

Financial Presentation
September 2021



Ziraat Bank

More than a bank

Largest bank in Turkey with
 ~ USD 122 bn. asset size
 15% market share
 Moderate growth after 2020

TL 1,068
bn

Widest local and international geographic footprint with 1,751 branches

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

Extensive customer base

>38 mn

1,751

Continued Market leadership

- Total Assets
- Total Loans
- Equity
- Deposits

High level of funding intermediation
 Deposit Growth > Loan Growth
 Improving LtD

85.1%

#1

Robust asset quality maintained

- High NPL collection capacity
- Prudent provisioning approach for upcoming period
- BRSA has lifted forbearance measures as of September 2021

Sound capital ratios

- Capital structure adequate for growth plans
- Gradual lifting of forbearance measures
- CET 1 capital ratio 12.9%

16.0%

2.2%

Granular and widespread deposit base

- Retail segment share 57%
- Core deposit ratio 96%


Undisputed agricultural loans leader

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

65%

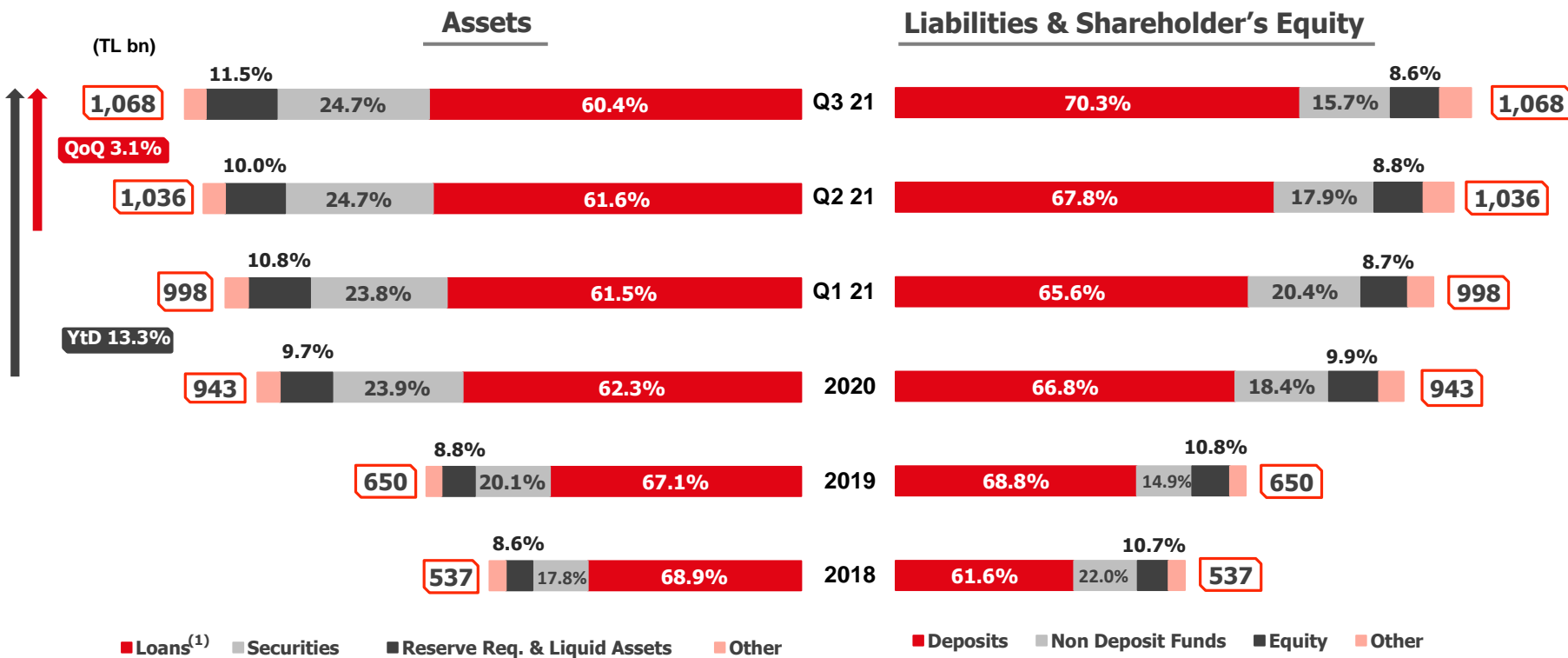
TL 751 bn

Branch and customer segment revision

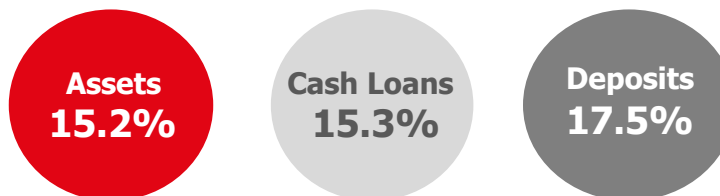
SME Segment  **Commercial Segment**
 due from Q3 2021

Commercial

Ziraat Bank – Assets/Liabilities



Market Shares



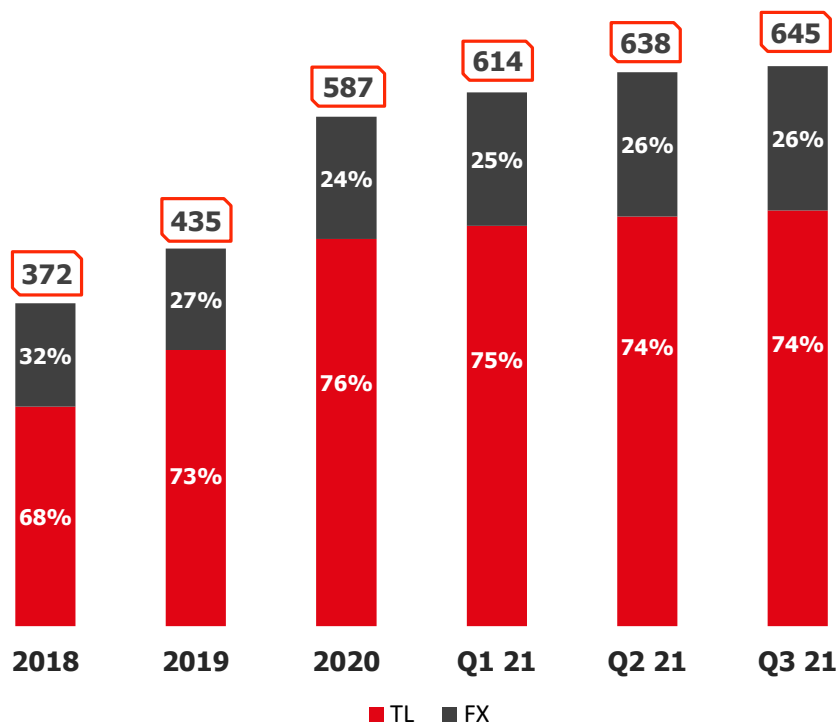
Interest Earnings Assets / Total Assets 85%

YtD Δ | -28bps | -46bps | +8bps |

(1) Performing loans only

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

Moderate lending growth in 9M 2021 after high pace in 2020.
Lending growth in line with guidances.
Corporate driven loan growth, negative growth in retail lending due to repayments under high interest rate environment
12% QoQ drop in CGF related lending.



