

The Industrial Development Bank of Türkiye

Earnings Presentation
2Q-24 Bank-only Results



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➤ Superior 2Q-24 Performance at a Glance

Outstanding Profitability

28% QoQ 39% YoY earnings growth

- Best-in-class ROE
- FX Loan Spread
- Core NIM expansion
- Diversified fee income performance

Strong FX Funding

- New DFI agreements and syndication loan with 156% roll-over ratio
- USD 1.1 bn Unwithdrawn DFI funding
- FX LCR: 378%
- ~80% ESG-linked funding profile

Solid growth performance

- 1H24 fx adjusted loan growth reached 6.7%,
- Sustainable development focus
- Loan disbursements for 1H24 surpassed USD 1.1 bn

Outstanding solvency supporting growth

- CAR: 20.3%
- Tier-1: 19.2%

*Excluding BRSA's measures

Highly provisioned, intact asset quality

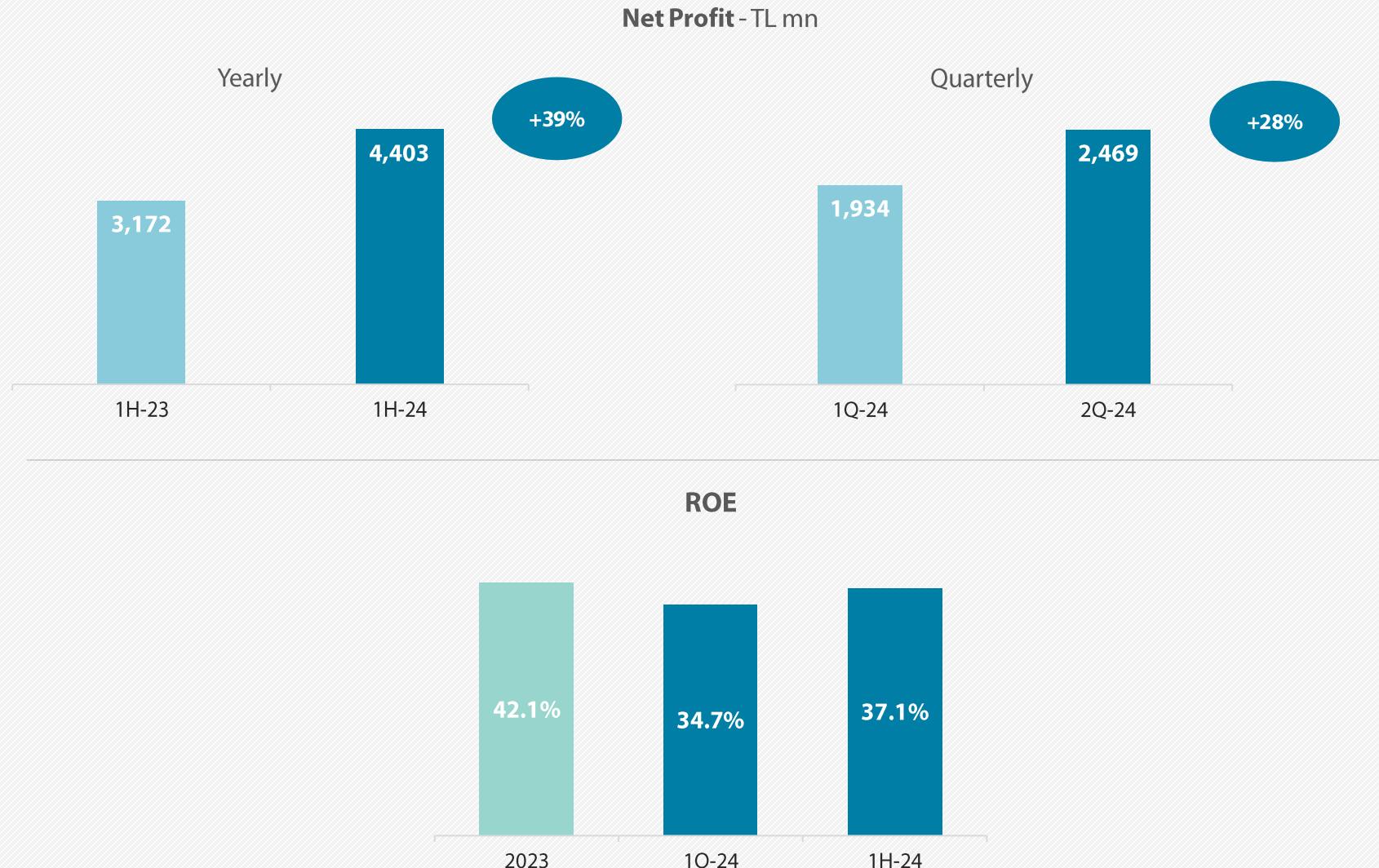
- Maintained coverage ratios: Stage-1 0.9%, Stage-2 33.6%, Stage-3 83.1%
- Superior total coverage ratio in the sector: 5.9%
- No free provision reversals

