

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

*Earnings Presentation*  
*3Q-24 Bank-only Results*



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# ➤ 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

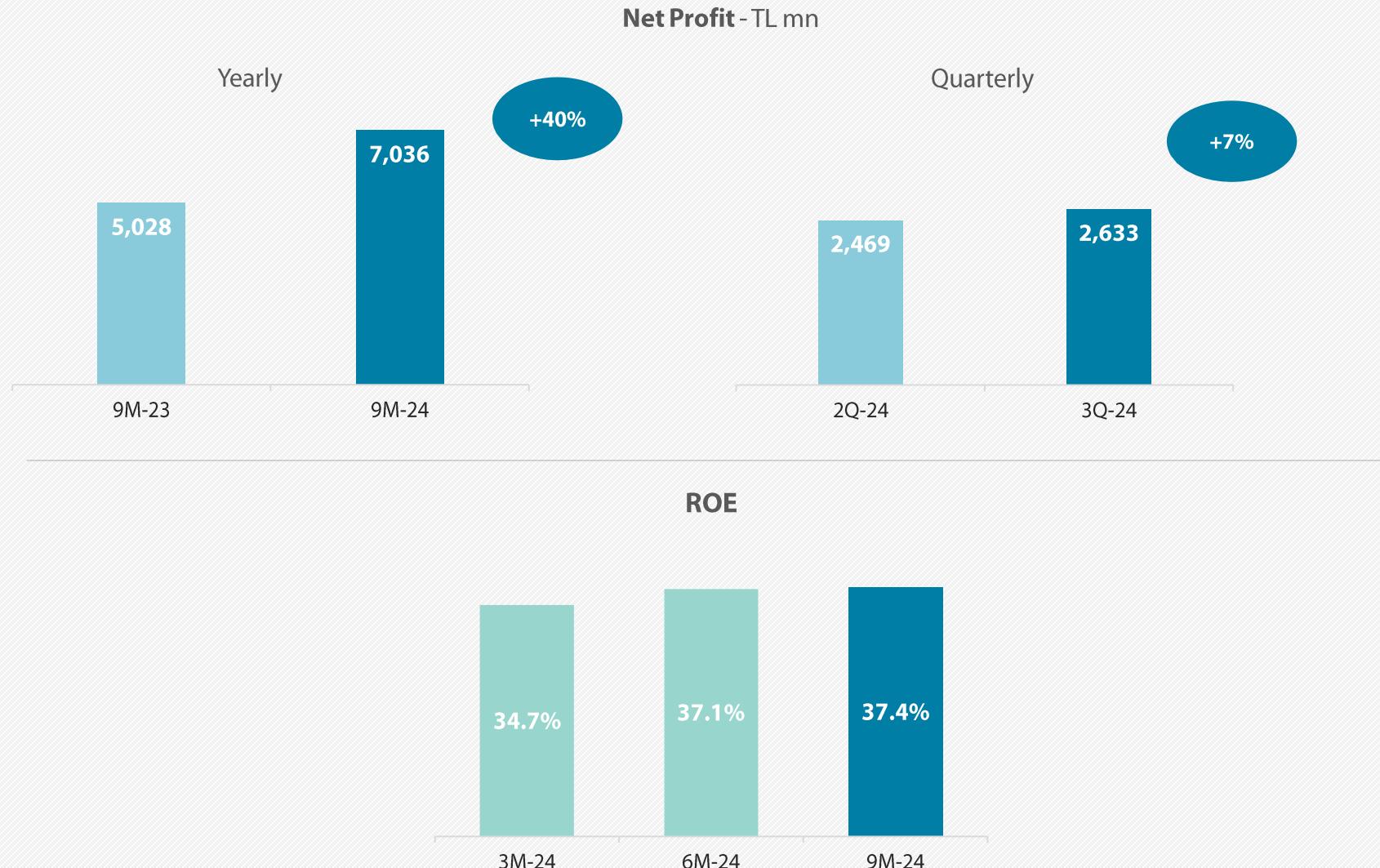
- Sustained coverage ratios for Stage-2 loans at 34.5% and Stage-3 loans at 84%
- Superior total coverage ratio in the sector: 5.2%, Net CoR: -39 bps
- TL100 mn free provision reversal
- TL1.65 bn of free provision stock to be supportive going forward

## 3Q-24 Performance & YE-24 Guidance

Financial Guidance (Bank Only)	9M24 Figures %	Previous YE24 Guidance %	Revised YE24 Guidance %
<b>Growth</b>			
FX Adjusted Loan Growth	11.5	Low Teens	-
<b>Profitability</b>			
Net Interest Margin	6.1	~6	-
Fees & Commissions Growth	44	> avg. CPI	-
Return On Equity	37.4	~40	-
<b>Efficiency</b>			
OPEX Growth	84	> avg. CPI	-
<b>Solvency*</b>			
Capital Adequacy Ratio	20.2	~18.0	~20.0 
Tier I Ratio	19.0	~17.0	~19.0 
<b>Asset Quality</b>			
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
<b>Net Interest Income</b>	<b>6,518</b>	<b>8,500</b>	<b>30%</b>	<b>2,760</b>	<b>3,198</b>	<b>16%</b>
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%
<b>Banking Income</b>	<b>8,822</b>	<b>10,343</b>	<b>17%</b>	<b>3,265</b>	<b>3,888</b>	<b>19%</b>
OPEX (-)	847	1,563	84%	505	552	9%
<b>Net Banking Income</b>	<b>7,975</b>	<b>8,780</b>	<b>10%</b>	<b>2,759</b>	<b>3,336</b>	<b>21%</b>
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%
<b>Net Profit</b>	<b>5,028</b>	<b>7,036</b>	<b>40%</b>	<b>2,469</b>	<b>2,633</b>	<b>7%</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

