

2013 Q1 Earnings Presentation



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Macroeconomic / Banking Outlook



Macroeconomic Outlook

Global Economy

- *Global economic activity is still quite far from the desired levels despite huge liquidity injections.*
- *EU Commission's downward revision of GDP growth forecast for EU from -0.3% to -0.4% (2012 realized: -0.6%) shows that the problems cannot be solved in this year.*
- *The leading central banks will continue their aggressive monetary easing policies until to see robust recovery signs that is most probably will take more time.*
- *Capital inflows into developing countries have accelerated in the first quarter of the year and these countries pursue to implement untraditional monetary policies in order to control this risky situation.*

Turkish Economy

- *Turkish economy unexpectedly slowed down in 2012 and GDP growth rate materialized only at 2.2% far below the previous years' rates.*
- *Some major leading indicators such as industrial production and capacity utilization rate are giving a little bit positive signals for economic activity for 2013.*
- *Expectation for rating upgrade from Moody's is becoming stronger thanks to their positive evaluation about the progress in Kurdish problem.*
- *Central Bank of Turkey (CBT) is continuing its policy mix and non-traditional monetary policy and focusing on two dimensions one of which is exchange rate and another is economic activity (especially on credit growth side).*
- *CBT aims to support economic activity in a controlled manner and not to allow appreciation of TRY against dollar with this mix policy stance.*

Banking Outlook

Banking Sector

- *In the first quarter, total asset size of banking sector increased 4.2% driven mainly by %4.9 credit growth rate and reserve requirements.*
- *While total deposit of the banking sector increased by 2.3%, funding base was supported by syndication and debt instruments.*
- *Deterioration in the asset quality is drawn attention. In the first quarter, NPL showed 9.2% YtD growth which is the biggest quarterly rise within three years.*
- *Banking sector still shows good profitability and net profit increased by 16.3% year on year basis.*
- *Pressures of the CBRT's 15% credit growth limit lost momentum thanks to the new statements.*

Participation Banking

- *New tier II sukuk issuance facility supports PB's growth strategies.*
- *The Governments' incentives for Private Pension System trigger PBs to present new products for their customers.*
- *PB's have continued to increase total share in the total banking sector.*
- *Expanding the size of P/L sharing projects and retail-housing credits*
- *Continuing branch network expansion*

