

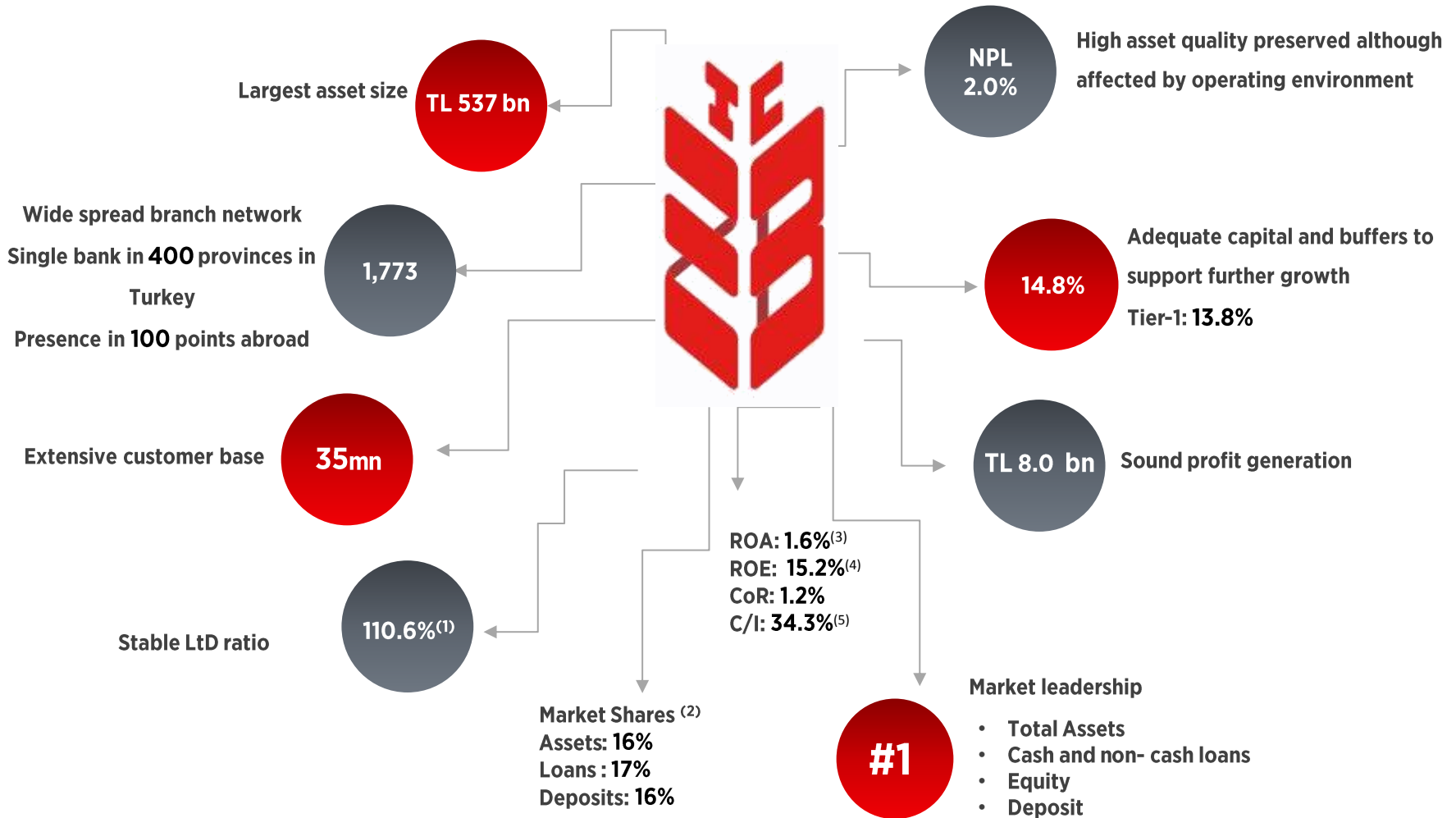
Financials Presentation
December 2018



Ziraat Bank

More than a bank

Ziraat Highlights

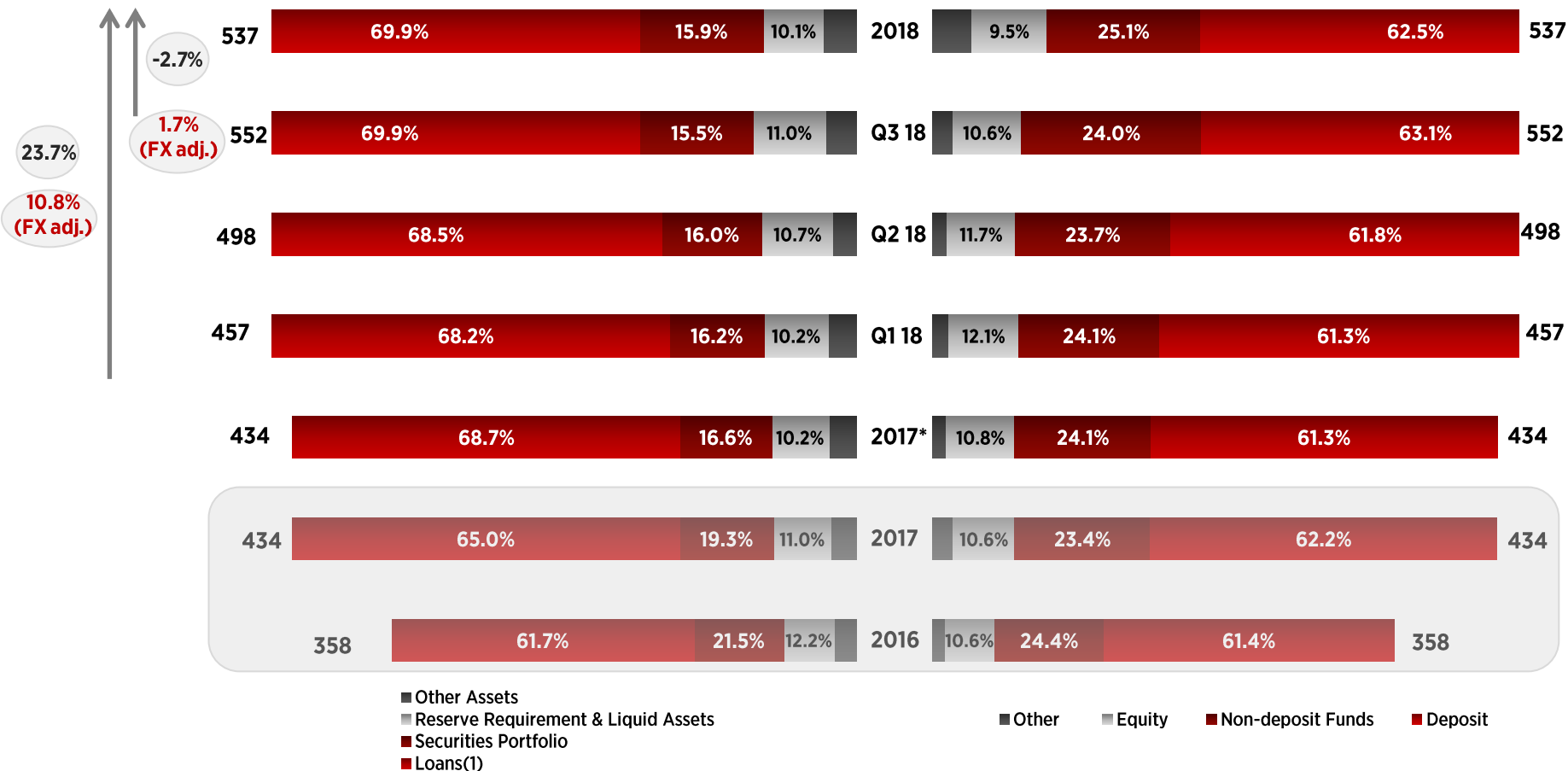


(1) Performing Loans/Total Loans (Excluding intermediated loans for public funds)
 (2) Deposit banks
 (3) Average total assets represent weekly averages.
 (4) Average shareholders' equity represent weekly averages.
 (5) Includes dividend income

Assets & Liabilities Composition

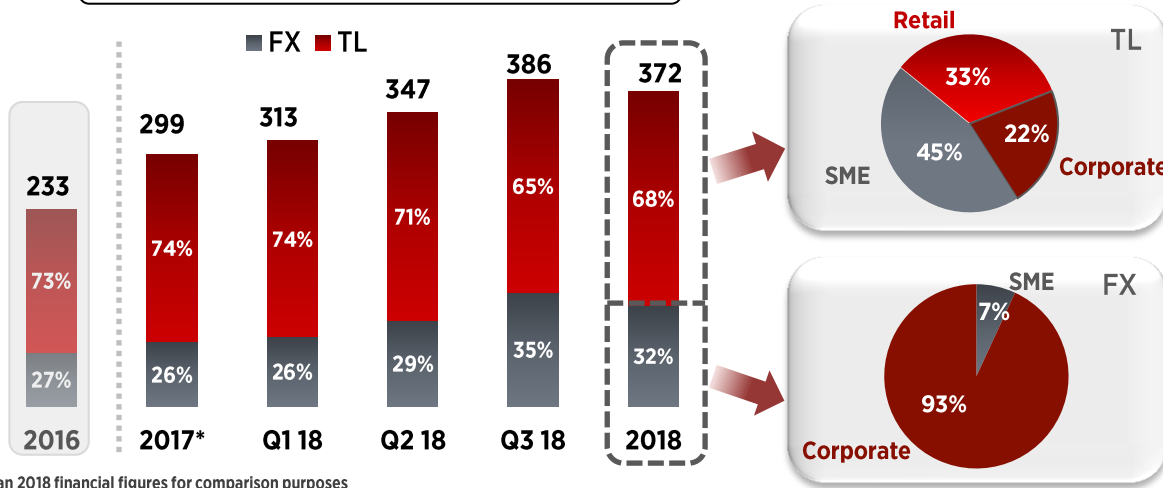
Assets

Liabilities



Lending

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

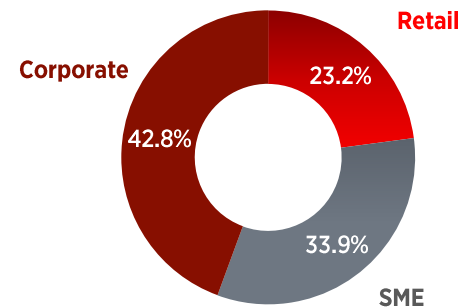
