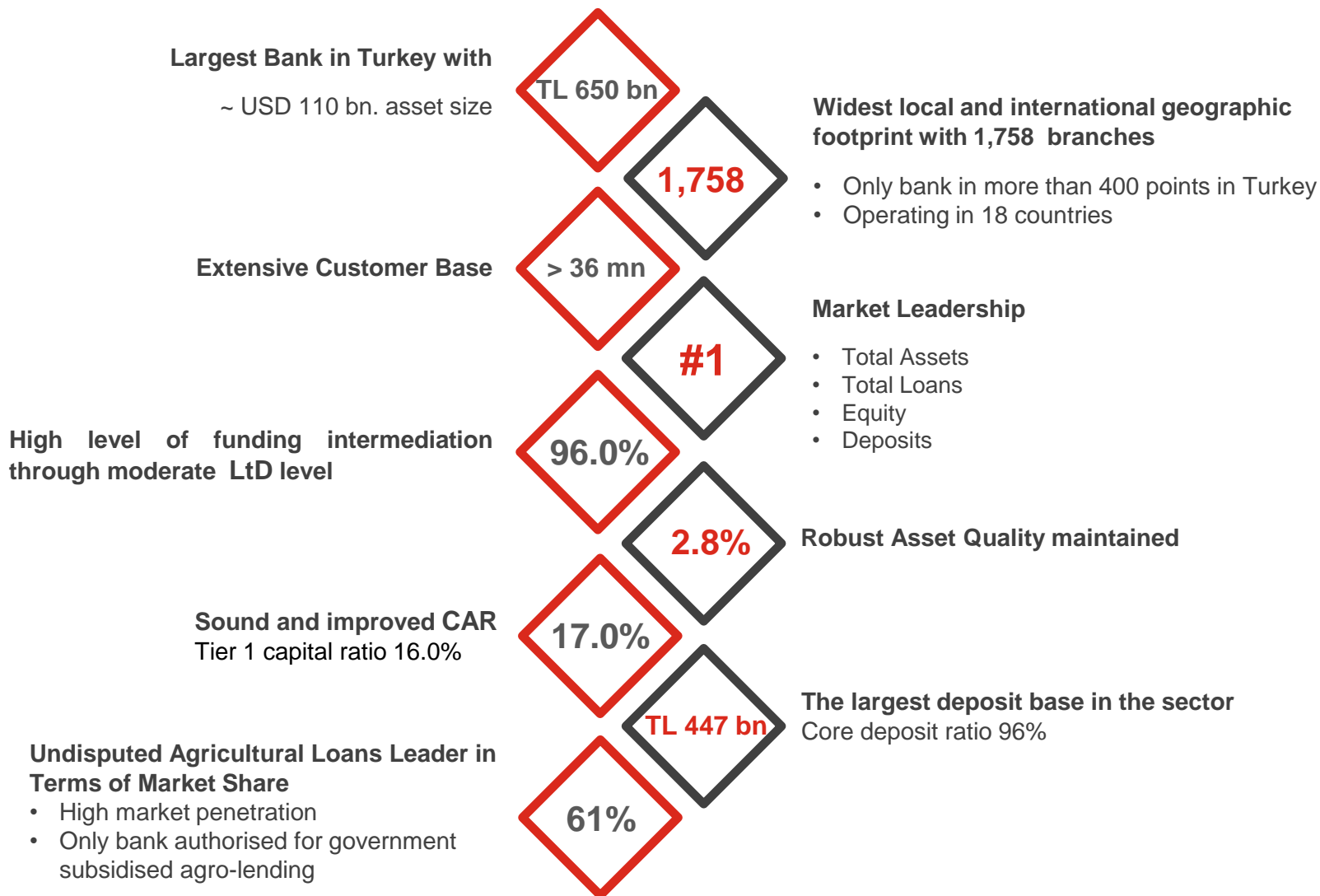


Financial Presentation
December 2019

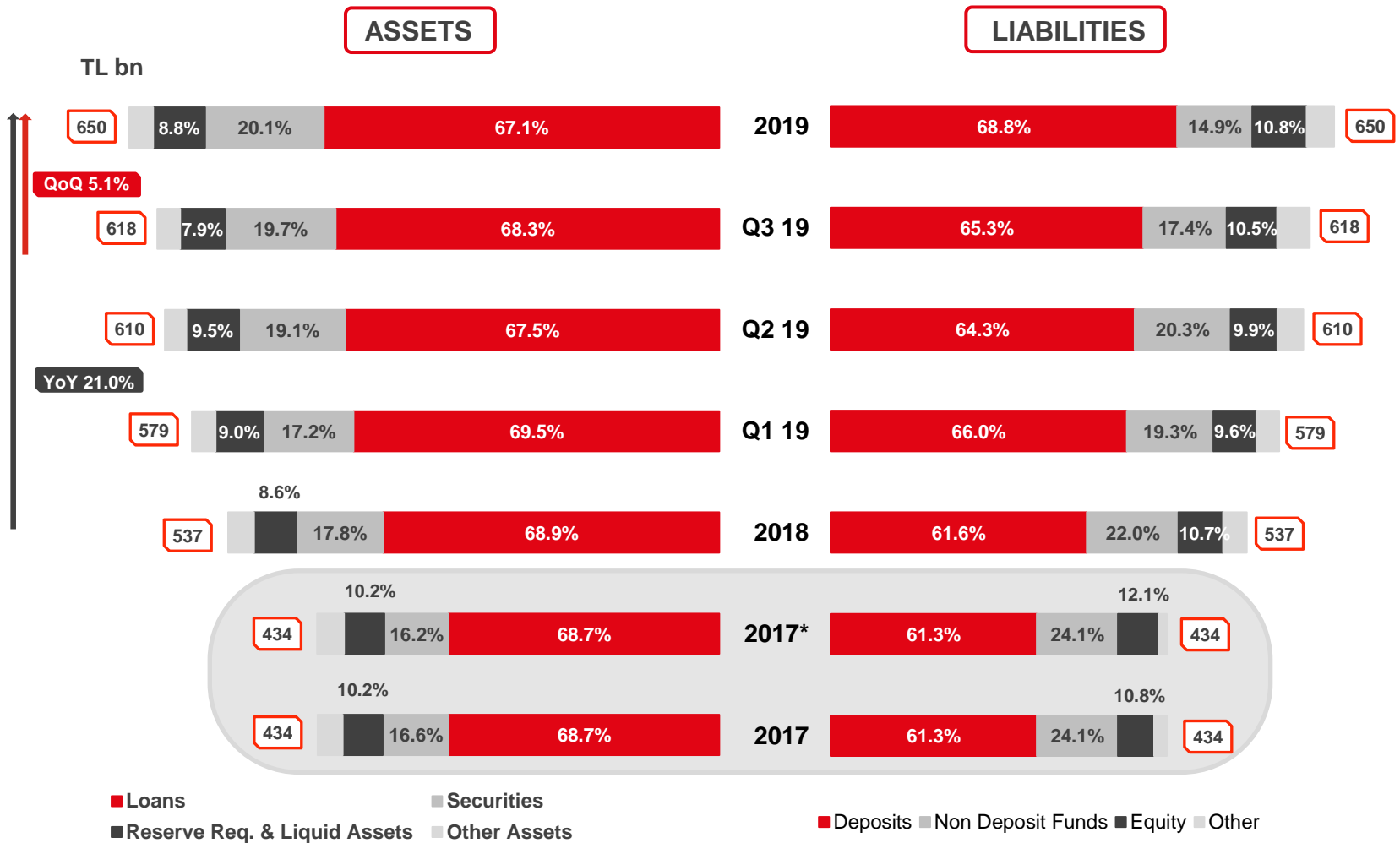


Ziraat Bank

More than a bank

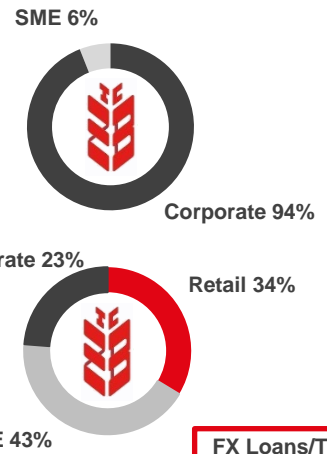
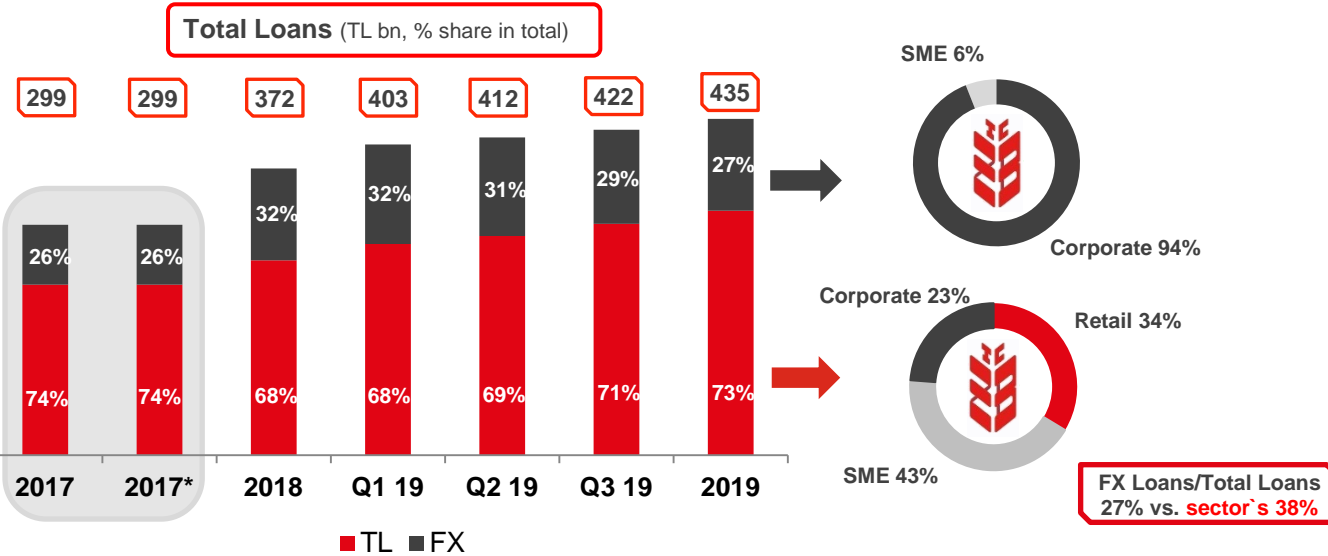


Ziraat Bank – Assets/Liabilities



(1) Performing loans only

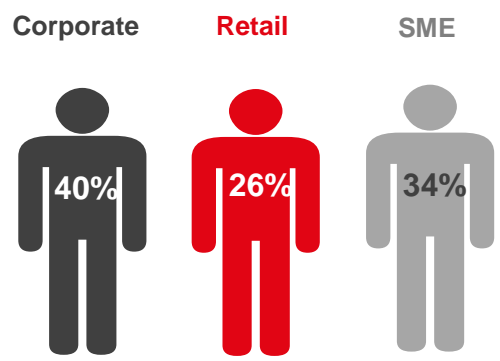
• 01 Jan 2018 financial figures for comparison purposes



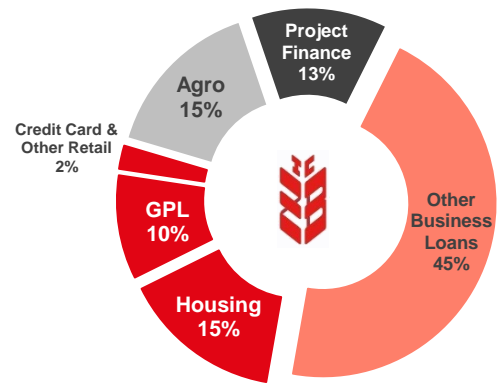
FX Loans/Total Loans
27% vs. **sector's 38%**

	QoQ Δ	YoY Δ
Total Loans	3.1%	17.1%
