

# 2015 Q3 Earnings Presentation



## Agenda

- 1. Macro Economic / Banking Outlook**
2. Q3 2015 Financial Results
3. Market Comparison
4. Appendix

## Global Economy

- Volatility in global financial markets continued.
- Uncertainties in global monetary policies and concerns over global growth have been in the forefront in this quarter.
- In the late third quarter and early fourth quarter, volatilities in financial markets declined to some extent due to the growing perceptions that the first rate hike by the US Federal Reserve Bank (the Fed) will be postponed announcement that the European Central Bank (ECB) could continue with its monetary policy easing.
- Economies of China and other emerging countries are slowing down
- The fall in international commodity prices, especially energy, continued into the third quarter.
- High volatility in exchange rates continues.

## Turkish Economy

- Uncertainties was higher in third quarter due to the coalition debates and re-election decision. After the results of re-election shows returning to one-party rule in Turkey uncertainties is expected to be get lowered.
- A loss of pace in economic activity driven by external demand.
- Inflation rose amid developments in food prices and the exchange rate.
- Due to the cumulative depreciation in the Turkish lira, annual core goods inflation surged in this period and the core inflation trend maintained its high level..
- The slowing domestic demand and the changes in real exchange rates drive imports lower. On the exports front, despite the negative impact of geopolitical developments, the rising demand from EU members affects Turkey's exports positively.

## Banking Industry

- In the 3rd Quarter of 2015, net profit of banking sector raised 0,6% YoY
- At the same period, credit growth rate reached 20,3% YtD while NPL amount raised 23,9%.
- 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 third quarter of 2015, participation banks still grew under the banking sector.
- However, Participation banks excluding Bank Asia Continues to growing higher than the banking sector.
- The plan to establish new publicly owned participation banks has been realizing and continuing branch network expansion
- Total branches got over 1050

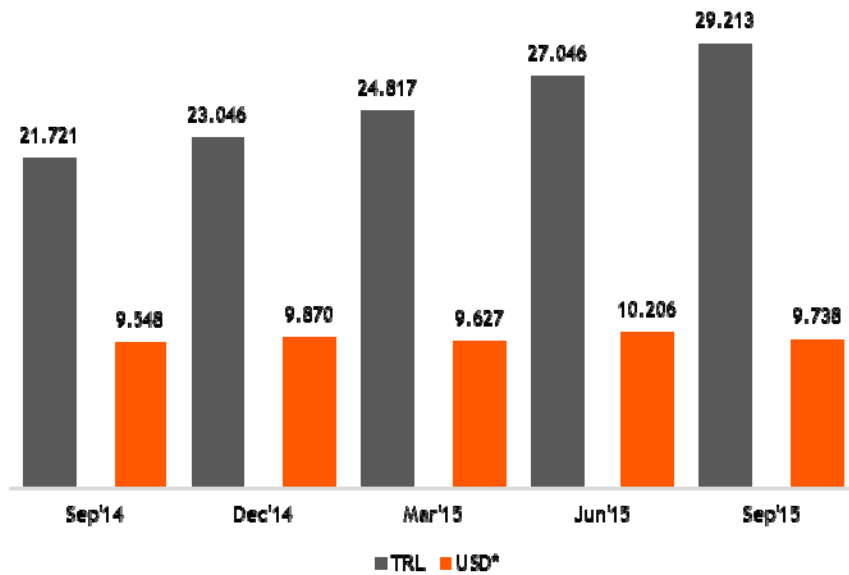
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# Growth in total assets

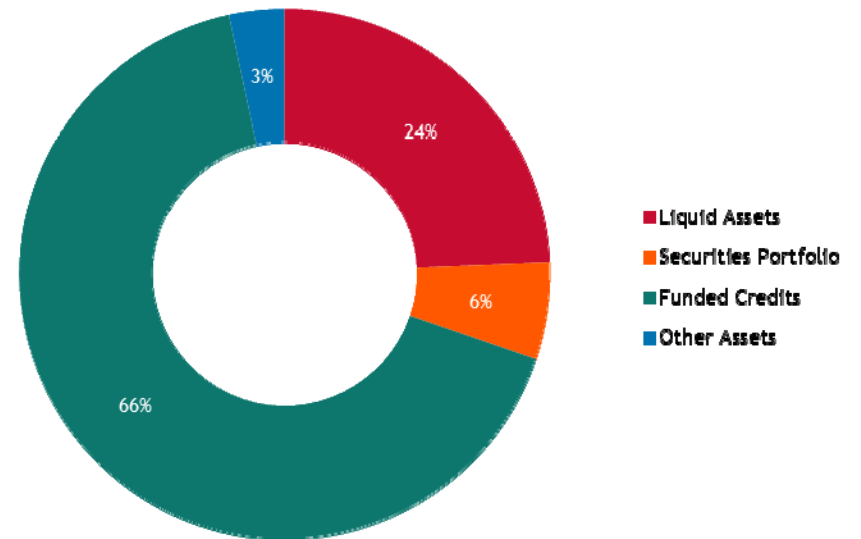
## Total assets (million TRL)

