

The Industrial Development Bank of Türkiye

Earnings Presentation
1Q-24 Bank-only Results



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➤ 1Q-24 At a Glance

Strong Profitability Differentiating Business Model

- Best-in-class ROE, QoQ flat net income generation
- NIM evolution in line with guidance
- Maintained FX Loan Spread

Further strengthened solvency, supporting our growth strategy

- USD 300 mn AT-1 issuance
 - CAR: 19.5%, Tier-I: 18.4%
- *Excluding BRSA's temporary measures and free provision stock*

Strong FX liquidity & Funding Solid Collection Performance

- FX LCR: 436%
- USD 880 mn Unwithdrawn DFI funding
- ~81% ESG-linked funding profile

Highly provisioned intact asset quality with no NPL sales or write-down

- No free provision reversal
- Superior coverage position in the sector: 6% coverage ratio
- No new unexpected NPL inflow

- ✓ **Differentiating profitability** despite the high base impact of the previous quarter
- ✓ **Outstanding and diversified fee income performance** driven by **investment banking** and **advisory services**
- ✓ **Strategic funding management** and **advantageous AT-1 issuance**
- ✓ 3% fx-adjusted **loan growth**, in line with 2024 YE guidance
- ✓ **Intact asset quality** and **maintained leading position** in terms of strong **coverage ratios**

1Q-24 Performance & YE-24 Guidance

Financial Guidance (Bank Only)	1Q-24 Figures %	YE-24 Guidance %
Growth		
FX Adjusted Loan Growth	3	High Single Digit
Profitability		
Net Interest Margin	5.7	~6
Fees & Commissions Growth	104	> avg. CPI
Return On Equity	34.7	~40
Efficiency		
OPEX Growth	68	> avg. CPI
Cost/Income Ratio	15.8	-
Solvency*		
Capital Adequacy Ratio	19.5	~18.0
Tier I Ratio	18.4	~17.0
Asset Quality		
NPL Ratio	2.9	<3
Net Cost of Risk (including currency impact)	109 bps	~100 bps (exc. currency impact)

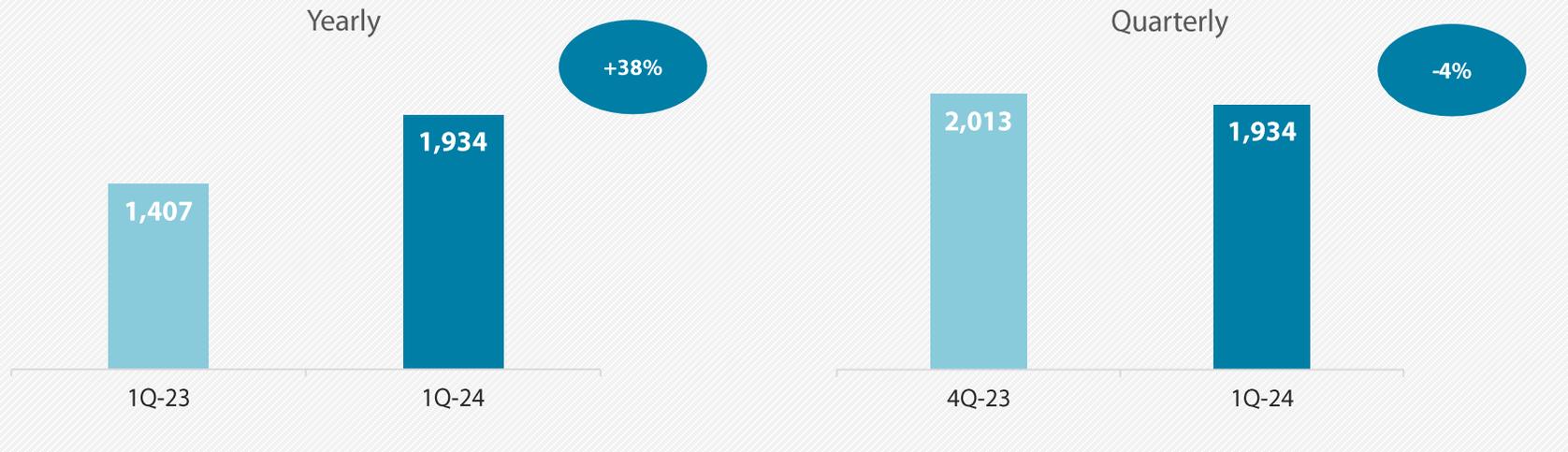
14 bps excluding
currency impact

*Excluding BRSA's temporary measures

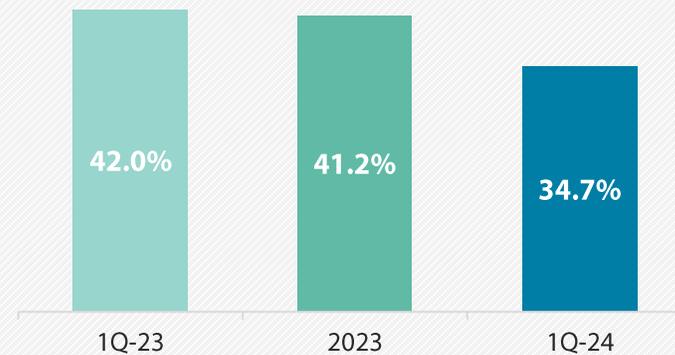


Robust Profitability Continues

Net Profit - TL mn



ROE



Strong coverage base and free provision stock will support our profitability going forward

