

2011 First Half Earnings Presentation



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Macroeconomic / Banking Outlook



Global economies: A double-dip recession or a soft-landing?

Advanced & Developing economies

- *Slow recovery or signs of recession in US Economy?*
- *US debt ceiling rise in last minute dissatisfied rating agencies.*
- *Rating downgrade for US questioned its credibility. This will probably raise the down-side risks in global economy.*
- *Global economy will closely watch probable US's QE3 and its outcomes.*
- *Weak recovery in labour markets threat domestic demand and growth.*
- *Deepening sovereign debt worries in Eurozone especially in PIIGS countries.*
- *ECB's rescue plan for Italy and Spain is (un)expected to be effective?*
- *Uncertainties in global economy makes developing countries more cautious whether to apply orthodox or unorthodox policies in their economies.*

Turkey prepares itself for likely global economic developments through precautionary actions

- *11% GDP growth in Q1'11 recorded highest in the world is expected to continue in a way to decelerate.*
 - *Domestic demand gives signals of slowdown .*
 - *External demand is still weak: Any recovery in Eurozone and political stability in some MENA countries –trade partners of Turkey- will improve Turkey's trade volume.*
- *CBRT estimates CA deficit to be 9% of GDP by year-end 2011.*
- *Precautionary CBRT measures are expected to alleviate the impact of a likely global recession .*

Banking sector almost adapted to regulatory environment

Strong asset growth in banking sector

- Substantial demand for credit continued in Q2'11
 - CBRT's rate cut may contribute to credit growth, but a likely global recession together with shrinking domestic demand may put a brake to credit expansion.
- Banks adapted to CBRT's RRR regulations,
 - Shifted short term deposits to longer term deposits.
 - Prompted alternative funding sources, i.e. issued bonds.
- Increased deposit competition due to the CBRT's RRR hikes puts pressure on NIM.
- Lower NPL formation with moderate recollections supported asset quality. However, deterioration in NPL may occur due to macroeconomic volatility and depreciated local currency.

Participation banks are in need of diversifying their funding base

- Accessing to alternative funding sources (i.e. sukuk, murabaha syndication)
- Offering diversified products to expand the deposit base (i.e. Gold account)
- Concentrating on credits with higher yields
- Expanding the size of P/L sharing projects and retail-housing credits.
- Continuing branch network expansion
- Seeking opportunities for branching and acquisitions abroad.

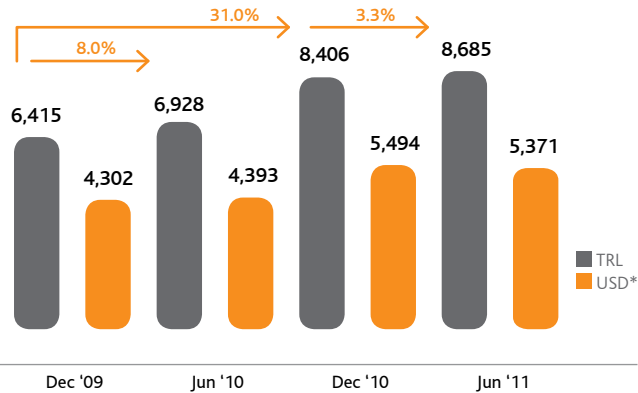
2011 H1 Financial Results



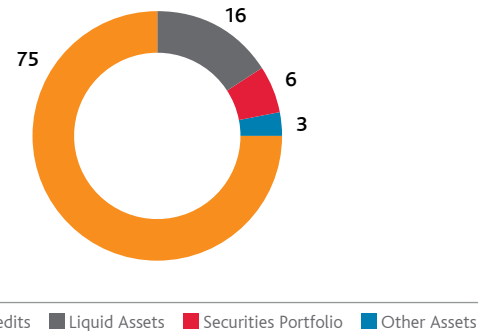
Growth in total assets decelerated in the first half of 2011

L/D ratio resulted as 94% as end of H1'11, was at 91% at the end of Q1'11. Strong demand for credits increased portion of funded credits to 75% in total assets albeit with latest RRR hikes and pressure on deposit collection.

