

2014 Q3 Earnings Presentation



TURKEY

Agenda

- 1. Macro Economic / Banking Outlook**
2. Q3 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 second and third quarters 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.

Turkish Economy

- Economic activity lost some momentum after the first quarter.
- Fall in commodity prices, especially oil, restricts the inflationary pressures.
- 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 third quarter of 2014, net profit of banking sector decreased by 6.0% year on year basis.
- At the same period, credit growth rate reached 13.3% while NPL amount raised 38.9%.
- 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 exceeded 1,000
- The plan to establish new publicly owned participation banks has started to realize.

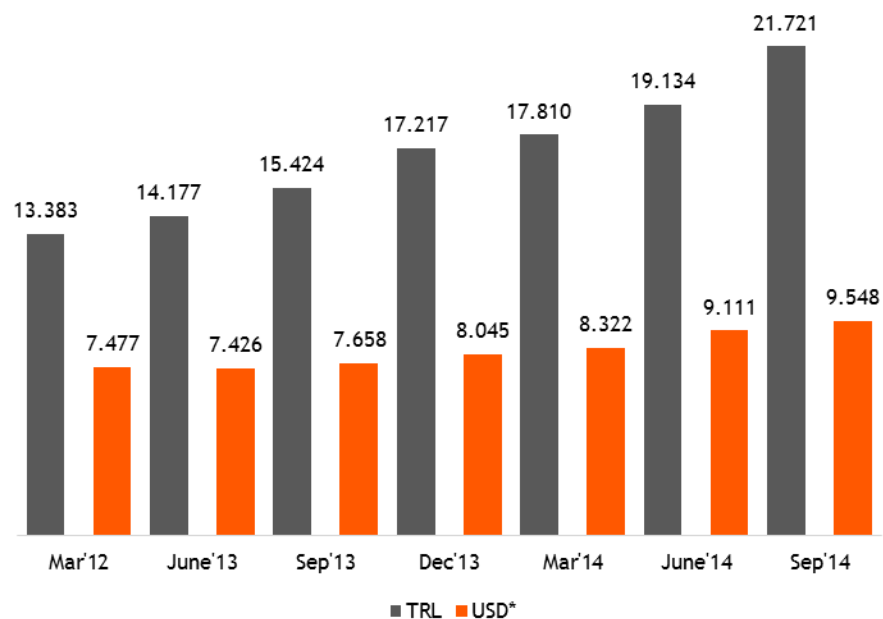
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Growth in total assets

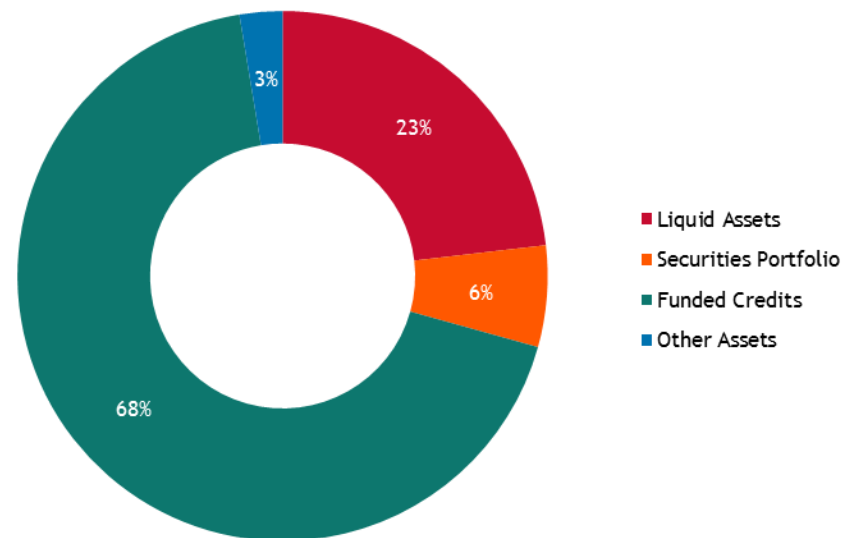
Total assets (million TRL)

YtD Growth: 26.2 % in TRL terms YtD Growth: 18.7 in USD terms
 QoQ Growth: 13.5% in TRL terms QoQ Growth: 4.8% in USD terms



*USD equivalent of total assets
 L/D (Q3) = 95%

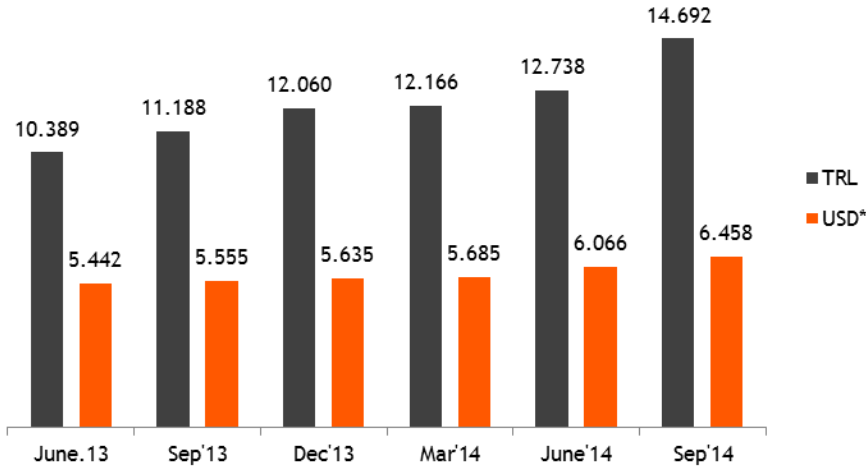
Asset Segmentation (Q3'14)



