

## Corporate Credit Rating

□ New  Update

**Sector:** Banking

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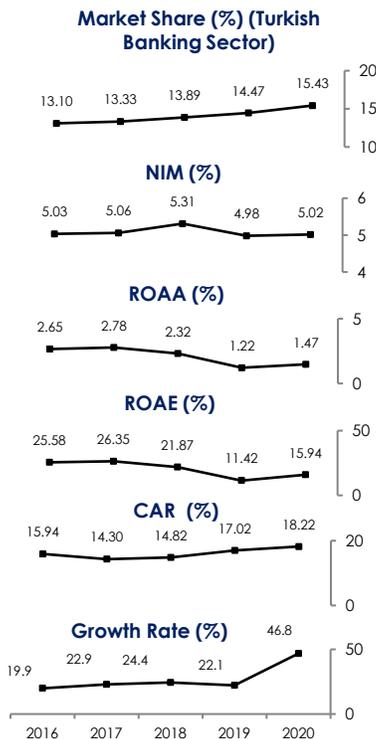
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## RATINGS

		Long Term	Short Term	
National	Local Rating	<b>AAA (Trk)</b>	<b>A-1+ (Trk)</b>	
	Outlook	<b>Stable</b>	<b>Stable</b>	
	Issue Rating	-	-	
International	Foreign Currency	BB	B	
	Local Currency	BB	B	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Sponsor Support	1	-		
Stand-Alone	A	-		
Sovereign*	Foreign Currency	BB	-	
	Local Currency	BB	-	
	Outlook	FC	Stable	-
		LC	Stable	-

\*Assigned by JCR on May 31, 2021

## RATIOS



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

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 (Trk)" on the Long-Term National Scale and as "A-1+ (Trk)" on the Short-Term National Scale with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings of Ziraat Bank are mapped as 'BB/Stable', according to JCR-ER's national-global mapping methodology.

**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 Turkey Wealth Fund as of September 30, 2021.

The Bank provides services through a network of 1,751 branches, 24,556 employees, over 7,200 ATMs, online and mobile systems as of 3Q2021. The Bank also provides services at 114 points in 17 different countries and has an international service network consisting of 9 international banking subsidiaries, 24 overseas branches and 1 representative office as of September 30, 2021. The Bank maintains its position as an increasingly expanding integrated financial service provider, including portfolio management, securities brokerage, participation banking, real estate investment trust, IT and venture capital activities.

### Strengths

- Asset quality underpinned via NPL ratio remaining below the sector average and high level of provision,
- Recovery in the core profitability ratios in FY2020,
- Widened branch network and high efficiency level supporting its leading market position,
- Deposit funding and cost-oriented diversified funding sources,
- Sufficient capital ratios continuing to indicate the capacity to absorb incidental losses,
- Expected improvement in capital via sponsor support providing room for growth,
- First-Rate support level,
- Convenience and solutions offered through expanded digitalization practices together with advantages of scale,
- High level of compliance in corporate governance practices and sustainability.

### Constraints

- SWAP position partially suppressing profitability,
- Exceeding sector average OPEX level regarding total income,
- Structural maturity mismatch and short-term profile of deposits across the Turkish banking sector,
- Significant volatility deteriorating balance sheets, affecting debt service capacity of corporates and increasing uncertainty,
- Concerns on the banking sector's asset quality, revenue streams and higher credit loss provisions due to Covid-19 outbreak worsening macroeconomic environment

Considering the mentioned drivers, the Bank's the Long-Term National Rating has been affirmed as "AAA (Trk)". 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 relatively low NPL portfolio, liquidity position above the minimum legal limits, maintaining a loan-based growth strategy, the possible negative effects of the Covid-19 outbreak on the Turkish banking sector.; the Bank has been affirmed with 'Stable' outlooks in the long and short-term perspectives. The Long Term International Foreign and Local Currency Ratings have been assigned at the country ceiling level of 'BB / Stable'.

The Bank's asset quality, profitability indicators, liquidity profile, capital adequacy structure together with global and domestic macroeconomic indicators are the priority issues to be monitored in the following period.

The Sponsor Support Note of Ziraat Bank's has been determined considering the financial strength and support willingness of the sole shareholder Turkey Wealth Fund that shall provide assistance to the Bank to meet any immediate financial needs if required due to the overall importance of the Bank to the Turkish banking sector and financial markets. In this regard, the Company's Sponsor Support Note has been affirmed as "1", which denotes high level of external support.

Considering market power, asset quality, liquidity level, growth rates, resource generation capacity, risk management practices, corporate governance implementations of the Bank's, the Stand Alone Note of the Bank has been affirmed as "A", corresponding to the highest levels in JCR Eurasia Rating's notation system.