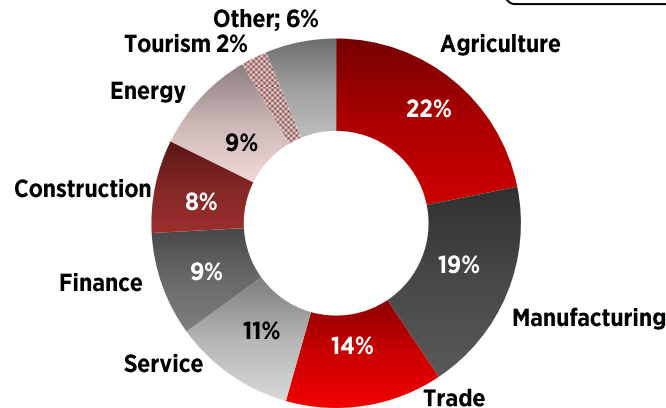


	QoQ Δ	YoY Δ
Total Loans	-3.6%	24.8%
<i>Total Loans (FX adj.)</i>	0.2%	13.6%
TL	0.8%	14.0%
FX(\$)	-1.1%	12.3%
Retail	-1.8%	7.1%
Housing	-2.6%	9.4%
SME	0.3%	15.5%
Corporate	-6.7%	40.2%
<i>Corp. FX Adj.</i>	0.5%	15.5%

* 01 Jan 2018 financial figures for comparison purposes

FX Loan/ Total Loan :
32% vs 36.7% sector⁽²⁾
average

Breakdown of Cash Loans, 2018

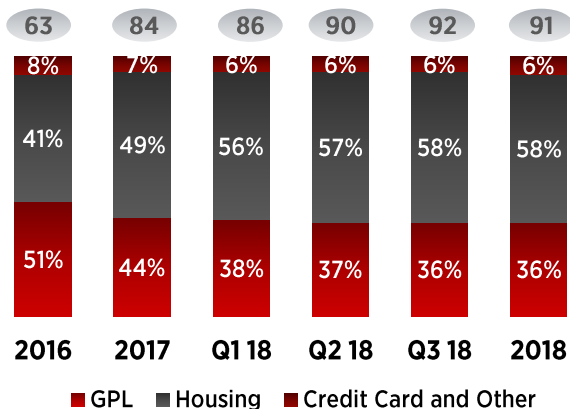


- Of non-retail loans,
- Figures do not include loans extended through overseas branches

* Accruals, intermediated loans of public funds and overseas branch lending are excluded