Total Loans (FX adj.)	1.7%	13.6%
TL	5.6%	25.3%
FX(\$)	-7.9%	-11.4%
Retail	8.5%	29.5%
Housing	11.3%	25.2%
SME	4.0%	18.2%
Corporate	-0.2%	10.3%
Corp. FX Adj.	-2.8%	3.6%

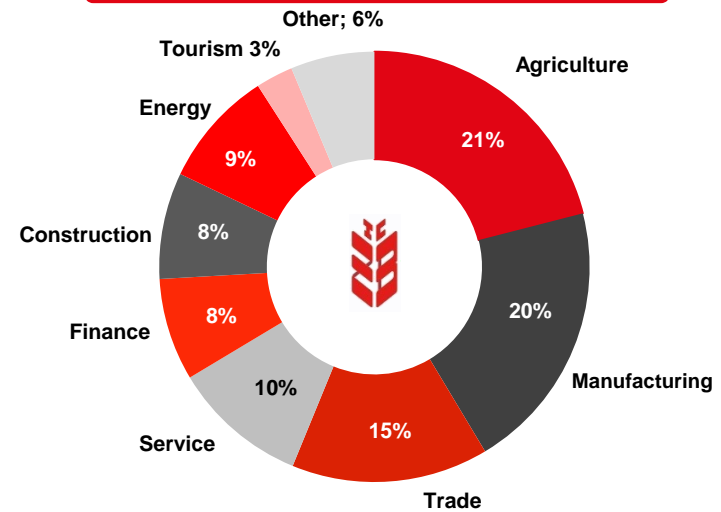
Cash Loans by Customer Segment



Cash Loans by Product

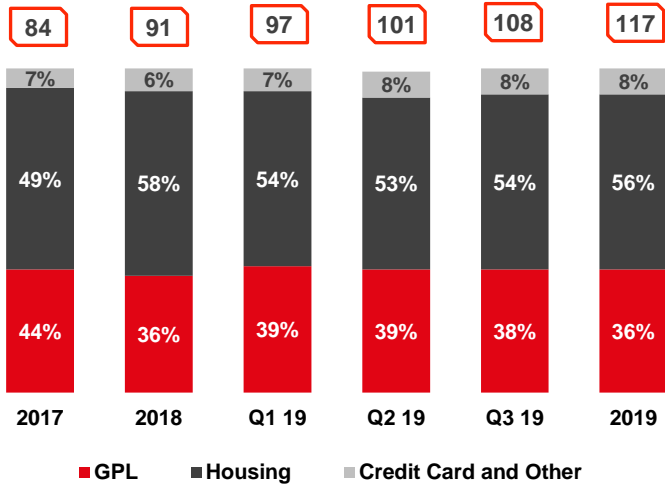


Sector Breakdown of Cash Business Loans



- Based on customer segmentation data, totals may differ from product classification
- Accruals, intermediated loans of public funds and overseas branch lending are excluded from segment distribution

