

Investor Presentation

Q3'24

Albaraka Türk Participation Bank

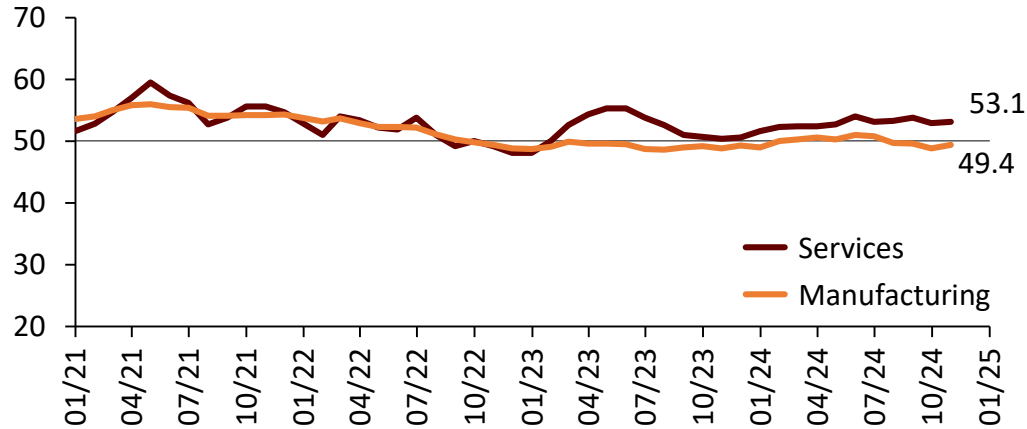
Macroeconomics / Banking Outlook

Macroeconomic Outlook: Tight policy yielding results as inflation moderates

Major central banks kicked off an easing cycle; the Fed cut interest rates by 25 basis points to a range of 4.50% to 4.75%, following a larger 50-bps cut in September. While the ECB continued with a second consecutive 25 bps rate cut in October meeting. In Türkiye, uncertainty regarding the pace of improvement in inflation has increased after higher-than-expected September and October data.

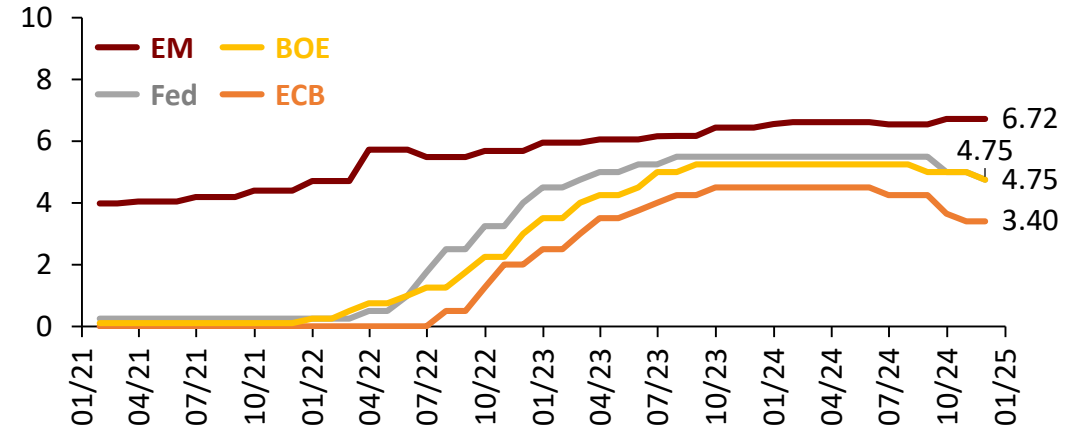
Global PMI

Index, 50 = no change, October 2024



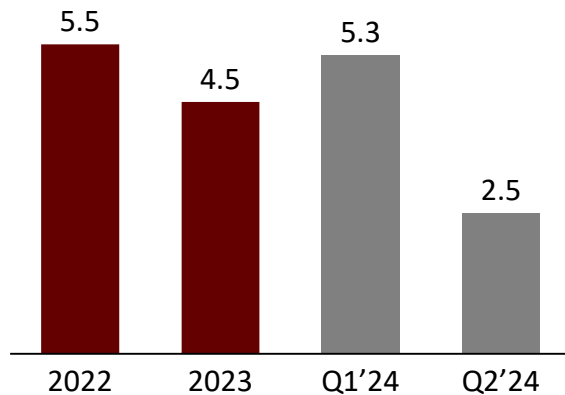
Central Banks Policy Rates

%, November 2024



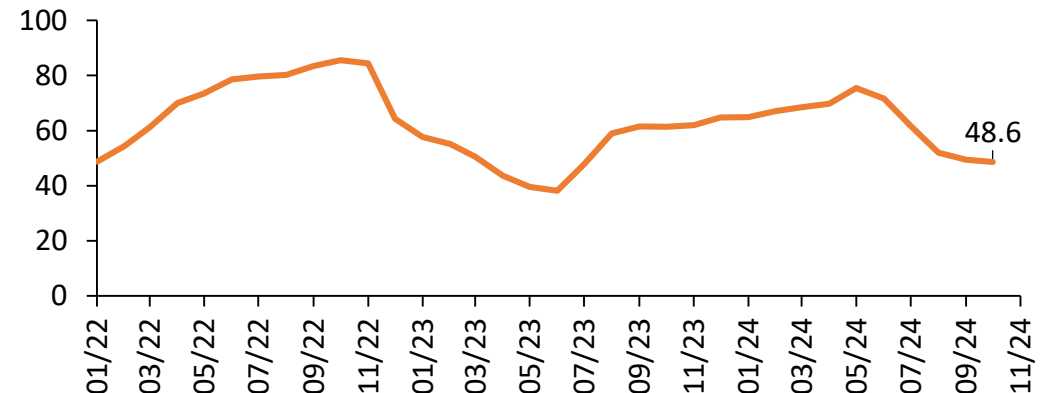
Türkiye: GDP Growth

Annual % Change



Türkiye: Inflation

Annual % Change, October 2024

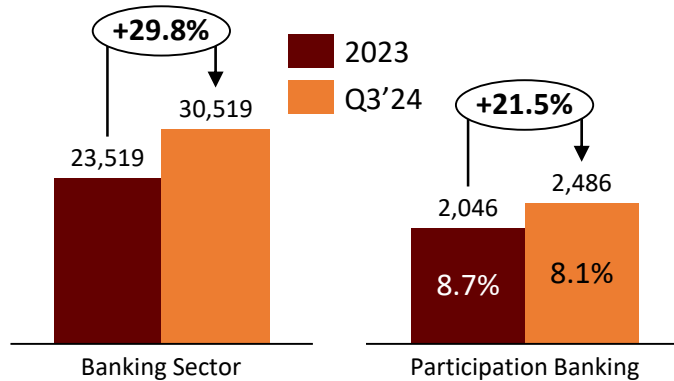


Banking Sector Overview: Impact of tight monetary policy on Q3'24 earnings

Due to the effects of tight monetary policy, asset growth in both the banking and participation banking sectors slowed YtD and profitability declined YoY.

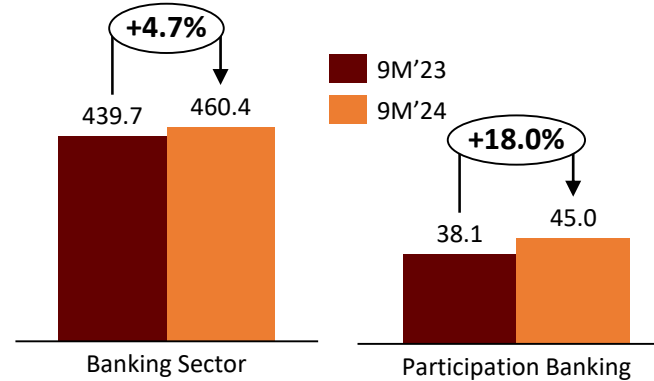
Total Assets*

TL Billion



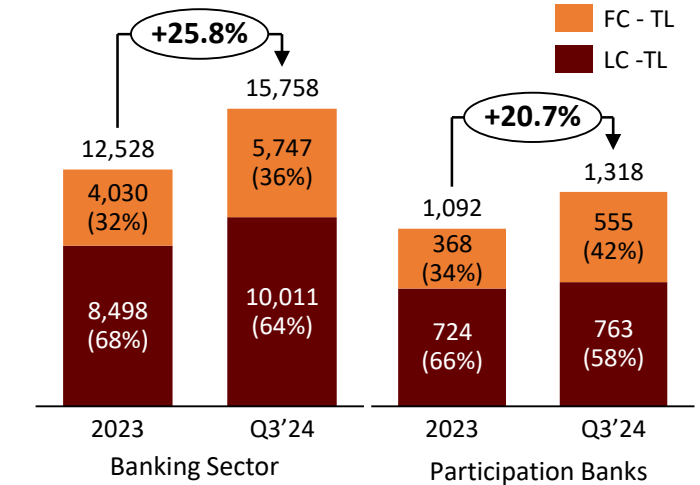
Net Profit

TL Billion



Funded Credits*

TL Billion

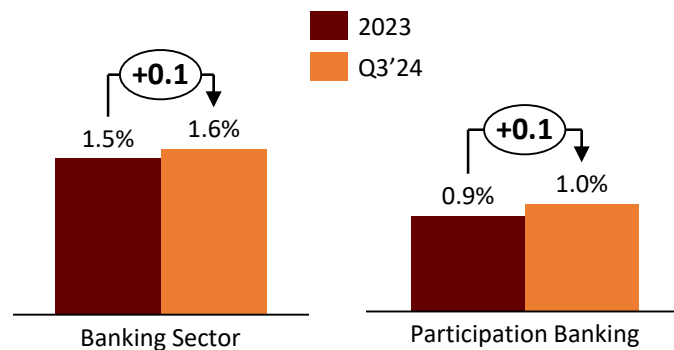


* Percentage figures indicate the share of participation banks in total banking sector

