The Industrial Development Bank of Türkiye

Earnings Presentation

3Q-22 Bank-only Results

SUSTAINALYTICS
a Morningstar company
ESG
REGIONAL
TOP RATED
2022

SUSTAINALYTICS
a Morningstar company
ESG
INDUSTRY
TOP RATED
2022

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3Q-22 At a Glance

Intact Asset Quality & Strong Provisioning

- Further improved asset quality
- NPL: down to 3.1%
- Transfers from Stage 2 to 1 and from Stage 3 to 2.

Strong FX liquidity

- FX LCR: 410%
- ~80% ESG-linked funding

Profitability above expectations

- ROE: 42.5%
- NIM: 6.5%
- Maintained Fees & Commission Income

Sustainable internal capital generation capacity

- CAR: 15.6%
- Tier-I: 14.4%

**Excluding BRSA's temporary measures*

- Well preserved **asset quality**
- **Further elevated coverages with maintained prudent approach**. TL 720 million of free provision stock.
- **Strong profitability** backed by stable and robust core spreads, increasing yields of securities portfolio
- **Successful management of security portfolio** well-supported our NII.
- **Investment banking and advisory fees** continues to contribute banking income
- **Sustainability- linked syndication loan** agreement amounted USD 109 million
- **Strong liquidity**, with ESG weight reaching 80% within the funding base
- SDG focused development contribution to Turkish economy continues
- **Solvency ratios above regulatory levels** given the strong capital generation capability

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2022YE Guidances vs 3Q-22 Results

Financial Guidance (Bank Only)	9M22 (%) Results	2022YE (%) Guidance
Growth		
FX Adjusted Loan Growth	-8.9	**Contraction**
Profitability		
Net Interest Margin (*)	6.5	**>6**
Fees & Commissions Growth	135	**~80**
Return On Equity **	42.5	**>40**
Efficiency		
OPEX Growth	98	**In line with CPI**
Cost/Income Ratio	6.8	**~7.0**
Solvency* **		
Capital Adequacy Ratio	15.6	**13.0**
Tier I Ratio	14.4	**12.0**
Asset Quality		
NPL Ratio	3.1	**~3.0**
Net Cost of Risk (including currency impact) ****	318 bps	**~250 bps**

**Excluding FX Gains /Losses.*
***When 9 months of free provision stock are adjusted, ROE reaches up to 46.3%*
****Excluding BRSA's temporary measures.*
***** When currency impact is adjusted, Net COR around 189 bps*