Growth in funded credits

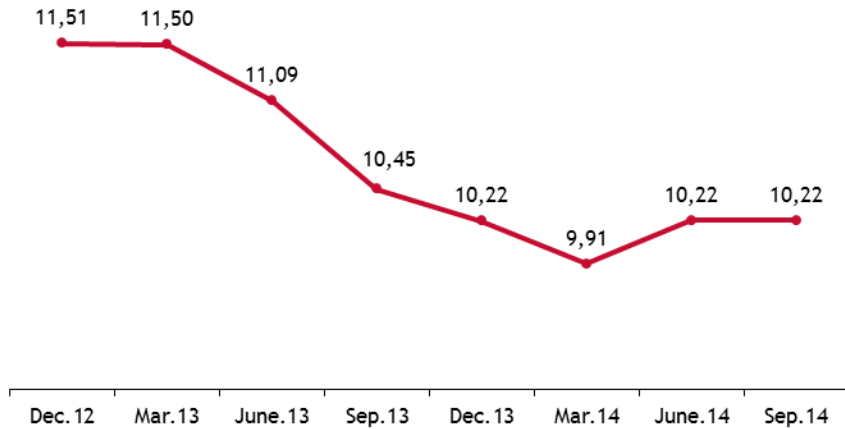
Total Funded Credits (including financial leasing, million)

YtD Growth: 21.8% in TRL terms YtD Growth: 14.6 in USD terms
 QoQ Growth: 15.3% in TRL terms QoQ Growth: 6.5% in USD terms



*USD equivalent of total funded credits

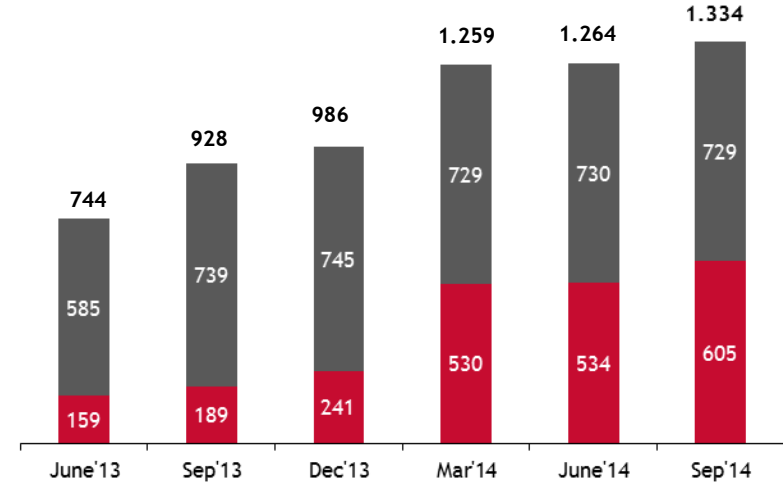
Credit Yields(1) (%)



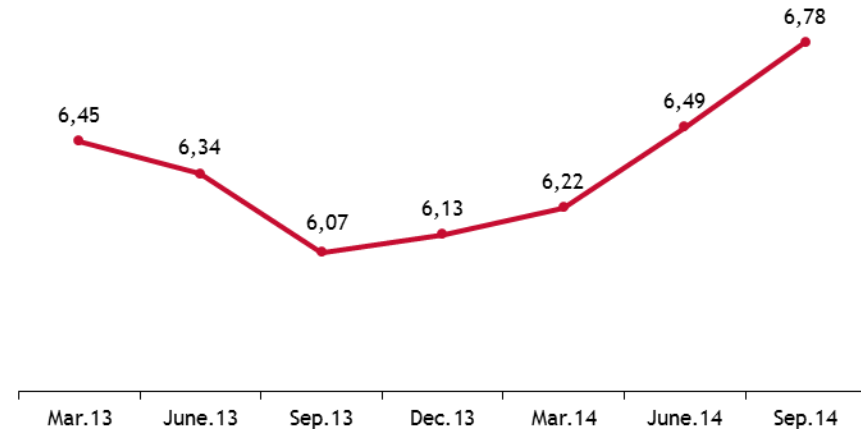
(1) Profit share income received from credits for the last 4Q/4Q average credits

