

2012 First Half Earnings Presentation



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Macroeconomic / Banking Outlook



Will the central banks be successful to take out global economy from possible second deep?

ECB and other leading central banks decreased their policy interest rates and some of them widened their asset purchasing programs in order to support economic activities.

The possibility of QE3 is spoken more frequently because of the slowdown in the US economy. However, previous quantitative easing policies were not as effective as expected.

It seems that developing countries including China will not decouple from developing countries in terms of growth rate. Second quarter GDP growth rate of China is giving an alert to the market.

Weak recovery in labor markets threat domestic demand and growth.

Turkish Economy

First quarter GDP growth rate, 3.2% confirmed the expected slowdown in the economy. Contribution of the household consumption 'composing approximately 70% of the whole economy' was nearly zero at the first quarter.

In the first quarter, price stability had a great importance in the policy measures, but the latest trend in the energy prices, especially oil prices pulled the inflation rate to one digit number. Thanks to the improvement in the energy prices, Central Bank of Turkey revised their year-end inflation expectation from 6.5% to 6.2%.

Speculation in the credit rate upgrade to investment status of Turkey supported to the optimism in the market.

Indicators were strong for banking sector

BASEL II's likely effects were decreased to 20 bps, thanks to new risk weighed for reserve requirement in CBRT.

- *In the first five months, banks profitability increased by 14.1 percent year on year basis.*
- *Slowdown in the economy caused to new NPL generation, but it is lower than expectations.*
- *Sector continued to rollover the amount of syndication and international founding channels*

Participation banks diversifying and improving their funding base

- *Accessing to wholesale funding sources (i.e. sukuk, murabaha syndication, etc.)*
- *Offering diversified products to expand the deposit base (i.e. gold deposit account)*
- *Expectation about the government rent certification issuing at the end of 2012.*
- *Expanding the size of P/L sharing projects and retail-housing credits*
- *Continuing branch network expansion*
- *Seeking opportunities for branching and acquisitions abroad*

2012 Q2 Financial Results



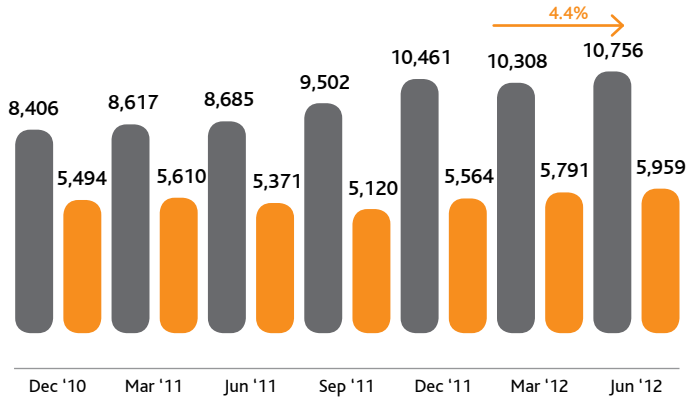
Composition of Total Assets has changed

Total Assets (million)

■ TRL ■ USD*

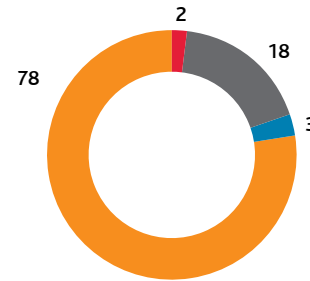
Ytd Growth: 2.8 % in TRL terms

Ytd Growth: 7.1% in USD terms



*USD equivalent of total assets
L/D (Q2) = 102%

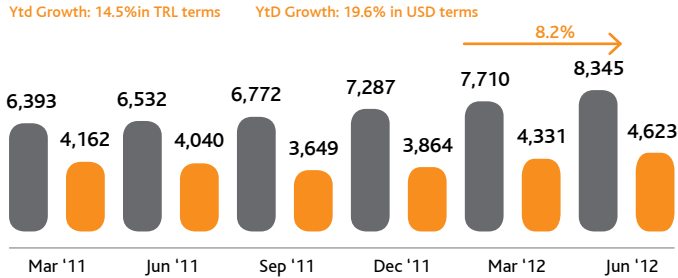
Assets Segmentation (Q2 '12) (%)



