

Financial Presentation
March 2023



Ziraat Bank

More than a bank



Ziraat Bank – Highlights

Largest bank in Türkiye with
~ **USD 137 bn.** asset size
~ **17%** market share

**TL 2,630
bn**

Widest local and international geographic footprint with 1,758 branches

- Only bank in more than **365** points in Türkiye
- Operating in **17** countries with **120** service points
- **25** Foreign Branches
- Ongoing process of opening new foreign branches

Broad customer base

- Extensive customer acquisition through digital channels

40 mn

1,758

Uninterrupted market leadership

- Assets
- Loans
- Deposits
- Equity

Adequate capital ratios

- **TL 49.7 bn** capital increase in Q1 23 (impact on CAR **+264 bps**)
- Sufficient buffers to support capital and sustainable growth under regulatory environment.

16.4%

#1

Robust asset quality

- Limited NPL formation
- High NPL collection capacity
- Prudent provisioning approach with **86%** Stage 3 coverage ratio
- Manageable earthquake impact foreseen for FY 23

0.9%

Foremost provider of agricultural financing

- Only bank authorised for government subsidized agro-lending
- Selective lending policy with agro and manufacturing being main sectors to be financed
 - Sustainable agro financing strategy with expanded loan facilities, agro loan market share reached **75%**.

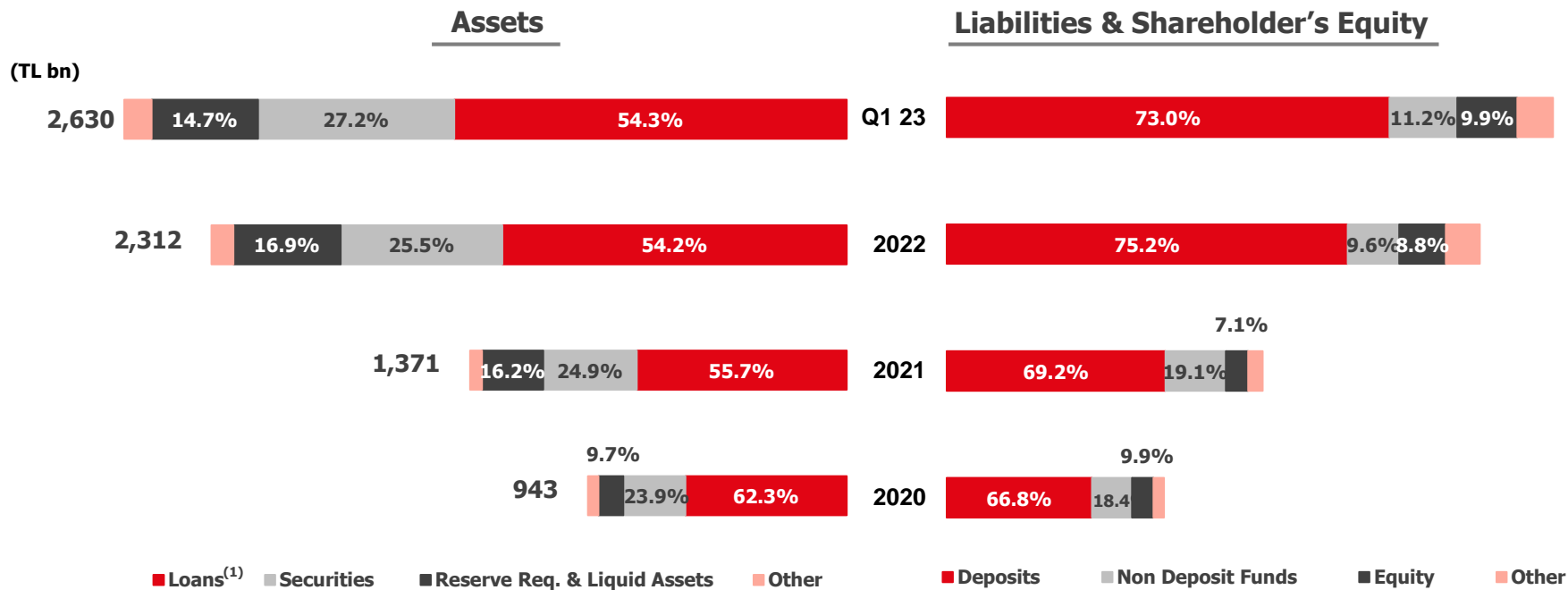
75%

**TL 1,920
bn**

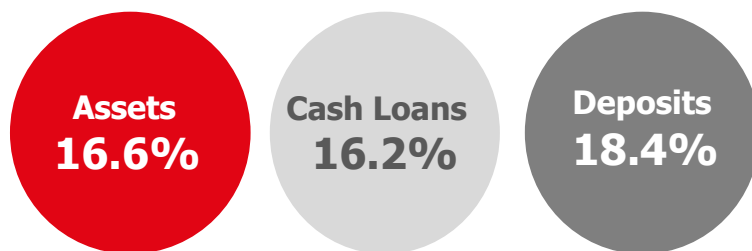
Granular and sticky deposit base

- Significant share of retail deposits in total deposits
- Core deposit ratio **95%**

Ziraat Bank – Assets & Liabilities



Market Shares



(1) Performing loans

YoY Δ

+180bps

+135bps

+143bps

Ziraat Bank – Lending

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

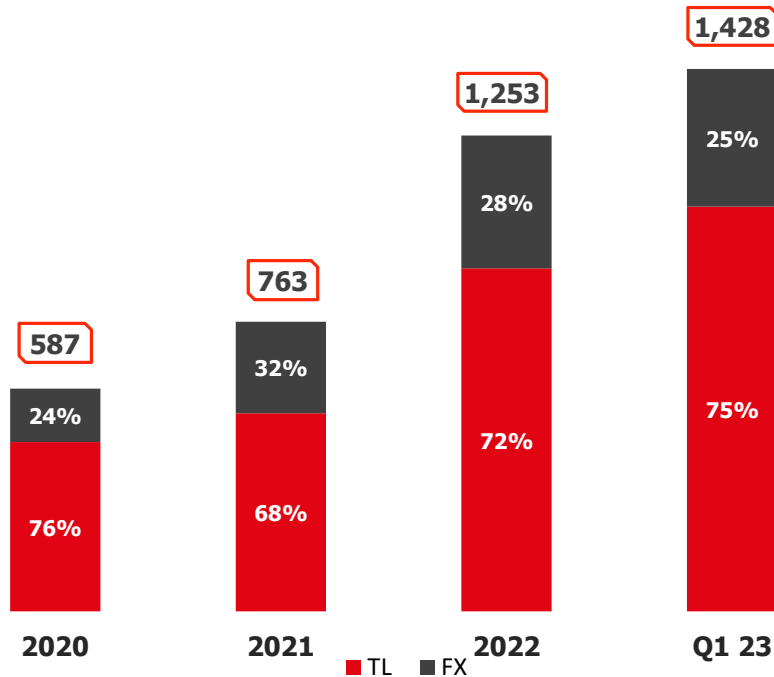
Selective lending policy continued.

SME driven loan growth, with significant contribution from agro loans.

Moderate contribution from retail segment in line with lending strategy, with credit card being the main driver.

Continuation of **muted FX lending**.

New lending under CGF scheme.