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

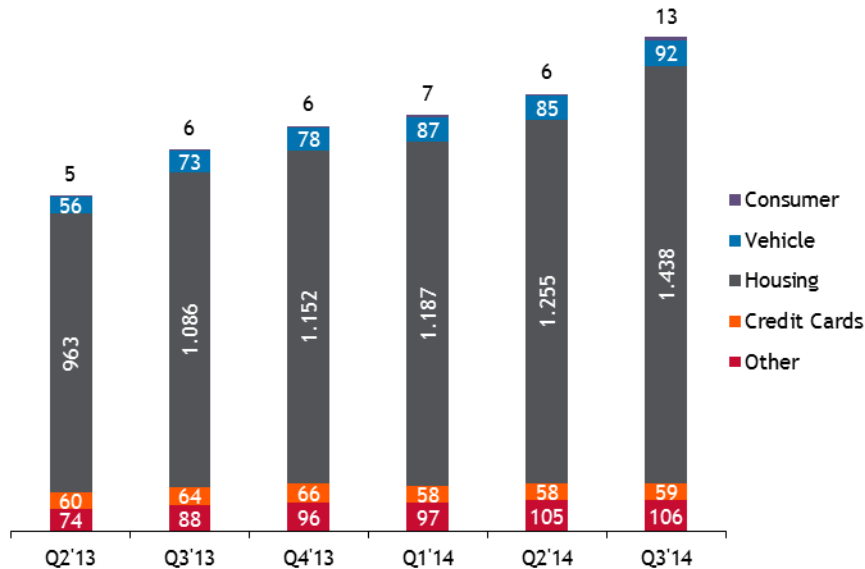
Funded Credits Portfolio

Composition of Total Funded Credits* (%)

	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14
Corporate Credits	39.4	38.8	40.0	35.7	36.4
SME Credits	48.7	48.9	48.1	52.3	51.5
Retail Credits	11.9	12.3	11.9	12.1	12.1
Total	100.0	100.0	100.0	100.0	100.0

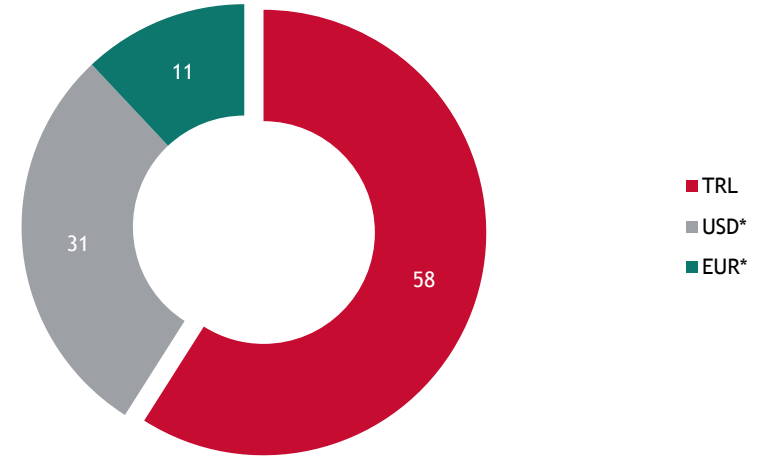
*According to BRSA definition

Total Retail Credits *(TRL million)



*Excluding installment based commercial credits and corporate credit cards

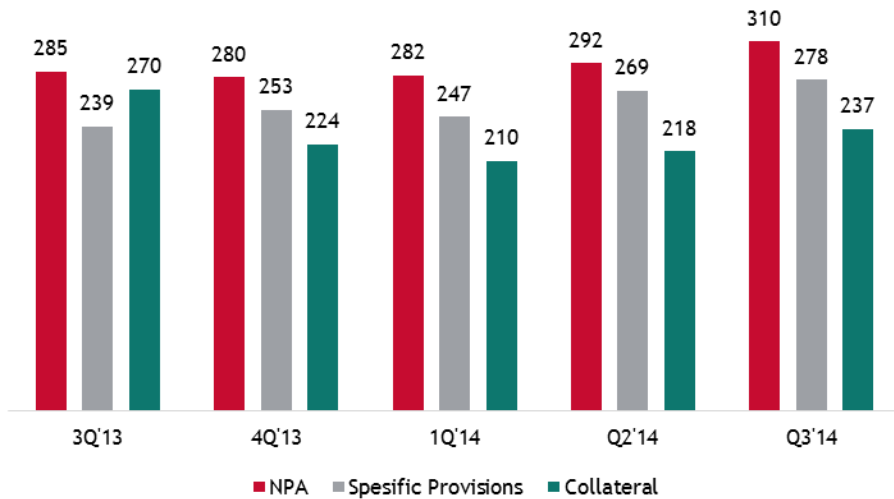
Currency Composition of Total Funded Credits (Q3'14, %)



