



Türk Ekonomi Bankası

Q3'24 Earnings Presentation



TEB
BNP PARIBAS ORTAKLIĞI

TEB Overview

- One of Türkiye's oldest financial institutions, TEB commenced banking operations in 1927 based in İzmit and began as a small-scale regional bank
- In 2005, BNP Paribas, one of the leading banks in the world and currently operating in 65 countries, acquired shares of TEB.
- TEB is now the 7th largest private bank in Türkiye and provides banking products to Corporates, SME, retail and private banking customers through a national wide network
- TEB and its subsidiaries also undertakes factoring, asset management, portfolio management, investment banking and insurance activities
- TEB continues to make an increasingly greater effort in order to provide multidimensional support that will nourish Türkiye's economic and also social added-value growth

TEB Ratings

FitchRatings

September 17, 2024

	FCY	TRY	Outlook
Long Term	BB-	BB-	Stable
Short Term	B	B	
Shareholder Support Rating	bb-		

Moody's

July 23, 2024

	FCY	TRY	Outlook
Long Term	Ba3	Ba3	Positive
Short Term	NP	NP	
Adjusted BCA	ba3		



TEB Overview

- As of 30 September 2024, TEB's total assets reached TL 568 billion with 40% increase YtD.
- Loans reaching 54% of the Bank's total asset as an indicator of TEB's continuous support for both its customers and the economy.
- TEB's total lending realized as TL 313 billion as 30 September 2024 while the Bank's total deposits amounted to TL 385 billion. TEB's shareholders' equity was TL 41.7 billion as of 30 September 2024 with 17.36% capital adequacy ratio which was well above the 12% targeted ratio.
- TEB posted net of profit of TL 8.1 billion while achieving 28.4% RoE in a challenging quarter mainly due to higher TL deposits costs and lower CPI linkers' contribution in line with lower CPI expectations and together with 2.2% RoA.
- Fee and commission growth of 14% QoQ (YoY growth 63%), thanks to higher transactions volumes as well as higher prices in payment systems in line with higher policy rates.
- NPL ratio stable at 0.9%, provisioning stance remained prudent at all stages, well positioned for anticipated asset quality erosion.
- Securities portfolio posted a robust growth of 54% in YtD boosted by the fixed rate securities which was 67% of total securities.
- Operating expenses remained main focus area due to inflation and material TL depreciation, OPEX grew by 9.2% QoQ and 72% YoY.
- Continuing growth in digital customer acquisition, reaching approximately 3.1 million digital active customers in CEPTETEB.



Financials Summary Unconsolidated

Summary Balance Sheet (TL mn)

	31.12.2023	30.09.2024	YtD Chg
Cash & Cash Equivalents	123,860	130,902	6%
Marketable Securities	57,612	88,880	54%
Loans (net)	203,167	313,013	54%
Other Assets	22,281	35,668	60%
Total Assets	406,919	568,463	40%
Deposit	284,746	384,771	35%
Funds Borrowed	19,940	20,948	5%
Repo	28,110	51,689	84%
Subordinated Debt	11,638	27,770	139%
Other Liabilities	27,441	41,614	52%
Shareholders Equity	35,045	41,671	19%
Liab.&Shr.Equity	406,919	568,463	40%

Summary Income Statement (TL mn)

	30.09.2023	30.09.2024	YoY Chg
Net Interest Income	10,416	19,242	84.7%
Gains/Losses From Derivatives and FX position	8,288	-1,111	-113.4%
Securities Trading Gain/ Loss	1,434	-223	
Net Fee & Commissions	3,198	6,585	105.9%
Other Income	352	502	42.5%
Net Banking Income	23,687	24,995	5.5%
Cost of Risk	(515)	62	-112.0%
Net Operating Income	23,173	25,056	8.1%
Other Operating Expense	(4,592)	(7,407)	61.3%
Personnel Expenses	(4,792)	(8,782)	83.3%
Other Provisions	(253)	1,250	
Dividend Income	25	25	-1.5%
Tax Provisions	(3,578)	(2,057)	-42.5%
Net Profit	9,983	8,086	-19.0%



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Financials Summary Consolidated

Summary Balance Sheet (TL mn)

	31.12.2023	30.09.2024	YtD Chg
Cash & Cash Equivalents	124,462	131,379	6%
Marketable Securities	57,613	88,880	54%
Loans (net)	216,440	331,079	53%
Other Assets	23,077	37,185	61%
Total Assets	421,592	588,523	40%
Deposit	284,567	384,619	35%
Funds Borrowed	29,594	35,661	21%
Securities Issued	1,512	863	-43%
Repo	28,500	52,014	83%
Subordinated Debt	11,638	27,770	139%
Other Liabilities	28,496	42,491	49%
Shareholders Equity	37,284	45,103	21%
Liab.&Shr.Equity	421,592	588,523	40%

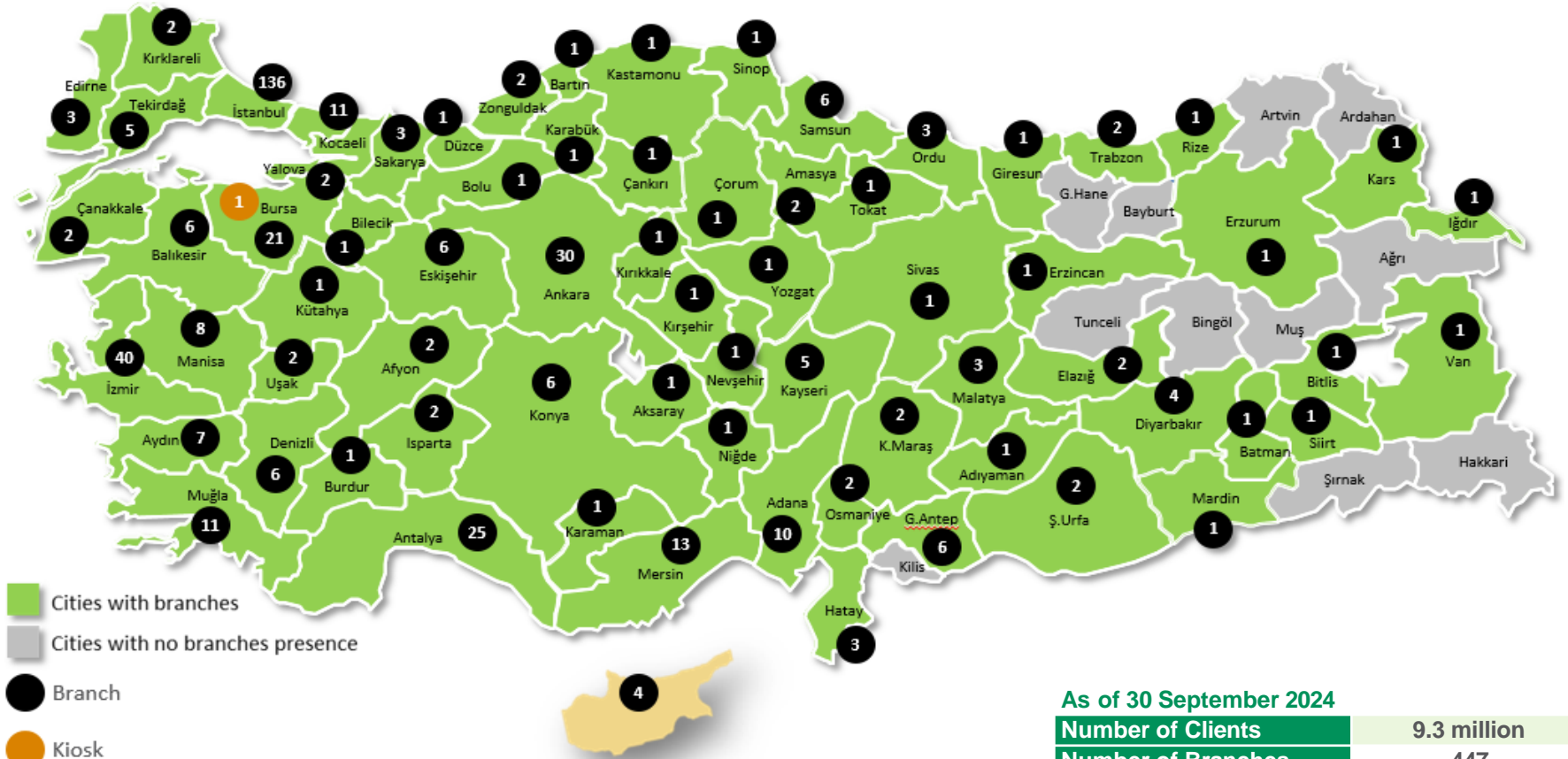
Summary Income Statement (TL mn)