Total Assets (million)



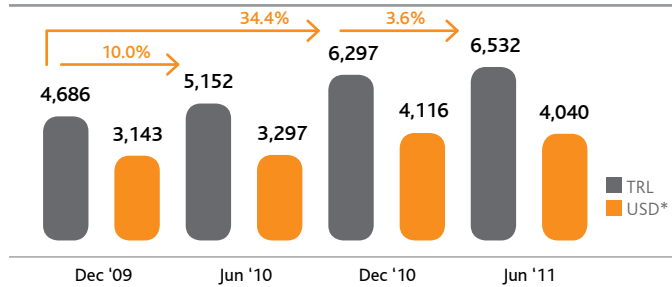
Composition of Total Assets (H1'11) (%)



*USD equivalent of total assets

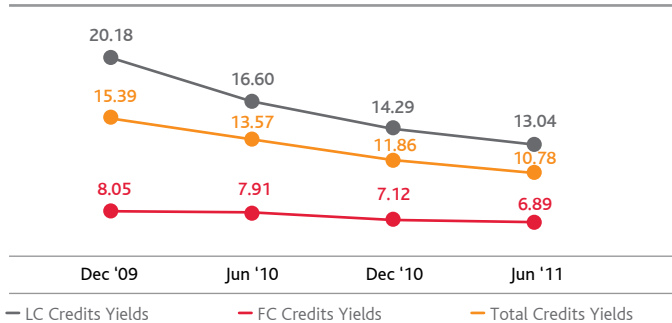
Competitive environment on funding side led to weaker growth on funded credits

Total Funded Credits (million)



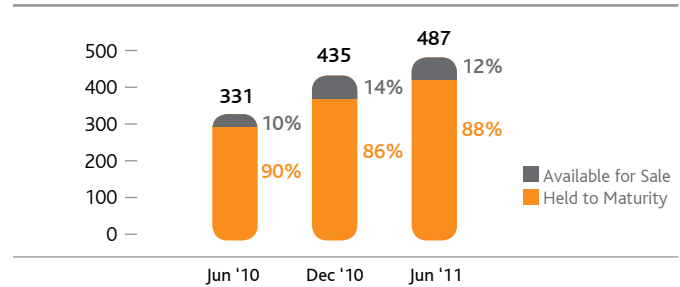
*USD equivalent of total funded credits

Credits Yields⁽¹⁾ (%)

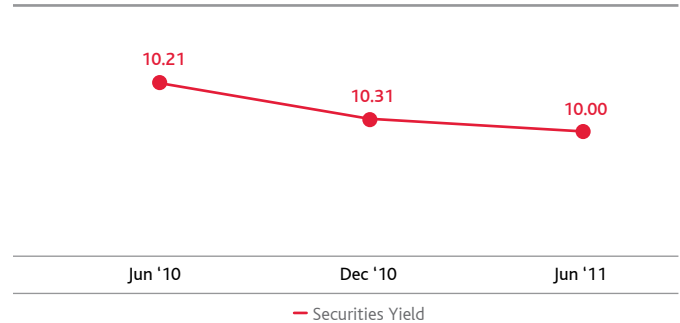


(1) Profit share income received from credits for the last 12M/12M average credits

Total Securities Portfolio (TRL million)



Securities Yield⁽²⁾ (%)



(2) Profit share income received from securities for the last 12M/12M average securities

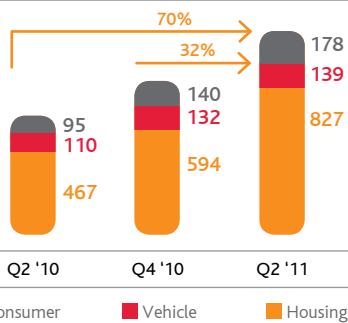
Restructuring funded credits portfolio: Emphasis on SMEs and retail credits

Composition of Total Funded Credits* (%)

	Q4'09	Q4'10	Q2'11
Corporate Credits	50.70	54.14	45.92
SME Credits	42.33	37.37	42.44
Retail Credits	6.97	8.49	11.64
Total	100.00	100.00	100.00

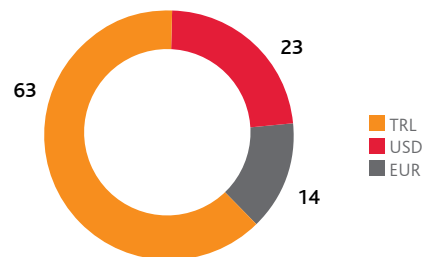
*Excluding installment based commercial credits

Total Retail Credits** (TRL million)



