

2014 Q2 Earnings Presentation



TURKEY

Agenda

- 1. Macro Economic / Banking Outlook**
2. Q2 2014 Financial Results
3. Market Comparison
4. Appendix

Global Economy

- Liquidity conditions improved in the second quarter of 2014 and emerging economies was affected positively.
- The European Central Bank's interest rate cut and announcement of new easing program was the key factor behind the improvement in the global liquidity conditions.
- Positive macroeconomic developments for the US economy has caused new debates about the timing of the FED's possible interest rate increase.
- Political tensions between Ukraine and Russia is putting pressure on the global economy.

Turkish Economy

- Economic activities continued to expand moderately In the first half of the year, while net export growth also contributed positively to economic expansion.
- Price stability is still under pressure although current account deficit was under control.
- Foreign trade has started to be affected negatively due to problems going on in Turkey's neighbourhood.

Banking Industry

- In the first half of 2014, net profit of banking sector decreased by 8.0% year on year basis.
- At the same period, credit growth rate reached 7.3% while NPL amount raised 9.1%.
- Sector continued to rollover the amount of syndication and issued new debt instrument.

Participation Banks

- In the first half of 2014, participation banks grew under the banking sector.
- Continuing branch network expansion. (24 new branches were opened in Q2 and total branches exceeded 1,000)
- As a protection from the likely possibility of global interest rate rises, sukuk issuances increased in the first half of 2014.
- A statement by Mr. Babacan recently declared new publicly owned participation banks are aimed to start their operations by the end of next year.

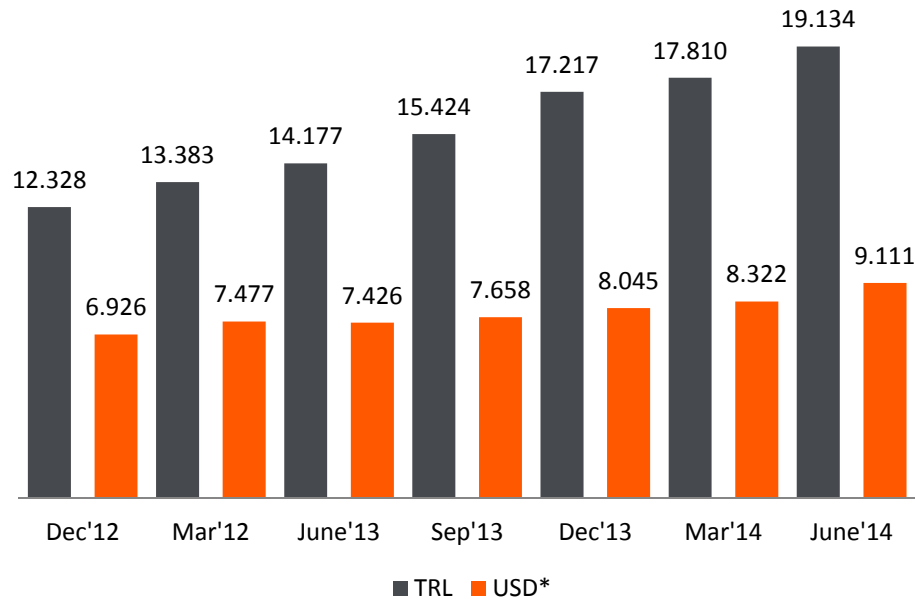
Agenda

1. Macro Economic / Banking Outlook
- 2. Q2 2014 Financial Results**
3. Market Comparison
4. Appendix

Growth in total assets

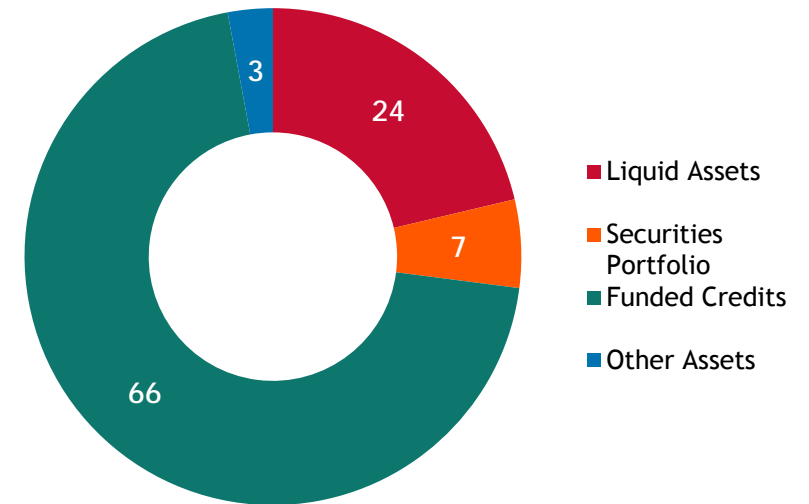
Total assets (million TRL)

YtD Growth: 11.1 % in TRL terms YtD Growth: 13.3 in USD terms
 QoQ Growth: 7.4% in TRL terms QoQ Growth: 9.5% in USD terms



