



# Q4'2020 Investor Presentation

*Albaraka Türk Participation Bank*  
22 February 2021

## Agenda

**1** Financial Highlights

**2** Market Comparison

**3** Appendix



### Balance Sheet

(Million TRL)	2019	2020	Y-Y(%)
Total Assets	51.392	69.316	34,9
Total Funded Credits (Net)	29.749	40.583	36,4
Total NPLs	2.222	2.045	-7,94
Deposits (incl. Interbank)	39.769	51.613	29,8
Shareholder's Equity	3.822	4.044	5,82

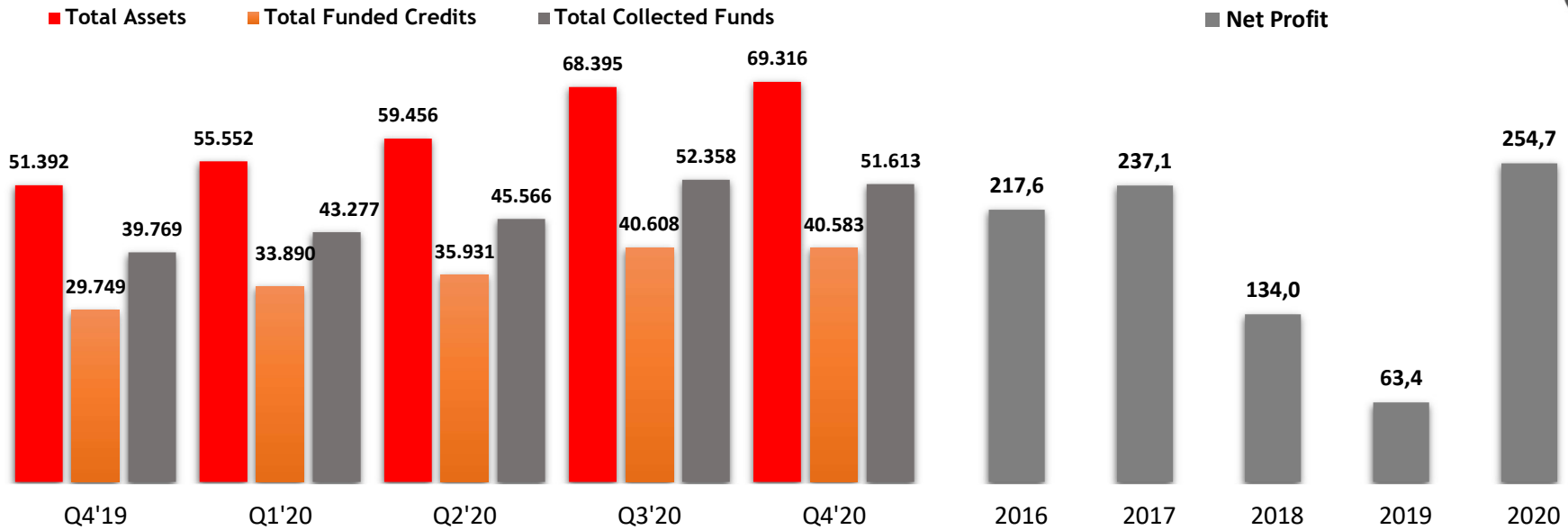
### Income Statement

(Million TRL)	2019	2020	YoY (%)
Net Profit Share Income	823	1.706	107
Net Fees & Commissions	300	234	-22,1
Provisions for Loan Loss	790	1.186	50,0
Operating Expenses*	1.112	1259	13,2
Net Profit	63	255	301

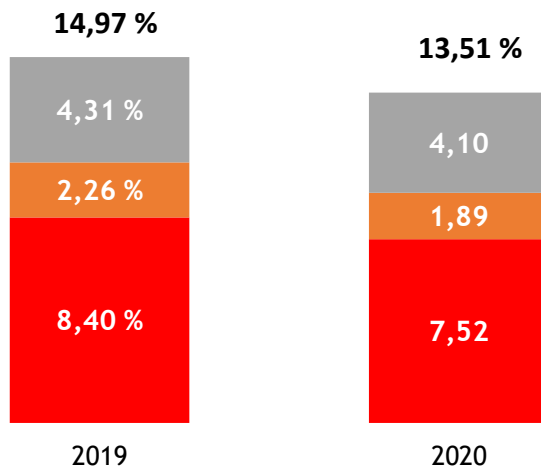
\* including personnel expenses

### Key Ratios

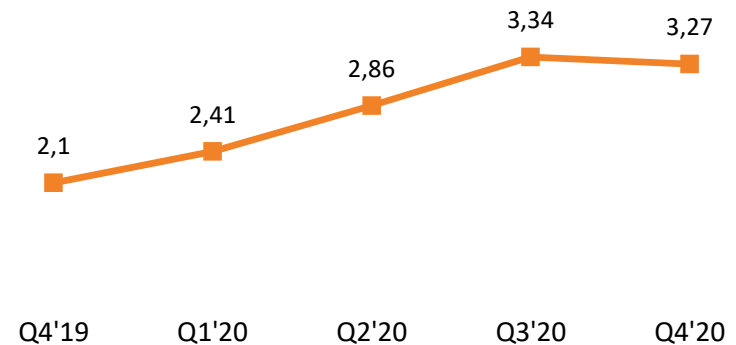
%	2019	2020	YtD (bps)
CAR	14,97	13,51	-146
Tier 1	10,66	9,41	-125
NPL	7,19	4,82	-237
Provisioning Stage III	42,61	61,02	1841
Net Profit Share Margin	2,10	3,27	117
Cost/Income	55,89	45,47	1042



