

Q4 Earnings 2021 Financial Results 2022 Guidance

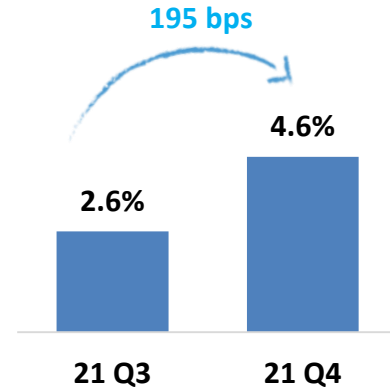
8 February 2022

iŞBANK

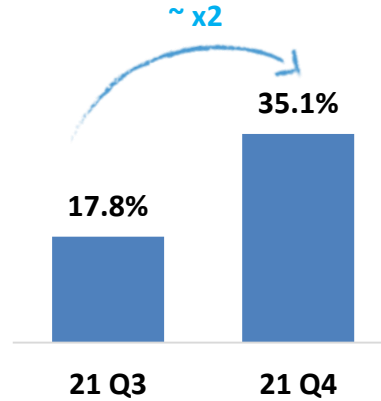
Q4 In Brief

Profitability

Swap Adj. NIM (Quarterly)

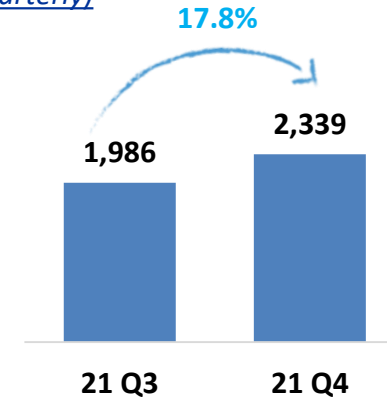


RoATE (Quarterly)



Fee Business

Net Fee Income TL mn. (Quarterly)

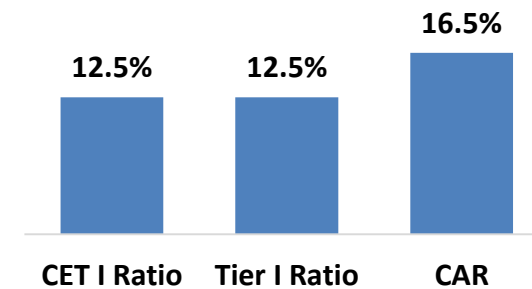


Prudent Provisioning

	Coverage Ratios	
	2021 Q3	2021 Q4
Stage 1	0.8%	0.8%
Stage 2	18.8%	18.6%
Stage 3 ⁽¹⁾	65.9%	68.4%
Free Prov.(TL mn.)	3,075	4,075

Capital Adequacy ⁽²⁾












as of 2021 Q4



(1) Adjusted for the impact of NPL sale in 2021 Q1, 2021 Q3 and write-down in 2021 Q2

(2) Without the impact of BRSA forbearance measures.

2021 Performance: Actual vs. Guidance

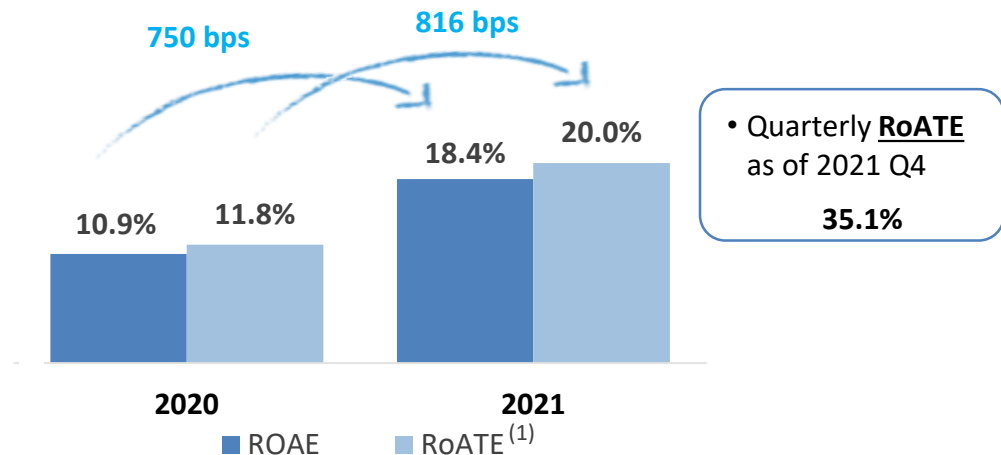
	Guidance	Revised Guidance	2021	
TL Loan Growth	~15%		27%	
TL Deposit Growth	~25%		25%	
Return on Average Tangible Equity	~ 12%		20%	
Return on Average Assets	~ 1.2%		1.9%	
Net Interest Margin (Swap adj.)	3.6 – 3.8%	~ 50 bps ↓	3.14%	
Net Fees & Commissions Growth	~ 15%	~ Mid-twenties	36%	
OPEX Growth	In line with CPI		35%	
Cost to Income Ratio	41 – 43%		34.7%	
NPL Ratio	< 6.5%		4.1%	
Net Cost of Risk	< 250 bps	< 150 bps*	75 bps**	
Capital Adequacy Ratio (w/o forbearance)	> 15%		16.53%	

* Including currency impact

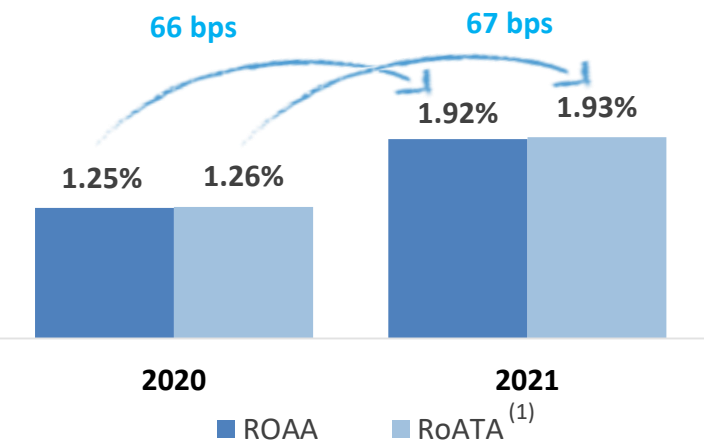
**Excluding currency impact

Continued Increase in Profitability

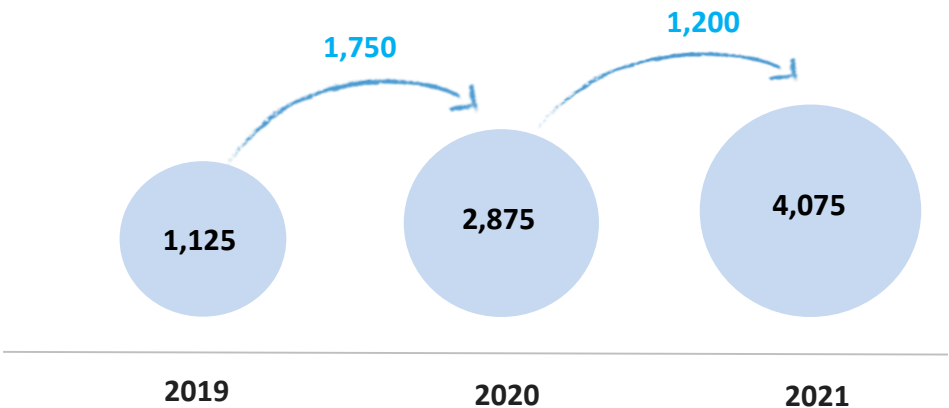
Return on Equity



Return on Assets



Free Provisions (TL mn.)

