

# ***The Industrial Development Bank of Türkiye***

*Earnings Presentation*  
*1Q-25 Bank-only Results*



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Corporate Banking

Investment Banking

Advisory Services

## ➤ 1Q25 Summary: TSKB continued to show a differentiating performance

**Eye-catching FX-adjusted  
Loan Growth of 5.4%**

**No NPL inflow & significant  
improvement in the NPL  
ratio to 1.7%, further  
supportive coverage ratios  
(Stage 2+3 ratio 8.1%)**

**New Partnerships** to support  
strong liquidity and diversify  
funding base:  
**EUR 50 Mn from OPEC**

**Strong NIM generation  
beating our 2025  
guidance;** driven by long term  
funding base, FX-denominated  
balance sheet and proactive A&L  
management

**Continuous and  
comfortable solvency  
buffers** supporting our growth  
strategy

**Differentiating ROE** across  
the board with sustainable  
earnings performance. **TL 1.65  
bn free provision stock** and  
**strong coverage ratios** will be  
supportive.

## ➤ 1Q-25 Performance vs YE-25 Guidance

Financial Guidance (Bank Only)	1Q-25 Figures %	YE25 Guidance %	Revisions
<b>Growth</b>			
FX Adjusted Loan Growth	5.4	Low Teens	On track
<b>Profitability</b>			
Net Interest Margin	5.7	~5	On track
Fees & Commissions Growth	-45	~ CPI	On track
Return On Equity*	33.0	~30	On track
<b>Efficiency</b>			
OPEX Growth	37	> CPI	On track
<b>Solvency**</b>			
Capital Adequacy Ratio	20.3	~21.0	On track
Tier I Ratio	19.2	~20.0	On track
<b>Asset Quality</b>			
NPL Ratio	1.7	< 2.5	On track
Net Cost of Risk (excluding currency impact)	-73 bps	<75 bps	<50 bps

\* ROE calculation excludes non-recurring items when annualizing net income for the remaining quarters of the year

\*\*Excluding BRSA's measures



## ➤ Remarkable Earnings Performance with continuous growth in NII excl. CPI Linker Income

TL mn	1Q-24	4Q-24	1Q-25	YoY	QoQ
<b>Net Interest Income</b>	<b>2,541</b>	<b>3,469</b>	<b>3,151</b>	<b>24%</b>	<b>-9%</b>
<i>NII exc. CPI Linker Income</i>	<i>1,804</i>	<i>2,103</i>	<i>2,417</i>	<i>34%</i>	<i>15%</i>
Trading Income	459	264	297	-35%	13%
Net Commissions	130	101	71	-45%	-30%
Other Income (Inc. Dividend)	60	444	747	1139%	117%
<b>Banking Income</b>	<b>3,190</b>	<b>4,278</b>	<b>4,267</b>	<b>34%</b>	<b>2%</b>
OPEX (-)	505	675	689	37%	2%
<b>Net Banking Income</b>	<b>2,686</b>	<b>3,602</b>	<b>3,578</b>	<b>33%</b>	<b>2%</b>
Provisions (-)	381	383	165	-57%	-42%
Income From Participations	317	1,017	528	66%	-48%
Tax Provisions (-)	688	1,138	846	23%	-26%
<b>Net Profit</b>	<b>1,934</b>	<b>3,099</b>	<b>3,095</b>	<b>60%</b>	<b>-</b>

▪ 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

*NII excluding  
CPI Linker income  
was up by 15% qoq*

*Strong  
collections  
and further  
asset quality  
improvements*

*Robust +60% yoy  
bottom line surge  
(flat qoq)*

*High base impact  
in net  
commissions*

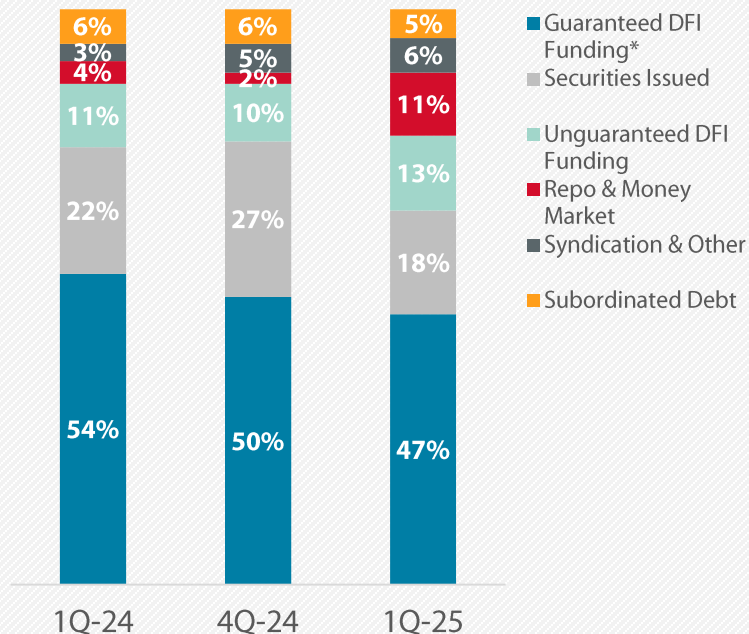
*Differentiating  
solvency ratios  
supported by  
internal capital  
generation  
capability*

*Declining  
provision costs  
leading to negative  
Net CoR*



# Strong liquidity and ESG aligned funding base, fostered by new partnerships

## Funding / Total Liabilities (exc. Equity & Other)



\* Guaranteed DFI funding ratio is at 47% percent which is a temporary case and will be at %50 by the end of 2025

