



**Türk Ekonomi Bankası**

# Q3'24 Earnings Presentation



**TEB**  
BNP PARIBAS ORTAKLIđI

## 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<br>September 17, 2024 |     |     |          |
|------------------------------------|-----|-----|----------|
|                                    | FCY | TRY | Outlook  |
| Long Term                          | BB- | BB- | Stable   |
| Short Term                         | B   | B   |          |
| Shareholder Support Rating         | bb- |     |          |
| Moody's<br>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%        |
| <b>Total Assets</b>         | <b>406,919</b> | <b>568,463</b> | <b>40%</b> |
| 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%        |
| <b>Liab.&amp;Shr.Equity</b> | <b>406,919</b> | <b>568,463</b> | <b>40%</b> |

## Summary Income Statement (TL mn)

|   | 30.09.2023    | 30.09.2024    | YoY Chg       |
|---|---------------|---------------|---------------|
| <b>Net Interest Income</b>                    | <b>10,416</b> | <b>19,242</b> | <b>84.7%</b>  |
| 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%         |
| <b>Net Banking Income</b>                     | <b>23,687</b> | <b>24,995</b> | <b>5.5%</b>   |
| Cost of Risk                                  | (515)         | 62            | -112.0%       |
| <b>Net Operating Income</b>                   | <b>23,173</b> | <b>25,056</b> | <b>8.1%</b>   |
| 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%        |
| <b>Net Profit</b>                             | <b>9,983</b>  | <b>8,086</b>  | <b>-19.0%</b> |



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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%        |
| <b>Total Assets</b>         | <b>421,592</b> | <b>588,523</b> | <b>40%</b> |
| 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%        |
| <b>Liab.&amp;Shr.Equity</b> | <b>421,592</b> | <b>588,523</b> | <b>40%</b> |

## Summary Income Statement (TL mn)

|   | 30.09.2023    | 30.09.2024    | YoY Chg       |
|---|---------------|---------------|---------------|
| <b>Net Interest Income</b>                    | 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%         |
| <b>Net Banking Income</b>                     | <b>25,605</b> | <b>27,826</b> | <b>8.7%</b>   |
| Cost of Risk                                  | (539)         | (13)          | -97.5%        |
| <b>Net Operating Income</b>                   | <b>25,067</b> | <b>27,813</b> | <b>11.0%</b>  |
| 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%        |
| <b>Net Profit</b>                             | <b>10,981</b> | <b>9,278</b>  | <b>-15.5%</b> |



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# TEB is present in 70 cities



As of 30 September 2024

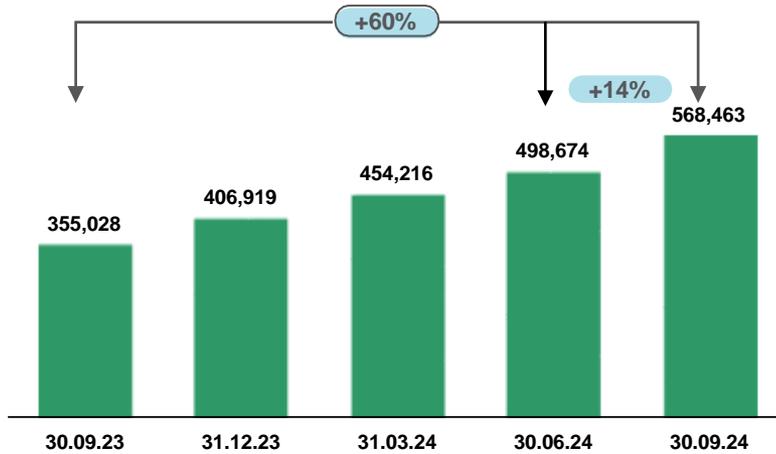
|                    |             |
|--------------------|-------------|
| Number of Clients  | 9.3 million |
| Number of Branches | 447         |
| Total Staff        | 7,948       |
| ATM                | 1,554       |



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# Sound & prudent balance sheet management

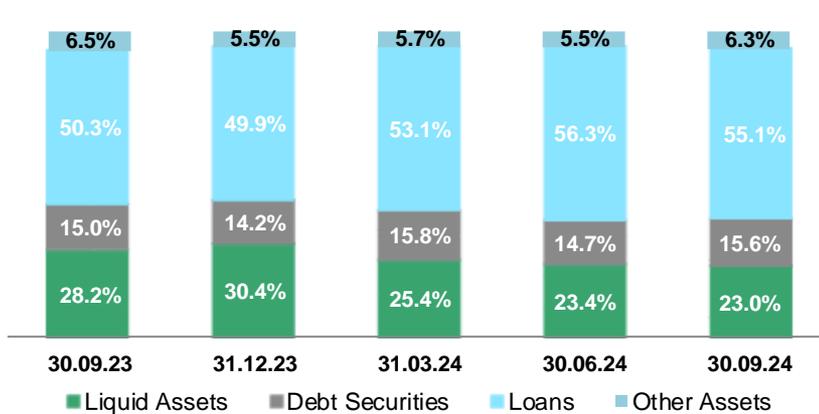
## Balance Sheet Growth (TL mn)



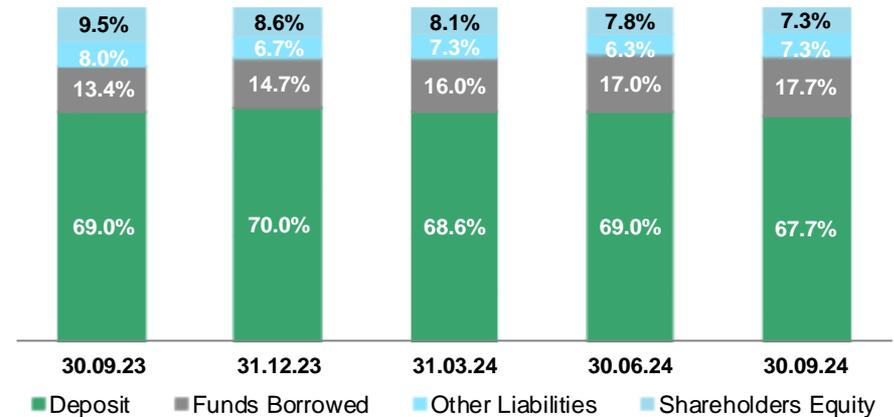
- Well balanced asset base grew :Assets growth continued through the expansion of loans and securities portfolios

- 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



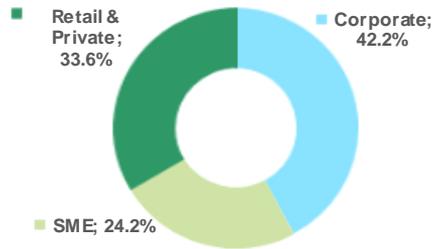
## Liability Compositions



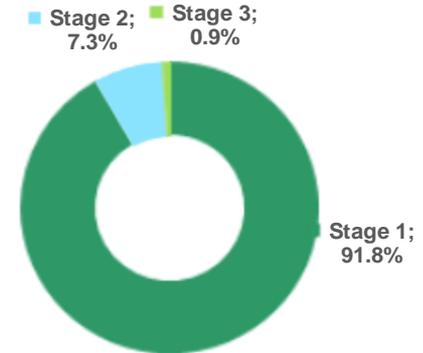
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# Strong & balanced loan portfolio composition on the back of robust market share gains in loans

