

**Financial Presentation**  
**June 2022**



**Ziraat Bank**

More than a bank

## Largest bank in Turkey with

- ~ USD 106 bn. asset size
- ~ 15% market share

TL 1,756  
bn

1,752

## Extensive customer base

- New customer acquisition through digital channels

38 mn

#1

## Sound Loan to Deposit Ratio

83.1%

1.3%

## Adequate capital ratios

- TL 21.8 bn capital increase in Q1 22
- CET 1 capital ratio 12.5%
- Capital structure adequate for growth plans
- Less contribution from forbearance measures due to regulatory changes in Q2 22

15.6%

TL 1,225  
bn

## Foremost provider of agricultural financing

- Only bank authorised for government subsidized agro-lending
- High market penetration
- Sustainable agro financing strategy with new loan facilities

64%

TL16.2  
bn

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

- Only bank in more than 350 points in Turkey
- Operating in 17 countries with 116 service points
- 25 Foreign Branches

## Continued market leadership

- Assets
- Loans
- Deposits
- Equity

## Robust asset quality

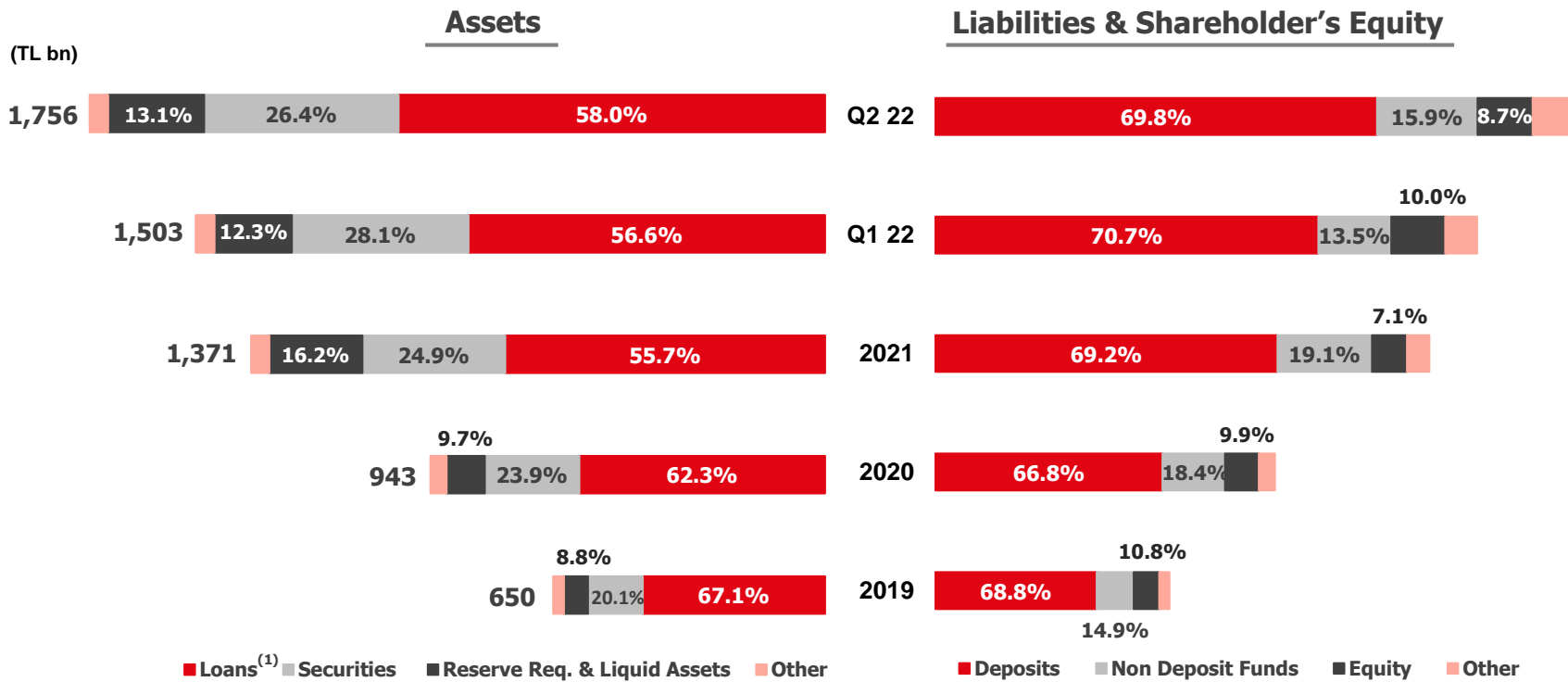
- Limited NPL formation
- High NPL collection capacity
- No material risk concentration
- Prudent provisioning approach including free provisions

## Granular and sticky deposit base

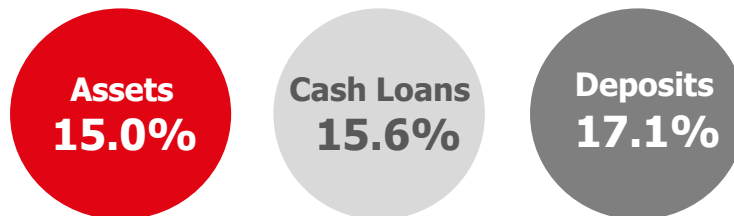
- Retail/Total Deposit: 54%
- Core deposit ratio 96%

## Increased profitability under current environment

- Above historic levels NIM through better spreads and CPI-linkers contribution
- Solid Fee Income generation and disciplined cost management



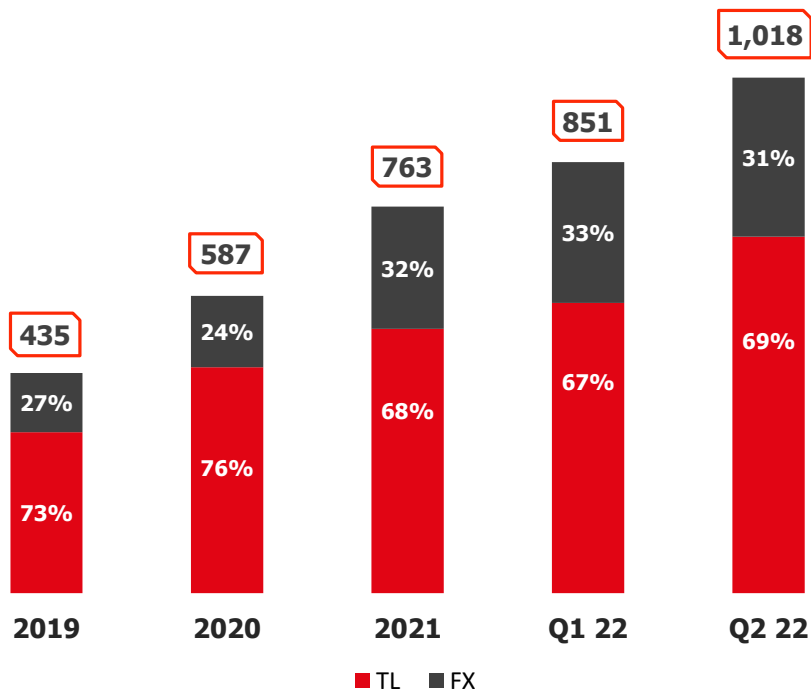
## Market Shares



(1) Performing loans

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

Selective lending policy in line with changes in prominent sectors.  
Commercial driven loan growth.  
Less contribution from retail segment, due to redemptions from back book and BRSA regulations.