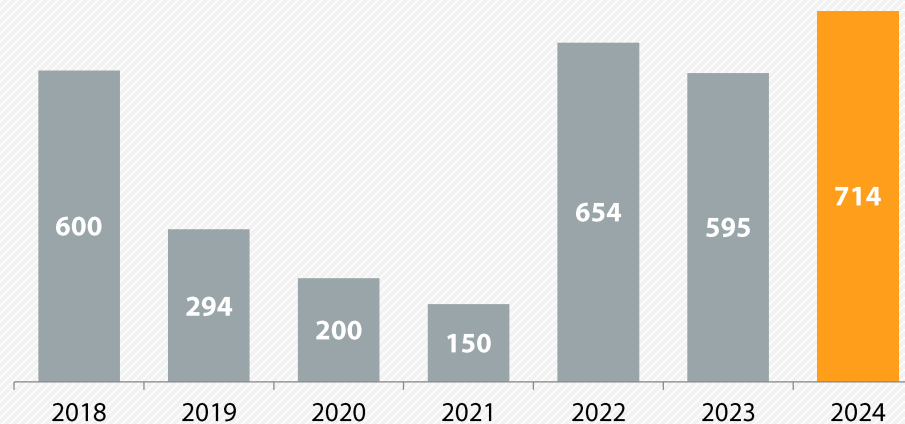
**~ USD 955 mn & 94% Guaranteed  
Non-Withdrawn DFI Funding**

Climate + Environment 70%  
Earthquake Related Green Recovery 30%

### FX Liquidity Coverage Ratio

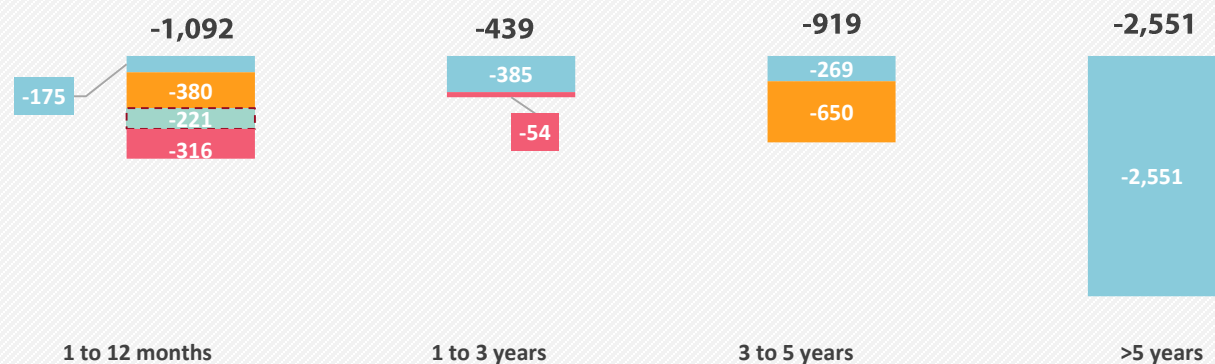
~323%

## Yearly Multilateral Funding Agreements – USD mn



**New DFI Loan Agreements  
1Q-2025**  
✓ OPEC | EUR 50 million

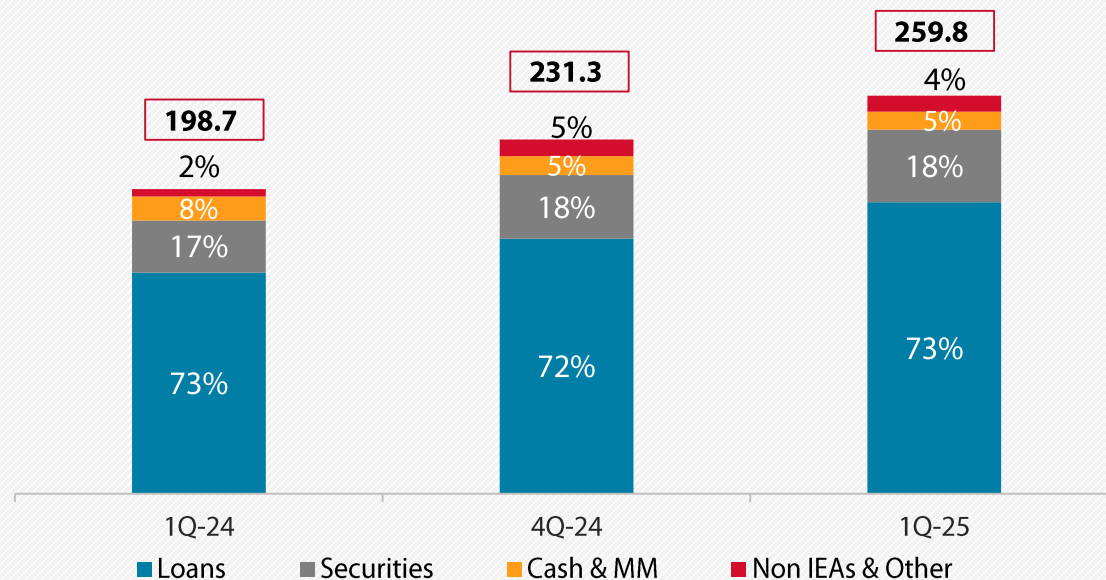
## Maturity Profile of External Debt - USD mn



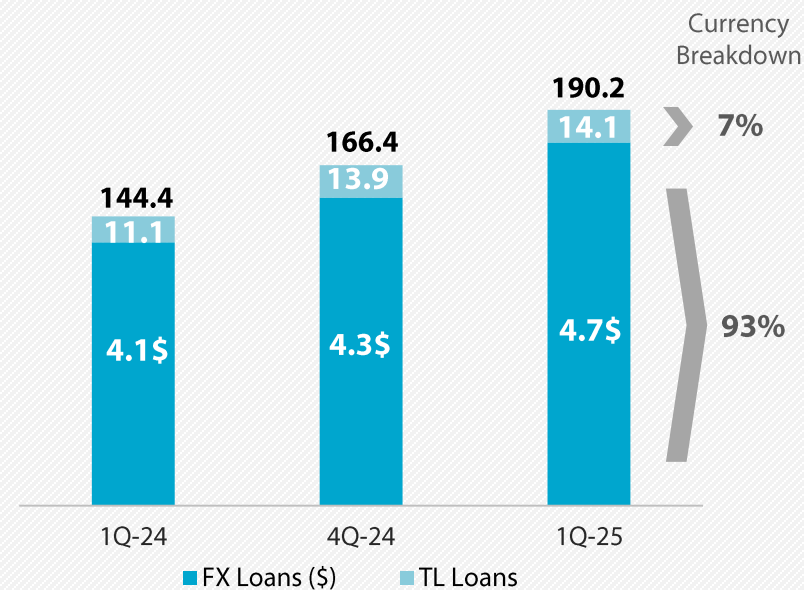
\* USD 300 million AT-I Eurobond has a call option in 2029.

