

# 2012 Q4 Earnings Presentation



# Contents

- *Macroeconomic / Banking Outlook*
- *2012 Q4 Financial Results*
- *Market Comparison*
- *Appendix*

# Macroeconomic / Banking Outlook



# *Outlook optimistic for Turkey, caution still remains due to global factors*

*Thanks to the elimination of tail risks regarding the global economy, risk appetite has started to increase since mid 2012.*

*On the other hand, quantitative easing policies were sustained amid the persisting weak growth outlook in advanced economies.*

*New currency war discussions were again came to scene because of the Japanese new government's tendency to devalue yen against dollar.*

*Growth expectations about Eurozone economies are still pessimistic for 2013.*

## **Turkish Economy**

*Third quarter GDP growth data (Q3:1.6%) was under the market expectations and showed the level of the slowdown in the economy.*

### **Macroeconomic forecast for 2013**

*GDP growth in 2013: 4.0-4.5%*

*Inflation: 6.0-6.40%*

*USD/TRY: 1.75-1.80*

*Benchmark bond interest rate: 5.50-6.00%*

## *Banking sector shows good profitability*

*In 2012, net profit of the banking sector increased by 19.2% year on year basis.*

*Deterioration in the asset quality is giving alert and NPL amount raised 23.4% in 2012 due to the slowdown in the economy.*

*While total deposit of the banking sector increased by 11.0%, funding base was supported by syndication and debt instruments.*

*CBRT's 15% credit growth limit for 2013 is putting pressure on the bank.*

### **Participation banks diversifying and improving their funding base**

- *PB's have continued to increase total share in the total banking sector.*
- *Accessing to wholesale funding sources (i.e. sukuk, murabaha syndication, etc.)*
- *Offering diversified products to expand the deposit base (i.e. gold deposit account)*
- *Expanding the size of P/L sharing projects and retail-housing credits*
- *Continuing branch network expansion*

# 2012 Q4 Financial Results



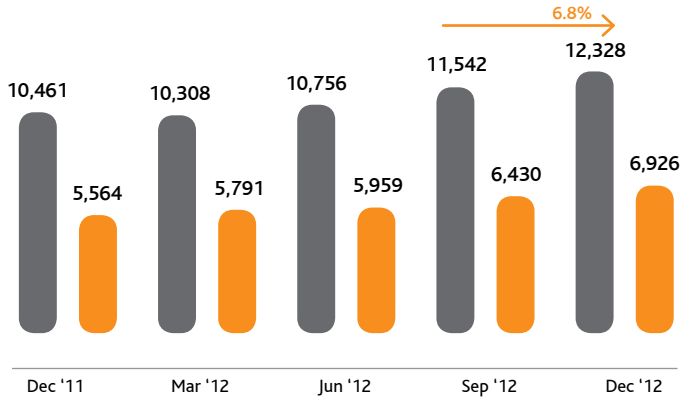
# Composition of Total Assets has changed

## Total Assets (million)

YtD Growth: 17.8 in TRL terms

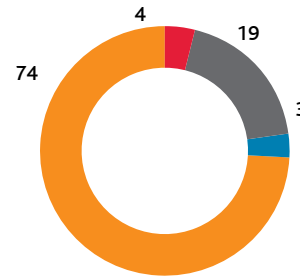
YtD Growth: 24.5% in USD terms

■ TRL ■ USD\*



\*USD equivalent of total assets  
L/D (Q4) = 99%

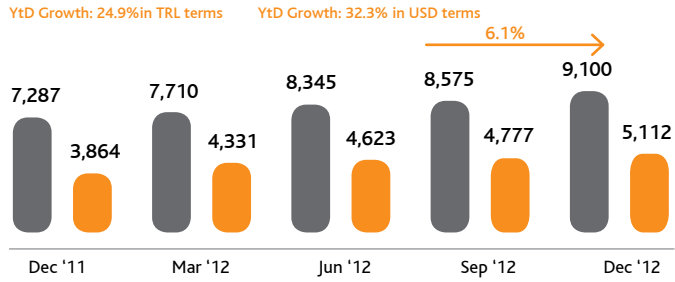
## Assets Segmentation (Q4 '12) (%)



