

Financial Presentation
September 2020



Ziraat Bank

More than a bank

Largest bank in Turkey with
~ USD 121 bn. asset size

TL 924bn

Widest local and international geographic footprint with 1,758 branches

1,758

- Only bank in more than 400 points in Turkey
- Operating in 18 countries

Extensive customer base

> 36 mn

Market leadership

#1

- Total Assets
- Total Loans
- Equity
- Deposits

High level of funding intermediation through moderate LtD level

90.7%

Robust asset quality maintained

2.1%

- BRSA forbearance measures impacting NPL
- Prudent provisioning approach

Sound CAR

- TL 7 bn. capital increase in May 2020
- CET 1 capital ratio 15.0%

18.2%

The largest deposit base in the sector

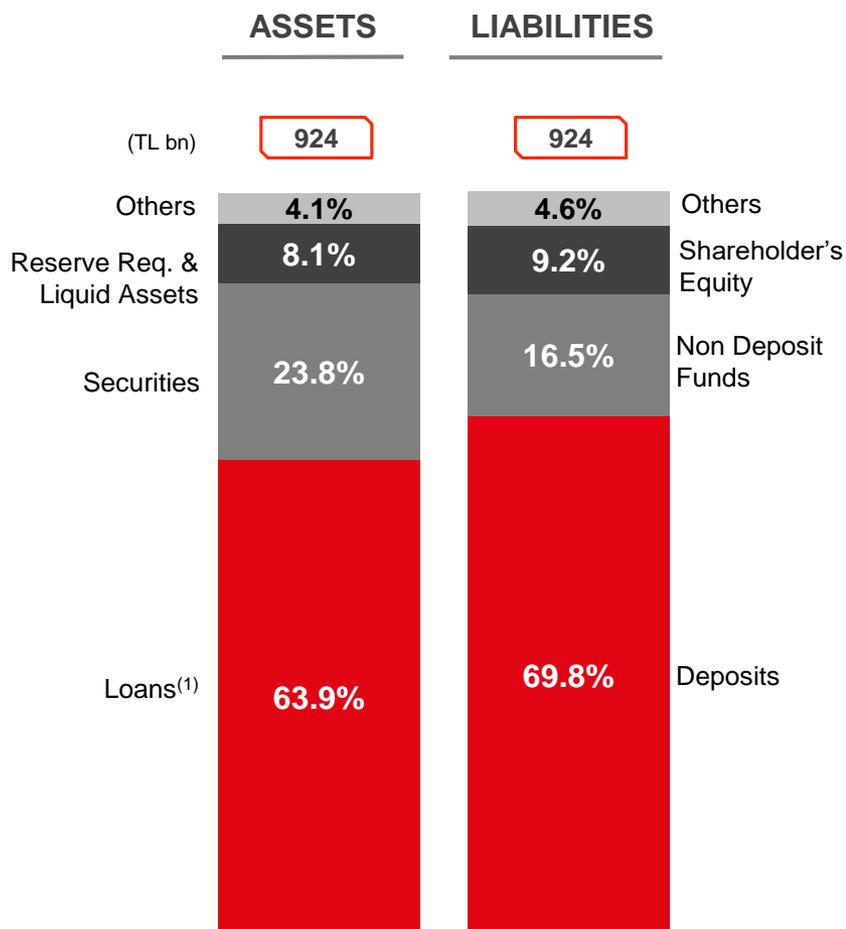
TL 645 bn

- Core deposit ratio 96%

Undisputed agricultural loans leader in terms of market share

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

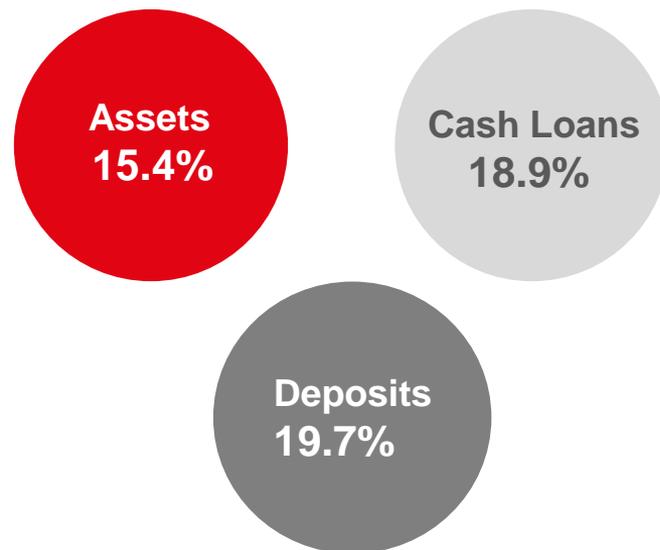
60%



Asset Growth

QoQ : 16.0%
YoY : 32.8%

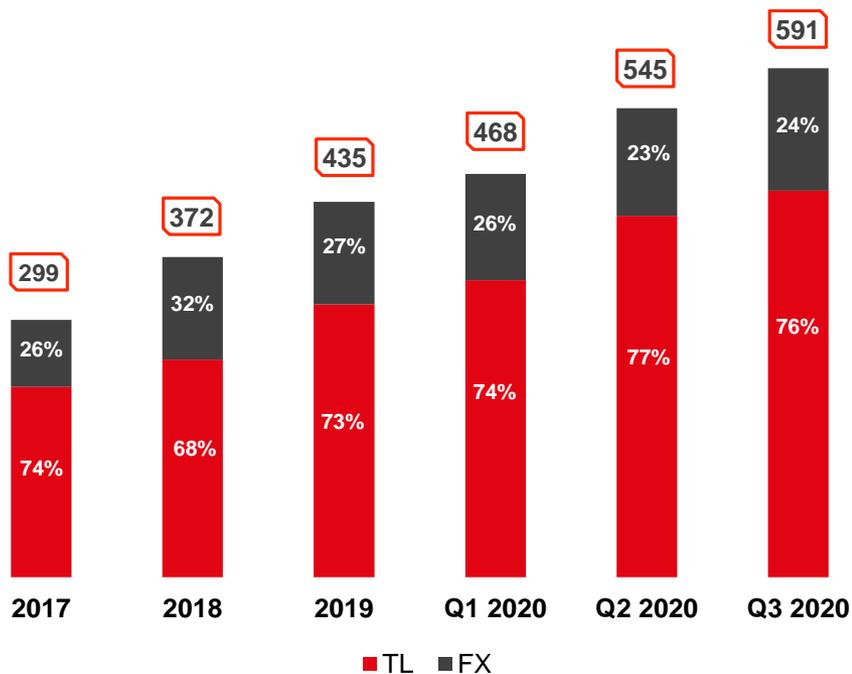
Market Penetration



(1) Performing loans only

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

Softened loan growth in Q3 mainly driven by retail segment, specifically housing loans.