# Resilient Composition of Our Healthy Growing Assets

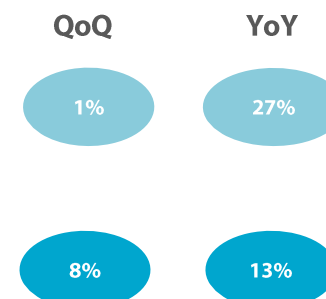
Asset Composition – TL bn



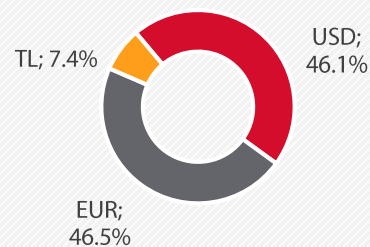
Total Loans – TL bn



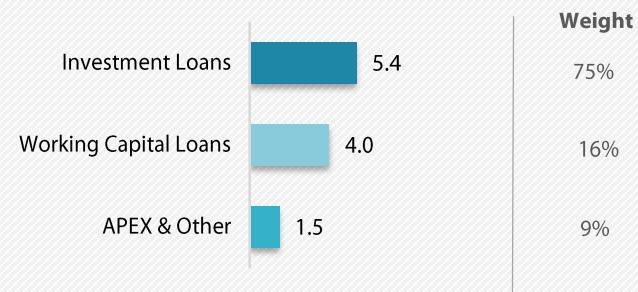
Loan Growth



1Q-25 Loans by Currency



Remaining Average Maturity - Years



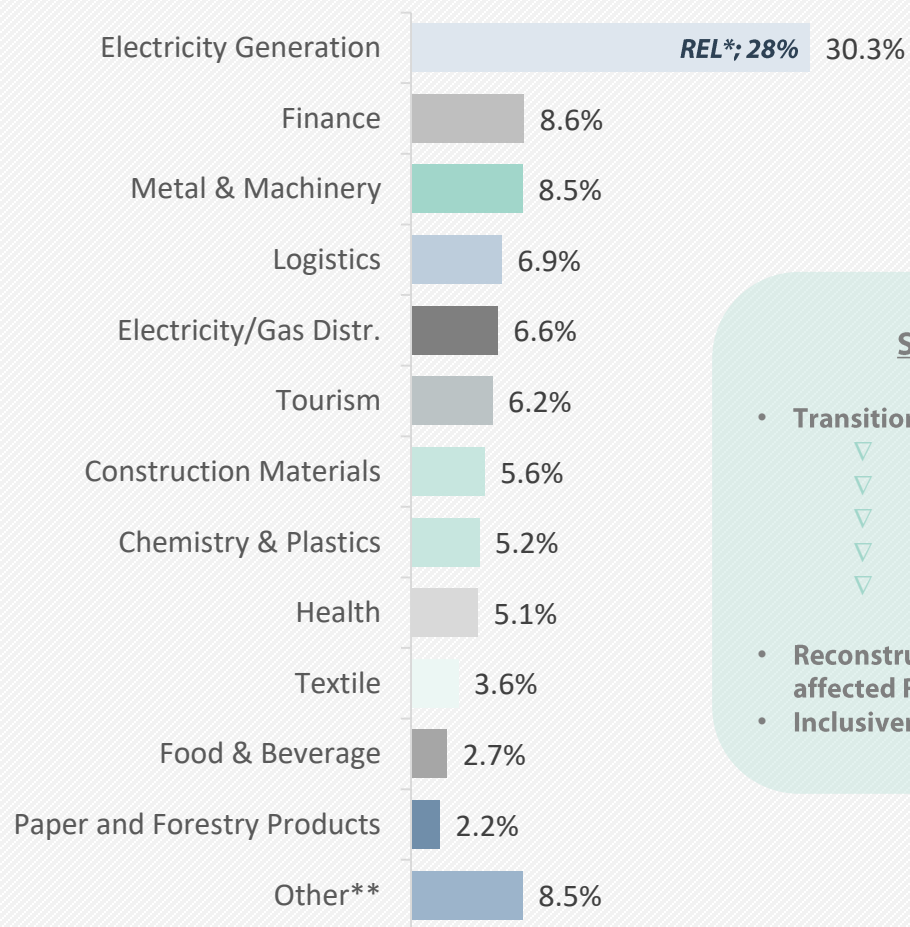
4.8 years

No Maturity Mismatch in the Balance Sheet



## Real Loan Growth of ~5.4% with Sustainable Development Focus

Outstanding Loan Portfolio by sector 1Q-25

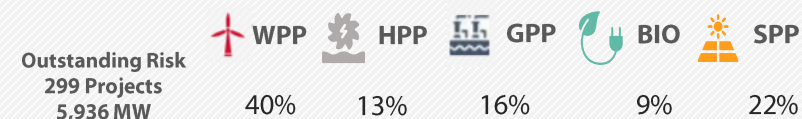


REL\*; 28%

### Strategic focus

- **Transition to Low Carbon Economy**
  - ▽ Circular Economy
  - ▽ Energy Efficiency
  - ▽ Prosumer Investments
  - ▽ Renewable Energy
  - ▽ Enabling Industries
- **Reconstruction of Earthquake-affected Regions**
- **Inclusiveness**

93% of which is Renewable Energy,  
where 89% benefits from Feed in Tariff



SDG-linked  
Loans account  
for **93%** of the  
portfolio.