*USD equivalent of total assets
 L/D (Q2) = 93%

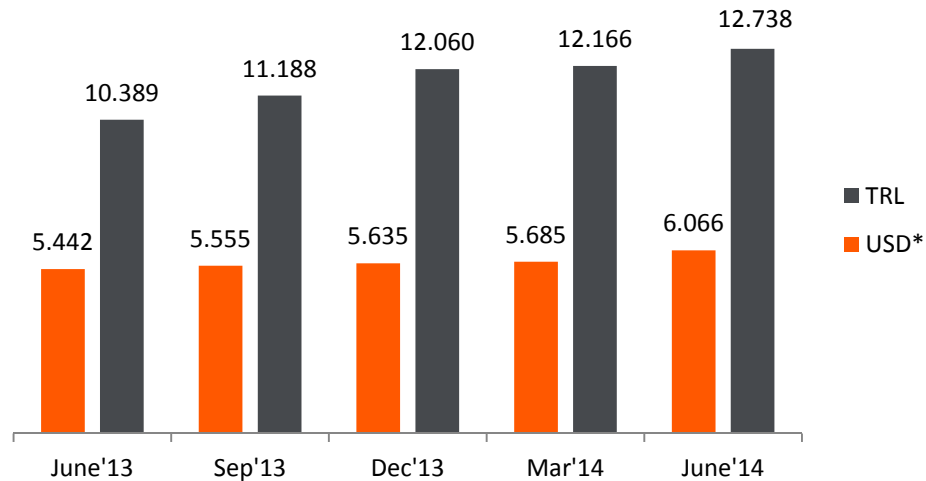
Asset Segmentation (Q2'14) (%)



Growth in funded credits

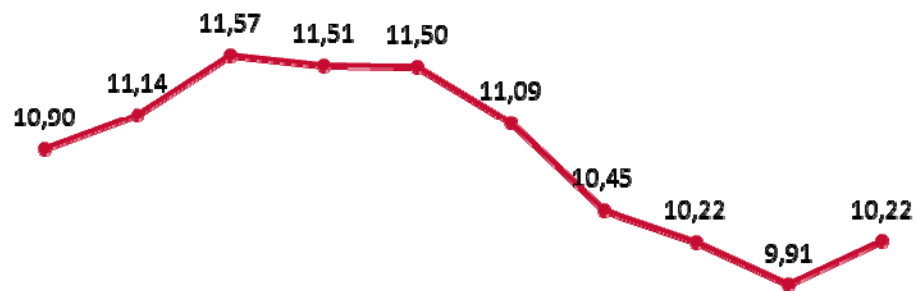
Total Funded Credits (including financial leasing, million)

YtD Growth: 5.6 % in TRL terms YtD Growth: 7.6 % in USD terms
 QoQ Growth: 4.7% in TRL terms QoQ Growth: 6.7% in USD terms



*USD equivalent of total funded credits

Credit Yields(1) (%)

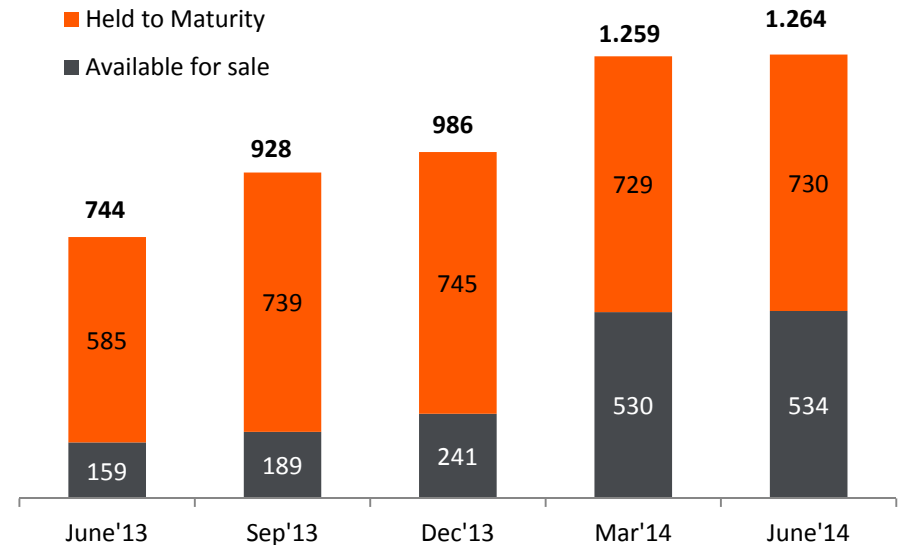


Mar.12 Jun.12 Sep.12 Dec.12 Mar.13 June.13 Sep.13 Dec.13 Mar.14 June.14

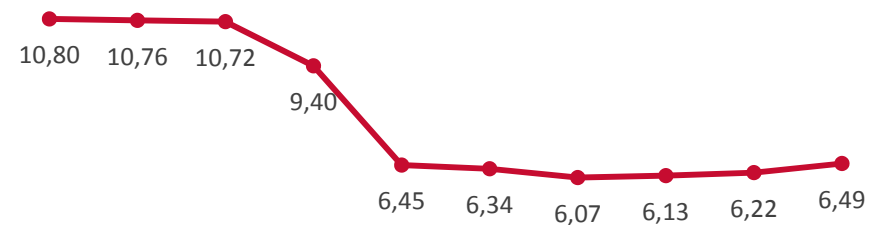
(1) Profit share income received from credits for the last 4Q/4Q average credits

Total Securities Portfolio (TRL million)

■ Held to Maturity
 ■ Available for sale



Securities Yield(2) (%)



