



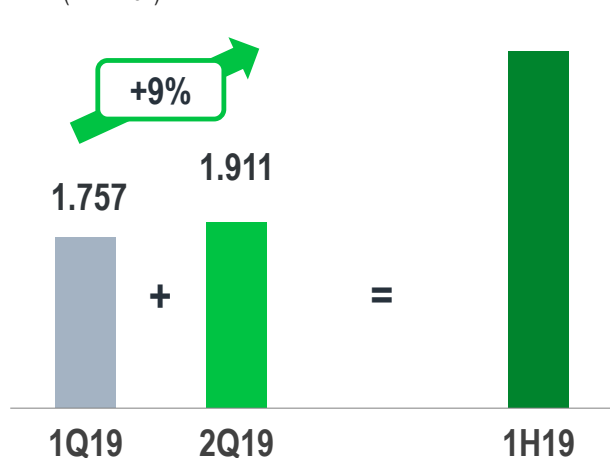
1H19 EARNINGS PRESENTATION

Based on BRSA Consolidated Financials
July 30th, 2019

STELLAR EARNINGS: RESULT OF CUSTOMER DRIVEN BUSINESS MODEL

NET INCOME

(TL million)



ROAE

15%

ROAA

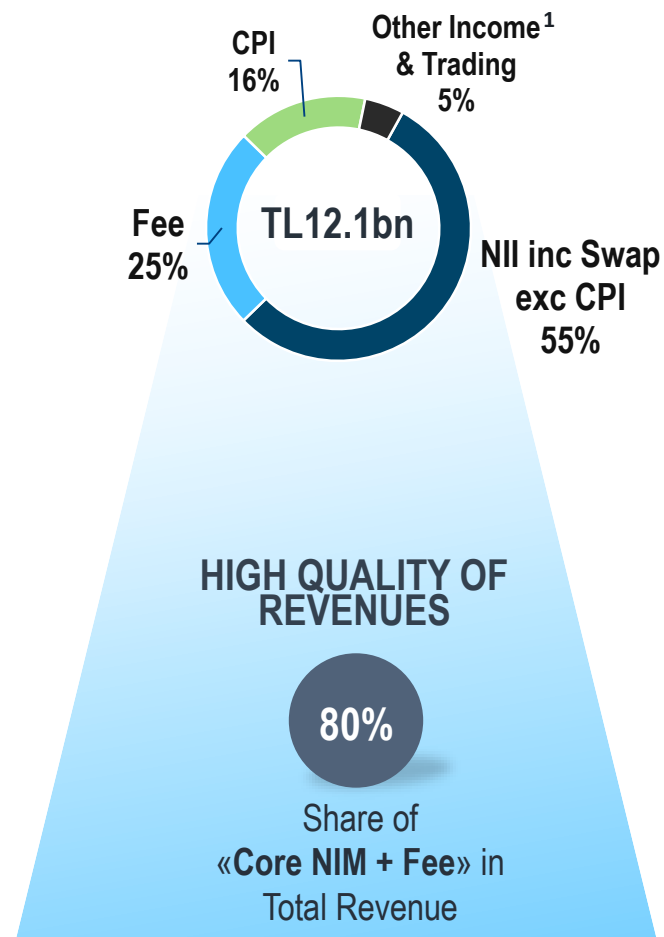
1.8%

CAR

16.4%

*with sustained
TL 2.35bn free provisions
in the balance sheet*

BREAKDOWN OF 1H19 REVENUES



¹ Other income excludes «provision reversals» and one-off gains whereas trading income excludes «gains related to currency hedge»

Please refer to page 21

Note: In the calculation of Return on Average Equity (ROAE) & Return on Average Assets (ROAA), non-recurring items are excluded when annualizing Net Income for the remaining quarters

1H19 HIGHLIGHTS

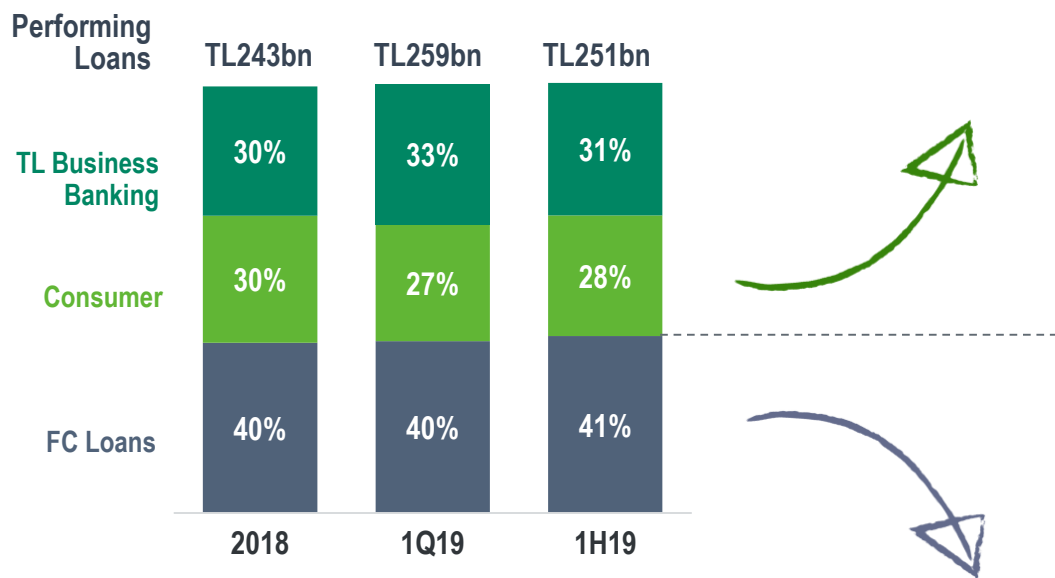
Better than expected trend in...



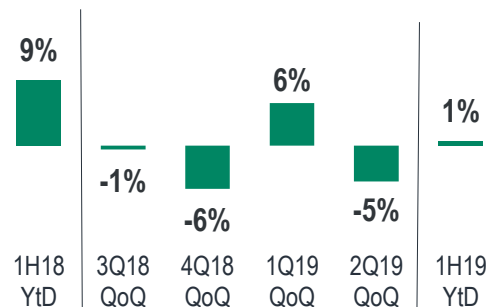
creates cushion to comfortably meet our full year guidance.

MUTED LOAN GROWTH IN THE FIRST HALF

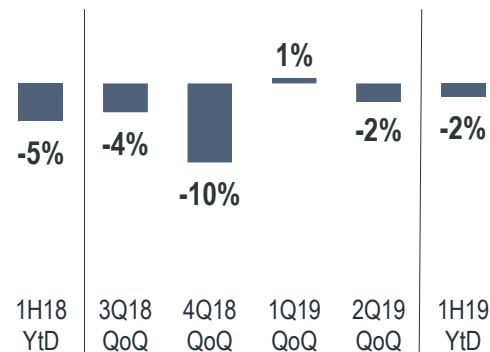
PERFORMING LOAN PORTFOLIO (60% of Total Assets)



TL PERFORMING LOANS (Growth, %)



FC PERFORMING LOANS (Growth in US\$ terms, %)

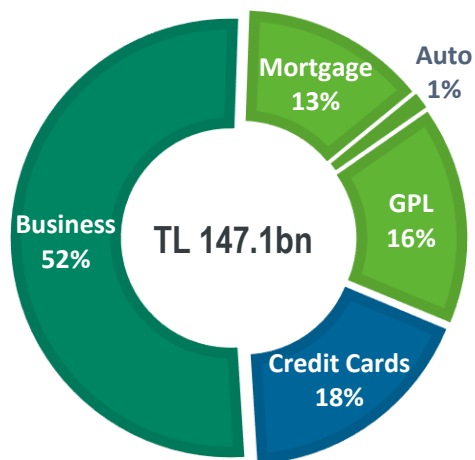


Note: Business banking loans represent total loans excluding credit cards and consumer loans
 Performing loans = Loans - Non performing loans. Excludes Leasing and Factoring receivables
 Please refer to appendix page 20 for TL and FC breakdown of NPLs

