

Albaraka Türk Katılım Bankası Anonim Şirketi

Consolidated financial statements
and related disclosures at September 30, 2018
together with limited review report
*(Convenience translation of the limited review report
and financial statements originally issued in Turkish –
see section three Note XXV)*

November 19, 2018

*This report contains “Limited Review Report”
comprising 2 pages and; “Consolidated Financial
Statements and Related Disclosures and
Footnotes” comprising 123 pages.*

Convenience Translation of the Limited Review Report
Originally prepared and Issued in Turkish to English (See Note XXV in Section Three)

LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the consolidated statement of financial position of Albaraka Türk Katılım Bankası A.Ş. (the "Bank") and its consolidated financial subsidiaries (together the "Group") at September 30, 2018 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of Albaraka Türk Katılım Bankası A.Ş. at September 30, 2018 and of the results of its operations and its cash flows for the nine-month period then ended in all aspects in accordance with the BRSA Accounting and Reporting Legislation.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim annual report in Section VIII, are not consistent with the consolidated financial statements and disclosures in all material respects.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Alper Güvenç
Partner, SMMM

November 19, 2018
İstanbul, Turkey

CONSOLIDATED FINANCIAL REPORT OF ALBARAKA TRK KATILIM BANKASI A..
AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

Parent Bank's headquarter address : Saray Mah. Dr. Adnan Bykdeniz Cad. No:6
34768 mraniye/İstanbul
Parent Bank's phone number and facsimile : 00 90 216 666 01 01 – 00 90 216 666 16 00
Parent Bank's website : www.albarakaturk.com.tr
Electronic mail contact info : albarakaturk@albarakaturk.com.tr

The consolidated interim financial report prepared in accordance with the Communiqu on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT
- INTERIM REPORT

Investments in subsidiaries, real estate investment funds, venture capital investment funds and joint ventures, and associates whose financial statements have been consolidated in this consolidated financial report are as follows:

	Subsidiaries	Real Estate Investment Funds	Venture Capital Investment Funds	Joint Ventures	Associates
1.	Bereket Varlık Kiralama A..	Albaraka Portfy Ynetimi A.. One Tower Gayrimenkul Yatırım Fonu	Albaraka Portfy Ynetimi A.. Fintech Giriim Sermayesi Yatırım Fonu	Katılım Emeklilik ve Hayat A..	-
2.	Albaraka Portfy Ynetimi A..	Albaraka Portfy Ynetimi A.. Dkkan Gayrimenkul Yatırım Fonu		-	-
3.	Insha Gmbh	Albaraka Portfy Ynetimi A.. Batıehir Gayrimenkul Yatırım Fonu		-	-
4.	-	Albaraka Portfy Ynetimi A.. Metropol Gayrimenkul Yatırım Fonu		-	-

Bereket One Limited and Albaraka Sukuk Limited, which are not a subsidiaries of the Bank but over which the Bank has 100% controlling power, have been included in the consolidation due to the reason that these companies are "Structured Entity".

The consolidated financial statements and related disclosures and footnotes; presented in **thousands of Turkish Lira** unless otherwise indicated; have been prepared in accordance with the Communiqu on Accounting Applications of Banks and Safeguarding of Documents, Banking Regulation and Supervision Agency regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related appendices and interpretations and in compliance with the records of our Bank, have been reviewed and presented as attached.

Adnan Ahmed Yusuf ABDULMALEK Chairman of the Board of Directors	Melikah UTKU General Manager	Mustafa ETİN Assistant General Manager	Yunus AHLATCI Financial Reporting Manager
Mustafa BYKABACI Chairman of the Audit Committee	Sleyman KALKAN Member of the Audit Committee	Mehmet ASUTAY Member of the Audit Committee	

Contact information of the personnel in charge of the addressing of questions about this financial report:
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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2018

(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION ONE

General Information

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

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

Special Finance Houses, operating in accordance with the Communiqués of Under Secretariat of Treasury and the Central Bank of Turkey based on the decision of Council of Ministers numbered 83/7506, have been subjected to the provisions of the Banking Law numbered 4389 with the change of law dated December 17, 1999 and numbered 4491. Special Finance Houses have been subjected to the provisions of "Communiqué Related to the Incorporation and Activities of Special Finance Houses" published in the Official Gazette dated September 20, 2001 numbered 24529 by the Banking Regulation and Supervision Agency ("BRSA"). "Communiqué Related to the Incorporation and Activities of Special Finance Houses" has been superseded by the "Communiqué Related to Credit Operations of Banks" published in the Official Gazette dated November 1, 2006 numbered 26333 and the Parent Bank operates in accordance with the Banking Law numbered 5411 published in the Official Gazette dated November 1, 2005 numbered 25983.

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

The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in the accompanying consolidated financial statements.

The Parent Bank's head office is located in "Istanbul" and is operating through 226 (December 31, 2017: 219) local branches and 1 (December 31, 2017: 1) foreign branch and with 3.974 (December 31, 2017: 3.899) staff as of September 30, 2018. The Group has 3.989 (December 31, 2017: 3.910) staff as of September 30, 2018.

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

As of September 30, 2018, 54,06% (December 31, 2017: 54,06%) of the Parent Bank's shares are owned by Albaraka Banking Group located in Bahrain. 25,22% (December 31, 2017: 25,16%) of the shares are publicly traded and quoted at Borsa İstanbul.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

III. Explanation on the chairman and members of board of directors, members of audit committee, general manager and assistant general managers, their areas of responsibility and their shares in the Parent Bank, if any^(*):

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
Chairman of the Board of Directors (BOD):	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	^(*) 0,0000
Members of BOD:	Osman AKYÜZ	II.Chairman of BOD	Bachelor	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	^(*) 0,0000
	Hamad Abdulla A. ALOQAB	Member of BOD	Bachelor	^(*) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	^(*) 0,0000
	Süleyman KALKAN	Member of BOD	Bachelor	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Khaled Abdulla Mohamed ATEEQ	Member of BOD	Doctorate	-
	Prof. Dr. Mehmet ASUTAY	Member of BOD	Doctorate	-
	Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
	Muhammad Zarrug M. RAJAB	Independent Member of BOD	Bachelor	-
General Manager:	Melikşah UTKU	Member of BOD/General Manager	Master	-
Assistant General Managers:	Turgut SİMİTÇİOĞLU ^(*)	Assistant General Manager Responsible for Business Branches (General Manager Deputy)	Master	-
	Nihat BOZ	Assistant General Manager Responsible for Legal	Bachelor	-
	Cenk DEMİRÖZ	Assistant General Manager Responsible for Credits	Master	-
	Mustafa ÇETİN	Assistant General Manager Responsible for Finance and Strategy	Bachelor	-
	Nevzat BAYRAKTAR	Assistant General Manager Responsible for Sales	Bachelor	-
	Hasan ALTUNDAĞ	Assistant General Manager Responsible for Marketing	Bachelor	-
	Malek Khodr TEMSAH	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Fatih BOZ	Assistant General Manager Responsible for Operations	Master	-
	Süleyman ÇELİK	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
	Süleyman ÇELİK (Deputy)	Assistant General Manager Responsible for Information Technologies	Bachelor	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Süleyman KALKAN	Member of Audit Committee	Bachelor	-
	Prof. Dr. Mehmet ASUTAY	Member of Audit Committee	Doctorate	-

^(*) The organizational chart above is as of 30 September 2018 and as per Board of Directors' decision dated 26 October 2018, assistant general directorate for business segments is abolished and Mr. Turgut SİMİTÇİOĞLU has been assigned as assistant general manager responsible for credit risks.

^(**) The share amounts of these persons are between TL 1-10 (full).

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0000% of the Parent Bank's share capital (December 31, 2017: 0,0342%).

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

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

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

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

In addition to its ordinary banking activities, the Parent Bank operates as an insurance agency on behalf of Bereket Sigorta, Anadolu Sigorta, Güneş Sigorta, Allianz Sigorta, Unico Sigorta, Neova Sigorta, Ankara Sigorta, Coface Sigorta, Avivasa Emeklilik Hayat, Generali Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Avivasa Emeklilik Hayat and Katılım Emeklilik ve Hayat, and as a brokerage agency on behalf of Bizim Menkul Değerler A.Ş. through its branches, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services.

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

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

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions which are deducted from equity or not included in these three methods:

The Parent Bank did not consolidate its associate Kredi Garanti Fonu A.Ş. through equity method considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. The Parent Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Insha Gmbh and Albaraka Portföy Yönetimi A.Ş. the subsidiaries of the Parent Bank, through equity method and full consolidation method, respectively. Bereket One Limited and Albaraka Sukuk Limited, which are not subsidiaries of the Parent Bank but over which the Parent Bank has 100% controlling power, have been included in the consolidation due to the reason that these companies are "Structured Entity". Real Estate Investment Funds "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu" have been consolidated as well. Due to non-financial partnership, "Albaraka Kültür Sanat ve Yayıncılık A.Ş." which is the subsidiary of the Parent Bank has not been consolidated

ALBARAKA TRK KATILIM BANKASI A..
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

VII. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the parent bank and its subsidiaries:

There is no immediate transfer of equity between the parent bank and its subsidiaries. There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Parent Bank and its subsidiaries.

SECTION TWO

The consolidated financial statements

- I. Consolidated balance sheet (Statement of financial position)
- II. Consolidated statement of off-balance sheet
- III. Consolidated statement of profit or loss
- IV. Consolidated statement of profit or loss and other comprehensive income
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF SEPTEMBER 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Reviewed		
		CURRENT PERIOD September 30, 2018		
		TL	FC	Total
I. FINANCIAL ASSETS (Net)		2.556.555	9.277.127	11.833.682
1.1 Cash and Cash Equivalents	(1)	1.299.399	8.883.610	10.183.009
1.1.1 Cash and Balances with Central Bank		440.984	5.569.358	6.010.342
1.1.2 Banks		858.415	3.314.252	4.172.667
1.1.3 Money Market Placements		-	-	-
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	10.690	4.843	15.533
1.2.1 Government Securities		783	-	783
1.2.2 Equity Securities		-	-	-
1.2.3 Other Financial Assets		9.907	4.843	14.750
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(3)	745.386	380.590	1.125.976
1.3.1 Government Securities		745.371	363.838	1.109.209
1.3.2 Equity Securities		15	16.752	16.767
1.3.3 Other Financial Assets		-	-	-
1.4 Financial Assets Measured at Amortised Cost	(4)	515.014	-	515.014
1.4.1 Government Securities		515.014	-	515.014
1.4.2 Other Financial Assets		-	-	-
1.5 Derivative Financial Assets	(5)	315	8.235	8.550
1.5.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		315	8.235	8.550
1.5.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-
1.6 Non Performing Financial Assets		-	-	-
1.7 Expected Credit Losses (-)		14.249	151	14.400
II. LOANS (Net)	(6)	18.938.832	10.858.382	29.797.214
2.1 Loans		17.979.166	10.884.301	28.863.467
2.1.1 Loans Measured at Amortised Cost		17.979.166	10.884.301	28.863.467
2.1.2 Loans Measured at Fair Value through Profit/Loss		-	-	-
2.1.3 Loans Measured at Fair Value through Other Comprehensive Income		-	-	-
2.2 Lease Receivables	(7)	464.095	-	464.095
2.2.1 Financial Lease Receivables		512.293	-	512.293
2.2.2 Operational Lease Receivables		-	-	-
2.2.3 Unearned Income (-)		48.198	-	48.198
2.3 Factoring Receivables		-	-	-
2.3.1 Factoring Receivables Measured at Amortised Cost		-	-	-
2.3.2 Factoring Receivables Measured at Fair Value through Profit/Loss		-	-	-
2.3.3 Factoring Receivables Measured at Fair Value through Other Comprehensive Income		-	-	-
2.4 Non Performing Receivables		1.873.649	70.698	1.944.347
2.5 Expected Credit Losses (-)	(6)	1.378.078	96.617	1.474.695
2.5.1 12-Month ECL (Stage 1)		44.083	22.126	66.209
2.5.2 Lifetime ECL Significant Increase in Credit Risk (Stage 2)		211.704	28.557	240.261
2.5.3 Lifetime ECL Impaired Credits (Stage 3)		1.122.291	45.934	1.168.225
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	816.566	813	817.379
3.1 Asset Held for Resale		816.566	813	817.379
3.2 Assets of Discontinued Operations		-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(9)	30.830	-	30.830
4.1 Associates (Net)		4.897	-	4.897
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-
4.1.2 Unconsolidated Associates		4.897	-	4.897
4.2 Subsidiaries (Net)		3.540	-	3.540
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		3.540	-	3.540
4.3 Joint Ventures (Net)		22.393	-	22.393
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		22.393	-	22.393
4.3.2 Unconsolidated Joint-Ventures		-	-	-
V. TANGIBLE ASSETS (Net)	(10)	597.325	292	597.617
VI. INTANGIBLE ASSETS (Net)	(11)	31.315	-	31.315
6.1 Goodwill		-	-	-
6.2 Others		31.315	-	31.315
VII. INVESTMENT PROPERTY (Net)	(12)	1.149.875	-	1.149.875
VIII. CURRENT TAX ASSET		3.980	-	3.980
IX. DEFERRED TAX ASSET	(13)	123.911	-	123.911
X. OTHER ASSETS	(15)	144.405	86.789	231.194
TOTAL ASSETS		24.393.594	20.223.403	44.616.997

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Audited		
		PRIOR PERIOD		
		December 31, 2017		
		TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	422.105	5.334.890	5.756.995
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	1.377	3.363	4.740
2.1 Trading Financial Assets		1.377	3.363	4.740
2.1.1 Public Sector Debt Securities		916	-	916
2.1.2 Equity Securities		-	-	-
2.1.3 Derivative Financial Assets Held for Trading	(5)	225	-	225
2.1.4 Other Marketable Securities		236	3.363	3.599
2.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-
2.2.1 Public Sector Debt Securities		-	-	-
2.2.2 Equity Securities		-	-	-
2.2.3 Loans		-	-	-
2.2.4 Other Marketable Securities		-	-	-
III. BANKS	(1)	706.186	805.221	1.511.407
IV. MONEY MARKET PLACEMENTS		-	-	-
V. FINANCIAL ASSETS-AVAILABLE FOR SALE (Net)	(3)	986.021	371.384	1.357.405
5.1 Equity Securities		15	8.713	8.728
5.2 Public Sector Debt Securities		935.188	341.887	1.277.075
5.3 Other Marketable Securities		50.818	20.784	71.602
VI. LOANS AND RECEIVABLES	(6)	18.334.954	6.121.428	24.456.382
6.1 Loans and Receivables		17.821.846	6.121.363	23.943.209
6.1.1 Loans to Risk Group of The Bank		11.897	106.867	118.764
6.1.2 Public Sector Debt Securities		-	-	-
6.1.3 Other		17.809.949	6.014.496	23.824.445
6.2 Non-performing loans	(6)	1.211.785	825	1.212.610
6.3 Specific Provisions (-)	(6)	698.677	760	699.437
VII. INVESTMENTS HELD TO MATURITY (Net)	(4)	532.803	-	532.803
VIII. INVESTMENTS IN ASSOCIATES (Net)	(9)	4.719	-	4.719
8.1 Accounted for under Equity Method		-	-	-
8.2 Unconsolidated Associates		4.719	-	4.719
8.2.1 Financial Associates		4.719	-	4.719
8.2.2 Non-Financial Associates		-	-	-
IX. SUBSIDIARIES (Net)	(9)	-	-	-
9.1 Unconsolidated Financial Subsidiaries		-	-	-
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
X. JOINT VENTURES (Net)	(9)	18.470	-	18.470
10.1 Accounted for under Equity Method		18.470	-	18.470
10.2 Unconsolidated		-	-	-
10.2.1 Financial Joint Ventures		-	-	-
10.2.2 Non-Financial Joint Ventures		-	-	-
XI. LEASE RECEIVABLES (Net)	(7)	737.081	-	737.081
11.1 Finance Lease Receivables		807.540	-	807.540
11.2 Operational Lease Receivables		-	-	-
11.3 Other		-	-	-
11.4 Unearned Income (-)		70.459	-	70.459
XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(14)	-	-	-
12.1 Fair Value Hedge		-	-	-
12.2 Cash Flow Hedge		-	-	-
12.3 Hedge of Net Investment Risks in Foreign Operations		-	-	-
XIII. TANGIBLE ASSETS (Net)	(10)	589.432	236	589.668
XIV. INTANGIBLE ASSETS (Net)	(11)	28.401	78	28.479
14.1 Goodwill		-	-	-
14.2 Other		28.401	78	28.479
XV. INVESTMENT PROPERTY (Net)	(12)	1.072.540	-	1.072.540
XVI. TAX ASSET	(13)	55.506	-	55.506
16.1 Current Tax Asset		2.917	-	2.917
16.2 Deferred Tax Asset		52.589	-	52.589
XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	83.737	493	84.230
17.1 Assets Held for Sale		83.737	493	84.230
17.2 Assets of Discontinued Operations		-	-	-
XVIII. OTHER ASSETS	(15)	98.851	22.431	121.282
TOTAL ASSETS		23.672.183	12.659.524	36.331.707

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF SEPTEMBER 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Reviewed		
		CURRENT PERIOD September 30, 2018		
		TL	FC	Total
I. FUNDS COLLECTED	(1)	12.288.678	17.030.400	29.319.078
II. FUNDS BORROWED	(2)	197.231	4.199.260	4.396.491
III. BORROWINGS FROM MONEY MARKETS		1.163.113	-	1.163.113
IV. SECURITIES ISSUED (Net)	(3)	770.591	2.595.880	3.366.471
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(4)	1.600	-	1.600
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		1.600	-	1.600
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-
VII. LEASE PAYABLES	(5)	-	-	-
7.1 Finance Lease Payables		-	-	-
7.2 Operational Lease Payables		-	-	-
7.3 Other		-	-	-
7.4 Deferred Finance Lease Expenses (-)		-	-	-
VIII. PROVISIONS	(7)	81.697	593	82.290
8.1 Restructuring Reserves		-	-	-
8.2 Reserve for Employee Benefits		68.313	-	68.313
8.3 Insurance Technical Reserves (Net)		-	-	-
8.4 Other Provisions		13.384	593	13.977
IX. CURRENT TAX LIABILITY	(8)	60.849	47	60.896
X. DEFERRED TAX LIABILITY		-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(9)	-	-	-
11.1 Assets Held for Sale		-	-	-
11.2 Assets of Discontinued Operations		-	-	-
XII. SUBORDINATED LOANS	(10)	-	1.401.743	1.401.743
12.1 Loans		-	1.401.743	1.401.743
12.2 Other Debt Instruments		-	-	-
XIII. OTHER LIABILITIES	(11)	839.493	166.552	1.006.045
XIV. SHAREHOLDERS' EQUITY	(12)	3.064.528	754.742	3.819.270
14.1 Paid-In Capital		900.000	-	900.000
14.2 Capital Reserves		102.142	775.720	877.862
14.2.1 Share Premium		-	-	-
14.2.2 Share Cancellation Profits		-	-	-
14.2.3 Other Capital Reserves		102.142	775.720	877.862
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		216.772	-	216.772
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		48.967	(20.978)	27.989
14.5 Profit Reserves		1.319.138	-	1.319.138
14.5.1 Legal Reserves		134.313	-	134.313
14.5.2 Status Reserves		-	-	-
14.5.3 Extraordinary Reserves		1.184.825	-	1.184.825
14.5.4 Other Profit Reserves		-	-	-
14.6 Profit or Loss		174.093	-	174.093
14.6.1 Prior Years Profit/(Loss)		(206.280)	-	(206.280)
14.6.2 Current Year Profit/(Loss)		380.373	-	380.373
14.7 Minority Shares		303.416	-	303.416
TOTAL LIABILITIES		18.467.780	26.149.217	44.616.997

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Audited		
		PRIOR PERIOD		
		December 31, 2017		
		TL	FC	Total
I. FUNDS COLLECTED	(1)	13.181.719	12.062.125	25.243.844
1.1 Funds from Risk Group of The Bank		29.126	585.641	614.767
1.2 Other		13.152.593	11.476.484	24.629.077
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(4)	76	6.342	6.418
III. FUNDS BORROWED	(2)	341.073	3.289.535	3.630.608
IV. BORROWINGS FROM MONEY MARKETS		340.000	-	340.000
V. SECURITIES ISSUED (Net)	(3)	450.962	1.281.425	1.732.387
VI. MISCELLANEOUS PAYABLES	(11)	657.105	90.087	747.192
VII. OTHER LIABILITIES		-	-	-
VIII. LEASE PAYABLES	(5)	-	-	-
8.1 Finance Lease Payables		-	-	-
8.2 Operational Lease Payables		-	-	-
8.3 Other		-	-	-
8.4 Deferred Finance Lease Expenses (-)		-	-	-
IX. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-
9.1 Fair Value Hedge		-	-	-
9.2 Cash Flow Hedge		-	-	-
9.3 Net Foreign Investment Hedge		-	-	-
X. PROVISIONS	(7)	233.767	31.098	264.865
10.1 General Provisions		119.052	23.368	142.420
10.2 Restructuring Reserves		-	-	-
10.3 Reserve for Employee Benefits		89.152	-	89.152
10.4 Insurance Technical Reserves (Net)		-	-	-
10.5 Other Provisions		25.563	7.730	33.293
XI. TAX LIABILITY	(8)	91.105	2.910	94.015
11.1 Current Tax Liability		91.105	2.910	94.015
11.2 Deferred Tax Liability		-	-	-
XII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(9)	-	-	-
12.1 Assets Held for Sale		-	-	-
12.2 Assets of Discontinued Operations		-	-	-
XIII. SUBORDINATED LOANS	(10)	-	1.627.163	1.627.163
XIV. SHAREHOLDERS' EQUITY	(12)	2.644.101	1.114	2.645.215
14.1 Paid-In Capital		900.000	-	900.000
14.2 Capital Reserves		225.589	1.114	226.703
14.2.1 Share Premium		-	-	-
14.2.2 Share Cancellation Profits		-	-	-
14.2.3 Marketable Securities Valuation Reserve		(18.727)	1.114	(17.613)
14.2.4 Revaluation Reserve on Tangible Assets		238.121	-	238.121
14.2.5 Revaluation Reserve on Intangible Assets		-	-	-
14.2.6 Investment Property Revaluation Reserve		-	-	-
14.2.7 Bonus Shares From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-
14.2.8 Hedging Funds (Effective Portion)		-	-	-
14.2.9 Accumulated Valuation Differences on Assets Held For Sale and Assets of Discontinued Operations		-	-	-
14.2.10 Other Capital Reserves		6.195	-	6.195
14.3 Profit Reserves		1.113.454	-	1.113.454
14.3.1 Legal Reserves		122.227	-	122.227
14.3.2 Status Reserves		-	-	-
14.3.3 Extraordinary Reserves		991.227	-	991.227
14.3.4 Other Profit Reserves		-	-	-
14.4 Profit or Loss		249.011	-	249.011
14.4.1 Prior Years Profit/(Loss)		(1.228)	-	(1.228)
14.4.2 Current Year Profit/(Loss)		250.239	-	250.239
14.5 Minority Shares		156.047	-	156.047
TOTAL LIABILITIES		17.939.908	18.391.799	36.331.707

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF- BALANCE SHEET
AS OF SEPTEMBER 30, 2018