Lending

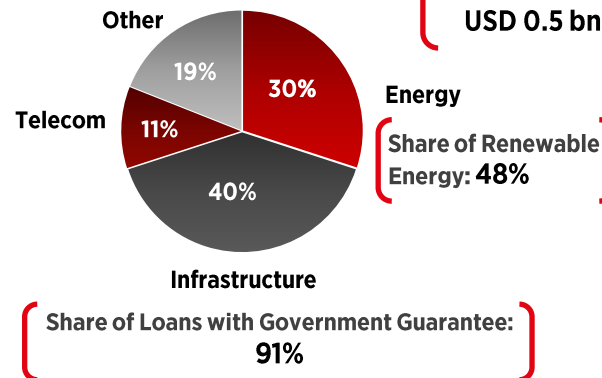
Retail Loans⁽¹⁾ (TL bn, % share in total)



- Strong penetration in retail segment serving more than 30 million customers:
 - Housing Loans Market Share: 29%
 - GPL Market Share: 15%
 - 56% of GPL loans to payroll customers and pensioners
- Strong position in housing finance with long term relationship, cross selling, additional fee generation and high asset quality and collateralization benefits:
 - 0.2% NPL, 56% LTV*

*Marginal LTV in 2018

Project Finance Loans, 2018

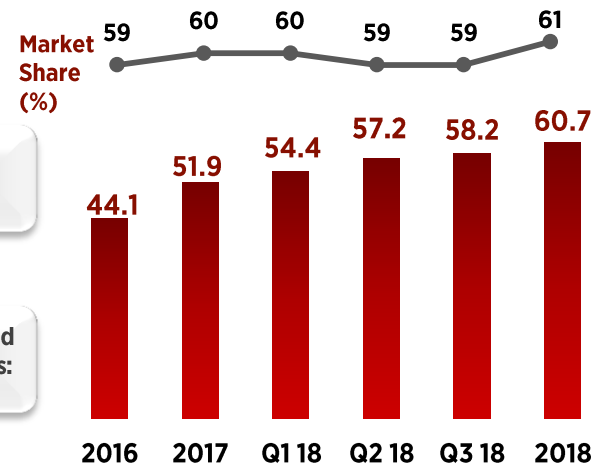
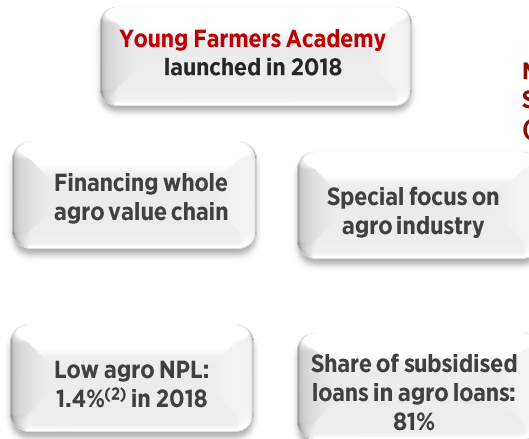


USD 9.7 bn cash
USD 0.5 bn non-cash

Share of Renewable Energy: 48%

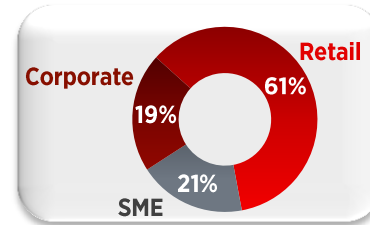
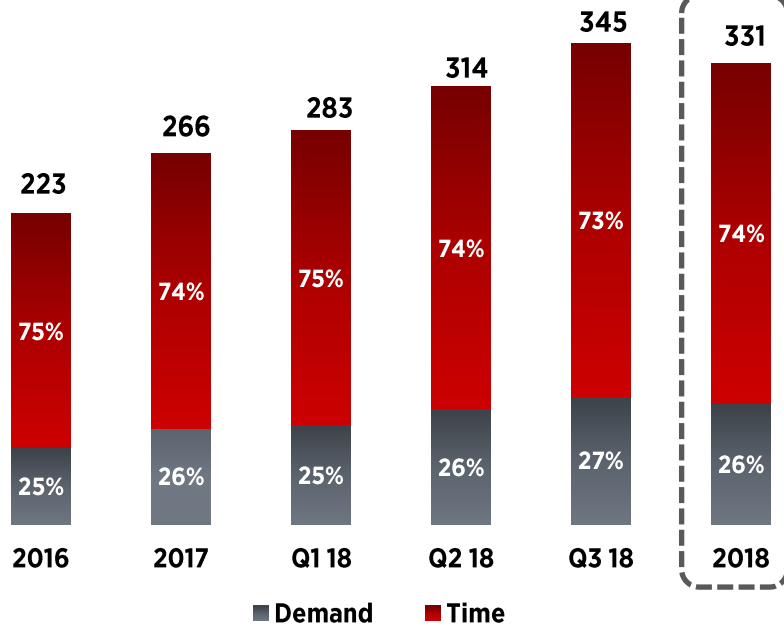
Share of Loans with Government Guarantee: 91%

Agricultural Loans (TL bn)

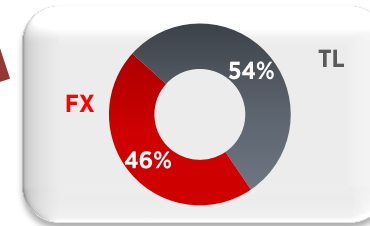
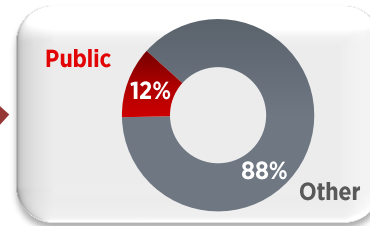


Funding

Total Deposit (TL bn, % share in total)



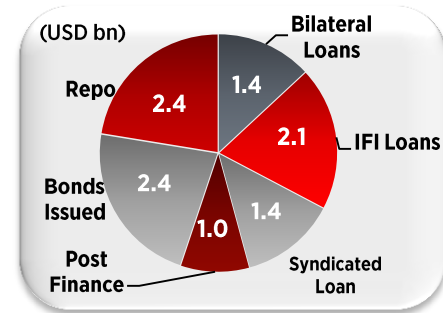
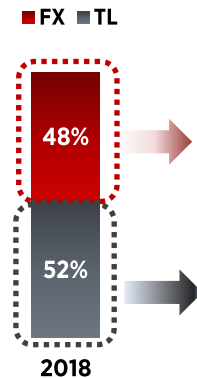
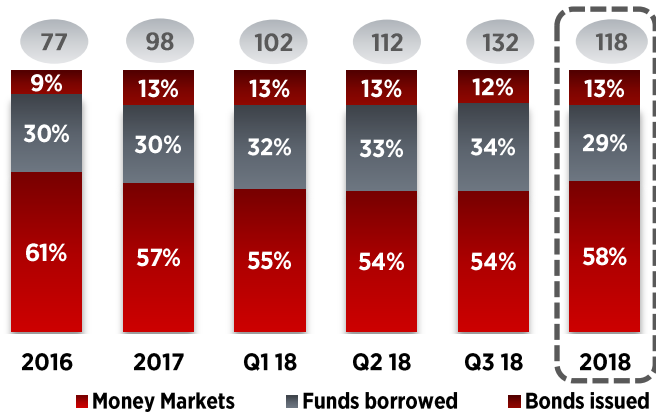
Core Deposit Ratio:
96%