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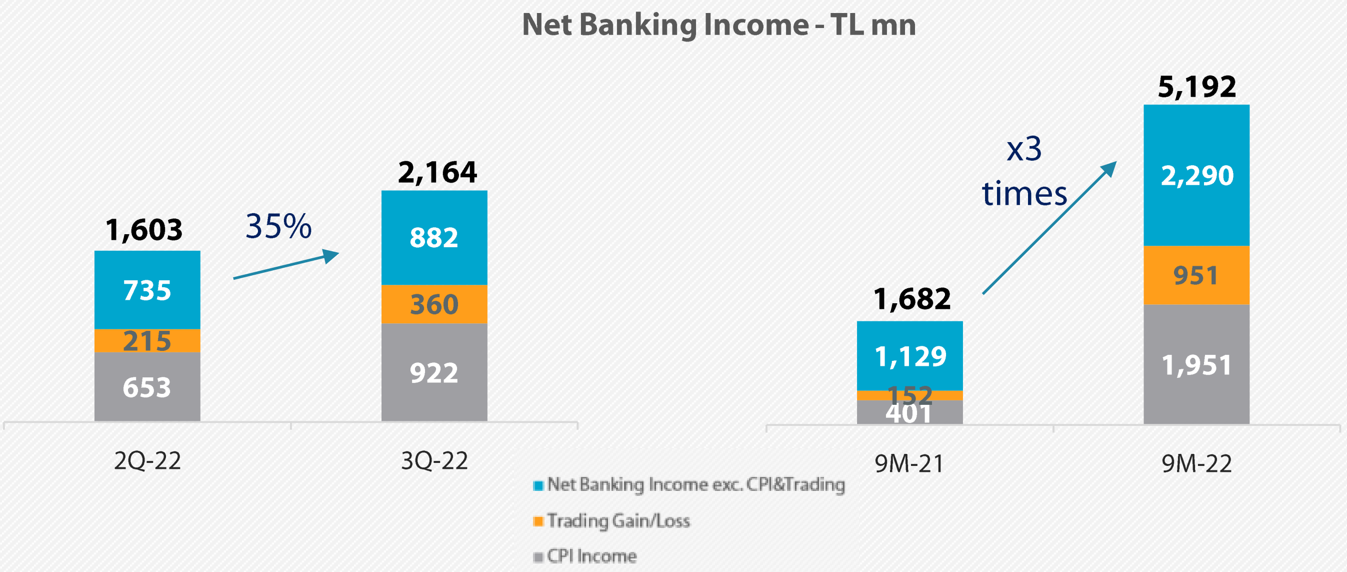
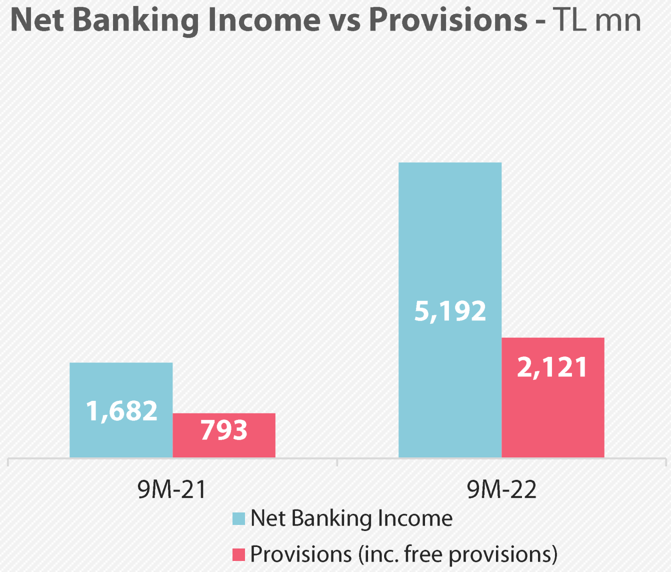
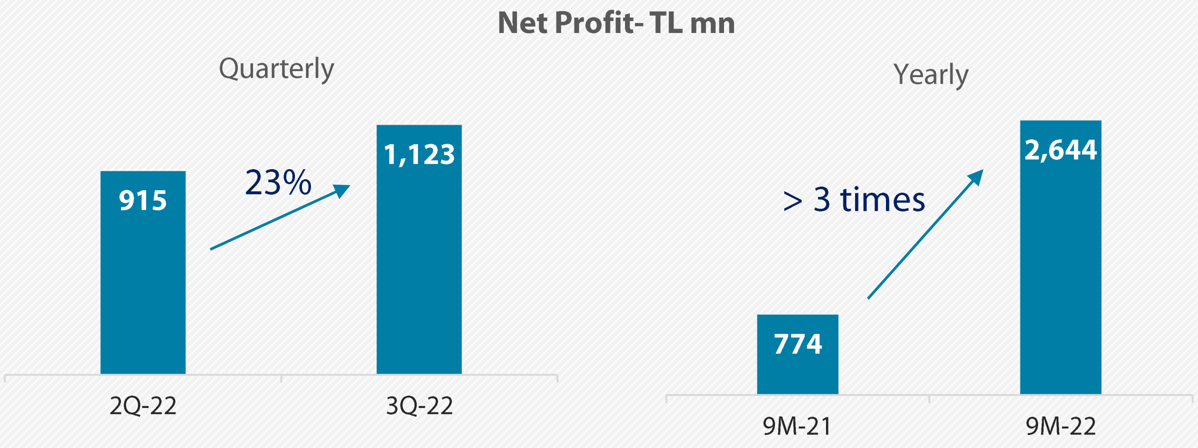
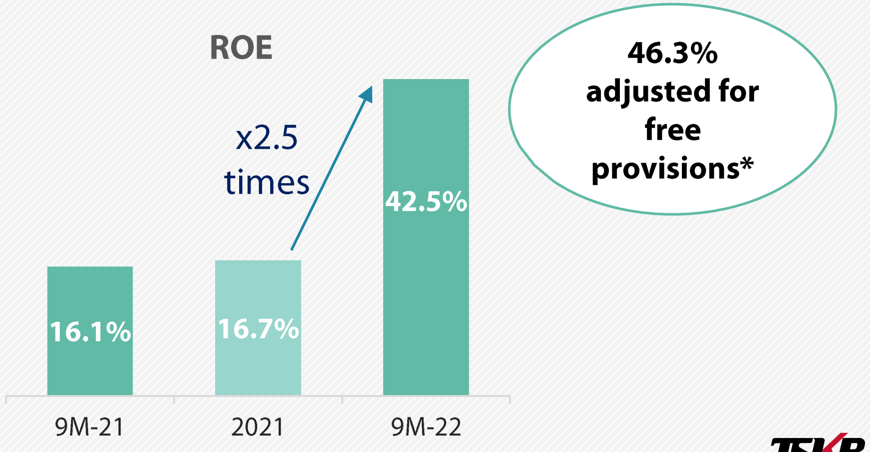
Strong net banking income expansion continues









Excluding the extra provisions set aside in 2022

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Income Statement Highlights

TL mn	9M-21	9M-22	YoY	2Q-22	3Q-22	QoQ
Net Interest Income	**1,621.3**	**4,404.7**	**172%**	**1,434.4**	**1,877.4**	**31%**
Trading Income	151.7	951.4	527%	215.4	359.5	67%
Net Fees & Commissions	50.9	119.5	135%	51.2	36.7	-28%
Other Income (Inc. Dividend)	49.5	94.9	92%	15.9	47.3	197%
Banking Income	**1,873.4**	**5,570.5**	**197%**	**1,716.9**	**2,320.9**	**35%**
OPEX (-)	191.8	378.9	98%	114.1	156.5	37%
Net Banking Income	**1,681.6**	**5,191.6**	**209%**	**1,602.8**	**2,164.4**	**35%**
Provisions (-)	793.4	2,121.1	167%	622.1	821.9	32%
Income From Participations	132	344	161%	154.9	114.5	-26%
Tax Provisions (-)	245.9	770.5	213%	220.3	334.2	52%
Net Profit	**774.3**	**2,644**	**241%**	**915.3**	**1,122.8**	**23%**

