

2008

ALBARAKA TÜRK ANNUAL REPORT FOR 2008 ALBARAKA TÜRK ANNUAL REPORT FOR 2008
ALBARAKA TÜRK ANNUAL REPORT FOR 2008 ALBARAKA TÜRK ANNUAL REPORT FOR 2008
ALBARAKA TÜRK ANNUAL REPORT FOR 2008 ALBARAKA TÜRK ANNUAL REPORT FOR 2008
ALBARAKA TÜRK ANNUAL REPORT FOR 2008 ALBARAKA TÜRK ANNUAL REPORT FOR 2008
ALBARAKA TÜRK ANNUAL REPORT FOR 2008 ALBARAKA TÜRK ANNUAL REPORT FOR 2008
ALBARAKA TÜRK ANNUAL REPORT FOR 2008 ALBARAKA TÜRK ANNUAL REPORT FOR 2008
ALBARAKA TÜRK ANNUAL REPORT FOR 2008 ALBARAKA TÜRK ANNUAL REPORT FOR 2008
ALBARAKA TÜRK ANNUAL REPORT FOR 2008 ALBARAKA TÜRK ANNUAL REPORT FOR 2008
ALBARAKA TÜRK ANNUAL REPORT FOR 2008 ALBARAKA TÜRK ANNUAL REPORT FOR 2008
ALBARAKA TÜRK ANNUAL REPORT FOR 2008 ALBARAKA TÜRK ANNUAL REPORT FOR 2008



ALBARAKA TÜRK



ALBARAKA TÜRÜK

ANNUAL
REPORT
FOR
2008



• PART I - INTRODUCTION

04	Annual Report Compliance Opinion
05	Major Financial Indicators
06	Agenda of the Ordinary General Assembly Meeting
07	Summary of the Board of Directors' Annual Report
08	Dividend Distribution Proposal
08	Amendments in the Articles of Incorporation
08	Capital and the Shareholding Structure
09	Vision, Mission, Goals, Albaraka Türk's Sound Pillars
10	Albaraka Türk in Short and its Historical Development
11	Message of the Chairman
12	Message of the General Manager
13	Activities in 2008
14	Trends in Funds Collected
15	Corporate and Commercial Banking
17	Retail Banking
20	International Banking
24	Research and Development Applications
25	Cultural Activities of Albaraka Türk

• PART II – MANAGEMENT AND CORPORATE GOVERNANCE APPLICATIONS

27	Information about Board of Directors and Auditors and Senior Management
32	Human Resources
34	Organization and Quality Management
	Committees and Committee Meeting Attendance
36	Audit Committee
36	Credit Committee
37	Corporate Governance Committee
38	Assets and Liabilities Committee
39	Credit Risk Management Committee
40	Report of the Audit Committee
40	Assesment of Internal Control, Internal Audit and Risk Management Systems
	By The Audit Committee
42	Managers of Internal Audit Systems
43	Support Service Providers
44	Transactions the Bank with the Risk Group in Which It is Included
46	Declaration of Conformity to the Principles of Corporate Governance

• PART III – FINANCIAL DATA AND RISK MANAGEMENT

56	Evaluation on Financial Position, Profitability and Capability of Covering Loans
56	Risk Management Policies
59	Ratings given to Albaraka Türk by International Rating Agencies
62	Unconsolidated Financial Statements Prepared as of 31 December 2008 to be Disclosed, Explanations and Footnotes thereof, and the Report of the Independent Auditors
131	Organization Chart
132	Head Office and Branch Network
135	Albaraka Banking Group.



CONTENTS



Kapital Karden

Kapital Karden Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
Member of RSM International

Sıklamen Sokak No: 1
3. Levent 34330 İstanbul
Tel : (0212) 284 39 00
Faks : (0212) 284 39 01
www.kapitalymm.com

Annual Report Compliance Opinion

To The Shareholders of Albaraka Türk Katılım Bankası Anonim Şirketi:

We have been engaged to audit the annual report of Albaraka Türk Katılım Bankası Anonim Şirketi as of 31 December 2008. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on the annual report.

Our audit was conducted in accordance with the regulations on preparation and issuance of annual report in (Turkish) Banking Law No 5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance regarding whether the consistency of financial information represented in the annual report with the audited financial statements and explanatory notes is free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial information represented in the accompanying annual report presents fairly, in all material respects, the information regarding the financial position of Albaraka Türk Katılım Bankası Anonim Şirketi as of 31 December 2008 in accordance with the effective regulations described in article 40 of (Turkish) Banking Law No 5411 and includes Independent Auditors' Report issued by us and Summary of Board of Directors' Report and is consistent with the audited financial statements and explanatory notes.

İstanbul, 10 April 2009

KAPİTAL KARDEN BAĞIMSIZ DENETİM ve YMM A.Ş.

Member Firm of RSM International

KAPİTAL KARDEN
BAĞIMSIZ DENETİM VE
YEMİNLİ MALİ MÜŞAVİRLİK
ANONİM ŞİRKETİ
Lokman Ketenler

Partner in Charge

Şube:
Mesnevi Sokak No:24/8
Çankaya / ANKARA
Tel.: (0312) 442 09 47
Fax: (0312) 442 09 46

Şube:
İhsaniye Mah.Barbaros Cad.
Can Sokak Pamuk Arslan Apt.
No:2 D.3 Nilüfer-BURSA
Tel.:(0224) 249 53 70
Fax:(0224) 249 73 76

Şube:
Caspian Plaza 8 th Floor
44 Jafar Jabbarlı Street
AZ 1065 Baku/AZERBAIJAN
Tel.:(994)(12) 480 19 56
Fax:(994)(12) 480 19 36



MAJOR FINANCIAL INDICATORS

FINANCIAL INFORMATION FOR THE PAST FIVE YEARS (TL Thousand)

	2004*	2005**	2006**	2007**	2008**
Total Assets	1,458,919	1,969,458	2,491,813	3,690,029	4,789,108
Funds Collected	1,273,396	1,725,709	2,154,014	2,998,108	3,985,110
Credits	1,027,068	1,500,379	1,983,273	2,854,852	3,757,572
Equity	145,785	182,817	245,905	533,780	638,102
Net Profits	31,377	46,417	69,381	84,979	136,242

PRINCIPAL FINANCIAL RATIOS

	2004	2005	2006	2007	2008
Credits / Total Assets	70.40%	76.18%	79.59%	77.37%	78.46%
Funds Collected / Total Assets	87.28%	87.62%	86.44%	81.25%	83.21%
Return on Equity	21.52%	25.39%	28.21%	15.92%	21.35%
Return on Assets	2.15%	2.36%	2.78%	2.30%	2.84%
Non-Performing Loans Ratio	4.24%	2.08%	1.75%	1.50%	2.82%
Net Non-Performing Loans Ratio	1.13%	0.49%	0.01%	0.34%	1.08%
Capital Adequacy Ratio	13.69%	12.77%	15.29%	21.72%	18.12%
Provisioning Ratio	73.40%	76.59%	99.33%	77.27%	61.64%
Net Profit per Share (TL) (For Shares with Nominal Value of TL 1)	0.31	0.37	0.43	0.32	0.51

* Financial information for the year 2004 has been prepared in accordance with the Accounting Application Regulation.

** Financial information for the years 2006, 2007 and 2008 has been prepared in accordance with rules and standards of the Turkish Accounting Standards.

Highlights of Budgeted Targets for the Year end of 2008 which was approved by the Board of Directors at the meeting dated 23.2.2007 and realisation of those targets as follows:

2008 BUDGETED TARGETS AND REALIZATIONS (TL Thousand)

	Budgeted Targets	Realization	%
Total Assets	4,836,164	4,789,108	99.03
Funds Collected	4,006,898	3,985,110	99.46
Credits	3,728,776	3,757,572	100.77
Equity	651,522	638,102	97.94
Net Profit	130,012	136,242	104.79

ALBARAKA TÜRK PARTICIPATION BANK INC.

AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING DATED 31.03.2009

1. Inauguration; formation of Presiding Council.
2. Authorizing the Presiding Council to sign the minutes of meeting of the General Assembly.
3. Reading and discussing the annual reports of the Board of Directors, the Auditors and the independent Audit Firm about the fiscal year 2008.
4. Reading, discussing and approving the Balance-Sheet with Profit & Loss Account for the year 2008; discussing and deciding about the proposal of the Board of Directors on the method and date of profit distribution.
5. Presenting to the General Assembly details of our bank's donations in 2008.
6. Acquitting the Board of Directors and Auditors, separately.
7. Permitting members of the Board to conduct business with our bank, in line with Articles 334 and 335 of Turkish Commercial Code.
8. Briefing the General Assembly with respect to the Codes of Corporate Governance on our bank's profit distribution policy for the years 2009 and beyond.
9. Appointing an independent Audit Company.
10. Discussing the proposal to increase the paid-up capital of our bank, and to amend the 7th article in the Articles of Incorporation, and approving it.
11. Remarks and requests.

SUMMARY OF THE BOARD OF DIRECTORS' ANNUAL REPORT

Dear Shareholders,

Welcome to our Bank's 24th Ordinary General Meeting.

While we are presenting our Board of Directors' Report, Auditors' Report and Income Statements, which include annual results regarding 2008 year, for your consideration and approval we are respectfully saluting our shareholders, representatives and guests who joined this meeting.

2008 had been a year that our Banks' performance has increased and improved.

As of 12.31.2008, from a year earlier;

Our total assets increased by 30% and reached 4,789,108,000 TL,
Our funds collected increased by 33% and reached 3,985,110,000 TL,
Our credits utilized increased by 32% and reached 3,757,572,000 TL,
Our equity increased 19.5% and reached 638,102,000 TL,
Our net profit increased by 60% and reached 136,242,000 TL.

As Board of Directors, we have realized our budget targets almost 100%.

Throughout 2008, we have continued to open branches and reached to 100 branches at the yearend.

Additionally construction of our new Headquarters in Anatolian side of Istanbul has begun, progressing with full speed, we are planning to move to our new building next year,

We have been represented our Annual Report that indicates our activities for 2008 including our Balance Sheet and Income Statement for your consideration and approval,

Regards,

ALBARAKA TÜRK PARTICIPATION BANK A.Ş
Board of Directors



PROFIT DISTRIBUTION

AMENDMENTS IN THE ARTICLES OF INCORPORATION

PROFIT DISTRIBUTION

The Board of Directors decided to propose to the Annual General Assembly of Shareholders that our bank's profit of 2008 shall be allocated and dividends to shareholders be distributed as shown herebelow, effective from 08 April 2009 onwards:

PROFIT DISTRIBUTION	
Profit of the Year	136,241,942.33 TL
Profit of Previous Year	371,293.53 TL
Profit on Balance-Sheet	136,613,235.86 TL
First Tier Reserve	6,830,661.79 TL
Divident to Shareholders (gross)	45,800,000.00 TL
Second Tier Reserve	3,232,500.00 TL
Augmenting to Capital	80,750,074.07 TL

AMENDMENTS IN THE ARTICLES OF INCORPORATION

No amendments made to the Articles of Incorporation in 2008.

BANK'S CAPITAL DISTRIBUTION AS OF 31.12.2008

BANK'S CAPITAL DISTRIBUTION AS OF 31.12.2008		
Shareholding Structure	Number of Shares (TRY)	Rate (%)
Foreign Shareholders	178,986,921.00	66.42
Albaraka Banking Group (*)	145,686,689.00	54.06
Islamic Development Bank	21,132,926.00	7.84
Alharthy Family	9,314,628.00	3.46
Others	2,852,678.00	1.06
Domestic Shareholders	33,524,992.00	12.44
Free Public Float	56,988,087.00	21.14
Total	269,500,000.00	100.00

(*) Albaraka Banking Group bought TL 4,118,558 (1.53 % of Total Sahares) of shares from publicly floated shares, hence it has increased its shareholdings to TL 49,805,248 (55.59 % of Total Shares) as of 31.12.2008.

VISION, MISSION, GOALS, SOUND PILLARS OF ALBARAKA TÜRK

OUR VISION

To become the leading bank in Turkey, Middle East and Europe in rendering interest-free financial services.

OUR MISSION

Continuously adding new values to our

- Customers,
- Shareholders,
- Employees, Society and environment

with our effectiveness, speed, quality, competitive rates and organizational productivity.

OUR GOALS

- To give further confidence to our customers with the strong brand name of Albaraka Türk;
- To offer greater value to all stakeholders with the concept of 'Win-Win';
- To further boost the customers' satisfaction with the principles of 'Superior Service', 'Close Connection with the Customers' and 'Sincere Treatment';
- To continuously enhance the procedures and the quality of our products and services;
- To achieve organic growth by expanding the network of branches, thus extending services to even more customers;
- To continue our special emphasis on SME Banking;
- To increase project-based funding both in volume and ratio;
- To enhance the variety of Retail Banking products and the volume of such transactions;
- To promote Alternative Distribution Channel products and services;
- To extend our share in foreign trade transactions, particularly with respect to countries in the Middle East and North Africa;
- To ensure that our employees continue offering friendly services to our customers.

SOUND PILLARS OF ALBARAKA TÜRK

- ALBARAKA TÜRK HAS A SOUND AND WIDESPREAD INTERNATIONAL SHAREHOLDING STRUCTURE, INCLUDING ALBARAKA BANKING GROUP AND ISLAMIC DEVELOPMENT BANK;
- IT BEARS THE WELL KNOWN BRAND NAME "ALBARAKA TÜRK", INSTITUTIONALIZED EVER SINCE 1985;
- IT IS THE FIRST AND PIONEERING PARTICIPATION BANK IN INTEREST-FREE BANKING IN TURKEY;
- WE OFFER QUALITY SERVICES WITH FRIENDLY EMPLOYEES;
- ITS CAPITAL ADEQUACY RATIO IS AS HIGH AS 18.12% INCLUDING OPERATIONAL RISK;
- ITS NON-PERFORMING LOANS RATIO IS AS LOW AS 2.82%;
- OUR RISKS HAVE BEEN DIVERSIFIED TO A GREAT NUMBER OF SME'S AND INTO MANY DIFFERENT SECTORS, THUS AVOIDING ANY RISK CONCENTRATION;
- IT HAS A VERY STRONG AND WIDESPREAD NETWORK OF CORRESPONDENT BANKS OF OVER 500 BANKS ALL OVER THE WORLD;
- IT CONFORMS TO HIGH-CONFIDENCE BANKING WITH ITS CONCEPTION OF METICULOUS RISK MANAGEMENT IN BANKING OPERATIONS;
- WITH ITS EFFICIENT CUSTOMER RELATIONSHIP MANAGEMENT AND ITS LONG-STANDING RELATION WITH ITS CUSTOMERS, IT POSSESSES A STRONG BASIS OF CUSTOMERS.



VISION, MISSION
AND GOALS



ALBARAKA TÜRK IN SHORT AND ITS HISTORICAL DEVELOPMENT

Albaraka Türk Participation Bank, shortly ALBARAKA TÜRK is the first interest-free bank in Turkey. It was established in 1984 and started operating by the beginning of the year 1985. The operations of ALBARAKA TÜRK are subject to Banking Law Nr.5441.

The major shareholders of ALBARAKA TÜRK are Albaraka Banking Group, one of the most prominent finance institutions in the Middle East, Islamic Development Bank (IDB) and a local industrial group which has served the Turkish economy for more than a half of a century. The shareholding structure of ALBARAKA TÜRK itself is the very guarantee of confidence and high standing.

ALBARAKA TÜRK generates funds by means of current accounts and profit and loss participation accounts, and in return allocates these funds through Morabaha based retail and commercial finance, financial leasing, and project based profit/loss partnerships. ALBARAKA TÜRK is authorized as to conduct all types of national and international banking operations within the framework of interest-free banking.

ALBARAKA TÜRK has set its vision as "to become the regional top player in offering financial products and services between Turkey and the countries in the Gulf, Middle East and North Africa where ALBARAKA TÜRK's major shareholder ABG (Albaraka Banking Group) banks are operating". ALBARAKA TÜRK offers fast, reliable, and high quality foreign trade (import, export and foreign exchange) intermediary services by means of its web of more than 500 correspondent banks based in more than 66 countries worldwide spreading from Singapore to the United Kingdom, from South Africa to Morocco, from Australia to Kazakhstan. ALBARAKA TÜRK has a strong believer in corporate social responsibility and attempts to add value to its shareholders, employees, clients, community and to the environment in every possible way.

As of end of December 2008, it has total of 100 branches where 41 branches are located in Istanbul and 59 branches are spread around important industrial and trading centers.

MESSAGE OF THE CHAIRMAN

I am very happy to present 2008 achievements and activities of Albaraka Türk which successfully effectuates its annual targets in line with sustainable growth strategy adopted earlier.

After completing 23 years in banking industry, based on profit&loss partnership mentality, our bank has embraced participation banking principles with accumulated experience of almost a quarter century and has strengthened its power every single year endeavoring to provide "better quality services". By means of this report I am proud to introduce the facts and figures of the bank about the calendar year 2008.

The name "Albaraka" has already become a cross border brand name that has been adopted not only by Turkish people but also by people in the vast geography where the banks of our Group operate. After ALBARAKA BANKING GROUP (ABG) was opened to public in Bahrain and Dubai stock exchanges and following Albaraka Türk listed on Istanbul Stock Exchange in 2007, this name has reached to greater masses and circles. As a global brand, Albaraka has maintained its progress with global outperforming.

Albaraka Banking Group is the biggest partner of our bank. Albaraka Türk is the flagship company of ABG. The apex of the Group was incorporated in Bahrain (2002) aiming to craft a structure that would be able to integrate interest-free banking services worldwide. We now see that the coverage and activities of this enterprise, which is still unique in the world in this field, expands towards global dimensions quite fast. Thanks to established central risk management and financial consolidation, by means of which a vigorous and solid structure has been formed. With the vision to be one of the major interest-free banking institutions of the 21st century, a growth strategy which is competent in the volatile dynamics of the global economy has been adopted. Enjoying a long term rating of BBB- and a short term rating of A-3 assigned by the international rating company Standard & Poors (S&P), as of the year end of 2008, the Group has achieved to raise its equity as high as US\$ 1.6 billion and its asset size upto US\$ 10.9 billion.

The year 2008 will be recorded as a year of crisis in global economic history. Although many countries and businesses started 2008 by carrying forward in their books dismal tracks of the past year, the financial sector losses, as observed in advanced economies, and deterioration on risk perceptions throughout the year have caused economies to contract and the credit and consumption channels to choke. In this period several major banks and financial institutions operating globally have failed and were bailed out by other institutions. What happened on the global economy this year has once again proved our right and fairness in policies we have been implementing since our establishment. An efficient risk management policy does not mandate growth in short term, but requires sustainable growth without compromise on financial structure. During the times when profitability decreased, even losses were written in global and domestic basis, Albaraka Türk has recorded an unprecedented success both in local and global banking sectors with 60% profit increase by means of a solid balance-sheet and successful asset-liability management. While banks and financial institutions are reducing their investments and expectations for the next year we continue to be a bank which goes on to realize its targets in profit and investment, based on our Board's due diligence to maintain healthy fiscal structure and stable growth as we follow since the establishment of our bank.

Expressing once more, I am glad to announce to our dear shareholders and customers that total assets of Albaraka Türk have increased in 2008 by 30%. Also, the outstanding funds collected rose by 33%, the net profit (pre-tax) by 60%. Underlining that 2008 has been a year of "barakah" or good harvest, in which the fruits of our efficient and effective efforts have been collected, I wish 2009 will also bring forth new opportunities and achievements to Albaraka Türk stock-holders, ie the members of a large family which comprises of depositors, creditors, obligors, shareholders, staff members, directors, outsourcers and Turkey...

Best regards,

Adnan Ahmed Yusuf ABDULMALEK
Chairman



MESSAGE OF THE
CHAIRMAN



MESSAGE OF THE GENERAL MANAGER

MESSAGE OF THE GENERAL MANAGER

Global economy is facing with one of the severest downturns since World War II. Almost two years past over the outburst of subprime mortgage crisis and we are still not able to assess the level of market confidence which was devastated following this outburst.

Nowadays, the most advanced stock markets, where the investors with the highest risk appetite take position, are way below the technical and historical resistance levels nowadays. The large stimulus packages recently announced by developed economies in short intervals seem to be ineffective. However the primary target of those packages was to trigger-off spending and investment appetite by restoring short term market expectations. On the contrary, the failure of those packages is deepening the crisis by shattering the market morality and engraving in the public psyche the fact that state intervention in economics is always unsuccessful.

It is impossible for Turkey to escape the consequences of a process as deep and widespread as this turmoil. As a matter of fact, the rapid contraction observed in external trade, combined with the sharp drop in domestic demand resulting from regressing expectations have jointly downscaled industrial production in the last quarter of 2008.

Nonetheless, intrusion of the crisis into Turkey has been different than its emergence in developed countries. While in developed economies the crisis has hit financial industry first, in Turkey, business sector has been primarily affected from the downturn because the banking industry is still maintaining its solidity to a great extent. Indeed, despite a temporary distress or panic witnessed in Turkish banking sector in September and November 2008 when global outburst of financial crisis raged the world, Turkish banks have sustained their fiscal strength. They were able to disburse credit facilities, continue growing although in a little conservative pace. I agree with the fact that the year 2009 will be a harder one, but I also believe that the banks will continue fulfilling their share of responsibility in the process of beating down the crisis.

In the aftermath of such a tough year, I am pleased to share the output of the activities of our bank in 2008 with our customers, shareholders, correspondent banking partners and employees. I believe, we deserve the pride and joy of Albaka Türk's performance which has not only sustained its asset quality at large in 2008 but also managed to achieve increasing the net profit of the bank in the highest rate of Turkish banking industry while retaining its position aligned side by side with business (real) sectors of the economy.

In 2008, Albarak Türk has expanded its branch network up to 100 outlets by launching 20 new branches and increased its total assets up to TL 4.8 billion, recording an annual growth rate of 30 %. In spite of the volatile environment the bank increased its credit portfolio by 32 % in the same year, through successfully utilizing all resources generated from the initial public offering that was launched in 2007 as credits. Considering current circumstances, the capital adequacy ratio that was calculated above 18 %, provides a strong support on the capital as well as bank's profitability. It must be proudly announced that Albaraka Türk has been observed as the only Turkish bank which could increase its net profit by 60 % in 2008. I am indebted to thank our employees, customers and shareholders for their respective contributions in this success.

Our bank's strategy in the year 2009 during which global economy is streaming through a serious trial, will be to sustain the balance between profitability and growth, a strategy we have so far retained successfully. With this perspective in mind we will continue in 2009 to position our bank nearby the real (business) sector and keep on growing for as much as possible without compromising on the quality of our assets. In this context, I would like to expressly state that we will continue our efforts for opening new branches in 2009.

I earnestly wish that 2009 will be a year in which the results will supersede the current expectations by far for the bank and our country.

With best regards,

Dr. Adnan BÜYÜKDENİZ
General Manager



ACTIVITIES IN 2008

Our bank pursuing to meet expectations and needs of our customers since it is founded, continues its operations with the insight of giving the best service in its sector and raising the added value for our customers in the environment of contemporary developing technologies, changing banking concept and continuously increasing competition.

In the corporate finance, the goal of giving the fastest, the most effective and high quality service is taken into consideration. We realize this goal with our technological infrastructure and marketing and operation employees that are experts in their sectors.

As a bank with the mission of supporting the real economy, we cooperate with our industrialist and merchants at every field and phase of industry and trade. Our bank having prestige of long experience and added value in all sectors is in a deep and intense relation and study with big/medium size enterprises and SMEs. Our main principle is to make our contribution to economy continuous by providing a portfolio of SMEs that carry the burden of production and trade, to have our customers earned while our bank is making profit and to take supporting the economy as a main goal.

We are determined to further our studies in the future with the same conception and desire in the past. We believe that our customers evaluate us in that manner.

In the framework of our R&D activities, we continue to study on new products and develop projects and continuously improve product/service processes. Our main goal is to increase our realised numbers last year. Continuous dynamism is reached by developing a work flow and service conception compatible with different expectations and business tempo of all our customers.

We continue to grow at our main fields of activity as seen in tables and graphs. And we always start the road by planning the next step. Because we are well aware of banking as a very serious business and how important is your business for you.



ACTIVITIES IN 2008



TRENDS IN FUNDS COLLECTED

TRENDS IN FUNDS COLLECTED

In 2008, Albaraka Türk has achieved an increase of 32.92% in funds collected through "Special Current Accounts" and "Profit-Loss Accounts" whereby total funds collected of Albaraka Türk has reached TRY 3 billion 985 million. About 49.07% of the funds collected is composed of foreign currency funds. On the other hand, "Special Current Accounts" have amounted to TRY 635 million and 848 thousand in 2008 corresponding to 45.16% increase.

The portion of "Special Current Accounts" in Total Participation Funds was realized at 15.96%. The volume of Participation Accounts in 2008 has added up to TRY 3 billion 349 million corresponding to an increase of 30.83% in comparison to that of the previous year.

	2008		2007		CHANGE	
	TL EQUIVALENT	USD EQUIVALENT	TL EQUIVALENT	USD EQUIVALENT	TL	USD
Domestic Currency Funds	2,029,617	1,320,506	1,507,109	1,298,113	35%	2%
Current Accounts	300,888	195,763	217,510	187,347	38%	4%
Participation Accounts	1,728,729	1,124,742	1,289,599	1,110,766	34%	1%
Foreign Currency Funds	1,955,493	1,272,279	1,490,999	1,284,237	31%	-1%
Current Accounts	334,960	217,931	220,536	189,953	52%	15%
Participation Accounts	1,620,533	1,054,348	1,270,463	1,094,284	28%	-4%
USD Accounts	1,099,455	715,325	713,676	614,708	54%	16%
EUR Accounts	521,078	339,023	556,787	479,576	-6%	-25%
TOTAL FUNDS	3,985,110	2,592,785	2,998,108	2,582,350	33%	0.40%

Funds Collected in TL Thousand and USD Thousand

1 USD : 1.161 TL (2007)

1 USD : 1.537 TL (2008)

Fund collection activities of Albaraka Türk;

- Through 41 branches in Istanbul and 59 branches throughout the country, 100 branches at total.
- Through Akbank's branches throughout the country
- Through our correspondent banks abroad.

CORPORATE AND COMMERCIAL CREDITS

Since its inception, Albaraka Turk has been operating in line with the interest free banking principles, solely engaged in the real economic activities. Its placements are devoted to direct financing of commercial, industrial and investment activities. This fact has been ensuring a higher level of performance over the Bank's receivables. For the overall economy on the other hand, with its financing principles which only permit real commercial dealings and investments, participation banks provide great benefits by channeling savings to production.

Financing the real economic activities, combined with well managed credit extension and disbursement practices, helps establish a sound asset quality for the bank. Although we have significantly increased our credit volume, we continue to preserve the soundness and high quality of our credit portfolio.

At the beginning of 2008, we introduced a re-organization for our credit extension process. The Corporate Banking Unit has been divided into two departments: Commercial Credits and Corporate Credits. Credit applications over a particular limit are directed to Corporate Credits Department while credit applications under this limit are directed to Commercial Credits Department. This new organization structure has proven to be very beneficial for meeting with the demands of increasing business volume with increasing number of branches and also for catching up with the requirements of contemporary banking practices.

We are cautiously taking into consideration the universal principles of credit extension which are briefed as security, liquidity, efficiency and evenly distribution of risk.

When we look at the activities of Corporate and Commercial Credit Departments for the business year 2008; strategic goals have been achieved, while successfully exceeding targeted credit volume in terms of both cash and non cash credits. We have succeeded in our policy of diversifying our credit portfolio with more Small and Medium Sized Enterprises (SME), distribution of risk among various industries evenly and ensuring sector base risk concentrations at levels less than 15% for each sector. Additionally, we have been diligent to preserve reasonable and sustainable cash risk levels for the top 100 companies of our total credit portfolio. For the security of our credit portfolio, we have been cautious to establish strong collaterals and real estate mortgage is our main collateral.

In 2008, we had over ten thousand credit requests reviewed, and we had extended over 1,500 credit lines to new customers. The total volume of extended credit lines volume has increased by almost 100% when compared to the 2007. The total was over 21 billion TL at the end of the year 2008.

Cash-Credits volume has increased by 31 % to 3 billion 717 million TL during 2008.

	2008		2007		CHANGE	
	TL EQUIVALENT	USD EQUIVALENT	TL EQUIVALENT	USD EQUIVALENT	TL	USD
Loans (excluding retail), TL	3,716,977	2,418,332	2,845,108	2,450,567	30.64%	-1.32%
Non performing Loans, TL	105,819	68,848	42,876	36,930	146.80%	86.43%
Provisions, TL	-65,224	-42,436	-33,132	-28,537	96.86%	48.71%
TOTAL	3,757,572	2,444,744	2,854,852	2,458,960	31.62%	-0.58%

TL and USD in thousands

1 USD : 1.161 TL (2007)

1 USD : 1.537 TL (2008)



CORPORATE AND
COMMERCIAL
CREDITS



CORPORATE AND COMMERCIAL CREDITS

In 2008, we have strengthened our risk monitoring function which has become an essential service. We have been monitoring our credits with respect to both banking legislation and our internal principles such as risk distributions, collateral structure, morality and creditworthiness. The purpose is to take the necessary precautions and prevent any kind of loss before it happens.

To be able to establish a strong corporate culture for our credit and risk management processes, we have issued a Risk Management Manual that defines the general policies, procedures, organizational structure, duties and responsibilities. This document is to be used as a reference for all risk management related issues in our Bank.

Our studies for a Basel II compliant Rating System has been effectively progressing. We have been developing our internal rating system in cooperation with a professional and well-experienced consulting firm. Further, we are speeding up our works to ensure full compliance to Basel II in our credit extension and monitoring processes.

We continue to expand our credit policy and business practices according to banking values, conventions, and market conditions.

Albaraka Turk with a common sense of responsibility issued its ethical principles in relation to credits, committing itself not to provide financing in the cases given below:

- Credit requests that are in contradiction with the text and spirit of the laws,
- Credits for the customers of questionable character and moral values,
- Financing of products which may harm the human health and ecological balance of the nature,
- Financing of all kinds of armory and other dangerous equipment.

In the year 2008, we succeeded in meeting our goals substantially and went so far in our efforts to establish a well institutionalized bank. In the same manner in 2009, we will be working towards higher goals. We will continue to strengthen the quality and quantity of our human resources in line with our reorganization with respect to the scale of our bank.

RETAIL BANKING

The Retail Banking activity of Albaraka Türk is executed by the Retail Banking Management since 2002. Within the frame of Retail Banking, Albaraka Türk provides its customers with retail financing, credit cards, Point of Sale (POS) services with merchants and Alternative Distribution Channels (Telephone Banking, Internet and Mobile Banking, ATM services). Providing such services; Albaraka Türk aims to be a bank which covers all the financing needs of its customers.

Albaraka Türk became a Principal Member of MasterCard International. With the accomplishment of MasterCard membership, the allocation of our MasterCard credit cards to our customers has been started. Our MasterCard ATM Acquiring certification will be accomplished in January 2009. Our efforts in transformation of Visa Membership to Principal Membership in 2009 are keeping on.

In 2009 Gift Point (Bereket Puan) implementation for the each transaction made by our credit cards will be started. With this new implementation, the increase in shopping volume made by Albaraka Türk credit cards of our present customers and growth in credit cards by the gaining of new customers have been targeted. Nevertheless, adding two new feature into credit card implementations in 2009, Contactless Payment System will be started.

Another innovation in credit cards is Commercial Card which provides the payments of goods purchase between main firm and dealer/distributor, organizes cash and document flows as a result of sales. The implementation of this innovation is planned to activate in 2009.

Also, the implementation of 3D Secure which increases service quality in payment systems with cards in virtual environment and provides safe shopping environment to both commercial sites and card users in their shopping on internet.

With the Wage Payment System which has been put into service in 2008, Albaraka Türk has started to realize the wage payments of the personel of the private sector firms and public institutions.

For the customer security in the area of Internet and Mobile Banking, OTP (One Time Password) token equipments which create a One Time PIN, has been given to our customers without charge in 2008. Together with token equipment, sending a One Time PIN to the customer's assigned mobile telephone number, have been implemented as obligatory for the extra security of transactions on Internet Banking.

The password envelopes of Internet and Telephone Banking have been removed physically and Internet and Telephone Banking passwords are send to our customer's mobile telephone systematically. Whereupon customers will get Internet and Telephone Banking passwords via Internet website and 444 5 666.

In 2008 Albaraka Türk has added transactions like Regular Payment, Turkish Telecom Collection, Tax Payments, Fund Installment Payment to the services provided by Internet and Telephone Banking. Also credit card debt information is send to our customers every month by SMS without charge.

RETAIL FINANCE

As a Participation Bank, Albaraka Türk, at the scope of retail finance, provides financial means to its real and legal customers when purchasing retail goods and services like housing, office space, land, personal and commercial vehicles, consumer goods, natural gas installation. For the purposes of retail finance, the cost of the good or service is directly paid in cash to the seller and the buyer is debited on an installment basis. This direct financing facility enhances the real economy and facilitates actual transactions.

The number of retail finance files initiated by Albaraka Türk in 2008 has increased by 54 % according the year before and has risen from 4,127 to 6,375.

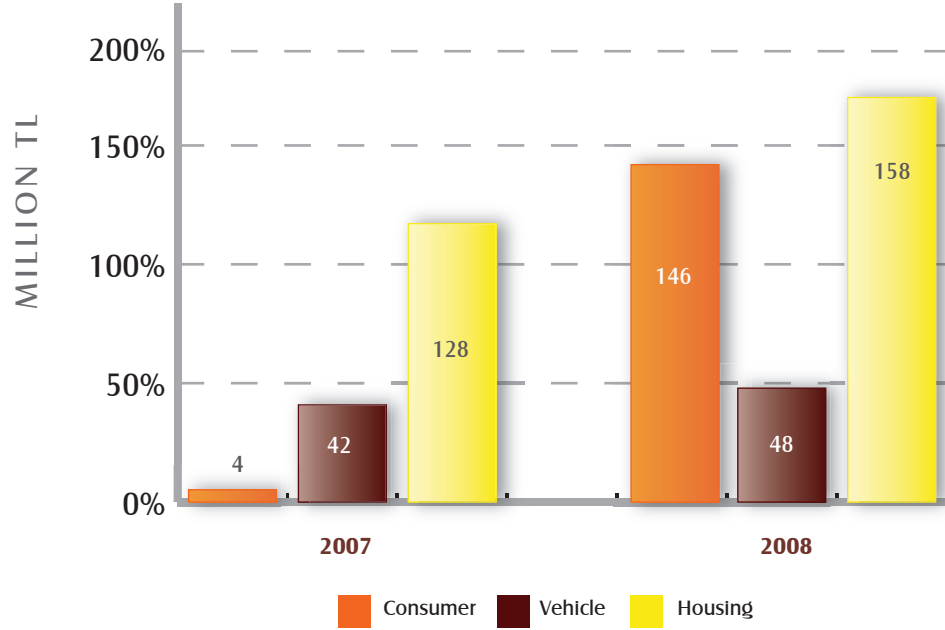
When we look at the distribution of retail finance according to the products financed in 2008 , it is seen that 71 % of total utilized funds of TRY 222.7 million has been used for housing finance (house, office space, land), 21 % is used for vehicle finance (personal and commercial vehicles) and 8 % is used for consumer finance (consumption goods and natural gas installations).



RETAIL
BANKING

RETAIL
BANKING

RETAIL CREDIT UTILIZED

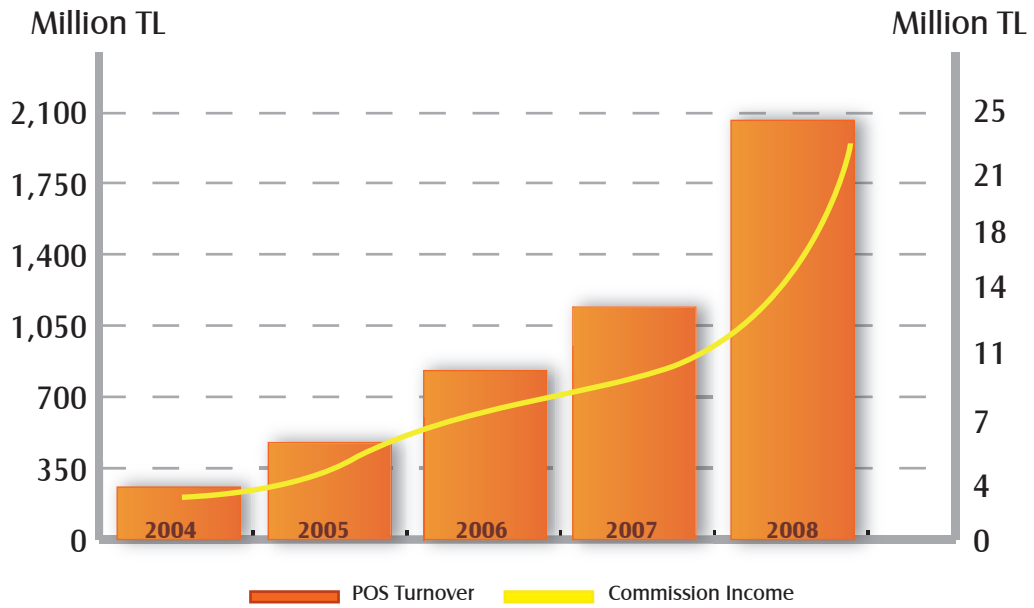


In 2008 Albaraka Türk has concentrated on mortgage backed real estate finance as in 2007 in line with the strategic quality targets. As a result of Retail Marketing activities, project based housing finance has made an important contribution to the healthy development of housing finance portfolio in 2008.

