

**Financial Presentation**  
**March 2021**



**Ziraat Bank**

More than a bank

**Largest bank in Turkey with**  
~ USD 122 bn. asset size

TL 998bn

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

1,752

- Only bank in around 400 points in Turkey
- Operating in 17 countries

**Extensive customer base**

> 38 mn

**Continued Market leadership**

#1

- Total Assets
- Total Loans
- Equity
- Deposits

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

92.9%

**Robust asset quality maintained**

2.2%

- BRSA forbearance measures impacting NPL
- High NPL collection capacity
- Prudent provisioning approach for upcoming period

**Sound CAR**

- Internal capital generation via retained earnings
- CET 1 capital ratio 14.5%

17.7%

**The largest deposit base in the sector**

TL 655 bn

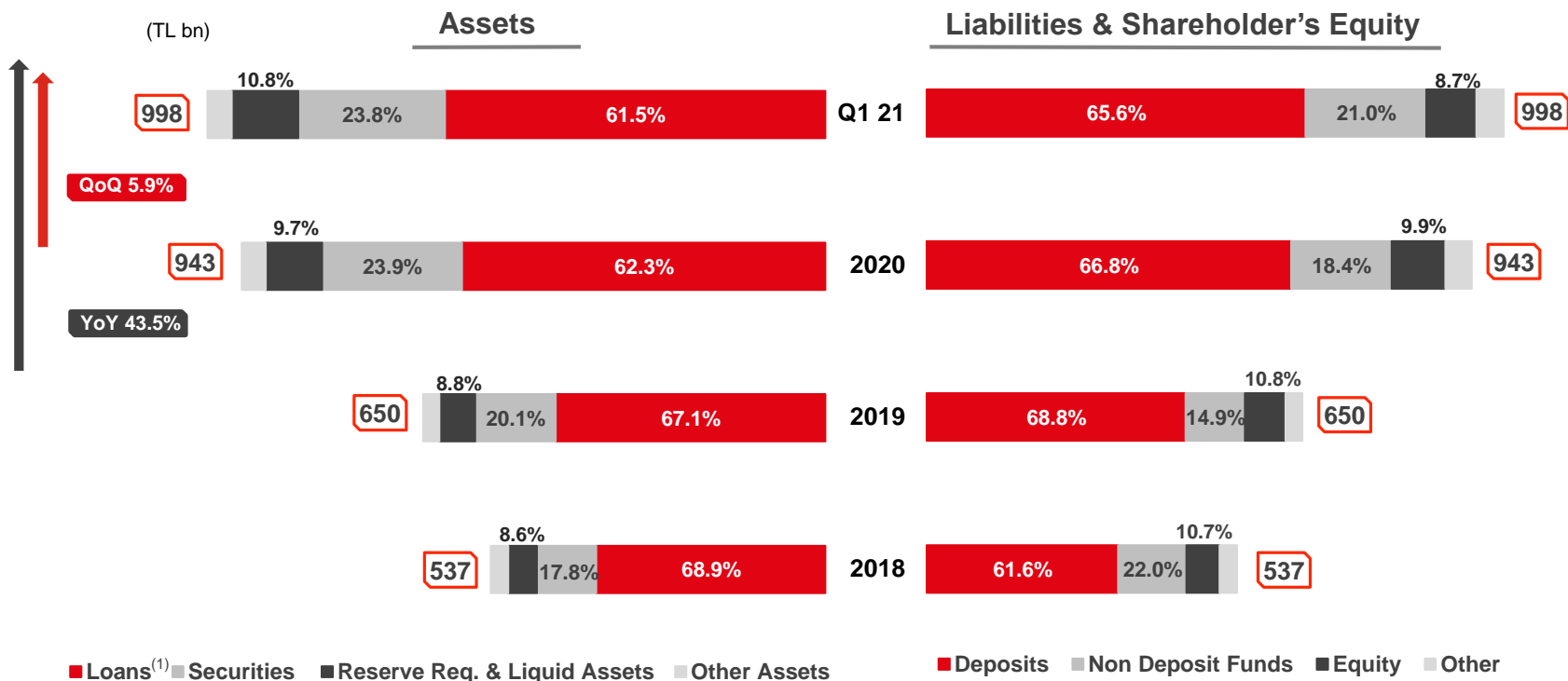
- Core deposit ratio 96%

**Undisputed agricultural loans leader**

- High market penetration
- Only bank authorised for government subsidised agro-lending
- The sector with the highest exposure

62%

Moderate growth for 2021 after COVID related high pace in 2020



## Market Shares

Assets  
15.4%

Cash Loans  
15.9%

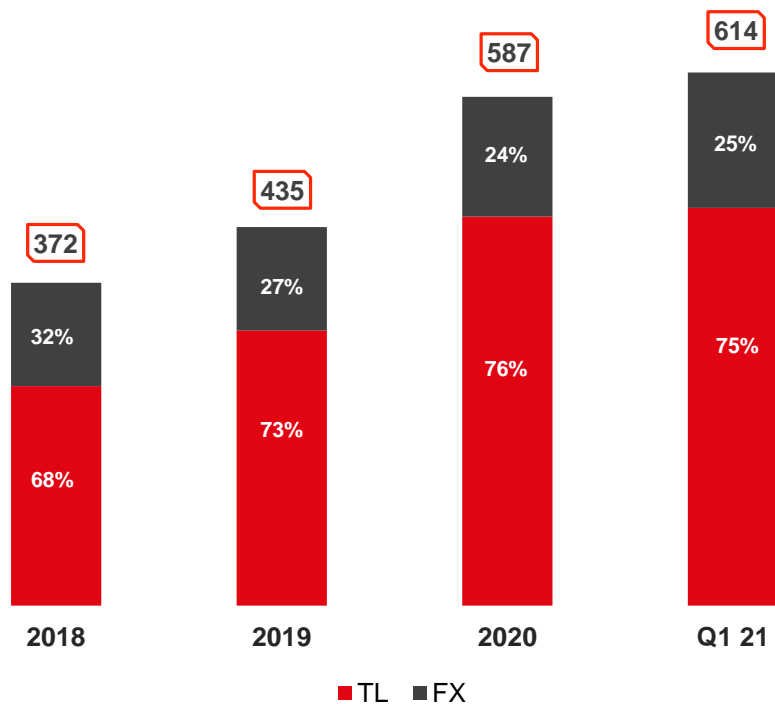
Deposits  
17.1%

Interest Earnings Assets  
/Total Assets 86%

(1) Performing loans only

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

Lending growth back to normal trajectory after high pace in 2020.  
Corporate driven loan growth, negative growth in retail lending due to high interest rate environment and repayments.