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



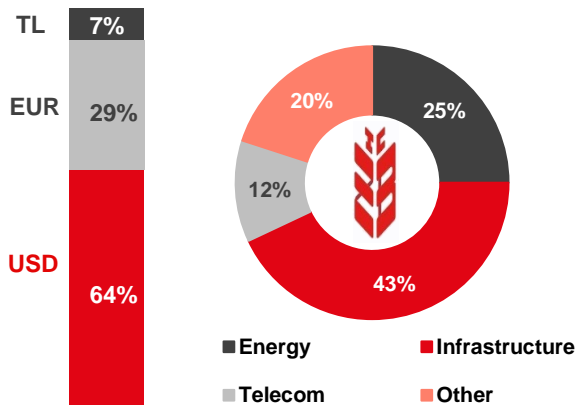
Market Shares	2018 YE	Q3 19	2019 YE
Total Loans	14.9%	15.9%	15.6%
TL Loans	16.9%	18.4%	18.4%
FX Loans	11.9%	11.8%	11.1%

GPL Market Share 16% Payroll Cust. & Pensioners 44% of GPL NPL 1.9% 4.7 million pensioners

Housing Loans Market Share 32% LTV⁽²⁾ 65% NPL 0.2% Inflation Indexed Loans

Agricultural Loans Subsidized Loans 81% Focus on Agro-Industry NPL 2.1% Young Farmers Academy

Project Finance Loans



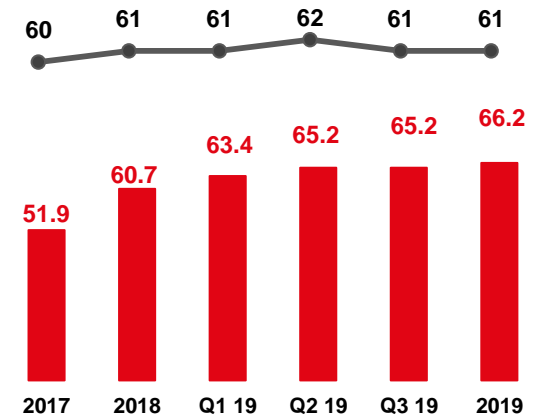
USD 9.2 bn cash
USD 0.4 bn non-cash

Share of Renewables in energy loans: 50%

Share of Infrastructure projects with debt assumption: 91%

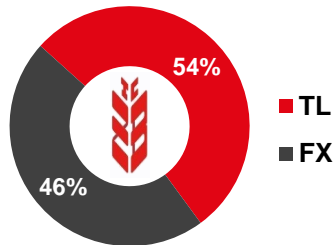
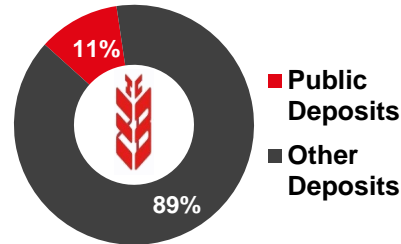
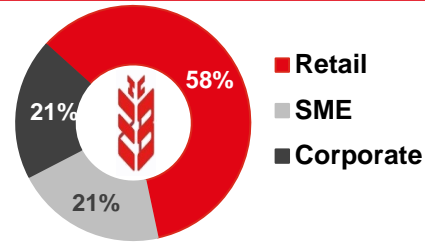
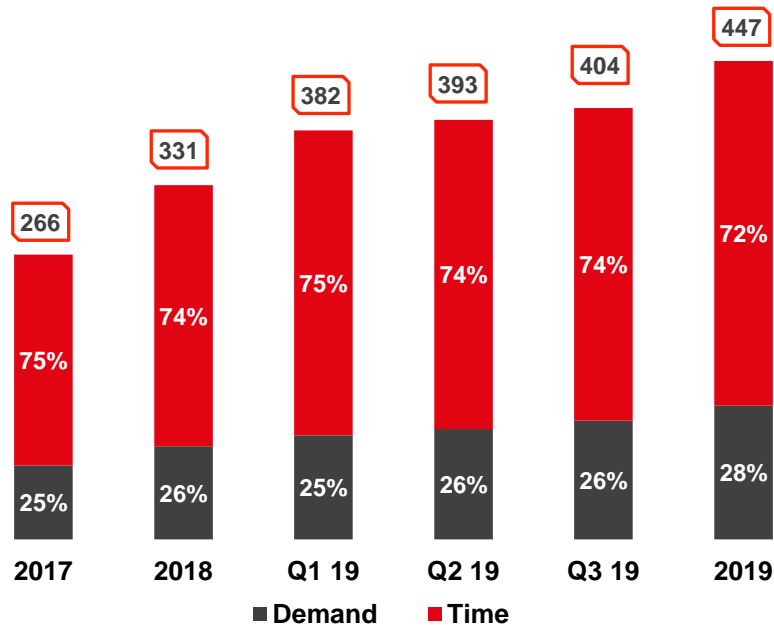
Agricultural Loans (TL bn)

Market Share⁽³⁾ (%)



(1) Accruals are excluded
(2) Marginal LTV
(3) Among sector deposit banks

Total Deposits (TL bn, % share in total)



	QoQ Δ	YoY Δ
Total Deposits	10.8%	35.1%
<i>Total Deposit (FX adj.)</i>	8.3%	28.3%
TL	12.2%	35.2%
FX(\$)	2.8%	18.9%
Customer Deposit	11.5%	36.1%
Demand	11.3%	42.6%
Time	10.6%	32.4%

Market Shares	2018 YE	Q3 19	2019 YE
Total Deposits	15.3%	16.2%	16.6%
<i>TL Deposits</i>	16.3%	18.1%	18.4%
<i>FX Deposits</i>	14.3%	14.5%	15.0%

✓ Granular and sticky deposit base with **c. 60%** share of retail segment in total deposits

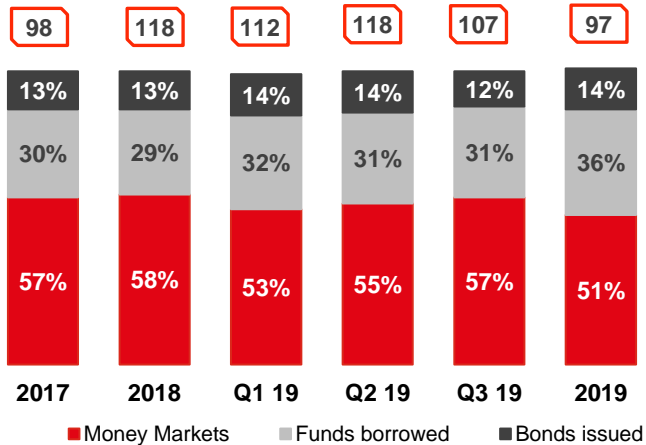
✓ **56%** of demand deposits comprised of retail deposits