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Reviewed		
		CURRENT PERIOD September 30, 2018		
		TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)	(1)	5.957.431	9.456.473	15.413.904
I. GUARANTEES AND SURETIES		4.472.095	5.909.274	10.381.369
1.1. Letters of Guarantees		4.459.480	4.450.903	8.910.383
1.1.1. Guarantees Subject to State Tender Law		528.176	66.740	594.916
1.1.2. Guarantees Given for Foreign Trade Operations		431	1.097.585	1.098.016
1.1.3. Other Letters of Guarantee		3.930.873	3.286.578	7.217.451
1.2. Bank Loans		-	46.843	46.843
1.2.1. Import Letter of Acceptances		-	46.843	46.843
1.2.2. Other Bank Acceptances		-	-	-
1.3. Letter of Credits		3.342	1.262.680	1.266.022
1.3.1. Documentary Letter of Credits		-	-	-
1.3.2. Other Letter of Credits		3.342	1.262.680	1.266.022
1.4. Prefinancing Given as Guarantee		-	-	-
1.5. Endorsements		-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-
1.5.2. Other Endorsements		-	-	-
1.6. Other Guarantees		-	142.696	142.696
1.7. Other Collaterals		9.273	6.152	15.425
II. COMMITMENTS	(1)	1.475.394	192.338	1.667.732
2.1. Irrevocable Commitments		1.475.394	192.338	1.667.732
2.1.1. Asset Purchase and Sale Commitments		80.690	192.338	273.028
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-
2.1.3. Loan Granting Commitments		223.084	-	223.084
2.1.4. Securities Underwriting Commitments		-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-
2.1.6. Payment Commitment for Cheques		568.803	-	568.803
2.1.7. Tax And Fund Liabilities from Export Commitments		6.070	-	6.070
2.1.8. Commitments for Credit Card Expenditure Limits		595.994	-	595.994
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		367	-	367
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.12. Other Irrevocable Commitments		386	-	386
2.2. Revocable Commitments		-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-
2.2.2. Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	9.942	3.354.861	3.364.803
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-
3.1.1. Fair Value Hedge		-	-	-
3.1.2. Cash Flow Hedge		-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-
3.2. Held for Trading Transactions		9.942	3.354.861	3.364.803
3.2.1. Forward Foreign Currency Buy/Sell Transactions		9.942	10.811	20.753
3.2.1.1. Forward Foreign Currency Transactions-Buy		9.942	-	9.942
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	10.811	10.811
3.2.2. Other Forward Buy/Sell Transactions		-	3.344.050	3.344.050
3.3. Other		-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		66.397.053	13.636.880	80.033.933
IV. ITEMS HELD IN CUSTODY		2.220.139	2.156.427	4.376.566
4.1. Assets Under Management		-	-	-
4.2. Investment Securities Held in Custody		72	-	72
4.3. Cheques Received for Collection		1.684.814	303.246	1.988.060
4.4. Commercial Notes Received for Collection		499.382	75.696	575.078
4.5. Other Assets Received for Collection		103	-	103
4.6. Assets Received for Public Offering		-	-	-
4.7. Other Items Under Custody		2.279	387.099	389.378
4.8. Custodians		33.489	1.390.386	1.423.875
V. PLEDGED ITEMS		64.176.914	11.480.453	75.657.367
5.1. Marketable Securities		10.674.273	3.968.449	14.642.722
5.2. Guarantee Notes		1.593.444	204.016	1.797.460
5.3. Commodity		2.229.762	1.014.428	3.244.190
5.4. Warranty		-	-	-
5.5. Properties		46.615.412	4.947.752	51.563.164
5.6. Other Pledged Items		2.853.818	1.339.835	4.193.653
5.7. Pledged Items-Depository		210.205	5.973	216.178
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		72.354.484	23.093.353	95.447.837

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF- BALANCE SHEET
AS OF DECEMBER 31, 2017

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Audited		
		PRIOR PERIOD		
		December 31, 2017		
		TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		6.252.472	5.192.237	11.444.709
I. GUARANTEES AND SURETIES	(1)	4.136.465	3.996.159	8.132.624
1.1. Letters of Guarantees		4.123.494	2.900.850	7.024.344
1.1.1. Guarantees Subject to State Tender Law		445.010	43.982	488.992
1.1.2. Guarantees Given for Foreign Trade Operations		1.860	677.380	679.240
1.1.3. Other Letters of Guarantee		3.676.624	2.179.488	5.856.112
1.2. Bank Loans		-	21.824	21.824
1.2.1. Import Letter of Acceptances		-	21.824	21.824
1.2.2. Other Bank Acceptances		-	-	-
1.3. Letter of Credits		1.517	1.029.291	1.030.808
1.3.1. Documentary Letter of Credits		-	-	-
1.3.2. Other Letter of Credits		1.517	1.029.291	1.030.808
1.4. Prefinancing Given as Guarantee		-	-	-
1.5. Endorsements		-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-
1.5.2. Other Endorsements		-	-	-
1.6. Other Guarantees		-	40.582	40.582
1.7. Other Collaterals		11.454	3.612	15.066
II. COMMITMENTS	(1)	1.999.439	232.913	2.232.352
2.1. Irrevocable Commitments		1.999.439	232.913	2.232.352
2.1.1. Asset Purchase and Sale Commitments		148.149	232.913	381.062
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-
2.1.3. Loan Granting Commitments		348.871	-	348.871
2.1.4. Securities Underwriting Commitments		-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-
2.1.6. Payment Commitment for Cheques		528.094	-	528.094
2.1.7. Tax And Fund Liabilities from Export Commitments		4.069	-	4.069
2.1.8. Commitments for Credit Card Expenditure Limits		528.560	-	528.560
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		363	-	363
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.12. Other Irrevocable Commitments		441.333	-	441.333
2.2. Revocable Commitments		-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-
2.2.2. Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	116.568	963.165	1.079.733
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-
3.1.1. Fair Value Hedge		-	-	-
3.1.2. Cash Flow Hedge		-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-
3.2. Held for Trading Transactions		116.568	963.165	1.079.733
3.2.1. Forward Foreign Currency Buy/Sell Transactions		21.884	21.693	43.577
3.2.1.1. Forward Foreign Currency Transactions-Buy		5.259	16.516	21.775
3.2.1.2. Forward Foreign Currency Transactions-Sell		16.625	5.177	21.802
3.2.2. Other Forward Buy/Sell Transactions		94.684	941.472	1.036.156
3.3. Other		-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		59.076.439	9.015.013	68.091.452
IV. ITEMS HELD IN CUSTODY		2.064.347	1.266.279	3.330.626
4.1. Assets Under Management		-	-	-
4.2. Investment Securities Held in Custody		72	-	72
4.3. Cheques Received for Collection		1.590.693	149.772	1.740.465
4.4. Commercial Notes Received for Collection		442.531	45.071	487.602
4.5. Other Assets Received for Collection		103	-	103
4.6. Assets Received for Public Offering		-	-	-
4.7. Other Items Under Custody		999	224.453	225.452
4.8. Custodians		29.949	846.983	876.932
V. PLEDGED ITEMS		57.012.092	7.748.734	64.760.826
5.1. Marketable Securities		7.877.664	3.081.345	10.959.009
5.2. Guarantee Notes		1.476.104	157.116	1.633.220
5.3. Commodity		2.147.323	665.792	2.813.115
5.4. Warranty		-	-	-
5.5. Properties		43.274.769	2.996.857	46.271.626
5.6. Other Pledged Items		2.072.592	843.336	2.915.928
5.7. Pledged Items-Depository		163.640	4.288	167.928
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		65.328.911	14.207.250	79.536.161

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF SEPTEMBER 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT OR LOSS	Notes (Section Five-IV)	Reviewed CURRENT PERIOD January 1- September 30, 2018	Reviewed CURRENT PERIOD July 1- September 30, 2018
I. PROFIT SHARE INCOME	(1)	2.256.226	877.468
1.1 Profit Share on Loans		2.021.368	787.084
1.2 Income Received from Reserve Deposits		39.860	15.653
1.3 Income Received from Banks		1.434	749
1.4 Income Received from Money Market Placements		-	-
1.5 Income Received from Marketable Securities Portfolio		139.855	47.973
1.5.1 Financial Assets at Fair Value Through Profit and Loss		424	130
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		84.321	28.878
1.5.3 Financial Assets Measured at Amortised Cost		55.110	18.965
1.6 Finance Lease Income		52.012	25.945
1.7 Other Profit Share Income		1.697	64
II. PROFIT SHARE EXPENSE	(2)	1.381.945	502.985
2.1 Expense on Profit Sharing Accounts		962.111	345.794
2.2 Profit Share Expense on Funds Borrowed		215.529	74.009
2.3 Profit Share Expense on Money Market Borrowings		58.344	24.007
2.4 Profit Share Expense on Securities Issued		144.503	59.175
2.5 Other Profit Share Expense		1.458	-
III. NET PROFIT SHARE INCOME (I – II)		874.281	374.483
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		127.871	42.544
4.1 Fees and Commissions Received		196.147	69.978
4.1.1 Non-Cash Loans		81.159	29.410
4.1.2 Other	(3)	114.988	40.568
4.2 Fees and Commissions Paid		68.276	27.434
4.2.1 Non-Cash Loans		244	98
4.2.2 Other	(3)	68.032	27.336
V. PERSONNEL EXPENSES (-)	(8)	396.404	137.413
VI. DIVIDEND INCOME	(4)	177	-
VII. TRADING INCOME/LOSS(net)	(5)	306.315	183.877
7.1 Capital Market Transaction Income/(Loss)		(3.778)	(8.500)
7.2 Profit/(Loss) from Derivative Financial Instruments		(1.633)	5.356
7.3 Foreign Exchange Income/(Loss)		311.726	187.021
VIII. OTHER OPERATING INCOME	(6)	440.524	49.062
IX. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.352.764	512.553
X. EXPECTED CREDIT LOSS (-)	(7)	527.573	174.893
XI. OTHER OPERATING EXPENSES (-)	(8)	326.768	97.206
XII. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		498.423	240.454
XIII. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-
XIV. PROFIT/(LOSS) ON EQUITY METHOD		5.446	2.351
XV. PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVI. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(9)	503.869	242.805
XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	110.904	62.330
17.1 Provision for Current Taxes		1.615	619
17.2 Deferred Tax Expense Effect (+)		176.121	93.417
17.3 Deferred Tax Income Effect (-)		66.832	31.706
XVIII. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(11)	392.965	180.475
XIX. INCOME FROM DISCONTINUED OPERATIONS	(11)	-	-
19.1 Income from Assets Held For Sale		-	-
19.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
19.3 Income from Other Discontinued Operations		-	-
XX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
20.1 Loss from Assets Held for Sale		-	-
20.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
20.3 Loss from Other Discontinued Operations		-	-
XXI. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
22.1 Provision for Current Taxes		-	-
22.2 Deferred Tax Expense Effect (+)		-	-
22.3 Deferred Tax Income Effect (-)		-	-
XXIII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIV. NET PROFIT/LOSS (XVII+XXII)	(12)	392.965	180.475
24.1 Group's Income/Loss		380.373	175.835
24.2 Minority Shares Profit/Loss (-)		12.592	4.640
Earnings Per Share		0,423	0,195

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF INCOME
AS OF SEPTEMBER 30, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

INCOME AND EXPENSE ITEMS		Notes (Section Five-IV)	Reviewed	Reviewed
			PRIOR PERIOD January 1- September 30, 2017	PRIOR PERIOD July 1- September 30, 2017
I. PROFIT SHARE INCOME		(1)	1.894.157	609.282
1.1 Profit Share on Loans			1.677.540	543.902
1.2 Income Received from Reserve Deposits			22.566	9.360
1.3 Income Received from Banks			1.134	221
1.4 Income Received from Money Market Placements			-	-
1.5 Income Received from Marketable Securities Portfolio			142.159	41.271
1.5.1 Held-For-Trading Financial Assets			219	219
1.5.2 Financial Assets at Fair Value Through Profit and Loss			-	-
1.5.3 Available-For-Sale Financial Assets			94.520	28.686
1.5.4 Investments Held to Maturity			47.420	12.366
1.6 Finance Lease Income			49.647	14.487
1.7 Other Profit Share Income			1.111	41
II. PROFIT SHARE EXPENSE		(2)	987.329	342.099
2.1 Expense on Profit Sharing Accounts			724.905	245.201
2.2 Profit Share Expense on Funds Borrowed			170.199	61.842
2.3 Profit Share Expense on Money Market Borrowings			4.673	1.824
2.4 Profit Share Expense on Securities Issued			75.879	30.620
2.5 Other Profit Share Expense			11.673	2.612
III. NET PROFIT SHARE INCOME (I – II)			906.828	267.183
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES			109.185	35.268
4.1 Fees and Commissions Received			159.845	52.338
4.1.1 Non-Cash Loans			77.063	23.673
4.1.2 Other		(3)	82.782	28.665
4.2 Fees and Commissions Paid			50.660	17.070
4.2.1 Non-Cash Loans			176	121
4.2.2 Other		(3)	50.484	16.949
V. DIVIDEND INCOME		(4)	-	-
VI. TRADING INCOME/LOSS(net)		(5)	(13.767)	2.427
6.1 Capital Market Transaction Income/(Loss)			5.145	4.732
6.2 Profit/(Loss) from Derivative Financial Instruments			(19.994)	(6.570)
6.3 Foreign Exchange Income/(Loss)			1.082	4.265
VII. OTHER OPERATING INCOME		(6)	162.140	33.821
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)			1.164.386	338.699
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)		(7)	358.819	124.306
X. OTHER OPERATING EXPENSES (-)		(8)	614.486	198.543
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)			191.081	15.850
XII. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER			-	-
XIII. PROFIT/(LOSS) ON EQUITY METHOD			3.040	852
XIV. PROFIT/(LOSS) ON NET MONETARY POSITION			-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)		(9)	194.121	16.702
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)		(10)	34.117	3.267
16.1 Provision for Current Taxes			16.196	761
16.2 Provision for Deferred Taxes			17.921	2.506
XVII. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)		(11)	160.004	13.435
XVIII. INCOME FROM DISCONTINUED OPERATIONS		(11)	-	-
18.1 Income from Assets Held For Sale			-	-
18.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)			-	-
18.3 Income from Other Discontinued Operations			-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)			-	-
19.1 Loss from Assets Held for Sale			-	-
19.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)			-	-
19.3 Loss from Other Discontinued Operations			-	-
XX. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)			-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)			-	-
21.1 Provision for Current Taxes			-	-
21.2 Provision for Deferred Taxes			-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)			-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)		(12)	160.004	13.435
23.1 Group's Profit/Loss			147.804	12.594
23.2 Minority shares (-)			12.200	841
Earnings Per Share (Full TL)			0,164	0,014

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS OF SEPTEMBER 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Reviewed
		CURRENT PERIOD January 1- September 30, 2018
I.	CURRENT PERIOD PROFIT/LOSS	392.965
II.	OTHER COMPREHENSIVE INCOME	18.489
2.1	Other Income/Expense Items not to be Recycled to Profit or Loss	(6.424)
2.1.1	Revaluation Surplus on Tangible Assets	(6.424)
2.1.2	Revaluation Surplus on Intangible Assets	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	-
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	-
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	24.913
2.2.1	Translation Differences	52.064
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Financial Assets Measured at Fair Value through Other Comprehensive Income	(34.809)
2.2.3	Gains/losses from Cash Flow Hedges	-
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	7.658
III.	TOTAL COMPREHENSIVE INCOME (I+II)	411.454

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED
UNDER SHAREHOLDERS' EQUITY AS OF SEPTEMBER 30, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		Reviewed PRIOR PERIOD January 1- September 30, 2017
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(1.670)
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	3.314
V.	PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-
VI.	PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-
VII.	THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-
VIII.	OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	-
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	334
X.	TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	1.978
XI.	PROFIT/LOSS	160.004
11.1	Net change in Fair Value of Marketable Securities (Recycled To Profit/Loss)	-
11.2	Part of Derivatives Designated for Cash Flow Hedge Purposes reclassified and presented in Income Statement	-
11.3	Part of Hedge of Net Investments in Foreign Operations reclassified and presented in Income Statement	-
11.4	Other	160.004
XII.	TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	161.982

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF SEPTEMBER 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
CURRENT PERIOD (January 1 - September 30, 2018)																	
I. Balances at Beginning of Period	(V)	900.000	-	-	431	238.121	(14.925)	-	20.689	(17.613)	-	1.113.454	(1.228)	250.239	2.489.168	156.047	2.645.215
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	(167.149) ^(*)	-	(167.149)	-	(167.149)
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	(167.149)	-	(167.149)	-	(167.149)
III. Adjusted Balances at Beginning Of Period (I+II)		900.000	-	-	431	238.121	(14.925)	-	20.689	(17.613)	-	1.113.454	(168.377)	250.239	2.322.019	156.047	2.478.066
IV. Total Comprehensive Income		-	-	-	-	(6.424)	-	-	52.064	(27.151)	-	-	-	380.373	398.862	12.592	411.454
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	775.720 ^(**)	-	-	-	-	-	-	-	(46.839)	-	728.881	-	728.881
X. Others Changes		-	-	-	101.711	-	-	-	-	-	-	-	9.381	-	111.092	134.777	245.869
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	205.684	(445)	(250.239)	(45.000)	-	(45.000)
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(45.000)	-	(45.000)	-	(45.000)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	205.684	(205.684)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	250.239	(250.239)	-	-	-
Balances at end of the period (III+IV+...+X+XI)		900.000	-	-	877.862	231.697	(14.925)	-	72.753	(44.764)	-	1.319.138	(206.280)	380.373	3.515.854	303.416	3.819.270

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

^(*) Includes deferred tax asset for general provisions arising from equity and banks shares amount to TL 64.991 recognized under shareholders' equity for TFRS 9 adjustment.

^(**) The Parent Bank has recognized unmatured additional tier 1 capital amount to USD 205.000.000 issued through "Bereket One Ltd" under "other capital reserves " as per TAS 32: "Financial Instruments: Presentation" standart.

1. Tangible and Intangible Assets Revaluation Reserve,
2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans,
3. Others (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4. Exchange Differences on Translation,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Others (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF SEPTEMBER 30, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

	CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)	Notes (Section Five-V)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves ⁽¹⁾	Current Period Net Income/(Loss)	Prior Years Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc.op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
PRIOR PERIOD																				
January 1- September 30, 2017																				
I.	Beginning balance	(V)	900.000	-	-	-	101.765	-	844.392	8.790	219.607	(4.681)	(8.344)	211.642	-	-	-	2.273.171	-	2.273.171
II.	Changes In Period Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(1.336)	-	-	-	-	(1.336)	-	(1.336)
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge Of Net Investment in Foreign Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	3.314	-	-	-	-	-	-	-	3.314	-	3.314
IX.	Changes Related to the Disposal Of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Related to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The Effect of Change in Associate's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Issue Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	3.591	-	(3.591)	(3.591)	-	3.590	-	3.490	-	-	-	3.489	140.789	144.278
XVII.	Period Net Income/(Loss)		-	-	-	-	-	-	-	-	147.804	-	-	-	-	-	-	147.804	12.200	160.004
XVIII.	Profit Distribution		-	-	-	-	10.880	-	156.417	6.791	(219.607)	1.998	-	-	-	-	-	(43.521)	-	(43.521)
18.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	(43.521)	-	-	-	-	-	(43.521)	-	(43.521)
18.2	Transfers To Reserves		-	-	-	-	10.880	-	156.417	6.791	-	(174.088)	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(219.607)	219.607	-	-	-	-	-	-	-	-
	Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	116.236	-	997.218	15.304	147.804	907	(9.680)	215.132	-	-	-	2.382.921	152.989	2.535.910

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

⁽¹⁾ As per Repurchase Programme accepted at the General Assembly on March 25, 2015 repurchased shares amount to TL 3.887 between March 13, 2017 and March 22, 2017 represented under other reserves and legal reserve has been allocated for the related amount as per Turkish Commercial Code article 612.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF SEPTEMBER 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Reviewed
		CURRENT PERIOD January 1- September 30, 2018
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		2.303.287
1.1.1 Profit Share Income Received		1.923.546
1.1.2 Profit Share Expense Paid		(982.069)
1.1.3 Dividend Received		-
1.1.4 Fees and Commissions Received		114.988
1.1.5 Other Income		268.961
1.1.6 Collections from Previously Written Off Loans		217.522
1.1.7 Payments to Personnel and Service Suppliers		(551.977)
1.1.8 Taxes Paid		(72.700)
1.1.9 Others		1.385.016
1.2 Changes In Operating Assets And Liabilities		(1.572.436)
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(7.962)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(2.162.973)
1.2.3 Net (Increase) Decrease in Loans		(2.315.958)
1.2.4 Net (Increase) Decrease in Other Assets		1.511.467
1.2.5 Net Increase (Decrease) in Bank Deposits		117.178
1.2.6 Net Increase (Decrease) in Other Deposits		132.983
1.2.7 Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss		-
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		1.152.829
I. Net Cash Flow From Banking Operations		730.851
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities		212.420
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(3.540)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-
2.3 Purchases of Property and Equipment		(113.828)
2.4 Disposals of Property and Equipment		136.251
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(443.291)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		607.461
2.7 Purchase of Financial Assets Measured at Amortised Cost		(37.962)
2.8 Sale of Financial Assets Measured at Amortised Cost		67.329
2.9 Other		-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Flow From Financing Activities		1.291.157
3.1 Cash Obtained from Funds Borrowed and Securities Issued		13.968.361
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(13.407.924)
3.3 Issued Capital Instruments		-
3.4 Dividends Paid		(45.000)
3.5 Payments for Finance Leases		-
3.6 Other		775.720
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		806.982
V. Net (Decrease) Increase in Cash and Cash Equivalents		3.041.410
VI. Cash and Cash Equivalents at the Beginning of the Period		2.889.723
VII. Cash and Cash Equivalents at the End of the Period		5.931.133

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF SEPTEMBER 30, 2017
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS		Notes (Section Five-VI)	Reviewed PRIOR PERIOD January 1- September 30, 2017
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes In Operating Assets And Liabilities		623.278
1.1.1	Profit Share Income Received		1.869.333
1.1.2	Profit Share Expense Paid		(898.782)
1.1.3	Dividend Received		-
1.1.4	Fees and Commissions Received		82.782
1.1.5	Other Income		145.724
1.1.6	Collections from Previously Written Off Loans		209.659
1.1.7	Payments to Personnel and Service Suppliers		(329.692)
1.1.8	Taxes Paid		(44.455)
1.1.9	Others		(411.291)
1.2	Changes In Operating Assets And Liabilities		(445.122)
1.2.1	Net (Increase) Decrease in Available For Sale Financial Assets		61.384
1.2.2	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		-
1.2.3	Net (Increase) Decrease in Due From Banks and Other Financial Institutions		682.124
1.2.4	Net (Increase) Decrease in Loans		(1.001.215)
1.2.5	Net (Increase) Decrease in Other Assets		(15.796)
1.2.6	Net Increase (Decrease) in Funds Collected From Banks		(538.972)
1.2.7	Net Increase (Decrease) in Other Funds Collected		1.323.552
1.2.8	Net Increase (Decrease) in Funds Borrowed		-
1.2.9	Net Increase (Decrease) in Payables		-
1.2.10	Net Increase (Decrease) in Other Liabilities		(956.199)
I.	Net Cash Flow From Banking Operations		178.156
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash flow from investing activities		(989.159)
2.1	Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		-
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-
2.3	Fixed Assets Purchases		(974.611)
2.4	Fixed Assets Sales		34.688
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		(806.904)
2.6	Cash Obtained from Sale of Financial Assets Available for Sale		598.242
2.7	Cash Paid for Purchase of Investment Securities		(232.000)
2.8	Cash Obtained from Sale of Investment Securities		391.426
2.9	Other		-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Flow From Financing Activities		(475.918)
3.1	Cash Obtained from Funds Borrowed and Securities Issued		5.004.812
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(5.437.209)
3.3	Issued Capital Instruments		-
3.4	Dividends Paid		(43.521)
3.5	Payments for Finance Leases		-
3.6	Other		-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		24.496
V.	Net (Decrease) Increase in Cash and Cash Equivalents		(1.262.425)
VI.	Cash and Cash Equivalents at the Beginning of the Period		3.464.483
VII.	Cash and Cash Equivalents at the End of the Period		2.202.058

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
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SECTION THREE

Accounting Policies

I. Explanations on basis of presentation:

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

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not prepared by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") (all are referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette numbered 28337, dated June 28, 2012, and amendments to this Communiqué. The Parent Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The consolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets, liabilities, revalued real estates and investment properties carried at fair value.

b) Accounting policies and valuation principles applied in the preparation of consolidated financial statements:

The accounting policies and valuation principles applied in the preparation of consolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS. Consolidated financial statements as of September 30, 2018 have been prepared by accounting for Katılım Emeklilik ve Hayat A.Ş. using equity method. The subsidiaries and real estate funds accounted using full consolidation method are Bereket Varlık Kiralama A.Ş., Insha Gmbh and Albaraka Portföy Yönetimi A.Ş., Albaraka Gayrimenkul Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu, Albaraka Gayrimenkul Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu and Albaraka Gayrimenkul Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu and Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu.

In accordance with the transition rules of TFRS 9, the prior period financial statements and notes are not restated. Accounting policies and valuation principles used for the year 2018 and 2017 periods are separately presented in the footnotes. The accounting policies for the year 2017, "Impacts" of transition to TFRS 9 and its adoption are disclosed in Section three notes XXIV.

The Parent Bank has started to apply TFRS 9 Financial Instruments ("TFRS 9") published by Public Oversight Accounting and Auditing Standards Authority ("POA") in the accompanying consolidated financial statements starting from 1 January 2018 for the first time based on the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with procedures and principals regarding classification of loans and allowances allocated for such loans which came into force starting from 1 January 2018.

