

2012 Q1 Earnings Presentation



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Macroeconomic / Banking Outlook



Who will be the next one?

Global economy has not comprehensively escaped from the possibility of a second global recession

Eurozone is still struggling to overcome sovereign debt problems.

Political developments especially in Europe are causing the postponement of economy measurement.

Inflation pressures stemming from liquidity injections and conflict between Iran and West countries will be the main challenge in front of the global economy.

Unemployment rates are still historically high.

Turkish economy is proceeding with its remarkable growth in the face of some constraints to be overcome

In 2011, Turkish economy accomplished a tremendous GDP growth rate supported to the optimism about 2012.

However, inflation maintains its place being the most significant challenges in front of the Turkish economy.

The latest April inflation data (yoy, 11.14%) made CBRT's target (5%) very difficult to be achieved.

Indicators were strong for banking sector

- *Banking sector showed strong indicators for the first quarter of 2012.*
 - *Banks managed to improve yields faster than expected and managed asset quality*
 - *Assets, equities, deposits and profitability increased*
 - *Sector extended the amount of syndication and international founding channels*
- *Basel II regulations will be implemented on July, 2012*
 - *CAR Ratio will decrease 1.3 points in average*
 - *CAR will be high enough as well*
- *New law about property sales to foreigners will support banks credit lending volume in terms of mortgage.*

Participation banks diversifying and improving their funding base

- *Accessing to wholesale funding sources (i.e. sukuk, murabaha syndication, etc.)*
- *Offering diversified products to expand the deposit base (i.e. gold deposit account)*
- *Expectation about the government rent certification issuing in June.*
- *Expanding the size of P/L sharing projects and retail-housing credits*
- *Continuing branch network expansion*
- *Seeking opportunities for branching and acquisitions abroad*

2012 Q1 Financial Results

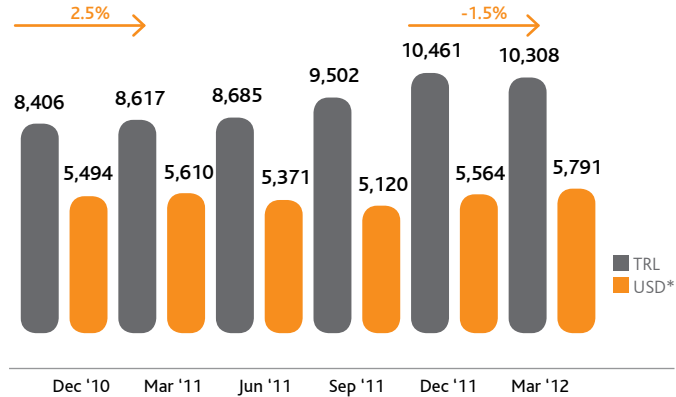


Composition of Total Assets has changed

Total Assets (million)

Ytd Growth: -1.5 %in TRL terms

Ytd Growth: 4.1% in USD terms

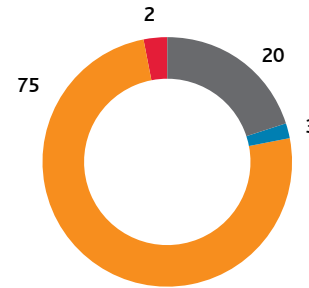


*USD equivalent of total assets

L/D (Q1) = 97%

Portion of funded credits in total assets is 74.8% in the first quarter.

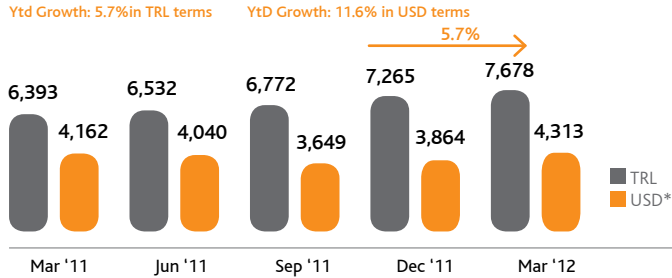
Assets Segmentation (Q1'12) (%)



