

# Q2'2021 Investor Presentation

*Albaraka Türk Participation Bank*

10 Aug 2021

## Agenda

**1** Financial Highlights

**2** Market Comparison

**3** Appendix



## Balance Sheet

(Million TRL)	Q4'20	Q2'21	YtD (%)
Total Assets	69.316	79.049	14,04
Total Funded Credits (Net)	40.583	46.081	13,55
Total NPLs	2.045	2.237	9,35
Deposits (incl. Interbank)	51.613	61.706	19,55
Shareholder's Equity	4.044	4.091	1,15

## Income Statement

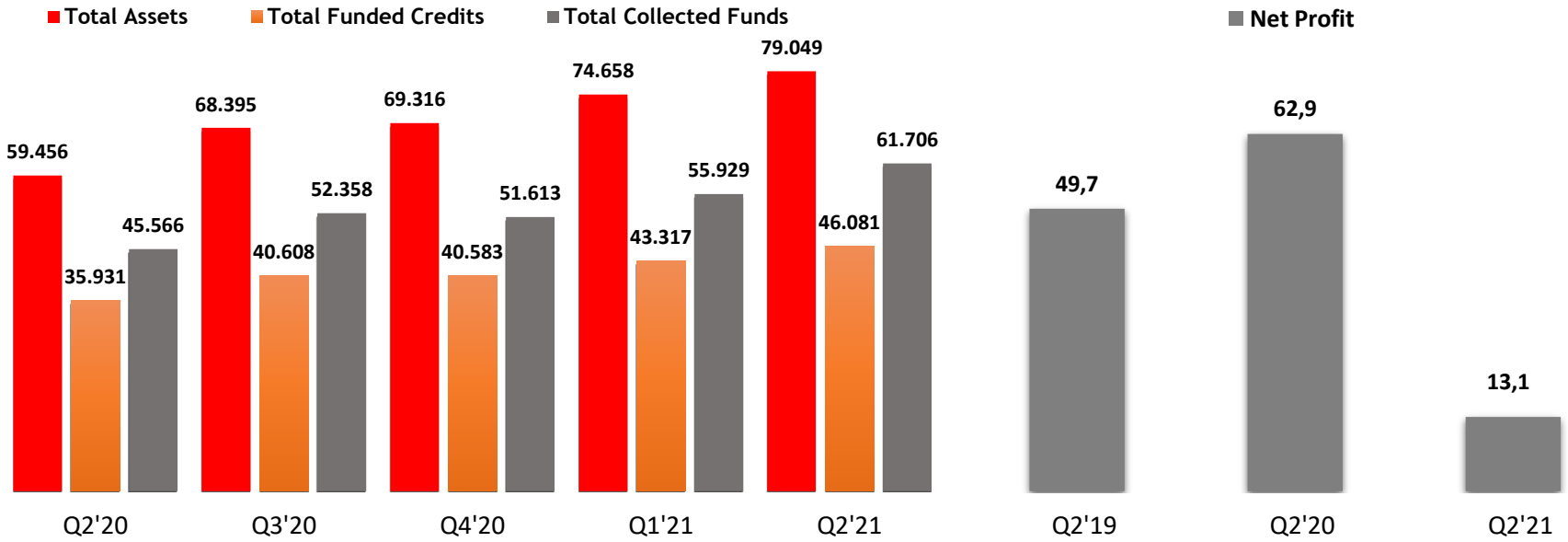
(Million TRL)	Q2'20	Q2'21	YoY (%)
Net Profit Share Income	768	594	-22,66
Net Fees & Commissions	100	170	70,23
Provisions for Loan Loss	384	520	35,63
Operating Expenses*	609	728	19,72
Net Profit	63	13	-79,22

\* including personnel expenses

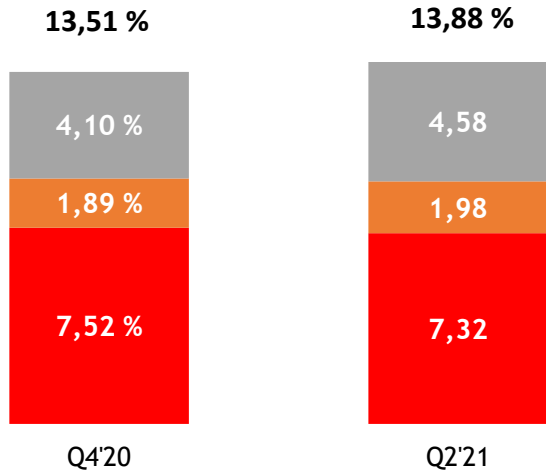
## Key Ratios

%	Q4'20	Q2'21	YtD (bps)
CAR	13,51	13,88	37
Tier 1	9,41	9,30	-11
NPL	4,82	4,65	-17
Provisioning Stage III	61,02	61,50	48
Net Profit Share Margin	3,27	2,52	-75
Cost/Income	45,47	59,32	1.385

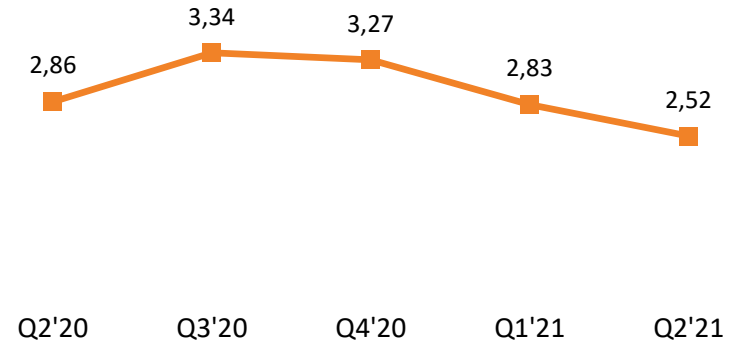
# 4 Q2'21 Main Highlights (Million TRL)