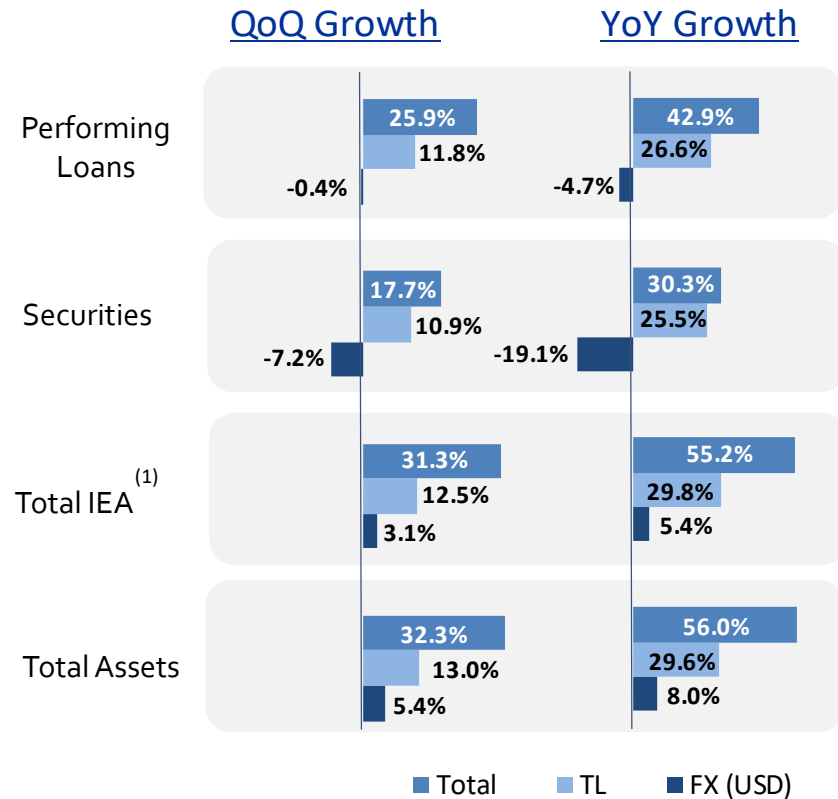


When adjusted for Free Provisions
ROaTE would stand at
~ 22%

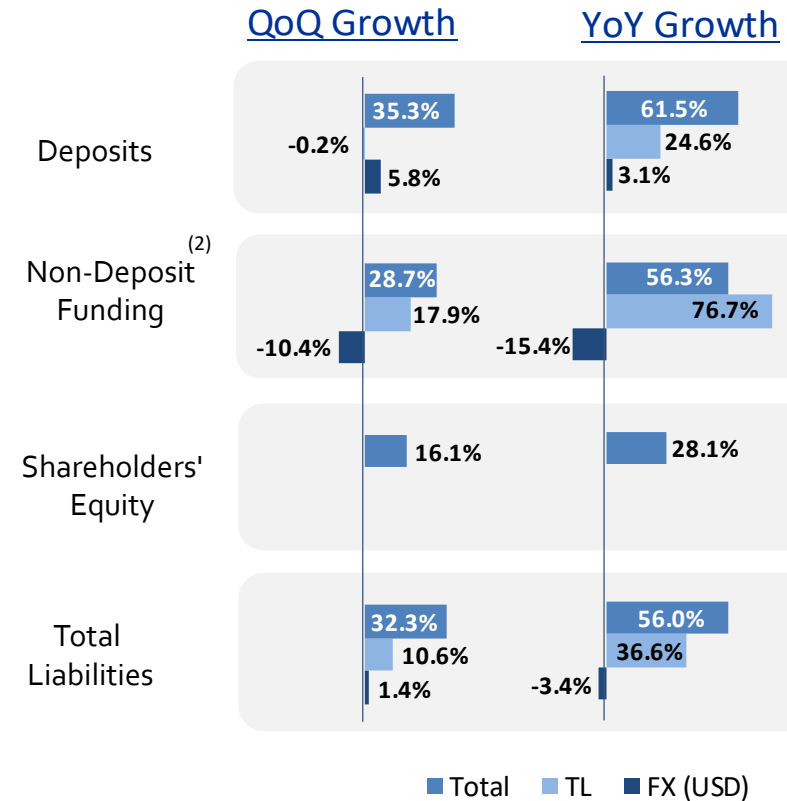
(1) Tangible Equity (TE) and Tangible Assets (TA) are calculated by the deduction of M-t-M valuation differences regarding Fin. Assets Measured at FV through OCI and real estates from shareholders' equity and total assets.

Solid A&L Bases with Strong Liquidity

Assets



Liabilities



- Highest market share in total loans and deposits ⁽³⁾
- Strong liquidity – Total LCR: **180%** FX LCR: **506%** for Q4 average

- Largest demand deposits base ⁽³⁾
- Share of demand deposits: **47.9%** in total

(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

Largest Private Bank

	Market Shares (%) ⁽¹⁾		Rank ⁽²⁾	
	2020	2021	2020	2021
Total Assets	10.5	10.9	1st	1st
Total Loans	10.1	10.6	1st	1st
TL Loans	9.5	10.0	1st	1st
FX Loans	11.2	11.4	1st	1st
Consumer Loans⁽³⁾	10.6	11.5	1st	2nd
GPLs⁽³⁾	12.0	13.0	1st	1st
Non-Retail Loans	9.9	10.4	1st	1st
Total Deposits	11.2	12.0	1st	1st
TL Deposits	8.9	9.2	2nd	2nd
FX Deposits	13.2	13.6	1st	1st
Demand Deposits⁽⁴⁾	15.6	15.9	1st	1st
Retail Deposits	11.8	12.0	1st	1st
Non-Retail Deposits	11.7	13.4	1st	1st

(1) Market share calculations are based on weekly BRSA data excluding participation banks. Total assets market share is based on monthly BRSA data.

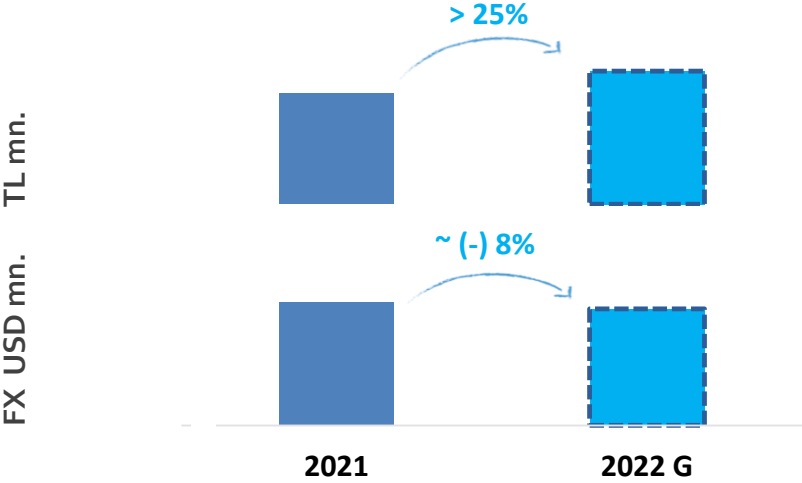
(2) Ranking among private banks.