Strong NII generation boosted by CPI-linkers and robust loan spread

Strong YoY increase in the fees & commissions

Sustainable profitability performance supports our provisioning

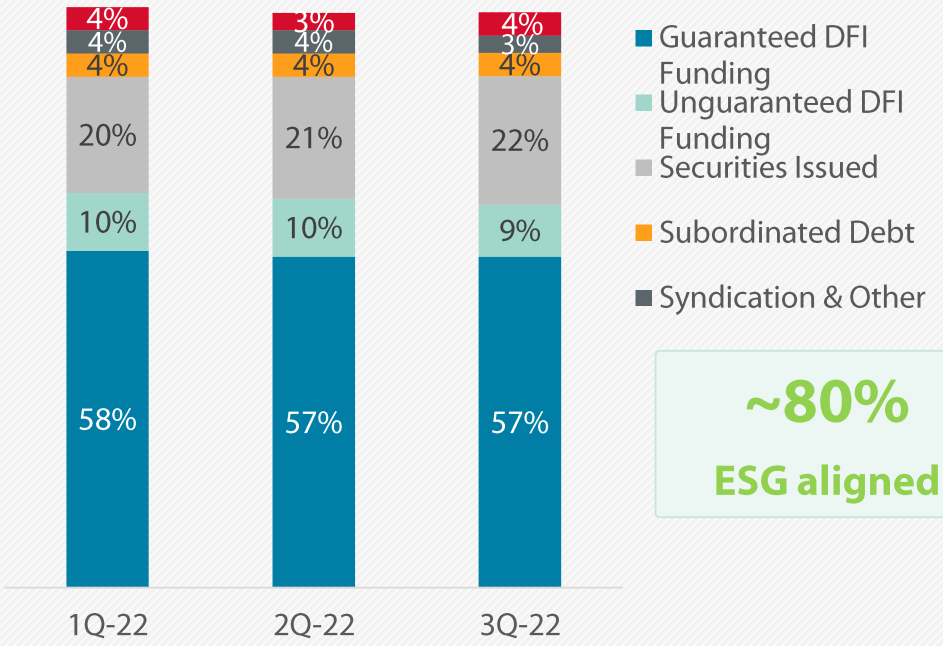
Continuous support from participations income

23% QoQ, 241% YoY expansion in the net profit

- 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



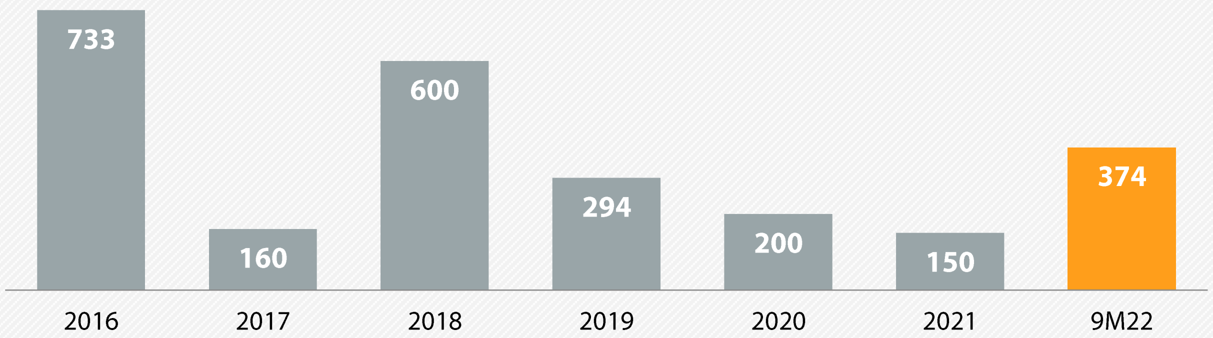
~80%
ESG aligned

~ USD 535 mn Non-Withdrawn DFI Funding

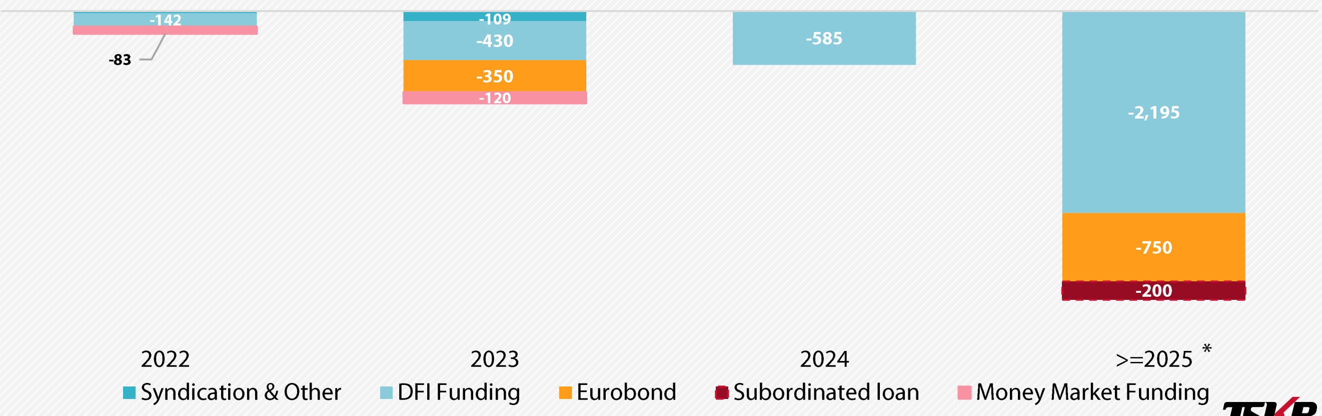
Climate + Environment	74%
Inclusiveness	26%

