

Financial Presentation
June 2021



Ziraat Bank

More than a bank

Largest bank in Turkey with
~ USD 120 bn. asset size

TL 1,036
bn

Widest local and international geographic footprint with 1,752 branches

- Only bank in around 400 points in Turkey
- Operating in 17 countries

Extensive customer base

> 38 mn

1,752

Continued Market leadership

- Total Assets
- Total Loans
- Equity
- Deposits

High level of funding intermediation through improving LtD

90.0%

#1

Robust asset quality maintained

- BRSA forbearance measures impacting NPL
- High NPL collection capacity
- Prudent provisioning approach for upcoming period

Sound CAR

- Internal capital generation via retained earnings
- Gradual lifting of forbearance measures
- CET 1 capital ratio 13.4%

16.6%

2.2%

The largest deposit base in the sector

- Core deposit ratio 96%

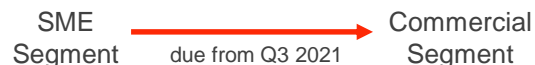
Undisputed agricultural loans leader

- High market penetration
- Only bank authorised for government subsidised agro-lending
- The sector with the highest exposure

63%

TL 703 bn

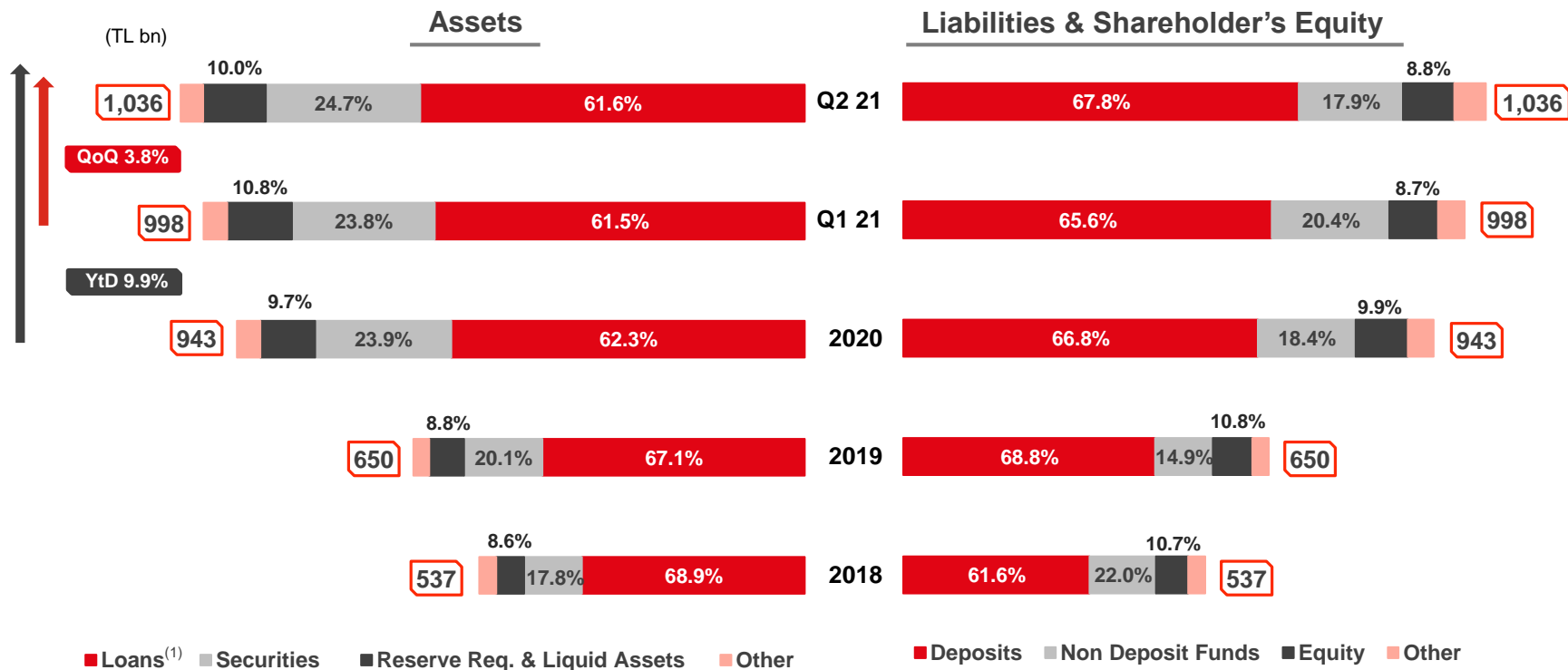
Branch and customer segment revision



Commercial

Ziraat Bank – Assets/Liabilities

Moderate growth for 2021 after COVID related high pace in 2020



Market Shares

Assets
15.4%

Cash Loans
16.0%

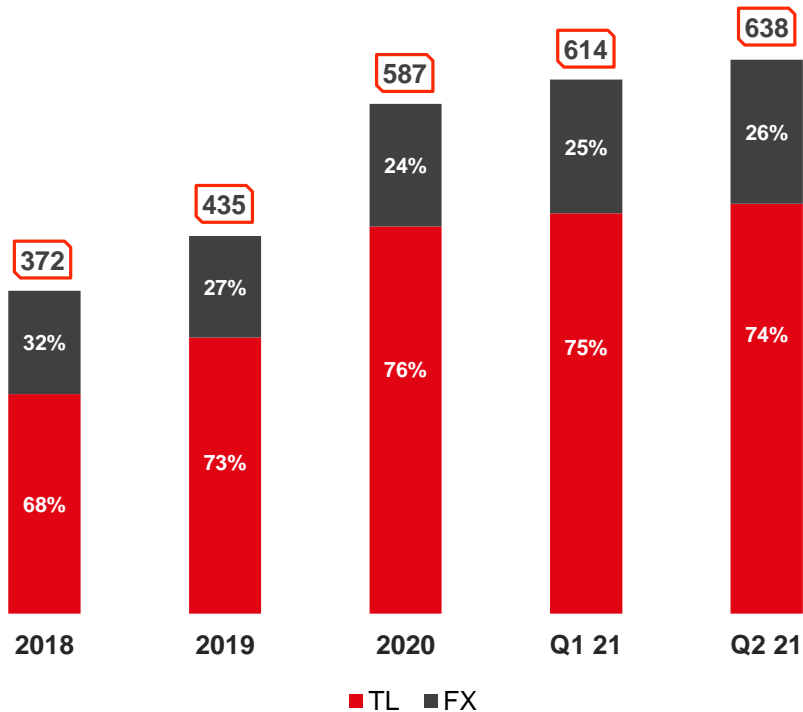
Deposits
17.4%

Interest Earnings Assets
/Total Assets 86%

(1) Performing loans only

Total Loans⁽¹⁾ (TL bn, % share in total)

Moderate lending growth in H1 2021 after high pace in 2020.
Lending growth in line with our expectations.
Corporate and “FX rate” driven loan growth, negative growth in retail lending due to high interest rate environment and repayments.



