

Financial Presentation

December 2023



Ziraat Bank

More than a bank



Ziraat Bank – Operating Environment

Economic Outlook

	2022	2023E	2024F*
GDP Growth (%)	5.5	4.4	4.0
GDP Nominal (USD bn)	906	1,067	1,119
Unemployment Rate (Annual %)	10.3	8.8	10.3
CPI (Annual %)	64.3	64.8	33.0
Current Account Balance/GDP (%)	-5.3	-4.0	-3.1
Budget Balance/GDP (%)	-1.0	-5.4	-6.4

Gradual but solid recovery in the economic conditions with increased monetary and fiscal discipline

- Well-adopted, more orthodox monetary policy approach .
- Moderate GDP growth expectations for 2023 and 2024.
- FX-pass through, administrative price adjustments, tax increases, energy and commodity price upsurge driven inflation dynamics.
- Disinflationary period is expected to start due from mid-2024.
- Budget deficit excluding earthquake expenditures are in line with expectations.
- Increase in capital inflows amid improvement in risk indicators and positive assessments from rating agencies.

*Medium Term Programme 2024-2026

Turkish Banking Sector

(TL bn)	2022	2023	Chg.
Assets	14,344	23,519	64%
Cash Loans	7,883	12,218	55%
Securities	3,010	3,970	32%
Deposits	9,317	15,754	69%
Shareholders' equity	1,407	2,122	51%
Net Profit	433	604	40%
NPL	2.1%	1.6%	-50 bps
ROE	49.9%	41.5%	-840 bps
ROA	3.7%	3.2%	-50 bps
CAR	19.5%	18.9%	-60 bps

Highly capitalized, sound and profitable banking sector

- Proved to be strong in multiple cases of financial stress
- Highly integrated with international financial markets
- Sustainable growth and sound asset quality
- Well regulated and effectively supervised
- Strong capital adequacy ratios
- Innovated through latest technologies



- More moderate loan growth under increasing rate environment, in line with the banking sector
- TL corporate segment and credit card driven loan growth in Q4
- Manageable NPL inflows mainly from a couple of corporate segment customers
- Gradual increase in TL deposit rates due to competition in the sector
- Increased FX external funding capacity supported by investor sentiment
- Stabilisation in NII and fee & commission income generation supported profitability
- NIM improved to historical levels pushed by re-pricing of loans and CPI linked securities
- Sound profitability and moderate loan growth supportive of capital ratios

Largest bank in Türkiye with
~ **USD 131 bn.** asset size
~ **16%** market share

**Broad customer base
Retail-SME-Corporate**

- Extensive customer acquisition through digital channels

Adequate capital ratios

- Sufficient buffers to support capital and sustainable growth
- Increasing profitability to support CAR
 - CET-1: 14%

Foremost provider of agricultural financing

- Only deposit bank authorised for government subsidized agro-lending
- Selective lending policy with agro and manufacturing being main sectors to be financed
- Sustainable agro financing strategy with expanded loan facilities and **73%** agro loan market share

TL
**3,800
bn**

1,769

42 mn

#1

17.2%

1.2%

73%

TL
**2,935
bn**

**Widest local and international
geographic footprint with 1,769
branches**

- Operating in **17** countries with **119** service points
- **25** Foreign Branches
- Only bank in **366** points in Türkiye
- Ongoing process of opening new foreign branches and subsidiary banks

Uninterrupted market leadership

- Assets
- Loans
- Deposits
- Equity

Robust asset quality

- NPL formation and collection in line with guidances.
- Prudent provisioning approach with **74%** Stage 3 coverage ratio

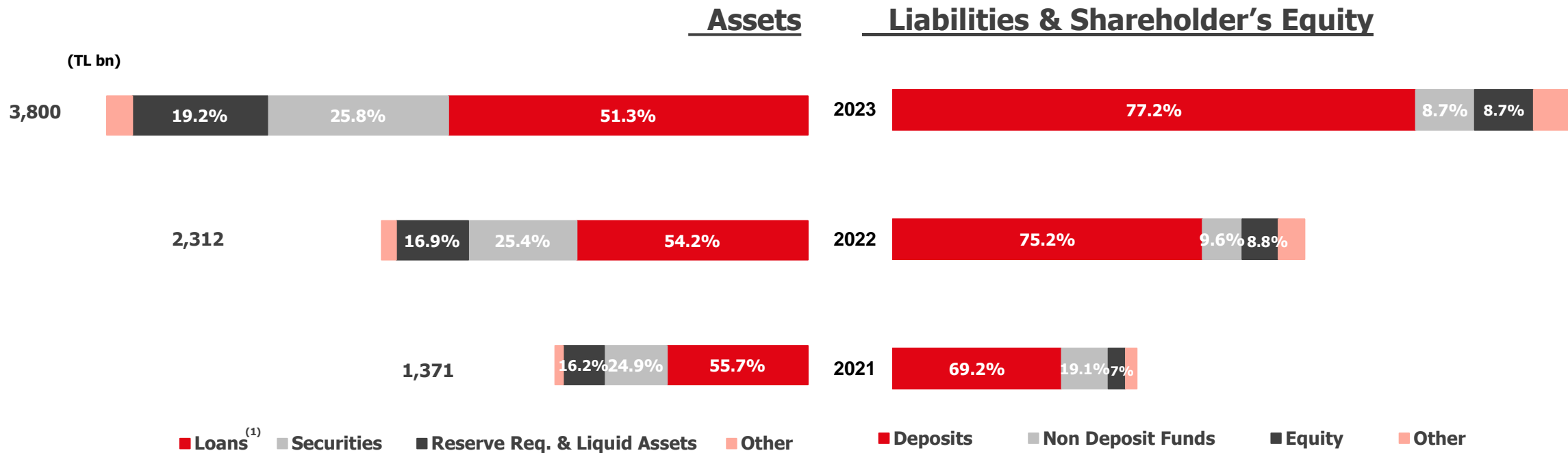
**Sound Profitability & Disciplined Cost
Management**

- Improvement in NIM, further contribution from CPI linked securities

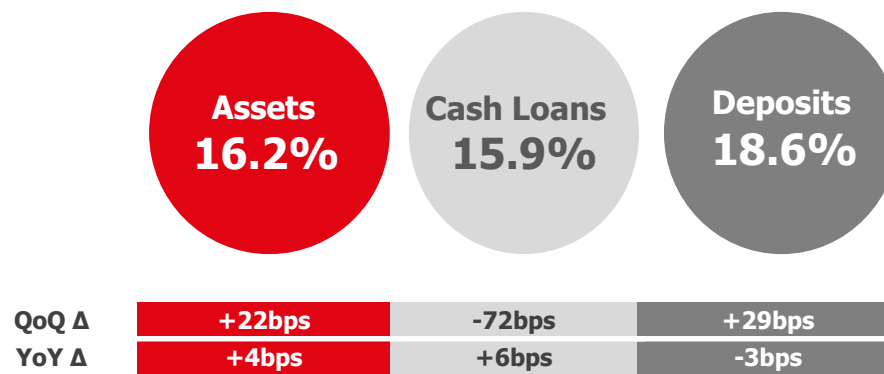
Granular and sticky deposit base

- Significant share of retail deposits in total deposits
- Core deposit ratio **94%**

Ziraat Bank – Assets & Liabilities



Market Shares



(1) Performing loans

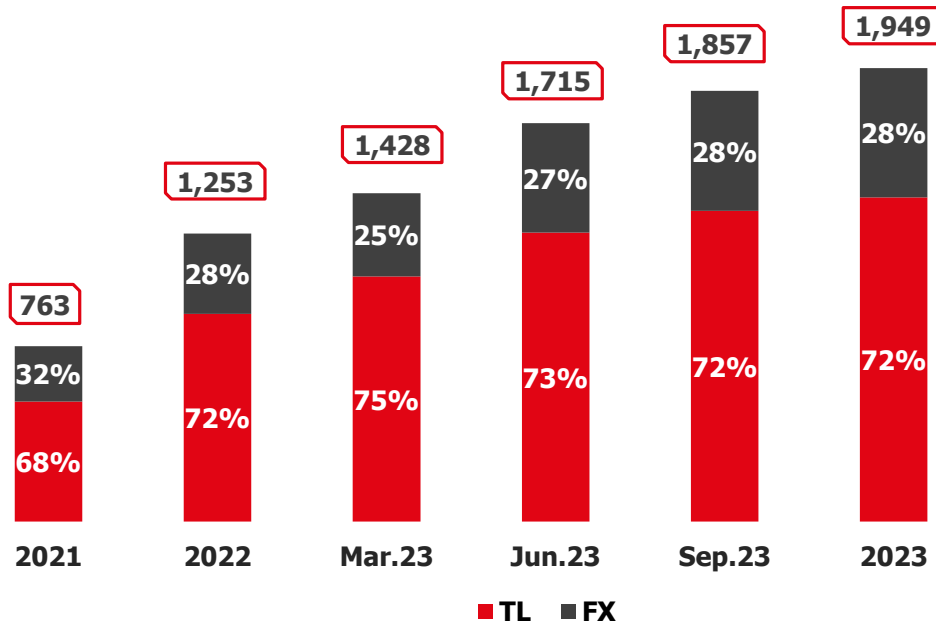
Total Loans⁽¹⁾ (TL bn, % share in total)

Selective lending policy continued.

SME driven loan growth for 2023 with significant contribution from agro and manufacturing loans.

Credit card driven retail segment lending growth.

Limited FX lending (in USD terms).



