

**Financial Presentation
June 2023**



Ziraat Bank

More than a bank



Ziraat Bank – Highlights

Largest bank in Türkiye with
~ **USD 118 bn.** asset size
~ **16%** market share

**TL 3,019
bn**

Widest local and international geographic footprint with 1,765 branches

- Only bank in **370** 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

41 mn

1,765

Uninterrupted market leadership

- Assets
- Loans
- Deposits
- Equity

Adequate capital ratios

- Sufficient buffers to support capital and sustainable growth under regulatory environment.
 - CET-1: 12.3%

15.3%

#1

Robust asset quality

- Limited NPL formation
- Ongoing NPL collection
- Prudent provisioning approach with **78%** 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 **76%**.

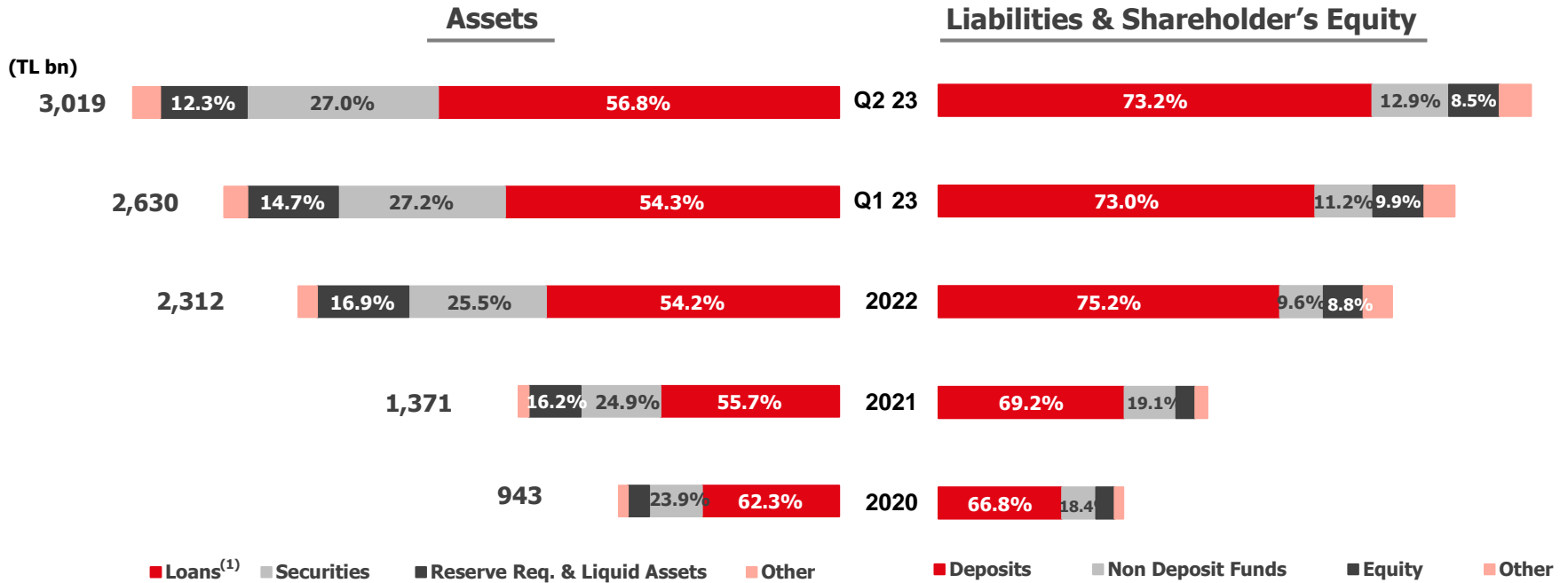
76%

**TL 2,209
bn**

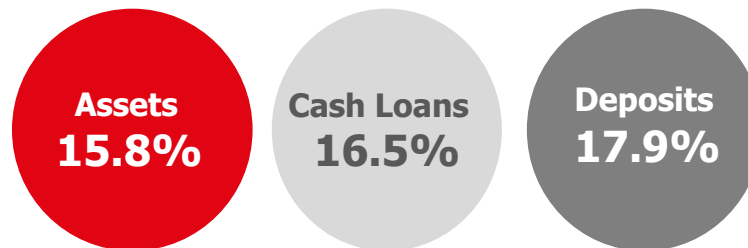
Granular and sticky deposit base

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

Ziraat Bank – Assets & Liabilities



Market Shares



(1) Performing loans



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

Selective lending policy continued.

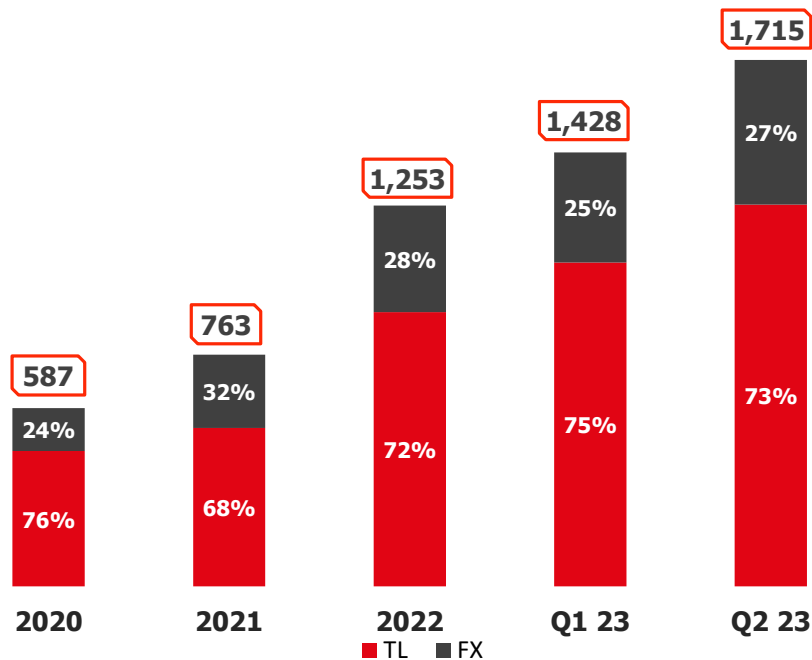
SME driven loan growth, with significant contribution from agro and manufacturing loans.

Credit card driven retail segment lending growth.

Continuation of **muted FX lending**.

New lending under **CGF** scheme.

Dynamic lending growth **strategies to further adapt to changing regulatory boundaries** for the coming period.



(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	20.1%	68.4%
Total Loans (FX adj.)	12.8%	53.4%
TL	17.9%	78.4%
FX(\$)	-2.0%	-2.7%
Retail	17.8%	49.1%
Housing	1.7%	8.3%
GPL	15.6%	34.4%
Credit Card	138.2%	303.6%
SME⁽²⁾	22.5%	95.5%
Corporate	15.5%	53.4%
Corp. (FX adj.)	0.6%	25.5%

Housing Loans

41% of retail loans

27% Market Share

42% LTV⁽³⁾

0.1% NPL

GPL

27% of retail loans

9% Market Share

Pensioners account for

31% of total GPL

Credit Card

TL **77 bn**

9.3% Market Share⁽⁴⁾

11 million customers

Agro Loans

TL **362 bn**

76% Market share

863 k agro customers

83% Subsidized

0.2% Agro NPL

CGF Guaranteed Loans

TL **84 bn** (56% QoQ)