(1) Performing loans
(2) Accruals are excluded

Loan Growth

	QoQ Δ	YtD Δ
Total Loans	8.4%	35.7%
Total Loans (FX adj.)	5.5%	28.2%
TL	6.9%	41.7%
FX(\$)	0.9%	-7.7%
Retail	14.4%	48.7%
Housing	17.6%	41.2%
SME	5.0%	45.0%
Corporate	6.9%	17.5%
Corp. (FX adj.)	-6.2%	2.4%

CGF Guaranteed Loans

Total TL **84 bn**
o/w TL **22 bn** retail segment
~ **4 million** customers
14 % of cash loans
26 % Market Share

Housing Loans

53 % of retail loans
33% Market Share
66 % LTV⁽²⁾
0.1% NPL

Agro Loans

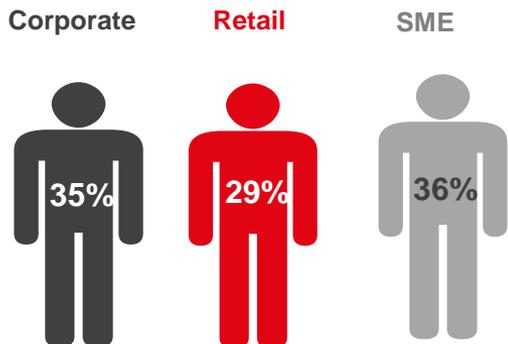
TL **77 bn**
60% Market share
77% Subsidized
1.8% NPL

GPL

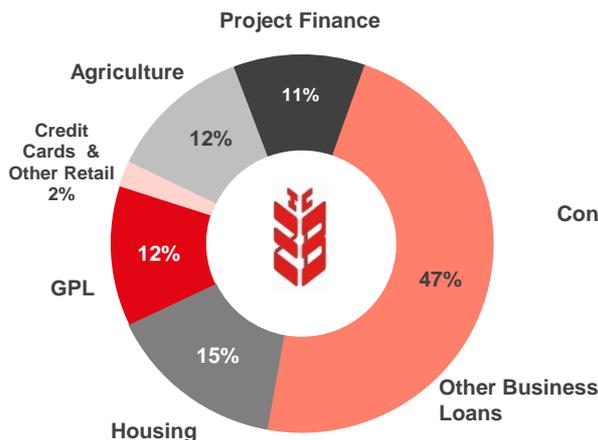
41% of retail loans
18% Market Share
Payroll Customers & Pensioners
41% of GPL

Ziraat Bank – Lending Mix

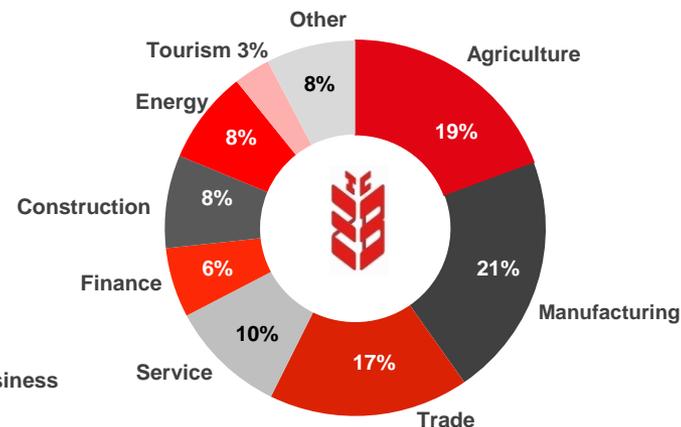
Cash Loans by Customer Segment⁽¹⁾



Cash Loans by Product



Sector Breakdown of Cash Business Loans⁽¹⁾



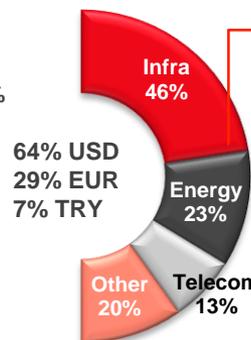
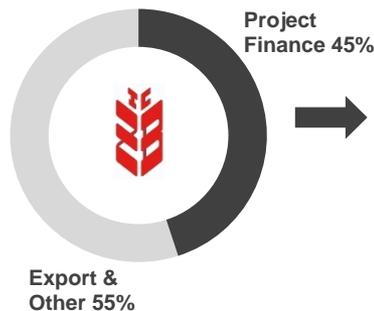
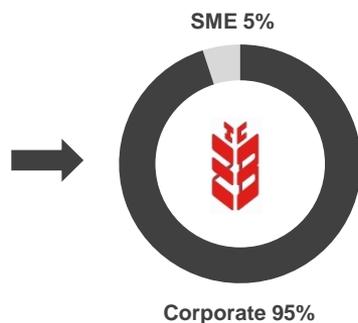
⁽¹⁾ Based on customer segmentation data, totals may differ from product classification

FX Loans

- FX Loans USD **18.6 bn**

FX Loans/Total Loans **24% vs. 32%** sector average

FX loans NPL **2.7%**



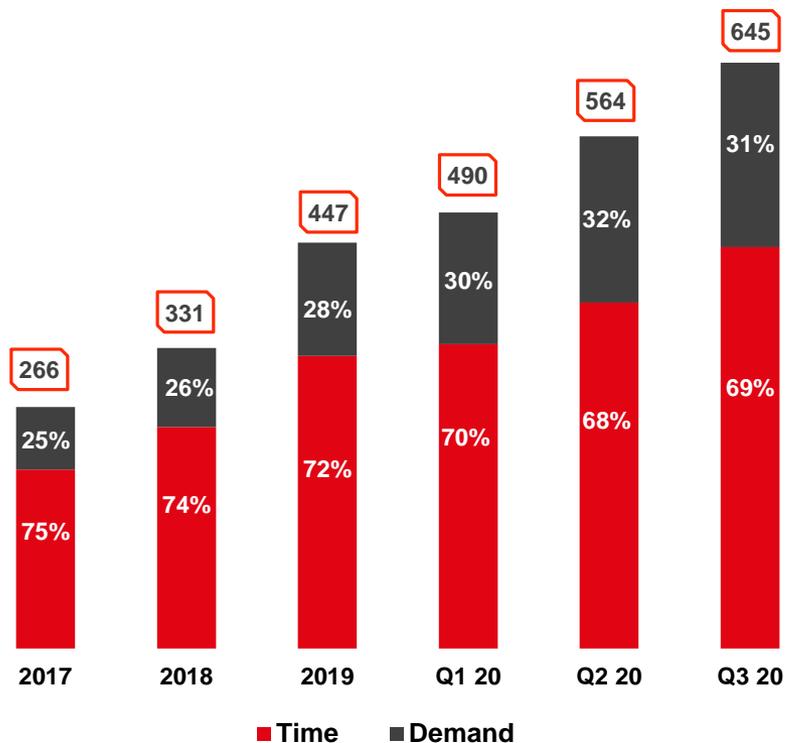
Share of Infrastructure projects with debt assumption **85%**

- Share of Renewables in energy loans: **59%**
- Share of energy loans in stage II loans: **7.1%**
- Share of energy loans in NPL: **1.8%**

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

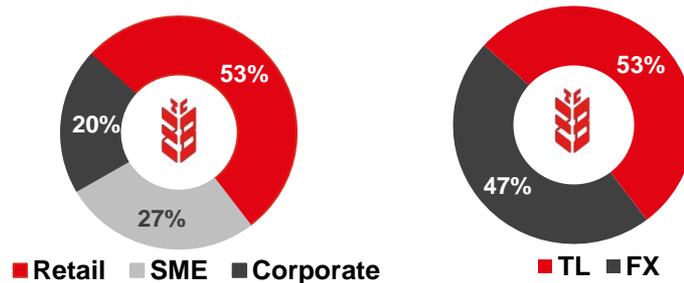
Total Deposits (TL bn, % share in total)