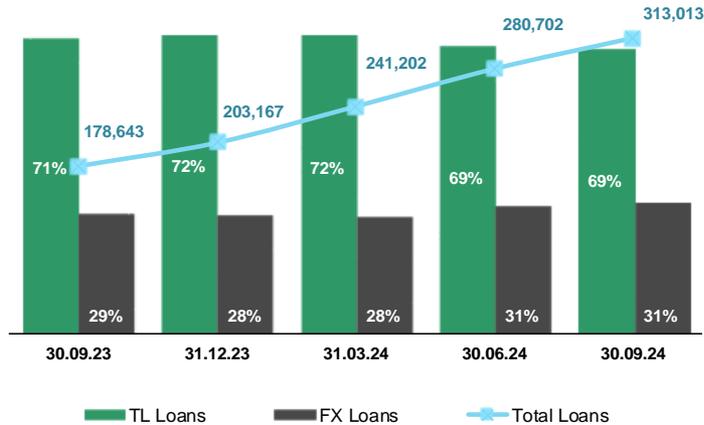
Performing Loans - Sep'24



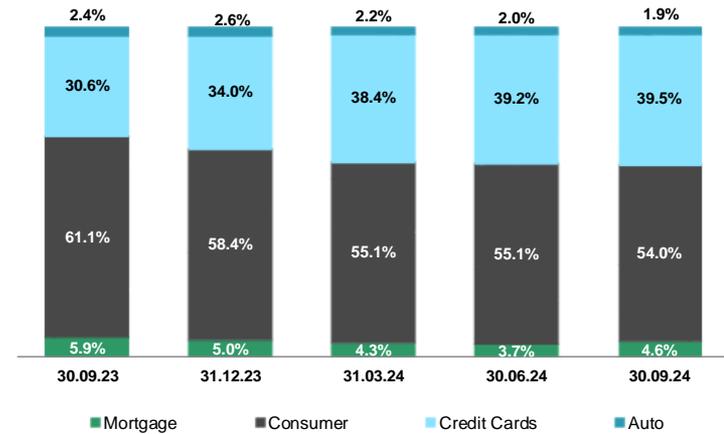
Loan Quality - Sep'24



Loan Composition by Currency



Breakdown of Retail Loans

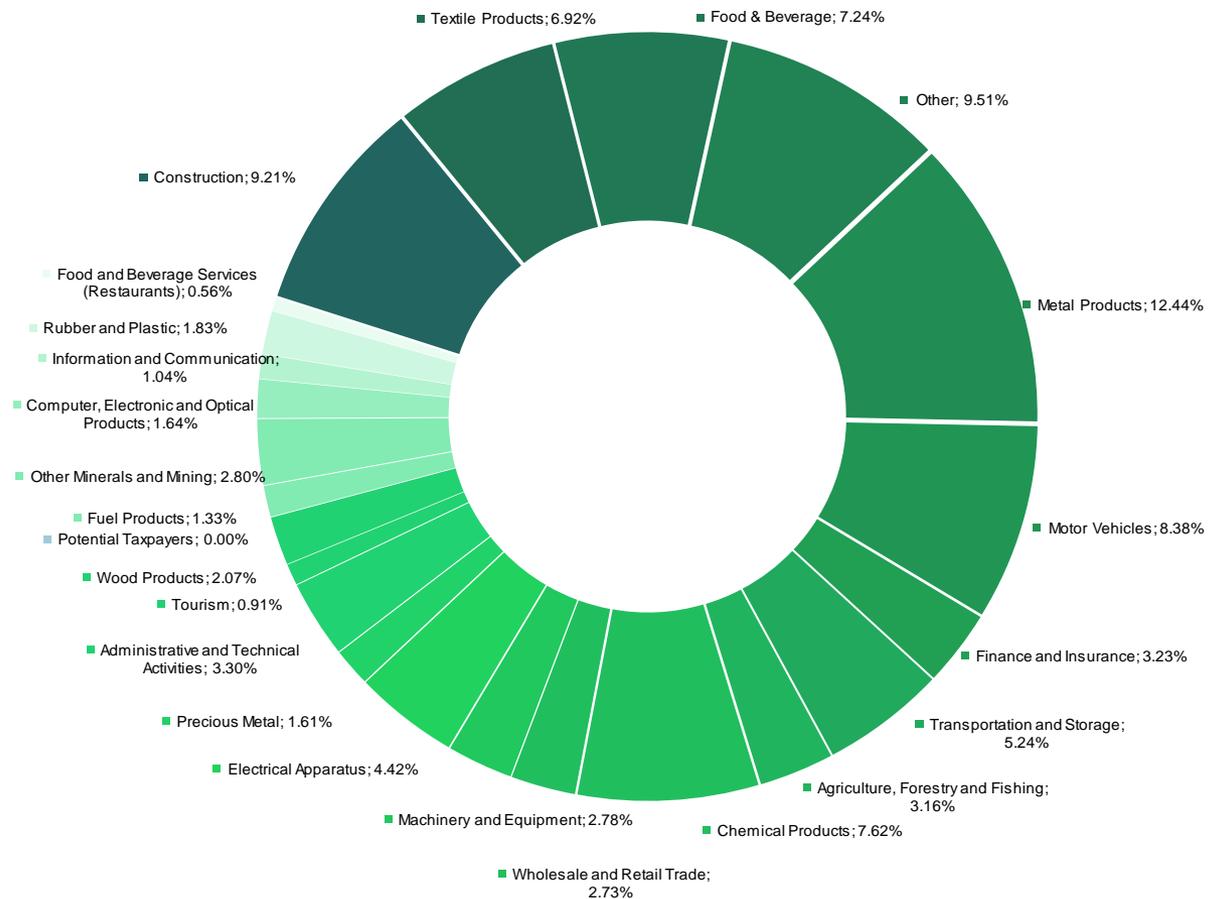


As of 30 September 2024, ESG cash loans constitute 3.5% of total cash loans of the Bank



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# Maintained well-diversified loan portfolio(\*)



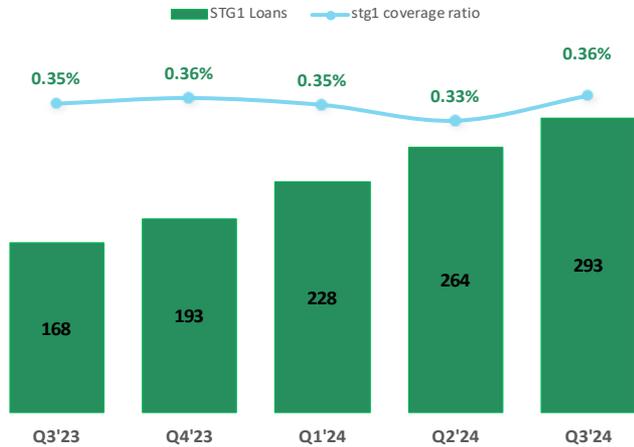
(\*) incl. non-cash loans, excl. retail loans