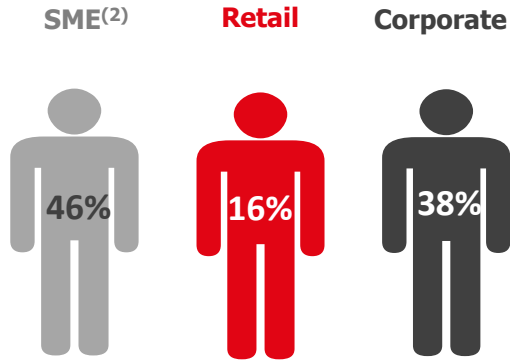
5% of cash loans

~806k customers

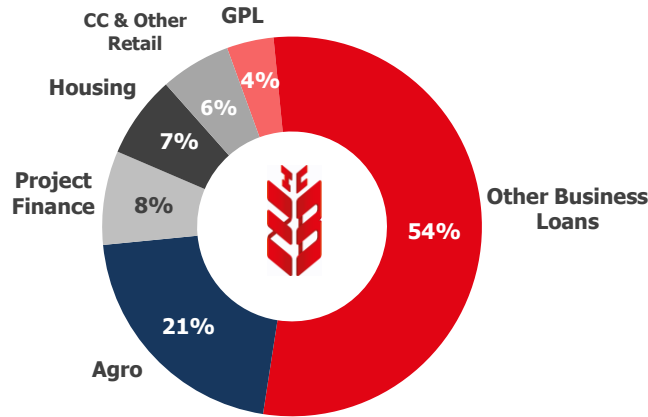
TL **1.4 bn** retail segment

Ziraat Bank – Lending Mix

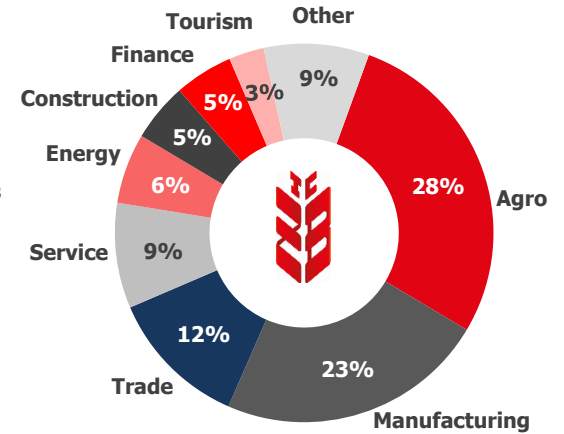
Cash Loans by Customer Segment⁽¹⁾



Cash Loans by Product



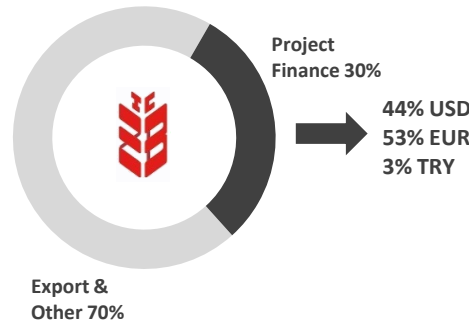
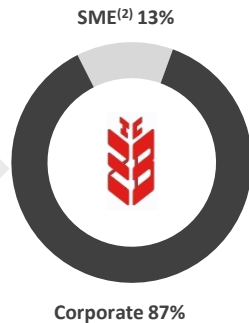
Sector Breakdown of Cash Business Loans⁽¹⁾



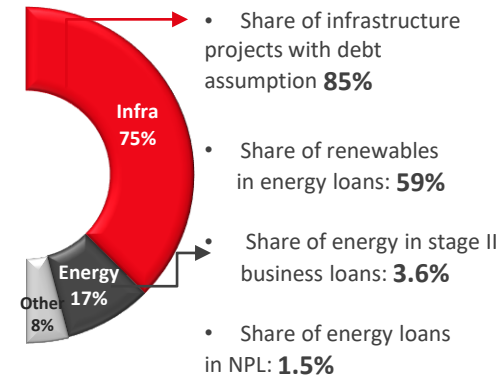
• Based on customer segmentation data, totals may differ from product classification

FX Loans

- FX Loans Outstanding USD **18.5 bn**
- FX Loans/Total Loans **28%** in line with sector⁽³⁾ average
- FX Loans NPL **1.2%**



44% USD
53% EUR
3% TRY



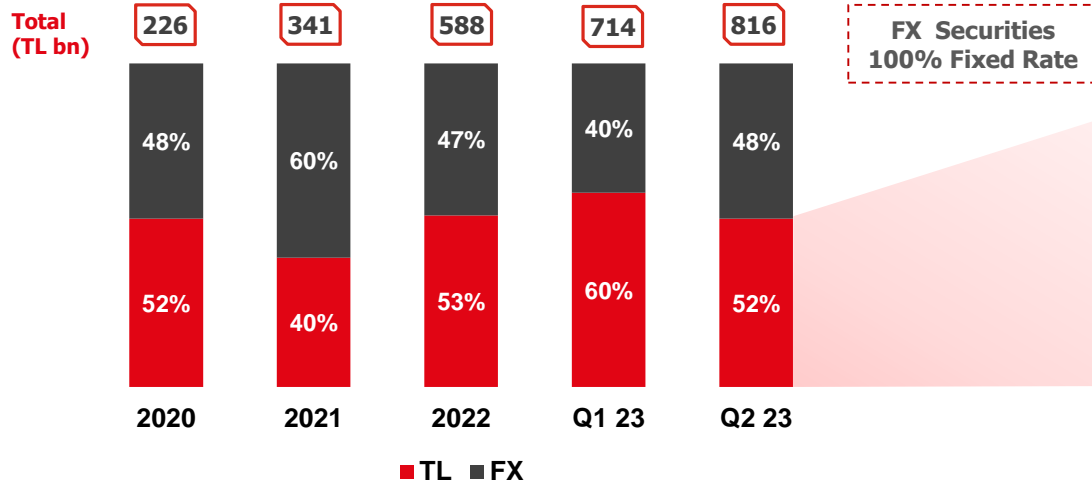
(1) Accruals and overseas branch lending are excluded from segment and/or sector distribution

(2) SME customers are classified under commercial segment

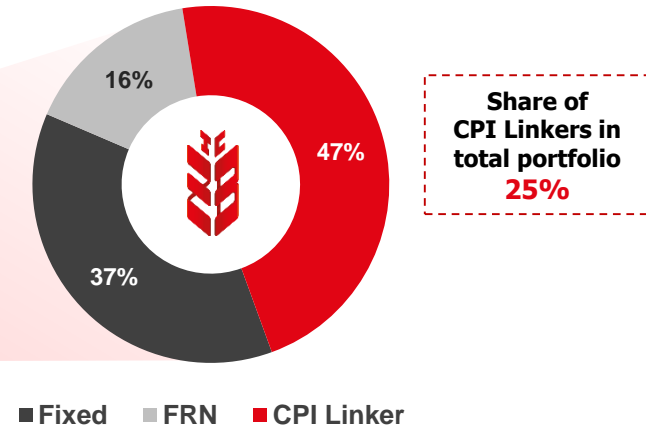
(3) Sector: Deposit banks

Ziraat Bank – Securities Portfolio

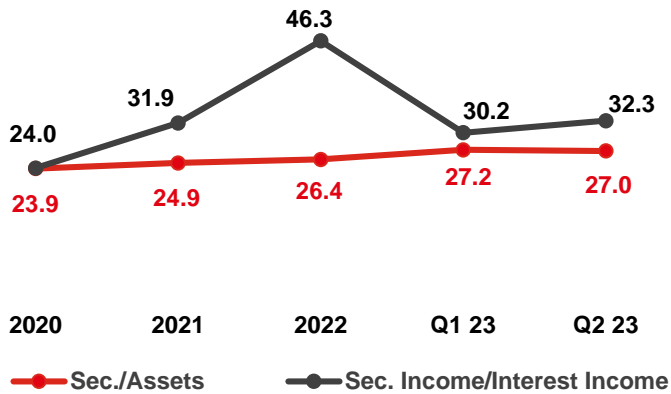
Total Securities (% share in total)



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



Contribution from Securities (%)

