-	-	10.952	15.412	26.364
1.3	Fishery	-	-	-	93	1.504	-	3	-	-	-	769	831	1.600
2	**Manufacturing**	-	3.924	-	3.461.285	789.332	1.161.791	11.251	-	-	-	2.687.562	2.740.021	5.427.583
2.1	Mining	-	2.450	-	77.698	13.384	20.409	125	-	-	-	36.942	77.124	114.066
2.2	Production	-	1.474	-	2.659.316	749.586	1.108.821	9.641	-	-	-	2.279.532	2.249.306	4.528.838
2.3	Electricity, gas, water	-	0	-	724.271	26.362	32.561	1.485	-	-	-	371.088	413.591	784.679
3	**Construction**	-	65.795	-	1.933.312	286.218	946.378	8.394	-	-	-	1.855.265	1.384.832	3.240.097
4	**Services**	2.750.140	1.201	1.547.024	1.523.835	388.413	449.575	3.888	-	27.814	-	4.374.845	2.317.045	6.691.890
4.1	Wholesale and retail trade	-	1.181	-	653.663	233.146	267.314	3.570	-	-	-	610.649	548.225	1.158.874
4.2	Hotel, food and beverage services	-	-	-	22.258	15.263	10.174	1	-	-	-	29.027	18.669	47.696
4.3	Transportation and telecommunication	-	-	-	95.195	36.940	27.731	257	-	-	-	70.546	89.577	160.123
4.4	Financial institutions	2.750.140	-	1.547.024	493.374	29.824	84.786	-	-	27.814	-	3.450.866	1.482.096	4.932.962
4.5	Real estate and renting services	-	-	-	50.267	19.626	41.442	54	-	-	-	56.847	54.542	111.389
4.6	Self-employment services	-	20	-	131.730	28.070	5.959	6	-	-	-	90.464	75.321	165.785
4.7	Education services	-	-	-	7.916	956	1.530	-	-	-	-	6.906	3.496	10.402
4.8	Health and social services	-	-	-	69.432	24.588	10.639	-	-	-	-	59.540	45.119	104.659
5	**Other**	-	3.393	-	296.469	479.180	1.049.290	2.250	39.690	-	563.479	1.931.232	502.519	2.433.751
6	**Total**	2.750.140	74.313	1.547.024	7.337.271	1.999.748	3.669.786	25.865	39.690	27.814	563.479	11.007.764	7.027.366	18.035.130

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- Short term receivables from banks and brokerage houses and short term receivables from corporates
10-Other Receivables

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

Distribution of risks with term structure according to remaining maturities:

	Time to Maturity				
Risk Categories	1 month	1–3 months	3–6 months	6–12 months	1 year and over
Receivables from central governments or central banks	1.789.490	-	-	386.400	574.250
Receivables from regional or local governments	11.483	5.768	8.431	16.942	31.689
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-
Receivables from banks and brokerage houses	1.473.091	24.067	12.621	20.520	16.725
Conditional and unconditional receivables from corporates	1.064.771	889.168	1.207.453	1.607.628	2.568.251
Conditional and unconditional retail receivables	244.335	299.122	341.391	419.147	695.753
Conditional and unconditional receivables secured by mortgages on property	418.460	501.776	632.190	747.312	1.370.048
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	5.033	34.657
Securities collateralized by mortgages	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	27.814	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-
Other receivables	-	-	-	-	-
TOTAL	**5.029.444**	**1.719.901**	**2.202.086**	**3.202.982**	**5.291.373**

(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	2.798.802	-	1.115.140	502.719	3.478.526	10.100.833	19.132	19.936	42	7.997
2	Amount after credit risk mitigation	2.798.802	-	1.668.904	4.148.225	1.858.384	7.521.705	19.132	19.936	42	7.997

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

(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**	9.279	2.427	52	8.917
1.1	Farming and stockbreeding	4.543	2.082	43	4.450
1.2	Forestry	4.494	345	9	4.228
1.3	Fishery	242	-	-	239
2	**Manufacturing**	119.216	137.551	3.065	107.523
2.1	Mining	3.486	1.033	39	3.356
2.2	Production	110.220	73.881	1.773	100.222
2.3	Electricity, gas, water	5.510	62.637	1.253	3.945
3	**Construction**	87.025	33.765	730	79.817
4	**Services**	39.714	278.250	5.711	34.158
4.1	Wholesale and retail trade	28.603	201.355	4.142	23.870
4.2	Hotel, food and beverage services	237	1.216	24	236
4.3	Transportation and telecommunication	4.316	47.028	945	4.080
4.4	Financial institutions	227	7.262	145	227
4.5	Real estate and renting services	1.214	2.430	67	1.173
4.6	Self-employment services	4.600	15.641	313	4.075
4.7	Education services	10	37	1	10
4.8	Health and social services	507	3.281	74	487
5	Other	24.434	66.792	1.390	23.013
6	**Total**	**279.668**	**518.785**	**10.948**	**253.428**

(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	197.669	155.871(***)	(106.914)(**)	6.802	253.428
2 General Provisions	103.100	10.588	(4.833)	4.853	113.708

(*) Determined according to currency differences.
(**) Related balance includes reversal of provisions regarding write-off's in the amount of TL 13.897
(***) Related balance includes reversal of provisions made within the same period in the amount of TL 9.806

(Currency - Thousand Turkish Lira)

II. Explanations on credit risk (continued):

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	2.148.514	1.126.363
Trading financial assets	27	1.583
Due from banks	1.378.708	1.037.112
Available-for-sale financial assets	239.347	151.300
Loans	11.987.580	9.058.404
Held to maturity investments	745.390	365.815
Finance lease receivables	72.321	41.659
Other assets	10.952	2.850
Total balance sheet items subject to credit risk	**16.582.839**	**11.785.086**
Contingent liabilities	6.163.867	5.213.281
Commitments	876.219	1.142.145
Total off-balance sheet items subject to credit risk	**7.040.086**	**6.355.426**
Total credit risk exposure	**23.622.925**	**18.140.512**

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 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	%26,12	%18,59
Average	%67,53	%78,97
Below average	%6,35	%2,44

(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 for testing purposes 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 legal capital is stated below.

a) Information related to market risk:

		Amount
(I)	Capital requirement to be employed for general market risk - standard method	381
(II)	Capital requirement to be employed for specific risk - standard method	381
	Capital requirement against specific risks of securitisation positions– standard method	-
(III)	Capital requirement to be employed for currency risk - standard method	10.625
(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	235
(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)	11.622
(X)	Amount subject to market risk (12,5 X VIII) or (12,5 x IX)	**145.275**

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	-
Share Certificates Risk	873	1.064	762	640	738	534
Currency Risk	7.430	10.625	4.062	6.086	8.231	4.496
Commodity Risk	-	-	-	-	-	-
Swap Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Counterparty Credit Risk	40	235	-	-	-	-
Total Value Subject to Risk	**8.343**	**11.924**	**4.824**	**6.749**	**9.106**	**5.030**

(*) Prior period's average is calculated by considering the arithmetic average of the monthly reports prepared between related period and publishment date (June 28, 2012) of Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

(Currency - Thousand Turkish Lira)

III. Explanations on market risk (continued):

(2) Quantitative information on counterparty risk:

The “counterparty credit risk” is calculated according to the fair value methodology indicated in the Appendix-2 Part 3 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

Replacement cost of agreements having positive value is calculated by revaluation of agreements according to their fair values. Potential credit risk amount is acquired by multiplying related ratios on agreement types by agreement amounts or amounts subject to the transaction.