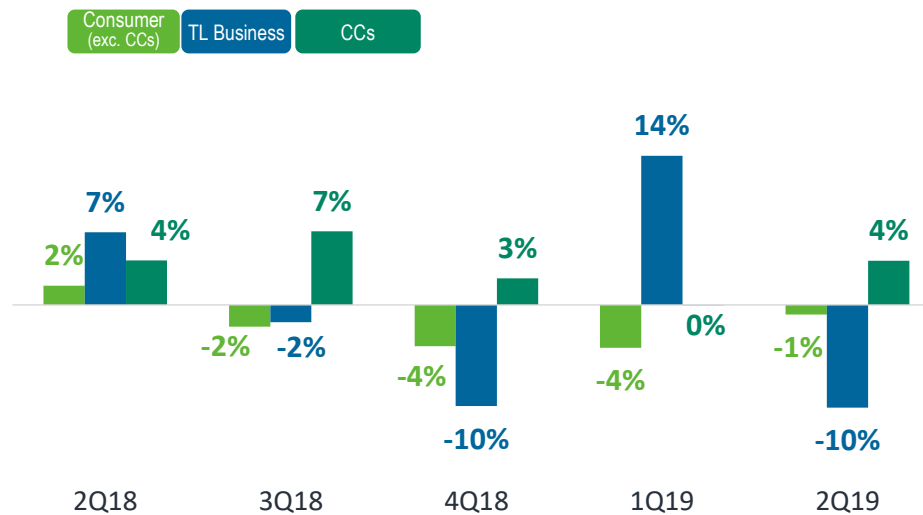
NEW ORIGINATIONS FELL SHORT OF REDEMPTIONS IN TL BUSINESS & CONSUMER LOANS

TL PERFORMING LOANS

– 59% OF TOTAL PERFORMING LOANS



QUARTERLY GROWTH



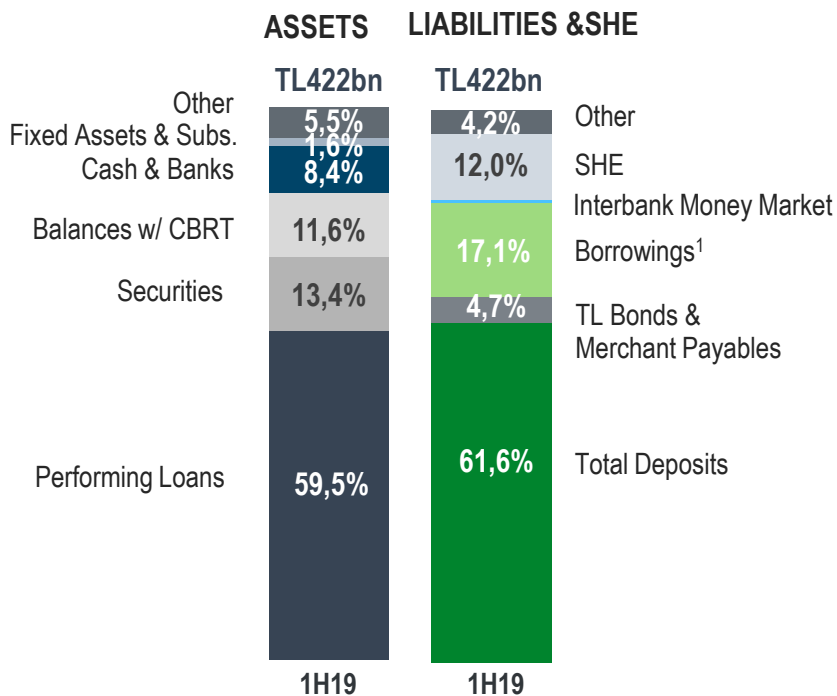
▶ 22% of TL Business Lending is within the **CGF** scheme

▶ 46% of GPLs are granted to salary customers

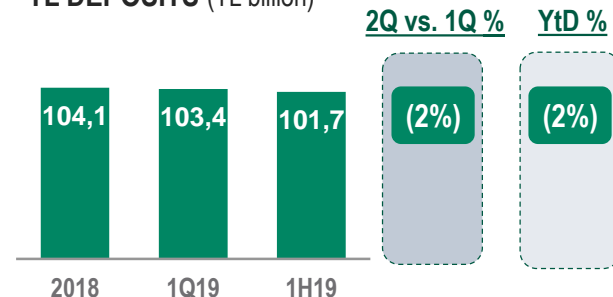
▶ TL Business Banking loans declined in 2Q due to **maturing ST corporate loans** and the **absence of new CGF loans**

▶ Consumer loans have declined for four consecutive quarters

ACTIVELY MANAGED LIQUIDITY -- STICKY & LOW COST DEPOSITS



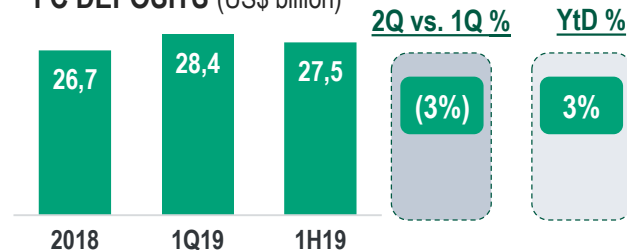
TL DEPOSITS (TL billion)



SME & RETAIL DEPOSITS²
in TL Cust. Deposits

~78%

FC DEPOSITS (US\$ billion)



SME & RETAIL DEPOSITS²
in FC Cust. Deposits

~73%

HIGH SHARE OF FREE FUNDS

DEMAND DEPOSITS / TOTAL DEPOSITS

30%

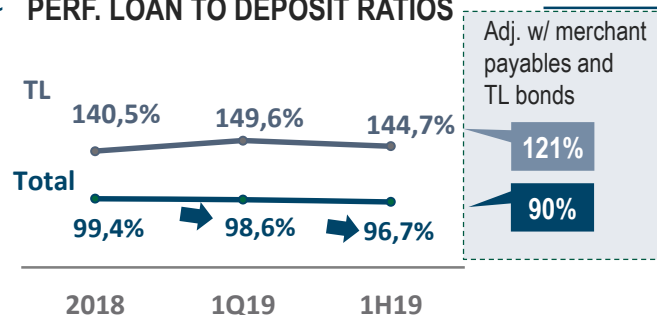
Bank-only 28%
vs. sector's 23%

FREE FUNDS / IEA

19%

Bank-only 15%
vs. peer average of 12%

PERF. LOAN TO DEPOSIT RATIOS



TL BONDS
Registered solid growth in the first half

+94% YtD

¹ Includes funds borrowed, sub-debt & FC securities issued

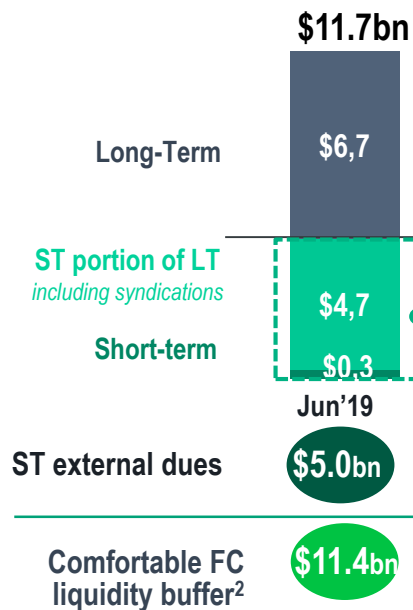
² Based on bank-only MIS data

Note: Sector data is based on BRSA weekly data, for commercial banks only. Peer average represents five peers' average as of 1Q19

Free funds=SHE-Net NPL-Subsidiaries-Fixed Assets-Reserve Requirements+Demand Deposits