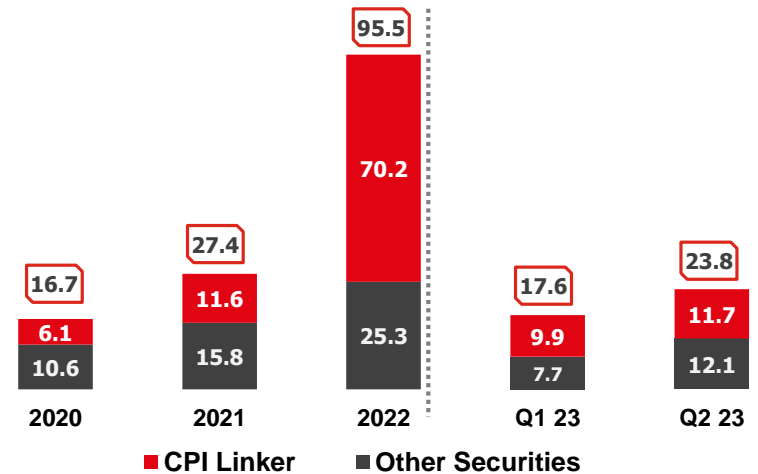


Inflation forecast for CPI-linker valuation 25%

CBRT YE guidance %58

Additional buffer to be reflected to NIM and profitability in H2

Interest Income from Securities (TL bn)



(1) Interest accruals included

Ziraat Bank – Funding

Total Deposits (TL bn, % share in total)

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

Regulatory TL deposit / Total deposit⁽¹⁾ above 57% both for retail and corporate customers

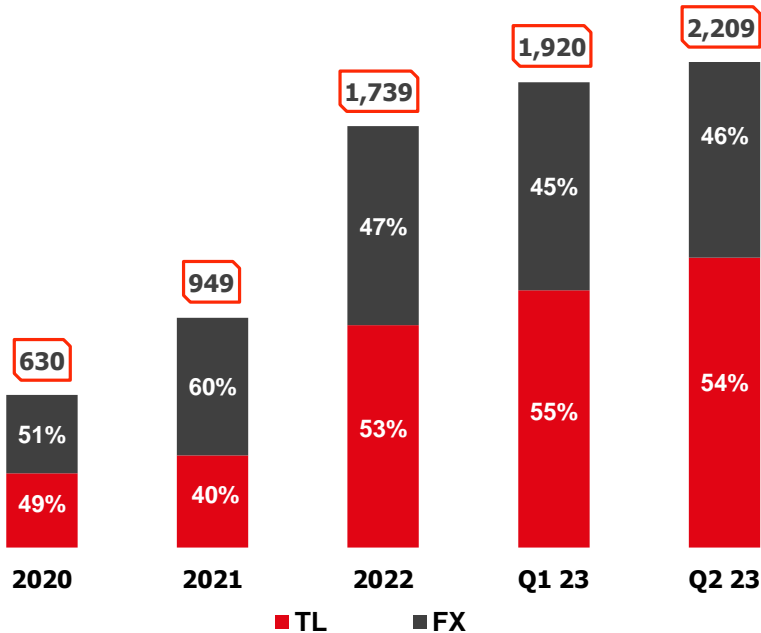
FX-Linked Deposit

Share in Total Deposit : 16.2%

Market Share : 13%

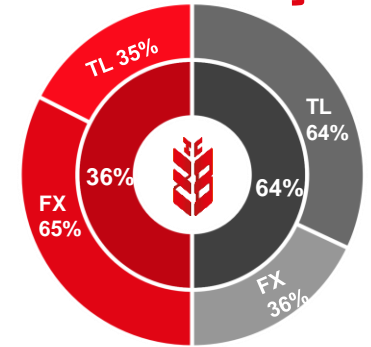
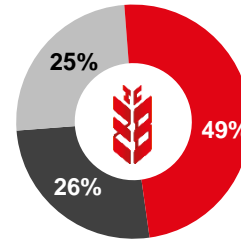
71% FX
29 %TL

73% Retail
27% Corporate



Deposit Growth

	QoQ Δ	YoY Δ
Total Deposits	15.1%	80.3%
Total Deposit (FX adj.)	1.8%	50.9%
TL	12.8%	109.1%
FX(\$)	-11.9%	-0.1%
Customer Deposit	13.2%	79.7%
Demand	14.6%	79.3%
Time	15.3%	80.9%



■ SME ■ Corporate ■ Retail

■ Demand ■ Time

Core Deposit Ratio **95%**

Public / Total Deposits **12%**

TL Deposit Market Shares



(1) The ratio calculation includes/excludes deposit items or product.

Ziraat Bank – Funding

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

Cost oriented, adaptive wholesale funding management under current global liquidity conditions and new monetary policy implications in Türkiye .

Adequate FX liquidity, which can cover FX wholesale redemptions.

FX LCR⁽¹⁾:

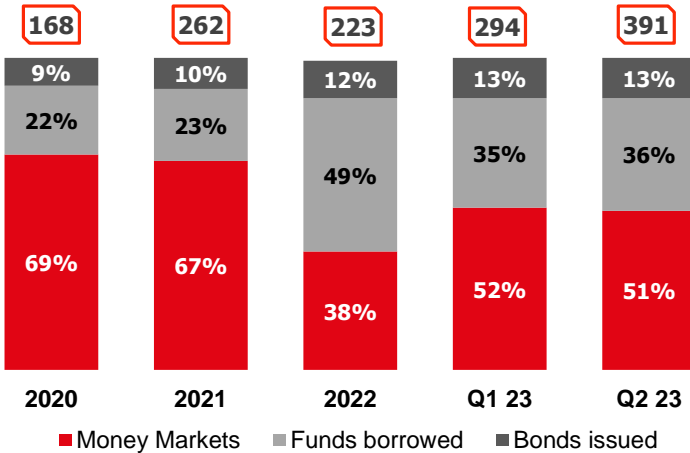
520.8%

Total LCR⁽¹⁾:

123.7%

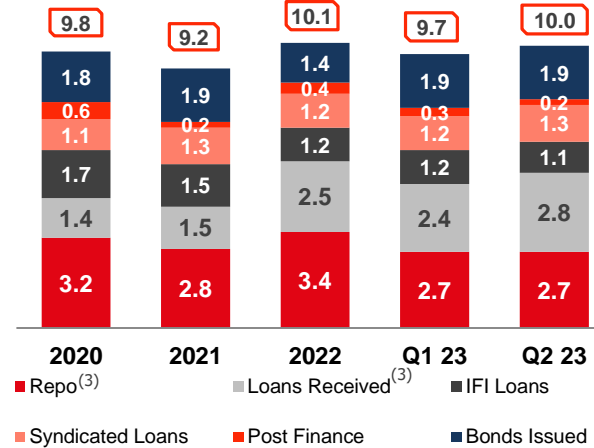
Non-deposit funding/
total funding: **13%**

FX external funding/
total funding: **9%**



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

FX Non-Deposit Funding (USD bn)



FX Liquidity

~ USD 15 bn

2.3 bn cash & CBRT

6.2 bn FX swap

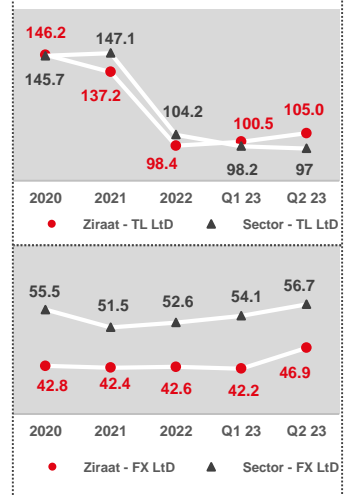
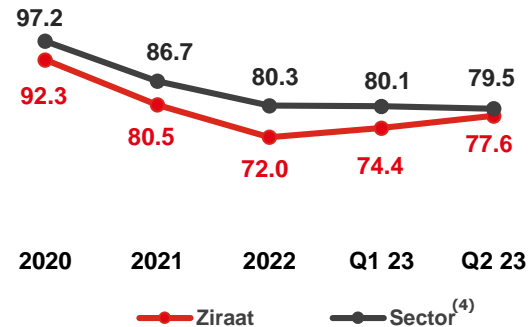
6.4 bn unencumbered securities

