

# Investor Presentation

1H'24

Albaraka Türk Participation Bank

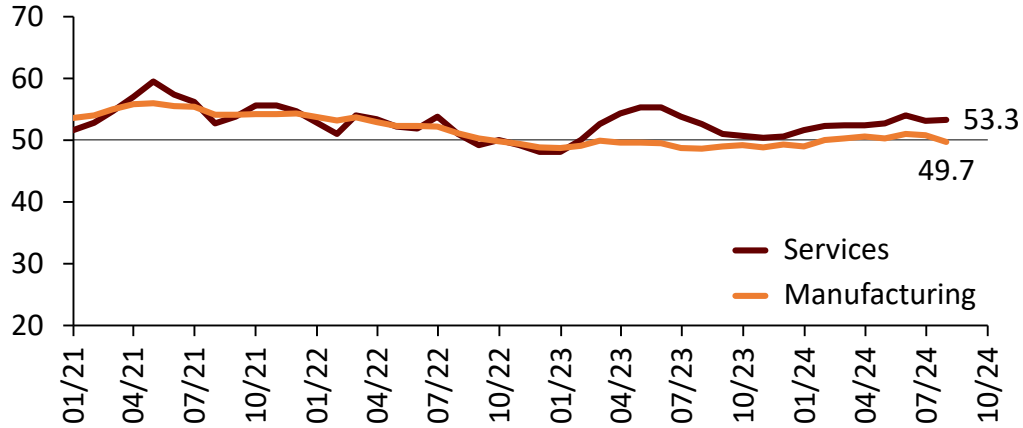
# Macroeconomics / Banking Outlook

# Macroeconomic Outlook: High inflation remains key focus

Early signs of easing monetary policies are emerged as ECB and BoE kicked off the easing cycle while inflation is closely monitored. In Türkiye, tightening policies and favourable base effects result in declining inflation.

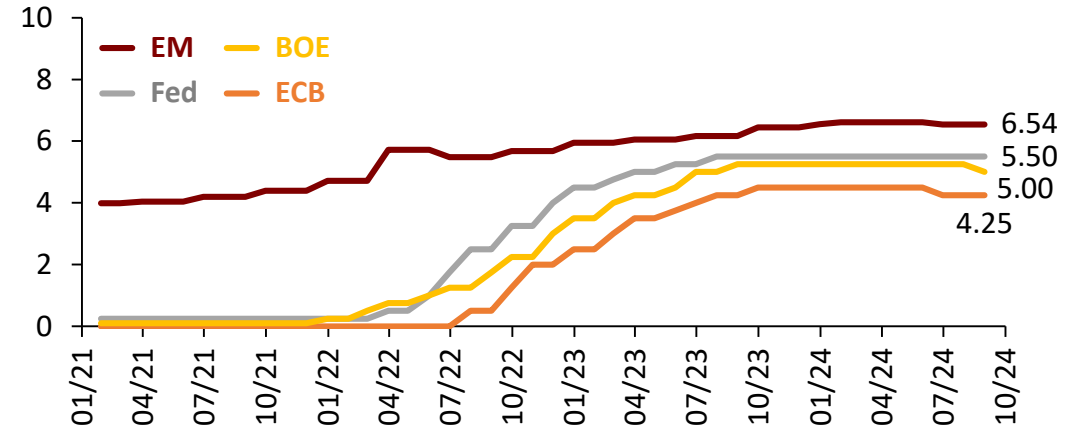
## Global PMI

Index, 50 = no change, June 2024



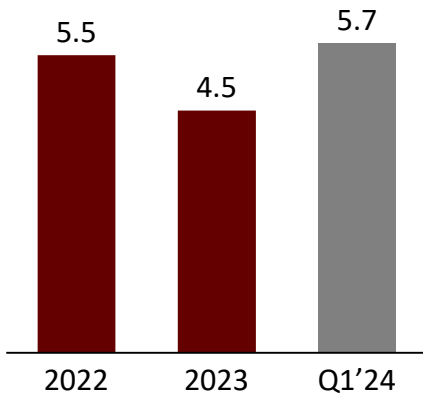
## Central Banks Policy Rates

%, July 2024



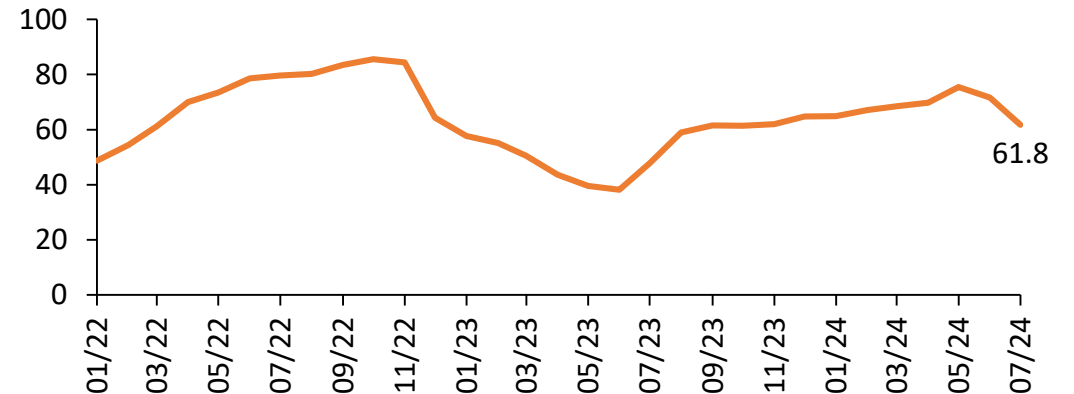
## Türkiye: GDP Growth

Annual % Change



## Türkiye: Inflation

Annual % Change, July 2024

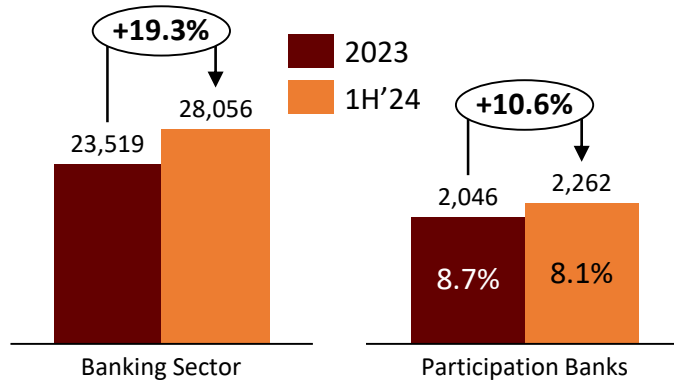


# Banking Sector Overview: Steady growth, yet profitability declines

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

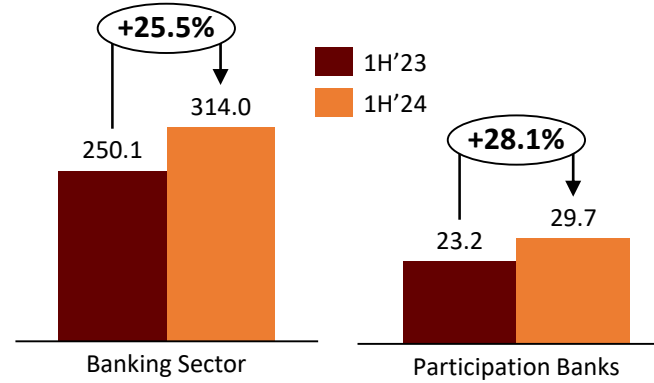
## Total Assets\*

TL Billion



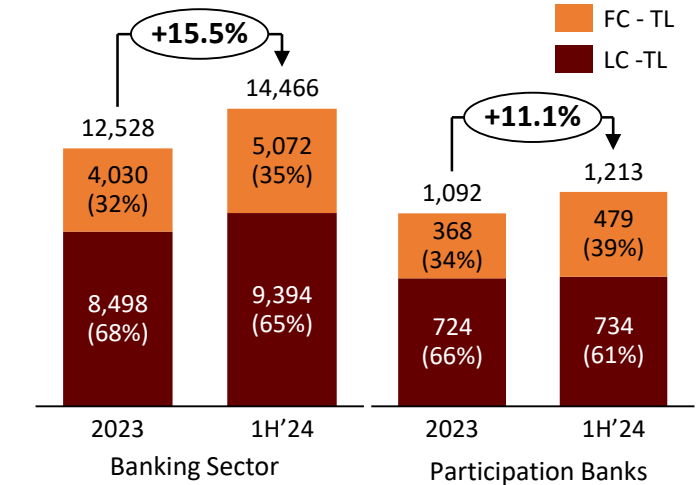
## Net Profit

TL Billion



## Funded Credits\*

TL Billion

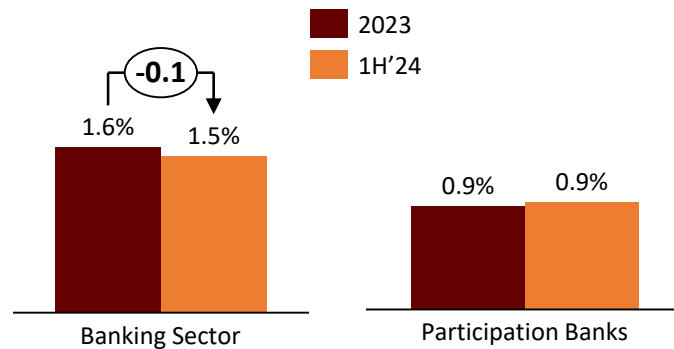


\* Percentage figures indicate the share of participation banks in total banking sector

