

2013 Q2 Earnings Presentation



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Macroeconomic / Banking Outlook



Macroeconomic Outlook

Global Economy

- *The global economy continues to recover at a gradual pace in 2013 but it is difficult to see a major acceleration in activity as fiscal policy is set to tighten further and bank lending remains sluggish in the advanced economies.*
- *Global monetary policy is set to remain accommodative with the major central banks in the developed world expected to continue with their asset purchase programs.*
- *Capital flows to developing economies decreasing steadily.*

Turkish Economy

- *Economic growth accelerated in the first quarter thanks to 3% GDP growth.*
- *Moody's and JCR upgraded Turkish rating since the initial increase of Fitch.*
- *Capital flow decreasing and make pressure on local currency, inflation, and interest rates.*
- *CBT aims to support economic activity in a controlled manner and to manage appreciation of TRL against dollar with mix policy stance.*

Banking Outlook

Banking Sector

- *In the first half, total asset size of banking sector increased around 10% driven mainly by credit growth rate.*
- *While total deposit of the banking sector increased around 7%, funding base was supported by syndication and debt instruments.*
- *Banking sector performs well and shows good profitability and net profit increased year on year basis.*

Participation Banking

- *Total assets of PBs increased around 16% while total funds collected increased higher than %14.*
- *Capital adequacy ratio of PBs supported by tier II issuances.*
- *Continuing branch network expansion.*
- *PBs have continued to grow higher than sector and increased total share.*

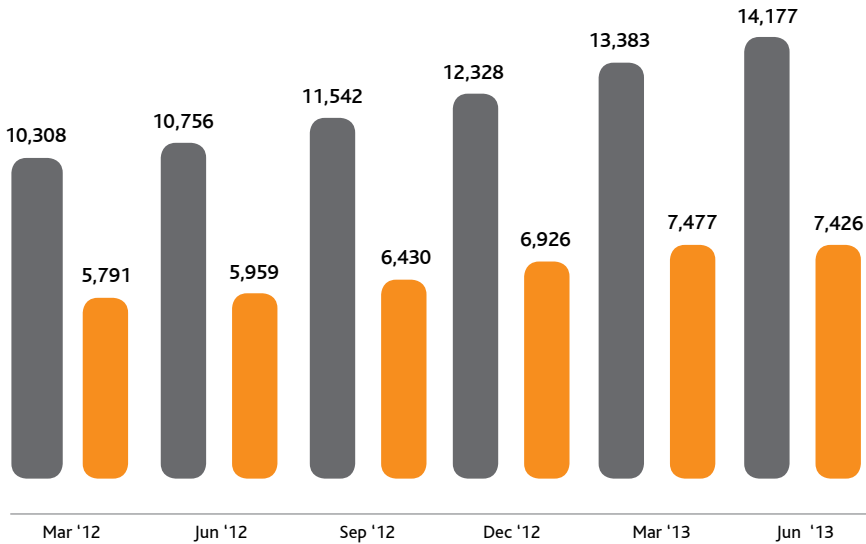
2013 Q2 Financial Results



Composition of Total Assets

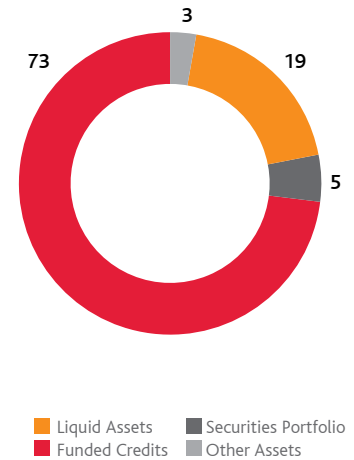
Total Assets (million) ■ TRL ■ USD*

YtD Growth: 15.0% in TRL terms YtD Growth: 7.22% in USD terms



* USD equivalent of total assets

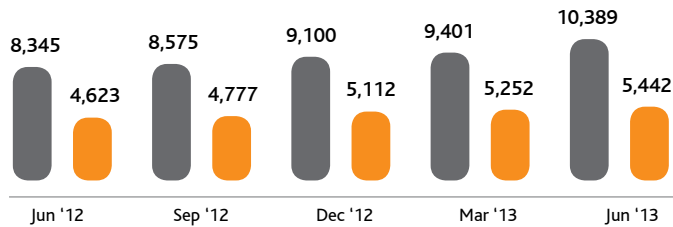
Assets Segmentation (Q2 '13) (%)