**Including installment based commercial credits, excluding credit cards

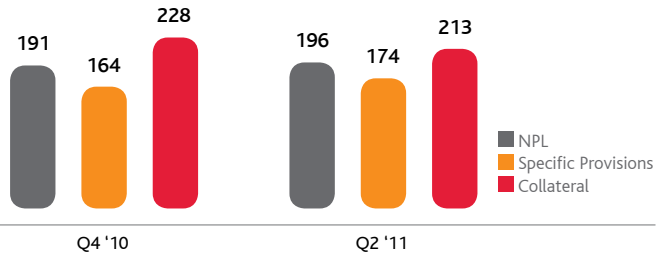
Currency Composition of Total Funded Credits (Q2 '11) (%)



Planned to increase retail credits portfolio up to 15% of total funded credits in the medium term. Also, SME's marked out priority.

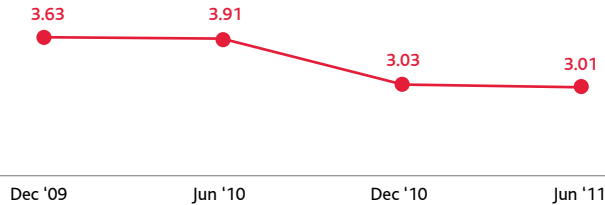
Asset quality has always priority

Non-performing Loans (TRL million)



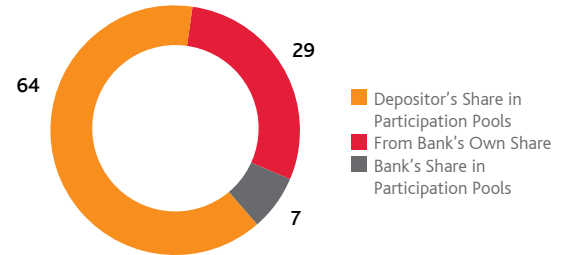
Contracting NPL formation in Q1'11 slightly increased in Q2'11 whilst flat growth recorded in total funded credits. Thus, NPL ratio increased by 15 bps QoQ

NPL Ratio* (%)

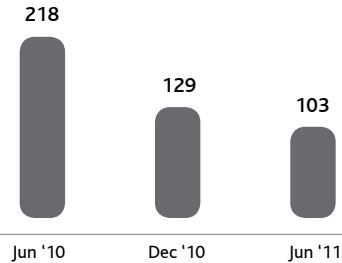


*Including f. leasing & accruals and discounts

Composition of NPL (Q2 '11) (%)



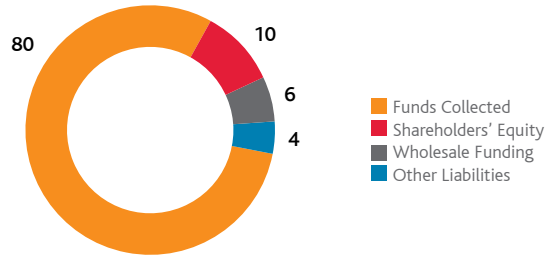
Cost of Risk** (bps)



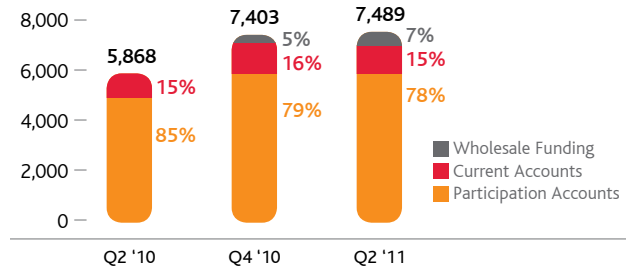
**Specific provisions for credits for last 12M/12M average credits

Access to different funding sources expected to help grow on the funding base

Composition of Total Liabilities (Q2'11) (%)



Composition of Funding Base (TRL million)

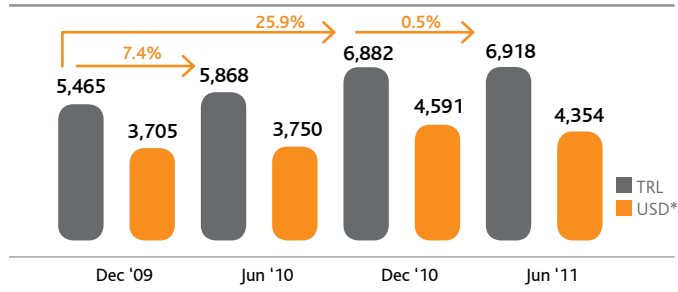


Tapping into recently available funding sources expected to boost funding base:

- Wakala product introduced (utilizing idle funds of other ABG banks),
- Procedure for sukuk issuance initiated,
- Planned to expand the amount of syndication murabaha credits to USD 300 million, received USD 240 million in 2010,
- Short term borrowing from CBRT now available for use.