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

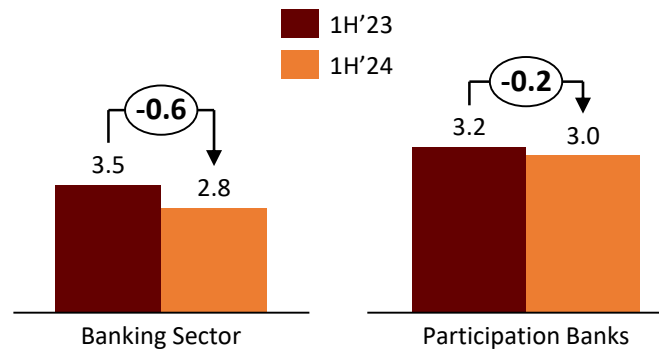
## NPL Ratio\*

%



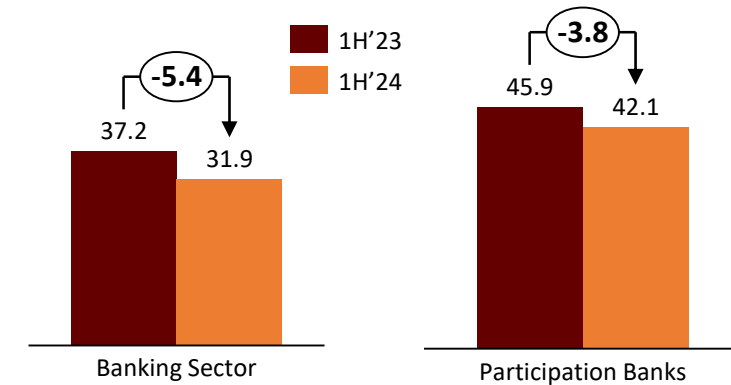
## Return on Avg. Assets\*

%



## 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

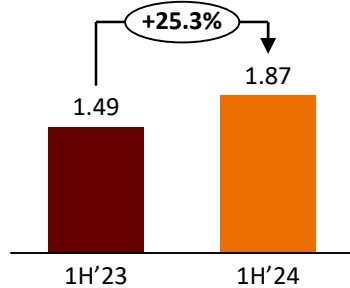
# 1H'24 Financial Results

# Navigating challenges of operational environment with sustained profitability

Growth remained moderate, asset quality was maintained, and profitability improved YoY in 1H'24.

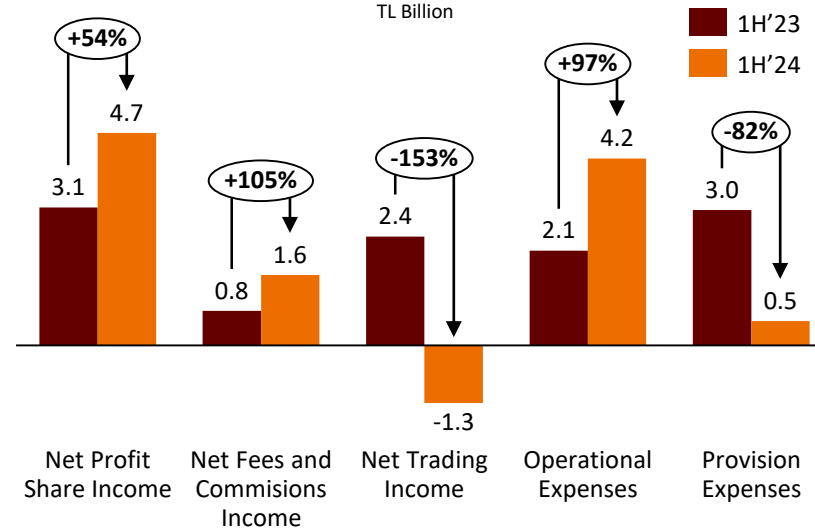
## Net Profit

TL Billion



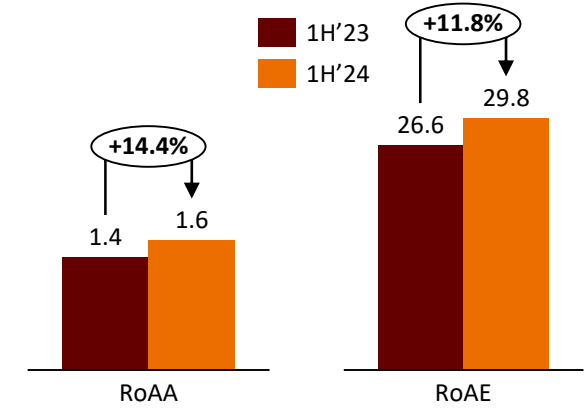
## Income – Cost Dynamics

TL Billion



## Return on Avg. Equity & Assets\*

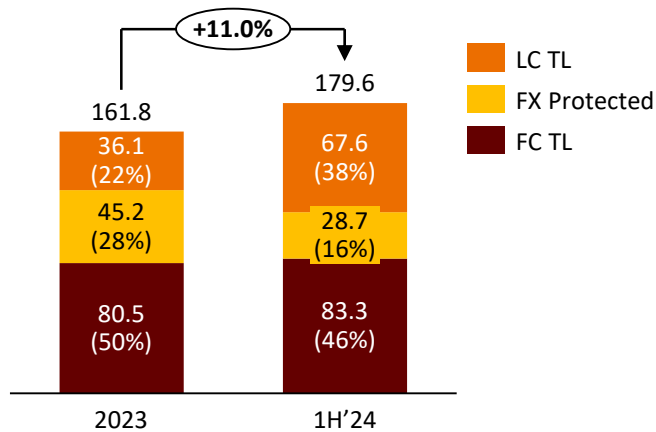
%



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

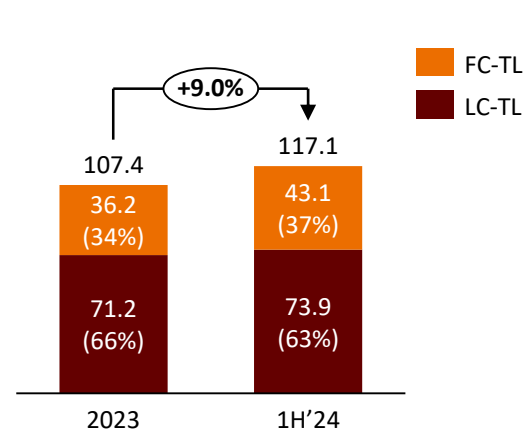
## Collected Funds

TL Billion. %



## Performing Funded Credits\*

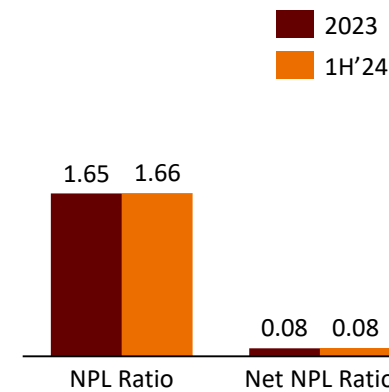
TL Billion. %



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

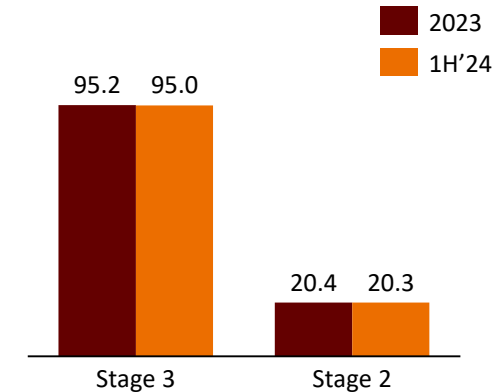
## NPL Ratio

%



## Provisioning Ratio

%

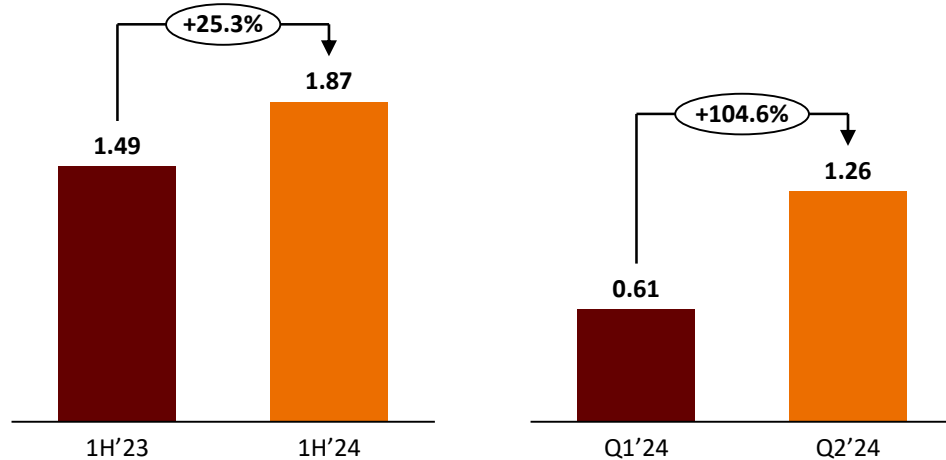


# Achieved net profit increase despite slow growth and rising funding costs

Net income increased by 25% YoY and 105% QoQ despite a net trading loss of TL 1.3 billion due to high swap costs.

