

2015 Q2 Earnings Presentation



Agenda

1. Macro Economic / Banking Outlook

2. Q2 2015 Financial Results

3. Market Comparison

4. Appendix

Global Economy

- Reduced predictability of the global economy and increased uncertainties amid the divergence among the monetary policies of advanced economies.
- the US economy continues to perform relatively strong
- Moreover, the EU economy, which is crucial for the external demand for Turkish exports, has shown signs of recovery.
- High volatility in exchange rates continues.
- the volatility in the risk appetite and capital flows continues.
- Growth rates in emerging economies started to

Turkish Economy

- A loss of pace in economic activity driven by external demand.
- Annual core inflation continue to fall.
- External demand remains weak while domestic demand contributes to growth moderately.
- Domestic demand, on the other hand, exhibits a mild increase driven mainly by consumption.
- The fall in food inflation became the main driver of the improvement in inflation, while core inflation rose mostly because of the exchange rate effects.
- Consumer confidence, on the other hand, continued to weaken due to geopolitical risks and uncertainties in global markets.
- Following the contraction in the first quarter, the export excluding gold increased at a modest rate.

Banking Industry

- In the first half of 2015, net profit of banking sector raised 9,8% YoY
- At the same period, credit growth rate reached 13,1% YtD while NPL amount raised 14,2%.
- Sector continued to rollover the amount of syndication and issued new debt instrument.
- Loan growth continues at reasonable levels
- Commercial loans grow faster than consumer loans in line with the desired loan composition.

Participation Banks

- In the second quarter of 2015, participation banks still grew under the banking sector.
- The plan to establish new publicly owned participation banks has started to realize.
- Ziraat Katılım newly opened on 29th May
- Continuing branch network expansion and total branches got over 1000

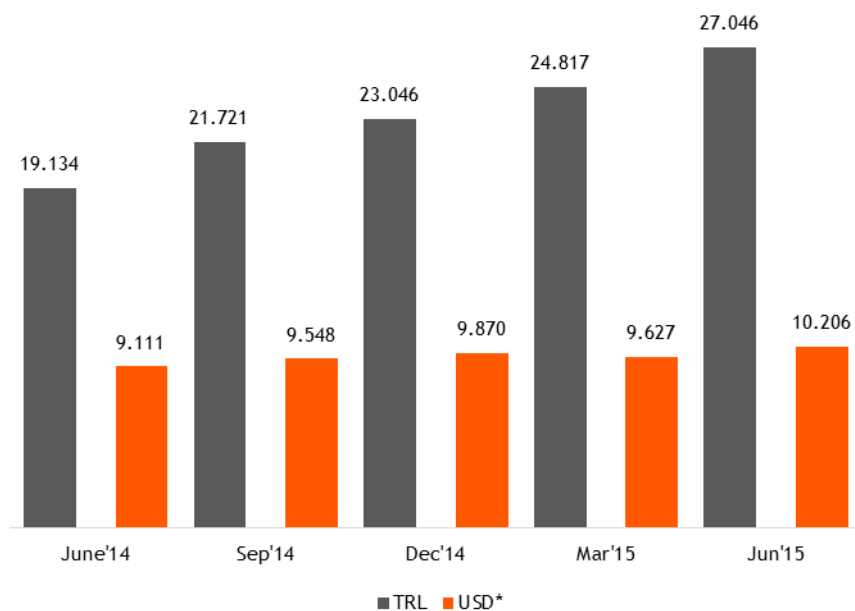
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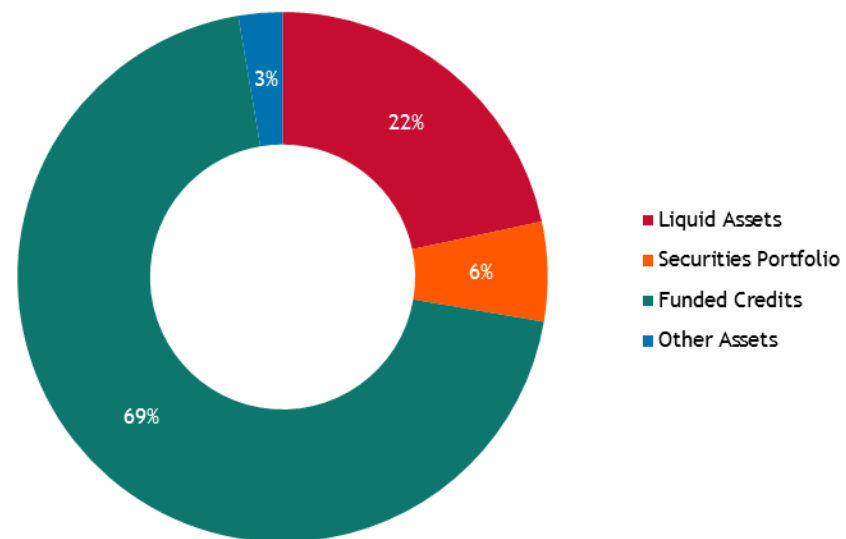
Growth in total assets