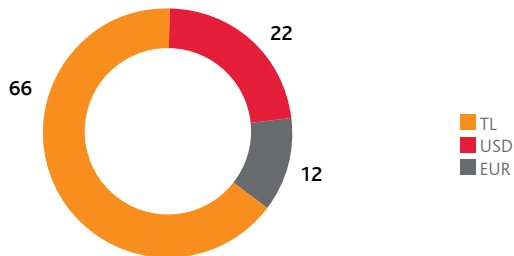
Flat growth in funds collection

Total Funds Collected (million)

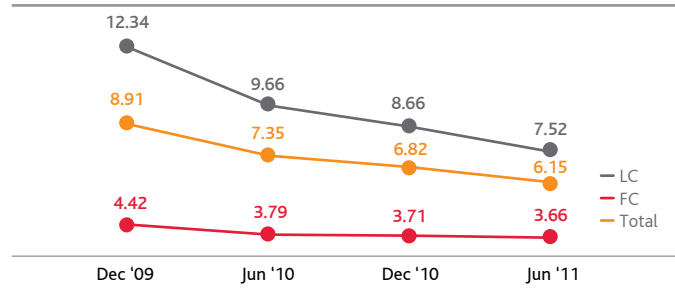


*USD equivalent of total funded credits

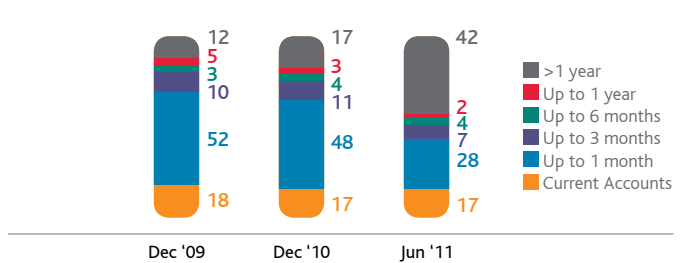
Currency Composition of Participation Accounts (Q2 '11) (%)



Cost of Funds Collected (%)



Maturity Composition of Funds Collected (%)

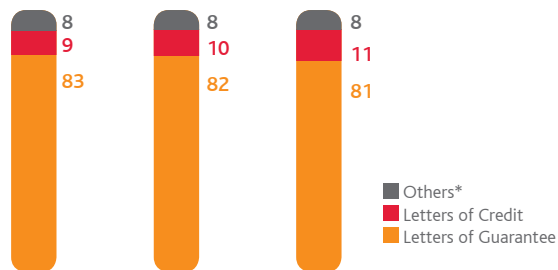


Average maturity for funds collected (days)

TL: 149, FX: 133, Total: 142

Off Balance Sheet has grown as projected

Off Balance Sheet (%)

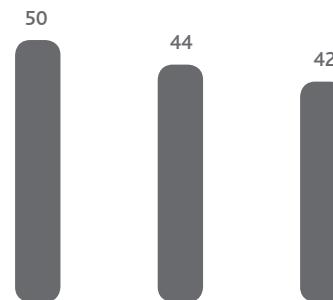


Dec '09

Dec '10

Jun '11

LG's-to-Total Assets (%)



Dec '09

Dec '10

Jun '11

Off Balance Sheet (TRL million)

	Dec'09	Dec'10	Jun'11
Letters of Guarantee	3,214	3,687	3,656
Letters of Credit	348	471	493
Others*	309	335	387
Total	3,871	4,493	4,536

