

Financial Presentation
December 2021



Ziraat Bank

More than a bank

Largest bank in Turkey with

- ~ USD 105 bn. asset size
- 15% market share
- Moderate growth in 2021

TL 1,371
bn

1,752

Widest local and international geographic footprint with 1,752 branches

- Only bank in more than 360 points in Turkey
- Operating in 17 countries

Extensive customer base

- New customer acquisition through digital channels

38 mn

#1

Continued Market leadership

- Total Assets
- Total Loans
- Equity
- Deposits

Effective funding intermediation

Improving LtD

80.5%

1.9%

Robust asset quality maintained

- High NPL collection capacity in 2021
- Prudent provisioning approach for upcoming period
- No forbearance impact as of YE 2021

Sound capital ratios

- Capital structure adequate for growth plans
- Ongoing supporting forbearance measures
- CET 1 capital ratio 12.8%
- Higher profitability & 21.8 bn TL capital increase plans to further support capital

16.5%

TL 949 bn

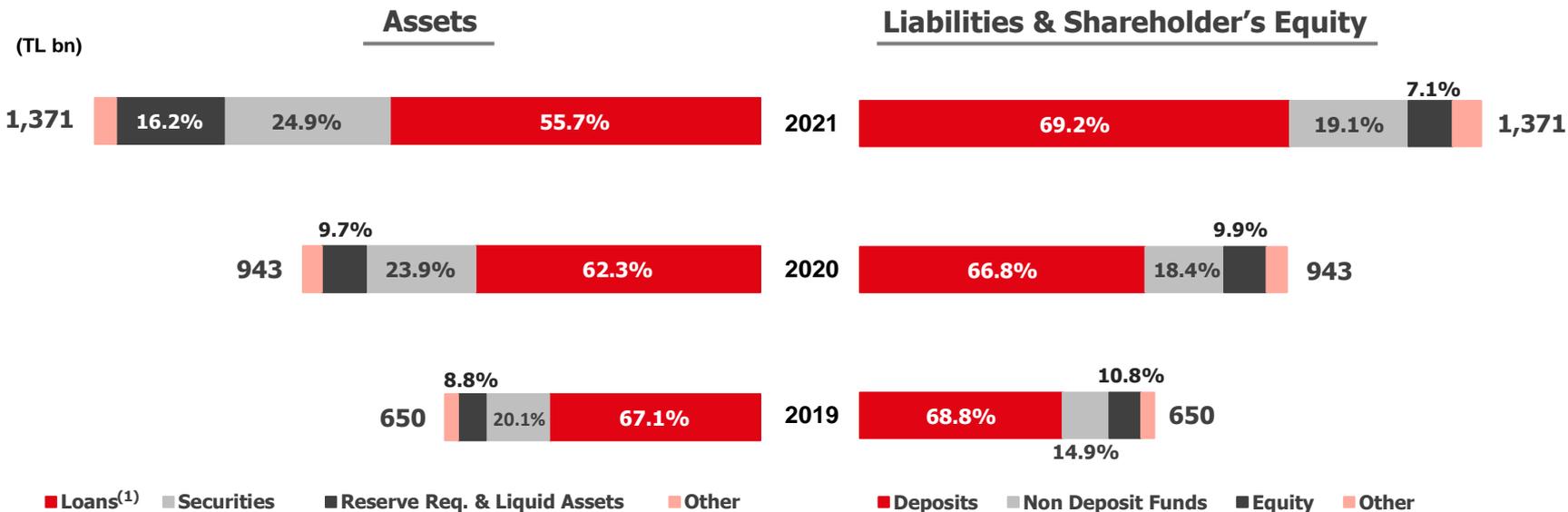
Granular and widespread deposit base

- Retail segment share 57%
- Core deposit ratio 96%
- New FX-linked deposit schemes

Undisputed agricultural loans leader

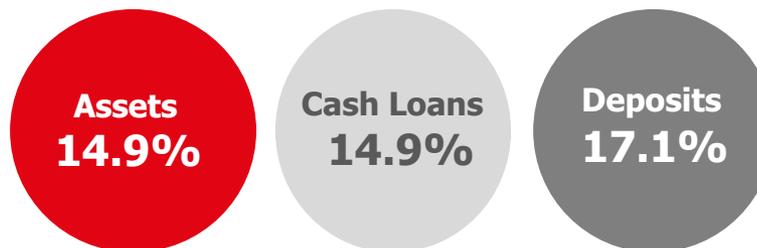
- Only bank authorised for government subsidised agro-lending
- High market penetration
- The sector with the highest exposure (Agro loans/Cash business loans 19%)

65%



Interest Earnings Assets / Total Assets **81%**

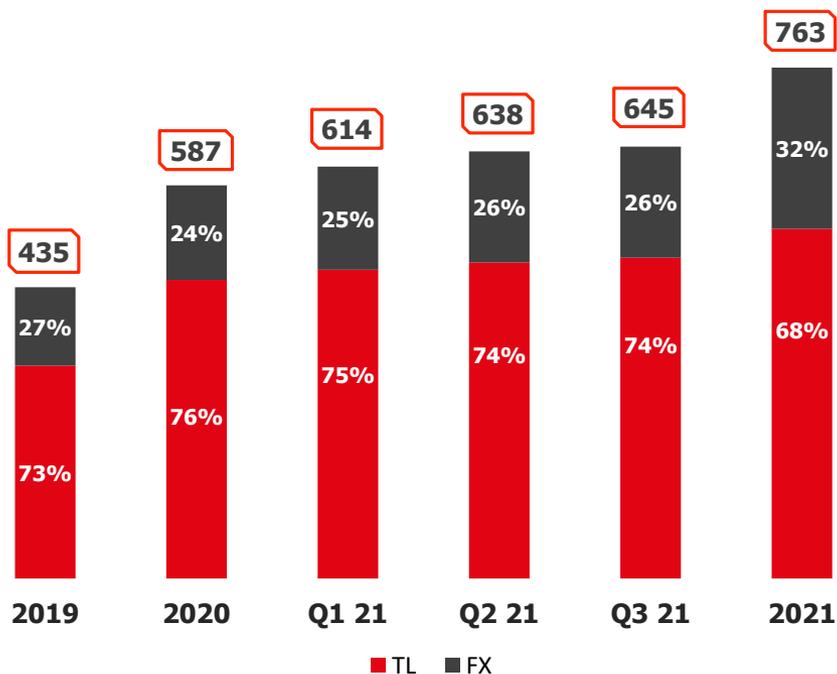
Market Shares



(1) Performing loans

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

Moderate lending growth in 2021 after high pace in 2020.
FX adjusted loan growth inline with guidances.
Corporate and TL driven loan growth, negative growth in retail lending due to repayments.