- ✓ Total coverage ratio stands at 6.0%
- ✓ Stock of free provisions 1.75 bn TL

Income Statement Highlights

TL mn	1Q-23	4Q-23	1Q-24	YoY	QoQ
Net Interest Income	1,584	3,046	2,541	60%	-17%
Trading Income	103	479	459	344%	-4%
Net Fees & Commissions	64	166	130	104%	-22%
Other Income (Inc, Dividend)	307	125	60	-80%	-52%
Banking Income	2,058	3,815	3,190	55%	-16%
OPEX (-)	301	342	505	68%	48%
Net Banking Income	1,757	3,474	2,686	53%	-23%
Provisions (-)	110	1,785	381	245%	-79%
Income From Participations	180	809	317	76%	-61%
Tax Provisions (-)	420	485	688	64%	42%
Net Profit	1,407	2,013	1,934	37%	-4%

*Robust
+37% yoy
bottom line
surge
(almost flat
qoq)*

*Stellar
NII expansion,
despite lower
CPI-Linker
income*

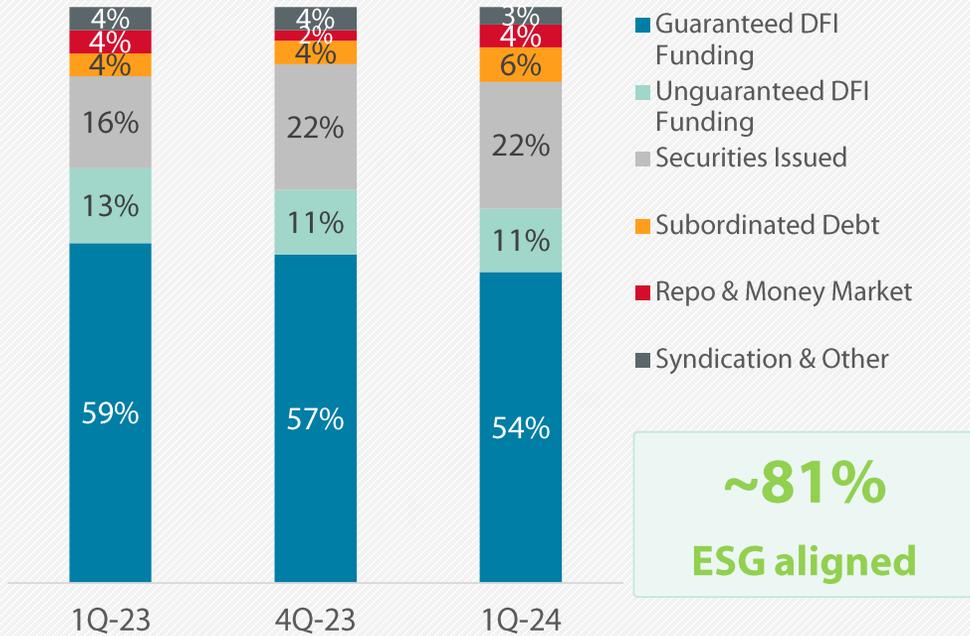
*Strong and well-
diversified
commission
Income*

*Maintained
superior
position in
coverages
among sector*

- 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

Strong liquidity and ESG aligned funding base

Funding / Total Liabilities (exc. Equity & Oth.)