Credit growth accelerated

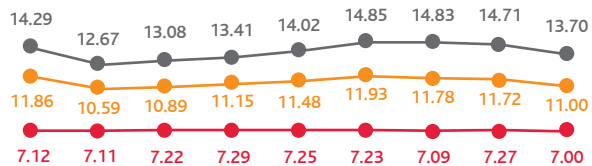
Total Funded Credits** (million) ■ TRL ■ USD*

YtD Growth: 14.2% in TRL terms YtD Growth: 6.5% in USD terms



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

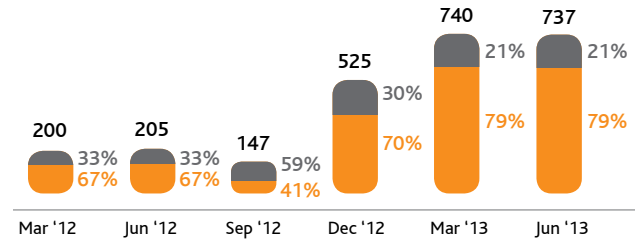
Credits Yields⁽¹⁾ (%) — LC Credits Yields — FC Credits Yields — Total Credits Yields



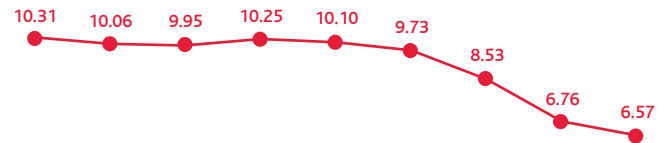
Dec '10 Sep '11 Dec '11 Mar '12 Jun '12 Sep '12 Dec '12 Mar '13 Jun '13

(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⁾ (%) — Securities Yield

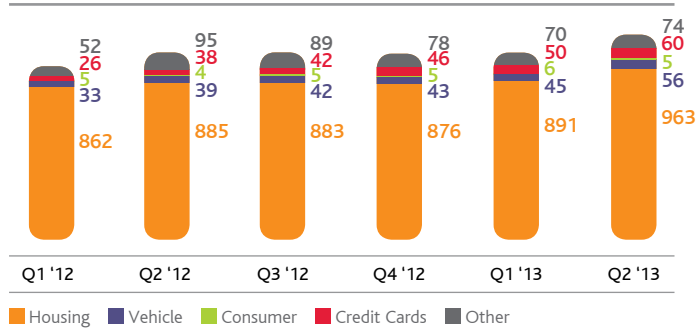


Dec '10 Sep '11 Dec '11 Mar '12 Jun '12 Sep '12 Dec '12 Mar '13 Jun '13

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

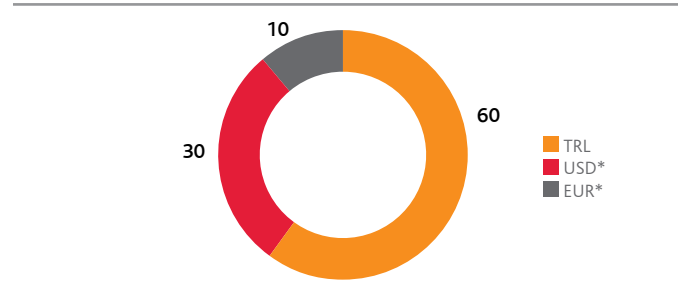
Funded Credits Portfolio

Total Retail Credits* (TRL million)



*Excluding installment based commercial credits, and corporate credit cards

Currency Composition of Total Funded Credits (Q2 '13) (%)

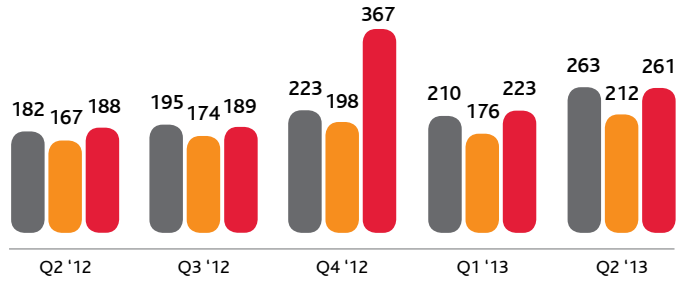


*Including USD & EUR indexed credits

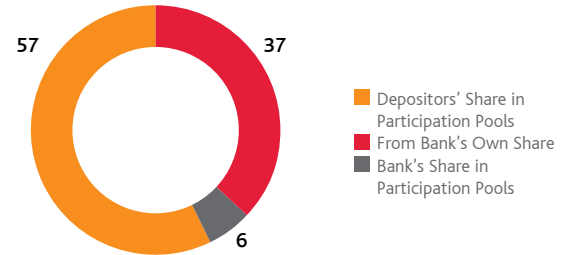
Retail credits (excluding installment based commercial credits, and corporate credit cards) grew to TRL 1,158 million in June 30, 2013 up from TRL 1,048 million in Q4 2012. Housing is primary segment among retail credits