TFRS 15 - Revenue from Customer Contracts and other enacted TAS/TFRS amendments do not have significant impact on Bank's accounting policies, financial position and performance.

The Parent Bank's adoption process continues regarding TFRS 16 Leases ("TFRS 16") which will be in effect starting from January 1, 2019.

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NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
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I. Explanations on basis of presentation (continued):

b) Accounting policies and valuation principles applied in the preparation of consolidated financial statements (continued):

Forms of financial statements for the periods beginning from January 1, 2018 are introduced in Communiqué on amendments in Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks published in official gazette dated September 20, 2017 dated 30186. After January 1, 2018, The Parent Bank has prepared its financial statements in accordance with the formats in the related Communiqué.

The preparation of the consolidated financial statements according to BRSA Reporting and Accounting Legislation requires the Group's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, provisions for the lawsuits, deferred tax assets and liabilities, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes.

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

Accompanying financial statements are subjected to TAS 29 "Financial Reporting in Hyperinflationary Economies" until December 31, 2004 and with regard to this the BRSA explained with its decision numbered 1623 and dated April 21, 2005 and its circular dated April 28, 2005 that the conditions for applying inflation accounting was no longer applicable and accordingly inflation accounting has not been applied in the accompanying financial statements starting from January 1, 2005.

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

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

The Parent Bank's transactions in foreign currencies are accounted in accordance with the TAS 21 "Accounting Standard on the Effect of Changes in Foreign Currency Rates", and converted with the exchange rate ruling at the transaction date into Turkish Lira. Foreign currency assets and liabilities have been translated into Turkish Lira at the rate of exchange rates ruling at the balance sheet date announced by the Parent 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.

If the loans recognized in the foreign currency accounts are switched to non performing, they are continued to be recognized in the foreign currency accounts and evaluated with the current exchange rates.

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

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

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

There are no foreign currency differences capitalized by the Group.

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III. Information on consolidated associates:

Consolidated financial statements are prepared in accordance with the decrees, notes and explanations set forth in Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated November 8, 2006, numbered 26340 and "Turkish Accounting Standard for Consolidated Financial Statements" ("TFRS 10").

a) Consolidation principles on joint ventures:

The joint venture is an entity in which the Parent Bank participates in its capital and has joint control and whose main operation is private pension and insurance and operates according to special legislation with permission and license and is established in Turkey. The related joint venture has been consolidated through equity method. Where necessary, accounting policies of the joint venture have been harmonized to ensure consistency with the policies adopted by the Parent Bank.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in a joint venture from the changes in the participated joint venture's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the joint venture amount.

The joint venture included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Katılım Emeklilik ve Hayat A.Ş.	Istanbul/Turkey	Private pension and insurance	50,00	50,00

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III. Information on consolidated associates (continued):

b) Consolidation principles on subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated using the full consolidation method considering materiality principle, taking account the operation results, size of asset and shareholders' equity. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank.

Control is accepted as when Parent Bank has power over its investee, or exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, and income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Parent Bank.

The subsidiaries included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	Sukuk Issue	100,00	100,00
Albaraka Portföy Yönetimi A.Ş.	Istanbul/Turkey	Investment Fund Foundation and Management	100,00	100,00
Insha Gmbh	Berlin/Germany	Providing digital participation banking services with the banking license of Solarisbank AG in Germany, collecting funds with this license through mudaraba method and evaluating the funds in accordance with the principles of interest-free finance and contract signed.	100,00	100,00

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III. Information on consolidated associates (continued)

c) Consolidation principles on investment funds:

The investment funds, founded by the Parent Bank's subsidiary "Albaraka Portföy Yönetimi A.Ş." over which the Group has control as per procedures and principles stated in TFRS 10 "Turkish Financial Reporting Standards on consolidated Financial Statements", are accounted as per full consolidation method. For investment funds over which the Parent Bank does not have full control, minority shares are calculated separately under income statement and shareholders' equity. The information on the funds is represented as follows:

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	88,71	88,71
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	90,45	90,45
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	37,37	37,37
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	Istanbul/Türkiye	Buy real estate and rights based on real estates, rent, lease and sell	100,00	100,00
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	Istanbul/Türkiye	Fintech provides products or services to venture and financial companies. Invests to technology and innovation companies at the initial stages and ends the investments through such methods as sales, mergers, public offerings at the company's development or further stages.	100,00	100,00

d) Presentation of consolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in consolidated associates and subsidiaries are accounted at cost value, less any impairment, in accordance with "Turkish Accounting Standards for Individual Financial Statements ("TAS 27")" in the consolidated financial statements.

In the consolidated financial statements, credit institutions which are not included in consolidation or subsidiaries which are not financial institutions are accounted at cost value, less any impairment in the consolidated financial statements.

If the cost amount exceeds the recoverable amount (the higher of an asset's fair value less costs of disposal and its value in use) the value of the related associates and subsidiaries is equal to the recoverable amount.

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

The derivative financial instruments of the Group generally consist of forward foreign currency, forward security and swap agreements. Derivative transactions portfolio may change as per market conditions in related terms. The Group records the spot foreign currency transactions in asset purchase and sale commitments.

TFRS 9 permits to defer application of TFRS 9 hedge accounting and continue to apply hedge accounting in accordance with TAS 39 as a policy choice. Accordingly, The Parent Bank continues to apply hedge accounting in accordance with TAS 39 in this context.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values. The derivative transactions are initially recognized at fair value and presented in the financial statements at fair values recalculated in the subsequent reporting periods.

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V. Explanations on profit share income and expenses:

Profit share income

Profit share income is accounted in accordance with the internal rate of return method, which is equal to the net present value of the future cash flows of the financial asset determined in TFRS 9 and reflected to the accrual basis.

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

The Parent Bank has begun to calculate accrual for non-performing loans as of January 1, 2018. Net book value of non-performing receivables (Gross Book Value - Expected Loss Provision) is accounted at the gross book value of accruals with effective profit share rate.

Profit share expense

The Parent Bank records profit share expenses on accrual basis. The profit share expense accrual calculated in accordance with the unit value method on profit sharing accounts has been included under the account "Funds Collected" in the balance sheet.

VI. Explanations on fees, commission income and expenses:

Other than commission income and fees and expenses for various banking services that are reflected as income/expense when collected/paid, fees and commission income and expenses are reflected to income statement depending on the term of the related transaction.

In accordance with provisions of TAS, the portion of the commission and fees which are related to the reporting period and collected in advance for cash and non-cash loans granted is reflected to the income statement by using the internal rate of return method and straight line methods, respectively over the commission period of the related loan, respectively. Fees and commissions collected in advance which are related to the future periods are recorded under the account "Unearned Revenues" and included in "Other Liabilities" in the balance sheet. The commission received from cash loans corresponding to the current period is presented in "Profit Share from Loans" in the income statement.

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

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VII. Explanations on financial assets:

Financial assets are recognized or derecognized according to TFRS 9 section three: "Recognition and Derecognition". Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of The Parent Bank, if the The Parent Bank is a legal party to these instruments.

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Assessment of business model:

As per TFRS 9, the Parent Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Parent bank's business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not a classification approach on the basis of a financial instrument but an evaluation by combining financial assets.

The Parent Bank's business models are divided into three categories. These categories are defined below:

A business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the cash flow test that includes profit share payments arising only from principal and principal amount at specific dates.

A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Parent Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value changes of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the cash flows test that includes profit share payments arising only from principal and principal amount at specific dates.

Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Contractual cash flows that contains solely payments of principal and profit share:

As per TFRS 9, the Parent Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets..

Financial assets at the fair value through profit or loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and profit share at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

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VII. Explanations on financial assets (continued):

Financial assets at fair value through other comprehensive income:

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and profit share at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with effective profit share rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the value corresponding to the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated Other Comprehensive Income Or Expense To Be Reclassified Through Profit Or Loss" under shareholders' equity. The accumulated fair value differences that are reflected in shareholders' equity are reflected in the income statement when the stated securities are collected or disposed.

Equity securities, which are classified as financial assets at fair value through other comprehensive income are accounted for at fair value when they are traded in an organized market and / or the fair value can be reliably measured and these financial assets are not subject to expected losses recognition.

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows within the scope of business model where those cash flows represent solely payments of principal and profit share on certain dates are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective internal rate of return method. Profit share income obtained from financial assets measured at amortized cost is accounted in income statement.

Loans:

Loans are non derivative financial assets that have fixed or determinable payments terms and are not quoted in an active market. Stated loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Profit Share Rate (internal rate of return) Method".

The Parent Bank's all loans are recorded under the "Measured at Amortized Cost" account.

Granted cash loans are accounted by using the relevant accounts in accordance with the principles set out in the "Uniform Chart of Accounts to be Applied by the Participation Banks" and published in the Official Gazette dated September 20, 2017 and numbered 30186.

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VIII. Explanations on expected credit losses:

The Parent Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income. As of January 1, 2018, the Parent Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

The provisions written back are credited to "provision expenses", and if such write backs are arising from previous year they are accounted under "other operating income". The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and finance lease receivables) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

Provisions for these financial assets are calculated using two different approaches: 12-month expected loss and expected lifetime loss. These financial assets are divided into three categories depending on the increase in credit risk observed since their initial recognition:

Parameters used when calculating expected credit losses:

Probability of Default (PD):

PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, the Bank uses two different PDs in order to calculate expected credit losses:

- 12-Months PD: As the estimated probability of default occurring within the next 12 months following the reporting date.
- Lifetime PD: As the estimated probability of default occurring over the remaining life of the financial instrument.

Loss Given Default (LGD):

If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

Exposure at Default (EAD):

For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion rate corresponds to the factor which adjust the potential increase of the exposure between the current date and the default date.

12 Month Expected Credit Losses (Stage 1):

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition and their maturities does not exceed 30 days. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan. The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

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VIII. Explanations on expected credit losses (continued):

Significant Increase in Credit Risk (Stage 2):

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

The Parent Bank classifies financial assets as Level 2 by considering the following criteria:

- Loans that pass 30 days but not exceed 90 days
- The data obtained from the early warning system and the evaluation that the bank will make in this case
- The Parent Bank management's conclusion that there is significant increase in credit risk. At this point the Parent Bank compares probability of default of the loan in its origination with current status.
- Loans for which the repayment amount is fully collateralized and the collateral falls below the net realizable value.

Default (Stage 3/Specific Provision):

If the following conditions exist in accordance with the Parent Bank's internal procedures, the related financial asset is evaluated as default:

- Loans past 90 days from the last installment date (In this case, default status starts on the 91st day.)
- Loans classified as "performing loans" after restructuring and 30 days overdue in one year observation period (In this case, default status starts on the 31st day)
- Loans classified as "performing loans" after restructuring and restructuring at least one more time in one year observation period.
- Partially written off loans and loans of the customers whose collaterals are obtained by the bank in return for their debts or paid in kind.

IX. Explanations on offsetting of financial instruments:

Financial instruments are offset when the Group 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. The sukuk investments issued by the Group which are repurchased have been offset in financial assets measured at fair value through other comprehensive income and subordinated loan accounts.

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

Securities subject to repurchase agreement are classified as "Financial Assets Measured at Fair Value through Profit/Loss", "Financial Assets Measured at Fair Value through Other Comprehensive Income" and "Financial Assets Measured at Amortised Cost" according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from the related agreements are accounted under "Borrowings from Money Markets" in liabilities and the difference between the sale and repurchase price is accrued over the life of the agreements using the internal rate of return method. Profit share expense on such transactions is recorded under "Profit Share Expense on Money Market Borrowings" in the income statement.

The Group has not any securities subject to lending transactions.

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

Assets held for sale (or disposal group) are measured at the lower of the carrying amount of assets and fair value less any cost to be incurred for disposal. In order to classify an asset as held for sale, the possibility of sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan designed by an appropriate level of management regarding the sale of the asset to be disposed of together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset shall be actively marketed in conformity with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan.

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

A discontinued operation is a part of the Group's business which has been disposed of or classified as held for sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Group has not any discontinued operations.

XII. Explanations on goodwill and other intangible assets:

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

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

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

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XIII. Explanations on tangible assets:

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

As of March 31, 2009, the Parent Bank has made a change in accounting policy and adopted revaluation model for real estates in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2017, the Parent Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve.

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

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

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

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

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

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

Fixed assets which are carried at fair value in the financial statements are revalued by independent Capital Markets Board licensed firms in accordance with TFRS 13.

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

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

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XIV. Explanations on investment property:

Investment properties are retained in order to benefit for administrative purposes and production and supply of goods or services either or both obtain rental income or appreciation gain instead of selling them in ordinary workflow. Investment properties are accounted initially at cost then at fair value for the coming periods and changes are recognized in statement of profit or loss.

The cost includes the expenses directly associated with the purchase.

If the investment property is sold, all profits and losses incurred (referring the difference between sale price and carrying value of the asset) are recognized in statement of profit or loss. If the investment properties which are recognized as fixed assets beforehand are sold, their revaluation differences (if there are any) under equity are transferred to prior year profits.

If a real estate's intended purpose amended and it is recognized again under fixed assets, the fair value at the date of the amendment becomes the cost for the next accounting transaction.

XV. Explanations on leasing transactions:

Transactions as a lessee

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

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

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

The prepaid lease payments made under operational leases are charged to income statement on a straight line basis over the period of the lease.

Transactions as a lessor

The Parent Bank, as a participation bank, acts as a lessor in finance leasing transactions. The Parent Bank presents finance leased assets as a receivable equal to the net investment in the lease. Financial income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

XVI. Explanations on provisions and contingent liabilities:

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

Provisions are recognized when the Parent Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the cut-off principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Parent Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

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XVII. Explanations on liabilities regarding employee rights:

i) *Defined benefit plans:*

Provision for employee severance benefits has been accounted for in accordance with TAS 19 “Employee Benefits”.

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated for reasons other than misconduct or due to resignation. The retirement pay is calculated for every working year within the group over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Group.

The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Group recognizes all actuarial gains and losses immediately through other comprehensive income. As of September 30, 2018, there is an actuarial loss amounts to TL 18.657 before deferred tax calculation. (December 31, 2017: TL 18.657 actuarial loss).

The Grup, provision for the employees’ unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the employees are members.

ii) *Defined contribution plans:*

The Group pays defined contribution plans to publicly administered Social Security Funds for its employees. The Group has not any further payment obligations other than this contribution share. The contributions are recognized as personnel expenses when they accrue.

iii) *Short term benefits to employees:*

In accordance with TAS 19, the Group measures the expected costs of the cumulative annual leaves as additional amounts anticipate to pay accumulated and unused rights as of reporting period.

XVIII. Explanations on taxation:

Current tax:

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

While the corporate tax rate was at the rate of 20% since January 1, 2006, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

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

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

A 75% portion of the capital gains derived from the sale of equity investments and a 50% portion of the capital gains derived from the sale of immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years.

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XVIII. Explanations on taxation (continued):

Current tax (continued):

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

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

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

Considering the participation accounts' part in general loan loss provision as expense for tax calculation, Finance Ministry initiated a sector-specific review. The relevant documents and calculations have been requested from the Parent Bank. As of report date, there is no information or written report transmitted to the Parent Bank.

Deferred tax:

The Group calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with ("TAS 12") "Turkish Accounting Standard for Income Taxes". Deferred tax asset is calculated on all temporary differences to the extent that is probable that taxable profit will be available and deferred tax liability is calculated for all temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

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

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. According to a change in Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, Article 91, Corporate Tax has been increased to 22% from 20% in order to be applied to the profits of the institutions for the taxation periods of 2018, 2019 and 2020. The Parent Bank calculates deferred taxes using related ratios considering the realization period of the temporary differences.

Transfer pricing:

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

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

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XIX. Additional explanations on borrowings:

The Group accounts its debt instruments in accordance with TFRS 9 “Financial Instruments”. In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Parent Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

There are no debt securities issued by the Parent Bank. The Parent Bank has issued borrowings through its subsidiary Bereket Varlık Kiralama A.Ş. and its structured entities Bereket One Limited and Albaraka Sukuk Limited.

The Parent Bank has subordinated loans borrowed through sukuk issuance which has convertible nature to the shares.

Additional tier 1 capital borrowings:

The perpetual sukuk transaction which has been issued by Bereket One Ltd, the Bank’s structured entity, included in the additional tier one capital calculation. Aforementioned transaction has been assessed as non-monetary items and accounted over historical cost under equity in the “other capital reserves” in accordance with TAS 32.

XX. Explanations on issued share certificates:

None.

XXI. Explanations on acceptances and availed drafts:

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

XXII. Explanations on government grants:

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

XXIII. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note X.

XXIV. Explanations on other matters:

Disclosures of TFRS 9 financial instruments:

TFRS 9 “Financial Instruments”, which is effective as at January 1, 2018 is published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in the Official Gazette numbered 29953 dated 19 January 2017. TFRS 9 will replace TAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments.

TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and general hedge accounting.

Classification and measurement of financial assets:

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent solely payments of principal and profit share.

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XXIV. Explanations on other matters (continued):

Disclosures of TFRS 9 financial instruments (continued):

Assessment whether contractual cash flows are solely payments of principal and profit share:

In assessing whether the contractual cash flows are payments of principal and profit share, the Parent Bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows. The Parent Bank fulfills the on-balance sheet classification and measurement criteria by applying the stated procedures for all financial assets.

Upon initial recognition each financial asset will be classified as either fair value through profit or loss ("Fair Value through Profit/Loss"), amortized cost or fair value through other comprehensive income ("Fair Value through Other Comprehensive Income"). The classification and measurement of financial liabilities remain largely unchanged under TAS 39.

a) Classification and measurement of financial assets

Financial assets	Before TFRS 9	In scope of TFRS 9	
	Measurement Bases	Book value	Measurement Bases
		31 December 2017	1 January 2018
Cash Balances and Central Bank	Loans and receivables	5.756.995	Measured at amortized cost
Banks	Loans and receivables	1.511.407	Measured at amortized cost
Marketable Securities	Financial assets held for trading	4.515	Fair value through profit and loss
	Available for sale financial assets	1.357.405	Fair value through other comprehensive income
	Held to maturity financial assets	532.803	Measured at amortized cost
Derivative Financial Assets	Derivative financial assets held for trading	225	Fair value through profit and loss
Loans (Net)	Loans and receivables	24.456.382	Measured at amortized cost
Other	Loans and receivables	24.749	Measured at amortized cost

b) Reconciliation of statement of financial position balances to TFRS 9

	Book Value before TFRS 9	Reclassifications	Remeasurements	Book value after TFRS 9
	December 31, 2017			January 1, 2018
Financial assets				
Measured at amortized cost				
Balance before classification (held-to-maturity)	532.803	(532.803)	-	-
Book value after classification	-	-	-	532.803
Fair value through Profit/Loss				
Balance before classification (available-for-sale)	4.515	(4.515)	-	-
Book value after classification	-	-	-	4.515
Fair Value Through Other Comprehensive Income				
Book value before classification (available-for-sale)	1.357.405	(1.357.405)	-	-
Book value after classification	-	-	459	1.357.864

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XXIV. Explanations on other matters (continued):

Additional explanations on classifications made in accordance with TFRS 9:

The Parent Bank reclassified under the new categories in accordance with TFRS 9 without any change in the basis of the borrowing instruments.

Financial assets classified as “financial assets at fair value through profit or loss” in the prior period are classified as “financial assets at fair value through profit or loss” starting from January 1, 2018.

The sukuk investments classified as available for sale in the prior period are classified as financial assets measured at fair value through other comprehensive income starting from January 1, 2018. Equity type instruments classified as available for sale in the prior period are reclassified as financial assets measured at fair value through other comprehensive income irrevocably and if the related instruments are disposed, the changes in fair values will not be booked under statement of profit or loss.

Financial assets classified as “held-to-maturity investment” in the prior period are classified as “financial assets at amortized cost” starting from January 1, 2018.

All loans continued to be measured at amortized cost.

Reconciliation of the opening balances of the provision for expected credit losses to TFRS 9:

	Book value before TFRS 9 December 31, 2017	Remeasurements	Book value after TFRS 9 January 1, 2018
Loans			
Stage 1	110.290	(48.796)	61.494
Stage 2	14.242	255.533	269.775
Stage 3	699.437	10.076	709.513
Financial Assets (*)	6.180	(4.426)	1.754
Non-Cash Loans (**)			
Stage 1 and 2	11.708	(7.722)	3.986
Stage 3	29.905	(18.167)	11.738
Total	871.762	186.498	1.058.260

(*) Includes banks, central banks, Financial Assets Measured at Fair Value through Other Comprehensive Income, Financial Assets Measured At Amortised Cost and financial assets classified under other assets.

(**) Before TFRS 9, the expected credit loss for stage 1 and 2 non-cash loans is classified “10.1. General Provision” and expected credit loss for stage 3 non-cash loans is classified “10.5. Other Provisions” under liabilities. In accordance with TFRS 9, the expected loss provisions for the 1st, 2nd and 3rd stage non-cash loans are in the “8.4 Other Provisions” column in the liabilities.

Effects on equity with TFRS 9 transition:

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period information in accordance with TFRS 9 and if the previous period information is not revised, it is stated that the difference between the book value of January 1, 2018 at the date of application should be reflected in the opening aspect of equity. The explanations about the transition effects to TFRS 9 presented in the equity items under the scope of this article are given below.

As stated in the Communiqué on “Uniform Chart of Accounts and Prospectus” issued on September 20, 2017, for general provisions arising from equity and bank shares (TFRS 9 expected loss provisions for the loans at first and second stages), deferred tax assets calculation has started as of January 1, 2018,. Within this scope, deferred tax assets amounting to TL 64.991 have been reflected to the opening financials of January 1, 2018 and the related amount has been classified under “ Prior Years Profit/Loss” in shareholders’ equity.

In addition, within the scope of TFRS 9 opening adjustments, for special and general provisions of cash (for equity and bank shares) and non-cash loans the bank reduced its equity by TL 232.140 and increased the related balance sheet accounts by the specified amount. On the other hand, opening balance of general and special provisions of cash loans (participation accounts shares) have been reduced by TL 45.642 and the amount of “provision for participation accounts” has been increased by this amount.

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XXIV. Explanations on other matters (continued):

Explanations On Prior Period Accounting Policies Not Valid For The Current Period:

“TFRS 9 Financial Instruments” standard came into effect instead of “TAS 39 Financial Instruments: Recognition and Measurement” as of 1 January 2018. Accounting policies lost their validity with the transition of TFRS 9 are given below:

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

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss has two sub-categories: “Trading financial assets” and “Financial assets at fair value through profit and loss”.

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

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

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

As of December 31, 2017, the Parent Bank has not any financial assets classified as financial assets at fair value through profit or loss except for trading financial assets (December 31, 2016: None).

Financial assets available for sale:

Financial assets available for sale are initially recognized at cost; which reflects their fair values; including the transaction costs. After the initial recognition, available for sale securities are measured at fair value and the unrealized gains or losses resulting from the difference between the amortized cost and the fair value is recorded in “Marketable Securities Valuation Reserve” under equity. In case of a disposal of available for sale financial assets, value increases/decreases which have been recorded in the marketable securities valuation reserve under the equity is transferred to income statement. Financial assets classified as available for sale financial assets which do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less impairment, if any.

Loans and receivables:

Loans and receivables are non-derivative financial assets whose payments are fixed or can be determined, are not traded in an active market and are not classified as trading assets, financial assets at fair value through profit or loss and financial assets available for sale.

Loans and receivables are carried initially at cost including the transaction costs which reflects their fair value; and subsequently recognized at the amortized cost value using the internal rate of return method in accordance with TAS 39 “Financial Assets: Recognition and Measurement”. Fees, transaction costs and other similar costs in connection with the collaterals of loans and receivables are paid by the customers and accordingly not included in expense items in the income statement.

Cash loans are accounted in related accounts as specified by the Communiqué “Uniform Chart of Accounts and Explanations to be implemented by Participation Banks” dated January 26, 2007 and numbered 26415.

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XXIV. Explanations on other matters (continued):

Financial assets held to maturity:

Held to maturity financial assets are financial assets that are not classified under “Loans and receivables” with fixed maturities and fixed or determinable payments where management has the intent and ability to hold until maturity. Held to maturity financial assets are initially recognized at cost including the transaction costs which reflects their fair value, and subsequently carried at amortized cost using the internal rate of return method. Profit share income from held to maturity financial assets is reflected in the income statement.

Explanations on impairment of financial assets:

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

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

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

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

If there is objective evidence indicating that the fair value of a financial asset available for sale, for which decreases in the fair value has been accounted in the equity, has been impaired then the total loss which was accounted directly under the equity is deducted from equity and transferred to the income statement.

