

*(Convenience translation of the limited review report and financial statements  
originally issued in Turkish - see section three Note XXIV)*

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

**Publicly announced consolidated financial statements and  
related disclosures at September 30, 2015 together with  
independent auditor's limited review report**

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

## **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 balance sheet of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group") as of September 30, 2015 and the related consolidated statement of income, consolidated statement of income and expense under shareholder's equity, 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" except for the matters regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### **Scope of 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 of Turkey and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not presented fairly, in all material respects, the financial position of Albaraka Türk Katılım Bankası A.Ş. and its subsidiaries as of September 30, 2015 and the result of its operations and its cash flows for the nine-month period ended in all aspects in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation.

**Additional paragraph for convenience translation to English:**

As explained in detail in Note XXIII of Section Three, the effects of differences between accounting principles and standards set out by BRSA Accounting and Reporting Legislation and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation, accounting principles generally accepted in countries in which the accompanying 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.

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



Damla Harman  
Partner in charge, SMMM

November 18, 2015  
Istanbul, Turkey

**CONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.  
AS OF AND FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2015**

Parent Bank's headquarter address : Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6  
34768 Ümraniye / 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 Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is comprised of the following sections.

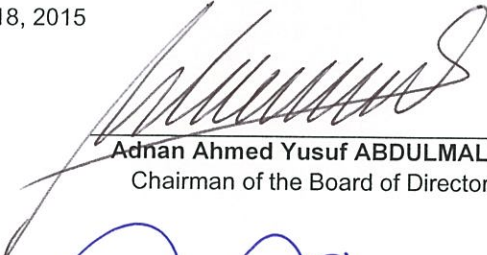
- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS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


Investments in associates, subsidiaries and joint ventures whose financial statements have been consolidated in this consolidated financial report are as follows.


	Subsidiaries	Associates	Joint Ventures
1.	-	-	Katılım Emeklilik ve Hayat A.Ş.
2.	Bereket Varlık Kiralama A.Ş.	-	-
3.	Albaraka Gayrimenkul Portföy Yönetimi A.Ş.	-	-

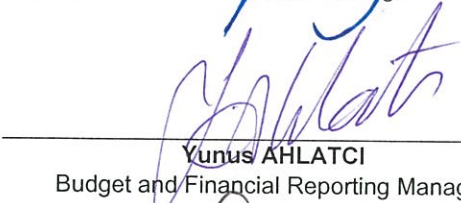
The consolidated financial statements and related disclosures and footnotes; presented in thousands of Turkish Lira unless otherwise indicated; have been prepared in accordance with the Communiqué on Accounting Applications of Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish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


November 18, 2015

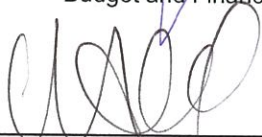
  
**Adnan Ahmed Yusuf ABDULMALEK**  
Chairman of the Board of Directors


  
**Fahrettin YAHŞI**  
General Manager

  
**Melikşah UTKU**  
Assistant General Manager

  
**Yunus AHLATCI**  
Budget and Financial Reporting Manager

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

  
**Mitat AKTAŞ**  
Member of the Audit Committee

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

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

Name-Surname / Title : Bora ŞİMŞEK / Budget and Financial Reporting / Vice Manager  
Telephone : 00 90 216 666 05 59  
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## **ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements  
as of September 30, 2015  
(Currency - Thousand Turkish Lira)**

### **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 Undersecretariat of Treasury and the Central Bank of Turkey based on the decision of Council of Ministers numbered 83/7506, have been subjected to the provisions of the Banking Law numbered 4389 with the change of law dated December 17, 1999 and numbered 4491. Special Finance Houses have been subjected to the provisions of 'Communiqué Related to the Incorporation and Activities of Special Finance Houses' published in the Official Gazette dated September 20, 2001 numbered 24529 by the Banking Regulation and Supervision Agency (BRSA). 'Communiqué Related to the Incorporation and Activities of Special Finance Houses' has been superseded by the 'Communiqué Related to Credit Operations of Banks' published in the Official Gazette dated November 1, 2006 numbered 26333 and the 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's head office is located in Istanbul and is operating through 209 (December 31, 2014: 201) local branches and 1 (December 31, 2014: 1) foreign branch and with 3.698 (December 31, 2014: 3.510) staff as of September 30, 2015.

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

#### **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, 2015, 54,06% (December 31, 2014: 54,06%) of the Parent Bank's shares are owned by Albaraka Banking Group located in Bahrain. 24,80% (December 31, 2014: 24,06%) of the shares are publicly traded and quoted at Borsa Istanbul.

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Notes related to consolidated financial statements as of September 30, 2015 (Currency - Thousand Turkish Lira)

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

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
<b>Chairman of the Board of Directors (BOD)</b>	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	(*) 0,0000
<b>Members of BOD</b>	Yalçın ÖNER	Vice Chairman of BOD	Master	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	(*) 0,0000
	Osman AKYÜZ	Member of BOD	Bachelor	-
	Prof.Dr. Ekrem PAKDEMİRLİ	Member of BOD	Doctorate	(*) 0,0000
	Mitat AKTAŞ	Member of BOD	Master	(*) 0,0000
	Hamad Abdulla A. EQAB	Member of BOD	Bachelor	(*) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of BOD	Master	(*) 0,0000
	Khalifa Taha HAMOOD AL- HASHIMI	Member of BOD	Bachelor	(*) 0,0000
	Prof. Dr. Kemal VAROL	Independent Member of BOD	Doctorate	-
<b>General Manager</b>	Dr .Fahrettin YAHŞİ	Member of BOD /General Manager	Doctorate	-
<b>Assistant General Managers</b>	Mehmet Ali VERÇİN	Corporate Marketing, Treasury Marketing, Investment Projects	Bachelor	-
	Nihat BOZ	Legal Advisory, Legal Follow-up	Bachelor	-
	Temel HAZIROĞLU	Human Values, Training & Organisation, Performance & Career Management, Administrative Affairs, Construction and Real Estate	Bachelor	0,0342
	Bülent TABAN	Commercial Marketing, Commercial Products Management, Regional Offices	Master	-
	Turgut SİMİTÇİOĞLU	Credit Operations, Banking Services Operations, Foreign Affairs Operations, Payment Systems Operations, Risk Follow-up	Master	-
	Melikşah UTKU	Financial Affairs, Budget & Financial Reporting, Corporate Communication	Master	-
	Ali TUĞLU	Core Banking Applications Development, Customer & Channel and Analytical Applications, IT Support, IT Strategy & Governance	Bachelor	-
	Mahmut Esfa EMEK	Corporate Credits, Commercial Credits, Retail Credits	Bachelor	-
	Ayhan KESER	Retail Marketing, Alternative Distribution Channels, Retail Products Management, Financial Institutions	Bachelor	-
<b>Audit Committee</b>	Hamad Abdulla A. EQAB	Chairman of Audit Committee	Bachelor	(*) 0,0000
	Hood Hashem Ahmed HASHEM	Member of Audit Committee	Master	(*) 0,0000
	Mitat AKTAŞ	Member of Audit Committee	Master	(*) 0,0000

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

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0342% of the Parent Bank's share capital (December 31, 2014: 0,0396%).

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Notes related to consolidated financial statements as of September 30, 2015 (Currency - Thousand Turkish Lira)

#### 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	-

#### 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 five different maturity groups; up to one month, up to three months (three months included), up to six months (six months included), up to one year (one year included) and one year and more than one year (with monthly, quarterly, semi annual and annual profit share payment).

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

Moreover, the 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 Customs and Trade since such applications are amendments in nature to the Article of Association. The application is included in the Article of Association after all necessary approvals are obtained.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements  
as of September 30, 2015  
(Currency - Thousand Turkish Lira)**

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

The Parent Bank did not consolidate its associate Kredi Garanti Fonu A.Ş. considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. Moreover, the financial statements of the Parent Bank's structured entity, Albaraka Türk Sukuk Limited, which is not a subsidiary but over which the Parent Bank exercises 100% control, are not consolidated in the accompanying financial statements considering the materiality principle. The Parent Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Albaraka Gayrimenkul Portföy Yönetimi A.Ş. the subsidiaries of the Bank, through equity method and full consolidation method, respectively.

**VII. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the 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 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 income
- IV. Consolidated statement of income and expense items accounted under shareholders' equity
- 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)**

ASSETS	Notes (Section Five-I)	THOUSAND TURKISH LIRA					
		CURRENT PERIOD (30/09/2015)			PRIOR PERIOD (31/12/2014)		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	<b>(1)</b>	<b>977.387</b>	<b>3.952.900</b>	<b>4.930.287</b>	<b>352.393</b>	<b>2.776.793</b>	<b>3.129.186</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)</b>	<b>(2)</b>	<b>962</b>	<b>20.139</b>	<b>21.101</b>	<b>5.611</b>	<b>-</b>	<b>5.611</b>
2.1 Trading Financial Assets		962	20.139	21.101	5.611	-	5.611
2.1.1 Public Sector Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		773	-	773	5.611	-	5.611
2.1.3 Derivative Financial Assets Held for Trading		-	20.086	20.086	-	-	-
2.1.4 Other Marketable Securities		189	53	242	-	-	-
2.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
<b>III. BANKS</b>	<b>(3)</b>	<b>579.984</b>	<b>1.586.543</b>	<b>2.166.527</b>	<b>511.402</b>	<b>1.136.833</b>	<b>1.648.235</b>
<b>IV. MONEY MARKET PLACEMENTS</b>							
<b>V. FINANCIAL ASSETS-AVAILABLE FOR SALE (net)</b>	<b>(4)</b>	<b>740.635</b>	<b>198.256</b>	<b>938.891</b>	<b>496.367</b>	<b>136.585</b>	<b>632.952</b>
5.1 Equity Securities		15	2.209	2.224	15	1.660	1.675
5.2 Public Sector Debt Securities		726.273	155.528	881.801	465.361	123.254	588.615
5.3 Other Marketable Securities		14.347	40.519	54.866	30.991	11.671	42.662
<b>VI. LOANS AND RECEIVABLES</b>	<b>(5)</b>	<b>15.233.954</b>	<b>3.166.289</b>	<b>18.400.243</b>	<b>13.494.112</b>	<b>1.979.934</b>	<b>15.474.046</b>
6.1 Loans and Receivables		15.085.852	3.165.534	18.251.386	13.454.414	1.979.918	15.434.332
6.1.1 Loans to Risk Group of The Bank		11.120	43.802	54.922	50.243	-	50.243
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Other		15.074.732	3.121.732	18.196.464	13.404.171	1.979.918	15.384.089
6.2 Non-performing loans		503.399	1.093	504.492	326.948	27	326.975
6.3 Specific Provisions (-)		355.297	338	355.635	287.250	11	287.261
<b>VII. INVESTMENTS HELD TO MATURITY (net)</b>	<b>(6)</b>	<b>745.582</b>	<b>-</b>	<b>745.582</b>	<b>783.309</b>	<b>-</b>	<b>783.309</b>
<b>VIII. INVESTMENTS IN ASSOCIATES (net)</b>	<b>(7)</b>	<b>4.211</b>	<b>-</b>	<b>4.211</b>	<b>4.211</b>	<b>-</b>	<b>4.211</b>
8.1 Accounted for under Equity Method		-	-	-	-	-	-
8.2 Unconsolidated Associates		4.211	-	4.211	4.211	-	4.211
8.2.1 Financial Associates		4.211	-	4.211	4.211	-	4.211
8.2.2 Non-Financial Associates		-	-	-	-	-	-
<b>IX. SUBSIDIARIES (net)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
9.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
9.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>X. JOINT VENTURES (net)</b>	<b>(9)</b>	<b>7.238</b>	<b>-</b>	<b>7.238</b>	<b>5.610</b>	<b>-</b>	<b>5.610</b>
10.1 Accounted for under Equity Method		7.238	-	7.238	5.610	-	5.610
10.2 Unconsolidated		-	-	-	-	-	-
10.2.1 Financial Joint Ventures		-	-	-	-	-	-
10.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
<b>XI. LEASE RECEIVABLES (net)</b>	<b>(10)</b>	<b>998.602</b>	<b>-</b>	<b>998.602</b>	<b>709.646</b>	<b>-</b>	<b>709.646</b>
11.1 Finance Lease Receivables		1.144.214	-	1.144.214	782.612	-	782.612
11.2 Operational Lease Receivables		-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-
11.4 Unearned Income (-)		145.612	-	145.612	72.966	-	72.966
<b>XII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1 Fair Value Hedge		-	-	-	-	-	-
12.2 Cash Flow Hedge		-	-	-	-	-	-
12.3 Hedge of Net Investment Risks in Foreign Operations		-	-	-	-	-	-
<b>XIII. TANGIBLE ASSETS (net)</b>	<b>(12)</b>	<b>541.233</b>	<b>1.556</b>	<b>542.789</b>	<b>485.461</b>	<b>1.678</b>	<b>487.139</b>
<b>XIV. INTANGIBLE ASSETS (net)</b>	<b>(13)</b>	<b>45.663</b>	<b>555</b>	<b>46.218</b>	<b>26.330</b>	<b>565</b>	<b>26.895</b>
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		45.663	555	46.218	26.330	565	26.895
<b>XV. INVESTMENT PROPERTY (net)</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI. TAX ASSET</b>	<b>(15)</b>	<b>4.586</b>	<b>-</b>	<b>4.586</b>	<b>3.556</b>	<b>-</b>	<b>3.556</b>
16.1 Current Tax Asset		4.586	-	4.586	3.556	-	3.556
16.2 Deferred Tax Asset		-	-	-	-	-	-
<b>XVII. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)</b>	<b>(16)</b>	<b>25.688</b>	<b>-</b>	<b>25.688</b>	<b>27.678</b>	<b>-</b>	<b>27.678</b>
17.1 Assets Held for Sale		25.688	-	25.688	27.678	-	27.678
17.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>XVIII. OTHER ASSETS</b>	<b>(17)</b>	<b>332.079</b>	<b>3.602</b>	<b>335.681</b>	<b>74.852</b>	<b>1.559</b>	<b>76.411</b>
<b>TOTAL ASSETS</b>		<b>20.237.804</b>	<b>8.929.840</b>	<b>29.167.644</b>	<b>16.980.538</b>	<b>6.033.947</b>	<b>23.014.485</b>

