

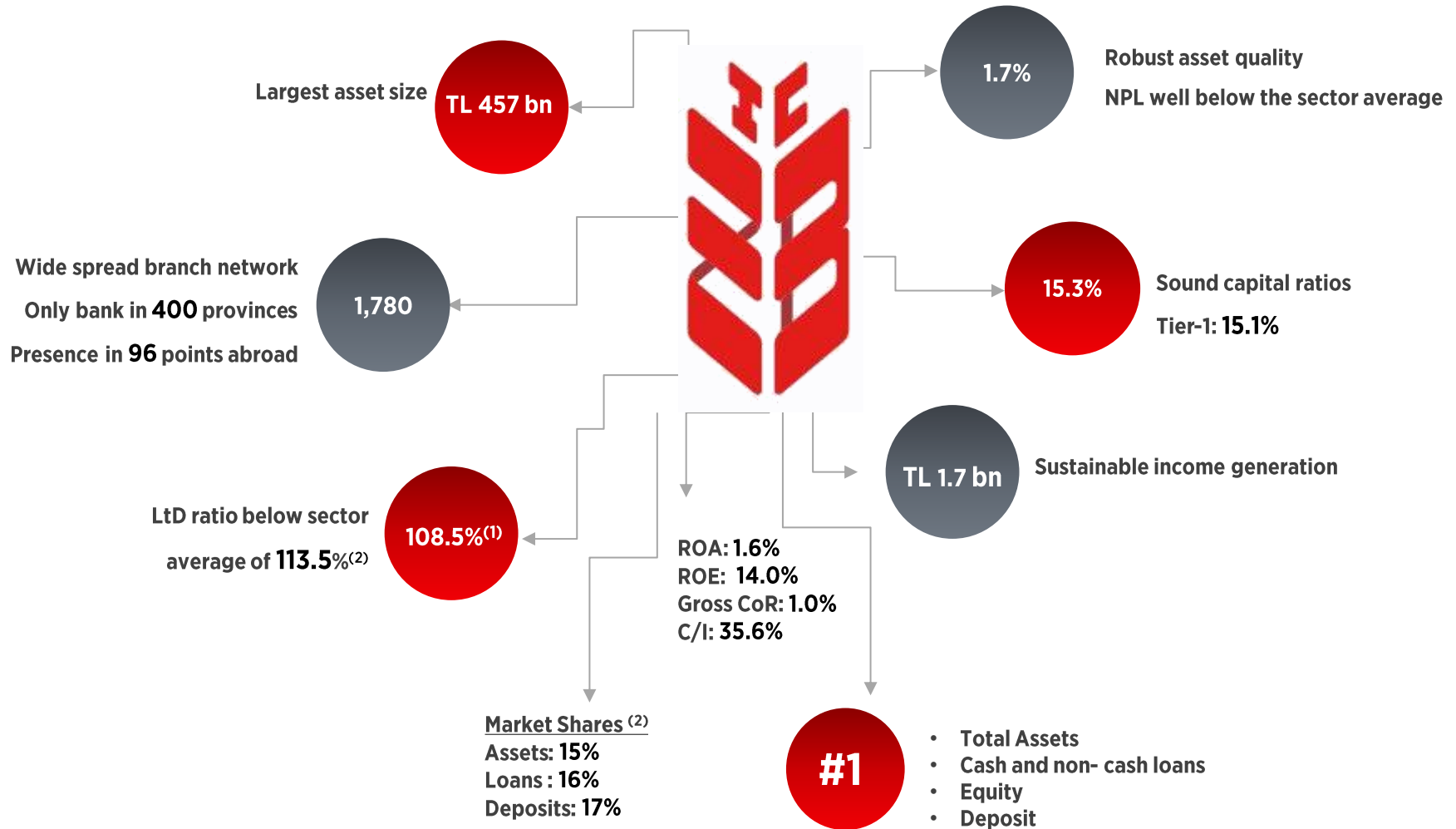
Financials Presentation
March 2018



Ziraat Bank

More than a bank

Ziraat Highlights



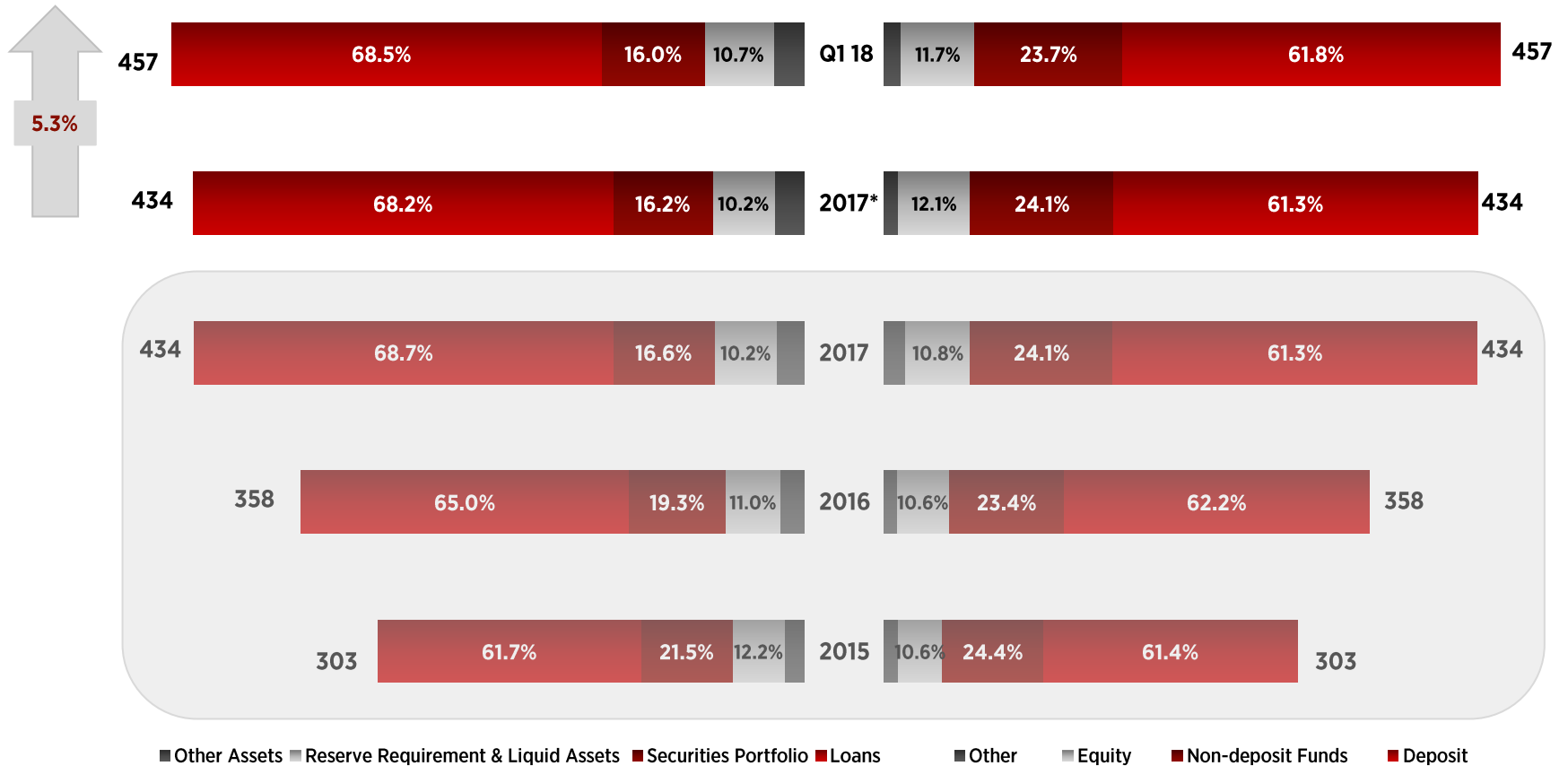
(1) Excluding intermediated loans for public funds

