



Q3'2020 Investor Presentation

Albaraka Türk Participation Bank
06 November 2020

Agenda

1 Financial Highlights

2 Market Comparison

3 Appendix



Balance Sheet

| (Million TRL) | Q4'19 | Q3'20 | YtD (%) |
|----------------------------|--------|--------|---------|
| Total Assets | 51.392 | 68.395 | 33,1 |
| Total Funded Credits (Net) | 29.749 | 40.608 | 36,5 |
| Total NPLs | 2.222 | 1.931 | -13,1 |
| Deposits (incl. Interbank) | 39.769 | 52.358 | 31,7 |
| Shareholder's Equity | 3.822 | 3.972 | 3,93 |

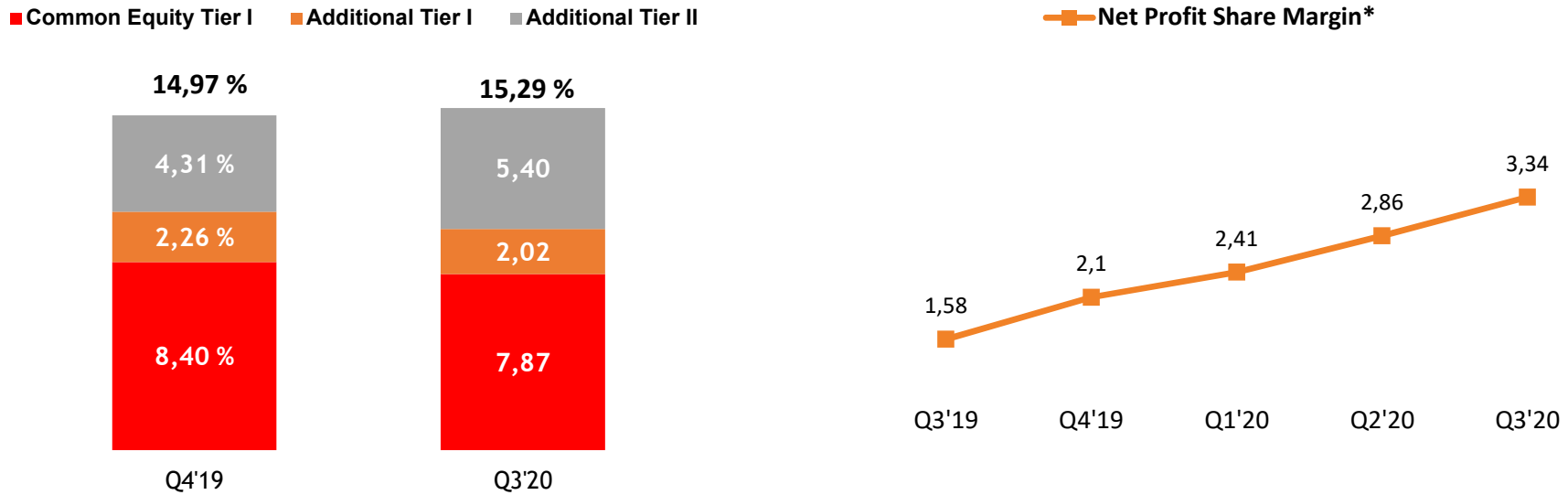
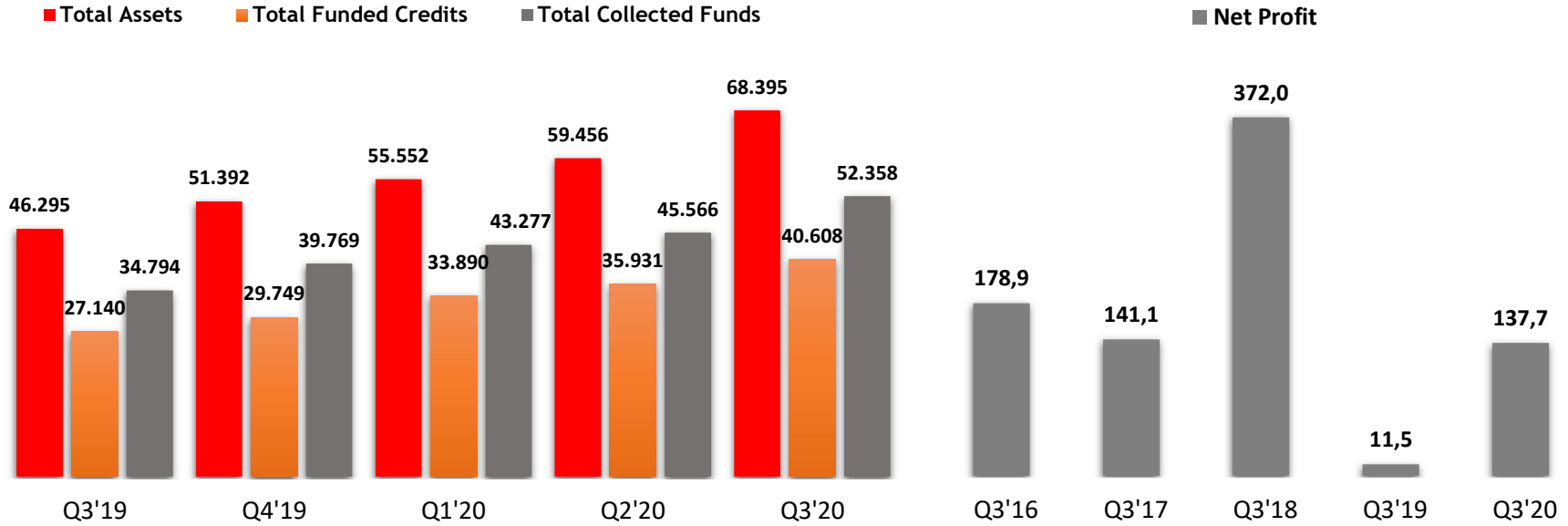
Income Statement

| (Million TRL) | Q3'19 | Q3'20 | YoY (%) |
|--------------------------|-------|-------|---------|
| Net Profit Share Income | 448 | 1.236 | 176 |
| Net Fees & Commissions | 224 | 163 | -27,4 |
| Provisions for Loan Loss | 496 | 919 | 85,3 |
| Operating Expenses* | 819 | 945 | 15,4 |
| Net Profit | 11 | 138 | 1101 |