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)**

LIABILITIES	Notes (Section Five-II)	THOUSAND TURKISH LIRA					
		CURRENT PERIOD (30/09/2015)			PRIOR PERIOD (31/12/2014)		
		TL	FC	Total	TL	FC	Total
<b>I. FUNDS COLLECTED</b>	<b>(1)</b>	<b>11.107.839</b>	<b>9.324.838</b>	<b>20.432.677</b>	<b>9.781.999</b>	<b>6.861.055</b>	<b>16.643.054</b>
1.1 Funds from Risk Group of The Bank		201.197	163.972	365.169	71.289	183.838	255.127
1.2 Other		10.906.642	9.160.866	20.067.508	9.710.710	6.677.217	16.387.927
<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>(2)</b>	-	-	-	-	-	-
<b>III. FUNDS BORROWED</b>	<b>(3)</b>	-	<b>3.391.925</b>	<b>3.391.925</b>	-	<b>2.398.472</b>	<b>2.398.472</b>
<b>IV. BORROWINGS FROM MONEY MARKETS</b>	<b>(4)</b>	<b>451.153</b>	-	<b>451.153</b>	<b>116.740</b>	-	<b>116.740</b>
<b>V. SECURITIES ISSUED (net)</b>	<b>(4)</b>	-	<b>1.033.670</b>	<b>1.033.670</b>	-	<b>790.662</b>	<b>790.662</b>
<b>VI. MISCELLANEOUS PAYABLES</b>	<b>(5)</b>	<b>796.836</b>	<b>176.229</b>	<b>973.065</b>	<b>434.001</b>	<b>76.171</b>	<b>510.172</b>
<b>VII. OTHER LIABILITIES</b>	<b>(6)</b>	-	-	-	-	-	-
<b>VIII. LEASE PAYABLES</b>	<b>(6)</b>	-	-	-	-	-	-
8.1 Finance Lease Payables		-	-	-	-	-	-
8.2 Operational Lease Payables		-	-	-	-	-	-
8.3 Other		-	-	-	-	-	-
8.4 Deferred Finance Lease Expenses ( - )		-	-	-	-	-	-
<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	<b>(7)</b>	-	-	-	-	-	-
9.1 Fair Value Hedge		-	-	-	-	-	-
9.2 Cash Flow Hedge		-	-	-	-	-	-
9.3 Net Foreign Investment Hedge		-	-	-	-	-	-
<b>X. PROVISIONS</b>	<b>(8)</b>	<b>207.433</b>	<b>46.379</b>	<b>253.812</b>	<b>180.386</b>	<b>52.438</b>	<b>232.824</b>
10.1 General Provisions		146.632	38.132	184.764	128.047	25.863	153.910
10.2 Restructuring Reserves		-	-	-	-	-	-
10.3 Reserve for Employee Benefits		36.816	-	36.816	32.529	-	32.529
10.4 Insurance Technical Reserves (net)		-	-	-	-	-	-
10.5 Other Provisions		23.985	8.247	32.232	19.810	26.575	46.385
<b>XI. TAX LIABILITY</b>	<b>(9)</b>	<b>50.921</b>	<b>25</b>	<b>50.946</b>	<b>64.127</b>	<b>3</b>	<b>64.130</b>
11.1 Current Tax Liability		46.402	25	46.427	55.823	3	55.826
11.2 Deferred Tax Liability		4.519	-	4.519	8.304	-	8.304
<b>LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (net)</b>	<b>(10)</b>	-	-	-	-	-	-
12.1 Assets Held for Sale		-	-	-	-	-	-
12.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>XIII. SUBORDINATED LOANS</b>	<b>(11)</b>	-	<b>618.913</b>	<b>618.913</b>	-	<b>472.426</b>	<b>472.426</b>
<b>XIV. SHAREHOLDERS' EQUITY</b>	<b>(12)</b>	<b>1.963.650</b>	<b>(2.167)</b>	<b>1.961.483</b>	<b>1.785.125</b>	<b>880</b>	<b>1.786.005</b>
14.1 Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2 Capital Reserves		160.515	(2.167)	158.348	159.361	880	160.241
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Reserve		8.830	(2.167)	6.663	9.155	880	10.035
14.2.4 Revaluation Reserve on Tangible Assets		148.658	-	148.658	153.179	-	153.179
14.2.5 Revaluation Reserve on Intangible Assets		-	-	-	-	-	-
14.2.6 Investment Property Revaluation Reserve		-	-	-	-	-	-
14.2.7 Bonus Shares From Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-	-	-
14.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
14.2.9 Accumulated Valuation Differences on Assets Held For Sale and Assets of Discontinued Operations		-	-	-	-	-	-
14.2.10 Other Capital Reserves		3.027	-	3.027	(2.973)	-	(2.973)
14.3 Profit Reserves		696.531	-	696.531	470.137	-	470.137
14.3.1 Legal Reserves		84.774	-	84.774	71.744	-	71.744
14.3.2 Status Reserves		-	-	-	-	-	-
14.3.3 Extraordinary Reserves		611.757	-	611.757	398.393	-	398.393
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Profit or Loss		206.604	-	206.604	255.627	-	255.627
14.4.1 Prior Years Profit / (Loss)		(3.429)	-	(3.429)	7.480	-	7.480
14.4.2 Current Year Profit / (Loss)		210.033	-	210.033	248.147	-	248.147
14.5 Minority Interest		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>14.577.832</b>	<b>14.589.812</b>	<b>29.167.644</b>	<b>12.362.378</b>	<b>10.652.107</b>	<b>23.014.485</b>

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**

STATEMENT OF OFF BALANCE SHEET		Notes (Section Five-III)	THOUSAND TURKISH LIRA					
			CURRENT PERIOD (30/09/2015)			PRIOR PERIOD (31/12/2014)		
			TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>(1)</b>	<b>5.368.728</b>	<b>5.201.447</b>	<b>10.570.175</b>	<b>5.077.895</b>	<b>3.929.264</b>	<b>9.007.159</b>
<b>I. GUARANTEES AND SURETIES</b>			<b>4.195.172</b>	<b>4.663.054</b>	<b>8.858.226</b>	<b>4.149.365</b>	<b>3.929.144</b>	<b>8.078.509</b>
1.1. Letters of Guarantees			4.189.458	3.654.190	7.843.648	4.122.802	2.749.839	6.872.641
1.1.1. Guarantees Subject to State Tender Law			202.628	24.709	227.337	166.552	21.939	188.491
1.1.2. Guarantees Given for Foreign Trade Operations			1.091	813.710	814.801	597	778.622	779.219
1.1.3. Other Letters of Guarantee			3.985.739	2.815.771	6.801.510	3.955.653	1.949.278	5.904.931
1.2. Bank Loans			-	27.443	27.443	-	33.055	33.055
1.2.1. Import Letter of Acceptances			-	27.443	27.443	-	33.055	33.055
1.2.2. Other Bank Acceptances			-	-	-	-	-	-
1.3. Letter of Credits			1.030	624.984	626.014	7.997	581.273	589.270
1.3.1. Documentary Letter of Credits			-	-	-	-	-	-
1.3.2. Other Letter of Credits			1.030	624.984	626.014	7.997	581.273	589.270
1.4. Prefinancing Given as Guarantee			-	-	-	-	-	-
1.5. Endorsements			-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey			-	-	-	-	-	-
1.5.2. Other Endorsements			-	-	-	-	-	-
1.6. Other Guarantees			1.869	338.531	340.400	2.551	558.481	561.032
1.7. Other Collaterals			2.815	17.906	20.721	16.015	6.496	22.511
<b>II. COMMITMENTS</b>		<b>(1)</b>	<b>1.173.556</b>	<b>89.796</b>	<b>1.263.352</b>	<b>928.530</b>	<b>120</b>	<b>928.650</b>
2.1. Irrevocable Commitments			1.173.556	89.796	1.263.352	928.530	120	928.650
2.1.1. Asset Purchase and Sale Commitments			46.812	89.796	136.608	-	-	-
2.1.2. Share Capital Commitment to Associates and Subsidiaries			-	-	-	-	-	-
2.1.3. Loan Granting Commitments			124.995	-	124.995	59.439	-	59.439
2.1.4. Securities Underwriting Commitments			-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements			-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques			475.586	-	475.586	353.093	-	353.093
2.1.7. Tax And Fund Liabilities from Export Commitments			1.971	-	1.971	1.506	-	1.506
2.1.8. Commitments for Credit Card Expenditure Limits			523.487	-	523.487	510.257	-	510.257
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities			509	-	509	523	-	523
2.1.10. Receivables From Short Sale Commitments of Marketable Securities			-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities			-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments			196	-	196	3.712	120	3.832
2.2. Revocable Commitments			-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments			-	-	-	-	-	-
2.2.2. Other Revocable Commitments			-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>(2)</b>	<b>-</b>	<b>448.597</b>	<b>448.597</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1. Derivative Financial Instruments for Hedging Purposes			-	-	-	-	-	-
3.1.1. Fair Value Hedge			-	-	-	-	-	-
3.1.2. Cash Flow Hedge			-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations			-	-	-	-	-	-
3.2. Held for Trading Transactions			-	448.597	448.597	-	-	-
3.2.1. Forward Foreign Currency Buy/Sell Transactions			-	448.597	448.597	-	-	-
3.2.1.1. Forward Foreign Currency Transactions-Buy			-	234.358	234.358	-	-	-
3.2.1.2. Forward Foreign Currency Transactions-Sell			-	214.239	214.239	-	-	-
3.2.2. Other Forward Buy/Sell Transactions			-	-	-	-	-	-
3.3. Other			-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>			<b>36.697.022</b>	<b>5.382.901</b>	<b>41.979.923</b>	<b>30.389.457</b>	<b>4.509.815</b>	<b>34.899.272</b>
<b>IV. ITEMS HELD IN CUSTODY</b>			<b>1.670.005</b>	<b>999.811</b>	<b>2.669.816</b>	<b>1.353.738</b>	<b>1.454.959</b>	<b>2.808.697</b>
4.1. Assets Under Management			-	-	-	-	-	-
4.2. Investment Securities Held in Custody			72	-	72	72	-	72
4.3. Cheques Received for Collection			1.085.862	169.184	1.255.046	841.140	105.953	947.093
4.4. Commercial Notes Received for Collection			556.629	29.228	585.857	488.418	18.801	507.219
4.5. Other Assets Received for Collection			103	-	103	103	-	103
4.6. Assets Received for Public Offering			-	-	-	-	-	-
4.7. Other Items Under Custody			2.029	325.844	327.873	7.997	986.909	994.906
4.8. Custodians			25.310	475.555	500.865	16.008	343.296	359.304
<b>V. PLEDGED ITEMS</b>			<b>34.927.017</b>	<b>4.383.090</b>	<b>39.310.107</b>	<b>29.035.719</b>	<b>3.054.856</b>	<b>32.090.575</b>
5.1. Marketable Securities			2.399.949	1.158.667	3.558.616	1.530.006	1.157.125	2.687.131
5.2. Guarantee Notes			1.820.972	253.897	2.074.869	1.877.551	204.313	2.081.864
5.3. Commodity			1.455.715	718.132	2.173.847	1.070.691	380.393	1.451.084
5.4. Warranty			-	-	-	-	-	-
5.5. Properties			27.809.568	824.234	28.633.802	23.266.419	773.474	24.039.893
5.6. Other Pledged Items			1.374.295	1.424.580	2.798.875	1.237.960	530.859	1.768.819
5.7. Pledged Items-Depository			66.518	3.580	70.098	53.092	8.692	61.784
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>			<b>41.965.750</b>	<b>10.584.348</b>	<b>52.550.098</b>	<b>35.467.352</b>	<b>8.439.079</b>	<b>43.906.431</b>

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF INCOME**

INCOME AND EXPENSE ITEMS	Notes (Section Five-IV)	THOUSAND TURKISH LIRA			
		CURRENT PERIOD (01/01/2015- 30/09/2015)	PRIOR PERIOD (01/01/2014- 30/09/2014)	CURRENT PERIOD (01/07/2015- 30/09/2015)	PRIOR PERIOD (01/07/2014- 30/09/2014)
<b>I. PROFIT SHARE INCOME</b>	<b>(1)</b>	<b>1,408.110</b>	<b>1,080.918</b>	<b>497.939</b>	<b>386.500</b>
1.1 Profit Share on Loans		1.254.498	999.935	443.016	354.682
1.2 Income Received from Reserve Deposits		5.579	-	2.548	-
1.3 Income Received from Banks		36	1.647	(50)	263
1.4 Income Received from Money Market Placements		-	-	-	-
1.5 Income Received from Marketable Securities Portfolio		95.907	65.869	33.814	23.853
1.5.1 Held-For-Trading Financial Assets		-	-	-	-
1.5.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-
1.5.3 Available-For-Sale Financial Assets		48.617	27.566	17.276	10.965
1.5.4 Investments Held to Maturity		47.290	38.303	16.538	12.888
1.6 Finance Lease Income		51.201	13.241	18.574	7.476
1.7 Other Profit Share Income		889	226	37	226
<b>II. PROFIT SHARE EXPENSE</b>	<b>(2)</b>	<b>765.346</b>	<b>580.214</b>	<b>265.081</b>	<b>214.570</b>
2.1 Expense on Profit Sharing Accounts		604.039	498.519	209.407	181.565
2.2 Profit Share Expense on Funds Borrowed		73.301	55.348	27.281	19.266
2.3 Profit Share Expense on Money Market Borrowings		34.221	13.719	11.971	1.111
2.4 Profit Share Expense on Securities Issued		44.620	12.550	16.422	12.550
2.5 Other Profit Share Expense		9.165	78	0	78
<b>III. NET PROFIT SHARE INCOME (I – II)</b>		<b>642.764</b>	<b>500.704</b>	<b>232.858</b>	<b>171.930</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>94.198</b>	<b>93.865</b>	<b>22.326</b>	<b>32.209</b>
4.1 Fees and Commissions Received		130.490	116.394	36.076	40.144
4.1.1 Non-Cash Loans		66.423	60.281	16.710	19.755
4.1.2 Other	(12)	64.067	56.113	19.366	20.389
4.2 Fees and Commissions Paid		36.292	22.529	13.750	7.935
4.2.1 Non-Cash Loans		162	332	3	76
4.2.2 Other	(12)	36.130	22.197	13.747	7.859
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>10</b>	<b>174</b>	<b>-</b>	<b>-</b>
<b>VI. TRADING INCOME/LOSS(net)</b>	<b>(4)</b>	<b>30.971</b>	<b>40.778</b>	<b>(10.424)</b>	<b>11.195</b>
6.1 Capital Market Transaction Income / (Loss)		2.222	474	(2)	346
6.2 Income / (Loss) from Derivative Financial Instruments		50.184	-	35.650	(2.403)
6.3 Foreign Exchange Income / (Loss)		(21.435)	40.304	(46.072)	13.252
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>94.174</b>	<b>79.406</b>	<b>32.535</b>	<b>14.112</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>862.117</b>	<b>714.927</b>	<b>277.295</b>	<b>229.446</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(6)</b>	<b>123.102</b>	<b>117.787</b>	<b>35.098</b>	<b>30.537</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>473.974</b>	<b>360.874</b>	<b>154.766</b>	<b>115.519</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>265.041</b>	<b>236.266</b>	<b>87.431</b>	<b>83.390</b>
<b>XII. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII. INCOME / (LOSS) ON EQUITY METHOD</b>		<b>(2.149)</b>	<b>(2.651)</b>	<b>(608)</b>	<b>(1.138)</b>
<b>XIV. INCOME / (LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV. INCOME / (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	<b>(8)</b>	<b>262.892</b>	<b>233.615</b>	<b>86.823</b>	<b>82.252</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>(52.859)</b>	<b>(53.255)</b>	<b>(15.968)</b>	<b>(18.229)</b>
16.1 Provision for Current Taxes		(55.418)	(49.248)	(13.202)	(18.708)
16.2 Provision for Deferred Taxes		2.559	(4.007)	(2.766)	479
<b>XVII. NET INCOME / (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(10)</b>	<b>210.033</b>	<b>180.360</b>	<b>70.855</b>	<b>64.023</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1 Income from Assets Held For Sale		-	-	-	-
18.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
18.3 Income from Other Discontinued Operations		-	-	-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19.1 Loss from Assets Held for Sale		-	-	-	-
19.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-	-	-
19.3 Loss from Other Discontinued Operations		-	-	-	-
<b>XX. INCOME / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1 Provision for Current Taxes		-	-	-	-
21.2 Provision for Deferred Taxes		-	-	-	-
<b>XXII. NET INCOME / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII. NET INCOME / LOSS (XVII+XXII)</b>	<b>(11)</b>	<b>210.033</b>	<b>180.360</b>	<b>70.855</b>	<b>64.023</b>
23.1 Group's Income/Loss		210.033	180.360	70.855	64.023
23.2 Minority Interest		-	-	-	-
Earnings Per Share (Full TL)		0,233	0,200	0,079	0,071