Loan Growth

	QoQ Δ	YoY Δ
Total Loans	4.9%	55.6%
Total Loans (FX adj.)	4.2%	41.3%
TL	4.3%	56.1%
FX(\$)	0.6%	3.2%
Retail	2.3%	43.5%
Housing	-3.5%	-3.5%
GPL	-9.8%	15.3%
Credit Card	45.3%	246.1%
SME⁽²⁾	0.2%	73.9%
Corporate	11.2%	38.3%
Corp. (FX adj.)	6.9%	9.0%

Agro Loans

TL 439 bn
 73% market share
 1.2 m agro customers
 87% subsidized
 0.2% agro NPL
 0.05% subsidized agro NPL

GPL

22% of retail loans
 6% market share
 pensioners account for
 34% of total GPL

Housing Loans

36% of retail loans
 25% market share
 47% LTV⁽³⁾
 0.1% NPL

Credit Card

TL 112 bn
 8.7% market share⁽⁴⁾
 12 million customers

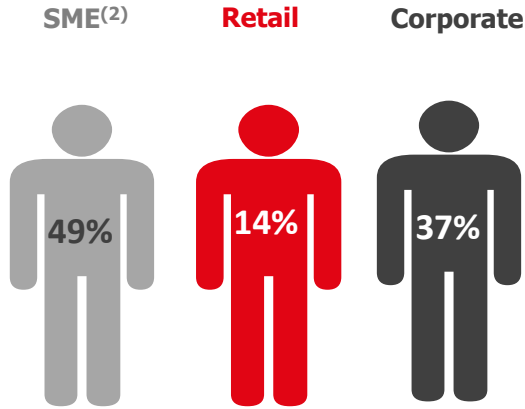
CGF Guaranteed Loans

TL 72 bn
 4% of cash loans
 ~274k customers
 TL 1 bn retail segment

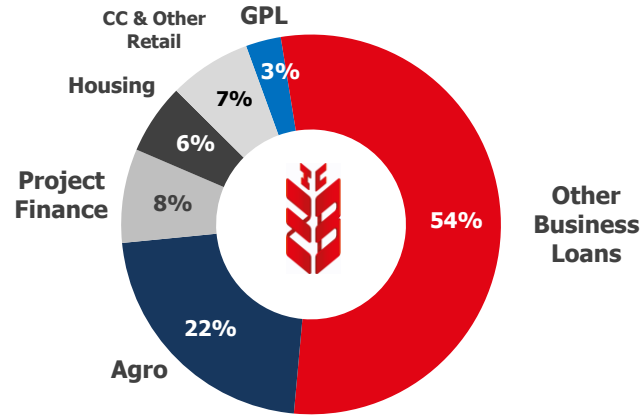
(1) Performing loans
 (2) SME customers are classified under commercial segment
 (3) Average rate for allocation in last four quarters
 (4) Credit card turnover market share

Ziraat Bank – Lending Mix

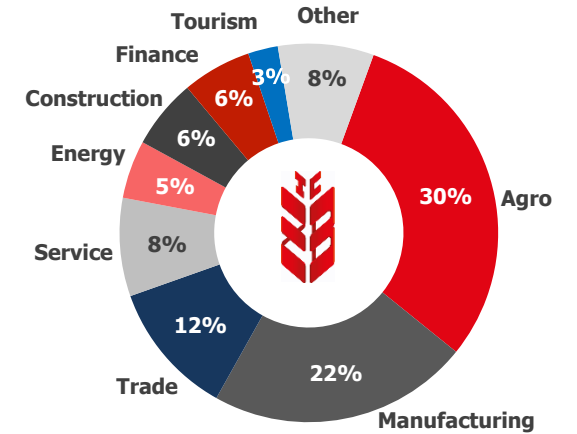
Cash Loans by Customer Segment⁽¹⁾



Cash Loans by Product



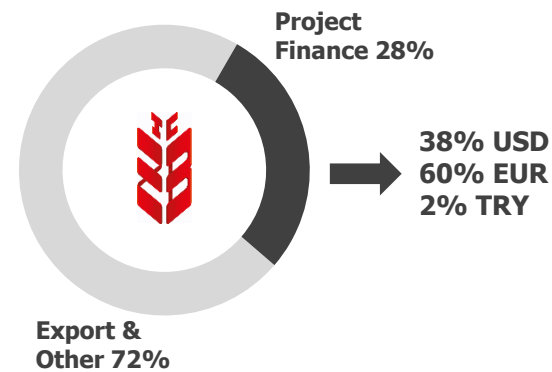
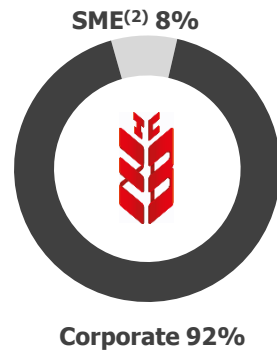
Sector Breakdown of Cash Business Loans⁽¹⁾



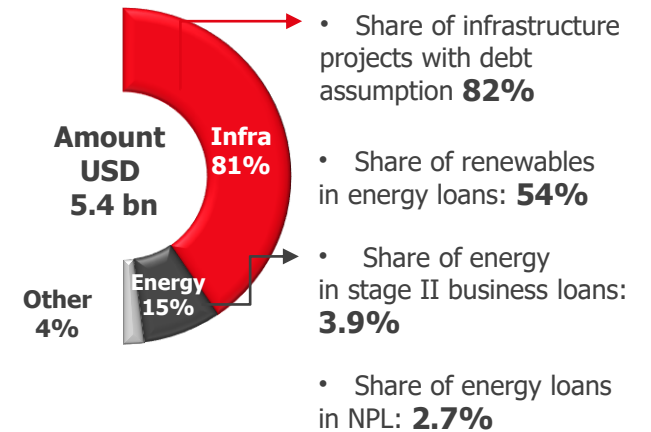
Based on customer segmentation data, totals may differ from product classification

FX Loans

- FX Loans Outstanding USD **19.3 bn**
- FX Loans/Total Loans **29%** in line with sector⁽³⁾ average
- FX Loans NPL **1.7%**



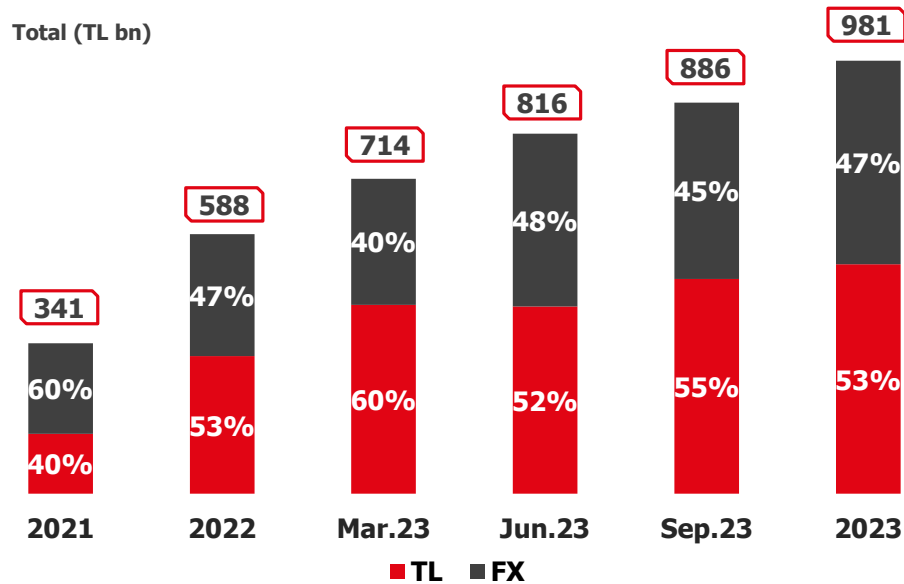
Sector Breakdown of Project Finance Loans



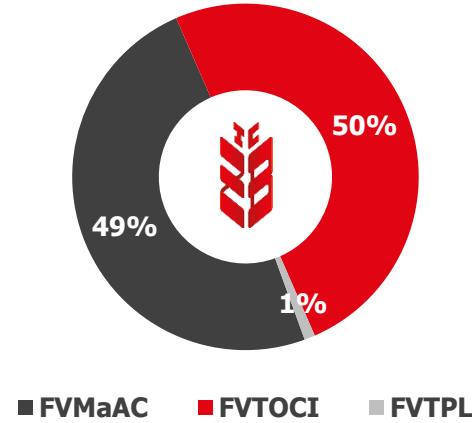
(1) Accruals and overseas branch lending are excluded from segment and/or sector distribution
 (2) SME customers are classified under commercial segment
 (3) Sector: Deposit banks

Sizeable securities portfolio which enables **efficient collateral management** under current market environment.
Further contribution from CPI linked securities
 (CPI estimate: H1 25%, Q4 Act: 61.4%).

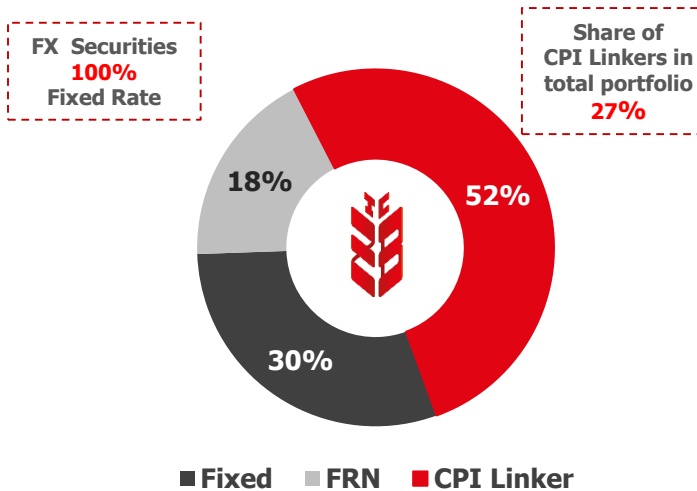
Total Securities (% share in total)



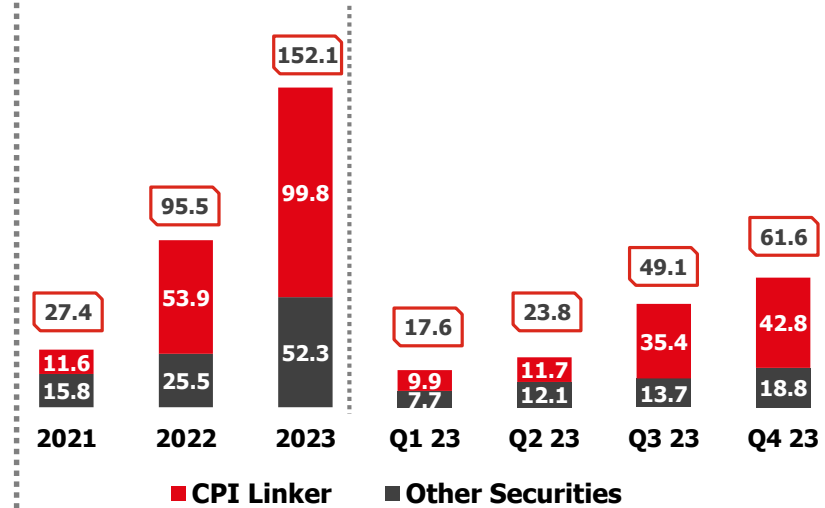
Breakdown of Total Securities (% share in total)