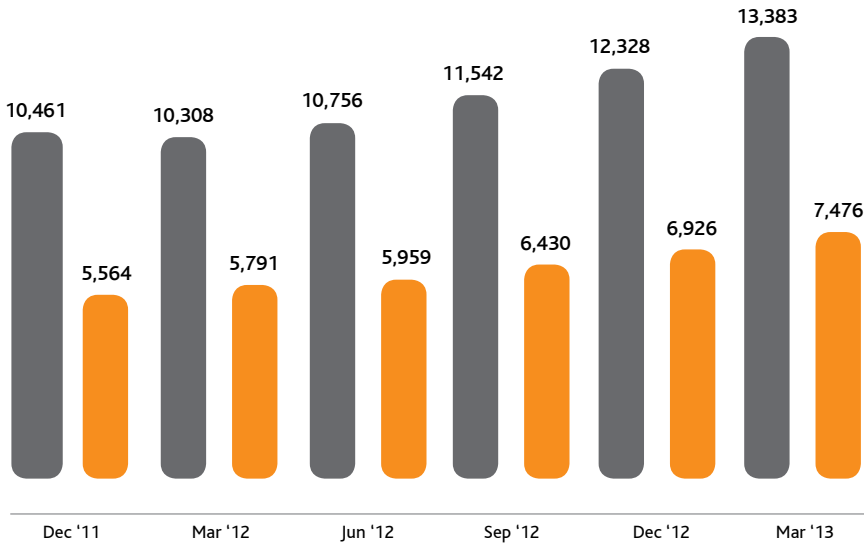
2013 Q1 Financial Results



Composition of Total Assets has changed

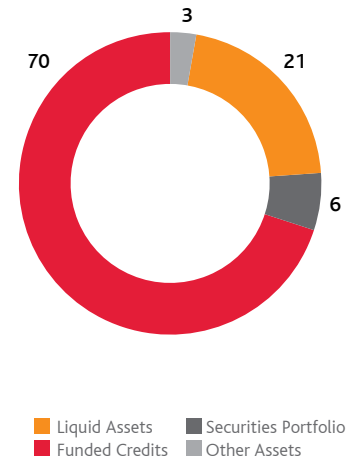
Total Assets (million) ■ TRL ■ USD*

YtD Growth: 8.6% in TRL terms YtD Growth: 7.9% in USD terms



* USD equivalent of total assets

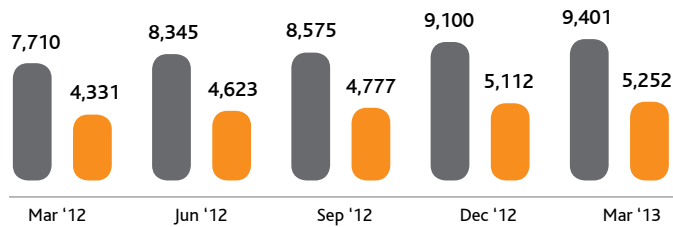
Assets Segmentation (Q1'13) (%)



Credit growth accelerated

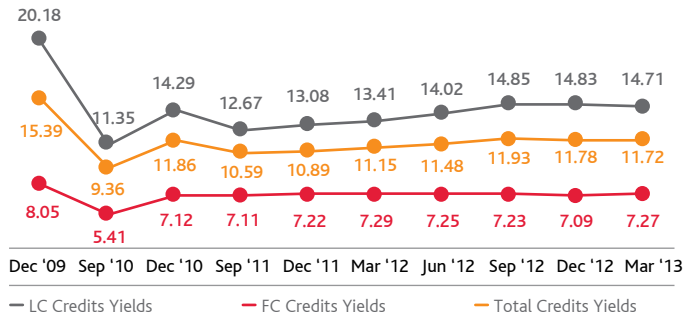
Total Funded Credits** (million)

YtD Growth: 3.3% in TRL terms YtD Growth: 2.7% in USD terms



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

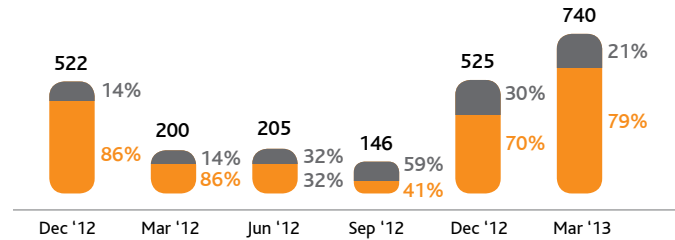
Credits Yields⁽¹⁾ (%)



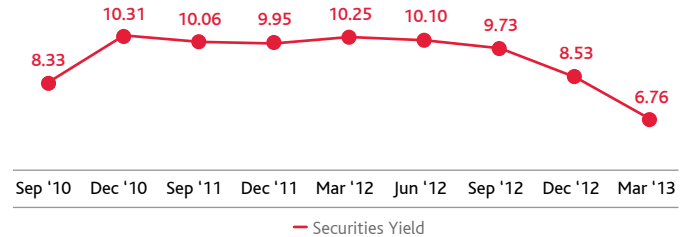
(1) Profit share income received from credits for the last 12M/12M average credits

Total Securities Portfolio (TRL million)

Available for Sale
Held to Maturity



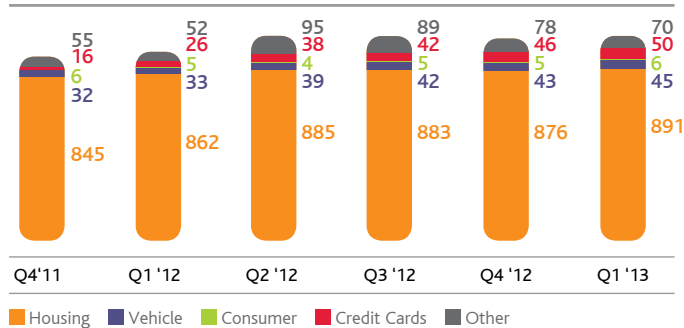
Securities Yield⁽²⁾ (%)



