

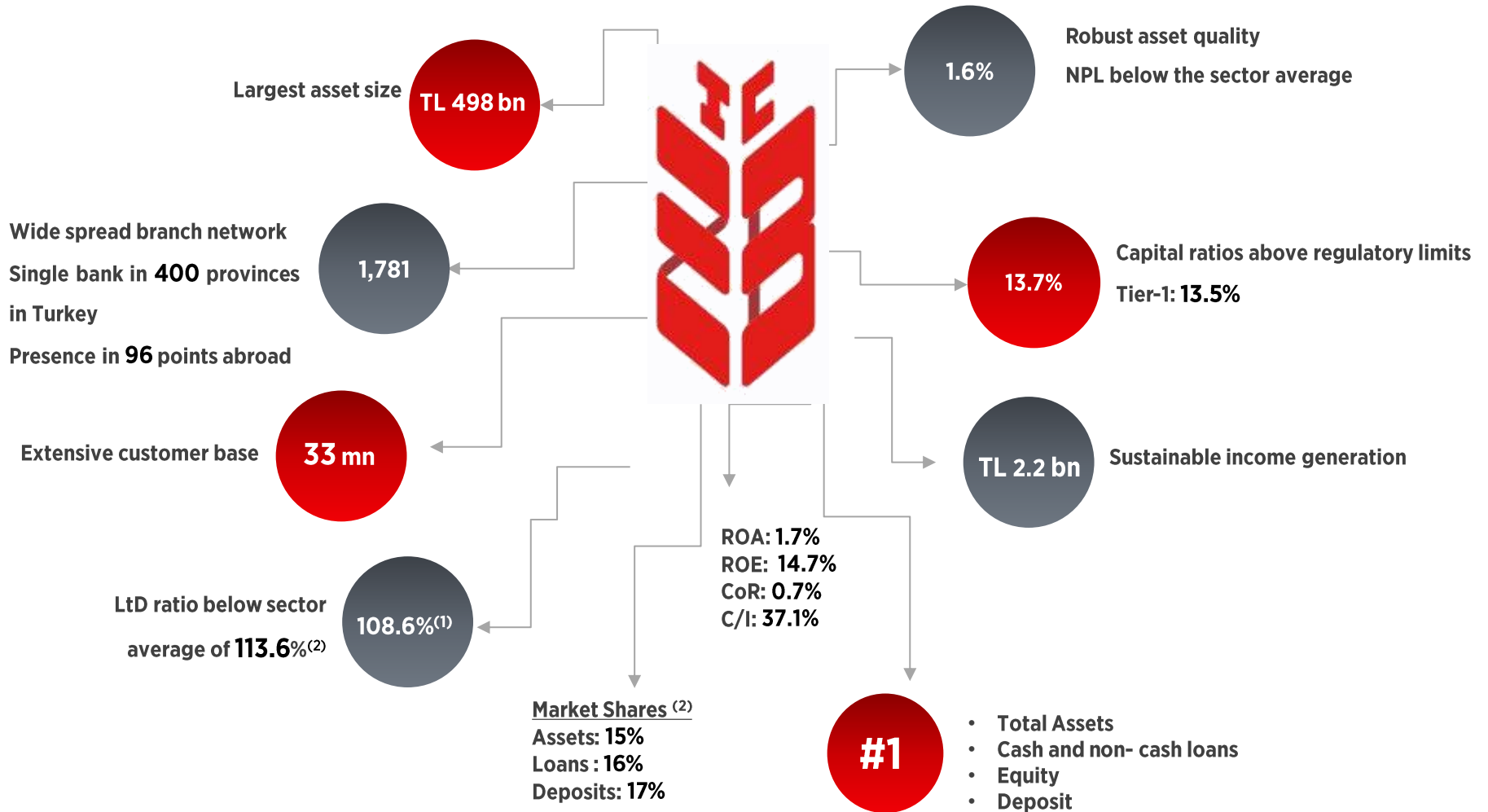
Financials Presentation
June 2018



Ziraat Bank

More than a bank

Ziraat Highlights



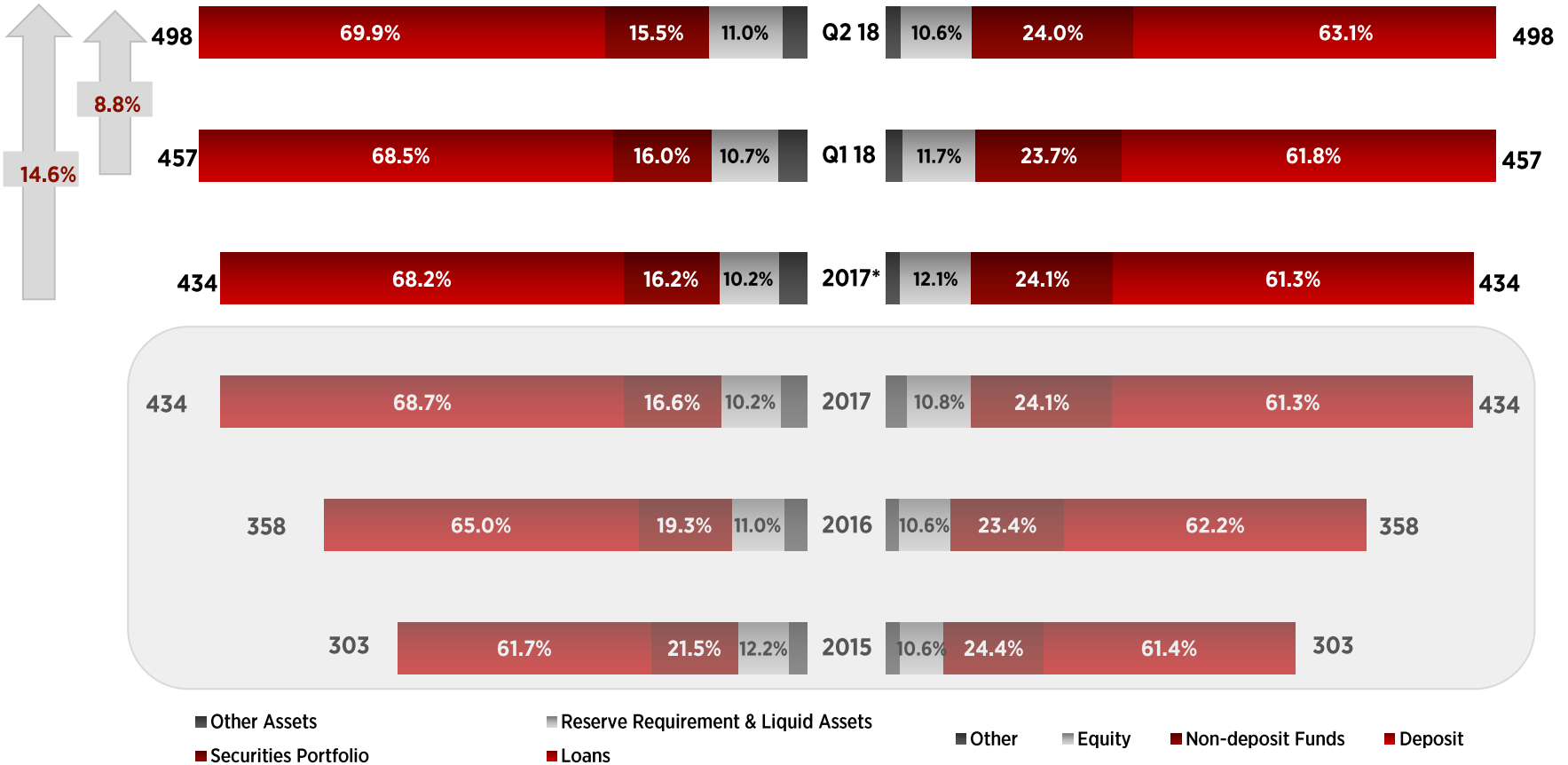
(1) Excluding intermediated loans for public funds

(2) Deposit banks

Assets & Liabilities Composition

Assets

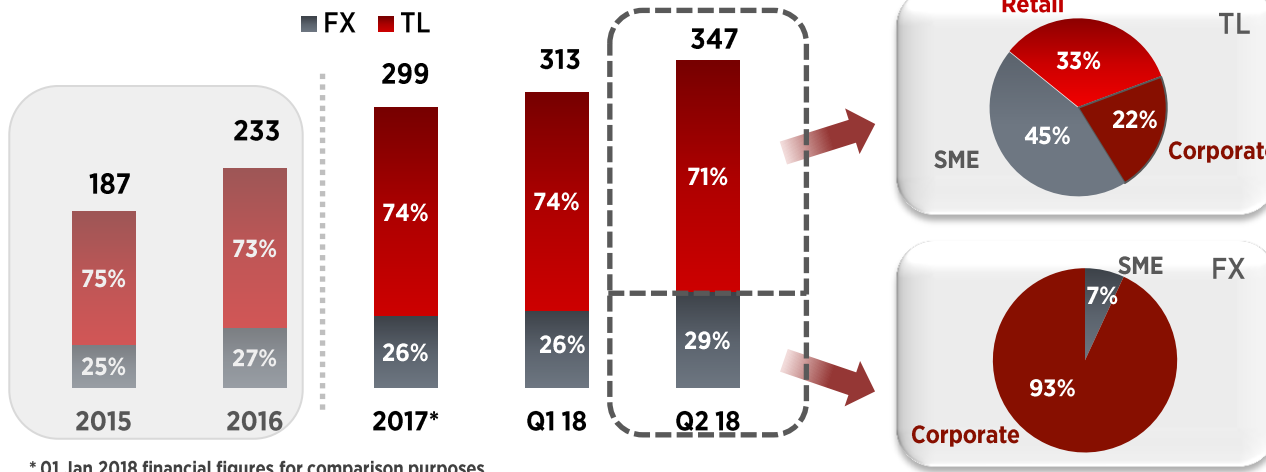
Liabilities



