

2013 Year-End Earnings Presentation



Agenda

- 1. Macro Economic / Banking Outlook**
2. Q4 2013 Financial Results
3. Market Comparison
4. Appendix

Global Economy

- Capital flows into emerging economies remained weak in the last quarter of 2013 because of the Fed's announcement for maintaining the quantitative easing exit strategy.
- Economic activities in European countries are still not at the desired level.
- Slowdown in the economic activity in China deepens the negative effects of FED's decision on emerging economies

Turkish Economy

- Third quarter GDP growth rate (Q3:4.4%) was above the market expectations and year-end growth is expected to be 4% levels.
- Latest interest rate hike and deterioration in consumer/real sector confidence affect economic activity.
- Tension in the local political arena is expected to be calm down but not eliminate after the local elections.

Macroeconomic forecasts for 2014

- GDP growth in 2014: 2.5%
- Inflation: 7.5-8.0%
- USD/TRY: 2.00-2.30
- Benchmark bond interest rate: 10.50-11.00%

Banking Industry

- In 2013, net profit of banking sector increased by 5.1% year on year basis.
- At the same period, credit growth rate reached 31.8% while NPL amount raised 26.4%.
- Sector continued to rollover the amount of syndication and issued new debt instrument.
- Increase in interest rates will depress credit demand and lower banks profitability.
- New NPL formations is expected with the likely slowdown in the economy.

Participation Banks

- In 2013, participation banks grew above the banking sector and market share in terms of asset reached 5.5%.
- Continuing branch network expansion.
- Sukuk issuances will continue in 2014.
- New participation banks would not be realized in 2014.

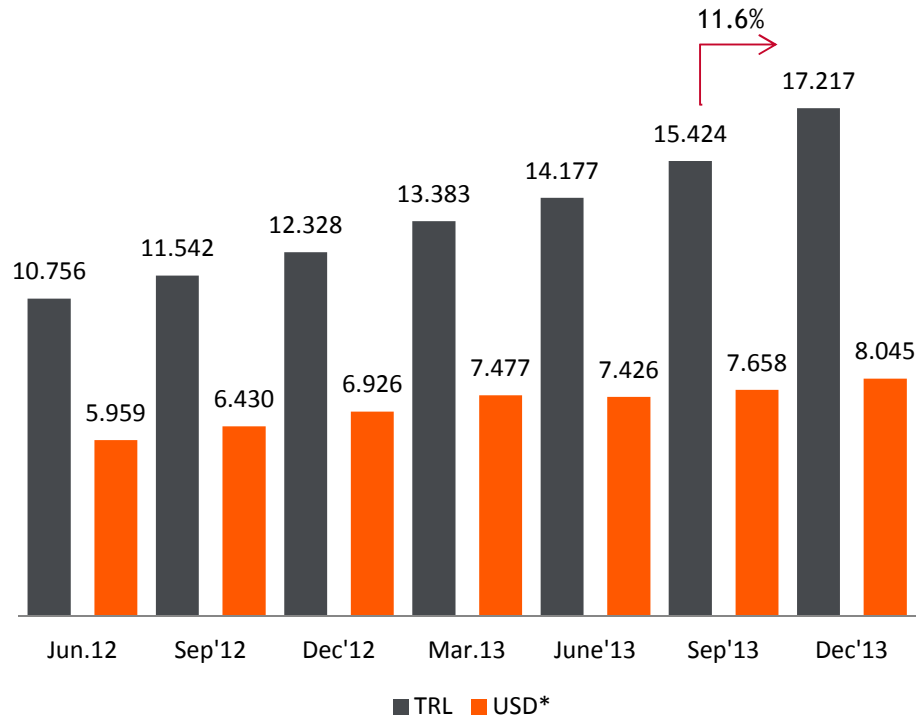
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Growth in total assets

Total assets (million TRL)

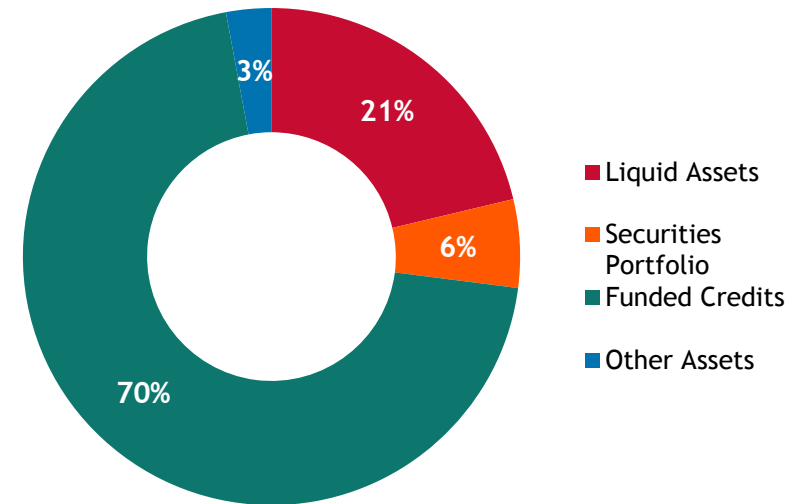
YtD Growth: 39.7 %in TRL terms YtD Growth: 16.2 in USD terms