■ Funded Credits ■ Securities Portfolio ■ Liquid Assets ■ Other Assets

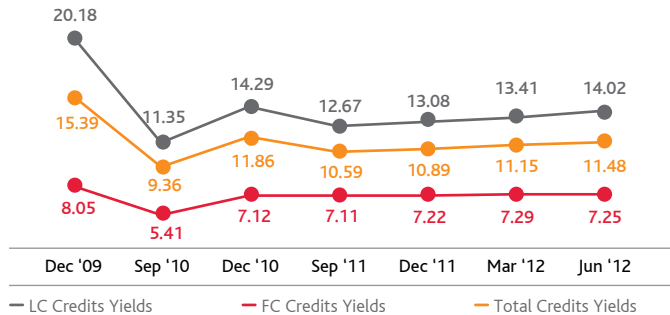
Redemption of revenue indexed bonds and liquidity transformed into credit

Total Funded Credits* (million)



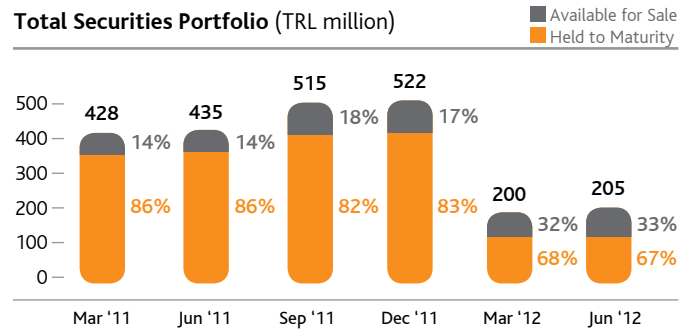
*USD equivalent of total funded credits

Credits Yields⁽¹⁾ (%)

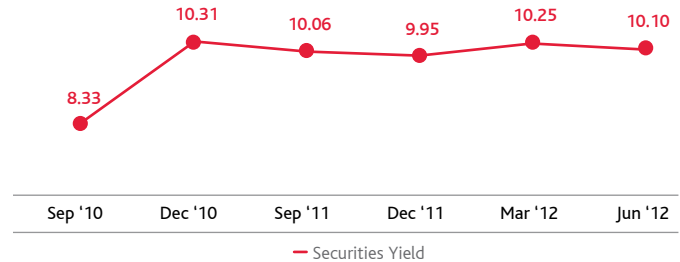


(1) Profit share income received from credits for the last 12M/12M average credits

Total Securities Portfolio (TRL million)



Securities Yield⁽²⁾ (%)



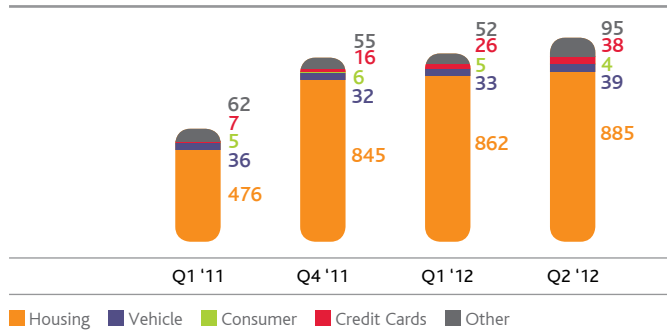
(2) Profit share income received from securities for the last 12M/12M average securities

Funded Credits Portfolio

Composition of Total Funded Credits (%)

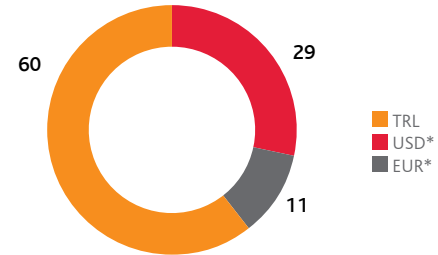
	Q1 '12	Q2 '12
Corporate Credits	55.47	52.39
SME Credits	31.77	34.81
Retail Credits	12.76	12.80
Total	100	100

Total Retail Credits* (TRL million)



*Excluding installment based commercial credits, and corporate credit cards

Currency Composition of Total Funded Credits (Q2 '12) (%)

