

2014 Year-End Earnings Presentation



TURKEY

Agenda

- 1. Macro Economic / Banking Outlook**
2. Q4 2014 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.
- ECB cut its policy rates against the risks of an economic slowdown and deflation and started a kind of quantitative easing program of buying covered bonds and asset-backed securities.
- In the year of 2014, indicators for global economic activity performed lower than expected, causing growth forecasts for this year to be revised down.
- Oil prices have continued to fall because of the especially slowdown in the global economic activity and the surplus supply

Turkish Economy

- Economic activity lost some momentum
- 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 are 4.0% and 6.0% respectively.

Banking Industry

- In the year of 2014, net profit of banking sector did not changed year on year basis.
- At the same period, credit growth rate reached 18,5% while NPL amount raised 22,9%.
- Sector continued to rollover the amount of syndication and issued new debt instrument.

Participation Banks

- In the third quarter of 2014, participation banks still grew under the banking sector.
- Continuing branch network expansion and total branches got near 1000
- The plan to establish new publicly owned participation banks has started to realize.

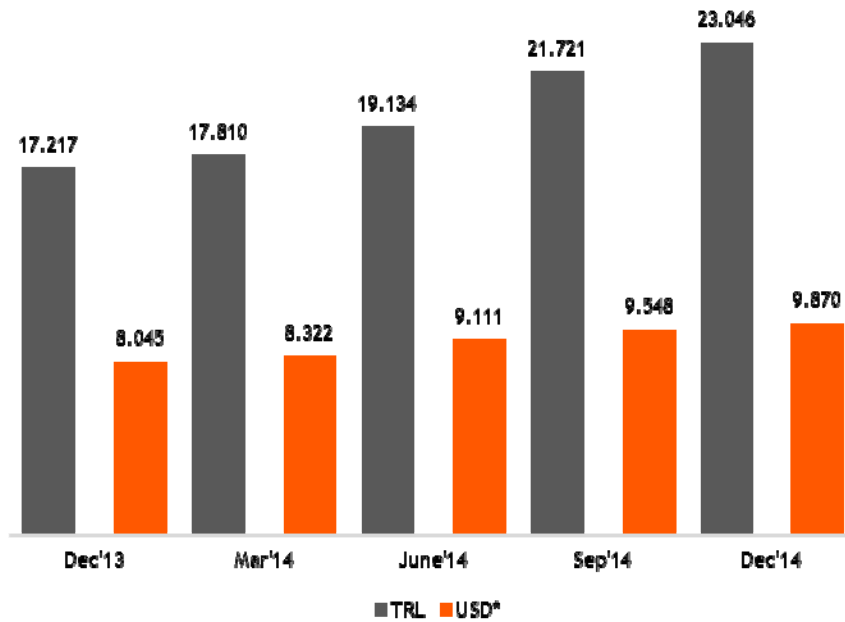
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Growth in total assets

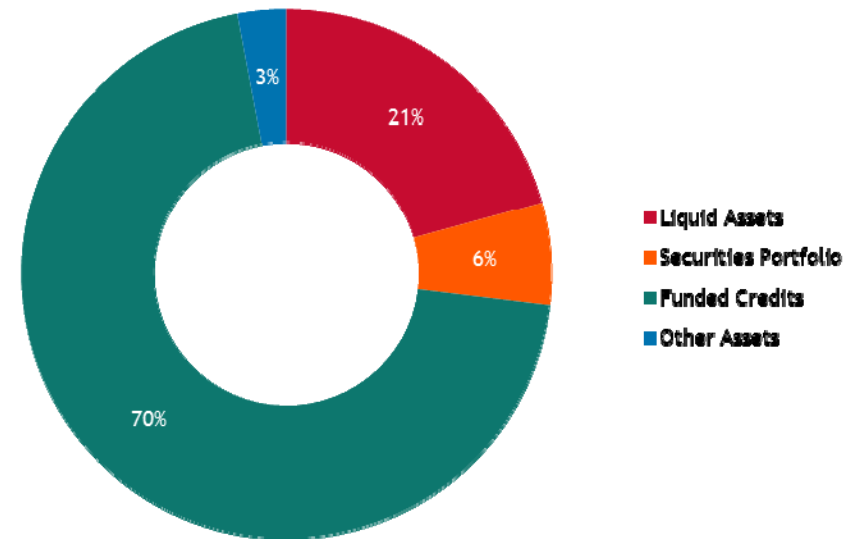
Total assets (million TRL)

YtD Growth: 33.9 % in TRL terms YtD Growth: 22.7 in USD terms
QoQ Growth: 6.1% in TRL terms QoQ Growth: 3.4% in USD terms