YtD Growth: 26.8% in TRL terms    QoQ Growth: 8.0% in TRL terms



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

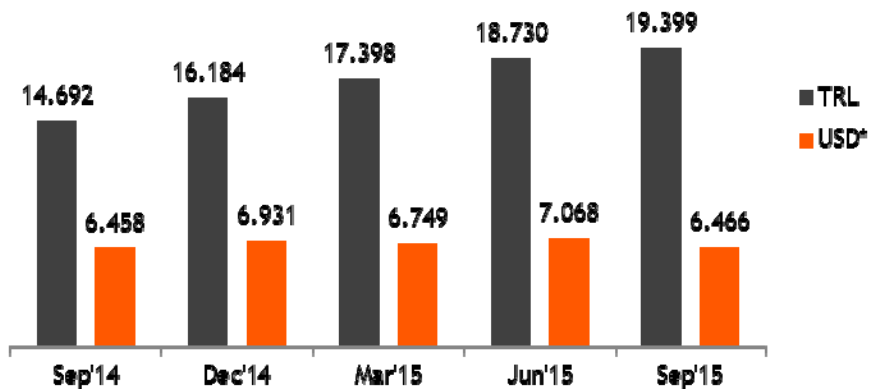
## Asset Segmentation (Q3'15)



# Growth in funded credits

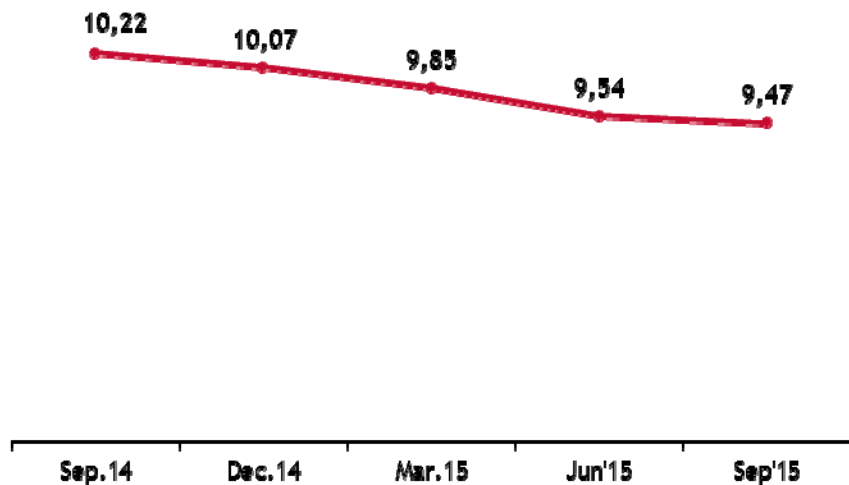
## Total Funded Credits (including financial leasing, million)

Ytd Growth: 19,9% in TRL terms    QoQ Growth: 3,5% in TRL terms



\*USD equivalent of total funded credits

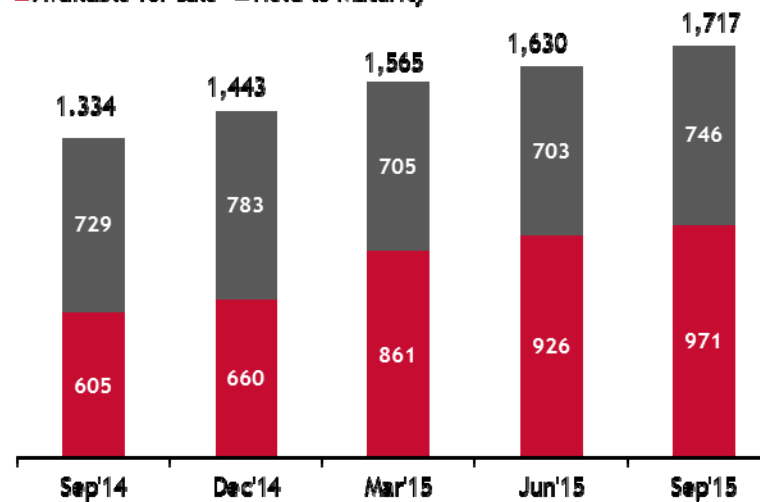
## Credit Yields(1) (%)



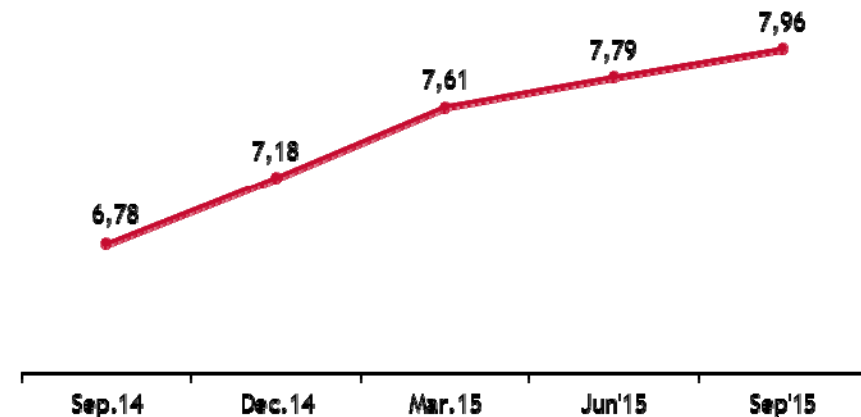
(1) Profit share income received from credits for the last 4Q/4Q average credits