- (1) Performing loans
 (2) SME customers are classified under commercial segment.
 (3) Average rate for allocation in last four quarters
 (4) Credit card turnover market share

Loan Growth

	QoQ Δ	YoY Δ
Total Loans	14.0%	67.8%
Total Loans (FX adj.)	13.3%	57.6%
TL	18.1%	86.2%
FX(\$)	1.0%	-1.4%
Retail	14.5%	44.0%
Housing	2.0%	25.9%
GPL	15.8%	20.3%
Credit Card	52.6%	158.6%
SME⁽²⁾	22.0%	93.7%
Corporate	8.0%	59.9%
Corp. (FX adj.)	6.8%	42.3%

Housing Loans

47% of retail loans

29% Market Share

41% LTV⁽³⁾

0.1% NPL

GPL

27% of retail loans

8% Market Share

Pensioners account for

34% of total GPL

Credit Card

TL **49 bn**

9.4% Market Share⁽⁴⁾

11 million customers

Agro Loans

TL **298 bn**

75% Market share

830 k agro customers

83% Subsidized

0.3% Agro NPL

CGF Guaranteed Loans

TL **54 bn** (66% QoQ)

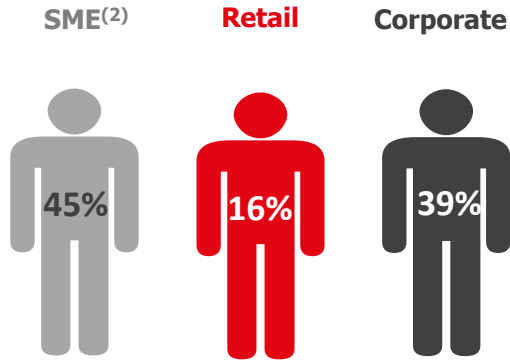
4% of cash loans

~2 mn customers

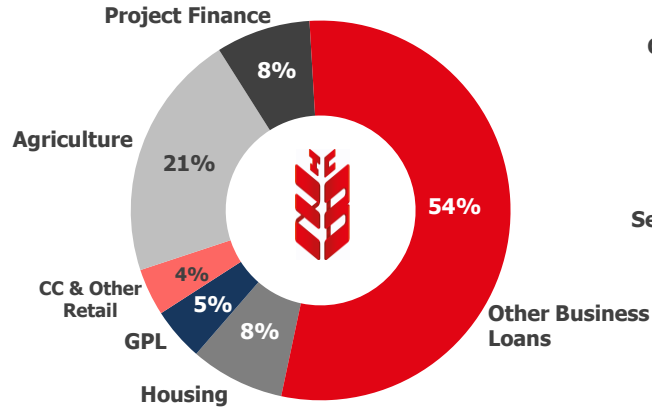
TL **2 bn** retail segment

Ziraat Bank – Lending Mix

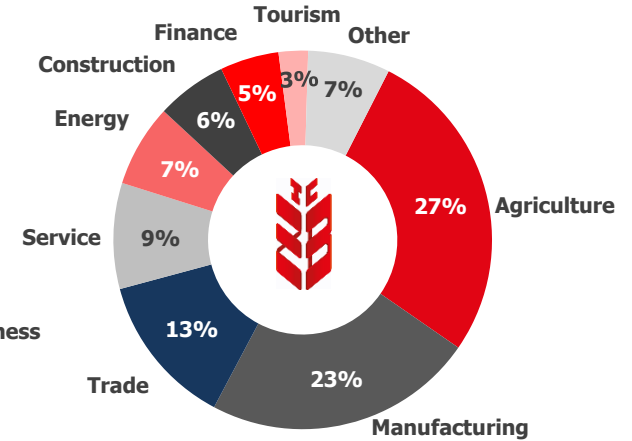
Cash Loans by Customer Segment⁽¹⁾



Cash Loans by Product



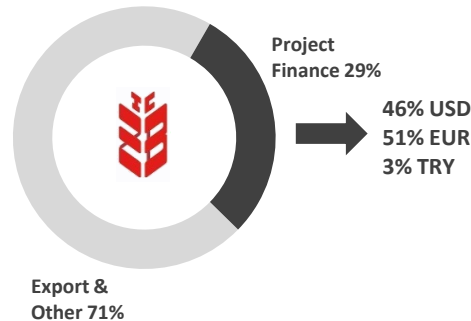
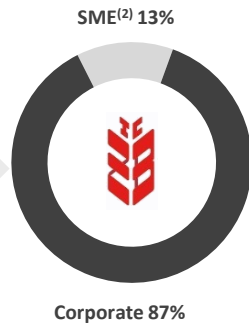
Sector Breakdown of Cash Business Loans⁽¹⁾



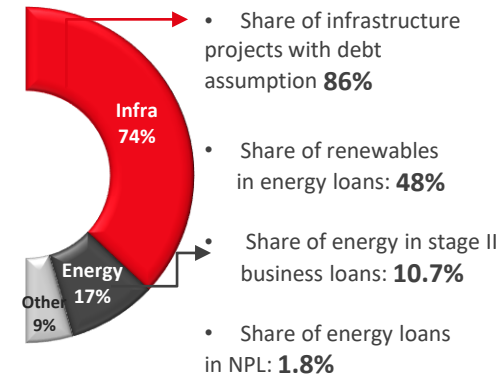
• Based on customer segmentation data, totals may differ from product classification

FX Loans

- FX Loans Outstanding
USD **18.9 bn**
- FX Loans/Total Loans
25% in line with sector⁽³⁾ average
- FX Loans NPL
0.9%



46% USD
51% EUR
3% TRY



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

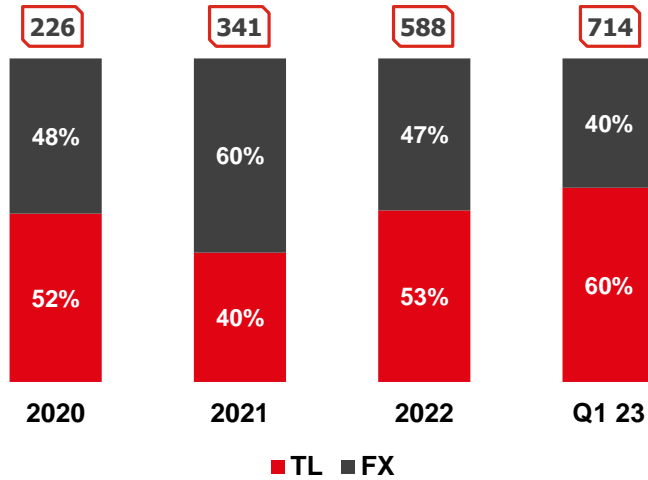
(2) SME customers are classified under commercial segment

(3) Sector: Deposit banks

Ziraat Bank – Securities Portfolio

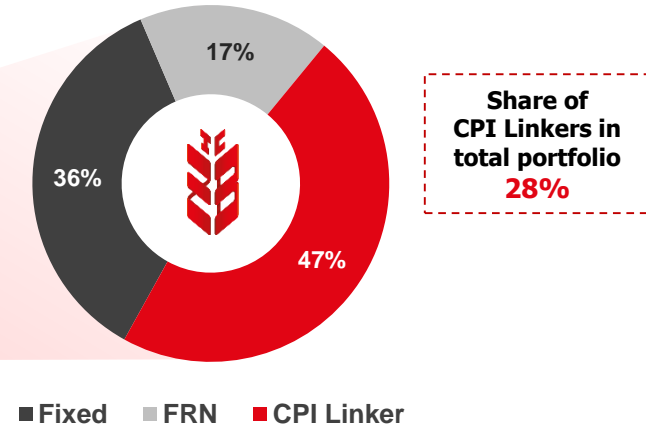
Total Securities (% share in total)

Total (TL bn)

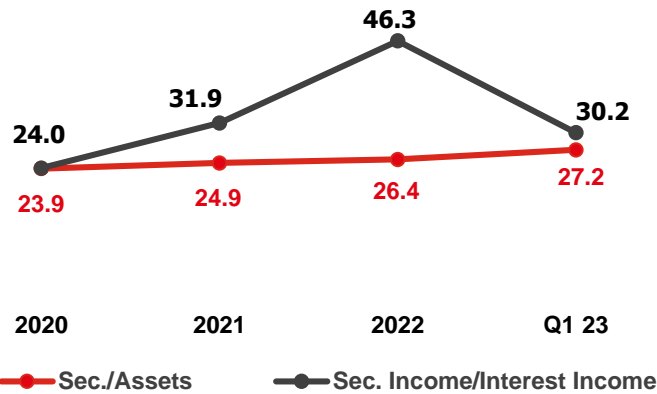


FX Securities
100% Fixed Rate

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

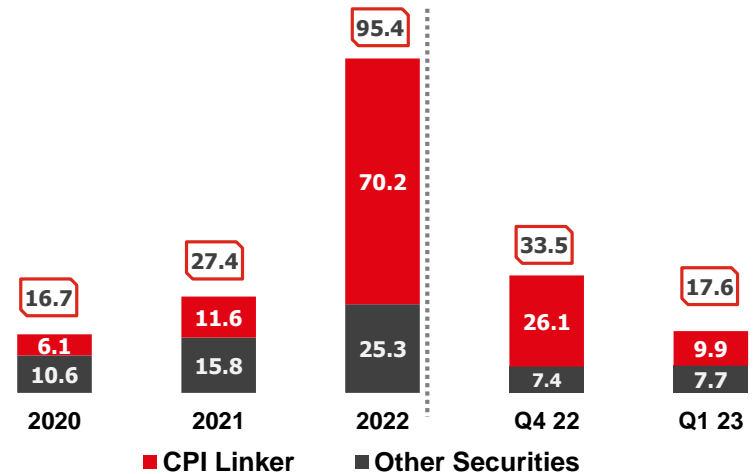


Contribution from Securities (%)