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

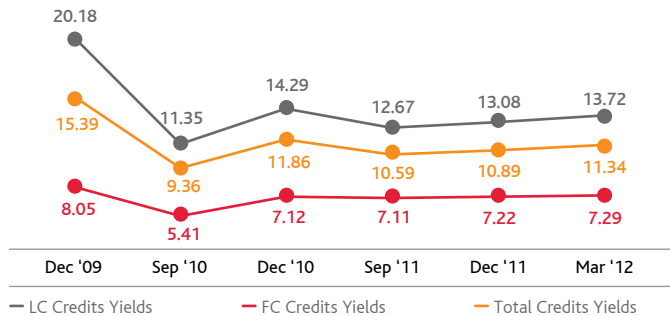
Redemption of revenue indexed bonds and liquidity transformed into credit

Total Funded Credits* (million)



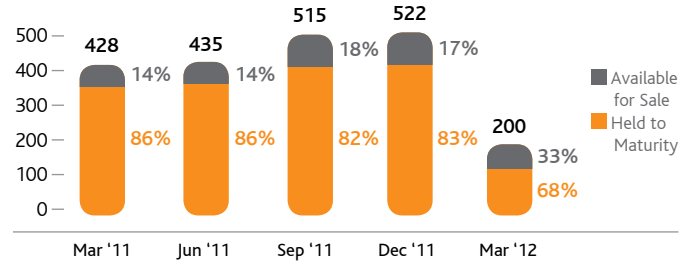
*USD equivalent of total funded credits

Credits Yields⁽¹⁾ (%)

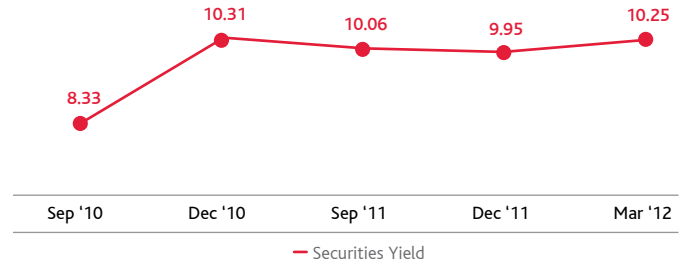


(1) Profit share income received from credits for the last 12M/12M average credits

Total Securities Portfolio (TRL million)



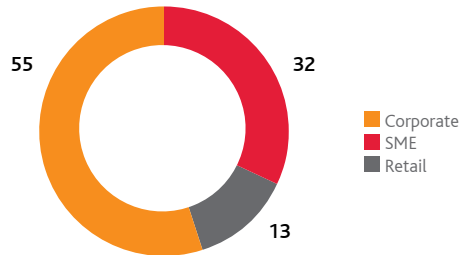
Securities Yield⁽²⁾ (%)



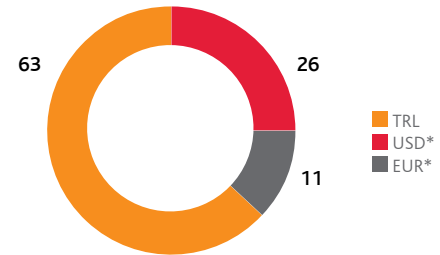
(2) Profit share income received from securities for the last 12M/12M average securities

Funded Credits Portfolio

Composition of Total Funded Credits (%)

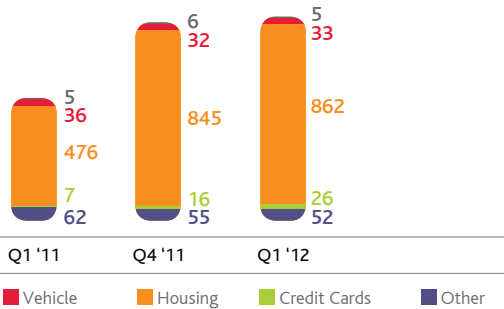


Currency Composition of Total Funded Credits (Q1 '12) (%)



*Including USD & EUR indexed credits

Total Retail Credits* (TRL million)

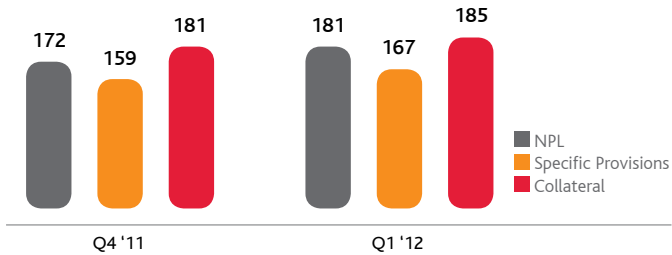


Retail credits (excluding installment based commercial credits and corporate credit cards) grew to 978 million TRL in March 31, 2012 up from 954 million TRL in Q4 2011. Housing finance is primary segment among retail credits.