(2) Deposit banks

Assets & Liabilities Composition

Assets

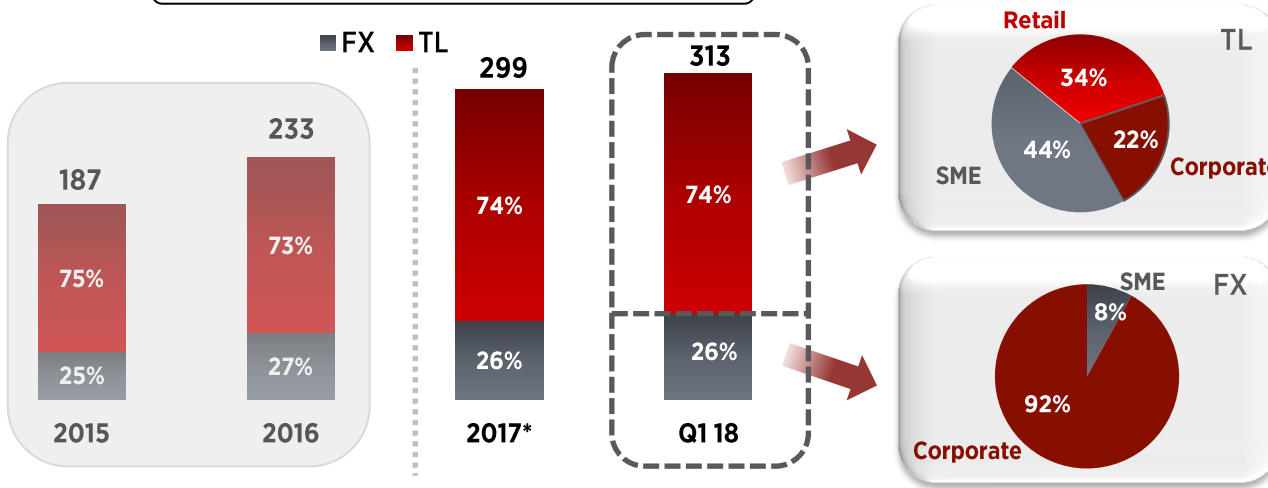
Liabilities



* 01 Jan 2018 financial figures for comparison purposes

Lending

Total Loans (TL bn, % share in total)

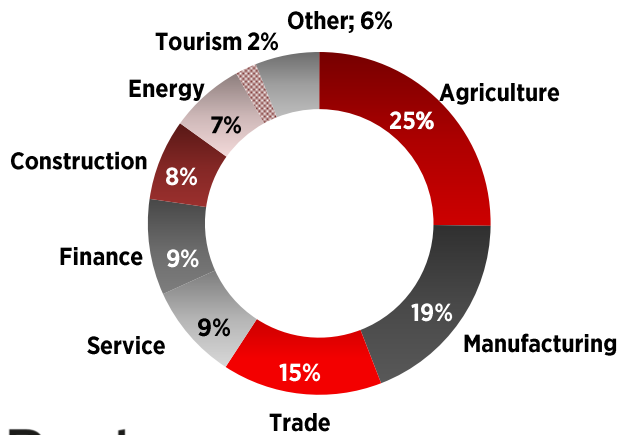


	QoQ Δ	YoY Δ
Total Loans	5.0%	24.3%
TL	4.1%	23.7%
FX	7.5%	26.1%
FX(\$)	2.7%	16.1%
Retail	1.6%	26.9%
Housing	2.8%	31.5%
SME	4.1%	24.4%
Corporate	6.0%	20.1%

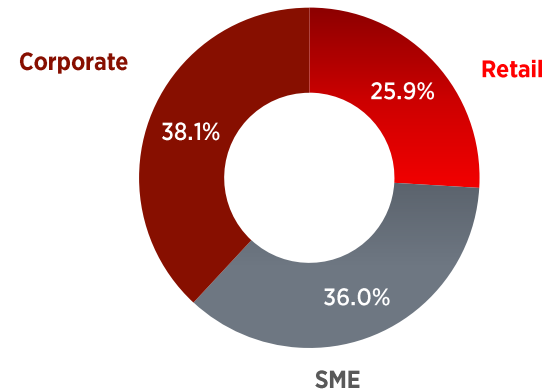
* 01 Jan 2018 financial figures for comparison purposes

* Performing loans only

Breakdown of Loans, Q1 18



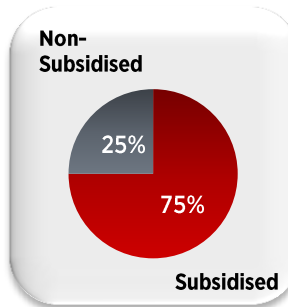
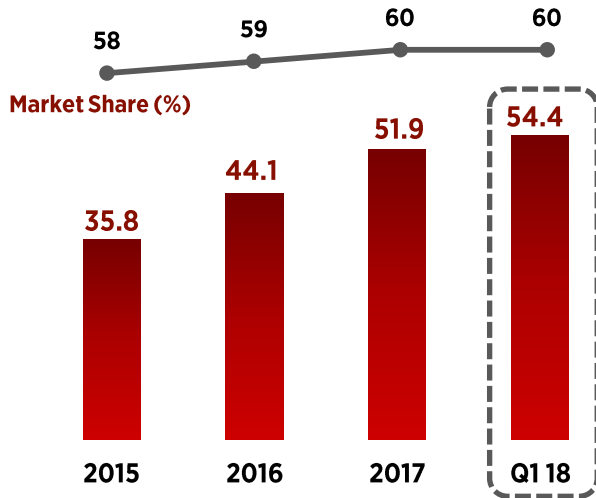
* Of non-retail loans