■ Funded Credits ■ Securities Portfolio ■ Liquid Assets ■ Other Assets

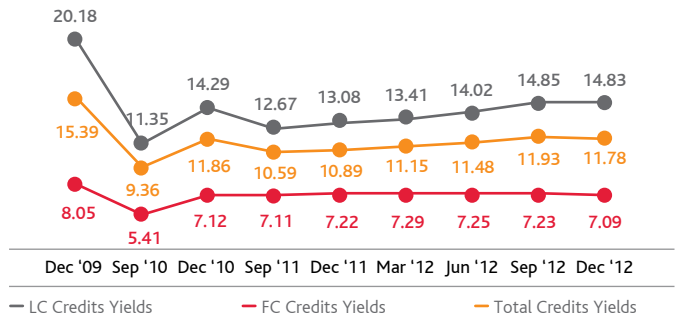
# Credit growth accelerated

## Total Funded Credits\*\* (million)



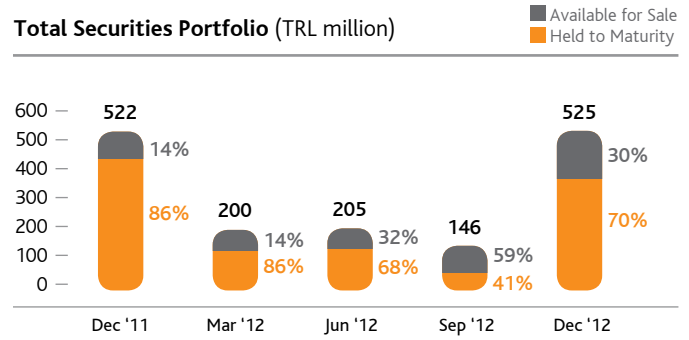
\*USD equivalent of total funded credits    \*\*including financial leasing receivables

## Credits Yields<sup>(1)</sup> (%)

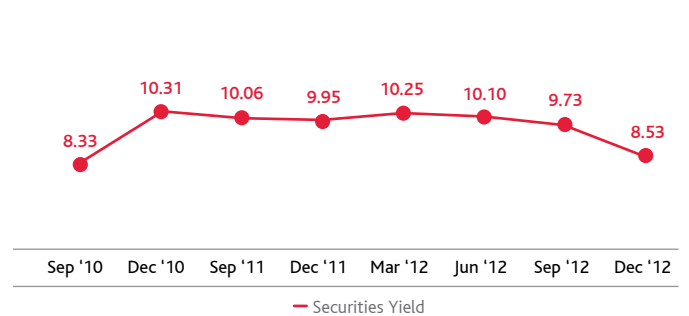


(1) Profit share income received from credits for the last 12M/12M average credits

## Total Securities Portfolio (TRL million)



## Securities Yield<sup>(2)</sup> (%)

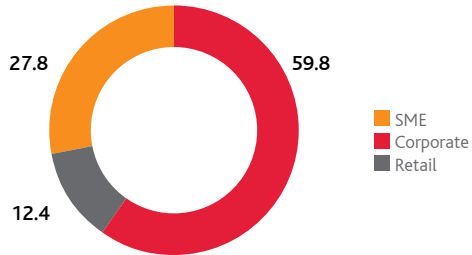


(2) Profit share income received from securities for the last 12M/12M average securities

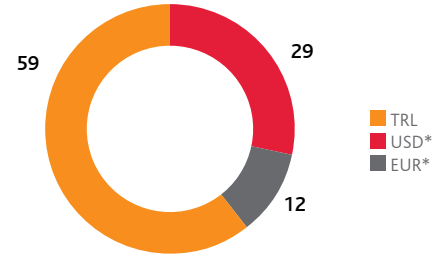


# Funded Credits Portfolio

Composition of Total Funded Credits (Q4 '12) (%)