(1) Performing loans  
(2) Average rate for allocation in last four quarter  
(3) Credit cards turnover market share

## Loan Growth

	QoQ Δ	YtD Δ
<b>Total Loans</b>	<b>19.7%</b>	<b>33.4%</b>
<b>Total Loans (FX adj.)</b>	<b>15.2%</b>	<b>24.8%</b>
TL	23.0%	34.8%
FX(\$)	-0.7%	3.0%
<b>Retail</b>	<b>13.8%</b>	<b>17.7%</b>
Housing	18.2%	25.4%
GPL	3.5%	0.5%
Credit Card	14.4%	24.5%
<b>Commercial (inc. SME)</b>	<b>21.3%</b>	<b>48.7%</b>
<b>Corporate</b>	<b>20.4%</b>	<b>27.7%</b>
Corp. (FX adj.)	12.6%	13.4%

### Housing Loans

56% of retail loans  
31% Market Share  
46% LTV<sup>(2)</sup>  
0.1% NPL

### GPL

30% of retail loans  
10% Market Share  
Pensioners account for  
41% of GPL portfolio

### Credit Card

TL 22 bn  
10 million customers  
7.2% Market Share<sup>(3)</sup>  
(-80 bps QoQ)

### Agro Loans

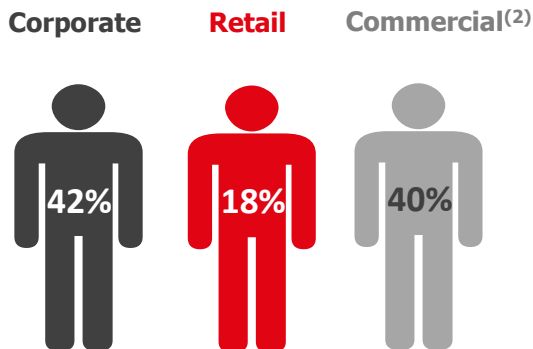
TL 149 bn  
64% Market share  
84% Subsidized  
0.6% NPL  
> 750k agro customers

### CGF Guaranteed Loans

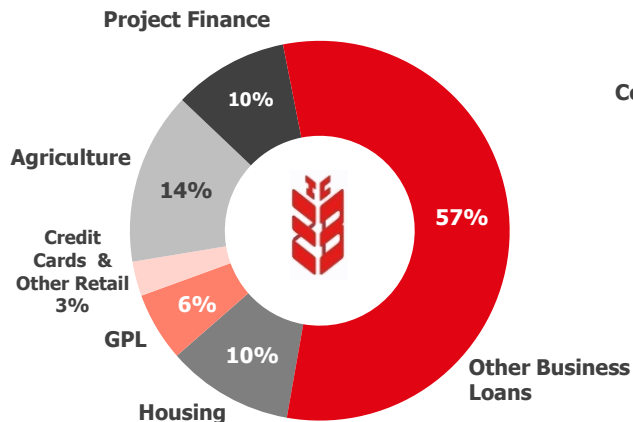
Total TL 48 bn (-1.7% QoQ)  
o/w TL 8.3 bn retail segment  
~3 mn customers  
5% of cash loans  
18% Non-retail Market Share

# Ziraat Bank – Lending Mix

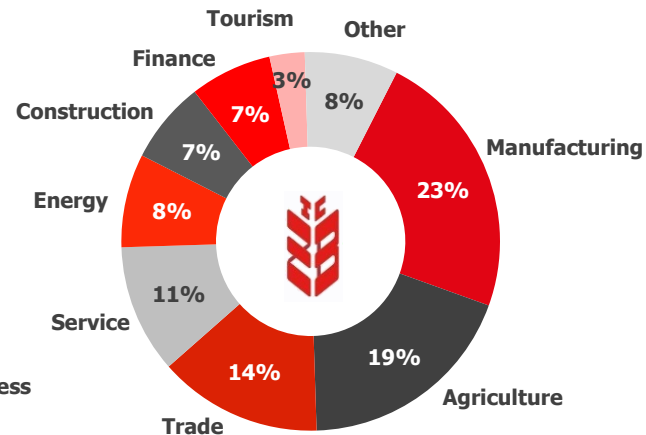
## Cash Loans by Customer Segment<sup>(1)</sup>



## Cash Loans by Product



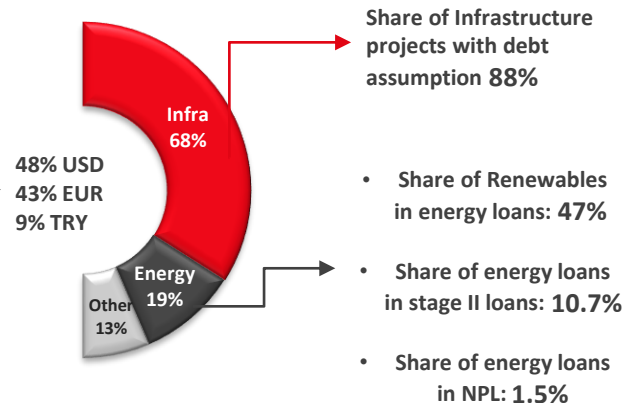
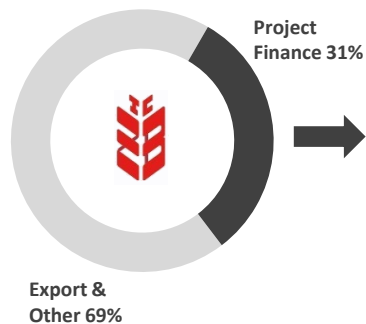
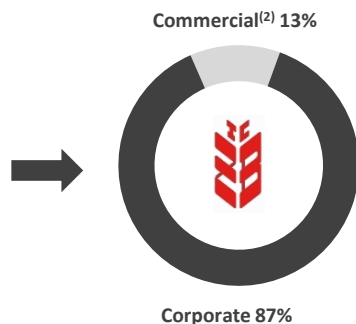
## Sector Breakdown of Cash Business Loans<sup>(1)</sup>



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

## FX Loans

- FX Loans USD **19 bn**
- FX Loans/Total Loans **31%** vs. **35%** sector<sup>(3)</sup> average
- FX Loans NPL **0.9%**

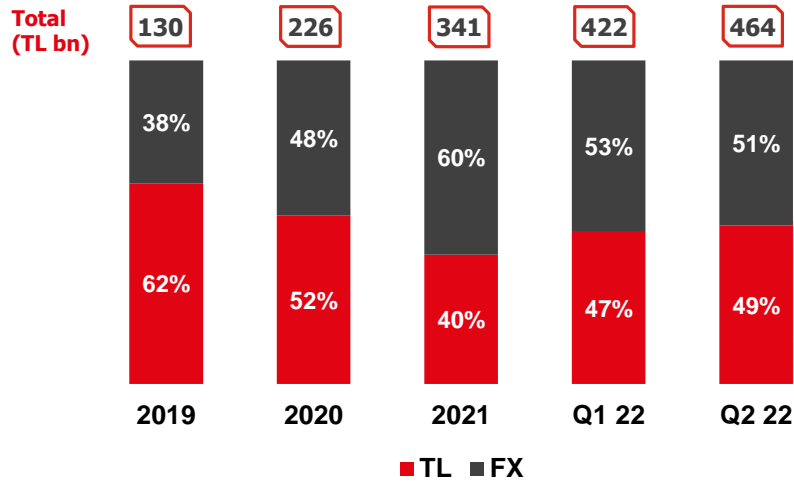


(1) Accruals and overseas branch lending are excluded from segment distribution

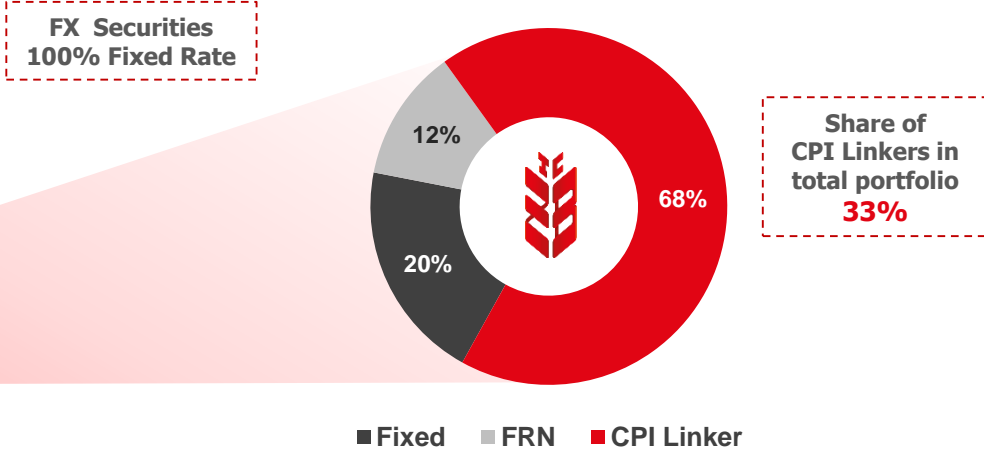
(2) Commercial Segment includes SME

(3) Sector: Deposit banks

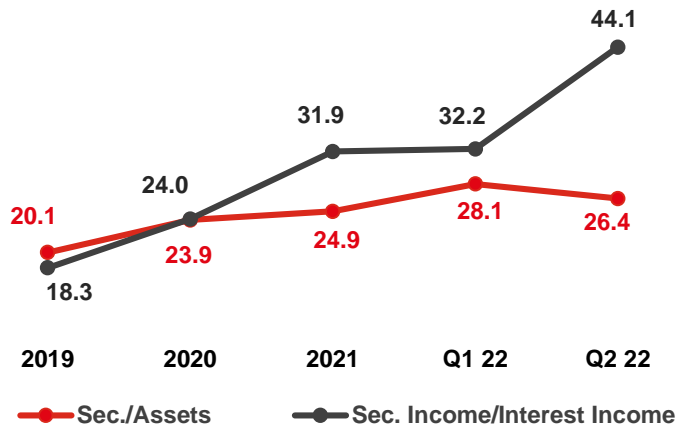
## Total Securities (% share in total)