(1) Performing loans
(2) Average rate for allocation in last four quarter
(3) Credit cards turnover market share
(4) Intermediated loans of public funds are included

Loan Growth

	QoQ Δ	YoY Δ
Total Loans	18.4%	30.1%
Total Loans (FX adj.)	6.2%	12.1%
TL	9.1%	16.5%
FX(\$)	-2.3%	-2.0%
Retail	-0.9%	-5.5%
Housing	-0.3%	-5.6%
GPL	-4.4%	-17.5%
Commercial (inc. SME)	12.2%	23.6%
Corporate	35.3%	60.9%
Corp. (FX adj.)	9.2%	19.4%

Housing Loans

53% of retail loans
29% Market Share
49% LTV⁽²⁾
0.1% NPL

GPL

35% of retail loans
12% Market Share
Payroll Cust. & Pensioners
43% of GPL portfolio

Credit Card

Total TL **17 bn**
~ **9 million** customers
Market Share⁽³⁾ increased
47 bps to **8.1%** in 2021

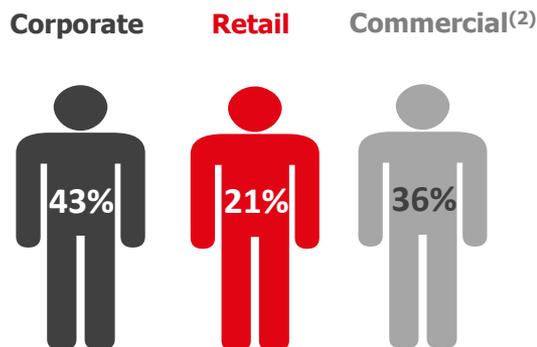
Agro Loans

TL **111 bn**
65% Market share
81% Subsidized
1.0% NPL⁽⁴⁾
> **725k** agro customers

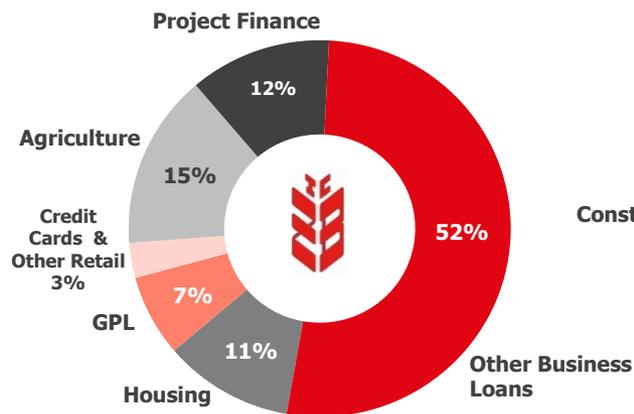
CGF Guaranteed Loans

Total TL **53 bn**
o/w TL **13 bn** retail segment
~ **4 million** customers
7% of cash loans
19% Non-retail Market Share

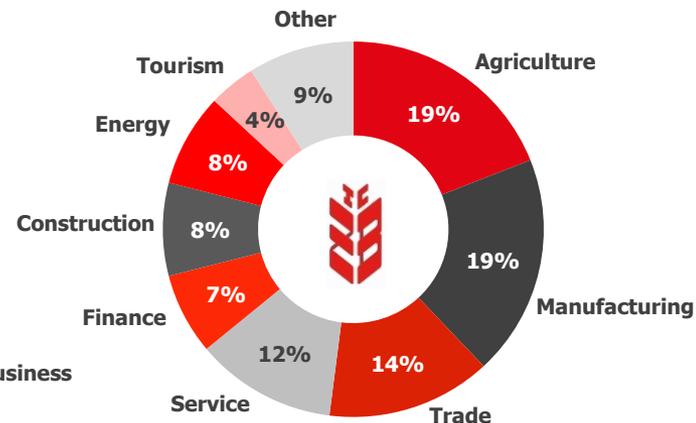
Cash Loans by Customer Segment⁽¹⁾



Cash Loans by Product



Sector Breakdown of Cash Business Loans⁽¹⁾



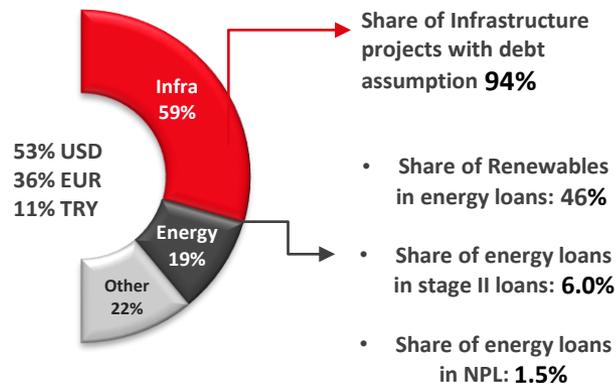
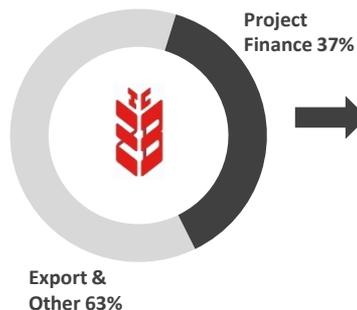
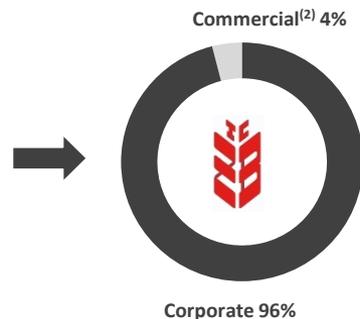
Based on customer segmentation data, totals may differ from product classification

FX Loans

FX Loans
USD **18.5 bn**

FX Loans/Total Loans
32% vs. **38%** sector⁽³⁾ average

FX loans NPL **1.4%**

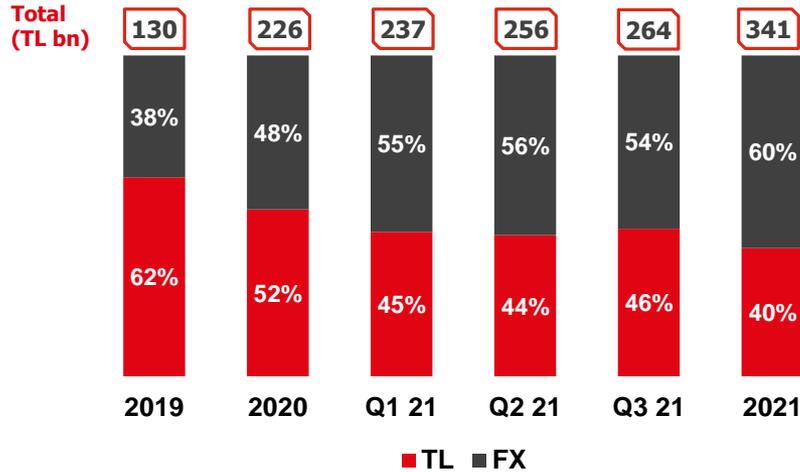


(1) Accruals, intermediated loans of public funds and overseas branch lending are excluded from segment distribution

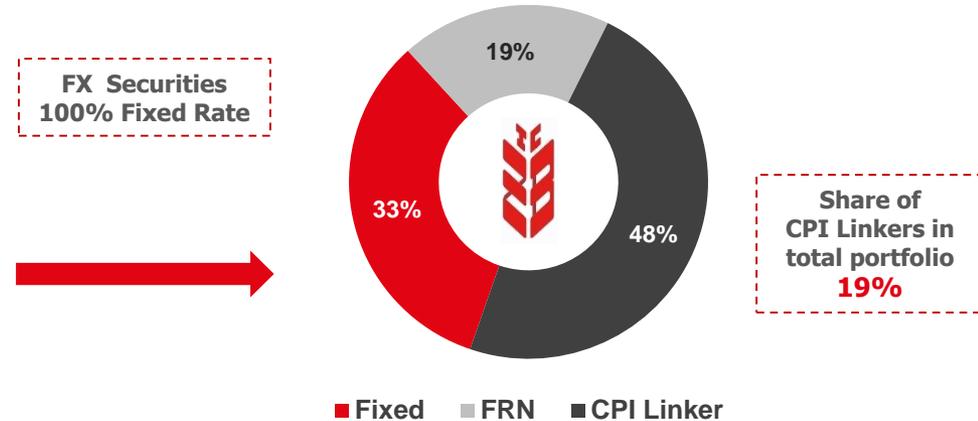
(2) Commercial Segment includes SME

(3) Sector: Deposit banks

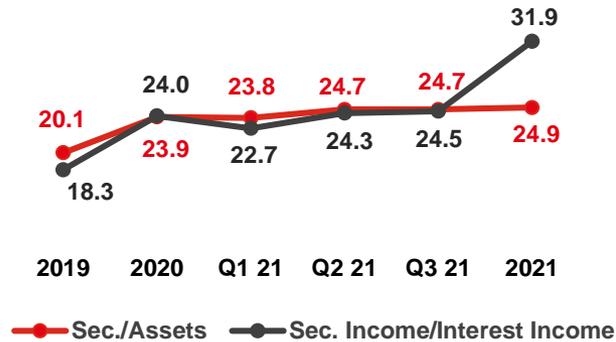
Total Securities (% share in total)