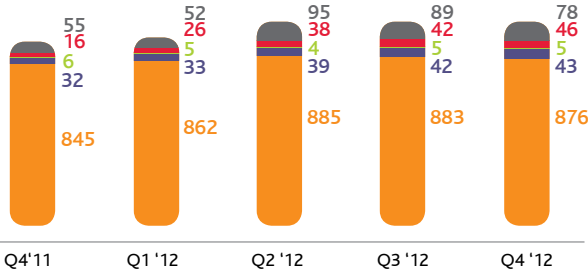


Currency Composition of Total Funded Credits (Q4 '12) (%)



\*Including USD & EUR indexed credits

Total Retail Credits\* (TRL million)



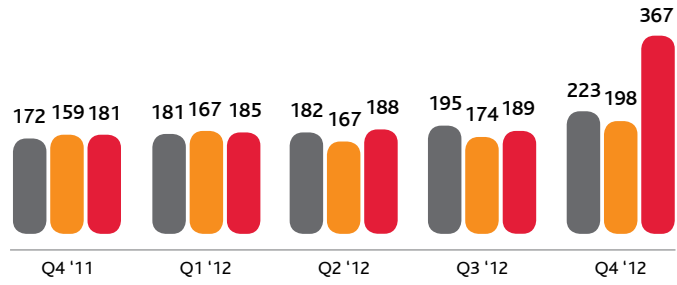
Legend: Housing (Orange), Vehicle (Blue), Consumer (Green), Credit Cards (Red), Other (Grey)

\*Excluding installment based commercial credits, and corporate credit cards

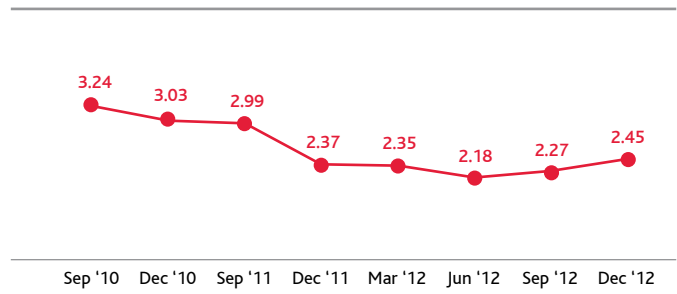
Retail credits (excluding installment based commercial credits corporate credit cards) grew to TRL 1,048 million in December 31, 2012 up from TRL 954 million in Q4 2011 Housing finance is primary segment among retail credits