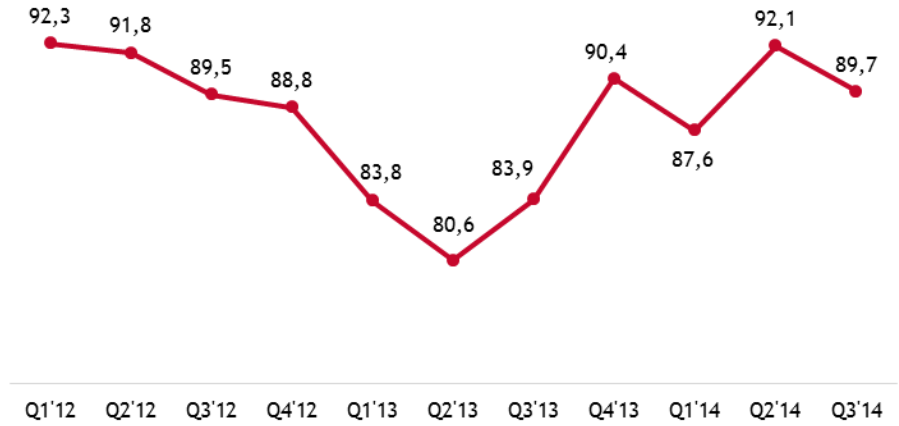
*Including USD & EUR indexed credits

- Retail credits (excluding installment based commercial credits and corporate credit cards) grew to 1,709 million TRL in September 30, 2014 up from 1,398 million TRL in Q4 2013
- Housing finance is primary segment among retail credits

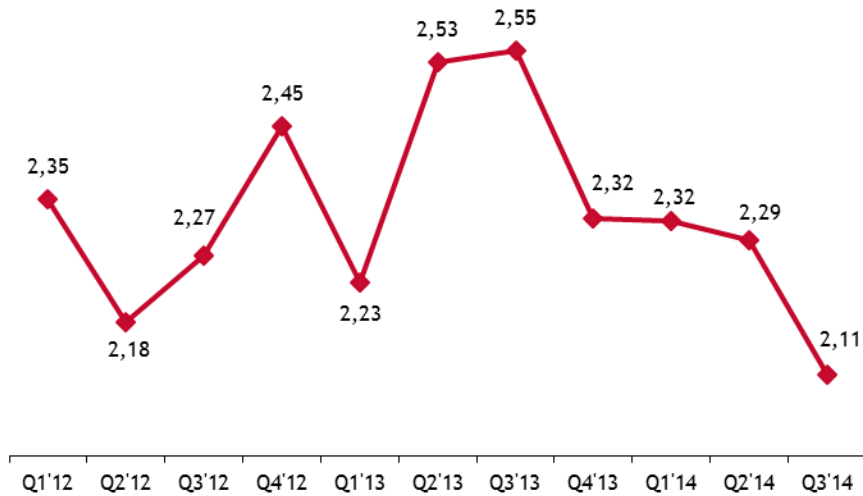
Non-performing Loans (TRL million)



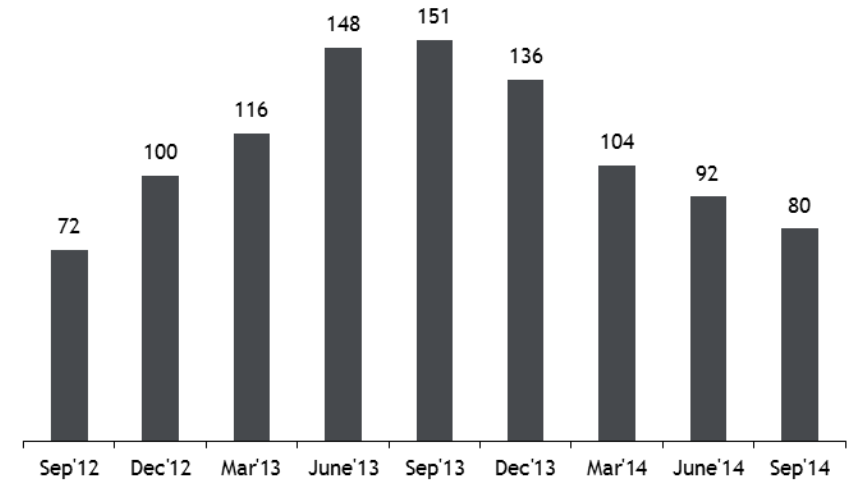
Provisioning Ratio (%)



NPL Ratio*



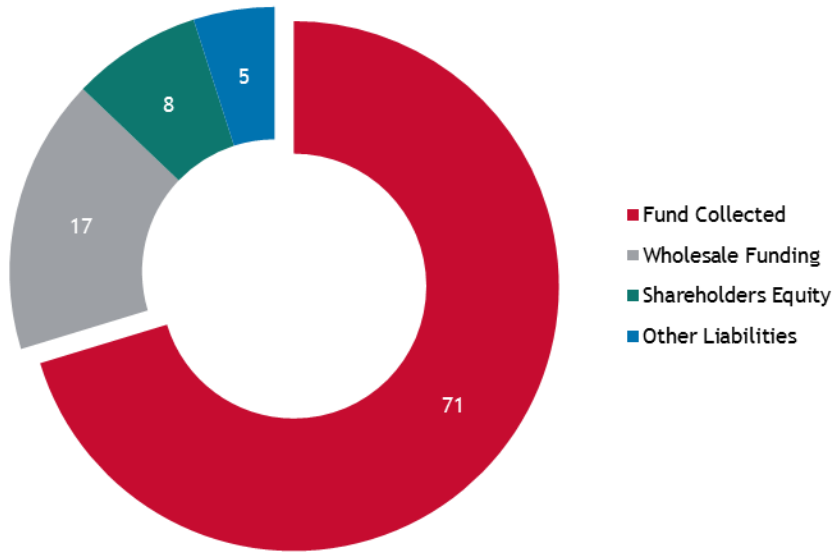
Cost of Risk** (bps)