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

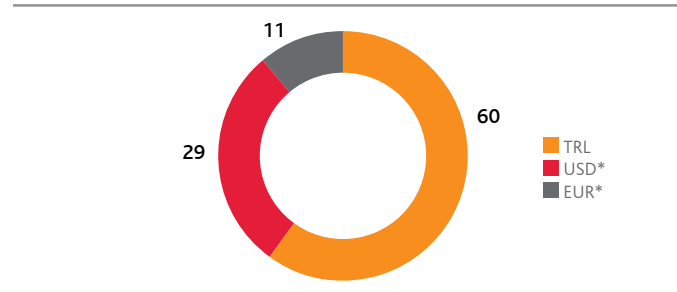
Funded Credits Portfolio

Total Retail Credits* (TRL million)



*Excluding installment based commercial credits, and corporate credit cards

Currency Composition of Total Funded Credits (Q1 '13) (%)

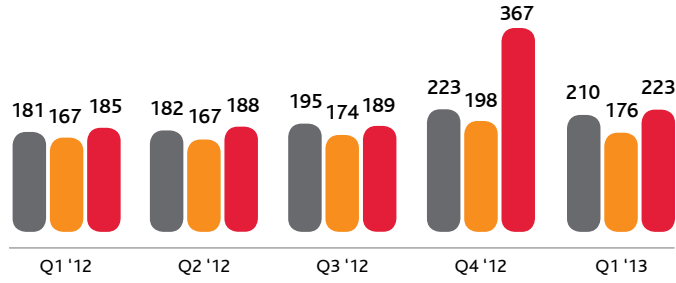


*Including USD & EUR indexed credits

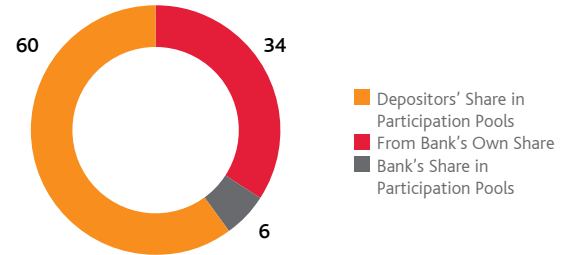
Retail credits (excluding installment based commercial credits corporate credit cards) grew to 1,062 million TRL in March 31, 2013 up from 1,048 million TRL in Q4 2012 Housing finance is primary segment among retail credits

Asset quality has always priority

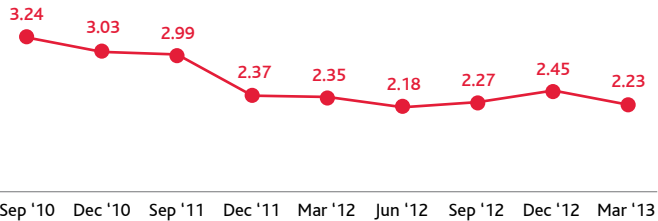
Non-performing Loans (TRL million) ■ NPL ■ Specific Provisions ■ Collateral



Composition of NPL (Q1 '13) (%)

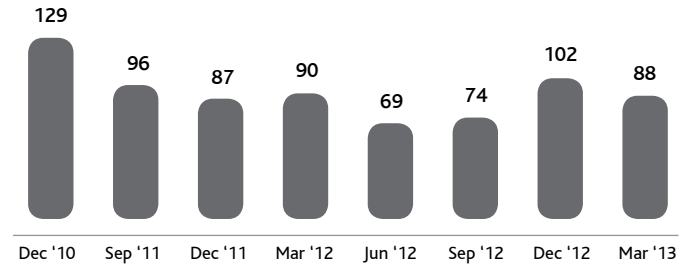


NPL Ratio* (%)