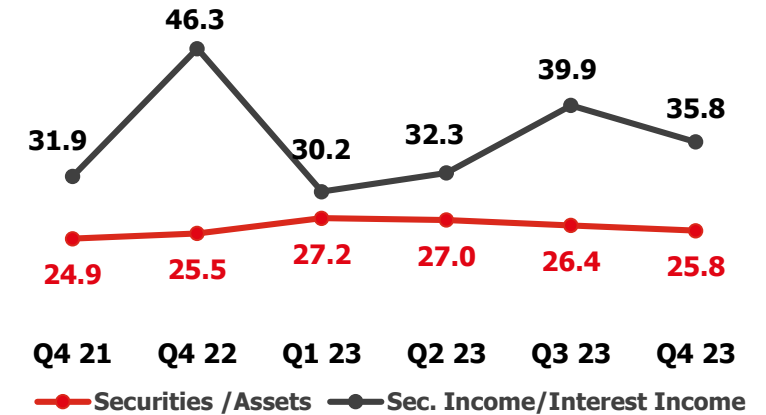
Breakdown of TL Securities⁽¹⁾ (% share in total)



Interest Income from Securities (TL bn)



Contribution from Securities (%)



(1) Interest accruals included

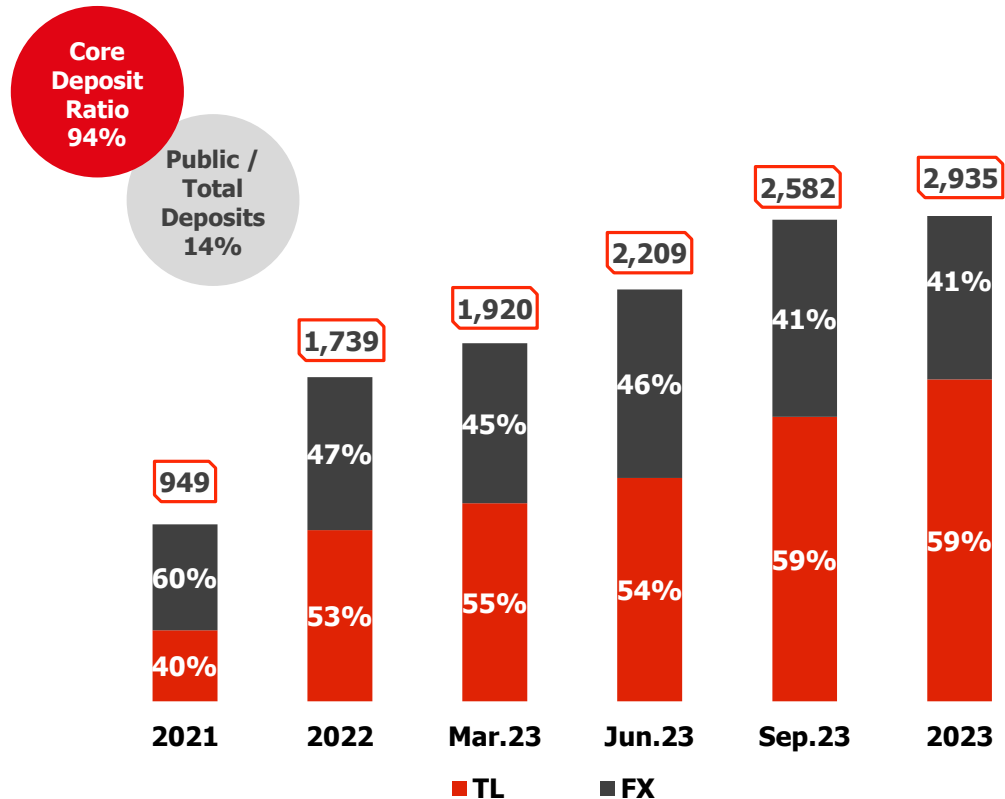
Ziraat Bank – Funding

Total Deposits (TL bn, % share in total)

TL deposit continued to be **main source of funding**.

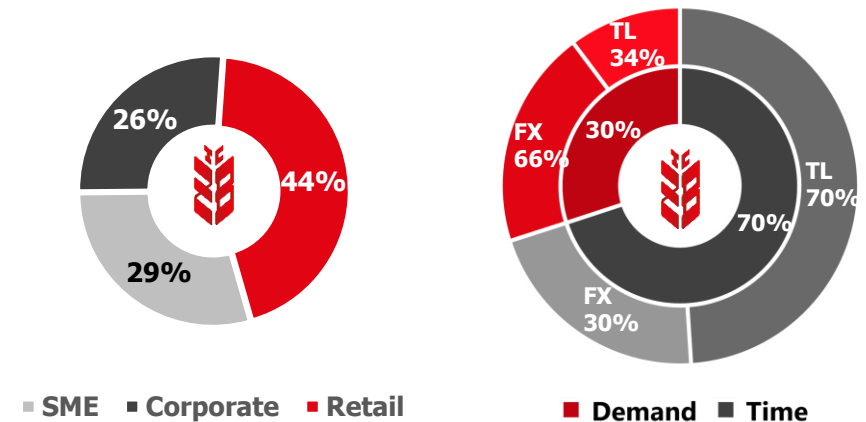
Granular and sticky deposit base.

Structurally high share of **retail** and **SME** segment deposits.



Deposit Growth

	QoQ Δ	YoY Δ
Total Deposits	13.7%	68.8%
Total Deposit (FX adj.)	10.6%	43.9%
TL	13.2%	88.1%
FX(\$)	6.8%	-5.5%
Customer Deposit	15.7%	71.4%
Demand	4.3%	54.7%
Time	18.3%	75.7%



TL Deposit Market Shares



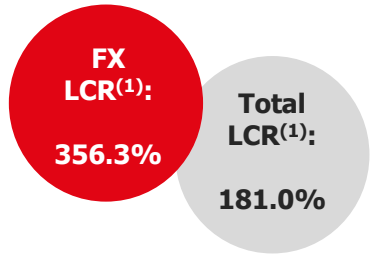
Ziraat Bank – Funding

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

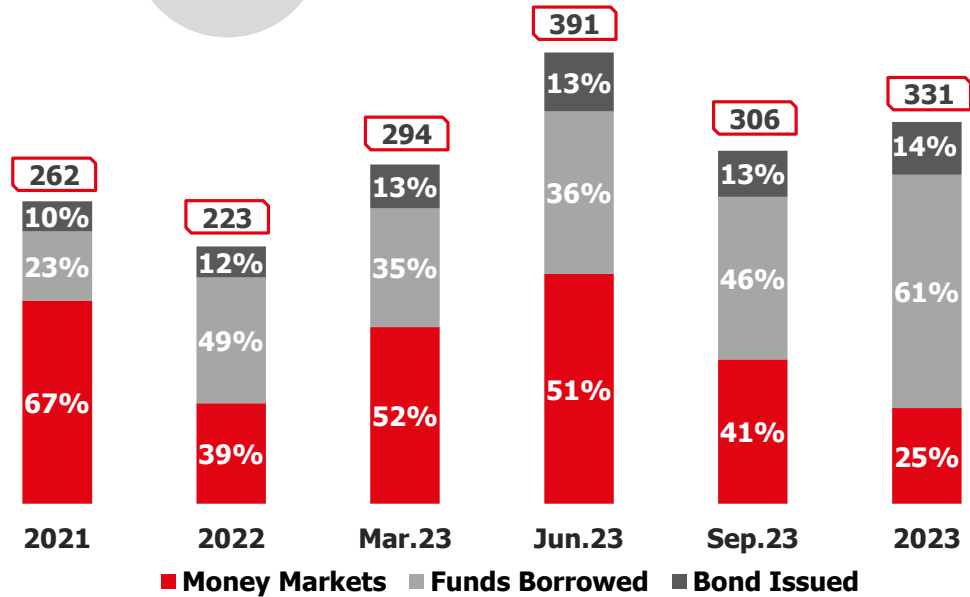
Cost oriented, adaptive wholesale funding management under current global liquidity conditions and monetary policy implications in Türkiye.

Adequate FX liquidity, which can cover FX wholesale redemptions.

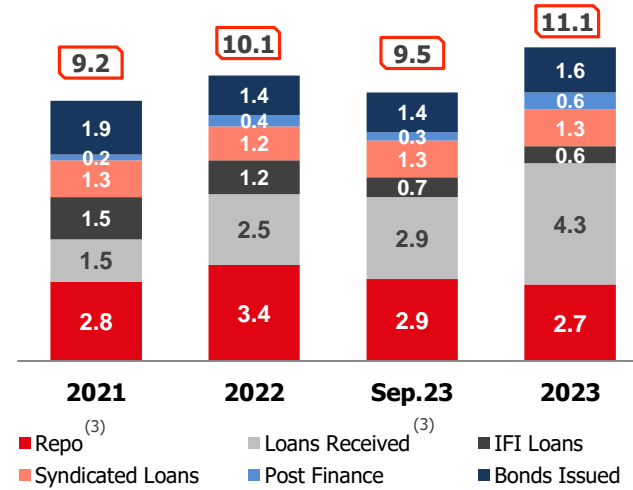
USD 500 mn 5 Year Sustainable Eurobond Issuance in January 24.