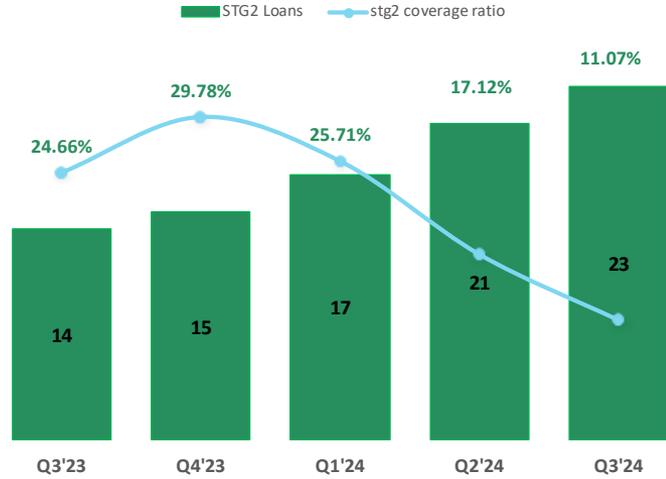
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# Conservative provisioning stance and staging policies maintained

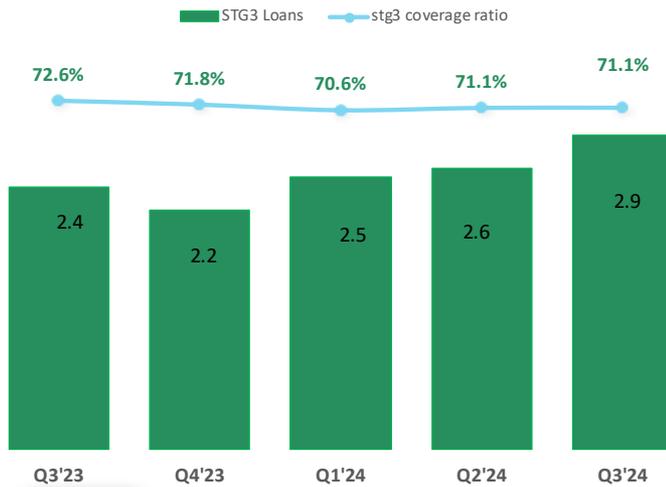
## Stage 1 Loans & Coverage



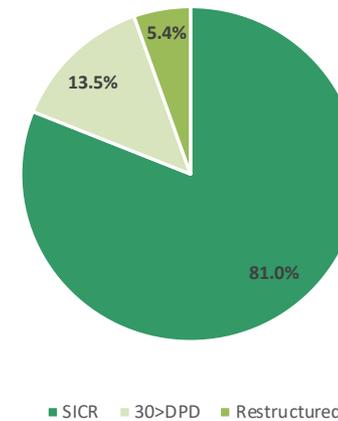
## Stage 2 Loans & Coverage



## Stage 3 Loans & Coverage



## Stage 2 Composition



Loan Balance = 23.3 Mio TL



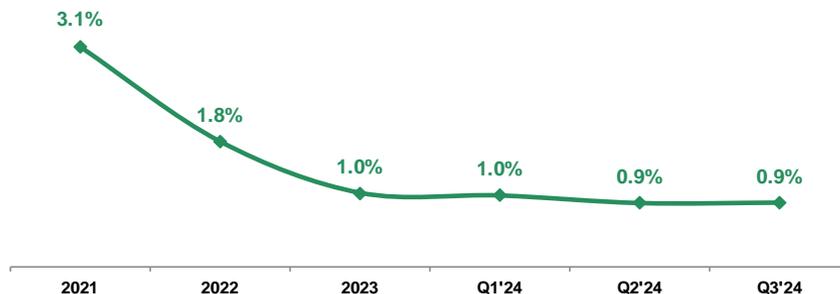
**TEB** (\*)exc. non-cash loans  
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# Improved asset quality on the back of a Prudent provisioning policy

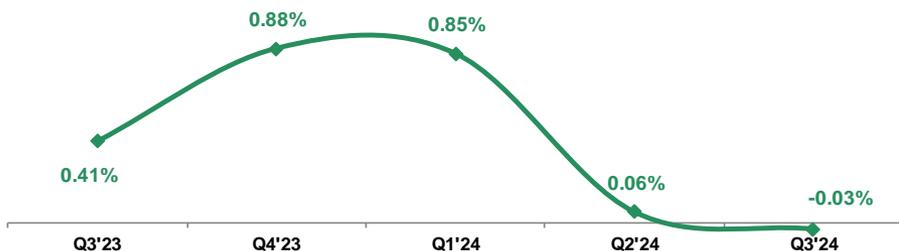
## Decreasing NPL trend & conservative provisioning policy

- 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

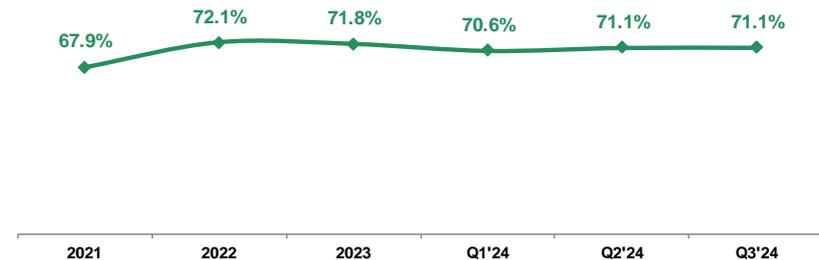
## NPL Ratio



## Cost of Risk



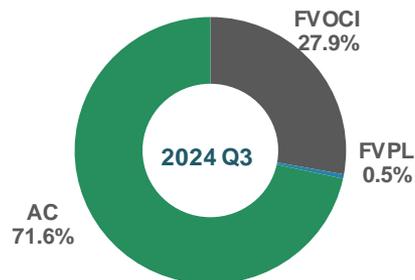
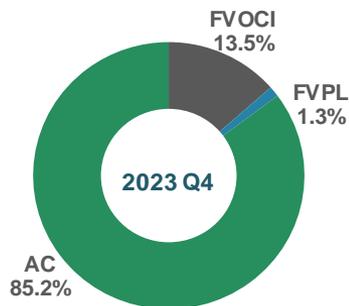
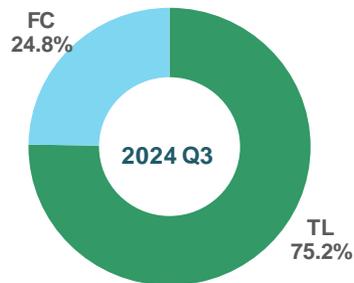
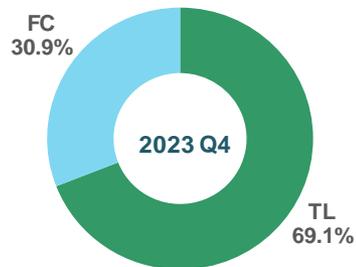
## Coverage Ratio