POS TERMINALS

Albaraka Türk has continued expanding its POS membership and has reached to 11,843 Sale Outlets as POS installments at the end of 2008.

POS TERMINAL VOLUME



The Sales Volume through POS Terminals of Albaraka Türk for the year 2008 has reached to TRY 2,089 million with an increase of 85 %, compared to the previous year.

CREDIT CARDS AND BUSINESS CARDS

The total number of Visa Business Cards issued by Albaraka Türk to its commercial clients has reached to 8,775 at the end of 2008.

ALTERNATIVE DISTRIBUTION CHANNELS

Albaraka Türk follows the latest advances in alternative distribution channels. Product development process continues uninterrupted in this area, especially with regards to customer security. Our Individual and Commercial customers using Alternative Distribution Channels (Personal and Commercial Internet Branch, Call Centre and ATM) are able to take advantage of non-stop, fast and secure services 7 days/24 hours, without the need to come to our branches.

During 2008 the number of customers using Personal Internet Branch increased by 12,422 over the previous year and reached to 42,645.

The number of customers using Commercial Internet Branch increased by 3,213 over the previous year and reached to 10,239. A total of 616,560 financial transactions were handled online through our Personal and Commercial Internet Branches and the transaction volume reached TRY 2,914 million in 2008, amounting to a 65 % increase over the previous year.

During the year, the number of customers using telephone banking (444 5 666) services increased by 8,158 compared to the previous year and reached to 25,642. In 2008, the number of incoming calls has reached to 268,000 and outgoing calls to 77,500.

Off-site ATM's have been installed in 2008 for the first time in Albaraka Türk. Our in-branch and off-site ATM's operate on a 7/24 basis and accept all (Ortak Nokta) Common Point members' cards.



RETAIL
BANKING

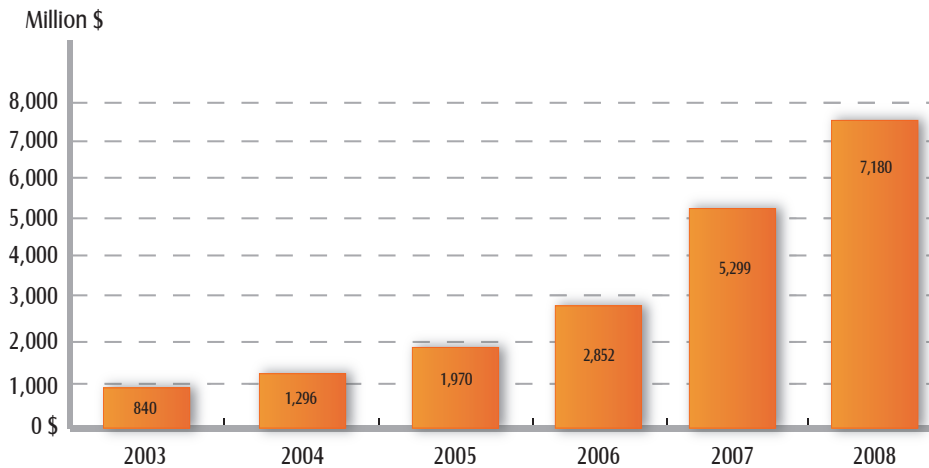


INTERNATIONAL
BANKING

FOREIGN TRADE OPERATIONS AND INTERNATIONAL BANKING

Albaraka Türk has been continuing its activities for 24 years following its inception in year 1985, making important and significant contributions as the first bank in its sector for the establishment of a new dimension in the Turkish banking industry based on "interest-free" banking principles. Albaraka Türk, which with its vision to become a complementary element rather than an alternative to the existing banking system, has always known how to both develop its own dynamics and to always maintain its contributions to the newly flourishing system. With its reputable name, stable customer base, modern banking infrastructure and a large diversity of products designed to meet industry expectations, it has been continuing all its international banking and foreign relations activities in addition to other banking services and thus offering a competitive advantage to its customers. The Bank extends all modern banking services to small and medium sized enterprises that remain the focus of today's foreign operations. The demands of our customers for both cash and non-cash credits are being served through a network of 700 correspondent banks spread over 66 countries. Giving priority to collaborate with local banks everywhere, Albaraka Türk continues to intermediate in successful and low-cost transactions, collaborating on the basis of reciprocity with leading banks that have proven themselves in the field of international banking such as UBS AG, Barclays Bank PLC, Société Générale, UniCredito Italiano SpA, Commerzbank AG, Dresdner Bank AG, Bank of China Limited, Lloyds TSB Bank plc, Danske Bank A/S, Landesbank Baden-Württemberg, KBC Bank, The Toronto-Dominion Bank, Intesa Sanpaolo SpA, Standard Chartered Bank Plc, Banca Monte dei Paschi di Siena SpA, WGZ Bank, MashreqBank PSC, Dubai Islamic Bank, Gulf International Bank, National Commercial Bank, SAMBA Financial Group and The Bank of New York Mellon. Additionally, it has proudly supported the projects realized by Turkish enterprises with their partners in North Africa, Middle East and Gulf regions in a practical, high quality and cost sensitive manner, thanks to the support received and the synergy generated from ABG presence in ten different countries (Jordan, Bahrain, Algeria, South Africa, Tunisia, Pakistan, Sudan, Lebanon, Egypt and Indonesia).

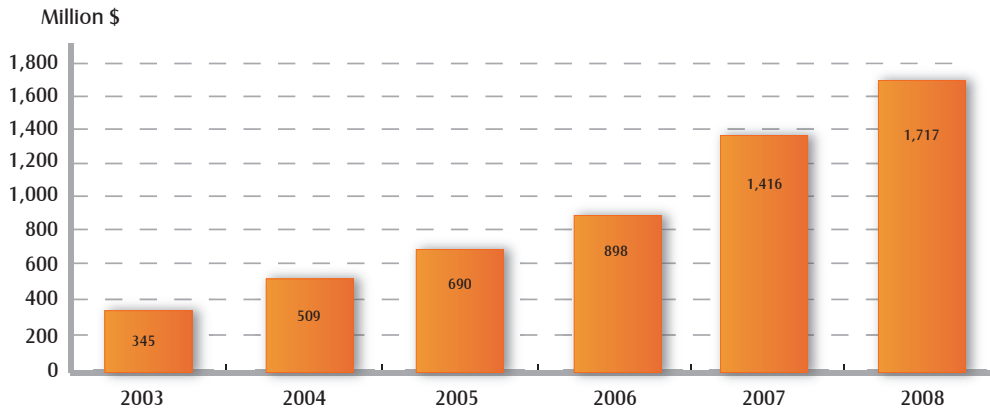
FOREIGN TRADE VOLUMES (USD MILLION)



IMPORTS

Albaraka Türk is authorized to participate in all kind of banking transactions related to import of goods. All sorts of letter of credit, cash against documents and advance payment import transfer transactions, transit trade transactions, import transactions subject to Domestic Processing Regime (DIIB) and Investment Incentive Schemes (YTB) are handled at Albaraka Türk by a specialist workforce utilizing state-of-art banking means with an approach focused on customer satisfaction in a friendly atmosphere. It is also active in the international capital markets through involvement in activities such as consultancy, corporate finance and commodity finance on behalf of itself and its customers. The Bank's import volume as at the end of year 2008 stood at US\$.1,717,270,760.- representing an increase of 21.30% as compared to previous year.

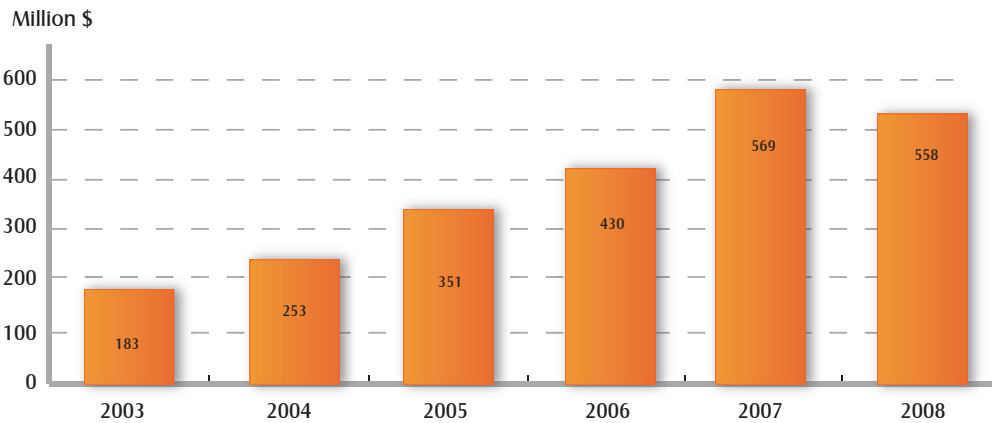
IMPORTS VOLUMES (USD MILLION)



EXPORTS

Exportation which has a vital role in our national economy is one of the areas where Albaraka Türk actively participates. Albaraka Türk is one of the few Turkish banks which confirm letters of credit opened in certain Middle Eastern and North African countries (such as Algeria, Yemen, Syria and Sudan). Albaraka Türk's export volume has been appreciated and awarded by the Turkish Treasury for its achievements. Intermediating in all types of export transactions, Albaraka Türk always stands by its customers in the international arena, thanks to the support received from its correspondent banks in more than 66 countries and from the group banks in countries like Jordan, Bahrain, Algeria, South Africa, Tunisia, Pakistan, Sudan, Lebanon and Indonesia where ABG subsidiaries are operating. As of end of year 2008, the export volume stood at US\$.558,303,063.-. Albaraka Türk is the correct address for the companies exporting or importing goods to and from North Africa and Middle East, thanks to its strong regional presence, knowledge and experience gained from its 24 years of operations and its well-trained and dedicated staff

EXPORT VOLUMES (USD MILLION)

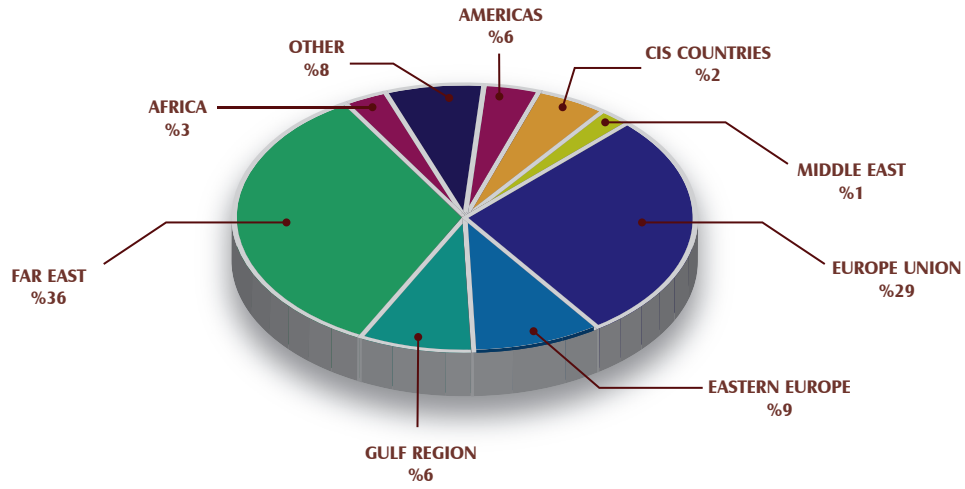


INTERNATIONAL
BANKING

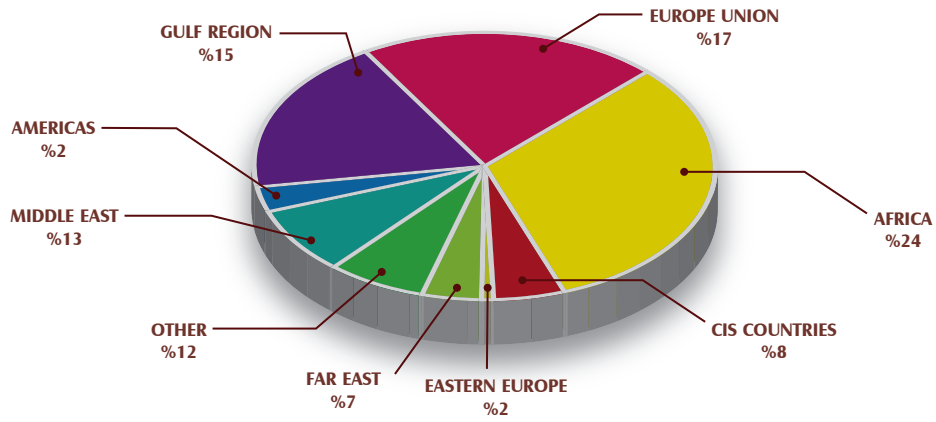


INTERNATIONAL
BANKING

IMPORT DISTRIBUTION



EXPORT DISTRIBUTION



FINANCIAL INSTITUTIONS

The Financial Institutions Department has the responsibility to represent the Bank in the best manner abroad and to develop its relations with other banks and institutions outside the country. Its operational duties involve the issuance and delivery of foreign letters of guarantee requiring specialized processing to the beneficiaries in an efficient and cost-effective manner and in compliance with the internationally accepted standards. The volume of such foreign letters of guarantee which are issued in foreign rather than the local currency has recorded a significant increase of 96% and has reached a total amount of US\$ 504,083,305,- . Additionally, through the strong relations developed with foreign financial institutions for obtaining long term financing, the department also takes an active part in meeting the long term corporate finance (murabaha loans wherein repayment is usually secured by a payment guarantee) demands of its customers. Efforts aimed at elaborating the advantages of this murabaha instrument to our corporate customers and explaining the profitability to be achieved by our correspondent banks abroad in investing in this instrument has given its fruits in a very short period of time and has resulted both in strengthening the relations with our correspondents and meeting the demands of our customers in a fashion most advantageous to them. A significant level of productivity has been observed related to such middle term murabaha transactions from foreign sources and an approximate volume of USD 120 Million has been recorded in the fiscal year of 2008.

Aiming at satisfying a growing customer base in a modern, high quality and efficient manner, Albaraka Türk is continuously strengthening and developing its trade finance transactions with the support of Financial Institutions Department. Accordingly, international transactions of our customers are duly effected and all types of foreign trade requirements are being met in full compliance with existing legislations. As of end of 2008 the bank has more than 700 correspondent banks spread over 66 countries and more than 40 nostro accounts in 11 different currencies. In line with the growing number of correspondents and with the aim of presenting a larger diversity of solutions to its customers in their international trade finance transactions, Financial Institutions Department also aims at improving the cash and non-cash credit lines allocated by our correspondent banks in the favor of Albaraka Türk. In order to achieve more competitiveness in the field of international trade which is expected to become more liberalized as a consequence of the globalization of the world economy, Albaraka Türk closely monitors the developments taking place in its region. The Bank is continues its activities with the strategy of improving its market presence in Middle East and North Africa and penetrating into new regions such as CIS and neighboring countries, considered to become viable markets for Turkish products and services. As of August of 2008 Albaraka Türk's long term foreign and local currency issuer default ratings have been revised as BB- and those of short term as B with an A+ sovereign rating. These ratings are an indicator of that Albaraka Türk is a bank with strong financial standing and shareholder support, high quality of assets, superior IT infrastructure and a dynamic management.

In May 2007 and later in April 2008 the issuer default ratings our parent entity Albaraka Banking Group, which is a group of banks experienced in the field of interest-free banking, was upgraded by Standard & Poor's to BBB-/A-/3 long and short term grades thanks to its high quality liquidity profile and satisfactory capitalization spread over Middle East and North Africa. Thanks to the strong support of our parent group and its subsidiaries, Albaraka Türk has efficiently secured credit lines at foreign markets and has thus continued to offer best class trade finance products and murabaha finance to its customers.

FUND MANAGEMENT

The Bank has adopted a liquidity oriented and pro-active approach in the management of its assets and liabilities in line with the market expectations. The 2008 has been a year when the currency exchange rates have largely remained stable and thanks to the competitive pricing policy of the Bank shaped by our economic forecasts, efficient and interactive banking services and large network of branches; the volume of FX operations, number of customers and transactions have shown a significant improvement. Interbank developments in local and global money markets have been concurrently monitored through the Reuters Information Systems and this has enabled establishment of instant supervision and efficient reaction mechanisms which has in turn helped the bank to remain highly responsive to the changing market conditions. Albaraka Türk has closely observed the developments and technological novelties in the field of treasury operations and as part of the IT investments in this direction in year 2008, it has subscribed to the FX Deal platforms which are integrated to the treasury systems of the leading banks in the global financial markets, in addition to Reuters Direct Dealing platform and has consequently become able to serve its customers with more efficiency at more competitive prices. The bank has hence managed to bring down the costs by minimizing the operational risks at the same time. The fact that when compared to the earlier period, the Bank has recorded a %73.48 increase in the volume of its FX operations to a total of US\$ 12.5 Billion is a testimony of the significant momentum gained in this respect. In addition, the Bank has also established a domestic network of correspondent banks in order to serve customers at places where there is no Albaraka Türk branch and has thus made its fund sources available at every point through its branches and branches of its correspondent banks.



INTERNATIONAL
BANKING



RESEACH AND DEVELOPMENT APPLICATIONS

R&D committee had a very busy year in 2008, continuing its studies on research and development of new product and services and improvement of product/service processes in accordance with the aim of offering different solutions to our customers' expectations and needs in continuously changing and developing market environment. Our projects realised in 2008 and projections of year 2009 are as follows :

Gold Current Account Project

The studies within the context of this project has been accomplished by the end of 2008. The purchase and sale of gold, that is traded on Istanbul Gold Exchange and its standards and fineness degrees determined by Turkish Treasury, is purposed to be made by our Bank, as part of basis of regulations about precious metals by the Gold Current Account that will be opened in the name of our customers. This product is planned to be introduced to the market in 2009.

Foreign Currency Cheque Clearing Project

Because of there is not a central Cheque Clearing System in the supervision of CBT for Foreign Currency Cheques, the collection of Foreign Currency Cheques that are drawn from foreign currency accounts is costly and difficult. It is aimed to establish an infrastructure that has an opportunity of Foreign Currency Cheque Clearing as part of protocols that is signed/will be signed between our Bank and other banks. This project is planned to be implemented in 2009.

Short Duration Finance

Service value is aimed to be increased by meeting requirements of short duration finance in the payment of several invoices, taxes and etc in SGK, premium and tax payments, invoice payments (that can be made by our Bank) of our premium customers, by using day options that is in favor of our Bank for favor of our customers. Infrastructure studies has been continued and this project is planned to be implemented in 2009.

Direct Debit System

It is a collection and payment system that enables a firm that sells good/services to many customers/dealers, make collections through an IT system; customer/dealers make payments easily from their accounts or the DDS limit by using credit from Albaraka Türk. This project has been introduced to the market in 2008.

Pension monthly payments, Social Security Institution premium collections, health service payments can be made by the protocol that is signed between Social Security Institution and our bank. Infrastructure studies have been continued and this project is planned to be implemented in 2009.

Western Union

Western Union is a fast, secure and easy money transfer system and enables money transfer all over the world in a few minutes. Infrastructure studies have been continued and this project is planned to be implemented in 2009.

Customer Segmentation

Customer Segmentation Project, implying classification of our customers in terms of their added value to our Bank, has been implemented in collaboration with a firm specialised in data mining, providing software and consulting support.

CULTURAL ACTIVITIES OF ALBARAKA TÜRK

The management of Albaraka Türk Participation Bank, with the goal to improve the quality of life for the society within the framework of social responsibility principles, contributes to the development of the economy; complies with the laws and follows policies that are respectful with all business lines and to the environment whilst continuing its activities so as to increase the bank's value.

In this regard, we kept continuing to support projects in the field of communications with social and cultural objectives in 2008. In fact, Albaraka Türk, which sponsors award-winning products and documentaries, has undertaken the sponsorship of a documentary, "Türkiyenin Ruhu: Cemil Meriç Belgeseli", about Cemil Meriç who is one of the most important men of thought in the Turkish History. In these documentary, least known details of Cemil Meriç was brought out along with new documents and information about his life.

In addition to these, one of Albaraka Türk's cultural projects which shed light on the history; Hicaz Railway Photograph Album (first addition published in 1999) was exhibited at the Haydarpaşa and Ankara Railway Stations on the occasion of the Hicaz Railway's 100th opening anniversary. Albaraka Türk took place in sponsorship of this exhibition.

A selection of photographs from Albaraka Türk's Photography Contest on the concept work of 'Alinteri' (Labor) that was held in 2007 was exhibited at the Sirkeci Railways Station and Memorial Hospital in the year.

Moreover, with an aim to promote the classical art of calligraphy and to support calligraphers that produce works in this field, we organized a Calligraphy Contest for the second time wherein a great number of calligraphers took part in from twenty different countries, as results of which 17 works of calligraphy out of 172 were awarded prizes in 5 different categories. 23 work of calligraphy were also awarded incentive prizes. Again, an award ceremony was held at the Esma Sultan waterside house and these works were exhibited at the Museum of Ayasofya. A catalogue was also prepared wherein all the prize winning works are to be found.

In addition to these endeavors, we have been publishing story books for children at certain intervals every year, which are distributed through our branches. As such, we have published 18 children's books so far, three of which was published in 2008.

Albaraka Türk also makes regular donations to our Bereket Foundation every year, which gives scholarships to University students.



CULTURAL
ACTIVITIES OF
ALBARAKA TÜRK

MANAGEMENT AND CORPORATE MANAGEMENT PRACTICES

BOARD OF DIRECTORS

Chairman

Adnan Ahmed Yusuf ABDULMALEK

Vice Chairman

Yalçın ÖNER

Executive Board Member

Osman AKYÜZ

Board Member

Ibrahim Fayez Humaid ALSHAMSI

Board Member

Osman Ahmed SULIMAN

Board Member

Faisal Abdulaziz ALZAMEL

Board Member

Prof. Dr. Ekrem PAKDEMİRLİ

Board Member

Mitat AKTAŞ

Board Member

Hamad Abdulla A. EQAB

Board Member

Fahad Abdullah A. ALRAJHI

Executive Board Member

Dr. Adnan BÜYÜKDENİZ

PART II – MANAGEMENT AND CORPORATE GOVERNANCE APPLICATIONS



Information about Board of Directors and Auditors and Senior Management

Title	Name	Education	Inception of Work at Albaraka Türk	Experince in Banking Sector
BOARD OF DIRECTORS (*)				
Chairman	Adnan Ahmed Yusuf ABDULMALEK	Masters Degree	2005	35
Vice Chairman	Yalçın ÖNER	Masters Degree	1985	36
Board Member	Osman AKYÜZ	Bachelors Degree	1996	22
Board Member	İbrahim Fayez Humaid ALSHAMSI	Bachelors Degree	2005	38
Board Member	Osman Ahmed SULIMAN	Bachelors Degree	2005	43
Board Member	Faisal Abdulaziz AL ZAMEL	Masters Degree	2003	19
Board Member	Prof. Dr. Ekrem PAKDEMİRLİ	Ph. Degree	2007	7
Board Member	Mitat AKTAŞ	Masters Degree	2008	24
Board Member	Hamad Abdulla A. EQAB	Bachelors Degree	2008	15
Board Member	Fahad Abdullah A. ALRAJHI	Bachelors Degree	2008	21
Board Member	Dr. Adnan BÜYÜKDENİZ	Ph.Degree	2003	22
AUDITORS OF THE GENERAL ASSEMBLY (*)				
Auditor	Prof. Dr. Arif Ateş VURAN	Ph. Degree	1986	22
Auditor	Memduh COŞKUNER	Bachelors Degree	1998	20
Auditor	Seyfettin YENİDÜNYA	Bachelors Degree	2003	23
SENIOR MANAGEMENT				
General Manager	Dr. Adnan BÜYÜKDENİZ	Ph. Degree	2003	22
Senior Assistant	Fahrettin YAŞI	Masters Degree	1998	20
General Manager	Temel HAZIROĞLU	Bachelors Degree	2003	23
Assistant General Manager	Bülent TABAN	Masters Degree	2003	17
Assistant General Manager	M.Ali VERÇİN	Bachelors Degree	2005	15

BOARD OF DIRECTORS

(*)Appointed as members of the board by decision at the ordinary general meeting of shareholders dated March 20, 2008.



BOARD MEMBERS

SHORT BIOGRAPHIES OF BOARD MEMBERS

Adnan A. Yusuf ABDULMALEK: Adnan Yusuf was born in 1955 in Bahrain. He studied Administrative Sciences at Hull University (England) where he also completed his post-graduate study. He commenced his banking career in 1973 at Habib Bank, working as assistant manager of credit transactions at American Express Bank between 1975 and 1980. He then held the following positions at 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, vice-manager of subsidiaries and investments. In 1998 Mr. Yusuf became the chairman of ABC Islamic Bank (EC). He was appointed as the general manager of Albaraka Banking Group (ABG) in March 2000. He took office as the CEO of Bahrain Islamic Bank during 2002-04 and became a board member and CEO of the ABG in August 2004 and currently holds this position. In the boards of several banks in ABG family, Adnan Yusuf is either a member or chairman. He has been the chairman of the Board of Directors as well as the Credit Committee of our bank since April 2005. Apart from his above mentioned positions, Mr. Yusuf, who was awarded "Banker of Year 2004" at the World Islamic Banks' Conference, is also vice-president of Arab Banks' Union (Lebanon) and chairman of Islamic Investment Bank of Europe (England).

Yalçın ÖNER: He was born in 1938 in the town Araç (Kastamonu). Mr. Öner, who has his degree from the Faculty of Political Sciences, Ankara University, completed his post-graduate study at Minnesota University (USA) on public administration. He started his professional career in 1959 at the Ministry of Finance as a certified public accountant. Later on, he began to work for the State Investment Bank in 1972 and for Yatırım Finansman Investment AŞ in 1978. He became the first general manager of Albaraka Türk in 1985 and held this position until 1996. Yalçın Öner, who was a board member at this Institution since 1996, has been the president of internal control and audit between July 2001 and March 2008, and vice-chairman of the Board of Directors since April 2002 (and presently). He took office in our bank as executive board member between April 2002 and January 2007. During the period December 2006 - March 2008, he was a board member responsible from internal systems of Albaraka Türk Participation Bank and a member of the Audit Committee.

Osman AKYÜZ: He was born in 1954 in Yomra (Trabzon). Mr. Akyüz obtained his degree from the Faculty of Political Sciences, Ankara University and started his professional career in 1978 as a certified public accountant at the Ministry of Finance. He then transferred to Sezai Türkes - Fevzi Akkaya Group as an auditor and financial consultant in 1983. In 1985, he started working as the manager of financial and administrative affairs in our bank. Thereafter, he worked as the manager of fund allocations (1991-94), assistant general manager (1994-95) and general manager (1996 - 2002). Osman Akyüz is a member of the Credit Committee in our bank since November 2001. He has been an executive board member of Albaraka Türk since April 2002. Mr. Akyüz also holds a position in the Union of Turkish Participation Banks as secretary general (since July 2002), as well as a board membership in the Chamber of Commerce, Istanbul (since April 2005).

Osman Ahmed SULIMAN: He was born in Sudan in 1941. Mr. Suliman had his degree from the Faculty of Economics in Khartoum University, after which he completed his postgraduate study at the International Banking School of 17-November University in Czechoslovakia. Later on, he commenced his professional career at El-Nilein Bank in Sudan (1965) where he worked as branch manager, assistant general manager, general manager, vice-chairman and chairman. Osman Suliman worked for Albaraka Investment & Development Co (based in Jeddah/Saudi Arabia) as assistant general manager in the division of banking coordination from 1988 to 1995. He has also worked for the aforesaid company between 1995 and 2002 as a board member, who was primarily responsible for Dallah Albaraka Group's financial services (banks). During 1985 and 86 he took office as the president of Sudan Banks' Union and the Banking Foreign Currency Board. He has been the chairman of Albaraka Bank in Sudan (1995) and currently holding this position. He is a board member of Albaraka Islamic Bank and assistant general manager at the ABG (Albaraka Banking Group) in Bahrain since 2005. Furthermore he was appointed to Arab Banks' Union (Lebanon) and Kenana Sugar Co. where he served as a director of board until March 1988. Osman Suliman, who was appointed to be a board member of Albaraka Türk in April 2005, is also the chairman of the Audit Committee in our Bank.

SHORT BIOGRAPHIES OF BOARD MEMBERS

Ibrahim Fayeز Humaid ALSHAMSI: He was born in 1949 in the city of Ajman in the United Arab Emirates (UAE). Mr. Al-Shamsi has his degree from the Arab University of Beirut in Lebanon in 1972. He commenced his professional career in 1969 at Bank of Oman as current accounts chief. Later on he became the manager of Ajman branch in this bank (1971). He held the following positions: Manager of financial affairs at the Ministry of Public Works & City Planning of UAE (1972); assistant general manager at Abu Dhabi Fund For Arab Economic Development (1976); board member for European Arab Bank Holding in Luxembourg (1978), Austrian Conference Centre in Vienna (1984), Industrial Bank of UAE (1983) and Dubai Islamic Bank (1998). Ibrahim Fayeز, who also worked as chairman of Bangladesh Investment Co in Bahrain and manager of Arab Fund For Economical & Social Development in Kuwait (1983), has been the chairman and CEO of Emirates Islamic Bank in Dubai since 2004. He has been a board member of our Bank since April 2005.

Faisal Abdulaziz ALZAMEL: He was born in Kuwait in 1956. Mr. Al-Zamel received his degree from Kuwait University in 1975 and his postgraduate degree from New Haven University (USA) in 1979. As part of his banking career, in 1981, he became assistant general manager of the Kuwait Finance House (Kuwait), a position he held until 1995. He also worked as the executive director of Islamic Development Bank from 1986 to 2003. Between 1988 and 2001, he took office as a board member of Kuwait-Türk Awqaf Finance House in our country. Faisal Al-Zamel was appointed to our Board of Directors as the representative of the Islamic Development Bank (Jeddah) which is one of our institutional shareholders, and has been carrying out this membership since 2003. He is also the owner and the general manager of a private commercial firm in Kuwait called 'International Environment & Services Co.'

Ekrem PAKDEMİRLİ: He was born in 1939 in Izmir. Professor Pakdemirli received his bachelor's degree from the Faculty of Mechanical Engineering in the Middle-East Technical University (Ankara). Having completed his postgraduate study at this university, he completed his doctorate (phd.) at London University. The government offices and positions he has been vested with include the followings: Deputy undersecretary of the State Planning Organization, vice-rector of 9-September University, consultant at the Undersecretariat of Treasury & Foreign Trade, chief consultant to prime-minister of Turkey, ambassador at large. During his office as a member of parliament, representing Manisa City for 4 consecutive terms (between 1983 and 2003) he was appointed as the Minister of Transportation, Minister of Finance & Customs, Minister of State and Deputy Prime-Minister of Turkey. Prof. Pakdemirli has been working as a lecturer at Bilkent University and Başkent University since 2003. He has also been working as the deputy chairman of Vestel Electronics AŞ, a board member of BİM Birleşik Mağazalar AŞ and the chairman at Çevresel Kimya San. Tic. Ltd. (engaged in environment-friendly chemicals) since 2005. Prof. Pakdemirli was appointed as a member of the Board of Directors of Albaraka Türk in 2007.

Hamad Abdulla A. EQAB: He was born in 1970 in the city of Manama in Bahrain. Mr. Eqab received his degree in accounting from the University of Bahrain in 1993. His professional career started by working as banks' inspector for Bahrain Monetary Agency in the same year. In 1996, Mr. Eqab moved to the Bahrain office of Arthur Andersen Auditing & Consultancy firm as an insurance auditor where he worked until 2002. He was then transferred to Shamil Bank of Bahrain BSC as internal auditing manager responsible for numerous auditing and consultancy projects. He joined the Ithmaar Bank (Bahrain) as senior manager overseeing internal audit operations. Mr. Eqab later joined Albaraka Banking Group (ABG) in Bahrain as senior vice-president responsible for financial control. He was appointed to our Bank as a member of the Board of Directors and the Audit Committee in March 2008.

Mitat AKTAŞ: He was born in 1963 in Selendi (Manisa). Mr. Aktaş has graduated from the Economics department of Political Sciences Faculty in Ankara University (1984), and completed his masters' degree in 1992 at the Vanderbilt University (USA). He started his career by joining the Ministry of Finance as accounts auditor in 1984. He started working in our Bank as the manager of financial affairs department in 1996. Between 2003 and 2008 he worked as the president of auditing & inspection group in Albaraka Türk. Since March 2008, he has been working as a member of the Board of Directors and the Audit Committee of our Bank. Currently, he is also responsible for the internal systems of our Bank.



BOARD
MEMBERS



ASSEMBLY
AUDITORS

SHORT BIOGRAPHIES OF BOARD MEMBERS

Fahad Abdullah A. ALRAJHI: He was born in Riyadh (Kingdom of Saudi Arabia) in 1961. Mr. Al-Rajhi graduated from the Industrial Management Department in King Fahad Petroleum & Minerals University, Saudi Arabia. He commenced his professional career in 1987 at Al-Rajhi Banking & Investment Corporation as deputy manager of the central branch. He was then promoted as manager of the central branch and later on assistant manager of collaterals department. In the same bank, he was responsible for liaison with government offices and investments. Later, Mr. Al-Rajhi worked as the general manager of treasury and finance department in Al-Rajhi Banking & Investment Corporation until May 2008. Mr. Al-Rajhi also worked as a board member for Saudi Public Transportation company (1995-2001). Currently, he is the chairman of board of directors of Fahad Abdullah Al-Rajhi Holding Co, and a member of board of directors in the Islamic Bank (Bangladesh), Resot Cement (Oman) and Najran Cement (UAE) companies, Gulf Merchant Group (Bahrain) and Capital Management House (Bahrain). He has been a member of our Board of Directors and the Corporate Management Committee since April 2008.

Dr. Adnan BÜYÜKDENİZ: He was born in Adana in 1958. Dr. Büyükdenez completed his high school education in Texas (USA). He received his BA degree in Economics from Bosphorus University (Istanbul) in 1980. Attending the London School of Economics in England, he received his master's degree in economics. Thereafter, he completed his Phd. in the Social Sciences Institute in Istanbul University. He started his professional career in 1982 as a Research Economist in TÜSIAD (Association of Turkish Industrialists and Businessmen). In 1986, he began working as assistant manager of research & marketing at Albaraka Türk. Since then he also worked as manager of foreign affairs, assistant general manager, senior AGM of the bank. In 2003, he was appointed as the general manager of Albaraka Türk. Apart from his position as the general manager, Dr. Büyükdenez is also an executive board member and a member of the Credit Committee in our bank.

SHORT BIOGRAPHIES OF THE GENERAL ASSEMBLY AUDITORS

Prof. Dr. Arif Ateş VURAN, Assembly Auditors: Born in 1944 in Istanbul, Prof. Vuran graduated from London French Institute and Saint-Joseph French High School. Later on, he received his BA degree from Istanbul Academy of Economics and Commercial Sciences. He attended Perugia University (Italy) in 1966 and 1967. He received his Phd. in 1974. In 1978 he was an associate professor. He became a professor in the major branch of statistics and numerical methods (1984). He worked as a member of the board of auditors at Turkish Airlines from 1992 to 1996 and board member at Cyprus Turkish Airlines (north). He started journalism (press) in 1960. He wrote 9 textbooks (published in Turkish and English) along with over one hundred researches and articles. Arif Ateş Vuran who is currently the rector of Istanbul Commercial University, has been an external auditor appointed by the Shareholders' Assembly of Albaraka Türk in 1986. Since then he is holding this position.

