

Q3'23
Investor Presentation

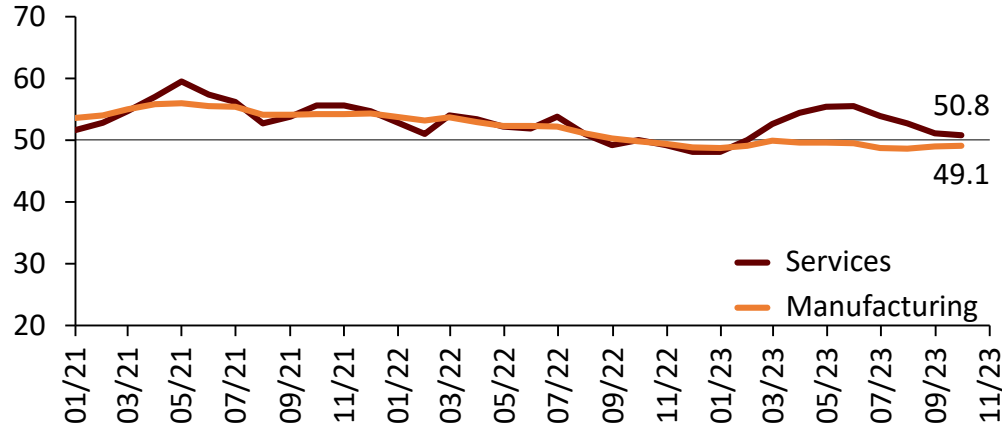
Albaraka Türk Participation Bank

Macroeconomic Outlook: Inflation is still first priority

Global central banks hit rate plateau in October, the length of which will be shaped by the stubbornly high services inflation. Similarly, the rigidity in services is a determining factor of inflation in Turkey which our year-end expectation is around the upper band of the CBRT's expectation.

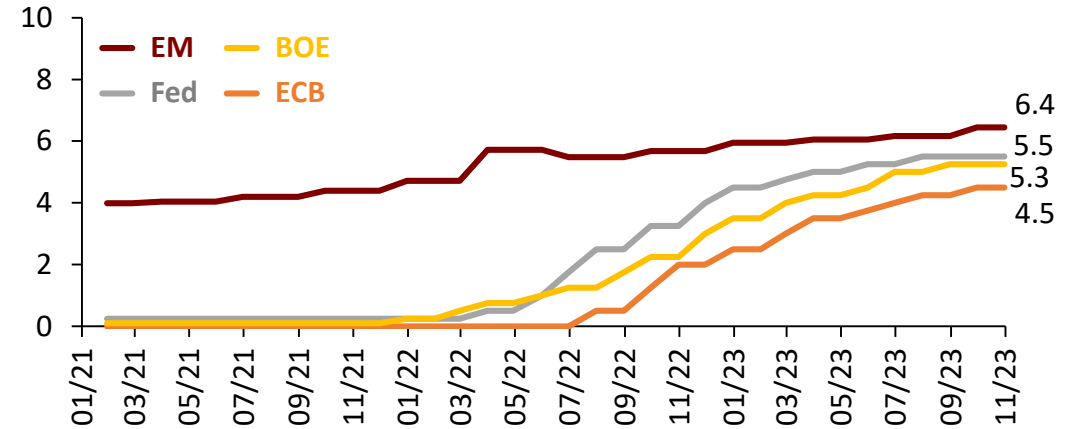
Global PMI

Index



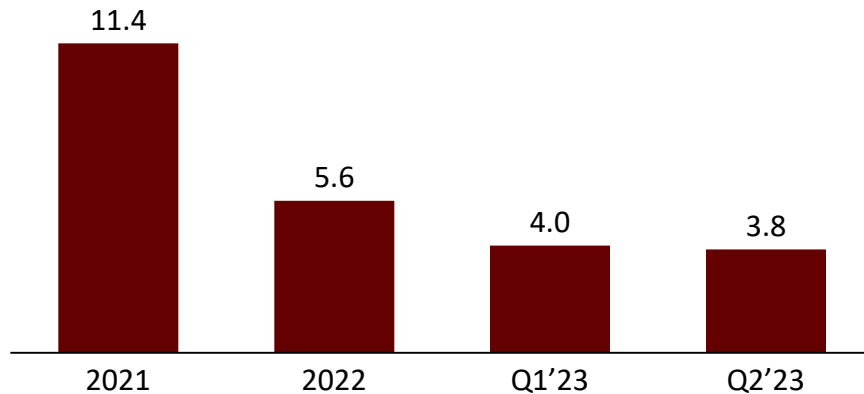
Central Banks Policy Rates

%



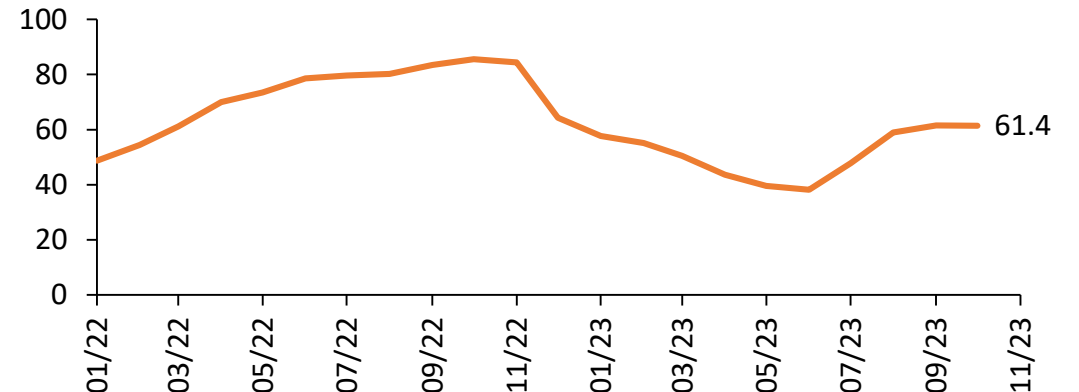
Türkiye: GDP Growth

Annual % Change



Türkiye: Inflation

Annual % Change, October 2023

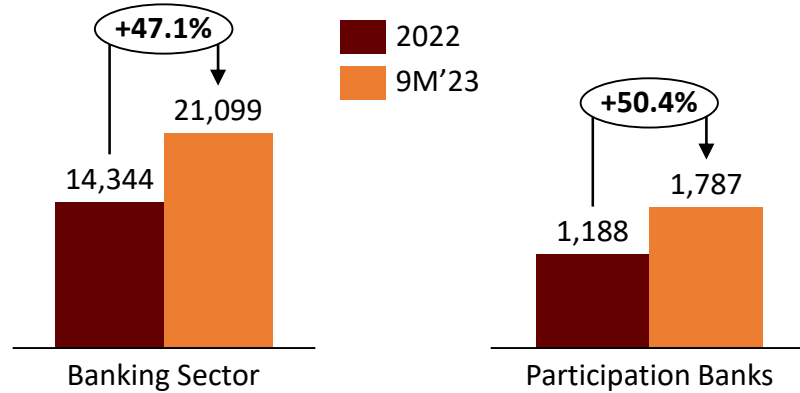


Banking Sector Overview: Remains sound and sustainable

The banking sector continues to strengthen its balance sheet. As of 3Q 2023, participation banks' annual net profit growth outperformed the sector average.

Total Assets*

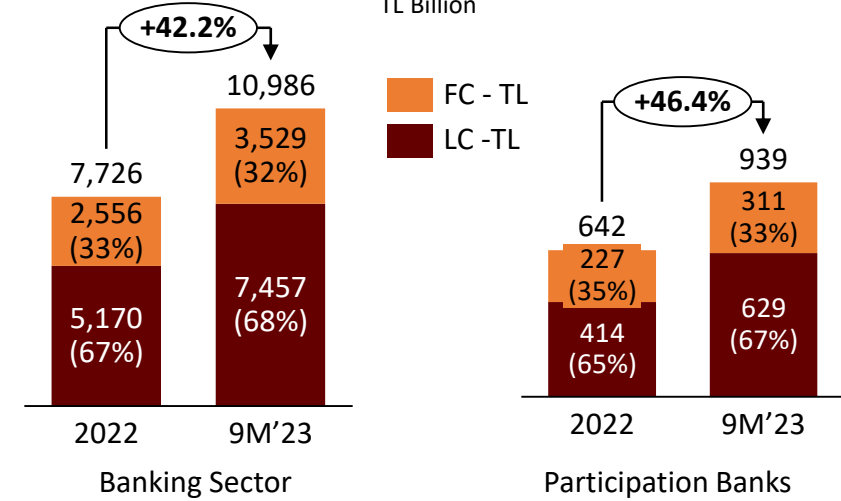
TL Billion



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

Funded Credits*

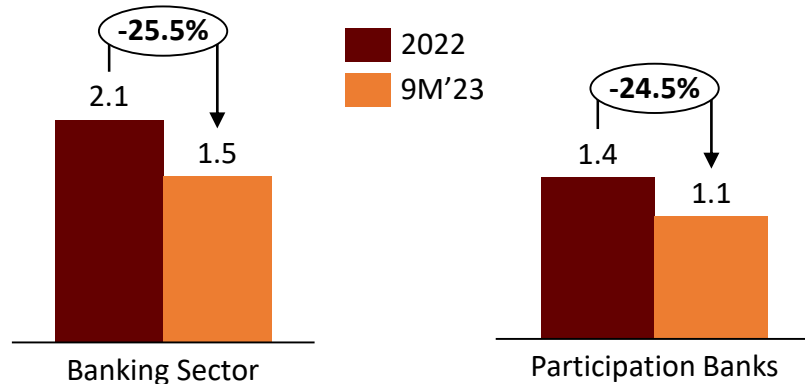
TL Billion



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

NPL Ratio*

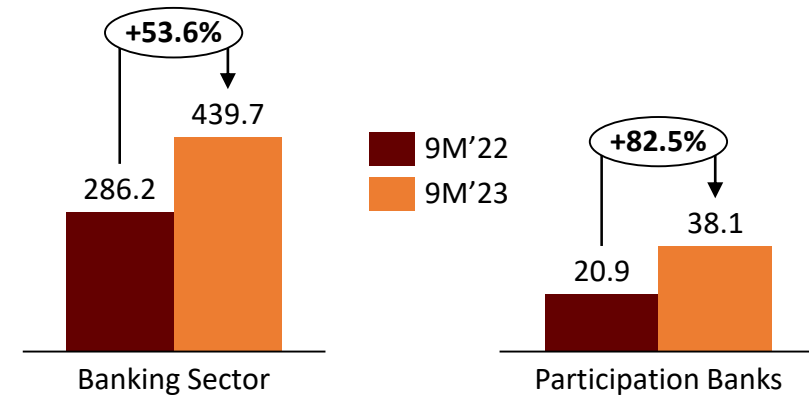
%



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

Net Profit

TL Billion

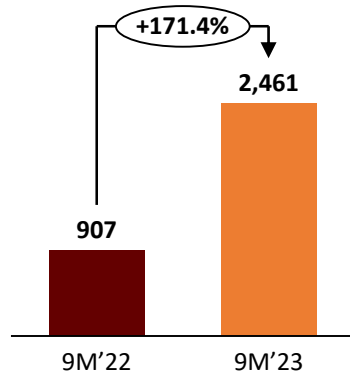


Albaraka Türk Snapshot: Strengthened financials brought remarkable results

In addition to significantly improving our profitability outlook compared to previous periods, we also managed to increase our provision ratios above the sector average with a prudent approach.