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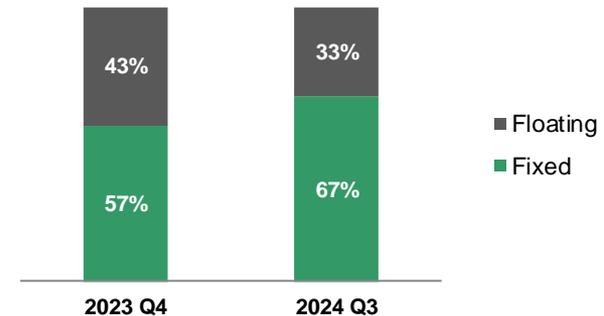
# Relatively higher fixed rate securities in Marketable Securities portfolio

## Total Securities Compositions

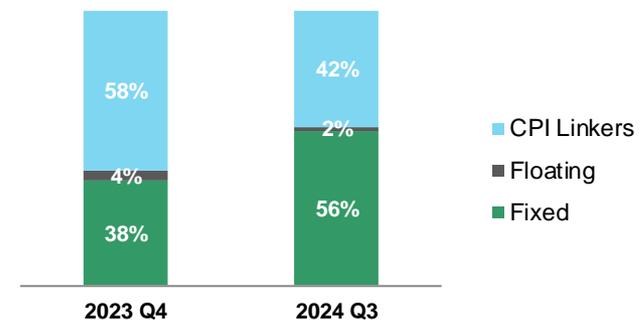


## Interest Rate Compositions

### 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

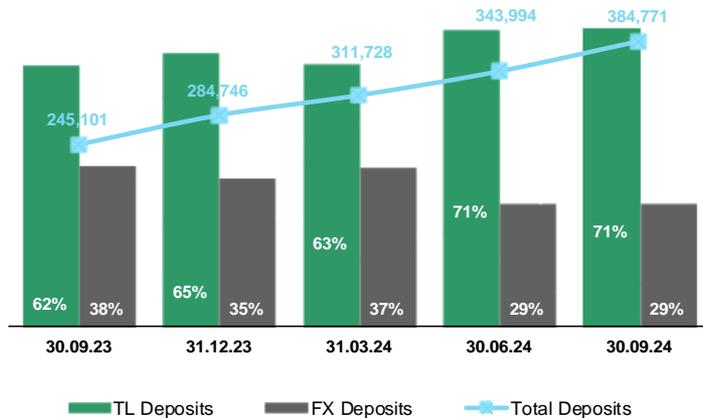


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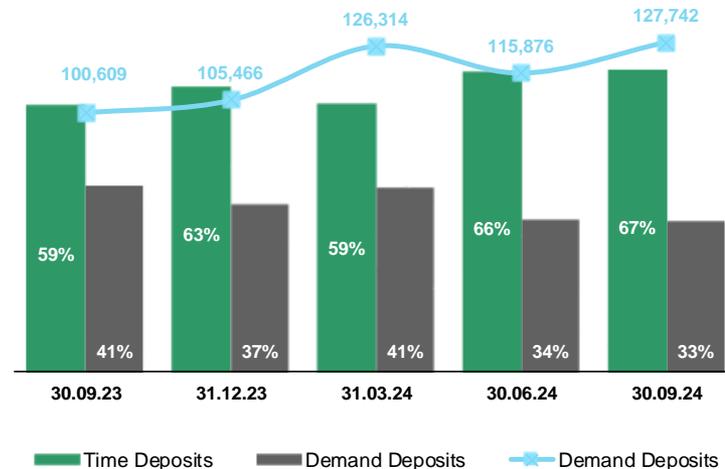
# Strong growth in customer deposits

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

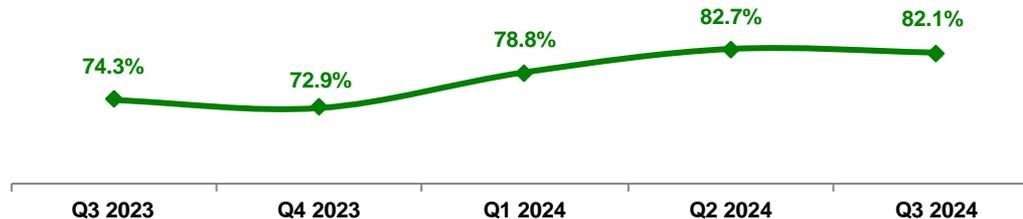
### TL/FX Deposit Compositions



### Time/Demand Deposit Compositions



### Loan / Deposit Ratio



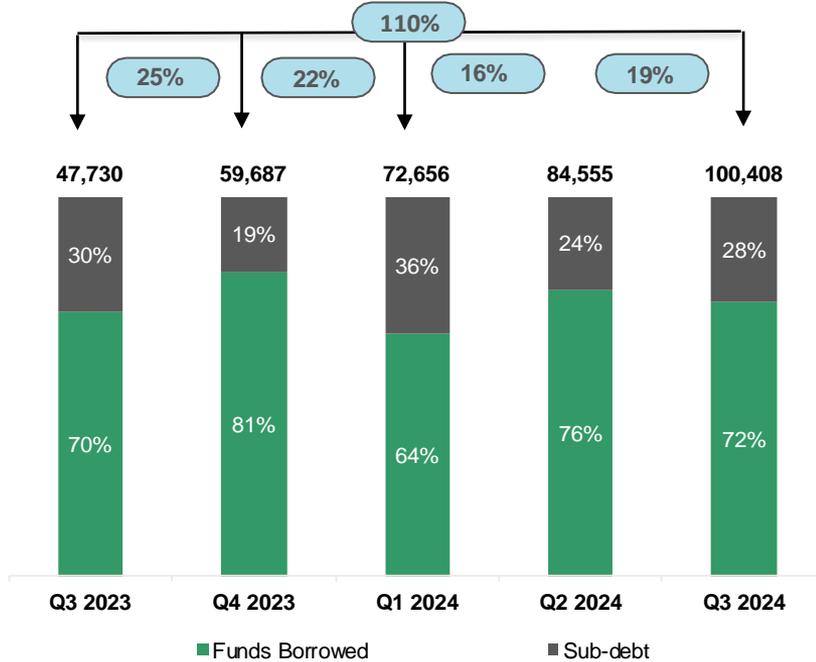
Low-level of LDR (82%) creates room for funding cost optimization & asset repricing.



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# Healthy funding mix

Wholesale Borrowing By Type



**LOW LEVERAGE**

**13x**  
Debt/Equity

**HIGHLY LIQUID BALANCE SHEET**

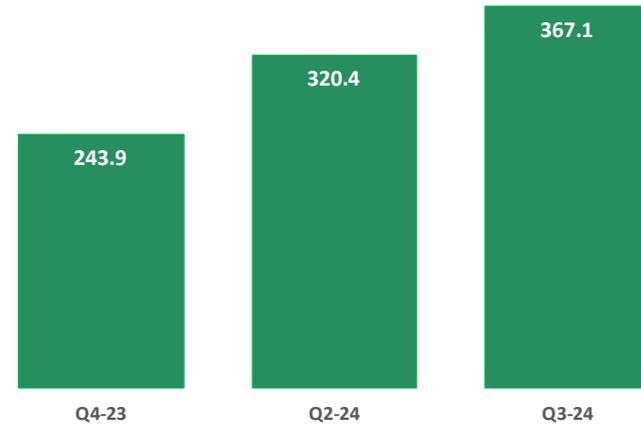
**\$610m**  
Short-term portion of external debt