## Net Profit

TL Billion

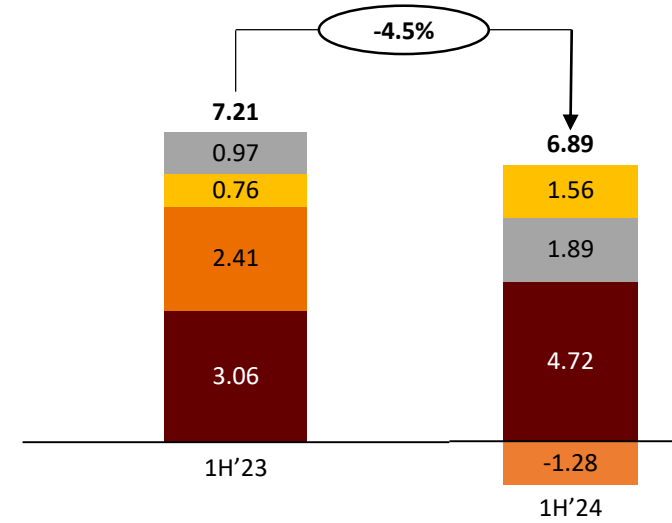


YoY

QoQ

## Total Operational Income

TL Billion

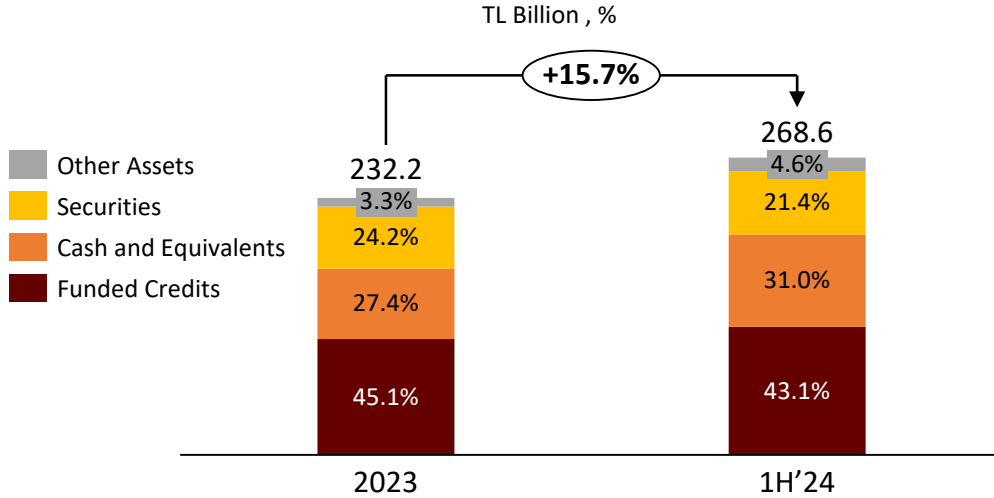


- Net Profit Share Income
- Net Fees and Comissions Income
- Net Trading Income (Loss)
- Other Operating Income

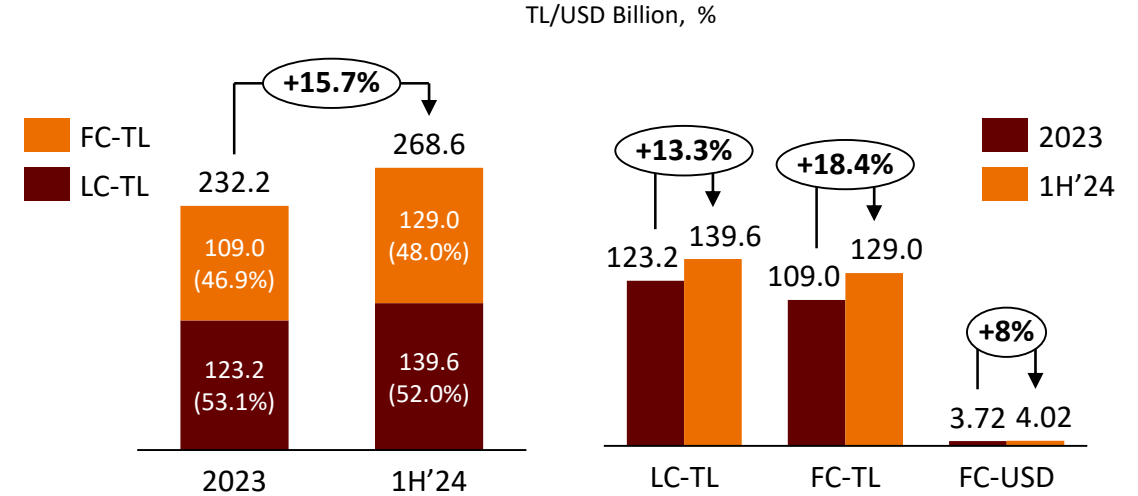
# Steady growth in total assets and changed asset composition due to tight monetary policy

Steady asset growth in H1'24 was due to higher required reserves and CBRT-Imposed credit utilization limits, resulting in a 400 bps increase in liquid assets YtD.

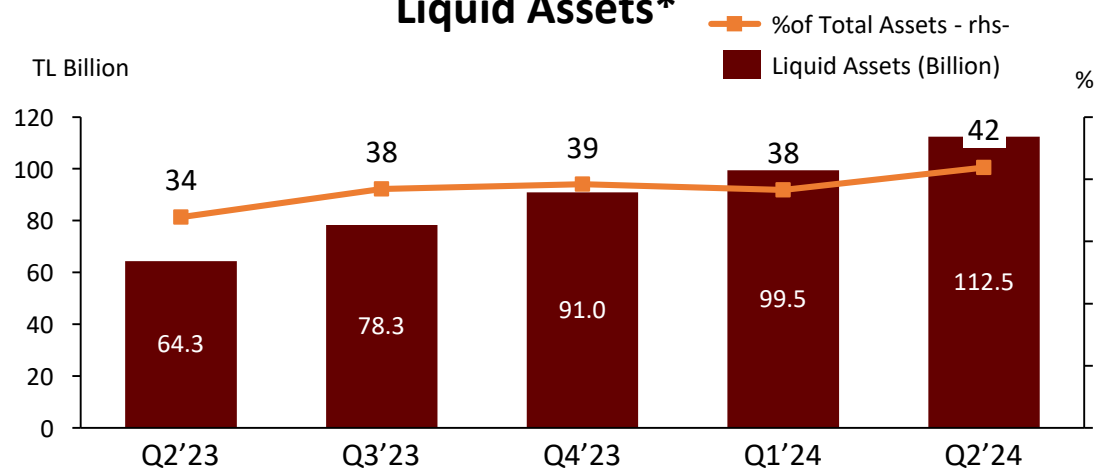
## Composition of Total Assets



## Currency Breakdown of Total Assets

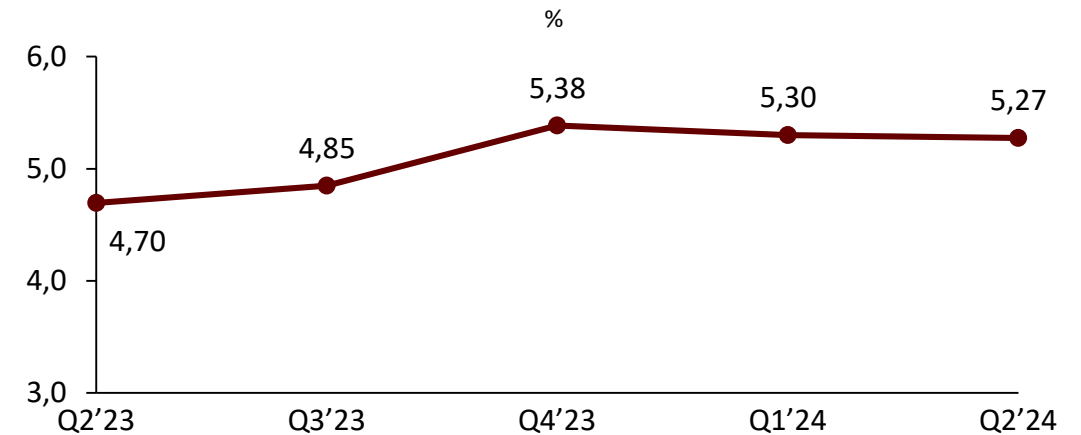


## Liquid Assets\*



\*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.

## Net Profit Share Margin\*\*



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

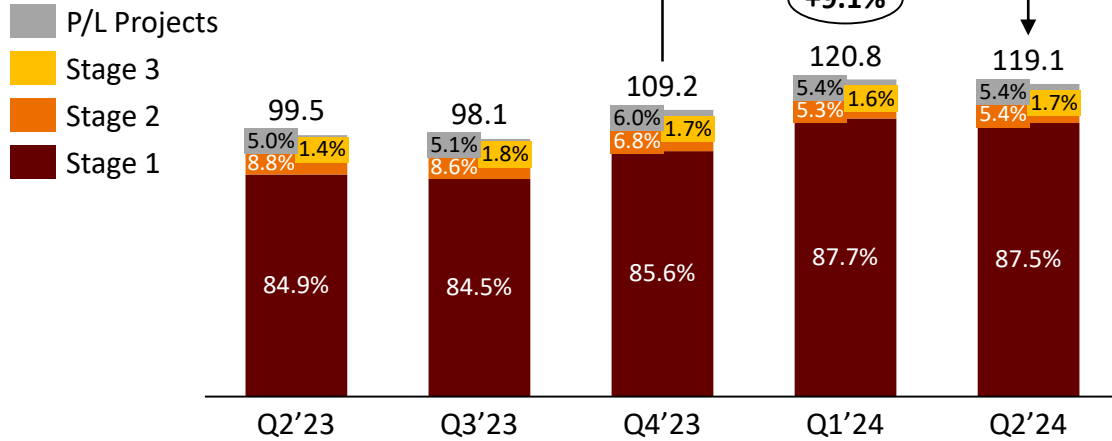


# Growth in total funded credits was moderated; FC credit growth surpassed TL credit growth

Total funded credit portfolio increased by 9.1% YtD, with stage 1 credit share rising by 190bps.

