



Türk Ekonomi Bankası

Q2'24 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
April 19, 2024

	FCY	TRY	Outlook
Long Term	B	B+	Positive
Short Term	B	B	
Shareholder Support Rating	b		

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 June 2024, TEB's total assets reached TL 499 billion with 23% increase YtD.
- Loans reaching 56.3% 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 280.7 billion as of 30 June 2024 while the Bank's total deposits amounted to TL 344 billion.
- TEB's shareholders' equity was TL 38.7 billion as of 30 June 2024 with 15.13% capital adequacy ratio which was well above the 12% targeted ratio.
- TEB posted net of profit of TL 5.1 billion while achieving 27.8% 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 13% QoQ (YoY growth 133%), 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 28% in YtD. As floating or indexed securities accounted for 35% of total securities.
- Operating expenses remained main focus area due to inflation and material TL depreciation, OPEX grew by 5.7% QoQ and 78% YoY.
- Continuing growth in digital customer acquisition, reaching approximately 3.0 million digital active customers in CEPTETEB.



Financials Summary Unconsolidated

Summary Balance Sheet (TL mn)

	31.12.2023	30.06.2024	YtD Chg
Cash & Cash Equivalents	123,860	116,852	-6%
Marketable Securities	57,612	73,465	28%
Loans (net)	203,167	280,702	38%
Other Assets	22,281	27,655	24%
Total Assets	406,919	498,674	23%
Deposit	284,746	343,994	21%
Funds Borrowed	19,940	16,681	-16%
Repo	28,110	47,369	69%
Subordinated Debt	11,638	20,505	76%
Other Liabilities	27,441	31,451	15%
Shareholders Equity	35,045	38,674	10%
Liab.&Shr.Equity	406,919	498,674	23%

Summary Income Statement (TL mn)

	30.06.2023	30.06.2024	YoY Chg
Net Interest Income	5,042	13,005	157.9%
Gains/Losses From Derivatives and FX position	6,719	-2,213	-132.9%
Securities Trading Gain/ Loss	1,367	-38	
Net Fee & Commissions	1,685	4,107	143.8%
Other Income	215	275	28.1%
Net Banking Income	15,026	15,136	0.7%
Cost of Risk	(508)	(70)	-86.3%
Net Operating Income	14,519	15,066	3.8%
Other Operating Expense	(2,937)	(4,614)	57.1%
Personnel Expenses	(2,878)	(5,756)	100.0%
Other Provisions	312	1,252	
Dividend Income	14	23	63.4%
Tax Provisions	(2,004)	(901)	-55.1%
Net Profit	7,026	5,070	-27.8%



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Financials Summary Consolidated

Summary Balance Sheet (TL mn)

	31.12.2023	30.06.2024	YtD Chg
Cash & Cash Equivalents	124,462	117,343	-6%
Marketable Securities	57,613	73,466	28%
Loans (net)	216,440	299,068	38%
Other Assets	23,077	28,647	24%
Total Assets	421,592	518,525	23%
Deposit	284,567	343,693	21%
Funds Borrowed	29,594	31,685	7%
Securities Issued	1,512	1,012	-33%
Repo	28,500	47,727	67%
Subordinated Debt	11,638	20,505	76%
Other Liabilities	28,496	32,229	13%
Shareholders Equity	37,284	41,675	12%
Liab.&Shr.Equity	421,592	518,525	23%

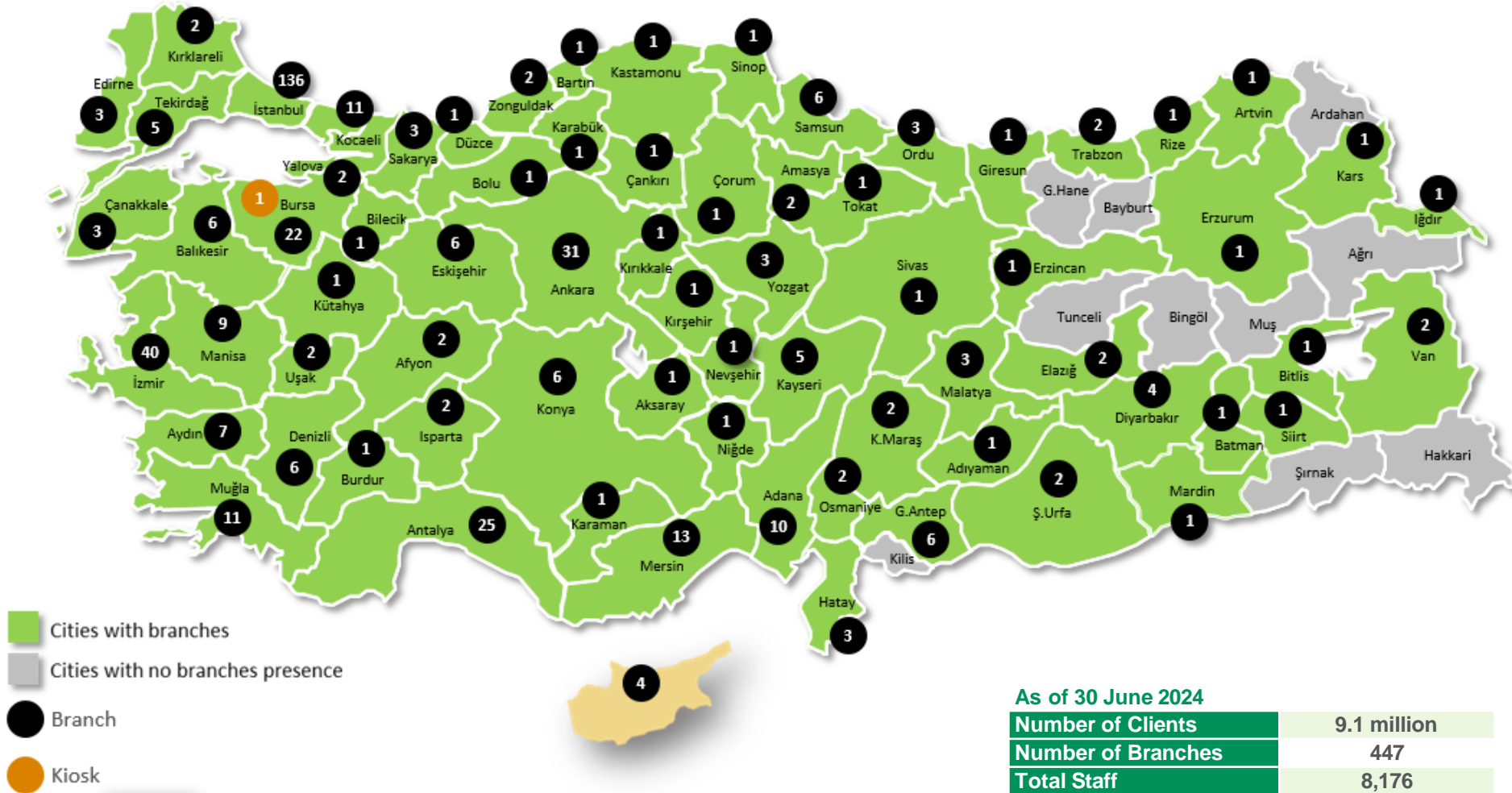
Summary Income Statement (TL mn)

	30.06.2023	30.06.2024	YoY Chg
Net Interest Income	5,869	14,269	143.1%
Gains/Losses From Derivatives and FX position	6,744	-2,204	-132.7%
Securities Trading Gain/ Loss	1,377	5	-99.7%
Net Fee & Commissions	1,945	4,569	134.9%
Other Income	231	291	25.8%
Net Banking Income	16,168	16,931	4.7%
Cost of Risk	(519)	(103)	-80.1%
Net Operating Income	15,649	16,828	7.5%
Other Operating Expense	(3,079)	(4,853)	57.6%
Personnel Expenses	(3,102)	(6,206)	100.1%
Other Provisions	312	1,252	
Dividend Income	1	23	2641.2%
Tax Provisions	(2,152)	(1,213)	-43.6%
Net Profit	7,629	5,830	-23.6%