**WELL-DIVERSIFIED FUNDING STRUCTURE**

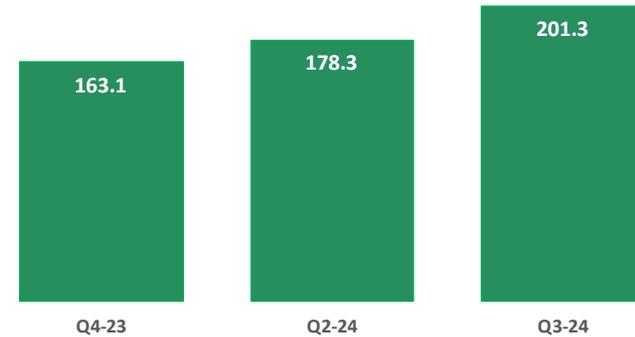
Cost-effective  
Tier-2 issuance  
Additional Tier 1 – AT1

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

TL Liabilities (TL bn)



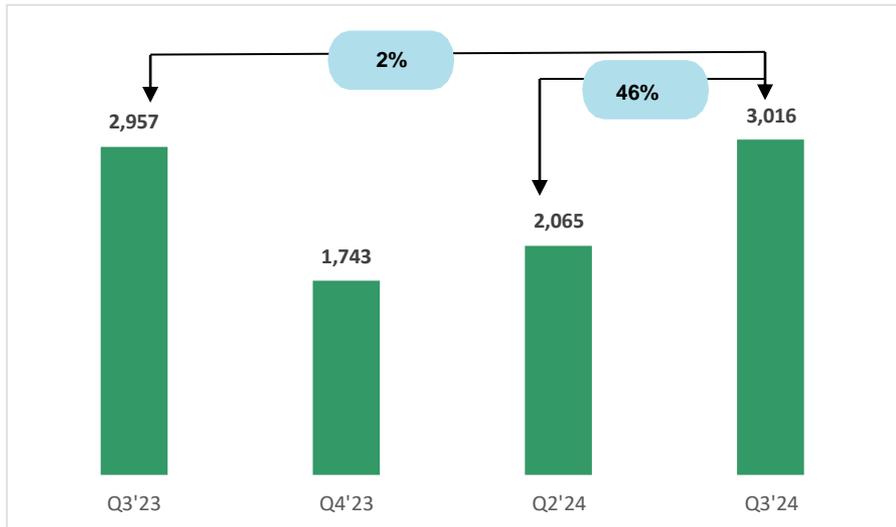
FC Liabilities (TL bn)



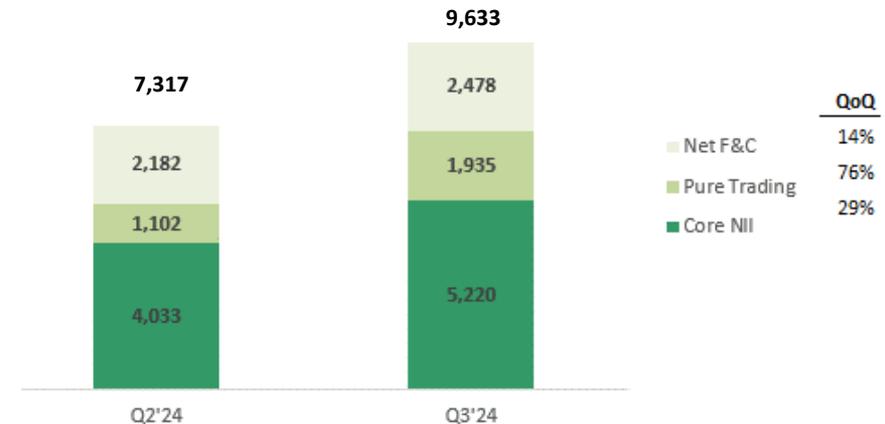
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# Core Banking Revenue

NET INCOME (Quarterly) (TL bn)



CORE BANKING REVENUE (Quarterly) (TL bn)



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

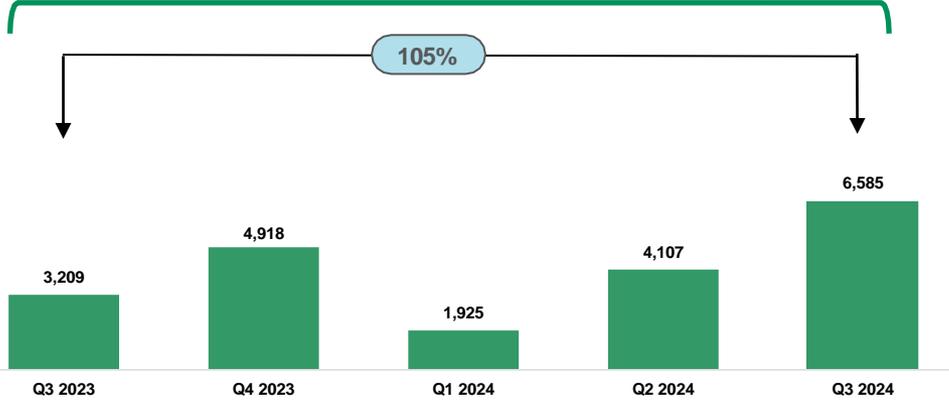
- Robust net fee income 14%(QoQ) increased thanks to improvement in payment systems and fee charged.
- Outstanding pure trading performance 76% (QoQ) increase; FX transaction gains remained strong, supporting trading.
- Despite pressure on spreads core NII increased 29% (QoQ) thanks to well-structured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



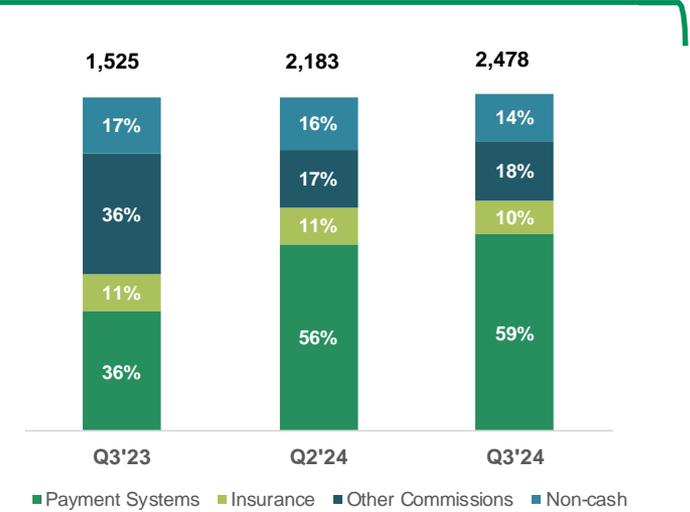
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# Net Fees and Commissions

Net fee & Commissions (cumulative, TL mn)



Net fee & Commissions (quarterly, TL mn)

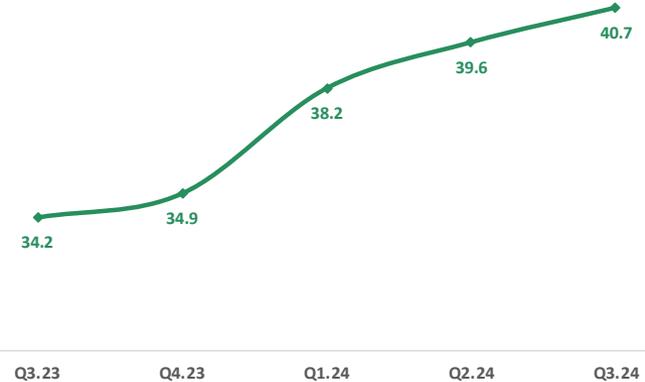


Outstanding performance on net fees and commissions and commissions led the growth on the back of higher transaction volumes and prices in banking and payment systems.