FX Liquidity Coverage Ratio :
410%

Yearly Multilateral Funding Agreements – USD mn



Maturity Profile of External Debt - USD mn



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

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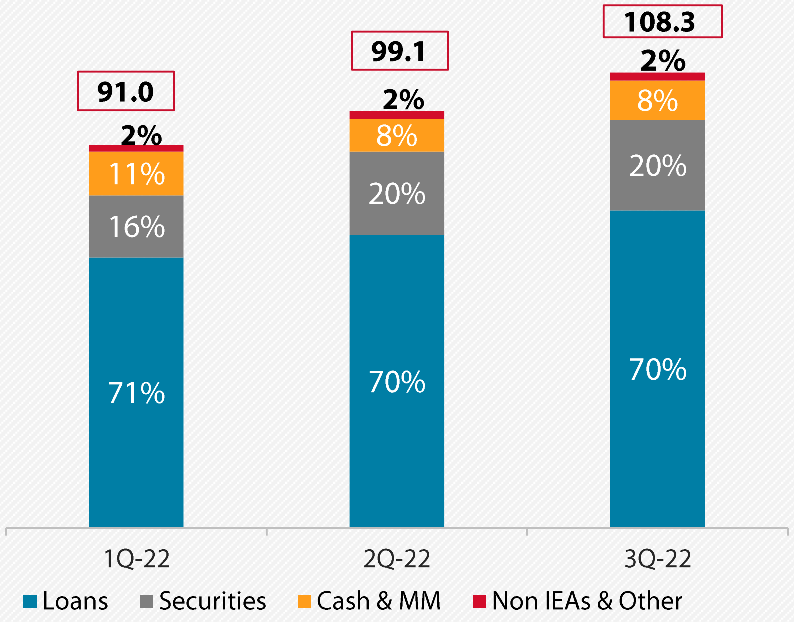
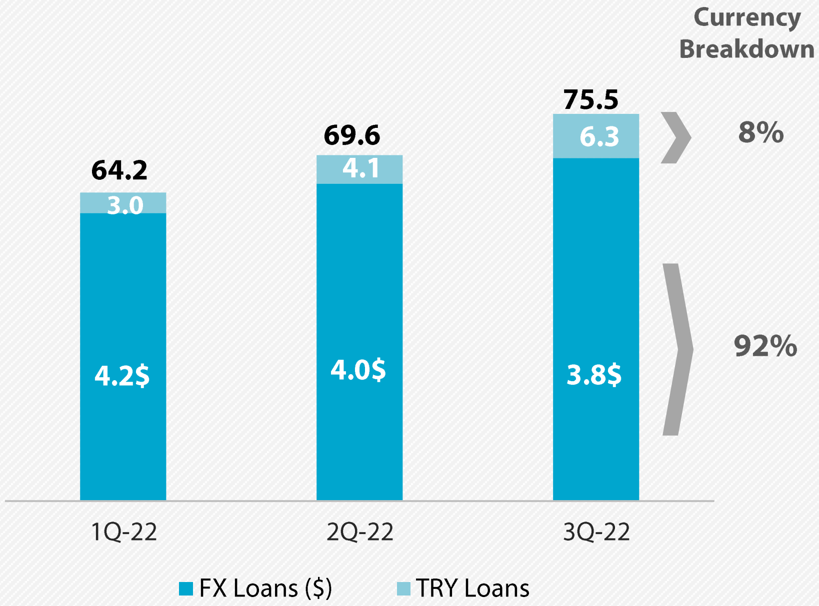
Resilient Asset Composition