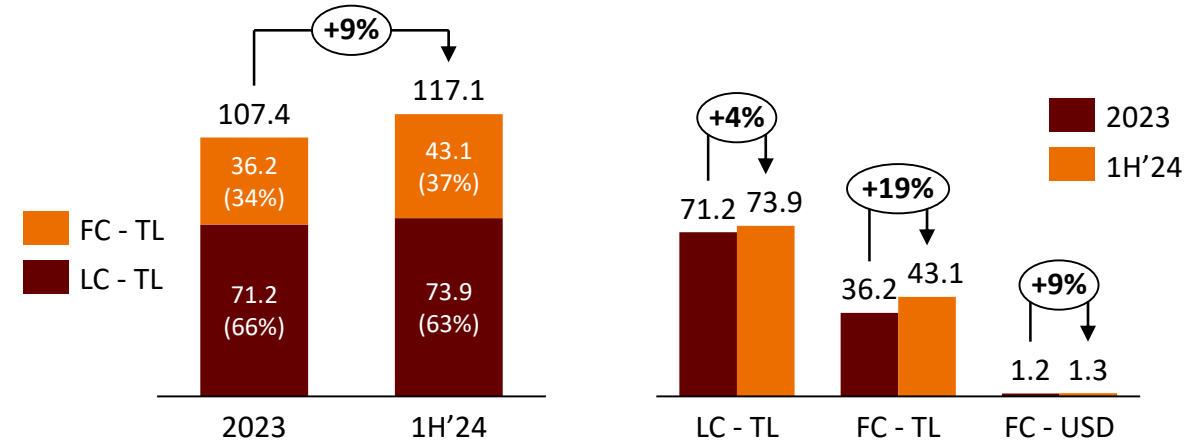
## Total Funded Credits

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



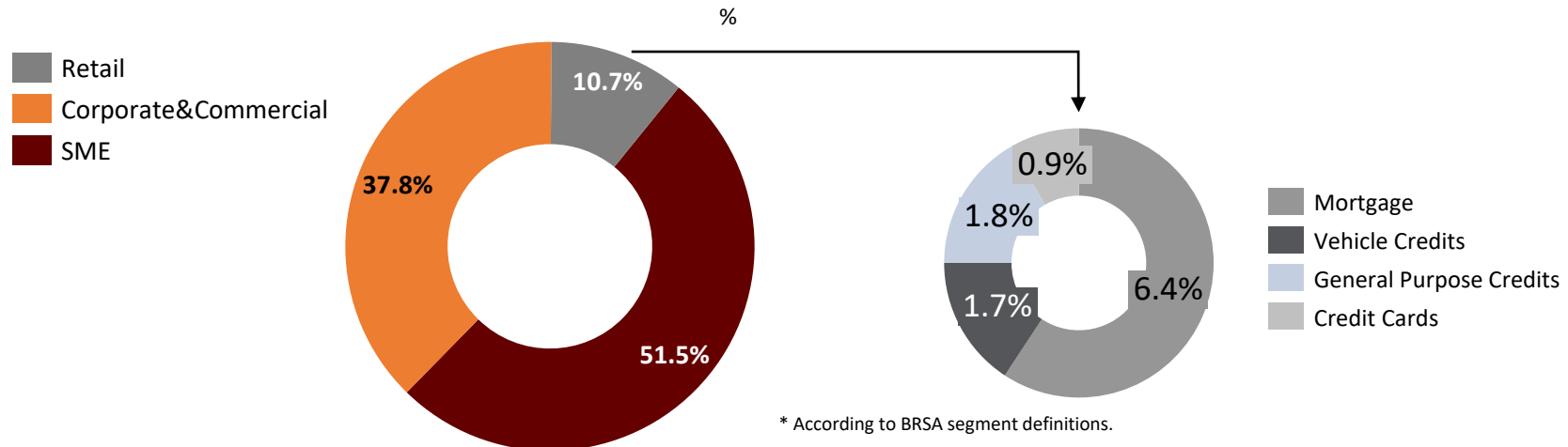
## Currency Breakdown of Performing Credits\*

TL Billion. %



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

## Segment Breakdown of Funded Credits\*

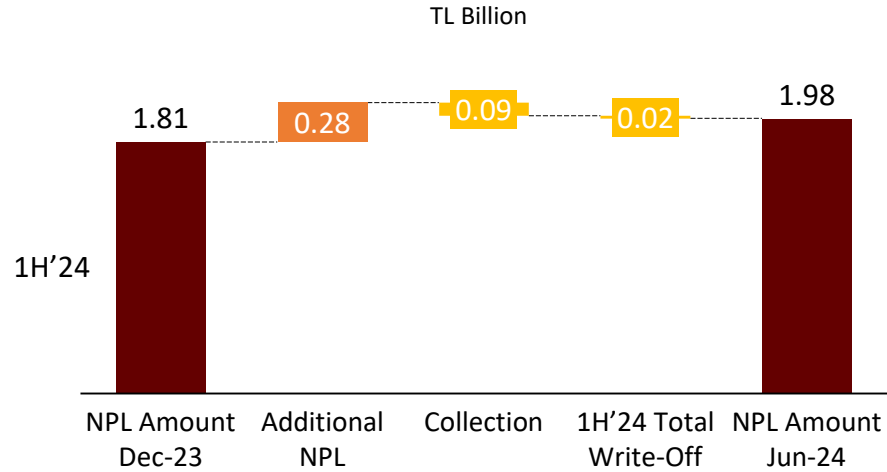


\* According to BRSA segment definitions.

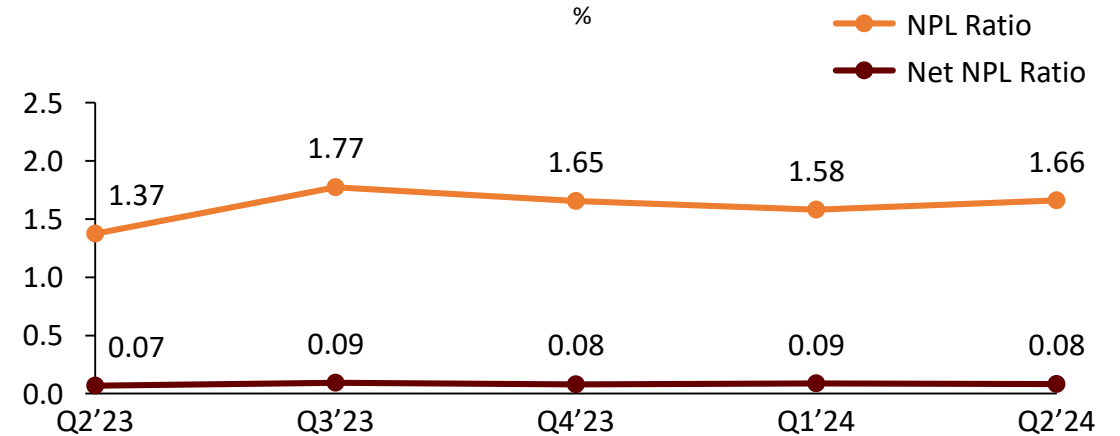
# Asset quality remained high while cost of risk decreased significantly

Provision ratios remained high, while annualized cost of risk decreased from 4.3% at year-end 2023 to 2.3% in 1H'24.

