

The Industrial Development Bank of Türkiye

Earnings Presentation

3Q-24 Bank-only Results



"Please note that any kind of recording including but not limited to screenshots, video recording, recording via external devices etc. of this presentation it is strictly forbidden for all participants."

➤ Differentiating 3Q-24 Performance at a Glance

Continuous Earnings Growth, Steady NIM evolution

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

Strong FX Funding

- New DFI agreements and USD 350 mn Eurobond issue
- USD 1,1 bn Unwithdrawn DFI funding
- FX LCR: 369%

Solid growth performance

- 9M24 fx adjusted loan growth reached 11.5%,
- Sustainable development focus
- USD 1.6 bn of cash loan disbursements for 9M24

Distinguished solvency supporting growth

- CAR: 20.2%
 - Tier-I: 19.0%
- *Excluding BRSA's measures*

Highly provisioned, intact asset quality

- Sustained coverage ratios for Stage-2 loans at 34.5% and Stage-3 loans at 84%
- Superior total coverage ratio in the sector: 5.2%, Net CoR: -39 bps
- TL100 mn free provision reversal
- TL1.65 bn of free provision stock to be supportive going forward

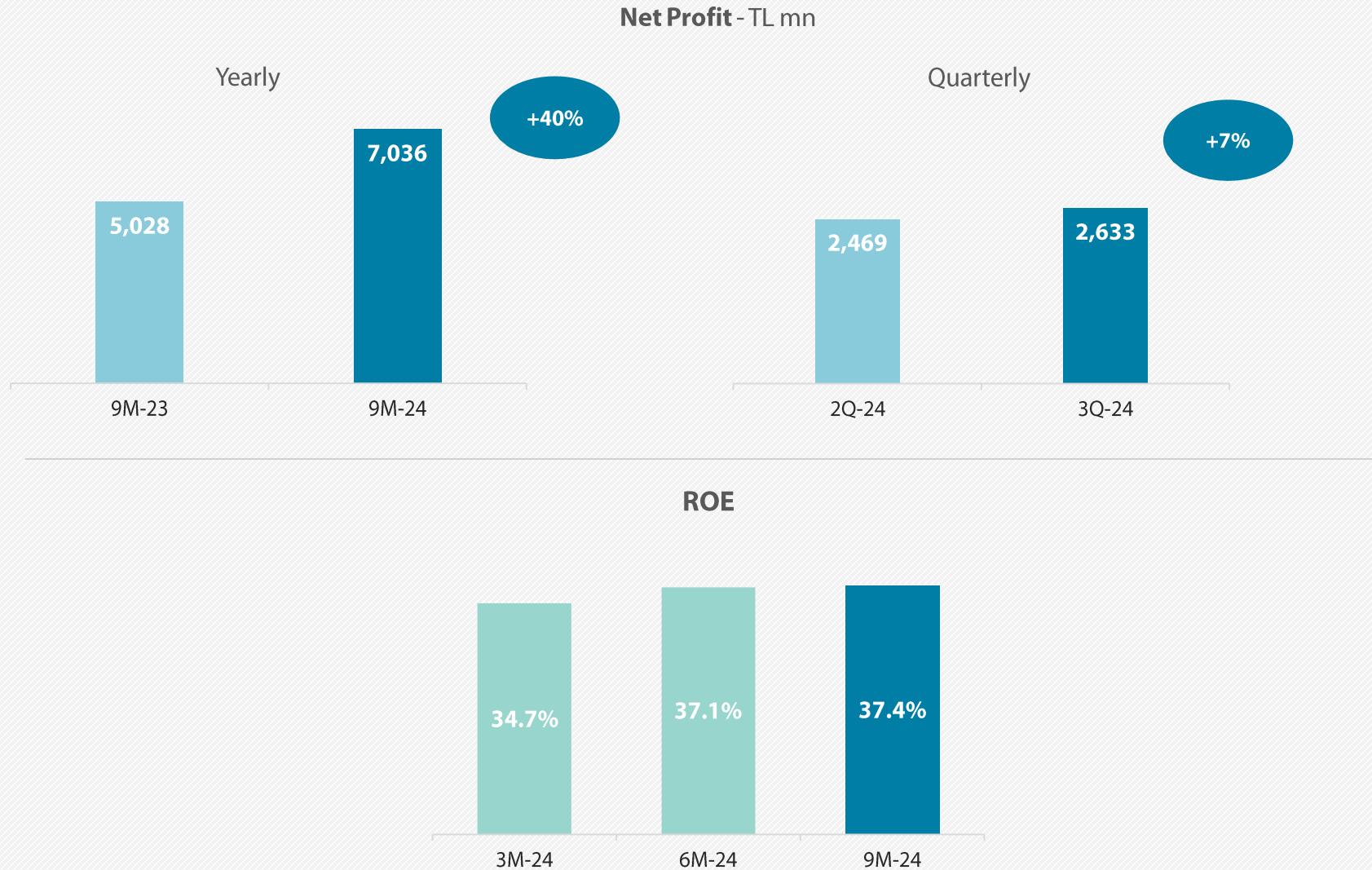
3Q-24 Performance & YE-24 Guidance

Financial Guidance (Bank Only)	9M24 Figures %	Previous YE24 Guidance %	Revised YE24 Guidance %
Growth			
FX Adjusted Loan Growth	11.5	Low Teens	-
Profitability			
Net Interest Margin	6.1	~6	-
Fees & Commissions Growth	44	> avg. CPI	-
Return On Equity	37.4	~40	-
Efficiency			
OPEX Growth	84	> avg. CPI	-
Solvency*			
Capital Adequacy Ratio	20.2	~18.0	~20.0 ↑
Tier I Ratio	19.0	~17.0	~19.0 ↑
Asset Quality			
NPL Ratio	2.2	<3	-
Net Cost of Risk (excluding currency impact)	-39 bps	~50 bps	<50 bps ↓

