

**Corporate Credit & Issue Rating**

New  Update

**Sector:** Banking

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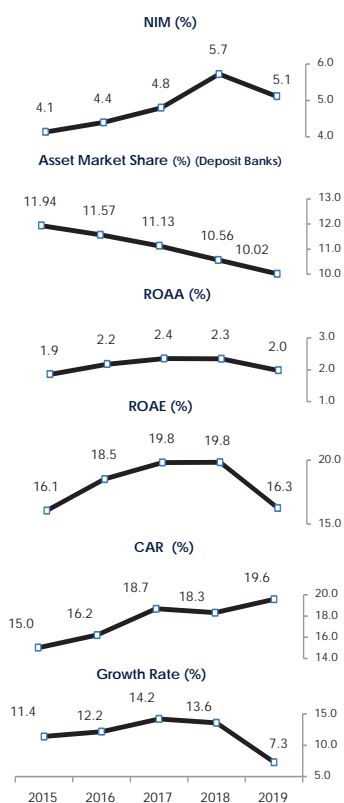
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**RATINGS**

		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB	A-3	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
	Issue Rating	FC	BBB-	A-3
LC		BBB	A-3	
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	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
		LC	Negative	-

\*Assigned by JCR on April 10, 2020

**RATIOS**



**TÜRKİYE GARANTİ BANKASI A.Ş.**  
**Company Overview**

Financial Data	1H2020*	2019*	2018*	2017*	2016*	2015*
Total Assets (USD mn)	71,344	72,253	75,898	93,258	87,765	94,511
Total Assets (TRY mn)	487,121	429,196	399,975	352,122	308,319	274,838
Total Deposit (TRY mn)	306,754	277,139	244,892	200,679	178,644	156,114
Total Net Loans (TRY mn)	311,311	266,293	251,144	233,194	205,989	175,682
Equity (TRY mn)	58,560	54,086	46,895	41,925	36,438	32,006
Net Profit (TRY mn)	3,484	6,263	6,748	6,094	5,052	3,807
Asset Market Share (%) ***	9.66	10.02	10.56	11.13	11.57	11.94
ROAA (%)	n.a	1.98	2.34	2.35	2.17	1.86
ROAE (%)	n.a	16.25	19.83	19.81	18.52	16.06
Equity/Assets (%)	12.02	12.60	11.72	11.91	11.82	11.65
CAR-Capital Adequacy Ratio (%) *	18.39	17.81	16.52	16.79	14.67	13.53
CAR-Capital Adequacy Ratio (%) **	19.15	19.57	18.31	18.68	16.21	15.03
CET- Common Equity Tier I Ratio (%) *	14.79	15.39	14.20	14.68	13.59	12.82
Asset Growth Rate (Annual) (%)	13.50	7.31	13.59	14.21	12.18	15.52

\* Based on end-of-year IFRS consolidated financial statement,  
 \*\* Based on end-of-period BRSA unconsolidated financial statement,  
 \*\*\* On solo basis and/or among the deposit banks.

**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 EUR754 bn as at the end of 1H2020, has been the sole major shareholder of the Bank consequent to the share transfer between Doğu 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 1H2020) 901 domestic branches, 8 foreign branches and 2 international representative offices, 21,964 employees with its subsidiaries (as of 1H2020), 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 Long Term National ratings a **AAA(Trk)** in JCR Eurasia Rating’s notation.

**Strengths**

**Constraints**

- Capital adequacy and CET1 share well above sector averages
  - Profitability indicators - though declining - with recurring revenue components outperforming sectorial averages
  - Strong liquidity position & diminishing dependency on external funding
  - Solid market position & sustained influence through strong and efficient franchise
  - Continuing strategy of loan-driven growth accompanied by enhancing low-cost deposit base while maintaining focus on defending its margins
  - Convenience and solutions offered through expanded digitalization practices together with advantages of scale
  - Taking action to minimize impact of Covid-19 outbreak by the regulator
  - Improvement of already high level of compliance regarding corporate governance implementations
- Above-the-sector NPLs pressuring asset quality
  - Contraction in market share despite growing assets
  - Renewed volatility and rapid depreciation of TRY continuing to weigh on inflationary measures,
  - Concerns on the banking sector’s asset quality, revenue streams and higher credit loss provisions due to Covid-19 outbreak worsening macroeconomic environment
  - Sector-wide structural maturity mismatches and short maturity profile of deposits