Inflation forecast for CPI-linker valuation **25%**

Interest Income from Securities (TL bn)



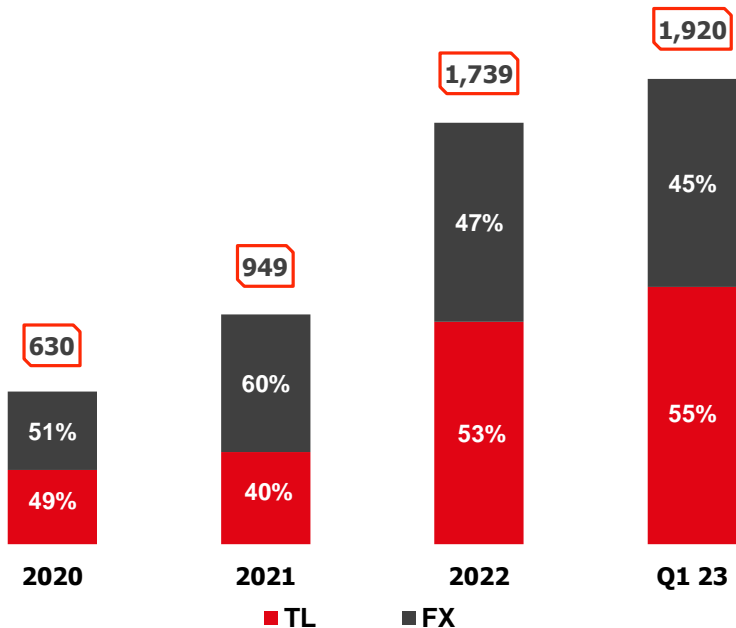
(1) Interest accruals included

Total Deposits (TL bn, % share in total)

Granular and sticky deposit base. Structurally high share of retail and SME segment deposits. Public deposits contribute to cost of funding.

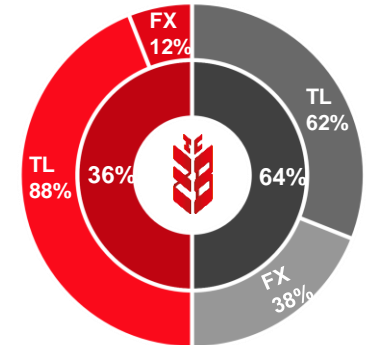
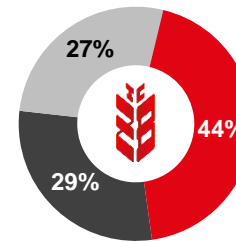
FX-Linked Deposit

FX-linked / Customer Deposit	Product Split ⁽¹⁾
11.0%	71% FX
	29% TL



Deposit Growth

	QoQ Δ	YoY Δ
Total Deposits	10.4%	80.7%
<i>Total Deposit (FX adj.)</i>	<i>9.2%</i>	<i>61.2%</i>
TL	15.6%	115.8%
FX(\$)	2.0%	14.1%
Customer Deposit	10.6%	82.3%
Demand	19.7%	83.1%
Time	5.8%	79.5%



■ SME ■ Corporate ■ Retail

■ Demand ■ Time

Core Deposit Ratio **95%**

Public / Total Deposits **16%**

Banking Sector Demand /
Total Deposits **36%**

Retail deposits share in
demand deposits **50%**

(1) TL portion shows deposits under Ministry of Treasury and Finance, FX portion shows deposit under CBRT compensation guarantee

Ziraat Bank – Funding

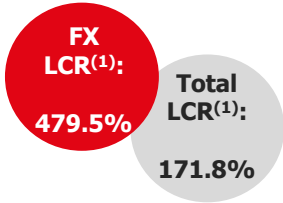
Non-Deposit Funds (TL bn, % share in total)

Cost oriented, adaptive wholesale funding management

under current global liquidity conditions.

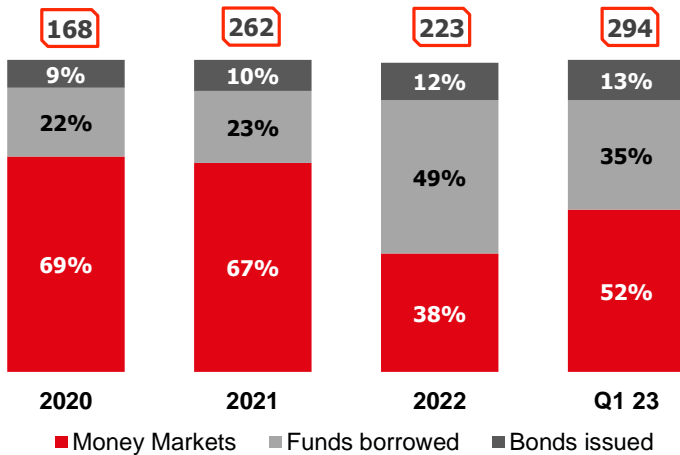
Adequate FX liquidity, which can cover FX wholesale redemptions.

Additional FX funding from DPR issuance in Q2 23.



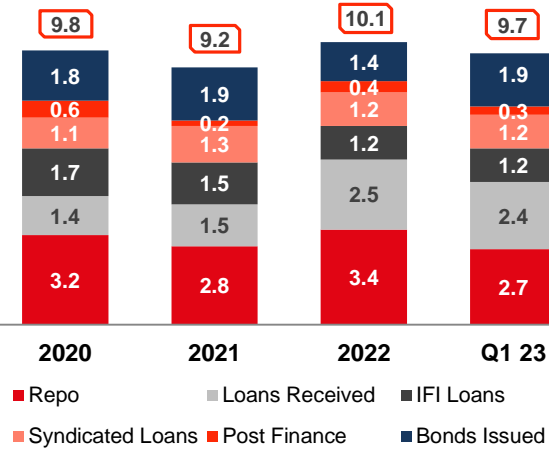
Non-deposit funding/
total funding: **12%**

FX external funding/
total funding: **8%**



(1) LCR regulatory minimums; Total: 100%, FX: 80%
 (2) Performing Loan/Total Deposit
 (3) Sector: Deposit banks

FX Non-Deposit Funding (USD bn)

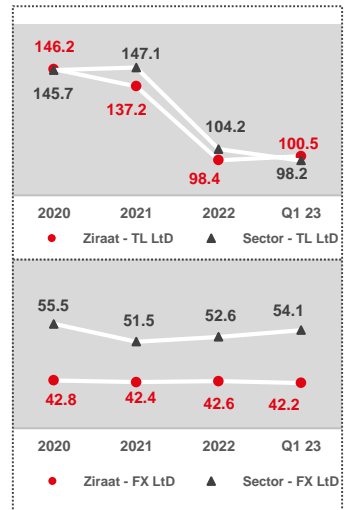
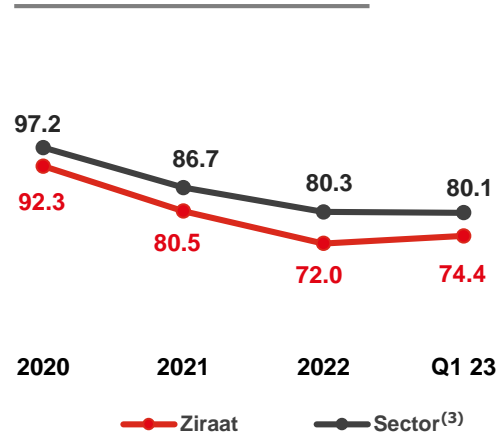


