

**Financial Presentation**  
**March 2022**



**Ziraat Bank**

More than a bank

**Largest bank in Turkey with**

- ~ USD 103 bn. asset size
- ~ 15% market share

**TL 1,503  
bn****Extensive customer base**

- New customer acquisition through digital channels

**38 mn****1,751****Sound and improving LtD****80.1%****#1****Solid capital ratios**

- TL 21.8 bn capital increase
- CET 1 capital ratio 17%
- Capital structure adequate for growth plans
- Ongoing supportive forbearance measures

**1.7%****20.7%****TL  
1,062 bn****Foremost provider of agricultural financing**

- Only bank authorised for government subsidized agro-lending
- High market penetration
- Sustainable agro financing strategy with new loan facilities

**63%****TL 6.7 bn****Widest local and international geographic footprint with 1,751 branches**

- Only bank in more than 350 points in Turkey
- Operating in 17 countries with 116 service points

**Continued market leadership**

- Assets
- Loans
- Deposits
- Equity

**Robust asset quality**

- Limited NPL formation
- High NPL collection capacity
- No material risk concentration
- Prudent provisioning approach

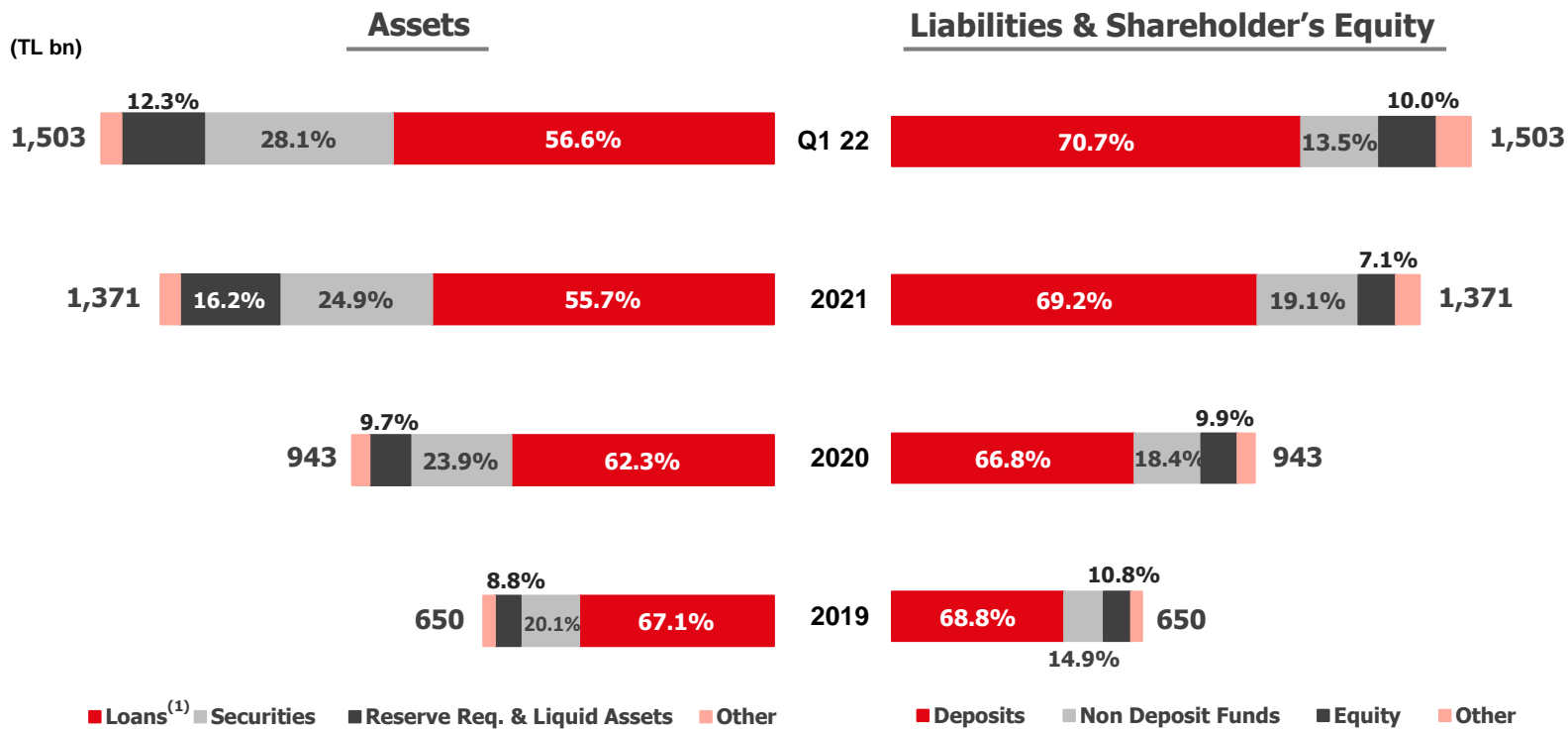
**Granular and sticky deposit base**

- Retail/Total Deposit: 55%
- Core deposit ratio 96%
- More TL deposit accumulation due to FX-linked deposit scheme

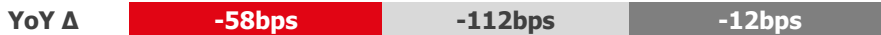
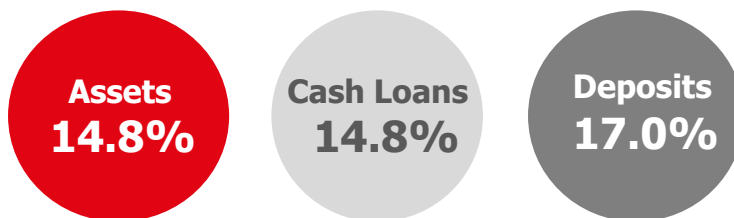
**Increased profitability under current environment**

- Improved NIM through better spreads and CPI-linkers contribution

# Ziraat Bank – Assets/Liabilities



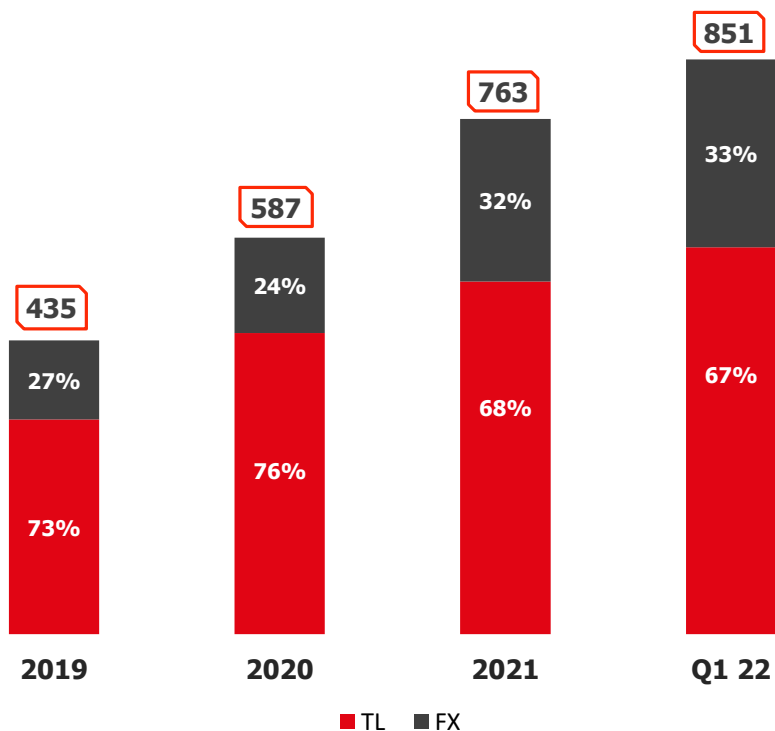
## Market Shares



(1) Performing loans

## Total Loans<sup>(1)</sup> (TL bn, % share in total)

Commercial driven loan growth, balanced in TL and FX.  
Less contribution from retail segment, due to redemptions from back book.