# Asset quality has always priority

**Non-performing Loans (TRL million)** ■ NPL ■ Specific Provisions ■ Collateral

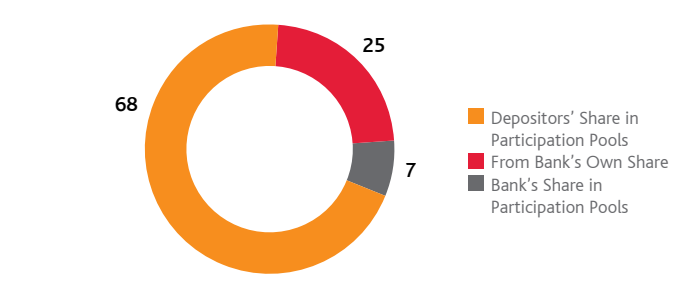


**NPL Ratio\* (%)**

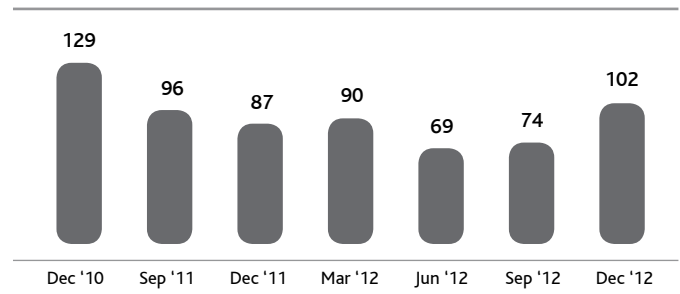


\*Including financial leasings&accruals and rediscounts

**Composition of NPL (Q4 '12) (%)**



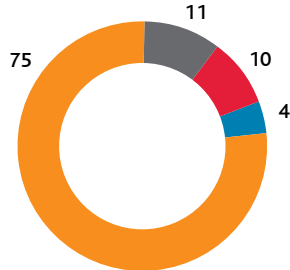
**Cost of Risk\*\* (bps)**



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

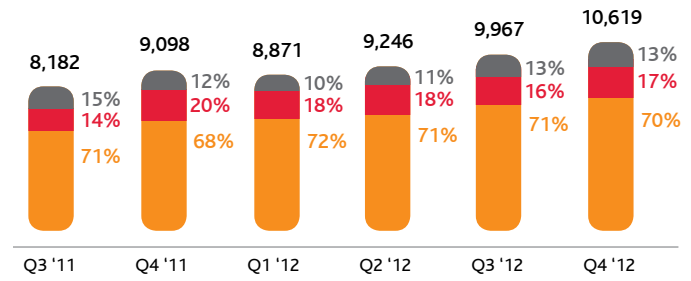
# Total Liabilities

Composition of Total Liabilities (Q4 '12) (%)



■ Funds Collected 
 ■ Shareholders' Equity 
 ■ Wholesale Funding 
 ■ Other Liabilities

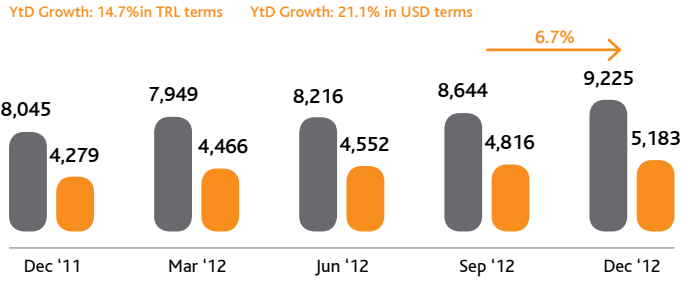
Composition of Funding Base (TRL million)



■ Funds Borrowed 
 ■ Current Accounts 
 ■ Participation Accounts

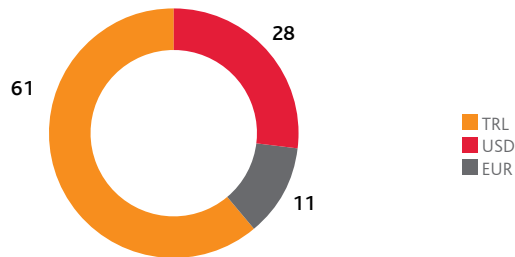
# Total funds collected

## Total Funds Collected (million)

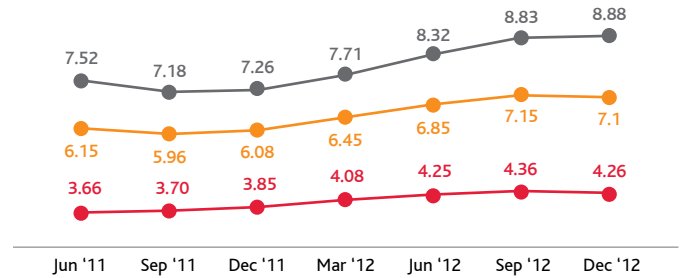


\*USD equivalent of total funded credits

## Currency Composition of Participation Accounts (Q4 '12) (%)

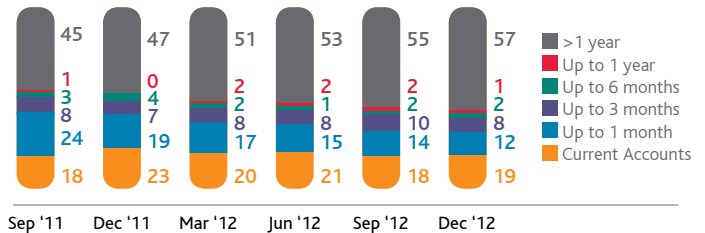


## Cost of Funds Collected<sup>(1)</sup> (%)



(1) Profit share expense to depositors for the last 12M/12M average participation accounts