~ USD 14 bn
FX Liquidity
 2.6 bn cash & CBRT
 4.9 bn FX swap
 6.8 bn unencumbered securities

USD 500 mn
 3.5yr eurobond
 issuance in
 January 2023

USD 1.2 bn
 syndication loan
 R/O **103%**
 in April

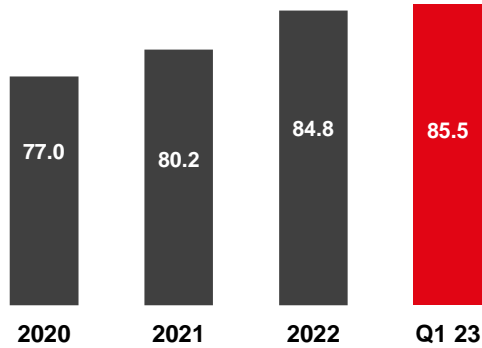
Loan to Deposit⁽²⁾ (%)



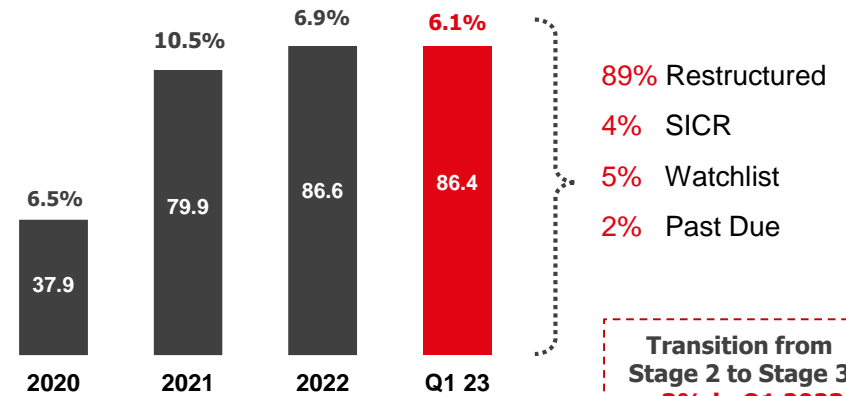
Loan Classification

Structurally low NPL generation arising from loan book dynamics.
 High provisioning strategy maintained in-line with prudent asset quality management strategy.
 Individual assesment approach for some customers.

Stage III Coverage (%)

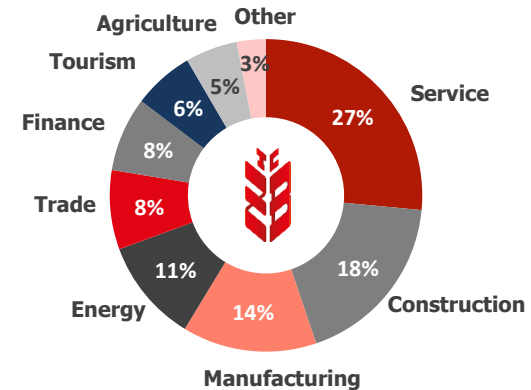


Stage II Loans (TL bn, % share in performing loan)



Transition from Stage 2 to Stage 3
< 3% in Q1 2023

Sector Breakdown of Stage II Business Loans



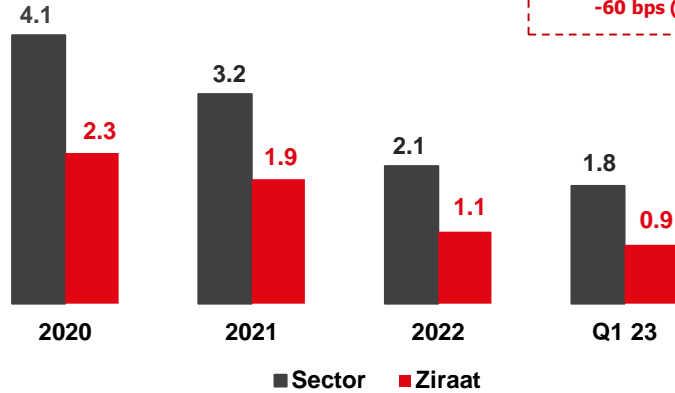
	Amount (TL bn)	Coverage	Change (QoQ)
Stage III	13.5	85.5%	+69 bps
Stage II	86.4	28.1%	-491 bps
Stage I	1,342	0.6%	-9 bps
TOTAL	1,442	3.0%	-78 bps



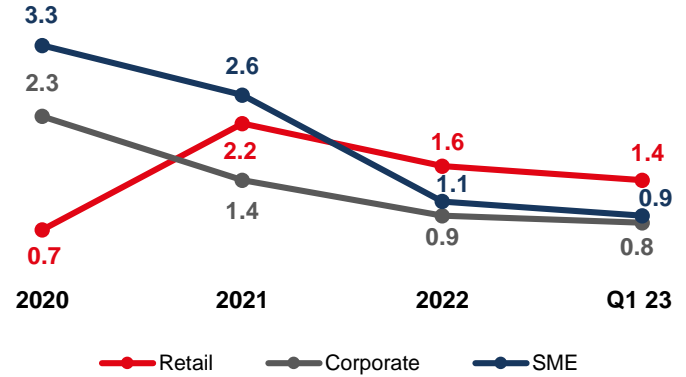
Ziraat Bank – Asset Quality

NPL Ratios (%)

No Write-Off or NPL Sale

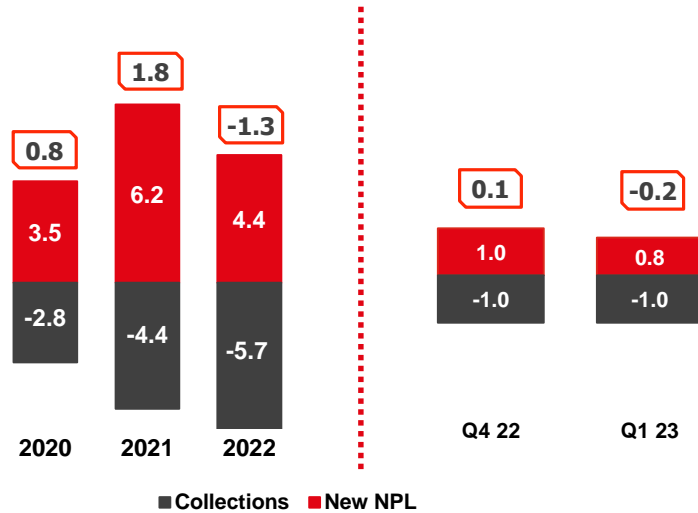


NPL Ratios by Segment (%)

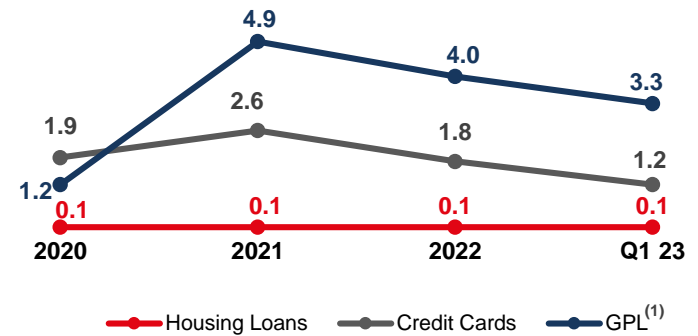


New NPL & Collections (TL bn)

Net NPL Formation

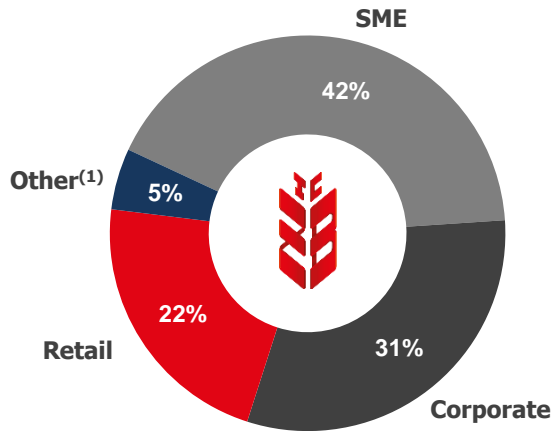


Retail NPL Ratios by Product (%)