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TEB is present in 71 cities



As of 30 June 2024

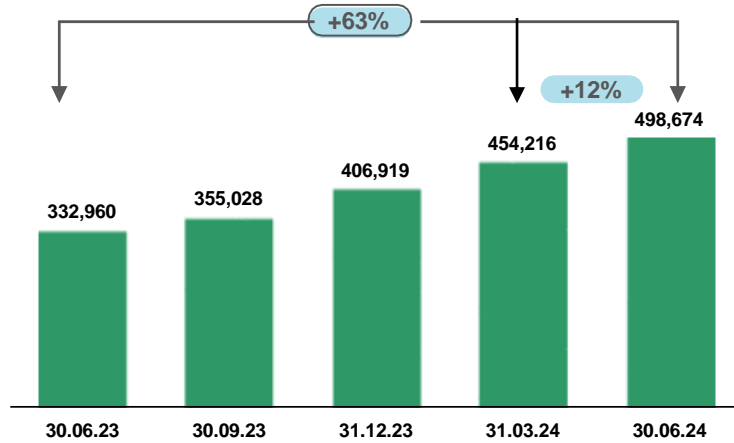
Number of Clients	9.1 million
Number of Branches	447
Total Staff	8,176
ATM	1,564



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Sound & prudent balance sheet management

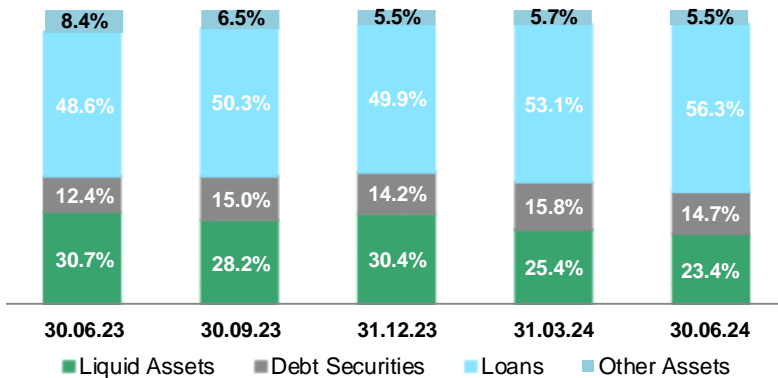
Balance Sheet Growth (TL mn)



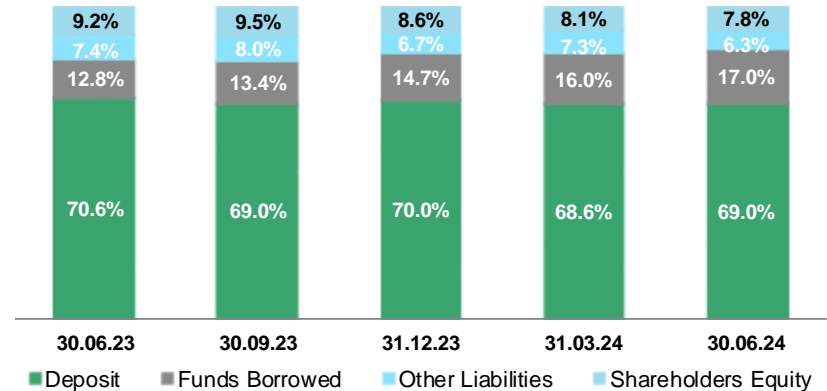
- Assets growth continued through the expansion of loans and securities portfolios

- As of 30 June 2024, TEB had total loans of TL 280.7 bn, total deposits of TL 344 bn and total shareholders' equity of TL 38.7 bn.

Asset Compositions



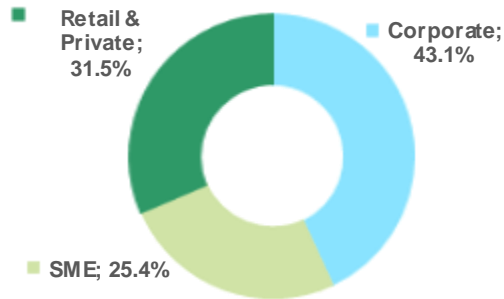
Liability Compositions



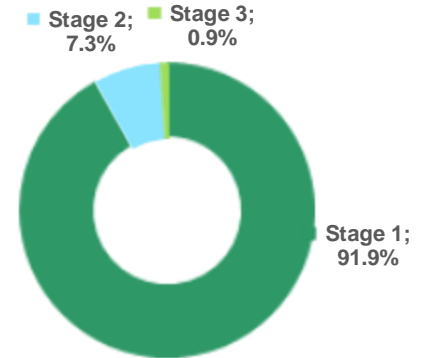
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Strong & balanced loan portfolio composition