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

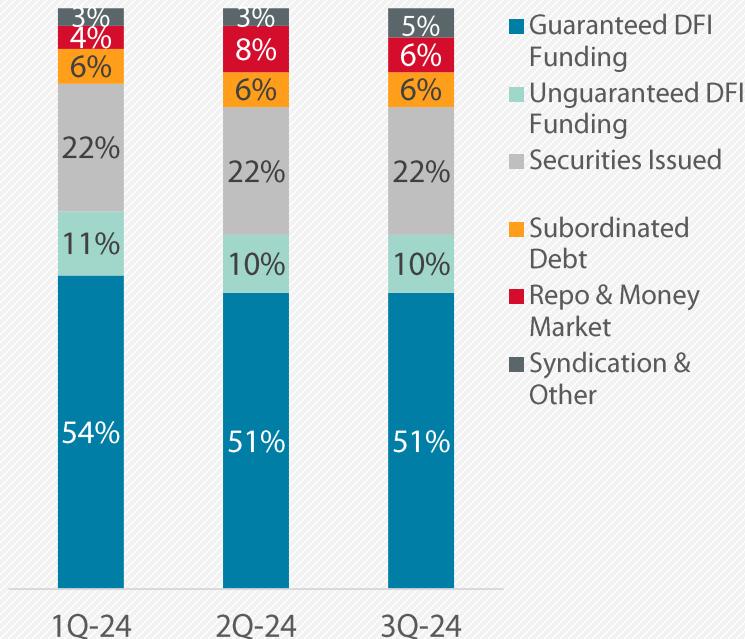
*Solid NII generation*

*Differentiating solvency ratios supported by internal capital generation capability*

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

# ↗ Funds secured to date reached almost USD 1.7 billion

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

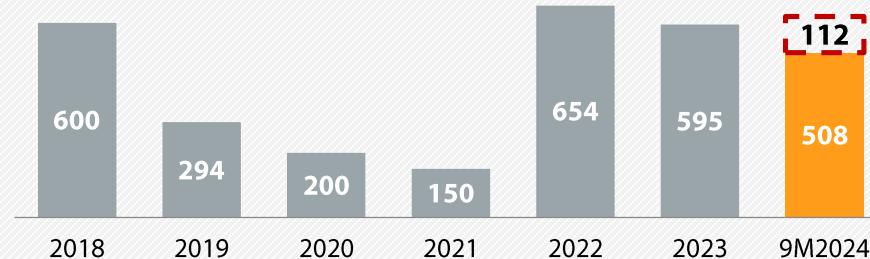


~ USD 1,140 mn Non-Withdrawn DFI Funding

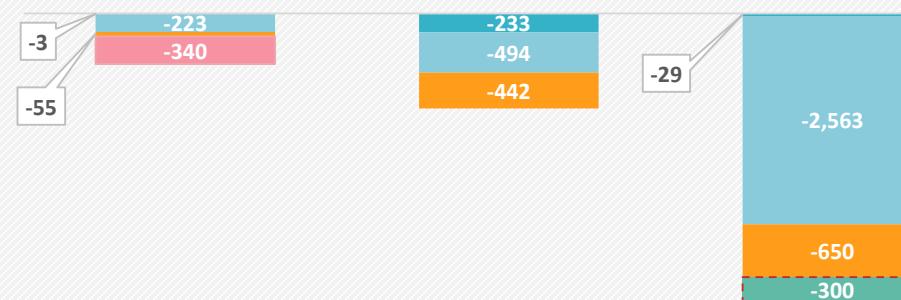
Climate + Environment	68%
Earthquake Related Green Recovery	32%

**FX Liquidity Coverage Ratio**  
~369%

## Yearly Multilateral Funding Agreements – USD mn



## Maturity Profile of External Debt - USD mn



2024

2025

>=2026

■ Syndication & Other ■ DFI Funding ■ Eurobond & PP ■ Subordinated Debt ■ Money Market Funding