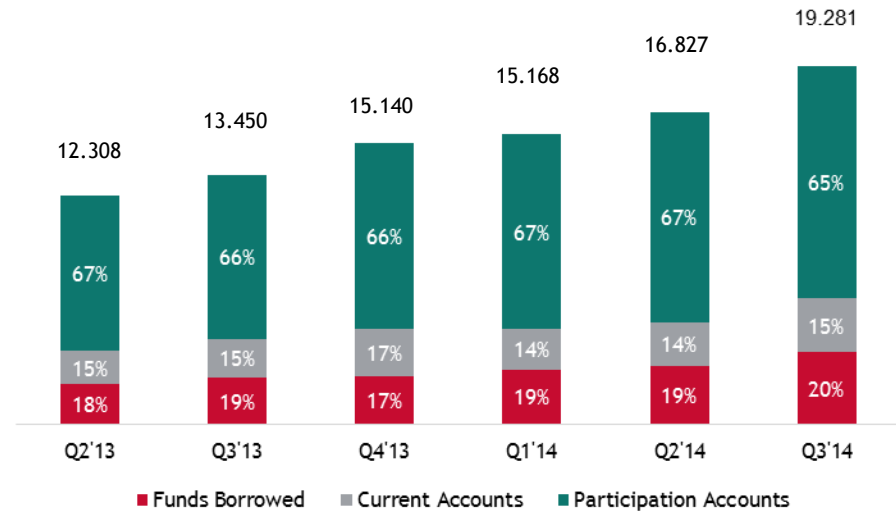
* Including financial leasing & accruals and rediscounts

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

Composition of Total Liabilities (Q3'14, %)



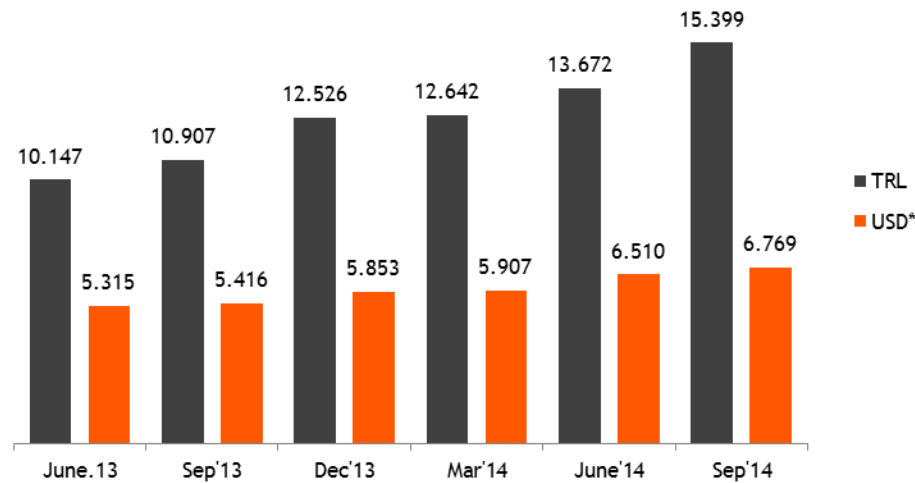
Composition of Funding Base (TRL million)



Total Funds Collected

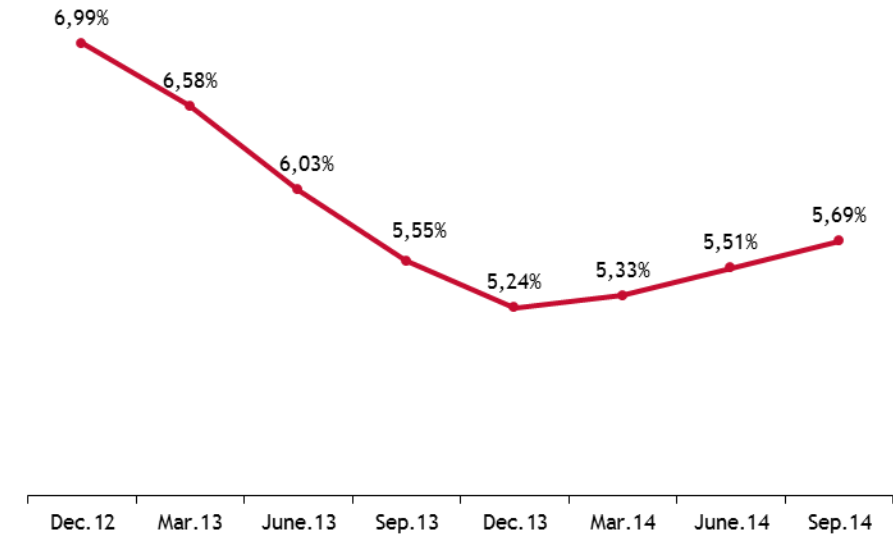
Total Funds Collected (million)

