

**Financial Presentation**  
**December 2020**



**Ziraat Bank**

More than a bank

**Largest bank in Turkey with**  
~ USD 128 bn. asset size

TL 943bn

**Widest local and international geographic footprint with 1,752 branches**

1,752

- Only bank in more than 400 points in Turkey
- Operating in 17 countries

**Extensive customer base**

> 36 mn

**Market leadership**

#1

- Total Assets
- Total Loans
- Equity
- Deposits

**High level of funding intermediation through moderate LtD level**

92.3%

**Robust asset quality maintained**

2.3%

- BRSA forbearance measures impacting NPL
- Prudent provisioning approach

**Sound CAR**

- TL 7 bn. capital increase in May 2020
- CET 1 capital ratio 15.1%

18.2%

**The largest deposit base in the sector**

TL 630 bn

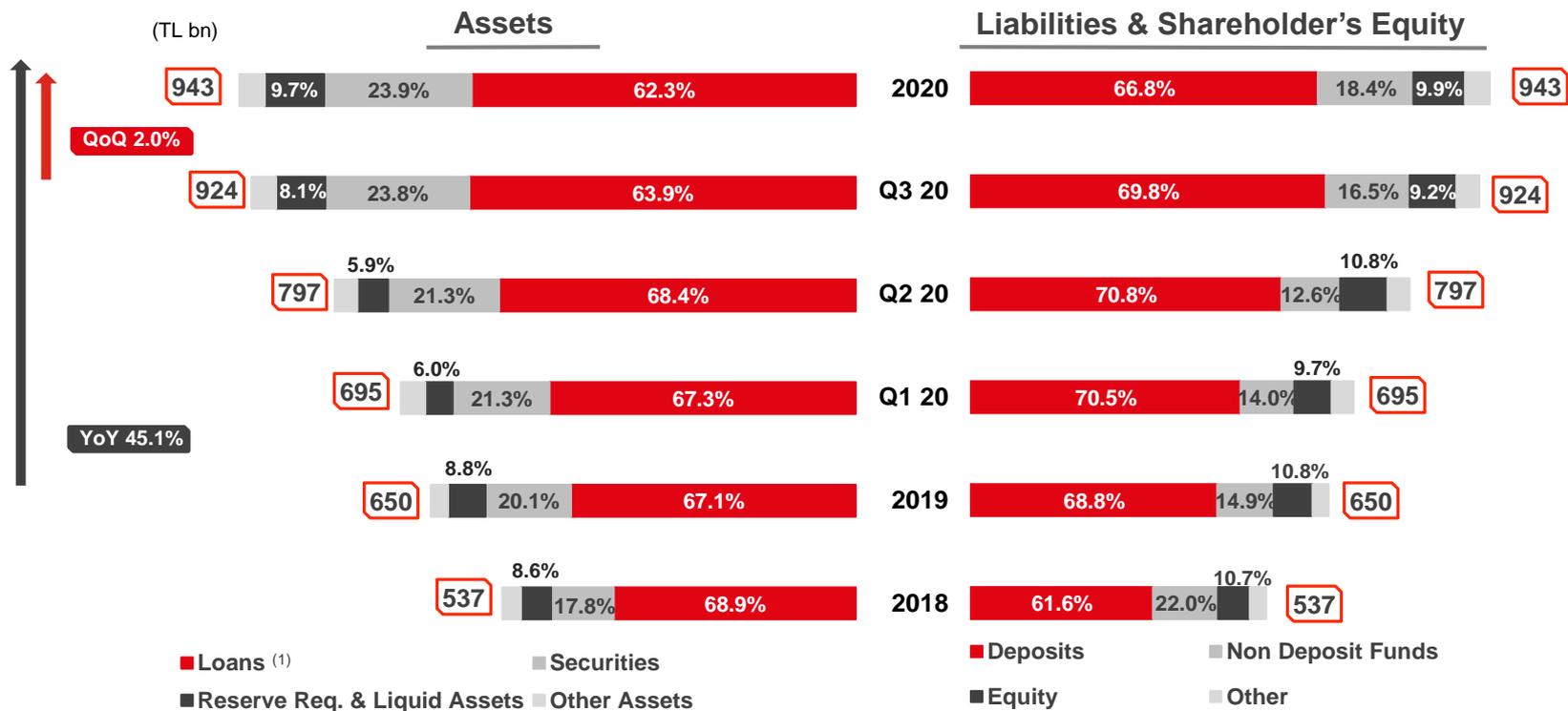
- Core deposit ratio 96%

**Undisputed agricultural loans leader**

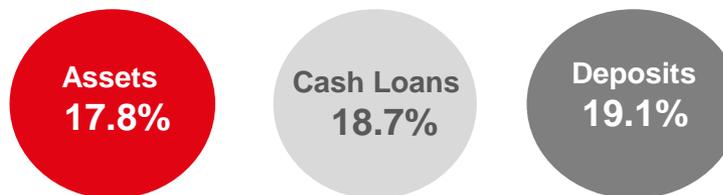
- High market penetration
- Only bank authorised for government subsidised agro-lending

61%

Continues to be the pioneer of the sector with high market penetration



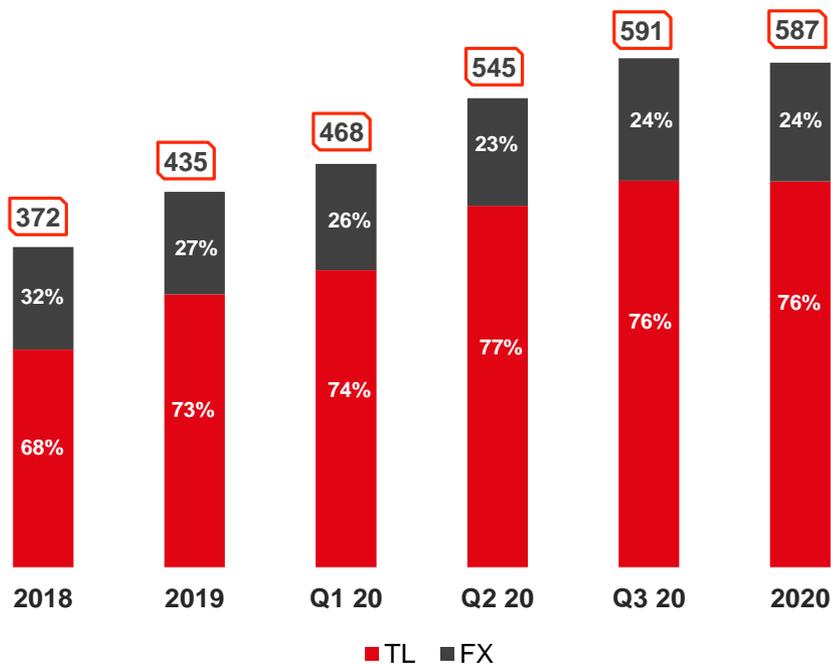
## Market Shares



(1) Performing loans only

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

Slow down in loan growth in Q4 due to higher interest rate environment and saturation in loan demand



(1) Performing loans  
(2) Accruals are excluded

## Loan Growth

	QoQ Δ	YoY Δ
<b>Total Loans</b>	<b>-0.7%</b>	<b>34.8%</b>
<b>Total Loans (FX adj.)</b>	<b>0.3%</b>	<b>28.5%</b>
TL	-0.1%	41.6%
FX(\$)	1.4%	-6.5%
<b>Retail</b>	<b>-1.0%</b>	<b>47.3%</b>
Housing	-0.6%	40.3%
<b>SME</b>	<b>2.9%</b>	<b>49.2%</b>
<b>Corporate</b>	<b>-1.1%</b>	<b>16.2%</b>
Corp. (FX adj.)	1.1%	3.5%