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

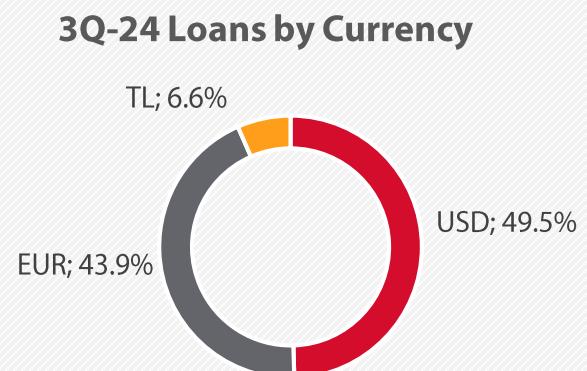
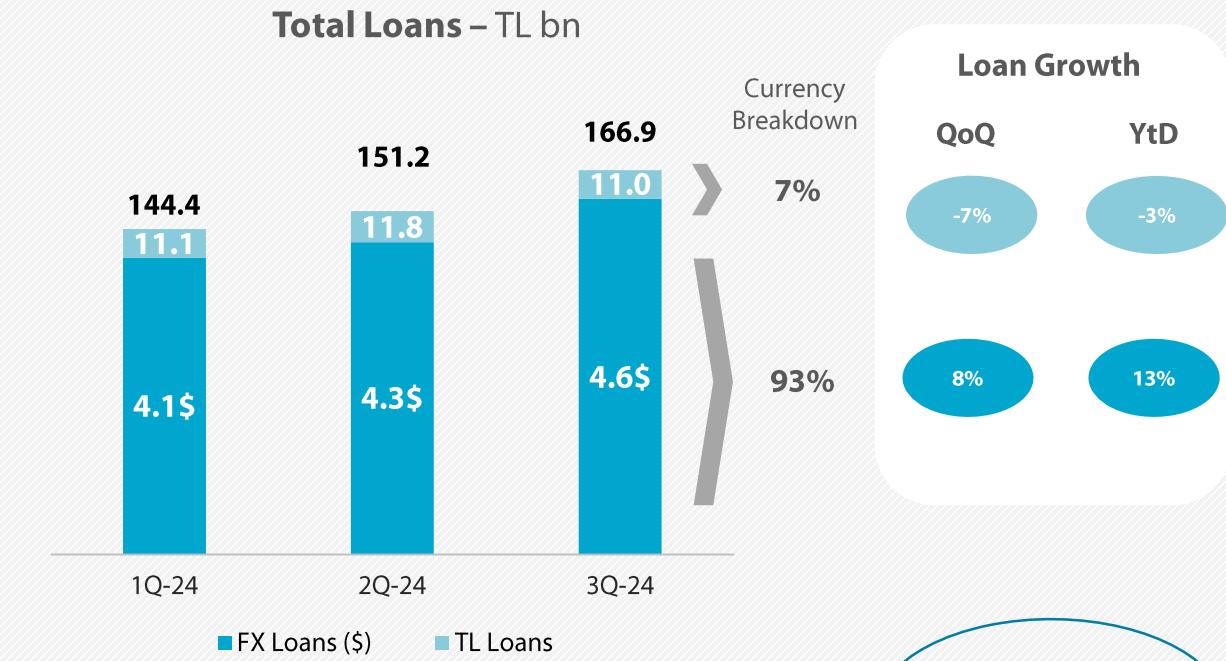
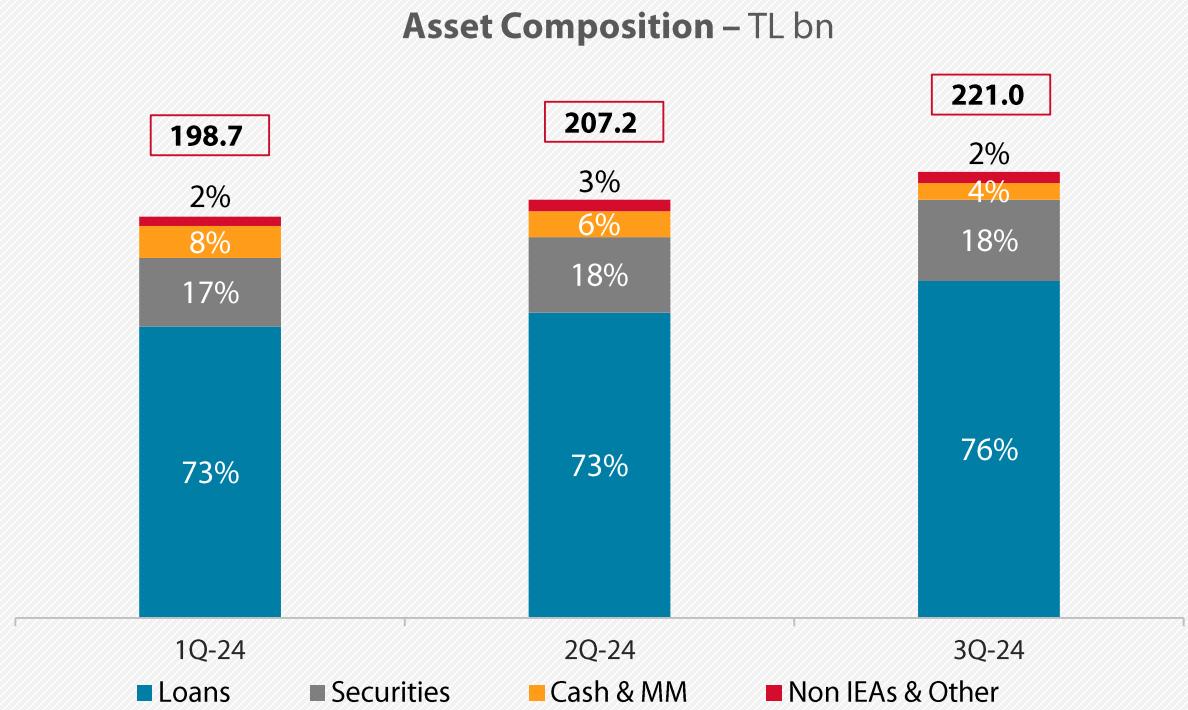
## Wholesale Funding in 2024