Asset quality has always priority

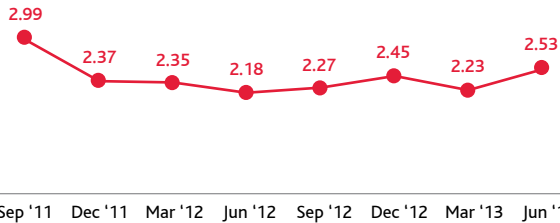
Non-performing Loans (TRL million) ■ NPL ■ Specific Provisions ■ Collateral



Composition of NPL (Q2 '13) (%)

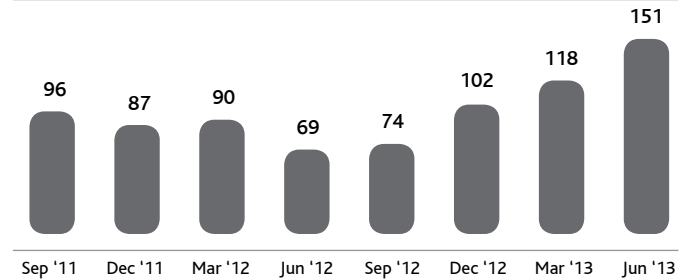


NPL Ratio* (%)



*Including financial leasings&accruals and rediscounts

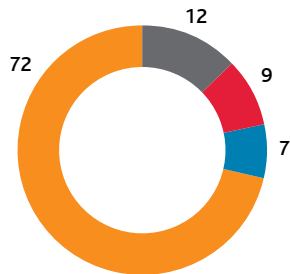
Cost of Risk (bps)**



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

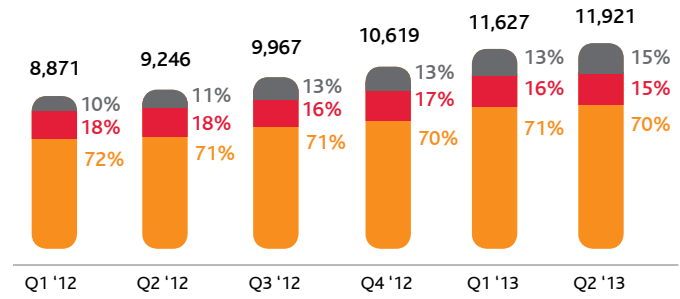
Total Liabilities

Liabilities Segmentation (Q2 '13) (%)



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

Composition of Funding Base (TRL million)

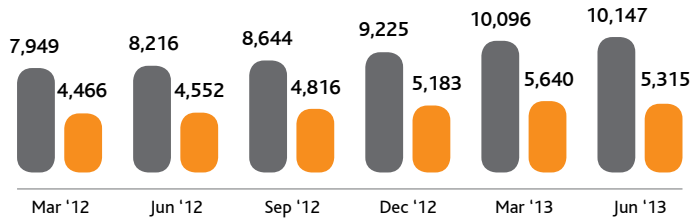


■ Funds Borrowed
 ■ Current Accounts
 ■ Participation Accounts

Total funds collected

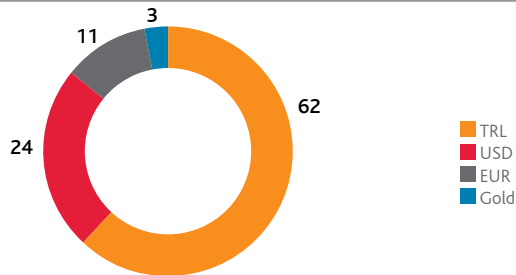
Total Funds Collected (million) ■ TRL ■ USD*

