

Corporate Governance Rating

This Revised Report has been prepared by JCR-ER in compliance to the regulations of Capital Markets Board of Turkey

Publication Date: 11/12/2019

Sector: Banking

T. GARANTİ BANKASI A.Ş.

Ratings

Overall Score	9.73	AAA(Trk)/aaa (Positive)
Shareholders	9.67	AAA(Trk)/aaa (Stable)
Public Disclosure & Transparency	9.67	AAA(Trk)/aaa (Stable)
Stakeholders	9.86	AAA(Trk)/aaa (Stable)
Board of Directors	9.76	AAA(Trk)/aaa (Positive)

Company Profile

Trade Name	T. GARANTİ BANKASI A.Ş.
Address	Nispetiye Mah. Aytar Cad. No:2 Beşiktaş/ İSTANBUL
Chairman	Mr. Süleyman SÖZEN
CEO	Mr. Recep BAŞTUĞ
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Financial Data	3Q2019**	2018*	2017*	2016*	2015*	2014*
Total Assets (USD mn)	73,193	75,252	93,258	87,765	94,511	103,217
Total Assets (TRY mn)	411,162	396,571	352,122	308,319	274,838	237,914
Total Deposit (TRY mn)	257,842	244,892	200,679	178,644	156,114	133,407
Total Gross Loans (TRY mn)	259,801	251,144	233,194	205,989	175,682	148,081
Equity (TRY mn)	51,775	46,895	41,925	36,438	32,006	27,290
Net Profit (TRY mn)	4,998	6,748	6,094	5,052	3,807	3,841
Asset Market Share (%) ***	10.05	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 (%)	12.59	11.83	11.91	11.82	11.65	11.47
CAR-Capital Adequacy Ratio (%)***	19.87	18.31	18.68	16.21	15.03	15.23
Asset Growth Rate(ytd) (Annual) (%)	3.01	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

Bank Overview

Türkiye Garanti Bankası A.Ş. (Garanti BBVA or Bank), {credit ratings by JCR Eurasia Rating on June 11, 2019: [FC: BBB/BBB+ Negative, LC: AAA(Trk)/(A-1+) (Trk) Stable]} was established in 1946. A large-scale deposit bank, Garanti BBVA carries out activities in every segment of the banking sector, including corporate, commercial, SME, payment systems, retail, private and investment banking services. In addition to its major fields of activity, through its numerous subsidiaries the Bank provides related non-banking financial services in the field of factoring, leasing, pensions, insurance, brokerage and asset management. Alongside its nationwide coverage network of 910 branches, the Bank has 7 foreign branches in Cyprus and one in Malta as well as 2 international representative offices located in Düsseldorf and Shanghai.

Banco Bilbao Vizcaya Argentaria S.A (BBVA), one of the leading banking groups in Europe is the sole major shareholder of the Bank with 49.85% of shares. The remaining 50.15% of shares are held by a variety of investors that includes domestic and foreign retail along with foreign institutional investors across the globe. Bank shares have been traded on the Borsa Istanbul (BIST) since 1990 and the actual free float rate is 50.07% as of September 30, 2019.

The Board of the Bank consists of 11 members, only the CEO pursues an executive position. 3 board members are in the independent status. Audit, Corporate Governance, Risk and Remuneration Committees were established within the scope of the Board of Directors.

Strengths

- Publishing the integrated report
- High level of effectiveness in internal audit activities
- High quality service provision for customers
- Having the "Garanti IR" (Investors Relations) tablet application for Android and iOS platform
- Having a comprehensive and effective risk management system
- Inclusion in the Dow Jones Sustainability Index
- Utilization of the Bank IR website as an effective transparency platform in Turkish and English
- Effective Board of Directors comprised of highly qualified, educated and experienced members

Constraints

- Absence of any clauses in the articles of association of the Bank to broaden the exercise of minority rights beyond the current legislation for shareholders holding less than 5% of the share capital.
- Lack of disclosure of the per-person remuneration of the top managers and the board members