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

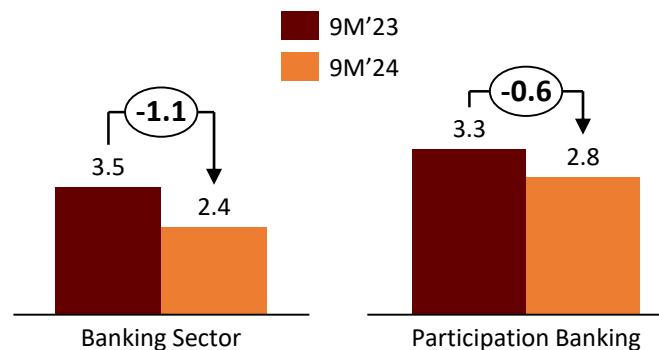
NPL Ratio*

%



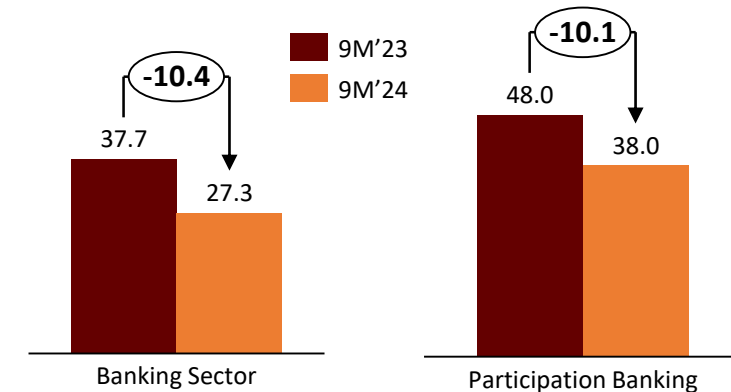
Return on Avg. Assets*

%



Return on Avg. Equity*

%



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

* Annualized net profit/5Q average assets

* Annualized net profit/5Q average equity

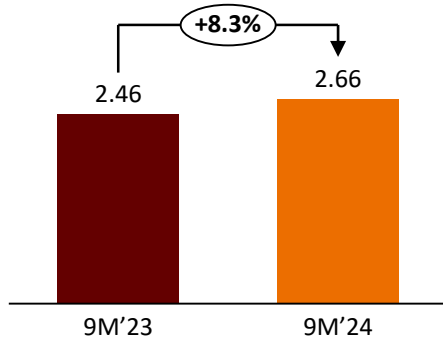
Q3'24 Financial Results

Resilient results despite tight policy and market pressures

Profitability sustained through effective management of costs, risk, and market conditions.

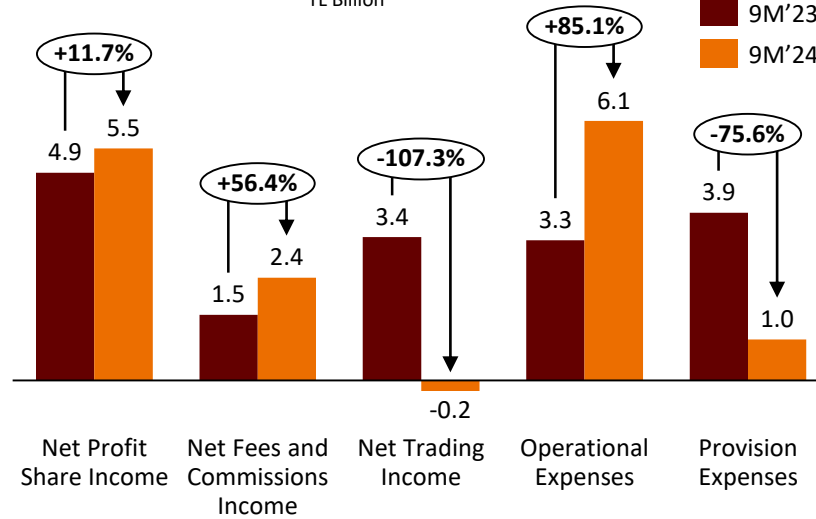
Net Profit

TL Billion



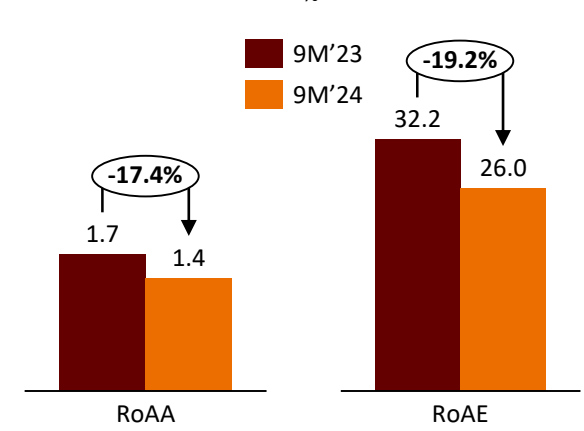
Income – Cost Dynamics

TL Billion



Return on Avg. Equity & Assets*

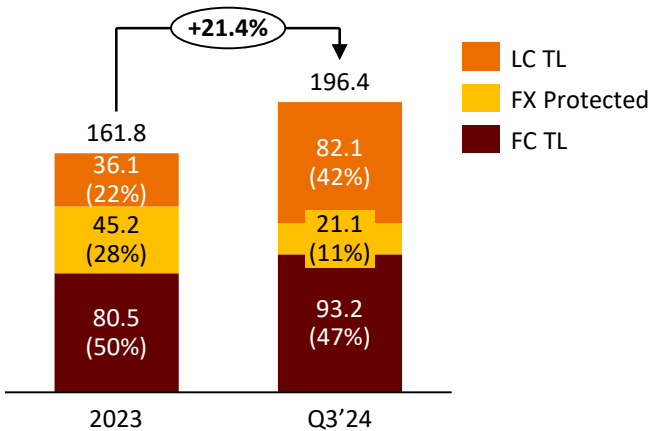
%



* 4Q net profit/5Q average assets or equity

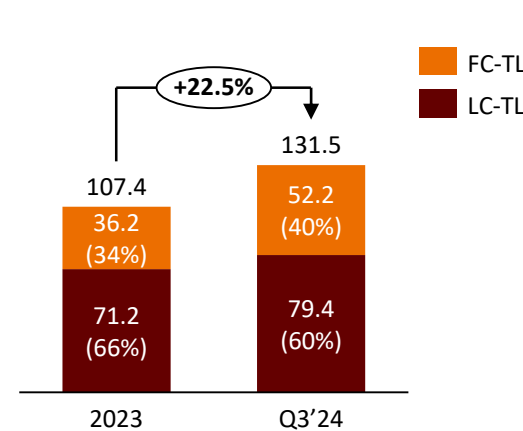
Collected Funds

TL Billion, %



Performing Funded Credits*

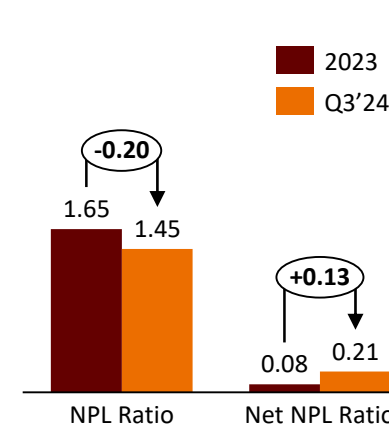
TL Billion, %



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

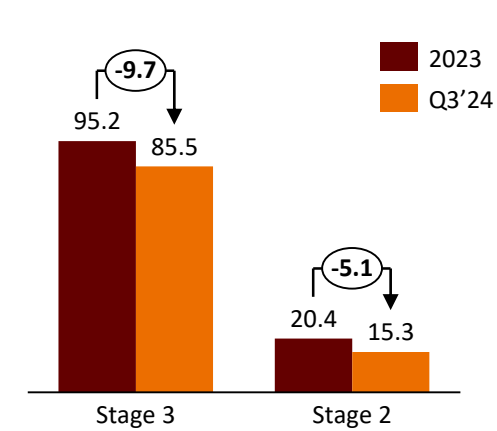
NPL Ratio

%



Provisioning Ratio

%

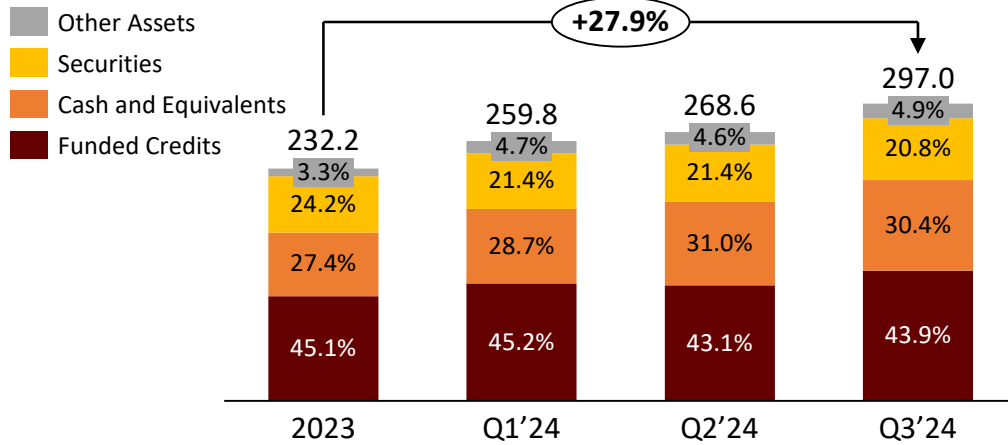


Accelerated asset growth in Q3'24 however NPSM contraction peaks

Asset growth accelerated in Q3'24 driven by increased credit utilization while NPSM contracted by 91 bps QoQ.

