



Structured Finance Rating

Covered Bonds

New Update

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Türkiye Garanti Bankası A.Ş.

Covered Bonds

Type of Securities	Mortgage Covered Bonds
Programme	"TRY 3 bn Capital Markets Board (CMB) Issue Ceiling"
Issuer	Türkiye Garanti Bankası A.Ş.
Registration	Merkezi Kayıt Kuruluşu A.Ş.
Swap Counterparties	None (no swap)
Cover Monitor	Deloitte
Specific Applicable Law	The CMB Communiqué Serial: III, No: 59.1 named "Covered Bonds"
Outstanding Covered Bonds - TRY – on July 31, 2021 Issued at par in single issuance	TRY 250,000,000 380 days maturity maturing on July 21, 2022
Covered Bonds to be issued	Up to TRY 3,000,000,000 Terms to be determined
Principal Payment	Soft bullet
WAL of CBs	0.98 years
Cover Pool Assets on July 31, 2021	First Lien Mortgage Loans: TRY 3,367,471,830 Government Bonds: TRY 100,000,000
Nominal Overcollateralization	1,287% (committed: 2%)
WAL of CP	3.52 years
Number of Borrowers	32,147
Number of Mortgage Loans	32,147
CB & CP Interest Type	CB: Fixed / CP: Fixed
Fixed / Floatine	
CP Cut-off Date	July 31, 2021

RATINGS

Covered Bonds issued under "TRY 3 bn Capital Markets Board Issue Ceiling" by "Türkiye Garanti Bankası A.Ş."		Long Term	Short Term
International Local Currency / Outlook		BBB+ (Stable)	A-2 (Stable)
National Note / Outlook		AAA (Trk) (Stable)	A-1+(Trk) (Stable)
Sovereign*	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	Stable	-
		Stable	-

*Assigned by Japan Credit Rating Agency, JCR on May 31, 2021

Overview

"Türkiye Garanti Bankası A.Ş.", hereinafter referred as Garanti and/or the Issuer, (ranking 5th in solo based asset size in the Turkish banking sector) plans to issue Mortgage Covered Bonds in Turkey on nominal values to local qualified investors or investors domiciled abroad by invitation or private placement without any public offering under "TRY 3 bn Capital Markets Board (CMB) Issue Ceiling" through approval by the CMB dated July 1, 2021 within the meaning of the CMB Communiqué Serial: III, No: 59.1 named "Covered Bonds"- amounting to TRY 3 bn, terms of which have been determined and recently issued. In its latest corporate credit rating action for Garanti, JCR-ER assigned 'AAA (Trk)' with Stable outlook in the Long-Term National Scale for the Issuer on August 26, 2020.

The underlying assets of the CBs issued will be the well-diversified cover pool (with WAL at 3.52 years) consisting of instalment-based residential mortgage loans - all secured by first lien mortgages - extended by the Issuer mainly for purposes of purchasing property (99.87% of the total outstanding loans in the CP on July 31, 2021). The cover pool bears fixed interest payments.

Strengths

- Dual recourse facilities for the CB issuances provided by the Turkish applicable law
- Existence of numerous strict asset eligibility criteria strengthening appropriateness level of assets in cover pool of CBs
- Ample surplus OC over committed OC and the one corresponding to current rating
- Homogeneous and multitudinous profile of obligors in the cover pool
- Low level of cover pool delinquencies together with LtV ratios well below legal and reference levels
- An immune and liquid portfolio with matching terms and few conditionalities
- Facility of monthly replacement of cover pool to be provided by the Issuer and monitored by the Cover Monitor.

Constraints

- Symmetrical risk profiles across the CB series and absence of secondary market impeding investor diversity
- Growing uncertainties through Covid-19 pandemic accompanied by geopolitical tension to exert temporary adversities on debt-servicing
- Metrics of the current structure exposed to potential changes within the programme through the Issuer's decisions