## Loan Growth

	QoQ Δ	YoY Δ
<b>Total Loans</b>	<b>4.6%</b>	<b>31.2%</b>
<b>Total Loans (FX adj.)</b>	<b>1.9%</b>	<b>24.4%</b>
TL	2.1%	32.9%
FX(\$)	1.2%	0.7%
<b>Retail</b>	<b>-2.3%</b>	<b>36.4%</b>
Housing	-3.0%	28.3%
<b>SME</b>	<b>2.8%</b>	<b>42.8%</b>
<b>Corporate</b>	<b>11.9%</b>	<b>23.0%</b>
Corp. (FX adj.)	5.4%	9.0%

### CGF Guaranteed Loans

Total TL **73 bn**  
o/w TL **19 bn** retail segment  
~ **4 million** customers  
**12%** of cash loans  
**23%** Market Share

### Housing Loans

**52%** of retail loans  
**32%** Market Share  
**66%** LTV<sup>(2)</sup>  
**0.1%** NPL

### Agro Loans

TL **88 bn**  
**62%** Market share  
**77%** Subsidized  
**1.9%** NPL<sup>(3)</sup>  
**> 700k** agro customers

### GPL

**39%** of retail loans  
**16%** Market Share  
Payroll Customers & Pensioners  
**41%** of GPL

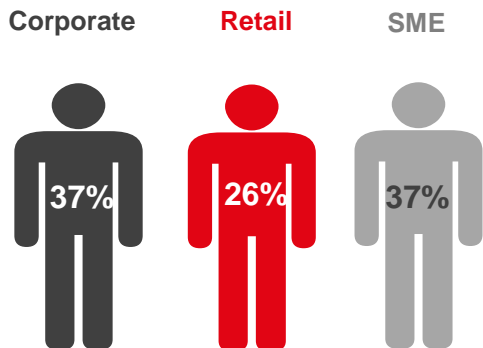
(1) Performing loans

(2) Average rate for allocation in last four quarter

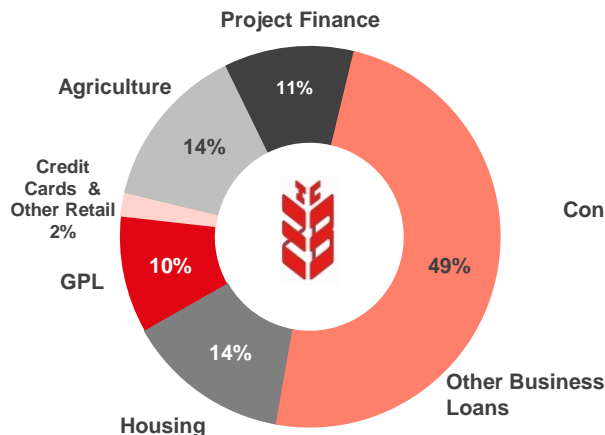
(3) Intermediated loans of public funds are included

# Ziraat Bank – Lending Mix

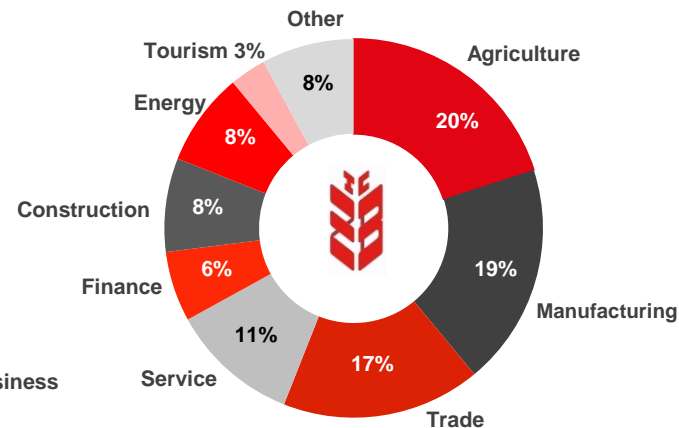
## Cash Loans by Customer Segment<sup>(1)</sup>



## Cash Loans by Product



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



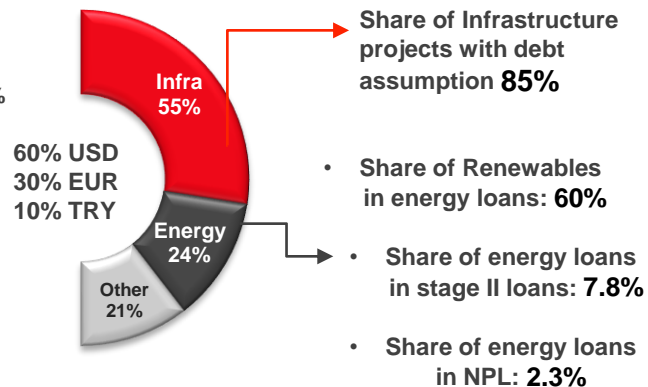
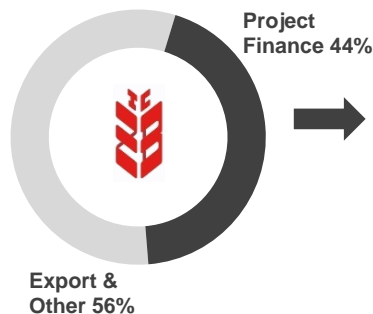
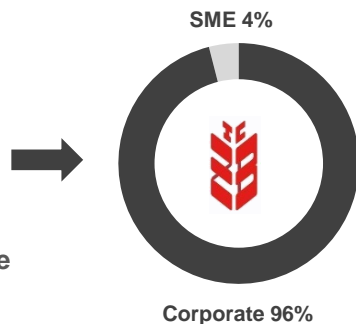
<sup>(1)</sup> Based on customer segmentation data, totals may differ from product classification

## FX Loans

FX Loans  
USD **19.1 bn**

FX Loans/Total Loans  
**25% vs. 32%** sector<sup>(2)</sup> average

FX loans NPL **2.4%**



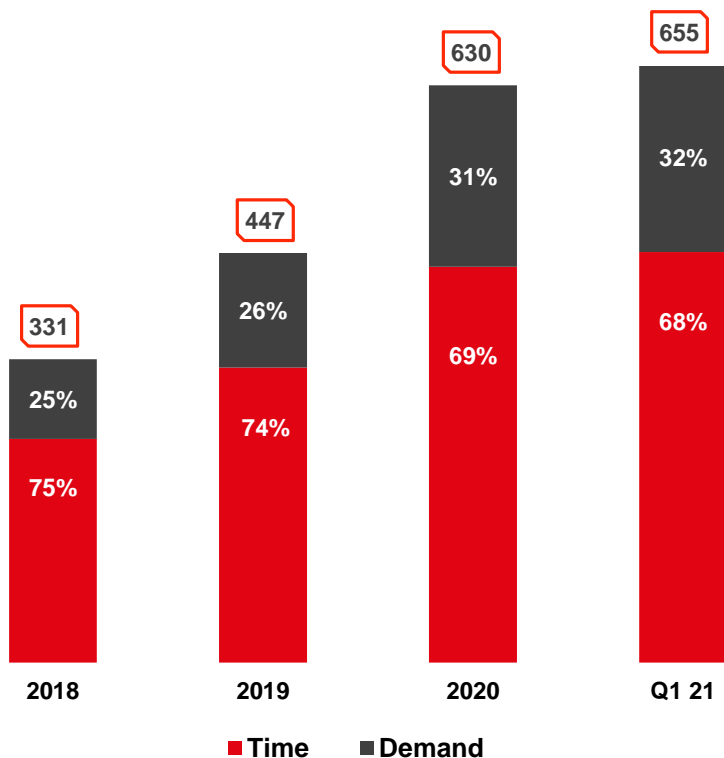
<sup>(1)</sup> Accruals, intermediated loans of public funds and overseas branch lending are excluded from segment distribution

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

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

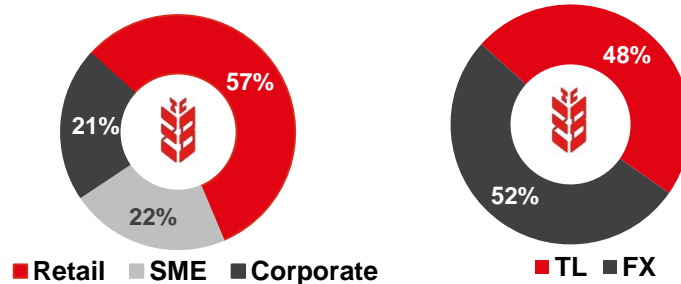
Granular and sticky deposit base. Structurally high share of retail and SME segment deposits.