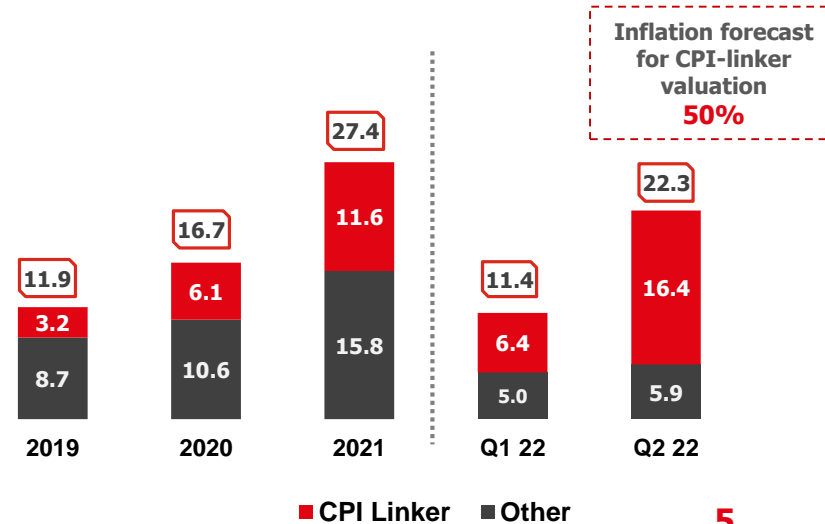
## Breakdown of TL Securities<sup>(1)</sup> (% share in total)



## Contribution from Securities (%)



## Interest Income from Securities (TL bn)

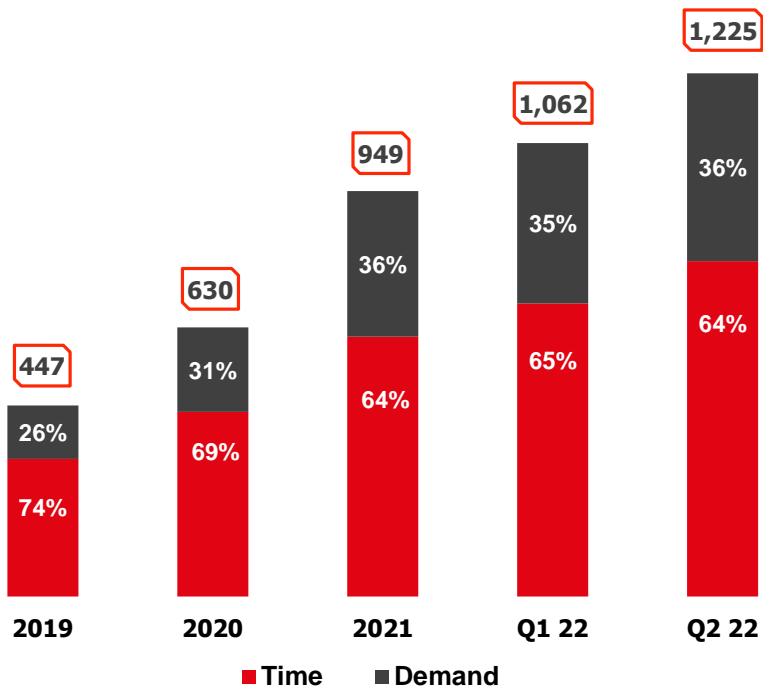


(1) Interest accruals included

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

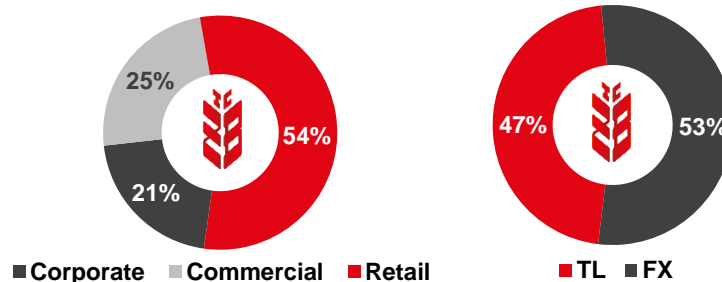
Granular and sticky deposit base. Structurally high share of retail and commercial segment deposits.

Limited FX deposit accumulation in Q2 22.



## Deposit Growth

	QoQ Δ	YtD Δ
<b>Total Deposits</b>	<b>15.4%</b>	<b>29.2%</b>
<i>Total Deposit (FX adj.)</i>	<b>7.9%</b>	<b>14.7%</b>
TL	16.4%	50.3%
FX(\$)	0.6%	-9.3%
<b>Customer Deposit</b>	<b>14.8%</b>	<b>29.6%</b>
<b>Demand</b>	<b>17.1%</b>	<b>29.2%</b>
<b>Time</b>	<b>14.4%</b>	<b>29.1%</b>



Core Deposit Ratio **96%**

Public / Total Deposits **13%**

Banking Sector Demand /  
Total Deposits **37%**

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

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

Cost oriented, adaptive wholesale funding management under current global liquidity conditions.  
Adequate FX liquidity, which can cover FX wholesale redemptions.

FX LCR<sup>(1)</sup>:

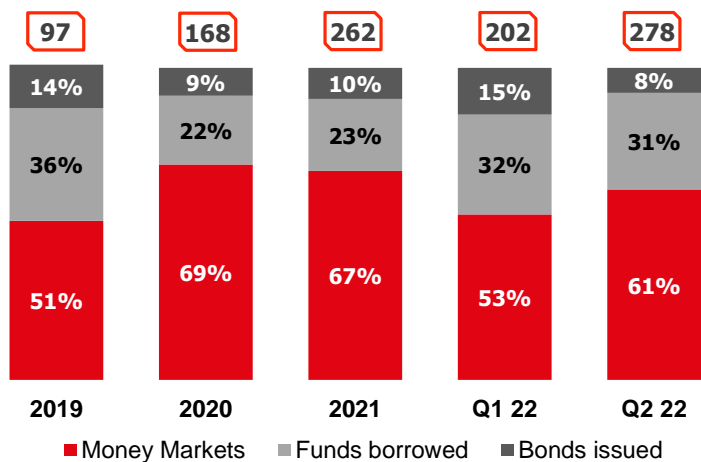
327.2%

Total LCR<sup>(1)</sup>:

210.9%

Non-deposit funding/  
total funding: **17%**

FX external funding/  
total funding: **8%**



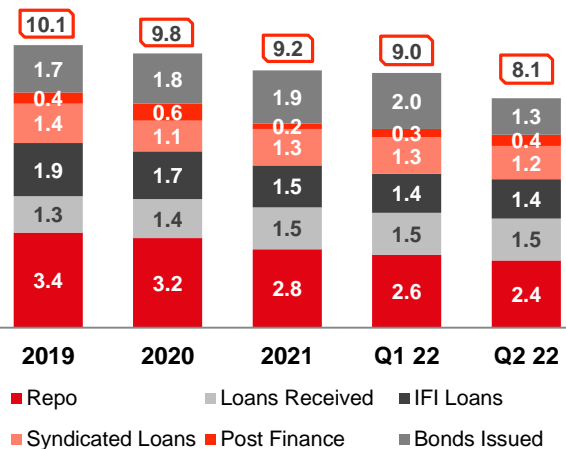
(1) LCR regulatory minimums; Total: 100%, FX: 80%

(2) In EUR/USD adjusted terms

(3) Performing Loans/Total Deposit, intermediated loans of public funds are excluded