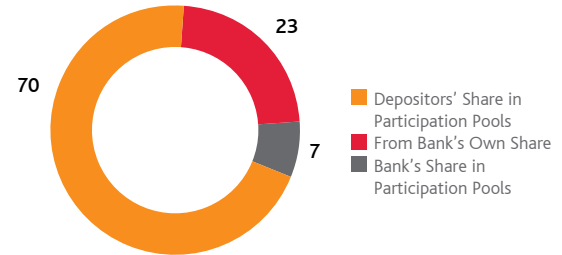
*Excluding installment based commercial credits, and corporate credit cards

Asset quality has always priority

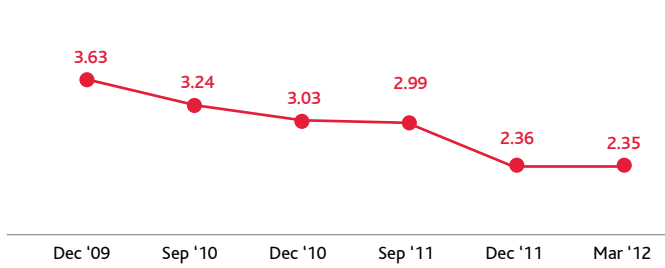
Non-performing Loans (TRL million)



Composition of NPL (Q1 '12) (%)

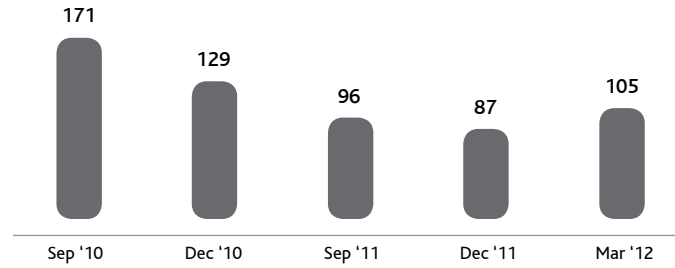


NPL Ratio* (%)



*Including financial leasings&accruals and rediscounts

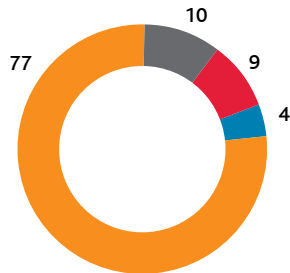
Cost of Risk** (bps)



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

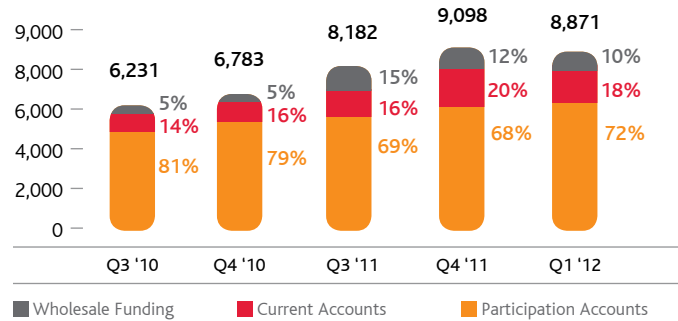
Total Liabilities

Composition of Total Liabilities (Q1 '12) (%)



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

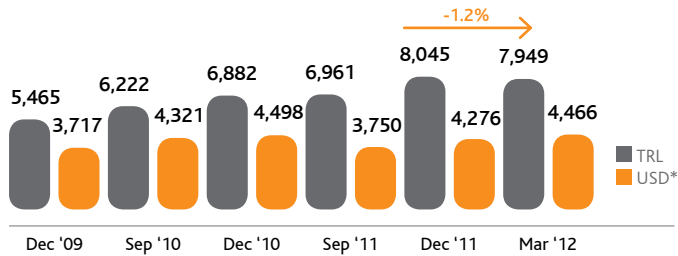
Composition of Funding Base (TRL million)