Core deposit ratio
96%

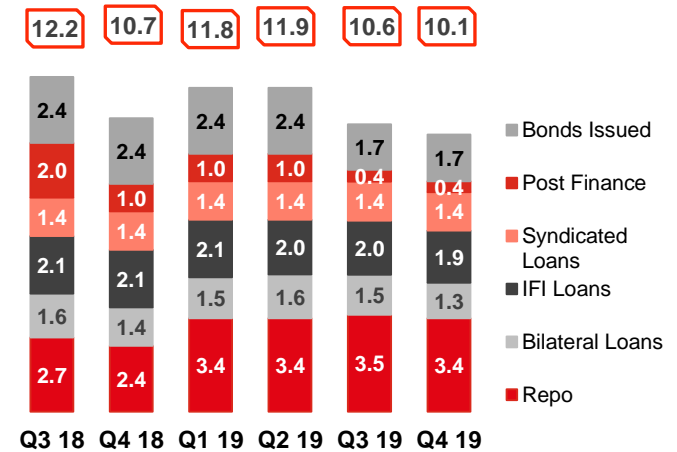
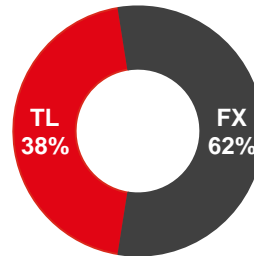
Sector
Demand/Total Deposits
25%

Inflation Ind. Deposits
Total Deposits
6.2%

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



Total Amount (USD bn)



✓ Cost oriented, adaptive wholesale funding management

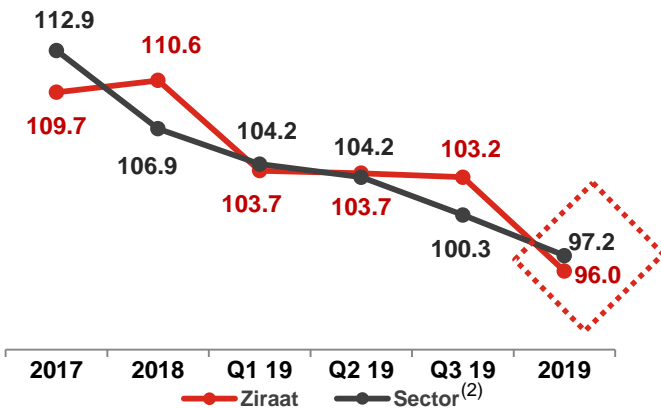
USD 750 mn 5 yr. Eurobond redeemed in July 2019

No Eurobond Redemptions in 2020

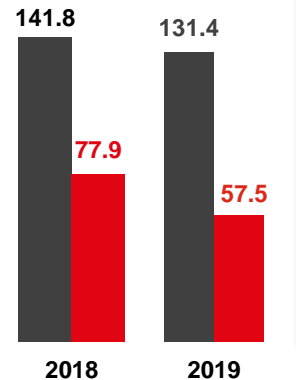
Short Term FX Liq. in excess of 150% of Redemptions

FX LCR: 494.1% as of YE 19

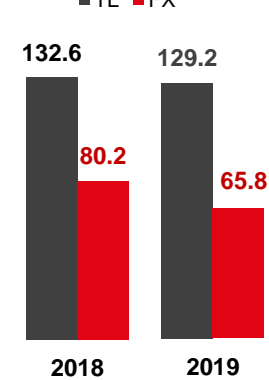
Loan to Deposit⁽¹⁾ (%)



Ziraat



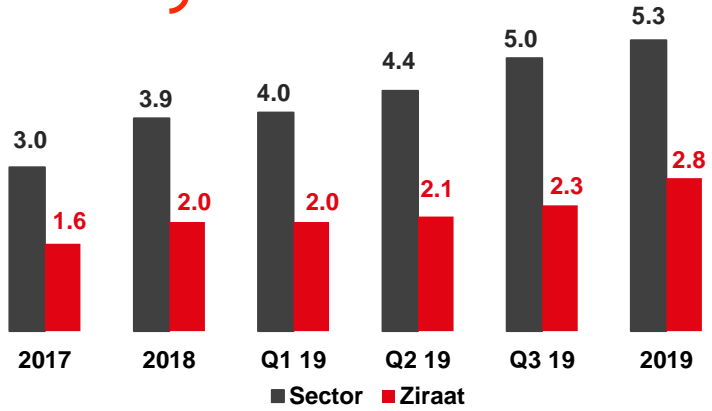
Sector⁽²⁾



(1)Performing Loans/Total Deposit Intermediated loans of public funds are excluded
(2)Sector: Deposit banks

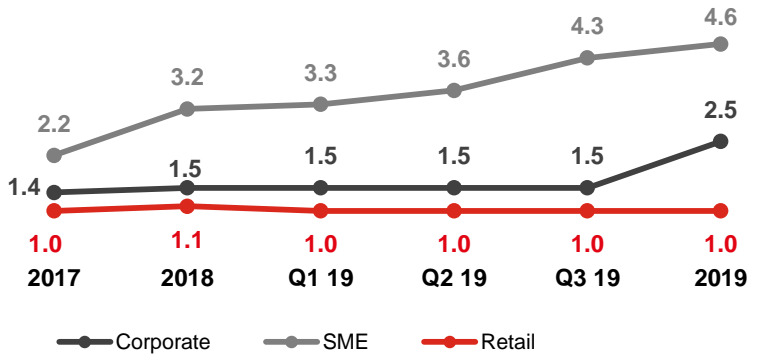
(No NPL Sale
No Write-Off)

NPL Ratios (%)

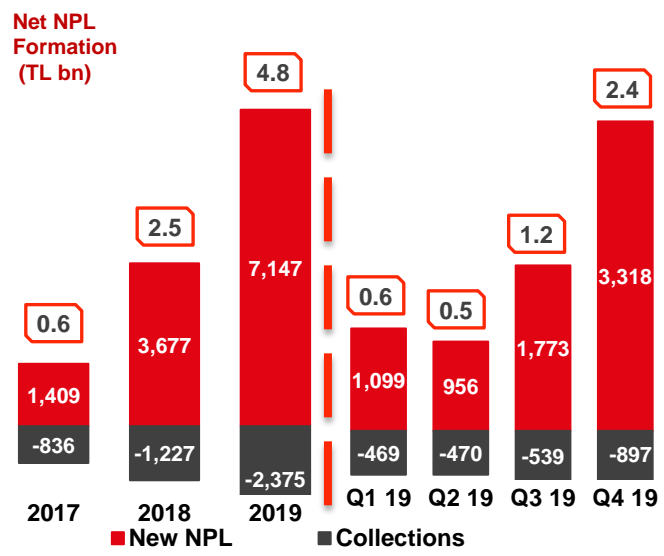


- ✓ Around **35%** of loan portfolio allocated to structurally low NPL generating products/segments
- ✓ Increasing NPL formation, mainly from the mid-cap corporate and SME segments
- ✓ Yearly denominator impact on NPL ratio ~ **50 bps**

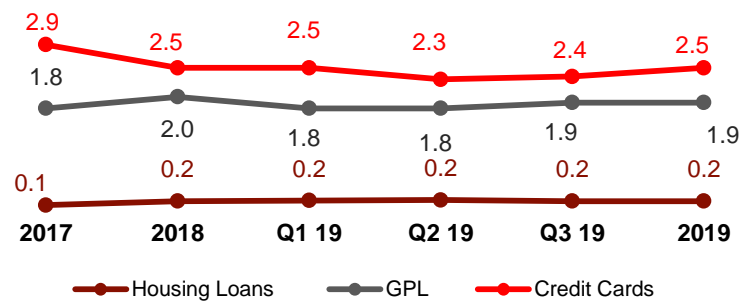
NPL Ratios by Segment (%)