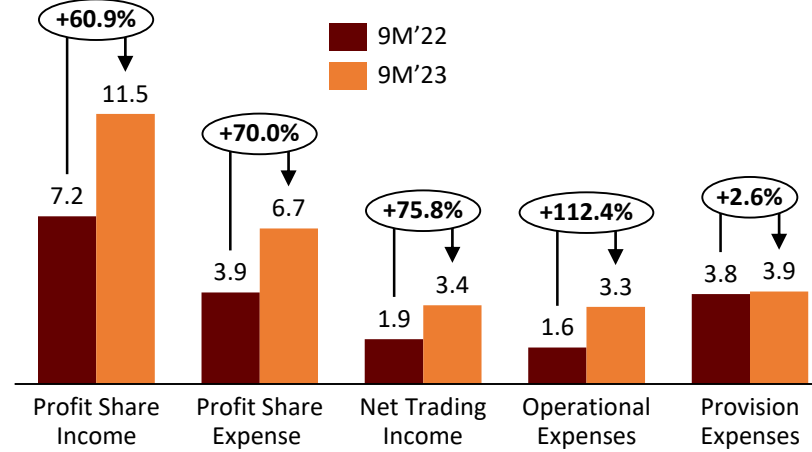
Net Profit

TL Million



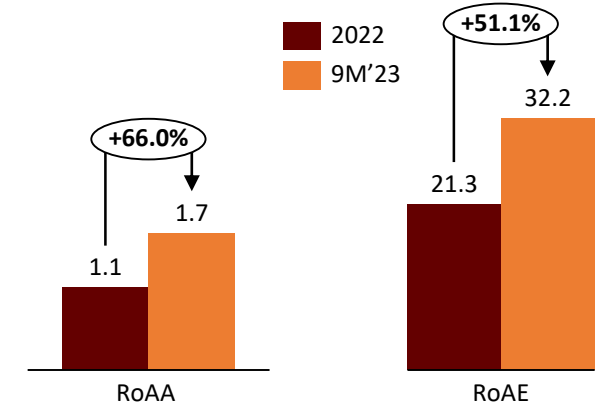
Income – Cost Dynamics

TL Billion



Return on Avg. Equity & Assets*

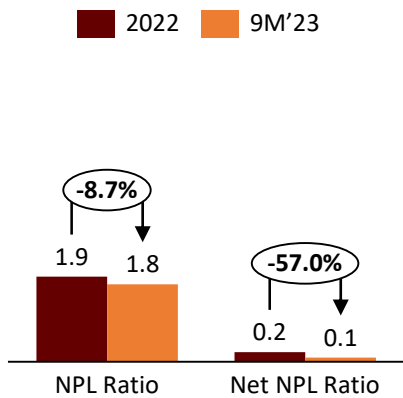
%



* Annualized net profit/5Q average assets or equity

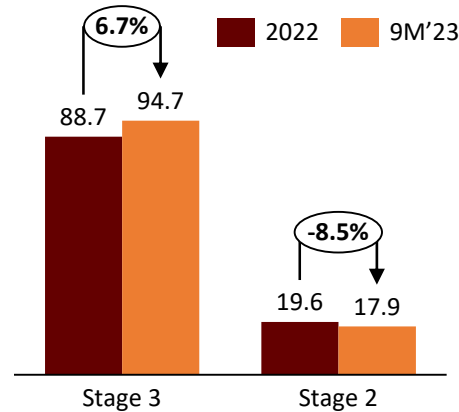
NPL Ratio

%



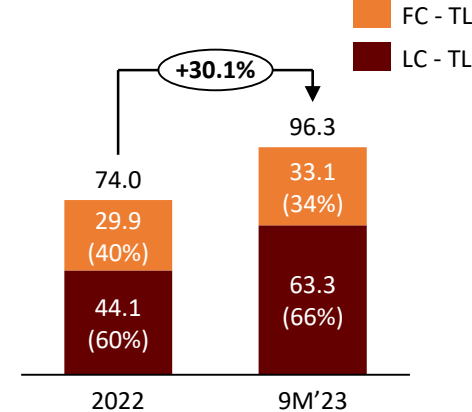
Provisioning Ratio

%



Performing Funded Credits*

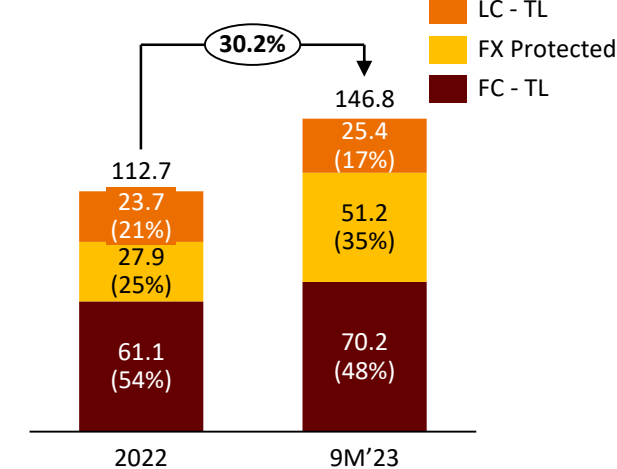
TL Billion, %



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

Collected Funds*

TL Billion, %



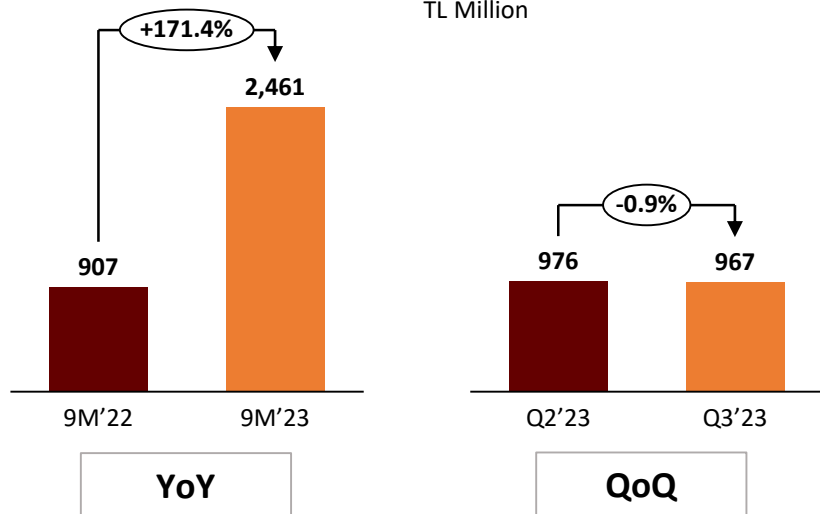
* Includes participation and current accounts.

Sustainable improvement in profitability achieved by strong operational performance

ROAA and ROAE improved significantly both QoQ and YoY.