*USD equivalent of total assets

L/D (Q4) = 96%

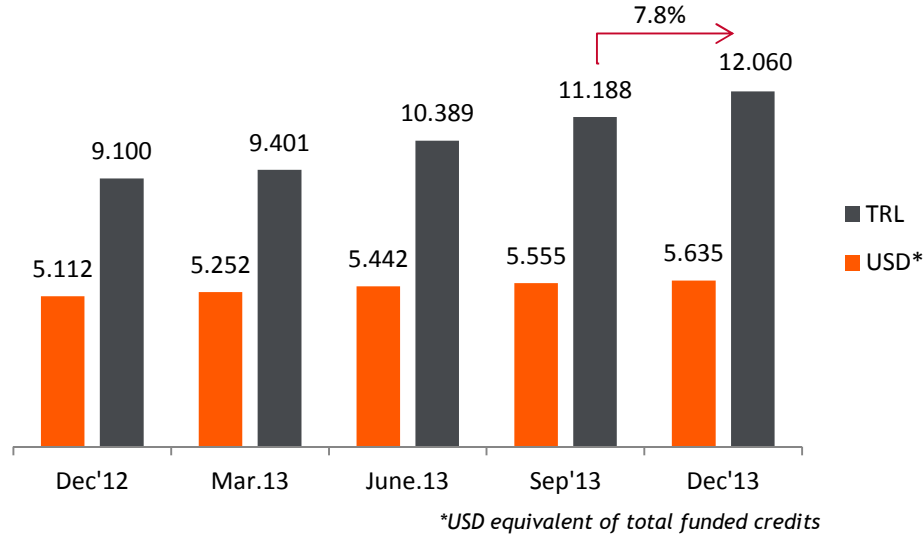
Asset Segmentation (Q4'13) (%)



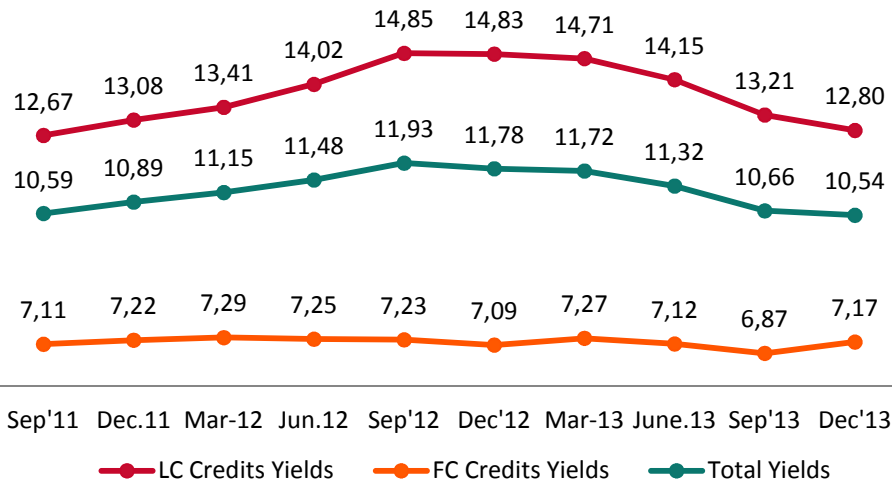
Growth in funded credits

Total Funded Credits* (million)

YtD Growth: 32.5 %in TRL terms YtD Growth: 10.2 in USD terms

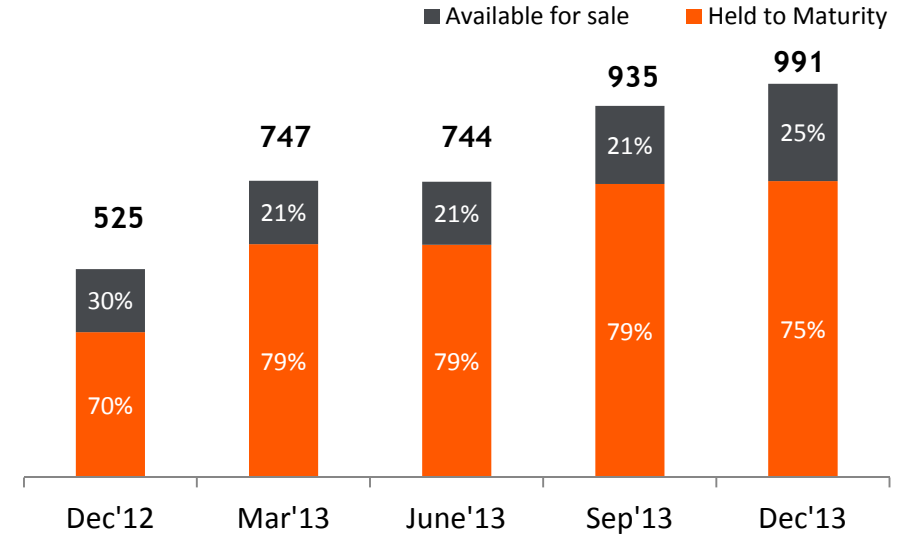


Credit Yields(1) (%)