(3) Including retail overdraft accounts

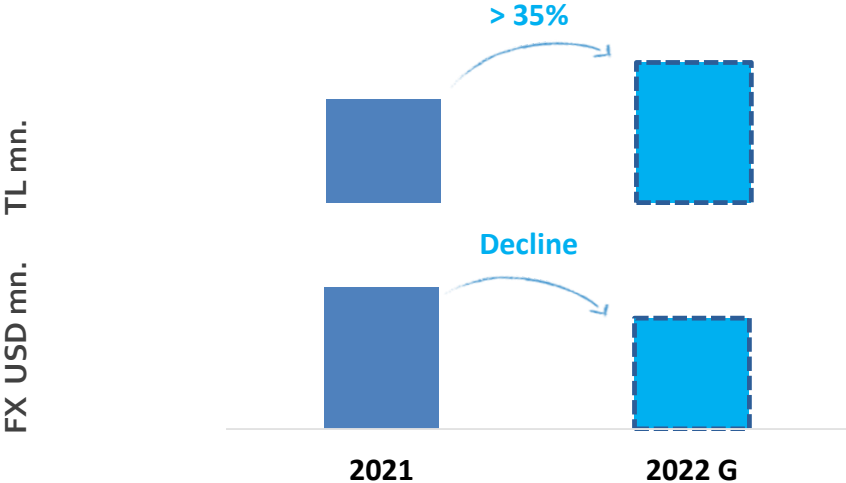
(4) Excluding interbank deposits

Growth Outlook for Loans and Deposits

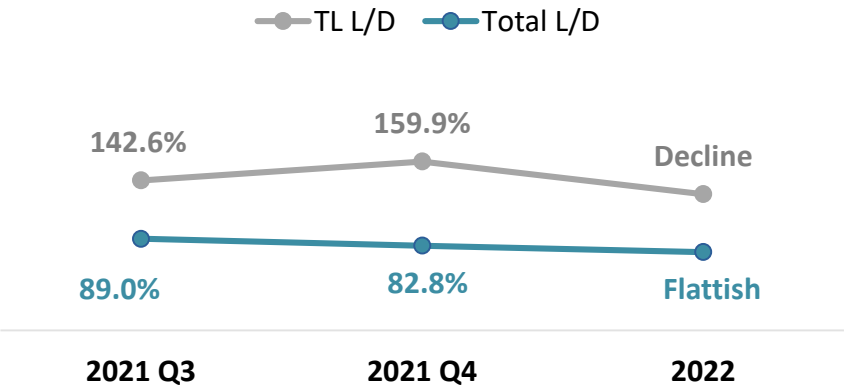
Loans



Deposits



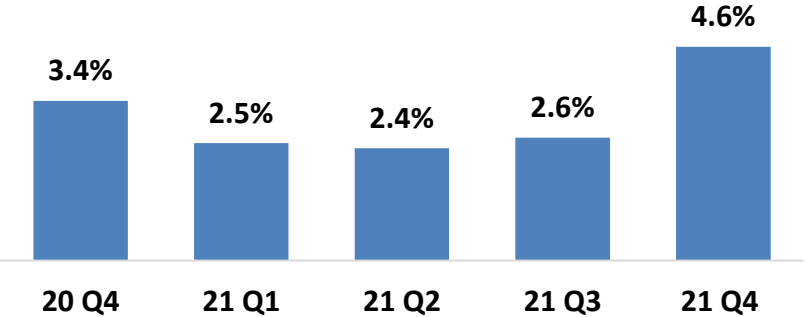
Loans / Deposits



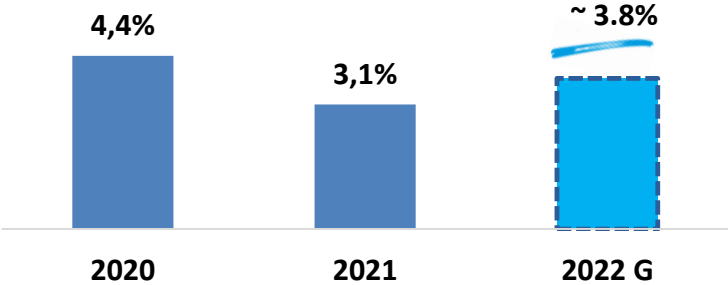
Selective and prudent lending approach
Strong focus on low-cost, wide-spread deposit base
Largest demand deposit base among private banks

Strong Net Interest Margin

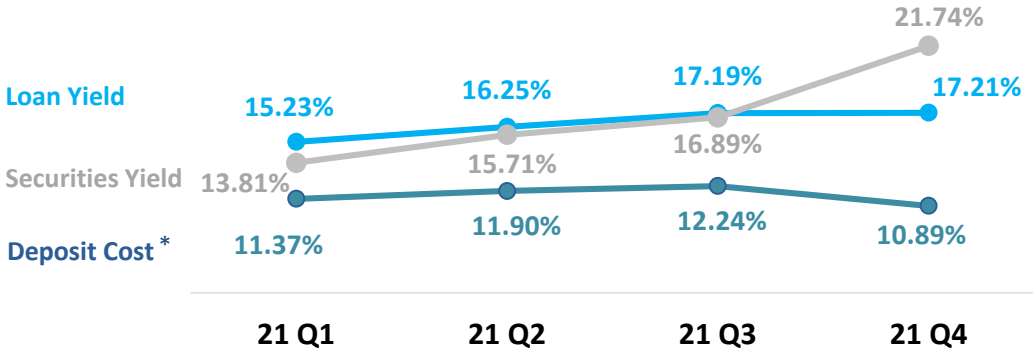
Swap Adj. NIM (Quarterly)



Swap Adj. NIM (Cumulative)



2021 TL Yield & Cost Evolution



Agile A/L management
Focus on wide-spread deposit base and demand deposits
Customized pricing through AI

(*) Including demand deposits.

Performance in Securities Portfolio

Securities

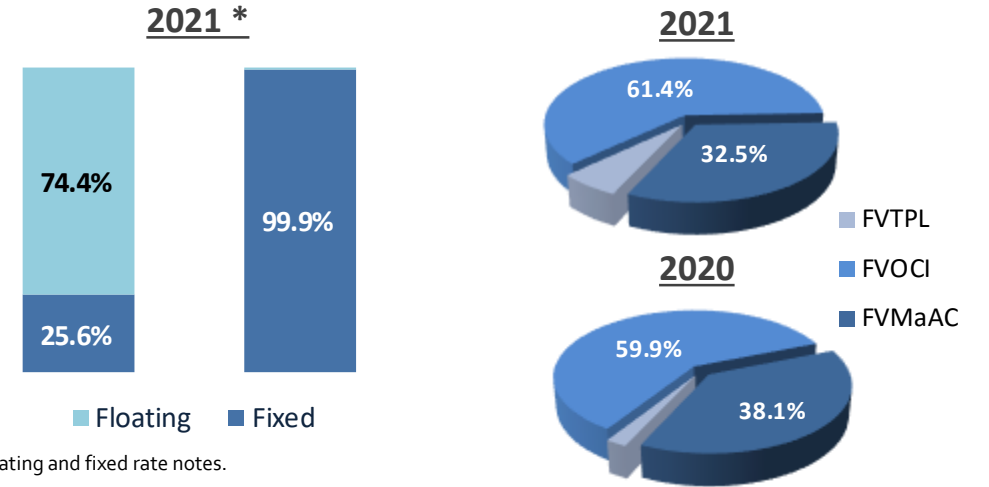
(TL mn.)	2020	2021 Q3	2021 Q4	Δ QoQ	Δ YoY
Total Securities	109,485	121,179	142,653	17.7%	30.3%
TL Securities	80,266	90,842	100,771	10.9%	25.5%
FX Securities	29,219	30,336	41,882	38.1%	43.3%
FX Securities (USD mn)	3,957	3,447	3,201	-7.2%	-19.1%

CPI Linkers

CPI Linkers	21 Q3	21 Q4
Quarterly Yield	20.02%	29.70%
Quarterly Interest Income (TL mn)	1,924	3,031

Inflation	21 Q3	21 Q4
Expected-12 Months	12.94%	21.39%
Actual	19.58%	36.08%

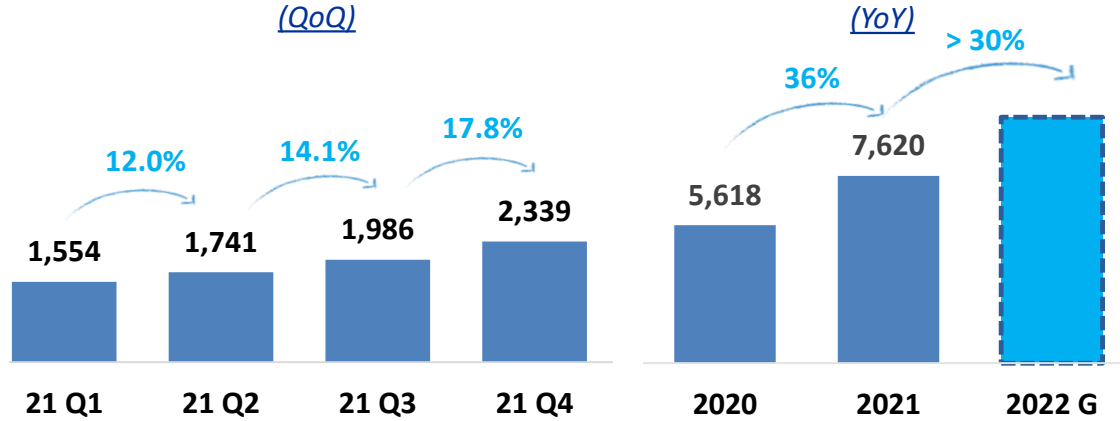
Compositions of Securities



- CPI Linkers make up 51.0% of TL Securities as of 2021 Q4
- In 2021 , if we used the actual CPI for valuation:
 - Swap adj. NIM would stand at 3.35% vs 3.14%
 - RoATA would be 2.1% vs 1.9%
 - RoATE would stand at 21.6% vs 20.0%