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**

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	THOUSAND TURKISH LIRA			
	CURRENT PERIOD (01/01/2015-30/09/2015)	PRIOR PERIOD (01/01/2014-30/09/2014)	CURRENT PERIOD (01/07/2015-30/09/2015)	PRIOR PERIOD (01/07/2014-30/09/2014)
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(4.215)	8.529	(177)	(7.469)
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	5.981	789	4.735	999
V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-	-	-
VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-	-	-
VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-	-	-	(11)
VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED UNDER EQUITY IN ACCORDANCE WITH TAS	-	223	-	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	843	(1.750)	35	1.494
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	2.609	7.791	4.593	(4.987)
XI. PROFIT/LOSS	210.033	180.360	70.855	64.023
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	210.033	180.360	70.855	64.023
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE PERIOD (X±XI)	212.642	188.151	75.448	59.036

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

(Convenience translation of the limited review report and financial statements originally issued in Turkish - See section three Note XXIV)

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(THOUSAND TURKISH LIRA)

CHANGES IN SHAREHOLDERS' EQUITY	Notes (Section Five)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Years Net Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc.op.	Total Equity
PRIOR PERIOD (01/01/2014-30/09/2014)																	
I.	Beginning balance	(V) 900.000	-	-	-	59.602	-	202.043	810	240.973	1.434	(4.742)	96.712	-	-	-	1.496.832
II.	Changes In Period Increase/Decrease Related to Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Hedging Funds (Effective Portion)	-	-	-	-	-	-	-	-	-	-	6.824	-	-	-	-	6.824
4.1	Cash-Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge Of Net Investment in Foreign Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences	-	-	-	-	-	-	-	789	-	-	-	-	-	-	-	789
IX.	Changes Related to the Disposal Of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Related to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The Effect of Change in Associate's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Issue Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Inflation Adjustment to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	658	-	4.462	-	(1.809)	-	-	-	3.311
XVII.	Period Net Income/(Loss)	-	-	-	-	-	-	-	-	180.360	-	-	-	-	-	-	180.360
XVIII.	Profit Distribution	-	-	-	-	-	-	-	196.350	(240.973)	981	-	-	-	-	-	(31.500)
18.1	Dividends Distributed	-	-	-	-	-	-	-	-	-	(31.500)	-	-	-	-	-	(31.500)
18.2	Transfers To Reserves	-	-	-	-	-	-	-	-	-	(208.492)	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	(240.973)	240.973	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	71.744	-	398.393	2.257	180.360	6.877	2.082	94.903	-	-	-	1.656.616

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

(Convenience translation of the limited review report and financial statements originally issued in Turkish - See section three Note XXIV)

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(THOUSAND TURKISH LIRA)

CHANGES IN SHAREHOLDERS' EQUITY	Notes (Section Five)	Paid-in Capital	Effect of Inflation Accounting on Capital	Share Premium	Share Certificate Cancellation	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Years Net Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Investments	Hedging Reserves	Accumulated Valuation Differences on Assets Held For Sale and Disc.op.	
CURRENT PERIOD (01/01/2015-30/09/2015)																	
I.	Beginning balance	(V) 900.000	-	-	-	71.744	-	398.393	(2.973)	248.147	7.480	10.035	153.179	-	-	-	1.786.005
II.	Changes In Period Increase/Decrease Related to Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Hedging Funds (Effective Portion)	-	-	-	-	-	-	-	-	-	-	(3.372)	-	-	-	-	(3.372)
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes Related to the Disposal Of Assets	-	-	-	-	-	-	-	5.981	-	-	-	-	-	-	-	5.981
X.	Changes Related to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The Effect of Change in Associate's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Issue Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Inflation Adjustment to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	19	-	1.538	-	(4.521)	-	-	-	-
XVII.	Period Net Income/(Loss)	-	-	-	-	-	-	-	-	210.033	-	-	-	-	-	-	(2.964)
XVIII.	Profit Distribution	-	-	-	-	13.030	-	213.364	-	(248.147)	(12.447)	-	-	-	-	-	210.033
18.1	Dividends Distributed	-	-	-	-	-	-	-	-	-	(34.200)	-	-	-	-	-	(34.200)
18.2	Transfers To Reserves	-	-	-	-	13.030	-	213.364	-	-	(226.394)	-	-	-	-	-	(34.200)
18.3	Other	-	-	-	-	-	-	-	-	(248.147)	248.147	-	-	-	-	-	-
Closing Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	84.774	-	611.757	3.027	210.033	(3.429)	6.653	148.658	-	-	-	1.951.483

The accompanying explanations and notes are an integral part of these financial statements.  
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**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

		THOUSAND TURKISH LIRA	
STATEMENT OF CASH FLOWS		CURRENT PERIOD (01/01/2015-30/09/2015)	PRIOR PERIOD (01/01/2014-30/09/2014)
	Notes		
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes In Operating Assets And Liabilities</b>		<b>975.736</b>	<b>411.426</b>
1.1.1 Profit Share Income Received		1.217.165	895.511
1.1.2 Profit Share Expense Paid		(705.715)	(510.653)
1.1.3 Dividend Received		10	174
1.1.4 Fees and Commissions Received		94.198	194.146
1.1.5 Other Income		87.440	55.709
1.1.6 Collections from Previously Written Off Loans	(V-I-5,h2)	50.486	33.252
1.1.7 Payments to Personnel and Service Suppliers		(263.586)	(210.097)
1.1.8 Taxes Paid		(57.909)	(66.768)
1.1.9 Others	(V-VI-3)	553.647	20.152
<b>1.2 Changes In Operating Assets And Liabilities</b>		<b>(325.768)</b>	<b>(326.386)</b>
1.2.1 Net (Increase) Decrease in Available For Sale Financial Assets		(15.490)	(1)
1.2.2 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.3 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(675.861)	(444.715)
1.2.4 Net (Increase) Decrease in Loans		(2.658.670)	(2.650.991)
1.2.5 Net (Increase) Decrease in Other Assets		(262.600)	(42.193)
1.2.6 Net Increase (Decrease) in Funds Collected From Banks		397.310	342.445
1.2.7 Net Increase (Decrease) in Other Funds Collected		2.312.916	2.309.991
1.2.8 Net Increase (Decrease) in Funds Borrowed		111.778	27.000
1.2.9 Net Increase (Decrease) in Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(V-VI-3)	464.849	132.078
<b>I. Net Cash Flow From Banking Operations</b>		<b>649.968</b>	<b>85.040</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Flow From Investing Activities</b>		<b>(260.580)</b>	<b>(321.150)</b>
2.1 Cash Paid for Acquisition of Jointly Controlled Operations, Associates and Subsidiaries		(5.000)	(5.000)
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Fixed Assets Purchases		(46.242)	(31.593)
2.4 Fixed Assets Sales		6.741	6.859
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		(452.177)	(374.194)
2.6 Cash Obtained from Sale of Financial Assets Available for Sale		151.081	27.814
2.7 Cash Paid for Purchase of Investment Securities	(V-I-6)	(391.427)	-
2.8 Cash Obtained from Sale of Investment Securities	(V-I-6)	476.444	54.964
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Flow From Financing Activities</b>		<b>1.002.209</b>	<b>1.175.207</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		5.402.275	4.218.367
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(4.365.866)	(3.011.660)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		(34.200)	(31.500)
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(V-VI-3)	<b>250.792</b>	<b>74.573</b>
<b>V. Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>1.642.389</b>	<b>1.013.670</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	(V-VI-i)	<b>2.383.932</b>	<b>1.881.992</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>	(V-VI-ii)	<b>4.026.321</b>	<b>2.895.662</b>

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 as of September 30, 2015 (Currency - Thousand Turkish Lira)**

#### **Section three**

#### **Accounting policies**

##### **I. Explanations on basis of presentation:**

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

The 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 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced 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 28 June 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 and real estates carried at fair value.

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

Accounting policies and valuation methods used in the preparation of financial statements have been applied as specified in the related communiqués, pronouncements and regulations of TAS and BRSA for the year ended December 31, 2014. Consolidated financial statements as of September 30, 2015 have been prepared by accounting for Katılım Emeklilik ve Hayat A.Ş. using equity Method and Bereket Varlık Kiralama A.Ş. and Albaraka Gayrimenkul Portföy Yönetimi A.Ş. using full consolidation method. The accounting policies and valuation principles used in the preparation of consolidated financial statements are explained between in Notes II and XXIII below.

TAS/TFRS changes which are effective from January 1, 2015 do not have a significant effect on the Group's accounting policies, financial position or performance. As of the date of financial statements, TAS/TFRS changes which are announced but not yet effective do not have a significant effect on the Group's accounting policies, financial position or performance.

The effects of changes in TAS and TFRS standards, except from TFRS 9 "Financial Instruments" (version 2011), which has been published as of reporting date but has not been implemented yet, will have no significant impact on the accounting policies, financial condition and performance of the Group. The Group assesses the impact of TFRS 9 Financial Instruments standard. TFRS 9 will have an effect on the classification and measurement of financial statements. However, as the impact of adoption depends on the assets held by the Group at the date of adoption itself, potential effect has not been quantified yet.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements  
as of September 30, 2015  
(Currency - Thousand Turkish Lira)**

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

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

"Communiqué related to Changes in Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated January 23, 2011 and numbered 27824 has set out the financial statement formats for the banks which selected to early adopt TFRS 9 (In accordance with the Communiqué related to Changes in Communiqué on TFRS 9 "Financial Instruments" published in the Official Gazette dated April 7, 2015 numbered 29319, the effective date of the mentioned Communiqué has been changed as December 31, 2014 which is planned to be applied after 31 December 2017.) "Financial Instruments" before January 1, 2018. Since the Parent Bank has not chosen to early adopt TFRS 9, the accompanying financial statements have been prepared in accordance with the financial statements in the appendix of "Communiqué on Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" published in the Official Gazette dated June 28, 2012 and numbered 28337.

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

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

The 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.

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

## **ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

### **Notes related to consolidated financial statements as of September 30, 2015 (Currency - Thousand Turkish Lira)**

#### **II. Explanations on strategy of using financial instruments and foreign currency transactions (continued):**

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

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) 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.

#### **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:

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

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### Notes related to consolidated financial statements as of September 30, 2015 (Currency - Thousand Turkish Lira)

#### 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 Group.

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/Türkiye	Sukuk Issue	100,00	100,00
Albaraka Gayrimenkul Portföy Yönetimi A.Ş. (*)	Istanbul/Türkiye	Real Estates Investment Fund Foundation and Management	100,00	100,00

(\*) The company's real estate portfolio management license is on the stage of decision making as of September 30, 2015.

##### c) Presentation of unconsolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in unconsolidated 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.

When the cost of associates and subsidiaries is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

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

The derivative financial instruments of the Group consist of forward foreign currency and swap agreements. The Group records the spot foreign currency transactions in asset purchase and sale commitments.

The Group's derivative transactions, even though they provide effective economic hedges under the Group's risk management policy, do not qualify for hedge accounting under the specific rules in "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" and are therefore treated as "financial instruments at fair value through profit or loss" and the related gain or loss is associated with income statement.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

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**IV. Explanations on forward, option contracts and derivative instruments (continued):**

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.

**V. Explanations on profit share income and expenses:**

*Profit share income*

Profit share income is accounted in accordance with "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" by using internal rate of return method that equalizes the future cash flows of the financial instrument to the net present value. Profit share income is recognized on accrual basis.

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

In accordance with the "Communiqué of Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans" dated November 1, 2006 and numbered 26333, the profit share accruals of non-performing loans and other receivables are reversed and are recorded as profit share income when collected.

*Profit share expense*

The 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 'Miscellaneous Payables' in the balance sheet. The commission received from cash loans corresponding to the current period is presented in "Profit Share from Loans" in the income statement.

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

## **ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

### **Notes related to consolidated financial statements as of September 30, 2015 (Currency - Thousand Turkish Lira)**

#### **VII. Explanations on financial assets:**

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

#### **Financial assets at fair value through profit or loss:**

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

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

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

The 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 September 30, 2015, the Parent Bank has no financial assets classified as financial assets at fair value through profit or loss except for trading financial assets.( December 31, 2014 : None.)

#### **Financial assets available for sale:**

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

#### **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.

## **ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

### **Notes related to consolidated financial statements as of September 30, 2015 (Currency - Thousand Turkish Lira)**

#### **VII. Explanations on financial assets (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.

#### **VIII. 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 Group 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.

#### **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 Group has no such offset of financial assets and liabilities.

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

Securities subject to repurchase agreement are classified as "at fair value through profit or loss", "available-for-sale" and "held-to-maturity" according to the investment purposes of the 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 no securities lending transactions.

**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 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 no discontinued operations.

**XII. Explanations on goodwill and other intangible assets:**

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Intangible Assets". As of the balance sheet date, there is no goodwill in the financial statements of the Parent Bank. The Parent's Bank intangible assets consist of softwares and intangible rights. The Bank has started to use the new core banking system on June 19, 2015 after waiving the prior core banking system and useful live of the new banking system has been determined as 3 years.

The costs of the intangible assets purchased before December 31, 2004 have been restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the 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 immovables in accordance (TAS 16) and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2014, the 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 in accordance with TAS 16.

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

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

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

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

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

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 CMB licensed firms in accordance with TFRS 13.

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

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

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**XIV. Explanations on leasing transactions:**

*Transactions as a lessee*

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

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

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

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

*Transactions as a lessor*

The 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. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

**XV. Explanations on provisions and contingent liabilities:**

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

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

Provision is booked for contingent liabilities originated as a result of past events in the period they arise if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

**XVI. 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 due to resignation or for reasons other than misconduct. 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.