	30.09.2023	30.09.2024	YoY Chg
Net Interest Income	11,794	21,216	79.9%
Gains/Losses From Derivatives and FX position	8,317	-1,093	-113.1%
Securities Trading Gain/ Loss	1,453	-146	-110.0%
Net Fee & Commissions	3,679	7,325	99.1%
Other Income	363	524	44.2%
Net Banking Income	25,605	27,826	8.7%
Cost of Risk	(539)	(13)	-97.5%
Net Operating Income	25,067	27,813	11.0%
Other Operating Expense	(4,820)	(7,782)	61.4%
Personnel Expenses	(5,158)	(9,481)	83.8%
Other Provisions	(253)	1,250	
Dividend Income	12	25	103.2%
Tax Provisions	(3,867)	(2,547)	-34.1%
Net Profit	10,981	9,278	-15.5%



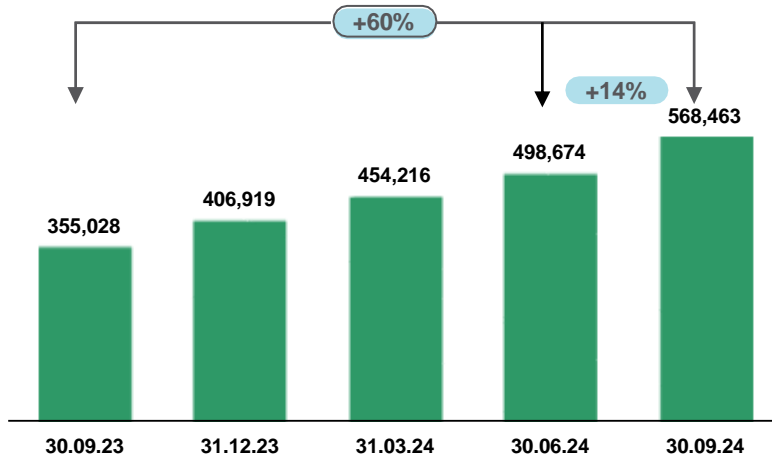
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TEB is present in 70 cities



Sound & prudent balance sheet management

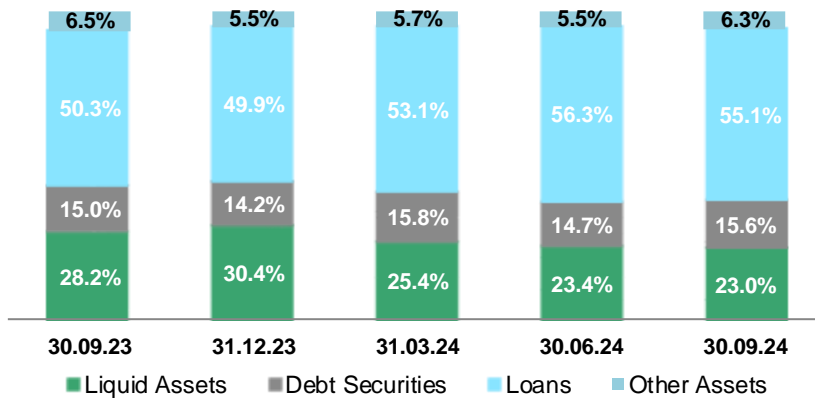
Balance Sheet Growth (TL mn)



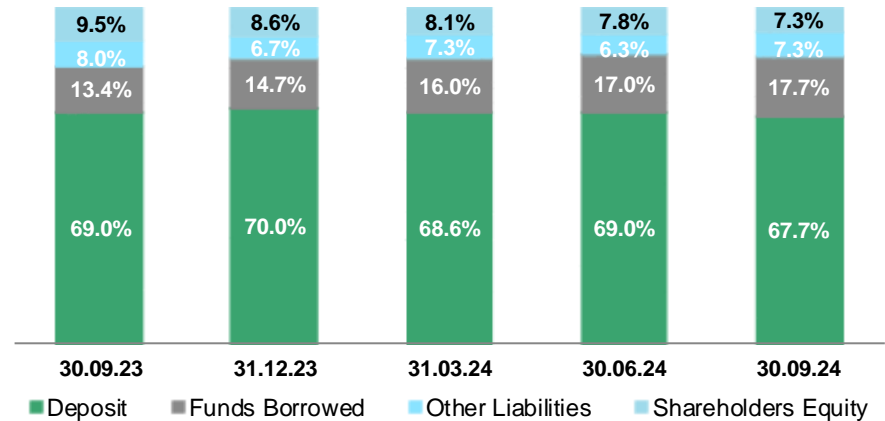
- Well balanced asset base grew :Assets growth continued through the expansion of loans and securities portfolios

- As of 30 September 2024, TEB had total loans of TL 313 bn, total deposits of TL 385 bn and total shareholders' equity of TL 41.7 bn.

Asset Compositions



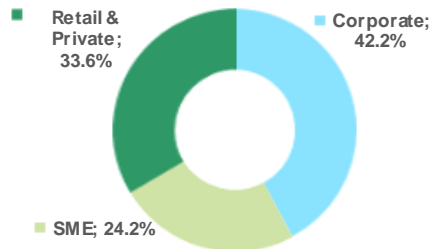
Liability Compositions



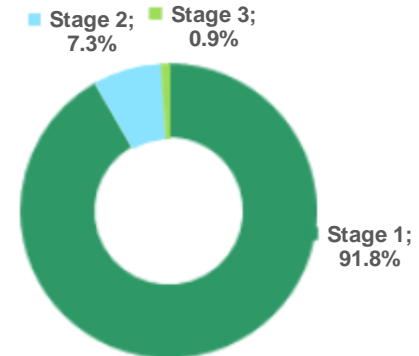
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Strong & balanced loan portfolio composition on the back of robust market share gains in loans

