

1H'23
Investor Presentation

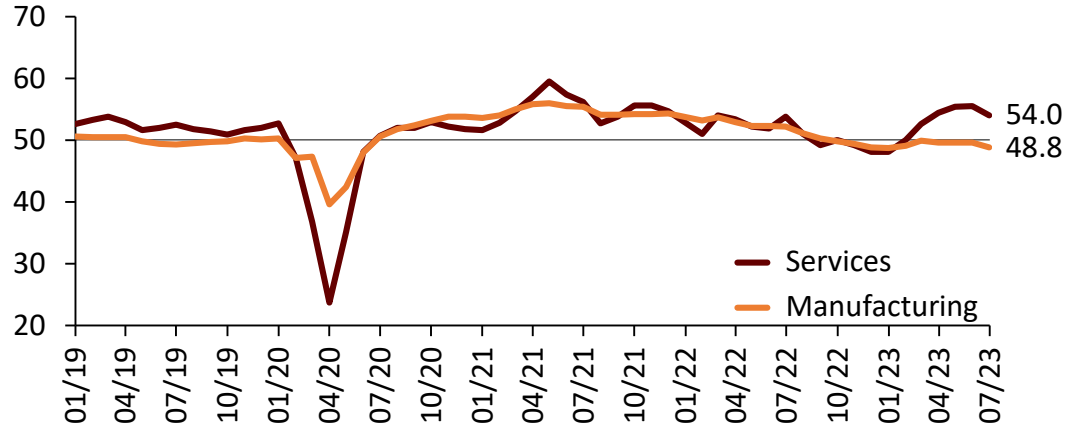
Albaraka Türk Participation Bank

Macroeconomic Outlook

Global central banks continue to raise policy rates as global economic activity remains robust. The annual consumer inflation in Türkiye realized at 47.8% in July'23.

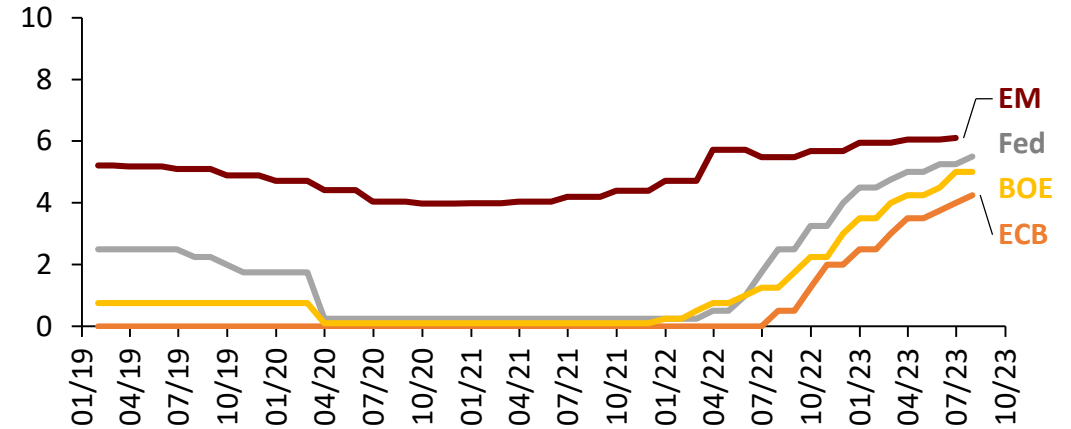
Global PMI

Index



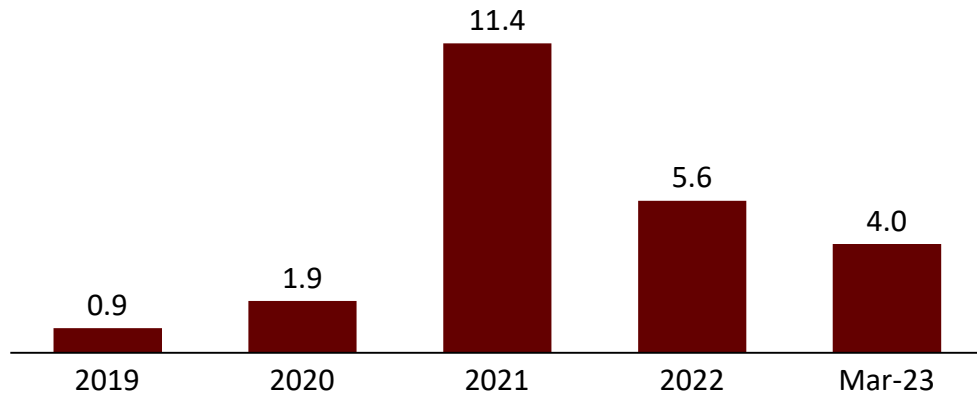
Central Banks Policy Rates

%



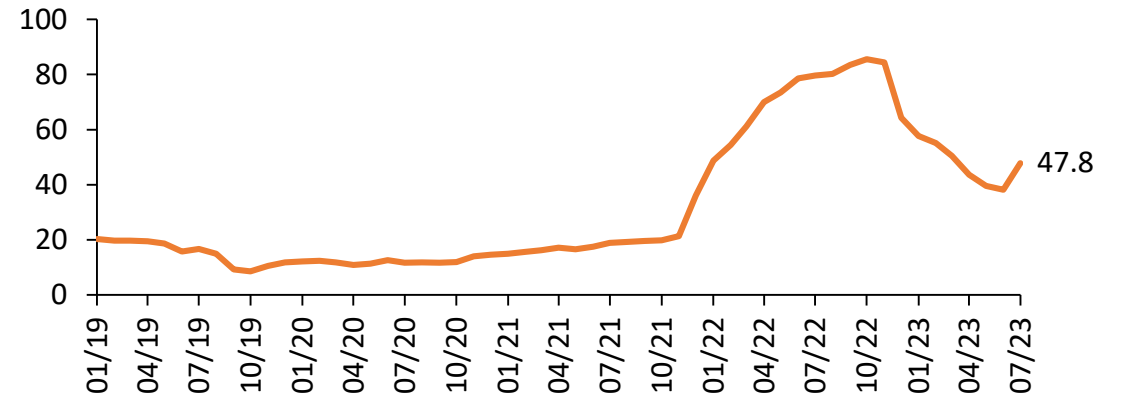
Türkiye: GDP Growth

Annual % Change



Türkiye: Inflation

Annual % Change

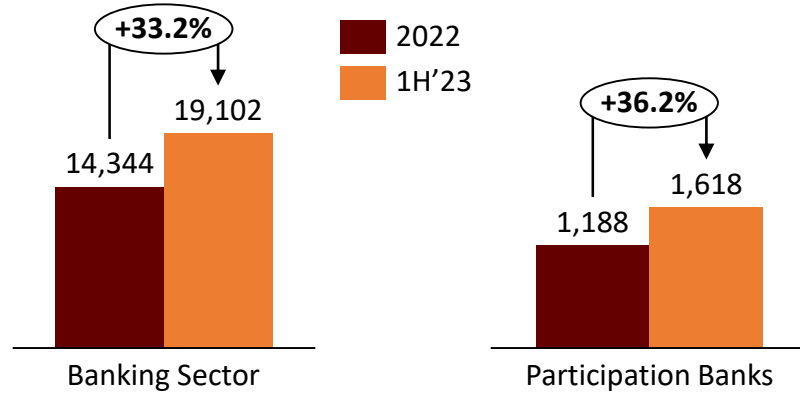


Banking Sector Overview

Profitability of participation banks is higher than banking sector while NPL ratios continue to decrease in 1H'23.

Total Assets*

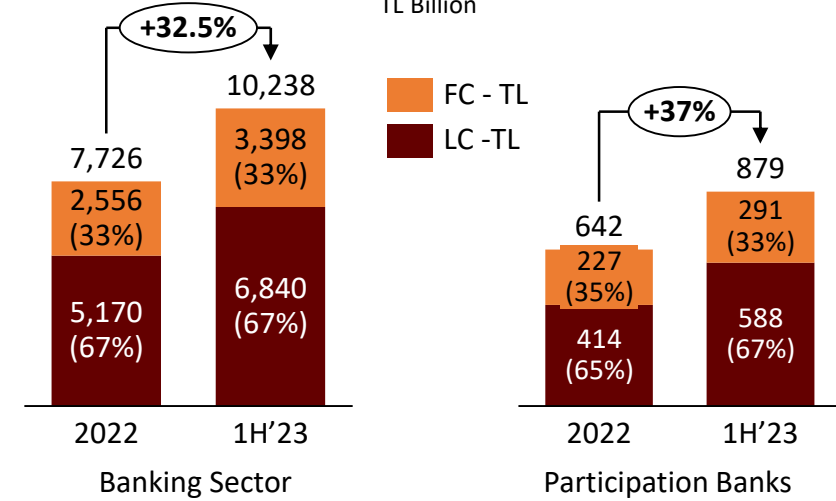
TL Billion



* Percentage figures indicate the share of participation banks in total banking sector

Funded Credits*

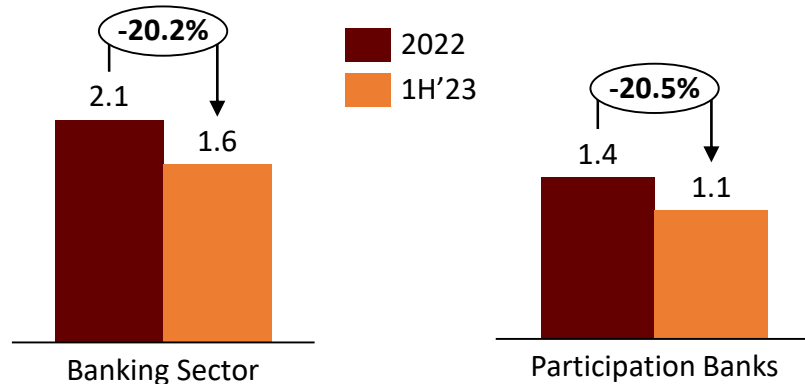
TL Billion



* Includes credits, f. leasing (net), net NPL, accruals and rediscunts, credits extended to banks, expected credit loss