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**XVI. Explanations on liabilities regarding employee rights (continued):**

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.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

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

As of September 30, 2015, the Parent Bank does not have any actuarial gain/loss. (December 31, 2014: TL 6.958 actuarial loss).

ii) *Defined contribution plans:*

The Group pays defined contribution plans to publicly administered Social Security Funds for its employees. The Group has no further payment obligations other than this contribution share. The contributions are recognized as personnel expenses when they accrue.

iii) *Short term benefits to employees:*

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

**XVII. Explanations on taxation:**

**Current tax:**

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

In accordance with the Corporate Tax Law numbered 5520 published in the Official Gazette numbered 26205 dated June 21, 2006, the corporation tax rate effective from January 1, 2006 is 20%.

Turkish tax Legislation does not enable parent company to file tax returns on the basis of consolidated financial statement including subsidiaries and associates. Therefore, tax provisions presented in the related financial statements are calculated separately for all companies subject to full consolidation.

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 the corporate rate of 20% which must be announced by the 14th day and paid by the 17th day of the second month following the taxed period. The prepaid taxes can be deducted from the annual corporate tax calculated on the annual corporate income. The remaining prepaid tax, if any after deduction, can be refunded in cash or deducted from other financial liabilities to the government.

75% of the profits generated from the sale of properties and share certificates of which the Bank held possession for two years or more, are exempt from corporate tax if added to the capital or accounted under shareholders' equity as a special fund for 5 years according to the Corporate Tax Law.

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

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

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

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

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

**Deferred tax:**

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

In accordance with TAS 12, deferred tax assets and liabilities arising from subsidiaries subject to consolidation are netted off in the subsidiaries' financial statements and presented in the assets and liabilities separately.

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

**Transfer pricing:**

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

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

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**XVIII. Additional explanations on borrowings:**

The Group records borrowings in accordance with (TAS 39) "Financial Instruments: Recognition and Measurement". Borrowings, except for funds collected, are recognized at amortized cost using the effective internal rate of return method in the following periods after the initial recognition.

There are no debt securities issued by the Bank. The Group has issued borrowings through its subsidiary Bereket Varlık Kiralama A.Ş.

The Group has not issued convertible bonds.

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

None.

**XX. 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.

**XXI. Explanations on government grants:**

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

**XXII. Explanations on segment reporting:**

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

Segment reporting is disclosed in Section Four, Note XIII.

**XXIII. Explanations on other matters:**

None.

**XXIV. 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**

##### **I. Explanations on the consolidated capital adequacy standard ratio:**

Capital adequacy ratio calculations are made in accordance with "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" (Regulation) published in the Official Gazette numbered 28337 dated June 28, 2012 starting from July 1, 2012. As of September 30, 2015, the Group's consolidated capital adequacy ratio calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" is 12,01% (Parent Bank 12,11%) (December 31, 2014 13,89 : Consolidated %; December 31,2014 14,15: % Parent Bank).

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

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", published in the Official Gazette numbered 28337 dated June 28, 2012, "Regulation on Credit Risk Mitigation Techniques" published in the Official Gazette numbered 29111 dated September 6, 2014 and the "Regulation on the Equity of Banks" published in the Official Gazette numbered 28756 dated September 5, 2013.

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

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

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

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

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

**b) Information on consolidated capital adequacy standard ratio:**

Parent Bank									
	%0	%10	%20	%50	%75	%100	%150	%200	%250
<b>Value at Credit Risk</b>	<b>6.703.051</b>	<b>-</b>	<b>2.721.110</b>	<b>6.619.821</b>	<b>2.925.323</b>	<b>11.884.669</b>	<b>61.532</b>	<b>55.666</b>	<b>-</b>
<b>Risk Categories</b>									
Receivables from central governments or central banks	5.707.547	-	-	157.274	-	-	-	-	-
Receivables from regional or local Governments	-	-	42.037	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	925	-	-	-
Receivables from multilateral development banks	62	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	4.150	-	2.203.526	111.660	-	218.328	-	-	-
Receivables from corporates	169.010	-	421.431	111.326	-	10.945.160	-	-	-
Retail receivables	75.059	-	53.641	-	2.925.323	-	-	-	-
Receivables secured by mortgages on property	-	-	-	6.239.561	-	13.996	-	-	-
Past due receivables	-	-	-	-	-	68.763	29.447	-	-
Receivables defined in high risk category by BRSA	837	-	475	-	-	-	32.085	55.666	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	746.386	-	-	-	-	637.497	-	-	-

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

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Notes related to consolidated financial statements  
as of September 30, 2015  
(Currency - Thousand Turkish Lira)

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

	Consolidated								
	%0	%10	%20	%50	%75	%100	%150	%200	%250
<b>Value at Credit Risk</b>	<b>6.703.074</b>	<b>-</b>	<b>2.721.109</b>	<b>6.587.509</b>	<b>2.925.323</b>	<b>11.871.157</b>	<b>61.532</b>	<b>55.666</b>	<b>-</b>
<b>Risk Categories</b>									
Receivables from central governments or central banks	5.707.547	-	-	157.274	-	-	-	-	-
Receivables from regional or local Governments	-	-	42.037	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	925	-	-	-
Receivables from multilateral development banks	62	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	4.150	-	2.203.526	111.660	-	218.328	-	-	-
Receivables from corporates	169.010	-	421.430	79.014	-	10.945.161	-	-	-
Retail receivables	75.059	-	53.641	-	2.925.323	-	-	-	-
Receivables secured by mortgages on property	-	-	-	6.239.561	-	13.996	-	-	-
Past due receivables	-	-	-	-	-	68.763	29.447	-	-
Receivables defined in high risk category by BRSA	837	-	475	-	-	-	32.085	55.666	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	746.409	-	-	-	-	623.984	-	-	-

### c) Summary information related to consolidated capital adequacy standard ratio:

	CONSOLIDATED		PARENT BANK	
	Current Period	Prior Period(*)	Current Period	Prior Period(*)
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	1.448.540	1.166.055	1.450.914	1.167.538
Capital Requirement for Market Risk (MRCR)	10.790	13.258	10.776	13.258
Capital Requirement for Operational Risk (ORCR)	125.290	117.410	114.795	95.440
Shareholders' Equity	2.378.130	2.251.754	2.385.486	2.256.680
Shareholders' Equity/((CRCR+MRCR+ORCR)*12,5*100)	%12,01	%13,89	%12,11	%14,15
Core Capital/((CRCR+MRCR+ORCR)*12,5)*100	%9,49	%10,59	%9,58	%10,80
Tier I Capital/((CRCR+MRCR+ORCR)*12,5)*100	%9,62	%10,72	%9,71	%10,92

(\*) Equity calculation has changed as per the "Regulation on Equities of Banks" applicable as of January 1, 2015, figures belonging to prior period are calculated as per former regulation.

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Notes related to consolidated financial statements As of September 30, 2015 (Currency - Thousand Turkish Lira)

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

##### ç) Details of consolidated shareholders' equity accounts:

Current period equity amount is calculated as per "Regulation on Equities of Banks" applicable as of January 1, 2015 published in Official gazette dated September 5, 2013 numbered 28756.

	September 30, 2015
<b>Tier I capital</b>	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	696.531
Other Comprehensive Income according to TAS	163.578
Profit	206.604
Current Period Profit	210.033
Prior Period Profit	(3.429)
General Reserves for Possible Losses	88
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Minority Interest	-
<b>Tier I capital before deductions</b>	<b>1.966.801</b>
<b>Deductions from tier I capital</b>	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	5.230
Leasehold Improvements on Operational Leases (-)	37.761
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	17.601
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
<b>Total deductions from tier I capital</b>	<b>60.592</b>
<b>Total tier I capital</b>	<b>1.906.209</b>
<b>Additional core capital</b>	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
<b>Additional core capital before deductions</b>	-
<b>Deductions from additional core capital</b>	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
<b>Total deductions from additional core capital</b>	-
<b>Total additional core capital</b>	-

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements**

**As of September 30, 2015**

(Currency - Thousand Turkish Lira)

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

**Deductions from core capital**

Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) 26.399

Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) -

**Total core capital 1.879.810**

**Tier II capital**

Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014) -

Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014) 420.300

Pledged Assets of the Shareholders to be used for the Bank's Capital Increases -

General Provisions 82.289

Third parties' share in the Tier II Capital -

**Tier II capital before deductions 502.589**

**Deductions from tier II capital**

Direct and Indirect Investments of the Bank on its own Tier II Capital (-) -

Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) -

The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-) -

Other items to be Defined by the BRSA (-) -

**Total deductions from tier II capital -**

**Total tier II capital 502.589**

**Capital 2.382.399**

Loans Granted against the Articles 50 and 51 of the Banking Law (-) -

Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-) 2.081

Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-) -

Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) -

Other items to be Defined by the BRSA (-) 2.188

The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-) -

The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-) -

The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-) -

**Equity 2.378.130**

**Amounts lower than excesses as per deduction rules**

Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital -

Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital -

Remaining Mortgage Servicing Rights -

Net Deferred Tax Assets arising from Temporary Differences 18.728

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements**  
**As of September 30, 2015**  
**(Currency - Thousand Turkish Lira)**

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

	December 31, 2014
<b>Tier I capital</b>	
Paid-in Capital to be Entitled for Compensation after All Creditors	900.000
Share Premium	-
Share Cancellation Profits	-
Reserves	470.137
Other Comprehensive Income according to TAS	165.472
Profit	255.627
Current Period Profit	248.147
Prior Period Profit	7.480
General Reserves for Possible Losses	88
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Minority Interest	-
<b>Tier I capital before deductions</b>	<b>1.791.324</b>
<b>Deductions from tier I capital</b>	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	5.231
Leasehold Improvements on Operational Leases (-)	43.470
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	5.082
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
<b>Total deductions from tier I capital</b>	<b>53.783</b>
<b>Total tier I capital</b>	<b>1.737.541</b>
<b>Additional core capital</b>	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
<b>Additional core capital before deductions</b>	-
<b>Deductions from additional core capital</b>	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
<b>Total deductions from additional core capital</b>	-
<b>Total additional core capital</b>	-

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Notes related to consolidated financial statements

As of September 30, 2015

(Currency - Thousand Turkish Lira)

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

##### Deductions from core capital

Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) 20.326

Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) -

**Total core capital 1.717.215**

##### Tier II capital

Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014) -

Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014) 467.000

Pledged Assets of the Shareholders to be used for the Bank's Capital Increases -

General Provisions 70.947

Third parties' share in the Tier II Capital -

**Tier II capital before deductions 537.947**

##### Deductions from tier ii capital

Direct and Indirect Investments of the Bank on its own Tier II Capital (-) -

Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) -

The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-) -

Other items to be Defined by the BRSA (-) -

**Total deductions from tier II capital -**

**Total tier II capital 537.947**

**Capital 2.255.162**

Loans Granted against the Articles 50 and 51 of the Banking Law (-) -

Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-) 1.408

Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-) -

Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) -

Other items to be Defined by the BRSA (-) 2.000

The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-) -

The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-) -

The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-) -

**Equity 2.251.754**

##### Amounts lower than excesses as per deduction rules

Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital -

Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital -

Remaining Mortgage Servicing Rights -

Net Deferred Tax Assets arising from Temporary Differences 7.375

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Notes related to consolidated financial statements

As of September 30, 2015

(Currency - Thousand Turkish Lira)

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

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

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

##### e) Details on Subordinated Liabilities :

Issuer	ABT Sukuk Ltd.
Unique Identifier	-
Governing Law(s) of the Instrument	English Law
Special Consideration in the Calculation of Equity	
As of January 1, 2015 consideration to be subject to a 10% reduction application status	Yes
Eligible at Unconsolidated / Consolidated	Unconsolidated / Consolidated
Instrument Type	Sukuk Murabaha
Amount recognized in regulatory capital (as of most recent reporting date)	TL 420.300
Par Value of Instrument	TL 600.000
Accounting Classification	Subordinated Loan
Original date of Issuance	May 7 2013
Perpetual or dated	Dated
Maturity date	May 7 2023
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date : 07.05.2018 Total Repayment Amount Including Profit Share : USD.77.500.000,- Repayment Period: Principal Payment for 6 months USD.69.750.000
Subsequent call dates	-
Profit Share / Dividends	
Fixed or floating profit share / dividend	Fixed
Profit share rate and any related index	7,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or Non-convertible	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners
In compliance with article number 7 and 8 of "Own fund regulation"	No
Details of incompliances with article number 7 and 8 of "Own fund regulation"	8,2,ğ

## **ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements**  
**As of September 30, 2015**  
(Currency - Thousand Turkish Lira)

### **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 market risk:**

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

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

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

#### **a) Information related to consolidated market risk:**

	<b>Amount</b>
(I) Capital requirement to be employed for general market risk - standard method	62
(II) Capital requirement to be employed for specific risk - standard method	62
Capital requirement against specific risks of securitisation positions- standard method	-
(III) Capital requirement to be employed for currency risk - standard method	8.872
(IV) Capital requirement to be employed for commodity risk - standard method	-
(V) Capital requirement to be employed for swap risk - standard method	-
(VI) Capital requirement to be employed for market risk of options - standard method	-
(VII) Capital requirement against counterparty credit risks - standard method	1.794
(VIII) Capital requirement to be employed for market risks of banks using risk measurement model	-
(IX) Total capital requirement to be employed for market risk (I+II+III+IV+V+VI+VII)	10.790
(X) Amount subject to market risk (12,5 X VIII) or (12,5 x IX)	134.875

#### **b) Average market risk table concerning market risk calculated as of month ends during the period:**

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

### **IV. Explanations on consolidated operational risk:**

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

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

### Notes related to consolidated financial statements

As of September 30, 2015

(Currency - Thousand Turkish Lira)

#### V. Explanations on consolidated currency risk:

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

- 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.
- The Group does not have any derivative financial instruments held for hedging purposes.
- 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.
- 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, 2015 - Balance sheet evaluation rate	3,000	3,352
As of September 29, 2015	3,000	3,369
As of September 28, 2015	3,010	3,372
As of September 23, 2015	2,980	3,316
As of September 22, 2015	2,990	3,327
As of September 21, 2015	2,970	3,326

- 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 full TL 2,969 for 1 USD (December 2014 : full TL 2,272), full TL 3,332 for 1 EURO (December 2014 : full TL 2,794).

#### Foreign currency sensitivity:

The Group is mainly exposed to EUR and USD currency risks.

The following table details the Group's sensitivity to a 10% change in the USD and EURO rates. A negative amount indicates a decrease effect in profit/loss or equity of the 10% value decrease/increase of USD and EUR against TL.

