

Corporate Credit Rating

Updated

Banking

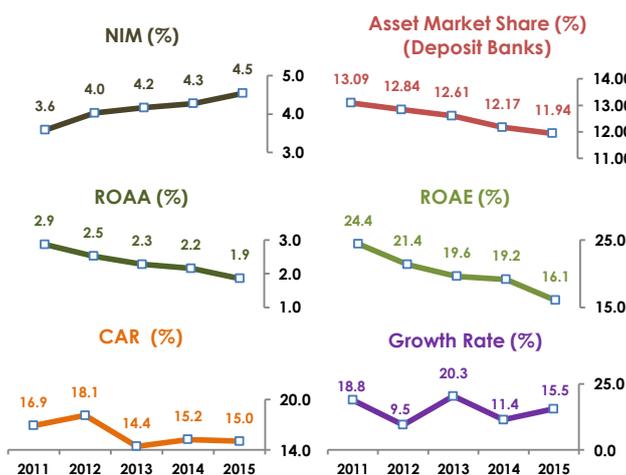
Garanti		Long Term	Short Term	
International	Foreign Currency	BBB	A-3	
	Local Currency	BBB+	A-2	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
National	Local Rating	AAA (Trk)	A-1+ (Trk)	
	Outlook	Stable	Stable	
Sponsor Support		1	-	
Stand Alone		A	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Affirmed by Japan Credit Rating Agency, JCR on August 28, 2015

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Strengths

- Profitability indicators - though declining - with recurring revenue components outperforming sectorial averages
- Capitalization level above the requirements and CET1 share above the sector with net positive effect of possible regulatory changes
- Continuation of upward path of NIM much above the sector average
- Despite sharp growth during 4Q2015 through reclassification, asset quality maintained regarding below-the-sector NPLs incl.&excl. write-offs and above-the-sector LLP level
- Lowered risk profile through periodic proactive and prudent action
- Anticipated cutback on the general provision rate
- Margins to be defended against increasing funding costs through profitable and selective loan growth with continuing upward repricing
- Advantages of economies of scale through its strong franchise together with increased convenience offered through digitalization practices
- High level of compliance regarding corporate governance implementations and sustainability

Constraints

- Rising risks of weakened TL and downside risks to growth exerting pressure on profit margins and impacts on debt-servicing capabilities of the real sector further aggravated by the recent upward trend in bankruptcy postponements
- Main profitability indicators having continued to deteriorate throughout the sector and OPEX remaining under pressure through rebates
- Persistence of stiff political headwinds in international and domestic level
- Sector-wide structural maturity mismatches and short maturity profile of deposits

TÜRKİYE GARANTİ BANKASI A.Ş.					
Financial Data	2015*	2014*	2013*	2012*	2011*
Total Assets (USD mn)**	94,511	103,217	100,733	100,852	86,542
Total Assets (TRY mn)**	274,838	237,914	213,554	177,500	161,401
Total Deposit (TRY mn)**	156,114	133,407	119,194	97,775	93,236
Total Net Loans (TRY mn)**	175,682	148,081	131,315	102,260	92,654
Equity (TRY mn)**	32,006	27,290	23,526	21,922	18,150
Net Profit (TRY mn)**	3,807	3,841	3,581	3,390	3,398
Asset Market Share (%)***	11.94	12.17	12.61	12.84	13.09
ROAA (%)**	1.86	2.16	2.28	2.52	2.87
ROAE (%)**	16.06	19.16	19.61	21.37	24.40
Equity/Assets (%)**	11.65	11.47	11.02	12.35	11.25
CAR-Capital Adequacy Ratio (%)***	15.03	15.23	14.42	18.09	16.89
Asset Growth Rate (Annual) (%)**	15.52	11.41	20.31	9.47	18.85

*End of year **Based on IFRS financials *** 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, 39.90% share) – one of the leading banking groups in Europe with an asset size of EUR750 bn as at the end of 2015 and Dogus Grubu (DOGUS – the Group, 10.00% 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 39.90% from 25.01% was finalized on July 27, 2015. Garanti's shares have been traded on the Borsa Istanbul (BIST) since 1990.

Garanti's widespread distribution network of (at the end of 2015) 971 domestic branches, 9 foreign branches and 3 international representative offices, 19.7 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, capitalization level expected to be further supported by net positive effect of possible regulatory changes and maintenance of asset quality level above the sector are the main determining factors to support the affirmation of Garanti's ratings.