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

### Substantially Supported SDGs through Loan Activities

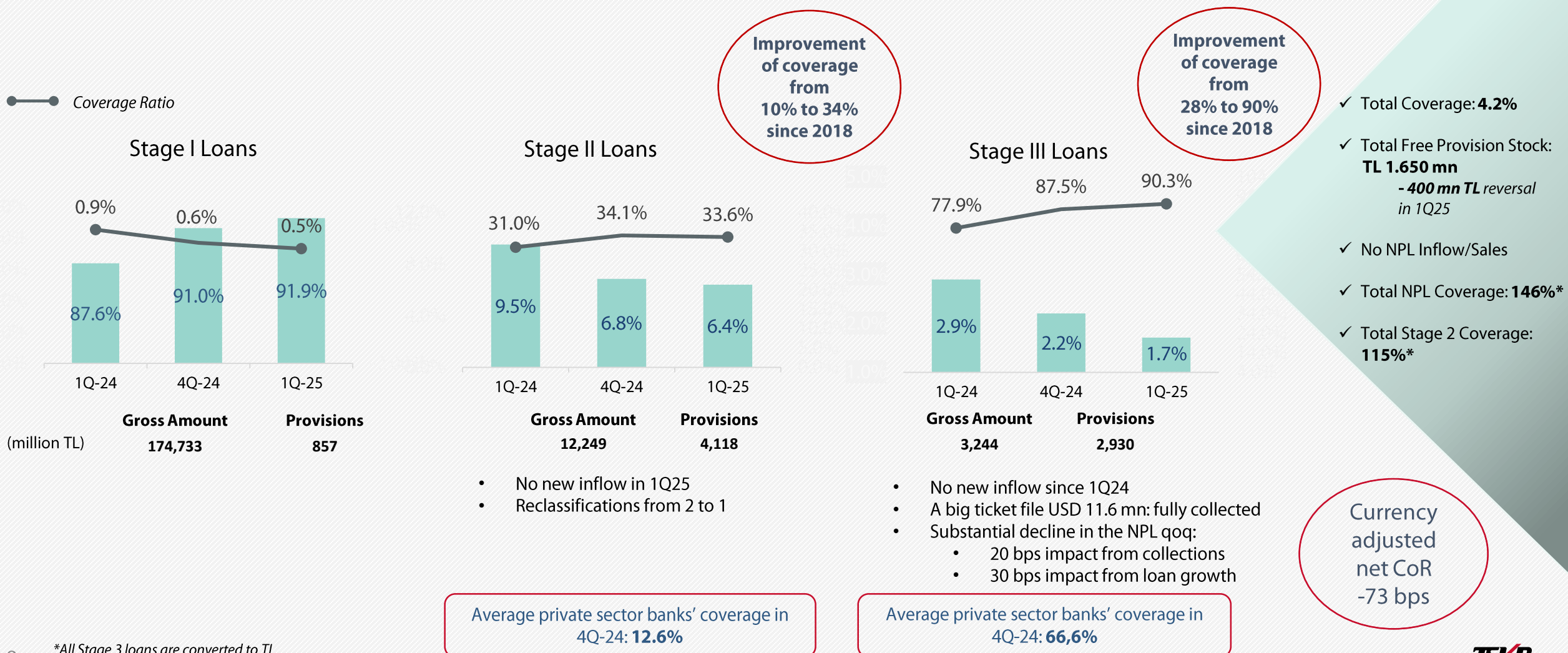


\* Renewable Energy Loans

\*\*Non-Residential Real Estate, Automotive, Holding, Telecom/Technology and others



