

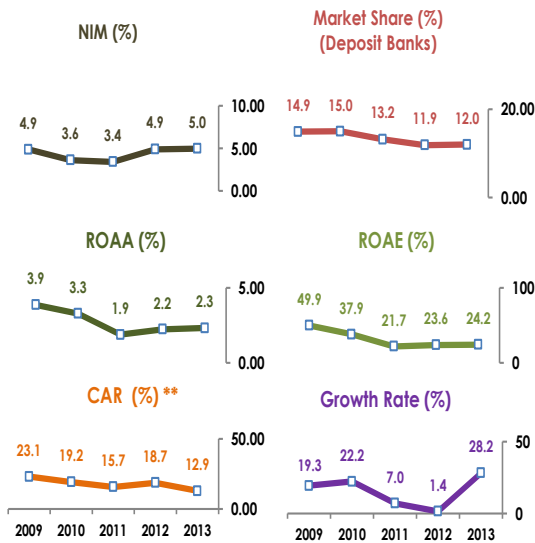
Corporate Credit Rating
Annual Review Report

Banking

Ziraat Bankası		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC	Stable
LC		Stable	Stable
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 July 11, 2014

Senior Analyst: Gökhan İYİGÜN / +90 212 352 56 73
gokhan.iygün@jcrer.com.tr



Strengths

- Continuing improvement in financial intermediary functions through a widening credit portfolio culminated in above sector averages asset growth and terminated decreasing trend in market share over the previous two years
- Improving profitability ratios through above averages interest margin maintained at the same level despite the deteriorating sector figures
- Improving and below sector averages NPL ratio, contributing to asset quality
- Hosting the largest and most widespread branch network and deposit base along with diversified funding sources through syndicated loans and special purpose funds, contributing to customer base, funding costs, maturity mismatch and asset quality
- Increasing operational efficiency through diversified centralized processes contributing to profit generation capacity and risk level
- Strong support deriving from its shareholding structure

Constraints

- Deteriorating and falling below sector average capital adequacy ratio (CAR) stemming from rapidly increasing risk bearing assets along with semiannual figures improved mostly through revaluation surpluses
- Comparatively low equity level along with the comforter of its shareholding structure
- Remarkably below sector average service income level together with its two different possible impacts on profitability, adversely in tightened interest margins and positively in restrictive regulations on the fees and commissions
- Sector-wide structural maturity mismatches despite the Bank's above sector term structure of deposits
- Continuing geopolitical risks leading to decreasing risk appetite of investors and risk of limited growth that might pressure profit margins through lowering the debt-services capabilities of the real sector

T.C. Ziraat Bankası A.Ş.						
Financial Data	Sept., 2014**	2013*	2012*	2011*	2010*	2009*
Total Assets (000,000 USD)	104,667	99,326	92,879	86,226	98,973	83,750
Total Assets (000,000 TRY)	238,347	211,603	165,101	162,872	152,181	124,561
Total Deposit (000,000 TRY)	150,840	143,511	119,679	113,772	126,133	98,529
Total Net Loans (000,000 TRY)	132,901	114,846	73,765	73,738	58,876	36,725
Equity (000,000 TRY)	25,793	18,667	17,420	13,540	13,589	10,386
Net Profit (000,000 TRY)	3,026	3,264	2,756	2,234	3,763	3,526
Market Share (%) ***	12.35	11.98	11.88	13.20	15.00	14.93
ROAA (%)	n.a.	2.32	2.23	1.87	3.28	3.87
ROAE (%)	n.a.	24.23	23.62	21.73	37.89	49.90
Equity/Assets (%)	10.82	8.82	10.55	8.31	8.93	8.34
CAR - Capital Adequacy Ratio (%)	17.58	12.88	18.69	15.72	19.24	23.09
Asset Growth Rate (Annual) (%)	21.74	28.17	1.37	7.02	22.17	19.28

*Consolidated year-end **Solo based ***Solo based among the deposit banks

Overview

T.C. Ziraat Bankası A.Ş. (hereafter, Ziraat Bank or the Bank) is the only bank wholly owned by the Republic of Turkey Prime Ministry Undersecretariat of Treasury. The history of the Bank dates back to the establishment of 'Homeland Funds' in 1863 to provide finance to farmers. Accordingly, the Bank is accepted as the founder and launcher of the Turkish Banking Sector with its long history of over 150 years.

The Bank transformed into a joint stock company in 2000 and another state-run bank, Emlak Bank, was merged into Ziraat Bank in the early 2000's within the scope of the restructuring process of state-owned banks. Since then, the Bank has optimized the needs of modern banking and international competition and consequently became one of the most profitable banks in Turkey.

The Bank had a labor force of 24,161 and a service network of 1,674 branches (FYE2012: 1,514), the widest of the Turkish Banking Sector, including 1,649 (FYE2012: 1,438) domestic and 25 international branches and 1 representative office as of June 30, 2014. The Bank serves in 16 different countries through its international branches, subsidiaries and representative offices. Additionally, the bank has a network of over 1,500 correspondent banks in over 100 countries.

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