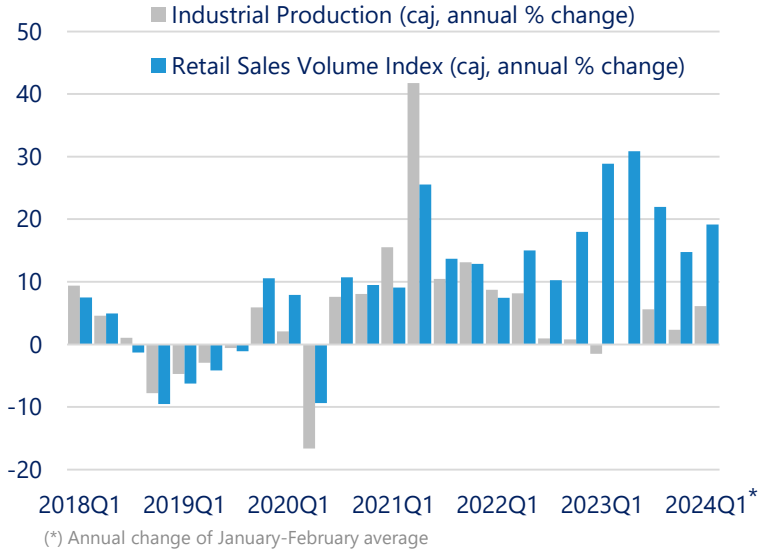


İŞBANK 2024 Q1 EARNINGS PRESENTATION

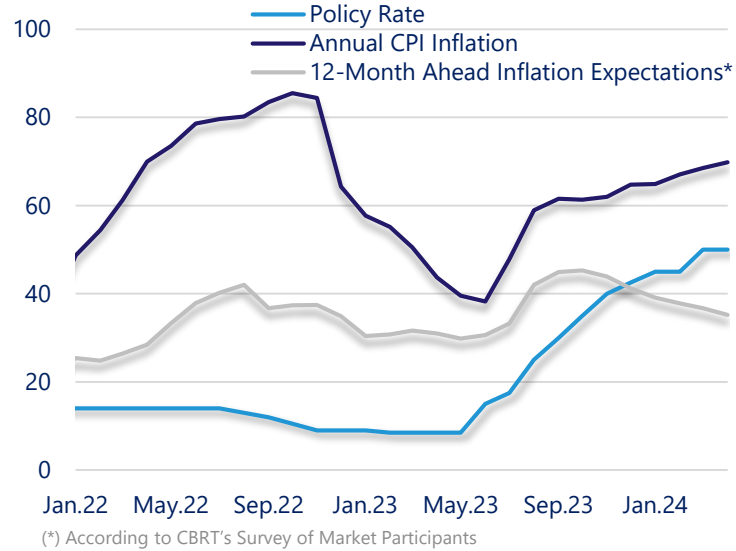
10 May 2024



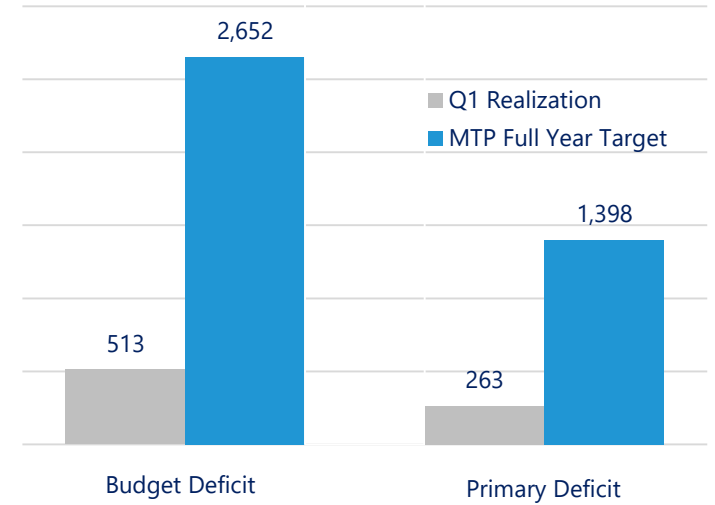
Economic Activity



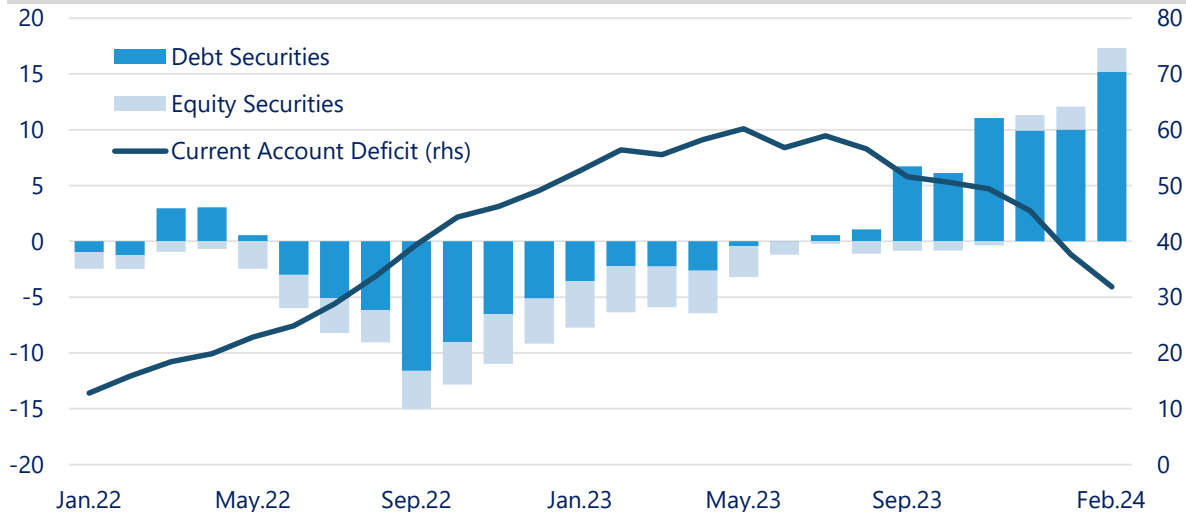
Policy Rate and Inflation (%)



Budget Deficit in Q1 (billion TRY)



Current Account Deficit and Portfolio Inflows (12 month cumulative, billion USD)



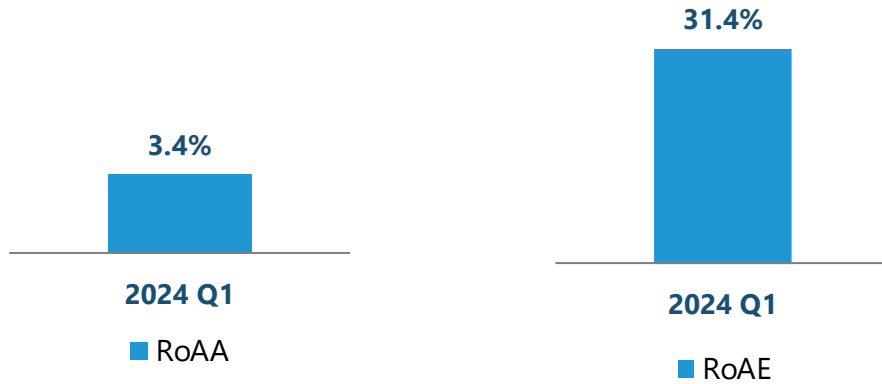
In the first quarter

- Domestic demand was more resilient than anticipated.
- Higher than expected inflation pushed for a tighter monetary policy stance.
- Improvement in current account deficit continued.