	Balance(*)	
	December 31, 2013	**December 31, 2012**
Interest Rate Contracts	-	-
Foreign Exchange Rate Contracts	2.943	-
Commodity Contracts	-	-
Equity Shares Related Contracts	-	-
Other	-	-
Gross Positive Fair Value	-	-
Netting Benefits	-	-
Net Current Exposure Amount	-	-
Collateral Received	-	-
Net Derivative Position	**2.943**	**-**

(*) Includes only the counterparty risks arising from trading book.

(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	418.488	500.700	625.375	514.854	15	77.228
Amount subject to Operational Risk (Total*12,5)						965.350

(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, 2013 - Balance sheet evaluation rate	2,140	2,950
As of December 30, 2013	2,105	2,907
As of December 27, 2013	2,050	2,850
As of December 26, 2013	2,065	2,850
As of December 25, 2013	2,068	2,830
As of December 24, 2013	2,057	2,810

c) The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is full TL 2,038 for 1 USD (December 2012 – full TL 1,778), full TL 2,796 for 1 EURO (December 2012 – full TL 2,332).

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	
		December 31,2013	December 31,2012	December 31,2013	December 31,2012
USD	10% increase	30.302	21.855	474	(28)
USD	10% decrease	(30.302)	(21.855)	(474)	28
EURO	10% increase	4.123	4.906	-	-
EURO	10% decrease	(4.123)	(4.906)	-	-

(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	749.824	980.417	306.026	2.036.267
Banks	106.326	568.334	78.170	752.830
Financial assets at fair value through profit and loss	5	3	14	22
Money market placements	-	-	-	-
Available-for-sale financial assets	51	113.264	-	113.315
Loans and financial lease receivables(**)	1.485.099	3.534.606	-	5.019.705
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	1.925	1.925
Intangible assets	-	-	594	594
Other assets (***)	743	841	1.625	3.209
Total assets	2.342.048	5.197.465	388.354	7.927.867
Liabilities				
Current account and funds collected from banks via participation accounts	157.833	241.550	2.040	401.423
Other current and profit sharing accounts	1.290.668	2.964.166	351.104	4.605.938
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	833.147	1.635.642	-	2.468.789
Marketable securities issued	-	-	-	-
Miscellaneous payables	4.200	14.678	2.529	21.407
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	14.967	38.406	1.181	54.554
Total liabilities	2.300.815	4.894.442	356.854	7.552.111
Net balance sheet position	41.233	303.023	31.500	375.756
Net off balance sheet position	(35.754)	(256.730)	(2.620)	(295.104)
Derivative financial instruments assets(****)	8.496	21.605	2.338	32.439
Derivative financial instruments liabilities(****)	44.250	278.335	4.958	327.543
Non-cash loans (*****)	852.441	2.343.620	10.953	3.207.014
Prior Period				
Total assets	1.612.829	3.489.126	308.322	5.410.277
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	-	-	-	-
Derivative financial instruments assets	-	-	-	-
Derivative financial instruments liabilities	-	-	-	-
Non-cash loans(*****)	658.975	1.663.526	31.309	2.353.810

(*) TL 305.453 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 37.646 of the balance in Banks in other FC column represent precious metals accounts with banks, TL 340.927 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 3.436.101 (December 31 2012: TL 2.627.537).

(***) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 801 (December 31 2012: TL 471) is included in other assets.

(****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 32.439 (December 31, 2012: None) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL30.543 (December 31, 2012: TL 263.575).

(*****) Does not have any effect on the net off-balance sheet position.

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VI. Explanations on position risk of equity securities in banking book:

The Bank does not have an associate and subsidiary quoted at Borsa İstanbul.

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, 2013 and December 31, 2012 are as follows:

December 31,2013	First Maturity Bracket (Weekly)		Second Maturity Bracket (Monthly)	
	FC	FC + TL	FC	FC + TL
Average (%)	166,23	183,59	128,09	131,86
Maximum (%)	261,07	286,26	156,72	201,10
Minimum (%)	105,34	105,74	107,43	100,83

December 31,2012	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

(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	509.102	1.773.579	-	-	-	-	-	2.282.681
Banks	997.777	8.192	372.739	-	-	-	-	1.378.708
Financial Assets at Fair Value Through Profit and Loss	4.764	27	-	-	-	-	-	4.791
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1.543	-	29.105	77.270	132.972			240.890
Loans	4.623	1.408.310	1.663.864	4.524.500	4.127.733	304.631	-	12.033.661
Held-To-Maturity Investments	-	-	25.512	305.500	414.378	-	-	745.390
Other Assets	-	472	71	2.043	8.366	-	519.480	530.432
Total Assets	1.517.809	3.190.580	2.091.291	4.909.313	4.683.449	304.631	519.480	17.216.553
Liabilities								
Current account and funds collected from banks via participation accounts	41.673	209.203	224.233	32.515	-	-	-	507.624
Other current and profit sharing accounts	2.526.390	7.564.516	912.993	921.727	92.962	-	-	12.018.588
Funds provided from other financial institutions	-	565.022	331.407	523.039	616.348	432.973		2.468.789
Money Market Borrowings	-	144.775	-	-	-	-	-	144.775
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	110.081	53.590	14.581	-	-	150.922	329.174
Other liabilities	-	23.319	22.749	-	-	-	1.701.535	1.747.603
Total Liabilities	2.568.063	8.616.916	1.544.972	1.491.862	709.310	432.973	1.852.457	17.216.553
Net Liquidity Gap	(1.050.254)	(5.426.336)	546.319	3.417.451	3.974.139	(128.342)	(1.332.977)	-
Prior period								
Total Assets	1.439.485	2.020.674	1.258.819	3.468.429	3.541.639	211.319	387.289	12.327.654
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)	-

(*) 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.

(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	2.568.063	7.773.719	1.137.226	954.242	92.962	-	12.526.212
Funds Borrowed from Other Financial Institutions	-	578.823	322.760	526.652	632.395	444.585	2.505.215
Borrowings from Money Markets	-	144.475	-	-	-	-	144.475
Total	2.568.063	8.497.017	1.459.986	1.480.894	725.357	444.585	15.175.902
Prior 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

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 (*)	2.574.442	295.641	317.747	1.226.349	782.376	35.343	-	5.231.898
Bank acceptances	23.524	-	-	-	-	-	-	23.524
Letters of credit	447.522	27.559	2.645	4.285	-	-	-	482.011
Other commitments and contingencies	-	426.434	-	-	-	-	-	426.434
Total	3.045.488	749.634	320.392	1.230.634	782.376	35.343	-	6.163.867
Prior 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

(*) 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.

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 is 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.

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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	2.750.140	-	-	-
Conditional and unconditional receivables from regional or local governments	74.313	-	-	-
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	1.547.024	4.216	-	-
Conditional and unconditional receivables from corporates	7.337.271	421.283	-	23.582
Conditional and unconditional retail receivables	1.999.748	113.221	-	15.342
Conditional and unconditional receivables secured by mortgages on property	3.669.786	-	-	-
Past due receivables	25.865	-	-	-
Receivables defined in high risk category by BRSA	39.690	1.380	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	27.814	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	563.479	-	-	-

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 is the probability of loss that the bank may be exposed to due to the bank's general market risk, foreign exchange risk, specific risk, commodity risk, settlement risk and counterparty credit risk in trading book.

Exchange rate risk or foreign currency risk which is one of the factors that constitutes market risk, defines the probability of loss due to the effects of possible changes in currency to all the Bank's foreign currency assets and liabilities. 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 the legal authority. 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.

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.