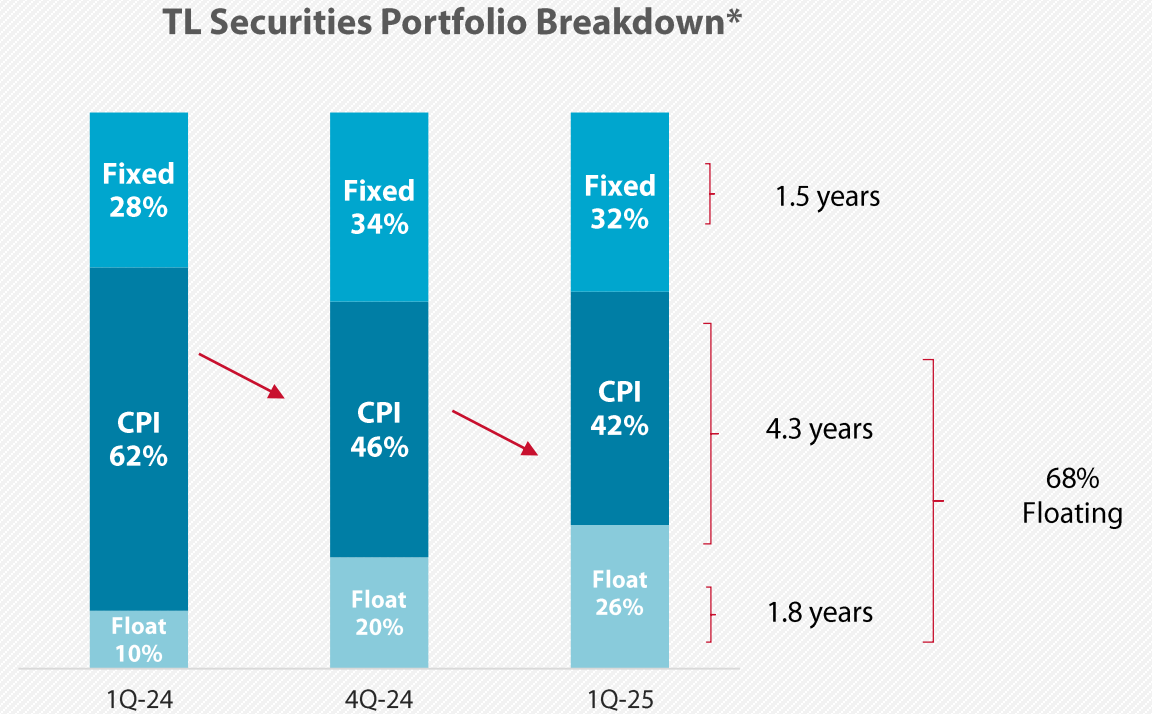
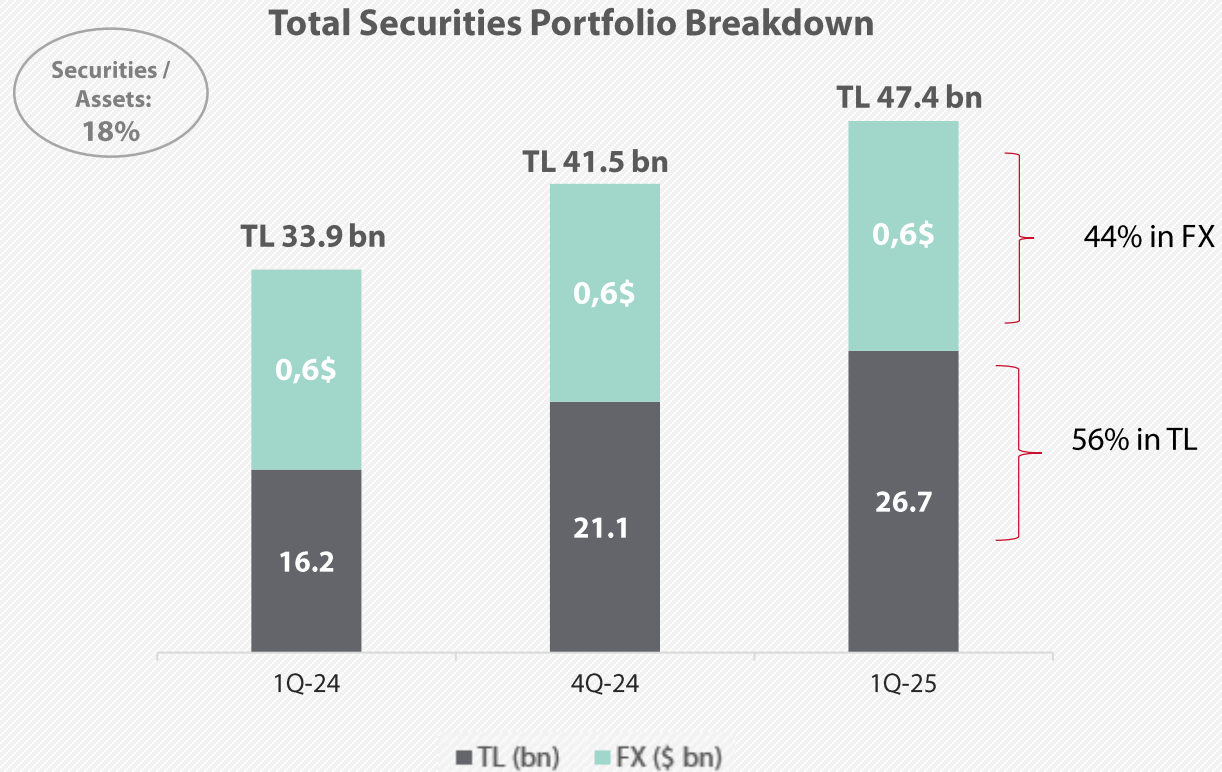
## Sharp decline in the problematic loans coupled with maintained strong coverages







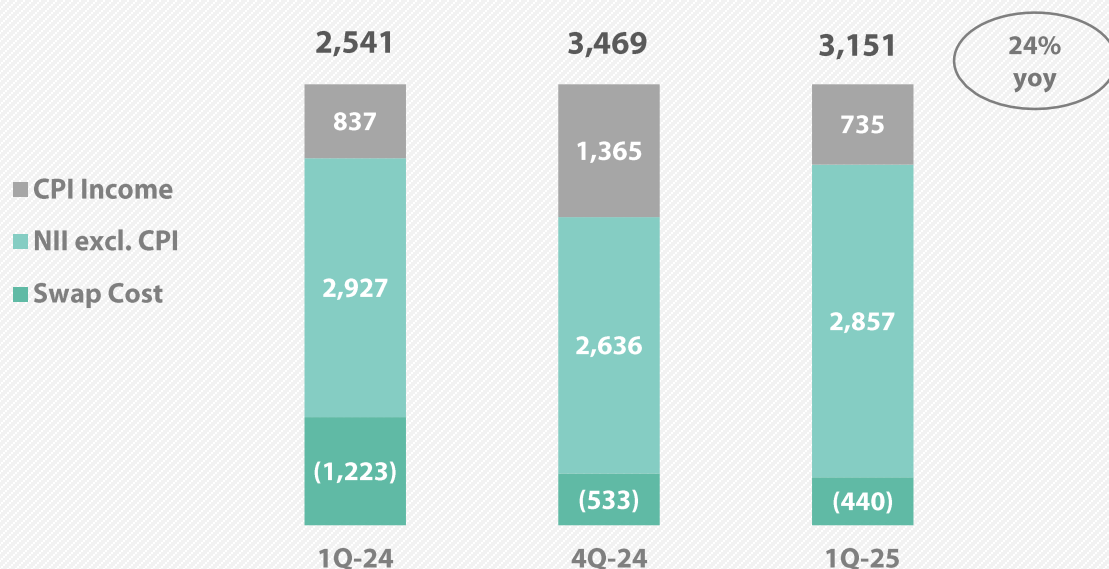
## Proactive and strategic Asset Liability Management resulting in better than expected yields