## Maturity Composition of Funds Collected (%)

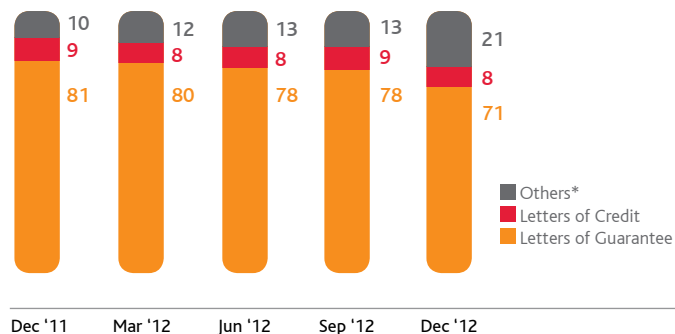


## Average Maturity for Funds Collected (days)

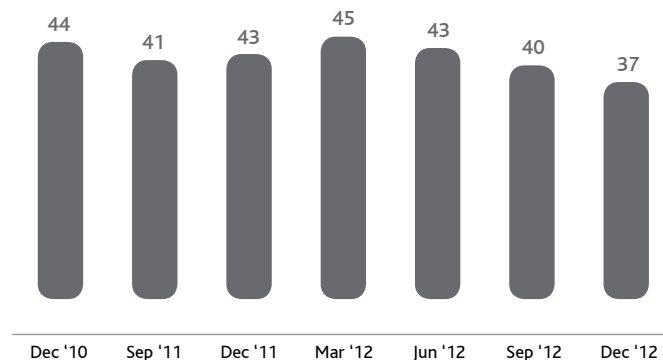
TRL: 184 FX: 152 Total: 172

# Off balance sheet

## Off Balance Sheet Composition (%)



## LGs-to-Total Assets (%)



## Off Balance Sheet (TRL million)

	Jun '11	Sep '11	Dec '11	Mar '12	Jun '12	Sep '12	Dec '12	Growth (%)	
								Q-Q	YtD
Letters of Guarantee	3,656	3,918	4,534	4,650	4,646	4,644	4,535	-2.3	0.0
Letters of Credit	493	485	506	442	503	537	478	-11.0	-5.6
Others*	387	426	546	721	784	793	1,342	69.2	145.8
<b>Total</b>	<b>4,536</b>	<b>4,829</b>	<b>5,586</b>	<b>5,813</b>	<b>5,933</b>	<b>5,974</b>	<b>6,355</b>	<b>6.4</b>	<b>13.8</b>