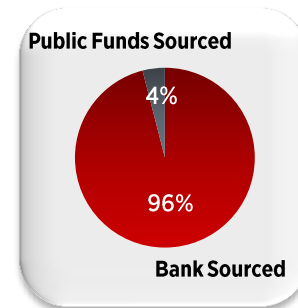
* Accruals, intermediated loans of public funds and foreign branch lending are excluded

Lending

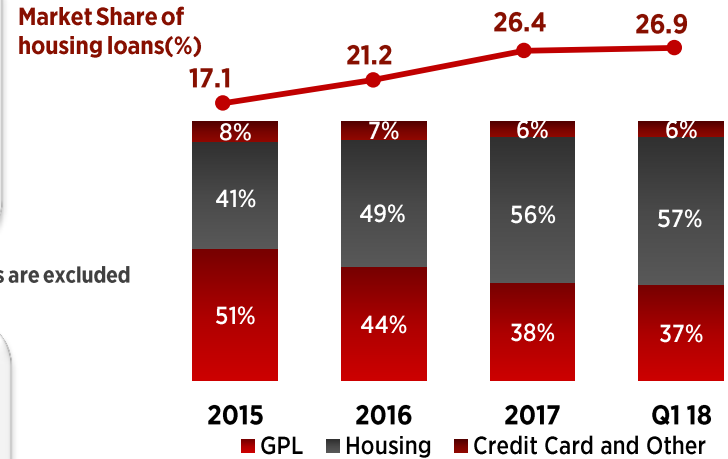
Agricultural Loans (TL mn)



Intermediated loans of public funds are excluded

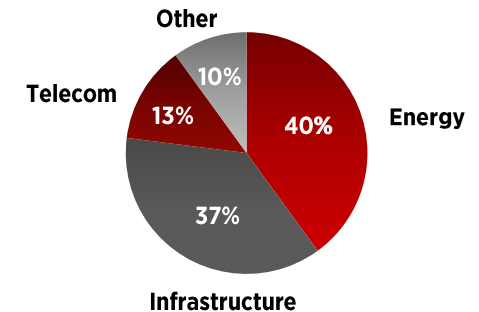


Retail Loans⁽¹⁾ (% share in total)



Project Finance Loans, Q1 18

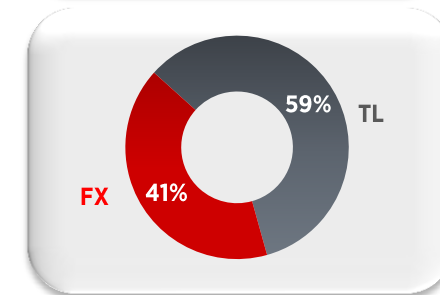
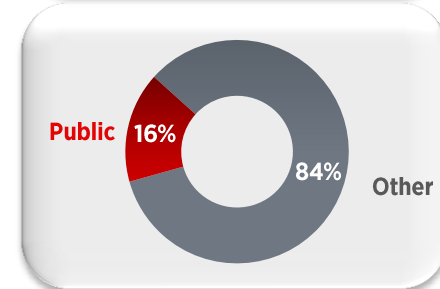
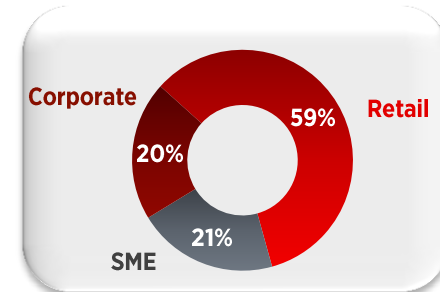
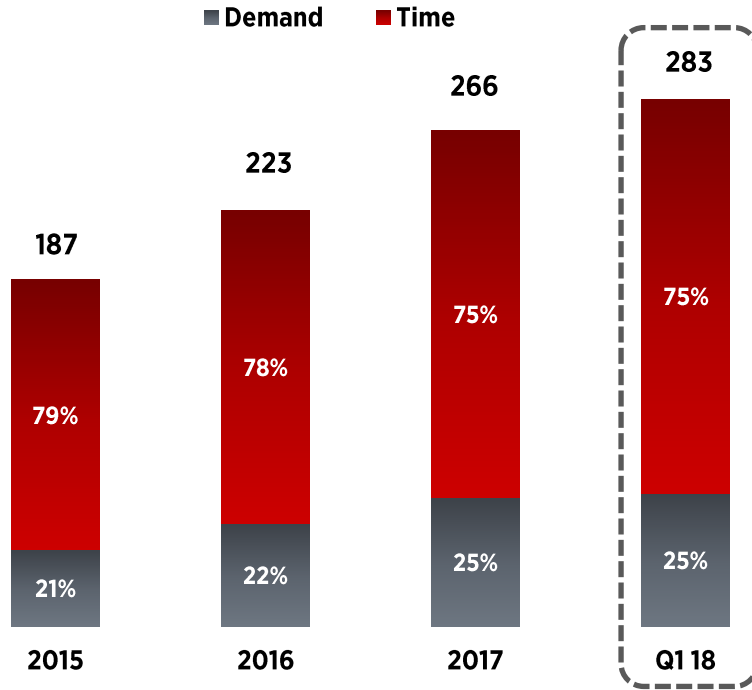
Project finance loans:
USD 8 bn cash
USD 0.8 bn non-cash



- Long track record in agricultural sector
- High sector penetration
- Financing whole agro value chain
- Strategy to focus on agro industry
- Payment period designed in terms of planting time and harvesting time contributes to asset quality: **1.1%⁽²⁾ agricultural NPL in Q1 18**

Funding

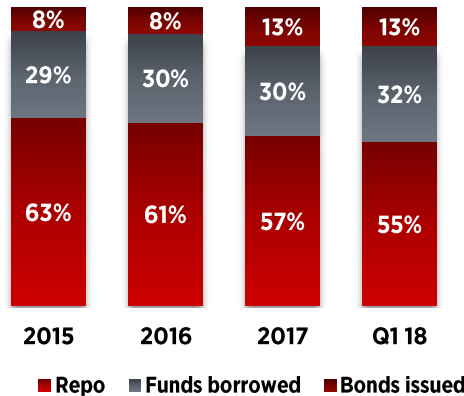
Total Deposit (TL bn, % share in total)