Total assets (million TRL)

YtD Growth: 17.4% in TRL terms QoQ Growth: 9.0% in TRL terms



Asset Segmentation (Q215)

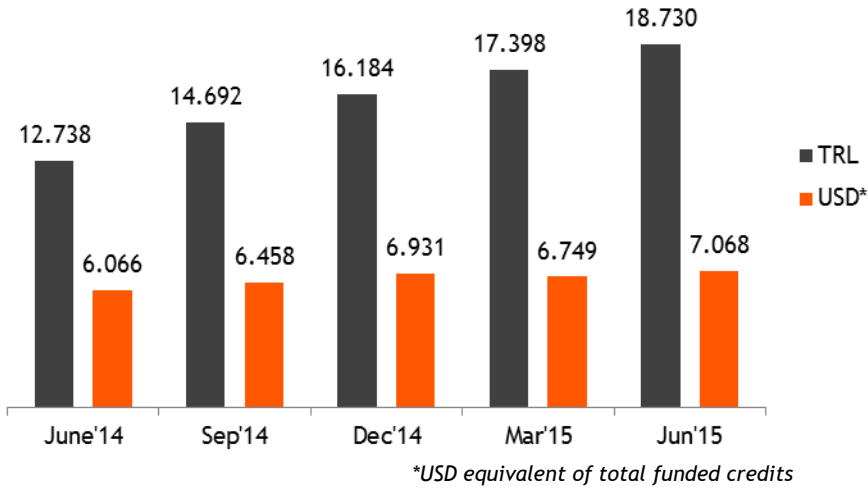


*USD equivalent of total assets
L/D (Q1) = 102%

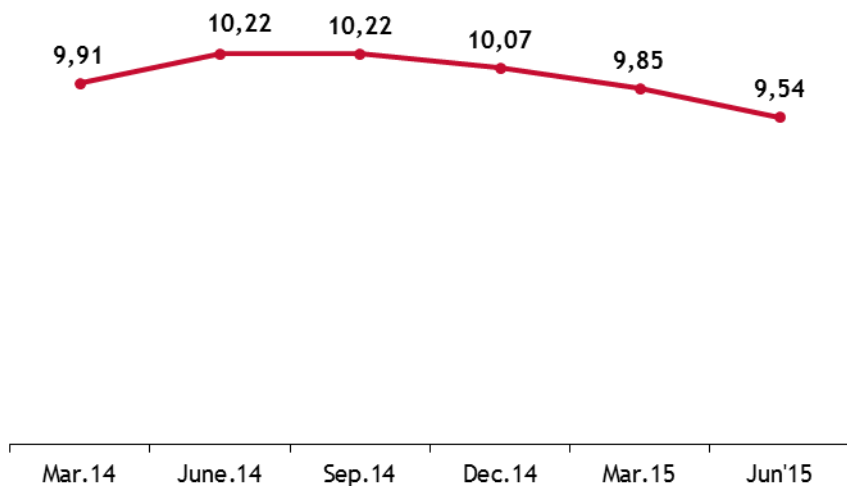
Growth in funded credits

Total Funded Credits (including financial leasing, million)

Ytd Growth: 15.7% in TRL terms QoQ Growth: 7,7% in TRL terms



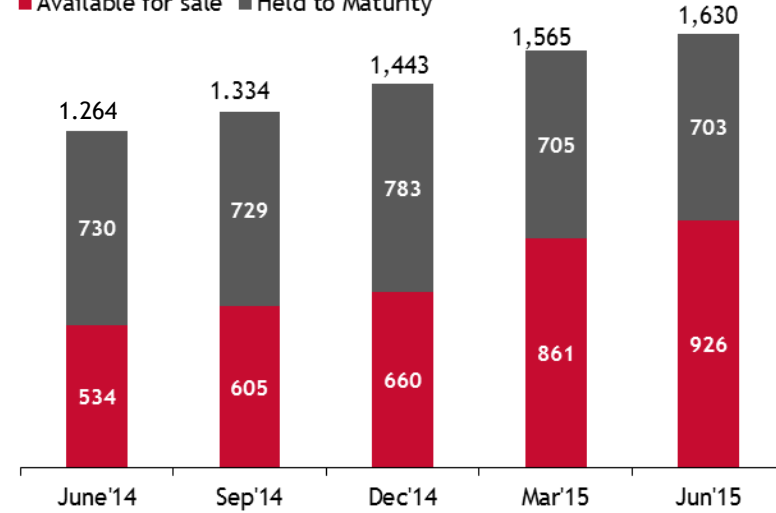
Credit Yields(1) (%)