Outstanding Fee Income Performance

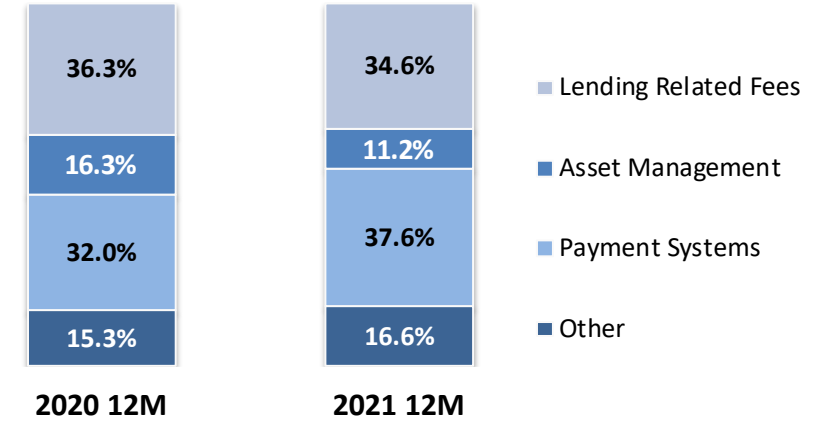
Net Fees & Commissions (TL mn.)



F&C Growth (2021)

Growth	Δ QoQ	Δ YoY
Cash Loans	46.4%	44.8%
Non-Cash Loans	22.5%	16.2%
Payment Systems (Net)	-2.0%	59.1%
Asset Management	55.0%	-6.7%
Money Transfer	39.9%	52.3%
Bancassurance	30.0%	24.8%
Total F&C (Net)	17.8%	35.6%

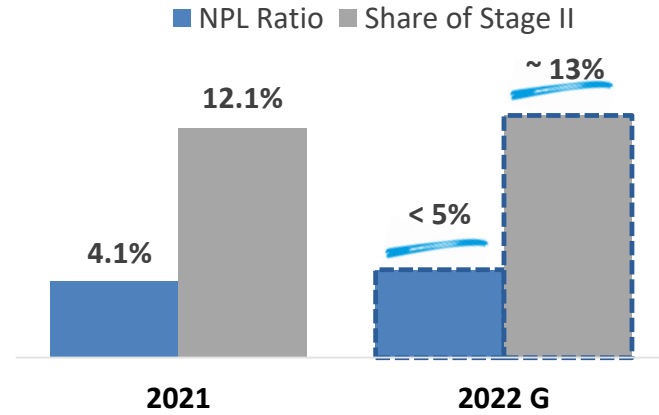
Net Fees & Commissions Composition



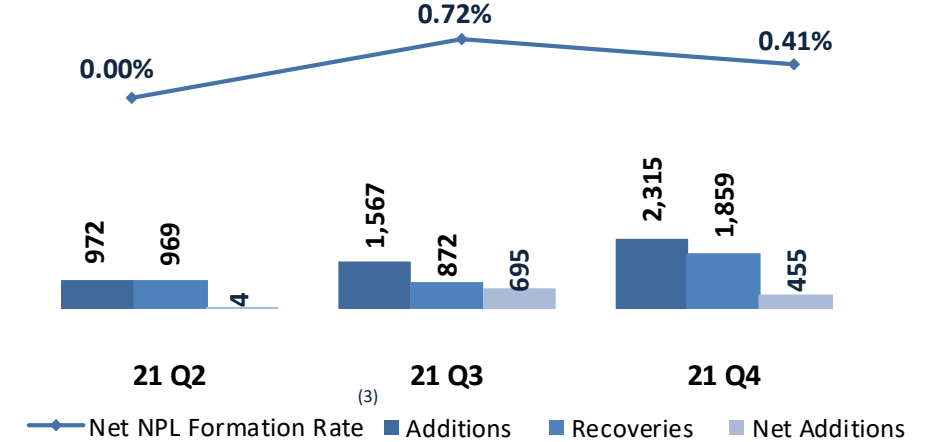
Increase in service based fees thanks to the diversified business lines
 Enriching the type and scope of fee based services on digital channels
 Expanding issuing and acquiring base

Prudent Approach in Asset Quality

NPL Ratio & Stage II



Net NPL Formation (TL mn., quarterly)

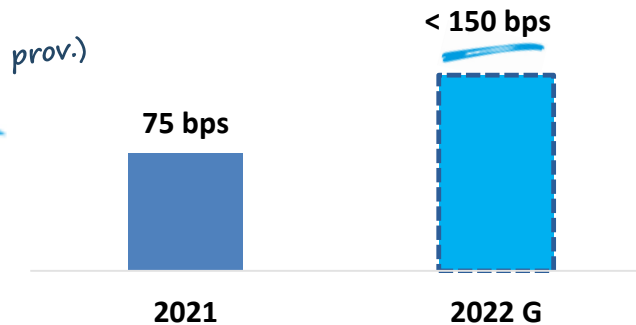


Coverage Ratios

	Coverage Ratios		
	2019	2020	2021
Stage 1	0.6%	0.8%	0.8%
Stage 2	10.1%	18.2%	18.6%
Stage 3 ⁽¹⁾	58.0%	63.7%	68.4%
Stage 3-Total ^{(1) (2)}	88.8%	128.7%	150.0%
Free Prov.(TL mn.)	1,125	2,875	4,075

Prudent approach to continue
Total coverage ratio at 7% (inc. free prov.)

Net Cost of Risk ⁽⁴⁾



(1) Coverage ratios are adjusted for the impact of NPL sale in 2019, 2021 and write-down in 2021.

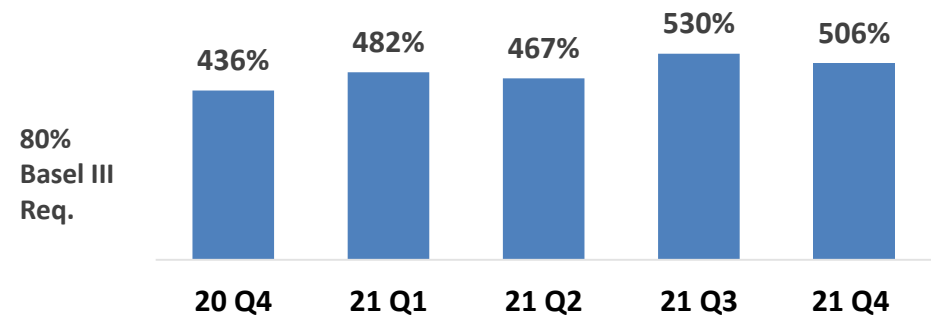
(2) (Provisions for Stage 1+2+3 Expected Credit Losses + Free Provisions) / Non-performing Loans

(3) Net NPL Formation / Average Performing Loans

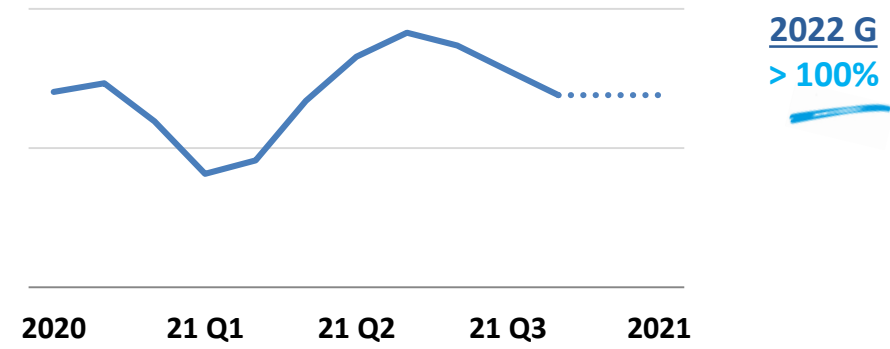
(4) (Stage 1+2+3 Expected Credit Losses-Reversals) / Average Performing Loans. See appendix for details. Excluding currency impact.