*Excluding BRSA's measures



Distinguished and Robust Profitability



Strong coverage and free provision reserves to support profitability

- ✓ Total coverage ratio stands at 5.2%
- ✓ Stock of free provisions 1.65 bn TL

➤ Remarkable earnings with strong solvency and liquidity

TL mn	9M-23	9M-24	YoY	2Q-24	3Q-24	QoQ
Net Interest Income	6,518	8,500	30%	2,760	3,198	16%
Trading Income	1,893	879	-54%	226	195	-14%
Net Commissions	287	413	44%	164	119	-28%
Other Income (Inc. Dividend)	124	551	345%	114	376	229%
Banking Income	8,822	10,343	17%	3,265	3,888	19%
OPEX (-)	847	1,563	84%	505	552	9%
Net Banking Income	7,975	8,780	10%	2,759	3,336	21%
Provisions (-)	2,258	601	-73%	270	-50	N.M.
Income From Participations	1,077	1,263	17%	719	226	-69%
Tax Provisions (-)	1,766	2,406	36%	739	979	32%
Net Profit	5,028	7,036	40%	2,469	2,633	7%

**Continuous
Earnings Growth**
(+40% yoy, +7%
qoq)

**Solid NII
generation**

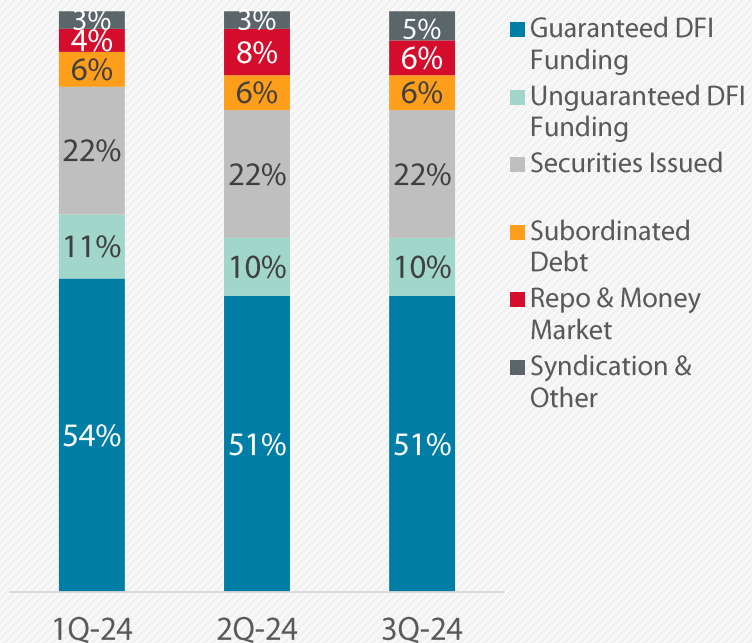
**Differentiating
solvency ratios
supported by
internal capital
generation
capability**

**Hefty and
supportive
provisioning base
&
no retail loan
exposure**

- 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

Funds secured to date reached almost USD 1.7 billion

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



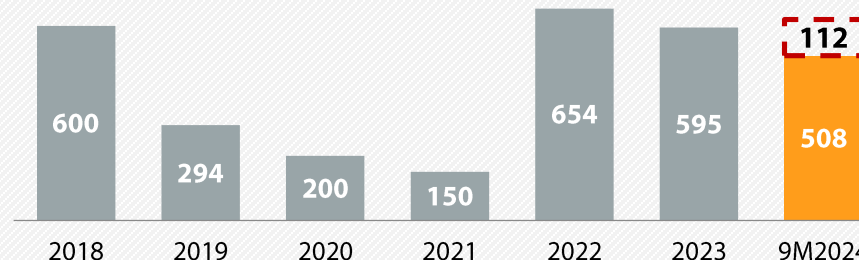
~ USD 1,140 mn Non-Withdrawn DFI Funding