**Common Equity Tier I** (Red), **Additional Tier I** (Orange), **Additional Tier II** (Grey)



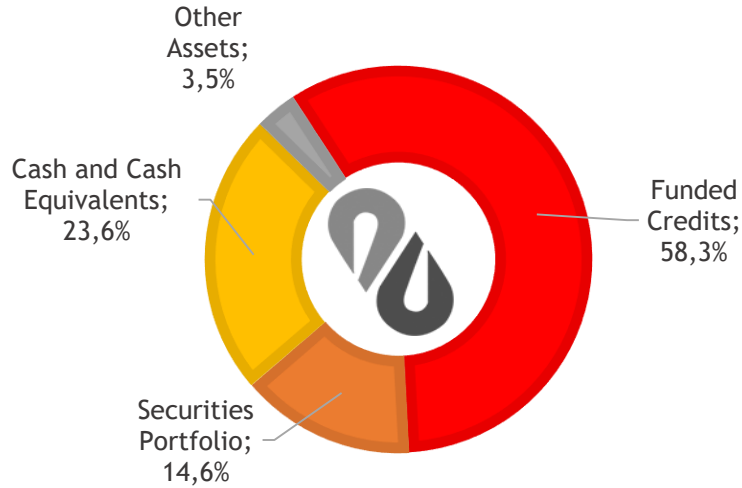
**Net Profit Share Margin\*** (Orange line)



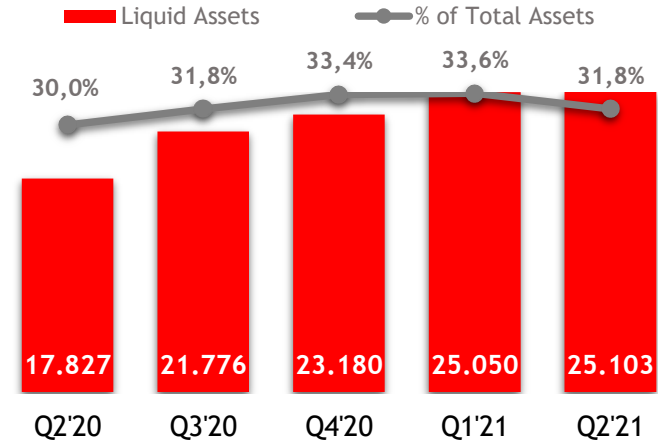
\* Trailing for last 4 quarters



### Composition of Total Assets (Q2'21)

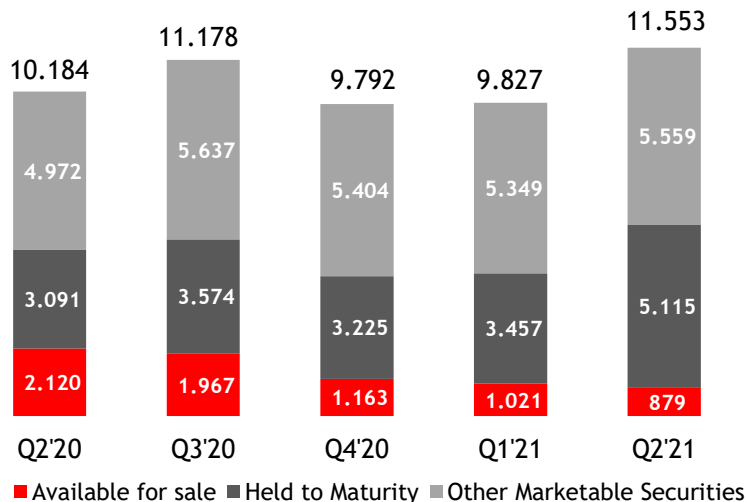


### Liquid Assets (Million TRL)

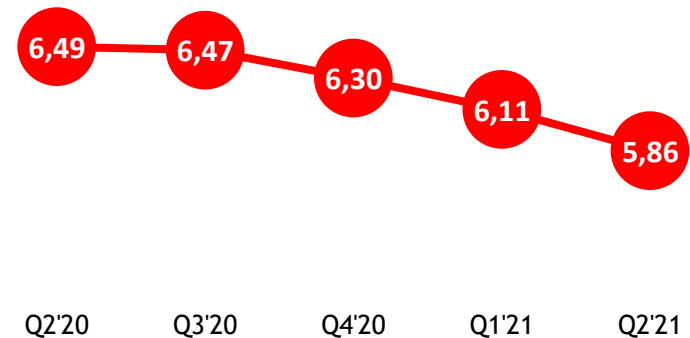


\*Liquid Assets includes Cash and Cash Equivalents, Financial Assets Measured at Fair Value through Profit/Loss, Financial Assets Measured at Fair Value through Other Comprehensive Income.

### Total Securities Portfolio (Million TRL)



### Securities Yield (%)

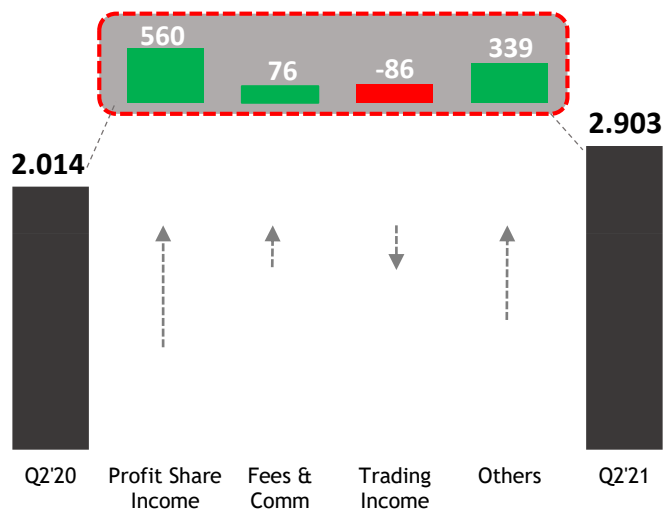


(\*) Profit share income received from securities for the last 4Q/5Q average securities