(1) Performing loans

(2) Average rate for allocation in last four quarter

(3) Intermediated loans of public funds are included

Loan Growth

	QoQ Δ	YtD Δ
Total Loans	3.9%	8.8%
Total Loans (FX adj.)	2.5%	4.6%
TL	3.1%	5.3%
FX(\$)	1.0%	2.2%
Retail	-1.6%	-3.8%
Housing	-1.7%	-4.6%
SME	4.5%	7.5%
Corporate	5.7%	18.2%
Corp. (FX adj.)	2.7%	8.5%

CGF Guaranteed Loans

Total TL **65 bn**

o/w TL **17 bn** retail segment

~ **4 million** customers

10% of cash loans

24% Market Share

Housing Loans

52% of retail loans

31% Market Share

62% LTV⁽²⁾

0.1% NPL

Agro Loans

TL **95 bn**

63% Market share

78% Subsidized

1.5% NPL⁽³⁾

> **710k** agro customers

GPL

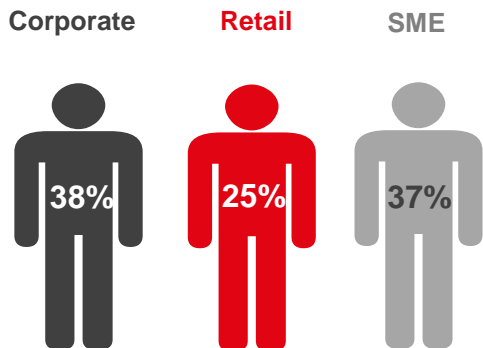
37% of retail loans

14% Market Share

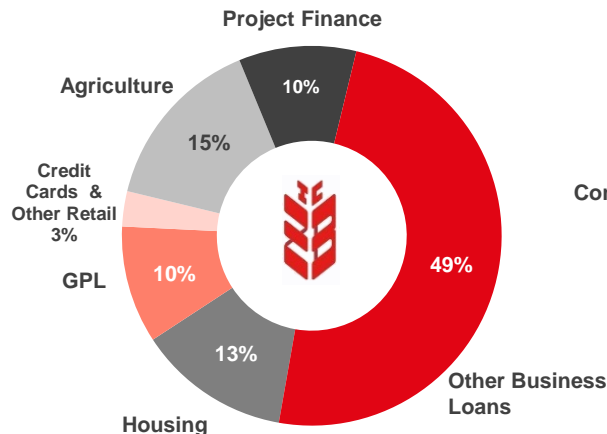
Payroll Customers & Pensioners

41% of GPL

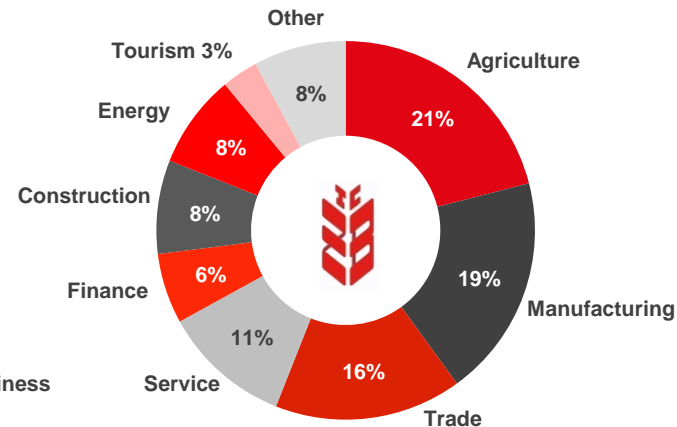
Cash Loans by Customer Segment⁽¹⁾



Cash Loans by Product



Sector Breakdown of Cash Business Loans⁽¹⁾



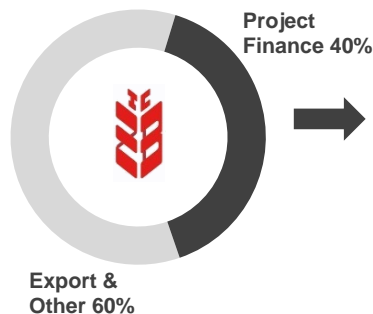
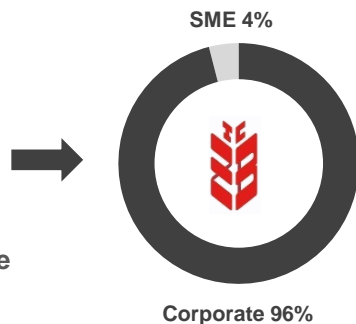
⁽¹⁾ Based on customer segmentation data, totals may differ from product classification

FX Loans

- FX Loans USD **19.3 bn**

FX Loans/Total Loans **26% vs. 32%** sector⁽²⁾ average

FX loans NPL **2.2%**



Share of Infrastructure projects with debt assumption **92%**

- Share of Renewables in energy loans: **58%**
- Share of energy loans in stage II loans: **6.2%**
- Share of energy loans in NPL: **1.6%**

⁽¹⁾ Accruals, intermediated loans of public funds and overseas branch lending are excluded from segment distribution

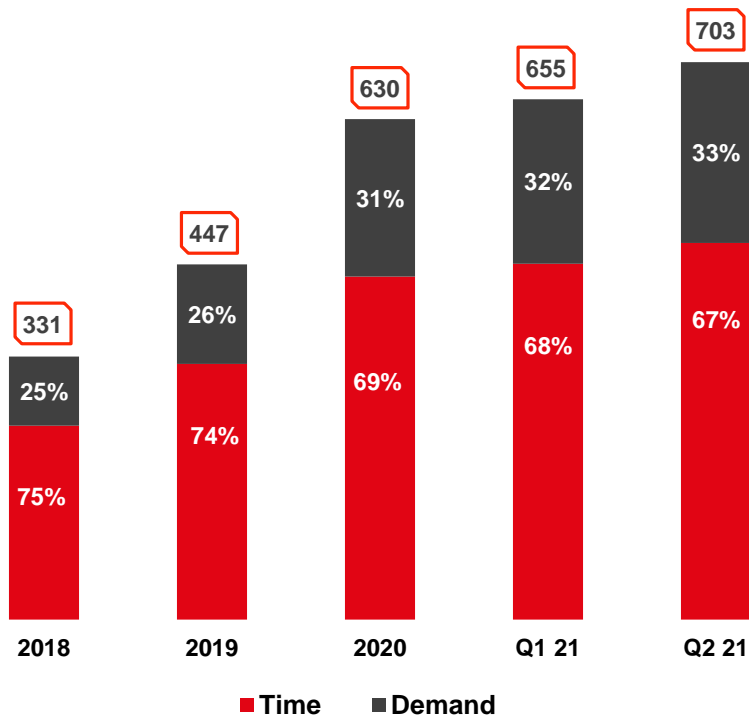
⁽²⁾ Sector: Deposit banks

Total Deposits (TL bn, % share in total)

Granular and sticky deposit base. Structurally high share of retail and SME segment deposits.

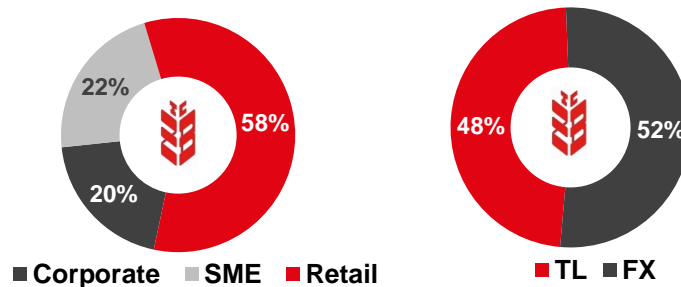
Limited FX deposits QoQ growth (USD terms). No material change in split due to currency impact.

Positive contribution from increasing demand deposits.