Mar.12 Jun.12 Sep.12 Dec.12 Mar.13 June.13 Sep.13 Dec.13 Mar.14 June.14

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

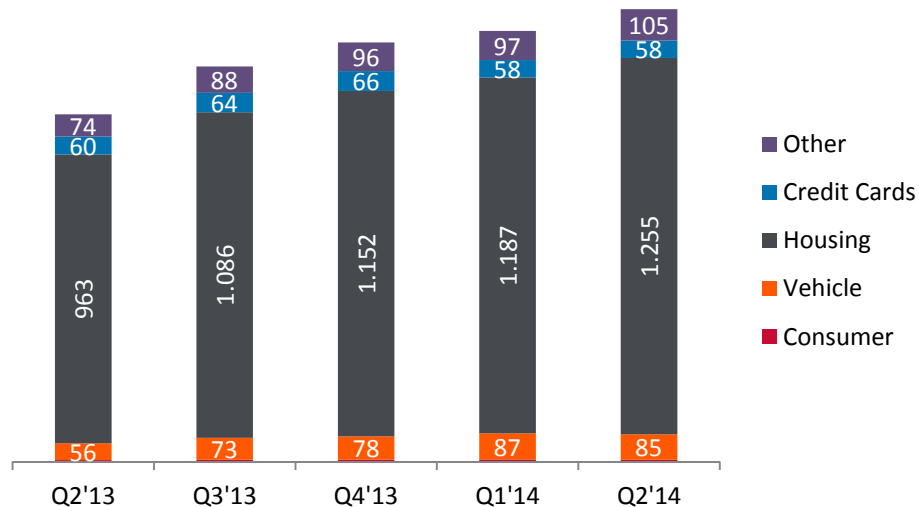
Funded Credits Portfolio

Composition of Total Funded Credits* (%)

	Q3'13	Q4'13	Q1'14	Q2'14
Corporate Credits	39.4	38.8	40.0	35.7
SME Credits	48.7	48.9	48.1	52.3
Retail Credits	11.9	12.3	11.9	12.1
Total	100.0	100.0	100.0	100.0

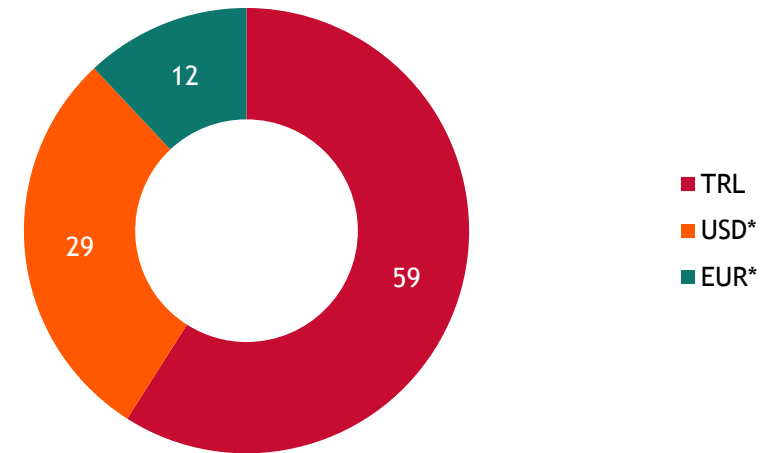
*According to BRSA definition

Total Retail credits *(TRL million)



* Excluding installment based commercial credits and corporate credit cards

Currency Composition of Total Funded Credits (Q2'14, %)

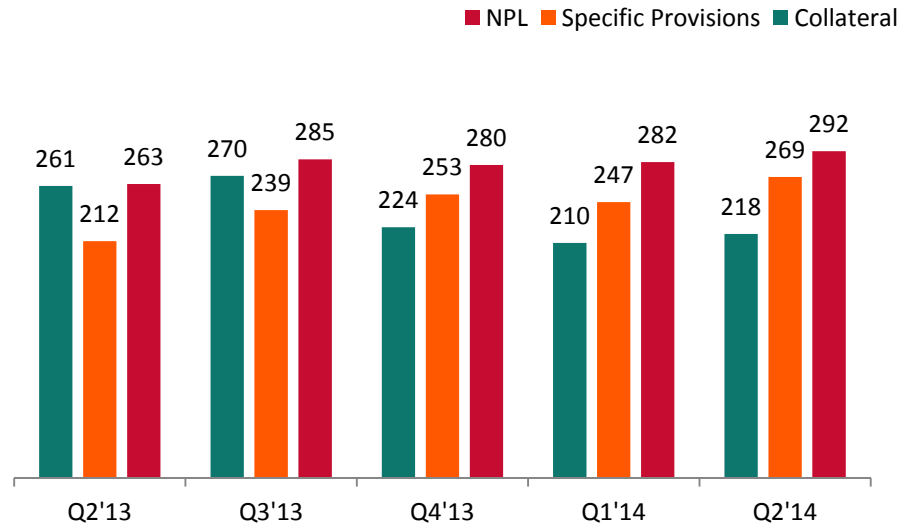


*Including USD & EUR indexed credits

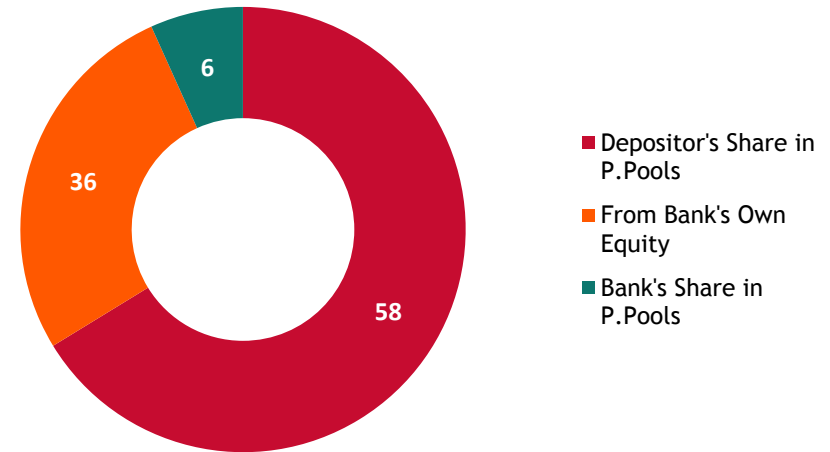
- Retail credits (excluding installment based commercial credits and corporate credit cards) grew to 1,509 million TRL in June 30, 2014 up from 1,398 million TRL in Q4 2013
- Housing finance is primary segment among retail credits