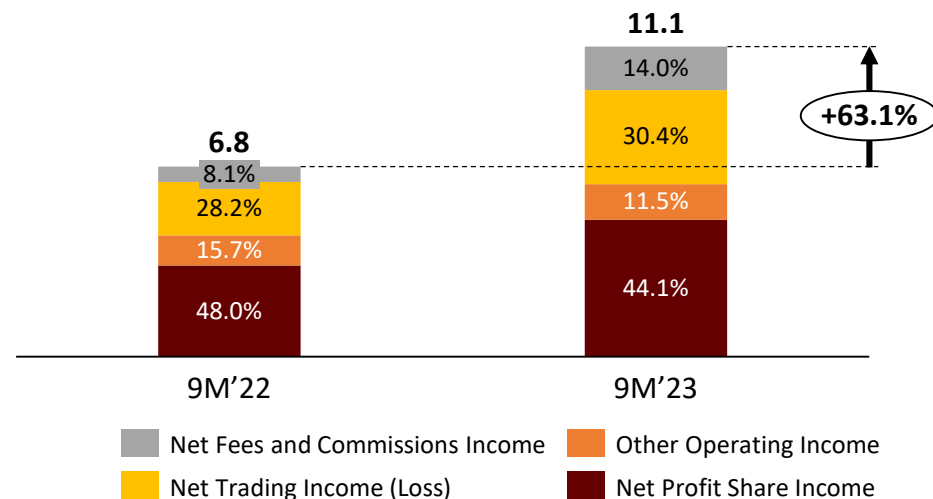
Net Profit

TL Million



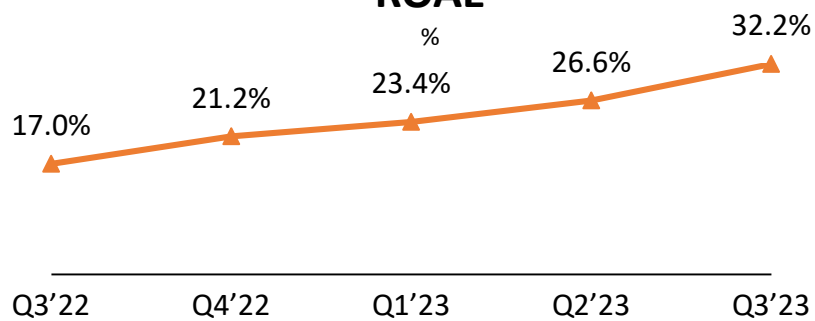
Total Operational Income

TL Billion



ROAE

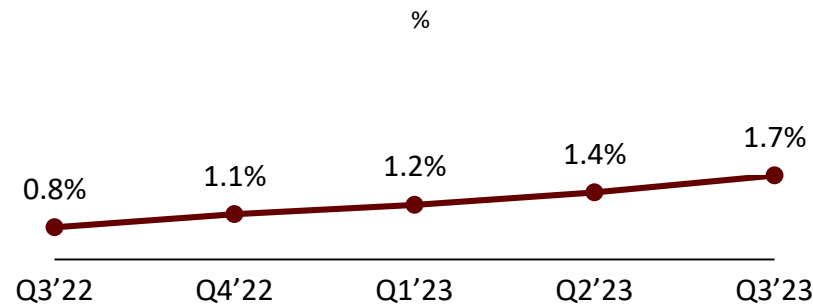
%



QoQ
+554 Bps

ROAA

%



QoQ
+30 Bps

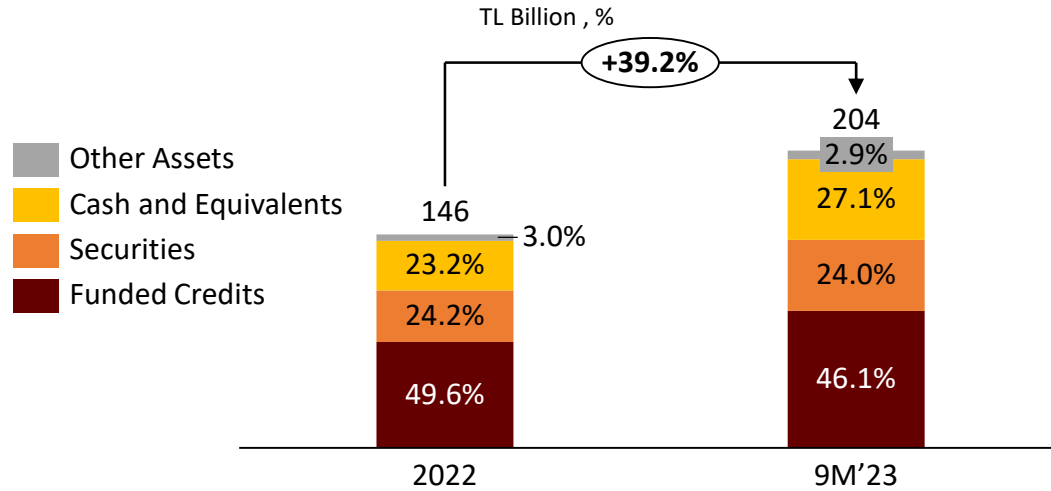
(*) Annualized net profit/5Q average equity

(*) Annualized net profit/5Q average assets

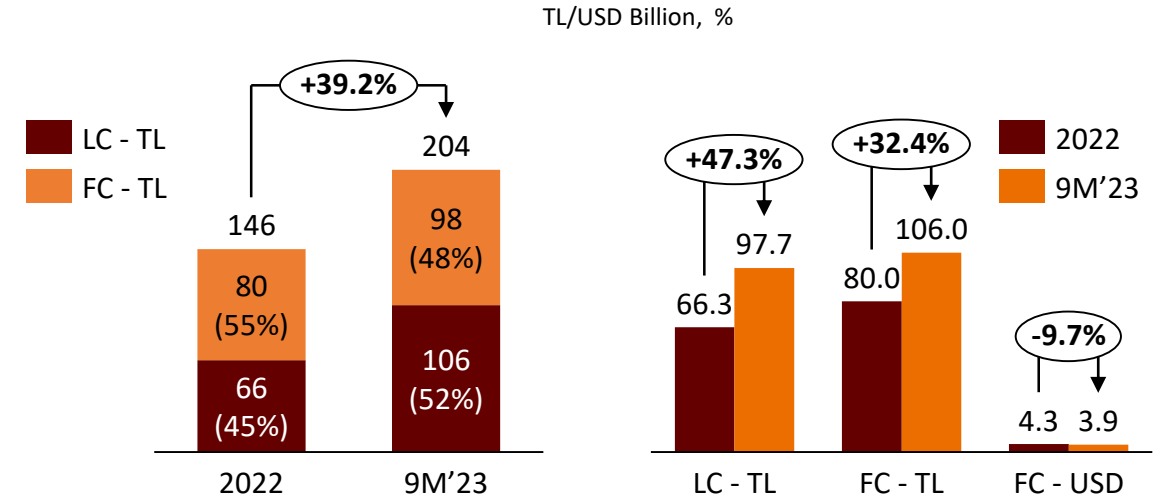
Asset growth remains to be driven by increase in TL assets

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

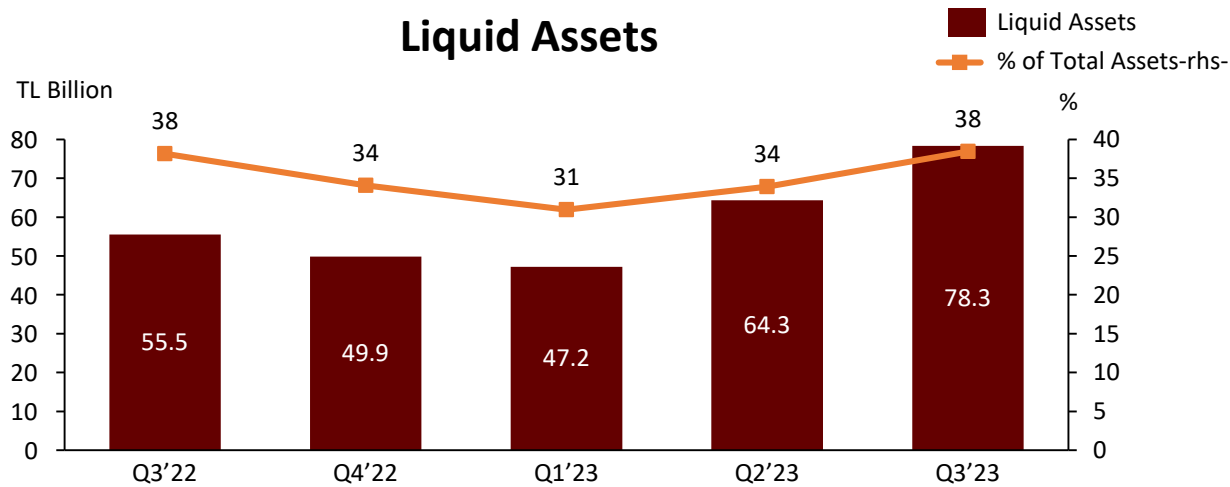
Composition of Total Assets



Currency Breakdown of Total Assets

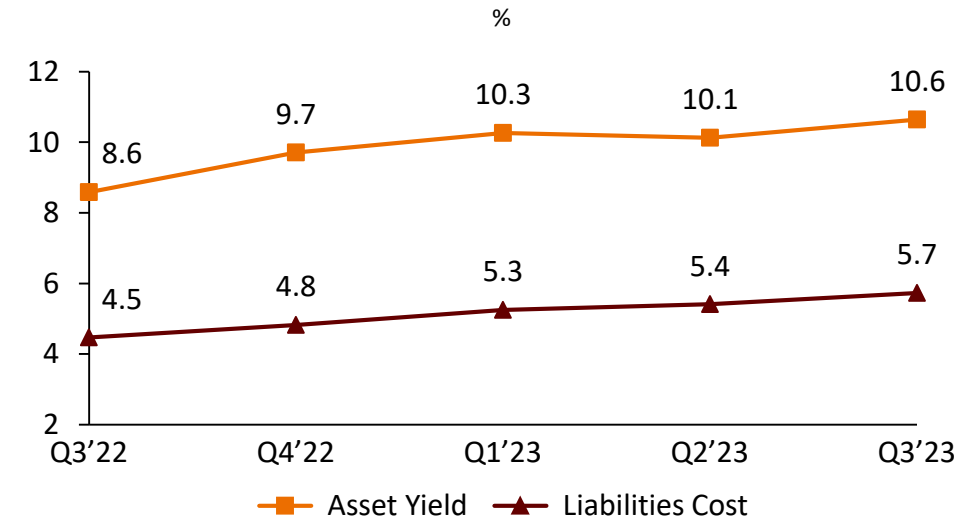


Liquid Assets



*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

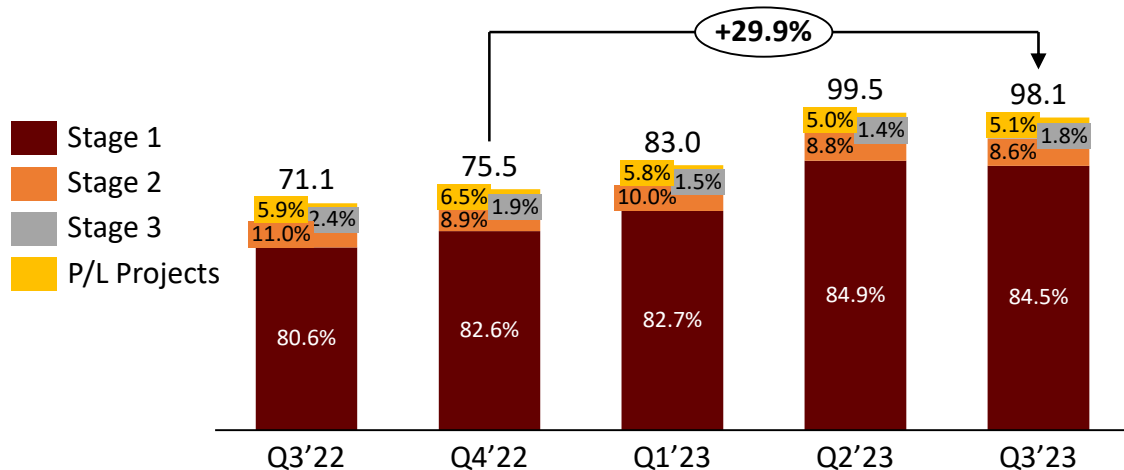


Growth in funded credits driven by TL performing credits

Share of TL credits increased both in performing and non performing credits.

