

Corporate Credit Rating
Annual Review Report

Banking

Ziraat Bankası		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Stable LC Stable	Stable Stable
National	Local Rating	AAA (Trk)	A-1+ (Trk)
	Outlook	Stable	Stable
Sponsor Support		1	-
Stand Alone		A	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Stable LC Stable	- -

*Assigned by Japan Credit Rating Agency, JCR on May 23, 2013

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T.C. Ziraat Bankası A.Ş.						
Financial Data	June, 2013	2012*	2011*	2010*	2009*	2008*
Total Assets (000,000 USD)	95,470	92,879	86,226	98,973	83,750	68,620
Total Assets (000,000 TRY)	183,760	165,101	162,872	152,181	124,561	104,426
Total Deposit (000,000 TRY)	127,005	119,679	113,772	126,133	98,529	83,883
Total Net Loans (000,000 TRY)	93,458	73,765	73,738	58,876	36,725	30,836
Equity (000,000 TRY)	17,778	17,420	13,540	13,589	10,386	7,375
Net Profit (000,000 TRY)	1,703	2,756	2,234	3,763	3,526	2,147
Market Share (%)**	11.82	11.88	13.20	15.00	14.93	14.25
ROAA (%)	n.a.	2.23	1.87	3.28	3.87	2.94
ROAE (%)	n.a.	23.62	21.73	37.89	49.90	37.40
Equity/Assets (%)	9.67	10.55	8.31	8.93	8.34	7.06
CAR - Capital Adequacy Ratio (%)	15.49	18.69	15.72	19.24	23.09	19.88
Asset Growth Rate (Annual) (%)	17.83	1.37	7.02	22.17	19.28	29.01

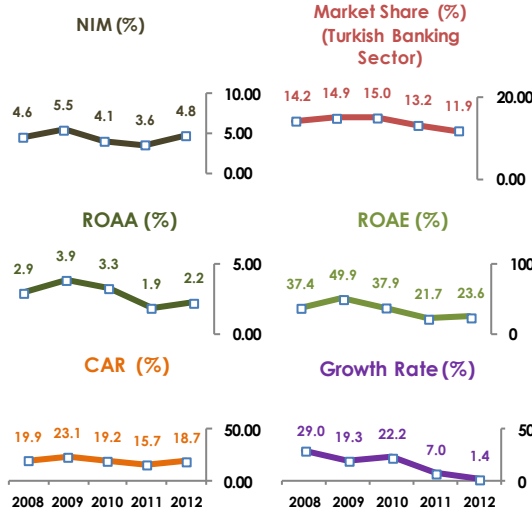
*End of year **On solo basis among the deposit banks

Overview

T.C. Ziraat Bankası A.Ş. (Ziraat Bank or, the Bank) is the only bank owned entirely by the Republic of Turkey Prime Ministry Undersecretariat of Treasury. 'Homeland Funds', established in 1863 to provide finance to farmers, constitute the basis of the Bank. Accordingly, the Bank is accepted as the founder and launcher of the Turkish Banking Sector with its 150 year history.

During the restructuring process of state-owned banks in 2000, the Bank transformed into a joint stock company and merged with Emlak Bank, another state-run bank, in 2001. Since that time, the Bank has optimized the needs of modern banking and international competition and consequently became the most profitable bank in Turkey between 2004 and 2010 and was among the most profitable banks in the following years.

As of June 30, 2013, the Bank served customers with 24,600 employees through 1,536 domestic service points, the widest of the Turkish Banking Sector. Moreover, the Bank operates in 16 countries through 82 international service points including 25 international branches, 1 representative office and 56 branches of 7 subsidiary banks. Additionally, the bank has a network of over 1,400 correspondent banks.



Strengths

- Continuing improvement in financial intermediation functions
- Above sector average improvements in profitability ratios
- Remarkable improvement in net interest margin exceeding sector figure
- Improving capital adequacy ratio exceeding the sector figure
- Increasing operational efficiency through centralized processes contributing to operational risk level and profitability
- Diversification of funding sources through syndicated loans and special purpose funds obtained from international organizations along with the realized and possible positive effects on funding costs and maturity mismatch
- Strong support from the Turkish Treasury

Constraints

- Decreasing and below sector figure assets growth rates two years in a row compatible with the management strategy aiming at sustainable profitability rather than asset size
- Below sector average but improving service income related ratios despite deteriorated sector figures
- Comparatively high increase in NPL ratio approximating the sector figures
- Additional global risks to be exerted by shifts in monetary policy actions of the developed countries
- Sector-wide structural maturity mismatches exerting adversities on liquidity management

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