The Industrial Development Bank of Turkey

Earnings Presentation

1Q22 Bank-only Results

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1Q-22 At a Glance

Profitability above expectations	• ROE: 33.4 % • NIM: 5.2% • Strong commission income
Further strengthened solvency	• CAR: 14.0% • Tier-I: 12.8%
Comfortable FX liquidity supported by new DFI agreements	• New agreements with JBIC and IFC • ~80% ESG-linked funding
Intact Asset Quality	• NPL: 3.4%

- ESG oriented development banking activities
- Strong liquidity, with ESG weight reaching 80% within the funding base
- SDG focused development contribution to Turkish economy continues.
- Successful management of security portfolio backed our NII.
- Invesment banking and advisory fees continues to contribute banking income
- Solvency ratios above regulatory levels given the strong capital generation capability
- Well preserved asset quality
- With TL 215 million additional free provision, stock of free provisions reached TL 655 million.

2022YE Guidances vs 1Q22 Results

Financial Guidance (Bank Only)	2022YE (%) Guidance	1Q22 (%) Results	Notes
Growth			
FX Adjusted Loan Growth	Contraction	-8.7	Subdued FX loan demand and heavy redemptions
Profitability			
Net Interest Margin (*)	~4.0	5.2	Upside potential
Fees & Commissions Growth	~30	195	Strong investment banking activities
Return On Equity	Low twenties	33.4	Upside potential
Efficiency			
OPEX Growth	~50	68	Balance with macro dynamics
Cost/Income Ratio	<14	7.4	High efficiency
Solvency**			
Capital Adequacy Ratio	~16.0	14.0	Strong internal capital generation capacity
Tier 1 Ratio	~10.0	12.8	
Asset Quality			
NPL Ratio	<4.5	3.4	Strong asset quality
Net Cost of Risk***	~200 bps	219 bps	49 bps excluding currency impact

**Excluding FX Gains /Losses.*
***Excluding BRSA's temporary measures.*
**** Including currency impact.*

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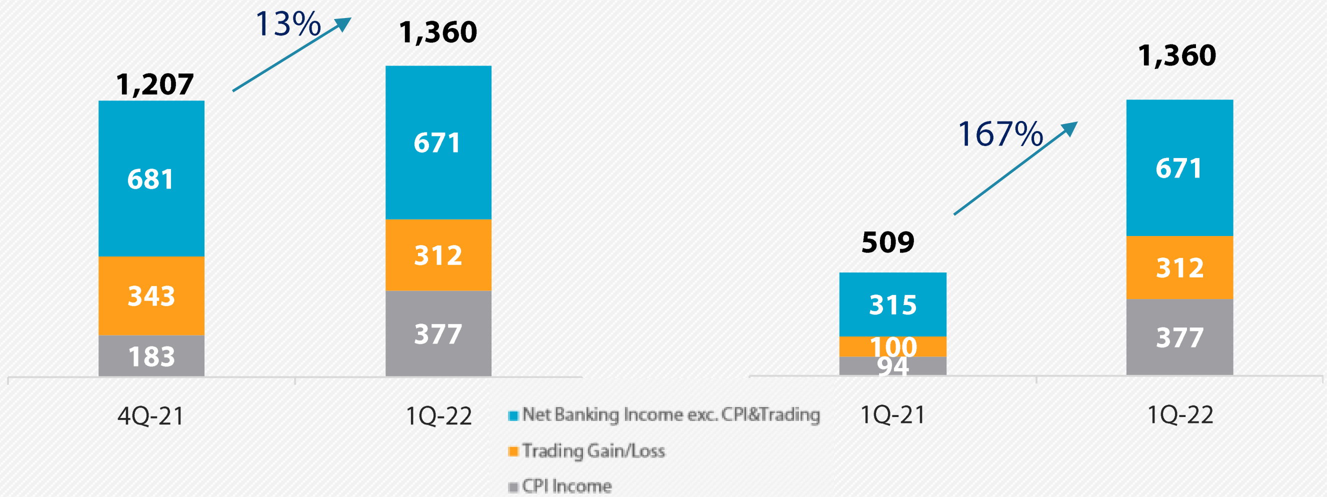
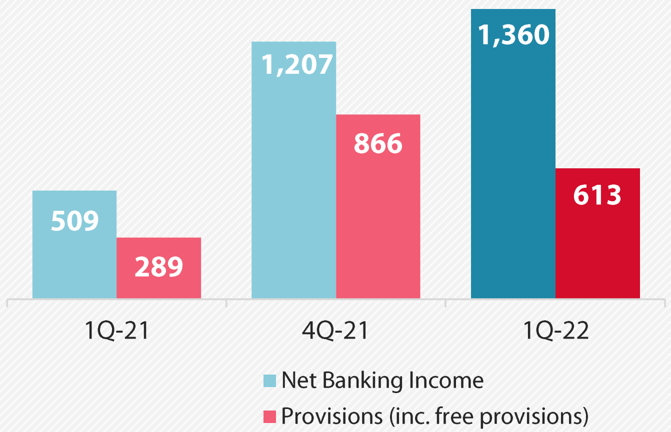
Robust Yearly Core Banking Income Expansion