(1) Performing loans
(2) Average rate for allocation in last four quarter
(3) Intermediated loans of public funds are included

Loan Growth

	QoQ Δ	YtD Δ
Total Loans	1.0%	9.9%
Total Loans (FX adj.)	0.6%	5.3%
TL	1.4%	6.8%
FX(\$)	-1.8%	0.3%
Retail	-0.8%	-4.6%
Housing	-0.7%	-5.3%
Commercial (inc. SME)	2.5%	10.1%
Corporate	0.6%	18.9%
Corp. (FX adj.)	-0.4%	8.2%

CGF Guaranteed Loans

Total TL **57 bn**
o/w TL **15 bn** retail segment
~ **4 million** customers
9% of cash loans
24% Market Share

Housing Loans

52% of retail loans
30% Market Share
52% LTV⁽²⁾
0.1% NPL

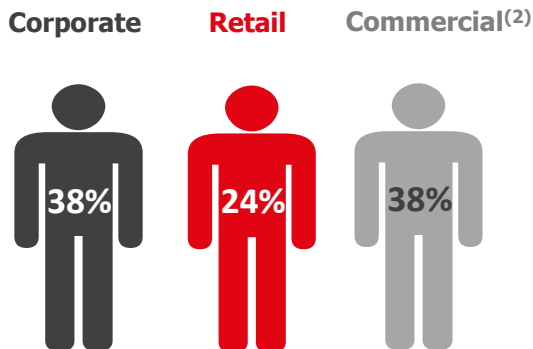
Agro Loans

TL **101 bn**
65% Market share
79% Subsidized
1.3% NPL⁽³⁾
> **710k** agro customers

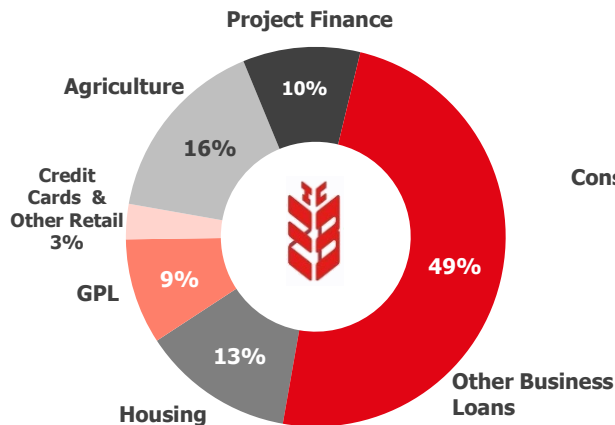
GPL

36% of retail loans
13% Market Share
Payroll Customers & Pensioners
42% of GPL portfolio

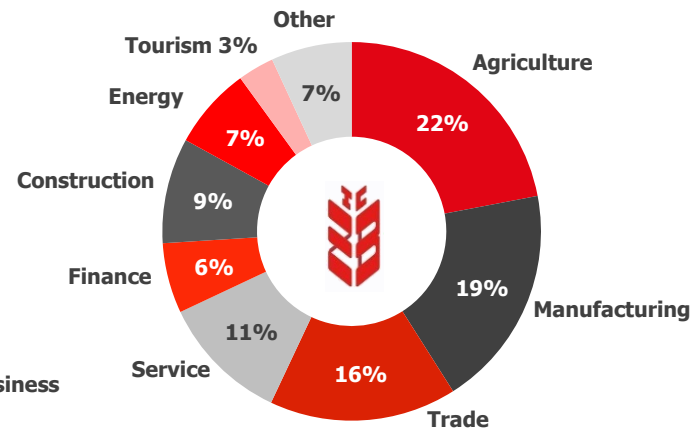
Cash Loans by Customer Segment⁽¹⁾



Cash Loans by Product



Sector Breakdown of Cash Business Loans⁽¹⁾



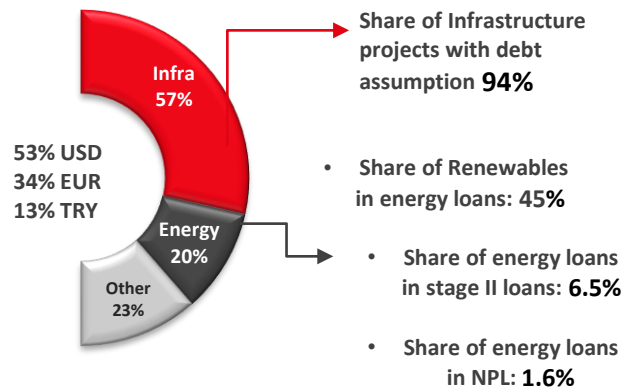
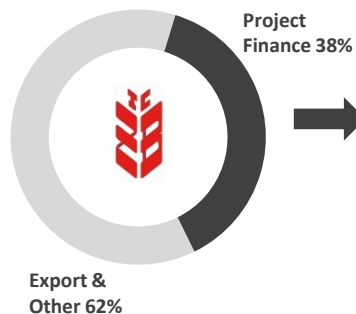
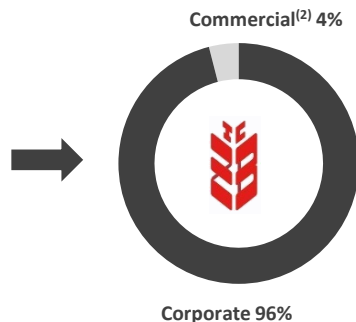
• Based on customer segmentation data, totals may differ from product classification

FX Loans

■ FX Loans
USD **18.9 bn**

FX Loans/Total Loans
26% vs. 31% sector⁽³⁾ average

FX loans NPL **2.2%**



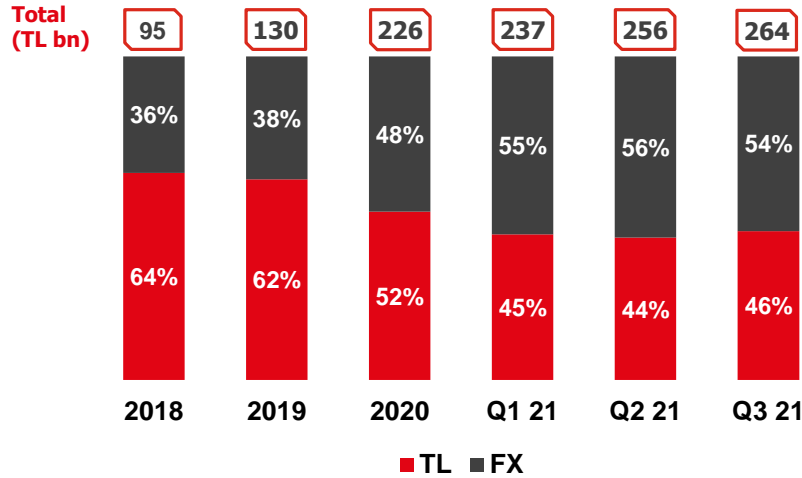
(1) Accruals, intermediated loans of public funds and overseas branch lending are excluded from segment distribution