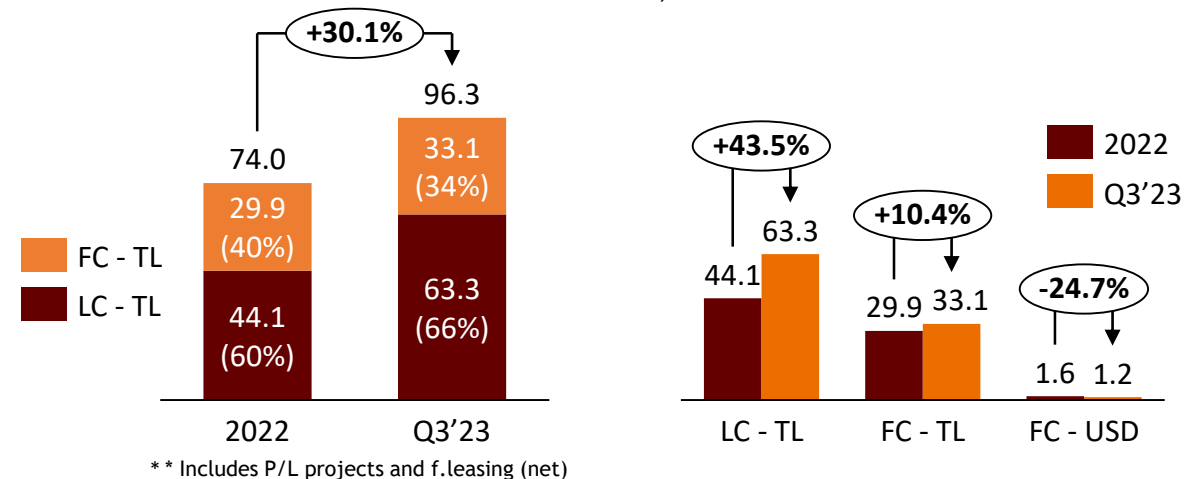
Total Funded Credits

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



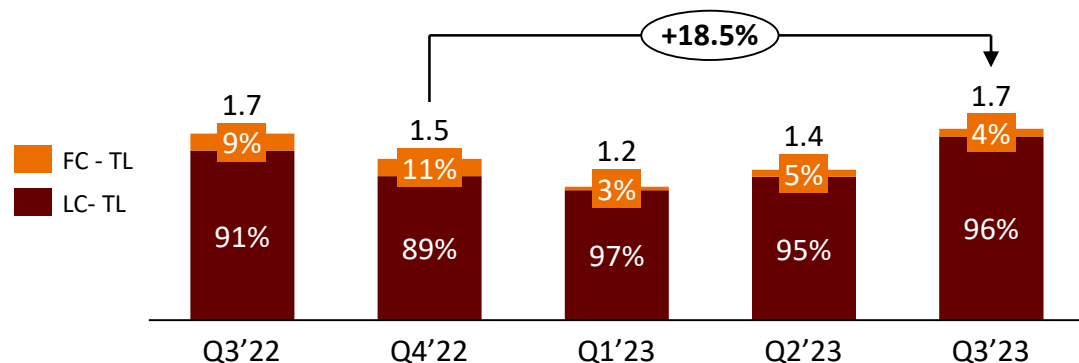
Currency Breakdown of Performing Credits*

TL Billion, %



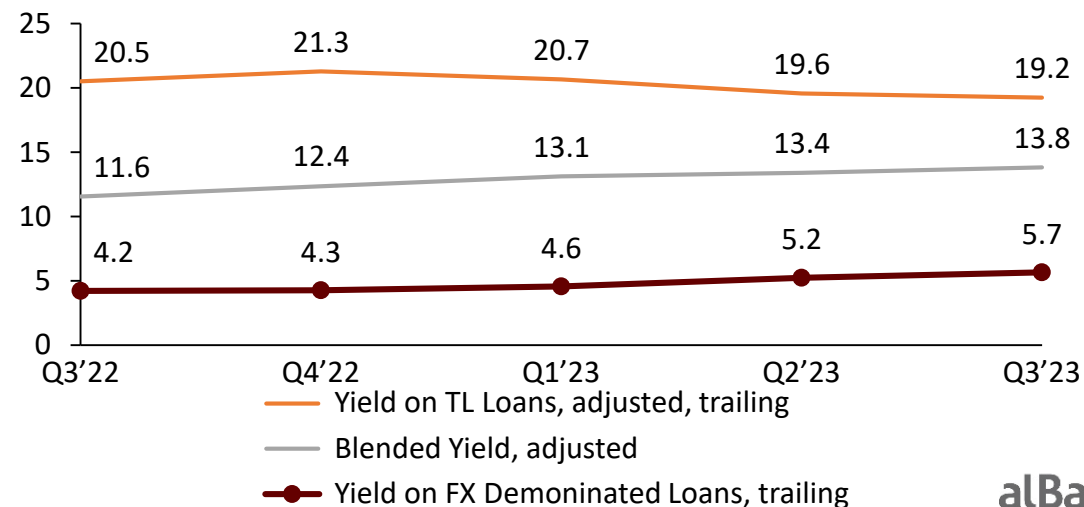
Currency Breakdown of Non-Performing Credits

%



Funded Credits Yields

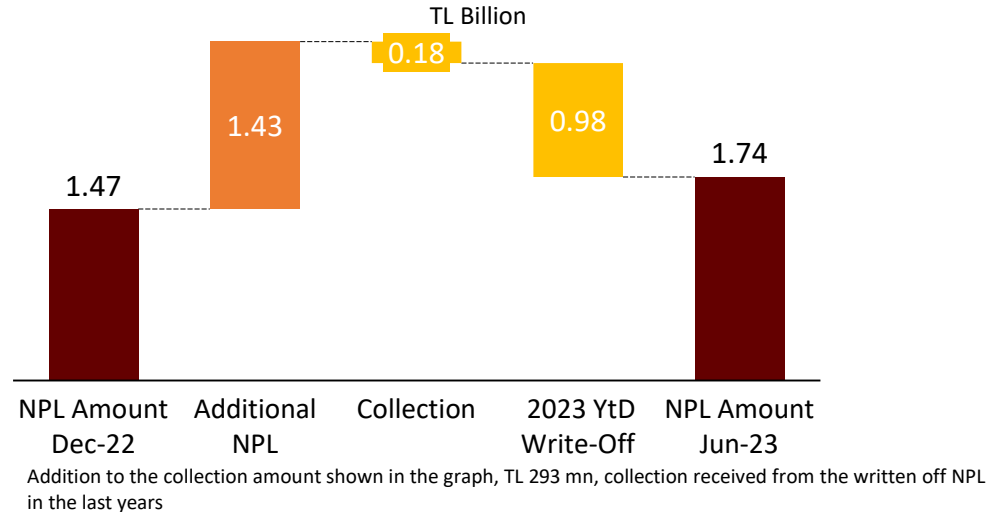
%



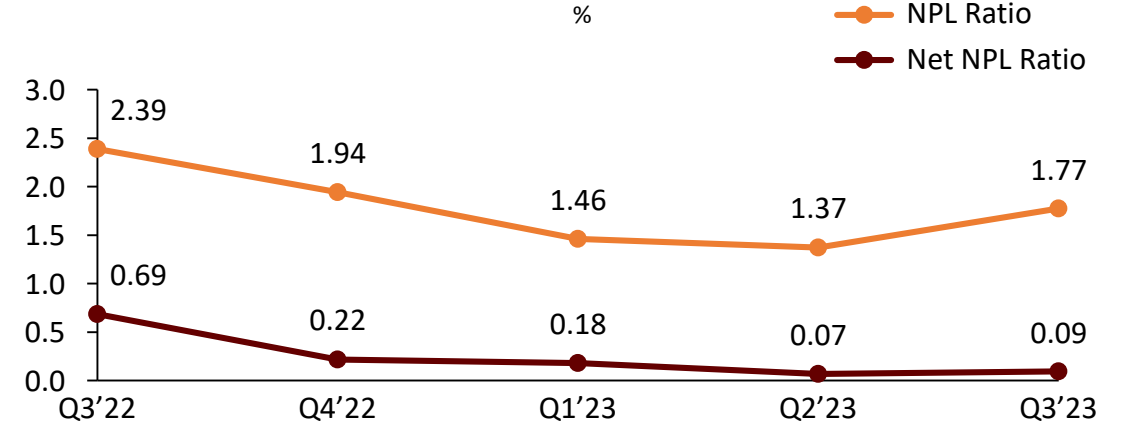
Asset quality remain sound with additional free provisioning cushion

High asset quality eased cost of risk.