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

XXV. Additional paragraph for convenience translation:

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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SECTION FOUR

Information on Consolidated Financial Structure and Risk Management of the Group

I. Explanations on consolidated capital adequacy standard ratio:

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of September 30, 2018, the Parent Bank’s total capital has been calculated as TL 5.114.744 and capital adequacy standard ratio is 18,05%. As of December 31, 2017, the Parent Bank’s total capital amounted to TL 4.119.327 and capital adequacy ratio was 17,78%. The Parent Bank’s capital adequacy standard ratio is above the minimum ratio required by the legislation.

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

a) Information on consolidated capital:

	Current Period	Amounts related to treatment before January 1, 2014 ^(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	
Share issue premiums	-	
Reserves	1.112.858	
Gains recognized in equity as per TAS	406.852	
Profit	380.373	
Current Period Profit	380.373	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	
Minority Share	-	
Common Equity Tier 1 Capital Before Deductions	2.800.083	
Deductions from Common Equity Tier 1 Capital	-	
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS ^(**)	15.052	
Improvement costs for operating leasing	23.056	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	29.758	29.758
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4 th clause of the 56 th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	67.866	
Total Common Equity Tier 1 Capital	2.732.217	

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

a) Information on consolidated capital (continued):

	Current Period	Amounts related to treatment before January 1, 2014 ⁽⁷⁾
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	775.720	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	775.720	
Deductions from Additional Tier I Capital		-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital		-
Total Additional Tier I Capital	775.720	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.507.937	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.352.836	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	260.742	-
Tier II Capital Before Deductions	1.613.578	
Deductions From Tier II Capital		-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	4.748	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	4.748	
Total Tier II Capital	1.608.830	
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.116.767	
Deductions from Total Capital		-
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	2.023	-

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

a) Information on consolidated capital (continued):

	Current Period	Amounts related to treatment before January 1, 2014 ^(*)
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
Total Capital (Total Core Capital and Supplementary Capital)	5.114.744	
Total risk weighted amounts	28.330.054	
Capital Adequacy Ratios		
Consolidated Core Capital Adequacy Ratio (%)	9,64	
Consolidated Tier 1 Capital Adequacy Ratio (%)	12,38	
Consolidated Capital Adequacy Ratio (%)	18,05	
BUFFERS		
The total additional capital requirement ratio (a + b + c)	1,88	
a) Capital conservation buffer requirement (%)	1,88	
b) Bank specific counter-cyclical buffer requirement (%)	0,00	
c) Systemic significant bank buffer ratio (%)	0,00	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5,14	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	159.761	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	260.742	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	260.742	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to & 0.6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

^(*) Amounts in this column represents the amounts of items that are subject to transition provisions.

^(**) In accordance with the BRSA's opinion, negative revaluations of financial assets measured at fair value through other comprehensive income have not been taken as at and before August 12, 2018

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

a) Information on consolidated capital (continued):

	Prior Period	Amounts related to treatment before January 1, 2014 ^(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	
Share issue premiums	-	
Reserves	1.113.454	
Gains recognized in equity as per TAS	273.644	
Profit	249.011	
Current Period Profit	250.239	
Prior Period Profit	(1.228)	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	
Minority Share	3.052	
Common Equity Tier 1 Capital Before Deductions	2.539.161	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	46.941	
Improvement costs for operating leasing	24.242	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	21.174	26.468
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4 th clause of the 56 th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	92.357	
Total Common Equity Tier 1 Capital	2.446.804	

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

a) Information on consolidated capital (continued):

	Prior Period	Amounts related to treatment before January 1, 2014 ^(*)
ADDITIONAL TIER I CAPITAL	-	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital	-	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	5.294	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	2.441.510	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.610.280	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	71.830	
Tier II Capital Before Deductions	1.682.110	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	3.361	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	3.361	
Total Tier II Capital	1.678.749	
Total Capital (The sum of Tier I Capital and Tier II Capital)	4.120.259	
Deductions from Total Capital	-	
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	932	

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

a) Information on consolidated capital (continued):

	Prior Period	Amounts related to treatment before January 1, 2014 ^(*)
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
Total Capital (Total Core Capital and Supplementary Capital)	4.119.327	
Total risk weighted amounts	23.164.995	
Capital Adequacy Ratios (%)		
Consolidated Core Capital Adequacy Ratio (%)	10,56	
Consolidated Tier 1 Capital Adequacy Ratio (%)	10,54	
Consolidated Capital Adequacy Ratio (%)	17,78	
BUFFERS		
Bank-specific total core capital ratio (%)	1,25	
Capital conservation buffer requirement (%)	1,25	
Bank specific counter-cyclical buffer requirement (%)	0,00	
Systemic significant bank buffer ratio (%)	0,00	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	6,06	
Amounts below the Excess Limits as per the Deduction Principles	-	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	70.535	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	71.830	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	71.830	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to & 0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

^(*)Amounts in this column represents the amounts of items that are subject to transition provisions.

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

b) Details on subordinated liabilities:

Issuer	Albaraka Sukuk Ltd.	Bereket One Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS17 72390628
Governing Law(s) of the Instrument	English Law	English Law
Special Consideration in the Calculation of Equity		
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.348.088	TL 775.720 ^(*)
Par Value of Instrument	TL 1.352.836	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: Nov 30, 2020 Total Repayment Amount of Profit Share: USD 131.250.000, Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share: USD 102.500.000 Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-
Profit Share/Dividends		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	10,50%	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative
Convertible or Non-convertible		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval it is convertible and the rate may be determined.	As per BRSA approval it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature		
If write-down, write-down trigger(s)	-	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	-	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	-	Permanent and Temporary
If temporary write-down, description of write-up mechanism	-	In case of the ratio of core capital exceeds 5,125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After participation fund owners, other borrowers and the debt instruments included in the Tier II capital calculation
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliances with article number 7 and 8 of "Own fund regulation"	No	No

^(*) Represented as historical cost.

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

c) Information on reconciliation of consolidated total capital and consolidated equity

The difference between Total Capital and Equity in the consolidated balance sheet mainly arises from Stage 1 and Stage 2 expected credit losses, debt instruments and share issue premiums deemed suitable by the BRSA. In the calculation of Total Capital, Stage 1 and Stage 2 expected credit losses up to 1,25% of the credit risk is taken into consideration as Tier II Capital. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

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II. Explanations on consolidated credit risk:

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

III. Explanations on consolidated currency risk:

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

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

	USD	EUR
As of September 30, 2018 - Balance sheet evaluation rate	5,986	6,949
As of September 28, 2018	5,986	6,949
As of September 27, 2018	5,958	6,961
As of September 26, 2018	6,070	7,129
As of September 25, 2018	6,165	7,259
As of September 24, 2018	6,133	7,228

- d) The simple arithmetical average of the major foreign exchange buying rates of the Parent Bank for the thirty days before the balance sheet date is TL 6,289 for 1 USD (December 2017: TL 3,832), TL 7,333 for 1 EUR (December 2017: TL 4,535).

The Parent Bank is mainly exposed to EUR and USD currency risks.

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III. Explanations on consolidated currency risk (continued):

Information on currency risk of the Group:

	EUR	USD	Other FC ^(*)	Total
Current Period				
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	1.462.076	3.024.511	1.082.771	5.569.358
Banks	1.647.678	1.205.464	461.110	3.314.252
Financial assets at fair value through profit and loss ^(**)	-	13.068	10	13.078
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	288	380.302	-	380.590
Loans and financial lease receivables ^(***)	5.866.191	10.862.027	335	16.728.553
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	292	292
Intangible assets	-	-	-	-
Other assets ^(****)	37.865	44.625	6.221	88.711
Total assets	9.014.098	15.529.997	1.550.739	26.094.834
Liabilities				
Current account and funds collected from banks via participation accounts	1.301.248	230.264	4.836	1.536.348
Other current and profit sharing accounts	4.154.952	9.853.291	1.485.809	15.494.052
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	1.780.127	3.820.876	-	5.601.003
Marketable securities issued	-	2.595.880	-	2.595.880
Miscellaneous payables	50.673	79.666	36.213	166.552
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	102	272	266	640
Total liabilities	7.287.102	16.580.249	1.527.124	25.394.475
Net balance sheet position	1.726.996	(1.050.252)	23.615	700.359
Net off balance sheet position	(1.671.860)	1.632.263	7.178	(32.419)
Derivative financial instruments assets ^(*****)	16.122	1.719.181	22.087	1.757.390
Derivative financial instruments liabilities ^(*****)	1.687.982	86.918	14.909	1.789.809
Non-cash loans ^(*****)	2.021.597	3.838.098	49.579	5.909.274
Prior Period				
Total assets	5.230.416	12.154.661	1.196.246	18.581.323
Total liabilities	4.975.376	12.483.878	908.063	18.367.317
Net balance sheet position	255.040	(329.217)	288.183	214.006
Net off balance sheet position	(225.109)	361.039	(245.184)	(109.254)
Derivative financial instruments assets	26.065	511.411	5.936	543.412
Derivative financial instruments liabilities	251.174	150.372	251.120	652.666
Non-cash loans ^(*****)	1.323.750	2.648.158	24.251	3.996.159

(*) TL 1.049.620 (December 31, 2017: TL 973.313) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 345.466 (December 31, 2017: TL 116.046) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 1.399.279 (December 31, 2017: TL 849.627) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(**) Derivative financial instruments are included.

(***) The balance includes foreign currency indexed loans and financial lease receivables of TL 5.870.171 (December 31, 2017: TL 5.921.147).

(****) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 1.260 (December 31, 2017: TL 652) is included in other assets.

(***** In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 81.099 (December 31, 2017: TL 107.178) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 111.239 (December 31, 2017: TL 125.735).

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

Other issues related to currency risk:

Since the bank has issued unmatured additional tier 1 capital amount to USD 205.000.000 (Historical cost: TL 775.720) and recognized under the equity as "Other Capital Reserves", this stated amount is not included in the above table.

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

The Parent Bank does not have any associate and subsidiary quoted at Borsa İstanbul. "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu" which are managed and founded by Albaraka Portföy Yönetimi A.Ş. are traded in Borsa İstanbul under qualified trading market. Albaraka Portföy Yönetimi A.Ş. is the subsidiary of the Parent Bank.

V. Explanations on consolidated liquidity risk:

Liquidity Risk is managed by Asset and Liability Committee ("ALCO") in line with risk management policies and risk appetite approved by the Board of Directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure of the Parent Bank. Under stressed conditions, liquidity risk is managed within the Contingency Funding Plan framework.

The Board of Directors reviews the liquidity risk management strategy, policy and practices and approves the liquidity strategy and policies within the framework of risk management strategy and policies, ensures the effective of practice of policies and integrations with Parent Bank's risk management strategy. The Board of Directors determines the basic metrics in liquidity risk measurement and monitoring. The Board of Directors establishes risk appetite of the Parent Bank in liquidity risk management and identifies the risk limits in accordance with the risk appetite and reviews it regularly.

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Parent Bank is exposed to and considering the Parent Bank's strategy and conditions of competition and pursues the implementations.

Risk Management Department defines the Parent Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in comply with legal legislation, presents measurement results periodically to related departments, committees and senior management. Risk Management Department coordinates related parties in order to ensure compliance of risk management process in accordance with the Parent Bank's risk profile, operation environment and strategic plan with regulations.

The liquidity risk analysis and the important early warning signals are reported periodically to related senior management. Additionally, analysis and monitored internal reserve limit ratios related to liquidity risk are presented in ALCO report. Reserve limit ratios and alert levels approved by the Board of Directors are monitored and reported regularly to related parties.

The Parent Bank's funding management is carried out in compliance with the ALCO decisions in the direction of the Fund Transfer Pricing (FTP) committee. Funding and placement strategies are developed by assessing liquidity of the Parent Bank.

In liquidity risk management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions.

Diversification of assets and liabilities is assured to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Parent Bank's funding base of funds collected and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed.

In the context of TL and foreign currencies liquidity management, the Parent Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view.

Liquidity risk exposed by the Parent Bank is managed by establishing risk appetite, effective control environment and closely monitoring by limits.

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of strategy, policy and procedures regarding liquidity risk and contingency funding plan is prepared within this framework.

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V. Explanations on consolidated liquidity risk (continued):

There exists "Liquidity Risk Management Contingency Funding Plan" in the Parent Bank including mechanisms to prevent increase in liquidity risk during normal and liquidity crisis scenarios for different conditions and levels. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Parent Bank monitors liquidity risk in terms of early warning indicators in each stress.

Consolidated liquidity coverage ratio:

		Rate of "Percentage to be taken into account" not Implemented Total value ^(*)		Rate of "Percentage to be taken into account" Implemented Total value ^(*)	
	Current Period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			6.630.011	5.422.893
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	18.195.224	9.200.453	1.631.122	920.045
3	Stable Funds Collected	3.768.010	-	188.401	-
4	Less stable Funds Collected	14.427.214	9.200.453	1.442.721	920.045
5	Unsecured Funding other than Retail and Small Business Customers Deposits	8.530.854	6.189.451	4.859.541	3.464.428
6	Operational Funds Collected	653.526	646.092	163.382	161.523
7	Non-Operational Funds Collected	3.532.503	2.392.499	2.011.384	1.484.420
8	Other Unsecured Funding	4.344.825	3.150.860	2.684.775	1.818.485
9	Secured funding			-	-
10	Other Cash Outflows	1.361.636	1.167.376	1.361.636	1.167.376
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.361.636	1.167.376	1.361.636	1.167.376
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	10.802.728	5.306.319	933.648	546.650
16	TOTAL CASH OUTFLOWS			8.785.947	6.098.499
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	5.123.481	2.961.246	4.187.985	2.732.503
19	Other contractual cash inflows	1.399.350	1.269.990	1.399.350	1.269.990
20	TOTAL CASH INFLOWS	6.522.831	4.231.236	5.587.335	4.002.493
				Upper limit applied amounts	
21	TOTAL HQLA			6.630.011	5.422.893
22	TOTAL NET CASH OUTFLOWS			3.198.612	2.096.006
23	Liquidity Coverage Ratio (%)			207,28	258,73

^(*) Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months are as follows:

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	152,54	188,03
Date	July 1, 2018	July 15, 2018
Highest	266,26	357,2
Date	September 7, 2018	August 10, 2018
Average	207,28	258,73

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V. Explanations on consolidated liquidity risk (continued):

Consolidated liquidity coverage ratio (continued):

		Rate of "Percentage to be taken into account" not Implemented Total value ^(*)		Rate of "Percentage to be taken into account" Implemented Total value ^(*)	
	Prior Period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			5.262.881	4.648.908
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	14.953.487	6.430.003	1.319.458	643.000
3	Stable Funds Collected	3.517.820	-	175.891	-
4	Less stable Funds Collected	11.435.667	6.430.003	1.143.567	643.000
5	Unsecured Funding other than Retail and Small Business Customers Deposits	7.774.297	4.934.977	4.849.163	3.084.982
6	Operational Funds Collected	621.263	566.389	155.316	141.597
7	Non-Operational Funds Collected	3.484.202	1.984.853	1.934.765	1.251.416
8	Other Unsecured Funding	3.668.832	2.383.735	2.759.082	1.691.969
9	Secured funding			-	-
10	Other Cash Outflows	850.949	738.738	850.949	738.738
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	850.949	738.738	850.949	738.738
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	8.741.339	3.575.021	747.214	358.502
16	TOTAL CASH OUTFLOWS			7.766.784	4.825.222
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	3.351.450	1.446.897	2.602.573	1.325.113
19	Other contractual cash inflows	856.241	332.324	856.241	332.324
20	TOTAL CASH INFLOWS	4.207.691	1.779.221	3.458.814	1.657.437
				Upper limit applied amounts	
21	TOTAL HQLA			5.262.881	4.648.908
22	TOTAL NET CASH OUTFLOWS			4.307.970	3.167.785
23	Liquidity Coverage Ratio (%)			122,17	146,76

^(*) Average of the last three months of liquidity coverage ratios calculated considering monthly simple arithmetic averages.

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2017 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	115,6	122,03
Date	November 30, 2017	October 31, 2017
Highest	131,72	172,78
Date	December 31, 2017	December 31, 2017
Average	122,17	146,76

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V. Explanations on consolidated liquidity risk (continued):

Consolidated liquidity coverage ratio (continued):

Consolidated liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Parent Bank to net cash outflow in 30 days maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, marketable securities that are not subject to repurchase agreements or not given as collateral, banks receivables, funds collected, funds borrowed. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Parent Bank's high quality liquid assets are composed of 9,12% cash, 84,46% deposits in central banks and 6,42% securities considered as high quality liquid assets.

The Parent Bank's main funding sources are funds collected, funds borrowed, borrowings from money market, issued securities and subordinated loans. Funding source composition in report date is 73,95% funds collected, 26,05% funds borrowed, borrowings from money market, subordinated loans and securities issued.

Cash flows of derivatives that will take place within 30 days are taken into account in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

The Parent Bank manages all the transactions with its foreign branches and subsidiaries consolidated in the framework of central bank, markets and related legislation of the country in which the institutions are located. Consolidated liquidity risk of the Parent Bank, its foreign branches and subsidiaries that are to be consolidated are managed within the regulatory limits and in accordance with group strategies. The liquidity positions of consolidated subsidiaries are continuously monitored by the Parent Bank.

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V. Explanations on consolidated liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (****)(*****)	Total
Current Period								
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	2.796.779	3.213.563	-	-	-	-	-	6.010.342
Banks	3.310.603	768.788	93.276	-	-	-	-	4.172.667
Financial Assets at Fair Value Through Profit and Loss ^(*)	-	11.042	5.223	2.287	783	4.748	-	24.083
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	16.767	92.247	77.105	226.429	655.055	58.373	-	1.125.976
Loans ^(**)	-	1.000.965	2.021.827	7.711.030	16.199.062	2.394.678	469.652	29.797.214
Financial Assets Measured at Amortised Cost	-	2.131	77.723	167.631	267.529	-	-	515.014
Other Assets ^(****)	452.661	-	-	40	-	697.214	1.821.786	2.971.701
Total Assets	6.576.810	5.088.736	2.275.154	8.107.417	17.122.429	3.155.013	2.291.438	44.616.997
Liabilities								
Current account and funds collected from banks via participation accounts	598.916	659.723	285.094	-	-	-	-	1.543.733
Other current and profit sharing accounts	7.979.015	17.147.075	1.437.148	1.195.373	16.734	-	-	27.775.345
Funds provided from other financial institutions and subordinated loans	-	1.299.868	794.942	2.176.879	173.709	1.352.836	-	5.798.234
Money Market Borrowings	-	1.163.113	-	-	-	-	-	1.163.113
Marketable securities issued	-	158.048	1.144.704	2.063.719	-	-	-	3.366.471
Miscellaneous payables	-	293.532	70.868	25.099	-	-	616.546	1.006.045
Other liabilities	775.720	53	-	1.547	-	-	3.186.736	3.964.056
Total Liabilities	9.353.651	20.721.412	3.732.756	5.462.617	190.443	1.352.836	3.803.282	44.616.997
Net Liquidity Gap	(2.776.841)	(15.632.676)	(1.457.602)	2.644.800	16.931.986	1.802.177	(1.511.844)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	8.520	329	(1.188)	-	-	-	7.661
Financial Derivative Liabilities	-	1.677.178	3.424	5.630	-	-	-	1.686.232
Non-Cash Loans	6.114.677	188.750	455.075	2.515.795	1.059.881	47.191	-	10.381.369
Prior Period								
Total Assets	3.242.122	5.958.088	1.993.022	5.732.026	14.826.659	3.038.416	1.541.374	36.331.707
Total Liabilities	7.152.717	17.641.478	2.241.559	3.881.481	372.765	1.610.280	3.431.427	36.331.707
Net Liquidity Gap	(3.910.595)	(11.683.390)	(248.537)	1.850.545	14.453.894	1.428.136	(1.890.053)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	(1.387)	(5.992)	-	-	-	-	(7.379)
Financial Derivative Liabilities	-	346.103	189.180	894	-	-	-	536.177
Non-Cash Loans	4.773.783	110.085	464.673	1.523.918	1.222.066	38.099	-	8.132.624

^(*) Derivative financial instruments are included.

^(**) Leasing receivables are included under loans. Unallocated amount represents the net non-performing loans, stage one and stage two expected credit losses and advances granted for leasing receivables

^(***) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses are included here.

^(****) The unallocated other liabilities column consists of equity, provisions and (if any) deferred tax liabilities.

^(*****) The balance represents investment property and other assets.

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VI. Explanations on consolidated leverage ratio:

	Current Period^(*)	Prior Period^(*)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(*)	44.512.933	36.123.563
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	-	-
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	2.808.491	1.868.221
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	691.869	-
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	3.612	36.956
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-	-
Total Risk Amount	57.188.001	47.233.311

^(*) Consolidated financial statements prepared in compliance with the paragraph 6 of article 5 of the communiqué "Preparation of Consolidated Financial Statements".

^(**) The arithmetic average of the last 3 months in the related periods.

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VI. Explanations on consolidated leverage ratio (continued):

As of September 30, 2018, consolidated leverage ratio of the Group calculated from the arithmetic average of the last three months is 6,05% (December 31, 2017: 5,02%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks". The reason for the difference in consolidated leverage ratio between current and previous period is the average increase ratio of core capital is more than the average increase ratio of total risk amount.

	Current Period ^(*)	Prior Period ^(*)
Balance sheet assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	44.527.479	35.957.723
2 (Assets deducted from Core capital)	(53.016)	(49.588)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	44.474.463	35.908.135
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	8.723	18.858
5 Potential credit risk amount of derivative financial assets and credit derivatives	13.916	19.061
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	22.639	37.919
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	393.591	1.469.254
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	393.591	1.469.254
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	12.297.308	9.818.003
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	12.297.308	9.818.003
Capital and total risk		
13 Core Capital	3.452.948	2.369.782
14 Total risk amount (sum of lines 3, 6, 9 and 12)	57.188.001	47.233.311
Leverage ratio		
15 Leverage ratio (%)	6,05	5,02

^(*) The arithmetic average of the last three months in the related periods

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

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

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

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

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IX. Explanations on consolidated on risk management:

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. The following tables which have to be presented on a quarterly basis have not been presented since the Group's use the standard approach for the calculation of capital adequacy:

- RWA flow statements of credit risk exposures under the Internal Rating-Based approach ("IRB").
- RWA flow statements of CCR exposures under the Internal Model Method.
- RWA flow statements of market risk exposures under an Internal Model Approach.

Overview of risk weighted amounts:

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	24.778.009	20.862.867	1.982.241
2	Standardised approach (SA)	24.778.009	20.862.867	1.982.241
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	20.152	2.271	1.612
5	Standardised approach for counterparty credit risk (SA-CCR)	20.152	2.271	1.612
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	1.189.445	301.123	95.156
17	Standardised approach (SA)	1.189.445	301.123	95.156
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	2.342.448	1.998.734	187.396
20	Basic Indicator Approach	2.342.448	1.998.734	187.396
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	28.330.054	23.164.995	2.266.405

(*) As per BRSA decision dated August 13, 2018, until the market exchange rates become in line with the economical reality, The Banks will choose the higher of either their buying exchange rates used for June 30, 2018 financial statements preparation or Central Bank buying rates' simple arithmetic average for the last 252 days as of calculation date . This process will be implemented for the revaluation and provision calculation of monetary items and non monetary items which are not recognized at historical cost as per Turkish Accounting Standards. Accordingly, credit risk amount is calculated considering the buying exchange rates of the parent bank used in the preparation of financial statements as of June 30, 2018.

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X. Explanations on consolidated business segments:

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

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(442.275)	1.259.507	563.933	373.449	1.754.614
Operating Expenses	(185.816)	(641.975)	(75.082)	(347.872)	(1.250.745)
Operating Income/Expenses	(628.091)	617.532	488.851	25.577	503.869
Profit/(Loss) Before Tax	(628.091)	617.532	488.851	25.577	503.869
Tax Expense	-	-	-	(110.904)	(110.904)
Current Year Profit/(Loss)	(628.091)	617.532	488.851	(85.327)	392.965
Total Assets	2.859.738	27.452.689	11.963.482	2.341.088	44.616.997
Total Liabilities	20.548.307	10.009.289	9.237.804	4.821.597	44.616.997

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(261.480)	1.091.143	233.440	104.323	1.167.426
Operating Expenses	(148.469)	(458.293)	(25.662)	(340.881)	(973.305)
Operating Income/Expenses	(409.949)	632.850	207.778	(236.558)	194.121
Profit/(Loss) Before Tax	(409.949)	632.850	207.778	(236.558)	194.121
Tax Expense	-	-	-	(34.117)	(34.117)
Current Year Profit/(Loss)	(409.949)	632.850	207.778	(270.675)	160.004
Total Assets	3.274.207	22.561.322	8.917.201	1.578.977	36.331.707
Total Liabilities	16.715.105	9.490.256	7.315.945	2.810.401	36.331.707

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SECTION FIVE

Explanations and notes on the consolidated financial statements

I. Explanations and notes related to consolidated assets:

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

	Current Period	
	TL	FC
Cash/Foreign currency	121.673	577.435
CBRT	260.412	4.068.043
Other ^(*)	58.899	923.880
Total	440.984	5.569.358

^(*) Includes precious metals amounting to TL 288.257 and cash in transit amounting to TL 694.522 as of September 30, 2018.