*USD equivalent of total assets
L/D (Q4) = 95%

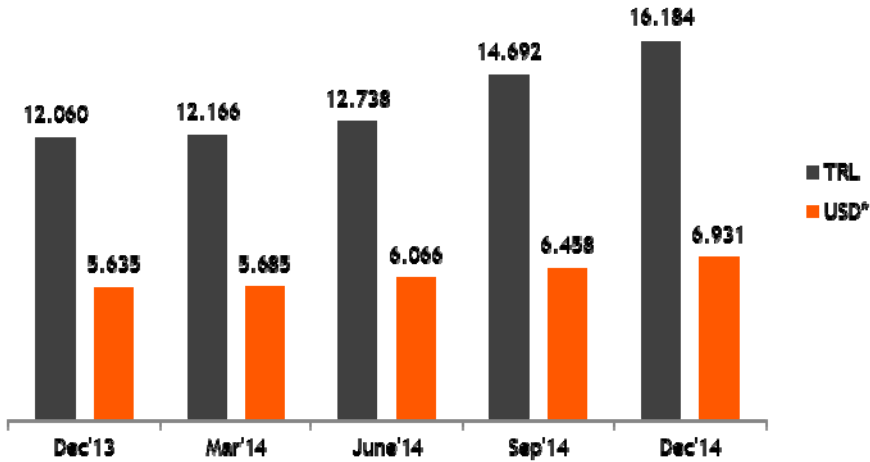
Asset Segmentation (Q4'14)



Growth in funded credits

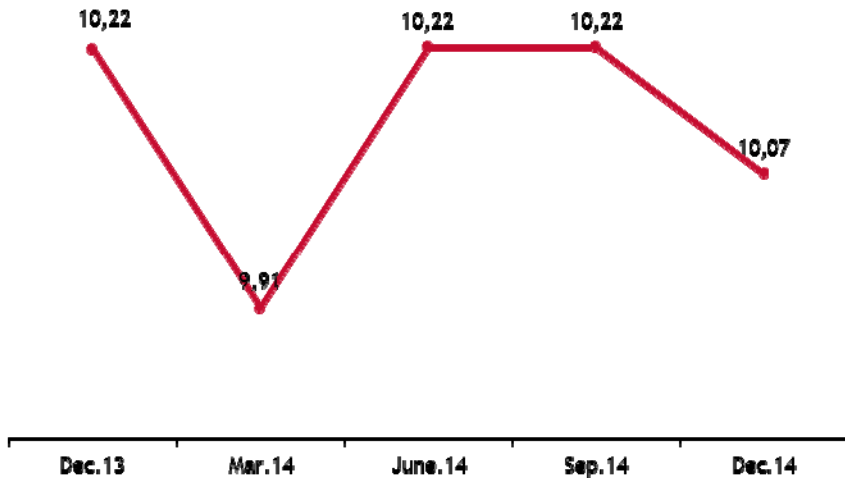
Total Funded Credits (including financial leasing, million)

YtD Growth: 34,2 % in TRL terms YtD Growth: 23,0 in USD terms
 QoQ Growth: 10,2% in TRL terms QoQ Growth: 7,3% in USD terms



*USD equivalent of total funded credits

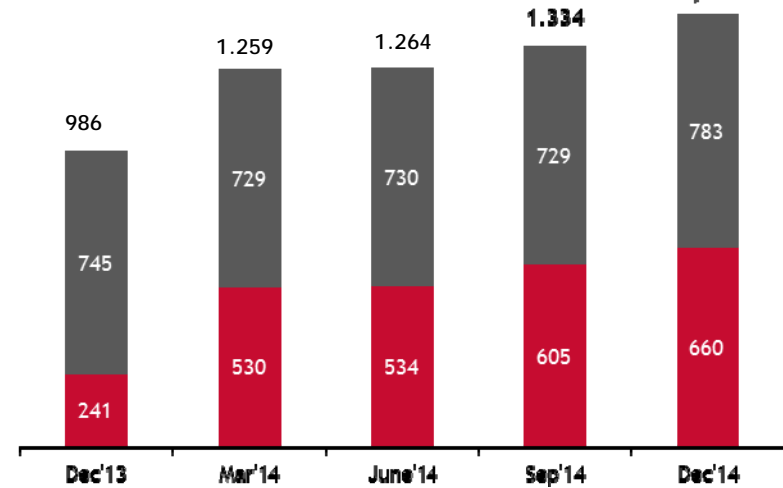
Credit Yields(1) (%)



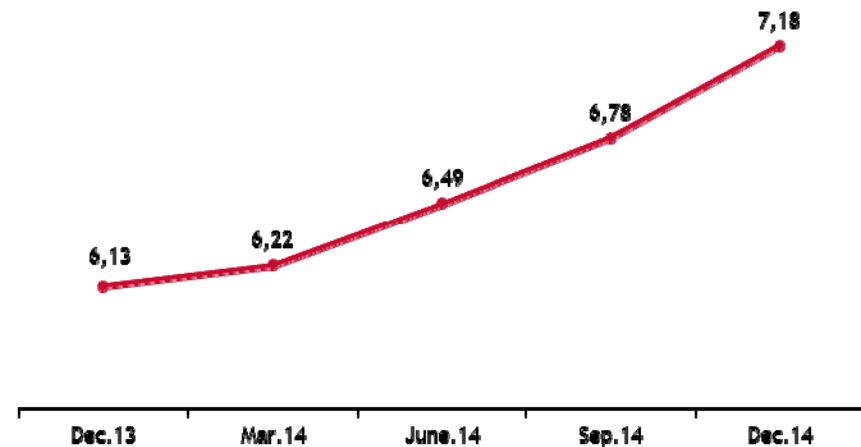
(1) Profit share income received from credits for the last 4Q/4Q average credits