YtD Growth: 10.0% in TRL terms YtD Growth: 2.6% in USD terms

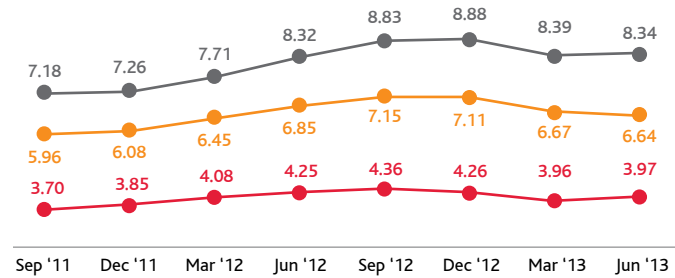


*USD equivalent of total funded credits

Currency Composition of Participation Accounts (Q2 '13) (%)

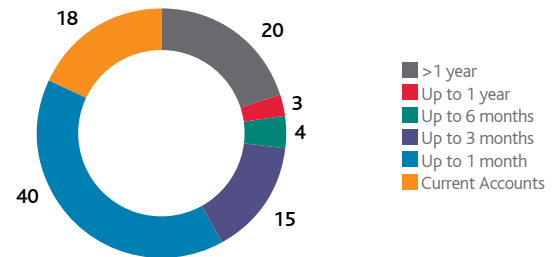


Cost of Funds Collected⁽¹⁾ (%) — LC — FC — Total



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

Maturity Composition of Funds Collected (Q2 '13) (%)

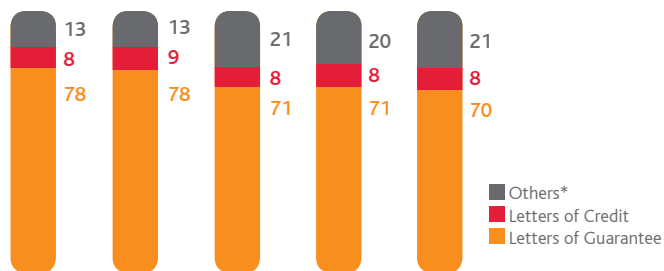


Average Maturity for Funds Collected (days)

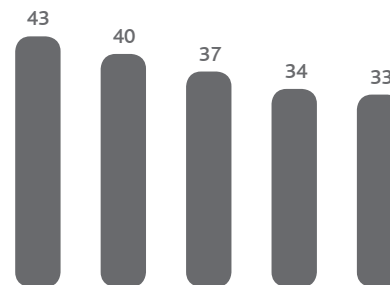
TRL: 58 FX: 59 Total: 58

Off balance sheet

Off Balance Sheet Composition (%)



LGs-to-Total Assets (%)



Jun '12 Sep '12 Dec '12 Mar '13 Jun '13

Jun '12 Sep '12 Dec '12 Mar '13 Jun '13

Off Balance Sheet (TRL million)

	Jun '11	Sep '11	Dec '11	Mar '12	Jun '12	Sep '12	Dec '12	Mar '13	Jun '13	Growth (%)	
										QoQ	YtD
Letters of Guarantee	3,656	3,918	4,534	4,650	4,646	4,644	4,535	4,594	4,693	2.2	1.0
Letters of Credit	493	485	506	442	503	537	478	541	559	3.3	11.1
Others*	387	426	546	721	784	793	1,342	1,317	1,424	8.1	81.6
Total	4,536	4,829	5,586	5,813	5,933	5,974	6,355	6,452	6,676	3.5	12.5