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 misjudgements 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, reputation risk, counterparty risk, compliance risk, residual risk, country risk, and concentration risk. The Bank's risk management system ,in order to prevent and/or control strategic risks, is prepared against changes in economic, 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.

Residual risk is the risk that arises in case that the risk mitigation techniques are not as effective as expected. Senior management procures the implementation of residual risk management policy and strategy that is approved by Board of Directors. It establishes necessary communication channels in order to publish relevant policy and strategies to relevant Bank personnel and inform them about their responsibilities.

Counterparty credit risk is the probability that one of the parties of a transaction where both sides are imposed with liability becomes default on his liability before the last payment in the cash flow of the transaction.

Compliance risk means those risks which are related to sanctions, financial losses and/ or loss of reputation that the Bank may suffer in the event that the Bank's operations and the attitudes and acts of the Bank's staff members are not in conformity and compliance with the current legislation, regulations and standards. The Head of Legislation and Compliance Unit, who shall be appointed by the Board of Directors, shall be accountable for the purposes of planning, arranging, conducting, managing, assessing, monitoring and coordinating the corporate compliance activities.

X. Explanations on Risk Management Objectives and Policies (continued):

Country risk is the probability of loss that the Bank may be exposed to in case borrowers in one country fail or shirk to fulfill their foreign obligations due to uncertainties in economic, social and political conditions. The Bank constitutes its commercial connections with foreign fiscal institutions and countries, as a result of feasibility studies made for country's economic conditions within legal restrictions and through consideration of market conditions and customer satisfaction.

Concentration risk is the probability of experiencing large scale losses due to one single risk amount or risk amounts in particular risk types that may threaten the body of the Bank and the capability of operating its principal activities. Policies in regards to concentration risk are classified as Sectoral concentration, Concentration to be created on the Basis of Collateral, Concentration on the Basis of Market Risk, Concentration on the Basis of Types of Losses, Concentration Arising from Participation Fund and Other Financing Providers.

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.

The fair values of funds collected from financial institutions are determined by calculating the discounted cash flows using the current market profit share rates.

(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	1.378.708	1.037.112	1.378.708	1.037.112
Financial assets at fair value through profit and loss	4.791	6.192	4.791	6.192
Financial assets available for sale	240.890	152.569	240.890	152.569
Held to maturity investments	745.390	365.815	731.303	372.497
Loans and financial lease receivables	12.059.901	9.100.063	12.069.915	9.321.770
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	507.624	319.199	507.624	319.199
Other current and profit sharing accounts	12.018.588	8.905.819	12.018.588	8.905.819
Funds provided from other financial institutions	2.035.816	1.393.830	2.021.228	1.392.704
Marketable securities issued	-	-	-	-
Miscellaneous payables	329.174	316.398	329.174	316.398

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:

a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level I);

b. 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);

c. 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	4.764	27	-	4.791
Public sector debt securities	-	-	-	-
Equity securities	4.764	-	-	4.764
Derivative financial assets held for trading	-	-	-	-
Other	-	27	-	27
Financial assets- available for sale	-	239.347	-	239.347
Equity securities (*)	-	-	-	-
Public sector debt securities	-	201.523	-	201.523
Other marketable securities	-	37.824	-	37.824
Financial liabilities				
Derivative financial liabilities held for trading	-	2.804	-	2.804
Derivative financial liabilities for hedging purposes	-	-	-	-

(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	4.609	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	-	-	-	-

(*) The balances in the balance sheet include unquoted equity securities carried at cost which are not included in the above table since they are not carried at fair value.

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.

(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.

December 31, 2013	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Total Assets	1.383.561	10.482.611	1.496.617	3.853.764	17.216.553
Total Liabilities	8.358.926	6.880.760	217.852	1.759.015	17.216.553
Net profit share income/(expense)(*)(**)	(196.040)	757.393	63.823	-	625.176
Net fees and commissions income/(expense)	1.455	104.026	(4.030)	11.746	113.197
Other operating income /(expense)	(167)	(72.620)	1.879	(367.922)	(438.830)
Profit/(loss) before tax	(194.752)	788.799	61.672	(356.176)	299.543
Provision for tax	-	-	-	(58.134)	(58.134)
Net profit for the period	**(194.752)**	**788.799**	**61.672**	**(414.310)**	**241.409**

December 31, 2012	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/(loss) 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**

(*) 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.

(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	65.105	63.244	56.903	52.220
CBRT	181.309	1.967.205	65.840	1.060.523
Other (*)	-	5.818	-	65.157
Total	**246.414**	**2.036.267**	**122.743**	**1.177.900**

(*) Includes precious metals amounting to TL 5.818 as of December 31, 2013 (December 31, 2012: TL 65.157).

b) Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	181.309	193.626	65.840	150.069
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	-	1.773.579	-	910.454
Total	**181.309**	**1.967.205**	**65.840**	**1.060.523**

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 11,5% for TL deposits and other liabilities according to their maturities as of December 31, 2013 (December 31,2012: for all TL liabilities between 5% and 11%). The reserve rates for foreign currency liabilities vary between 6% and 13% for deposit and other foreign currency liabilities according to their maturities as of December 31,2013 (December 31,2012: for all foreign currency liabilities between 6% and 11,5%).

(*) As of December 31, 2013, the reserve requirement held in standard gold is TL 299.635 (December 31, 2012: TL 136.030).

(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) Table of positive differences related to derivative financial assets held for trading:

None (31 December 2012 : None).

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	625.878	425.117	643.330	147.538
Abroad	-	279.352	-	214.966
Foreign head offices and branches	-	48.361	-	31.278
Total	**625.878**	**752.830**	**643.330**	**393.782**

b) Information on foreign bank accounts:

	Current period		Prior period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	143.319	-	156.246	-
USA and Canada	120.831	-	45.590	-
OECD Countries (*)	8.068	-	3.103	-
Off-shore banking regions	2.941	-	411	-
Other	4.193	-	9.616	-
Total	**279.352**	**-**	**214.966**	**-**

(*) 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.

b) Information on financial assets available-for-sale:

	Current Period	Prior Period
Debt securities	243.121	151.300
Quoted on a stock exchange(*)	243.121	151.300
Unquoted	-	-
Share certificates	1.543	1.269
Quoted on a stock exchange	-	-
Unquoted (**)	1.543	1.269
Impairment provision (-)	3.774	-
Total	**240.890**	**152.569**

(*) Includes debt securities quoted on a stock exchange which are not traded at the related period ends.
(**) Indicates unquoted equity securities.

(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	45.889	31.349	24.660	77.314
Corporate shareholders	45.682	31.349	23.175	77.314
Real person shareholders	207	-	1.485	-
Indirect loans granted to shareholders	1.476	15.514	34.094	10.305
Loans granted to employees	6.179	-	5.275	-
Total	**53.544**	**46.863**	**64.029**	**87.619**

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		
Cash loans	Loans and other receivables (Total)	Restructured Or rescheduled		Loans and other receivables (Total)	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Loans	11.448.852	-	-	512.488	233.728	15.337
Export loans	189.514	-	-	3.142	154	-
Import loans	1.383.609	-	-	64.531	5.816	980
Business loans	6.056.693		-	366.591	196.663	13.401
Consumer loans	1.308.293	-	-	23.257	11.359	904
Credit cards	190.129	-	-	1.656	-	-
Loans given to financial sector	-	-	-	-	-	-
Other (*)	2.320.614	-	-	53.311	19.736	52
Other receivables	-	-	-	-	-	-
Total	11.448.852	-	-	512.488	233.728	15.337

(*) Details of other loans are provided below:

Commercial loans with installments	987.644
Other investment credits	416.145
Loans given to abroad	411.570
Profit and loss sharing investments (**)	130.501
Loans for purchase of marketable securities for customer	422.138
Other	5.927
Total	2.373.925

(**) As December 31, 2013, the related balance represents profit and loss sharing investment projects (10 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 63.175 (December 31, 2012: TL 17.632) income in the accompanying financial statements in relation to such loans.