Deposit Growth

	QoQ Δ	YtD Δ
Total Deposits	7.3%	11.5%
<i>Total Deposit (FX adj.)</i>	4.5%	3.0%
TL	7.9%	10.8%
FX(\$)	1.3%	-4.4%
Customer Deposit	7.3%	10.9%
Demand	10.6%	15.1%
Time	5.8%	9.9%



Core Deposit Ratio **96%**

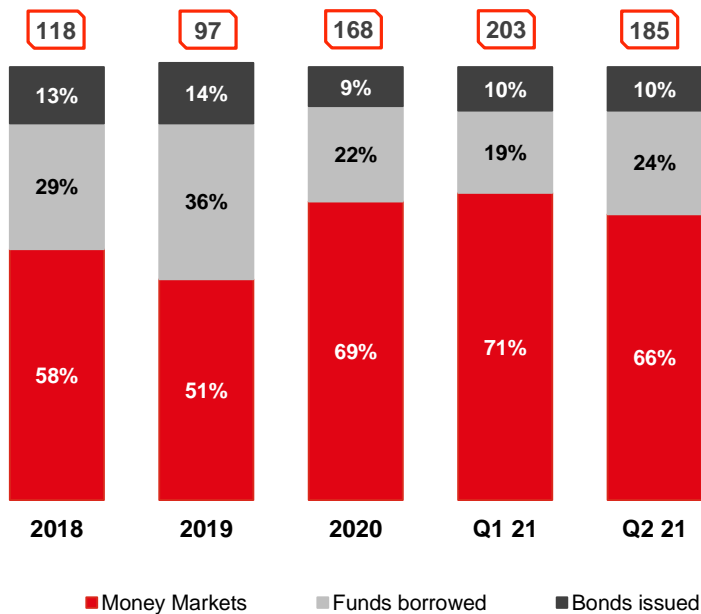
Public / Total Deposits **10%**

Banking Sector Demand /
Total Deposits **33%**

Retail deposits share in
demand deposits **58%**

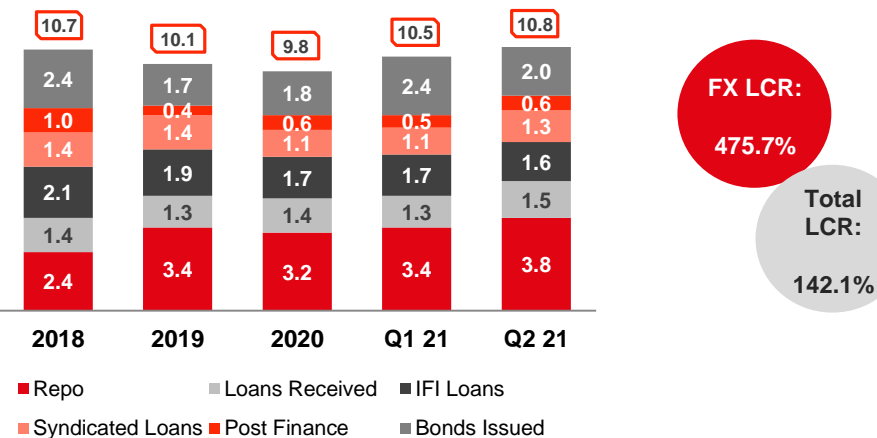
Non-Deposit Funds (TL bn,% share in total)

Cost oriented, adaptive wholesale funding management.
 5Y 500m senior unsecured eurobond redemption in April.
 More than adequate FX liquidity, which can comfortably cover short term FX wholesale redemptions.



(1) Performing Loans/Total Deposit, Intermediated loans of public funds are excluded
 (2) Sector: Deposit banks

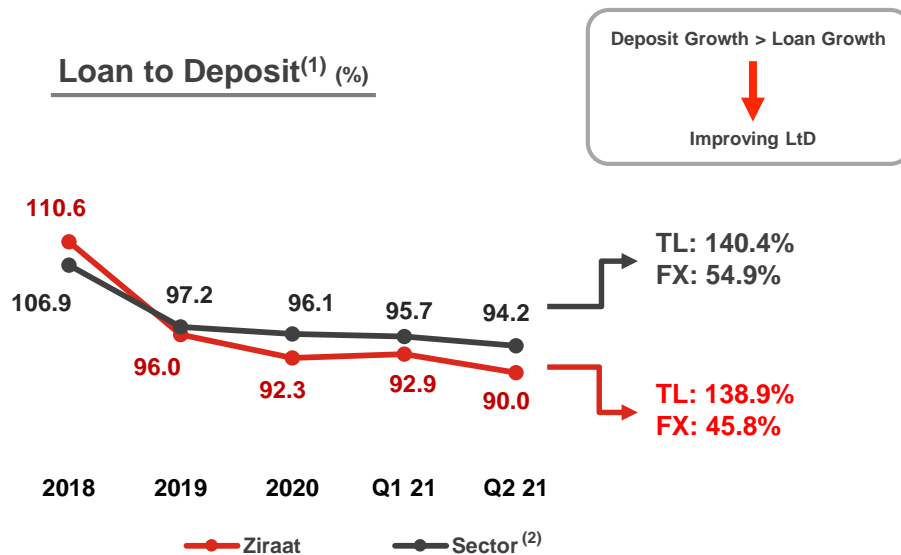
FX External Funding (USD bn)



FX LCR:
475.7%

Total LCR:
142.1%

Loan to Deposit⁽¹⁾ (%)



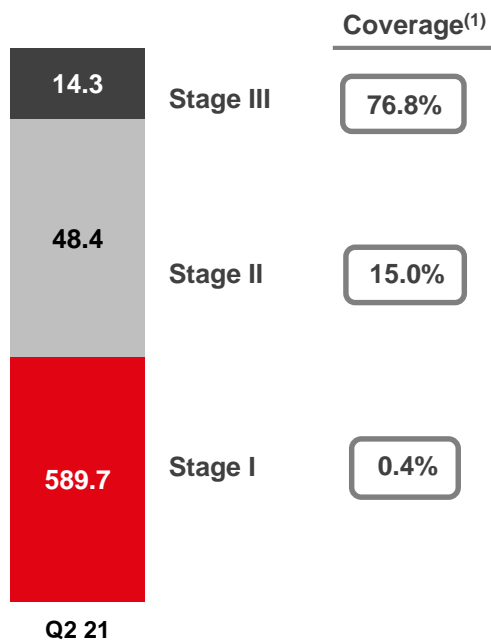
Loan Classification (TL bn)

High provisioning strategy maintained as a part of the prudent risk management approach under BRSA forbearance.

Structurally low NPL generation arising from loan book dynamics.

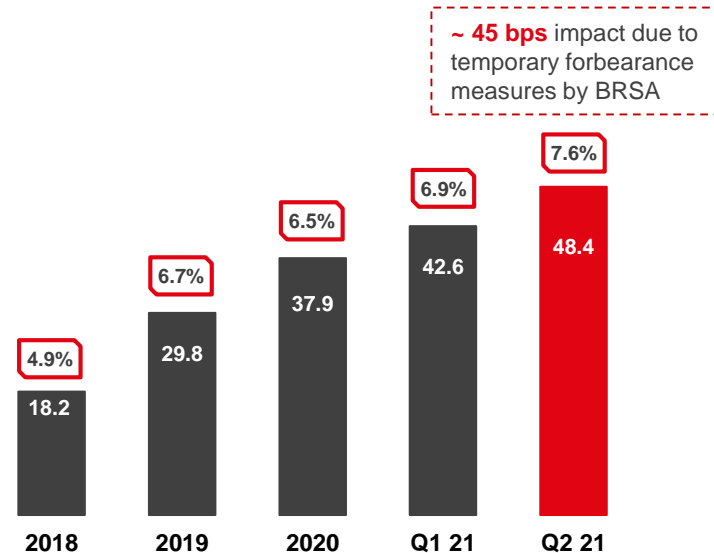
Remarkably lower than sector NPL.

Stage 3 coverage in line with sector average.