NPL Ratio*

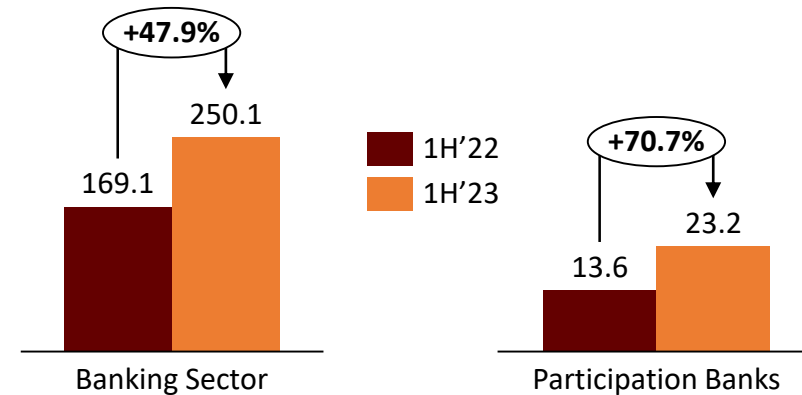
%



* NPL/ (credits, f. leasing (net), net NPL, accruals and rediscunts, credits extended to banks)

Net Profit

TL Billion

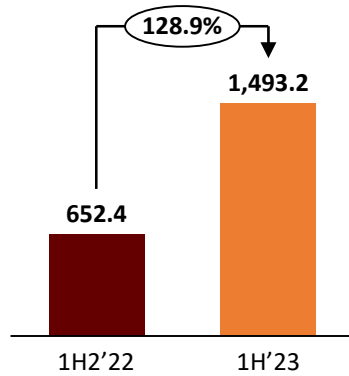


Albaraka Türk Snapshot

Well managed Assets & Liabilities and OPEX leading to continuous improvement for better financial results.

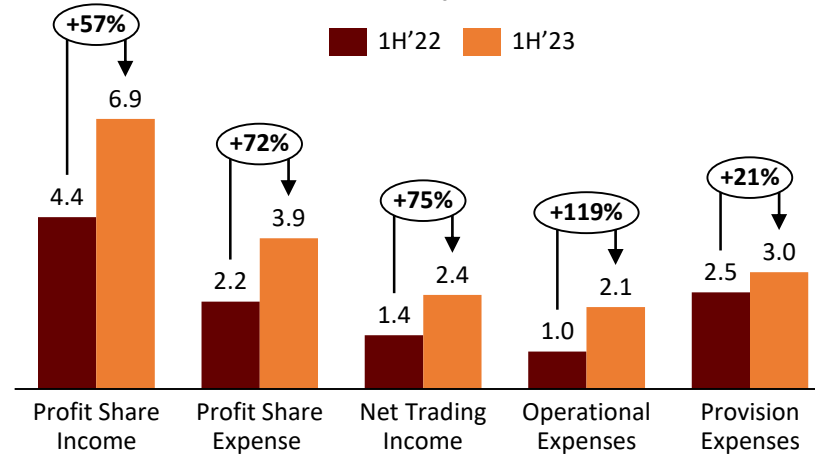
Net Profit

TL Million



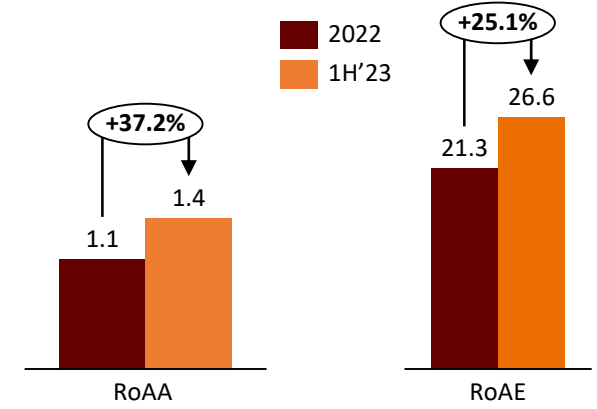
Income – Cost Dynamics

TL Billion



Return on Avg. Equity & Assets*

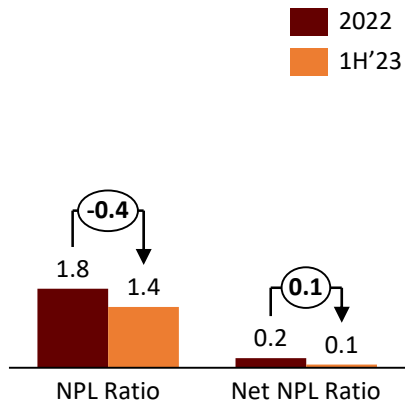
%



* Annualized net profit/5Q average assets or equity

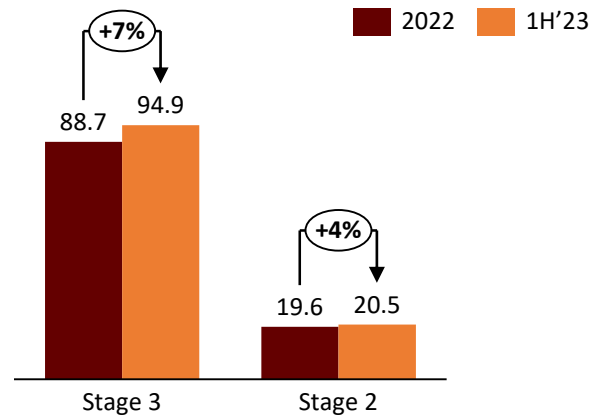
NPL Ratio

%



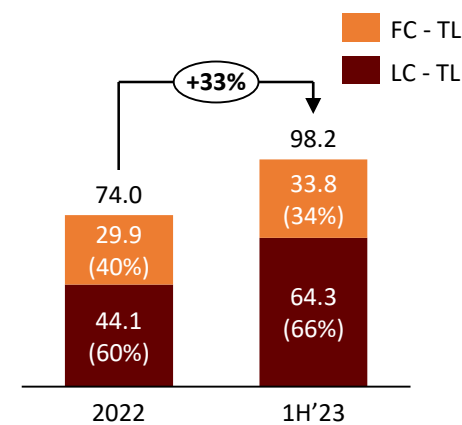
Provisioning Ratio

%



Performing Funded Credits*

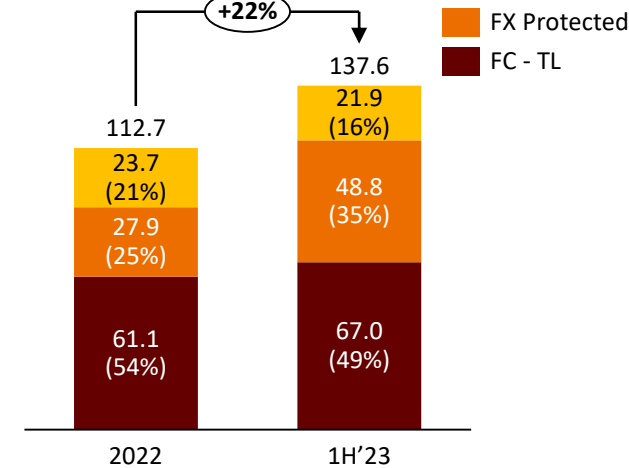
TL Billion, %



* Includes P/L projects and f. leasing (net)

Collected Funds*

TL Billion, %



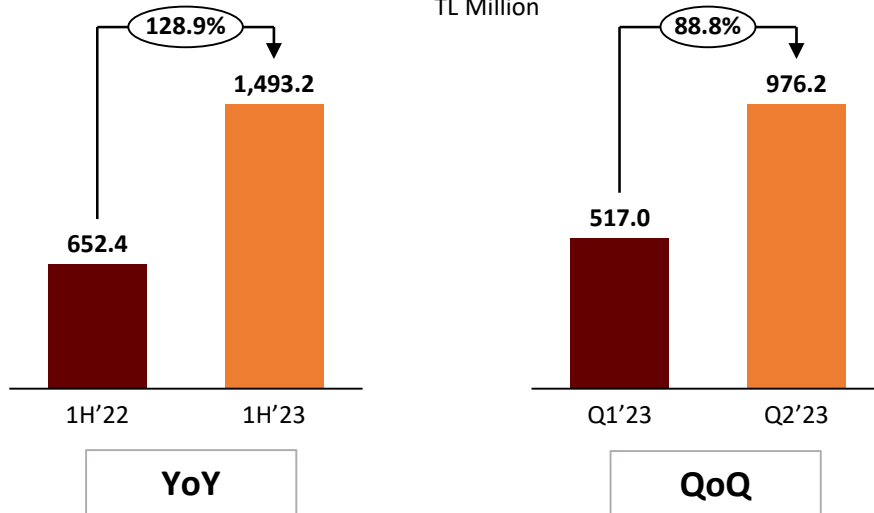
* Includes participation and current accounts.

Profitability continue to increase on back of strong operational revenues

ROAA and ROAE improved significantly both QoQ and YoY.