(4) Sector: Deposit banks

## FX External Funding (USD bn)

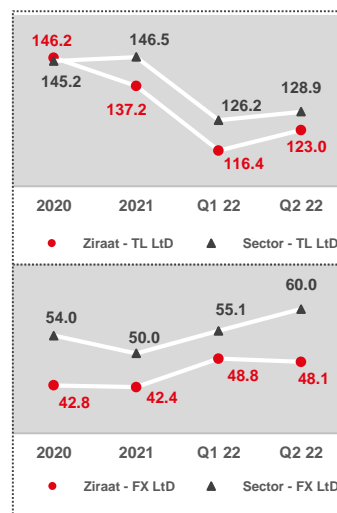
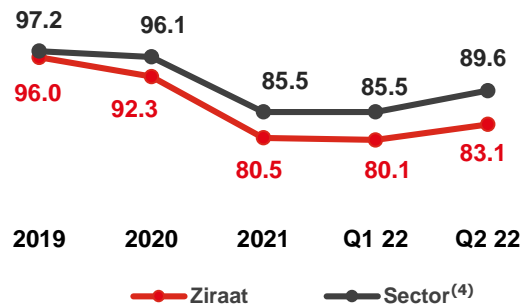


~ USD 13 bn  
FX Liquidity  
2.6 bn cash & CBRT  
3.3 bn FX swap  
7.6 bn unencumbered securities

USD 1.2 bn  
syndication loan  
R/O 100%<sup>(2)</sup>  
in April

USD 600 mn  
5yr eurobond  
fully redeemed  
in May

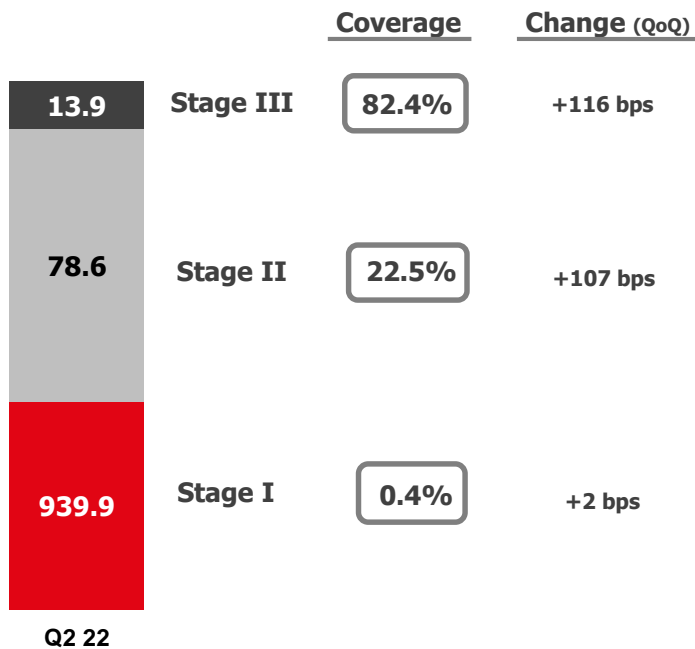
## Loan to Deposit<sup>(3)</sup> (%)



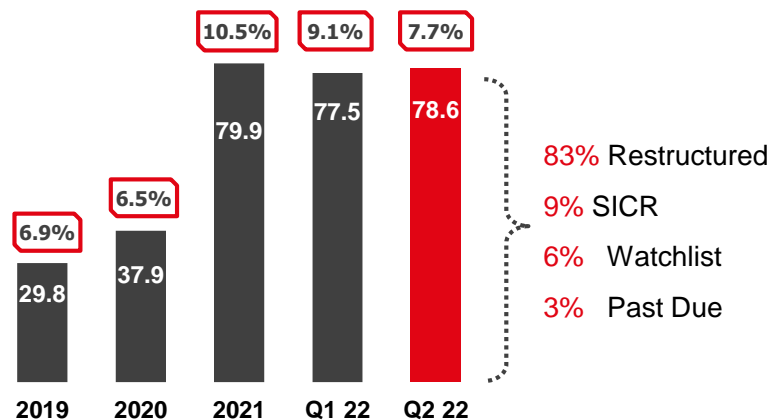


## Loan Classification (TL bn)

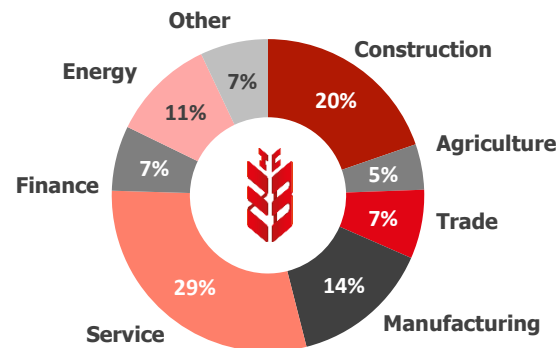
Structurally low NPL generation arising from loan book dynamics.  
High provisioning strategy maintained in-line with prudent asset quality management strategy.



## Stage II Loans (TL bn)

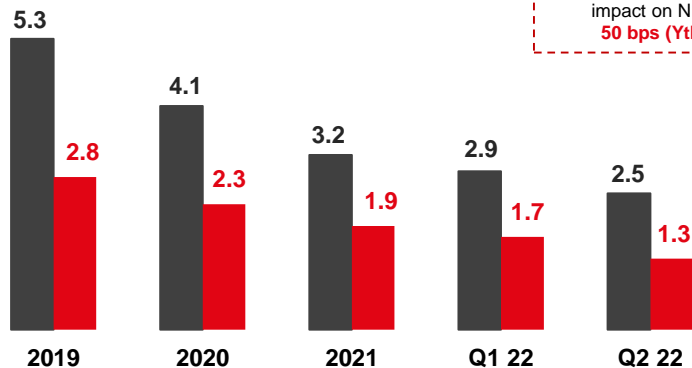


## Sector Breakdown of Stage II Business Loans



## NPL Ratios (%)

No Write-Off or NPL Sale

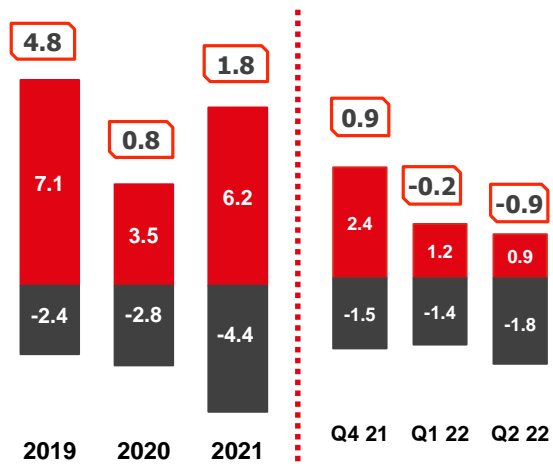


Loan Growth Adjustment impact on NPL: 50 bps (YtD)

■ Sector ■ Ziraat

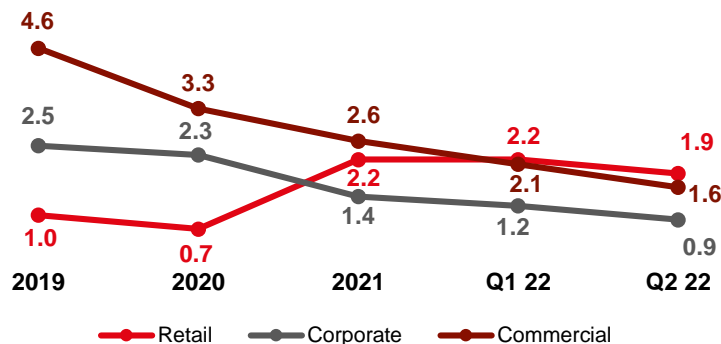
## New NPL & Collections<sup>(1)</sup> (TL bn)

Net NPL Formation



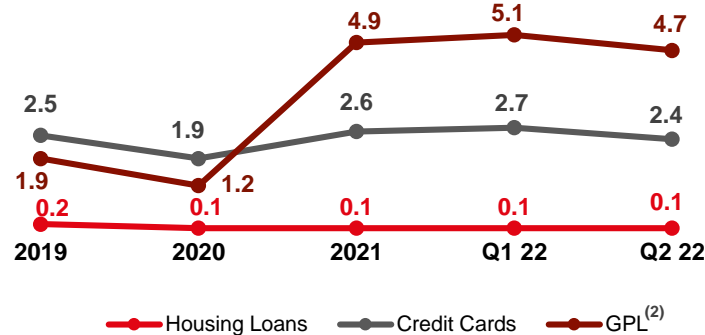
■ Collections ■ New NPL

## NPL Ratios by Segment (%)



● Retail ● Corporate ● Commercial

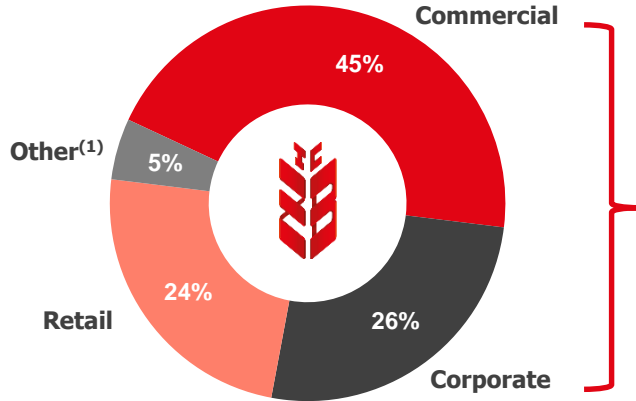
## Retail NPL Ratios by Product (%)