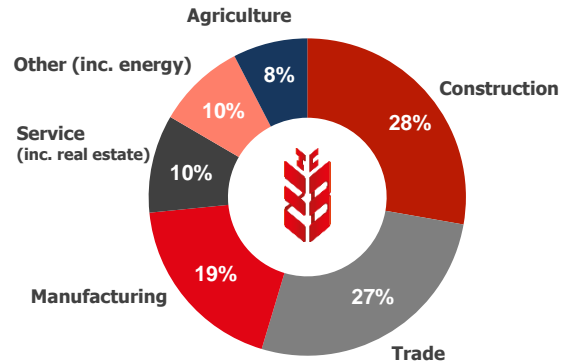


(1) After 2020, General Purpose Loans' NPL figure includes Covid-19 related lending under CGF, which will be compensated by the Fund

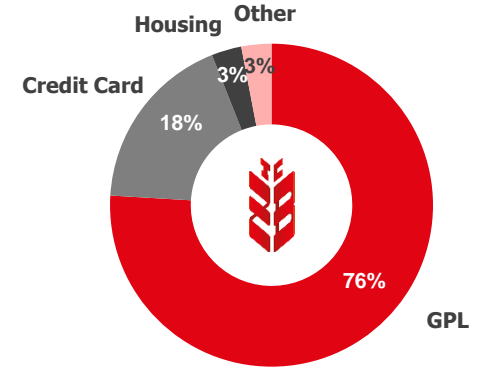
Total NPL by Segment



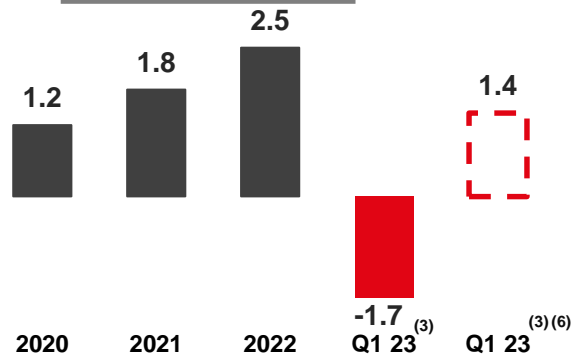
Business Loan NPL by Sector



Retail Loan NPL by Product



Cost of Risk⁽²⁾ (%)



Restructured Loans⁽⁴⁾
in Total Loans: **7.2%**

Total Coverage⁽⁵⁾ **320%**

TL 17.3 bn Total Free Provisions
(TL 11 bn reversal in Q1 23)

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

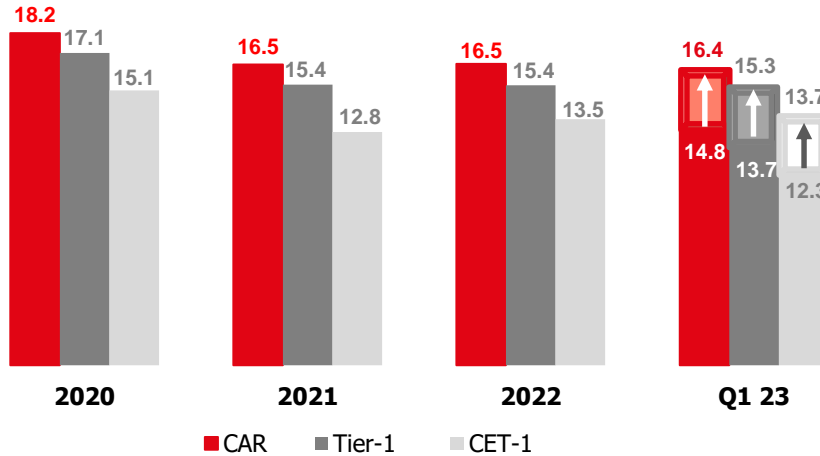
(4) Includes deferrals during the COVID 19 outbreak
(5) (S1 + S2 + S3 provisions) / NPL
(6) CoR adjusted for individual assessment and change in IFRS model



Ziraat Bank – Capitalization

Capital Ratios (%)

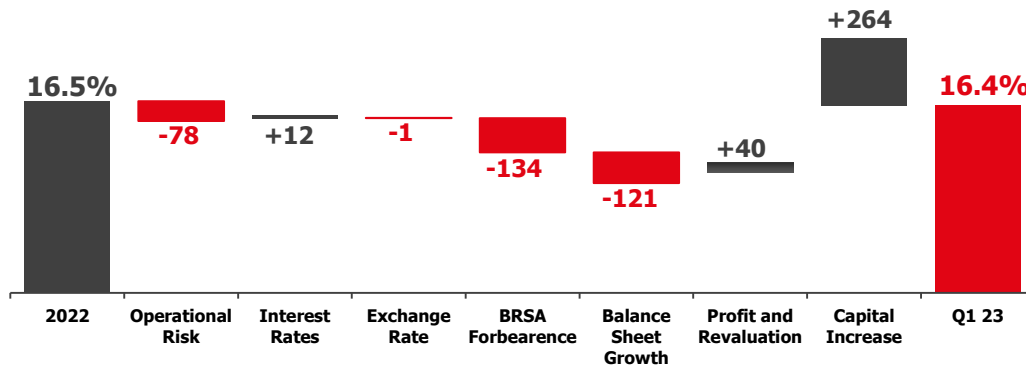
Forbearance Effect



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	0.03%	0.06%
	7.0%	9.0%
Including AT1 and Tier2	10.5%	12.5%

Change in CAR (QoQ, bps)



Basel III
Leverage **7.4%** vs
regulatory min of **3.0%**

TL 21 bn
excess capital⁽²⁾

10% depreciation in TL
-55 bps impact on CAR

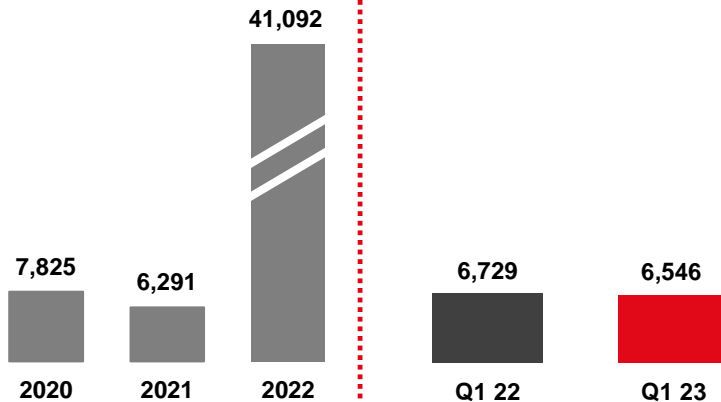
TL 49.7 bn capital increase:
+264 bps impact on CAR

(1) D-SIB Buffer is applied only to consolidated ratios
(2) Calculated over solo figures and 13.75% threshold without forbearance

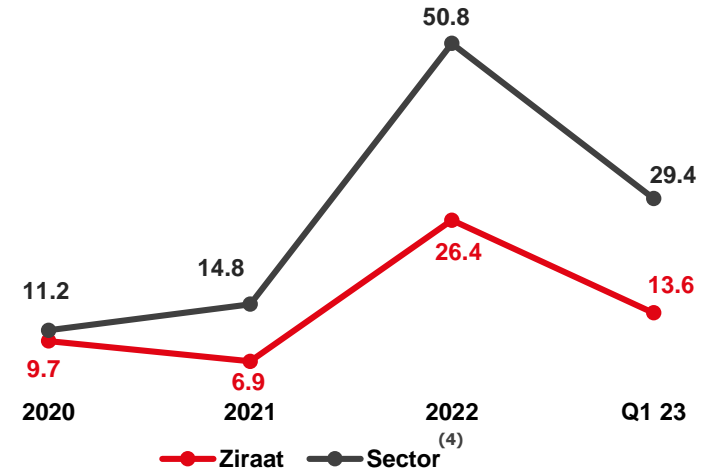
Ziraat Bank – Profitability

Net Profit (TL mn)