New NPL & Collections (TL mn)

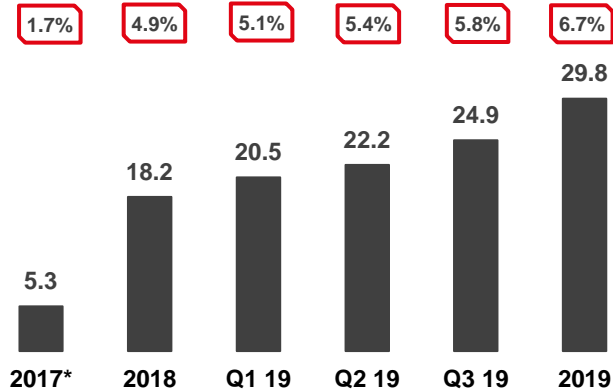


Retail NPL Ratios by Product (%)



Share in total (%)

Stage II Loans (TL bn)



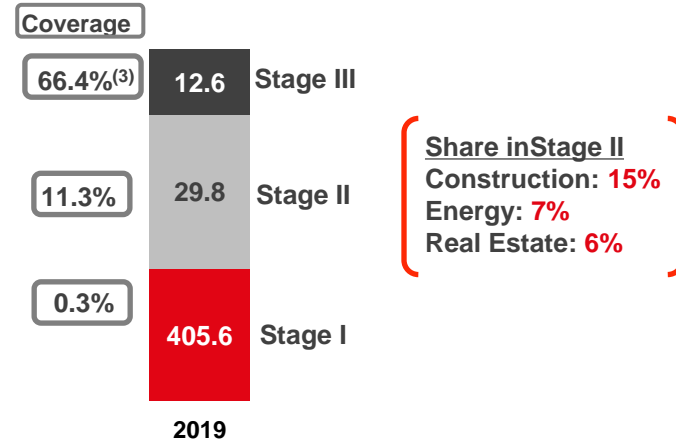
*01 Jan 2018 financial figures for comparison purposes

Total Coverage⁽³⁾ 104.5%

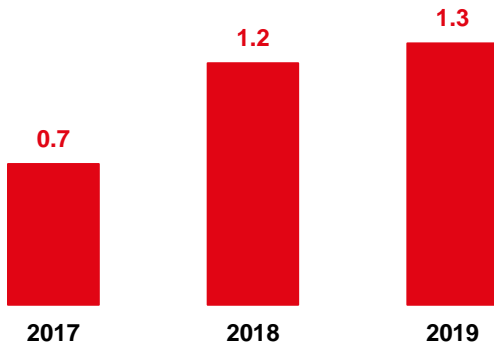
Cash Coverage⁽³⁾ 111.2%

TL 830 mn.
Free Provisions
TL 122 mn. reversal
in Q4 19

Loan Classification (TL bn)



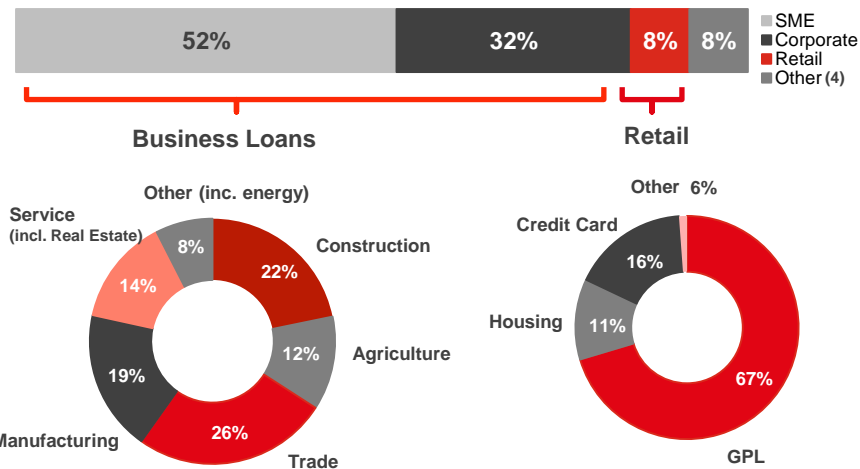
Cost of Risk⁽¹⁾ (%)



Stage III and Total Coverage Ratios above sector averages

Restructured Loans⁽²⁾ in Total Loans: 3.8%

Total NPL by Segment



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

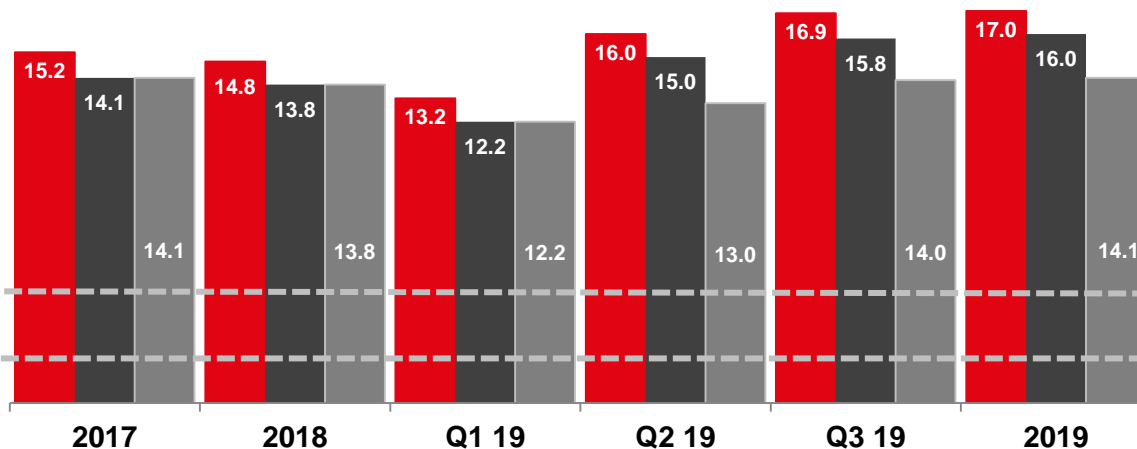
(2) Total figure including restructured loan amount before BRSA regulation published on 2 March 2019. According to regulation defining restructured loans, restructured loan amount between March 2018 to December 2019 is TL 7,683 mn

(3) Excluding intermediated loans for public funds

(4) Includes loans excluded from segment classification, intermediated loans from public funds and overseas branch lending

Ziraat Bank – Capitalization

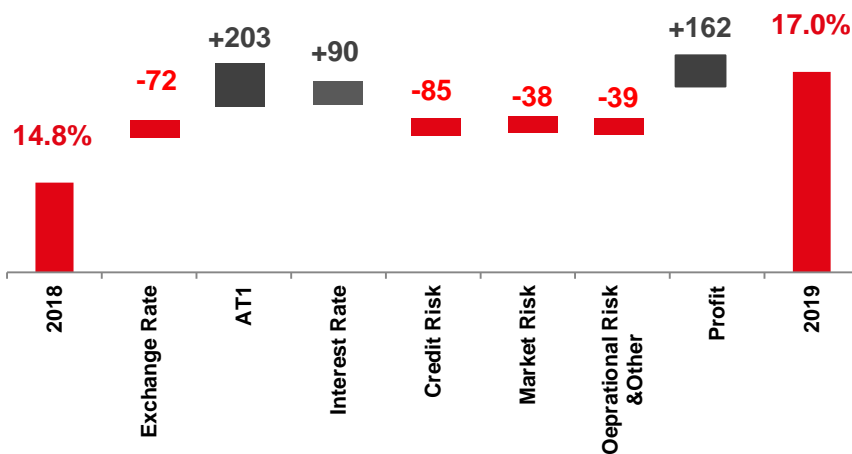
■ CAR ■ Tier-1 ■ CET-1



Basel III
Leverage 9.3% vs
regulatory min of 3.0%

For the periods before Q2 2019 Tier-1 ratios are equal to CET-1 ratios

Change in CAR (YoY bps)