## Loan Growth

	QoQ Δ	YoY Δ
<b>Total Loans</b>	<b>11.5%</b>	<b>38.6%</b>
<b>Total Loans (FX adj.)</b>	<b>7.7%</b>	<b>18.8%</b>
TL	9.6%	25.0%
FX(\$)	3.7%	0.4%
<b>Retail</b>	<b>3.5%</b>	<b>0.1%</b>
Housing	6.1%	3.3%
GPL	-2.9%	-15.7%
Credit Card	8.8%	53.7%
<b>Commercial (inc. SME)</b>	<b>22.5%</b>	<b>47.3%</b>
<b>Corporate</b>	<b>6.1%</b>	<b>52.5%</b>
Corp. (FX adj.)	-0.4%	13.1%

### Housing Loans

54% of retail loans  
29% Market Share  
49% LTV<sup>(2)</sup>  
0.1% NPL

### GPL

33% of retail loans  
11% Market Share  
Pensioners account for  
43% of GPL portfolio

### Credit Card

TL 19 bn  
10 million customers  
8.1% Market Share<sup>(3)</sup>

### Agro Loans

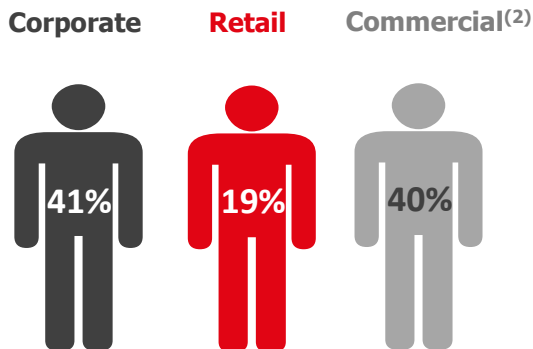
TL 121 bn  
63% Market share  
82% Subsidized  
0.8% NPL  
735k agro customers

### CGF Guaranteed Loans

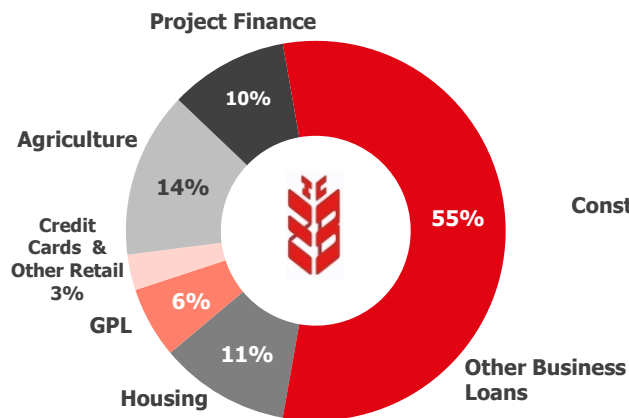
Total TL 49 bn  
o/w TL 10.5 bn retail segment  
3.5 million customers  
6% of cash loans  
18% Non-retail Market Share

(1) Performing loans  
(2) Average rate for allocation in last four quarter  
(3) Credit cards turnover market share

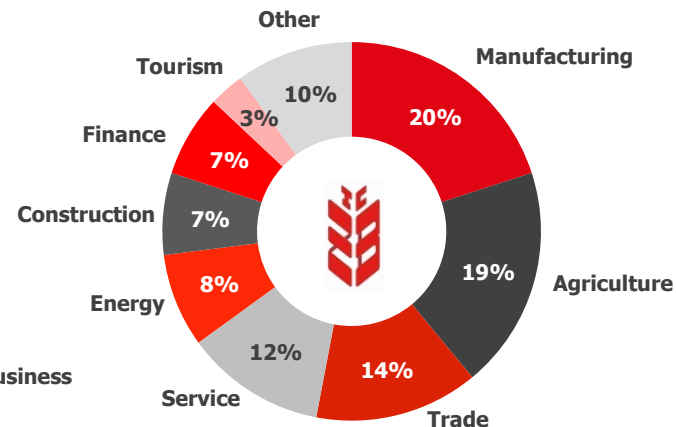
## Cash Loans by Customer Segment<sup>(1)</sup>



## Cash Loans by Product



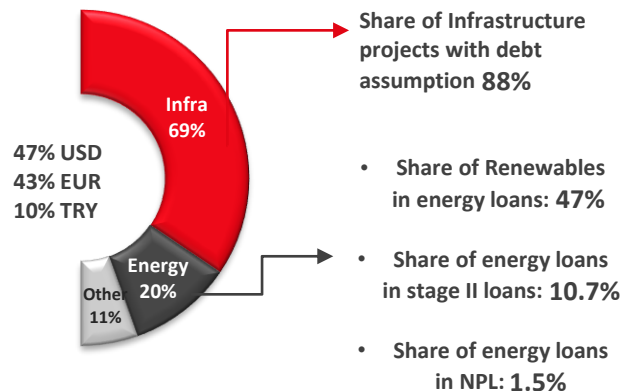
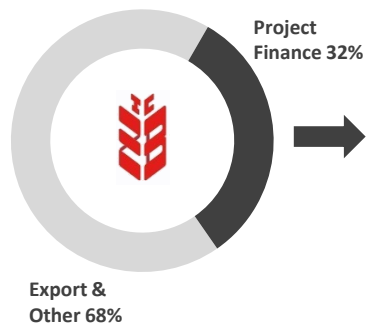
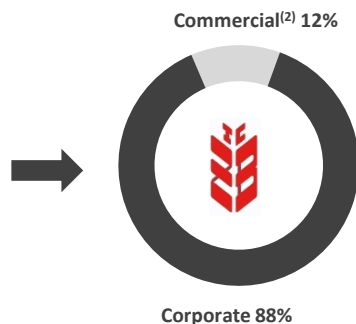
## Sector Breakdown of Cash Business Loans<sup>(1)</sup>



• Based on customer segmentation data, totals may differ from product classification

## FX Loans

- FX Loans USD **19.2 bn**
- FX Loans/Total Loans **33% vs. 38%** sector<sup>(3)</sup> average
- FX Loans NPL **1.2%**