Strong Liquidity

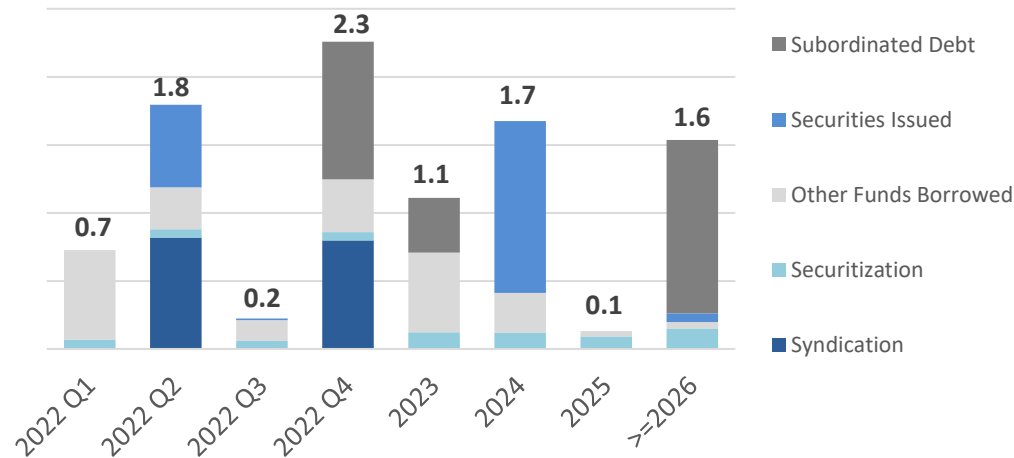
FX Liquidity Coverage Ratio



Net Stable Funding Ratio



Maturity Profile of FX Wholesale Funding (bn USD)



Cost-oriented approach in funding

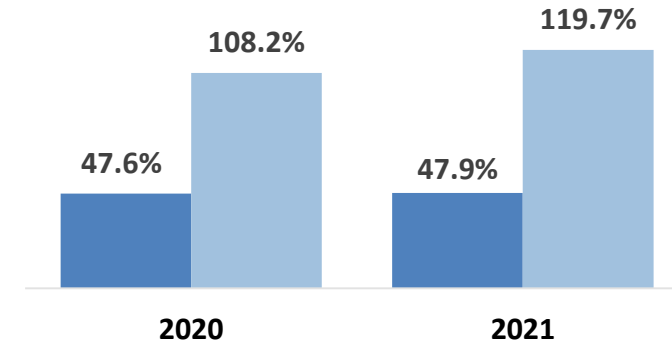
Increasing Efficiency & Cost Management

Decomposition of OPEX

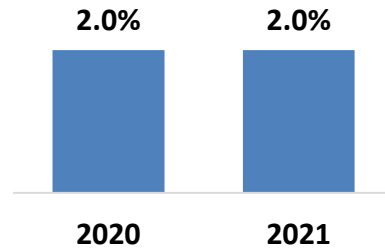
OPEX	Share	Δ 2021	Δ 2022
TOTAL	100%	34.9%	
HR Expenses	40.0%	22.6%	~ CPI
Non- HR Expenses	60.0%	44.5%	
IT and R&D		37.2%	
Rental Expenses		16.6%	
Adv. & Marketing		38.0%	
Maintenance		22.4%	
Pension Fund Provisions		150.5%	

Fees & Comm. Income Coverage

■ Net Fees & Comm. / OPEX ■ Net Fees & Comm. / HR Expenses

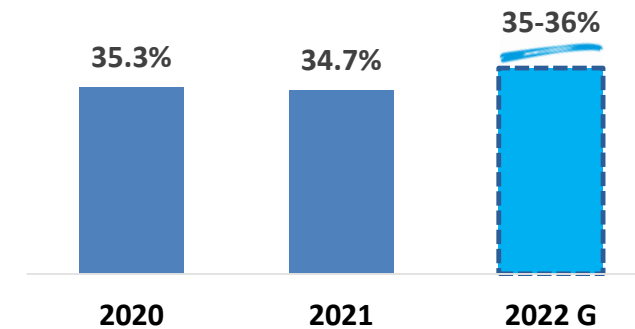


*Cost / Average Assets



*In 2021
Around %3 positive Jaws*

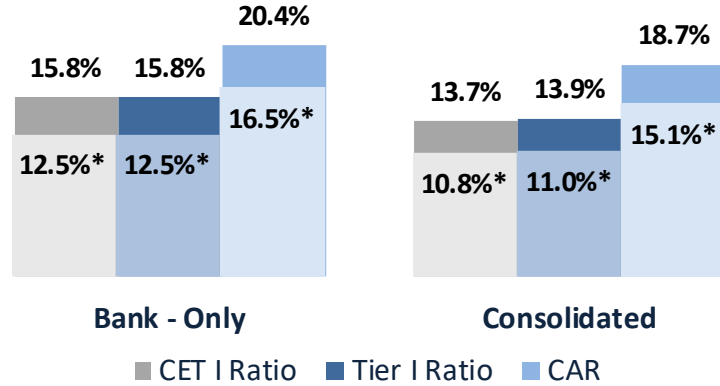
Cost / Income



(*) Adjusted for non-recurring and other items

Solid Capital Base

Capital Ratios (2021 Q4)



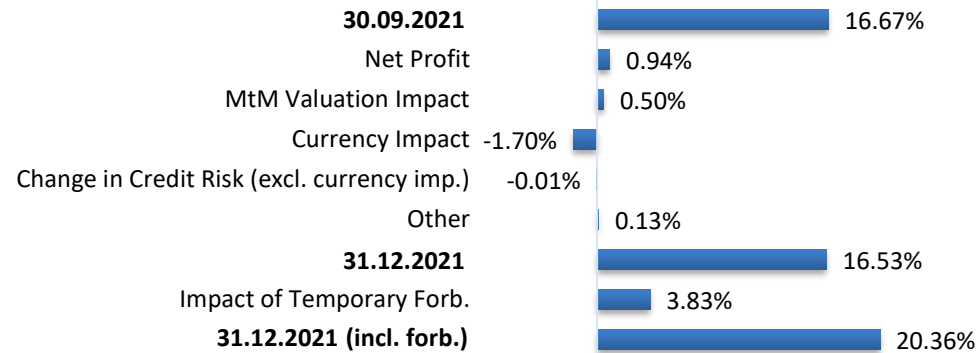
(*) Without the impact of BRSA forbearance measures.



