

Q4'23
Investor Presentation

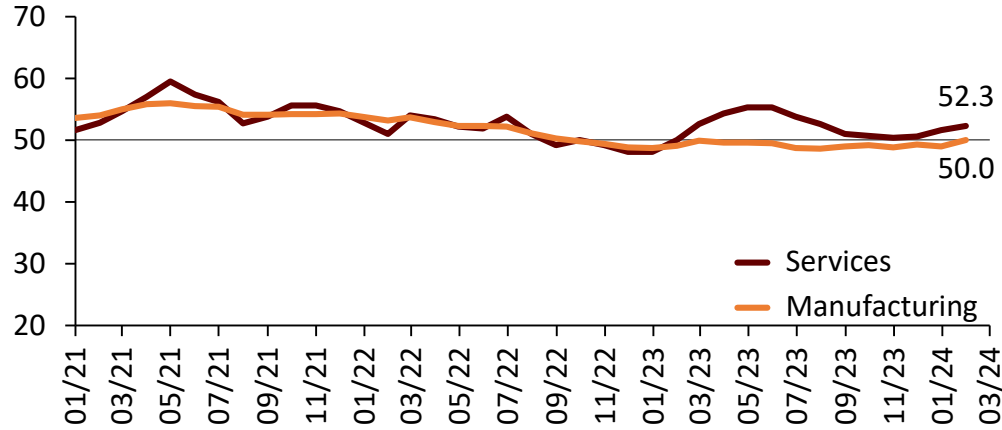
Albaraka Türk Participation Bank

Macroeconomic Outlook: Tackling high inflation is still first priority

The global hiking cycle peaked in 2023. The pace of slowing in inflation will affect timing and extent of interest rate cuts in 2024. Maintaining tight stance in monetary policy is expected for Türkiye until a significant improvement in the inflation outlook is achieved.

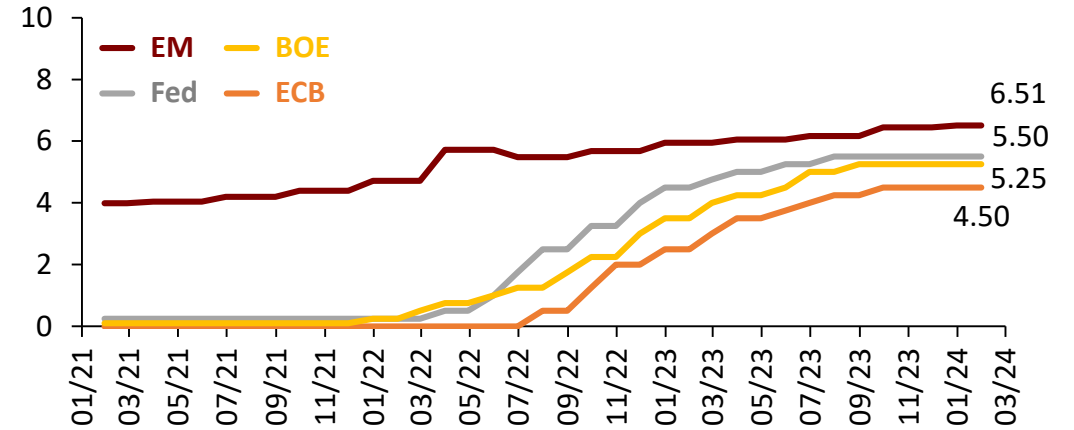
Global PMI

Index



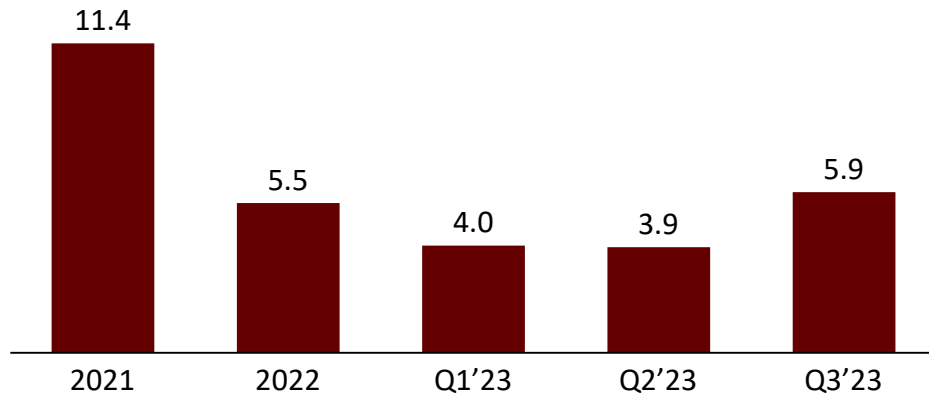
Central Banks Policy Rates

%



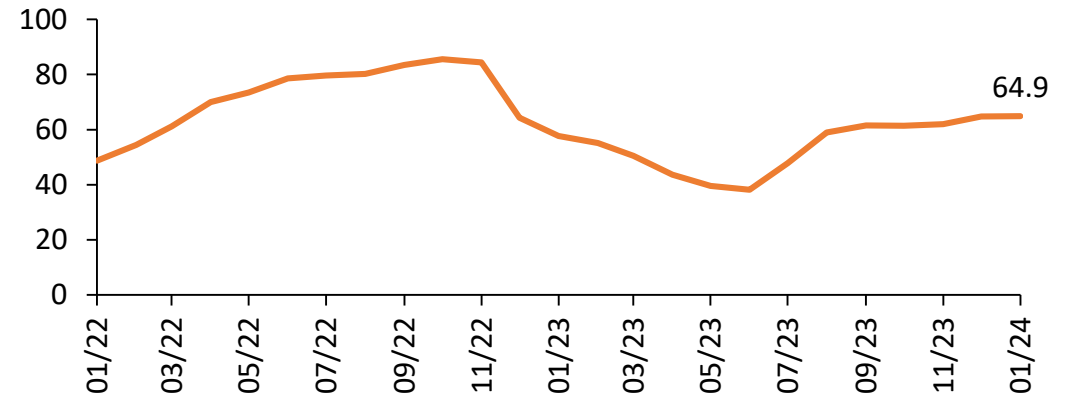
Türkiye: GDP Growth

Annual % Change



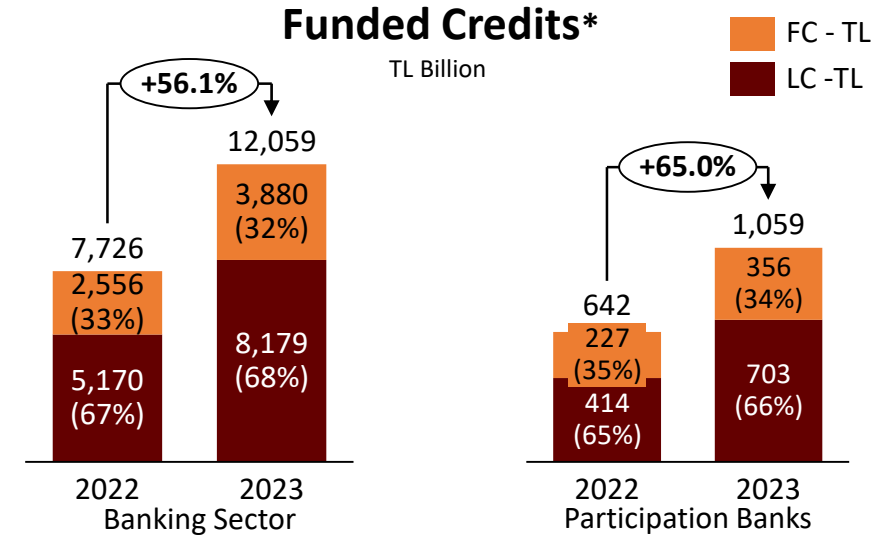
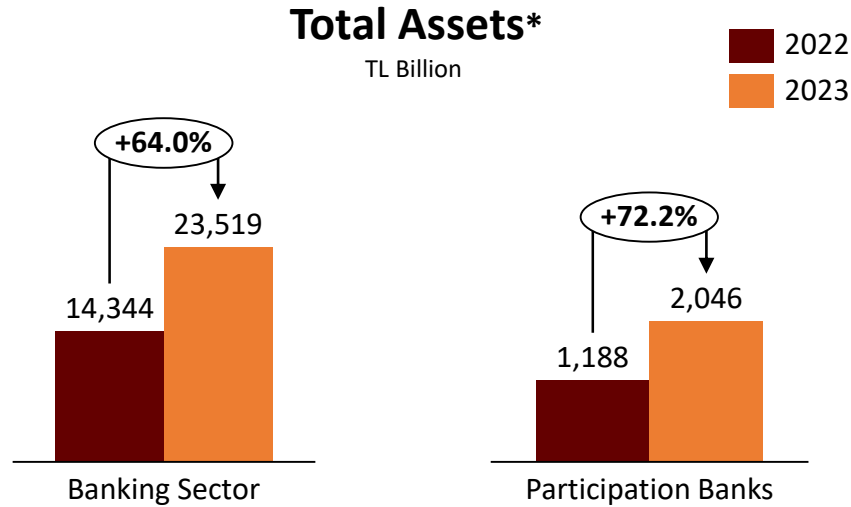
Türkiye: Inflation