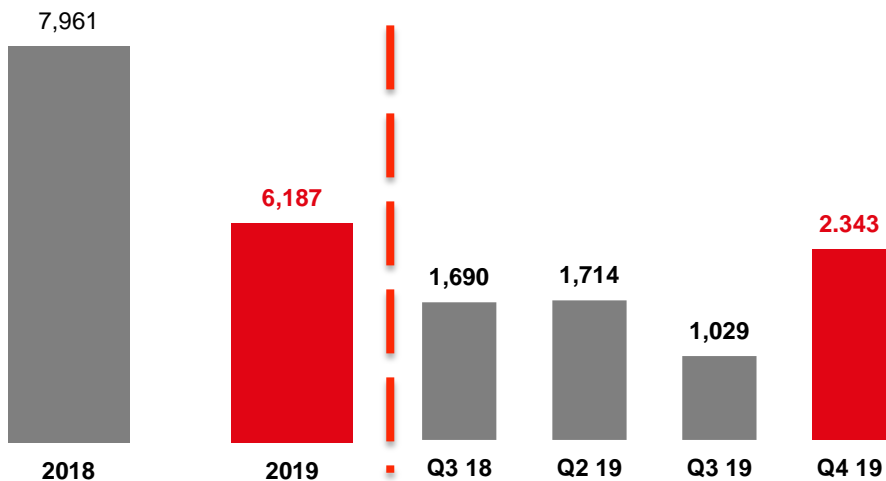


CET1 Capital Ratio	4.5%
Capital Conservation Buffer	2.5%
D-SIB Buffer*	2.0%
Countercyclical Buffer	0.02%
TOTAL*	9.0%

*D-SIB Buffer is applied only to consolidated ratios
Total buffers including AT1 and Tier-2 buckets is 1
2.5% in consolidated basis

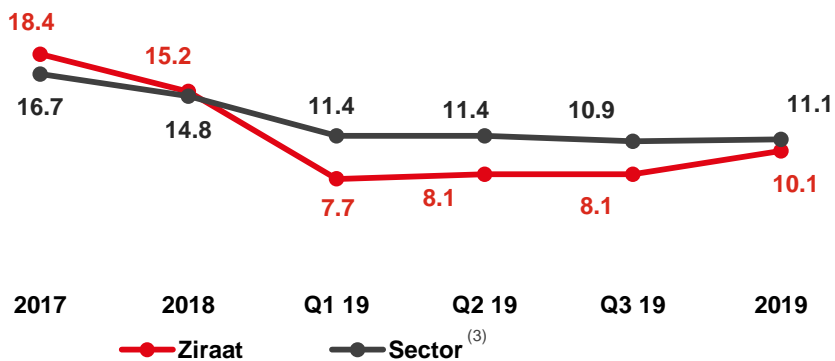
Ziraat Bank – Profitability

Net Profit (TL mn)

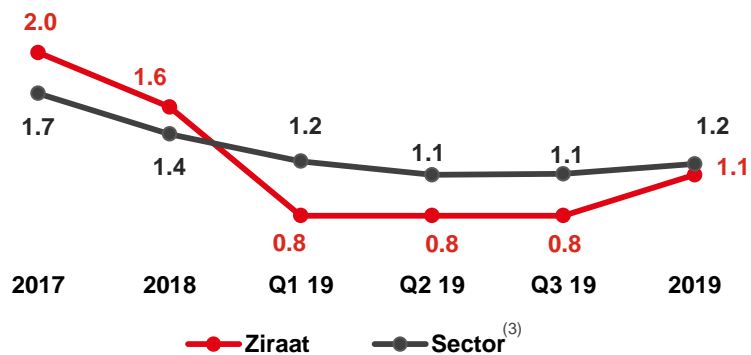


- ✓ Higher profitability in Q4 2019 due to better NII which compensates higher OPEX and loan provision expenses
- ✓ Positive impact of decreasing swap costs with lower interest rate environment
- ✓ Lower CPI Linker income offset by stronger core spreads

Return on Equity⁽¹⁾ (%)

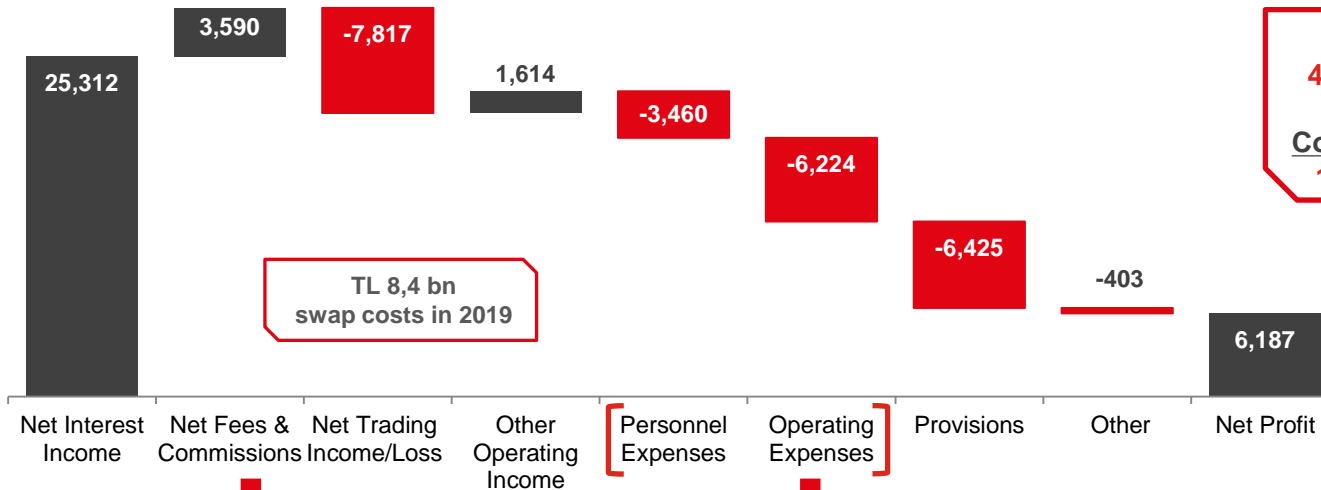


Return on Assets⁽²⁾ (%)



(1) Average shareholders' equity represent monthly averages until 2017 and weekly averages since Q1 18
 (2) Average total assets represent monthly averages until 2017 and weekly averages since Q1 18
 (3) Sector: Deposit Banks

P&L Breakdown, 2019 (TL mn)