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



Deposit Growth

	QoQ Δ	YtD Δ
Total Deposits	14.2%	44.1%
<i>Total Deposit (FX adj.)</i>	8.2%	28.5%
TL	10.2%	40.7%
FX(\$)	5.8%	14.3%
Customer Deposit	13.7%	47.2%
Demand	10.6%	63.5%
Time	16.0%	36.7%



Core Deposit Ratio **96%**

Public / Total Deposits **11%**

Banking Sector Demand /
Total Deposits **34%**

Retail deposits share in
demand deposits **56%**

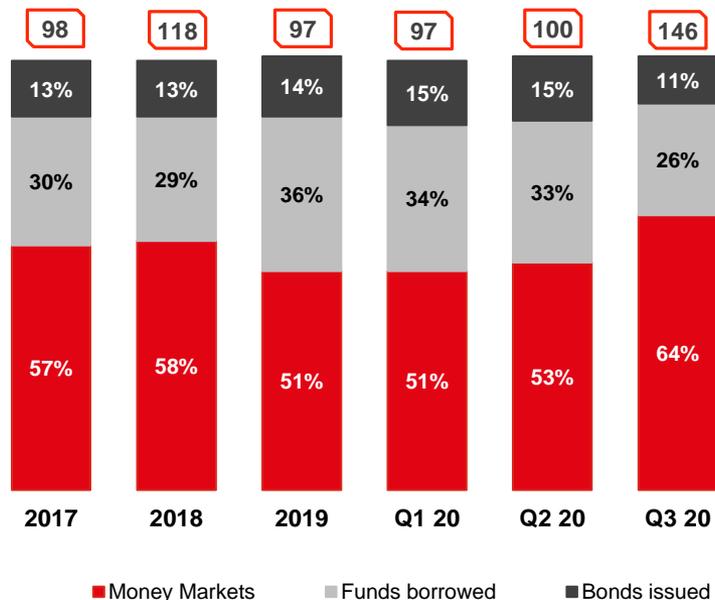
Non-Deposit Funds (TL bn,% share in total)

Cost oriented, adaptive wholesale funding management

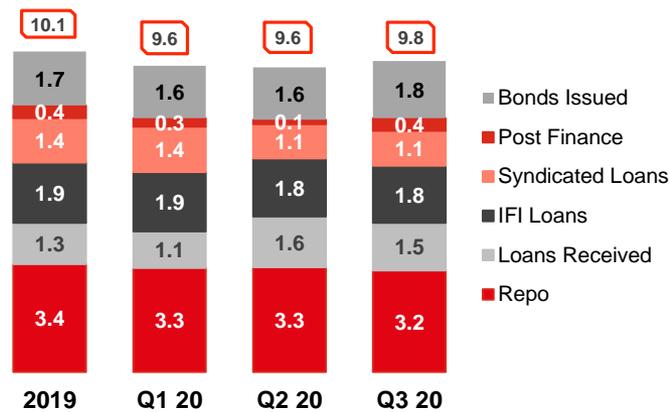
Slight increase and composition change in non-deposit funding mix

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

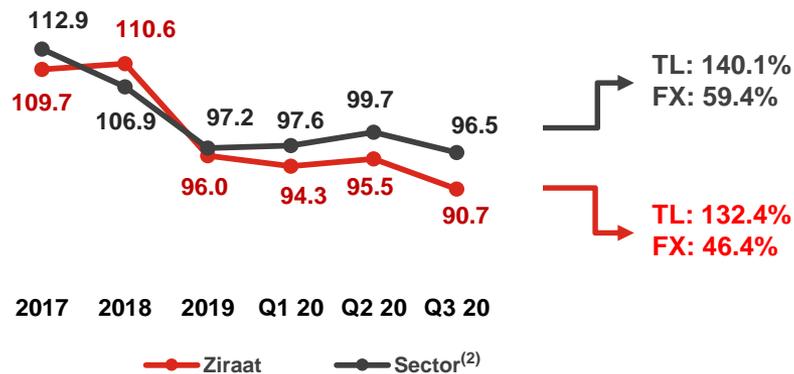
313.5% FX LCR, 135.3% Total LCR



FX External Funding (USD bn)



Loan to Deposit⁽¹⁾ (%)



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

(2) Sector: Deposit banks

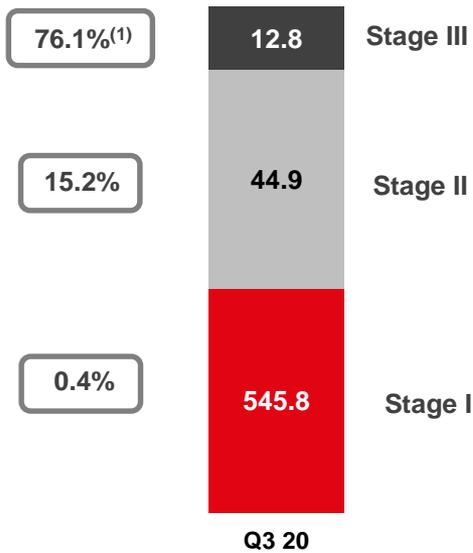
Loan Classification (TL bn)

Increased provisioning as part of a prudent risk management approach

Above sector average Stage 3 coverage (76.1% vs 74.2 %)

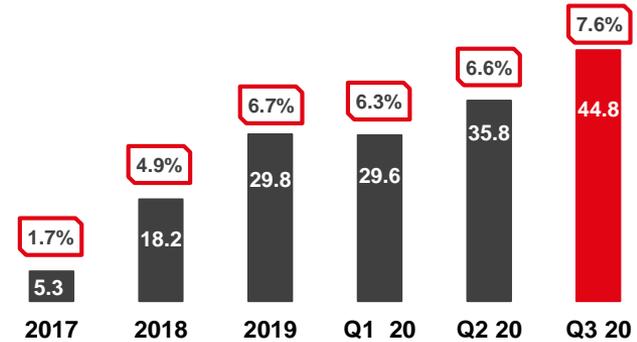
Moderate impact of ~ 35 bps on NPL due to temporary forbearance measures by BRSA

Coverage

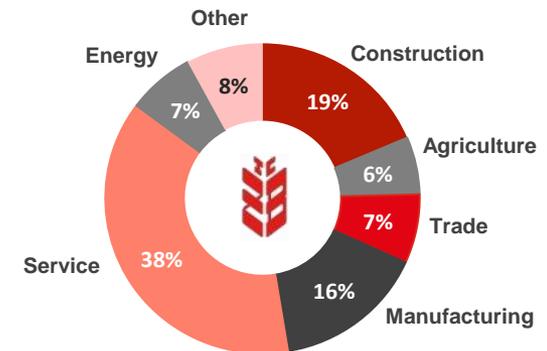


(1) Excluding intermediated loans for public funds

Stage II Loans (TL bn)