Fees / Total Income (%)



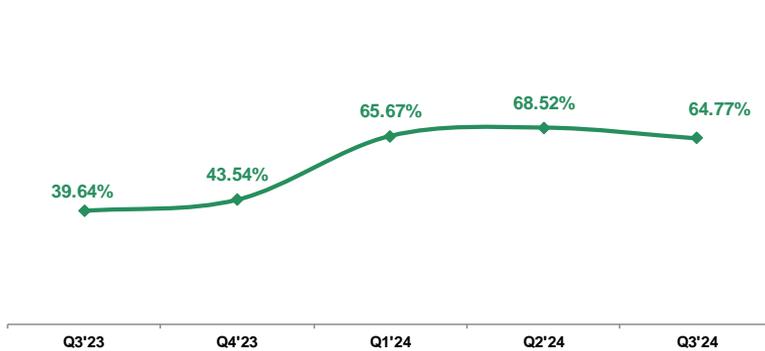
Fees / OpEx (%)



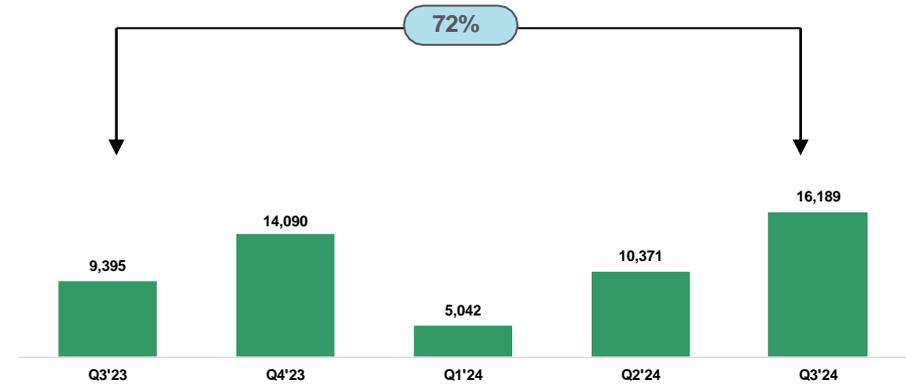
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# Improved Cost Income due to higher NBI & OPEX management

Cost / Income



OPEX / TL (cumulative, TL mn)



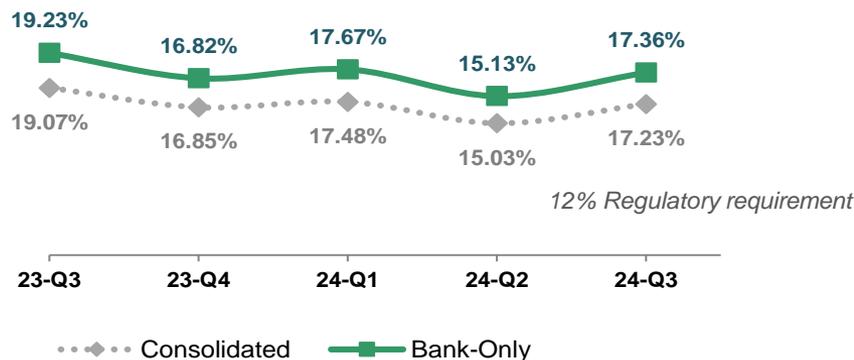
Successful cost control resulted in a good C/I ratio at 64.77%, despite upward pressures on costs from inflation and TL's depreciation.



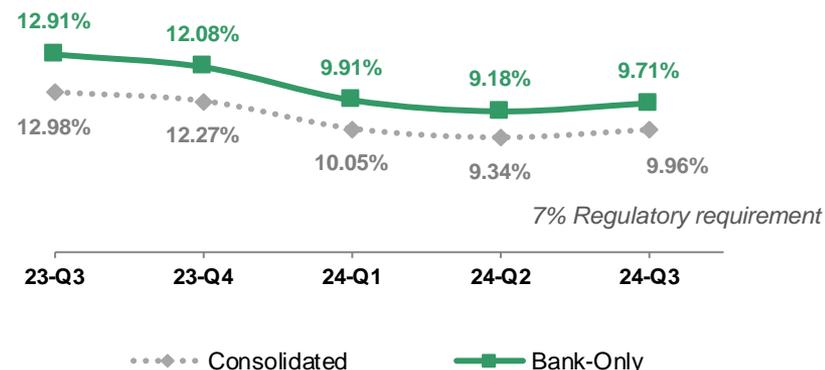
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# Efficient capital management with regulatory capital in excess of minimum requirements

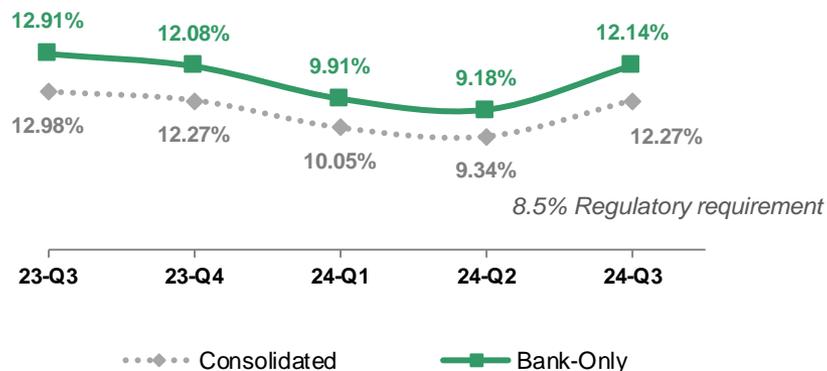
## Capital Adequacy Ratio



## 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.



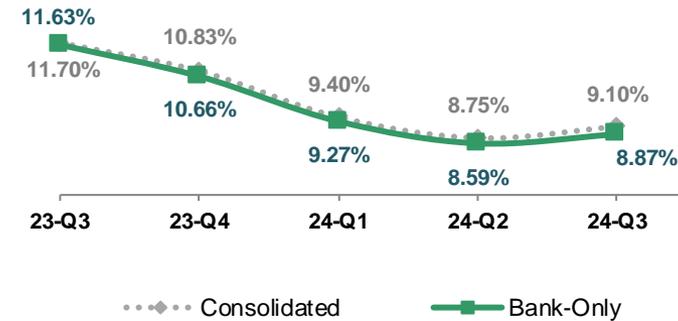
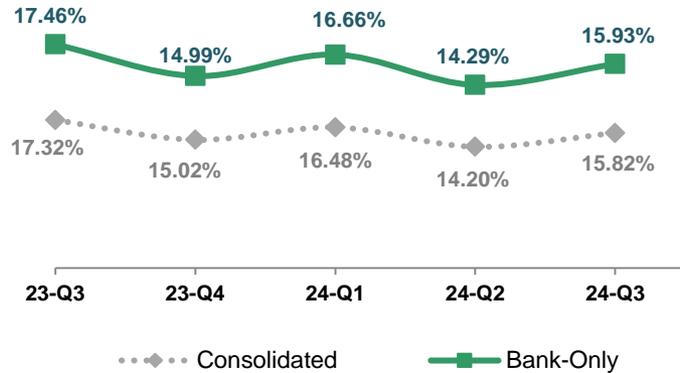
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# Efficient capital management with regulatory capital in excess of minimum requirements

