

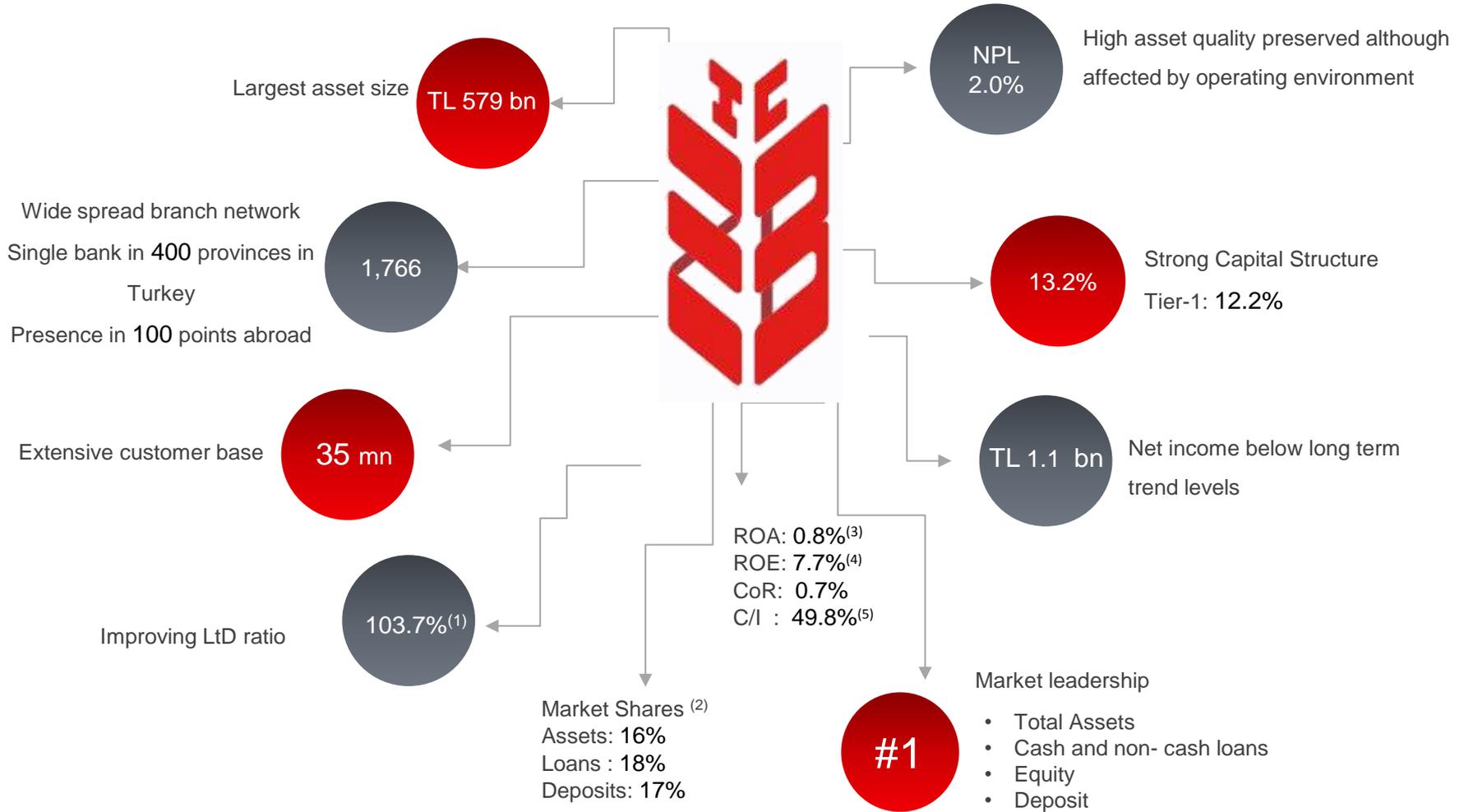
**Financials Presentation
March 2019**



Ziraat Bank

More than a bank

Ziraat Highlights



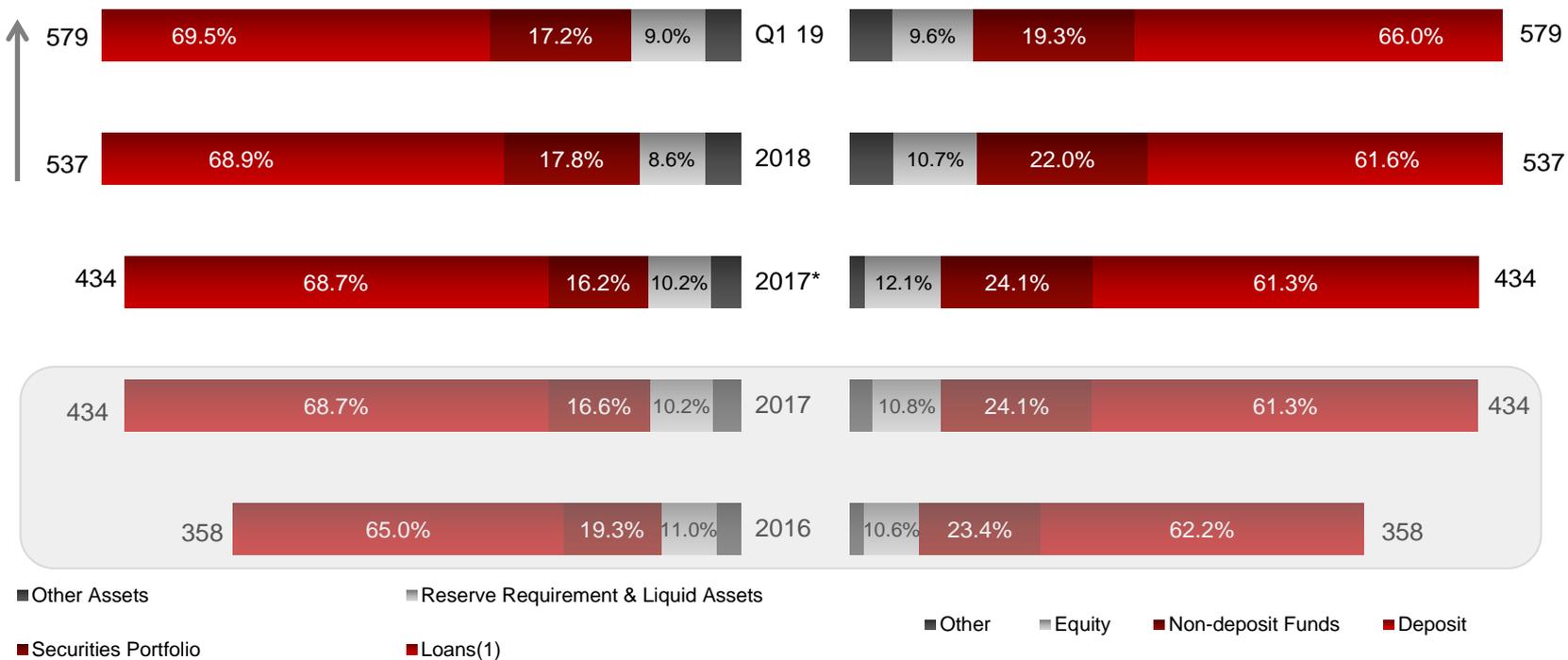
(1) Performing Loans/Total Loans (Excluding intermediated loans for public funds)
 (2) Deposit banks
 (3) Average total assets represent weekly averages.
 (4) Average shareholders' equity represent weekly averages.
 (5) Includes dividend income