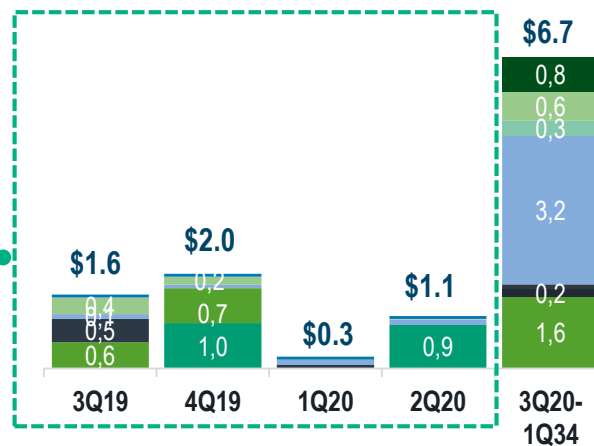
COMFORTABLE LIQUIDITY & MANAGEABLE EXTERNAL DEBT STOCK

GARANTI'S EXTERNAL DEBT¹



MATURITY PROFILE OF EXTERNAL DEBT

(US\$ billion)



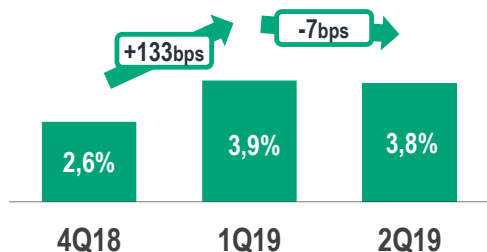
- Subordinated
- Bilateral & Multilateral
- Securitization
- MTN
- Syndicated Loan
- Post Finance
- Covered Bond
- Secured Finance
- Eurobond

► Lower dependency on external borrowing due to shrinking FC loan portfolio since 2013:
 ► CAGR: FC loans: -7% vs. FC borrowings: -6%

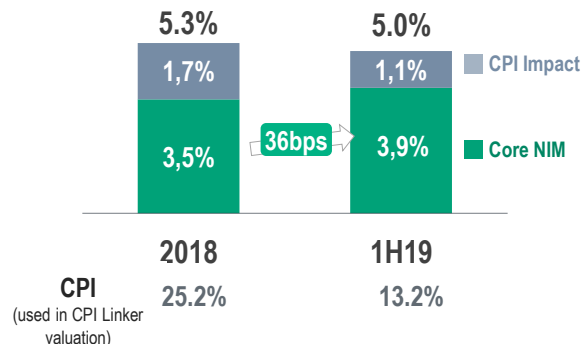
¹ Includes TL covered bonds and excludes on balance sheet IRS transactions
² FC Liquidity Buffer includes FC reserves under ROM, swaps, money market placements, CBRT eligible unencumbered securities

PROVEN ROBUST NIM UNDERPINNED BY DISCIPLINED PRICING & DIVERSIFIED FUNDING MIX

QUARTERLY CORE NIM²



CUMULATIVE NIM INCL. SWAP COSTS

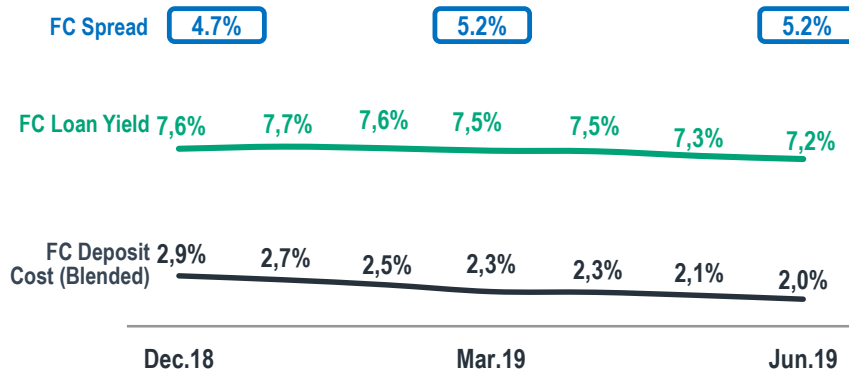
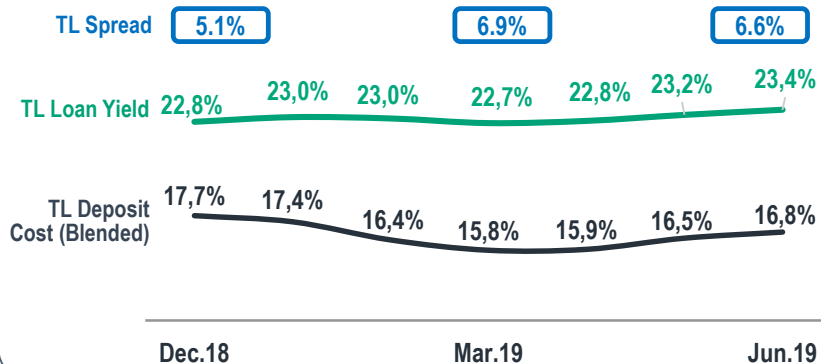


► New TL deposit pricings were under pressure, yet average deposit costs maintained flattish QoQ