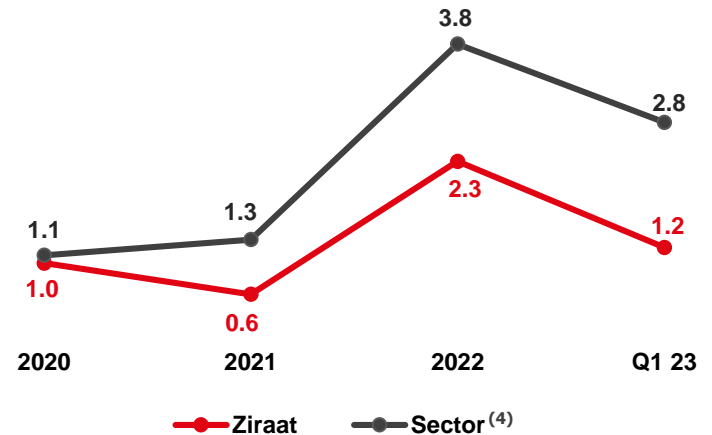
- **Moderate margin and profitability generation** as a result of lower CPI linked securities income and marginal increase in TL deposit costs.
- **Temporary increase in C/I ratio** ⁽¹⁾ (77.0%) resulting from NII compression and one off extraordinary earthquake donation.
- Remarkable **support** to profitability **from F&C income**. (QoQ increase 23%)
- **ROE and ROA** close to **sector average** when **free provision** adjusted.



Return on Equity⁽²⁾ (%)



Return on Assets⁽³⁾ (%)

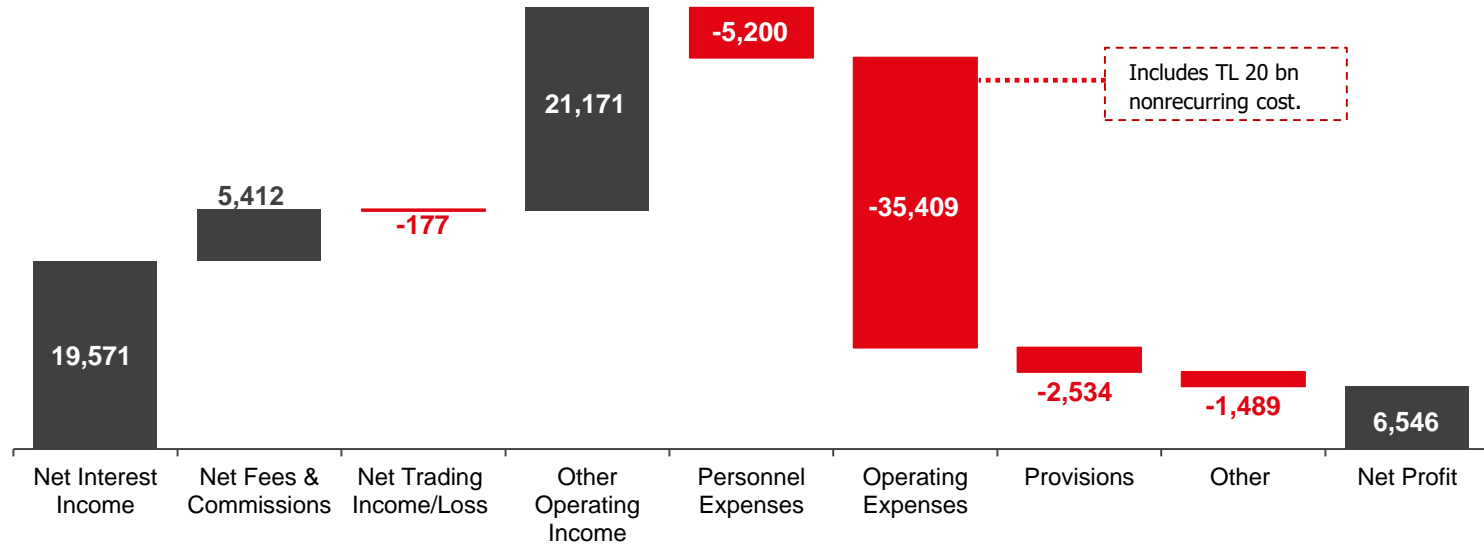


(1) The ratio includes negative impact from TL 20 bn earthquake donation in Q1 23 booked under extraordinary cost.
 (2) Average shareholders' equity represent weekly averages
 (3) Average total assets represent weekly averages
 (4) Sector: Deposit Banks

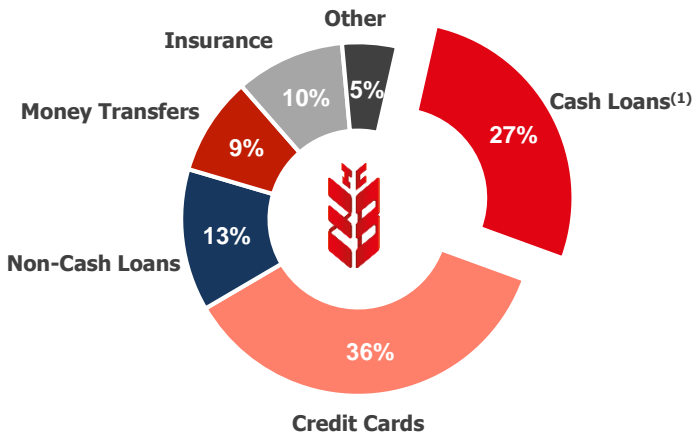


Ziraat Bank – Profitability

P&L Breakdown Q1 23 (TL mn)



F&C Income Breakdown in Q1 23



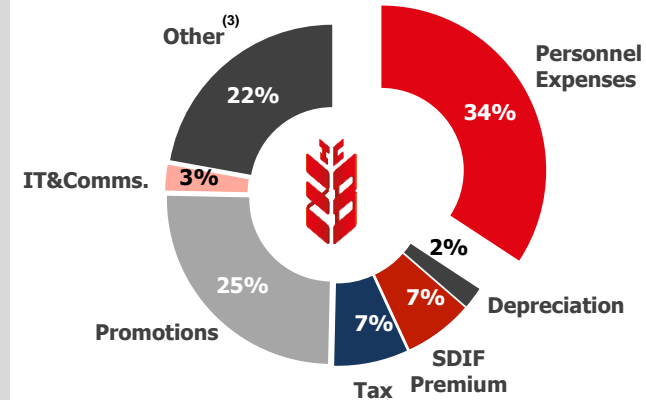
F&C Growth (YoY)

Credit Cards	152%
Money Transfers	135%
Non-Cash Loans	104%
Cash Loans	137%

OPEX Growth (YoY)