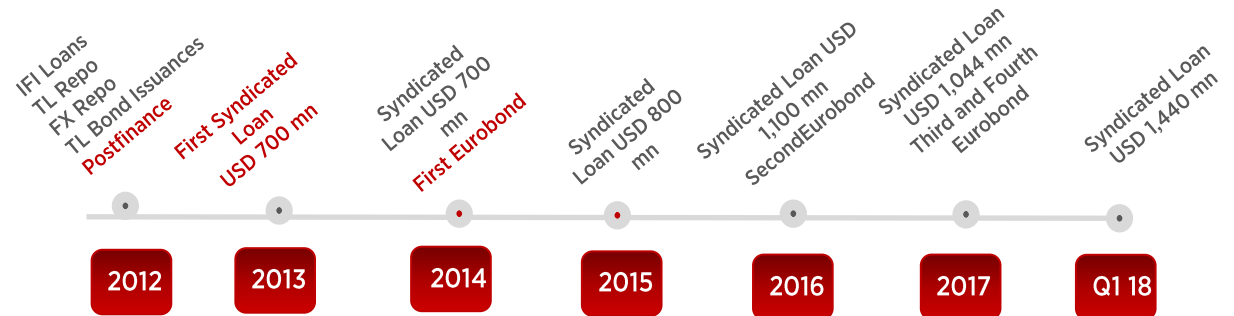
	QoQ Δ	YoY Δ
Total Deposit	6.2%	21.9%
TL	3.1%	9.9%
FX	11.0%	44.7%
FX(\$)	6.5%	33.3%
Demand	3.8%	22.6%
Time	7.1%	21.7%

Funding

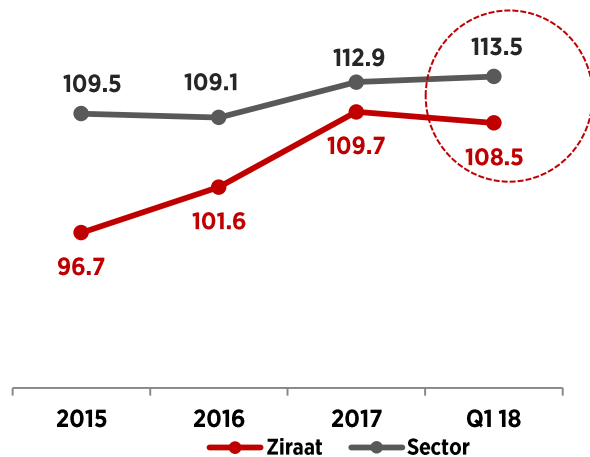
Non-deposit funds(% share in total)



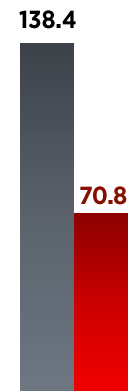
Diversifying the funding base



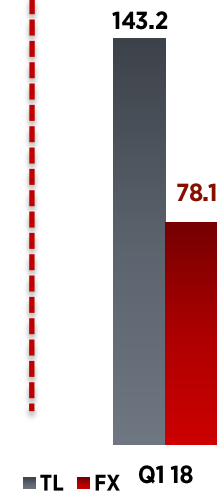
Loan to Deposit⁽¹⁾ (%)



Ziraat

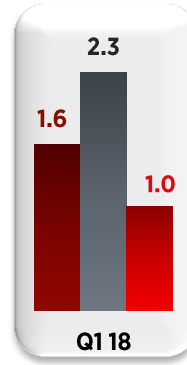
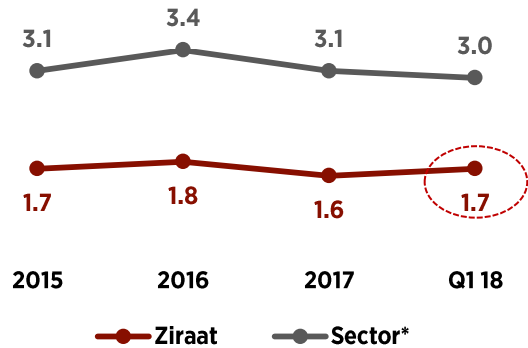


Sector



Asset Quality

NPL (%)

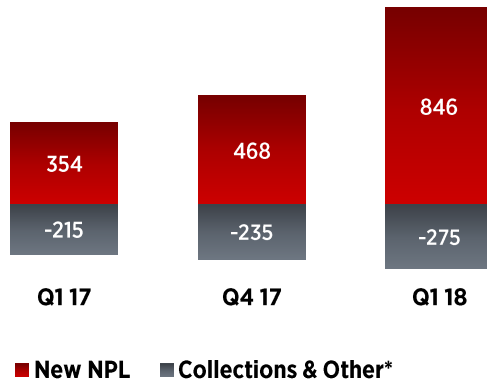


Stage III Coverage ratio⁽¹⁾ **81.8%**
 Total coverage ratio⁽¹⁾ **96.9%**
 Total cash coverage ratio⁽²⁾ **125.8%**
 Stage II Loans/Total Loans : **3.5%**

Increase due to reclassification under IFRS9 model

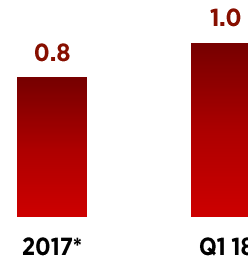
(*) Deposit banks

New NPL & Collections (TL bn)



*Other includes restructured NPLs

CoR (%)⁽³⁾



* 01 Jan 2018 financial figures for comparison purposes

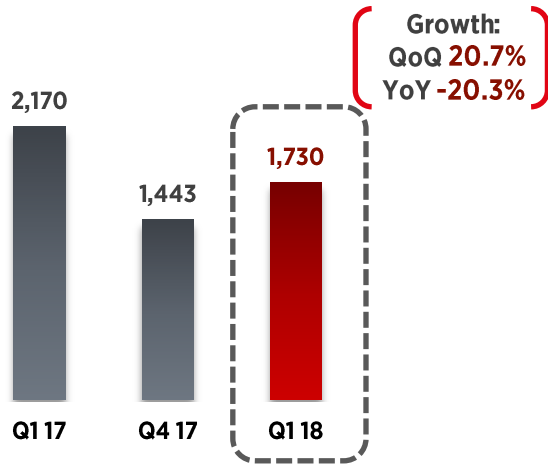
(1) Excluding intermediated loans for public funds