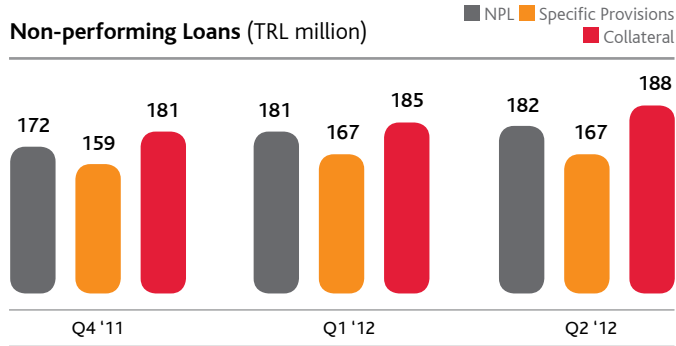


*Including USD & EUR indexed credits

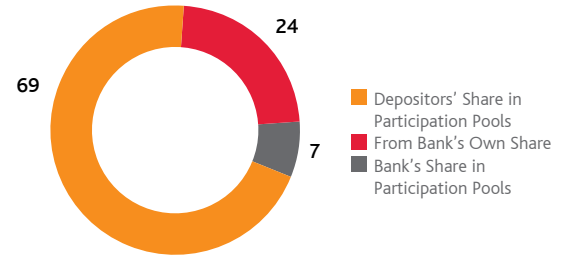
Retail credits (excluding installment based commercial credits and corporate credit cards) grew to 1,061 million TRL in June 30, 2012 up from 954 million TRL in Q4 2011. Housing finance is primary segment among retail credits.

Asset quality has always priority

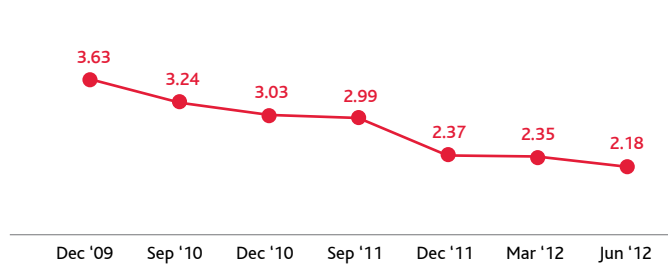
Non-performing Loans (TRL million)



Composition of NPL (Q2 '12) (%)

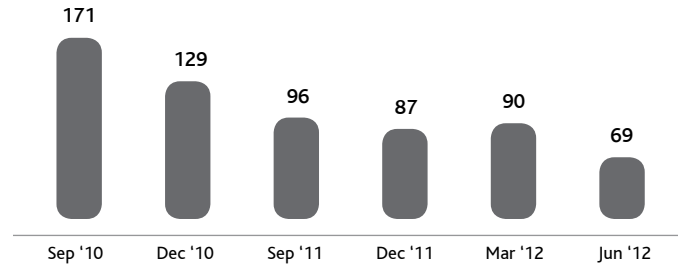


NPL Ratio* (%)



*Including financial leasings&accruals and rediscounts

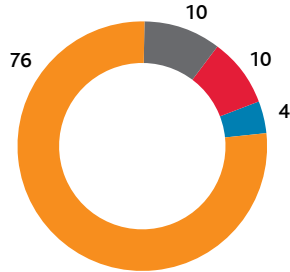
Cost of Risk** (bps)



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

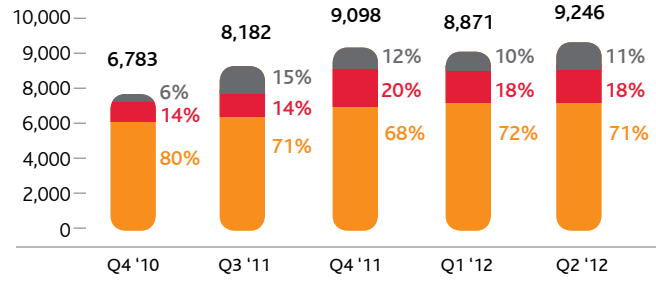
Total Liabilities

Composition of Total Liabilities (Q2 '12) (%)



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

Composition of Funding Base (TRL million)