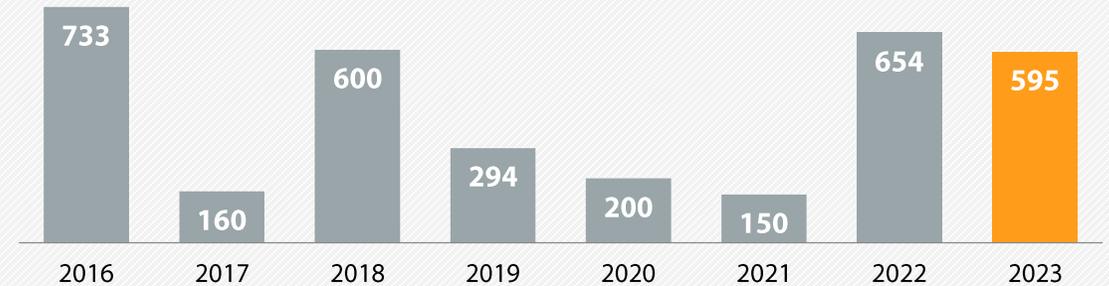


~ USD 880 mn Non-Withdrawn DFI Funding

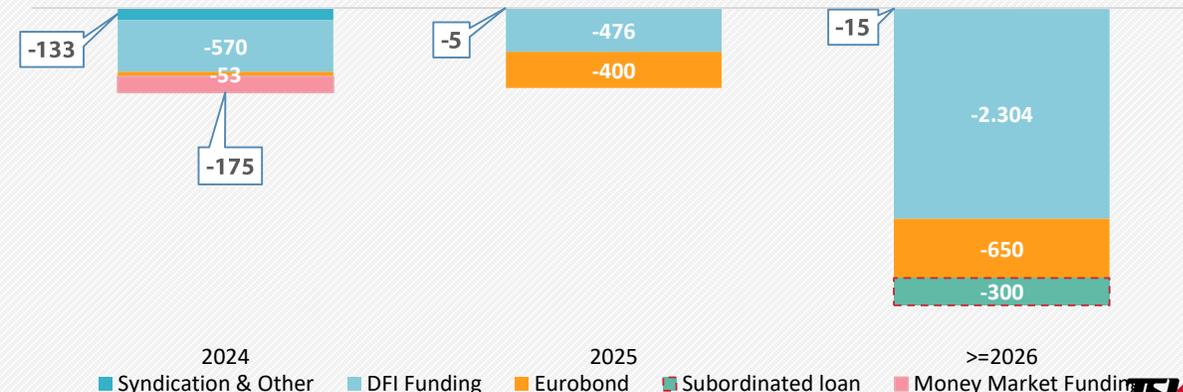
Climate Mitigation 100%

FX Liquidity Coverage Ratio
~436%

Yearly Multilateral Funding Agreements – USD mn



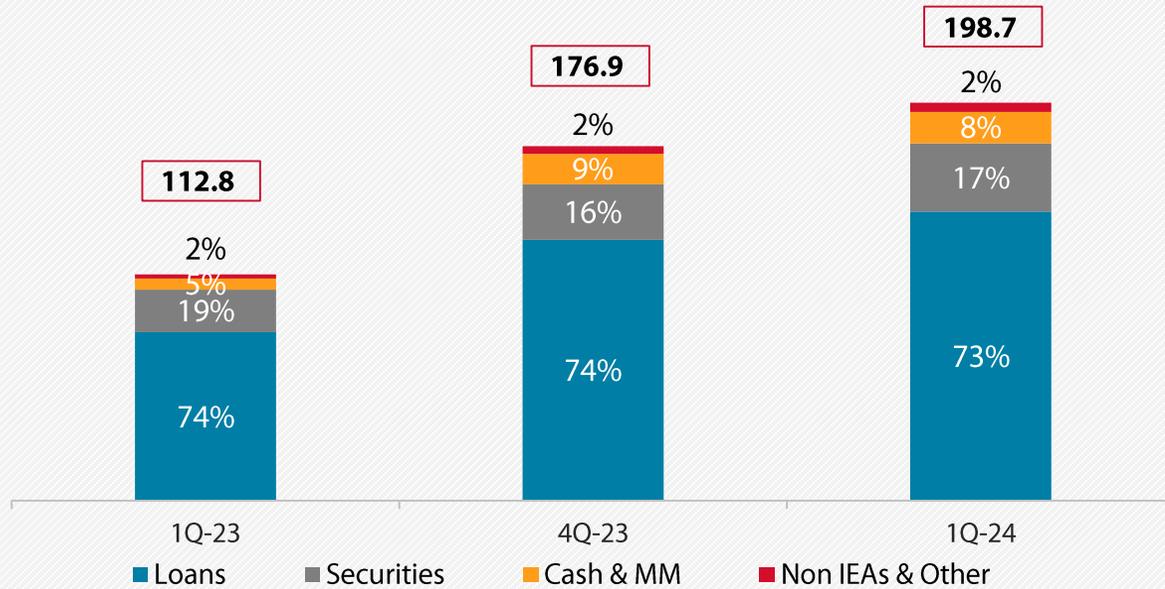
Maturity Profile of External Debt - USD mn



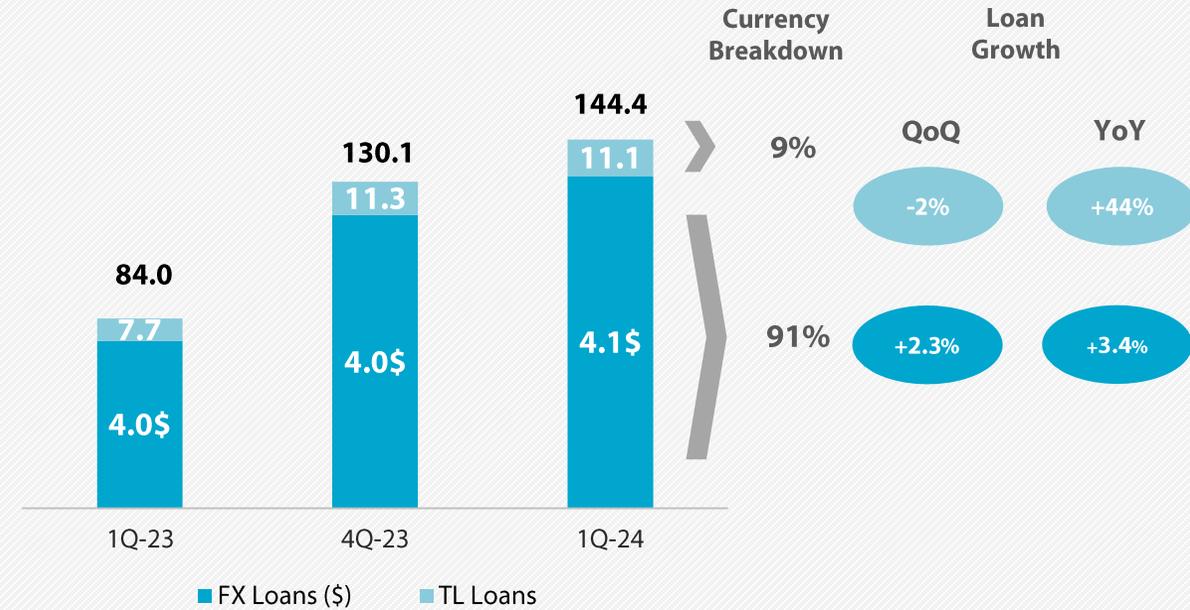
* USD 300 million AT-I loan has a call option in 2029.

