

Corporate Credit &
Issue Rating

New Update

Sector: Banking

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Head of Group

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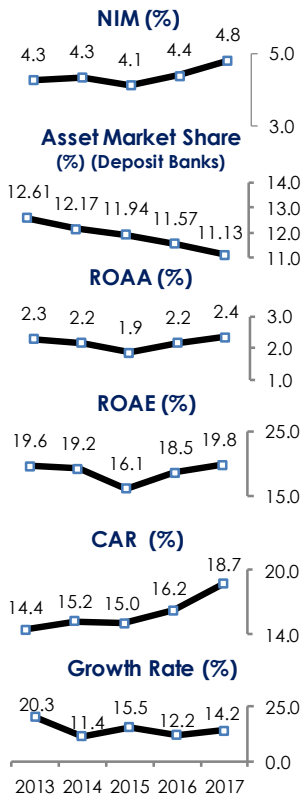
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RATINGS

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

*Affirmed by JCR on November 10, 2017



TÜRKİYE GARANTİ BANKASI A.Ş.

Financial Data	1Q2018**	2017*	2016*	2015*	2014*	2013*
Total Assets (USD mn)	91,225	93,258	87,765	94,511	103,217	100,733
Total Assets (TRY mn)	359,882	352,122	308,319	274,838	237,914	213,554
Total Deposit (TRY mn)	211,895	200,679	178,644	156,114	133,407	119,194
Total Net Loans (TRY mn)	244,724	233,194	205,989	175,682	148,081	131,315
Equity (TRY mn)	42,711	41,925	36,438	32,006	27,290	23,526
Net Profit (TRY mn)	2,011	6,094	5,052	3,807	3,841	3,581
Asset Market Share (%) ***	10.82	11.13	11.57	11.94	12.17	12.61
ROAA (%)	n.a.	2.35	2.17	1.86	2.16	2.28
ROAE (%)	n.a.	19.81	18.52	16.06	19.16	19.61
Equity/Assets (%)	11.87	11.91	11.82	11.65	11.47	11.02
CAR-Capital Adequacy Ratio (%) ***	18.03	18.68	16.21	15.03	15.23	14.42
Asset Growth Rate (Annual) (%)	9.49	14.21	12.18	15.52	11.41	20.31

* Based on end-of-year IFRS consolidated financials
 ** Based on end-of-period BRSA consolidated 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 foreign deposit 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 EUR685 bn as at the end of 1Q2018, has become the sole major shareholder of the Bank through the last share transfer between Doguş Group and BBVA finalized on March 22, 2017 raising the BBVA’s stake to 49.85% from 39.90%. Garanti’s shares have been traded on the Borsa Istanbul (BIST) since 1990.

Garanti’s widespread distribution network of (at the end of 1Q2018) 928 domestic branches, 8 foreign branches and 3 international representative offices, 18,639 employees (as of 1Q2018), comprehensive and digitalized infrastructure of its alternative delivery channels and its affiliates bolster the franchise strength of the Bank.

Core profitability indicators having reversed downward path and stayed well above sector averages, capital adequacy level and CET1 share well 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.

Strengths

- Capital adequacy and CET1 share well above sector averages
- Earnings power with core indicators well above the sector and improved NIM through contributions from loans and securities with higher CPIs
- Asset quality maintained regarding better-than-the-sector NPL and coverage levels together with well-below-guidance CoR through better collections
- Maintenance of loan-driven moderate growth strategy accompanied by timely repriced loans with strong focus on defending margins
- Sustained asset growth despite market share contraction
- Convenience and solutions offered through expanded digitalization practices together with advantages of scale through its strong franchise
- Improvement of already high level of compliance regarding corporate governance implementations and sustainability

Constraints

- Widening CAD together with ongoing volatility and rapid depreciation of TRY weighing on inflationary measures and corporate private sector financials while increasing inertia following a high growth momentum period
- Sector-wide structural maturity mismatches and short maturity profile of deposits
- Unrest with bordering countries accompanied by the persisting and aggravating geopolitical tension in international politics