Annual % Change. January 2024



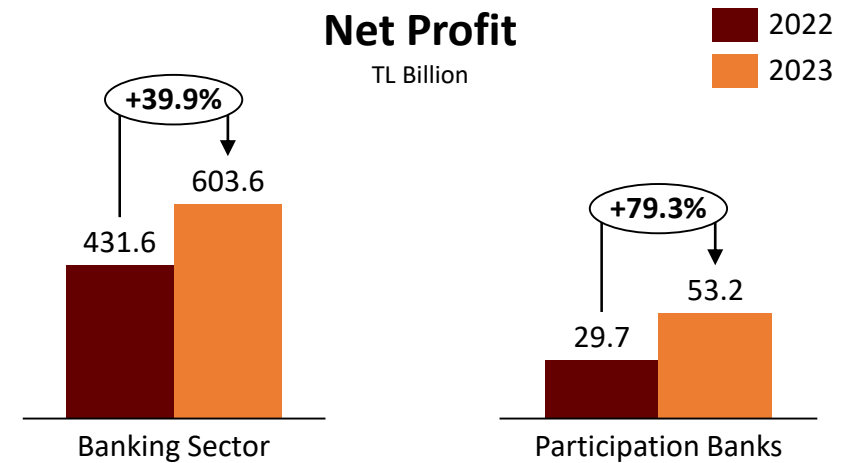
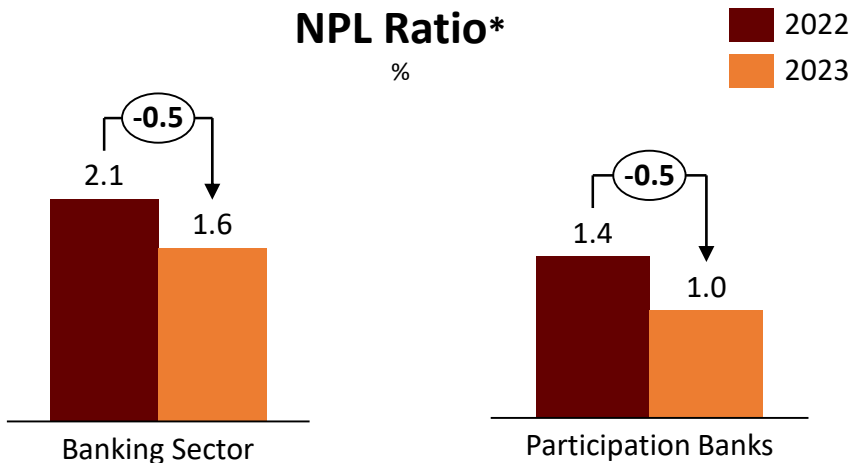
Banking Sector Overview: Remains sound and sustainable

The participation banking sector continues to grow at a faster pace than the conventional banking sector and increasing its share in the sector. At the same time, participation banks, which increased their profitability faster than conventional banks, managed to reduce the NPL ratio to 1% by the end of 2023.



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

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



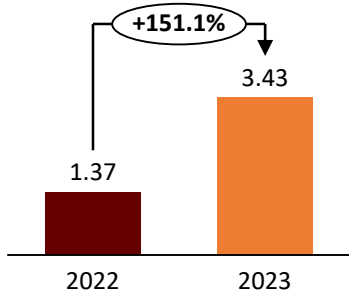
* NPL/ (credits. f.leasing (net). net NPL. accruals and rediscunts. credits extended to banks)

Albaraka Türk Snapshot: Strengthened financials brought noteworthy results

Significant growth achieved in net profit along with strong asset quality.

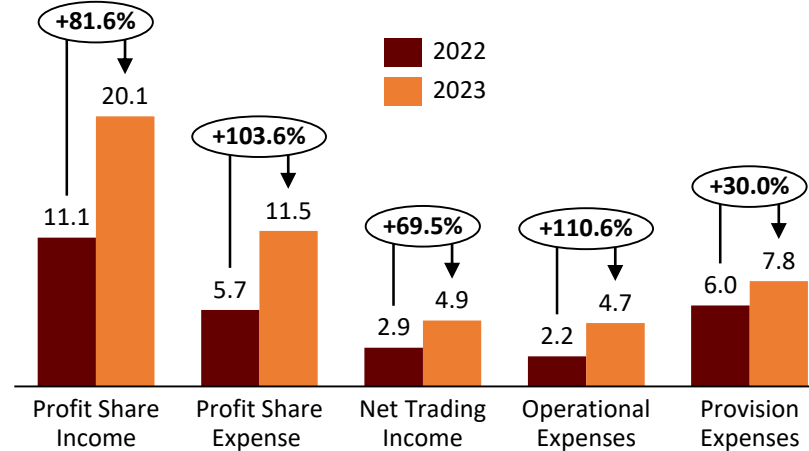
Net Profit

TL Million



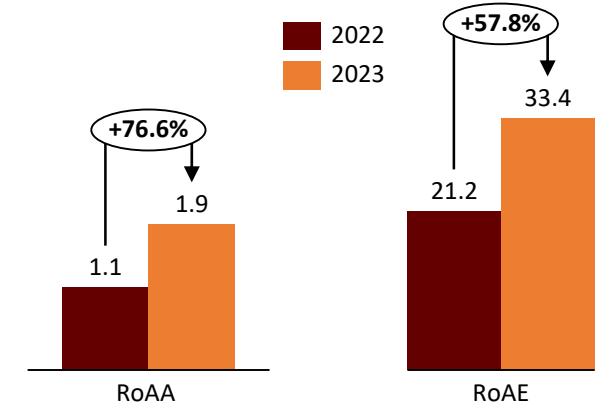
Income – Cost Dynamics

TL Billion



Return on Avg. Equity & Assets*

%

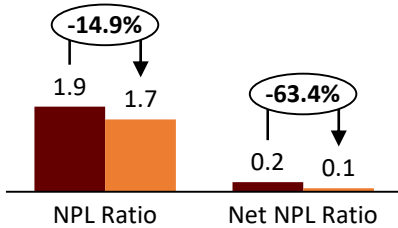


* Annualized net profit/5Q average assets or equity

NPL Ratio

%

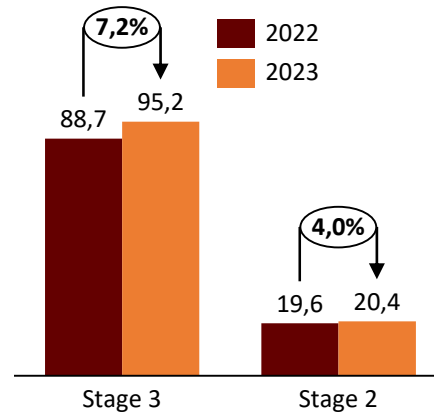
2022 2023



Provisioning Ratio

%

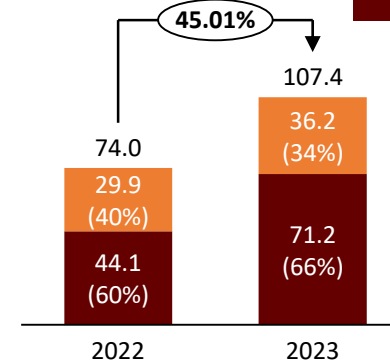
2022 2023



Performing Funded Credits*

TL Billion. %

FC - TL
LC - TL

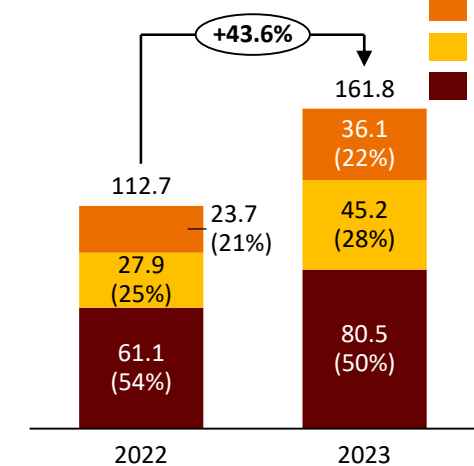


* Includes P/L projects and f. leasing (net)

Collected Funds*

TL Billion. %

LC - TL
FX Protected
FC - TL



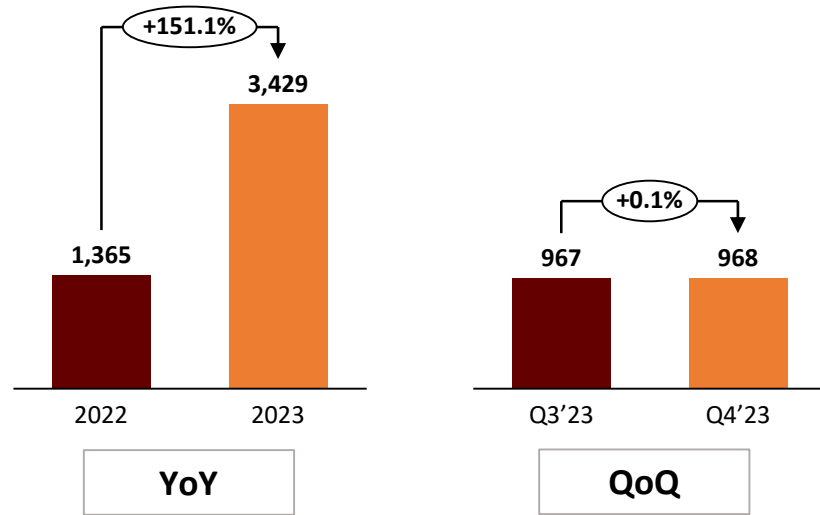
* Includes participation and current accounts.

Sustainable improvement in profitability achieved by strong operational performance

ROAA and ROAE kept improving at Q4'23.