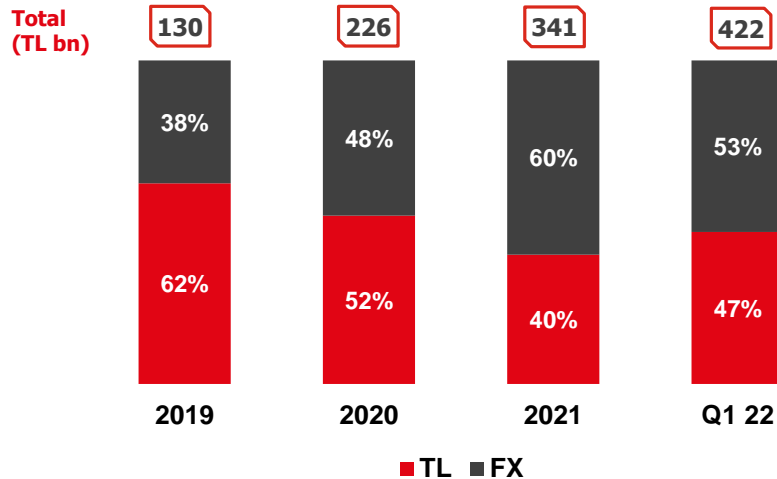


(1) Accruals and overseas branch lending are excluded from segment distribution

(2) Commercial Segment includes SME

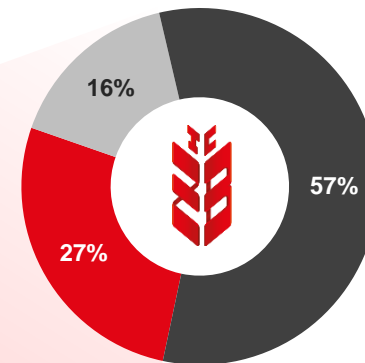
(3) Sector: Deposit banks

## Total Securities (% share in total)



## Breakdown of TL Securities<sup>(1)</sup> (% share in total)

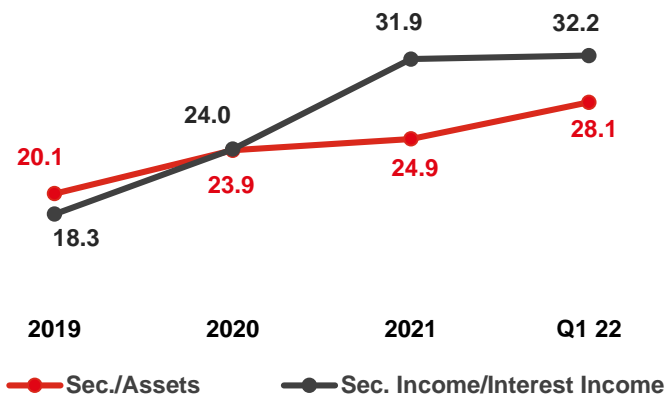
FX Securities  
100% Fixed Rate



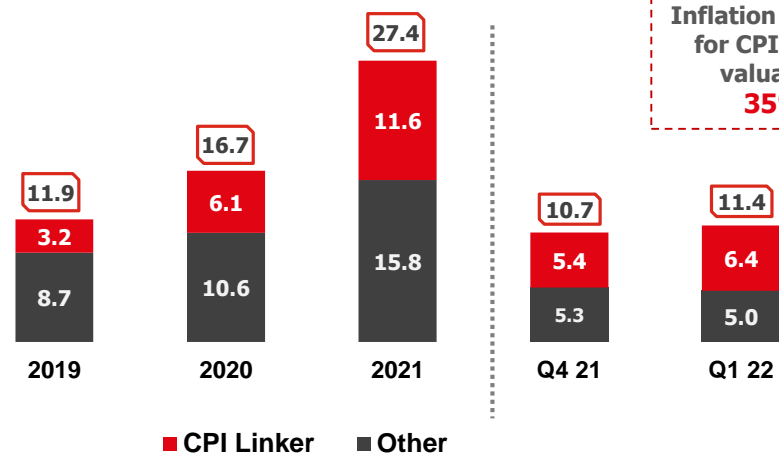
Share of  
CPI Linkers in  
total portfolio  
**27%**

■ Fixed ■ FRN ■ CPI Linker

## Contribution from Securities (%)



## Interest Income from Securities (TL bn)



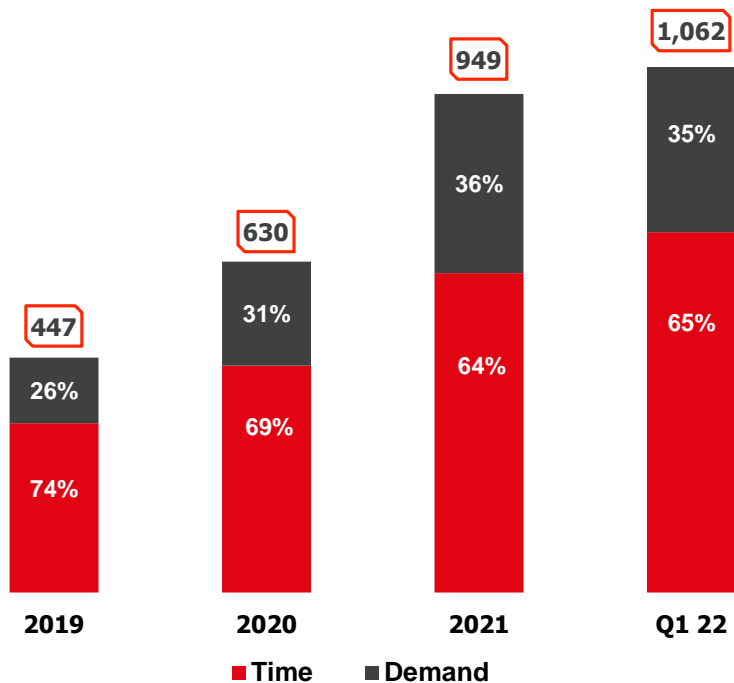
Inflation forecast  
for CPI-linker  
valuation  
**35%**

(1) Interest accruals excluded

## Total Deposits (TL bn, % share in total)

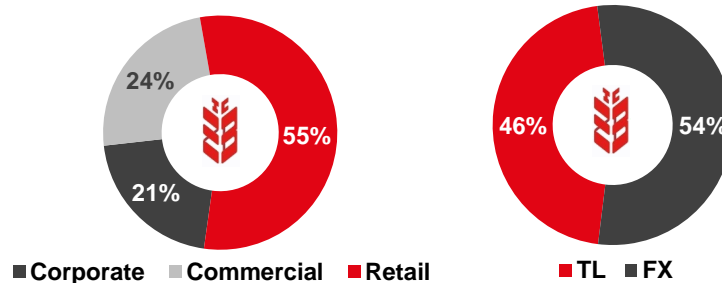
Granular and sticky deposit base. Structurally high share of retail and commercial segment deposits.

Change in deposit mix after FX-linked deposit scheme.



## Deposit Growth

	QoQ Δ	YoY Δ
<b>Total Deposits</b>	<b>11.9%</b>	<b>62.2%</b>
<i>Total Deposit (FX adj.)</i>	<b>5.8%</b>	<b>24.1%</b>
TL	29.1%	56.1%
FX(\$)	-9.8%	-5.5%
<b>Customer Deposit</b>	<b>12.8%</b>	<b>63.7%</b>
<b>Demand</b>	<b>10.3%</b>	<b>82.0%</b>
<b>Time</b>	<b>12.9%</b>	<b>53.1%</b>



Core Deposit Ratio **96%**

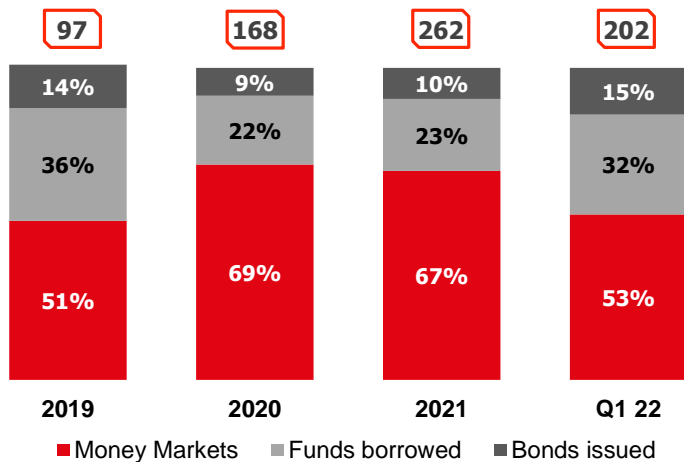
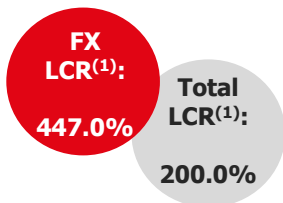
Public / Total Deposits **12%**

Banking Sector Demand /  
Total Deposits **37%**

Retail deposits share in  
demand deposits **57%**

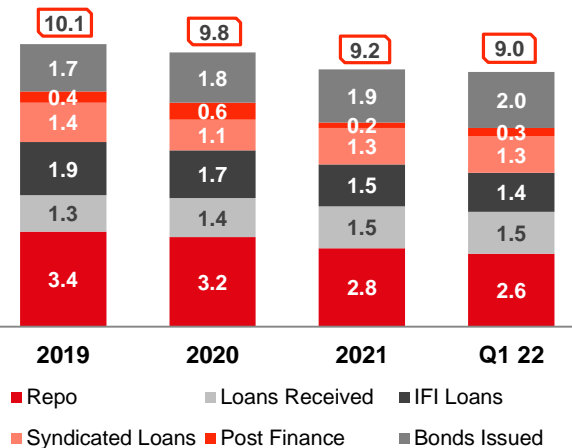
## Non-Deposit Funds (TL bn,% share in total)

Cost oriented, adaptive wholesale funding management.  
 Adequate FX liquidity, which can cover FX wholesale redemptions.  
 Non-deposit funding/ total funding **15%**  
 FX external funding/ total funding **10%**



(1) LCR regulatory minimums; Total: 100%, FX: 80%  
 (2) In EUR/USD adjusted terms  
 (3) Performing Loans/Total Deposit, Intermediated loans of public funds are excluded  
 (4) Sector: Deposit banks

