

2015 Q1 Earnings Presentation



TURKEY

Agenda

1. Macro Economic / Banking Outlook

2. Q1 2015 Financial Results

3. Market Comparison

4. Appendix

Global Economy

- Uncertainties about the timing and size of a policy rate increase remained, while Fed ended its quantitative easing program.
- the US economy continues to perform relatively strong, while growth in the EU is still weak.
- Moreover, the EU economy, which is crucial for the external demand for Turkish exports, has shown signs of recovery.
- The volatility of exchange rates increased
- Growth rates in emerging economies started to slow down, recording the lowest levels in the post-crisis period as of 2014
- After the end of 2014, oil prices started to rise in February and continue

Turkish Economy

- A loss of pace in economic activity driven by both domestic and external demand
- Annual core inflation continue to fall.
- Weak domestic demand, low import prices and high-base effects will continue to reduce annual core CPI Fall in commodity prices, especially oil, restricts the inflationary pressures.
- Slow down in exports due to political and economic problems in Russia and neighborhood
- 2015-2017 Medium Term Programme (MTP) was declared and that program can be evaluated as a more moderate.
- GDP growth and inflation projections in MTP for 2015 and 2016 are 4.0% and 5.0% respectively.

Banking Industry

- In the First Quarter of 2015, net profit of banking sector raised 12,5%
- At the same period, credit growth rate reached 6.9% while NPL amount raised 6.3%.
- Sector continued to rollover the amount of syndication and issued new debt instrument.

Participation Banks

- In the first quarter of 2015, participation banks still grew under the banking sector.
- Continuing branch network expansion and total branches got over 1000
- The plan to establish new publicly owned participation banks has started to realize.

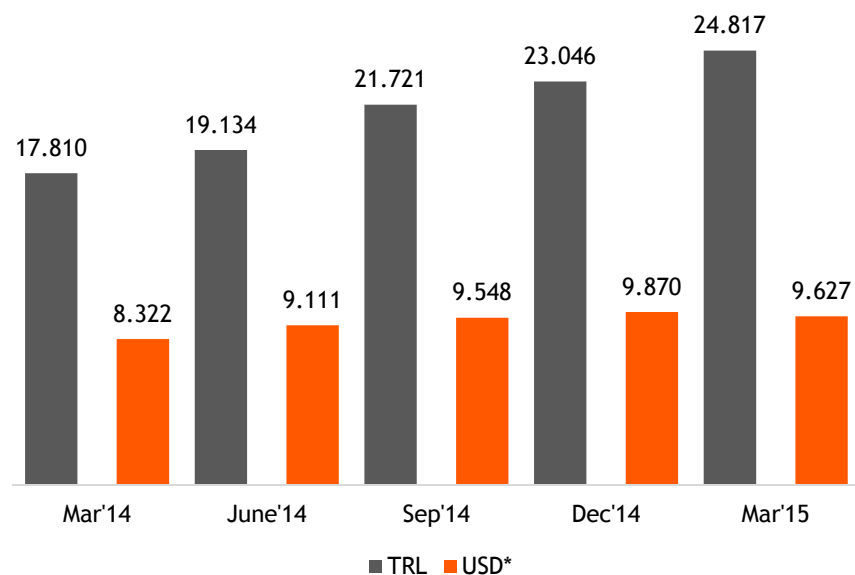
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Growth in total assets

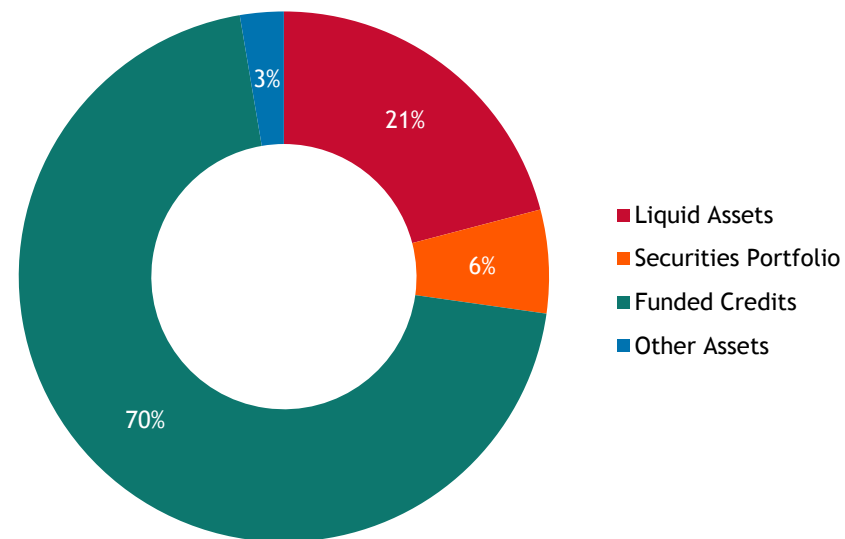
Total assets (million TRL)