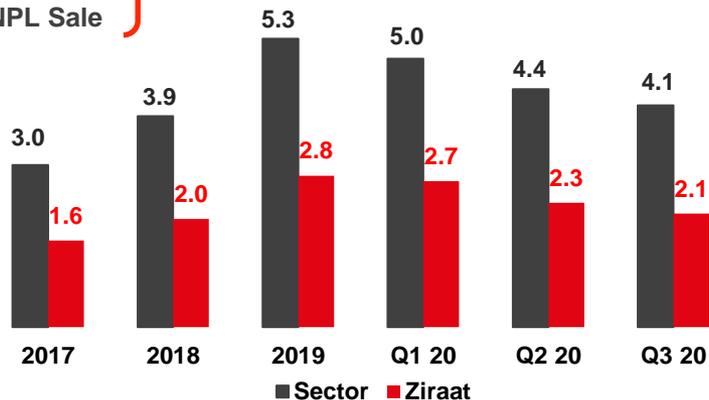


Sector Breakdown of Stage II Business Loans



NPL Ratios (%)

(No Write Off or NPL Sale)

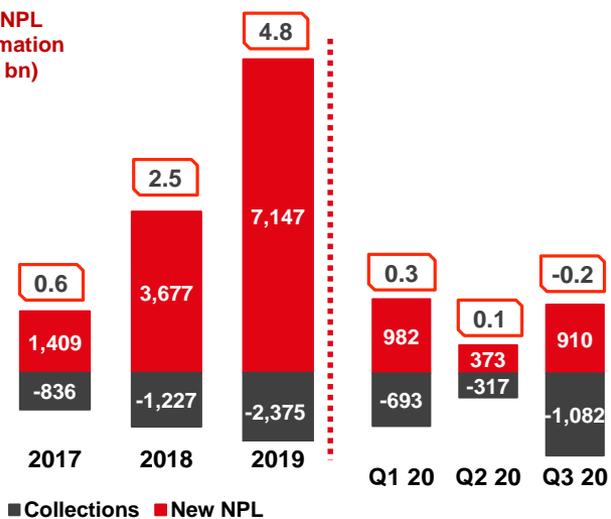


NPL Ratios by Segment (%)

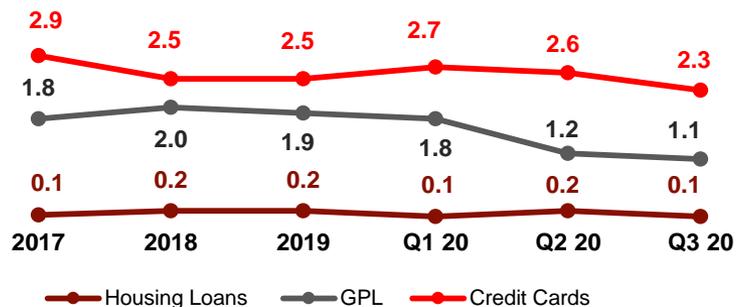


New NPL & Collections (TL mn)

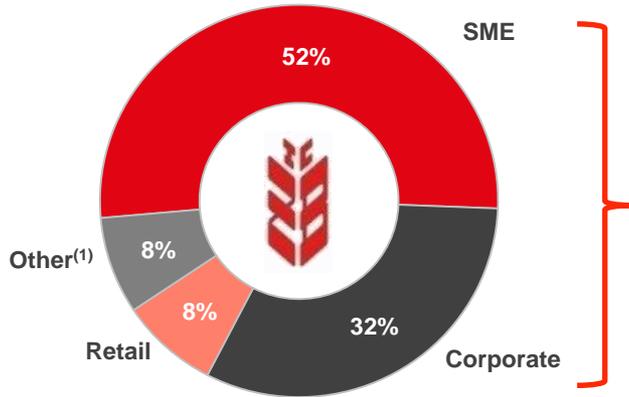
Net NPL Formation (TL bn)



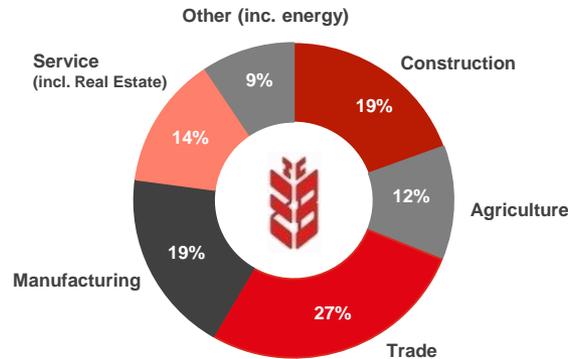
Retail NPL Ratios by Product (%)



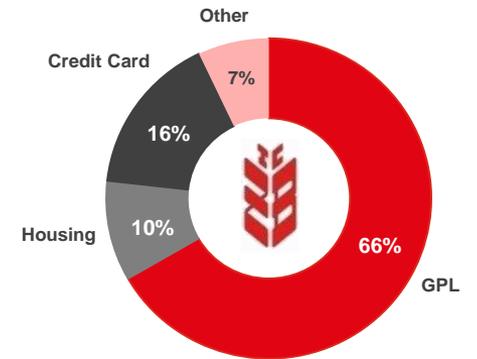
Total NPL by Segment



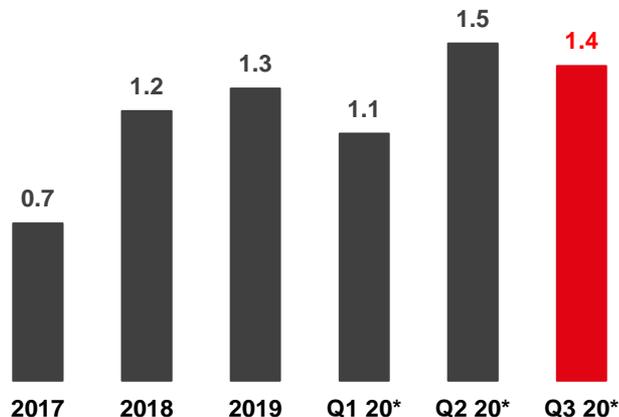
Business Loan NPL by Sector



Retail Loan NPL by Product



Cost of Risk⁽²⁾ (%)



Restructured Loans⁽³⁾
in Total Loans: **8.0%**

TL 2.8 bn Free Provisions

Total Coverage⁽⁴⁾⁽⁵⁾ **146.1%**

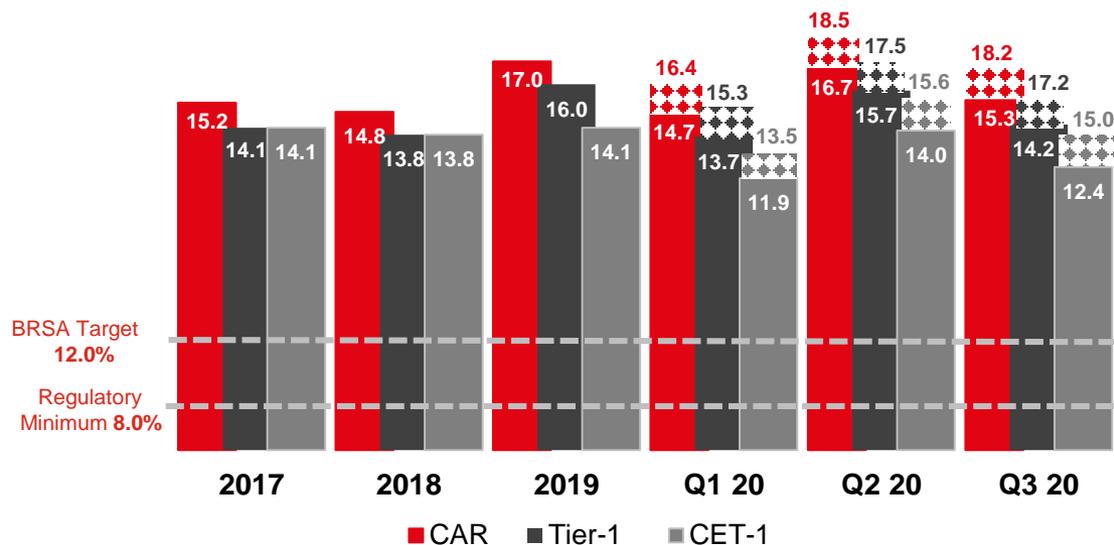
Cash Coverage⁽⁴⁾⁽⁶⁾ **168.7%**

(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
 (*) Annualized figure

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

Capital Ratios (%)