Net Banking Income - TL mn

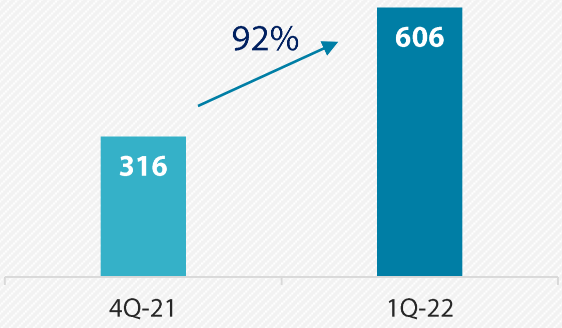


Net Banking Income vs Provisions - TL mn

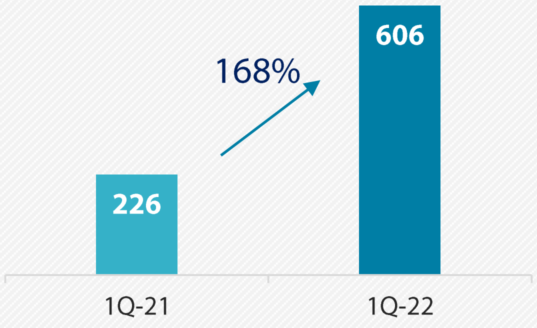


Net Profit- TL mn

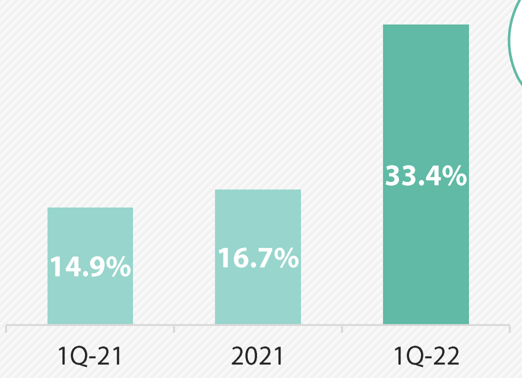
Quarterly



Yearly



ROE



36% adjusted for free provisions

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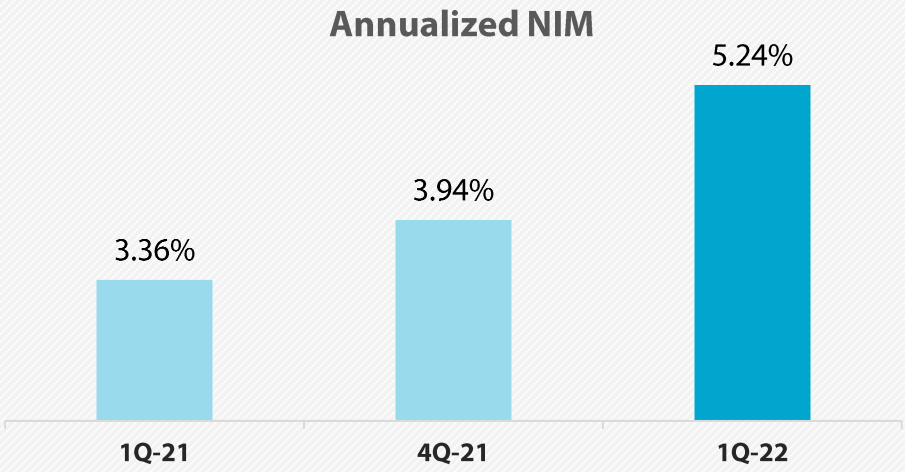
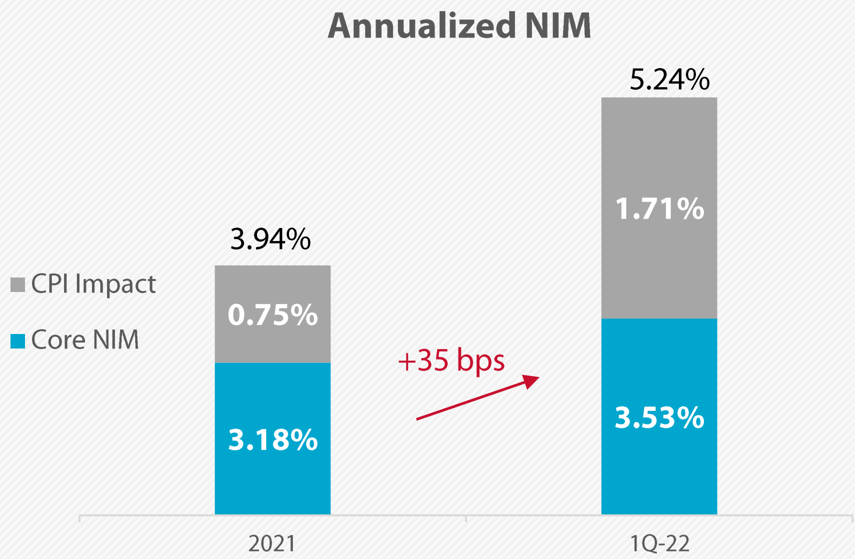
Healthy and Consistent NIM Performance Exceeding our Guidance





- Robust margin performance continues
- 2022 October to October CPI valuation assumption is revised to 49% from 28.2%.
- 480 mio TL extra revenue generated from CPI assumption revisions.
- Annualized NIM has expanded by 130 bps.