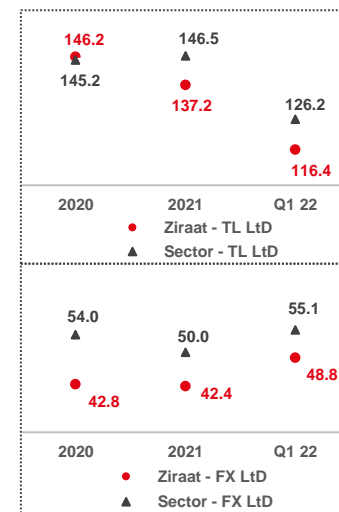
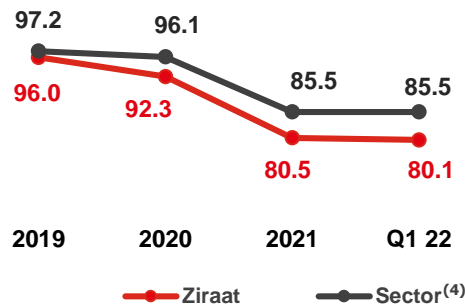
## FX External Funding (USD bn)



**~ USD 10 bn**  
**FX Liquidity**  
 1.7 bn cash & CBRT  
 3.7 bn FX swap  
 4.4 bn unencumbered securities

**USD 1.2 bn**  
**syndication loan**  
 R/O 100%<sup>(2)</sup>  
 in April

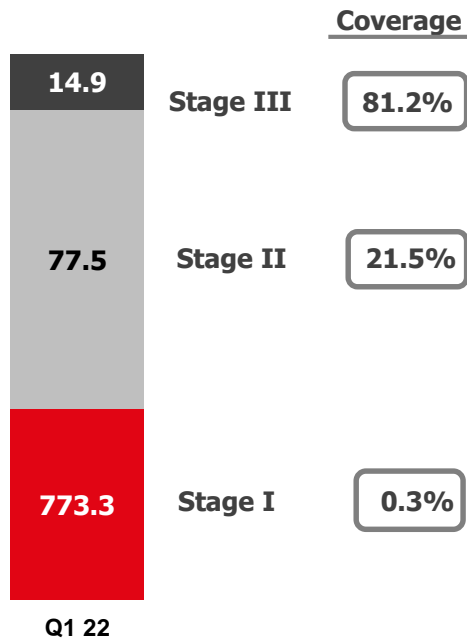
## Loan to Deposit<sup>(3)</sup> (%)



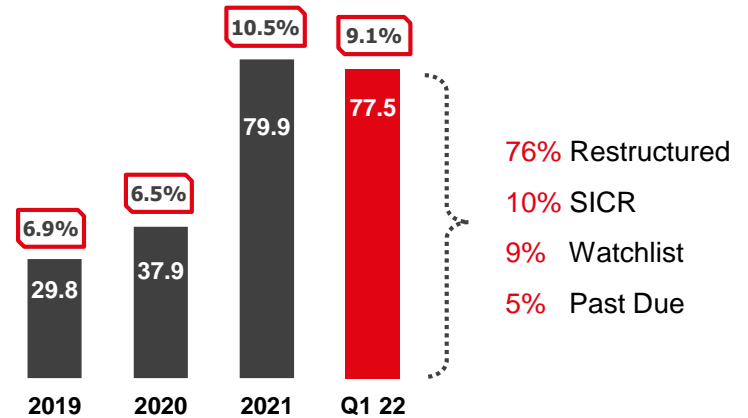


## Loan Classification (TL bn)

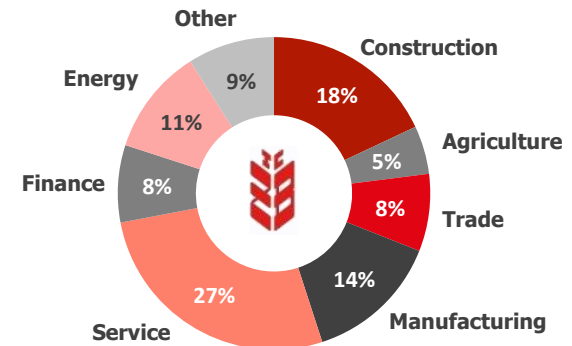
Structurally low NPL generation arising from loan book dynamics.  
High provisioning strategy maintained.



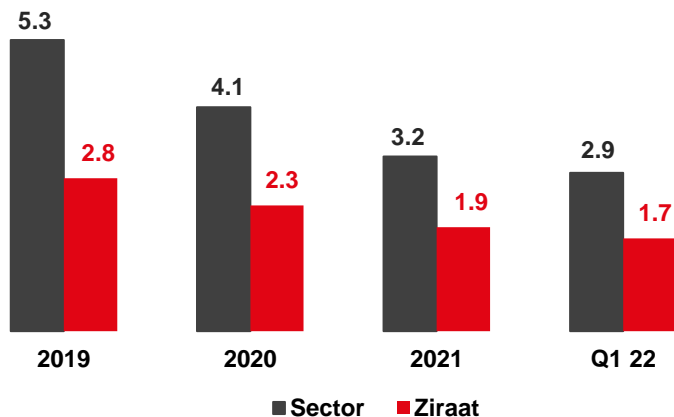
## Stage II Loans (TL bn)



## Sector Breakdown of Stage II Business Loans

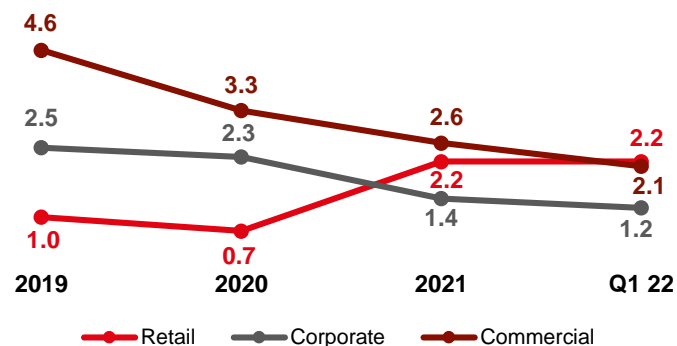


## NPL Ratios (%)



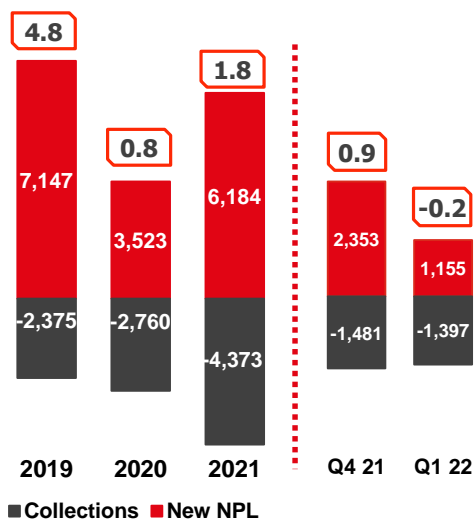
No Write-Off  
or  
NPL Sale

## NPL Ratios by Segment (%)

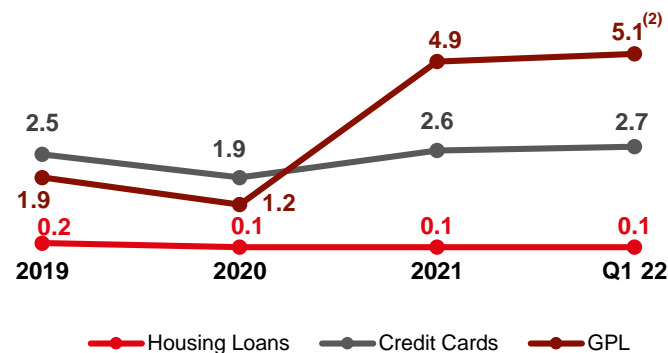


## New NPL & Collections<sup>(1)</sup> (TL mn)

Net NPL  
Formation  
(TL bn)

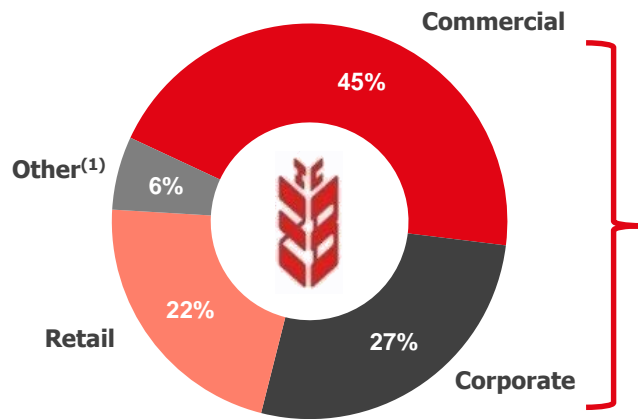


## Retail NPL Ratios by Product (%)

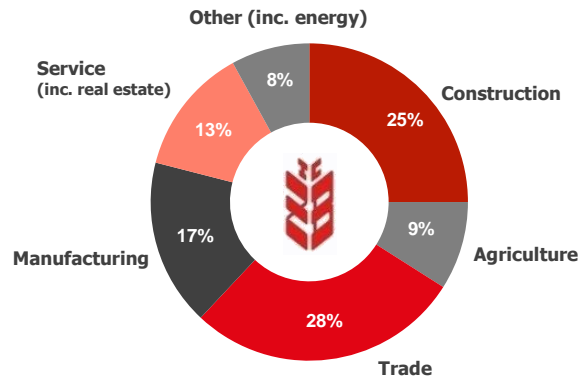


(1) Intermediated loans of public funds and other receivables are excluded  
 (2) General Purpose Loans' NPL figure includes Covid-19 related lending under CGF, which will be compensated by the Fund.