* 01 Jan 2018 financial figures for comparison purposes

Lending

Total Loans (TL bn, % share in total)

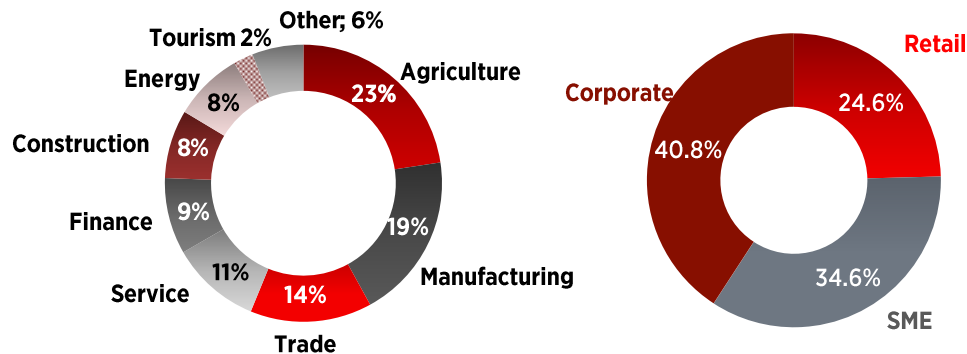


* 01 Jan 2018 financial figures for comparison purposes

	QoQ Δ	Ytd Δ
Total Loans	11.0%	16.5%
TL	6.4%	10.8%
FX	23.7%	33.0%
FX(\$)	6.8%	10.1%
Retail	5.0%	6.8%
Housing	9.1%	12.2%
SME	6.7%	11.1%
Corporate	18.8%	40.0%