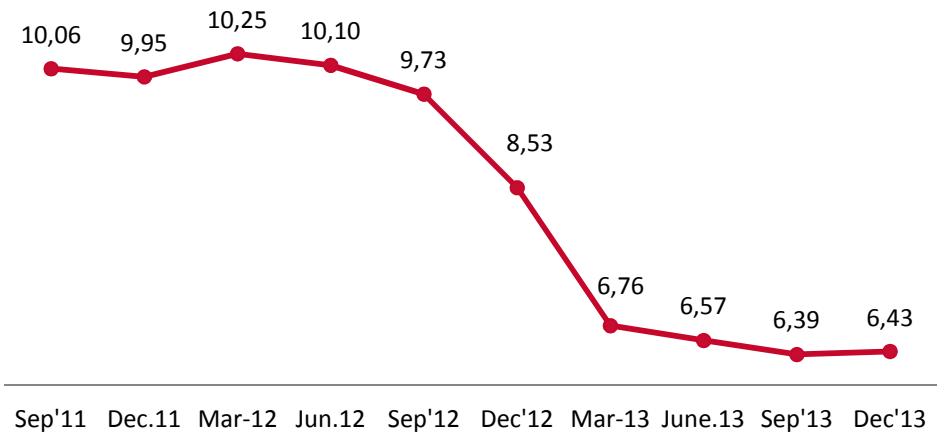


(1) Profit share income received from credits for the last 4Q/4Q average credits

Total Securities Portfolio (TRL million)



Securities Yield(2) (%)



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

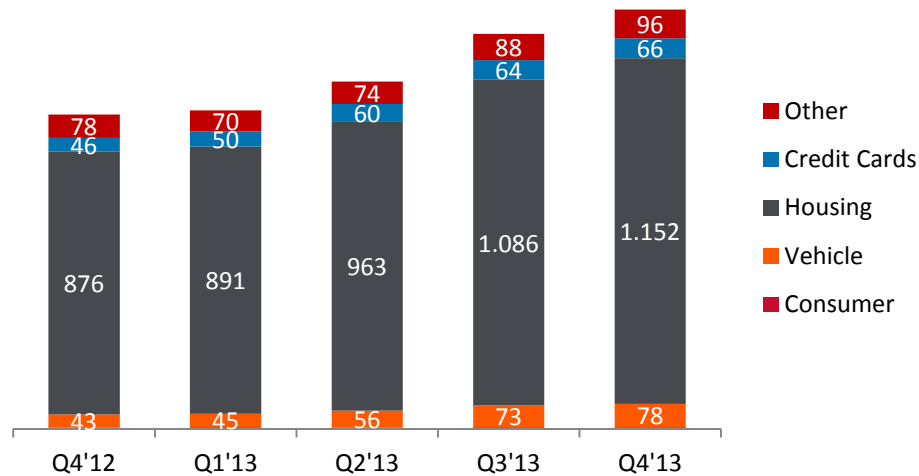
Funded Credits Portfolio

Composition of Total Funded Credits* (%)

	Q1 '13	Q2'13	Q3'13	Q4'13
Corporate Credits	36.2	37.6	39.4	38.8
SME Credits	52.4	51.2	48.7	48.9
Retail Credits	11.4	11.2	11.9	12.3
Total	100.0	100.0	100.0	100.0

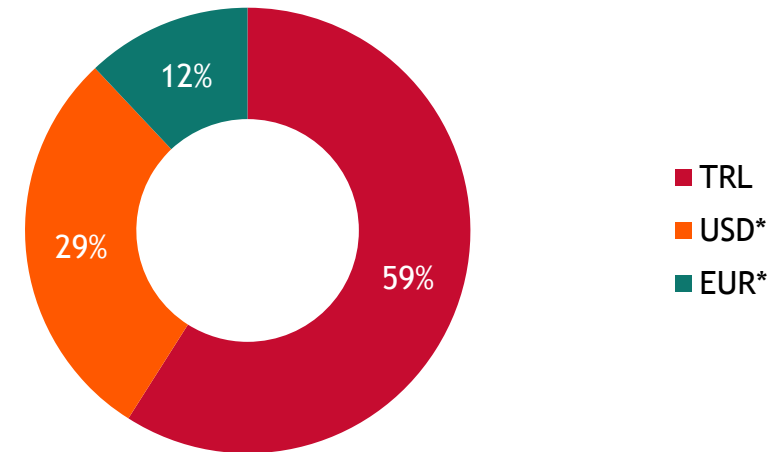
*According to BRSA definition

Total Retail credits *(TRL million)



* *Excluding installment based commercial credits and corporate credit cards

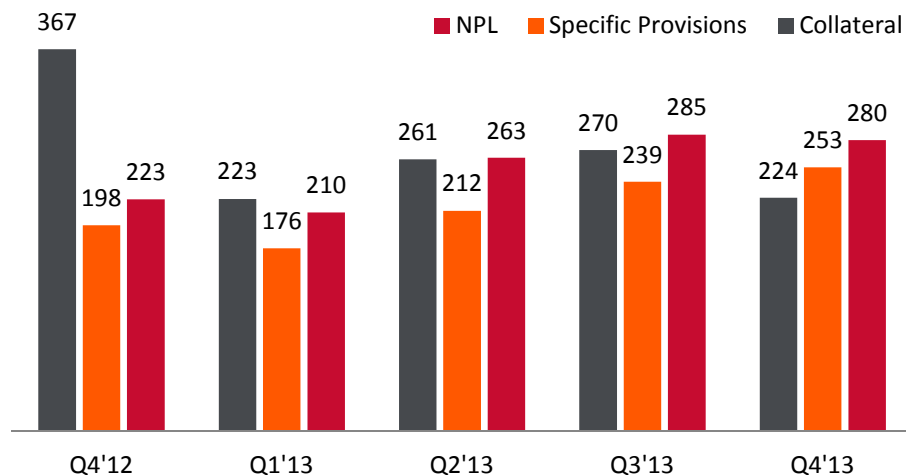
Currency Composition of Total Funded Credits (Q4'13)