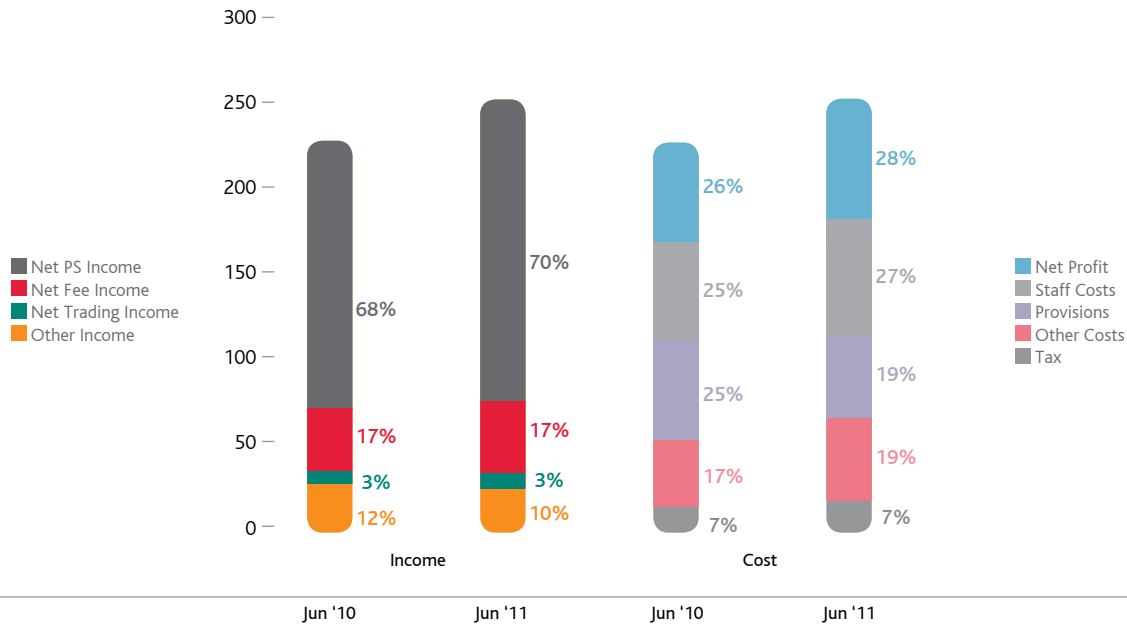
*Revocable credit limits not included

Income-costs dynamics sustained, rewarding profitability achieved

(TRL thousand)	Year on Year Change			Quarterly Change			Notes
	Jun'10	Jun'11	% Change	Q1'11	Q2'11	% Change	
Net Profit Share Income	155,968	177,884	14	87,068	90,817	4	NPS margin kept almost flat in Q2'11 in comparison with Q1'11. Growth in PSI is still faster than growth in PSE.
Net Fee Income	38,627	42,849	11	23,418	19,430	-17	Gross fees&commissions income in Q2'11 grew by 25% on YoY. However, fees&commissions expense peaked in Q2'11. The reason for that commissions paid to POS co-brand bank for unblocking POS revenues kept in the POS co-brand bank earlier than its time.
Net Trading Income	6,585	8,372	27	4,681	3,691	-21	Strong trading income growth on YoY but not as strong as it was in Q1'11.
Other Income	27,172	25,082	-8	13,413	11,669	-13	There weren't any "one-off income" in H1'11. Recollections in Q2'11 were slightly less than Q1'11.
Staff Costs	58,201	69,052	19	34,424	34,628	1	YoY increase in staff costs attributable to staff expansion.
Provisions	56,951	47,946	-16	20,070	27,876	39	QoQ specific provisioning cost increased in Q2'11 as the Bank kept its high LLP policy.
Other Costs	39,277	48,301	23	23,032	25,269	10	YoY increase in other operational cost can be attributable to new branch openings.
Tax	15,147	17,964	19	9,845	8,119	-18	-
Net Profits	58,776	70,924	21	41,209	29,715	-28	-

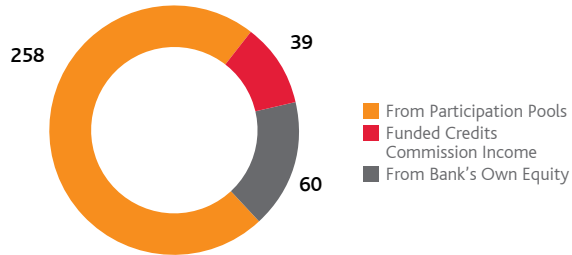
Income-costs dynamics sustained

Income-Cost Dynamics (TRL million)