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

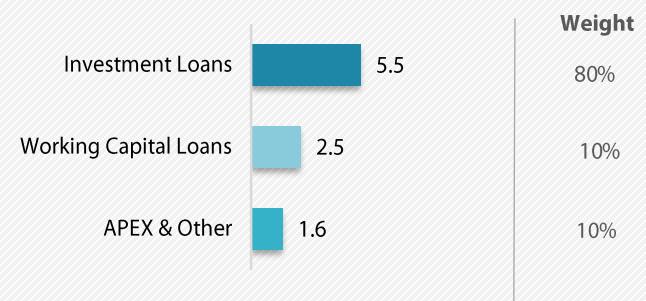
## Recent Developments

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

# Resilient Asset Composition



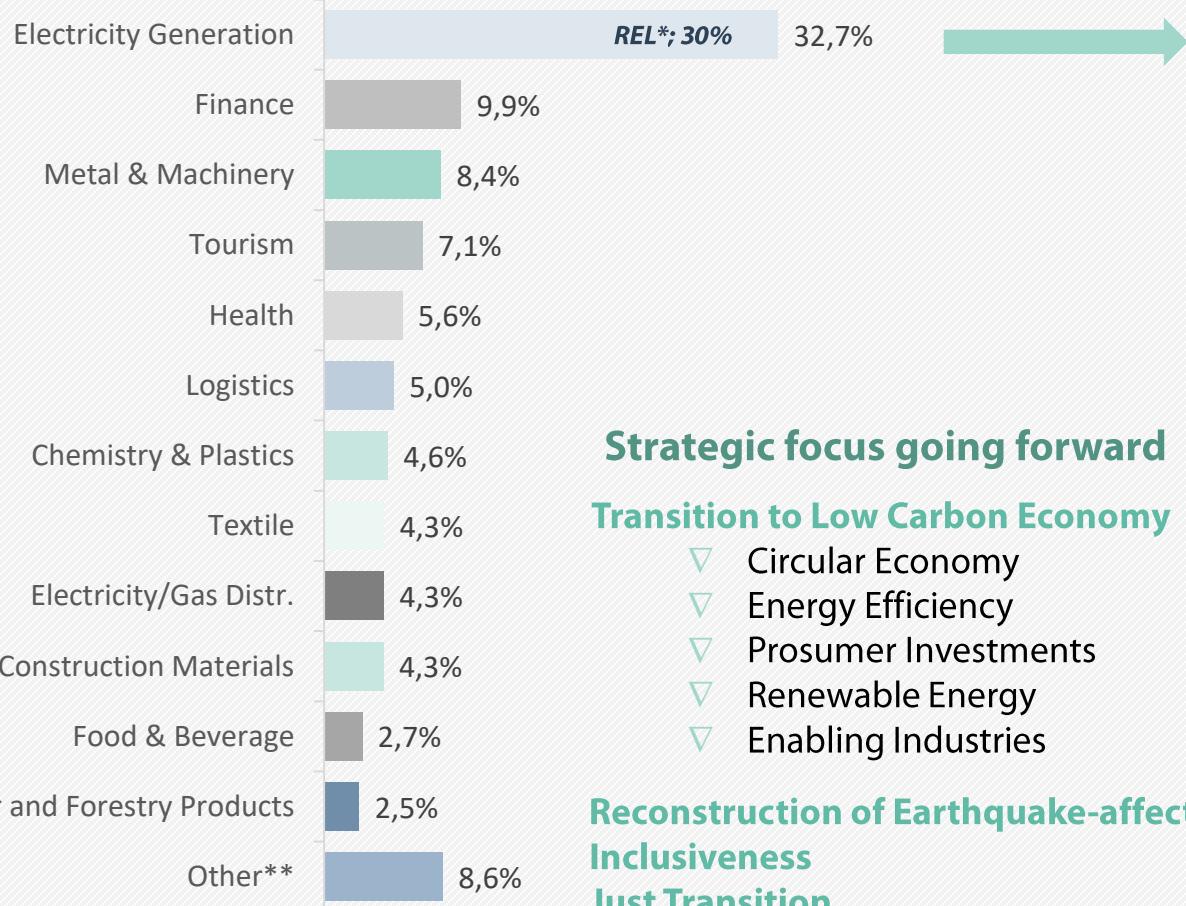
## Remaining Average Maturity - Years



No Maturity  
Mismatch in the  
Balance Sheet

# Real loan growth reached 11.5% in 9M24

## Loans by sector 3Q-24

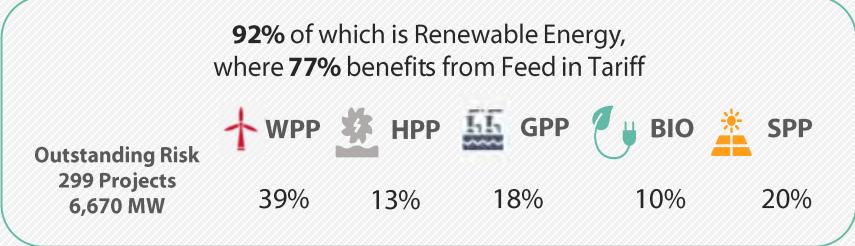


## Strategic focus going forward

### Transition to Low Carbon Economy

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

### Reconstruction of Earthquake-affected Regions Inclusiveness Just Transition



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