Climate + Environment 68%
Earthquake Related Green Recovery 32%

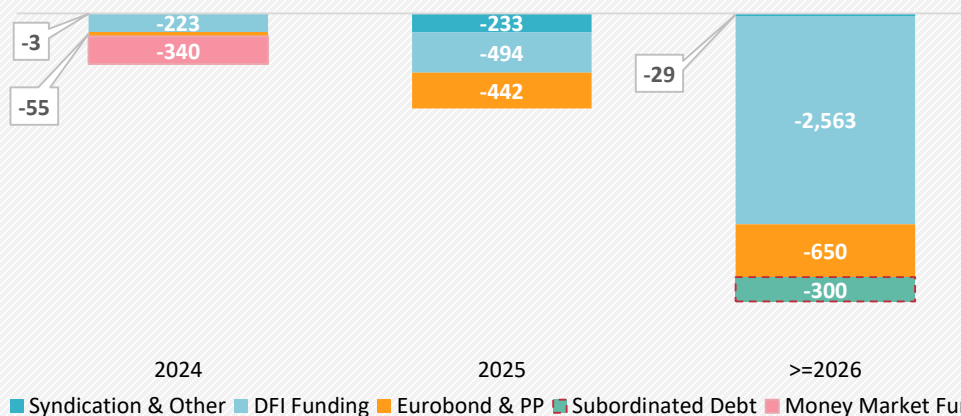
**FX Liquidity
Coverage Ratio**

~369%

Yearly Multilateral Funding Agreements – USD mn



Maturity Profile of External Debt - USD mn



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

Wholesale Funding in 2024

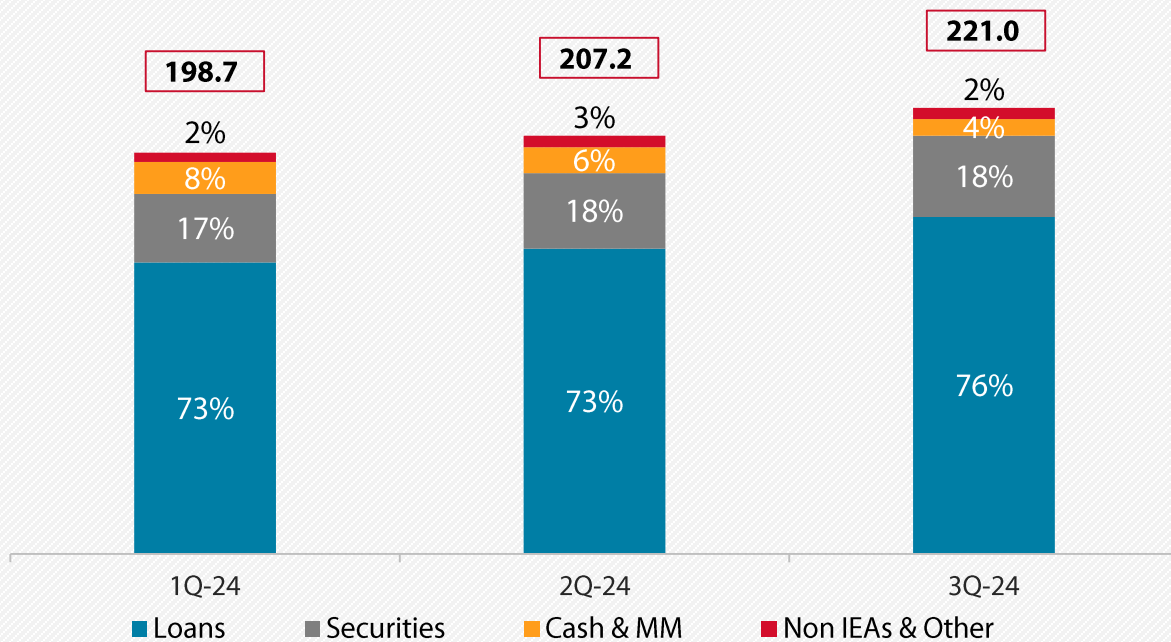
- ✓ **AT-1 Eurobond** | USD 300 million
- ✓ **Syndication** | USD 190 million
- ✓ **PP & Other** | USD 216 million
- ✓ **IBRD** | USD 345 million
- ✓ **AFD & CDP** | EUR 100 million
- ✓ **ITFC** | EUR 50 million

Recent Developments

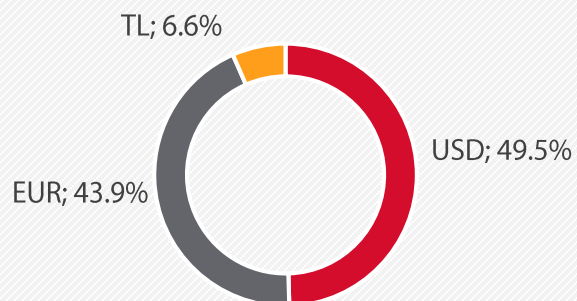
- ✓ **EBRD** | EUR 100 million
- ✓ **Senior Eurobond** | USD 350 million