*Including financial leasings&accruals and rediscounts

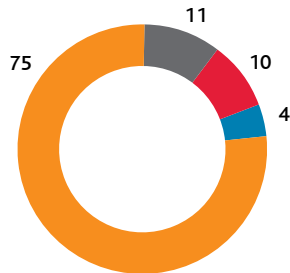
Cost of Risk (bps)**



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

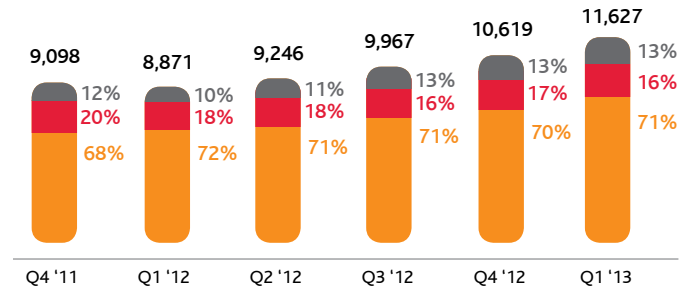
Total Liabilities

Composition of Total Liabilities (Q1 '13) (%)



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

Composition of Funding Base (TRL million)

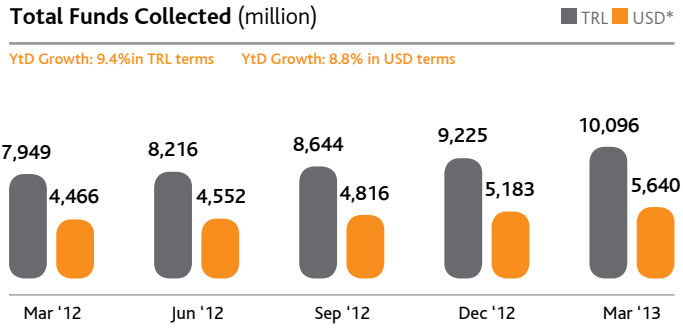


■ Funds Borrowed
 ■ Current Accounts
 ■ Participation Accounts

Total funds collected

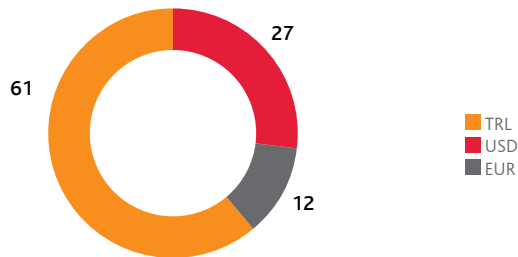
Total Funds Collected (million)

YtD Growth: 9.4% in TRL terms YtD Growth: 8.8% in USD terms

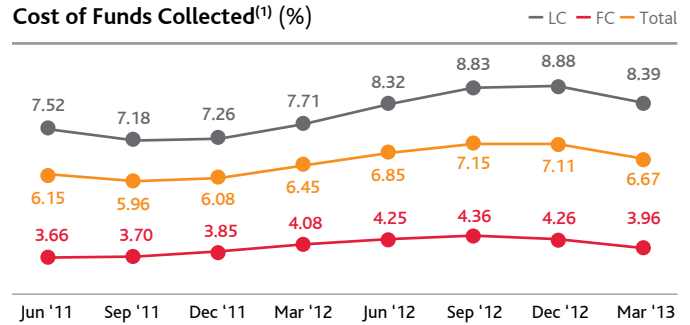


*USD equivalent of total funded credits

Currency Composition of Participation Accounts (Q1 '13) (%)

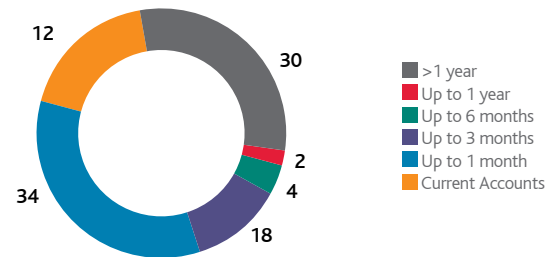


Cost of Funds Collected⁽¹⁾ (%)