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

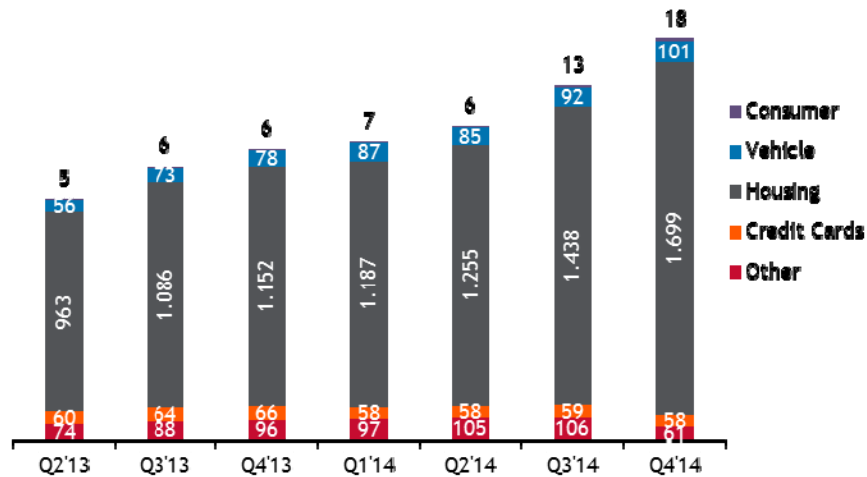
Funded Credits Portfolio

Composition of Total Funded Credits* (%)

	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Corporate Credits	38.8	40.0	35.7	36.4	37.1
SME Credits	48.9	48.1	52.3	51.5	50,9
Retail Credits	12.3	11.9	12.1	12.1	12.0
Total	100.0	100.0	100.0	100.0	100.0

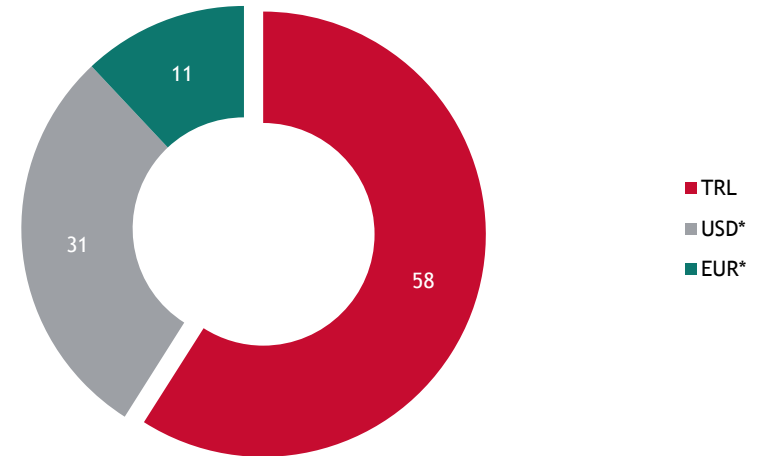
*According to BRSA definition

Total Retail Credits *(TRL million)



* Excluding installment based commercial credits and corporate credit cards

Currency Composition of Total Funded Credits (Q4'14, %)

