

Corporate Credit & Issue Rating

New Update

Sector: Banking

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Head of Group

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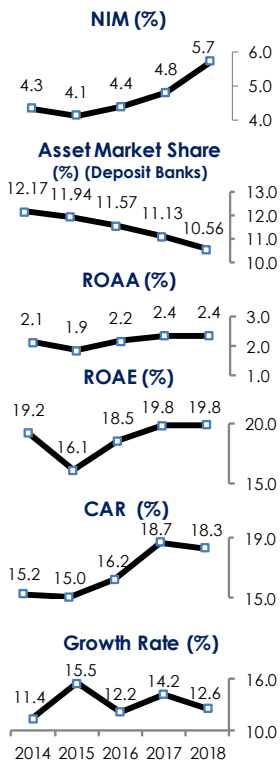
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RATINGS

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

*Assigned by JCR on November 27, 2018



TÜRKİYE GARANTİ BANKASI A.Ş.

Financial Data	1Q2019**	2018*	2017*	2016*	2015*	2014*
Total Assets (USD mn)	75,387	75,252	93,258	87,765	94,511	103,217
Total Assets (TRY mn)	423,322	396,571	352,122	308,319	274,838	237,914
Total Deposit (TRY mn)	262,791	244,892	200,679	178,644	156,114	133,407
Total Net Loans (TRY mn)	267,458	251,144	233,194	205,989	175,682	148,081
Equity (TRY mn)	48,427	46,895	41,925	36,438	32,006	27,290
Net Profit (TRY mn)	1,737	6,748	6,094	5,052	3,807	3,841
Asset Market Share (%) ***	10.60	10.56	11.13	11.57	11.94	12.17
ROAA (%)	n.a.	2.35	2.35	2.17	1.86	2.16
ROAE (%)	n.a.	19.83	19.81	18.52	16.06	19.16
Equity/Assets (%)	11.44	11.83	11.91	11.82	11.65	11.47
CAR-Capital Adequacy Ratio (%) ***	17.05	18.31	18.68	16.21	15.03	15.23
Asset Growth Rate (Annual) (%)	17.63	12.62	14.21	12.18	15.52	11.41

* 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 EUR677 bn as at the end of FY2018, has been the sole major shareholder of the Bank consequent to the 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 1Q2019) 922 domestic branches, 8 foreign branches and 2 international representative offices, 18,295 employees (as of 1QE2019), comprehensive and digitalized infrastructure of its alternative delivery channels and its affiliates bolster the franchise strength of the Bank.

Capital adequacy level and CET1 share together with maintained earnings power by core profitability indicators having stayed well above sector averages, strong liquidity position with lowered dependency on external funds and sustained influence through strong and efficient franchise 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 mainly through contributions from securities with higher CPIs
- Strong liquidity position & diminishing dependency on external funding
- Solid market position & sustained influence through strong and efficient franchise
- Maintenance of loan-driven moderate growth strategy accompanied by timely repriced loans with strong focus on defending margins
- Convenience and solutions offered through expanded digitalization practices together with advantages of scale
- Improvement of already high level of compliance regarding corporate governance implementations and sustainability

Constraints

- Renewed volatility and rapid depreciation of TRY continuing to weigh on inflationary measures and stalling initiation of easing measures despite feeble demand
- Below-the-sector NPLs reversing its pattern & below-the-sector Stage 3 coverage
- Sector-wide structural maturity mismatches and short maturity profile of deposits
- Persisting unrest with bordering countries accompanied by the aggravating geopolitical tension in international politics
- Contraction in market share despite growing assets