(2) Commercial Segment includes SME

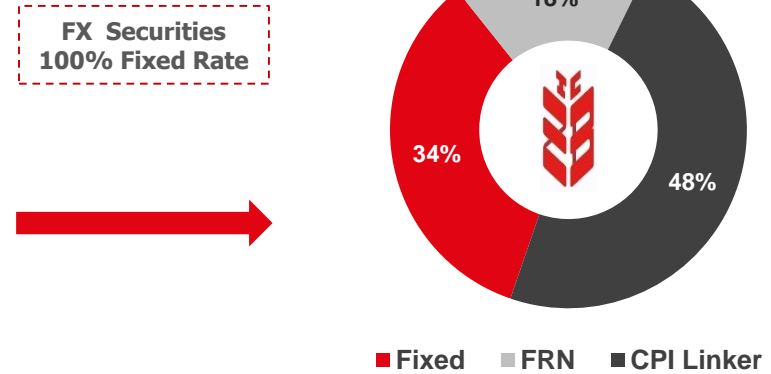
(3) Sector: Deposit banks

Ziraat Bank – Securities Portfolio

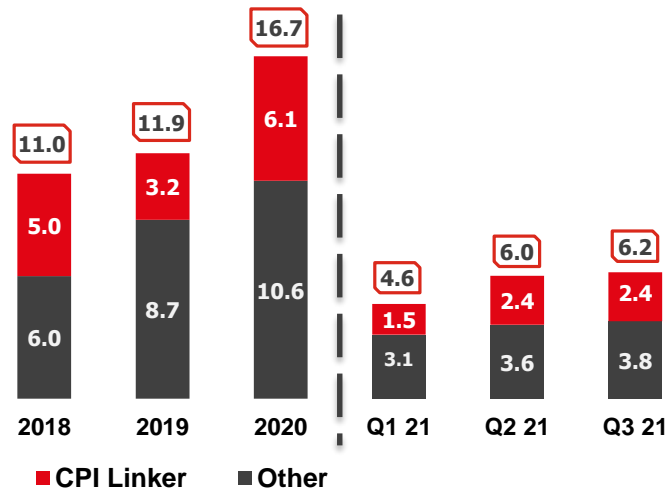
Total Securities (% share in total)



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



Interest Income from Securities (TL bn)



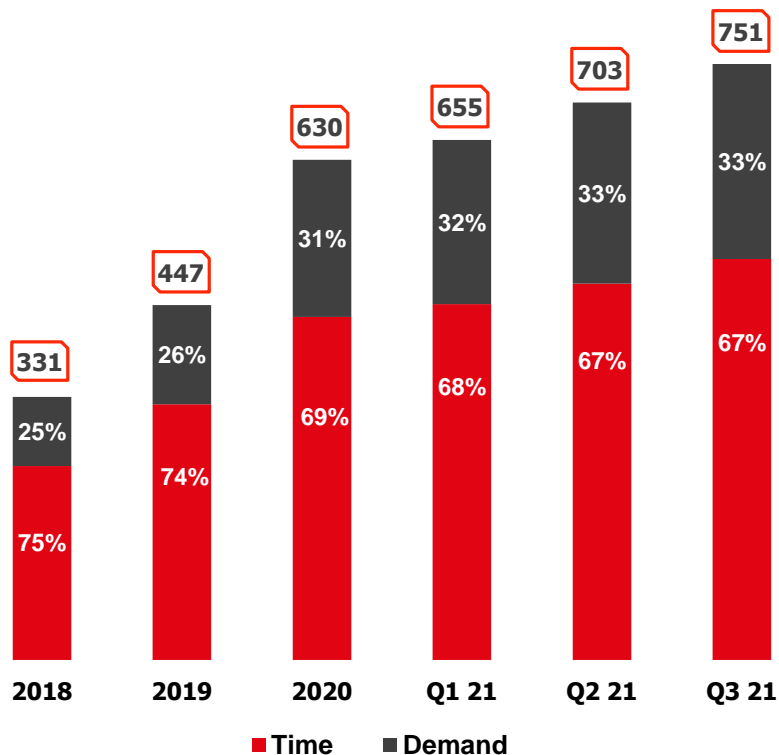
(1) Interest accruals excluded

Total Deposits (TL bn, % share in total)

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

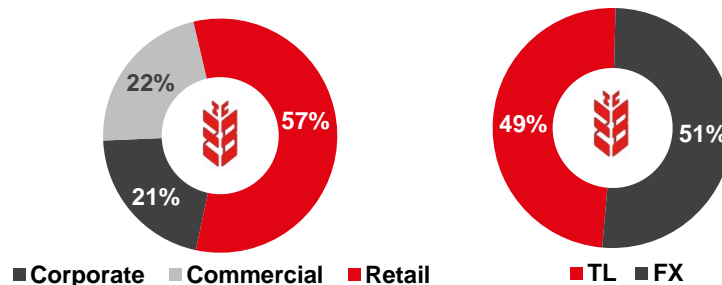
Limited FX deposit accumulation YtD (in USD terms). No material change in split due to currency impact.

Positive contribution from increasing demand deposits.



Deposit Growth

	QoQ Δ	YtD Δ
Total Deposits	6.8%	19.2%
<i>Total Deposit (FX adj.)</i>	5.8%	9.2%
TL	7.6%	19.3%
FX(\$)	4.1%	-0.5%
Customer Deposit	6.3%	17.9%
Demand	7.6%	23.9%
Time	6.5%	17.0%



Core Deposit Ratio **96%**

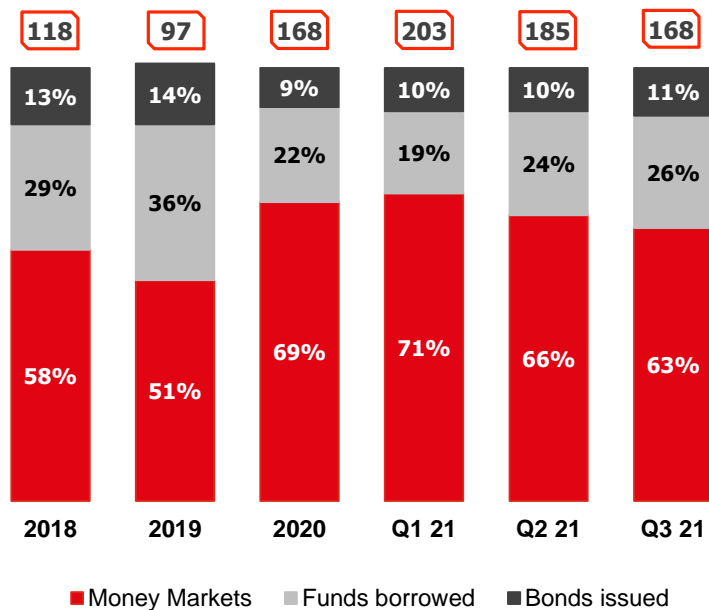
Public / Total Deposits **10%**

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

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

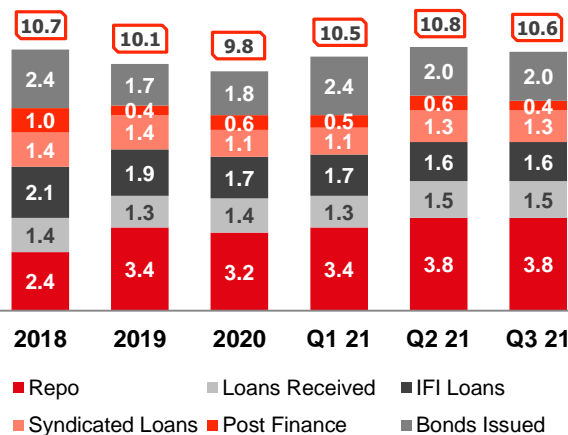
Non-Deposit Funds (TL bn,% share in total)

Cost oriented, adaptive wholesale funding management.
 More than adequate FX liquidity, which can comfortably cover short term FX wholesale redemptions.
 Below sector LtD.