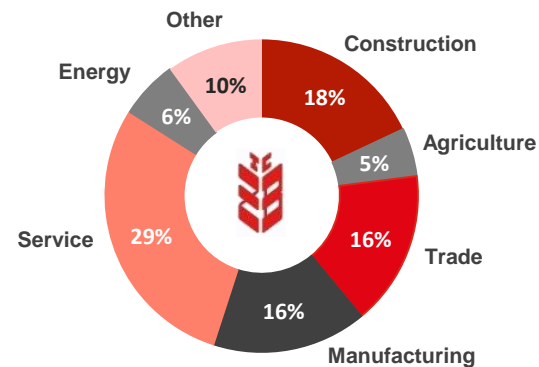


(1) Excluding intermediated loans for public funds

Stage II Loans (TL bn)

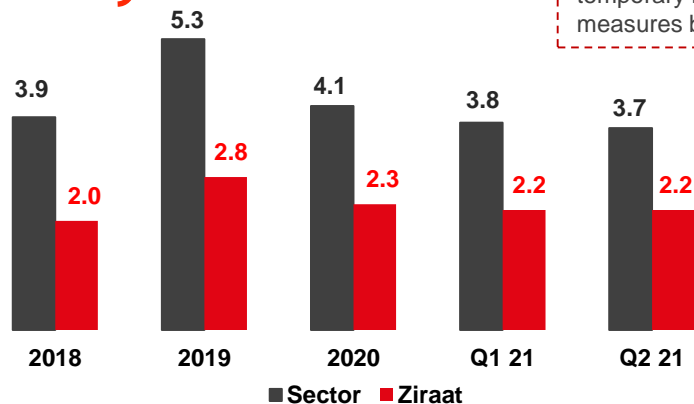


Sector Breakdown of Stage II Business Loans



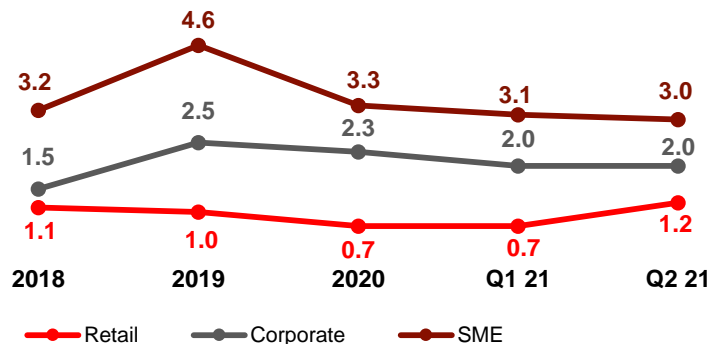
NPL Ratios (%)

(No Write Off or NPL Sale)



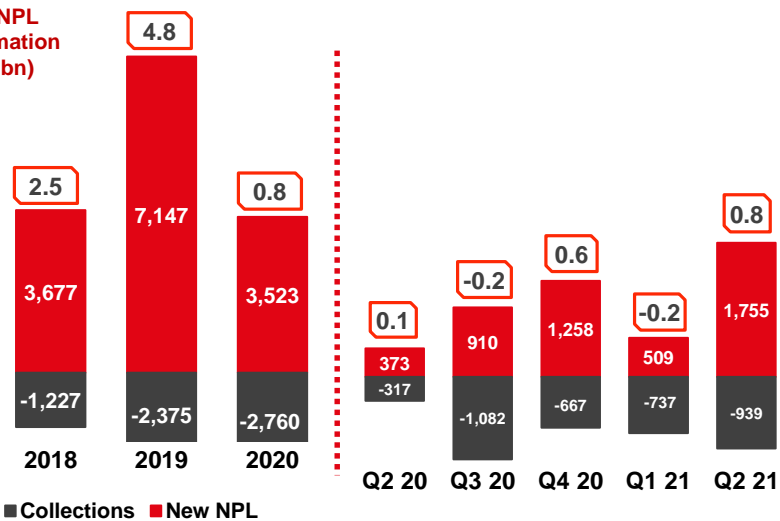
~ 45 bps impact due to temporary forbearance measures by BRSA

NPL Ratios by Segment (%)

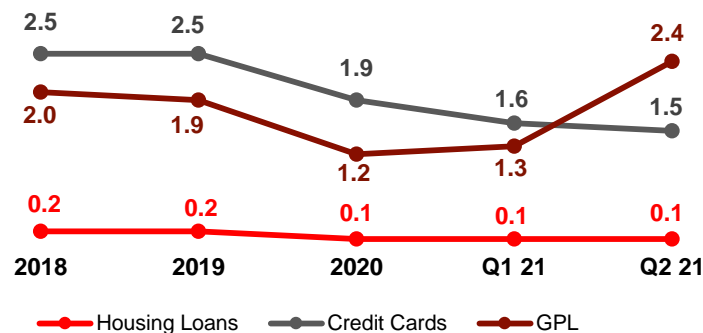


New NPL & Collections⁽¹⁾ (TL mn)

Net NPL Formation (TL bn)

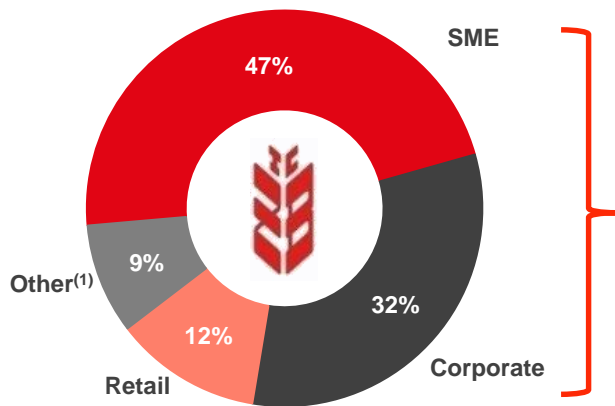


Retail NPL Ratios by Product (%)

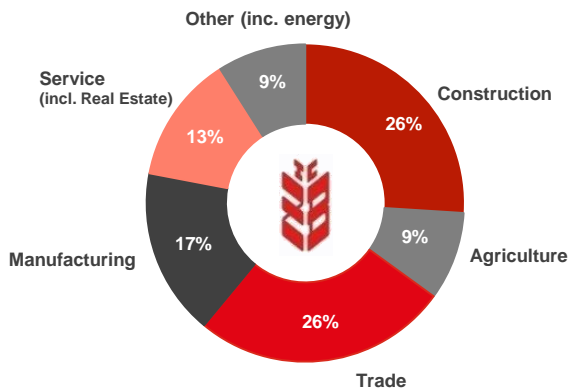


(1) Intermediated loans of public funds and other receivables are excluded

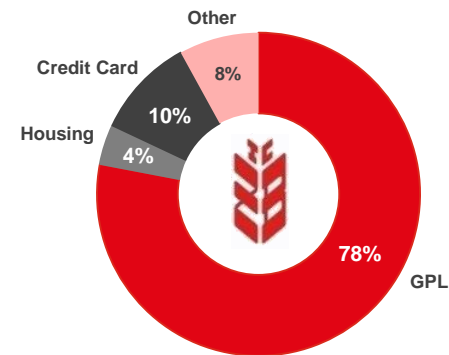
Total NPL by Segment



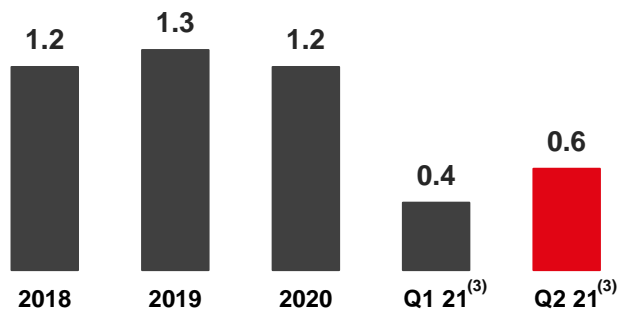
Business Loan NPL by Sector



Retail Loan NPL by Product



Cost of Risk⁽²⁾ (%)