Income Statement Highlights

TL mn	1Q-21	4Q-21	1Q-22	QoQ	YoY
Net Interest Income	**430.3**	**907.3**	**1,092.9**	**20%**	**154%**
Trading Income	99.7	342.8	312.1	-9%	213%
Net Fees & Commissions	10.7	20.0	31.6	58%	195%
Other Income (Inc. Dividend)	32.1	11.5	31.7	176%	-1%
Banking Income	**572.8**	**1,281.6**	**1,468**	**15%**	**156%**
OPEX (-)	64.3	74.6	108.3	45%	68%
Net Banking Income	**508.5**	**1,207.0**	**1,360**	**13%**	**167%**
Provisions (-)	289.4	865.9	612.7	-29%	112%
Income From Participations	55.4	96.8	74.6	-23%	35%
Tax Provisions (-)	48.6	122.0	216.0	77%	344%
Net Profit	**225.9**	**315.9**	**605.9**	**92%**	**168%**

Strong contribution of fees & commissions

Sustainable profitability performance

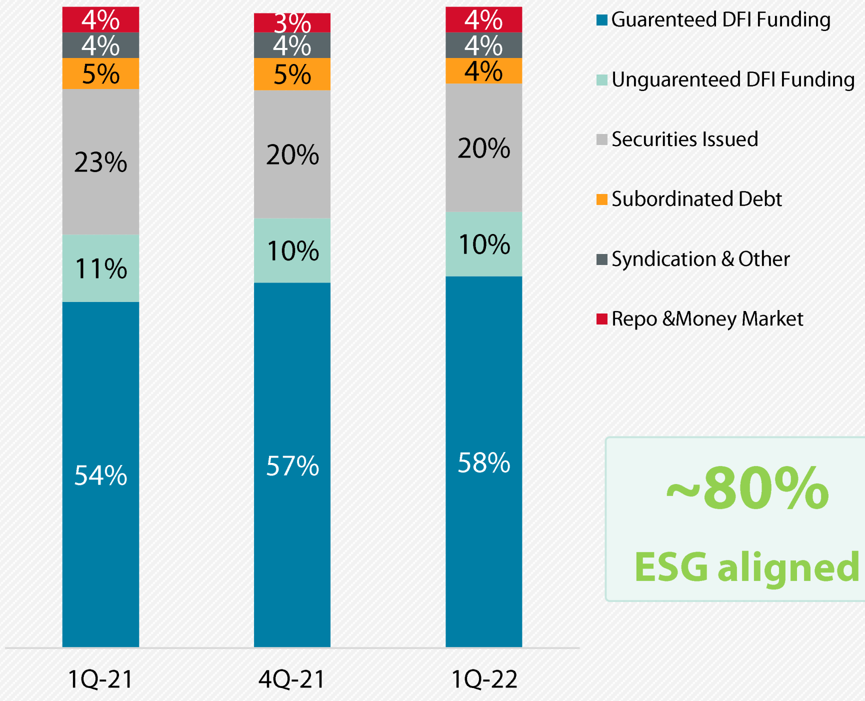
Prudent provisioning: extra TL 215 mio free provisions totaling TL 655 mio

Consistent support from participations

- Based on MIS data
- Interest expense of long and short term swaps, valuations of hedge positions for Eurobonds issued and exchange differences arising from rediscounts are adjusted under NII
- Provisions include Expected Credit Losses in the audited P&L excluding impairment expenses of marketable securities

Comfortable FX Liquidity and Maturity Profile

Funding / Total Liabilities (exc. Equity & Oth.) – USD mn

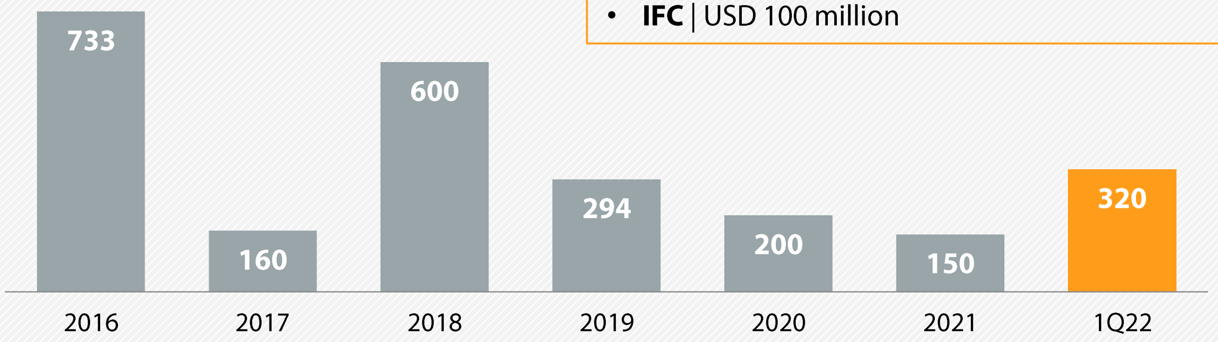


~80%
ESG aligned

~ USD 540 mn Non-Withdrawn DFI Funding

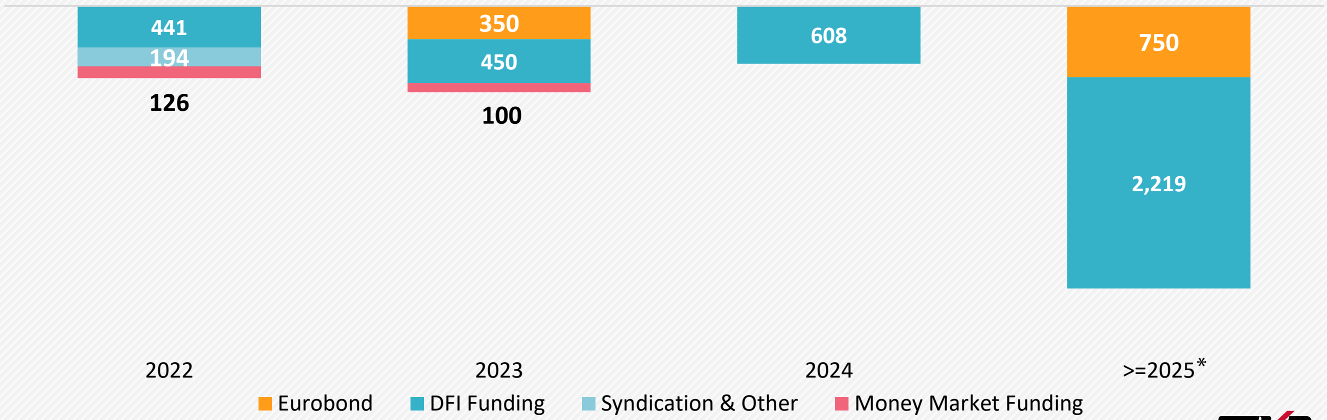
Climate	73%
Inclusiveness	27%

Yearly Multilateral Funding Agreements – USD mn



New Loan Agreements in 1Q22
- **JBIC** under State Guarantee | USD 220 million
- **IFC** | USD 100 million