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

FX External Funding (USD bn)

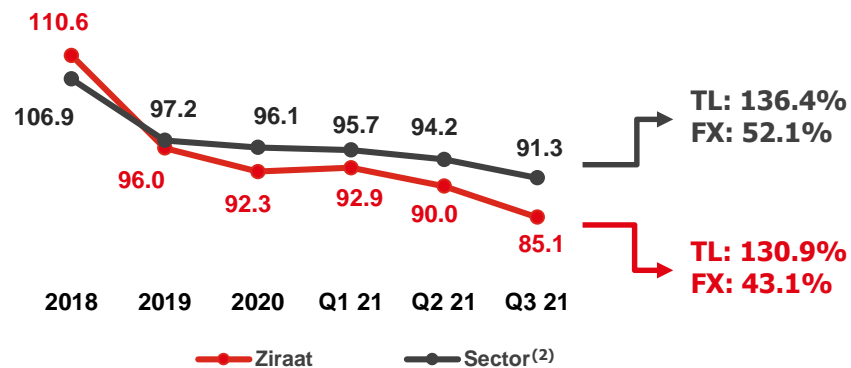


~ USD 15 bn
 FX Liquidity
 2.3 bn cash & CBRT
 9.1 bn FX swap
 3.3 bn unencumbered securities

FX LCR:
 465.1%

Total LCR:
 157.6%

Loan to Deposit⁽¹⁾ (%)



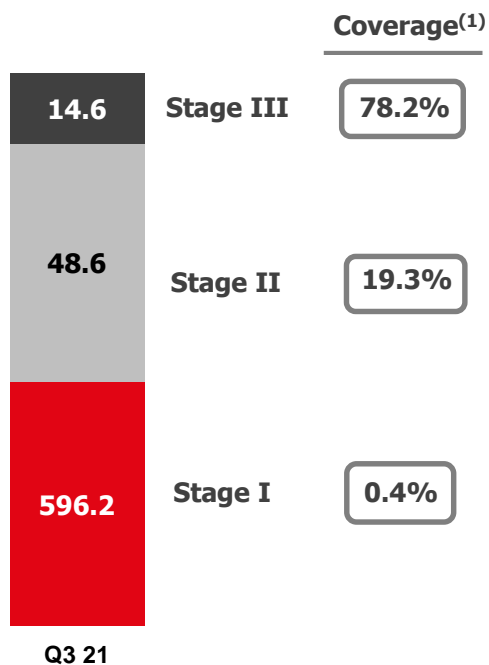
Loan Classification (TL bn)

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

Structurally low NPL generation arising from loan book dynamics.

Stage 3 coverage in line with sector average.

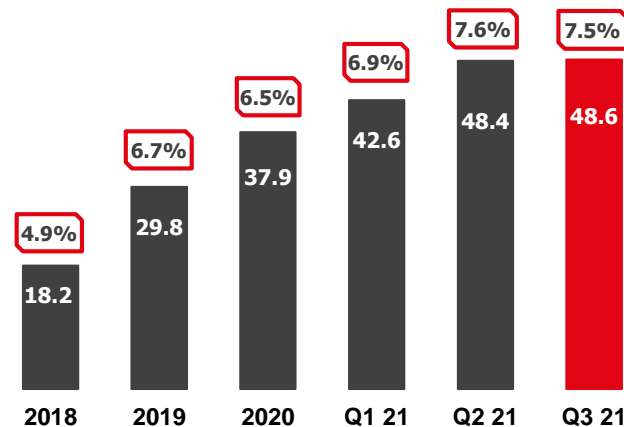
Full normalization of staging recognition till year end.



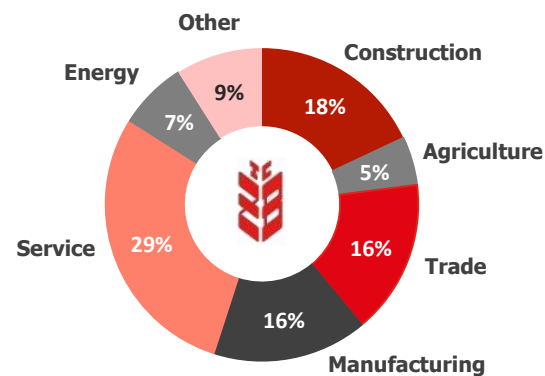
(1) Excluding intermediated loans for public funds

Stage II Loans (TL bn)

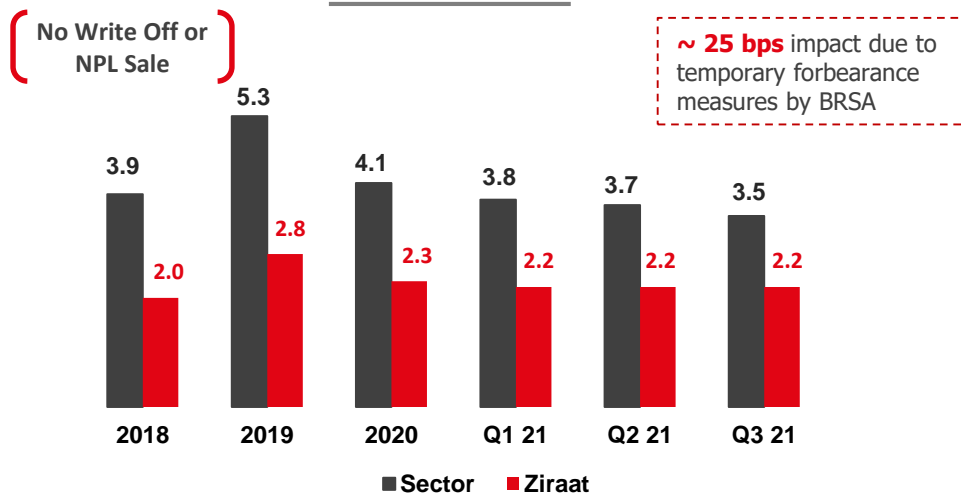
~ 30 bps impact due to temporary forbearance measures by BRSA



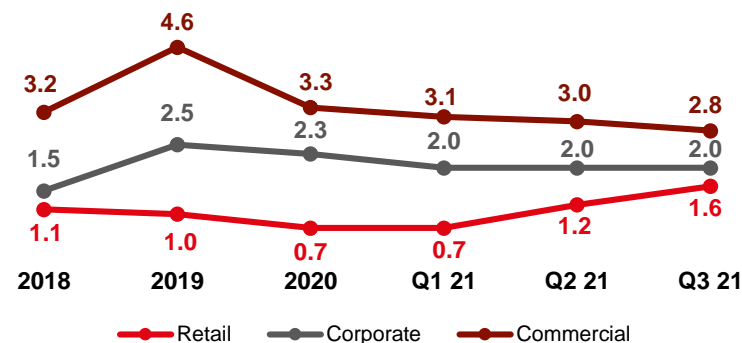
Sector Breakdown of Stage II Business Loans



NPL Ratios (%)

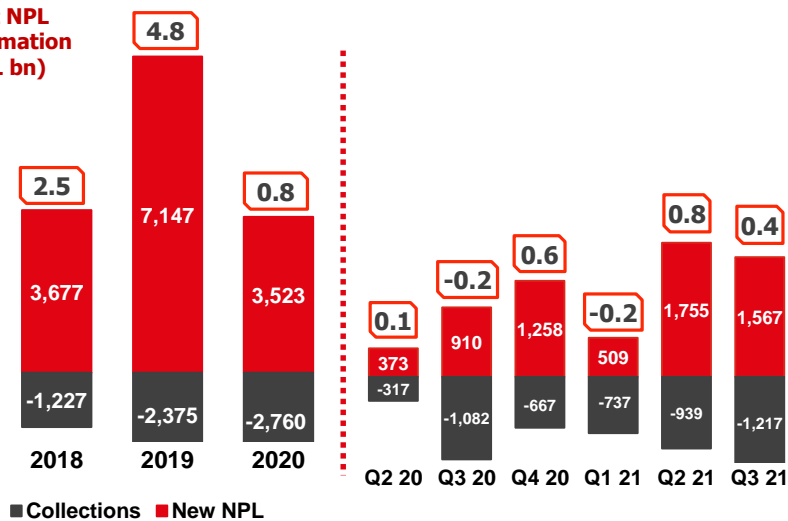


NPL Ratios by Segment (%)