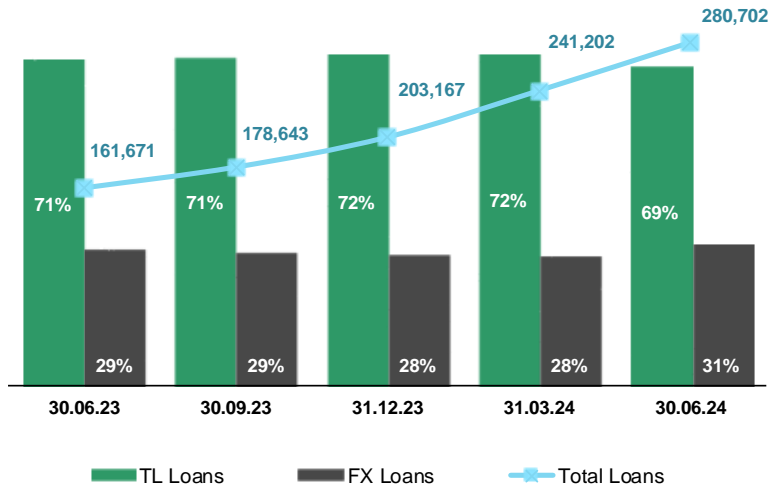
Performing Loans - Mar'24



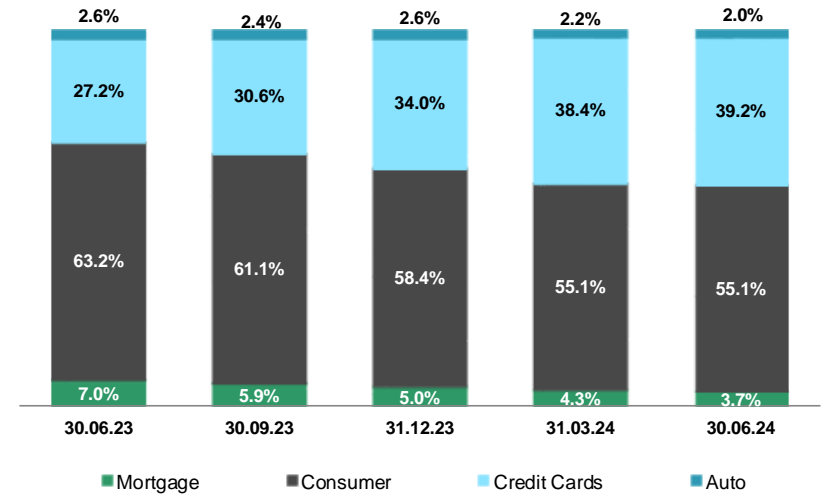
Loan Quality - Mar'24



Loan Composition by Currency



Breakdown of Retail Loans

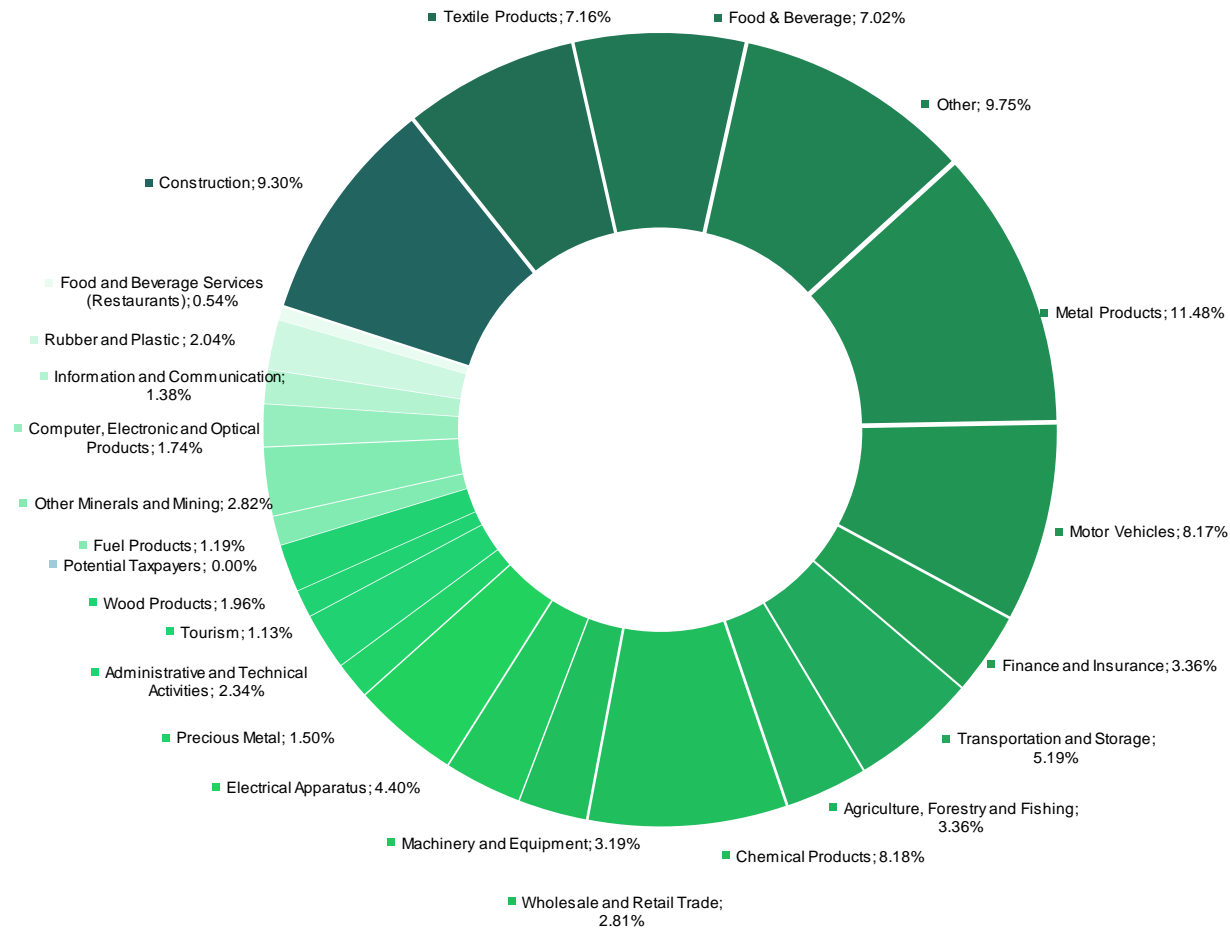


As of 30 June 2024, ESG cash loans constitute 3.01% of total cash loans of the Bank



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Maintained well-diversified loan portfolio(*)



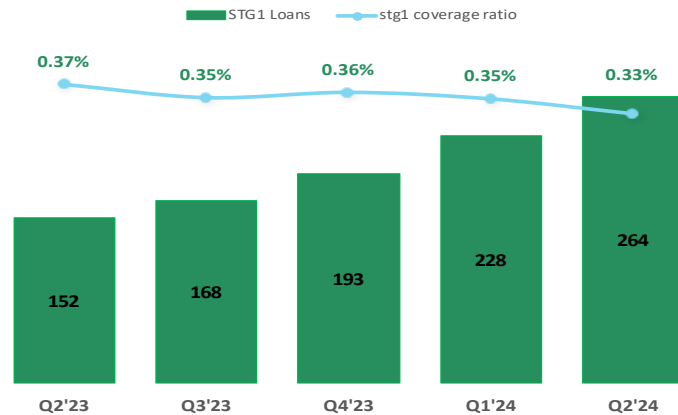
(*) incl. non-cash loans, excl. retail loans



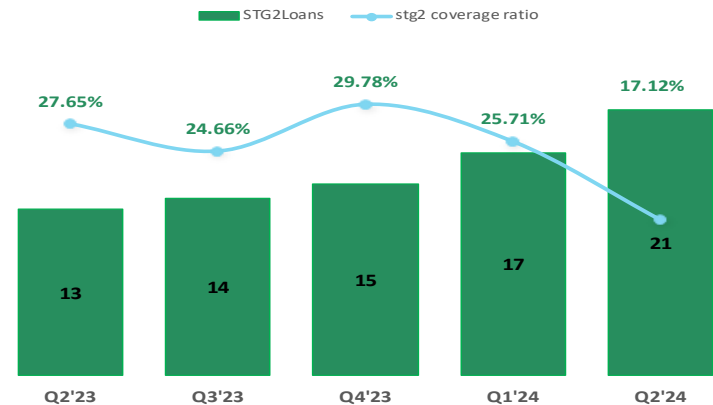
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Conservative provisioning stance and staging policies maintained