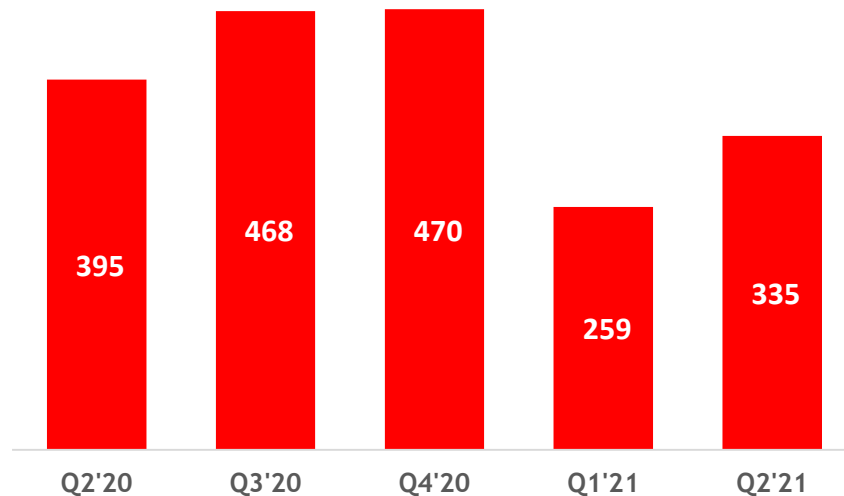
# 6 Operation Performance Breakdown



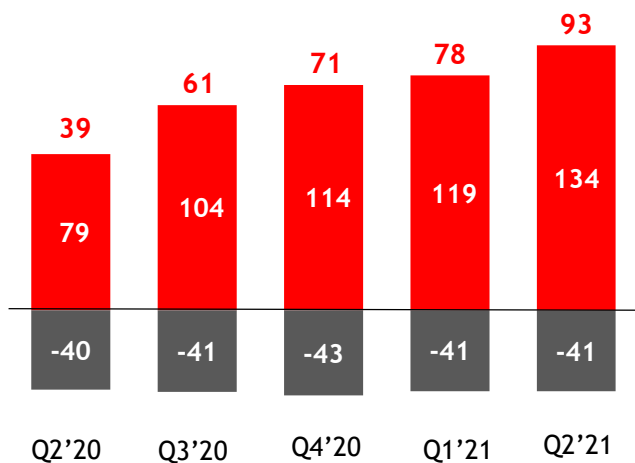
### Key Movements in Income (Million TRL)



### Net Profit Share Income (Quarterly, Million)

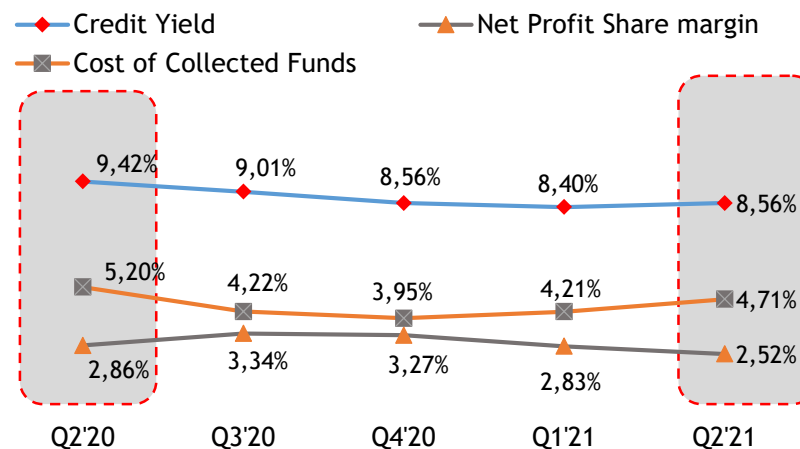


### Net Fees and Commission Income (Quarterly, Million)



■ Fees and Commissions Received ■ Fees and Commissions Paid

### Cost & Yield Movement (%)



# 7 Funded Credits Portfolio



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

	Q2'20	Q4'20	Q2'21	YtD	YoY
<b>TL Credits, TL</b>	<b>17.591</b>	<b>21.321</b>	<b>22.303</b>	<b>5,1%</b>	<b>26,8%</b>
<b>FC Credits, \$*</b>	<b>2.392</b>	<b>2.632</b>	<b>2.632</b>	<b>6,8%</b>	<b>10,1%</b>
<b>FC Indexed, \$*</b>	<b>290</b>	<b>167</b>	<b>119</b>	<b>-28,8%</b>	<b>-59,0%</b>
<b>Total Credits, TL</b>	<b>35.931</b>	<b>40.583</b>	<b>46.081</b>	<b>13,5%</b>	<b>28,2%</b>

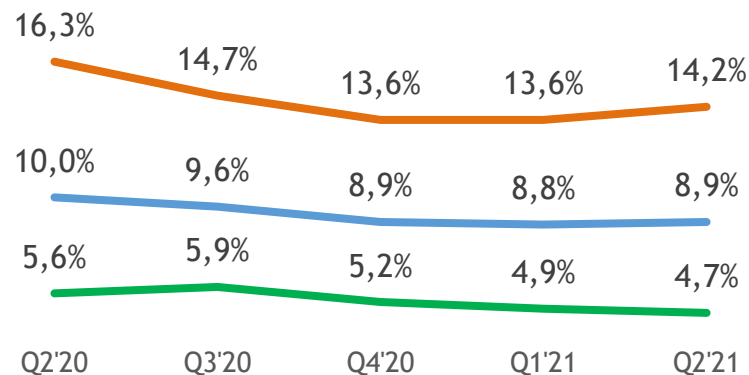
\*USD equivalent

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

	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
<b>Corporate Credits</b>	<b>60,0</b>	<b>60,1</b>	<b>60,4</b>	<b>65,2</b>	<b>65,3</b>
<b>SME Credits</b>	<b>30,8</b>	<b>30,4</b>	<b>29,9</b>	<b>25,3</b>	<b>26,1</b>
<b>Retail Credits</b>	<b>9,3</b>	<b>9,5</b>	<b>9,7</b>	<b>9,5</b>	<b>8,6</b>