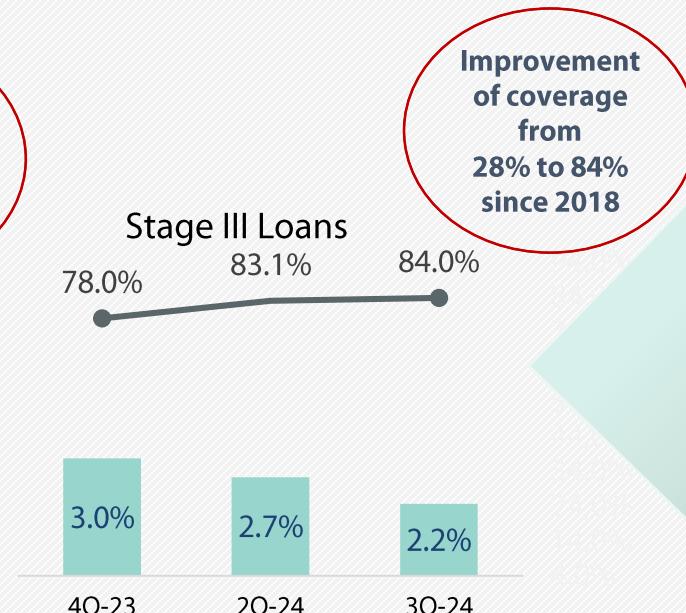
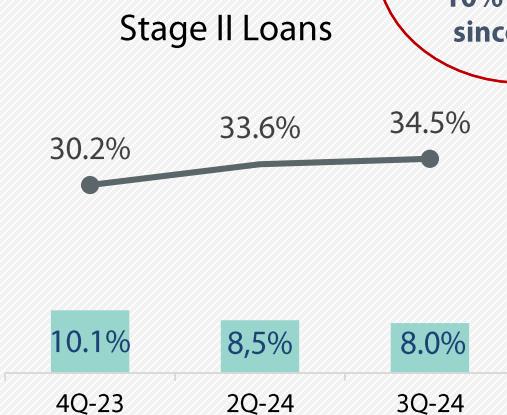
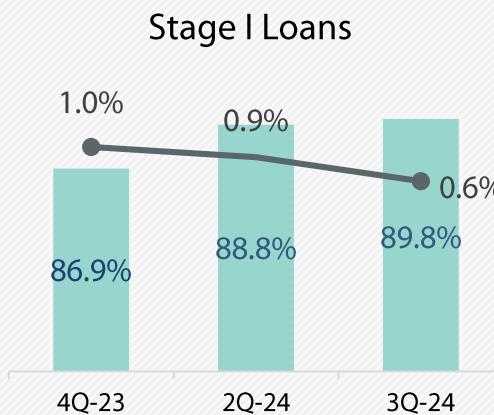
Substantially Supported SDGs through Loan Activities





## Leading position on provision coverage was sustained

Coverage Ratio



- ✓ Total Coverage: **5.2%**
- ✓ Total Free Provisions: **TL 1.65 bn**
- ✓ No NPL Sales
- ✓ Total NPL Coverage: **113%\***
- ✓ Total Stage 2 Coverage: **145%\***

Average private sector banks' coverage in 2Q-24: **16.7%**

Average private sector banks' coverage in 2Q-24: **65.8%**

Currency adjusted net CoR -39 bps

\*All Stage 3 loans are converted to TL

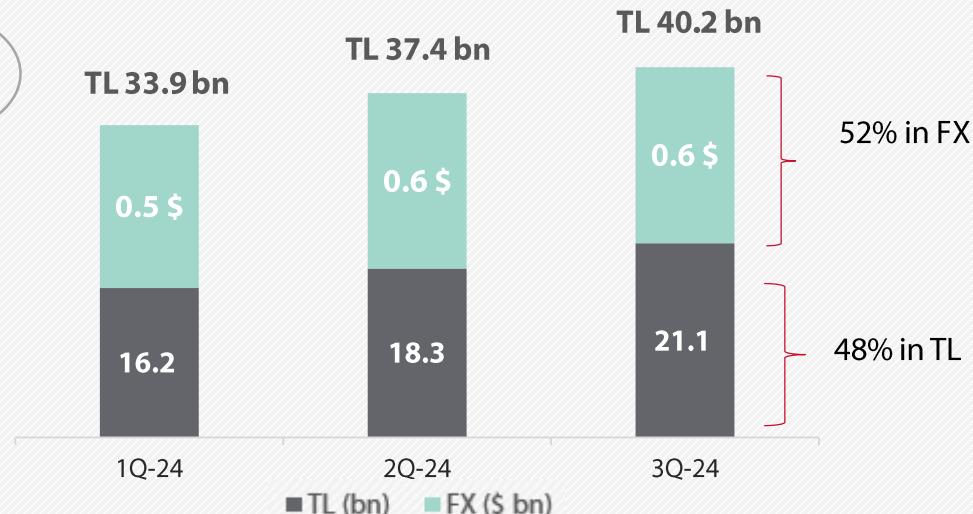
\* Hard collateral & provisions are taken into consideration