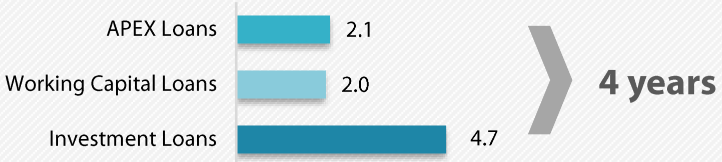
Asset Composition – TL bn



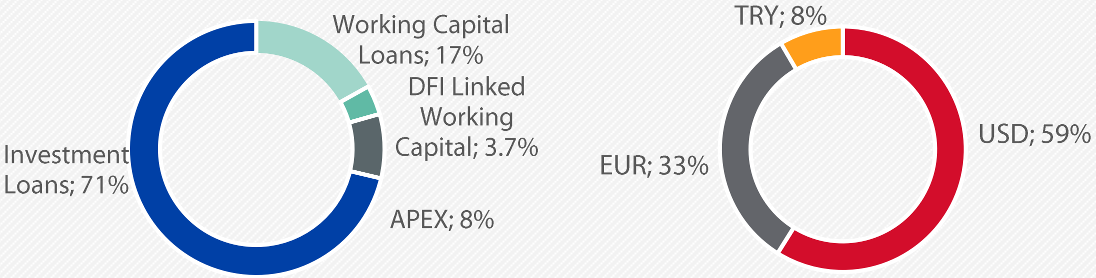
Total Loans – TL bn



Remaining Average Maturity - Years

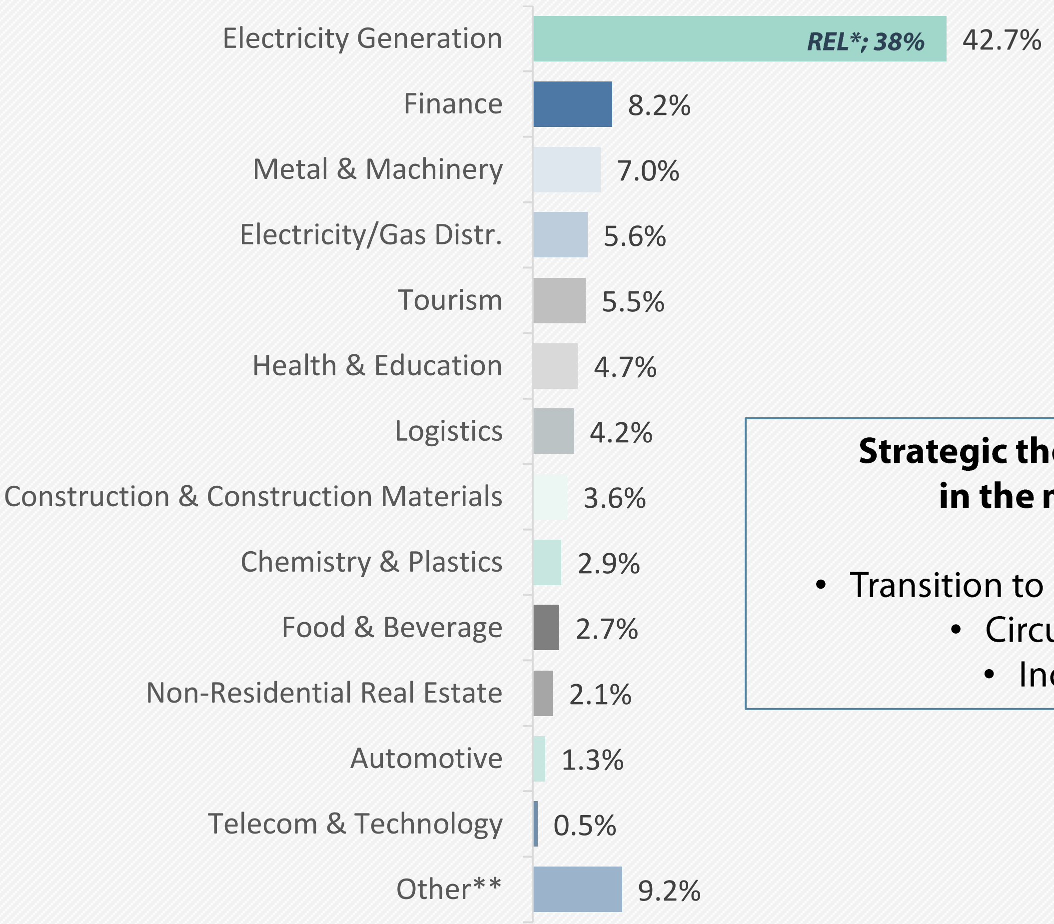


3Q-22 Loans by Currency & Type



SDG-Linked Loans Account for 93% of the Portfolio

Loans by sector 3Q-22



93% of which is Renewable Energy,
where **84%** benefits from Feed in Tariff

	HPP	GPP	WPP	BIO	SPP
Outstanding Risk 266 Projects 6,876 MW	22%	19%	36%	12%	11%

Strategic themes to stand out in the medium term

- Transition to Low Carbon Economy
- Circular Economy
- Inclusiveness

Substantially Supported SDGs through Loan Activities

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

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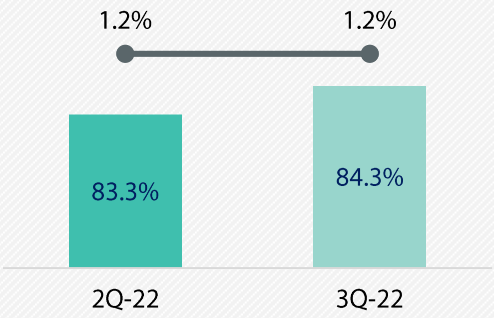
Asset quality remains intact, coverages futher elevated thanks to strong profitability

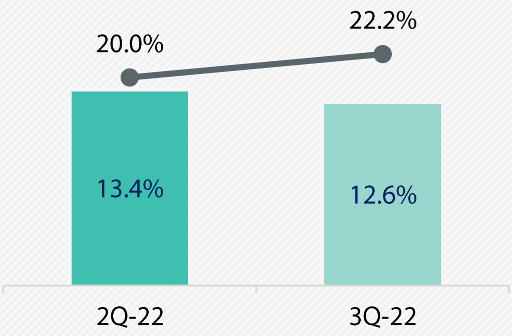
Coverage Ratio

Stage I Loans



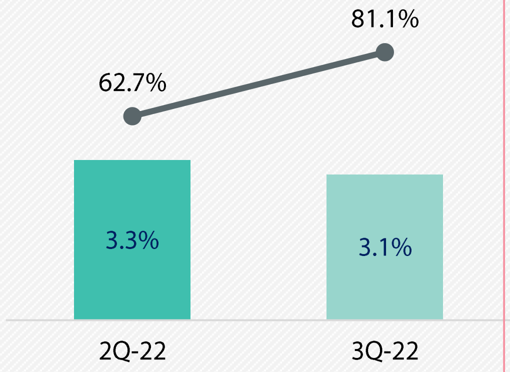
(million TL)	Gross Amount	Provisions
	63,611	733