Shrinkage in FX deposits in USD terms. No material change in split due to currency impact.



## Deposit Growth

	QoQ Δ	YoY Δ
<b>Total Deposits</b>	<b>4.0%</b>	<b>33.6%</b>
<i>Total Deposit (FX adj.)</i>	<i>-1.6%</i>	<i>19.5%</i>
TL	2.7%	18.9%
FX(\$)	-5.6%	20.2%
<b>Customer Deposit</b>	<b>3.4%</b>	<b>35.0%</b>
<b>Demand</b>	<b>4.1%</b>	<b>42.6%</b>
<b>Time</b>	<b>3.9%</b>	<b>29.9%</b>



Core Deposit Ratio **96%**

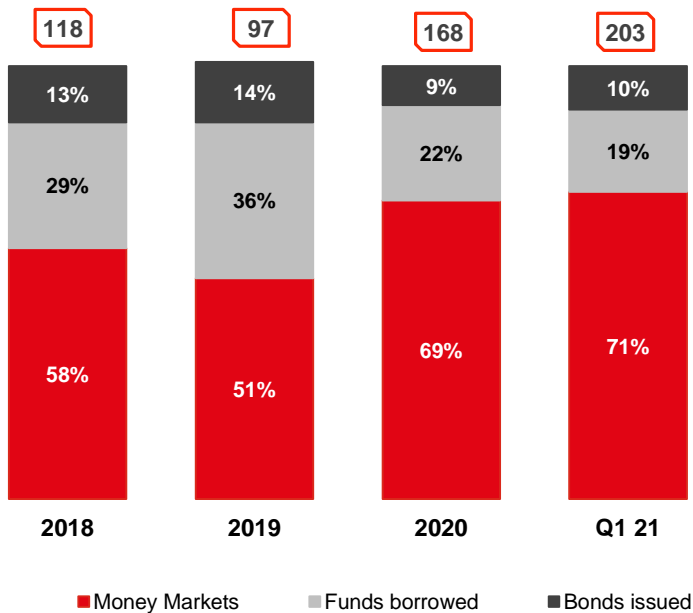
Public / Total Deposits **12%**

Banking Sector Demand /  
Total Deposits **32%**

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

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

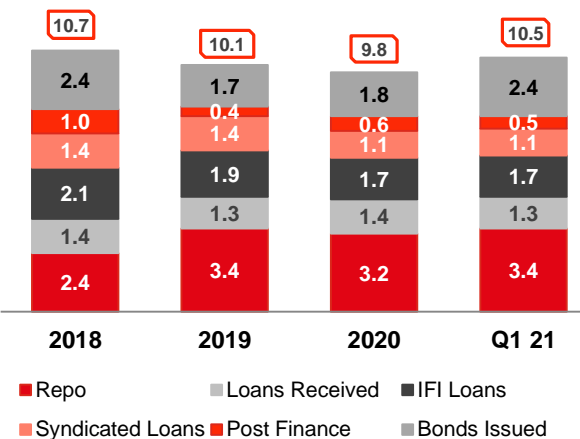
Cost oriented, adaptive wholesale funding management.  
 5Y 500m senior unsecured eurobond redemption in April.  
 More than adequate FX liquidity, which can comfortably cover short term FX wholesale redemptions.  
**483.0% FX LCR, 138.4% Total LCR**



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

(2) Sector: Deposit banks

## FX External Funding (USD bn)

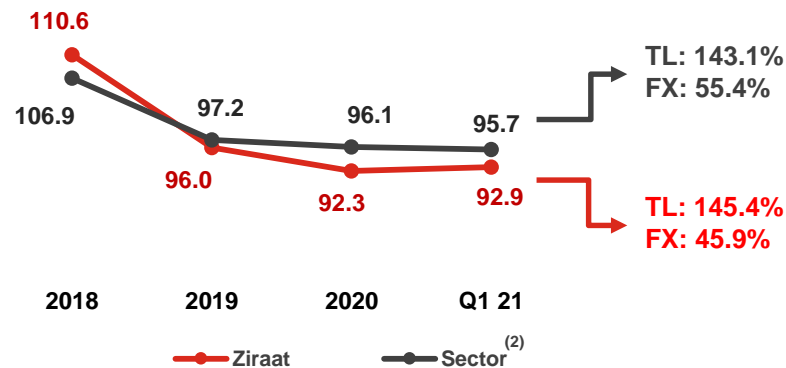


Syndication loan renewed in April;  
**1.3bn USD Amount**  
**125% roll over ratio**

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

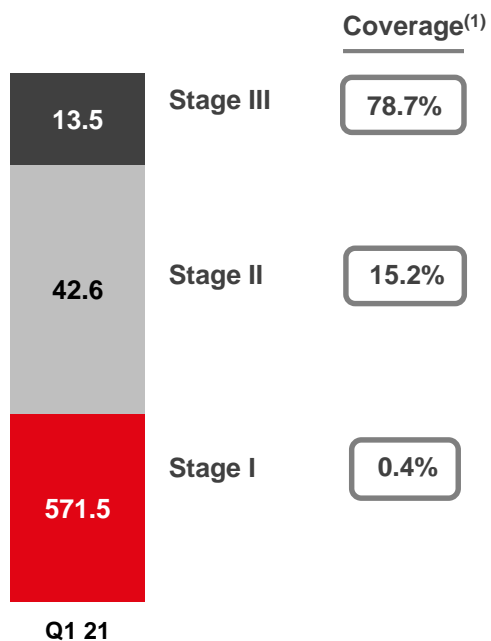
Funding from China Exim in March;  
**400m USD Amount**

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



## Loan Classification (TL bn)

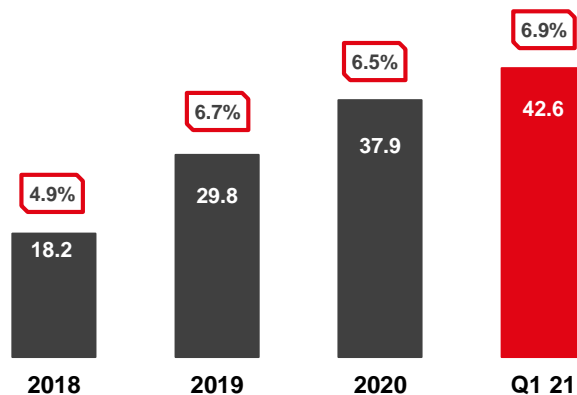
High provisioning strategy maintained as a part of the prudent risk management approach under BRSA forbearance.  
 Structurally low NPL generation arising from loan book dynamics.  
 Remarkably lower than sector NPL.  
 Limited new NPL formation and high collections support asset quality.  
 Above sector average Stage 3 coverage (78.7% vs 76.0%)



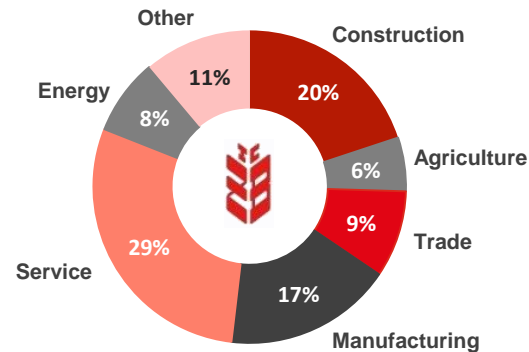
(1) Excluding intermediated loans for public funds