1H-24 Performance & YE-24 Guidance

Financial Guidance (Bank Only)	1H-24 Figures %	Previous YE24 Guidance %	Revised YE24 Guidance %
Growth			
FX Adjusted Loan Growth	6.7	High Single Digit	Low Teens ↑
Profitability			
Net Interest Margin	5.9	~6	-
Fees & Commissions Growth	115	> avg. CPI	-
Return On Equity	37.1	~40	-
Efficiency			
OPEX Growth	88	> avg. CPI	-
Solvency*			
Capital Adequacy Ratio	20.3	~18.0	-
Tier I Ratio	19.2	~17.0	-
Asset Quality			
NPL Ratio	2.7	<3	-
Net Cost of Risk (excluding currency impact)	27 bps	~100 bps	~50 bps ↓

*Excluding BRSA's measures

➤ Differentiating Continuous Profitability



Strong coverage and free provision reserves to support profitability

- ✓ Total coverage ratio stands at 5.9%
- ✓ Stock of free provisions 1.75 bn TL

Income Statement Highlights

TL mn	1H-23	1H-24	YoY	1Q-24	2Q-24	QoQ
Net Interest Income	3,932	5,302	35%	2,541	2,760	9%
Trading Income	1,638	685	-58%	459	226	-51%
Net Fees & Commissions	137	294	115%	130	164	26%
Other Income (Inc. Dividend)	121	175	45%	60	114	90%
Banking Income	5,827	6,455	11%	3,190	3,265	2%
OPEX (-)	536	1,010	88%	505	505	0%
Net Banking Income	5,291	5,445	3%	2,686	2,759	3%
Provisions (-)	1,882	651	-65%	381	270	-29%
Income From Participations	730	1,037	42%	317	719	127%
Tax Provisions (-)	968	1,427	47%	688	739	7%
Net Profit	3,172	4,403	39%	1,934	2,469	28%

- 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

Continuous Earnings Growth (+39% yoy, +28% qoq)

