

## Corporate Credit Rating

New  Update

**Sector:** Banking

**Publishing Date:** 15.01.2024

**Senior Analyst**

Ezgi Çiçek Yılmaz  
 +90 212 352 56 73

[ezgi.yilmaz@jcrer.com.tr](mailto:ezgi.yilmaz@jcrer.com.tr)

**Assistant Analyst**

Barbaros Dişci  
 +90 212 352 56 73

[barbaros.disci@jcrer.com.tr](mailto:barbaros.disci@jcrer.com.tr)

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022

## T.C. Ziraat Bankası A.Ş.

JCR Eurasia Rating has evaluated "T.C. Ziraat Bankası A.Ş." in the highest investment level category, affirmed the Long-Term National Issuer Credit Rating at 'AAA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Negative', as parallel to international ratings and outlooks of Republic of Türkiye.

T.C. Ziraat Bankası A.Ş. (hereinafter referred to as 'Ziraat Bank', 'the Bank' or 'the Group') one of the oldest national banks, leads the sector with its asset size, loans, deposits, equity and number of branches / employees. All of the Bank's shares belong to Türkiye Wealth Fund as of September 30, 2023.

The Bank provides services through a network of 1,770 branches, 25,719 employees, over 7,358 ATMs, online and mobile systems as of 3Q2023. The Bank also provides services at 118 points in 17 different countries and has an international service network consisting of 9 international banking subsidiaries, 25 overseas as of September 30, 2023. The Bank maintains its position as branches and increasingly expanding integrated financial service provider, including portfolio management, securities brokerage, participation banking, real estate investment trust, IT and venture capital activities.

Key rating drivers, as strengths and constraints, are provided below.

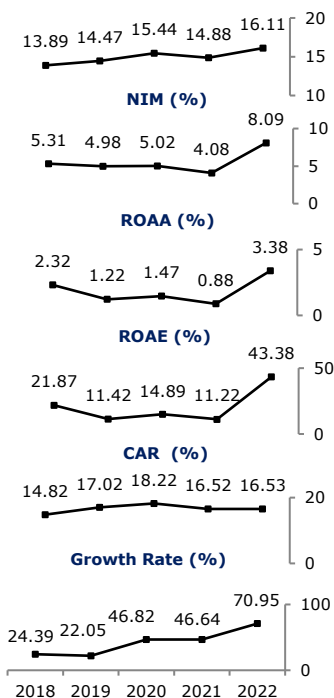
### Strengths

- Visible improvement in core profitability indicators in FY2022 despite decreasing NIM as of 3Q2023 in parallel with the sector,
- Asset quality underpinned via decreasing trend in the NPL ratio driven by prudent risk management strategy,
- Sticky deposit and diversified funding sources thanks to access capability to international funding resources, providing financial flexibility,
- Widened branch network and high efficiency level supporting its leading market position,
- Competitive advantages in domestic market via strong shareholder structure together with long-standing operating history,
- Digital transformation program supporting operational performance and efforts to develop sustainable banking,
- High level of compliance in corporate governance practices and continuity of well-established risk management practices.

### Constraints

- Capital adequacy ratio standing below sector average despite being compatible with the requirements,
- Short-term maturity profile of deposits and structural maturity mismatches across the sector despite the contribution of FX-protected deposits until 3Q2023,
- Volatile environment for Turkish Banking Sector due to weakened TL and inflationary headwinds despite tighter post-election monetary policies of CBRT including interest rate hikes.

### Market Share Asset (%) (Turkish Banking Sector)



Considering the aforementioned points, the Bank's Long-Term National Issuer Credit Rating has been affirmed at 'AAA (tr)'. Taking into account as being one of the pioneers of the Turkish financial system, strong branch network, well diversified loans book, asset quality supported by high provision levels despite its relatively low NPL portfolio, liquidity position above the minimum legal limits, adequate capitalization level and strong shareholder structure have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Bank's financial structure, attainability of the Bank's projections, global macroeconomic environment and the impact of the decisions taken by the regulatory authorities on the sector will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.