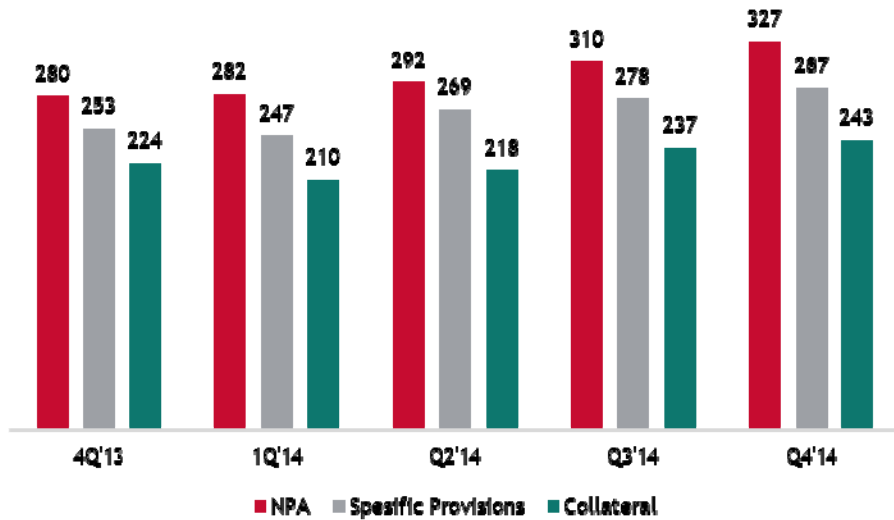


*Including USD & EUR indexed credits

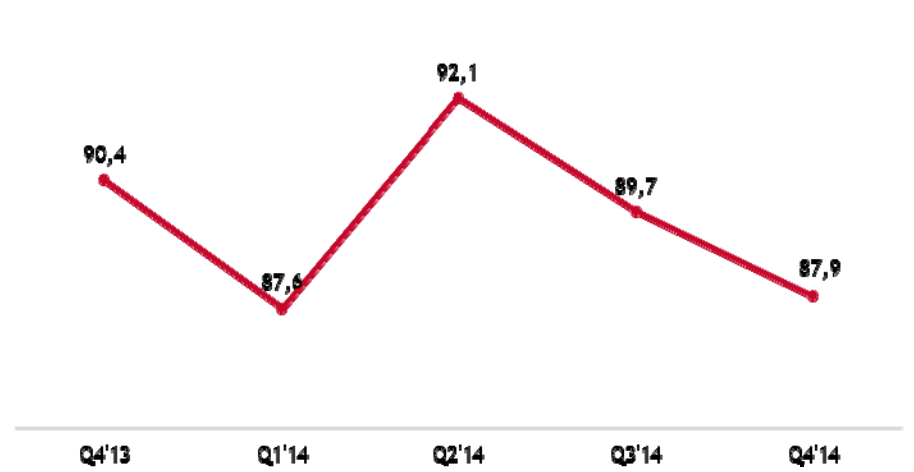
- Retail credits (excluding installment based commercial credits and corporate credit cards) grew to 1,936 million TRL in December 31, 2014 up from 1,398 million TRL in Q4 2013
- Housing finance is primary segment among retail credits

Asset quality

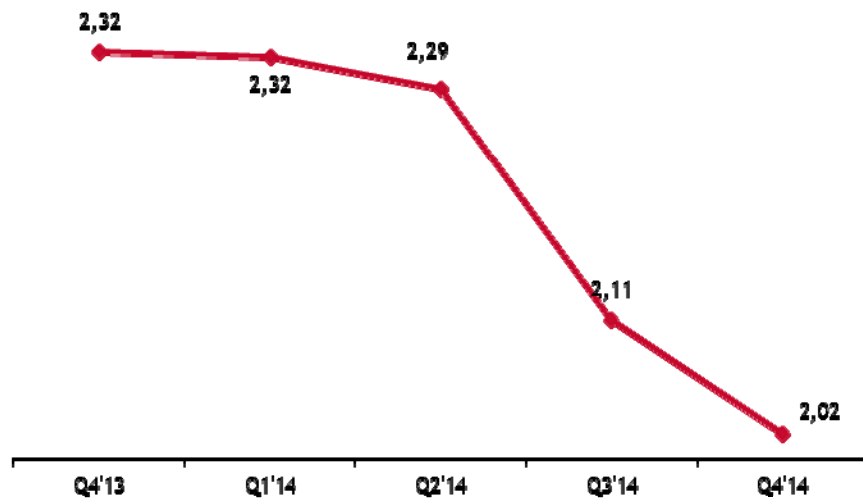
Non-performing Loans (TRL million)



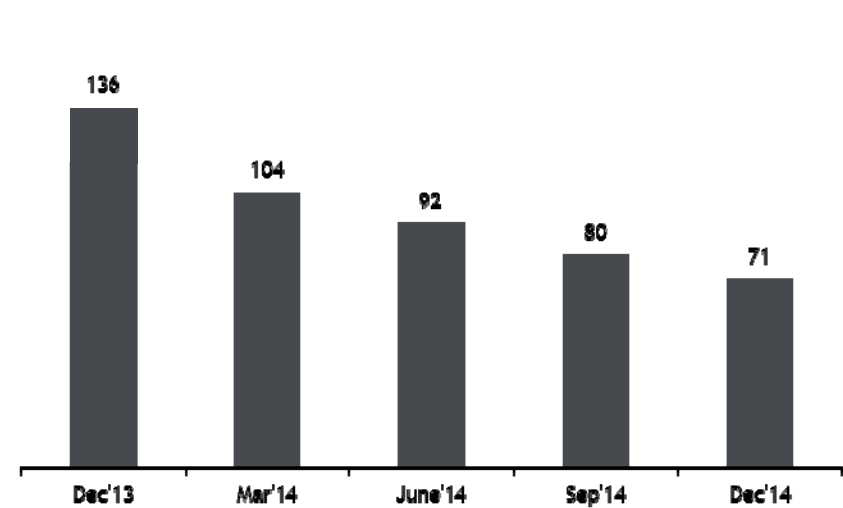
Provisioning Ratio (%)



NPL Ratio*



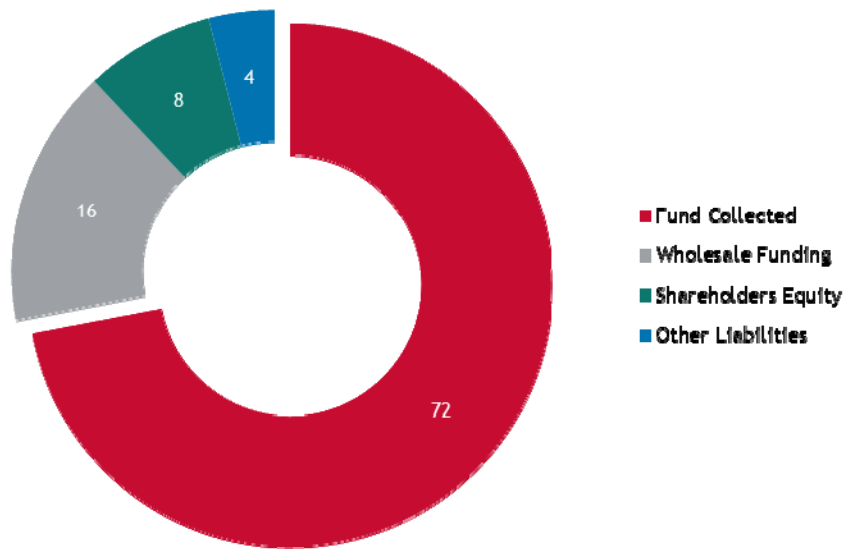
Cost of Risk** (bps)