## 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

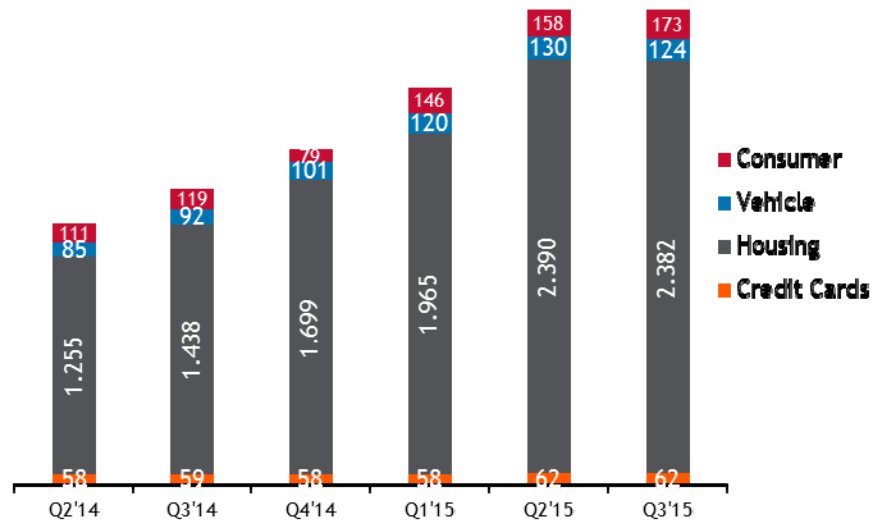
## Funded Credits Portfolio

### Composition of Total Funded Credits\* (%)

	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15
Corporate Credits	35.7	36.4	36,5	36,3	38,7	39,8
SME Credits	52.3	51.5	51,0	50,1	46,6	45,8
Retail Credits	12.1	12.1	12.5	13,8	14,6	14,4
Total	100.0	100.0	100.0	100	100	100

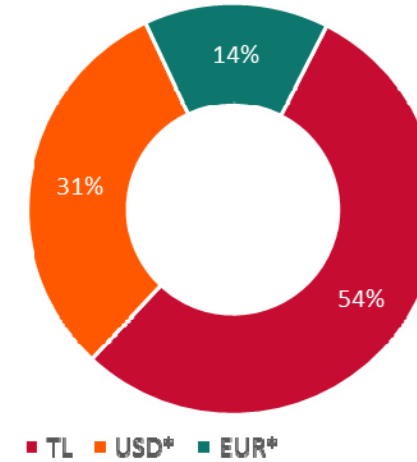
\*According to BRSA definition

### Total Retail Credits \*(TRL million)



\* \*Excluding installment based commercial credits and corporate credit cards

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



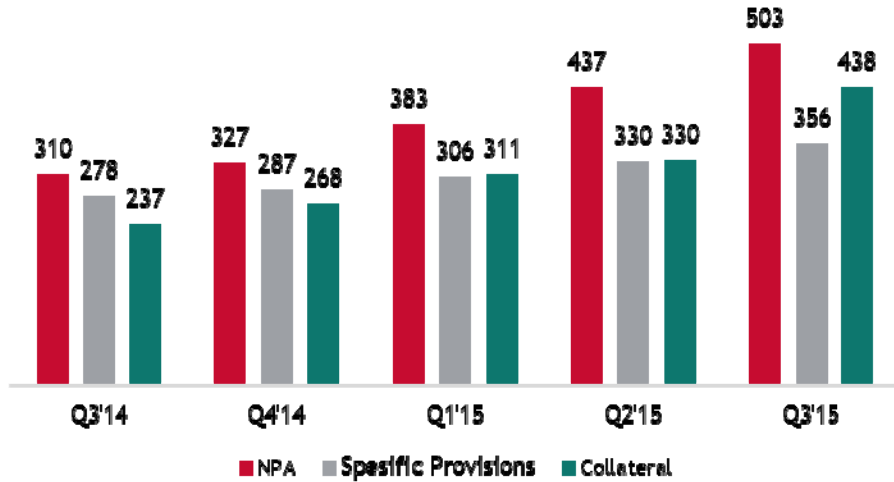
\*Including USD & EUR indexed credits

- Retail credits (excluding installment based commercial credits and corporate credit cards) grew to 2,741 million TRL in Sep 30, 2015 up from 2,740 million TRL in Q2 2015
- Housing finance is primary segment among retail credits