Stage II Loans



Gross Amount	Provisions
9,537	2,120

Stage III Loans



Gross Amount	Provisions
2,344	1,900

Total NPL Coverage:
176%*

Total Stage 2 Coverage:
111%*

Total Coverage:
6.3%

Total Free Provisions:
TL 720 million

** Hard collateral & provisions are taken into consideration*

Stage 2 Loans

Sector	%	Coverage (%)
Tourism	27	19.0
Health	17	13.8
Electricity/Gas Distribution	15	44.9
Electricity Generation	14	18.9
Renewables (%100 YEKDEM guarantee)	*69*	13.3
Non Renewables	31	31.4
Non-residential Real Estate	7	26.5
Telecom/Logistics	5	7.2
Metal and Machinery	5	21.0
Other	9	21.4
TOTAL	***100***	***22.2***

93% of Stage 3 Loans are restructured

69% of Stage 2&3 Loans are Restructured

189 bps net CoR exc. currency impact

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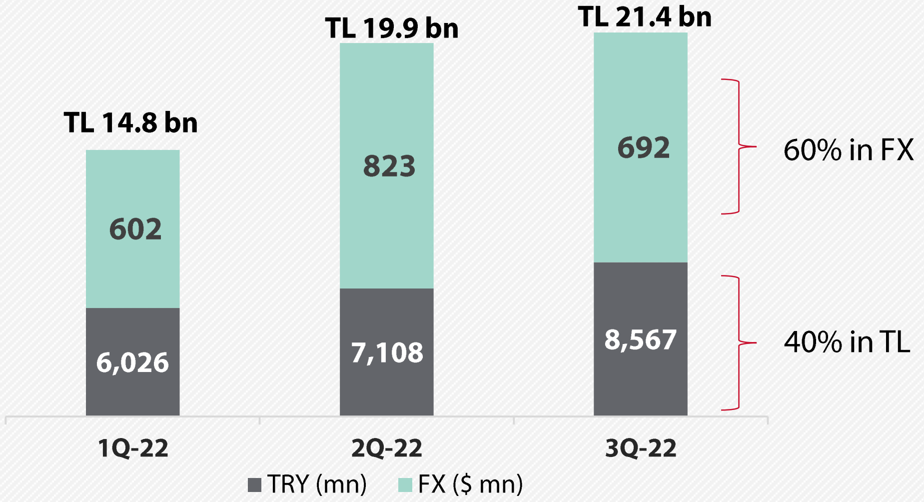
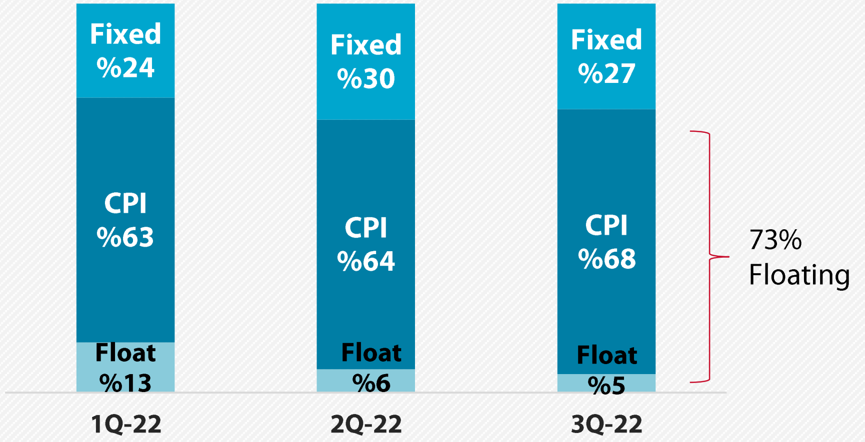
Well-managed Security Book Supports our Bank's Profitability



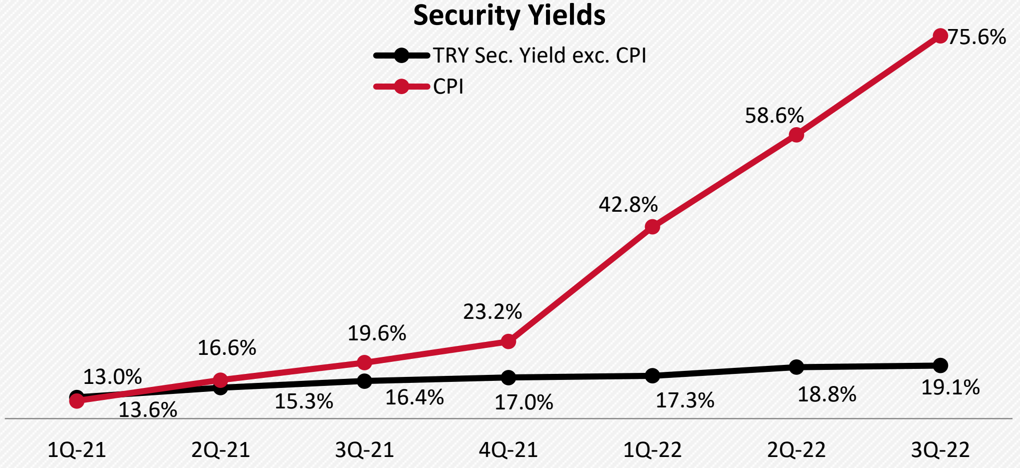


* *Audit report values are taken into account*

SECURITIES / ASSETS: 20%

Strategically managed securities portfolio

- Remaining Duration: **1.6 years** in Fixed bonds, **2.4 years** in Floating bonds, **3.8 years** in CPIs in TRY Sec. Portfolio.
- Investment in private sector bonds – 3.3% in TL securities book
- Redemptions were replaced with CPI linkers, fixed and floating high yield securities



Oct.-Oct. CPI assumption is revised to 80.84 percent.