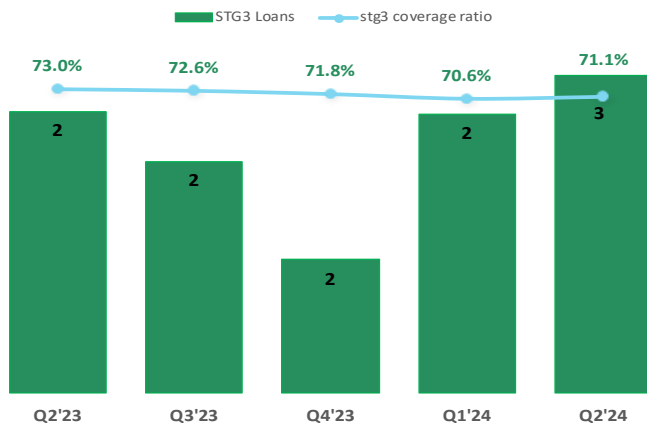
Stage 1 Loans & Coverage



Stage 2 Loans & Coverage

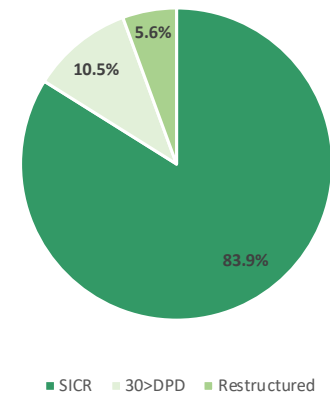


Stage 3 Loans & Coverage



(*)exc. non-cash loans

Stage 2 Composition



Loan Balance =20.8 Mio TL

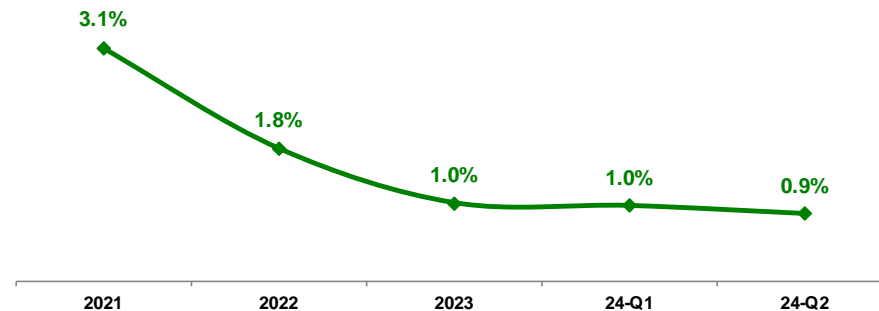


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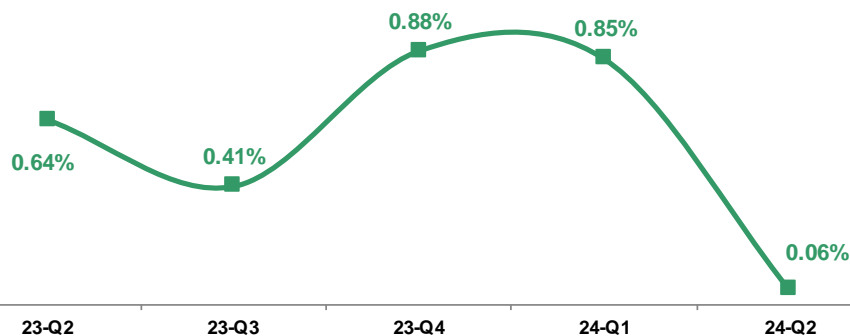
Improved asset quality on the back of a Prudent provisioning policy

- Decreasing NPL trend & conservative provisioning policy
- Low cost of risk as a result of prudent & proactive risk management

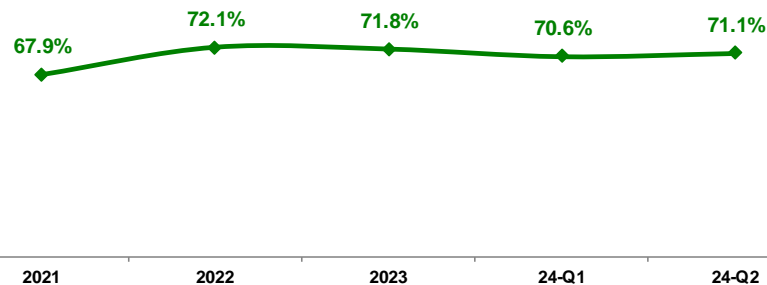
NPL Ratio



Cost of Risk



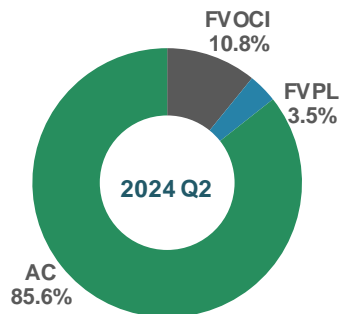
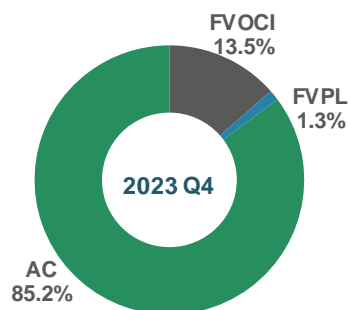
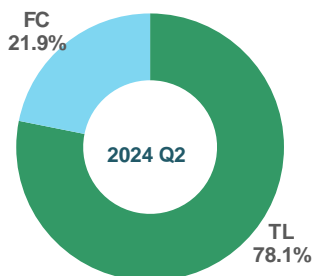
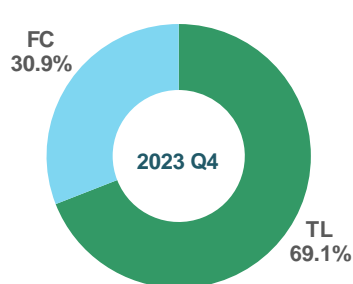
Coverage Ratio



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Relatively higher fixed rate securities in Marketable Securities portfolio

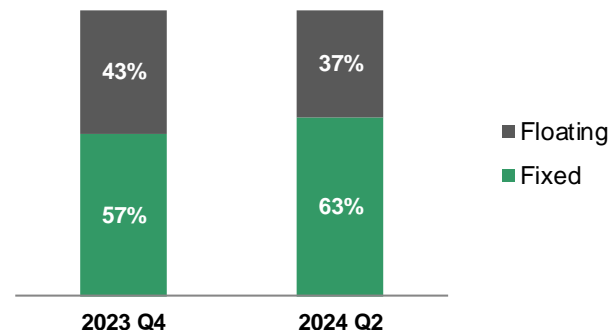
Total Securities Compositions



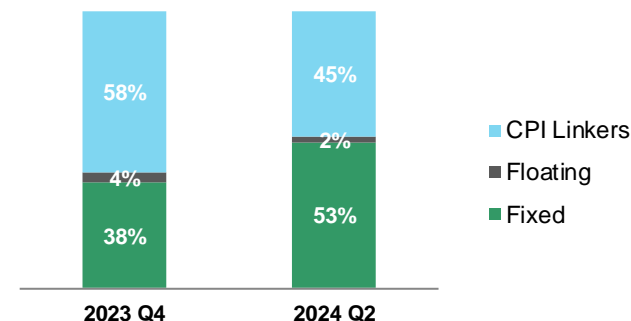
FVOCI: Financial Assets at Fair Value Through Other Comprehensive Income
 FVPL: Financial Assets at Fair Value Through Profit or Loss excluding Equity Shares
 AC: Financial Assets Measured at Amortised Cost

Interest Rate Compositions

Total Securities



TL Portfolio

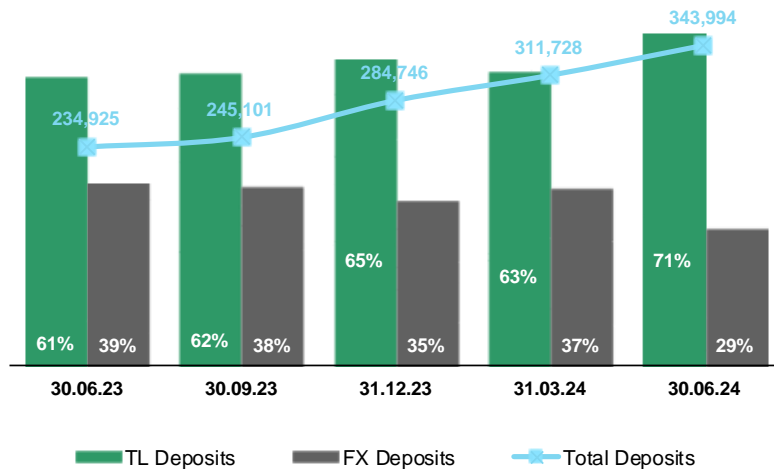


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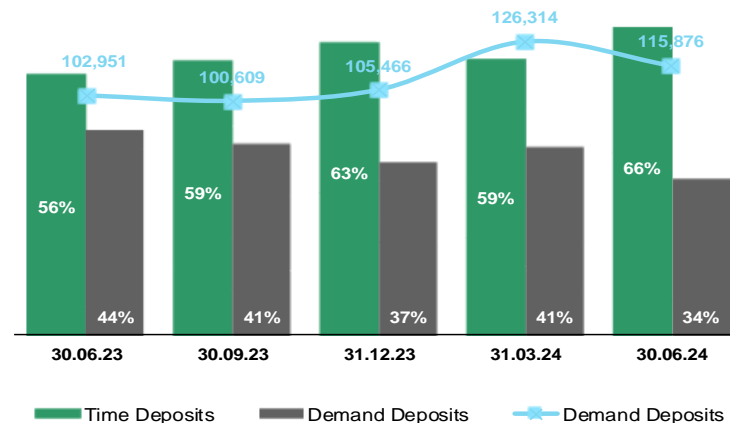
Strong growth in customer deposits