(2) Excluding intermediated loans for public funds and including TL 1.475 mn free provisions

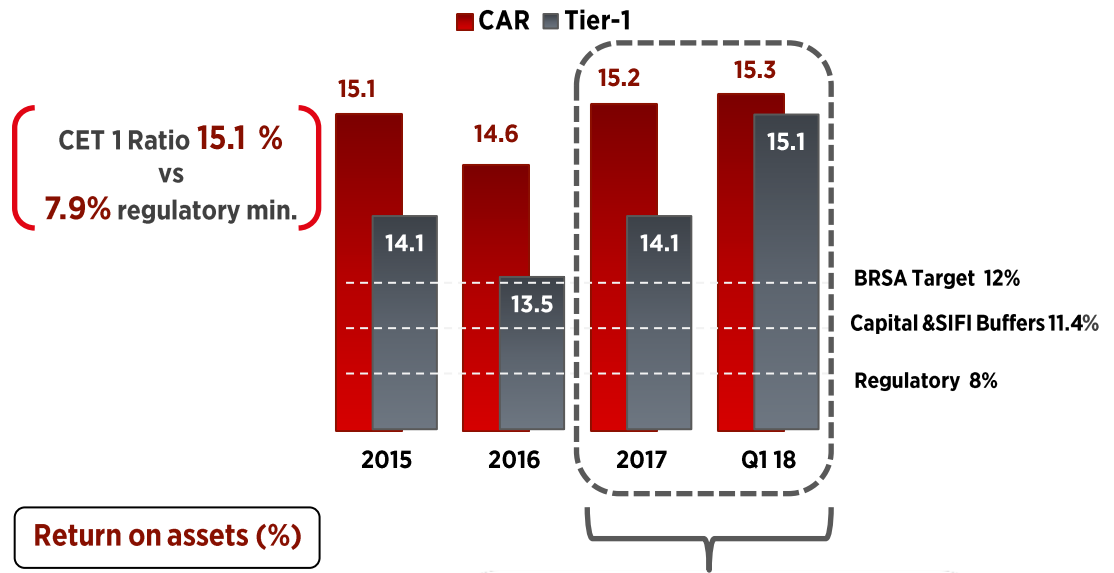
(3) CoR: Provisions for Loan Losses-Reversals / Average Loan Amount

Profitability & Capitalization

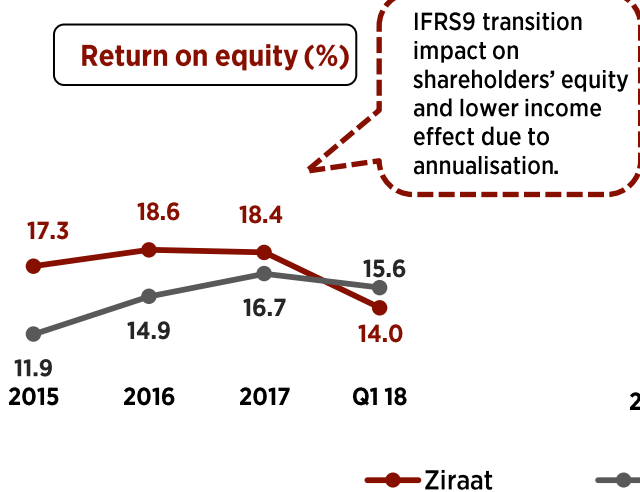
Net Profit (TL mn)



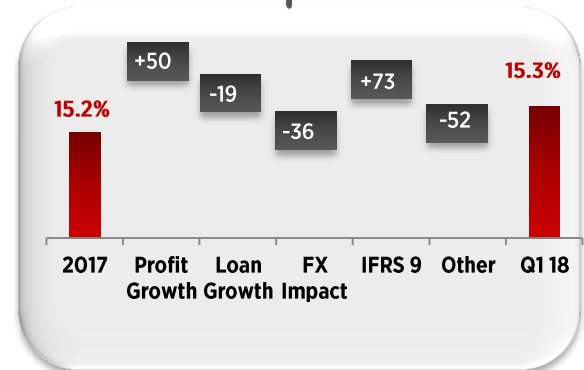
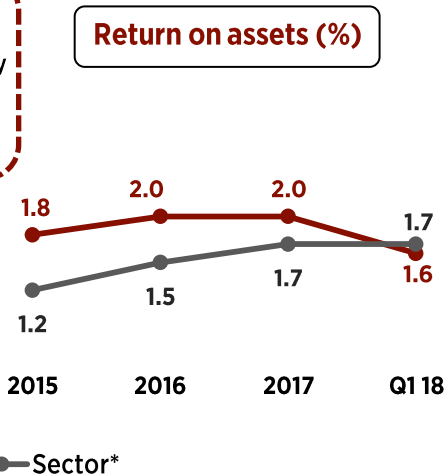
Capital Ratios (%)



Return on equity (%)