▶ Period's Highlights

- **Prudent Balance Sheet management approach against the backdrop of significant monetary tightening**
- **Managing the continued pressures on net interest margin**
- **Profitability supported by outstanding fee generation, clean trading income and subsidiaries contribution, as always helping counterbalance the impact of tightening in financial conditions**
- **Asset quality remaining intact**
- **Capital and liquidity maintained at solid levels**

Profitability Ratios ⁽¹⁾



Efficiency Ratios ⁽²⁾⁽³⁾ (adjusted)



2024 Q1 Revenue Growth & OPEX

-20% YoY
Net Interest Income

229% YoY
Clean Trading Income ⁽⁴⁾

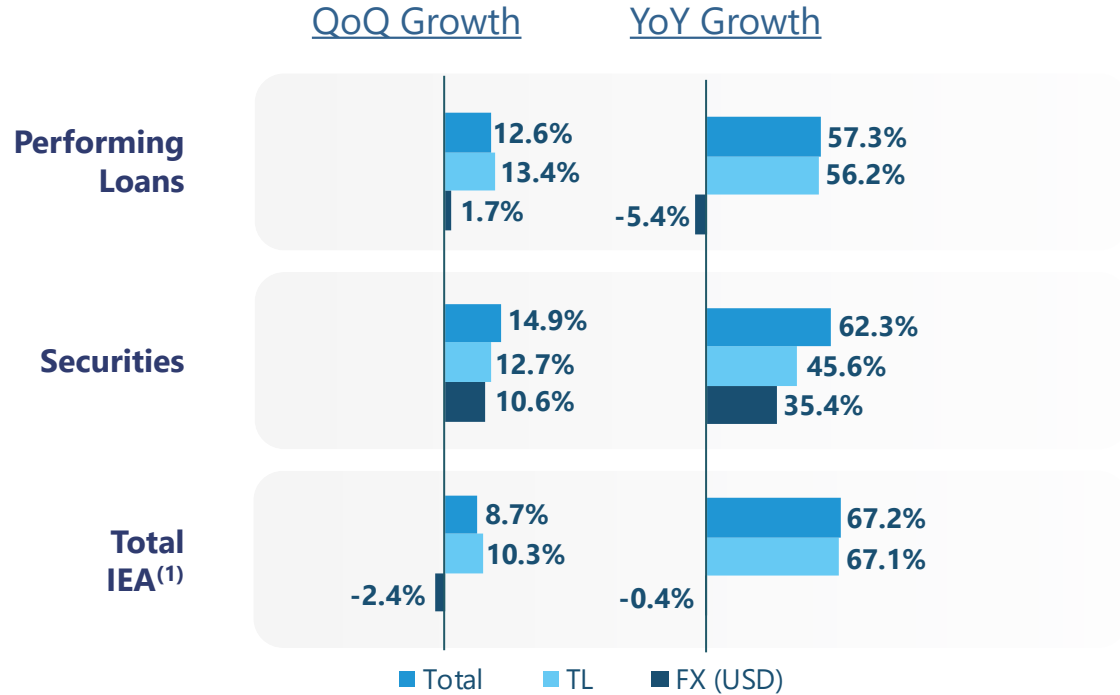
215% YoY
Net F&C

194% YoY
Subsidiary Income

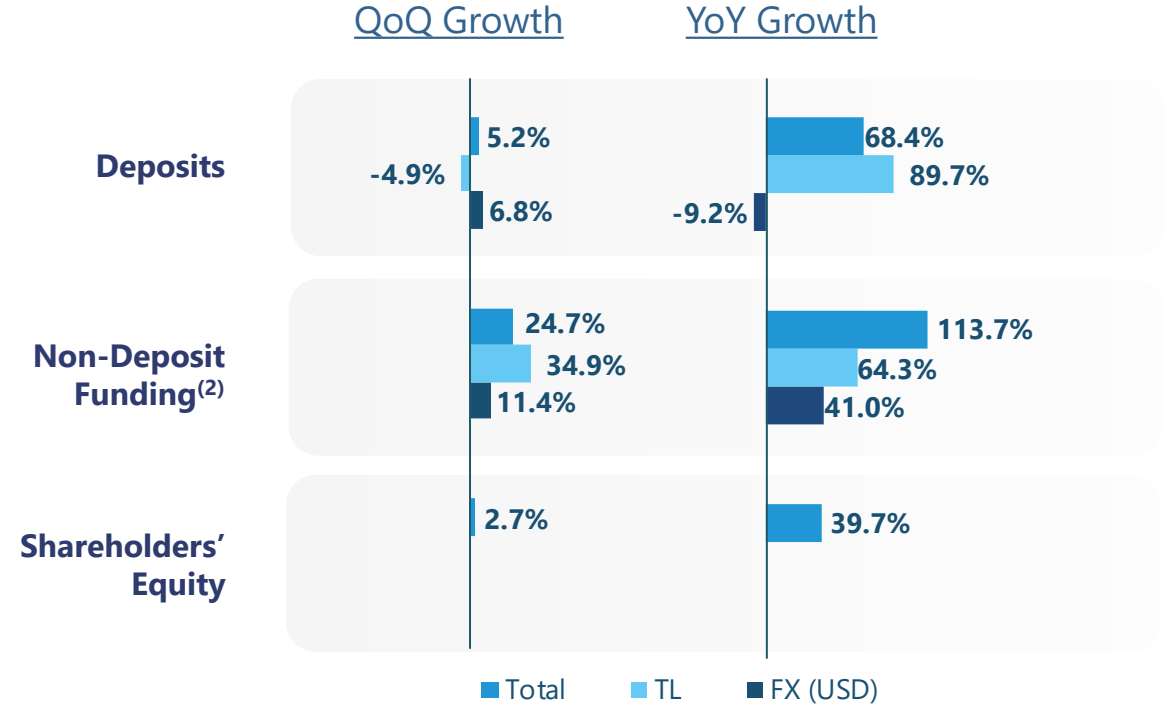
52% YoY
OPEX

(1) Calculations are based on trailing four quarters' data
 (2) Adjusted for non-recurring and other items.
 (3) Income figures include income from participations according to IAS 27.
 (4) Excluding swap cost

Assets



Liabilities



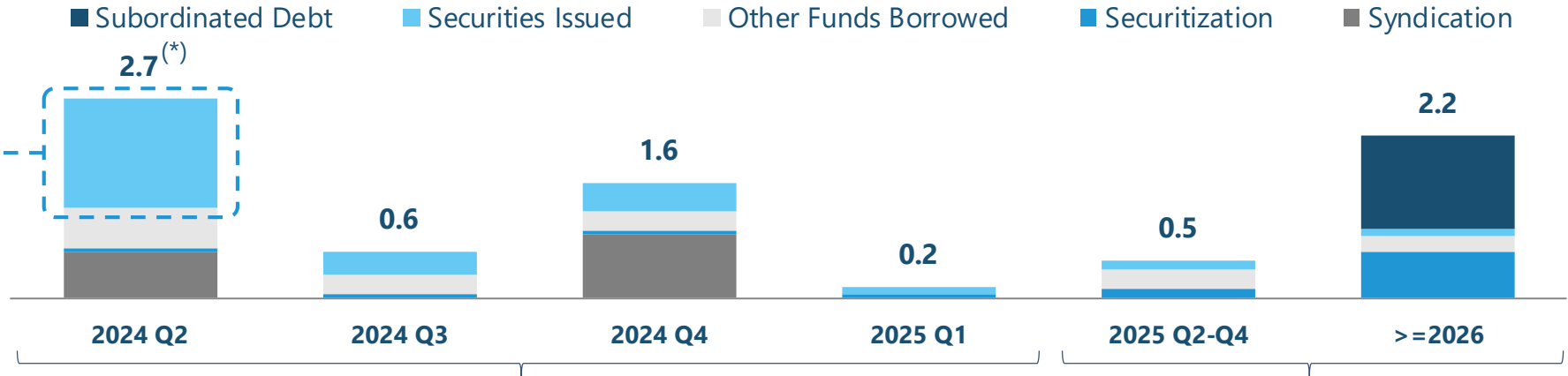
- ✓ **Total assets⁽³⁾**
- ✓ **Total loans⁽³⁾**
- ✓ **Total deposits⁽³⁾**
- ✓ **Demand deposits⁽³⁾**

Share of demand deposits:
45% in total

Share of core deposits:
72%

(1) Interest earning assets include Central Bank reserves.
 (2) Non-deposit funding includes repo&money market, funds borrowed, securities issued and subordinated debt.
 (3) Among private sector banks

Maturity Profile of FX Wholesale Funding⁽¹⁾ (bn. USD)



(*) 1.25 bn USD senior eurobond redeemed in April

Short Term FX Liabilities: 5.1 billion USD^(*)

Long Term FX Liabilities: 2.7 billion USD

❖ **Strong Liquidity:**
Total LCR: **172%** FX LCR: **387%**

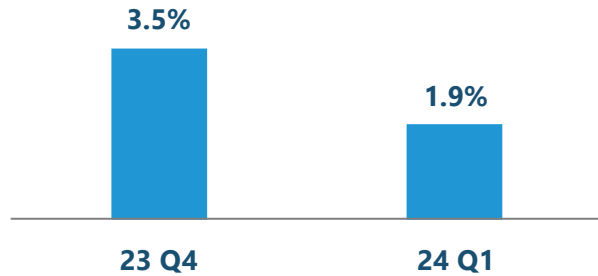
❖ **Share of Sustainable Funding in FX Wholesale Funding: 45%**

❖ «100th Anniversary» first green bond public offering amounting to 4.5 bn TL

(1) Excluding repo transactions.