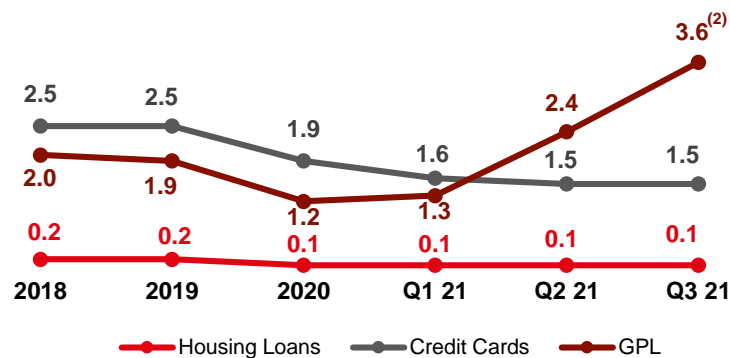


New NPL & Collections⁽¹⁾ (TL mn)

Net NPL Formation (TL bn)

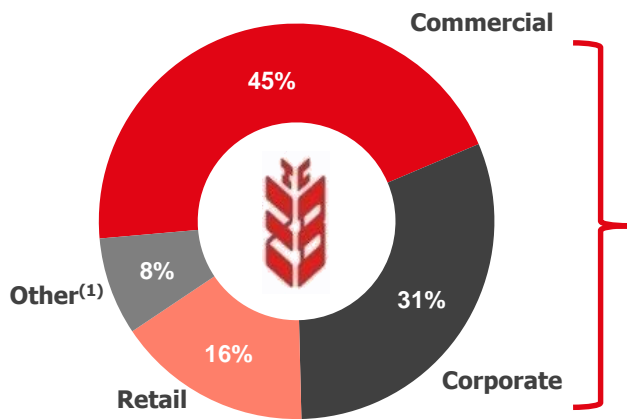


Retail NPL Ratios by Product (%)

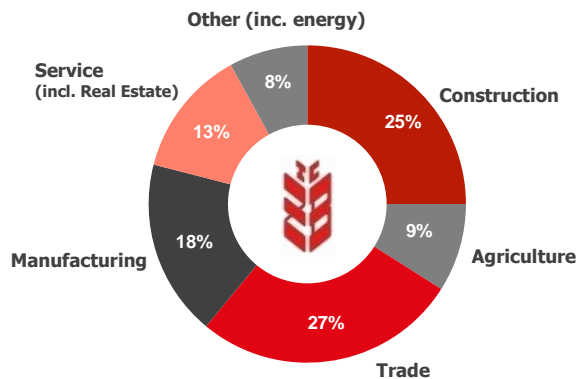


(1) Intermediated loans of public funds and other receivables are excluded
 (2) General Purpose Loans' NPL figure includes Covid-19 related lending under CGF, which will be compensated by the Fund.

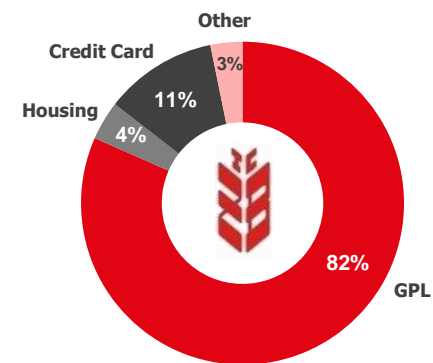
Total NPL by Segment



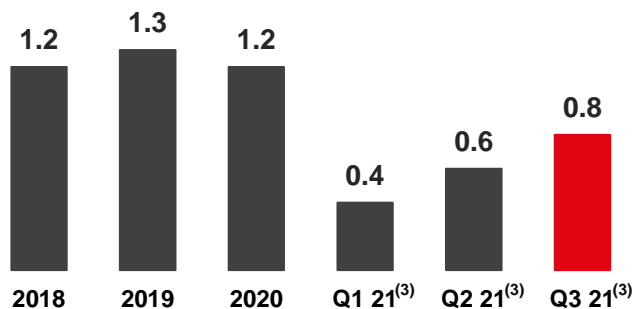
Business Loan NPL by Sector



Retail Loan NPL by Product



Cost of Risk⁽²⁾ (%)



Restructured Loans⁽⁴⁾
in Total Loans: **8.1%**

Total Coverage⁽⁵⁾⁽⁶⁾ **158.5%**

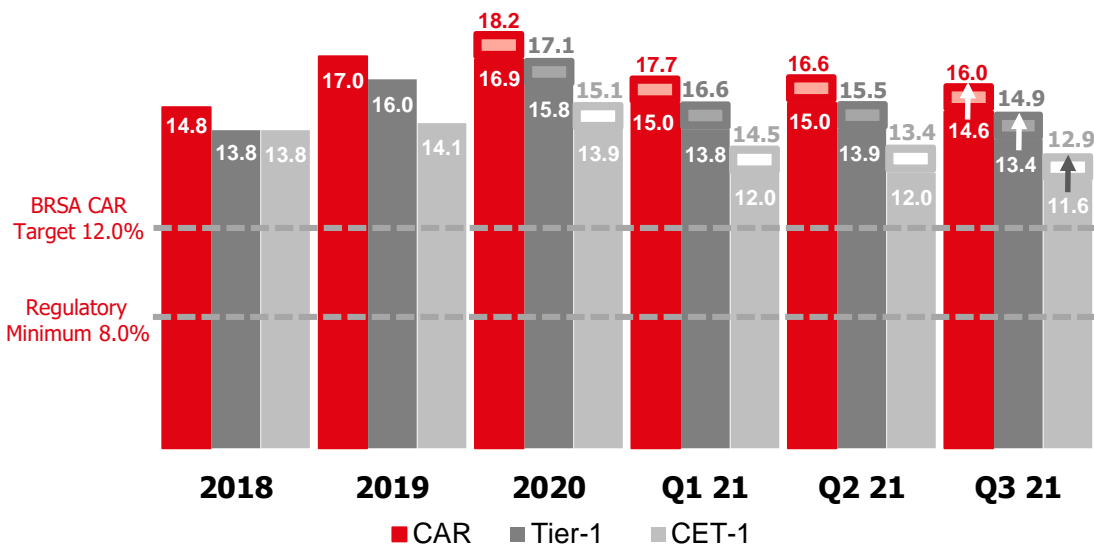
TL 3.5 bn
Total Free Provisions
(No additional free provision in
9M 2021)

(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 (%)

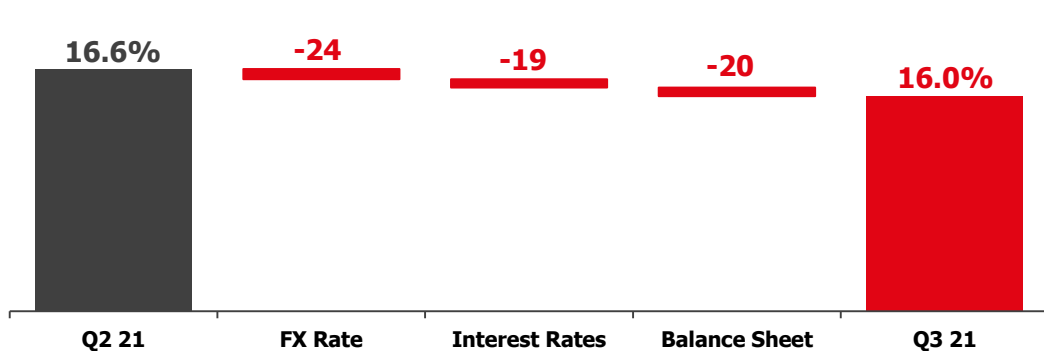
Forbearance Effect



Capital Ratio Requirements

	Solo	Cons.
CET1 Capital Ratio	4.5%	4.5%
Capital Conservation Buffer	2.5%	2.5%
D-SIB Buffer ⁽¹⁾	-	2.0%
Countercyclical Buffer ⁽²⁾	0.03%	0.03%
TOTAL	7.0%	9.0%
Including AT1 and Tier2	10.5%	12.5%