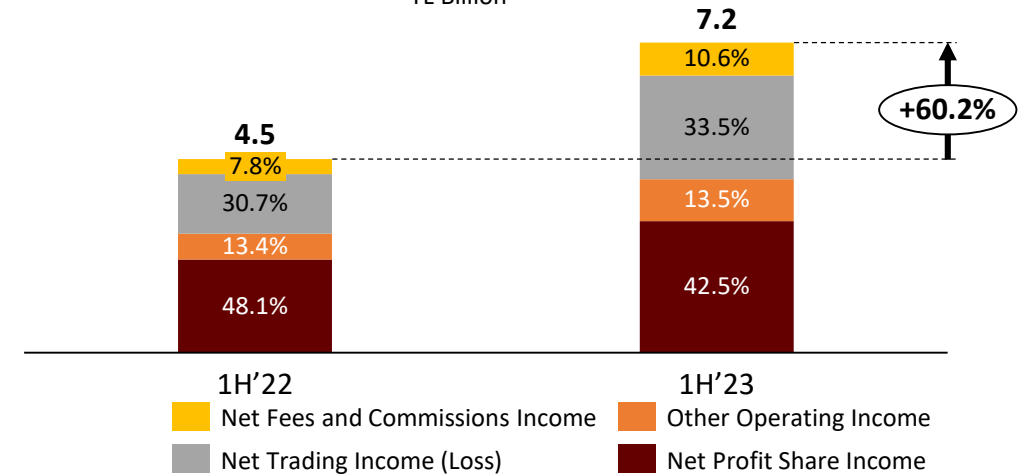
Net Profit

TL Million

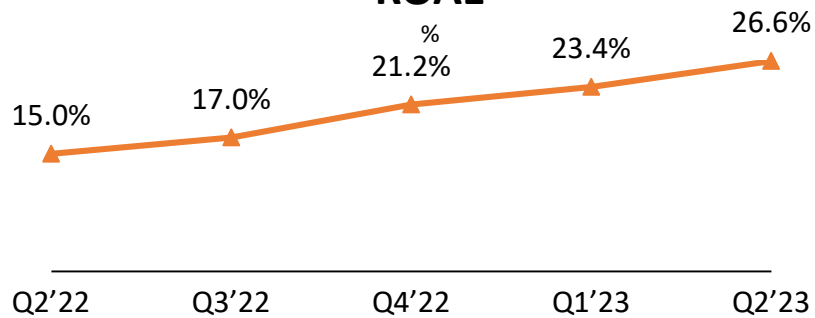


Total Operational Income

TL Billion

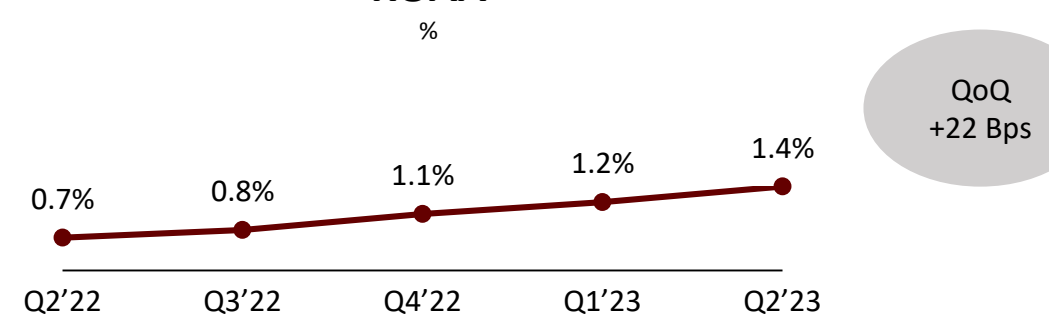


ROAE



(*) Annualized net profit/5Q average equity

ROAA

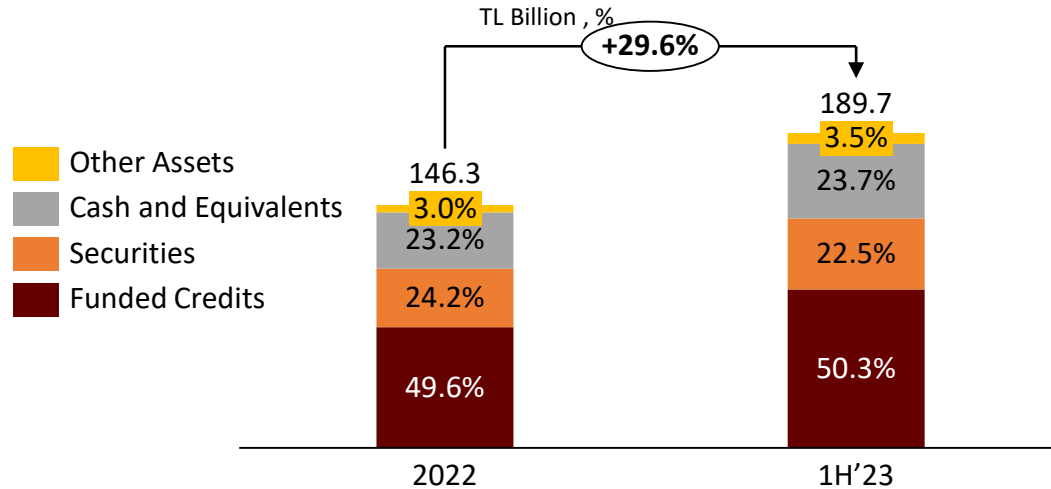


(*) Annualized net profit/5Q average assets

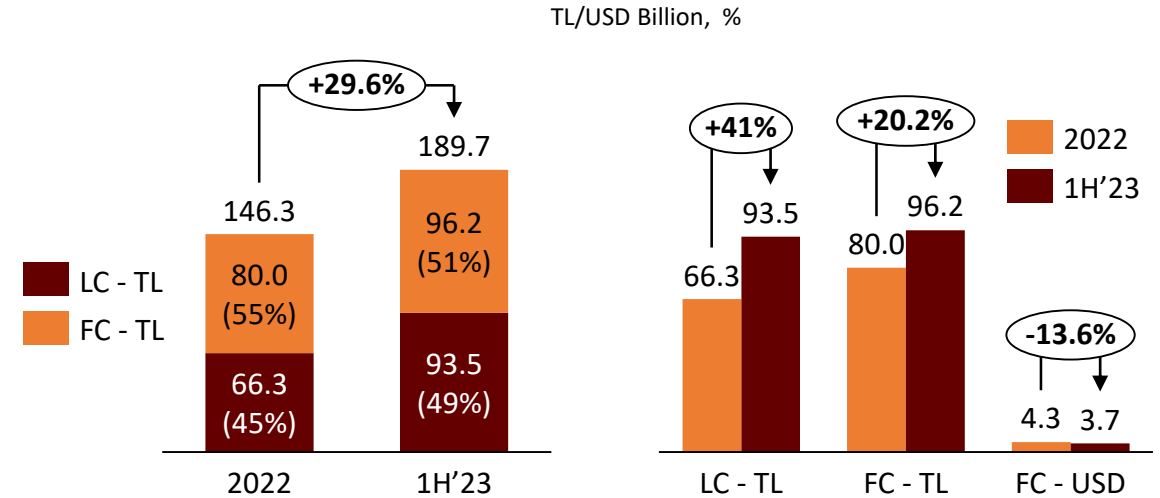
Asset growth in line with market developments

Share of TL assets continue to increase in total assets hence our balance sheet has become more resilient.

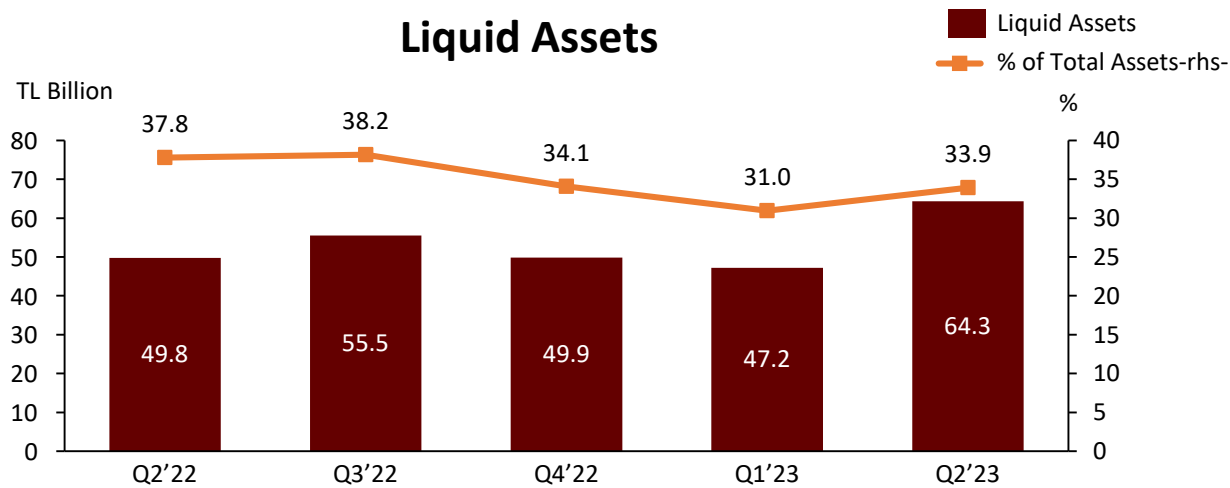
Composition of Total Assets



Currency Breakdown of Total Assets

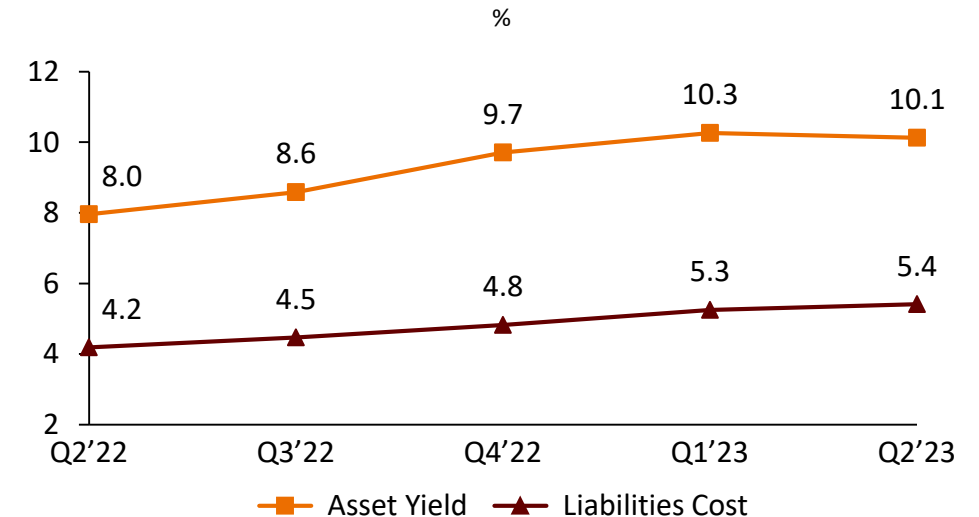


Liquid Assets



*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.