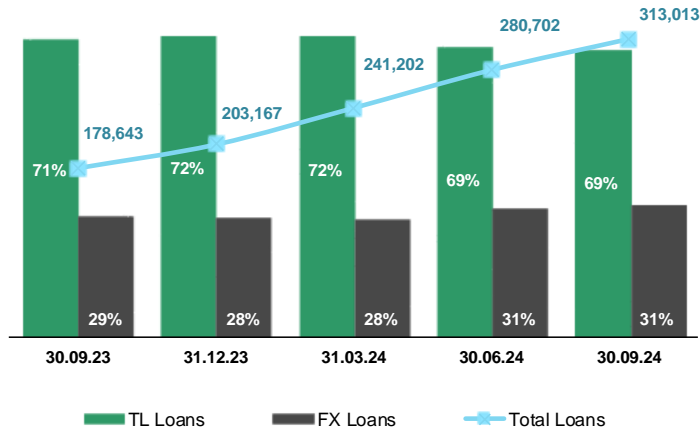
Performing Loans - Sep'24



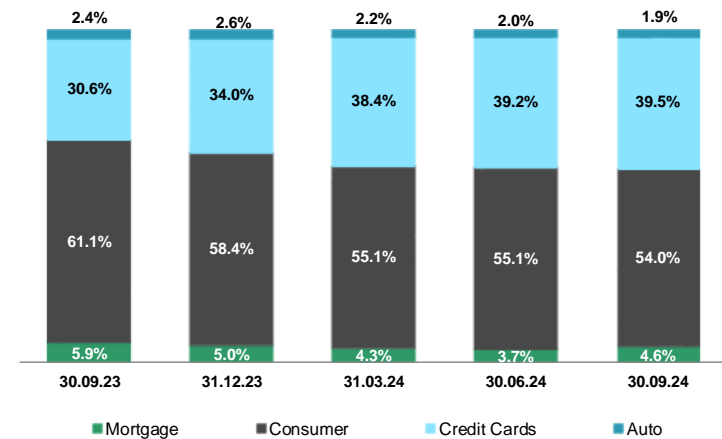
Loan Quality - Sep'24



Loan Composition by Currency



Breakdown of Retail Loans

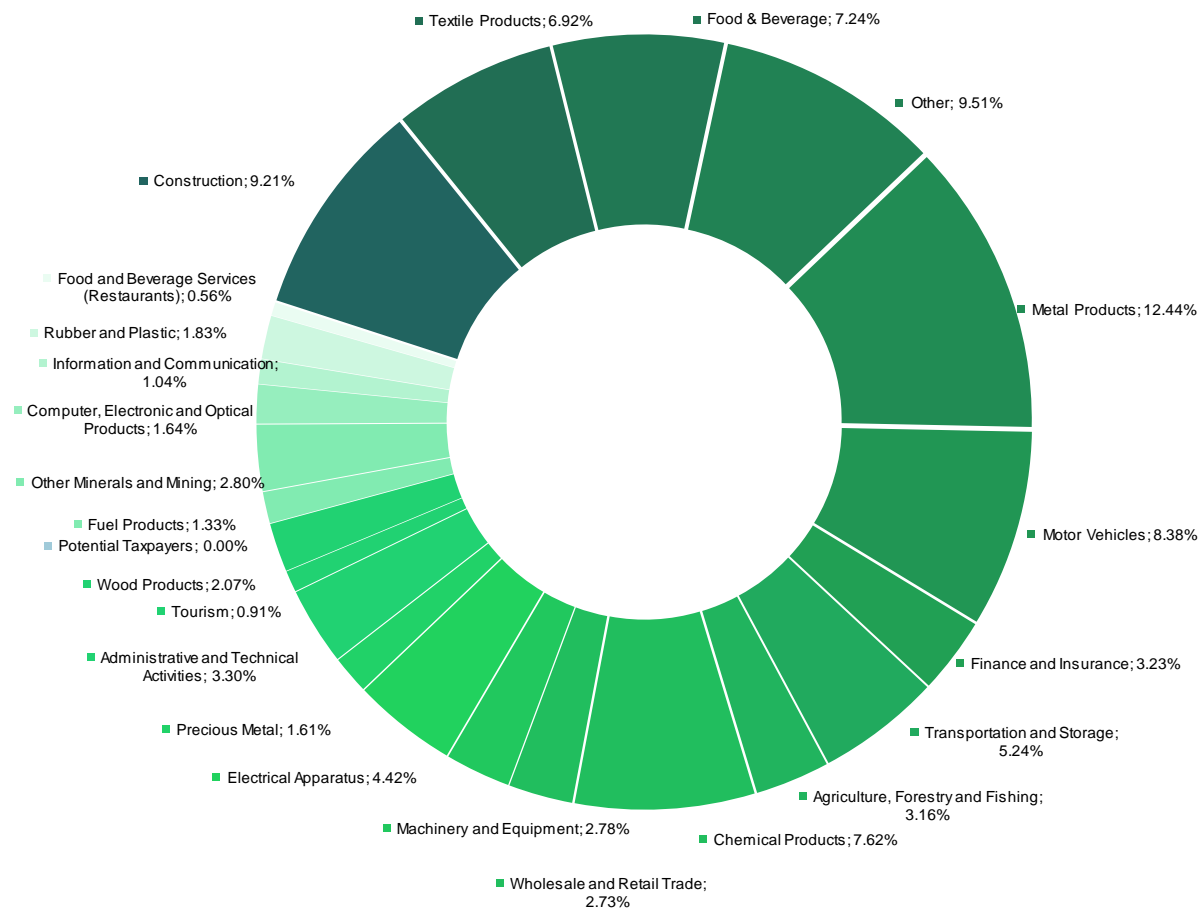


As of 30 September 2024, ESG cash loans constitute 3.5% of total cash loans of the Bank



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Maintained well-diversified loan portfolio(*)



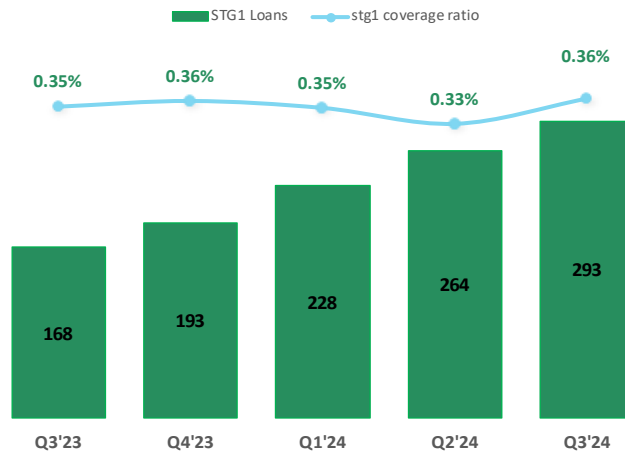
(*) incl. non-cash loans, excl. retail loans



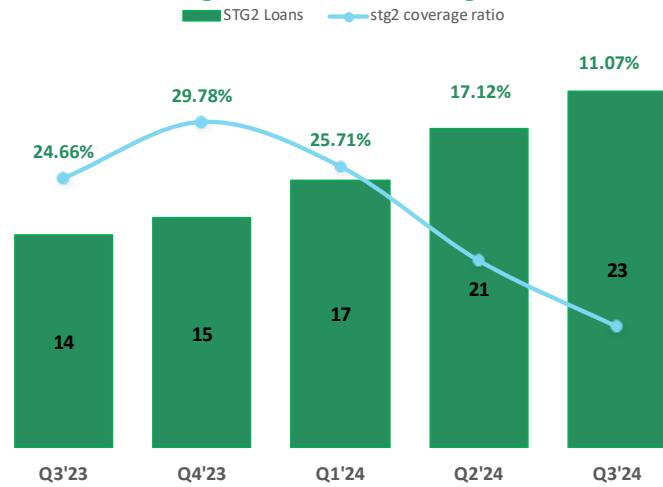
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Conservative provisioning stance and staging policies maintained

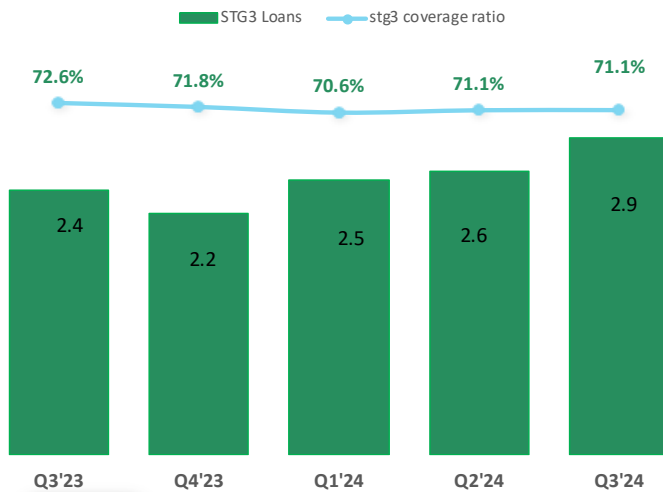
Stage 1 Loans & Coverage



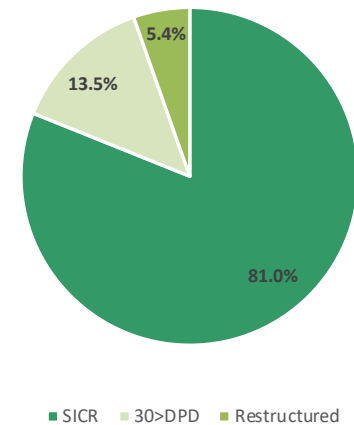
Stage 2 Loans & Coverage



Stage 3 Loans & Coverage



Stage 2 Composition



Loan Balance = 23.3 Mio TL



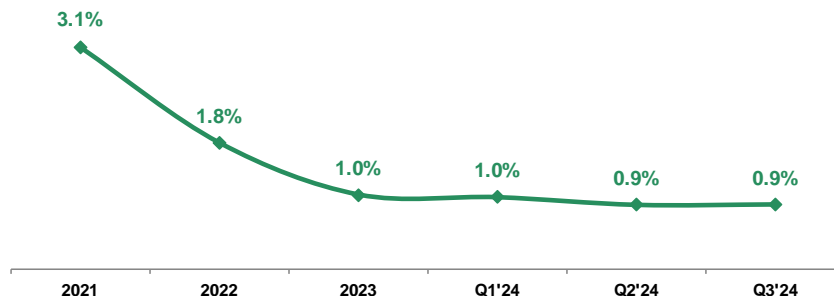
TEB (*)exc. non-cash loans
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Improved asset quality on the back of a Prudent provisioning policy

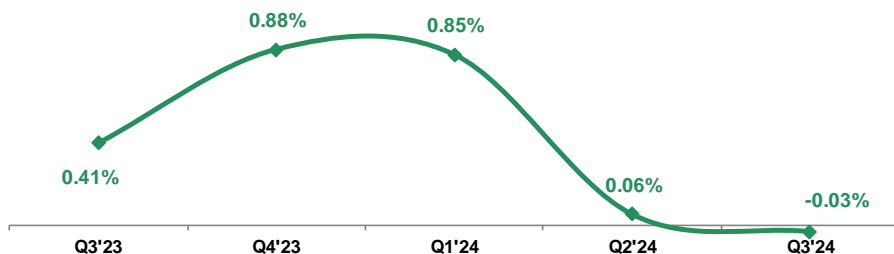
Decreasing NPL trend & conservative provisioning policy

- NPL ratio has decreased to 0.9% as at 2024-Q3 from 3.0% as at 2021; while having of 71.1% coverage as of 2024-Q3.
- Favorable government policies with respect to export-oriented businesses and infrastructure projects offer strong growth potential for the corporate banking sector which has a relatively low NPL risk when compared to other segments
- Low cost of risk as a result of prudent & proactive risk management