% Change in foreign currency rate		Effect on profit / loss		Effect on equity	
		September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
USD	10% increase	6.505	6.042	(217)	88
USD	10% decrease	(6.505)	(6.042)	217	(88)
EURO	10% increase	829	(294)	-	-
EURO	10% decrease	(829)	294	-	-

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

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

Current Period	EUR	USD	Other FC(*)	Total
<b>Assets</b>				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	641.273	2.831.717	479.910	3.952.900
Banks	206.790	1.270.887	108.866	1.586.543
Financial assets at fair value through profit and loss	-	20.139	-	20.139
Money market placements	-	-	-	-
Available-for-sale financial assets	139	198.117	-	198.256
Loans and financial lease receivables(**)	2.799.423	6.006.391	3.691	8.809.505
Subsidiaries, associates and joint ventures	-	-	-	-
Held-to-maturity investments	-	-	-	-
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	1.556	1.556
Intangible assets	-	-	555	555
Other assets (***)	780	2.323	1.283	4.386
<b>Total assets</b>	<b>3.648.405</b>	<b>10.329.574</b>	<b>595.861</b>	<b>14.573.840</b>
<b>Liabilities</b>				
Current account and funds collected from banks via participation accounts	411.042	377.659	8.737	797.438
Other current and profit sharing accounts	2.328.918	5.887.658	310.824	8.527.400
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	878.160	3.132.678	-	4.010.838
Marketable securities issued	-	1.033.670	-	1.033.670
Miscellaneous payables	18.066	83.125	75.038	176.229
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	1.917	6.331	24	8.272
<b>Total liabilities</b>	<b>3.638.103</b>	<b>10.521.121</b>	<b>394.623</b>	<b>14.553.847</b>
<b>Net balance sheet position</b>	<b>10.302</b>	<b>(191.547)</b>	<b>201.238</b>	<b>19.993</b>
<b>Net off balance sheet position</b>	<b>(2.010)</b>	<b>256.597</b>	<b>(213.066)</b>	<b>41.521</b>
Derivative financial instruments assets(****)	13.577	274.164	2.216	289.957
Derivative financial instruments liabilities(****)	15.587	17.567	215.282	248.436
Non-cash loans (*****)	1.403.118	3.224.134	35.802	4.663.054
<b>Prior Period</b>				
Total assets	2.598.470	7.739.710	417.265	10.755.445
Total liabilities	2.601.411	7.679.287	370.529	10.651.227
<b>Net balance sheet position</b>	<b>(2.941)</b>	<b>60.423</b>	<b>46.736</b>	<b>104.218</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Derivative financial instruments assets	-	-	-	-
Derivative financial instruments liabilities	-	-	-	-
Non-cash loans(*****)	1.130.253	2.775.456	23.435	3.929.144

(\*) TL 472.235 of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 1.243 of the balance in Banks in other FC column represent precious metals accounts with banks, TL 261.546 of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(\*\*) The balance includes foreign currency indexed loans and financial lease receivables of TL 5.643.216 (December 31, 2014: TL 4.720.625).

(\*\*\*) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 783 (December 31, 2014: TL 873) is included in other assets.

(\*\*\*\*) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 55.597 and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 34.199 (December 31, 2014: foreign currency purchase commitment: none, foreign currency sale commitment: none)

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

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

The Parent Bank does not have an associate and subsidiary quoted at Borsa İstanbul.

**VII. Explanations on consolidated liquidity risk:**

In the banking sector, liquidity risk mainly arises from average maturity of sources being shorter than average maturity of utilizations. The Parent Bank acts in a conservative manner in liquidity management and keeps necessary reserves to meet the liquidity requirements. The Bank utilizes some of its sources in short term foreign investments; receivables from loans are generally collected in monthly installments.

The Parent Bank collects funds through profit/loss sharing accounts for which the profit share rate is not predetermined and repayment of principal is not guaranteed and share of profit/loss on projects funded from these accounts are allocated to such profit/loss sharing accounts. Accordingly, the Parent Bank's assets and liabilities and profit share ratios are compatible.

The Parent Bank covers TL and Foreign Currency (FC) liquidity needs mostly by the funds collected and also utilizes Syndicated Murabaha Loans and wakala borrowings from abroad. Moreover, the Bank takes care to keep the assets in short term liquid assets and prolong average maturity of the liabilities.

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

Liquidity coverage ratios are calculated weekly and monthly starting from 1 January 2015 as per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette no. 28948, dated 21 March 2014. Liquidity coverage ratios should be at least 40% for foreign currency denominated assets and liabilities and 60% for total assets and liabilities for 2015. Liquidity coverage ratios for the nine month period of 2015 are as follows:

	CURRENT PERIOD		PRIOR PERIOD (*)	
	FC	FC+TL	FC	FC+TL
<b>Average ( % )</b>	313,77	211,33	125,76	111,81

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

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**VII. 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
<b>Current Period</b>								
<b>Assets</b>								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	1.861.722	3.068.565	-	-	-	-	-	4.930.287
Banks	1.664.810	445.569	56.148	-	-	-	-	2.166.527
Financial Assets at Fair Value Through Profit and Loss	773	11.131	9.197	-	-	-	-	21.101
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	2.224	5.699	22.410	425.440	451.788	31.330	-	938.891
Loans (*)	-	2.009.107	2.248.689	5.964.736	8.226.886	600.975	348.452	19.398.845
Held-To-Maturity Investments	-	-	-	350.091	395.491	-	-	745.582
Other Assets	-	-	9	3.700	2.901	-	959.801	966.411
<b>Total Assets</b>	<b>3.529.529</b>	<b>5.540.071</b>	<b>2.336.453</b>	<b>6.743.967</b>	<b>9.077.066</b>	<b>632.305</b>	<b>1.308.253</b>	<b>29.167.644</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	138.917	467.872	196.881	16.794	-	-	-	820.464
Other current and profit sharing accounts	3.603.639	12.733.311	1.951.314	1.313.982	9.967	-	-	19.612.213
Funds provided from other financial institutions and subordinated loans	-	379.377	444.431	975.238	1.819.699	392.093	-	4.010.838
Money Market Borrowings	-	451.153	-	-	-	-	-	451.153
Marketable securities issued	-	-	-	-	1.033.670	-	-	1.033.670
Miscellaneous payables	-	148.483	27.605	9.119	-	-	787.858	973.065
Other liabilities	-	33.489	13.343	-	-	-	2.219.409	2.266.241
<b>Total Liabilities</b>	<b>3.742.556</b>	<b>14.213.685</b>	<b>2.633.574</b>	<b>2.315.133</b>	<b>2.863.336</b>	<b>392.093</b>	<b>3.007.267</b>	<b>29.167.644</b>
<b>Net Liquidity Gap</b>	<b>(213.027)</b>	<b>(8.673.614)</b>	<b>(297.121)</b>	<b>4.428.834</b>	<b>6.213.730</b>	<b>240.212</b>	<b>(1.699.014)</b>	<b>-</b>
<b>Prior period</b>								
Total Assets	1.959.555	4.760.268	2.379.007	5.448.846	7.300.800	505.655	660.354	23.014.485
Total Liabilities	3.375.771	11.277.161	2.143.386	2.552.411	998.095	304.134	2.363.527	23.014.485
<b>Net Liquidity Gap</b>	<b>(1.416.216)</b>	<b>(6.516.893)</b>	<b>235.621</b>	<b>2.896.435</b>	<b>6.302.705</b>	<b>201.521</b>	<b>(1.703.173)</b>	<b>-</b>

(\*) Leasing receivables are included under loans. Unallocated amount represents the amount arising from advances granted for uninvoiced leasing receivables and net non-performing loans transactions.

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

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

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#### VII. Explanations on consolidated liquidity risk (continued):

##### Analysis of financial liabilities based on the remaining contractual maturities:

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
<b>Current period</b>							
Funds Collected	3.742.556	13.201.183	2.148.195	1.330.776	9.967	-	20.432.677
Funds Borrowed from Other Financial Institutions and subordinated loans	-	429.519	455.401	1.086.838	1.971.829	530.250	4.473.837
Marketable securities issued	-	-	32.264	64.528	1.193.761	-	1.290.553
Borrowings from Money Markets	-	451.218	-	-	-	-	451.218
<b>Total</b>	<b>3.742.556</b>	<b>14.081.920</b>	<b>2.635.860</b>	<b>2.482.142</b>	<b>3.175.557</b>	<b>530.250</b>	<b>26.648.285</b>
<b>Prior period</b>							
Funds Collected	3.375.771	10.354.741	1.764.251	1.137.498	10.793	-	16.643.054
Funds Borrowed from Other Financial Institutions and subordinated loans	-	642.655	331.791	1.443.956	336.677	430.807	3.185.886
Marketable securities issued	-	276	-	49.752	993.870	-	1.043.898
Borrowings from Money Markets	-	116.740	-	-	-	-	116.740
<b>Total</b>	<b>3.375.771</b>	<b>11.114.412</b>	<b>2.096.042</b>	<b>2.631.206</b>	<b>1.341.340</b>	<b>430.807</b>	<b>20.989.578</b>

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Unallocated	Total
<b>Current Period</b>								
Letters of guarantee (*)	3.905.982	122.889	486.853	2.145.707	1.121.254	60.963	-	7.843.648
Bank acceptances	27.443	-	-	-	-	-	-	27.443
Letters of credit	621.044	250	3.817	603	300	-	-	626.014
Other commitments and contingencies	361.121	-	-	-	-	-	-	361.121
<b>Total</b>	<b>4.915.590</b>	<b>123.139</b>	<b>490.670</b>	<b>2.146.310</b>	<b>1.121.554</b>	<b>60.963</b>	<b>-</b>	<b>8.858.226</b>
<b>Prior Period</b>								
Letters of guarantee (*)	3.523.368	174.087	388.300	1.622.644	1.138.964	25.278	-	6.872.641
Bank acceptances	33.055	-	-	-	-	-	-	33.055
Letters of credit	537.894	39.456	2.227	4.627	5.066	-	-	589.270
Other commitments and contingencies	-	583.543	-	-	-	-	-	583.543
<b>Total</b>	<b>4.094.317</b>	<b>797.086</b>	<b>390.527</b>	<b>1.627.271</b>	<b>1.144.030</b>	<b>25.278</b>	<b>-</b>	<b>8.078.509</b>

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

#### VIII. Explanations on consolidated securitisation positions:

None. (December 31, 2014: None).

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**IX. Explanations on consolidated credit risk mitigation techniques:**

On and off balance sheet offsetting agreements are not utilized.

The risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at September 6, 2014 are stated below:

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

The credibility of guarantors is monitored and evaluated within the framework of credit revision periods. Collaterals obtained by the Parent Bank are reviewed and appraised in accordance with related legislation as long as the credit relationship is outstanding.

If there are indicators on significant decreases of real estate's value in comparison to general market prices, the real estate's valuation is performed by the authorised valuation corporations authorised by Banking Regulation and Supervision Agency or Capital Markets Board of Turkey.

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

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

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

**Collaterals in terms of Risk Categories:**

Risk Categories	Amount(*)	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Receivables from central governments or central banks	5.864.821	-	-	-
Receivables from regional or local governments	42.037	-	-	-
Receivables from administrative units and non-commercial enterprises	925	-	-	-
Receivables from multilateral development banks	62	-	-	-
Receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	2.537.664	-	-	-
Receivables from corporates	11.614.615	516.835	-	7.111
Retail receivables	3.054.023	128.700	-	10.112
Receivables secured by mortgages on property	6.253.557	-	-	-
Past due receivables	98.210	-	-	-
Receivables defined in high risk category by BRSA	89.063	1.312	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	1.370.393	-	-	-

(\*) Represents the total risk amount after credit mitigation techniques are applied.

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### **X. Explanations on consolidated risk management objectives and policies:**

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

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

#### ***Market Risk***

Market Risk is the probability of loss that the Parent Bank may be exposed to due to the bank's general market risk, foreign exchange risk, specific risk, commodity risk, settlement risk and counterparty credit risk in trading book.

Exchange rate risk or foreign currency risk which is one of the factors that constitutes market risk, defines the probability of loss due to the effects of possible changes in currency to all the Bank's foreign currency assets and liabilities. Security position risk is the negations in the Bank's revenues and thus shareholders' equity, cash flows, asset quality and finally in meeting the commitments arising from negative movements in security prices included in the Bank's trading accounts.

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

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

#### ***Liquidity Risk***

The Parent Bank's liquidity risk consists of funding liquidity risk and market liquidity risk.

Funding liquidity risk explains the probability of loss occurs in case of unable to meet the Bank's all anticipated and unanticipated cash flow requirements without damaging daily operations or the financial position.

Market liquidity risk is the probability of loss in case of the Bank's failure to close any position or stabilize market prices due to market depth or over fluctuations.

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

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### **X. Explanations on consolidated risk management objectives and policies (continued):**

For liquidity risk, cash flows are monitored daily and preventive and remedial precautions are taken to meet obligations on time and in the required manner. Liquidity risk is evaluated on a weekly basis from Assets and Liabilities committee.

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

#### ***Credit Risk***

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

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

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

#### ***Operational Risk***

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

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

Operational risk is categorized under five groups according to its sources by the Parent Bank: employee risk, technological risks, organization risk, legal-compliance risk and external risks.

The Parent Bank also takes necessary preventive measures in order to keep operational risk at an acceptable level.

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**X. Explanations on consolidated risk management objectives and policies (continued):**

***Other risks***

Other risks the Parent Bank is exposed to are strategic risk, reputation risk, counterparty risk, compliance risk, residual risk, country risk, and concentration risk.

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

Reputation risk is defined as events and situations arising from all services, functions and relations of the Parent Bank that would cause to lose confidence in the Bank and damage its image. The Parent Bank's risk management system in order to prevent and/or control reputation risk, switches on a proactive communication mechanism by giving priority to its customers whenever it is determined that the Parent Bank's reputation or image is damaged. The system, ready for the worst case scenarios in advance, takes into account the level of the relationship between operational risks and reputation risk, its level and its effect.

Residual risk is the risk that arises in case that the risk mitigation techniques are not as effective as expected. Senior management procures the implementation of residual risk management policy and strategy that is approved by Board of Directors. Moreover, It considers maturity match between credit and collateral, some factors like changes due to negative market movements for risk management.

Counterparty credit risk is the probability that one of the parties of a transaction where both sides are imposed with liability becomes default on his liability before the last payment in the cash flow of the transaction. The Parent Bank should manage counterparty credit risk in accordance with the volume, quality and complexity of its activities within the framework of legal legislation.

Compliance risk means those risks which are related to sanctions, financial losses and/ or loss of reputation that the Bank may suffer in the event that the Parent Bank's operations and the attitudes and acts of the Parent Bank's staff members are not in conformity and compliance with the current legislation, regulations and standards. The Head of Legislation and Compliance Unit, who shall be appointed by the Board of Directors, shall be accountable for the purposes of planning, arranging, conducting, managing, assessing, monitoring and coordinating the corporate compliance activities.

Country risk is the probability of loss that the Parent Bank may be exposed to in case borrowers in one country fail or shirk to fulfill their foreign obligations due to uncertainties in economic, social and political conditions. The Parent Bank constitutes its commercial connections with foreign fiscal institutions and countries, as a result of feasibility studies made for country's economic conditions within legal restrictions and through consideration of market conditions and customer satisfaction.

Concentration risk is the probability of experiencing large scale losses due to one single risk amount or risk amounts in particular risk types that may threaten the body of the Parent Bank and the capability of operating its principal activities. Policies in regards to concentration risk are classified as sectoral concentration, concentration to be created on the basis of collateral, concentration on the basis of market risk, concentration on the basis of types of losses, concentration arising from participation fund and other financing providers.