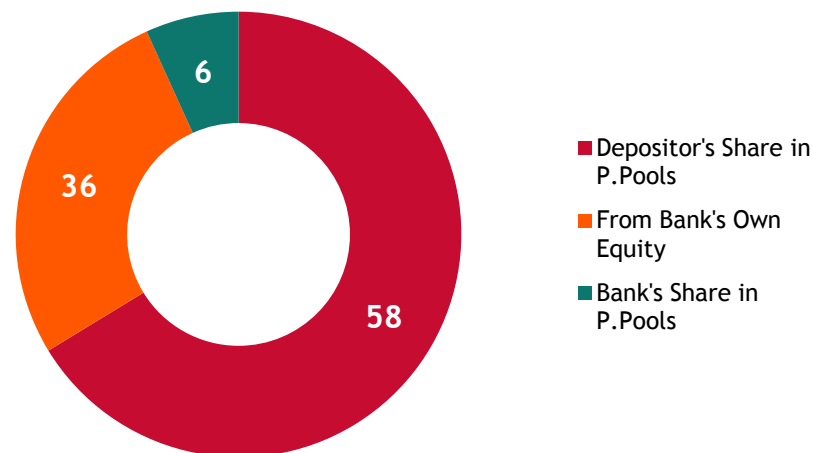
*Including USD & EUR indexed credits

- Retail credits (excluding installment based commercial credits and corporate credit cards) grew to 1,398million TRL in December 31, 2013 up from 1,048 million TRL in Q4 2012
- Housing finance is primary segment among retail credits

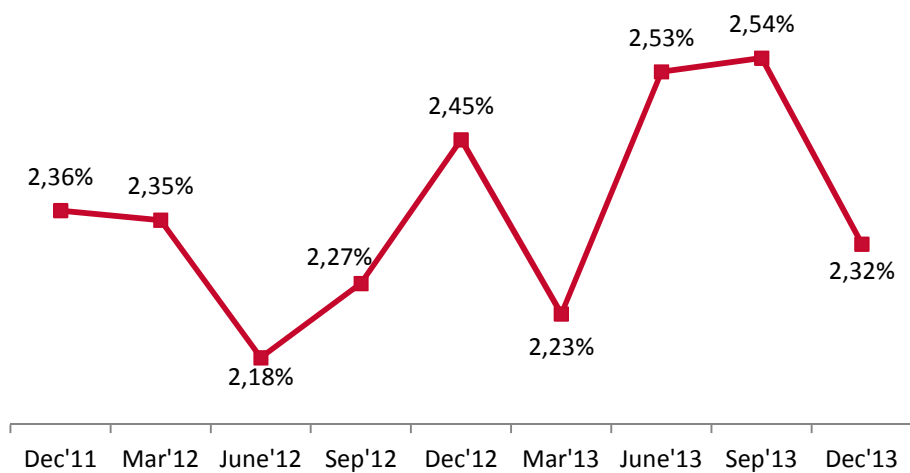
Non-performing Loans (TRL million)



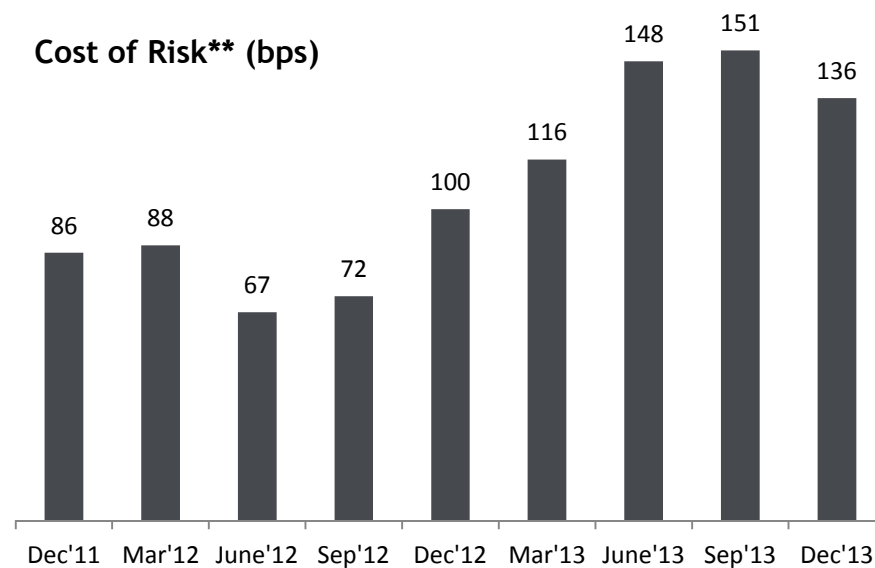
Composition of NPL (Q4'13) (%)



NPL Ratio*



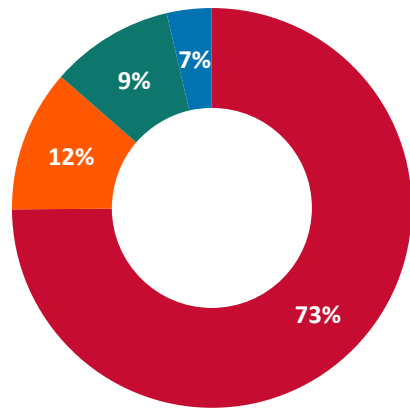
Cost of Risk** (bps)