Non-deposit Funding/
Total Funding: **9%**
 FX external Funding/
Total Funding: **9%**



FX Non-Deposit Funding (USD bn)



FX Liquidity

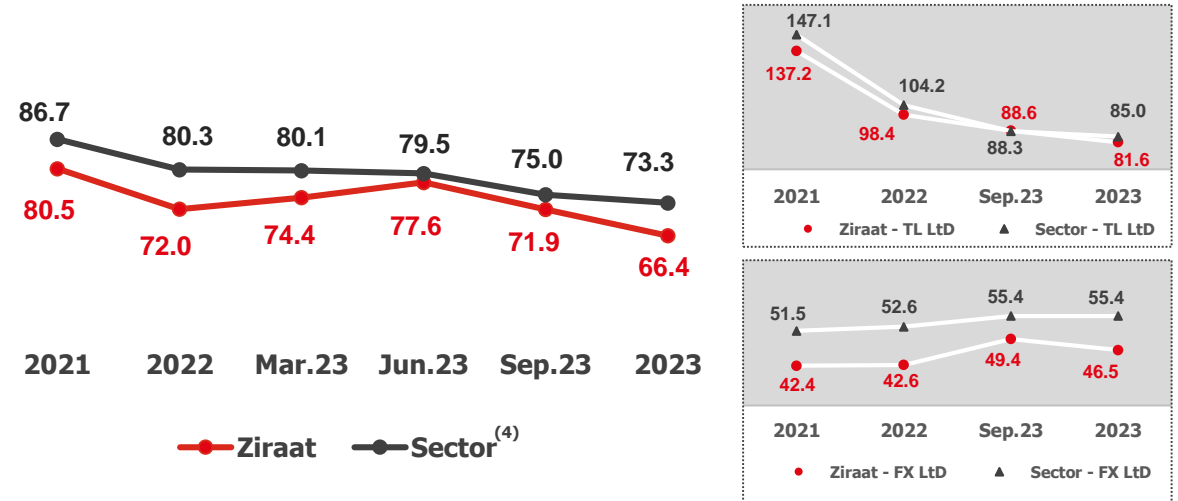
~ USD 14 bn

1.8 bn cash & CBRT

7.4 bn FX swap

4.5 bn unencumbered securities

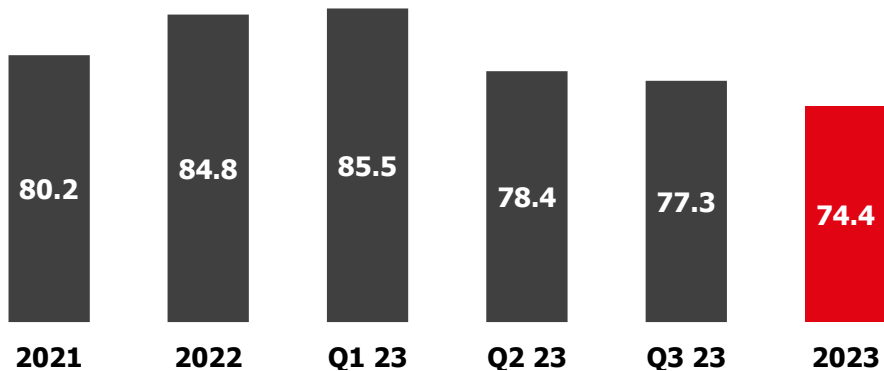
Loan to Deposit⁽²⁾ (%)



(1) LCR regulatory minimums; Total: 100%, FX: 80%
 (2) Performing Loan/Total Deposit
 (3) Including DPR, Bilateral and Secured Finance from International Counterparties
 (4) Sector: Deposit banks

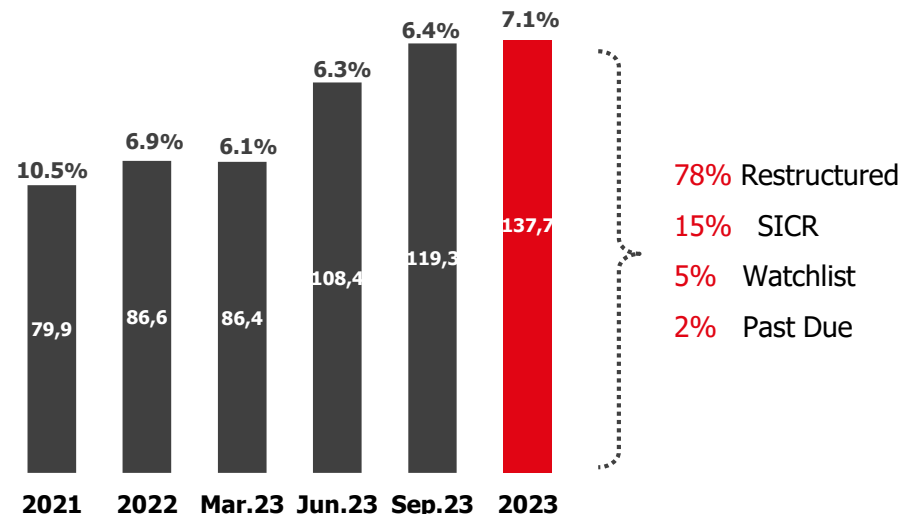
Structurally low NPL generation arising from loan book dynamics.
High provisioning strategy maintained in-line with prudent asset quality management strategy.
 Manageable **NPL formation** mainly from corporate segment.

Stage III Coverage (%)



	Amount (TL bn)	Coverage	Change (QoQ)
Stage III	22.9	74.4%	-291 bps
Stage II	137.7	30.5%	-398 bps
Stage I	1,811	0.5%	-2 bps
TOTAL	1,972	3.4%	15 bps

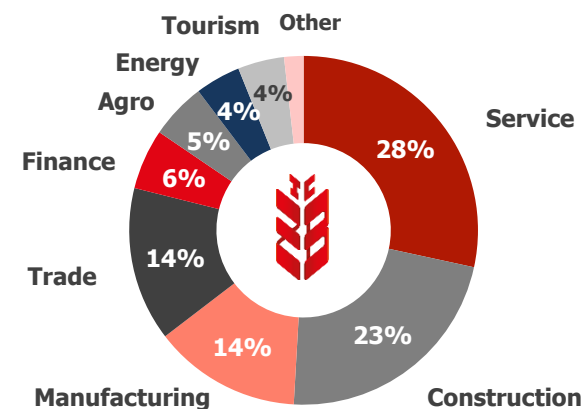
Stage II Loans (TL bn, % share in performing loan)



78% Restructured
 15% SICR
 5% Watchlist
 2% Past Due

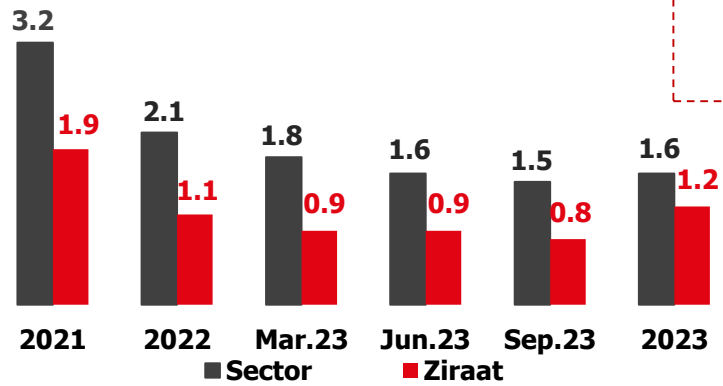
Transition from Stage 2 to Stage 3 < 5% in 2023

Sector Breakdown of Stage II Business Loans



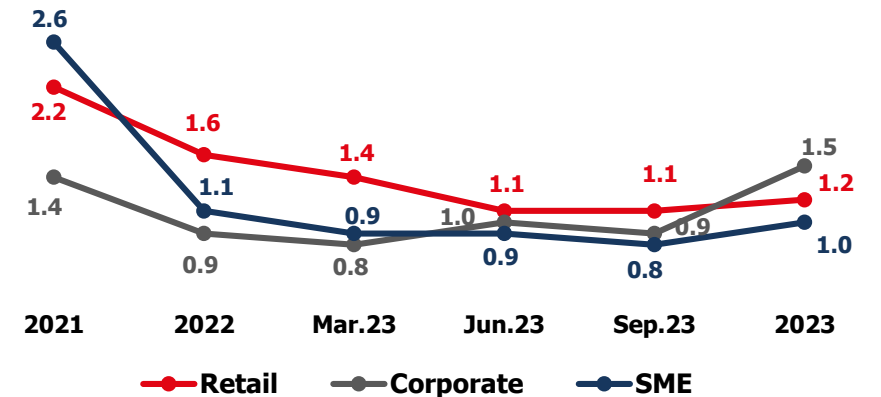
No Write-Off
or
NPL Sale

NPL Ratios (%)



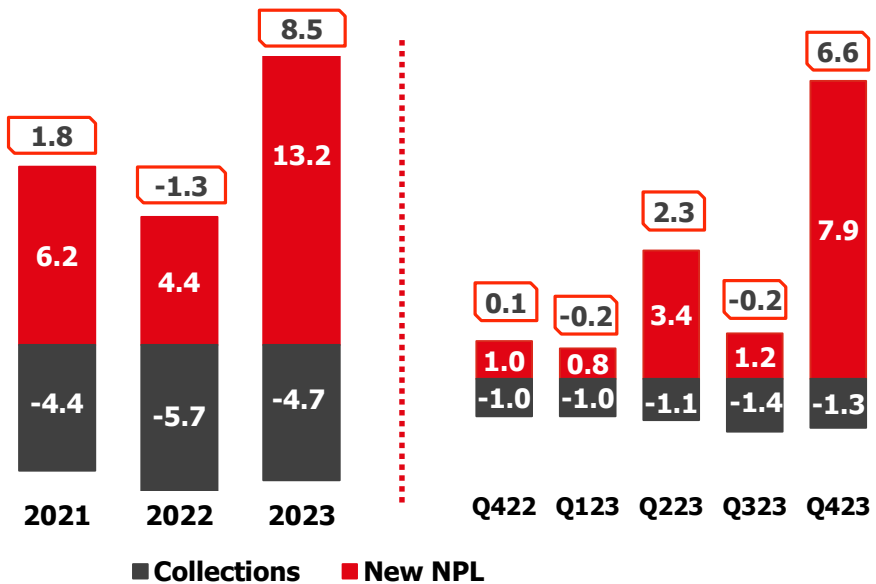
Loan Growth
Adjustment
impact on NPL:
~60 bps (YoY)