## Stage II Loans (TL bn)

~ 50 bps impact due to temporary forbearance measures by BRSA



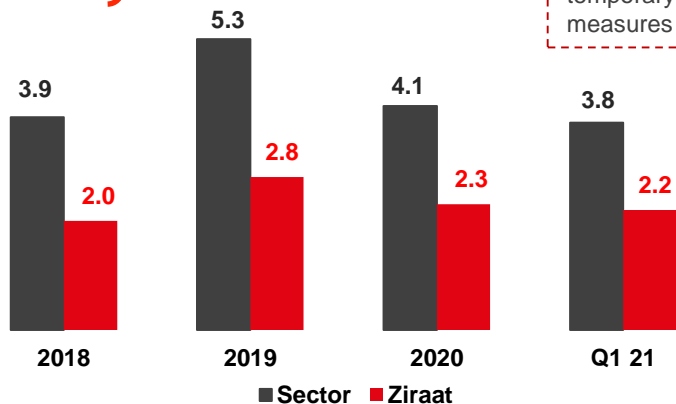
## Sector Breakdown of Stage II Business Loans





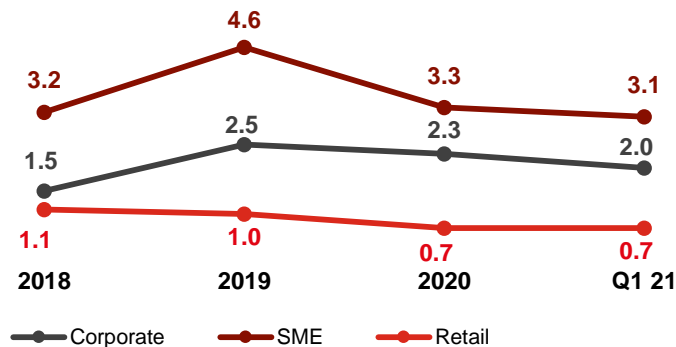
## NPL Ratios (%)

(No Write Off or NPL Sale)



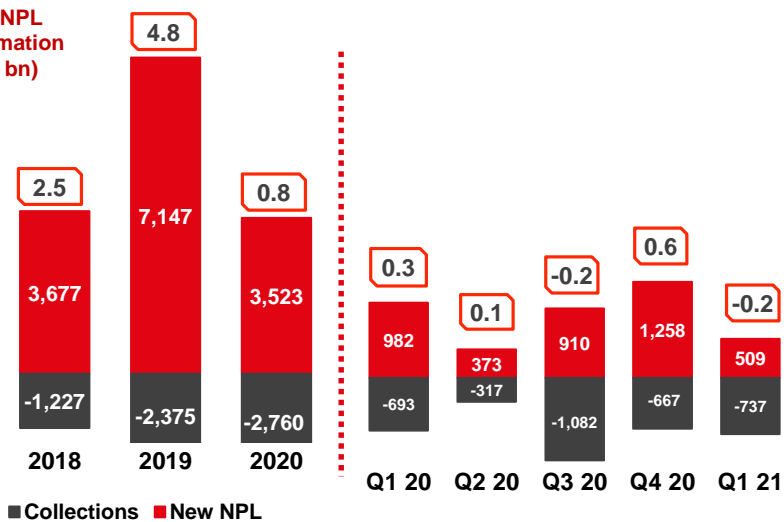
~ 55 bps impact due to temporary forbearance measures by BRSA

## NPL Ratios by Segment (%)

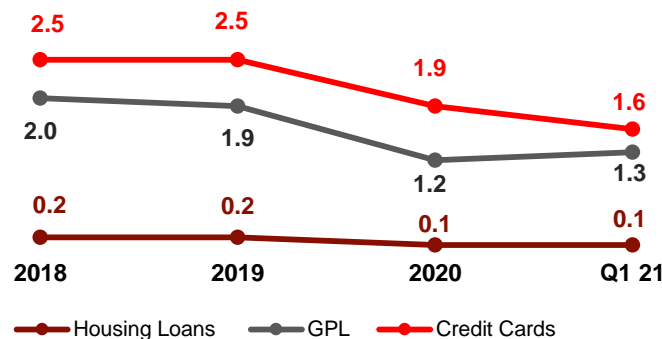


## New NPL & Collections<sup>(1)</sup> (TL mn)

Net NPL Formation (TL bn)