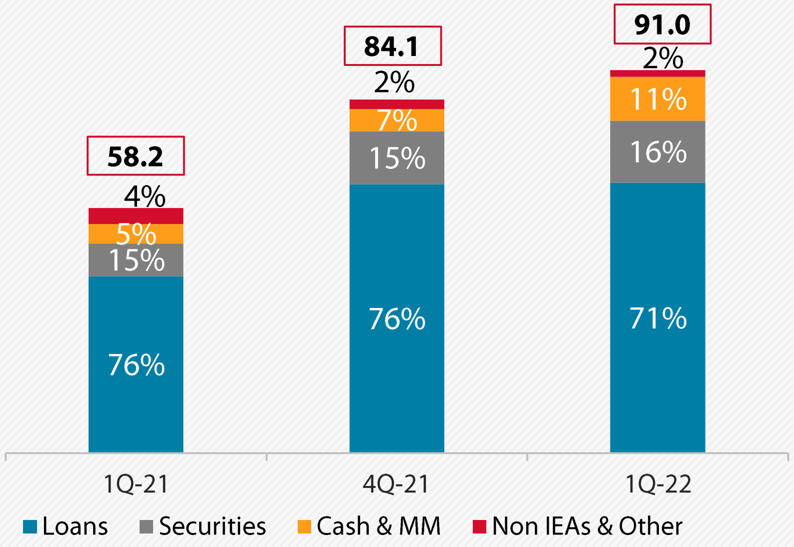
Maturity Profile of External Debt - USD mn



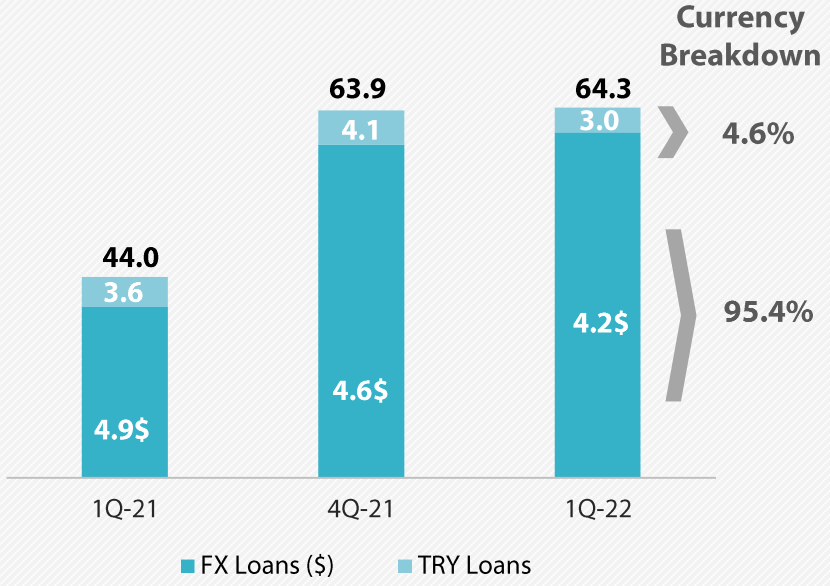
** USD 200 million AT-I loan has a call option in 2027.*