* Performing loans only

Breakdown of Cash Loans, Q2 18



* Of non-retail loans

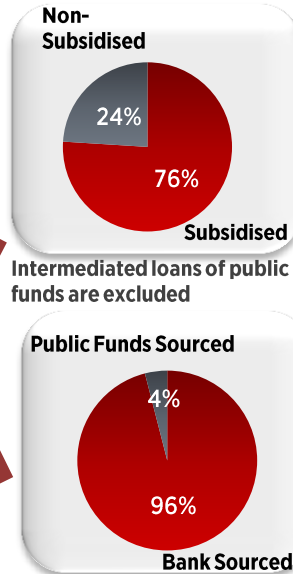
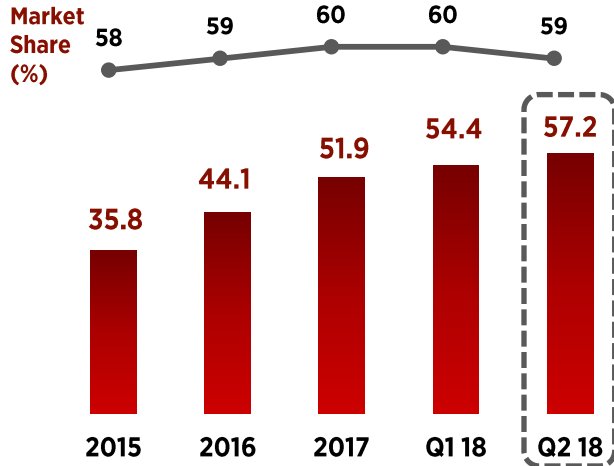
* Accruals, intermediated loans of public funds and foreign branch lending are excluded

- No strategy change in sector and segment distribution.
- Allocation change among sectors mainly due to FX impact

- (FX Loan/ Total Loan :29% vs 34% sector average)
- 10.6% Ytd FX adjusted loan growth in line with budget

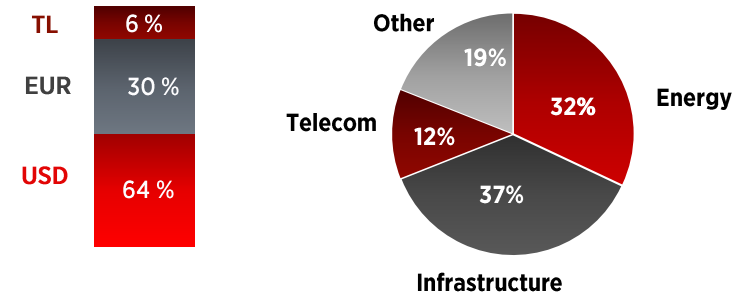
Lending

Agricultural Loans (TL bn)



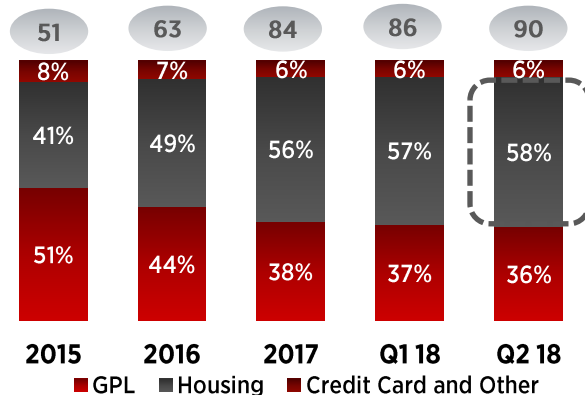
Project Finance Loans, Q2 18

USD 9.1 bn cash
USD 0.6 bn non-cash



- Long track record in agricultural sector
- Financing whole agro value chain
- Strategy to focus on agro industry
- 1.1%⁽¹⁾ agricultural NPL in Q2 18

Retail Loans⁽²⁾ (TL bn% share in total)