USD 500 mn
3.5yr eurobond
issuance in
January

USD 1.3 bn
syndication loan
R/O 103%
in April

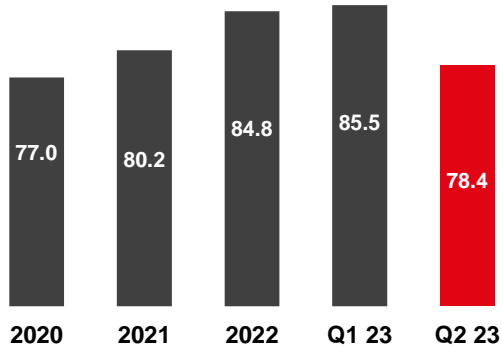
USD 1 bn
2 Tranche, 5 yr DPR
debut issuance in
May

Loan to Deposit⁽²⁾ (%)



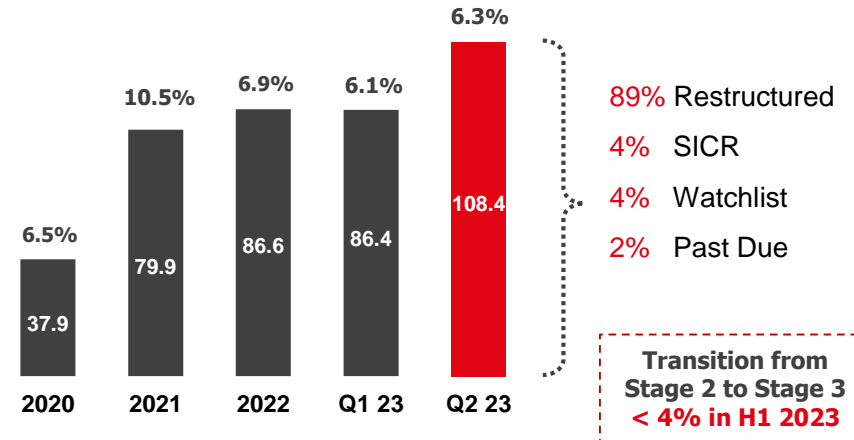
Structurally low NPL generation arising from loan book dynamics. High provisioning strategy maintained in-line with prudent asset quality management strategy. Individual assesment approach for some customers.

Stage III Coverage (%)

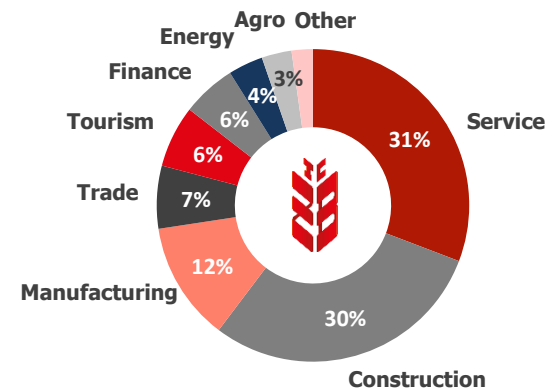


	Amount (TL bn)	Coverage	Change (QoQ)
Stage III	15.9	78.4%	-710 bps
Stage II	108.3	26.6%	-151 bps
Stage I	1,606	0.6%	-2 bps
TOTAL	1,731	3.0%	-90 bps

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

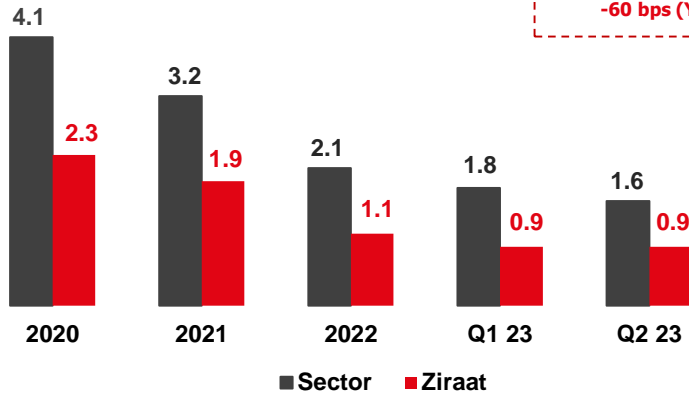


Sector Breakdown of Stage II Business Loans



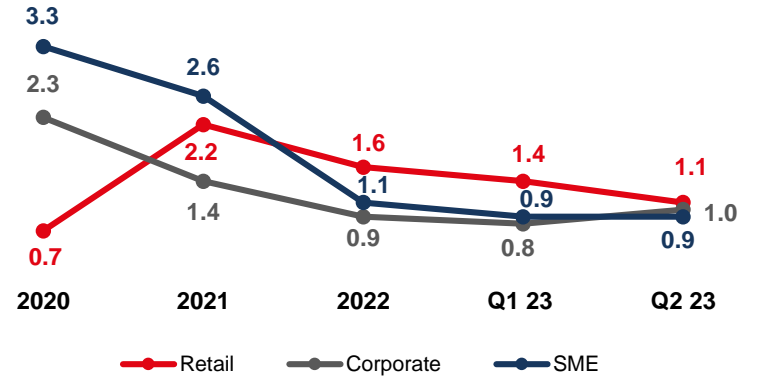
NPL Ratios (%)

No Write-Off or NPL Sale



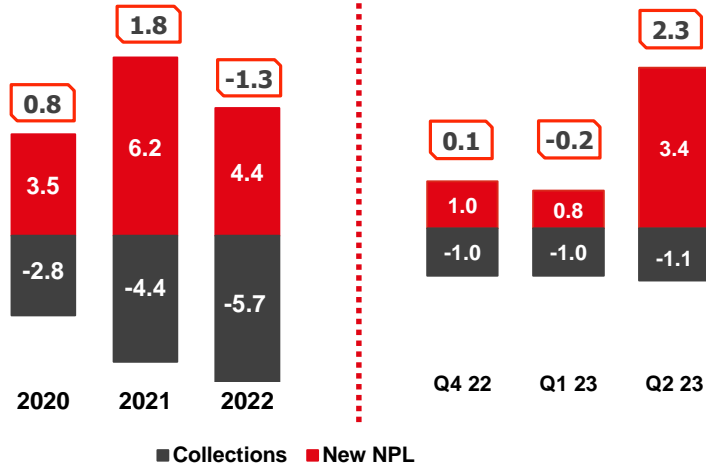
Loan Growth Adjustment impact on NPL: -60 bps (YoY)

NPL Ratios by Segment (%)

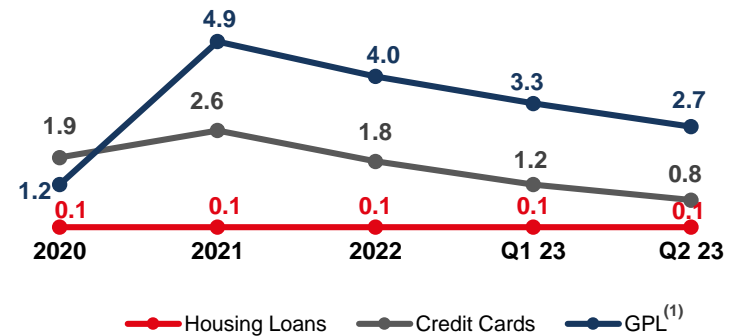


New NPL & Collections (TL bn)