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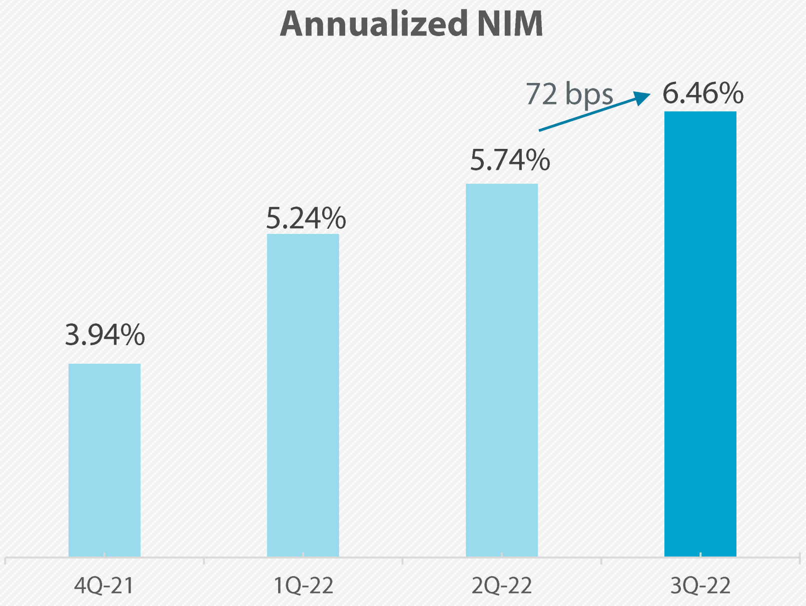
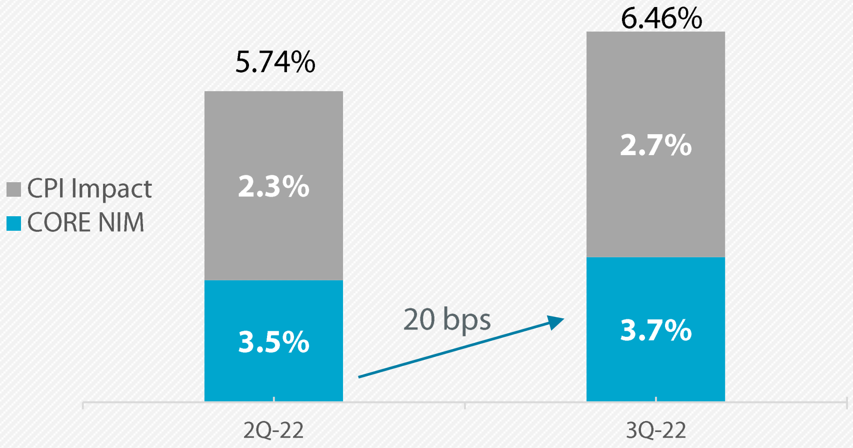
Further enhanced core NIM performance

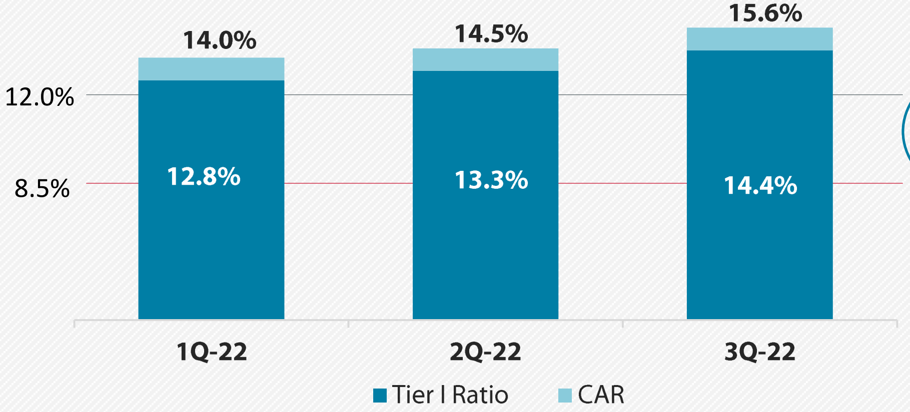




- Robust margin expansion continues excluding CPI linkers
- 2022 October to October CPI valuation assumption is revised to 80.8% from 66.5%.
- 325 mio TL additional revenue generated from CPI assumption revisions.
- Annualized NIM has elevated by 72 bps in the 3Q22

Strengthened Solvency Metrics above regulatory levels

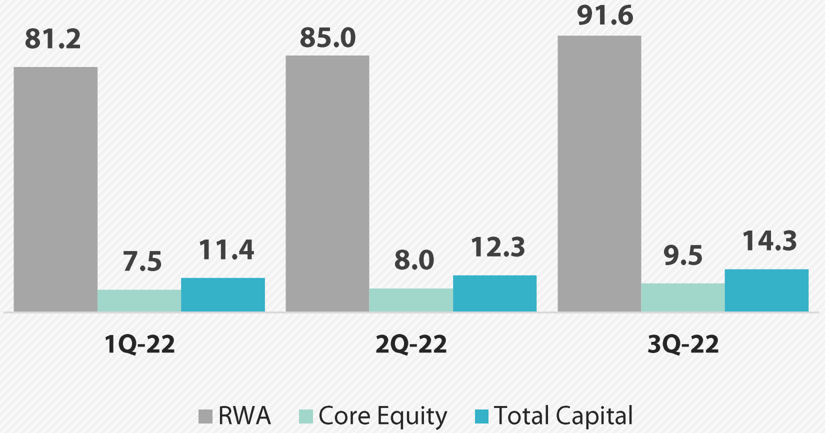
Capital Ratios Without BRSA Temporary Measures