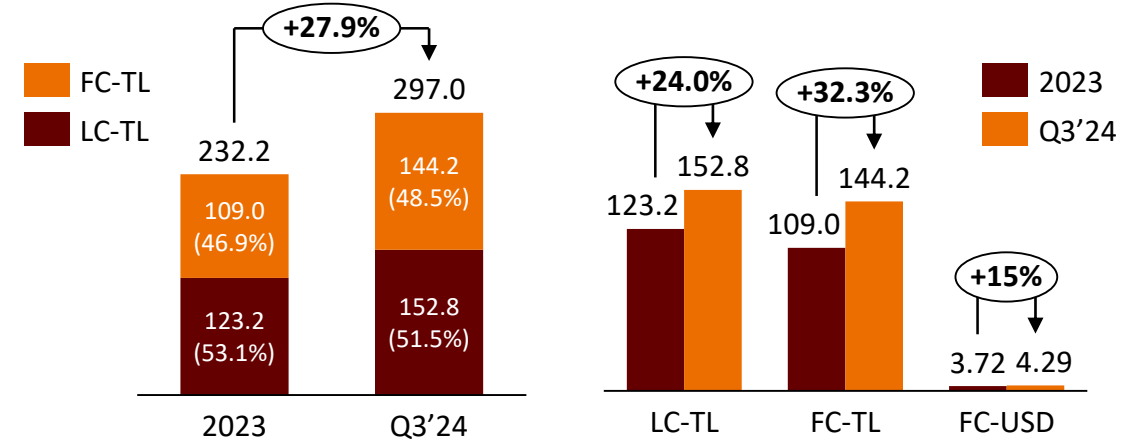
Composition of Total Assets

TL Billion, %



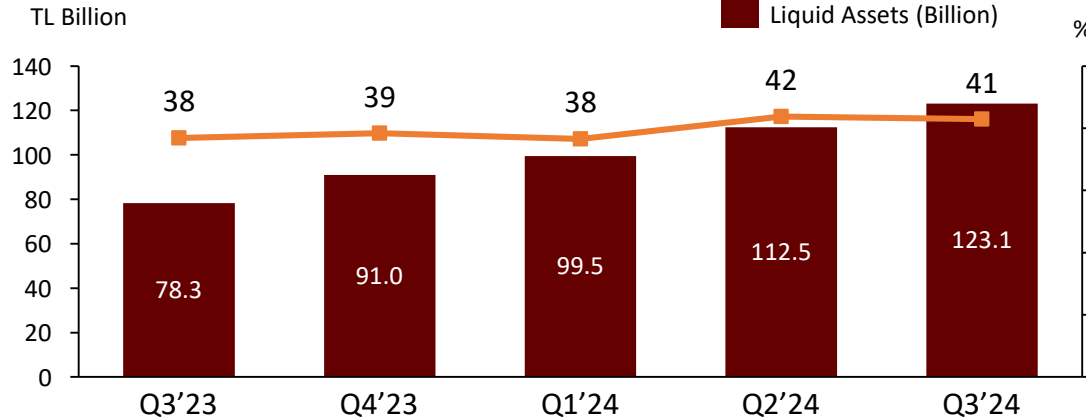
Currency Breakdown of Total Assets

TL/USD Billion, %



Liquid Assets*

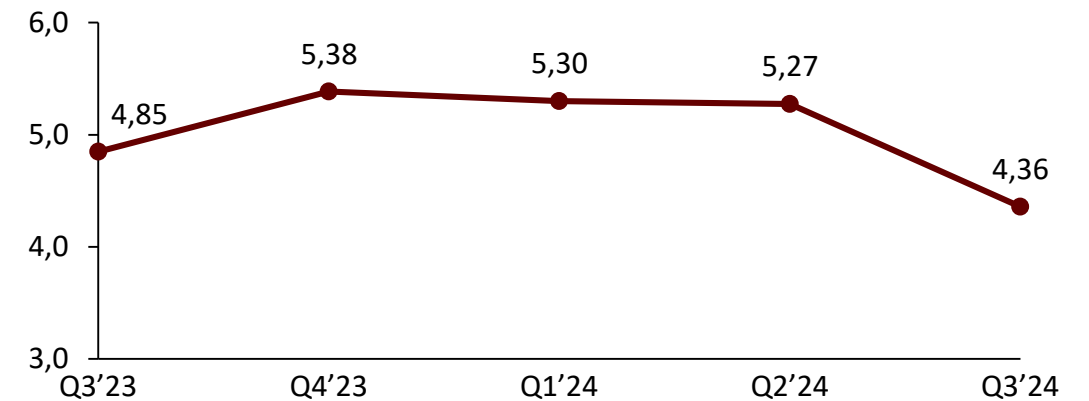
TL Billion
% of Total Assets - rhs
Liquid Assets (Billion)



*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.

Net Profit Share Margin**

%



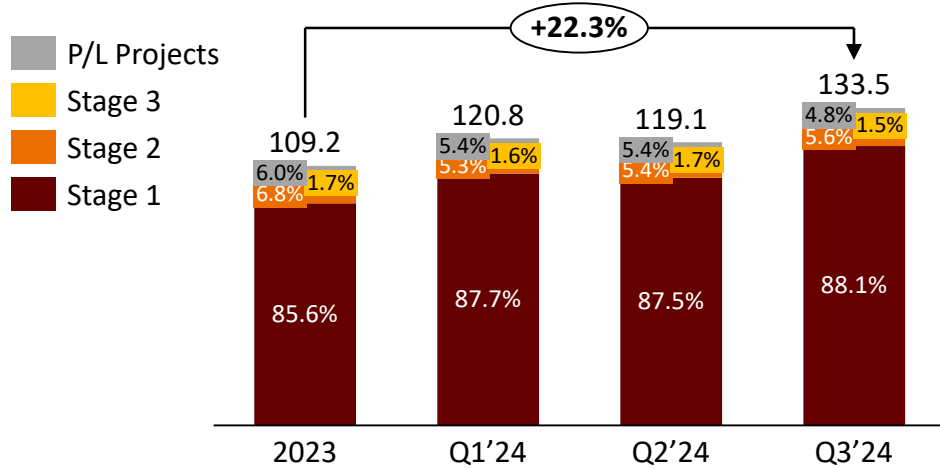
**4Q net profit share income/5Q average profit bearing assets

Solid funded credit growth achieved despite regulatory constraints

Total funded credit portfolio grew by 22.3% YtD, with the share of FC credits rising to 40% of total performing credits.