Sector: Deposit banks

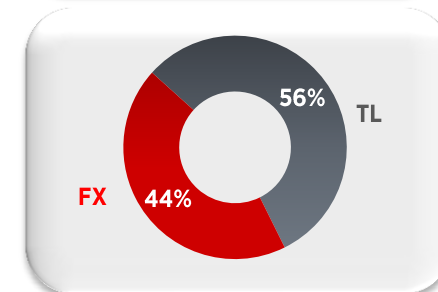
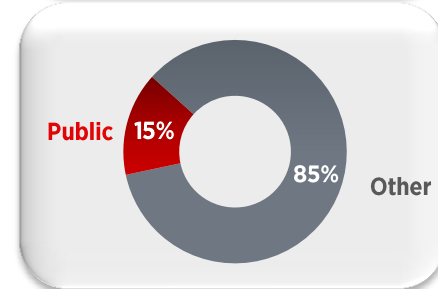
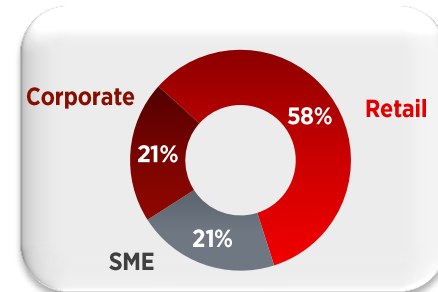
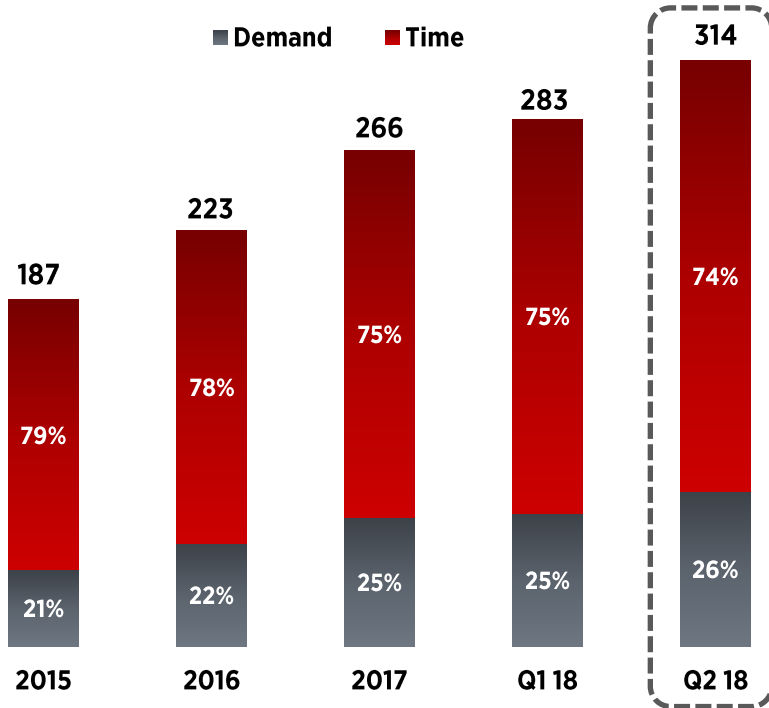
- (1) Intermediated loans of public funds are excluded
(2) Accruals, intermediated loans of public funds and foreign branch lending are excluded

Housing Loans

- Sustainable growth in housing loans:
YE 15: TL 19.2 bn , 17.1% market share
Q2 18 2018: TL 48.9 bn, 28.2% market share
- Long term relationship with customers
- Cross selling initiatives and additional fee & commission income
- 10 extra products to a housing loan client
- 120 bps additional return
- High asset quality & strong collateralization
- 0.1% housing NPL ratio, 56% LTV ratio

Funding

Total Deposit (TL bn, % share in total)

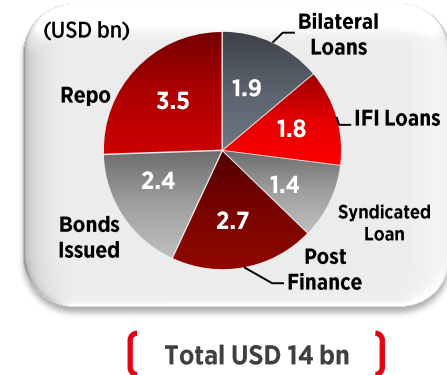
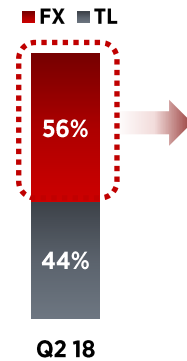
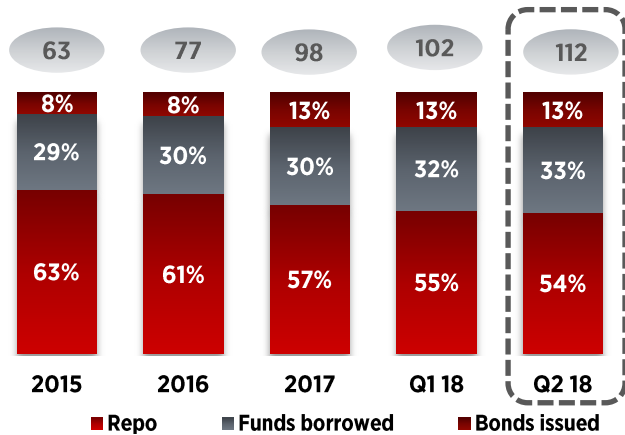


	QoQ Δ	YtD Δ
Total Deposit	11.0%	17.9%
TL	6.2%	9.5%
FX	17.9%	30.9%
FX(\$)	1.8%	8.4%
Demand	16.2%	20.6%
Time	9.3%	17.0%

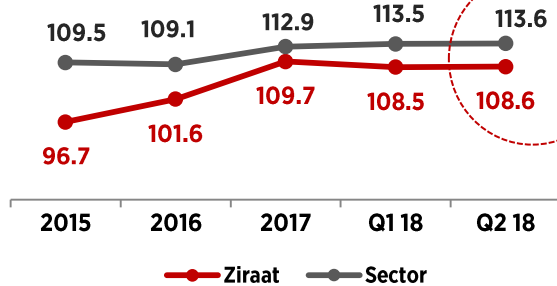
10.1% YtD FX adjusted deposit growth in line with budget

Funding

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

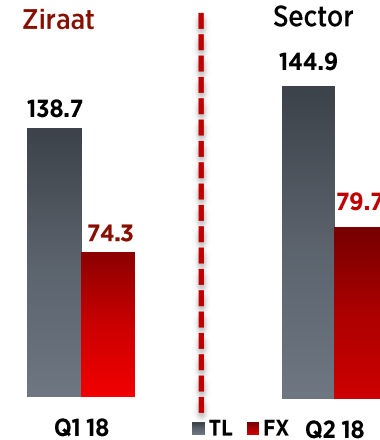


Loan to Deposit⁽¹⁾ (%)