	Prior Period	
	TL	FC
Cash/Foreign currency	138.354	227.082
CBRT	193.426	4.307.563
Other ^(*)	90.325	800.245
Total	422.105	5.334.890

^(*) Includes precious metals amounting to TL 27.429 and cash in transit amounting to TL 863.141 as of December 31, 2017.

b) Information related to CBRT:

	Current Period	
	TL	FC
Unrestricted demand deposit	254.681	860.211
Unrestricted time deposit	-	-
Restricted time deposit ^(*)	5.731	3.207.832
Total	260.412	4.068.043

^(*) As of September 30, 2018, the reserve requirement held in standard gold is TL 761.363

	Prior Period	
	TL	FC
Unrestricted demand deposit	192.354	580.192
Unrestricted time deposit	-	-
Restricted time deposit ^(*)	1.072	3.727.371
Total	193.426	4.307.563

^(*) As of December 31, 2017, the reserve requirement held in standard gold is TL 945.884.

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2005/1", banks operating in Turkey are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold.

As of September 30, 2018, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 1,5% to 8% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 4% to 20% depending on maturity of deposits.

The Central Bank of Republic of Turkey has started to pay income on TL reserves since November 2014 and on USD reserves, reserve options and unrestricted deposits since May 2015.

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I. Explanations and notes related to consolidated assets (continued):

c.1) Information on banks:

	Current Period	
	TL	FC
Banks		
Domestic ^(*)	858.415	2.373.176
Abroad	-	941.076
Foreign head offices and branches	-	-
Total	858.415	3.314.252

^(*) Includes blockaged amount TL 749.905 booked under TL accounts arising from POS transactions.

	Prior Period	
	TL	FC
Banks		
Domestic ^(*)	706.186	259.348
Abroad	-	545.873
Foreign head offices and branches	-	-
Total	706.186	805.221

^(*) Includes blockaged amount TL 622.752 booked under TL accounts arising from POS transactions.

c.2) Information on foreign bank accounts:

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

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

As of September 30, 2018, there is not any nominal amount subject to repurchase agreements in the financial assets at fair value through profit / loss .(December 31, 2017: None).

There is not any blocked amount given as a gurantee (December 31, 2017: None).

3. Information on financial assets measured at fair value through other comprehensive income:

a) Information on financial assets measured at fair value through other comprehensive income subject to repurchase transactions, given as a guarantee or blocked:

The Parent Bank has collateralized sukuk investments with a nominal amount of TL 478.832 to CBRT with respect to money market transactions and subjected to repurchase agreements.

As of September 30, 2018, financial assets at fair value through other comprehensive income investments' nominal amount given as a guarantee or blocked is TL 554.104.

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

The Parent Bank does not have any sukuk investments with respect to money market transactions and subject to repurchase agreements.

As of December 31, 2017, available for sale investments' nominal amount given as a guarantee or blocked is TL 1.252.731.

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I. Explanations and notes related to consolidated assets (continued):

c) Information on financial assets measured at fair value through other comprehensive income:

c.1) Information on financial assets measured at fair value through other comprehensive income:

	Current Period
Debt securities	1.157.755
Quoted on a stock exchange	1.157.755
Unquoted	-
Share certificates	16.767
Quoted on a stock exchange	-
Unquoted	16.767
Impairment provision (-)	48.546
Total	1.125.976

c.2) Information on financial assets available for sale:

	Prior Period
Debt securities	1.356.360
Quoted on a stock exchange	1.356.360
Unquoted	-
Share certificates	8.728
Quoted on a stock exchange	-
Unquoted	8.728
Impairment provision (-)	7.683
Total	1.357.405

4. Information on financial assets measured at amortised cost:

a.1) Information on subject to repurchase transactions, given as a guarantee or blocked:

As of September 30, 2018, The Group does not have any financial assets measured at amortised cost investments given as a guarantee/blocked. Nominal value of financial assets measured at amortised cost investments subject to repurchase transactions is TL 455.521.

a.2) Information on held-to-maturity investments:

As of December 31, 2017, nominal value of held to maturity investments given as a guarantee/blocked is TL 503.500. The Group does not have any held to maturity investments subject to repurchase transactions.

b.1) Information on related to government securities measured at amortised cost:

	Current Period
Government Bonds	-
Treasury Bills	-
Other Government Securities ^(*)	515.014
Total	515.014

^(*) Consists of Sukuk certificates issued by Ministry of Treasury and Finance of Turkey.

b.2) Information on related to government securities held to maturity:

	Prior Period
Government Bonds	-
Treasury Bills	-
Other Government Securities ^(*)	532.803
Total	532.803

^(*) Consists of Sukuk certificates issued by Ministry of Treasury and Finance of Turkey.

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I. Explanations and notes related to consolidated assets (continued):

c.1) Information related to financial assets measured at amortised cost:

	Current Period
Debt Securities	515.014
Quoted on a stock exchange	515.014
Unquoted	-
Impairment provision (-)	-
Total	515.014

c.2) Information on held-to-maturity investments:

	Prior Period
Debt Securities	532.803
Quoted on a stock exchange(*)	532.803
Unquoted	-
Impairment provision (-)	-
Total	532.803

ç.1) Movements of the financial investments measured at amortised cost:

	Current Period
Balance at beginning of period	532.803
Foreign currency differences on monetary assets	-
Purchases during period	37.962
Disposals through sales and redemptions	(67.329)
Impairment provision (-)	-
Reclassifications	-
Income accruals	11.578
Closing balance	515.014

ç.2) Movement of held-to-maturity investments:

	Prior Period
Balance at beginning of period	668.582
Foreign currency differences on monetary assets	-
Purchases during period	244.500
Disposals through sales and redemptions	(419.226)
Impairment provision (-)	-
Income accruals	38.947
Closing balance	532.803

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I. Explanations and notes related to consolidated assets (continued):

5. Information on derivative financial assets:

a.1) Table of positive differences related to derivative financial assets:

	Current Period	
	TL	FC
Forward Transactions	315	-
Swap Transactions	-	8.235
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	315	8.235

a.2) Table of positive differences related to derivative financial assets held for trading:

	Prior Period	
	TL	FC
Forward Transactions	95	-
Swap Transactions	130	-
Futures Transactions	-	-
Options	-	-
Other	-	-
Total	225	-

6. Information on loans:

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

	Current Period	
	Cash	Non-cash
Direct loans granted to shareholders	256.019	8.872
Corporate shareholders	255.761	8.522
Real person shareholders	258	350
Indirect loans granted to shareholders	172.399	16.834
Loans granted to employees	15.306	2
Total	443.724	25.708

	Prior Period	
	Cash	Non-cash
Direct loans granted to shareholders	133.994	7.593
Corporate shareholders	133.664	7.243
Real person shareholders	330	350
Indirect loans granted to shareholders	118.658	22.039
Loans granted to employees	12.548	2
Total	265.200	29.634

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I. Explanations and notes related to consolidated assets (continued):

b) Information on standart loans and loans under close monitoring including restructured or rescheduled loans:

Current Period		Loans Under Close Monitoring		
		Not under the scope of restructuring or rescheduling	Restructured	
Cash Loans	Standard loans		Loans with revised contract terms	Refinancing
Loans	23.484.639	4.628.067	106.633	644.128
Export loans	1.259.215	77.741	-	-
Import loans	2.225.044	133.661	-	-
Business loans	11.910.435	3.552.858	100.034	496.738
Consumer loans	2.345.638	370.275	4.895	-
Credit cards	291.122	34.734	-	-
Loans given to financial sector	4.727	-	-	-
Other ^(*)	5.448.458	458.798	1.704	147.390
Other receivables	-	-	-	-
Total	23.484.639	4.628.067	106.633	644.128

^(*) Details of other loans are provided below:

Commercial loans with installments	1.624.601
Other investment credits	564.328
Loans given to abroad	1.246.100
Profit and loss sharing investments ^(**)	2.103.588
Loans for purchase of marketable securities for customer	467.929
Other	49.804
Total	6.056.350

^(**) As of September 30, 2018, the related balance represents profit and loss sharing investment projects (10 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Parent Bank's share of loss is limited with the funds invested in the project by the Parent Bank.

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I. Explanations and notes related to consolidated assets (continued):

b) Information on Standart Loans and Loans Under Close Monitoring Including Restructured or Rescheduled Loans (continued):

Prior Period	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	Restructured		Loans and other receivables (Total)	Restructured	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Loans	23.029.443	469.344	33.672	913.766	252.361	16.649
Export loans	946.953	22.861	-	10.655	-	-
Import loans	1.749.578	24.857	25	3.623	598	-
Business loans	12.084.833	371.776	17.916	664.272	132.896	12.223
Consumer loans	3.114.308	11.613	9.917	66.049	8.348	3.557
Credit cards	253.695	-	-	2.383	-	-
Loans given to financial sector	145.426	-	-	-	-	-
Other ^(*)	4.734.650	38.237	5.814	166.784	110.519	869
Other receivables	-	-	-	-	-	-
Total	23.029.443	469.344	33.672	913.766	252.361	16.649

^(*) Details of other loans are provided below:

Commercial loans with installments	1.941.518
Other investment credits	763.078
Loans given to abroad	761.586
Profit and loss sharing investments ^(**)	1.052.340
Loans for purchase of marketable securities for customer	375.627
Other	7.285
Total	4.901.434

^(**) As of December 31, 2017, the related balance represents profit and loss sharing investment projects (10 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Parent Bank's share of loss is limited with the funds invested in the project by the Bank. In the current period the Bank recognized TL 233.165 income in the accompanying financial statements in relation to such loans and presented in the profit share on loans in the income statement.

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I. Explanations and notes related to consolidated assets (continued):

6. Information on loans (continued):

b) Information on the First and Second Group Loans Including Restructured or Rescheduled Loans (continued):

Current Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses (Stage I)	66.209	-
Significant Increase in Credit Risk (Stage II)	-	240.261

Current Period	Number of Contract Revisions for Extension of Payment Plan	
	Standard loans	Loans under close monitoring
1 or 2 times	-	57.391
3, 4 or 5 times	-	-
Over 5 times	-	-

Prior Period	Extension of Repayment Plan	
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	469.344	252.361
3, 4 or 5 times	-	-
Over 5 times	-	-

Current Period	Standard loans	Loans under close monitoring
Extension Periods		
6 months	-	37.959
6 - 12 months	-	1.393
1 - 2 years	-	4.968
2 - 5 years	-	9.133
5 years and over	-	3.938

Prior Period	Standard loans and other receivables	Loans and other receivables under close monitoring
Extension Periods		
6 months	167.629	103.996
6 - 12 months	16.647	21.767
1 - 2 years	98.887	32.692
2 - 5 years	120.176	62.911
5 years and over	66.005	30.995

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I. Explanations and notes related to consolidated assets (continued):

c) Maturity analysis of cash loans:

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

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TL	14.680	2.696.001	2.710.681
Housing loans	3.880	2.499.289	2.503.169
Vehicle loans	2.972	94.044	97.016
Consumer loans	7.828	102.668	110.496
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	77	125	202
Housing loans	77	125	202
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	90.064	-	90.064
With installment	30.281	-	30.281
Without installment	59.783	-	59.783
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	7.524	2.401	9.925
Housing loans	17	184	201
Vehicle loans	12	935	947
Consumer loans	7.495	1.282	8.777
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	5.381	-	5.381
With installment	2.359	-	2.359
Without installment	3.022	-	3.022
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL(real person)	-	-	-
Overdraft account-FC(real person)	-	-	-
Total	117.726	2.698.527	2.816.253

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I. Explanations and notes related to consolidated assets (continued):

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

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TL	48.674	3.123.746	3.172.420
Housing loans	5.682	2.886.619	2.892.301
Vehicle loans	4.211	112.738	116.949
Consumer loans	38.781	124.389	163.170
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	476	101	577
Housing loans	476	101	577
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	75.643	-	75.643
With installment	26.885	-	26.885
Without installment	48.758	-	48.758
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	5.422	1.938	7.360
Housing loans	-	210	210
Vehicle loans	35	1.444	1.479
Consumer loans	5.387	284	5.671
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	5.188	-	5.188
With installment	2.285	-	2.285
Without installment	2.903	-	2.903
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	135.403	3.125.785	3.261.188

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I. Explanations and notes related to consolidated assets (continued):

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	34.887	859.057	893.944
Business loans	4.104	259.466	263.570
Vehicle loans	21.116	240.848	261.964
Consumer loans	9.667	358.743	368.410
Other	-	-	-
Commercial installment loans-FC indexed	558	514.025	514.583
Business loans	-	261.487	261.487
Vehicle loans	317	85.399	85.716
Consumer loans	241	167.139	167.380
Other	-	-	-
Commercial installment Loans-FC	1.048	215.026	216.074
Business loans	-	155.994	155.994
Vehicle loans	1.048	3.094	4.142
Consumer loans	-	55.938	55.938
Other	-	-	-
Corporate credit cards-TL	230.411	-	230.411
With installment	54.907	-	54.907
Without installment	175.504	-	175.504
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC (legal entity)	-	-	-
Total	266.904	1.588.108	1.855.012

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	50.341	1.164.053	1.214.394
Business loans	3.694	337.217	340.911
Vehicle loans	16.908	281.050	297.958
Consumer loans	29.739	545.786	575.525
Other	-	-	-
Commercial installment loans-FC indexed	6.122	500.595	506.717
Business loans	2.869	245.232	248.101
Vehicle loans	1.523	89.010	90.533
Consumer loans	1.730	166.353	168.083
Other	-	-	-
Commercial installment Loans-FC	-	220.407	220.407
Business loans	-	122.679	122.679
Vehicle loans	-	-	-
Consumer loans	-	97.728	97.728
Other	-	-	-
Corporate credit cards-TL	175.247	-	175.247
With installment	44.961	-	44.961
Without installment	130.286	-	130.286
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	231.710	1.885.055	2.116.765

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I. Explanations and notes related to consolidated assets (continued):

e) Allocation of loans by customers:

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

f) Breakdown of domestic and foreign loans:

	Current Period
Domestic loans	27.617.367
Foreign loans	1.246.100
Total	28.863.467
	Prior Period
Domestic loans	23.181.623
Foreign loans	761.586
Total	23.943.209

g) Loans granted to subsidiaries and associates:

	Current Period	
	TL	FC
Loans granted to subsidiaries and associates	-	-
Total	-	-
	Prior Period	
	TL	FC
Loans granted to subsidiaries and associates	-	-
Total	-	-

ğ.1) Specific provisions for loans or provisions for default loans (stage 3):

	Current Period
Loans with limited collectability	104.994
Loans with doubtful collectability	245.879
Uncollectible loans	817.352
Total	1.168.225

Specific provisions in the amount of TL 1.168.225 comprise TL 587.804 of participation account share of loans and receivables provided from participation accounts.

ğ.2) Specific provisions for loans:

	Prior Period
Loans and receivables with limited collectability	7.198
Loans and receivables with doubtful collectability	94.536
Uncollectible loans and receivables	582.484
Total	684.218

In addition to specific provision for loans amounting TL 684.218, provision amounting to TL 15.219 have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 699.437. Specific provision for loans amounting to TL 356.615 represents participation account share of specific provisions of loans provided from participation accounts.

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I. Explanations and notes related to consolidated assets (continued):

h. Information on non-performing loans (net):

h.1.i) Information on non-performing and restructured loans:

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current period			
Gross amount before specific provisions	285	5.294	19.928
Restructured loans	285	5.294	19.928

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period			
(Gross amount before specific provisions)	191	11.137	47.302
Restructured loans and other receivables	191	11.137	47.302
Rescheduled loans and other receivables	-	-	-

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

	Group III	Group IV	Group V
Current Period	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Closing balance of prior period	68.903	268.963	874.744
Additions in the current period (+)	671.740	79.999	197.520
Transfers from other categories of non-performing loans (+)	-	390.132	294.293
Transfers to other categories of non-performing loans (-)	390.132	294.293	-
Transfers to standard loans (-)	63.933	46.120	107.469
Collections in the current period (-)	-	-	-
Write offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	286.578	398.681	1.259.088
Provisions (-)	104.994	245.879	817.352
Net balance at the balance sheet	181.584	152.802	441.736

Non-performing loans and receivables in the amount of TL 1.944.347 comprise TL 1.047.529 of participation account share of loans and receivables provided from participation accounts.

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I. Explanations and notes related to consolidated assets (continued):

h.2) Movements of total non-performing loans (continued):

	Group III	Group IV	Group V
Prior Period	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Closing balance of prior period	236.903	355.038	495.693
Additions in the current period (+)	547.618	69.963	69.094
Transfers from other categories of non-performing loans (+)	-	668.162	725.265
Transfers to other categories of non-performing loans (-)	668.162	725.265	-
Transfers to standard loans (-)	82	2.083	-
Collections in the current period (-)	46.971	95.054	118.389
Write offs (-)	1.040	5.018	308.281
Corporate and commercial loans	-	-	4.949
Retail loans	-	-	3
Credit cards	-	-	-
Other (*)	1.040	5.018	303.329
Closing balance of the current period	68.266	265.743	863.382
Specific provisions (-)	7.198	94.536	582.484
Net balance at the balance sheet	61.068	171.207	280.898

(*) The Parent Bank has assigned TL 309.387 from its non performing loan portfolio to asset management companies.

Non-performing loans and receivables in the amount of TL 1.197.391 comprise TL 646.203 of participation account share of loans and receivables provided from participation accounts. In addition to non-performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectability amounting to TL 15.219. For these fees, commissions and other receivables, the same amount has been allocated as specific provision.

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I. Explanations and notes related to consolidated assets (continued):

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

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectability	Uncollectible loans
Current period:			
Period end balance	69.248	27.349	103.314
Provision (-)	45.135	22.366	56.151
Net balance	24.113	4.983	47.163
	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Prior period:			
Period end balance	10.392	23.678	52.562
Specific provision (-)	1.005	11.038	24.859
Net balance	9.387	12.640	27.703

h.4) Gross and net amounts of non-performing loans according to user groups:

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectability	Uncollectible loans
Current period (net)	181.584	152.802	441.736
Loans to individuals and corporates (gross)	286.578	398.681	1.259.088
Provision (-)	104.994	245.879	817.352
Loans to individuals and corporates (net)	181.584	152.802	441.736
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)^(*)	61.068	171.207	280.898
Loans to individuals and corporates (gross)	68.266	265.743	863.382
Specific provision (-)	7.198	94.536	582.484
Loans to individuals and corporates (net)	61.068	171.207	280.898
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

^(*) In addition to non-performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectability and their full specific provision both amounting to TL 15.219.

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I. Explanations and notes related to consolidated assets (continued):

h.5) Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	34.839	35.582	61.334
Profit Share Accruals and Valuation Differences	50.570	103.205	227.174
Provision (-)	15.731	67.623	165.840

i) Liquidation policy for uncollectible loans and receivables:

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

i) Information on "Write-off" policies:

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

7. Information on lease receivables (net):

a) Presentation of remaining maturities of funds lent under finance lease method:

	Current Period	
	Gross	Net
Less than a year	96.434	90.677
1 to 4 years	358.800	327.370
More than 4 years	57.059	46.048
Total	512.293	464.095
	Prior Period	
	Gross	Net
Less than a year	302.955	255.990
1 to 4 years	491.302	469.172
More than 4 years	13.283	11.919
Total	807.540	737.081

b) Information on net investments through finance lease:

	Current Period
Financial lease receivables (Gross)	512.293
Unearned financial lease receivable (-)	48.198
Net receivable from financial leases	464.095
	Prior Period
Financial lease receivables (Gross)	807.540
Unearned financial lease receivable (-)	70.459
Net receivable from financial leases	737.081

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I. Explanations and notes related to consolidated assets (continued):

c) General explanation on finance lease contracts:

Finance lease contracts are realized in accordance with the related articles of Finance Lease, Factoring and Financing Companies Act numbered 6361. There are no restrictions due to finance lease contracts, no renewals or contingent rent payments that materially affect the financial statements.

Information on leasing receivables:

Current Period	Standard Loans	Loans Under Close Monitoring			
		Not Under the Scope of Restructuring or Rescheduling	Restructured		
			Loans with Revised Contract Terms		Refinancing
Financial lease receivables (Net)	342.299	121.108		688	-

Prior Period	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring			
	Loans and Other Receivables (Total)	Restructured		Loans and Other Receivables (Total)	Restructured or rescheduled	
		Extension of Repayment Plan				
		Other	Other			
		Other	Other			
Financial lease receivables (Net)	674.383	119.219	17	62.698	5.212	4.544

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

Assets held for sale consist of tangible assets which have been acquired due to non-performing loans.

Current Period	
Opening Balance	84.230
Additions	791.051
Disposals	(31.097)
Transfers ^(*)	(26.857)
Impairment Provision(-)/Reversal of Impairment Provision	52
Net closing balance	817.379

Prior Period	
Opening Balance	92.317
Additions	100.284
Disposals	(26.758)
Transfers ^(*)	(78.680)
Impairment Provision(-)/Reversal of Impairment Provision	(2.933)
Net closing balance	84.230

^(*) The balance has been transferred from assets held for sale tangible assets to assets to be sold.

As of September 30, 2018, TL 814.409 (December 31, 2017: TL 81.252) of the assets held for sale is comprised of real estates, TL, 2.970 (December 31, 2017: TL 2.978) is comprised of other tangible assets. The Parent Bank has not any discontinued operations and assets of discontinued operations.

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I. Explanations and notes related to consolidated assets (continued):

9. Ownership investments:

a) Associates:

a.1) Information on unconsolidated associates:

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

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Parent Bank's risk group share percentage (%)
Kredi Garanti Fonu A.Ş.	Ankara/Turkey	1,54	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2017.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
467.788	434.126	11.548	-	-	135.818	(22.810)	-

a.2) Information on consolidated associates:

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

b. Information on subsidiaries (net):

b.1) Information on unconsolidated subsidiaries:

As per BOD decision dated December 22, 2017 "Albaraka Kültür Sanat ve Yayıncılık A.Ş." has been established. As of September 30, 2018, the company's capital is TL 3.540 and the Bank has 100% ownership on it. Since it is a non-financial subsidiary, it has not been consolidated.

b.2) Information on consolidated subsidiaries:

i) Bereket Varlık Kiralama A.Ş. which is subject to consolidation by the Parent Bank founded on October 14, 2011, the purpose of which is to obtain rental income by taking over the assets of the source institution and leasing them back to the source institution, issue rent certificates based on said rental income and pass on the related assets to source institution by the end of the rental period. Bereket Varlık Kiralama A.Ş. has been founded to operate according to rulings of Turkish Trade Law about foundations of incorporations and complying with Communiqué on "Principles Related to Rent Certificates and Asset Leasing Companies" dated April 1, 2010 and numbered 27539 serial: 3 no:43 published in Official Gazette by Capital Markets Board of Turkey and other related regulations, upon BRSA's opinion dated September 22, 2011, numbered B.02.1.BDK.0.13.00.0-91.11-20564 and permission of Capital Markets Board of Turkey dated October 6, 2011 numbered 32/923. The founding capital of the Company is TL 50. As of September 30, 2018 the capital of the Company is TL 400. Bereket Varlık Kiralama A.Ş. is consolidated using full consolidation method as of September 30, 2018.

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I. Explanations and notes related to consolidated assets (continued):

b.2) Information on consolidated subsidiaries (continued):

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from not reviewed financial statements as of September 30, 2018.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
3.866.691	487	3	-	-	66	21	-

ii) In the Board of Directors meeting dated February 25, 2015, the Parent Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş." whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to "Albaraka Portföy Yönetimi A.Ş." upon the decision of "2018 Extraordinary General Assembly" dated December 20, 2017. Albaraka Portföy Yönetimi A.Ş. is consolidated using full consolidation method as of September 30, 2018.