Restructured Loans⁽⁴⁾
in Total Loans: **8.0%**

Total Coverage⁽⁵⁾⁽⁶⁾ **148.0%**

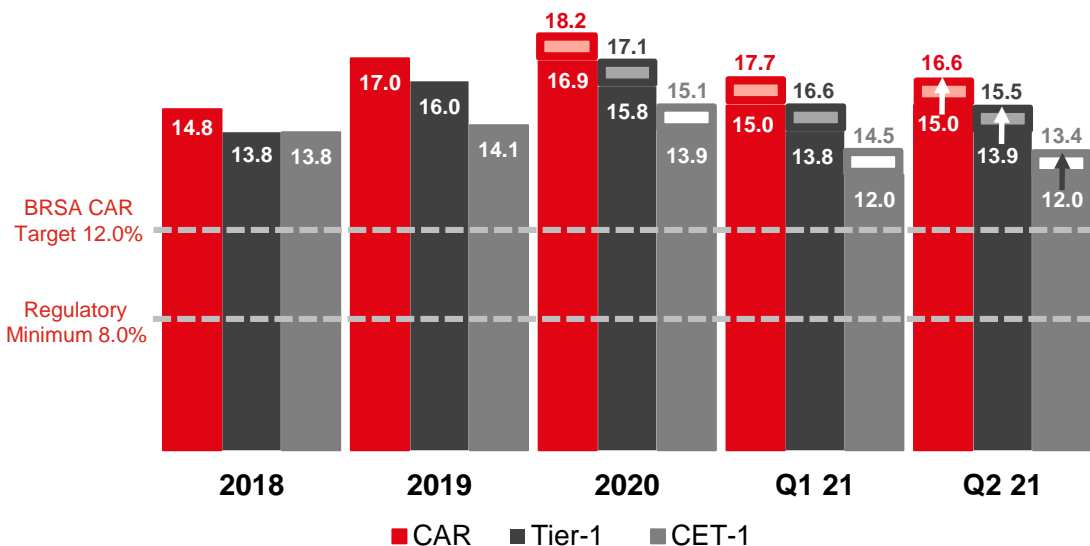
TL 3.5 bn
Total Free Provisions
(No additional free provision in
H1 2021)

(1) Includes loans excluded from segment classification, intermediated loans from public funds and overseas branch lending
(2) CoR: Expected Credit Loss-Reversals / Average Loan Amount
(3) Annualized figure

(4) Includes payment holidays during the COVID 19 outbreak.
(5) Excluding intermediated loans for public funds
(6) (S1 + S2 + S3 provisions)/ NPL

Capital Ratios (%)

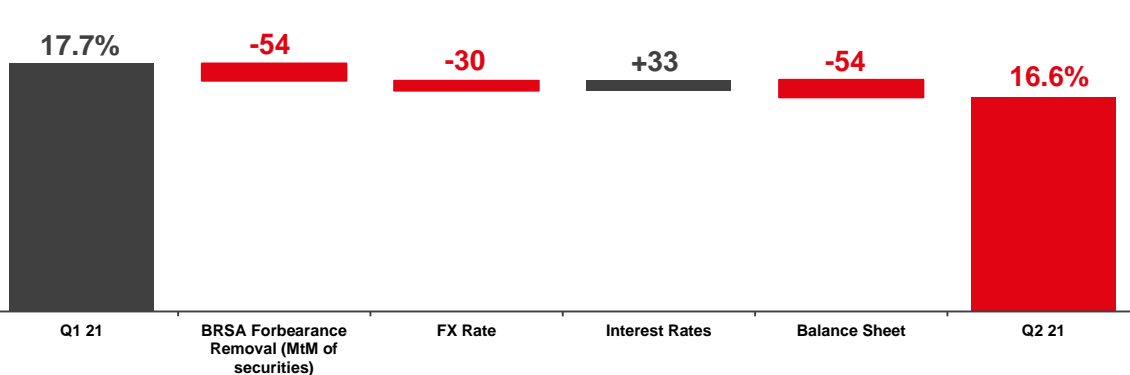
Forbearance Effect



Capital Ratio Requirements

	Solo	Cons.
CET1 Capital Ratio	4.5%	4.5%
Capital Conservation Buffer	2.5%	2.5%
D-SIB Buffer ⁽¹⁾	-	2.0%
Countercyclical Buffer ⁽²⁾	0.03%	0.03%
TOTAL	7.0%	9.0%
Including AT1 and Tier2	10.5%	12.5%

Change in CAR (QoQ, bps)



Basel III
Leverage **7.8%** vs
regulatory min of **3.0%**

TL 22.4 bn.
excess capital⁽³⁾

As of June 2021 BRSA has lifted the forbearance related to MtM of securities

(1) D-SIB Buffer is applied only to consolidated ratios

(2) Based on solo figures

(3) Calculated over solo figures and 12.0% threshold without forbearance

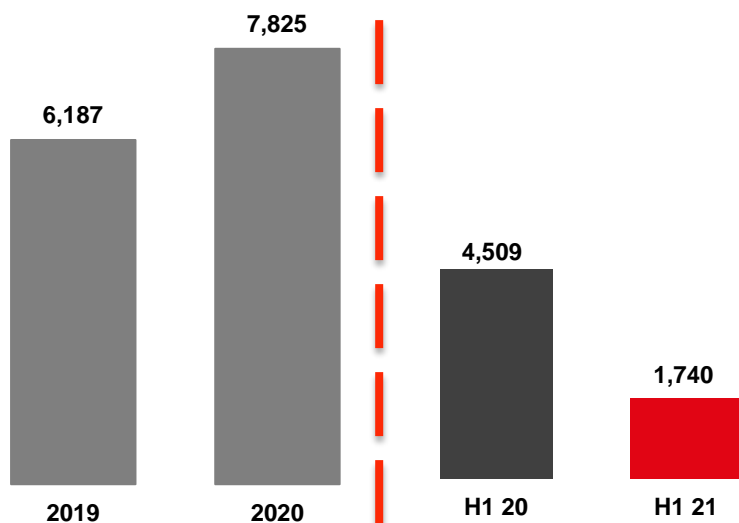
Net Profit (TL mn)

Continuing high funding cost impact on top line, below trend profitability and profitability ratios.

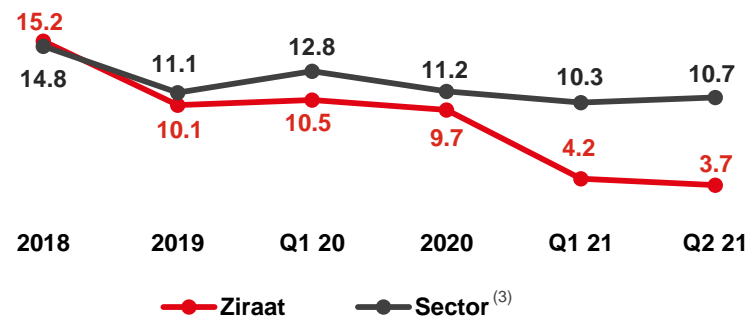
Temporary impact on C/I ratio (52.4%) mainly due from NII.

Disciplined cost management.

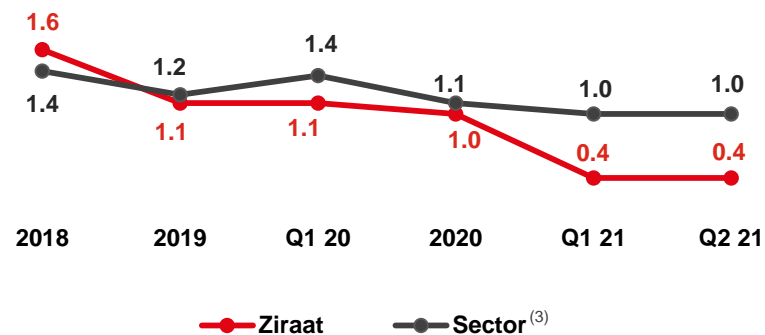
Decreasing Cost/Avg. Assets Ratio.