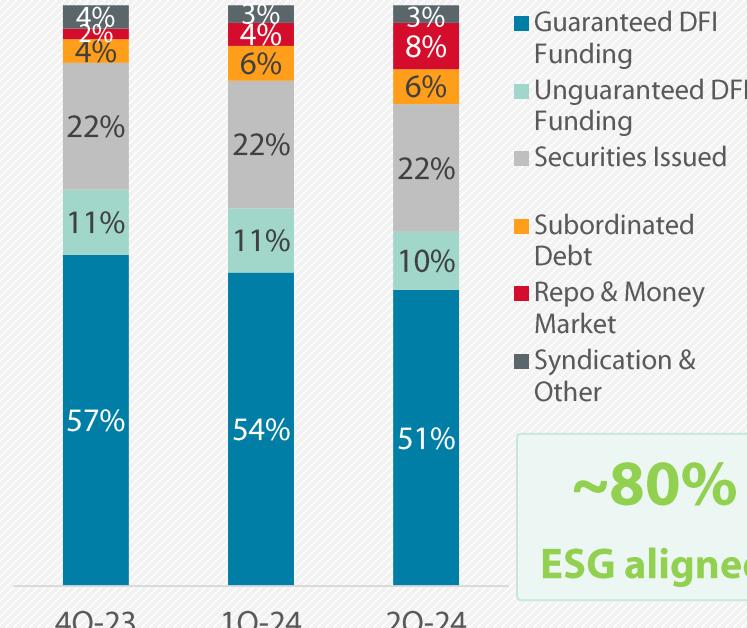
Remarkable NII generation

Strong and well-diversified commission Income

Healthy provisioning policy

Supported by new engagements, funds secured in 2024 reach USD 1.1 billion

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



~ USD 1,131 mn Non-Withdrawn DFI Funding

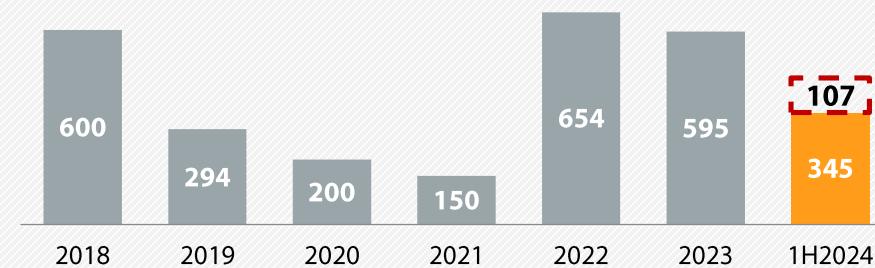
Climate Mitigation

100%

FX Liquidity Coverage Ratio

~378%

Yearly Multilateral Funding Agreements – USD mn



Maturity Profile of External Debt - USD mn



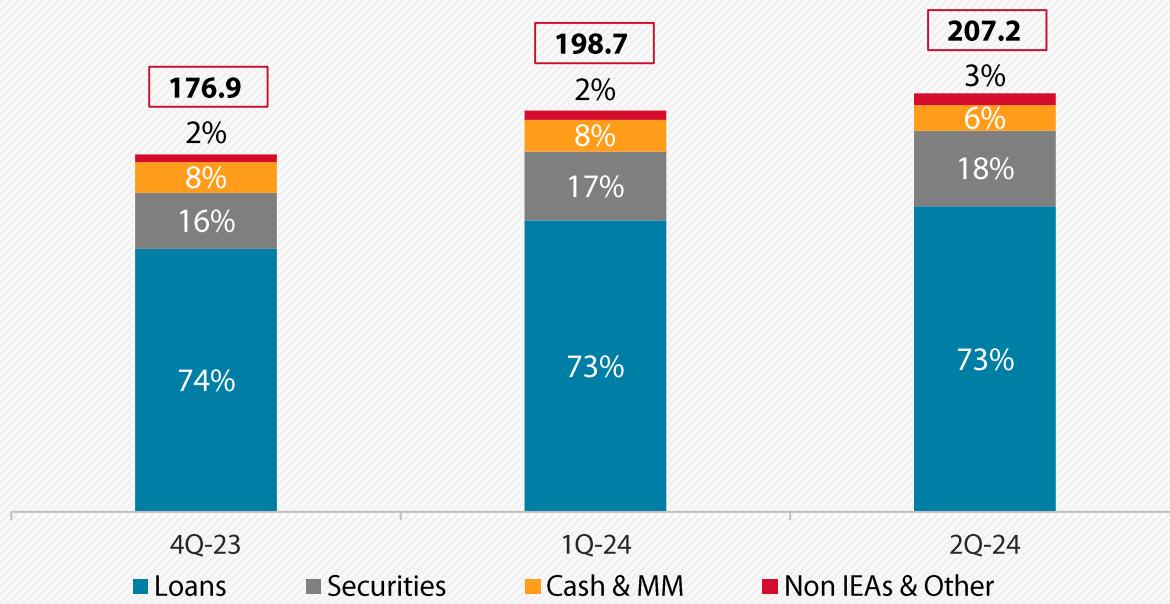
* USD 300 million AT-1 eurobond has a call option in 2029.

Wholesale Funding in 2024

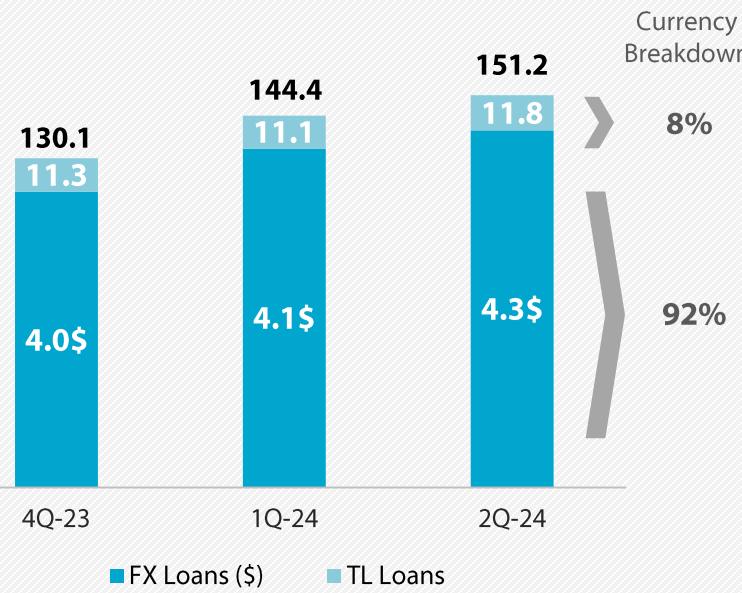
- ✓ AT-1 Eurobond | USD 300 million
- ✓ Syndication | USD 190 million
- ✓ PP & Other | USD 123 million
- ✓ IBRD | USD 345 million
- ✓ AFD & CDP | EUR 100 million