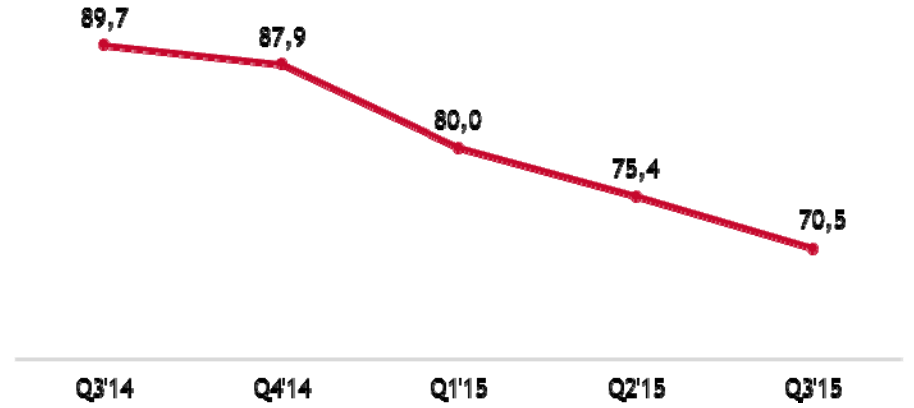


# Asset quality

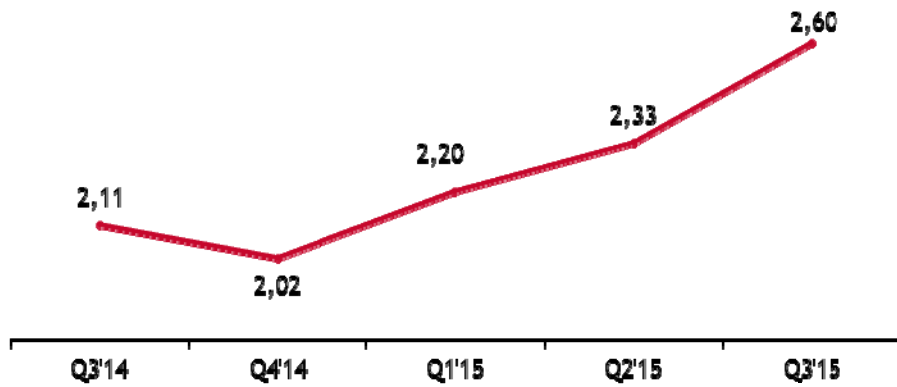
Non-performing Loans (TRL million)



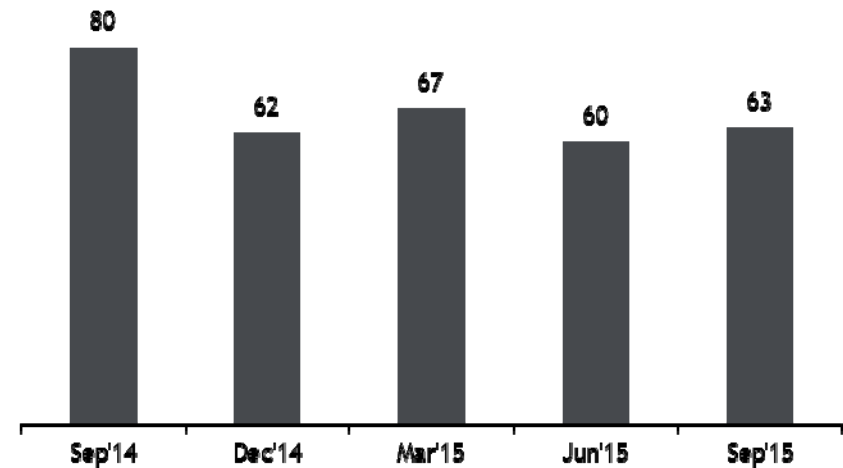
Provisioning Ratio (%)



NPL Ratio\*



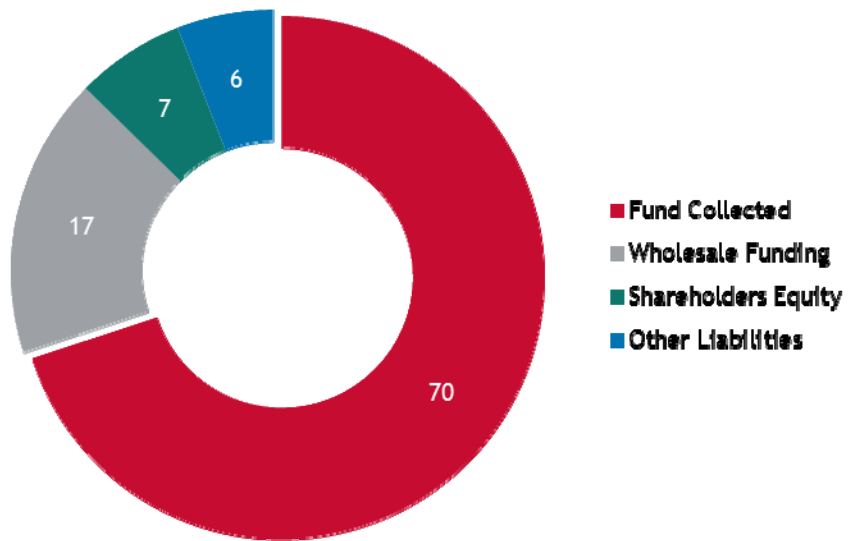
Cost of Risk\*\* (bps)