Adjusted Net Interest Margin⁽¹⁾⁽²⁾

Quarterly

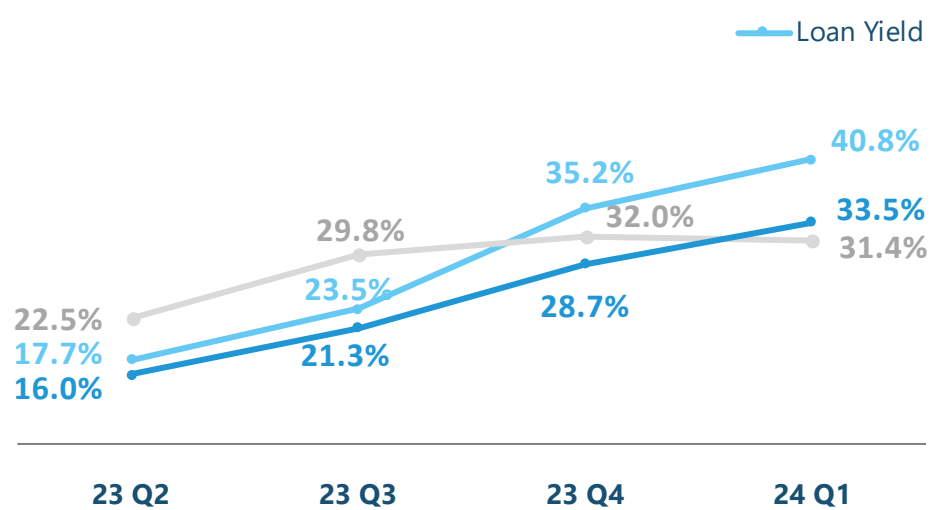


In The First Quarter:

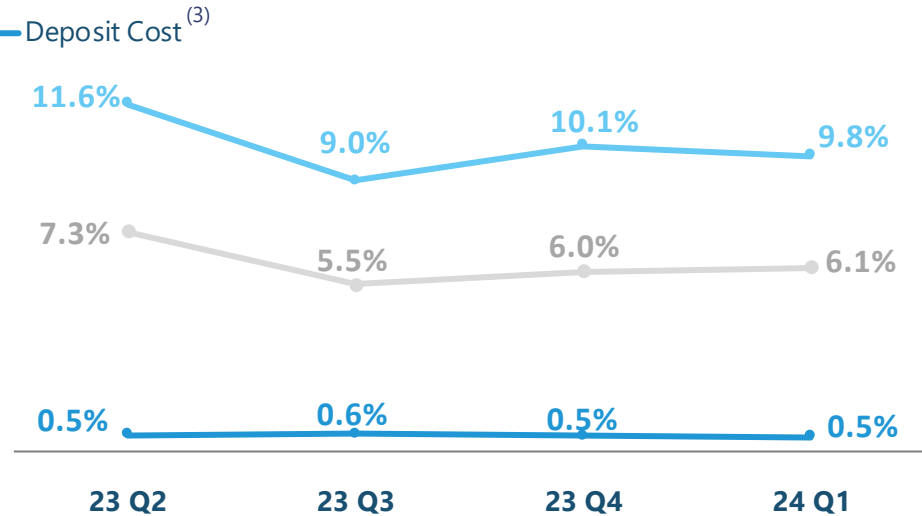


RRR impact on NIM: **-200** bps

Yield & Cost⁽¹⁾ (quarterly, TL)

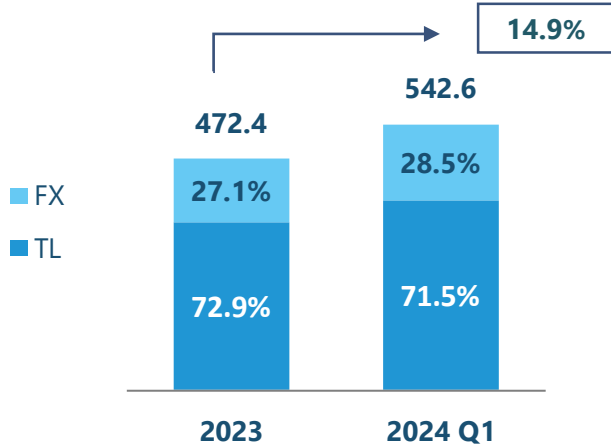


Yield & Cost⁽¹⁾ (quarterly, FX)

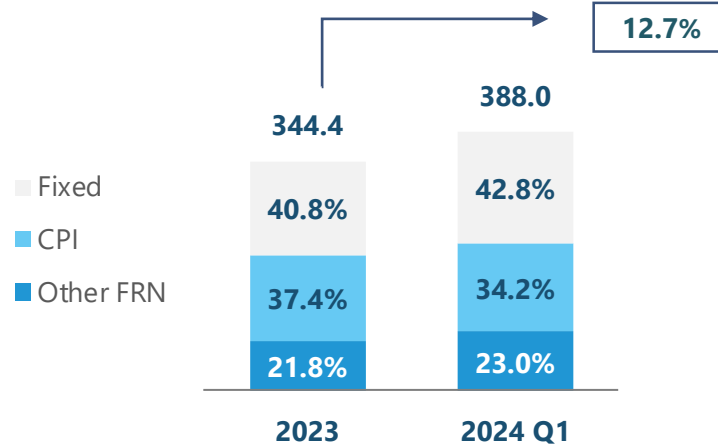


(1) Based on MIS data.
 (2) (Net Interest Income + Trading Income/Loss) / Average Interest Earning Assets. Interest earning assets include Central Bank reserves.
 (3) Including demand deposits.

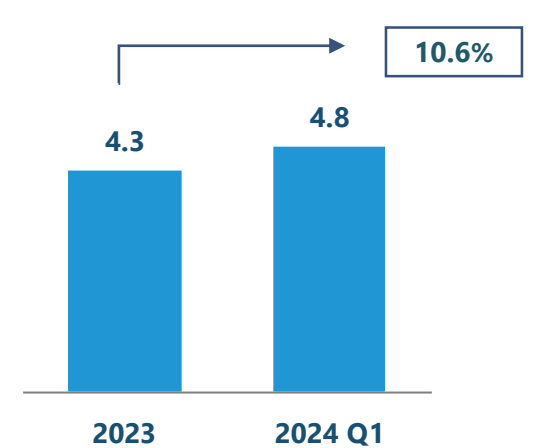
Total Securities (bn. TL)



TL Securities (bn. TL)



FX Securities (bn. USD)

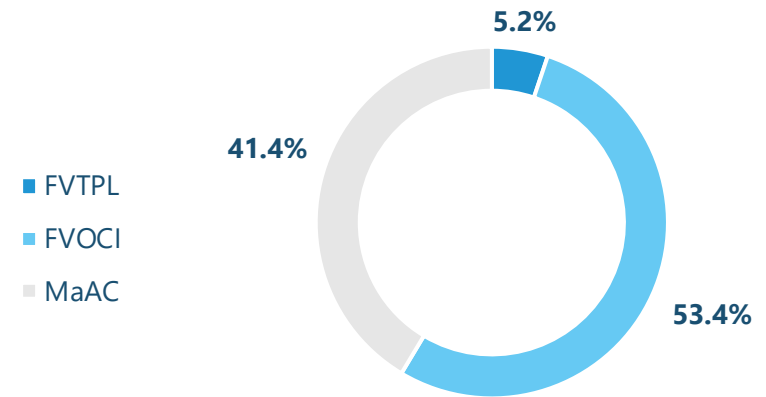


CPI Linkers

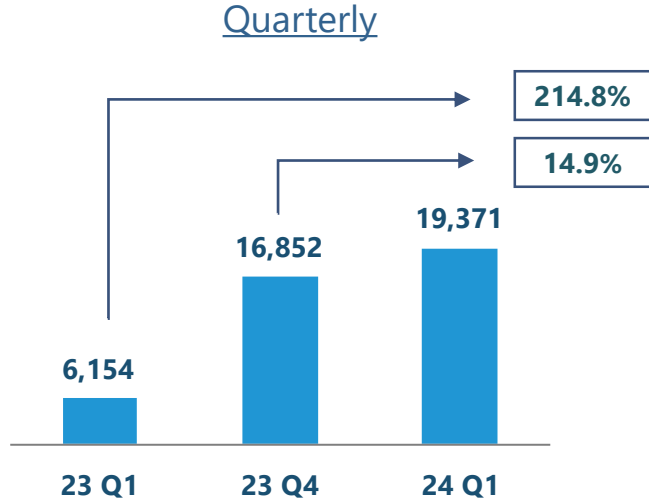
CPI Linkers	23 Q4	24 Q1
Yield	62.37%	51.49%
Interest Income (mn. TL)	13,197	12,327