Assets & Liabilities Composition

Assets

Liabilities

7.9%
5.4%
(FX adj.)

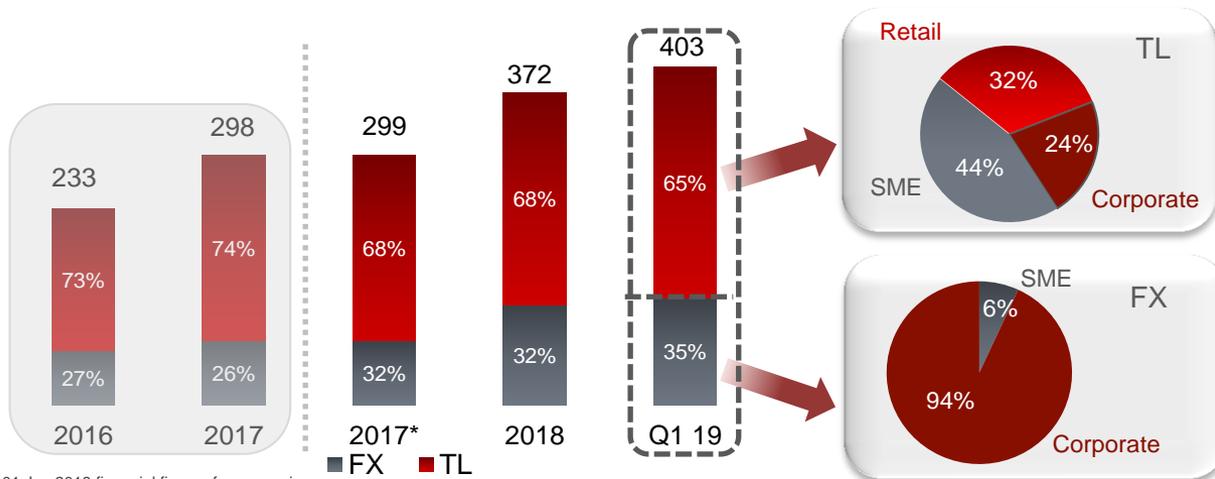


(1) Performing loans only

• 01 Jan 2018 financial figures for comparison purposes

Lending

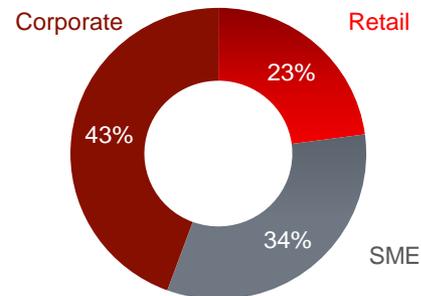
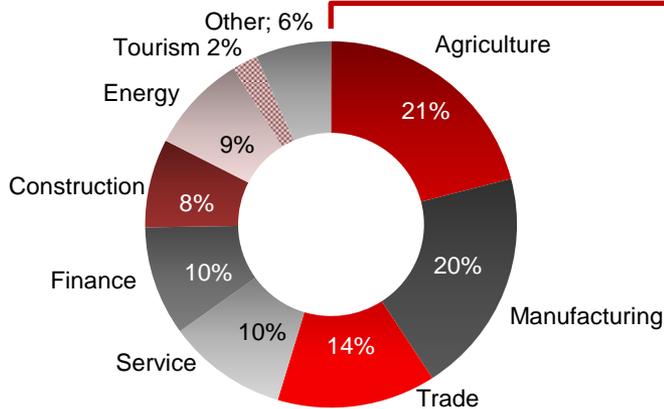
Total Loans⁽¹⁾ (TL bn, % share in total)



* 01 Jan 2018 financial figures for comparison purposes

	QoQ Δ	YoY Δ
Total Loans	8.2%	28.6%
Total Loans (FX adj.)	6.1%	16.2%
TL	9.0%	19.4%
FX(\$)	-0.1%	8.8%
Retail	7.4%	13.1%
Housing	1.0%	7.5%
SME	7.2%	18.8%
Corporate	9.7%	45.1%
Corp. FX Adj.	5.5%	17.9%