Asset-Liabilities Spreads

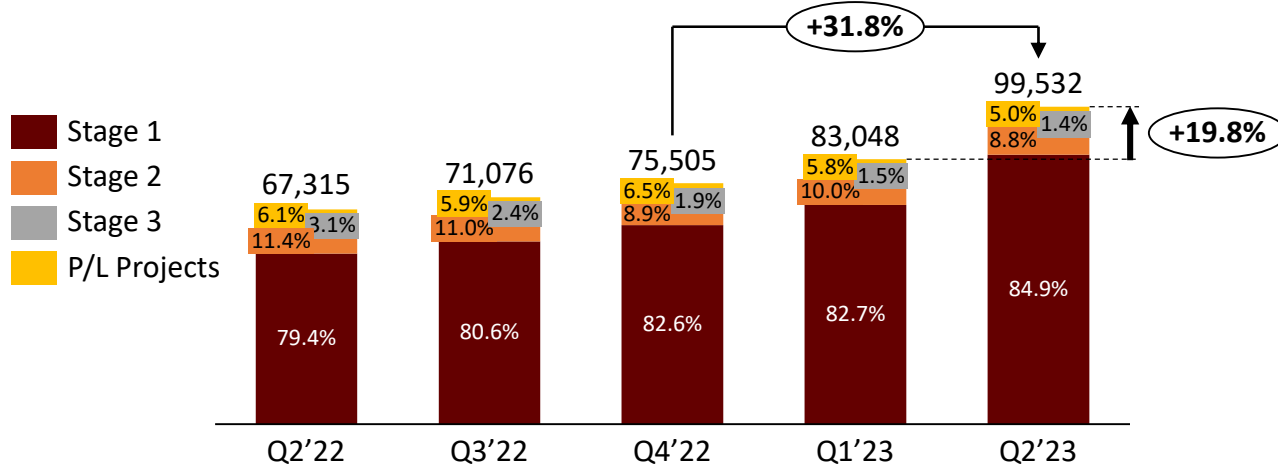


Funded credits portfolio become healthier on basis of increasing TL performing credits

Loan growth accelerated in Q2'23 on back of TL cash credits.

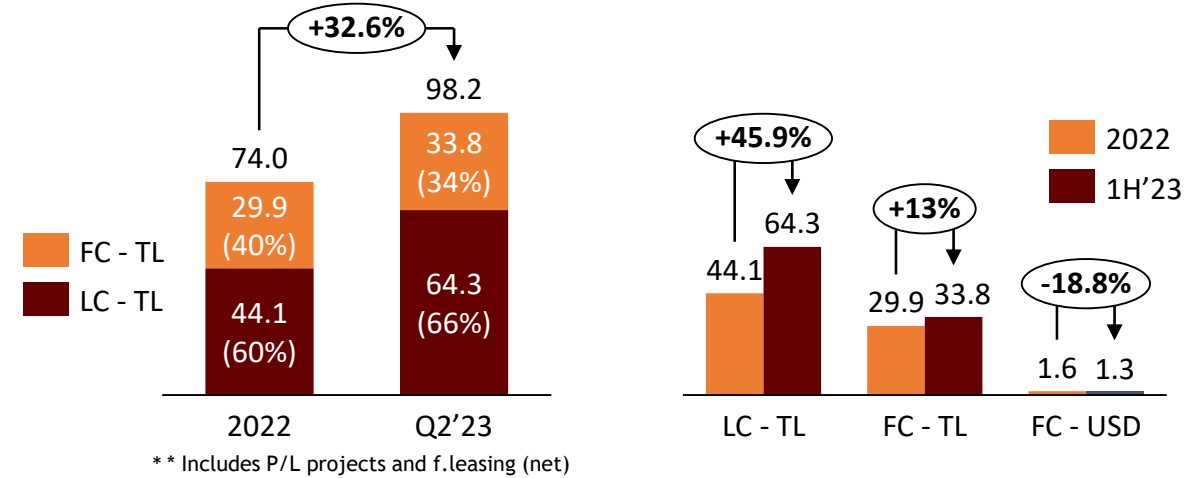
Total Funded Credits

TL Million - Inc. f. Leasing, TL million, excl. expected credit losses (provisions)



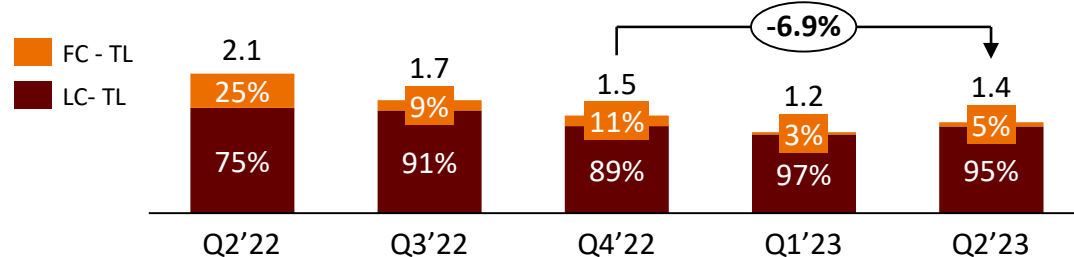
Currency Breakdown of Performing Credits*

TL Billion, %



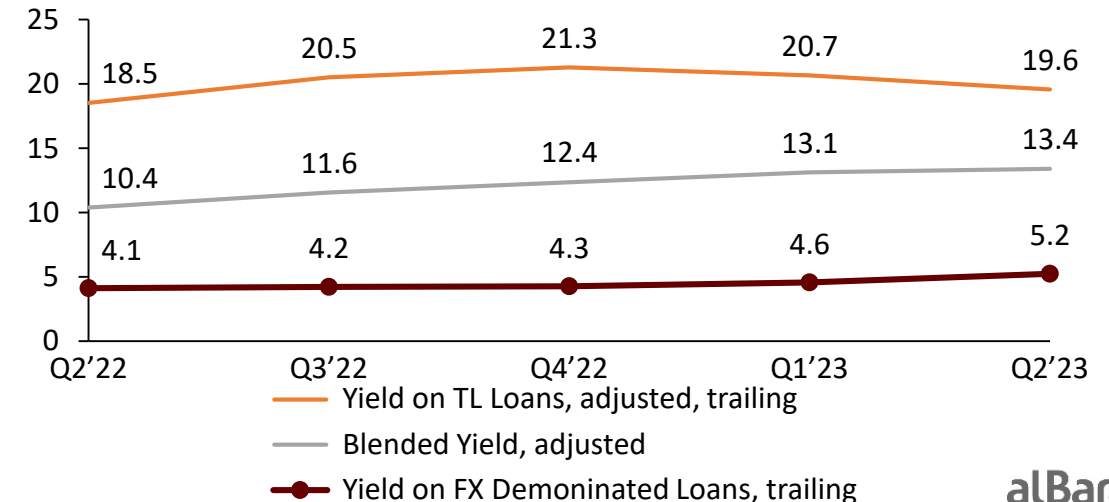
Currency Breakdown of Non-Performing Credits

%



Funded Credits Yields

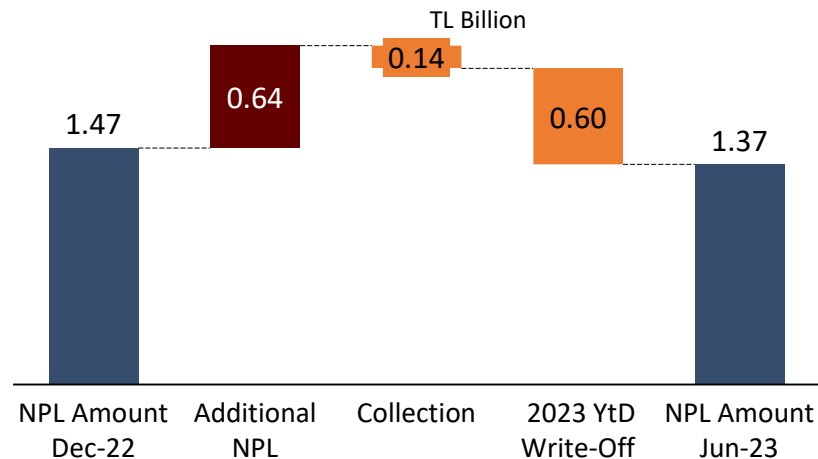
%



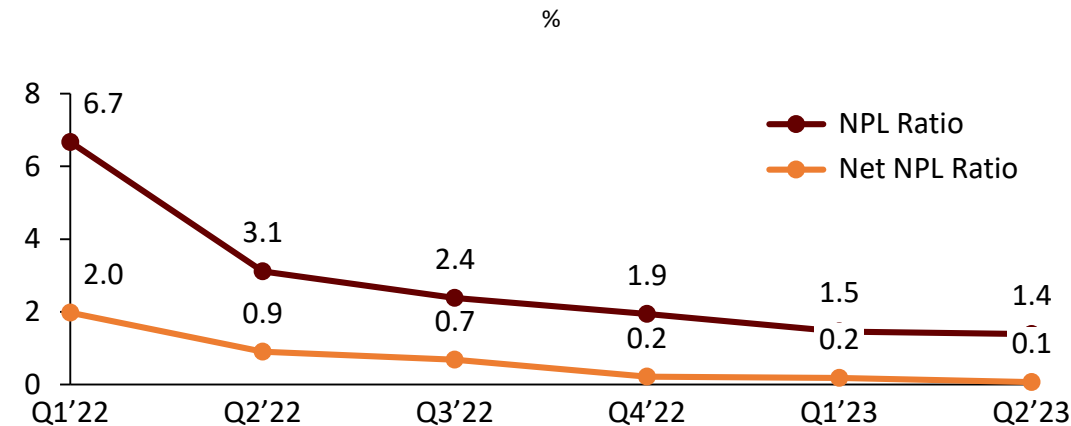
Asset quality further improved with NPL ratio decrease & enhanced provision cushion.

High asset quality eased cost of risk. Also provisioning ratio continues to increase further.