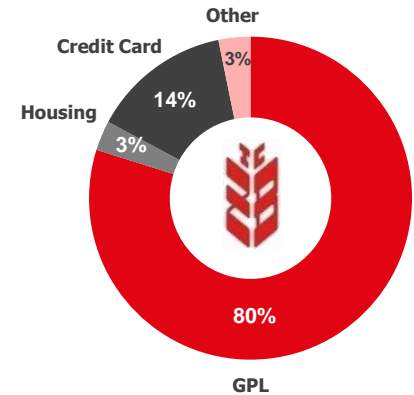
## Total NPL by Segment



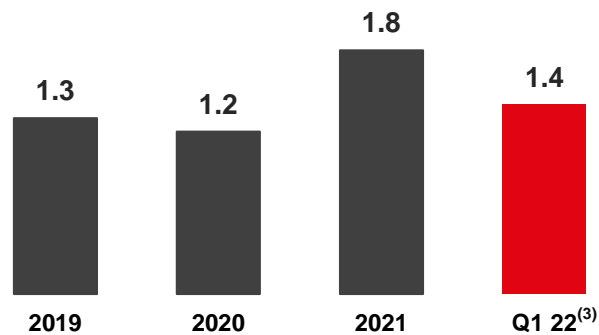
## Business Loan NPL by Sector



## Retail Loan NPL by Product



## Cost of Risk<sup>(2)</sup> (%)



Restructured Loans<sup>(4)</sup>  
in Total Loans: **9.7%**

Total Coverage<sup>(5)(6)</sup> **211%**

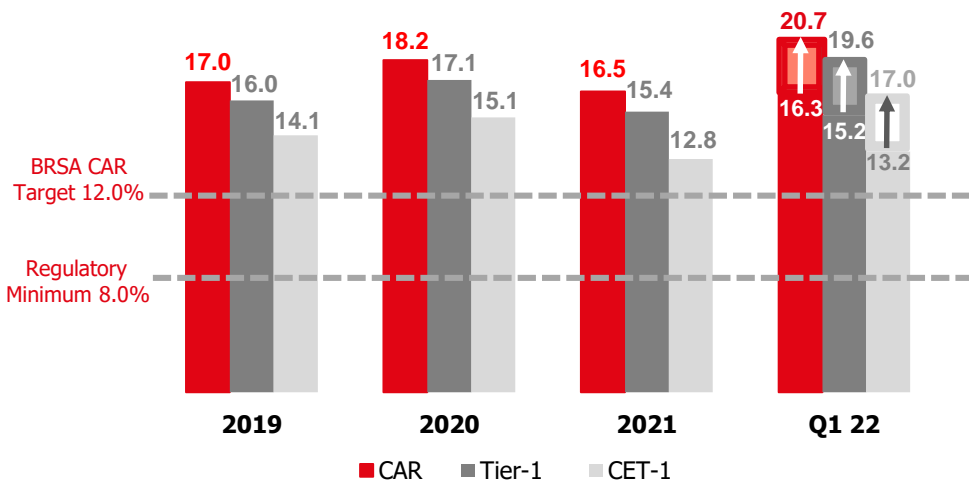
**TL 5.3 bn**  
Total Free Provisions  
(TL 1.6 bn additional free  
provision in Q1 2022)

(1) Includes loans excluded from segment classification  
(2) CoR: Expected Credit Loss-Reversals / Average Loan Amount  
(3) Annualized figure

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

## Capital Ratios (%)

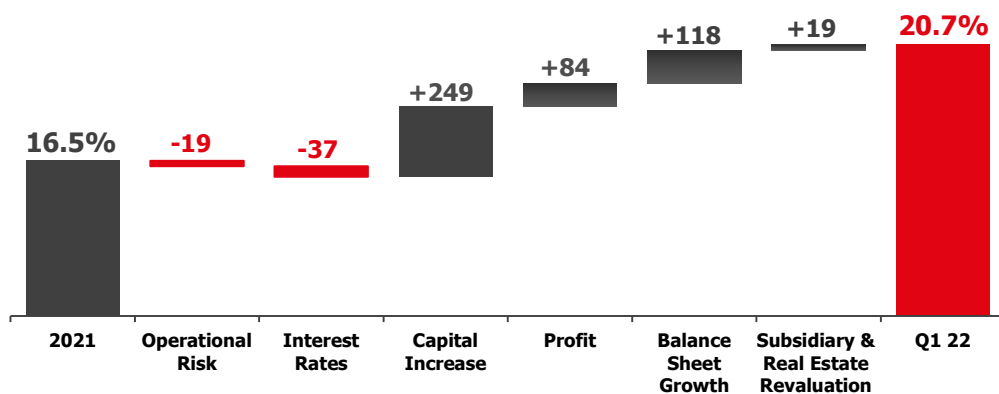
Forbearance Effect



## Capital Ratio Requirements

	Solo	Cons.
CET1 Capital Ratio	4.5%	4.5%
Capital Conservation Buffer	2.5%	2.5%
D-SIB Buffer <sup>(1)</sup>	-	2.0%
Countercyclical Buffer <sup>(2)</sup>	0.04%	0.04%
<b>TOTAL</b>	<b>7.0%</b>	<b>9.0%</b>
<b>Including AT1 and Tier2</b>	<b>10.5%</b>	<b>12.5%</b>

## Change in CAR (QoQ, bps)



Basel III  
Leverage **7.6%** vs  
regulatory min of **3.0%**

%10 depreciation in TL  
**-70bps** impact on CAR

**TL 48.4 bn**  
excess capital<sup>(3)</sup>

**TL 21.8 bn**  
capital increase

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

(2) Based on solo figures

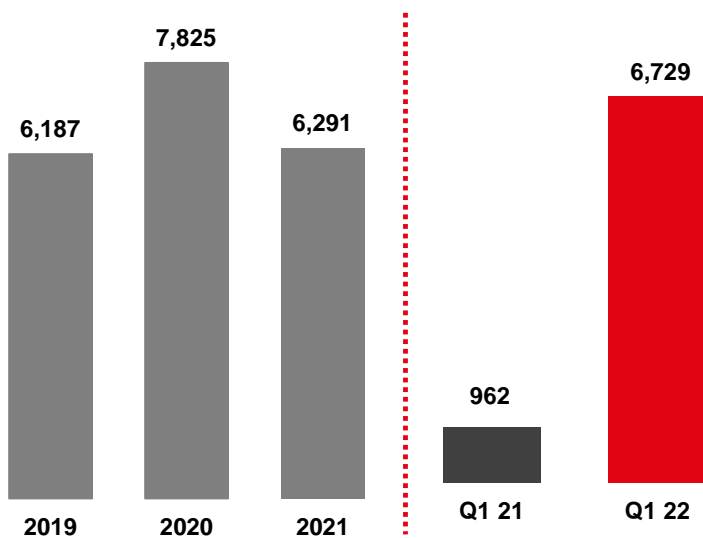
(3) Calculated over solo figures and 12.0% threshold without forbearance

## Net Profit (TL mn)

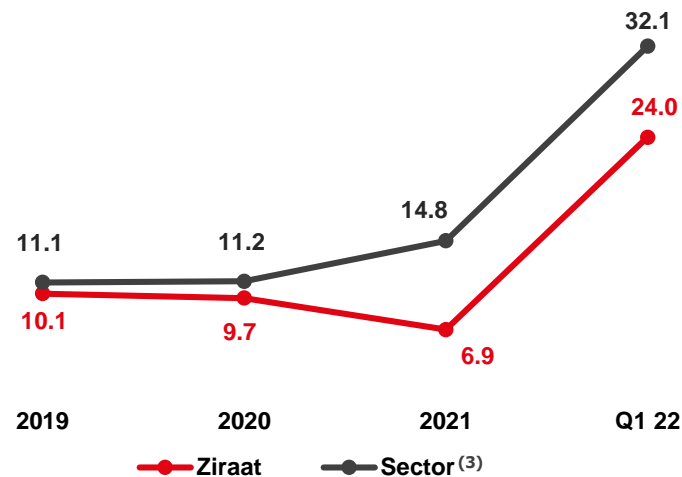
Strong profitability due to better margins and high contribution from CPI-linkers.