QoQ Growth: 7.7% in TRL terms QoQ Growth: -2.5% in USD terms



*USD equivalent of total assets
L/D (Q1) = 99%

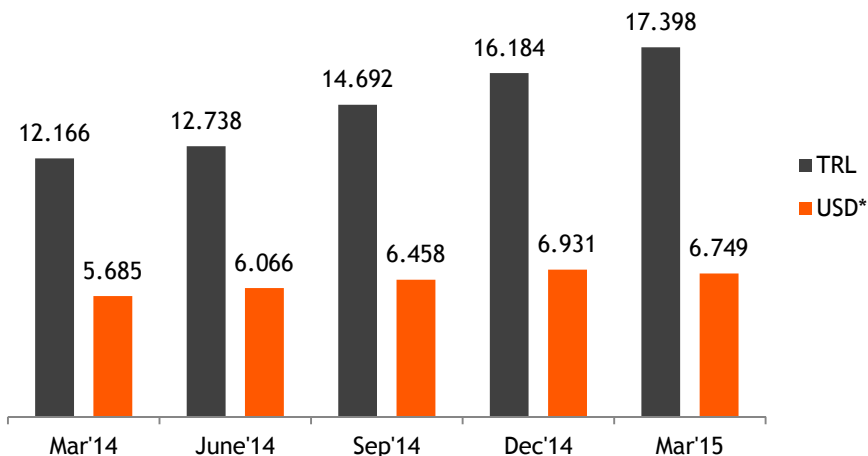
Asset Segmentation (Q1'15)



Growth in funded credits

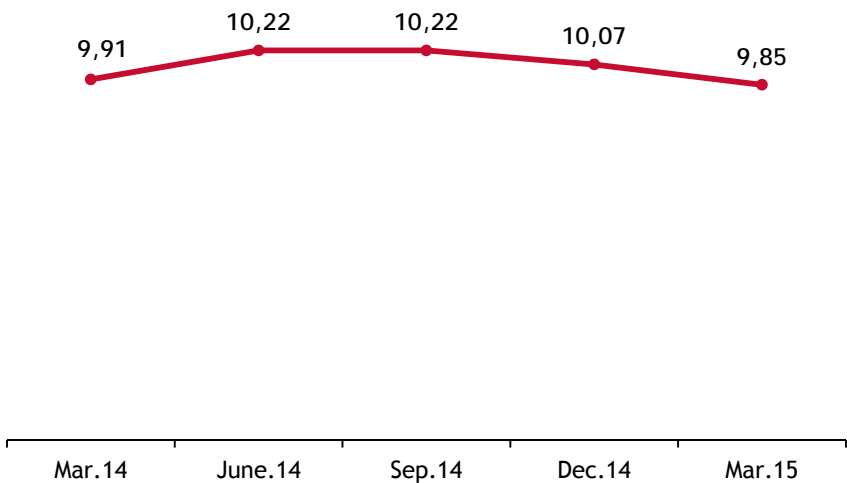
Total Funded Credits (including financial leasing, million)

QoQ Growth: 7.5% in TRL terms QoQ Growth: -2.6% in USD terms



*USD equivalent of total funded credits

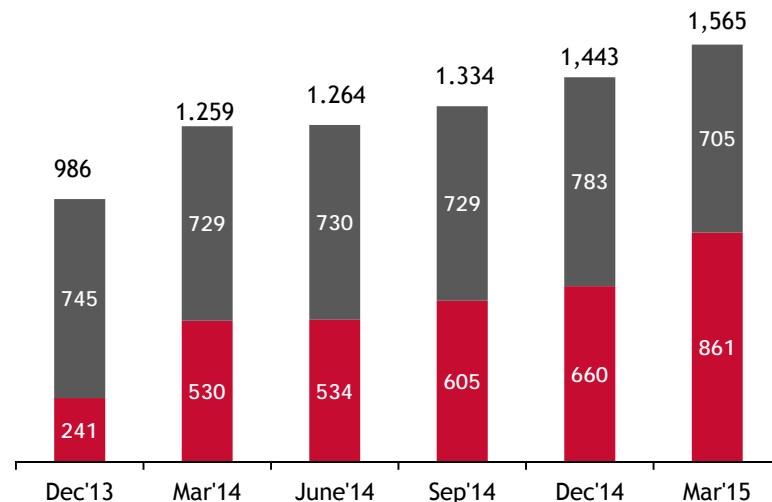
Credit Yields(1) (%)



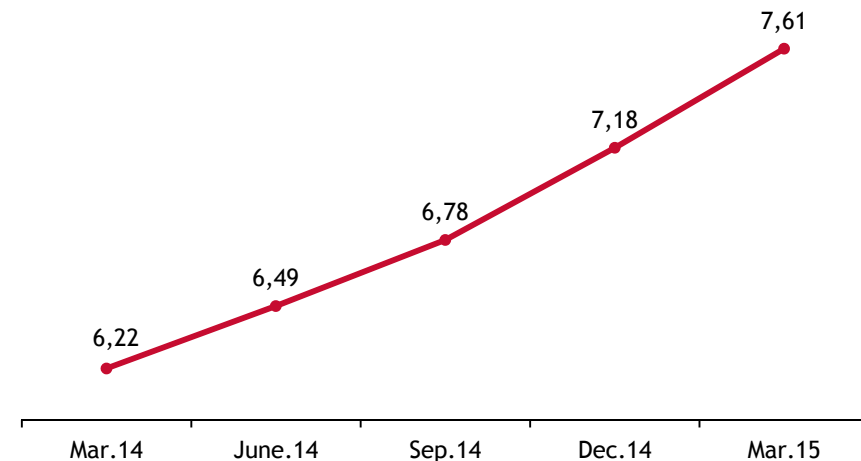
(1) Profit share income received from credits for the last 4Q/4Q average credits