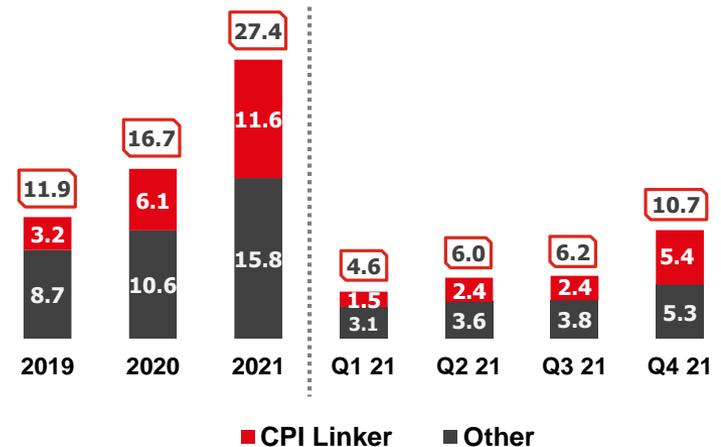
Breakdown of TL Securities⁽¹⁾ (% share in total)



Contribution from Securities (%)



Interest Income from Securities (TL bn)



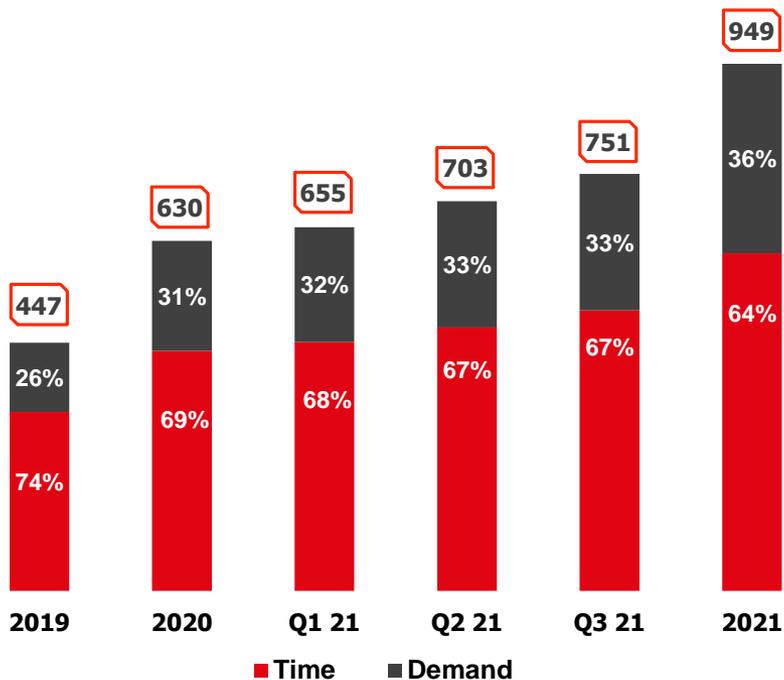
(1) Interest accruals excluded

Total Deposits (TL bn, % share in total)

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

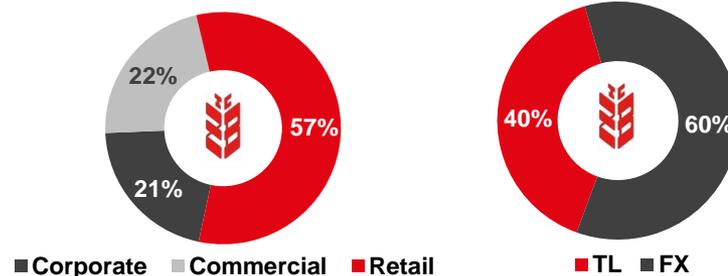
Limited FX deposit accumulation in 2021 (in USD terms).

Positive contribution from increasing demand deposits.



Deposit Growth

	QoQ Δ	YoY Δ
Total Deposits	26.4%	50.6%
<i>Total Deposit (FX adj.)</i>	1.7%	11.2%
TL	4.1%	24.2%
FX(\$)	-0.6%	-1.1%
Customer Deposit	27.2%	49.9%
Demand	38.7%	71.8%
Time	20.4%	40.9%



Core Deposit Ratio **96%**

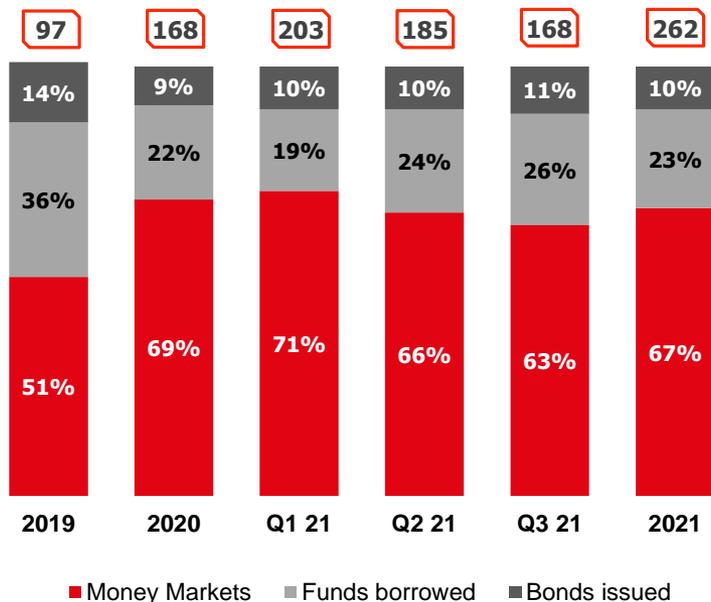
Public / Total Deposits **10%**

Banking Sector Demand /
Total Deposits **39%**

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

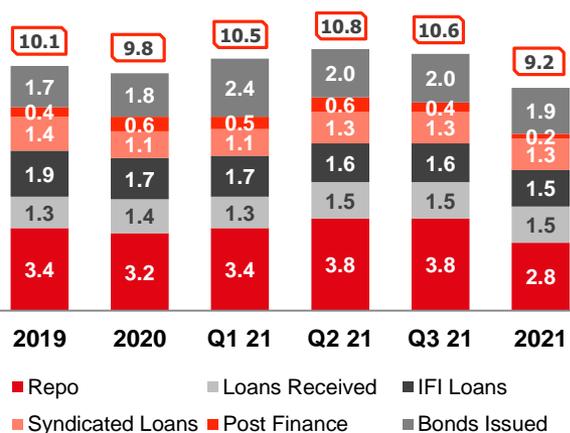
Non-Deposit Funds (TL bn,% share in total)

Cost oriented, adaptive wholesale funding management.
 Adequate FX liquidity, which can cover FX wholesale redemptions.
 Below sector LtD.
 Non-deposit funding/ total funding **21%**
 FX external funding/ total funding **9%**



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

FX External Funding (USD bn)

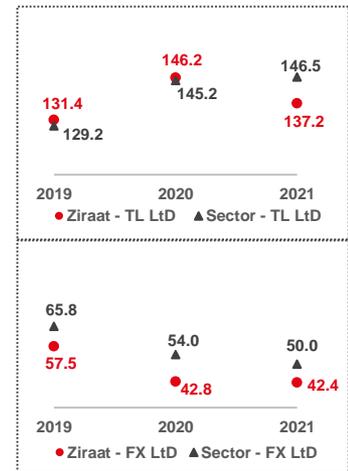
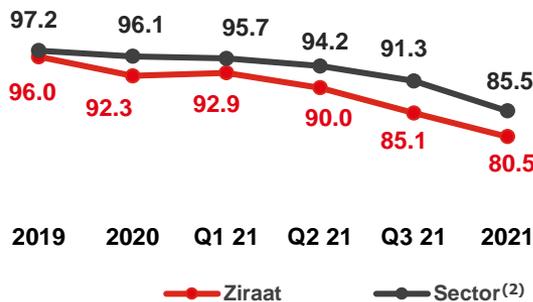