Minimum Capital Requirements

2021 Minimum Requirements (%)	Bank-Only	Consolidated
CET 1 Ratio	7.06	8.56
Tier 1 Ratio	8.56	10.06
CAR	10.56	12.06

Change in CAR



Excess Capital Requirements

Excess Capital (mn TL)		Reported	Without Forbearance
Bank-Only	CET 1	49,822	37,045
	Tier 1	41,252	26,812
	CAR	55,993	40,729
Consolidated	CET 1	34,619	18,291
	Tier 1	26,107	7,967
	CAR	44,611	25,038

2022 Expectations & Targets

	2022 G
TL Loan Growth	> 25%
TL Deposit Growth	> 35%
Return on Average Tangible Equity	> 20%
Net Interest Margin (Swap adj.)	~ 3.8%
Net Fees & Commissions Growth	> 30%
OPEX Growth	In line with CPI
Cost to Income Ratio	35-36%
NPL Ratio	< 5%
Net Cost of Risk*	< 150 bps
Capital Adequacy Ratio	> 15%

* Excluding currency impact

Appendix

- Net Cost of Risk
- Digitalisation Impact
- Highlights of ESG
- Asset Structure
- Loan Portfolio
- Loan Composition
- Liabilities Structure
- Deposit Base
- Summary Income Statement
- Fees & Commissions Income

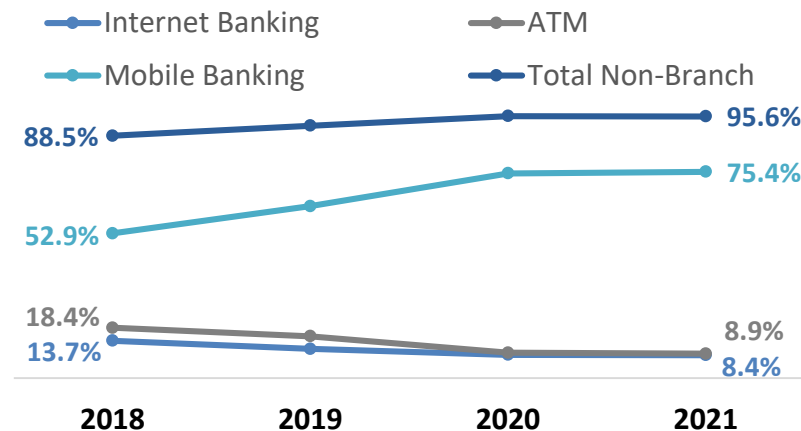
Net Cost of Risk

Provisions (TL mn)	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 12M
Stage 1	425	402	-131	551	1,248
Stage 2	978	755	-375	2,424	3,782
Stage 3	1,257	850	1,555	2,146	5,808
Reversals (TL mn) (-)	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 12M
Stage 1+2	448	306	0	0	755
Stage 3	732	496	976	750	2,954
Net CoR *	167 bps	130 bps	8 bps	395 bps	181 bps
<i>Currency Impact</i>	<i>75 bps</i>	<i>39 bps</i>	<i>14 bps</i>	<i>284 bps</i>	<i>106 bps</i>
Net CoR (exc. currency impact) *	92 bps	91 bps	-6 bps	111 bps	75 bps

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

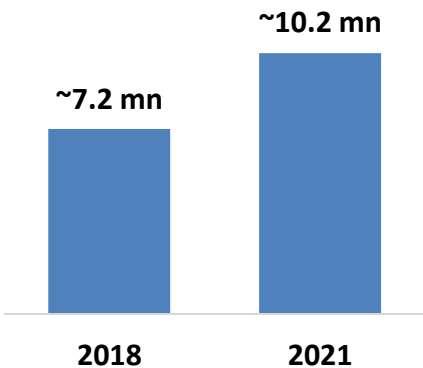
Digitalisation Impact

Evolution of Share of Transactions per Channel



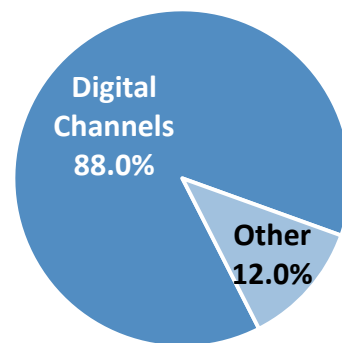
Number of Digital Customers

Total of customers using mobile and/or internet

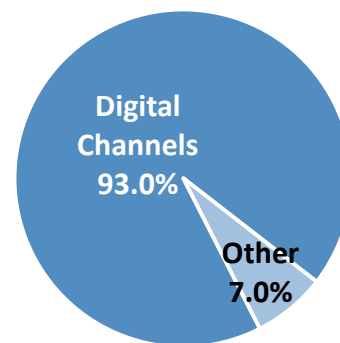


*Share of Digital Channels in Retail Sales

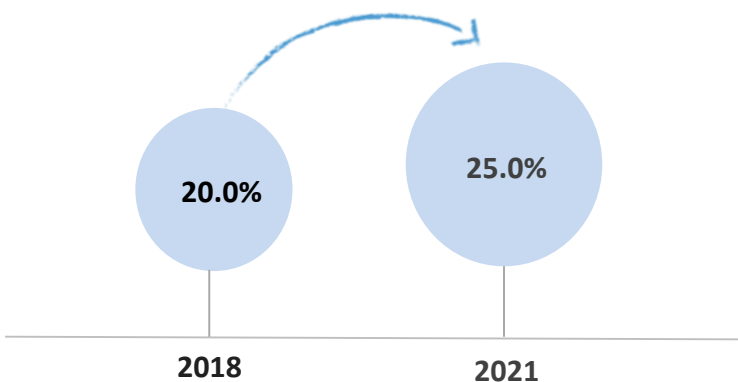
Time Deposits



GPLs



Share of Non-Branch Channel in Fee Income



(*) Number of sales as of December 2021

Highlights of ESG

Value-driven business model incorporating sustainability end-to-end, from funding to products & services

- **Two sustainability-linked Syndication deals**
 - both based on 1 social & 2 environmental KPIs
- **Expanding range of responsible products**
 - Solar Loan, Solar Panel Loan (for households), Maximum TEMA Card, TEMA Environmental Variable Fund, İş'te Woman Stock Exchange Fund, Renewable Energy Mix Fund, Green Mortgage, Sustainability-linked Loans, Green Office Premises and Green Vehicle Loans, Geleceğe Orman (meaning forest forward) Application, Marine Conservation Loan
 - recently introduced «Unlicensed Electricity Generation» and «Pressure Irrigation Systems» Loans
- **Strong support for renewables**
 - share of RE projects in energy generation projects portfolio is 71%
 - greenfield investments of coal- and natural gas-fired thermal power plants for electricity generation is in exclusion list
- **Initiatives & international cooperation**
 - **Climate Change Risk Management**
 - sectoral heat map
 - climate change scenario analysis
 - **CDP Climate Change & Water Security 2021**
 - **Sustainalytics ESG Risk Rating**
«18.6» upgraded to low-risk
 - **Encouraging gender equality throughout the value chain**
 - «Gender Equality Policy»
 - support for women entrepreneurs beyond financing
 - cooperation with Arya Women Investment Platform, one and only women-oriented investment platform in Turkey
 - **Emission Reduction Targets for Scope 1&2**
2025: 38%, 2030: 65%, 2035: Carbon-Neutral
 - sourced all of our free-consumer electricity from renewable generation in 2021
 - **Internal sustainability trainings to enhance awareness**