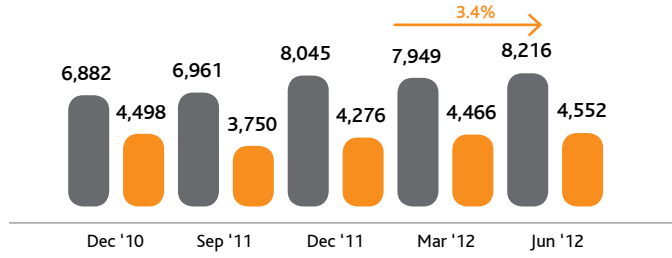


■ Funds Borrowed
 ■ Current Accounts
 ■ Participation Accounts

Total funds collected

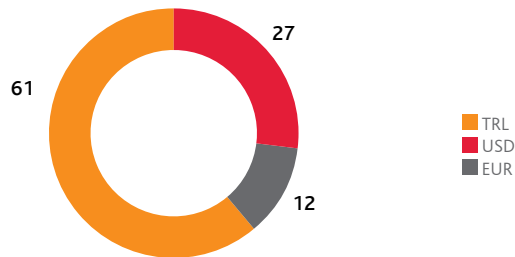
Total Funds Collected (million)

Ytd Growth: 2.1 % in TRL terms Ytd Growth: 6.4% in USD terms

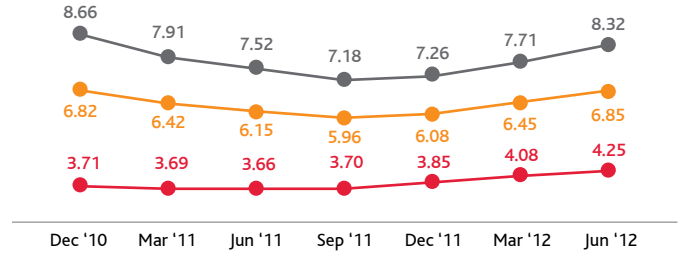


*USD equivalent of total funded credits

Currency Composition of Participation Accounts (Q2 '12) (%)

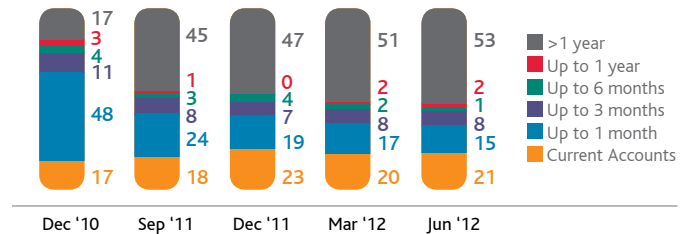


Cost of Funds Collected⁽¹⁾ (%)



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

Maturity Composition of Funds Collected (%)

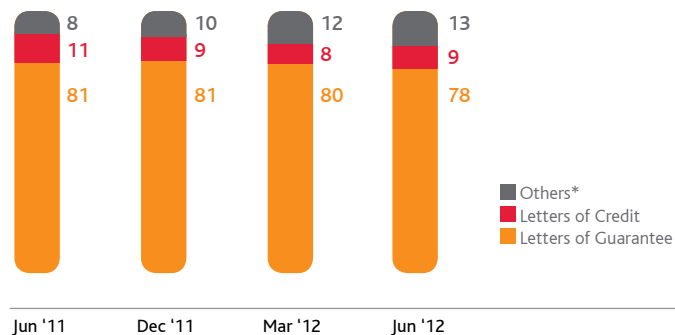


Average Maturity for Funds Collected (days)

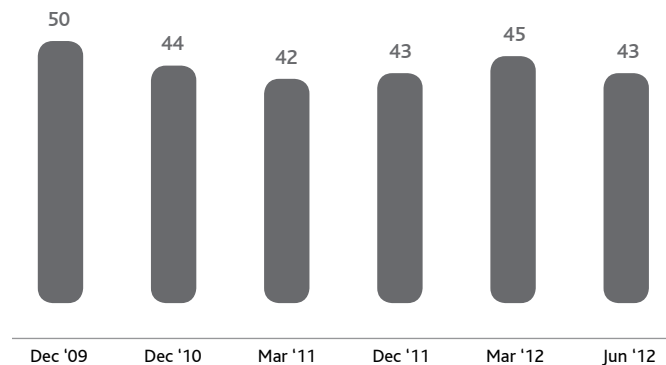
TRL: 159 FX: 173 Total: 167

Off balance sheet

Off Balance Sheet Composition (%)



LGs-to-Total Assets (%)



Off Balance Sheet (TRL million)

	Jun '11	Dec '11	Mar '12	Jun '12	Growth (%)	
					Q-Q	YoY
Letters of Guarantee	3656	4534	4650	4646	0	27
Letters of Credit	493	506	442	503	14	2
Others*	387	545	721	784	9	103
Total	4536	5585	5813	5933	2	31