Return on Equity⁽¹⁾ (%)



Return on Assets⁽²⁾ (%)

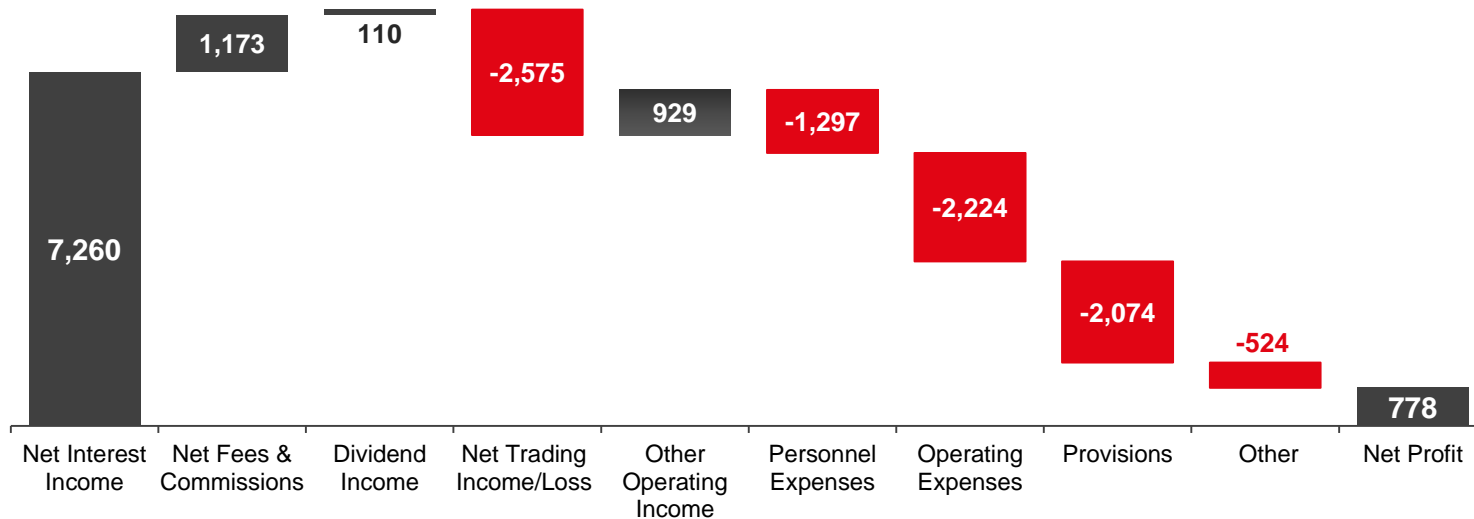


(1) Average shareholders' equity represent weekly averages

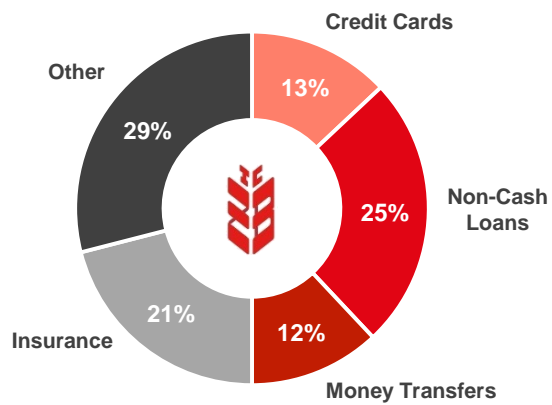
(2) Average total assets represent weekly averages

(3) Sector: Deposit Banks

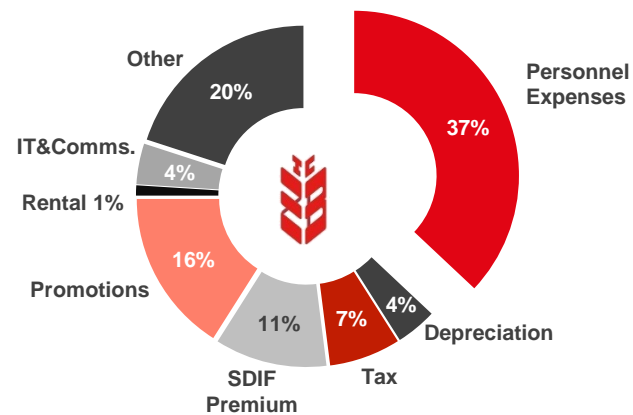
P&L Breakdown Q2 21 (TL mn)



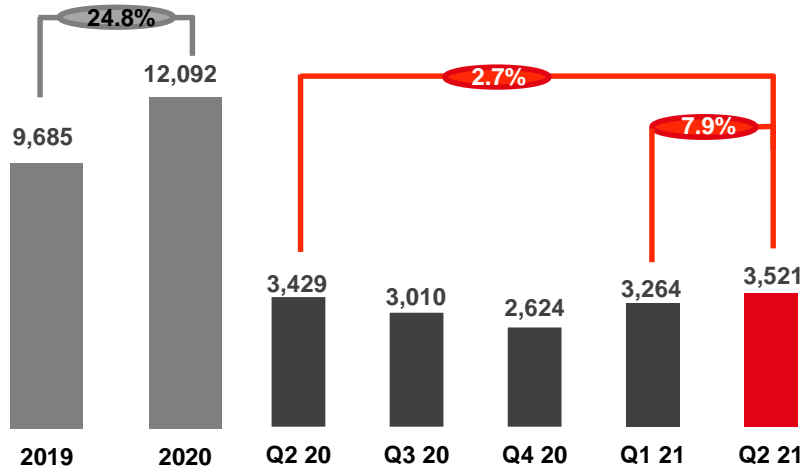
F&C Income Breakdown in H1 21



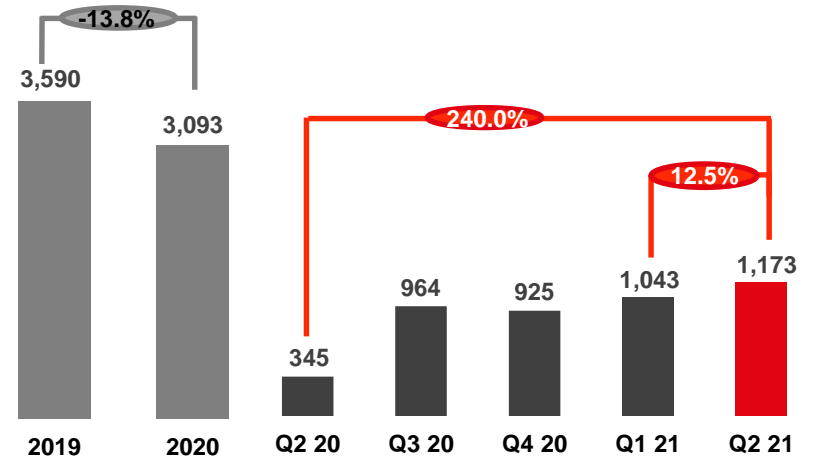
OPEX Breakdown in H1 21



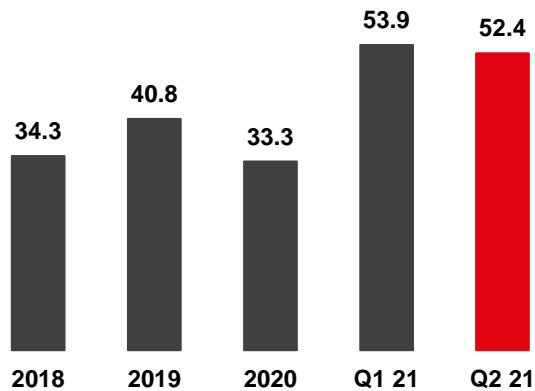
OPEX⁽¹⁾ (TL mn)



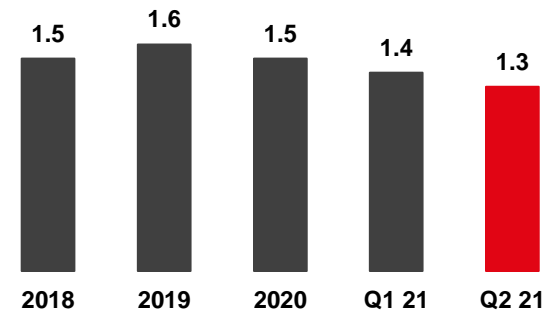
Net F&C (TL mn)