Memduh COŞKUNER, Assembly Auditors: Born in 1938 in Yozgat, Mr. Coşkuner received his degree in 1959 from Economics and Finance Department of the Political Sciences Faculty in Ankara University. He started his professional career in 1960 as a certified public accountant at the Ministry of Finance, worked for Ministry of Trade from 1971 to 1980 as an assistant general manager in the department of incentives and applications, and as project manager at Turkish Industrial and Development Bank. Later on, he worked as chief assistant general manager at a private company called Transtürk Holding Inc. between 1980 and 1983. He was a founding member and financial consultant at a private firm called İMÇ Management Consultancy Ltd. between 1984 and 1991. Afterwards, he established his private firm called "Ak Auditing Financial Consultancy Co", where he has been working as a sworn financial consultant since 1991. Memduh Coşkuner has been an external auditor appointed by the Shareholders' Assembly of Albaraka Türk since 1998.

Seyfettin YENİDÜNYA, Assembly Auditors: Born in Sivas in 1936, Mr. Yenidünya graduated from the Department of Finance of Istanbul Academy of Economics in 1959. He started his career in 1961 at Türk Ticaret Bankası. Later on he worked in some private firms as inspector, manager and assistant general manager. He retired in 1982 and continued working as a manager between 1985 and 1997 at Albaraka Türk. He then became the chairman and deputy general manager of Ticaret Sigorta AŞ. He worked for that company in 1997 and 1998. He was later appointed as a board member at Türk Ticaret Bankası as the representative of Treasury Undersecretariat in 1998. Seyfettin Yenidünya was appointed as external auditor of the Shareholders' Assembly of our bank in December 2003, and has since remained in this position.

SHORT BIOGRAPHIES OF SENIOR MANAGEMENT

Dr. Adnan BÜYÜKDENİZ, **General Manager** (SEE PAGE 30*)

Fahrettin YAŞIŞI, Senior Assistant General Manager: Born in Fatsa (Ordu) in 1965, Mr. Yaşışi received his degree in 1987 from the Department of Management of the Faculty of Political Sciences in Ankara University. In 2006, Mr. Yaşışi completed his masters degree in Banking Department of Social Sciences Institute at Marmara University (Istanbul). He started his professional career as a sworn auditor for banks (1987). He worked for Ege Bank as an assistant general manager (AGM) between 1996 and 1998. He was appointed as assistant general manager to Albaraka Turk in 1998 having primary responsibility in financial affairs and credits. He has been the Senior AGM since June 2005.

Temel HAZIROĞLU, Assistant General Manager: Born in Trabzon in 1955, Mr. Haziroğlu, received his degree in 1980 from the Department of Mathematical Engineering in Istanbul Technical University. He worked as programmer, system analyst and assistant manager of IT for Türkiye Emlak Bankası. Between 1992 and 1995, he worked in the trading sector as an independent consultant. In 1996, he was appointed as manager of IT department and deputy manager of human resources and administrative affairs department in Albaraka Turk. He was promoted to the AGM position in our bank in 2003. He is currently the assistant general manager primarily responsible for the IT, human resources and administrative affairs departments.

Bülent TABAN, Assistant General Manager: Born in Ordu in 1966, Mr. Taban received his degree in 1987 from the Faculty of Management in Istanbul University. He completed his post-graduate study at the Department of Management, Social Sciences Institute in Istanbul Technical University in 1990. He started his banking career as an inspector in the board of inspectors for Türk Ticaret Bankası. He transferred to Kentbank in 1995 where he was appointed as manager of retail banking in 1997. He began working as the manager of retail banking department for Albaraka Türk in 2002. Since 2003, Bülent Taban has been in the office as the assistant general manager primarily responsible for retail banking, international division, fund management, risk follow-up and operations departments.

M. Ali VERÇİN, Assistant General Manager: Born in Kurtalan (Siirt) in 1962, Mr. Verçin received his degree from the Department of Economics of the Faculty of Political Sciences in Ankara University (1987). He worked for several private companies between 1984 and 1993 as manager of exporting affairs as well as marketing manager. He began to work as marketing specialist for Projects Dept. in Albaraka Türk in 1993. He was promoted as marketing manager of the bank in 2002. Since September 2005, Ali Verçin is the AGM who is primarily responsible for the departments in marketing and banking services.



SENIOR
MANAGEMENT



HUMAN RESOURCES

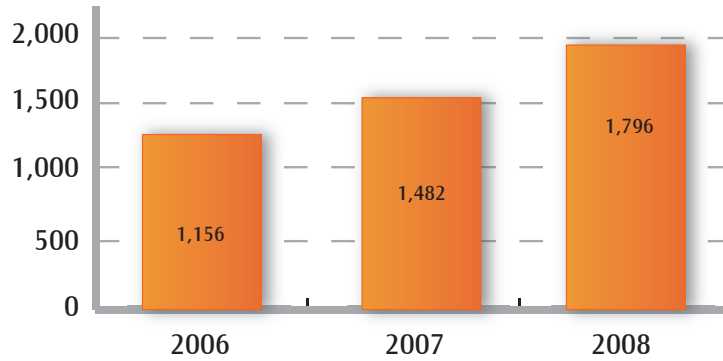
RECRUITMENT AND CAREER MANAGEMENT

Albaraka Türk always aims to recruit the candidates who are suitable to our corporate culture, who have high representative and expression skills and being a good teamplayer, have the intellectual capacity, have expectations compatible with corporate realities and are open minded.

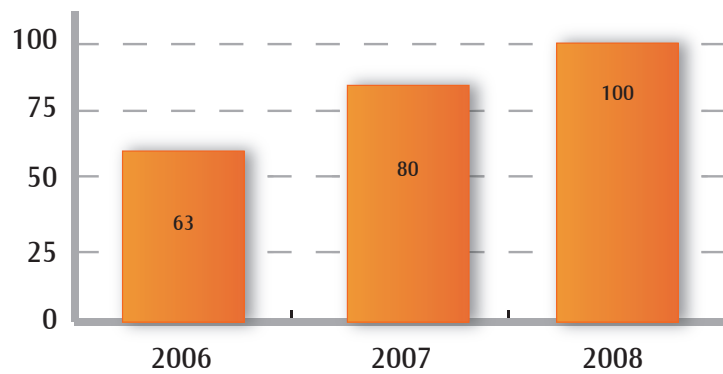
Process of recruitment at Albaraka Türk begins with determination of number of personnel needed and thereafter the demands for permanent staff of branches and headquarter's departments are identified. The demands for staff for various positions have been met by means of job advertisements via the internet and newspapers as well as from the existing pool of applications. Candidates who are suitable to our criteria have been employed after evaluations (exam/interview).

As our Bank has lasted 2008 in a growing trend, in parallel with the expansion of our branch network, the number of personnel has increased over 20 %. Total number of the personnel has reached to 1,796 at the end of 2008 which was 1,482 as the end of 2007. Total number of the Bank's branches and personnel are as follows.

Total Number of Personnel



Total Numbers of Branches

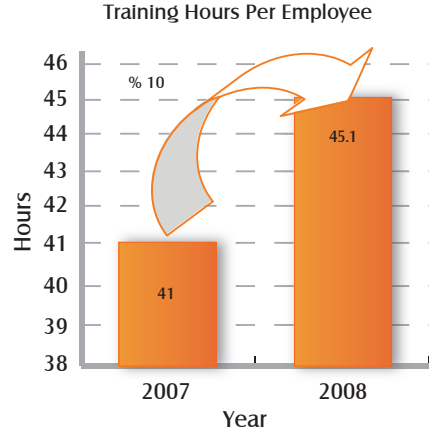


TRAINING

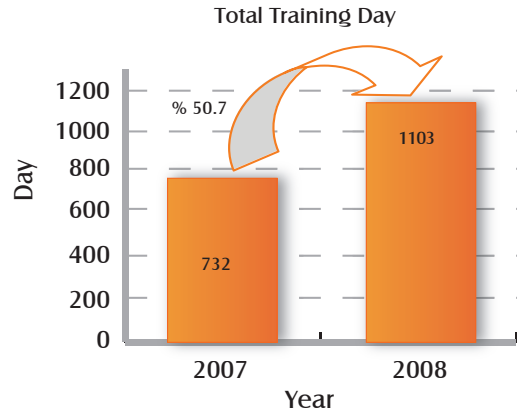
Training policy and targets are composed with the purpose of enhancing the necessary information and skills, supporting individual and professional development of our employees in line with the mission, vision and strategies of the Bank.



HUMAN
RESOURCES

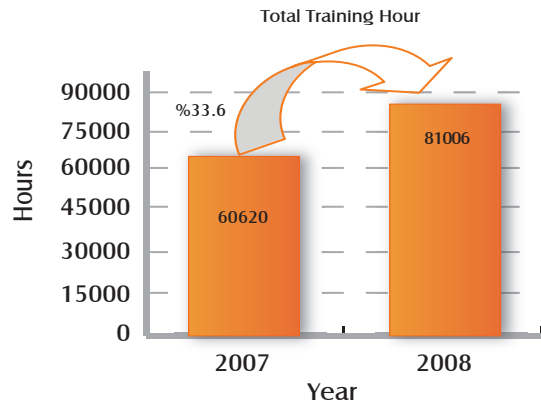


Initial training programs are introduced to newly employed clerks, assistant specialists and assistant inspectors in order to enable them to gain the necessary abilities suitable for their jobs in our Bank. In these programs, courses on personal development and customer relations are given as well as the technical aspects of banking.



In case of promotion or appointments job and / or class-room training programs are organized to enable our employees to obtain the necessary information and skills about their new duties and also about the technological and legislative changes regarding their current responsibilities.

In the year of 2008, 81,006 hours of training were provided. 1,103 training days had been received by 3,659 employees. An average of 45.10 hours of training and education were given per employee of our Bank. Considering the year before increasing of employees who received training percentage is %72.4.



NOT: Number of employees as end of 2007 is 1482
Number of employees as end of 2008 is 1796



ORGANIZATION AND QUALITY MANAGEMENT

With the aim of elevating the efficiency, effectiveness and quality of all activities of our Bank, documentation and necessary research and development projects are undertaken in our Bank to maintain and develop modern management techniques and to achieve a more effective and efficient organizational structure and the activities within this structure.

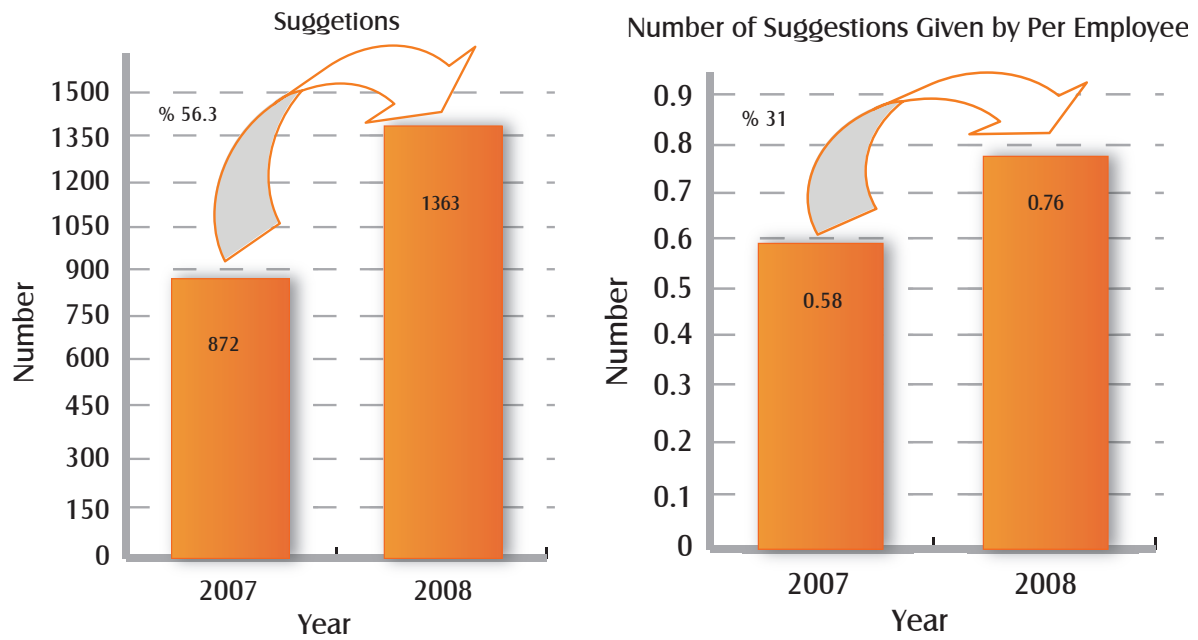
Our Bank has obtained the ISO 9001:2000 Quality Management System Certificate since 2004. This standard is maintained successfully since then after the annual audits done by the quality certification company SGS in the middle of year 2008.

An in-house auditing program is conducted in twice each year for the purpose of determining the effectiveness and efficiency of the Quality Management System and the areas which could be further developed. In this manner all our departments and branches have been audited.

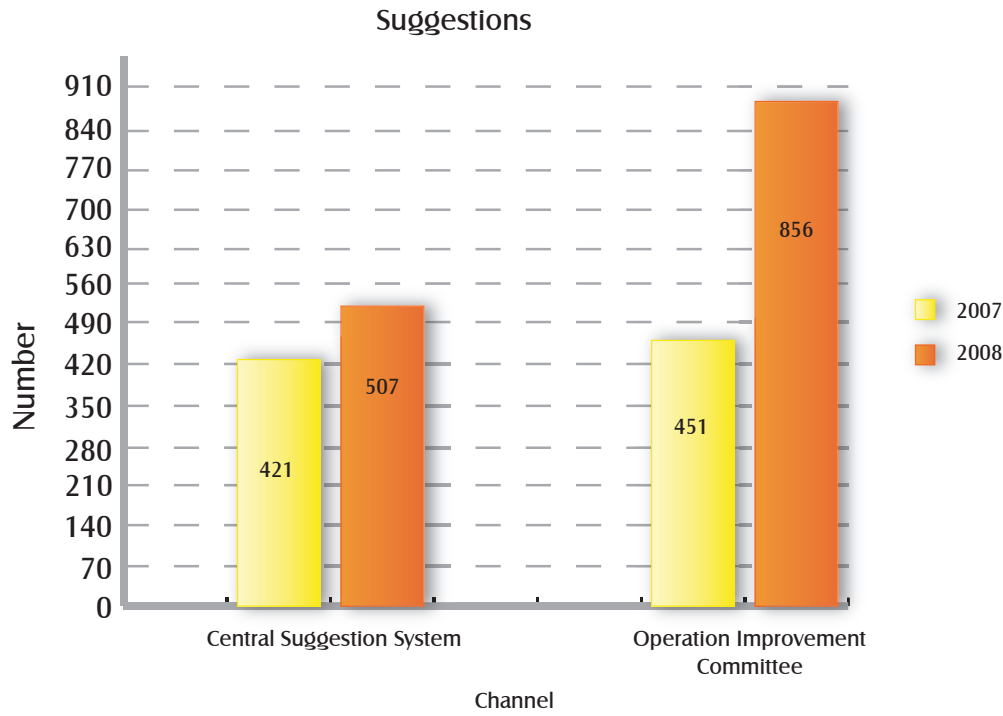
The work flows of our Bank's processes with the critical control points of processes and process control lists which include control descriptions has been formed in accordance with management by process concept to support the operations that intend to increase process effectiveness and efficiency.

The operations had been implemented as part of management by targets to convert the strategic targets to process targets.

The Suggestion System, implemented with the goal of transforming the intellectual capital of our employees to the structural capital and to develop their ideas, has been operated successfully. Improvement operations had been done to increase the effectiveness of The Suggestion System and to increase the contribution of employees to the system



Total number of suggestions that had been taken from employees was 1363 in the year of 2008. Considering the year before increasing of the number of suggestions is %56.3. Number of suggestions given by per employee have been increased form 0.58 to 0.76 and %31 increasing percentage had been accomplished.



A Research and Development Committee has been established in order to develop new products and services and to improve the quality of our existing products and services in the year of 2008. Also an Operations Improvement Committee has been established in order to achieve higher standards of speed efficiency and quality for product and service operations of our Bank. This committee continuously works according to the learning organization approach.

Our Bank, which adopts a customer oriented approach, evaluates customer satisfaction every year through surveys done in the Bank. According to the Customer Satisfaction Survey done in 2008, an important percentage of our customers are considerably satisfied with the services provided by our Bank. The continuous increasing trend in customer satisfaction is an indication of a trusted Bank that presents more customer oriented products / services.

As necessity of the our employees are our internal costumers approach we measure internal customer satisfaction every year and take steps according to the survey results.

Furthermore, Quality Awareness Training is given to new employees to improve the quality consciousness of the staff.





COMMITTEES AND COMMITTEE MEETING ATTENDANCE

The Audit Committee assists our Board of Directors with the tasks of supervision and audit of the Bank's operations. It is also responsible for looking into the efficiency and proficiency of the internal systems of the Bank in the name of Board of Directors, 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; for providing preliminary evaluations to the Board of Directors when selecting the independent firms of auditing, rating, appraising and outsourcing; for regularly monitoring the activities of the said companies which are appointed by the Board of Directors and with which contracts are signed; for ensuring the consolidated internal auditing of partnerships as per the regulations introduced with respect to the Banking Law, and coordinating their activities.

Working Principles of the Audit Committee:

- The Audit Committee convenes at least 4 times a year.
- The Audit Committee discusses issues related to internal control, financial tables, internal audit and other items on their agenda, by also summoning the representatives of independent audit agencies, if and when needed,
- Committee resolutions are submitted to the Board of Directors for acknowledgement or ratification.
- Resolutions of the Audit Committee are registered in the Book of Resolutions as per the related provisions of the Banking Law.

Members of Audit Committee:

President: Mr. Osman Ahmed Suliman, Board Member

Member: Mr. Hamad Abdulla A. EQAB, Board Member

Member: Mr. Mitat AKTAŞ, Board Member and Superintendent for Internal Systems

The Audit Committee convened four times in 2008. All members have attended the first three meetings of the Committee. Mr. Osman Ahmed Suliman, a member of the committee, was absent with apology in the fourth meeting.

CREDIT COMMITTEE

Within the authorities vested by the Board of Directors, the Credit Committee resolves about demands for credit line allocations amounting up to 10% of the Bank's equity (per case) including their renewals, amendments and/or collateral changes on condition that the tasks, powers and responsibilities should remain within the restrictions defined in the Banking Law.

Working Principles of Credit Committee:

Based on the powers delegated by the Board of Directors, the Credit Committee is authorized to allocate credit lines in the frame of methods/principles defined by the Banking Regulation and Supervision Agency and to conclude the credit resolutions within delegated limits.

In this respect the Committee;

- Determines the general credit limits and the conditions of allocation for branches, which fall in the authority of branches;
- Evaluates and concludes credit demands coming through branches for allocation and increase of credit lines in these cases that exceed branch authorities;
- Resolves on credit lines that are to be decreased or cancelled;
- Monitors the credit policies of the Bank at large;
- Determines the terms and conditions of credit allocations;
- Decides on converting credit lines of clients into other modes of credit facility.

Permanent and Reserve Members of Credit Committee:

Permanent Member: Mr. Adnan Ahmed Yusuf ABDULMALEK, Chairman of the Board

Permanent Member: Mr. Osman AKYÜZ, Executive Board Member

Permanent Member: Dr. Adnan BÜYÜKDENİZ, Executive Board Member and General Manager

Reserve Members: Mr. Faisal A.ALZAMEL and Mr. Fahad Abdullah A. ALRAJHI, Board Members.

The Credit Committee convened 100 times in 2008, with all members attending.

CORPORATE GOVERNANCE COMMITTEE

The main tasks of this Committee are to follow-up, evaluate and improve our Bank's adherence to the principles of Corporate Governance and submit proposals to the Board of Directors in this respect.

The Working Principles of the Corporate Governance Committee:

- To find out whether the Principles of Corporate Governance are applied at the Bank and to determine the reasons why, if not applied; to encounter conflicts of interest that occur due to lack of full-adherence to these principles; to submit proposals to the Board of Directors for improvement of the current applications;
- To coordinate the works of the Investor Relations Department;
- To form a transparent system for the nomination, evaluation, orientation and rewarding of candidates to be our Board Members and to carry out studies for developing policies and strategies in this regard;
- To develop proposals regarding the number of Board Members and the Top Management Staff;
- To determine and oversee the approaches, principles and applications concerning the evaluation of the performances of Board Members and Top Managers, their career planning and remunerations.

Members of the Corporate Governance Committee:

President: Mr. Ibrahim Fayez Humaid ALSHAMSI, Board Member

Member: Mr. Fahad Abdullah A. ALRAJHI, Board Member

Observers: Mr. Osman AKYÜZ, Board Member, and Dr. Adnan BÜYÜKDENİZ, Executive Board Member and General Manager

This Committee held two meetings in 2008 with all members attending.



COMMITTEES AND
COMMITTEE MEETING
ATTENDANCE



ASSET/LIABILITY MANAGEMENT (ALM) COMMITTEE

The Asset/Liability Management Committee (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 finances. In this context, 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 our customers, readily available, and peruse the factors that could affect our Bank's profitability. The committee also ensures the measures to be taken as a result of its evaluations, perusals and examinations are executed.

Working Principles of the Asset/Liability Management Committee

- To evaluate the asset & liability composition of the Bank's balance sheet,
- To assess the Bank's resources, as well as the areas and activities in which they are used.
- To evaluate general economic data, current and likely political and economic developments,
- To analyze 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,
- To weigh up credit risks that could affect the quality of assets,
- To monitor the Bank's capital adequacy, liquidity and foreign currency positions as well as effective use of resources,
- To ensure that the resources required for the products and services extended to our customers are readily available with best cost and quality,
- To examine the elements that could affect profitability of our Bank, including operational risks,
- To make sure that the actions required for restoring the findings of its evaluations are executed.

ALMC holds its meetings once a week. All of its members were present in 52 meetings held in 2008.

Permanent & Reserve Members of Asset/Liability Management Committee:

Dr. Adnan Büyükdeniz (Executive Board Member & General Manager), Fahrettin Yahşi (Senior Assistant General Manager), Temel Haziroğlu (Assistant General Manager), Bülent Taban (Assistant General Manager), M. Ali Verçin (Assistant General Manager), Melikşah Utku (Investor Relations Manager, Chief Economist), Ahmet Ocak (Financial Affairs Manager), Ahmet Güzel (Information Technologies Manager), Kemal Yayla (Risk Follow-Up Manager), İhsan Fehmi Sözkese (International Relations Manager), Mahmut Esfa Emek (Operations Manager), Hüseyin Tunç (Corporate Credits Manager), Osman Çelebi (Commercial Credits Manager), Ömer Lütfi Tama (Retail Banking Manager), Salih Uzun (Administrative Affairs Manager), Volkan Evcil (Head of Risk Management), İsmail Kuz (Marketing Manager), Kenan Can Gökpınar (Marketing Manager), Hasan Altundağ (Marketing Manager), Ahmet Oğuz (Marketing Manager), Mustafa Çetin (Marketing Manager), Ahmet Koç (Compliance Officer and Banking Services Vice Manager), Ercan Albay (Human Resources Vice Manager).

CREDIT RISK MANAGEMENT COMMITTEE

Credit Risk Management Committee reports to the General Manager of the Bank. Its members are the department managers of Risk Follow-Up, Operations, Corporate Credits, Commercial Credits, Retail Banking departments and the head of Risk Management.

In this committee, all administrative issues concerning credit risk are discussed and resolved, and, suggestive decisions/proposals addressed to authorized organs are adopted.

Working Principles of the Credit Risk Management Committee:

- Assesses ABTPB's risk profile periodically in order to display the risk concentration of the Bank with respect to obligor, country, market, industry (sector) or product.
- Relays risk policies and limitations to the concerned divisions of the Bank, ensures their accurate understanding and assist the parties in their applications.
- Reports categorized credits (follow-up accounts) to the General Management.
- Reports the Bank's risk profile and related limitations to the General Management.
- Ensures compliance to all risk related regulations.

This Committee held 9 meetings during 2008. All members were present in all of its sessions with the exception of Osman Çelebi who was absent with apology in two of the meetings.

Permanent & Reserve Members of the Credit Risk Management Committee:

Fahrettin YAŞI	(Senior Assistant General Manager)
Bülent TABAN	(Assistant General Manager)
Hüseyin TUNÇ	(Corporate Credits Manager; Secretariat)
Osman ÇELEBİ	(Commercial Credits Manager)
Ömer Lütüfî TAMA	(Retail Banking Manager)
Kemal YAYLA	(Risk Follow-Up Manager)
Mahmut Esfa EMEK	(Operations Manager)
Volkan Evcil	(Head of Risk Management)



CREDIT RISK
MANAGEMENT
COMMITTEE



AUDIT COMMITTEE REPORT

Evaluation of Audit Committee with regards to Functioning of Internal Systems

In order to monitor and control risks faced, our Bank has formed a sufficient and efficient structure of internal systems, consistent with the scope and structure of activities, accommodating the dynamic environment, covering all the branches and divisions, within the framework of the methods and principles as highlighted in the related regulations.

The units within the scope of the Internal Systems are the Board of Inspectors, Presidency of Internal Control and Presidency of Risk Management. All the three units operate under the auspices of the Board Member Responsible for Internal Systems and Board of Directors.

Presidency of Board of Inspectors

The Board of Inspectors carries out the function of audit that is inclusive of all the activities of the Bank, in which respect, the Board executes the processes of audit, inspection, investigation and inquiry at all the head-office divisions and branches of the Bank.

The Board of Inspectors functions with an understanding of risk-focused audit. During the process of audit, for which all available technologies are utilized, all activities are audited in conformance with both external and internal regulations.

In the year 2008, inspection has concentrated on risk-focused audits and in cooperation with the Internal Control Division, a large portion of the credit portfolio, which makes the most significant risk area of the Bank, has been inspected.

The staff appointed to the Board of Inspectors, who perform their duties independently and impartially, have sufficient professional knowledge and experience.

The results of the activities of Board of Inspectors are periodically evaluated by the Bank's Audit Committee and the Board of Directors.

Presidency of Internal Control

Internal Control - in order to ensure that the Bank's activities are executed in conformity to the established targets and principles and the policies, methods, application instructions and limits determined by the management in a regular, productive and efficient manner, within the framework of regulations and rules - is responsible of designing, developing, implementing, and administering the internal controlling activities, of monitoring and evaluating activities within this context, and reporting the results to the Top Management. Thus, it ensures that the Internal Control Systems of Albaraka Türk function in a regular, efficient and secure manner through risk-focused and interactive control activities performed in the Head Office Units and Branches, by means of both centrally designed and on-site controls of the Internal Control Staff.

In compliance with audit plan of the year 2008, 37 branches and 3 head office departments were audited on-site.

The findings, opinions and suggestions of these internal control activities are initially shared and evaluated by those that perform audited activities. This way, not only are the necessary complementary and preventive measures adopted and implemented in a fast manner, but also proper and applicable solutions that promote the processes and activities are put into practice. All these tasks are monitored and evaluated closely and constantly by those members of the staff that carry out the activities as well as the internal controllers.

The staff appointed to Internal Control, who perform their Office independently and impartially, have sufficient professional knowledge and experience.

The results of Internal Control activities are periodically evaluated by the Bank's Audit Committee and the Board of Directors.

AUDIT COMMITTEE REPORT

Presidency of Risk Management

Activities of the year 2008 are realized in conformity with risk management policies and application instructions.

It is seen that in 2008, risk management policies and risk limits determined for those quantifiable risks faced by our Bank have generally been conformed to.

For the purpose of internal ratings-based measurement of credit risk which was the most serious risk exposed among the functional activities of the year 2008, studies started together with consultancy firm are proceeding. The model covers small enterprises, commercial and corporate segment firms.

Additionally, risk measurement models are used for test-purpose in order to calculate market risk with other than standard method which is currently used for measuring and reporting market risk. With backtesting applications, deviations between actual values and daily VaR values, predicted by risk measurement models, are determined for the purpose of testing accuracy and performance of these models. Potential strength of portfolio against to unexpected risks is measured with stress tests including stress scenarios. It is monitored that whether market risk of our Bank is within in the legal limits or not.

The majority of the data received from the IT systems of our Bank with regards to risks is seen to be in accordance and consistent with the actual activities, and follows a progress parallel to the objectives. The information and documents on which the reports obtained from the IT systems are subject to constant control both by the managers of the related divisions and by the Board of Inspectors and Internal Control.

Projects are implemented in order to increase the sensitivity and efficiency of the risk reporting system to changing conditions.

Our Bank which is conscious of building a strong structure in terms of asset quality, liquidity, capital adequacy, risk management and internal control, is carrying on its activities planned in its road map according to road map of Banking Regulation and Supervision Agency for transition to Basel II. The developments in this regard have been conveyed to the Banking Regulation and Supervision Agency as progress report.

The staff appointed to Risk Management, who perform their task independently and impartially, have sufficient professional knowledge and experience.

Risk management activities are evaluated periodically by the Audit Committee and the Board of Directors.

Mitat Aktaş
Member of Audit Committee

Hamad Abdulla A. Eqab
Member of Audit Committee

Osman Ahmed Suliman
Head of Audit Committee



AUDIT
COMMITTEE
REPORT



AUDIT
COMMITTEE

MANAGERS OF OF INTERNAL AUDIT SYSTEMS

Information concerning the professional experience, duration of service in their positions at our Bank and educational background of the managers of the units within Internal Systems of our Bank is given below:

Full Names	Professional Experience (Years)	Duration of Service at Our Bank (Years)	Field of Responsibility (Years)	Educational Background	Field of Responsibility
İsmail Küçükerdoğan	24	13	6	University	Inspection
Volkan Evcil	18	16	7	University	Risk Management
İlhami Özdemir	12	7	7	University	Internal Control

SUPPORT SERVICE PROVIDERS

Companies providing support services in accordance with the regulations on the provision of support services to banks and the authorization of support service providers are listed below:

Company Name	Type of Service Outsourced
GÜZEL SANATLAR ÇEK BASIM LTD.ŞTİ.	Support services for Cheque Book printing transactions
BANKSOFT Bilişim Bilgisayar Hizmetleri LTD.ŞTİ.	Software and administration services for ATM machines and Bank Cards
REUTERS LIMITED	Support services regarding interbank and international markets foreign currency prices and enabling follow and search market flows and information.
Servus Bilgisayar	One-year maintenance support for IBM iSeries Model No. 520, 570, 270 and 840 Systems and for Ultrium tapes
Medisoft Özel Ssağlık Ve Bilişim Hizmetleri Ltd.Şti.	Consulting service for the infrastructure of Lotus Notes/Domino
Eczacıbaşı Bilişim A.Ş.	E-Foreclosure Administration System and Contract of E-Signature Library Software Licence
Prog-G Bilişim Güvenliği ve Araştırma San.Tic.Ltd.Şti.	Support for detailed auditing/testing on open access security over internet and determining the security gaps of these systems if exists.
Hewlett-Packard Teknoloji Çözümleri Ltd.Şti.	Support services for HP Servers
Biltam Mümessillik Dış Tic. Ve San. A.Ş.	7x24 component maintenance on Vanguard devices
Borusan Telekom ve İletişim Hizmetleri	Hardware support services
Doruk İletişim ve Otomasyon San. Ve Tic.A.Ş.	Internet access service via intracountry rented circuit of Doruknet
Global Bilişim Yazılım Danışmanlık Ve Tic. Ltd. Şti.	EFT interface maintenance
Global Bilişim Yazılım Danışmanlık Ve Tic. Ltd. Şti.	SKAY/400 Software support service for SWIFT interface
Eastern Networks Çözümleri Tic. A.Ş.	SWIFT Alliance support service
S.W.I.F.T S.C.	Support Service for Foreign Currency Transactions Support service for interbank Turkish Lira transfers in Turkey
PROVUS Bilişim Hizmetleri A.Ş	Clearing, provision and operational services for credit cards



AUDIT
COMMITTEE



TRANSACTIONS OF THE BANK WITH THE RISK GROUP OF WHICH THE BANK IS A MEMBER

Transactions of the Bank that are carried out with its Risk Group of which it is a member includes all banking operations under market conditions and in normal bank-to-client affairs, compatible with the prevailing Bank's Act. Detailed explanation can be found in Section 5 of "31 December 2008 - Unconsolidated Financial Statements and Independent Auditor's Report", under footnote - VII.

CORPORATE GOVERNANCE COMPLIANCE REPORT



CORPORATE GOVERNANCE COMPLIANCE REPORT

1. Declaration of Compliance to Corporate Governance Principles

Albaraka Türk Participation Bank (Albaraka Türk) complies with the Corporate Governance Principles which were adopted and declared by the Capital Markets Board (CMB) to the general public under decision nr. 35/835, dated 04 July 2008 and observes these principles. The Bank has enriched the contents of its annual report and its web site in compliance with the framework of these principles.

It has continued activities aimed at faster access of shareholders to more information.

Shareholders have gained the opportunity to benefit from the Albaraka Türk's web site more comprehensively after the design and content of the web site was improved in 2007.

Activities that are related to the framework of Corporate Governance Principles were also included in this web site.

PART I - Shareholders

2. Investor Relations Unit

The Investor Relations Unit was established in the year 2007 in order to respond to the inquiries of shareholders in a correct and timely fashion. The staff and contact information of this Unit is as follows:

NAME AND SURNAME	POSITION	PHONE NR.	E-MAIL ADDRESS
Melikşah UTKU	Manager	+90 0212.274.99.00/1158	mutku@albarakaturk.com.tr
Adem KARAKELLE	Vice Manager	+90 0212.274.99.00/2200	akarakelle@albarakaturk.com.tr
Seyfullah DEMİRLEK	Associate	+90 0212.274.99.00/2211	sdemirlek@albarakaturk.com.tr
Ferdi Aydın ŞENAYDIN	Associate	+90 0212.274.99.00/2212	fsenaydin@albarakaturk.com.tr

All inquiries whose answers do not fall under the category of commercial secret are handled by this unit, keeping in mind the principle of equality among shareholders and thus, a continuous line of communication is maintained between the management and the shareholders.

Financial tables mentioned in the legislation were collected from the relevant departments on a quarterly basis and within the time limits specified by the law and were disclosed primarily through the Capital Markets Board (CMB) and Istanbul Stock Exchange (ISE).

Press releases are prepared in relation to the quarterly period for which the financial tables are published and presentations are prepared for the purpose of informing the investors. These are subsequently published on the web site.

A total of twenty five special material disclosures was made to the ISE in 2008.

A total of thirteen investors visits, three of the visits was abroad, were conducted by the participation of Investor Relations Unit staff and the top management.

Within 2008, A total of forty meetings were made both with domestic investment companies and international investment funds. Additionally, inquiries from investors and analysts were replied via telephone and e-mail correspondence.

3. Shareholders' Right to Access Information

The Bank protects the rights of the shareholders related to information access, investigation, participation in general assemblies, voting, obtaining dividends and minority rights. No discrimination is made among the shareholders in relation to the utilization of information access rights of the shareholders in accordance with the Turkish Banking Law and related legislation. All kinds of information necessary for an equal treatment of all shareholders, their ability to exercise their rights and to make their investment decisions are availed.

All sorts of inquiries related to Albaraka Türk are answered by the Investor Relations Unit through e-mail and telephone correspondence and through conducting of one-to-one or group meetings with existing or potential investors and bank analysts.

Albaraka Turk has two separate Investor Relations web sites, both in English and Turkish. These internet sites are accessible from the URL's below:

- Turkish investor relations site <http://www.albarakaturk.com.tr/YTRM/>
- English investor relations site <http://www.albarakaturk.com.tr/ENG/YTRM/>

The web site provides information regarding the shares, introductory corporate data, periodically released financial and annual reports, social responsibility projects, electronic presentations explaining the developments in the Bank, and announcements about the latest developments related to the Bank.

Special material declarations related to changes related to the rights of the shareholders are submitted to the ISE.

Appointment of special auditors as an individual right has not been established in the Articles of Incorporation of the Bank and no request has been received until this time related to any such special auditor appointment.

4. Information on General Shareholders' Assembly

The General Shareholders' Assemblies are conducted within the framework of the Banking Law, the Turkish Commercial Law and Capital Markets Law. The Ordinary General Shareholders' Assembly was convened on 20 March 2008. The Ordinary General Shareholders' Assembly was convened with a representation of 62.74 % and all shareholders expressing their intention to participate in these meetings were able to do so.