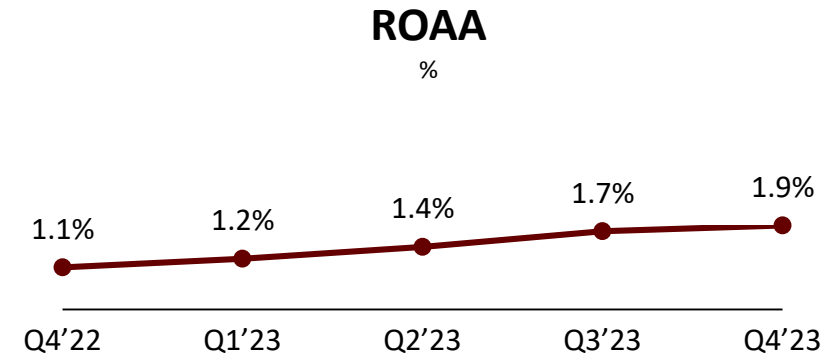
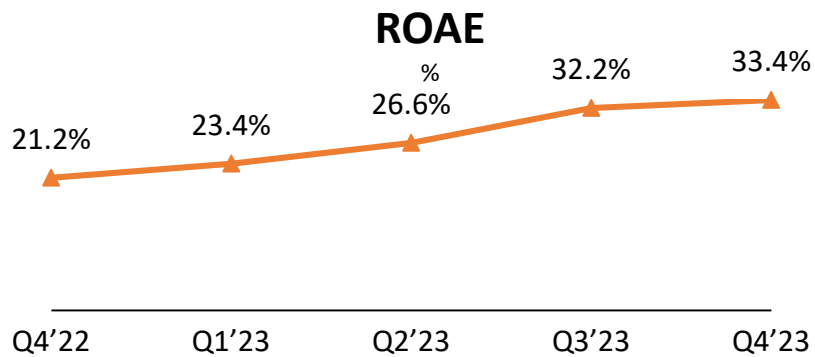
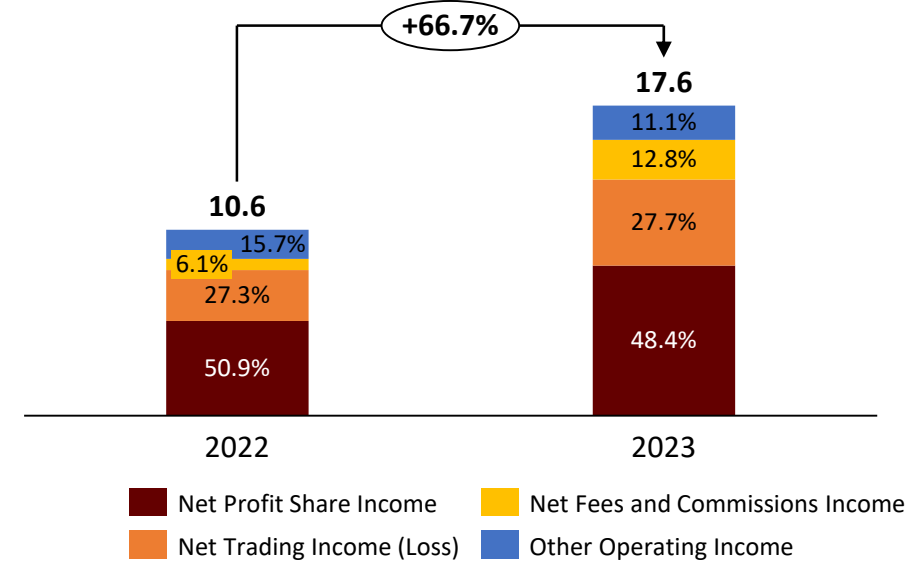
Net Profit

TL Million



Total Operational Income

TL Billion



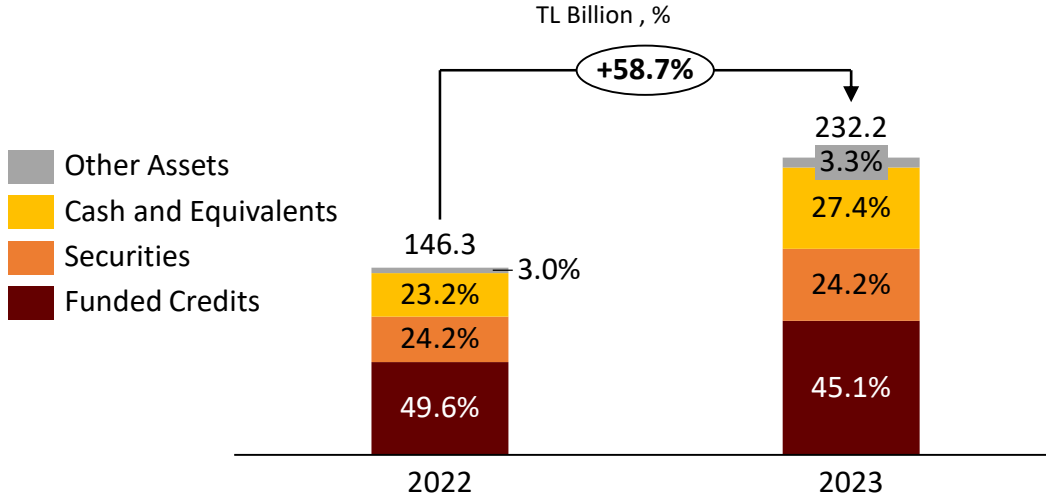
(*) Annualized net profit/5Q average equity

(*) Annualized net profit/5Q average assets

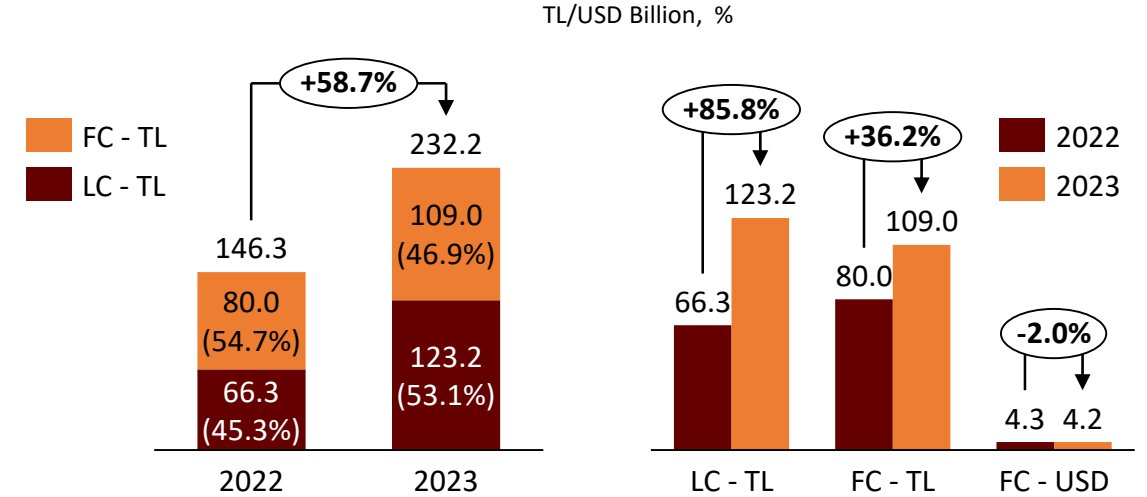
Asset Growth continues to be driven by an increase in TL assets

Share of TL assets reached to 53% in total assets thanks to well managed «Liraization» strategy.