	QoQ Δ	YoY Δ
Total Deposit	-4.0%	24.3%
Total Deposit (FX adj.)	1.3%	8.2%
TL	-0.4%	10.1%
FX(\$)	3.2%	5.4%
Customer Deposit	-1.8%	21.7%
Demand	-5.4%	26.3%
Time	-3.5%	23.6%

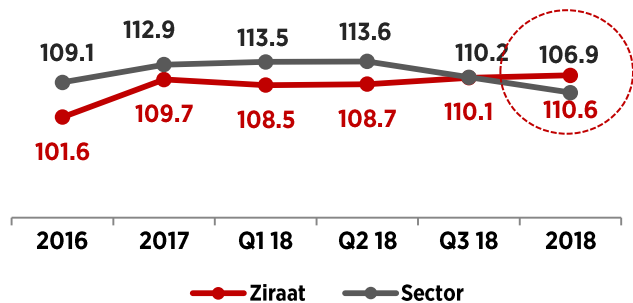
Funding

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

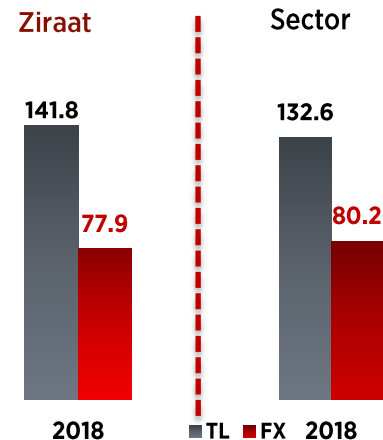


Inaugural TL 1 bn Covered Bond issuance in local market

Loan to Deposit⁽¹⁾ (%)



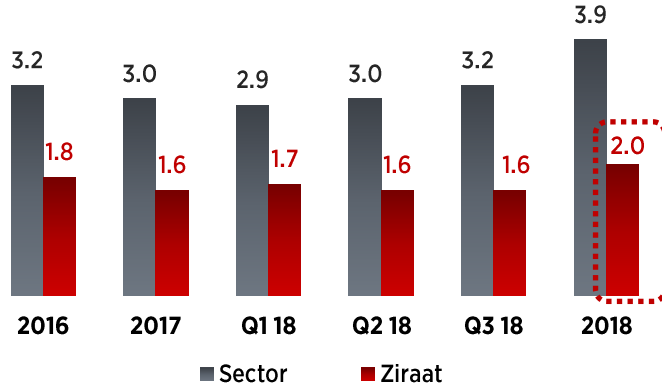
(1) Performing Loans/Total Deposit
Intermediated loans of public funds are excluded



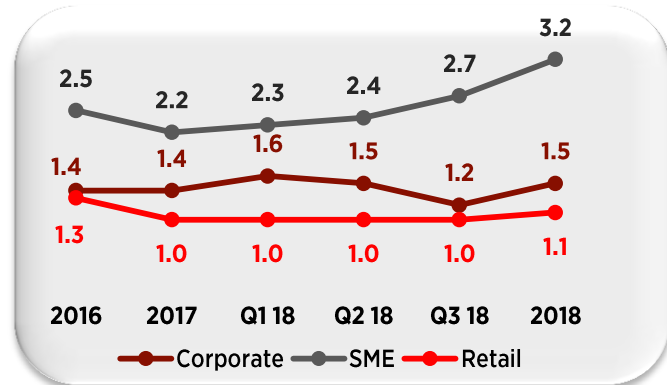
Asset Quality

NPL (%)

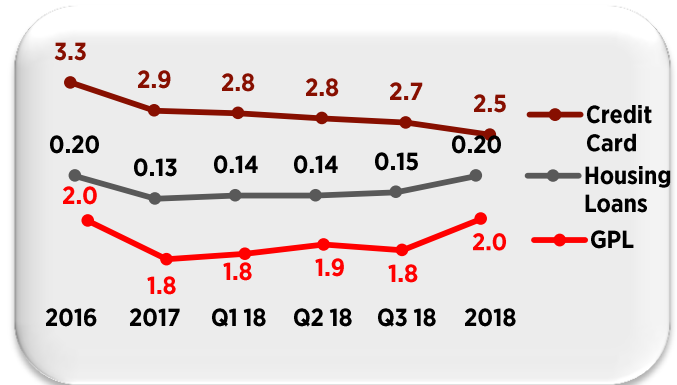
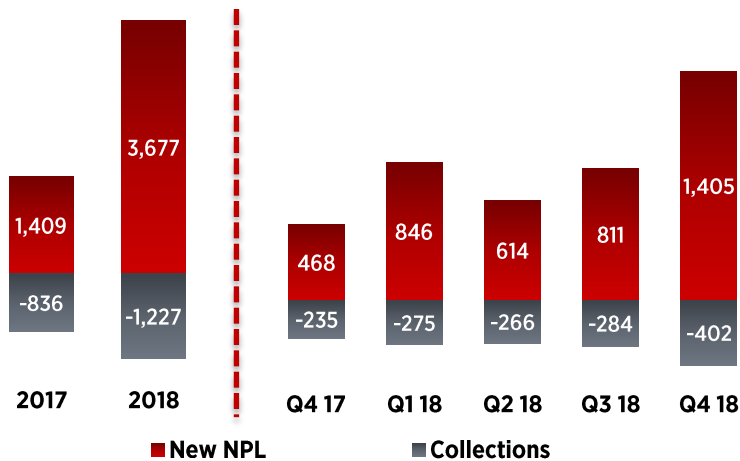
(No NPL sale)



Increase in NPL ratio as a result of higher NPL inflows mainly in SME segment and relatively slower pace loan growth in Q4 18.