Common Equity Tier I Additional Tier I Additional Tier II



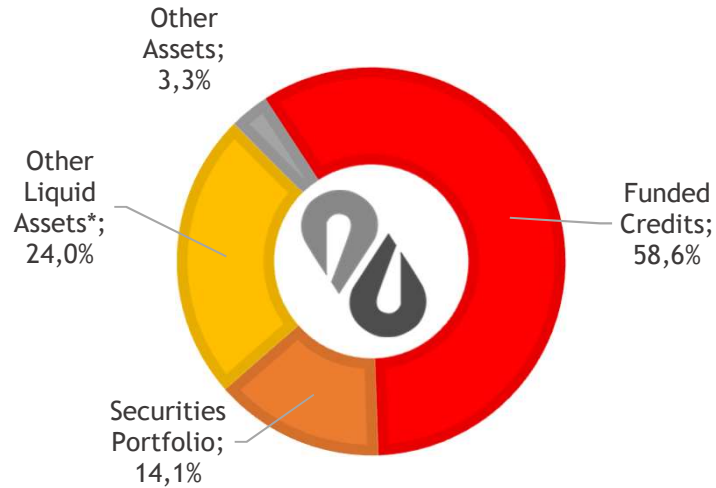
Net Profit Share Margin\*



\* Trailing for last 4 quarters

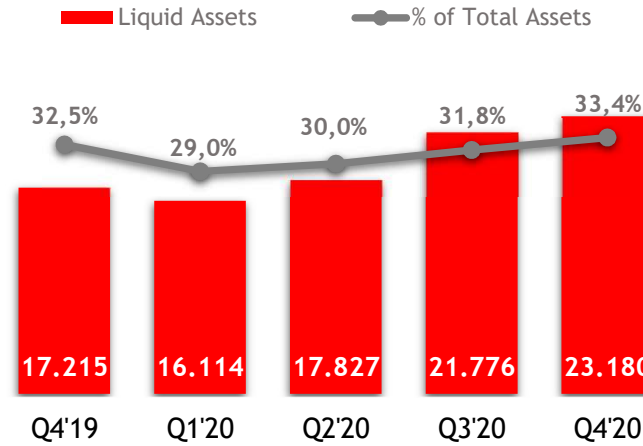


Composition of Total Assets (Q4'20)



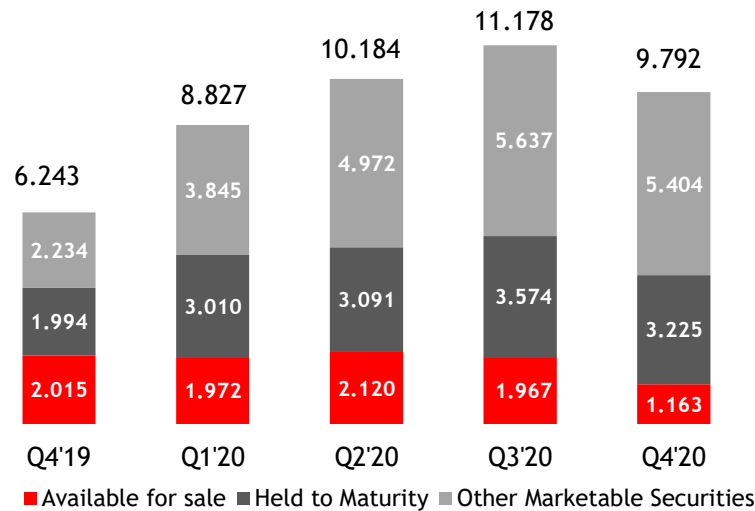
\* Other Liquid Assets includes Cash and Cash Equivalents and Derivative Financial Assets

Liquid Assets (Million TRL)

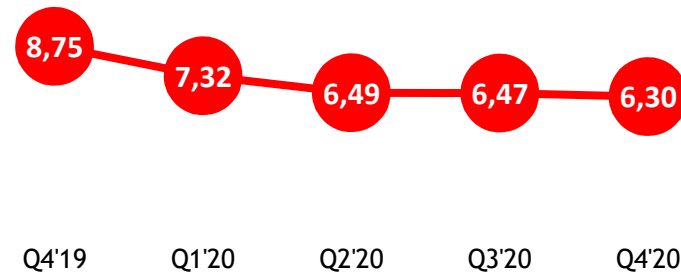


\*Liquid Assets includes Cash and Cash Equivalents, Financial Assets Measured at Fair Value through Profit/Loss, Financial Assets Measured at Fair Value through Other Comprehensive Income.

Total Securities Portfolio (Million TRL)



Securities Yield (%)



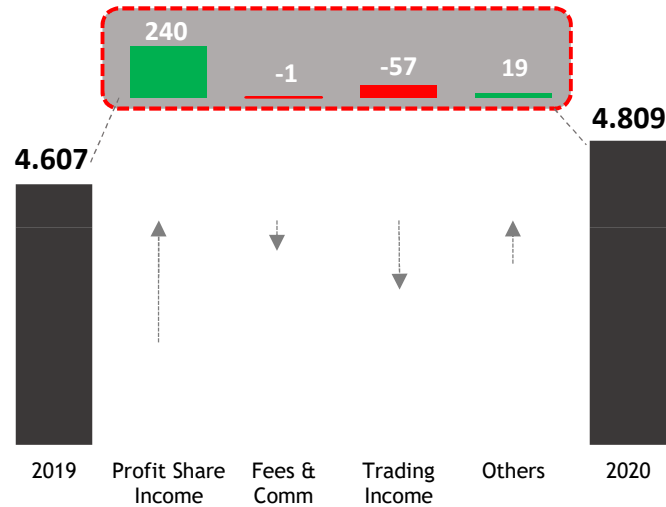
(\*) Profit share income received from securities for the last 4Q/5Q average securities

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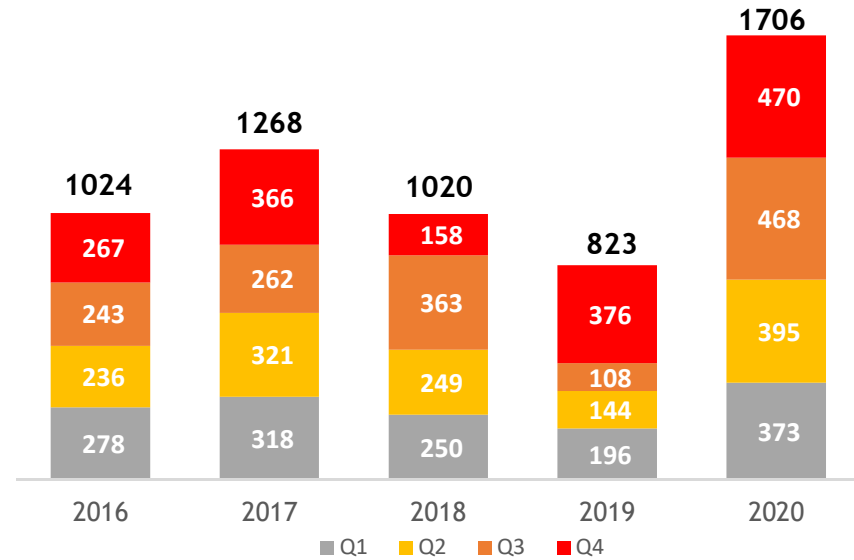
## Operation Performance Breakdown