Resilient Asset Composition

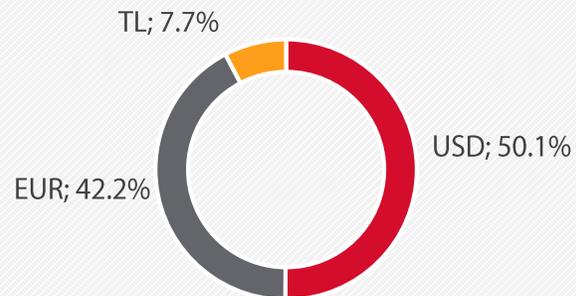
Asset Composition – TL bn



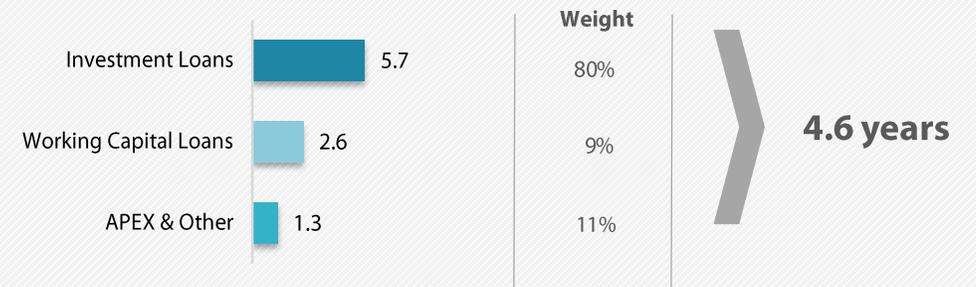
Total Loans – TL bn



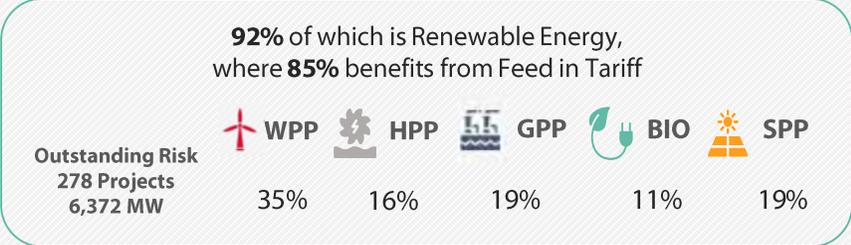
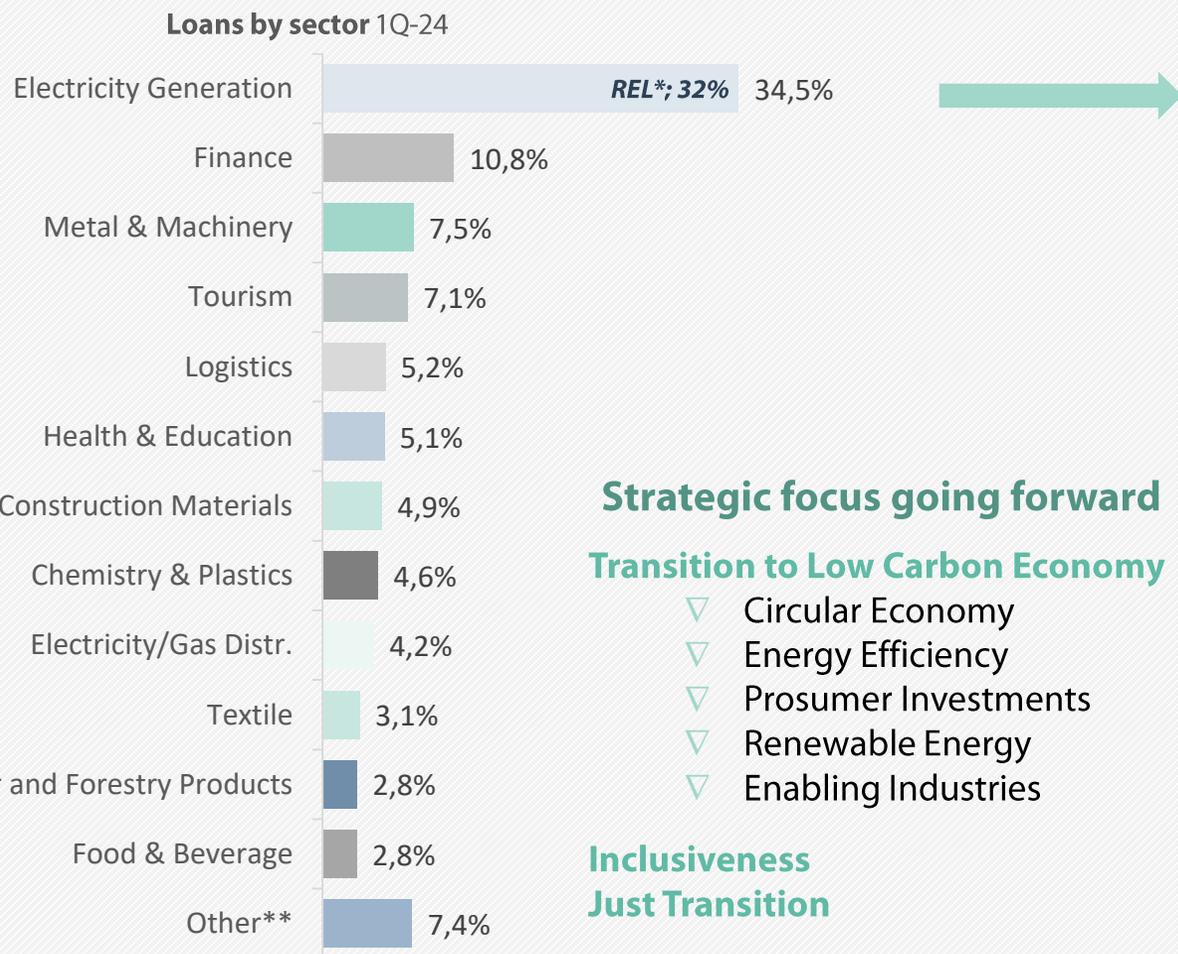
1Q-24 Loans by Currency