Total Securities Portfolio (TRL million)

■ Available for sale ■ Held to Maturity



Securities Yield(2) (%)



(2) Profit share income received from securities for the last 4Q/4Q average securities

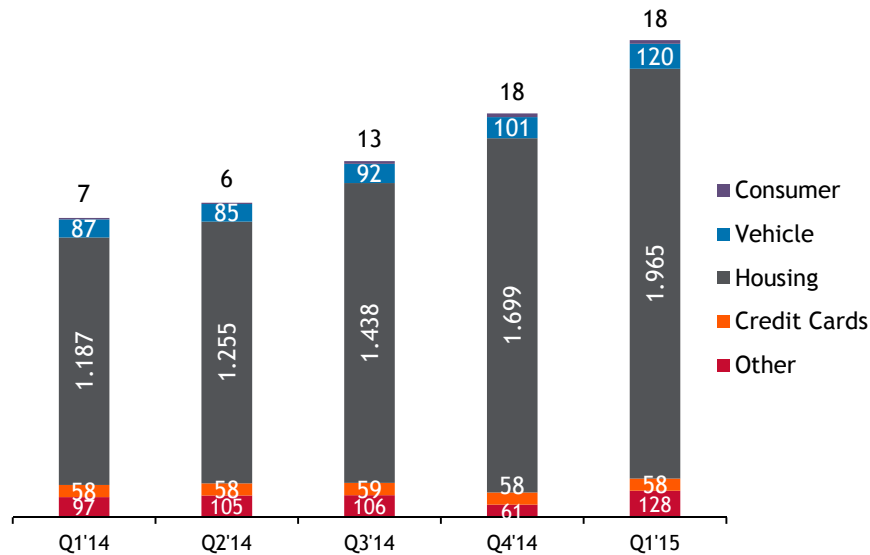
Funded Credits Portfolio

Composition of Total Funded Credits* (%)

	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15
Corporate Credits	40.0	35.7	36.4	36,7	36,3
SME Credits	48.1	52.3	51.5	51,3	50,5
Retail Credits	11.9	12.1	12.1	12.0	13,2
Total	100.0	100.0	100.0	100.0	100.0

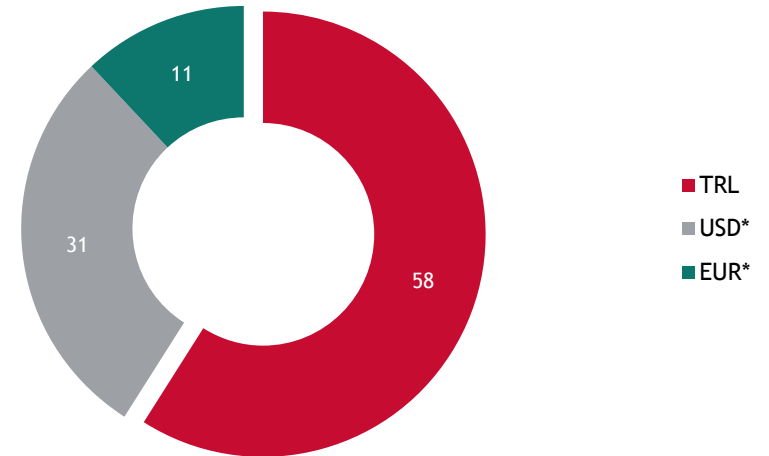
*According to BRSA definition

Total Retail Credits *(TRL million)



* *Excluding installment based commercial credits and corporate credit cards

Currency Composition of Total Funded Credits (Q1'15, %)