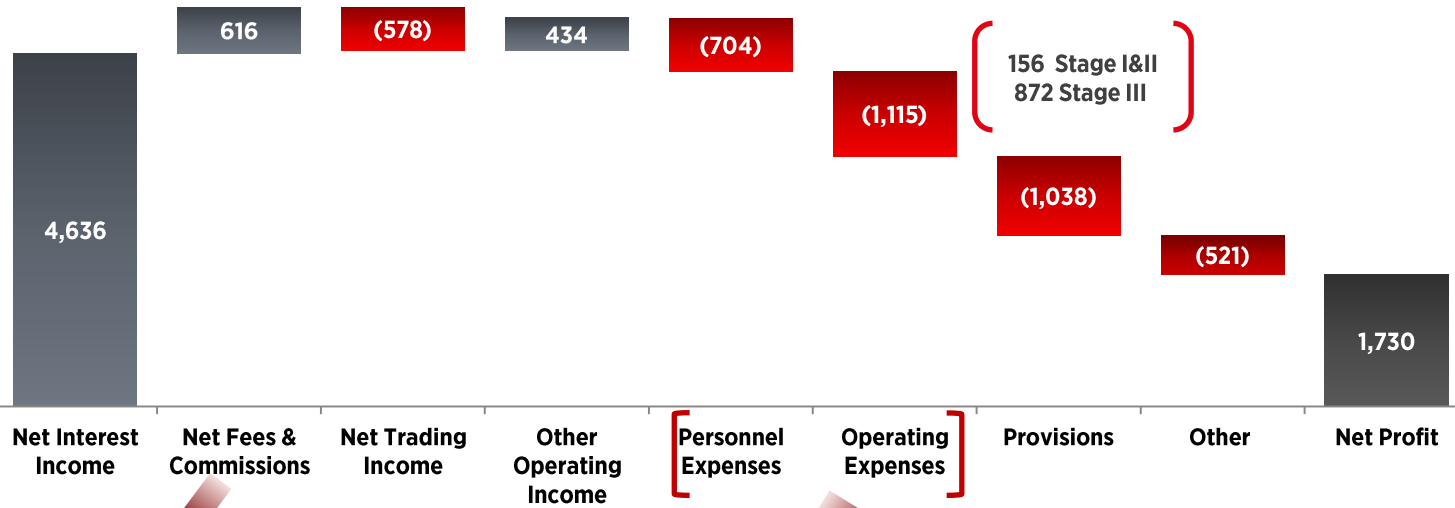


Return on assets (%)



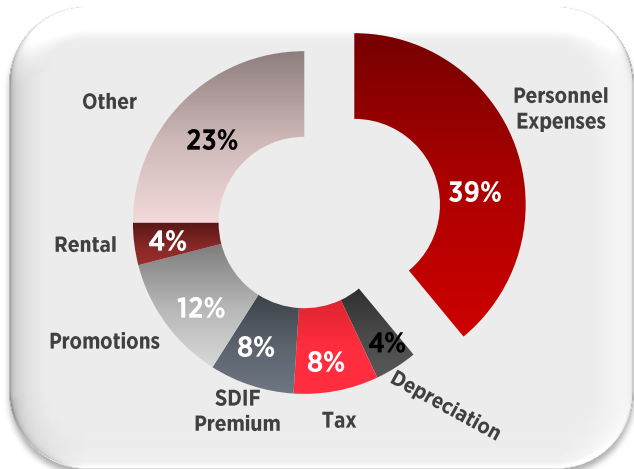
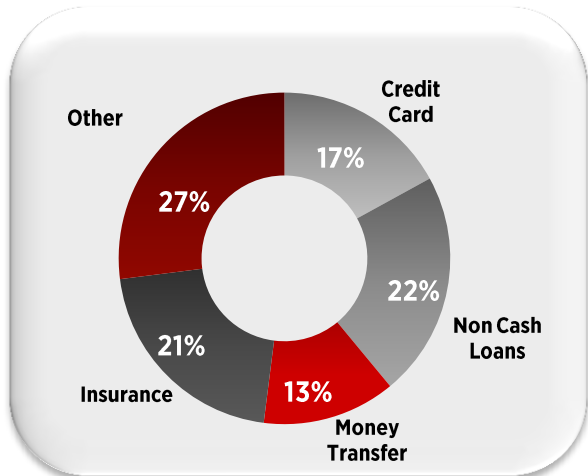
Profitability

P&L Breakdown (TL mn)



156 Stage I&II
872 Stage III

Net Fees & Commissions growth:
YoY 23.7%
QoQ Flat

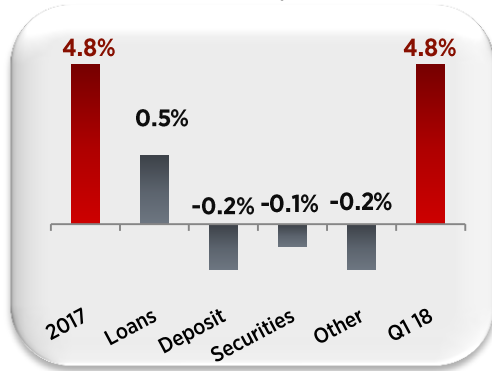
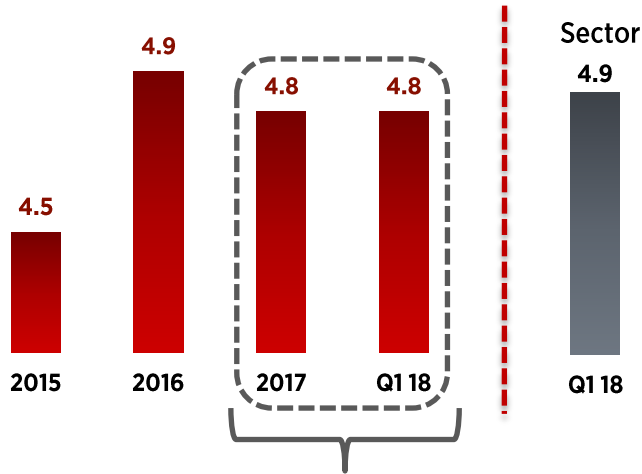


OPEX growth:
YoY 25.6%
QoQ 7.7%

HR related cost growth:
YoY 12.1%
QoQ 11.8%

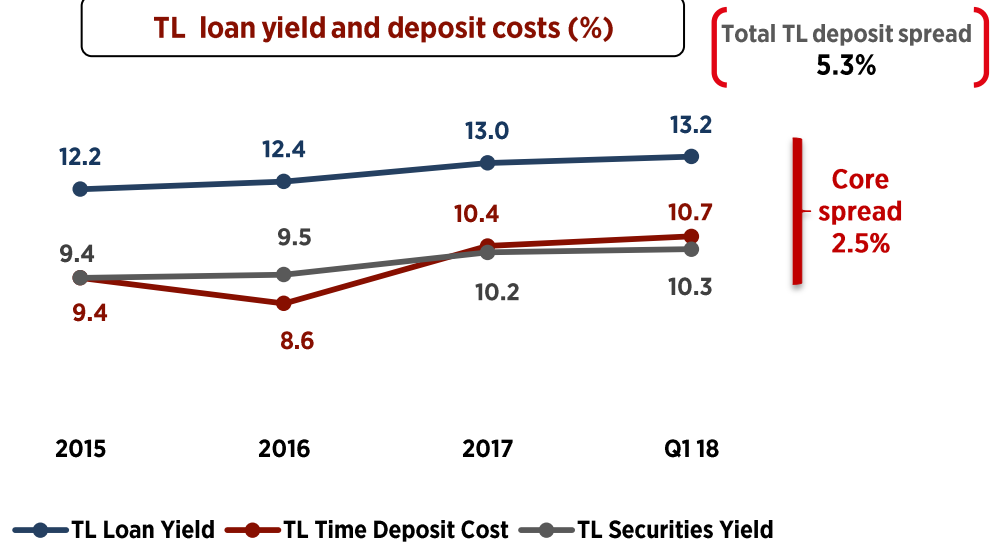
NIM & Spreads

Net Interest margin (NIM cum. %)