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

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

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

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

#### XIII. 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
<b>Total Assets</b>	2.728.052	17.759.254	2.119.206	6.561.132	29.167.644
<b>Total Liabilities</b>	13.208.981	13.312.565	292.035	392.580	27.206.161
<b>Total Equity</b>	-	-	-	1.961.483	1.961.483
Net profit share income/(expense)(*)(**)	(250.096)	791.228	101.494	138	642.764
Net fees and commissions income/(expense)	10.536	99.784	(10.647)	(5.475)	94.198
Other operating income /(expense)	2.533	16.972	12.989	(383.462)	(350.968)
Provision for loan losses and other receivables	(2.697)	(55.495)	-	(64.910)	(123.102)
Profit/(loss) before tax	(239.724)	852.489	103.836	(453.709)	262.892
Provision for tax	-	-	-	(52.859)	(52.859)
<b>Net profit / (loss) for the period</b>	<b>(239.724)</b>	<b>852.489</b>	<b>103.836</b>	<b>(506.568)</b>	<b>210.033</b>

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
<b>Total Assets</b>	1.935.081	14.168.295	1.844.257	5.066.852	23.014.485
<b>Total Liabilities</b>	11.475.842	9.106.218	262.573	383.847	21.228.480
<b>Total Equity</b>	-	-	-	1.786.005	1.786.005
Net profit share income/(expense)(*)(**)	(262.843)	686.533	77.014	-	500.704
Net fees and commissions income/(expense)	6.919	81.009	2.080	3.857	93.865
Other operating income /(expense)	3482	6.420	1.610	(254.679)	(243.167)
Provision for loan losses and other receivables	(3.431)	(43.275)	-	(71.081)	(117.787)
Profit/(loss) before tax	(255.873)	730.687	80.704	(321.903)	233.615
Provision for tax	-	-	-	(53.255)	(53.255)
<b>Net profit / (loss) for the period</b>	<b>(255.873)</b>	<b>730.687</b>	<b>80.704</b>	<b>(375.158)</b>	<b>180.360</b>

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

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements**  
**As of September 30, 2015**  
(Currency - Thousand Turkish Lira)

**Section five**

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Foreign currency	126.204	201.094	88.803	106.119
CBRT	783.973	3.447.037	263.590	2.670.136
Other (*)	67.210	304.769	-	538
<b>Total</b>	<b>977.387</b>	<b>3.952.900</b>	<b>352.393</b>	<b>2.776.793</b>

(\*) Includes precious metals amounting to TL 2.839 as of September 30, 2015 (December 31, 2014: TL 538) and cash in transit amounting to TL 369.140 (December 31, 2014: None) as of September 30, 2015

**b) Information related to CBRT:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	782.704	379.741	263.328	278.761
Unrestricted time deposit	-	-	-	-
Restricted time deposit (*)	1.269	3.067.296	262	2.391.375
<b>Total</b>	<b>783.973</b>	<b>3.447.037</b>	<b>263.590</b>	<b>2.670.136</b>

(\*) As of September 30, 2015, the reserve requirement held in standard gold is TL 469.397 (December 31, 2014: TL 340.792).

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

As of September 30, 2015, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 6% to 20% depending on maturity of deposits.

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

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

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

None. (December 31, 2014: None)

**b) Table of positive differences related to derivative financial assets held for trading:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	20.086	-	-
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	<b>20.086</b>	-	-

**3. a) Information on banks:**

	Current Period		Prior Period	
	TL(*)	FC	TL	FC
<b>Banks</b>				
Domestic	579.984	1.195.568	511.402	731.224
Abroad	-	390.975	-	405.609
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>579.984</b>	<b>1.586.543</b>	<b>511.402</b>	<b>1.136.833</b>

(\*) Includes blockaged amount TL 501.717 booked under TL accounts arising from POS transactions.

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

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

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

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

The Parent Bank has collateralized sukuk investments with a nominal amount of TL 272.568 and carrying value of TL 279.091 to CBRT with respect to money market transactions and subjected to repurchase agreements. (December 31, 2014: None)

As of September 30, 2015, available for sale investments given as a guarantee or blocked amount to TL 83.952. (December 31, 2014: None)

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**Notes related to consolidated financial statements**  
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**I. Explanations and notes related to assets (continued):**

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

	Current Period	Prior Period
Debt securities	939.341	631.582
Quoted on a stock exchange(*)	939.341	631.582
Unquoted	-	-
Share certificates	2.224	1.675
Quoted on a stock exchange	-	-
Unquoted (**)	2.224	1.675
Impairment provision (-)	2.674	305
<b>Total</b>	<b>938.891</b>	<b>632.952</b>

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

(\*\*) Indicates unquoted equity securities.

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

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	84.926	10.213	140	35.469
Corporate shareholders	84.821	9.835	-	35.119
Real person shareholders	105	378	140	350
Indirect loans granted to shareholders	54.922	75.657	50.243	69.492
Loans granted to employees	9.519	-	7.742	-
<b>Total</b>	<b>149.367</b>	<b>85.870</b>	<b>58.125</b>	<b>104.961</b>

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**Notes related to consolidated financial statements**  
**As of September 30, 2015**  
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**I. Explanations and notes related to assets (continued):**

**b) Information on the first and second group loans, other receivables and restructured or rescheduled loans and other receivables:**

Cash loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	Restructured or rescheduled	Other	Loans and other receivables (Total)	Restructured or rescheduled	Other
		Extension of Repayment Plan			Extension of Repayment Plan	
<b>Loans</b>	<b>17.106.871</b>	<b>145.132</b>	<b>9.875</b>	<b>1.144.515</b>	<b>214.031</b>	<b>51.317</b>
Export loans	449.411	-	-	4.777	-	-
Import loans	1.596.551	8.744	-	56.660	9.530	3.293
Business loans	8.565.986	111.318	3.957	707.480	141.198	39.004
Consumer loans	2.627.015	4.486	1.034	52.888	2.677	67
Credit cards	177.640	-	-	7.645	-	-
Loans given to financial sector	5.229	-	-	-	-	-
Other (*)	3.685.039	20.584	4.884	315.065	60.626	8.953
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>17.106.871</b>	<b>145.132</b>	<b>9.875</b>	<b>1.144.515</b>	<b>214.031</b>	<b>51.317</b>

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

Commercial loans with installments	1.911.539
Other investment credits	913.675
Loans given to abroad	548.216
Profit and loss sharing investments (**)	347.796
Loans for purchase of marketable securities for customer	237.821
Other	41.057
<b>Total</b>	<b>4.000.104</b>

(\*\*) As of September 30, 2015, the related balance represents profit and loss sharing investment projects (12 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Parent 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. In the current period the Parent Bank recognized TL 31.335 (September 30, 2014: TL 40.007) income in the accompanying financial statements in relation to such loans and presented in the profit share on loans in the income statement.

	Extension of Repayment Plan	
	Standard loans and other receivables	Loans and other receivables under close monitoring
1 or 2 times	145.132	214.031
3, 4 or 5 times	-	-
Over 5 times	-	-

Extension Periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 months	28.172	17.033
6 - 12 months	22.892	5.270
1 - 2 years	25.416	15.437
2 - 5 years	45.795	169.224
5 years and over	22.857	7.067

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**Notes related to consolidated financial statements**

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

*In accordance with the Communiqu  "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for These Loans" published in Official Gazette dated December 30, 2011 and numbered 28158, information related to the loans granted to maritime sector :*

As of September 30, 2015, the Parent Bank has loan receivables amounting to TL 60.173 arising from rescheduled loans within the scope of related Communiqu .

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

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".

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**Notes related to consolidated financial statements**  
**As of September 30, 2015**  
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**I. Explanations and notes related to assets (continued):**

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

	Short-term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>22.820</b>	<b>2.651.602</b>	<b>2.674.422</b>
Housing loans	2.481	2.379.545	2.382.026
Vehicle loans	3.021	120.011	123.032
Consumer loans	17.318	152.046	169.364
Other	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>57.624</b>	<b>-</b>	<b>57.624</b>
With installment	21.654	-	21.654
Without installment	35.970	-	35.970
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>3.315</b>	<b>2.166</b>	<b>5.481</b>
Housing loans	-	265	265
Vehicle loans	41	1.380	1.421
Consumer loans	3.274	521	3.795
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>4.038</b>	<b>-</b>	<b>4.038</b>
With installment	1.900	-	1.900
Without installment	2.138	-	2.138
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL(real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC(real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>87.797</b>	<b>2.653.768</b>	<b>2.741.565</b>

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**Notes related to consolidated financial statements**  
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**I. Explanations and notes related to assets (continued):**

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

	Short-term	Medium and long-term	Total
<b>Commercial installment loans-TL</b>	<b>39.232</b>	<b>1.334.663</b>	<b>1.373.895</b>
Business loans	5.834	348.801	354.635
Vehicle loans	20.676	296.980	317.656
Consumer loans	12.722	688.882	701.604
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>4.341</b>	<b>533.303</b>	<b>537.644</b>
Business loans	1.155	185.832	186.987
Vehicle loans	1.411	80.637	82.048
Consumer loans	1.775	266.834	268.609
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>123.400</b>	<b>-</b>	<b>123.400</b>
With installment	28.504	-	28.504
Without installment	94.896	-	94.896
<b>Corporate credit cards-FC</b>	<b>223</b>	<b>-</b>	<b>223</b>
With installment	-	-	-
Without installment	223	-	223
<b>Overdraft account-TL (legal entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC(legal entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>167.196</b>	<b>1.867.966</b>	<b>2.035.162</b>

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

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

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

	Current Period	Prior Period
Domestic loans	17.703.170	15.093.302
Foreign loans	548.216	341.030
<b>Total</b>	<b>18.251.386</b>	<b>15.434.332</b>

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

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

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**Notes related to consolidated financial statements  
As of September 30, 2015  
(Currency - Thousand Turkish Lira)**

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

**ğ) Specific provisions for loans:**

	<b>Current Period</b>	<b>Prior Period</b>
Loans and receivables with limited collectibility	9.515	23.769
Loans and receivables with doubtful collectibility	52.050	40.451
Uncollectible loans and receivables	281.647	212.500
<b>Total</b>	<b>343.212</b>	<b>276.720</b>

In addition to specific provision for loans amounting TL 343.212 (December 31, 2014: TL 276.720), provision amounting to TL 12.423 (December 31, 2014: TL 10.541) have been provided for fees and commissions and other receivables with doubtful collectability which sums up to total TL 355.635 (December 31, 2014: TL 287.261). Specific provision for loans amounting to TL 226.291 (December 31, 2014: TL 183.120) represents participation account share of specific provisions of loans provided from participation accounts.

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

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

	<b>III. Group Loans and receivables with limited collectibility</b>	<b>IV. Group Loans and receivables with doubtful collectibility</b>	<b>V. Group Uncollectible loans and receivables</b>
<b>Current period</b>			
(Gross amount before specific provisions)	<b>7.330</b>	<b>2.781</b>	<b>22.670</b>
Restructured loans and other receivables	7.330	2.781	22.670
Rescheduled loans and other receivables	-	-	-
<b>Prior period</b>			
(Gross amounts before special provisions)	<b>62</b>	<b>1.132</b>	<b>19.288</b>
Restructured loans and other receivables	62	1.132	19.288
Rescheduled loans and other receivables	-	-	-

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

	<b>III. Group Loans and receivables with limited collectibility</b>	<b>IV. Group Loans and receivables with doubtful collectibility</b>	<b>V. Group Uncollectible loans and receivables</b>
Closing balance of prior period	39.183	48.450	228.801
Additions in the current period (+)	184.922	10.469	28.666
Transfers from other categories of non-performing loans (+)	-	147.869	72.594
Transfers to other categories of non-performing loans (-)	147.869	72.594	-
Transfers to standard loans (-)	-	179	60
Collections in the current period (-)	18.084	9.650	20.291
Write offs (-)	3	-	155
Corporate and commercial loans	-	-	155
Retail loans	3	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	58.149	124.365	309.555
Specific provisions (-)	9.515	52.050	281.647
<b>Net balance at the balance sheet</b>	<b>48.634</b>	<b>72.315</b>	<b>27.908</b>

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**Notes related to consolidated financial statements**  
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**I. Explanations and notes related to assets (continued):**

Non-performing loans and receivables in the amount of TL 492.069 (December 31, 2014: TL 316.434) comprise TL 312.738 (December 31, 2014: TL 194.337) of participation account share of loans and receivables provided from participation accounts.

In addition to non-performing loans and other receivables included in the above table, there are fees, commissions and other receivables with doubtful collectability amounting to TL 12.423 (December 31, 2014: TL 10.541). In the current period, collections from fees, commissions and other receivables with doubtful collectability amounted to TL 2.461.

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
<b>Current period:</b>			
Period end balance	844	249	-
Specific provision (-)	186	152	-
<b>Net balance on balance sheet</b>	<b>658</b>	<b>97</b>	<b>-</b>
<b>Prior period:</b>			
Period end balance	15	12	-
Specific provision (-)	4	7	-
<b>Net balance on balance sheet</b>	<b>11</b>	<b>5</b>	<b>-</b>

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
<b>Current period (net)</b>	<b>48.634</b>	<b>72.315</b>	<b>27.908</b>
Loans to individuals and corporates (gross)	58.149	124.365	309.555
Specific provision (-)	9.515	52.050	281.647
Loans to individuals and corporates (net)	48.634	72.315	27.908
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-
<b>Prior period (net)</b>	<b>15.414</b>	<b>7.999</b>	<b>16.301</b>
Loans to individuals and corporates (gross)	39.183	48.450	228.801
Specific provision (-)	23.769	40.451	212.500
Loans to individuals and corporates (net)	15.414	7.999	16.301
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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**Notes related to consolidated financial statements**

**As of September 30, 2015**

(Currency - Thousand Turkish Lira)

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

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

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

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

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

**j) Other explanations on loans and receivables:**

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

<b>Current Period</b>	<b>Less than 30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>Total</b>
Loans and Receivables				
Corporate Loans	1.081.121	338.026	630.063	2.049.210
Consumer Loans	176.571	30.240	15.011	221.822
Credit Cards	13.258	3.291	2.918	19.467
<b>Total</b>	<b>1.270.950</b>	<b>371.557</b>	<b>647.992</b>	<b>2.290.499</b>
<b>Prior Period</b>	<b>Less than 30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>Total</b>
Loans and Receivables				
Corporate Loans	422.348	92.033	221.102	735.483
Consumer Loans	79.128	14.155	2.874	96.157
Credit Cards	3.708	990	339	5.037
<b>Total</b>	<b>505.184</b>	<b>107.178</b>	<b>224.315</b>	<b>836.677</b>

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements  
As of September 30, 2015  
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**I. Explanations and notes related to assets (continued):**

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

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

As of September 30, 2015, held to maturity investments given as a guarantee or blocked amount to TL 500. Held to maturity investments subject to repurchase agreements amount to TL 186.275 (December 31, 2014 : Held to maturity investments given as a guarantee or blocked amount to TL 30.982, held to maturity investments subject to repurchase agreements amount to TL 113.775).

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

	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities (*)	745.582	783.309
<b>Total</b>	<b>745.582</b>	<b>783.309</b>

(\*) Consists of Sukook certificates issued by Undersecretariat of Treasury of Turkey.