Resilient Asset Composition

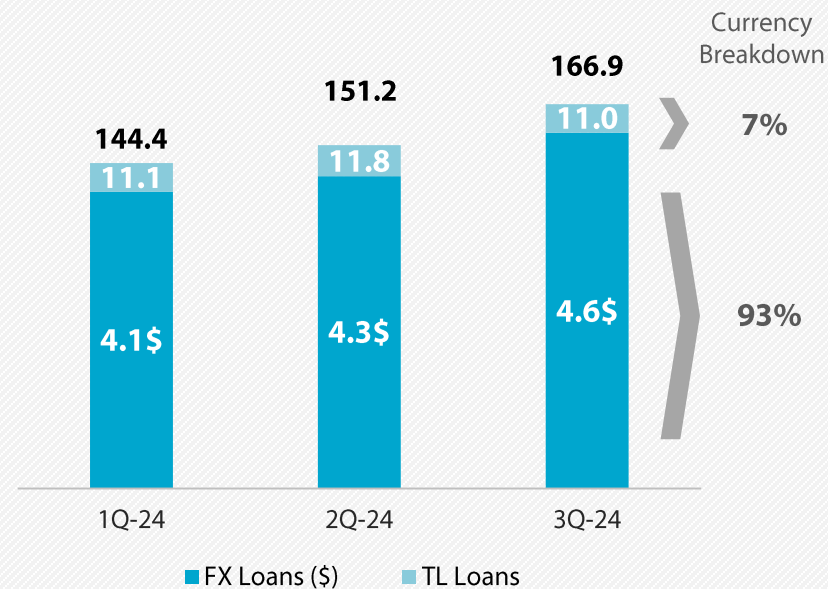
Asset Composition – TL bn



3Q-24 Loans by Currency



Total Loans – TL bn



Currency Breakdown

7%

93%

Loan Growth

QoQ YtD

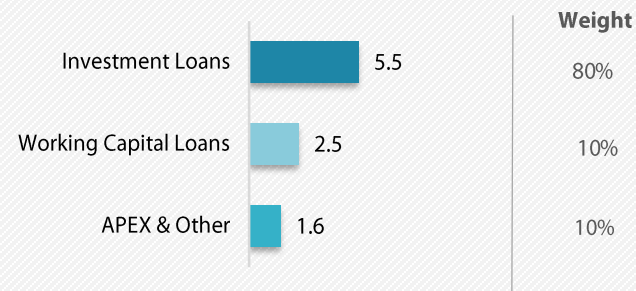
-7%

-3%

8%

13%

Remaining Average Maturity - Years



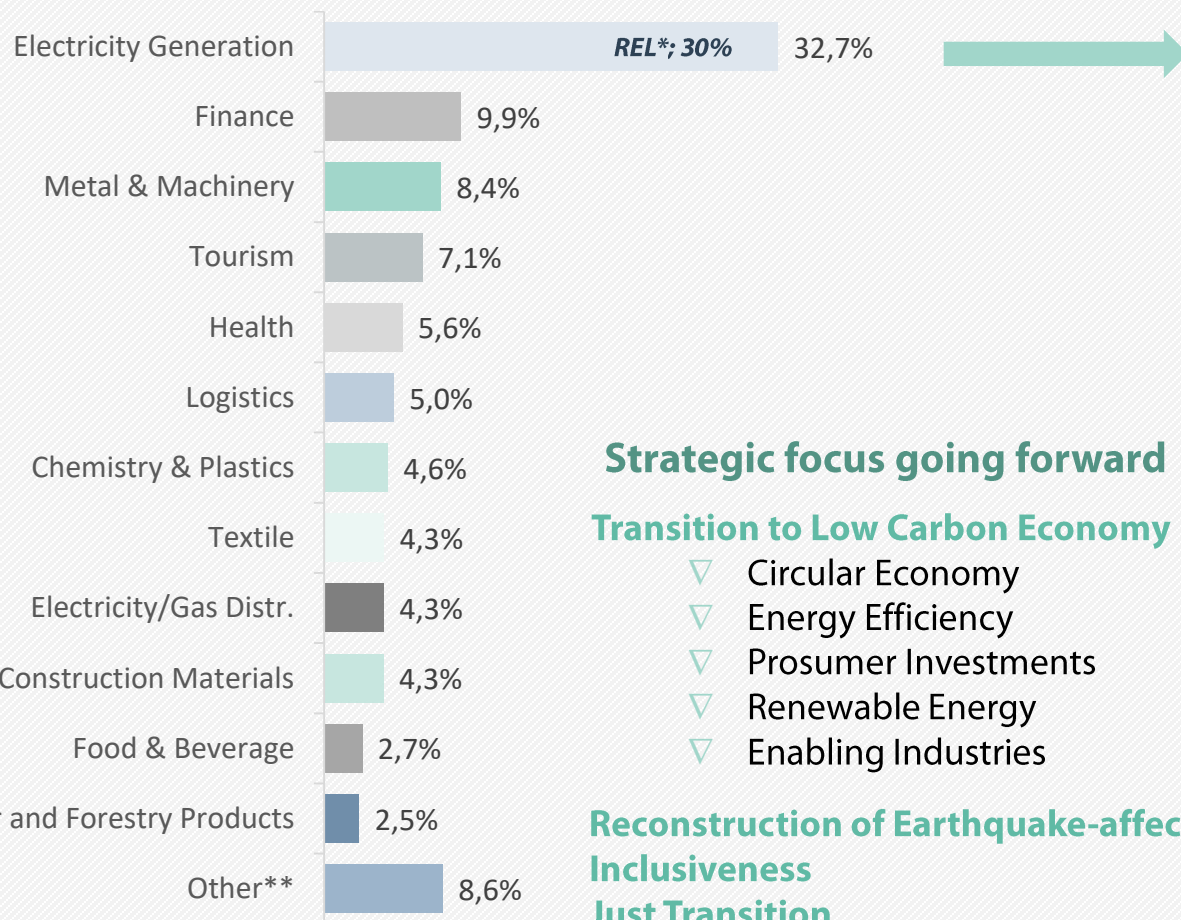
No Maturity Mismatch in the Balance Sheet

4.7 years



Real loan growth reached 11.5% in 9M24

Loans by sector 3Q-24



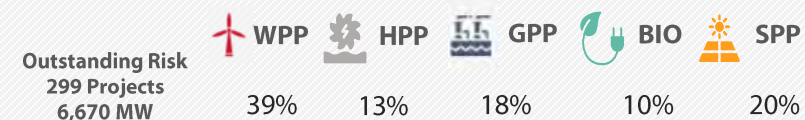
Strategic focus going forward

Transition to Low Carbon Economy

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

Reconstruction of Earthquake-affected Regions Inclusiveness Just Transition

92% of which is Renewable Energy,
where 77% benefits from Feed in Tariff

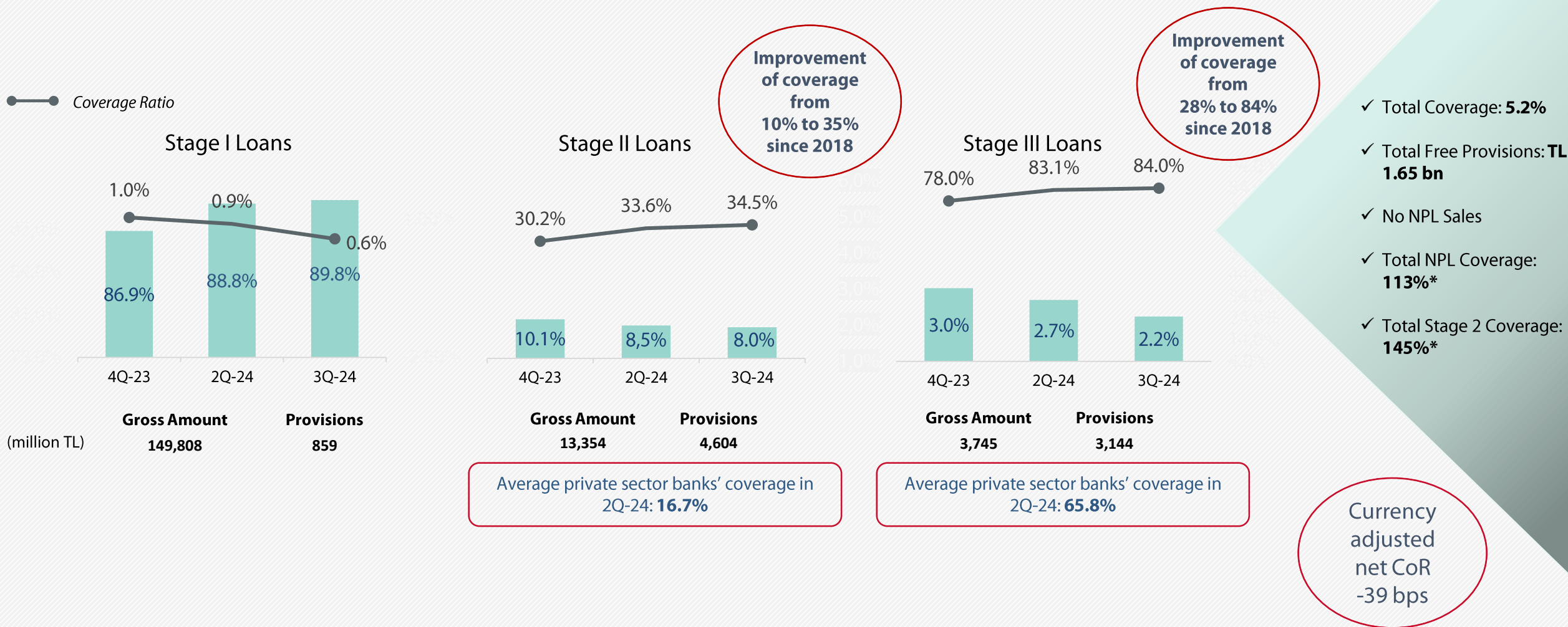


Climate and Environment focused SDG-linked Loans account
for ~60% of the portfolio.