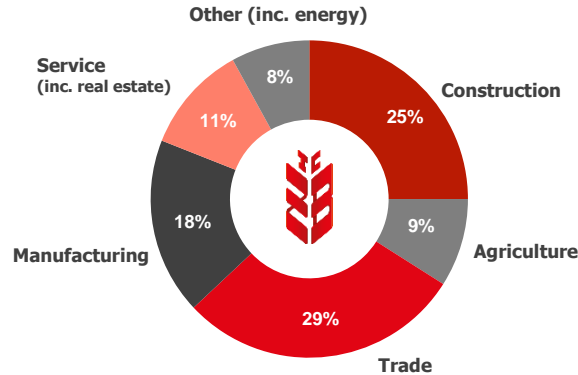
● Housing Loans ● Credit Cards ● GPL<sup>(2)</sup>

(1) Intermediated loans of public funds and other receivables are excluded  
 (2) After 2020, General Purpose Loans' NPL figure includes Covid-19 related lending under CGF, which will be compensated by the Fund.

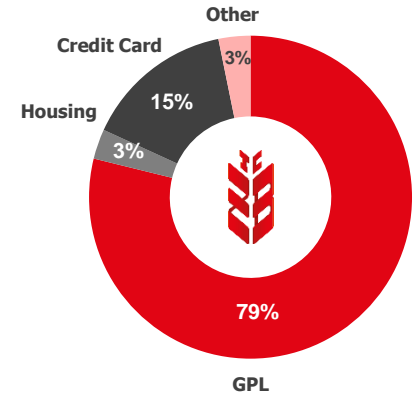
## Total NPL by Segment



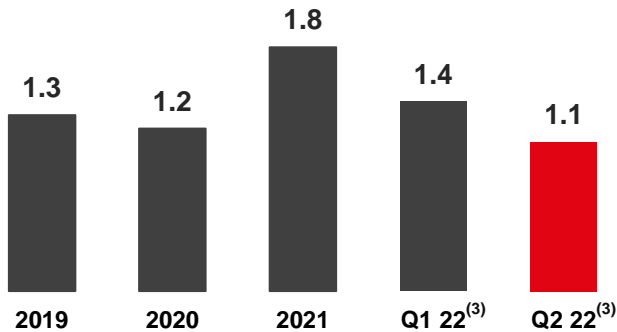
## Business Loan NPL by Sector



## Retail Loan NPL by Product



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



Restructured Loans<sup>(4)</sup>  
in Total Loans: **8.7%**

Total Coverage<sup>(5)(6)</sup> **235%**

The remarkable impact of  
inflationary period on financials

Additional precautionary buffer for  
the normalisation period

**TL 13.7 bn**  
Total Free Provisions  
(TL 8.4 bn additional free  
provision in Q2 2022)

(1) Includes loans excluded from segment classification

(2) CoR: Expected Credit Loss-Reversals / Average Loan Amount

(3) Annualized figure

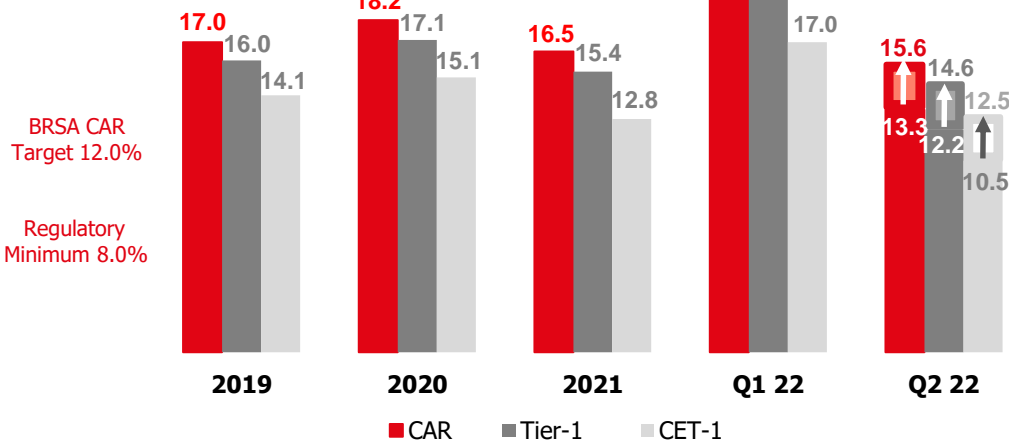
(4) Includes deferrals during the COVID 19 outbreak.

(5) Excluding intermediated loans for public funds

(6) (S1 + S2 + S3 provisions) / NPL

## Capital Ratios (%)

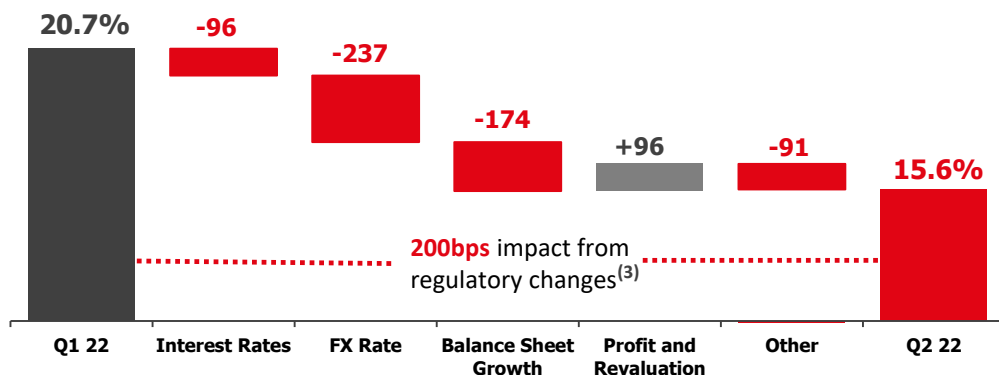
Forbearance Effect



## Capital Ratio Requirements

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

## Change in CAR (QoQ, bps)



Basel III  
Leverage **8.1%** vs  
regulatory min of **3.0%**

10% depreciation in TL  
-65bps impact on CAR

**TL 18.7 bn**  
excess capital<sup>(4)</sup>

**TL 21.8 bn**  
capital increase  
in Q1

(1) D-SIB Buffer is applied only to consolidated ratios  
 (2) Based on solo figures  
 (3) The BRSA changed the 252 day average FX rate used in RWA calculations to Year End 2021 FX rate. In addition the Agency increased the Risk Weights of certain commercial loans to 200% from 100%.  
 (4) Calculated over solo figures and 12.0% threshold without forbearance

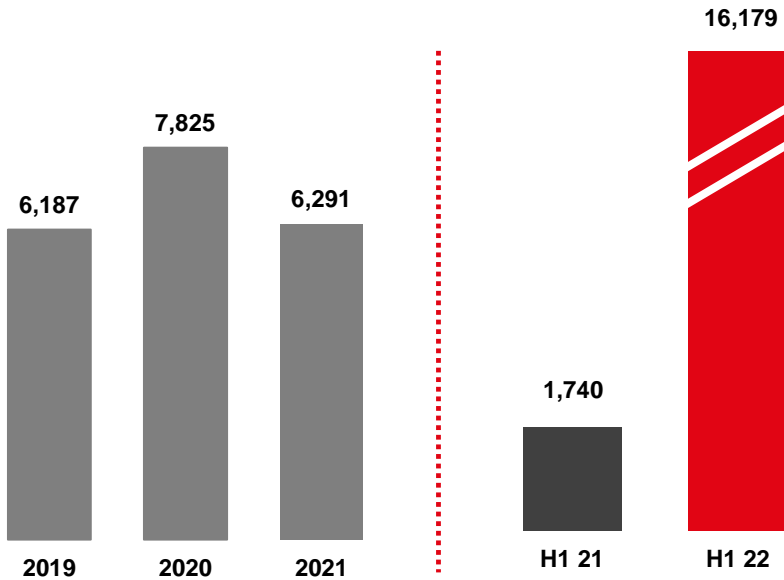
## Net Profit (TL mn)

Strong profitability due to better margins and high contribution from CPI-linkers.