Total funds collected

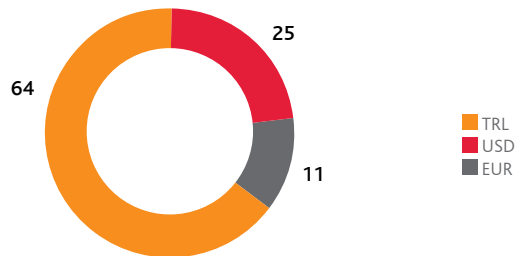
Total Funds Collected (million)

Ytd Growth: -1.2% in TRL terms Ytd Growth: 4.4% in USD terms

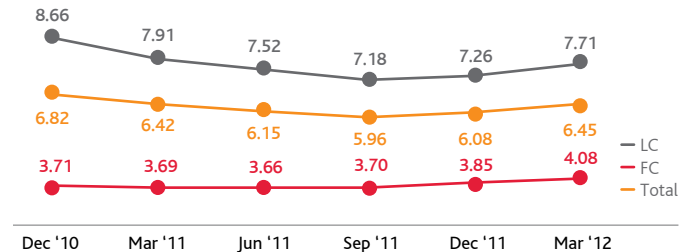


*USD equivalent of total funded credits

Currency Composition of Participation Accounts (Q1 '12) (%)

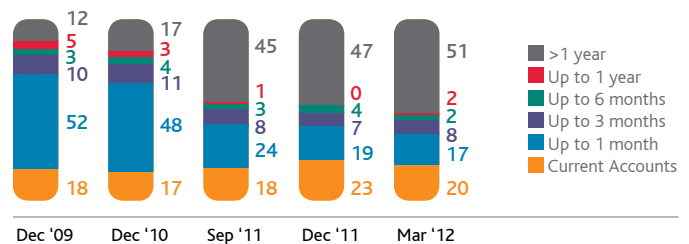


Cost of Funds Collected⁽¹⁾ (%)



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

Maturity Composition of Funds Collected* (%)



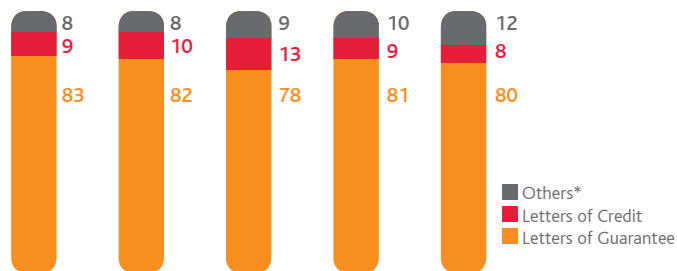
Average Maturity for Funds Collected (days)

TRL: 160 FX: 176 Total: 166

*Excluding accruals and rediscount

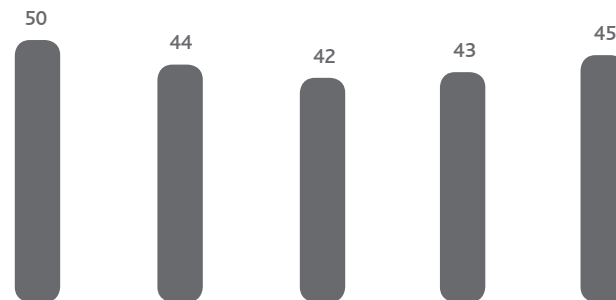
Off balance sheet

Off Balance Sheet Composition (%)



Dec '09 Dec '10 Mar '11 Dec '11 Mar '12

LGs-to-Total Assets (%)



Dec '09 Dec '10 Mar '11 Dec '11 Mar '12

Off Balance Sheet (TRL million)

	Dec '09	Dec '10	Mar '11	Dec '11	Mar '12	Growth (%)	
						Q-Q	YoY
Letters of Guarantee	3214	3687	3385	4534	4650	3	37
Letters of Credit	348	471	557	506	442	-13	-21
Others*	309	335	372	545	721	32	94
Total	3871	4493	4314	5585	5813	4	35