Breakdown of Cash Loans, Q1 19



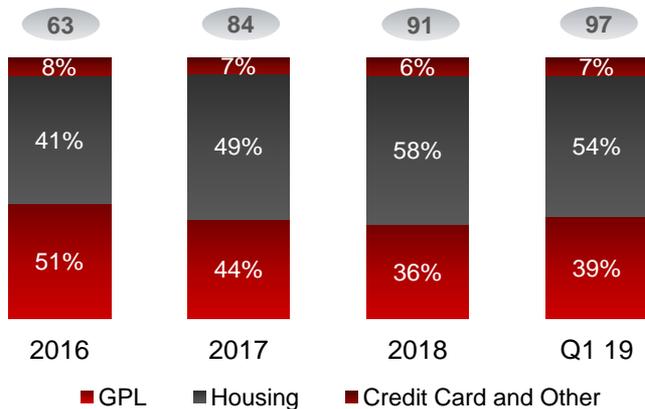
FX Loans/ Total Loans
32% vs 37% sector⁽²⁾
average

- 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: **30%**

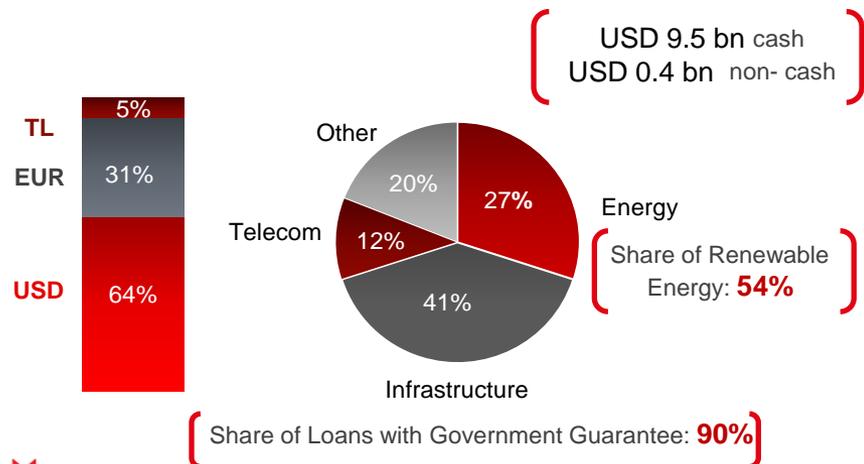
GPL Market Share: **17%**

- GPL driven retail loan growth
50% of GPLs 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, 57% LTV*

*Marginal LTV in 2018

Project Finance Loans, Q1 2019



Young Farmers Academy launched in 2018

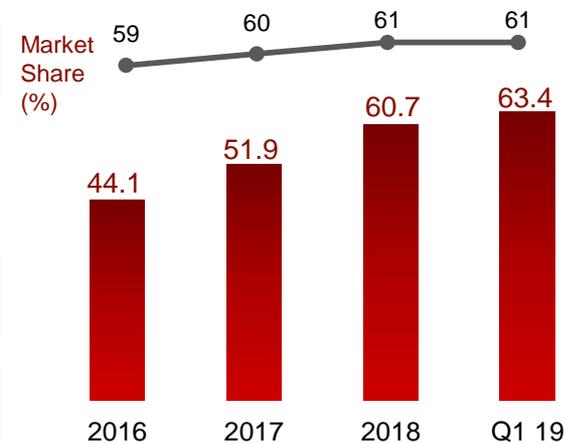
Financing the whole agro value chain

Low agro NPL: 1.5%⁽²⁾ in Q1 2019

Special focus on agro industry

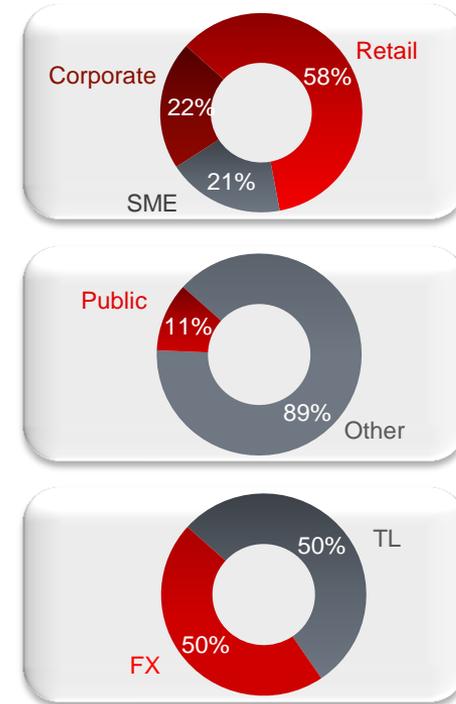
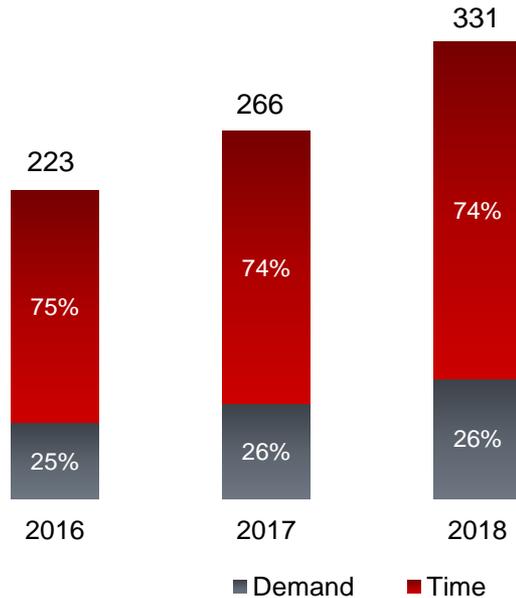
Share of subsidised loans in agro loans: 81%

Agricultural Loans (TL bn)



Funding

Total Deposit (TL bn, % share in total)