~ USD 12 bn
 FX Liquidity
 1.9 bn cash & CBRT
 6.4 bn FX swap
 3.9 bn unencumbered securities

FX LCR:
 436.7%

Total LCR:
 183.3%

Loan to Deposit⁽¹⁾ (%)



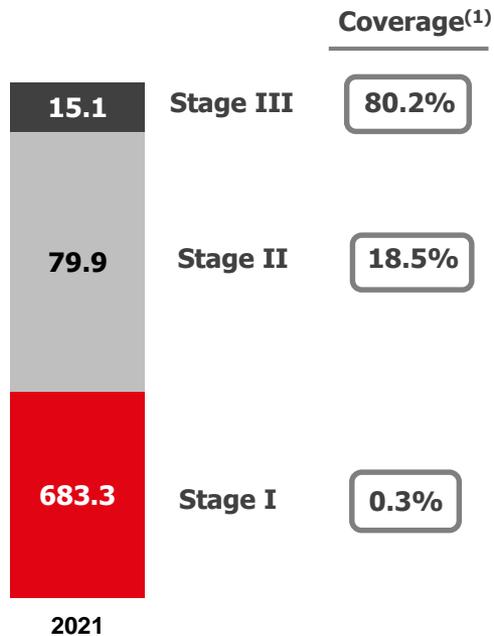
Loan Classification (TL bn)

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

Structurally low NPL generation arising from loan book dynamics.

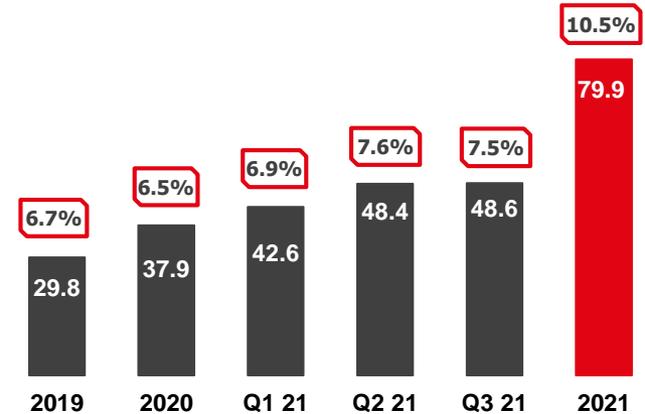
No forbearance impact as of YE 2021.

Increased S2 provisioning due to IFRS model revision and FX rate.

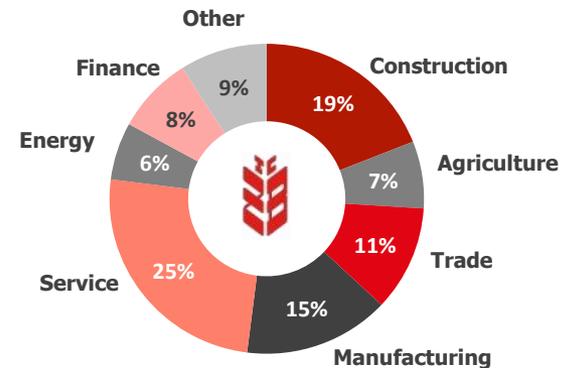


(1) Excluding intermediated loans for public funds

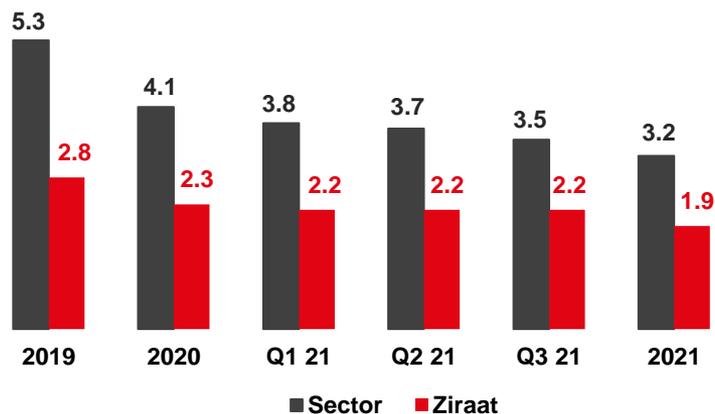
Stage II Loans (TL bn)



Sector Breakdown of Stage II Business Loans

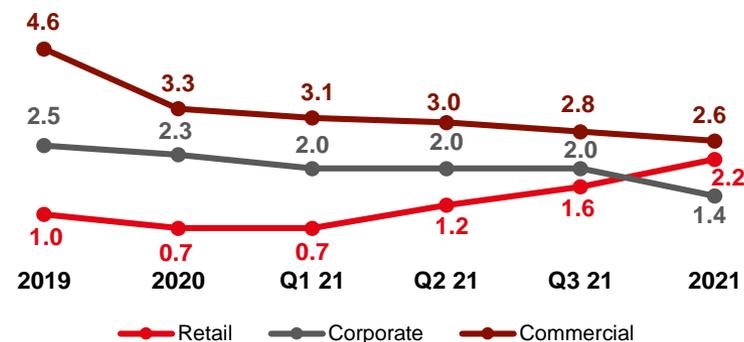


NPL Ratios (%)



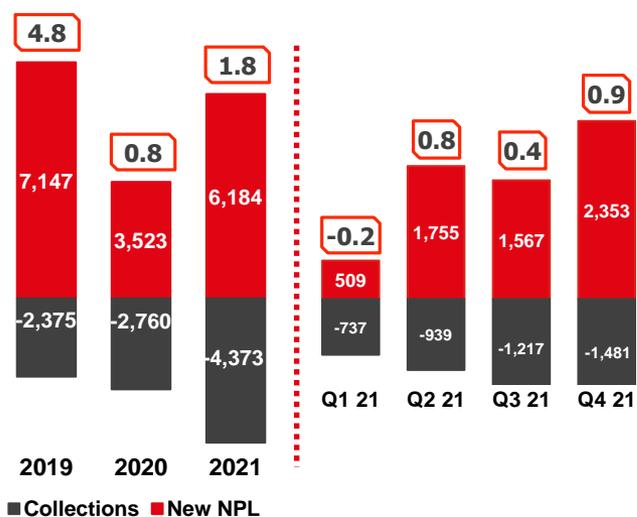
No Write-Off or NPL Sale

NPL Ratios by Segment (%)

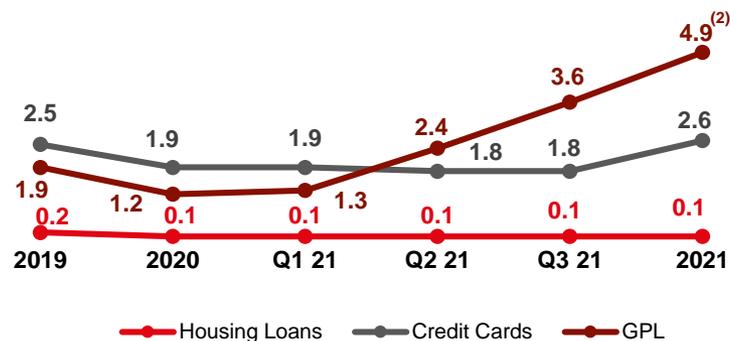


New NPL & Collections⁽¹⁾ (TL mn)

Net NPL Formation (TL bn)