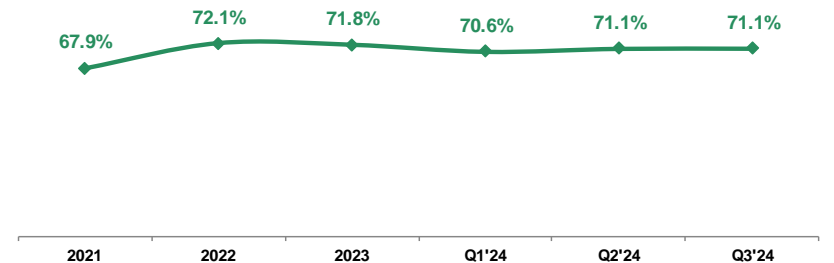
NPL Ratio



Cost of Risk



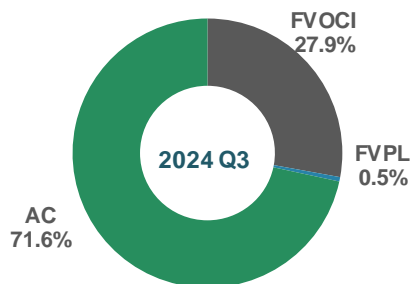
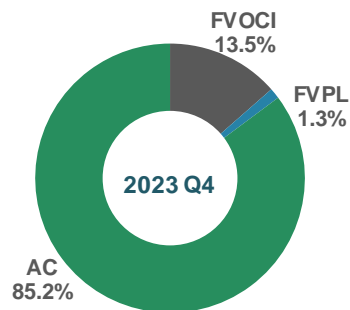
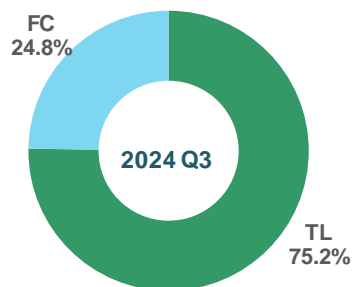
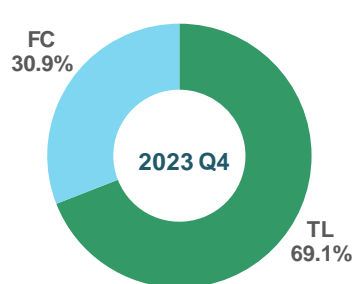
Coverage Ratio



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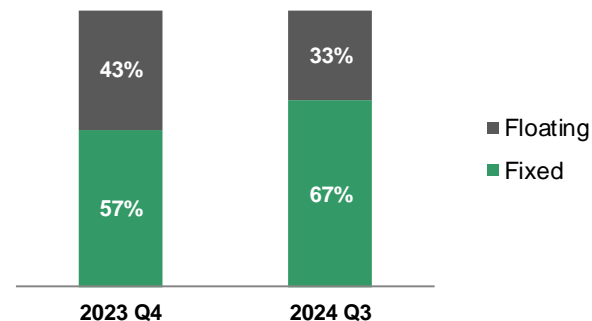
Relatively higher fixed rate securities in Marketable Securities portfolio

Total Securities Compositions

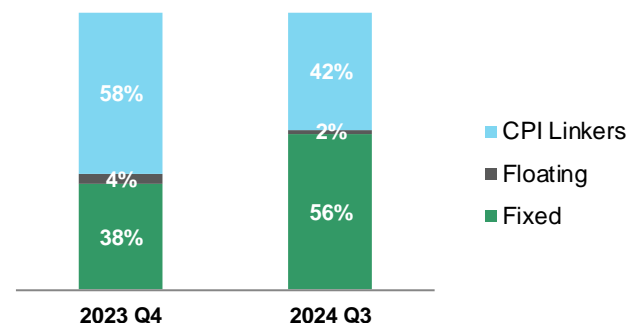


Interest Rate Compositions

Total Securities



TL Portfolio



FVOCI: Financial Assets at Fair Value Through Other Comprehensive Income
 FVPL: Financial Assets at Fair Value Through Profit or Loss excluding Equity Shares
 AC: Financial Assets Measured at Amortised Cost

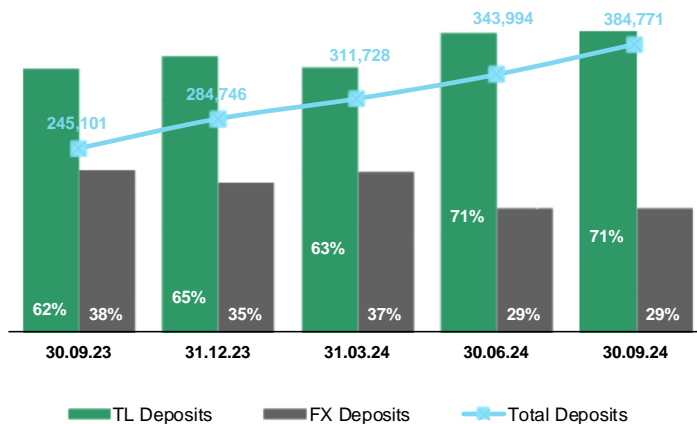


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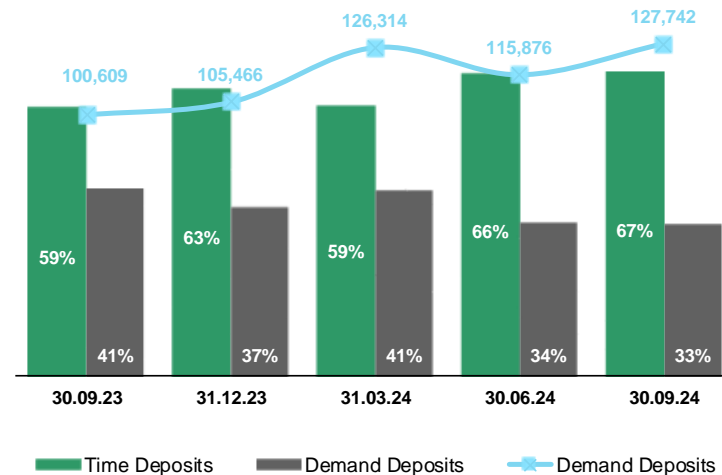
Strong growth in customer deposits

Focusing on and growth in TL deposits and with a solid TL demand deposits' base supports margin performance

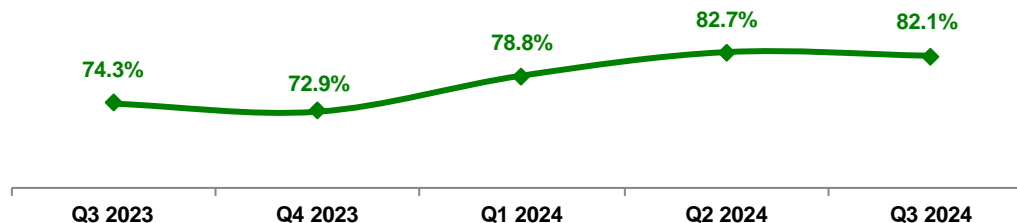
TL/FX Deposit Compositions



Time/Demand Deposit Compositions



Loan / Deposit Ratio



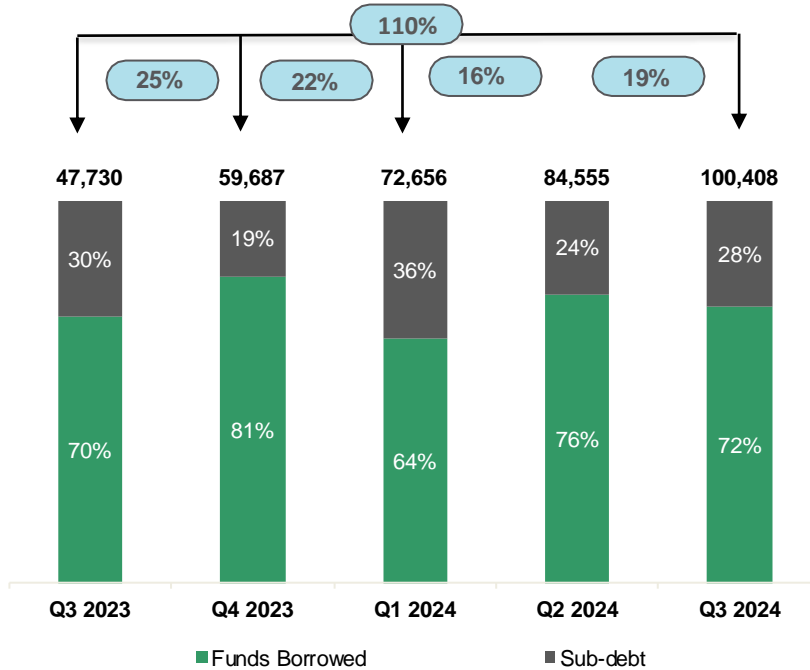
Low-level of LDR (82%) creates room for funding cost optimization & asset repricing.