► QoQ decrease in FC deposit costs are supportive

► Significantly lower CPI contribution vs. 2018

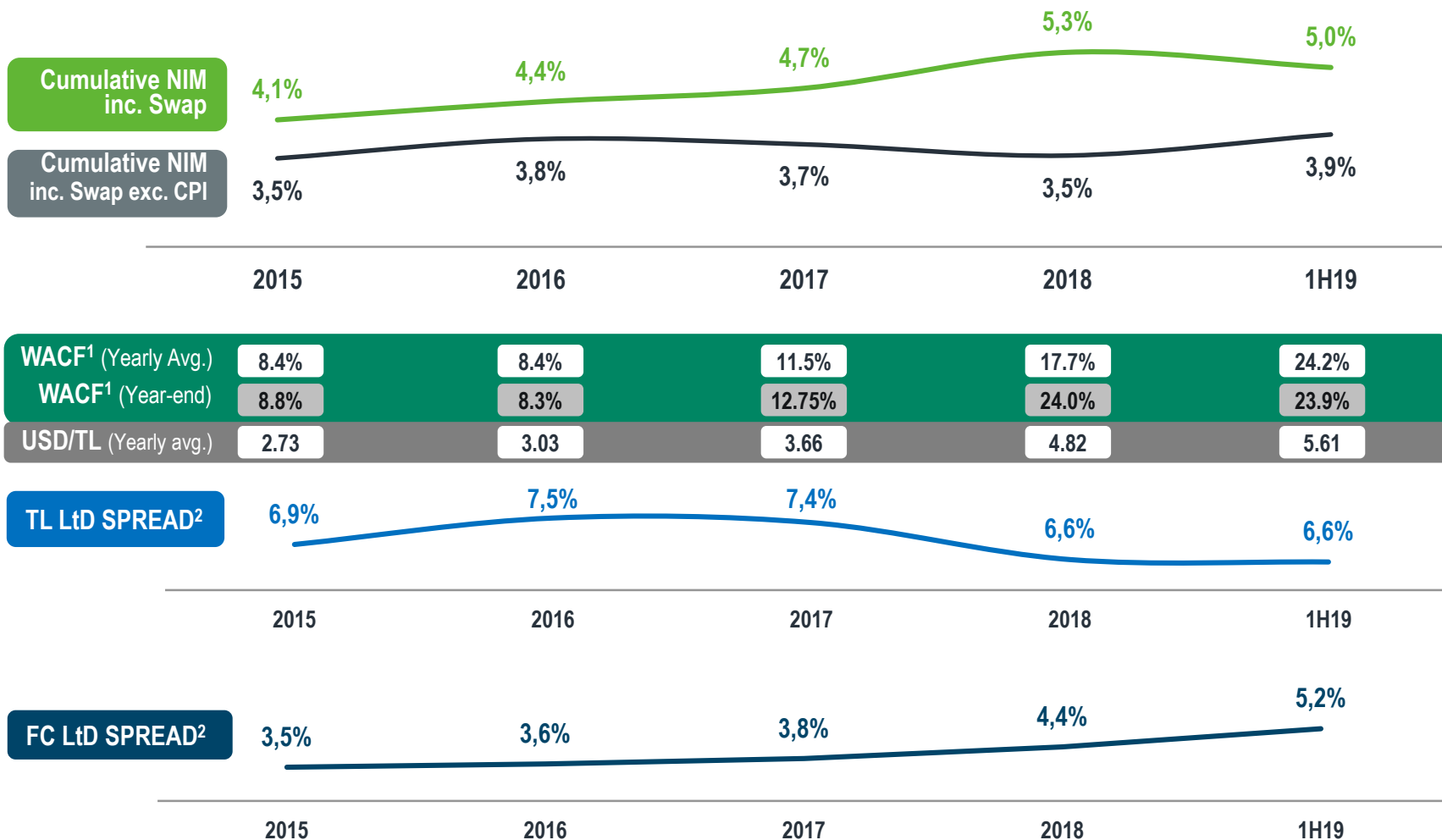
MONTHLY LtD SPREAD¹



¹ Based on MIS data.

² Core NIM = NIM including Swap costs and excluding CPI linker gains

PROVEN RESILIENCE OF MARGIN IN VOLATILE MARKET CONDITIONS

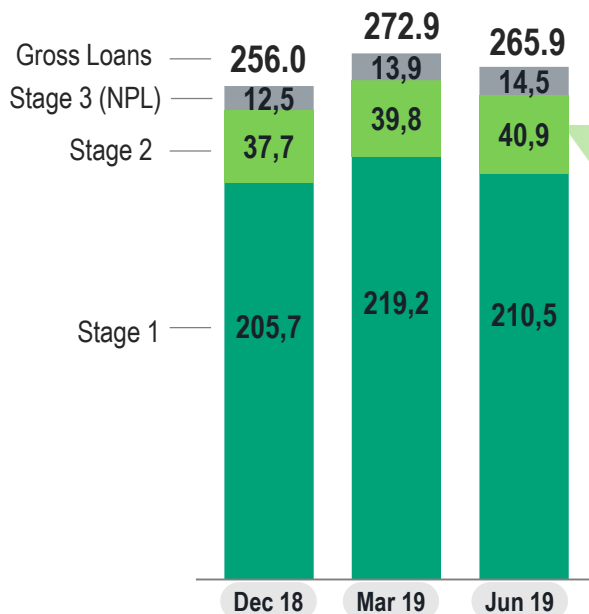


1 CBRT Weighted Average Cost of Funding
2 Based on MIS data

PRUDENT APPROACH ON STAGING & COVERAGE LEVELS

LOAN PORTFOLIO BREAKDOWN¹

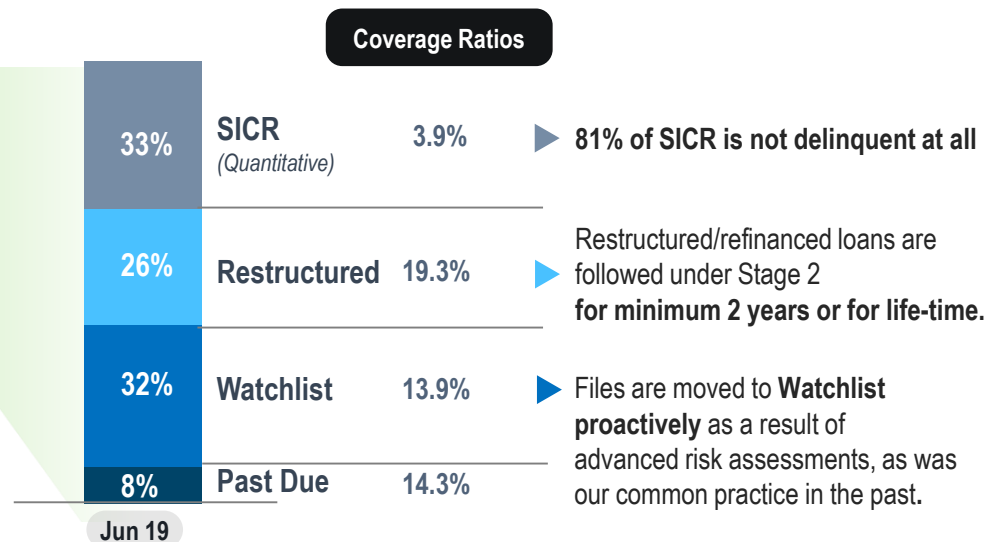
(Billion TL)



USDTRY: 5.2699 5.6153 5.7500

UNCONSOLIDATED STAGE-2 BREAKDOWN

– 15% OF GROSS LOANS



Coverage Ratios

	Dec 18	Mar 19	Jun 19
Total	4.9%	5.2%	5.5%
Stage 1	0.4%	0.5%	0.5%
Stage 2	10.4%	11.2%	11.6%
Stage 3	59.1%	59.0%	58.5%

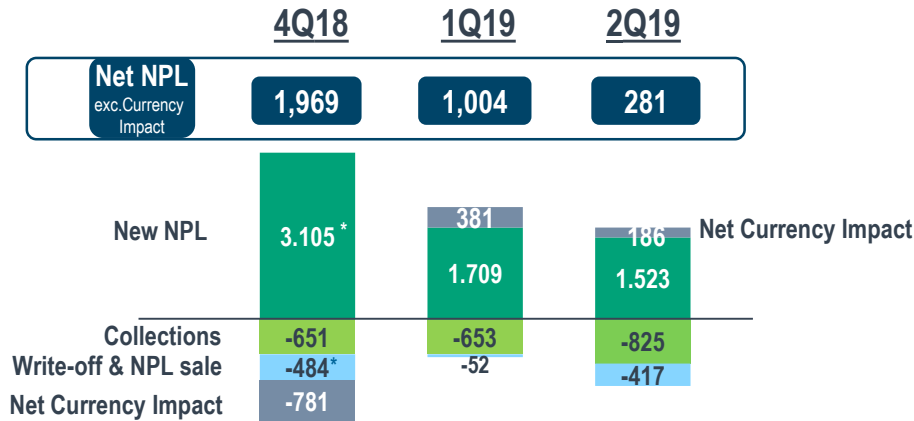
¹ Excludes Leasing and Factoring Receivables

Note: SICR: Significant Increase in Credit Risk per our threshold for Probability of Default (PD) changes

NEW NPL INFLOWS FARING BETTER THAN EXPECTED, YET FULL YEAR GUIDANCE MAINTAINED

NPL EVOLUTION

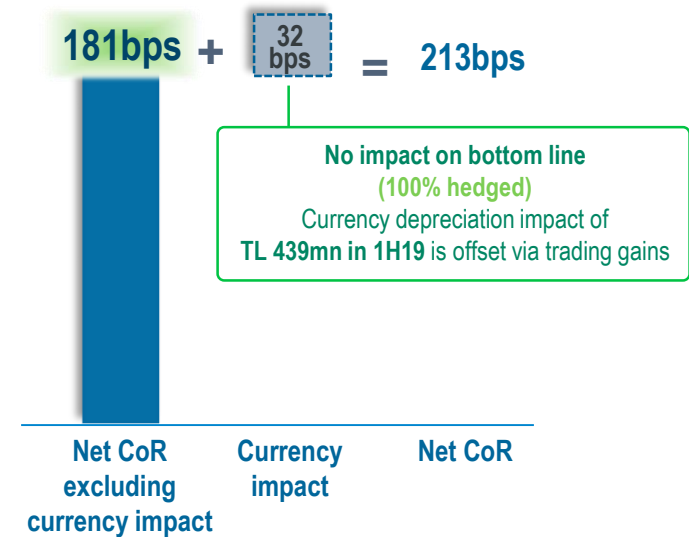
(TL million)