(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	-	233.728
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	-	9.705
6 - 12 months	-	11.595
1 - 2 years	-	36.422
2 - 5 years	-	148.056
5 years and over	-	27.950

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, 2013, the Bank does not have any loan receivables arising from rescheduled loans within the scope of related Communiqué.

In accordance with the Communiqué "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans" published in Official Gazette dated December 30, 2011 and numbered 28158, information related to the loans granted to maritime sector :

As of December 31, 2013, the Bank has loan receivables amounting to TL 2.874 arising from rescheduled loans within the scope of related Communiqué.

c) Maturity analysis of cash loans:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
Cash Loans	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short term loans and other receivables	**4.674.986**	**-**	**102.540**	**32.730**
Loans	4.674.986	-	102.540	32.730
Other receivables	-	-	-	-
Medium and long-term loans and other receivables(*)	**6.773.866**	**-**	**160.883**	**216.335**
Loans	6.773.866	-	160.883	216.335
Other receivables	-	-	-	-
Total	**11.448.852**	**-**	**263.423**	**249.065**

(*) Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

(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	**8.996**	**1.319.407**	**1.328.403**
Housing loans	1.870	1.149.604	1.151.474
Vehicle loans	2.643	74.321	76.964
Consumer loans	2.920	1.468	4.388
Other	1.563	94.014	95.577
Consumer loans-FC indexed	-	**242**	**242**
Housing loans	-	242	242
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	**55.172**	**7.805**	**62.977**
With installment	26.820	7.192	34.012
Without installment	28.352	613	28.965
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	**1.571**	**1.334**	**2.905**
Housing loans	-	183	183
Vehicle loans	11	979	990
Consumer loans	1.560	172	1.732
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	**2.880**	394	**3.274**
With installment	1.493	374	1.867
Without installment	1.387	20	1.407
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	**68.619**	**1.329.182**	**1.397.801**

(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	**617.855**	**144.410**	**762.265**
Business loans	152.935	12.573	165.508
Vehicle loans	170.753	5.809	176.562
Consumer loans	46	-	46
Other	294.121	126.028	420.149
Commercial installment loans-FC indexed	**214.041**	**11.338**	**225.379**
Business loans	71.633	4.955	76.588
Vehicle loans	22.357	470	22.827
Consumer loans	44	-	44
Other	120.007	5.913	125.920
Commercial installment Loans-FC	-	-	-
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	**112.771**	**12.763**	**125.534**
With installment	18.659	11.375	30.034
Without installment	94.112	1.388	95.500
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC(legal entity)	-	-	-
Total	944.667	168.511	1.113.178

e) Allocation of loans by customers:

	Current Period	Prior Period
Public	88.391	648
Private	11.872.949	9.032.876
Total	**11.961.340**	**9.033.524**

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	11.549.770	8.827.001
Foreign loans	411.570	206.523
Total	**11.961.340**	**9.033.524**

g) Loans granted to subsidiaries and associates:

As of the balance sheet date, there are no cash loans granted to subsidiaries and associates.

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

ğ) Specific provisions for loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	25.660	8.101
Loans and receivables with doubtful collectibility	64.539	55.894
Uncollectible loans and receivables	154.798	127.444
Total	**244.997**	**191.439**

In addition to specific provision for loans amounting TL 244.997 (December 31, 2012: TL 191.439), provision amounting to TL 8.431 (December 31, 2012: TL 6.230) have been provided for fees and commissions and other receivables with doubtful collectibility which sums up to total TL 253.428 (December 31, 2012: TL 197.669). Specific provision for loans amounting to TL 161.892 (December 31, 2012: TL 149.959) 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 collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period			
(Gross amount before specific provisions)	-	-	19.311
Restructured loans and other receivables	-	-	19.311
Rescheduled loans and other receivables	-	-	-
Prior period			
(Gross amounts before special provisions)	-	-	10.565
Restructured loans and other receivables	-	-	10.565
Rescheduled loans and other receivables	-	-	-

h.2) Movements of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Closing balance of prior period	10.899	68.143	137.277
Additions in the current period (+)	163.564	2.624	4.562
Transfers from other categories of non-performing loans (+)	-	124.833	59.753
Transfers to other categories of non-performing loans (-)	124.833	59.753	-
Collections in the current period (-)	18.553	62.749	20.633
Write offs (-)	41	11	13.845
Corporate and commercial loans	16	-	13.122
Retail loans	25	11	558
Credit cards	-	-	165
Other	-	-	-
Closing balance of the current period	31.036	73.087	167.114
Specific provisions (-)	25.660	64.539	154.798
Net balance at the balance sheet	5.376	8.548	12.316

(Currency - Thousand Turkish Lira)

5. Information on loans and receivables (continued):

Non-performing loans and receivables in the amount of TL 271.237 (December 31, 2012: TL 216.319) comprise TL 160.586 (December 31, 2012: TL 150.335) 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 8.431 (December 31, 2012: TL 6.230). In the current period, collections from fees, commissions and other receivables with doubtful collectibility amounted to TL 6.305.

h.3) Non-performing loans and other receivables in foreign currencies:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period:			
Period end balance	-	-	700
Specific provision (-)	-	-	677
Net balance on balance sheet	-	-	23
Prior period:			
Period end balance	-	-	1.145
Specific provision (-)	-	-	1.145
	-	-	
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)	**5.376**	**8.548**	**12.316**
Loans to individuals and corporates (gross)	31.036	73.087	167.114
Specific provision (-)	25.660	64.539	154.798
Loans to individuals and corporates (net)	**5.376**	**8.548**	**12.316**
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
Prior 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)	-	-	-

(Currency - Thousand Turkish Lira)

5. **Information on loans and receivables (continued):**

ı) **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 2013, non-performing loans amounting to TL 13.897 were written-off (2012 – TL 20.401).

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	494.682	69.757	189.749	-	754.188
Consumer Loans	62.662	9.771	6.715	-	79.148
Credit Cards	5.662	903	451	-	7.016
Total	**563.006**	**80.431**	**196.915**	**-**	**840.352**

Prior 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**

(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:

As of December 31, 2013, held to maturity investments given as a guarantee or blocked amount to TL 18.228 (December 31, 2012: None). Held to maturity investments subject to repurchase agreements amount to TL 146.794 (December 31, 2012: None).

6.2) Information related to government securities held to maturity:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	730.267	365.815
Total	**730.267**	**365.815**

(*) Consists of Sukook certificates issued by Undersecretariat of Treasury of Turkey.

6.3) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt Securities	**745.390**	**365.815**
Quoted on a stock exchange(*)	745.390	356.879
Unquoted	-	8.936
Impairment provision(-)	-	-
Total	**745.390**	**365.815**

(*) 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	365.815	430.862
Foreign currency differences on monetary assets	-	(500)
Purchases during period	429.378	300.000
Disposals through sales and redemptions	(91.427)	(383.221)
Impairment provision (-)	-	-
Income accruals	41.624	18.674
Closing balance	**745.390**	**365.815**

(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 December 31, 2013.

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
277.124	276.430	2.824	-	-	11.980	11.213	-

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:

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 September 31,2013.