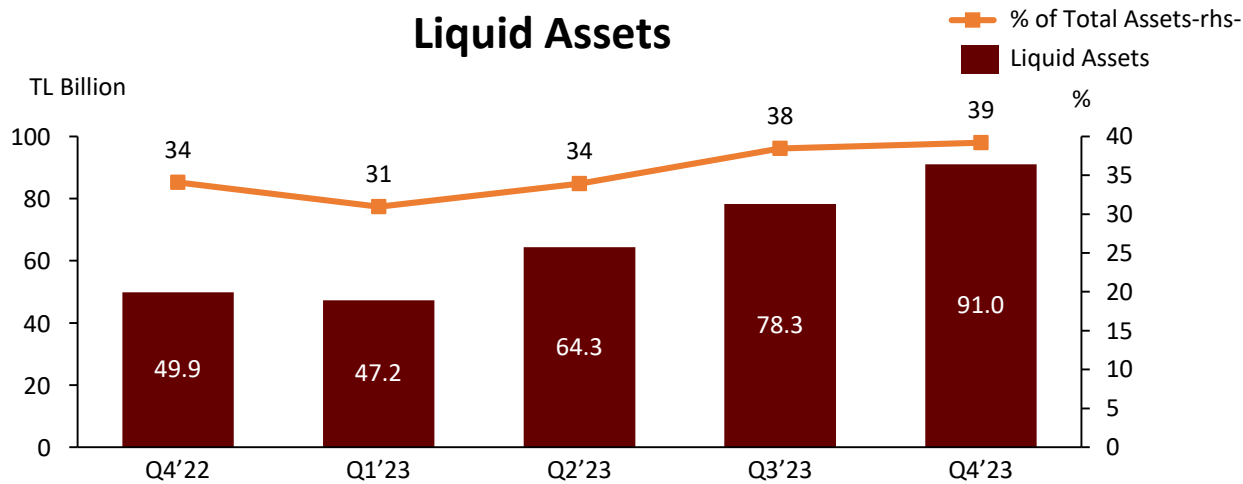
Composition of Total Assets



Currency Breakdown of Total Assets

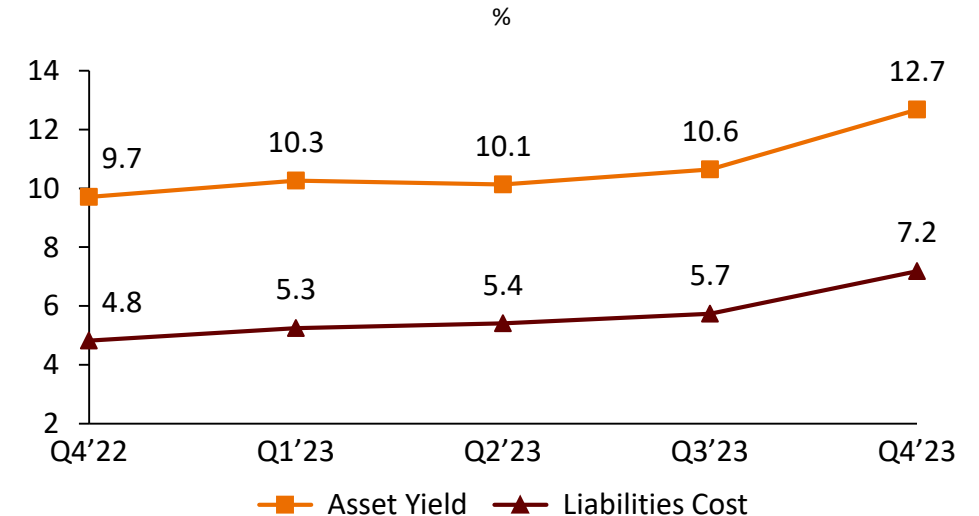


Liquid Assets



*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

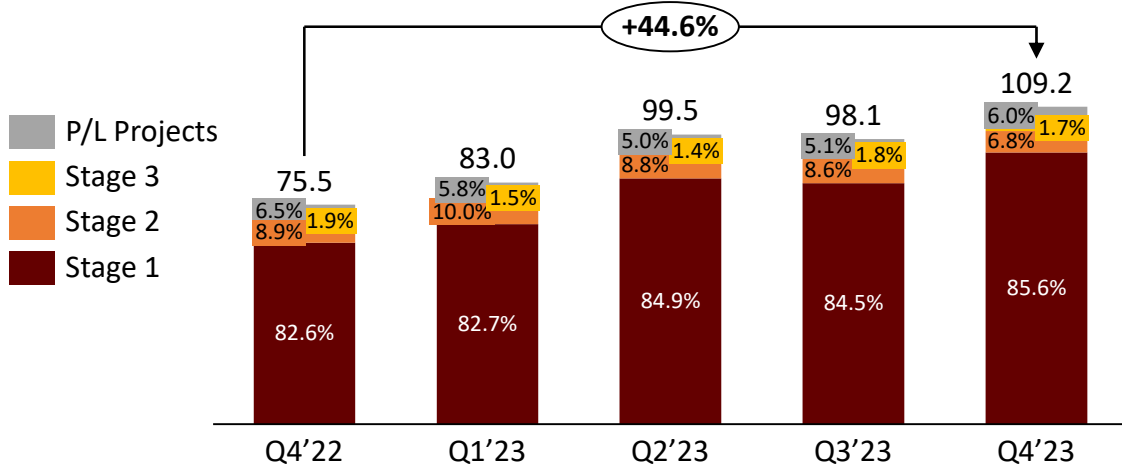


Growth in funded credits driven by TL performing credits

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

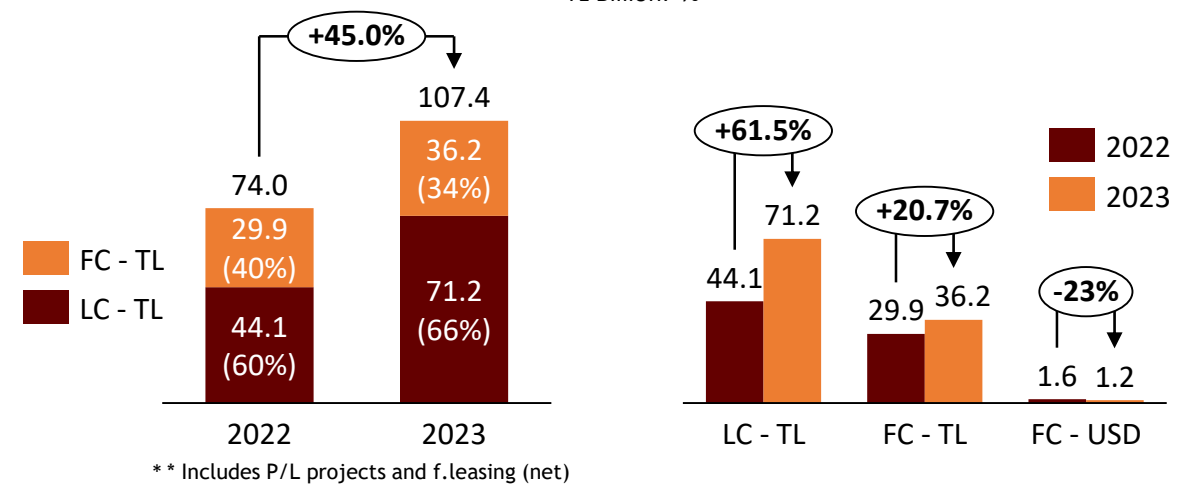
Total Funded Credits

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



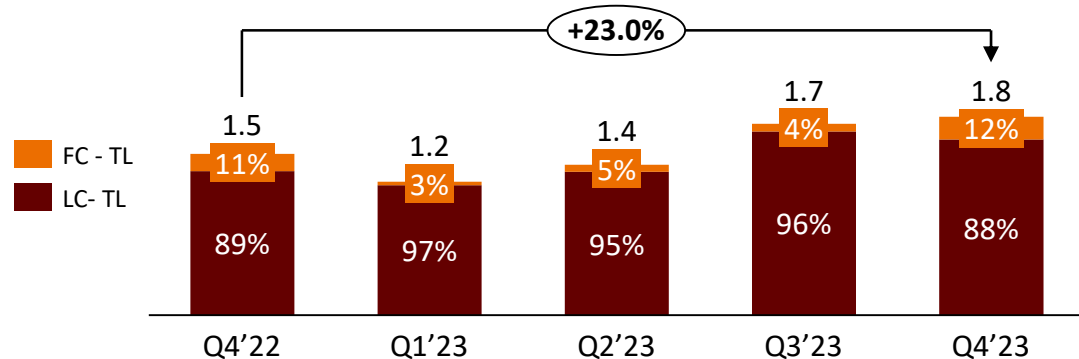
Currency Breakdown of Performing Credits*

TL Billion. %



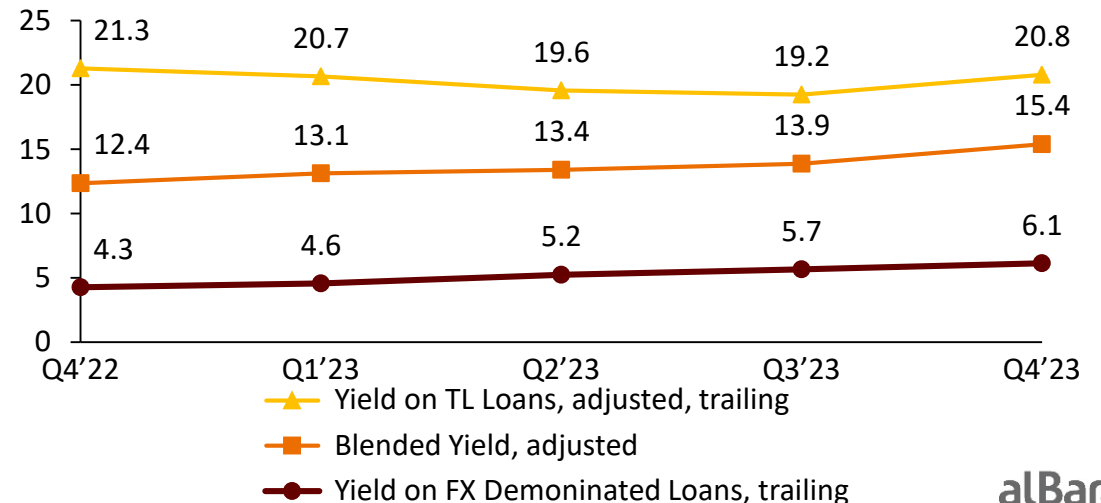
Currency Breakdown of Non-Performing Credits

%



Funded Credits Yields

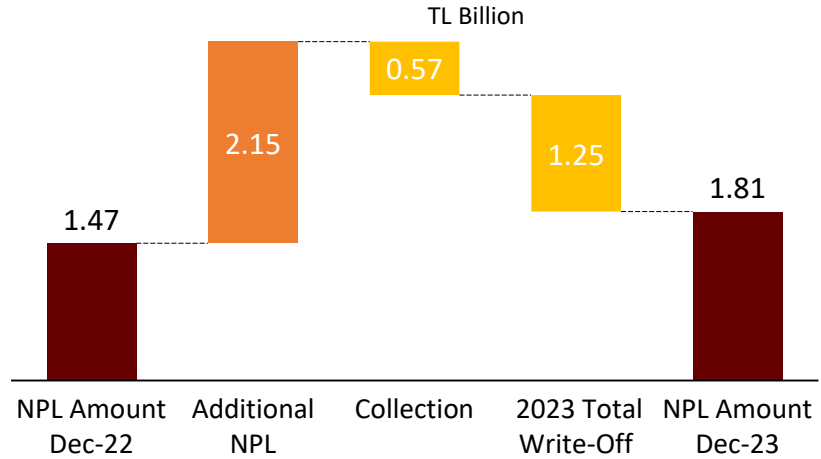
%



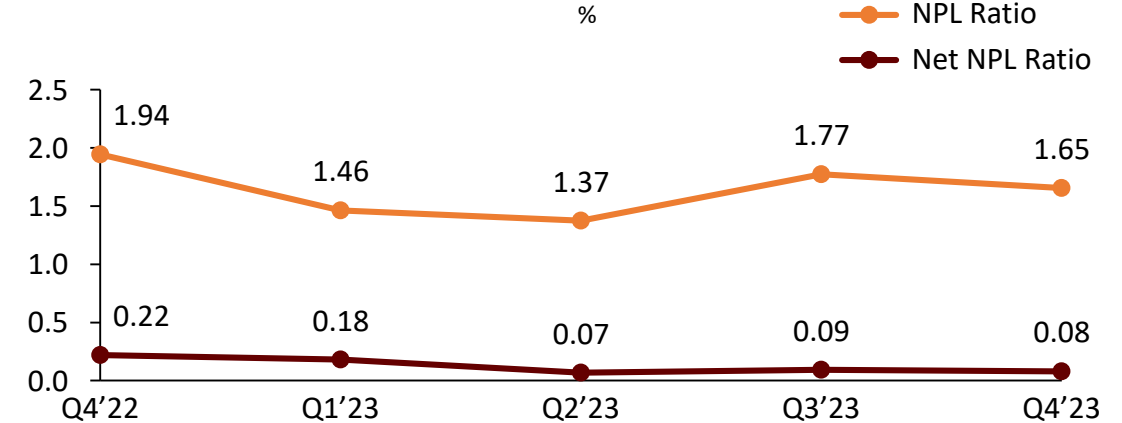
Asset quality improved significantly, and also backed by high provisioning policy

While provisioning ratios remained at high level, accumulated free provisions almost doubled at Q4'23.