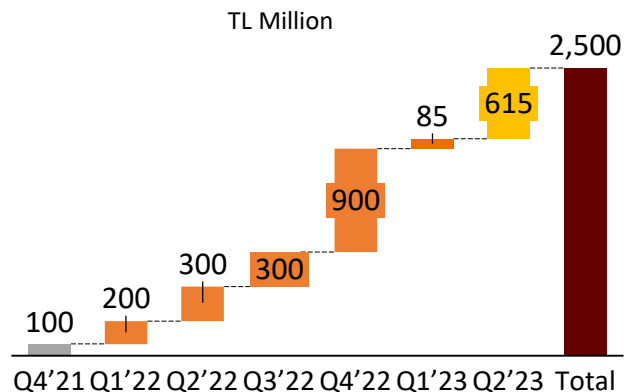
Non Performing Credits Development



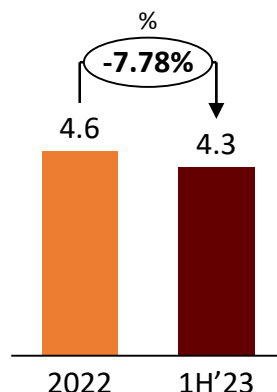
NPL Ratio



Free Provisions

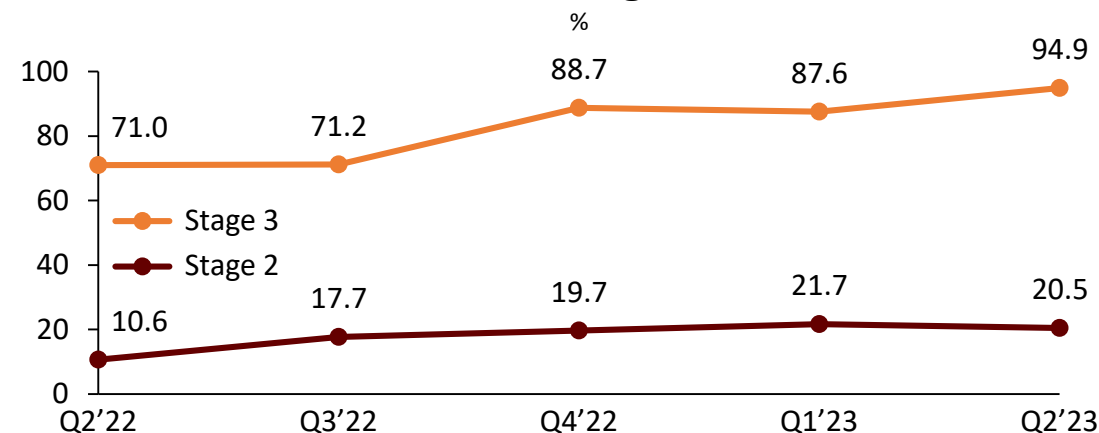


Cost of Risk



Cost of risk: 12-months cumulative total provision expense to 5Q average total assets.

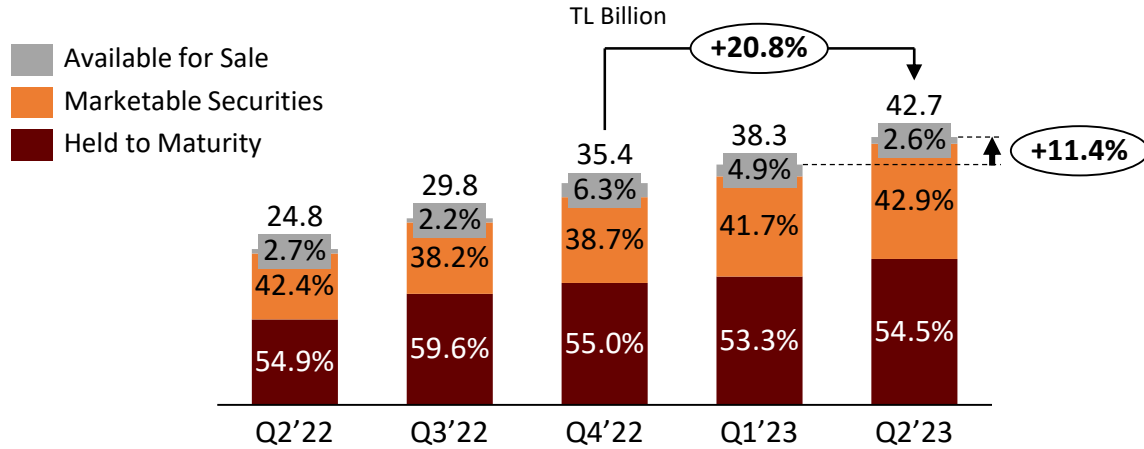
Provisioning Ratio



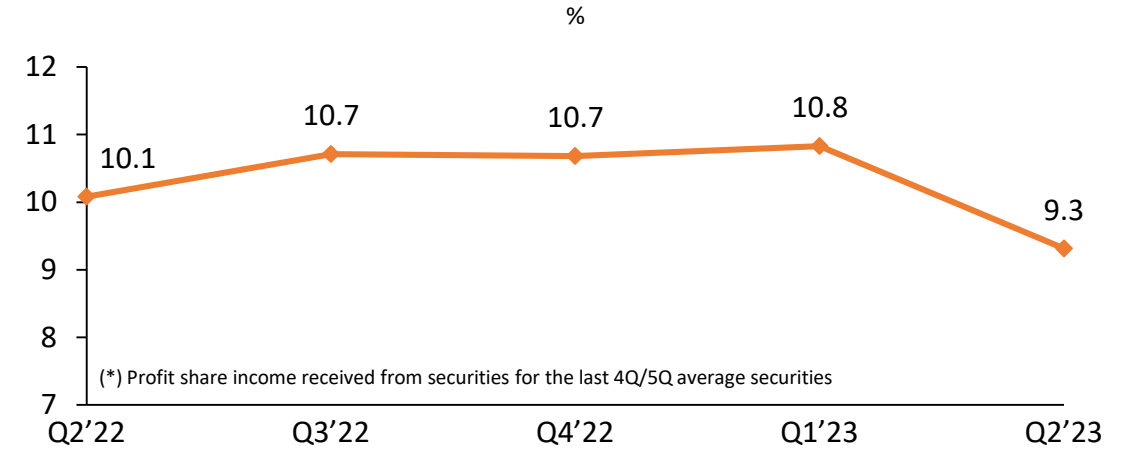
Moderate growth in securities portfolio with limited exposure to market risk

Growth in total securities portfolio went up by %20.8 YtD. The portfolio income increased by 29% YoY.

Total Securities Portfolio

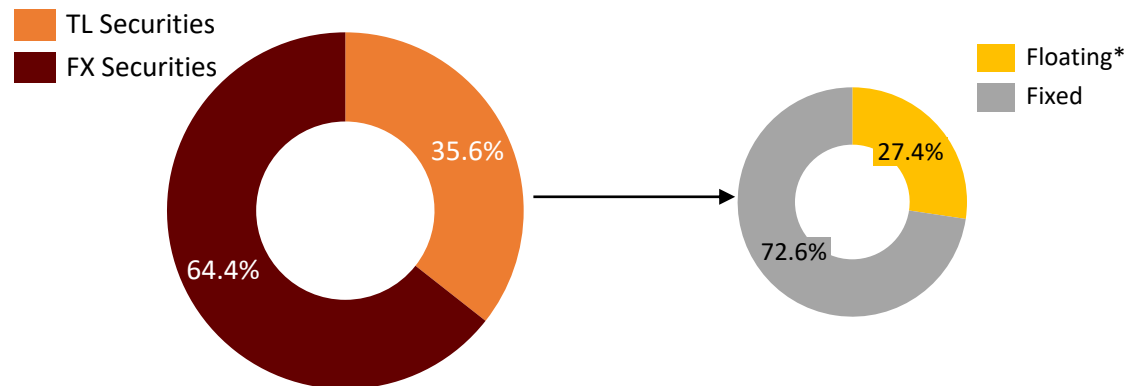


Securities Yield*



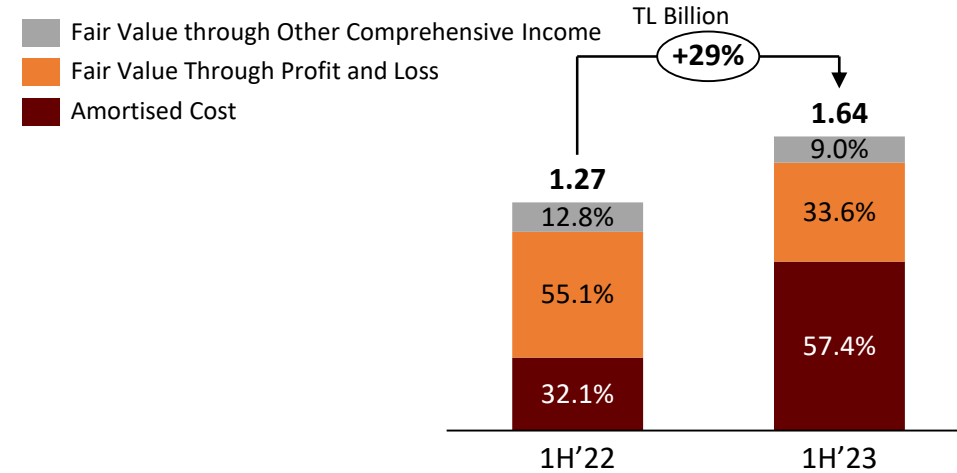
Breakdown of TL & FX Securities (1H'23)

TL Billion , % Share in Total Securities



* There are floating rate securities only in TL securities portfolio.