### CGF Guaranteed Loans

Total TL **80 bn**  
 o/w TL **21 bn** retail segment  
 ~ **4 million** customers  
**14%** of cash loans  
**26%** Market Share

### Housing Loans

**53%** of retail loans  
**33%** Market Share  
**55%** LTV<sup>(2)</sup>  
**0.1%** NPL

### Agro Loans

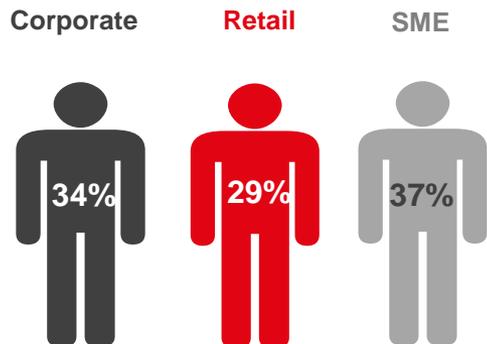
TL **81 bn**  
**61%** Market share  
**77%** Subsidized  
**2.2%** NPL

### GPL

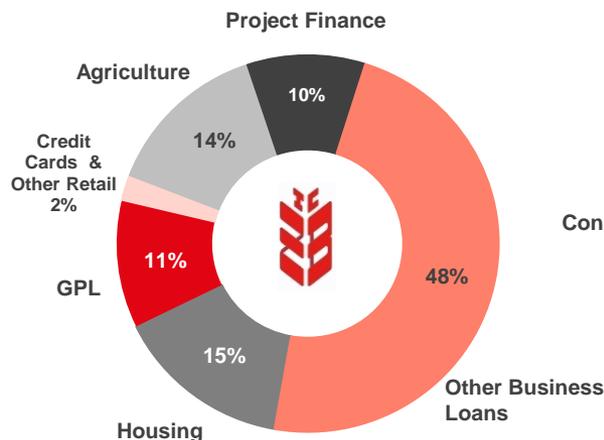
**40%** of retail loans  
**17%** Market Share  
 Payroll Customers & Pensioners  
**41%** of GPL

# Ziraat Bank – Lending Mix

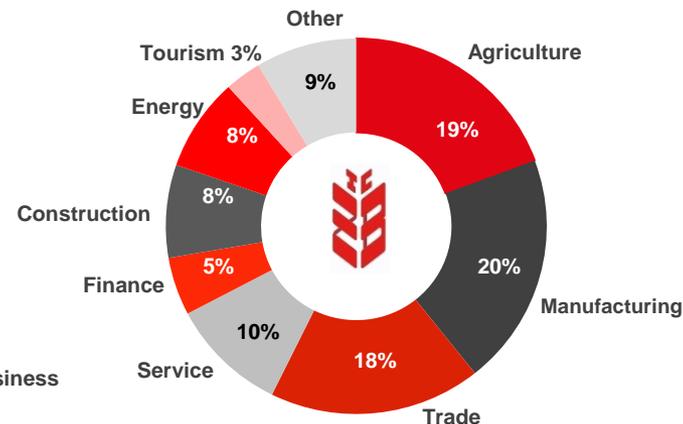
Cash Loans by Customer Segment<sup>(1)</sup>



Cash Loans by Product



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



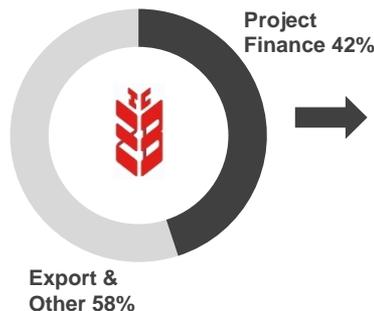
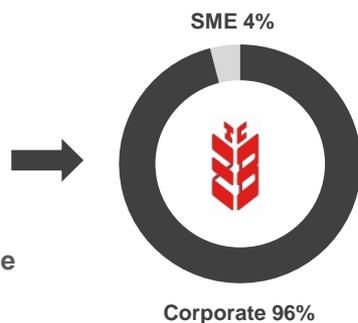
<sup>(1)</sup> Based on customer segmentation data, totals may differ from product classification

## FX Loans

FX Loans  
USD **18.8 bn**

FX Loans/Total Loans  
**24% vs. 31%** sector<sup>(2)</sup> average

FX loans NPL **2.7%**



Share of Infrastructure projects with debt assumption **85%**

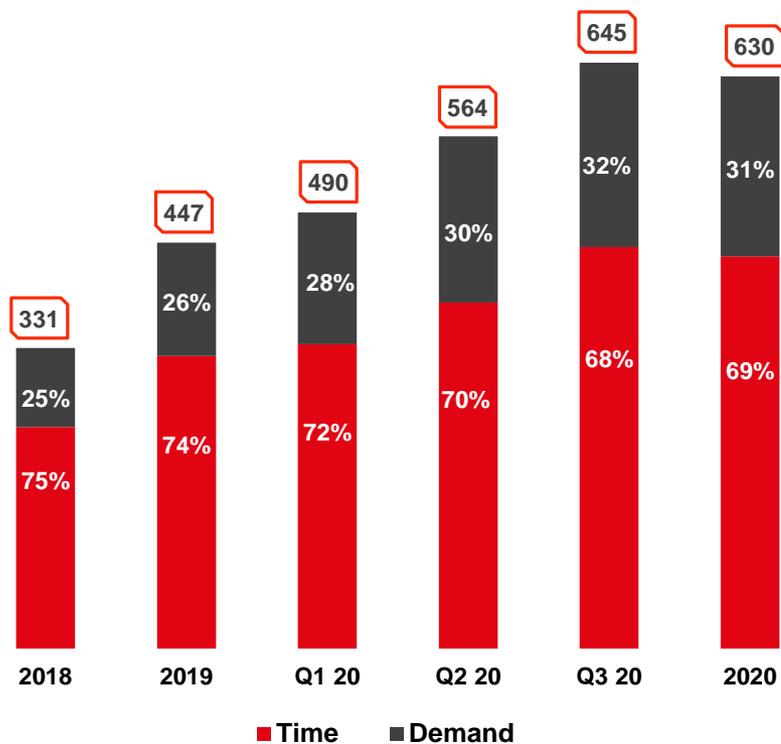
- Share of Renewables in energy loans: **56%**
- Share of energy loans in stage II loans: **8.7%**
- Share of energy loans in NPL: **1.7%**

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

<sup>(2)</sup> Sector: Deposit banks

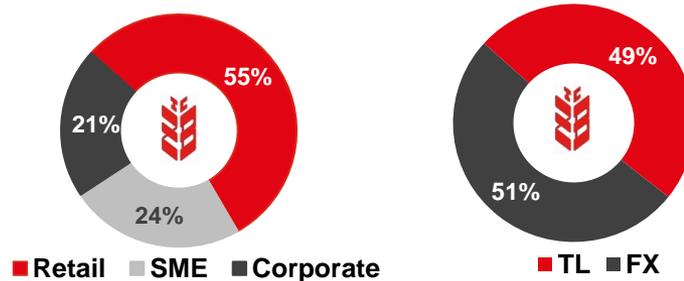
## Total Deposits (TL bn, % share in total)

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



## Deposit Growth

	QoQ Δ	YoY Δ
<b>Total Deposits</b>	-2.3%	40.8%
<i>Total Deposit (FX adj.)</i>	-0.3%	26.5%
TL	-9.5%	27.3%
FX(\$)	9.9%	25.6%
<b>Customer Deposit</b>	-2.6%	43.3%
Demand	-2.2%	59.9%
Time	-2.4%	33.5%