Remaining Average Maturity - Years



SDG-Linked loans account for 90% of the portfolio



Climate and Environment focused SDG-linked Loans account for **60%** of the portfolio.

Strategic focus going forward

Transition to Low Carbon Economy

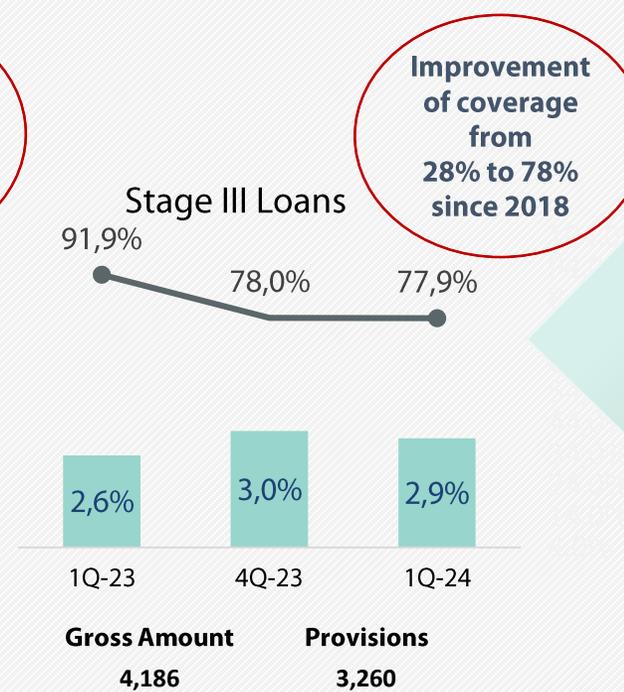
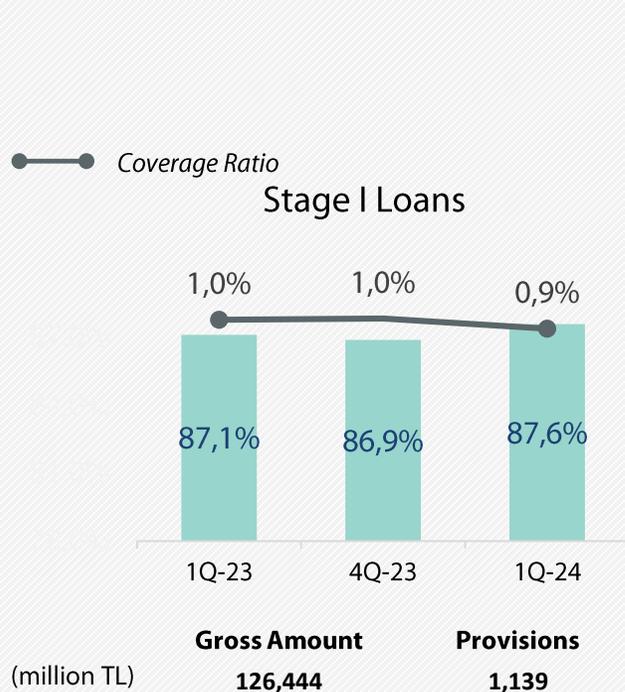
- ▽ Circular Economy
- ▽ Energy Efficiency
- ▽ Prosumer Investments
- ▽ Renewable Energy
- ▽ Enabling Industries

Inclusiveness Just Transition

Substantially Supported SDGs through Loan Activities



Leading position on provision coverage among industry



Average private sector banks' coverage in YE-23: **18.8%**

Average private sector banks' coverage in YE-23: **70.0%**

Currency adjusted net CoR 14 bps

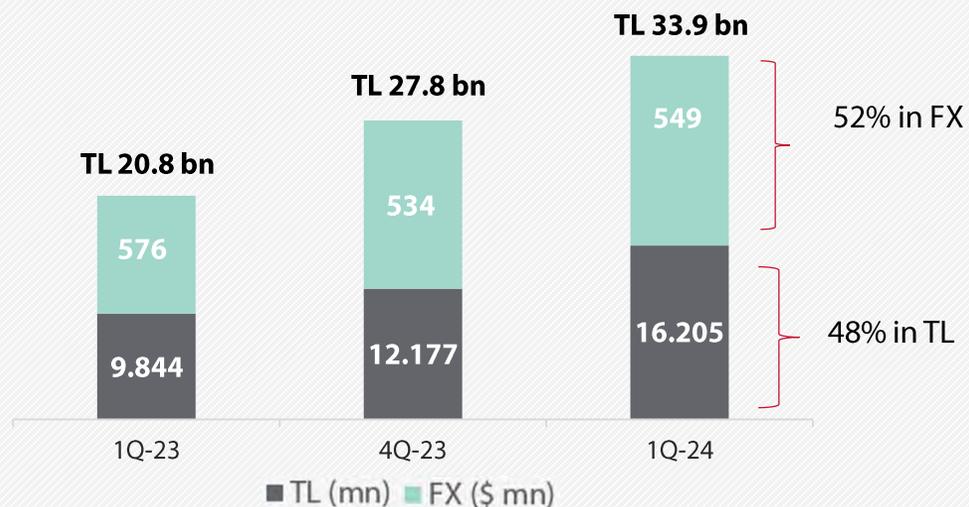
- ✓ Total Coverage: **6.0%**
- ✓ Total Free Provisions: **TL 1,75 bn**
- ✓ No NPL Sales
- ✓ Total NPL Coverage: **136%***
- ✓ Total Stage 2 Coverage: **122%***