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

Maturity Composition of Funds Collected (Q1 '13) (%)

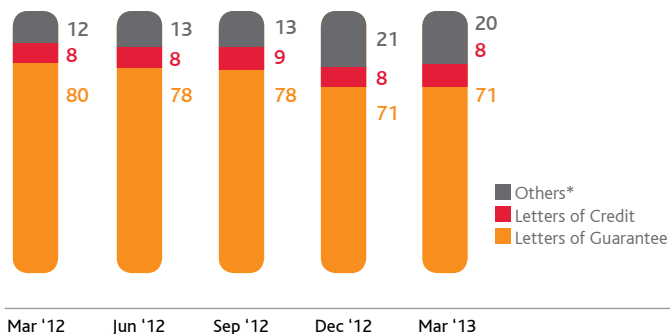


Average Maturity for Funds Collected (days)

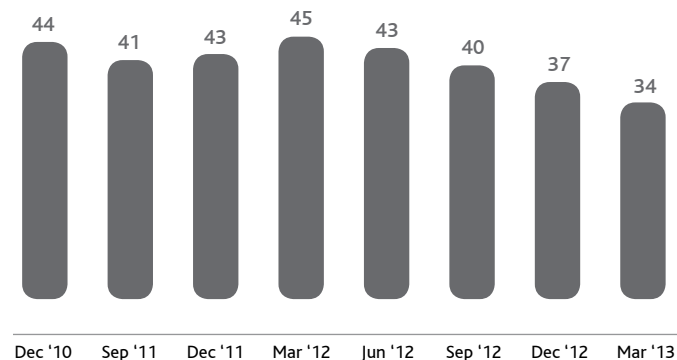
TRL: 85 FX: 75 Total: 81

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	Mar '13	Growth (%)	
									Q-Q	YtD
Letters of Guarantee	3,656	3,918	4,534	4,650	4,646	4,644	4,535	4,594	1,3	-1,2
Letters of Credit	493	485	506	442	503	537	478	541	13,2	22,4
Others*	387	426	546	721	784	793	1,342	1,317	-1,9	82,7
Total	4,536	4,829	5,586	5,813	5,933	5,974	6,355	6,452	1,5	11,0

