

Albaraka Türk's Net Profit for the First Quarter of 2023 had been TRY 517 Million

Albaraka Türk, Turkey's first participation bank, reported a net profit of TRY 517 million on standalone basis in the first quarter of 2023, increasing its net profit by 166% compared to the same period of the previous year.

Operating Revenues and Net Profit Significantly Increased

Albaraka Türk, Turkey's leading participation bank, announced its first quarter financial results for 2023 on the PDP (Public Disclosure Platform). With a cash loan portfolio of TRY 82 billion, Albaraka Türk increased its cash loan portfolio by 10% in the three-month period compared to the end of the year and continued its contribution to the national economy with its asset size reaching TRY 152.5 billion. In the first quarter of the year, the Bank generated TRY 1.43 billion in net dividend income and increased its net profit share income by 77% compared to the same period of the previous year.

Capital Increase and Increased Profitability Raised Capital Adequacy Ratio

The share of funds collected in Albaraka Türk's resource structure, which reached TRY 114.1 billion, amounted to 75%. In 2022, the Bank increased its paid-in capital from TRY 1.35 billion to TRY 2.5 billion through capital increase through rights issue. In addition, the net profit of TRY 1.365 billion generated at the end of 2022 had been transferred to reserves and retained in equity, and with the impact of the high profit in the first quarter, shareholders' equity increased significantly. In addition to the increase in shareholders' equity, the Capital Adequacy Ratio had been realized as 14.54% as of March 31, 2023 with the positive impact of the USD 100 million contribution capital obtained in February.

Significant Improvement in Asset Quality

As of March 2023, the non-performing loans ratio (NPL) was 1.46%, down from 1.94% at year-end 2022. The Bank significantly reduced its NPL ratio in 2022 and continued its low level NPL policy in 2023. As of end-2022, the special provision ratio stood at 88%, while this ratio was maintained as of March 2023.

“We use our increased income generation to strengthen our asset quality.”

Commenting on the financial results, **Mr. Malek Temsah, Albaraka Türk's CEO and Board Member**, stated that the Bank strengthened its resource structure by increasing its paid-in capital and Turkish Lira participation funds; that the Bank recorded a net profit of TRY 517 million in the first quarter, up 166% compared to the previous period; and that the Bank used its net profit share income, which increased by 77%, to strengthen its asset quality. Stating that they started 2023 with a non-performing loans ratio of 1.94%, **Temsah** said that they closed the first quarter of the year with a non-performing loans ratio of 1.46% as a result of the activities to strengthen the balance sheet; that they kept the specific provision ratio at the same level, which was at a significant level of 88% at the end of the year, and that they increased the free provision amount by TRY 85 million from TRY 1.8 billion at the end of the year to TRY 1 billion 885 million.

“We will continue to make outstanding efforts to pioneer the new world of banking.”

Stating that they are one of the banks that have shown significant success in the Currency Protected TRY Participation Accounts product, which was launched in December 2021, **Temsah** said that they increased their TRY loans by 77% in 2022 and by 20% in the last 3 months with the TRY resources obtained from this product. **Temsah** also said, "With our strengthened balance sheet and products and services that offer comprehensive solutions to the needs of our customers, we look to the future with hope and take firm steps forward. With our perspective that prioritizes the benefit of society in every aspect, we will continue to make outstanding efforts to pioneer the new world of banking."