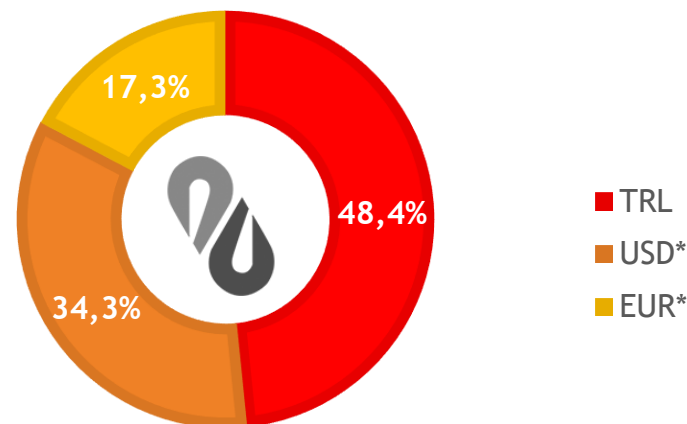
\*According to BRSA definition

## 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*

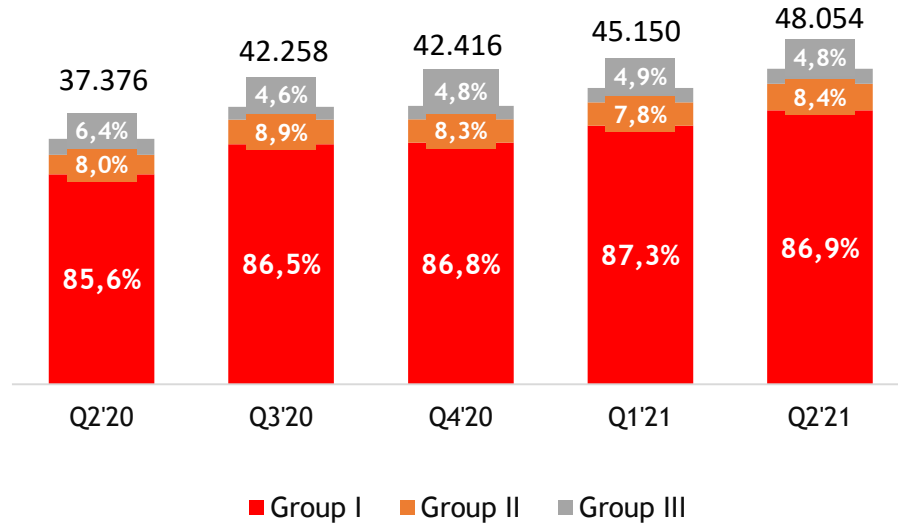
## Currency Composition of Total Funded Credits\* (Q2'21)



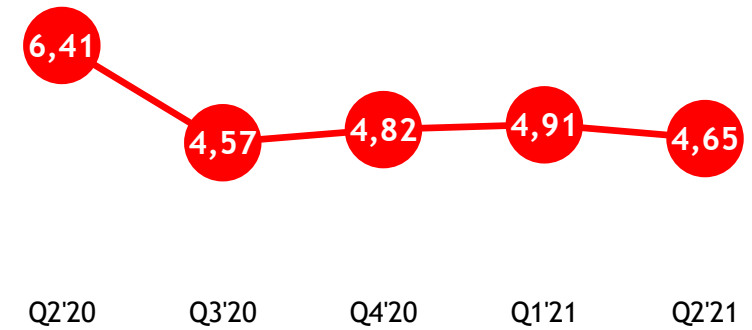
\*Including USD & EUR indexed credits



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

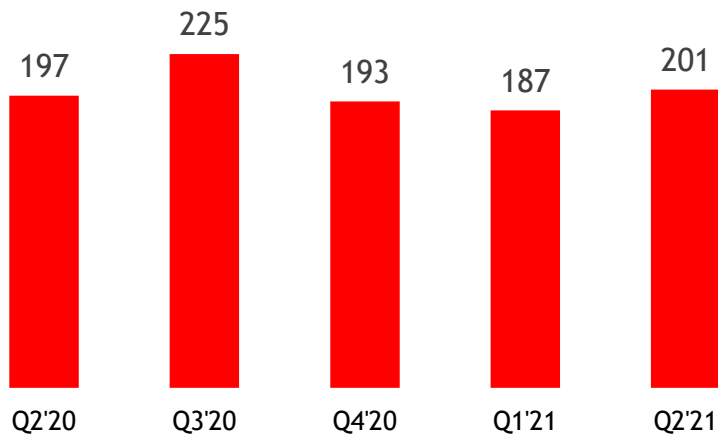


### NPL Ratio (%)



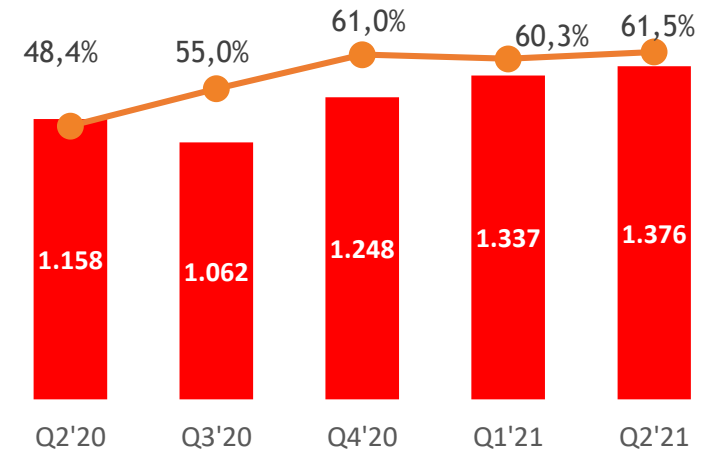
*Including financial leasing & accruals and discounts*