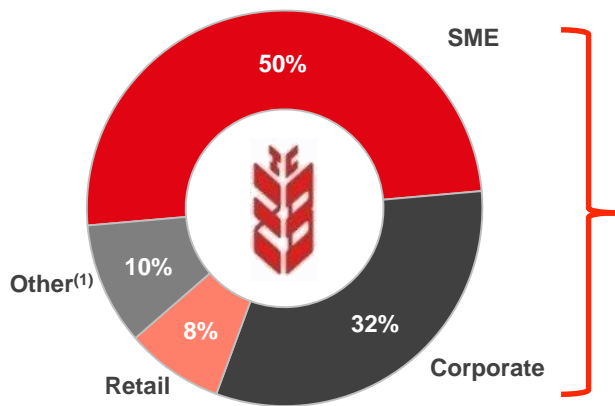


## Retail NPL Ratios by Product (%)

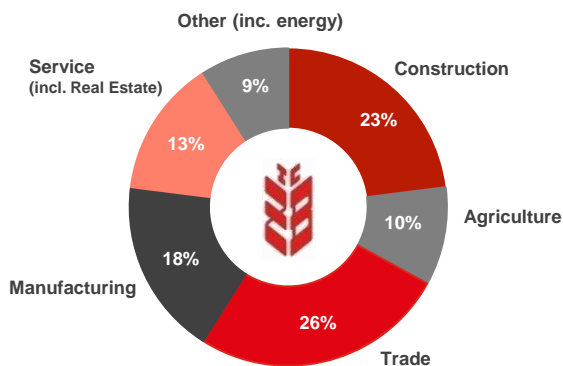


(1) Intermediated loans of public funds and other receivables are excluded

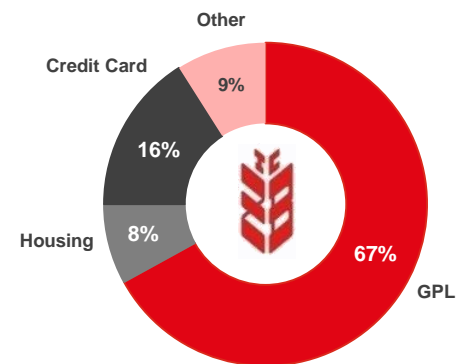
## Total NPL by Segment



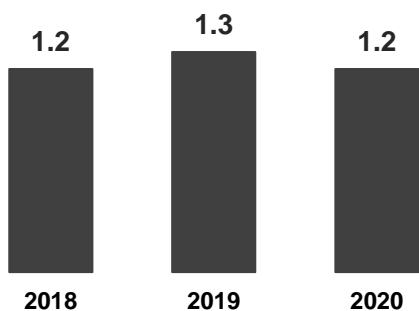
## Business Loan NPL by Sector



## Retail Loan NPL by Product



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



Below trend CoR performance thanks to high NPL collection rate

Restructured Loans<sup>(4)</sup>  
in Total Loans: **7.4%**

Total Coverage<sup>(5)(6)</sup> **147.5%**

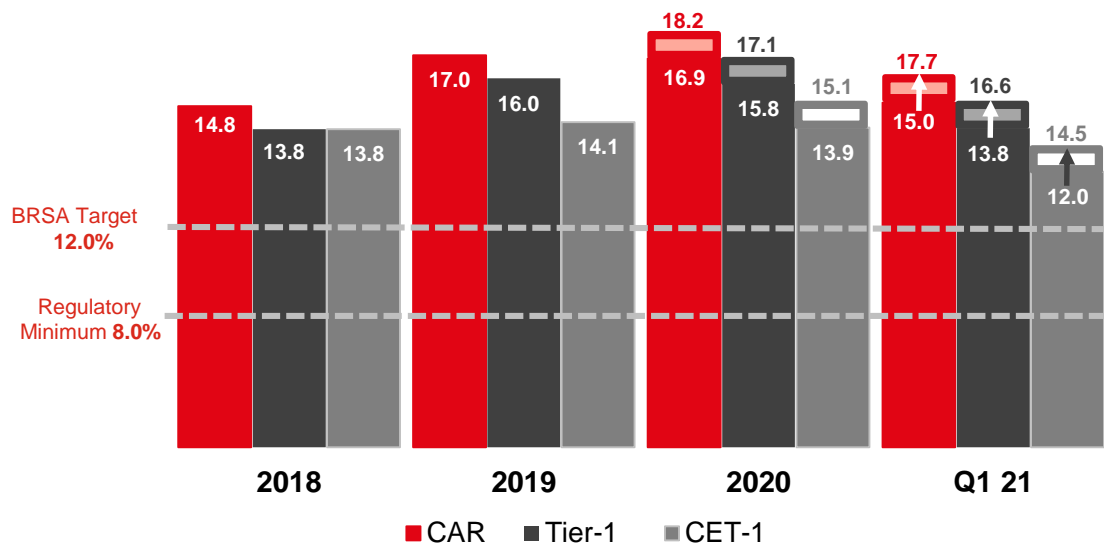
**TL 3.5 bn**  
**Total Free Provisions**  
(No additional free provision in Q1 2021)

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

## Capital Ratios (%)

Forbearance Effect

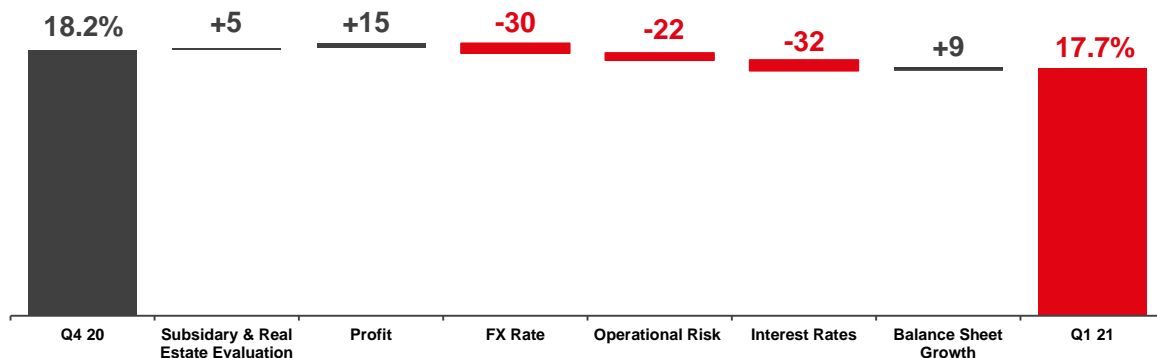


## Capital Ratio Requirements

	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	0.03%	0.03%
<b>TOTAL</b>	<b>7.0%</b>	<b>9.0%</b>
<b>Including AT1 and Tier2</b>	<b>10.5%</b>	<b>12.5%</b>

## Change in CAR (QoQ, bps)

Slight market volatility impact on capital ratios



Basel III  
Leverage 8.4% vs  
regulatory min of 3.0%

TL 7 bn. paid-in capital  
increase by TWF in  
May 2020

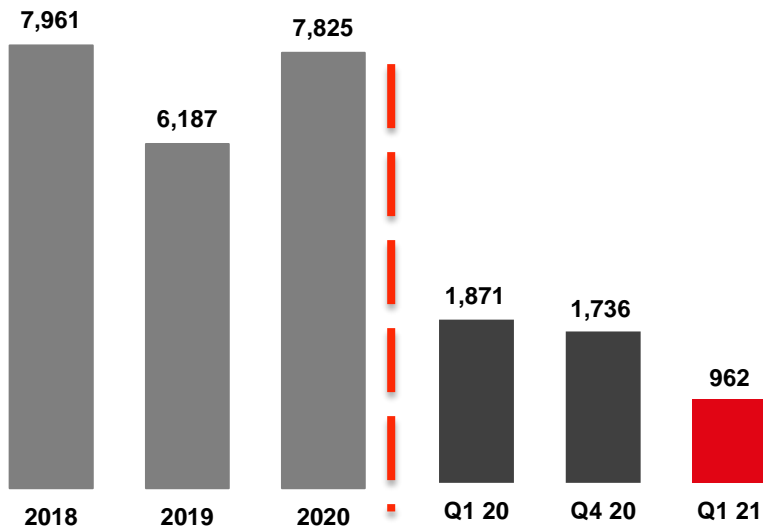
TL 21.1 bn.  
excess capital<sup>(2)</sup>

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

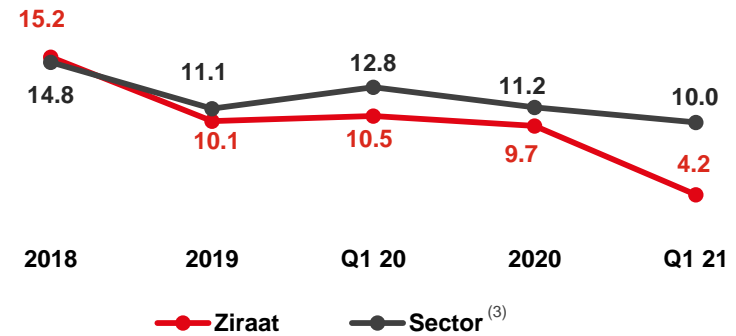
(2) Calculated over solo figures and 12.0% threshold without forbearance

## Net Profit (TL mn)

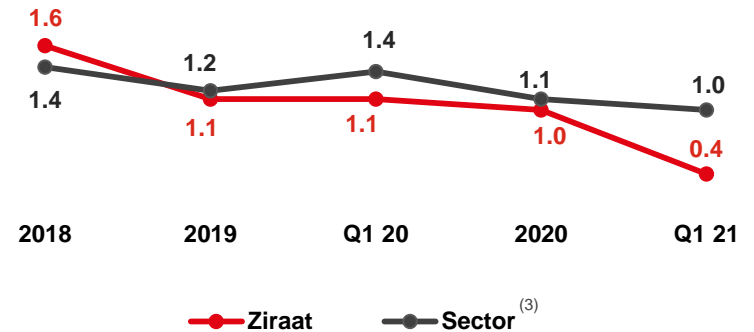
Increasing funding cost impact on top line, below trend profitability and profitability ratios.  
 Temporary impact on C/I ratio (53,9%) mainly due from NII.  
 Decreasing Cost/Avg. Assets Ratio.