Resilient Asset Composition

Asset Composition – TL bn



Total Loans – TL bn



Loan Growth

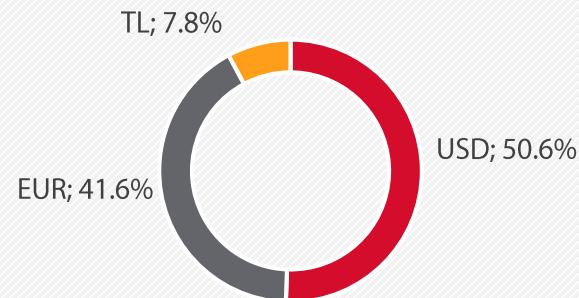


Currency Breakdown

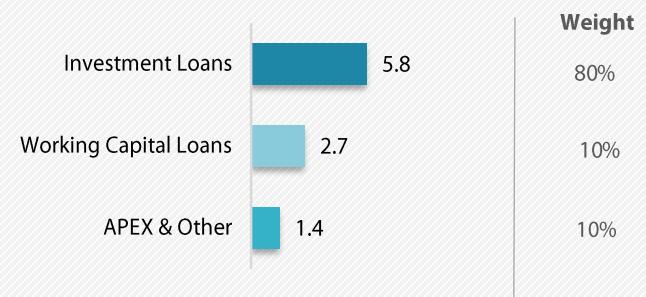
8%

92%

2Q-24 Loans by Currency



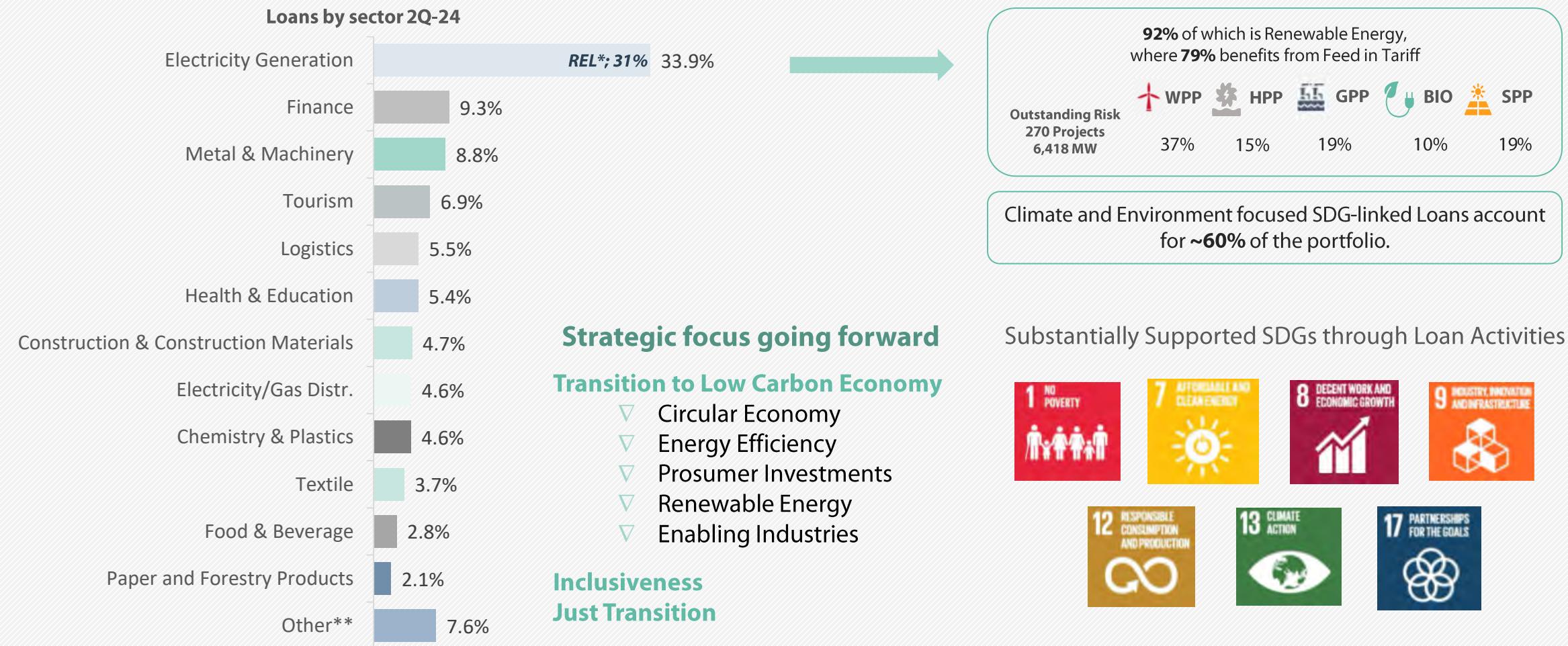
Remaining Average Maturity - Years



No Maturity
Mismatch in the
Balance Sheet

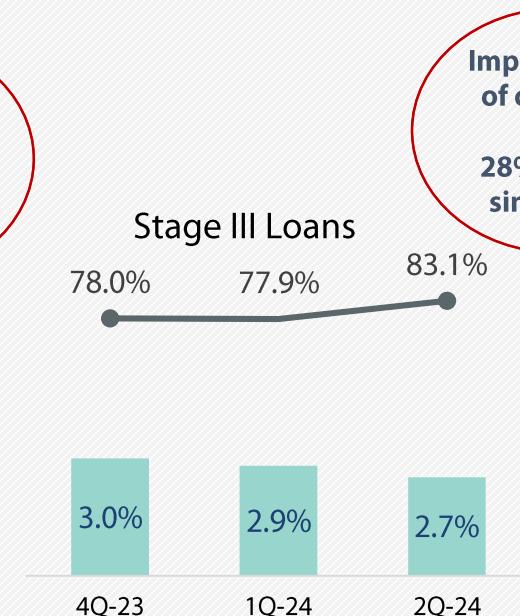
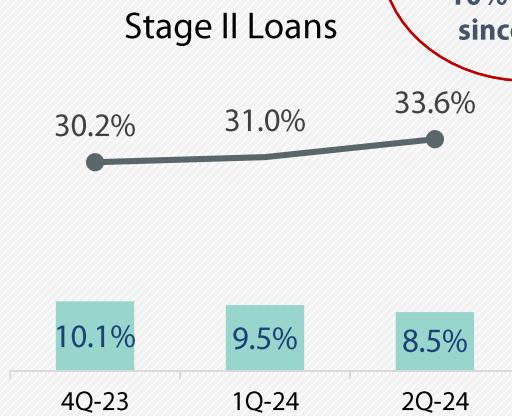
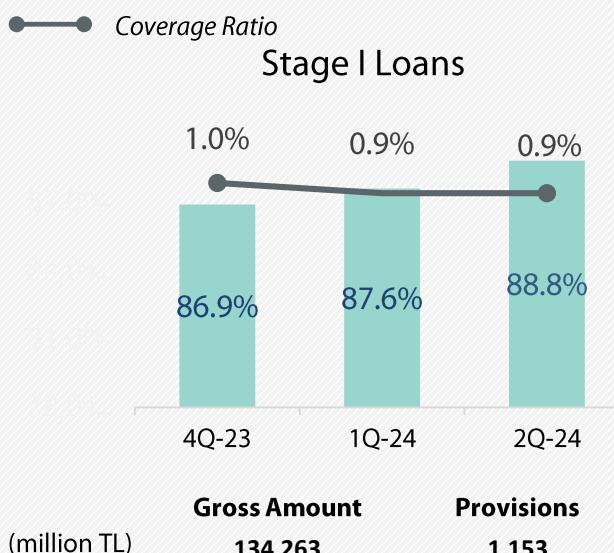