Asset quality

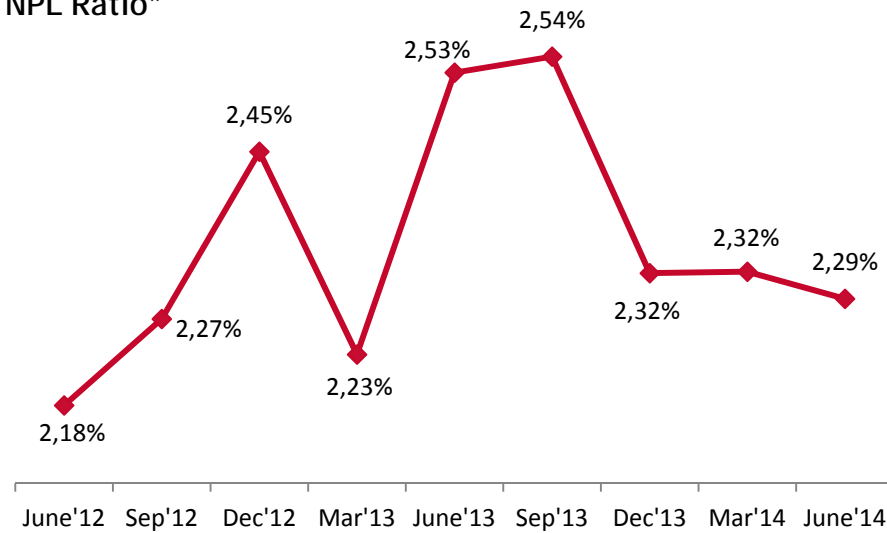
Non-performing Loans (TRL million)



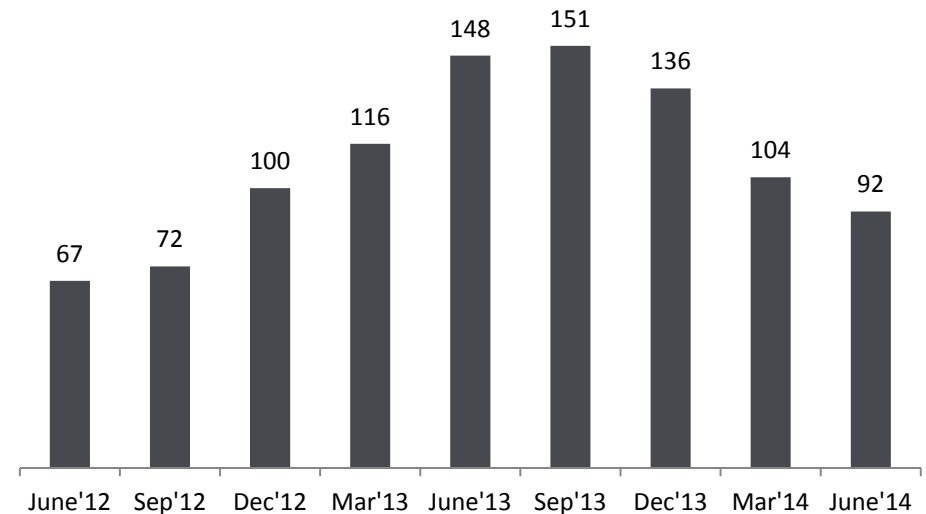
Composition of NPL (Q2'14) (%)



NPL Ratio*



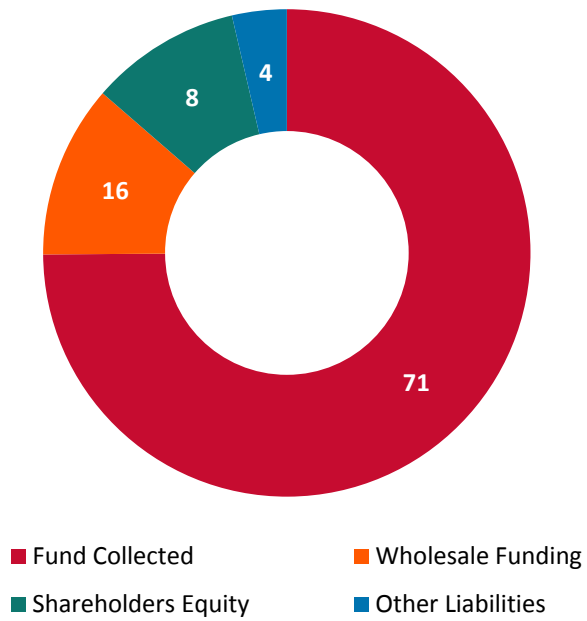
Cost of Risk** (bps)