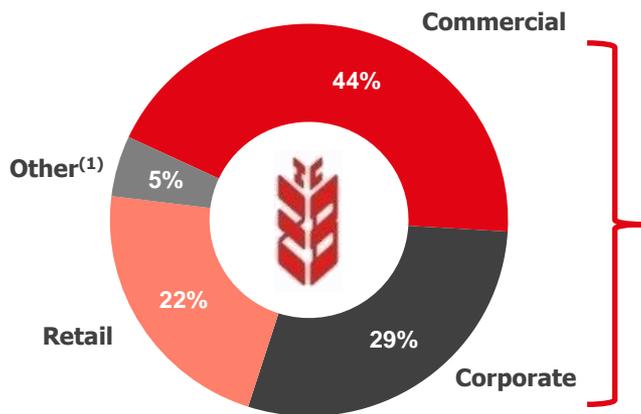


Retail NPL Ratios by Product (%)

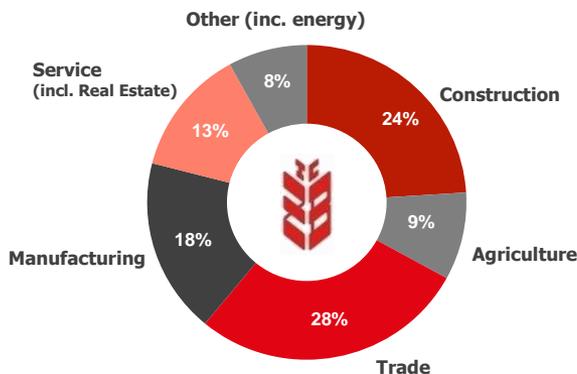


(1) Intermediated loans of public funds and other receivables are excluded
 (2) General Purpose Loans' NPL figure includes Covid-19 related lending under CGF, which will be compensated by the Fund.

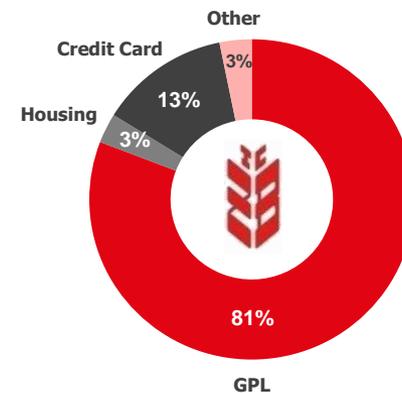
Total NPL by Segment



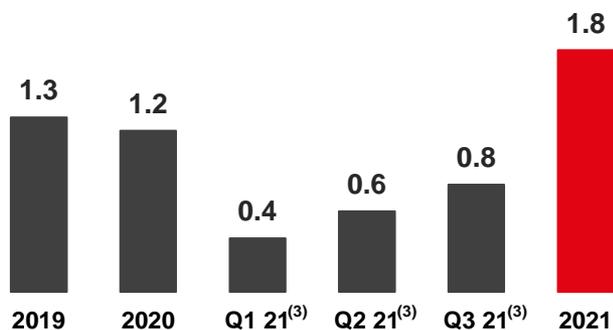
Business Loan NPL by Sector



Retail Loan NPL by Product



Cost of Risk⁽²⁾ (%)



Impact of additional provisioning due to IFRS model revision and FX rate

Restructured Loans⁽⁴⁾
in Total Loans: **10.0%**

Total Coverage⁽⁵⁾⁽⁶⁾ **192.0%**

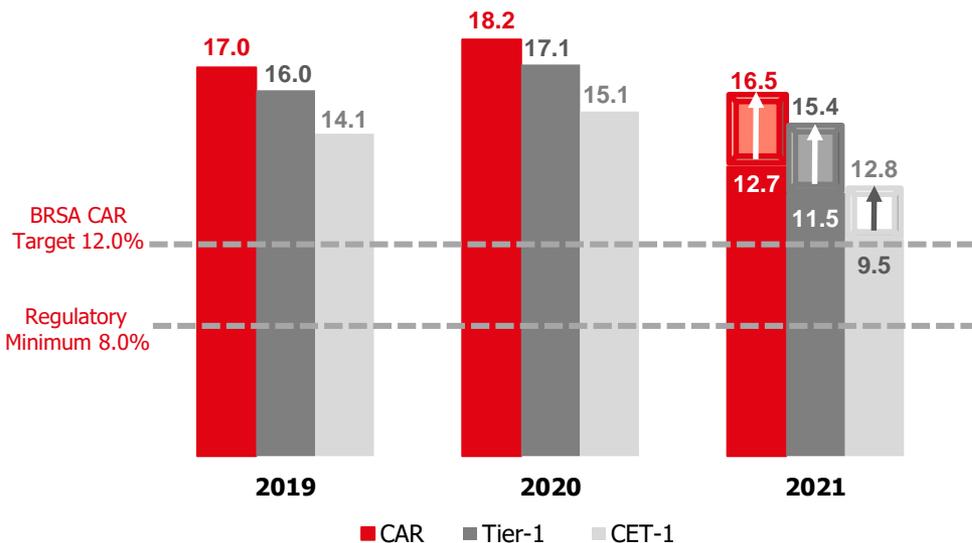
TL 3.7 bn
Total Free Provisions
(TL 250 mn additional free provision in Q4 2021)

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

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

Capital Ratios (%)

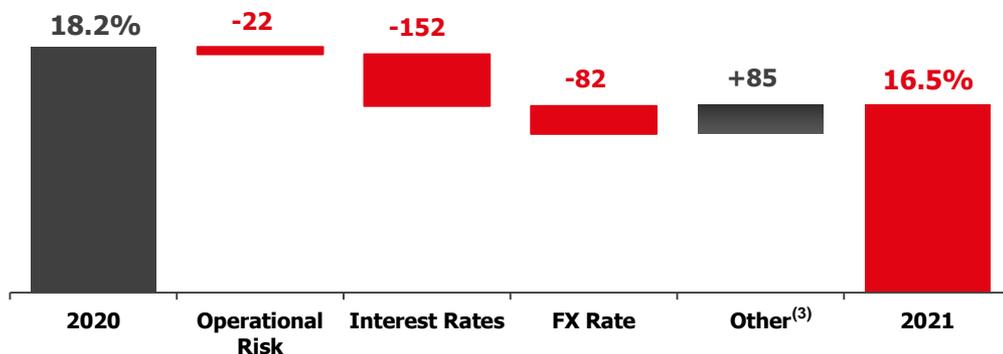
Forbearance Effect



Capital Ratio Requirements

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

Change in CAR (YoY, bps)



Basel III
Leverage **6.7%** vs
regulatory min of **3.0%**

%10 depreciation in TL
-50bps impact on CAR

TL 6.6 bn
excess capital⁽⁴⁾

TL 21.8 bn
capital increase plans

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

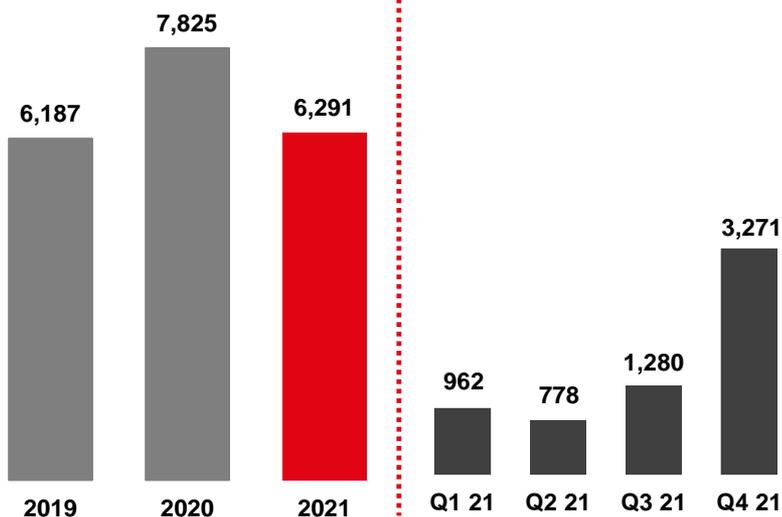
(2) Based on solo figures

(3) Other includes mainly profit & balance sheet growth net impact

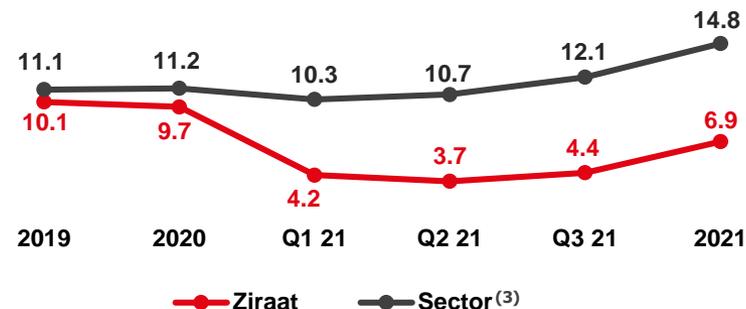
(4) Calculated over solo figures and 12.0% threshold without forbearance

