

PRESS RELEASE
Istanbul – April 20, 2017

JCR Eurasia Rating
affirms the ratings of ‘AAA (Trk)’ on the Long Term National Scale,
‘BBB’ on the Long Term International Foreign Currency and
‘BBB+’ on the Long Term International Local Currency Scales
along with ‘Stable’ outlooks for
Türkiye Garanti Bankası A.Ş.

JCR Eurasia Rating has affirmed the rating of ‘AAA (Trk)’ along with a ‘Stable’ outlook for **Türkiye Garanti Bankası A.S.** on the Long Term National Scale, which denotes the highest credit rating grade assigned by the agency. On the other hand, the Long Term International Foreign and Local Currency ratings were affirmed as ‘BBB’ and ‘BBB+’, respectively. 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-2 /(Stable Outlook)
Short Term National Local Rating	: A-1+(Trk)/(Stable Outlook)
Sponsor Support	: 1
Stand Alone	: A

Garanti, as one of the leading institutions of the Turkish financial system, continues to enjoy the advantages of economies of scale to an extent of contribution to the sustainability of the profitability level by sustenance of margins and be supported by a diversified and integrated business mix through its widespread branch network, alternative delivery channels, increased convenience and customer experience through digitalization practices and affiliates in retaining its high level of market influence.

The **Bank’s** core profitability indicators reversing downward path while outperforming sector averages and improving NIM through contribution from loans against increasing funding costs; capitalization level and CET1 share above sector averages adequate to absorb incidental losses and support sustainability; asset quality maintained regarding below-the-sector NPL ratios despite slight deterioration and above-the-sector coverage level within a prudential stance; and continuing strategy of loan-driven growth accompanied by enhancing low-cost deposit base while maintaining focus on defending margins against such impediments as sector-wide structural maturity mismatches and short maturity profile of deposits causing high level of liquidity requirements despite the generation of alternative funding sources with longer maturities and improvements in diversification of funding mix; and concurrent political upheavals in international and domestic level resulting in excessively embedded discounts of political risks in the domestic markets were the factors effective in the affirmations of **Garanti’s** ratings.

The effects of counter-cyclical fiscal stimulus package coming into force in view of the subdued growth and reflections of loans being extended by **Garanti** within the scope of the credit guarantee fund facilities on its financial statements in particular; direction and magnitude of possible effects of the constitutional referendum on the financial markets together with the possible effects on the operating environment of the risk and opportunities to arise out of restructuring process of the organs of the state following the failed coup attempt will be monitored in the periods to come.

Taking into account existence of **BBVA** (Banco Bilbao Vizcaya Argentaria S.A), one of the leading banking groups in Europe, in the **Bank’s** shareholding structure as the sole major shareholder consequent to recently finalized process of additional share transfer from **Dogus Group** as well as **Garanti’s** sturdy balance sheet composition, the long term international local currency (**BBB+**) and long term international foreign currency (**BBB**) ratings have been reaffirmed above Turkey’s sovereign ratings (**BBB-**).

The financial strength of the current major shareholder, its willingness to provide funds to the **Bank** and the **Bank’s** importance in the overall economy and financial markets due to its magnitude and geographical outreach have been assessed within the highest rank of **(1)** for ‘Sponsor Support’ category. The current senior management’s ability to administer the risks undertaken and high degree of convergence to corporate governance and sustainability practices given the **Bank’s** strong equity base, profitability indicators above the sector averages and asset quality also correspond to the highest level of ‘Stand Alone’ category with **(A)** under **JCR Eurasia’s** notation system.

For more information regarding the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our Head of Group **Mr. Zeki M COKTAN**.

JCR EURASIA RATING
Administrative Board