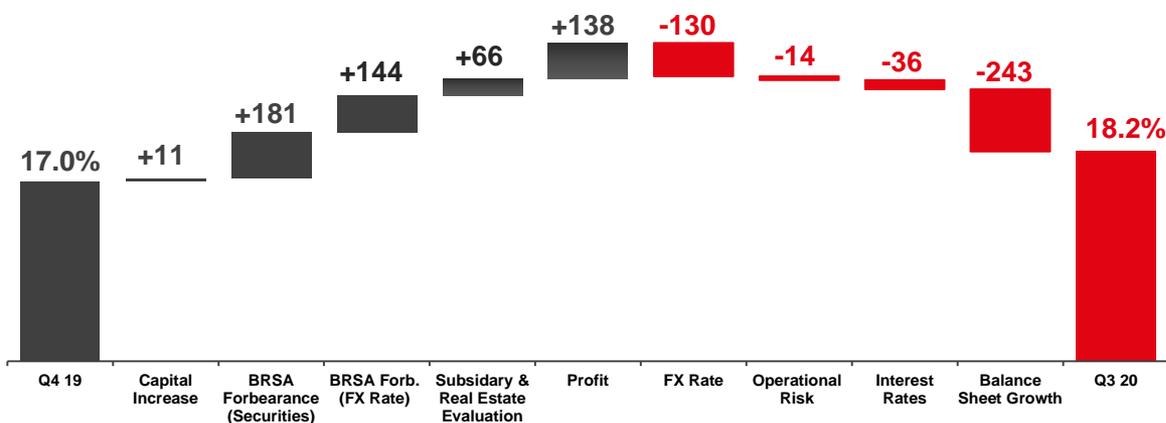
[Forbearance Effect]



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	0.07%	0.07%
TOTAL	7.1%	9.1%
Including AT1 and Tier2	10.6%	12.6%

Change in CAR (YtD, bps)



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

TL 22.4 bn.
excess capital⁽²⁾

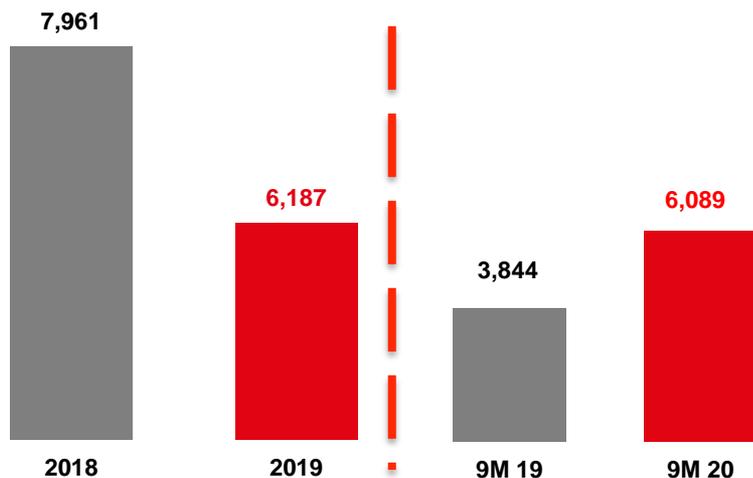
TL 7 bn. paid-in capital
increase by TWF in May

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

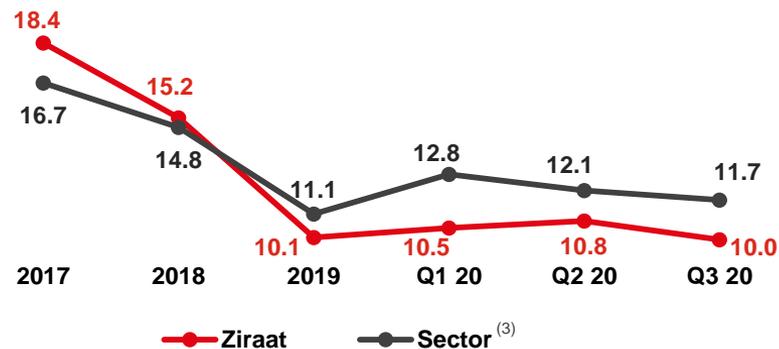
Net Profit (TL mn)

Increased Fee & Commission income and limited OPEX growth support bottom line.

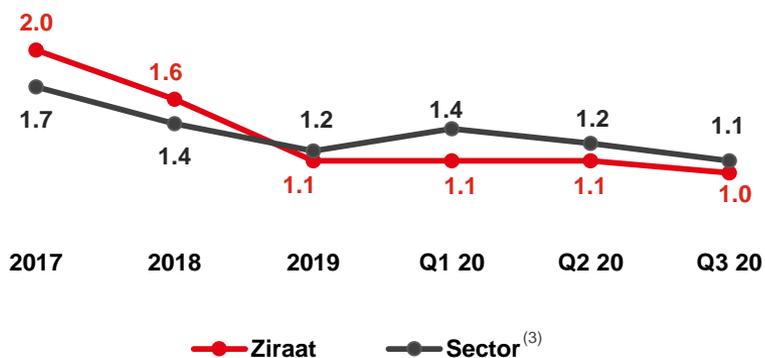
Negative impact on NII from increasing funding costs is anticipated for the coming periods.



Return on Equity⁽¹⁾ (%)



Return on Assets⁽²⁾ (%)