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
203	203	5	-	-	(31)	(16)	-	-

b) Information on consolidated subsidiaries:

The Bank does not have consolidated subsidiaries as of the balance sheet date.

(Currency - Thousand Turkish Lira)

9. Information on investments in joint- ventures:

The Bank has founded Katılım Emeklilik ve Hayat A.Ş ("Company") – a private pension company- through equal partnership with Kuveyt Turk Katılım Bankası A.Ş in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	10.975	968	-	-	1.090

Joint venture in the unconsolidated financial statements is carried at cost.

The financial information above is as of December 31, 2013.

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	30.318	23.558	24.271	18.722
1 to 4 years	51.197	45.648	26.395	22.155
More than 4 years	4.378	3.115	828	782
Total	**85.893**	**72.321**	**51.494**	**41.659**

b) Information on net investments through finance lease:

	Current Period	Prior Period
Gross finance lease receivables	85.893	51.494
Unearned finance lease receivable (-)	13.572	9.835
Net receivable from finance leases	**72.321**	**41.659**

c) General explanation on finance lease contracts:

Finance lease contracts are realized in accordance with the related articles of Finance Lease, Factoring and Financing Companies Act numbered 6361. There are no restrictions due to finance lease contracts, no renewals or contingent rent payments that materially affect the financial statements.

	Standard loans and Other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Restructured or rescheduled		Loans and other receivables	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Finance lease receivables Net)	68.335	-	-	3.986	-	-

(Currency - Thousand Turkish Lira)

11. Information on derivative financial assets for hedging purposes:

The Bank does not have any derivative financial assets for hedging purposes.

12. Information on tangible assets:

Current period	Immovables	Leased tangible assets	Vehicles	Other	Assets held for sale	Total
Cost						
Opening balance: January 1,2013	206.735	-	2.094	125.017	36.855	370.701
Additions	4.645	-	91	34.674	35.023	74.433
Revaluation differences	53.551	-	-	-	-	53.551
Disposals	(2.445)	-	(108)	(4.113)	(23.386)	(30.052)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	(313)	(313)
Transfers	-		-	-	8.045	8.045
Ending balance: December 31,2013	262.486	-	2.077	155.578	56.224	476.365
Accumulated depreciation(-)						
Opening balance: January 1,2013	17.819	-	1.197	56.336	1.012	76.364
Depreciation expense	4.565	-	334	18.275	669	23.843
Reversal of depreciation of the disposed assets	(547)	-	(108)	(3.528)	(273)	(4.456)
Transfers	-	-	-	-	-	-
Ending balance: December 31,2013	21.837	-	1.423	71.083	1.408	95.751
Total cost at the end of the year	262.486	-	2.077	155.578	56.224	476.365
Total accumulated depreciation at the end of the year	(21.837)	-	(1.423)	(71.083)	(1.408)	(95.751)
Closing net book value	240.649	-	654	84.495	54.816	380.614

Prior period	Immovables	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
Cost						
Opening balance: January 1, 2013	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

As of December 31, 2013, the Bank has revalued its immovables and revaluation fund of TL 96.712 (Prior period- TL 55.522) net of deferred tax and depreciation, has been reflected in the financial statements. The carrying value of the aforesaid immovables would have been TL 107.289 (Prior period- TL 119.781) if revaluation method had not been adopted.

(Currency - Thousand Turkish Lira)

13. Information on intangible assets:

a) Opening and ending book values and accumulated depreciation balances:

	Current Period	Prior Period
Cost	29.865	15.872
Accumulated depreciation(-)	13.936	8.820
Total (net)	**15.929**	**7.052**

b) Intangible assets movement between the beginning and end of the period:

	Current Period	Prior Period
Opening balance	7.052	4.798
Additions	13.973	5.286
Disposals (-), net	-	-
Depreciation expense (-)	5.096	3.032
Closing net book value	**15.929**	**7.052**

14. Information on investment property:

The Bank does not have investment property.

15. Information related to deferred tax asset:

As of December 31, 2013, the Bank calculated deferred tax asset of TL 33.398 (December 31, 2012: TL 22.910) and deferred tax liability of TL 25.042 (December 31, 2012: TL 14.992) 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
Discount on profit share and deferred commission income	23.346	18.364
Provisions for retirement and vacation pay liabilities	7.977	3.849
Marketable securities valuation reserve	1.185	-
Difference between carrying value and tax base of tangible assets	454	452
Provision for impairment	382	175
General reserves for possible losses	14	22
Other	40	48
Deferred tax asset	33.398	22.910
Revaluation reserve of immovables	24.178	13.880
Marketable securities valuation reserve	212	340
Discount on profit share	88	6
Trading securities valuation reserve	-	298
Other	564	468
Deferred tax liability	25.042	14.992
Deferred tax asset (net)	8.356	7.918

(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	10.714	25.372
Additions	42.628	15.097
Disposals	(16.374)	(8.526)
Transfers (*)	(8.045)	(21.153)
Impairment Provision(-)/Reversal of Impairment Provision	(516)	(76)
Net closing balance	**28.407**	**10.714**

(*) 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 58.367 (December 31, 2012: TL 38.496) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

(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	520.107	-	-	-	-	-	-	-	**520.107**
II. Real Persons Participation Accounts Non-Trade TL	-	3.366.875	809.658	86.932	-	28.740	420.175	-	**4.712.380**
III. Current Account other-TL	922.112	-	-	-	-	-	-	-	**922.112**
Public Sector	18.029	-	-	-	-	-	-	-	18.029
Commercial Institutions	873.573	-	-	-	-	-	-	-	873.573
Other Institutions	27.147	-	-	-	-	-	-	-	27.147
Commercial and Other Institutions	2.434	-	-	-	-	-	-	-	2.434
Banks and Participation Banks	929	-	-	-	-	-	-	-	929
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	274	-	-	-	-	-	-	-	274
Participation Banks	655	-	-	-	-	-	-	-	655
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	671.069	345.486	109.846	-	101.743	136.108	-	**1.364.252**
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	629.331	196.949	108.418	-	101.734	122.917	-	1.159.349
Other Institutions	-	39.124	45.944	1.428	-	9	9.389	-	95.894
Commercial and Other Institutions	-	2.614	1.123	-	-	-	-	-	3.737
Banks and Participation Banks	-	-	101.470	-	-		3.802	-	105.272
V. Real Persons Current Accounts Non- Trade FC	464.824	-	-	-	-	-	-	-	**464.824**
VI. Real Persons Participation Accounts Non-Trade FC	-	1.459.461	438.269	95.481	-	16.377	352.111	-	**2.361.699**
VII. Other Current Accounts FC	472.670	-	-	-	-	-	-	-	**472.670**
Residents in Turkey-Corporate	406.538	-	-	-	-	-	-	-	406.538
Residents Abroad-Corporate	25.388	-	-	-	-	-	-	-	25.388
Banks and Participation Banks	40.744	-	-	-	-	-	-	-	40.744
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	36.072	-	-	-	-	-	-	-	36.072
Participation Banks	4.672	-	-	-	-	-	-	-	4.672
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	534.021	676.219	69.386	-	25.317	62.298	-	**1.367.241**
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	395.237	401.721	10.206	-	-	42.916	-	850.080
Other institutions	-	29.930	2.255	7	-	-	-	-	32.192
Commercial and Other Institutions	-	49.307	64.945	5.851	-	1.102	3.085	-	124.290
Banks and Participation Banks	-	59.547	207.298	53.322	-	24.215	16.297	-	360.679
IX. Precious Metals Deposits	188.350	-	149.530	1.589	-	712	746	-	**340.927**
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)	2.568.063	6.031.426	2.419.162	363.234	-	172.889	971.438	-	12.526.212

(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	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

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	2.588.347	1.704.459	2.644.139	2.102.987
Foreign currency accounts	990.673	629.491	2.146.456	1.638.371
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 100 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law Numbered 5411.

b.2) 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	9.774	6.265
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	5.640	4.701
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	-	-

(Currency - Thousand Turkish Lira)

2. Information on derivative financial liabilities held for trading:

Derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	2.804	-	-	-
Swap transactions	-	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**2.804**	**-**	**-**	**-**

3. Information on borrowings:

The Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 61.000.000 and EUR 64.500.000 with maturity of one year and amounting to USD 135.000.000 and EUR 98.000.000 with maturity of two years, totaling to USD 196.000.000 and EUR 175.500.000. The loan agreement has been signed on September 12, 2013.