Change in CAR (QoQ, bps)



Basel III
Leverage **7.8%** vs
regulatory min of **3.0%**

TL 19.8 bn.
excess capital⁽³⁾

%10 depreciation in TL
-50bps impact on CAR

(1) D-SIB Buffer is applied only to consolidated ratios
(2) Based on solo figures
(3) Calculated over solo figures and 12.0% threshold without forbearance

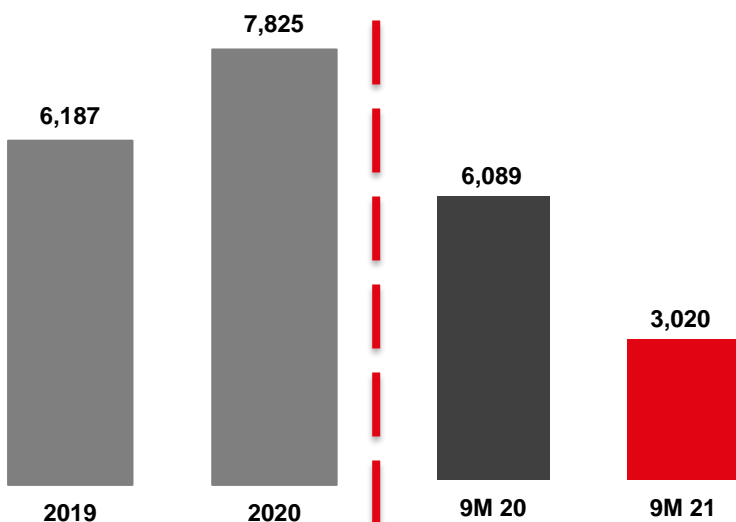
Net Profit (TL mn)

Continuing high funding cost impact on top line, below trend profitability and profitability ratios.

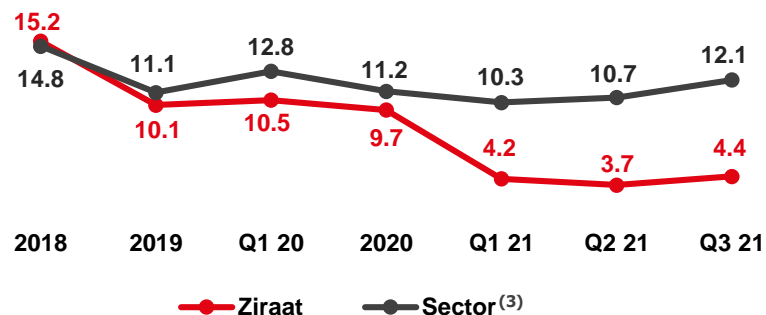
Temporary impact on C/I ratio (48.1%) mainly due from NII.

Disciplined cost management (OPEX -0.5% QoQ).

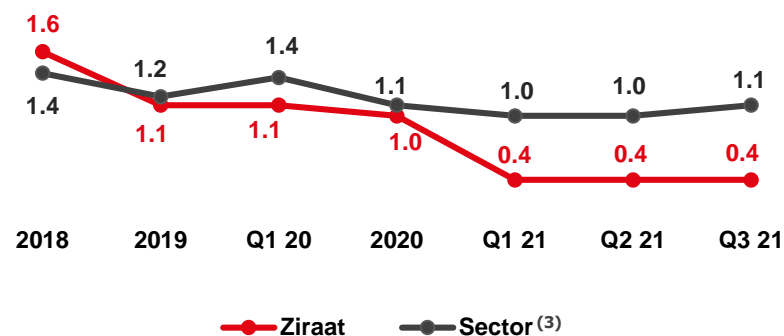
Decreasing Cost/Avg. Assets Ratio.



Return on Equity⁽¹⁾ (%)



Return on Assets⁽²⁾ (%)

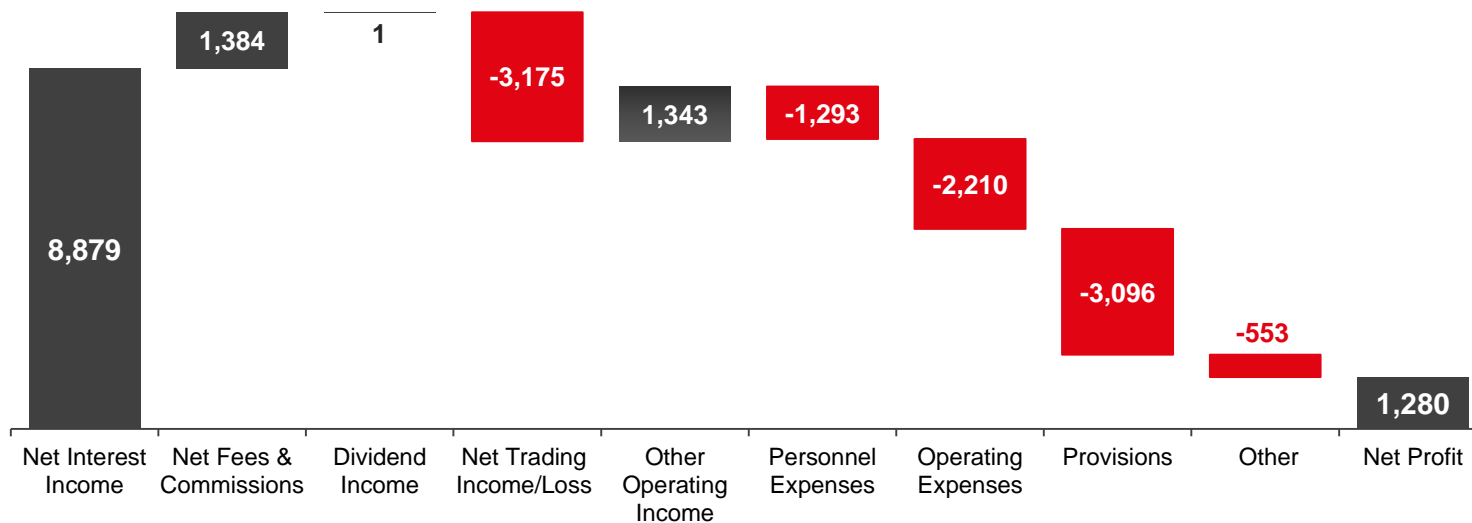


(1) Average shareholders' equity represent weekly averages

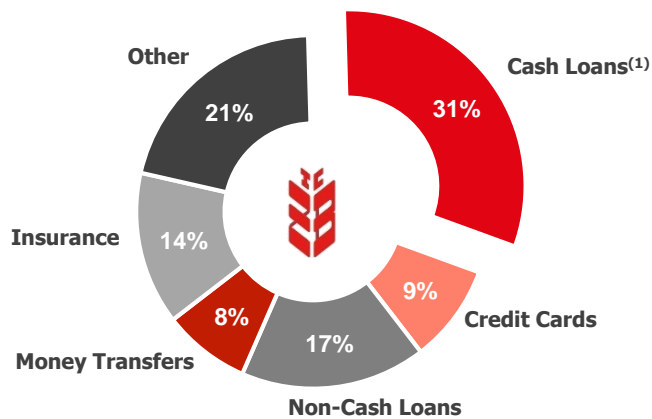
(2) Average total assets represent weekly averages