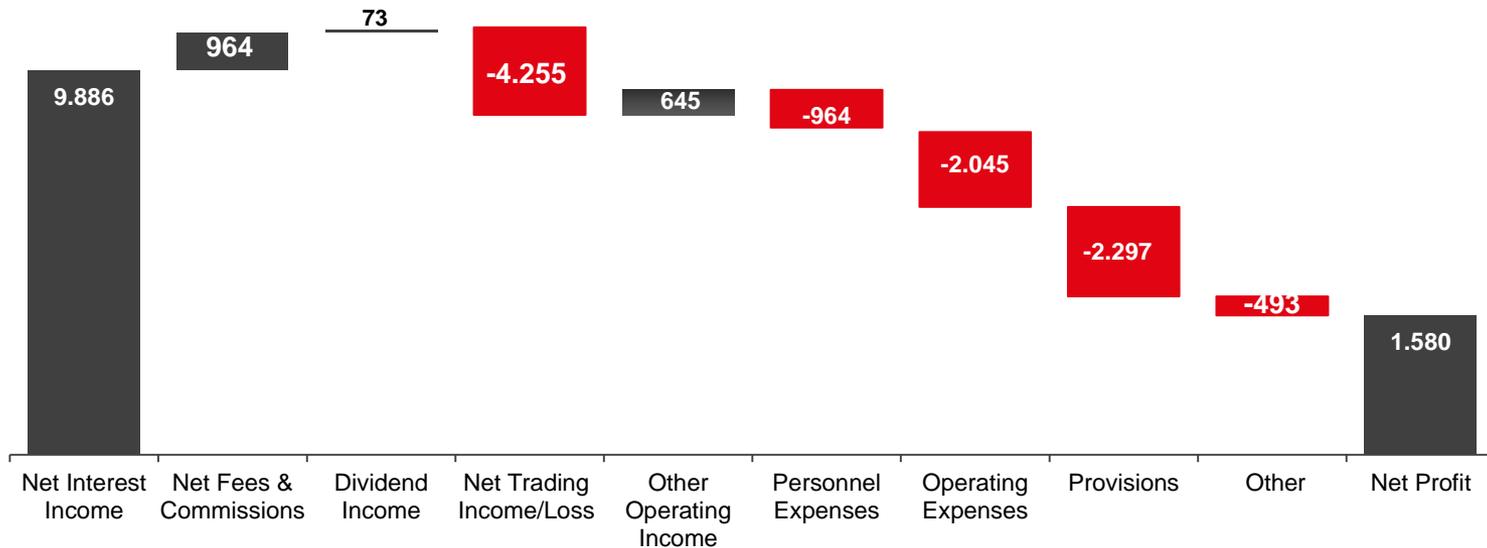


(1) Average shareholders' equity represent monthly averages for 2017 and weekly averages since 2018

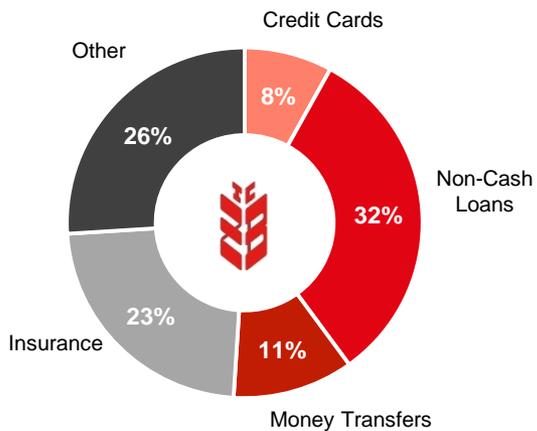
(2) Average total assets represent monthly averages for 2017 and weekly averages since 2018

(3) Sector: Deposit Banks, Q2 2020 BRSA data

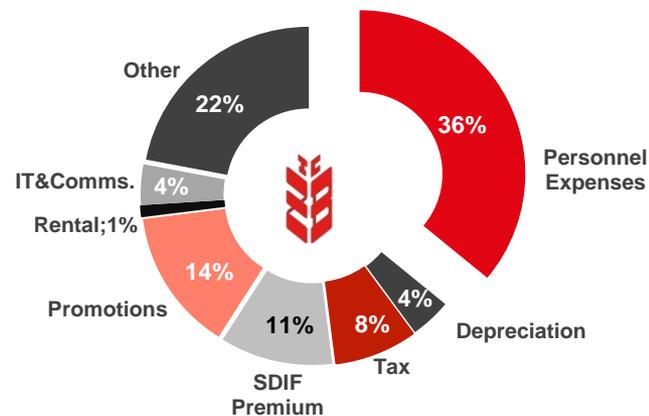
P&L Breakdown Q3 2020 (TL mn)



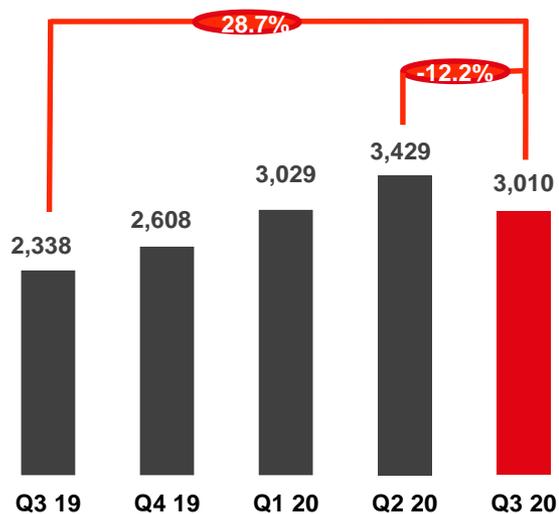
F&C Income Breakdown in 9M 2020



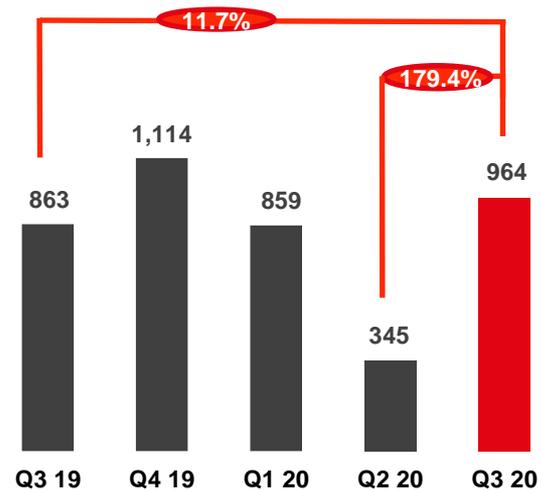
OPEX Breakdown in 9M 2020



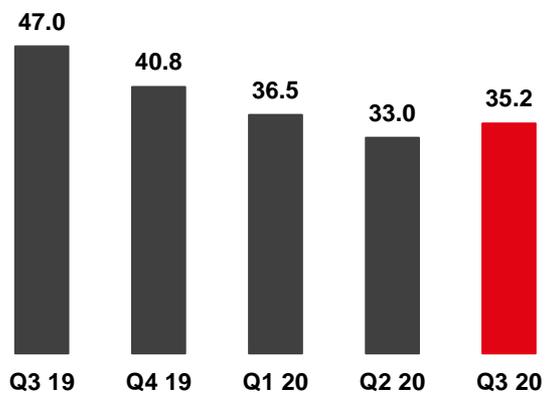
OPEX⁽¹⁾ (TL mn)



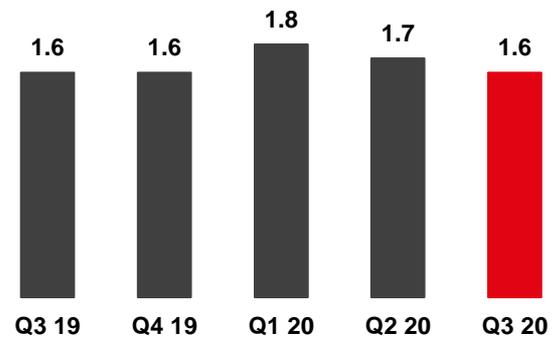
Net F&C (TL mn)



Cost/Income (%)



Cost/Avg. Assets (%)