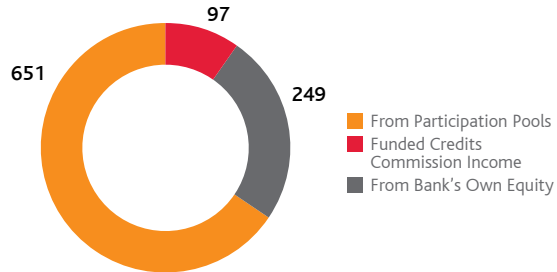
\*Revocable credit limits not included

# Income-cost dynamics

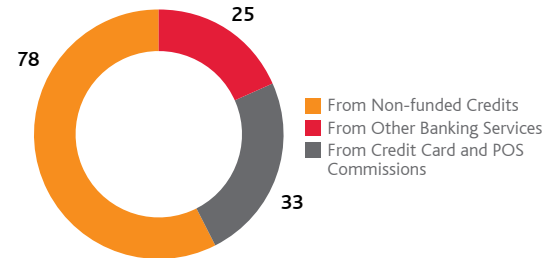
(TRL thousand)	Year on Year Change			Quarterly Change			Notes
	Dec '11	Dec '12	% Change	Q3 '12	Q4 '12	% Change	
Net Profit Share Income	385,648	485,898	26.0%	135,630	131,861	-2.8%	While profit share income decreased by 1.2%, profit share expense kept almost steady on quarterly basis. Also, joint venture project return is TRL 4.4 mln in Q4, lower than previous quarter (TRL 13.3 mln).
Net Fee Income	90,332	113,353	25.5%	29,260	28,377	-3.0%	Commission income received from non-funded credit increased by 30% YoY.
Net Trading Income	21,224	21,185	-0.2%	6,951	5,374	-22.7%	FX trading income decreased by 23% on QoQ basis.
Other Income	55,460	85,122	53.5%	8,611	43,058	400.0%	Huge one off rise in recollections in the last quarter due to the return from one specific credit.
Staff Costs	141,882	201,416	42.0%	47,538	59,269	24.7%	Quarterly change is due to wage adjustment, bonus and 2% staff expansion.
Provisions	106,341	122,412	15.1%	19,080	57,530	201.5%	Great specific provisioning cost stemming from above mentioned credit
Other Costs	102,278	140,505	37.4%	34,399	37,441	8.8%	YoY increase in other operational costs can be attributable to new branch openings and transformation projects
Tax	42,008	49,390	17.6%	16,290	11,749	-27.9%	-
Net Profits	160,155	191,835	19.8%	63,145	42,681	-32.4%	-

# Breakdown of income for Q4 2012

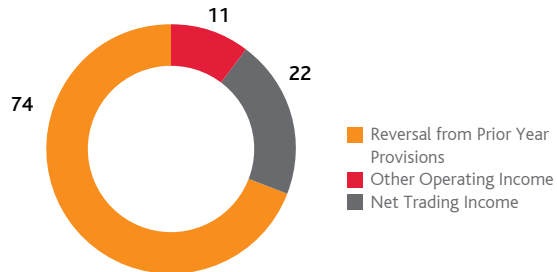
Breakdown of Profit Share Income (TRL million)



Breakdown of Fee&Commission Income (TRL million)

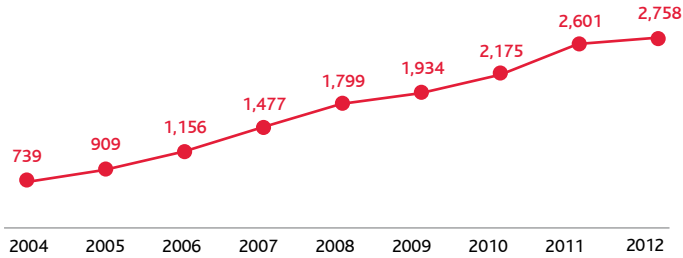


Breakdown of Other Income (TRL million)