\* Audit report values are taken into account

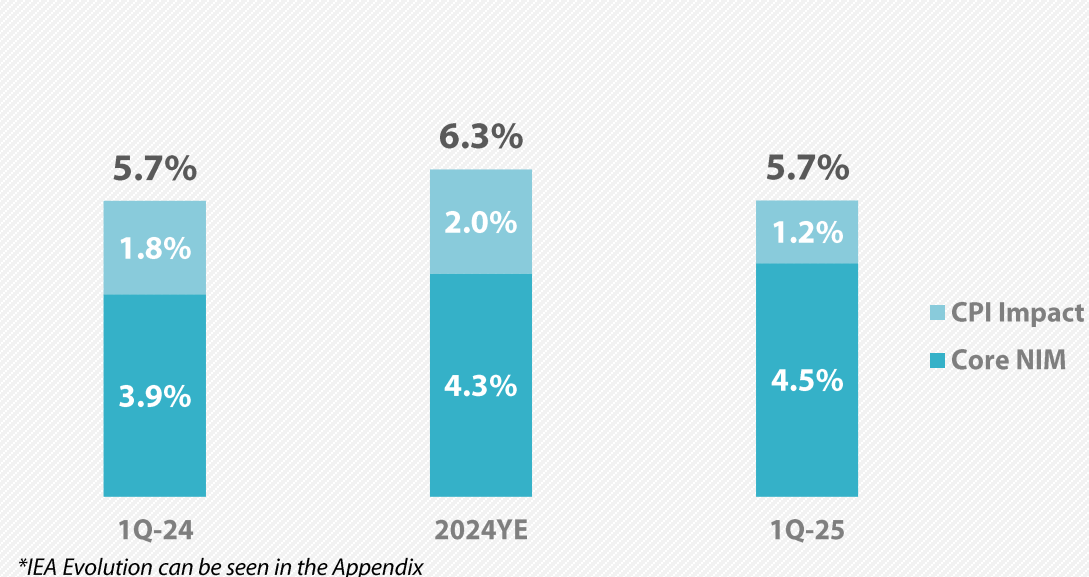
# >> NIM stayed solid despite declining CPI-linker yields

Net Interest Income inc. Swap Cost (TL mio)



- ✓ **Strong and resilient NII generation, up by 24% yoy**
  - Front-loaded security investment
  - Solid loan extension
- ✓ **NII exc. CPI was up by 8% qoq, and almost flat yoy**

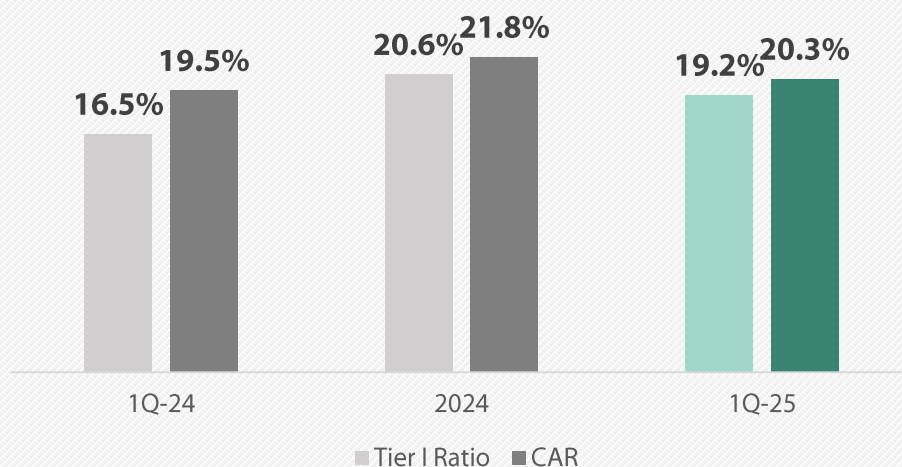
Annualized NIM



- ✓ Continued expansion in the core NIM
- ✓ Oct-Oct. CPI assumption is revised to 30.8% from 25.2%

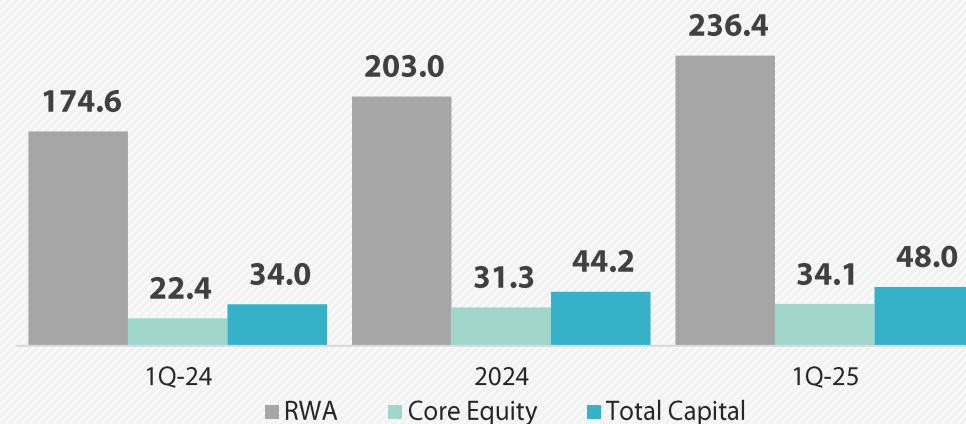
## >> Solid solvency metrics supports our growth strategy