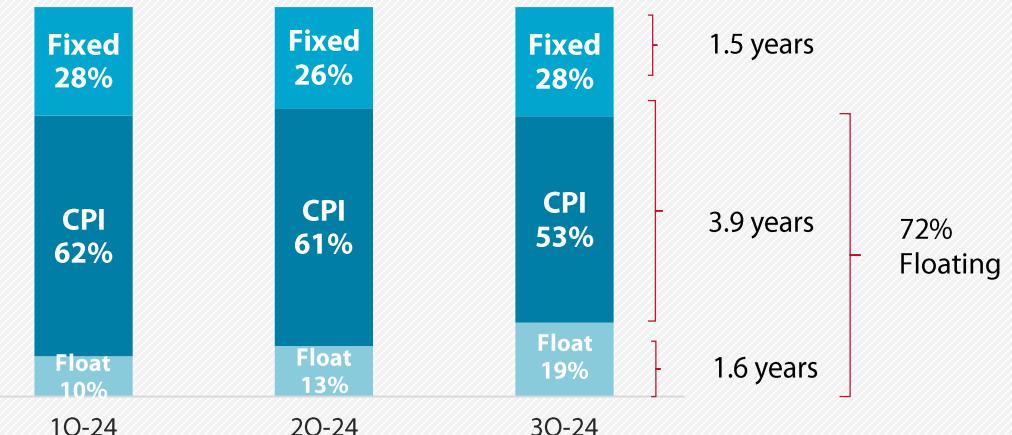
# Proactive and strategic asset liability management

## Total Securities Portfolio Breakdown

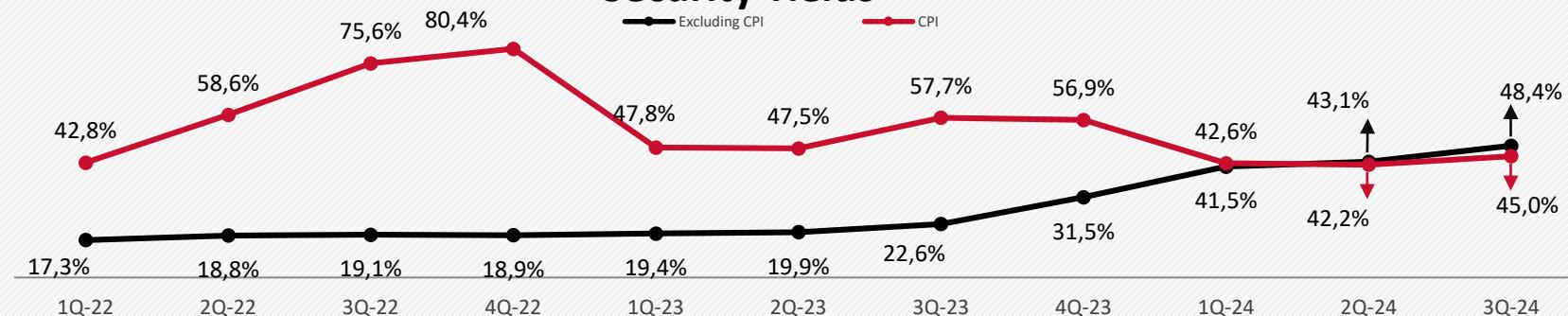
Securities /  
Assets: 18%



## TL Securities Portfolio Breakdown\*



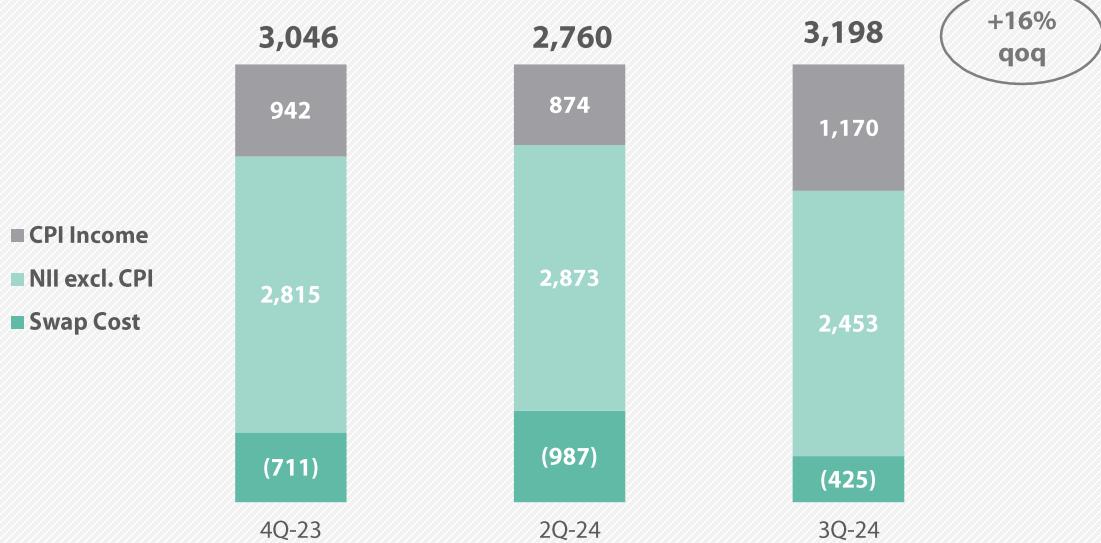
## Security Yields



Oct.-Oct. CPI assumption is 44.9 percent.