Net Profit (TL mn)

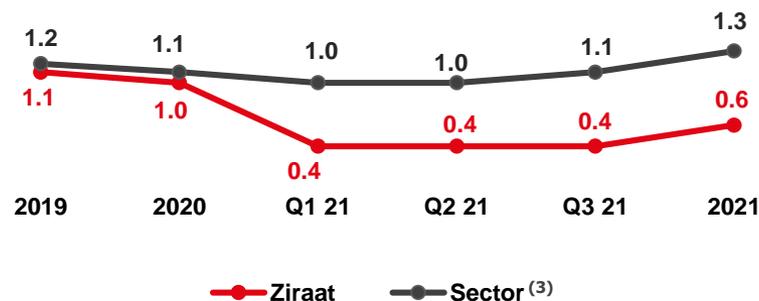
Albeit change in trend in Q4, limited NII formation in 2021, below trend profitability.
C/I ratio improved in Q4 (37.4%).
Remarkable support to profitability from F&C income in 2021 (F&C 76% YoY).



Return on Equity⁽¹⁾ (%)

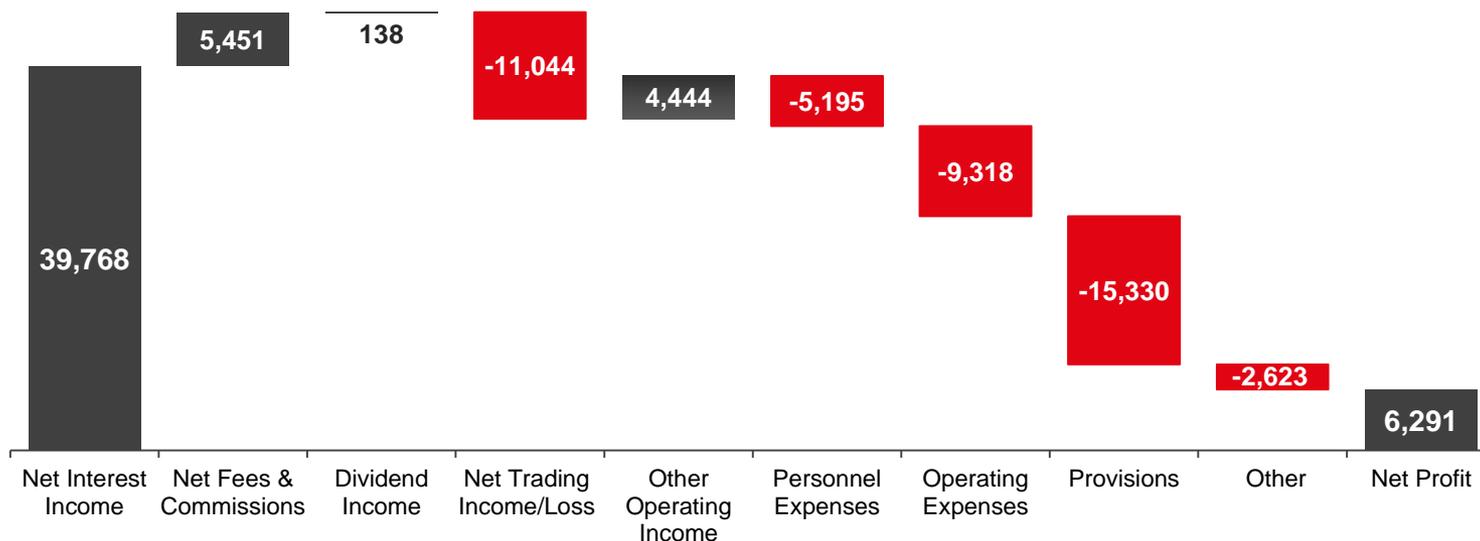


Return on Assets⁽²⁾ (%)

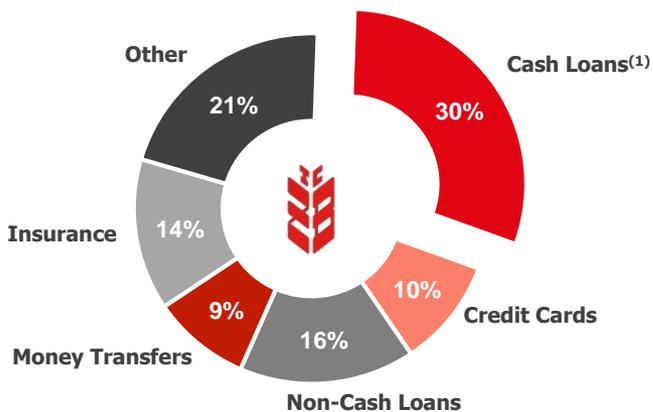


(1) Average shareholders' equity represent weekly averages
(2) Average total assets represent weekly averages
(3) Sector: Deposit Banks

P&L Breakdown 2021 (TL mn)



F&C Income Breakdown in 2021



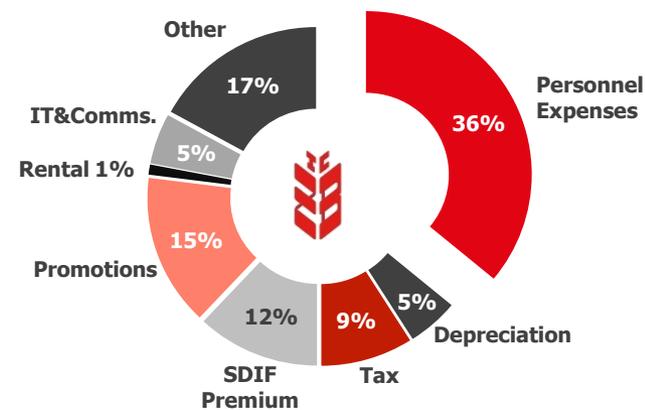
F&C Growth (YoY)

Credit Cards	386%
Money Transfers	94%
Insurance	48%
Cash Loans	19%

OPEX Growth (YoY)