PRINCIPLES FOR
RESPONSIBLE
BANKING

In support of

**WOMEN'S
EMPOWERMENT
PRINCIPLES**
Established by UN Women and the
UN Global Compact Office



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



FTSE4Good



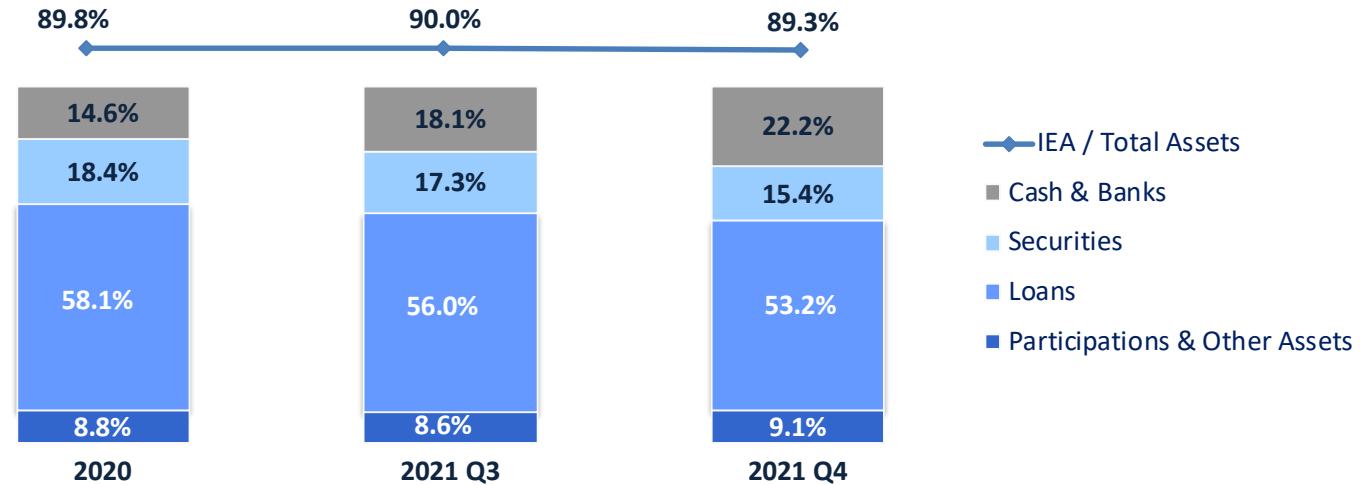
BREEAM®



Asset Structure

Assets & Asset Composition

(TL mn.)	2020	2021 Q3	2021 Q4	Δ QoQ	Δ YoY
Cash & Banks	86,956	127,047	206,053	62.2%	137.0%
Securities (Net)	109,485	121,179	142,653	17.7%	30.3%
Loans	345,150	391,914	493,378	25.9%	42.9%
Participations (Net)	26,002	30,331	39,461	30.1%	51.8%
Fixed Assets (Net)	9,161	10,748	11,278	4.9%	23.1%
Other Assets	17,148	19,019	33,746	77.4%	96.8%
Total Assets	593,902	700,237	926,569	32.3%	56.0%
TL Assets	340,245	390,369	441,121	13.0%	29.6%
FX Assets	253,657	309,868	485,448	56.7%	91.4%
FX Assets (USD mn.)	34,348	35,212	37,100	5.4%	8.0%



Loan Portfolio

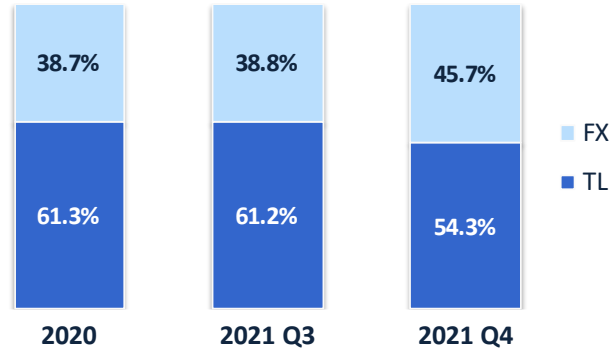
(TL mn.)	2020	2021 Q3	2021 Q4	Δ QoQ	Δ YoY
Total Loans	345,150	391,914	493,378	25.9%	42.9%
TL Loans	211,731	239,700	267,983	11.8%	26.6%
Retail Loans	86,190	100,284	109,658	9.3%	27.2%
Housing Loans	21,151	22,586	24,314	7.7%	15.0%
Auto Loans	1,237	1,329	1,229	-7.5%	-0.7%
GPLs ⁽¹⁾	45,804	54,072	59,695	10.4%	30.3%
Credit Card Loans	17,997	22,299	24,420	9.5%	35.7%
Non-Retail Loans	125,541	139,416	158,324	13.6%	26.1%
SME Loans ⁽²⁾	62,705	69,278	80,821	16.7%	28.9%
Commercial and Corporate Loans	62,836	70,138	77,503	10.5%	23.3%
FX Loans	133,419	152,213	225,396	48.1%	68.9%
SME Loans ⁽²⁾	6,671	8,019	11,766	46.7%	76.4%
Commercial and Corporate Loans	126,748	144,194	213,629	48.2%	68.5%
FX Loans (USD mn.)	18,066	17,297	17,225	-0.4%	-4.7%
SME Loans ⁽²⁾	903	911	899	-1.3%	-0.5%
Commercial and Corporate Loans	17,163	16,386	16,326	-0.4%	-4.9%

(1) Including overdraft accounts

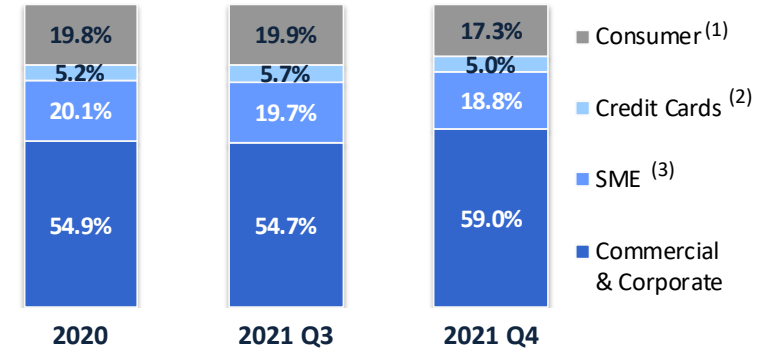
(2) SME definition includes companies with number of employees < 250 and turnover or total assets <= TL 125 mn.