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

	<b>Current Period</b>	<b>Prior Period</b>
Debt Securities	745.582	783.309
Quoted on a stock exchange(*)	745.582	783.309
Unquoted	-	-
Impairment provision(-)	-	-
<b>Total</b>	<b>745.582</b>	<b>783.309</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Balance at beginning of period	783.309	745.390
Foreign currency differences on monetary assets	-	-
Purchases during period	391.427	350.000
Disposals through sales and redemptions	(476.444)	(366.063)
Impairment provision (-)	-	-
Income accruals	47.290	53.982
<b>Closing balance</b>	<b>745.582</b>	<b>783.309</b>

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Notes related to consolidated financial statements  
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### I. Explanations and notes related to assets (continued):

#### 7. Associates (net):

##### a) Information on unconsolidated associates:

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

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Kredi Garanti Fonu A.Ş.	Ankara / Turkey	1,75	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2014.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
289.395	284.079	2.926	-	-	10.288	19.227	-

##### b) Information on consolidated associates:

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

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

##### a) Information on unconsolidated subsidiaries:

As of balance sheet date, the Group does not have unconsolidated subsidiary.

##### b) Information on consolidated subsidiaries:

i) Bereket Varlık Kiralama A.Ş., 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 Market 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 Market Board of Turkey dated October 6, 2011 numbered 32/923. The founding capital of the Company is TL 50. As of September 30, 2015 the capital of the Company is TL 250. Bereket Varlık Kiralama A.Ş. is consolidated using full consolidation method as of September 30, 2015.

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from the limited unreviewed financial statements as of September 30, 2015

## ALBARAKA TÜRK KATILIM BANKASI A.Ş.

**Notes related to consolidated financial statements**  
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### I. Explanations and notes related to assets (continued):

#### b) Information on consolidated subsidiaries (continued):

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
1.082.373	152	4	-	-	(21)	(77)	-

ii) In the Board of Directors meeting dated February 25, 2015, the 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. Albaraka Gayrimenkul Portföy Yönetimi A.Ş. is consolidated using full consolidation method as of September 30, 2015.

The balances of Albaraka Gayrimenkul Portföy Yönetimi A.Ş. presented in the table below have been obtained from the limited unreviewed financial statements as of September 30, 2015.

Name	Address (City/ Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Gayrimenkul Portföy Yön.A.Ş.	İstanbul / Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period income/loss	Prior period income/loss	Fair value
4.937	4.886	7	-	-	(114)	-	-

### 9. Information on investments in joint- ventures:

#### a) Information on unconsolidated investments in joint- ventures:

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

#### b) Information on consolidated investments in joint- ventures:

The Parent Bank has founded Katılım Emeklilik ve Hayat A.Ş ("Company") – a private pension and insurance company- through equal partnership with Kuveyt Türk Katılım Bankası A.Ş in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. Company registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. As of September 30, 2015 Katılım Emeklilik ve Hayat A.Ş. is subject to consolidation by the Parent Bank.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements**  
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(Currency - Thousand Turkish Lira)

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

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Groups shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	24.496	168.185	168.279	-	4.298

The financials from limited unreviewed financial statements as of September 30,2015 are presented above.

**10. Information on lease receivables (net):**

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	165.601	162.383	208.180	173.564
1 to 4 years	390.965	327.928	352.652	315.581
More than 4 years	587.648	508.291	221.780	220.501
<b>Total</b>	<b>1.144.214</b>	<b>998.602</b>	<b>782.612</b>	<b>709.646</b>

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

	Current Period	Prior Period
Gross finance lease receivables	1.144.214	782.612
Unearned finance lease receivable (-)	145.612	72.966
<b>Net receivable from finance leases</b>	<b>998.602</b>	<b>709.646</b>

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

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

Information on leasing receivables:

	Standard loans and Other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Restructured or rescheduled		Loans and other receivables	Restructured or rescheduled	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
Finance lease receivables (Net)	963.345	2.864	-	35.257	35.257	-

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements**  
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**I. Explanations and notes related to assets (continued):**

**11. Information on derivative financial assets for hedging purposes:**

None. (December 31, 2014: None).

**12. Information on tangible assets:**

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

**13. Information on intangible assets:**

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

**14. Information on investment property:**

None. (December 31, 2014: None).

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

None. (December 31, 2014: None).

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

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

	Current Period	Prior Period
Opening Balance	27.678	28.407
Additions	13.877	34.403
Disposals	(6.741)	(12.634)
Transfers (*)	(8.857)	(23.045)
Impairment Provision(-)/Reversal of Impairment Provision	(269)	547
<b>Net closing balance</b>	<b>25.688</b>	<b>27.678</b>

(\*) The balance has been transferred to assets to be disposed included in tangible assets.

As of September 30, 2015, TL 25.680 of the assets held for sale is comprised of real estates, TL 8 is comprised of other tangible assets.

The Group has no discontinued operations and assets of discontinued operations. (December 31, 2014: None)

**17. Information on other assets:**

As of the balance sheet date, the Group's other assets balance is TL 335.681 (December 31, 2014: TL 76.411) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements  
As of September 30, 2015  
(Currency - Thousand Turkish Lira)**

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

**1. Information on funds collected:**

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

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts</b>									
Non-Trade TL	729.287	-	-	-	-	-	-	-	729.287
<b>II. Real Persons Participation Accounts Non-Trade TL</b>									
Accounts Non-Trade TL	-	1.768.223	4.101.539	95.478	-	94.762	567.988	-	6.627.990
<b>III. Current Account other-TL</b>	1.072.367	-	-	-	-	-	-	-	1.072.367
Public Sector	100.490	-	-	-	-	-	-	-	100.490
Commercial Institutions	910.922	-	-	-	-	-	-	-	910.922
Other Institutions	55.715	-	-	-	-	-	-	-	55.715
Commercial and Other Institutions	2.361	-	-	-	-	-	-	-	2.361
Banks and Participation Banks	2.879	-	-	-	-	-	-	-	2.879
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	2.870	-	-	-	-	-	-	-	2.870
Participation Banks	7	-	-	-	-	-	-	-	7
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	365.873	2.146.984	49.445	-	18.186	97.707	-	2.678.195
Public Sector	-	-	4.091	-	-	-	-	-	4.091
Commercial Institutions	-	336.448	1.807.295	35.479	-	16.971	93.876	-	2.290.069
Other Institutions	-	28.289	101.692	13.966	-	1.215	3.831	-	148.993
Commercial and Other Institutions	-	1.136	213.759	-	-	-	-	-	214.895
Banks and Participation Banks	-	-	20.147	-	-	-	-	-	20.147
<b>V. Real Persons Current Accounts Non- Trade FC</b>	968.995	-	-	-	-	-	-	-	968.995
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	1.136.837	2.688.343	122.256	-	189.783	532.100	-	4.669.319
<b>VII. Other Current Accounts FC</b>	874.006	-	-	-	-	-	-	-	874.006
Residents in Turkey-Corporate	691.193	-	-	-	-	-	-	-	691.193
Residents Abroad-Corporate	46.775	-	-	-	-	-	-	-	46.775
Banks and Participation Banks	136.038	-	-	-	-	-	-	-	136.038
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	135.674	-	-	-	-	-	-	-	135.674
Participation Banks	364	-	-	-	-	-	-	-	364
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	-	275.559	1.947.717	186.921	-	57.636	83.139	-	2.550.972
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	237.284	1.084.933	99.732	-	36.272	17.969	-	1.476.190
Other institutions	-	24.796	49.446	-	-	12	-	-	74.254
Commercial and Other Institutions	-	13.479	232.636	23.284	-	4.559	65.170	-	339.128
Banks and Participation Banks	-	-	580.702	63.905	-	16.793	-	-	661.400
<b>IX. Precious Metals Deposits</b>	97.901	31.074	120.575	3.681	-	3.491	4.824	-	261.546
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>3.742.556</b>	<b>3.577.566</b>	<b>11.005.158</b>	<b>457.781</b>	<b>-</b>	<b>363.858</b>	<b>1.285.758</b>	<b>-</b>	<b>20.432.677</b>

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements  
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(Currency - Thousand Turkish Lira)**

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

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts</b>									
Non-Trade TL	651.085	-	-	-	-	-	-	-	651.085
<b>II. Real Persons Participation</b>									
Accounts Non-Trade TL	-	3.221.702	2.450.686	129.932	-	38.739	433.932	-	6.274.991
<b>III. Current Account other-TL</b>	1.084.588	-	-	-	-	-	-	-	1.084.588
Public Sector	27.473	-	-	-	-	-	-	-	27.473
Commercial Institutions	1.027.822	-	-	-	-	-	-	-	1.027.822
Other Institutions	28.390	-	-	-	-	-	-	-	28.390
Commercial and Other									
Institutions	49	-	-	-	-	-	-	-	49
Banks and Participation Banks	854	-	-	-	-	-	-	-	854
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	801	-	-	-	-	-	-	-	801
Participation Banks	51	-	-	-	-	-	-	-	51
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	512.441	984.970	123.546	-	30.191	120.187	-	1.771.335
Public Sector	-	18.575	41	-	-	-	-	-	18.616
Commercial Institutions	-	446.099	883.116	24.953	-	8.209	115.749	-	1.478.126
Other Institutions	-	35.074	65.275	7.311	-	886	4.438	-	112.984
Commercial and Other									
Institutions	-	12.693	7.107	-	-	-	-	-	19.800
Banks and Participation Banks	-	-	29.431	91.282	-	21.096	-	-	141.809
<b>V. Real Persons Current</b>									
Accounts Non- Trade FC	764.756	-	-	-	-	-	-	-	764.756
<b>VI. Real Persons Participation</b>									
Accounts Non-Trade FC	-	1.711.026	1.199.277	151.563	-	26.657	422.339	-	3.510.862
<b>VII. Other Current Accounts FC</b>	743.223	-	-	-	-	-	-	-	743.223
Residents in Turkey-Corporate	576.703	-	-	-	-	-	-	-	576.703
Residents abroad-Corporate	51.011	-	-	-	-	-	-	-	51.011
Banks and Participation Banks	115.509	-	-	-	-	-	-	-	115.509
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	115.091	-	-	-	-	-	-	-	115.091
Participation Banks	418	-	-	-	-	-	-	-	418
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other-FC</b>	-	408.717	922.390	43.286	-	117.148	11.558	-	1.503.099
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	327.919	679.277	5.108	-	92.161	951	-	1.105.416
Other Institutions	-	26.777	7.295	9	-	-	-	-	34.081
Commercial and Other									
Institutions	-	25.758	10.315	-	-	2.379	10.607	-	49.057
Banks and Participation Banks	-	28.265	225.503	38.169	-	22.608	-	-	314.545
<b>IX. Precious Metals Deposits</b>	132.119	96.393	102.886	3.586	-	611	3.520	-	339.115
<b>X. Participation Accounts Special</b>									
Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts</b>									
Special Fund Pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>3.375.771</b>	<b>5.950.279</b>	<b>5.660.209</b>	<b>451.913</b>	<b>-</b>	<b>213.346</b>	<b>991.538</b>	<b>-</b>	<b>16.643.054</b>

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

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

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

**b.1) Exceeding the limit of Insurance Fund:**

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

	Under the guarantee of Insurance		Exceeding the guarantee of Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	3.923.719	3.576.170	3.433.556	3.349.906
Foreign currency accounts	1.555.512	1.296.029	4.412.748	3.265.958
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

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

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

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

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	19.828	29.444
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	9.404	7.451
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements**  
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**II. Explanations and notes related to liabilities (continued):**

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

None. (December 31, 2014: None)

**3. Information on borrowings:**

The Parent Bank has obtained a Syndicated Murabaha Loan from international markets amounting to USD 87.500.000 and EUR 98.250.000 with maturity of one year, amounting to USD, 458.500.000 and EUR 56.250.000 with maturity of more than one year, totaling to USD 546.000.000 and EUR 154.500.000. (December 31, 2014: one year maturity: USD 151.000.000 and EUR 54.400.000, more than one year maturity: USD 135.000.000 and EUR 98.000.000) The Parent Bank has obtained Syndicated Murabaha Loan amounting to USD 268.000.000 in the current period.

As of September 30, 2015, the Parent Bank has wakala borrowings in accordance with investment purpose wakala contracts from banks in the amounts of USD 209.643.380 and EUR 106.875.671 (December 31, 2014: USD 359.955.589 and EUR 113.435.323).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	-	171.911	-	67.165
Loans from foreign banks, institutions and funds	-	3.220.014	-	2.331.307
<b>Total</b>	-	<b>3.391.925</b>	-	<b>2.398.472</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	1.095.947	-	1.746.725
Medium and Long-Term	-	2.295.978	-	651.747
<b>Total</b>	-	<b>3.391.925</b>	-	<b>2.398.472</b>

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

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

**4. Information on Securities Issued :**

The Group has issued sukuk at June 30, 2014 in the amounts of USD 350.000.000 with five year maturity and 6.25% yearly profit rate determined to collect funds from various investors. The Group has practised this transaction through its subsidiary Bereket Varlık Kiralama A.Ş. founded particularly for the related issue.

**a) Breakdown of sukuk issued :**

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk issued	-	1.033.670	-	790.662
<b>Total</b>	-	<b>1.033.670</b>	-	<b>790.662</b>

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements**  
**As of September 30, 2015**  
(Currency - Thousand Turkish Lira)

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

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

None. (December 31, 2014: None)

**6. Lease payables:**

**a) Information on finance lease transactions:**

**a.1) Information on financial lease agreements:**

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

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

None.

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

None.

**b) Explanations on operational leases:**

The 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:

	<b>Current Period</b>	<b>Prior Period</b>
Less than a year	39.342	34.737
1 to 4 years	102.563	92.312
Over 4 years	102.316	95.845
<b>Total</b>	<b>244.221</b>	<b>222.894</b>

**7. Information on hedging derivative financial liabilities:**

None. (December 31, 2014: None)

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements**

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

**8. Information on provisions:**

**a) Information on general provisions:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>General provision for</b>	<b>184.764</b>	<b>153.910</b>
<b>I. Group loans and receivables (Total)</b>	<b>139.366</b>	<b>115.490</b>
Participation Accounts' Share	85.713	67.736
Bank's Share	53.653	47.754
Others	-	-
<b>Additional provision for loans and receivables with extended maturities for loans and receivables in Group I</b>	<b>6.345</b>	<b>49</b>
Participation Accounts' Share	4.071	44
Bank's Share	2.274	5
Others	-	-
<b>II. Group loans and receivables (Total)</b>	<b>28.571</b>	<b>23.414</b>
Participation Accounts' Share	16.762	15.227
Bank's Share	11.809	8.187
Others	-	-
<b>Additional provision for loans and receivables with extended maturities for loans and receivables in Group II</b>	<b>10.260</b>	<b>8.743</b>
Participation Accounts' Share	7.348	5.694
Bank's Share	2.912	3.049
Others	-	-
<b>Non-cash loans</b>	<b>16.827</b>	<b>15.006</b>
<b>Others</b>	<b>-</b>	<b>-</b>

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

As of September 30, 2015, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 2.094 (December 31, 2014: TL 15.086) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

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

As of September 30, 2015, the Parent Bank has provided specific provisions amounting to TL 19.701 (December 31, 2014: TL 15.328) for non-cash loans that are not indemnified.