NPL Ratio (incl. Leasing & Factoring receivables)	5.2%	5.4%	5.7%
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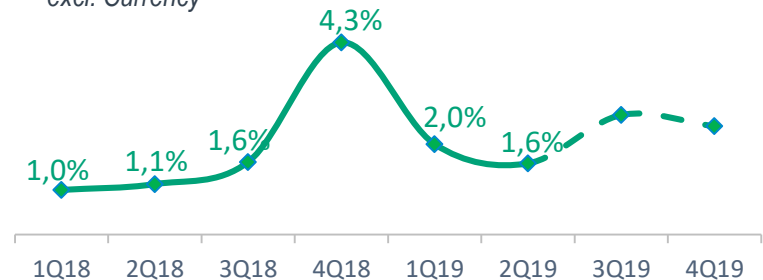
- ▶ Net New NPL inflows continued to decline in 2Q
- ▶ YTD retail inflows constitute 2/3 of the new inflows
- ▶ Leasing & Factoring NPLs impact on ratio: ~30bps

NET CUMULATIVE CoR



Net Quarterly CoR Trend

excl. Currency

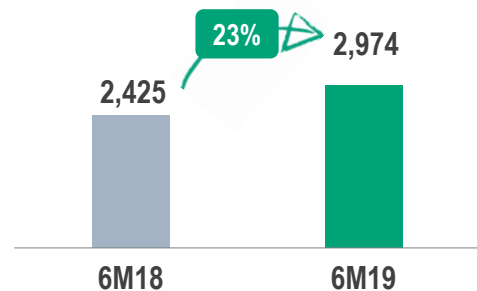


* 33% of Telecom file, corresponding to USD 385mn, has been written off in 4Q. This amount inflated both new NPL and write off balances in reported financial statements dated 31 Dec 2018

SUSTAINED CORE BANKING REVENUES

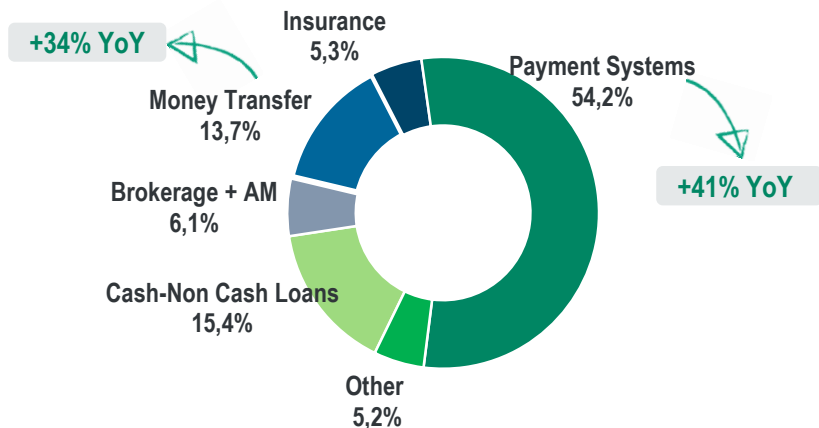
NET FEES & COMMISSIONS (TL Million)

Well-diversified fee base



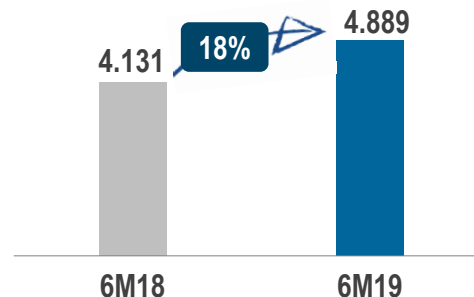
- ▶ Digital channels' share in non-credit linked fees: **51%**
- ▶ Share of digital sales in total sales: **64%**
- ▶ **7.7mn** digital customer
70% digital penetration¹

1H19 NET F&C BREAKDOWN²



OPERATING EXPENSES (TL Million)

Disciplined cost management



- ▶ **COST/INCOME³** 40%
- ▶ **FEE/OPEX** 61%

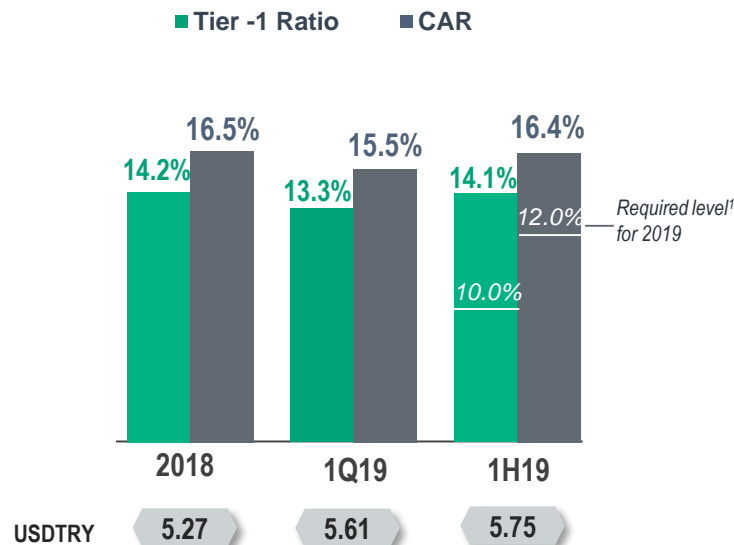
¹ Among active customers

² Net Fees & Commissions. breakdown is based on MIS data. Insurance fee includes Private Pension & Life insurance fee income whereas it is accounted for under «other income» in consolidated financials

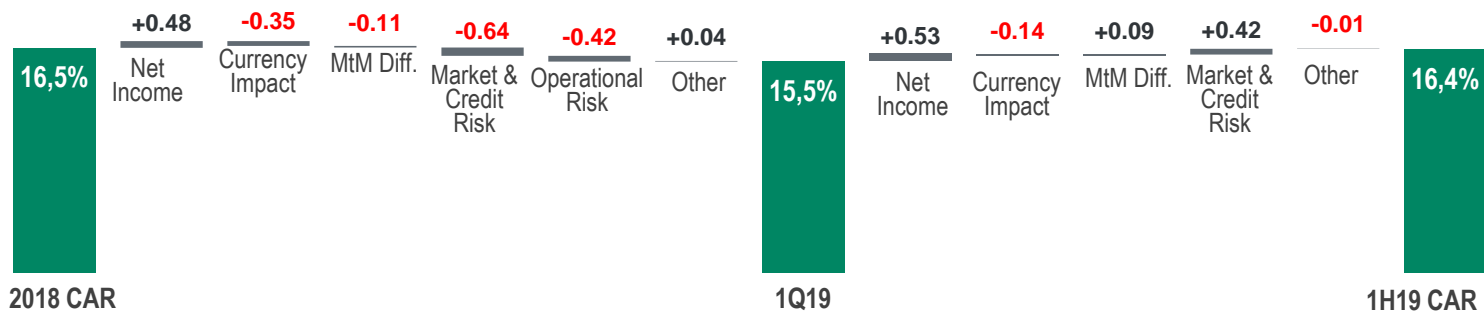
³ Income defined as NII inc. Swaps + Net F&C + Dividend Income + Subsidiary Income + Net Trading Income (excludes swaps & currency hedge) + Other income (net of prov. Reversals)