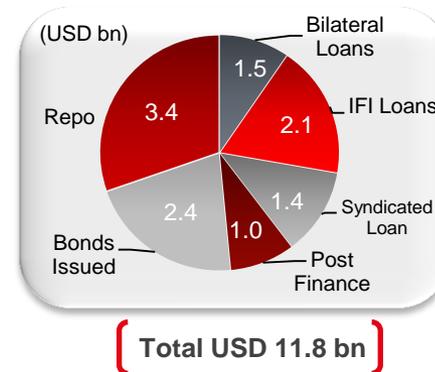
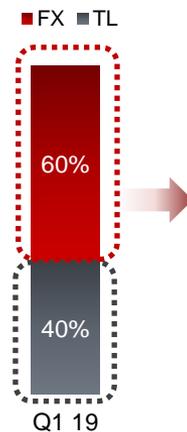
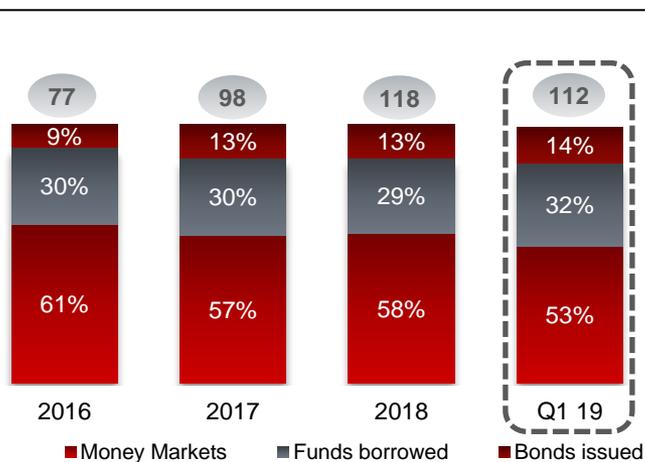


	QoQ Δ	YoY Δ
Total Deposit	15.5%	35.2%
<i>Total Deposit (FX adj.)</i>	11.9%	14.4%
TL	7.3%	14.5%
FX(\$)	17.4%	16.1%
Customer Deposit	14.7%	32.9%
Demand	11.7%	36.0%
Time	16.9%	34.9%

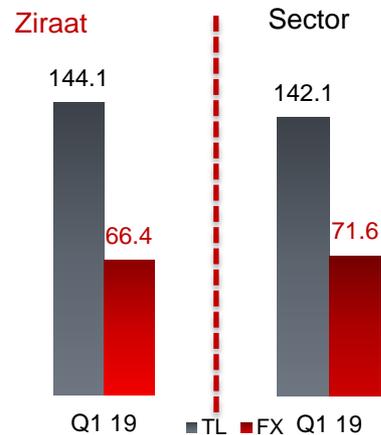
- Granular deposit base with **58%** share of retail segment in total deposits
- Robust core deposit ratio of **96%**
- Introduced 'inflation indexed' deposit products

Funding

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



Loan to Deposit⁽¹⁾ (%)

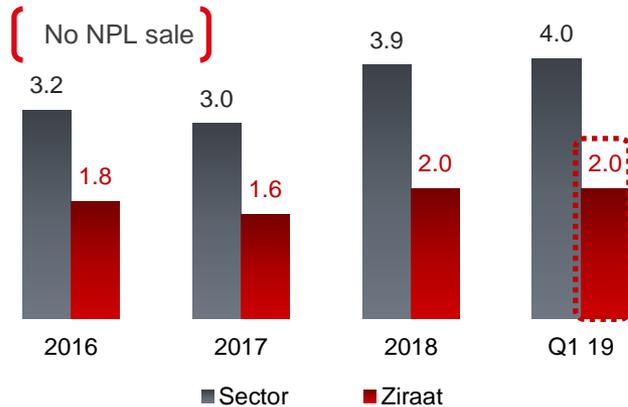


(1) Performing Loans/Total Deposit
Intermediated loans of public funds are excluded

Sector: Deposit banks

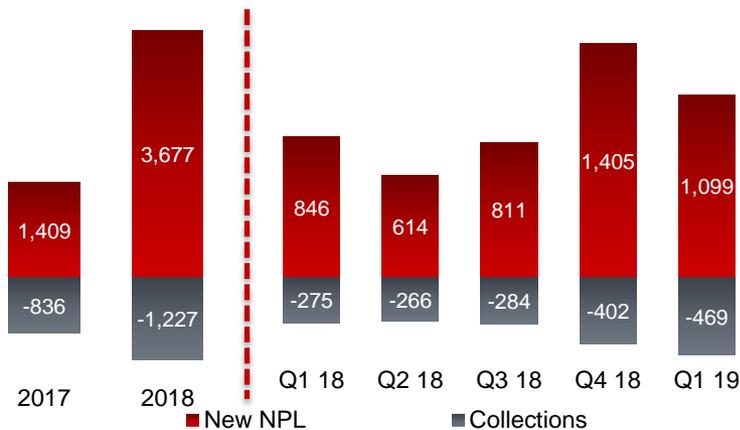
Asset Quality

NPL (%)



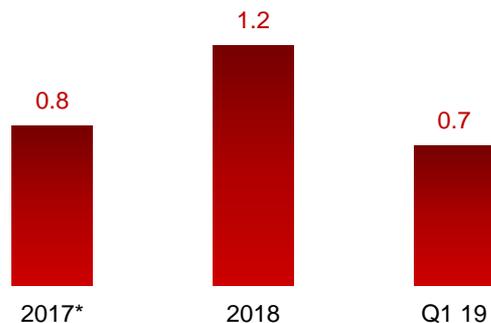
- Slower NPL formation compared to Q4 18 although still above average quarterly figures
- Strong collection capacity continues, collections are above trend level
- Denominator effect of loan growth ~20 bps

New NPL & Collections (TL mn)