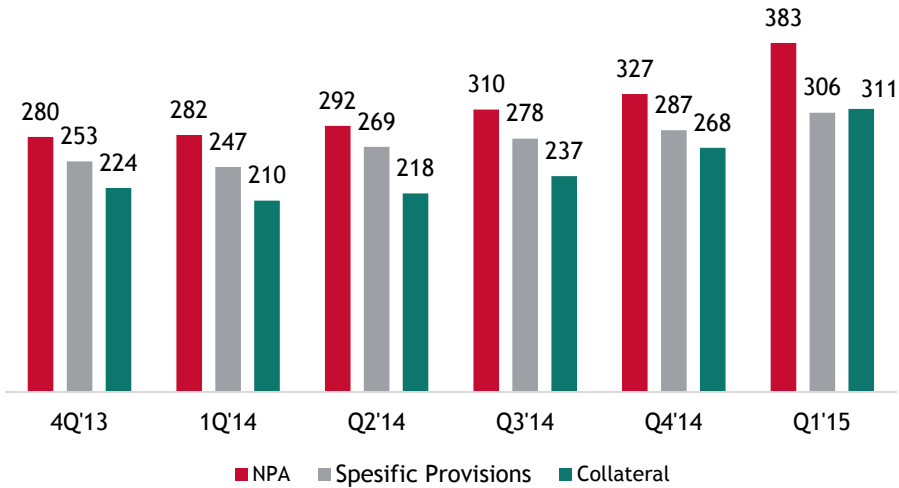


*Including USD & EUR indexed credits

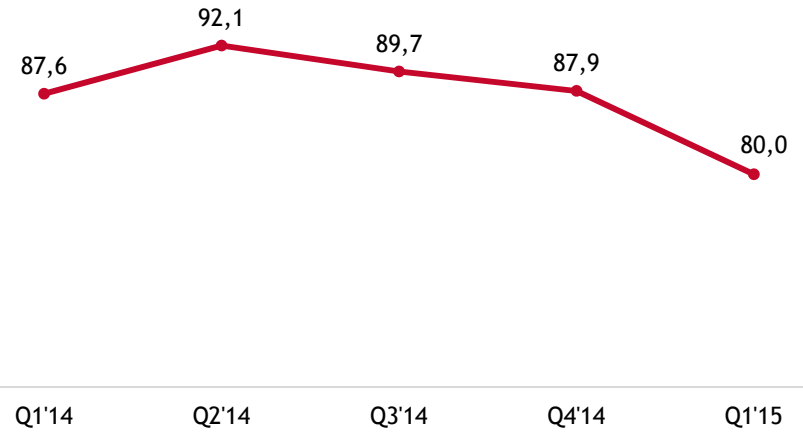
- Retail credits (excluding installment based commercial credits and corporate credit cards) grew to 2,289 million TRL in March 31, 2015 up from 1,936 million TRL in Q4 2014
- Housing finance is primary segment among retail credits

Asset quality

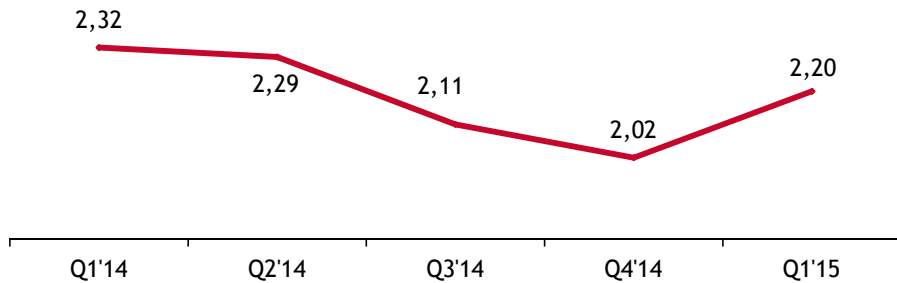
Non-performing Loans (TRL million)



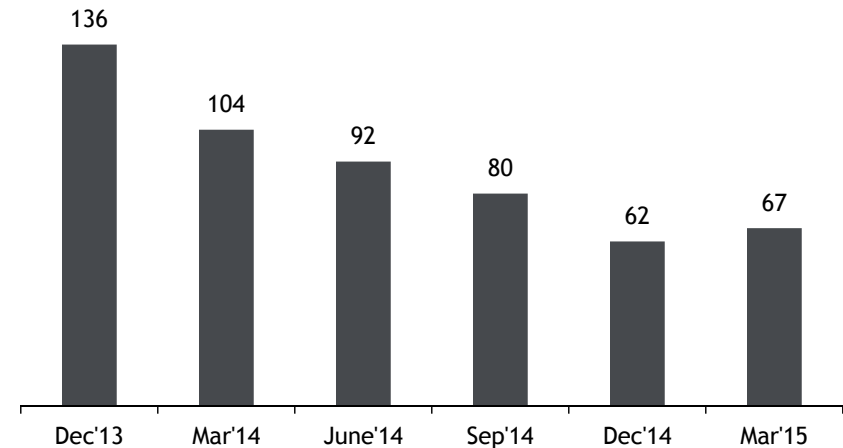
Provisioning Ratio (%)



NPL Ratio*



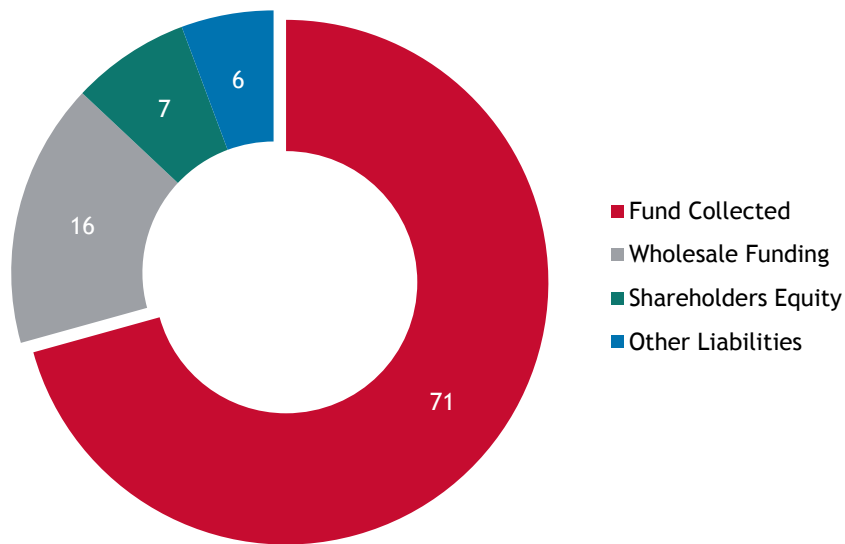
Cost of Risk** (bps)