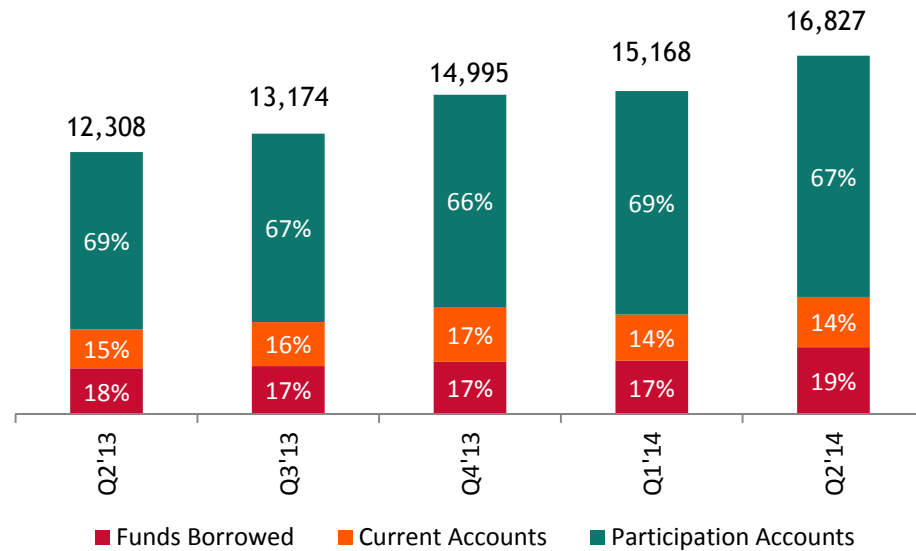
* Including financial leasing & accruals and rediscounts

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

Composition of Total Liabilities (Q2'14, %)



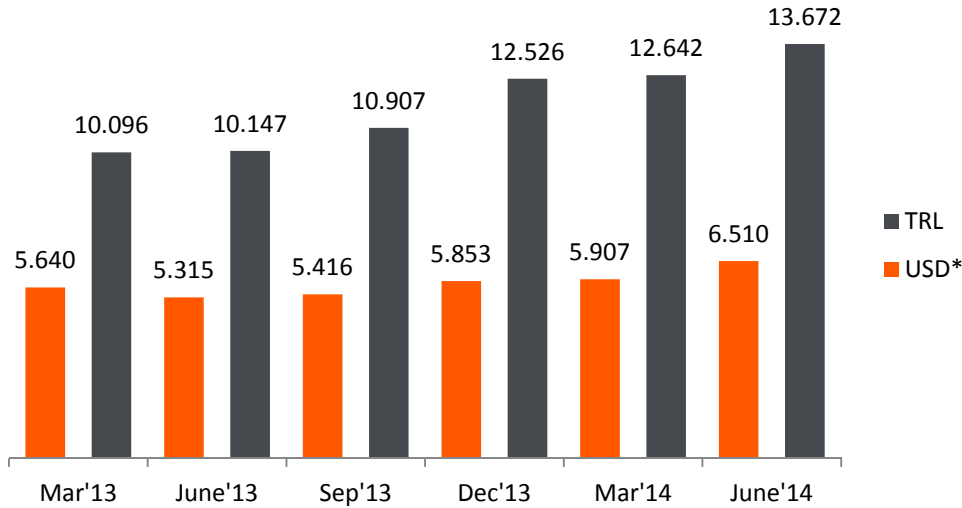
Composition of Funding Base (TRL million)



Total Funds Collected

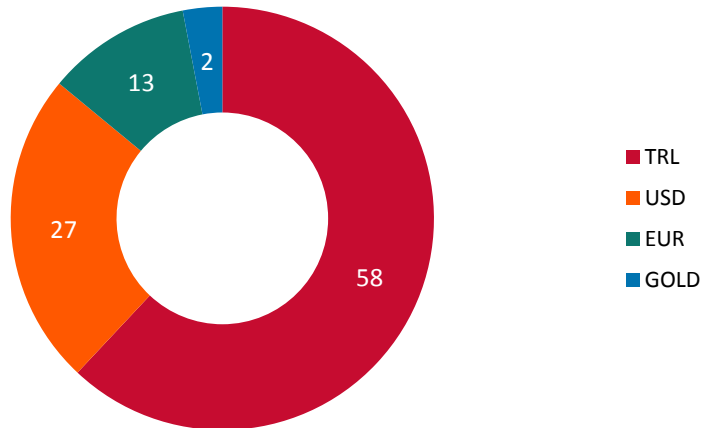
Total Funds Collected (million)

YtD Growth: 9.1 % in TRL terms YtD Growth: 11.2 % in USD terms
 QoQ Growth: 8.1% in TRL terms QoQ Growth: 10.2% in USD terms

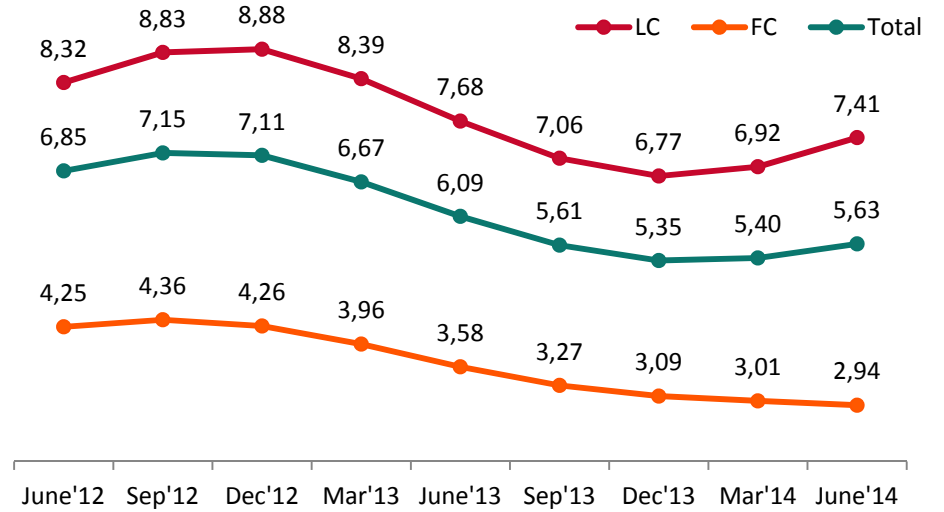


*USD equivalent of total collected funds

Currency Composition of Participation Accounts (Q2'14, %)

