Corporate Credit Rating

Annual Review

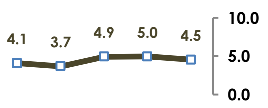
Banking

Ziraat Bankası			Long Term	Short Term
International	Foreign Currency		BBB-	A-3
	Local Currency		BBB-	A-3
	Outlook	FC	Stable	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	-

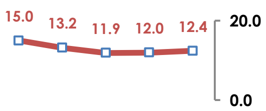
*Affirmed by Japan Credit Rating Agency, JCR on August 28, 2015

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

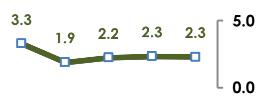
NIM (%)



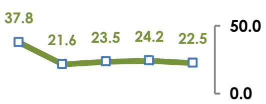
Market Share (%) (Turkish Banking Sector)



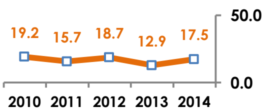
ROAA (%)



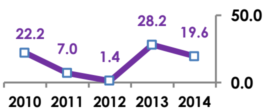
ROAE (%)



CAR (%)



Growth Rate (%)



T.C. Ziraat Bankası A.Ş. and Its Consolidated Subsidiaries

Financial Data	Sept., 2015	2014	2013	2012	2011	2010
Total Assets (000,000 USD)	101,301	109,107	99,326	92,879	86,226	98,973
Total Assets (000,000 TRY)	306,447	253,009	211,603	165,101	162,872	152,181
Total Deposit (000,000 TRY)	192,218	156,145	143,511	119,679	113,772	126,133
Total Net Loans (000,000 TRY)	189,682	147,373	114,846	73,765	73,738	58,876
Equity (000,000 TRY)	29,476	28,617	18,669	17,457	13,631	13,667
Net Profit (000,000 TRY)	3,675	4,110	3,264	2,756	2,234	3,763
Market Share (%) *	12.79	12.42	11.98	11.88	13.20	15.00
ROAA (%) **	n.a.	2.29	2.32	2.23	1.87	3.28
ROAE (%) **	n.a.	22.52	24.20	23.53	21.60	37.77
Equity/Assets (%)	9.62	11.31	8.82	10.57	8.37	8.98
CAR - Capital Adequacy Ratio (%)	13.79	17.47	12.88	18.69	15.72	19.24
Asset Growth Rate (Annual) (%)	25.87	19.57	28.17	1.37	7.02	22.17

* Solo based among the Turkish Banking Sector ** Pre-tax Profit to Avg. Total Assets and Equity

Overview

T.C. Ziraat Bankası A.Ş. (hereinafter Ziraat Bank or the Bank), with all shares owned by the Republic of Turkey Prime Ministry Undersecretariat of Treasury, is the largest deposit bank in Turkey. The Bank's origins date back to the foundation of the "Homeland Funds" in 1863 to provide finance to farmers in the Ottoman Empire. Ziraat Bank regulations went into effect in 1888. The Bank began to perform all banking services with the declaration of Republic. Accordingly, the Bank is accepted as the founder and launcher of the Turkish Banking Sector.

The first overseas representative and branches were founded in 1974 and structuring of the domestic regional directorates took place in 1977. As part of the restructuring of state banks, the Bank was merged with the state-run Emlak Bank in 2001 and has since optimized to the needs of modern banking and international competition and has consequently became one of the most profitable banks in Turkey.

The Bank had a labor force of 24,892 and a service network of 1,802 branches (FYE2014: 1,707), the widest of the Turkish Banking Sector, including 1,776 domestic and 26 international branches and 1 representative office as of September 30, 2015. The Bank serves in 18 different countries at 95 service points through its international branches, subsidiaries and representative offices. Additionally, the bank has a correspondent banks network of approximately 1,770 in over 100 countries.

Strengths

- Steadily improving financial intermediary functions through a widening credit portfolio and expanding diversity of financial services and international coverage of activities
- Above sector average profitability ratios resisting increased pressure on sector profitability
- Leading market efficiency regarding asset size, deposit base and domestic & overseas service network together with overlong track record
- Advanced asset quality through improved below sector average NPL ratio
- Funding sources diversified further through overseas bond issuance, contributing to funding costs and maturity mismatch
- Improved operational efficiency through customer & branch segmentation, diversified centralized processes and improved alternative delivery channels contributing to profit generation capacity and risk level
- First-rate support level stemmed from its shareholding structure and leading position in the sector
- Improved average maturities of deposits despite declined sector figure

Constraints

- Below sector fee and commission income level adversely affecting profitability in the periods of shrinking interest margins and positively in additional restrictive regulations on fees and commissions
- Structural maturity mismatches inherent in the sector despite the Bank's above sector term structure of deposits
- Increased geopolitical risks culminating in diminishing risk appetite of investors and decelerated economic growth that suppress profit margins through weakening debt-services capabilities of real sector actors
- Possible impacts of public authorities on policy determination and the formation of assets and liabilities composition that might be unsatisfactory in the available business cycle
- Manageable and further improvable customer credit concentration within the consideration of sizable loan portfolio

Publication Date: November 20, 2015 *"Global Knowledge supported by Local Experience"*