The invitations to shareholders to participate in the General Shareholders' Assemblies are published at the İstanbul Stock Exchange and the Trade Registry Gazette as well as newspapers distributed all over Turkey two weeks before the assemblies.

Additionally, the invitations are published at the Bank's web site and are also sent by registered mail to shareholders available in the share register and to shareholders who have previously presented documents certifying their share ownership and addresses, along with the newspapers where the meeting agenda and announcement were published.

The shareholders can exercise their right to make inquiries at the General Shareholders' Assemblies and all such inquiries are handled. No inquiry other than those which were included in the agenda was made during any of the meetings that has taken place in this period. There is no limitation in the Articles of Incorporation related to the adoption of decisions related to purchase, sale or renting of properties in the General Shareholders' Assemblies.

According to the provisions of the Articles of Incorporation, voting by proxy is possible. According to article 29 of the Articles of Incorporation, shareholders can either exercise their right of voting directly at the General Shareholders' Assemblies or can exercise this right through another person who is not necessarily a shareholder.

Decisions adopted at the General Shareholders' Assemblies are announced to the shareholders through the Bank web site. Duties related to compliance with the Articles of Incorporation and internal regulations of the Bank while exercising shareholder rights and ensuring the exercise of such rights are performed by the Investor Relations Unit.





CORPORATE GOVERNANCE COMPLIANCE REPORT

5. Voting Rights and Minority Rights

There are no privileges vested in the shares of the Bank. The distribution of capital as of 31 December 2008 is as follows:

CAPITAL DISTRIBUTION OF THE BANK AS OF 31 DECEMBER 2008

Shareholder Type	Share amount (TRY)	Share (%)
Foreign Shareholders	178.986.921,00	66.42
- Albaraka Banking Group	145.686.689,00	54.06
- Islamic Development Bank	21.132.926,00	7.84
- Alharthy Family	9.314.628,00	3.46
- Others	2.852.678,00	1.06
Local Shareholders	33.524.992,00	12.44
Public Shares	56.988.087,00	21.14
Total	269.500.000,00	100.00

The capital structure is published on the web site of the Bank. There is no provision enabling the exercise of cumulative voting right in our Articles of Incorporation as of now.

6. Profit Distribution Policy and Time Schedule

There is no privilege in relation to profit distribution to the shareholders. Every shareholder gets his/her share from the distributed profits in proportion to his/her own share. The profit distribution is handled in accordance with the Turkish Commercial Law and relevant regulations of the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board (CMB). The profit distribution takes place within the time schedule specified by the law. The profit distribution is explained in a more detailed manner in the articles 46 and 47 of the Articles of Incorporation of the Bank, published on the Bank's internet site.

7. Transfer of Shares

According to the article 11 of the Articles of Incorporation, registered shares can be transferred without the approval of the Board of Directors in accordance with the Capital Markets Law, the Banking Law, the Turkish Commercial Law, and Central Registry Agency regulations. Transfer of shares that require approval by Banking Regulation and Supervision Agency (BRSA) in accordance with the Banking Law can be transferred only after obtaining this approval. Share transfers that are made without obtaining the necessary approvals will not be registered in the share register. In case no approval is obtained from afore-mentioned Board, the partners acquiring such shares cannot benefit from any right other than dividend payments.

PART II - Public Disclosure and Transparency

8. Company Disclosure Policy

Our bank acts within the framework of principles of fairness, correctness, neutrality, coherence and timing with respect to disclosure of information to shareholders and other stakeholders.

Disclosures and announcements as part of this policy are promptly made for all developments concerning our Bank's rights and benefits and for developments that might cause important changes in the financial situation and/or activities of our Bank.

However disclosed information can not include any information that might have negative consequences on the Bank, our shareholders and other stakeholders by hindering competition and can not be in the context of commercial secret.

Public disclosure can also be conducted, not only through special material disclosures, but also through press statements in times of need. Information and meeting requests of the shareholders and other stakeholders are assessed within the framework of our Bank's information policy and all information shared in this way could only be within the scope of previously disclosed public information.

The bank's financial tables are announced in accordance with regulations of the CMB and the BRSA.

Financial table announcements and Special Material Disclosures are handled by Investor Relations Unit.

9. Special Material Disclosures

In accordance with the CMB's "Communiqué Related to the Disclosure of Special Events to the Public", twenty five such disclosures were made in 2008. Neither the CMB nor the ISE requested any additional explanation regarding these announcements. The Investor Relations website has a separate section for special material disclosures.

No sanctions have been made by the CMB due to not disclosing required information or late disclosure.

10. Website of the Company and Its Contents

Albaraka Türk Participation Bank has two separate websites, one in Turkish and the other in English. The websites are accessible from www.albarakaturk.com.tr

Within the framework of public disclosure and information policies, our Bank's website has been restructured in the purpose of rendering easily accessible information under the section of Investors Relations. All information required in the CMB Principles of Corporate Governance, Part II, Article 1.11.5 is disclosed on our website.

Under the Investors Relations title, Trade Registry Information, Share Information, Board of Directors, Articles of Incorporation, Annual Reports, Financial Tables and Rating Reports, Minutes of Meeting and List of Attendants, Sample Power of Attorney, Ethic Principles for Banking, Information Policy, Institutional Policy on Anti-Money Laundering, Stock Performance has been depicted. Information on our vision and mission is also present on our website. Necessary security measures have been taken to prevent unauthorized changes to the information given on the website.

11. Disclosures of Real Person(s) Holding Controlling Shares

No real person holding controlling shares exist among the shareholders of the Bank. No real person shareholder holds shares constituting of more than 5% of our equity. Shareholding structure is given both in the annual reports and on our website.

12. Public Disclosure of People who are in a Position to Acquire Insider Information

People who are in a position to acquire insider information are listed on our website under Investor Relations section.





CORPORATE GOVERNANCE COMPLIANCE REPORT

PART III - Stakeholders

13. Informing Stakeholders

Stakeholders of Albaraka Türk receive information on issues that may be of interest to them. This information is provided through special event announcements sent to the ISE, newspaper announcements, meetings, Q&A and the Bank's website.

14. Participation of Stakeholders in Management

The principle adopted for the participation of stakeholders in management is to make arrangements parallel to the related legal provisions.

15. Human Resources Policy

As the pioneer institution in its sector, Albaraka Türk is preferred by fresh university graduates as well as professionals because of its institutionalized structure, personnel rights and training opportunities. Our human resources policy is based upon the principles of establishing healthier working conditions, improving team-work, improving skills and productivity of employees through training programs, fair wage systems and placement of qualified personnel in all positions.

Training Opportunities: All employees joining our team are subject to an orientation (training) program which aims at familiarizing them with the institutional atmosphere. Training programs are also organized for experienced staff. Classroom trainings mostly covering related staff are given almost half of the year. Contents of the training programs are determined in conformity with the attendants' technical responsibilities and their career planning.

Employee Personal Rights: In addition to the monthly salary, employees receive a bonus of 3 times a year. Furthermore, there are foreign language allowances, financial contributions on social occasions (like wedding, birth, house relocation, suits to be worn at work) and also free daily facilities (like catering services in house and transportation to and from home). Besides the national insurance and pension system "SSK", Albaraka Türk meets the medical expenses of its staff and their family members, within certain limits, based on a deal realized with a private insurance company.

Career Opportunities: Every employee who completed due working periods as defined by the Personnel Regulation of Albaraka Türk, can take exams for promotion. The conditions for promotions are successful exam results, positive assessment of his/her overall performance and a clean disciplinary record. Training programs attended by the employees are also taken into account in promotions.

Social Activities: Some outdoors activities like sport tournaments, trips, theaters, dinners, etc. are organized in order to help employees increase solidarity among themselves and develop a sound team-work spirit.

16. Information on Relations with Customers and Suppliers

Albaraka Türk always aims at achieving customer satisfaction with the products and services it provides. In order to achieve high quality of products and services; work flow charts, work process definitions, and instructions have been set up and announced to all employees through the bank's intranet.

Customers can submit their complaints and questions about Albaraka Türk's products and services by:

- Calling our call center on 444 5 666
- Using 'You Ask, We Solve' Module on the website (www.albarakaturk.com.tr)
- Sending e-mails to soruncozelim@albarakaturk.com.tr
- Filling the Customer Forms available at all the branches
- Sending faxes to +90 (212) 354 23 43

- Writing directly to the Head Office.. Another performance criteria designated stakeholders' group by Albaraka Türk is the suppliers. The Bank takes into account the factors mentioned below when selecting the suppliers of outsourced products and services:
- References
- Examples from the suppliers' previously conducted work.
- Proficiency and technical efficiency of supplier at its profession
- Cost

The bank shares its performance criteria with its suppliers so as to establish a mutual understanding. The bank provides equal opportunities to all suppliers and it also follow up the suppliers' performance whether they comply with the social standards.

The bank keeps the information of its customers and suppliers within the context of trade secrets.

17. Social Responsibility

The management of Albaraka Türk Participation Bank, with the goal to improve the quality of life for the society within the framework of social responsibility principles, contributes to the development of the economy; complies with the laws and follows policies that are respectful with all business lines and to the environment whilst continuing its activities so as to increase the bank's value.

In this regard, we kept continuing to support projects in the field of communications with social and cultural objectives in 2008. In fact, Albaraka Türk, which sponsors award-winning products and documentaries, has undertaken the sponsorship of a documentary, "Türkiyenin Ruhu: Cemil Meriç Belgeseli", about Cemil Meriç who is one of the most important men of thought in Turkish History. In these documentary, least known details of Cemil Meriç was brought out along with new documents and information about his life.

In addition to these, one of Albaraka Türk's cultural projects which shed light on the history; Hicaz Railway Photograph Album (first addition published in 1999) was exhibited at the Haydarpaşa and Ankara Railway Stations on the occasion of the Hicaz Railway's 100th opening anniversary. Albaraka Türk took place in sponsorship of this exhibition.

A selection of photographs from Albaraka Türk's Photography Contest on the concept work of 'Alinteri'(Labor) that was held in 2007 was exhibited at the Sirkeci Railways Station and Memorial Hospital.

Moreover, with an aim to promote the classical art of calligraphy and to support calligraphers that produce works in this field, we organized a Calligraphy Contest for the second time wherein a great number of calligraphers took part in from twenty different countries, as results of which 17 works of calligraphy out of 172 were awarded prizes in 5 different categories. 23 work of calligraphy were also awarded incentive prizes. Again, an award ceremony was held at the Esma Sultan waterside house and these works were exhibited at the Museum of Ayasofya. A catalogue was also prepared wherein all the prize winning works are to be found.

In addition to these endeavors, we have been publishing story books for children at certain intervals every year, which are distributed through our branches. As such, we have published 18 children's books so far, three of which was published in 2008.

Albaraka Türk also makes regular donations to our Bereket Foundation every year, which gives scholarships to University students.



CORPORATE
GOVERNANCE
COMPLIANCE
REPORT



CORPORATE GOVERNANCE COMPLIANCE REPORT

CHAPTER IV - The Board of Directors

18. Formation and Structure of the Board and Independent Members

The Board of Directors of the Bank consists of the Chairman, Adnan Ahmed Yusuf ABDULMALEK; Vice Chairman, Yalçın ÖNER; Resident Executive Member, Osman AKYÜZ; Member, İbrahim Fayeز Humaid ALSHAMSI; Member, Osman Ahmed SULIMAN; Member, Faisal Abdulaziz Al ZAMEL; Member, Ekrem PAKDEMİRLİ; Member, Mitat AKTAŞ; Member, Hamad Abdulla A.EQAB; Member, Fahad Abdullah A.ALRAJHİ; Resident Executive Member and the General Manager, Dr. Adnan BÜYÜKDENİZ.

Board Members are elected for a term of maximum three years according to Article 15 of the Articles of Incorporation. Members whose office terminates can be elected again. General Manager of the Bank is a natural member of the Board.

The Board Members are restricted with the rules stipulated in Turkish Commercial Law and relevant charters and regulations with respect to their working for and running other operations or businesses outside the Bank. The Bank abides by these principles.

19. Qualifications of Board Members

The minimum requirements for electing Board Members of the Bank are in compliance with Chapter IV of the Corporate Governance Principles of the Capital Market Board, articles 3.1.1, 3.1.2 and 3.1.5. Rules on this subject can be found in the Articles of Incorporation of our Bank. We do not have Board member who is not in compliance with the minimum qualifications that were listed in the said Corporate Governance Principles.

20. Strategic Targets, Mission and Vision of the Bank

Our Board has clearly established the mission, vision and strategic targets of Albaraka Türk as specified in this annual report.

In the Articles of Incorporation of our Bank, it is written that the duties and responsibilities of Board members are specified in accordance with articles of the Turkish Commercial Law and the Banking Law.

Our Board monitors the development of the Bank to see if these are in line with the strategic targets of the Bank, and evaluates the performance of the Bank. Annual budget and strategic plan of the Bank is approved by the Board. The Board closely monitors the budget and compares it with actual performance, collects information about the deviations and follows up decisions taken. If there are important deviations from budget given changes in the market conditions, the budget is revised and submitted to the approval of the Board again.

21. Risk Management and Internal Control Mechanism

The Board has a responsibility of establishing and providing compatible, adequate and effective systems on internal control, risk management and internal auditing as foreseen by the Banking Law for the purpose of monitoring and controlling risks emerging from operations.

The Board is responsible for establishing risk management policies and strategies. These policies are revised and evaluated periodically in Board meetings according to prevailing market conditions.

The General Manager is responsible from ensuring that departments of Bank operate in accordance with the specified policies and strategies about risk management as determined by the Board. Necessary controls are also made to ensure competency with the policies and strategies by means of regular internal control and audit.

The Board of Albaraka Türk Participation Bank takes an important part in the processes of risk management by tracing policies and strategies on consolidated and unconsolidated basis, setting up limit systems and procedures in the bank.

22. Authorities and Responsibilities of Board Members and the Top Management

Bank Management is detailed in the second part of the Articles of Incorporation of the Bank. In this section authorities and responsibilities of managers and Board members (directors) are described. According to this section; The Board, which has the authority to administer (manage) and represent the Bank with respect to the Banking Law, the Capital Market Law, the Turkish Commercial Law and other related legislations, as well as the Articles of Incorporation of the Bank, can take decisions on every matter which does not specifically require the resolution of the General Shareholders' Assembly.

23. Basis of Board Operations

There is a secretariat in the Bank for informing and providing communication with Board members.

The Board holds its meetings in the head office of the Bank when the Chairman calls for a meeting. Every member may ask the Chairman in writing to convene a meeting. Apart from head office of the Bank, the Board may meet anywhere as long as the meeting place lies in the boundaries of Turkey and all members or their representatives are present in the meeting.

Based on circumstances and interests of the Bank the Board may meet outside Turkey, provided that a minimum of two-thirds majority of its members are present in the meeting personally. About matters which are explained in the Chapter-IV article- 2.17.4 of the Corporate Governance Principles of the Capital Market Board, its members must attend to the meetings personally.

Minimum two-thirds majority of the members must attend the Board meetings to ensure a meeting is legally valid. Decisions are made with majority voting of Board members (directors).

According to the Banking Act, the Capital Market Law, the Commercial Codes and related legislations, Board decisions must be signed by the members attending the meeting, within one month, and must be saved in a book having sequentially numbered pages, with the date and number of the meeting, leaving no gaps or bulges between the lines of the resolutions. The said book must have been stamped according to rules on registration books as defined in the Turkish Commercial Law.

Members opposing a resolution may ask for their opposition notes to be written on the decision. A resolution is valid only if signatures of Directors are put on the text of decisions.

24. Prohibition of Competition against the Company or Transactions with It

Permission is necessary for the Chairman and members of the Board about competing against the Company or having transactions with it, excluding prohibited matters that were explained in the Banking Act and the Turkish Commercial Law, from the General Assembly according to articles 334 and 335 of the Turkish Commercial Law.

25. Ethical Rules

With the Board decision number 693, our Bank has adopted the "Ethical Rules for Banks" approved by the Association of Participation Banks, in our operations. The Bank conducts its operations with respect to operational principles of the Bank that conform to the said ethical rules in its relations and transactions with all stakeholders. The details of the Bank's seven main principles of ethical business (i.e. honesty, impartiality, reliability, transparency, observing public interest and environment, anti money-laundering, preventing insider's trading) are published on its web site.

26. Board Committees: Their Number, Structure, and Independence

In compliance with the legislation, there is an Audit Committee in Albaraka Türk Participation Bank which consists of three Board members. This committee reports to the Board and assists the Board in accomplishing its auditing and controlling functions. It is responsible of monitoring the operations of internal systems, accounting and reporting systems of the Bank.

Parallel to the common legal practice in the banking industry there is a Credit Committee in the Bank which consists of the General Manager and two Board members, in charge of the credit approval process. The Credit Committee is the last level of credit allocation process in the Bank which decides for credits by analyzing the proposals according to criteria given in the legislations, banking practices, targets and credit policies of the Bank, after the approval of General Management.





There is a Corporate Governance Committee which consists of the two Board members. This committee monitors, assesses the bank's compliance with corporate governance principles and offers suggestions to the Board of Directors. The committee ascertains that the bank conforms to the corporate governance principles. If conflicts of interests occur due to poor practice of the corporate governance principles, the committee offers suggestions for the solution of the problem to the Board of directors. Moreover, the committee works on setting out strategies for a transparent system in identification and assessment of candidates for the Board of Directors posts.

There is a remuneration committee which consists of two Board members. This committee is responsible for establishing a balanced distribution system of the benefits and rights among the shareholders and the board of directors, senior managements; the bank's employees. The committee also aims to ensure that the board of directors, the senior management and the bank's employee are awarded in proportion to their contribution to the bank's value addition.

27. Fiscal Rights of the Board

According to article 24 of the Articles of Incorporation, "The General Assembly of Shareholders decides the amount of general allowances, per-diems, wages, bonuses, premiums and other payments to be made to the chairman, vice chairman, and other members of the Board."

Apart from those approved by the General Assembly, there are resolutions about other costs of every Board member to be covered by the Bank like per-diem payable against every meeting attended (the amount of which is determined by the Shareholders' Assembly), and the transportation and full-board accommodation costs in approved hotels.

The Bank has not given any credit (retail or otherwise), debt, and any kind of guarantee (like letters of guarantee) to or on behalf of any of the Board Member and managers.

FINANCIAL INFORMATION AND RISK MANAGEMENT



Evaluation on the Financial Situation, Profitability and Capacity to Pay Loans:

Despite the global financial crisis that severely affected financial markets in 2008, Albaraka Türk achieved to increase its total assets by 30 % year-on-year to TL 4,789 million in 2008. Continuing to provide financial support to the real economy, the Bank increased its total credits which accounts for 78 % of total assets, by 32 % year-on-year to TL 3,758 million.

The most important source of funds among liabilities; collected funds reached to TL 3,985 million as end of 2008 by a 33 % increase compared to previous year. Albaraka Türk has kept its strong capital structure, the Bank's total equity increase 20 % year-on-year to TL 638 million in 2008 therein high profitability made a great contribution. Thus, the Bank's capital adequacy ratio was 18.2 % as end of 2008.

Risk Management Policies according to Risk Types

The objective of the Risk Management System of our Bank is to ensure the definition, measuring, monitoring and controlling of the encountered risks by means of the policies, implementation methods and limits that have been determined to monitor, control and when necessary change the risk-income structure including the future cash flows and, accordingly, the quality and level of the activities.

The ultimate target of our Risk Management System is to allocate our functional activities sufficient capital (economic capital) consistent with the risks they bear and to maximize capital returns adjusted for risk, thus increasing the value added.

In our Bank's activities for transition into Basel II, the Roadmap of the Banking Regulation and Supervision Agency (BRSA) has been taken as a reference according to which the Roadmap of our Bank has been prepared. It has been aimed that this Roadmap be dynamic and consistent with the updates in the roadmap of BRSA.

The Risk Management Presidency, which has been organized within the framework of the regulations concerning Risk Management, fulfills the activities of measuring, monitoring, controlling and reporting risks.

The Assets/Liabilities Committee (ALCO), which convenes under the General Manager with the participations of the Assistant General Managers and the Managers of the related divisions, manages the structure of the assets vis-à-vis liabilities by evaluating the domestic and global economic conditions concerning collecting and allocating funds in the direction of the risk management policies of our Bank.

Essentially, our Bank is exposed to market, liquidity and credit risks, the strategic risk, the risk of reputation, and operational risk.

For the quantifiable risks faced by our Bank, risk policies, implementation methods and risk limits are determined and endorsed by the Board of Directors. The said limits are monitored and reported by the internal systems departments and by the related bodies of the Bank, thus ensuring that the risks remain within determined limits.

Market Risk

The Market Risk signifies the probability of possible losses that may arise from the effect of the fluctuations in exchange rates to our Bank's assets and liabilities held in different foreign currencies within and off the balance sheet and the probability of loss our Bank is likely to incur due to the price movements in the stocks held by our Bank.

Foreign exchange rate risk or foreign currency position risk portion of our market risk is defined as the negative impact on the Bank's income, and accordingly, in the equity, cash flows, quality of assets and consequently in our Bank's capacity in fulfilling its commitments, of the unexpected changes in exchange rates due to the foreign currency position of the balance sheet of the Bank. Similarly, stock position risk is defined as the negative impact on the Bank's income, and accordingly, in the equity, cash flows, quality of assets and consequently in our Bank's capacity in fulfilling its commitments, of the unexpected changes in prices of the stocks held in the balance sheet of the Bank.

Within the coverage of market risk, our Bank calculates the foreign currency position risk and the stock position risk, as well as specific risks associated with market risk, by using the standard approach and reports to it the authorities accordingly on a regular basis. Additionally, for test-purpose, foreign currency position risk of our Bank is measured by internal models. With backtesting applications, deviations between actual values and daily VaR values, predicted by internal models, are observed in order to control accuracy and performance of these models. Potential strength of portfolio against to unexpected risks is measured with stress tests including stress scenarios.

Whether the market risk of our Bank is in conformity with legal regulations and the determined limits is constantly monitored.

Our foreign currency risk is discussed and evaluated at every Assets/Liabilities Committee meeting and our foreign currency strategy is based on holding this risk constant by holding to square foreign currency position (i.e. no short or long positions are taken).

Liquidity Risk

The liquidity risk is the situation whereby, as a result of any imbalances in the cash flows, there is a potential for not being able to meet the Participation Funds which have matured or other due liabilities in a timely manner due to shortage of liquid funds.

Liquidity risk could be caused by such factors as maturity mismatch, deterioration in the quality of assets, unexpected funding outflows, erosion in profitability levels and economic crisis.

In order to manage liquidity risk, the Bank monitors the cash flows on a daily basis and takes preventive and improving measures taken so that commitments are met duly in time. The liquidity risk is also evaluated by ALCO on a weekly basis.

Our Bank applies a policy whereby liquid assets are kept in sufficient volumes and qualities in consideration of the minimum liquidity ratios determined by the related regulations and the liquidity experiences of the past in order to meet any liquidity requirement that could arise with unexpected volatilities in the markets.

Our Bank calculates the liquidity risk by using the standard approach on both weekly and monthly bases, and reports the findings to the authorities.

Credit Risk

Credit risk is defined as the probability of losses to the bank due to customers failing to partially or completely pay their commitments to the bank in a timely manner, in violation of the provisions of their credit contracts. This risk also contains any losses in the market value of the customers due to any deterioration in the financial position of the customer. The definition of credit risk includes not just the portfolios within the balance sheet, but also those kept off balance sheet.

The authority to approve credits belongs to the Board of Directors at our Bank. The Board of Directors determines the policies concerning the utilization, approval, risk management of the credits and other related management principles. It then ensures the implementation and supervision of these policies, taking required measures when necessary.

The Board of Directors has transferred some of its authority in approving credit lines to the Credit Committee and General Management within the framework of the procedures and principles determined by the legal provisions. The General Management uses that authority to utilize credits by means of the credit departments and Bank branches.

At our Bank, credit allocations are realized within those limits that are determined on the basis of each debtor and group of debtors.

It is systematically not possible for customers to exceed the predetermined and approved limits.

Close attention is paid to prevent any sector concentration that might impair the health of the credit portfolio.

Utmost care is given to the prevention of risks concentrating on a small number of customers.

Credit risks are constantly monitored and reported by the internal systems units and risk management bodies.

Credit risks are ensured to be in conformity to credit risk management policies and implementation methods.





Operational Risks

At our Bank, an operational risk is a risk of loss caused by insufficient or unsuccessful internal processes, by persons and systems or external events, wherein the legal risks and compliance risks are included while the strategic and reputational risk are excluded.

Operational risk present in all activities of the Bank. It could arise from errors of the staff or the system, from such transactions as may have been made based on insufficient or incorrect legal information or documents, due to impediments in the flow of information between the divisions in the organizational structure of the Bank, due to uncertainties in the definition of limits of authorities or from structural and/or operational changes, natural disasters, terror and frauds, etc.

At our Bank operational risks are classified into five groups according to their sources: staff risks, technological risks, organizational risks, legal and compliance risks and external risks.

The required measures have been taken by our Bank to maintain operational risks at acceptable levels.

Other Risks

The other risks that our Bank could encounter include strategic and reputational risk.

Strategic risks are those that are caused by making wrong decisions at wrong times.

In order to avoid and/or control strategic risks, our Bank's Risk Management System is prepared for such changes as may have crucial impact on its activities, Bank's position and strategies, such as changes in the economic, political and socio-political conditions as well as in laws, regulations and similar arrangements. These have been incorporated into the Bank's emergency and business continuity plans.

The reputation risk is inclusive of events and situations that are likely to negatively affect the trust put in and the image of the Bank or to decrease the Bank's value, possibly caused by all kinds of services, activities and relations of the Bank.

For the risk of reputation to be avoided and/or controlled by the Bank's Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Bank's reputation or image is detected. Preparations are made for the worst-case scenarios in advance.

In the evaluation of the reputation risk, the relationship, level and impact of operational risks to the reputation risk are also taken into account.



RESULTS OF RATINGS BY FITCH RATING AS OF AUGUST 2008

Foreign Currency		Local Currency	
Long Term	BB-	Long Term	BB-
Short Term	B	Short Term	B
Outlook	Stable	Outlook	Stable

RATINGS OF
INTERNATIONAL
RATING COMPANY
FOR ALBARAKA TÜRK

AUDITORS' REPORT

**TO: PRESIDING COUNCIL OF THE GENERAL ASSEMBLY,
ALBARAKA TÜRK PARTICIPATION BANK A.Ş.**

NAME OF THE COMPANY : ALBARAKA TÜRK KATILIM BANKASI A.Ş.
HEAD OFFICE : İSTANBUL
CAPITAL : TL 269,500,000.- (Two Hundred Sixty Nine Million Five Hundred Thousand Turkish Lira)
FIELD OF ACTIVITY : Collecting participation funds; disbursing credits in line with banking regulations; executing all banking services defined in related regulations and its Articles of Incorporation.

AUDITOR'S
REPORT

Name(s) of auditor(s); his/their term of office; whether he is shareholder or not : Arif VURAN (not shareholder), Memduh COŞKUNER (not shareholder), Seyfettin YENİDÜNYA (not shareholder) (They were appointed by the General Assembly on 20.03.2008 for a term of office of 3 years.)

Total number of meetings held among auditors, and the Board meetings participated to : 11 (eleven)

Depth and dates of audits conducted on the books, documents and accounts of the Company; findings and results : On certain days of every month cash, cheques and receipts have been counted. Entries and documents were scanned on random sampling basis. We did not encounter with any misdeed. There was not any issue evoking criticism.

Total number of counts of liquid assets that were present in the main cash-box of the company, according to Turkish Commercial Law article-353, para-1, section-3; and findings : 16 (sixteen) times we have counted them, and, found no misdeed at all.

Dates of audits conducted in accordance with Turkish Commercial Law nr.353, para-1, section-4; and findings: : On certain days of every month books of the company were audited. All types of valuable documents and negotiable instruments were found to be consistent with the records of the company.

Complaints and misdeeds relayed, and actions taken: : We have not received any complaint or claim of misdeed.

We have examined the accounts and transactions of Albaraka Türk Participation Bank A.Ş. for the period between 01.01.2008 and 31.12.2008, in accordance with the Turkish Commercial Law, the Articles of Incorporation of the company, other applicable regulations and with generally accepted principles and standards of accounting.

It is our opinion that the attached Balance-Sheet of the company as of 31.12.2008, the contents of which are approved by us, and the Profit & Loss Statement for the period between 01.01.2008 – 31.12.2008, do reflect the true results of activities of this company.

We recommend that the Balance-Sheet and the Profit & Loss Statement of this company should be approved and the members of its Board of Directors acquitted.

Respectfully submitted

COMMITTEE OF AUDITORS

Arif VURAN
[signed]

Memduh COŞKUNER
[signed]

Seyfettin YENİDÜNYA
[signed]



(Convenience Translation of Financial Statements and Related Disclosures
and Footnotes Originally Issued in Turkish)

ALBARAKA TÜRK PARTICIPATION BANK INC.

Unconsolidated Financial Statements
As Of and For The Period
Ended December 31, 2008
Together With Independent
Auditors' Report



INDEPENDENT
AUDITORS'
REPORT



Kapital Karden Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
Member of RSM International

Sıklamen Sokak No: 1
3. Levent 34330 İstanbul
Tel : (0212) 284 39 00
Faks : (0212) 284 39 01
www.kapitalymm.com

ALBARAKA TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
INDEPENDENT AUDITORS' REPORT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008

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

1. We have audited the accompanying financial statements of Albaraka Türk Katılım Bankası Anonim Şirketi (The Bank), which comprise the balance sheet as at December 31, 2008 and the income statement, the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.
2. The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for adopting sound accounting policies in compliance with the 'Regulation on Accounting Applications for Banks and Safeguarding of Documents' published on the Official Gazette no. 26333 dated November 1, 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and statements and guidances published by the Banking and Supervision Agency (BRSA) on accounting and financial reporting principles.
3. Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our audit is performed in accordance with the "Regulation on the Assignment and Activities of the Banks' Independent Audit Firms" published on the Official Gazette no.26333 dated November 1, 2006 and international standards on auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgement by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.
4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Albaraka Türk Katılım Bankası Anonim Şirketi as of December 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with the accounting principles and standards set forth by the regulations in effect as per Article 37 of the Banking Law Number 5411 and the statements and guidances published by the BRSA on accounting and financial reporting principles.

**KAPİTAL KARDEN BAĞIMSIZ DENETİM
VE YMM A.Ş.**
Member Firm of RSM International

İstanbul, February 26, 2009

Lokman Ketenci
Partner
KAPİTAL KARDEN
BAĞIMSIZ DENETİM VE
YEMİNLİ MALİ MÜŞAVİRLİK
ANONİM ŞİRKETİ

Additional paragraph for convenience translation to English:

The accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

Şube:
Mesnevi Sokak No:24/8
Çankaya / ANKARA
Tel.: (0312) 442 09 47
Fax: (0312) 442 09 46

Şube:
İhsaniye Mah.Barbaros Cad.
Can Sokak Pamuk Arslan Apt.
No:2 D.3 Nilüfer-BURSA
Tel.:(0224) 249 53 70
Fax:(0224) 249 73 76

Şube:
Caspian Plaza 8 th Floor
44 Jafar Jabbarlı Street
AZ 1065 Baku/AZERBAIJAN
Tel.:(994)(12) 480 19 56
Fax:(994)(12) 480 19 36

ALBARAKA TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
INDEPENDENT AUDITORS' REPORT AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2008

The Bank's;
Address of the head office : Büyükdere cad. No:78 34394 Mecidiyeköy / İSTANBUL
Phone number : 0212 274 99 00
Facsimile number : 0212 272 44 70
Web page : www.albarakaturk.com.tr
E-mail address : albarakaturk@albarakaturk.com.tr

The Reporting Package, prepared in accordance with "Regulation on Accounting Applications on the Financial Statements to be Announced to the Public and the Accompanying Footnotes and Explanations" as regulated by the Banking Regulation and Supervision Agency, consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- FOOTNOTES AND EXPLANATIONS ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER FOOTNOTES AND EXPLANATIONS
- INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances and are in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying unconsolidated financial statements are presented in thousands of New Turkish Lira (YTL).

Adnan Ahmed Yusuf ABDULMALEK
Chairman of The Board of Directors

Dr. Adnan BÜYÜKDENİZ
Chief General Manager

Fahrettin YAŞI
Executive Vice General Manager

Ahmet OCAK
Financial Affairs Manager

Othman Ahmed SULIMAN
Head of The Audit Committee

Mitat AKTAŞ
Member of The Audit Committee

Hamad Abdulla A. EQAB
Member of The Audit Committee

Information of contact personnel for the questions regarding this report:

Name / Status : Ahmet Ocak / Financial Affairs Manager

Phone : (212) 274 99 00
Facsimile : (212) 354 23 08



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

INDEX

SECTION ONE - GENERAL INFORMATION ABOUT THE BANK

- 66 I. History of the Bank Including Its Incorporation Date, Initial Legal Status, Amendments to Legal Status
66 II. The Bank's Shareholder Structure, Management and Internal Audit, Direct and Indirect Shareholders, Change in Shareholder Structure During the Year and Information on the Bank's Risk Group
67 III. Explanations About the Qualifications of the Chairman and Members of Board of Directors, Members of Audit Committee, General Manager and Assistants, Any Changes in Such Qualifications and the Information about the Bank Shares They Hold
67 IV. Information on the Bank's Qualified Shareholders
68 V. Explanations on the Bank's Service Activities and Operating Areas

SECTION TWO - UNCONSOLIDATED FINANCIAL STATEMENTS

- 70-71 I. Balance Sheet
72 II. Statement of Off-Balance Sheet Contingencies and Commitments
73 III. Statement of Income
74 IV. Statement of Income/Expense Items Accounted under Shareholders' Equity
75 V. Statement of Changes in Equity
76 VI. Statement of Cash Flow
77 VII. Statement of Profit Distribution

SECTION THREE - ACCOUNTING POLICIES

- 78 I. Basis of presentation
78 II. Strategy for the use of financial instruments and foreign currency transactions
78 III. Explanations on forward and option contracts and derivative instruments
79 IV. Profit share income and expense
79 V. Fees and commission income and expense
79 VI. Financial assets
80 VII. Impairment of financial assets
80 VIII. Netting of financial instruments
80 IX. Repurchase and Resale agreements and securities lending
80 X. Assets held for sale and discontinued operations
81 XI. Goodwill and other intangible assets
81 XII. Tangible assets
82 XIII. Leasing transactions
82 XIV. Provisions and contingent liabilities
82 XV. Liabilities regarding employee benefits
83 XVI. Taxation
83 XVII. Funds borrowed
84 XVIII. Shares and share issuance
84 XIX. Confirmed bills of exchange and acceptances
84 XX. Government grants
84 XXI. Segment Reporting
84 XXII. Other

SECTION FOUR - INFORMATION ON FINANCIAL STRUCTURE

- 85-86 I. Capital Adequacy Standard Ratio
87 II. Credit Risk
93 III. Market Risk
94 IV. Operational risk
94 V. Foreign Currency Risk
96 VI. Liquidity Risk
98 VII. Presentation of Assets and Liabilities with Their Fair Values
98 VIII. Transactions in the Name and Account of Third Parties, Fiduciary Transactions
98 IX. Explanations on Segment Reporting

INDEX

SECTION FIVE - FOOTNOTES AND EXPLANATIONS ON FINANCIAL STATEMENTS

99	I.	Explanations and Footnotes on Assets
111	II.	Explanations and Footnotes on Liabilities
118	III.	Explanations and Footnotes Related with Statement of Off-Balance Sheet Contingencies and Commitments
120	IV.	Explanations and Footnotes Related with Statement of Income
125	V.	Footnotes and Explanations Related to the Statements of Shareholders' Equity Movement
126	VI.	Explanations and Footnotes Related with Statement of Cash Flow
127	VII.	Explanations and Footnotes for Related Party Transactions
128	VIII.	Information on the Bank's Domestic, Foreign, Off-Shore Branches and Foreign Representatives

SECTION SIX - OTHER DISCLOSURES AND FOOTNOTES

129	I.	Other Disclosures on Activities of the Bank
-----	----	---

SECTION SIX - OTHER DISCLOSURES AND FOOTNOTES

130	I.	Explanation on the Independent Auditors' Report
130	II.	Explanations and Footnotes Prepared by Independent Auditors



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF YTL)

SECTION ONE - GENERAL INFORMATION ABOUT THE BANK

I. HISTORY OF THE BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS, AMENDMENTS TO LEGAL STATUS :

Albaraka Türk Katılım Bankası Anonim Şirketi (The Bank) was incorporated in 1984 relying on the decision of Council of Ministers numbered 83/7506 and dated December 16, 1983 regarding establishments of Special Finance Houses and obtained an operating permit from The Central Bank of Turkey by letter number 10912 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 mentioned above, has been subject to provisions of Banking Law numbered 4389 by the change in law dated December 17, 1999 and numbered as Law 4491. According to the temporary clause 3 of the Law numbered 4491, an adaptation period of two years was provided to these institutions. However, "Decree on Establishment and Operations of Special Finance Houses" was published by Banking Regulations and Supervision Agency at the Official Gazette dated September 20, 2001 and numbered 24529, and according to the clause 44 of this decree all the clauses were decided to become valid at the date of the publication of the decree except for the clauses whose validity date have been declared separately. The name of the Bank changed as "Albaraka Türk Katılım Bankası A.Ş." with the decision taken on Extraordinary General Meeting dated December 21, 2005 in the framework of Banking Law numbered 5411 published at December 22, 2005 in the Official Gazette numbered 25983 and registered to trade registry records numbered 6461 on December 27, 2005.