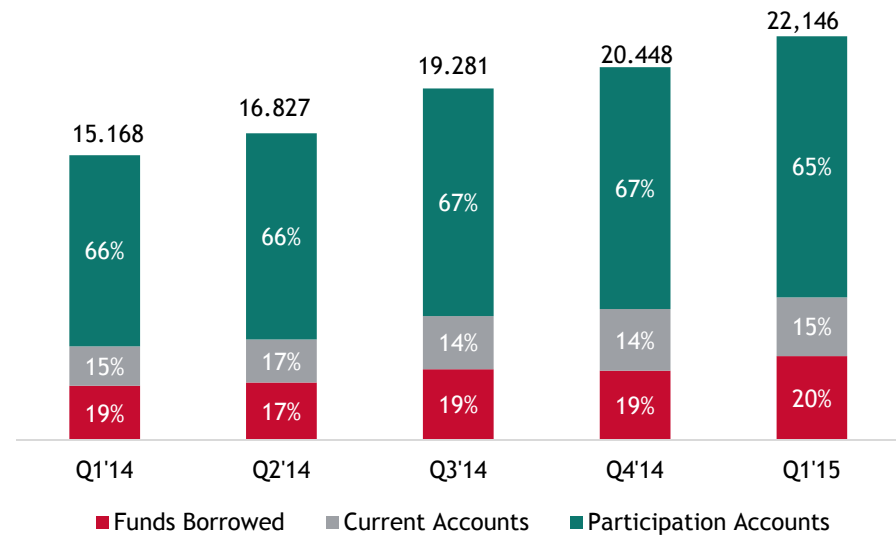
* Including financial leasing & accruals and rediscounts

** Specific provisions for credits for last 4Q/4Q average credits

Composition of Total Liabilities (Q1'15, %)



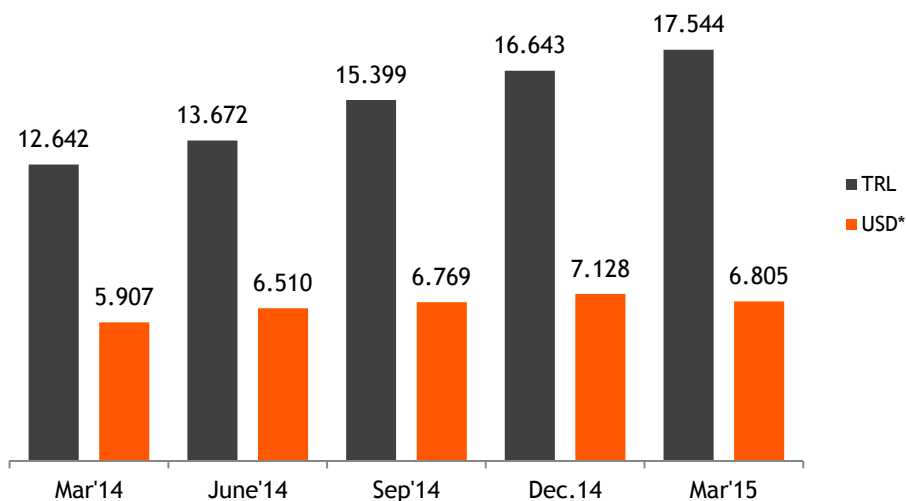
Composition of Funding Base (TRL million)



Total Funds Collected

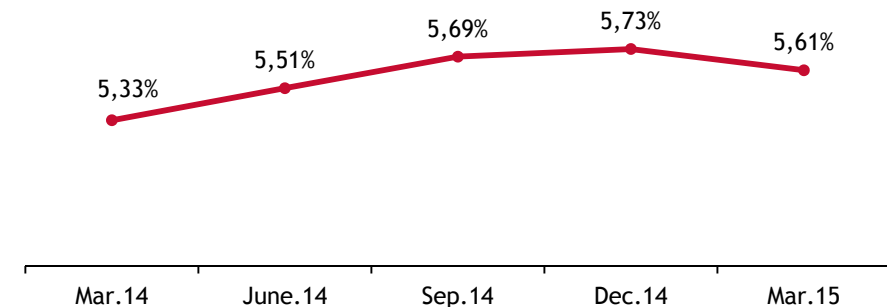
Total Funds Collected (million)

QoQ Growth: 5.4% in TRL terms QoQ Growth: -4.5% in USD terms



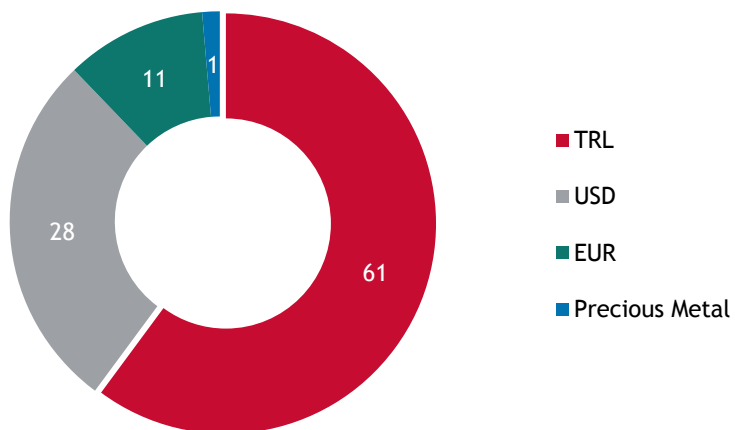
*USD equivalent of total collected funds