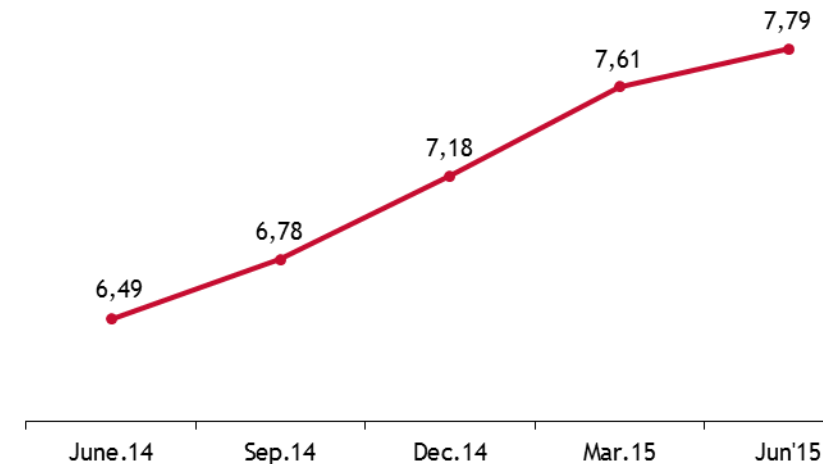
(1) Profit share income received from credits for the last 4Q/4Q average credits

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

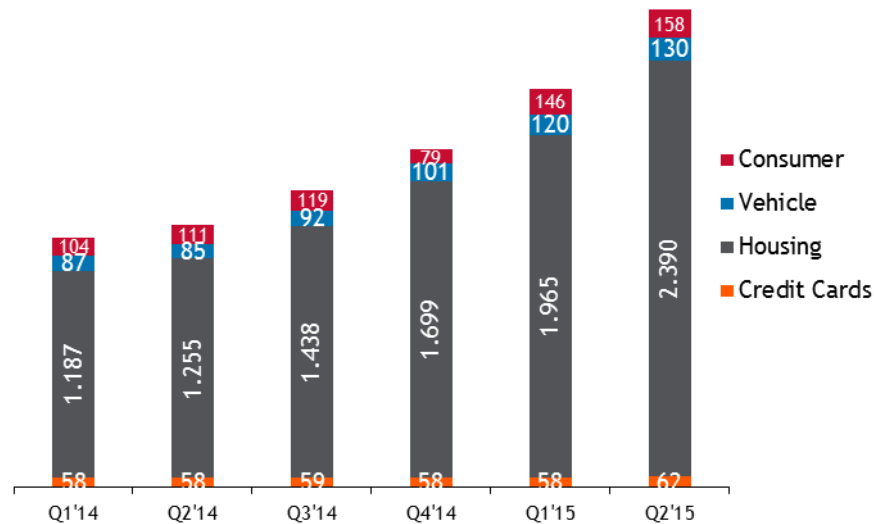
Funded Credits Portfolio

Composition of Total Funded Credits* (%)

	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
Corporate Credits	40.0	35.7	36.4	36,5	36,3	38,7
SME Credits	48.1	52.3	51.5	51,0	50,1	46,6
Retail Credits	11.9	12.1	12.1	12.5	13,8	14,6
Total	100.0	100.0	100.0	100.0	100	100

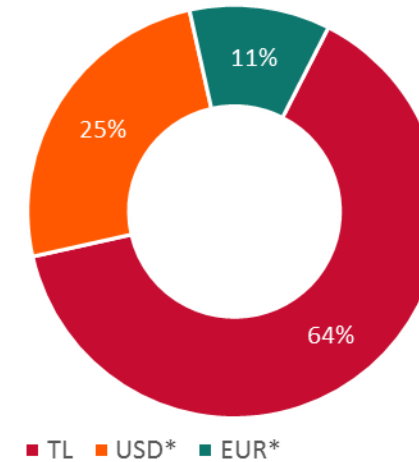
*According to BRSA definition

Total Retail Credits *(TRL million)



* *Excluding installment based commercial credits and corporate credit cards

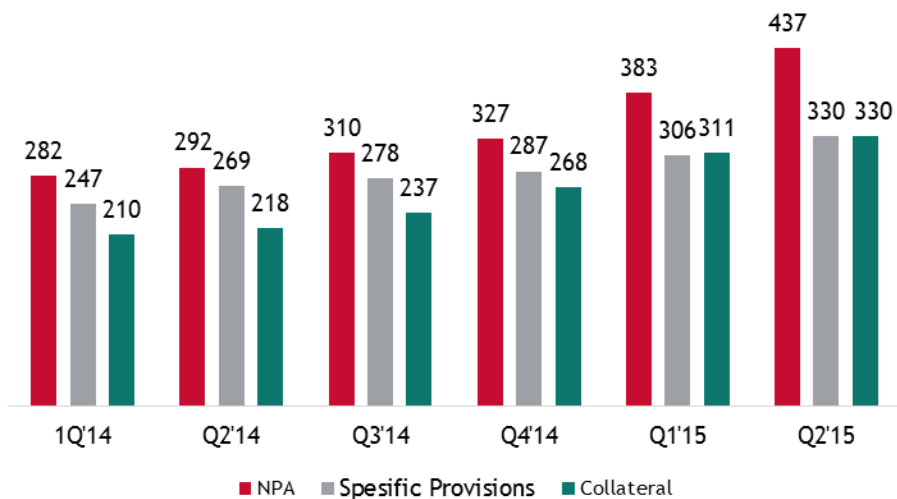
Currency Composition of Total Funded Credits (Q2'15, %)



