

Corporate Credit Rating

Banking

Updated

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	-

TÜRKİYE GARANTİ BANKASI A.Ş.					
Financial Data	2016*	2015*	2014*	2013*	2012*
Total Assets (USD mn) **	87,765	94,511	103,217	100,733	100,852
Total Assets (TRY mn) **	308,319	274,838	237,914	213,554	177,500
Total Deposit (TRY mn) **	178,644	156,114	133,407	119,194	97,775
Total Net Loans (TRY mn) **	205,989	175,682	148,081	131,315	102,260
Equity (TRY mn) **	36,438	32,006	27,290	23,526	21,922
Net Profit (TRY mn) **	5,052	3,807	3,841	3,581	3,390
Asset Market Share (%) ***	11.57	11.94	12.17	12.61	12.84
ROAA (%) **	2.17	1.86	2.16	2.28	2.52
ROAE (%) **	18.52	16.06	19.16	19.61	21.37
Equity/Assets (%) **	11.82	11.65	11.47	11.02	12.35
CAR-Capital Adequacy Ratio (%) ***	16.21	15.03	15.23	14.42	18.09
Asset Growth Rate (Annual) (%) **	12.18	15.52	11.41	20.31	9.47

\*End of year \*\*Based on IFRS financials \*\*\* On solo basis and/or among the deposit banks

Overview

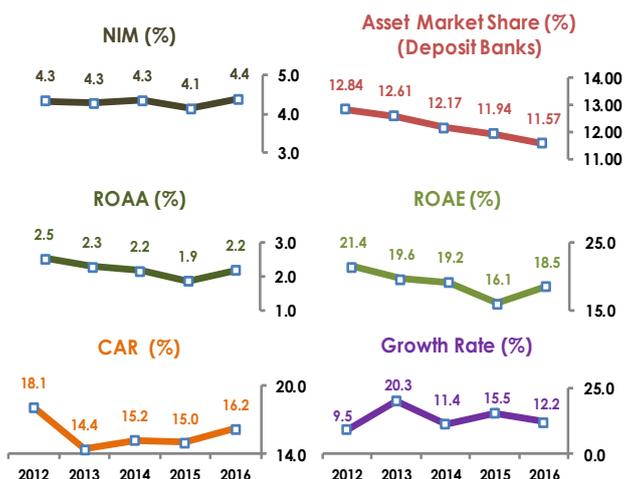
Türkiye Garanti Bankası A.Ş. (hereinafter referred to as "Garanti" or the "Bank"), operating in the fields of corporate, private, commercial, SME, investment and retail banking through its diversified clientele and integrated business mix, is a national private bank and one of the market leaders in the Turkish financial system. Banco Bilbao Vizcaya Argentaria S.A (BBVA), one of the leading banking groups in Europe with an asset size of EUR732 bn as at the end of 2016, has become the sole major shareholder of the Bank through the share transfer between Doguş Group and BBVA disclosed on February 21, 2017 raising the BBVA's stake to 49.85% from 39.90% and finalized on March 22, 2017. Garanti's shares have been traded on the Borsa İstanbul (BIST) since 1990.

Garanti's widespread distribution network of (at the end of 2016) 959 domestic branches, 9 foreign branches and 3 international representative offices, c. 20 thousand employees, comprehensive and digitalized infrastructure of its alternative delivery channels and its affiliates bolster the franchise strength of the Bank.

Core profitability indicators reversing downward path and outperforming sector averages, capitalization level and CET1 share above sector averages and maintenance of asset quality level above the sector are the main determining factors to support the affirmation of Garanti's ratings.

\*Affirmed by Japan Credit Rating Agency, JCR on October 7, 2016

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Strengths

- Established earnings power with core profitability indicators reversing downward path while outperforming sector averages and restored NIM through contribution from loans against increasing funding costs
- Capitalization level and CET1 share above sector averages
- Asset quality maintained regarding below-the-sector NPL ratios despite slight deterioration and above-the-sector coverage level
- Continuing strategy of loan-driven growth accompanied by enhancing low-cost deposit base while maintaining focus on defending its margins
- Sustained asset growth despite market share contraction with share of loans continuing to expand
- Advantages of economies of scale through its strong franchise with convenience offered through expanded digitalization practices
- Improvement of already high level of compliance regarding corporate governance implementations and sustainability

Constraints

- Adversities to be exerted on debt-servicing through subdued growth accompanied by weakened demand and rising unemployment though partially eased by counter-cyclical fiscal stimulus package
- Sector-wide structural maturity mismatches and short maturity profile of deposits
- Concurrent political upheavals in international and domestic level resulting in excessively embedded discounts of political risks in the domestic markets