Tax	87%
Personnel Expenses	155%
SDIF Premium	91%
Utility Expenses	108%

OPEX Breakdown in Q1 23⁽²⁾



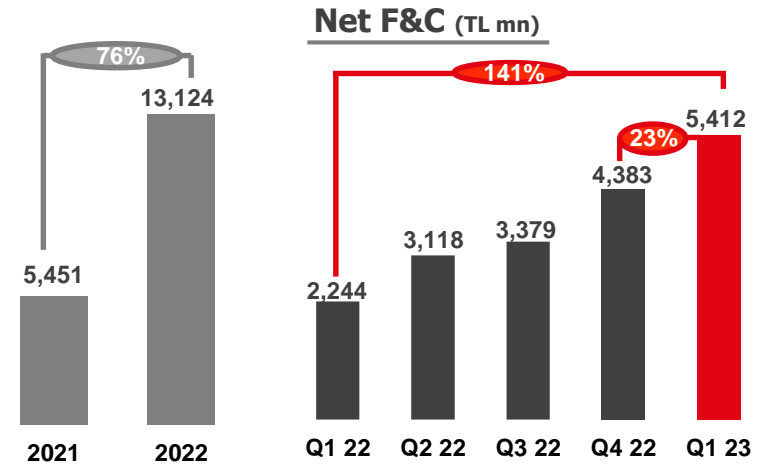
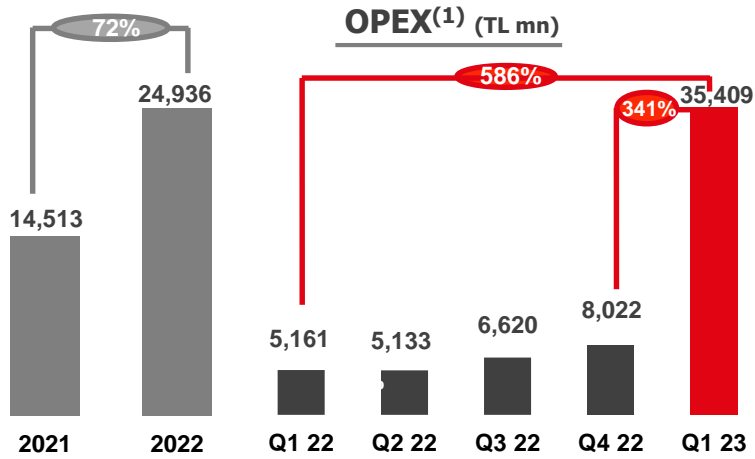
(1) Due to BRSA regulation, Fees & Commissions from cash loans are categorized under interest income

(2) Excluding extraordinary cost related with earthquake.

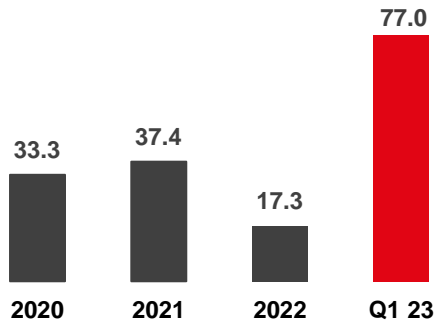
(3) Utilities and Maintenance Expenses are classified under Other item.



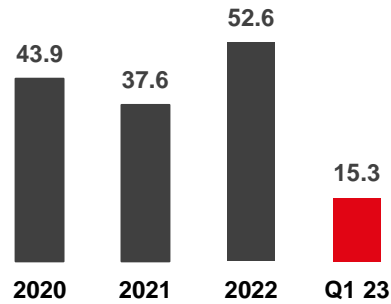
Ziraat Bank – Profitability & Cost Management



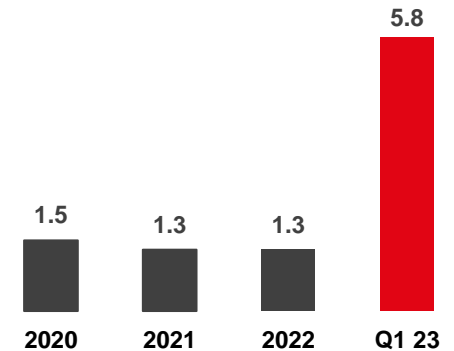
Cost/Income (%)



Fee/OPEX (%)



Cost/Avg. Assets (%)



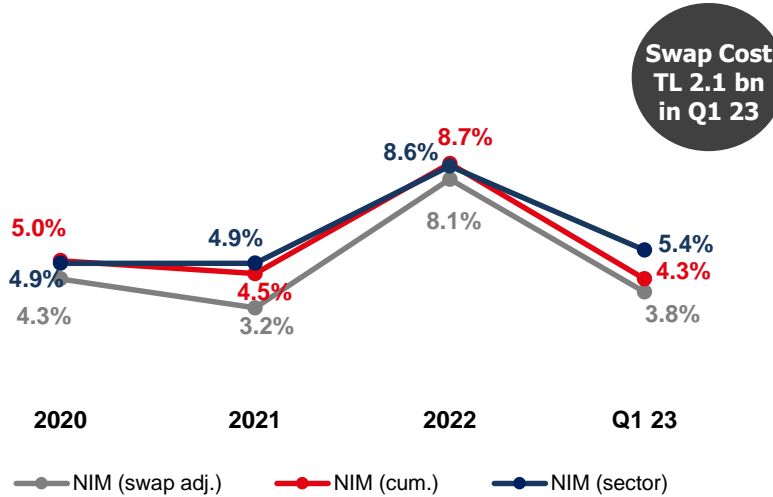
Ratios include **TL 20 bn** nonrecurring cost.

(1) Includes personnel expenses and other provision expenses



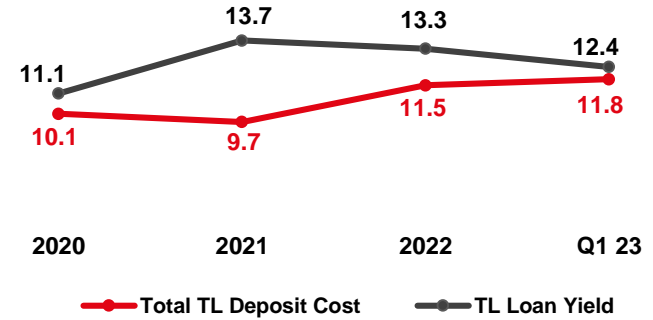
Ziraat Bank – NIM & Spreads

Net Interest Margin⁽¹⁾⁽²⁾

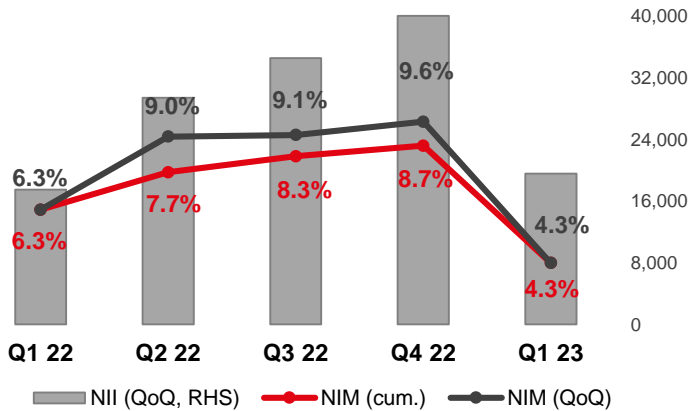


Decreasing NIM due to limited contribution from CPI linked securities income and marginally increasing TL deposit costs under tightening regulatory framework.

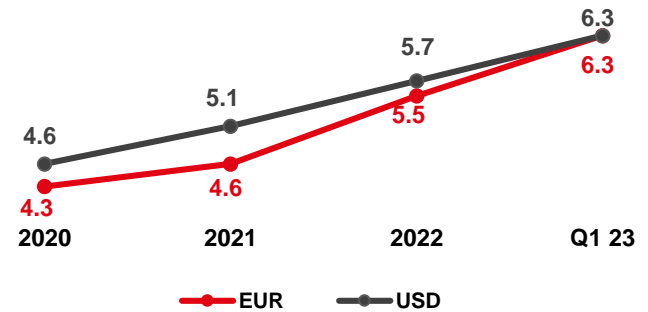
TL Loan Yield and Deposit Costs (%)



NII vs NIM (TL mn, %)



FX Core Spreads⁽³⁾ (%)

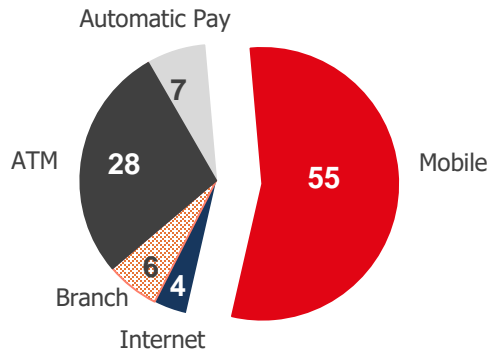


(1) Sector: Deposit banks
 (2) NIM = Net Interest Income / Avg. IEA
 (3) FX Loan - FX Deposit (Total)

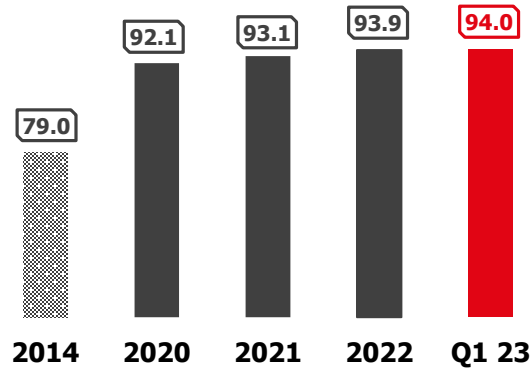
APPENDIX

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

Banking Transaction Channel Distribution (%)



Non-Branch Channels Usage (%)



Unique Service Delivery






21m Active digital banking customers

32m Internet banking customers

7,311 ATMs **14%** market share

Channel optimisation strategy and below inflation unit transaction cost increase in 2022.