4.7 years

SDG-Linked loans account for 91% of the portfolio





Leading position on provision coverage among industry



- ✓ Total Coverage: **5.9%**
- ✓ Total Free Provisions: **TL 1,75 bn**
- ✓ No NPL Sales
- ✓ Total NPL Coverage: **135%***
- ✓ Total Stage 2 Coverage: **125%***

Average private sector banks' coverage in 1Q-24: **17.9%**

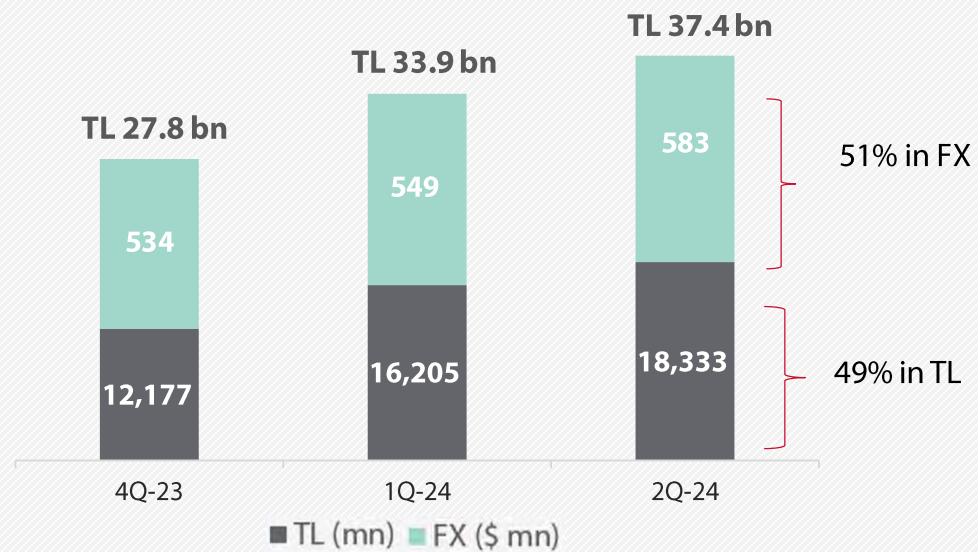
Average private sector banks' coverage in 1Q-24: **69.6%**