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

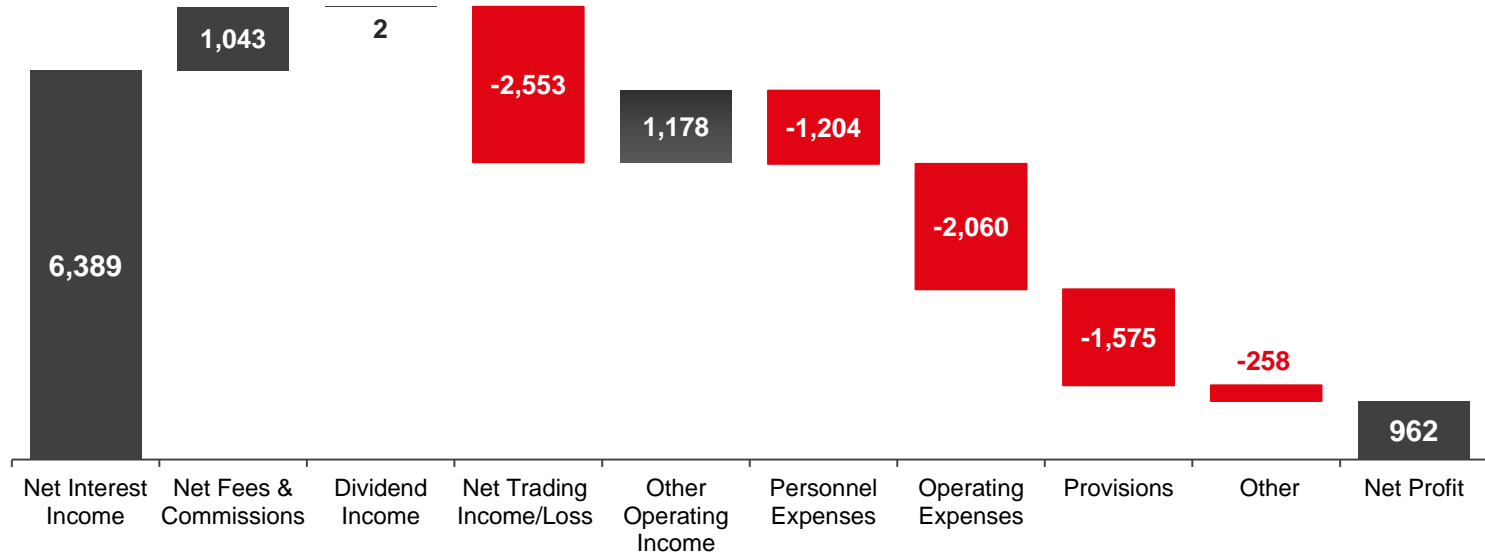


## Return on Assets<sup>(2)</sup> (%)

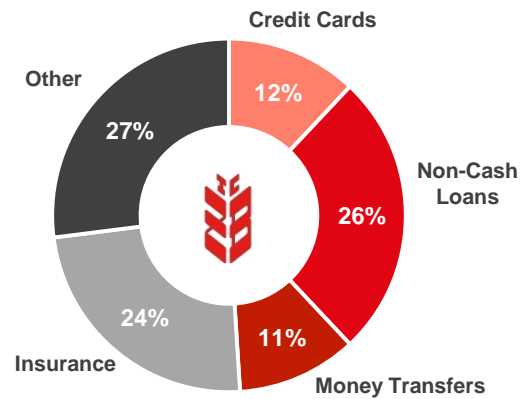


(1) Average shareholders' equity represent weekly averages  
 (2) Average total assets represent weekly averages  
 (3) Sector: Deposit Banks

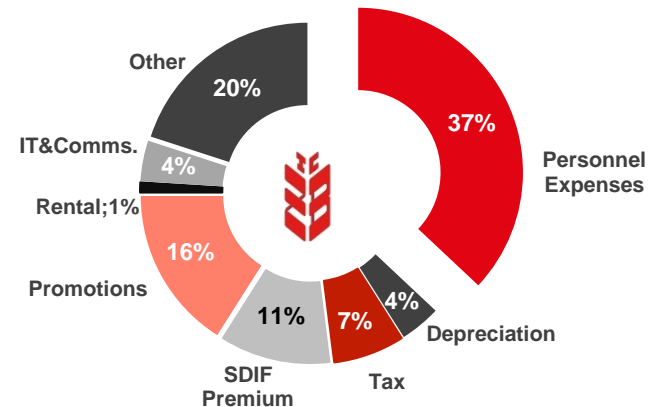
P&L Breakdown Q1 21 (TL mn)



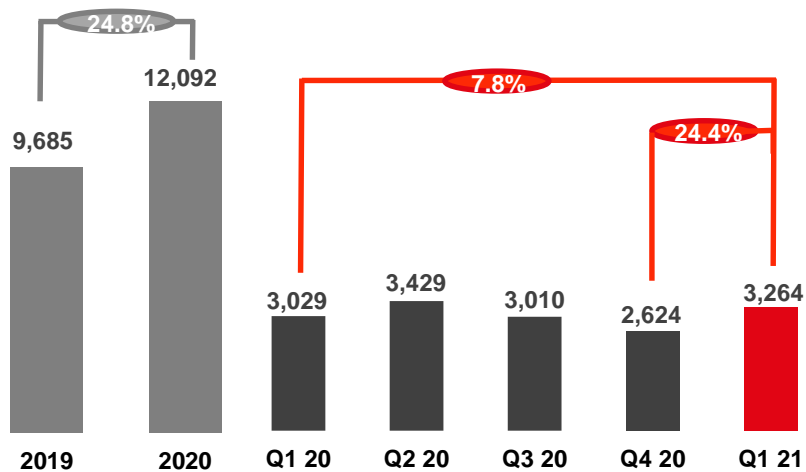
F&C Income Breakdown in Q1 21



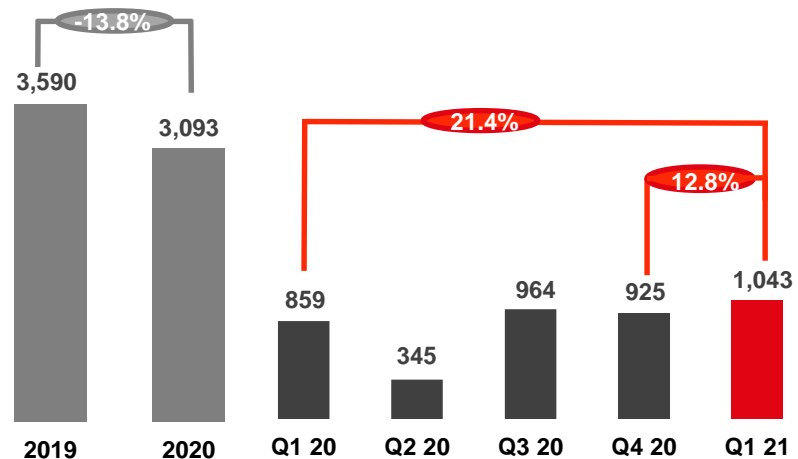
OPEX Breakdown in Q1 21



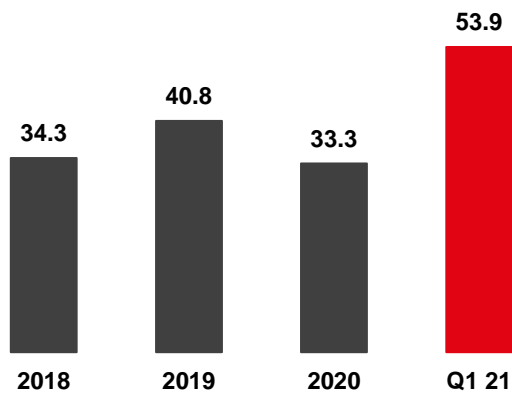
OPEX<sup>(1)</sup> (TL mn)



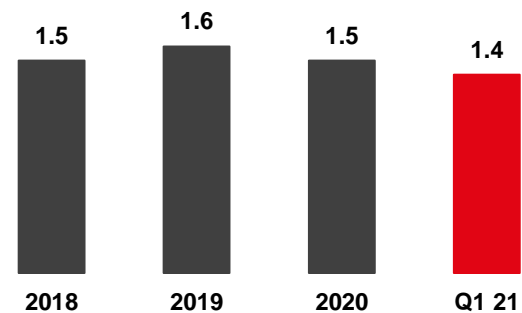
Net F&C (TL mn)