Asset Quality

Cost of Risk (%)⁽¹⁾

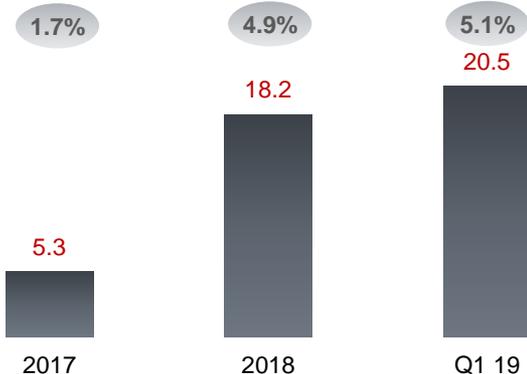


* 01 Jan 2018 financial figures for comparison purposes

- Restructured loans/Total Loans: **3.4%**⁽²⁾
- Strong asset quality contributing to more favorable CoR
- Stage III coverage ratio above sector average of **69.4%**

Stage II Loans (TL bn)

Share in total (%)



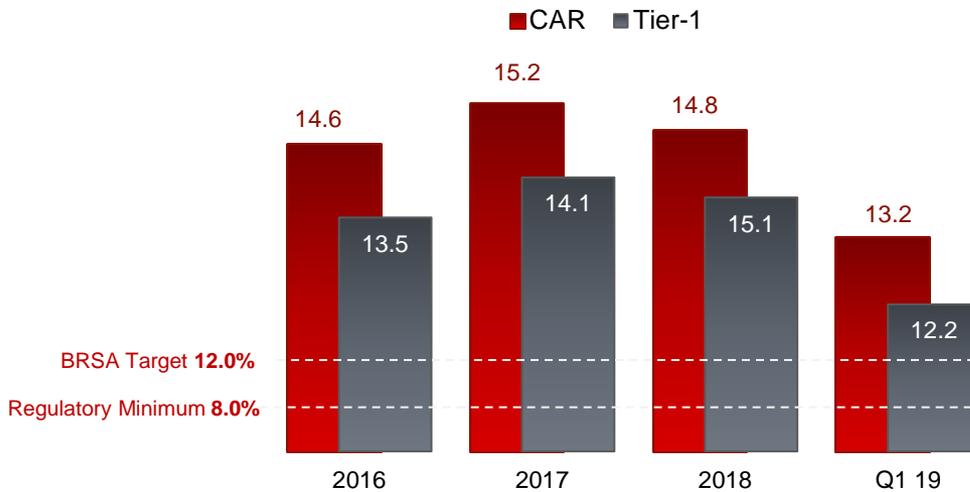
Stage I coverage ratio **0.2%**
 Stage II coverage ratio **11.9%**
 Stage III coverage ratio⁽³⁾ **71.8%**
 Total coverage ratio⁽³⁾ **113.7%**

Total cash coverage ratio⁽⁴⁾ **125.8%**

TL 952 mn. in Free Provisions

Capitalization

Capital Ratios (%)

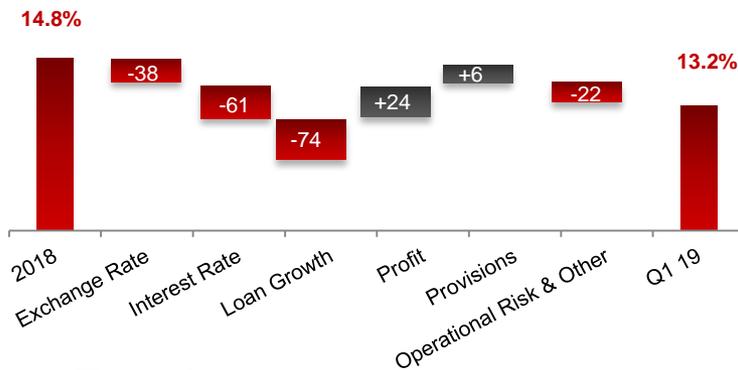


EUR 1.4 bn
Additional Tier-1
issuance in April
2019

Basel III
Leverage **7.6%**
vs
regulatory
min of **3.0%**

CET1 Capital Ratio	4.5%
Capital Conservation Buffer	2.5%
SIFI Buffer	2.0%
Countercyclical Buffer	0.021%
TOTAL	9.0%

Change in CAR (QoQ, bps)



- Public Banks Recapitalization: 185 bps positive impact through AT1 issuance
- Free provision serve as a capital buffer

Profitability

Net Profit (TL mn)

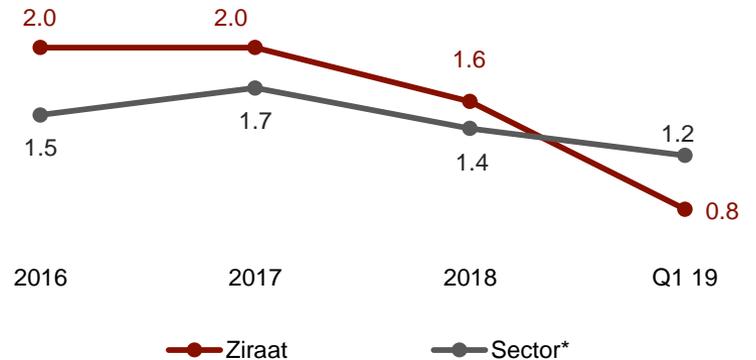


- Lower contribution to Net Interest Income from CPI Linked Securities
- Improvement in loan to deposit spreads
- Increased swap costs related to higher volume
- Increase in OPEX due to inflation

Return on Equity⁽¹⁾ (%)