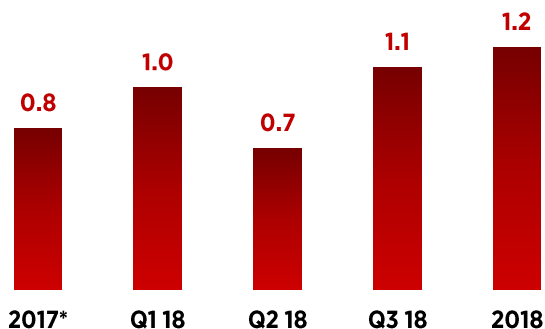


New NPL & Collections (TL mn)



Asset Quality

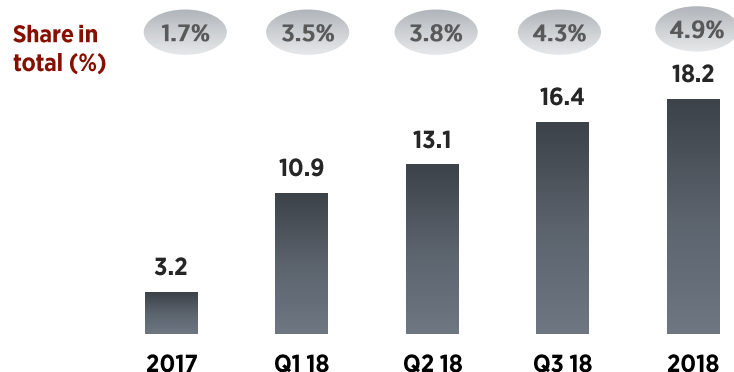
Cost of Risk (%)⁽¹⁾



* 01 Jan 2018 financial figures for comparison purposes

- Restructured loans/Total Loans: **2.8%**⁽²⁾
- CoR slightly increased in Q4 18, further increase may be seen in the coming periods
- Stage II coverage ratio increased from **9.7%** in Q3 18 to **12.0%** in Q4 18

Stage II Loans (TL bn)



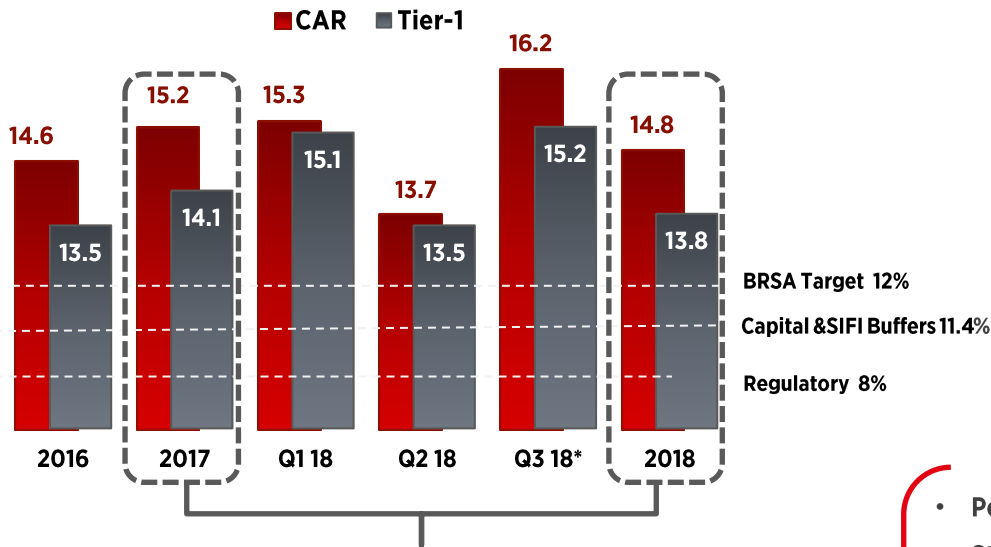
Stage I coverage ratio **0.2%**
 Stage II coverage ratio **12.0%**
 Stage III coverage ratio⁽³⁾ **73.9%**
 Total coverage ratio⁽³⁾ **115.9%**

Total cash coverage ratio⁽⁴⁾ **129.1%**

TL 523 mn free provision reversal in Q4 18
 Outstanding amount is TL 952 mn

Capitalization

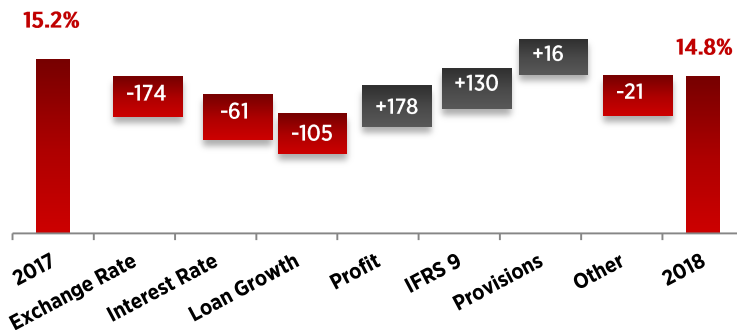
Capital Ratios (%)



Basel III Leverage **7.0%**
vs
3.0% regulatory min.

High level of Tier-1 capital:
13.8% as of Q4 18

Change in CAR



- Positive impact through increased market stability
- Strong CPI Linker income contribution in 2018
- Internal capital generation via retained earnings
- CAR 14.8% in Q4 18 from 12.5% in Q3 18 (w/o forbearance)
- Free provision serve as a capital buffer

*Including forbearance

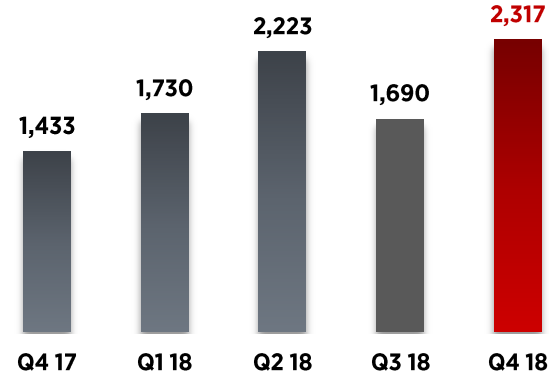
Profitability

Net Profit (TL mn)