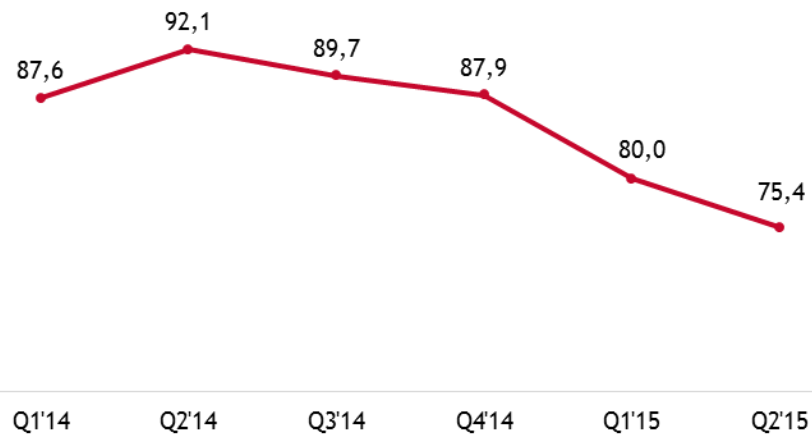
*Including USD & EUR indexed credits

- Retail credits (excluding installment based commercial credits and corporate credit cards) grew to 2,740 million TRL in June 30, 2015 up from 2,289 million TRL in Q1 2015
- Housing finance is primary segment among retail credits

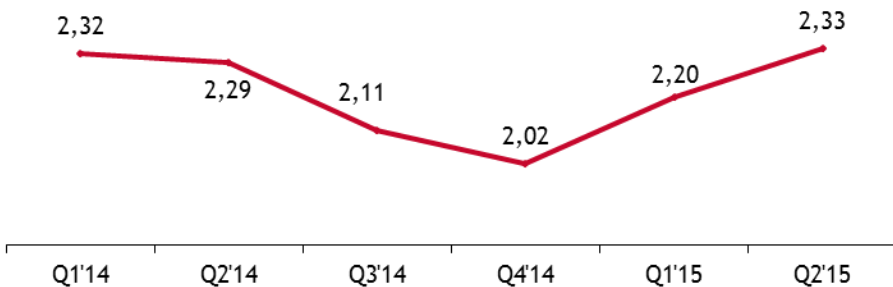
Non-performing Loans (TRL million)



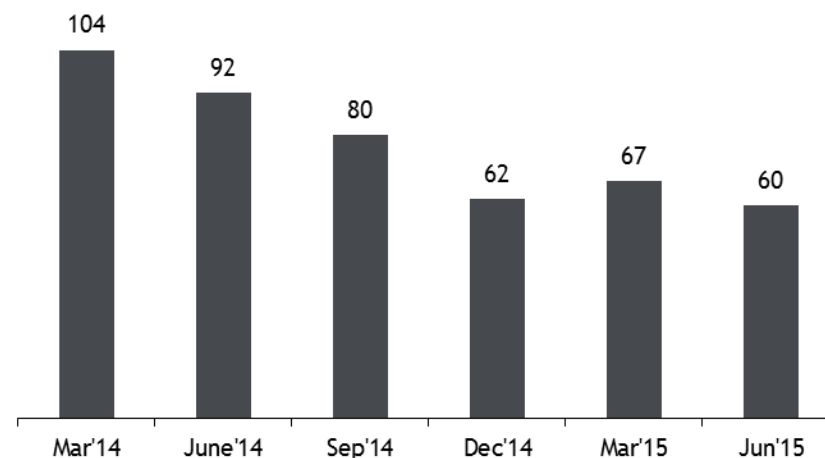
Provisioning Ratio (%)



NPL Ratio*



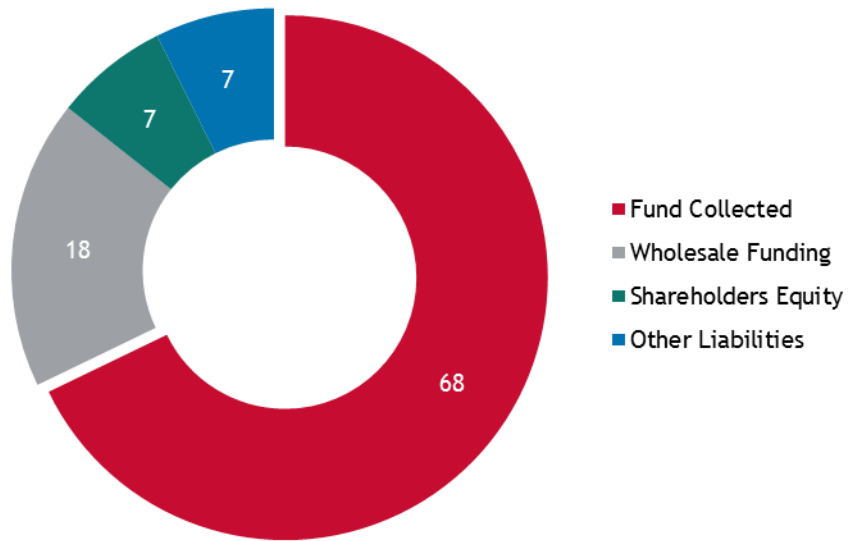
Cost of Risk** (bps)