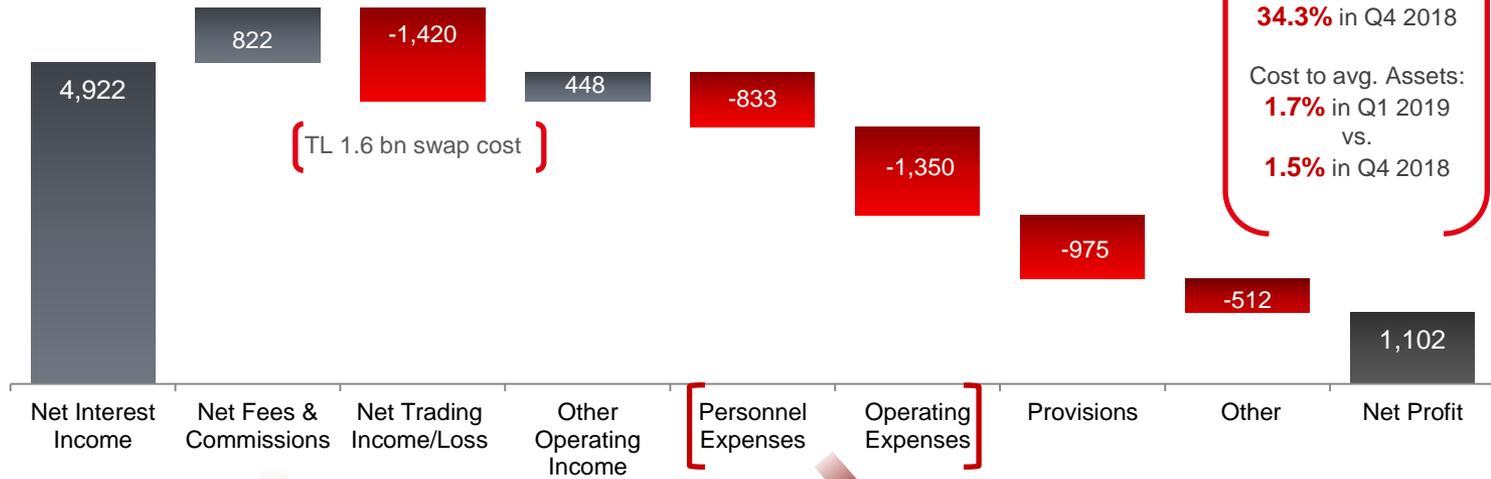


Return on Assets⁽²⁾ (%)



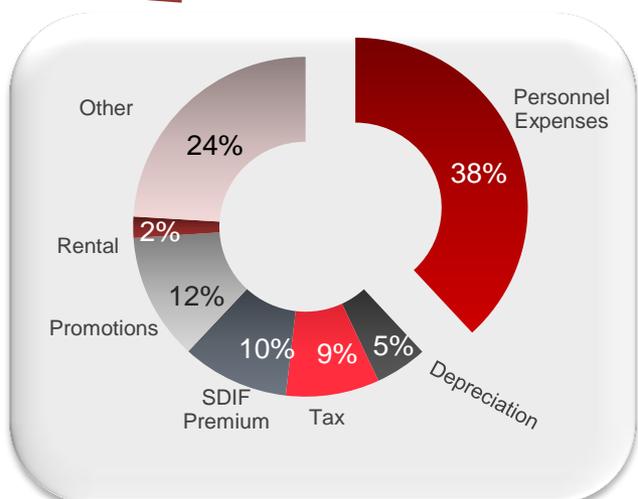
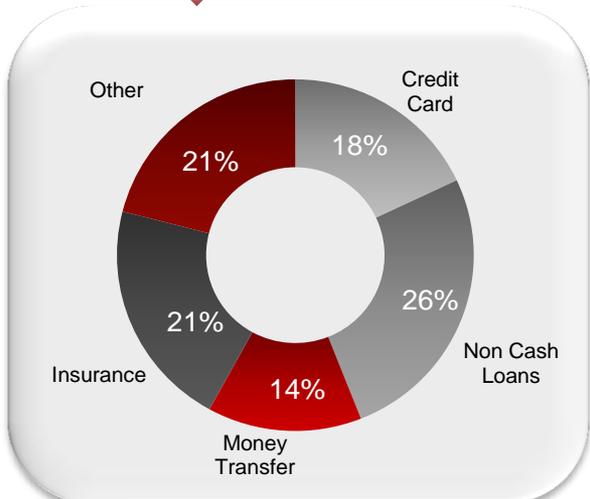
Profitability

P&L Breakdown, Q1 19 (TL mn)



C/I:
49.8% in Q1 2019
 vs
34.3% in Q4 2018
 Cost to avg. Assets:
1.7% in Q1 2019
 vs.
1.5% in Q4 2018

Net Fees & Commissions growth:
 YoY **33.4%**
 QoQ **13.2%**
 Increase in F&C income mainly driven by commissions from credit card and insurance fees

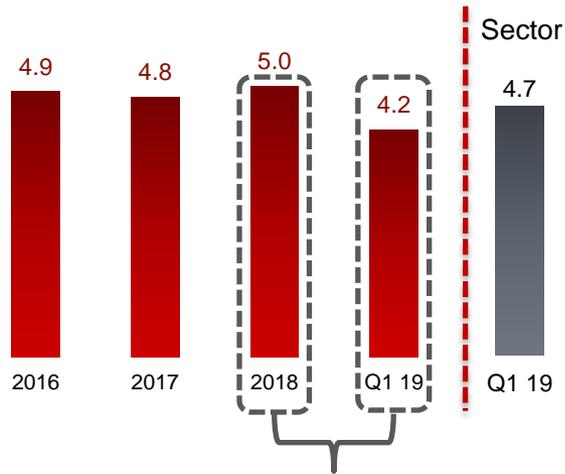


OPEX* growth:
 YoY **35.5%**
 QoQ **13.6%**
 Increase in OPEX mainly due to inflation and FX pass-through.