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

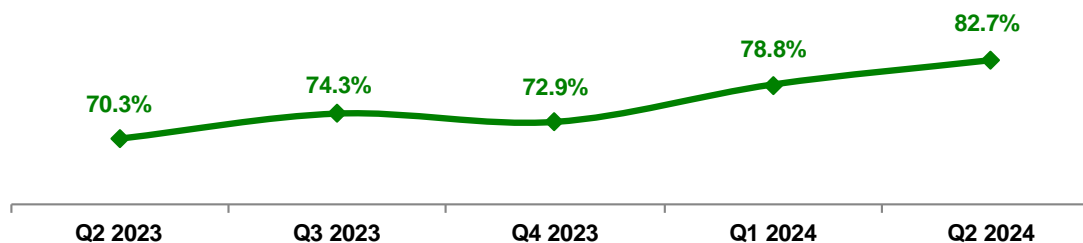
TL/FX Deposit Compositions



Time/Demand Deposit Compositions



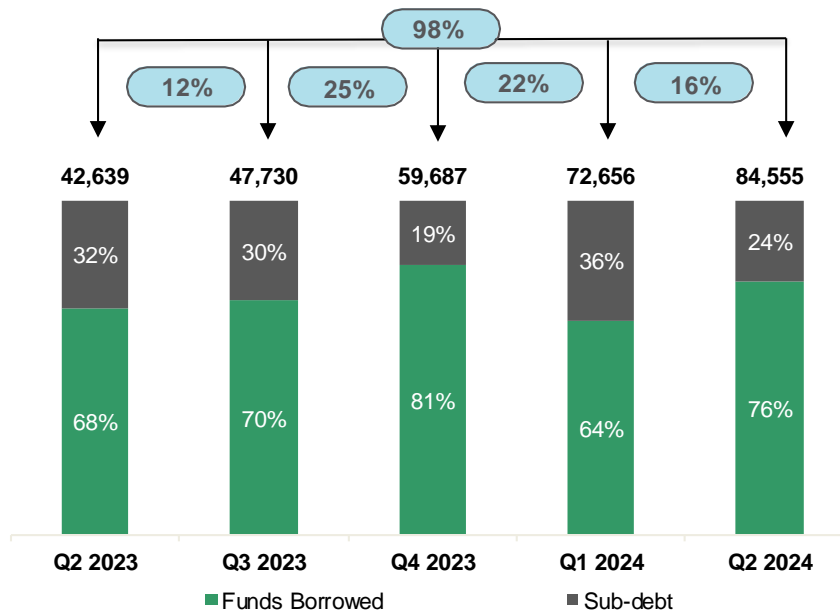
Loan / Deposit Ratio



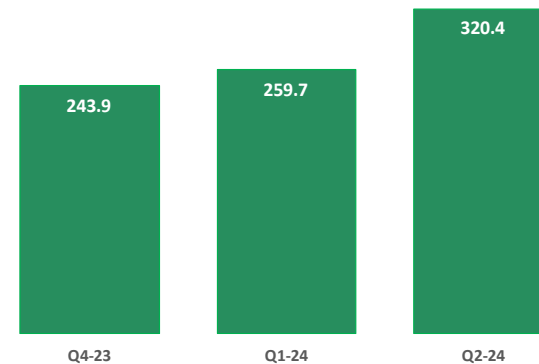
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Healthy funding mix

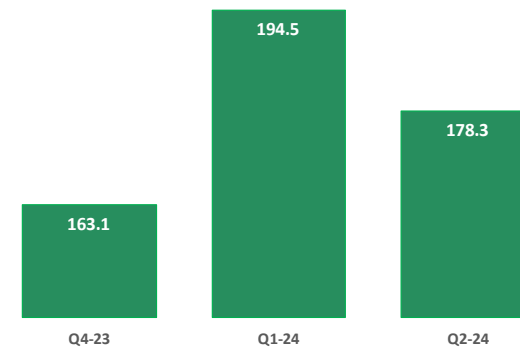
Wholesale Borrowing By Type



TL Liabilities (TL bn)



FC Liabilities (TL bn)



**HIGHLY LIQUID
LOW LEVERAGE BALANCE SHEET**

**WELL-DIVERSIFIED FUNDING
STRUCTURE**

12x
Debt/Equity

\$617m
Short-term portion of
external debt

Cost-effective
Tier-2 issuance

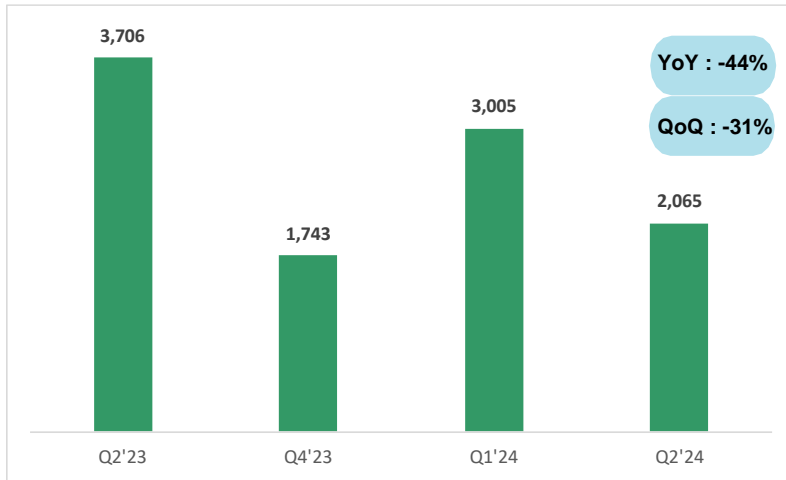
USD 400m 9.375%
EUR 100m (6mEuribor+%/3.70)



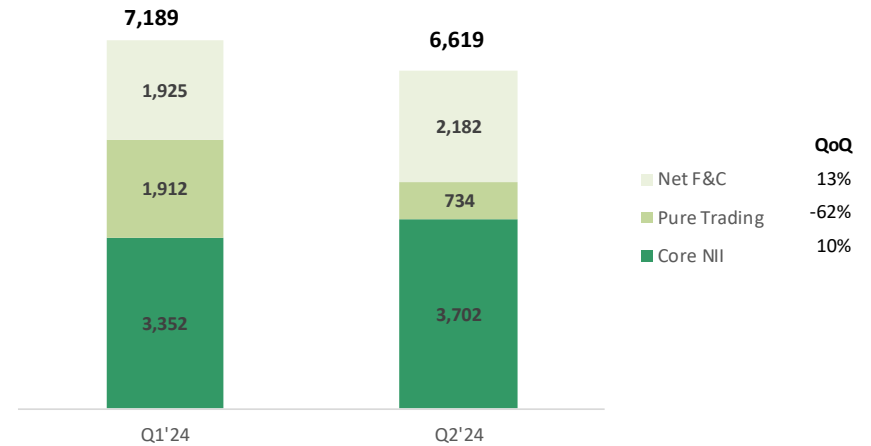
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Core Banking Revenue

NET INCOME (Quarterly) (TL bn)



CORE BANKING REVENUE (Quarterly) (TL bn)



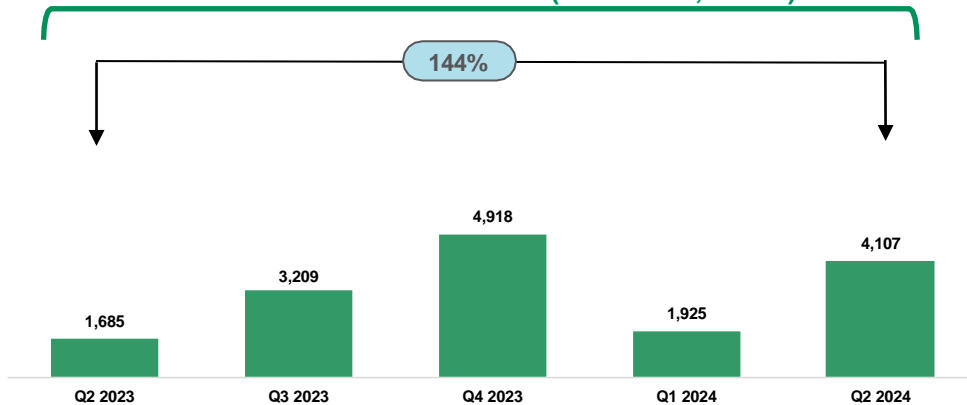
Pure trading: Trading income excl. Swap cost
Core NII: NII – CPI linkers' income + swap costs