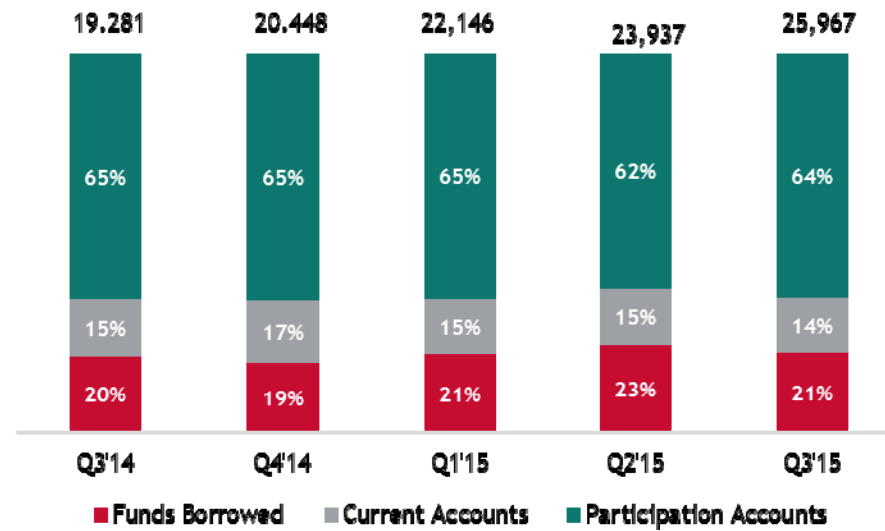
\* Including financial leasing & accruals and rediscounts

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

Composition of Total Liabilities (Q3'15, %)



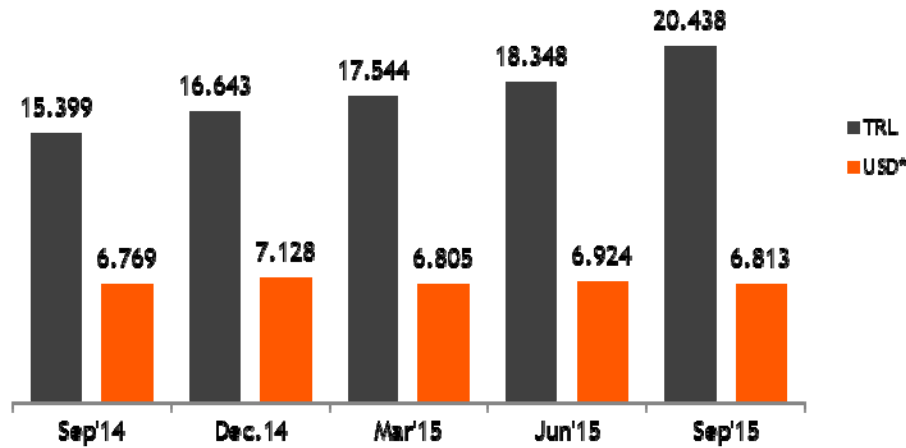
Composition of Funding Base (TRL million)



# Total Funds Collected

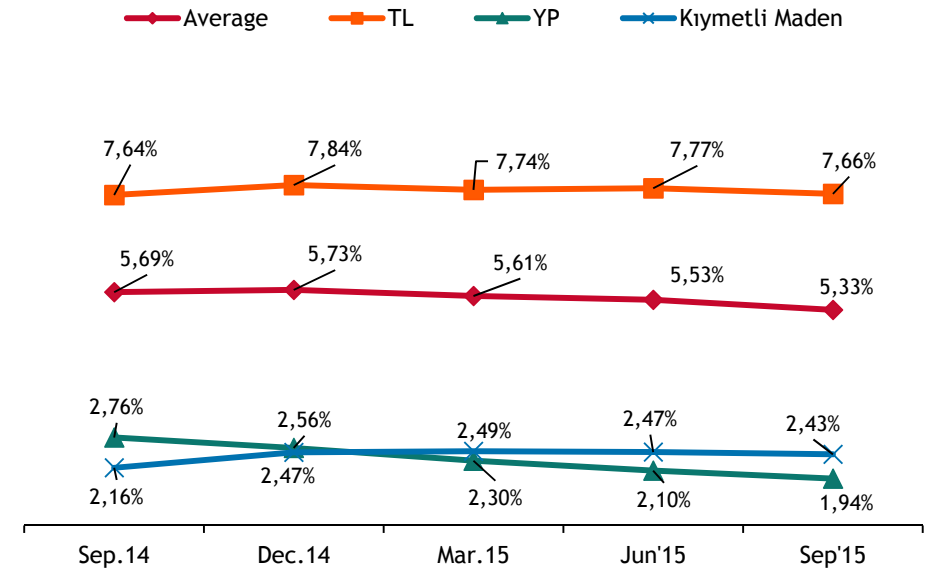
## Total Funds Collected (million)

Ytd Growth: 22,8% in TRL terms QoQ Growth: 11,4% in TRL Terms



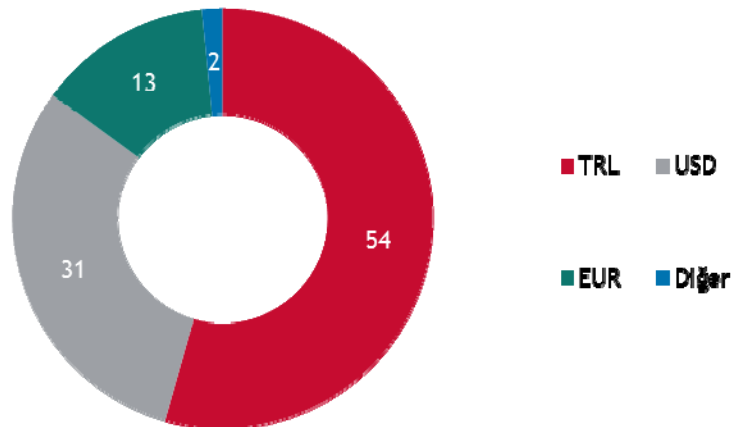
\*USD equivalent of total collected funds