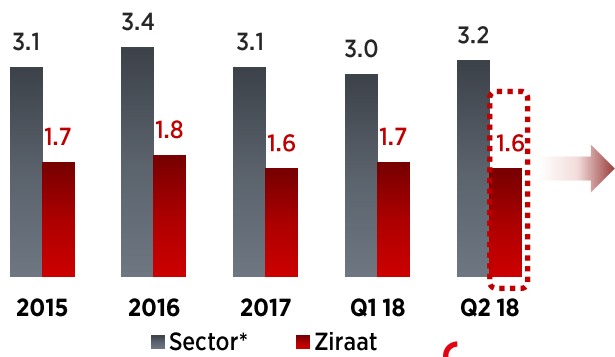
Balanced loan and deposit growth, stable LtD which is below sector average

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



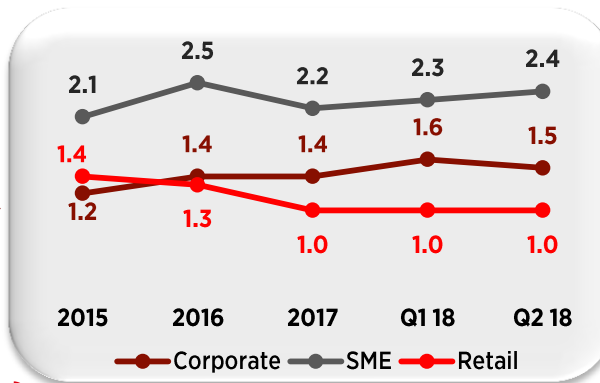
Asset Quality

NPL (%)



(*) Deposit banks

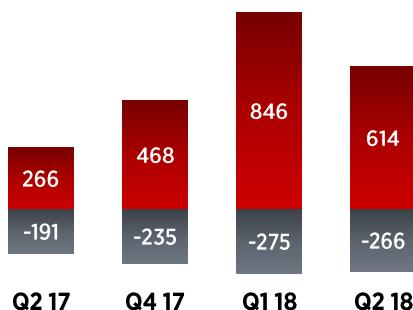
No NPL sale



Stage III Coverage ratio⁽¹⁾ **80.9%**
 Total coverage ratio⁽¹⁾ **96.6%**
 Total cash coverage ratio⁽²⁾ **124.0%**
 Stage II Loans/Total Loans **3.8%**
 Restructured Loans*/Total Loans **3.0%**

(*) According to new BRSA regulation defining restructured loans published on 2 March 2018, restructured loan amount between 1 January-30 June 2018 is TL 708 mn

New NPL & Collections (TL mn)

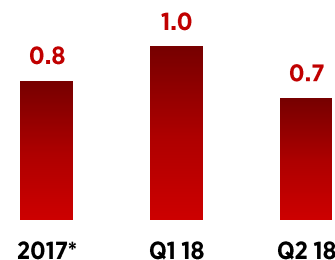


■ New NPL
 ■ Collections & Other*

*Other includes restructured NPLs

Asset quality preserved with lower NPL formation and higher collection capabilities, which contributed to lower CoR

CoR (%)⁽³⁾

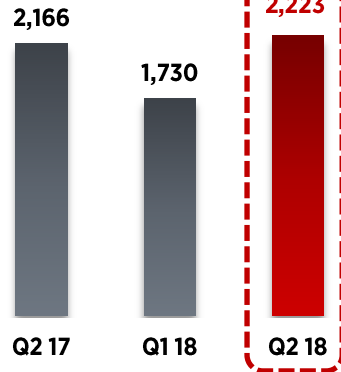


Ziraat Bank

(1) Excluding intermediated loans for public funds
 (2) Excluding intermediated loans for public funds and including TL 1.500 mn free provisions
 (3) CoR: Expected Credit Loss-Reversals /Average Loan Amount

Profitability & Capitalization

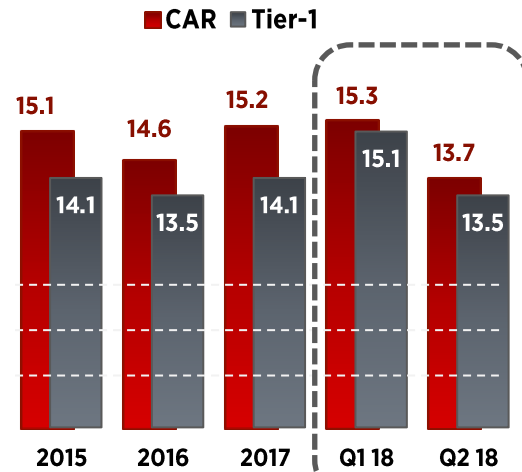
Net Profit (TL mn)



Growth:
QoQ 28.5%
YoY 2.6%

C/I:
37.1% in Q2 18
vs
35.6% in Q1 18

Capital Ratios (%)

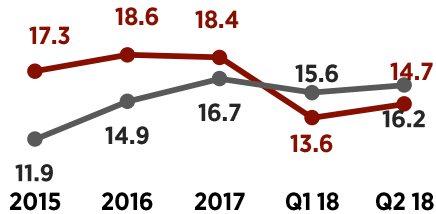


CET 1 Ratio **13.5 %**
vs
7.9% regulatory min.

Basel III Leverage **8.3%**
vs
3.0% regulatory min.