NPL Ratios by Segment (%)

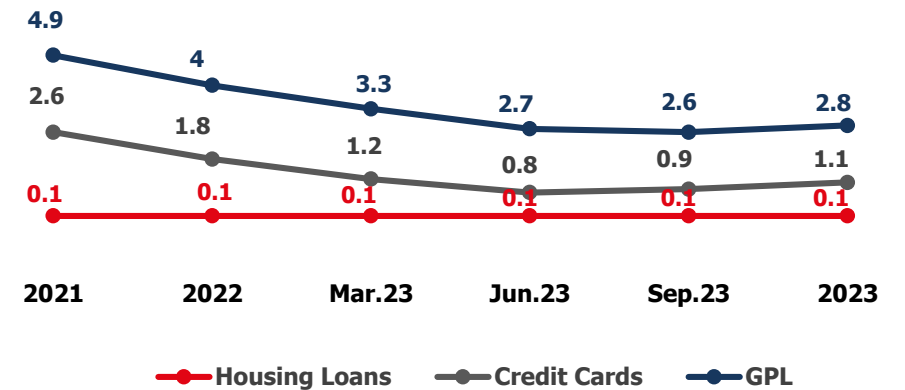


New NPL & Collections (TL bn)

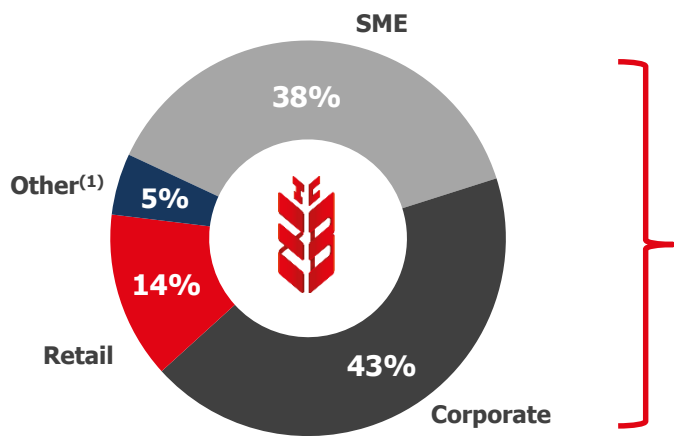
Net NPL
Formation



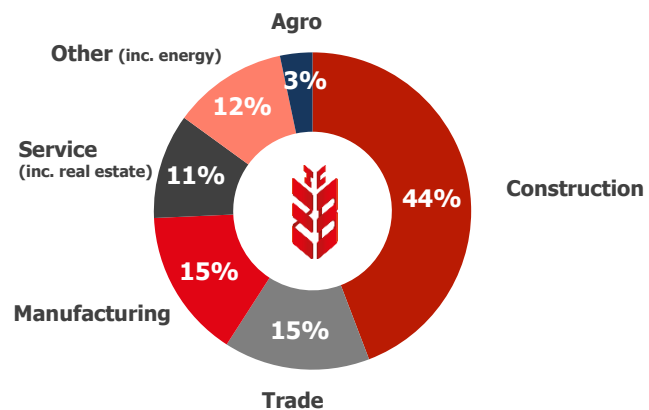
Retail NPL Ratios by Product (%)



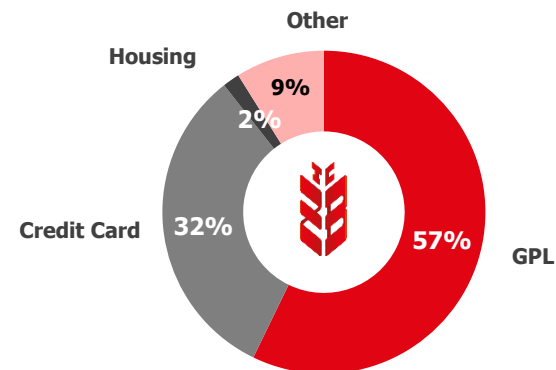
Total NPL by Segment



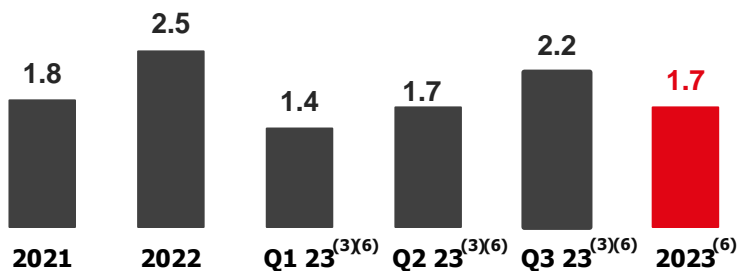
Business Loan NPL by Sector



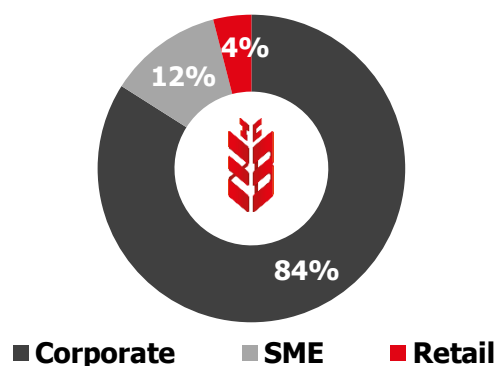
Retail Loan NPL by Product



Cost of Risk⁽²⁾ (%)



Restructured Loan by Segment



Restructured Loans⁽⁴⁾ in Total Loans: **6.8%** Total Coverage⁽⁵⁾ **297%**

TL 17.3 bn Total Free Provisions

(1) Includes loans excluded from segment classification

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

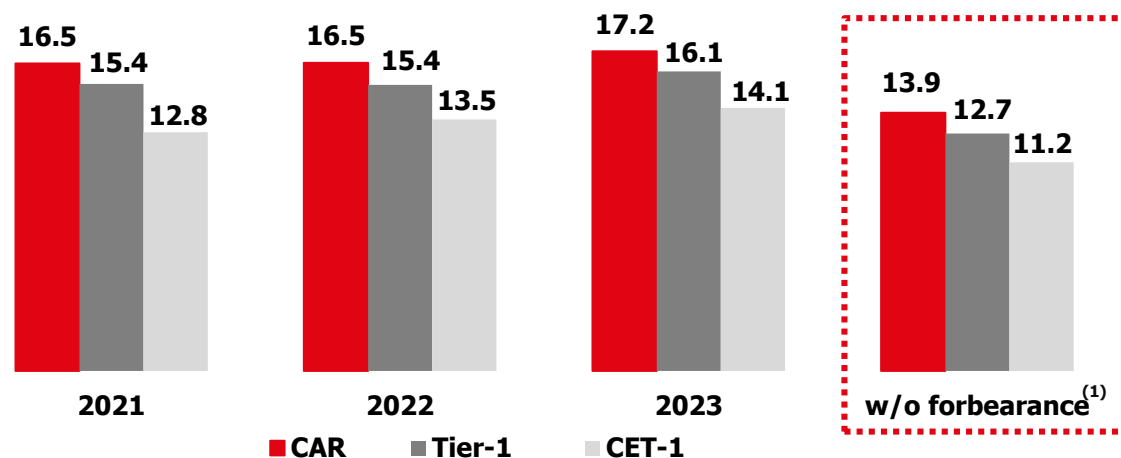
(3) Annualized figure

(4) Includes deferrals during the COVID 19 outbreak

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

(6) CoR adjusted for individual assesment and change in IFRS model

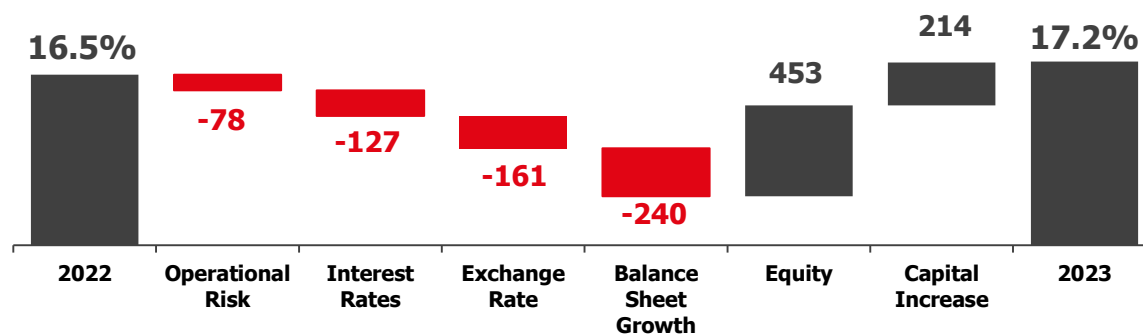
Capital Ratios (%)



Capital Ratio Requirements

	Solo	Cons.
CET1 Capital Ratio	4.5%	4.5%
Capital Conservation Buffer	2.5%	2.5%
D-SIB Buffer ⁽²⁾	-	2.0%
Countercyclical Buffer	0.03%	0.06%
	7.0%	9.1%
Including AT1 and Tier2	10.5%	12.5%

Change in CAR (YoY, bps)