Net NPL Formation

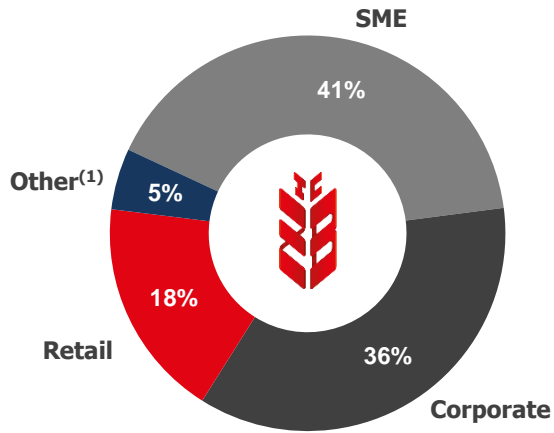


Retail NPL Ratios by Product (%)

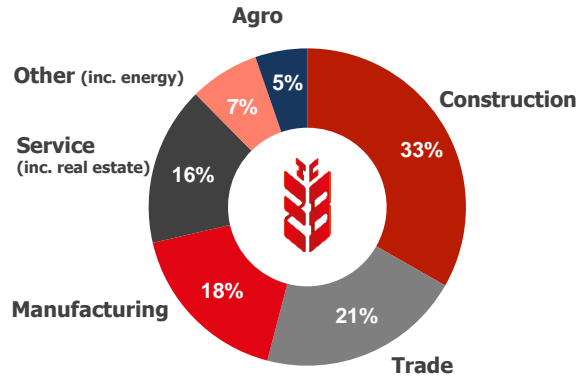


(1) After 2020, General Purpose Loans' NPL figure includes Covid-19 related lending under CGF, which will be compensated by the Fund

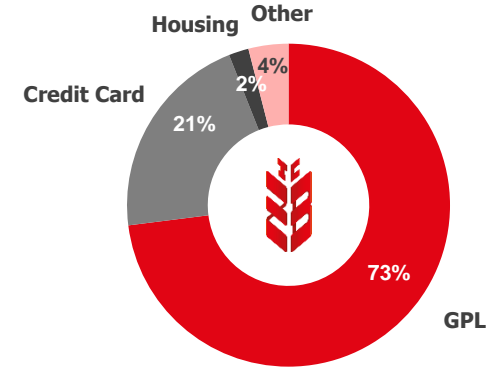
Total NPL by Segment



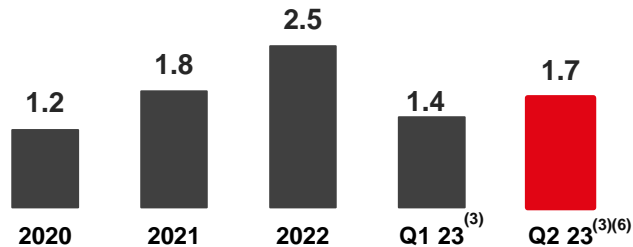
Business Loan NPL by Sector



Retail Loan NPL by Product



Cost of Risk⁽²⁾ (%)



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

Total Coverage⁽⁵⁾ **315%**

TL 17.3 bn Total Free Provisions⁽⁷⁾

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

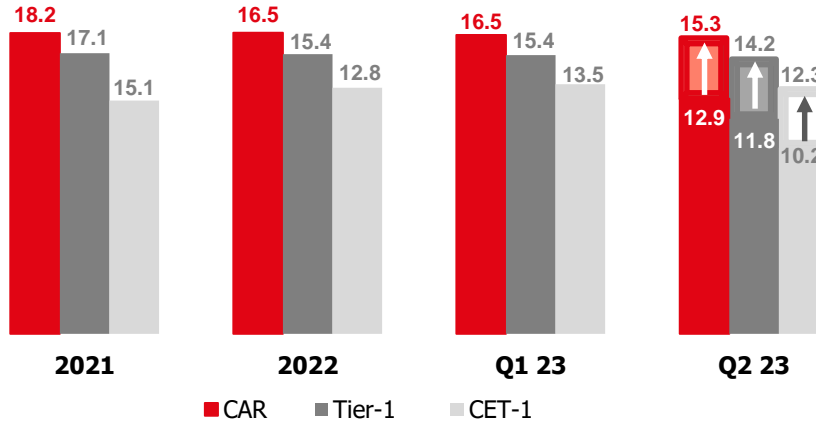
(4) Includes deferrals during the COVID 19 outbreak
(5) (S1 + S2 + S3 provisions) / NPL
(6) CoR adjusted for individual assesment and change in IFRS model
(7) TL 11 bn free provision reversal in Q1 23



Ziraat Bank – Capitalization

Capital Ratios (%)

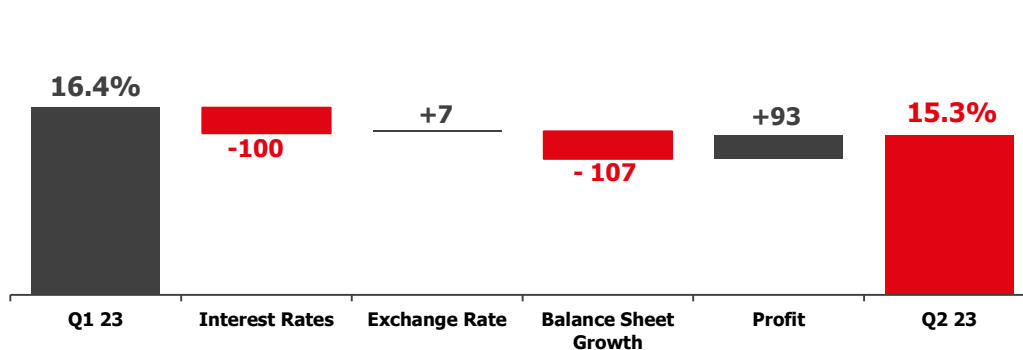
Forbearance Effects⁽¹⁾



Capital Ratio Requirements

	Solo	Cons.
CET1 Capital Ratio	4.5%	4.5%
Capital Conservation Buffer	2.5%	2.5%
D-SIB Buffer ⁽²⁾	-	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 **7.3%** vs
regulatory min of **3.0%**

TL 16 bn
excess capital⁽³⁾

10% depreciation in TL
-40 bps impact on CAR

100 bps increase in TL rate
-8 bps impact on CAR

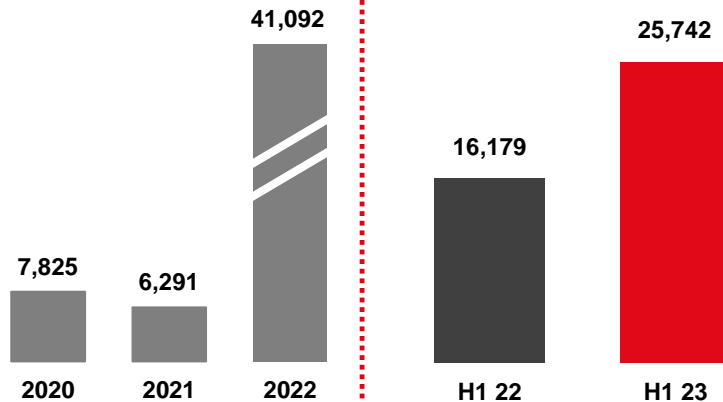
(1) BRSA forbearance measures are FX rate, MtM, 0% Risk Weight, High Risk Weight for certain loans
(2) D-SIB Buffer is applied only to consolidated ratios
(3) Calculated over solo figures and 13.75% threshold without forbearance