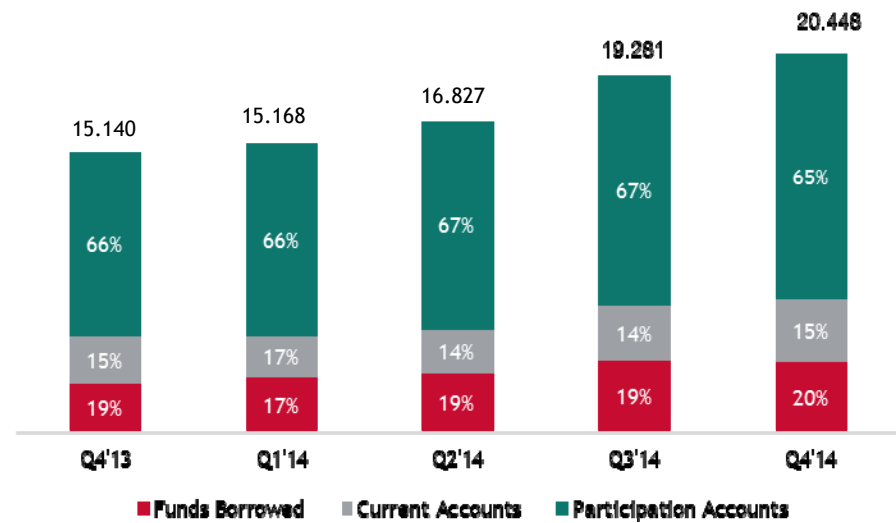
* Including financial leasing & accruals and rediscounts

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

Composition of Total Liabilities (Q4'14, %)



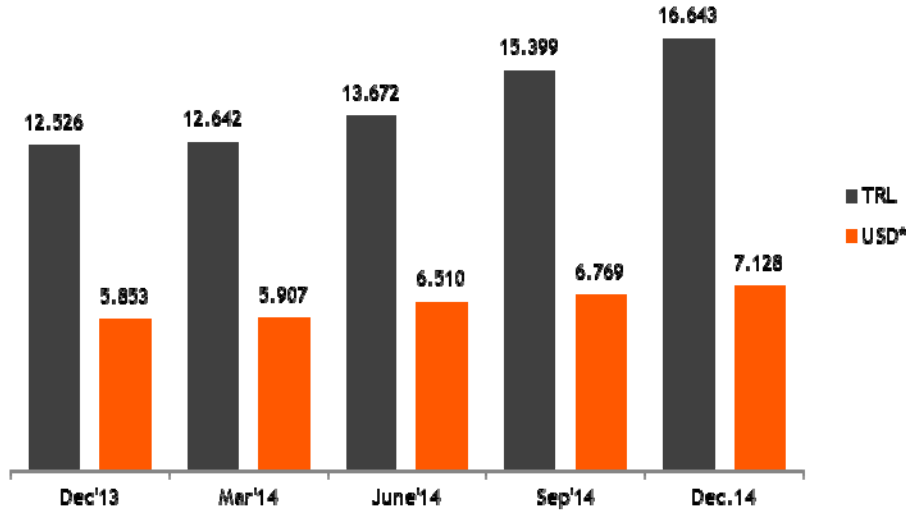
Composition of Funding Base (TRL million)



Total Funds Collected

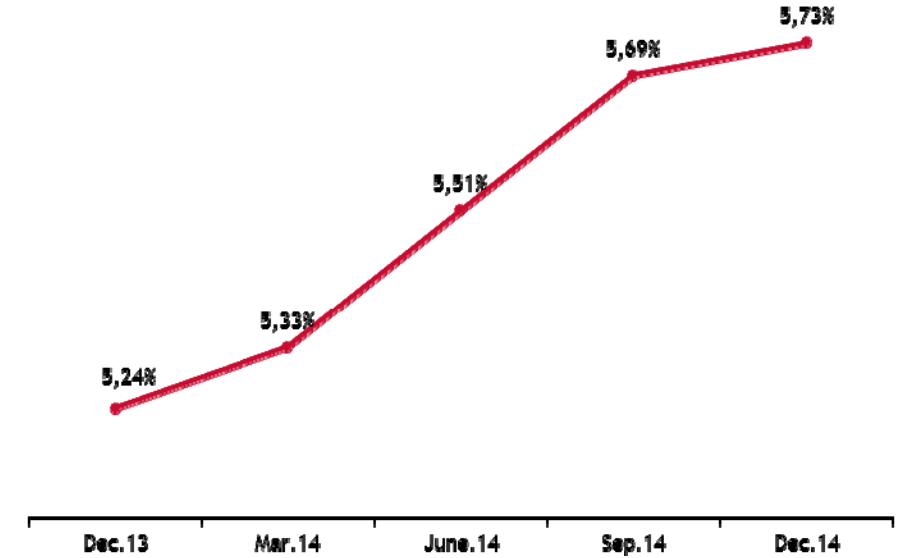
Total Funds Collected (million)