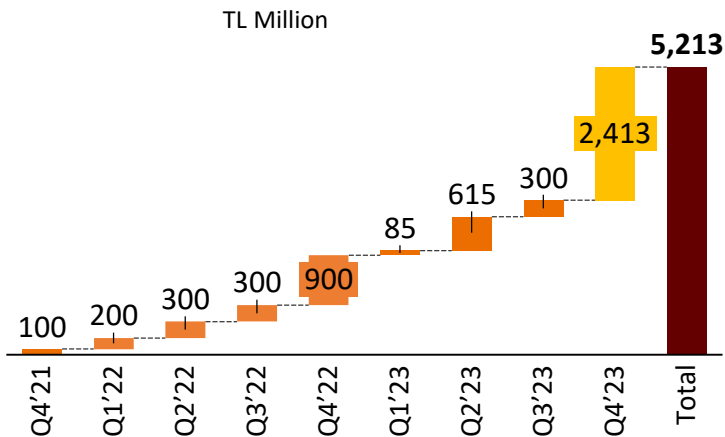
Non Performing Credits Development



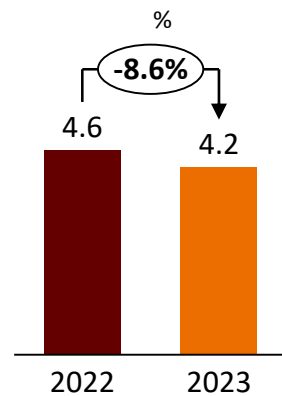
NPL Ratio



Free Provisions

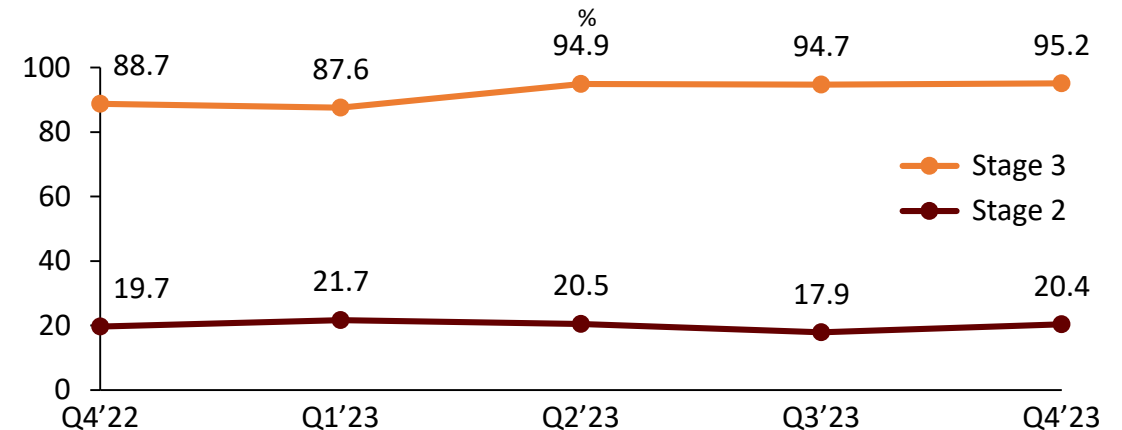


Cost of Risk*



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

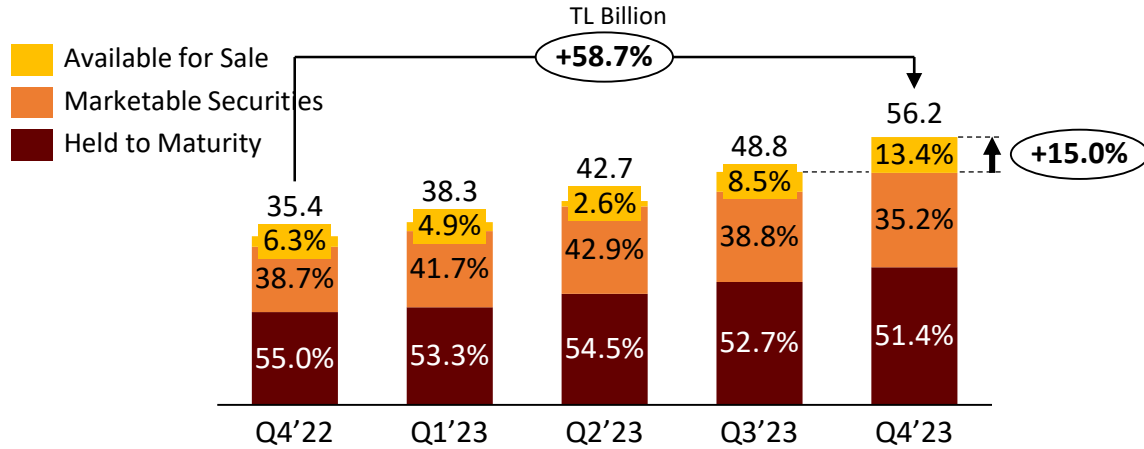
Provisioning Ratio



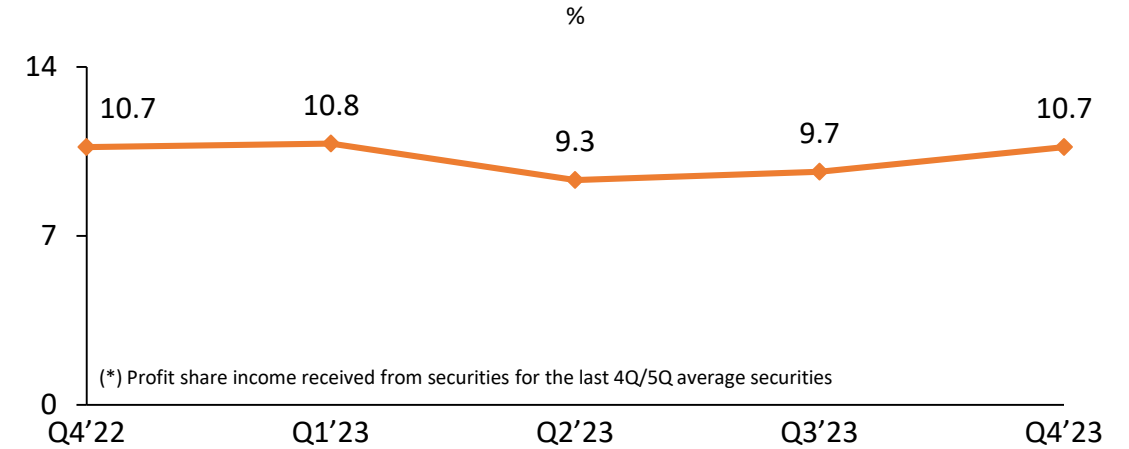
Securities portfolio continues to support profitability

Growth in total securities portfolio went up by %59 YoY. The portfolio income increased by 65% YoY.

Total Securities Portfolio

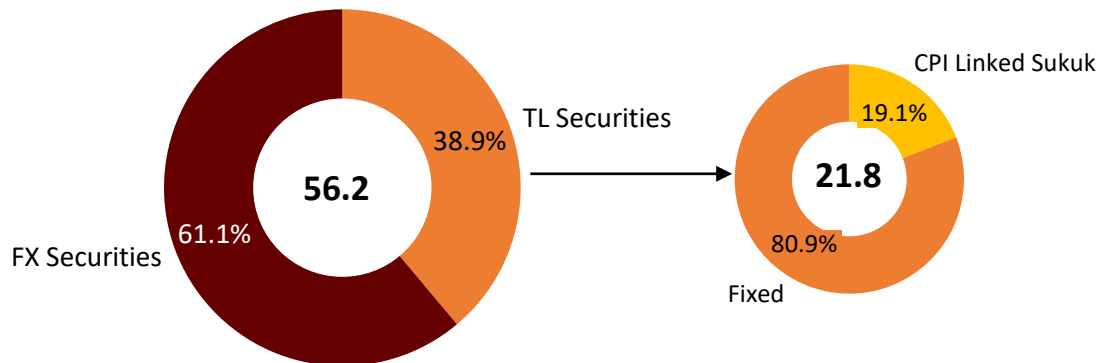


Securities Yield*



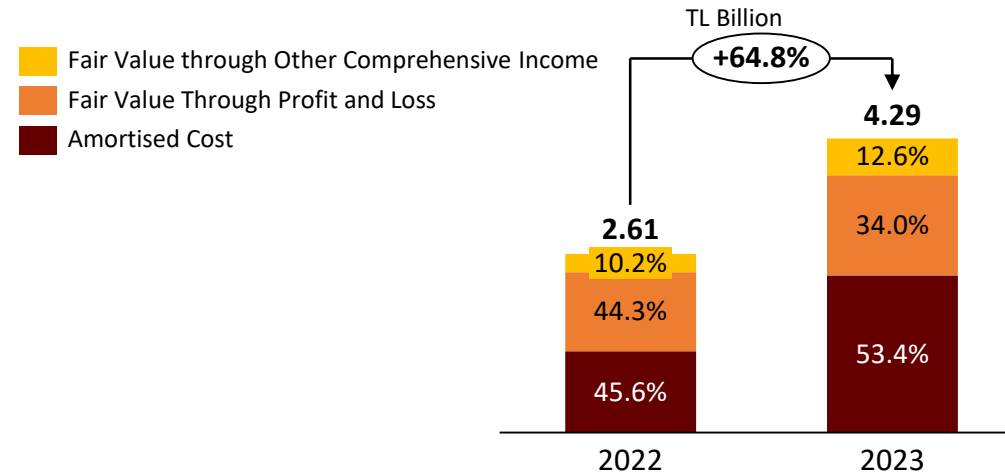
Breakdown of TL & FX Securities (2023)

TL Billion . % Share in Total Securities



* There are CPI linked sukuk only in TL securities portfolio.