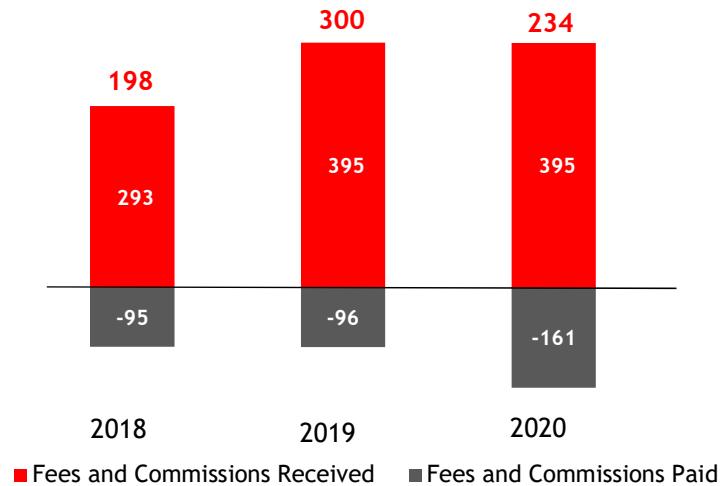
### Key Movements in Income (Million TRL)



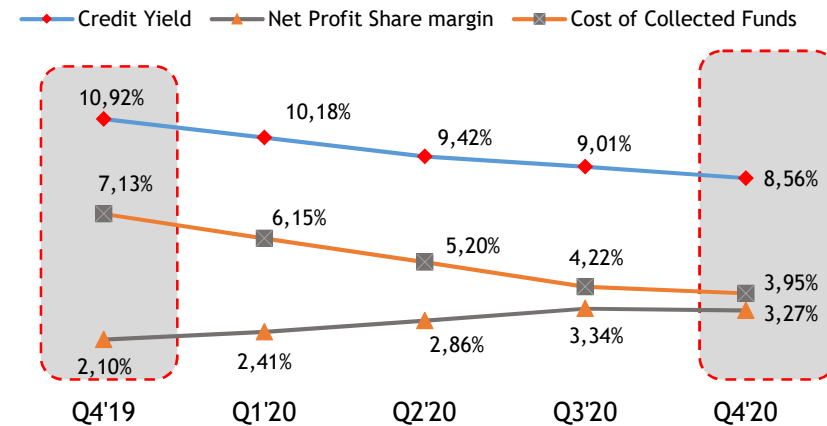
### Net Profit Share Income (Million)



### Net Fees and Commission Income (Million)



### Cost & Yield Movement (%)



## 7 Funded Credits Portfolio



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

	Q4'19	Q3'20	Q4'20	QoQ	YoY
TL Credits, TL	14.205	19.679	21.321	8,3%	50,1%
FC Credits, \$*	2.259	2.459	2.632	7,0%	16,5%
FC Indexed, \$*	364	248	167	-32,7%	-54,1%
Total Credits, TL	29.749	40.608	40.583	-0,1%	36,4%

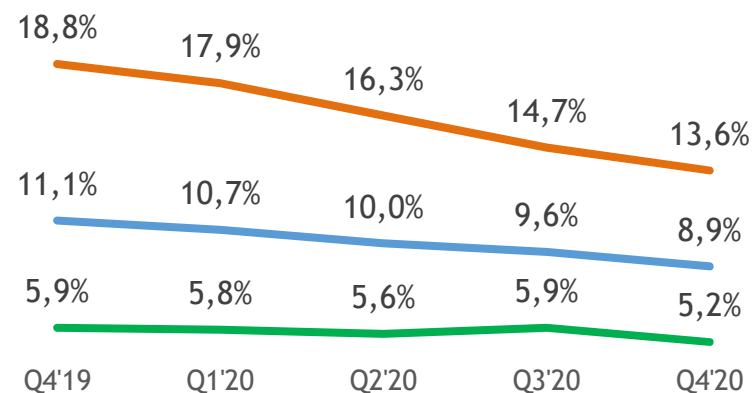
\*USD equivalent

### Composition of Total Funded Credits (%)

	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20
Corporate Credits	48,9	58,3	60,0	60,1	60,4
SME Credits	42,1	32,7	30,8	30,4	29,9
Retail Credits	9,0	9,1	9,3	9,5	9,7

According to BRSA definition

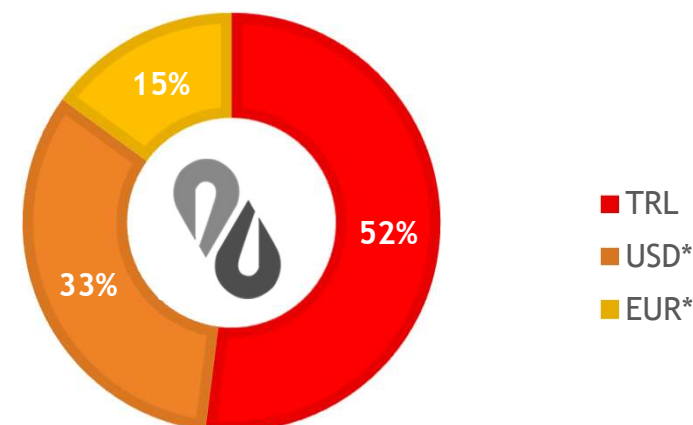
### Yield on Performing Credits (%)