## Cost of Funds Collected (1)

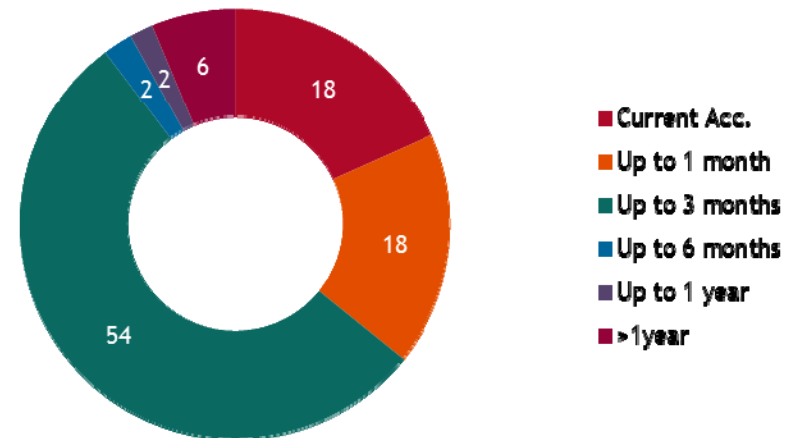


(1) Profit share expense to depositors for the last 4Q/4Q average participation accounts

## Currency Composition of Funds Collected (Q3'15, %)

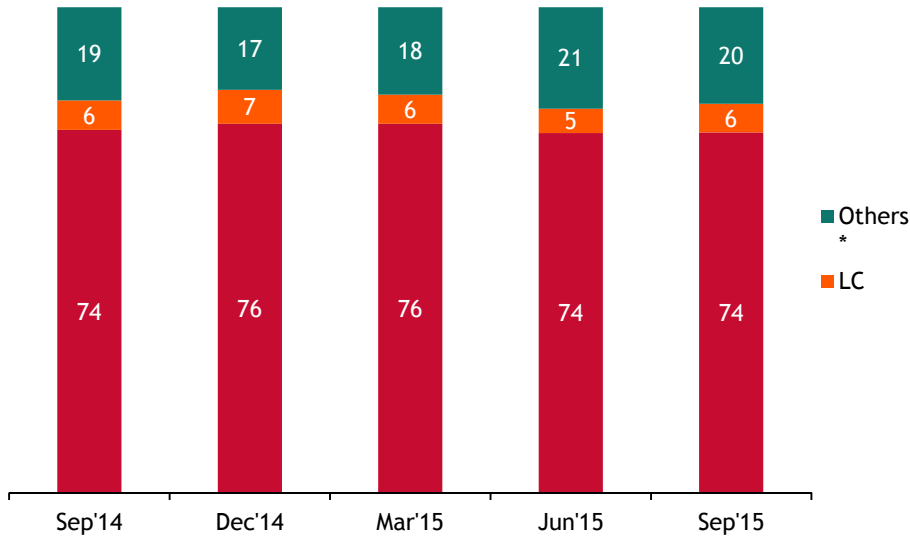


## Maturity Composition of Funds Collected (Q3'15, %)

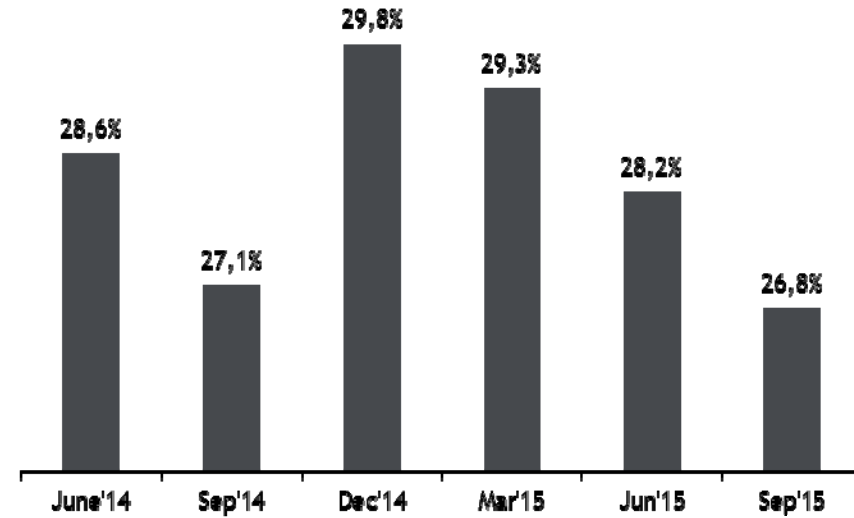


# Off balance sheet growth

Off Balance Sheet Composition (%)



LGs-to-Total Assets



Off Balance Sheet (TRL million)