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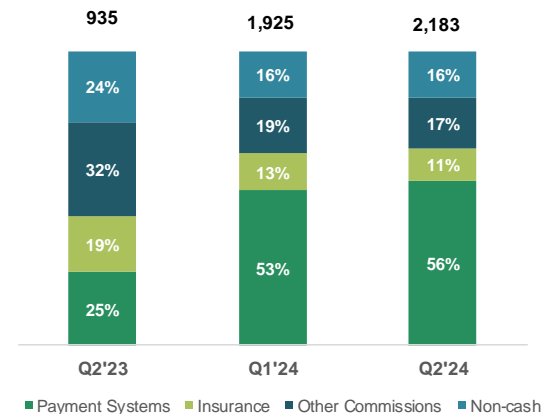
Net Fees and Commissions

Net fee & Commissions (cumulative, TL mn)

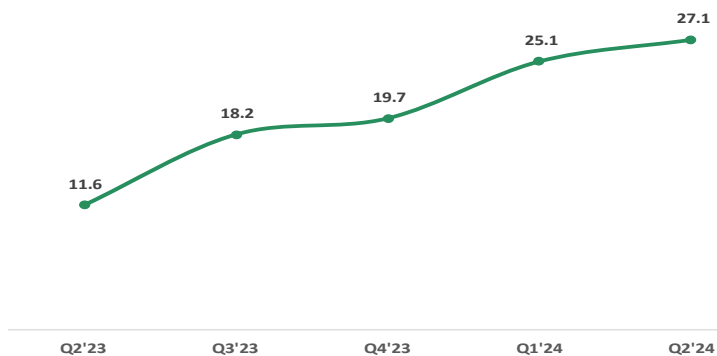


Outstanding performance on net fees and commissions and commissions led the growth on the back of higher transaction volumes and prices in banking and payment systems.

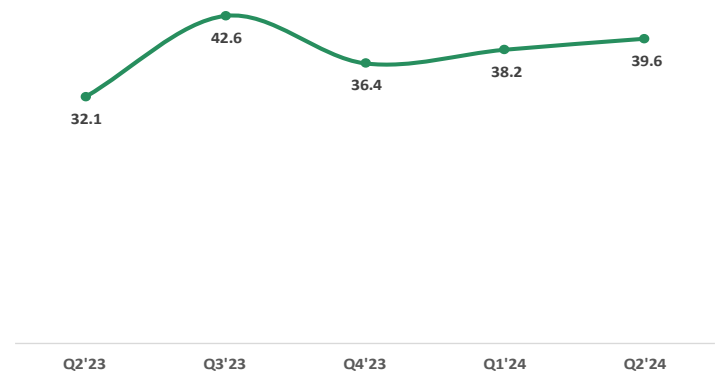
Net fee & Commissions (quarterly, TL mn)



Fees / Total Income (%)

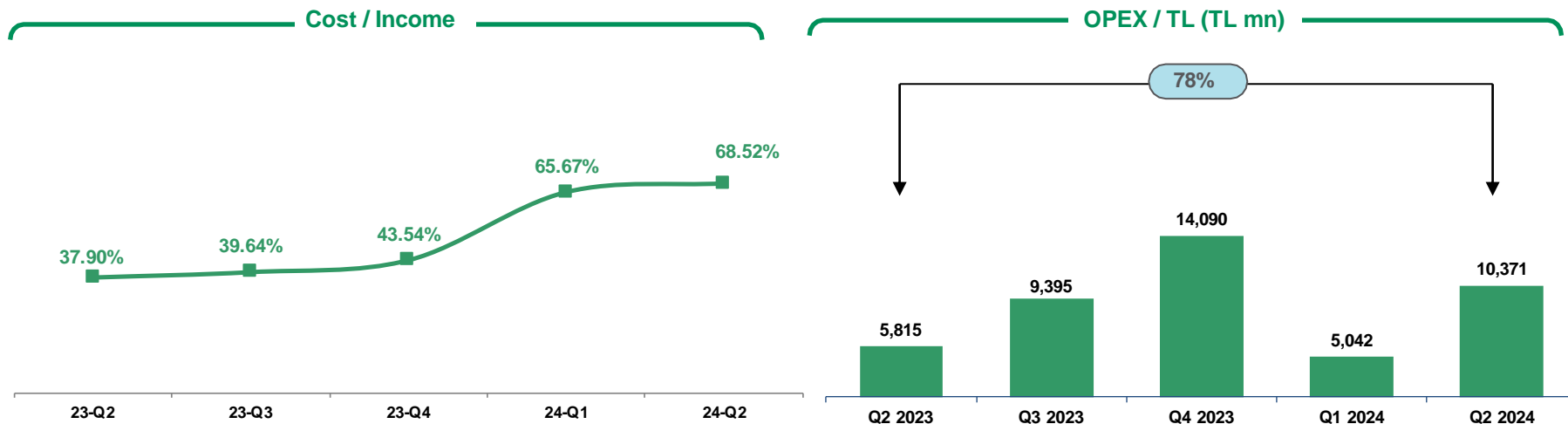


Fees / OpEx (%)



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Improved Cost Income due to higher NBI & OPEX management



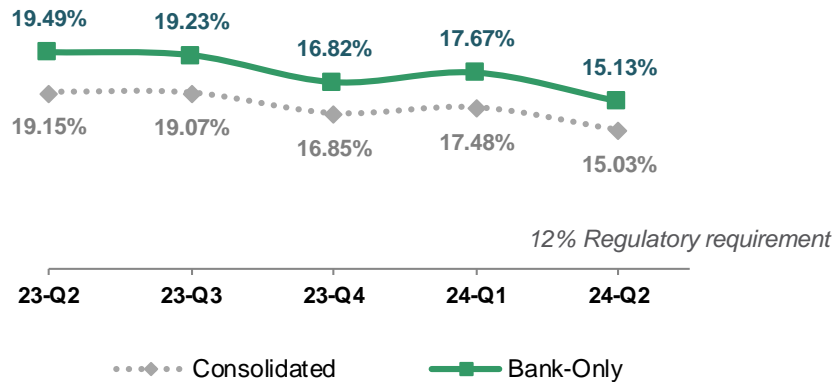
Successful cost control resulted in a good C/I ratio at 68.52%, despite upward pressures on costs from inflation and TL's depreciation.



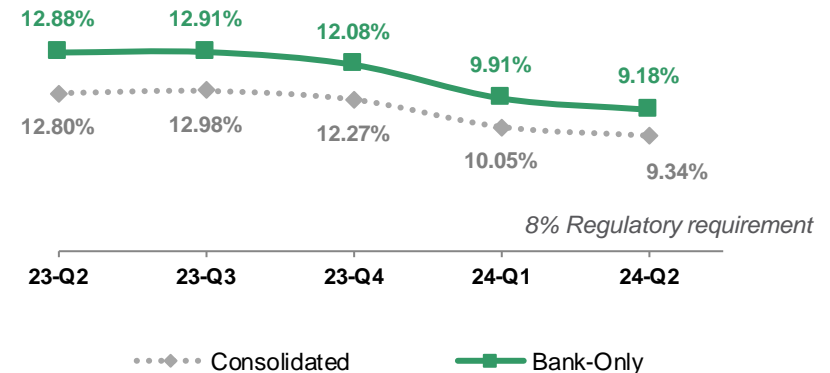
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Efficient capital management with regulatory capital in excess of minimum requirements

Capital Adequacy Ratio



CET1 Ratio



USD 400m 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 8 May 2024, the Bank issued €100 mio Basel-III Compliant Tier-2 bond subscribed to International Finance Corporation (IFC) with 10-year maturity, callable at the 5th year.