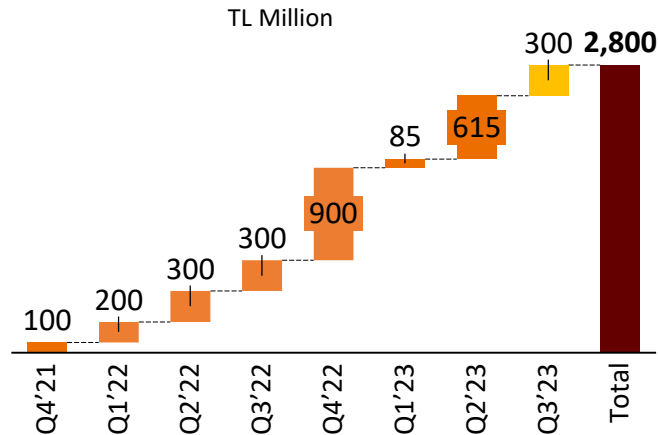
Non Performing Credits Development



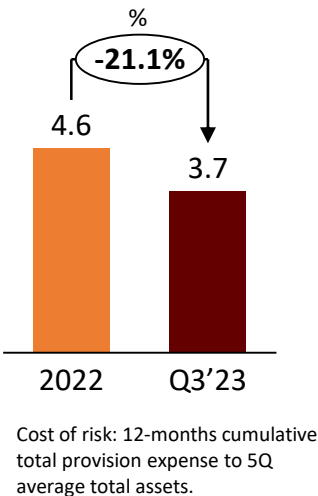
NPL Ratio



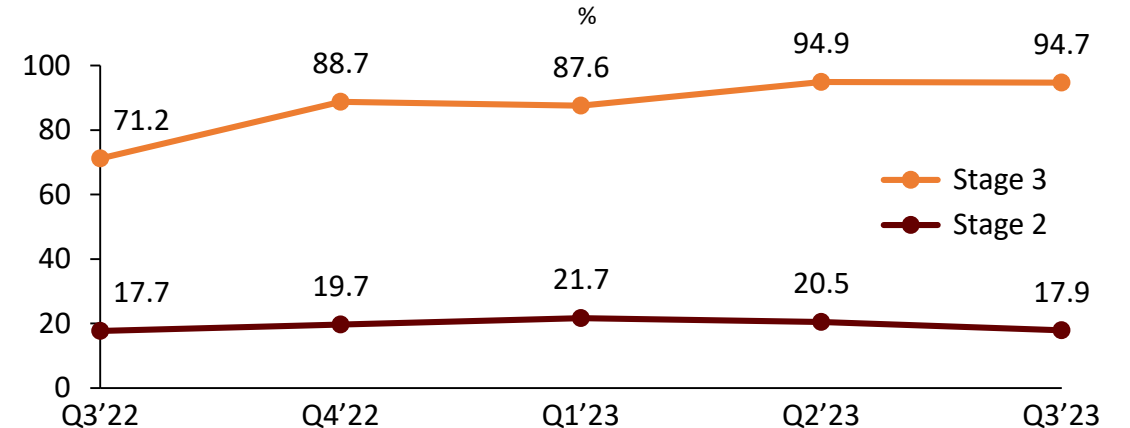
Free Provisions



Cost of Risk*



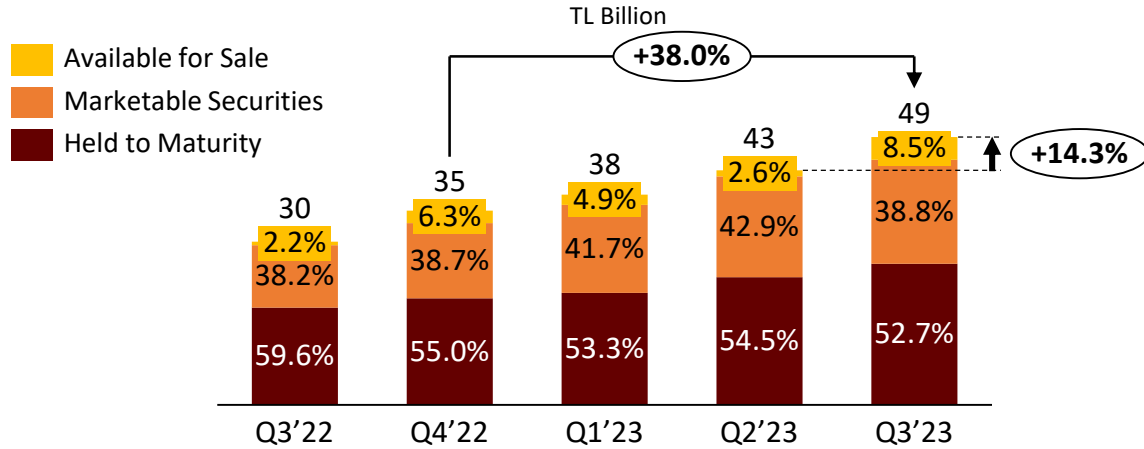
Provisioning Ratio



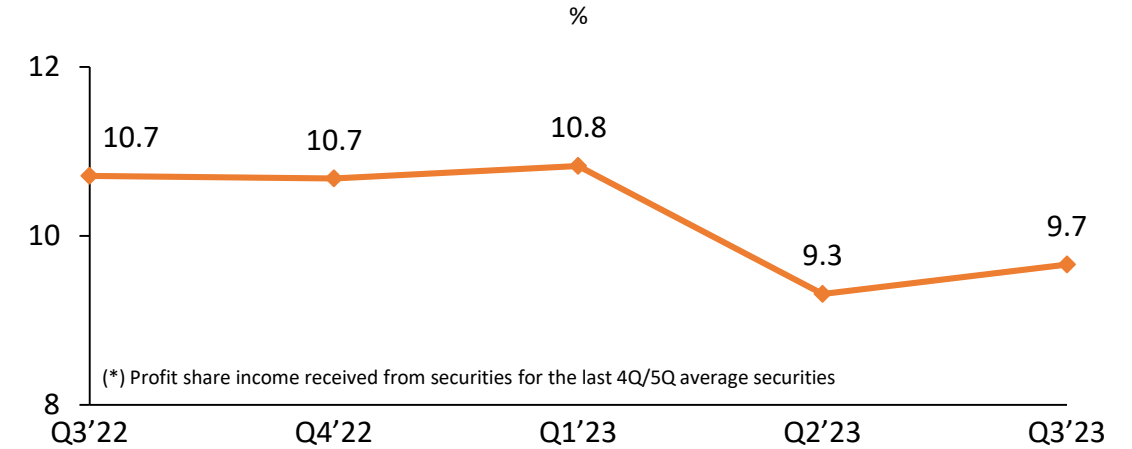
Proactively built securities portfolio continue to support profitability

Growth in total securities portfolio went up by %38 YtD. The portfolio income increased by 46% YoY.

Total Securities Portfolio

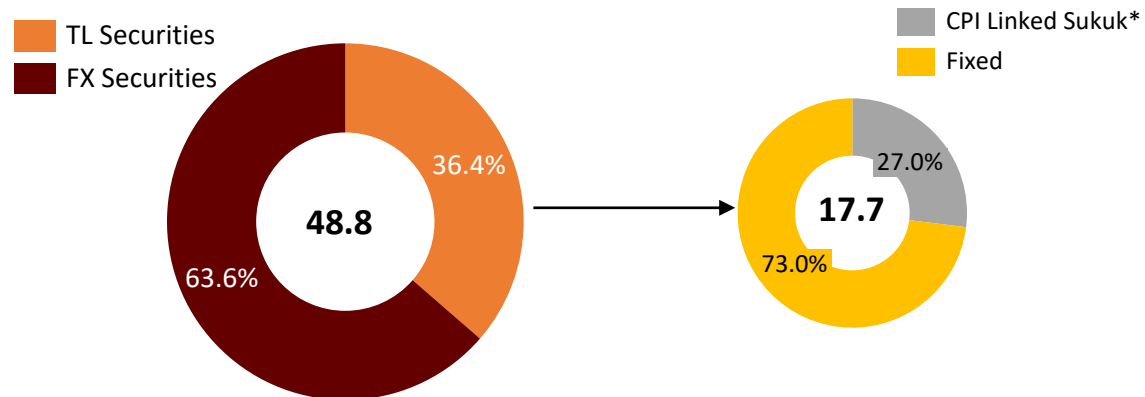


Securities Yield*



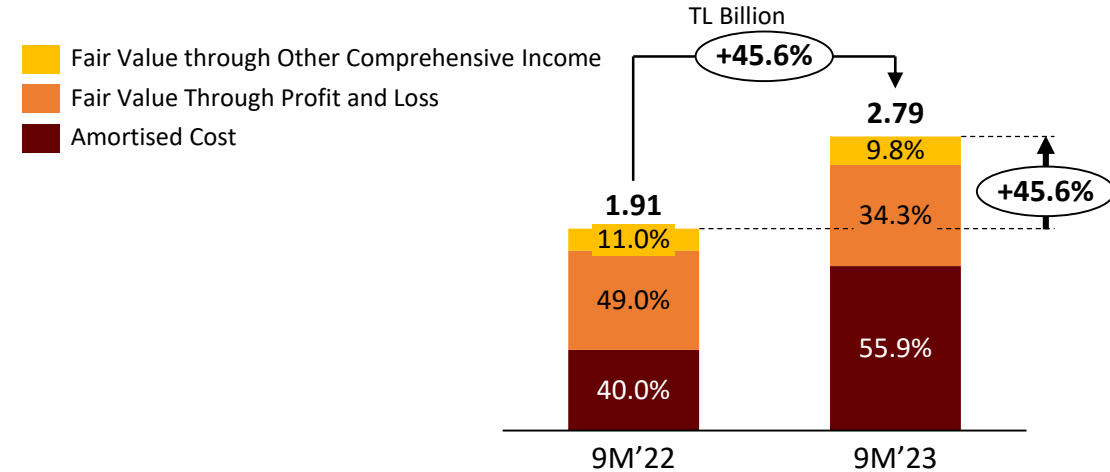
Breakdown of TL & FX Securities (9M'23)

TL Billion , % Share in Total Securities



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

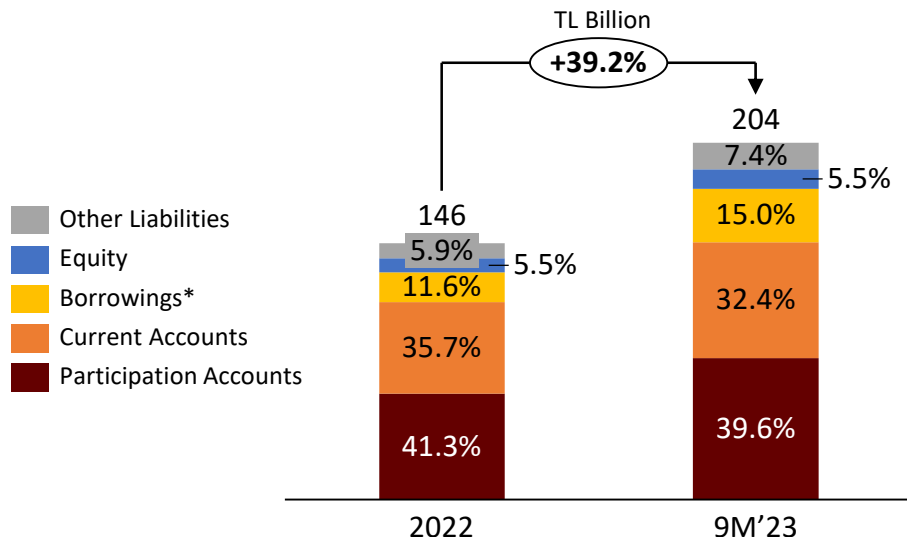
Profit Share Income From Securities Portfolio



