

## PRESS RELEASE

Istanbul – November 17, 2016

### JCR Eurasia Rating

has reviewed and affirmed the credit ratings of  
**T.C. Ziraat Bankası A.Ş. and its Consolidated Structure**  
as ‘AAA (Trk)’ on the Long Term National scale  
and ‘BBB-’ on the Long Term International scale  
along with ‘Stable’ outlooks.

JCR Eurasia Rating has affirmed the highest-level investment grade credit rating of ‘AAA (Trk)’ on the Long Term National Scale and along with ‘Stable’ outlooks to “T.C. Ziraat Bankası A.Ş. and its Consolidated Structure”. JCR Eurasia Rating has also affirmed the Long Term International Foreign and Local Currency Ratings as ‘BBB-’. Other notes and details of the ratings are given in the table below:

Long Term International Foreign Currency	: BBB- / (Stable Outlook)
Long Term International Local Currency	: BBB- / (Stable Outlook)
Long Term National Local Rating	: AAA (Trk) / (Stable Outlook)
Short Term International Foreign Currency	: A-3 / (Stable Outlook)
Short Term International Local Currency	: A-3 / (Stable Outlook)
Short Term National Local Rating	: A-1+ (Trk) / (Stable Outlook)
Sponsor Support	: 1
Stand Alone	: A

T.C. Ziraat Bankası A.Ş. is the first national bank of the Turkish Banking Sector and is considered to be the founder and launcher of the sector through its operating history over 150 years. The Bank continued to improve its financial intermediary function by sustaining loan-based growth mainly derived from the positive impacts of remodeling process initiated in 2011 in line with the strategic intents of “sustainable profitability and productivity rather than asset size” and “provision of customer-driven products and services”. Moreover, the Bank sustained its contribution to the national economy through its sector leading widespread branch network and deposit base, expanding service variety, and large-scale domestic and international level access channels. The Bank provides funding for all sectors, particularly agriculture, and for firms and individuals of all sizes as well as large projects at the national level.

The Bank, as an integrated financial institution with its subsidiaries and affiliates, also provides services in financial areas such as portfolio management, leasing, securities, private pension, insurance and participation banking in addition to its corporate and retail banking activities, which are shaped by the development needs of the national economy and improved its financial service diversity further through the real estate investment company established very recently. The Bank, which leads the sector in terms of asset size, loan volume, deposits base, equity, paid-capital, net profit for the period, widespread branch network, improved its interest margin and maintained it at above sector level and preserved its profitability ratios despite the continuing downward trend in sector figures thanks to improved branch and staff productivity and succeeded cost management through centralized operational and improved credit allocation decision processes along with the maturity and cost advantages achieved by diversification of funding sources continuing through syndicated loans, overseas bond issuances, domestic bank bills along with the bond issuances and special purpose funds obtained from international banks and institutions to finance SMEs and exports and improved average maturity of deposits despite deteriorating sector figure.

As in the previous years, Ziraat Bank did not realize any sale of non-performing loans, which is a sector-wide practice to decrease NPL ratios, in the completed fiscal year. Moreover, the Bank improved and leveled its NPL ratio at approximately half of the sector figure under the influence of credit-driven growth despite the deterioration in sector indicators. The Bank’s year-end capitalization level, suppressed by above sector average increases in risk weighted assets, stands at a level that could withstand the negative effects of contingent and unexpected risk factors arising from national and international markets and meet minimum legal requirements within the consideration of its fully Undersecretariat of Treasury owned shareholding structure. The upward acceleration in the earning power of the Bank’s and Ziraat Finance Group’s corporate banking, mass banking and international banking activities derived from restructuring and remodeling processes started in 2012 is the main factor behind the Bank’s Long Term National Grade of ‘AAA (Trk)’. Its scale power, determinant position in the formation of sectoral indicators, national significance, and public impact area are the main factors underlying its ‘Stable’ outlook.

Within the context of its role in the financial markets and national economy, shareholding structure, improving asset quality, maintained funding sources diversity, ongoing improvement in financial intermediary activities, increasing branch and personnel productivity through evolving operational processes, preserved net profit generation capacity in contrast to sector, effective branch network, and diversified financial service range, the Bank’s ‘Sponsor Support’ and ‘Stand Alone’ notes have been assessed as the highest ranks of (1) and (A), respectively, under JCR Eurasia Rating’s notation system.

For more information regarding the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our analyst Mr. Gokhan IYIGUN.

JCR EURASIA RATING  
Administrative Board