### Cost of Risk (bps)



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

### Provisioning (Stage III)

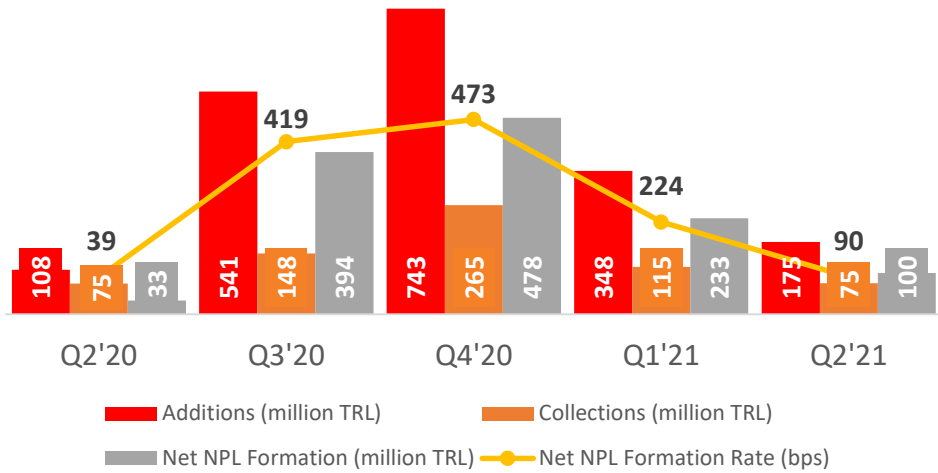


■ Lifetime ECL Impaired Credits (Stage 3) (Million TRL) ● Provisioning Ratio (%)

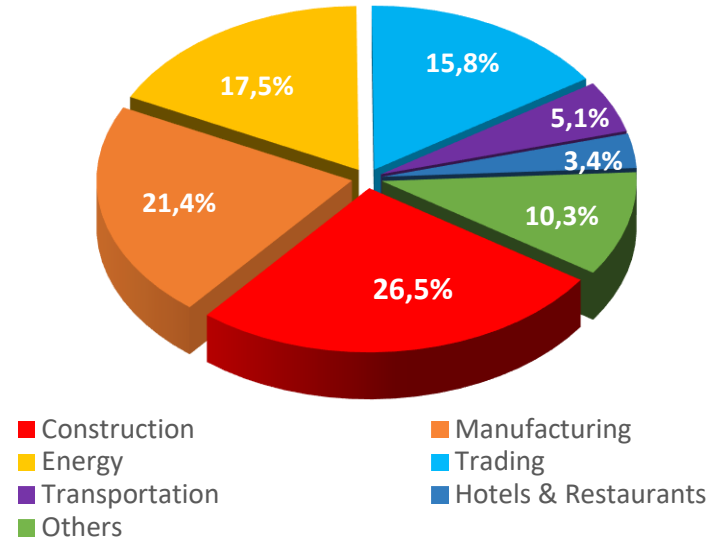




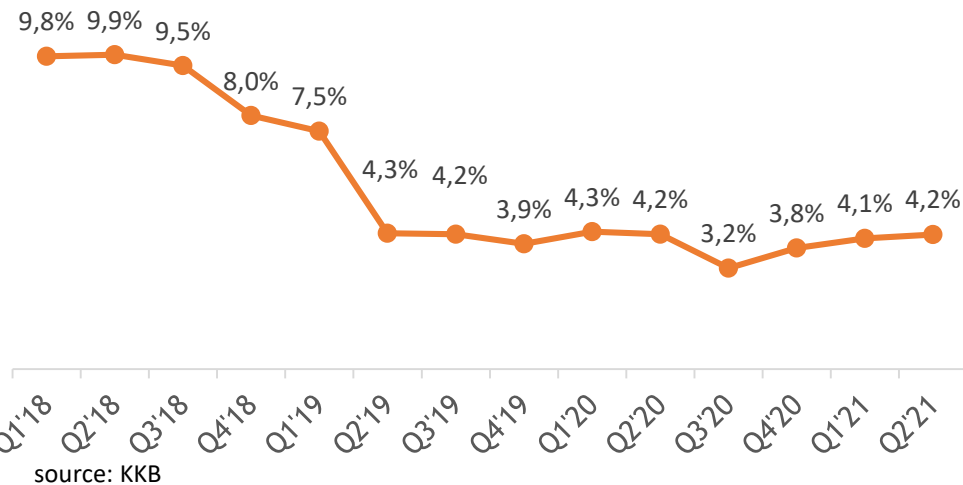
NPL Formation Trend (Quarterly)



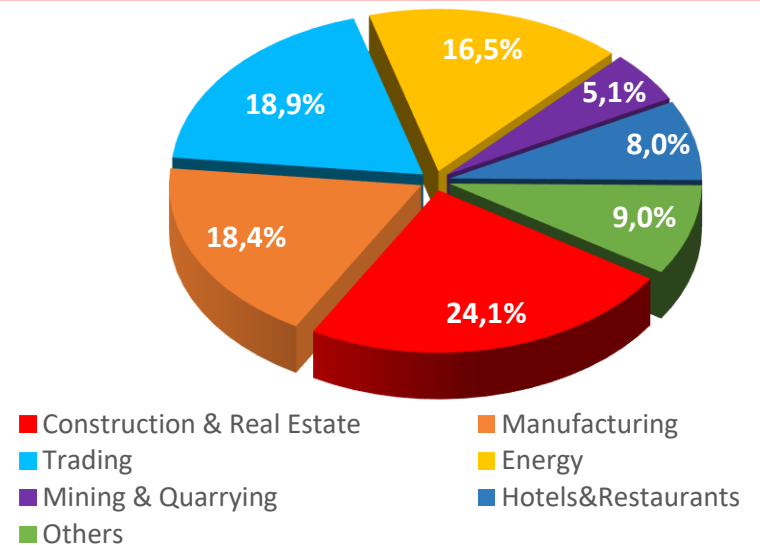
NPL Sector Distribution (Q2'21)



Bank's share in our customers' NPL to banking industry.