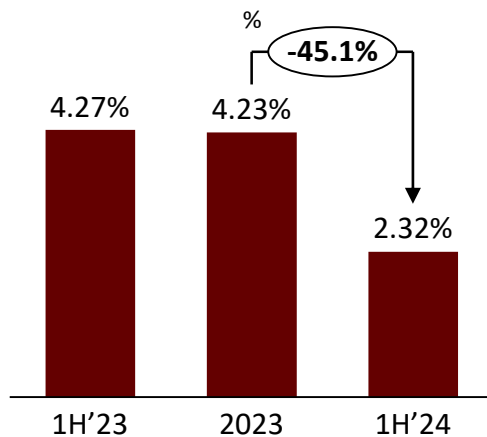
## Non Performing Credits Development



## NPL Ratio

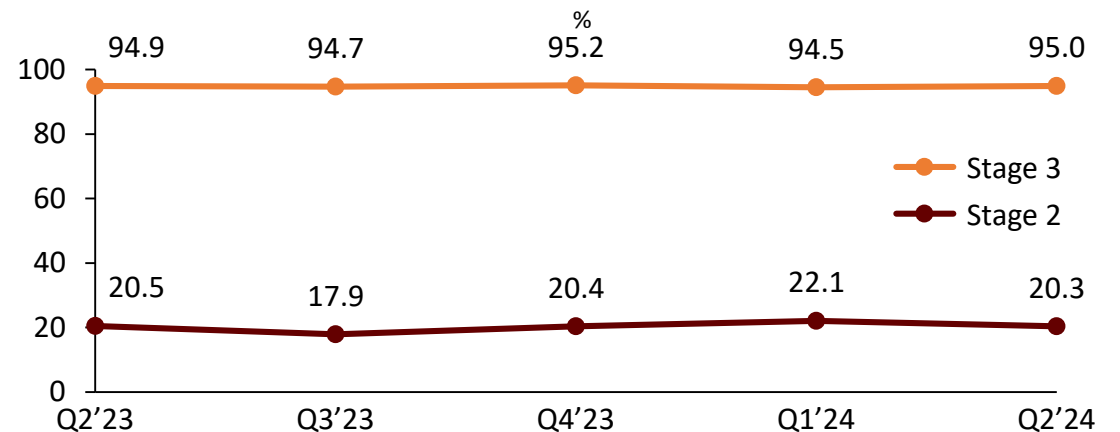


## Cost of Risk\*



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

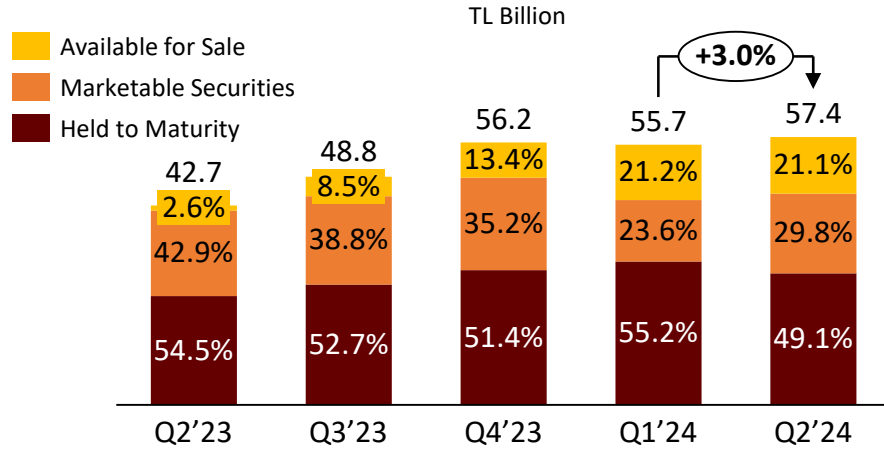
## Provisioning Ratio



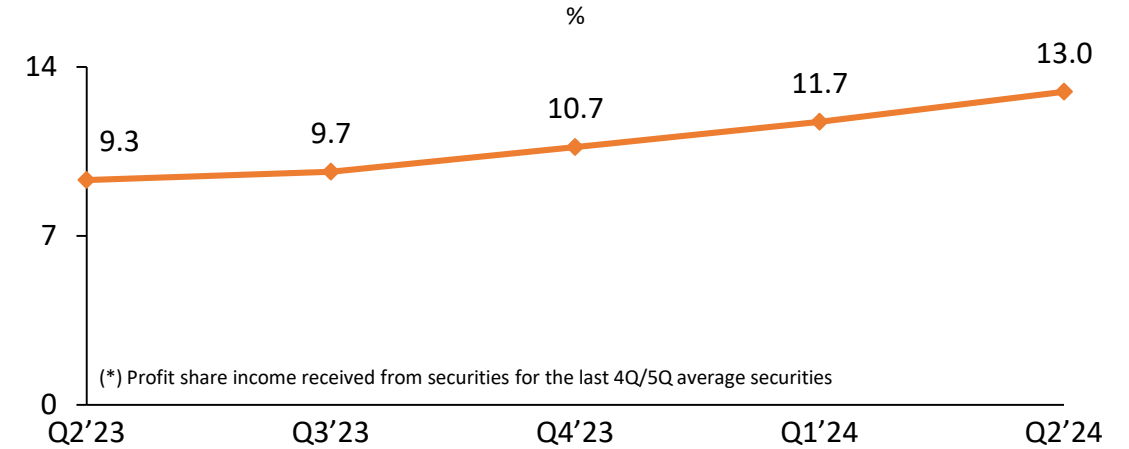
# Securities portfolio maintained, continuing to support profitability

Despite flat growth in total securities YtD, the portfolio income increased by 101% YoY.

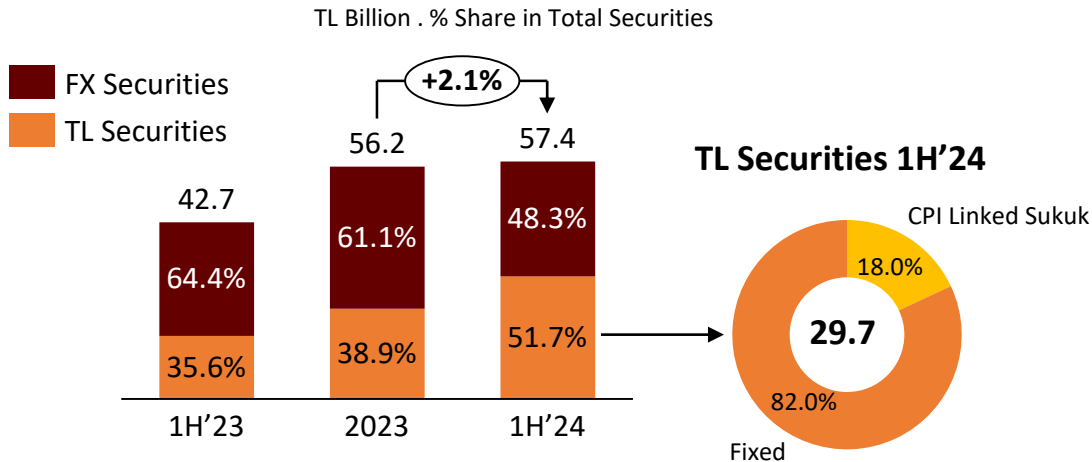
## Total Securities Portfolio



## Securities Yield\*

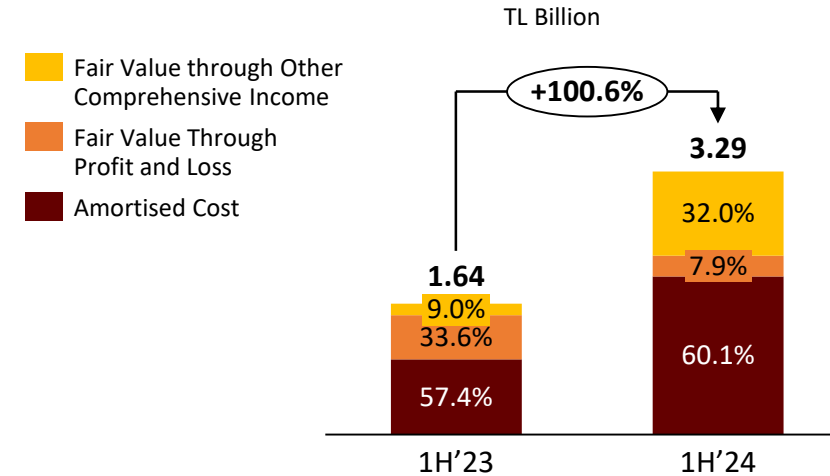


## Breakdown of TL & FX Securities



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

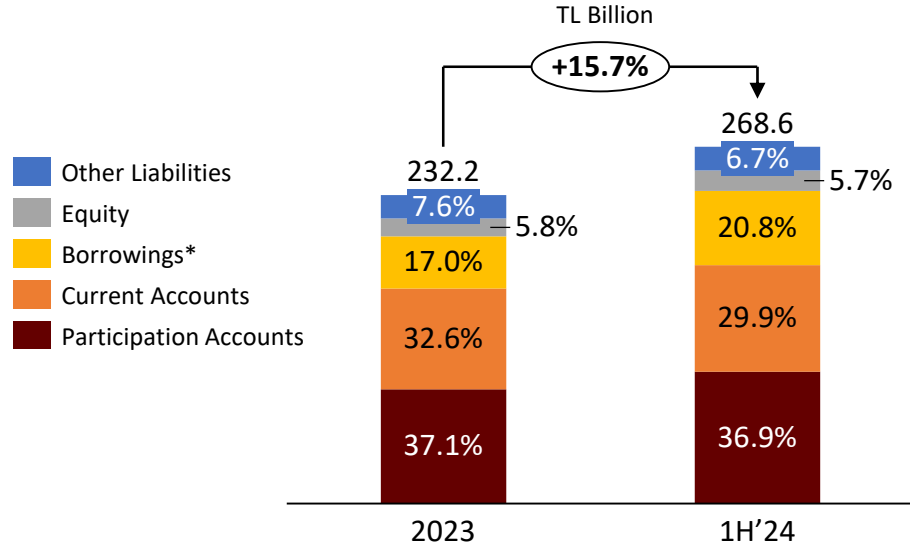
## Profit Share Income From Securities Portfolio



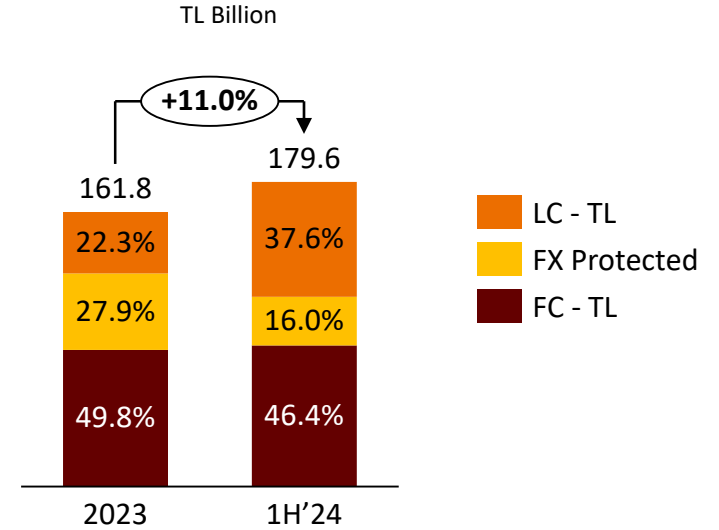
# Despite increased importance of alternative products, collected funds remain primary source

While collected funds remain key, the significance of alternative funding sources grows due to rising market returns.