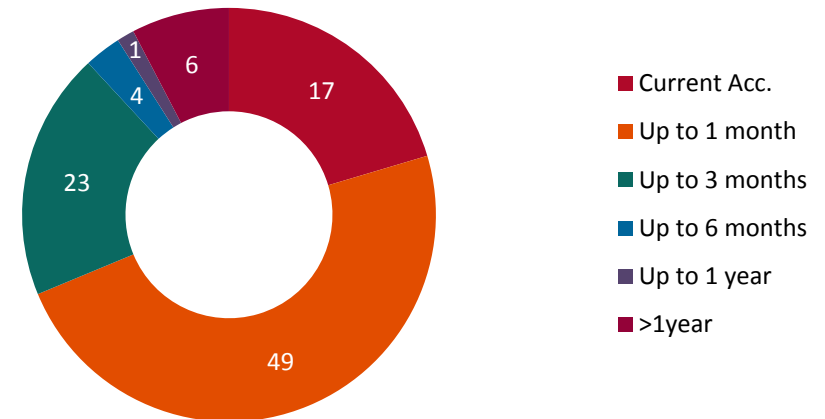


Cost of Funds Collected (1)

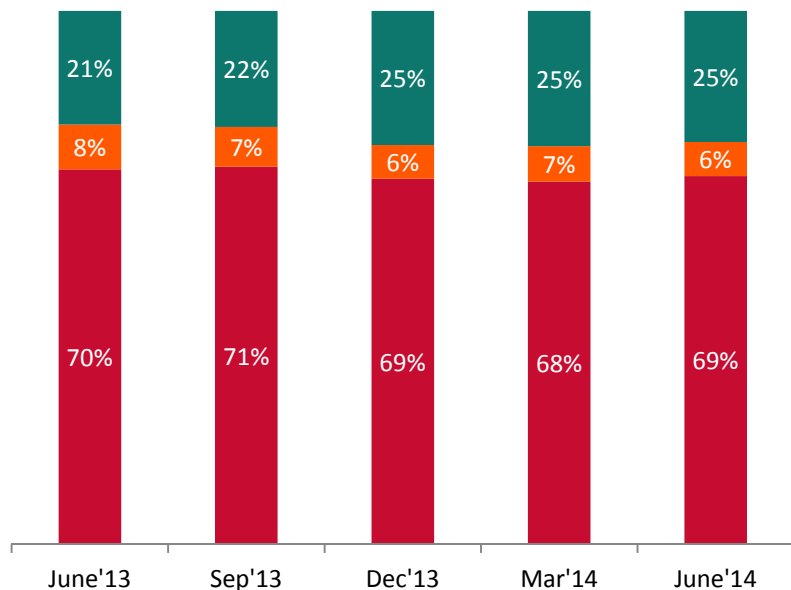


(1) Profit share expense to depositors for the last 4Q/4Q average participation accounts

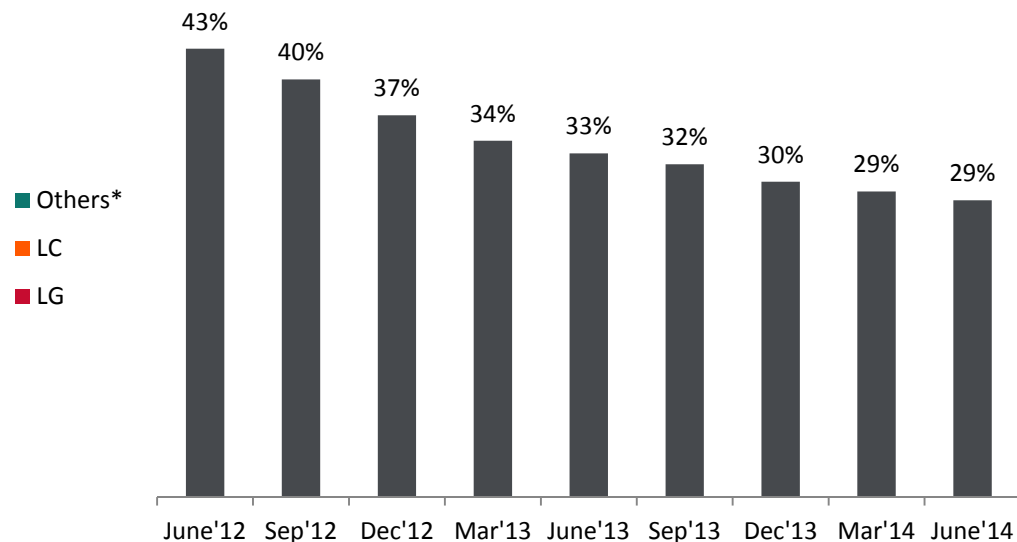
Maturity Composition of Funds Collected (Q2'14, %)



Off Balance Sheet Composition



LGs-to-Total Assets



Off Balance Sheet (TRL million)