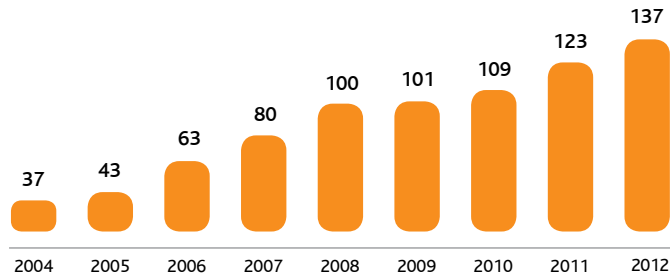


# Expanding branch network

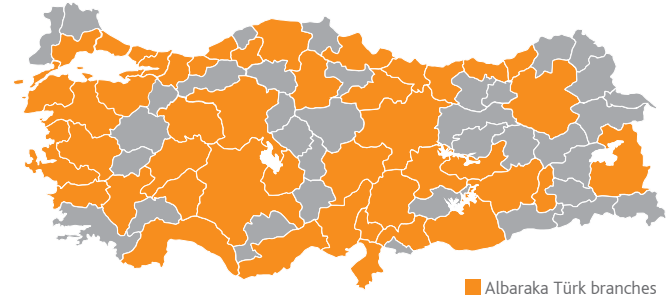
## Total Number of Personnel



## Total Number of Branches



## Albaraka Türk Branches



## Current Branches

Istanbul	58	Gaziantep	2	Denizli	1	Karaman	1	Samsun	1
Ankara	14	Adiyaman	1	Düzce	1	Karabük	1	Sivas	1
İzmir	4	Afyon	1	İzmit	1	Kastamonu	1	Şanlıurfa	1
Konya	5	Aksaray	1	Elazığ	1	Malatya	1	Tekirdağ	1
Adana	3	Aydın	1	Erzurum	1	Manisa	1	Tokat	1
Bursa	3	Balıkesir	1	Eskişehir	1	Maraş	1	Trabzon	1
Kayseri	3	Batman	1	Giresun	1	Ordu	1	Van	1
Kocaeli	3	Bolu	1	Hatay	1	Osmaniye	1	Yalova	1
Antalya	2	Çanakkale	1	Isparta	1	Rize	1	Zonguldak	1
Diyarbakır	2	Çorum	1	İçel	1	Sakarya	1	Erbil*	1

\*1 branch in Erbil, Iraq



# Market Comparison



# Total growth

Percent	2011 (12 Months)			2012 (12 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Asset Size	24.4	29.6	21.0	17.8	25.2	12.6
Total Credits*	15.9	23.7	29.1	24.7	24.5	16.4
Deposits	16.9	18.5	12.7	14.7	22.2	11.0

\*Financial leasing receivables excluded

# Market share

Percent	2011 (12 Months)			2012 (12 Months)		
	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	18.6	0.9	4.6	17.5	0.9	5.1
Total Credits*	18.9	1.1	5.6	18.9	1.1	6.0
Deposits	20.5	1.2	5.6	19.3	1.2	6.2

\*Financial leasing receivables excluded

# Ratios

Percent	2011 (12 Months)			2012 (12 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	12.53	14.05	16.46	13.03	13.91	17.86
NPL Ratio*	2.36	2.99	2.71	2.45	3.01	2.88
Provisioning Ratio	92.41	65.43	79.38	88.82	75.12	75.19
ROAA (IBT)	2.23	2.04	2.22	2.19	1.89	2.36
ROAE (NI)	17.46	13.80	14.26	17.22	13.83	14.55
Yield	9.18	9.19	8.60	10.08	10.16	9.82
Spread	4.29	4.52	3.42	4.67	5.31	4.33
Net Profit Share Margin	4.6	4.85	3.95	4.91	5.43	4.79
Net Fee Income / Avg. Assets	1.81	1.72	1.27	1.90	1.64	1.24
Op Costs / Avg. Assets	2.97	3.51	2.63	3.16	3.32	2.77
Cost/Income**	44.18	50.32	47.02	48.46	49.80	43.80
Credits / Branches (000 'TRL)	59,244	60,621	66,628	66,413	60,704	73,512
Staff / Branches	21	20	19	20.13	18.52	18.21
CA / Deposits*	23.07	25.39	17.42	19.04	21.94	17.92

\*Accruals and discounts excluded

\*\* Cost: Operating Costs, Income: NIII/NPSI, Net Fees and Commissions Income, Other Income

# Appendix



# Summary balance sheet

(TRL thousand)	Dec '11	Dec '12	Growth (%)
Cash and Banks	2,358,672	2,337,755	-0.9
Financial Assets	90,682	158,761	75.1
Funds Utilized	7,286,960	9,100,064	24.9
Funded Credits	7,251,756	9,033,524	24.6
NPL	171,936	222,549	29.4
Provisions	-158,882	-197,669	24.4
Net Financial Leasing Receivables	22,150	41,659	88.1
Investments Held To Maturity (Net)	430,862	365,815	-15.1
Associates	3,050	4,261	39.7
Fixed Assets	236,496	301,389	27.4
Assets Held For Sale and Investment	25,372	10,714	-57.8
Other Assets (inc. Tax Assets)	28,791	48,896	69.8
<b>Total Assets</b>	<b>10,460,885</b>	<b>12,327,654</b>	<b>17.8</b>
Funds Collected	8,044,747	9,225,018	14.7
Funds Borrowed	1,053,290	1,393,830	32.3
Debts (inc. Taxes)	212,404	354,655	67.0
Provisions	146,193	135,818	-7.1
Shareholders' Equity	1,004,251	1,218,333	21.3
Capital	539,000	900,000	67.0
Capital Reserves (inc. Premium)	35,330	56,687	60.5
Profit Reserves	269,051	68,920	-74.4
Profits	160,870	192,726	19.8
Past Periods	715	891	24.6
Current Year	160,155	191,835	19.8
<b>Total Liabilities</b>	<b>10,460,885</b>	<b>12,327,654</b>	<b>17.8</b>