Solid funds collection remain main sources of funding with increased TL accounts

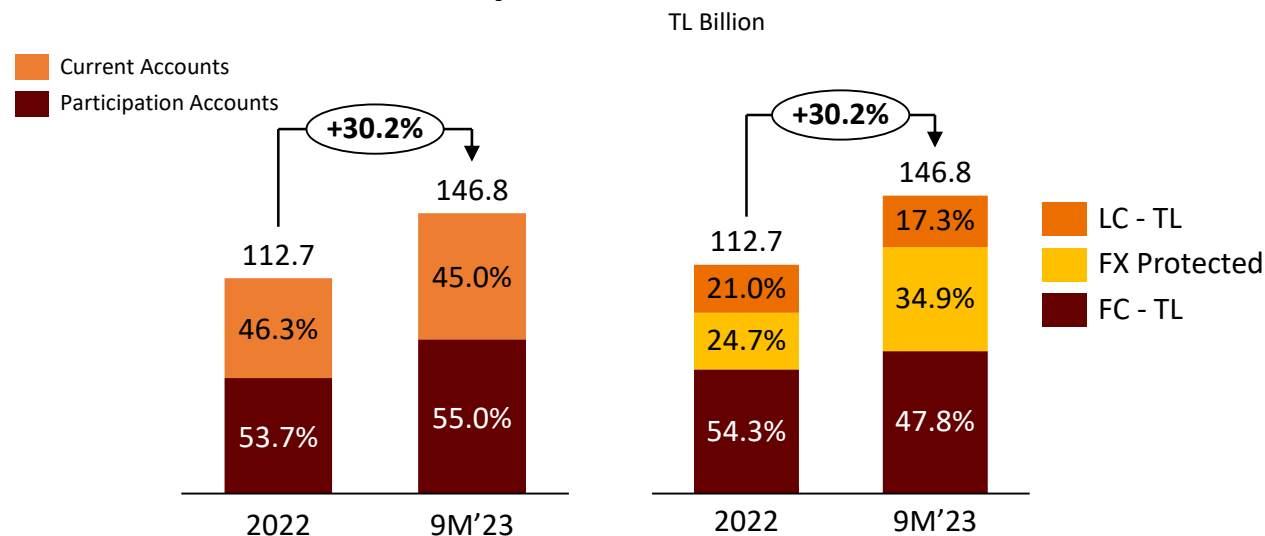
Composition of total liabilities slightly changed by additional Tier – 2 sukuk issuance. However participation funds constitute 72% of total liabilities.

Composition of Total Liabilities

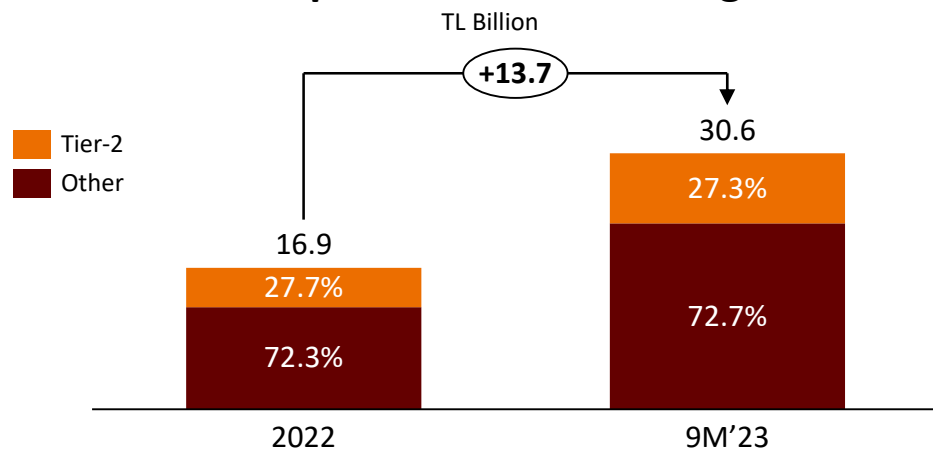


*Includes Tier-2 and borrowings from Money market.

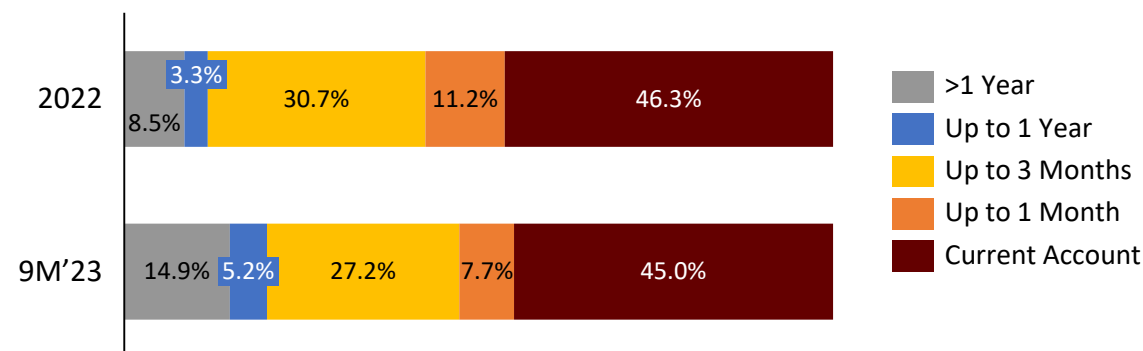
Composition of Collected Funds



Composition of Borrowings



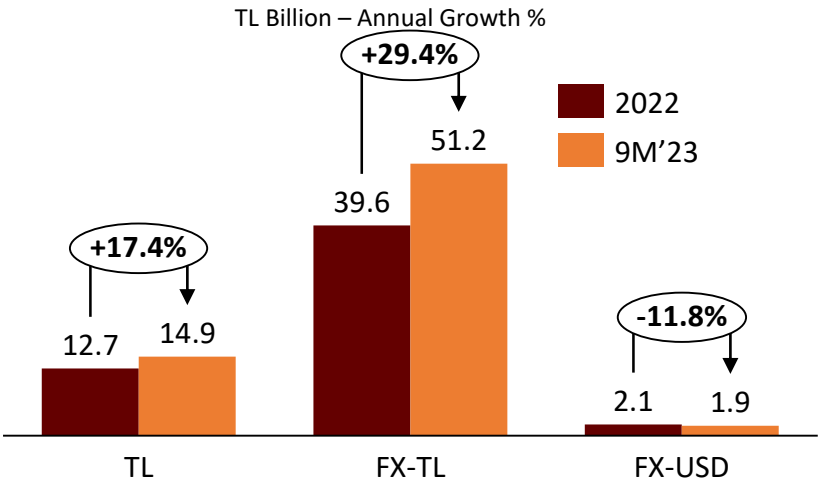
Maturity Composition of Funds Collected (%)



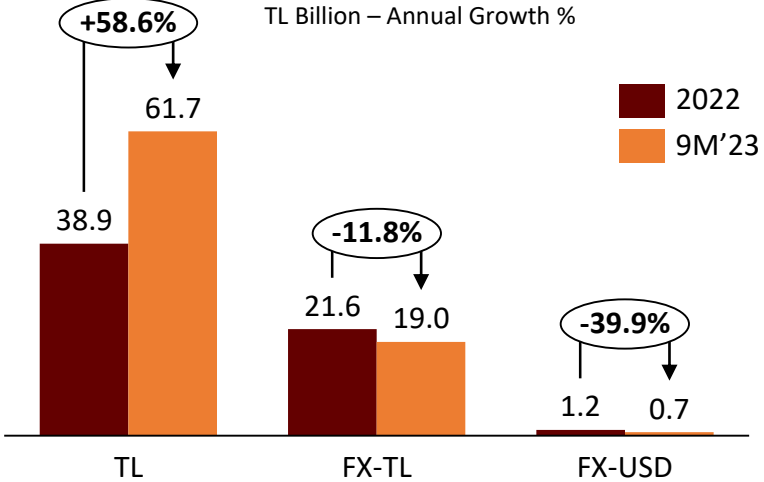
TL funds collection continue to increase, CA remain high and reduce cost of funding

CA/Total Funds Collection stood at 45% as end of Q3'23 which is higher than both banking and participation banking sectors averages.

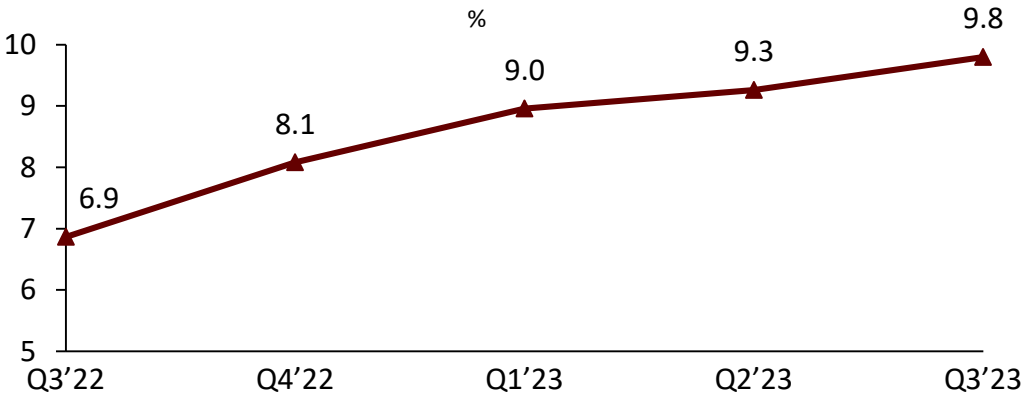
Current Accounts



Participation Accounts

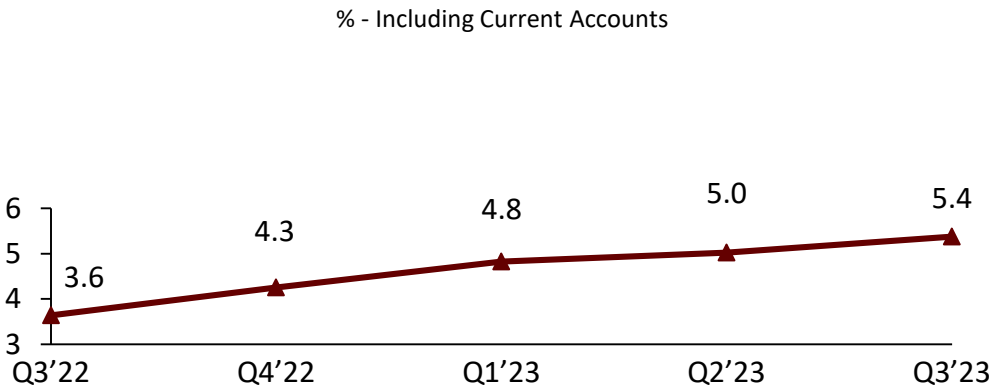


Cost of Funds Collected*



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

Cost of Funds Collected**



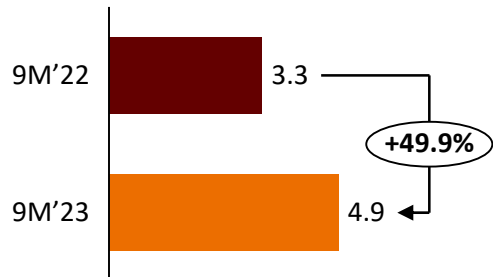
**Profit share expense to depositors for the last 4Q/5Q average participation funds (incl. current acct.)