Cost of Funds Collected (1)

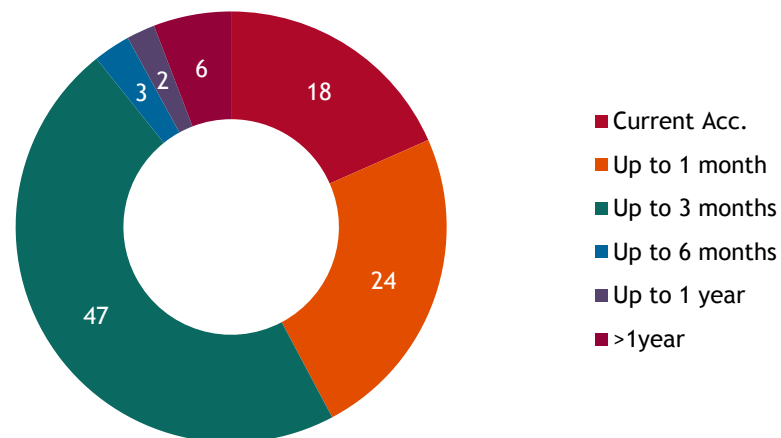


(1) Profit share expense to depositors for the last 4Q/4Q average participation accounts

Currency Composition of Funds Collected (Q1'15, %)

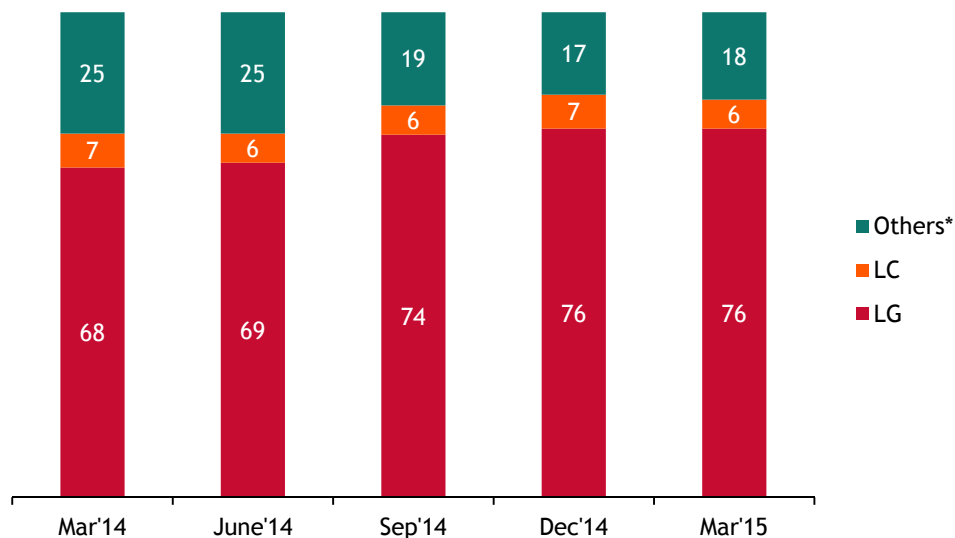


Maturity Composition of Funds Collected (Q1'15, %)

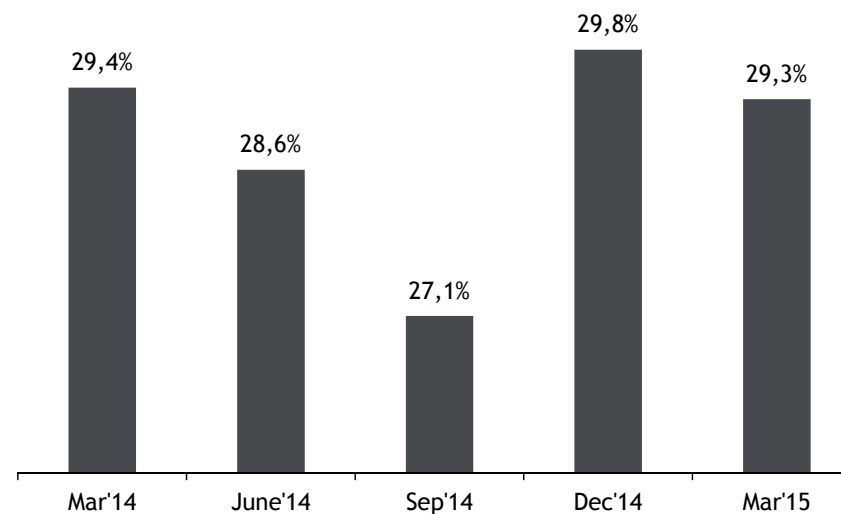


Off balance sheet growth

Off Balance Sheet Composition (%)



LGs-to-Total Assets



Off Balance Sheet (TRL million)

	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Growth (%)	
						Q-Q	Y-Y
Letter of Guarantee	5.242	5.471	5.887	6.873	7.276	5,9	38,8
Letter of Credit	514	508	497	589	548	-7.0	6,7
Others*	1.955	1.947	1.520	1.545	1.713	10,8	-12,4
Total:	7.710	7.927	7.903	9.007	9.536	5,9	23,7