Substantially Supported SDGs through Loan Activities



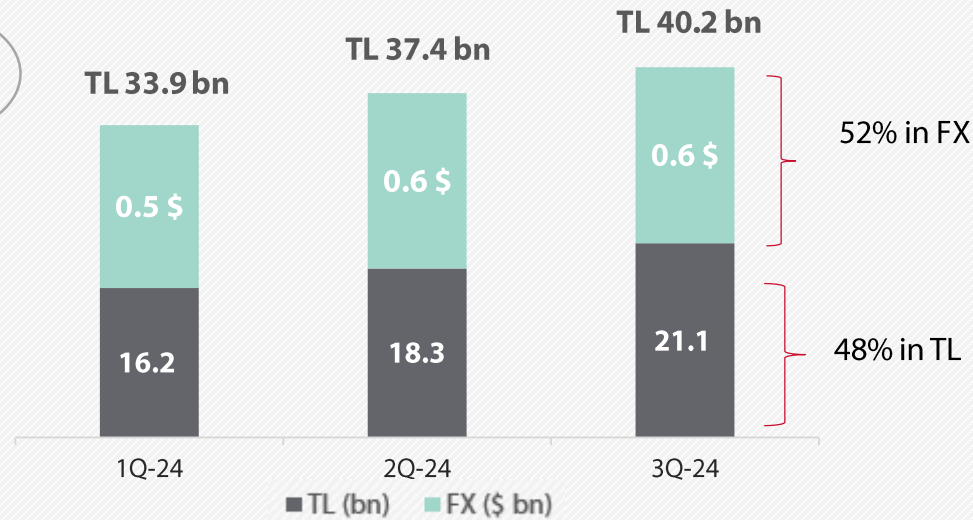
Leading position on provision coverage was sustained



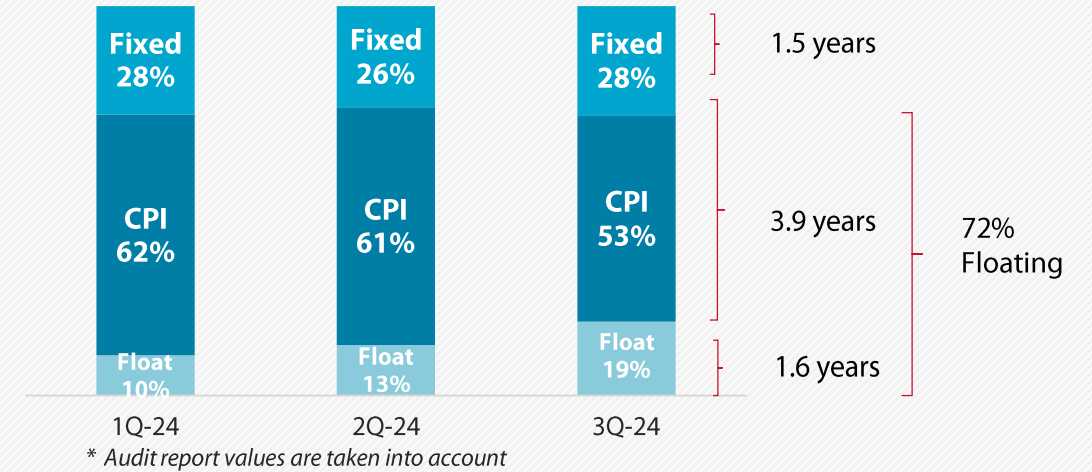
Proactive and strategic asset liability management