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Healthy funding mix

Wholesale Borrowing By Type



**LOW
LEVERAGE**

**HIGHLY LIQUID
BALANCE SHEET**

**WELL-DIVERSIFIED FUNDING
STRUCTURE**

13x
Debt/Equity

\$610m
Short-term portion of
external debt

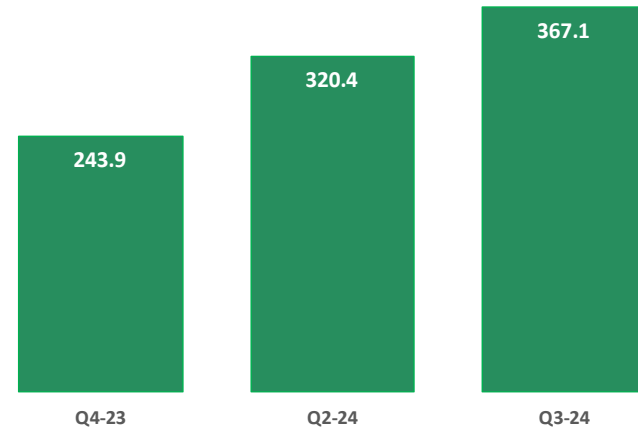
Cost-effective
Tier-2 issuance
Additional Tier 1 – AT1

USD 400m 9.375%
EUR 100m (6mEuribor+%/3.70)
USD 300m 9.375%

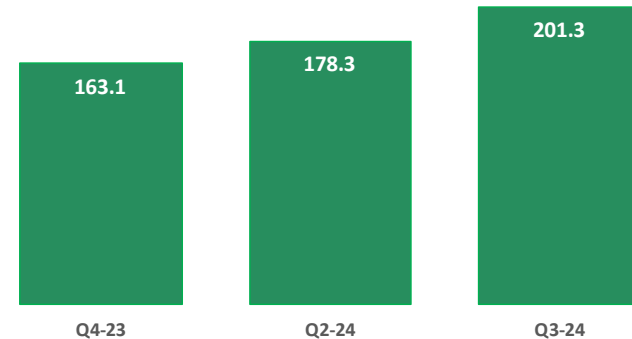


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TL Liabilities (TL bn)

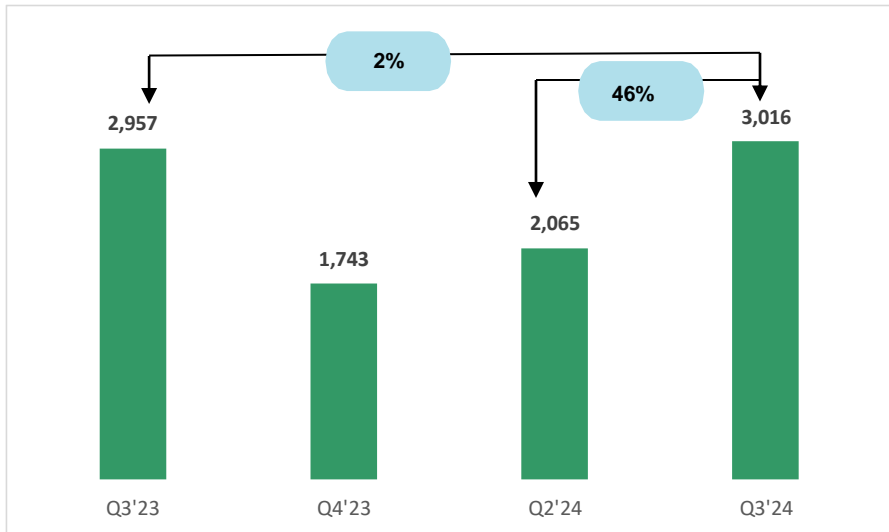


FC Liabilities (TL bn)

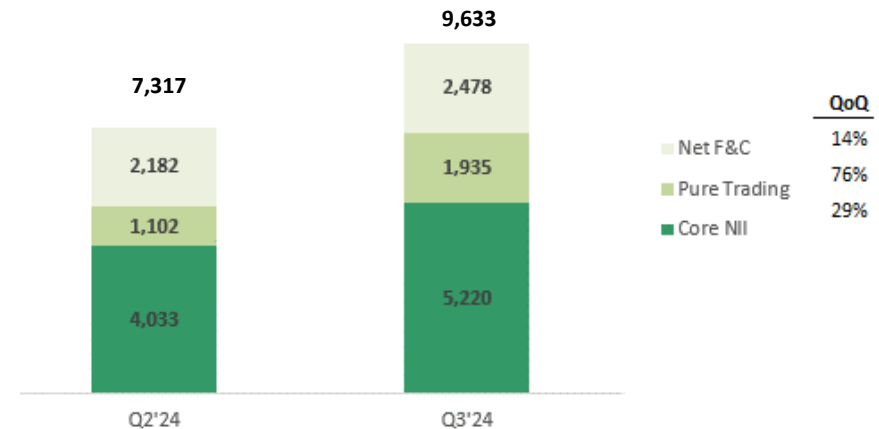


Core Banking Revenue

NET INCOME (Quarterly) (TL bn)



CORE BANKING REVENUE (Quarterly) (TL bn)



Pure trading: Trading income excl. Swap cost & currency impact
Core NII: NII – CPI linkers' income + swap costs
NII and pure trading based on MIS results (adjusted)

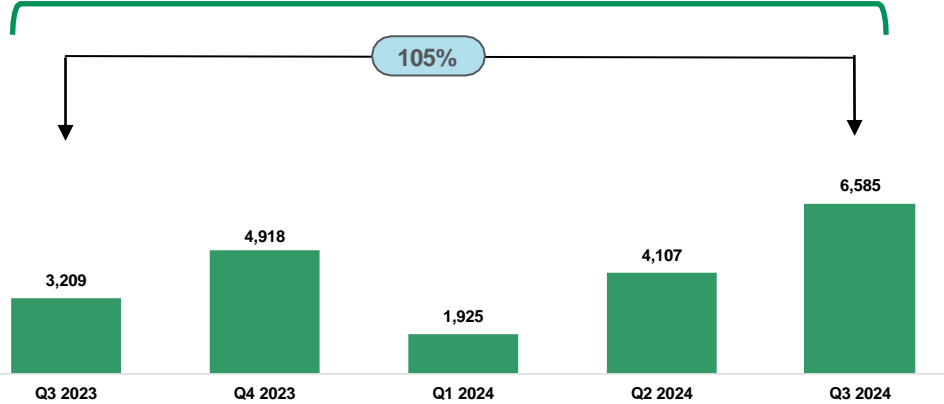
- Robust net fee income 14%(QoQ) increased thanks to improvement in payment systems and fee charged.
- Outstanding pure trading performance 76% (QoQ) increase; FX transaction gains remained strong, supporting trading.
- Despite pressure on spreads core NII increased 29% (QoQ) thanks to well-structured balance sheet.



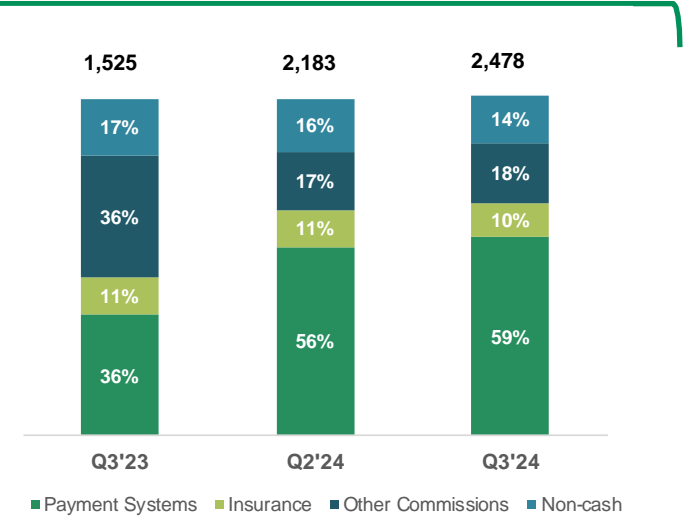
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Net Fees and Commissions

Net fee & Commissions (cumulative, TL mn)