	Q2 '13	Q3 '13	Q4 '13	Q1 '14	Q2 '14	Growth (%)	
						Q-Q	YtD
Letter of Guarantee	4,694	4,944	5,232	5,242	5,471	4.4	4.6
Letter of Credit	559	519	482	514	508	-1.0	5.4
Others*	1,423	1,519	1,917	1,955	1,947	-0.4	1.6
Total:	6,676	6,983	7,631	7,710	7,927	2.8	3.9

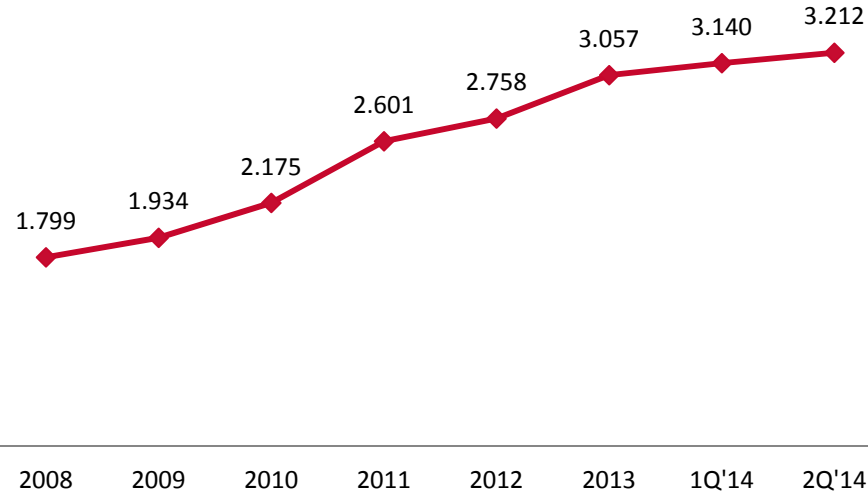
* Revocable credit limits not included.

Income-Cost Dynamics

(000 TRL)	Year on Year Change			Quarterly Change			Notes
	Q2'13	Q2'14	%	Q1'14	Q2'14	%	
Net Profit Share Income	297.265	328.774	10,6	146.309	182.465	24,7	Profit share expense increased by 49.0% while PSI raised by 28.0% yoy basis. Joint venture projects returns reached to TRL 26.3 mln in the second quarter which are TRL 14.9 mln and TRL 14.0 mln for Q114 and Q213, respectively.
Net Fee Income	54.901	61.656	12,3	29.592	32.064	8,4	There is no significant change in fee income trend.
Net Trading Income	14.285	29.757	108,3	17.002	12.755	-25,0	High FX trading income continued on YoY basis while quarterly performance was below the Q1 figures.
Other Income	71.355	65.294	-8,5	41.107	24.187	-41,2	Other income started to normalize in Q2.
Provisioning	124.519	87.250	-29,9	24.698	62.552	153,3	High coverage ratio and other provisioning
Other Costs	185.727	245.336	32,1	128.781	116.555	-9,5	Yoy increase in other costs can be attributable to staff cost, new branch openings and transformation project.
Tax	27.470	35.026	27,5	18.953	16.073	-15,2	-
Net Profits	100.090	117.869	17,8	61.578	56.291	-8,6	-

Branch and staff size

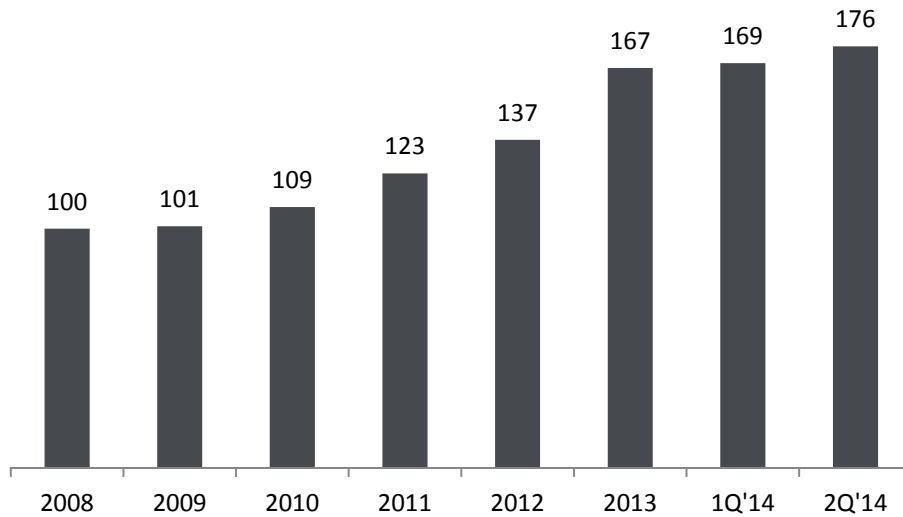
Total Employees Size



Albaraka Türk Branches



Total Number of Branches



Current Branches

İstanbul	70	Hatay	2	Aksaray	1	Çankırı	1	Şanlıurfa	1
Ankara	17	Kütahya	2	Elazığ	1	Malatya	1	Balıkesir	1
İzmir	6	Manisa	2	Erzurum	1	Aydın	1	Tokat	1
Bursa	6	Tekirdağ	2	Eskişehir	1	Maraş	1	Trabzon	2
Adana	5	Samsun	2	Giresun	1	Nevşehir	1	Van	1
Konya	5	Batman	1	Afyon	1	Ordu	1	Yalova	1
Kocaeli	5	Bolu	1	Isparta	1	Osmaniye	1	Zonguldak	1
Kayseri	3	Çanakkale	1	Mersin	1	Rize	1	Mardin	1
Antalya	4	Çorum	1	Karaman	1	Sakarya	1	Muş	1
Diyarbakır	2	Denizli	1	Karabük	1	Adıyaman	1	Bitlis	1
Gaziantep	3	Düzce	1	Kastamonu	1	Sivas	1	Erbil*	1