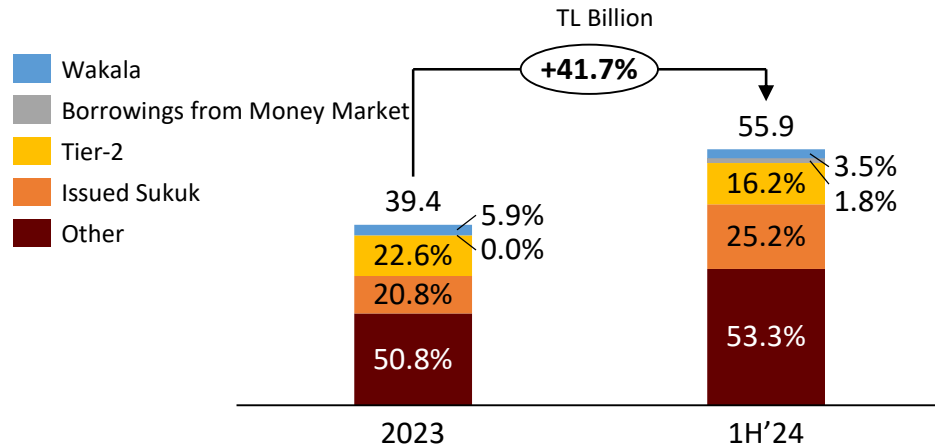
## Composition of Total Liabilities



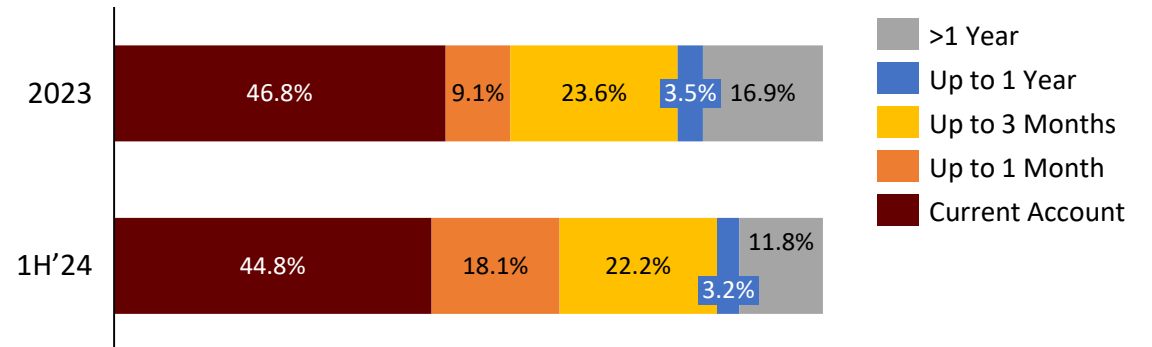
## Currency Composition of Collected Funds



## Composition of Borrowings



## Maturity Composition of Funds Collected (%)

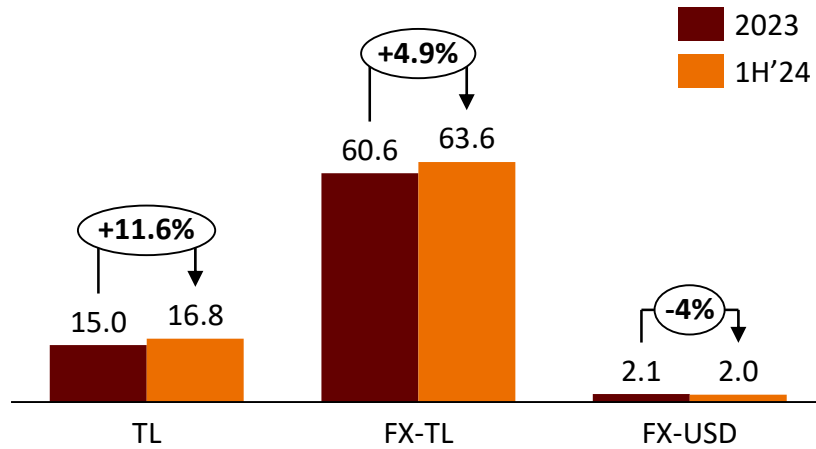


# TL funds collection increased, CA remain high and reduce cost of funding

CA/Total Funds Collection stood at 45% as end of Q1'24 which helps reduce cost of funding.

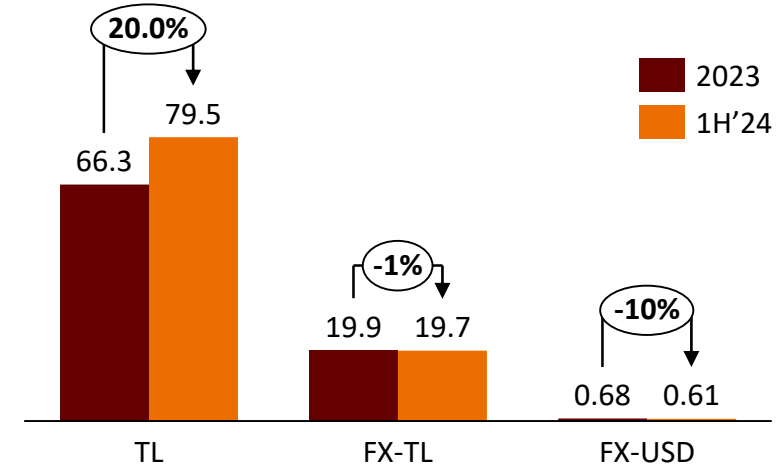
## Current Accounts

TL Billion – Annual Growth %



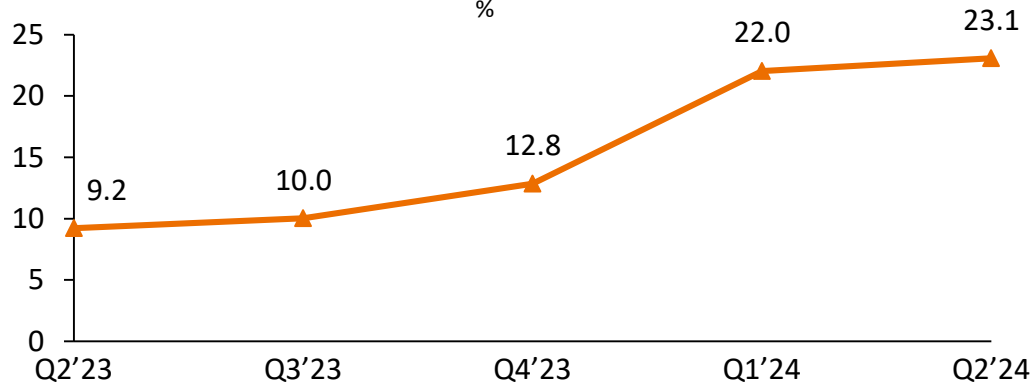
## Participation Accounts

TL Billion – Annual Growth %



## Cost of Funds Collected\*

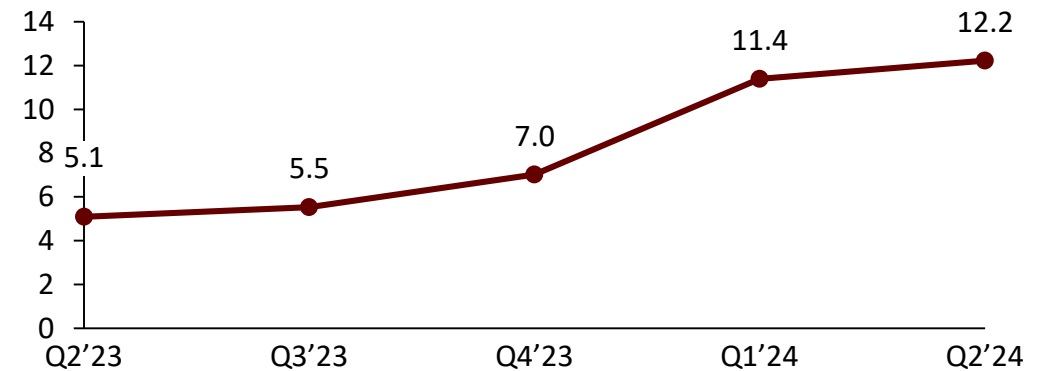
%



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

## Cost of Funds Collected\*\*

% - Including Current Accounts

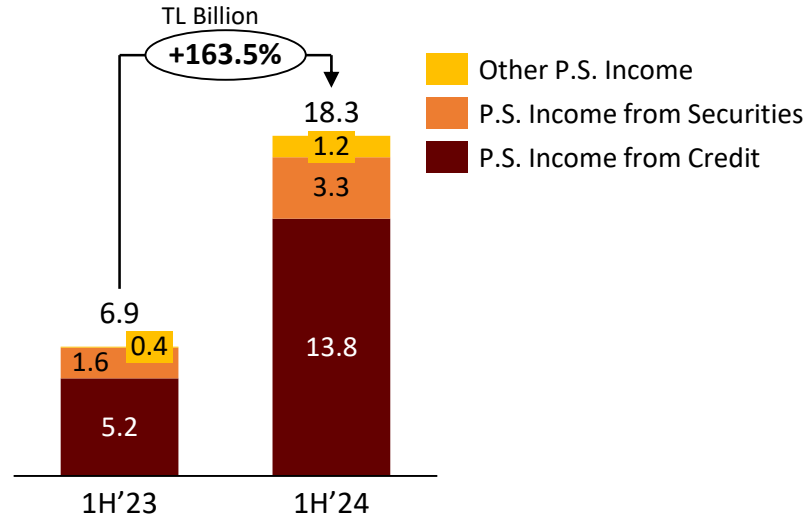


\*\*Annualized profit share expense by extending the relevant quarter to the year / average collected funds

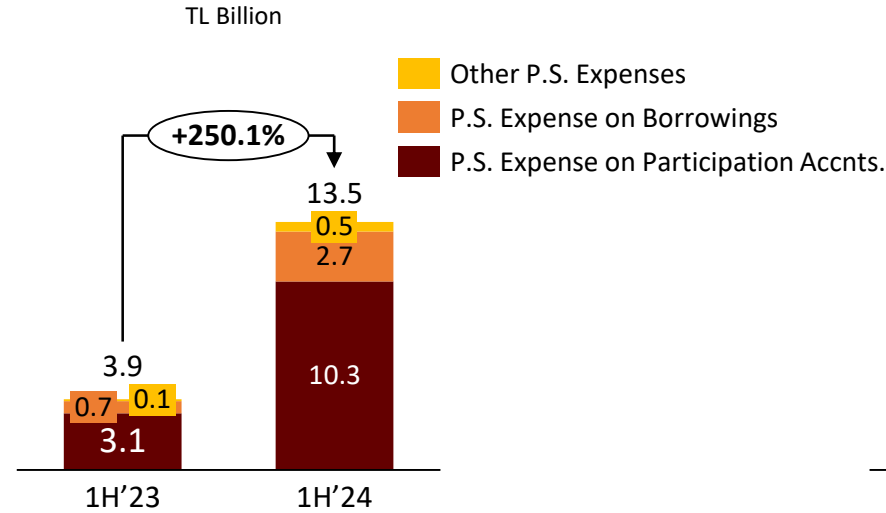
# Achieved growth in core banking revenue despite rising funding costs

Despite rising cost of funding, net profit share income and fees & commission income increased by 54% and 105% YoY respectively.