9 *All Stage 3 loans are converted to TL
*Hard collateral & provisions are taken into consideration



Well oriented asset liability management

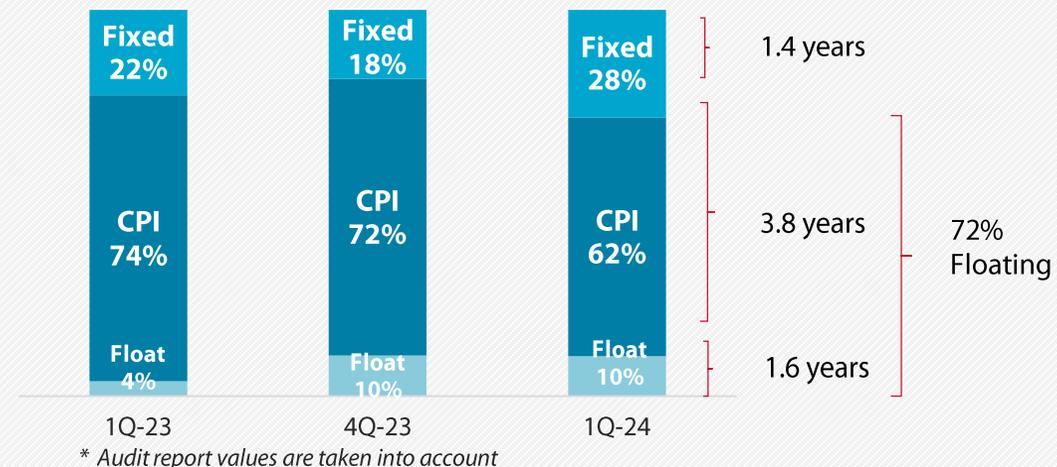
Total Securities Portfolio Breakdown



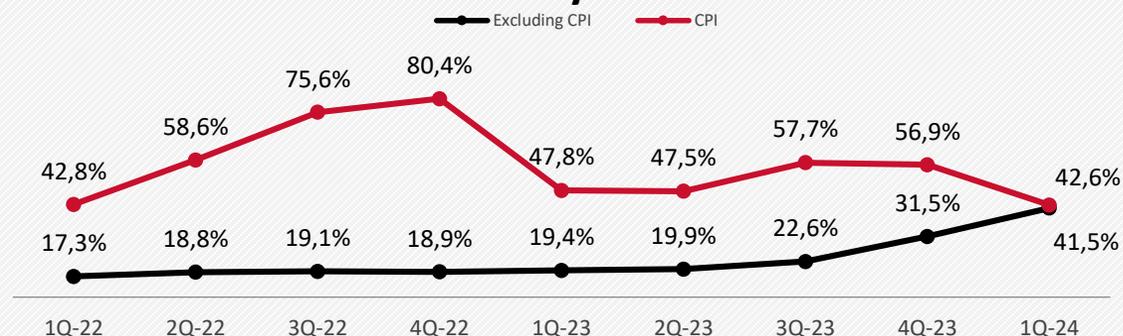
SECURITIES / ASSETS: 17%

- Swapping FX extra liquidity to TL for longer tenors to reduce the cost of TL.
- To build up additional spread with lower RWA.