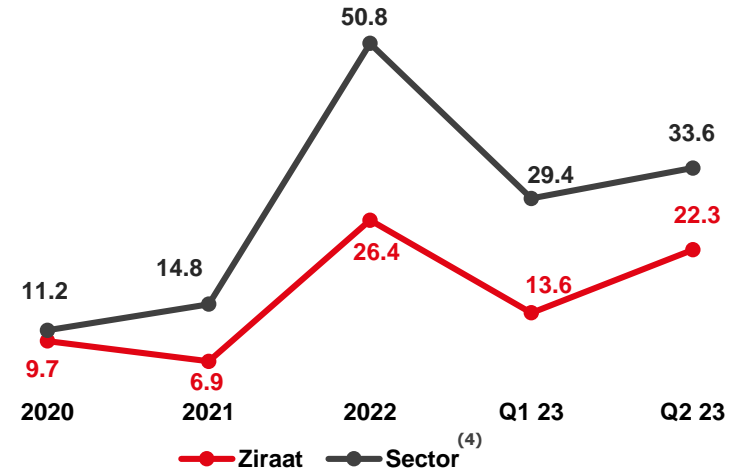
Ziraat Bank – Profitability

Net Profit (TL mn)

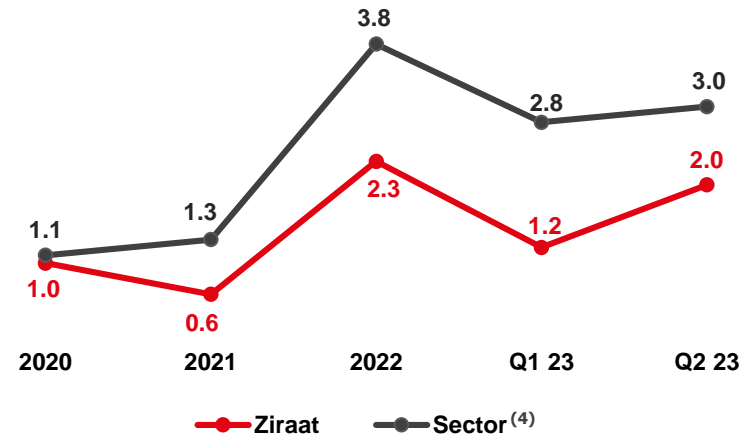
- **Moderate margin and profitability generation** as a result of lower CPI linked securities income and marginal increase in TL deposit costs.
- **High C/I ratio** ⁽¹⁾ (53.3%) resulting from NII compression and one off extraordinary earthquake donation in Q1.
- Remarkable **support** to profitability **from Trading P&L and F&C income**.
- **ROE and ROA** close to **sector average** when **free provision adjusted**.



Return on Equity⁽²⁾ (%)



Return on Assets⁽³⁾ (%)

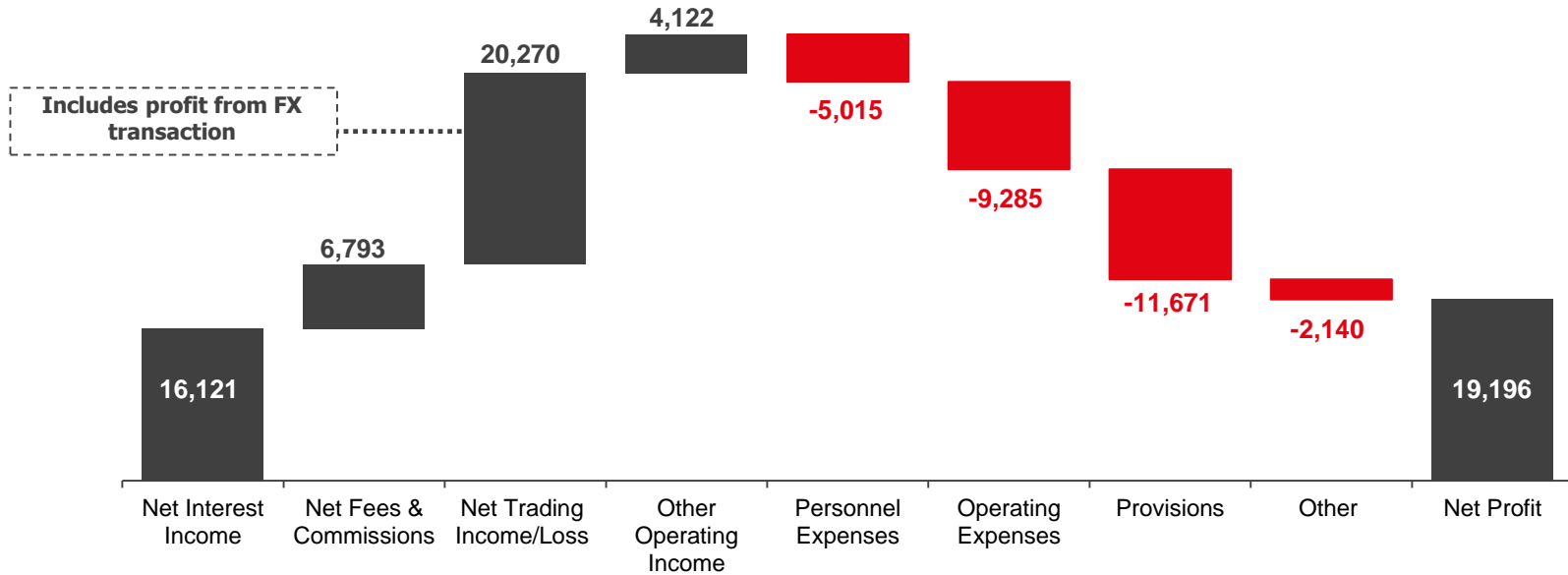


(1) The ratio includes negative impact from TL 20 bn earthquake donation in Q1 23 booked under extraordinary cost.
 (2) Average shareholders' equity represent weekly averages
 (3) Average total assets represent weekly averages
 (4) Sector: Deposit Banks

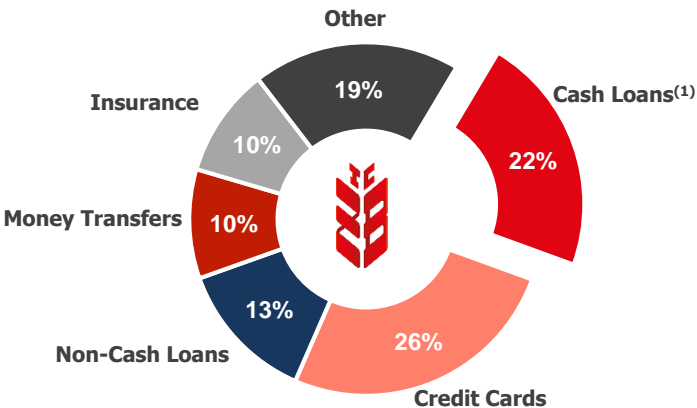


Ziraat Bank – Profitability

P&L Breakdown Q2 23 (TL mn)



F&C Income Breakdown in H1 23



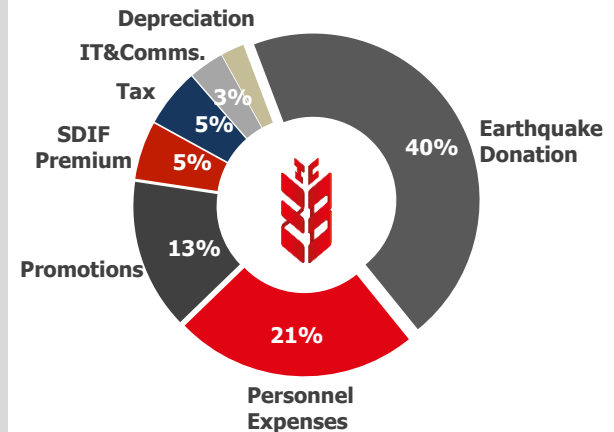
F&C Growth (YoY)

Credit Cards	124%
Money Transfers	129%
Non-Cash Loans	95%
Cash Loans	77%

OPEX Growth (YoY)