# Summary income statement

(TRL thousand)	Dec '11	Dec '12	Growth (%)
Profit Share Income	769,727	996,828	29.5
Profit Share Expense	384,079	510,930	33.0
Net Profit Share Income	385,648	485,898	26.0
Net Fees and Commissions Income	90,332	113,353	25.5
Fees and Commissions Received	110,625	135,585	22.6
Fees and Commissions Paid	20,293	22,232	9.6
Net Trading Income	21,224	21,185	-0.2
Other Operating Income	55,460	85,122	53.5
Total Operating Profit	552,664	705,558	27.7
Provisions for Loan Losses	106,341	122,412	15.1
Other Operating Expenses	244,160	341,921	40.0
Net Operating Profit	202,163	241,225	19.3
Tax Provision	42,008	49,390	17.6
<b>Net Profits</b>	<b>160,155</b>	<b>191,835</b>	<b>19.8</b>









## DISCLAIMER

*THIS PRESENTATION AND THE INFORMATION CONTAINED HEREIN IS CONFIDENTIAL AND MAY NOT BE REPRODUCED, CIRCULATED, DISTRIBUTED OR PUBLISHED (IN WHOLE OR IN PART) OR DISCLOSED BY RECIPIENTS TO ANY OTHER PARTY. BY VIEWING THIS PRESENTATION, YOU AGREE TO BE BOUND BY THE FOREGOING LIMITATIONS.*

*This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase any securities of Albaraka Türk Katılım Bankası A.Ş., nor shall any part of it form part of or be relied on in connection with any contract or investment decision relating thereto, nor does it constitute a recommendation regarding the securities of the Bank. The information contained in this document is published for the assistance of recipients, but is not to be relied upon authoritative or taken in substitution for the exercise of judgment by any recipient. The Bank does not accept any liability whatsoever for any direct or consequential loss arising from any use of this document or its content. Any purchase of shares of the Bank should be made solely on the basis of sound financial analysis on the part of the investor, with no liabilities arising against the Bank.*

*The information used in preparing these materials was obtained from or through the Bank or the Bank's representatives or from public sources. Although prepared in good faith and from sources believed to be reliable, no reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its accuracy, completeness or fairness. The information in this presentation is subject to verification, completion and change.*

*The projections, forecasts and estimates of the Bank contained herein are for illustrative purposes only and are based on management's current views and assumptions. Such projections, forecasts and estimates involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those anticipated in this presentation. The Bank expressly disclaims any obligation or undertaking to update or revise any projections, forecasts or estimates contained in this presentation to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based unless so required by applicable law. Investors should note many different risk factors could adversely affect the outcome and financial effects of the plans and projections described herein. As a result, you are cautioned not to place undue reliance on any forward-looking statements. The Bank, its advisers and each of their respective members, directors, officers and employees disclaim any liability in case projections and plans given in this document are not realized.*

## **Albaraka Türk Participation Bank Investor Relations**

Saray Mah. Dr. Adnan Büyükdeniz Cad.  
No: 6 Ümraniye / İstanbul

Tel: +90 (216) 666 03 03  
Fax: +90 (216) 666 16 20  
E-mail: [ir@albarakaturk.com.tr](mailto:ir@albarakaturk.com.tr)  
Web page: [www.albarakaturk.com.tr](http://www.albarakaturk.com.tr)