Cost/Income (%)



Cost/Avg. Assets (%)



(1) Includes personnel expenses and other provision expenses

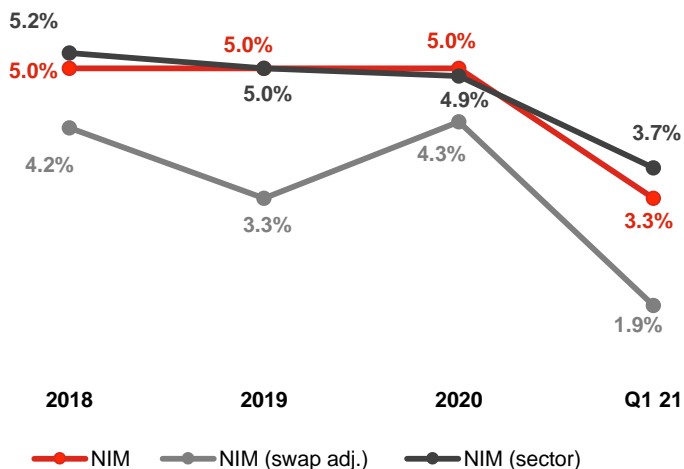
## Net Interest Margin<sup>(1)(2)</sup> (NIM cum. %)

High funding cost and asset liability maturity mismatch impact resulting in lower NIM for Q1 2021.

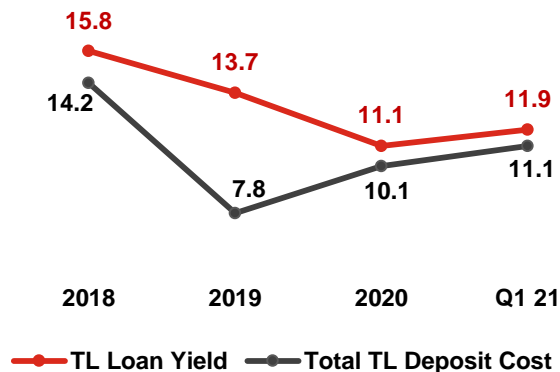
Gradual increase in NIM and spreads, and convergence to historic levels towards year end is expected.

Lower CPI linker contribution due to 9,5% CPI inflation forecast valuation, more support to NIM to come in the coming quarters.

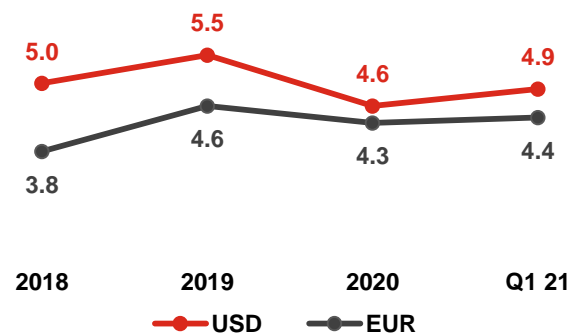
Swap Cost: TL 2.8 bn in Q1 21.



## TL Loan Yield and Deposit Costs (%)



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



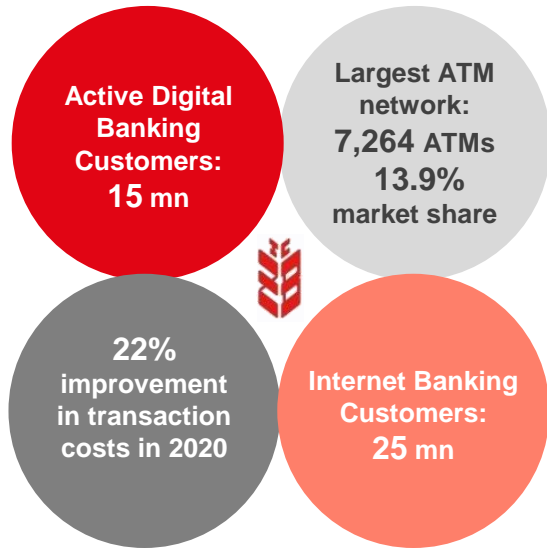
(1) Sector: Deposit banks  
 (2) NIM = Net Interest Earnings / Av. IEA  
 (3) FX Loan - FX Deposits (Total)

# 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 and full lockdown.

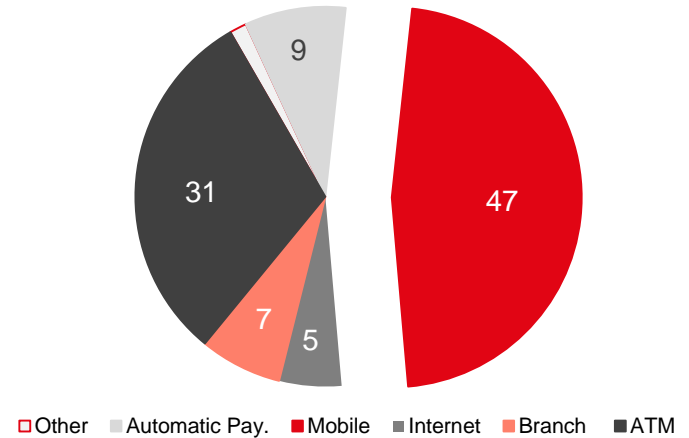
Gradual customer acquisition and credit card market share gain strategy.

Increase in market share of credit card turnover: From **3.4%** in 2016 to **9.8%** in Q1 21.

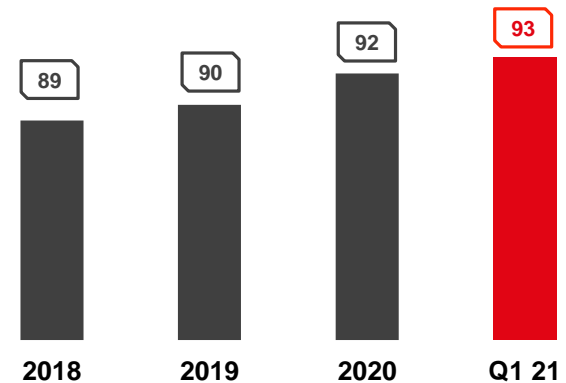
Increased transaction limits for ATM and non-branch channels  
Mutual use of ATMs among public banks for cost efficiency.

New service and product offering to digital customers (integration with the Central Bank FAST system, Easy Address, QR code transactions)

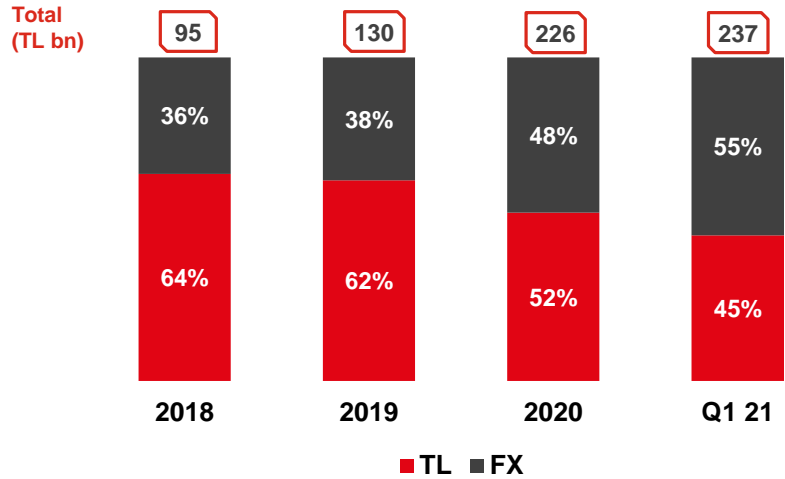
## Banking Transaction Channel Distribution (%)