3Q-22 CET-I Ratio: 10.4%

With BRSA Temporary Measures – CAR: 19.9% | Tier I: 18.8% | CET-I: 13.8%

Evolution of RWA and Equity – TL bn



Tier I Ratio Evolution

Free Provision Stock Adjusted
CAR: 16.4%
Tier I: 15.2%

Sustainability Developments – 3Q22

Net-Zero Banking Alliance (NZBA) launched by UNEP FI

- Announced our commitment and our road-map in October 2022
- 1.5ºC ambition of the Paris Agreement
- Alignment of loan and investment portfolio with zero emissions targets by 2050
- Setting targets before 2030

ESG Risk Rating

- *13. 6 Risk Rating*
- *Lowest risk rating among Turkish "diversified banks" category*
- *Update - ongoing*

Corporate Governance Rating Revision

- Updated in October 2022
  - Affirmed at 9.59/10.0

Non-traditional Integrated AR & CSR Honors Awards

Turkey's Best Sustainable Practices in Banking

Best Advance in Competencies and Skill Development
Best Use of Blended Learning

Appendix

Balance Sheet

mn	31/03/2022			30/06/2022			30/09/2022		
	TL	FX	TOTAL	TL	FX	TOTAL	TL	FX	TOTAL
Cash and Banks	3,552	6,851	10,403	2,280	5,457	7,738	4,227	5,243	9,469
Securities	6,283	8,493	14,776	7,159	12,711	19,870	8,664	12,766	21,430
Loans (Gross)	2,953	61,294	64,247	4,068	65,530	69,598	6,315	69,177	75,492
Provisions	-605	-2,858	-3,462	- 591	-3,394	-3,986	-2,043	-2,735	-4,777
Subsidiaries	1,803	229	2,033	1,942	307	2,249	2,119	330	2,450
Other	2,572	466	3,039	2,566	1,101	3,666	2,158	2,063	4,221
Total	**16,559**	**74,476**	**91,035**	**17,423**	**81,712**	**99,135**	**21,441**	**86,843**	**108,284**
ST Funds	-	3,486	3,486	-	3,690	3,690	-	2,766	2,766
LT Funds	-	54,015	54,015	-	58,429	58,429	-	62,281	62,281
Securities Issued	-	16,217	16,217	-	18,678	18,678	-	20,506	20,506
Repo & MM	948	2,490	3,438	70	2,950	3,020	140	3,606	3,746
Other	2,140	1,237	3,377	1,569	2,229	3,798	1,935	3,730	5,665
Subordinated Debt	-	2,916	2,916	-	3,408	3,408	-	3,688	3,688
Equity	7,830	-245	7,585	8,959	- 847	8,112	10,396	-764	9,632
Total	**10,918**	**80,116**	**91,035**	**10,598**	**88,537**	**99,135**	**12,471**	**95,813**	**108,284**

Detailed Income Statement

TL mn	9M-21	9M-22	YoY	2Q-22	3Q-22	QoQ
Net Interest Income inc. Swap Cost	**1,621.3**	**4,404.7**	**172%**	**1,434.4**	**1,877.4**	**31%**
Net Interest Income	1,927.0	4,642.0	141%	1,536.3	1,908.4	24%
CPI Linkers	400.5	1,951.3	387%	652.5	921.6	41%
Swap Costs (-)	305.7	237.3	-22%	101.9	30.9	-70%
Net Commissions	**50.9**	**119.5**	**135%**	**51.2**	**36.7**	**-28%**
Other Income	**49.5**	**94.9**	**92%**	**15.9**	**47.3**	**197%**
Dividends	3.0	9.2	207%	1.5	3.4	127%
Other	46.5	85.7	84%	14.4	43.9	205%
Trading & FX gains/losses	**151.7**	**951.4**	**527%**	**215.4**	**359.5**	**67%**
FX gains/losses	147.8	607.8	311%	202.0	188.0	-7%
MtM gains/losses	-3.7	0.9	n.m.	- 39.0	37.3	n.m.
Trading gains/losses	7.6	342.7	n.m.	52.4	134.2	156%
Banking Income	**1,873.4**	**5,571**	**197%**	**1,716.9**	**2,320.9**	**35%**
OPEX (-)	191.8	378.9	98%	114.1	156.5	37%
Net Banking Income	**1,681.6**	**5,191.6**	**209%**	**1,602.8**	**2,164.4**	**35%**
ECL (-)	793.4	2,121.1	167%	622.1	821.9	32%
Stage I	-52.9	181.4	n.m.	16.0	65.6	309%
Stage II	416.3	682.7	64%	246.3	266.2	8%
Stage III	239.9	859.1	258%	302.0	484.7	61%
Other Provisions	190.1	397.9	109%	57.8	5.5	-91%
Income From Subsidiaries	**132.0**	**344.0**	**161%**	**154.9**	**114.5**	**-26%**
Pre-Tax Income	**1,020.2**	**3,414.5**	**235%**	**1,135.6**	**1,457.0**	**28%**
Tax (-)	245.9	770.5	213%	220.3	334.2	52%
Net Income	**774.3**	**2,644.0**	**241%**	**915.3**	**1,122.8**	**23%**

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