# ➤ Solid and Resilient NIM

## Net Interest Income inc. Swap Cost (TL bn)



## Annualized NIM



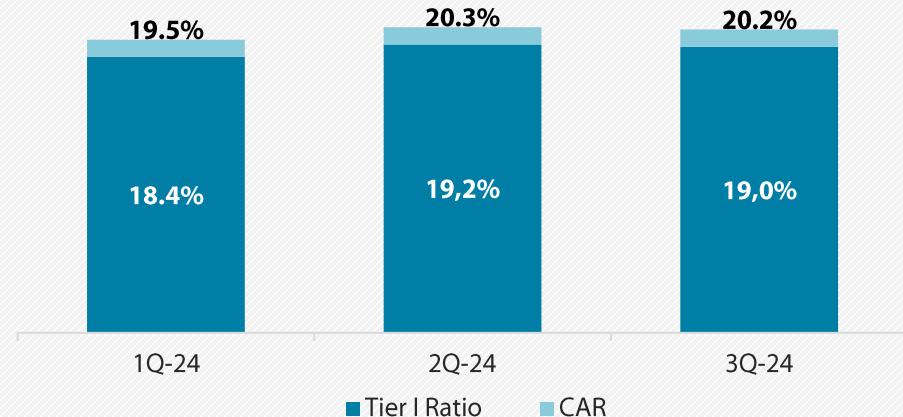
\*IEA Evolution can be seen in the Appendix

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

- ✓ 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

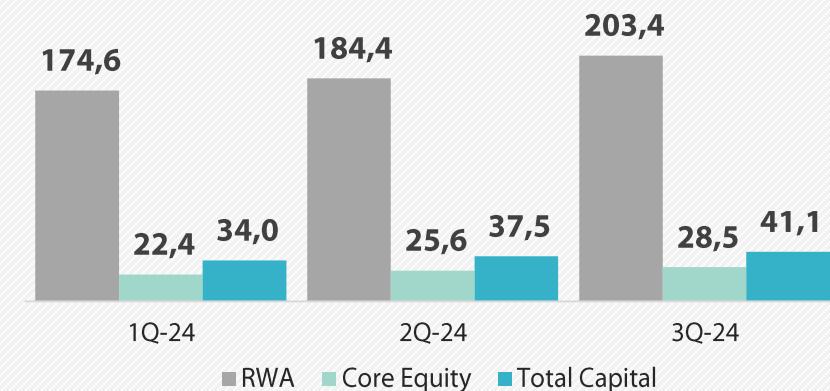
## ➤ Sustained and above sector solvency metrics despite strong real loan growth

Capital Ratios Without BRSA Temporary Measures

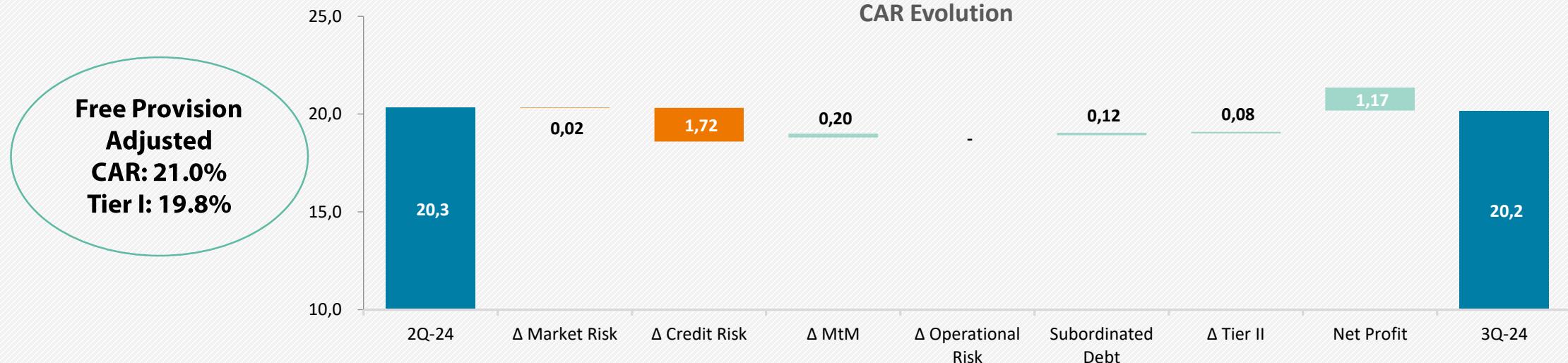


Reported Figures – CAR: 25.0% | Tier I: 23.9% | CET-I: 17.6%

Evolution of RWA and Equity – TL bn



CAR Evolution



# ➤ 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

Disclosing data, driving action.