* Including financial leasing & accruals and rediscounts

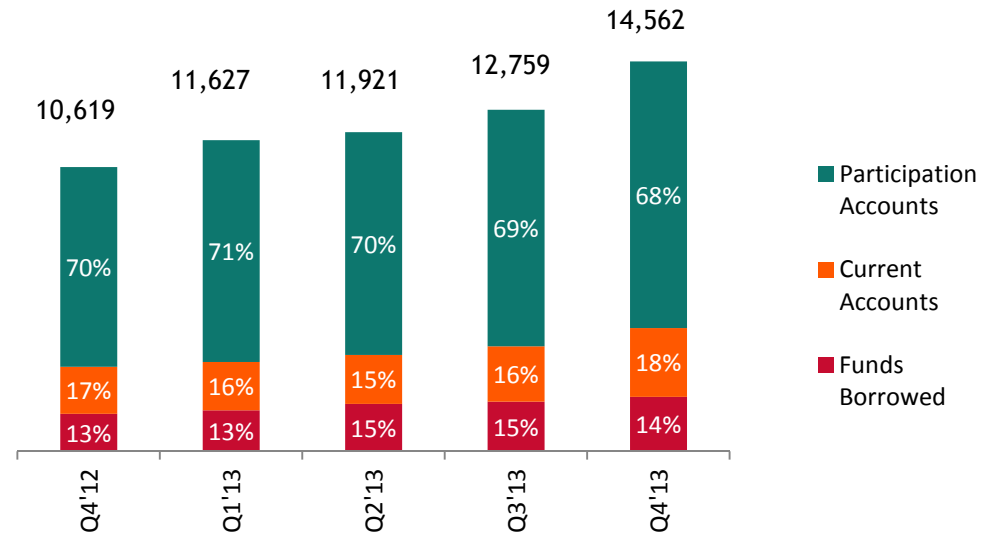
** Specific provisions for credits for last 4Q/4Q average credits

Composition of Total Liabilities (Q4'13)



- Fund Collected
- Wholesale Funding
- Shareholders Equity
- Other Liabilities

Composition of Funding Base (TRL million)

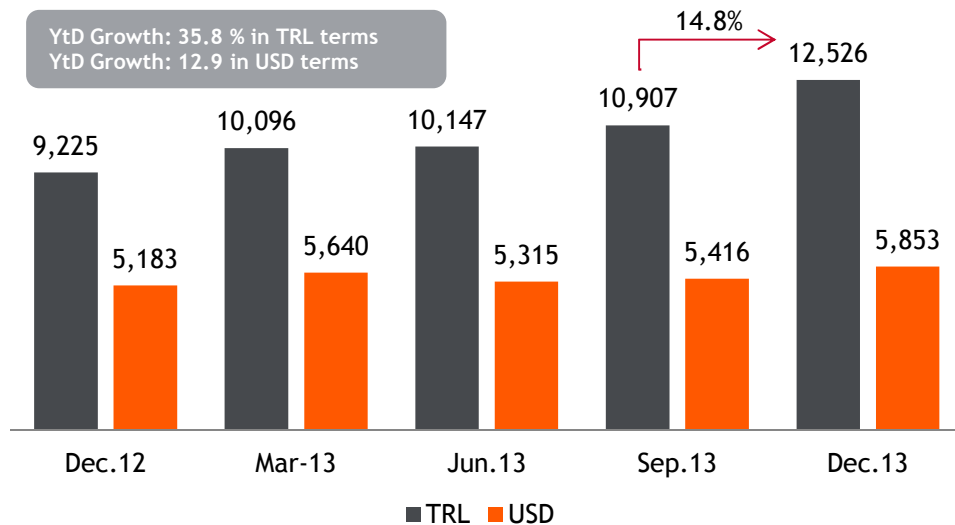


- Participation Accounts
- Current Accounts
- Funds Borrowed

- Customer deposits are still main source of credit funding
- Alternative funding (murabaha syndication and wakala) helps to diversify funding sources

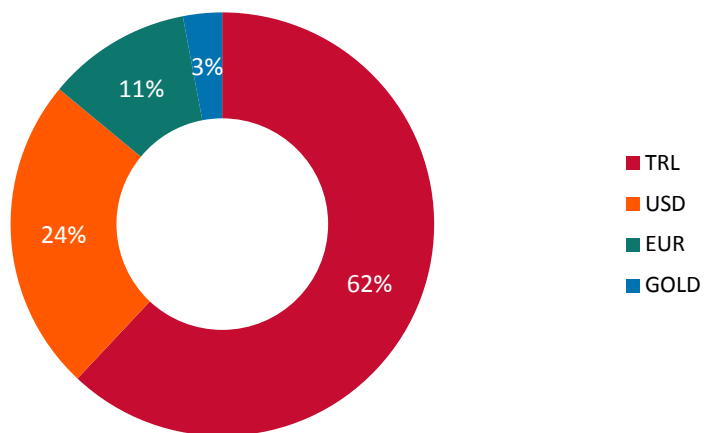
Total Funds Collected

Total Funds Collected (million)