(3) Sector: Deposit Banks

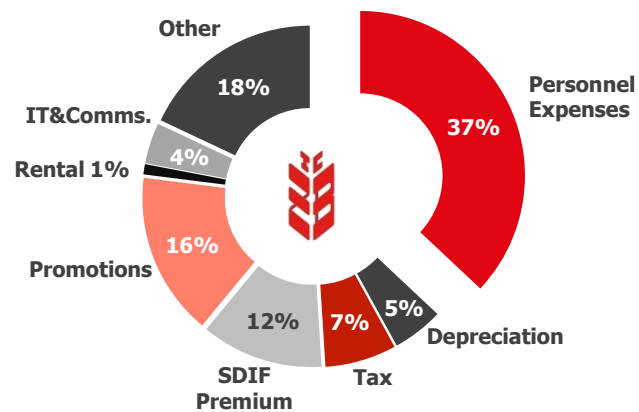
P&L Breakdown Q3 21 (TL mn)



F&C Income Breakdown in 9M 21



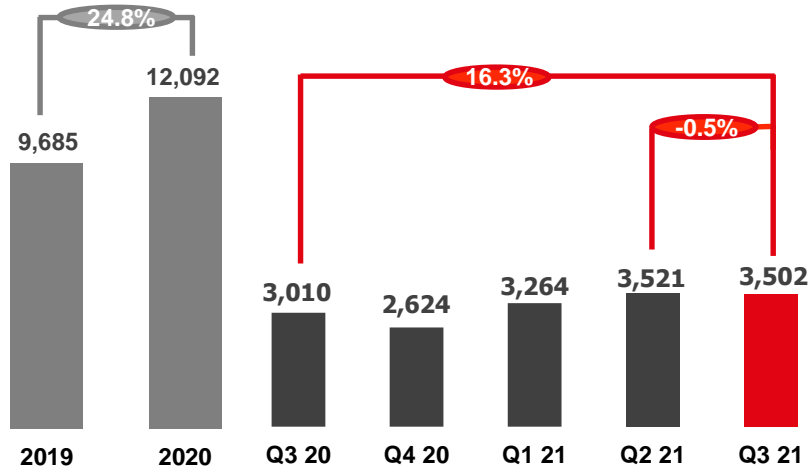
OPEX Breakdown in 9M 21



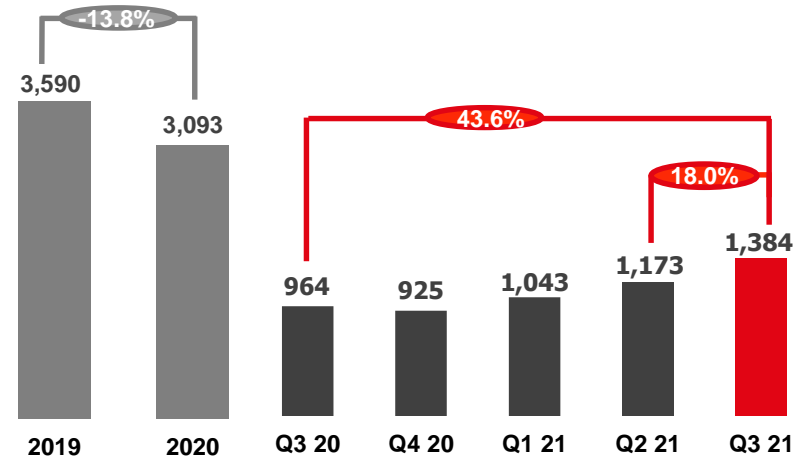
(1) Due to BRSA regulation, Fees & Commissions from cash loans are categorized under interest income.

Ziraat Bank – Profitability & Cost Management

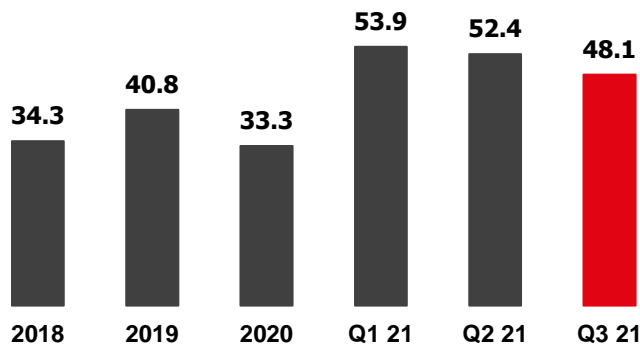
OPEX⁽¹⁾ (TL mn)



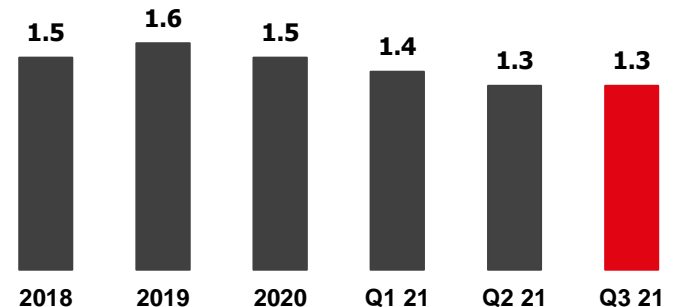
Net F&C (TL mn)



Cost/Income (%)



Cost/Avg. Assets (%)



(1) Includes personnel expenses and other provision expenses

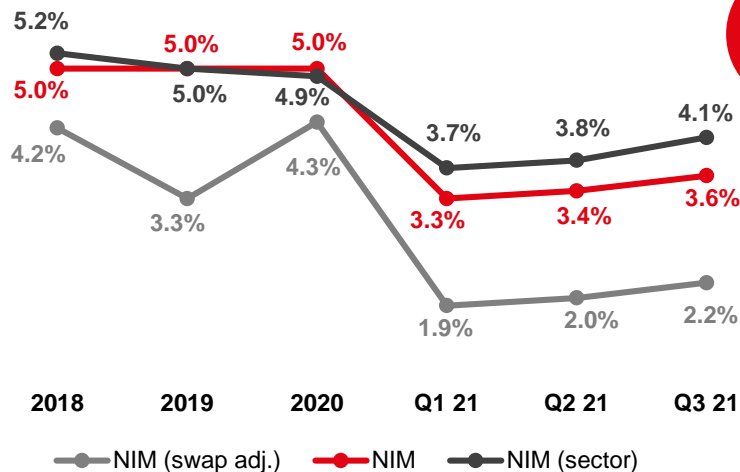
Net Interest Margin⁽¹⁾⁽²⁾ (NIM cum. %)

High funding cost and asset liability maturity mismatch impact resulting in lower NIM for 9M 2021.

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

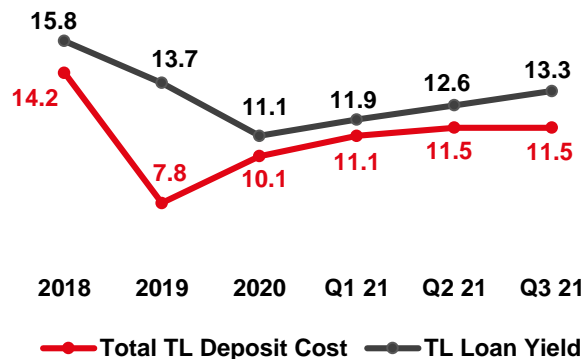
CBRT 300 bps rate cut after August has positive impact on funding cost.