Loan Composition

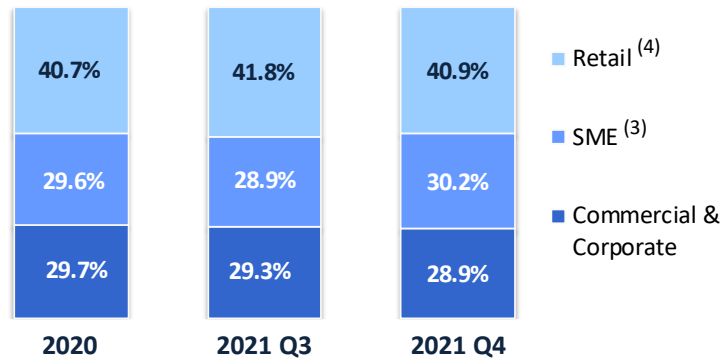
Currency Mix



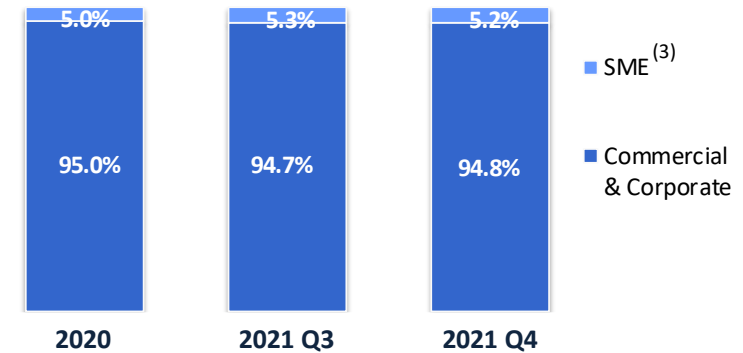
Loan Composition – Total Loans



Loan Composition – TL Loans



Loan Composition – FX Loans



(1) Including retail overdraft accounts

(2) Shows retail credit card balances only

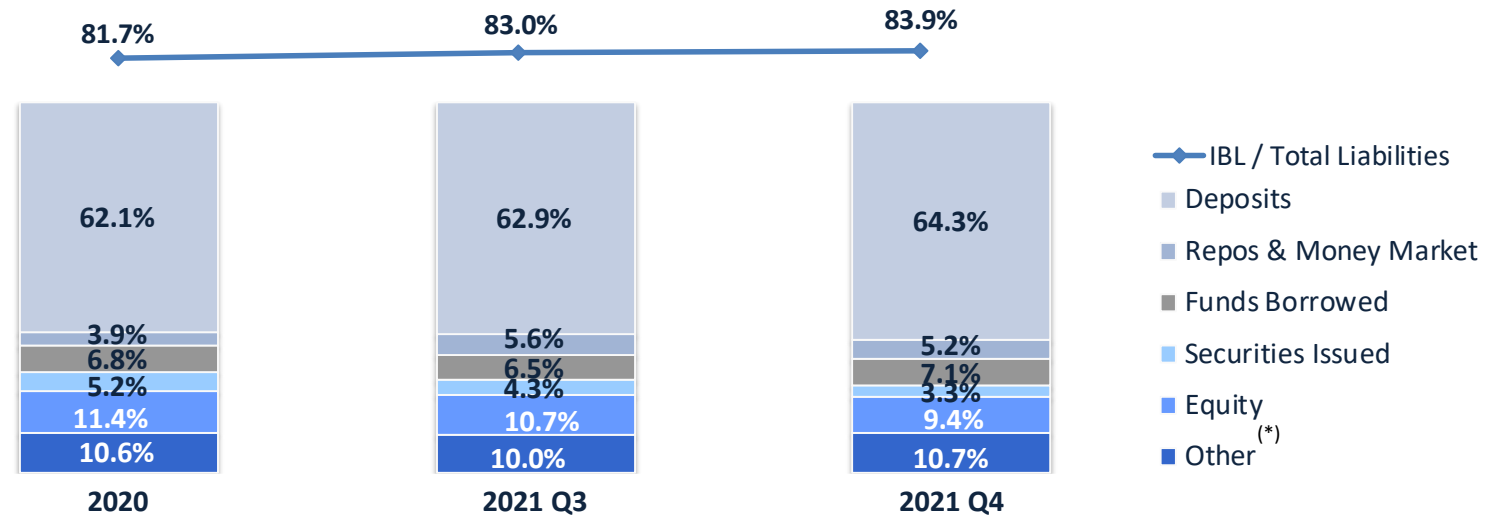
(3) SME definition includes companies with number of employees < 250 and turnover or total assets <= TL 125 mn.

(4) Including retail credit cards and overdraft accounts

Liabilities Structure

Liabilities & Liabilities Composition

(TL mn.)	2020	2021 Q3	2021 Q4	Δ QoQ	Δ YoY
Deposits	368,876	440,128	595,628	35.3%	61.5%
REPOs & Money Market	22,997	39,452	48,235	22.3%	109.8%
Funds Borrowed	40,431	45,794	65,651	43.4%	62.4%
Securities Issued	30,841	30,059	30,636	1.9%	-0.7%
Other	62,976	70,032	99,579	42.2%	58.1%
Equity	67,781	74,772	86,839	16.1%	28.1%
Total Liabilities & Equity	593,902	700,237	926,569	32.3%	56.0%
TL Liabilities	260,258	321,694	355,634	10.6%	36.6%
FX Liabilities	333,645	378,543	570,935	50.8%	71.1%
FX Liabilities (USD bn.)	45,179	43,016	43,633	1.4%	-3.4%

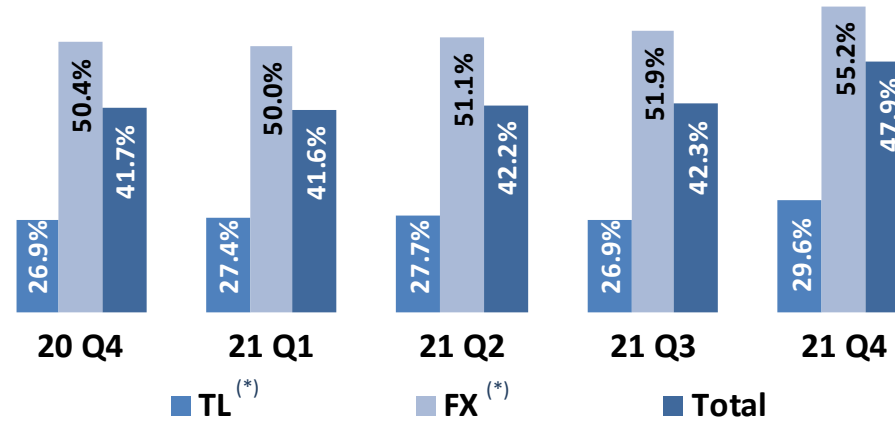


(*) Includes subordinated debt.

Deposit Base

Deposits & Demand Deposits / Total Deposits

(TL mn.)	2020	2021 Q3	2021 Q4	Δ QoQ	Δ YoY
Total Deposits	368,876	440,128	595,628	35.3%	61.5%
TL Deposits	134,514	168,034	167,618	-0.2%	24.6%
TL Saving Deposits	90,343	114,544	111,574	-2.6%	23.5%
TL Commercial Deposits	37,106	46,397	48,628	4.8%	31.1%
Other TL Deposits	7,065	7,093	7,416	4.5%	5.0%
FX Deposits	234,363	272,094	428,010	57.3%	82.6%
FX Deposits (USD mn.)	31,735	30,920	32,710	5.8%	3.1%
<i>Demand Deposits</i>	<i>153,998</i>	<i>186,110</i>	<i>285,308</i>	<i>53.3%</i>	<i>85.3%</i>



(*) Excluding interbank deposits

Summary Income Statement

(TL mn.)	2021 Q3	2021 Q4	Δ QoQ	2020 12M	2021 12M	Δ YoY
Net Interest Income	7,200	11,019	53.0%	25,242	30,941	22.6%
(-) SWAP Cost ⁽¹⁾	3,416	3,180	-6.9%	5,141	13,056	154.0%
Net Interest Income Incl. Swap Cost	3,784	7,839	107.1%	20,102	17,885	-11.0%
Net Fees & Commissions	1,986	2,339	17.8%	5,618	7,620	35.6%
Net Trading Gains/Losses Excl. Swap Cost	455	5,822	1178.6%	1,799	7,907	339.5%
Other Operating Income ⁽²⁾	1,124	1,010	-10.2%	2,458	4,422	79.9%
Total Operating Income	7,349	17,011	131.5%	29,976	37,834	26.2%
HR Expenses	1,358	2,083	53.4%	5,192	6,367	22.6%
Non-HR Expenses	2,440	2,994	22.7%	6,605	9,545	44.5%
Total Operating Expenses	3,797	5,077	33.7%	11,797	15,912	34.9%
(-) Provision for Pension Fund	618	785	27.0%	742	1,859	150.5%
Total Operating Expenses - Adj.	3,179	4,292	35.0%	11,055	14,053	27.1%
Operating Profit	3,552	11,933	236.0%	18,179	21,923	20.6%
Operating Profit - Adj.	4,170	12,718	205.0%	18,921	23,782	25.7%
Stage 3 Expected Credit Losses	1,555	2,146	38.0%	4,583	5,808	26.7%
Stage 1+2 Expected Credit Losses	-506	2,975	NM	5,631	5,029	-10.7%
Other Provision Charges	286	2,759	864.4%	2,516	3,613	43.6%
Total Provision Charges	1,335	7,880	490.3%	12,730	14,450	13.5%
(-) Free Provisions	200	1,000	400.0%	1,750	1,200	-31.4%
Total Provision Charges - Adj.	1,135	6,880	506.2%	10,980	13,250	20.7%
Income from Participations	1,466	3,994	172.4%	3,406	8,003	134.9%
Tax Provisions	683	1,628	138.3%	2,045	2,008	-1.8%
Net Income	2,999	6,419	114.0%	6,811	13,468	97.7%

NM: Not meaningful

(1) Based on MIS data

(2) Includes reversal of Stage I+II provisions. (2020 12M: TL 193 mn., 2021 Q1: TL 448 mn., 2021 Q2: TL 306 mn., 2021 Q3: TL 0 mn., 2021 Q4: TL 0 mn., 2021 12M: TL 755 mn.)

Fees & Commissions Income

(TL thousand)	2021 Q3	2021 Q4	Δ QoQ	2020 12M	2021 12M	Δ YoY
Cash Loans	363,135	531,530	46.4%	930,301	1,346,642	44.8%
Non-Cash Loans	308,547	377,950	22.5%	1,111,518	1,291,970	16.2%
Payment Systems	813,126	796,617	-2.0%	1,799,388	2,863,503	59.1%
Asset Management	163,475	253,347	55.0%	917,068	855,934	-6.7%
Money Transfer	195,262	273,220	39.9%	530,916	808,802	52.3%
Bancassurance	122,229	158,904	30.0%	390,587	487,282	24.8%
Total Fees & Commissions Income (Net)	1,985,564	2,339,487	17.8%	5,617,613	7,619,945	35.6%
Total Fees & Commissions Income (Gross)	2,523,983	3,112,048	23.3%	6,790,418	9,742,778	43.5%

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