Core Deposit Ratio **96%**

Public / Total Deposits **15%**

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

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

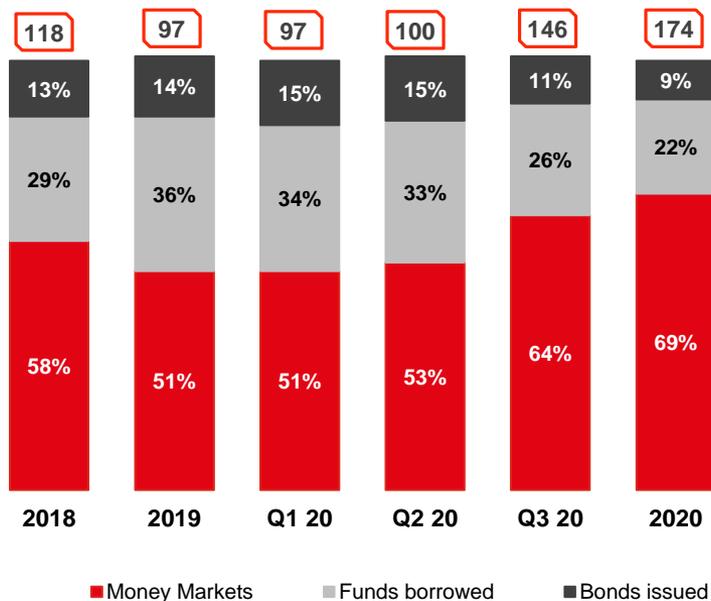
## Non-Deposit Funds (TL bn,% share in total)

Cost oriented, adaptive wholesale funding management

Slight change in composition of FX external funding mix compared to previous year

More than adequate FX liquidity, which can comfortably cover short term FX wholesale redemptions

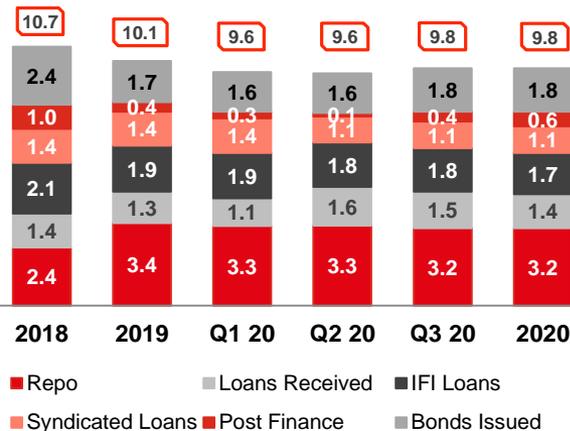
397.4% FX LCR, 138.1% Total LCR



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

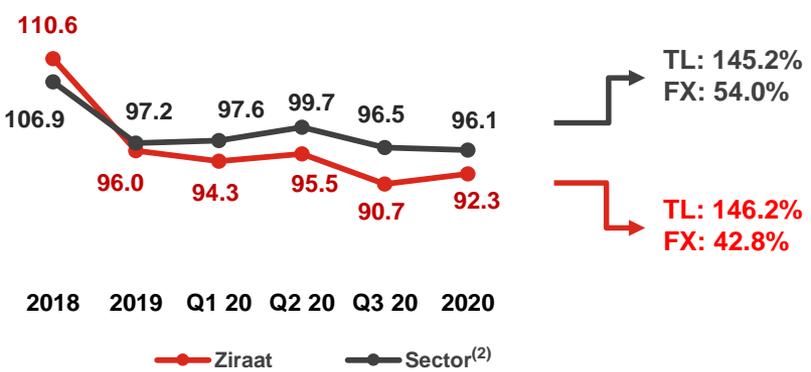
(2) Sector: Deposit banks

## FX External Funding (USD bn)



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

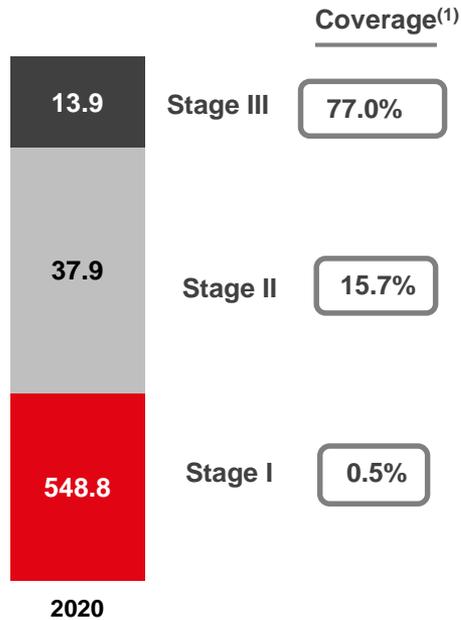
## Loan to Deposit<sup>(1)</sup> (%)



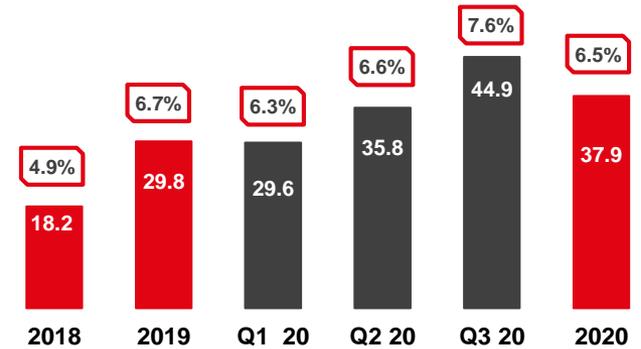
## Loan Classification (TL bn)

Increased provisioning as part of the prudent risk management approach

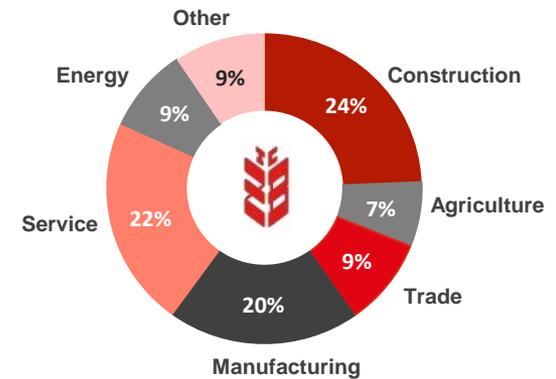
Above sector average Stage 3 coverage (**77.0%** vs **74.9%**)



## Stage II Loans (TL bn)



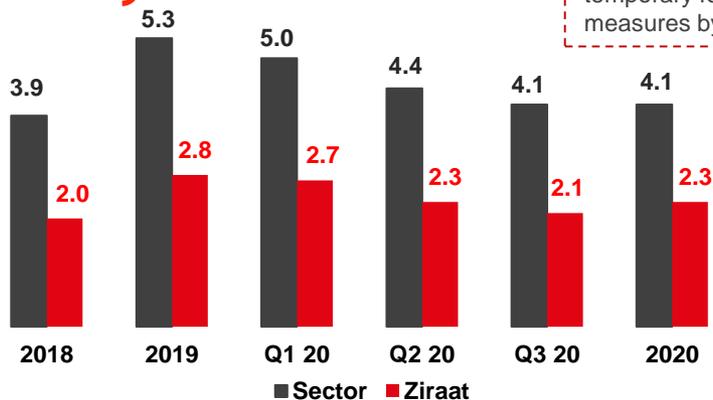
## Sector Breakdown of Stage II Business Loans