TL Securities Portfolio Breakdown*

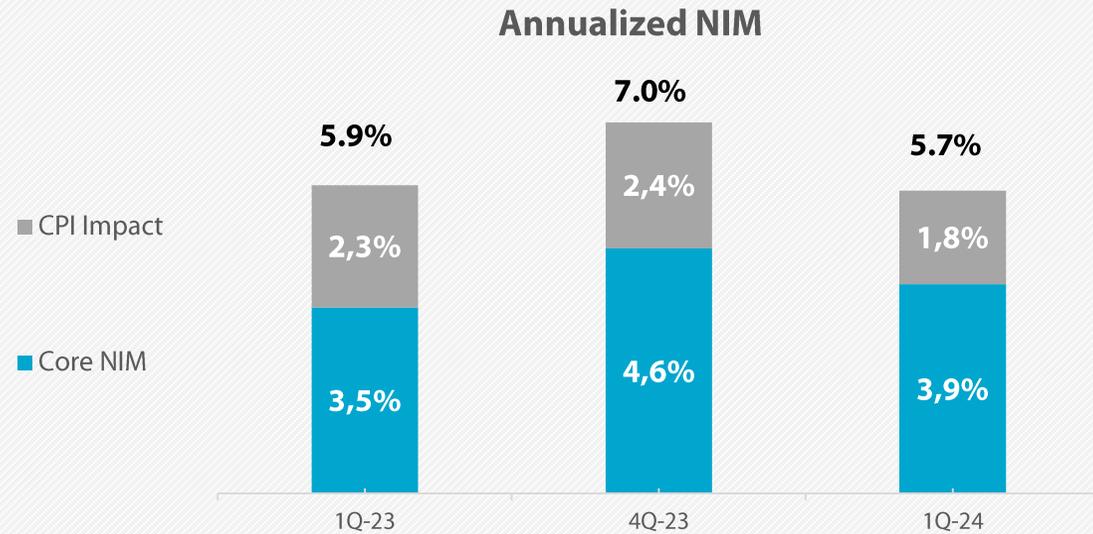


Security Yields

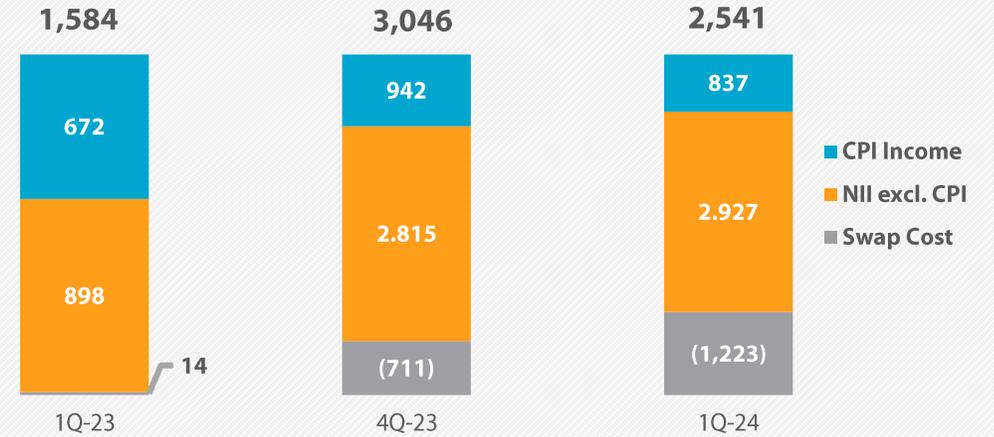


Oct-Oct. CPI assumption is 44.9percent.

➤ NIM stayed strong and in line with the guidance



Net Interest Income inc. Swap Cost (TL mn)



- ✓ NIM evolution is in line with expectations
 - (+) Maintained strong loan spread
 - (-) Elevated QoQ swap costs
 - (-) QoQ decline in CPI-linker income

- ✓ NII stayed flat on a quarterly basis despite high base
- ✓ NII excluding CPI elevated by 4% qoq, more than tripled yoy
- ✓ CPI October-October assumption is 44.9% vs 62% for 4Q23

Further strengthened solvency metrics support our growth plans

Capital Ratios Without BRSA Temporary Measures



With BRSA Temporary Measures – CAR: 22.9% | Tier I: 21.8% | CET-I: 15.3%

Evolution of RWA and Equity – TL bn



CAR Evolution



**Free Provision Adjusted
CAR: 20.5%
Tier I: 19.4%**

➤ Sustainable Banking Performance & Metrics



2023 Integrated Annual Report

IFRS S1 and S2 were taken into account



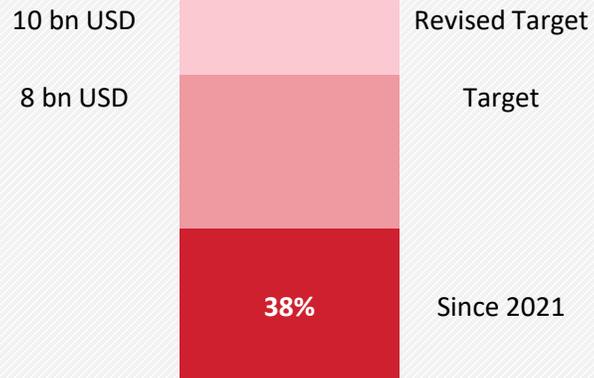
2023 Climate Report

IFRS S2 were taken into account

SDG-linked Loans



SDG-linked Financing by 2030



Climate and Environment focused SDG-linked Loans



4 bn USD -Climate and Environment focused SDG-linked financing target by 2030



Appendix

Balance Sheet

mn	31/03/2023			31/12/2023			31/03/2024		
	TL	FX	TOTAL	TL	FX	TOTAL	TL	FX	TOTAL
Cash and Banks	2,060	3,448	5,508	7,427	7,699	15,126	10,236	5,554	15,789
Securities	10,310	10,986	21,295	12,177	15,663	27,839	16,208	17,707	33,915
Loans (Gross)	7,674	76,358	84,032	11,299	118,839	130,137	11,051	133,311	144,362
Provisions	-2,194	-3,076	-5,271	-3,920	-4,308	-8,228	-4,178	-4,522	-8,700
Subsidiaries	3,623	460	4,084	6,616	753	7,370	6,906	813	7,719
Other	1,769	1,431	3,199	3,041	1,599	4,640	3,498	2,109	5,607
Total	23,241	89,606	112,848	36,640	140,244	176,884	43,721	154,972	198,693
ST Funds	-	3,343	3,343	-	5,913	5,913	-	5,574	5,574
LT Funds	-	67,818	67,818	-	100,763	100,763	-	108,132	108,132
Securities Issued	-	14,538	14,538	-	32,227	32,227	-	36,296	36,296
Repo & MM	2,476	1,121	3,597	432	2,225	2,656	2,433	4,128	6,562
Other	2,907	2,790	5,697	3,485	4,385	7,870	4,213	4,986	9,200
Subordinated Debt	-	3,816	3,816	-	6,043	6,043	-	9,686	9,686
Shareholders' Equity	14,260	-221	14,039	21,357	54	21,412	23,199	44	23,243
Total	19,643	93,204	112,848	25,274	151,610	176,884	29,845	168,847	198,693