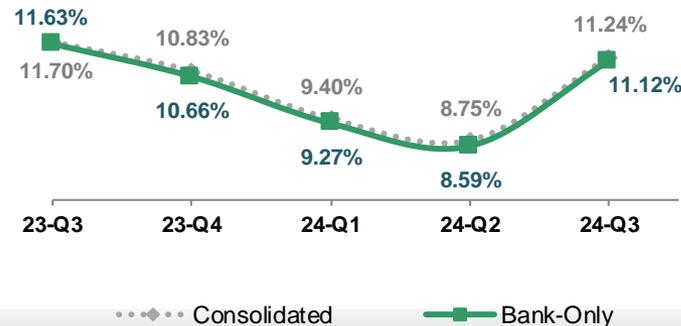
## CAR w/o Forbearance

## CET1 w/o Forbearance

Strong capital buffers well above regulatory limits even without forbearance



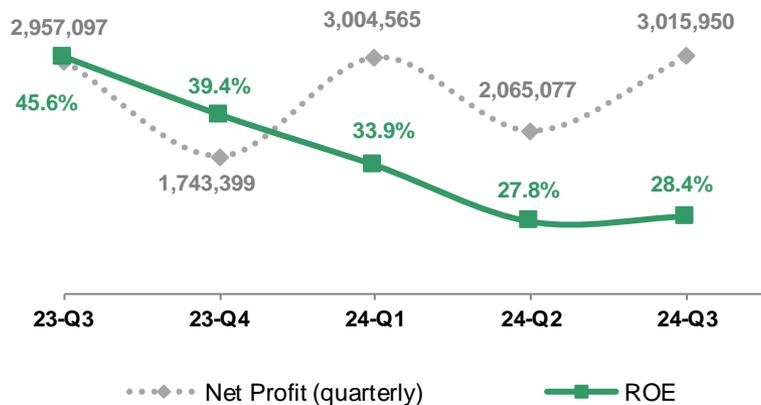
## Tier 1 w/o Forbearance



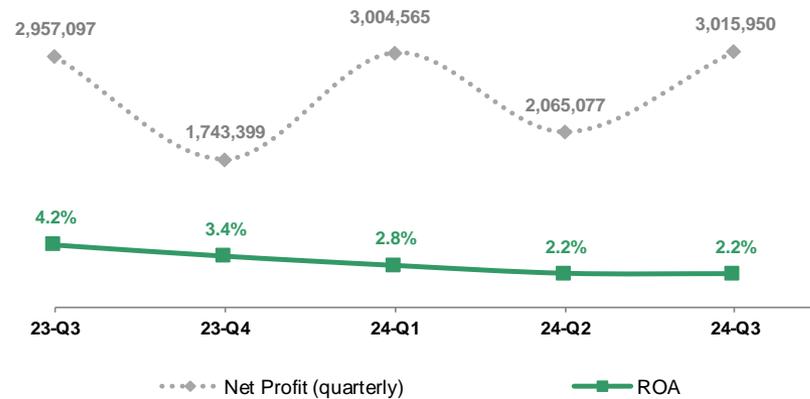
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# Return On Equity / Asset

## ROE



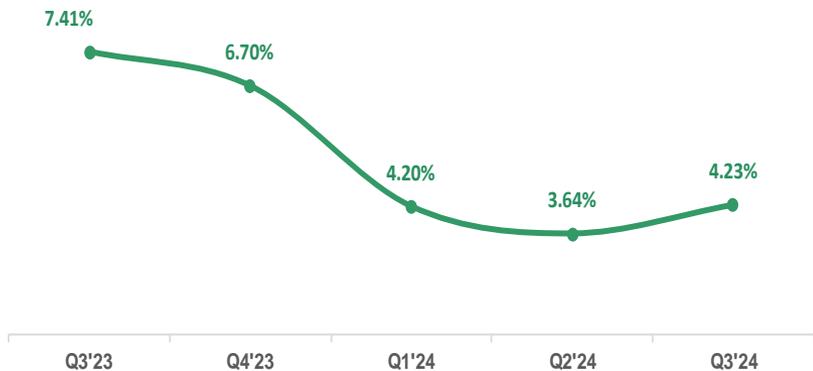
## ROA



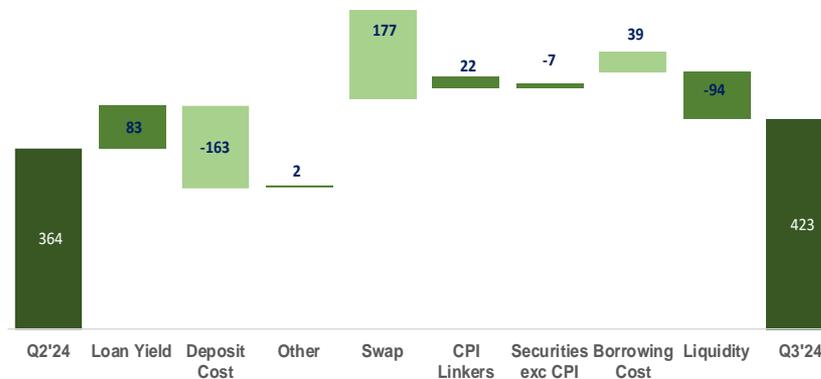
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# NIM & Spreads