As of December 31, 2013, the Bank has wakala borrowings in accordance with investment purpose wakala contracts from international and domestic banks in the amounts of USD 343.292.089 and EUR 104.772.443, USD 1.730.000 and EUR 1.800.000 respectively.

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	-	47.392	-	-
Loans from foreign banks, institutions and funds	-	1.988.424	-	1.393.830
Total	**-**	**2.035.816**	**-**	**1.393.830**

b) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	1.414.563	-	1.393.830
Medium and Long-Term	-	621.253	-	-
Total	**-**	**2.035.816**	**-**	**1.393.830**

c) Additional disclosures on concentration areas of Bank's liabilities:

The Bank does not have concentration on customer or sector group providing funds.

4. Breakdown of items in other liabilities which exceed 10% of the balance sheet total and breakdown of items which constitute at least 20% of grand total:

None.

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.

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	23.451	18.825
1 to 4 years	66.677	54.320
Over 4 years	62.254	49.550
Total	**152.382**	**122.695**

6. **Information on hedging derivative financial liabilities:**

The Bank does not have hedging derivative financial liabilities.

(Currency - Thousand Turkish Lira)

7. **Information on provisions:**

a) **Information on general provisions:**

	Current Period	Prior Period
General provision for	113.708	103.100
I. Group loans and receivables (Total)	**86.549**	**85.480**
Participation Accounts' Share	55.687	55.007
Bank's Share	30.862	30.473
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	**-**	***869***
Participation Accounts' Share	-	*739*
Bank's Share	-	*130*
Others	-	-
II. Group loans and receivables (Total)	**15.598**	**5.552**
Participation Accounts' Share	10.643	3.343
Bank's Share	4.955	2.209
Others	-	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	***6.685***	***1.469***
Participation Accounts' Share	*4.493*	*562*
Bank's Share	*2.192*	*907*
Others	-	-
Non-cash loans	**11.561**	**12.068**
Others	-	-

b) **Information on provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables:**

As of December 31, 2013, provision for foreign exchange losses on foreign currency indexed loans amounting to TL 129 (December 31, 2012: TL 20.540) 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, 2013, the Bank has provided specific provisions amounting to TL 12.629 (December 31, 2012: TL 10.053) for non-cash loans that are not indemnified and converted into cash.

ç) **Other provisions:**

ç.1) Information on general reserves for possible losses:

	Current Period	Prior Period
General Reserves for Possible Losses (*)	72	108
Total	**72**	**108**

(*) The balance represents provision for the lawsuits against the Bank with high probability of realization and cash outflows.

(Currency - Thousand Turkish Lira)

7. **Information on provisions (continued):**

ç.2) Information on nature and amount of other provisions exceeding 10% of total provisions:

	Current Period	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts(*)	33.033	963
Provision for unindemnified non-cash loans	12.629	10.053
Payment commitments for cheques	2.256	2.225
Provision for promotions related with credit cards and promotion of banking services	230	124
General reserves for possible losses	72	108
Financial assets at fair value through profit and loss	70	-
Total	**48.290**	**13.473**

(*) Represents participation accounts' portion of specific provisions, general provisions and Saving Deposits Insurance Fund premiums provided in accordance with the article 14 of Communiqué "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans".

d) **Information on provisions for employee rights:**

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 16.526 (December 31, 2012: TL 14.850), vacation pay liability amounting to TL 5.939 (December 31, 2012: TL 4.395) and provision for performance premium amounting to TL 17.000 (December 31, 2012: None) totaling to TL 39.465 (December 31, 2012: TL 19.245). The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	10,34	8,6
Estimated increase rate of salary ceiling (%)	6,00	5,0
Rate used in relation to possibility of retirement (*) (%)	73,01	71,8

(*) 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	14.850	10.602
Provisions made in the period	3.958	9.204
Actuarial gain/(loss)	(420)	(2.899)
Paid during the period	(1.862)	(2.057)
Balance at the end of the period	**16.526**	**14.850**

(Currency - Thousand Turkish Lira)

8. **Information on taxes payable:**

a) **Explanations on current tax liability:**

a.1) As of December 31, 2013, the Bank's corporate tax payable is TL 22.749 (December 31, 2012: TL 13.969) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	22.749	13.969
Banking insurance transaction tax	7.444	4.818
Taxation on securities income	6.777	6.393
Value added tax payable	654	527
Taxation on real estate income	440	305
Foreign exchange transaction tax	-	-
Other	4.107	7.463
Total	**42.171**	**33.475**

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	1.705	2.163
Social security premiums-employer	1.832	2.161
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	120	153
Unemployment insurance-employer	240	305
Other	-	-
Total	**3.897**	**4.782**

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.

(Currency - Thousand Turkish Lira)

10. Detailed explanations on number, maturity, profit share rate, creditor and option to convert to share certificates; if any; of subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Domestic Banks	-	-	-	-
Loans from other Institutions	-	-	-	-
Loans from Foreign Banks	-	-	-	-
Loans from other Foreign Institutions	-	432.973	-	-
Total	**-**	**432.973**	**-**	**-**

The Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey amounting to USD 200 million with 10 years maturity with a grace period of five years. The profit rate was determined as 7,75 %.

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	900.000	900.000
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:

In the Board of Directors meeting dated February 28, 2013, the Bank has taken a resolution on transition to registered capital system. The Bank's application to the Capital Market Board on the same date was approved on March 7, 2013 and the registered capital ceiling was determined as TL 2.500.000 to be valid until December 31, 2017.

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	2.500.000

c) Information on the share capital increases during the period and their sources; other information on increased capital in the current period:

There is no capital increase in the current period.

ç) Information on share capital increases from capital reserves during the current period:

There is no share capital increase from capital reserves during the current period.

d) Capital commitments in the last fiscal year and by the end of the following interim period, general purpose of these commitments and projected resources required to meet these commitments:

There are no capital commitments till the end of the last fiscal year and following interim period.

11. Information on shareholders' equity (continued):

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.

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 (*)	(211)	(4.531)	1.266	(73)
Foreign exchange difference	-	-	-	-
Total	**(211)**	**(4.531)**	**1.266**	**(73)**

(*) The amount represents the net balance after deferred tax liability.