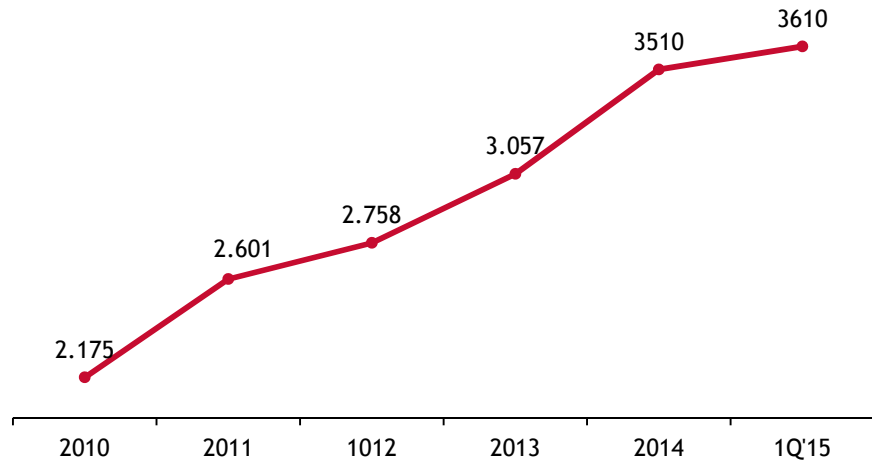
* Revocable credit limits not included.

Income-Cost Dynamics

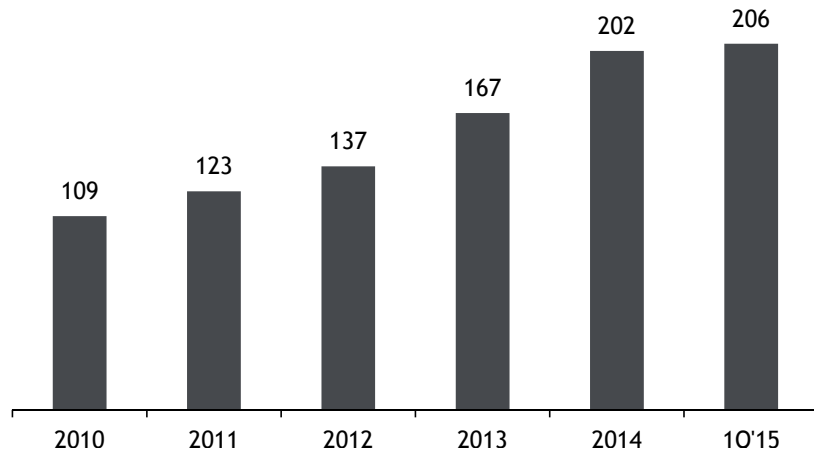
(000 TRL)	Year on Year Change			Quarterly Change			Notes
	Q1'14	Q1'15	%	Q4'14	Q1'15	%	
Net Profit Share Income	146.309	191.331	30,8%	198.270	191.331	-3,5%	Profit share expense increased by 37.1% while PSI raised by 34.2% YoY basis. Joint venture projects returns reached to TL 7.526 in Q1 2015 (Q1, 2014: TL 14.850)
Net Fee Income	29.592	34.534	16,7%	34.471	34.534	0,2%	There is no significant change in fee income trend.
Net Trading Income	17.002	21.538	26,7%	12.485	21.538	72,5%	High FX trading income continued on both of YoY and QoQ basis
Other Income	41.107	27.219	-33,8%	17.413	27.219	56,3%	Reversal of prior year provisions in 2015 is lower than 2014
Provisioning	24.698	39.783	61,1%	31.789	39.783	25,1%	Lower coverage ratio in 2015 compared with the 2014 figures.
Other Costs	128.781	154.905	20,3%	141.587	154.905	9,4%	YoY increase in other costs can be attributable to staff cost, new branch openings and transformation project.
Tax	18.953	16.202	-14,5%	19.666	16.202	-17,6%	-
Net Profits	61,578	63.732	3,5	71.787	63.732	-8,4	-

Branch and staff size

Total Employees Size



Total Number of Branches



Albaraka Türk Branches



Albaraka Türk branches

Current Branches

İstanbul	86	Hatay	2	Aksaray	1	Çankırı	1	Şanlıurfa	2
Ankara	17	Kütahya	2	Elazığ	1	Malatya	1	Siirt	1
İzmir	6	Manisa	2	Erzurum	1	Aydın	1	Tokat	1
Bursa	6	Diyarbakır	2	Eskişehir	1	Maraş	1	Burdur	1
Adana	5	Samsun	2	Giresun	1	Nevşehir	1	Van	1
Konya	9	Balıkesir	2	Afyon	1	Ordu	1	Yalova	1
Kocaeli	5	Trabzon	3	Isparta	1	Osmaniye	1	Zonguldak	1
Kayseri	4	Batman	1	Mersin	1	Rize	1	Mardin	1
Antalya	4	Bolu	1	Karaman	1	Sakarya	1	Muş	1
Tekirdağ	3	Çanakkale	1	Karabük	1	Adıyaman	1	Bitlis	1
Gaziantep	3	Çorum	1	Kastamonu	1	Sivas	1	Erbil*	1
Denizli	2	Düzce	1	Ordu	1	Yozgat	1		