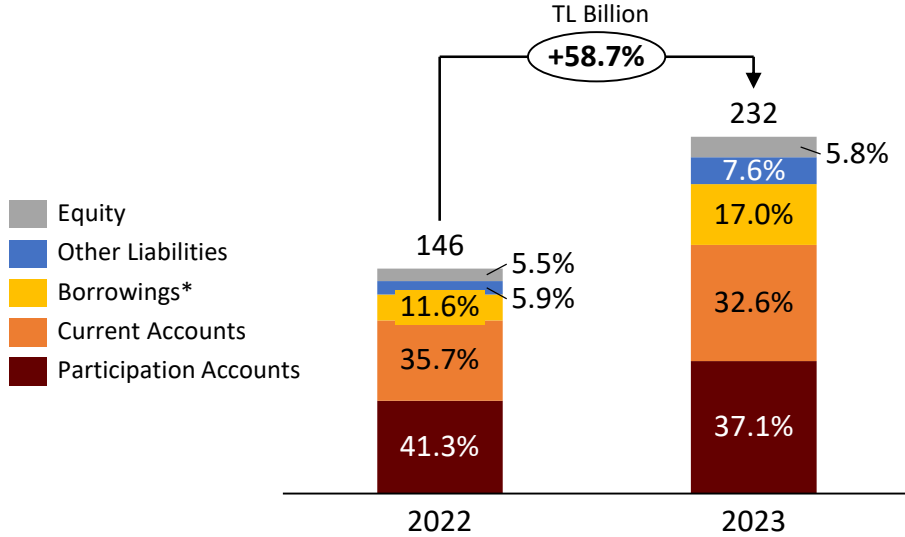
Profit Share Income From Securities Portfolio



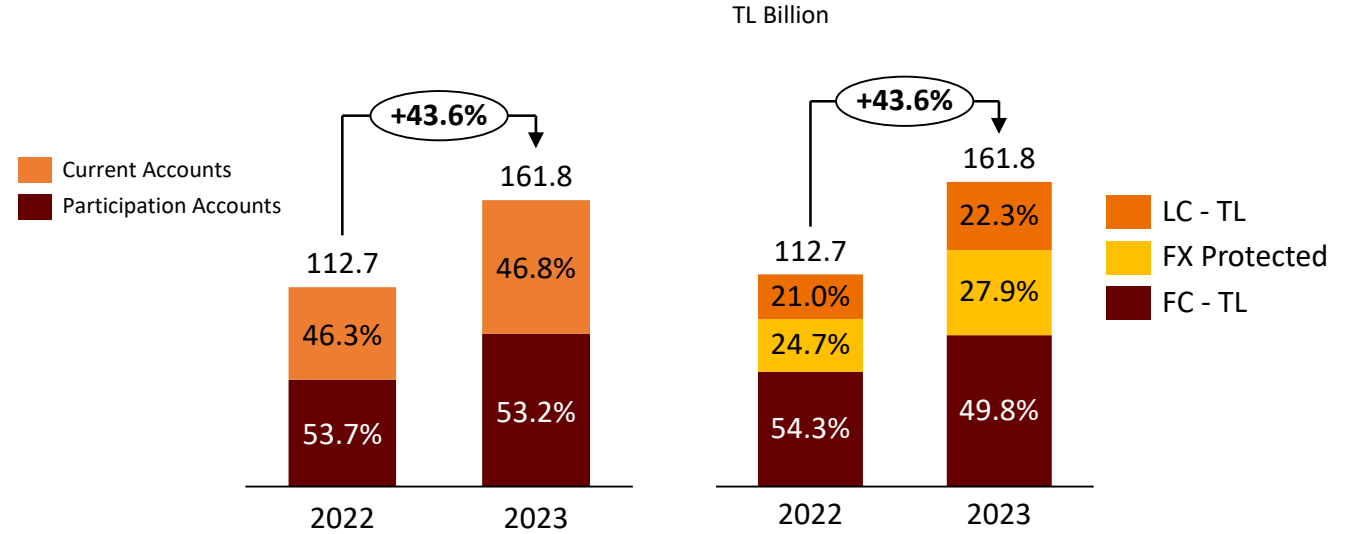
Solid funds collection remain main sources of funding with increased TL accounts

Share of FX funds reduced below 50% in total collected funds thanks to well managed FX deleveraging strategy.

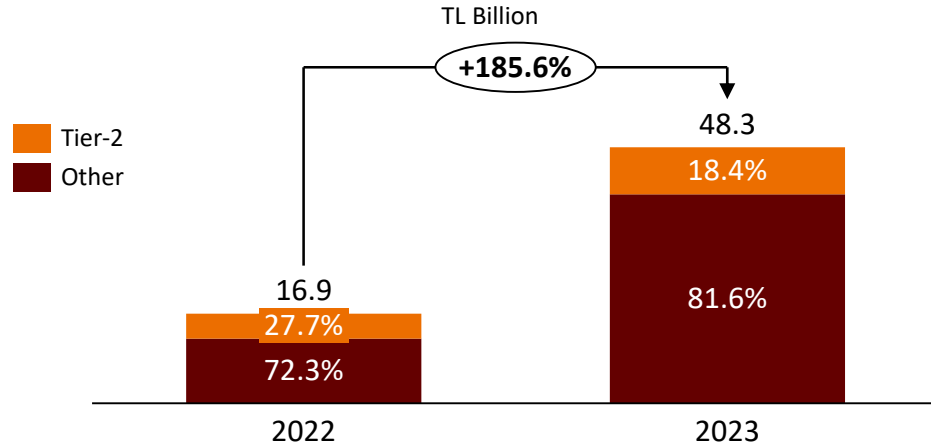
Composition of Total Liabilities



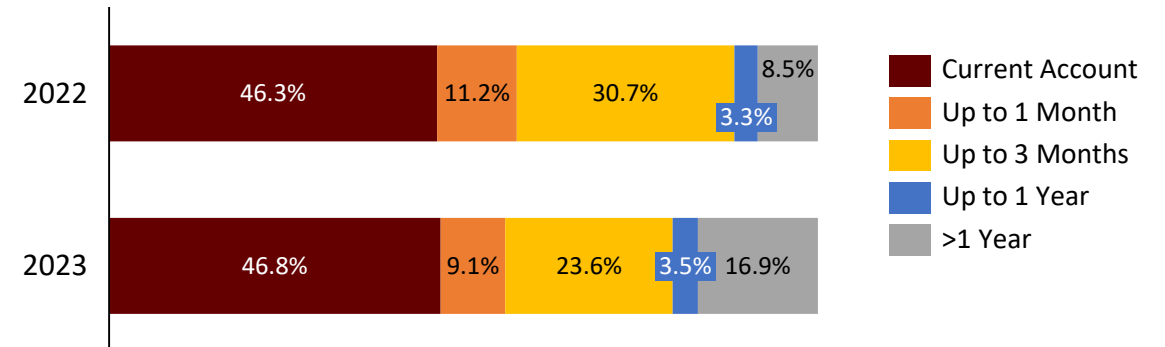
Composition of Collected Funds



Composition of Borrowings



Maturity Composition of Funds Collected (%)

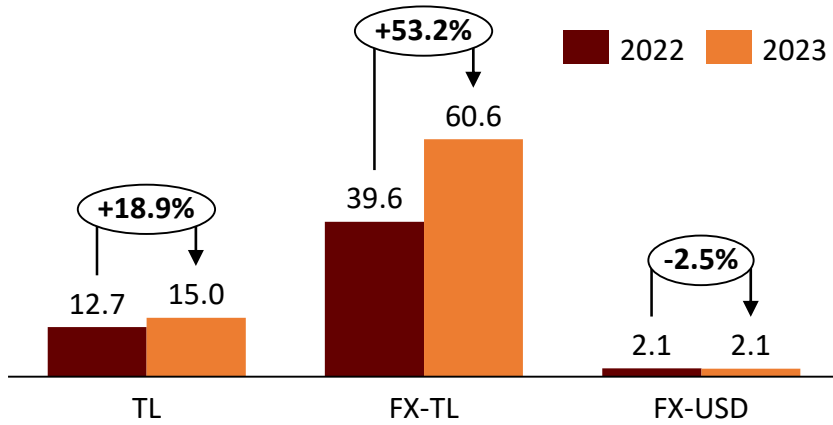


TL funds collection continue to increase, CA remain high and reduce cost of funding

CA/Total Funds Collection stood at 47% as end of Q4'23 which is higher than both banking and participation banking sectors averages.