Cost/Income (%)



Cost/Avg. Assets (%)



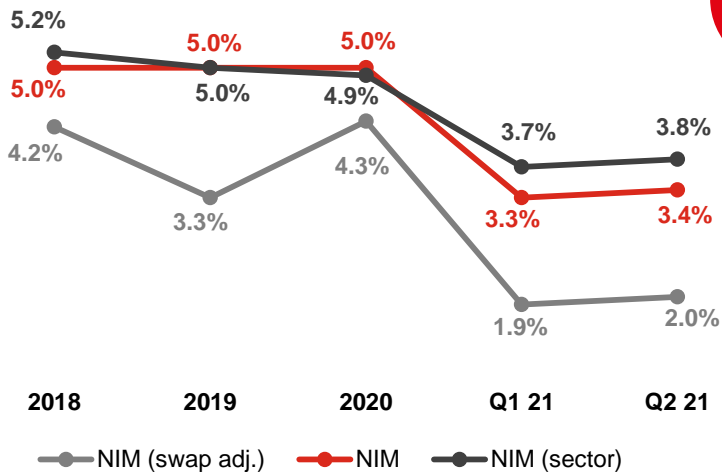
(1) Includes personnel expenses and other provision expenses

Net Interest Margin⁽¹⁾⁽²⁾ (NIM cum. %)

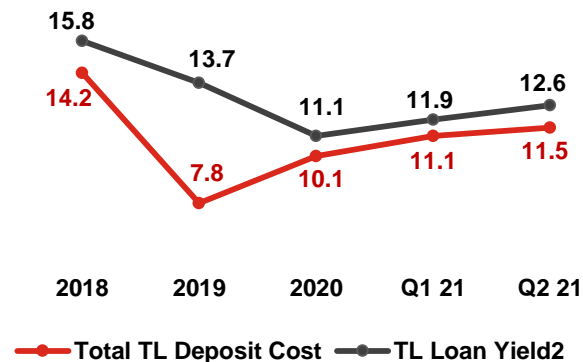
High funding cost and asset liability maturity mismatch impact resulting in lower NIM for H1 2021.

Gradual increase in NIM and spreads, and convergence to historic levels towards year end is expected.

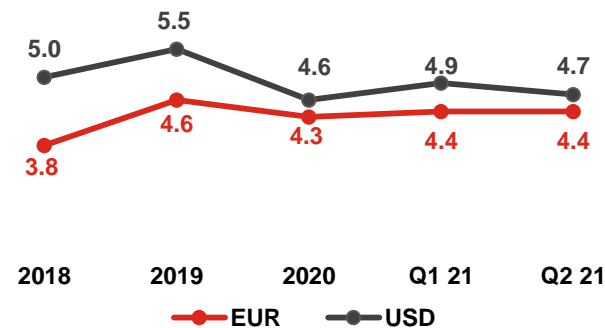
Limited contribution from CPI linker securities (revision from 9.5% to 13.0%). More support to NIM to come in H2 2021 with further repricing of loans and additional CPI linker yield.



TL Loan Yield and Deposit Costs (%)



FX Core Spreads⁽³⁾ (%)

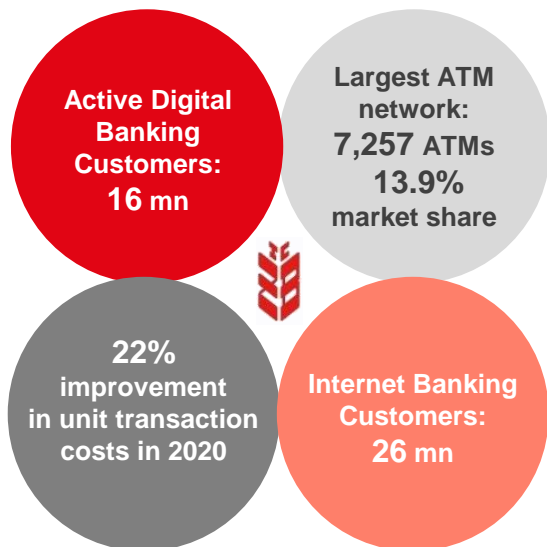


(1) Sector: Deposit banks
 (2) NIM = Net Interest Earnings / Av. IEA
 (3) FX Loan - FX Deposits (Total)






APPENDIX

- Efficiency
- Securities Portfolio
- Balance Sheet Summary
- Income Statements Summary
- Key Financial Ratios

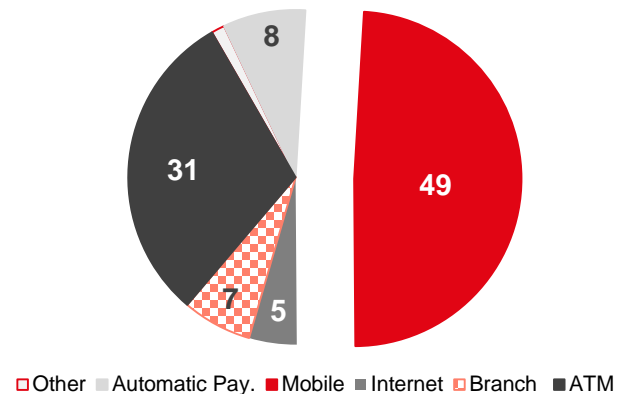
Unique Service Delivery



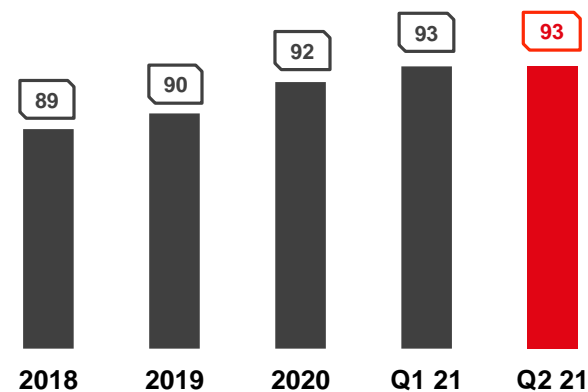
Digitalization Agenda

-  AI-Powered Customer Analytics
-  AI-Supported Mobile Assistant
-  Digital Ecosystem Integration
-  Global Banking Software
-  Global Data Center

Banking Transaction Channel Distribution (%)



Non-Branch Channels Usage (%)



Full scale digital mobilization to ensure operational continuity during the Covid-19 outbreak and full lockdown.

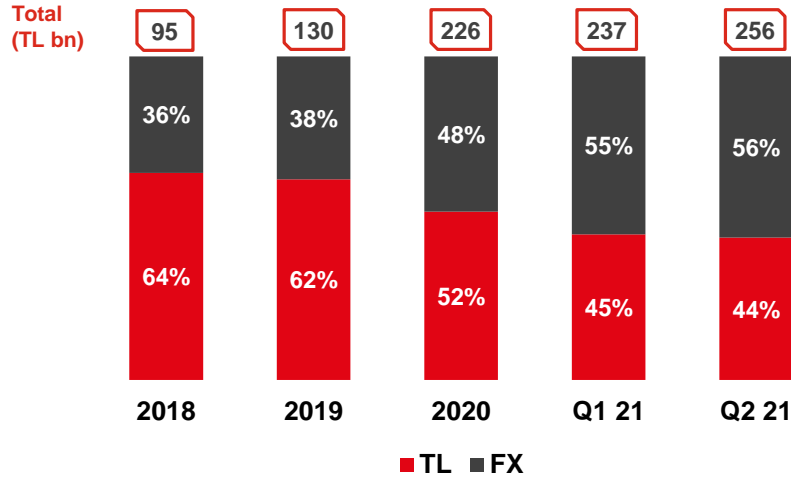
Gradual customer acquisition and credit card market share gain strategy.