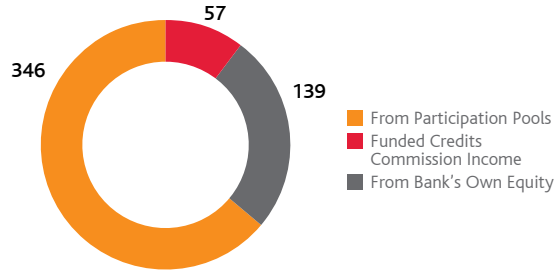
*Revocable credit limits not included

Income-cost dynamics

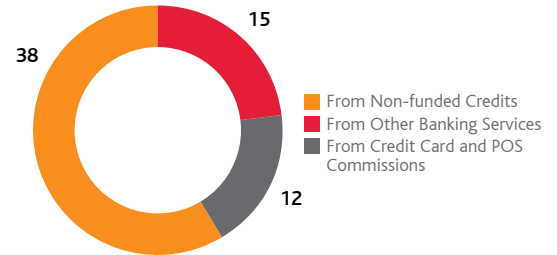
(TRL thousand)	Year-on-Year Change			Quarterly Change			Notes
	Jun '12	Jun '13	% Change	Q1 '13	Q2 '13	% Change	
Net Profit Share Income	218,407	297,265	36.1%	150,799	146,466	-2.9%	PSI increased by 36.1% while PSE decreased slightly (-0.7%) YoY basis. Joint venture projects returns (TRL 14.1 mln) supported the NPSI. Relatively lower JV return caused quarterly decrease.
Net Fee Income	55,716	54,901	-1.5%	25,688	29,213	13.7%	Quarterly increase in fee income is satisfying. Although YoY basis decreasing fee income is mainly stemmed from contraction in LG credits and increase in paid commissions.
Net Trading Income	8,072	13,826	71.3%	7,965	5,861	-26.4%	High FX trading income was earned on YoY basis but not as strong as it was in Q1 '13.
Other Income	33,453	71,355	113.3%	58,809	12,546	-78.7%	Other income is normalized. Recollection of last year's one-off NPL is completed.
Staff Costs	94,609	109,193	15.4%	52,553	56,640	7.8%	Growth is in line with our projections. Albaraka is growing.
Provisions	45,802	124,519	171.9%	85,091	39,428	-53.7%	Provisions also normalized as like other income.
Other Costs	68,665	76,534	11.5%	37,680	38,854	3.1%	Steady increase is in line with our projections.
Tax	21,351	27,470	28.7%	14,227	13,243	-6.9%	
Net Profits	86,009	100,090	16.4%	53,710	46,380	-13.6%	Increase in net profit satisfies YoY basis. Quarterly decrease mainly comes from relatively low income from JV projects. Normalization of other income and decrease in NPSI have effects, too.

Breakdown of income for Q2 2013

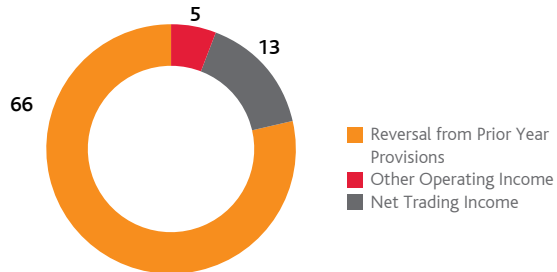
Breakdown of Profit Share Income (TRL million)



Breakdown of Fee&Commission Income (TRL million)

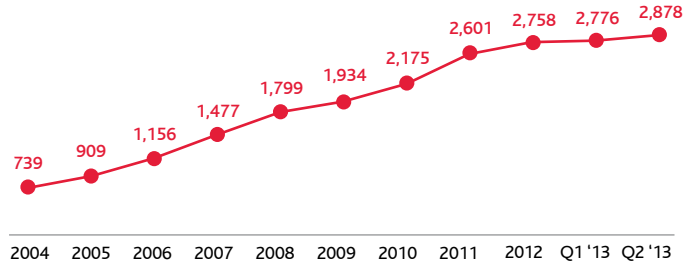


Breakdown of Other Income (TRL million)

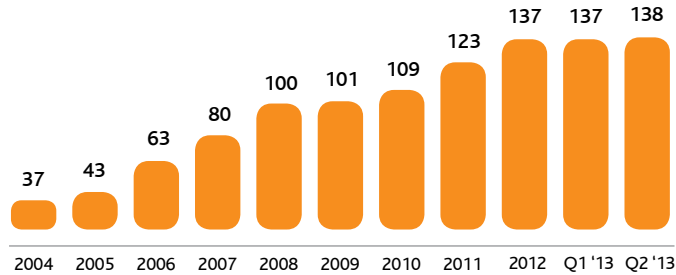


Expanding branch network

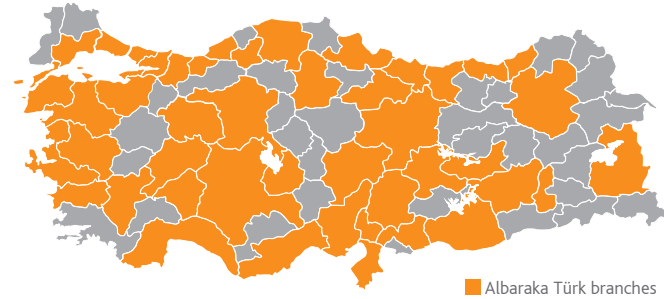
Total Number of Personnel



Total Number of Branches



Albaraka Türk Branches



Current Branches

Istanbul	59	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		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk (6 Months)	Participation Banks (5 Months)	Banking Sector (5 Months)
Asset Size	17.8	25.2	12.6	15.0	16.0	9.2
Total Credits*	24.7	24.5	16.4	14.2	16.2	12.2
Deposits	14.7	22.2	11.0	10.0	14.1	7.0