INTERNAL CAPITAL GENERATION CAPABILITY ASSURES STRONG SOLVENCY

SOLVENCY RATIOS



Impacts on CAR



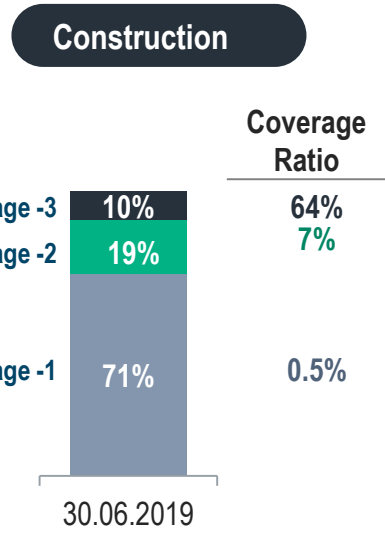
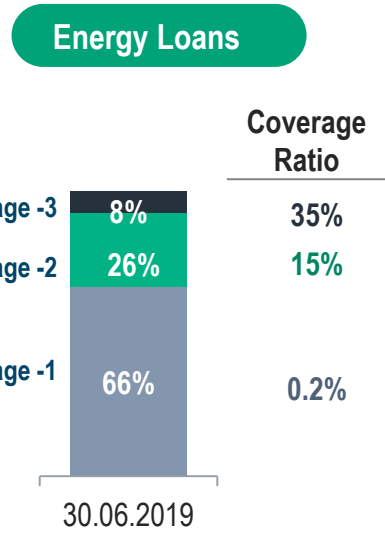
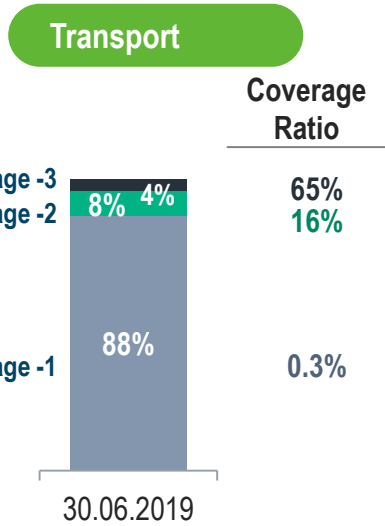
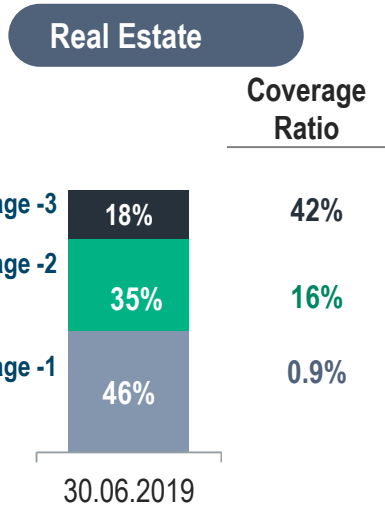
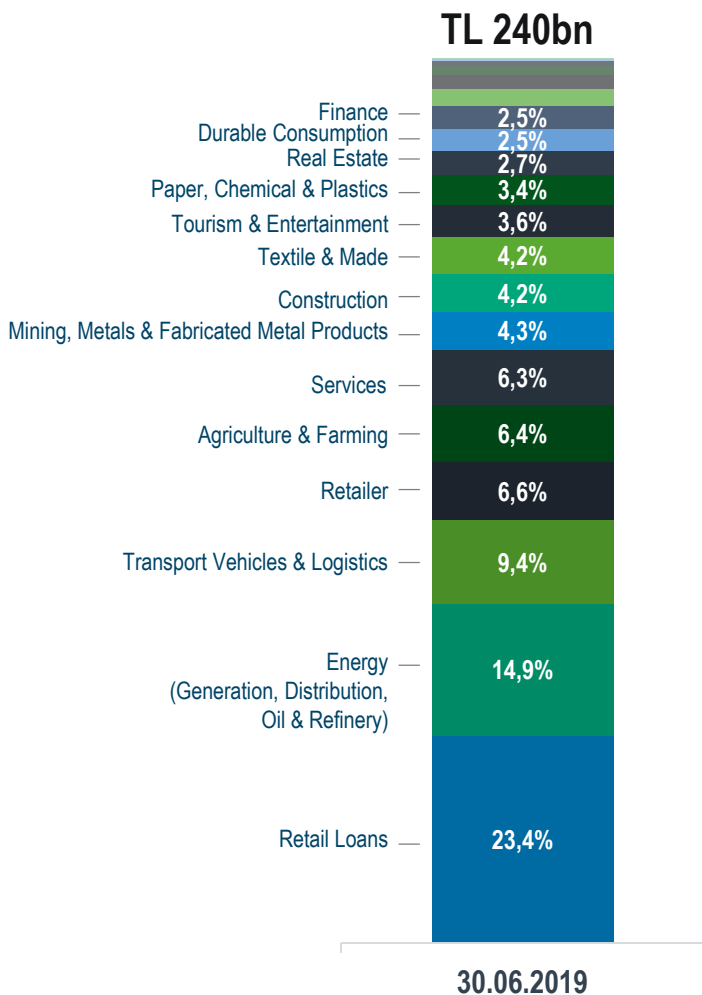
¹ Required CAR = 8.0% + SIFI Buffer for Group 2 (1.5%) + Capital Conservation Buffer (2.5%) + Counter Cyclical Buffer (0.13%)

APPENDIX

Pg. 15	Sector Breakdown of Gross Loans
Pg. 16	Structure of FC Loan Portfolio
Pg. 17	Adjusted L/D and Liquidity Coverage Ratios
Pg. 18	Consumer Loans
Pg. 19	Securities portfolio
Pg. 20	Summary Balance Sheet
Pg. 21	Summary P&L
Pg. 22	Key Financial Ratios
Pg. 23	Quarterly & Cumulative Net Cost of Risk

APPENDIX: WELL-DIVERSIFIED PORTFOLIO WITH STRONG COVERAGE

SECTOR BREAKDOWN OF UNCONSOLIDATED GROSS LOANS¹



¹ Based on Bank-only MIS data

APPENDIX: STRUCTURE OF FC LOAN PORTFOLIO

FC PERFORMING LOANS

– 41% OF TOTAL PERFORMING LOANS

US\$ 18.1 bn Consolidated FC Performing Loans

=

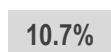


US\$ 4.1bn

Subsidiary Impact

+

US\$ 14.0 bn Unconsolidated FC Performing Loans



10.7%

Export Loans

- FX revenue generation

28.7%

Working Capital & Other Loans

- FX loans predominantly to big corporate, commercial clients & multinationals

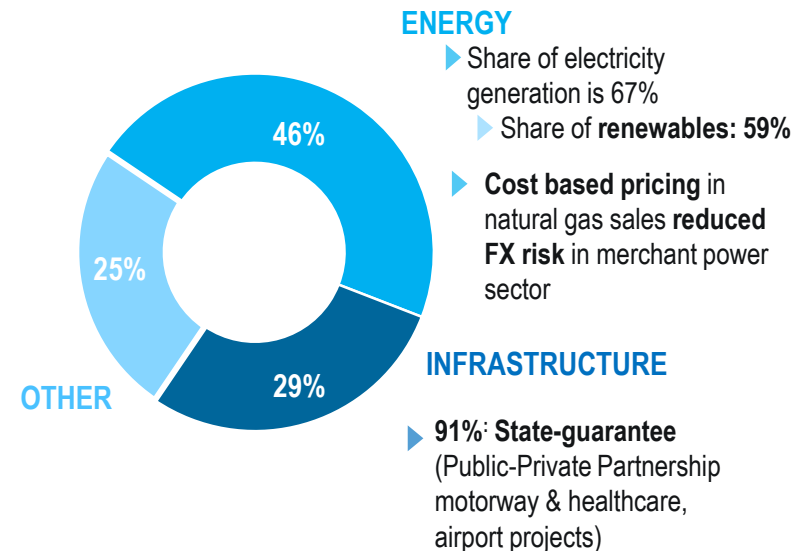
60.6%

Project Finance Loans

- 78% of performing PF loans have lower currency risk
- Most of the projects generate FX revenues

30.Haz.19

BREAKDOWN OF UNCONSOLIDATED PF LOANS



« FX sensitivity analysis are regularly conducted as part of the proactive staging and provisioning practices »