II. THE BANK'S SHAREHOLDER STRUCTURE, MANAGEMENT AND INTERNAL AUDIT, DIRECT AND INDIRECT SHAREHOLDERS, CHANGE IN SHAREHOLDER STRUCTURE DURING THE YEAR AND INFORMATION ON BANK'S RISK GROUP

As of the balance sheet date, 54,06% of Bank's shares are owned by the Albaraka Banking Group. The General Assembly of Shareholders has the authority to determine, limit or decrease the duration of the Bank

INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

III. EXPLANATIONS ABOUT THE QUALIFICATIONS OF THE CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, MEMBERS OF AUDIT COMMITTEE, GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS, ANY CHANGES IN QUALIFICATIONS AND THE INFORMATION ABOUT THE BANK SHARES THEY HOLD

APPELLATION	NAME	ADMINISTRATIVE FUNCTION	EDUCATION	SHARE PERCENTAGE (%)
Chairman	Adnan Ahmed Yusuf ABDULMALEK	Chairman	Master Degree	(*) 0,00
Board Members	Yalçın ÖNER	Second Chief of Chairman	Master Degree	0,0006
	Faisal A.M.A. ALZAMEL	Board Member	Master Degree	(*) 0,00
	İbrahim Fayez Humaid ALSHAMSI	Board Member	University Degree	(*) 0,00
	Othman Ahmed SULIMAN	Board Member	University Degree	(*) 0,00
	Osman AKYÜZ	Board Member	University Degree	0,0668
	Prof.Dr. Ekrem PAKDEMİRLİ	Board Member	Doctorate's Degree	(*) 0,00
	Mitat AKTAŞ	Board Member(***)	Master Degree	(*) 0,00
	Hamad Abdulla A. EQAB	Board Member(***)	University Degree	(*) 0,00
	Fahad Abdullah A. ALRAJHI	Board Member (**)	University Degree	(*) 0,00
	Dr. Adnan BÜYÜKDENİZ	Board Member/ General Manager	Doctorate's Degree	0,0199
Assistant General Manager	Fahrettin YAŞI	Head of Assistant General Manager	Master Degree	0,0106
	Temel HAZIROĞLU	Assistant General Manager	University Degree	0,0332
	Bülent TABAN	Assistant General Manager	Master Degree	-
	M. Ali VERÇİN	Assistant General Manager	University Degree	-
Audit Committee	Othman Ahmed SULIMAN	Head of Audit Committee	University Degree	(*) 0,00
	Hamad Abdulla A. EQAB	Member of Audit Committee	University Degree	(*) 0,00
	Mitat AKTAŞ	Member of Audit Committee	Master Degree	(*) 0,00
Auditors	Seyfettin YENİDÜNYA	Auditor	University Degree	-
	Prof. Dr. Arif Ateş VURAN	Auditor	Doctorate's Degree	-
	Memduh COŞKUNER	Auditor	University Degree	-

(*)The share amounts of these persons are between 1-3 YTL(full).

(**)Fahad Abdulla A. Alrajhi has been appointed as board member by decision at the general meeting of shareholders dated March 20, 2008.He has sworn and begun his duty as of July 16, 2008

(***)Mitat Aktaş and Hamad Abdulla A.Eqab have been appointed as board members by decision at the general meeting of shareholders dated March 20, 2008. They have sworn and begun their duties as of March 21, 2008

IV. INFORMATION ON THE BANK'S QUALIFIED SHAREHOLDERS:

Company	Shares	Ownership	Paid in Capital	Unpaid Portion
Albaraka Banking Group	145.687	% 54,06	145.687	-



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF YTL)

V. EXPLANATIONS ON THE BANK'S SERVICE ACTIVITIES AND OPERATING AREAS:

Saving accounts: These are demand deposit accounts, which may be withdrawn whenever requested by the depositor. Holders of saving accounts do not receive any cash return on the fund they keep in the account.

Investment accounts: With this type of account, the investment account holder authorizes the Bank to invest the account holders' funds without laying down any restrictions as to where, how and for what purpose the funds should be invested. Under this arrangement, the Bank can commingle the investment account holders' funds with its own funds or with other funds the Bank has the right to use. The investment account holders and the Bank generally participate in the returns on the invested funds.

The Bank generally utilizes the funds in the following ways:

Trade finance: The Bank purchases goods ordered by a customer from a third party and then sells these goods to the customer. The Bank purchases those goods only after a customer makes an agreement to purchase them from the Bank. The contract is structured as a financing agreement.

Consumer loans: The Bank also provides consumer loans to certain individuals in need of financial support.

Financial leasing: The Bank leases movables and immovables under a contract providing for its retention of ownership as required by Turkish Tax Procedures Code. This contract gives the lessee the right of ownership of leased assets at the end of the lease term. The Bank transfers substantially all the risks and awards incidental to ownership to the counterparty in such financing arrangements.

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

The Bank has been granted the permission to operate in sale and purchase of precious metals as specified in the fourth article of the 'Communiqué Related to Procedures and Principles Related to Sale and Purchase of Precious Metals and Sale of Property and Commodity acquired through sequestration by Banks' with the decision of the BRSA dated September 18, 2008 numbered 2809.

The Bank has been granted the permission to act as intermediary in quick money transfers with the decision of the BRSA dated December 4, 2008 numbered 2928.

The Bank also provides intermediary brokerage services as an agency of Bizim Menkul Değerler A.Ş through its branches.

As of December 31, 2008 Bank has 100 local branches and 1.796 employees.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance sheet
 - Assets
 - Liabilities
- II. Statement of Contingencies and Commitments
- III. Statement of Income
- IV. Statement of income/expense items accounted under Shareholders' Equity
- V. Statement of Changes in Equity
- VI. Statement of Cash Flow
- VII. Statement of Profit Distribution



INDEPENDENT
AUDITORS'
REPORT

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

ALBARAKA TÜRK KATILIM BANKASI A.Ş. BALANCE SHEETS AS OF DECEMBER 31, 2008 AND DECEMBER 31, 2007

(CURRENCY – THOUSANDS OF YTL)

ASSETS	Notes	Audited 31 December 2008			Audited 31 December 2007		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	167,035	216,501	383,536	131,235	201,129	332,364
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/ LOSS (NET)	(2)	2,317	7,768	10,085	2,102	-	2,102
2.1 Trading Securities		2,317	7,768	10,085	2,102	-	2,102
2.1.1 Government Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		-	-	-	-	-	-
2.1.3 Other Securities		2,317	7,768	10,085	2,102	-	2,102
2.2 Financial Assets Valued at Fair Value Through P/L		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Other Securities		-	-	-	-	-	-
2.3 Trading Derivatives		-	-	-	-	-	-
III. BANKS	(3)	320,822	221,937	542,759	311,982	126,327	438,309
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
V. SECURITIES AVAILABLE FOR SALE (Net)	(4)	-	-	-	-	-	-
5.1 Equity Securities		-	-	-	-	-	-
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	(5)	3,654,233	3,028	3,657,261	2,640,616	54,302	2,694,918
6.1 Loans		3,614,186	2,480	3,616,666	2,630,872	54,302	2,685,174
6.1.1 Loans to Bank's risk group		22,994	-	22,994	-	-	-
6.1.2 Other		3,591,192	2,480	3,593,672	2,630,872	54,302	2,685,174
6.2 Loans under follow-up		97,636	8,183	105,819	35,955	6,921	42,876
6.3 Specific provisions (-)		(57,589)	(7,635)	(65,224)	(26,211)	(6,921)	(33,132)
VII. INVESTMENTS HELD TO MATURITY (Net)	(6)	-	-	-	-	-	-
VIII. ASSOCIATES (Net)	(7)	4,131	-	4,131	3,984	-	3,984
8.1 Consolidated by Equity Method		-	-	-	-	-	-
8.2 Unconsolidated Associates		4,131	-	4,131	3,984	-	3,984
8.2.1 Financial associates		-	-	-	-	-	-
8.2.2 Non-financial associates		4,131	-	4,131	3,984	-	3,984
IX. SUBSIDIARIES (Net)	(8)	-	-	-	-	-	-
9.1 Unconsolidated Financial subsidiaries		-	-	-	-	-	-
9.2 Unconsolidated Non-financial subsidiaries		-	-	-	-	-	-
X. JOINT VENTURES (Net)	(9)	-	-	-	-	-	-
10.1 Consolidated by Equity Method		-	-	-	-	-	-
10.2 Unconsolidated		-	-	-	-	-	-
10.2.1 Financial Investments in Joint-Ventures		-	-	-	-	-	-
10.2.2 Non-financial Investments in Joint-Ventures		-	-	-	-	-	-
XI. LEASE RECEIVABLES (Net)	(10)	100,311	-	100,311	159,934	-	159,934
11.1 Financial Lease Receivables		116,610	-	116,610	182,940	-	182,940
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Others		-	-	-	-	-	-
11.4 Unearned Income (-)		(16,299)	-	(16,299)	(23,006)	-	(23,006)
XII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	(11)	-	-	-	-	-	-
12.1 Fair Value Hedges		-	-	-	-	-	-
12.2 Cash Flow Hedges		-	-	-	-	-	-
12.3 Net Foreign Investments Hedges		-	-	-	-	-	-
XIII. TANGIBLE ASSETS (Net)	(12)	51,625	-	51,625	46,875	-	46,875
XIV. INTANGIBLE ASSETS (Net)	(13)	1,488	-	1,488	1,069	-	1,069
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		1,488	-	1,488	1,069	-	1,069
XV. INVESTMENT PROPERTY (NET)	(14)	-	-	-	-	-	-
XVI. TAX ASSET	(15)	2,915	-	2,915	1,779	-	1,779
16.1 Current Tax Asset		-	-	-	374	-	374
16.2 Deferred Tax Asset		2,915	-	2,915	1,405	-	1,405
XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (NET)	(16)	5,958	-	5,958	2,993	-	2,993
17.1 Assets held for sale		5,958	-	5,958	2,993	-	2,993
17.2 Assets of discontinued operations		-	-	-	-	-	-
XVIII. OTHER ASSETS	(17)	5,024	24,015	29,039	5,603	99	5,702
TOTAL ASSETS		4,315,859	473,249	4,789,108	3,308,172	381,857	3,690,029

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

ALBARAKA TÜRK KATILIM BANKASI A.Ş. BALANCE SHEETS AS OF DECEMBER 31, 2008 AND DECEMBER 31, 2007

(CURRENCY – THOUSANDS OF YTL)

LIABILITIES	Notes	Audited			Audited		
		31 December 2008			31 December 2007		
		YTL	FC	Total	TP	YP	Toplam
I. FUNDS COLLECTED	(1)	2,029,617	1,955,493	3,985,110	1,507,109	1,490,999	2,998,108
1.1 From Bank's risk group		41,118	63,304	104,422	29,971	32,865	62,836
1.2 Other		1,988,499	1,892,189	3,880,688	1,477,138	1,458,134	2,935,272
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	-	-	-	-	-
III. FUNDS BORROWED	(3)	-	-	-	-	-	-
IV. INTERBANK MONEY MARKETS		-	-	-	-	-	-
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES		90,332	7,309	97,641	102,442	10,830	113,272
VII. OTHER EXTERNAL RESOURCES	(4)	-	-	-	-	-	-
VIII. FINANCIAL LEASE PAYABLES (Net)	(5)	-	-	-	450	-	450
8.1 Finance lease payables		-	-	-	498	-	498
8.2 Operational lease payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred finance lease expenses (-)		-	-	-	(48)	-	(48)
IX. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	(6)	-	-	-	-	-	-
9.1 Fair value hedges		-	-	-	-	-	-
9.2 Cash flow hedges		-	-	-	-	-	-
9.3 Net foreign investment hedges		-	-	-	-	-	-
X. PROVISIONS	(7)	33,779	9,826	43,605	22,592	5,699	28,291
10.1 General provisions		26,355	9,632	35,987	15,469	5,676	21,145
10.2 Restructuring reserves		-	-	-	-	-	-
10.3 Provision for employee benefits		5,716	-	5,716	5,053	-	5,053
10.4 Insurance technical reserves (net)		-	-	-	-	-	-
10.5 Other provisions		1,708	194	1,902	2,070	23	2,093
XI. TAX LIABILITY	(8)	24,650	-	24,650	16,128	-	16,128
11.1 Current tax liability		24,650	-	24,650	16,128	-	16,128
11.2 Deferred tax liability		-	-	-	-	-	-
XII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (NET)	(9)	-	-	-	-	-	-
12.1 Held for sale		-	-	-	-	-	-
12.2 Discontinued operations		-	-	-	-	-	-
XIII. SUBORDINATED DEBTS	(10)	-	-	-	-	-	-
XIV. SHAREHOLDERS' EQUITY	(11)	638,102	-	638,102	533,780	-	533,780
14.1 Paid-in capital		269,500	-	269,500	269,500	-	269,500
14.2 Capital reserves		158,396	-	158,396	158,396	-	158,396
14.2.1 Share premium	(11)	158,396	-	158,396	158,396	-	158,396
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Valuation differences on securities		-	-	-	-	-	-
14.2.4 Revaluation differences on tangible assets		-	-	-	-	-	-
14.2.5 Revaluation differences on intangible assets		-	-	-	-	-	-
14.2.6 Revaluation differences on investment property		-	-	-	-	-	-
14.2.7 Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-
14.2.8 Hedging reserves (effective portion)		-	-	-	-	-	-
14.2.9 Accumulated valuation differences on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
14.2.10 Other capital reserves		-	-	-	-	-	-
14.3 Profit reserves		73,593	-	73,593	20,905	-	20,905
14.3.1 Legal reserves		17,097	-	17,097	10,905	-	10,905
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves		56,496	-	56,496	10,000	-	10,000
14.3.4 Other profit reserves		-	-	-	-	-	-
14.4 Profit or loss		136,613	-	136,613	84,979	-	84,979
14.4.1 Prior periods profit/loss		371	-	371	-	-	-
14.4.2 Current period profit/loss		136,242	-	136,242	84,979	-	84,979
14.5 Minority interest	(12)	-	-	-	-	-	-
TOTAL LIABILITIES		2,816,480	1,972,628	4,789,108	2,182,501	1,507,528	3,690,029

The accompanying notes are an integral part of these unconsolidated financial statements



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

STATEMENTS OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS AS OF DECEMBER 31, 2008 AND DECEMBER 31, 2007

(CURRENCY – THOUSANDS OF YTL)

OFF-BALANCE SHEET ITEMS	Audited				Audited		
	Notes	YTL	FC	Total	YTL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		1,838,615	1,149,423	2,988,038	902,329	463,056	1,365,385
I. GUARANTEES AND SURETIES	(1),(3)	1,599,797	1,149,423	2,749,220	687,213	463,056	1,150,269
1.1. Letters of guarantee		1,585,622	858,685	2,444,307	677,973	287,624	965,597
1.1.1. Guarantees subject to State Tender Law		86,441	9,040	95,481	44,158	10,925	55,083
1.1.2. Guarantees given for foreign trade operations		-	402,308	402,308	-	165,151	165,151
1.1.3. Other letters of guarantee		1,499,181	447,337	1,946,518	633,815	111,548	745,363
1.2. Bank acceptances		-	25,777	25,777	-	8,061	8,061
1.2.1. Import letter of acceptance		-	25,777	25,777	-	8,061	8,061
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	262,370	262,370	-	165,676	165,676
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		-	262,370	262,370	-	165,676	165,676
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Other guarantees		-	-	-	-	-	-
1.7. Other sureties		14,175	2,591	16,766	9,240	1,695	10,935
II. COMMITMENTS	(1),(3)	238,818	-	238,818	215,116	-	215,116
2.1. Irrevocable commitments		238,818	-	238,818	215,116	-	215,116
2.1.1. Asset purchase commitments		-	-	-	-	-	-
2.1.2. Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.3. Loan granting commitments		4,929	-	4,929	2,296	-	2,296
2.1.4. Securities issue brokerage commitments		-	-	-	-	-	-
2.1.5. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.6. Payment commitment for checks		168,664	-	168,664	159,701	-	159,701
2.1.7. Payables for export taxes commitments		234	-	234	122	-	122
2.1.8. Commitments for credit card limits		64,991	-	64,991	52,997	-	52,997
2.1.9. Commitments for credit cards and banking services related promotion		-	-	-	-	-	-
2.1.10. Receivables from short sale commitments		-	-	-	-	-	-
2.1.11. Payables for short sale commitments		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		-	-	-	-	-	-
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	-	-	-	-	-	-
3.1. Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Net foreign investment hedges.		-	-	-	-	-	-
3.2. Trading derivatives		-	-	-	-	-	-
3.2.1. Forward foreign currency buy/sell transactions		-	-	-	-	-	-
3.2.1.1. Forward foreign currency transactions-buy		-	-	-	-	-	-
3.2.1.2. Forward foreign currency transactions-sell		-	-	-	-	-	-
3.2.2. Other Forward foreign currency buy/sell transactions		-	-	-	-	-	-
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		5,227,104	630,142	5,857,246	15,385,022	3,297,417	18,682,439
IV. ITEMS HELD IN CUSTODY		504,849	226,159	731,008	764,200	151,064	915,264
4.1. Fund and portfolio of customers		-	-	-	-	-	-
4.2. Securities held in custody		-	-	-	-	-	-
4.3. Checks received for collection		407,726	42,386	450,112	665,901	54,228	720,129
4.4. Commercial notes received for collection		93,154	22,245	115,399	94,958	34,532	129,490
4.5. Other assets received for collection		1,169	-	1,169	1,187	-	1,187
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		72	153,843	153,915	72	62,304	62,376
4.8. Custodians		2,728	7,685	10,413	2,082	-	2,082
V. PLEDGED ITEMS		4,722,255	403,983	5,126,238	14,620,822	3,146,353	17,767,175
5.1. Securities		10,849	-	10,849	10,049	-	10,049
5.2. Guarantee notes		383,289	48,714	432,003	149,071	16,664	165,735
5.3. Commodity		206,390	68,289	274,679	209,804	51,454	261,258
5.4. Warranty		-	-	-	-	-	-
5.5. Property		4,105,441	278,770	4,384,211	2,937,818	217,840	3,155,658
5.6. Other pledged items		1,396	2,046	3,442	11,309,309	2,855,751	14,165,060
5.7. Pledged items-depository		14,890	6,164	21,054	4,771	4,644	9,415
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ITEMS (A+B)		7,065,719	1,779,565	8,845,284	16,287,351	3,760,473	20,047,824

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(CURRENCY – THOUSANDS OF YTL)

INCOME AND EXPENSE ITEMS	Notes	Audited	
		01.01.2008 31.12.2008	01.01.2007 31.12.2007
I. PROFIT SHARE INCOME	(1)	568,735	387,971
1.1 Profit share on loans		534,362	347,006
1.2 Income received from obligatory deposits		2,323	3,077
1.3 Income received from banks		16,503	17,167
1.4 Income received from money market transactions		-	-
1.5 Income received from securities portfolio		-	-
1.5.1 Trading financial assets		-	-
1.5.2 Financial assets valued at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		-	-
1.5.4 Investments held-to-maturity		-	-
1.6 Financial lease income		15,547	20,672
1.7 Other profit share income		-	49
II. PROFIT SHARE EXPENSE	(2)	295,199	209,419
2.1 Profit share on participation accounts		295,151	209,291
2.2 Profit share on funds borrowed		48	128
2.3 Profit share on money market transactions		-	-
2.4 Profit share on securities issued		-	-
2.5 Other profit share expense		-	-
III. NET PROFIT SHARE INCOME (I - II)		273,536	178,552
IV. NET FEES AND COMMISSIONS INCOME		51,264	29,880
4.1 Fees and commissions received		69,269	37,156
4.1.1 Non-cash loans		28,363	11,752
4.1.2 Other		40,906	25,404
4.2 Fees and commissions paid		18,005	7,276
4.2.1 Non-cash loans		55	53
4.2.2 Other		17,950	7,223
V. DIVIDEND INCOME	(3)	-	-
VI. NET TRADING INCOME/LOSSES (Net)	(4)	16,710	14,291
6.1 Trading account income/losses (Net)		409	1,124
6.2 Foreign exchange gains/losses (Net)		16,301	13,167
VII. OTHER OPERATING INCOME	(5)	19,413	22,707
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		360,923	245,430
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(6)	52,337	30,015
X. OTHER OPERATING EXPENSES (-)	(7)	137,150	107,893
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		171,436	107,522
XII. INCOME RESULTING FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITIONS		-	-
XV. PROFIT/LOSS BEFORE TAXES ON CONTINUING OPERATIONS (XI+...+XIV)	(8)	171,436	107,522
XVI. PROVISION FOR TAXES ON CONTINUING OPERATIONS(±)	(9)	35,194	22,543
16.1 Current tax charge		36,704	17,368
16.2 Deferred tax charge		(1,510)	5,175
XVII. NET PROFIT/LOSS ON CONTINUING OPERATIONS (XV±XVI)	(10)	136,242	84,979
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from assets held for sale		-	-
18.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3 Others		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expense on assets held for sale		-	-
19.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-
19.3 Others		-	-
XX. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI. PROVISION FOR TAXES ON DISCONTINUED OPERATIONS(±)		-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge		-	-
XXII. NET PROFIT/LOSS ON DISCONTINUED OPERATIONS (XX±XXII)		-	-
XXIII. NET PROFIT LOSS (XVII+XXII)	(11)	136,242	84,979
23.1 Profit/loss of the group		136,242	84,979
23.2 Profit/loss of the minority rights (-)		-	-
Earnings/losses per share (full amount)		0.50554	0.31532



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

STATEMENT OF INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

	Audited	Audited
	31.12.2008	31.12.2007
INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	-	-
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	-	-
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	-	-
IX. DEFERRED TAX ON VALUE INCREASES/DECREASES	-	-
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY(I+II+III+IV+V+VI+VII+VIII+IX)	-	-
XI. CURRENT PROFIT/LOSS	-	-
1.1 Net changes in fair value of securities (transferred to income statement)	-	-
1.2 Gains/losses on derivative financial assets held for cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Others	-	-
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	-	-

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)
ALBARAKA TÜRK KATILIM BANKASI A.Ş. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

ÖZAYNIK KALEMLERDEN DEĞİŞİMLER

	Notes	Prior Period Change	Share Premium	Share Contribution	Local Reserves	Statut Reserves	Employee Reserves	Other Reserves	Current Period Profit / (Loss)	Price Period Profit / (Loss)	Securities Value Increase/Decrease	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of equity Premiums	Holding Reserves	Acc. Revaluation Assets Related to Share and Reserves of Discount Op.	Foreign Currency Translation Adjustment	Total Equity
I.	160,000	-	-	-	7,220	-	8,977	-	69,381	327	-	-	-	-	-	245,905	245,905
II.	Balances at beginning of the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Valuation differences on securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Valuation differences on securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Available-for-sale securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Revaluation differences on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Revaluation differences on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Changes resulting from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Changes resulting from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	The effect of changes in subsidiary equity to Bank's equity	109,500	-	-	-	-	-	-	-	155,000	-	-	-	-	54,500	-	54,500
XVIII.	Capital increase	54,500	-	-	-	-	-	-	-	155,000	-	-	-	-	54,500	-	54,500
XIX.	Cash	55,000	-	-	-	-	-	-	-	155,000	-	-	-	-	158,396	-	158,396
XX.	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI.	Share Premium	-	158,396	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXII.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXIII.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXIV.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXV.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXVI.	Current period net profit/loss	-	-	-	3,685	-	1,023	-	84,979	-	-	-	-	-	84,979	-	84,979
XXVII.	Profit distribution	-	-	-	-	-	-	-	(69,381)	54,673	-	-	-	-	(10,000)	-	(10,000)
XXVIII.	Dividends	-	-	-	-	-	-	-	-	(10,000)	-	-	-	-	(10,000)	-	(10,000)
XXIX.	Transferred to reserves	-	-	-	3,685	-	1,023	-	-	(4,708)	-	-	-	-	-	-	-
XXX.	Other	-	-	-	-	-	-	-	(69,381)	69,381	-	-	-	-	-	-	-
XXXI.	Balances at the end of the period: I-III-.....-XII-XXXI	269,500	-	-	10,905	-	10,000	-	84,979	-	-	-	-	-	533,780	-	533,780
XXXII.	Current Period	269,500	-	-	10,905	-	10,000	-	84,979	-	-	-	-	-	533,780	-	533,780
XXXIII.	December 31, 2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXXIV.	Balances at the end of the prior period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXXV.	Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXXVI.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXXVII.	Valuation differences on securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXXVIII.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXXIX.	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XL.	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XLI.	Revaluation differences on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XLII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XLIII.	foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XLIV.	Changes resulting from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XLV.	Changes resulting from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XLVI.	The effect of changes in subsidiary equity to Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XLVII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XLVIII.	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XLIX.	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
L.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LII.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LIII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LIV.	Other (*)	-	-	-	-	-	-	-	-	1,004	-	-	-	-	1,004	-	1,004
LVI.	Current period net profit/loss	-	-	-	6,192	-	46,496	-	136,242	-	-	-	-	-	136,242	-	136,242
LVII.	Profit distribution	-	-	-	-	-	-	-	(84,979)	(633)	-	-	-	-	(32,924)	-	(32,924)
LVIII.	Dividends	-	-	-	-	-	-	-	-	(32,291)	-	-	-	-	(32,291)	-	(32,291)
LIX.	Transferred to reserves	-	-	-	6,131	-	46,496	-	-	(52,627)	-	-	-	-	-	-	-
LI.	Other (**)	-	-	-	61	-	-	-	(64,979)	89,285	-	-	-	-	(633)	-	(633)
LII.	Balances at the end of the period: I-III-.....-XII-XXII	269,500	-	-	17,097	-	56,496	-	136,242	371	-	-	-	-	618,102	-	618,102
LIII.	Current Period	269,500	-	-	17,097	-	56,496	-	136,242	371	-	-	-	-	618,102	-	618,102
LIV.	December 31, 2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



INDEPENDENT
 AUDITORS'
 REPORT



INDEPENDENT
AUDITORS'
REPORT

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

ALBARAKA TÜRK KATILIM BANKASI A.Ş. STATEMENTS OF CASH FLOWS FOR PERIOD ENDED DECEMBER 31,2008 AND 2007

(CURRENCY – THOUSANDS OF YTL)

STATEMENTS OF CASH FLOW	Notes	Audited	Audited
		Dec. 31,2008	Dec. 31,2007
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		172,534	116,103
1.1.1 Profit share received		565,568	387,887
1.1.2 Profit share paid		(295,199)	(209,419)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		51,264	29,880
1.1.5 Other Income		26,715	36,998
1.1.6 Collections from previously written off loans and other receivables		12,575	84
1.1.7 Payments to personnel and service suppliers		(82,582)	(57,672)
1.1.8 Taxes paid		(10,540)	(3,150)
1.1.9 Other		(95,267)	(68,505)
1.2 Changes in operating assets and liabilities		20,546	(23,703)
1.2.1 Net (increase) decrease in trading securities		-	-
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		(7,983)	(2,102)
1.2.3 Net (increase) decrease in due from banks		(10,964)	(41,121)
1.2.4 Net (increase) decrease in loans		(902,720)	(871,579)
1.2.5 Net (increase) decrease in other assets		(47,776)	(12,119)
1.2.6 Net increase (decrease) in banks deposits		987,002	-
1.2.7 Net increase (decrease) in other deposits		-	844,094
1.2.8 Net increase (decrease) in funds borrowed		-	-
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		2,987	59,124
I. Net cash flow from banking operations		193,080	92,400
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(16,131)	(8,129)
2.1 Purchase of investments, associates and subsidiaries		-	-
2.2 Sale of investments, associates and subsidiaries		-	14
2.3 Tangible assets purchases		(18,250)	(14,840)
2.4 Tangible assets sales		2,119	6,697
2.5 Purchase of investments available for sale		-	-
2.6 Sale of investments available for sale		-	-
2.7 Purchase of investment securities		-	-
2.8 Sale of investment securities		-	-
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(32,291)	202,896
3.1 Cash received from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Common stocks issued		-	212,896
3.4 Dividends Paid		(32,291)	(10,000)
3.5 Payments for finance leases		-	-
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-	-
V. Net increase in cash and cash equivalents		144,658	287,167
VI. Cash and cash equivalents at beginning of the year	4	603,091	315,924
VII. Cash and cash equivalents at end of the period	5	747,749	603,091

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued In Turkish)

ALBARAKA TÜRK KATILIM BANKASI A.Ş. STATEMENTS OF PROFIT DISTRIBUTION FOR THE YEARS ENDED DECEMBER 31,2008 AND DECEMBER 31,2007

(CURRENCY – THOUSANDS OF YTL)

	Audited	Audited
	December 31,2008	December 31,2007
I. APPROPRIATION OF CURRENT YEAR PROFIT		
1.1 CURRENT YEAR PROFIT	171,436	107,522
1.2 TAXES AND OTHER DUTIES PAYABLE (-)	35,194	22,543
1.2.1 Corporate Tax	36,704	17,368
1.2.2 Income Tax	-	-
1.2.3 Other Taxes and Duties	(1,510)	5,175
A. NET PROFIT (1.1-1.2)	136,242	84,979
1.3 PRIOR YEAR INCOME/LOSS (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	4,249
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	136,242	80,730
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	32,291
1.6.1 To Owners of Ordinary Shares	-	32,291
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Redeemed Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Participation Certificates	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	1,882
1.11 STATUS RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	46,496
1.13 OTHER RESERVES	-	61
1.14 SPECIAL FUNDS	-	-
II. APPROPRIATION OF RESERVES	-	-
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDEND TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Privileged Shares	-	-
2.3.3 To Owners of Redeemed Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNING PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	0.51	0.32
3.2 TO OWNERS OF ORDINARY SHARES (%)	51 %	32 %
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	0.12
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	12%
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

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

(**)Deferred tax expense is presented in "Other Tax and Duties."



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

SECTION THREE - ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

- a. The Bank prepares its accounting records, unconsolidated financial statements and the related notes and explanations in accordance with the "Turkish Accounting Standards" (TAS), "Turkish Financial Reporting Standards" (TFRS) and "Regulation on Accounting Applications for Banks and Safeguarding of Documents for Banks".
- b. The Valuation Methods used in the Financial Statements The accompanying unconsolidated financial statements are prepared in YTL and in accordance with the historical cost basis except for the financial assets and liabilities, which are presented on a fair value basis.
- c. Accounting Policies of the Financial Statements Accounting Policies used in the Financial Statements have been based on the TAS. The accounting principles and valuation methods which have been used are disclosed under the footnotes between no.II and no.XXII below.

II. STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

Main funding source of the Bank is funds collected from customers. Average maturity of these funds collected is 102 days. The Bank does not have any funding sources other than current and participating accounts. The Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

The Bank does not hold any equity instruments in foreign currency classified as available for sale.

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 currency rate at the transaction date into New Turkish Lira(YTL). Foreign currency assets and liabilities have been translated into New Turkish Lira (YTL) at the rate of exchange ruling at the balance sheet date announced by the Bank. Gains or losses arising from foreign currency transactions and translation of foreign currency assets and liabilities are reflected in the income statement as foreign exchange gain or loss.

III. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

In order to determine the fair values of forward contracts, current foreign currency market rates ruling at the balance sheet date are assumed to reflect the discounted values of forward rates at maturity, due to the fact that there are no defined market prices and it is impossible to make a reliable estimation for future periods by using other methods in a highly changing financial environment. As a result, the fair value differences are calculated by comparing the contractual forward rates discounted to the balance sheet date by using the effective interest rate method with the Bank's foreign currency buying rates at the balance sheet date.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

IV. PROFIT SHARE INCOME AND EXPENSE

Profit Share Income

The Bank computes profit share accruals and discounts by using Internal Rate of Return (IRR) method. IRR method is the rate that is used for discounting the expected future cash flows provided from funds utilized until their maturity, to a value at the balance sheet date. These profit share accruals and discounts are reflected under "Loans" in the balance sheets. In accordance with the related legislation, profit share income accruals and discounts of non-performing loans are cancelled and such amounts are excluded from the profit share income until they are collected.

Profit Share Expense

Profit share expense has been recognized on an accrual basis.

V. FEES AND COMMISSION INCOME AND EXPENSE

Other than commission income and fees and expenses for various banking services that are reflected as income when collected, the commission income and expenses are accounted on accrual basis.

VI. FINANCIAL ASSETS

Except for loans and receivables, the Bank has no financial assets under the scope of Turkish Accounting Standards : "Financial Instruments: Presentation (TAS 32) and Recognition and Measurement (TAS 39).

This category has two sub categories " Trading financial assets" and "Financial assets designated at fair value through profit/loss."

Trading financial assets are financial assets which were either acquired for generating a 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 designated at fair value through profit/loss ; Financial assets accounted under the item of "Financial assets designated at fair value through profit/loss" at initial recognition.

In this group, trading securities are initially recognized at cost and measured at fair value on the financial statements. All gains and losses arising from these valuations are reflected in the income statement.

The Bank purchased Sukuk Al Ijara Bond from the Central Bank of Bahrain in the amount of \$5.000.000 and coupon payable at valued libor + 0,75 profit share on a semi-annual basis. Such bonds are classified as trading financial assets and are valued at according to IRR Method.

The Bank has classified share certificates purchased within the current period as securities available for sale and has presented them at fair value in the accompanying financial statements.

Loans and receivables; are those generated by lending money to the customer and exclude those that are held with the intention of trading or selling in near future.

Loans and receivables are carried initially at cost and subsequently recognized at the amortized cost value using the effective yield method in accordance with the Turkish Accounting Standards :TAS 32 "Financial Assets: Presentation" and TAS 39 "Financial Assets: Recognition and Measurement". Fees, transaction costs and other similar costs in connection with the guarantees of loans and receivables are paid by the customers and accordingly not recorded in the income statement.

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



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

VI. FINANCIAL ASSETS (continued):

If the collectibility of any receivable/loan is identified as limited or doubtful by the management through assessments and estimates, the Bank provides specific and general provisions for these loans and receivables in accordance with the “Communiqué Related to Procedures and Principles on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Receivables” published in the Official Gazette dated November 1,2006 and numbered 26333 and “Communiqué Regarding Change in the Communiqué Related to Procedures and Principles on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Receivables” published on January 23,2009 to be effective from October 1,2008.

Provision expenses are deducted from net income of the period. If there is a subsequent collection from a receivable that was already provisioned in the current period, the recovery amount is deducted from Provision for Loans and Other Receivables’ . If there is a subsequent collection from a receivable that was already provisioned in previous periods, the capital portion of the recovery amount is accounted in Collections From Previous Periods Expenses under ‘Other Operating Income’ and the profit share income is accounted under ‘ Profit Share Income on Loans Under Follow up”.

VII. IMPAIRMENT OF FINANCIAL ASSETS

If financial instruments’ estimated collectible amounts calculated by discounting expected future cash flows with “Internal Rate of Return” or fair value amount are less than the carrying values, these financial instruments are considered to be impaired. In case of impairment, provision is provided for and booked in related expense account.

VIII. NETTING 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 netted-off financial assets and liabilities.

IX. REPURCHASE AND RESALE AGREEMENTS AND SECURITIES LENDING

Securities sold under agreements to repurchase (“repurchase”) are classified as “trading securities”, “available-for-sale securities” and “held-to-maturity securities” in the balance sheet according to the investment purposes and measured according to the portfolio of the Group to which they belong. Funds deposited under repurchase agreements are accounted under “Funds Provided under Repurchase Agreements” and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the internal rate of return method.

Securities purchased under agreements to resell (“reverse repurchase”) are accounted under “Receivables from reverse repurchase agreements” on the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the internal rate of return method.