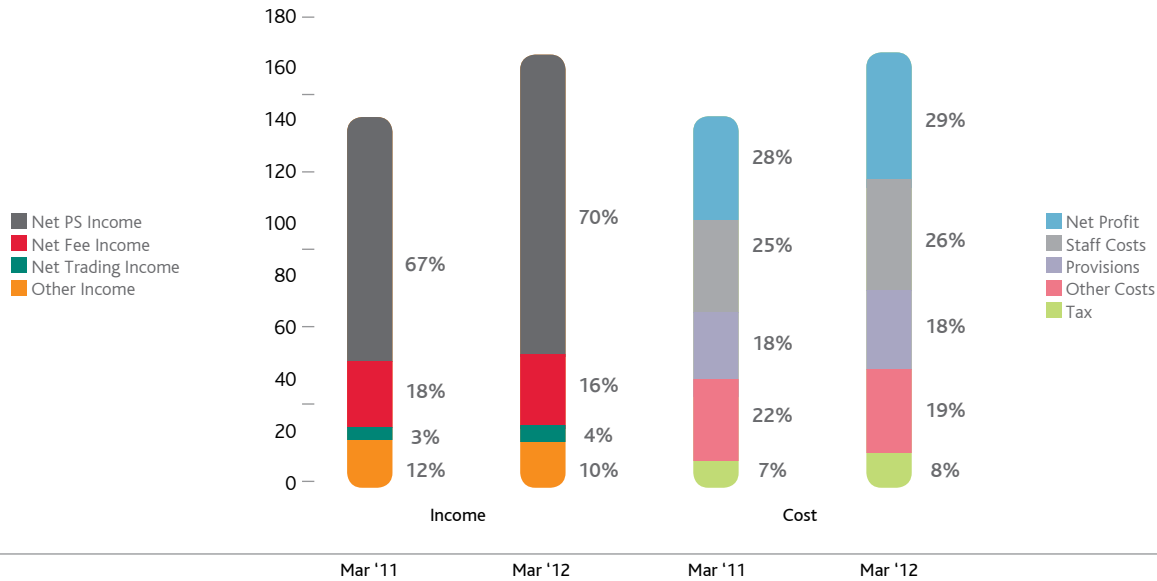
*Revocable credit limits not included

Income-cost dynamics

(TRL thousand)	Year on Year Change			Quarterly Change			Notes
	Mar '11	Mar '12	% Change	Q4 '11	Q1 '12	% Change	
Net Profit Share Income	87.068	105.852	26%	109.951	105.852	-4%	Higher NPSI arises from higher credit yields
Net Fee Income	23.419	27.575	18%	25.040	27.575	10%	Net fee income increased by 18% thanks to solid growth (cash and non-cash) in Q1
Net Trading Income	4.681	3.101	-34%	9.372	3.101	-67%	Lower FX trading income was earned on QoQ basis
Other Income	13.412	21.125	54%	20.691	21.125	2%	Huge increase in recollections on YoY basis
Staff Costs	34.424	44.441	29%	37.516	44.441	18%	QoQ change is due to annual wage increase, bonus and staff expansion
Provisions	20.070	30.500	52%	36.220	30.500	-16%	Specific and general provisions have grown significantly
Other Costs	23.032	32.914	35%	27.837	32.914	18%	YoY increase in other operational costs can be attributable to new branch openings
Tax	9.845	10.617	8%	13.286	10.617	-20%	-
Net Profits	41.209	39.181	-5%	50.194	39.181	-22%	-

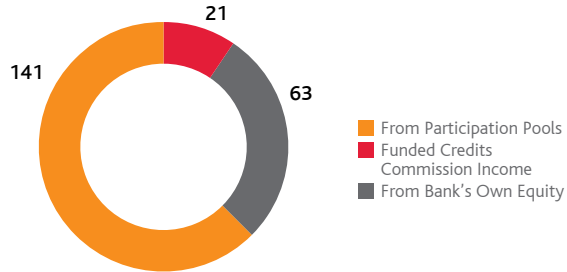
Income-cost dynamics

(TRL million)