(1) Excluding intermediated loans for public funds

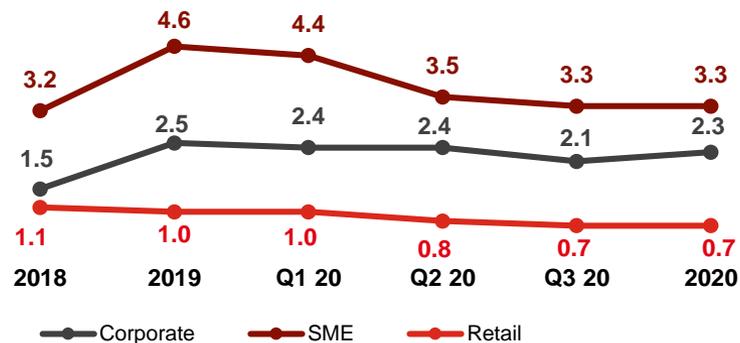
## NPL Ratios (%)

(No Write Off or NPL Sale)



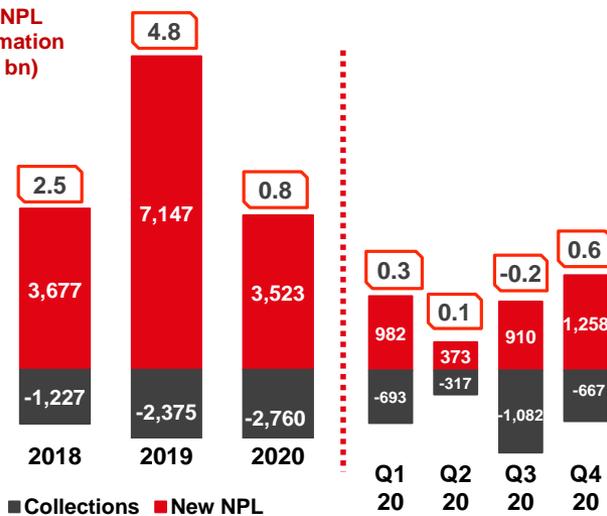
~ 50 bps impact due to temporary forbearance measures by BRSA

## NPL Ratios by Segment (%)

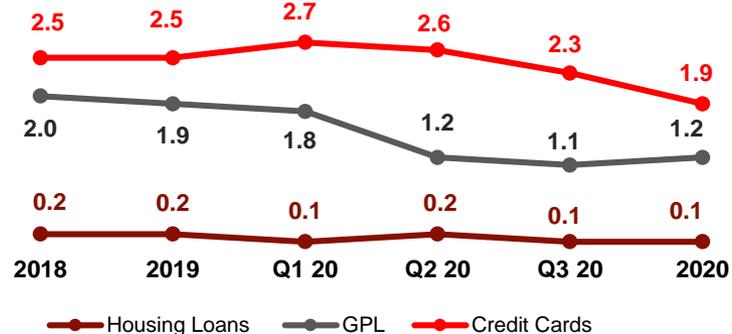


## New NPL & Collections<sup>(1)</sup> (TL mn)

Net NPL Formation (TL bn)

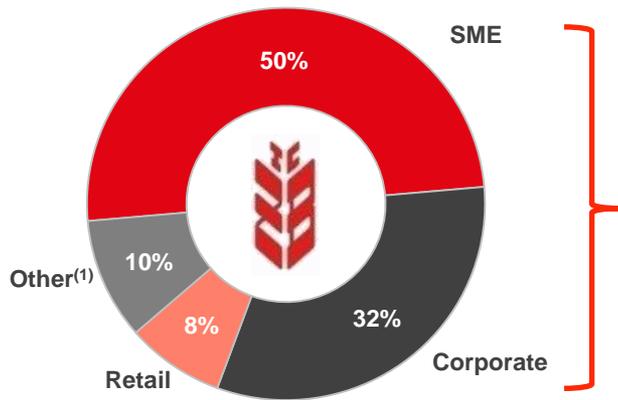


## Retail NPL Ratios by Product (%)

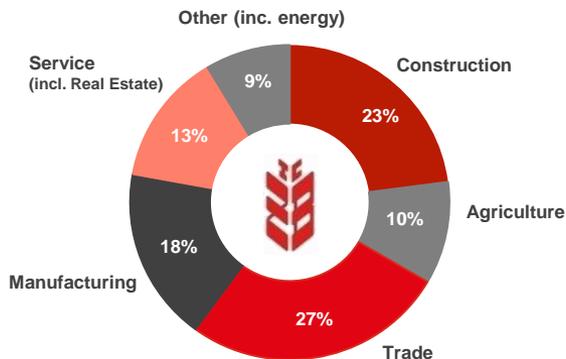


(1) Intermediated loans of public funds and other receivables are excluded

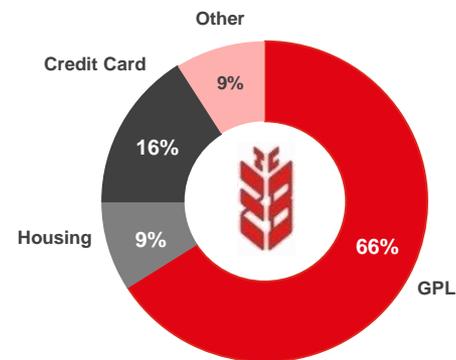
## Total NPL by Segment



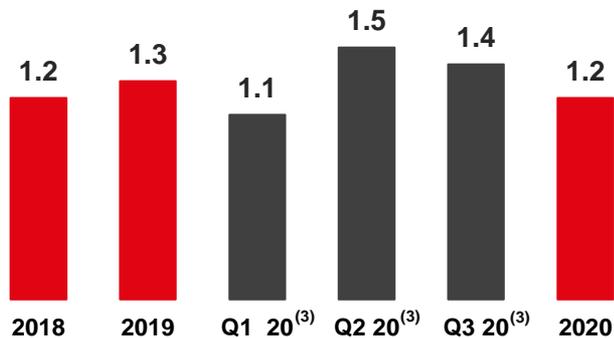
## Business Loan NPL by Sector



## Retail Loan NPL by Product



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



Restructured Loans<sup>(4)</sup>  
in Total Loans: **7.9%**

Total Coverage<sup>(5)(6)</sup> **140.6%**

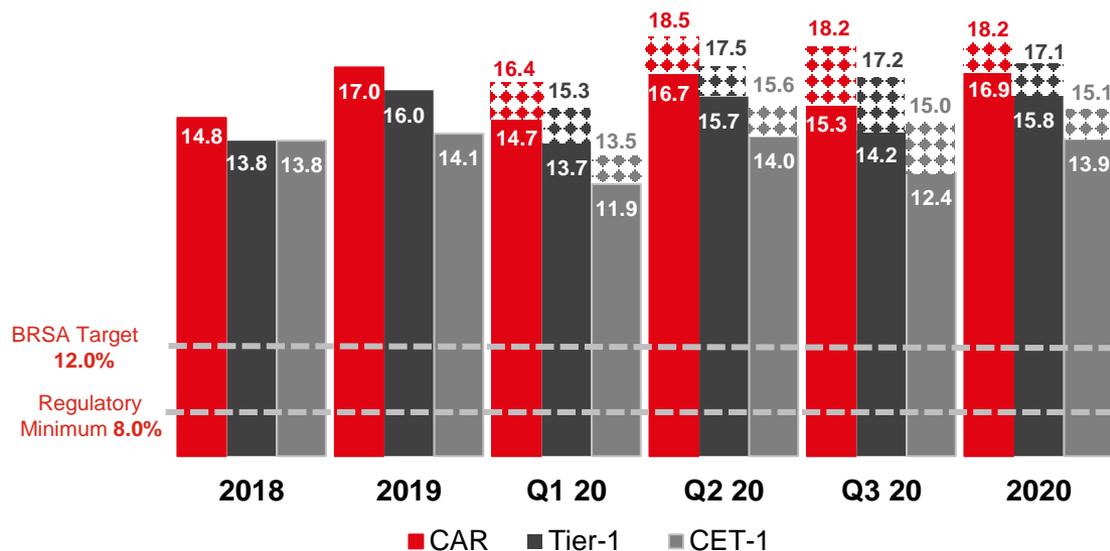
**TL 3.5 bn**  
Total Free Provisions

(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 (%)