The Bank has no repurchase and resale agreements and securities lending.

X. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The principles on accounting, assessment and disposal of assets held for sale are determined based on the “Communiqué Related to Procedures and Principles Related to Sale and Purchase of Precious Metals and Sale of Property and Commodity acquired through sequestration by Banks” published by BRSA on November 1, 2006 in the Official Gazette numbered 26333.

Although the Bank has assets held for sale in the balance sheet due to the fact that the Bank does not have a formal plan to dispose these assets in one year subsequent to their classification date, such assets are continued to be depreciated. Accordingly, these assets are classified as tangible assets instead of assets held for sale in the accompanying financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

X. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued):

A tangible asset (or a disposal group) classified as “asset held for sale” is measured at lower of carrying value or fair value less costs to sell. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value. The Bank’s fixed assets to be disposed off amount was 5.958 YTL which was classified as assets held for sale as of December 31 2008. (December 31, 2007 :2.993 YTL)

A discontinued operation is a part of the Bank’s business classified as sold or held-for-sale. The Bank has no discontinued operations.

XI. GOODWILL AND OTHER INTANGIBLE ASSETS

There is no goodwill arising from associates.

Intangible assets are stated at inflation adjusted cost until December 31, 2004 and amortized on a straight-line basis after provision for impairment, if any, has been reduced.

The software classified as other intangible assets are carried at inflation adjusted acquisition costs. The useful lives of these mentioned assets are determined as three to four years.

XII. TANGIBLE ASSETS

Tangible assets are stated at inflation adjusted cost until December 31, 2004 less accumulated depreciation and provision for impairment, if any.

As of December 31, 2008, the inflation adjusted net book values of the immovables were compared with the expertise values of independent experts’ reports prepared at December 2008 and a provision of YTL 41 was provided for impairment (December 31,2007- YTL 609)

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

	%
Buildings	2
Motor vehicles	20 – 25
Furniture, fixture and office equipment	4 – 33
Safe-deposit boxes	2 – 20
Leasehold improvements	Leasing period (5 to 10 years)

Gain or loss resulting from disposals of the tangible assets are recorded in “Gain/Loss from Sales of Assets” account and reflected to the “Other Operating Income/Loss” at the statement of income as the difference between the net proceeds and the net book value of the related asset.

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

There are no pledges, mortgages or other restrictions on the tangible fixed assets.

There are no purchase commitments related to the tangible fixed assets.



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF YTL)

XIII. LEASING TRANSACTIONS

Transactions as a Lessee

Fixed assets acquired by financial lease contracts are recorded in accordance with the Turkish Accounting Standards; "Leasing Transactions (TAS 17)". Such assets are recorded with the lower of fair value or the present value of the future rental payments under tangible assets and are depreciated over the restated cost with respect to their useful lives by using straight-line method. The liabilities for the leasing agreements are reflected under "Financial Lease Payables" at the liability side of the balance sheet. The profit share expenses and foreign exchange losses are reflected to the income statement.

The payments made under operating leases are charged to income statement on a straight line basis over the period of the lease. There are no penalty payments made and expenses recorded to the lessors for agreements cancelled before the operational lease agreement period ended.

Transactions as a Lessor

The Bank started to record for the financial lease transactions in accordance with the Turkish Accounting Standards: "Leasing Transactions (TAS 17)" and prepared the financial statements within these provisions. Accordingly, in the financial statements as of December 31, 2008, total amount of capital payments and profit share income resulting from financial lease agreement is reflected as "Financial Lease Receivables", difference between capitalized lease receivables and present value of these receivables is reflected as unearned financial lease income as a deduction from financial lease receivables.

XIV. PROVISIONS AND CONTINGENT LIABILITIES

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

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

Provisions are made and reflected in the financial statements when there is a present obligation as a result of a past event and the amount of the obligation can be estimated.

XV. LIABILITIES REGARDING EMPLOYEE BENEFITS

In accordance with the existing social legislation, the Bank is required to make lump-sum termination indemnities 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 the 30 days salary or the official ceiling amount per year of employment. The Bank sets provision for retirement and holiday pay liabilities in accordance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits".

The Bank does not have any employees who work under limited period contracts with remaining terms longer than 12 months after the balance sheet date.

The Bank employees are not members of any pension fund. There are no liabilities that require additional provisions related to other employee rights.

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

XVI. TAXATION

Corporate Tax:

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

In accordance with the new Corporate Tax Law no.5520 published in the Official Gazette no.26205 dated June 21 2006.,the corporation tax rate effective from 1 January 2006 is 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Accordingly, the withholding tax rate on the dividend payments other than permanent representatives and the resident institutions is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated based on quarterly profit of the Bank using the corporate rate of 20% and announced until 14th day and paid until 17th day of the second month following period. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings. After the deduction, the excess value can also be deducted from the other taxes or can draw back.

The profits, 75%, of properties and share certificates held for sale for two years or more, are tax exemptions in condition of addition to the capital or accounted for under shareholders' equity as a special fund within 5 years according to the Corporate Tax Law.

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

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

Dividend paid in proportion to share of participation is exempt from corporate tax and not held subject to taxation and tax withholding according to the Income and Corporate Tax Laws as specified in the last paragraph of the article 1 of the "Law Related To Granting Islam Kalkınma Bankası Exemption From Tax" number 3259 dated 11 February 1986. Therefore, dividend distributed to Islam Kalkınma Bankası as a shareholder of the Bank is exempted 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 with 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 Taxes:

In accordance with TAS 12 "Taxes on Income",the Bank has calculated deferred tax assets in cases where deduction from future profits is considered possible and a deferred tax liability on all taxable temporary timing differences. Deferred tax assets and deferred tax liabilities and netted off and the net balance is reflected in the financial statements.

XVII. FUNDS BORROWED

Financial liabilities are recognized at amortized cost using the effective interest rate method in the following periods after the initial recognition. Derivative instruments are reflected with the fair values.

The Bank does not have any debt securities



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

XVIII. SHARES AND SHARE ISSUANCES

The Bank increased its paid-in share capital by YTL 54.500 from YTL 215.000 to YTL 269.500 as of 29 June 2007 through initial public offering (IPO) by putting restrictions on preferential rights of the shareholders in accordance with the decision taken in the Board of Directors meeting dated 16 April, 2007. The related capital increase of YTL 54.500 was recognized in share capital account and YTL 158.396 representing difference between YTL 168.950 coming from IPO and YTL 10.554 concerning IPO-related expenses was accounted for as share premiums under equity items. The shares of Dubai Islamic Bank PSJ, one of the shareholders of the company, with par value of YTL 944 have been sold through initial public offering.

XIX. CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

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

XX. GOVERNMENT GRANTS

None.

XXI. SEGMENT REPORTING

Business segment is a component of the Bank that provides a single product or service or a group of related products and services and that is subject to risks and returns that are different from those of other business segments. Segment reporting is disclosed in Note 9, Section 4.

XXII. OTHER

In accordance with the Article 1 of the Law numbered 5083 concerning the "Currency of the Republic of Turkey" and according to the Decision of The Council of Ministers dated April 4, 2007 and No: 2007/11963, the prefix "New" used in the "New Turkish Lira" and the "New Kuruş" has been removed as of January 1, 2009. When the prior currency, New Turkish lira ("YTL"), values are converted into TL and Kr, one YTL (YTL1) and one YKr (YKr1) shall be equivalent to one TL (TL1) and one Kr (Kr1).

All references made to New Turkish Lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to TL at the conversion rate indicated above.

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

SECTION FOUR - INFORMATION ON FINANCIAL STRUCTURE

I. CAPITAL ADEQUACY STANDARD RATIO

Risk measurement methods used in the computation of the capital adequacy standard ratio; The capital adequacy standard ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette numbered 26333 and dated November 1, 2006. Bank's capital adequacy ratio is 18,12 % (2007- 21,72 %) which is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks".

For the calculation of the capital adequacy ratio, the Bank classifies the risk weighted assets and non-cash loans, operational risk and currency risk according to the risk weights defined by the regulations and calculates "Total risk weighted assets". The following tables present the classifications of "risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.

	Risk Weights			
	0%	20%	50%	100%
Value at Credit Risk				
Balance Sheet Items (Net)	373.239	632.239	895.034	1.888.894
Cash	68.155	-	-	-
Securities in Redemption	-	-	-	-
Balances with the Central Bank of Turkey	136.835	-	-	-
Domestic and Foreign Banks, Foreign Head offices and Branches	-	539.485	-	3.274
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	130.939	-	-	-
Loans	30.126	92.750	874.641	1.438.975
Loans under Follow-Up (Net)	-	-	-	40.595
Lease Receivables	-	4	20.393	57.372
Financial Assets Available-for-Sale	-	-	-	-
Investments Held-to-Maturity	-	-	-	-
Receivables from Term Sale of Assets	-	-	-	896
Miscellaneous Receivables	-	-	-	202
Accrued Interest and Income	3.939	-	-	262.416
Investments in Associates, Subsidiaries and Joint - Ventures (Net)	-	-	-	4.131
Tangible Assets (Net)	-	-	-	56.872
Other Assets	3.245	-	-	24.161
Off-Balance Sheet Items	3.245	1.007.634	261.752	295.483
Non-Cash Loans and Commitments	3.245	1.007.634	261.752	295.483
Derivative Financial Instruments	-	-	-	-
Non-Risk-Weighted Account	-	-	-	-
Total Risk-Weighted Assets	376.484	1.639.873	1.156.786	2.184.377



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

INDEPENDENT
AUDITORS'
REPORT

(CURRENCY – THOUSANDS OF YTL)

Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk	3.090.745	2.158.078
Value at Market Risk	135.625	8.025
Value at Operational Risk	346.237	285.499
Shareholders' Equity	647.219	532.505
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	18,12	21,72

Components of shareholders' equity items

	Current Period	Prior Period
CAPITAL		
Paid-in Capital	269.500	269.500
Nominal Capital	269.500	269.500
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	158.396	158.396
Share Cancellation Profits	-	-
Legal Reserves	17.097	10.905
I. Legal Reserve (Turkish Commercial Code 466/1)	13.176	8.927
II. Legal Reserve (Turkish Commercial Code 466/2)	3.860	1.978
Reserves allocated as per Special Legislations	61	-
Status Reserves	-	-
Extraordinary Reserves	56.496	10.000
Reserve allocated as per the Decision held by the General Assembly	56.496	10.000
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit 136.613	84.979	
Current Period Profit	136.242	84.979
Prior Periods Profit	371	-
Provision for Possible Losses (up to 25% of Core Capital)	70	55
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	-	-
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)(*)	-	(7.036)
Prepaid Expenses (-)	(3.450)	(1.460)
Intangible Assets (-)	(1.488)	(1.069)
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Capital	633.234	524.270
SUPPLEMENTARY CAPITAL		
General Provisions	14.696	8.868
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	-	-
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Securities Value Increase Fund	-	-
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	-	-
Inflation adjustments related to Capital Reserves, Revenue Reserves and accumulated profits (excluding inflation adjustments for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	14.696	8.868
TIER III CAPITAL	-	-
CAPITAL	647.930	533.138

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

DEDUCTIONS FROM CAPITAL	711	633
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	-	-
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	711	633
Others	-	-
Total Equity	647.219	532.505

(* As of December 31,2008, leasehold improvements have been classified in tangible assets.

II. Credit Risk

1. a.1) Bank's branches had been opened on the strong economic and financial geographical regions of the country. Therefore, risk limitation solely based on geographic regions does not exist.
- a.2) In accordance with the decision taken by the Board of Directors of the Bank, unless a new decision has been taken, the Bank can not grant loans above YTL 75.000.000 (full) , to a Group or a Company. Excepti on to this decision in the special projects is subject to the decision of the Board of Management.
- a.3) The Bank focuses to distribute the risk in different sectors in a balanced manner; accordingly the branches of the Bank are trying to reach companies from various sectors. In accordance with this strategy, the share of the construction sector, which is increasing and constituting a major portion of , the total risk of the Bank , is planning to be decreased. The branches will not grant credit lines to construction firms except for letters of guarantee for tenders even if there is mortgage as a guarantee.
- a.4) Loan assignment authority belongs to the Board of Directors and in accordance with the authority given by the Board of Directors the risk limits of the Bank have been designated into four groups:
 - a. Commercial Loans Management Loan Committee: Has the authority to allocate loan limits up to YTL 500.000 (full). The members are Assistant General Manager responsible from Loans, Commercial Loans Manager, Assistant Commercial Loans Manager
 - b. General Management Loan Committee: Has the authority to allocate loan limits up to YTL 2.000.000 (full). The members are General Manager, Assistant General Manager responsible from Loans and Commercial Loans Manager.
 - c. Loan Committee: Has the authority to allocate loan limits between YTL 2.000.000 and up to 10% of shareholders' equity. The members are Chairman of the Board of Directors, a member of the Board of Directors and General Manager.
 - d. Board of Directors; The approval of the Board of Directors is required in the case where the total of the limit granted to a company or a group of companies is to exceed 10% of shareholders' equity.
 - e. Although the authority to allocate loan limits up to USD 15.000.000 (full) belongs to the Loan Committee, the Board of Directors is informed of such limit allocations.

Proposal for loans are presented in a written format to Loan Committee and Board of Directors and are signed by the members of Loan Proposal Committee.



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF YTL)

II. Credit Risk (continued)

Members of Loan Proposal Committee:

General Manager, Assistant General Manager responsible from Loans, Assistant General Manager responsible from Marketing, Corporate Credits Manager

b.1) For daily transactions a limit has not been identified. However transactions are performed under the control of the Marketing and Operation Directorates in respect of price and amount determination.

b.2) Risk concentration related to the off-balance sheet items are monitored weekly by the asset liability meetings and daily by fund management department chiefs.

c) The credibility of the debtors of the Bank is closely monitored by the branches. While Risk follow-up directorate follows the payment performance of the debtors, the risk follow-up service of the corporate banking directorate monitors in a monthly basis the payment and guarantees of debtors. Assigned loan limits are effective for one year, after a year limits are automatically disabled and can not be used unless a new evaluation and assignment is made. Financial leasing limits and limits assigned for a specific project for one time usage can not be used again since it is used for that project.

Statement of Accounts is obtained from the customers for whom a loan is allocated or a guarantee provided. Such statement is renewed each year within six months following the accounting period as long as the loans are utilized. Statement of accounts also includes information regarding the financial and shareholding information, including the signatures and stamps.

The ratio of limits assigned to a company or group to the equity of the Bank is monitored due to the legal requirements and is monthly reported to the BRSA.

If the amount of funds used or guarantees provided exceeds YTL 2.000.000 (full), statement of accounts to be obtained should include financial statements, which should be prepared in accordance with the legislation applicable in Turkey, audited by a Turkish Chartered Accountant.

2. There are no derivative financial instruments.

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

II. Credit Risk (continued)

3. a) Indemnified non-cash loans are closely monitored for some period, and transferred to legal follow-up when such credits are considered as uncollectible.

b) Each customer, whose loans are restructured or rescheduled, is evaluated separately and if the delays in payments are related with the temporary problems of the customer, the Bank continues to work under normal working conditions. If the financial problems of the customer increase, the risk is liquidated and limit of the customer is terminated. Since such customers are liquidated, no further credibility assessment is performed.

In order to keep the asset/liability maturity balance, except for financial leasing and project based transactions, the Bank does not perform transactions exceeding a year. In general, long term transactions are performed with a mortgage on properties. In accordance with the credit policy and application, the Bank focuses on the equilibrium of maturity of long term transactions and the risk weight point of view.

4. a) The Bank has credit lines in 50 countries within framework of its banking activity and due inquiries (economic, cycles etc.) are carried out during the allocation and revision of credit lines.

b) With the exception of the cash kept idle and the deposits/ placings at banks where commodity transactions are carried out, the Bank does not lend money to any company outside of Turkey. For the banks where correspondent activity and international commodity transactions are intended to be carried out, the credit limits are set by the related credit committees; taking into account the volume of the addressee Bank and the Bank itself to avoid concentration of risk. The Bank does not carry any serious risk in this respect.



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

INDEPENDENT
AUDITORS'
REPORT

(CURRENCY – THOUSANDS OF YTL)

II. Credit Risk (continued)

5. a. The proportion of the Bank's top 100 cash loans in its total cash loan portfolio is 46% (2007-39%).

b. The proportion of the Bank's top 100 non-cash loans in its total non-cash loan portfolio is 52% (2007-55%).

c. The proportion of the Bank's top 100 cash loans and top 100 non-cash loans in its total cash and non-cash portfolio is 40% (2007-35%).

6. The Bank has calculated a general provision in accordance with the Communiqué "Methods and Principles for the Determination of the Status of the Loans and Other Receivables to be Provisioned for and Allocation of Provisions" amounting to YTL 35.987 (2007 - YTL 21.145) of which YTL 27.000 (2007 - YTL 19.148) is provided for the first group of cash loans, YTL 3.671 for the second group of cash loans and YTL 5.316 (2007 - YTL 1.997) for non-cash loans.

7. Information on rating classes and concentration:

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

	Current Period		Prior Period	
	December 31, 2008		December 31, 2007	
Above average	% 23,33		% 61,69	
Average	% 44,40		% 19,18	
Below average	% 32,27		% 19,13	

Customer and regional concentration of credit risks:

Corporates and Financial Institutions

	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Customer concentration	3.484.901	2.646.193	232.076	198.915	10.085	2.102	896	3.546
Private Sector	3.276.154	2.472.107	98.572	75.783	2.317	2.102	896	3.546
Public Sector	236	5.001	-	-	-	-	-	-
Banks	-	-	133.504	123.132	7.768	-	-	-
Retail Customers	208.511	169.085	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-	-	-
Regional concentration	3.484.901	2.646.193	232.076	198.915	10.085	2.102	896	3.546
Domestic	3.463.893	2.640.486	98.578	89.669	2.317	2.102	896	3.546
European Union (EU) Countries	2.290	5.655	102.500	85.365	-	-	-	-
OECD Countries (***)	-	-	30.000	-	7.768	-	-	-
Off-Shore Banking Regions	6.038	-	-	11.935	7.768	-	-	-
USA, Canada	12.674	-	-	-	-	-	-	-
Other Countries	6	52	998	11.946	-	-	-	-
Total	3.484.901	2.646.193	232.076	198.915	10.085	2.102	896	3.546

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

II. Credit Risk (continued)

Information according to geographical concentration:

	Assets	Liabilities	Non-cash Loans	Fixed Capital Investments	Net Profit
Current Period					
Domestic	4.493.993	4.055.984	2.626.798	-	136.242
European Union Countries	139.748	20.104	47.215	-	-
OECD Countries (*)	39.962	1.954	-	-	-
Off-shore Banking Regions	13.723	45.628	2.690	-	-
USA, Canada	93.275	128	-	-	-
Other Countries	4.276	27.208	72.517	-	-
Subsidiaries, Associates and Joint - Ventures	4.131	-	-	-	-
Unallocated Assets/liabilities (**)	-	-	-	-	-
Total	4.789.108	4.151.006	2.749.220	-	136.242
Prior Period					
Domestic	3.500.319	3.119.199	1.107.246	-	84.979
European Union Countries	125.282	4.678	3.463	-	-
OECD Countries (*)	5.824	902	-	-	-
Off-shore Banking Regions	11.962	88	5.077	-	-
USA, Canada	27.849	95	-	-	-
Other Countries	14.809	31.287	34.483	-	-
Subsidiaries, Associates and Joint - Ventures	-	-	-	-	3.984
Unallocated Assets/liabilities (**)	-	-	-	-	-
Total	3.686.045	3.156.249	1.150.269	3.984	84.979

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

(**)Unallocated assets / liabilities which could not be distributed according to consistent criteria



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

II. Credit Risk (continued)

Sectoral Breakdown of Cash Loans:

	Current Period				Prior Period			
	TP	(%)	YP	(%)	TP	(%)	YP	(%)
Agricultural	117.008	3,24			107.229	4,08	-	-
Farming and Stockbreeding	63.187	1,75	-	-	54.051	2,05	-	-
Forestry	48.915	1,35	-	-	51.970	1,98	-	-
Fishing	4.906	0,14	-	-	1.208	0,05	-	-
Manufacturing	1.372.923	37,99	-	-	1.349.632	51,30	-	-
Mining	15.176	0,42	-	-	18.910	0,72	-	-
Production	1.342.010	37,13	-	-	1.322.835	50,28	-	-
Electric, gas and water	15.737	0,44	-	-	7.887	0,30	-	-
Construction	629.942	17,43	-	-	445.661	16,94	-	-
Services	729.834	20,19	-	-	563.935	21,44	-	-
Wholesale and retail trade	309.310	8,56	-	-	201.353	7,65	-	-
Hotel, food and beverage services	34.647	0,96	-	-	18.823	0,72	-	-
Transportation and telecommunication	61.862	1,71	-	-	61.659	2,34	-	-
Financial institutions	207.375	5,74	-	-	187.679	7,13	-	-
Real estate and renting services	43.384	1,20	-	-	37.278	1,42	-	-
Self-employment services	2.667	0,07	-	-	4.087	0,16	-	-
Education services	24.617	0,68	-	-	22.812	0,87	-	-
Health and social services	45.972	1,27	-	-	30.244	1,15	-	-
Others	408.230	11,29	2.475	99,80	124.317	4,72	54.246	99,90
Profit Share and Income Accruals (*)	356.249	9,86	5	0,20	40.098	1,52	56	0,10
Total	3.614.186	100,00	2.480	100,00	2.630.872	100,00	54.302	100,00

(*) Sectoral breakdown can not be provided for profit share and income accruals.

The table below shows maximum exposure of financial statements items to credit risk:

	Current Period	Prior Period
Central Bank of Republic of Turkey	315.381	270.360
Banks	542.759	438.309
Trading securities	10.085	2.102
Loans	3.657.261	2.694.918
Financial leasing receivables	100.311	159.934
Other assets	896	3.546
Total on balance sheet items	4.626.693	3.569.169
Guarantees and sureties	2.749.220	1.150.269
Commitments	238.818	215.116
Total off balance sheet items	2.988.038	1.365.385
Total on and off balance sheet items	7.614.731	4.934.554

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF YTL)

III. MARKET RISK

The Bank has only currency risk and share certificate risk as market risk and the risk is reported to BRSA monthly, weekly and on a quarterly basis.

a) Information on market risk

	Amount
(I) Capital to be employed for General Market Risk - Standard Method	806
(II) Capital to be employed for Specific Risk- Standard Method	667
(III) Capital to be employed for Currency Risk - Standard Method	9.377
(IV) Capital to be employed for Commodity Risk- Standard Method	-
(V) Capital to be employed for Exchange risk- Standard Method	-
(VI) Capital to be employed for Market Risk due to Options- Standard Method -	-
(VII) Total Capital to be employed for Market Risk for Banks Applying Risk Measurement Model	-
(VIII) Total Capital to be employed for Market (I+II+III+IV+V+VI)	10.850
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	135.625

b) Average Market Risk Table of Calculated Market Risk :

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	-	-	-	-	-	-
Share Certificate Risk	14.860	18.413	500	10.513	16.825	4.200
Currency Risk	34.504	127.225	3.913	5.413	13.666	3.611
Commodity Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value at Risk	49.364	145.638	4.413	15.926	30.491	7.811



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

IV. OPERATIONAL RISK

a) Explanation of operational risk calculation methodology and measurement of market risk

As per the Article 24 of "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published on the Official Gazette no,26333 dated November 1,2006, operational risk has been calculated since June 1,2007. As of December 31,2008 the value at operational risk is calculated for the years 2005, 2006 and 2007 according to the basic indicator approach of BASEL II.

V. FOREIGN CURRENCY RISK

a) The Bank tries to keep exposure to foreign currency risk at a balance and takes care not to create short or long term position relating to currency risk.

b) The Bank does not have derivative financial instruments held for risk management.

c) Management policy of foreign currency risk:

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. However, the currency risk that may arise has been calculated with the Standard Method on a weekly and monthly basis, and the results are reported to the official institutions and the Bank's senior management. In this regard, currency risk is closely monitored. Currency risk is taken into consideration as part of the general market risk within the calculation of the Capital Adequacy Ratio.

d) Foreign exchange buying rates of the last five business days before the balance sheet date as publicly announced by the Bank are as follows:

	US Dolar	EURO
Balance sheet evaluation rate	1,537	2,145
As of December 30, 2008	1,515	2,144
As of December 29, 2008	1,507	2,153
As of December 26, 2008	1,500	2,107
As of December 25, 2008	1,500	2,100
As of December 24, 2008	1,512	2,116

e) The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty one days before the balance sheet date is 1,522 US Dollar/ YTL (2007- 1,1703 US Dollar/ YTL), 2,0615 EURO/ YTL (2007 –1,7059 EURO/ YTL) and 0,01671 Japanese Yen/ YTL (2007 – 0,0104 Yen/ YTL).

INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

V. FOREIGN CURRENCY RISK (continued)

Information on currency risk of the Bank: Foreign currencies (in thousands of YTL)

	EUR	USD	JPY	Other FC	Total
Current Period					
Assets					
Cash (cash in vault, money in transit, cheques purchased) and balances with the Central Bank of Turkey	76.160	140.341	-	-	216.501
Banks	67.902	148.660	360	5.015	221.937
Financial assets at fair value through profit/loss	-	7.768	-	-	7.768
Due from Interbank Money Market	-	-	-	-	-
Financial Assets Available for Sale	-	-	-	-	-
Loans (*)	453.720	1.162.329	-	-	1.616.049
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Investments Held- to- Maturity	-	-	-	-	-
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Fixed Assets	-	-	-	-	-
Intangible Fixed Assets	-	-	-	-	-
Other Assets(**)	14	24.696	-	-	24.710
Total Assets	597.796	1.483.794	360	5.015	2.086.965
Liabilities					
Funds collected from banks through special current and participation accounts	5.011	64.379	-	7	69.397
Other Special Current and Participation Accounts	591.729	1.291.165	1	3.201	1.886.096
Interbank Money Market Takings	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-	-
Securities Issued	-	-	-	-	-
Miscellaneous Payables	1.290	6.018	-	1	7.309
Derivative Financial Liabilities Held for Risk Management	-	-	-	-	-
Other Liabilities	2.642	7.184	-	-	9.826
Total Liabilities	600.672	1.368.746	1	3.209	1.972.628
Net on Balance Sheet Position	(2.876)	115.048	359	1.806	114.337
Net off Balance Sheet Position	326.786	814.685	4.633	3.319	1.149.423
Derivative Financial Instruments Assets	-	-	-	-	-
Derivative Financial Instruments Liabilities	-	-	-	-	-
Non-cash Loans	326.786	814.685	4.633	3.319	1.149.423
Prior Period					
Total Assets	633.867	871.276	1.393	4.812	1.511.348
Total Liabilities	632.754	871.199	219	3.356	1.507.528
Net on Balance Sheet Position	1.113	77	1.174	1.456	3.820
Net off Balance Sheet Position	117.716	338.946	1.459	4.935	463.056
Derivative Financial Instruments Assets	-	-	-	-	-
Derivative Financial Instruments Liabilities	-	-	-	-	-
Non-cash Loans	117.716	338.946	1.459	4.935	463.056

(*)The balance includes foreign currency indexed loans and financial lease receivables of YTL 1.314.049 (2007- YTL 1.114.487) and profit share income accrual of YTL 298.972 (2007- YTL 11.964).

(**) Receivables from term sale of assets amounting to YTL 695 (2007- YTL 3.040) is included in other assets.

Since the Bank's exposure to foreign currency exchange rate risk is at an immaterial level, the fluctuations in exchange rates do not have material impact on the Bank's financial statements and accordingly is not disclosed.



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

VI. LIQUIDITY RISK

a) Liquidity risk represents the risk of not having sufficient cash or cash inflows to meet the cash outflows completely and on time, as a result of instable cash flows. The Bank manages liquidity risk by determining funds that can be granted according to the position of the excess liquidity.

b) The Bank does not have structural interest rate risk.

c) The Bank has not had any instruments which may lead to supply of money.

d) Amounts, sources and maturity analysis of cash flows are given in the table below.

In accordance with the "Communiqué on the Measurement and Assessment of Liquidity of the Banks" published in the Official Gazette dated 1 November 2006 No. 26333, beginning from 1 June 2007 liquidity ratio of the banks on a weekly and monthly basis should not be less than 80% for foreign currency denominated assets and liabilities, and for total assets and liabilities it should not be less than 100%. Liquidity ratios as at 31 December 2008 and 2007 are presented below:

Current Period	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC+YTL	FC	FC+YTL
Average (%)	206,49	221,37	102,47	135,91
Maximum (%)	303,74	275,03	147,63	157,39
Minimum (%)	110,49	182,14	68,49	112,26

Prior Period	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC+YTL	FC	FC+YTL
Average (%)	156,19	262,38	71,51	148,74
Maximum (%)	206,67	308,93	100,02	163,78
Minimum (%)	101,94	169,35	40,28	104,25

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

VI. LIQUIDITY RISK

Presentation of assets and liabilities based on their outstanding maturities

	Demand	Up to 1 Month	1-3 Month	3-5 Month	1-5 Years	5 Years and over	Unallocated (*)	Total
Current Year								
Assets								
Cash (cash in vault, money in transit, cheques purchased) and Balances with the Central Bank of Turkey,	204.990	178.546	-	-	-	-	-	383.536
Banks	542.759	-	-	-	-	-	-	542.759
Financial Assets at Fair Value through Profit/ Loss	2.317	-	-	-	7.768	-	-	10.085
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Securities Available-for-Sale	-	-	-	-	-	-	-	-
Loans	2.025	697.304	596.154	1.188.126	1.187.924	45.444	-	3.716.977
Securities Held-to-Maturity,	-	-	-	-	-	-	-	-
Other assets	-	68	156	581	91	-	134.855	135.751
Total Assets	752.091	875.918	596.310	1.188.707	1.195.783	45.444	134.855	4.789.108
Liabilities								
Funds collected from banks through special current and participation accounts	48.646	6.228	14.166	3.438	-	-	-	72.478
Other Special Current and Participation Accounts	587.203	1.849.967	245.794	1.229.666	2	-	-	3.912.632
Funds Borrowed from Other Institutions	-	-	-	-	-	-	-	-
Interbank Money Market Takings	-	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	97.641	97.641
Other liabilities	-	-	-	-	-	-	706.357	706.357
Total Liabilities	635.849	1.856.195	259.960	1.233.104	2	-	803.998	4.789.108
Net Liquidity Gap/Excess	116.242	(980.277)	336.350	(44.397)	1.195.781	45.444	(669.143)	-
Prior Period								
Total Assets	490.085	786.181	528.866	1.075.965	696.632	-	112.300	3.690.029
Total Liabilities	438.046	2.046.816	353.466	140.615	-	-	711.086	3.690.029
Liquidity Gap	52.039	(1.260.635)	175.400	935.350	696.632	-	(598.786)	-

(*) Fixed assets, subsidiaries and investments in associates, stationary, prepaid expenses and loans under follow-up, are included under this column.



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

VII. PRESENTATION OF ASSETS AND LIABILITIES WITH THEIR FAIR VALUES

The table below presents fair values and book values of financial assets and liabilities which are not reflected at their fair values in the financial statements.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	4.575.117	3.553.777	4.522.568	3.461.027
Interbank Money Market Placements	-	-	-	-
Banks	858.140	708.669	858.140	708.669
Securities Available-for-Sale	-	-	-	-
Securities Held-to-Maturity	-	-	-	-
Loans	3.716.977	2.845.108	3.664.428	2.752.358
Financial Liabilities	4.082.751	3.111.830	4.082.751	3.111.830
Funds Obtained from Banks	72.478	32.601	72.478	32.601
Other Special Current and Participation Accounts	3.912.632	2.965.507	3.912.632	2.965.507
Funds Obtained from Other Financial Institutions	-	450	-	450
Securities Issued	-	-	-	-
Miscellaneous Payables	97.641	113.272	97.641	113.272

The approximate fair values are loans are determined by calculating the discounted cash flows using the current market profit share rates.

The fair values of the current accounts are considered to be the amount to be paid at the time of withholding. The approximate fair value of the participation accounts is the unit value of the participation accounts calculated as of such date.

VIII. TRANSACTIONS IN THE NAME AND ACCOUNT OF THIRD PARTIES, FIDUCIARY TRANSACTIONS

1. The Bank does not perform any purchase, sales transactions in the name of others and does not provide management or consultancy services but provides custody services.
2. The Bank is not engaged in trust activities.

IX. EXPLANATIONS ON SEGMENT REPORTING

The Bank operates in retail and commercial banking areas in line with its mission by means of profit/loss sharing methodology.

	Retail	Commercial	Treasury	Undistributed	Total
Total Assets	208.523	3.554.511	136.966	889.108	4.789.108
Total Liabilities	2.794.178	1.256.716	33.942	704.272	4.789.108
Net Profit Share Income/(Expense) (*)	(200.203)	445.602	9.311	18.826	273.536
Net Fees and Commissions Income/(Expense)	2.769	50.748	2.071	(4.324)	51.264
Other Operating Income /(Expense)	(15)	(25.347)	278	(128.280)	(153.364)
Profit Before Tax	(197.449)	471.003	11.660	(113.778)	171.436
Provision for Tax	-	-	-	(35.194)	(35.194)
Net Profit For The Period	(197.449)	471.003	11.660	(148.972)	136.242

(*) The distribution shown in the retail, commercial and treasury segments stems from differences in the fund allocation and fund collection methods. As a result of the mission of the Bank , the Bank operates in retail, commercial and corporate banking through method of participation in profit/loss

INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

SECTION FIVE - FOOTNOTES AND EXPLANATIONS ON FINANCIAL STATEMENTS

I. Explanations and footnotes on assets

1. a) Information on Cash and The Central Bank of Turkey :

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash/ Cash in Foreign Currency	27.891	40.264	26.865	35.139
Central Bank of Turkey	139.144	176.237	104.370	165.990
Other	-	-	-	-
Total	167.035	216.501	131.235	201.129

b) Information on the Central Bank of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Demand Unrestricted Deposit	135.509	1.326	101.635	1.143
Time Unrestricted Deposit	-	-	-	-
Time Restricted Deposit	-	-	-	-
Reserve Deposits	3.635	174.911	2.735	164.847
Total	139.144	176.237	104.370	165.990

2.a) Financial assets at fair value through profit/loss subject to repurchase agreements and given as collateral/ blocked: None.

b) Positive differences on trading derivative instruments: None.

3.a) Information on banks :

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	320.822	221.937	311.982	126.327
Domestic	320.822	93.144	311.982	55.554
Foreign	-	128.793	-	70.773
Head Office and Branches Abroad	-	-	-	-
Total	320.822	221.937	311.982	126.327



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF YTL)

5. Information on loans (continued):

b) Information on foreign banks:

	Unrestrictede Deposit Current Period	Restricted Deposit Current Period	Unrestrictede Deposit Prior Period	Restricted Deposit Prior Period
European Union Countries	34.957	-	34.262	-
USA and Canada	80.601	-	27.849	-
OECD Countries (*)	9.962	-	5.824	-
Off-shore banking regions	-	-	27	-
Other	3.273	-	2.811	-
Total	128.793	-	70.773	-

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

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

- a) Financial assets subject to repurchase agreements and provided as collateral/blocked: None.
- b) Information on financial assets available-for-sale: None.

5. Information on loans:

- 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	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders(*)	23.316	8.603	678	15.041
Loans granted to employees	1.700	-	997	-
Total	25.016	8.603	15.041	-

(*)Indirect loans granted to shareholders amounting to YTL 23.316 comprises YTL 321 of finance lease receivables. (December 31, 2007 YTL 678).