YtD Growth: 22.9 % in TRL terms YtD Growth: 15.6 % in USD terms
 QoQ Growth: 12.6% in TRL terms QoQ Growth: 4.0% in USD terms



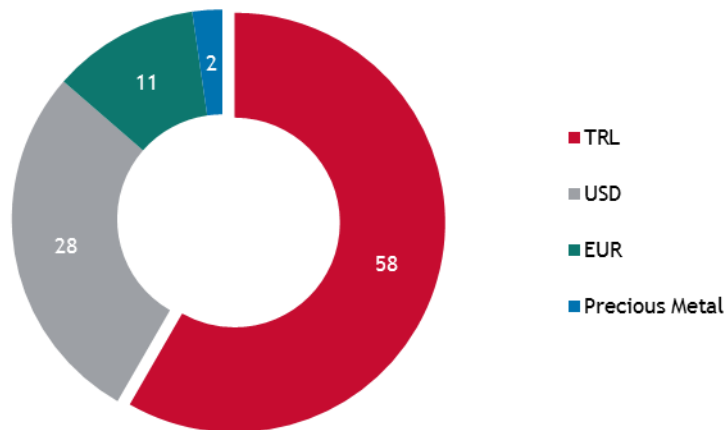
*USD equivalent of total collected funds

Cost of Funds Collected (1)

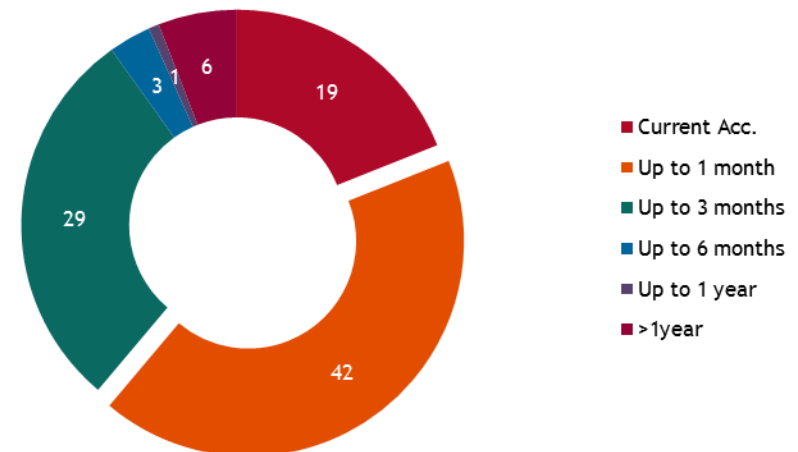


(1) Profit share expense to depositors for the last 4Q/4Q average participation accounts

Currency Composition of Funds Collected (Q3'14, %)

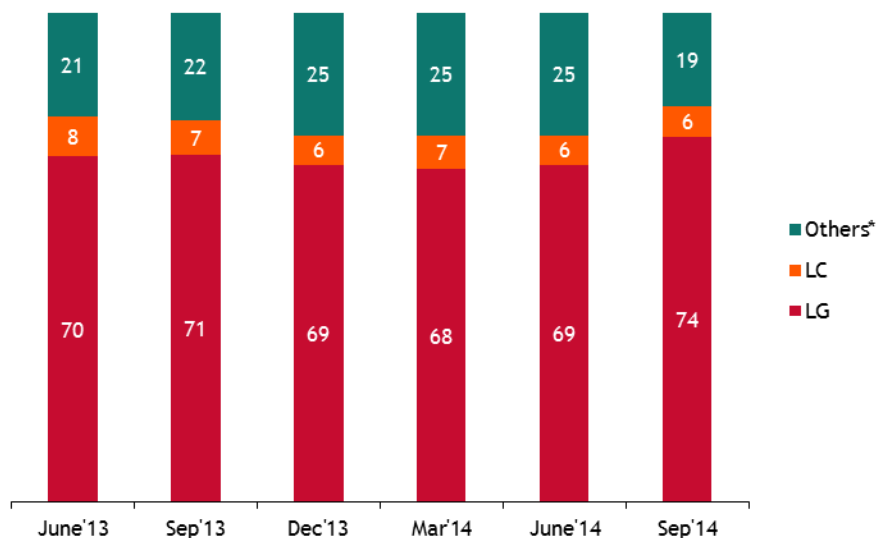


Maturity Composition of Funds Collected (Q3'14, %)