* including personnel expenses

Key Ratios

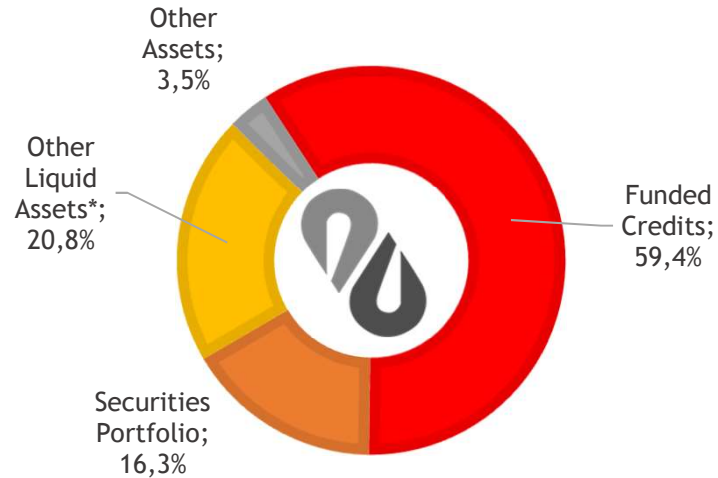
| % | Q4'19 | Q3'20 | YtD (bps) |
|-------------------------|-------|-------|-----------|
| CAR | 14,97 | 15,29 | 32 |
| Tier 1 | 10,66 | 9,89 | -77 |
| NPL | 7,19 | 4,57 | -262 |
| Provisioning Stage III | 42,61 | 54,99 | 1238 |
| Net Profit Share Margin | 2,10 | 3,34 | 124 |
| Cost/Income | 55,89 | 46,28 | 961 |



* Trailing for last 4 quarters

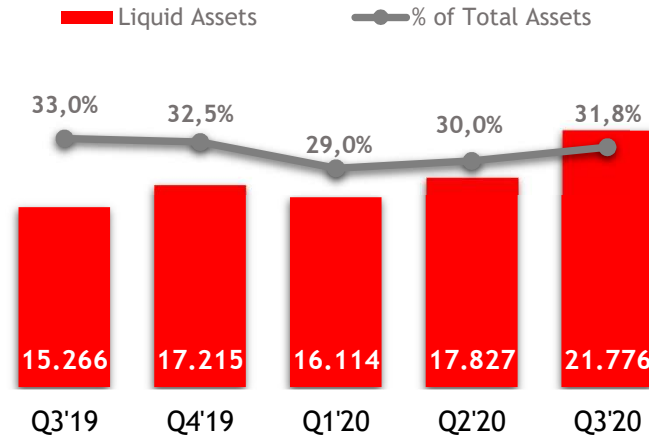


Composition of Total Assets (Q3'20)



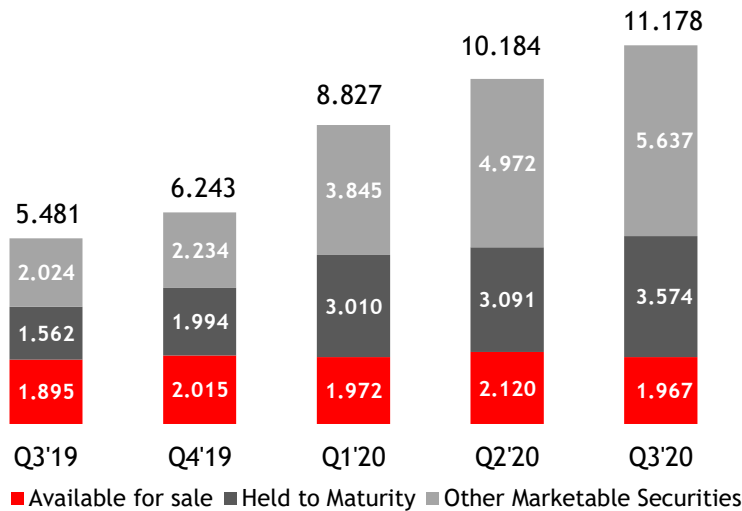
* Other Liquid Assets includes Cash and Cash Equivalents and Derivative Financial Assets

Liquid Assets (Million TRL)

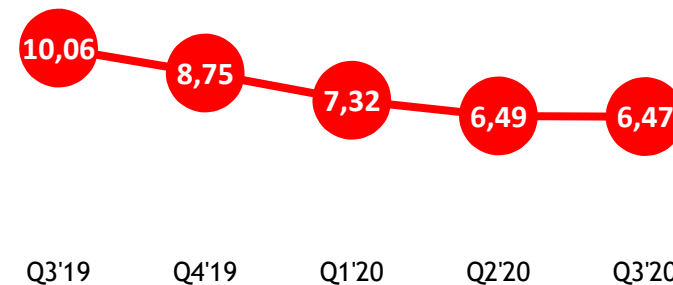


*Liquid Assets includes Cash and Cash Equivalents, Financial Assets Measured at Fair Value through Profit/Loss, Financial Assets Measured at Fair Value through Other Comprehensive Income.

Total Securities Portfolio (Million TRL)



Securities Yield (%)



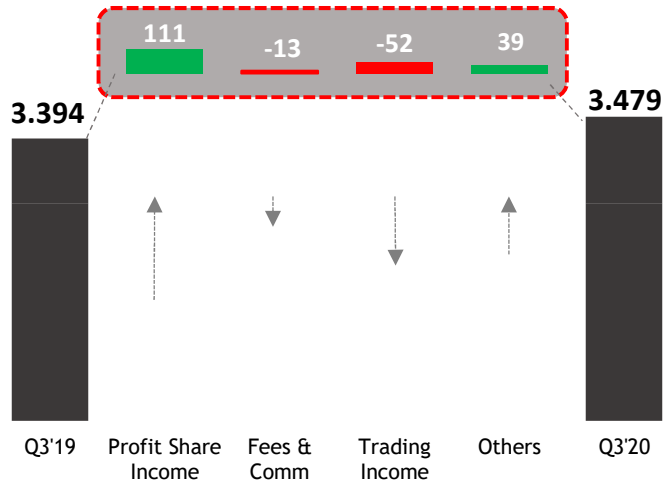
(*) Profit share income received from securities for the last 4Q/5Q average securities