The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from not reviewed financial statements as of September 30, 2018.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Portföy Yönetimi A.Ş.	Istanbul/Turkey	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
16.282	15.345	18	134	739	5.730	4.384	-

iii) Information on the unaudited financial statements dated September 30, 2018 of the subsidiary Insha GMBH, that is established for the European Digital Banking Project whose head office located in Berlin (Germany), as follows:

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Insha GMBH	Berlin / Germany	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
100.000	97.000 €	-	-	-	(3.000) €	-	-

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I. Explanations and notes related to consolidated assets (continued):

b.2) Information on consolidated subsidiaries (continued):

iv) Movement and Sectoral Information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	5.400	5.400
Movements inside the term	559	-
Purchases/new incorporations/capital increases	559	-
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	5.959	5.400
Capital commitments	-	-
Share of the capital at the end of the period (%)	100	100

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I. Explanations and notes related to consolidated assets (continued):

iii) Movement and Sectoral Information on consolidated subsidiaries (continued):

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	5.959	5.400

c) Information on investments in joint- ventures:

c.1) Information on unconsolidated investments in joint-ventures:

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

c.2) Information on consolidated investments in joint- ventures:

The Parent Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") – a private pension and insurance company – through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company is registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. As of September 30, 2018, Katılım Emeklilik ve Hayat A.Ş. has been consolidated by the Parent Bank using equity method. The financial data from not reviewed financial statements as of September 30, 2018 are below:

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	108.439	1.448.445	1.460.214	70.713	60.101

c.3) Information on consolidated investment funds:

"Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu" have been fully consolidated by the Parent Bank as of September 30, 2018. Information on not reviewed financial statements of the related funds is as follows:

Investment Funds	Share of Parent Bank (%)	Share of Group (%)	Net Investment Amount (TL)	Income	Expenses	Net Profit /(Loss)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	88,71	88,71	395.000	34.257	16.576	17.681
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	90,45	90,45	390.000	25.181	6.993	18.188
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	37,37	37,37	295.000	22.433	8.288	14.145
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	100,00	100,00	12.000	22	3	19
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	100,00	100,00	10.000	90	16	74

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I. Explanations and notes related to consolidated assets (continued):

10. Information on tangible assets:

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

11. Information on intangible assets:

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

12. Information on investment property:

	Current Period	
	TL	FC
Investment properties ^(*)	1.149.875	-
Total	1.149.875	-

^(*) Includes investment properties of "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu".

	Prior Period	
	TL	FC
Investment properties ^(*)	1.072.540	-
Total	1.072.540	-

^(*) Includes investment properties of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu" and "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu".

13. Information related to deferred tax asset:

As of September 30, 2018, the Group calculated net deferred tax asset of TL 123.911 (December 31, 2017: TL 52.589) by netting off deferred tax asset of TL 156.523 (December 31, 2017: TL 85.798) and deferred tax liability of TL 32.612 (December 31, 2017: TL 33.209) on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	Current Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	42.754
Provisions for retirement premium and vacation pay liabilities	19.869
Difference between carrying value and tax base of tangible assets (amortization differences)	7.027
Depreciation of tangible assets	4.629
Provisions for cases on trial	3.338
Revaluation difference of financial assets measured at fair value through other comprehensive income	12.352
Provisions	56.654
Other	9.900
Deferred tax asset	156.523
Revaluation difference of property	12.838
Rediscount on profit share	13.070
Derivative Products	3.267
Other	3.437
Deferred tax liability	32.612
Deferred tax asset (net)	123.911

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I. Explanations and notes related to consolidated assets (continued):

13. Information related to deferred tax asset (continued):

	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	40.816
Provisions for retirement premium and vacation pay liabilities	17.844
Difference between carrying value and tax base of tangible assets	4.920
Revaluation difference of available for sale	4.692
Derivative Financial Instruments	14.271
Provision for impairment	2.300
Other	955
Deferred tax asset	85.798
Revaluation difference of property	14.445
Rediscount on profit share	15.487
Other	3.277
Deferred tax liability	33.209
Deferred tax asset (net)	52.589

14. Information on derivative financial assets for hedging purposes:

None (December 31, 2017: None).

15. Information on other assets:

As of the balance sheet date, the Group's other assets balance is TL 231.194 (December 31, 2017: TL 121.282) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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II. Explanations and notes related to consolidated liabilities:

1. Information on funds collected:

a) Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	1.272.145	-	-	-	-	-	-	-	1.272.145
II. Real Persons Participation Accounts Non-Trade TL	-	2.682.922	4.529.489	125.788	-	23.980	421.744	9.892	7.793.815
III. Current Account other-TL	1.630.058	-	-	-	-	-	-	-	1.630.058
Public Sector	37.630	-	-	-	-	-	-	-	37.630
Commercial Institutions	1.493.590	-	-	-	-	-	-	-	1.493.590
Other Institutions	90.465	-	-	-	-	-	-	-	90.465
Commercial and Other Institutions	1.531	-	-	-	-	-	-	-	1.531
Banks and Participation Banks	6.842	-	-	-	-	-	-	-	6.842
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	169	-	-	-	-	-	-	-	169
Foreign Banks	6.672	-	-	-	-	-	-	-	6.672
Participation Banks	1	-	-	-	-	-	-	-	1
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	337.671	1.122.285	36.869	-	8.250	53.540	27	1.558.642
Public Sector	-	94	1.165	-	-	-	-	-	1.259
Commercial Institutions	-	300.389	1.053.824	34.086	-	7.048	47.718	27	1.443.092
Other Institutions	-	28.556	66.748	2.783	-	1.202	4.038	-	103.327
Commercial and Other Institutions	-	8.632	5	-	-	-	1.784	-	10.421
Banks and Participation Banks	-	-	543	-	-	-	-	-	543
V. Real Persons Current Accounts Non-Trade FC	2.312.965	-	-	-	-	-	-	-	2.312.965
VI. Real Persons Participation Accounts Non-Trade FC	-	2.361.728	4.271.115	339.369	-	32.257	705.885	155	7.710.509
VII. Other Current Accounts FC	2.915.872	-	-	-	-	-	-	-	2.915.872
Residents in Turkey-Corporate	1.959.052	-	-	-	-	-	-	-	1.959.052
Residents Abroad-Corporate	364.746	-	-	-	-	-	-	-	364.746
Banks and Participation Banks	592.074	-	-	-	-	-	-	-	592.074
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	587.320	-	-	-	-	-	-	-	587.320
Participation Banks	4.754	-	-	-	-	-	-	-	4.754
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	696.785	1.809.919	160.929	-	13.966	10.176	-	2.691.775
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	248.533	1.056.025	42.732	-	13.966	10.133	-	1.371.389
Other institutions	-	2.844	44.982	4.139	-	-	-	-	51.965
Commercial and Other Institutions	-	43.887	270.382	9.835	-	-	43	-	324.147
Banks and Participation Banks	-	401.521	438.530	104.223	-	-	-	-	944.274
IX. Precious Metals Deposits	446.891	187.744	698.598	28.978	-	9.801	27.198	69	1.399.279
X. Participation Accounts Special Fund Pools TL	-	-	-	34.018	-	-	-	-	34.018
Residents in Turkey	-	-	-	34.018	-	-	-	-	34.018
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	8.577.931	6.266.850	12.431.406	725.951	-	88.254	1.218.543	10.143	29.319.078

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I. Explanations and notes related to consolidated liabilities (continued):

a) Information on maturity structure of funds collected (continued):

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts									
Non-Trade TL	1.210.837	-	-	-	-	-	-	-	1.210.837
II. Real Persons Participation									
Accounts Non-Trade TL	-	2.687.839	4.459.640	136.450	-	34.112	409.812	6.974	7.734.827
III. Current Account other-TL	1.984.397	-	-	-	-	-	-	-	1.984.397
Public Sector	18.088	-	-	-	-	-	-	-	18.088
Commercial Institutions	1.867.530	-	-	-	-	-	-	-	1.867.530
Other Institutions	93.305	-	-	-	-	-	-	-	93.305
Commercial and Other Institutions	3.956	-	-	-	-	-	-	-	3.956
Banks and Participation Banks	1.518	-	-	-	-	-	-	-	1.518
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	97	-	-	-	-	-	-	-	97
Foreign Banks	1.388	-	-	-	-	-	-	-	1.388
Participation Banks	33	-	-	-	-	-	-	-	33
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	333.186	1.783.083	42.977	-	7.375	54.191	26	2.220.838
Public Sector	-	149	-	-	-	-	-	-	149
Commercial Institutions	-	314.493	1.650.050	39.880	-	3.777	46.480	26	2.054.706
Other Institutions	-	18.517	131.518	3.097	-	3.598	6.047	-	162.777
Commercial and Other Institutions	-	27	1.011	-	-	-	1.664	-	2.702
Banks and Participation Banks	-	-	504	-	-	-	-	-	504
V. Real Persons Current Accounts									
Non-Trade FC	1.561.961	-	-	-	-	-	-	-	1.561.961
VI. Real Persons Participation									
Accounts Non-Trade FC	-	1.625.686	2.818.937	226.199	-	22.495	570.529	30	5.263.876
VII. Other Current Accounts FC	2.130.281	-	-	-	-	-	-	-	2.130.281
Residents in Turkey-Corporate	1.447.642	-	-	-	-	-	-	-	1.447.642
Residents abroad-Corporate	120.901	-	-	-	-	-	-	-	120.901
Banks and Participation Banks	561.738	-	-	-	-	-	-	-	561.738
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	560.807	-	-	-	-	-	-	-	560.807
Participation Banks	931	-	-	-	-	-	-	-	931
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	826.424	1.254.293	110.653	-	53.276	11.734	-	2.256.380
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	230.375	735.810	6.128	-	43.587	11.716	-	1.027.616
Other Institutions	-	1.873	27.682	25	-	-	-	-	29.580
Commercial and Other Institutions	-	153.935	182.180	-	-	570	18	-	336.703
Banks and Participation Banks	-	440.241	308.621	104.500	-	9.119	-	-	862.481
IX. Precious Metals Deposits	265.241	141.931	410.938	15.588	-	1.091	14.804	34	849.627
X. Participation Accounts Special									
Fund Pools TL	-	-	-	30.820	-	-	-	-	30.820
Residents in Turkey	-	-	-	30.820	-	-	-	-	30.820
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special									
Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	7.152.717	5.615.066	10.726.891	562.687	-	118.349	1.061.070	7.064	25.243.844

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II. Explanations and notes related to consolidated liabilities (continued):

b) Information on participation fund under the guarantee of insurance:

b.1) Exceeding the limit of insurance fund:

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

	Under the guarantee of Insurance Current Period	Exceeding the guarantee of Insurance Current Period
Real persons' current and participation accounts not subject to trading transactions		
Turkish Lira accounts	4.788.709	4.307.252
Foreign currency accounts	2.530.261	8.695.505
Foreign branches' deposits subject to foreign authorities insurance	-	-
Off-shore deposits under foreign authorities' insurance	-	-

	Under the guarantee of Insurance Prior Period	Exceeding the guarantee of Insurance Prior Period
Real persons' current and participation accounts not subject to trading transactions		
Turkish Lira accounts	4.723.871	4.251.791
Foreign currency accounts	2.023.522	5.546.939
Foreign branches' deposits subject to foreign authorities insurance	-	-
Off-shore deposits under foreign authorities' insurance	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 100 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

b.2) Funds collected which are not under the guarantee of insurance fund:

Funds collected of real persons which are not under the guarantee of insurance fund:

	Current Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	26.298
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	11.313
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-

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II. Explanations and notes related to liabilities (continued):

b.2) Funds collected which are not under the guarantee of insurance fund (continued):

	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	13.179
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	9.787
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-

2. Information on borrowings:

a.1) Information on types of borrowings:

	Current Period	
	TL	FC
Syndication Loans	-	2.501.145
Wakala Loans	-	1.423.254
Loans Obtained from Issued Lease Certificates (Sukuk)	-	-
Other	197.231	274.861
Total	197.231	4.199.260

	Prior Period	
	TL	FC
Syndication Loans	-	1.192.422
Wakala Loans	-	1.802.060
Loans Obtained from Issued Lease Certificates (Sukuk)	-	-
Other	341.073	295.053
Total	341.073	3.289.535

a.2) Information on banks and other financial institutions:

	Current Period	
	TL	FC
Loans from CBRT	-	-
Loans from domestic banks and institutions	44.268	488.352
Loans from foreign banks, institutions and funds	152.963	3.710.908
Total	197.231	4.199.260

	Prior Period	
	TL	FC
Loans from CBRT	-	-
Loans from domestic banks and institutions	26.815	295.054
Loans from foreign banks, institutions and funds	314.258	2.994.481
Total	341.073	3.289.535

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I. Explanations and notes related to liabilities (continued):

a.3) Maturity analysis of funds borrowed:

	Current Period	
	TL	FC
Short-Term	44.268	1.524.240
Medium and Long-Term	152.963	2.675.020
Total	197.231	4.199.260
	Prior Period	
	TL	FC
Short-Term	183.777	1.803.899
Medium and Long-Term	157.296	1.485.636
Total	341.073	3.289.535

b) Additional disclosures on concentration areas of The Parent Bank's liabilities:

The Parent Bank does not have concentration on customer or sector group providing funds (December 31, 2017: None).

3. Information on securities issued:

a) Breakdown of sukuk issued:

	Current Period	
	TL	FC
Sukuk issued	770.591	2.595.880
Total	770.591	2.595.880
	Prior Period	
	TL	FC
Sukuk issued	450.962	1.281.425
Total	450.962	1.281.425

4. a) Information on derivative financial liabilities:

	Current Period	
	TL	FC
Forward transactions	1.600	-
Swap transactions	-	-
Futures transactions	-	-
Options	-	-
Other	-	-
Total	1.600	-

b) Information on derivative financial liabilities held for trading:

	Prior Period	
	TL	FC
Forward transactions	76	-
Swap transactions	-	6.342
Futures transactions	-	-
Options	-	-
Other	-	-
Total	76	6.342

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II. Explanations and notes related to liabilities (continued):

5. Lease payables:

a) Information on financial lease transactions:

a.1) Information on financial lease agreements:

The Parent Bank has not any obligation from finance lease operations as of balance sheet date.

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

None.

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

None.

b) Explanations on operational leases:

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

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

	Current Period
Less than a year	43.216
1 to 4 years	165.286
Over 4 years	139.800
Total	348.302
	Prior Period
Less than a year	53.352
1 to 4 years	145.089
Over 4 years	120.905
Total	319.346

6. Information on hedging derivative financial liabilities:

None (December 31, 2017: None).

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II. Explanations and notes related to consolidated liabilities (continued):

7. Information on provisions:

a) Information on provisions for employee rights:

The Group's provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 59.665 (December 31, 2017: TL 50.664), vacation pay liability amounting to TL 8.648 (December 31, 2017: TL 8.488) totaling to TL 68.313 (December 31, 2017: TL 59.152). Provisions for performance premium has not been allocated in the current period (December 31, 2017: TL 30.000). The Group has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period
Discount rate (%)	11,70
Estimated increase rate of salary ceiling (%)	8,50

	Prior Period
Discount rate (%)	11,70
Estimated increase rate of salary ceiling (%)	8,50

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

	Current Period
Prior period ending balance	50.664
Change in the period	13.780
Actuarial (gain)/loss	-
Paid during the period	(4.779)
Balance at the end of the period	59.665

	Prior Period
Prior period ending balance	35.947
Change in the period	10.752
Actuarial (gain)/loss	8.928
Paid during the period	(4.963)
Balance at the end of the period	50.664

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II. Explanations and notes related to consolidated liabilities (continued):

b.1) Other provisions:

	Current Period
Non-cash loans first and second stage expected loss provision	5.976
Provisions allocated from profit shares to be distributed to profit sharing accounts ^(*)	-
Third stage expected loss provision for unindemnified letter of guarantees	1.817
Third stage expected loss provision for cheques commitments	1.556
Provision for promotions related with credit cards and promotion of banking services	219
Provisions for cases on trial	3.462
Accrual for purchase and sale commitments	314
Other	633
Total	13.977

^(*) Represents participation accounts' portion of specific provisions, general provisions and Saving Deposits Insurance Fund premiums provided in accordance with the article 19 of Communiqué "Principles and Procedures for the Classification of Loans and Reserves to be provided for These Loans".

b.2) Other provisions:

	Prior Period
Provisions allocated from profit shares to be distributed to profit sharing accounts ^(*)	-
Provision for unindemnified letter of guarantees	19.479
Payment commitments for cheques	10.426
Provision for promotions related with credit cards and promotion of banking services	205
Provisions for cases on trial	2.264
Accrual for purchase and sale commitments	232
Other	687
Total	33.293

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

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

As of September 30, 2018, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 419 (December 31, 2017: TL 14.130) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

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II. Explanations and notes related to consolidated liabilities (continued):

d) Information on general provisions:

	Prior Period
General provision for	142.420
I. Group loans and receivables (Total)	116.470
Participation Accounts' Share	63.406
Bank's Share	53.064
Others	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group I	8.069
Participation Accounts' Share	3.327
Bank's Share	4.742
Others	-
II. Group loans and receivables (Total)	14.242
Participation Accounts' Share	7.184
Bank's Share	7.058
Others	-
Additional provision for loans and receivables with extended maturities for loans and receivables in Group II	5.223
Participation Accounts' Share	2.409
Bank's Share	2.814
Others	-
Non-cash loans	11.708
Others	-

8. Information on taxes payable:

a) Explanations on current tax liability:

a.1) Explanations on tax provisions:

As of September 30, 2018, the Group's corporate tax payable is TL 608 (December 31, 2017: TL 46.455) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period
Corporate taxes payable	608
Banking insurance transaction tax	21.600
Taxation on securities income	18.058
Value added tax payable	937
Taxation on real estate income	1.113
Foreign exchange transaction tax	-
Other	8.580
Total	50.896
	Prior Period
Corporate taxes payable	46.455
Banking insurance transaction tax	16.087
Taxation on securities income	12.769
Value added tax payable	1.128
Taxation on real estate income	887
Foreign exchange transaction tax	-
Other	8.167
Total	85.493

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II. Explanations and notes related to consolidated liabilities (continued):

a.3) Information on premiums:

	Current Period
Social security premiums-employee	4.363
Social security premiums-employer	4.708
Bank pension fund premium-employee	-
Bank pension fund premium-employer	-
Pension fund membership fees and provisions-employee	-
Pension fund membership fees and provisions-employer	-
Unemployment insurance-employee	310
Unemployment insurance-employer	619
Other	-
Total	10.000
	Prior Period
Social security premiums-employee	3.719
Social security premiums-employer	4.015
Bank pension fund premium-employee	-
Bank pension fund premium-employer	-
Pension fund membership fees and provisions-employee	-
Pension fund membership fees and provisions-employer	-
Unemployment insurance-employee	263
Unemployment insurance-employer	525
Other	-
Total	8.522

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

None (December 31, 2017: None).

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

	Current Period	
	TL	FC
To be included in the calculation of additional capital borrowing instruments	-	-
Subordinated loans	-	-
Subordinated debt instruments	-	-
Debt instruments to be included in contribution capital calculation	-	1.401.743
Subordinated loans	-	1.401.743
Subordinated debt instruments	-	-
Total	-	1.401.743
	Prior Period	
	TL	FC
Loans from Domestic Banks	-	-
Loans from other Institutions	-	-
Loans from Foreign Banks	-	-
Loans from other Foreign Institutions	-	1.627.163
Total	-	1.627.163

The Parent Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey through its structured entity Albaraka Sukuk Limited amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,5%. The Parent Bank has repurchased the sukuk issued in the amount of USD 24.000.000 and this amount is offset in Financial Assets Measured at Fair Value through Other Comprehensive Income and subordinated loans.

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II. Explanations and notes related to consolidated liabilities (continued):

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

The Parent Bank has issued unmatured additional Tier 1 Capital amount to USD 205.000.000 on February 20, 2018.

11. Breakdown of items in other liabilities which exceed 10% of the balance sheet total and breakdown of items which constitute at least 20% of grand total:

None (December 31, 2017: None).

12. Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period
Common stock	900.000
Preferred stock	-
	Prior Period
Common stock	900.000
Preferred stock	-

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

In the Board of Directors meeting dated February 28, 2013, the Parent Bank has taken a resolution on transition to registered capital system. The application dated December 27, 2016 for the extension of the Registered Capital Ceiling to the Capital Markets Board was approved on January 10, 2017 and the registered capital ceiling was determined as TL 2.500.000 to be valid until December 31, 2021.

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	2.500.000

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

There is no capital increase in the current period.

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

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

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

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

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

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

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

There is no privilege given to stocks representing the capital.

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II. Explanations and notes related to consolidated liabilities (continued):

g) Information on marketable securities valuation reserve:

	Current Period	
	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-
Valuation difference ^(*)	(23.786)	(20.978)
Foreign exchange difference	-	-
Total	(23.786)	(20.978)

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

	Prior Period	
	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-
Valuation difference ^(*)	(18.727)	1.114
Foreign exchange difference	-	-
Total	(18.727)	1.114

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

ğ) Information on other capital reserves:

The Parent Bank has evaluated its unmatured sukuk transaction as non monetary item as per TAS 32 which is issued by "Bereket One Ltd" quoted at Ireland Stock Exchange amount to USD 205.000.000 (Historical cost is TL 775.720) and compatible with Basel III criteria. In addition to this evaluation, considering BRSA's approval to add it to additional Tier 1 capital dated February 20, 2018, the Parent Bank recognized it in shareholders' equity under "other capital reserves" on historical cost. The settlement date of the sukuk transaction is February 20, 2023 and its yearly cost is 10% with every six month payment. The Parent Bank has option to cancel the expense amounts. If the Parent Bank uses this option, unpaid amounts will not have to be paid by the Bank for the coming periods.

The total of TL 100.077 expense and tax related to such borrowing has been accounted under other capital reservers. Profit share payment amounting to TL 60.051 and tax effect of this payment amounting to TL 13.212, in total TL 46.839, accounted under prior period profit(loss).

h) Information on minority shares:

As of September 30, 2018, the Group has minority shares amount to TL 303.416 arising from the consolidation of "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. OneTower Gayrimenkul Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu" (December 31, 2017: TL 156.047).

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

1. Consolidated explanations on off-balance sheet:

a) Type and amount of irrevocable loan commitments:

	Current Period
Commitments for credit card limits	595.994
Payment commitments for cheques	568.803
Asset purchase and sale commitments	273.028
Loan granting commitments	223.084
Tax and funds liabilities arising from export commitments	6.070
Commitments for promotions related with credit cards and banking activities	367
Other irrevocable commitments	386
Total	1.667.732
	Prior Period
Commitments for credit card limits	528.560
Payment commitments for cheques	528.094
Asset purchase and sale commitments	381.062
Loan granting commitments	348.871
Tax and funds liabilities arising from export commitments	4.069
Commitments for promotions related with credit cards and banking activities	363
Other irrevocable commitments	441.333
Total	2.232.352

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

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

	Current Period
Letters of guarantees	8.910.383
Bank loans	46.843
Letters of credit	1.266.022
Other guaranties and sureties	158.121
Total	10.381.369
	Prior Period
Letters of guarantees	7.024.344
Bank loans	21.824
Letters of credit	1.030.808
Other guaranties and sureties	55.648
Total	8.132.624

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

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

	Current Period
Letters of guarantees	8.910.383
Long standing letters of guarantees	5.211.606
Temporary letters of guarantees	161.932
Advance letters of guarantees	357.072
Letters of guarantees given to customs	275.173
Letters of guarantees given for obtaining cash loans	2.904.600
Sureties and similar transactions	158.121
Total	9.068.504
	Prior Period
Letters of guarantees	7.024.344
Long standing letters of guarantees	4.441.424
Temporary letters of guarantees	229.023
Advance letters of guarantees	229.973
Letters of guarantees given to customs	238.333
Letters of guarantees given for obtaining cash loans	1.885.591
Sureties and similar transactions	55.648
Total	7.079.992

c) Within the non-cash loans

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

	Current Period
Non-cash loans given against cash loans	2.904.600
With original maturity of 1 year or less	820.268
With original maturity of more than 1 year	2.084.332
Other non-cash loans	7.476.769
Total	10.381.369
	Prior Period
Non-cash loans given against cash loans	1.885.591
With original maturity of 1 year or less	346.696
With original maturity of more than 1 year	1.538.895
Other non-cash loans	6.247.033
Total	8.132.624

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

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

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

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

2. Explanations on derivative transactions:

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

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

3. Explanations on contingent assets and liabilities:

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

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

The Group has not any operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions.