Resilient Asset Composition

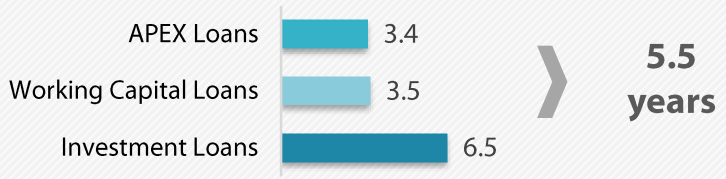
Asset Composition – TL bn



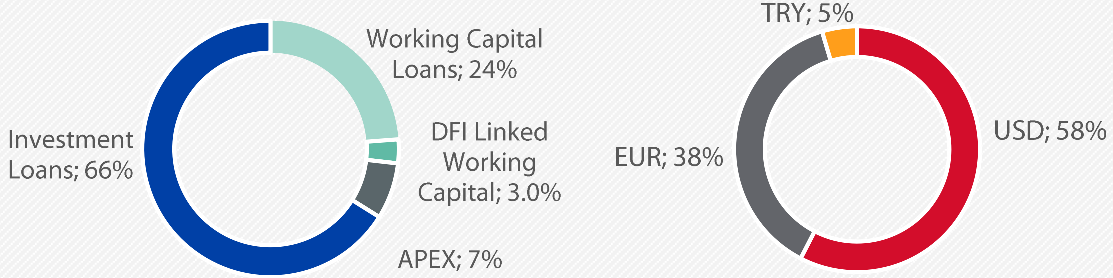
Total Loans – TL bn



Average Maturity - Years

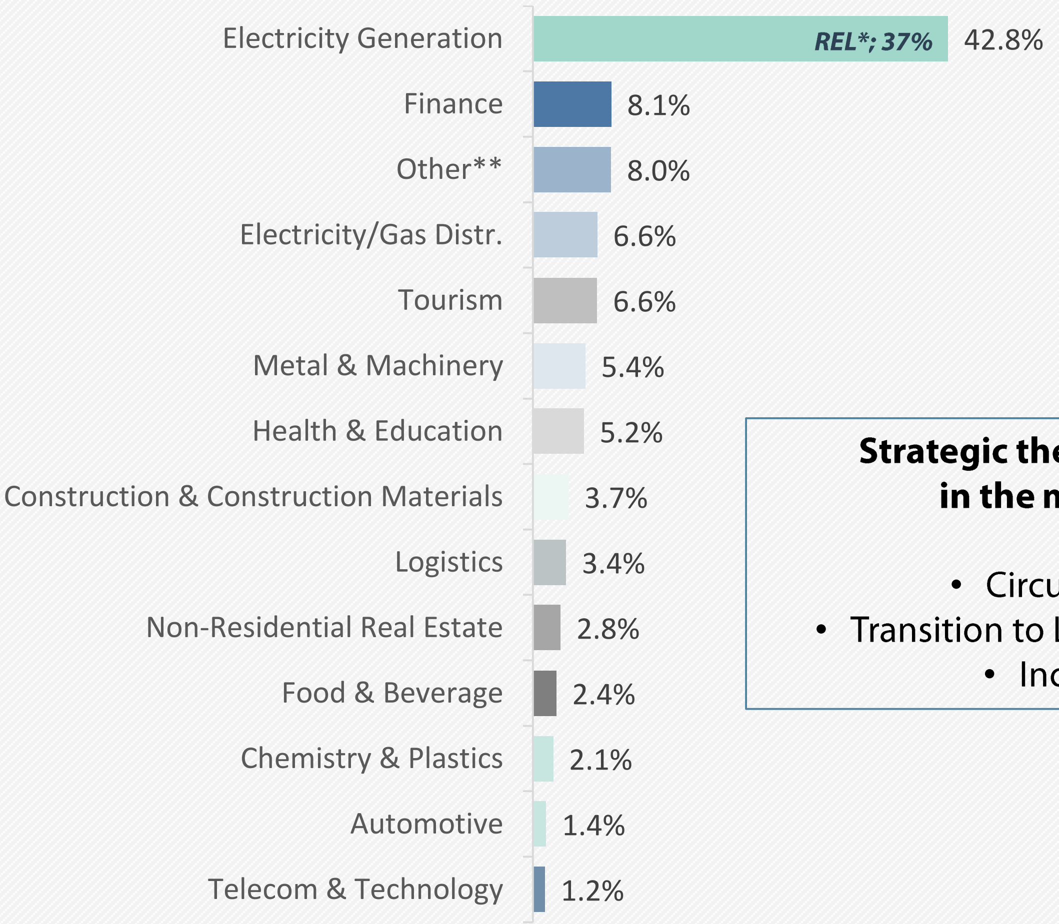


1Q-22 Loans by Currency & Type



SDG-Linked Loans Account for Nearly 90% of the Portfolio

Loans by sector 1Q-22



88% of which is Renewable Energy,
where **90%** benefits from Feed in Tariff

Outstanding Risk 259 Projects 6,784 MW	HPP	GPP	WPP	BIO	SPP
	24%	19%	38%	9%	10%

Strategic themes to stand out in the medium term

- Circular Economy
- Transition to Low Carbon Economy
- Inclusiveness

Substantially Supported SDGs through Loan Activities

** Renewable Energy Loans*
*** Textile, retail and others*

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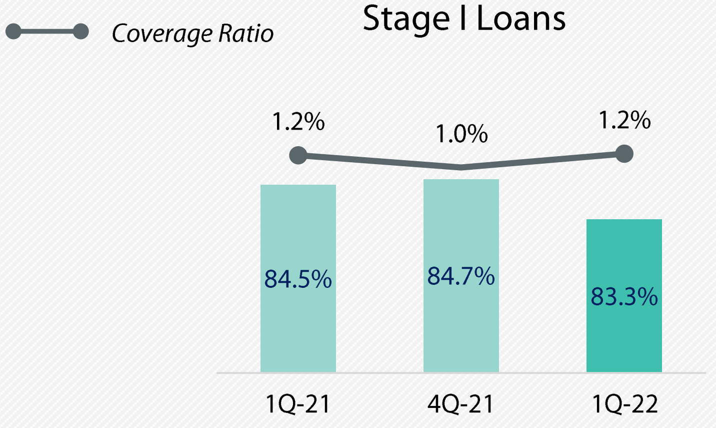
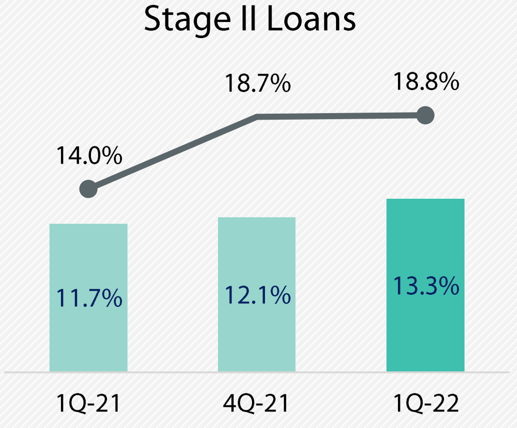
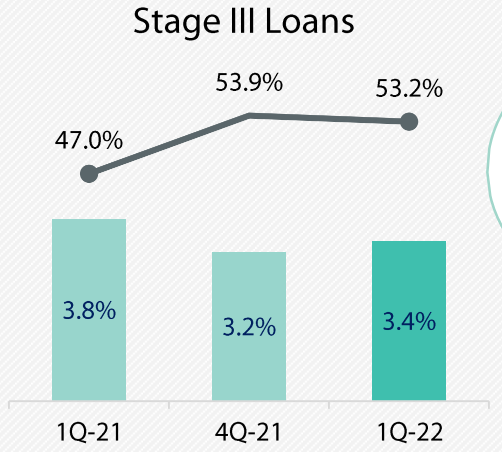
Asset Quality Remains Intact, Further Improved Coverages