— Yield on TL Loans, adjusted, trailing  
 — Blended Yield, adjusted  
 — Yield on FX Denominated Loans, trailing

Profit share income received from credits for the last 4Q/5Q average credits

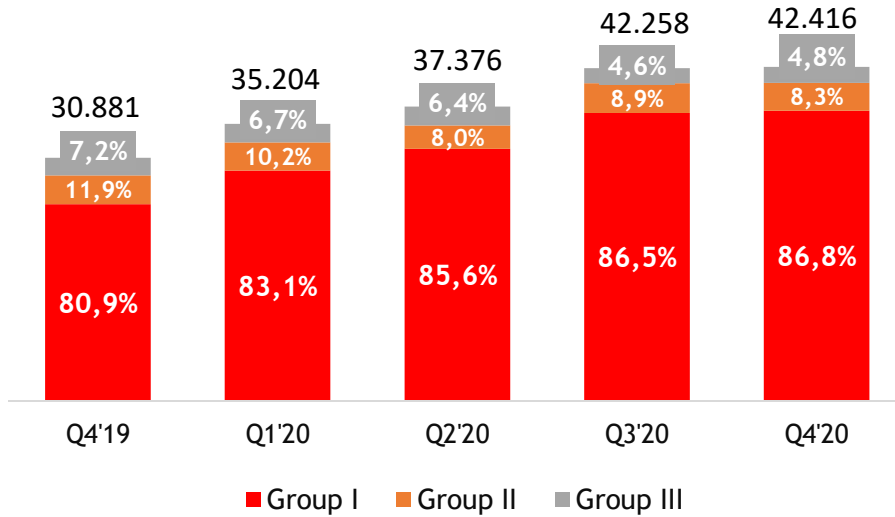
### Currency Composition of Total Funded Credits\* (Q4'20)



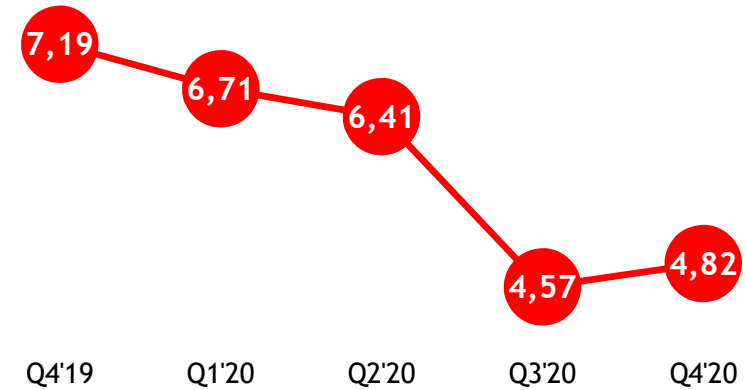
\*Including USD & EUR indexed credits



Gross Funded Credits by Groups (including financial leasing, million)

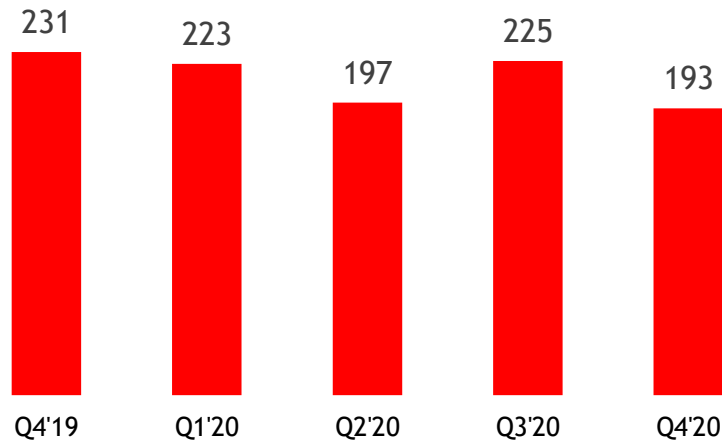


NPL Ratio (%)

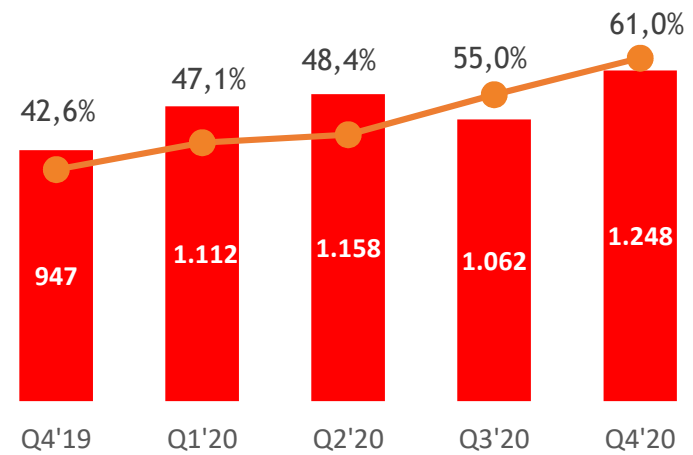


Including financial leasing & accruals and discounts

Cost of Risk (bps)



Provisioning (Stage III)



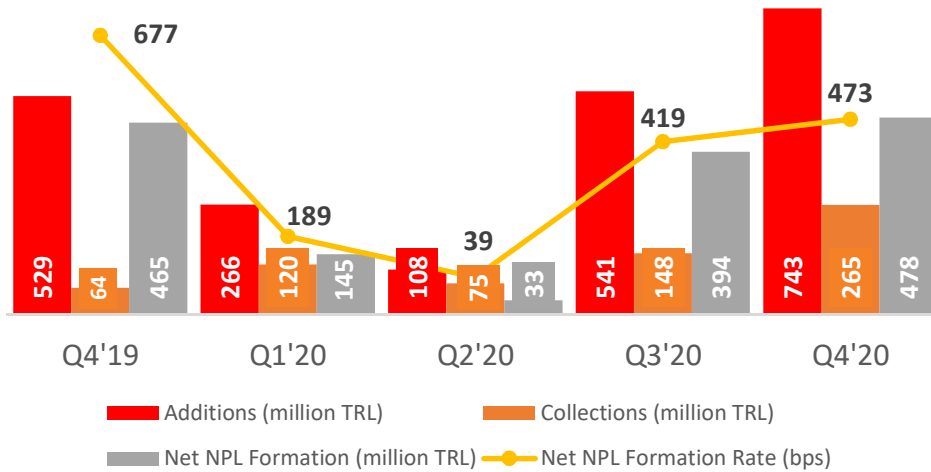
Specific provisions for credits for last 4Q/ 5Q average credits