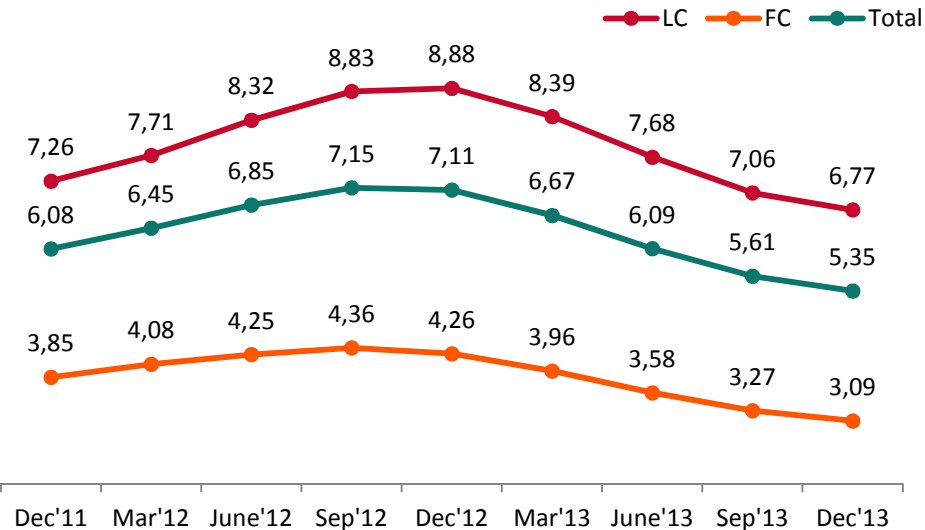


*USD equivalent of total funded credits

Currency Composition of Participation Accounts (Q4'13)

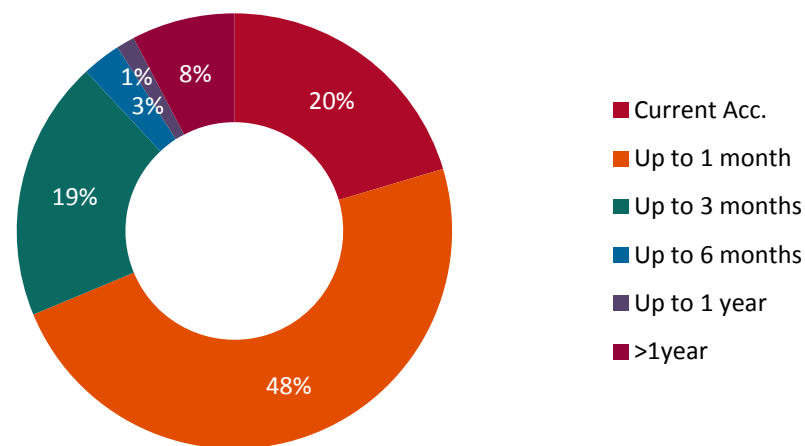


Cost of Funds Collected (1)



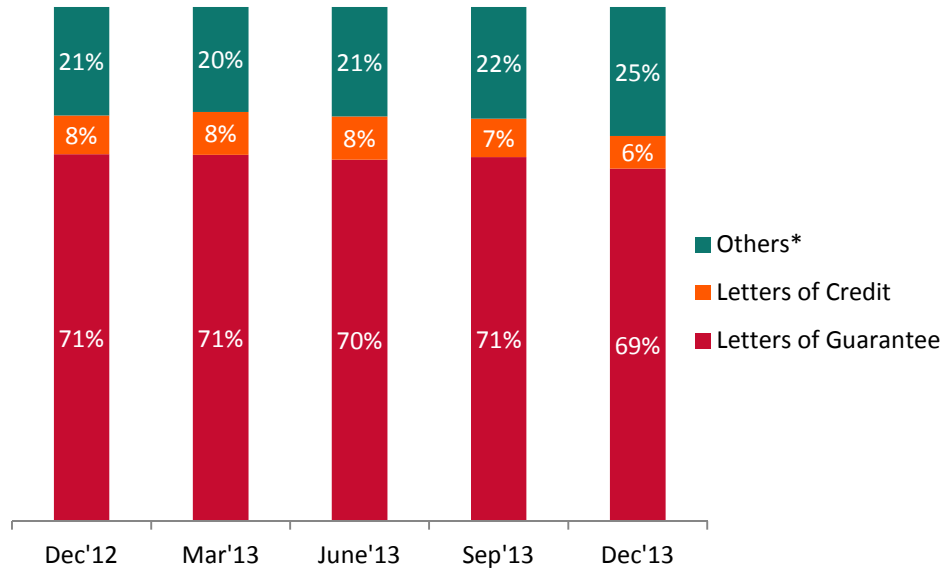
(1) Profit share expense to depositors for the last 4Q/4Q average participation accounts