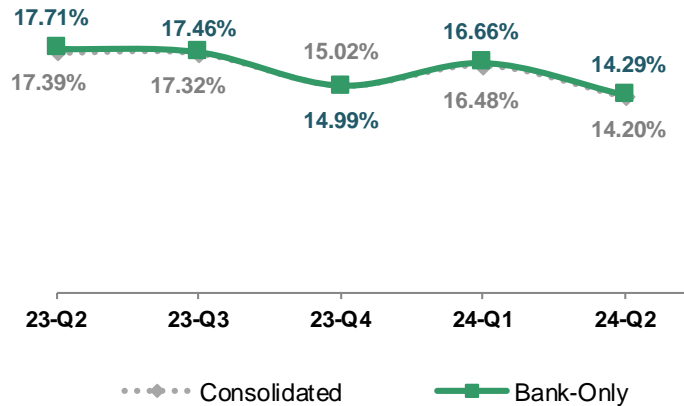


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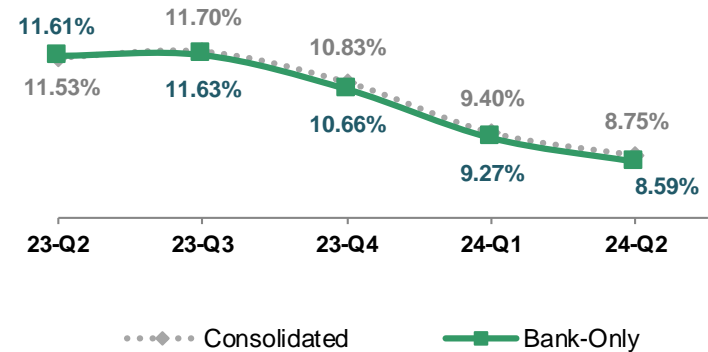
Efficient capital management with regulatory capital in excess of minimum requirements

CAR w/o Forbearance

Strong capital buffers well above regulatory limits even without forbearance



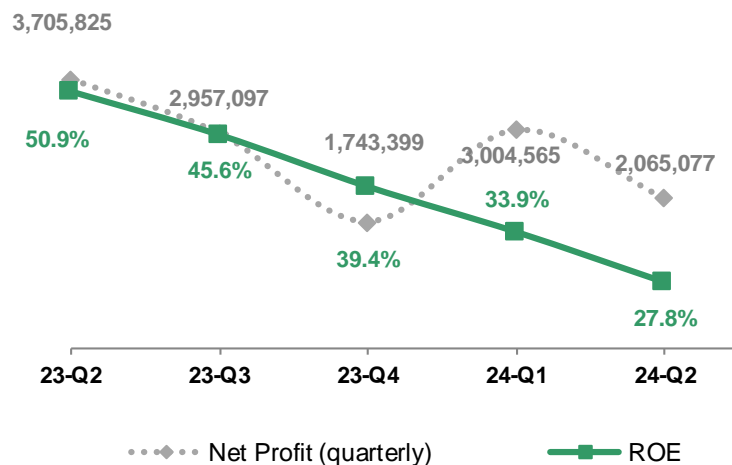
CET1 w/o Forbearance



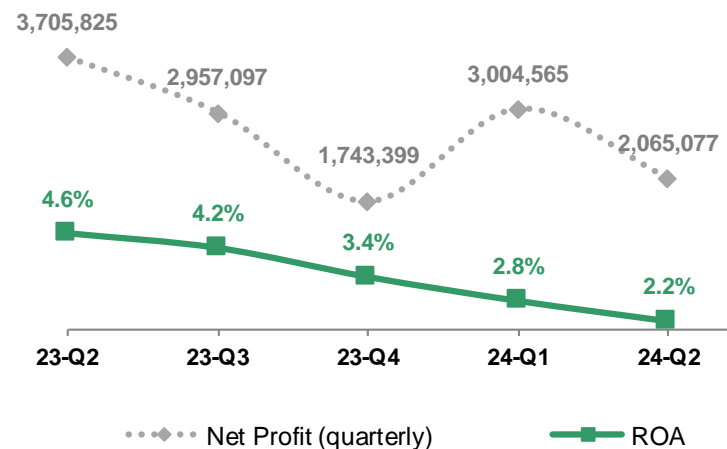
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Return On Equity / Asset

ROE



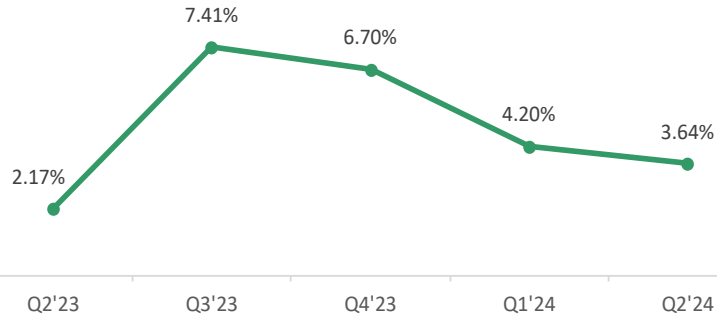
ROA



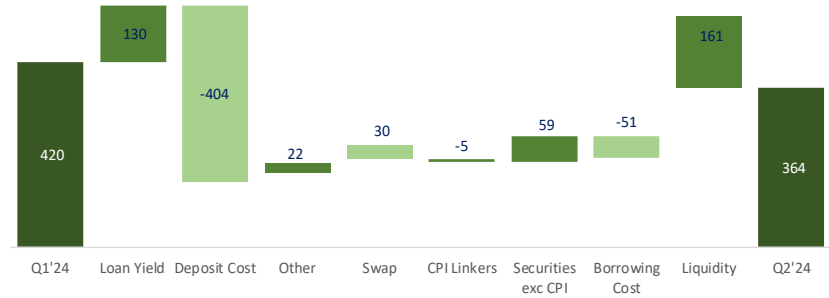
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NIM & Spreads

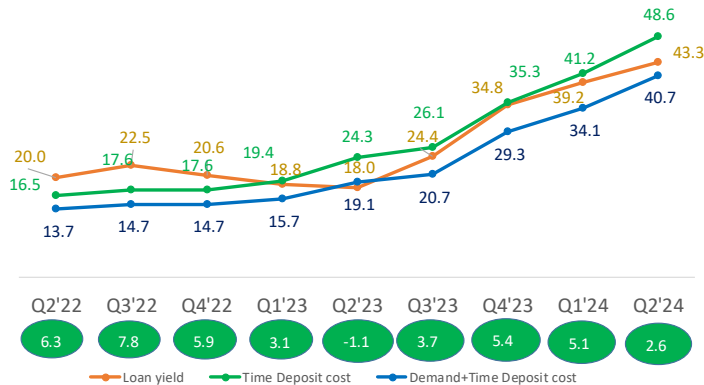
NIM



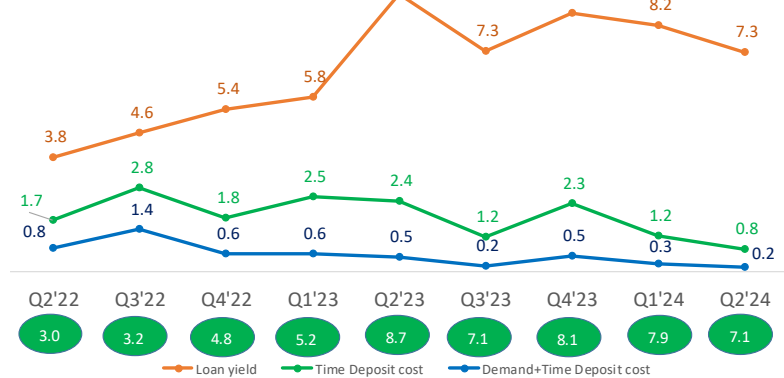
Spread WF



TL Spread (% Quarterly)