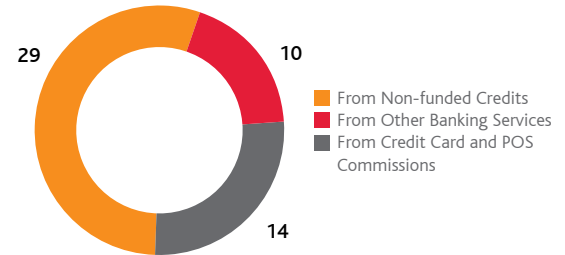


Breakdown of Income for H1 2011

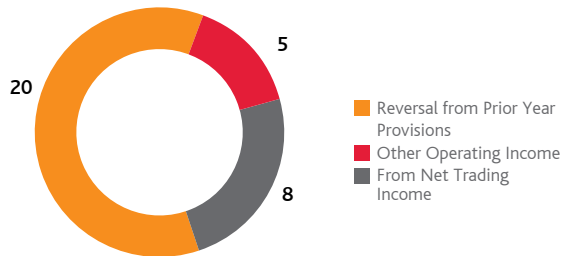
Breakdown of Profit Share Income (TRL million)



Breakdown of Fee&Commission Income (TRL million)

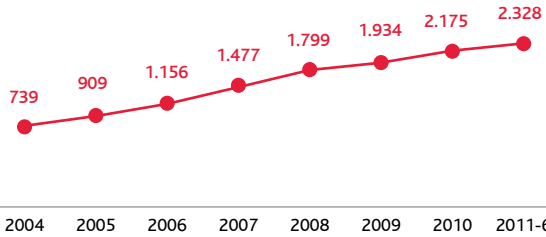


Breakdown of Other Income (TRL million)

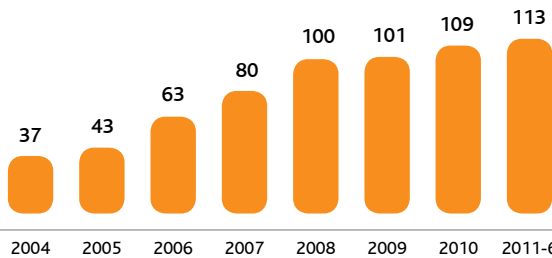


Expanding Branch Network

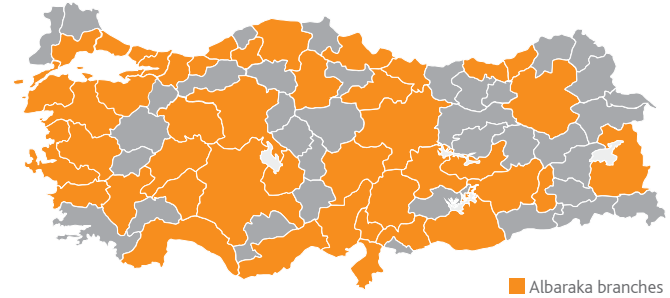
Total Number of Personnel



Total Number of Branches



Albaraka Branches



Current Branches

İstanbul	47	Aksaray	1	Düzce	1	Kastamonu	1	Sivas	1
Ankara	12	Antalya	1	Elazığ	1	Malatya	1	Şanlıurfa	1
Konya	4	Aydın	1	Erzurum	1	Manisa	1	Tekirdağ	1
Adana	3	Balıkesir	1	Eskişehir	1	Maraş	1	Tokat	1
Bursa	3	Batman	1	Gaziantep	1	Ordu	1	Trabzon	1
İzmir	3	Çanakkale	1	Hatay	1	Osmaniye	1	Van	1
Kayseri	3	Çorum	1	Isparta	1	Rize	1	Yalova	1
Kocaeli	2	Denizli	1	İçel	1	Sakarya	1	Zonguldak	1
Afyon	1	Diyarbakır	1	Karabük	1	Samsun	1	Erbil*	1

Branches that will be opened soon

İstanbul	5	Diyarbakır	1	İzmir	1	Kocaeli	1	Bolu	1
Antalya	1	Gaziantep	1						

There will be more branch opening in the near future.