(1) Includes personnel expenses and other provision expenses

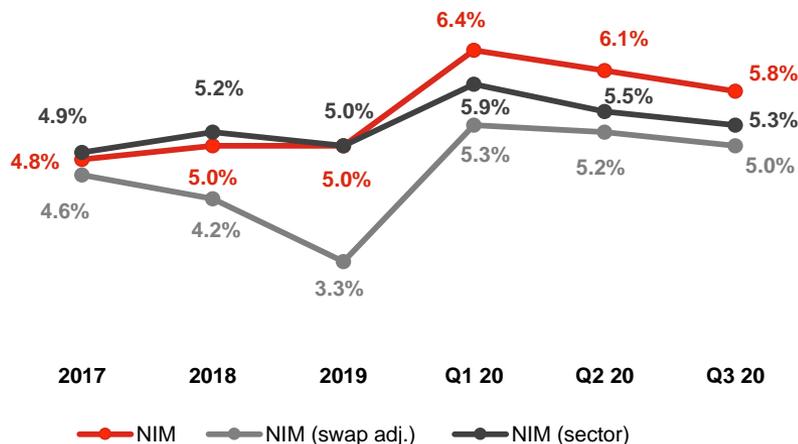
Net Interest Margin⁽¹⁾⁽²⁾ (NIM cum. %)

Increasing interest rate environment marked by >500 bps increase in CBRT average cost of funding after Q2 20

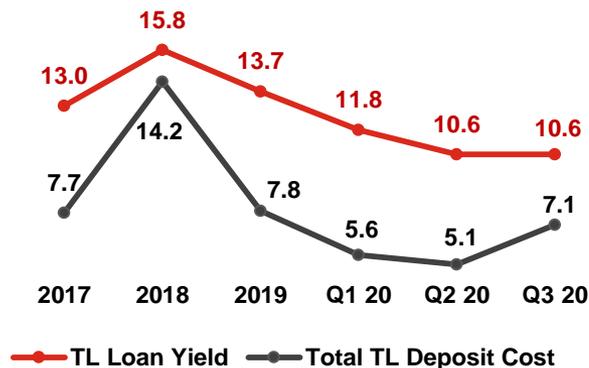
Albeit increasing funding costs in Q3 20, NIM slightly decreased and continued to be above historic averages

Strong Swap adj. NIM with swap costs of **TL 1.1 bn QoQ**

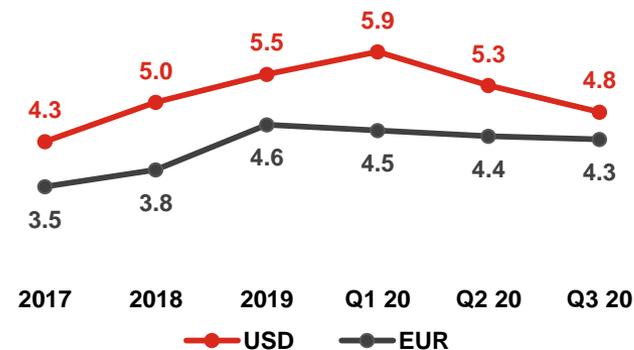
Lower NIM shaped by higher funding cost is anticipated for the rest of the year



TL Loan Yield and Deposit Costs (%)



FX Core Spreads⁽³⁾ (%)



(1) Sector: Deposit banks, Q2 20 calculated over BRSA June 2020 figures

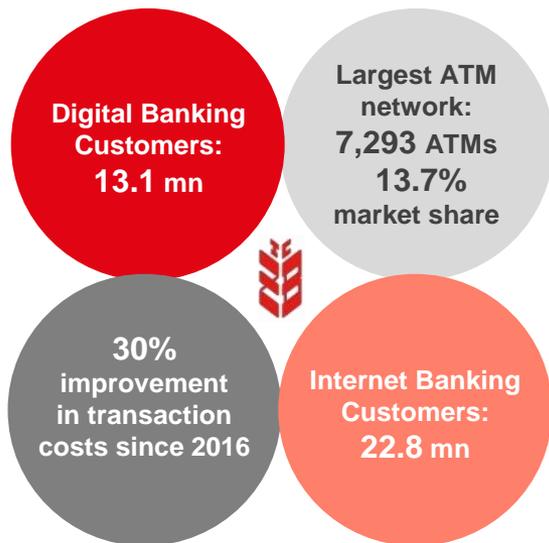
(2) NIM = Net Interest Earnings / Av. IEA

(3) FX Loan - FX Deposits (Total)

APPENDIX

- Digital Banking
- Securities Portfolio
- Balance Sheet Summary
- Income Statements Summary
- Key Financial Ratios

Unique Service Delivery



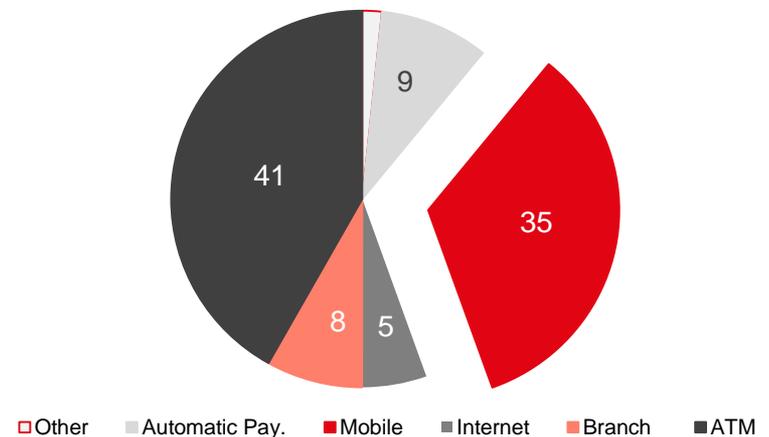
Full scale digital mobilization to ensure operational continuity during the Covid-19 outbreak

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

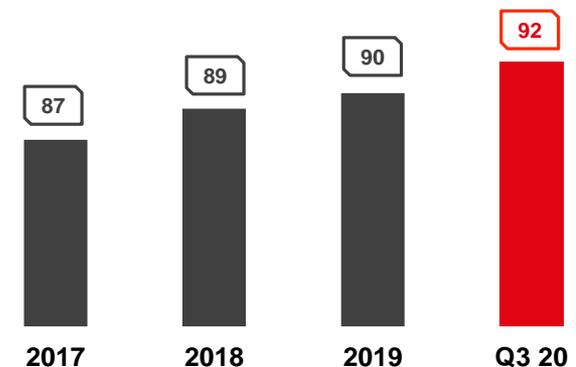
Increase in market share of credit card balance:
From **3.3%** in 2016 to **6.3%** in Q3 20

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

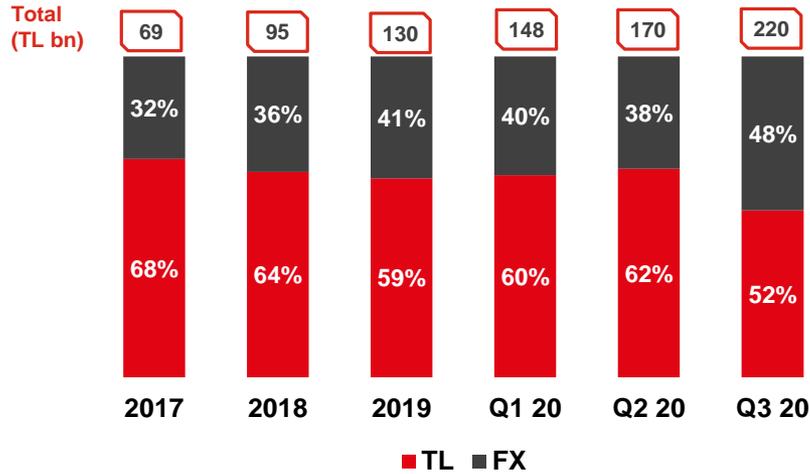
Banking Transaction Channel Distribution (%)