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

5. Information on loans (continued):

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	Restructured or Rescheduled	Loans and other receivables	Restructured or Rescheduled
Loans				
Financing of certificates against goods	-	-	-	-
Export loans	32.300	-	-	-
Import loans	517.879	-	-	-
Commercial loans	1.805.332	73.100	138.621	-
Consumer loans	182.731	462	12.252	-
Credit cards	19.765	-	-	-
Profit/loss sharing loans	30.000	-	-	-
Precious metals loans	-	-	-	-
Loans given to financial sector	72.282	-	-	-
Loans given to foreign customers	133.498	-	-	-
Other	243.331	-	-	-
Foreign Exchange loss provision on FC indexed loans	(1.141)	-	-	-
Profit share income and accrual	356.254	-	-	-
Other receivables	67.290	19.154	13.867	-
Total	3.459.521	92.716	164.740	-

c. The distribution of cash loans according to maturity structure:

Short-term loans and Other Receivables	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and other receivables	Restructured or Rescheduled	Loans and other receivables	Restructured or Rescheduled
Loans	1.650.891	73.562	150.873	-
Other Receivables	1.650.891	73.562	150.873	-
Medium and long term loans and other receivables	-	-	-	-
Loans	1.808.630	19.154	13.867	-
Other Receivables	1.808.630	19.154	13.867	-
Other Receivables	-	-	-	-



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

5. Information on loans (continued):

d. Information on consumer loans:

	Short Term	Medium and long-term	Profit Share and Income Receivable and Accruals	Total
TConsumer Loans-YTL	1.697	174.476	1.630	177.803
Real estate loans	547	160.688	1.405	162.640
Vehicle loans	739	8.584	120	9.443
General purpose loans	163	190	7	360
Other	248	5.014	98	5.360
Consumer Loans- FC Indexed	274	17.857	3.730	21.861
Real estate loans	92	15.205	3.180	18.477
Vehicle loans	144	1.173	246	1.563
General purpose loans	-	4	2	6
Other	38	1.475	302	1.815
Consumer Loans –FC	-	-	-	-
Real estate loans	-	-	-	-
Vehicle loans	-	-	-	-
General purpose loans	-	-	-	-
Other	-	-	-	-
Credit Cards – YTL	7.138	-	-	7.138
With installment	-	-	-	-
Without installment	7.138	-	-	7.138
Credit Cards – FC	-	-	-	-
With installment	-	-	-	-
Without installment	-	-	-	-
Personnel Loans – YTL	22	201	3	226
Real estate loans	-	1	-	1
Vehicle loans	13	157	2	172
General purpose loans	-	19	1	20
Other	9	24	-	33
Personnel Loans - FC Indexed	918	-	147	1.065
Real estate loans	-	-	-	-
Vehicle loans	-	-	-	-
General purpose loans	918	-	147	1.065
Other	-	-	-	-
Personnel Loans –YTL	-	-	-	-
Real estate loans	-	-	-	-
Vehicle loans	-	-	-	-
General purpose loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards -YTL	418	-	-	418
With installment	-	-	-	-
Without installment	418	-	-	418
Personnel Credit Cards - FC	-	-	-	-
With installment	-	-	-	-
Without installment	-	-	-	-
Credit Deposit Account –YTL (Real Person)	-	-	-	-
Credit Deposit Account –FC (Real Person)	-	-	-	-
Total	10.467	192.534	5.510	208.511

INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

5. Information on loans (continued):

e. Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and long-term	Profit Share and Income Receivable and Accruals	Total
Installment based commercial loans-YTL	2.622	96.885	1.156	100.663
Business Loans	575	61.766	610	62.951
Vehicle Loans	2.047	31.454	437	33.938
General purpose Loans	-	-	-	-
Other	-	3.665	109	3.774
Installment based commercial loans - FC indexed	907	14.410	2.894	18.211
Business Loans	848	8.654	1.772	11.274
Vehicle Loans	59	5.200	960	6.219
General purpose Loans	-	-	-	-
Other	-	556	162	718
Installment based commercial loans -FC	-	-	-	-
Business Loans	-	-	-	-
Vehicle Loans	-	-	-	-
General purpose Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards-YTL	12.209	-	21	12.230
With installment	-	-	-	-
Without installment	12.209	-	21	12.230
Corporate Credit Cards-FC	-	-	-	-
With installment	-	-	-	-
Without installment	-	-	-	-
Credit Deposit Account –YTL (Corporate)	-	-	-	-
Credit Deposit Account –FC (Corporate)	-	-	-	-
Total	15.738	111.295	4.071	131.104

f. Loans according to type of borrowers:

	Current Period	Prior Period
Public	236	5.001
Private	3.616.430	2.640.019
Profit Share Income Receivable and Accruals (*)	-	40.154
Total	3.616.666	2.685.174

(*) As of December 31,2008 profit share income receivable and accruals have been included in the related loan balances.

g. Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	3.126.914	2.535.774
Foreign loans	133.498	109.246
Profit Share Income Receivable and Accruals	356.254	40.154
Total	3.616.666	2.685.174

h. Loans granted to subsidiaries and associates: None.



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

5. Information on loans (continued):

i. Specific provisions provided for loans:

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibility	7.955	6.010
Loans and receivables with doubtful collectibility	21.967	8.393
Uncollectible loans and receivables	35.302	18.729
Total	65.224	33.132

The Bank provides provision after taking collaterals into consideration and provides minimum 20% provision for loans and receivables with limited collectibility, minimum 50% for loans and receivables with doubtful collectibility and 100% for uncollectible loans and receivables.

52.145 YTL (2007- 24.208 YTL) of the specific provisions totaling to 65.224 YTL (2007-33.132 YTL) represents participation account share of specific provisions of loans provided from participation accounts.

j. Information on loans under follow-up account (net):

j.1. Loans and other receivables included in loans under follow-up account which are restructured or rescheduled amount to YTL 4.543 and classified as uncollectible loans and receivables.

	III. Grup:	IV. Grup:	V. Grup
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period			
(Gross amount before specific provisions)	-	-	-
Restructured Loans and other Receivables	-	-	746
Rescheduled Loans and other receivables	-	-	3.797
Prior Period			
(Gross amounts before special provisions)	-	-	-
Restructured Loans and other Receivables	-	-	873
Rescheduled Loans and other receivables	-	-	2.869

INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

5. Information on loans (continued):

j.2. Movement of loans under follow-up:

	III. Grup: Loans and receivables with limited collectibility	IV. Grup: Loans and receivables with doubtful collectibility	V. Grup Uncollectible loans and receivables
Prior period ending balance	13.895	9.848	19.133
Additions (+)	74.333	4.424	5.942
Transfers from other categories of loans under follow-up (+)	-	55.603	19.708
Transfers to other categories of loans under follow-up (-)	(55.460)	(19.851)	-
Collections (-)	(8.461)	(9.604)	(2.742)
Write-offs (-)	(111)	(268)	(570)
Corporates and Commercial Loans	(80)	(197)	(398)
Individual Loans	(31)	(71)	(147)
Credit Cards	-	-	(25)
Others	-	-	-
Current period ending balance	24.196	40.152	41.471
Specific provision (-)	(7.955)	(21.967)	(35.302)
Net balance on balance sheet	16.241	18.185	6.169

Uncollectible loans and receivables in the amount of YTL 105.819 (2007-YTL 42.876) comprise YTL 73.811 (2007- YTL 28.183) of participation account share of loans and receivables provided from participation accounts.

j.3. Information on foreign currency loans and other receivables under follow-up:

	III. Grup: Loans and receivables with limited collectibility	IV. Grup: Loans and receivables with doubtful collectibility	V. Grup Uncollectible loans and receivables
Current period:			
Period end balance	3.968	11.821	18.498
Specific provision (-)	(3.474)	(8.527)	(17.805)
Net balance on balance sheet	494	3.294	693
Prior period:			
Period end balance	2.187	2.285	9.018
Specific provision (-)	(2.083)	(2.028)	(9.018)
Net balance on balance sheet	104	257	-

Not: For the III., IV and V. Group receivables YTL 26.104 of foreign currency indexed receivable under follow-up and YTL 22.171 of foreign currency indexed specific reserves are included. (2007 – YTL 6.569 of foreign currency indexed receivable under follow-up and YTL 6.208 of foreign currency indexed specific reserves)



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

5. Information on loans (continued):

J.4. Gross and net receivables under follow-up as per customer categories :

	III. Grup: Loans and receivables with limited collectibility	IV. Grup: Loans and receivables with doubtful collectibility	V. Grup Uncollectible loans and receivables
Current Period (net)	16.241	18.185	6.169
Loans to Individuals and Corporates (Gross)	24.196	40.152	41.471
Specific Provision (-)	(7.955)	(21.967)	(35.302)
Loans to Individuals and Corporates (Net)	16.241	18.185	6.169
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (net)	7.885	1.455	404
Loans to Individuals and Corporates (Gross)	13.895	9.848	19.133
Specific Provision (-)	(6.010)	(8.393)	(18.729)
Loans to Individuals and Corporates (Net)	7.885	1.455	404
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

k. Liquidation policies for the uncollectible loans and other receivables:

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

l. Information on "Write-off" policies :

The Bank's policy is to write-off receivables that are recognized as unable to be collected during legal follow up.

INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

6. Information on securities held-to-maturity (Net): None.

7. Associates (Net):

a.1. The Bank has a participation of 12,5% in Komili Kağıt ve Kişisel Bakım Üretim A.Ş (former name is Rozi Kağıt ve Temizlik Ürünleri A.Ş). As the shareholding in that company does not exceed 50% and as the Bank does not have power of control, it has not been consolidated.

a.2. Information on the unconsolidated associates:

Description	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
1) Komili Kağıt ve Kişisel Bakım Üretim A.Ş	Istanbul / Turkey	12,5	12,5

The balances presented in the below table are obtained from the unaudited financial statements of the Rozi Kağıt ve Temizlik Ürünleri San ve Tic A.Ş. prepared as of September 30,2008

Total Assets	Shareholders' Equity	Total Fixed Assets	Dividend or Profit Share Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1) 84.330	(1.244)	22.626	-	-	(20.912)	(23.939)	-

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

8. Information on subsidiaries (Net):

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

9. Investments in joint- ventures:

None.



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

10. Information on finance lease receivables: (Net)

a) Investments in financial leases as to remaining maturity:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	57.423	48.541	90.385	77.420
1 to 4 years	58.709	51.327	89.207	79.281
Over 4 years	478	443	3.348	3.233
Total	116.610	100.311	182.940	159.934

b) Information on finance lease receivables:

	Current Period	Prior Period
Finance Lease Receivable, Gross	116.610	182.940
Unearned Financial Lease Receivable (-)	(16.299)	(23.006)
Cancelled Lease Amounts (-)	-	-
Financial Lease Receivable, Net	100.311	159.934

c) In relation to leasing agreements; points like criteria used to determine conditional lease installments, if any, existing conditions for options of renewable or purchase and updating of agreement and restrictions of lease agreement, if any, existing penalty fee, whether agreements is renewed, if renewed, conditions for renewable, whether renewable brings new restrictions and other points about rent agreement:

There is no conditional installments for leasing receivables. The customer has the right to buy the leased asset with an immaterial amount defined in the leasing agreements subsequent to the finalization of the required period for legal title transfer.

11. Derivative financial instruments held for risk management:

None.

12. Information on Tangible Fixed Assets:

	Land and buildings	Leased fixed assets	Vehicles	Other fixed assets	Tangible assets to be disposed(*)	Total
Prior Period End:						
Cost	3	0.848	2.384	4.426	32.111	1.483
Accumulated depreciation (-)	(8.165)	(414)	(2.172)	(20.635)	(23)	(31.409)
Net book value	22.683	1.970	2.254	11.476	1.460	39.843
Current Period End:						
Net book value-beginning of period	22.683	1.970	2.254	11.476	1.460	39.843
Additions	240	-	539	6.640	365	7.784
Disposals (-)	-	(129)	(129)	(105)	(79)	(442)
Cancellation of Impairment (+)	568	-	-	-	47	615
Depreciation expense (-)	(670)	(425)	(742)	(3.599)	(14)	(5.450)
Transfers	-	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-	-
Cost at the end of period	31.656	2.178	4.085	38.261	1.815	77.995
Accumulated depreciation at the end of period (-)	(8.835)	(762)	(2.163)	(23.849)	(36)	(35.645)
Net book value at the end of period	22.821	1.416	1.922	14.412	1.779	42.350

(*) See section three, accounting policies, X. Assets held for sale and discontinued operations.

Net book value of leasehold improvements included in tangible assets in the accompanying financial statements and not included in the above table is YTL 9.275.

INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

13. Information on Intangible Fixed Assets:

a. Useful life or amortization rates:

The value of the intangible assets subject to amortization is distributed systematically over its estimated useful lives starting from the effective usage date of the asset.

b. Depreciation Method: Intangible fixed assets are amortized by using straight-line method over the inflation adjusted book values. Depreciation rates used are 33 %and 25 %.

c. Book value and accumulated depreciation amounts at beginning and end of period:

	Current Period	Prior Period
Gross book value	3.645	2.581
Accumulated depreciation	(2.157)	(1.512)
Total	1.488	1.069

d. Movement of intangible assets for the current period:

	Current Period
Net book value at the end of Prior Period	1.069
Balances created internally	-
Additions due to mergers, transfers and acquisitions	1.064
Not used and disposed items (-)	-
Increases or decreases in the revaluation fund	-
Impairment charges	-
Reversal of impairment charges	-
Depreciation expenses (-)	(645)
Currency translation differences on foreign investments	-
Other differences in book values	-
Net book value at the end of Current Period	1.488

e. There is no specific intangible asset that is material to the financial statements.

f. There are no intangible assets acquired through government incentives and accounted at fair value.

g. There are no intangible assets that are pledged or restricted for use.

i. The Bank has no commitments for the intangible fixed asset purchases.

j. The Bank has no revalued intangible assets.

k. The Bank has no research and development expenses recorded in income statement within the period.

l. The Bank has no positive or negative consolidation goodwill arising from consolidated subsidiaries.

m. Net book value of the goodwill at the beginning of the period, at the end of the period and movement in the current period: None.

n. Net book value of the negative goodwill at the beginning of the period, at the end of period and movement in the current period: None.

14. Investment property: None.



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

15. Information on deferred tax asset:

As of December 31, 2008 the Bank calculated deferred tax assets of YTL 599 related to fixed assets (including those acquired by financial leases) and financial leasing receivables, deferred tax asset of YTL 215 related to impairment provisions, the deferred tax assets of YTL 1.143 related to termination benefits and holiday pays, deferred tax assets of YTL 945 related to profit share accruals and deferred tax assets of YTL 13 related to other temporary timing differences, in total amounting to YTL 2.915.

16. Information on assets held for sale:

Assets held for sale consist of tangible assets which are acquired through non-performing loans are recognized as required in accordance with the prevailing the Communiqué of "Principles and Procedures on Bank's Disposal of Precious Metals and Assets Held for Sale" published on November 1, 2006 in the official Gazette numbered 26333 in the unconsolidated financial statements.

	Current Period	Prior Period
Gross Book Value (Beginning Balance)	3.057	-
Accumulated Depreciation (Beginning Balance)	(64)	-
Net Book Value (Beginning Balance)	2.993	-
Additions	4.509	3.107
Disposals	(1.511)	-
Impairments	(68)	(50)
Gross Book Value (Ending Balance)	5.987	3.057
Accumulated Depreciation (Ending Balance)	(29)	(64)
Net Book Value (Ending Balance)	5.958	2.993

17. Information on other assets:

The Bank signed an agreement for \$ 41.000.000 to engineer a new general management building which is located in Ümraniye to use for the future periods and made an advance payment of \$ 15.600.000 as of December 31, 2008. The balance has been included in "Other Assets" in the accompanying financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

II. EXPLANATIONS AND FOOTNOTES ON LIABILITIES:

1. Information on funds collected:

a. Information of maturity structure of funds collected:

a.1. Current Period

	Demand	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 9 Month	Up to 1 Years	Over 1 Years	Accumulating Participation Accounts	Total
I. Real Persons Current Accounts Non-Trade YTL	94.854	-	-	-	-	-	-	-	94.854
II. Real Persons Participation Accounts Non-Trade YTL	-	1.028.871	131.973	29.402	-	55.085	309.338	-	1.554.669
III. Current Account. other-YTL	206.035	-	-	-	-	-	-	-	206.035
Public sector	8.418	-	-	-	-	-	-	-	8.418
Commercial institutions	194.179	-	-	-	-	-	-	-	194.179
Other institutions	3.276	-	-	-	-	-	-	-	3.276
Commercial and Other institutions	10	-	-	-	-	-	-	-	10
Banks and Participation Banks	152	-	-	-	-	-	-	-	152
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	1	-	-	-	-	-	-	-	1
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Banks	151	-	-	-	-	-	-	-	151
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-YTL	-	55.044	2.673	167	-	2.872	113.303	-	174.059
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	50.110	1.400	2	-	318	85.179	-	137.009
Other institutions	-	4.934	111	165	-	38	28.124	-	33.372
Commercial and Other institutions	-	-	1.162	-	-	-	-	-	1.162
Banks and Participation Banks	-	-	-	-	-	2.516	-	-	2.516
V. Real Persons Current Accounts Non-Trade FC	104.003	-	-	-	-	-	-	-	104.003
VI. Real Persons Participation Accounts Non-Trade FC	-	487.257	131.560	29.450	-	87.744	287.631	-	1.023.642
VII. Other Current Accounts FC	230.957	-	-	-	-	-	-	-	230.957
Residents in Turkey-corporate	178.552	-	-	-	-	-	-	-	178.552
Residents abroad-corporate	3.911	-	-	-	-	-	-	-	3.911
Banks and Participation Banks	48.494	-	-	-	-	-	-	-	48.494
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	11	-	-	-	-	-	-	-	11
Foreign Banks	8.946	-	-	-	-	-	-	-	8.946
Participation Banks	39.537	-	-	-	-	-	-	-	39.537
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts, other- FC	-	55.538	18.700	8.556	-	283.243	230.854	-	596.891
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	41.281	925	8.295	-	272.925	154.317	-	477.743
Other institutions	-	1.694	42	261	-	19	25.581	-	27.597
Commercial and Other institutions	-	6.334	12.441	-	-	503	50.956	-	70.234
Banks and Participation Banks	-	6.229	5.292	-	-	9.796	-	-	21.317
IX. Precious metals deposits	-	-	-	-	-	-	-	-	-
X. Participation accounts special fund pools YTL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special fund pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Profit Share and Expense Discounts	-	-	-	-	-	-	-	-	-
Total	635.849	1.626.710	284.906	67.575	-	428.944	941.126	-	3.985.110



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

1. Information on funds collected:(Continued):

a.2. Prior Period

	Demand	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 9 Month	Up to 1 Years	Over 1 Years	Accumulating Participation Accounts	Total
I. Real Persons Current Accounts Non-Trade YTL	72.562	-	-	-	-	-	-	-	72.562
II. Real Persons Participation Accounts Non-Trade YTL	-	773.589	119.323	25.066	-	35.531	84.138	-	1.037.647
III. Current Account. other-YTL	144.948	-	-	-	-	-	-	-	144.948
Public sector	7.073	-	-	-	-	-	-	-	7.073
Commercial institutions	134.913	-	-	-	-	-	-	-	134.913
Other institutions	2.567	-	-	-	-	-	-	-	2.567
Commercial and Other institutions	-	-	-	-	-	-	-	-	-
Banks and Participation Banks	395	-	-	-	-	-	-	-	395
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3	-	-	-	-	-	-	-	3
Foreign Banks	-	-	-	-	-	-	-	-	-
Participation Bank	392	-	-	-	-	-	-	-	392
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-YTL	-	70.074	3.399	131	-	2.268	162.756	-	238.628
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	66.676	2.201	2	-	459	160.633	-	229.971
Other institutions	-	3.398	149	129	-	22	2.123	-	5.821
Commercial and Other institutions	-	-	1.049	-	-	-	-	-	1.049
Banks and Participation Banks	-	-	-	-	-	1.787	-	-	1.787
V. Real Persons Current Accounts FC	102.206	-	-	-	-	-	-	-	102.206
VI Real Persons Participation Accounts Non-Trade FC	-	566.192	130.726	27.070	-	66.645	166.047	-	956.680
VII. Other Current Accounts Non-Trade FC	118.330	-	-	-	-	-	-	-	118.330
Residents in Turkey-corporate	109.532	-	-	-	-	-	-	-	109.532
Residents abroad-corporate	2.506	-	-	-	-	-	-	-	2.506
Banks and Participation Banks	6.292	-	-	-	-	-	-	-	6.292
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	102	-	-	-	-	-	-	-	102
Foreign Banks	5.354	-	-	-	-	-	-	-	5.354
Participation Banks	836	-	-	-	-	-	-	-	836
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts, other- FC	-	66.283	9.907	255	-	7.194	224.303	-	307.942
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	49.779	1.269	69	-	15	164.208	-	215.340
Other institutions	-	3.469	525	186	-	10	49.918	-	54.108
Commercial and Other institutions	-	4.167	-	-	-	372	10.177	-	14.716
Banks and Participation Banks	-	8.868	8.113	-	-	6.797	-	-	23.778
IX. Precious metals deposits	-	-	-	-	-	-	-	-	-
X. Participation accounts special fund pools YTL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special fund pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Profit Share and Expense Discounts	19.165	-	-	-	-	-	-	-	19.165
Total	457.211	1.476.138	263.355	52.522	-	111.638	637.244	-	2.998.108

INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

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:

b.1.a Information on real person's current and participation accounts not subject to trading transactions exceeding the limit of Insurance Fund:

Funds Collected	Under the Guarantee of Insurance		Exceeding the Guarantee of Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real persons current and participation accounts not subject to trading transactions				
Turkish lira accounts	1.027.771	741.777	620.192	379.235
Foreign currency accounts	420.435	452.207	691.240	609.533
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts opened on behalf of a real person denominated in Turkish Lira or foreign currency with a limit of maximum of YTL 50 (including both capital and profit shares) for each person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law Number 5411 published at the official gazette dated November 1, 2005 and numbered 25983.

b.2. Since the headquarter of the Bank is not located abroad, current and participation accounts not subject to trading transactions of real persons are not insured in the country of the head office.

b.3. Funds collected which are not under the guarantee of insurance guarantee:

Funds Collected	Current Period	Prior Period
Foreign Branches' Deposits and other accounts	-	-
SSaving deposits and other accounts of Controlling Shareholders and deposits of their Mother, Father, Spouse, and Children in care.	-	-
Saving deposits and other accounts of president and members of Board of directors, CEO and vice presidents and deposits of their mother, father spouse , and children in care.	2.438	1.128
Saving deposits 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	-	-
Saving deposits in deposit bank which established in Turkey in order to engage in off-shore banking activities solely.	-	-

2. Information on available- for- sale derivative financial Instruments:

None.

3. There are no funds borrowed.



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

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

Other external resources (excluding off balance sheet commitments) do not exceed 10% of the balance sheet total.

5. Information on finance lease obligations:

a. Information on financial lease obligations:

The Bank has acquired some of its equipments through financial leasing and performs monthly payments to financial lease company in accordance with the obligations originated from the leasing agreements. Such agreements do not result in any other important obligations to the Bank other than the committed payments.

b. Explanations on the changes in agreements and new obligations originating from these changes: None.

c. Explanations on the obligations originating from financial leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	-	-	498	450
1 to 4 years	-	-	-	-
Over 4 years	-	-	-	-
Total	-	-	498	450

d. Explanations on operational leases:

The leasing transactions, in which all risks and benefits are held by the lessor, are classified as operational leases. Such transactions consist of rent contracts of branches which may be cancelled by declaration. The payments related with operational leases are recognized as expense in the income statement during the period of the agreement.

There are no significant commitments regarding the changes at the operational lease agreements.

The rent obligations resulting from the operational leases are as follows; the payables represent the rent payments the Bank will make in future periods:

	Current Period	Prior Period
Less than a year	8.259	4.865
1 to 4 years	24.378	14.660
Over 4 years	27.879	16.442
Total	60.516	35.967

e. There are no sale and lease back transactions.

6. Derivative financial liabilities held for risk management: None.

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

7. Information on provisions:

a. Information on general provisions:

	Current Period	Prior Period
General provision	35.987	21.145
I. Group loans and receivables	27.000	19.148
Participation Account Share	18.535	12.277
Bank's Share	8.465	6.871
Others	-	-
II. Group loans and receivables	3.671	-
Participation Account Share	2.756	-
Bank's Share	915	-
Others	-	-
Provisions for non-cash loans	5.316	1.997
Others		

b. Information on foreign exchange losses on foreign currency indexed loans and financial-lease receivables:

	Current Period	Prior Period
Foreign currency indexed loans		
Foreign Exchange losses (netted-off from loan and financial-lease receivables)	1.145	84.148

c. Information on specific provisions for non-cash loans that are not indemnified and not liquidated:

	Current Period	Prior Period
Not indemnified and non-liquidated non-cash loans	729	2.015

d. Information on other provisions:

d.1. Information on provisions for possible losses.

	Current Period	Prior Period
Provisions for possible losses	70	55

d.2. If other provisions exceeds %10 of total provisions, explanations on such items: None.

8. Information on taxes payable:

a.1 The amount of the corporate tax of the Bank in current period is YTL 36.704. After deducting the amount of pre-paid tax within current period , the amount of the corporate tax (net) of the Bank in current period is YTL 11.891.

a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	11.891	7.123
Taxation of Securities	4.178	3.579
Property Tax	102	71
Banking Insurance Transaction Tax	4.544	1.969
Foreign Exchange Transaction Tax	-	210
Value Added Tax Payable	148	76
Other	1.971	1.534
Total	22.834	14.562



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. 31 NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

8. Information on taxes payable: (continued)

a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	793	595
Social Security Premiums-Employer	856	847
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	56	41
Unemployment insurance-Employer	111	83
Other	-	-
Total	1.816	1.566

b) The Bank has no deferred tax liabilities

9. Information on payables for assets held for sale: None.

10. Information on Subordinated Loans: None.

11. Information on equity:

a. Presentation of paid-in capital:

a. Ödenmiş sermayenin gösterimi:

	Current Period	Prior Period
Common Stock	269.500	269.500

b. The Bank is not subject to registered share capital system.

c. Information on share capital increases and their sources; other information on increased share capital in current period:

December 31, 2008: none

December 31, 2007 :

At the Ordinary General Meeting held on April 12, 2007, the Bank decided to allocate the prior years' profit amounting to YTL 69.708, comprising the profit for the year 2006 in the amount of YTL 69.381 and the prior years' profit in the amount of YTL 327, as I. Legal Reserve in the amount of YTL 3.485, dividend to shareholders in the amount of YTL 10.000 , II. Legal Reserve in the amount of YTL 200, addition to the capital in the amount of YTL 55.000 and extraordinary reserves in the amount of YTL 1.023 . The increase was registered on April 13, 2007 and published at April 19, 2007 in the Official Gazette numbered 6791.

The Bank increased its paid-in share capital from YTL 215.000 to YTL 269.500. The amount of increase amounting to YTL 54.500 was decided to be provided in cash from initial public offering (IPO) by placing restrictions on preferential rights of the shareholders in accordance with decision taken in the Board of Directors meeting of the Bank dated 16 April 2007. The related capital increase was registered in Trade Registry Gazette number 6841 dated 29 June 2007. YTL 269.500 par-value shares of the Bank related to IPO transactions were registered by the Capital Market Board (CMB) in accordance with "Communiqué related to Registering Shares of Incorporated Companies" number 43/636 dated 15 June 2007.

d. The Bank has no supplemented capital reserves to capital. (2007 : none)

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

11. Information on equity: (continued)

f. Prior periods' indicators related with the Bank's income, profit and liquidity and the possible effects of the uncertainties in these indicators on the Bank's equity:

The Bank collects large amount of funds, uses these funds to give domestic loans and continues to realize profit possibilities. In the forthcoming periods, the management foresees that the Bank will include the profits realized in the shareholders' equity, which will have a positive impact on the shareholders' equity.

g. There are no privileges attributed to the shares constituting the share capital.

h. Information on securities value increase fund: None.

i. Information on the previous years' profits:

At the Ordinary General Assembly held on March 20, 2008, the Bank decided to allocate the prior years' profit amounting to YTL 84.979 as I. Legal Reserve in the amount of YTL 4.249, dividend to shareholders in the amount of YTL 32.291 including income taxes and other legal liabilities on profit, II. Legal Reserve in the amount of YTL 1.882 and extraordinary reserves in the amount of YTL 46.557. The profit distribution was registered on April 3,2008 and published at April 9, 2008 in the Official Gazette numbered 7038.

The amount of provision for corporate tax in the financial statements of the Bank was calculated at YTL 17.368 as of 31 December 2007. However a correction was made to the corporate tax return of the Bank owing to the fact that dividend share of the Islam Kalkınma Bankası as a shareholder of the Bank be exempted from corporate tax calculation and directly paid off in accordance with the "Law Related To Granting Islam Kalkınma Bankası Exemption From Tax" number 3259 dated 11 February 1986. As a result, the Bank recalculated corporate tax amount payable at YTL 16.364. YTL, 633 of the corporate tax return difference of YTL 1.004 as a result of recalculation was paid to the Islam Kalkınma Bankası as dividend. The remaining YTL 371 was related to exemption of gain from disposal of real estates in accordance with sub clause 'e' and 'f' of the clause 1 of the article 5 of the Corporate Tax Law.

12. Information on Minority Interest : None.



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF YTL)

III. EXPLANATIONS ON CONTINGENCIES AND COMMITMENTS:

1. Disclosures on other contingent liabilities:

a. Nature and amount of irrevocable loan commitments:

The Bank has commitments for credit card limits amounting to YTL 64.991 (2007- YTL 52.997) payment commitments for checks, amounting to YTL 168.664 (2007- YTL 159.701), tax and funds liabilities arising from exporting commitments amounting to YTL 234 (2007- YTL 122) and loan granting commitments YTL 4.929 (2007- YTL 2.296) totaling to YTL 238.818 (2007- YTL 215.116) of irrevocable loan commitments as of December 31, 2008.

b. Nature and amount of contingent loss and commitments from off-balance sheet items including below statements:

b.1 Non-cash loans including guarantees, acceptances, financial collaterals and other letters of credits:

As of the balance sheet date, total letters of credit amount to YTL 262.370 (2007- YTL 165.676) and acceptances amount to YTL 25.777 (2007- YTL 8.061)

b.2. Definite guarantees, temporary guarantees, sureties and similar transactions:

As of the balance sheet date, total letters of guarantees amount to YTL 2.444.307 (2007- YTL 965.597). As of the balance sheet date, sureties provided by the Bank amount to YTL 16.766 (2007- YTL 10.935).

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

	Current Period	Prior Period
Guarantees given against cash loans	-	-
With maturity of 1 year or less	-	-
With maturity of more than 1 year	-	-
Other non-cash loans	2.749.220	1.150.269
Total	2.749.220	1.150.269

c.2. Information on the sectoral risk concentration of non-cash loans:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	44.723	2,79	18.171	1,58	19.920	2,90	24.511	5,29
Farming and stockbreeding	7.430	0,46	5.508	0,48	4.997	0,73	3.145	0,68
Forestry	37.246	2,33	12.663	1,10	14.923	2,17	21.366	4,61
Fishing	47	-	-	-	-	-	-	-
Manufacturing	550.519	34,40	559.543	48,68	311.895	45,39	263.473	56,89
Mining	4.559	0,28	10.163	0,88	3.963	0,58	1.580	0,34
Production	499.966	31,25	508.971	44,28	284.071	41,34	242.240	52,31
Electric, gas and water	45.994	2,87	40.409	3,52	23.861	3,47	19.653	4,24
Construction	704.043	44,01	432.250	37,61	243.282	35,40	91.268	19,71
Services	211.471	13,23	126.986	11,05	72.719	10,59	57.193	12,34
Wholesale and retail trade	59.555	3,72	32.519	2,83	25.535	3,72	26.857	5,80
Hotel, food and beverage services	13.372	0,84	4.018	0,35	1.076	0,16	5.068	1,09
Transportation and telecommunication	67.585	4,22	63.600	5,53	15.337	2,23	14.150	3,06
Financial institutions	2.506	0,16	2	-	1.516	0,22	2	-
Real estate and renting services	8.102	0,51	18.238	1,59	3.080	0,45	9.269	2,00
Self-employment services	9.387	0,59	138	0,01	3.892	0,57	-	-
Education services	13.875	0,87	3.525	0,31	4.672	0,68	390	0,08
Health and social services	37.089	2,32	4.946	0,43	17.611	2,56	1.457	0,31
Other	89.041	5,57	12.473	1,08	39.397	5,72	26.611	5,77
Total	1.599.797	100,00	1.149.423	100,00	687.213	100,00	463.056	100,00

INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

III. EXPLANATIONS ON CONTINGENCIES AND COMMITMENTS (continued):

c.3) Information on non-cash loans in Ist and IInd Groups

	I st Group		II nd Group	
	YTL	FC	YTL	FC
Non-cash loans	1.563.724	1.146.043	36.073	3.380
Letters of guarantee	1.549.549	858.405	36.073	280
Bank acceptances	-	25.777	-	-
Letters of credit	-	259.270	-	3.100
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring of guarantee	-	-	-	-
Other commitments and contingencies	14.175	2.591	-	-

2. Information on derivative financial instruments: None.

3. Accounting and presentation of contingent assets and liabilities in the financial statements:

a) Considering high probability of contingent liabilities, The Bank provided a provision in the amount of YTL 70. (December 31, 2007 : YTL 55)

b) After the sequestration on imported merchandise of a customer with unpaid loan, along with 6 another banks; the foreign vendor of these items claimed ownership on some part of these imported merchandise and sued all Banks and The Bank for compensation of USD 3.662.973 and YTL 5.000. This lawsuit resulted against one of the banks. The said bank paid the compensation amount mentioned above, and sued remaining Banks and The Bank for the whole of the compensation of its loss arising from the payment. This Lawsuit resulted against The Bank. Albaraka Türk Katılım Bankası A.Ş. appealed the judgment and, the decision was reversed by the judgment of Supreme Court 11 dated June 21, 2003 and numbered 2003/593. Plaintiff bank applied for the correction of the decision, the demand dismissed. The Lawsuit continued during the application for the correction and appeals the judgment. The Court appointed a new date for the trial and at the date appointed by the Court, the expert made an examination and determined YTL 22.855 as the balance the Bank is responsible from. The Bank appealed the expert report. As of the report sate, the lawsuit is still in progress. Since the management expects the appeal will resolve in favor of The Bank, The Bank did not provide any reserve in the financial statements as of December 31, 2008.

c) Because of ongoing tax lawsuits and disputes with the tax office, The Bank applied for Tax Amnesty Law. Due to the agreement with the tax office, The Bank paid YTL 3.357. Then, The Bank sued the tax office arguing that the tax imposition was excessive. With the decision of the Istanbul Tax Law Court numbered 2, it was decided that the recomputed amount in accordance with the third provision of Law number 4811 be deducted from the payment and the remaining amount be refunded to The Bank. Plaintiff management appealed the judgment and, the decision was reversed by Council of State. District court has not obeyed the decision by Council of State. This decision has appealed again by plaintiff management and this lawsuit is in the phase of appellatant. The Bank expects to collect YTL 2.370 back from the Mecidiyeköy Tax Office regarding this case.

4. Information on the services in the name and account of third parties:

The Bank does not have any operations in the name and account of real persons, legal entries, foundations, retirement insurance funds and other legal entities. The Bank provides only safe custody services .



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

IV. EXPLANATIONS AND FOOTNOTES RELATED WITH STATEMENT OF INCOME :

1. a) Information on profit share income from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Profit Share Income (*)	531.926	2.436	347.142	1.082
Short Term Loans	279.580	2.432	246.788	1.082
Medium and Long Term Loans	249.179	4	100.270	-
Loans under follow-up	3.167	-	84	-
Premiums received from Resource Utilization Support Fund	-	-	-	-

(*) Includes fees and commissions on cash loans.

b) Information on profit share income from banks:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	13.074	-	9.137	-
Domestic Banks	3.429	-	8.030	-
Foreign Banks	-	-	-	-
Foreign Head offices and Branches	-	-	-	-
Total	16.503	-	17.167	-

c) The Bank has no profit share income from marketable securities.

d) The Bank has no profit share income from associates and subsidiaries.

2. a) Information on profit share expenses on funds borrowed:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks				
Central Bank of Turkey	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	-	-	-
Head offices and Branches Abroad	-	-	-	-
Other Institutions (Related to Financial Leasing Payables)	48	-	128	-
Total	48	-	128	-

b) Profit share income paid to associates and subsidiaries: None.

c) Profit share expenses paid to securities: None.