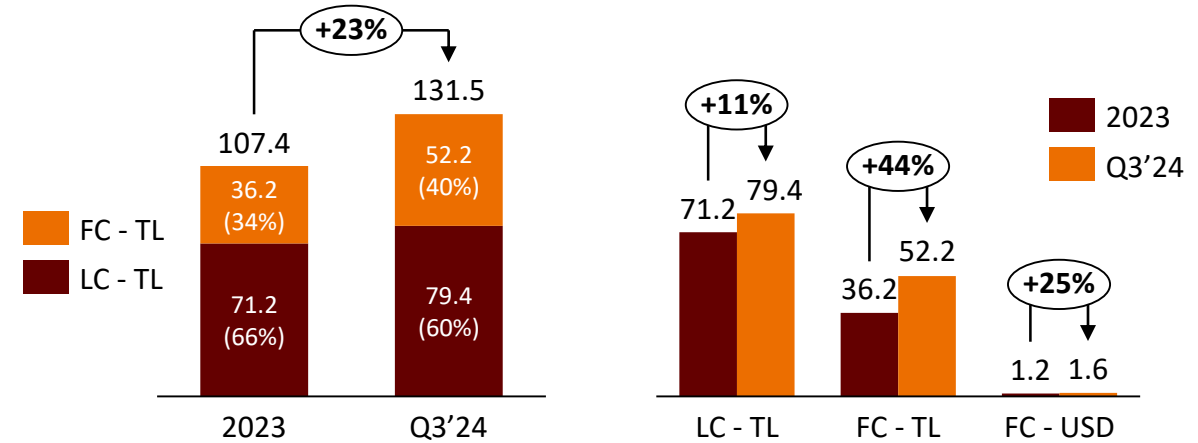
Total Funded Credits

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



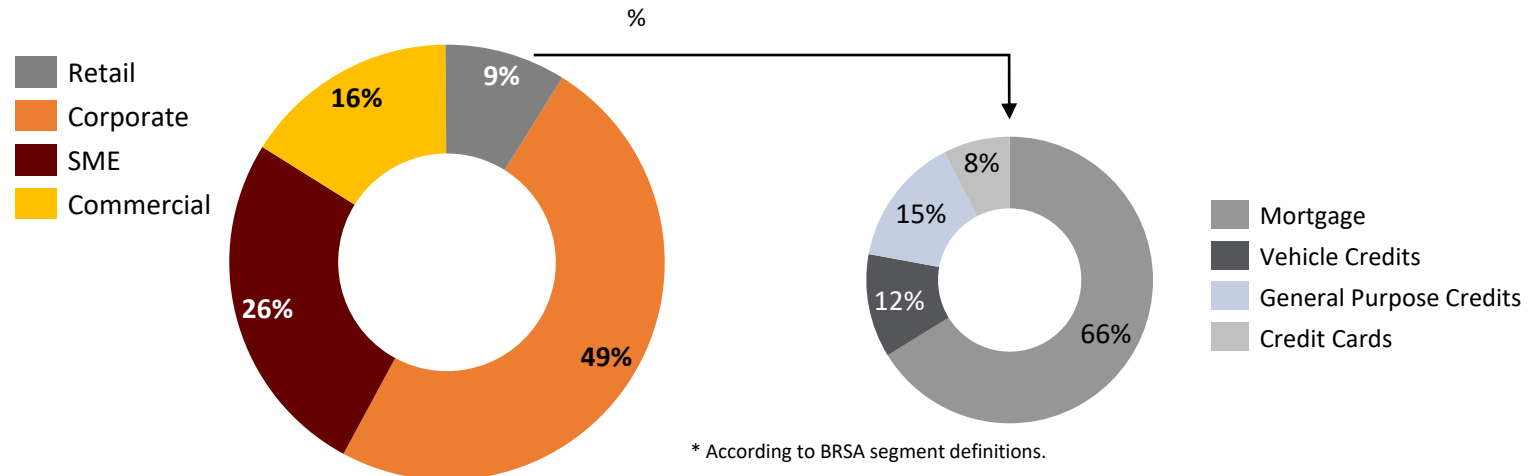
Currency Breakdown of Performing Credits*

TL Billion. %



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

Segment Breakdown of Funded Credits*

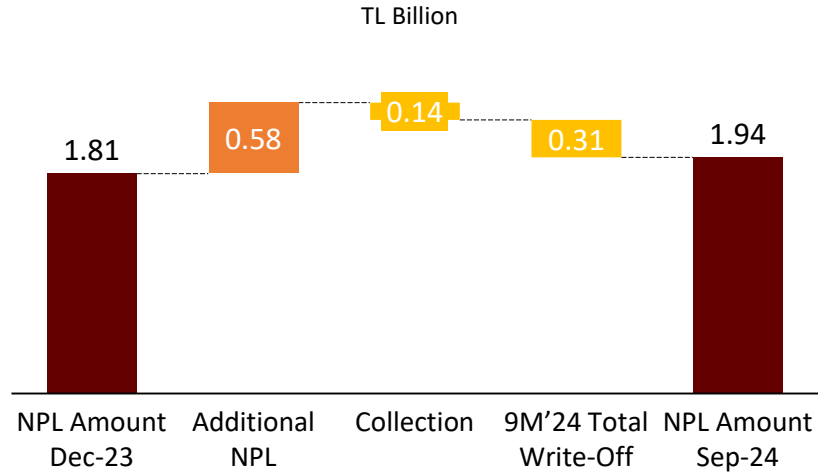


* According to BRSA segment definitions.

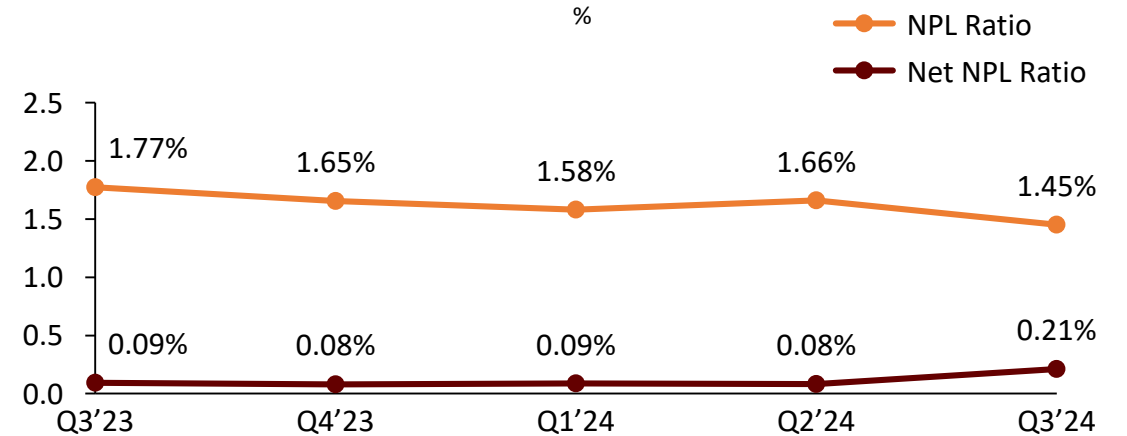
High asset quality remains intact, with notable decrease in cost of risk

NPL ratio stays low, coverage ratio at 85% in Q3'24, and cost of risk decreased by 54.7% YtD

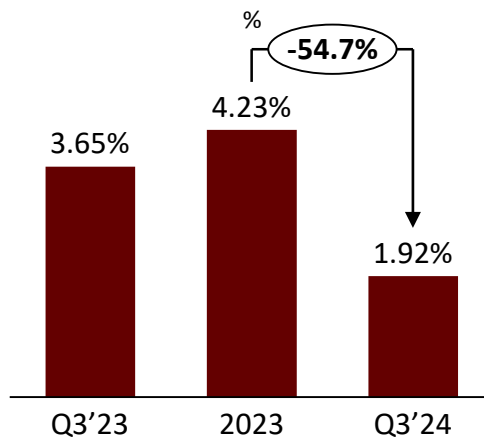
Non Performing Credits Development



NPL Ratio

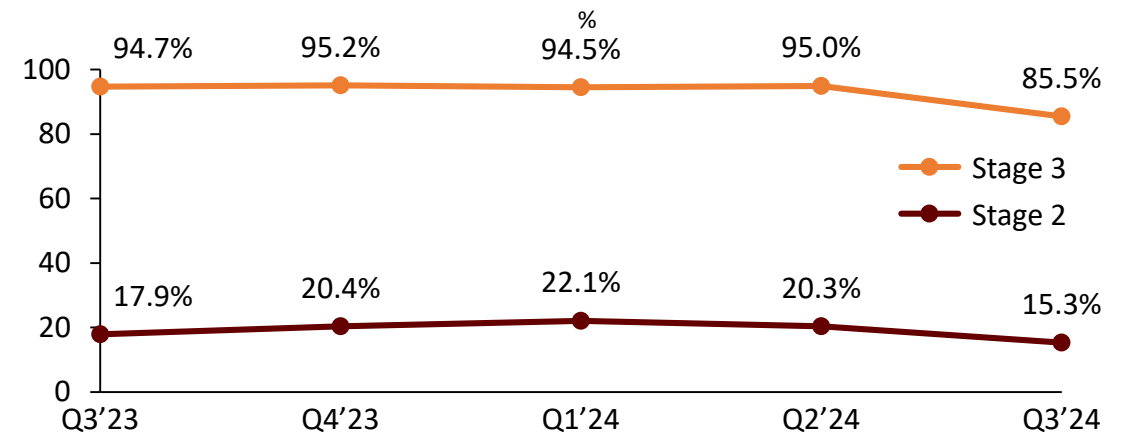


Cost of Risk*



*Cost of risk: 4Q provision expense/5Q average total assets.