■ Lifetime ECL Impaired Credits (Stage 3) (Million TRL) ● Provisioning Ratio (%)

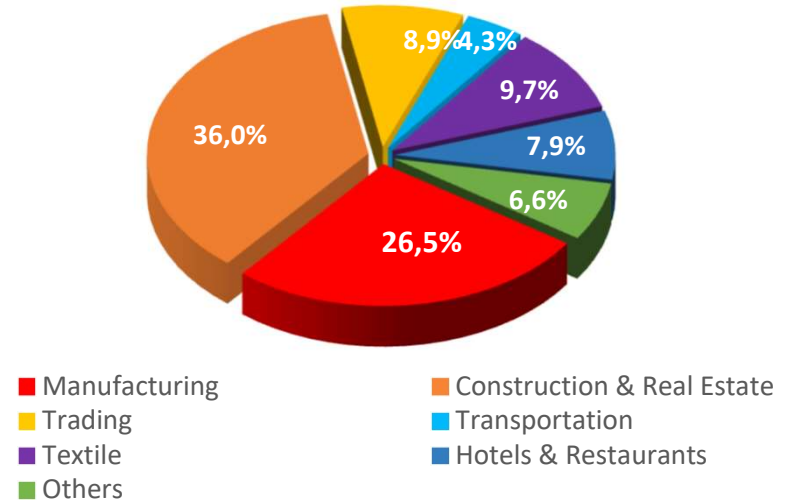




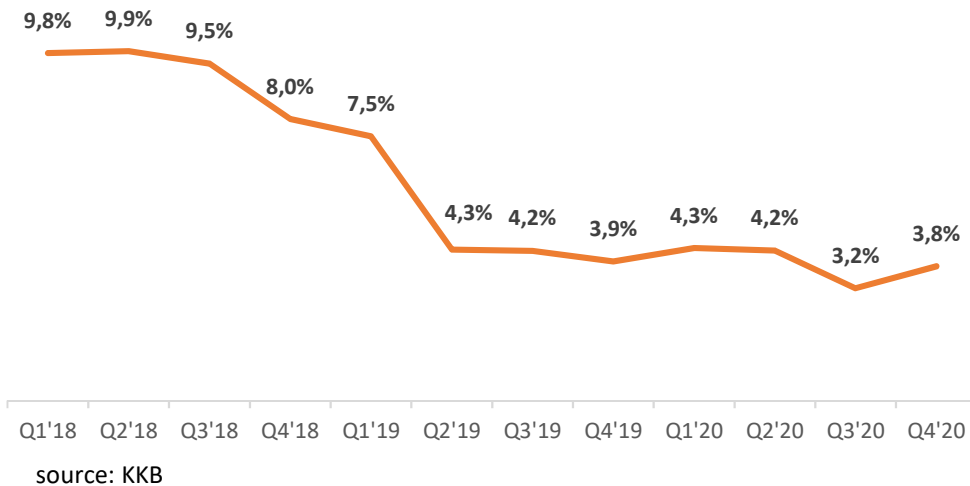
NPL Formation Trend (Quarterly)



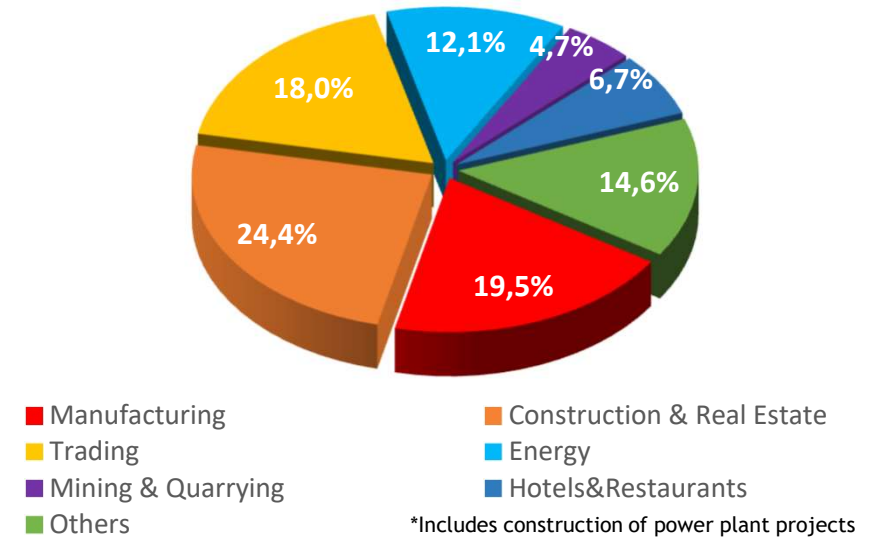
NPL Inflow Sector Distribution (Q4'20)



Percentage of NPLs in Albaraka to NPLs of Our Customers in All Banks

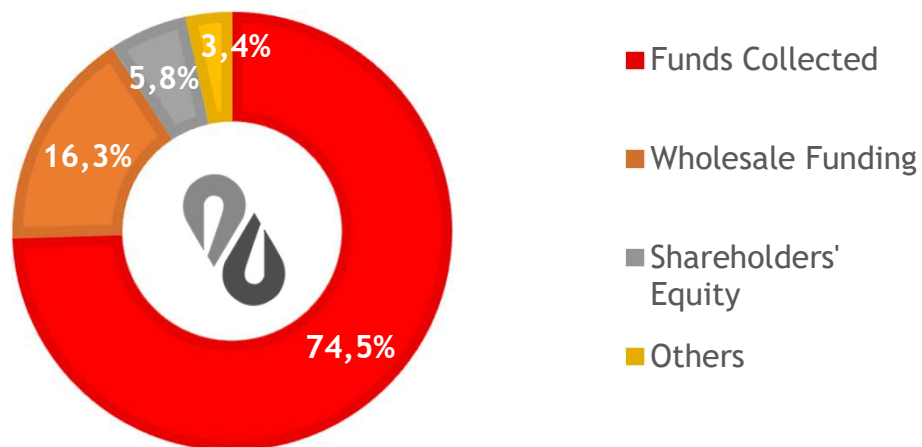


Stage II Credits Sector Distribution (Q4'20)