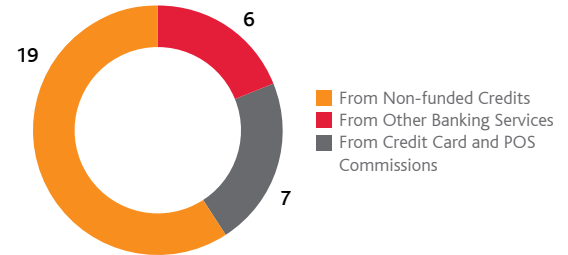


Breakdown of income for Q1 2012

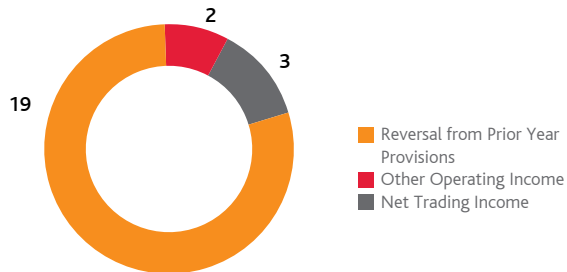
Breakdown of Profit Share Income (TRL million)



Breakdown of Fee&Commission Income (TRL million)

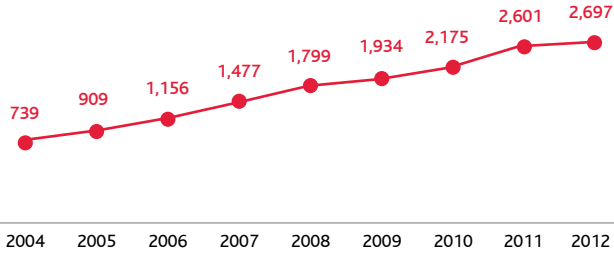


Breakdown of Other Income (TRL million)

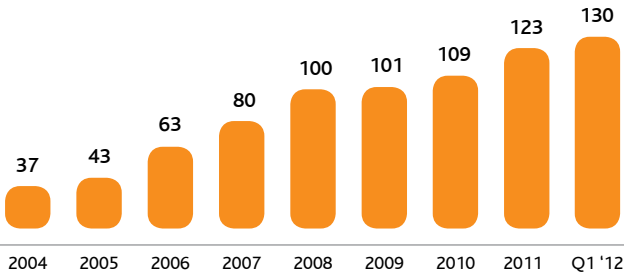


Expanding branch network

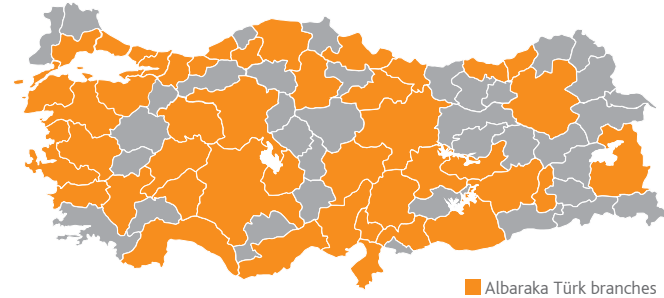
Total Number of Personnel



Total Number of Branches



Albaraka Türk Branches



Current Branches

İstanbul	50	Gaziantep	2	Denizli	1	Karabük	1	Sivas	1
Ankara	13	Adıyaman	1	Düzce	1	Kastamonu	1	Şanlıurfa	1
İzmir	4	Afyon	1	İzmit	1	Malatya	1	Tekirdağ	1
Konya	4	Aksaray	1	Elazığ	1	Manisa	1	Tokat	1
Adana	3	Aydın	1	Erzurum	1	Maraş	1	Trabzon	1
Bursa	3	Balıkesir	1	Eskişehir	1	Ordu	1	Van	1
Kayseri	3	Batman	1	Hatay	1	Osmaniye	1	Yalova	1
Kocaeli	3	Bolu	1	Isparta	1	Rize	1	Zonguldak	1
Antalya	2	Çanakkale	1	İçel	1	Sakarya	1	Erbil*	1
Diyarbakır	2	Çorum	1	Karaman	1	Samsun	1		