Inflation	23 Q4	24 Q1
12-Month Ahead Inflation Expectation	41.23%	36.70%
Headline	64.77%	68.50%

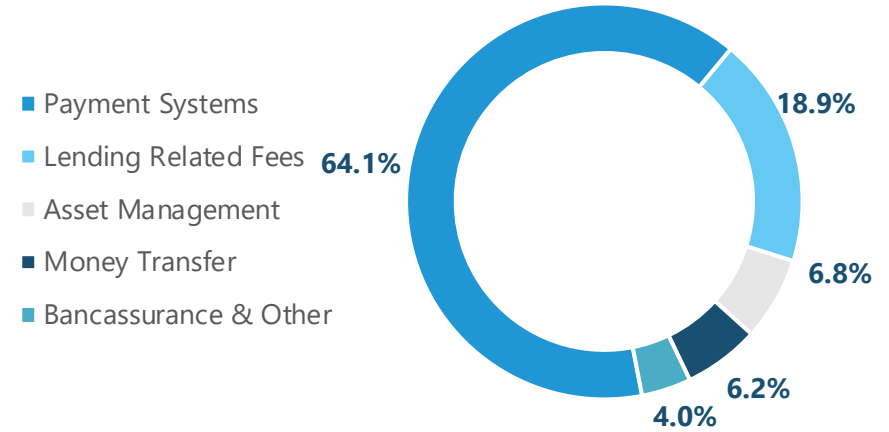
Breakdown of Securities



Net Fees and Commissions (mn. TL)



Net F&C Composition (2024 Q1)



Remarkable F&C Growth (2024 Q1, yoy)

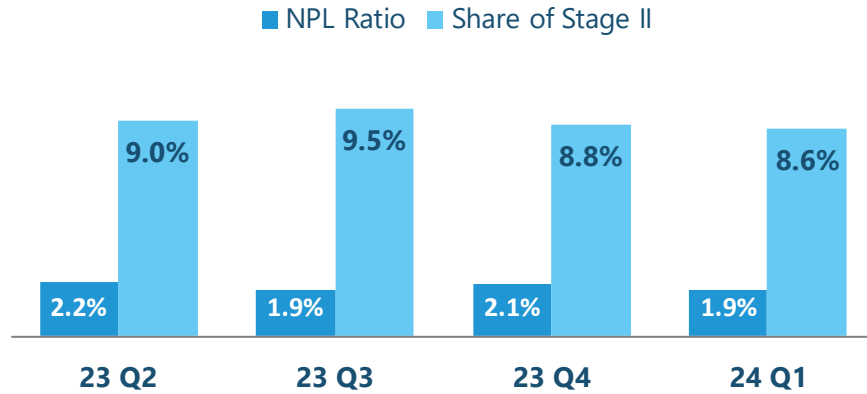
Payment Systems
391%

Asset Management
114%

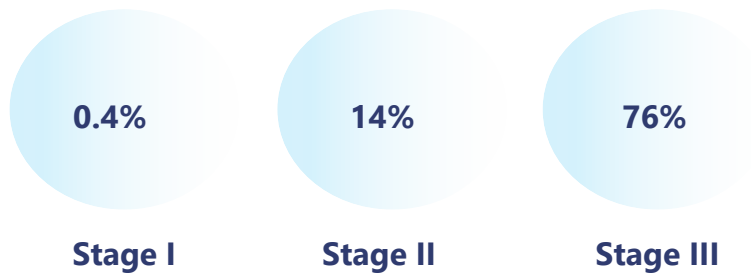
Cash Loans
106%

Money Transfer
86%

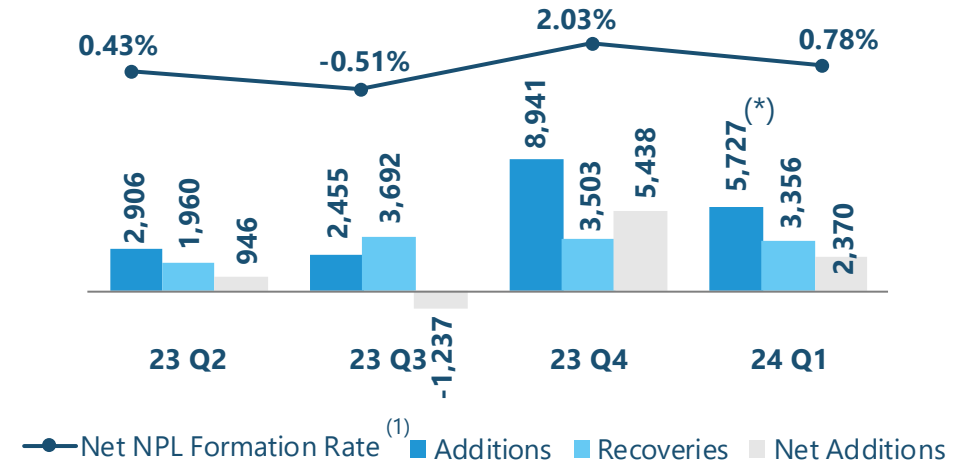
NPL Ratio & Stage II



Strong Coverage Ratios (2024 Q1)



Net NPL Formation (mn. TL, quarterly)



- ❖ Strong collection performance in 2024 Q1: **31%**
- ❖ Highest Stage 3 coverage ratio⁽²⁾: **76%**

- ❖ Total Net Cost of Risk⁽³⁾ for 2024 Q1: **56 bps**, incl. currency impact

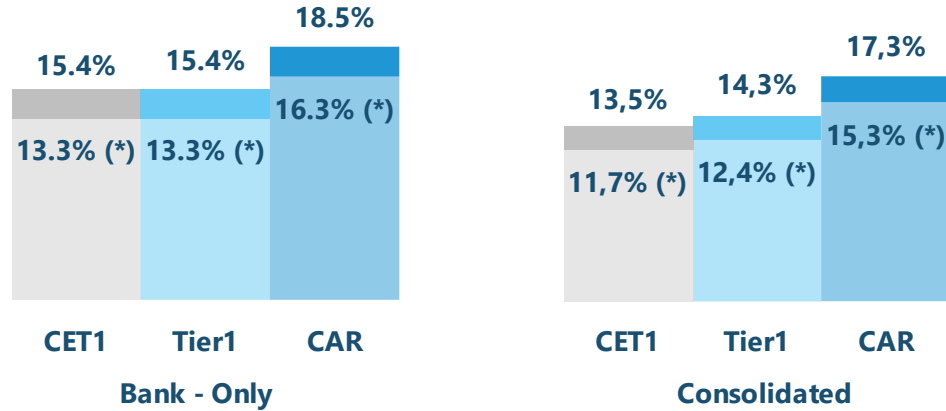
(*) Includes one big ticket file of 1,755 mn TL

(1) Net NPL Formation / Average Performing Loans

(2) Among peers

(3) (Stage 1+2+3 Expected Credit Losses-Reversals) / Average Gross Loans. See appendix for details.

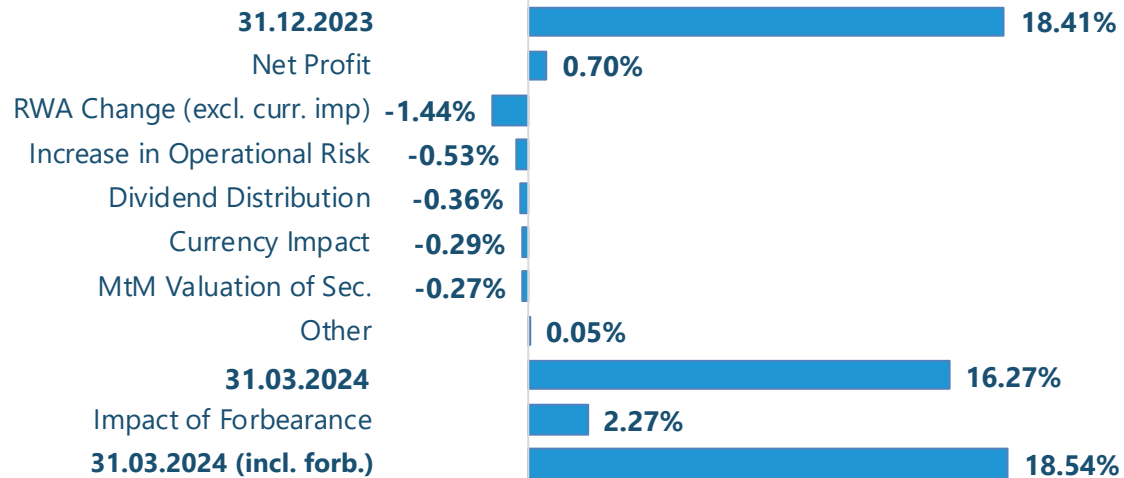
Capital Ratios (2024 Q1)