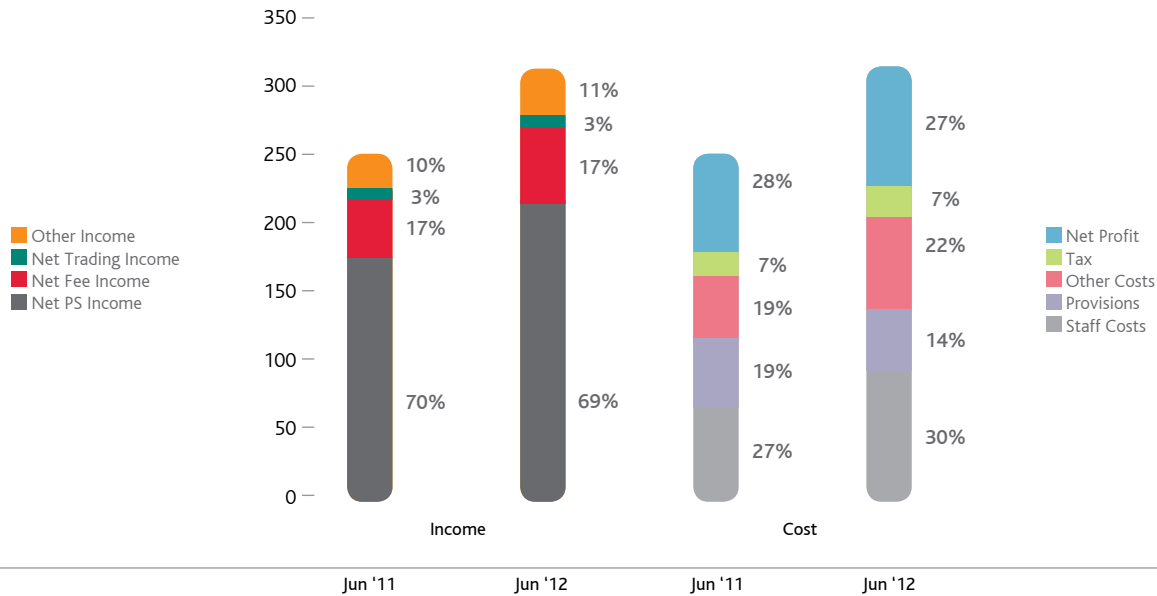
*Revocable credit limits not included

Income-cost dynamics

(TRL thousand)	Year on Year Change			Quarterly Change			Notes
	Jun '11	Jun '12	% Change	Q1 '12	Q2 '12	% Change	
Net Profit Share Income	177.883	218.407	22,8%	105.852	112.555	6,3%	NPSI kept increasing because of high growth in credits volume and higher yields.
Net Fee Income	42.849	55.716	30,0%	27.575	28.141	2,1%	Commission income received from non-funded credits increased by 33% YoY. Also, paid-commission income decreased by 7% YoY.
Net Trading Income	8.372	8.860	5,8%	3.101	4.971	60,3%	High FX trading income was earned on QoQ basis (66% growth).
Other Income	25.083	33.453	33,4%	20.698	12.755	-38,4%	Huge increase in recollections (45%) on YoY basis. However, recollections were less in Q2 2012 than previous quarter (Q1 12)
Staff Costs	69.052	94.609	37,0%	44.441	50.168	12,9%	YoY change is due to annual wage increase, bonus and staff expansion. Quarterly change mainly stemming from one-off clothing allowance and monthly accruals of incentive bonus started to be accrued on March 12.
Provisions	47.946	45.802	-4,5%	30.500	15.302	-49,8%	Specific provisioning costs decreased due to the low NPL formation.
Other Costs	117.353	163.274	39,1%	77.355	85.919	11,1%	Yoy increase in other operational costs can be attributable to new branch openings and transformation projects
Tax	17.964	21.351	18,9%	10.617	10.734	1,1%	-
Net Profits	70.924	86.009	21,3%	39.181	46.828	19,5%	-

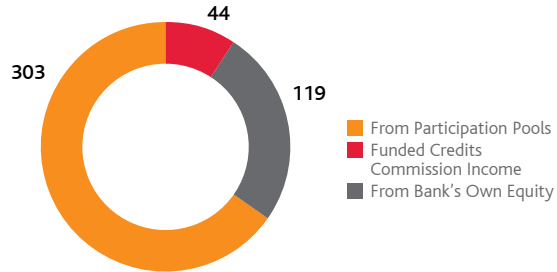
Income-cost dynamics

(TRL million)