Securities /
Assets:
18%

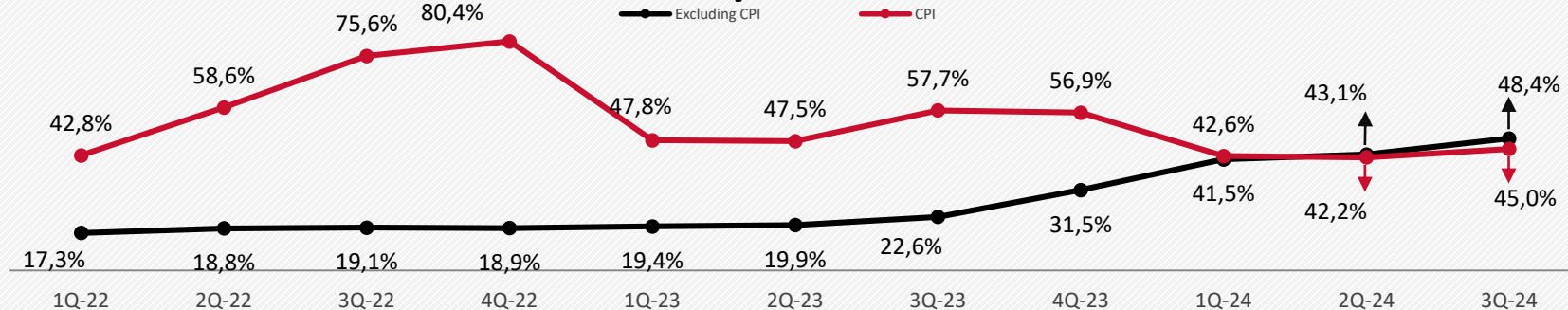
Total Securities Portfolio Breakdown



TL Securities Portfolio Breakdown*



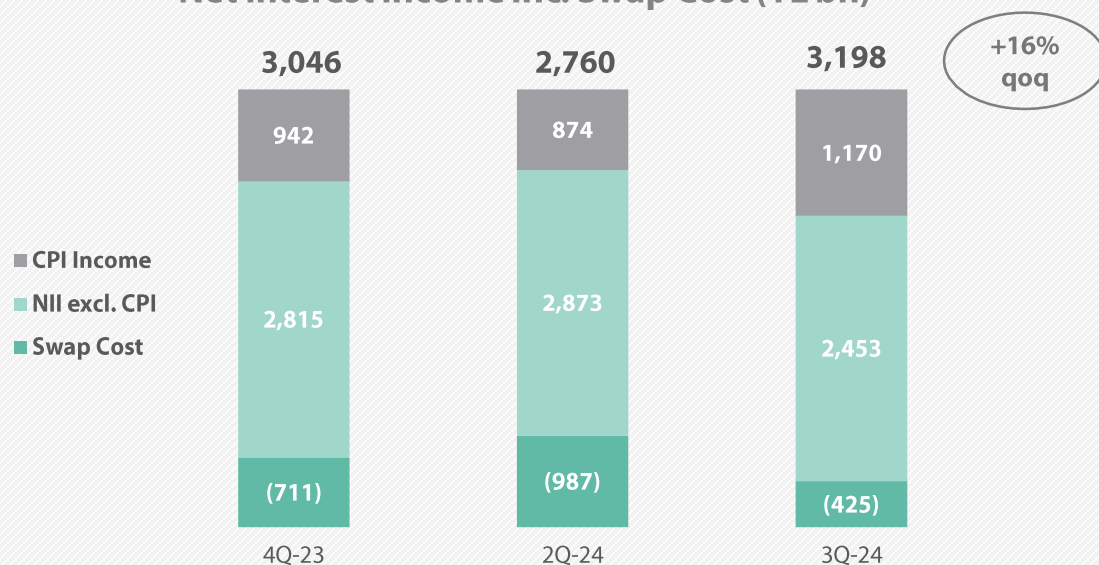
Security Yields



Oct.-Oct. CPI assumption is 44.9 percent.

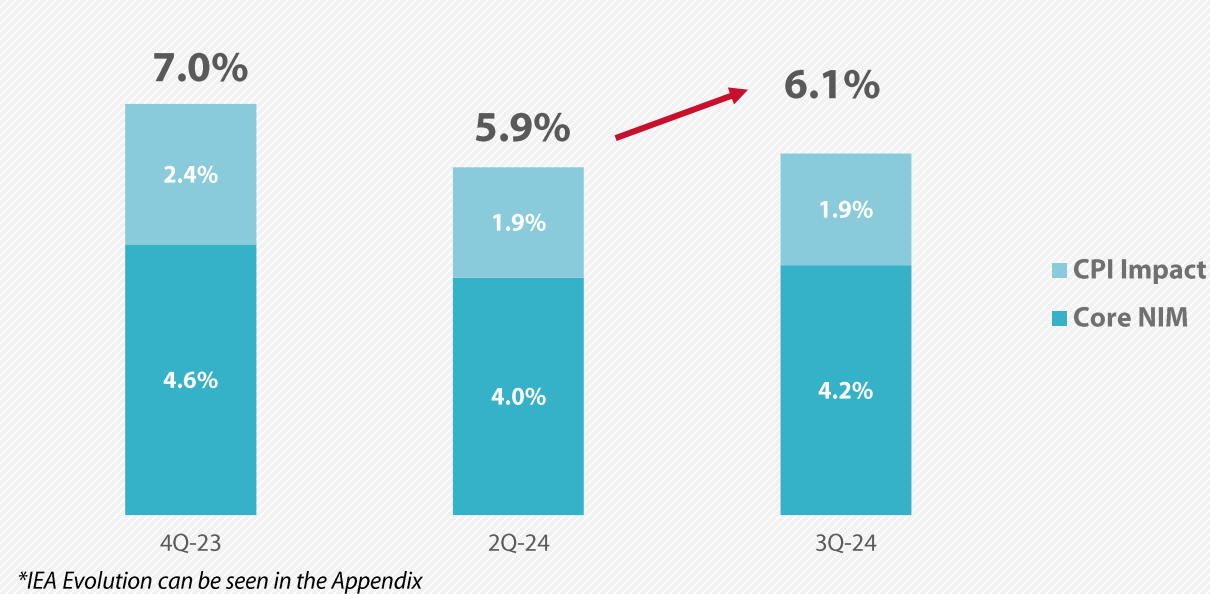
>> Solid and Resilient NIM

Net Interest Income inc. Swap Cost (TL bn)



- ✓ Strong and resilient NII generation
 - ✓ Solid loan volume
 - ✓ Proactive investment strategy
- ✓ 16% qoq surge in NII inc. swap costs

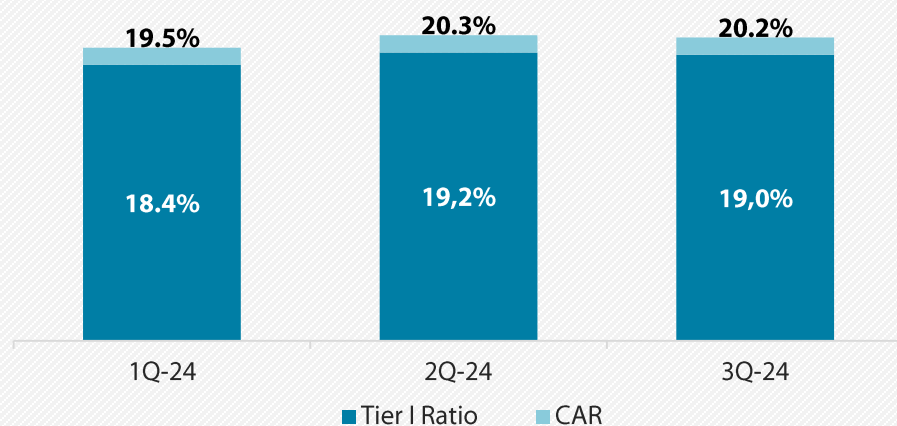
Annualized NIM



- ✓ NIM evolution is in line with 2024YE expectations
 - (+) Maintained strong loan spread
 - (+) Investment in high yielded securities started to pay-off
 - (+) QoQ 57% decrease in swap costs, with reduction in swap portfolio