Minimum Capital Requirements (2024, %)

	Bank-Only	Consolidated
CET 1 Ratio	7.07	8.58
Tier 1 Ratio	8.57	10.08
CAR	10.57	12.08

Change in Capital Adequacy Ratio



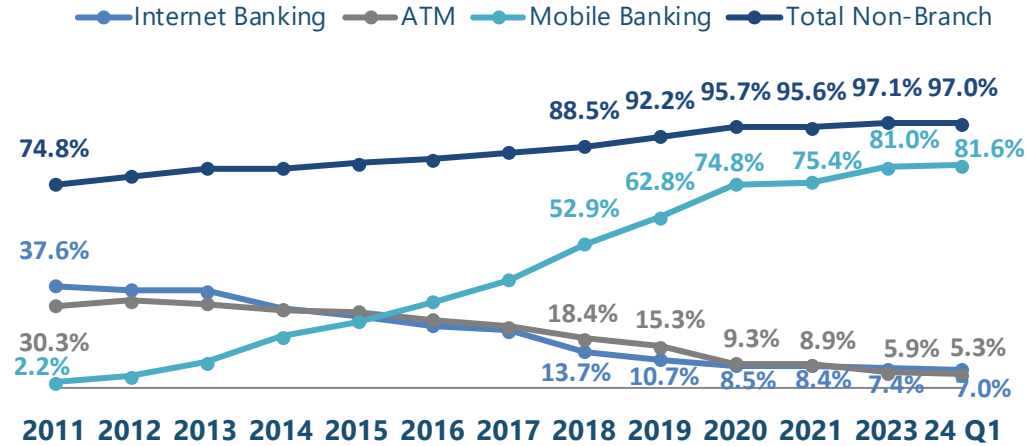
Excess Capital

Excess Capital (TL mn)	Reported	Without Forbearance
Bank-Only		
CET 1 Ratio	156,051	125,270
Tier 1 Ratio	127,815	94,963
CAR	149,971	125,270
Consolidated		
CET 1 Ratio	107,931	73,235
Tier 1 Ratio	92,264	55,161
CAR	114,242	76,286

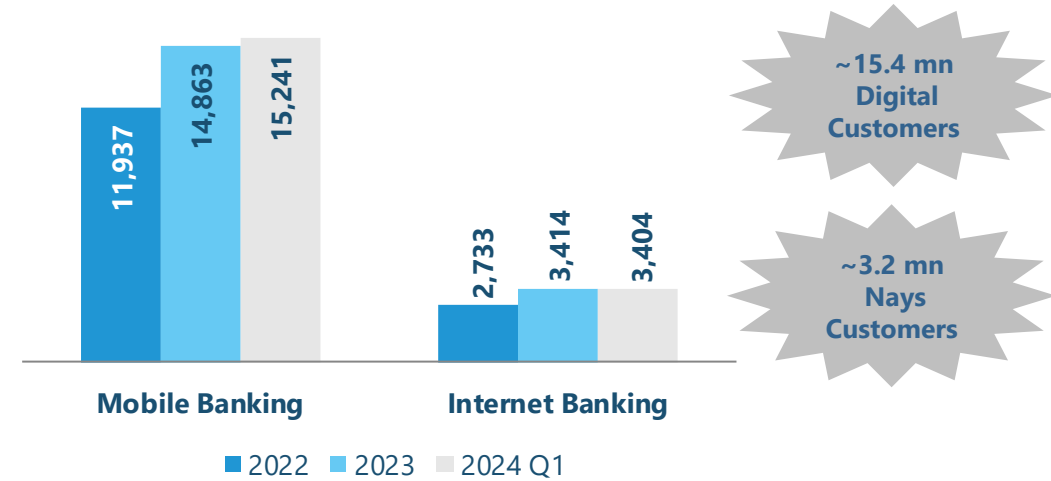
- **Page 13 - Strong Focus on Digitalisation**
- **Page 14 - Sustainability Journey**
- **Page 15 - Sustainability Structure**
- **Page 16 - Sustainability Achievements**
- **Page 17 - Net Cost of Risk**
- **Page 18 - Decomposition of OPEX**
- **Page 19 - Asset Structure**
- **Page 20 - Loans**
- **Page 21 - Loan Composition**
- **Page 22 - Liabilities Structure**
- **Page 23 - Deposits**
- **Page 24 - Income Statement Highlights**
- **Page 25 - Fees & Commissions Income**

Strong Focus on Digitalisation

Evolution of Share of Transactions per Channel



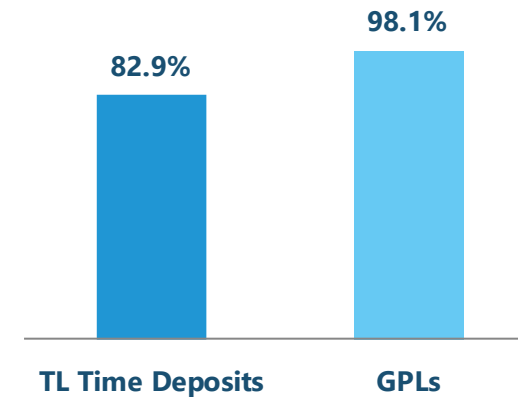
Digital Banking - Number of Digital Customers ('000)



Mobile Banking Market Shares (1)

# Transactions	
Investment	20,8%
Credit Cards	14,6%
Money Transfer	10,6%
Payment	11,5%

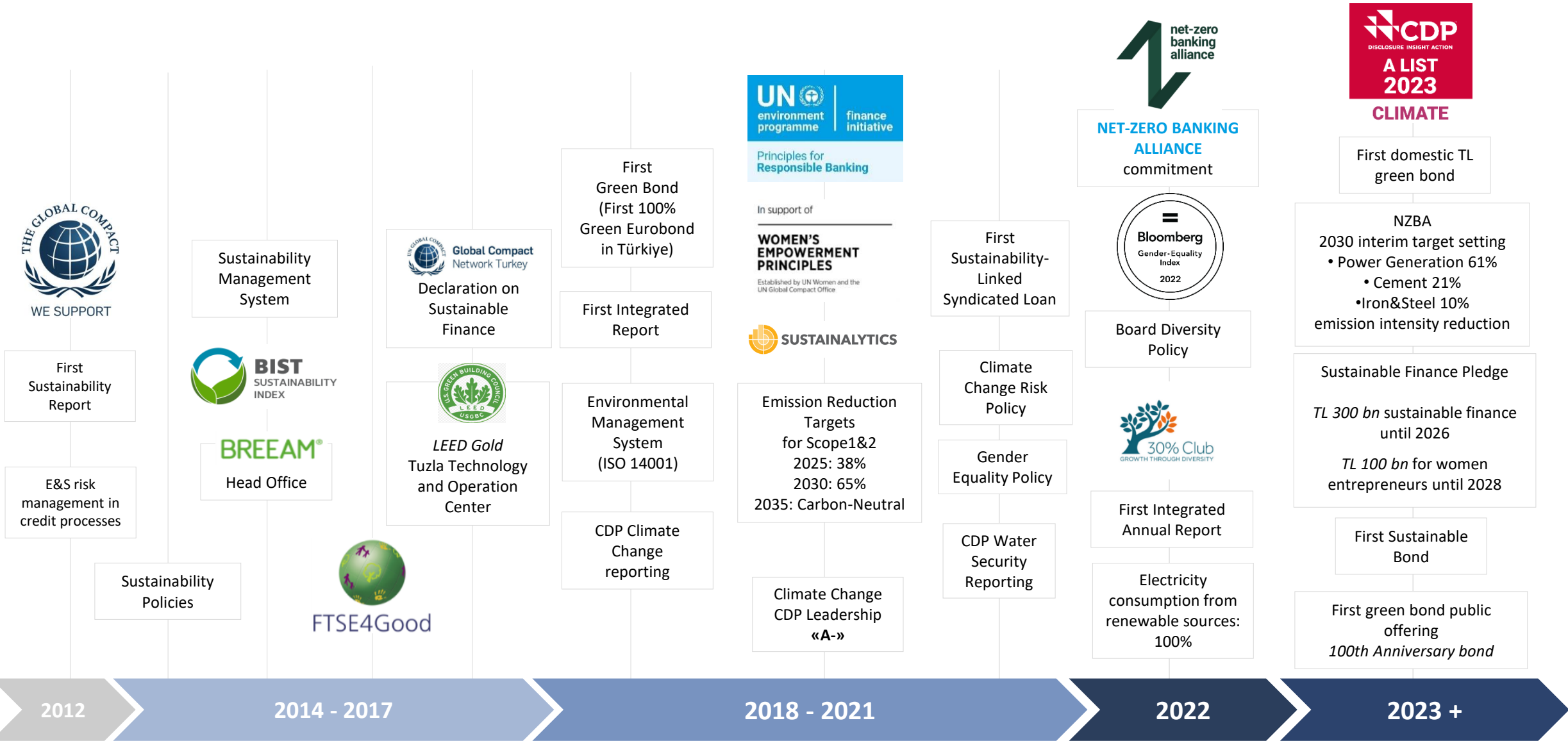
Share of Digital Channels in Retail Sales(2)