Capital Ratios Without BRSA Temporary Measures

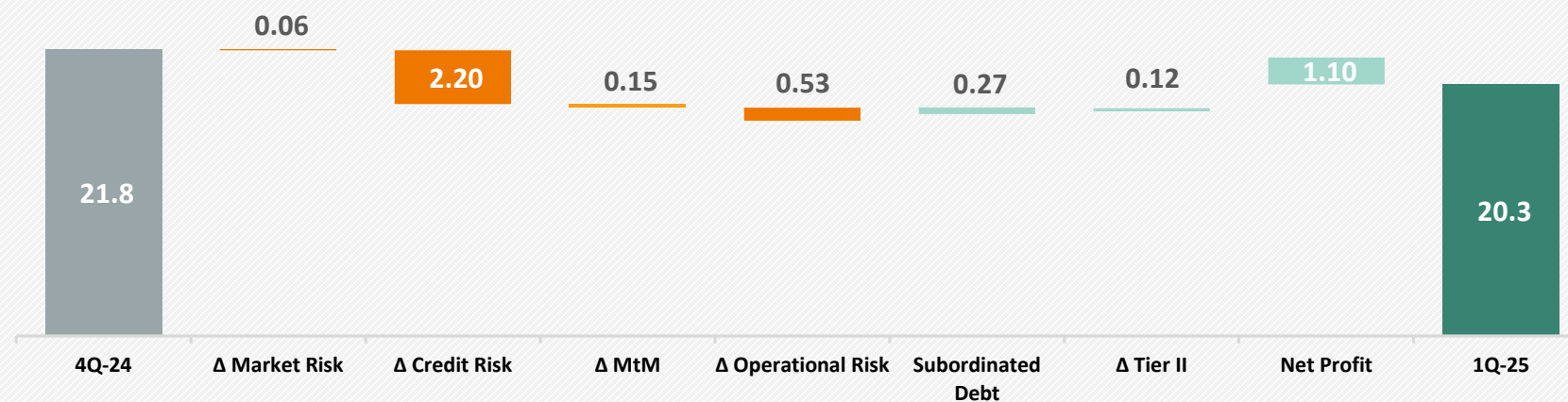


Reported Figures – CAR: 22.6% | Tier I: 21.5% | CET-I: 16.2%

Evolution of RWA and Equity – TL bn



CAR Evolution



**Free Provision  
Adjusted  
CAR: 21.0%  
Tier I: 19.9%**

# Climate Change and Sustainability Highlights

**First in Türkiye:** Fully Aligned Integrated Annual Report with TSRS S1 & S2

**Globally First:** Audited Report in line with IFRS S1 & S2

## Stakeholder Engagement

- Financial Materiality & Impact Materiality
- Risks, Opportunities and Impact Analysis
- Stakeholder Workshop Results

## Natural Capital

- Expanded Climate Scenarios & Quantitative Financial Impacts
- Scope 1 & 2 emissions including subsidiaries first time
- NZBA Progress with metrics and targets

## Social Capital

- Reshaped with an Impact Focus
- Financial targets for social development for the first time
- Impact measurement study for women's employment projects



## Transition Finance

### Updated Sustainable Finance Framework

- Integration of Transition Finance
- In line with ICMA Climate Transition Finance Handbook
- Awarded Low Carbon Hero at the 10th Istanbul Carbon Summit

### First Disbursement to a Cement Company

- Net Zero commitments approved by the Science Based Targets Initiative
- Investments in Solar Power Plant and Waste Heat Recovery Facility



## Stakeholder Engagement

Capacity Building & Experience Sharing

- Ministries and Regulators
- International Initiatives and Clubs
- NGOs
- Universities

TSKB Sustainable Finance Framework  
July 2024





## *Appendix*

## Balance Sheet










TL mn	31.03.2024			31.12.2024			31.03.2025		
	TL	FX	TOTAL	TL	FX	TOTAL	TL	FX	TOTAL
Cash and Banks	10,236	5,554	15,789	1,928	10,553	12,480	4,376	7,229	11,604
Securities	16,208	17,707	33,915	22,207	19,275	41,483	26,718	20,679	47,397
Loans (Gross)	11,051	133,311	144,362	13,888	152,529	166,418	14,052	176,174	190,227
Provisions	-4,178	-4,522	-8,700	-3,534	-4,513	-8,047	-3,105	-4,857	-7,962
Subsidiaries	6,906	813	7,719	9,619	892	10,511	9,991	997	10,988
Other	3,498	2,109	5,607	5,933	2,484	8,417	6,006	1,553	7,559
<b>Total</b>	<b>43,721</b>	<b>154,972</b>	<b>198,693</b>	<b>50,041</b>	<b>181,219</b>	<b>231,260</b>	<b>58,039</b>	<b>201,775</b>	<b>259,813</b>
ST Funds	-	5,574	5,574	-	9,040	9,040	-	13,516	13,516
LT Funds	-	108,132	108,132	-	114,224	114,224	-	128,779	128,779
Securities Issued	-	36,296	36,296	-	51,562	51,562	-	39,906	39,906
Repo & MM	2,433	4,128	6,562	1,980	2,037	4,017	13,152	10,375	23,527
Other	4,213	4,986	9,200	3,667	5,470	9,138	4,562	3,057	7,620
Subordinated Debt	-	9,686	9,686	-	10,801	10,801	-	11,315	11,315
Shareholders' Equity	23,199	44	23,243	32,282	197	32,479	34,918	232	35,150
<b>Total</b>	<b>29,845</b>	<b>168,847</b>	<b>198,693</b>	<b>37,929</b>	<b>193,331</b>	<b>231,260</b>	<b>52,632</b>	<b>207,181</b>	<b>259,813</b>