➤ Detailed Income Statement

TL mn	1Q-23	4Q-23	1Q-24	QoQ	YoY
Net Interest Income inc, Swap Cost	1,584	3,046	2,541	-17%	60%
Net Interest Income	1,569	3,757	3,764	0%	140%
CPI Linkers	672	942	837	-11%	25%
Swap Costs	14	-711	-1,223	72%	n.m.
Net Commissions	64	166	130	-22%	104%
Other Income	307	125	60	-52%	-80%
Dividends	7	3	0	-100%	-100%
Other	300	123	60	-51%	-80%
Trading & FX gains/losses	104	478	459	-4%	343%
FX gains/losses	120	463	394	-15%	230%
Trading & MtM gain/loss	-16	16	64	305%	-503%
Banking Income	2,058	3,815	3,190	-16%	55%
OPEX (-)	301	342	505	48%	68%
Net Banking Income	1,757	3,474	2,686	-23%	53%
ECL (-)	110	1,785	381	-79%	245%
Stage I	50	197	-34	n.m.	n.m.
Stage II	0	336	289	-14%	n.m.
Stage III	4	1,147	130	-89%	n.m.
Other Provisions	57	106	-4	n.m.	n.m.
Income From Subsidiaries	180	809	317	-61%	76%
Pre-Tax Income	1,827	2,498	2,622	5%	44%
Tax (-)	420	485	688	42%	64%
Net Income	1,407	2,013	1,934	-4%	37%

Appendix: ESG Rating



Sustainalytics ESG Risk Rating

Range 0-40+
Score **6.9**

Negligible risk category

First place in Türkiye

9th place among global development banks



CDP Climate Change Score

A/D-
A-

Leadership



Moody's ESG Credit Impact Score

1-5
2

Neutral-to-low



Fitch ESG Credit Relevance Score

1-5
3

Neutral-to-minimal



Sustainable Fitch ESG Entity Score

1-5 (0-100)
3 (61/100)

Above global average



Refinitiv ESG Score

A+/D-
A



BIST Sustainability Index
BIST Sustainability 25 Index

Appendix: Stage 2 Loans Breakdown

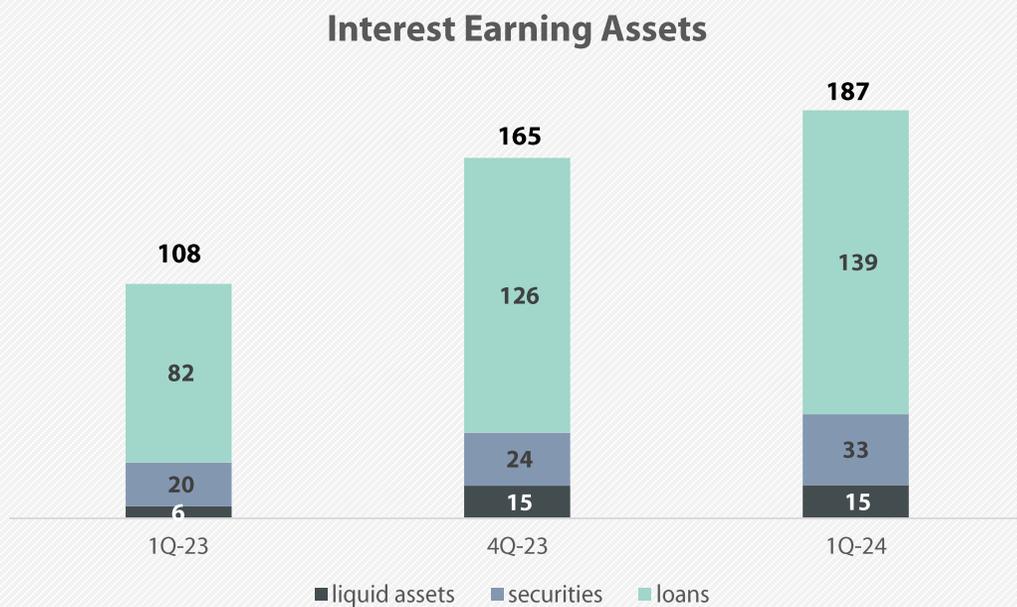
Stage 2 Loans		
Sector	%	Coverage (%)
Tourism	42	41
Electricity Generation	21	11
Electricity/Gas Distribution	17	41
Non-residential Real Estate	7	30
Metal and Machinery	5	24
Telecom/Logistics	4	9
Automotive Supply Industry	3	20
Health	1	47
TOTAL	100	31

97% of Electricity Generation loans are Renewable

- Hard collateral & provisions are taken into consideration
- Renewable and non renewable percentages in electricity generation loans are as 97% and 3% respectively



Appendix: IEA Evolution



- ✓ Interest Earning Assets were up by 13% qoq, 73% yoy, which was driven by
- High FX denomination
 - Growth strategy

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