Currency adjusted net CoR 27 bps



Well oriented asset liability management

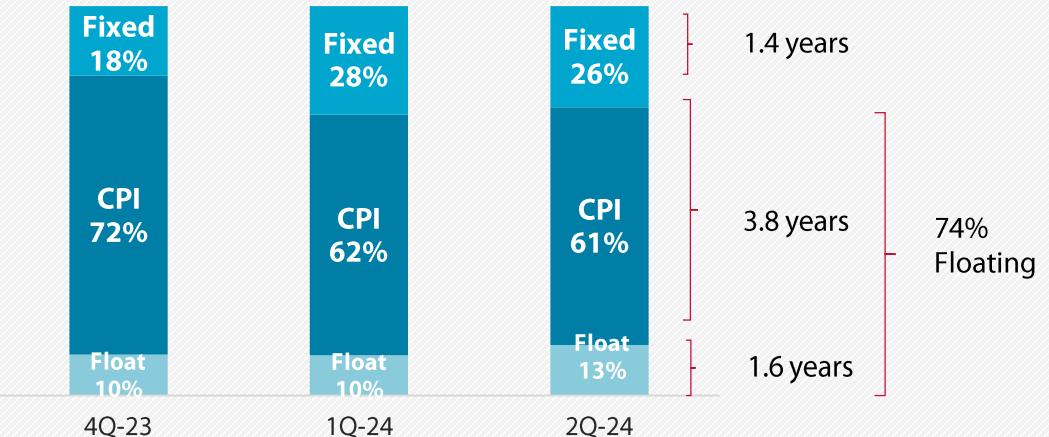
Total Securities Portfolio Breakdown



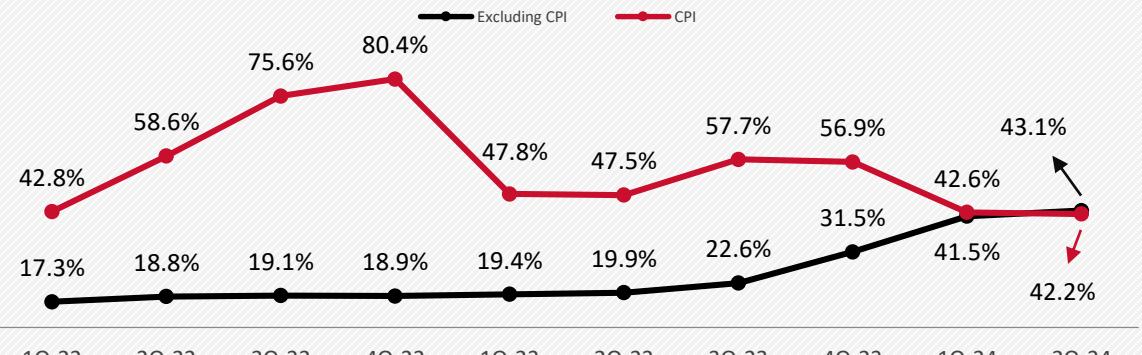
SECURITIES / ASSETS: 18%

- 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*



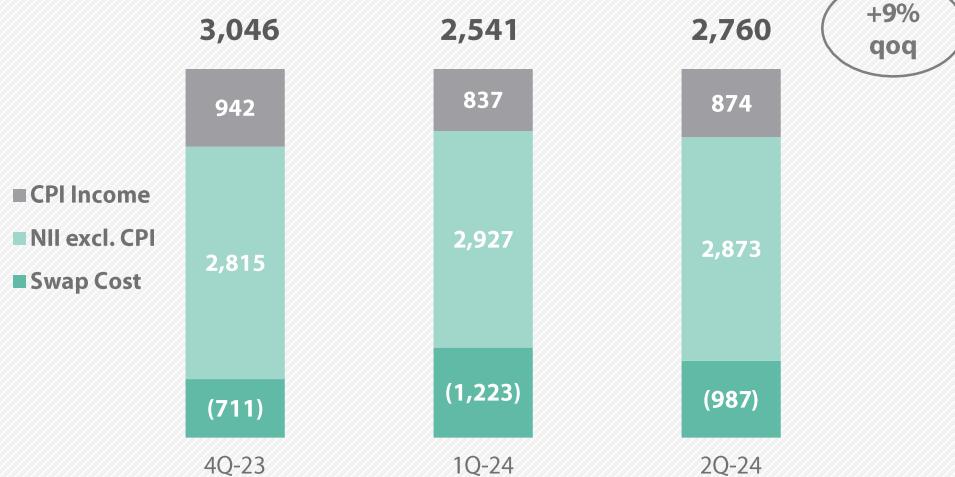
Security Yields



Oct-Oct. CPI assumption is 44.9 percent.