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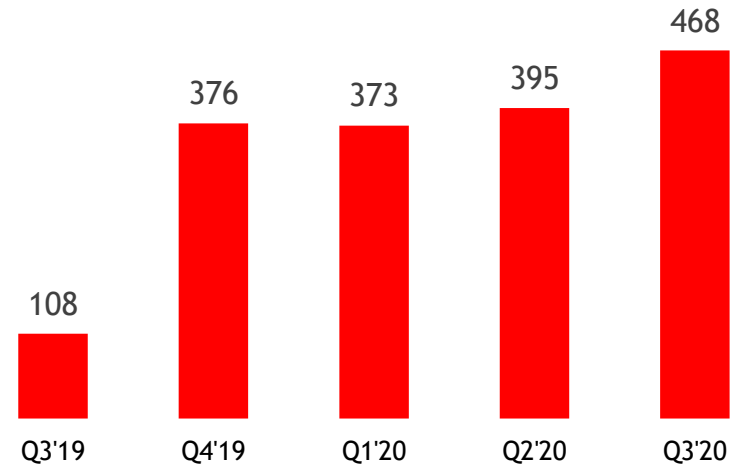
Operation Performance Breakdown



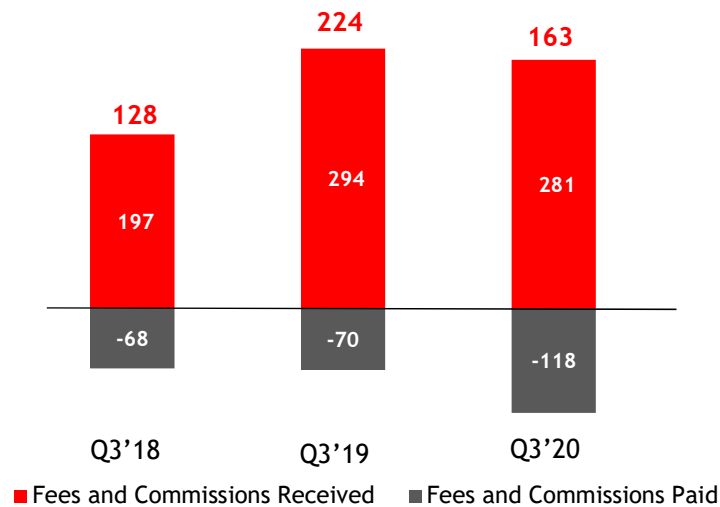
Key Movements in Income (Million TRL)



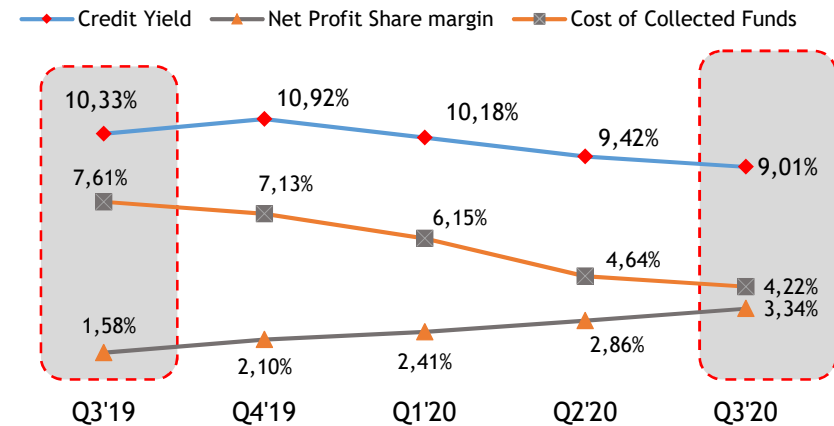
Net Profit Share Income (Quarterly) (Million)



Net Fees and Commission Income (Million)



Cost & Yield Movement (%)



7 Funded Credits Portfolio



Total Funded Credits (including financial leasing, million)

| | Q3'19 | Q4'19 | Q3'20 | YtD | YoY |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| TL Credits, TL | 12.492 | 14.205 | 19.679 | 38,5% | 57,5% |
| FC Credits, \$* | 2.222 | 2.259 | 2.459 | 8,9% | 10,7% |
| FC Indexed, \$* | 379 | 364 | 248 | -31,9% | -34,6% |
| Total Credits, TL | 27.140 | 29.749 | 40.608 | 36,5% | 49,6% |

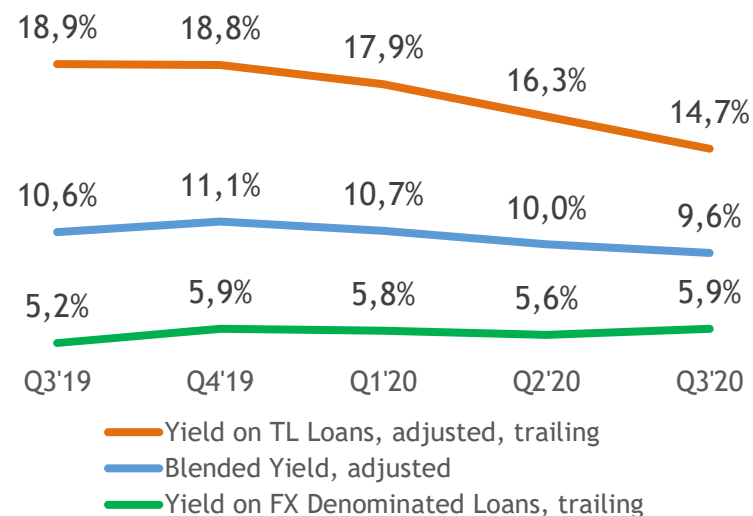
*USD equivalent

Composition of Total Funded Credits (%)

| | Q3'19 | Q4'19 | Q1'20 | Q2'20 | Q3'20 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Corporate Credits | 47,5 | 48,9 | 58,3 | 60,0 | 60,1 |
| SME Credits | 43,9 | 42,1 | 32,7 | 30,8 | 30,4 |
| Retail Credits | 8,6 | 9,0 | 9,1 | 9,3 | 9,5 |