Robust growth in profitability resulted thanks to strengthened fundamentals

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

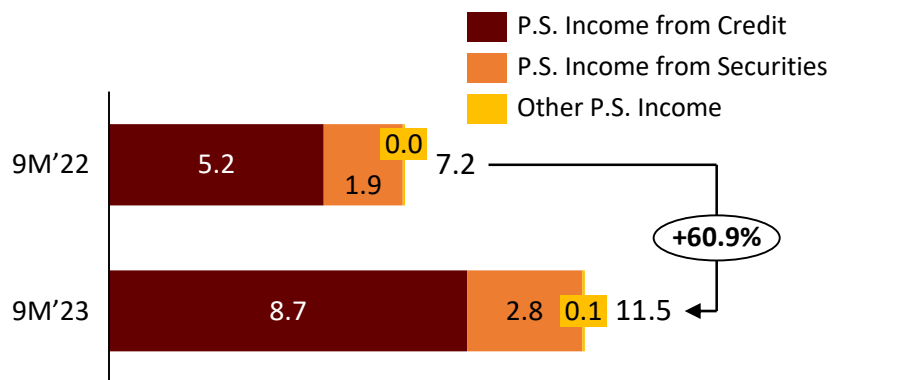
Net Profit Share Income

TL Billion



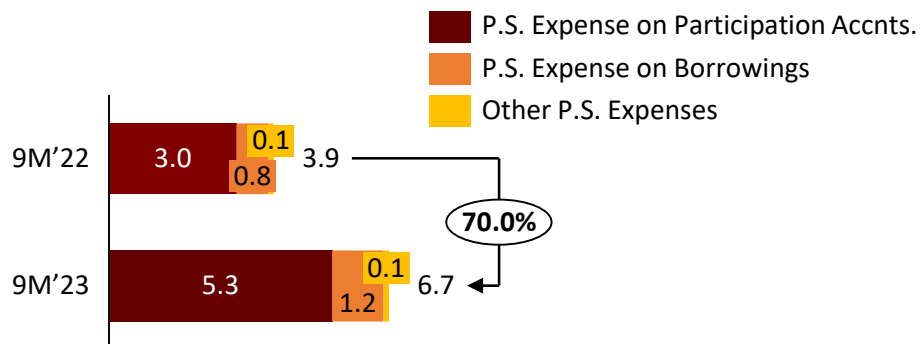
Profit Share Income

TL Billion



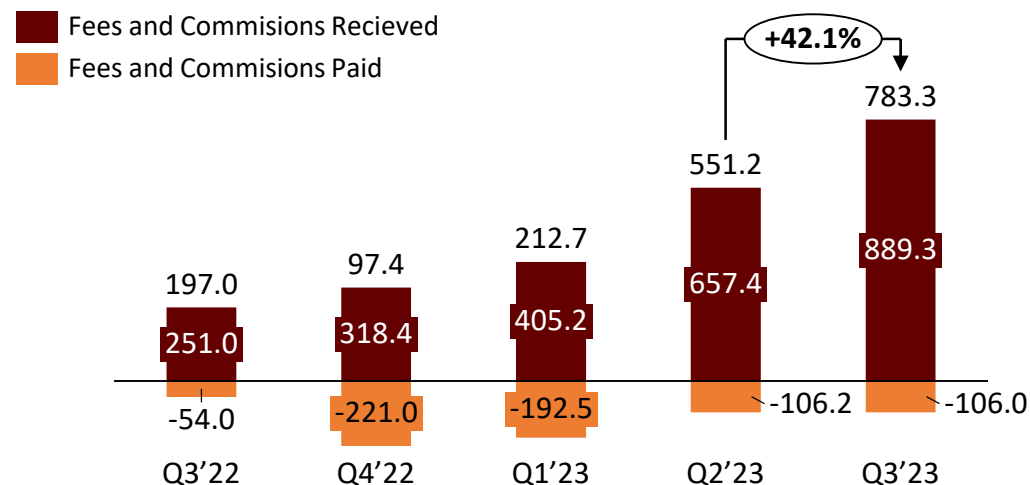
Profit Share Expense

TL Billion



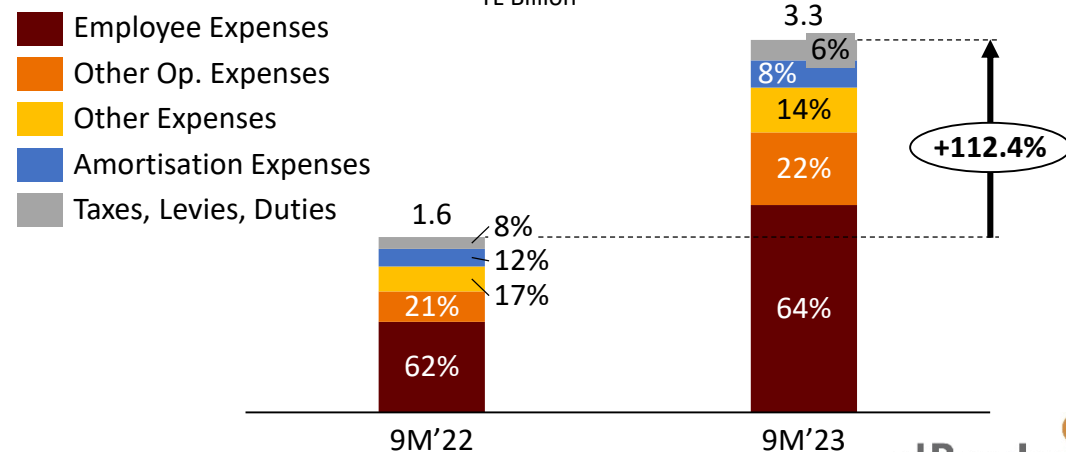
Quarterly Net Fees and Commission Income

TL Million



Operational Expenses

TL Billion

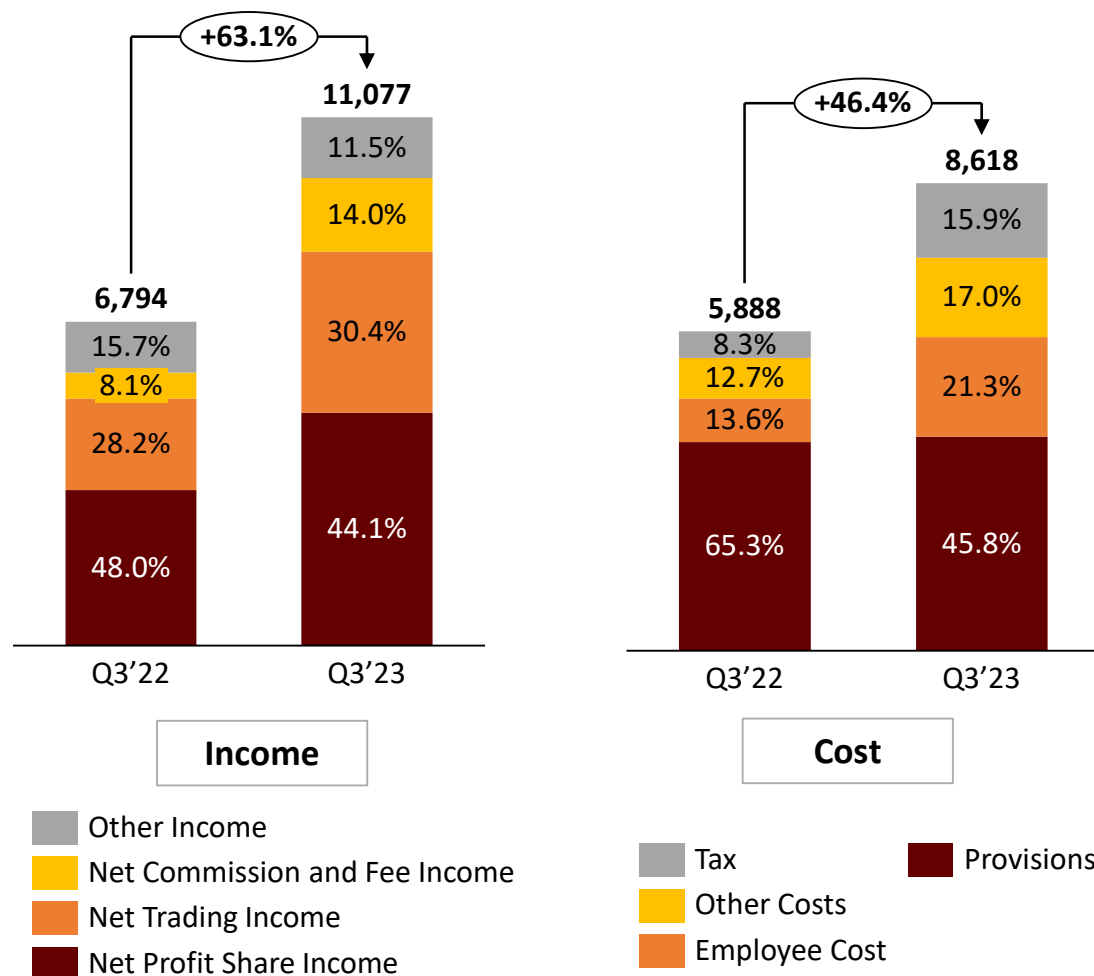


Well managed A&L and OPEX led to sustainable yield & cost improvement

Net profit share margin stands at high levels, strong fee income and efficient cost management supported profitability to increase.

