

Corporate Credit Rating

New Update

Sector: Banking

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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 the consolidated structure of "T.C. Ziraat Bankası A.Ş." in the highest investment-grade category and affirmed the ratings as "AAA (tr)" on the Long-Term National Issuer Credit Rating 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 have been determined as 'BB' and were also determined in this rating action with 'Negative' outlooks, in parallel to the country ceiling.

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, 2022.

The Bank provides services through a network of 1,756 branches, 27,758 employees, over 7,256 ATMs, online and mobile systems as of 3Q2022. The Bank also provides services at 116 points in 17 different countries and has an international service network consisting of 9 international banking subsidiaries, 25 overseas 1 representative office as of September 30, 2022. 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

- Asset quality underpinned via NPL ratio remaining below the sector average and notably high level of provision,
- Improvement in the core profitability ratios in FY2021 and 3Q2022, despite standing below the sector average,
- Sticky deposit and cost-oriented diversified funding sources,
- 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,
- Convenience and solutions offered through expanded digitalization practices together with advantages of scale,
- High level of compliance in corporate governance practices and sustainability.

Constraints

- Capital adequacy ratio standing below sector average despite being compatible with the requirements,
- Exceeding sector average OPEX level and SWAP position partially suppressing profitability,
- The continuation of maturity mismatch and short-term profile of deposits across the sector despite FX-Protected Deposits support in a certain extent,
- Weakened TL and inflation rate impacting on debt-servicing capabilities of the real sector and tighter conditions of external financing.

Considering the aforementioned points, the Bank's the 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, asset quality supported by high provision levels despite its low NPL portfolio, liquidity position above the minimum legal limits, maintaining a loan-based growth strategy as well as the possible negative effects of the macroeconomic conditions on the Turkish banking sector; were the main inputs of the affirmation of the Bank's outlooks as 'Stable' in the long and short-term perspectives.

Market Share (%) (Turkish Banking Sector)