**ç) Other provisions:**

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

	<b>Current Period</b>	<b>Prior Period</b>
General Reserves for Possible Losses (*)	88	88
<b>Total</b>	<b>88</b>	<b>88</b>

(\*) The balance represents provision for the lawsuits against the Parent Bank with high probability of realization and cash outflows.

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Provisions allocated from profit shares to be distributed to profit sharing accounts(*)	4.146	23.117
Provision for unindemnified letter of guarantees	16.230	15.328
Payment commitments for cheques	3.471	2.574
Provision for promotions related with credit cards and promotion of banking services	142	217
General reserves for possible losses	88	88
Financial assets at fair value through profit and loss	418	-
Other (**)	7.737	5.061
<b>Total</b>	<b>32.232</b>	<b>46.385</b>

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

(\*\*) Indicates other provision amount for possible losses in loan portfolio

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

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 31.046 (December 31, 2014: TL 26.201) and vacation pay liability amounting to TL 5.770 (December 31, 2014: TL 6.328) totaling to TL 36.816 (December 31, 2014: TL 32.529). The 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

	<b>Current Period</b>	<b>Prior Period</b>
Discount rate (%)	8,40	8,40
Estimated increase rate of salary ceiling (%)	6,00	6,00
Rate used in relation to possibility of retirement (*) (%)	73,71	73,71

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Prior period ending balance	26.201	16.526
Provisions made in the period	7.170	4.324
Actuarial gain/(loss)	-	6.958
Paid during the period	(2.325)	(1.607)
<b>Balance at the end of the period</b>	<b>31.046</b>	<b>26.201</b>

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

**9. Information on taxes payable:**

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

a.1) As of September 30, 2015, the Group's corporate tax payable is TL 12.938 (December 31, 2014: TL 24.034) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate taxes payable	12.938	24.034
Banking insurance transaction tax	10.793	11.050
Taxation on securities income	10.617	9.391
Value added tax payable	501	710
Taxation on real estate income	710	561
Foreign exchange transaction tax	-	-
Other	5.053	5.048
<b>Total</b>	<b>40.612</b>	<b>50.794</b>

a.3) Information on premiums:

	<b>Current Period</b>	<b>Prior Period</b>
Social security premiums-employee	2.534	2.190
Social security premiums-employer	2.745	2.380
Bank pension fund premium- employees	-	-
Bank pension fund premium- employer	-	-
Pension fund membership fees and provisions- employees	-	-
Pension fund membership fees and provisions- employer	-	-
Unemployment insurance-employee	179	154
Unemployment insurance-employer	357	308
Other	-	-
<b>Total</b>	<b>5.815</b>	<b>5.032</b>

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

**b) Information on deferred tax liability of the parent bank:**

As of September 30, 2015, the Parent Bank calculated deferred tax asset of TL 44.603 (December 31, 2014: TL 35.388) and deferred tax liability of TL 49.122 (December 31, 2014: TL 43.692) on all tax deductible/ taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods and presented them as net in the accompanying financial statements.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	36.108	27.564
Provisions for retirement and vacation pay liabilities	7.363	6.506
Difference between carrying value and tax base of tangible assets	738	821
Provision for impairment	346	443
Other	48	54
<b>Deferred tax asset</b>	<b>44.603</b>	<b>35.388</b>
Revaluation difference of property	37.164	38.295
Financial assets available for sale valuation difference	1.666	2.508
Trading securities valuation difference	-	386
Rediscount on profit share	1.278	25
Other	9.014	2.478
<b>Deferred tax liability</b>	<b>49.122</b>	<b>43.692</b>
<b>Deferred tax liability (net)</b>	<b>4.519</b>	<b>8.304</b>

**10. Liabilities for assets held for sale and discontinued operations:**

None. (December 31, 2014: None)

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Domestic Banks	-	-	-	-
Loans from other Institutions	-	-	-	-
Loans from Foreign Banks	-	-	-	-
Loans from other Foreign Institutions	-	618.913	-	472.426
<b>Total</b>	<b>-</b>	<b>618.913</b>	<b>-</b>	<b>472.426</b>

The Parent Bank obtained subordinated loan on May 7, 2013 from the investors not resident in Turkey through its structured entity Albaraka Türk Sukuk Limited amounting to USD 200.000.000 with 10 years maturity with a grace period of five years. The profit rate of the subordinated loan with grace period of five years' with 10 years total maturity was determined as 7,75%.

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

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

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

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

In the Board of Directors meeting dated February 28, 2013, the Parent Bank has taken a resolution on transition to registered capital system. The Parent's application to the Capital Market Board on the same date was approved on March 7, 2013 and the registered capital ceiling was determined as TL 2.500.000 to be valid until December 31, 2017.

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

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

There is no capital increase in the current period.

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

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

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

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

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

- 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 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.

- g) Information on marketable securities valuation reserve:**

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference (*)	8.830	(2.167)	9.155	880
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>8.830</b>	<b>(2.167)</b>	<b>9.155</b>	<b>880</b>

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

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

**1. Explanations on off balance sheet commitments:**

**a) Type and amount of irrevocable loan commitments:**

	<b>Current Period</b>	<b>Prior Period</b>
Commitments for credit card limits	523.487	510.257
Payment commitments for cheques	475.586	353.093
Asset purchase and sale commitments	136.608	-
Loan granting commitments	124.995	59.439
Tax and funds liabilities arising from export commitments	1.971	1.506
Commitments for promotions related with credit cards and banking activities	509	523
Other irrevocable commitments	196	3.832
<b>Total</b>	<b>1.263.352</b>	<b>928.650</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Guarantees	7.843.648	6.872.641
Acceptances	27.443	33.055
Letters of credit	626.014	589.270
Other guaranties and sureties	361.121	583.543
<b>Total</b>	<b>8.858.226</b>	<b>8.078.509</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of guarantees	7.843.648	6.872.641
Long standing letters of guarantees	5.027.422	4.602.603
Temporary letters of guarantees	295.777	345.357
Advance letters of guarantees	287.929	289.778
Letters of guarantees given to customs	238.976	219.657
Letters of guarantees given for obtaining cash loans	1.993.544	1.415.246
Sureties and similar transactions	361.121	583.543
<b>Total</b>	<b>8.204.769</b>	<b>7.456.184</b>

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

**c) Within the Non-cash Loans**

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

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans given against cash loans	1.993.544	1.415.246
With original maturity of 1 year or less	1.104.953	903.720
With original maturity of more than 1 year	888.591	511.526
Other non-cash loans	6.864.682	6.663.263
<b>Total</b>	<b>8.858.226</b>	<b>8.078.509</b>

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

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

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

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

**2. Explanations on derivative transactions:**

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

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

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

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

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

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Profit share received from loans (*)</b>	<b>1.119.490</b>	<b>135.008</b>	<b>910.024</b>	<b>89.911</b>
Short Term Loans	314.998	14.990	399.482	10.218
Medium and Long Term Loans	799.996	120.012	504.959	79.684
Profit Share on Non-Performing Loans	4.496	6	5.583	9

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

**b) Information on profit share income received from banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	4.013	1.566	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	36	-	1.647
Head Offices and Branches Abroad	-	-	-	-
<b>Total</b>	<b>4.013</b>	<b>1.602</b>	<b>-</b>	<b>1.647</b>

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

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

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

None. (September 30, 2014: None)

**2. Explanations on profit share expenses:**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	-	38.592	-	29.967
CBRT	-	-	-	-
Domestic banks	-	2.281	-	417
Foreign banks	-	36.311	-	29.550
Head offices and branches abroad	-	-	-	-
Other institutions	-	34.709	-	25.381
<b>Total</b>	<b>-</b>	<b>73.301</b>	<b>-</b>	<b>55.348</b>

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to Investments in Associates and Subsidiaries	70	-	133	-
<b>Total</b>	<b>70</b>	<b>-</b>	<b>133</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share expenses paid to marketable securities issued	-	44.620	-	12.550
<b>Total</b>	<b>-</b>	<b>44.620</b>	<b>-</b>	<b>12.550</b>

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

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

**3. Information on dividend income:**

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

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

	Current Period	Prior Period
<b>Income</b>	<b>5.315.911</b>	<b>2.455.800</b>
Income from capital market transactions	2.242	474
Income from derivative financial instruments	55.304	-
Foreign exchange income	5.258.365	2.455.326
<b>Loss (-)</b>	<b>5.284.940</b>	<b>2.415.022</b>
Loss on capital market transactions	20	-
Loss on derivative financial instruments	5.120	-
Foreign exchange losses	5.279.800	2.415.022
<b>Trading income/loss (net)</b>	<b>30.971</b>	<b>40.778</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Reversal of prior year provisions	76.569	67.409
Income from sale of assets	12.511	6.931
Reimbursement for communication expenses	2.787	2.305
Reimbursement for bank statement expenses	114	890
Cheque book charges	605	540
Other income	1.588	1.331
<b>Total</b>	<b>94.174</b>	<b>79.406</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Specific provisions for loans and other receivables</b>	<b>86.106</b>	<b>58.776</b>
Loans and receivables in III. Group	29.813	41.125
Loans and receivables in IV. Group	28.715	9.337
Loans and receivables in V. Group	24.300	4.006
Doubtful commission, fee and other receivables	3.278	4.308
<b>General provision expenses</b>	<b>24.839</b>	<b>35.079</b>
<b>Provision expenses for possible losses</b>	<b>-</b>	<b>60</b>
<b>Impairment losses on marketable securities</b>	<b>141</b>	<b>73</b>
Financial assets at fair value through profit and loss	141	73
Financial assets available for sale	-	-
<b>Impairment losses on associates, subsidiaries, joint ventures and held to maturity investments</b>	<b>-</b>	<b>-</b>
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
<b>Other</b>	<b>12.016</b>	<b>23.799</b>
<b>Total</b>	<b>123.102</b>	<b>117.787</b>

TL 49.817 (September 30, 2014: TL 36.746) of the total specific provisions provided for loans and other receivables amounting to TL 86.106 (September 30, 2014: TL 58.776) is the participation accounts portion of specific provision provided for loans and other receivables.

TL 13.080 (September 30, 2014: TL 13.806) of the total general loan loss provisions provided for loan and other receivables amounting to TL 24.839 (September 30, 2014: TL 35.079) is the participation accounts portion of general loan loss provision provided for loans and other receivables.

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

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

	Current Period	Prior Period
Personnel expenses	263.800	210.097
Provision for retirement pay liability	4.846	1.085
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	29.584	23.023
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	12.971	6.774
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	115	5
Depreciation expenses of assets to be disposed	1.279	801
Impairment expenses of assets held for sale and assets of discontinued operations	1.000	3
Other operating expenses	97.999	74.724
Operating lease expenses	39.278	29.415
Maintenance expenses	6.824	4.054
Advertisement expenses	6.728	5.240
Other expenses	45.169	36.015
Loss on sale of assets	295	290
Other(*)	62.085	44.072
<b>Total</b>	<b>473.974</b>	<b>360.874</b>

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	24.188	16.618
Taxes, Duties, Charges and Funds	17.494	14.063
Expertise and Information Expenses	9.397	6.016
Audit and Consultancy Fees	5.265	5.316
Other	5.741	2.059
<b>Total</b>	<b>62.085</b>	<b>44.072</b>

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

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

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

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

Tax provision for continued operations:

	<b>Current Period</b>	<b>Prior Period</b>
Income before tax	262.892	233.615
Tax calculated with tax rate of 20%	52.578	46.723
Other additions and disallowable expenses	18.385	9.284
Deductions	(15.545)	(6.759)
Provision for current taxes	55.418	49.248
Provision for deferred taxes	2.559	4.007
Continuing Operations Tax Provision	52.859	53.255

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

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

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

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

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

None.

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

None.

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

None.

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

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

<b>Other Fees and Commissions Received</b>	<b>Current Period</b>	<b>Prior Period</b>
Member firm-POS fees and commissions	24.347	21.389
Clearing room fees and commissions	10.742	12.023
Commissions on money orders	7.727	6.202
Appraisal fees	6.521	4.901
Insurance and brokerage commissions	5.945	3.121
Other	8.785	8.477
<b>Total</b>	<b>64.067</b>	<b>56.113</b>

<b>Other Fees and Commissions Paid</b>	<b>Current Period</b>	<b>Prior Period</b>
Funds borrowed fees and commissions	10.930	8.354
Credit cards fees and commissions	5.986	4.292
Member firm-POS fees and commissions	7.170	4.614
Other	12.044	4.937
<b>Total</b>	<b>36.130</b>	<b>22.197</b>

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

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

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

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

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**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
<b>Loans and other receivables</b>						
Balance at the beginning of the period	-	-	5	-	50.238	69.492
Balance at the end of the period	-	-	5	-	54.917	75.657
<b>Profit share and commission income received</b>	-	-	-	-	8.650	372

**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
<b>Loans and other receivables</b>						
Balance at the beginning of period	-	-	28	-	1.476	15.514
Balance at end of period	-	-	5	-	50.238	69.492
<b>Profit share and commission income received</b>	62	-	-	-	260	165

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

**c.1) Information on current and profit sharing accounts of the 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
<b>Current and profit sharing accounts</b>						
Balance at the beginning of period	1.430	5.703	5.354	3.224	248.343	185.192
Balance at the end of period	1.391	1.430	5.243	5.354	358.535	248.343
<b>Profit share expense</b>	339	403	76	109	8.310	4.959

(\*) As of September 30, 2015 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 144.508.380 and EURO 85.525.671 (December 31,2014: USD 241.859.711 and EURO 100.017.980). The profit share expense relating to such borrowings for the period between January 1, 2015 – September 30, 2015 is TL 10.670 (September 30, 2014: 12.972 TL).

**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 Bank.

As of September 30, 2015; the Group has paid TL 9.740 (September 30, 2014: TL 8.058) to top management.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements**  
**As of September 30, 2015**  
(Currency - Thousand Turkish Lira)

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

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

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

The Parent Bank shall be the sole debtor utilizing the funds to be generated from issuing Lease Certificates up to an amount of TL 1,000,000 in tranches with different tenors and by using one or more categories and types of lease certificates according to the Communiqué of Lease Certificates with private placement and/or qualified investors in accordance with the Communiqué of Lease Certificates (Serial: III-61.1) of the Capital Markets Board which was announced in the Official Gazette Nr: 28670, dated 07 June 2013. For this purpose the Parent Bank will submit all necessary documentation and applications demanding approval from Capital Market Board and other related authorities.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

**Notes related to consolidated financial statements**  
**As of September 30, 2015**  
(Currency - Thousand Turkish Lira)

**Section six**

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

None.

**Section seven**

**Independent auditor's limited review report**

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

The Group's consolidated financial statements as of and for the period ended September 30, 2015 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a Member Firm of Ernst & Young Global Limited) and the independent auditors' limited review report dated November 18, 2015 is presented at the beginning of the financial statements and related notes.

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

None.