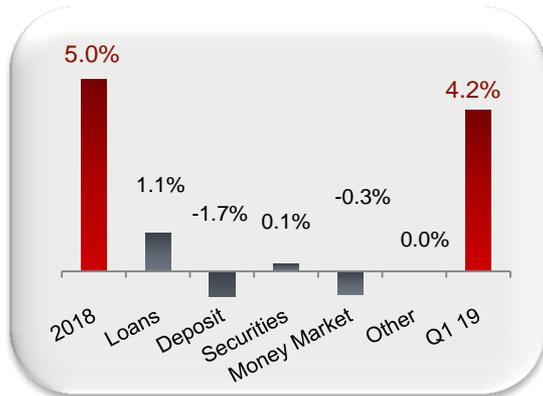
*OPEX includes other provision expenses and excludes personnel expenses

NIM & Spreads

Net Interest Margin⁽¹⁾ (NIM cum. %)

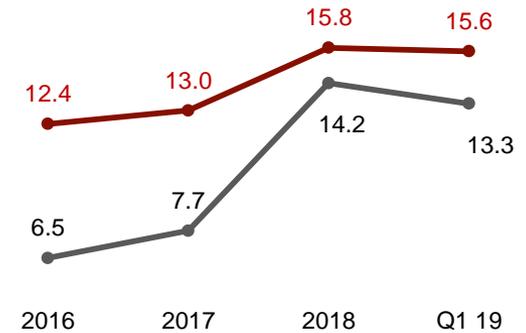


- Improvement in TL loan to deposit core spreads due to lower TL deposit costs
- Positive contribution of expanding FX spreads continuous



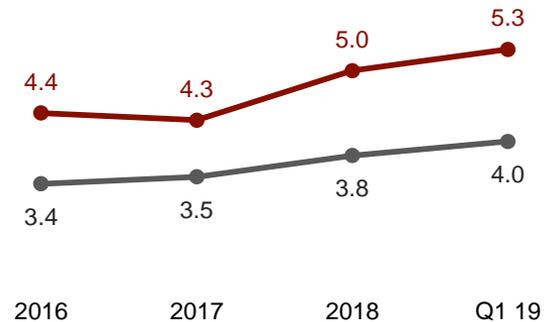
Swap Adjusted NIM:
2.9% in Q1 2019
 vs
4.2% in 2018

TL Loan Yield and Deposit Costs (%)



— TL Loan Yield — Total TL Deposit Cost

FX spreads* (%)



— USD — EUR

*Loan FX- Total Deposit FX

Sector: Deposit banks

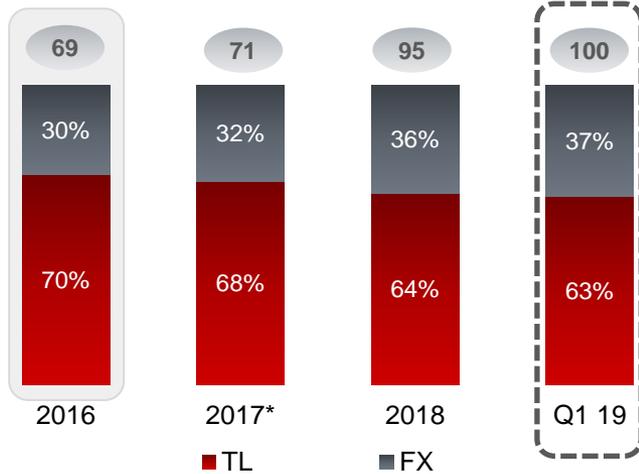


⁽¹⁾NIM = Net Interest Earnings / Av. IEA
 Average interest earning assets represent weekly averages.

Securities Portfolio

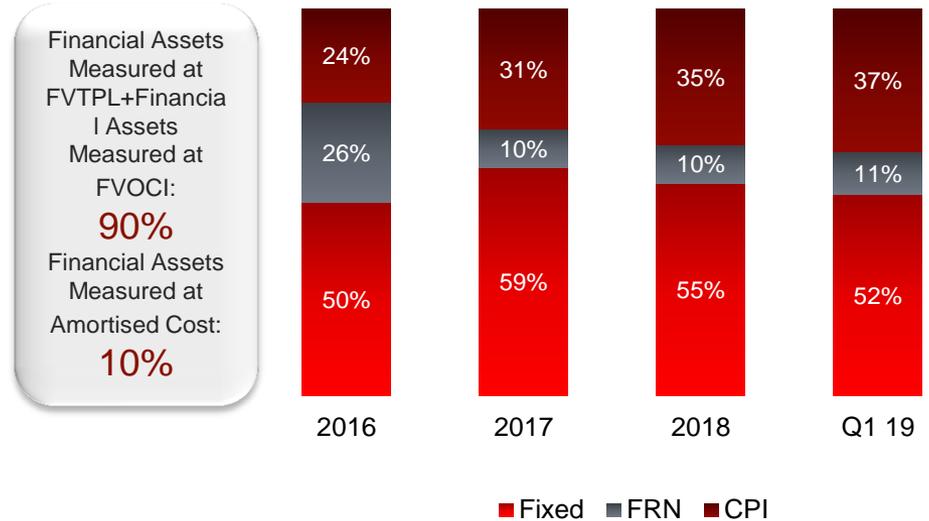
Total Securities (% share in total)

Total Amount (TL bn)



* 01 Jan 2018 financial figures for comparison purposes

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



(1) Interest accruals excluded.