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Total growth - 2015/3

Percent	2015 (3 Months)			2014 (12 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Asset Size	7.7	5.0	6.7	33.9	8.5	15.1
Total Credits*	7.5	5.6	6.9	34.2	4.3	17.7
Deposits/Collected Funds**	5.4	2.8	6.0	32.9	5,7	7.7

* Including Leasing Receivables, Interest (Profit Share) and Income Accruals and Rediscounts from Loans, Loans Extended to Banks

** Including Deposit (Participation Funds) Interest (Profit Share) Rediscounts and Deposit (Participation Funds) Collected from Banks

Percent	2015 (3 Months)			2014 (12 Months)		
	Albaraka Türk/ Participation Banks	AlbarakaTürk/ Banking Sector	Participation Banks/Banking Sector	Albaraka Türk/ Participation Banks	AlbarakaTürk/ Banking Sector	Participation Banks/Banking Sector
Asset Size	23.1	1.2	5.1	22.1	1.2	5.2
Total Credits*	22.8	1.3	5.5	22.7	1.3	5.6
Deposits/ Collected Funds**	25.6	1.5	5.8	24.9	1.5	5,9

* Including Leasing Receivables, Interest (Profit Share) and Income Accruals and Rediscounts from Loans, Loans Extended to Banks

** Including Deposit (Participation Funds) Interest (Profit Share) Rediscounts and Deposit (Participation Funds) Collected from Banks

Percent	2015 (3 Months)			2014 (12 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	12.80	14.10	15,51	14,15	14.53	16.30
NPL Ratio	2.20	4.66	2.82	2.02	4.46	2.84
Provisioning Ratio	80.00	61.22	73.03	87.85	61.78	73.84
ROAA (IBT)	1.47	1.28	1.67	1.59	0.36	1.67
ROAE (NI)	14.85	10,73	11.36	15,66	0,93	11.52
Yield	8,82	8.46	8.84	8.88	8.39	8.88
Spread	4.04	4.26	4.13	4,14	4.23	4,12
Net Profit Share Margin	4.03	4.41	4.31	4.08	4.37	4.31
Net Fee Income / Avg. Assets	1.18	1.14	1.10	1.30	1.15	1.12
Op Costs / Avg. Assets	2.53	2.84	2.36	2.52	2.87	2.35
Cost/Income*	56.41	51.26	44,74	51.40	50.56	46.02
Credits / Branches (000'TRL)	84,457	74,450	111,920	80,117	71,916	104,933
Staff / Branches	17,52	16,36	17.79	17.75	16.41	17.76
CA / Deposits	18,39	23,77	18.40	20,28	24,50	18.85

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

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Summary Balance Sheet

(Thousand TRL)	Mar'15	Dec'14	Growth
Cash and Banks	5.189.735	4.777.420	8,6%
Financial Assets	861.726	665.371	29,5%
Funds Utilized	17.398.239	16.183.692	7,5%
<i>Cash Credits</i>	16.492.339	15.434.332	6,9%
<i>NPL</i>	383.075	326.975	17,2%
<i>Provisions</i>	306.472	287.261	6,7%
<i>Net Financial Leasing Receivables</i>	829.297	709.646	16,9%
Investments Held to Maturity (Net)	704.707	783.309	-10,0%
Associates	19.961	14.961	33,4%
Fixed Assets	510.740	513.465	-0,5%
Assets Held For Sale and Investment	23.563	27.678	-14,9%
Other Assets (inc. Tax Assets)	108.809	79.962	36,1%
Total Assets	24.817.480	23.046.424	7,7%
Funds Collected	17.544.047	16.643.218	5,4%
Funds Borrowed	3.515.574	3.215.998	9,3%
Debts (inc. Taxes)	1.167.620	691.031	69,0%
Provisions	244.157	232.824	4,9%
Tier II Sukuk	531.545	472.426	12,5%
Shareholders' Equity	1.814.537	1.790.927	1,3%
<i>Capital</i>	899.999	900.000	0,0%
<i>Capital Reserves (inc. Premium)</i>	153.297	160.196	-4,3%
<i>Profit Reserves</i>	696.531	470.137	48,2%
<i>Profits</i>	64.709	260.594	
<i>Past Periods</i>	977	7.963	
<i>Current Year</i>	63.732	252.631	
Total Liabilities	24.817.480	23.046.424	7,7%

Summary Income Statement

(Thousand TRL)	Mar '14	Mar '15	Growth
Profit Share Income	318.539	427.477	34,2%
Profit Share Expense	172.230	236.146	37,1%
Net Profit Share Income	146.309	191.331	30,8%
Net Fees and Commissions Income	29.592	34.534	16,7%
<i>Fees and Commissions Received</i>	36.114	43.773	21,2%
<i>Fees and Commissions Paid</i>	6.522	9.239	41,7%
Net Trading Income	17.002	21.538	26,7%
Other Operating Income	41.107	27.219	-33,8%
Total Operating Profit	234.010	274.622	17,4%
Provisions for Loan Losses	24.698	39.783	61,1%
Other Operating Expenses	128.781	154.905	20,3%
Net Operating Profit	80.531	79.934	-0,7%
Tax Provision	18.953	16.202	-14,5%
Net Profits	61.578	63.733	3,5%

THANK YOU

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