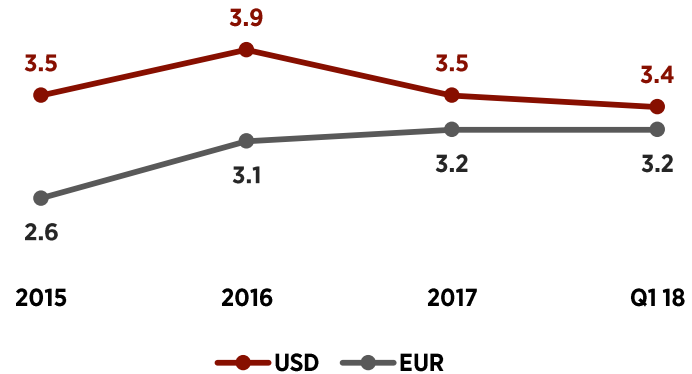


*NIM = Net Interest Earnings / Av. IEA
Sector: Deposit banks

TL loan yield and deposit costs (%)



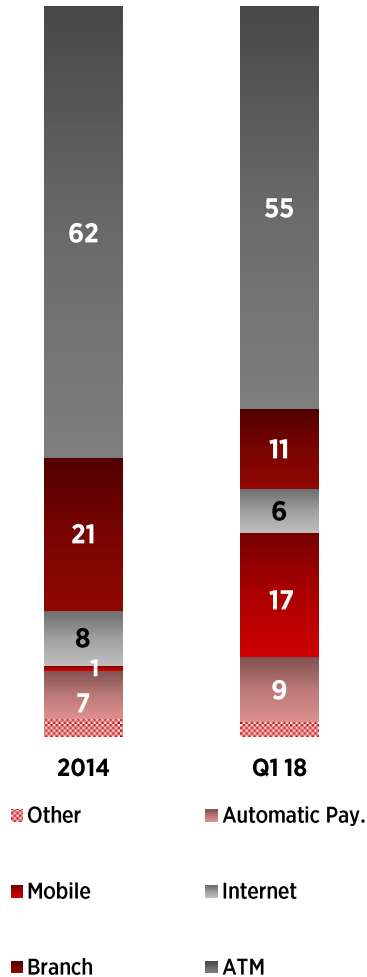
FX spreads* (%)



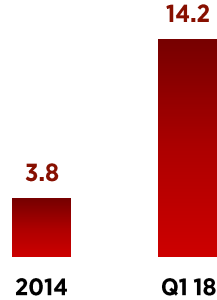
*Loan FX- Time Deposit FX

Efficiency

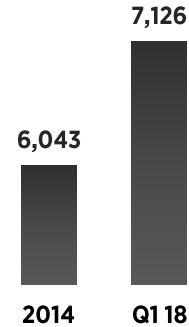
Banking Transaction Channel Distribution (%)



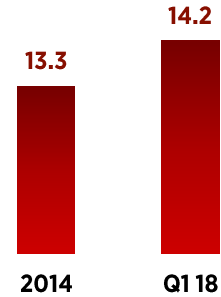
of customers having internet banking (mn)



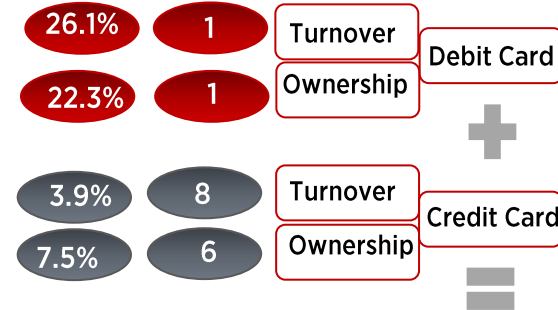
Number of ATMs



ATM Market share (%)



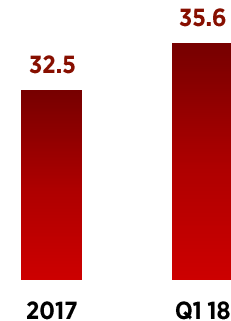
Marketshare Ranking



44% decrease in average transaction cost in 2017

Channel optimization

Cost/Income ratio



Lower annualised profit and accounting impact of promotion payments to pensioners

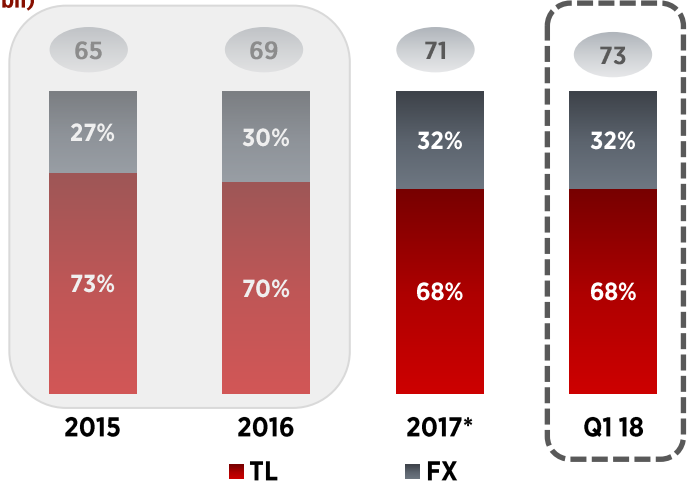
89% of banking transactions through non-branch channels



Securities Portfolio

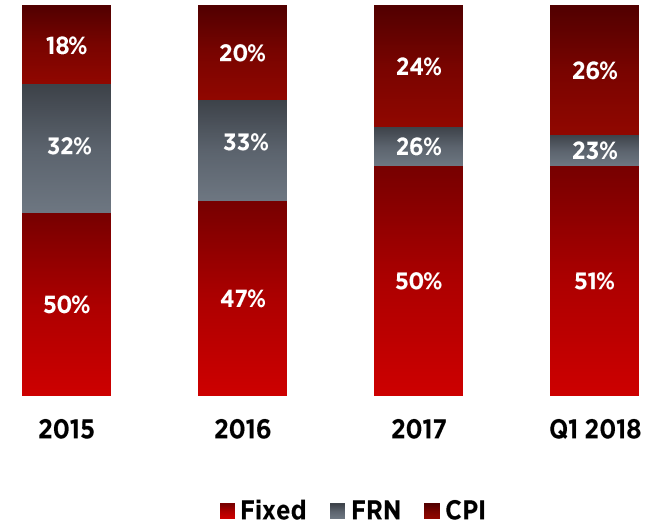
Total Securities (% share in total)

Total Amount (TL bn)



* 01 Jan 2018 financial figures for comparison purposes

Breakdown of TL securities* (% share in total)



*Interest accruals excluded.