	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Growth (%)	
						Q-Q	YtD
Letter of Guarantee	5.887	6.873	7.276	7.617	7844	3,0	14,1
Letter of Credit	497	589	548	520	626	20,4	6,3
Others*	1.520	1.545	1.713	2.150	2.101	-2,3	36,0
<b>Total:</b>	<b>7.903</b>	<b>9.007</b>	<b>9.536</b>	<b>10.288</b>	<b>10.570</b>	<b>2,7</b>	<b>17,4</b>

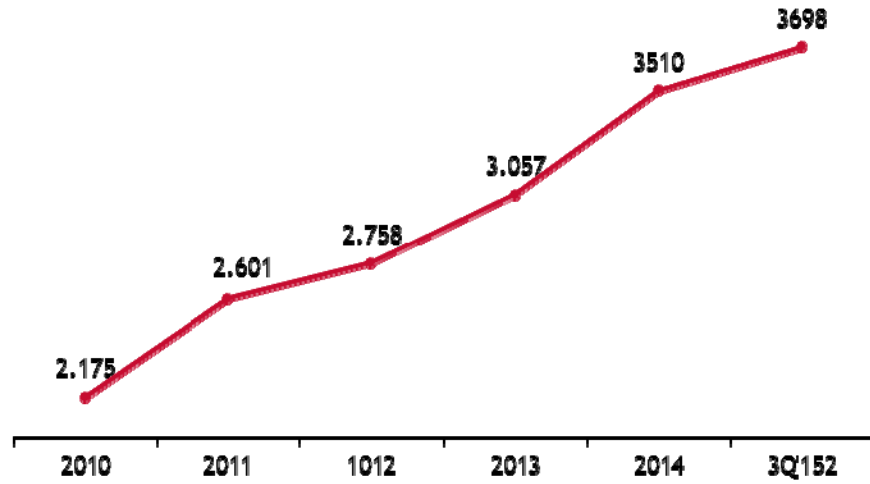
\* Revocable credit limits not included.

## Income-Cost Dynamics

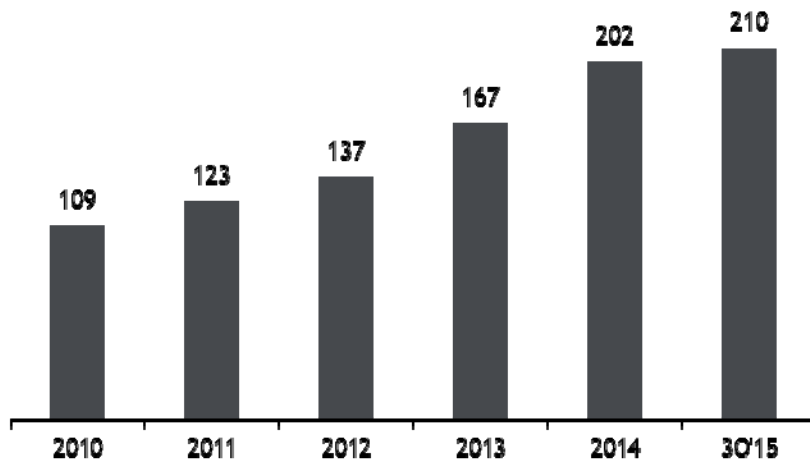
(000 TRL)	Year on Year Change			Quarterly Change			Notes
	Q3'14	Q3'15	%	Q2'15	Q3'15	%	
Net Profit Share Income	500.704	642.626	28,34%	218.544	232.751	6,5%	Profit share expense increased by 32,2% while PSI raised by 30,4% YoY basis. Joint venture projects returns reached to TL 31.335 in 3Q 2015 (3Q, 2014: TL 40,007)
Net Fee Income	93.865	94.198	0,35%	37.338	22.326	-40,2%	Lower Net Fee income QoQ but same with last year.
Net Trading Income	40.952	30.981	-24,35%	19.867	-10.424	-152,5%	Lower FX trading income due to high volatility in exchange rates on YoY basis
Other Income	79.406	94.174	18,60%	34.420	32.535	-5,5%	Reversal of prior year provisions in 2015 is higher than 2014
Provisioning	117.787	123.102	4,51%	48.221	35.098	-27,2%	Lower coverage ratio in 2015 compared with the 2014 figures.
Other Costs	360.851	473.701	31,27%	164.237	154.559	-5,9%	YoY increase in other costs due to increase in FX rates, new branch openings and transformation project.
Tax	53.255	53.315	0,11%	21.004	16.109	-23,3%	-
<b>Net Profits</b>	<b>183.034</b>	<b>211.861</b>	<b>15,75%</b>	<b>76.707</b>	<b>71.422</b>	<b>-6,9%</b>	<b>-</b>

## Branch and staff size

Total Employees Size



Total Number of Branches



Albaraka Türk Branches



Albaraka Türk branches

İstanbul	86	Hatay	2	Elazığ	1	Edirne	1	Burdur	1
Ankara	17	Kütahya	2	Erzurum	1	Maraş	1	Van	1
İzmir	6	Manisa	2	Eskişehir	1	Nevşehir	1	Yalova	1
Bursa	6	Diyarbakır	2	Giresun	1	Ordu	1	Zonguldak	1
Adana	5	Samsun	2	Afyon	1	Osmaniye	1	Mardin	1
Konya	9	Balıkesir	2	Isparta	1	Rize	1	Muş	1
Kocaeli	5	Denizli	2	Karaman	1	Sakarya	1	Bitlis	1
Kayseri	4	Şanlıurfa	2	Karabük	1	Adıyaman	1	Uşak	1
Antalya	4	Bolu	1	Kastamonu	1	Sivas	1	Erbil	1
Tekirdağ	3	Çanakkale	1	Ordu	1	Yozgat	1		
Gaziantep	3	Çorum	1	Çankırı	1	Siirt	1		
Trabzon	3	Düzce	1	Malatya	1	Batman	1		
Mersin	3	Aksaray	1	Aydın	1	Tokat	1		