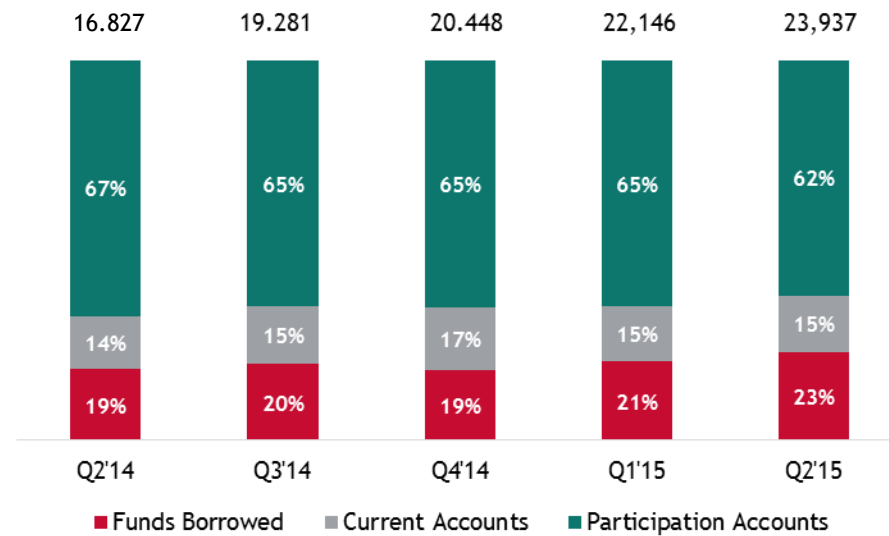
* Including financial leasing & accruals and discounts

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

Composition of Total Liabilities (Q2'15, %)



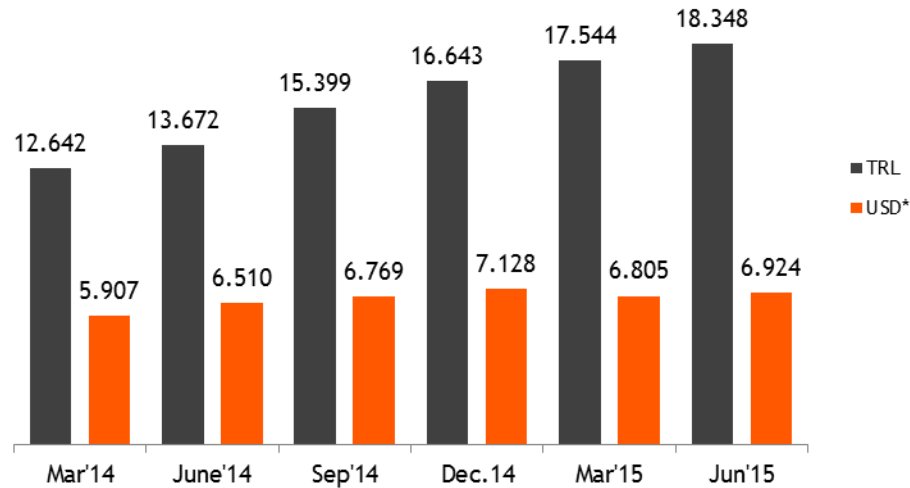
Composition of Funding Base (TRL million)



Total Funds Collected

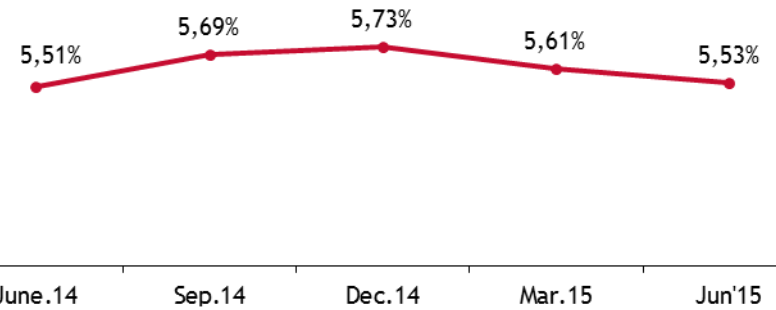
Total Funds Collected (million)