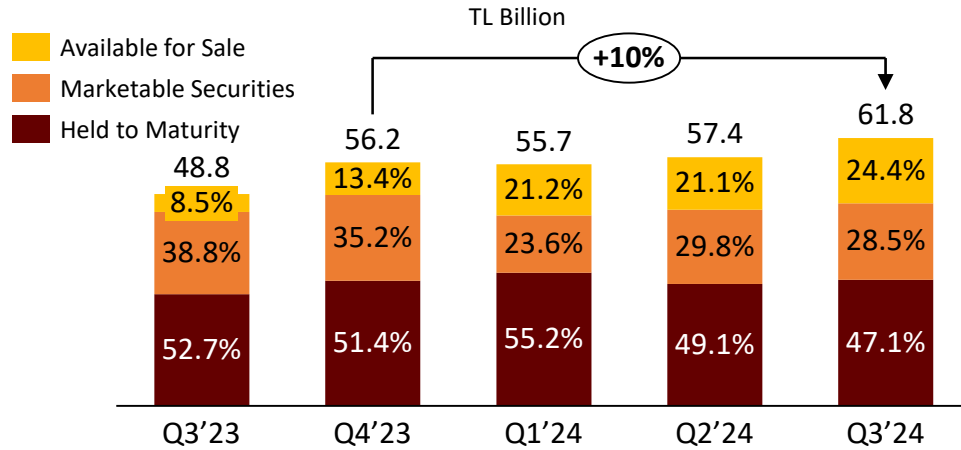
Provisioning Ratio



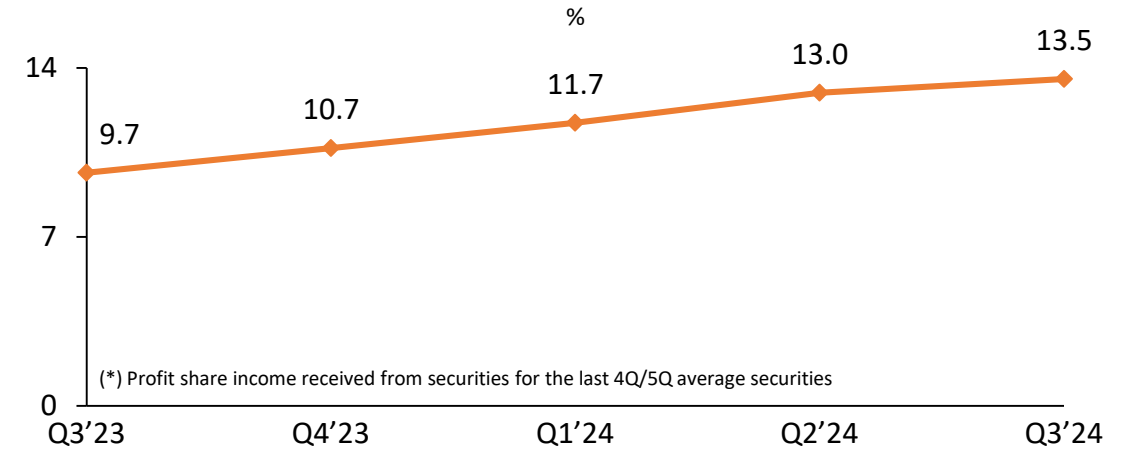
Moderate growth in total securities, yield continues to support profitability

Securities yield up by 50 bps QoQ, maintaining strong contribution to profitability.

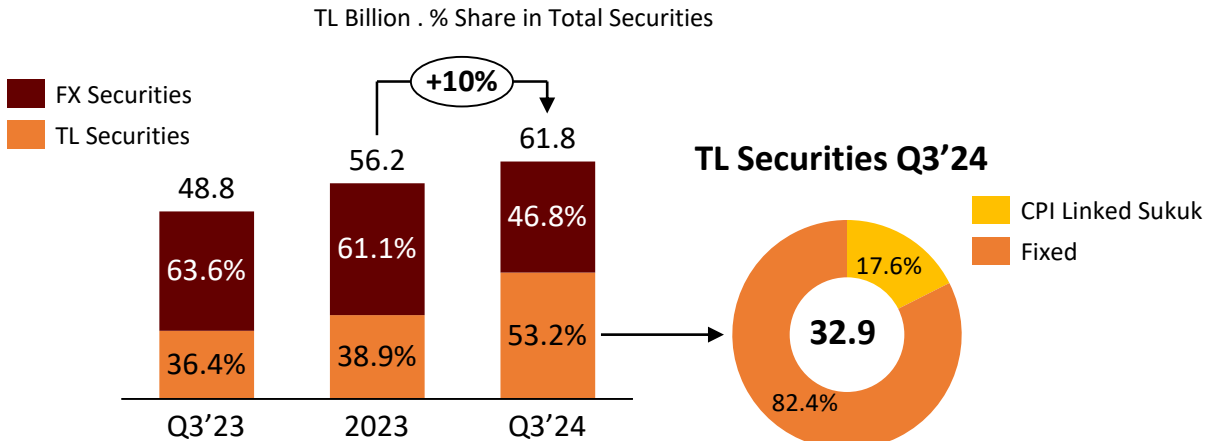
Total Securities Portfolio



Securities Yield*

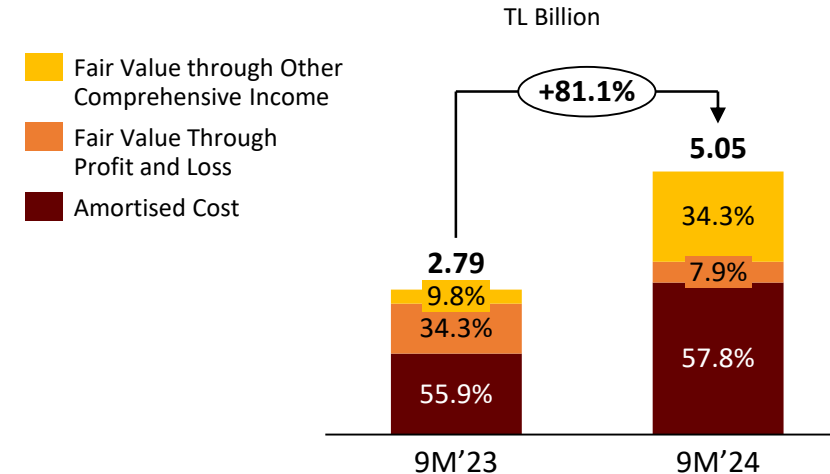


Breakdown of TL & FX Securities



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

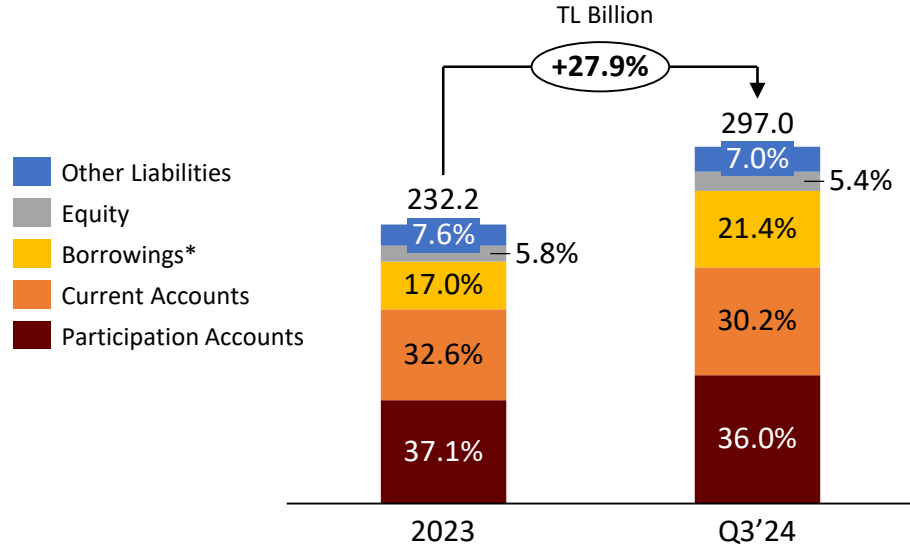
Profit Share Income From Securities Portfolio



Share of TL funds grows in collected funds, with accelerated exit from FX-protected accounts

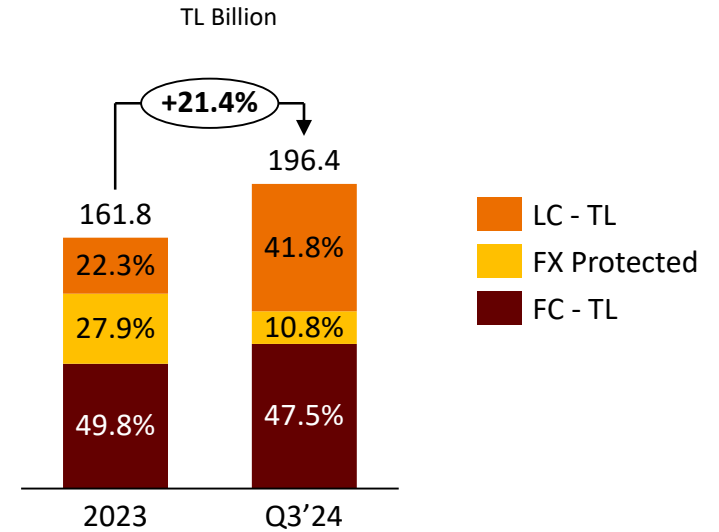
Collected funds remain the primary funding source, despite the increased importance of alternative funding instruments in a high-yield environment.

Composition of Total Liabilities

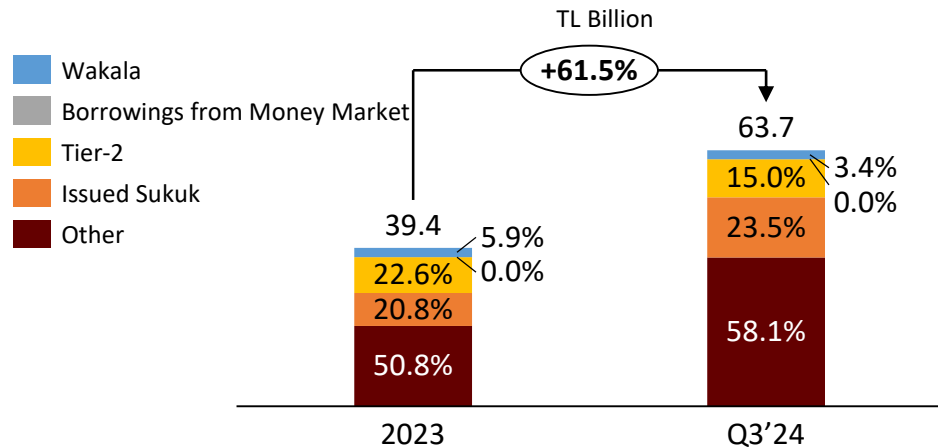


*Includes Tier-2 and borrowings from Money market.