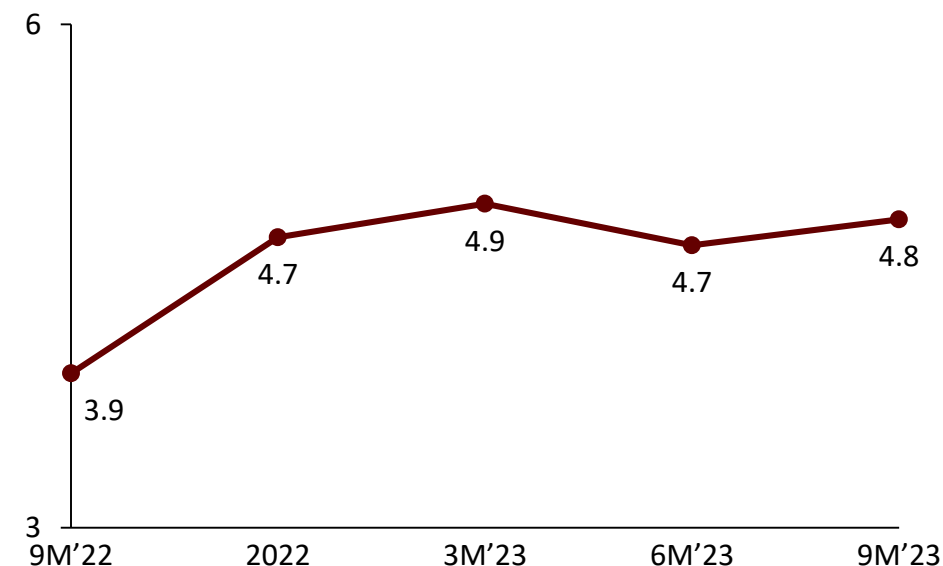
Income-Cost Dynamics

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

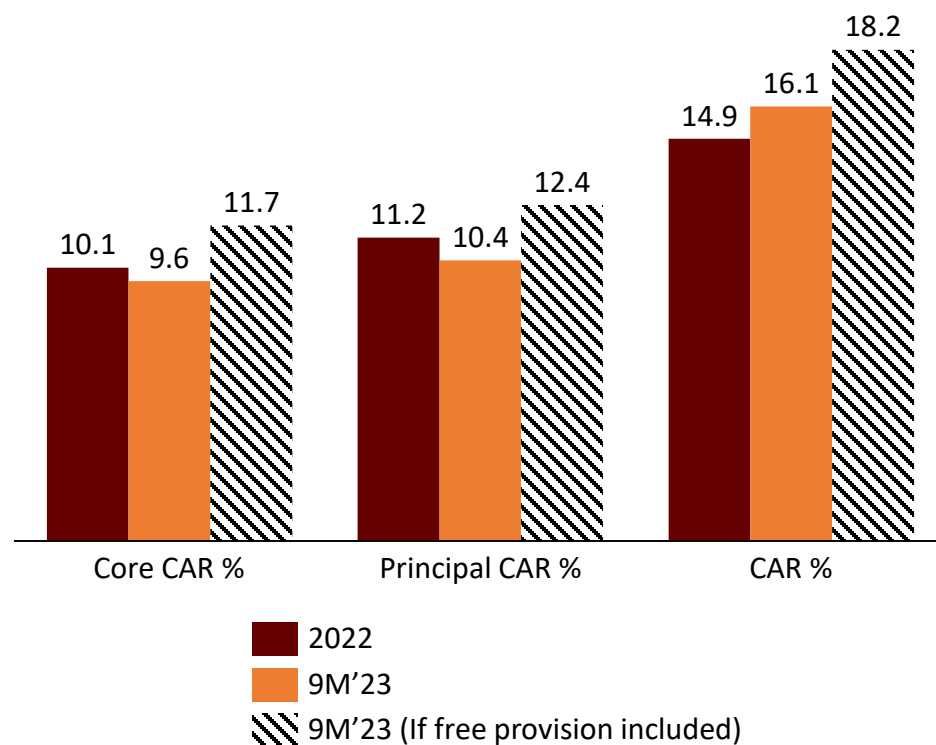
(TL Million)	YoY			QoQ			Notes
	9M'22	9M'23	%	Q2'23	Q3'23	%	
Net Profit Share Income	3,261	4,889	49.9%	1,631	1,826	11.9%	Although cost of funding increased, NPSI continued to increase due to higher credit yields and growing securities portfolio income.
Net Fees & Commission Income	548	1,547	182.6%	551	783	42.1%	Net fees & commission went up significantly QoQ and YoY with increasing credit related banking services activities.
Net Trading Income	1,918	3,371	75.8%	1,784	956	-46.4%	Net trading income decreased by 46.6% QoQ due to lack of swap gains in Q3'23.
Other Income	1,068	1,270	19%	214	300	40.5%	Reversal of provision due to collections from Stage III credits and asset sales increased this item.
Provisioning (inc. free provisions)	3,846	3,948	2.6%	1,658	947	-42.9%	Stage 3 coverage ratio increased to 95%. Total free provisions increased to TL 2,800 million.
Personnel Expenses	802	1,837	128.9%	529	633	19.8%	Personnel expenses increased by 129% YoY due to increasing personnel expenses in line with inflation
Other Costs	751	1,462	94.7%	464	561	20.9%	Operational expenses increased due to the high inflationary environment.
Net Profit	907	2,461	171.4%	976	967	-0.9%	

Boosted internal capital generation further supports capital ratios

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

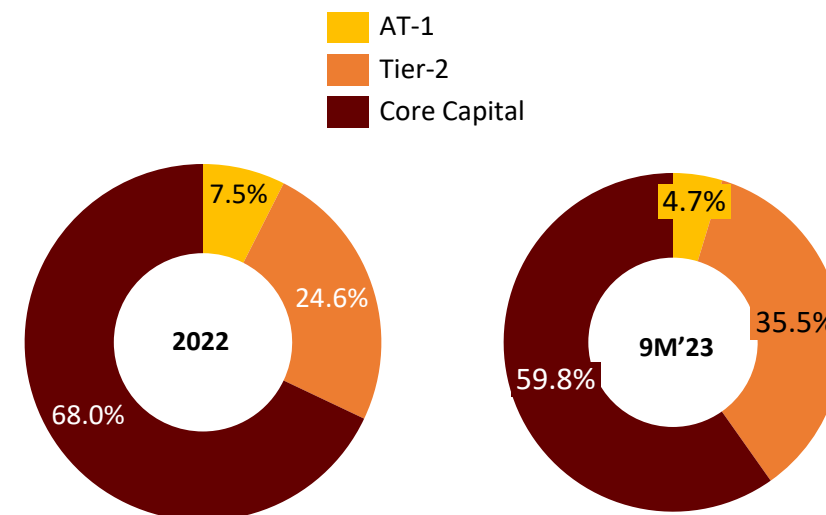
Capital Adequacy Ratio

%



Capital Breakdown

%



Financial Ratios – Sector Comparison

Percent (%)	2022			9M'23		
	Albaraka Turk	Participation Banks	Banking Sector	Albaraka Turk	Participation Banks	Banking Sector
CAR	14.9	20.5	19.5	16.1	21.2	18.5
NPL Ratio	1.9	1.4	2.1	1.8	1.1	1.5
Provisioning Ratio (Stage 3)	88.7	99.8	86.7	94.7	101.7	85.6
Loan/Deposits	66.5	70.7	82.9	63.9	69.4	78.0
Asset Yield	9.7	12.0	13.5	10.6	12.8	14.4
Asset Spread	4.9	6.1	7.0	4.9	4.9	4.7
Net Profit Share Margin	4.7	6.4	7.4	4.8	5.4	5.2
Op Costs / Avg. Assets	1.7	1.5	1.9	2.4	2.0	2.4
Cost/Income	21.1	18.7	20.3	29.8	24.9	29.3
Credits / Branches (TL Million)	336	477	720	417	668	1,021
Staff / Branches	11.8	12.9	18.7	11.9	13.4	18.9
CA / Deposits *	46.3	41.5	35.2	45.0	37.3	34.1

*Deposits (Participation Funds) Collected from Banks

Summary Balance Sheet

(TL Million)	2022	9M'23	Growth (%)
Cash and Balances with Central Bank	24,865	40,934	64.6%
Banks	7,340	11,809	60.9%
Money Market Placements	1,726	2,457	42.4%
Financial Assets	35,264	48,563	37.7%
Funded Credits (net)	72,625	93,836	29.2%
<i>Cash Credits</i>	73,128	92,361	26.3%
<i>Net Financial Leasing Receivables</i>	909	3,951	334.8%
<i>NPL</i>	1,468	1,740	18.5%
<i>Expected Credit Losses</i>	2,880	4,216	46.4%
Associates	89	112	25.2%
Fixed Assets	2,899	3,482	20.1%
Assets Held For Sale and Investment	341	549	60.8%
Other Assets (inc. Tax Assets)	1,191	1,939	62.9%
Total Assets	146,340	203,681	39.2%

(TL Million)	2022	9M'23	Growth (%)
Funds Collected	112,676	146,758	30.2%
Funds Borrowed	4,412	22,243	404.1%
Borrowings from Money Markets	7,818	0	-
Debts (inc. Taxes)	6,046	11,672	93.1%
Provisions	2,576	3,485	35.3%
Tier II Sukuk	4,694	8,366	78.2%
Shareholders' Equity	8,119	11,158	37.4%
<i>Capital</i>	2,500	2,500	-
<i>Capital Reserves (inc. Premium)</i>	1,608	3,970	146.8%
<i>Profit Reserves</i>	1,832	1,524	-16.8%
<i>Profit/Loss</i>	627	1,298	106.9%
Total Liabilities	146,340	203,681	39.2%

Summary Income Statement

(TL Million)	9M'22	9M'23	Growth (%)
Profit Share Income	7,173	11,541	60.9%
Profit Share Expense	3,912	6,652	70%
Net Profit Share Income	1,432	4,889	241.4%
Net Fees and Commissions Income	548	1,547	182.6%
<i>Fees and Commissions Received</i>	716	1,952	172.5%
<i>Fees and Commissions Paid</i>	169	405	139.9%
Net Trading Income	1,918	3,371	75.8%
Other Operating Income	1,069	1,271	19%
Total Operating Profit	5,992	9,242	54.2%
Provisions (including free provisions)	3,846	3,948	%2.6
Personnel Expenses	802	1,837	128.9%
Other Operating Expenses	751	1,462	94.7%
Operating Profit Before Tax	1,396	3,832	174.6%
Tax Provision	489	1,372	180.6%
Net Profit	907	2.461	171.4%

THANK YOU...

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