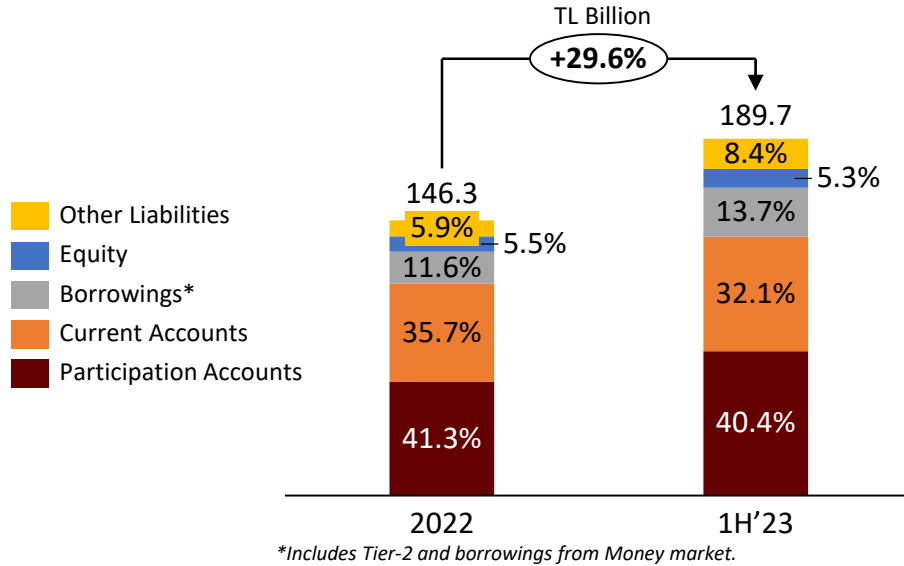
Profit Share Income From Securities Portfolio



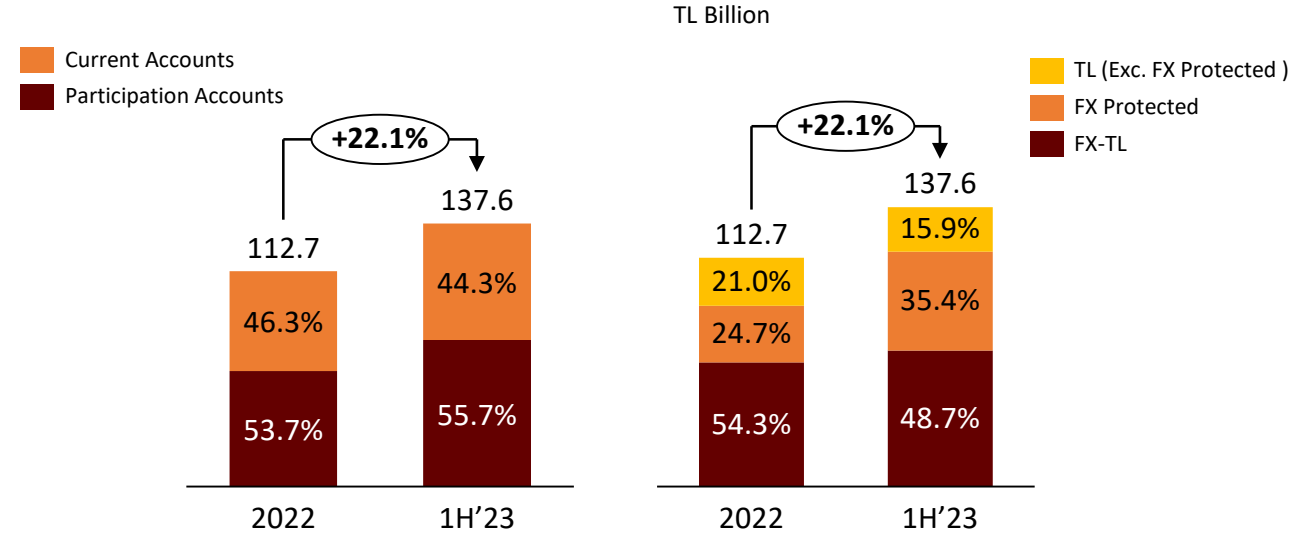
Liraization continue on collected funds, also maturity of collected funds improve

Composition of total liabilities slightly changed by additional Tier – 2 sukuk issuance. However participation funds constitute 72% of total liabilities.

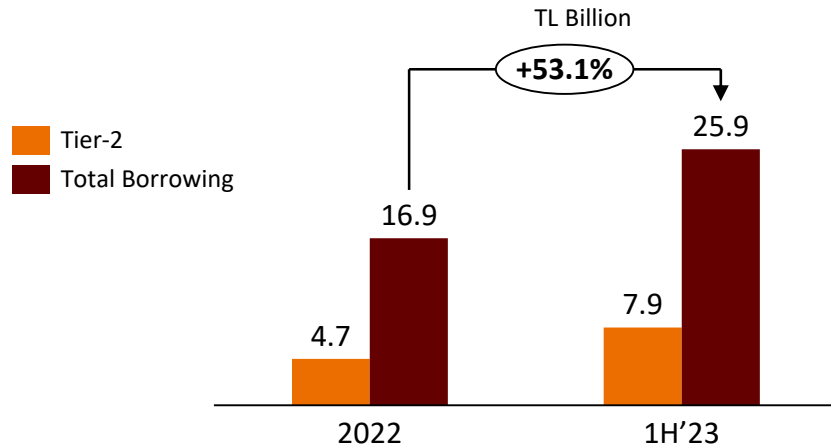
Composition of Total Liabilities



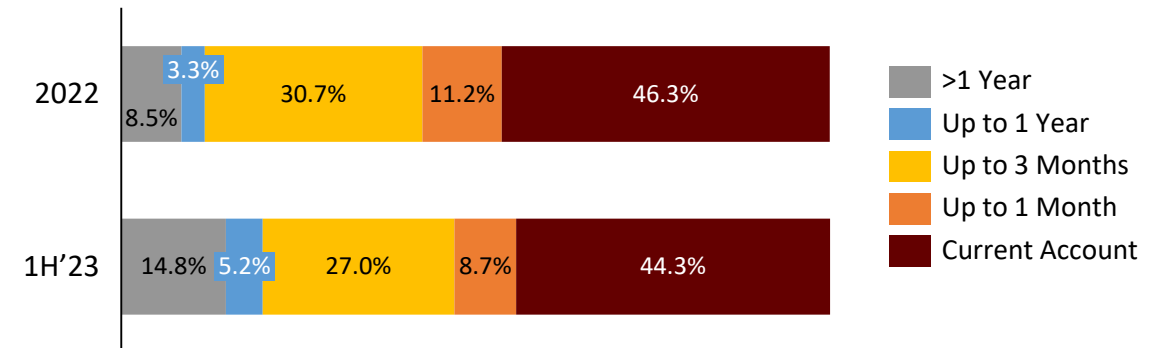
Composition of Collected Funds



Composition of Borrowings



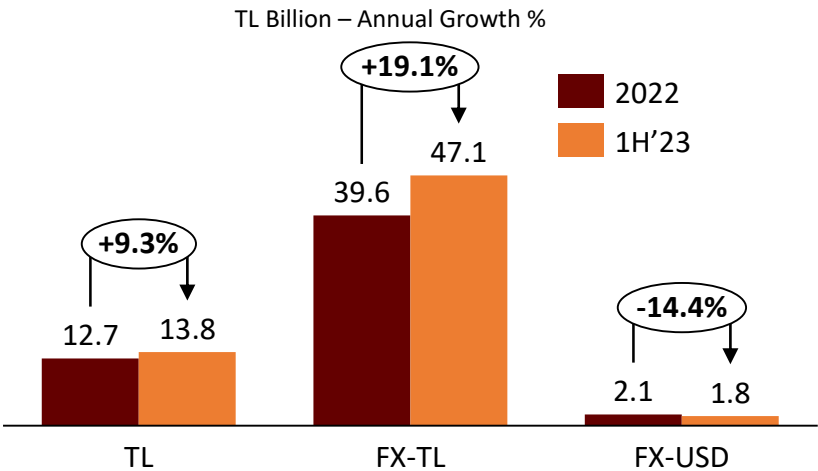
Maturity Composition of Funds Collected (%)



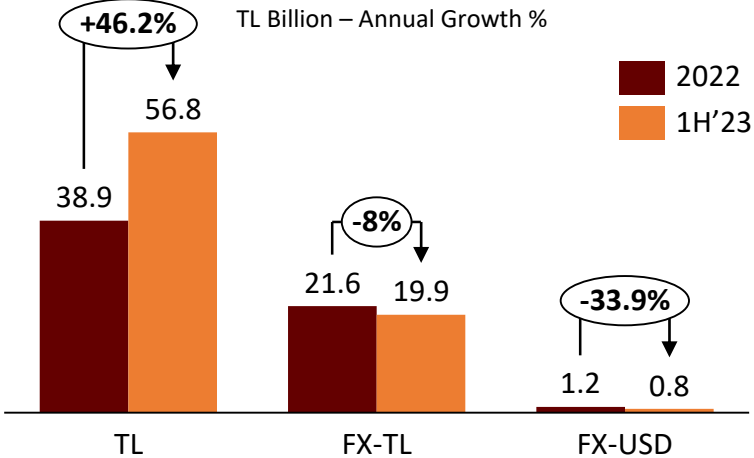
TL funds collection continue to increase by help of currency protected deposit scheme

TL current and participation accounts increased by 9.3% and 46.2% YtD respectively.