Increase in market share of credit card turnover:
From **3.4%** in 2016 to **10.1%** in Q2 21.

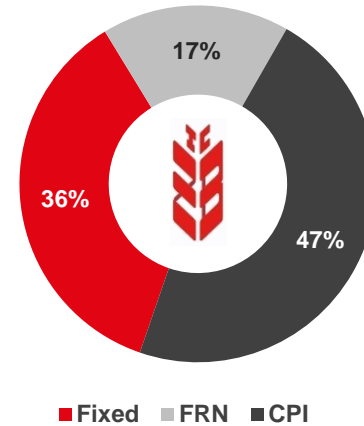
Increased transaction limits for ATM and non-branch channels
Mutual use of ATMs among public banks for cost efficiency.

New service and product offering to digital customers.

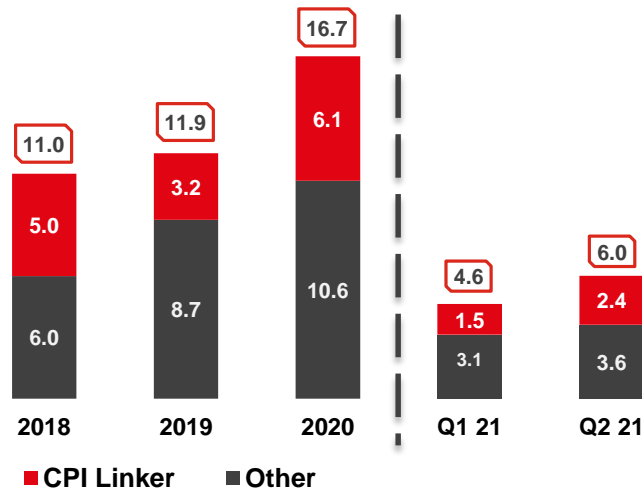
Total Securities (% share in total)



Breakdown of TL Securities⁽¹⁾ (% share in total)



Interest Income from Securities (TL bn)



(1) Interest accruals excluded



Ziraat Bank – Balance Sheet Summary

TL mn	2018	2019	2020	Q1 21	Q2 21	% Change QoQ	% Change YtD
CASH AND CASH EQUIVALENTS	46,237	57,389	91,038	107,324	103,620	-3.5%	13.8%
SECURITIES	95,374	130,335	225,621	237,017	256,324	8.1%	13.6%
LOANS	379,331	447,983	600,660	627,557	652,413	4.0%	8.6%
-Gross NPL	7,460	12,690	13,895	13,539	14,288	5.5%	2.8%
-Expected Credit Loss (-)	8,386	13,011	18,757	19,360	20,627	6.5%	10.0%
OTHERS	23,673	26,435	29,816	25,958	23,369	-10.0%	-21.6%
TOTAL ASSETS	537,156	649,756	942,601	997,856	1,035,727	3.8%	9.9%
DEPOSITS	331,066	447,251	629,874	654,822	702,590	7.3%	11.5%
FUNDS BORROWED	34,172	34,528	36,950	38,887	44,215	13.7%	19.7%
INTERBANK MONEY MARKETS	68,351	49,275	116,401	143,113	122,840	-14.2%	5.5%
PROVISIONS	2,832	3,819	7,059	7,251	7,264	0.2%	2.9%
OTHERS	43,334	44,818	59,039	67,316	67,639	0.5%	14.6%
TOTAL LIABILITIES	479,755	579,691	849,323	911,389	944,548	3.6%	11.2%
SHAREHOLDERS' EQUITY	57,401	70,065	93,278	86,467	91,179	5.4%	-2.3%



Ziraat Bank – Income Statement Summary

TL mn	2018	2019	2020	Q2 20	Q1 21	Q2 21	% Chg QoQ	% Chg YoY
INTEREST INCOME	53,054	65,602	69,476	16,182	20,329	23,328	14.8%	44.2%
-From Loans	41,028	52,764	52,330	12,497	15,420	16,937	9.8%	35.5%
-From Securities	10,977	11,966	16,696	3,624	4,615	5,993	29.9%	65.4%
INTEREST EXPENSE	31,138	40,290	34,862	6,538	13,940	16,068	15.3%	145.8%
-On Deposits	19,675	27,989	22,812	4,682	9,082	10,287	13.3%	119.7%
NET INTEREST INCOME	21,916	25,312	34,615	9,644	6,389	7,260	13.6%	-24.7%
NET FEES & COMMISSIONS	2,638	3,590	3,093	345	1,043	1,173	12.5%	240.0%
OTHER OPERATING INCOME	1,434	1,614	5,182	854	1,178	929	-21.1%	8.8%
EXPECTED CREDIT LOSS	4,702	6,313	10,691	3,207	1,501	2,035	35.6%	-36.5%
-Stage 1 Provisions	477	594	1,340	632	64	111	73.4%	-82.4%
-Stage 2 Provisions	2,081	1,298	5,505	1,812	696	886	27.3%	-51.1%
-Stage 3 Provisions	2,143	4,421	3,846	762	742	1,038	39.9%	36.2%
OTHER PROVISION EXPENSES	17	112	2,648	1,106	74	39	-47.3%	-96.5%
OPEX ⁽¹⁾	7,691	9,797	12,092	3,429	3,264	3,521	7.9%	2.7%
NET OPERATING PROFIT	10,034	7,648	10,834	3,514	1,220	1,301	6.6%	-63.0%
NET PROFIT	7,961	6,187	7,825	2,638	962	778	-19.1%	-70.5%

Source: Unconsolidated Financial Statements

(1) OPEX includes personnel expenses and other provision expenses



Ziraat Bank – Key Financial Ratios

(%)	2018	2019	Q1 20	Q2 20	Q3 20	2020	Q1 21	Q2 21
ROAA ⁽¹⁾	1.6	1.1	1.1	1.1	1.0	1.0	0.4	0.4
ROAE ⁽²⁾	15.2	10.1	10.5	10.8	10.0	9.7	4.2	3.7
Cost / Income Ratio ⁽³⁾	34.3	40.8	36.5	33.0	35.2	33.3	53.9	52.4
NIM (cum.) ⁽⁴⁾	5.0	5.0	6.4	6.1	5.8	5.0	3.3	3.4
Loans ⁽⁵⁾⁽⁶⁾ /Deposits	110.6	96.0	94.3	95.5	90.7	92.3	92.9	90.0
Loans/Assets	68.9	67.1	67.3	68.4	63.9	62.2	61.5	61.6
Securities/Assets	17.8	20.1	21.3	21.3	23.8	23.9	23.8	24.7
NPL	2.0	2.8	2.7	2.3	2.1	2.3	2.2	2.2
Stage III Coverage ⁽⁶⁾	73.9	66.4	69.7	72.9	76.1	77.0	78.7	76.8
CoR	1.2	1.3	1.1 ⁽⁷⁾	1.5 ⁽⁷⁾	1.4 ⁽⁷⁾	1.2	0.4 ⁽⁷⁾	0.6 ⁽⁷⁾
CAR	14.8	17.0	16.4	18.5	18.2	18.2	17.7	16.6
Leverage ⁽⁸⁾	8.4	8.3	9.3	8.3	9.9	9.1	10.5	10.4
# of								
Branches ⁽⁹⁾	1,773	1,758	1,757	1,758	1,758	1,752	1,752	1,752
Employees	24,647	24,563	24,642	24,480	24,350	24,673	24,560	24,489
ATMs ⁽⁹⁾	7,155	7,239	7,253	7,257	7,293	7,274	7,264	7,257

(1) Average total assets represent weekly averages
(2) Average shareholders' equity represent weekly averages
(3) Includes dividend income
(4) Average interest earning assets represent weekly averages
(5) Performing Loans

(6) Intermediated loans of public funds are excluded
(7) Annualized figure
(8) Leverage = (Assets/Shareholders' Equity)-1
(9) Including foreign branches

For further information please contact

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