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

IV. EXPLANATIONS AND FOOTNOTES RELATED WITH STATEMENT OF INCOME (continued):

d) Maturity structure of the profit share expenses paid to participation accounts:

	Demand	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 9 Month	Up to 1 Years	Over 1 Years	Accumulating Participation Accounts	Total
Turkish Lira									
Participation accounts granted to banks and Participation accounts of real persons (non-trading)	-	-	-	-	-	434	-	-	434
Participation accounts of public institutions (non- trading)	128.978	18.072	3.941	-	-	36.584	-	-	187.575
Participation accounts of commercial institutions.	1	-	-	-	-	-	-	-	1
Participation accounts of other institutions	6.650	265	15	-	-	19.722	-	-	26.652
Total	136.325	18.517	3.977	-	-	57.402	-	-	216.221
Foreign Currency									
Banks	487	561	-	-	-	1.201	-	-	2.249
Participation accounts of real persons(non-trading)	25.354	6.114	1.322	-	-	17.492	-	-	50.282
Participation accounts of public institutions (non- trading)	-	-	-	-	-	-	-	-	-
Participation accounts of commercial institutions	2.366	43	100	-	-	17.190	-	-	19.699
Participation accounts of other institutions	424	299	12	-	-	5.965	-	-	6.700
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	28.631	7.017	1.434	-	-	41.848	-	-	78.930
General Total	164.956	25.534	5.411	-	-	99.250	-	-	295.151

3. Information on dividend income: None.

4. Information on trading profit/loss:

	Current Period	Prior Period
Profit	2.350.286	266.565
Trading Account Income	409	1.124
Derivative financial instruments	-	-
Other	409	1.124
Foreign Exchange Gains	2.349.877	265.441
Loss (-)	(2.333.576)	(252.274)
Trading Account Loss	-	-
Derivative financial instruments	-	-
Other	-	-
Foreign Exchange Losses	(2.333.576)	(252.274)
Trading profit/loss	16.710	14.291



INDEPENDENT
AUDITORS'
REPORT



INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF YTL)

5. Information on other operating income:

Current Period,

Total other operating income amounting to YTL 19.413 comprises YTL 13.404 of income from collections from special provisions provided in 2007 and previous years and cancellation of other provisions made in 2007 and previous years and YTL 6.009 of income from sale of assets and property and other income.

Prior Period,

Total other operating income amounting to YTL 22.707 comprises YTL 15.823 of income from collections from special provisions provided in 2006 and cancellation of other provisions provided in 2006 and YTL 6.884 of income from sale of assets and property and other income.

6. Provision for loan losses and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	37.726	16.889
III. Group	22.674	15.482
IV. Group	9.157	509
V. Group	4.787	310
Doubtful fees and commissions receivable and other receivables	1.108	588
General provision expenses	12.396	10.411
Provision for possible losses	15	15
Impairment losses on financial assets	593	-
Financial assets at fair value through profit or loss	593	-
Financial assets available for sale	-	-
Impairment losses on associates, subsidiaries and investments held-to-maturity	382	860
Associates	382	860
Subsidiaries	-	-
Joint Ventures	-	-
Investments held-to-maturity	-	-
Other	1.225	1.840
Total	52.337	30.015

YTL 31.427 (2007- YTL 12.511) of the specific provision expenses for loans and other receivables in the amount of YTL 37.726 (2007- YTL 16.889) represents participation account share of specific provision expense of loans and other receivables provided from participation accounts.

YTL 6.568 (2007- YTL 6.304) of the general provision expense for loans and other receivables represents in the amount of YTL 12.396 (2007- YTL 10.411) represents participation account share of general provision expense of loans and other receivables provided from participation accounts.

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

7.a) Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	82.582	57.672
Reserve for Employee Termination Benefits	663	1.185
Deficit Provision for Pension Fund	-	-
Impairment Losses of Tangible Fixed Assets	10	-
Depreciation Expenses of Tangible Fixed Assets	7.863	7.269
Impairment Losses of Intangible Fixed Assets	-	-
Impairment Losses Goodwill	-	-
Depreciation Expenses of Intangible Fixed Assets	645	396
Impairment Losses on Assets to be Disposed	104	-
Depreciation Expenses of Assets to be Disposed	17	57
Impairment Losses on Assets held-for-Sale	-	-
Other Operating Expenses	30.083	28.121
Operational lease related expenses	10.418	6.417
Repair and maintenance expenses	1.412	1.008
Advertisement expenses	3.411	8.591
Other Expenses	14.842	12.105
Loss on Sale of Assets	186	1.026
Other	14.997	12.167
Total	137.150	107.893

8. Information on continuing and discontinued operations profit/loss before taxes :

The Bank has no discontinued operations.

The Bank's profit increased by 59% as compared to previous period and is realized as YTL 171.436. Profit before taxes comprises net profit share income in the amount of YTL 273.536 and fees and commission income in the amount of YTL 51.264. Total other operating expenses amount to YTL 137.150.



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF YTL)

9. Information on tax provisions for continuing and discontinued operations:

The Bank has no tax provision for discontinued operations.

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

As of December 31, 2008 the Bank's current tax expense amounted to YTL 36.704 and deferred tax expense amounted to YTL 1.510.

b. Deferred tax income or expense on temporary differences, carried forward tax losses or tax exemptions or deductions:

	Current Period		Prior Period	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Temporary Differences				
Fixed Assets (net)	3.723	745	3.587	717
Financial Leasing Receivables	(732)	(146)	(2.801)	(560)
Provision for Impairment Losses	1.075	215	831	166
Reserve for Employee Termination Benefits	5.716	1.143	5.053	1.011
Profit Share Discount	4.721	945	504	101
Others	70	13	(148)	(30)
Deferred Tax Assets		2.915		1.405
Deferred Tax Income /(Expense)		1.510		(5.175)

10. Information on continuing and discontinued operations net profit/loss;

The Bank has no discontinued operations.

The Bank's profit before taxes on continuing operations amounts to YTL 171.436 (December 31, 2007: YTL 107.522), after deducting tax provision expense amounting to YTL 35.194 (December 31, 2007: YTL 22.543) the Bank has a net profit of YTL 136.242 for the period (December 31, 2007: YTL 84.979).

11. Information on net income / loss for the period:

- The nature and amount of certain income and expense items from ordinary operations are disclosed 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.
- The effect of the change in accounting estimates to the net profit/loss; including the effects on the future period: None.
- Income / loss of minority interest: None.

12. Components of other items in income statement, as each sub-account exceeding 20% of the total separately, exceeding 10% of total income statement.

Other commission income of YTL 40.906 included in the statement of income included fees and commissions of pos machines from member companies in the amount of YTL 24.017.

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

V. FOOTNOTES AND EXPLANATIONS RELATED TO STATEMENT OF SHAREHOLDERS' EQUITY MOVEMENT:

1. Explanations on the adjustments made in the current period related to the application of Accounting Standards on Financial Instruments:

- a. Increase resulting from the measurement of available for sale securities: None.
- b. Increase in cash flow risk hedging items: None.
- c. Reconciliation of beginning and ending balances of the foreign currency differences: None.

2. Explanations on the adjustments made in the current period regarding the application of Accounting Standard on Financial Instruments:

- a. Information on securities available for sale: None
- b. Information on cash flow hedges: None.

3. Information on dividend:

- a. Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.
- b. Earnings per share proposed subsequent to the balance sheet date, but before the announcement of the financial statements:

Profit distribution is under the authorization of General Assembly. Since as of the date of preparation of financial statements, the Annual General Meeting Assembly was not held and accordingly information on profit distribution is not disclosed.

- c. Proposals to General Assembly for the payment times of dividend and if it will not be appropriated the reasons of this: None.

4. Amounts transferred to legal reserves:

Amount transferred to legal reserves from the profit of the year 2007 was YTL 6.192.

5. Information on shares issued:

- a. There are no priorities or restrictions regarding the distribution of income and repayment of the capital. Income is equally distributed to all shareholders.
- b. Information on the other capital increase items in the statement of changes in shareholders' equity: None.



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF YTL)

VI. FOOTNOTES AND EXPLANATIONS RELATED TO THE STATEMENT OF CASH FLOW:

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

“Other items” amounting to YTL 95,267 included in “Operating profit before changes in operating assets and liabilities” consist of foreign currency losses of foreign currency indexed loans and other expenses other than personnel expenses, loss on sales of assets, taxes paid, and depreciation expenses.

2. Cash flows related to acquisition of associates, subsidiaries and other investments: None.

3. Information on disposals of the associates, subsidiaries and other investments: None.

4. Information on cash and cash equivalents at the beginning of period:

	Current Period	Prior Period
Cash	164.782	97.895
Cash/ Cash in Foreign Currency	62.004	45.798
Money in Transit	-	1.050
The Central Bank of Turkey	102.778	51.047
Cash Equivalents	438.309	218.029
Domestic Banks	367.536	168.711
Foreign Banks	70.773	49.318
Total Cash and cash equivalents	603.091	315.924

5. Information on cash and cash equivalents at the end of period:

	Current Period	Prior Period
Cash	204.990	164.782
Cash/ Cash in Foreign Currency	68.155	62.004
Money in Transit	-	-
The Central Bank of Turkey	136.835	102.778
Cash	542.759	438.309
Cash/ Cash in Foreign Currency	413.966	367.536
Money in Transit	128.793	70.773
Total Cash and cash equivalents	747.749	603.091

INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

(CURRENCY – THOUSANDS OF YTL)

VII. EXPLANATIONS AND FOOTNOTES FOR RELATED PARTY TRANSACTIONS:

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and funds collected balances:

a. Current Period:

Bank's Risk Group	Associates, Subsidiaries and Join-Ventures		Direct and indirect shareholders of the Bank		Other components in risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	-	678	15,041	-	-
Balance at end of the period (*)	-	-	23,316	8,603	-	-
Profit share and commission income received	-	-	3,722	-	-	-

(*) Indirect loans granted to shareholders amounting to YTL 23.316 comprises YTL 321 of finance lease receivables. (December 31, 2007 YTL 678)

b. Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Join-Ventures		Direct and indirect shareholders of the Bank		Other components in risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	-	62,903	24,182	-	-
Balance at end of the period	-	-	678	15,041	-	-
Profit share and commission income received	-	-	63	-	-	-

c.1. Information on special current and participation accounts related to the Bank's risk group:

Bank's Risk Group	Associates, Subsidiaries and Join-Ventures		Direct and indirect shareholders of the Bank		Other components in risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Special current and participation accounts						
Balance at the beginning of the period	-	-	120,361	64,237	-	-
Balance at end of the period	-	-	104,422	120,361	-	-
Profit share expense	-	-	14,329	11,597	-	-

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

None.



INDEPENDENT
AUDITORS'
REPORT



ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

VIII. INFORMATION ON THE BANK'S DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES:

Information relating to the domestic, foreign, offshore branches and foreign representatives of the Bank;

	Number	Number of Employees			
Domestic branch	100	1.796			
			<u>Country of Incorporation</u>		
Foreign representatives	-	-	-	<u>Total Assets</u>	<u>Statutory Share Capital</u>
Foreign branch	-	-	-	-	-
Offshore banking region branches	-	-	-	-	-

INDEPENDENT
AUDITORS'
REPORT

ALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

SECTION SIX - OTHER EXPLANATIONS

- I. Other Disclosures and Footnotes: None.
- II. The Bank does not have to prepare consolidated financial statements in accordance with the "Communiqué on the Preparation of Financial Statements by Banks" published in the Official Gazette dated 8 November 2006 and numbered 26340.



INDEPENDENT
AUDITORS'
REPORT

INDEPENDENT
AUDITORS'
REPORTALBARAKA TÜRK KATILIM BANKASI A.Ş. NOTES TO FINANCIAL
STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2008

(CURRENCY – THOUSANDS OF YTL)

SECTION SEVEN - EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT**I. Explanations on the independent auditors' report**

The financial statements of the Bank for the period between January 1 – December 31, 2008 were audited by Kapital Karden Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.

Independent audit report is presented preceding the financial statements and related disclosures to financial statements.

II. Explanations and footnotes prepared by independent auditors

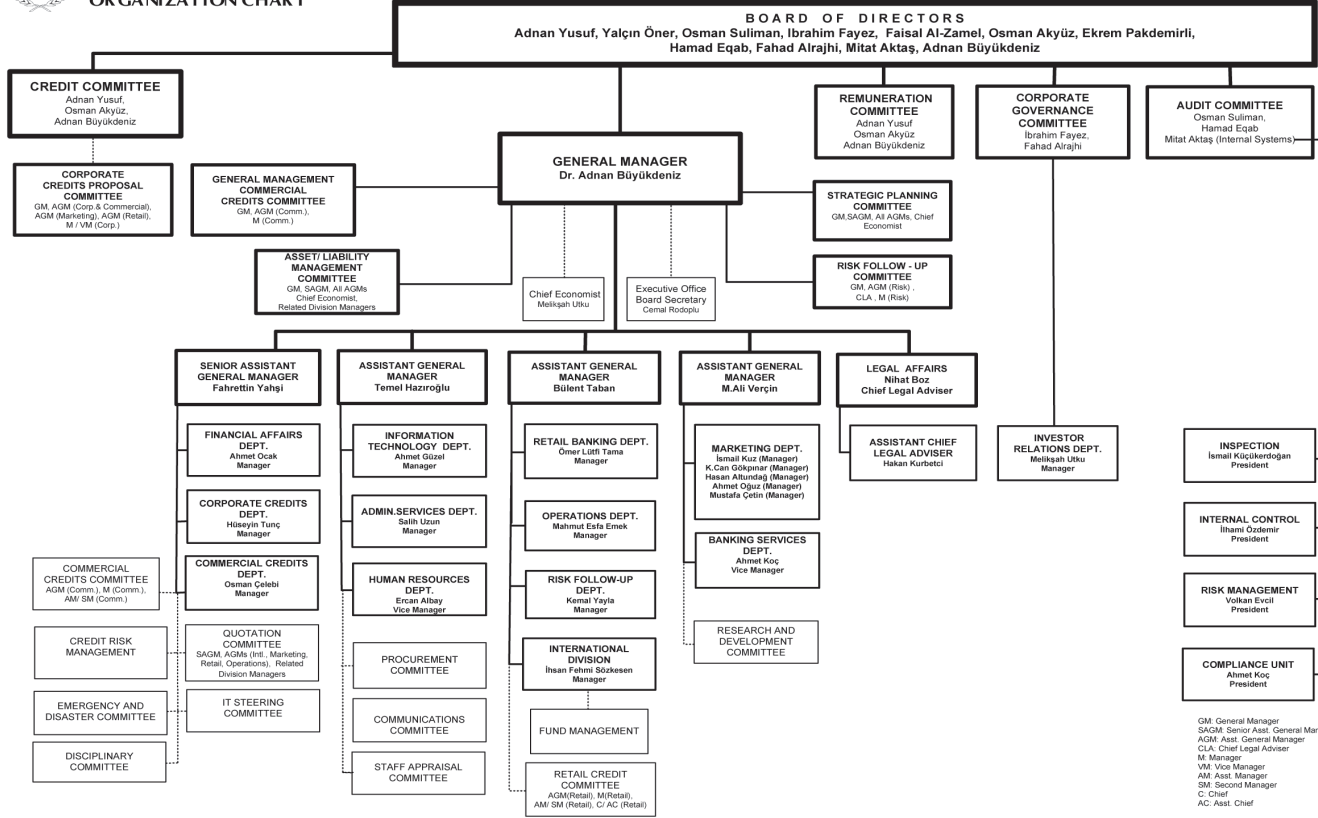
None.

ORGANIZATION CHART



ALBARAKA TÜRK PARTICIPATION BANK ORGANIZATION CHART

AS OF 29.12.2008



ORGANIZATION CHART



OUR BRANCHES

HEAD OFFICE and HEAD BRANCH

Büyükdere Cad. No:78
34394 Mecidiyeköy/İSTANBUL
Telephone: 0.212.274 9900
Teleks: 27061 abrt tr - 26459 albt tr
Fax: 0.212.272 4470
0.212.275 1477
SWIFT: BTFHTRIS
e-mail: albarakaturk@albarakaturk.com.tr
www.albarakaturk.com.tr

OUR BRANCHES

ADANA BRANCH

İnönü Cad. No:85 01060 ADANA
Tel : (0322) 363 11 00
Fax : (0322) 363 11 05

ADANA BARKAL BRANCH

Turhan Cemal Beriker Bulvarı
Adana İş Merkezi A Blok No:25
01960 Seyhan/ADANA
Tel : (0322) 429 78 78
Fax : (0322) 429 51 52

ADAPAZARI BRANCH

Çark Cad. No:1/75
54100 ADAPAZARI
Tel : (0264) 277 91 41
Fax : (0264) 278 66 85

AFYON BRANCH

Bankalar Cad. No:32
03100 AFYONKARAHİSAR
Tel : (0272) 214 10 14
Fax : (0272) 213 10 14

AKSARAY BRANCH

Ankara Cad. No:7
AKSARAY
Tel : (0382) 212 12 71
Fax : (0382) 213 13 06

ALTUNİZADE BRANCH

Kısıklı Cad. Aköz İş Mrk. A Blok No:2
Altunizade/Üsküdar/İSTANBUL
Tel : (0216) 651 74 94
Fax : (0216) 651 74 88

ANKARA BRANCH

Atatürk Bulvarı No:57/A
06410 Sıhhiye/ANKARA
Tel : (0312) 430 53 20
Fax : (0312) 435 09 80

AVCILAR BRANCH

Namık Kemal Cad. No:37
34310 Avcılar/İSTANBUL
Tel : (0212) 509 05 24
Fax : (0212) 509 05 22

ANTALYA BRANCH

Milli Egemenlik Cad. No:42/5
07100 ANTALYA
Tel : (0242) 247 46 12
Fax : (0242) 243 31 86

AYDIN BRANCH

Hükümet Bulvarı No:11
09100 AYDIN
Tel : (0256) 213 48 38
Fax : (0256) 214 97 76

BAĞCILAR BRANCH

Osmangazi Cad. No:23
34560 Bağcılar/İSTANBUL
Tel : (0212) 434 23 28
Fax : (0212) 461 55 51

BAHÇELİEVLER BRANCH

Eski Edirne Asfaltı Ömür Sitesi
B1 Blok No:30
34160 Bahçelievler/İSTANBUL
Tel : (0212) 642 00 44
Fax : (0212) 642 00 33

BAKIRKÖY BRANCH

İncirli Cad. No:106
34140 Bakırköy/İSTANBUL
Tel : (0212) 542 02 22
Fax : (0212) 542 08 61

BAKIRKÖY ÇARŞI BRANCH

İstanbul Cad. Dantelacı Sok. No:7
Bakırköy/İSTANBUL
Tel : (0212) 583 66 33
Fax : (0212) 583 66 88

BALGAT BRANCH

Ceyhun Atıf Kansu Cad. No:100/Ü
06520 Balgat/ANKARA
Tel : (0312) 472 40 30
Fax : (0312) 472 78 77

BALIKESİR BRANCH

Anafartalar Cad. No:15
10100 BALIKESİR
Tel : (0266) 243 73 33
Fax : (0266) 243 56 86

BATMAN BRANCH

Diyarbakır Cad. No:58
72070 BATMAN
Tel : (0488) 215 26 42
Fax : (0488) 215 26 49

BAYRAMPAŞA BRANCH

Abdi İpekçi Cad. No:77
34030 Bayrampaşa/İSTANBUL
Tel : (0212) 612 52 20
Fax : (0212) 501 53 69

BEŞÜZEVLER BRANCH

Eski Edirne Asfaltı No:349
34045 Bayrampaşa/İSTANBUL
Tel : (0212) 477 61 90
Fax : (0212) 477 61 98

BEYLİKDÜZÜ BRANCH

İstanbul Cad. No:2
34500 Gürpınar/İSTANBUL
Tel : (0212) 871 00 45
Fax : (0212) 871 02 11

BORNOVA BRANCH

Mustafa Kemal Cad. No:20/E
Bornova/İZMİR
Tel : (0232) 342 43 23
Fax : (0232) 342 17 07

BURSA BRANCH

İnönü Cad. No:27, 16010 BURSA
Tel : (0224) 220 97 60
Fax : (0224) 220 97 61

ÇAĞLAYAN BRANCH

Vatan Cad. No:21/C
34403 Çağlayan/İSTANBUL
Tel : (0212) 246 06 11
Fax : (0212) 246 06 27

ÇORLU BRANCH

Kazımiye Mah.
Salih Omurtak Cad. No:34/C
59850 Çorlu/TEKİRDAĞ
Tel : (0282) 673 66 10
Fax : (0282) 673 66 16

ÇORUM BRANCH

İnönü Cad. No:38/A
19100 ÇORUM
Tel : (0364) 224 19 11
Fax : (0364) 224 00 43

DENİZLİ BRANCH

İstasyon Cad. No:48
20100 DENİZLİ
Tel : (0258) 242 00 25
Fax : (0258) 241 72 10

DİYARBAKIR BRANCH

İnönü Cad. No:19
21200 DİYARBAKIR
Tel : (0412) 224 75 30
Fax : (0412) 224 75 08

DÜZCE BRANCH

Atatürk Bulvarı No:9
DÜZCE
Tel : (0380) 512 08 51
Fax : (0380) 512 08 61

ELAZIĞ BRANCH

Hürriyet Cad. No:35/B
23200 ELAZIĞ
Tel : (0424) 212 47 24
Fax : (0424) 212 51 18

ERZURUM BRANCH

İstasyon Cad. No:69
25040 ERZURUM
Tel : (0442) 213 24 76
Fax : (0442) 213 24 75

ESENLER BRANCH

Fevzi Çakmak Mah. No:4
34220 Esenler/İSTANBUL
Tel : (0212) 508 49 99
Fax : (0212) 508 34 38

ESKİŞEHİR BRANCH

Porsuk Bulvarı No:9
26010 Köprübaşı/ESKİŞEHİR
Tel : (0222) 231 36 66
Fax : (0222) 233 46 66

ETLİK BRANCH

Yunus Emre Cad. No:5/A, 5/B
06010 Etlük/ANKARA
Tel : (0312) 325 91 91
Fax : (0312) 326 00 27

FATİH BRANCH

Macar Kardeşler Cad. No:30
34080 Fatih/İSTANBUL
Tel : (0212) 635 48 96
Fax : (0212) 635 48 95

GAZİANTEP BRANCH

Suburcu Cad. No:4
27000 GAZİANTEP
Tel : (0342) 230 91 68
Fax : (0342) 230 95 43

GAZİOSMANPAŞA BRANCH

Çukurçeşme Cad. No:5
Gaziosmanpaşa/İSTANBUL
Tel : (0212) 563 54 90
Fax : (0212) 563 54 11

GEBZE BRANCH

Atatürk Cad. No:3
41400 Gebze/KOCAELİ
Tel : (0262) 641 15 82
Fax : (0262) 641 15 43

GÜNEŞLİ BRANCH

Gülbahar Cad. Tufan Sok. No:26/B
34212 Güneşli/İSTANBUL
Tel : (0212) 474 03 03
Fax : (0212) 489 29 79

İSPARTA BRANCH

Piri Mehmet Mah.
Belediye Kültür Sitesi B Blok No:2
32100 İSPARTA
Tel : (0246) 223 47 42
Fax : (0246) 232 21 70

İKİTELLİ BRANCH

Atatürk Cad. No:135
34306 İkitelli / İSTANBUL
Tel : (0212) 671 28 10
Fax : (0212) 671 27 94

OUR BRANCHES

İMES BRANCH

Yukarı Dudullu İmes Sanayi Sitesi
A-Blok 104.Sk. No:2
Ümraniye/İSTANBUL
Tel : (0216) 590 09 90
Fax : (0216) 590 09 91

İSKENDERUN BRANCH

Savaş Mah. Mareşal Fevzi Çakmak
Cad. Cumhuriyet Meydanı No:4
İskenderun/HATAY
Tel : (0326) 614 68 60
Fax : (0326) 614 33 94

İSTOÇ BRANCH

İSTOÇ Ticaret Merkezi
3. Ada No:77/79 - 34164
Mahmutbey/Bağcılar/İSTANBUL
Tel : (0212) 659 68 70
Fax : (0212) 659 42 31

İZMİR BRANCH

Fevziye Bulvarı No:51
35210 Konak/İZMİR
Tel : (0232) 441 21 61
Fax : (0232) 425 98 42

İZMİT BRANCH

Alemdar Cad. No:17
41300 KOCAELİ
Tel : (0262) 323 37 72
Fax : (0262) 323 37 76

HADİMKÖY BRANCH

Sanbir Sanayi Blv. 5. Bölge No:196
Kırac/Büyükçekmece/İSTANBUL
Tel : (0212) 886 19 10
Fax : (0212) 886 89 41

HASANPAŞA BRANCH

Fahrettin Kerim Gökyazıcı
Ergür İşmerkezi No:1
34722 Hasanpaşa-Kadıköy/İSTANBUL
Tel : (0216) 336 55 40
Fax : (0216) 336 52 61

KADIKÖY BRANCH

Rıhtım Cad. No:44
34710 Kadıköy/İSTANBUL
Tel : (0216) 414 31 63
Fax : (0216) 414 31 68

KAHRAMANMARAŞ BRANCH

Kıbrıs Meydanı No:114
46100 KAHRAMANMARAŞ
Tel : (0344) 225 49 26
Fax : (0344) 223 35 91

KASTAMONU BRANCH

Cumhuriyet Cad. No:10/A
37100 KASTAMONU
Tel : (0366) 212 88 37
Fax : (0366) 214 65 37

KARABAĞLAR BRANCH

Yeşillik Cad. No:473
35400 Karabağlar/İZMİR
Tel : (0232) 237 27 81
Fax : (0232) 253 23 02

KDZ. EREĞLİ BRANCH

Erdemir Cad. No:233/B
67300 KR.D. EREĞLİ
Tel : (0372) 322 84 14
Fax : (0372) 322 27 50

KARAKÖY BRANCH

Karaköy Meydanı
34420 Karaköy/İSTANBUL
Tel : (0212) 252 56 87
Fax : (0212) 252 56 95

KARTAL BRANCH

Ankara (Bankalar) Cad. No:92
34860 Kartal/İSTANBUL
Tel : (0216) 473 60 05
Fax : (0216) 473 48 47

KAVACIK BRANCH

Cumhuriyet Cad. Beşler Plaza
B-Blok No:38/1 ve 38/A
34830 Beykoz / İSTANBUL
Tel : (0216) 680 27 33
Fax : (0216) 680 27 73

KAYSERİ BRANCH

Vatan Cad. No:26
38040 KAYSERİ
Tel : (0352) 222 67 91
Fax : (0352) 222 82 57

KAYSERİ SANAYİ BRANCH

Osman Kavuncu Cad. No:112
38010 KAYSERİ
Tel : (0352) 336 63 66
Fax : (0352) 336 63 93

KONYA BRANCH

Mevlana Cad. No:5
42030 KONYA
Tel : (0332) 350 19 77
Fax : (0332) 350 36 42

KONYA BÜSAN BRANCH

Büsan Organize Sanayi Bölgesi
KOSGEB Cad. No:7 42050 KONYA
Tel : (0332) 345 40 40
Fax : (0332) 345 40 45

KONYA SANAYİ BRANCH

Ankara Yolu Üzeri No:133
42060 KONYA
Tel : (0332) 238 21 25
Fax : (0332) 238 48 98

KOZYATAĞI BRANCH

Kozyatağı Mah. Üsküdar Cad.
Saniye Ermutlu Sok. No:4
34742 Kozyatağı-Kadıköy/İSTANBUL
Tel : (0216) 384 28 22
Fax : (0216) 384 19 28

KÜÇÜKSAAT/ADANA BRANCH

Kuruköprü Mah.
Sefa Özler Cad. No:3/E
Küçüksaat/Seyhan/ADANA
Tel : (0322) 351 20 00
Fax : (0322) 352 27 45

LALELİ BRANCH

Ceylan Sk. No:10
34130 Laleli/İSTANBUL
Tel : (0212) 458 20 30
Fax : (0212) 458 18 49

LEVENT SANAYİ BRANCH

Eski Büyükdere Cad. No:41/1
34416 Kağıthane/İSTANBUL
Tel : (0212) 278 25 00
Fax : (0212) 278 27 47

MALATYA BRANCH

İnönü Cad. No:14 44100 MALATYA
Tel : (0422) 326 04 20
Fax : (0422) 326 02 99

MALTEPE BRANCH

Bağdat Cad. No:403/A
Maltepe/İSTANBUL
Tel : (0216) 370 14 70
Fax : (0216) 370 30 55

MANİSA BRANCH

Gaziösmenpaşa Cad. No:34
45020 MANİSA
Tel : (0236) 238 93 00
Fax : (0236) 239 39 30

MERSİN BRANCH

Camii Şerif Mah. İstiklal Cad. No:33
33060 MERSİN
Tel : (0324) 237 85 60
Fax : (0324) 237 85 14

MERTER BRANCH

Fatih Cad. No:30
34169 Merter/İSTANBUL
Tel : (0212) 637 84 10
Fax : (0212) 637 82 04

NİLÜFER BRANCH

Üç Evler Mah. İzmir Yolu No:233
NİLÜFER/BURSA
Tel : (0224) 443 74 00
Fax : (0224) 443 74 05

ORDU BRANCH

Şarkıye Mah. Süleymanfelek Cad.
No: 73 52100 ORDU
Tel : (0452) 214 73 51
Fax : (0452) 214 77 53

OSMANBEY BRANCH

Halaskargazi Cad. No: 263
34363 Şişli/İSTANBUL
Tel : (0212) 231 81 65
Fax : (0212) 231 92 64

OSMANIYE BRANCH

Atatürk Cad. No:164
80020 OSMANIYE
Tel : (0328) 813 71 71
Fax : (0328) 813 71 61

OSTİM BRANCH

100. Yıl Bulvarı No:1
06370 Ostim/ANKARA
Tel : (0312) 385 79 01
Fax : (0312) 385 53 49

PENDİK BRANCH

23 Nisan Cad. No:16/A
34890 Pendik/İSTANBUL
Tel : (0216) 483 65 05
Fax : (0216) 483 65 07

RİZE BRANCH

Cumhuriyet Cad. No:10
53100 RİZE
Tel : (0464) 214 27 67
Fax : (0464) 214 27 69

SAHRAYICEDİT BRANCH

Şemsettin Günaltay Cad. No:266
34735 Kadıköy/İSTANBUL
Tel : (0216) 302 16 32
Fax : (0216) 302 31 41

SAMSUN BRANCH

Cumhuriyet Meydanı
55030 SAMSUN
Tel : (0362) 435 10 92
Fax : (0362) 432 94 14

SEFAKÖY BRANCH

Ahmet Kocabıyık Sk. No:13/A
34295 Sefaköy/İSTANBUL
Tel : (0212) 580 32 00
Fax : (0212) 580 11 81

SİNCAN BRANCH

Atatürk Mah. Ankara Cad. No:54
06930 SİNCAN / ANKARA
Tel : (0312) 270 99 88
Fax : (0312) 270 33 35

SİVAS BRANCH

Sirer Cad. No:28 58070 SİVAS
Tel : (0346) 224 00 90
Fax : (0346) 224 00 91

SİTELER BRANCH

Karacakaya Cad. No:73/1
06160 Siteler/ANKARA
Tel : (0312) 353 49 50
Fax : (0312) 353 49 47

SULTANBEYLİ BRANCH

Fatih Bulvarı No:123
34920 Sultanbeyli/İSTANBUL
Tel : (0216) 419 37 00
Fax : (0216) 419 49 30

SULTANCIĞI BRANCH

Eski Edirne Asfaltı No:672/B
Gaziosmanpaşa/İSTANBUL
Tel : (0212) 475 53 40
Fax : (0212) 475 48 63

SULTANHAMAM BRANCH

Marpuçular Sk. No:38
34110 Eminönü / İSTANBUL
Tel : (0212) 519 64 30
Fax : (0212) 519 64 18

ŞANLIURFA BRANCH

Kadri Eroğan Cad. No:22
63300 ŞANLIURFA
Tel : (0414) 313 01 58
Fax : (0414) 313 04 58

ŞİRİNEVLER BRANCH

Mahmutbey Cad. No:15 Şirinevler
34191 Bahçelievler/İSTANBUL
Tel : (0212) 551 81 51
Fax : (0212) 551 87 76

TOKAT BRANCH

Gaziosmanpaşa Bulvarı No:167
60100 TOKAT
Tel : (0356) 214 69 66
Fax : (0356) 214 51 91

TOPÇULAR BRANCH

Rami Kışla Cad., Vaytaş Plaza No:58
34030 Topçular-Eyüp/İSTANBUL
Tel : (0212) 613 85 74
Fax : (0212) 613 85 37

TRABZON BRANCH

Gazipaşa Cad. Razi Aksu İşhanı No:5/C
61100 TRABZON
Tel : (0462) 321 66 06
Fax : (0462) 321 66 08



OUR BRANCHES

OUR BRANCHES



OUR BRANCHES

TURAN GÜNEŞ BRANCH

Turan Güneş Blv. No: 41/B
06500 Turan Güneş-Çankaya/ANKARA
Tel : (0312) 443 07 65
Fax : (0312) 443 04 57

ÜMİTKÖY BRANCH

Çayyolu Mah. 8. Cad. No: 39
06800 Ümitköy-Çankaya/ANKARA
Tel : (0312) 236 45 61
Fax : (0312) 236 45 70

VAN BRANCH

Maraşal Fevzi Çakmak Cad.
No:1/C 65100 VAN
Tel : (0432) 212 17 12
Fax : (0432) 216 91 46

ULUDAĞ BRANCH

Ulubatlı Hasan Bulvarı
No:61/11 Falcon İş Merkezi
16240 BURSA
Tel : (0224) 272 59 00
Fax : (0224) 272 33 22

ÜMRANİYE BRANCH

Alemdağ Cad. No:56/A
34760 Ümraniye/İSTANBUL
Tel : (0216) 443 66 35
Fax : (0216) 443 21 87

YALOVA BRANCH

Yalı Caddesi No:19/A
77100 YALOVA
Tel : (0226) 812 23 80
Fax : (0226) 812 76 77

ULUS BRANCH

Anafartalar Cad.
Kızılelma Mah. No: 59
06250 Altındağ-Ulus/ANKARA
Tel : (0312) 324 65 70
Fax : (0312) 324 48 57

ÜSKÜDAR BRANCH

Dr. F. Atabey Cad. No:18
34672 Üsküdar/İSTANBUL
Tel : (0216) 532 89 39
Fax : (0216) 532 89 69

ZEYTİNBURNU BRANCH

Semiha Şakir Cad. No:15
34025 Zeytinburnu/İSTANBUL
Tel : (0212) 510 10 22
Fax : (0212) 510 10 58

ALBARAKA BANKING GROUP (ABG)



ABG Representative Office, Indonesia

Ravindo Building, 7th Floor, Jalan Kebon Sirih No: 75, Jakarta Pusat 10340 INDONESIA
Tel: +62 21 392 7633 Fax: +62 21 392 7637

AlBaraka Bank Lebanon, Lebanon

www.al-baraka.com

Rashid Karamah Street, Verdun 2000 Centre, Beirut, LEBANON
Tel: +9611 808008 Fax: +9611 806499

AlBaraka Islamic Bank, Bahrain

www.barakaonline.com

AlBaraka Tower, P.O. Box 1882, Manama, BAHRAIN
Tel: +973 17 535 300 Fax: +973 17 530 695

AlBaraka Islamic Bank, Pakistan

PICIC House, 14, Shahrah'e Aiwan'e Tajarati, P.O. Box 1686, Lahore 54000, PAKISTAN
Tel: +92 42 6309961 Fax: +92 42 6309965

AlBaraka Bank Ltd, South Africa

www.albaraka.co.za

1st Floor, 134, Commercial Road, Durban 4001, SOUTH AFRICA
Tel: +2731 366 2800 Fax: +2731 305 2631

AlBaraka Bank, Sudan

www.albarakasudan.com

AlBaraka Tower, P.O. Box 3583 Khartoum, SUDAN
Tel: +249183 780 688 Fax: +249183 788 585

AlBaraka Türk Participation Bank A.Ş., Turkey

www.albarakaturk.com.tr

Büyükdere Cad. No:78 34394 Mecidiyeköy-İstanbul/TURKEY
Tel: +90 212 274 99 00 Fax: +90 212 272 44 70

Bank Et-Tamweell Al-Tunisi Al-Saudi, Tunisia

www.bestbank.com.tn

88, Avenue Hedi Chaker1002, TUNISIA
Tel: + 21671 790000 Fax: +21671 780235

Banque Albaraka D'Algerie, Algeria

www.albaraka-bank.com

Hai Bouteldja Houidef, Villa No.1 Rocade Sud, Ben Aknoun, ALGERIA
Tel: +21321916 454 Fax: +21321 916 458

The Egyptian Saudi Finance Bank, Egypt

www.esf-bank.com

60, Mohie Elddin Abu ElEzz Street, P.O. Box 455 Dokki, Kahire/EGYPT
Tel: +2023 748 1222 Fax: +2023 761 1436/7

Jordan Islamic Bank, Jordan

www.jordanislamicbank.com

Jordan Islamic Bank, P.O. Box 926225, Amman, JORDAN
Tel: +9626 567 7377 Fax: +9626 566 6326



ALBARAKA
BANKING GROUP

