

Corporate Credit Rating

Updated

Banking

Garanti		Long Term	Short Term	
International	Foreign Currency	BBB	A-3	
	Local Currency	BBB+	A-2	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
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	Stable	-
		LC	Stable	-

*Affirmed by Japan Credit Rating Agency, JCR on July 11, 2014

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TÜRKİYE GARANTİ BANKASI A.Ş.					
Financial Data	2014*	2013*	2012*	2011*	2010*
Total Assets (USD mn)	105,817	102,706	100,852	86,542	89,344
Total Assets (TRY mn)	243,907	217,736	177,500	161,401	135,803
Total Deposit (TRY mn)	133,407	119,194	97,775	93,236	79,104
Total Net Loans (TRY mn)	148,081	131,315	102,260	92,654	71,092
Equity (TRY mn)	27,256	23,475	21,922	18,150	16,873
Net Profit (TRY mn)	3,846	3,529	3,390	3,398	3,432
Asset Market Share (%)**	12.13	12.57	12.84	13.09	13.28
ROAA (%)	2.11	2.24	2.52	2.87	3.42
ROAE (%)	19.24	19.48	21.37	24.42	27.99
Equity/Assets (%)	11.17	10.78	12.36	11.23	12.42
CAR-Capital Adequacy Ratio (%)**	15.23	14.42	18.09	16.89	19.62
Asset Growth Rate (Annual) (%)	12.02	22.67	9.97	18.85	17.47

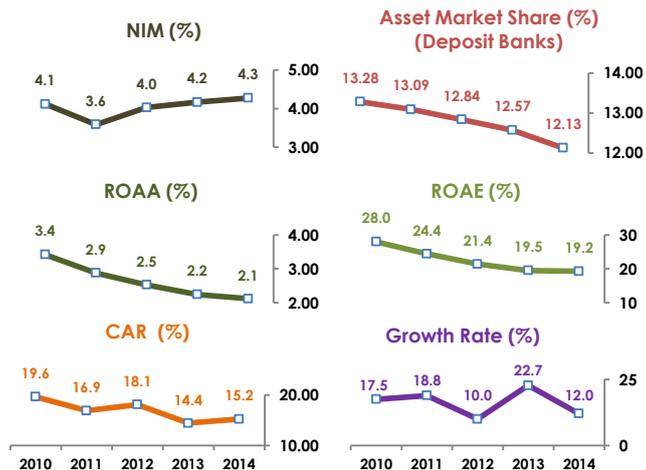
*End of year **On solo basis among the deposit banks

Overview

Türkiye Garanti Bankası A.Ş. (hereinafter referred to as "Garanti" or the "Bank"), operating in the fields of corporate, private, commercial, SME, investment and retail banking through its diversified clientele and integrated business mix, is a national private bank and one of the market leaders in the Turkish financial system. Major shareholders of the Bank are Banco Bilbao Vizcaya Argentaria S.A (BBVA, 25.01% share) – one of the leading banking groups in Europe with an asset size of EUR673 bn at 1QE2015 and Dogus Grubu (DOGUS – the Group, 24.23% share). The process to obtain the necessary local and international approvals regarding the share transfer between Doguş Group and BBVA disclosed on November 19, 2014 raising the BBVA's stake to 39.9% is still ongoing. Garanti's shares have been traded on the Borsa İstanbul (BIST) since 1990.

Garanti's widespread distribution network of (at the end of 1Q2015) 995 domestic branches, 8 foreign branches and 3 international representative offices, over 19 thousand employees, comprehensive infrastructure of its alternative delivery channels and its affiliates bolster the franchise strength of the Bank.

Profitability indicators established above the sector averages with recurrent revenue components, improved capitalization level and maintenance of asset quality through below-the-sector NPL ratios are the main determining factors to support the affirmation of Garanti's ratings.


Strengths

- Profitability indicators with recurring revenue components outperforming sectorial averages
- Asset quality maintained regarding below-the-sector NPLs incl.&excl. write-offs and notable collection performance during 1Q2015
- Improved capitalization level above the requirements and CET1 share well above the sector adequate to absorb incidental losses and support sustainability
- Upward path of NIM particularly on QoQ basis during FY2014
- Margins to be boosted through continued momentum in actively managed securities particularly CPI linkers, reshuffling of asset mix and selective lending
- Advantages of economies of scale enjoyed to a degree to contribute to the sustainability of its profitability through its strong franchise
- High level of compliance regarding corporate governance implementations and sustainability accompanied by well-established managerial practices and advanced risk management system

Constraints

- Upside risks via weakened TL and downside risks to growth with sluggish policy response thereto exerting pressure on profit margins and impacts on debt-servicing capabilities of the real sector
- Sectorial impacts of regulatory changes and commission rebates continuing to weigh on margins
- Stiff political headwinds aggravated further by the uncertainties of the upcoming election
- Sector-wide structural maturity mismatches and short maturity profile of deposits
- Continuation of gradual contraction in market shares

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