FX Spread (% Quarterly)



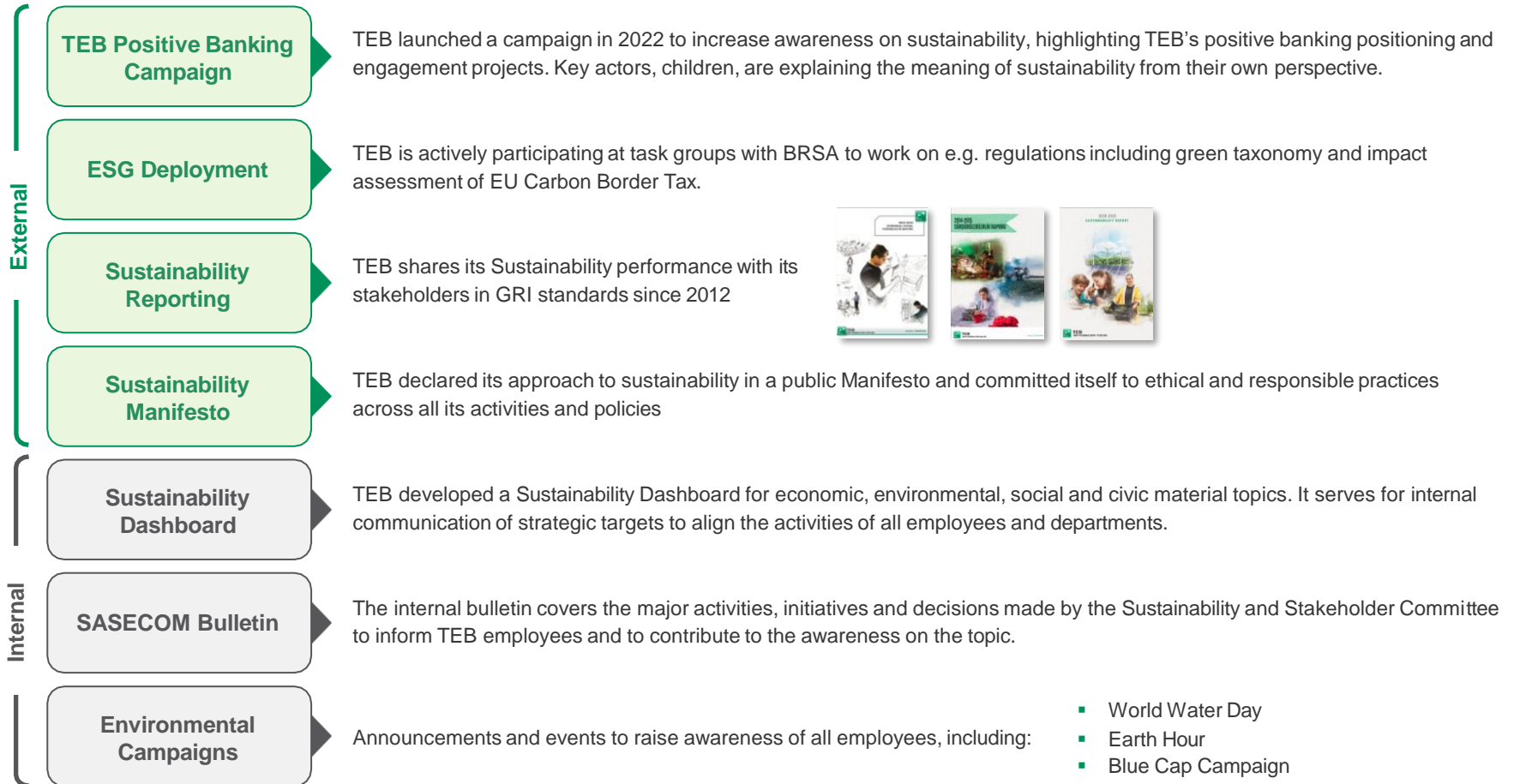
Declining spreads due to Central Bank's tightening monetary policy and impact of ongoing regulations especially reserve requirements.



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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



Digital Banking in 2024-Q2

Client Base

8% YOY increase in active mobile clients, **2.94 million mobile active** clients

18 monthly **mobile logins per customer**

52% of bank's new customers acquired through **digital onboarding**

Migration Ratio

93% of all financial transactions over Digital Channels

74% personal loan sold through digital channels

29% of credit cards sold through digital channels

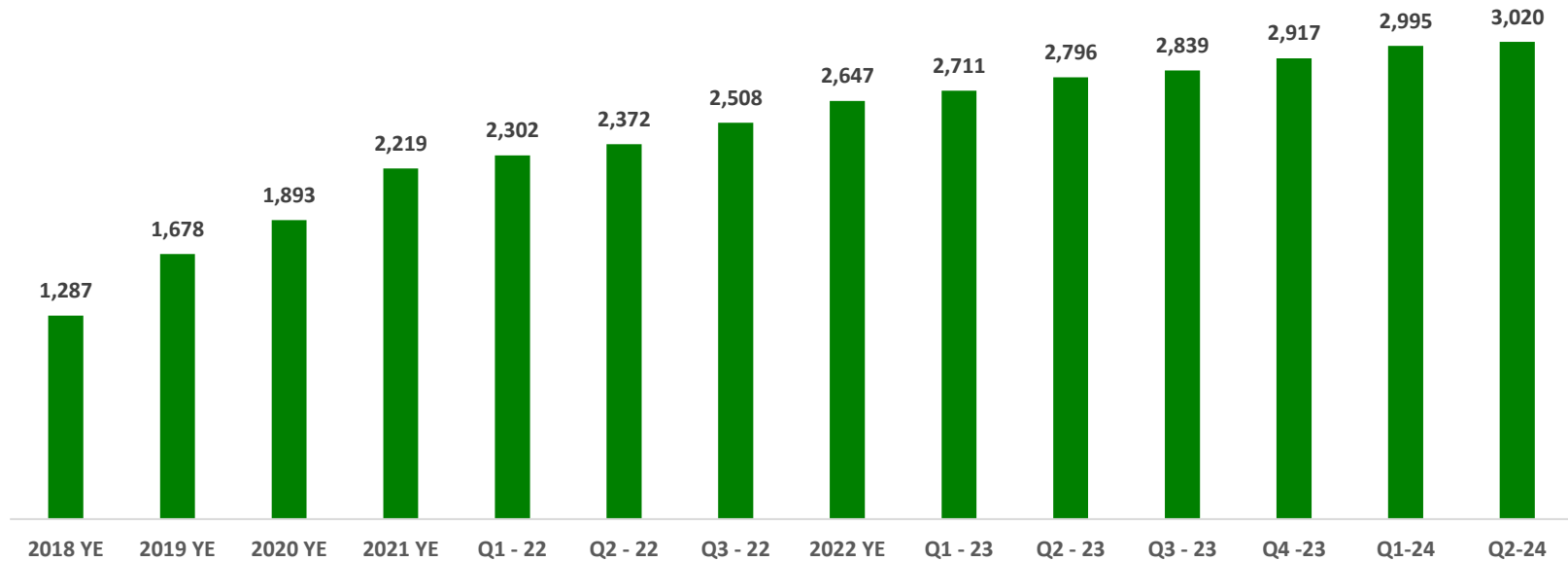
ATM Network

of ATM **1,567** with **2,92%** market share



Digital Banking in 2024-Q2

of Active Online Banking Clients* (000s)



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