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## Total growth - 2015/9

Percent	2015 (9 Months)			2014 (9 months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Asset Size	26,8	17,2	20,2	26,4	6,9	11,4
Total Credits*	19,9	15,3	20,5	21,8	3,2	13,3
Deposits/Collected Funds**	22,8	15,2	20,3	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



## Market Share- 2015/9

Percent	2015 (9 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	23,9	1,2	5,1	21,1	1,1	5,3
Total Credits*	23,6	1,3	5,3	20,9	1.2	5.7
Deposits/ Collected Funds**	26,6	1,5	5.7	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

Percent	2015 (9 Months)			2014 (12 Months)		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	12,11	14.99	15,37	14,15	14.53	16.30
NPL Ratio	2.60	5.45	2.90	2.02	4.46	2.84
Provisioning Ratio	70.49	60.72	73.64	87.85	61.78	73.84
Loan/Deposits	94.92	106,70	114,17	97.24	106,61	113,96
ROAA (IBT)	1.36	1.18	1.45	1.59	0.36	1.70
ROAE (NI)	15,08	0,81	10,34	15,35	0,93	11.52
Asset Yield	8.37	8.40	8.68	8.88	8.39	8.88
Spread	3,82	4.32	4.08	4,16	4.23	4,12
Net Profit Share Margin	3.93	4.47	4.24	4.12	4.37	4.31
Net Fee Income / Avg. Assets	1.18	1.00	1.02	1.30	1.15	1.12
Op Costs / Avg. Assets	2,50	2.69	2.31	2.52	2.87	2.37
Cost/Income*	54,96	51,81	47,53	51.35	50.50	46.02
Credits / Branches (000'TRL)	92,375	78,035	125,211	80,117	71,916	104,933
Staff / Branches	17.51	15.80	17.68	17.75	16.41	17.76
CA / Deposits	18,31	25,83	18.51	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	7.096.814	4.777.420	48,55%
Financial Assets	992.304	665.371	49,14%
Funds Utilized	18.400.243	16.183.692	13,70%
<i>Cash Credits</i>	18.251.386	15.434.332	18,25%
<i>NPL</i>	504.492	326.975	54,29%
<i>Provisions</i>	355.635	287.261	23,80%
<i>Net Financial Leasing Receivables</i>	998.602	709.646	40,72%
Investments Held to Maturity (Net)	745.582	783.309	-4,82%
Associates	24.961	14.961	66,84%
Fixed Assets	588.996	513.465	14,71%
Assets Held For Sale and Investment	25.688	27.678	-7,19%
Other Assets (inc. Tax Assets)	340.203	79.962	325,46%
<b>Total Assets</b>	<b>29.213.433</b>	<b>23.046.424</b>	<b>26,76%</b>
Funds Collected	20.437.731	16.643.218	22,80%
Funds Borrowed	4.458.748	3.215.998	38,64%
Debts (inc. Taxes)	1.475.401	691.031	113,51%
Provisions	253.812	232.824	9,01%
Tier II Sukuk	618.913	472.426	31,01%
Shareholders' Equity	1.968.828	1.790.927	9,93%
<i>Capital</i>	900.000	900.000	0,00%
<i>Capital Reserves (inc. Premium)</i>	157.675	160.196	-1,57%
<i>Profit Reserves</i>	696.531	470.137	48,15%
<i>Profits</i>	214.622	260.594	
<i>Past Periods</i>	2.761	7.963	
<i>Current Year</i>	211.8619	252.631	
<b>Total Liabilities</b>	<b>29.213.433</b>	<b>23.046.424</b>	<b>26,76%</b>

## Summary Income Statement

(Thousand TRL)	Sep '14	Sep '15	Growth
Profit Share Income	1.080.918	1.409.456	30,39%
Profit Share Expense	580.214	766.830	32,16%
Net Profit Share Income	500.704	642.626	28,34%
Net Fees and Commissions Income	93.865	94.168	0,32%
<i>Fees and Commissions Received</i>	116.394	123.969	6,51%
<i>Fees and Commissions Paid</i>	22.529	36.292	61,09%
Net Trading Income	40.304	30.971	-23,16%
Other Operating Income	79.406	94.174	18,60%
Total Operating Profit	714.927	861.979	20,57%
Provisions for Loan Losses	117.787	123.102	4,51%
Other Operating Expenses	360.851	473.701	31,27%
Net Operating Profit	236.289	265.176	12,23%
Tax Provision	-53.255	-53.315	0,11%
<b>Net Profits</b>	<b>183.034</b>	<b>211.861</b>	<b>15,75%</b>

THANK YOU

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