(1) Source: The Banks Association of Turkey, as of 2023 Q4

(2) Number of sales in 2024 Q1

Sustainability Journey



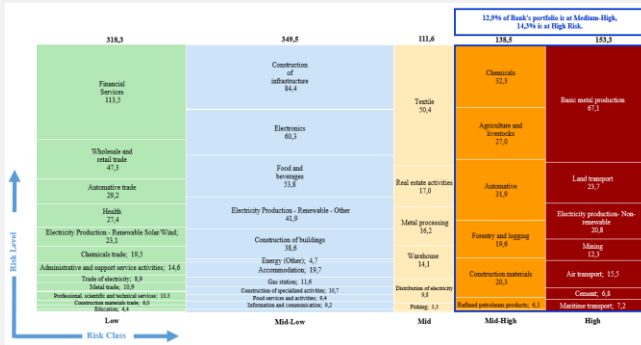
Sustainability Structure

Senior Level Commitment in Sustainability Governance

- Sustainability Committee - Sustainability Leader

Effective Management of Risks

- Ensuring the compliance of the Bank's activities and practices with the climate change strategy:
 - Governance: **Climate Change Risk Policy**,
 - Analysis: **Climate Change Risk Management – Climate Heatmap & Scenario Analysis**



- E&S risk analysis / due diligence
 - ↓
 - Investment projects/ portfolio

Strong Support for the Transition to Net Zero Economy

- Our sectoral decarbonization targets within the scope of **Net Zero Banking Alliance** commitments:
 - By 2030 (base year: 2021)
 - 61% in **power generation**
 - 21% in **cement**
 - 10% in **iron&steel** emission intensity reduction
 - Phase out from financing of coal and coal-related activities by 2040
 - **Sustainable finance pledge** of TL 300 billion by 2026
 - ~ **TL 3.2 billion** sustainable investment fund
 - 6 graduate startups from **Workup4Future**, the acceleration program for impact startups that produce technology
 - 56 Agriculture Specialized Branches
 - Twin Transformation Journey of 100 SMEs



Sustainable Funding

- **Share of Sustainable Funding** in FX Wholesale Funding - 45%
- **First-ever domestic green debt instrument issuance in Turkish lira** - totalling TL 500 million
- **100th Anniversary Bond** - First green bond public offering

Gender Equality

- Gender Equality Policy
- Board Diversity Policy
- İşbank Women's Empowerment Declaration
 - TL 100 bn financing pledge for women entrepreneurs until 2028
 - Financial literacy training to 15,000 women in 5 years
- Collaboration with TÜRKONFED & UN Women - WeLead Project

Strong Employee Rights

- As of 31.03.2024;
 - Female employees rate 53.35%
 - Female in management rate 40.28%
 - Return from maternity leave rate 100%
 - Unionized employees rate 97.44%
 - Turnover rate 0.36%

International Initiatives



In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office



ESG Rating & Indices



Climate Change
Global Leadership
«A»
Water Security
Leadership
«A-»



Low Risk



25 /1127 - Global Banks

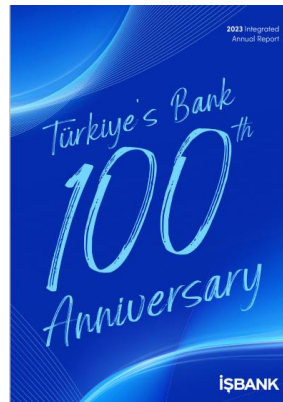


FTSE4Good

Reporting & Awards



Global Finance:
Best Bank for
Sustaining
Communities



Environment-friendly Buildings

- All locations covered by ISO 14001:2015 (As of 31.03.2024)
- Head Office Building - the BREEAM In-use Excellent certificate
- Tuzla Technology and Operations Center (TUTOM) - LEED Gold certificate
- Atlas Data Center - LEED v4 Gold certificate



BREEAM®

Provisions (TL mn)	2023	2023 Q4	2024 Q1
Stage 1	1,366	227	638
Stage 2	4,078	-412	841
Stage 3	10,463	5,292	2,832
Reversals (TL mn) (-)	2023	2023 Q4	2024 Q1
Stage 1+2	1,418	101	244
Stage 3	5,332	1,698	2,320
Net CoR *	96 bps	121 bps	56 bps
<i>Currency Impact</i>	<i>32 bps</i>	<i>22 bps</i>	<i>23 bps</i>
Net CoR (exc. currency impact) *	64 bps	99 bps	32 bps

(*) (Stage 1+2+3 Expected Credit Losses-Reversals) / Average Gross Loans

► Decomposition of OPEX

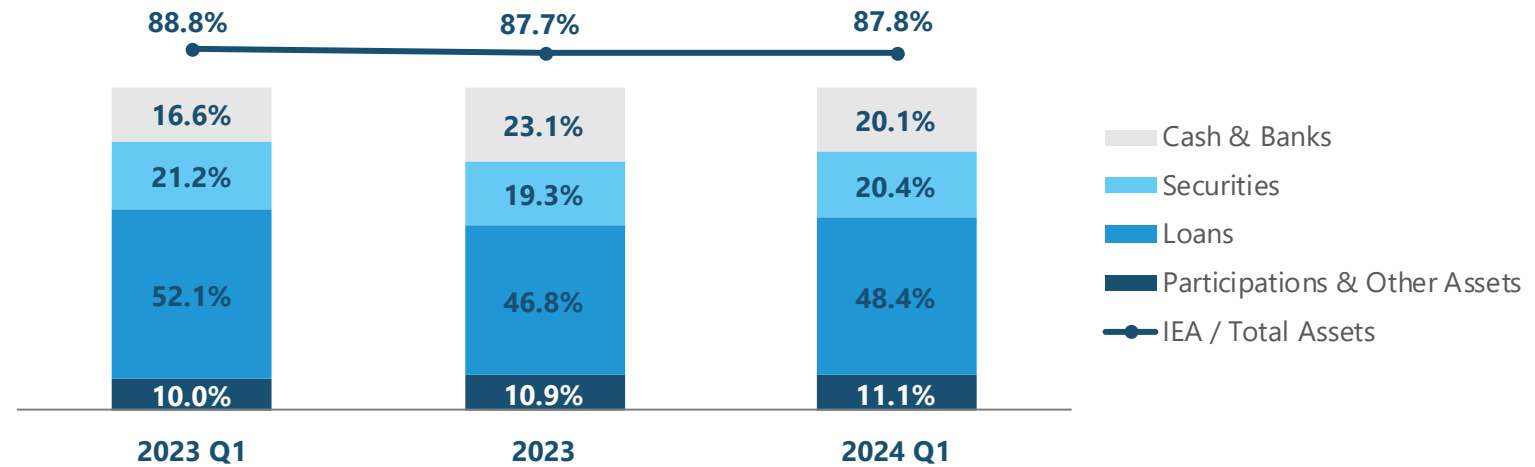
(TL thousand)	2023 Q4	2024 Q1	Δ QoQ	2023 Q1	2024 Q1	Δ YoY
HR Expenses	6,644,712	9,540,404	43.6%	6,451,635	9,540,404	47.9%
Non-HR expenses	13,610,929	15,999,042	17.5%	10,392,939	15,999,042	53.9%
Advertisement & Marketing	712,136	694,601	-2.5%	230,087	694,601	201.9%
IT and R&D	1,020,196	515,921	-49.4%	244,692	515,921	110.8%
Rental Expenses	74,253	80,057	7.8%	48,389	80,057	65.4%
Maintenance	246,214	170,029	-30.9%	86,517	170,029	96.5%
Depreciation	915,363	982,012	7.3%	564,363	982,012	74.0%
Provision for Pension Fund	1,781,001	1,404,000	-21.2%	1,417,000	1,404,000	-0.9%
Earthquake Related Cost	0	0	NM	683,700	0	NM
Other	8,861,766	12,152,422	37.1%	7,118,191	12,152,422	70.7%
TOTAL	20,255,641	25,539,446	26.1%	16,844,574	25,539,446	51.6%
TOTAL - Adj. ⁽¹⁾	18,474,640	24,135,446	30.6%	14,743,874	24,135,446	63.7%