Flat
YoY Growth

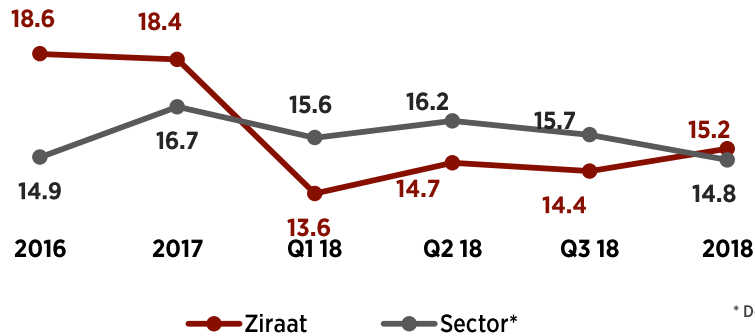


QoQ Growth:
37.2%

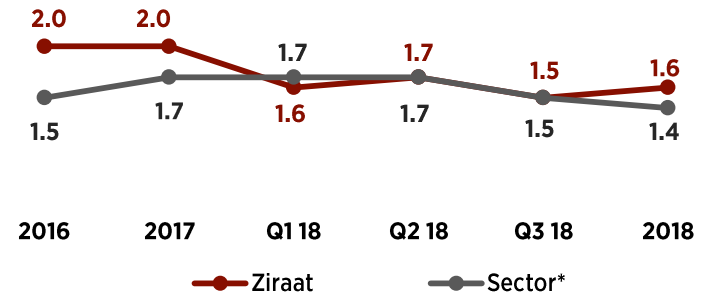


C/I:
34.3% in 2018
vs
32.5% in 2017

Return on Equity⁽¹⁾ (%)

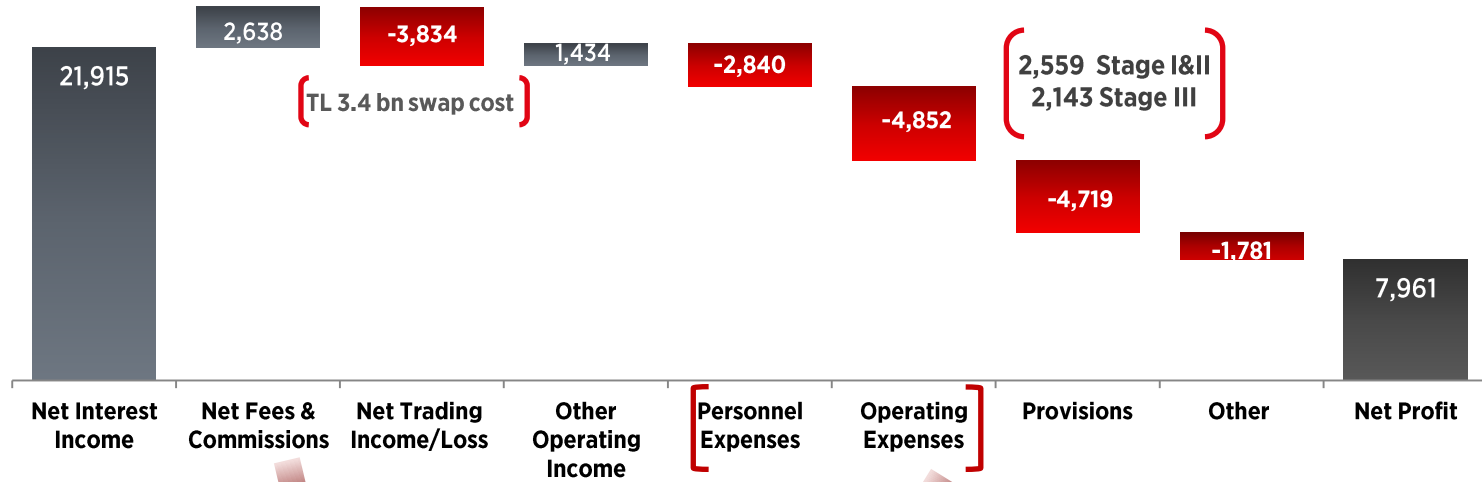


Return on Assets⁽²⁾ (%)



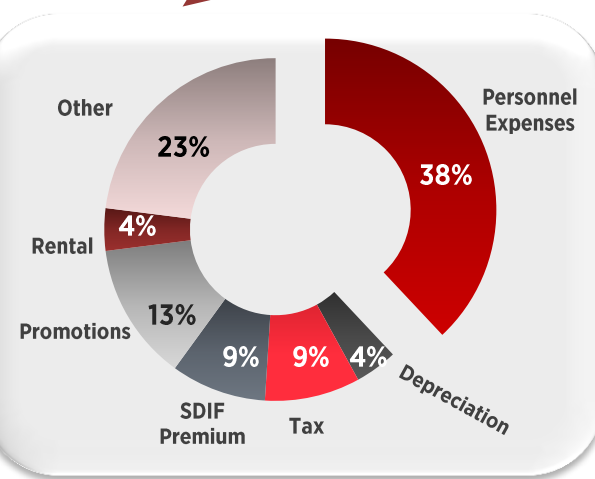
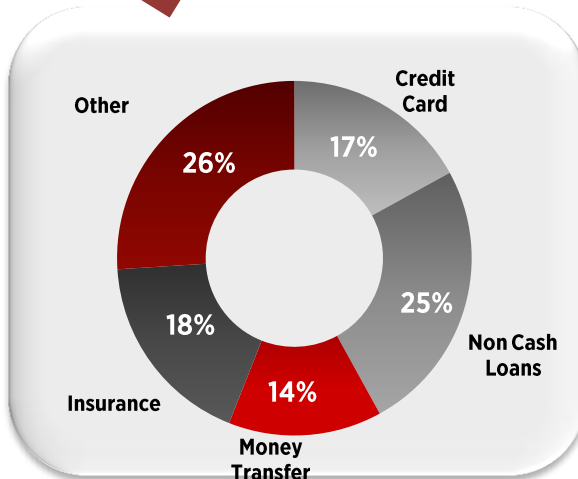
Profitability

P&L Breakdown, 2018 (TL mn)



Net Fees & Commissions growth:
YoY 19.1%
QoQ 13.8%

Increase in F&C income mainly driven by commissions from non-cash loans and credit card fees.



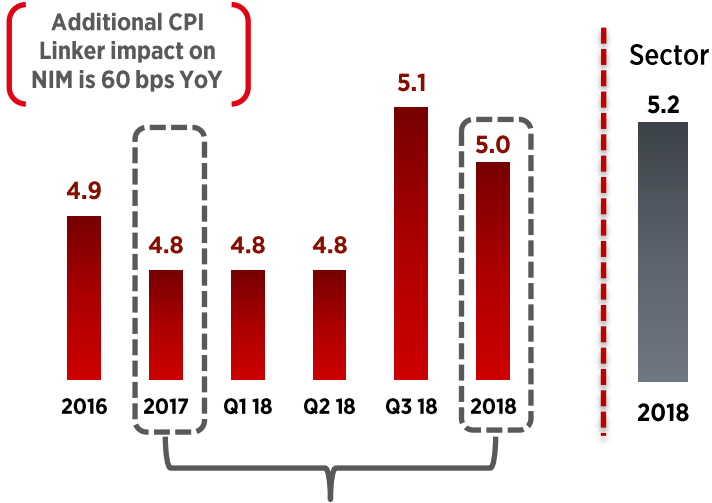
OPEX* growth:
YoY 21.4%
QoQ 2.1%

Increase in OPEX mainly due to inflation and FX pass-through.