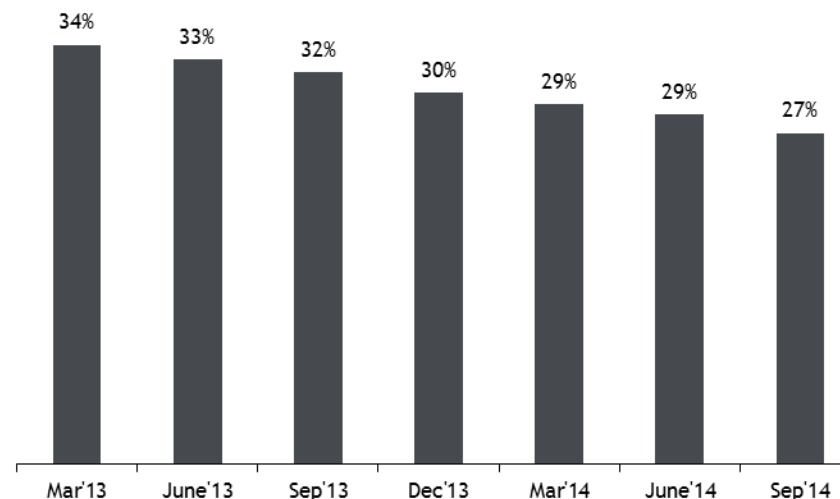


Off balance sheet growth

Off Balance Sheet Composition (%)



LGs-to-Total Assets



Off Balance Sheet (TRL million)

	Q3 '13	Q4 '13	Q1 '14	Q2 '14	Q3 '14	Growth (%)	
						Q-Q	YtD
Letter of Guarantee	4.944	5.232	5.242	5.471	5.887	7,6	12,5
Letter of Credit	519	482	514	508	497	-2,2	3,1
Others*	1.519	1.917	1.955	1.947	1.520	-22,0	-20,7
Total:	6.983	7.631	7.710	7.927	7.903	-0,3	3,6

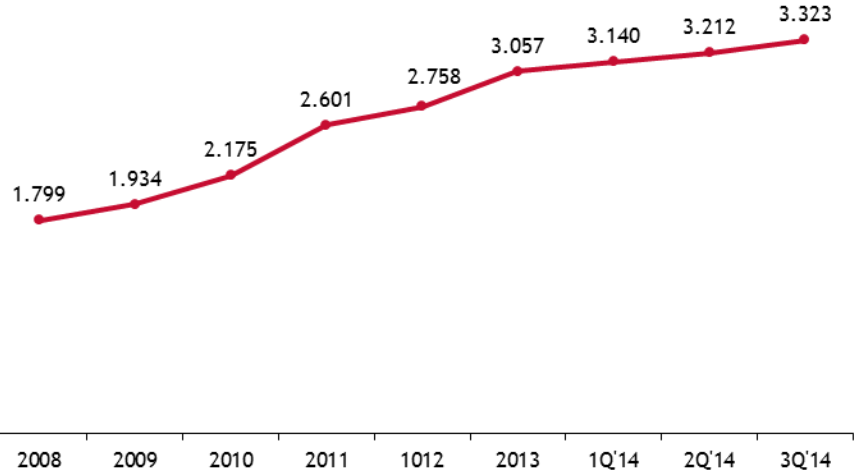
* Revocable credit limits not included.

Income-Cost Dynamics

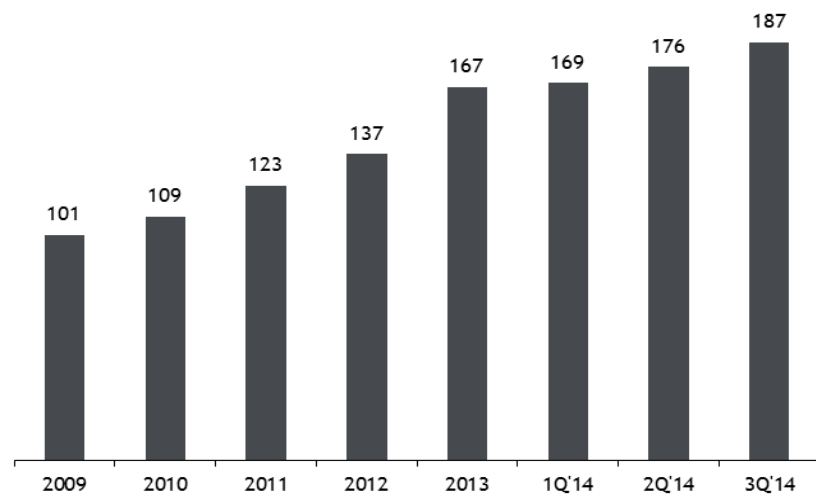
(000 TRL)	Year on Year Change			Quarterly Change			Notes
	Q3'13	Q3'14	%	Q2'14	Q3'14	%	
Net Profit Share Income	451.750	500.704	10,8	182.465	171.930	-5,8	Profit share expense increased by 53.7% while PSI raised by 30.3% yoy basis. Joint venture projects returns reached to TRL 40.0 mln in Q314 which were TRL 26.2 mln and TRL 26.6 mln for Q214 and Q313, respectively.
Net Fee Income	83.242	93.865	12,8	32.064	32.209	0,5	There is no significant change in fee income trend.
Net Trading Income	21.897	40.952	87,0	12.755	11.195	-12,2	High FX trading income continued on YoY basis while quarterly performance was below the Q2 figures.
Other Income	79.864	79.406	-0,6	24.187	14.112	-41,7	Reversal of prior year provisions in Q3 (TRL 19.9 mln) is lower than Q2 (TRL 9.5)
Provisioning	164.012	117.787	-28,2	62.552	30.537	-51,2	Lower coverage ratio and other provisioning in Q3 compared with the Q2 figures.
Other Costs	279.645	360.851	29,0	116.555	115.515	-0,9	Yoy increase in other costs can be attributable to staff cost, new branch openings and transformation project.
Tax	41.409	53.255	28,6	16.073	18.229	13,4	-
Net Profits	151.687	183.034	20,7	56.291	65.165	15,8	-