Key Digitalization Achievements

-  Digital Onboarding Process
-  AI supported virtual assistant
-  Digitalized credit processes for corporate customers
-  New digital solutions to reduce branch usage
-  Open Banking Services

Digitalization Plans

-  **New Digital Bank "Ziraat Dinamik"**
-  Digital Banking Innovations For Children And Youth
-  New Payment System "Ziraat Pay"
-  Metaverse Branch
-  Service Banking
-  Digital Onboarding For Corporate Customers

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 Türkiye⁽¹⁾

The first Sustainability Bond was issued in January 2021; USD 600 mn Amount 5Y Maturity

The disaster relief loan package exclusively designed for the benefit of individuals, SMEs and farmers affected by the February 2023 earthquakes covering 11 provinces was determined to be the sustainability performance criterion of 2023 syndicated loan.

Environmental and Social Impact Management Policy in Lending Activities adopted in 2020 and the policy model became fully operational in 2022.

- Activities that will not be financed by the Bank have been determined
- Investment loan requests above a certain amount have been reviewed by environmental specialists



**2 Platinum Awards
2 Gold Awards
at LACP 2021 Vision Awards
for our
2021 Integrated Annual Report**

Ziraat's Sustainability-linked 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
- Young Farmer Loan
- Woman Farmer Loan
- Golden Hive Loan
- Rooftop Solar Energy Loan
- Agricultural SME Loan

(1) The syndicated loan renewed in April 2023 amounting USD 1.2 bn.



Ziraat Bank – Balance Sheet Summary

TL bn	2020	2021	Mar.22	2022	Mar. 23	% Change QoQ	% Change YoY
CASH AND CASH EQUIVALENTS	91.0	222.1	185.0	391.2	387.4	-1.0%	109.4%
SECURITIES	225.6	341.4	422.0	588.3	714.1	21.4%	69.2%
LOANS	600.7	778.4	865.7	1,266.4	1,441.5	13.8%	66.5%
-Gross NPL	13.9	15.1	14.9	13.7	13.5	-1.4%	-9.0%
-Expected Credit Loss (-)	18.8	29.1	31.4	48.0	43.6	-9.2%	38.9%
OTHERS	29.8	29.0	30.4	65.8	86.6	31.7%	184.9%
TOTAL ASSETS	942.6	1,370.9	1,503.1	2,311.7	2,629.6	13.8%	74.9%
DEPOSITS	629.9	948.7	1,062.0	1,739.3	1,919.6	10.4%	80.7%
FUNDS BORROWED	37.0	59.3	64.7	110.2	104.1	-5.5%	60.8%
INTERBANK MONEY MARKETS	116.4	176.7	107.6	85.1	152.5	79.3%	41.7%
PROVISIONS	7.1	9.1	11.4	48.7	36.4	-25.3%	219.8%
OTHERS	59.0	80.0	107.4	125.9	155.9	23.8%	45.1%
TOTAL LIABILITIES	849.3	1,273.8	1,353.2	2,109.2	2,368.5	12.3%	75.0%
SHAREHOLDERS' EQUITY	93.3	97.1	150.0	202.5	261.1	29.0%	74.1%



Ziraat Bank – Income Statement Summary

TL mn	2020	2021	2022	Q1 22	Q4 22	Q1 23	% Chg QoQ	% Chg YoY
INTEREST INCOME	69,476	101,998	220,630	35,250	72,264	58,295	-19.3%	65.4%
-From Loans	52,330	72,794	121,726	23,331	37,066	39,005	5.2%	67.2%
-From Securities	16,696	27,440	95,410	11,347	61,833	17,631	-71.5%	55.4%
INTEREST EXPENSE	34,862	62,230	99,147	17,758	32,211	38,724	20.2%	118.1%
-On Deposits	22,812	41,199	73,694	12,651	24,563	30,487	24.1%	141.0%
NET INTEREST INCOME	34,615	39,768	121,483	17,492	40,052	19,571	-51.1%	11.9%
NET FEES & COMMISSIONS	3,093	5,451	13,124	2,244	4,383	5,412	23.5%	141.2%
OTHER OPERATING INCOME	5,182	4,444	7,736	1,698	1,611	21,171	NM	NM
EXPECTED CREDIT LOSS	10,691	14,956	29,545	3,852	16,359	2,408	-85.3%	-37.5%
-Stage 1 Provisions	1,340	199	9,798	706	8,265	1,281	-84.5%	81.5%
-Stage 2 Provisions	5,505	9,861	15,326	2,048	6,833	418	-93.9%	-79.6%
-Stage 3 Provisions	3,846	4,896	4,421	1,098	749	710	-5.2%	-35.3%
OTHER PROVISION EXPENSES	2,648	374	28,794	1,977	1,291	126	-90.2%	-93.6%
OPEX ⁽¹⁾	12,092	14,513	24,936	5,161	8,022	35,409	NM	NM
NET OPERATING PROFIT	10,834	8,913	61,251	10,609	21,306	8,033	-62.3%	-24.3%
NET PROFIT	7,825	6,291	41,092	6,729	16,259	6,546	-59.7%	-2.7%

(1) OPEX includes personnel expenses and other provision expenses

Source: Unconsolidated Financial Statements
NM: Not meaningful



Ziraat Bank – Key Financial Ratios

(%)	2020	2021	Q1 22	Q2 22	Q3 22	2022	Q1 23
ROAA ⁽¹⁾	1.0	0.6	2.0	2.2	2.0	2.3	1.2
ROAE ⁽²⁾	9.7	6.9	24.0	23.9	22.6	26.4	13.6
Cost / Income ⁽³⁾	33.3	37.4	23.9	18.3	17.3	17.3	77.0
Fee / OPEX ⁽⁴⁾	25.6	37.6	43.5	52.1	51.7	52.6	15.3
NIM (cum.) ⁽⁵⁾	5.0	4.5	6.3	7.7	8.3	8.7	4.3
Loans ⁽⁶⁾ /Deposits	92.3	80.5	80.1	83.1	72.6	72.0	74.4
Loans/Assets	62.2	55.7	56.6	58.0	53.8	54.2	54.3
Securities/Assets	23.9	24.9	28.1	26.4	25.1	25.5	27.2
NPL	2.3	1.9	1.7	1.3	1.2	1.1	0.9
Stage III Coverage	77.0	80.2	81.2	82.4	83.2	84.8	85.5
CoR	1.2	1.8	1.4 ⁽⁷⁾	1.1 ⁽⁷⁾	1.3 ⁽⁷⁾	2.5	1.4 ⁽⁷⁾
CAR	18.2	16.5	20.7	15.6	15.6	16.5	16.4
Leverage ⁽⁸⁾	9.1	13.1	9.0	10.5	11.4	10.4	9.1
# of							
Branches ⁽⁹⁾	1,752	1,752	1,751	1,752	1,756	1,758	1,758
Employees	24,673	24,607	24,423	24,579	24,531	24,484	26,047
ATMs	7,274	7,269	7,215	7,236	7,256	7,276	7,311

(1) Average total assets represent weekly averages

(2) Average shareholders' equity represent weekly averages

(3) Includes dividend income

(4) Includes Personnel Expenses

(5) Average interest earning assets represent weekly averages

(6) Performing Loans

(7) Annualized figure , CoR adjusted for individual assesment and change in IFRS model

(8) Leverage = (Assets/Shareholders' Equity)-1

(9) Including foreign branches

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