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IV. Explanations and notes related to the consolidated statement of profit or loss:

1. Information on profit share income:

a) Information on profit share income received from loans:

	Current Period	
	TL	FC
Profit share received from loans^(*)		
Short Term Loans	350.076	46.746
Medium and Long Term Loans	1.159.867	404.747
Profit Share on Non-Performing Loans	59.881	51
Total	1.569.824	451.544

(*) Includes fees and commission income on cash loans.

	Prior Period	
	TL	FC
Profit share received from loans^(*)		
Short Term Loans	315.768	23.580
Medium and Long Term Loans	1.106.617	208.260
Profit Share on Non-Performing Loans	23.315	-
Total	1.445.700	231.840

(*) Includes fees and commission income on cash loans.

b) Information on profit share income received from banks:

	Current Period	
	TL	FC
CBRT	10.089	29.771
Domestic Banks	94	1.340
Foreign Banks	-	-
Head Offices and Branches Abroad	-	-
Total	10.183	31.111

	Prior Period	
	TL	FC
CBRT	2.947	19.619
Domestic Banks	-	1.134
Foreign Banks	-	-
Head Offices and Branches Abroad	-	-
Total	2.947	20.753

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

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

	Current Period	
	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	108	316
Financial Assets Measured at Fair Value through Other Comprehensive Income	66.528	17.793
Financial Assets Measured at Amortised Cost	55.110	-
Total	121.746	18.109
	Prior Period	
	TL	FC
Financial assets held for trading	53	166
Financial assets at fair value through profit or loss	-	-
Financial assets available-for-sale	79.235	15.285
Held-to-maturity investments	47.420	-
Total	126.708	15.451

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

None (September 30, 2017: None).

2. Explanations on profit share expenses:

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

Current Period	Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year		
TL								
Funds collected from banks through current and profit sharing accounts	-	39	-	-	-	-	-	39
Real persons' non-trading profit sharing accounts	200.006	359.597	14.295	-	2.502	35.298	706	612.404
Public sector profit sharing accounts	13	58	-	-	-	-	-	71
Commercial sector profit sharing accounts	23.300	127.066	4.303	-	838	3.700	-	159.207
Other institutions profit sharing accounts	2.817	13.936	379	-	99	513	-	17.744
Total	226.136	500.696	18.977	-	3.439	39.511	706	789.465
FC								
Banks	7.467	10.144	1.564	-	14	-	-	19.189
Real persons' non-trading profit sharing accounts	29.269	60.144	4.816	-	498	14.812	2	109.541
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	3.596	25.086	443	-	416	204	-	29.745
Other institutions profit sharing accounts	1.507	4.791	98	-	-	1	-	6.397
Precious metals deposits	1.043	5.895	273	-	87	475	1	7.774
Total	42.882	106.060	7.194	-	1.015	15.492	3	172.646
Grand total	269.018	606.756	26.171	-	4.454	55.003	709	962.111

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

2. Explanations on profit share expenses (continued):

a) Distribution of profit share expense on funds collected based on maturity of funds collected (continued):

Prior Period	Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year		
TL								
Funds collected from banks through current and profit sharing accounts	-	28	-	-	-	-	-	28
Real persons' non-trading profit sharing accounts	137.338	279.086	9.680	-	3.442	32.866	294	462.706
Public sector profit sharing accounts	1	-	-	-	-	-	-	1
Commercial sector profit sharing accounts	24.514	107.407	4.954	-	440	2.316	-	139.631
Other institutions profit sharing accounts	661	16.285	905	-	81	514	-	18.446
Total	162.514	402.806	15.539	-	3.963	35.696	294	620.812
FC								
Banks	3.511	5.431	1.720	-	131	29	-	10.822
Real persons' non-trading profit sharing accounts	16.731	36.283	2.304	-	709	8.486	-	64.513
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	4.633	11.377	1.102	-	526	184	-	17.822
Other institutions profit sharing accounts	726	4.167	-	-	13	2.188	-	7.094
Precious metals deposits	582	3.034	86	-	17	123	-	3.842
Total	26.183	60.292	5.212	-	1.396	11.010	-	104.093
Grand total	188.697	463.098	20.751	-	5.359	46.706	294	724.905

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

		Current Period	
		TL	FC
Banks		16.802	71.566
CBRT		-	-
Domestic banks		-	7.705
Foreign banks		16.802	63.861
Head offices and branches abroad		-	-
Other institutions		1.605	125.556
Total		18.407	197.122
		Prior Period	
		TL	FC
Banks		11.800	47.473
CBRT		-	-
Domestic banks		-	5.861
Foreign banks		11.800	41.612
Head offices and branches abroad		-	-
Other institutions		595	110.331
Total		12.395	157.804

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

c) Profit share expense paid to associates and subsidiaries:

	Current Period	
	TL	FC
Profit share paid to investments in associates and subsidiaries	157	148
Total	157	148
	Prior Period	
	TL	FC
Profit share paid to investments in associates and subsidiaries	9	-
Total	9	-

ç) Profit share expenses paid to marketable securities issued:

	Current Period	
	TL	FC
Profit share expenses paid to marketable securities issued	64.677	79.826
Total	64.677	79.826
	Prior Period	
	TL	FC
Profit share expenses paid to marketable securities issued	20.673	55.206
Total	20.673	55.206

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

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

Other Fees and Commissions Received	Current Period
Member firm-POS fees and commissions	34.275
Clearing room fees and commissions	24.383
Commissions on money orders	8.576
Appraisal fees	7.395
Insurance and brokerage commissions	8.857
Checks and bills commissions	2.362
Safe deposit box commissions	1.473
Advocacy service commissions	4.042
Service pack commissions	5.468
Other	18.157
Total	114.988

Other Fees and Commissions Received	Prior Period
Member firm-POS fees and commissions	25.213
Clearing room fees and commissions	15.504
Commissions on money orders	10.956
Appraisal fees	8.179
Insurance and brokerage commissions	8.060
Other	14.870
Total	82.782

Other Fees and Commissions Paid	Current Period
Funds borrowed fees and commissions	25.021
Credit cards fees and commissions	9.362
Member firm-POS fees and commissions	17.152
Fees and commissions for Swift, EFT and money orders	8.937
Other	7.560
Total	68.032

Other Fees and Commissions Paid	Prior Period
Funds borrowed fees and commissions	20.755
Credit cards fees and commissions	6.910
Member firm-POS fees and commissions	12.077
Fees and commissions for Swift, EFT and money orders	3.825
Other	6.917
Total	50.484

4. Information on dividend income:

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

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

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

	Current Period
Income	10.432.764
Income from capital market transactions	105
Income from derivative financial instruments	37.379
Foreign exchange income	10.395.280
Loss (-)	10.126.449
Loss on capital market transactions	3.883
Loss on derivative financial instruments	39.012
Foreign exchange losses	10.083.554
Trading Income/Loss (net)	306.315
	Prior Period
Income	4.483.064
Income from capital market transactions	5.880
Income from derivative financial instruments	8.970
Foreign exchange income	4.468.214
Loss (-)	4.496.831
Loss on capital market transactions	735
Loss on derivative financial instruments	28.964
Foreign exchange losses	4.467.132
Trading Income/Loss (net)	(13.767)

6. Explanations related to other operating income:

	Current Period
Reversal of prior year provisions	333.991
Income from sale of assets	24.627
Reversal of communication expenses provision	5.050
Reversal of vacation pay expenses provision	-
Cheque book charges	1.127
Real estate revaluation income ^(*)	43.097
Real estate rental income ^(*)	12.868
Real estate sales profit ^(*)	14.137
Other income	5.627
Total	440.524

^(*) Represents the income from real estates' portfolio under real estate investment funds.

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

6. Explanations related to other operating income (continued):

	Prior Period
Reversal of prior year provisions	59.072
Income from sale of assets	18.235
Reversal of communication expenses provision	3.839
Reversal of vacation pay expenses provision	799
Cheque book charges	910
Real estate revaluation income ^(*)	64.500
Real estate rental income ^(*)	6.079
Real estate sales profit ^(*)	3.942
Other income	4.764
Total	162.140

^(*) Represents the income from real estates' portfolio under real estate investment funds.

7.1) Expected credit loss provisions in accordance with TFRS 9:

	Current Period
Expected Credit Loss	508.576
12 month expected credit loss (stage 1)	25.279
Significant increase in credit risk (stage 2)	82.786
Non-performing loans (stage 3)	400.511
Marketable Securities Impairment Expense	280
Financial Assets Measured at Fair Value through Profit/Loss	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	280
Impairment Provision for Associates, Subsidiaries and Joint Ventures	-
Associates	-
Subsidiaries	-
Joint ventures	-
Other ^(*)	18.717
Total	527.573

Expected credit losses amount to TL 508.576 includes TL 201.695 representing participation account share of expected credit losses of loans provided from participation accounts.

^(*) Details of the "other" amount is as follows:

	Current Period
Third stage expected loss provision for unindemnified non cash loans	5.866
Expected credit losses (stage 1) for banks	12.666
Expected credit losses (stage 1) for other financial assets	185
Total	18.717

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

7.2) Provisions for loan losses and other receivables of the Parent Bank:

	Prior Period
Specific provisions for loans and other receivables	337.772
Loans and receivables in III. Group	22.279
Loans and receivables in IV. Group	85.187
Loans and receivables in V. Group	221.353
Doubtful commission, fee and other receivables	8.953
General provision expenses	13.858
Provision expenses for ongoing lawsuit	-
Impairment losses on marketable securities	272
Financial assets at fair value through profit and loss	272
Financial assets available for sale	-
Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments	-
Associates	-
Subsidiaries	-
Joint ventures	-
Held to maturity investments	-
Other^(*)	6.917
Total	358.819

TL 123.317 of the total specific provisions provided for loan and other receivables amounting to TL 337.772 is the participation accounts portion of specific provision provided for loans and other receivables.

TL 3.149 participation accounts portion of general loan loss provision provided for loans and other receivables of the total general loan loss provisions amounts to TL 13.858.

(*) Details of the "other" amount is as follows:

	Prior Period
Specific provisions for non-cash loans that are not indemnified	6.917
Provisions allocated from profit shares to be distributed to profit sharing accounts	-
Total	6.917

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

8. Information on other operating expenses:

	Current Period
Personnel expenses ^(*)	396.404
Provision for retirement pay liability	9.001
Deficit provision for pension fund	-
Impairment expenses of tangible assets	-
Depreciation expenses of tangible assets	29.108
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortization expenses of intangible assets	14.594
Impairment provision for investments accounted for under equity method	-
Impairment expenses of assets to be disposed	-
Depreciation expenses of assets to be disposed	-
Impairment expenses of assets held for sale and assets of discontinued operations	-
Other business expenses	155.787
Operating lease expenses	64.467
Maintenance expenses	10.420
Advertisement expenses	19.601
Other expenses ^(**)	61.299
Loss on sale of assets	227
Other ^(***)	118.051
Total	723.172

^(*) Personnel expenses which exist as a separate item in Statement of Profit or Loss, represented under other operating expenses.

^(**) Other expenses under "other business expenses" are provided as below:

	Current Period
Communication Expenses	12.422
Donations	7.170
Cleaning expenses	10.721
Heating, lighting and water expenses	6.210
Representation and Hosting expenses	5.050
Vehicle expenses	4.644
Lawsuit and court expenses	1.679
Movables Insurance Expenses	2.376
Stationery Expenses	1.837
Expense Share for Common Expenses	1.348
Other	7.842
Total	61.299

^(**) Details of "other" balance are provided as below:

	Current Period
Saving Deposit Insurance Fund	32.007
Taxes, Duties, Charges and Funds	27.899
Bonus Reserve Expenses	-
Expertise and Information Expenses	6.653
Audit and Consultancy Fees	15.270
Vacation Pay Provision Expense (net)	160
Title Deed Fees ^(*)	2.914
Shopping Mall Expenses ^(*)	8.171
Other	24.977
Total	118.051

^(*) Represents the expenses from real estates' portfolio under real estate investment funds.

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

8. Information on other operating expenses (continued):

	Prior Period
Personnel expenses	329.692
Provision for retirement pay liability	6.592
Deficit provision for pension fund	-
Impairment expenses of tangible assets	-
Depreciation expenses of tangible assets	28.424
Impairment expenses of intangible assets	-
Impairment expense of goodwill	-
Amortization expenses of intangible assets	17.457
Impairment provision for investments accounted for under equity method	-
Impairment expenses of assets to be disposed	255
Depreciation expenses of assets to be disposed	-
Impairment expenses of assets held for sale and assets of discontinued operations	-
Other business expenses	123.518
<i>Operating lease expenses</i>	50.264
<i>Maintenance expenses</i>	7.942
<i>Advertisement expenses</i>	16.485
<i>Other expenses^(*)</i>	48.827
Loss on sale of assets	211
Other ^(**)	108.337
Total	614.486

() Other expenses under "other business expenses" are provided as below:*

	Prior Period
Communication Expenses	9.525
Donations	4.096
Cleaning expenses	9.098
Heating, lighting and water expenses	5.747
Representation and Hosting expenses	3.198
Vehicle expenses	3.457
Lawsuit and court expenses	2.268
Other	11.438
Total	48.827

*(**) Details of "other" balance are provided as below:*

	Prior Period
Saving Deposit Insurance Fund	29.251
Taxes, Duties, Charges and Funds	21.939
Bonus Reserve Expenses	-
Expertise and Information Expenses	8.001
Audit and Consultancy Fees	16.167
Vacation Pay Provision Expense (net)	-
Title Deed Fees ^(*)	10.657
Fund Management Fees ^(*)	5.539
Shopping Mall Expenses ^(*)	4.017
Other	12.766
Total	108.337

^(*) Represents the expenses from real estates' portfolio under real estate investment funds.

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IV. Explanations and notes related to the consolidated statement of profit or loss (continued):

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

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

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

Tax provision of the Parent Bank for continued operations:

	Current Period
Income before tax	503.869
Tax calculated with tax rate of 22%	110.851
Other additions and disallowable expenses	9.355
Deductions	(118.591)
Provision for current taxes	1.615
Provision for deferred taxes	109.289
Continuing operations tax provision	110.904

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

Tax provision of the Parent Bank for continued operations:

	Prior Period
Income before tax	194.121
Tax calculated with tax rate of 20%	38.824
Other additions and disallowable expenses	3.642
Deductions	(26.270)
Provision for current taxes	16.196
Provision for deferred taxes	17.921
Continuing operations tax provision	34.117

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

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

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

12. Explanations on net income/loss:

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

None.

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

None.

c) Income/loss of minority shares:

	Current Period	Prior Period
Net profit/(loss) of minority shares	12.592	12.200

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

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

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

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

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

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

a) Current period:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	-	-	118.658	22.039	106	-
Balance at the end of the period	-	-	172.399	16.834	45	-
Profit share and commission income received	-	-	5.339	35	-	-

b) Prior period:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	-	-	35.550	24.249	714	28
Balance at end of period	-	-	118.658	22.039	106	-
Profit share and commission income received	-	-	1.005	87	13	-

^(*) Defined under Banking Law numbered 5411 in article 49 and "Communiqué Related to Credit Operations of Banks" in article 4 published on November 1, 2006.

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

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect Shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	7.677	6.210	602.289	470.674	4.801	5.476
Balance at the end of period	12.938	7.677	840.260	602.289	7.576	4.801
Profit share expense	393	116	3.090	8.144	144	81

^(*) As of September 30, 2018 wakala borrowings obtained from risk group of the Parent Bank through investment purpose wakala contracts amount to USD 31.642.811 and EUR 129.163.182 (December 31, 2017: USD 190.095.236 and EUR 153.550.880). The profit share expense relating to such borrowings for the period between January 1, 2018 – September 30, 2018 is TL 15.500 (September 30, 2017: TL 8.135). The Parent Bank has issued Sukuk in the amounts of USD 440.000.000 and TL 1.155.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Parent Bank. The total expense for the related issues is TL 144.503 as of September 30, 2018 (September 30, 2017: TL 75.879).

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VII. Explanations related to the risk group of the Parent Bank (continued):

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

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

As of September 30, 2018, the Group has paid TL 15.163 (September 30, 2017: TL 8.294) to top management.

VIII. Explanations related to domestic, foreign and offshore branches or investments and foreign representative offices:

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

IX. Explanations related to subsequent events:

According to Board of Directors' decision dated 26 October 2018, assistant general directorate for business segments is abolished and Mr. Turgut SİMİTÇİOĞLU has been assigned as assistant general manager responsible for credit risks.

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SECTION SIX

Other explanations

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

None.

SECTION SEVEN

Limited Review Report

- I. Explanations on limited review report:**

The Group's consolidated financial statements as of and for the period ended September 30, 2018 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. *(the Turkish member firm of the KPMG International Cooperative)* and the limited review report dated November 19, 2018 is presented at the beginning of the financial statements and related notes.

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

None.

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SECTION EIGHT

Information on Interim Report

a. General Informations

1. Summary Information about Albaraka Türk Katılım Bankası A.Ş.:

Albaraka Türk Participation Bank, the first and the leading financial institution in interest free banking field in Turkey, has completed its establishment in 1984 and entered into service as of the beginning of the year of 1985. Albaraka Türk is continuing its activities subject to the Banking Law No. 5411. In the partnership structure of Albaraka Banking Group (ABG), one of the leading groups of Middle East, Islamic Development Bank (IDB) and Albaraka Türk, established under the leadership of a domestic industrial group serving to Turkish economy for more than a half century, share of the foreign partners is 66,00%, share of the domestic partners is 8.78% and publicly held share is 25.22%. Ownership structure of Albaraka Türk is the guarantee of the respect and trust we bear.

Albaraka Türk, collecting funds through current accounts and participation accounts and diverting these collected funds to the Turkish economy by products as retail financing, corporate finance, financial leasing and profit-loss partnership on the basis of a project, is entitled to offer a variety of finance and banking services by interest free banking application.

Albaraka Türk has always aimed to achieve sustainable growth with the strategy of "adding value to your values" for all its stakeholders with its "reliable", "understandable", "responsible" and "transparent" approach to all its customers, including retail, corporate and SME segments in order to offer services and improve customer experience in all-inclusive participation banking system. With its competent and dynamic human resources and interest-free banking infrastructure, Albaraka Türk is a leader in its products and services without compromising on its quality and value.

Albaraka Türk, started with the vision of being the best regional bank in offering financial products and services in Gulf, Middle East and North Africa geographies where its main partner ABG is carrying out business, is rendering fast, qualified and safe foreign trade (import, export and foreign exchange) services to its customers in 80 countries from Singapore to England, South Africa to Morocco, Australia to Kazakhstan, by the wide correspondent net it has established with 1000 banks. Albaraka Türk, is an international Participation Bank adopted the mission of adding value to its customers, partners, employees and Turkey.

2. Capital and Shareholders' Structure:

Albaraka Türk's paid-up capital is TL 900.000 as of September 30, 2018.

Shareholders' Structure of Albaraka Türk as of September 30, 2018		
	Share amount (TL)	Ratio (%)
Foreign Shareholders	593.953	66,00
Albaraka Banking Group	486.523	54,06
Islamic Development Bank	70.574	7,84
Alharthy Family	31.106	3,46
Others	5.750	0,64
Local Shareholders	79.042	8,78
Publicly Listed	227.005	25,22
Total	900.000	100,00

3. The amendments in the articles of association during period of January 1, 2018 - September 30, 2018

There is no change in the Bank's articles of association during the related period.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
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Information on Interim Report (continued):

4. Branch and Personnel Information:

As of September 30, 2018, total number of branches of the Bank is 227 and the total number of personnel is 3.974. Albaraka Türk carries out its activities with 226 domestic branches extended throughout the country and 1 branch abroad in Erbil.

5. Board of Directors Chairman and Members^(*):

Name and surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	2005	45
Osman AKYÜZ	Vice Chairman of BOD	Master	1996	33
İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	2005	47
Prof. Dr. Mehmet ASUTAY	Member of BOD	Doctorate	2018	2
Hamad Abdulla A. ALOQAB	Member of BOD	Bachelor	2008	24
Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	2008	30
Süleyman KALKAN	Member of BOD	Bachelor	2018	35
Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	2013	9
Muhammad Zarrug M. RAJAB	Independent Member of BOD	Bachelor	2016	32
Dr. Khaled Abdulla Mohamed ATEEQ	Member of BOD	Doctorate	2017	1
Mustafa BÜYÜKABACI	Member of BOD	Master	2017	26
Melikşah UTKU	Member of BOD and CEO	Master	2016	14

(*) Mr. Hood Hashem Ahmed Hashem, a member of the Board of Directors of our Bank, resigned from his position as of May 30, 2018, and Mr. Süleyman KALKAN was appointed instead of him. Mr. Yalçın Öner, vice chairman of the Board of Directors, resigned from his position as of June 30, 2018, and Mr. Prof. Dr. Mehmet ASUTAY was appointed instead of him. Mr. Dr. Bekir Pakdemirli, a member of the Board of Directors of our Bank, resigned from his position as of July 11, 2018.

6. Top Management^(*):

Name and Surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Melikşah UTKU	Member of BOD and CEO	Master	2016	14
Turgut SİMİTCİOĞLU	Senior Assistant General Manager	Master	2017	28
Mustafa ÇETİN	Assistant General Manager	Bachelor	2018	22
Nihat BOZ	Assistant General Manager	Bachelor	2009	31
Süleyman ÇELİK	Assistant General Manager	Bachelor	2017	29
Nevzat BAYRAKTAR	Assistant General Manager	Bachelor	2017	22
Fatih BOZ	Assistant General Manager	Master	2017	20
Hasan ALTUNDAĞ	Assistant General Manager	Bachelor	2017	31
Malek Khodr TEMSAH	Assistant General Manager	Master	2017	15
Cenk DEMİRÖZ	Assistant General Manager	Master	2017	18

(*) Mustafa ÇETİN who have served as Manager in charge of Foreign Trade Operations has been appointed as the Assistant General Manager responsible for Finance and Strategy at the meeting of the Board of Directors held on April 2018. Mr. Mehmet Ali Verçin who has been serving as the Senior Assistant General Manager in charge of Information Technology, Operation and Human Value, has left his position as of April 30, 2018. Mr. Temel Hazıroğlu who has been serving as the Senior Assistant General Manager in charge of Financial Affairs, Financial Reporting, Strategic Planning and Process Management and Organization Management departments has left his position as of March 31, 2018. Mr. Deniz AKSU who has been serving as the Senior Assistant General Manager in charge of Credit Intelligence, Credit Risk Monitoring, Collection and Legal Follow-Up departments has left his position as of August 31, 2018.

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Information on Interim Report (continued):

7. Managers of Departments within Internal Systems^(*)

Name and Surname	Professional Experience (Years)	Duration of Services at Albaraka Türk (Years)	Length of Services in His Area (Years)	Education	Field of Responsibility
Volkan EVCİL	26 years 6 months	24 years 6 months	15 years 6 months	Bachelor	Internal Systems Senior Manager
Ahmet UYSAL	13 years 2 months	13 years 2 months	11 years	Master	Inspection
Umut ÇAKMAK	13 years 6 months	13 years 6 months	13 years 6 months	Bachelor	Risk Management
Ahmet Faruk DEĞİRMENÇİ	10 years 6 months	10 years 6 months	10 years 6 months	Bachelor	Internal Control Regulation and Compliance
Hakan KURBETÇİ	26 years 6 months	22 years 6 months	5 Years 9 months	Bachelor	

^(*) It has been decided to change Mr. Volkan EVCİL's title as "Senior Manager of Internal Systems" instead of "Internal Systems Manager / Senior President" at the meeting of the Board of Directors held on April 27, 2018.