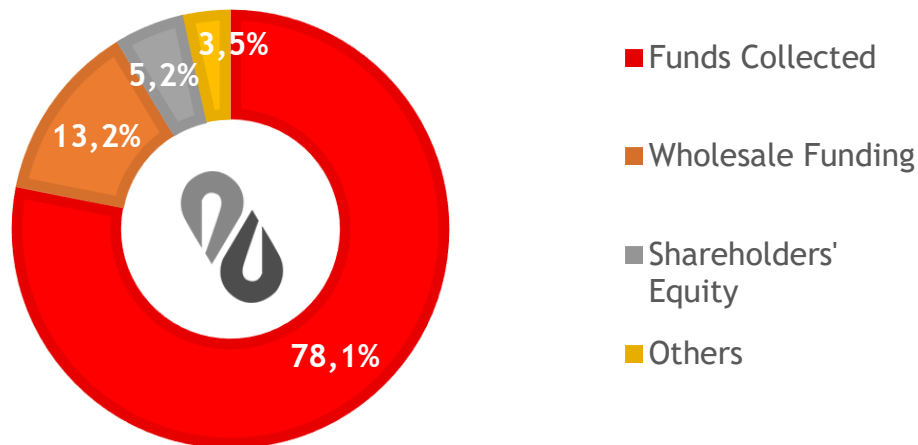
Stage II Credits Sector Distribution (Q2'21)



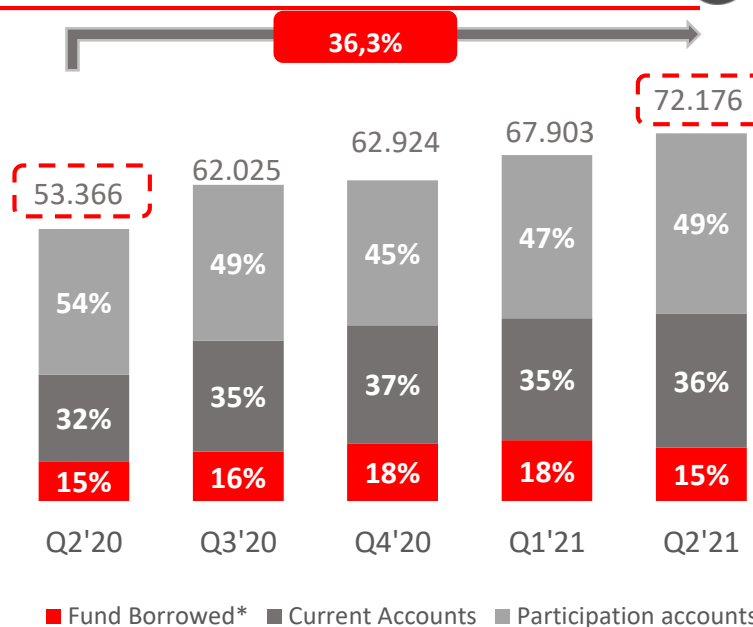
# 10 Funding Profile



## Composition of Total Liabilities (Q2'21,%)



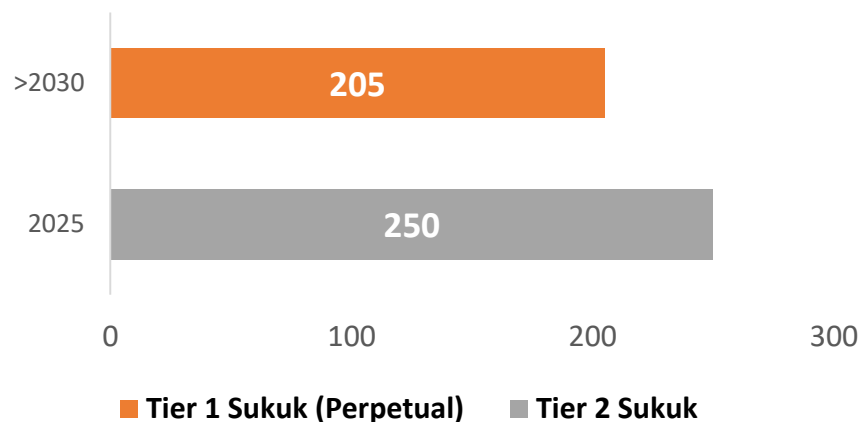
## Composition of Funding Base (Million TRL)



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

(Million TRL)	Q4'20	Q2'21	YtD Growth %
<b>Funds Collected (incl. Bank deposits)</b>	<b>51.613</b>	<b>61.701</b>	<b>19,55</b>
<b>Wholesale Funding</b>	<b>11.311</b>	<b>10.471</b>	<b>-7,42</b>
Funds Borrowed	7.302	8.356	14,44
Syndicated Loans	-	-	-
Wakala	2.211	2.450	10,82
Issued Lease Certificates & Sukuk	4.243	5.119	20,65
Other	848	787	-7,20
Sub-Ordinated Debt (Tier 2)	1.733	2.039	17,69
Borrowings From Money Market	2.276	76	-96,66
<b>Shareholders' Equity</b>	<b>4.044</b>	<b>4.091</b>	<b>1,15</b>
Paid in Capital	1.350	1.350	0,0
Other Liabilities	2.348	2.782	18,05
<b>Total Liabilities</b>	<b>68.395</b>	<b>79.049</b>	<b>14,04</b>