## Detailed Income Statement

TL mn	1Q-24	4Q-24	1Q25	QoQ	YoY
<b>Net Interest Income inc. Swap Cost</b>	<b>2,541</b>	<b>3,469</b>	<b>3,151</b>	<b>-9%</b>	<b>24%</b>
Net Interest Income exc. CPI	2,927	2,636	2,857	8%	-2%
CPI Linkers	837	1,365	735	-46%	-12%
Swap Costs	-1,223	-533	-440	-17%	-64%
<b>Net Fees &amp; Commissions</b>	<b>130</b>	<b>101</b>	<b>71</b>	<b>-30%</b>	<b>-45%</b>
<b>Other Income</b>	<b>60</b>	<b>444</b>	<b>747</b>	<b>68%</b>	<b>1139%</b>
Dividends	0	0	5	n.m.	n.m.
Other	60	444	742	67%	1131%
Reversals from Free Provisions	-	-	400	n.m.	n.m.
<b>Trading &amp; FX gains/losses</b>	<b>459</b>	<b>264</b>	<b>297</b>	<b>13%</b>	<b>-35%</b>
FX gains/losses	394	140	174	25%	-56%
Trading & MtM gain/loss	64	124	123	-1%	-91%
<b>Banking Income</b>	<b>3,190</b>	<b>4,278</b>	<b>4,267</b>	<b>0%</b>	<b>34%</b>
OPEX (-)	505	675	689	2%	37%
<b>Net Banking Income</b>	<b>2,686</b>	<b>3,602</b>	<b>3,578</b>	<b>-1%</b>	<b>33%</b>
ECL (-)	381	383	165	-57%	-57%
<b>Income From Subsidiaries</b>	<b>317</b>	<b>1,017</b>	<b>528</b>	<b>-48%</b>	<b>66%</b>
<b>Pre-Tax Income</b>	<b>2,622</b>	<b>4,237</b>	<b>3,940</b>	<b>-7%</b>	<b>50%</b>
Tax (-)	688	1,138	846	-26%	23%
<b>Net Income</b>	<b>1,934</b>	<b>3,099</b>	<b>3,095</b>	<b>-0.1%</b>	<b>60%</b>

"n.m." is used for not meaningful.

## ➤ Appendix: ESG Ratings

						
	Sustainalytics ESG Risk Rating	CDP Climate Change Score	Moody's ESG Credit Impact Score	Fitch ESG Credit Relevance Score	Sustainable Fitch ESG Entity Score	LSEG ESG Score
Range	0-40+	A/D-	1-5	1-5	1-5 (0-100)	A+/D-
Score	<b>7.4</b>	<b>A-</b>	<b>2</b>	<b>3</b>	<b>3 (62/100)</b>	<b>85</b>
	Negligible risk category	Leadership	Neutral-to-low	Neutral-to-minimal	Above global average	
	First place in Türkiye					
	12 <sup>th</sup> place among global development banks					
	 					
						BIST Sustainability 25 Index BIST Sustainability Index





## Appendix: Stage 2 Loans Breakdown

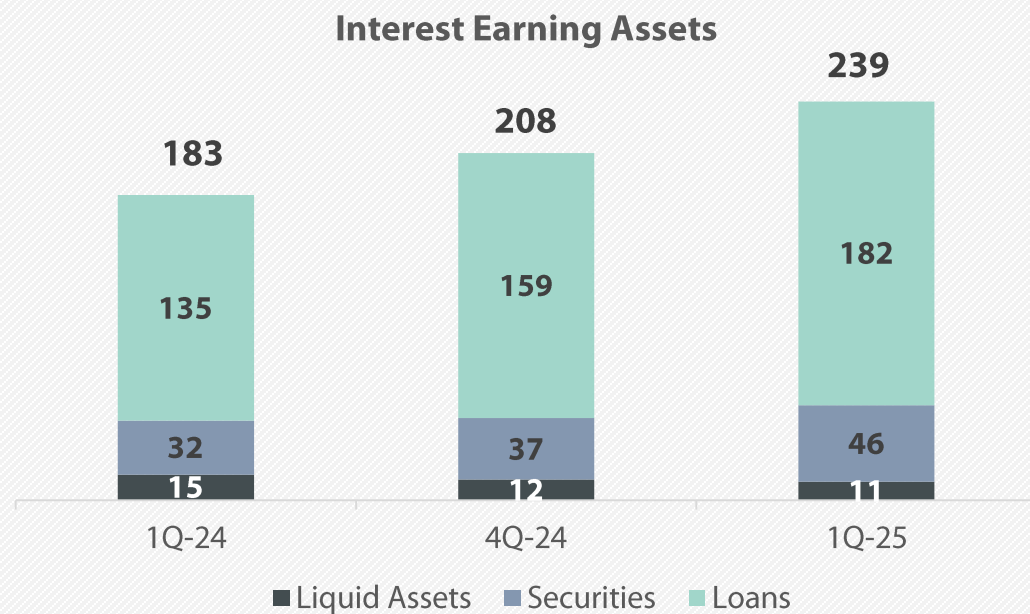
Stage 2 Loans		
Sector	%	Coverage (%)
Tourism	47	32
Electricity/Gas Distribution	17	50
Electricity Generation	13	38
Non-residential Real Estate	9	30
Metal and Machinery	6	18
Telecom/Logistics	4	9
Automotive Supply Industry	3	30
Health	1	42
<b>TOTAL</b>	<b>100</b>	<b>34</b>

93% of Electricity  
Generation loans  
are Renewable

- Hard collateral & provisions are taken into consideration
- Renewable and non renewable percentages in electricity generation loans are as 94% and 6% respectively



## Appendix: IEA Evolution



- ✓ Interest Earning Assets were up by 15% QoQ and 31% YoY, which was driven by
  - High FX denomination
  - Growth strategy



## Appendix: Net Cost of Risk Calculation

<b>Provisions (TL mn)</b>	<b>1Q25</b>
Stage 1*	-70
Stage 2**	235
Stage 3	0
<b>Reversals*** (TL mn)</b>	<b>-286</b>
<b>Net CoR</b>	<b>21 bps</b>
<i>Currency Impact</i>	<i>94 bps</i>
<b>Net CoR excl. Currency Impact</b>	<b>-73 bps</b>

\*Stage 1 provision costs are adjusted with TL 54.9 mn provisions set aside for securities.

\*\*Stage 1&2 provisions are shown netted off by Stage 1&2 reversals.

\*\*\*Reversals depicted in the table are attributable to Stage 3 Loans.

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