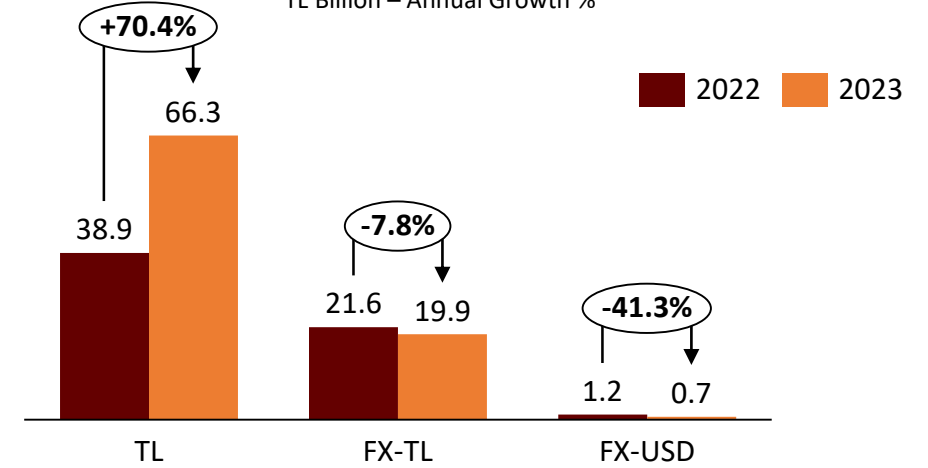
Current Accounts

TL Billion – Annual Growth %



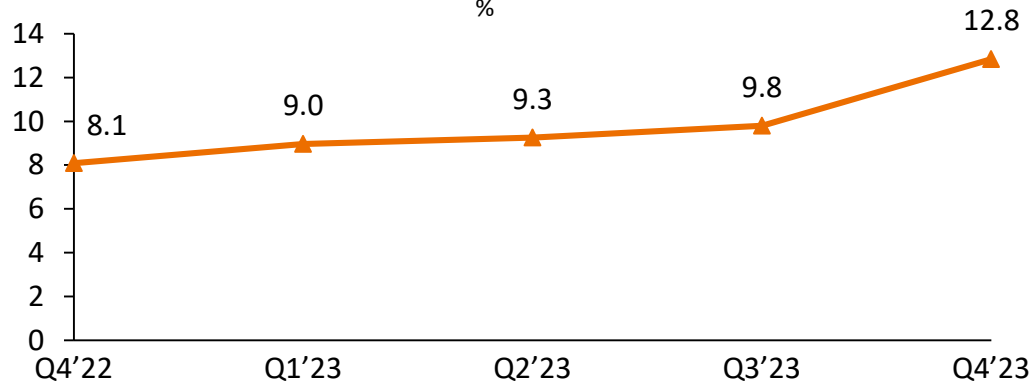
Participation Accounts

TL Billion – Annual Growth %



Cost of Funds Collected*

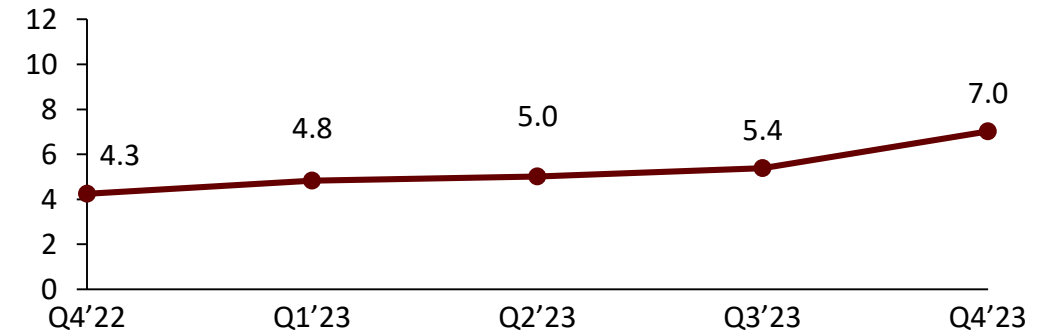
%



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

Cost of Funds Collected**

% - Including Current Accounts



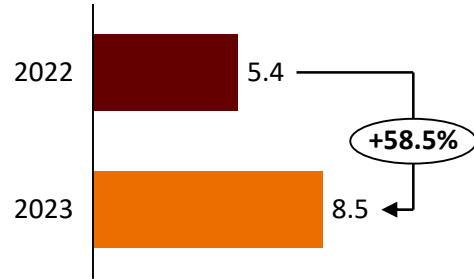
**Profit share expense to depositors for the last 4Q/5Q average participation funds (incl. current acct.)

Robust growth in profitability resulted thanks to strengthened fundamentals

Despite rising cost of funding, strong profit share income and fees & commission income helped generate high income in 2023.

Net Profit Share Income

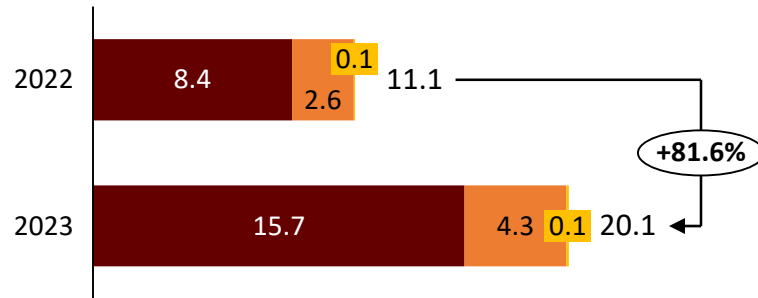
TL Billion



- P.S. Income from Credit
- P.S. Income from Securities
- Other P.S. Income

Profit Share Income

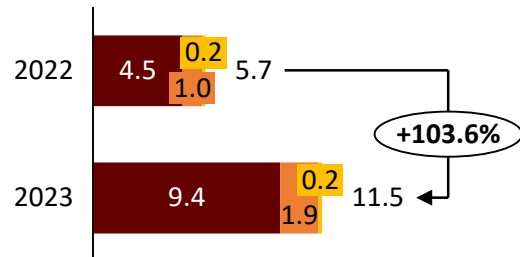
TL Billion



- P.S. Expense on Participation Accts.
- P.S. Expense on Borrowings
- Other P.S. Expenses

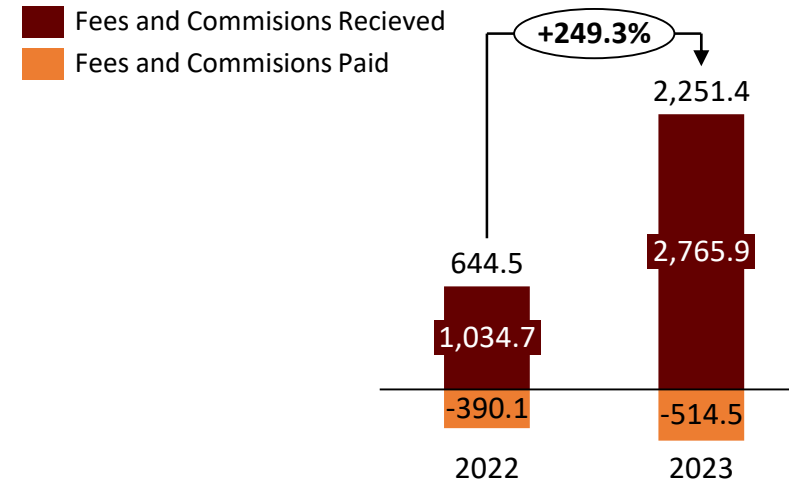
Profit Share Expense

TL Billion



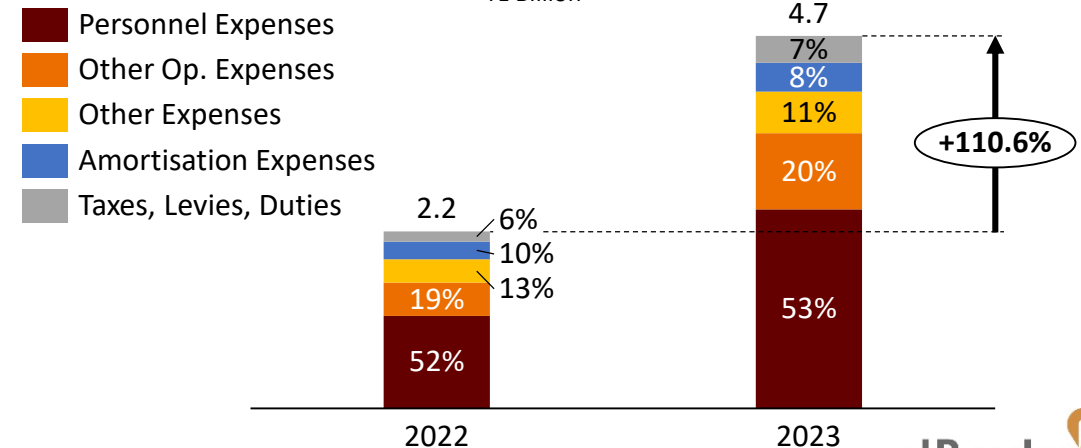
Yearly Net Fees and Commission Income

TL Million



Operational Expenses

TL Billion

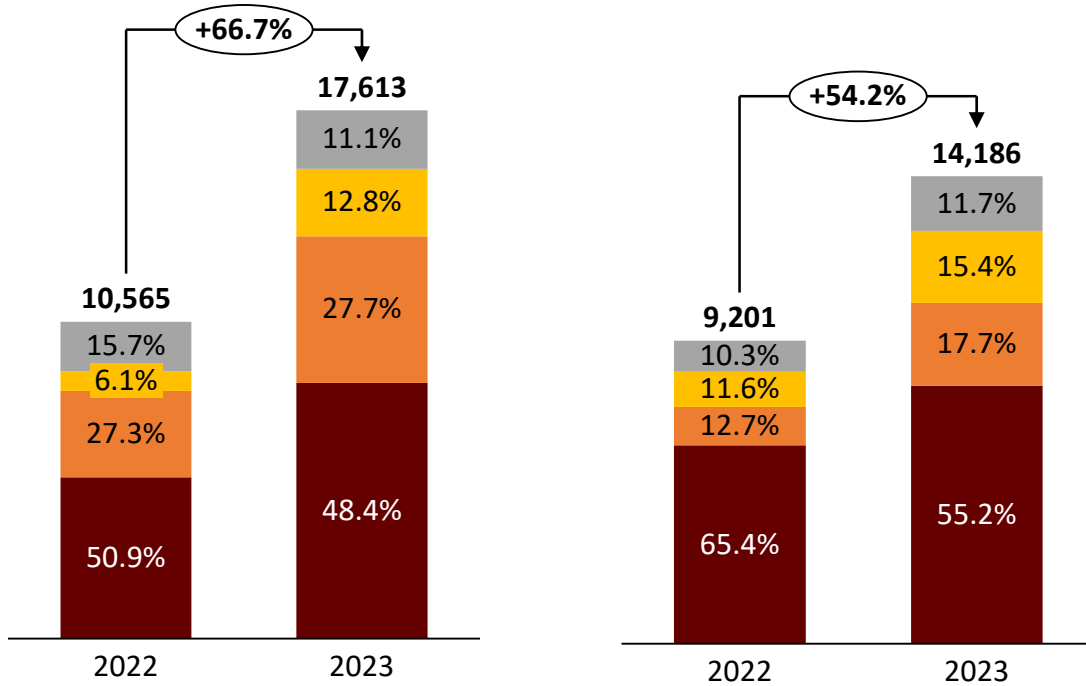


Well managed A&L and OPEX led to sustainable yield & cost improvement

Net profit share margin stood at a very high level, strong fee income and efficient cost management supported profitability to increase YoY.