➤ Sustainable and Resilient NIM

Net Interest Income inc. Swap Cost (TL bn)



7.0%

Annualized NIM



*IEA Evolution can be seen in the Appendix

- ✓ Strong and resilient NII generation
- ✓ 9% qoq surge in NII inc. swap costs

- ✓ NIM evolution is in line with 2024YE expectations
 - (+) Maintained strong loan spread
 - (+) QoQ 19% decrease in swap costs

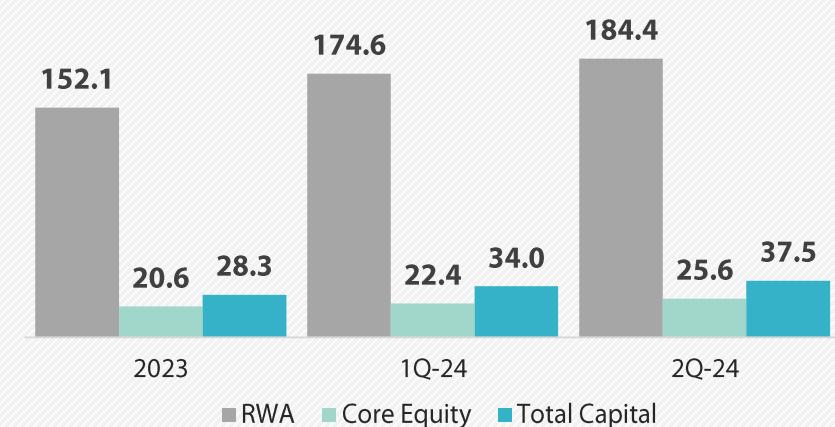
➤ Further strengthened solvency metrics support our real loan growth targets

Capital Ratios Without BRSA Temporary Measures



Reported Figures – CAR: 24.1% | Tier I: 23.0% | CET-I: 16.6%

Evolution of RWA and Equity – TL bn



CAR Evolution



➤ Sustainable Banking Developments



IDFC Steering Group meeting
hosted by TSKB in Istanbul



20 years in Türkiye Awards
Women and Men Equality Promoter



First place in
Emerging Markets Gender
Equality Index

Reporting

Integrated Annual Report
(1Q-24)

Climate Report
(1Q-24)

UN Global Compact CoP
(2Q-24)

CDP Environmental
Disclosure
(3Q-24)

Share in the loan
portfolio

Financing
Targets

91%

SDG-linked loans Climate & Environment
focused
SDG-linked loans

60%

~40% of the 10
billion USD target
by 2030
since 2021

~10% of the 4
billion USD target
by 2030
since 2024





Appendix



Balance Sheet

TL mn	31.12.2023			31.03.2024			30.06.2024		
	TL	FX	TOTAL	TL	FX	TOTAL	TL	FX	TOTAL
Cash and Banks	7,427	7,699	15,126	10,236	5,554	15,789	6,203	6,599	12,802
Securities	12,177	15,663	27,839	16,208	17,707	33,915	18,343	19,056	37,399
Loans (Gross)	11,299	118,839	130,137	11,051	133,311	144,362	11,816	139,373	151,189
Provisions	-3,920	-4,308	-8,228	-4,178	-4,522	-8,700	-4,294	-4,599	-8,893
Subsidiaries	6,616	753	7,370	6,906	813	7,719	8,320	832	9,151
Other	3,041	1,599	4,640	3,498	2,109	5,607	3,440	2,095	5,535
Total	36,640	140,244	176,884	43,721	154,972	198,693	43,828	163,357	207,185
ST Funds	-	5,913	5,913	-	5,574	5,574	-	6,146	6,146
LT Funds	-	100,763	100,763	-	108,132	108,132	-	104,716	104,716
Securities Issued	-	32,227	32,227	-	36,296	36,296	-	37,464	37,464
Repo & MM	432	2,225	2,656	2,433	4,128	6,562	7,570	6,683	14,254
Other	3,485	4,385	7,870	4,213	4,986	9,200	3,785	4,222	8,006
Subordinated Debt	-	6,043	6,043	-	9,686	9,686	-	10,073	10,073
Shareholders' Equity	21,357	54	21,412	23,199	44	23,243	26,471	55	26,526
Total	25,274	151,610	176,884	29,845	168,847	198,693	37,826	169,359	207,185