NM: Not meaningful

(1) Adjusted for provision pension fund and earthquake-related cost

▶ Asset Structure

(TL mn.)	2023 Q1	2023	2024 Q1	Δ QoQ	Δ YoY
Cash & Banks	261,252	566,762	535,879	-5.4%	105.1%
Securities (Net)	334,418	472,418	542,634	14.9%	62.3%
Loans	821,305	1,147,371	1,291,527	12.6%	57.3%
Participations (Net)	81,062	144,453	158,644	9.8%	95.7%
Fixed Assets (Net)	24,693	42,170	44,274	5.0%	79.3%
Other Assets	52,312	80,609	93,079	15.5%	77.9%
Total Assets	1,575,042	2,453,783	2,666,036	8.7%	69.3%
TL Assets	956,718	1,477,687	1,627,465	10.1%	70.1%
FX Assets	618,325	976,096	1,038,571	6.4%	68.0%
FX Assets (USD mn.)	32,343	33,161	32,304	-2.6%	-0.1%



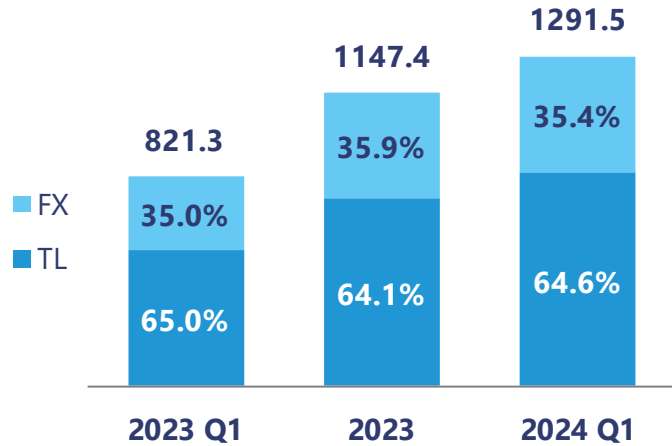
(TL mn.)	2023 Q1	2023	2024 Q1	Δ QoQ	Δ YoY
Total Loans	821,305	1,147,371	1,291,527	12.6%	57.3%
TL Loans	533,878	735,478	834,160	13.4%	56.2%
Retail Loans	208,573	333,910	381,683	14.3%	83.0%
Housing Loans	31,811	39,772	45,023	13.2%	41.5%
Auto Loans	5,154	5,983	5,619	-6.1%	9.0%
GPLs ⁽¹⁾	96,759	125,566	132,613	5.6%	37.1%
Credit Card Loans	74,849	162,589	198,428	22.0%	165.1%
Non-Retail Loans	325,305	401,568	452,477	12.7%	39.1%
SME Loans ⁽²⁾	168,356	220,635	270,705	22.7%	60.8%
Commercial and Corporate Loans	156,949	180,933	181,772	0.5%	15.8%
FX Loans	287,427	411,893	457,368	11.0%	59.1%
FX Loans (USD mn.)	15,035	13,993	14,226	1.7%	-5.4%
SME Loans ⁽²⁾	643	775	900	16.1%	40.0%
Commercial and Corporate Loans	14,392	13,218	13,326	0.8%	-7.4%

(1) Including overdraft accounts

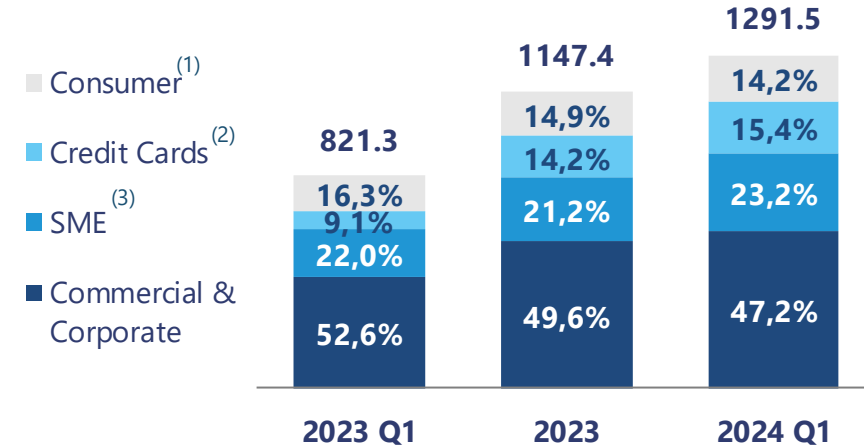
(2) SME definition includes companies with number of employees < 250 and turnover or total assets <= TL 500 mn.

▶ Loan Composition

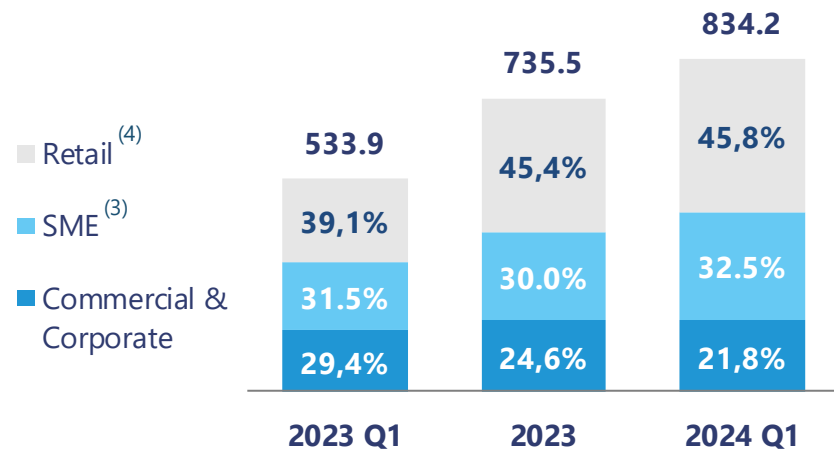
Currency Mix (bn.TL)



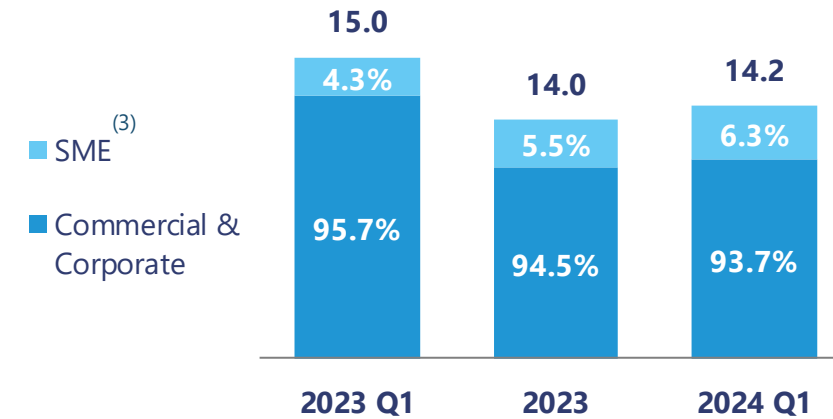
Total Loans (bn. TL)



TL Loans (bn. TL)



FX Loans (bn. USD)