Income-Cost Dynamics

TL Million



Income

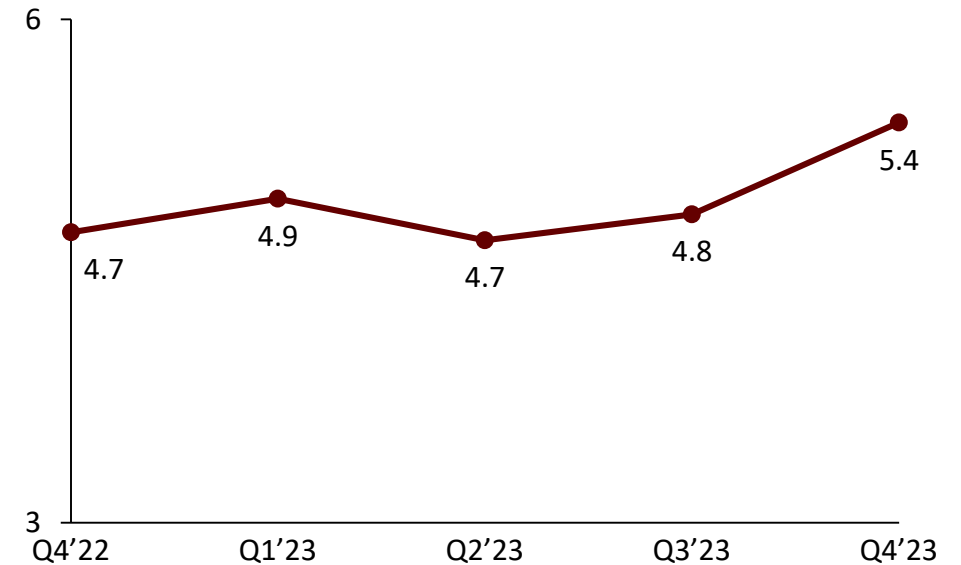
Cost

- Other Income
- Net Commission and Fee Income
- Net Trading Income
- Net Profit Share Income

- Tax
- Other Costs
- Employee Cost
- Provisions

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

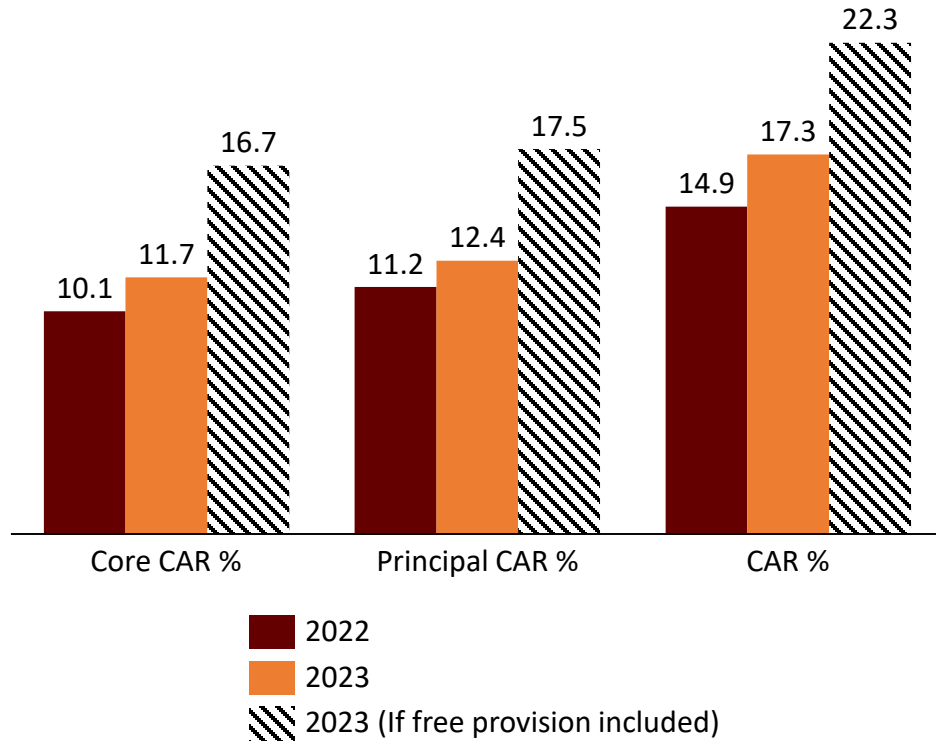
(TL Million)	YoY			QoQ			Notes
	2022	2023	%	Q3'23	Q4'23	%	
Net Profit Share Income	5,382	8,530	58.5%	1,826	3,642	99.5%	Although cost of funding increased. NPSI continued to increase due to higher credits and securities yields and additional support of P/L projects gain at Q4'23.
Net Fees & Commission Income	645	2,251	249.3%	783	704	-10.1%	Although net fees and commissions income shrank by 10% at Q4'23, it increased very significantly by almost 250% YoY.
Net Trading Income	2,881	4,883	69.5%	956	1,512	58.1%	Net trading income increased by 58% and 70% QoQ and YoY respectively thanks to strong investment funds revaluation gains received at Q4'23.
Other Income	1,658	1,949	17.6%	300	678	126.3%	Reversal of provision due to collections from Stage III credits and asset sales increased this item.
Provisioning (inc. free provisions)	6,017	7,824	30%	947	3,876	309.3%	Although provisions for expected credit loss reduced by around %10 YoY, stage 3 coverage ratio increased to 95.2% at Q4'23. Total free provisions increased to TL 5.213 million, TL 3.413 million set aside in 2023.
Personnel Expenses	1,166	2,515	115.6%	633	679	7.2%	Personnel expenses increased by 116% YoY due to increasing salary expenses in line with inflation and the base effect of bonus premium payments made at the beginning of 2023.
Other Costs	1,068	2,191	105.2%	561	730	30.0%	Operational expenses increased over 100% due to the high inflationary environment in 2023.
Net Profit	1,365	3,429	151.09%	967	968	0.1%	

Boosted internal capital generation further supports capital adequacy ratios

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

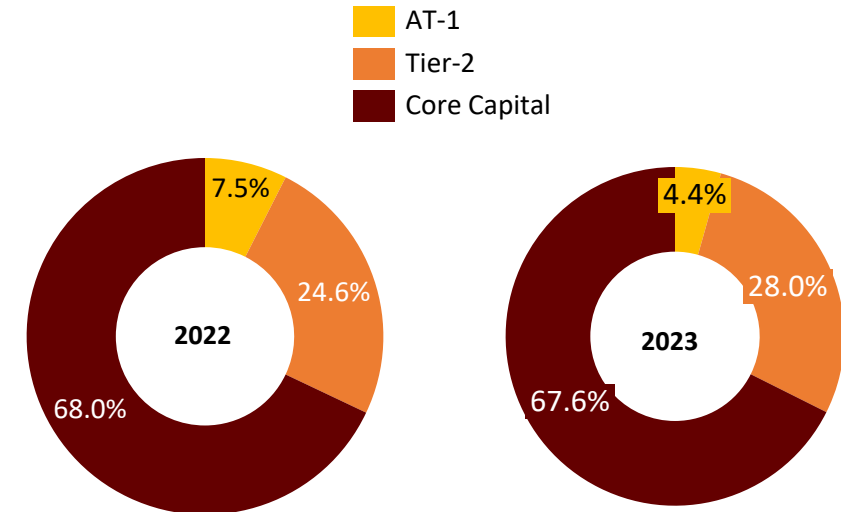
Capital Adequacy Ratio

%



Capital Breakdown

%



Financial Ratios – Sector Comparison

Percent (%)	2022			2023		
	Albaraka Turk	Participation Banks	Banking Sector	Albaraka Turk	Participation Banks	Banking Sector
CAR	14.9	20.5	19.5	17.3	21.4	18.8
NPL Ratio	1.9	1.4	2.1	1.7	1.0	1.6
Provisioning Ratio (Stage 3)*	95.8	99.8	86.7	98.5	99.8	82.0
Loan/Deposits	66.5	70.7	82.9	64.7	68.1	76.5
Asset Yield	9.7	12.0	13.5	12.7	14.3	16.2
Asset Spread	4.9	6.1	7.0	5.5	4.5	4.0
Net Profit Share Margin	4.7	6.4	7.4	5.4	5.2	4.5
Op Costs / Avg. Assets	1.7	1.5	1.9	2.5	2.12	2.52
Cost/Income	21.1	18.7	20.3	26.7	25.5	31.0
Credits / Branches (TL Million)	322.8	477.2	720.9	465.5	741.7	1,129.9
Staff / Branches	11.8	12.9	18.7	12.1	13.5	19.1
CA / Deposits **	46.3	41.5	35.2	46.8	38.5	33.7

*Figures are based on BRSA monthly bulletin.

**Deposits (Participation Funds) Collected from Banks.

Summary Balance Sheet

(TL Million)	2022	2023	Growth (%)
Cash and Balances with Central Bank	24,865	49,084	97.4%
Banks	7,340	14,585	98.7%
Money Market Placements	1,726	0	-
Financial Assets	35,264	55,852	58.4%
Funded Credits (net)	72,625	104,738	44.2%
<i>Cash Credits</i>	73,128	102,814	40.6%
<i>Net Financial Leasing Receivables</i>	909	4,549	400.6%
<i>NPL</i>	1,468	1,806	23.0%
<i>Expected Credit Losses</i>	2,880	4,431	53.9%
Associates	89	112	25.2%
Fixed Assets	2,899	4,871	68.0%
Assets Held For Sale and Investment	341	642	88.1%
Other Assets (inc. Tax Assets)	1,191	2,285	91.9%
Total Assets	146,340	232,169	58.7%

(TL Million)	2022	2023	Growth (%)
Funds Collected	112,676	161,806	43.6%
Funds Borrowed	4,412	30,536	592.1%
Borrowings from Money Markets	7,818	0	-
Debts (inc. Taxes)	6,046	10,975	81.5%
Provisions	2,576	6,569	155.1%
Tier II Sukuk	4,694	8,897	89.5%
Shareholders' Equity	8,119	13,387	64.9%
<i>Capital</i>	2,500	2,500	-
<i>Capital Reserves (inc. Premium)</i>	1,608	4,080	153.7%
<i>Profit Reserves</i>	1,832	1,533	-16.3%
<i>Profit/Loss</i>	627	2,316	269.2%
Total Liabilities	146,340	232,169	58.7%

Summary Income Statement

(TL Million)	2022	2023	Growth (%)
Profit Share Income	11,052	20,074	81.6%
Profit Share Expense	5,670	11,544	103.6%
Net Profit Share Income	1,432	8,530	495.7%
Net Fees and Commissions Income	645	2,251	249.3%
<i>Fees and Commissions Received</i>	1,035	2,766	167.3%
<i>Fees and Commissions Paid</i>	390	514	31.9%
Net Trading Income	2,881	4,883	69.5%
Other Operating Income	1,659	1,950	17.6%
Total Operating Profit	9,400	15,099	60.6%
Provisions (including free provisions)	6,017	7,824	30.0%
Personnel Expenses	1,166	2,515	115.6%
Other Operating Expenses	1,068	2,191	105.2%
Operating Profit Before Tax	2,315	5,084	119.6%
Tax Provision	950	1,655	74.3%
Net Profit	1,365	3,429	151.1%

THANK YOU...

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