Agenda

1. Macro Economic / Banking Outlook
2. Q2 2014 Financial Results
- 3. Market Comparison**
4. Appendix

Total growth - 2014/06

Percent	2013 (12 Months)			2014 (6 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Asset Size	39.7	35.7	26.4	11.1	4.6	5.6
Total Credits	32.2	35.0	32.1	5.6	-1.5	7.1
Deposits/Collected Funds	35.5	27.9	22.5	9.1	1.3	3.2

Percent	2013 (12 Months)			2014 (6 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	17.9	1.0	5.6	19.0	1.0	5.3
Total Credits	17.7	1.1	6.3	18.9	1.1	5.8
Deposits/ Collected Funds	20.3	1.3	6.5	21.9	1.4	6.4

Ratios

Percent	2013 (12 Months)			2014 (06 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	14.86	14.00	15.30	14.87	15.04	16.31
NPL Ratio	2.32	3.29	2.75	2.29	3.49	2.76
Provisioning Ratio	90.62	64.23	76.39	92.13	61.20	75.85
ROAA (IBT)	2.02	1.58	2.03	1.87	1.61	1.86
ROAE (NI)	17.85	13.06	13.14	17.30	13.70	12.96
Yield	9.09	8.54	8.51	8.95	8.31	8.60
Spread	4.95	4.76	4.30	4.58	4.37	3.95
Net Profit Share Margin	4.91	4.76	4.53	4.49	4.42	4.15
Net Fee Income / Avg. Assets	1.52	1.35	1.22	1.48	1.29	1.23
Op Costs / Avg. Assets	2.97	3.13	2.70	3.02	3.31	2.77
Cost/Income*	46.9	49.8	45.7	50.5	49.1	47.5
Credits / Branches (000 'TRL)	72,033	70,425	89,682	72,373	66,576	94,833
Staff / Branches	18.31	17.41	17.88	18.25	17.21	17.79
CA / Deposits**	20.40	24.54	18.73	17.25	21.94	19.29

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

**Accruals and rediscouts excluded

Agenda

1. Macro Economic / Banking Outlook
2. Q2 2014 Financial Results
3. Market Comparison
- 4. Appendix**

Summary Balance Sheet

(Thousand TRL)	Dec'13	June'14	Growth (%)
Cash and Banks	3.661.389	4.581.683	25,1
Financial Assets	245.681	541.235	120,3
Funds Utilized	12.059.901	12.737.606	5,6
<i>Cash Credits</i>	11.961.340	12.521.515	4,7
<i>NPL</i>	279.668	291.984	4,4
<i>Provisions</i>	253.428	269.006	6,1
<i>Net Financial Leasing Receivables</i>	72.321	193.113	167,0
Investments Held to Maturity (Net)	745.390	730.126	-2,0
Associates	9.961	14.961	50,2
Fixed Assets	396.543	417.873	5,4
Assets Held For Sale and Investment	28.407	21.073	-25,8
Other Assets (inc. Tax Assets)	69.281	89.059	28,5
Total Assets	17.216.553	19.133.616	11,1
Funds Collected	12.526.212	13.671.628	9,1
Funds Borrowed	2.035.816	2.731.067	34,2
Debts (inc. Taxes)	522.821	494.835	-5,4
Provisions	201.463	211.703	5,1
Tier II Sukuk	432.973	424.800	0,0
Shareholders' Equity	1.497.268	1.599.583	6,8
<i>Capital</i>	900.000	900.000	0,0
<i>Capital Reserves (inc. Premium)</i>	92.780	104.819	13,0
<i>Profit Reserves</i>	261.645	470.137	79,7
<i>Profits</i>	242.843	124.627	-48,7
<i>Past Periods</i>	1.434	6.758	371,3
<i>Current Year</i>	241.409	117.869	-51,2
Total Liabilities	17.216.553	19.133.616	11,1

Summary Income Statement

(Thousand TRL)	June '13	June '14	Growth (%)
Profit Share Income	542.701	694.418	28,0
Profit Share Expense	245.436	365.644	49,0
Net Profit Share Income	297.265	328.774	10,6
Net Fees and Commissions Income	54.901	61.656	12,3
<i>Fees and Commissions Recvd</i>	67.927	76.250	12,3
<i>Fees and Commissions Paid</i>	13.026	14.594	12,0
Net Trading Income	14.285	29.757	108,3
Other Operating Income	71.355	65.294	-8,5
Total Operating Profit	437.806	485.481	10,9
Provisions for Loan Losses	124.519	87.250	-29,9
Other Operating Expenses	185.727	245.336	32,1
Net Operating Profit	127.560	152.895	19,9
Tax Provision	27.470	35.026	27,5
Net Profits	100.090	117.869	17,8

THANK YOU

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 realised.

Investor Relations Department

Address : Saray Mahallesi Dr.Adnan Büyükdeniz Caddesi No:6 34768 Ümraniye/ İSTANBUL
E-mail : yim@albarakaturk.com.tr
Tel : +90 216 666 03 03
Fax : +90 216 666 16 20
Internet : www.albarakaturk.com.tr



TURKEY