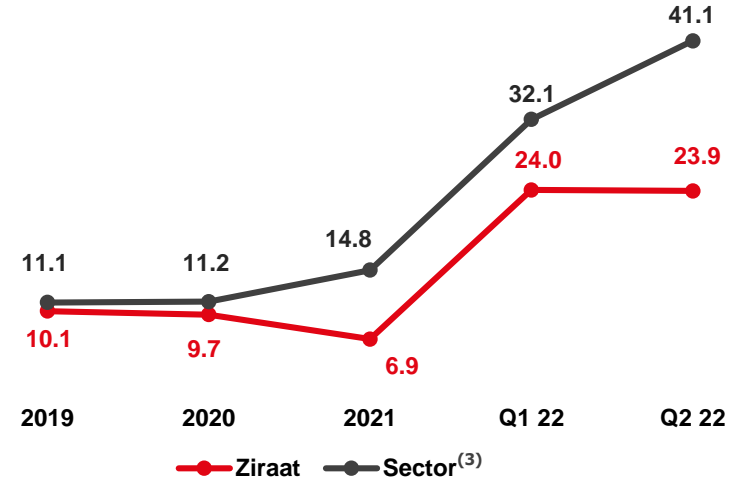
C/I ratio performing at historic low levels in Q2 (18.3%).

Remarkable support to profitability from F&C income.

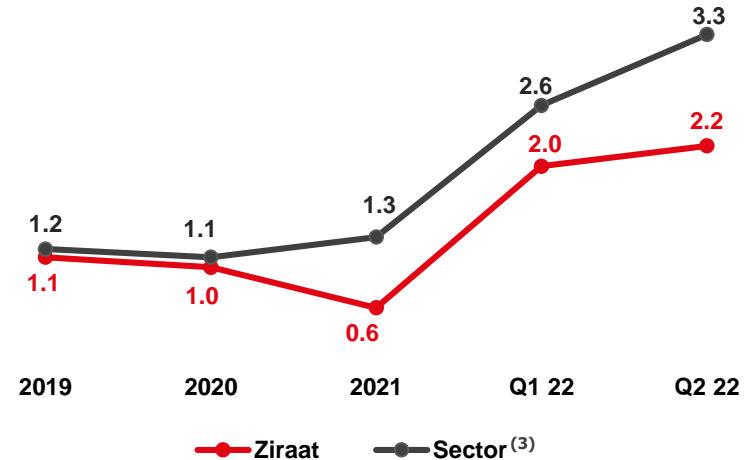
- F&C 38.9% QoQ
- F&C/OPEX coverage increased to 52.1% in H1 22



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

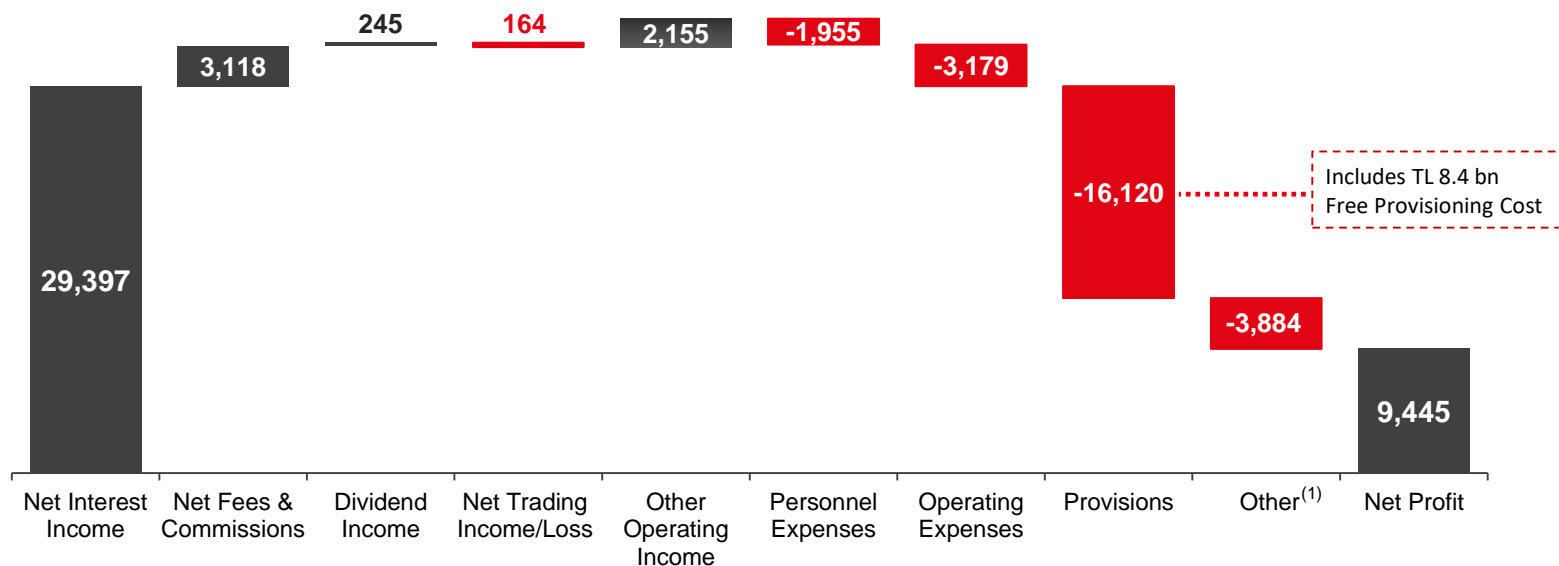


## Return on Assets<sup>(2)</sup> (%)

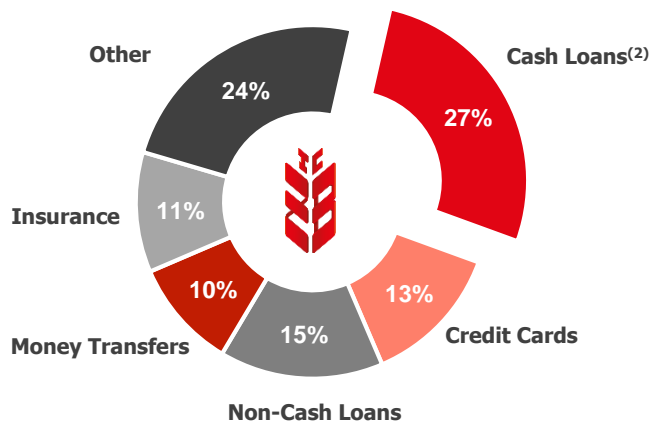


(1) Average shareholders' equity represent weekly averages  
 (2) Average total assets represent weekly averages  
 (3) Sector: Deposit Banks

## P&L Breakdown Q2 22 (TL mn)



## F&C Income Breakdown in H1 22



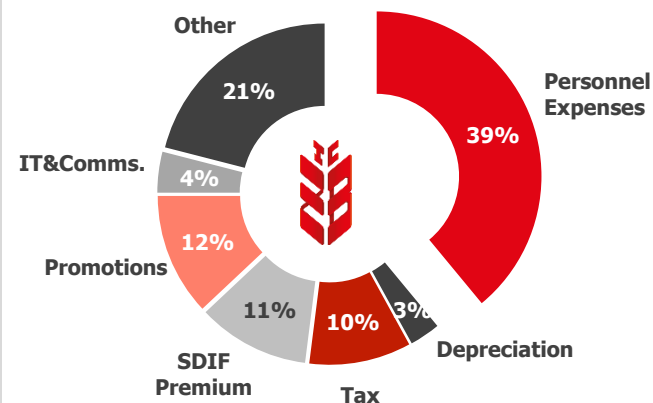
### F&C Growth (YoY)

Credit Cards	175%
Money Transfers	169%
Non-Cash Loans	91%
Cash Loans	87%

### OPEX Growth (YoY)

Tax	110%
Personnel Expenses	60%
SDIF Premium	50%
Promotions	12%

## OPEX Breakdown in H1 22

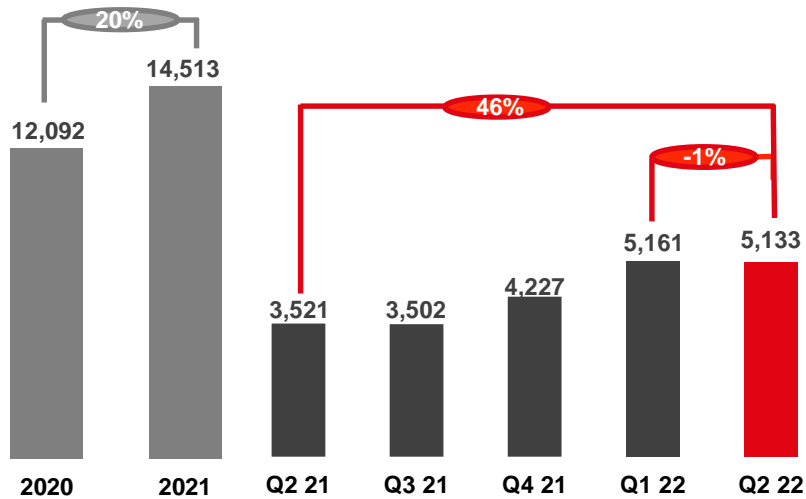


(1) Other item mainly includes tax provisions.

