

## Corporate Credit & Issue Rating

New  Update

Sector: Banking

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### RATINGS

		Long	Short	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Negt.	Negt.
		LC	Negt.	Negt.
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	Negt.	-
		LC	Negt.	-

\*Assigned by JCR on August 14, 2018

## T.C. ZİRAAT BANKASI A.Ş. And Its Consolidated Subsidiaries

### Company Overview

Financial Data (1)	June, 2018	2017 (5)	2016	2015	2014	2013
Total Assets (000,000 USD )	115,175	121,140	105,672	106,709	109,107	99,326
Total Assets (000,000 TRY)	525,278	456,926	371,882	310,268	253,009	211,603
Total Deposit (000,000 TRY)	334,678	282,570	232,912	190,920	156,145	143,511
Total Net Loans (000,000 TRY)	373,287	319,902	246,558	194,872	147,373	114,846
Equity (000,000 TRY)	55,125	48,483	38,912	31,753	28,617	18,669
Net Profit (000,000 TRY)	4,556	8,884	6,885	5,378	4,110	3,264
Market Share (%) (2)	13.55	13.33	13.10	12.85	12.42	11.98
ROAA (%) (3)	1.24	2.78	2.65	2.45	2.29	2.32
ROAE (%) (3)	11.70	26.35	25.58	22.82	22.52	24.23
Equity/Assets (%)	10.49	10.61	10.46	10.23	11.31	8.82
CAR - Capital Adequacy Ratio (%)	13.20	14.60	13.86	14.56	17.47	12.88
Asset Growth Rate (Annual) (%) (4)	25.90	22.87	19.86	22.63	19.57	28.17

(1) Consolidated figures (2) Solo based among the Turkish Banking Sector regarding asset size

(3) Pre-tax Profit to Avg. Total Assets and Equity, June 2018 figures are YoY (4) June 2018 figures is YoY

(5) The effects of TFRS 9 can be seen in the Annex.1

**T.C. Ziraat Bankası A.Ş.** (hereinafter Ziraat Bank or the Bank) is the largest bank and deposit bank in Turkey and leads the sector regarding asset size, equity, loans, deposits, net profit and number of branches as of FYE2017. The foundation of the Bank dates back to 1863, the establishment of the "Homeland Funds". Accordingly, the Bank is accepted as one of the oldest banks in the Turkish Banking Sector with its over 150-year history. The Bank's shares which were entirely owned by the Prime Ministry Undersecretariat of Treasury were decided to be transferred to the Turkish Asset Fund under the Prime Ministry with the decree decision of the Council of Ministers dated January 24, 2017 and the transfer has been finalized as of September 21, 2017.

As of 1H2018, the Bank served customers with 24,572 employees. The Bank services through a branch network of 1,781, the widest of the Turkish Banking Sector, including 1,759 domestic and 22 overseas branches, over 7,000 automatic teller machine (ATM), online and mobile banking and call center. 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 1,800 in over 140 countries.

### Strengths

- Sustained improvement in financial intermediary function and ongoing increase in market share
- Resistive and sustainable profitability ratios standing continuously above the sector averages
- Sector leading market efficiency
- Comparatively high asset quality mostly thanks to NPL ratio at almost half of the sector average
- Well diversified funding sources and improved average maturity of deposits
- Below sector average OPEX level
- Improved credit risk concentration of total loans
- Ongoing above sector average NIM and profitability ratios
- Superior support level

### Constraints

- Sector-wide structural maturity mismatches despite the Bank's improved and above sector average term structure of deposits
- Improved but below sector average service income level
- Restrained net profit due to above sector average increases in financing and operating expenses
- Challenging market conditions with further detrimental impact on investment climate, profitability and asset quality
- Wholly state-owned shareholding leading to higher sensitivity level of its balance sheet composition to probable impacts of public authorities