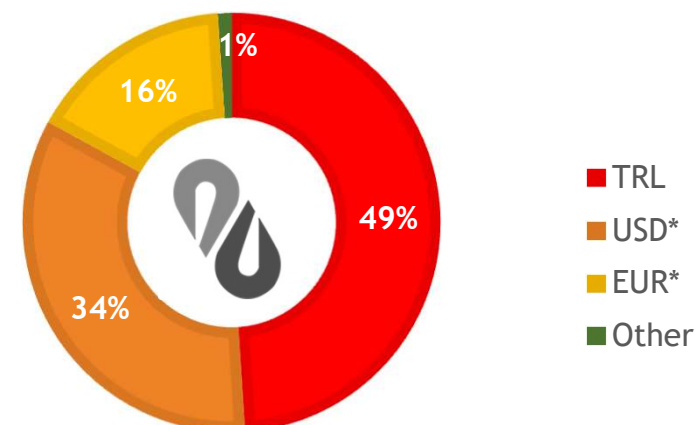
According to BRSA definition

Yield on Performing Credits (%)



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

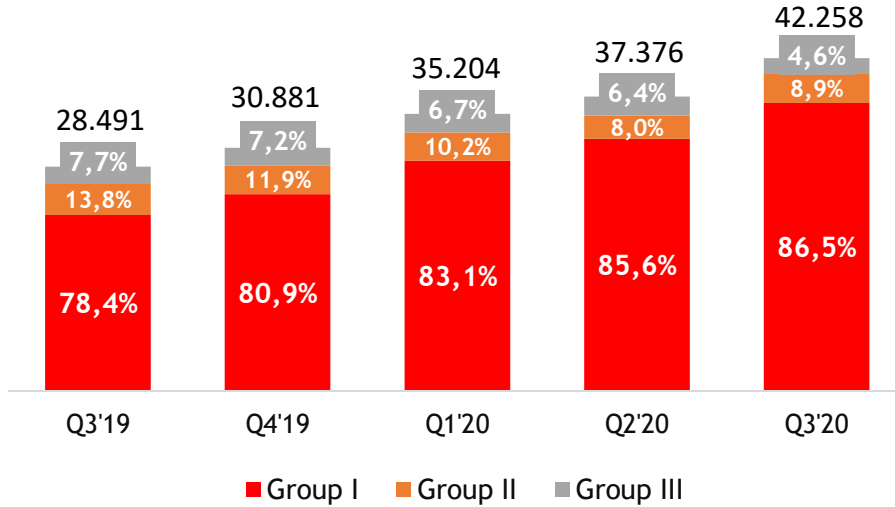
Currency Composition of Total Funded Credits* (Q3'20)



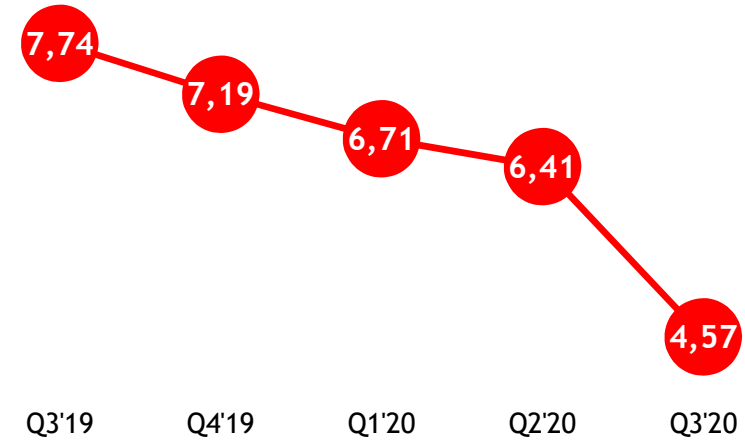
*Including USD & EUR indexed credits



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

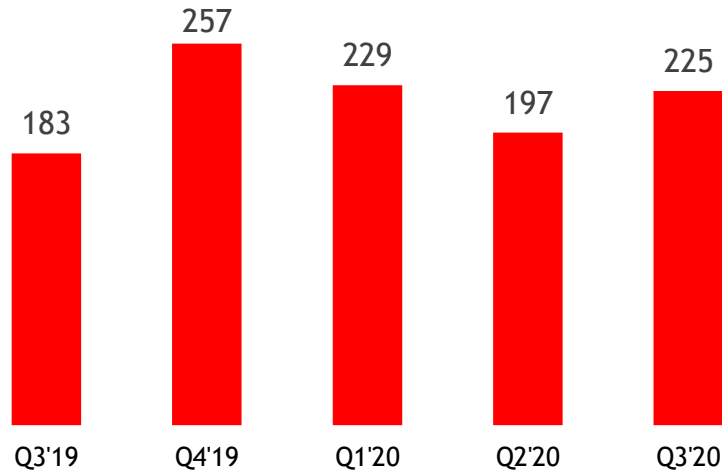


NPL Ratio (%)



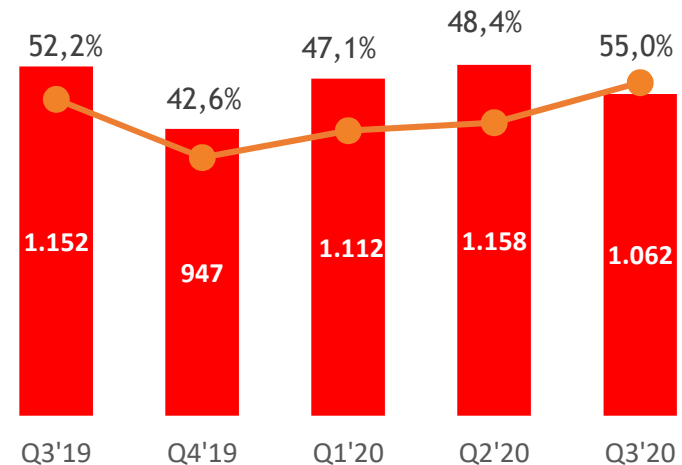
Including financial leasing & accruals and discounts

Cost of Risk (bps)