92% of Stage 3 Loans are restructured

70% of Stage 2&3 Loans are Restructured

(mio TL)	Gross Amount	Provisions	Gross Amount	Provisions	Gross Amount	Provisions
	53,495	651	8,559	1,607	2,193	1,167

Stage 2 Loans

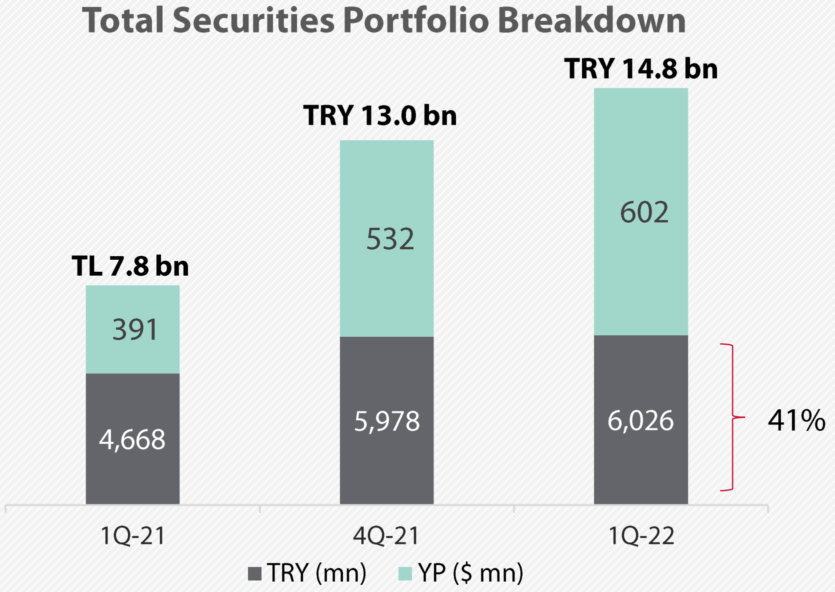
Sector	**%**	**Coverage (%)**
Tourism	26	16.1
Electricity/Gas Distribution	17	32.2
Health	16	13.9
Electricity Generation	12	17.3
Renewables (%100 YEKDEM guarantee)	75	11.3
Non Renewables	25	34.9
Telecom/Logistics	10	6.4
Non-residential Real Estate	7	26.5
Other	8	19.7
Metal and Machinery	4	18.8
TOTAL	***100***	***18.8***

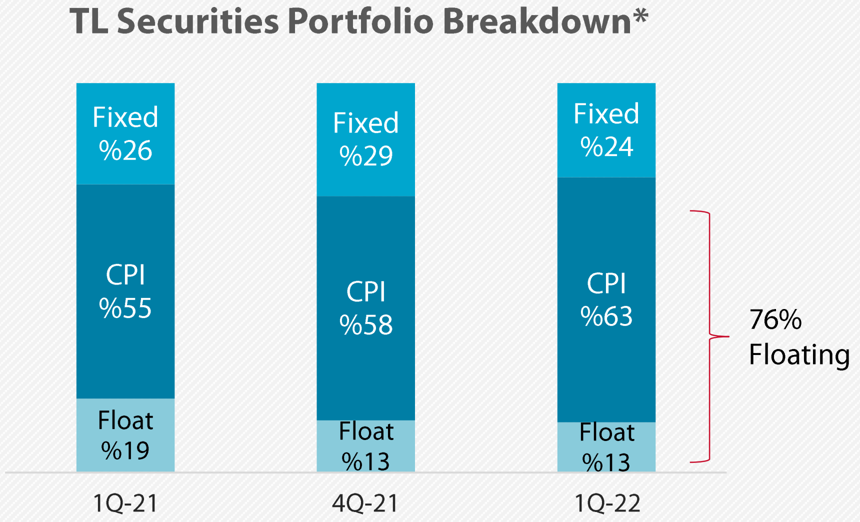
5.3% Total Coverage

TL 655 mio total free provisions (TL 215 mio additional in 1Q22)