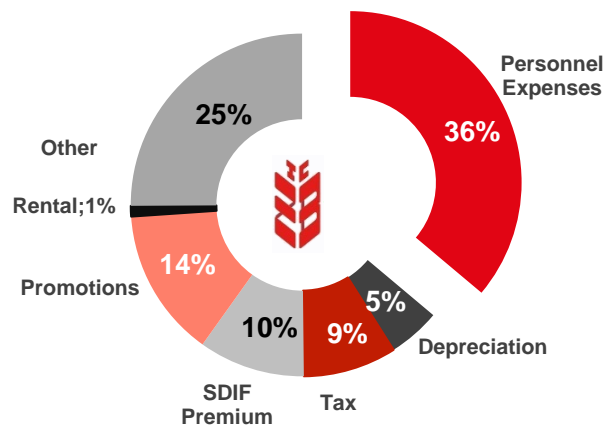
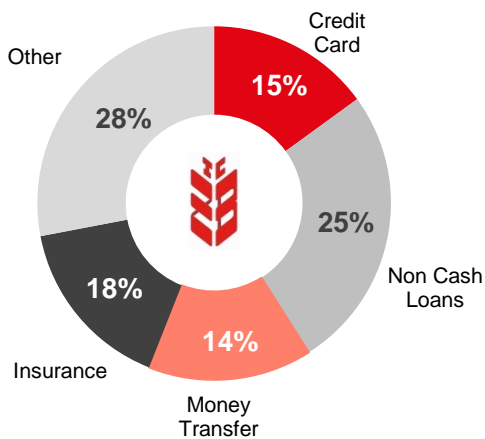


Cost/Income
40.8% in Q4 19

Cost/Avg. Assets
1.5% in Q4 19

TL 8,4 bn
swap costs in 2019

Net Fees & Commissions growth:
YoY 36.1%
QoQ 29.1 %

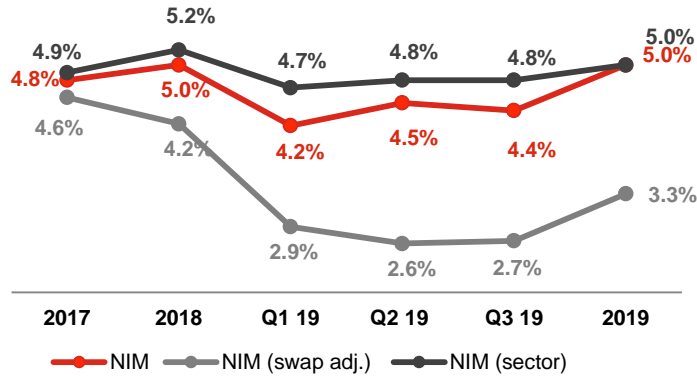


OPEX⁽¹⁾ growth:
YoY 36.0%
QoQ 15.9%

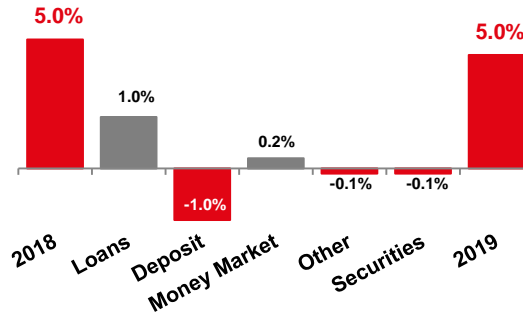
(1) Personnel expenses are not included

Ziraat Bank – NIM & Spreads

Net Interest Margin⁽¹⁾⁽²⁾ (NIM cum. %)

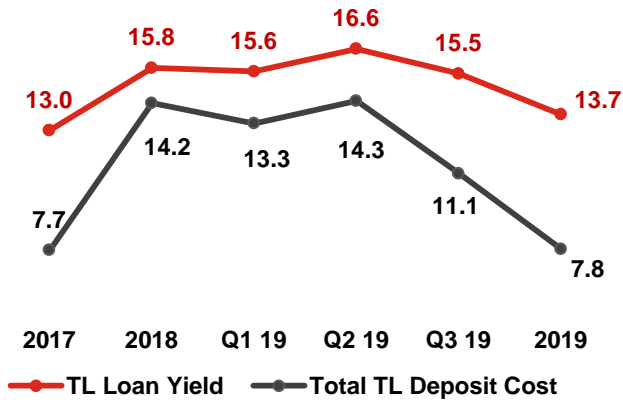


NIM Evolution

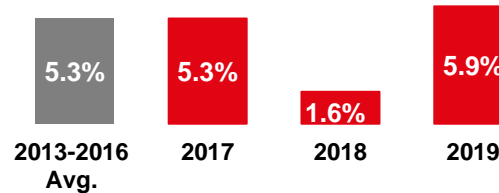


- ✓ 1,275 bps rate cut from CBRT
- ✓ Improvement in core spreads due to lower funding costs in decreasing interest rate environment
- ✓ TL Core Spread surpassed historic averages in Q4 (highest core spread levels after Q1 2017)
- ✓ Recovery in Swap adj. NIM
- ✓ Repricing impact of loans to become more visible during the rest of the year

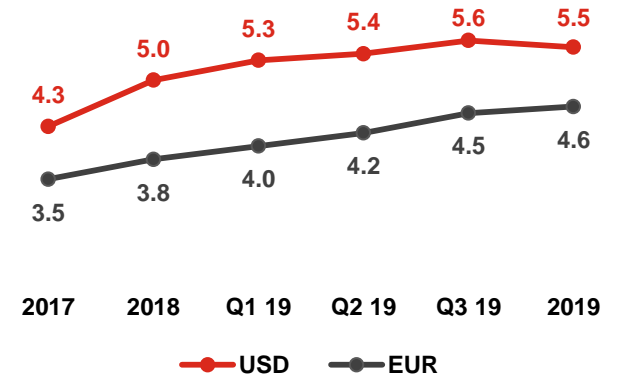
TL Loan Yield and Deposit Costs (%)



TL Core Spreads (%)



FX Core Spreads⁽³⁾ (%)

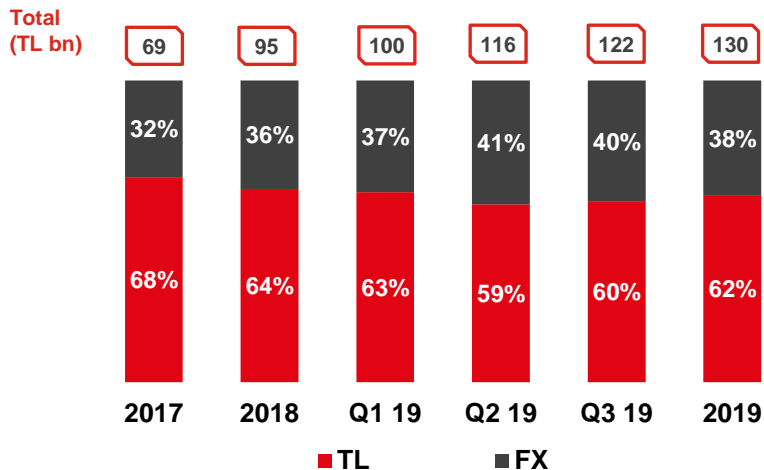


(1) Sector: Deposit banks
 (2) NIM = Net Interest Earnings / Av. IEA
 (3) FX Loan - FX Deposits (Total)