Tax	140%
Personnel Expenses	156%
SDIF Premium	117%
Utility Expenses	80%

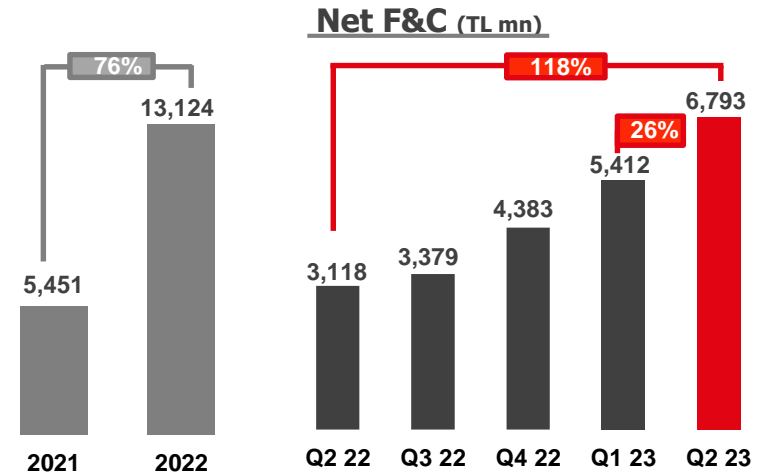
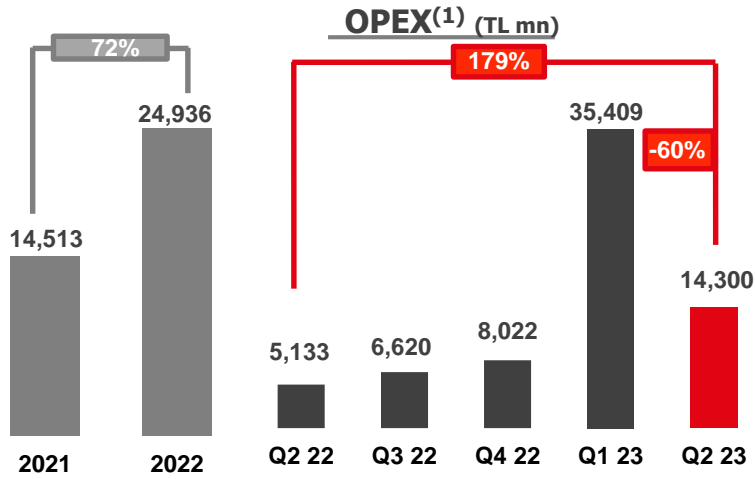
OPEX Breakdown in H1 23



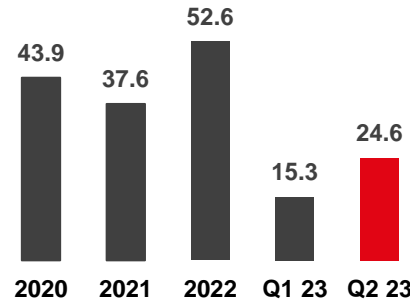
(1) Due to BRSA regulation, Fees & Commissions from cash loans are categorized under interest income



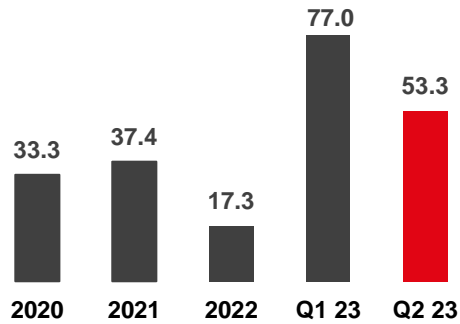
Ziraat Bank – Profitability & Cost Management



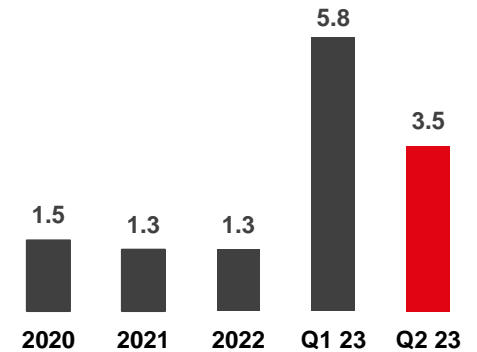
Fee/OPEX (%)



Cost/Income (%)



Cost/Avg. Assets (%)

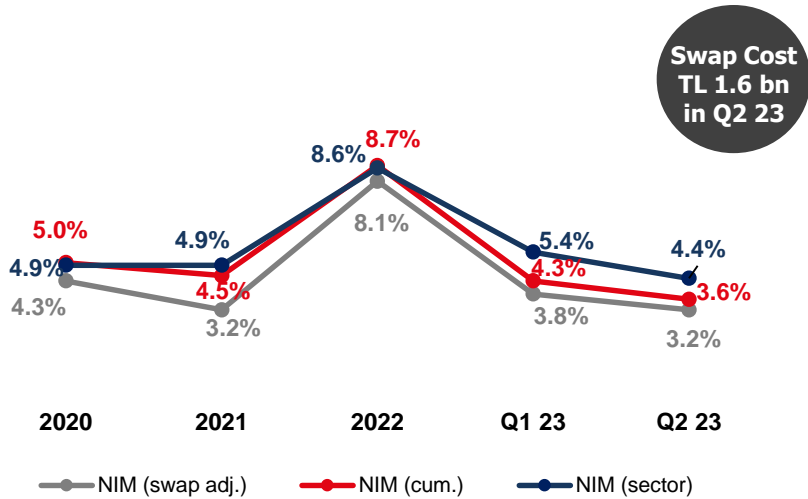


(1) Includes personnel expenses and other provision expenses



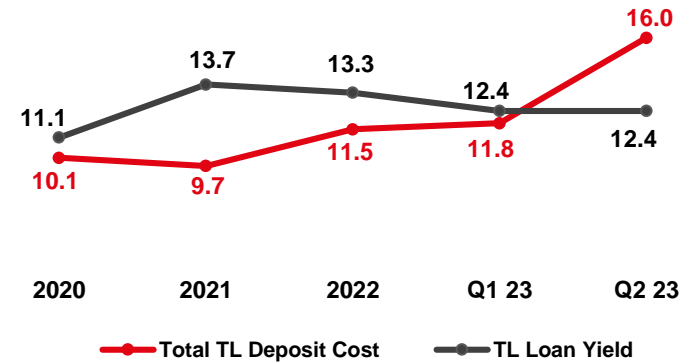
Ziraat Bank – NIM & Spreads

Net Interest Margin⁽¹⁾⁽²⁾

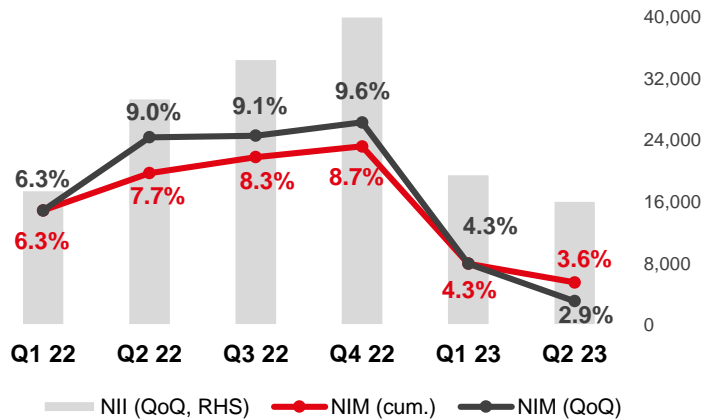


Decreasing NIM and negative core spreads due to limited contribution from CPI linked securities income and marginally increasing TL deposit costs under high competition arising from regulatory framework.