(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
Commitments for credit card limits	458.540	306.032
Payment commitments for cheques	297.235	263.656
Asset purchase and sale commitments	65.383	528.733
Loan granting commitments	45.428	39.577
Share capital commitment to associates and subsidiaries	5.000	-
Tax and funds liabilities arising from export commitments	1.445	1.043
Commitments for promotions related with credit cards and banking activities	369	323
Other irrevocable commitments	2.819	2.781
Total	**876.219**	**1.142.145**

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	5.231.898	4.534.799
Letters of credit	482.011	477.833
Other guaranties and sureties	426.434	185.159
Acceptances	23.524	15.490
Total	**6.163.867**	**5.213.281**

b.2) Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period	Prior Period
Letters of guarantees	5.231.898	4.534.799
Long standing letters of guarantees	3.262.242	2.854.776
Temporary letters of guarantees	475.388	496.096
Advance letters of guarantees	269.201	275.550
Letters of guarantees given to customs	219.985	173.679
Letters of guarantees given for obtaining cash loans	1.005.082	734.698
Sureties and similar transactions	426.434	185.159
Total	**5.658.332**	**4.719.958**

(Currency - Thousand Turkish Lira)

III. Explanations and notes related to off-balance sheet commitments (continued):

c) Within the Non-cash Loans

c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Guarantees given for obtaining cash loans	1.005.082	734.698
With original maturity of 1 year or less	426.048	410.984
With original maturity of more than 1 year	579.034	323.714
Other non-cash loans	5.158.785	4.478.583
Total	**6.163.867**	**5.213.281**

c.2) Sectoral risk concentration of non-cash loans:

	Current period				Prior period			
	TP	(%)	FC	(%)	TP	(%)	FC	(%)
Agricultural	**76.864**	**2,60**	**18.382**	**0,58**	**123.945**	**4,34**	**10.567**	**0,45**
Farming and stockbreeding	59.391	2,01	9.779	0,30	61.924	2,17	10.233	0,43
Forestry	17.171	0,58	7.425	0,24	62.019	2,17	200	0,01
Fishery	302	0,01	1.178	0,04	2	-	134	0,01
Manufacturing	**907.448**	**30,69**	**1.510.004**	**47,08**	**817.564**	**28,59**	**924.033**	**39,26**
Mining	39.757	1,34	47.502	1,48	24.956	0,87	6.001	0,25
Production	605.447	20,48	867.028	27,03	533.485	18,66	643.662	27,35
Electricity, gas and water	262.244	8,87	595.474	18,57	259.123	9,06	274.370	11,66
Construction	**1.103.995**	**37,34**	**552.914**	**17,24**	**1.135.882**	**39,72**	**554.037**	**23,54**
Services	**757.413**	**25,62**	**850.419**	**26,52**	**446.690**	**15,62**	**541.914**	**23,03**
Wholesale and retail trade	169.243	5,72	114.228	3,56	125.907	4,40	111.703	4,75
Hotel, food and beverage services	6.174	0,21	49.552	1,55	5.843	0,20	40.611	1,73
Transportation and telecommunication	38.593	1,31	33.646	1,05	39.603	1,38	47.122	2,00
Financial Institutions	62.333	2,11	370.994	11,57	60.543	2,12	199.754	8,49
Real estate and renting services	72.623	2,46	34.811	1,09	98.867	3,46	35.007	1,49
Self-employment services	13.372	0,45	109.507	3,40	11.918	0,42	90.738	3,85
Education services	20.010	0,68	133	0,01	14.072	0,49	82	0,00
Health and social services	375.065	12,68	137.548	4,29	89.937	3,15	16.897	0,72
Other	**111.133**	**3,75**	**275.295**	**8,58**	**335.390**	**11,73**	**323.259**	**13,72**
Total	2.956.853	100,00	3.207.014	100,00	2.859.471	100,00	2.353.810	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	2.908.939	3.181.615	47.914	25.399
Letters of guarantee	2.899.662	2.259.882	47.672	24.682
Bank acceptances	-	23.524	-	-
Letters of credit	-	482.011	-	
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	9.277	416.198	242	717

2. Explanations on derivative transactions:

	Derivative transactions according to purpose	
	December 31,2013	December 31,2012
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	**591.316**	-
Currency Forwards-Purchases, sales	591.316	-
Currency Swaps-Purchases, sales	-	-
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Interest Rate Related Derivative Transactions (II)	-	-
Interest rates forwards-Purchase, sales	-	-
Interest rates swaps-Purchases, sales	-	-
Interest rates options-Purchases, sales	-	-
Interest rates futures-Purchases, sales	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I + II + III)	**591.316**	-
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	**591.316**	-

3. Explanations on contingent assets and liabilities:

The Bank has made a provision amounting to TL 72 (December 31,2012: 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. 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

(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 (*)	**979.383**	**115.719**	**903.594**	**62.810**
Short Term Loans	382.732	17.882	395.017	8.091
Medium and Long Term Loans	586.784	95.919	502.727	54.342
Loans Under Follow up	9.867	1.918	5.850	377
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	-
Foreign Banks	-	1.680	-	513
Head Offices and Branches Abroad	-	-	-	-
Total	-	1.680	1.199	513

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	8.525	1.836	5.782	344
From held-to-maturity investments	41.596	28	18.503	172
Total	50.121	1.864	24.285	516

ç) Information on profit share income received from associates and subsidiaries:

The Bank has not received profit share income from associates and subsidiaries.

(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	-	38.262	-	30.549
CBRT	-	-	-	-
Domestic banks	-	246	-	218
Foreign banks	-	38.016	-	30.331
Head offices and branches abroad	-	-	-	-
Other institutions	-	20.904	-	-
Total	**-**	**59.166**	**-**	**30.549**

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:

	Profit sharing accounts							
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total
TL								
Funds collected from banks through current and profit sharing accounts	-	1.870	-	-	7.896	301	-	**10.067**
Real persons' non-trading profit sharing accounts	139.907	34.990	4.499	-	1.439	80.440	-	**261.275**
Public sector profit sharing accounts	-	-	-	-	-	-	-	**-**
Commercial sector profit sharing accounts	26.427	16.214	15.166	-	2.150	21.074	-	**81.031**
Other institutions profit sharing accounts	2.840	2.687	116	-	201	3.085	-	**8.929**
Total	**169.174**	**55.761**	**19.781**	**-**	**11.686**	**104.900**	**-**	**361.302**
FC								
Banks	2.343	5.622	1.420	-	1.762	554	-	**11.701**
Real persons' non-trading profit sharing accounts	28.455	7.787	1.960	-	338	22.057	-	**60.597**
Public sector profit sharing accounts	-	-	-	-	-	-	-	**-**
Commercial sector profit sharing accounts	8.181	9.549	317	-	20	4.883	-	**22.950**
Other institutions profit sharing accounts	2.490	1.721	49	-	1.192	1.327	-	**6.779**
Precious metals deposits	-	1.065	7	-	-	2	-	**1.074**
Total	**41.469**	**25.744**	**3.753**	**-**	**3.312**	**28.823**	**-**	**103.101**
Grand total	**210.643**	**81.505**	**23.534**	**-**	**14.998**	**133.723**	**-**	**464.403**

(Currency - Thousand Turkish Lira)

3. Information on dividend income:

	Current Period		Prior Period	
	TP	YP	TP	YP
From trading financial assets	459	-	788	-
From financial assets at fair value through profit and loss	-	-	-	-
From available for sale financial assets	-	-	-	-
Other	-	-	-	-
Total	**459**	**-**	**788**	**-**

4. Explanations on trading income/loss (net):

	Current Period	Prior Period
Income	**2.888.474**	**2.090.743**
Income from capital market transactions	18	-
Income from derivative financial instruments	-	-
Foreign exchange income	2.888.456	2.090.743
Loss (-)	**2.851.293**	**2.070.346**
Loss on capital market transactions	-	175
Loss on derivative financial instruments	2.804	-
Foreign exchange losses	2.848.489	2.070.171
Trading income/loss (net)	**37.181**	**20.397**