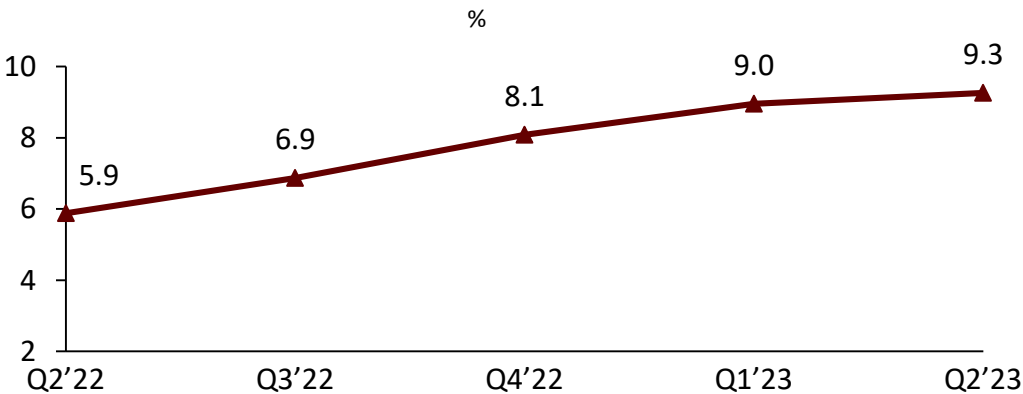
Current Accounts



Participation Accounts

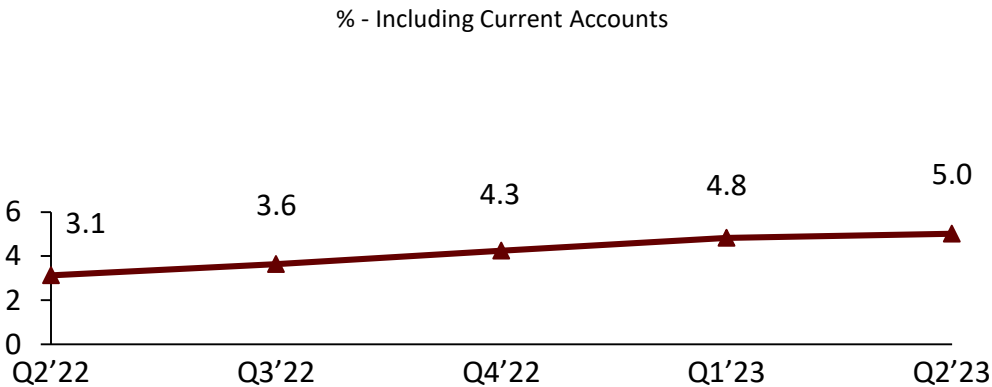


Cost of Funds Collected*



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

Cost of Funds Collected**



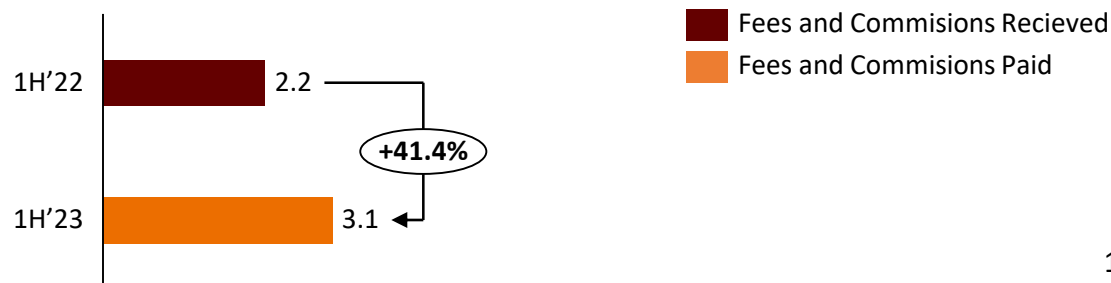
**Profit share expense to depositors for the last 4Q/5Q average participation funds (incl. current acct.)

Despite rising expenses, profitability continue to increase.

Strong profit share income and fees & commission income enabled us to further enhance income generation both YoY and QoQ.

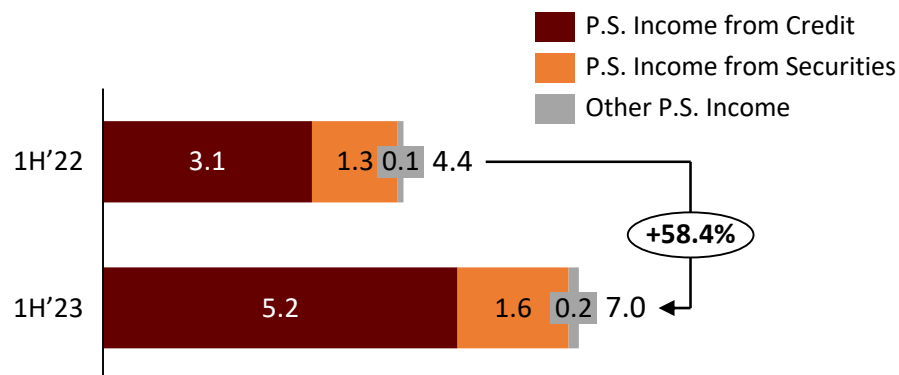
Net Profit Share Income

TL Billion



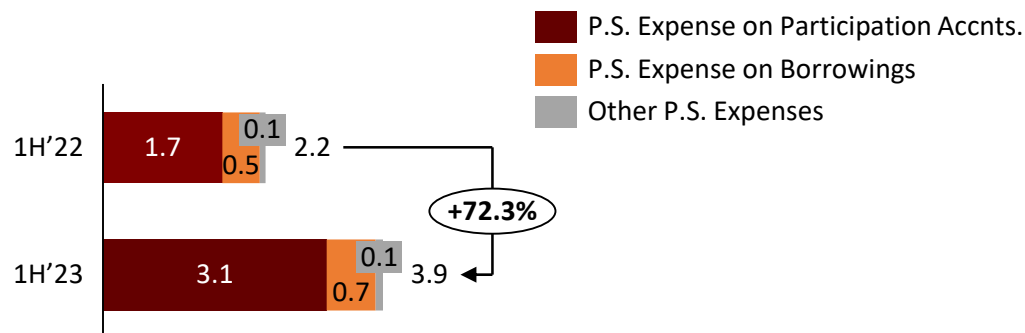
Profit Share Income

TL Billion



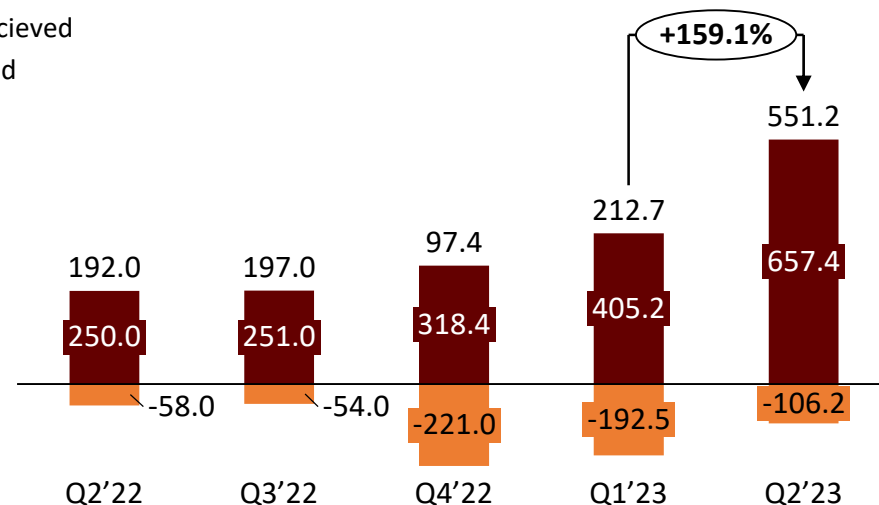
Profit Share Expense

TL Billion



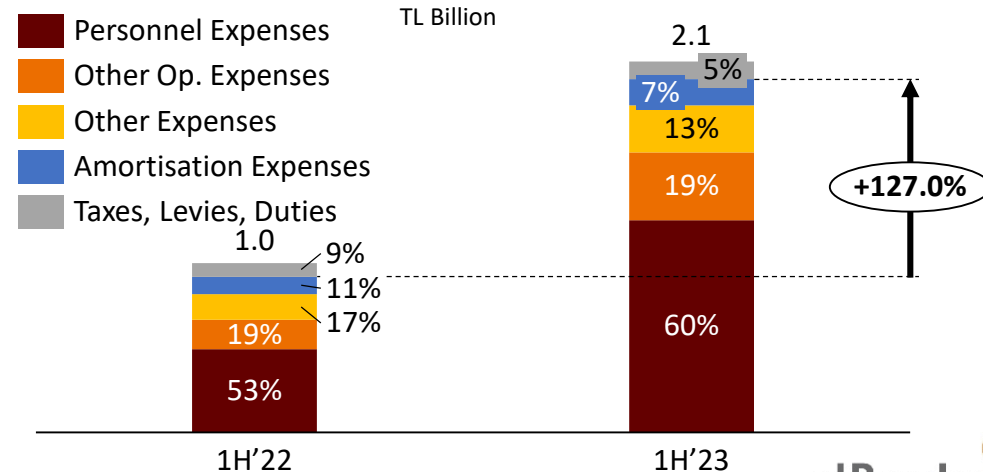
Quarterly Net Fees and Commission Income

TL Million



Operational Expenses

TL Billion

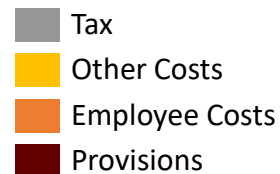
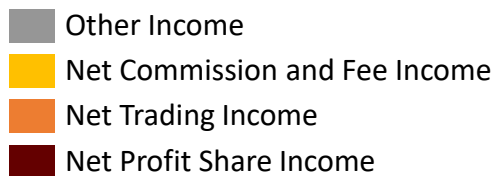
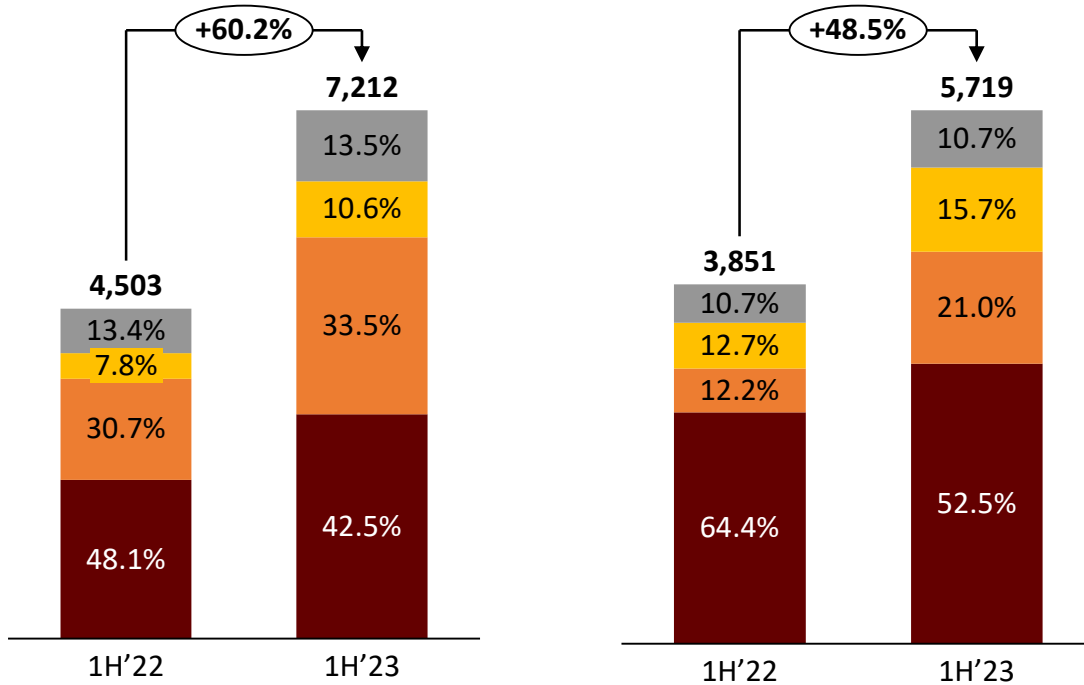


Well managed A&L and OPEX led to significant yield & cost improvement

Limited contraction in net profit share margin, strong fee income and efficient cost management supported profitability to increase.