*OPEX doesn't include personnel expenses

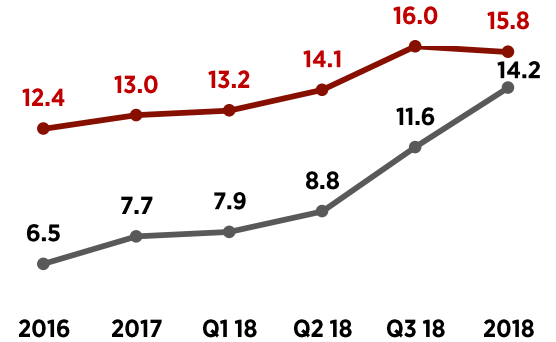
NIM & Spreads

Net Interest Margin⁽¹⁾ (NIM cum. %)



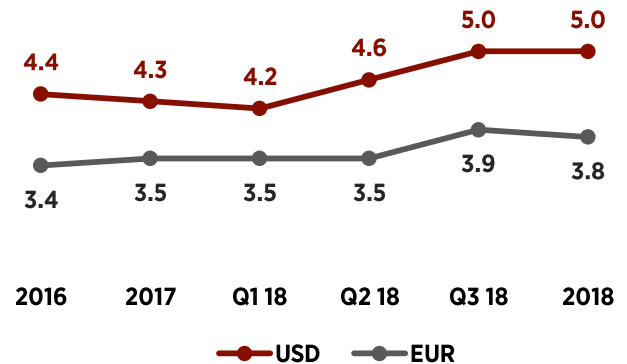
Contraction in TL spread partially compensated by YoY expansion in FX spread

TL Loan Yield and Deposit Costs (%)



TL Loan Yield Total TL Deposit Cost

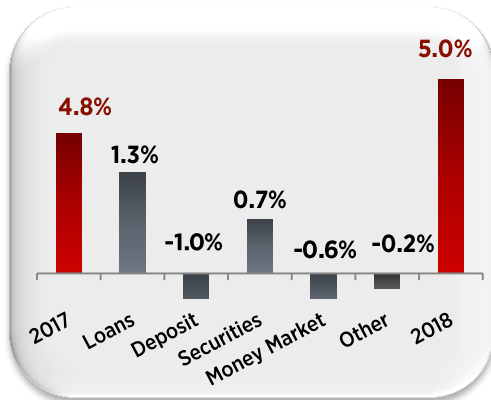
FX spreads* (%)



USD EUR

*Loan FX- Total Deposit FX

Swap Adjusted NIM:
4.2% in 2018
vs
4.6% in 2017

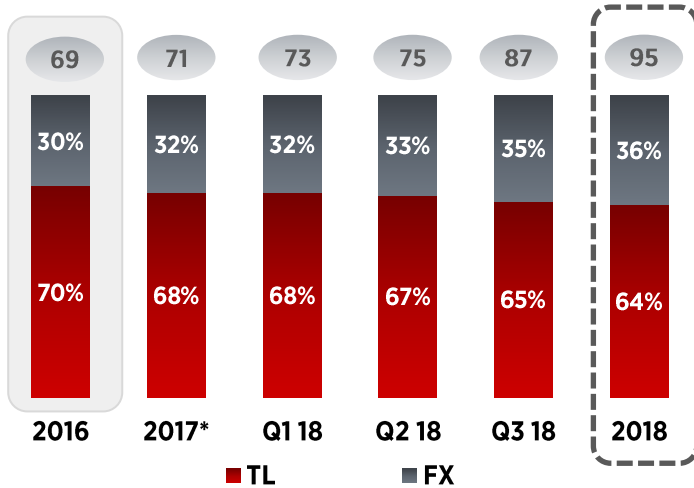


Sector: Deposit banks

Securities Portfolio

Total Securities (% share in total)

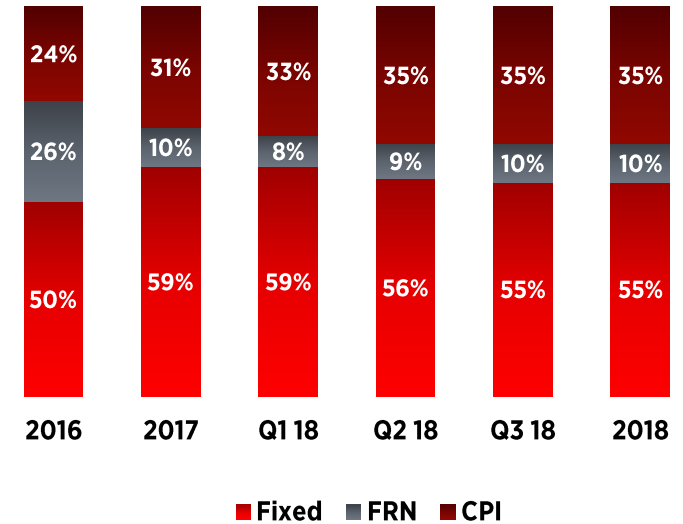
Total Amount (TL bn)



* 01 Jan 2018 financial figures for comparison purposes

Financial Assets Measured at FVTPL+Financial Assets Measured at FVOCI: **89%**
 Financial Assets Measured at Amortised Cost: **11%**

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



(1) Interest accruals excluded.