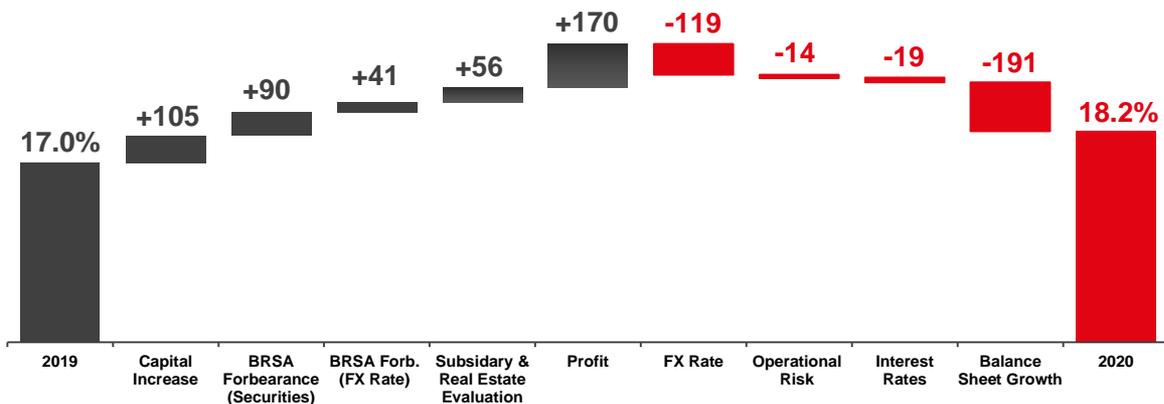
Forbearance Effect



## Capital Ratio Requirements

	Solo	Cons.
CET1 Capital Ratio	4.5%	4.5%
Capital Conservation Buffer	2.5%	2.5%
D-SIB Buffer <sup>(1)</sup>	-	2.0%
Countercyclical Buffer	0.07%	0.07%
<b>TOTAL</b>	<b>7.1%</b>	<b>9.1%</b>
<b>Including AT1 and Tier2</b>	<b>10.6%</b>	<b>12.6%</b>

## Change in CAR (YtD, bps)



Basel III  
Leverage **8.6%** vs  
regulatory min of **3.0%**

**TL 7 bn.** paid-in capital  
increase by TWF in May

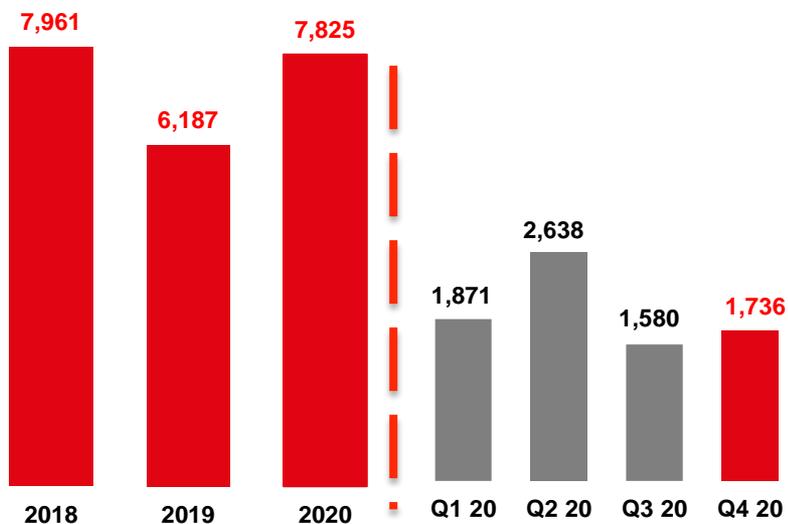
**TL 32.5 bn.**  
excess capital<sup>(2)</sup>

(1) D-SIB Buffer is applied only to consolidated ratios  
(2) Calculated over solo figures and 12.0% threshold

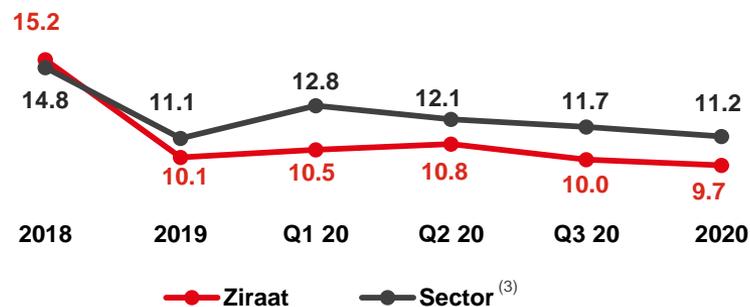
## Net Profit (TL mn)

Strong net interest income generation supported by CPI linkers income, despite the negative impact of increasing funding costs in the last quarter

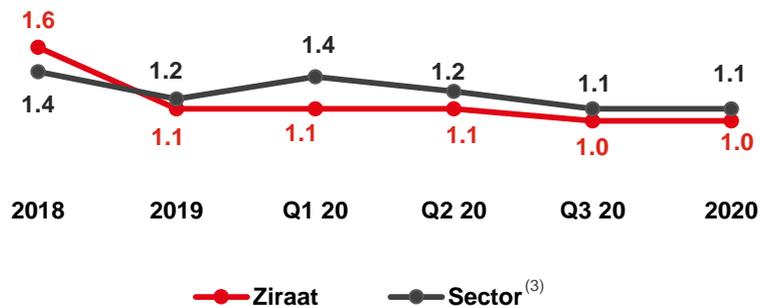
33.3% cost income ratio thanks to income generation capabilities and cost control initiatives