APPENDIX: ADJUSTED LDR AND LIQUIDITY COVERAGE RATIOS

Loans funded via long-term on B/S alternative funding sources **ease LDR**

Total
Loans /
Deposits:

97%



Adjusted
LDR

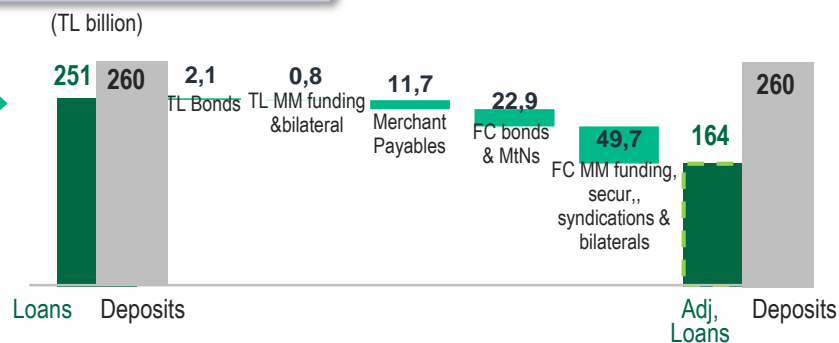


TL Loans /
TL Deposits:

145%

FC Loans /
FC Deposits:

66%



Liquidity Coverage Ratios¹ (LCR) are
well above minimum required levels

Total LCR	222.9%
<i>Minimum Req, for 2019</i>	<i>100%</i>

FC LCR	446.9%
<i>Minimum Req, for 2019</i>	<i>80%</i>

¹ Represents the average of June's last week

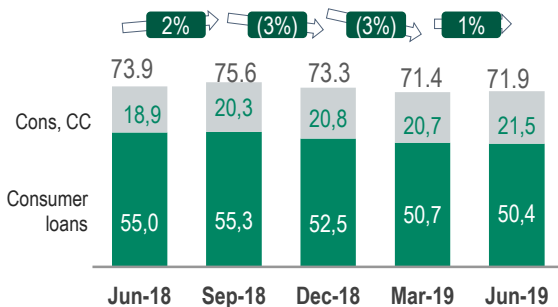
APPENDIX: CONSUMER LOANS

CONSUMER LOANS

(incl. cons, CCs)

(TL billion)

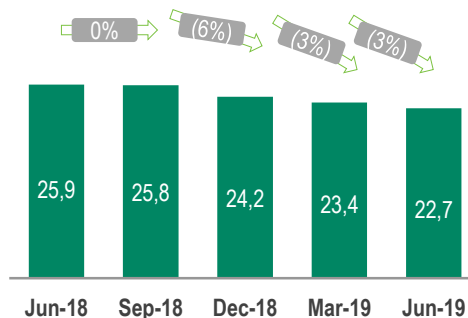
(3%)
YoY



CONS. MORTGAGE LOANS

(TL billion)

(12%)
YoY



Market Shares³

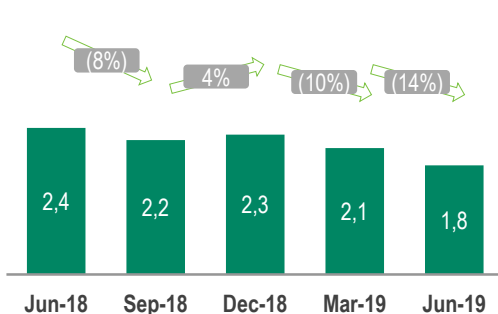
	June'19	QoQ	Rank
Consumer Loans inc Consumer CCs	13.5%	-8bps	#1*
Cons. Mortgage	11.8%	-30bps	#1*
Cons. Auto	38.4%	-223bps	#1*
Consumer GPLs	11.1%	+15bps	#1*
# of CC customers ²	14.1%	-14bps	#1
Issuing Volume ²	18.9%	-3bps	#1
Acquiring Volume ²	18.5%	-11bps	#2

* Rankings are among private banks
Rankings are as of Mar 19

CONS. AUTO LOANS

(TL billion)

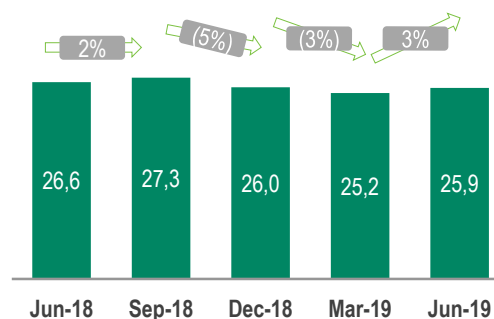
(26%)
YoY



CONS. GENERAL PURPOSE LOANS¹

(TL billion)

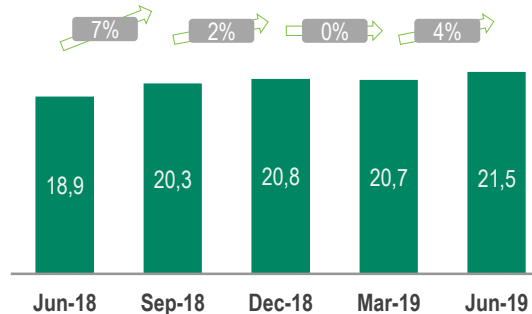
(3%)
YoY



CONS. CREDIT CARD BALANCES

(TL billion)

+14%
YoY



1 Including other loans and overdrafts

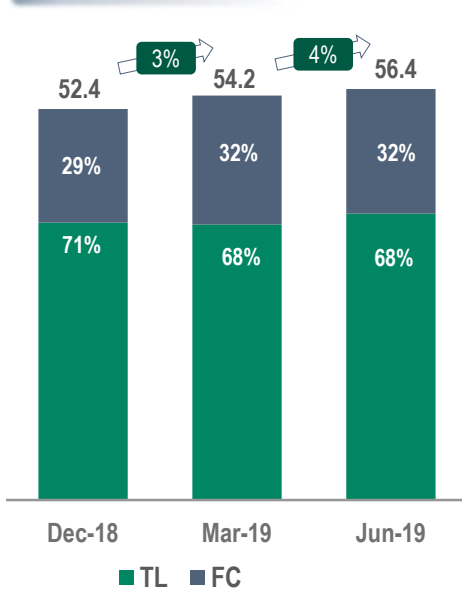
2 Cumulative figures and rankings as of June 2019, as per Interbank Card Center data

3 Sector figures used in market share calculations are based on bank-only BRSA weekly data as of 29.06.2019, for commercial banks

APPENDIX: SECURITIES PORTFOLIO

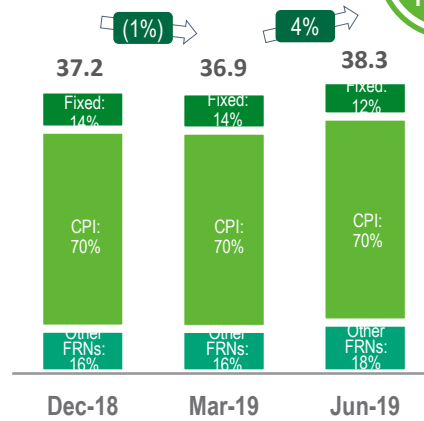
Total Securities (TL billion)

13% of Total Assets

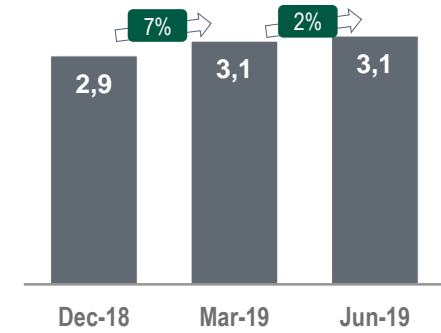


TL Securities (TL billion)