## Maturity Profile of Liabilities (Million USD)



# 11 Funding Profile (Collected Funds)

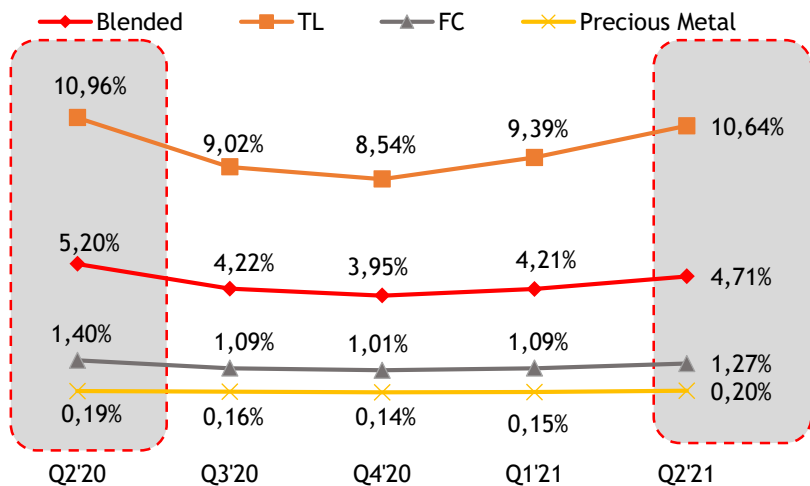


## Total Funds Collected (Million TRL)

	Q4'20	Q2'21	YtD
<b>Funds Collected</b>	<b>51.613</b>	<b>61.706</b>	<b>19,6%</b>
<b>Current Accounts</b>	<b>23.159</b>	<b>26.310</b>	<b>13,6%</b>
Current Accounts TL	4.635	5.849	26,2%
Current Accounts, FC, \$	2.520	2.367	-6,1%
<b>Participation Accounts</b>	<b>28.454</b>	<b>35.396</b>	<b>24,4%</b>
Participation Accounts TL	10.830	11.797	8,9%
Participation Accounts FC, \$	2.397	2.730	13,9%

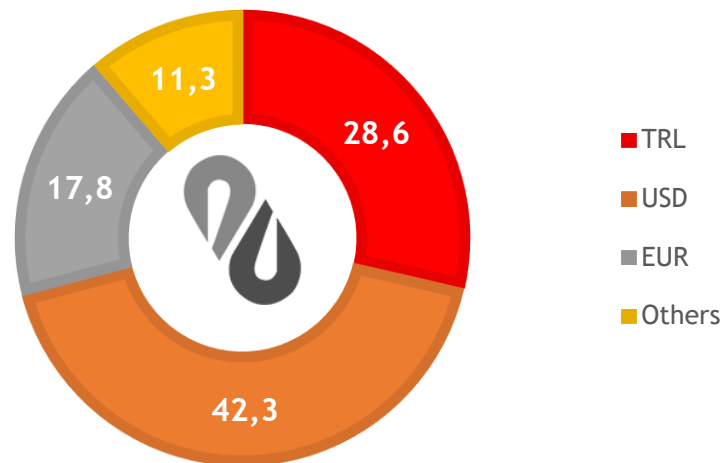
\*USD equivalent of FC accounts

## Cost of Funds Collected\*

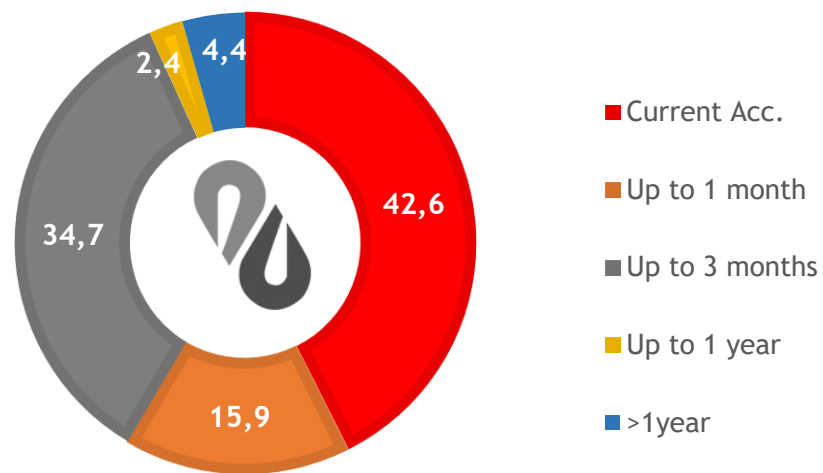


\*Profit share expense to depositors for the last 4Q/5Q average participation accounts