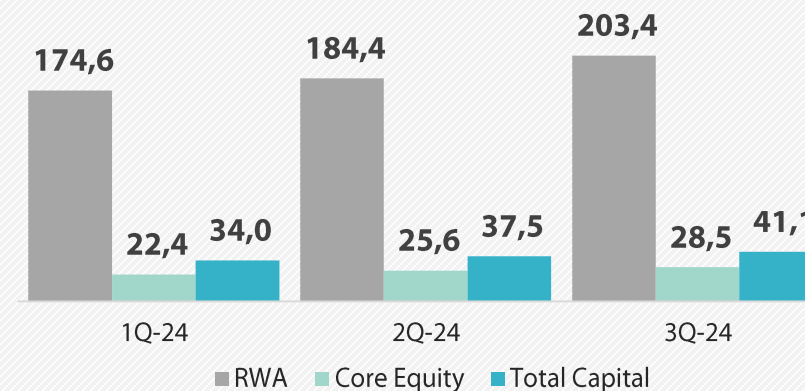
>> Sustained and above sector solvency metrics despite strong real loan growth

Capital Ratios Without BRSA Temporary Measures

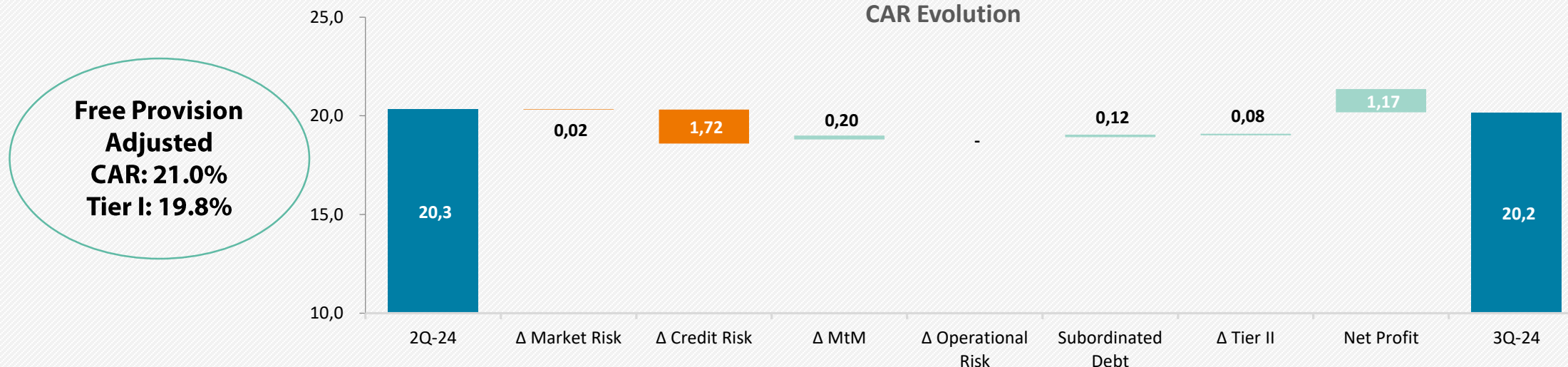


Reported Figures – CAR: 25.0% | Tier I: 23.9% | CET-I: 17.6%

Evolution of RWA and Equity – TL bn



CAR Evolution



**Free Provision
Adjusted
CAR: 21.0%
Tier I: 19.8%**

➤ Sustainable Banking Developments

Stakeholder Workshop

Financial, Impact – Double and Dynamic Materiality Analysis
External and Internal Stakeholders
Positive and Negative Impacts
Risks and Opportunities

Pathways to Paris 2024



Transition to a low-carbon and climate-resilient future

*

6-month training with Turkish FIs and experts

CDP Disclosure

Successfully submitted in October
Dependencies, Impacts, Risks and Opportunities
Climate Change
Water
Forest
Biodiversity



TSKB Sustainable Finance Framework
July 2024



Sustainable Finance Framework

Second Party Opinion by Sustainalytics
Green, Social and Sustainable Investments
Transition Finance



COP29

Baku
Azerbaijan

In Solidarity for a Green World

Enhance Ambition & Enable Action
Expect Türkiye's long-term climate strategy to be announced
We will actively participate in the COP29



Appendix

Balance Sheet

TL mn	31.03.2023			30.06.2024			30.09.2024		
	TL	FX	TOTAL	TL	FX	TOTAL	TL	FX	TOTAL
Cash and Banks	10,236	5,554	15,789	6,203	6,599	12,802	2,179	5,977	8,156
Securities	16,208	17,707	33,915	18,343	19,056	37,399	21,092	19,137	40,230
Loans (Gross)	11,051	133,311	144,362	11,816	139,373	151,189	10,971	155,937	166,908
Provisions	-4,178	-4,522	-8,700	-4,294	-4,599	-8,893	-3,468	-5,186	-8,654
Subsidiaries	6,906	813	7,719	8,320	832	9,151	8,417	919	9,336
Other	3,498	2,109	5,607	3,440	2,095	5,535	3,579	1,410	4,990
Total	43,721	154,972	198,693	43,828	163,357	207,185	42,770	178,194	220,964
ST Funds	-	5,574	5,574	-	6,146	6,146	-	9,058	9,058
LT Funds	-	108,132	108,132	-	104,716	104,716	-	113,177	113,177
Securities Issued	-	36,296	36,296	-	37,464	37,464	-	40,045	40,045
Repo & MM	2,433	4,128	6,562	7,570	6,683	14,254	4,711	6,843	11,554
Other	4,213	4,986	9,200	3,785	4,222	8,006	3,645	4,054	7,699
Subordinated Debt	-	9,686	9,686	-	10,073	10,073	-	10,214	10,214
Shareholders' Equity	23,199	44	23,243	26,471	55	26,526	28,959	257	29,217
Total	29,845	168,847	198,693	37,826	169,359	207,185	37,315	183,649	220,964