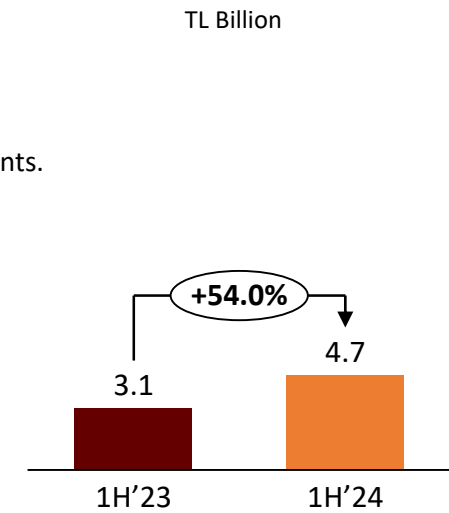
## Profit Share Income



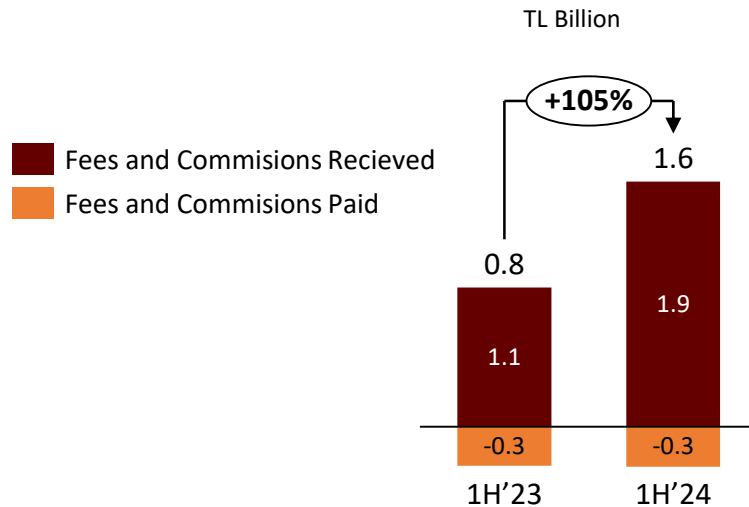
## Profit Share Expense



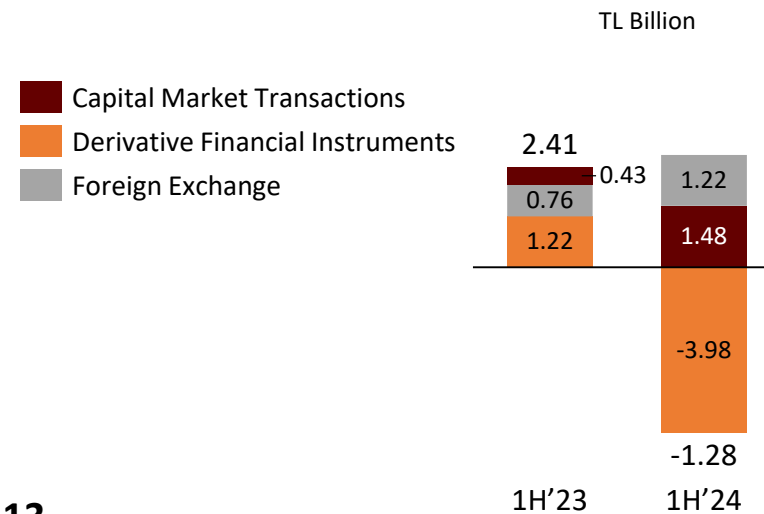
## Net Profit Share Income



## Net Fees and Commission Income



## Net Trading Income/Loss

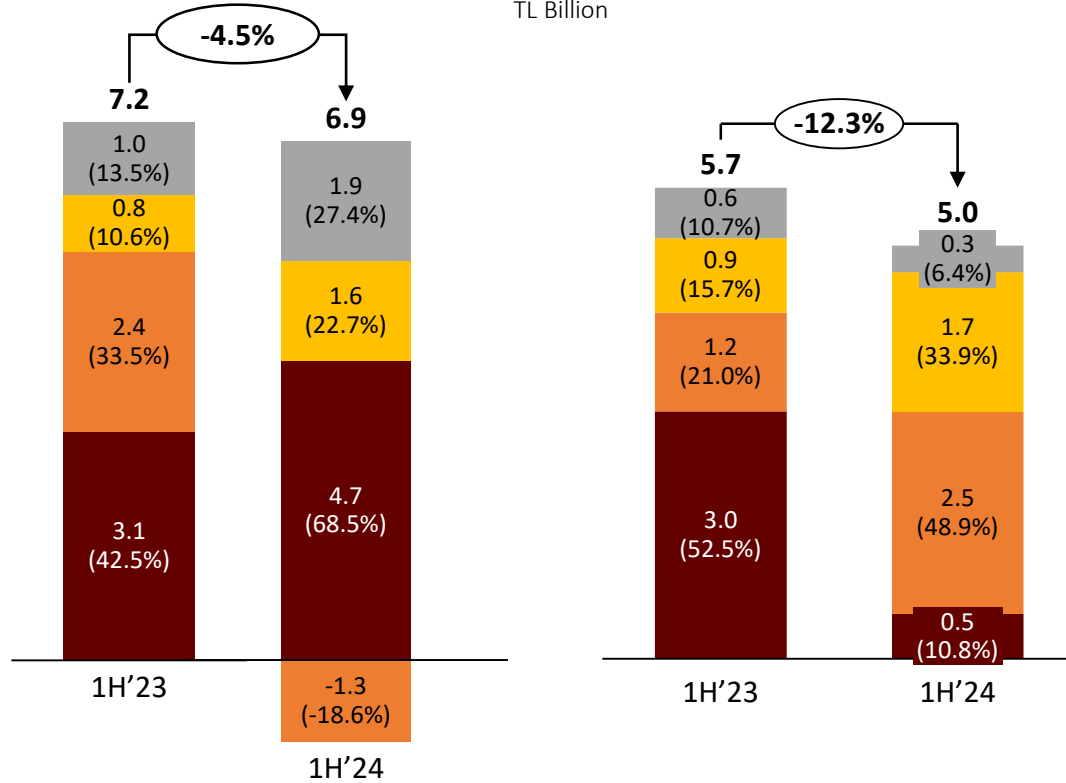


# Maintained sound income-cost dynamics against a backdrop of high inflation and funding costs

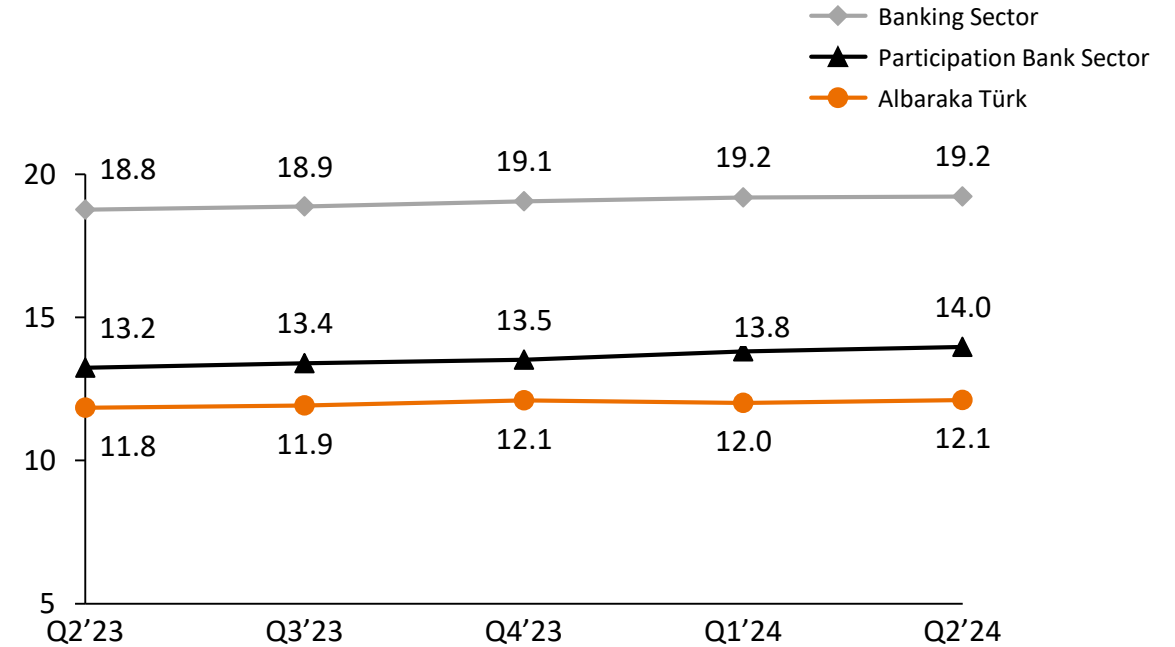
Operational income decreased by 4.5% YoY due to net trading loss in 1H'24, efficient cost management achieved with help of low risk cost.