CPI Linker valuation:
 25.24% in Q4 18
 vs.
 17% in Q1 19

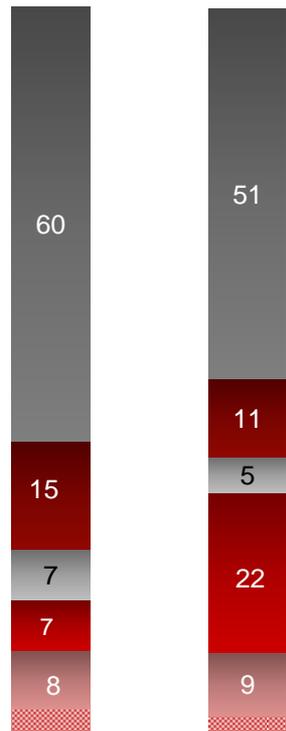
~TL 1.4 bn lower
 CPI linker income
 QoQ

CPI Linker income:
 Q4 18: TL 2,500 mn
 Q1 19: TL 1,117 mn

Unique Service Delivery Scale and Efficiency

89% of banking transactions through non-branch channels

Banking Transaction Channel Distribution (%)

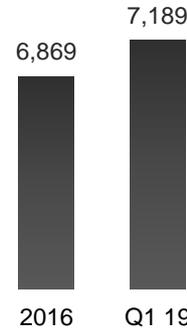


2016: Other, Mobile, Branch, Internet, ATM
 Q1 19: Automatic Pay., Internet, ATM

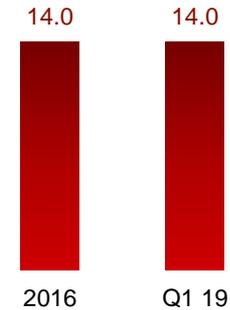
of internet banking customers (mn)



Number of ATMs



ATM Market share (%)



2016		Q1 19	
Market share	Ranking	Market share	Ranking
25.2%	1	28.0%	1
21.3%	1	21.8%	1
3.4%	8	5.6%	8
6.9%	6	9.4%	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 5.8% sector average

Increase in market share of credit card balance:
From 3.3% in 2016 to 5.0% in Q1 2019



APPENDIX

Balance Sheet Summary

			IFRS9						
TL mn	2016	2017	TL mn	2017*	Q1 18	2018	Q1 19	% Change QoQ	% Change YoY
CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	39,167	44,269	CASH AND CASH EQUIVALENTS	48,571	52,904	46,238	52,006	12.5%	-1.7%
BANKS	3,902	4,303							
SECURITIES	67,399	72,019	SECURITIES	70,628	73,230	95,374	99,602	4.4%	36.0%
LOANS	232,644	298,033	LOANS	298,033	312,877	371,871	402,506	8.2%	28.6%
-Gross NPL	4,217	4,774	-Gross NPL	4,774	5,354	7,460	8,120	8.8%	51.7%
-Specific Provisions (-)	3,966	4,549	-Expected Credit Loss (-)	4,211	4,963	8,385	8,975	7.0%	80.8%
OTHERS	14,649	15,651	OTHERS	17,042	18,358	23,673	25,362	7.1%	38.2%
TOTAL ASSETS	357,761	434,275	TOTAL ASSETS	434,596	457,369	537,156	579,377	7.9%	26.7%
DEPOSITS	223,019	266,384	DEPOSITS	266,384	282,933	331,066	382,434	15.5%	35.2%
FUNDS BORROWED	22,817	29,065	FUNDS BORROWED	29,065	32,497	34,172	35,904	5.1%	10.5%
INTERBANK MONEY MARKET	47,212	56,258	INTERBANK MONEY MARKET	56,258	55,995	68,351	59,697	-12.7%	6.6%
PROVISIONS	6,053	3,283	PROVISIONS	3,283	3,322	2,832	3,054	7.8%	-8.1%
SHAREHOLDERS' EQUITY	38,382	52,531	SHAREHOLDERS' EQUITY	52,531	53,640	57,401	55,748	-2.9%	3.9%
OTHERS	20,278	27,075	OTHERS	27,075	28,982	43,334	42,540	-1.8%	46.8%

Income Statement Summary

TL mn	2016	2017	2018	Q1 18	Q4 18	Q1 19	% Change YoY
INTEREST INCOME	27,291	35,463	53,054	10,069	16,474	15,584	54.8%
-From Loans	21,512	28,357	41,028	8,276	11,830	12,198	47.4%
-From Securities	5,488	6,193	10,977	1,600	4,323	3,098	93.6%
INTEREST EXPENSE	13,342	18,561	31,138	5,433	11,031	10,662	96.2%
-On Deposits	9,911	12,249	19,675	3,534	6,956	7,199	103.7%
NET INTEREST INCOME	13,948	16,902	21,916	4,636	5,444	4,922	6.2%
NET FEES & COMMISSIONS	1,643	2,217	2,638	616	725	822	33.4%
-Fees and Commissions Received	2,023	2,673	3,558	750	1,099	1,253	67.1%
-Fees and Commissions Paid	380	456	920	134	372	432	222.4%
OTHER OPERATING INCOME	1,555	1,378	1,434	434	778	448	3.2%
OPEX*	5,303	6,490	7,691	1,830	2,016	2,380	30.1%
NET OPERATING PROFIT	8,569	10,287	10,034	2,252	2,774	1,423	-36.8%
NET PROFIT	6,576	7,940	7,961	1,730	2,318	1,102	-36.3%

Source: Unconsolidated Financial Statements

*OPEX includes personnel expenses and other provision expenses

Key Financial Ratios

(%)	2016	2017	2018	Q1 19
ROAA ⁽¹⁾	2	2	1.6	0.8
ROAE ⁽²⁾	18.6	18.4	15.2	7.7
Cost / Income Ratio ⁽³⁾	30.8	32.5	34.3	49.8
NIM (cum.) ⁽⁴⁾	4.9	4.8	5.0	4.2
Loans ⁽⁵⁾⁽⁶⁾ /Deposits	101.7	109.7	110.6	103.7
Loans/Assets	65	68.7	68.9	69.5
Securities/Assets	18.8	16.3	17.8	17.2
NPL	1.8	1.6	2.0	2.0
Coverage ⁽⁶⁾	100	100	115.9	113.7
CoR	1.6	0.8	1.2	0.7
CAR	14.6	15.2	14.8	13.2
Leverage ⁽⁷⁾	8.3	8.2	8.4	9.4
# of				
Branches	1,814	1,781	1,773	1,766
Employees	25,015	24,554	24,647	24,650
ATMs	6,869	7,085	7,155	7,189

- (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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