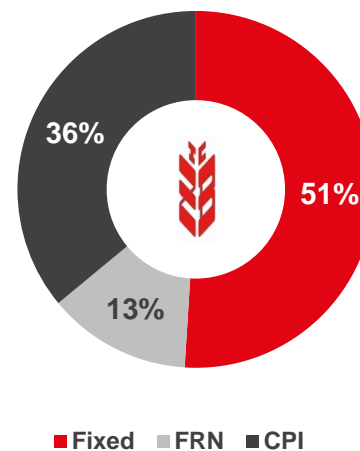
APPENDIX

Ziraat Bank – Securities Portfolio

Total Securities (% share in total)



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



FVTPL+ FVOCI

85%

Fin. Assets
Measured at
Amortised Cost

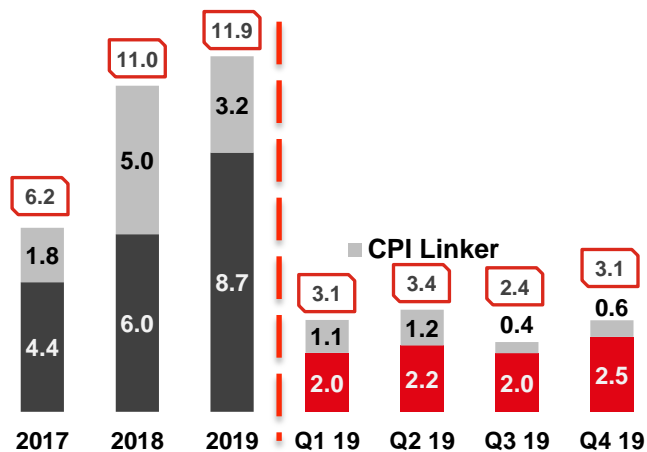
14%

of total securities

CPI Linker valuation
revised to 8,2%
from 10% in H2 2019

FX Securities 100%
Fixed Rate


Interest Income from Securities (TL bn)



(1) Interest accruals excluded.

In 2018, the Bank's own credit card brand, 'Bankkart' was launched in line with our new marketing approach

- Renewed mobile and internet banking processes
- Increasing digital service diversity
- More efficient use of internet banking for retail loan applications
- Mutual use of ATMs among public banks for cost efficiency

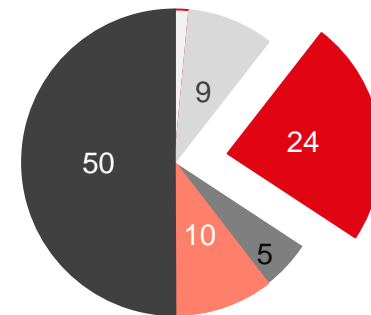
		2016		2019	
		Market Share	Ranking	Market Share	Ranking
Credit Debit					
	Turnover	25.2%	1	24.9%	1
	Ownership	21.3%	1	21.8%	1
	Turnover	3.4%	8	7.1%	6
	Ownership	6.9%	6	10.8%	4

90% of banking transactions through non-branch channels

Digital Banking Customers: **14.3 mn**

Internet Banking Customers: **20.2 mn**

Banking Transaction Channel Distribution (%)



Other Automatic Pay. Mobile Internet Branch ATM

Low Credit Card NPL:
2.5% vs 5.0% sector avg.

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

Increase in market share of credit card balance:
From **3.3%** in 2016 to **7.0%** in 2019

30% improvement in transaction costs since 2016

Largest ATM network:
7,239 ATMs
13.7% market share



Ziraat Bank – Balance Sheet Summary

IFRS9						
TL mn	2017	2018	Q3 19	2019	% Change QoQ	% Change YoY
CASH AND CASH EQUIVALENTS	48,571	46,238	48,968	57,389	17.2%	24.1%
SECURITIES	70,628	95,374	121,889	130,335	6.9%	36.7%
LOANS	298,033	371,871	422,141	435,917	3.3%	17.2%
-Gross NPL	4,774	7,460	10,014	12,690	26.7%	70.1%
-Expected Credit Loss (-)	4,211	8,385	10,594	13,011	22.8%	55.0%
OTHERS	17,364	23,673	25,230	26,435	4.8%	11.7%
TOTAL ASSETS	434,596	537,156	618,228	649,756	5.1%	21.0%
DEPOSITS	266,384	331,066	403,507	447,251	10.8%	35.1%
FUNDS BORROWED	29,065	34,172	33,722	34,528	2.4%	1.0%
INTERBANK MONEY MARKET	56,258	68,351	61,134	49,275	-19.4%	-27.9%
PROVISIONS	3,283	2,832	3,248	3,819	17.6%	34.8%
SHAREHOLDERS' EQUITY	52,531	57,401	65,125	70,065	7.6%	22.1%
OTHERS	27,075	43,334	51,492	44,818	-13.0%	3.4%



Ziraat Bank – Income Statement Summary

TL mn	2017	2018	2019	% Chg. YoY	Q3 19	Q4 19	% Chg. QoQ
INTEREST INCOME	35,463	53,054	65,602	23.7%	16,309	16,528	1.3%
-From Loans	28,357	41,028	52,764	28.6%	13,747	13,361	-2.8%
-From Securities	6,193	10,977	11,966	9.0%	2,353	3,081	30.9%
INTEREST EXPENSE	18,561	31,138	40,290	29.4%	10,603	7,901	-25.5%
-On Deposits	12,249	19,675	27,989	42.3%	7,418	5,721	-22.8%
NET INTEREST INCOME	16,902	21,916	25,312	15.5%	5,706	8,627	51.2%
NET FEES & COMMISSIONS	2,217	2,638	3,590	36.1%	863	1,114	29.1%
OTHER OPERATING INCOME	1,378	1,434	1,614	12.5%	308	480	55.8%
OPEX ⁽¹⁾	6,490	7,691	9,797	27.4%	2,338	2,715	16.1%
NET OPERATING PROFIT	10,287	10,034	7,648	-23.8%	1,348	2,928	117.2%
NET PROFIT	7,940	7,961	6,187	-22.3%	1,029	2,343	127.7%



Ziraat Bank – Key Financial Ratios

(%)	2017	2018	2019	Q1 19	Q2 19	Q3 19	Q4 19
ROAA ⁽¹⁾	2.0	1.6	1.1	0.8	0.8	0.8	1.1
ROAE ⁽²⁾	18.4	15.2	10.1	7.7	8.1	8.1	10.1
Cost / Income Ratio ⁽³⁾	32.5	34.3	40.8	49.8	47.6	47.0	40.8
NIM (cum.) ⁽⁴⁾	4.8	5.0	5.0	4.2	4.5	4.4	5.0
Loans ⁽⁵⁾⁽⁶⁾ /Deposits	109.7	110.6	96.0	103.7	103.5	103.2	96.0
Loans/Assets	68.7	68.9	67.1	69.5	67.5	68.3	67.1
Securities/Assets	16.3	17.8	20.1	17.2	19.1	19.7	20.1
NPL	1.6	2.0	2.8	2.0	2.1	2.3	2.8
Stage III Coverage ⁽⁶⁾	100	73.9	66.4	71.8	71.9	69.2	66.4
CoR	0.7	1.2	1.3	-	-	-	-
CAR	15.2	14.8	17.0	13.2	16	16.9	17.0
Leverage ⁽⁷⁾	8.2	8.4	8.3	9.4	9.1	8.5	8.3
# of							
Branches	1,781	1,773	1,758	1,766	1,764	1,763	1,758
Employees	24,554	24,647	24,563	24,650	24,533	24,380	24,563
ATMs	7,085	7,155	7,239	7,189	7,206	7,236	7,239

(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

For further information please contact

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