YtD Growth: 32.9 % in TRL terms **YtD Growth: 21.8 % in USD terms**
QoQ Growth: 21.6% in TRL terms **QoQ Growth: 4.0% in USD terms**



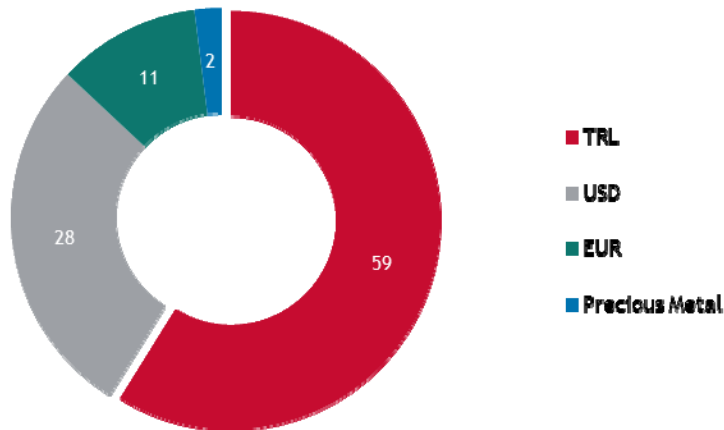
*USD equivalent of total collected funds

Cost of Funds Collected (1)

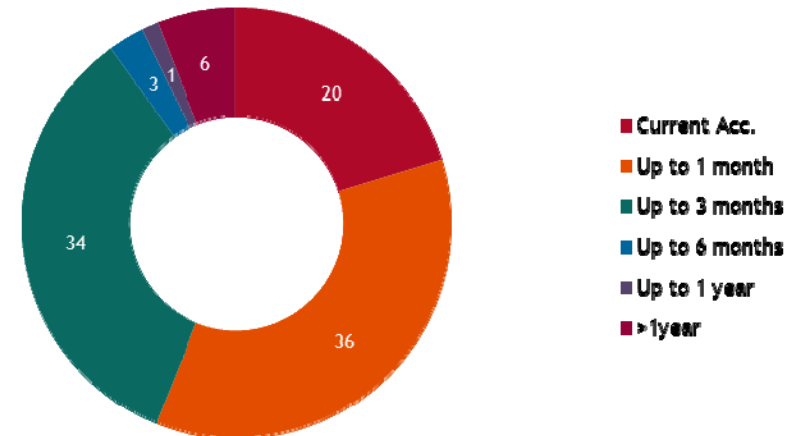


(1) Profit share expense to depositors for the last 4Q/4Q average participation accounts

Currency Composition of Funds Collected (Q4'14, %)

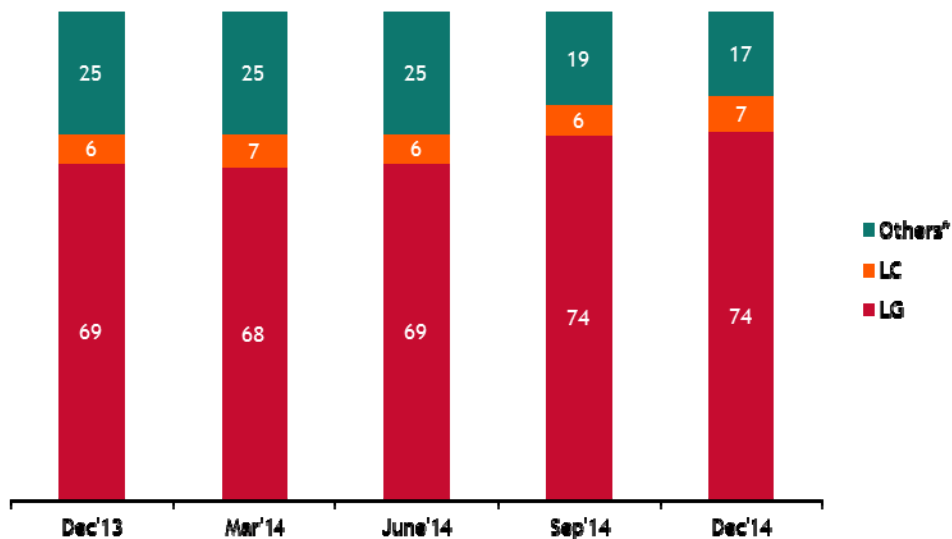


Maturity Composition of Funds Collected (Q4'14, %)