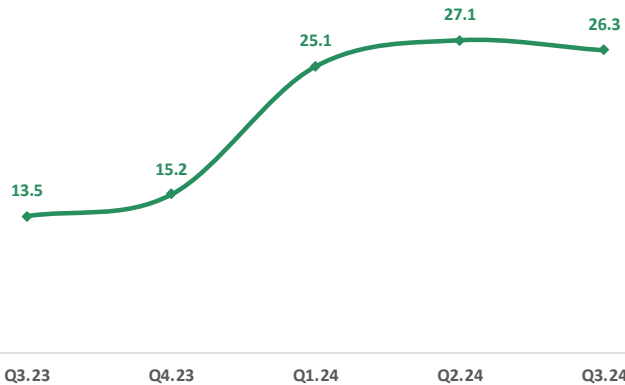


Net fee & Commissions (quarterly, TL mn)

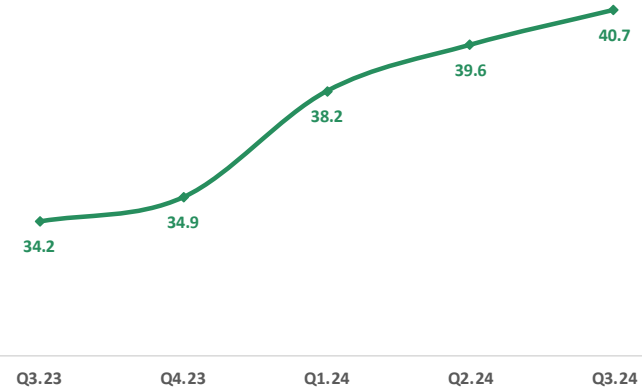


Outstanding performance on net fees and commissions and commissions led the growth on the back of higher transaction volumes and prices in banking and payment systems.

Fees / Total Income (%)



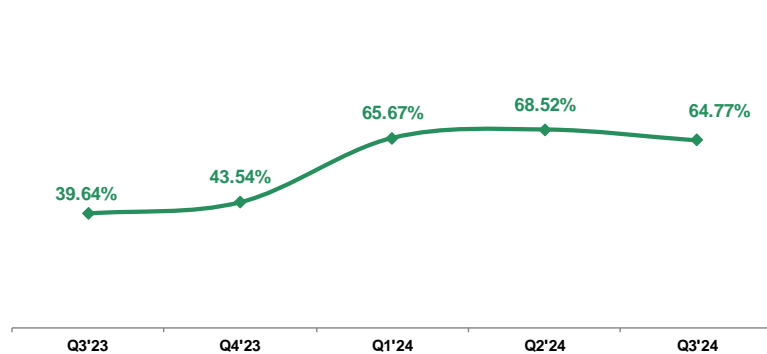
Fees / OpEx (%)



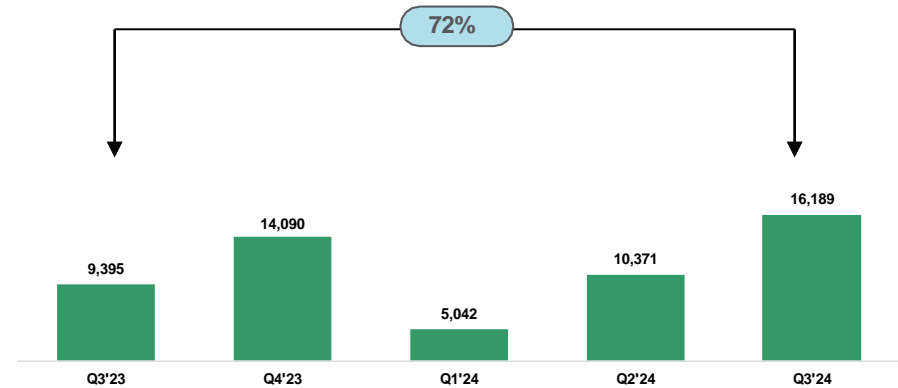
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Improved Cost Income due to higher NBI & OPEX management

Cost / Income



OPEX / TL (cumulative, TL mn)



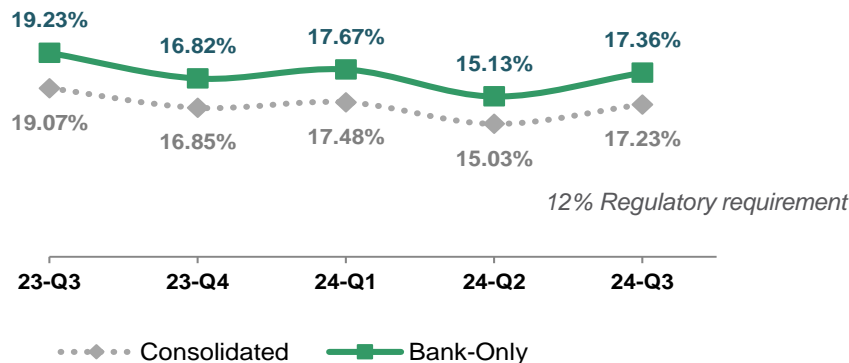
Successful cost control resulted in a good C/I ratio at 64.77%, despite upward pressures on costs from inflation and TL's depreciation.



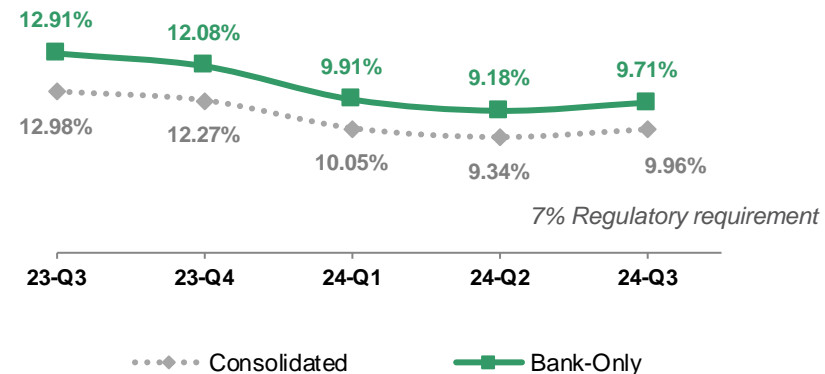
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Efficient capital management with regulatory capital in excess of minimum requirements

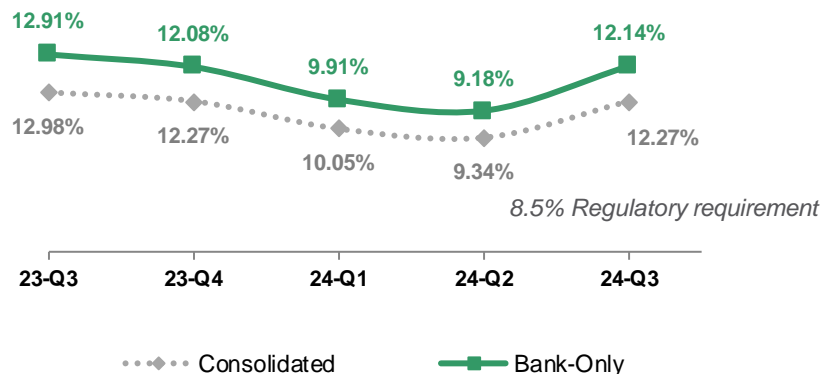
Capital Adequacy Ratio



CET1 Ratio



Tier 1 Ratio



USD 400 m 9.375% Inaugural 10NC5 Tier II Notes

On 17th of January 2024, TEB came to international Debt Capital Markets for the first time with an extraordinarily successful USD 400m 9.375% RegS-only Tier II offering.

Issue of EUR 100 m Tier 2 Notes due 2034

On 8th of May 2024, the Bank issued EUR 100m Basel-III Compliant Tier-2 bond subscribed to International Finance Corporation (IFC) with 10-year maturity, callable at the 5th year.

Issue of USD 300 m Additional Tier 1 (AT1) Perpetual Notes

On 11th of September 2024, TEB issued USD 300m Additional Tier 1 (AT1) Perpetual Notes in the international capital markets. The yield rate of the perpetual bond with early redemption feature in 5.5 years was realized at 9.375 percent.