Maturity Composition of Funds Collected

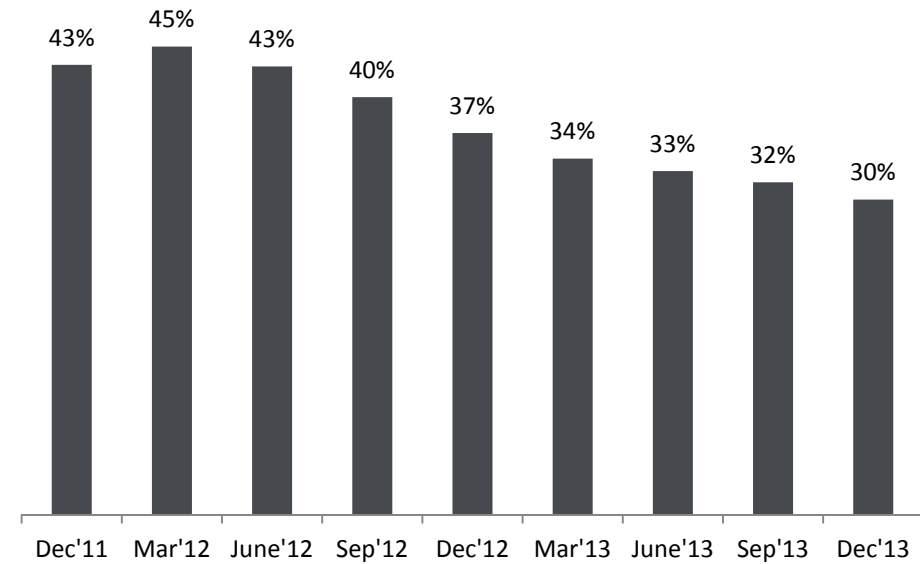


Off balance sheet growth

Off Balance Sheet Composition



LGs-to-Total Assets



Off Balance Sheet (TRL million)

	Q4 '12	Q1 '13	Q2 '13	Q3 '13	Q4 '13	Growth (%)	
						Q-Q	YtD
Letter of Guarantee	4,535	4,594	4,694	4,944	5,232	5.8	15.4
Letter of Credit	478	541	559	519	482	-7.2	0.9
Others*	1,343	1,317	1,423	1,519	1,917	26.2	42.8
Total:	6,355	6,452	6,676	6,983	7,631	9.3	20.1

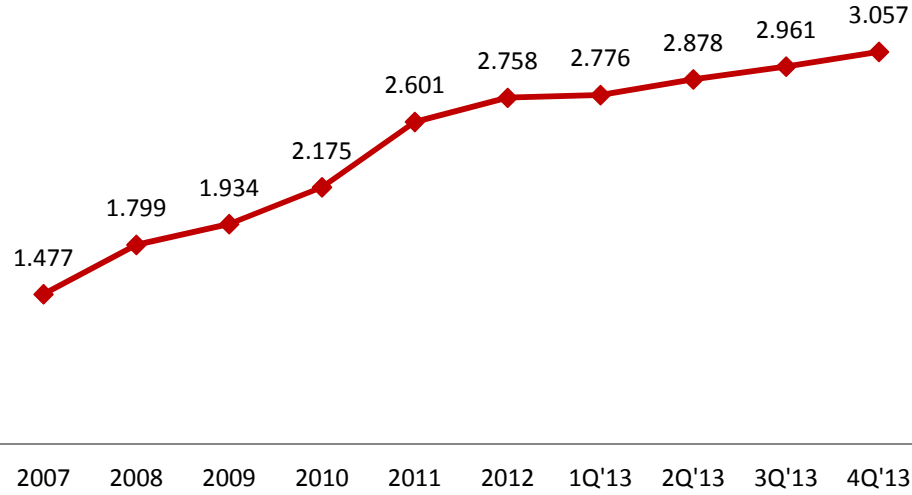
* Revocable credit limits not included.

Income-Cost Dynamics

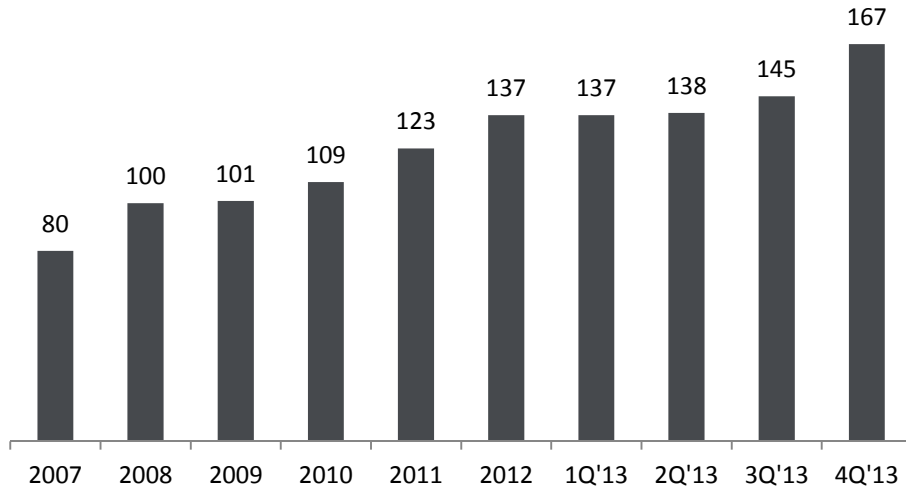
(000 TRL)	Year on Year Change			Quarterly Change			Notes
	Dec'12	Dec'13	%	Q3'13	Q4'13	%	
Net Profit Share Income	485,898	625,176	28.7	154,485	173,426	12.3	PSI increased by 15.7% while profit share expense kept almost steady (+3.4%) yoy basis. Joint venture projects returns in the last quarter(TRL 36.6 mln)supported the NPSI and reached TRL 63.2 mln in 2013.
Net Fee Income	113,353	113,197	-0.1	28,341	29,955	5.7	Off-balance sheet growth (9.3%) in the last quarter positively affected net fee income.
Net Trading Income	21,185	37,640	77.7	7,612	15,743	106.8	High FX trading income was earned on QoQ basis.
Other Income	85,122	118,814	39.6	8,509	38,950	357.8	Huge increase in recollections (29.0%) on YoY basis. Quarterly significant rise is mainly stemming one-off asset sale.
Staff Costs	201,416	227,302	12.9	57,442	60,667	5.6	Growth is in line with our projections.
Provisioning	122,412	190,883	55.9	39,493	26,871	-32.0	Specific provisioning costs increased due to the new NPL formation
Other Costs	140,505	177,099	26.0	36,476	64,089	75.7	Yoy increase in other operational costs can be attributable to new branch openings. (30 new branches in 2013)
Tax	49,390	58,134	17.7	13,939	16,725	20.0	-
Net Profits	191,835	241,409	25.8	51,597	89,722	73.9	-