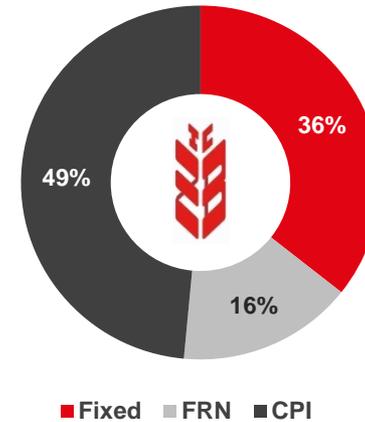
Non-Branch Channels Usage (%)



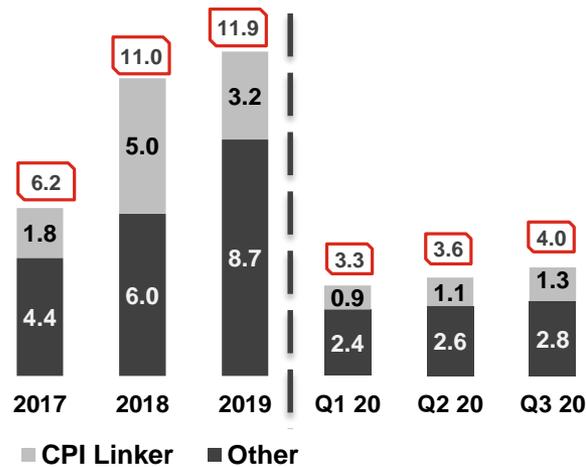
Total Securities (% share in total)



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



Interest Income from Securities (TL bn)



(1) Interest accruals excluded



Ziraat Bank – Balance Sheet Summary

TL mn	2017	2018	2019	Q2 20	Q3 20	% Change QoQ	% Change Ytd
CASH AND CASH EQUIVALENTS	48,571	46,238	57,389	46,692	75,216	61.1%	31.1%
SECURITIES	70,628	95,374	130,335	169,955	220,129	29.5%	68.9%
LOANS	298,033	371,871	447,983	557,913	603,518	8.2%	34.7%
-Gross NPL	4,774	7,46	12,690	12,999	12,827	-1.3%	1.1%
-Expected Credit Loss (-)	4,211	8,385	13,011	16,777	18,377	9.5%	41.2%
OTHERS	17,364	23,673	26,435	22,009	24,826	12.8%	-6.1%
TOTAL ASSETS	434,596	537,156	649,756	796,569	923,689	16.0%	42.2%
DEPOSITS	266,384	331,066	447,251	564,333	644,667	14.2%	44.1%
FUNDS BORROWED	29,065	34,172	34,528	32,843	37,688	14.8%	9.2%
INTERBANK MONEY	56,258	68,351	49,275	52,889	92,843	75.5%	88.4%
MARKETS							
PROVISIONS	3,283	2,832	3,819	5,829	6,078	4.3%	59.2%
SHAREHOLDERS' EQUITY	52,531	57,401	70,065	85,686	84,678	-1.2%	20.9%
OTHERS	27,075	43,334	44,818	54,989	57,735	5.0%	28.8%



Ziraat Bank – Income Statement Summary

TL mn	2017	2018	2019	Q3 19	Q2 20	Q3 20	% Chg. QoQ	% Chg. YoY
INTEREST INCOME	35,463	53,054	65,602	16,309	16,182	17,536	8.4%	7.5%
-From Loans	28,357	41,028	52,764	13,747	12,497	13,442	7.6%	-2.2%
-From Securities	6,193	10,977	11,966	2,353	3,624	4,008	10.6%	70.3%
INTEREST EXPENSE	18,561	31,138	40,290	10,603	6,538	7,650	17.0%	-27.9%
-On Deposits	12,249	19,675	27,989	7,418	4,682	5,382	15.0%	-27.4%
NET INTEREST INCOME	16,902	21,916	25,312	5,706	9,644	9,886	2.5%	73.3%
NET FEES & COMMISSIONS	2,217	2,638	3,590	863	345	964	179.4%	11.7%
OTHER OPERATING INCOME	1,378	1,434	1,614	308	854	645	-24.5%	109.4%
OPEX ⁽¹⁾	6,490	7,691	9,797	2,338	3,429	3,009	-12.2%	28.7%
NET OPERATING PROFIT	10,287	10,034	7,648	1,348	3,514	2,072	-41.0%	53.7%
NET PROFIT	7,940	7,961	6,187	1,029	2,638	1,580	-40.1%	53.5%

Source: Unconsolidated Financial Statements

(1) OPEX includes personnel expenses and other provision expenses



Ziraat Bank – Key Financial Ratios

(%)	2017	2018	2019
ROAA ⁽¹⁾	2.0	1.6	1.1
ROAE ⁽²⁾	18.4	15.2	10.1
Cost / Income Ratio ⁽³⁾	32.5	34.3	40.8
NIM (cum.) ⁽⁴⁾	4.8	5.0	5.0
Loans ⁽⁵⁾⁽⁶⁾ /Deposits	109.7	110.6	96.0
Loans/Assets	68.7	68.9	67.1
Securities/Assets	16.3	17.8	20.1
NPL	1.6	2.0	2.8
Stage III Coverage ⁽⁶⁾	100	73.9	66.4
CoR	0.7	1.2	1.3
CAR	15.2	14.8	17.0
Leverage ⁽⁷⁾	8.2	8.4	8.3
# of			
Branches ⁽⁸⁾	1,781	1,773	1,758
Employees	24,554	24,647	24,563
ATMs ⁽⁸⁾	7,085	7,155	7,239

Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
0.8	1.1	1.1	1.1	1.0
8.1	10.1	10.5	10.8	10.0
47.0	40.8	36.5	33.0	35.2
4.4	5.0	6.4	6.1	5.8
103.2	96.0	94.3	95.5	90.7
68.3	67.1	67.3	68.4	63.9
19.7	20.1	21.3	21.3	23.8
2.3	2.8	2.7	2.3	2.1
69.2	66.4	69.7	72.9	76.1
-	-	-	-	-
16.9	17.0	16.4	18.5	18.2
8.5	8.3	9.3	8.3	9.9
1,737	1,758	1,757	1,758	1,758
24,380	24,563	24,642	24,480	24,350
7,230	7,239	7,253	7,257	7,293

(1) Average total assets represent monthly averages until 2017 and weekly averages since Q1 18
(2) Average shareholders' equity represent monthly averages until 2017 and weekly averages since Q1 18
(3) Includes dividend income
(4) Average interest earning assets represent weekly averages

(5) Performing Loans
(6) Intermediated loans of public funds are excluded
(7) Leverage = (Assets/Shareholders' Equity)-1
(8) Including foreign branches

For further information please contact

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