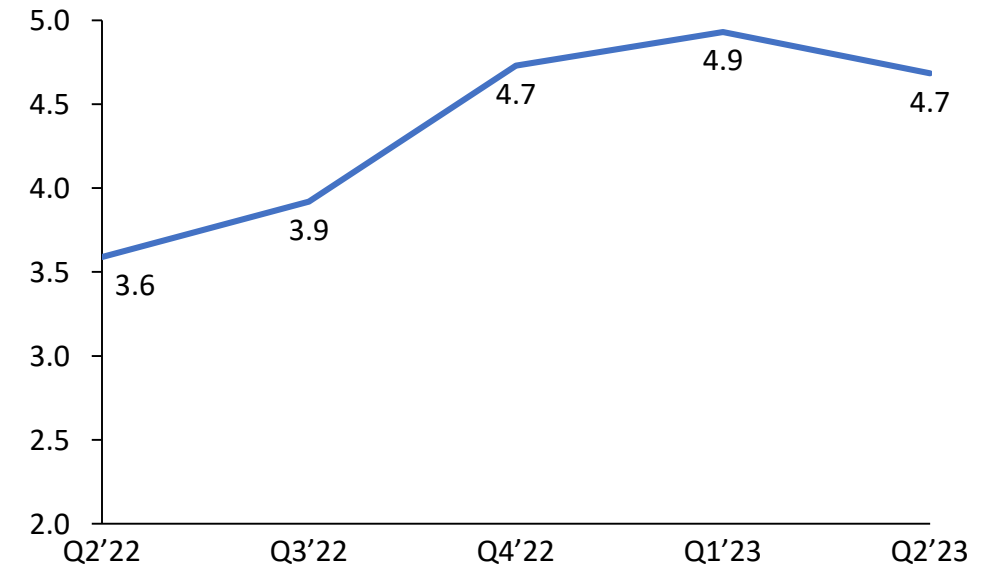
Income-Cost Dynamics

TL Million



Net Profit Share Margin*

%



*Annualized net profit share income/average profit bearing assets

Strong performance on all income items as well as efficient cost management

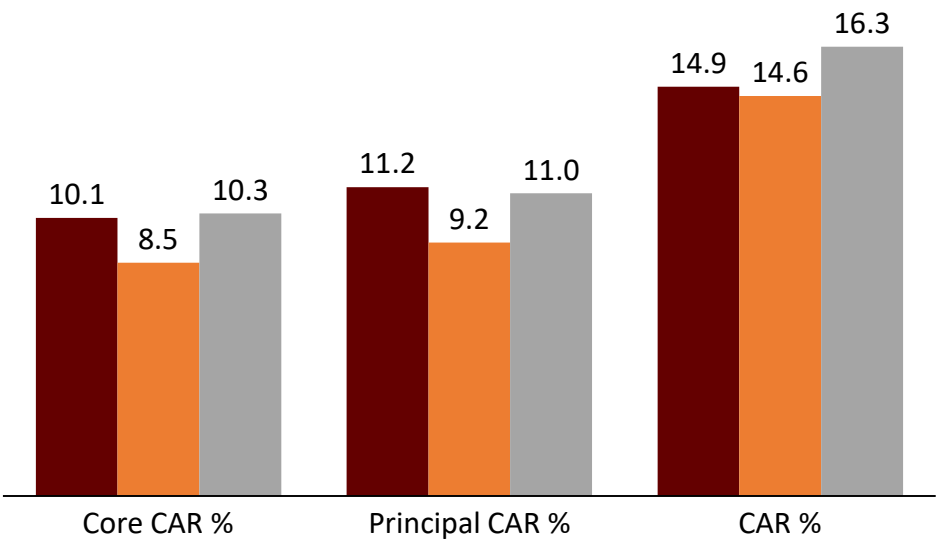
(TL Million)	YoY			QoQ			Notes
	1H'22	1H'23	%	Q1'23	Q2'23	%	
Net Profit Share Income	2,167	3,063	41.3%	1,432	1,631	13.9%	NPSI continued to increase due to higher credit yields than deposit costs.
Net Fees & Commission Income	350	764	118.3%	213	551	158.7%	Net fees & commission went up significantly QoQ and YoY with increasing credit related banking services activities.
Net Trading Income	1,381	2,414	74.8%	630	1,784	183.2%	Net trading income increased remarkably by 183.2% QoQ thanks to FX transactions and swap gains.
Other Income	604	971	60.8%	757	214	-71.7%	Reversal of provision due to collections from Stage III credits and asset sales increased this item.
Provisioning (inc. free provisions)	2,480	3,001	21%	1,343	1,658	23.5%	Stage 3 Coverage Ratio has been increased to 95%. Total free provisions increased to TL 2,500 million.
Personnel Expenses	471	1,204	155.6%	675	529	-21.6%	Personnel expenses increased by 155.6% YoY due to increasing personnel expenses in line with inflation and bonus premium payments at 1H'23.
Other Costs	488	900	84.4%	436	464	6.4%	Operational expenses increased due to the high inflationary environment.
Net Profit	652	1,493	129%	517	976	88.8%	

Improved profitability and additional Tier-2 supportive to CAR

CAR is at comfortable levels by support of additional USD 100 million Tier-2 as well as increasing profitability.

Capital Adequacy Ratio

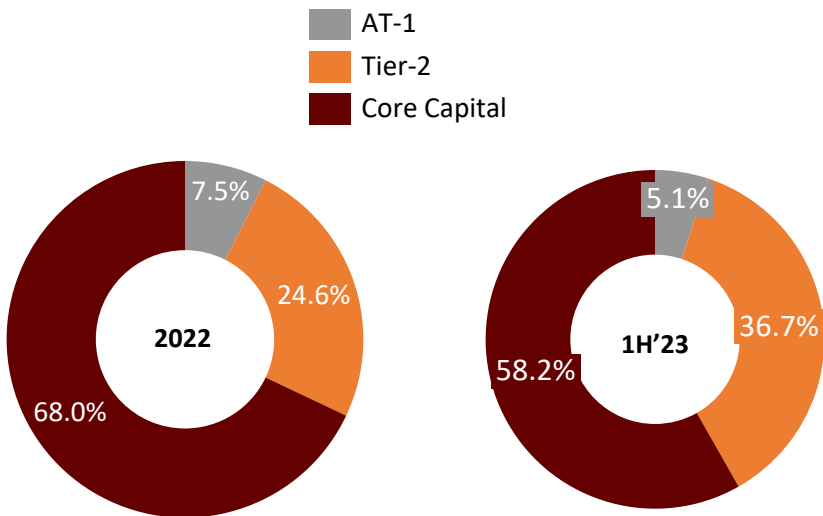
%



2022
1H'23
1H'23 (Incl. free provisions)

Capital Breakdown

%



Financial Ratios – Sector Comparison

Percent (%)	2022			1H'23		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
CAR	14.9	20.5	19.5	14.5	20.4	18
NPL Ratio	1.9	1.4	2.1	1.4	1.1	1.6
Provisioning Ratio (Stage 3)	88.7	99.8	86.7	94.9	102.4	86.5
Loan/Deposits	66.5	70.7	82.9	69.3	73.7	82.9
Asset Yield	9.7	12.0	13.5	10.1	12.3	13.6
Asset Spread	4.9	6.1	7.0	4.7	5.2	7.4
Net Profit Share Margin	4.7	6.4	7.4	4.7	5.7	5.7
Op Costs / Avg. Assets	1.7	1.5	1.9	2.2	2	1.6
Cost/Income	21.1	18.7	20.3	29.2	24.9	29.5
Credits / Branches (TL Million)	336	477	720	424	636	951
Staff / Branches	11.8	13	18.7	11.8	13.2	18.7
CA / Deposits *	46	41	35	44	38	34

*Deposits (Participation Funds) Collected from Banks

Summary Balance Sheet

(TL Million)	2022	1H'23	Growth (%)
Cash and Balances with Central Bank	24,865	32,922	32.4%
Banks	7,340	11,953	62.8%
Money Market Placements	1,726	0	-
Financial Assets	35,264	42,560	20.7%
Funded Credits (net)	72,625	95,430	31.4%
<i>Cash Credits</i>	73,128	95,302	30.3%
<i>Net Financial Leasing Receivables</i>	909	2,863	215%
<i>NPL</i>	1,468	1,367	-6.9%
<i>Expected Credit Losses</i>	2,880	4,101	42.4%
Associates	89	112	25.8%
Fixed Assets	2,899	3,049	5.2%
Assets Held For Sale and Investment	341	790	131.7%
Other Assets (inc. Tax Assets)	1,191	2,869	140.9%
Total Assets	146,340	189,686	29.6%

(TL Million)	2022	1H'23	Growth (%)
Funds Collected	112,676	137,633	22.1%
Funds Borrowed	4,412	18,033	308.7%
Borrowings from Money Markets	7,818	0	-
Debts (inc. Taxes)	6,046	12,845	112.5%
Provisions	2,576	3,155	22.5%
Tier II Sukuk	4,694	7,879	67.9%
Shareholders' Equity	8,119	10,140	24.9%
<i>Capital</i>	2,500	2,500	-
<i>Capital Reserves (inc. Premium)</i>	1,608	3,656	127.3%
<i>Profit Reserves</i>	1,832	1,524	-20.2%
<i>Profit/Loss</i>	627	576	-8.1%
Total Liabilities	146,340	189,686	29.6%

Summary Income Statement

(TL Million)	1H'22	1H'23	Growth (%)
Profit Share Income	4,412	6,932	57.1%
Profit Share Expense	2,245	3,869	72.3%
Net Profit Share Income	2,166	3,062	41.4%
Net Fees and Commissions Income	350	763	118%
<i>Fees and Commissions Received</i>	465	1,062	99.8%
<i>Fees and Commissions Paid</i>	115	299	160%
Net Trading Income	1,381	2,414	74.8%
Other Operating Income	604	970	60.6%
Total Operating Profit	4,503	7,212	60.2%
Provisions (including free provisions)	2,480	3,001	21%
Personnel Expenses	471	1,203	155.3%
Other Operating Expenses	488	900	84.4%
Operating Profit Before Tax	1,064	2,107	98%
Tax Provision	411	614	49.4%
Net Profit	652	1,493	128.9%

THANK YOU...

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