Ytd Growth: 10.2% in TRL terms QoQ Growth: 4,6% in TRL Terms



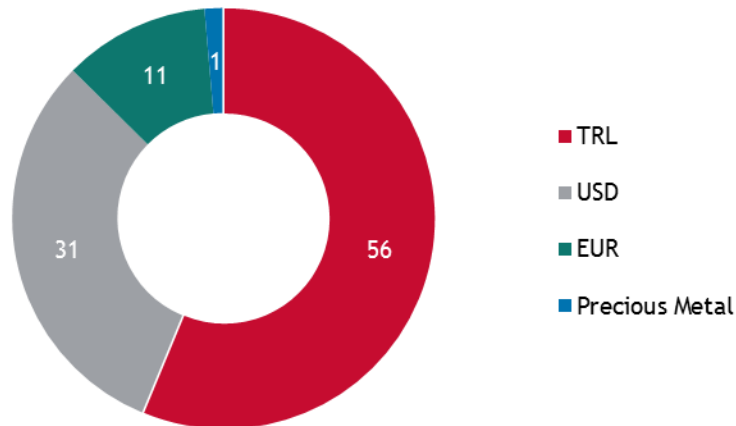
*USD equivalent of total collected funds

Cost of Funds Collected (1)

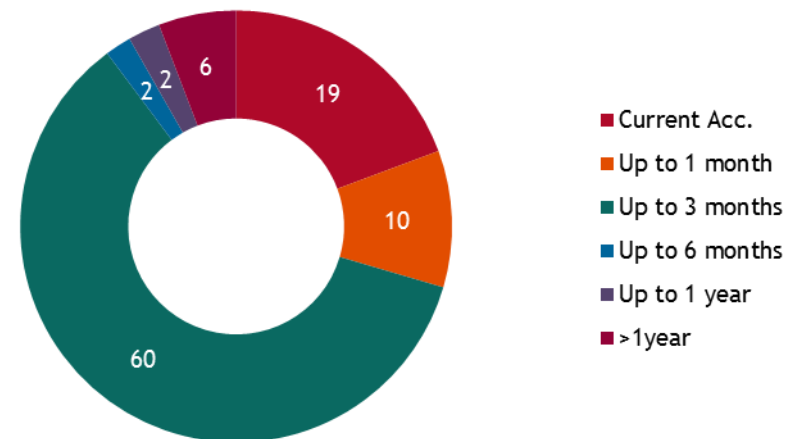


(1) Profit share expense to depositors for the last 4Q/4Q average participation accounts

Currency Composition of Funds Collected (Q2'15, %)

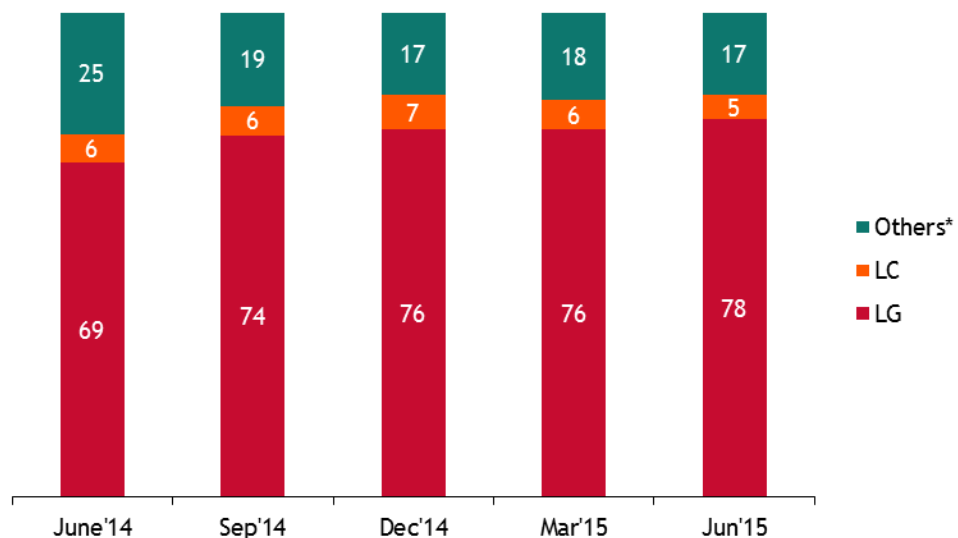


Maturity Composition of Funds Collected (Q2'15, %)