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

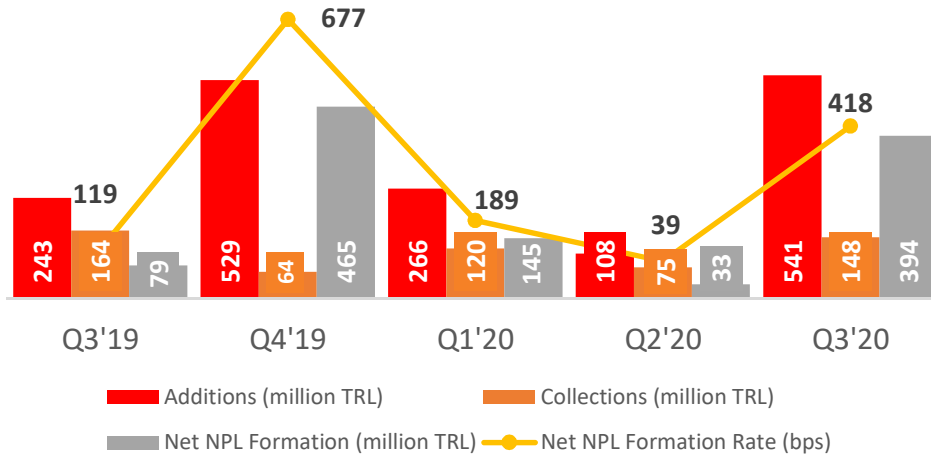
Provisioning (Stage III)



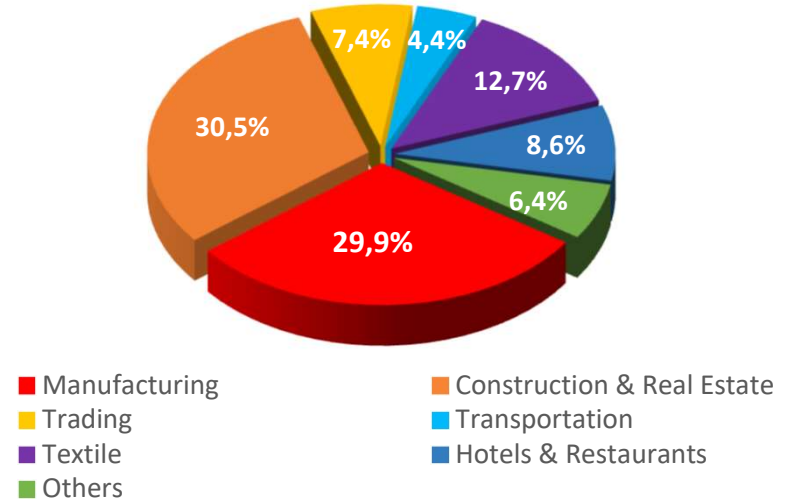
■ Lifetime ECL Impaired Credits (Stage 3) (Million TRL) ● Provisioning Ratio (%)



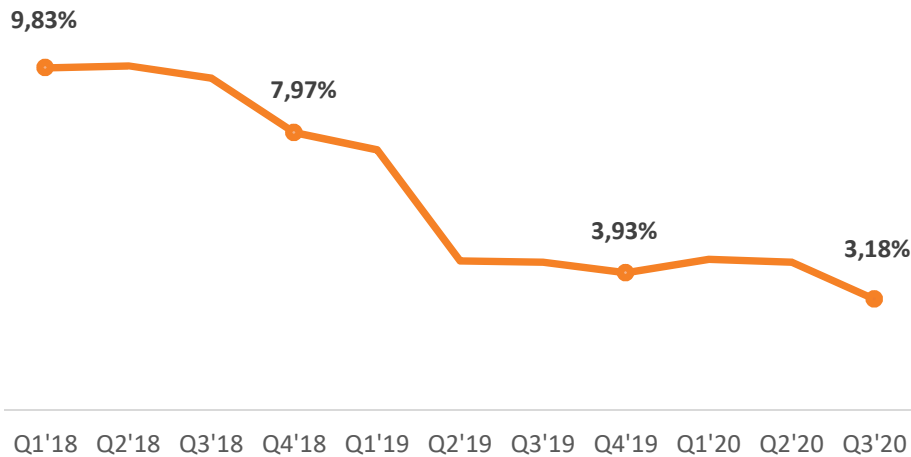
NPL Formation Trend (Quarterly)



NPL Inflow Sector Distribution (Q3'20)

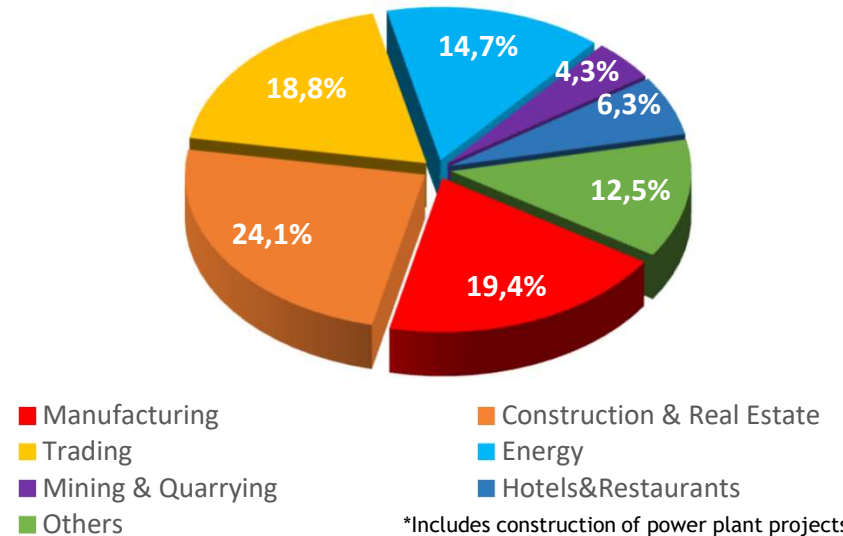


Percentage of NPLs in Albaraka to NPLs of Our Customers in All Banks



source: KKB

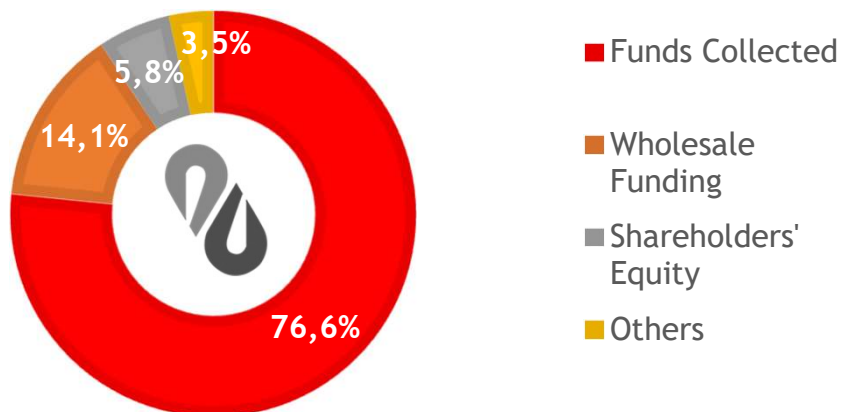
Stage II Credits Sector Distribution (Q3'20)