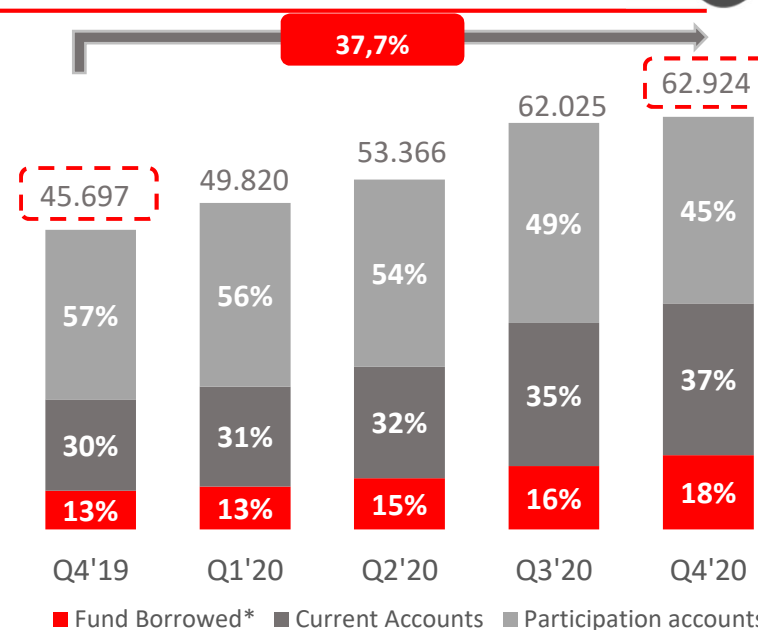
## 10 Funding Profile

### Composition of Total Liabilities (Q4'20,%)



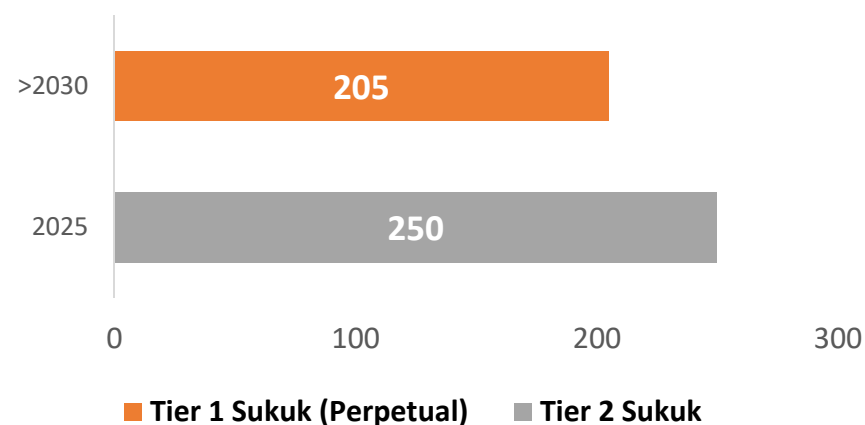
(Million TRL)	2019	2020	YoY Growth %
<b>Funds Collected (incl. Bank deposits)</b>	<b>39.769</b>	<b>51.613</b>	<b>29,8</b>
<b>Wholesale Funding</b>	<b>5.928</b>	<b>11.311</b>	<b>90,8</b>
Funds Borrowed	4.535	7.302	61,0
Syndicated Loans	-	-	-
Wakala	979	2.211	126
Issued Lease Certificates & Sukuk	2.743	4.243	54,7
Other	813	848	4,2
Sub-Ordinated Debt (Tier 2)	1.375	1.733	26,0
Borrowings From Money Market	18	2.276	12382
<b>Shareholders' Equity</b>	<b>3.822</b>	<b>4.044</b>	<b>5,8</b>
Paid in Capital	900	1.350	50,0
Other Liabilities	1.873	2.348	25,3
<b>Total Liabilities</b>	<b>51.392</b>	<b>68.395</b>	<b>34,9</b>

### Composition of Funding Base (Million TRL)



\*Fund Borrowed includes Funds Borrowed, Borrowings from Money Market and Subordinated Loans

### Maturity Profile of Liabilities (Million USD)



# 11 Funding Profile (Collected Funds)

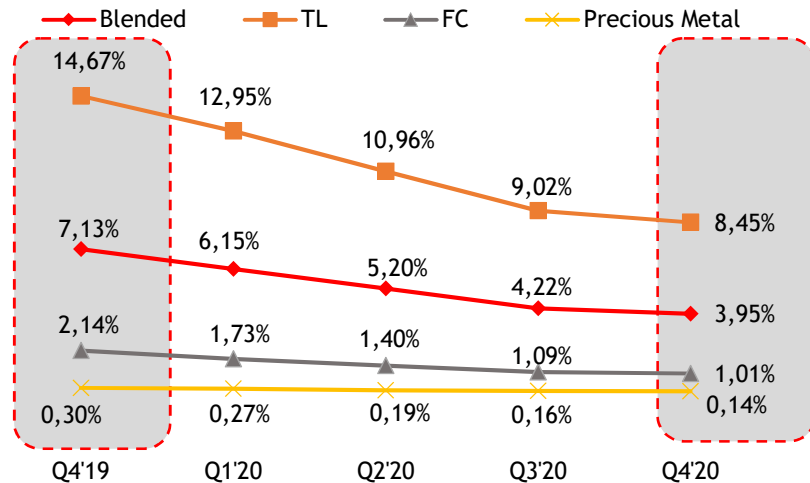


## Total Funds Collected (Million TRL)

	2019	2020	Yoy
<b>Funds Collected</b>	<b>39.769</b>	<b>51.613</b>	<b>29,8%</b>
<b>Current Accounts</b>	<b>13.902</b>	<b>23.159</b>	<b>66,6%</b>
Current Accounts TL	4.199	4.635	10,4%
Current Accounts, FC, \$	1.637	2.520	53,9%
<b>Participation Accounts</b>	<b>25.867</b>	<b>28.454</b>	<b>10,0%</b>
Participation Accounts TL	10.497	10.830	3,2%
Participation Accounts FC, \$	2.593	2.397	-7,6%