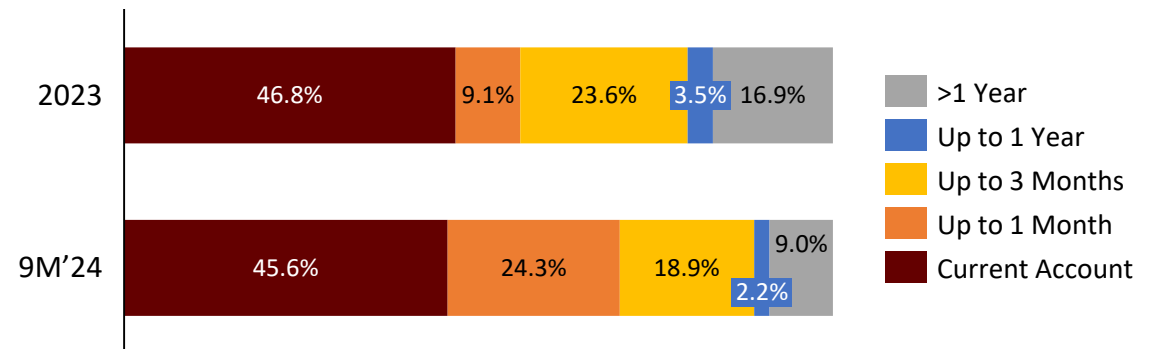
Currency Composition of Collected Funds



Composition of Borrowings



Maturity Composition of Funds Collected (%)

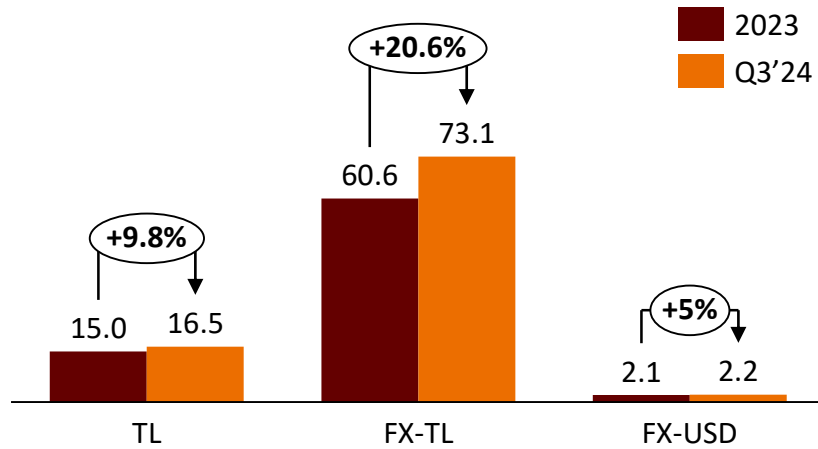


Solid growth in TL accounts, with increased funding costs due to high market returns

Current accounts to total funds collection stood at 45% as of Q3'24, helping to ease funding costs.

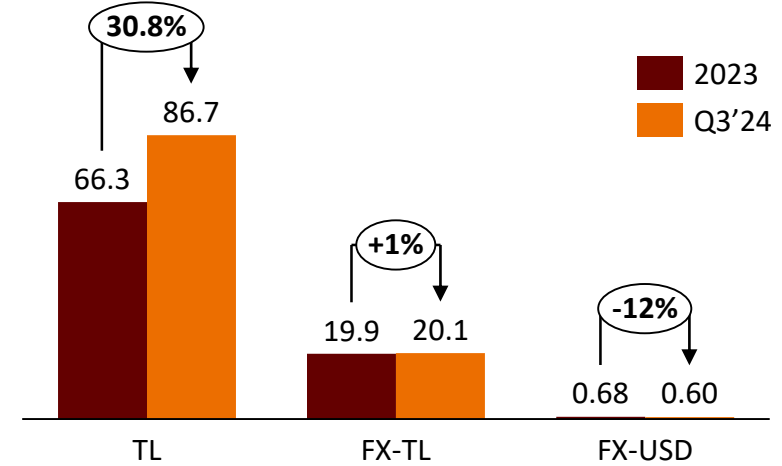
Current Accounts

TL Billion – Annual Growth %

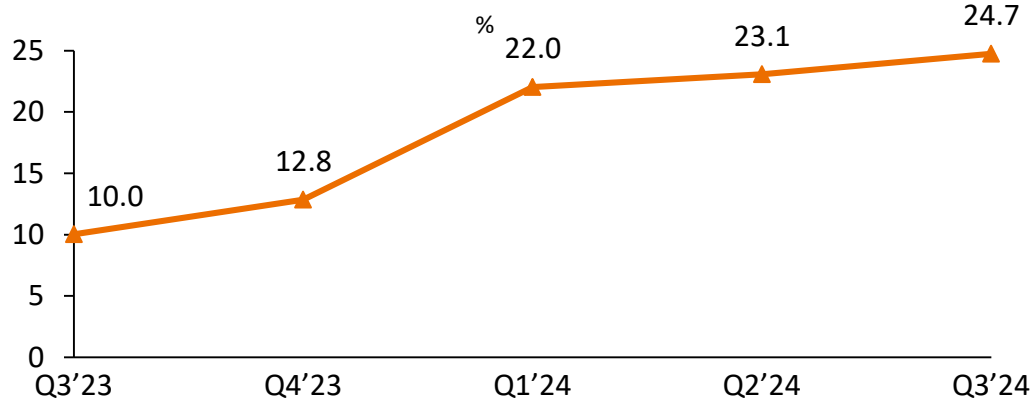


Participation Accounts

TL Billion – Annual Growth %



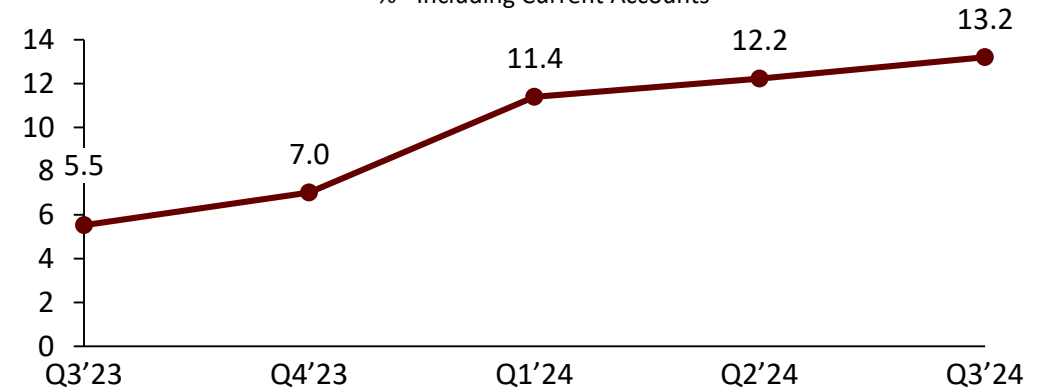
Cost of Funds Collected*



*Annualized profit share expense by extending the relevant quarter to the year / average participation accounts

Cost of Funds Collected**

% - Including Current Accounts

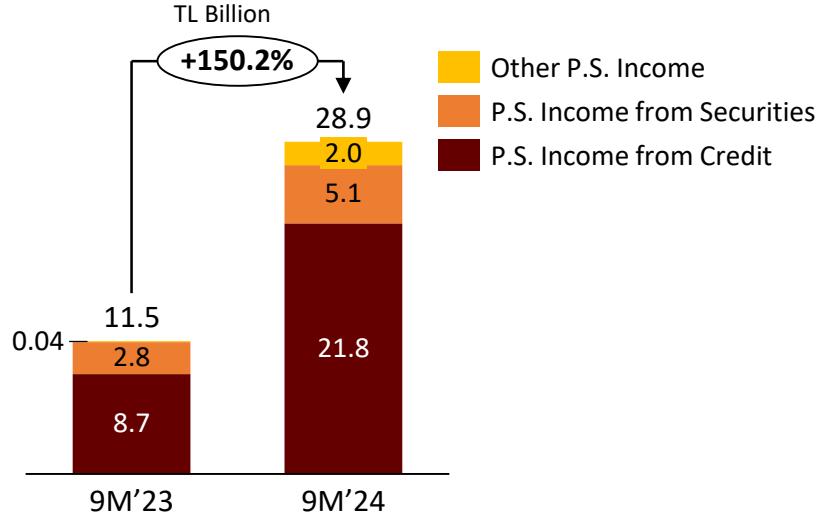


**Annualized profit share expense by extending the relevant quarter to the year / average collected funds

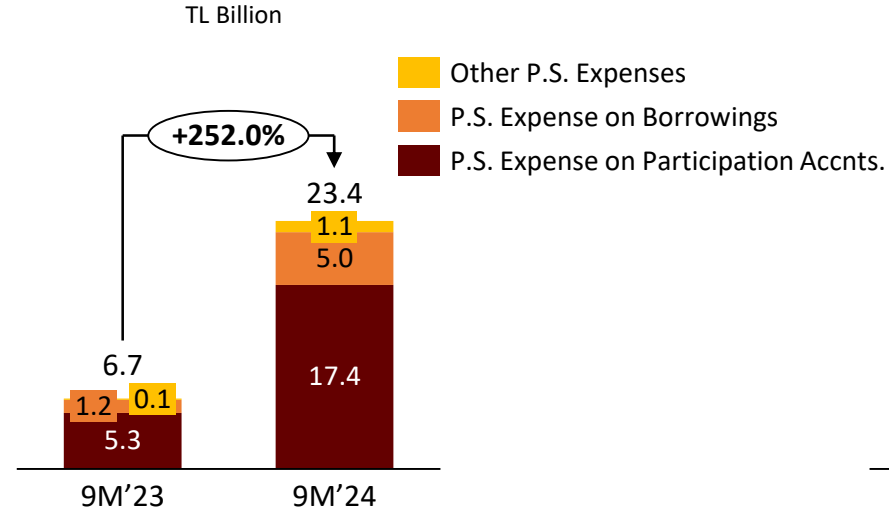
Profitability sustained through effective management of costs, risk, and market conditions

Profitability remained steady despite high swap costs in H1'24. In Q3'24, reduced reliance on swaps boosted trading income, though profit expenses rose.