*Includes construction of power plant projects

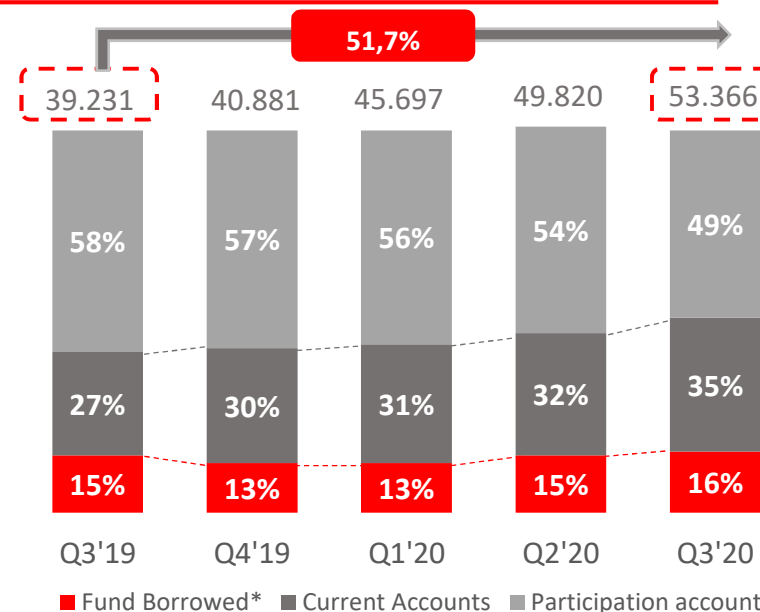


Composition of Total Liabilities (Q3'20,%)



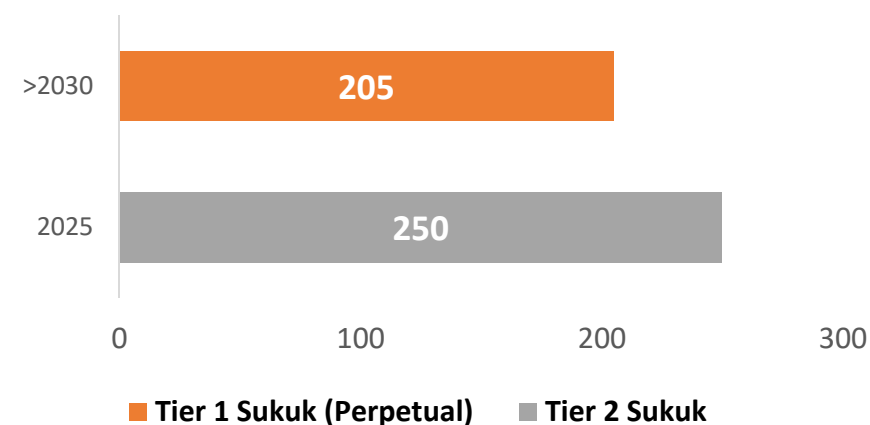
| (Million TRL) | Q4'19 | Q3'20 | YtD Growth % |
|--|---------------|---------------|--------------|
| Funds Collected (incl. Bank deposits) | 39.769 | 52.358 | 31,7 |
| Wholesale Funding | 5.928 | 9.667 | 63,1 |
| Funds Borrowed | 4.535 | 5.866 | 48,6 |
| Syndicated Loans | - | - | - |
| Wakala | 979 | 2.390 | 144,3 |
| Issued Lease Certificates & Sukuk | 2.743 | 3.807 | 38,8 |
| Other | 813 | 540 | -33,5 |
| Sub-Ordinated Debt (Tier 2) | 1.375 | 1.852 | 37,7 |
| Borrowings From Money Market | 18 | 1.076 | 5801 |
| Shareholders' Equity | 3.822 | 3.972 | 3,9 |
| Paid in Capital | 900 | 1.350 | 50,0 |
| Other Liabilities | 1.873 | 2.398 | 28,1 |
| Total Liabilities | 51.392 | 68.395 | 33,8 |

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)

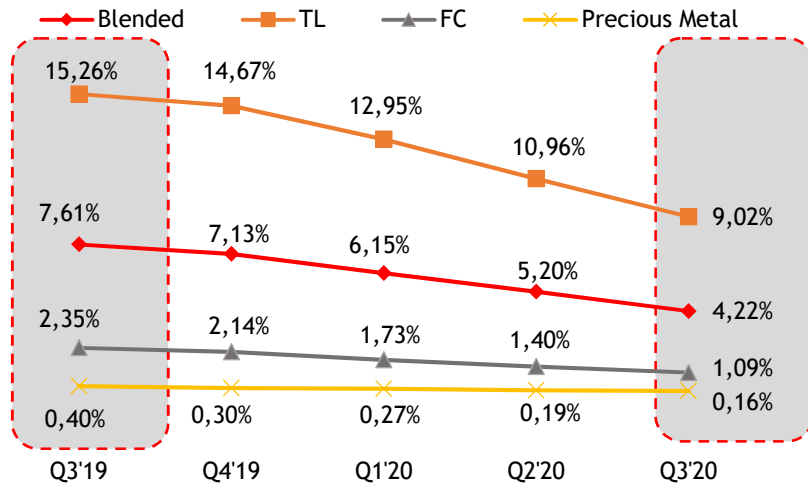


Total Funds Collected (Million TRL)

| | Q4'19 | Q3'20 | YtD |
|-------------------------------|---------------|---------------|--------------|
| Funds Collected | 39.769 | 52.358 | 31,7% |
| Current Accounts | 13.902 | 21.817 | 56,9% |
| Current Accounts TL | 4.199 | 5.162 | 22,9% |
| Current Accounts, FC, \$ | 1.637 | 2.154 | 31,6% |
| Participation Accounts | 25.867 | 30.541 | 18,1% |
| Participation Accounts TL | 10.497 | 11.418 | 8,8% |
| Participation Accounts FC, \$ | 2.593 | 2.473 | -4,6% |