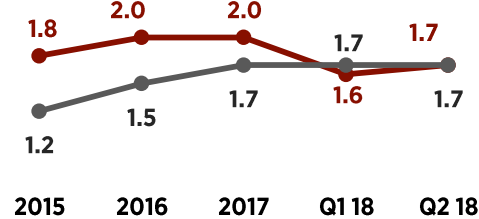
BRSA Target 12%
Capital & SIFI Buffers 11.4%
Regulatory 8%

Return on Equity (%)



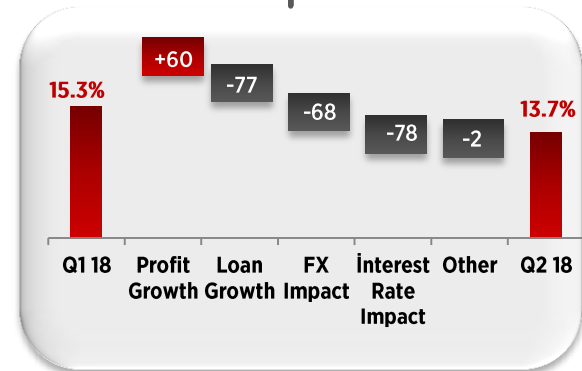
—●— Ziraat

Return on Assets (%)



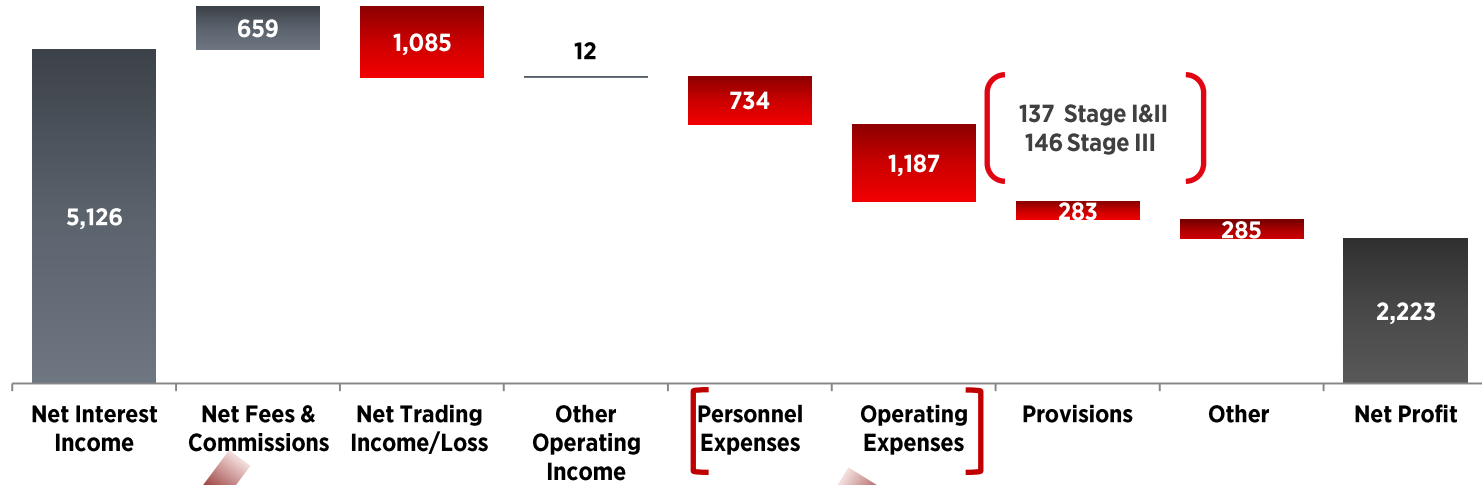
—●— Sector*

Sector: Deposit banks

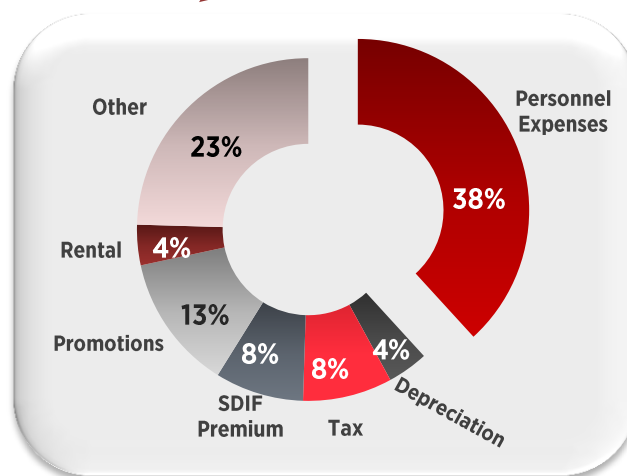
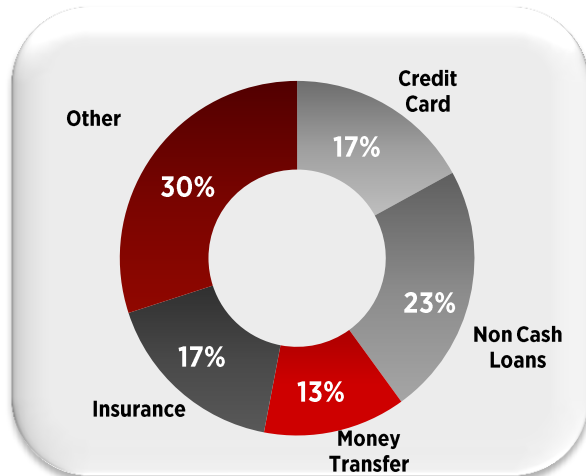


Profitability

P&L Breakdown, Q2 18 (TL mn)