CPI Linker valuation: from **8.5%** in Q1 18 to **25.24%** in Q4 18

~**TL 3.0 bn.** additional income over budget

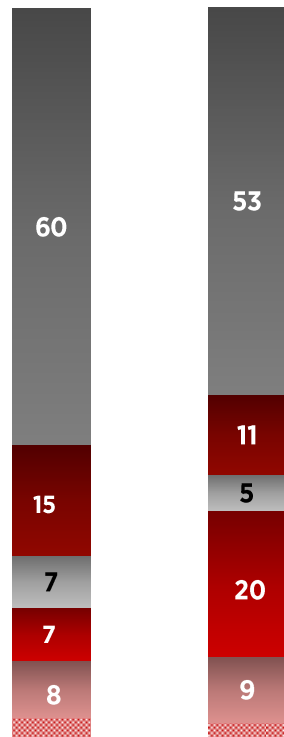
CPI Linker income:

- Q1 18 : **TL 450 mn**
- Q2 18 : **TL 440 mn**
- Q3 18 : **TL 1,600 mn**
- Q4 18 : **TL 2,500 mn**

Unique Service Delivery Scale and Efficiency

89% of banking transactions through non-branch channels

Banking Transaction Channel Distribution (%)



■ Other
■ Mobile
■ Branch
■ Automatic Pay.
■ Internet
■ ATM

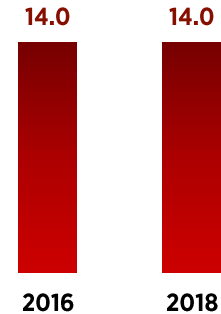
of customers having internet banking (mn)



Number of ATMs



ATM Market share (%)



2017		2018	
Market share	Ranking	Market share	Ranking
25.7%	1	25.4%	1
21.5%	1	22.1%	1
3.8%	8	4.6%	8
7.6%	5	9.0%	5

New credit card brand 'Bankkart Combo' launched in 2018

Turnover
Ownership

Debit Card

Turnover
Ownership

Credit Card

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

Low Credit Card NPL: 2.5% vs 5.3% sector average

Increase in market share of credit card balance: From 3.6% in 2017 to 4.3% in 2018



APPENDIX

Balance Sheet Summary

		IFRS9							
TL mn	2016	TL mn	2017*	Q1 18	Q2 18	Q3 18	2018	% Change QoQ	% Change YoY
CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	39,167	CASH AND CASH EQUIVALENTS	48,571	52,904	54,549	55,469	46,238	-16.6%	-4.8%
BANKS	3,902								
SECURITIES	67,399	SECURITIES	70,628	73,230	75,152	87,496	95,374	9.0%	35.0%
LOANS	232,644	LOANS	298,033	312,877	347,200	385,782	371,871	-3.6%	24.8%
-Gross NPL	4,217	-Gross NPL	4,774	5,354	5,704	6,234	7,460	19.7%	56.3%
-Specific Provisions (-)	3,966	-Expected Credit Loss (-)	4,211	4,693	5,284	7,064	8,385	18.7%	99.1%
OTHERS	14,649	OTHERS	17,042	18,358	20,672	23,247	23,673	1.8%	38.9%
TOTAL ASSETS	357,761	TOTAL ASSETS	434,596	457,369	497,573	551,994	537,156	-2.7%	23.6%
DEPOSITS	223,019	DEPOSITS	266,384	282,933	314,103	345,017	331,066	-4.0%	24.3%
FUNDS BORROWED	22,817	FUNDS BORROWED	29,065	32,497	37,608	44,585	34,172	-23.4%	17.6%
INTERBANK MONEY MARKET	47,212	INTERBANK MONEY MARKET	56,258	55,995	60,007	71,640	68,351	-4.6%	21.5%
PROVISIONS	6,053	PROVISIONS	3,283	3,322	3,246	3,319	2,832	-14.7%	-13.8%
SHAREHOLDERS' EQUITY	38,382	SHAREHOLDERS' EQUITY	52,531	53,640	52,749	52,249	57,401	-9.9%	9.3%
OTHERS	20,278	OTHERS	27,075	28,982	29,860	35,184	43,334	23.2%	60.1%

Income Statement Summary

			IFRS9		
TL mn	2016	2017	TL mn	2018	% Change YoY
INTEREST INCOME	27,291	35,463	INTEREST INCOME	53,054	49.6%
-From Loans	21,512	28,357	-From Loans	41,028	44.7%
-From Securities	5,488	6,193	-From Securities	10,977	77.2%
INTEREST EXPENSE	13,342	18,561	INTEREST EXPENSE	31,138	67.8%
-On Deposits	9,911	12,249	-On Deposits	19,675	60.6%
NET INTEREST INCOME	13,948	16,902	NET INTEREST INCOME	21,916	29.7%
NET FEES & COMMISSIONS	1,643	2,217	NET FEES & COMMISSIONS	2,638	19.0%
-Fees and Commissions Received	2,023	2,673	-Fees and Commissions Received	3,558	33.1%
-Fees and Commissions Paid	380	456	-Fees and Commissions Paid	920	101.8%
			Personnel Expenses	2,840	-
OTHER OPERATING INCOME	1,555	1,378	OTHER OPERATING INCOME	1,434	4.1%
OPEX	5,303	6,490	OPEX	4,851	-
NET OPERATING PROFIT	8,569	10,287	NET OPERATING PROFIT	10,034	-2.5%
NET PROFIT	6,576	7,940	NET PROFIT	7,961	0.3%

Source: Unconsolidated Financial Statements

Key Financial Ratios

(%)	2016	2017	Q1 18	Q2 18	Q3 18	Q4 18
ROAA ⁽¹⁾	2	2	1.6	1.7	1.5	1.6
ROAE ⁽²⁾	18.6	18.4	13.6	14.7	14.4	15.2
Cost / Income Ratio ⁽³⁾	30.8	32.5	35.6	37.1	35.3	34.3
NIM (cum.) ⁽⁴⁾	4.9	4.8	4.8	4.8	5.1	5.0
Loans ⁽⁵⁾⁽⁶⁾ /Deposits	101.7	109.7	108.5	108.6	110.1	110.6
Loans/Assets	65	68.7	68.5	69.9	69.9	68.9
Securities/Assets	18.8	16.3	16	15.5	15.9	17.8
NPL	1.8	1.6	1.7	1.6	1.6	2.0
Coverage ⁽⁶⁾	100	100	96.9	96.6	117.7	115.9
CoR	1.6	0.8	1.0	0.7	1.1	1.2
CAR	14.6	15.2	15.3	13.7	16.2	14.8
Leverage ⁽⁷⁾	8.3	8.2	7.6	8.4	9.6	8.4
# of						
Branches	1,814	1,781	1,780	1,781	1,778	1,773
Employees	25,015	24,554	24,681	24,572	24,440	24,647
ATMs	6,869	7,085	7,126	7,171	7,169	7,155

- (1) Average total assets represent monthly averages until 2017 and weekly averages since Q1 18
(2) Average shareholders' equity represent monthly averages until 2017 and weekly averages since Q1 18
(3) Includes dividend income
(4) Average interest earning assets represent weekly averages.
(5) Performing Loans
(6) Intermediated loans of public funds are excluded
(7) Leverage = (Assets/Shareholders' Equity)-1

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