C/I ratio improved to historic low levels in Q1 (23.9%).

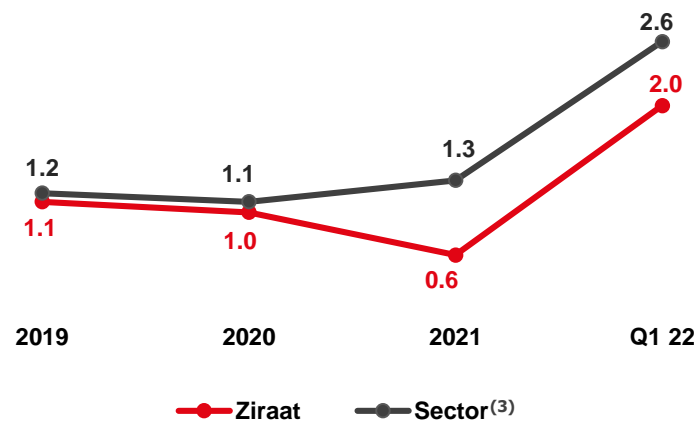
Remarkable support to profitability from F&C income (F&C 21% QoQ).



## Return on Equity<sup>(1)</sup> (%)



## Return on Assets<sup>(2)</sup> (%)

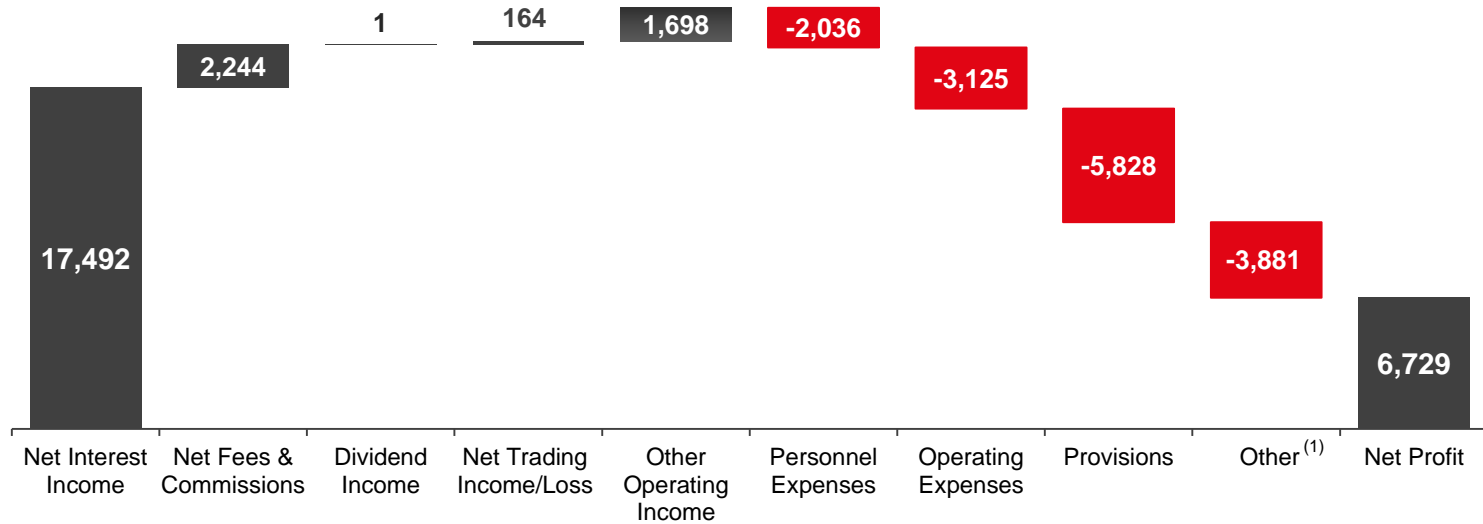


(1) Average shareholders' equity represent weekly averages

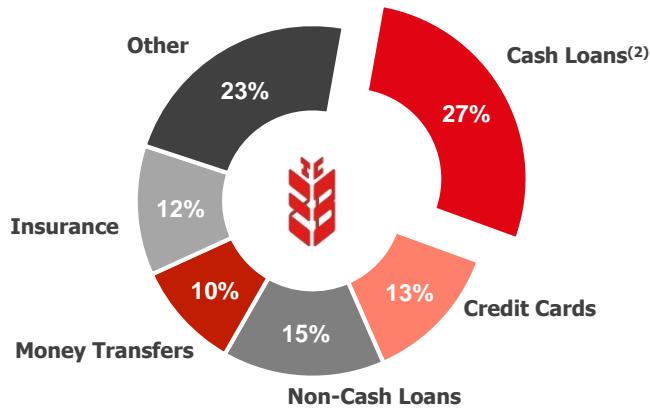
(2) Average total assets represent weekly averages

(3) Sector: Deposit Banks

## P&L Breakdown Q1 22 (TL mn)



## F&C Income Breakdown in Q1 22



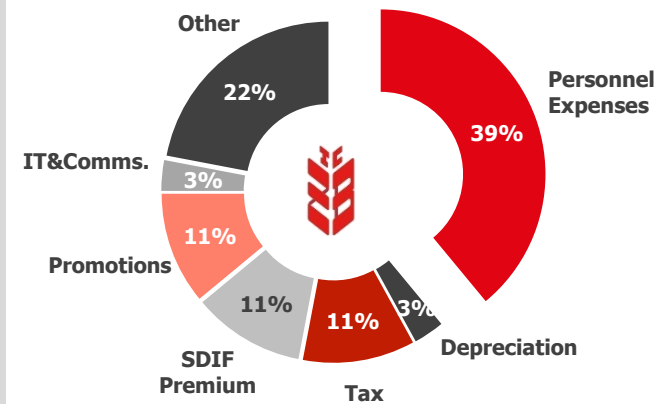
### F&C Growth (YoY)

Credit Cards	228%
Money Transfers	156%
Non-Cash Loans	71%
Cash Loans	70%

### OPEX Growth (YoY)

Tax	140%
Personnel Expenses	69%
SDIF Premium	64%
Promotions	12%

## OPEX Breakdown in Q1 22

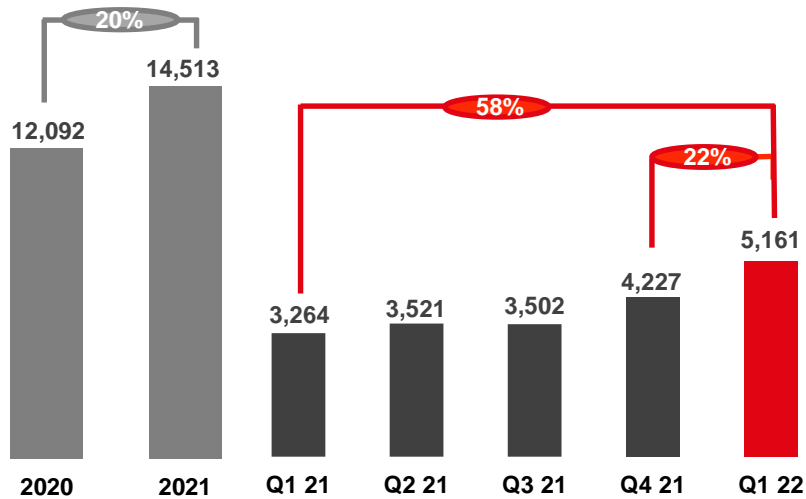


(1) Other item mainly includes tax provisions.

