

Corporate Credit Rating

New Update

Sector: Banking

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB-	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-
	Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Türkiye Garanti Bankası A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Türkiye Garanti Bankası A.Ş." in the investment grade category with the highest credit quality, affirmed the Long-Term National Issuer Credit Rating at 'AAA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings have been affirmed at 'BBB-' and 'BBB' respectively, with 'Stable' outlooks, above the sovereign ratings and outlooks of Republic of Türkiye, considering synergy driven by the sole shareholder, Banco Bilbao Vizcaya Argentaria S.A. ("BBVA"), as one of the leading banking groups in Europe.

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"), having strong position in European Banking Sector with an asset and equity sizes of EUR 776bn and EUR 55bn respectively, as of December 31, 2023, has been the sole shareholder of the Bank consequent to the share transfer between Dogus Group and BBVA finalized on March 22, 2017 raising the BBVA's stake to 49.85% from 39.90%. On March 31, 2022, the voluntary tender offer process of 36.12% shares launched by BBVA and approved by CMB. Hence, BBVA's current stake at Garanti has reached 85.97% and Garanti's 14.03% of stakes have been currently traded on the Borsa Istanbul (BIST).

As of FYE2023, Garanti's widespread distribution network of 796 domestic branches, 8 foreign branches, 1 representative office abroad, 22,016 employees with its subsidiaries, comprehensive and digitalized infrastructure of its alternative delivery channels and its affiliates bolster the franchise strength of the Bank.

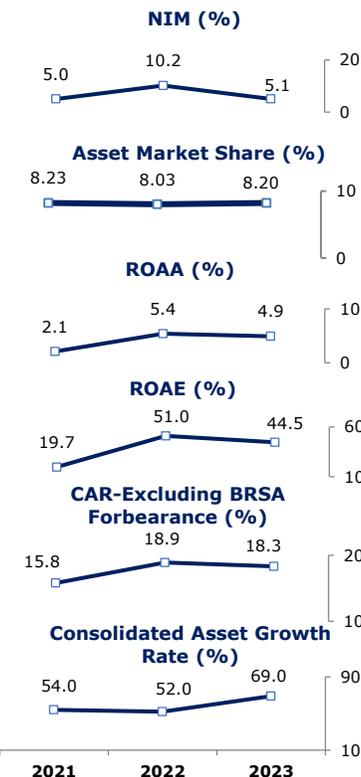
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Maintenance of earnings power with solid core profitability indicators despite declining NIM in the sector in 1H2024,
- Well diversified loans book underpinning market influence,
- Decreasing trend in NPL ratio supporting asset quality,
- Strong capital adequacy ratios in the analysed period,
- Remarkably easy access to capital markets together with diversified funding structure and sticky deposit base supporting liquidity metrics,
- Competitive advantage through strong market position and deep-rooted operating history,
- Well-established digitalization practices supporting operational performance,
- High level of compliance in corporate governance principles, risk management framework and sustainability policies.

Constraints

- Structural maturity mismatch and short-term profile of deposits across the sector,
- Sensitivity of operating environment in Turkish Banking Sector considering macroeconomic and geopolitical risks.



Considering the aforementioned factors, the Bank's the Long-Term National Rating has been affirmed at 'AAA (tr)'. Taking into account strong capital adequacy to absorb incidental losses and CET1 share, sustainable earnings power with core indicators, decreasing NPL ratio and strong liquidity position realized well above legal limits as well as the possible uncertainties in the macroeconomic conditions, the outlooks for Long- and Short-Term National Issuer Credit Ratings of the Bank are determined as 'Stable'. Global macroeconomic environment and the impact of the decisions taken by the regulatory authorities on the sector will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.