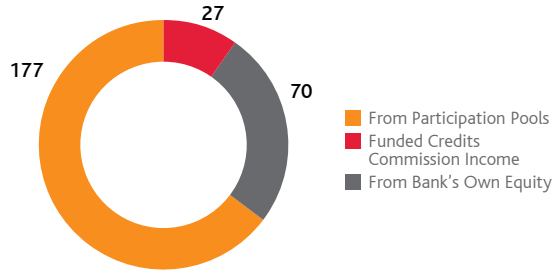
*Revocable credit limits not included

Income-cost dynamics

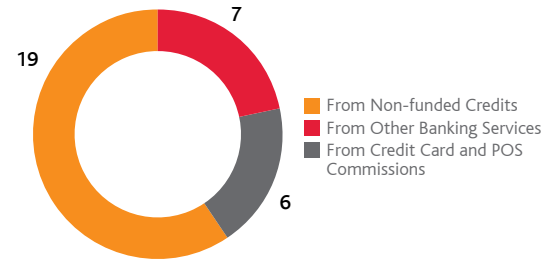
(TRL thousand)	Year on Year Change			Quarterly Change			Notes
	Mar '12	Mar '13	% Change	Q4 '12	Q1 '13	% Change	
Net Profit Share Income	105,852	150,799	42.5%	131,861	150,799	14.4%	PSI increased by 21.6% while PSE kept almost steady (+3.2%) yoy basis. Joint venture projects returns (TRL 10,9 mln) supported the NPSI
Net Fee Income	27,575	25,688	-6.8%	28,377	25,688	-9.5%	Low fee income is mainly stemmed from contraction in LG credits and increase in paid commissions.
Net Trading Income	3,528	7,965	125.8%	5,374	7,965	48.2%	High FX trading income was earned on QoQ basis (+32%)
Other Income	20,698	58,809	184.1%	43,058	58,809	36.6%	Huge recollection from the one-off NPL of previous quarter
Staff Costs	44,441	52,553	18.3%	59,269	52,553	-11.3%	Wage increase and promotions caused yoy growth and total growth rate is in line with our projections.
Provisions	30,500	85,091	179.0%	57,530	85,091	47.9%	Buffer provision account which was used to cushion the negative effect of the problematic credit of the previous quarter is restocked.
Other Costs	32,914	37,680	14.5%	37,441	37,680	0.6%	Yoy increase in other operational costs can be attributable to transformation projects and amortization
Tax	10,617	14,227	34.0%	11,749	14,227	21.1%	-
Net Profits	39,181	53,710	37.1%	42,681	53,710	25.8%	-

Breakdown of income for Q1 2013

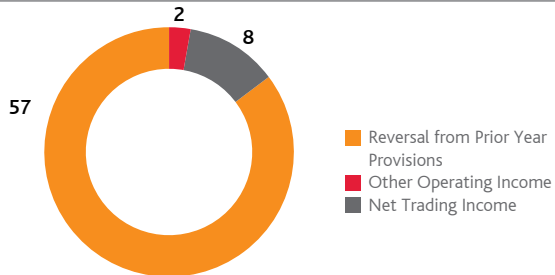
Breakdown of Profit Share Income (TRL million)



Breakdown of Fee&Commission Income (TRL million)

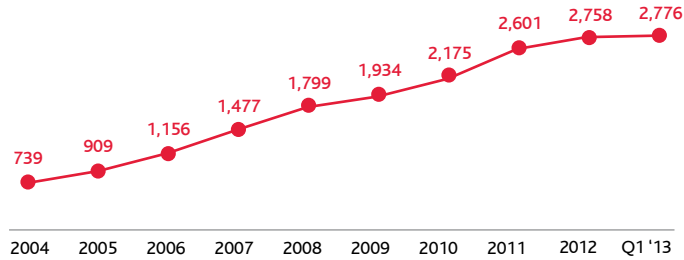


Breakdown of Other Income (TRL million)

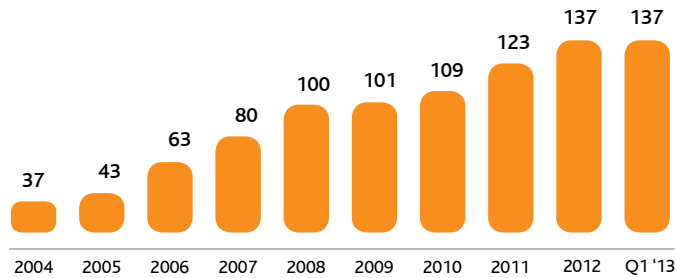


Expanding branch network

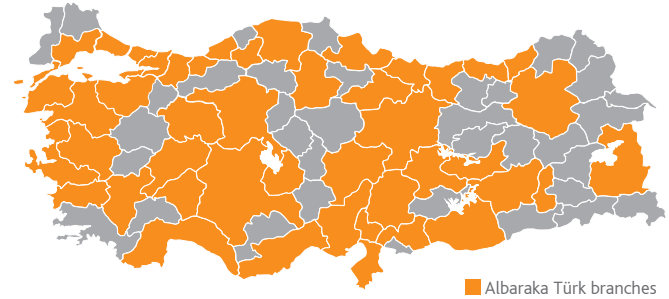
Total Number of Personnel



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

(%)	2012 (12 Months)			2013 (3 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Asset Size	17.8	25.2	12.6	8.6	6.3	4.2
Total Credits*	24.7	24.5	16.4	3.3	6.2	4.9
Deposits	14.7	22.2	11.0	9.4	7.8	2.3