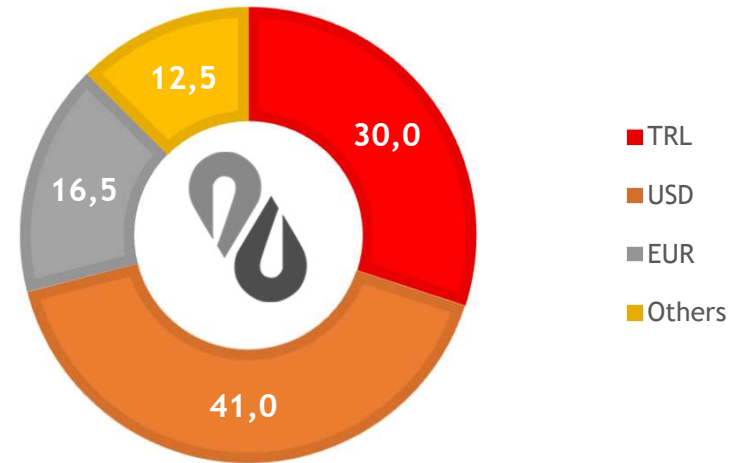
\*USD equivalent of FC accounts

## Cost of Funds Collected\*

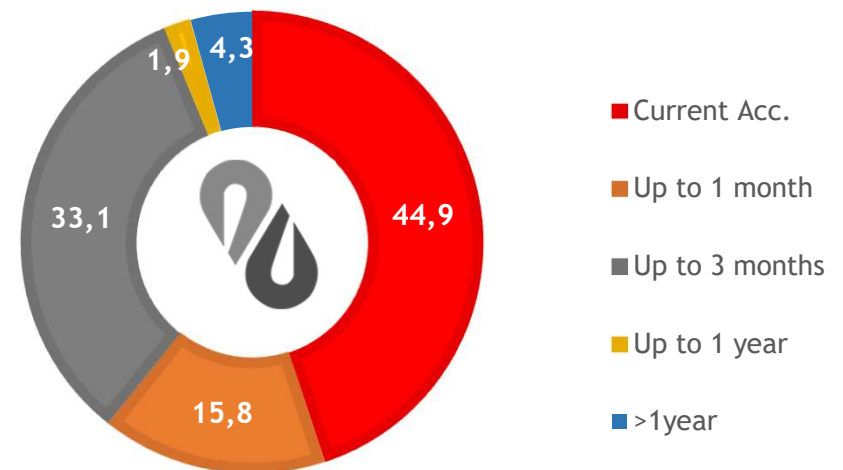


\*Profit share expense to depositors for the last 4Q/5Q average participation accounts

## Currency Composition of Funds Collected (Q4'20,%)



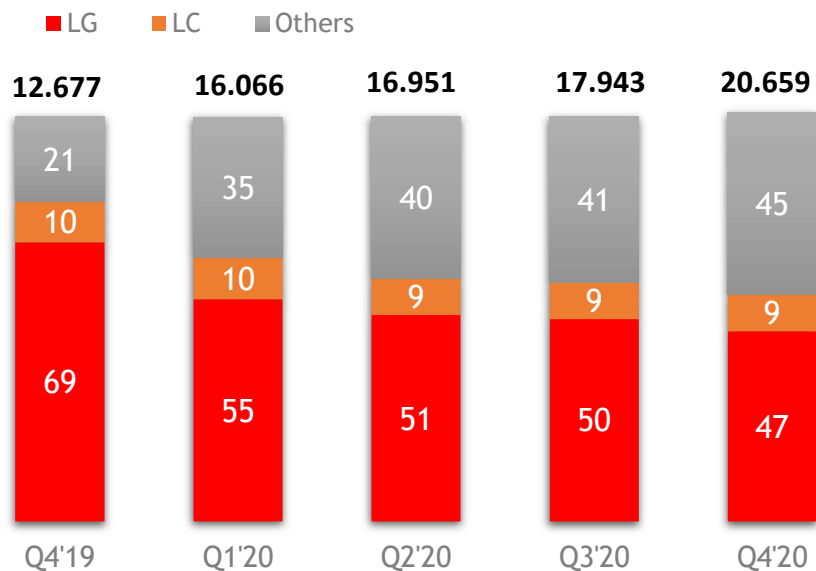
## Maturity Composition of Funds Collected (Q4'20,%)



## 12 Off Balance Sheet Growth

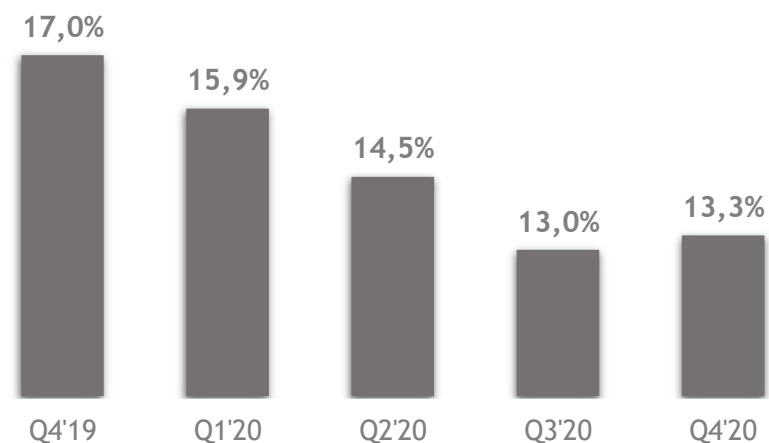


### Off Balance Sheet Composition (%)



### LGs\*-to-Total Assets

\*Below 20% of LGs to Total Assets is targeted



### Guarantees & Sureties (TRL million)

	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Growth (%)	
						QoQ	YoY
Letter of Guarantee	8.718	8.826	8.636	8.918	9.203	3,2%	5,6%
Letter of Credit	1.330	1.662	1.519	1.554	1.771	14,0%	33,2%
Others*	383	369	283	119	148	24,4%	-61,4%
<b>Total:</b>	<b>10.431</b>	<b>10.857</b>	<b>10.438</b>	<b>10.592</b>	<b>11.122</b>	<b>5,0%</b>	<b>6,6%</b>

\*Revocable credit limits not included.