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



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

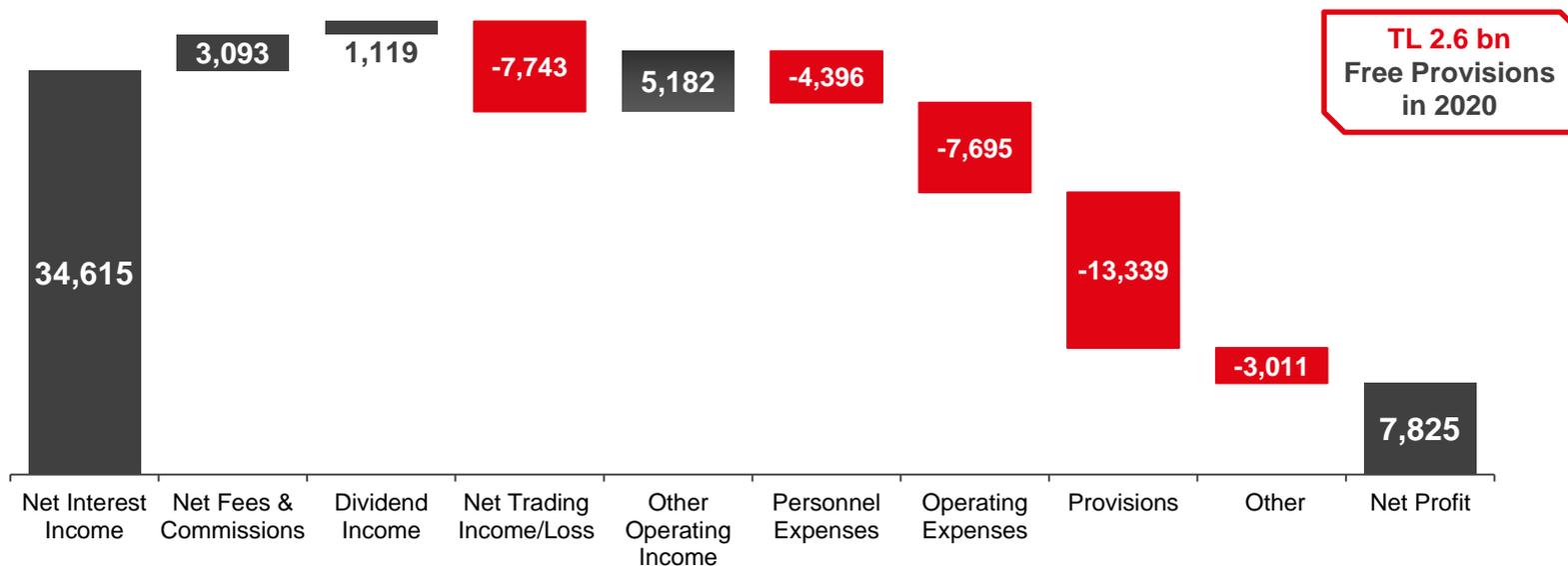


(1) Average shareholders' equity represent weekly averages

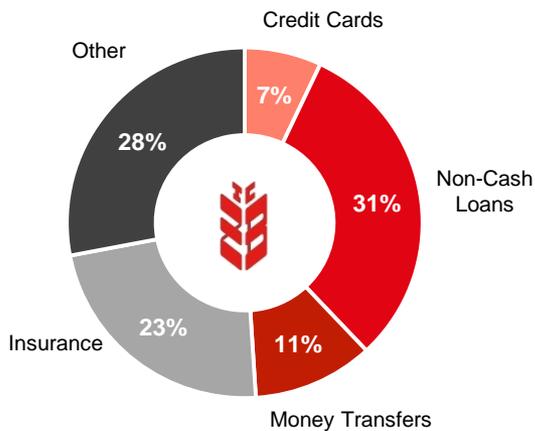
(2) Average total assets represent weekly averages

(3) Sector: Deposit Banks

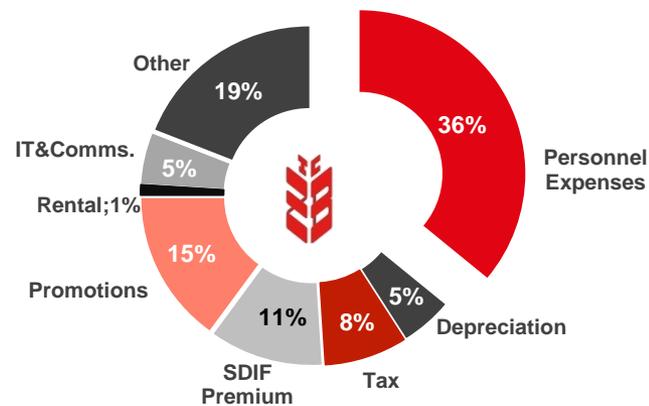
## P&L Breakdown 2020 (TL mn)



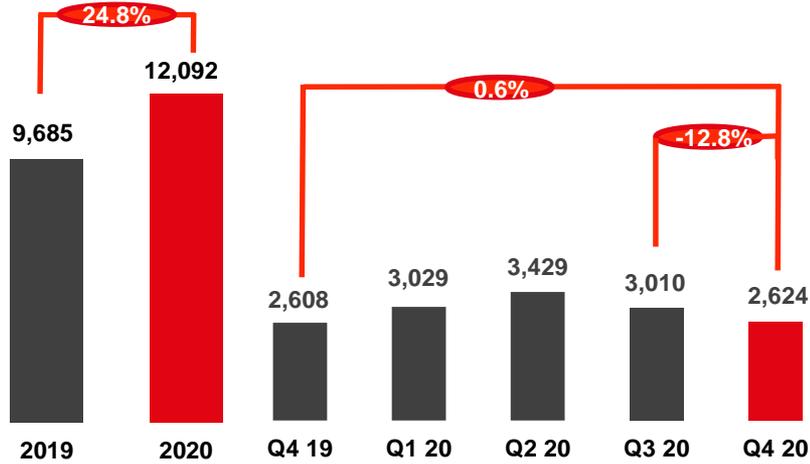
## F&C Income Breakdown in 2020



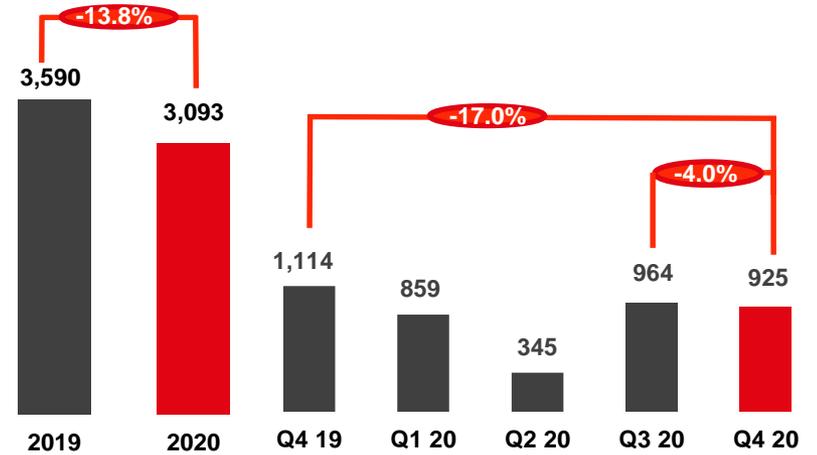
## OPEX Breakdown in 2020



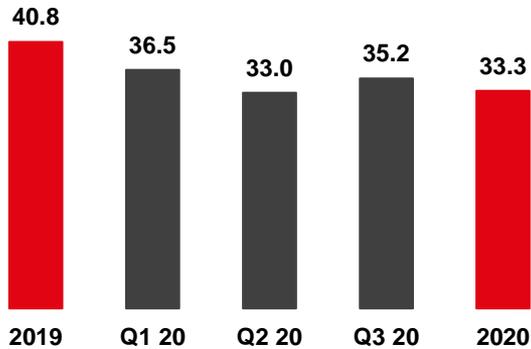
### OPEX<sup>(1)</sup> (TL mn)



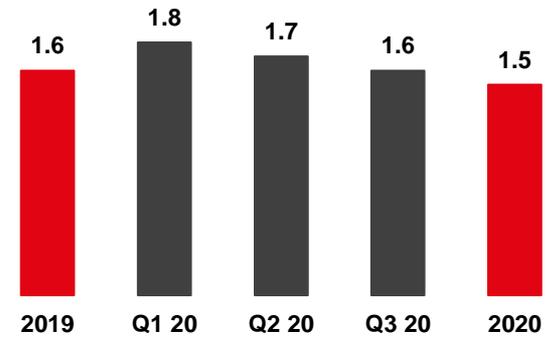
### Net F&C (TL mn)