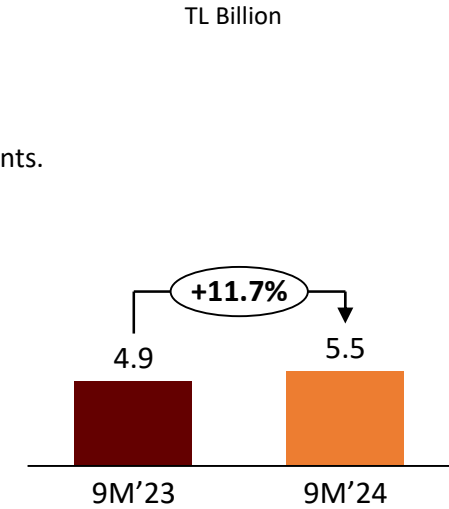
Profit Share Income



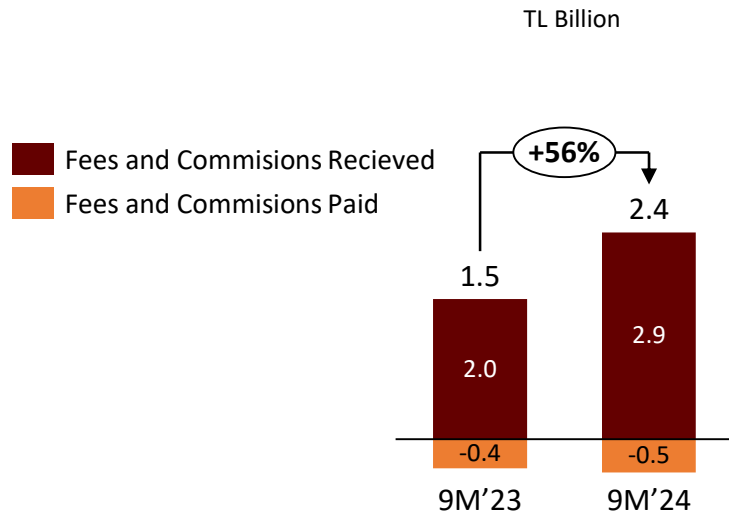
Profit Share Expense



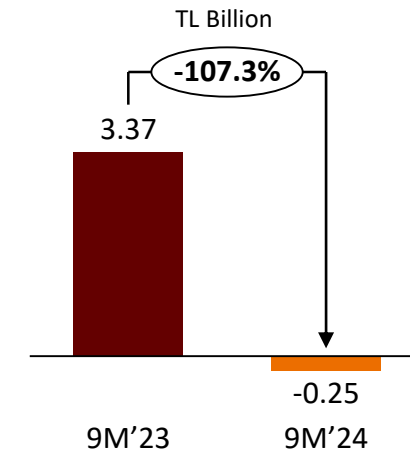
Net Profit Share Income



Net Fees and Commission Income



Net Trading Income/Loss

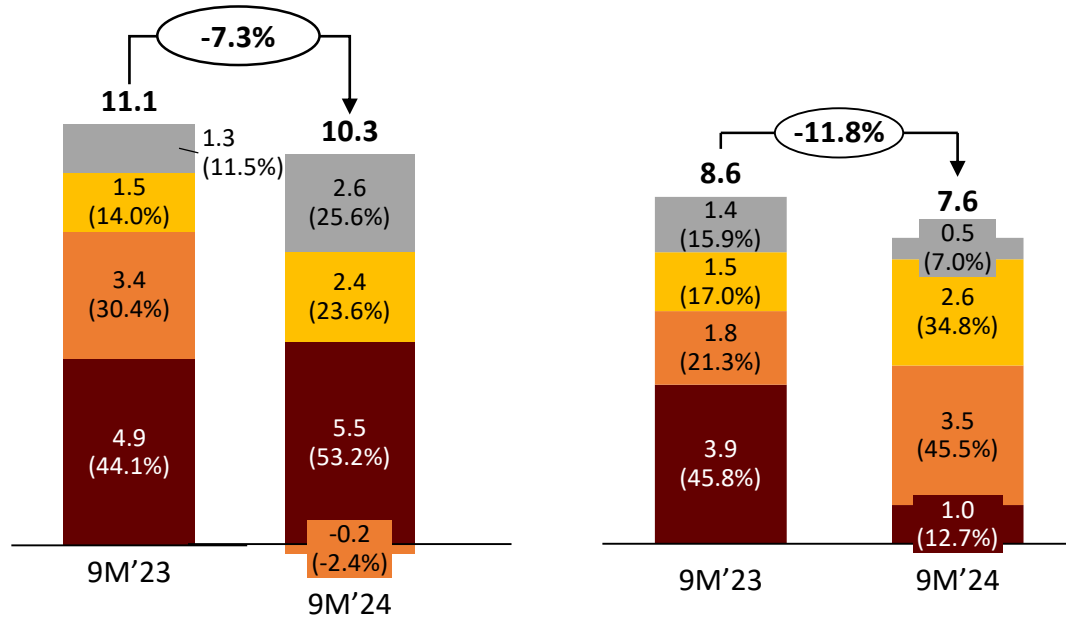


Maintained sound income-cost dynamics against a backdrop of high inflation and funding costs

High funding costs contributed to income decline in Q3'24 while efficient cost management and low staff-per-branch ratio helped contain expenses.