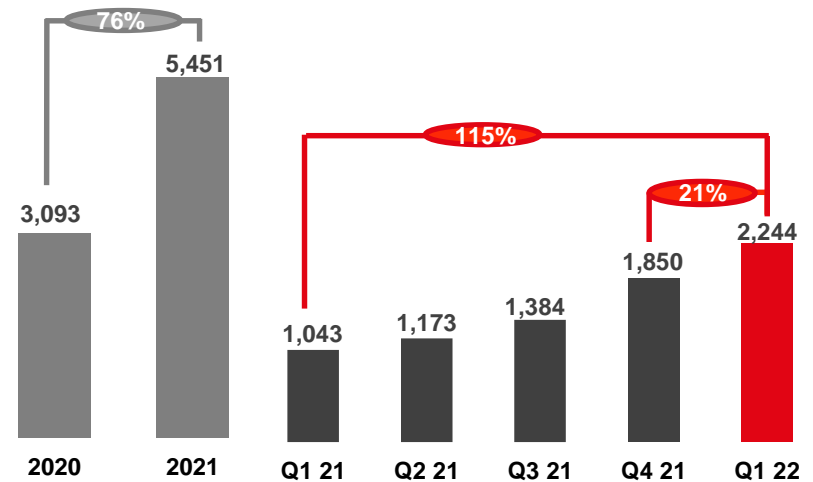
(2) Due to BRSA regulation, Fees & Commissions from cash loans are categorized under interest income.

# Ziraat Bank – Profitability & Cost Management

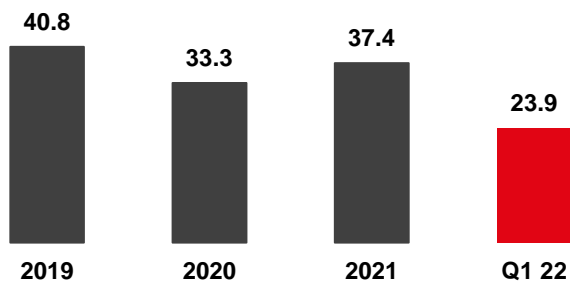
**OPEX<sup>(1)</sup> (TL mn)**



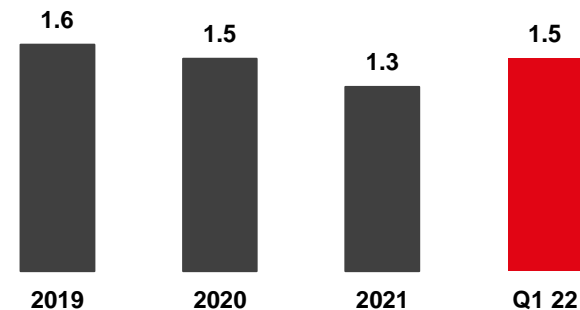
**Net F&C (TL mn)**



**Cost/Income (%)**

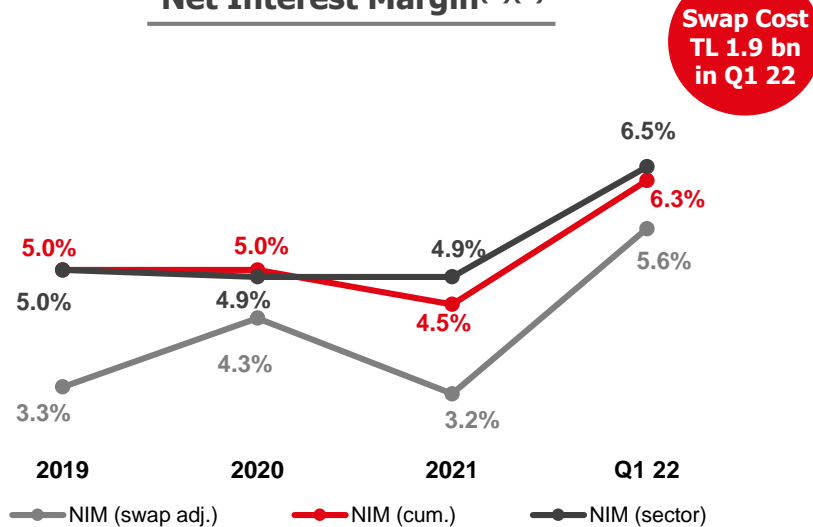


**Cost/Avg. Assets (%)**



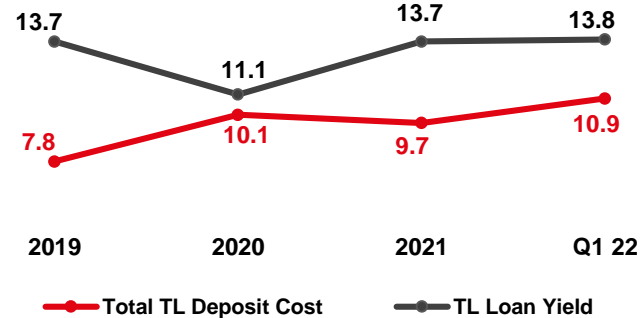
(1) Includes personnel expenses and other provision expenses

## Net Interest Margin<sup>(1)(2)</sup>

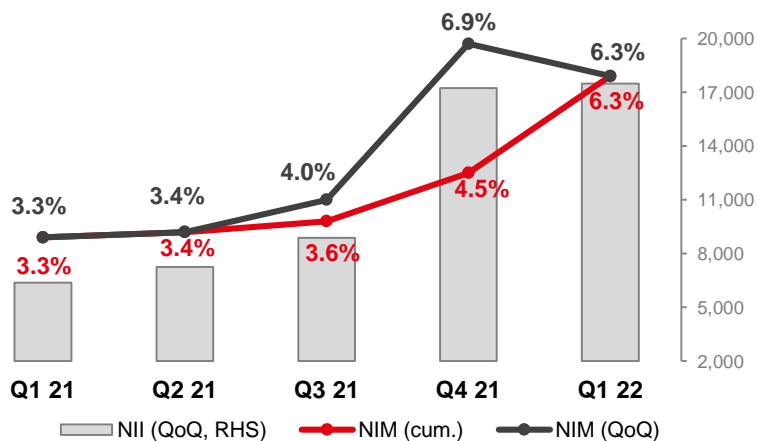


NIM increased in Q1 due to lower funding costs supported by low policy interest rates, repricing of loans, additional CPI linker securities income under high inflationary environment.

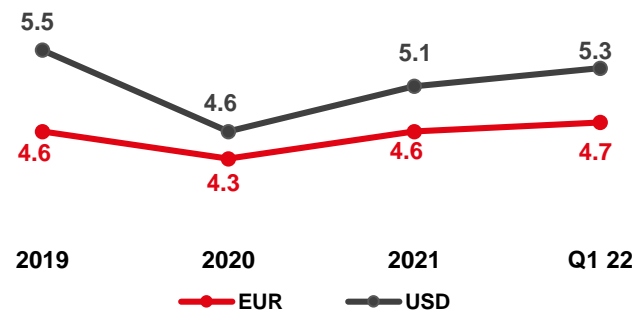
## TL Loan Yield and Deposit Costs (%)



## NII vs NIM (TL mn, %)



## FX Core Spreads<sup>(3)</sup> (%)



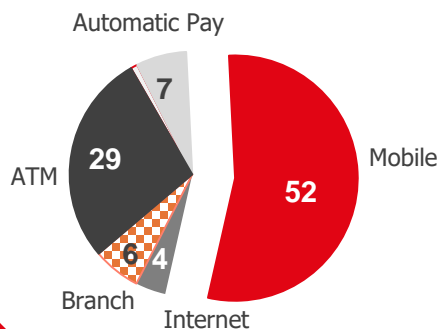
(1) Sector: Deposit banks  
 (2) NIM = Net Interest Earnings / Av. IEA  
 (3) FX Loan - FX Deposits (Total)



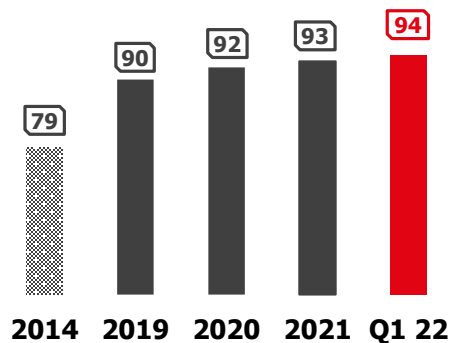
# APPENDIX

- Digitalization & Efficiency
- Sustainability
- Balance Sheet Summary
- Income Statements Summary
- Key Financial Ratios