*Financial leasing receivables excluded

Market share

(%)	2012 (12 Months)			2013 (5 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	17.2	0.9	5.5
Total Credits*	18.9	1.1	6.0	17.1	1.1	6.4
Deposits	19.3	1.2	6.2	18.2	1.2	6.6

*Financial leasing receivables excluded

Ratios

(%)	2012 (12 Months)			2013		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk (6 Months)	Participation Banks (5 Months)	Banking Sector (5 Months)
CAR	13.03	13.91	17.86	15.56	14.32	16.80
NPL Ratio*	2.45	3.01	2.88	2.53	3.17	2.92
Provisioning Ratio	88.82	75.12	75.19	80.60	69.14	75.35
ROAA (IBT)	2.19	1.89	2.36	2.53	1.61	2.40
ROAE (NI)	17.22	13.83	14.55	16.72	12.20	14.38
Yield	10.08	10.16	9.82	9.72	9.55	9.39
Spread	4.67	5.31	4.33	5.03	5.20	4.65
Net Profit Share Margin	4.91	5.43	4.79	5.11	5.24	5.00
Net Fee Income / Avg. Assets	1.90	1.64	1.24	1.75	1.54	1.27
Op Costs / Avg. Assets	3.16	3.32	2.77	3.14	3.32	2.83
Cost/Income**	49.99	49.80	43.80	44.10	48.55	42.25
Credits / Branches (TRL '000)	66,413	60,704	73,512	72,421	69,153	81,790
Staff / Branches	20.13	18.52	18.21	20.86	18.42	18.25
CA / Deposits*	19.04	21.94	17.92	17.97	21.19	17.52

*Accruals and discounts excluded

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

Appendix



Summary balance sheet

(TRL thousand)	Dec '12	Jun '13	Growth (%)
Cash and Banks	2,337,755	2,643,950	13.1
Financial Assets	158,761	159,338	0.4
Funds Utilized	9,100,064	10,388,557	14.2
Funded Credits	9,033,524	10,299,920	14.0
NPL	222,549	262,623	18.0
Provisions	-197,669	-211,604	7.0
Net Financial Leasing Receivables	41,659	37,618	-9.7
Investments Held To Maturity (Net)	365,815	585,210	60.0
Associates	4,261	4,261	0.0
Fixed Assets	301,389	298,862	-0.8
Assets Held For Sale and Investment	10,714	28,286	164.0
Other Assets (inc. Tax Assets)	48,896	68,922	41.0
Total Assets	12,327,654	14,177,386	15.0
Funds Collected	9,225,018	10,147,123	10.0
Funds Borrowed	1,393,830	1,774,185	27.3
Debts (inc. Taxes)	354,655	367,459	3.6
Provisions	135,818	187,036	37.7
Tier II	0	386,199	
Shareholders' Equity	1,218,333	1,315,334	8.0
Capital	900,000	900,000	0.0
Capital Reserves (inc. Premium)	56,687	52,879	-6.7
Profit Reserves	68,920	261,645	279.6
Profits	192,726	100,810	-47.7
Past Periods	891	720	-19.2
Current Year	191,835	100,090	-47.8
Total Liabilities	12,327,654	14,177,336	15.0

Summary income statement

(TRL thousand)	Jun '12	Jun '13	Growth (%)
Profit Share Income	465,659	542,701	16.5
Profit Share Expense	247,252	245,436	-0.7
Net Profit Share Income	218,407	297,265	36.1
Net Fees and Commissions Income	55,716	54,901	-1.5
Fees and Commissions Received	65,303	67,927	4.0
Fees and Commissions Paid	9,587	13,026	35.9
Net Trading Income	8,072	13,826	71.3
Other Operating Income	33,453	71,355	113.3
Total Operating Profit	316,436	437,806	38.4
Provisions for Loan Losses	45,802	124,519	171.9
Other Operating Expenses	163,274	185,727	13.8
Net Operating Profit	107,360	127,560	18.8
Tax Provision	21,351	27,470	28.7
Net Profits	86,009	100,090	16.4

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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
Web page: www.albarakaturk.com.tr