## NIM



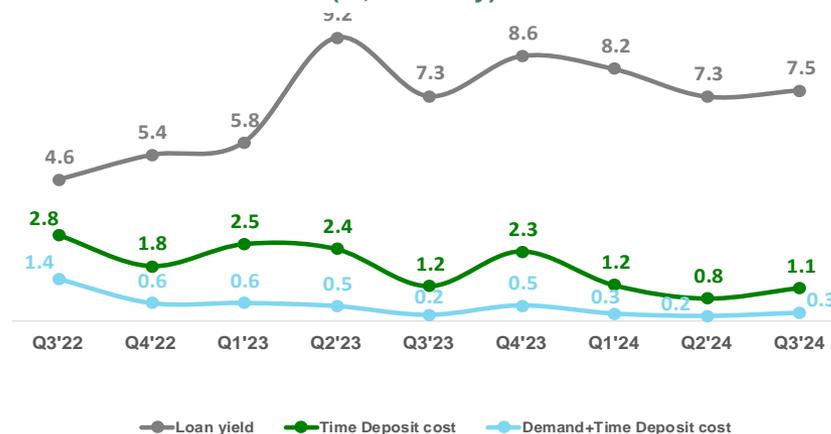
## Spread WF



## TL Interest Rates (% Quarterly)



## FX Interest Rates (% Quarterly)



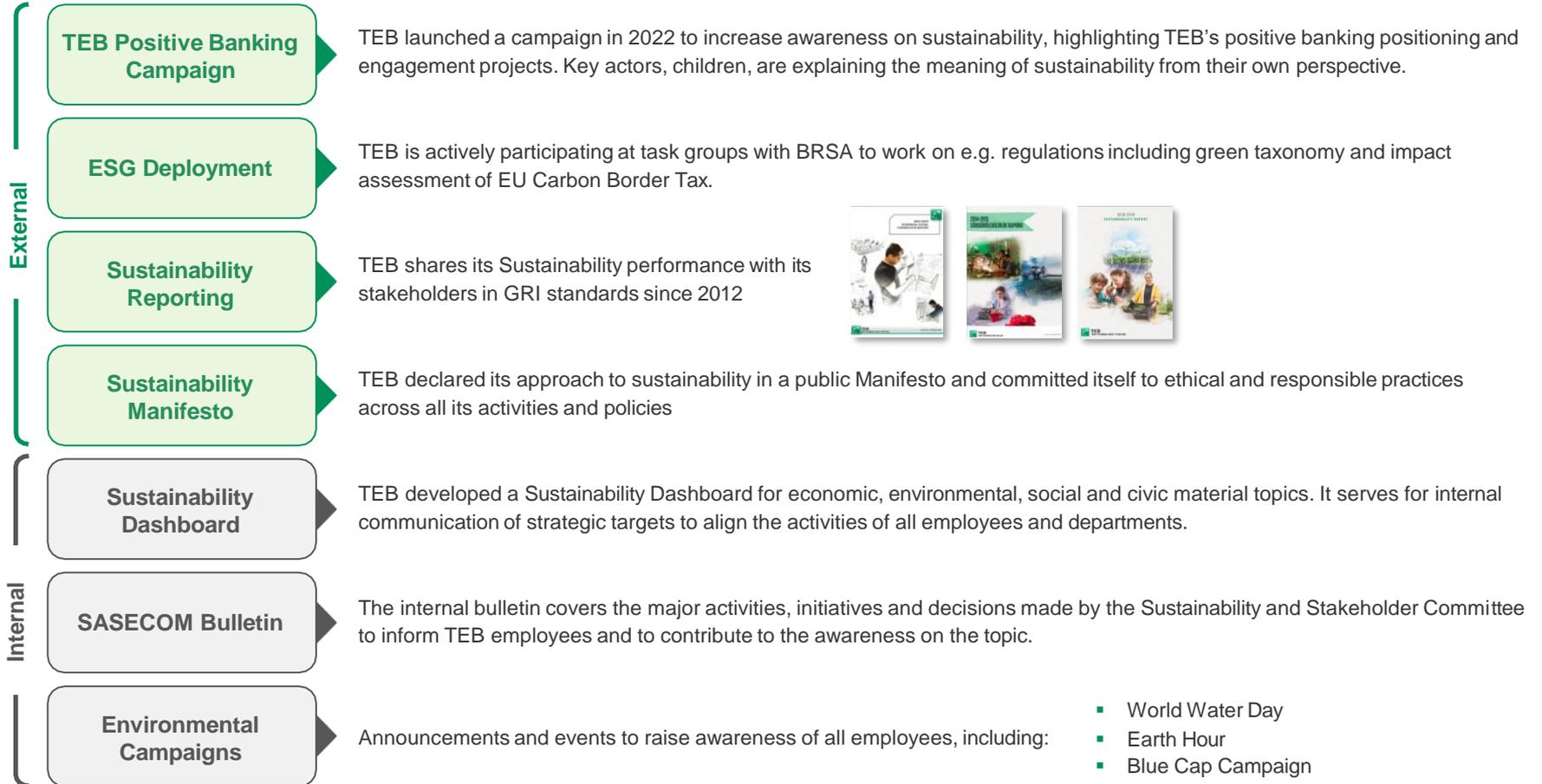
Declining spreads due to Central Bank's tightening monetary policy and impact of ongoing regulations especially higher reserve requirements.



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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



## 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

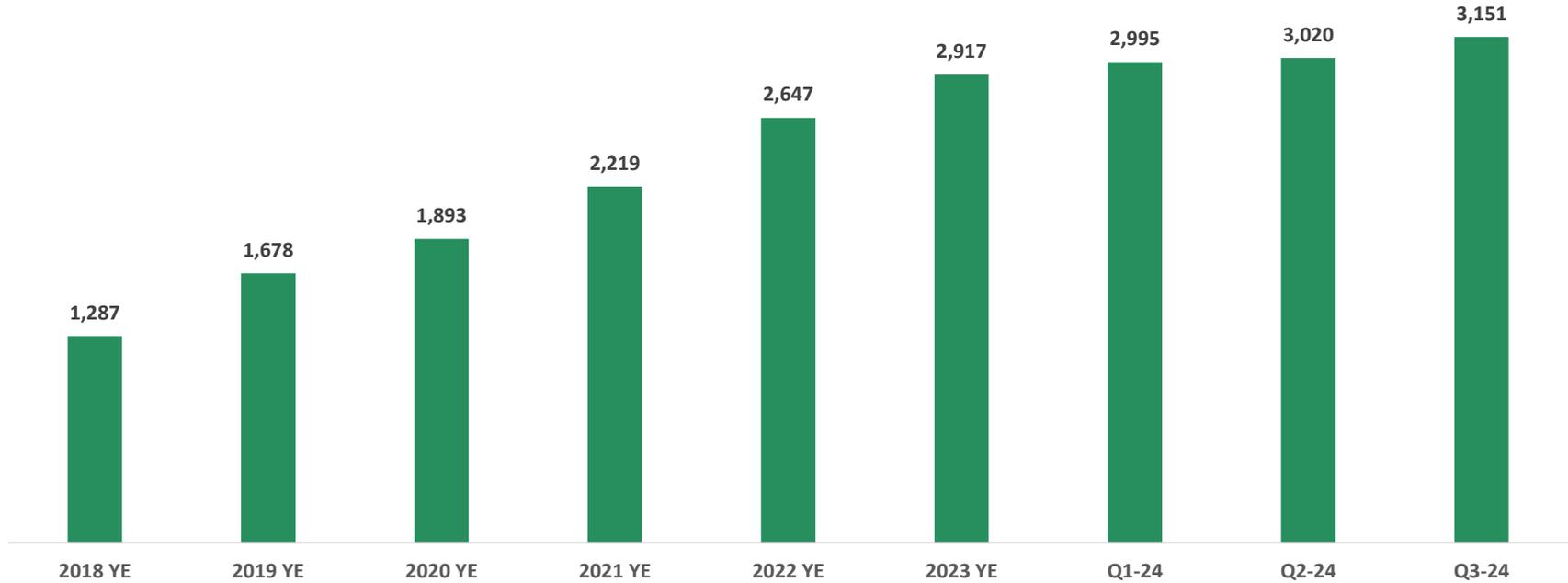
## ATM Network

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



# Digital Banking in 2024-Q3

# of Active Online Banking Clients\* (000s)



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