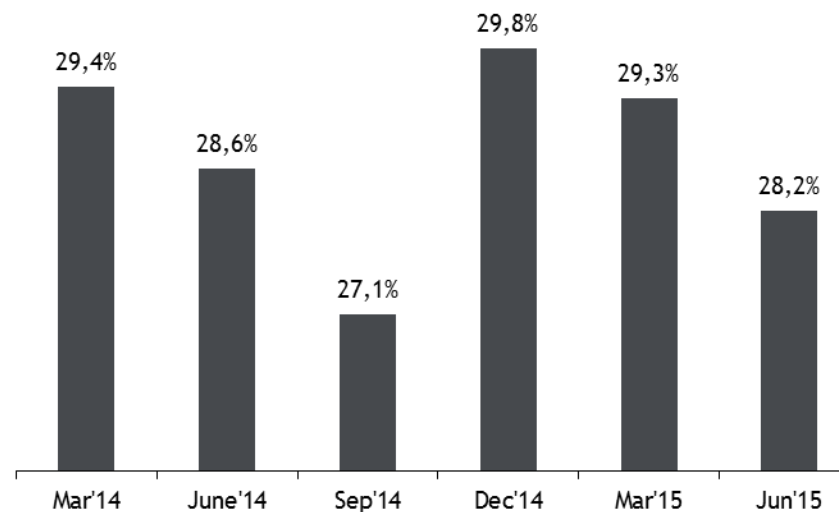


Off balance sheet growth

Off Balance Sheet Composition (%)



LGs-to-Total Assets



Off Balance Sheet (TRL million)

	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Growth (%)	
						Q-Q	YtD
Letter of Guarantee	5.471	5.887	6.873	7.276	7.617	4,7	10,8
Letter of Credit	508	497	589	548	520	-5,1	-11,7
Others*	1.947	1.520	1.545	1.713	1.651	-3,6	6,9
Total:	7.927	7.903	9.007	9.536	9.788	2,6	8,7

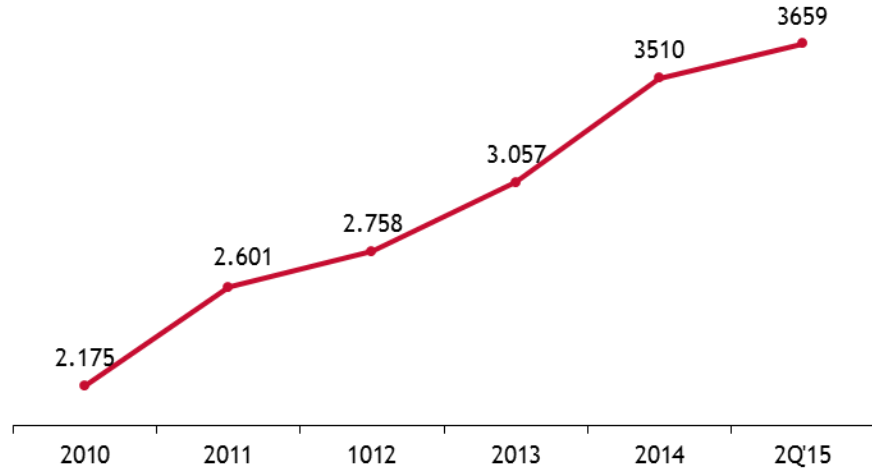
* Revocable credit limits not included.

Income-Cost Dynamics

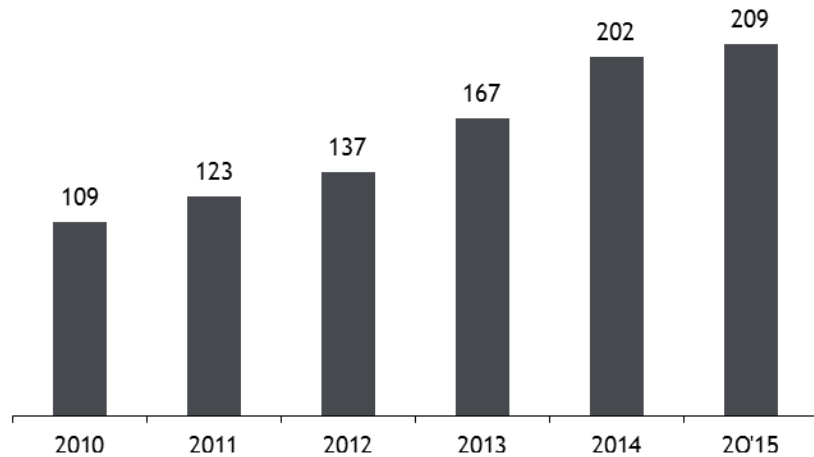
(000 TRL)	Year on Year Change			Quarterly Change			Notes
	Q2'14	Q2'15	%	Q1'15	Q2'15	%	
Net Profit Share Income	328.774	409.875	24,7%	191.331	218.544	14,2%	Profit share expense increased by 37.1% while PSI raised by 31.2% YoY basis. Joint venture projects returns reached to TL 16.557 in 1H 2015 (1H, 2014: TL 26.216)
Net Fee Income	61.656	71.872	16,6%	34.534	37.338	8,1%	Increase in net fee income in line with our budget targets.
Net Trading Income	29.757	41.405	39,1%	21.538	19.867	-7,8%	High FX trading income continued on YoY basis
Other Income	65.294	61.639	-5,6%	27.219	34.420	26,5%	Reversal of prior year provisions in 2015 is lower than 2014
Provisioning	87.250	88.004	0,9%	39.783	48.221	21,2%	Lower coverage ratio in 2015 compared with the 2014 figures.
Other Costs	245.336	319.142	30,1%	154.905	164.237	6,0%	YoY increase in other costs can be attributable to, increase in branch expenditures due to increase in FX rates, new branch openings and transformation project.
Tax	35.026	37.206	6,2%	16.202	21.004	29,6%	-
Net Profits	117.869	140.439	19,1%	63.732	76.707	20,4%	-