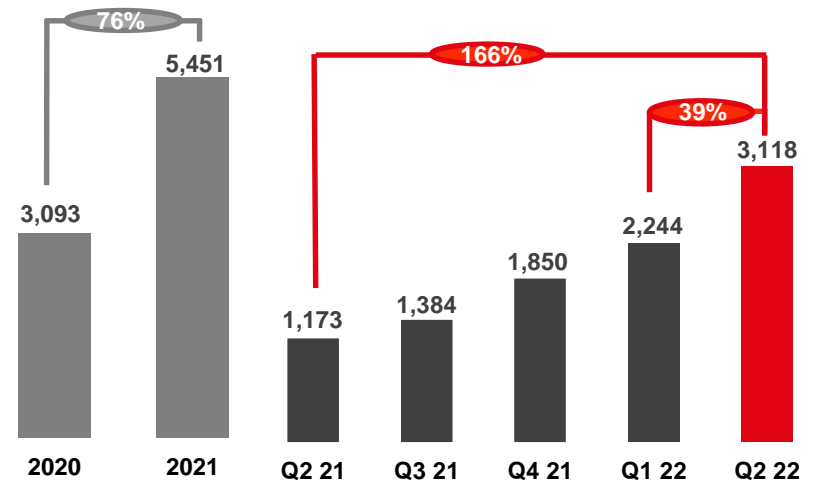
(2) Due to BRSA regulation, Fees & Commissions from cash loans are categorized under interest income.

# Ziraat Bank – Profitability & Cost Management

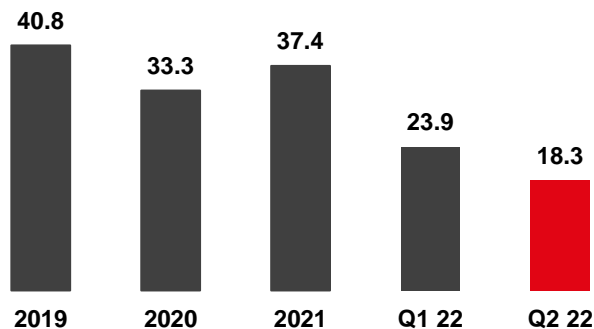
**OPEX<sup>(1)</sup> (TL mn)**



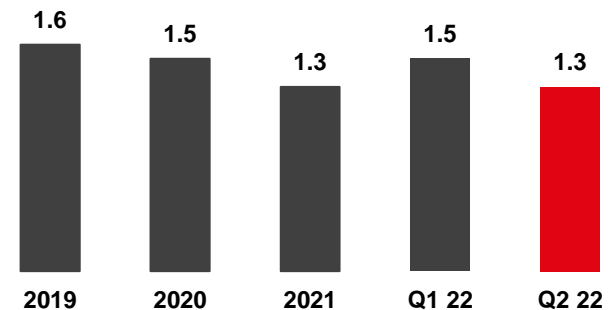
**Net F&C (TL mn)**



**Cost/Income (%)**

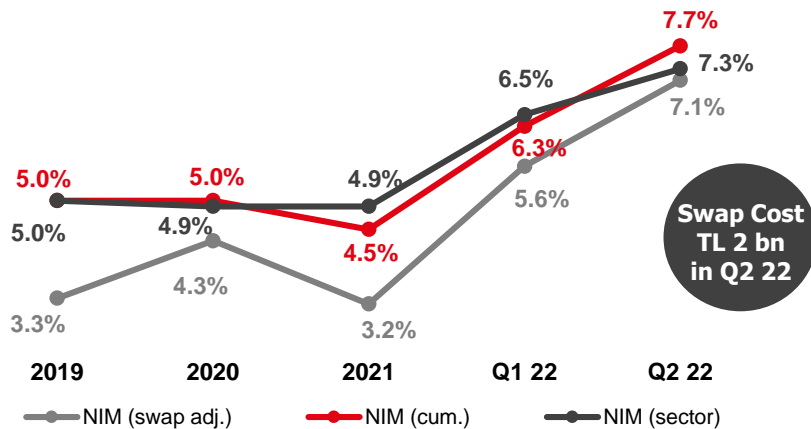


**Cost/Avg. Assets (%)**



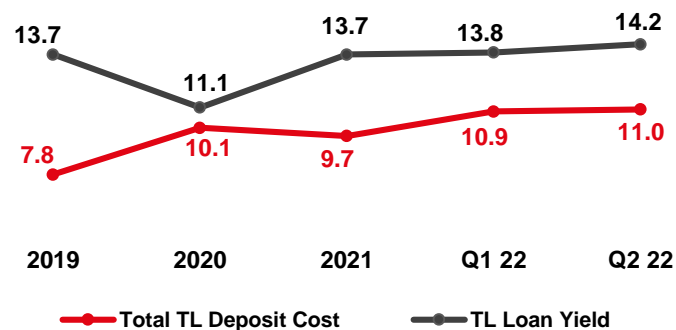
(1) Includes personnel expenses and other provision expenses

## Net Interest Margin<sup>(1)(2)</sup>

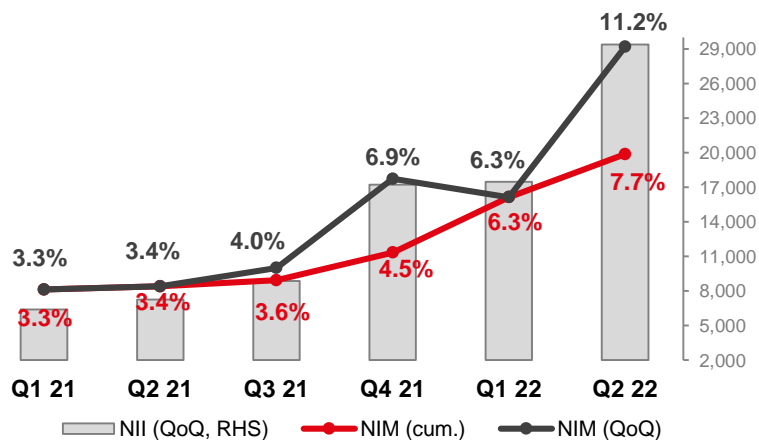


Increasing trend in NIM due to lower funding costs supported by low policy interest rates, repricing of loans and additional CPI linker securities income under high inflationary environment.

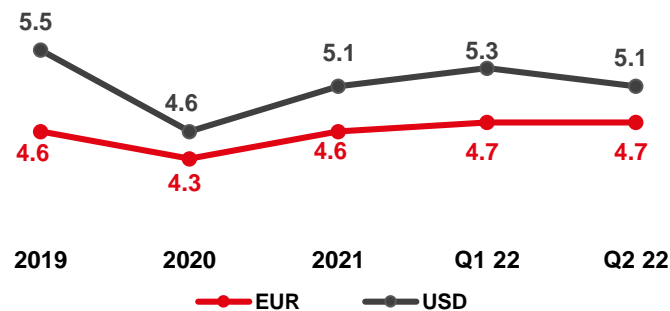
## TL Loan Yield and Deposit Costs (%)



## NII vs NIM (TL mn, %)



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



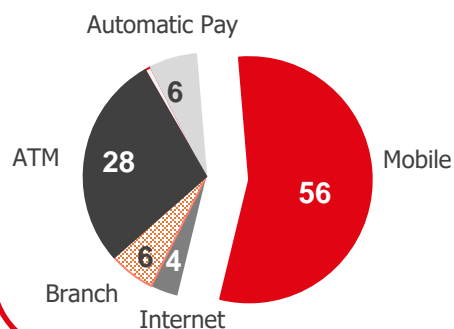
(1) Sector: Deposit banks  
 (2) NIM = Net Interest Earnings / Av. IEA  
 (3) FX Loan - FX Deposits (Total)