49 bps net CoR exc. currency impact

Well-managed Security Book Supports our Bank's Profitability



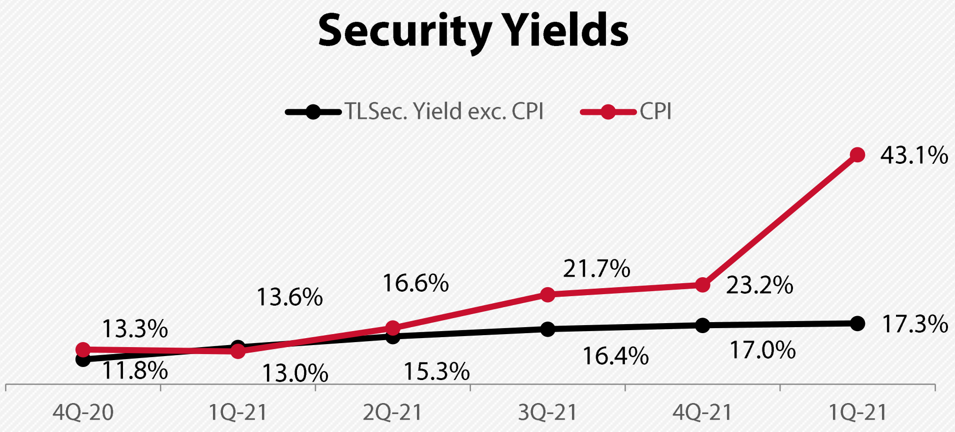


* *Audit report values are taken into account*

SECURITIES / ASSETS: 16%

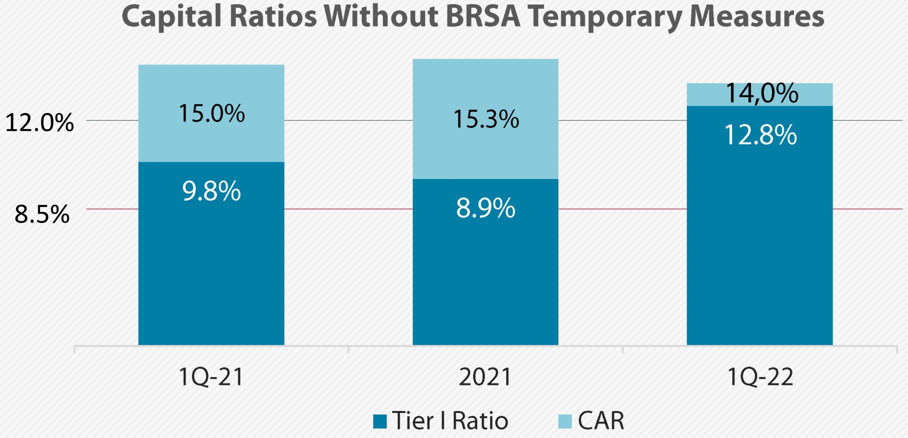
Strategically managed securities portfolio

- Remaining Duration: **1.9 years** in Fixed bonds, **1.4 years** in Floating bonds, **4.2 years** in CPIs in TRY Sec. Portfolio.
- Investment in private sector bonds – 3.0% in TL securities book
- Replacement of maturing fixed income securities with higher yielded bonds and CPI-linkers.



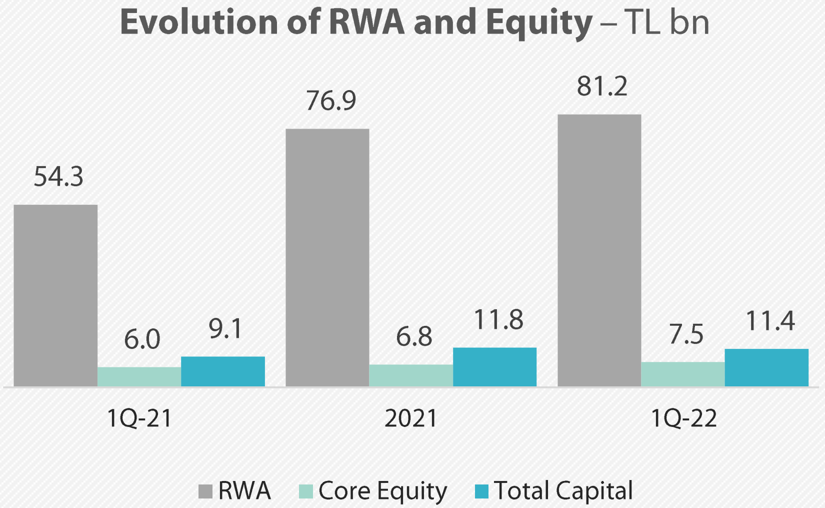
Oct.-Oct. CPI assumption is revised to 49 percent.

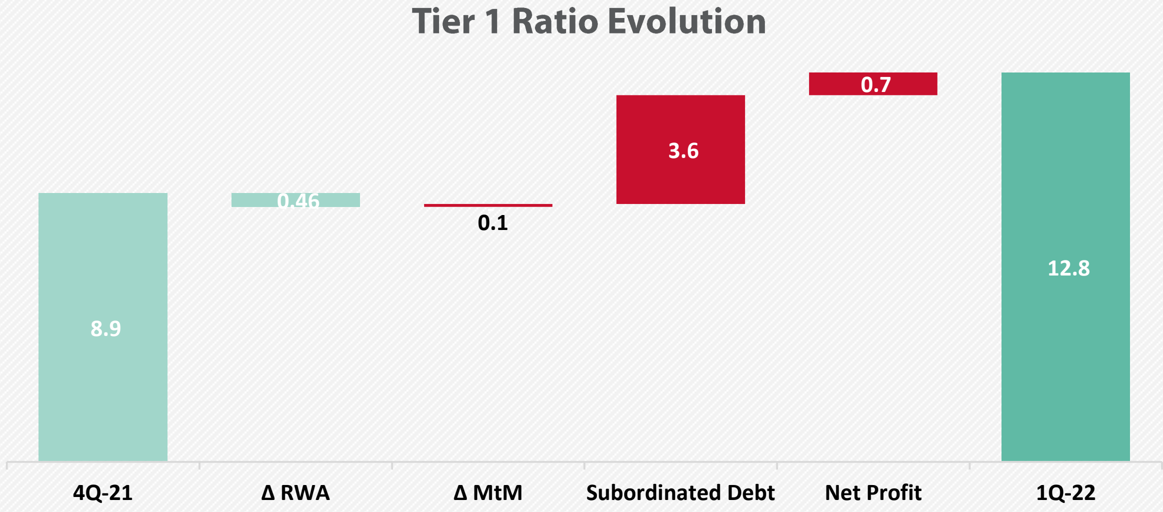
Strengthened Solvency Metrics



With BRSA Temporary Measures – CAR: 20.5% | Tier I: 19.4% | CET 1: 14.2%

1Q-22 CET-I Ratio: 9.2%





Free Provisions Adjusted CAR: 14.8% Tier I: 13.7%

- The call option of our 2027 Sustainable Tier-II Eurobond with the amount of USD 300 million was exercised on March 29, 2022.
- New AT-1 Loan Agreement was signed with main shareholder with amount of USD 200 million on March 30, 2022.