*1 branch in Erbil, Iraq

Market Comparison



Total Growth

Percent	2010 (12 Months)			2011 (6 Months) as of 30 June		
	Albaraka	Participation Banks	Banking Sector	Albaraka	Participation Banks	Banking Sector
Asset Size	31.04	28.88	20.75	3.32	11.41	13.81
Total Credits*	35.96	28.94	33.45	2.22	11.15	17.80
Deposits*	26.07	23.88	19.90	0.54	5.02	6.87

*Accruals and rediscounts excluded

Market Share

Percent	2010 (12 Months)			2011 (6 Months) as of 30 June		
	Albaraka Türk/ Participation Banks	Albaraka Türk/ Banking Sector	Participation Banks/ Banking Sector	Albaraka Türk/ Participation Banks	Albaraka Türk/ Banking Sector	Participation Banks/ Banking Sector
Asset Size	19.40	0.83	4.30	17.99	0.76	4.21
Total Credits*	19.34	1.15	4.93	17.79	1.00	5.59
Deposits*	20.72	1.11	5.36	19.83	1.05	5.27

*Accruals and rediscounts excluded

Ratios

Percent	2010 (12 Months)			2011 (6 Months)		
	Albaraka	Participation Banks	Banking Sector	Albaraka	Participation Banks	Banking Sector
CAR	14.09	15.07	18.96	14.01	14.20	17.10
NPL Ratio*	3.14	3.56	3.77	3.16	3.13	2.99
Provisioning Ratio	85.68	70.67	74.03	88.67	71.98	84.35
ROAA (IBT)	2.29	2.51	3.03	2.21	2.13	2.50
ROAE (NI)	17.40	15.46	18.08	17.31	13.60	15.35
Yield	9.68	9.89	9.35	9.09	9.19	8.62
Spread	4.02	4.42	4.06	3.99	4.30	3.50
Net Profit Share Margin	4.59	5.09	4.78	4.41	4.81	4.12
Net Fee Income / Avg. Assets	1.99	1.25	1.37	1.94	1.84	1.34
Op Costs / Avg. Assets	3.10	3.87	2.98	3.00	3.30	2.52
Cost/Income**	43.8	49.8	43.6	48.04	52.03	46.10
Credits / Branches (000 'TRL)	55,187	51,884	52,941	54,911	56,450	62,763
Staff / Branches	20	21	19	20	20	19
CA / Deposits*	17.01	19.31	15.92	16.70	19.62	16.58

*Accruals and discounts excluded

** Cost: Operating Costs, Income: NIII/NPSI, N. Fee and Com.Income, Other Income

Appendix



Summary Balance Sheet

(TRL thousand)	Dec '10	Jun '11	Growth (%)
Cash and Banks	1,431,948	1,413,818	-1.2
Financial Assets	59,141	58,434	-1.2
Funds Utilized	6,296,815	6,532,492	3.6
Funded Credits	6,243,565	6,494,611	4.0
NPL	190,850	196,374	2.9
Provisions	-163,520	-174,131	6.5
Net Financial Leasing Receivables	25,920	15,641	-40.7
Investments Held to Maturity (Net)	376,204	428,440	13.9
Associates	2,000	2,000	-
Fixed Assets	194,497	202,696	4.2
Assets Held For Sale and Investment	18,070	13,079	-27.6
Other Assets (including Tax Assets)	27,626	34,242	23.9
Total Assets	8,406,301	8,685,201	3.3
Funds Collected	6,881,590	6,917,863	0.5
Syndicated & Other Loans	374,807	509,880	36.0
Debts (including Taxes)	195,511	231,540	18.4
Provisions	101,758	117,440	15.4
Shareholders' Equity	852,634	908,478	6.5
Capital	539,000	539,000	-
Capital Reserves (inc. Premium)	31,109	29,156	-
Profit Reserves	148,147	269,051	-
Profits	134,378	71,271	-
Past Periods	335	347	-
Current Year	134,044	70,924	-
Total Liabilities	8,406,301	8,685,201	3.3

Summary Income Statement

(TRL thousand)	Jun '10	Jun '11	Growth (%)
Profit Share Income	327,067	356,844	9.1
Profit Share Expense	171,099	178,960	4.6
Net Profit Share Income	155,968	177,884	14.1
Net Fees and Commissions Income	38,627	42,849	10.9
Fees and Commissions Received	42,496	53,119	25.0
Fees and Commissions Paid	3,869	10,270	165.4
Net Trading Income	6,585	8,372	27.1
Other Operating Income	27,171	25,082	-7.7
Total Operating Profit	228,351	254,187	11.3
Provisions	56,351	47,946	-15.8
Other Operating Expenses	37,478	117,353	20.4
Net Operating Profit	73,923	88,888	20.2
Tax Provision	15,147	17,964	18.6
Net Profits	58,776	70,924	20.7

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