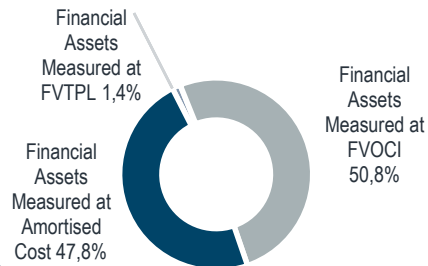
CPI Linkers: TL 27bn



FC Securities (US\$ billion)



Securities Composition



Unrealized MtM loss (pre-tax)
~TL 1,766mn loss as of June'19

Note: Fixed - Floating breakdown of securities are based on bank-only MIS data

APPENDIX: SUMMARY BALANCE SHEET

TL Billion

ASSETS	31.12.2018	31.03.2019	30.06.2019
Cash&Banks	36.5	35.3	35.6
Balances at CBRT	35.8	42.8	48.9
Securities	52.4	54.2	56.4
Gross Loans + Leasing & Factoring receivables	265.6	282.1	274.4
+TL Loans	153.5	162.9	155.7
TL Loans NPL	7.3	8.2	8.6
info: TL Performing Loans	146.2	154.6	147.1
+FC Loans (in US\$ terms)	19.5	19.6	19.2
FC Loans NPL (in US\$)	1.0	1.0	1.0
info: FC Performing Loans (in US\$)	18.5	18.6	18.1
+TL Leasing & Factoring Rreceivables	3.6	3.4	2.8
TL Leasing & Factoring Stage-3	0.5	0.5	0.4
+FC Leasing & Factoring Rreceivables (in US\$)	1.1	1.0	1.0
FC Leasing & Factoring Stage-3 (in US\$)	0.1	0.1	0.1
info: Performing Loans (TL+FC)	243.5	259.0	251.4
Fixed Assets & Subsidiaries	5.6	6.6	6.7
Other	3.3	2.4	0.3
TOTAL ASSETS	399.2	423.3	422.3

LIABILITIES & SHE	31.12.2018	31.03.2019	30.06.2019
Total Deposits	245.0	262.8	260.1
+Demand Deposits	64.2	76.1	76.8
+Time Deposits	180.8	186.7	183.3
Interbank Money Market	2.6	1.6	2.0
Bonds Issued	26.9	29.7	30.8
Funds Borrowed	49.6	52.9	49.4
Other liabilities	28.1	27.8	29.5
Shareholders' Equity	46.9	48.4	50.6
TOTAL LIABILITIES & SHE	399.2	423.3	422.3

APPENDIX: SUMMARY P&L - CONSOLIDATED

Million TL	QUARTERLY P&L			CUMULATIVE P&L		
	1Q19	2Q19	QoQ	1H18	1H19	YoY
(+) Net Interest Income including Swap costs	4,281	4,265	0%	7,425	8,546	15%
(+) <i>NII excluding CPI linkers' income</i>	3,920	4,051	3%	7,466	7,971	7%
(+) <i>Income on CPI linkers</i>	990	937	-5%	1,134	1,927	70%
(-) <i>Swap Cost</i>	-629	-723	15%	-1,175	-1,352	15%
(+) Net Fees & Comm.	1,499	1,476	-2%	2,425	2,975	23%
(-) Net Expected Loss	-1,655	-1,238	-25%	-2,135	-2,892	35%
(-) <i>Expected Loss</i>	-3,387	-2,134	-37%	-3,560	-5,521	55%
<i>info: Currency Impact</i>	298	141	-53%	775	439	-43%
(+) <i>Provision Reversal under other Income</i>	1,732	897	-48%	1,426	2,628	84%
(-) OPEX	-2,417	-2,472	2%	-4,131	-4,889	18%
(-) <i>HR</i>	-1,025	-1,070	4%	-1,718	-2,095	22%
(-) <i>Non-HR</i>	-1,392	-1,402	1%	-2,413	-2,795	16%
= CORE OPERATING INCOME	1,708	2,031	19%	3,585	3,739	4%
(+) Net Trading & FX gains/losses (excl. Swap costs)	486	-113	-123%	843	373	-56%
<i>info: Gain on Currency Hedge</i>	298	141	-53%	775	439	-43%
(+) Other income (excl. Prov. reversals)	295	462	57%	646	757	17%
<i>info: Administrative fine reversal</i>	0	83	<i>n.m</i>	0	83	<i>n.m</i>
<i>info: Gain from asset sale</i>	12	28	132%	130	41	-69%
(-) Taxation and other provisions	-732	-469	-36%	-1,137	-1,200	6%
(-) <i>Free Provision</i>	-100	0	<i>n.m</i>	0	-100	<i>n.m</i>
(-) <i>Taxation & Other Provision</i>	-632	-469	-26%	-1,137	-1,100	-3%
= NET INCOME	1,757	1,911	9%	3,936	3,669	-7%

APPENDIX: KEY FINANCIAL RATIOS

	Dec-18	Mar-19	Jun-19
Profitability ratios			
ROAE (Cumulative) ¹	15.0%	15.6%	15.3%
ROAA (Cumulative) ¹	1.7%	1.8%	1.8%
Cost/Income	35.6%	38.6%	40.0%
Quarterly NIM incl. Swap costs	6.3%	5.1%	4.9%
Quarterly NIM incl. Swap costs excl. CPI linkers	2.6%	3.9%	3.8%
Cumulative NIM incl. Swap costs	5.3%	5.1%	5.0%
Cumulative NIM incl. Swap costs excl. CPI linkers	3.5%	3.9%	3.9%
Liquidity ratios			
Loans / Deposits	99.4%	98.6%	96.7%
TL Loans / TL Deposits	140.5%	149.6%	144.7%
Adj. Loans/Deposits (Loans adj. with on-balance sheet alternative funding sources)	68%	68%	63%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	122.8%	127.7%	121.2%
FC Loans / FC Deposits	69.0%	65.5%	65.8%
Asset quality ratios			
NPL Ratio	5.2%	5.4%	5.7%
Coverage Ratio			
+ Stage1	0.4%	0.5%	0.5%
+ Stage2	10.4%	11.2%	11.6%
+ Stage3	59.1%	59.0%	58.5%
Cumulative Net Cost of Risk (excluding currency impact, bps)	204	201	181
Solvency ratios			
CAR	16.5%	15.5%	16.4%
Common Equity Tier I Ratio	14.2%	13.3%	14.1%
Leverage	7.5x	7.7x	7.4x

¹ Excludes non-recurring items when annualizing Net Income for the remaining quarters of the year in calculating Return On Average Equity (ROAE) and Return On Average Assets (ROAA) for Mar-19 and June-19

APPENDIX: QUARTERLY & CUMULATIVE NET CoR

(Million TL)

Quarterly Net Expected Credit Loss	1Q19	2Q19
(-) Expected Credit Losses	3,387	2,134
Stage 1	719	256
Stage 2	1,615	937
Stage 3	1,053	941
(+) Provision Reversals under other income	1,732	897
Stage 1	599	269
Stage 2	774	346
Stage 3	358	282
(=) (a) Net Expected Credit Losses	1,655	1,238
(b) Average Gross Loans	264,438	269,363
(a/b) Quarterly Total Net CoR (bps)	245	178
info: Currency Impact¹	44	20
Total Net CoR excl. currency impact (bps)	201	158

(Million TL)

Cumulative Net Expected Credit Loss	3M19	6M19
(-) Expected Credit Losses	3,387	5,521
Stage 1	719	975
Stage 2	1,615	2,552
Stage 3	1,053	1,994
(+) Provision Reversals under other income	1,732	2,628
Stage 1	599	868
Stage 2	774	1,120
Stage 3	358	641
(=) (a) Net Expected Credit Losses	1,655	2,892
(b) Average Gross Loans	264,438	264,912
(a/b) Cumulative Total Net CoR (bps)	245	213
info: Currency Impact¹	44	32
Total Net CoR excl. currency impact (bps)	201	181

¹ Neutral impact at bottom line, as provisions due to currency depreciation are 100% hedged (FX gain included in Net trading income line),

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