Basel III

Leverage **6.9%** vs regulatory min of **3.0%**

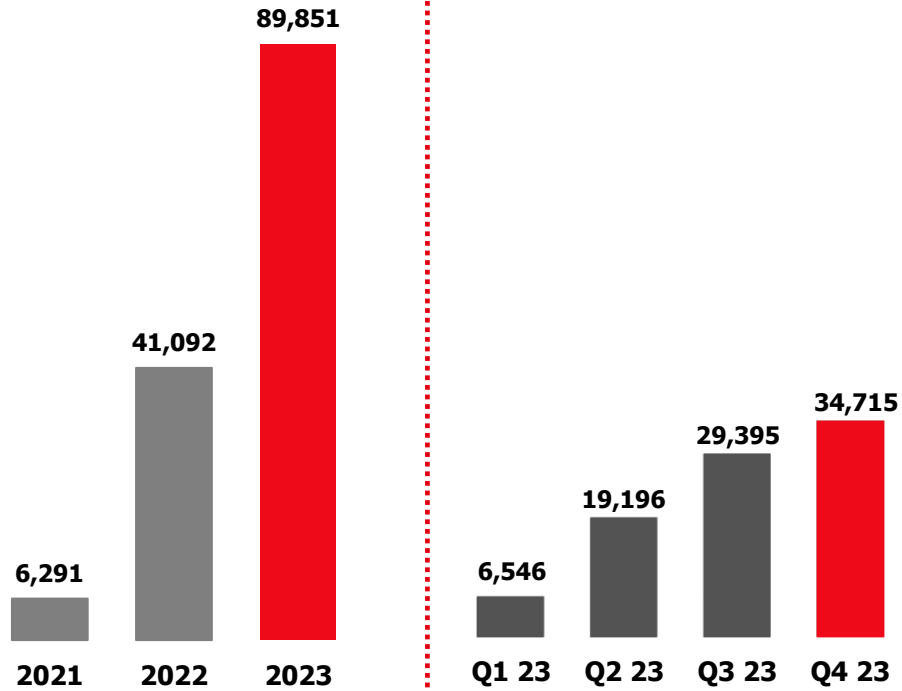
10% depreciation in TL
-50 bps impact on CAR

100 bps increase in TL rate
-5 bps impact on CAR

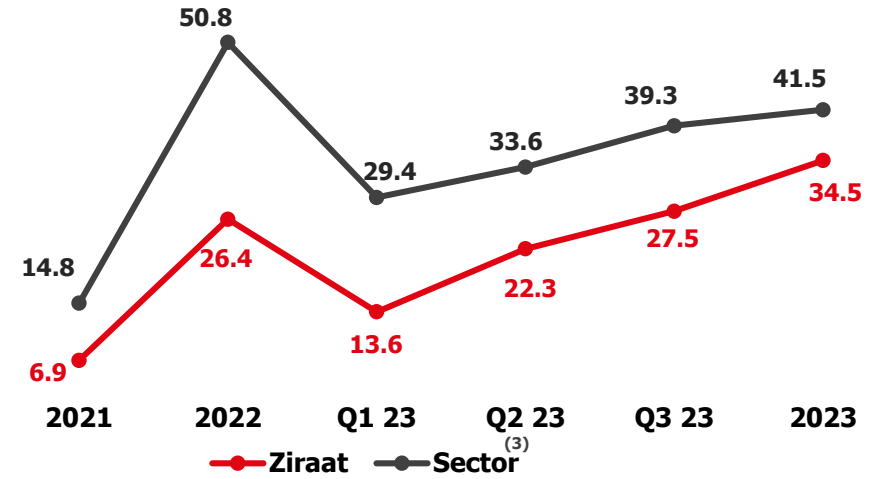
(1) BRSA forbearance measures are FX rate, MtM, 0% Risk Weighted, High Risk Weight for certain loans
 (2) D-SIB Buffer is applied only to consolidated ratios

Net Profit (TL mn)

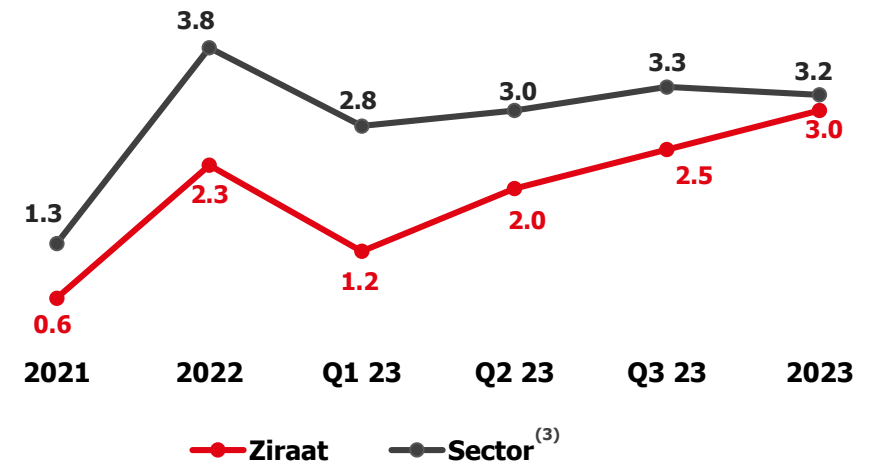
Margin and profitability improvement supported by further contribution from CPI linked securities and re-pricing of loans. Remarkable **support** to profitability from **F&C income**.



Return on Equity⁽¹⁾ (%)

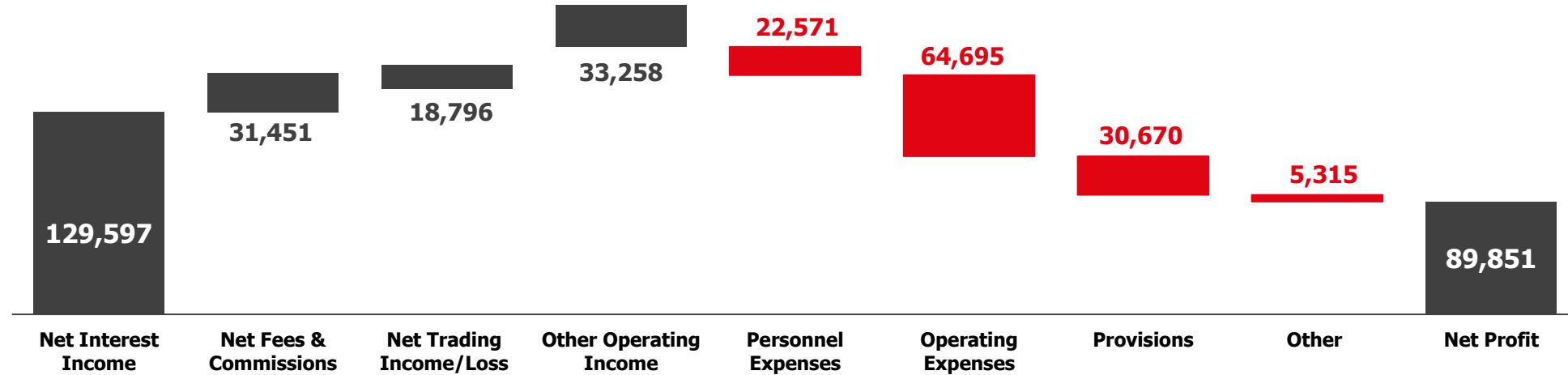


Return on Assets⁽²⁾ (%)

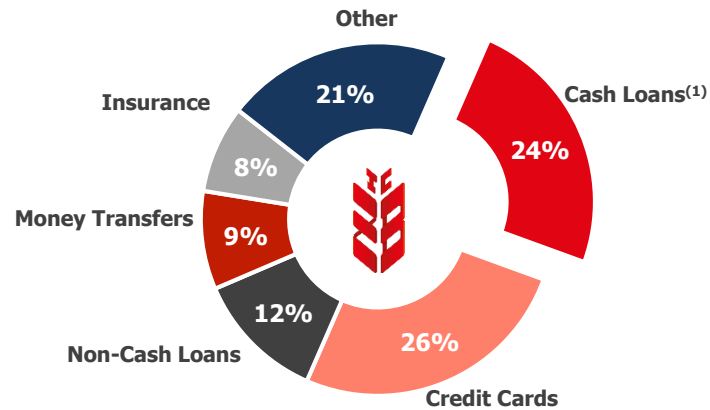


(1) Average shareholders' equity represent weekly averages
 (2) Average total assets represent weekly averages
 (3) Sector: Deposit Banks

P&L Breakdown 2023 (TL mn)



F&C Income Breakdown in 2023



F&C Growth (YoY)

Credit Cards

259%

Money Transfers

136%

Non-Cash Loans

93%

Cash Loans

104%

OPEX Growth (YoY)