Branch and staff size

Total Employees Size



Total Number of Branches



Albaraka Türk Branches



Albaraka Türk branches

Current Branches

Istanbul	74	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	6	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						

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Total growth - 2014/09

Percent	2013 (12 Months)			2014 (9 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Asset Size	39.7	35.7	26.4	26.2	6.9	11.4
Total Credits*	32.2	35.0	32.1	21.8	3.2	13.3
Deposits (Collected** Funds)	35.5	27.9	22.5	22.9	3.0	8.6

* 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 (9 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	21.1	1.1	5.3
Total Credits*	17.7	1.1	6.3	20.9	1.2	5.7
Deposits/ Collected Funds**	20.3	1.3	6.5	23.7	1.4	6.0

* 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 (09 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	14.86	14.00	15.30	13.79	14.70	15.93
NPL Ratio	2.32	3.29	2.75	2.11	4.79	2.91
Provisioning Ratio	90.6	64.2	76.4	89.8	48.9	72.7
ROAA (IBT)	2.0	1.6	2.0	1.8	1.1	1.7
ROAE (NI)	17.7	13.1	13.1	17.4	8.7	11.5
Yield	9.1	8.5	8.5	8.9	8.4	8.8
Spread	4.8	4.6	4.7	4.3	4.3	4.0
Net Profit Share Margin	4.9	4.8	4.5	4.2	4.3	4.2
Net Fee Income / Avg. Assets	1.5	1.4	1.2	1.3	1.2	1.1
Op Costs / Avg. Assets	2.7	2.8	2.5	2.6	2.8	2.4
Cost/Income*	45.2	47.5	44.0	50.5	49.6	45.5
Credits / Branches (000 'TRL)	72,215	70,723	90,438	78,566	68,460	100,561
Staff / Branches	18.3	17.4	17.9	17.8	16.4	17.7
CA / Deposits	20.3	24.5	18.7	19.0	22.8	18.9

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

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Summary Balance Sheet

(Thousand TRL)	Dec'13	Sep'14	Growth (%)
Cash and Banks	3.661.389	5.126.842	40,0
Financial Assets	245.681	610.076	148,3
Funds Utilized	12.059.901	14.691.907	21,8
<i>Cash Credits</i>	11.961.340	14.166.648	18,4
<i>NPL</i>	279.668	309.536	10,7
<i>Provisions</i>	253.428	277.806	9,6
<i>Net Financial Leasing Receivables</i>	72.321	493.529	582,4
Investments Held to Maturity (Net)	745.390	728.730	-2,2
Associates	9.961	14.961	50,2
Fixed Assets	396.543	424.421	7,0
Assets Held For Sale and Investment	28.407	25.028	-11,9
Other Assets (inc. Tax Assets)	69.281	98.644	42,4
Total Assets	17.216.553	21.720.609	26,2
Funds Collected	12.526.212	15.399.140	22,9
Funds Borrowed	2.035.816	3.176.813	56,0
Debts (inc. Taxes)	522.821	792.171	51,5
Provisions	201.463	223.680	11,0
Tier II Sukuk	432.973	469.032	0,0
Shareholders' Equity	1.497.268	1.659.773	10,9
<i>Capital</i>	900.000	900.000	0,0
<i>Capital Reserves (inc. Premium)</i>	92.780	99.242	7,0
<i>Profit Reserves</i>	261.645	470.137	79,7
<i>Profits</i>	242.843	190.394	-21,6
<i>Past Periods</i>	1.434	7.360	413,2
<i>Current Year</i>	241.409	183.034	-24,2
Total Liabilities	17.216.553	21.720.609	26,2

Summary Income Statement

(Thousand TRL)	Sep '13	Sep '14	Growth (%)
Profit Share Income	829.297	1.080.918	30,3
Profit Share Expense	377.547	580.214	53,7
Net Profit Share Income	451.750	500.704	10,8
Net Fees and Commissions Income	83.242	93.865	12,8
<i>Fees and Commissions Recvd</i>	103.813	116.394	12,1
<i>Fees and Commissions Paid</i>	20.571	22.529	9,5
Net Trading Income	21.897	40.952	87,0
Other Operating Income	79.864	79.406	-0,6
Total Operating Profit	636.753	714.927	12,3
Provisions for Loan Losses	164.012	117.787	-28,2
Other Operating Expenses	279.645	360.851	29,0
Net Operating Profit	193.096	236.289	22,4
Tax Provision	41.409	53.255	28,6
Net Profits	151.687	183.034	20,7

THANK YOU

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