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
<b>Total</b>	<b>43,721</b>	<b>154,972</b>	<b>198,693</b>	<b>43,828</b>	<b>163,357</b>	<b>207,185</b>	<b>42,770</b>	<b>178,194</b>	<b>220,964</b>
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
<b>Total</b>	<b>29,845</b>	<b>168,847</b>	<b>198,693</b>	<b>37,826</b>	<b>169,359</b>	<b>207,185</b>	<b>37,315</b>	<b>183,649</b>	<b>220,964</b>



# Detailed Income Statement

TL mn	9M-23	9M-24	YoY	2Q-24	3Q-24	QoQ
<b>Net Interest Income inc. Swap Cost</b>	<b>6,518</b>	<b>8,500</b>	<b>30%</b>	<b>2,760</b>	<b>3,198</b>	<b>16%</b>
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%
<b>Net Fees &amp; Commissions</b>	<b>287</b>	<b>413</b>	<b>44%</b>	<b>164</b>	<b>119</b>	<b>-28%</b>
<b>Other Income</b>	<b>124</b>	<b>551</b>	<b>345%</b>	<b>114</b>	<b>377</b>	<b>229%</b>
Dividends	10	7	-34%	2	5	231%
Other	114	544	379%	113	371	229%
<b>Trading &amp; FX gains/losses</b>	<b>1,893</b>	<b>879</b>	<b>-54%</b>	<b>226</b>	<b>195</b>	<b>-14%</b>
FX gains/losses	1,677	668	-60%	145	129	-11%
Trading & MtM gain/loss	216	211	-2%	81	66	-18%
<b>Banking Income</b>	<b>8,822</b>	<b>10,343</b>	<b>17%</b>	<b>3,265</b>	<b>3,888</b>	<b>19%</b>
OPEX (-)	847	1,563	84%	506	553	9%
<b>Net Banking Income</b>	<b>7,975</b>	<b>8,780</b>	<b>10%</b>	<b>2,759</b>	<b>3,335</b>	<b>21%</b>
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.
<b>Income From Subsidiaries</b>	<b>1,077</b>	<b>1,263</b>	<b>17%</b>	<b>719</b>	<b>226</b>	<b>-69%</b>
<b>Pre-Tax Income</b>	<b>6,794</b>	<b>9,442</b>	<b>39%</b>	<b>3,208</b>	<b>3,612</b>	<b>13%</b>
Tax (-)	1,766	2,406	36%	739	979	32%
<b>Net Income</b>	<b>5,028</b>	<b>7,036</b>	<b>40%</b>	<b>2,469</b>	<b>2,633</b>	<b>7%</b>

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

## ➤ Appendix: ESG Ratings

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



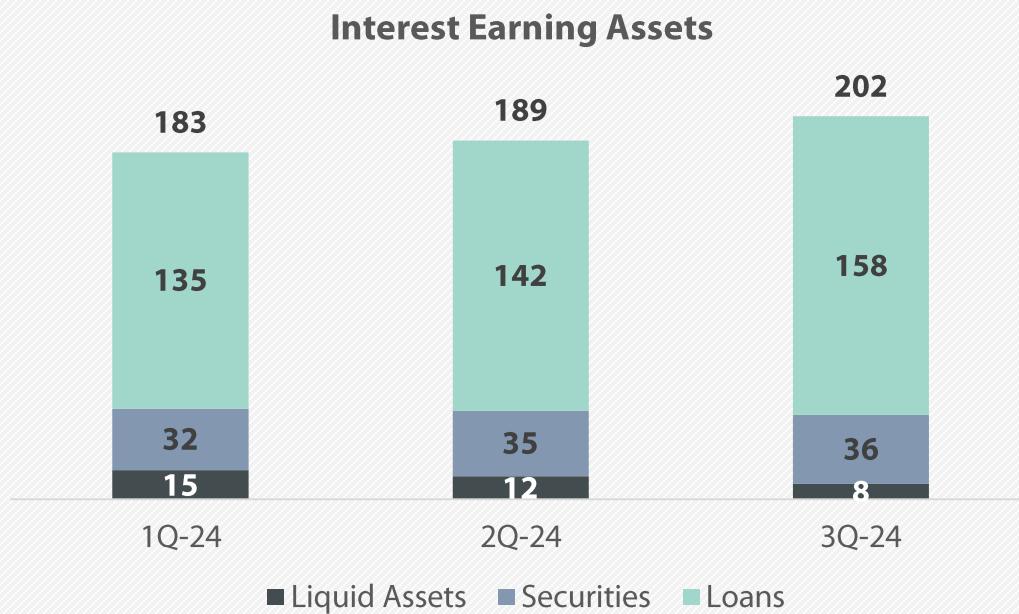
## Appendix: Stage 2 Loans Breakdown

<b>Stage 2 Loans</b>		
<b>Sector</b>	<b>%</b>	<b>Coverage (%)</b>
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
<b>TOTAL</b>	<b>100</b>	<b>34</b>

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
<b>Reversals*** (TL mn)</b>	<b>-280</b>
<b>Net CoR</b>	<b>29 bps</b>
<i>Currency Impact</i>	<i>67 bps</i>
<b>Net CoR excl. Currency Impact</b>	<b>-39 bps</b>

\*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.

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Meclisi Mebusan Cad. 81  
Fındıklı 34427 İstanbul