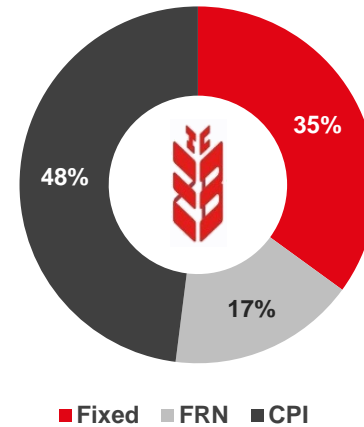
## Non-Branch Channels Usage (%)



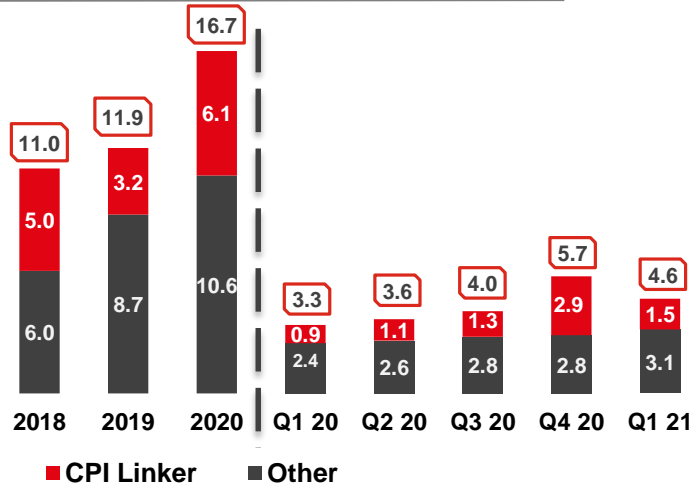
**Total Securities** (% share in total)



**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	2020	Q1 21	% Change QoQ	% Change YoY
CASH AND CASH EQUIVALENTS	46,237	57,389	41,829	91,038	107,324	17.9%	156.6%
SECURITIES	95,374	130,335	148,115	225,621	237,017	5.1%	60.0%
LOANS	379,331	447,983	480,869	600,660	627,557	4.5%	30.5%
-Gross NPL	7,460	12,690	12,939	13,895	13,539	-2.6%	4.6%
-Expected Credit Loss (-)	8,386	13,011	14,009	18,757	19,360	3.2%	38.2%
OTHERS	23,673	26,435	24,625	29,816	25,958	-12.9%	5.4%
<b>TOTAL ASSETS</b>	<b>537,156</b>	<b>649,756</b>	<b>695,438</b>	<b>942,601</b>	<b>997,856</b>	<b>5.9%</b>	<b>43.5%</b>
DEPOSITS	331,066	447,251	490,053	629,874	654,822	4.0%	33.6%
FUNDS BORROWED	34,172	34,528	33,282	36,950	38,887	5.2%	16.8%
INTERBANK MONEY MARKETS	68,351	49,275	49,683	116,401	143,113	22.9%	188.1%
PROVISIONS	2,832	3,819	4,998	7,059	7,251	2.7%	45.1%
OTHERS	43,334	44,818	49,825	59,039	67,316	14.0%	35.1%
<b>TOTAL LIABILITIES</b>	<b>479,755</b>	<b>579,691</b>	<b>627,841</b>	<b>849,323</b>	<b>911,389</b>	<b>7.3%</b>	<b>45.2%</b>
SHAREHOLDERS' EQUITY	57,401	70,065	67,597	93,278	86,467	-7.3%	27.9%



# Ziraat Bank – Income Statement Summary

TL mn	2018	2019	2020	Q1 20	Q4 20	Q1 21	% Chg QoQ	% Chg YoY
INTEREST INCOME	53,054	65,602	69,476	16,051	19,707	20,329	3.2%	26.7%
-From Loans	41,028	52,764	52,330	12,543	13,847	15,420	11.4%	22.9%
-From Securities	10,977	11,966	16,696	3,355	5,708	4,615	-19.1%	37.6%
INTEREST EXPENSE	31,138	40,290	34,862	7,169	13,505	13,940	3.2%	94.4%
-On Deposits	19,675	27,989	22,812	5,005	7,743	9,082	17.3%	81.5%
NET INTEREST INCOME	21,916	25,312	34,615	8,882	6,202	6,389	3.0%	-28.1%
NET FEES & COMMISSIONS	2,638	3,590	3,093	859	925	1,043	12.8%	21.4%
OTHER OPERATING INCOME	1,434	1,614	5,182	722	2,961	1,178	-60.2%	63.2%
EXPECTED CREDIT LOSS	4,702	6,313	10,691	1,728	3,542	1,501	-57.6%	-13.1%
-Stage 1 Provisions	477	594	1,340	150	591	64	-89.2%	-57.3%
-Stage 2 Provisions	2,081	1,298	5,505	362	1,894	696	-63.3%	92.3%
-Stage 3 Provisions	2,143	4,421	3,846	1,216	1,058	742	-29.9%	-39.0%
OTHER PROVISION EXPENSES	17	112	2,648	916	609	74	-87.8%	-91.9%
OPEX <sup>(1)</sup>	7,691	9,797	12,092	3,028	2,624	3,264	24.4%	7.8%
NET OPERATING PROFIT	10,034	7,648	10,834	2,632	2,615	1,220	-53.3%	-53.6%
<b>NET PROFIT</b>	<b>7,961</b>	<b>6,187</b>	<b>7,825</b>	<b>1,871</b>	<b>1,736</b>	<b>962</b>	<b>-44.6%</b>	<b>-48.6%</b>

Source: Unconsolidated Financial Statements

(1) OPEX includes personnel expenses and other provision expenses



# Ziraat Bank – Key Financial Ratios

(%)	2018	2019	Q1 20	Q2 20	Q3 20	2020	Q1 21
ROAA <sup>(1)</sup>	1.6	1.1	1.1	1.1	1.0	1.0	0.4
ROAE <sup>(2)</sup>	15.2	10.1	10.5	10.8	10.0	9.7	4.2
Cost / Income Ratio <sup>(3)</sup>	34.3	40.8	36.5	33.0	35.2	33.3	53.9
NIM (cum.) <sup>(4)</sup>	5.0	5.0	6.4	6.1	5.8	5.0	3.3
Loans <sup>(5)(6)</sup> /Deposits	110.6	96.0	94.3	95.5	90.7	92.3	92.9
Loans/Assets	68.9	67.1	67.3	68.4	63.9	62.2	61.5
Securities/Assets	17.8	20.1	21.3	21.3	23.8	23.9	23.8
NPL	2.0	2.8	2.7	2.3	2.1	2.3	2.2
Stage III Coverage <sup>(6)</sup>	73.9	66.4	69.7	72.9	76.1	77.0	78.7
CoR	1.2	1.3	1.1 <sup>(7)</sup>	1.5 <sup>(7)</sup>	1.4 <sup>(7)</sup>	1.2	0.4 <sup>(7)</sup>
CAR	14.8	17.0	16.4	18.5	18.2	18.2	17.7
Leverage <sup>(8)</sup>	8.4	8.3	9.3	8.3	9.9	9.1	10.5
# of							
Branches <sup>(9)</sup>	1,773	1,758	1,757	1,758	1,758	1,752	1,752
Employees	24,647	24,563	24,642	24,480	24,350	24,673	24,560
ATMs <sup>(9)</sup>	7,155	7,239	7,253	7,257	7,293	7,274	7,264

(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

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