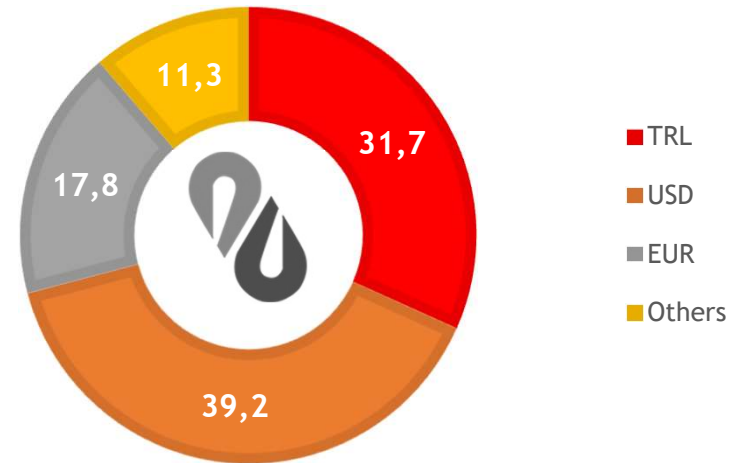
*USD equivalent of FC accounts

Cost of Funds Collected*

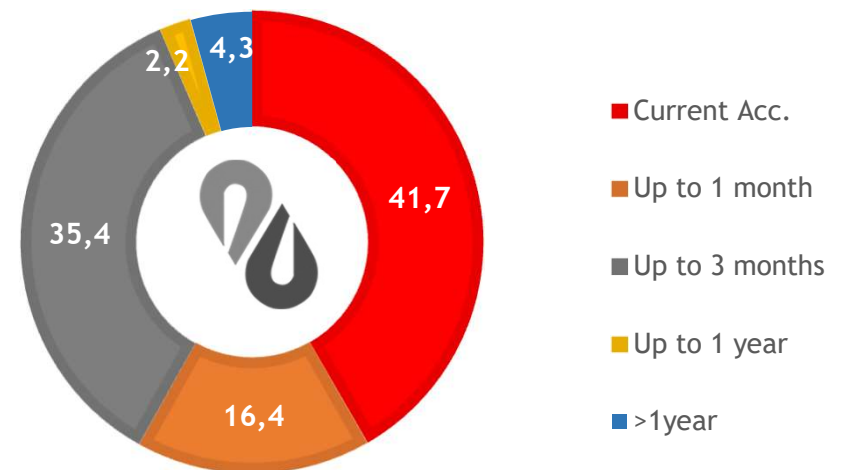


*Profit share expense to depositors for the last 4Q/5Q average participation accounts

Currency Composition of Funds Collected (Q3'20,%)



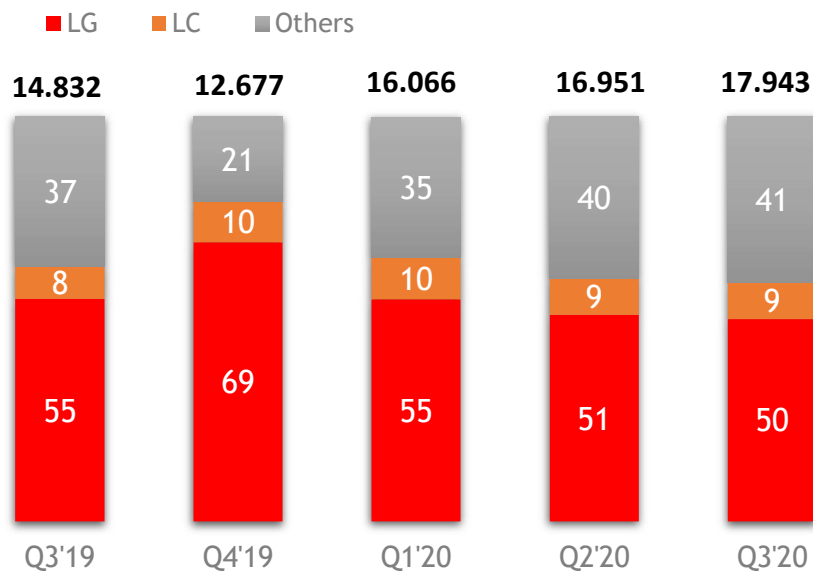
Maturity Composition of Funds Collected (Q3'20,%)



12 Off Balance Sheet Growth

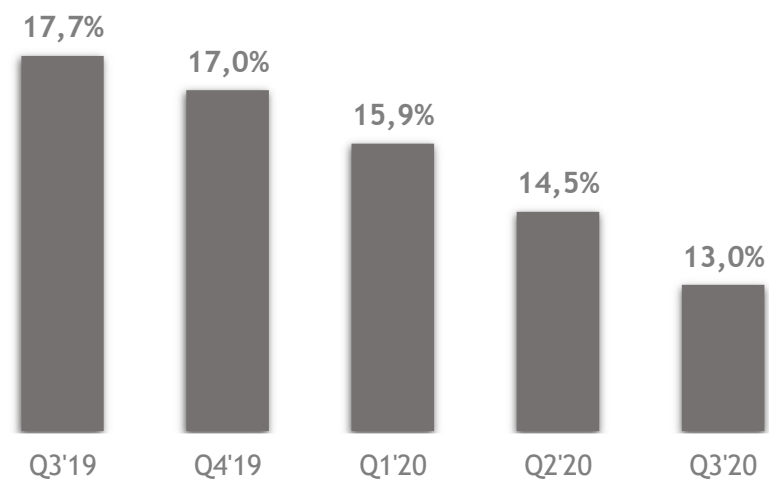


Off Balance Sheet Composition (%)



LGs*-to-Total Assets

*Below 20% of LGs to Total Assets is targeted



Guarantees & Sureties (TRL million)

| | Q3'19 | Q4'19 | Q1'20 | Q2'20 | Q3'20 | Growth (%) | |
|---------------------|--------------|---------------|---------------|---------------|---------------|-------------|-------------|
| | | | | | | YtD | YoY |
| Letter of Guarantee | 8.192 | 8.718 | 8.826 | 8.636 | 8.918 | 2,3% | 8,8% |
| Letter of Credit | 1.180 | 1.330 | 1.662 | 1.519 | 1.554 | 16,9% | 31,7% |
| Others* | 347 | 383 | 369 | 283 | 119 | -68,9% | -65,6% |
| Total: | 9.722 | 10.431 | 10.857 | 10.438 | 10.592 | 1,5% | 8,9% |

*Revocable credit limits not included.