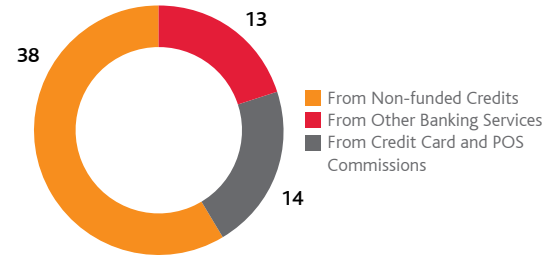


Breakdown of income for Q2 2012

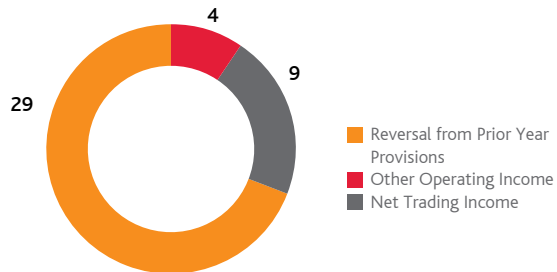
Breakdown of Profit Share Income (TRL million)



Breakdown of Fee&Commission Income (TRL million)

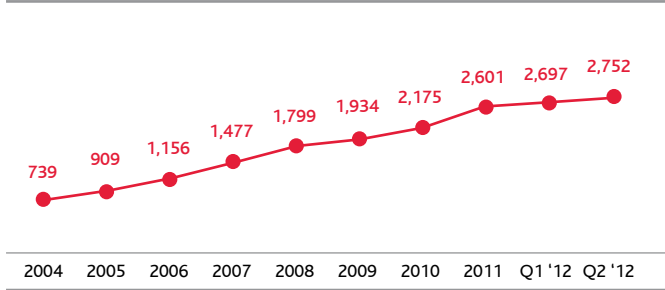


Breakdown of Other Income (TRL million)

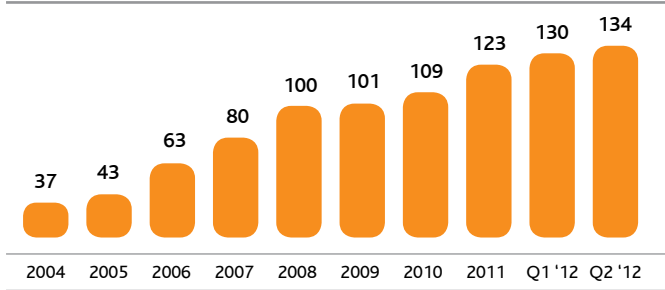


Expanding branch network

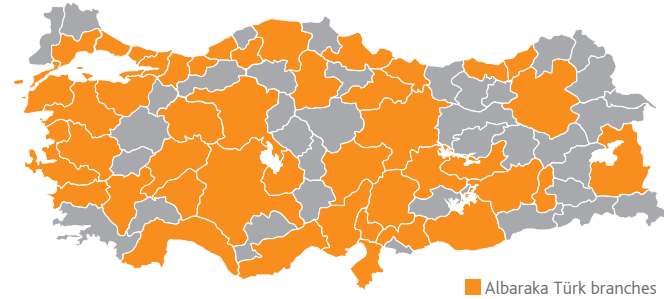
Total Number of Personnel



Total Number of Branches



Albaraka Türk Branches



Current Branches

İstanbul	57	Gaziantep	2	Denizli	1	Karabük	1	Sivas	1
Ankara	14	Adıyaman	1	Düzce	1	Kastamonu	1	Şanlıurfa	1
İzmir	4	Afyon	1	İzmit	1	Malatya	1	Tekirdağ	1
Konya	4	Aksaray	1	Elazığ	1	Manisa	1	Tokat	1
Adana	3	Aydın	1	Erzurum	1	Maraş	1	Trabzon	1
Bursa	3	Balıkesir	1	Eskişehir	1	Ordu	1	Van	1
Kayseri	3	Batman	1	Hatay	1	Osmaniye	1	Yalova	1
Kocaeli	3	Bolu	1	Isparta	1	Rize	1	Zonguldak	1
Antalya	2	Çanakkale	1	İçel	1	Sakarya	1	Erbil*	1
Diyarbakır	2	Çorum	1	Karaman	1	Samsun	1		