## 13 Income- Cost Dynamics



(Million TRL)	Yearly			Notes
	2019	2020	%	
Net Profit Share Income	823	1.706	107,2	Profit Share income increased by 7,2% While Profit share Expenses decreased by 25,5% YoY. Downward cost of funding lead to stronger Net Profit Share Income.
Net Fee Income	300	234	-22,1	Circa 22,1 % Y-o-Y contraction in this line item is mostly stemming from new CBRT commissions on required reserves for FC deposits beside decreasing POS and Clearing Room fees and commissions.
Net Trading Income	324	267	-17,6	Decline on this item, is mostly stemming from less Capital Market Transaction Income from Investment Fund Participation Certificates.
Other Income	543	562	3,5	Income from sale of assets has been increased by %100.2
Provisioning	790	1.186	50,0	Total Coverage Ratio has been increased to 61%
Personnel Expenses	667	722	8,2	Below CPI which is 14,6 %
Other Costs	445	536	20,6	Increase in other expenses, which is above CPI, is stemming from legal dues (Taxes, Duties, Charges etc.) and Expertise and Information Expenses
<b>Net Profit</b>	<b>63</b>	<b>255</b>	<b>302</b>	

## 14 Income- Cost Dynamics



(Million TRL)	Quarterly				
	Q4'19	Q3'20	Q4'20	QoQ %	YoY %
Net Profit Share Income	376	468	470	0,3	25,1
Net Fee Income	76	62	71	13,7	-6,6
Net Trading Income	98	104	94	-10,1	-5,0
Other Income	111	329	91	-72,4	-17,8
Provisioning	294	536	267	-50,2	-9,5
Personnel Expenses	172	191	182	-4,6	5,9
Other Costs	121	146	131	-10,1	8,2
<b>Net Profit</b>	<b>52</b>	<b>75</b>	<b>117</b>	<b>56,4</b>	<b>125,2</b>

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Percent %	Q4'19			Q4'20		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	14,97	18,04	18,43	13,51	17,79	18,76
NPL Ratio	7,19	4,53	5,27	4,82	3,51	4,03
Provisioning Ratio (Stage 3)	42,61	63,88	65,14	61,02	82,91	74,82
Loan/Deposits	74,80	78,21	105,98	78,63	75,56	104,05
Asset Yield	8,53	10,14	11,11	6,87	7,31	8,64
Asset Spread	2,33	3,50	3,80	3,45	3,81	4,12
Net Profit Share Margin	2,10	3,99	4,41	3,27	4,14	4,46
Op Costs / Avg. Assets	2,43	2,11	1,99	2,07	1,80	1,79
Cost/Income*	55,89	35,84	36,65	45,47	34,56	34,22
Credits / Branches (000'TRL)	129,344	145,359	250,414	176,449	197.961	337.123
Staff / Branches	16,48	13,60	17,99	14,74	13,43	18,16
CA / Deposits	34,96	33,53	24,71	44,87	45,22	32,60

\*Cost: Operating Costs, Income: NPSI, Net Fees and Commissions Income, Other Income Net Trading Income



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## 18 Summary Balance Sheet

(Million TRL)	Q4'19	Q4'20	Growth
Cash and Balances with Central Bank	8.796	13.235	50,5%
Banks	4.187	3.413	-18,5%
Financial Assets	6.243	9.792	56,9%
Funded Credits	29.749	40.583	36,4%
<i>Cash Credits</i>	28.416	40.011	40,8%
<i>NPL</i>	2.222	2.045	-8,0%
<i>Provisions (Stage III)</i>	947	1.248	31,8%
<i>Net Financial Leasing Receivables</i>	244	360	47,5%
Associates	70	43	-38,6%
Fixed Assets	1.547	1.428	-7,7%
Assets Held For Sale and Investment	124	131	5,5%
Other Assets (inc. Tax Assets)	692	710	2,6%
<b>Total Assets</b>	<b>51.392</b>	<b>69.317</b>	<b>34,9%</b>
Funds Collected	39.769	51.613	29,8%
Funds Borrowed	4.535	7.302	61,0%
Debts	1.756	4.423	151,9%
Provisions (inc. Taxes)	135	201	48,9%
Tier II Sukuk	1.375	1.733	26,0%
Shareholders' Equity	3.822	4.044	5,8%
<i>Capital</i>	900	1.350	50,0%
<i>Capital Reserves (inc. Premium)</i>	1.345	961	-28,6%
<i>Profit Reserves</i>	1.430	1.493	4,4%
<b>Total Liabilities</b>	<b>51.392</b>	<b>69.317</b>	<b>34,9%</b>

## 19 Summary Income Statement



(Million TRL)	2019	2020	Growth (%)
Profit Share Income	3.344	3.585	7,2
Profit Share Expense	2.521	1.879	-25,5
Net Profit Share Income	823	1.706	107
Net Fees and Commissions Income	300	234	-22,1
<i>Fees and Commissions Received</i>	395	395	-0,1
<i>Fees and Commissions Paid</i>	96	161	68,7
Net Trading Income	324	267	-17,6
Other Operating Income	543	562	3,5
Total Operating Profit	1.323	2.046	54,7
Provisions for Loan Losses and Other Receivables	790	1.186	50,0
Personnel Expenses	667	722	8,2
Other Operating Expenses	445	536	20,6
Operating Profit Before Tax	87	324	270
Tax Provision	24	69	189
<b>Net Profit</b>	<b>63</b>	<b>255</b>	<b>302</b>

**THANK YOU**

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