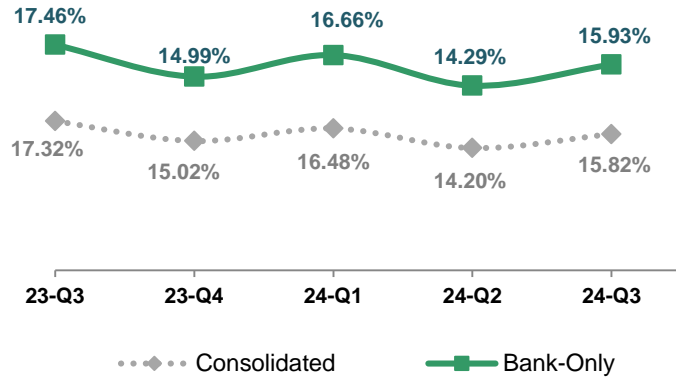


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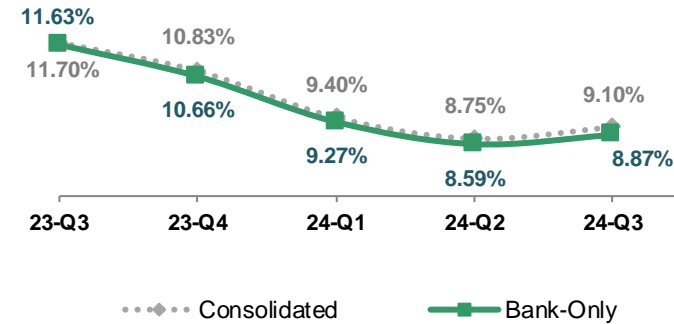
Efficient capital management with regulatory capital in excess of minimum requirements

CAR w/o Forbearance

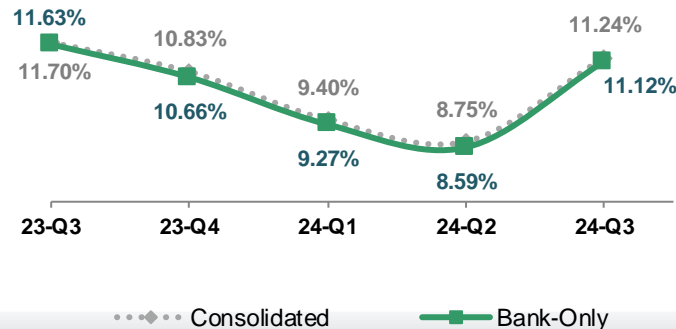
Strong capital buffers well above regulatory limits even without forbearance



CET1 w/o Forbearance



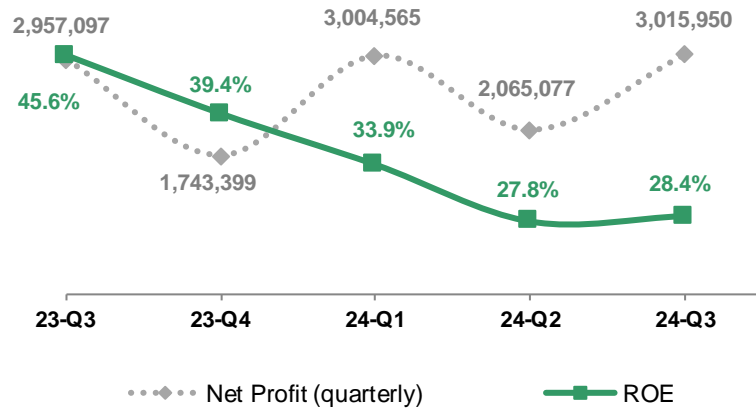
Tier 1 w/o Forbearance



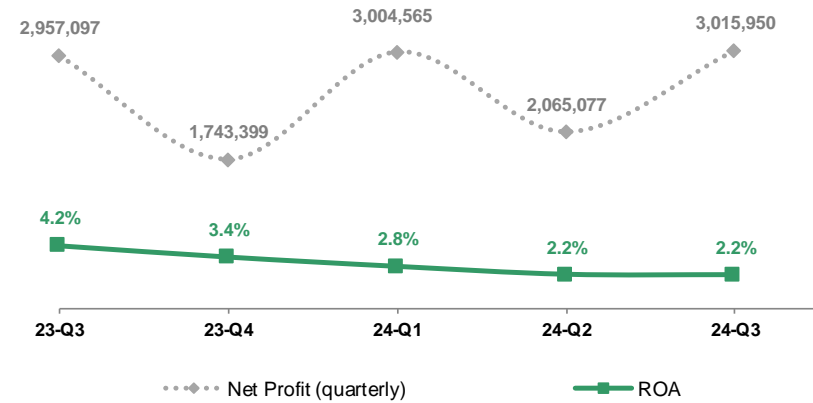
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Return On Equity / Asset

ROE



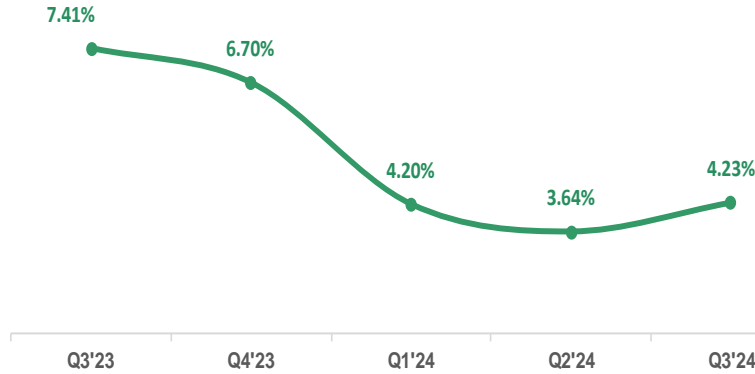
ROA



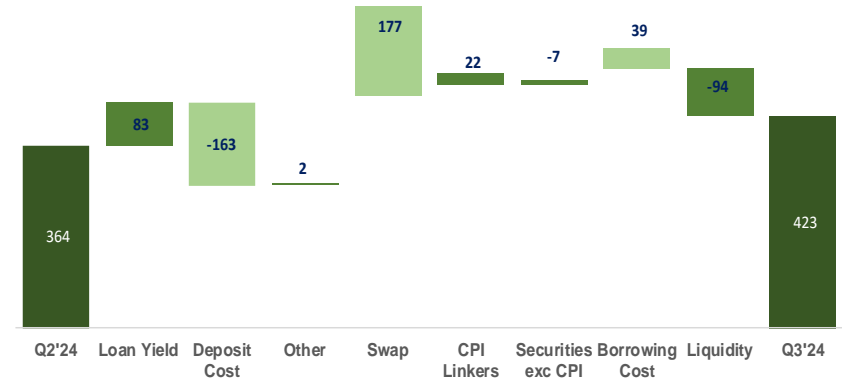
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NIM & Spreads

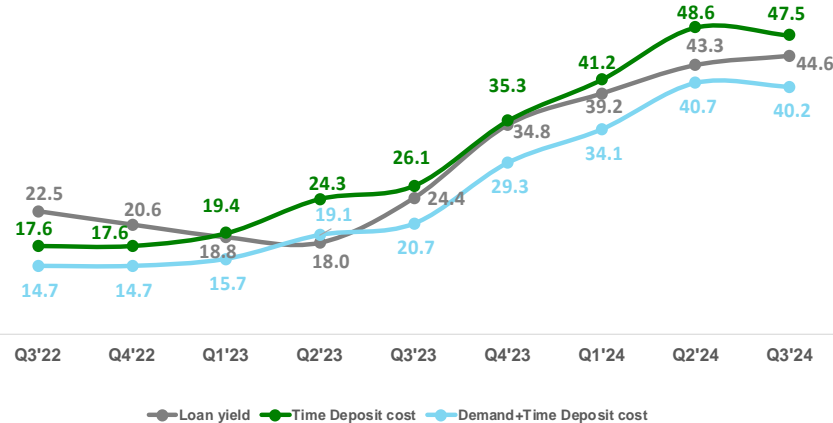
NIM



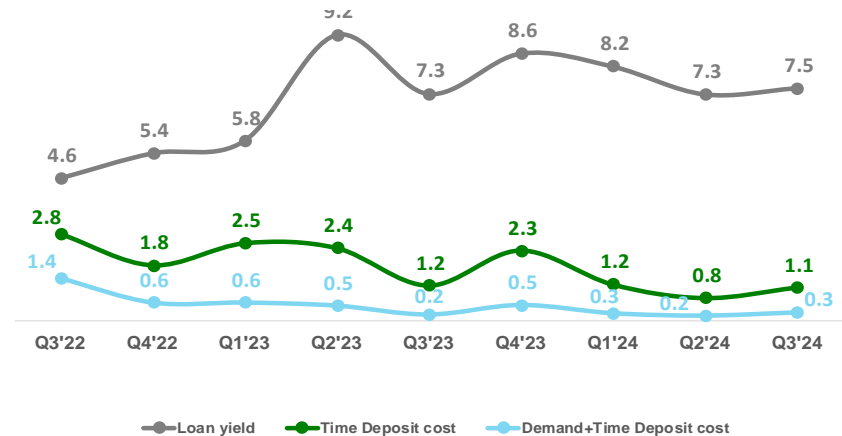
Spread WF



TL Interest Rates (% Quarterly)



FX Interest Rates (% Quarterly)