Tax

151%

Personnel Expenses

145%

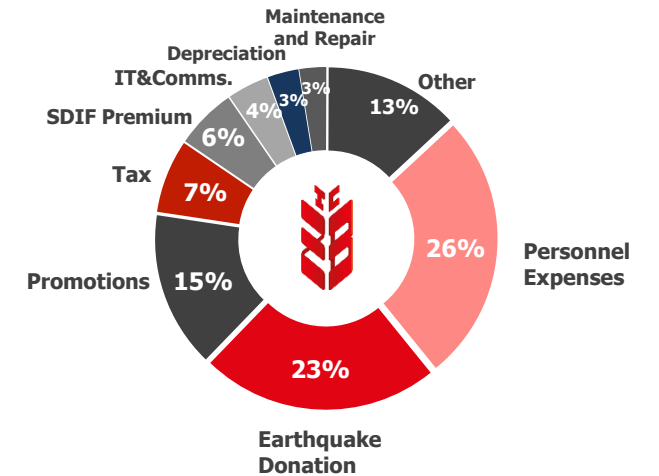
SDIF Premium

93%

Utility Expenses

49%

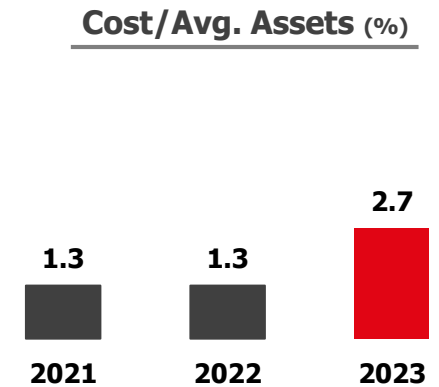
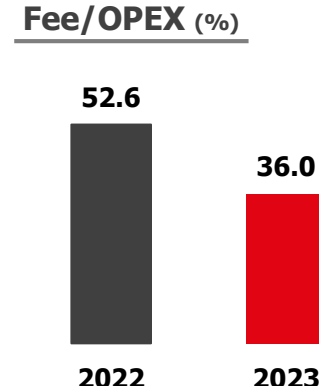
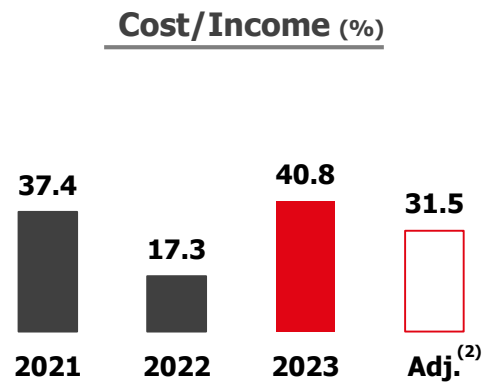
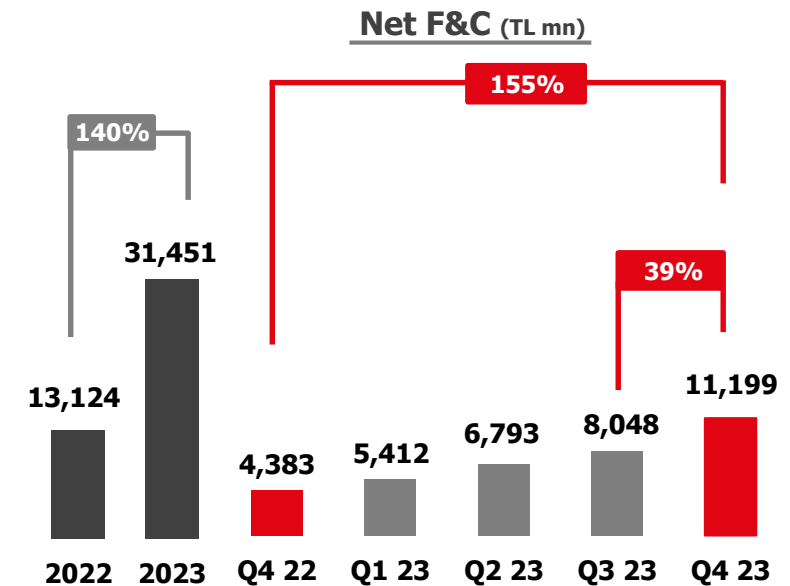
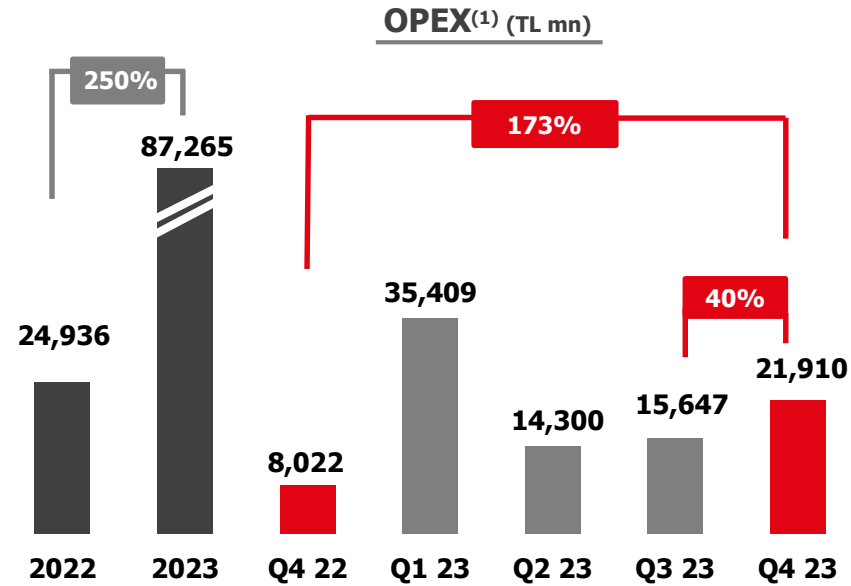
OPEX Breakdown in 2023



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



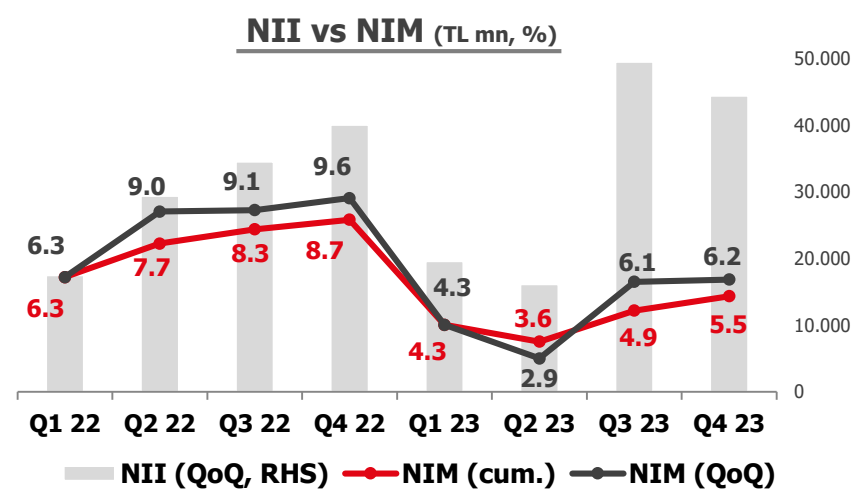
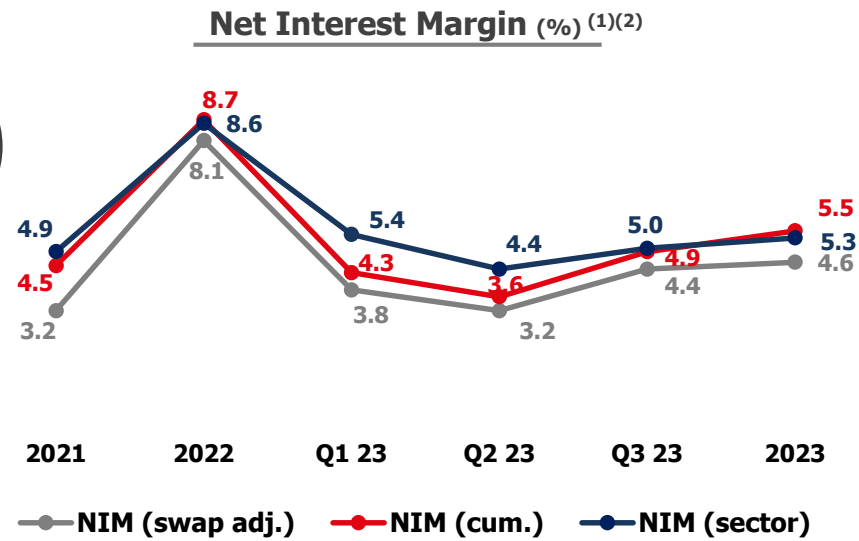
Ziraat Bank – Profitability & Cost Management



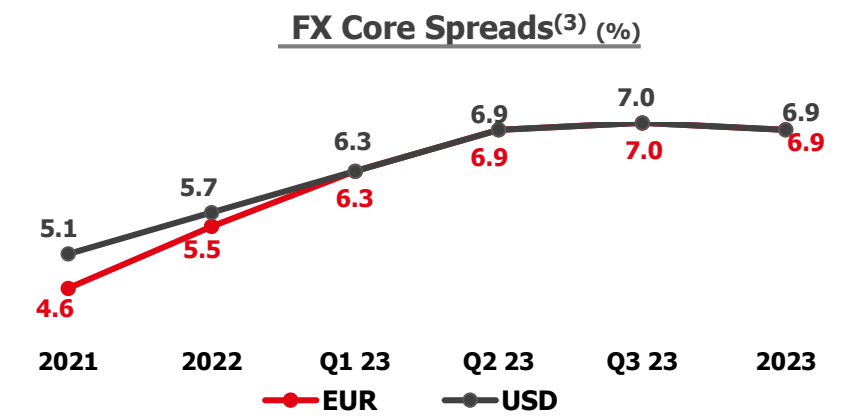
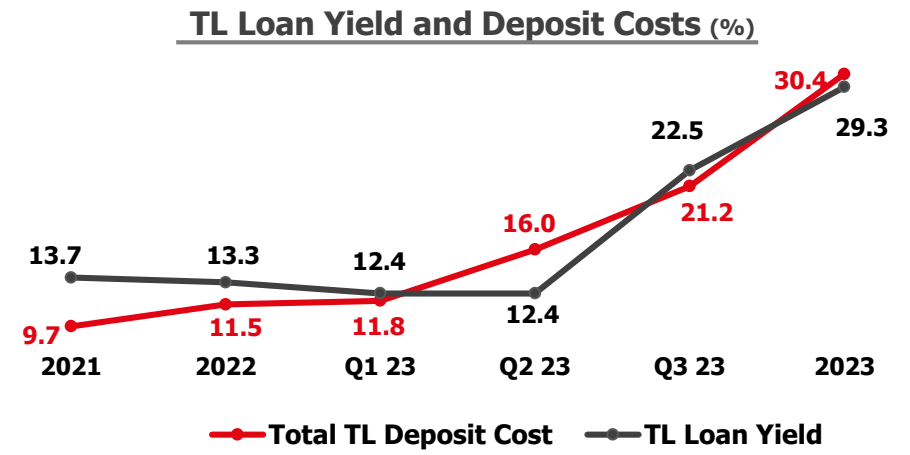
(1) Includes personnel expenses and other provision expenses
 (2) TL 20 bn earthquake donation adjusted for FY 2023

Ziraat Bank – NIM & Spreads

Swap Cost
TL 12.6 bn
in Q4 23



Recovery in NIM and core spreads due to additional contribution from **CPI linked securities income** and re-pricing of loans under increasing interest rate environment.
NIM in line with **sector average** and close to historical levels