Sustainability Developments in 1Q-22 and Long-term Targets

2021 Integrated Annual Report

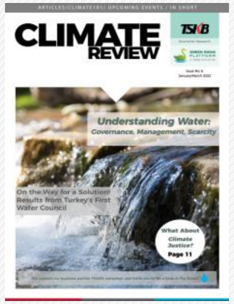
- Positive impact we created
- Short, medium and long-term targets
- UNEP FI Responsible Banking Principles
- WEF Stakeholder Capitalism metrics
- Website with the digital assistant

Social Impact with innovative solutions

Delivered 25,000 seed balls via ecoDrones in cooperation with the social enterprise Ecording

Climate Review

6th issue focusing on the theme "Water"



Sustainable Financing Targets

USD 8 billion	SDG-linked financing by 2030
90%	Ratio of SDG-linked-loans by 2025
60%	Ratio of climate and environment focused SDG-linked loans by 2025

Emissions Targets

Reduce our **Scope 1 (direct) emissions** by
%42 by 2030
%63 by 2035

Maintain offsetting **Scope 2 emission**

In 2021 we started to include **"financed emissions"** in the calculation of greenhouse gas emissions **(Scope 3)**

Strategic Roadmap

- Climate risk management approach fully in line with UNEP FI and TCFD recommendations
- Integrate a gender equality perspective into the loan evaluation process

New Theme Working Groups

- Circular Economy
- European Green Deal
- Sustainable Agriculture
- Climate Change Adaptation
- Youth Employment

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Appendix

Balance Sheet

mn	31/03/2021			31/12/2021			31/03/2022		
	TL	FX	TOTAL	TL	FX	TOTAL	TL	FX	TOTAL
Cash and Banks	2,078	2,540	4,618	1,526	3,715	5,241	3,552	6,851	10,403
Securities	4,672	3,131	7,803	5,896	6,730	12,626	6,283	8,493	14,776
Loans (Gross)	3,622	40,408	44,030	4,072	59,830	63,905	2,953	61,294	64,247
Provisions	-567	-1,416	-1,983	-583	- 2,530	-3,113	-605	-2,858	-3,462
Subsidiaries	1,327	90	1,417	1,749	197	1,946	1,803	229	2,033
Other	1,387	1,014	2,401	2,441	1,051	3,492	2,572	466	3,039
Total	**12,518**	**45,767**	**58,285**	**15,104**	**68,993**	**84,096**	**16,559**	**74,476**	**91,035**
ST Funds	-	2,013	2,013	-	3,179	3,179	-	3,486	3,486
LT Funds	-	32,843	32,843	-	49,665	49,665	-	54,015	54,015
Securities Issued	-	11,847	11,847	-	14,928	14,928	-	16,217	16,217
Repo & MM	199	1,277	1,476	166	2,009	2,175	948	2,490	3,438
Other	732	809	1,541	1,671	1,509	3,180	2,140	1,237	3,377
Tier 2	-	2,529	2,529	-	4,029	4,029	-	2,916	2,916
Equity	6,123	-86	6,037	7,157	-217	6,941	7,830	-245	7,585
Total	**7,054**	**51,232**	**58,285**	**8,995**	**75,102**	**84,096**	**10,918**	**80,116**	**91,035**

Detailed Income Statement

TL mn	1Q-21	4Q-21	1Q-22	QoQ	YoY
Net Interest Income inc. Swap Cost	**430.3**	**907.3**	**1,092.9**	**20%**	**154%**
Net Interest Income	551.7	931.9	1,197.4	28%	117%
CPI Linkers	93.6	183.2	377.2	106%	303%
Swap Costs (-)	121.5	24.6	104.5	324%	-14%
Net Commissions	**10.7**	**20.0**	**31.6**	**58%**	**195%**
Other Income	**32.1**	**11.5**	**31.7**	**176%**	**-1%**
Dividends	2.7	-	4.3	-	59%
Other	29.4	11.5	27.4	138%	-7%
Trading & FX gains/losses	**99.7**	**342.8**	**312.1**	**-9%**	**213%**
FX gains/losses	100.7	333.3	217.8	-35%	116%
MtM gains/losses	-3.9	-30.9	2.6	n.m.	n.m.
Trading gains/losses	2.9	40.4	91.7	127%	n.m.
Banking Income	**572.8**	**1,281.6**	**1,468.3**	**15%**	**156%**
OPEX (-)	64.3	74.6	108.3	45%	68%
Net Banking Income	**508.5**	**1,207.0**	**1,360.0**	**13%**	**167%**
ECL (-)	289.4	865.9	627.7	-29%	112%
Stage I	42.9	182.5	99.8	-45%	133%
Stage II	143.6	444.6	170.2	-62%	19%
Stage III	71.6	175.7	72.4	-59%	1%
Other Provisions	31.4	63.1	270.3	329%	762%
Income From Subsidiaries	**55.4**	**96.8**	**74.6**	**-23%**	**35%**
Pre-Tax Income	**274.5**	**437.9**	**821.9**	**88%**	**199%**
Tax (-)	48.6	122.0	216.0	77%	344%
Net Income	**225.9**	**315.9**	**605.9**	**92%**	**168%**

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