SDIF Premium	32%
Promotions	20%
Depreciation	20%
Personnel Expenses	18%

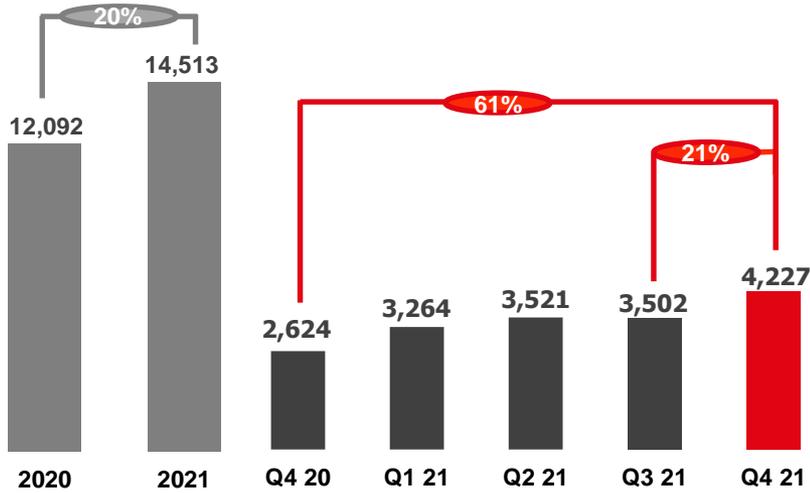
OPEX Breakdown in 2021



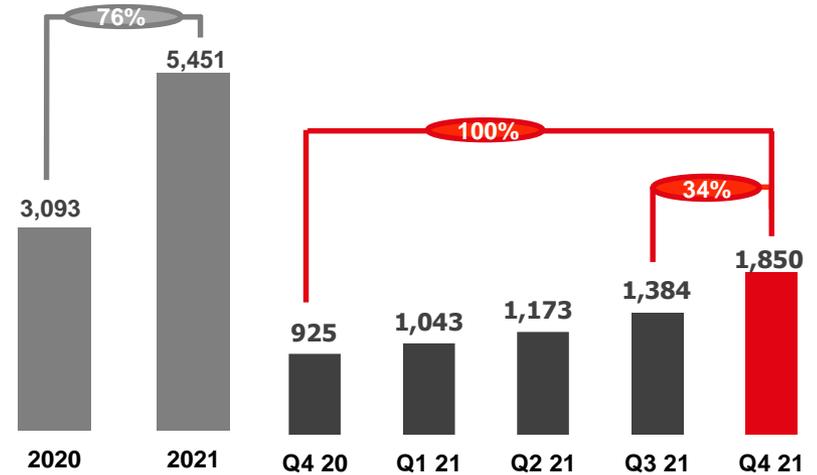
(1) Due to BRSA regulation, Fees & Commissions from cash loans are categorized under interest income.

Ziraat Bank – Profitability & Cost Management

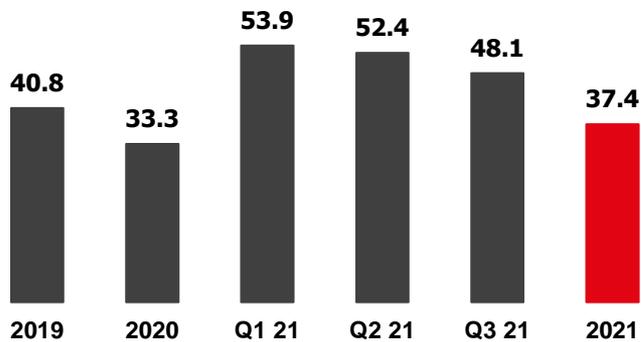
OPEX⁽¹⁾ (TL mn)



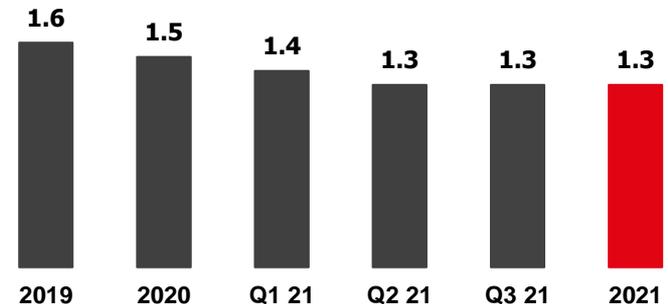
Net F&C (TL mn)



Cost/Income (%)

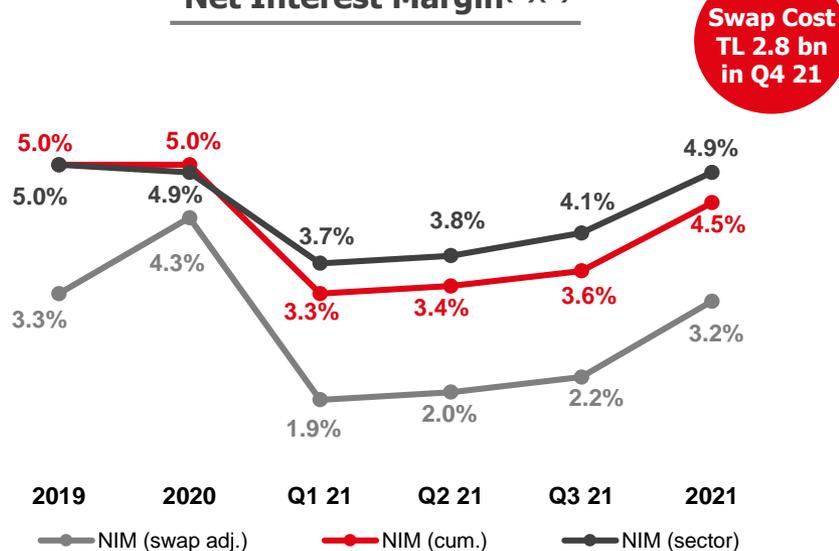


Cost/Avg. Assets (%)



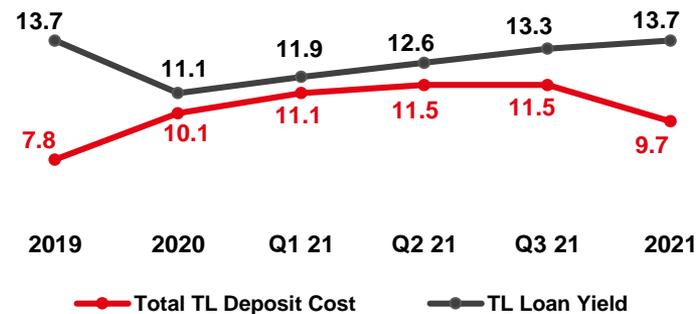
(1) Includes personnel expenses and other provision expenses

Net Interest Margin⁽¹⁾⁽²⁾

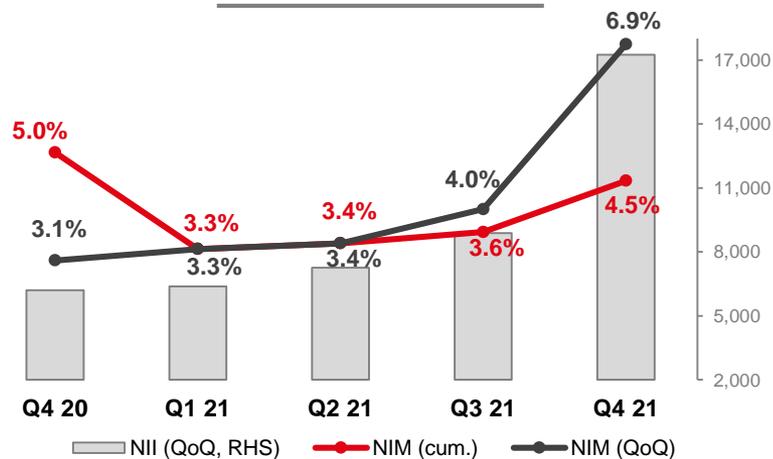


CBRT 500 bps rate cut after August has positive impact on funding costs. NIM increased in Q4 due to lower funding costs, repricing of loans, additional CPI linker securities income.