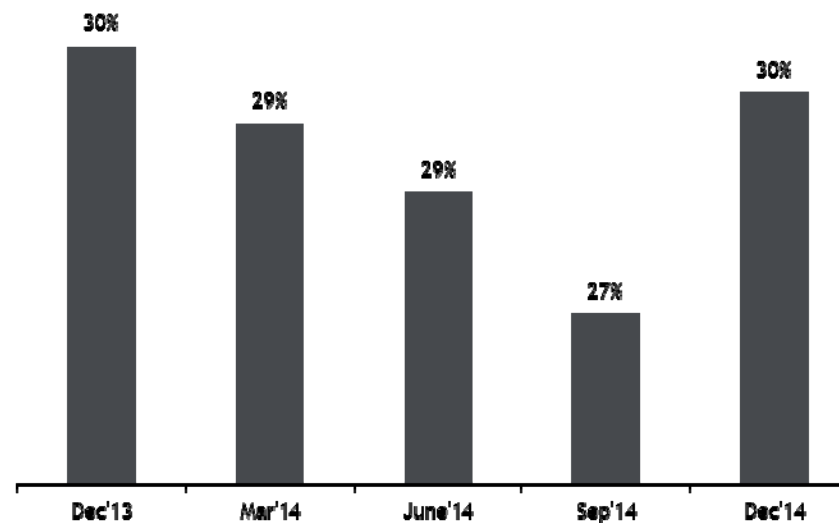


Off balance sheet growth

Off Balance Sheet Composition (%)



LGs-to-Total Assets



Off Balance Sheet (TRL million)

	Q4 '13	Q1 '14	Q2 '14	Q3 '14	Q4'14	Growth (%)	
						Q-Q	YtD
Letter of Guarantee	5.232	5.242	5.471	5.887	6.873	16,7	31,4
Letter of Credit	482	514	508	497	589	18,6	22,32
Others*	1.917	1.955	1.947	1.520	1545	1,7	-19,4
Total:	7.631	7.710	7.927	7.903	9007	14.0	18,0

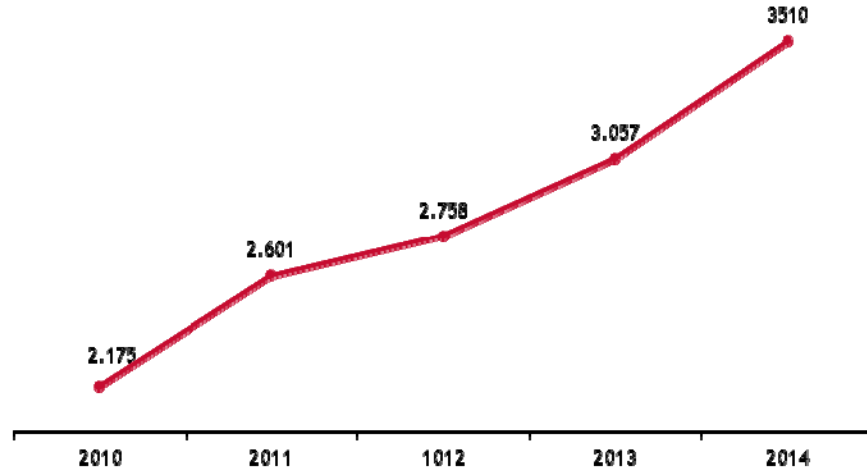
* Revocable credit limits not included.

Income-Cost Dynamics

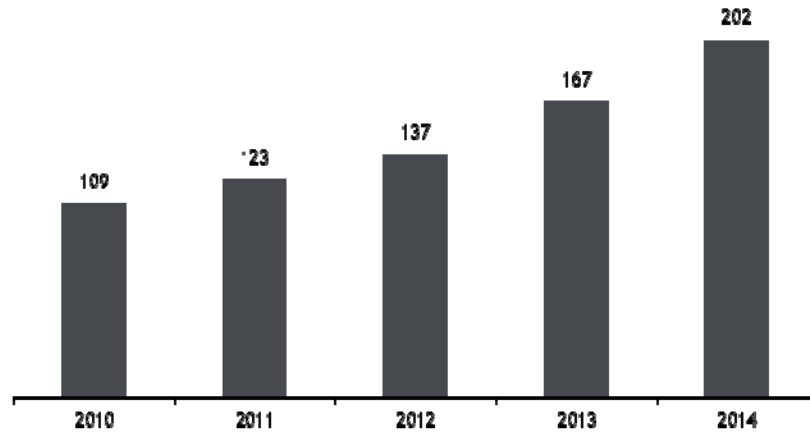
(000 TRL)	Year on Year Change			Quarterly Change			Notes
	2013	2014	%	Q3'14	Q4'14	%	
Net Profit Share Income	625.176	698.974	11,8%	171.930	198.270	15,3%	Profit share expense increased by 52.1% while PSI raised by 30.3% YoY basis. Joint venture projects returns reached to TRL 57.4 mln in 2014 which were TRL 63.2 mln in 2013
Net Fee Income	113.197	128.336	13,4%	32.209	34.471	7,0%	There is no significant change in fee income trend.
Net Trading Income	37.640	53.437	42,0%	11.195	12.485	11,5%	High FX trading income continued on YoY basis and quarterly performance was also above the Q3 figures.
Other Income	118.814	96.819	-18,5%	14.112	17.413	23,4%	Reversal of prior year provisions in 2014 is lower than 2013
Provisioning	190.883	149.576	-21,6%	30.537	31.789	4,1%	Lower coverage ratio and other provisioning in 2014 compared with the 2013 figures.
Other Costs	404.401	502.438	24,2%	115.515	141.587	22,6%	YoY increase in other costs can be attributable to staff cost, new branch openings and transformation project.
Tax	58.134	72.921	25,4%	18.229	18.229	7,9%	-
Net Profits	241.409	252.631	4,6	65.165	69,597	6,8	-