### Cost/Income (%)



### Cost/Avg. Assets (%)



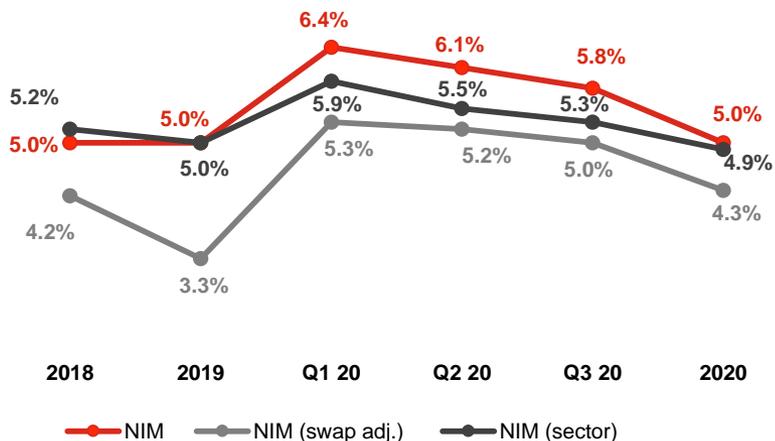
(1) Includes personnel expenses and other provision expenses

## Net Interest Margin<sup>(1)(2)</sup> (NIM cum. %)

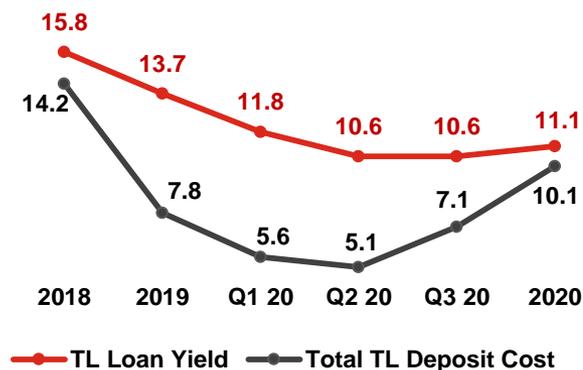
Increasing interest rate environment marked by 675 bps increase in CBRT policy rate after Q2 20

NIM continued to stand at historic averages despite increasing funding costs

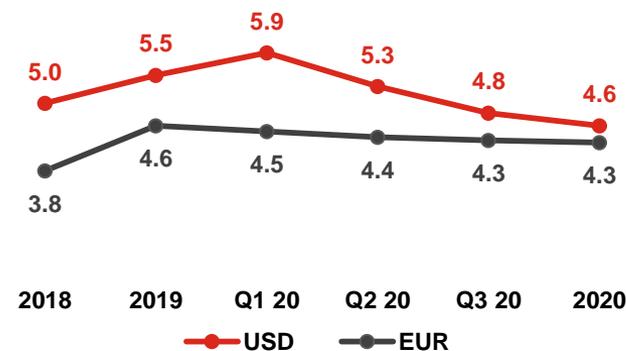
76 bps negative effect from swaps on NIM  
(swap costs: TL 5.2 bn in 2020)



## TL Loan Yield and Deposit Costs (%)



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

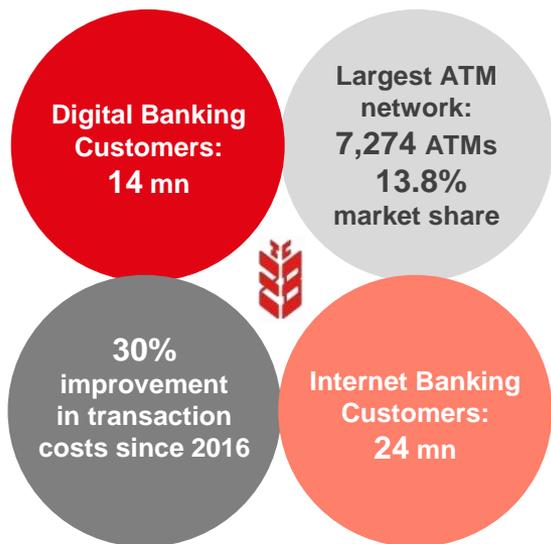


(1) Sector: Deposit banks  
(2) NIM = Net Interest Earnings / Av. IEA  
(3) FX Loan - FX Deposits (Total)

# APPENDIX

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

## Unique Service Delivery



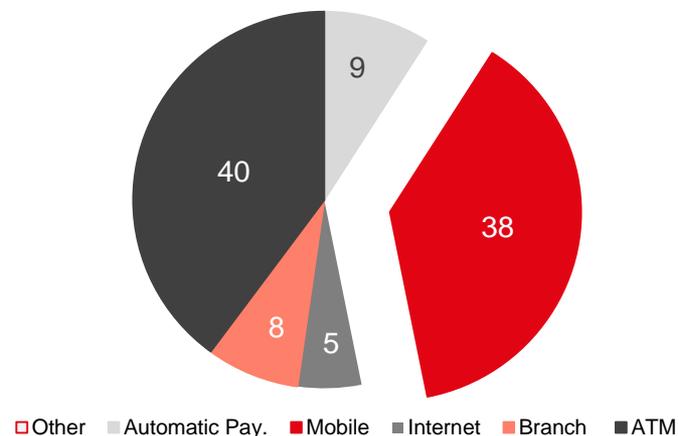
Full scale digital mobilization to ensure operational continuity during the Covid-19 outbreak

Mid to Long Term Strategy:  
Gradual customer acquisition and credit card market share gain

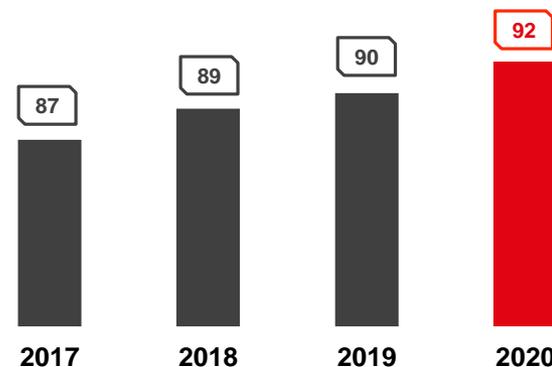
Increase in market share of credit card balance:  
From **3.3%** in 2016 to **7.1%** in 2020

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

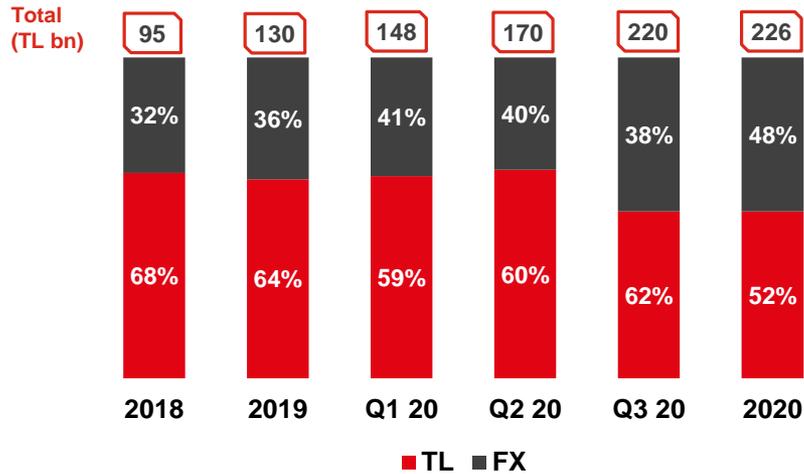
## Banking Transaction Channel Distribution (%)