Financial Assets Measured at FVTPL+Financial Assets Measured at FVOCI: **91%**
Financial Assets Measured at Amortised Cost: **9%**

Change in CPI Linker Valuation Methodology in Q1 18

From realised inflation to expected inflation methodology in order to decrease quarterly fluctuations

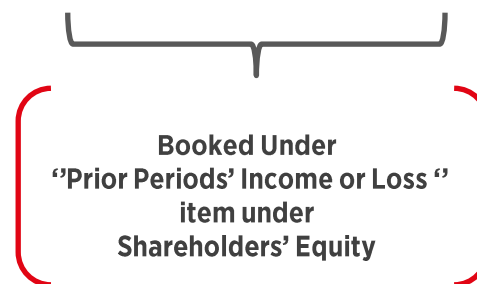
Calculation is based on 8.5% YE CPI expectation
1% increase in CPI has TL 280 mn impact on P&L

CPI Linker income:
Q1 18 TL 450 mn
vs
Q1 17 626 mn

APPENDIX

IFRS 9 Impact on Loan Provisions

(TL mn)	31 Dec. 2017	Reclassification and Valuation	1 Jan. 2018
Expected Credit Losses	9,258	-5,047	4,211
Stage I	4,511	-3,993	518
Stage II	198	-73	125
Stage III	4,548	-982	3,567
Financial Assets	94	-76	19
Non-Cash Loans	726	-432	294
Stage I & II	588	-462	125
Stage III	138	31	169
TOTAL	10,079	-5,555	4,524



 Booked Under
 "Prior Periods' Income or Loss"
 item under
 Shareholders' Equity

Balance Sheet Summary

			IFRS9			
TL mn	2015	2016	TL mn	2017*	Q1 18	% Change QoQ
CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	36,535	39,167	CASH AND CASH EQUIVALENTS	48,571	52,904	8.9%
BANKS	4,447	3,902				
SECURITIES	63,943	67,399	SECURITIES	70,628	73,230	3.7%
LOANS	186,813	232,644	LOANS	298,033	312,877	5.0%
-Gross NPL	3,141	4,217	-Gross NPL	4,774	5,354	12.1%
-Specific Provisions (-)	2,271	3,966	-Expected Credit Loss (-)	4,211	4,542	7.9%
OTHERS	11,110	14,649	OTHERS	17,042	18,424	6.1%
TOTAL ASSETS	302,848	357,761	TOTAL ASSETS	434,596	457,764	5.3%
DEPOSITS	186,469	223,019	DEPOSITS	266,384	282,933	6.2%
FUNDS BORROWED	19,543	22,817	FUNDS BORROWED	29,065	32,497	11.8%
INTERBANK MONEY MARKET	43,086	47,212	INTERBANK MONEY MARKET	56,258	55,995	-0.5%
PROVISIONS	5,161	6,053	PROVISIONS	3,283	3,322	1.2%
SHAREHOLDERS' EQUITY	31,546	38,382	SHAREHOLDERS' EQUITY	52,531	53,640	2.1%
OTHERS	17,043	20,278	OTHERS	27,075	29,377	8.5%

* 01 Jan 2018 financial figures for comparison purposes

Source: Unconsolidated Financial Statements

Income Statement Summary

						IFRS9			
TL mn	2015	2016	Q1 2017	Q4 2017	2017	TL mn	Q1 18	% Change QoQ	% Change YoY
INTEREST INCOME	22,050	27,291	8,205	9,835	35,463	INTEREST INCOME	10,069	2.4%	22.7%
-From Loans	16,677	21,512	6,255	7,917	28,357	-From Loans	8,276	4.5%	32.3%
-From Securities	5,197	5,488	1,691	1,714	6,193	-From Securities	1,560	-9.0%	-7.7%
INTEREST EXPENSE	11,542	13,342	3,896	5,188	18,561	INTEREST EXPENSE	5,433	4.7%	39.5%
-On Deposits	8,668	9,911	2,644	3,471	12,249	-On Deposits	3,534	1.8%	33.7%
NET INTEREST INCOME	10,509	13,948	4,309	4,647	16,902	NET INTEREST INCOME	4,636	-0.2%	7.6%
NET FEES & COMMISSIONS	1,300	1,643	499	614	2,217	NET FEES & COMMISSIONS	616	0.3%	23.4%
-Fees and Commissions Received	1,637	2,023	601	742	2,673	-Fees and Commissions Received	750	1.1%	24.8%
-Fees and Commissions Paid	337	380	101	128	456	-Fees and Commissions Paid	134	4.7%	32.7%
						Personnel Expenses	704	-	-
OTHER OPERATING INCOME	1,340	1,555	417	340	1,378	OTHER OPERATING INCOME	434	27.6%	4.1%
OPEX	5,208	5,303	1,516	1,666	6,490	OPEX	1,115	-	-
NET OPERATING PROFIT	6,568	8,569	2,847	2,073	10,287	NET OPERATING PROFIT	2,252	8.6%	-20.9%
NET PROFIT	5,162	6,576	2,170	1,433	7,940	NET PROFIT	1,730	20.7%	-20.3%

Source: Unconsolidated Financial Statements

Key Financial Ratios

(%)	2015	2016	2017	Q1 18
ROAA	1.8	2.0	2.0	1.6
ROAE	17.3	18.6	18.4	14.0
Cost / Income Ratio	39.5	30.8	32.5	35.6
NIM (cum.)	4.5	4.9	4.8	4.8
Loans ⁽¹⁾⁽²⁾ /Deposits	97.1	101.7	109.7	108.5
Loans/Assets	61.7	65.0	68.7	68.5
Securities/Assets	21.1	18.8	16.3	16.0
NPL	1.7	1.8	1.6	1.7
Coverage ⁽²⁾	78.8	100.0	100.0	96.9
CoR	0.8	1.6	0.8	1.0
CAR	15.1	14.6	15.2	15.3
Leverage ⁽³⁾	8.6	8.3	8.2	7.6
# of				
Branches	1,812	1,814	1,781	1,780
Employees	25,697	25,015	24,554	24,681
ATMs	6,566	6,869	7,085	7,126

(1) Performing Loans

(2) Intermediated loans of public funds are excluded

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

For further information please contact

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