Branch and staff size

Total Employees Size



Total Number of Branches



Albaraka Türk Branches



Albaraka Türk branches

Current Branches

Istanbul	86	Hatay	2	Aksaray	1	Çankırı	1	Şanlıurfa	1
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	8	Balıkesir	2	Afyon	1	Ordu	1	Yalova	1
Kocaeli	5	Trabzon	2	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				

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Total growth - 2014

Percent	2013 (12 Months)			2014 (12 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Asset Size	39.7	36,7	26.4	34.1	8.5	15.1
Total Credits*	32.2	35.6	32.1	34.2	4.3	17.7
Deposits/Collected Funds**	35.5	27.9	22.5	32.9	5,7	7.7
Shareholders' Equity	22.9	19.4	6.5	19,6	9.2	19,8
Number of Branches	12.0	5.2	1.6	21,0	2.6	1.9

* 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	2013 (12 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	17.9	1.0	5.6	22.1	1.2	5.2
Total Credits*	17.7	1.1	6.3	22.7	1.3	5.6
Deposits/ Collected Funds**	20.3	1.3	6.5	24.0	1.4	5.9
Shareholders' Equity	17.0	0.8	4.6	18.6	0.8	4.2
Number of Branches	18.4	1.5	8.3	20.4	1.7	8.1

* 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

Ratios

Percent	2013 (12 Months)			2014 (12 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	14.86	14.00	15.30	14,16	14.53	16.30
NPL Ratio	2.32	3.29	2.75	2.02	4.46	2.84
Provisioning Ratio	90.62	64.23	76.39	87.85	61.78	73.84
ROAA (IBT)	1.99	1.58	2.03	1.59	0.36	1.67
ROAE (NI)	17.85	13.06	13.14	15,82	0,93	11.52
Yield	8,89	8.54	8.51	8.54	8.39	8.88
Spread	4.95	4.76	4.30	4,56	4.23	4,12
Net Profit Share Margin	4.91	4.76	4.53	4.08	4.37	4.31
Net Fee Income / Avg. Assets	1.52	1.35	1.22	1.40	1.15	1.12
Op Costs / Avg. Assets	2.97	3.13	2.70	2.82	2.87	2.35
Cost/Income*	46.9	49.8	45.7	51.40	50,50	46,02
Credits / Branches (000'TRL)	72,215	70,425	89,682	80,117	71,916	104,933
Staff / Branches	18.31	17.41	17.88	17.38	16.41	17.76
CA / Deposits	20.50	24.54	18.73	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)	Dec'13	Dec'14	Growth
Cash and Banks	3,661,389	4.777.420	30,5%
Financial Assets	245,681	665.371	170,8%
Funds Utilized	12,059,901	16.183.692	34,2%
<i>Cash Credits</i>	11,961,340	15.434.332	29,0%
<i>NPL</i>	279,668	326.975	16,9%
<i>Provisions</i>	253,428	287.261	13,4%
<i>Net Financial Leasing Receivables</i>	72,321	709.646	881,2%
Investments Held to Maturity (Net)	745,390	783.309	5,1%
Associates	9,961	14.961	50,2%
Fixed Assets	396,543	513.465	29,5%
Assets Held For Sale and Investment	28,407	27.678	-2,6%
Other Assets (inc. Tax Assets)	69,281	79.962	15,4%
Total Assets	17,216,553	23.046.424	33,9%
Funds Collected	12,526,212	16.643.218	32,9%
Funds Borrowed	2,035,816	3.215.998	58,0%
Debts (inc. Taxes)	522,821	691.031	32,2%
Provisions	201,463	232.824	15,6%
Tier II Sukuk	432,973	472.426	9,1%
Shareholders' Equity	1,497,268	1.790.927	19,6%
<i>Capital</i>	900,000	900.000	0,0%
<i>Capital Reserves (inc. Premium)</i>	92,780	160.196	72,7%
<i>Profit Reserves</i>	261,645	470.137	79,7%
<i>Profits</i>	242,843	260.594	7,3%
<i>Past Periods</i>	1,434	7.963	455,3%
<i>Current Year</i>	241,409	252.631	4,6%
Total Liabilities	17,216,553	23.046.424	33,9%

Summary Income Statement

(Thousand TRL)	Dec '13	Dec '14	Growth
Profit Share Income	1.153.336	1.502.306	30,3%
Profit Share Expense	528.160	803.333	52,1%
Net Profit Share Income	625.176	698.973	11,8%
Net Fees and Commissions Income	113.197	128.336	13,4%
<i>Fees and Commissions Received</i>	141.295	161.173	14,1%
<i>Fees and Commissions Paid</i>	28.098	32.837	16,9%
Net Trading Income	37.640	53.437	42,0%
Other Operating Income	118.814	96.819	-18,5%
Total Operating Profit	894.827	977.565	9,2%
Provisions for Loan Losses	190.883	149.576	-21,6%
Other Operating Expenses	404.401	502.438	24,2%
Net Operating Profit	299.543	325.551	8,7%
Tax Provision	58.134	72.921	25,4%
Net Profits	241.409	252.631	4,6%

THANK YOU

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