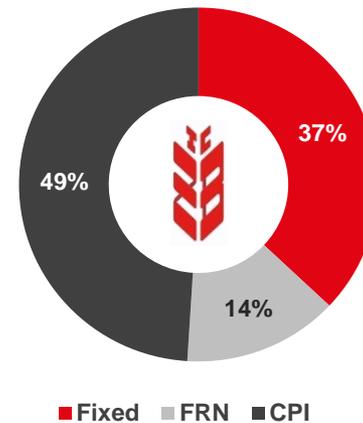
## Non-Branch Channels Usage (%)



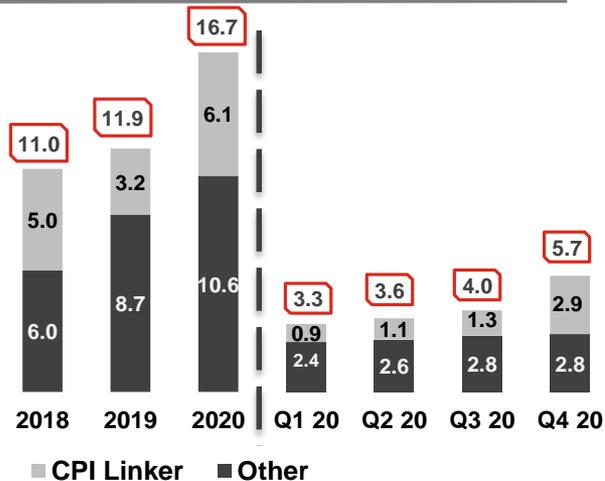
**Total Securities** (% share in total)



**Breakdown of TL securities<sup>(1)</sup>** (% share in total)



**Interest Income from Securities** (TL bn)



(1) Interest accruals excluded



# Ziraat Bank – Balance Sheet Summary

TL mn	2018	2019	Q1 20	Q2 20	Q3 20	2020	% Change QoQ	% Change YoY
CASH AND CASH EQUIVALENTS	46,237	57,389	41,829	46,692	75,216	91,038	21.0%	58.6%
SECURITIES	95,374	130,335	148,115	169,955	220,129	225,621	2.5%	73.1%
LOANS	379,331	447,983	480,869	557,913	603,518	600,660	-0.5%	34.1%
-Gross NPL	7,460	12,690	12,939	12,999	12,827	13,895	8.3%	9.5%
-Expected Credit Loss (-)	8,386	13,011	14,009	16,777	18,377	18,757	2.1%	44.2%
OTHERS	23,673	26,435	24,625	22,009	24,826	29,816	20.1%	12.8%
<b>TOTAL ASSETS</b>	<b>537,156</b>	<b>649,756</b>	<b>695,438</b>	<b>796,569</b>	<b>923,689</b>	<b>942,601</b>	<b>2.0%</b>	<b>45.1%</b>
DEPOSITS	331,066	447,251	490,053	564,333	644,667	629,874	-2.3%	40.8%
FUNDS BORROWED	34,172	34,528	33,282	32,843	37,688	36,950	-2.0%	7.0%
INTERBANK MONEY MARKETS	68,351	49,275	49,683	52,889	92,843	116,401	25.4%	136.2%
PROVISIONS	2,832	3,819	4,998	5,829	6,078	7,059	16.1%	84.8%
OTHERS	43,334	44,818	49,825	27,989	57,735	59,039	2.3%	31.7%
<b>TOTAL LIABILITIES</b>	<b>479,755</b>	<b>579,691</b>	<b>627,841</b>	<b>710,883</b>	<b>839,011</b>	<b>849,323</b>	<b>1.2%</b>	<b>46.5%</b>
SHAREHOLDERS' EQUITY	57,401	70,065	67,597	85,686	84,678	93,278	10.2%	33.1%



# Ziraat Bank – Income Statement Summary

TL mn	2018	2019	2020	Q1 20	Q2 20	Q3 20	Q4 20	% Chg QoQ	% Chg YoY
INTEREST INCOME	53,054	65,602	69,476	16,051	16,182	17,536	19,707	12.4%	5.9%
-From Loans	41,028	52,764	52,330	12,543	12,497	13,442	13,847	3.0%	-0.8%
-From Securities	10,977	11,966	16,696	3,555	3,624	4,008	5,708	42.4%	39.5%
INTEREST EXPENSE	31,138	40,290	34,862	7,169	6,538	7,650	13,505	76.5%	-13.5%
-On Deposits	19,675	27,989	22,812	5,005	4,682	5,382	7,743	43.9%	-18.5%
NET INTEREST INCOME	21,916	25,312	34,615	8,882	9,644	9,886	6,202	-37.3%	36.8%
NET FEES & COMMISSIONS	2,638	3,590	3,093	859	345	964	925	-4.0%	-13.8%
OTHER OPERATING INCOME	1,434	1,614	5,182	722	854	645	2,961	359.1%	221.1%
EXPECTED CREDIT LOSS	4,702	6,313	10,691	1,728	3,207	2,214	3,542	60.0%	69.3%
-Stage 1 Provisions	477	594	1,340	150	632	(33)	591	NM	125%
-Stage 2 Provisions	2,081	1,298	5,505	362	1,812	1,437	1,894	31.7%	324%
-Stage 3 Provisions	2,143	4,421	3,846	1,216	762	810	1,058	30.6%	-13.0%
OTHER PROVISION EXPENSES	17	112	2,648	916	1,106	18	609	NM	NM
OPEX <sup>(1)</sup>	7,691	9,797	12,092	3,028	3,429	3,009	2,624	-12.8%	23.4%
NET OPERATING PROFIT	10,034	7,648	10,834	2,632	3,514	2,072	2,615	26.2%	41.7%
<b>NET PROFIT</b>	<b>7,961</b>	<b>6,187</b>	<b>7,825</b>	<b>1,871</b>	<b>2,638</b>	<b>1,580</b>	<b>1,736</b>	<b>9.9%</b>	<b>26.5%</b>

Source: Unconsolidated Financial Statements

(1) OPEX includes personnel expenses and other provision expenses

NM: Not meaningful



# Ziraat Bank – Key Financial Ratios

(%)	2018	2019	Q1 20	Q2 20	Q3 20	2020
ROAA <sup>(1)</sup>	1.6	1.1	1.1	1.1	1.0	1.0
ROAE <sup>(2)</sup>	15.2	10.1	10.5	10.8	10.0	9.7
Cost / Income Ratio <sup>(3)</sup>	34.3	40.8	36.5	33.0	35.2	33.3
NIM (cum.) <sup>(4)</sup>	5.0	5.0	6.4	6.1	5.8	5.0
Loans <sup>(5)(6)</sup> /Deposits	110.6	96.0	94.3	95.5	90.7	92.3
Loans/Assets	68.9	67.1	67.3	68.4	63.9	62.3
Securities/Assets	17.8	20.1	21.3	21.3	23.8	23.9
NPL	2.0	2.8	2.7	2.3	2.1	2.3
Stage III Coverage <sup>(6)</sup>	73.9	66.4	69.7	72.9	76.1	77.0
CoR	1.2	1.3	1.1 <sup>(7)</sup>	1.5 <sup>(7)</sup>	1.4 <sup>(7)</sup>	1.2
CAR	14.8	17.0	16.4	18.5	18.2	18.2
Leverage <sup>(8)</sup>	8.4	8.3	9.3	8.3	9.9	9.1
# of						
Branches <sup>(9)</sup>	1,773	1,758	1,757	1,758	1,758	1,752
Employees	24,647	24,563	24,642	24,480	24,350	24,673
ATMs <sup>(9)</sup>	7,155	7,239	7,253	7,257	7,293	7,274

- (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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