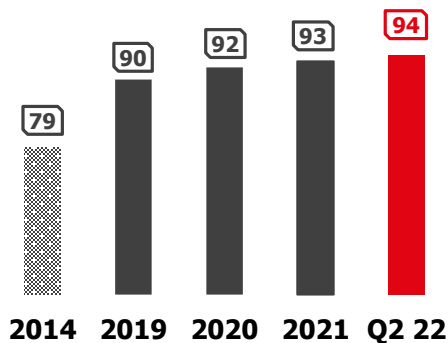
# APPENDIX

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

## Banking Transaction Channel Distribution (%)



## Non-Branch Channels Usage (%)



## Unique Service Delivery











**18m** Active digital banking customers

**29m** Internet banking customers








**7,236** ATMs **13.9%** market share

**9%** Improvement in unit transaction costs in 2021

## What we have done so far?

-  Digital Onboarding Process
-  New design for Ziraat Mobile
-  Swift transactions can be done via Ziraat Mobile
-  Overdraft account transaction through digital channels
-  Digitalized credit processes for corporate customers
-  New digital solutions to reduce branch usage
-  Virtual debit card/HCE contactless payment
-  Full scale digital mobilization to ensure operational continuity during pandemic
-  AI supported virtual assistant
-  Adding a financial agenda functions to digital channels

## Digitalization plans

-  **Ziraat Pay** New payment system "Ziraat Pay"
-  Open Banking Services
-  Integration of investment functions into the Ziraat Mobile
-  New digital customer segment and behavior analysis
-  Financial technologies support program "FIDE" for fintech ideas
-  İstanbulkart Top-Up
-  Ziraat Electronic Money Institution

## 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.

**The largest Sustainability Themed single tranche syndicated loan received by a financial institution in Turkey<sup>(1)</sup>**

**The first Sustainability Bond was issued in January 2021;  
USD 600 mn Amount  
5Y Maturity  
5.375% Coupon**

## The relevant ESG KPIs of the syndicated loan

- Increasing volume of the loans made to women and young farmers
- Ziraat workforce to complete "Sustainability e-Training" to increase corporate awareness
- Renovation of branches and ATMs with the concept of barrier-free banking

## Ziraat's environment-friendly loan products

- Individual / corporate energy efficiency loans
- Energy efficiency management loans
- Green mortgage
- Green car loan
- Renewable energy loans
- Wastewater treatment and recovery loans
- Modern pressurized irrigation loans
- Solar powered irrigation Loan

(1) The syndicated loan renewed in April 2022 amounting USD 1.2 bn.



# Ziraat Bank – Balance Sheet Summary

TL mn	2019	2020	2021	Q1 22	Q2 22	% Change QoQ	% Change YtD
CASH AND CASH EQUIVALENTS	57,389	91,038	222,061	184,984	229,279	23.9%	3.3%
SECURITIES	130,335	225,621	341,401	422,026	464,258	10.0%	36.0%
LOANS	447,983	600,660	778,404	865,720	1,032,362	19.2%	32.6%
-Gross NPL	12,690	13,895	15,141	14,853	13,902	-6.4%	-8.2%
-Expected Credit Loss (-)	13,011	18,757	29,078	31,382	32,629	4.0%	12.2%
OTHERS	26,435	29,816	29,024	28,407	30,445	0.1%	4.9%
<b>TOTAL ASSETS</b>	<b>649,756</b>	<b>942,601</b>	<b>1,370,890</b>	<b>1,503,137</b>	<b>1,756,344</b>	<b>16.8%</b>	<b>28.1%</b>
DEPOSITS	447,251	629,874	948,687	1,062,038	1,225,230	15.4%	29.2%
FUNDS BORROWED	34,528	36,950	59,316	64,746	86,383	33.4%	45.6%
INTERBANK MONEY MARKETS	49,275	116,401	176,699	107,591	168,640	56.7%	-4.6%
PROVISIONS	3,819	7,059	26,162	11,384	21,053	84.9%	132.4%
OTHERS	44,818	59,039	62,926	107,424	101,991	-5.1%	62.1%
<b>TOTAL LIABILITIES</b>	<b>579,691</b>	<b>849,323</b>	<b>1,256,688</b>	<b>1,353,182</b>	<b>1,603,297</b>	<b>6.7%</b>	<b>17.0%</b>
SHAREHOLDERS' EQUITY	70,065	93,278	97,100	149,955	153,047	2.1%	57.6%



# Ziraat Bank – Income Statement Summary

TL mn	2019	2020	2021	Q2 21	Q1 22	Q2 22	% Chg QoQ	% Chg YoY
INTEREST INCOME	65,602	69,476	101,998	23,328	35,250	50,466	43.2%	116.3%
-From Loans	52,764	52,330	72,794	16,937	23,331	27,909	19.6%	64.8%
-From Securities	11,966	16,696	27,440	5,993	11,347	22,266	96.2%	271.5%
INTEREST EXPENSE	40,290	34,862	62,230	16,068	17,758	21,070	18.7%	31.1%
-On Deposits	27,989	22,812	41,199	10,287	12,651	15,848	25.3%	54.1%
NET INTEREST INCOME	25,312	34,615	39,768	7,260	17,492	29,397	16.6%	181.0%
NET FEES & COMMISSIONS	3,590	3,093	5,451	1,173	2,244	3,118	38.9%	165.8%
OTHER OPERATING INCOME	1,614	5,182	4,444	929	1,698	2,155	26.9%	132.0%
EXPECTED CREDIT LOSS	6,313	10,691	14,956	2,035	3,852	3,716	-3.5%	82.6%
-Stage 1 Provisions	594	1,340	199	111	706	796	12.8%	617.1%
-Stage 2 Provisions	1,298	5,505	9,861	886	2,048	2,042	-0.3%	130.5%
-Stage 3 Provisions	4,421	3,846	4,896	1,038	1,098	878	-20.1%	-15.4%
OTHER PROVISION EXPENSES	112	2,648	374	39	1,977	12,404	527.5%	N.M.
OPEX <sup>(1)</sup>	9,685	12,092	14,513	3,521	5,161	5,134	-0.5%	45.8%
NET OPERATING PROFIT	7,648	10,834	8,913	1,301	10,609	13,330	25.6%	924.6%
<b>NET PROFIT</b>	<b>6,187</b>	<b>7,825</b>	<b>6,291</b>	<b>778</b>	<b>6,729</b>	<b>9,450</b>	<b>40.4%</b>	<b>1114.7%</b>

(1) OPEX includes personnel expenses and other provision expenses  
Source: Unconsolidated Financial Statements  
NM: Not meaningful



# Ziraat Bank – Key Financial Ratios

(%)	2019	2020	2021	Q1 22	Q2 22
ROAA <sup>(1)</sup>	1.1	1.0	0.6	2.0	2.2
ROAE <sup>(2)</sup>	10.1	9.7	6.9	24.0	23.9
Cost / Income <sup>(3)</sup>	40.8	33.3	37.4	23.9	18.3
F&C / OPEX <sup>(4)</sup>	37.1	25.6	37.6	43.5	52.1
NIM (cum.) <sup>(5)</sup>	5.0	5.0	4.5	6.3	7.7
Loans <sup>(6)</sup> /Deposits	96.0	92.3	80.5	80.1	83.1
Loans/Assets	67.1	62.2	55.7	56.6	58.0
Securities/Assets	20.1	23.9	24.9	28.1	26.4
NPL	2.8	2.3	1.9	1.7	1.3
Stage III Coverage	66.4	77.0	80.2	81.2	82.4
CoR	1.3	1.2	1.8	1.4 <sup>(7)</sup>	1.1 <sup>(7)</sup>
CAR	17.0	18.2	16.5	20.7	15.6
Leverage <sup>(8)</sup>	8.3	9.1	13.1	9.0	10.5
# of					
Branches <sup>(9)</sup>	1,758	1,752	1,752	1,751	1,752
Employees	24,563	24,673	24,607	24,423	24,579
ATMs <sup>(9)</sup>	7,239	7,274	7,269	7,215	7,236

(1) Average total assets represent weekly averages

(2) Average shareholders' equity represent weekly averages

(3) Includes dividend income

(4) Includes Personnel Expenses

(5) Average interest earning assets represent weekly averages

(6) Performing Loans

(7) Annualized figure

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

(9) Including foreign branches

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