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	3	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	Edirne	1
Denizli	2	Düzce	1	Ordu	1	Yozgat	1	Erbil	1

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Total growth - 2015/6

Percent	2015 (6 Months)			2014 (6 months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Asset Size	17,4	10,8	11,5	11,1	4,5	5,6
Total Credits*	15,7	10,5	13,1	5,6	-1,2	7,0
Deposits/Collected Funds**	10,2	7,7	11,0	9,1	1,5	3,4

* 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

Market Share- 2015/6

Percent	2015 (6 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	23,4	1,2	5,2	19,0	1,0	5,5
Total Credits*	23,8	1,3	5,4	18,9	1.1	5.8
Deposits/ Collected Funds**	25,5	1,5	5.8	21,3	1.3	6,2

* 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 (6 Months)			2014 (12 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	12,17	14.99	15,37	14,15	14.53	16.30
NPL Ratio	2.33	4.97	2.87	2.02	4.46	2.84
Provisioning Ratio	75.38	60.51	74.47	87.85	61.78	73.84
ROAA (IBT)	1.40	1.11	1.62	1.59	0.36	1.70
ROAE (NI)	15,27	9,33	11.27	15,66	0,93	11.52
Yield	8.60	8.41	8.75	8.88	8.39	8.88
Spread	3.89	4.27	4.16	4,16	4.23	4,12
Net Profit Share Margin	3.90	4.43	4.33	4.12	4.37	4.31
Net Fee Income / Avg. Assets	1.18	1.09	1.07	1.30	1.15	1.12
Op Costs / Avg. Assets	2,50	2.80	2.34	2.52	2.87	2.37
Cost/Income*	53,78	52.05	45,15	51.35	50.50	46.02
Credits / Branches (000'TRL)	89.616	76,540	117,807	80,117	71,916	104,933
Staff / Branches	17.51	17.22	17.76	17.75	16.41	17.76
CA / Deposits	19,32	25,40	19.10	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)	Jun'15	Dec'14	Growth
Cash and Banks	5.817.969	4.777.420	21,78%
Financial Assets	930.761	665.371	39,89%
Funds Utilized	18.729.769	16.183.692	15,73%
<i>Cash Credits</i>	17.699.426	15.434.332	14,68%
<i>NPL</i>	437.185	326.975	33,71%
<i>Provisions</i>	329.542	287.261	14,72%
<i>Net Financial Leasing Receivables</i>	922.700	709.646	30,02%
Investments Held to Maturity (Net)	703.106	783.309	-10,24%
Associates	24.961	14.961	66,84%
Fixed Assets	523.855	513.465	2,02%
Assets Held For Sale and Investment	23.296	27.678	-15,83%
Other Assets (inc. Tax Assets)	291.949	79.962	265,11%
Total Assets	27.045.666	23.046.424	17,35%
Funds Collected	18.347.596	16.643.218	10,24%
Funds Borrowed	4.281.658	3.215.998	33,14%
Debts (inc. Taxes)	1.728.500	691.031	150,13%
Provisions	258.039	232.824	10,83%
Tier II Sukuk	536.190	472.426	13,50%
Shareholders' Equity	1.893.682	1.790.927	5,74%
<i>Capital</i>	899.998	900.000	0,00%
<i>Capital Reserves (inc. Premium)</i>	154.945	160.196	-3,28%
<i>Profit Reserves</i>	696.531	470.137	48,15%
<i>Profits</i>	142.206	260.594	
<i>Past Periods</i>	1.767	7.963	
<i>Current Year</i>	140.439	252.631	
Total Liabilities	27.045.666	23.046.424	17,35%

Summary Income Statement

(Thousand TRL)	Jun '14	Jun '15	Growth
Profit Share Income	694.418	911.275	31,2%
Profit Share Expense	365.644	501.400	37,1%
Net Profit Share Income	328.774	409.875	24,7%
Net Fees and Commissions Income	61.656	71.872	16,6%
<i>Fees and Commissions Received</i>	76.250	94.414	23,8%
<i>Fees and Commissions Paid</i>	14.594	22.542	54,5%
Net Trading Income	29.757	41.405	39,1%
Other Operating Income	65.294	61.639	-5,6%
Total Operating Profit	485.481	584.791	20,5%
Provisions for Loan Losses	87.250	88.004	0,9%
Other Operating Expenses	245.336	319.142	30,1%
Net Operating Profit	152.895	177.645	16,2%
Tax Provision	-35.026	-37.206	6,2%
Net Profits	117.870	140.440	19,1%

THANK YOU

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