(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
Reversal of prior year provisions	96.005	73.779
Income from sale of assets	15.562	5.935
Reimbursement for communication expenses	2.738	1.976
Reimbursement for bank statement expenses	1.332	1.348
Cheque book charges	725	659
Other income	2.452	1.425
Total	**118.814**	**85.122**

6. Provisions for loan losses and other receivables of the Bank:

	Current Period	Prior Period
Specific provisions for loans and other receivables	**146.065**	**84.385**
Loans and receivables in III. Group	103.128	33.715
Loans and receivables in IV. Group	27.433	40.712
Loans and receivables in V. Group	11.604	6.834
Doubtful commission, fee and other receivables	3.900	3.124
General provision expenses	**10.588**	**30.689**
Provision expenses for possible losses	**28**	**1**
Impairment losses on marketable securities	**205**	**-**
Financial assets at fair value through profit and loss	205	-
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(*)	**33.997**	**7.337**
Total	**190.883**	**122.412**

TL 90.811 (December 31, 2012: TL 63.675) of the total specific provisions provided for loan and other receivables amounting to TL 146.065 (December 31, 2012: TL 84.385) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 6.044 (December 31, 2012: TL 20.035) of the total general loan loss provisions provided for loan and other receivables amounting to TL 10.588 (December 31, 2012: TL 30.689) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

(*) Related amount includes 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", amounting to TL 28.370 (September 30,2012:TL 2.386).

(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	227.302	201.416
Provision for retirement pay liability	2.096	4.248
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	266
Depreciation expenses of tangible assets	23.094	18.153
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	5.096	3.077
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1.058	100
Depreciation expenses of assets to be disposed	669	630
Impairment expenses of assets held for sale and assets of discontinued operations	960	101
Other operating expenses	76.467	66.552
Operating lease expenses	30.432	26.323
Maintenance expenses	4.207	3.600
Advertisement expenses	5.143	7.145
Other expenses	36.685	29.484
Loss on sale of assets	524	189
Other(*)	67.135	47.189
Total	404.401	341.921

(*) Details of other balance are provided below:

	Current Period	Prior Period
Saving Deposit Insurance Fund	17.321	11.614
Taxes, Duties, Charges and Funds	15.923	12.963
Provision expenses for short term employee rights	18.544	690
Audit and Consultancy Fees	5.942	9.237
Other	9.405	12.685
Total	67.135	47.189

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 24% compared to prior period and is realized as TL 299.543. Income before tax comprises net profit share income in the amount of TL 625.176 and fees and commission income in the amount of TL 113.197. Total other operating expenses amount to TL 404.401.

(Currency - Thousand Turkish Lira)

9. Explanations on tax provision for continued and discontinued operations:

Tax provision for continued operations:

	Current Period	Prior Period
Income before tax	299.543	241.225
Tax calculated with tax rate of 20%	59.909	48.245
Other additions and disallowable expenses	3.838	4.882
Deductions	(5.613)	(3.737)
Tax calculated	58.134	49.390

Since the Bank does not have any discontinued operations, there is no tax provision for discontinued operations.

10. Explanations on net income/loss from continued and discontinued operations:

The Bank has no discontinued operations. Net income for the period has been realized as TL 241.409 (Prior period – TL 191.835) by deducting tax provision expense amounting to TL 58.134 (Prior period – TL 49.390) from profit from continued operations amounting to TL 299.543 (Prior period – TL 241.225).

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.

(Currency - Thousand Turkish Lira)

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	24.012	30.274
Commissions on money orders	7.760	7.037
Clearing room	6.938	5.610
Appraisal fees	5.332	3.412
Insurance and brokerage commissions	4.314	3.606
Other	10.585	7.800
Total	**58.941**	**57.739**

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed	7.051	7.429
Credit cards commissions and fees	6.180	4.330
Member firm-POS	5.694	6.123
Other	8.655	3.927
Total	**27.580**	**21.809**

V. Explanations and notes related to the statement of changes in shareholders' equity:

a) There is no declaration of dividends made subsequent to the balance sheet date, and prior to the announcement of the financial statements.

Decision related to the dividend distribution will be taken in the General Assembly. General Assembly has not been held as of the date of finalization of the accompanying financial statements.

b) "Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are recognized in the "Marketable securities valuation reserve" account under equity, until the financial assets are sold, disposed of or impaired at which time they are transferred to the statement of income.TL 7.419 decrease has occurred after the revaluation of available-for-sale securities (December 31, 2012: TL 3.289 increase).

c) Revaluation funds related to tangible and intangible assets and foreign exchange differences arising from translation of tangible and intangible assets of foreign branch of the Bank are accounted under equity in revaluation reserve on tangible assets and revaluation reserve on intangible assets.

d) Foreign exchange differences arising from translation of income statement of foreign branch of the Bank are accounted in other capital reserves (December 31, 2013: TL 502, December 31, 2012: TL 354).

(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, cheques purchased, unrestricted balance with the Central Bank and demand deposits at banks. "Cash equivalents" is defined as money market placements and time deposits at banks with original maturities less than three months.

(i). Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash	**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**

(ii). Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	**503.284**	**325.032**
Cash in TL/foreign currency	128.349	109.123
Cash in transit	-	-
CBRT	374.935	215.909
Cash equivalents	**1.378.708**	**1.037.112**
Domestic banks	1.050.995	790.868
Foreign banks	327.713	246.244
Total cash and cash equivalents	**1.881.992**	**1.362.144**

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.

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 259.771 (Prior period- TL (-) 14.864) 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 (30.699) (Prior period - TL 31.939) 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 100.043 as of December 31, 2013 (Prior period - TL 2.065).

(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	-	-	9	-	34.253	10.305
Balance at the end of the period	-	-	28	-	1.476	15.514
Profit share and commission income received	-	-	-	-	3.000	27

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	-	-	8	-	179	38.037
Balance at end of period	-	-	9	-	34.253	10.305
Profit share and commission income received	-	-	-	-	235	191

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	33	41	1.647	1.360	229.835	350.647
Balance at the end of period	5.703	33	3.224	1.647	185.192	229.835
Profit share expense	-	-	300	214	7.242	10.290

(*) As of December 31, 2013 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 214.182.338 and EURO 96.424.370 (December 31,2012: USD 148.629.432 and EURO 76.113.509). The profit share expense relating to such borrowings for the period between January 1, 2013 – December 31, 2013 is TL 11.582 (December 31, 2012: 10.944 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, 2013; the Bank has paid TL 9.020 (December 31, 2012: TL 8.320) to top management.

VIII. Explanations related to domestic, foreign and off-shore branches or investments and foreign representative offices:

1. Information on the domestic and foreign branches and representative offices of the Bank:

	Number	Number of Personnel			
Domestic Branches	166	3.044			
			Country		
Foreign Representation Office	-	-	-		
				Total Assets (thousand TL)	Statutory Share Capital
Foreign Branches	1	13	Iraq	84.194	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 2013, the Bank has opened 30 domestic branches.

IX. Explanations related to subsequent events:

1) Communiqué on Amendments to be made on Communiqué on Required Reserves" of CBRT dated December 25, 2013 and numbered 28862, reserve deposit calculation principles and calculation method has changed however reserve deposit rates did not change. New method and calculation will be applicable as of January 17, 2014.

2) In the Board of Directors' meeting dated February 20, 2014 it was decided to propose to the Shareholders' General Assembly for distribution of d TL 31.500 from net income for the year 2013.

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, 2013 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 20, 2014 is presented at the beginning of the financial statements and related notes.

II. Other notes and explanations prepared by the independent auditors:

None.

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