Detailed Income Statement

TL mn	9M-23	9M-24	Yoy	2Q-24	3Q-24	QoQ
Net Interest Income inc. Swap Cost	6,518	8,500	30%	2,760	3,198	16%
Net Interest Income	6,482	11,135	72%	3,747	3,623	-3%
CPI Linkers	2,515	2,882	15%	874	1,171	34%
Swap Costs	36	-2,635	n.m.	-987	-425	-57%
Net Fees & Commissions	287	413	44%	164	119	-28%
Other Income	124	551	345%	114	377	229%
Dividends	10	7	-34%	2	5	231%
Other	114	544	379%	113	371	229%
Trading & FX gains/losses	1,893	879	-54%	226	195	-14%
FX gains/losses	1,677	668	-60%	145	129	-11%
Trading & MtM gain/loss	216	211	-2%	81	66	-18%
Banking Income	8,822	10,343	17%	3,265	3,888	19%
OPEX (-)	847	1,563	84%	506	553	9%
Net Banking Income	7,975	8,780	10%	2,759	3,335	21%
ECL (-)	2,258	601	-73%	270	-50	-118%
Stage I	282	-268	-195%	62	-309	-597%
Stage II	987	598	-39%	43	284	555%
Stage III	- 2	271	n.m.	165	- 25	-115%
Other Provisions	992	-	n.m.	-	-	n.m.
Income From Subsidiaries	1,077	1,263	17%	719	226	-69%
Pre-Tax Income	6,794	9,442	39%	3,208	3,612	13%
Tax (-)	1,766	2,406	36%	739	979	32%
Net Income	5,028	7,036	40%	2,469	2,633	7%

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	6.9	A-	2	3	3 (61/100)	A
	Negligible risk category	Leadership	Neutral-to-low	Neutral-to-minimal	Above global average	
	First place in Türkiye					
	9 th place among global development banks					
						
						BIST Sustainability Index BIST Sustainability 25 Index



Appendix: Stage 2 Loans Breakdown

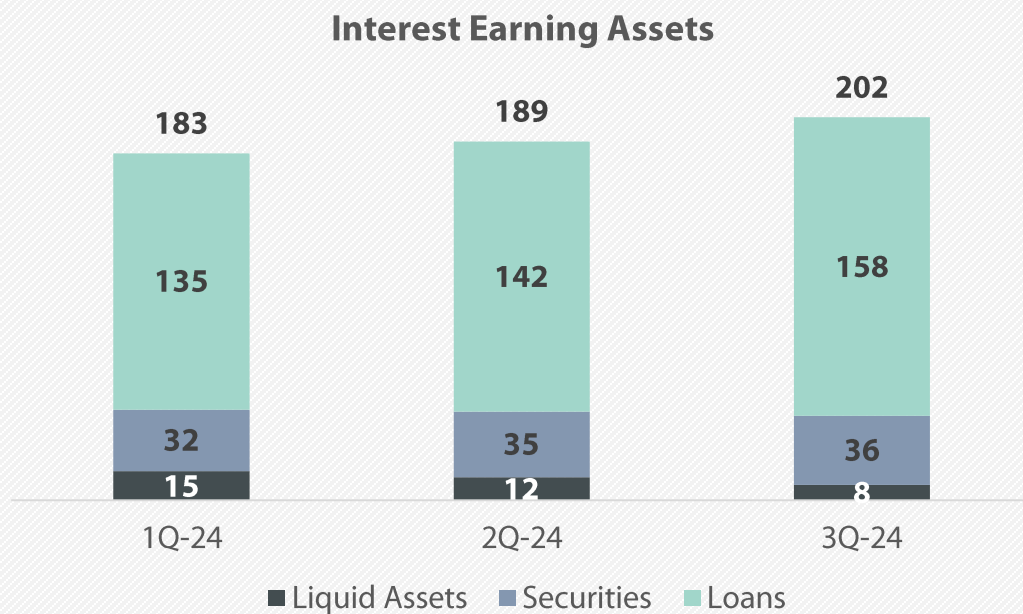
Stage 2 Loans		
Sector	%	Coverage (%)
Tourism	49	41
Electricity/Gas Distribution	18	42
Electricity Generation	12	13
Non-residential Real Estate	8	29
Metal and Machinery	6	32
Telecom/Logistics	4	9
Automotive Supply Industry	3	20
TOTAL	100	34

94% 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 7% QoQ and 32% YoY, which was driven by
- High FX denomination
 - Growth strategy



Appendix: Net Cost of Risk Calculation

Provisions (TL mn)	9M24
Stage 1*	-268
Stage 2**	598
Stage 3	271
Reversals*** (TL mn)	-280
Net CoR	29 bps
<i>Currency Impact</i>	<i>67 bps</i>
<i>Net CoR excl. Currency Impact</i>	<i>-39 bps</i>

**Stage 1 provision costs are adjusted with TL 42.7 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.*

DISCLAIMER

This presentation document is prepared for informational purposes only and contains certain forward-looking comments, opinions, and forecasts. These reflect the views of Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB") as of the date of this presentation and contain certain assumptions. Although the information and data used in this presentation have been obtained from sources believed to be reliable, TSKB does not guarantee their accuracy, completeness, or truthfulness and does not make any representation or warranties in this respect. The realization of the comments, opinions, and estimates in the presentation may differ according to any changes that may occur in the data, variables, or assumptions that constitute them. Therefore, TSKB may change its opinions and estimates without prior notice. However, under no circumstances can this be considered as a commitment by TSKB to update its comments, opinions, and forecasts under any circumstances. The comments, opinions, and forecasts contained herein should not be interpreted as a recommendation to buy or sell of any capital market instrument or as a promise of return. TSKB expressly declares that it does not assume any responsibility for the results of investment decisions taken on the basis of this document and for any direct or indirect losses that may arise. The presentation document may not be copied or distributed by third parties other than those to whom a copy has been delivered by TSKB.

TSKB Financial Institutions & Investor Relations

ir@tskb.com.tr
www.tskb.com



Meclisi Mebusan Cad. 81
Fındıklı 34427 İstanbul