## Banking Transaction Channel Distribution (%)



## Non-Branch Channels Usage (%)



## Unique Service Delivery









**17.5m** Active digital banking customers

**28.5m** Internet banking customers








**7,215** ATMs **13.9%** market share

**9%** Improvement in unit transaction costs in 2021

## What we have done so far?

-  Digital Onboarding Process
-  New design for Ziraat Mobile
-  Swift transactions can be done via Ziraat Mobile
-  Overdraft account transaction through digital channels
-  Digitalized credit processes for corporate customers
-  New digital solutions to reduce branch usage
-  Virtual debit card/HCE contactless payment
-  Full scale digital mobilization to ensure operational continuity during pandemic

## Digitalization plans

-  **Ziraat Pay** New payment system "Ziraat Pay"
-  Open Banking Services
-  AI supported virtual assistant
-  Integration of investment functions into the Ziraat Mobile
-  New digital customer segment and behavior analysis
-  Financial technologies support program "FİDE" for fintech ideas
-  Adding a financial agenda functions to digital channels

## Strategy

Ziraat adopted its Sustainability Policy in 2014 and has a sustainability structure in place to guide the Policy's implementation.

The policy is focused on providing environmentally and socially impactful financing based on the following four pillars:

- (1) long-term environmental and social perspectives;
- (2) financing climate change action and the transition to a low carbon economy;
- (3) approach decision-making considering environmental and social issues and associated potential risks; and
- (4) continuous development and integration of universally-accepted sustainability principles into the Bank's business model.

**The largest Sustainability Themed single tranche syndicated loan received by a financial institution in Turkey<sup>(1)</sup>**

**The first Sustainability Bond was issued in January 2021;  
600m USD Amount  
5Y Maturity  
5.375% Coupon**

## The relevant ESG KPIs of the syndicated loan

- Increasing volume of the loans made to women and young farmers
- Ziraat workforce to complete "Sustainability e-Training" to increase corporate awareness
- Renovation of branches and ATMs with the concept of barrier-free banking

## Ziraat's environment-friendly loan products

- Individual / corporate energy efficiency loans
- Energy efficiency management loans
- Green mortgage
- Green car loan
- Renewable energy loans
- Wastewater treatment and recovery loans
- Modern pressurized irrigation loans
- Solar powered irrigation Loan



(1) The syndicated loan renewed in April 2022 amounting USD 1.2 bn.



# Ziraat Bank – Balance Sheet Summary

TL mn	2019	2020	Q1 21	2021	Q1 22	% Change QoQ	% Change YoY
CASH AND CASH EQUIVALENTS	57,389	91,038	107,324	222,061	184,984	-16.7%	72.4%
SECURITIES	130,335	225,621	237,017	341,401	422,026	23.6%	78.1%
LOANS	447,983	600,660	627,557	778,404	865,720	11.2%	38.0%
-Gross NPL	12,690	13,895	13,539	15,141	14,853	-1.9%	9.7%
-Expected Credit Loss (-)	13,011	18,757	19,360	29,078	31,382	7.9%	62.1%
OTHERS	26,435	29,816	25,958	29,024	28,407	-2.1%	9.4%
<b>TOTAL ASSETS</b>	<b>649,756</b>	<b>942,601</b>	<b>997,856</b>	<b>1,370,890</b>	<b>1,503,137</b>	<b>9.6%</b>	<b>50.6%</b>
DEPOSITS	447,251	629,874	654,822	948,687	1,062,038	11.9%	62.2%
FUNDS BORROWED	34,528	36,950	38,887	59,316	64,746	9.2%	66.5%
INTERBANK MONEY MARKETS	49,275	116,401	143,113	176,699	107,591	-39.1%	-24.8%
PROVISIONS	3,819	7,059	7,251	26,162	11,384	25.6%	57.0%
OTHERS	44,818	59,039	67,316	62,926	107,424	70.7%	59.6%
<b>TOTAL LIABILITIES</b>	<b>579,691</b>	<b>849,323</b>	<b>911,389</b>	<b>1,256,688</b>	<b>1,353,182</b>	<b>7.7%</b>	<b>48.5%</b>
SHAREHOLDERS' EQUITY	70,065	93,278	86,467	97,100	149,955	54.4%	73.4%



# Ziraat Bank – Income Statement Summary

TL mn	2019	2020	2021	Q1 21	Q4 21	Q1 22	% Chg QoQ	% Chg YoY
INTEREST INCOME	65,602	69,476	101,998	20,329	33,392	35,250	5.6%	73.4%
-From Loans	52,764	52,330	72,794	15,420	22,182	23,331	5.2%	51.3%
-From Securities	11,966	16,696	27,440	4,615	10,659	11,347	6.5%	145.9%
INTEREST EXPENSE	40,290	34,862	62,230	13,940	16,152	17,758	9.9%	27.4%
-On Deposits	27,989	22,812	41,199	9,082	10,695	12,651	18.3%	39.3%
NET INTEREST INCOME	25,312	34,615	39,768	6,389	17,240	17,492	1.5%	173.8%
NET FEES & COMMISSIONS	3,590	3,093	5,451	1,043	1,850	2,244	21.3%	115.2%
OTHER OPERATING INCOME	1,614	5,182	4,444	1,178	994	1,698	70.9%	44.2%
EXPECTED CREDIT LOSS	6,313	10,691	14,956	1,501	8,311	3,852	-53.7%	156.6%
-Stage 1 Provisions	594	1,340	199	64	187	706	277.4%	NM
-Stage 2 Provisions	1,298	5,505	9,861	696	6,238	2,048	-67.2%	194.2%
-Stage 3 Provisions	4,421	3,846	4,896	742	1,887	1,098	-41.8%	48.0%
OTHER PROVISION EXPENSES	112	2,648	374	74	274	1,977	621.5%	NM
OPEX <sup>(1)</sup>	9,797	12,092	14,513	3,264	4,227	5,161	22.1%	58.1%
NET OPERATING PROFIT	7,648	10,834	8,913	1,220	4,559	10,609	132.7%	769.6%
<b>NET PROFIT</b>	<b>6,187</b>	<b>7,825</b>	<b>6,291</b>	<b>962</b>	<b>3,271</b>	<b>6,729</b>	<b>105.7%</b>	<b>599.5%</b>

(1) OPEX includes personnel expenses and other provision expenses  
Source: Unconsolidated Financial Statements  
NM: Not meaningful



# Ziraat Bank – Key Financial Ratios

(%)	2019	2020	Q1 21	Q2 21	Q3 21	2021	Q1 22
ROAA <sup>(1)</sup>	1.1	1.0	0.4	0.4	0.4	0.6	2.0
ROAE <sup>(2)</sup>	10.1	9.7	4.2	3.7	4.4	6.9	24.0
Cost / Income Ratio <sup>(3)</sup>	40.8	33.3	53.9	52.4	48.1	37.4	23.9
NIM (cum.) <sup>(4)</sup>	5.0	5.0	3.3	3.4	3.6	4.5	6.3
Loans <sup>(5)(6)</sup> /Deposits	96.0	92.3	92.9	90.0	85.1	80.5	80.1
Loans/Assets	67.1	62.2	61.5	61.6	60.4	55.7	56.6
Securities/Assets	20.1	23.9	23.8	24.7	24.7	24.9	28.1
NPL	2.8	2.3	2.2	2.2	2.2	1.9	1.7
Stage III Coverage <sup>(6)</sup>	66.4	77.0	78.7	76.8	78.2	80.2	81.2
CoR	1.3	1.2	0.4 <sup>(7)</sup>	0.6 <sup>(7)</sup>	0.8 <sup>(7)</sup>	1.8	1.4 <sup>(7)</sup>
CAR	17.0	18.2	17.7	16.6	16.0	16.5	20.7
Leverage <sup>(8)</sup>	8.3	9.1	10.5	10.4	10.7	13.1	9.0
# of							
Branches <sup>(9)</sup>	1,758	1,752	1,752	1,752	1,751	1,752	1,751
Employees	24,563	24,673	24,560	24,489	24,556	24,607	24,423
ATMs <sup>(9)</sup>	7,239	7,274	7,264	7,257	7,272	7,269	7,215

(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

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