Net Fees & Commissions growth:
YoY 18.4%
QoQ 6.9%

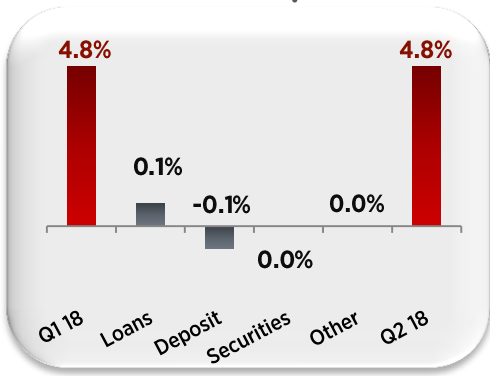
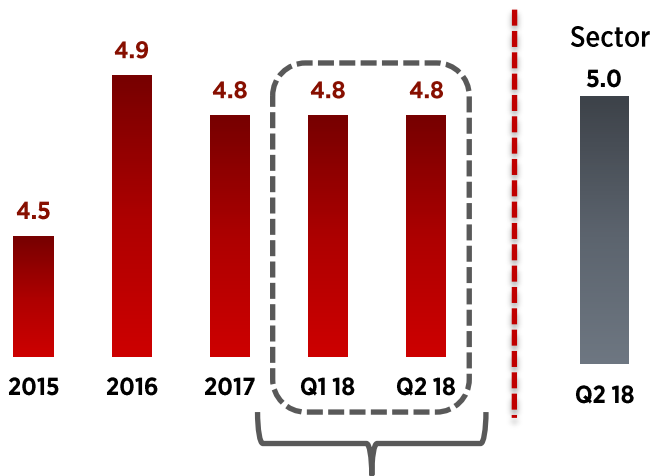


OPEX growth:
YoY 8.6%
QoQ 6.5%

HR related cost growth:
YoY 16.0%
QoQ 4.3%

NIM & Spreads

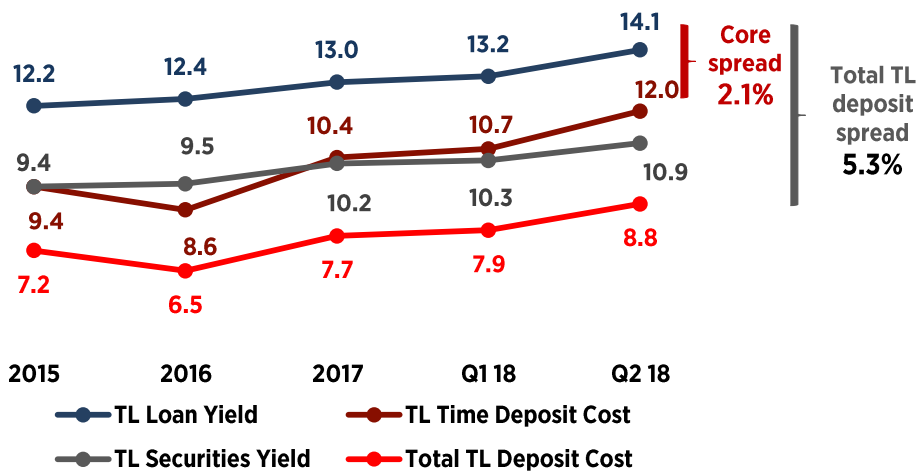
Net Interest Margin (NIM cum. %)



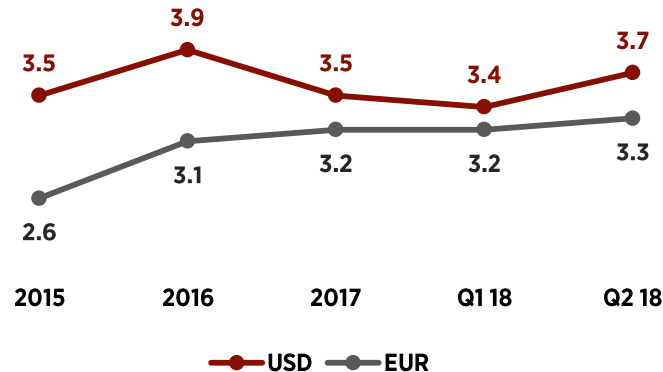
Swap Adjusted NIM:
4.2% in Q2 18
 vs
4.3% in Q1 18

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

TL Yield and Deposit Costs (%)



FX spreads* (%)

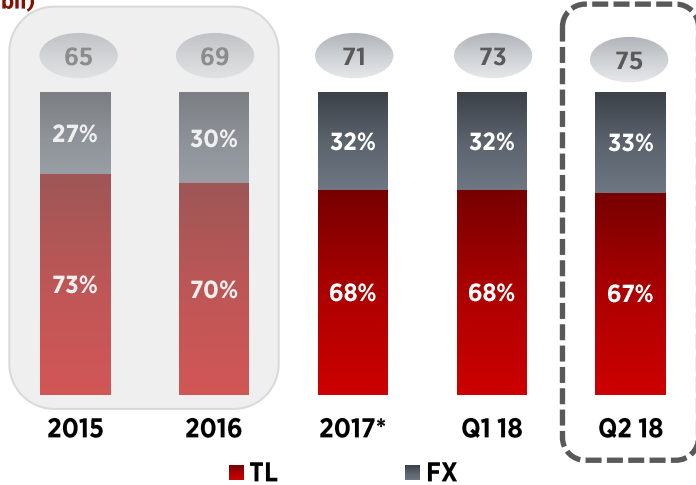


*Loan FX- Time Deposit FX

Securities Portfolio

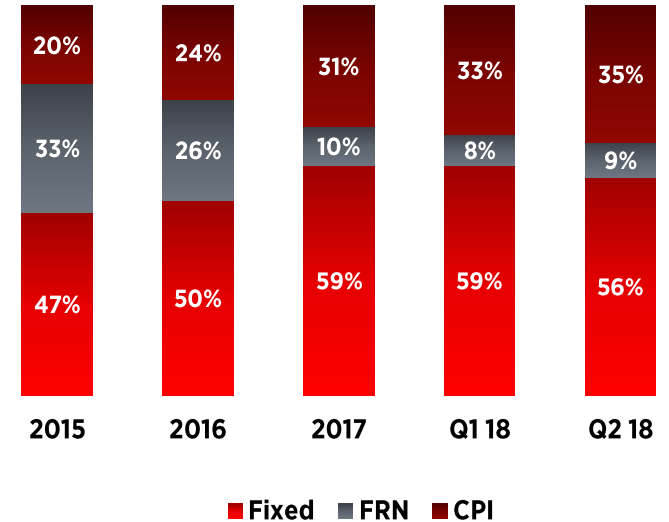
Total Securities (% share in total)