Limited contribution from CPI linker securities (revision from 13.0% to 14.0%). More support to NIM to come in Q4 2021 with lower funding cost further repricing of loans and additional CPI linker yield.

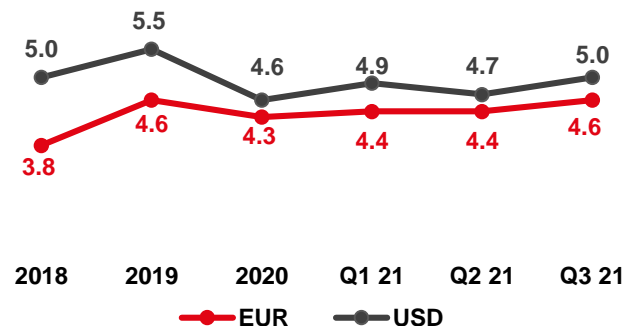


Swap Cost
TL 3.4 bn
in Q3 21

TL Loan Yield and Deposit Costs (%)



FX Core Spreads⁽³⁾ (%)

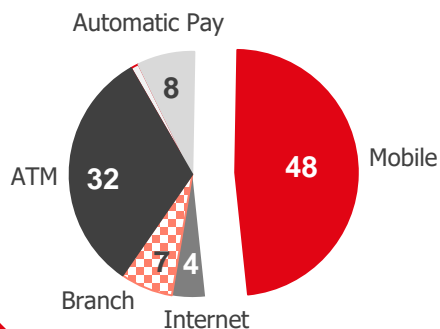


(1) Sector: Deposit banks
(2) NIM = Net Interest Earnings / Av. IEA
(3) FX Loan - FX Deposits (Total)

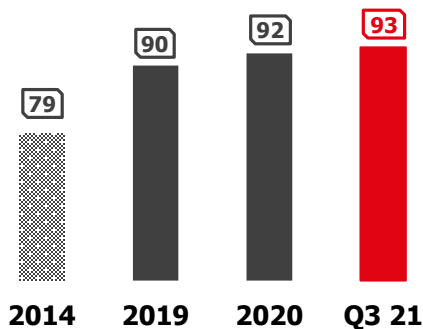
APPENDIX

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

Banking Transaction Channel Distribution (%)



Non-Branch Channels Usage (%)



Unique Service Delivery

- 16m** Active digital banking customers
- 27m** Internet banking customers
- 7,272** 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 2018
- LMA Green Loan Principles 2018

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	2018	2019	2020	Q2 21	Q3 21	% Change QoQ	% Change YtD
CASH AND CASH EQUIVALENTS	46,237	57,389	91,038	103,620	122,847	18.6%	34.9%
SECURITIES	95,374	130,335	225,621	256,324	263,718	2.9%	16.9%
LOANS	379,331	447,983	600,660	652,413	659,348	1.1%	9.8%
-Gross NPL	7,460	12,690	13,895	14,288	14,556	1.9%	4.8%
-Expected Credit Loss (-)	8,386	13,011	18,757	20,627	22,618	9.7%	20.6%
OTHERS	23,673	26,435	29,816	23,369	22,275	-4.7%	-25.3%
TOTAL ASSETS	537,156	649,756	942,601	1,035,727	1,068,187	3.1%	13.3%
DEPOSITS	331,066	447,251	629,874	702,590	750,513	6.8%	19.2%
FUNDS BORROWED	34,172	34,528	36,950	44,215	42,956	-2.8%	16.3%
INTERBANK MONEY MARKETS	68,351	49,275	116,401	122,840	106,022	-13.7%	-8.9%
PROVISIONS	2,832	3,819	7,059	7,264	7,327	0.9%	3.8%
OTHERS	43,334	44,818	59,039	67,639	69,930	3.4%	18.4%
TOTAL LIABILITIES	479,755	579,691	849,323	944,548	976,748	3.4%	15.0%
SHAREHOLDERS' EQUITY	57,401	70,065	93,278	91,179	91,439	0.3%	-2.0%



Ziraat Bank – Income Statement Summary

TL mn	2018	2019	2020	Q3 20	Q2 21	Q3 21	% Chg QoQ	% Chg YoY
INTEREST INCOME	53,054	65,602	69,476	17,536	23,328	24,948	6.9%	42.3%
-From Loans	41,028	52,764	52,330	13,442	16,937	18,255	7.8%	35.8%
-From Securities	10,977	11,966	16,696	4,008	5,993	6,173	3.0%	54.0%
INTEREST EXPENSE	31,138	40,290	34,862	7,650	16,068	16,069	0.0%	110.1%
-On Deposits	19,675	27,989	22,812	5,382	10,287	11,135	8.2%	106.9%
NET INTEREST INCOME	21,916	25,312	34,615	9,886	7,260	8,879	22.3%	-10.2%
NET FEES & COMMISSIONS	2,638	3,590	3,093	964	1,173	1,384	18.0%	43.6%
OTHER OPERATING INCOME	1,434	1,614	5,182	645	929	1,343	44.6%	108.2%
EXPECTED CREDIT LOSS	4,702	6,313	10,691	2,214	2,035	3,108	52.7%	40.4%
-Stage 1 Provisions	477	594	1,340	-33	111	-162	-246.0%	391.1%
-Stage 2 Provisions	2,081	1,298	5,505	1,437	886	2,041	130.4%	42.0%
-Stage 3 Provisions	2,143	4,421	3,846	810	1,038	1,229	18.4%	51.7%
OTHER PROVISION EXPENSES	17	112	2,648	18	39	-13	-133.3%	-172.2%
OPEX ⁽¹⁾	7,691	9,797	12,092	3,009	3,521	3,502	-0.5%	16.4%
NET OPERATING PROFIT	10,034	7,648	10,834	2,072	1,301	1,833	40.9%	-11.5%
NET PROFIT	7,961	6,187	7,825	1,580	778	1,280	64.5%	-19.0%

Source: Unconsolidated Financial Statements

(1) OPEX includes personnel expenses and other provision expenses



Ziraat Bank – Key Financial Ratios

(%)	2018	2019	2020	Q1 21	Q2 21	Q3 21
ROAA ⁽¹⁾	1.6	1.1	1.0	0.4	0.4	0.4
ROAE ⁽²⁾	15.2	10.1	9.7	4.2	3.7	4.4
Cost / Income Ratio ⁽³⁾	34.3	40.8	33.3	53.9	52.4	48.1
NIM (cum.) ⁽⁴⁾	5.0	5.0	5.0	3.3	3.4	3.6
Loans ⁽⁵⁾⁽⁶⁾ /Deposits	110.6	96.0	92.3	92.9	90.0	85.1
Loans/Assets	68.9	67.1	62.2	61.5	61.6	60.4
Securities/Assets	17.8	20.1	23.9	23.8	24.7	24.7
NPL	2.0	2.8	2.3	2.2	2.2	2.2
Stage III Coverage ⁽⁶⁾	73.9	66.4	77.0	78.7	76.8	78.2
CoR	1.2	1.3	1.2	0.4 ⁽⁷⁾	0.6 ⁽⁷⁾	0.8 ⁽⁷⁾
CAR	14.8	17.0	18.2	17.7	16.6	16.0
Leverage ⁽⁸⁾	8.4	8.3	9.1	10.5	10.4	10.7
# of						
Branches ⁽⁹⁾	1,773	1,758	1,752	1,752	1,752	1,751
Employees	24,647	24,563	24,673	24,560	24,489	24,556
ATMs ⁽⁹⁾	7,155	7,239	7,274	7,264	7,257	7,272

(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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