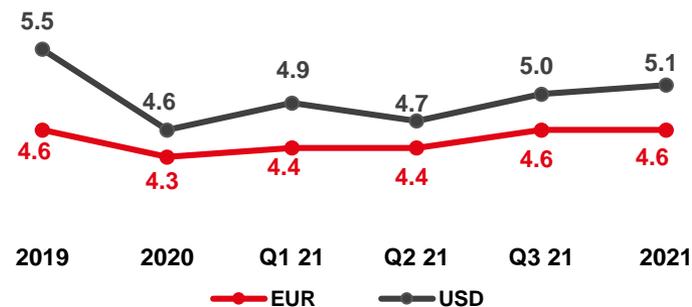
TL Loan Yield and Deposit Costs (%)



NII vs NIM (TL mn, %)



FX Core Spreads⁽³⁾ (%)

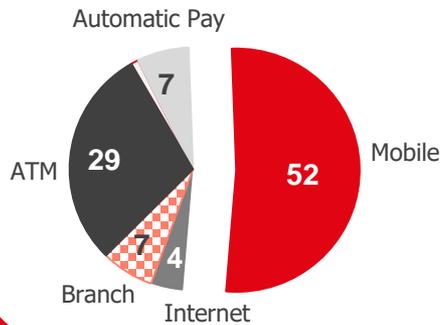


(1) Sector: Deposit banks
 (2) NIM = Net Interest Earnings / Av. IEA
 (3) FX Loan - FX Deposits (Total)

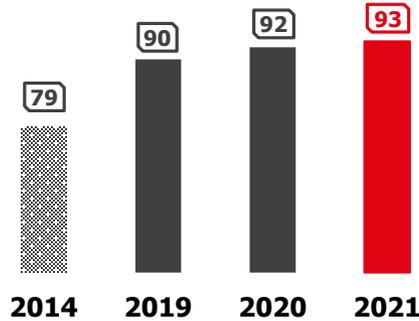
APPENDIX

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

Banking Transaction Channel Distribution (%)



Non-Branch Channels Usage (%)



Unique Service Delivery

- 17m** Active digital banking customers
- 28m** Internet banking customers
- 7,269** ATMs **13.9%** market share
- 22%** Improvement in unit transaction costs in 2020

What we have done so far?

- Full scale digital mobilization to ensure operational continuity during pandemic
- Digital Onboarding Process
- New digital solutions to reduce branch usage
- Full cycle digitalization in Individual Basic Requirements Support Loan processes
- New design for Ziraat Mobile app
- Virtual debit card

Digitalization plans

- New digital customer segment and behavior analysis
- Digitalized credit processes for non-retail customers
- AI supported virtual assistant
- Integration with e-trade platforms on cash flow operations
- New payment system "Ziraat Pay"
- Open Banking Services

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.

Green, Social and Sustainable Finance Framework

Alignment with best market practices

Ziraat Bank Green, Social and Sustainable Finance Framework is aligned with:

- ICMA Green Bond Principles 2018
- ICMA Sustainability Bond Guidelines 2018
- ICMA Social Bond Principles 2020
- LMA Green Loan Principles 2020

When drafting the Framework, Ziraat Bank has taken into consideration the recommendation of the final Technical Expert Group (TEG) report on the EU Taxonomy

[https://ec.europa.eu/knowledge4policy/publication/sustainable-finance-teg-final-report-eu-taxonomy_en]

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

Green Use of Proceeds

- Renewable Energy
- Green Buildings
- Environmentally Sustainable Management of Living Natural Resources and Land
- Sustainable Water and Wastewater Management
- Pollution Prevention and Control
- Eco-efficient and / or Circular Economy Adapted Products, Production Technologies and Processes
- Clean Transportation
- Energy Efficiency

Social Use of Proceeds

- Employment Generation Including Through The Potential Effect of SME Financing and Microfinance
- Access to Essential Services
- Affordable Housing

Contribute to United Nations Sustainable Development Goals ("UN SDGs") and EU environmental Objectives



Ziraat Bank – Balance Sheet Summary

TL mn	2019	2020	Q1 21	Q2 21	Q3 21	2021	% Change QoQ	% Change YoY
CASH AND CASH EQUIVALENTS	57,389	91,038	107,324	103,620	122,847	222,061	80.8%	143.9%
SECURITIES	130,335	225,621	237,017	256,324	263,718	341,401	29.5%	51.3%
LOANS	447,983	600,660	627,557	652,413	659,348	778,404	18.1%	29.6%
-Gross NPL	12,690	13,895	13,539	14,288	14,556	15,141	4.0%	9.0%
-Expected Credit Loss (-)	13,011	18,757	19,360	20,627	22,618	29,078	28.6%	55.0%
OTHERS	26,435	29,816	25,958	23,369	22,275	29,024	30.3%	-2.7%
TOTAL ASSETS	649,756	942,601	997,856	1,035,727	1,068,187	1,370,890	28.3%	45.4%
DEPOSITS	447,251	629,874	654,822	702,590	750,513	948,687	26.4%	50.6%
FUNDS BORROWED	34,528	36,950	38,887	44,215	42,956	59,316	38.1%	60.5%
INTERBANK MONEY MARKETS	49,275	116,401	143,113	122,840	106,022	176,699	66.7%	51.8%
PROVISIONS	3,819	7,059	7,251	7,264	7,327	26,162	257.1%	270.6%
OTHERS	44,818	59,039	67,316	67,639	69,930	62,926	-10.0%	6.6%
TOTAL LIABILITIES	579,691	849,323	911,389	944,548	976,748	1,273,790	30.4%	50.0%
SHAREHOLDERS' EQUITY	70,065	93,278	86,467	91,179	91,439	97,100	6.2%	4.1%



Ziraat Bank – Income Statement Summary

TL mn	2019	2020	2021	Q4 20	Q3 21	Q4 21	% Chg QoQ	% Chg YoY
INTEREST INCOME	65,602	69,476	101,998	19,707	24,948	33,392	33.8%	69.4%
-From Loans	52,764	52,330	72,794	13,847	18,255	22,182	21.5%	60.2%
-From Securities	11,966	16,696	27,440	5,708	6,173	10,659	72.7%	86.7%
INTEREST EXPENSE	40,290	34,862	62,230	13,505	16,069	16,152	0.5%	19.6%
-On Deposits	27,989	22,812	41,199	7,743	11,135	10,695	-4.0%	38.1%
NET INTEREST INCOME	25,312	34,615	39,768	6,202	8,879	17,240	94.2%	178.0%
NET FEES & COMMISSIONS	3,590	3,093	5,451	925	1,384	1,850	33.7%	100.0%
OTHER OPERATING INCOME	1,614	5,182	4,444	2,961	1,343	994	-26.0%	-66.4%
EXPECTED CREDIT LOSS	6,313	10,691	14,956	3,542	3,108	8,311	167.4%	134.6%
-Stage 1 Provisions	594	1,340	199	591	-162	187	NM	-68.4%
-Stage 2 Provisions	1,298	5,505	9,861	1,894	2,041	6,238	205.6%	229.4%
-Stage 3 Provisions	4,421	3,846	4,896	1,058	1,229	1,887	53.5%	78.4%
OTHER PROVISION EXPENSES	112	2,648	374	609	-13	274	NM	-55.0%
OPEX ⁽¹⁾	9,797	12,092	14,513	2,624	3,502	4,227	20.7%	61.1%
NET OPERATING PROFIT	7,648	10,834	8,913	2,615	1,833	4,559	148.7%	74.3%
NET PROFIT	6,187	7,825	6,291	1,736	1,280	3,271	155.5%	88.4%

Source: Unconsolidated Financial Statements

(1) OPEX includes personnel expenses and other provision expenses

NM: Not meaningful



Ziraat Bank – Key Financial Ratios

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

(1) Average total assets represent weekly averages

(2) Average shareholders' equity represent weekly averages

(3) Includes dividend income

(4) Average interest earning assets represent weekly averages

(5) Performing Loans

(6) Intermediated loans of public funds are excluded

(7) Annualized figure

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

(9) Including foreign branches

For further information please contact

Financial Institutions and Investor Relations Department

Eski Büyükdere Cad. No: 39 B Blok, 6. Kat Maslak-İstanbul/Turkey

Phone: (+90) 212 363 11 91

E-mail: investorrelations@ziraatbank.com.tr

www.ziraatbank.com.tr



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