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: **92%**
Financial Assets Measured at Amortised Cost: **8%**

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

CPI Linker income:

Q1 18 : **TL 450 mn**
Q2 18 : **TL 440 mn**

YE 18 : **+TL 800 mn**
(estimated additional income from realised- expected inflation calculation)

APPENDIX

Balance Sheet Summary

			IFRS9						
TL mn	2015	2016	TL mn	2017*	Q1 18	Q2 18	% Change QoQ	% Change YtD	
CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	36,535	39,167	CASH AND CASH EQUIVALENTS	48,571	52,904	54,549	3.1%	12.3%	
BANKS	4,447	3,902							
SECURITIES	63,943	67,399	SECURITIES	70,628	73,230	75,152	2.6%	6.4%	
LOANS	186,813	232,644	LOANS	298,033	312,877	347,200	11.0%	16.5%	
-Gross NPL	3,141	4,217	-Gross NPL	4,774	5,354	5,704	6.5%	19.5%	
-Specific Provisions (-)	2,271	3,966	-Expected Credit Loss (-)	4,211	4,693	5,284	12.6%	25.5%	
OTHERS	11,110	14,649	OTHERS	17,042	18,358	20,672	12.6%	21.3%	
TOTAL ASSETS	302,848	357,761	TOTAL ASSETS	434,596	457,369	497,573	8.8%	14.5%	
DEPOSITS	186,469	223,019	DEPOSITS	266,384	282,933	314,103	11.0%	17.9%	
FUNDS BORROWED	19,543	22,817	FUNDS BORROWED	29,065	32,497	37,608	15.7%	29.4%	
INTERBANK MONEY MARKET	43,086	47,212	INTERBANK MONEY MARKET	56,258	55,995	60,007	7.2%	6.7%	
PROVISIONS	5,161	6,053	PROVISIONS	3,283	3,322	3,246	-2.3%	-1.1%	
SHAREHOLDERS' EQUITY	31,546	38,382	SHAREHOLDERS' EQUITY	52,531	53,640	52,749	-1.7%	0.4%	
OTHERS	17,043	20,278	OTHERS	27,075	28,982	29,860	3.0%	10.3%	

Income Statement Summary

					IFRS9				
TL mn	2015	2016	Q2 17	2017	TL mn	Q1 18	Q2 18	% Change QoQ	% Change YoY
INTEREST INCOME	22,050	27,291	8,618	35,463	INTEREST INCOME	10,069	11,339	12.6%	31.6%
-From Loans	16,677	21,512	6,810	28,357	-From Loans	8,276	9,385	13.4%	37.8%
-From Securities	5,197	5,488	1,561	6,193	-From Securities	1,560	1,736	11.3%	11.2%
INTEREST EXPENSE	11,542	13,342	4,534	18,561	INTEREST EXPENSE	5,433	6,212	14.3%	37.0%
-On Deposits	8,668	9,911	2,914	12,249	-On Deposits	3,534	4,016	13.6%	37.8%
NET INTEREST INCOME	10,509	13,948	4,084	16,902	NET INTEREST INCOME	4,636	5,126	10.6%	25.5%
NET FEES & COMMISSIONS	1,300	1,643	556	2,217	NET FEES & COMMISSIONS	616	659	7.0%	18.5%
-Fees and Commissions Received	1,637	2,023	663	2,673	-Fees and Commissions Received	750	828	10.4%	24.9%
-Fees and Commissions Paid	337	380	107	456	-Fees and Commissions Paid	134	170	26.9%	58.9%
					Personnel Expenses	704	734	4.3%	-
OTHER OPERATING INCOME	1,340	1,555	317	1,378	OTHER OPERATING INCOME	434	12	-97.2%	-96.2%
OPEX	5,208	5,303	1,723	6,490	OPEX	1,115	1,187	6.5%	-
NET OPERATING PROFIT	6,568	8,569	2,701	10,287	NET OPERATING PROFIT	2,252	2,780	23.4%	2.9%
NET PROFIT	5,162	6,576	2,166	7,940	NET PROFIT	1,730	2,223	28.5%	2.6%

Source: Unconsolidated Financial Statements

Key Financial Ratios

(%)	2015	2016	2017	Q1 18	Q2 18
ROAA	1.8	2.0	2.0	1.6	1.7
ROAE	17.3	18.6	18.4	13.6	14.7
Cost / Income Ratio	39.5	30.8	32.5	35.6	37.1
NIM (cum.)	4.5	4.9	4.8	4.8	4.8
Loans ⁽¹⁾⁽²⁾ /Deposits	97.1	101.7	109.7	108.5	108.6
Loans/Assets	61.7	65.0	68.7	68.5	69.9
Securities/Assets	21.1	18.8	16.3	16.0	15.5
NPL	1.7	1.8	1.6	1.7	1.6
Coverage ⁽²⁾	78.8	100.0	100.0	96.9	96.6
CoR	0.8	1.6	0.8	1.0	0.7
CAR	15.1	14.6	15.2	15.3	13.7
Leverage ⁽³⁾	8.6	8.3	8.2	7.6	8.4
# of					
Branches	1,812	1,814	1,781	1,780	1,781
Employees	25,697	25,015	24,554	24,681	24,572
ATMs	6,566	6,869	7,085	7,126	7,171

(1) Performing Loans

(2) Intermediated loans of public funds are excluded

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

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