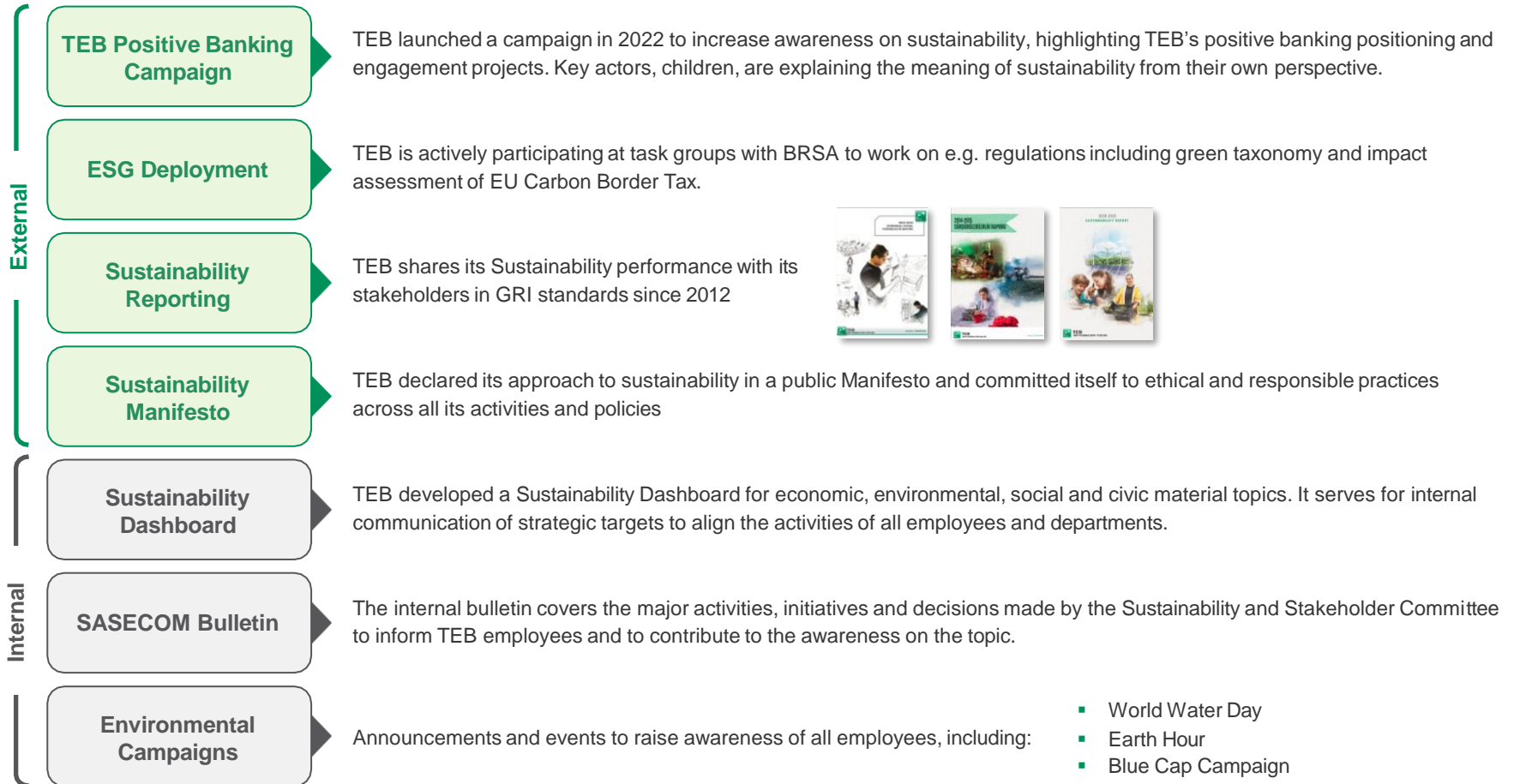
Declining spreads due to Central Bank's tightening monetary policy and impact of ongoing regulations especially higher reserve requirements.



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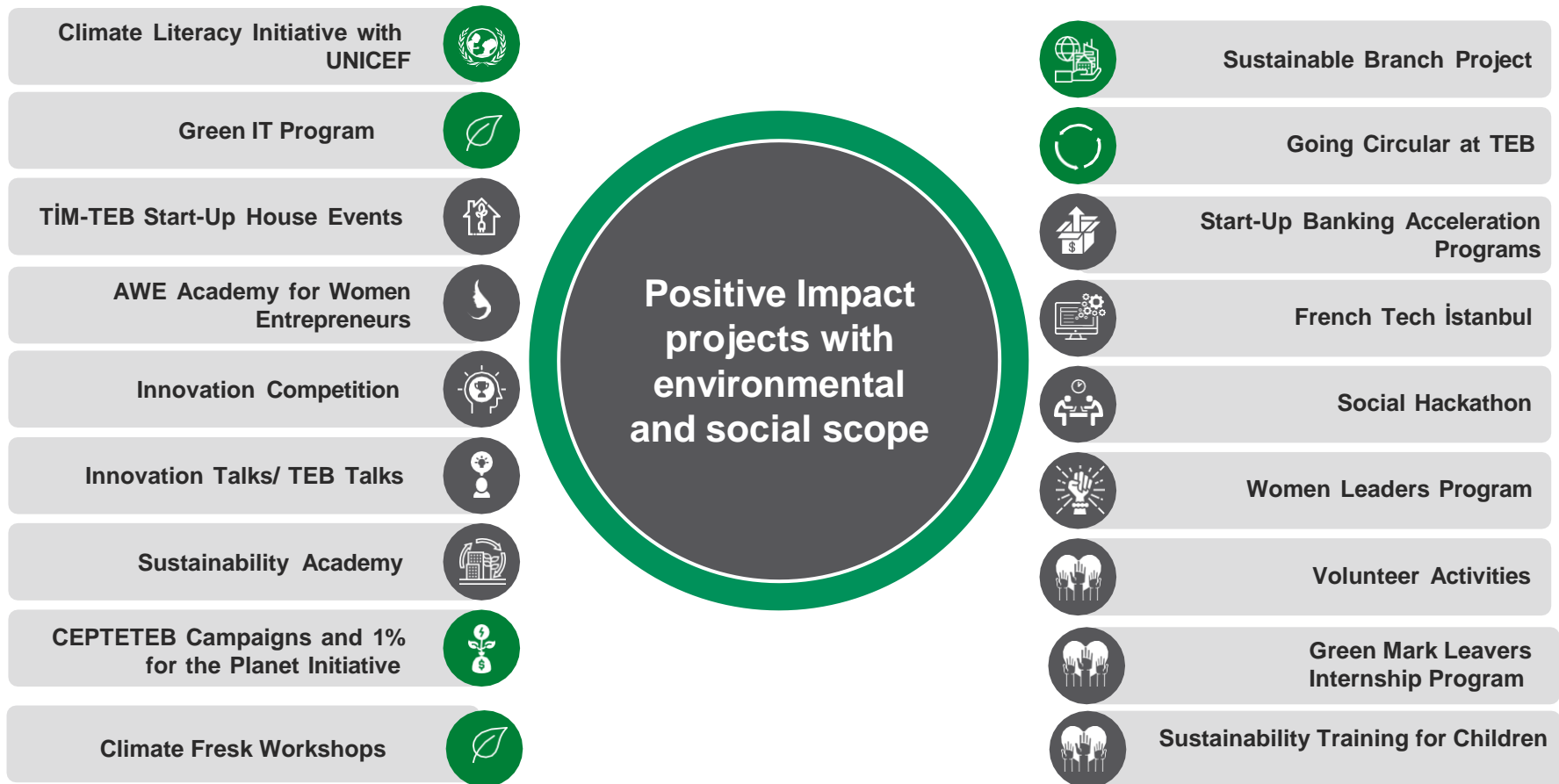
Stakeholder Engagement

In different ways, TEB communicates its performance by aiming at increasing awareness of among all stakeholders



Positive Impact

We have initiated numerous positive impact projects in collaboration with both internal and external stakeholders



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TEB is committed to promoting higher environmental and social standards in its business operations

TEB has launched its Environmental and Social Risk Management Policies as a result of Bank's economic, social, civic and environmental responsibility, reducing its impact to the environment and affected people and raising environmental and social awareness of the communities and its employees. It includes

1

“Excluded Goods
and Activities”

2

Selective approach
to «High» and
«Sensitive Sectors»

3

ESG Assessment
of Clients

4

Compliance with
nationally and
internationally
acceptable
environmental and
social laws and
regulations

5

Equator Principles
for project finance



Digital Banking in 2024-Q3

Client Base

10% YOY increase in active mobile clients, **3.043 million mobile active** clients

19 monthly **mobile logins per customer**

51% of bank's new customers acquired through **digital onboarding**

Migration Ratio

93% of all financial transactions over Digital Channels

73% personal loan sold through digital channels

31% of credit cards sold through digital channels

ATM Network

of ATM **1,554 with 2,89%** market share



Digital Banking in 2024-Q3

of Active Online Banking Clients* (000s)



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