## Currency Composition of Funds Collected (Q2'21,%)

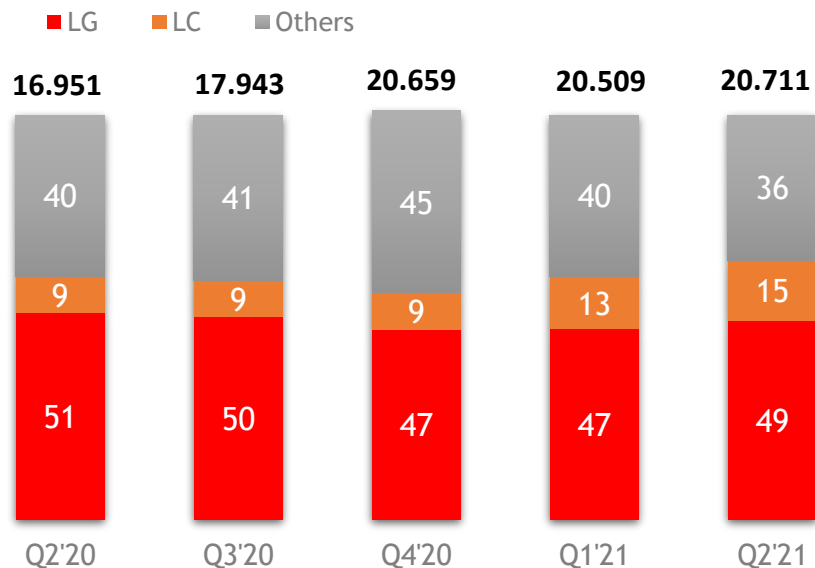


## Maturity Composition of Funds Collected (Q2'21,%)



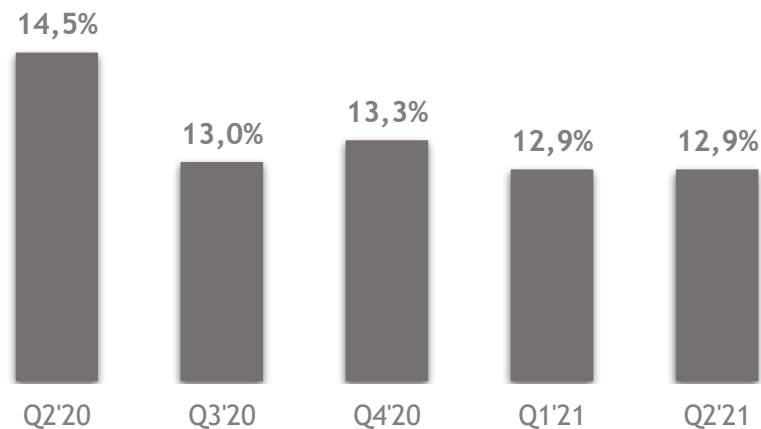


## Off Balance Sheet Composition (%)



## LGs\*-to-Total Assets

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



## Guarantees &amp; Sureties (TRL million)

	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Growth (%)	
						YtD	YoY
Letter of Guarantee	8.636	8.918	9.203	9.645	10.184	10,7%	17,9%
Letter of Credit	1.519	1.554	1.771	2.577	3.111	75,7%	104,7%
Others*	283	119	148	114	163	9,9%	-42,4%
<b>Total:</b>	<b>10.438</b>	<b>10.592</b>	<b>11.122</b>	<b>12.336</b>	<b>13.457</b>	<b>21,0%</b>	<b>28,9%</b>

\*Revocable credit limits not included.



(Million TRL)	Yearly			Notes
	Q2'20	Q2'21	%	
Net Profit Share Income	768	594	-22,7	Profit Share income increased by 34,5 % while Expenses on Profit Sharing Accounts jumped 55,4 % and Expenses on Funds Borrowed more than doubled with 143,8 %. Upward cost of funding led to weaker Net Profit Share Income.
Net Fee Income	100	170	70,2	The suspension of CBRT commissions on required reserves had a positive impact on Net Fee Income.
Net Trading Income	69	-17	n.a	Due to sales of investment fund participation certificates
Other Income	142	481	238,2	With the support of strong collections performance from Stage III loans, reversal of prior year provisions bumped up by 249%, and income from sales of assets increased this item.
Provisioning	384	520	35,6	Stage 3 Coverage Ratio has been remained above 60%
Personnel Expenses	350	375	7,4	Below CPI which is 17,53 % in June
Other Costs	259	353	36,4	Mostly stemming from impairment expenses of assets held for sale and legal dues (Taxes, Duties, Charges etc.)
Net Profit	63	13	-79,2	

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Percent %	Q4'20			Q2'21		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	13,51	17,79	18,76	13,88	16,55	17,75
NPL Ratio	4,82	3,51	4,03	4,65	3,41	3,61
Provisioning Ratio (Stage 3)	61,02	82,91	74,82	61,50	83,36	76,88
Loan/Deposits	78,63	75,56	104,05	74,68	73,80	102,46
Asset Yield	6,87	7,31	8,64	6,82	7,48	8,89
Asset Spread	3,45	3,81	4,12	2,71	3,07	3,26
Net Profit Share Margin	3,27	4,14	4,46	2,52	3,46	3,68
Op Costs / Avg. Assets	2,07	1,80	1,79	1,96	1,64	1,63
Cost/Income*	45,47	34,56	34,22	59,32	37,51	37,18
Credits / Branches (000'TRL)	176,449	197.961	337.123	200.354	220.004	370.585
Staff / Branches	14,74	13,43	18,16	14,42	13,42	18,10
CA / Deposits	44,87	45,22	32,60	42,69	43,24	33,13

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(Million TRL)	Q4'20	Q2'21	Growth (%)
Cash and Balances with Central Bank	13.235	15.305	15,6
Banks	3.413	3.396	-0,5
Financial Assets	9.792	11.553	18,0
Funded Credits	40.583	46.081	13,5
<i>Cash Credits</i>	40.011	45.322	13,3
<i>NPL</i>	2.045	2.237	9,4
<i>Provisions (Stage III)</i>	1.248	1.376	10,2
<i>Net Financial Leasing Receivables</i>	360	495	37,4
Associates	43	43	0,0
Fixed Assets	1.429	1.417	-0,9
Assets Held For Sale and Investment	131	156	19,1
Other Assets (inc. Tax Assets)	710	1.008	49,4
<b>Total Assets</b>	<b>69.317</b>	<b>79.049</b>	<b>14,0</b>
Funds Collected	51.613	61.706	19,6
Funds Borrowed	7.302	8.356	14,4
Debts	4.423	2.650	-40,1
Provisions (inc. Taxes)	201	208	3,3
Tier II Sukuk	1.733	2.039	17,7
Shareholders' Equity	4.044	4.091	1,1
<i>Capital</i>	1.350	1.350	0,0
<i>Capital Reserves (inc. Premium)</i>	961	1.021	6,3
<i>Profit Reserves</i>	1.493	1.744	16,8
<b>Total Liabilities</b>	<b>69.317</b>	<b>79.049</b>	<b>14,0</b>



(Million TRL)	Q2'20	Q2'21	Growth (%)
Profit Share Income	1.625	2.186	34,5
Profit Share Expense	858	1.592	85,6
Net Profit Share Income	768	564	-22,7
Net Fees and Commissions Income	100	170	70,2
<i>Fees and Commissions Received</i>	177	253	42,6
<i>Fees and Commissions Paid</i>	77	82	6,8
Net Trading Income	69	-17	n.a.
Other Operating Income	142	481	238,2
Total Operating Profit	729	853	16,9
Provisions for Loan Losses and Other Receivables	384	520	35,6
Personnel Expenses	350	375	7,4
Other Operating Expenses	259	353	36,4
Operating Profit Before Tax	87	-21	n.a.
Tax Provision	24	-34	n.a.
<b>Net Profit</b>	<b>63</b>	<b>13</b>	<b>-79,2</b>

**THANK YOU**

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### Investor Relations

**Address** : Saray Mahallesi Dr.Adnan Büyükdeniz  
Caddesi No:6 34768 Ümraniye/ İSTANBUL

**E-mail** : [yim@albarakaturk.com.tr](mailto:yim@albarakaturk.com.tr)

**Tel** : +90 216 666 03 03

**Fax** : +90 216 666 16 20

**website** : [www.albaraka.com.tr](http://www.albaraka.com.tr)