Branch and staff size

Total Employees Size



Total Number of Branches



Albaraka Türk Branches



Current Branches

İstanbul	68	Hatay	2	Aksaray	1	Çankırı	1	Şanlıurfa	1
Ankara	15	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	3	Çorum	1	Karaman	1	Sakarya	1	Erbil*	1
Diyarbakır	2	Denizli	1	Karabük	1	Adıyaman	1		
Gaziantep	2	Düzce	1	Kastamonu	1	Sivas	1		

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Total growth - 2013/12

Percent	2012 (12 Months)			2013 (12 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Asset Size	17.8	25.2	12.6	39.7	35.7	26.4
Total Credits	24.7	24.5	16.4	32.2	35.0	32.1
Deposits	14.7	22.2	11.0	35.5	27.9	22.5

Percent	2012 (12 Months)			2013 (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	17.5	0.9	5.1	17.9	1.0	5.6
Total Credits	18.9	1.1	6.0	17.7	1.1	6.3
Deposits	19.3	1.2	6.2	20.3	1.3	6.5

Ratios

Percent	2012 (12 Months)			2013 (12 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	13.03	13.91	17.86	14.86	14.00	15.30
NPL Ratio	2.45	3.01	2.88	2.32	3.29	2.75
Provisioning Ratio	88.82	75.12	75.19	90.62	64.23	76.39
ROAA (IBT)	2.15	1.89	2.36	1.99	1.58	2.03
ROAE (NI)	17.02	13.83	14.55	17.72	13.06	13.14
Yield	9.91	10.16	9.82	8.89	8.54	8.51
Spread	4.67	5.31	4.33	4.95	4.76	4.30
Net Profit Share Margin	4.98	5.43	4.79	4.92	4.76	4.53
Net Fee Income / Avg. Assets	1.90	1.64	1.24	1.52	1.35	1.22
Op Costs / Avg. Assets	3.16	3.32	2.77	2.97	3.13	2.70
Cost/Income*	48.46	49.80	43.80	45.14	49.82	45.73
Credits / Branches (000 'TRL)	66,424	60,704	73,512	72,215	70,425	89,682
Staff / Branches	20.13	18.52	18.21	18.31	17.41	17.88
CA / Deposits**	19.07	21.94	17.92	20.40	24.54	18.73

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

**Accruals and rediscounts excluded

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Summary Balance Sheet

(Thousand TRL)	Dec. '12	Dec. '13	Growth (%)
Cash and Banks	2,337,755	3,661,389	56.6%
Financial Assets	158,761	245,681	54.7%
Funds Utilized	9,100,064	12,059,901	32.5%
<i>Cash Credits</i>	9,033,524	11,961,340	32.4%
<i>NPL</i>	222,549	279,668	25.7%
<i>Provisions</i>	-197,669	253,428	-228.2%
<i>Net Financial Leasing Receivables</i>	41,659	72,321	73.6%
Investments Held to Maturity (Net)	365,815	745,390	103.8%
Associates	4,261	9,961	133.8%
Fixed Assets	301,389	396,543	31.6%
Assets Held For Sale and Investment	10,714	28,407	165.1%
Other Assets (inc. Tax Assets)	48,896	69,281	41.7%
Total Assets	12,327,654	17,216,553	39.7%
Funds Collected	9,225,018	12,526,212	35.8%
Funds Borrowed	1,393,830	2,035,816	46.1%
Debts (inc. Taxes)	354,655	522,821	47.4%
Provisions	135,818	201,463	48.3%
Tier II Sukuk	0	432,973	0.0%
Shareholders' Equity	1,218,333	1,497,268	22.9%
<i>Capital</i>	900,000	900,000	0.0%
<i>Capital Reserves (inc. Premium)</i>	56,687	92,780	63.7%
<i>Profit Reserves</i>	68,920	261,645	279.6%
<i>Profits</i>	192,726	242,843	26.0%
<i>Past Periods</i>	891	1,434	60.9%
<i>Current Year</i>	191,835	241,409	25.8%
Total Liabilities	12,327,654	17,216,553	39.7%

Summary Income Statement

(Thousand TRL)	Dec '12	Dec '13	Growth (%)
Profit Share Income	996,828	1,153,336	15.7
Profit Share Expense	510,930	528,160	3.4
Net Profit Share Income	485,898	625,176	28.7
Net Fees and Commissions Income	113,353	113,197	-0.1
<i>Fees and Commissions Recvd</i>	135,585	141,295	4.2
<i>Fees and Commissions Paid</i>	22,232	28,098	26.4
Net Trading Income	21,185	37,640	77.7
Other Operating Income	85,122	118,814	39.6
Total Operating Profit	705,558	894,827	26.8
Provisions for Loan Losses	122,412	190,883	55.9
Other Operating Expenses	341,921	404,401	18.3
Net Operating Profit	241,225	299,543	24.2
Tax Provision	49,390	58,134	17.7
Net Profits	191,835	241,409	25.8

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