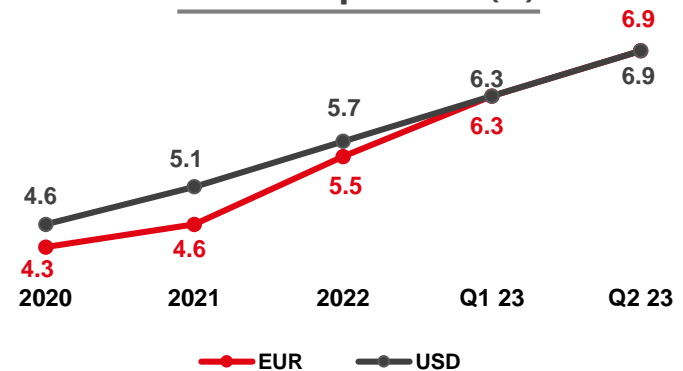
TL Loan Yield and Deposit Costs (%)



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)

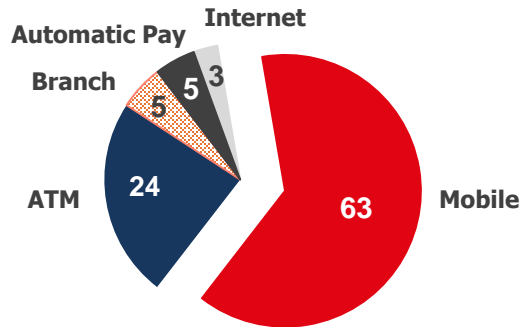
APPENDIX

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

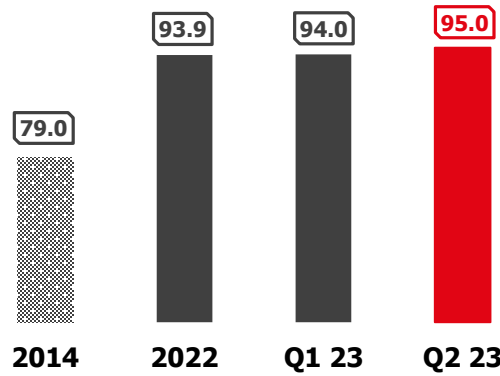


Ziraat Bank – Digitalization & Efficiency

Banking Transaction Channel Distribution (%)



Non-Branch Channels Usage (%)



Unique Service Delivery

21m Active digital banking customers

33m Internet banking customers

7,337 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. A Social Loan tranche was issued under our DPR programme dedicated to the mentioned disaster relief package.

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 are reviewed by environmental specialists



Ziraat is planning to build a solar power plant in order to meet its electricity consumption from renewable energy sources.

The facility will have an installed capacity of 53 MW_e and is planned to be built in Kayseri.

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
- Heat Insulation Loan
- Earthquake Relief Loan Package
- Digital Transformation & Tech-Support Loan

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



Ziraat Bank – Balance Sheet Summary

TL bn	2020	2021	2022	Q1 23	Q2 23	% Change QoQ	% Change YtD
CASH AND CASH EQUIVALENTS	91.0	222.1	391.2	387.4	371.5	-4.1	-5.0
SECURITIES	225.6	341.4	588.3	714.1	816.3	14.3	38.8
LOANS	600.7	778.4	1,266.4	1,441.5	1,731.1	20.1	36.7
-Gross NPL	13.9	15.1	13.7	13.5	15.9	17.9	16.3
-Expected Credit Loss (-)	18.8	29.1	48.0	43.6	50.2	15.1	4.6
OTHERS	29.8	29.0	65.8	86.6	100.5	16.0	52.8
TOTAL ASSETS	942.6	1,370.9	2,311.7	2,629.6	3,019.4	14.8	30.6
DEPOSITS	629.9	948.7	1,739.3	1,919.6	2,209.4	15.1	27.0
FUNDS BORROWED	37.0	59.3	110.2	104.1	140.0	34.5	27.0
INTERBANK MONEY MARKETS	116.4	176.7	85.1	152.5	199.9	31.1	135.0
PROVISIONS	7.1	9.1	48.7	36.4	38.8	6.6	-20.4
OTHERS	59.0	80.0	125.9	155.9	173.6	11.4	37.8
TOTAL LIABILITIES	849.3	1,273.8	2,109.2	2,368.5	3,019.4	27.5	43.2
SHAREHOLDERS' EQUITY	93.3	97.1	202.5	261.1	257.7	-1.3	27.3



Ziraat Bank – Income Statement Summary

TL mn	2020	2021	2022	Q2 22	Q1 23	Q2 23	% Chg QoQ	% Chg YoY
INTEREST INCOME	69,476	101,998	220,630	50,466	58,295	73,647	26.3	45.9
-From Loans	52,330	72,794	121,726	27,909	39,005	49,026	25.7	75.7
-From Securities	16,696	27,440	95,410	22,266	17,631	23,802	35.0	6.9
INTEREST EXPENSE	34,862	62,230	99,147	21,070	38,724	57,525	48.6	173.0
-On Deposits	22,812	41,199	73,694	15,848	30,487	45,012	47.6	184.0
NET INTEREST INCOME	34,615	39,768	121,483	29,397	19,571	16,122	-17.6	-45.2
NET FEES & COMMISSIONS	3,093	5,451	13,124	3,118	5,412	6,793	25.5	117.9
OTHER OPERATING INCOME	5,182	4,444	7,736	2,155	21,171	4,122	-80.5	91.3
EXPECTED CREDIT LOSS	10,691	14,956	29,545	3,716	2,408	10,317	328.4	177.6
-Stage 1 Provisions	1,340	199	9,798	796	1,281	2,357	84.0	196.1
-Stage 2 Provisions	5,505	9,861	15,326	2,042	418	5,439	NM	166.4
-Stage 3 Provisions	3,846	4,896	4,421	878	710	2,520	254.9	187.0
OTHER PROVISION EXPENSES	2,648	374	28,794	12,404	126	1,354	NM	-89.1
OPEX ⁽¹⁾	12,092	14,513	24,936	5,134	35,409	14,300	-59.6	178.5
NET OPERATING PROFIT	10,834	8,913	61,251	13,330	8,033	21,349	165.8	60.2
NET PROFIT	7,825	6,291	41,092	9,450	6,546	19,195	193.2	103.1

(1) OPEX includes personnel expenses and other provision expenses

Source: Unconsolidated Financial Statements
NM: Not meaningful



Ziraat Bank – Key Financial Ratios

(%)	2020	2021	2022	Q1 23	Q2 23
ROAA ⁽¹⁾	1.0	0.6	2.3	1.2	2.0
ROAE ⁽²⁾	9.7	6.9	26.4	13.6	22.3
Cost / Income ⁽³⁾	33.3	37.4	17.3	77.0	53.3
Fee / OPEX ⁽⁴⁾	25.6	37.6	52.6	15.3	24.6
NIM (cum.) ⁽⁵⁾	5.0	4.5	8.7	4.3	3.6
Loans ⁽⁶⁾ /Deposits	92.3	80.5	72.0	74.4	77.6
Loans/Assets	62.2	55.7	54.2	54.3	56.8
Securities/Assets	23.9	24.9	25.5	27.2	27.0
NPL	2.3	1.9	1.1	0.9	0.9
Stage III Coverage	77.0	80.2	84.8	85.5	78.4
CoR	1.2	1.8	2.5	1.4 ⁽⁷⁾	1.7 ⁽⁷⁾
CAR	18.2	16.5	16.5	16.4	15.3
Leverage ⁽⁸⁾	9.1	13.1	10.4	9.1	10.7
# of					
Branches ⁽⁹⁾	1,752	1,752	1,758	1,758	1,765
Employees	24,673	24,607	24,484	26,047	25,916
ATMs	7,274	7,269	7,276	7,311	7,337

(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

For further information please contact

Financial Institutions and Investor Relations Department

Finanskent Mah. Finans Cad. No: 44/A A Blok, 36. Kat Ümraniye-İstanbul/Türkiye

Phone: (+90) 216 590 11 91

E-mail: investorrelations@ziraatbank.com.tr

www.ziraatbank.com.tr



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