*Financial leasing receivables excluded

Market share

(%)	2012 (12 Months)			2013 (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	17,5	0,9	5,1	17,9	0,9	5,2
Total Credits*	18,9	1,1	6,0	17,6	1,1	6,3
Deposits	19,3	1,2	6,2	19,5	1,3	6,5

*Financial leasing receivables excluded

Ratios

(%)	2012 (12 Months)			2013 (3 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	13.03	13.91	17.86	12.82	14.72	17.43
NPL Ratio	2.45	3.01	2.88	2.24	3.23	3.00
Provisioning Ratio	88.82	75.12	75.19	83.57	69.79	75.04
ROAA (IBT)	2.19	1.89	2.36	2.19	1.74	2.37
ROAE (NI)	17.22	13.83	14.55	17.48	13.00	14.30
Yield	10.08	10.16	9.82	9.99	9.83	9.61
Spread	4.67	5.31	4.33	4.90	5.26	4.55
Net Profit Share Margin	4.91	5.43	4.79	5.07	5.34	4.95
Net Fee Income / Avg. Assets	1.90	1.64	1.24	1.81	1.58	1.27
Op Costs / Avg. Assets	3.16	3.32	2.77	3.35	3.34	2.84
Cost/Income**	48.46	49.80	43.80	37.09	47.64	40.40
Credits / Branches (000 'TRL)	66,413	60,704	73,512	68,592	63,949	76,077
Staff / Branches	20.13	18.52	18.21	20.26	18.77	18.23
CA / Deposits*	19.04	21.94	17.92	17.82	20.88	17.64

*Accruals and rediscounts excluded

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

Appendix



Summary balance sheet

(TRL thousand)	Dec '12	Mar '13	Growth (%)
Cash and Banks	2,337,755	2,836,204	21.3
Financial Assets	158,761	159,876	0.7
Funds Utilized	9,100,064	9,401,421	3.3
Funded Credits	9,033,524	9,326,871	3.2
NPL	222,549	210,049	-5.6
Provisions	-197,669	-175,548	-11.2
Net Financial Leasing Receivables	41,659	40,049	-3.9
Investments Held To Maturity (Net)	365,815	587,044	60.5
Associates	4,261	4,261	0.0
Fixed Assets	301,389	303,839	0.8
Assets Held For Sale and Investment	10,714	25,639	139.3
Other Assets (inc. Tax Assets)	48,896	64,878	32.7
Total Assets	12,327,654	13,383,162	8.6
Funds Collected	9,225,018	10,096,155	9.4
Funds Borrowed	1,393,830	1,530,769	9.8
Debts (inc. Taxes)	354,655	299,318	-15.6
Provisions	135,818	185,319	36.4
Shareholders' Equity	1,218,333	1,270,372	4.3
Capital	900,000	900,000	0.0
Capital Reserves (inc. Premium)	56,687	55,811	-1.5
Profit Reserves	68,920	261,645	279.6
Profits	192,726	54,073	-71.9
Past Periods	891	363	-59.3
Current Year	191,835	53,710	-72.0
Total Liabilities	12,327,654	13,383,162	8.6

Summary income statement

(TRL thousand)	Mar '12	Mar '13	Growth (%)
Profit Share Income	225,396	274,166	21.6
Profit Share Expense	119,544	123,367	3.2
Net Profit Share Income	105,852	150,799	42.5
Net Fees and Commissions Income	27,575	25,688	-6.8
Fees and Commissions Received	31,944	32,164	0.7
Fees and Commissions Paid	4,369	6,476	48.2
Net Trading Income	3,528	7,965	125.8
Other Operating Income	20,698	58,809	184.1
Total Operating Profit	157,653	243,261	54.3
Provisions for Loan Losses	30,500	85,091	179.0
Other Operating Expenses	77,355	90,233	16.6
Net Operating Profit	49,798	67,937	36.4
Tax Provision	10,617	14,227	34.0
Net Profits	39,181	53,710	37.1

Notes

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