*1 branch in Erbil, Iraq

Market Comparison



Total growth

Percent	2011 (12 Months)			2012 (6 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Asset Size	24.38	29.57	20.92	2.84	8.68	4.60
Total Credits*	14.01	25.76	29.83	14.52	12.95	7.97
Deposits	16.74	18.53	12.72	2.18	8.15	3.24

*Accruals and rediscounts excluded

Market share

Percent	2011 (12 Months)			2012 (6 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	18.62	0.86	4.61	17.62	0.84	4.79
Total Credits*	17.53	1.01	5.74	18.11	1.09	6.01
Deposits	20.40	1.15	5.64	19.23	1.14	5.91

*Accruals and rediscounts excluded

Ratios

Percent	2011 (12 Months)			2012 (6 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk 6 months	Participation Banks	Banking Sector
CAR	12.53	14.05	16.46	12.39	13.70	16.46
NPL Ratio*	2.48	3.15	2.76	2.25	3.07	2.71
Provisioning Ratio	92.41	65.43	79.42	91.95	68.54	78.81
ROAA (IBT)	2.23	2.04	2.22	2.22	2.08	2.21
ROAE (NI)	17.46	13.80	14.26	17.53	14.73	14.26
Yield	9.18	9.19	8.60	9.70	9.84	9.42
Spread	4.29	4.52	3.42	4.43	4.97	3.79
Net Profit Share Margin	4.60	4.85	3.95	4.71	5.20	4.31
Net Fee Income / Avg. Assets	1.81	1.72	1.27	1.83	1.69	1.23
Op Costs / Avg. Assets	2.97	3.51	2.63	3.10	3.43	2.68
Cost/Income**	45.99	50.32	47.02	52.90	48.97	44.87
Credits / Branches (000 'TRL)	59,244	60,621	66,628	62,275	62,917	70,469
Staff / Branches	21	20	19	21	20	18
CA / Deposits*	23.07	25.39	17.42	20.65	22.41	17.21

*Accruals and rediscounts excluded

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

Appendix



Summary balance sheet

(TRL thousand)	Dec '11	Jun '12	Growth (%)
Cash and Banks	2,358,672	1,884,804	-20.1
Financial Assets	90,682	66,593	-26.6
Funds Utilized	7,286,960	8,344,807	14.5
Funded Credits	7,251,756	8,286,128	14.3
NPL	171,936	182,015	5.9
Provisions	-158,882	-167,354	5.3
Net Financial Leasing Receivables	22,150	44,018	98.7
Investments Held To Maturity (Net)	430,862	137,959	-68.0
Associates	3,050	3,050	0.0
Fixed Assets	236,496	246,700	4.3
Assets Held For Sale and Investment	25,372	25,471	0.4
Other Assets (inc, Tax Assets)	28,791	46,747	62.4
Total Assets	10,460,885	10,756,131	2.8
Funds Collected	8,044,747	8,216,440	2.1
Funds Borrowed	1,053,290	1,029,721	-2.2
Debts (inc, Taxes)	212,404	264,682	24.6
Provisions	146,193	153,579	5.1
Shareholders' Equity	1,004,251	1,091,709	8.7
Capital	539,000	900,000	67.0
Capital Reserves (inc, Premium)	35,330	36,304	2.8
Profit Reserves	269,051	68,920	-74.4
Profits	160,870	86,485	-46.2
Past Periods	715	476	-33.4
Current Year	160,155	86,009	-46.3
Total Liabilities	10,460,885	10,756,131	2.8

Summary income statement

(TRL thousand)	Jun '11	Jun '12	Growth (%)
Profit Share Income	356,843	465,659	30.5
Profit Share Expense	178,960	247,252	38.2
Net Profit Share Income	177,883	218,407	22.8
Net Fees and Commissions Income	42,849	55,716	30.0
Fees and Commissions Received	53,119	65,303	22.9
Fees and Commissions Paid	10,270	9,587	-6.7
Net Trading Income	8,372	8,860	5.8
Other Operating Income	25,083	33,453	33.4
Total Operating Profit	254,187	316,436	24.5
Provisions for Loan Losses	47,946	45,802	-4.5
Other Operating Expenses	117,353	163,274	39.1
Net Operating Profit	88,888	107,360	20.8
Tax Provision	17,964	21,351	18.9
Net Profits	70,924	86,009	21.3

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