## Income-Cost Dynamics

TL Billion



## Staff/Branches



Income

Cost

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

- Tax
- Other Cost
- Employee Cost
- Provisions

## Despite higher operational expenses, net income continues to be maintained

(TL Million)	YoY		%	QoQ		%	Notes
	1H'23	1H'24		Q1'24	Q2'24		
Net Profit Share Income	3,063	4,715	54%	2,218	2,497	26%	NPSI continued to increase due to higher credits and securities yields.
Net Fees & Commission Income	764	1,565	105%	734	830	13%	Net fee and commission income increased by 13%, 105% QoQ and YoY respectively, supported by pos revenues and card transaction commissions.
Net Trading Income	2,414	-1,282	-153%	-634	-648	-2%	Swap costs caused net trading loss off TL 1.3 billion at 1H'24.
Other Income	971	1,887	94%	1,225	662	-46%	Reversal of prior year provisions and income from asset sales increased other income by 94% YoY.
Provisioning (inc. free provisions)	3,001	541	-82%	364	177	-51%	Provisions for expected credit loss reduced by % 82 YoY since assets quality has remained high.
Personnel Expenses	1,203	2,452	104%	1,463	988	-32%	Personnel expenses rose by 104% year over year due to high inflation. However, it decreased by 32% quarter over quarter, as Q1'24 included a one-time bonus payment to employees.
Other Costs	900	1,699	89%	849	850	0,2%	Operational expenses increased by 89% YoY due to the high inflationary environment.
<b>Net Profit</b>	<b>1,493</b>	<b>1,870</b>	<b>25%</b>	<b>614</b>	<b>1,256</b>	<b>105%</b>	

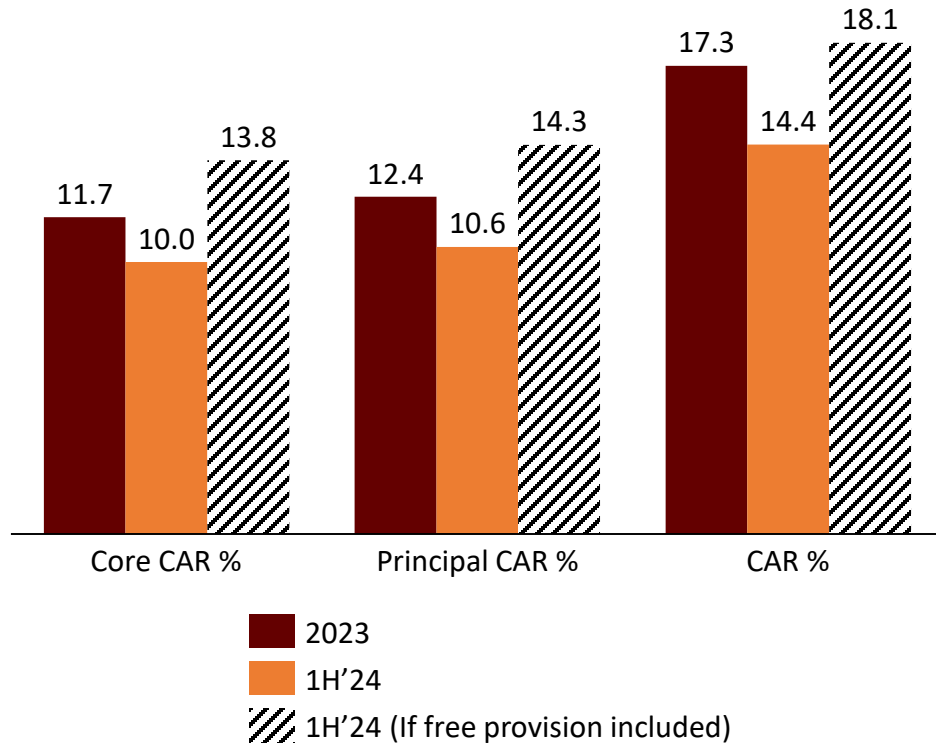


# Capital levels adequate to maintain CAR

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

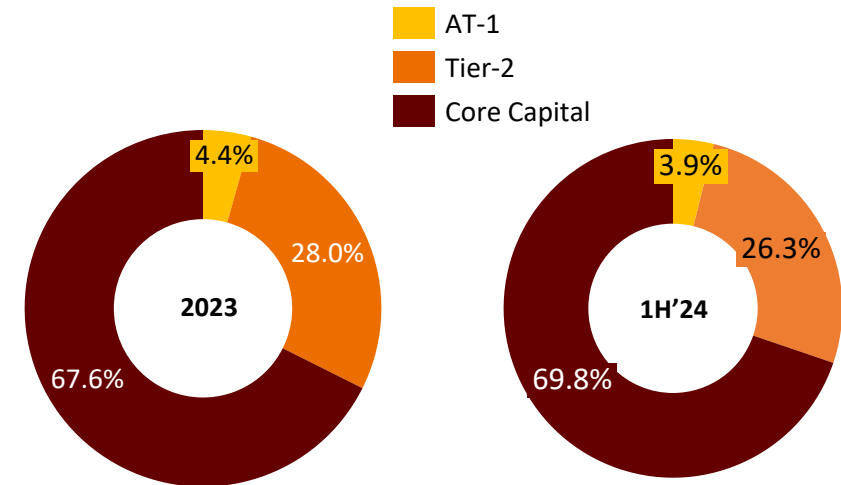
## Capital Adequacy Ratio

%



## Capital Breakdown

%



# Market Comparison

## Financial Ratios – Sector Comparison

Percent (%)	2023			1H'24		
	Albaraka Turk	Participation Banks	Banking Sector	Albaraka Turk	Participation Banks	Banking Sector
CAR	17.3	21.4	18.8	14.4	18.6	17.1
NPL Ratio	1.7	0.9	1.5	1.7	0.9	1.5
Provisioning Ratio (Stage 3)*	98.5	99.8	82.0	98.9	95.8	79.0
Loan/Deposits	64.7	68.1	76.5	64.4	74.6	81.5
Asset Yield	12.7	14.2	16.6	16.3	18.1	23.3
Asset Spread	5.5	4.5	4.6	5.7	3.6	6.3
Net Profit Share Margin	5.4	5.2	4.7	5.3	4.8	5.0
Op Costs / Avg. Assets	2.5	2.2	2.8	2.9	2.5	2.7
Cost/Income	25.4	25.5	31.0	36.7	32.2	37.3
Credits / Branches (TL Million)	465.5	741.8	1,129.9	514.0	829.4	1,340.7
Staff / Branches	12.1	13.5	19.1	12.1	14.0	19.1
CA / Deposits **	46.8	38.4	33.2	44.8	40.0	34.4

\*Figures are based on BRSA monthly bulletin.

\*\*Deposits (Participation Funds) Collected from Banks.

# Appendix

# Summary Balance Sheet

(TL Million)	2023	1H'24	Growth (%)
Cash and Balances with Central Bank	49,084	59,438	21.1%
Banks	14,585	23,807	63.2%
Money Market Placements	0	0	
Financial Assets	55,852	57,071	2.2%
Funded Credits (net)	104,738	115,656	10.4%
<i>Cash Credits</i>	102,814	112,086	9.0%
<i>Net Financial Leasing Receivables</i>	4,549	4,993	9.8%
<i>NPL</i>	1,806	1,975	9.4%
<i>Expected Credit Losses</i>	4,431	3,397	-23.3%
Associates	112	188	68.4%
Fixed Assets	4,871	5,637	15.7%
Assets Held For Sale and Investment	642	4,094	538.0%
Other Assets (inc. Tax Assets)	2,285	2,753	20.5%
<b>Total Assets</b>	<b>232,169</b>	<b>268,645</b>	<b>15.7%</b>

(TL Million)	2023	1H'24	Growth (%)
Funds Collected	161,806	179,562	11.0%
Funds Borrowed	30,536	45,841	50.1%
Borrowings from Money Markets	0	1,007	-
Debts (inc. Taxes)	10,975	11,821	7.7%
Provisions	6,569	6,119	-6.8%
Tier II Sukuk	8,897	9,032	1.5%
Shareholders' Equity	13,387	15,263	14.0%
<i>Capital</i>	2,500	2,500	-
<i>Capital Reserves (inc. Premium)</i>	4,080	2,539	-37.8%
<i>Profit Reserves</i>	1,533	6,680	335.6%
<i>Profit/Loss</i>	2,316	537	-76.8%
<b>Total Liabilities</b>	<b>232,169</b>	<b>268,645</b>	<b>15.7%</b>

# Summary Income Statement

(TL Million)	1H'23	1H'24	Growth (%)
<b>Profit Share Income</b>	6,933	18,265	<b>163%</b>
<b>Profit Share Expense</b>	3,870	13,549	<b>250%</b>
<b>Net Profit Share Income</b>	3,063	4,715	<b>54%</b>
<b>Net Fees and Commissions Income</b>	764	1,565	<b>105%</b>
<i>Fees and Commissions Received</i>	1,063	1,871	<b>76%</b>
<i>Fees and Commissions Paid</i>	299	306	<b>2%</b>
<b>Net Trading Income</b>	2,414	-1,282	<b>-153%</b>
<b>Other Operating Income</b>	971	1,887	<b>94%</b>
<b>Total Operating Profit</b>	6,009	4,434	<b>-26%</b>
<b>Provisions (including free provisions)</b>	3,001	541	<b>-82%</b>
<b>Personnel Expenses</b>	1,203	2,452	<b>104%</b>
<b>Other Operating Expenses</b>	900	1,699	<b>89%</b>
<b>Operating Profit Before Tax</b>	2,108	2,194	<b>4%</b>
<b>Tax Provision</b>	614	323	<b>-47%</b>
<b>Net Profit</b>	1,493	1,870	<b>25%</b>

The image features two large, stylized letters, 'A' and 'B', positioned vertically. The letter 'A' is rendered in a light orange color and is located in the upper half of the frame. The letter 'B' is rendered in a light pink color and is located in the lower half. The letters are thick and have rounded, organic shapes. The text 'THANK YOU...' is centered horizontally between the two letters.

**THANK YOU...**

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