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Information on Interim Report (continued):

8. Committee information after distribution of roles among BOD:

AUDIT COMMITTEE

Chairman: Mustafa BÜYÜKABACI
Member: Süleyman KALKAN
Member: Mehmet ASUTAY
Observer: Hamad Abdulla A. ALOQAB, Ibrahim Fayez Humaid ALSHAMSI, Khaled Abdulla Mohamed ATEEQ

CREDIT COMMITTEE:

Chairman: Adnan Ahmed Yusuf ABDULMALEK
Member: Osman AKYÜZ
Member: Prof. Dr. Kemal VAROL
Member: Melikşah UTKU
Reserve Member: Hamad Abdulla Ali ALOQAB, Muhammad Zarrug M. RAJAB

CORPORATE GOVERNANCE COMMITTEE:

Chairman: Muhammad Zarrug M. RAJAB
Member: Ibrahim Fayez Humaid ALSHAMSI
Member: Mehmet ASUTAY
Member: Sadrettin BAĞCI
Observer: Khaled Abdulla Mohamed ATEEQ

REMUNERATION COMMITTEE:

Chairman: Adnan Ahmed Yusuf ABDULMALEK
Member: Osman AKYÜZ
Member: Melikşah UTKU

SUSTAINABILITY AND SOCIAL RESPONSIBILITY COMMITTEE:

Chairman: Mehmet ASUTAY
Member: Ibrahim Fayez Humaid ALSHAMSI
Member: Mustafa BÜYÜKABACI

EXECUTIVE COMMITTEE:

Chairman: Adnan Ahmed Yusuf ABDULMALEK
Vice Chairman: Osman AKYÜZ
Member: Hamad Abdulla Ali ALOQAB
Member: Melikşah UTKU

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Information on Interim Report (continued):

II. Banks Financial Information and Evaluations:

1. Main Financial Figures:

ASSETS	Current Period	Prior Period
Cash and Balances with The Central Bank	6.010.342	5.756.995
Banks	4.172.667	1.511.407
Public Sector Debt Securities	1.625.006	1.277.991
Loans and Receivables	28.863.467	23.943.209
Financial Leasing Receivables	464.095	737.081
Others	3.481.420	3.105.024
TOTAL ASSETS	44.616.997	36.331.707
LIABILITIES	Current Period	Prior Period
Funds Collected	29.319.078	25.243.844
Funds Borrowed	4.396.491	3.630.608
Subordinated Loans	1.401.743	1.627.163
Shareholders' Equity	3.819.270	2.645.215
Others	5.680.415	3.184.877
TOTAL LIABILITIES	44.616.997	36.331.707
INCOME AND EXPENSE ITEMS	Current Period	Prior Period
Profit Share Income	2.256.226	1.894.157
Profit Share Expense	1.381.945	987.329
Net Profit Share Income/Expenses	874.281	906.828
Net Fees and Commissions Income/Expenses	127.871	109.185
Trading Income/Loss (Net)	306.315	(13.767)
Other Operating Income	440.524	162.140
Net Operating Income/ (Losses)	498.423	191.081
Tax Provision For Discontinued Operations (-+)	110.904	34.117
NET PROFIT/LOSSES	392.965	160.004
Earnings Per Share (Full TL)	0,423	0,164

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Information on Interim Report (continued):

2. Message from the Chairman of the Board of Directors:

Dear Precious Stakeholders,

In the nine months of 2018, political developments and economic activities found a path relevant to these developments have come into prominence in the agenda of global economy as in 2017. While the leading global economic organizations predict a growth rate of close to 4% for the year 2018, the first half data on global growth show that growth in developed and developing countries are continuing simultaneously. Growth forecasts for the following period in both country groups being updated upwards indicates continuity of steady course of global economic growth. However, especially the US-centered trade wars, the slowing momentum of growth in Europe and Japan and the tightening liquidity conditions for developing countries pose downside risks to growth.

Despite the positive global growth appearance, global inflation rates continue to flow moderately. Possibility of rapid increase of salaries in parallel with the course of oil prices and reducing unemployment rates in developed countries are the most important risk factors which may increase global inflation. Central banks of developed countries, primarily the FED and the ECB continue to perform normalization steps in monetary policy within expectations. In September, the FED has increased policy interest to 2.00-2.25% band with a 25-basis point increase in parallel with market expectations. According to the Fed's statement, in 2018, it is expected to raise interest rates once more in 2018, while the median expectation for the end of 2018 is 2.4%, and the median expectation for 2019 is 3.1%. According to the point graph, which indicates the policymakers' estimates, 12 of the 16 officials are expecting 4 interest increases in 2018.

The European Central Bank (ECB) has not made a change in interest rates in July monetary policy meetings as it was expected and pointed out that the uncertainty over the inflation outlook has diminished. It was also stated in the meeting that despite the momentum loss on growth, the asset repurchasing program will decrease to 15 billion euros after September and will remain committed to the end of the year. In this context, the expectations of the European Central Bank to remain at low interest levels until at least mid-2019 remain strong. According to the minutes of the last BOE meeting in which the bank has not changed its interest rates, the bank has increased its outlook for the economy. BOE officials reiterated that Brexit was the biggest challenge to the economic outlook and the uncertainty about the future of the UK outside the European Union (EU) is increasing. While The Bank of England (BoE) has repeated that limited and gradual interest rate hikes will be necessary to control inflation, Investors expect an interest rate hike in next May.

When looking at the developments within the country, despite failed coup attempt in July 2016, economy stimulus packages and durability of economy has pushed Turkish economy to a strong growth. While share of Turkish economy in the World continuously increasing by strong expansionary policy and strong export, Turkish economy has recorded the most rapid growth among G20 countries including China in 2017 with 7.4% growth. In the first half of 2018, this momentum led to a growth of 6.2%. In the second half of the year, due to the tightening market conditions, it is predicted that it will be around 2.3% although the growth has evolved into a more moderate path. The deterioration in consumer inflation in Turkey's economy stands out as the most critical risks. Especially in April-August period, the sharp depreciation in TL is increasing the risks on inflation with the effect of exchange rate pass-through.

TR Central Bank, gradually tightening its monetary policy standing in the last quarter of 2017 due to continuing risks on inflation, has increased its tightening rate since April and raised the weighted average funding cost by 625 basis point to 24.00% in June-September period. In addition, the funding composition made through the Late Liquidity Window ("GLP") has started to be made over the weekly repo rate by re-applying the interest rate corridor method and the market funding method has been simplified.

Albaraka Turk, in the light of all these global and local markets developments, has shown that working principles and active structures of participation banking are more enduring compared to traditional banking and continued its contribution in Turkish economy and real sector. We, as Albaraka Turk, shall continue to meet financial needs of our customers as it has been in 33 years by increasing the energy needed for our growth with our management team professionalizing more every passing day with the awareness and responsibility of being the first and pioneer Participation Bank of Turkey, our young and dynamic human resource and the organization we have. Our Bank, as it was yesterday, shall continue to take firm steps today and tomorrow by "Adding value to the values" of all stakeholders in accordance with the vision of "Being the Best Participation Bank of the World".

Our Bank shall continue to be a pioneer in the sector with its employees and stakeholders; and shall serve for sustainable growth and development also in the forthcoming periods. Hereby, I'd like to take this opportunity to thank my colleagues, our customers, shareholders and all our stakeholders for their contribution in our success.

Respectfully Yours,

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

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Information on Interim Report (continued):

3. Message from the CEO

Dear Precious Stakeholders,

Despite developments in both the global and local markets in the first half of 2018 and which shall show their effects afterwards, Albaraka Turk has maintained its contribution to the economy of Turkey and real sector.

According to our nine months financial results, total assets of our Bank is actualized as TL 44.616.997. Our total loan portfolio has reached to TL 29.797.214 in the same period. Funds collected through profit and loss sharing accounts and private current accounts have increased by %16,14% compared to year end 2017 and realized as TL 29.319.078. Approximately 58,09% of these funds are comprised of foreign currency type funds. Net profit of our Bank as of September 30, 2018, is actualized as TL 392.965.

Albaraka Turk, growing its customer mass each passing day with its experience and service quality, is maintaining its support of development of Turkey with its entrepreneurship projects. Breaking new grounds of Participation Banking, Albaraka Turk is taking firm steps towards being the leader of not only participation banking sector but also the whole finance sector in innovation and entrepreneurship.

As a requisite of “Being the Best Participation Bank of the World” vision, we’re maintaining our studies for the goal of offering all physical branch services end to end also in digital medium by achieving developments in rapidly changing and renewing finance world and making investment in future banking, and supporting entrepreneurs having finance technology-based business ideas and projects by offering incubation and acceleration opportunities with Albaraka Garaj, a first in terms of participation banks.

Interaction of in-house innovation and entrepreneurship spirit with executives is increased and customer oriented innovative solutions are started to be generated also with “Discover” program supporting in-house entrepreneurship along with Albaraka Garaj.

In February, 2018 we have accomplished the first Tier 1 addition principal capital sukuk issue on call of Turkey with a value of USD 205 million. This issuance which is a first in Participation Banking sector is an indicator of Albaraka Turk successfully putting new investment banking practices into effect while maintaining its steady growth journey with the service model reflecting Albaraka Turk’s predictive power and vision, future-oriented strategies and participation banking philosophy in the best way.

As Albaraka Turk, while putting new investment banking practices into effect successfully, we also continue to extend investor base. We’re reaching various investor mass with investment banking practices in compliance with our strategic plans. Domestic Leasing Certificate issues started in 2016 for our bank’s qualified investors have continued also in 2018 and we have performed TL 1.840.000 and USD 90 million Leasing Certificate (Sukuk) issuance in the first nine months with a demand beyond our expectations.

Our Bank, being the first participation bank of Turkey and maintaining its goal of being the best participation bank of the World, has added new awards to the awards it has won in international field by receiving “The Best Participation Bank of Turkey” and “The Best Sukuk Transaction” awards at the eighth ‘Islamic Finance Awards 2018’ organized by International Finance Journal World Finance.

These awards received has been an indicator for justifying reputation of our Bank selected as “The Best Participation Bank of Turkey” in global markets and our various innovative investments pioneering participation banking in Turkey. This also indicates that investments and projects we perform has gotten positive returns from our customers. Projects and progresses we have performed in accordance with the goal of “Being the Best Participation Bank of the World” also reveals to our customers our efforts we show to offer the best banking experience. As Albaraka Turk, with all our activities we have developed and increased in every field, we’ll continue our studies meticulously and devotedly for 15 percent market share which participation banking has aimed to achieve in 2023 in our country.

I would like to express my warmest thanks to all our stakeholders who have not begrudged their contribution and supports in our efforts awarded with trust and support of our Customers.

Respectfully Yours,

Melikşah UTKU

Board Member and CEO

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
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Information on Interim Report (continued):

4. Activities in Second Quarter of 2018:

- In the first nine months of 2018, our total assets have actualized as TL 44.616.997.
- In the first nine months of 2018, the funds collected by our Bank through "Special Current Accounts" and "Participation to Profit and Loss Accounts" has been TL 29.319.078 as of September 30, 2018. Approximately 58.09% of these funds are constituted of foreign currency funds.
- Participation accounts in the first nine months of 2018 has been TL 20.741.147. Our Bank's Fund Collecting Activities are carried out through our branches, our bank's branches throughout the country and correspondent banks abroad.

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
TL Funds	12.288.678	2.052.903	13.181.719	3.487.227	(6,77)	(41,13)
Current Accounts	2.902.203	484.832	3.195.234	845.300	(9,17)	(42,64)
Participation Accounts	9.386.475	1.568.071	9.986.485	2.641.927	(6,01)	(40,65)
FC Funds	17.030.400	2.845.038	12.062.125	3.191.038	41,19	(10,84)
Current Accounts	5.675.728	948.167	3.957.483	1.046.953	43,42	(9,44)
Participation Accounts	11.354.672	1.896.871	8.104.642	2.144.085	40,10	(11,53)
TOTAL	29.319.078	4.897.941	25.243.844	6.678.265	16,14	(26,66)

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
Credits (*)	29.327.562	4.899.359	24.680.290	6.529.177	18,83	(24,96)
Non Performing Receivables	1.944.347	324.816	1.212.610	320.796	60,34	1,25
Lifetime ECL Impaired Credits (Stage 3)	(1.168.225)	(195.160)	(699.437)	(185.036)	67,02	5,47
TOTAL	30.103.684	5.029.015	25.193.463	6.664.937	19,49	(24,55)

(*) Financial Leasing Receivables included.

The currency used in the preparation of the tables are as follows;

Balance Sheet Period	USD/TL
As of September 30, 2018	5,986
As of December 31, 2017	3,780

5. Evaluation on Financial Status, Profitability and Solvency:

- Our Operating Income has been TL 1.352.764 increasing by 16,18% compared to the same period of the previous year.
- Net Fee and Commission Revenues have been TL 127.871, increasing by 17,11%, our Net Profit Share income has been TL 874.281.
- Our consolidated net profit has been TL 392.965 for the first 9 months of the year.
- As of September 30, 2018, our capital adequacy ratio is actualized as 18,05%, over the minimum ratio.

Investor Relations presentation related our consolidated financial results for the first 9 months of 2018 can be found at "Investor Relations" section in "<https://www.albaraka.com.tr/en/default.aspx>".

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Information on Interim Report (continued):

6. Announcements regarding important developments during January 1, 2018 - September 30, 2018 period:

- Within the scope of the issuance ceiling approved in the Capital Market Boards' meeting numbered 48/1570 on 29 of December 2017, the Capital Market Boards approved the issuance certificate of Albaraka Türk Katılım Bankası A.Ş., a fund user, to issue an interrex management agreement based lease certificate of TL 125.000, with a tenor of 95 days for selling to qualified domestic investors without a public offering. In case additional demand is received from local investors, total amount can reach up to 150.000 Turkish Lira. In line with the approvals that we received from the Capital Markets Board, sales transactions for domestic qualified investors amounting to TL 135.000 with a maturity of 95 days have been completed.
- Within the scope of the issuance ceiling approved in the Capital Market Boards' meeting numbered 48/1570 on 29 December 2017, the Capital Market Boards approved the issuance certificate of Albaraka Türk Katılım Bankası A.Ş., a fund user, to issue an interrex management agreement based lease certificate of TL 150.000, with a tenor of 95 days for selling to qualified domestic investors without a public offering. In case additional demand is received from local investors, total amount can reach up to TL 175.000.
- Albaraka Türk Participation Bank successfully completed the perpetual additional Tier 1 capital sukuk transaction listed on Irish Stock Exchange with a sum of USD 205 million in compliant with Basel III criteria under the global coordination of Standard Chartered Bank and with the leadership of Arab Banking Corporation (B.S.C.), Emirates NBD Capital Limited, Noorbank PJSC and QInvest LLC through Bereket One Ltd., Cayman Islands, and the profit share rate was determined as 10%.
- Within the scope of the issuance ceiling approved in the Capital Market Boards' meeting numbered 48/1570 on 29 December 2017, the Capital Market Boards approved the issuance certificate of Albaraka Türk Katılım Bankası A.Ş., a fund user, to issue an interrex management agreement based lease certificate of TL 175.000, with a tenor of 179 days for selling to qualified domestic investors without public offering. In case additional demand is received from local investors, total amount can reach up to TL 200.000.
- The decisions of the Ordinary General Assembly Meeting held on March 28, 2018 was registered to Istanbul Chamber of Commerce.

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Information on Interim Report (continued):

- As announced in Public Disclosure Platform on February 23, 2018, our Bank's Ordinary General Meeting of Shareholders of was held on March 28, 2018 with the following agenda:

AGENDA:

1. Inauguration; formation of Presiding Council.
2. Authorizing the Presiding Council to sign the general assembly minutes of meeting.
3. Reading and discussing the Annual Report of the BoD about the fiscal year 2017.
4. Reading and discussing Auditor reports.
5. Reading, discussing and approving the Financial Statements.
6. Acquitting the Members of the BoD.
7. Acquitting the Auditor.
8. Discussing the BoD proposal about the utilization and distribution of the annual profit and dividends (ratios of sharing).
9. Discussing the fiscal rights and benefits of the Board members such as salary & wages, per diems, bonus & premiums and alike.
10. Electing the Auditor.
11. Permitting members of the BoD with respect to articles 395 and 396 of Turkish Commercial Code.
12. Presenting information to General Assembly about operations effected in scope of the Buy-back Program for bank's own shares in 2017,
13. Approving the buyback program prepared by the BoD regarding authorization of the BoD on our Bank's accepting its own shares as acquisition and/or pledge.
14. Presenting our Bank's "Grants and Aids Policy" to General Assembly of Shareholders for their information and approval in accordance with CMA's Corporate Governance Principles and providing with details of our Bank's donations in 2017.
15. Informing General Assembly on our Bank's Ethical Principles Policy along with Fight Against Bribery and Corruption Policy in accordance with CMA's Corporate Governance Principles.
16. Remarks and requests.

You may find Information Document, Profit Distribution Table, Minutes and Resolutions regarding Ordinary General Meeting of Shareholders which was held on March 28, 2018 from Albaraka Türk website Investor Relations section from following link:

<https://www.albaraka.com.tr/en/general-assembly-information-document.aspx>

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Information on Interim Report (continued):

- At the General Assembly meeting held on 28 March 2018, article 8 of the agenda item about the use and distribution of Profit Shares was discussed and the gross total of TL 45.000 was unanimously approved to be distributed from April 13, 2018.
- Mr. Sayın Temel HAZIROĞLU who has been serving as Assistant General Manager responsible for Financial Affairs, Financial Reporting, Strategic Planning and Process Management and Organization departments resigned from his position on March 31, 2018.
- Within the scope of the issuance ceiling approved in the Capital Market Boards' meeting numbered 48/1570 on 29 December 2017, the Capital Market Boards approved the issuance certificate prepared by Albaraka Türk Katılım Bankası A.Ş in order to issue lease certificate for selling to qualified domestic investors without public offering. The issuance of the lease certificate based on interrex management agreement with the value of TL 150.000 and a term of 92 days was realized. In case additional demand is received from local investors, total amount can reach up to TL 175.000.
- Within the scope of the Capital Market Boards' Lease Certificate Communiqué published in the official gazette numbered 18/512 dated on 7 June 2013, the necessary permission was granted to Bereket Varlık Kiralama A.Ş by Capital Markets Boards to issue lease certificate up to USD 200 million which is not listed on the stock exchange, with a maximum maturity of 9 months.
- On 25 April 2018, our Bank procured Murabaha Syndication Credits amounting USD 245 million and EUR 60 million with the participation of 17 banks from 8 countries. The cost of the murabaha syndication loan, which was provided as a 370 day maturity, was realized at LIBOR + 125 bps for participation in the US dollar and EURIBOR + 115 bps for participation in EUR.
- At the Board of Directors meeting held on April 27, 2018, it was decided that the title of Mr. Volkan EVCİL shall be amended as "Chief Internal Systems Executive", Mr. Mustafa ÇETİN shall be appointed as the Assistant General Manager responsible from Finance & Strategy, Mr. Mustafa CENGİZ shall be appointed as Manager responsible from Foreign Trade Operations, the 'Investment Banking Service Desk' which is currently functioning under the "Treasury and Investment Banking Department" shall be reorganized as the "Investment Banking Department", "Investment Banking Department" and "Treasury Department" shall operate under Mr. Malek Khodr TEMSAH, the Assistant General Manager of Treasury and Financial Institutions, Tülay Salva shall be appointed as Manager to "Investment Banking Department"
- Within the scope of the issuance ceiling approved in the Capital Market Boards' meeting numbered 18/512 on 16 April 2018, the Capital Market Boards approved issuance certificate prepared by Albaraka Türk Katılım Bankası A.Ş in order to issue non-publicly offered lease certificate in abroad. The issuance of the lease certificate based on management agreement with the value of USD 100 million and a term of 184 days was realized. In case additional demand is received from investors, total amount can reach up to USD 115 million.
- Mr. Mehmet Ali Verçin, who has been serving as the Senior Assistant General Manager in charge of Information Technology, Operation and Human Value, resigned from his position as of April 30, 2018.
- The letter submitted by Mr. Hood Hashem Ahmed Hashem, concerning his resignation from his Board Membership as of 30 May 2018 shall be accepted.
- Pursuant to the Turkish Commercial Code Article 363/1 and the Articles of Incorporation of ABAT Article 22/1, Süleyman Kalkan is hereby elected as member (director) to the Board of Directors of ABAT. The new Director Elect shall be our Board Member temporarily until upcoming General Assembly of Shareholders (AGM) approval. Once his membership is approved in the AGM, Süleyman Kalkan shall complete the office term of his predecessor.
- Süleyman KALKAN shall also be appointed as a member of the Audit Committee as of 30 May 2018, The letter submitted by Mr. Yalçın Öner who has been serving as the Vice Chairman of the Board, concerning his resignation from his Board Membership as of May 30, 2018 shall be accepted.

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Information on Interim Report (continued):

- Pursuant to the Turkish Commercial Code Article 363/1 and the Articles of Incorporation of ABAT Article 22/1, Mehmet ASUTAY is hereby elected as member (director) to the Board of Directors of ABAT. The new Director Elect shall be our Board Member temporarily until upcoming General Assembly of Shareholders (AGM) approval. Once his membership is approved in the AGM, Mehmet ASUTAY shall complete the office term of his predecessor.
- Mehmet ASUTAY shall also be appointed as a member of the Audit Committee as of 30 June 2018,
- Mehmet ASUTAY shall be appointed as a member of the Corporate Governance Committee as of 30 June 2018,
- Osman AKYÜZ shall fill-in the vacant Vice Chairman position as the Vice Chairman as of 30 June 2018.
- Hamad Abdullah Ali ALOQAB shall fill-in the vacant Credit Committee Substitute Membership position as the Substitute Member as of 30 June 2018.
- In accordance with the approval received from the Capital Markets Board on 30 April 2018, Albaraka Türk Katılım Bankası A.Ş. has successfully issued lease certificate amounting USD 90 million with a maturity of 184 days which is sold without a public offering in abroad and based on the management agreement.
- On 1 May 2018, International rating agency Standard & Poor's revised our bank's long term credit ratings as B + with a stable outlook and short term credit rating as B after the announcement of Turkey's credit rating as "BB-"
- Pursuant to subclause (d) of the 2nd sub-paragraph of the 8th Article of regulation on equity of banks, Albaraka Turk Participation Bank used the call option at 08 May 2018 and fully repay USD 200 million lease certificate which was issued on May 2013 for the purpose of providing Subordinated Loan (Sub-loan) (Tier 2 Capital)
- JCR Eurasia Rating has confirmed the Albaraka Türk Participation Bank's Long-term National Rating as AA (Trk) and revised its outlook from "Negative" to "Stable", and International Foreign Currency Note as 'BBB-' and its outlook as 'Stable'.
- Our Bank has made a Manager Liability Insurance covering the period April 04, 2018 - April 3, 2019.
- In its report dated July 11, 2018, JCR- Eurasia Rating revised our Bank's Corporate Governance Principles Compliance Rating (8.92) and outlook (Positive). Our company will continue to remain in the BIST Corporate Governance Index as it is above the 7th threshold of the Corporate Governance Principles Compliance Rating.
- Mr. Bekir PAKDEMİRLİ who has attended our Bank's Board of Directors in 2016 and has been serving as a member of the Board of Directors, Chairman of Sustainability and Social Responsibility Committee and Reserve Member of the Credit Committee has resigned from his posts.
- At the meeting of the Board of Directors of our Bank dated July 24, 2018, the following have been decided that; 1- A Special Purpose Vehicle (SPV) shall be established by our bank in Turkey in compliance with the national regulations in order to execute customer's issuance of lease certificates; 2- 'Investor Relations Service Desk' which is currently functioning under the "Financial Institutions and Investor Relations Department" shall be reorganized as the "Investor Relations Department". 3- In accordance with the second paragraph of Article 11 of Corporate Governance Communiqué No. II-17.1, which was published in the Official Gazette dated January 3, 2014 of the Capital Markets Board, Mr. Sadrettin BAĞCI who has "Capital Market Activities Level 3 License" and "Corporate Governance Rating License" shall be appointed as Manager to "Investor Relations Department" and as a member of the Corporate Governance Committee.

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- At the meeting of the Board of Directors of our Bank dated July 24, 2018, it has been decided that Mr. Sadrettin BAĞCI who has "Capital Market Activities Level 3 License" and "Corporate Governance Rating License" shall be appointed as Manager to "Investor Relations Department" and as a member of the Corporate Governance Committee in accordance with the second paragraph of Article 11 of Corporate Governance Communiqué No. II-17.1, which was published in the Official Gazette dated January 3, 2014 of the Capital Markets Board.
- Mr. Deniz AKSU who has been serving as the Senior Assistant General Manager in charge of Credit Intelligence, Credit Risk Monitoring, Collection and Legal Follow-Up departments has resigned his position as of August 31, 2018.
- In accordance with the CMB's Corporate Governance Communiqué (II17.1), the Corporate Governance Rating Agreement between our Bank and JCR Eurasia Rating has been extended under the same conditions, and the agreement is valid between September 15, 2018 and September 14, 2020.
- In order to increase our ATM access, an agreement has been made with PTT. With this agreement PTT's 3,200 ATMs across Turkey (PTTmatik) Albaraka Turk can be used by customers. Our current ATM number is 310 and our ATM access has reached 3.510 with this project.
- ssStandard & Poor's, international rating agency, revised our bank's long term credit ratings as B with a stable outlook and short term credit rating as B.
- The issues that took place during the period January 1, 2018 - September 30, 2018 were announced to the public and uploaded to the Public Disclosure Platform as notifications. All of these announcements are shared in the Investor Relations section of the Albaraka Türk website.

<https://www.albaraka.com.tr/ozel-durum-aciklamalari.aspx>