Detailed Income Statement

TL mn	1H-23	1H-24	YoY	1Q-24	2Q-24	QoQ
Net Interest Income inc, Swap Cost	3,932	5,302	35%	2,541	2,760	9%
Net Interest Income	3,830	7,512	96%	3,764	3,747	0%
CPI Linkers	1,388	1,712	23%	837	874	4%
Swap Costs	102	-2,210	-2267%	-1,223	-987	-19%
Net Commissions	137	294	115%	130	164	26%
Other Income	121	175	45%	60	114	90%
Dividends	10	2	-84%	0	2	n.m.
Other	111	173	56%	60	113	87%
Trading & FX gains/losses	1,638	685	-58%	459	226	-51%
FX gains/losses	1,513	540	-64%	394	145	-63%
Trading & MtM gain/loss	125	145	16%	65	81	25%
Banking Income	5,827	6,455	11%	3,190	3,265	2%
OPEX (-)	536	1,010	88%	505	505	0%
Net Banking Income	5,291	5,445	3%	2,686	2,759	3%
ECL (-)	1,882	651	-65%	381	270	-29%
Stage I	370	41	-89%	-21	62	-393%
Stage II	736	314	-57%	271	43	-84%
Stage III	-8	296	-3829%	131	165	26%
Other Provisions	785	0	-100%	0	0	n.m.
Income From Subsidiaries	730	1,037	42%	317	719	127%
Pre-Tax Income	4,139	5,831	41%	2,622	3,208	22%
Tax (-)	968	1,427	47%	688	739	7%
Net Income	3,171	4,403	39%	1,934	2,469	28%

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

➤ Appendix: ESG Ratings

	 SUSTAINALYTICS	 CDP	 Moody's	 Fitch Ratings	 Sustainable Fitch	 LSEG DATA & ANALYTICS
	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	6.9	A-	2	3	3 (61/100)	A
	Negligible risk category	Leadership	Neutral-to-low	Neutral-to-minimal	Above global average	 BORSА ISTANBUL SUSTAINABILITY
	First place in Türkiye					
	9 th place among global development banks					
						



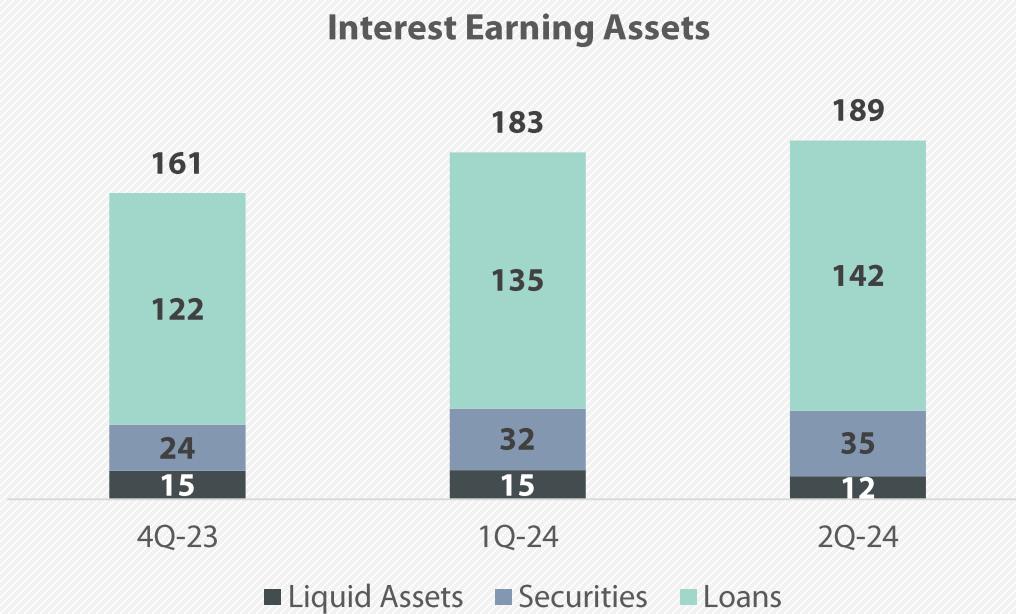
Appendix: Stage 2 Loans Breakdown

Stage 2 Loans		
Sector	%	Coverage (%)
Tourism	45	41
Electricity/Gas Distribution	19	41
Electricity Generation	15	14
Non-residential Real Estate	8	29
Metal and Machinery	6	31
Telecom/Logistics	4	10
Automotive Supply Industry	3	20
TOTAL	100	34

96% of Electricity Generation loans are Renewable

- Hard collateral & provisions are taken into consideration
- Renewable and non renewable percentages in electricity generation loans are as 96% and 4% respectively

➤ Appendix: IEA Evolution



- ✓ Interest Earning Assets were up by 3% QoQ and 37% YoY, which was driven by
 - High FX denomination
 - Growth strategy



Appendix: Net Cost of Risk Calculation

Provisions (TL mn)	2Q24
Stage 1*	41
Stage 2**	314
Stage 3	296
Reversals*** (TL mn)	-58
Net CoR	84 bps
<i>Currency Impact</i>	<i>57 bps</i>
Net CoR excl. Currency Impact	27 bps

*Stage 1 provision costs are adjusted with TL 45.7 mn provisions set aside for securities.

**Stage 1&2 provisions are shown netted off by Stage1&2 reversals.

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

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