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



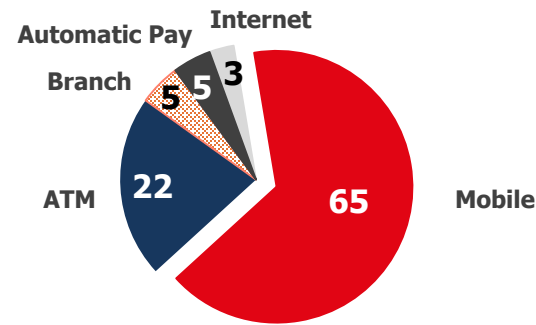
APPENDIX

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

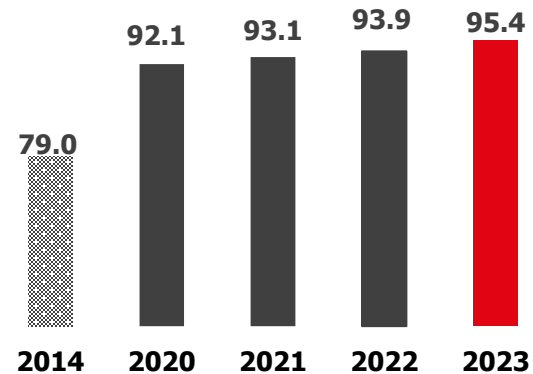


Ziraat Bank – Digitalization & Efficiency

Banking Transaction Channel Distribution (%)



Non-Branch Channels Usage (%)



Unique Service Delivery

22m Active digital banking customers

34m Internet banking customers

7,487 ATMs **14%** market share

Key Digitalization Achievements

- Digital Onboarding Process (Including Corporate Customers)
- AI supported virtual assistant
- Digitalized credit processes for corporate customers
- New digital solutions to reduce branch usage
- Open Banking Services

Digitalization Plans

- New Digital Bank "Ziraat Dinamik"**
- Digital Banking Innovations For Children And Youth
- New Payment System "Ziraat Pay"
- Metaverse Branch
- Service Banking



Strategy

Aware of the responsibility of being "More Than a Bank" Ziraat assumes key roles in the country's sustainable development process.

Ziraat adopted its **Sustainability Policy** in 2014 and has a sustainability structure in place to guide the Policy's implementation.

Ziraat Bank has updated its Sustainability Policy in 2023 in order to contribute to **Türkiye's 2053 Net-Zero emission target, Nationally Determined Contribution**, and the global goal of keeping the increase in the global temperature below 2°C - or limit to 1.5°C if possible - as set out in the **Paris Climate Agreement**, which Türkiye is a stakeholder of.

This policy is shaped around Ziraat Bank's obligations to the environment, its customers and the community, and its duties as an employer, with the following pillars:

- (1) determining and implementing the Bank's targets in economic sustainability from a **short, medium and long-term ESG perspective**;
- (2) focus on sustainability, **banking products and services to all customers in practical, understandable, accessible and digitally focused format**;
- (3) providing finance to **address the pressures and challenges of tackling the climate change crisis and the transition to a low carbon economy**;
- (4) approach decision-making considering environmental and social issues and associated **potential risks and opportunities**;
- (5) continuous development and **integration of universally-accepted sustainability principles** into the Bank's business model and processes (i.e.: UN SDGs).

Sustainability Bond issuences

Jan 21: 600m USD, 5Y, 5.375% coupon
Jan 24 : 500m USD, 5Y, 8.0 % coupon

The Largest Sustainability Themed Single Tranche Syndicated Loan (April 2023, USD 1.3 bn) received by a financial institution in Türkiye.

Ziraat's Sustainability-linked 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
- Young farmer loan
- Woman farmer loan
- Golden hive loan
- Rooftop solar energy loan
- Agricultural SME loan
- Heat insulation loan
- Earthquake relief loan package
- Digital transformation & tech-support loan

Environmental and Social Impact Management Policy in Lending Activities adopted in 2020 and the policy model became fully operational in 2022.

- Activities that will not be financed by the Bank have been determined
- Investment loan requests above a certain amount are reviewed by environmental specialists



Ziraat Towers Project in Istanbul Finance Center awarded **LEED Platinum Certificate** with its environmentally friendly design, environmental sustainability mission and pioneering approach to smart applications with advanced technology. It also achieved a great success by winning the "**Excellence in Construction**" award from **CTBUH** (Council on Tall Buildings and Urban Habitat), which is a non-profit global organization targeting to create more sustainable and healthy cities.



Ziraat is planning to build a **solar power plant** in order to meet its electricity consumption from renewable energy sources. The facility will have an installed capacity of 53 MW_e and is planned to be built in Kayseri.



Ziraat Bank – Ziraat Finance Group

Presence in **17** countries,
119 service points



Local Subsidiaries

-  Ziraat Katılım Bankası (Participation Banking)
-  Ziraat Yatırım (Securities Brokerage & Investment House)
-  Ziraat Portföy (Asset Management)
-  Ziraat GYO (Real Estate Investment Trust)
-  Ziraat Teknoloji (IT)
-  Ziraat GSYO (Venture Capital Investment Trust)
-  Ziraat PAY (Electronic Money)

Overseas Subsidiaries

-  Ziraat Bank Int. AG (Germany)
-  Ziraat Bank BH d.d. (Bosnia)
-  Ziraat Bank Montenegro AD
-  Ziraat Bank Azerbaijan ASC
-  Ziraat Bank Moscow JSC
-  KZI Bank (Kazakhstan)
-  Turkmen Turkish JSC Bank
-  Ziraat Bank Uzbekistan JSC
-  JSC Ziraat Bank Georgia

Overseas Branches

-  United Kingdom
-  Greece
-  Bulgaria
-  Iraq
-  Saudi Arabia
-  Kosovo
-  Bahrain
-  Turkish Republic of Northern Cyprus



Ziraat Bank – Balance Sheet Summary

TL bn	2021	2022	Sep.23	2023	% Change QoQ	% Change YtD
CASH AND CASH EQUIVALENTS	222.1	391.2	519.2	731.3	40.9	86.9
SECURITIES	341.4	588.3	886.3	981.2	10.7	66.8
LOANS	778.4	1,266.4	1,872.9	1,971.6	5.3	55.7
-Gross NPL	15.1	13.7	15.6	22.9	46.5	67.3
-Expected Credit Loss (-)	29.1	48.0	62.2	67.9	9.2	41.5
OTHERS	29.0	65.8	85.0	116.3	36.8	76.8
TOTAL ASSETS	1,370.9	2,311.7	3,363.4	3,800.4	13.0	64.4
DEPOSITS	948.7	1,739.3	2,581.9	2,935.3	13.7	68.8
FUNDS BORROWED	59.3	110.2	140.1	200.2	42.9	81.7
INTERBANK MONEY MARKETS	176.7	85.1	126.8	83.4	-34.2	-2.0
PROVISIONS	9.1	48.7	37.9	35.1	-7.4	-28.0
OTHERS	80.0	125.9	185.3	215.2	16.1	70.9
TOTAL LIABILITIES	1,273.8	2,109.2	3,363.4	3,800.4	13.0	80.2
SHAREHOLDERS' EQUITY	97.1	202.5	291.4	331.2	13.7	63.6



Ziraat Bank – Income Statement Summary

TL mn	2022	2023	Q4 22	Q3 23	Q4 23	% Change QoQ	% Change YoY
INTEREST INCOME	220,630	427,255	72,264	123,203	172,110	39.7	138.2
-From Loans	121,726	264,247	37,066	68,526	107,691	57.2	190.5
-From Securities	95,410	152,125	61,833	49,141	61,551	25.3	-0.5
INTEREST EXPENSE	99,147	297,658	32,211	73,692	127,717	73.3	296.5
-On Deposits	73,694	265,808	24,563	71,960	118,350	64.5	381.8
NET INTEREST INCOME	121,483	129,597	40,052	49,511	44,393	-10.3	10.8
NET FEES & COMMISSIONS	13,124	31,451	4,383	8,048	11,199	39.2	155.5
OTHER OPERATING INCOME	7,736	33,258	1,611	3,281	4,685	42.8	190.8
EXPECTED CREDIT LOSS	29,545	30,670	16,359	12,732	5,213	-59.1	-68.1
-Stage 1 Provisions	9,798	3,120	8,265	488	-1,005	NM	NM
-Stage 2 Provisions	15,326	15,369	6,833	11,526	-2,014	NM	NM
-Stage 3 Provisions	4,421	12,181	749	718	8,232	NM	NM
OTHER PROVISION EXPENSES	28,794	124	1,291	-1,382	27	NM	-97.9
OPEX ⁽¹⁾	24,936	87,266	8,022	15,647	21,910	40.0	173.1
NET OPERATING PROFIT	61,251	95,568	21,306	39,179	27,007	-31.1	26.8
NET PROFIT	41,092	89,851	16,259	29,395	34,715	18.1	113.5

Source: Unconsolidated Financial Statements NM: Not meaningful

(1) OPEX includes personnel expenses



Ziraat Bank – Key Financial Ratios

(%)	2021	2022	Q1 23	Q2 23	Q3 23	2023
ROAA ⁽¹⁾	0.6	2.3	1.2	2.0	2.5	3.0
ROAE ⁽²⁾	6.9	26.4	13.6	22.3	27.5	34.5
Cost / Income ⁽³⁾	37.4	17.3	77.0	53.3	41.0	40.8
Fee / OPEX ⁽⁴⁾	37.6	52.6	15.3	24.6	31.0	36.0
NIM (cum.) ⁽⁵⁾	4.5	8.7	4.3	3.6	4.9	5.5
Loans ⁽⁶⁾ /Deposits	80.5	72.0	74.4	77.6	71.9	66.4
Loans/Assets	55.7	54.2	54.3	56.8	55.2	51.3
Securities/Assets	24.9	25.5	27.2	27.0	26.4	25.8
NPL	1.9	1.1	0.9	0.9	0.8	1.2
Stage III Coverage	80.2	84.8	85.5	78.4	77.3	74.4
CoR	1.8	2.5	1.4 ⁽⁷⁾	1.7 ⁽⁷⁾	2.2	2.2
CAR	16.5	16.5	16.4	15.3	15.9	17.2
Leverage ⁽⁸⁾ (X)	13.1	10.4	9.1	10.7	10.5	10.5
# of						
Branches ⁽⁹⁾	1,752	1,758	1,758	1,765	1,770	1,769
Employees	24,607	24,484	26,047	25,916	25,719	25,904
ATMs	7,269	7,276	7,311	7,337	7,358	7,487

(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 , CoR adjusted for individual assesment and change in IFRS model
(8) Leverage = (Assets/Shareholders' Equity)-1
(9) Including foreign branches



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