13 Income- Cost Dynamics



| (Million TRL) | YoY | | | Notes |
|-------------------------|-----------|------------|--------------|---|
| | Q3'19 | Q3'20 | % | |
| Net Profit Share Income | 448 | 1.236 | 176,0% | Profit Share income increased by 4,5% While Profit share Expenses decreased by 34,0% YoY. Downward cost of funding is leading stronger Net Profit Share Income. |
| Net Fee Income | 224 | 163 | -27,4% | Circa 27,4 % 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 | 225 | 173 | -23,1% | Decline on this item, is mostly stemming from less Capital Market Transaction Income from Investment Fund Participation Certificates. The FX gains has declined due to the decreased fx income from USD 205 Million tier1 issuance which is changed to square position. |
| Other Income | 432 | 471 | 8,9% | Transfers to other stages from stage 3 credits led to other operating income being above last year. |
| Provisioning | 496 | 919 | 85,3% | Coverage Ratio has been increased. |
| Personnel Expenses | 496 | 540 | 9,0% | Below CPI which is 11,75 % |
| Other Costs | 323 | 405 | 25,3% | Increase in other expenses, which is above CPI, is stemming from legal dues (Taxes, Duties, Charges etc.) and Expertise and Information Expenses |
| Net Profit | 11 | 138 | 1101% | |

Agenda

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| Percent % | Q4'19 | | | Q3'20 | | |
|------------------------------|---------------|---------------------|----------------|---------------|---------------------|----------------|
| | Albaraka Türk | Participation Banks | Banking Sector | Albaraka Türk | Participation Banks | Banking Sector |
| CAR | 14,97 | 18,04 | 18,43 | 15,29 | 18,72 | 19,42 |
| NPL Ratio | 7,19 | 4,53 | 5,27 | 4,57 | 3,41 | 4,02 |
| Provisioning Ratio (Stage 3) | 42,61 | 63,88 | 65,14 | 54,99 | 78,46 | 74,17 |
| Loan/Deposits | 74,80 | 78,21 | 105,98 | 77,56 | 76,48 | 104,47 |
| Asset Yield | 8,53 | 10,14 | 11,11 | 7,17 | 7,72 | 9,27 |
| Asset Spread | 2,33 | 3,50 | 3,80 | 3,51 | 4,05 | 4,47 |
| Net Profit Share Margin | 2,10 | 3,99 | 4,41 | 3,34 | 4,36 | 4,82 |
| Op Costs / Avg. Assets | 2,43 | 2,11 | 1,99 | 2,20 | 1,92 | 1,89 |
| Cost/Income* | 55,89 | 35,84 | 36,65 | 46,28 | 33,15 | 32,70 |
| Credits / Branches (000'TRL) | 129,344 | 145,359 | 250,414 | 177,328 | 201,819 | 332,287 |
| Staff / Branches | 16,48 | 13,60 | 17,99 | 15,80 | 13,68 | 17,98 |
| CA / Deposits | 34,96 | 33,53 | 24,71 | 41,67 | 42,87 | 32,65 |

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

Agenda

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17 Summary Balance Sheet

| (Million TRL) | Q4'19 | Q3'20 | Growth |
|--|---------------|---------------|--------------|
| Cash and Balances with Central Bank | 8.796 | 10.144 | 15,3% |
| Banks | 4.187 | 4.064 | -2,9% |
| Financial Assets | 6.226 | 11.204 | 80,0% |
| Funded Credits | 29.749 | 40.608 | 36,5% |
| <i>Cash Credits</i> | 28.415 | 40.023 | 40,9% |
| <i>NPL</i> | 2.222 | 1.931 | -13,1% |
| <i>Provisions (Stage III)</i> | 947 | 1.062 | 12,2% |
| <i>Net Financial Leasing Receivables</i> | 244 | 303 | 24,3% |
| Associates | 70 | 47 | 33,1% |
| Fixed Assets | 1.547 | 1.550 | 0,2% |
| Assets Held For Sale and Investment | 124 | 110 | -11,7% |
| Other Assets (inc. Tax Assets) | 692 | 668 | -3,5% |
| Total Assets | 51.392 | 68.395 | 33,1% |
| Funds Collected | 39.769 | 52.358 | 31,7% |
| Funds Borrowed | 4.535 | 6.738 | 48,6% |
| Debts | 1.756 | 3.317 | 88,8% |
| Provisions (inc. Taxes) | 135 | 158 | 16,3% |
| Tier II Sukuk | 1.375 | 1.852 | 34,7% |
| Shareholders' Equity | 3.822 | 3.972 | 3,9% |
| <i>Capital</i> | 900 | 1.350 | 50,0% |
| <i>Capital Reserves (inc. Premium)</i> | 1.345 | 994 | -26,1% |
| <i>Profit Reserves</i> | 1.430 | 1.493 | 4,4% |
| Total Liabilities | 51.392 | 68.395 | 33,1% |

18 Summary Income Statement



| (Million TRL) | Q3'19 | Q3'20 | Growth |
|--|-----------|------------|--------------|
| Profit Share Income | 2.443 | 2.554 | 4,53% |
| Profit Share Expense | 1.995 | 1.318 | -34,0% |
| Net Profit Share Income | 448 | 1.236 | 176,0% |
| Net Fees and Commissions Income | 224 | 163 | -27,4% |
| <i>Fees and Commissions Received</i> | 294 | 281 | -4,34% |
| <i>Fees and Commissions Paid</i> | 70 | 118 | 69,3% |
| Net Trading Income | 225 | 173 | -23,1% |
| Other Operating Income | 432 | 471 | 8,95% |
| Total Operating Profit | 836 | 1.503 | 79,6% |
| Provisions for Loan Losses and Other Receivables | 496 | 919 | 85,3% |
| Personnel Expenses | 496 | 540 | 9,04% |
| Other Operating Expenses | 323 | 405 | 25,3% |
| Operating Profit Before Tax | 17 | 178 | 948% |
| Tax Provision | 6 | 41 | 631% |
| Net Profit | 11 | 138 | 1101% |

THANK YOU

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