Income-Cost Dynamics

TL Billion



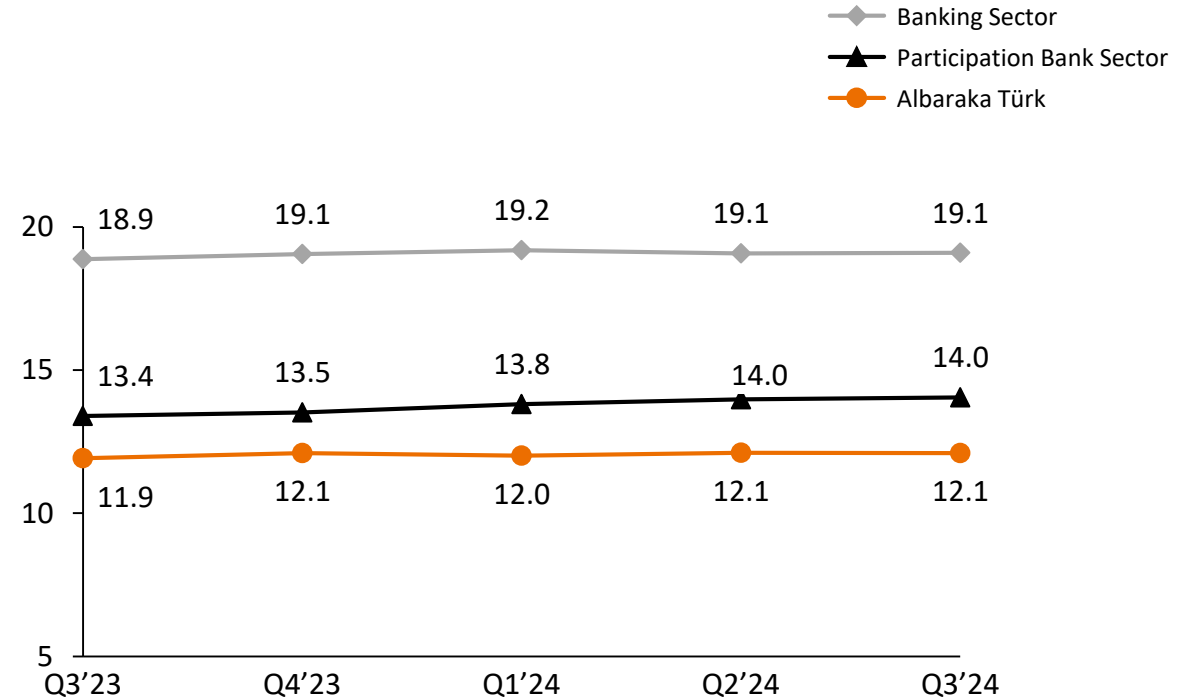
Income

Cost

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

- Tax
- Other Cost
- Employee Cost
- Provisions

Staff/Branches



Navigating challenges of operational environment with sustained profitability

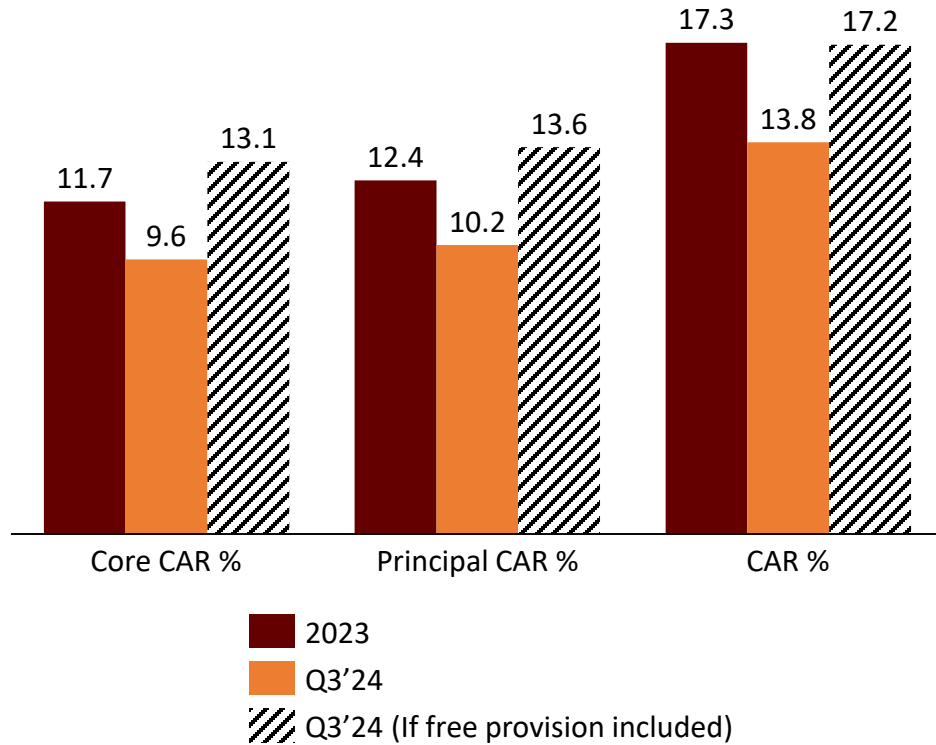
(TL Million)	YoY			QoQ			Notes
	9M'23	9M'24	%	Q2'24	Q3'24	%	
Net Profit Share Income	4,889	5,460	12%	2,497	745	-70%	NPSI decreased due to high funding costs. Swap costs helped absorb some of the funding cost pressures in the first half of the year, but as swap costs decreased sharply in Q3'24, profit share expenses increased remarkably, leading to a decrease in NPSI like as all market
Net Fees & Commission Income	1,547	2,420	56%	831	856	3%	Fee and commission income remained resilient, supported by POS revenues and card transaction commissions.
Net Trading Income	3,371	-247	-107%	-648	1,034	N/A	Trading income turned negative in H1'24 due to high swap costs but showed recovery in Q3'24 as reliance on swaps decreased. Revaluation income from securitized assets and capital market income supported net trading income in Q3'24.
Other Income	1,270	2,631	107%	662	744	12%	Reversal of prior year provisions and income from asset sales increased other income by 107% YoY.
Provisioning (inc. free provisions)	3,948	963	-76%	177	422	138%	Provisioning for credit losses decreased significantly by 76% YoY, reflecting improved asset quality. The bank maintained prudent risk management.
Personnel Expenses	1,837	3,463	89%	989	1,012	2%	Personnel expenses remained flat on a quarterly basis.
Other Costs	1,462	2,643	81%	850	943	11%	Operational expenses increased by 81% YoY due to the high inflationary environment.
Net Profit	2,461	2,664	8%	1,256	794	-37%	

Capital adequacy ratio remains stable and sufficient to support growth

CAR is at a sustainable level by moderate growth and sustainable internal capital generation.

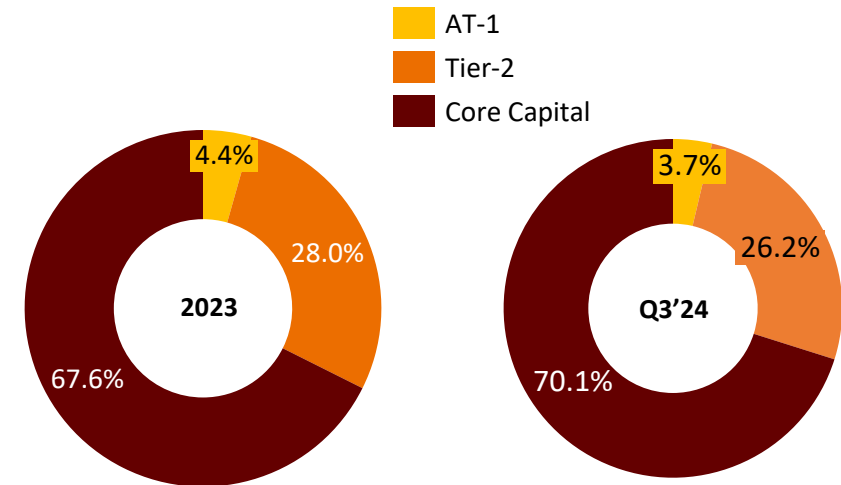
Capital Adequacy Ratio

%



Capital Breakdown

%



2024 YE Expectations

2024 Guidance

2024 Expectations	2024 Initial Guidance	9M24	2024 YE
TL Loan Growth	~35-40%	11.5%	~20%
FC Loan Growth	Single Digit Increase	25%	~30%
NPL Ratio	~ 2.0%	1.5%	1.6-1.8%
Provisioning Ratio	+90%	85.5%	85-90%
Net Profit Share Margin	~ 3.8%	3.5%	~2,5-2,8% ~3.2-3.5% (incl. P/L projects)
Return on Avg. Equity	~ 25-30%	22.1%	~25-30%

Market Comparison

Financial Ratios – Sector Comparison

Percent (%)	2023			Q3'24		
	Albaraka Turk	Participation Banks	Banking Sector	Albaraka Turk	Participation Banks	Banking Sector
CAR	17.3	21.4	18.8	13.8	18.5	18.2
NPL Ratio	1.7	0.9	1.5	1.5	1.0	1.6
Provisioning Ratio (Stage 3)*	98.5	99.8	82.0	90.3	91.3	75.4
Loan/Deposits	64.7	68.1	76.5	66.3	75.8	82.4
Asset Yield	12.7	14.2	16.6	17.9	19.9	26.1
Asset Spread	5.5	4.5	4.6	5.1	3.2	6.9
Net Profit Share Margin	5.4	5.2	4.7	4.4	4.6	4.8
Op Costs / Avg. Assets	2.5	2.2	2.8	3.0	2.6	2.9
Cost/Income	25.4	25.5	31.0	37.9	31.5	36.4
Credits / Branches (TL Million)	465.5	741.8	1,129.9	579.1	888.4	1,458.4
Staff / Branches	12.1	13.5	19.1	11.4	14.0	19.1
CA / Deposits **	46.8	38.4	33.2	45.6	40.4	35.3

*Figures are based on BRSA monthly bulletin.

**Deposits (Participation Funds) Collected from Banks.

Appendix

Summary Balance Sheet

(TL Million)	2023	9M'24	Growth (%)
Cash and Balances with Central Bank	49,084	63,446	29.3%
Banks	14,585	26,932	84.6%
Money Market Placements	-	-	-
Financial Assets	55,852	61,449	10.0%
Funded Credits (net)	104,738	130,299	24.4%
<i>Cash Credits</i>	102,814	126,838	23.4%
<i>Net Financial Leasing Receivables</i>	4,549	4,691	3.1%
<i>NPL</i>	1,806	1,938	7.3%
<i>Expected Credit Losses</i>	4,431	3,168	-28.5%
Associates	112	93	-17.2%
Fixed Assets	4,871	5,799	19.0%
Assets Held For Sale and Investment	642	4,212	556.4%
Other Assets (inc. Tax Assets)	2,285	4,777	109.1%
Total Assets	232,169	297,007	27.9%

(TL Million)	2023	9M'24	Growth (%)
Funds Collected	161,806	196,436	21.4%
Funds Borrowed	30,536	54,170	77.4%
Borrowings from Money Markets	0	-	-
Debts (inc. Taxes)	10,975	14,804	34.9%
Provisions	6,569	6,009	-8.5%
Tier II Sukuk	8,897	9,530	7.1%
Shareholders' Equity	13,387	16,059	20.0%
<i>Capital</i>	2,500	2,500	-
<i>Capital Reserves (inc. Premium)</i>	4,080	2,632	-35.5%
<i>Profit Reserves</i>	1,533	6,680	335.6%
<i>Profit/Loss</i>	2,316	1,012	-56.3%
Total Liabilities	232,169	297,007	27.9%

Summary Income Statement

(TL Million)	9M'23	9M'24	Growth (%)
Profit Share Income	11,541	28,879	150%
Profit Share Expense	6,652	23,419	252%
Net Profit Share Income	4.889	5,460	12%
Net Fees and Commissions Income	1,547	2,420	56%
<i>Fees and Commissions Received</i>	1,952	2,883	48%
<i>Fees and Commissions Paid</i>	405	463	14%
Net Trading Income	3,371	-247	-107%
Other Operating Income	1,271	2,634	107%
Total Operating Profit	9,242	6,804	-26%
Provisions (including free provisions)	3,948	963	-76%
Personnel Expenses	1,837	3,463	89%
Other Operating Expenses	1,462	2,643	81%
Operating Profit Before Tax	3,832	3,199	-17%
Tax Provision	1,372	534	-61%
Net Profit	2,461	2,664	8%

The image features two large, stylized letters, 'R' and 'A', positioned behind the text. The 'R' is a light orange color and is located on the left side of the frame. The 'A' is a light pink color and is located on the right side. The text 'THANK YOU...' is centered between the two letters.

THANK YOU...

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