(1) Including retail overdraft accounts

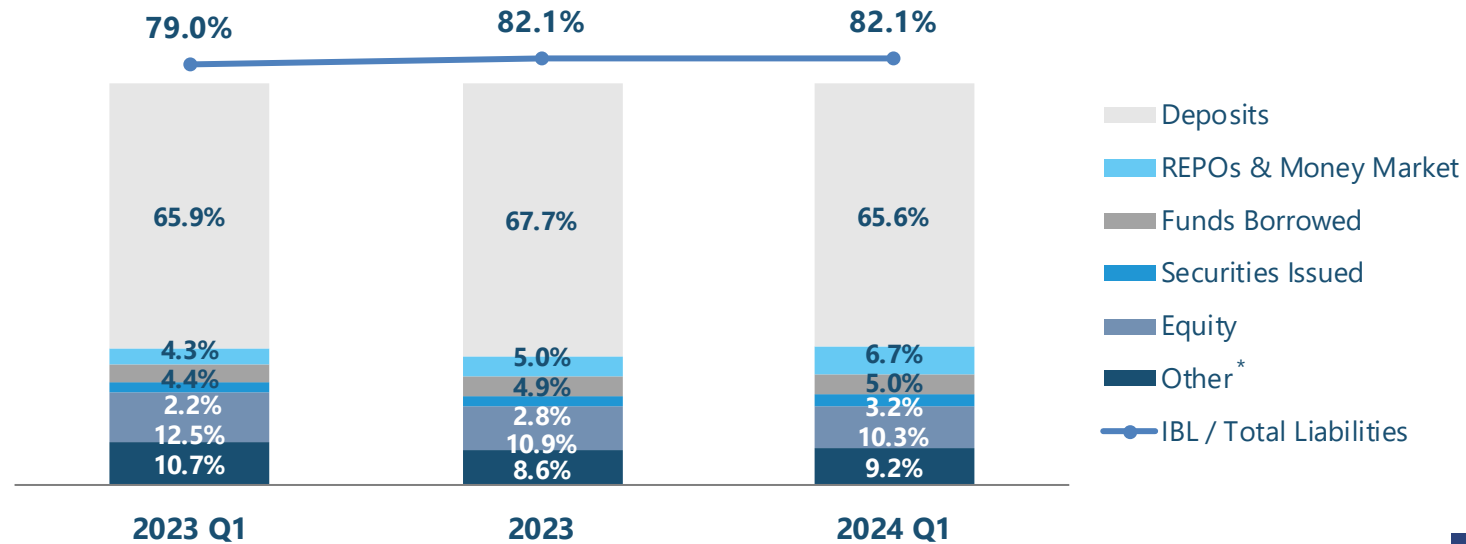
(2) Shows retail credit card balances only

(3) SME definition includes companies with number of employees < 250 and turnover or total assets <= TL 500 mn.

(4) Including retail credit cards and overdraft accounts

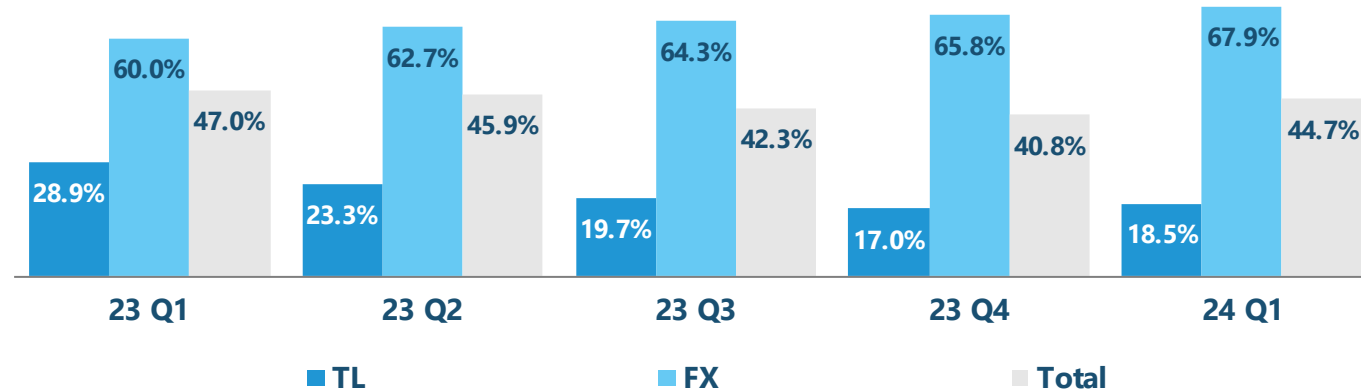
Liabilities Structure

(TL mn.)	2023 Q1	2023	2024 Q1	Δ QoQ	Δ YoY
Deposits	1,038,323	1,662,179	1,748,756	5.2%	68.4%
REPOs & Money Market	66,963	123,181	178,498	44.9%	166.6%
Funds Borrowed	69,585	120,766	132,645	9.8%	90.6%
Securities Issued	34,651	68,486	84,854	23.9%	144.9%
Other	168,637	211,374	246,290	16.5%	46.0%
Equity	196,883	267,797	274,992	2.7%	39.7%
Total Liabilities & Equity	1,575,042	2,453,783	2,666,036	8.7%	69.3%
TL Liabilities	820,304	1,370,171	1,388,434	1.3%	69.3%
FX Liabilities	754,739	1,083,613	1,277,603	17.9%	69.3%
FX Liabilities (USD bn.)	39,479	36,814	39,739	7.9%	0.7%



(TL mn.)	2023 Q1	2023	2024 Q1	Δ QoQ	Δ YoY
Total Deposits	1,038,323	1,662,179	1,748,756	5.2%	68.4%
TL Deposits	441,270	880,582	837,190	-4.9%	89.7%
TL Saving Deposits	256,231	502,096	502,467	0.1%	96.1%
TL Commercial Deposits	151,629	283,565	263,151	-7.2%	73.5%
Other TL Deposits	33,410	94,921	71,572	-24.6%	114.2%
FX Deposits	597,053	781,596	911,567	16.6%	52.7%
FX Deposits (USD mn.)	31,231	26,553	28,354	6.8%	-9.2%
<i>Demand Deposits</i>	<i>477,699</i>	<i>640,611</i>	<i>753,106</i>	<i>17.6%</i>	<i>57.7%</i>

Share of Demand Deposits ⁽¹⁾



► Income Statement Highlights

(TL mn.)	2023 Q4	2024 Q1	Δ QoQ	2023 Q1	2024 Q1	Δ YoY
Net Interest Income	16,142	15,999	-0.9%	19,919	15,999	-19.7%
(-) SWAP Cost ⁽¹⁾	10,352	15,130	46.2%	1,790	15,130	NM
Net Fees & Commissions	16,852	19,371	14.9%	6,154	19,371	214.8%
Net Trading Gains/Losses	-1,091	-6,727	NM	763	-6,727	NM
<i>Net Trading Gains/Losses Excl. Swap Cost</i>	<i>9,261</i>	<i>8,403</i>	<i>-9.3%</i>	<i>2,553</i>	<i>8,403</i>	<i>229.2%</i>
Other Operating Income	2,405	7,392	207.4%	5,549	7,392	33.2%
Total Operating Income	34,308	36,036	5.0%	32,385	36,036	11.3%
(-) Released Free Provisions	0	4,000	NM	0	4,000	NM
HR Expenses	6,645	9,540	43.6%	6,452	9,540	47.9%
Non-HR Expenses	13,611	15,999	17.5%	10,393	15,999	53.9%
(-) Provision for Pension Fund	1,781	1,404	-21.2%	1,417	1,404	-0.9%
(-) Earthquake Related Cost	0	0	NM	684	0	NM
Total Operating Expenses	20,256	25,539	26.1%	16,845	25,539	51.6%
Operating Profit	14,052	10,497	-25.3%	15,540	10,497	-32.5%
Stage 3 Expected Credit Losses	5,292	2,832	-46.5%	1,561	2,832	81.5%
Stage 1+2 Expected Credit Losses	-185	1,479	NM	994	1,479	48.7%
Other Provision Charges	3,851	0	NM	2	0	-96.1%
(-) Free Provisions	3,525	0	NM	0	0	NM
Total Provision Charges	8,958	4,311	-51.9%	2,558	4,311	68.6%
Income from Participations	12,121	7,782	-35.8%	2,647	7,782	194.0%
Tax Provisions	-3,003	-80	-97.3%	2,727	-80	NM
Net Income	20,219	14,048	-30.5%	12,903	14,048	8.9%

► Fees & Commissions Income

(TL thousand)	2023 Q4	2024 Q1	Δ QoQ	2023 Q1	2024 Q1	Δ YoY
Cash Loans	2,269,064	2,401,904	5.9%	1,166,189	2,401,904	106.0%
Non-Cash Loans	1,152,754	1,251,741	8.6%	719,490	1,251,741	74.0%
Payment Systems	10,611,688	12,411,088	17.0%	2,527,730	12,411,088	391.0%
Asset Management	1,033,453	1,319,549	27.7%	616,850	1,319,549	113.9%
Money Transfer	1,052,073	1,204,340	14.5%	647,366	1,204,340	86.0%
Bancassurance	859,402	757,927	-11.8%	424,667	757,927	78.5%
Total Fees & Commissions Income (Net)	16,852,437	19,371,481	14.9%	6,154,377	19,371,481	214.8%
Total Fees & Commissions Income (Gross)	20,276,567	23,365,800	15.2%	7,272,786	23,365,800	221.3%

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