*1 branch in Erbil, Iraq

Market Comparison



Total growth

Percent	2011 (12 Months)			2012 (3 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Asset Size	24.38	29.57	20.92	-1.46	1.31	0.94
Total Credits	14.01	25.76	29.83	5.81	4.82	2.39
Deposits	16.74	18.53	12.72	-1.19	1.53	0.03

Market share

Percent	2011 (12 Months)			2012 (3 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	18.62	0.86	4.61	18.00	0.82	4.50
Total Credits	17.53	1.01	5.74	17.50	1.04	5.90
Deposits	20.40	1.15	5.64	19.80	1.10	5.60

Ratios

Percent	2011 (12 Months)			2012 (3 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	12.53	14.05	16.46	12.31	13.91	16.56
NPL Ratio*	2.48	3.15	2.76	2.44	3.20	2.81
Provisioning Ratio	92.41	65.43	79.42	92.48	68.22	79.48
ROAA (IBT)	2.21	2.04	2.22	2.11	2.12	2.19
ROAE (NI)	17.32	13.80	14.26	16.34	14.54	14.31
Yield	9.16	9.19	8.60	9.41	9.57	9.04
Spread	4.27	4.52	3.42	4.34	4.80	3.56
Net Profit Share Margin	4.58	4.85	3.95	4.64	5.07	4.09
Net Fee Income / Avg. Assets	1.81	1.72	1.27	1.79	1.70	1.25
Op Costs / Avg. Assets	2.97	3.19	2.38	3.07	3.44	2.60
Cost/Income**	46.09	50.32	47.02	50.54	46.44	43.55
Credits / Branches (000 'TRL)	59,244	60,621	66,628	59,311	61,627	67,710
Staff / Branches	21	20	19	21	20	18
CA / Deposits*	17.62	23.48	17.25	19.91	21.87	16.26

*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	Mar '12	Growth (%)
Cash and Banks	2,358,672	2,082,439	-11.7%
Financial Assets	90,682	65,269	-28.0%
Funds Utilized	7,286,960	7,710,479	5.8%
Funded Credits	7,251,756	7,664,417	5.7%
NPL	171,936	181,042	5.3%
Provisions	-158,882	-167,433	5.4%
Net Financial Leasing Receivables	22,150	32,453	46.5%
Investments Held To Maturity (Net)	430,862	135,379	-68.6%
Associates	3,050	3,050	0.0%
Fixed Assets	236,496	241,291	2.0%
Assets Held For Sale and Investment	25,372	28,506	12.4%
Other Assets (inc. Tax Assets)	28,791	41,619	44.6%
Total Assets	10,460,885	10,308,032	-1.5%
Funds Collected	8,044,747	7,949,059	-1.2%
Funds Borrowed	1,053,291	922,136	-12.5%
Debts (inc. Taxes)	212,404	244,623	15.2%
Provisions	146,193	147,681	1.0%
Shareholders' Equity	1,004,251	1,044,533	4.0%
Capital	539,000	539,000	0.0%
Capital Reserves (inc. Premium)	35,330	36,193	2.4%
Profit Reserves	269,051	429,920	59.8%
Profits	160,870	39,420	-75.5%
Past Periods	715	239	-66.6%
Current Year	160,155	39,181	-75.5%
Total Liabilities	10,456,100	10,308,032	-1.4%

Summary income statement

(TRL thousand)	Mar '11	Mar '12	Growth (%)
Profit Share Income	177,340	225,396	27.1
Profit Share Expense	90,272	119,544	32.4
Net Profit Share Income	87,068	105,852	21.6
Net Fees and Commissions Income	23,419	27,575	17.7
Fees and Commissions Received	26,467	31,944	20.7
Fees and Commissions Paid	3,048	4,369	43.3
Net Trading Income	4,681	3,101	-33.8
Other Operating Income	13,412	21,125	57.5
Total Operating Profit	128,580	157,653	22.6
Provisions for Loan Losses	20,070	30,500	52.0
Other Operating Expenses	57,456	77,355	34.6
Net Operating Profit	51,054	49,798	-2.5
Tax Provision	9,845	10,617	7.8
Net Profits	41,209	39,181	-4.9

Notes

Notes



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