

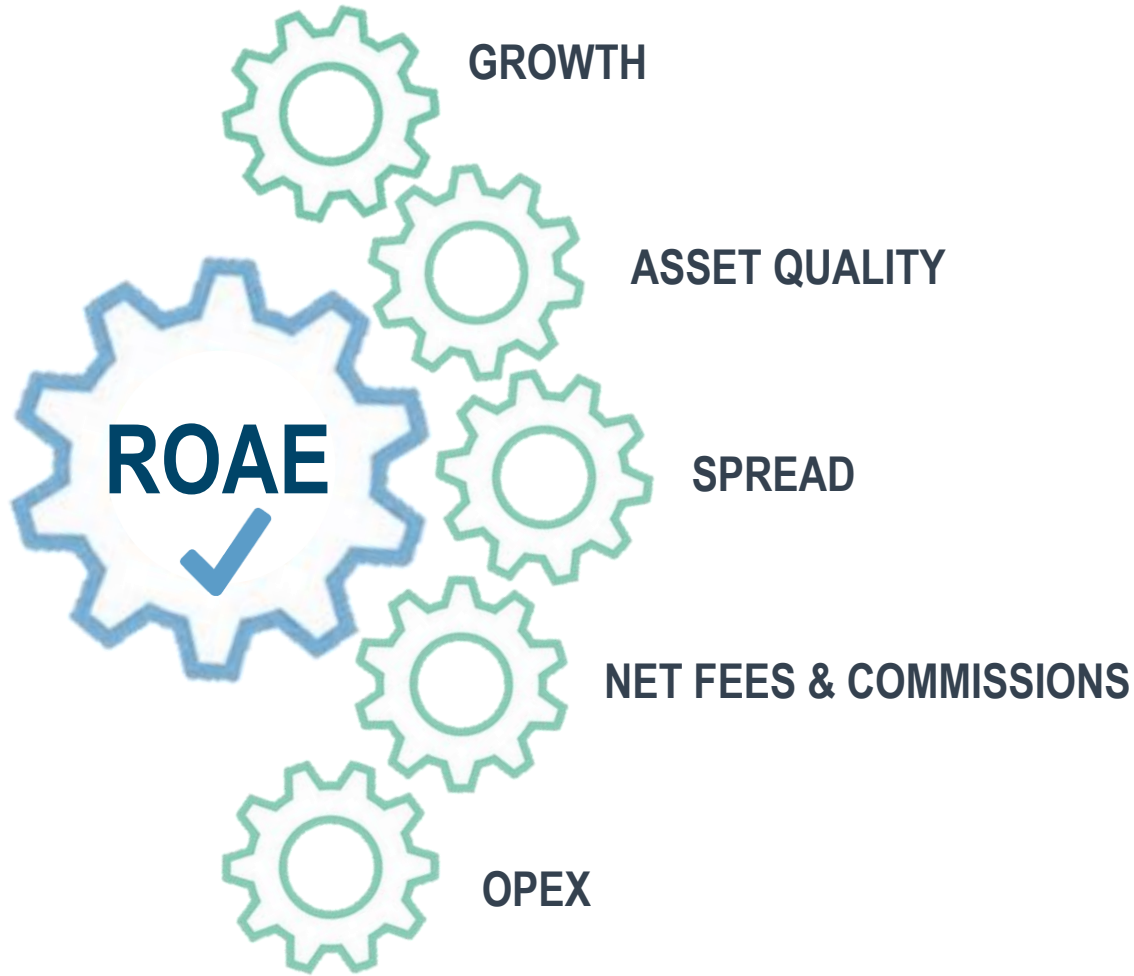


Garanti BBVA

9M19 EARNINGS PRESENTATION

Based on BRSA Consolidated Financials
October 30th, 2019

9M19 SNAPSHOT



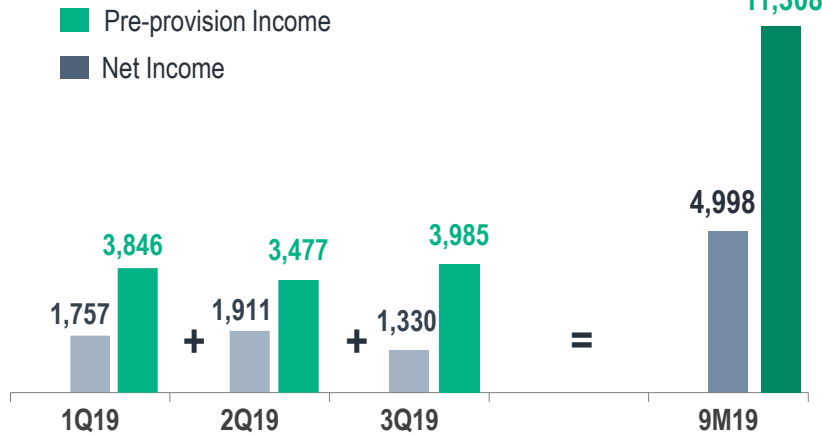
VS. 2019 BUDGET

- ON TRACK ✓
- ON TRACK ✓
- BETTER ✓
- BETTER ✓
- ON TRACK ✓

PROFICIENCY IN GENERATING AND SUSTAINING HIGH PPI ENSURES BUILDING UP BUFFERS WITHOUT MISSING THE ROAE TARGET

NET INCOME & PRE-PROVISION INCOME¹

(TL million)



ROAE

13.5%

ROAA

1.6%

CAR

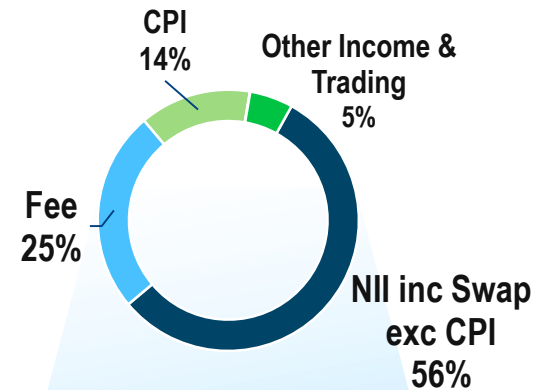
18.1%

with sustained

TL 2.35bn free provisions

in the balance sheet

BREAKDOWN OF 9M19 REVENUES¹



HIGH QUALITY OF REVENUES

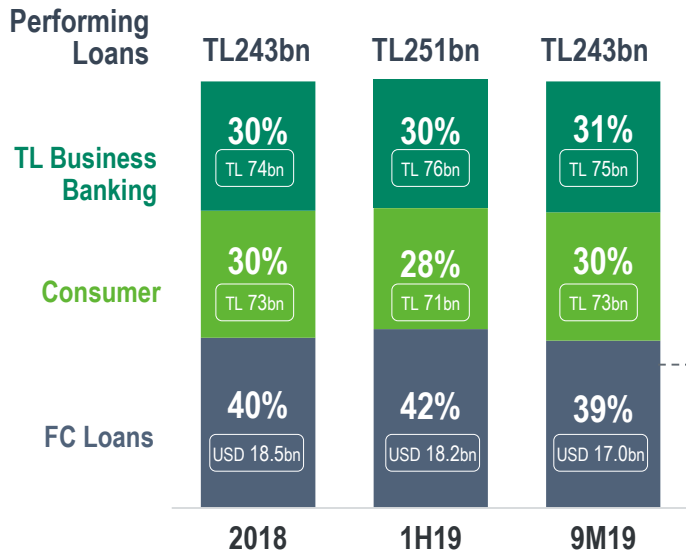
81%

Share of
«Core NII + Fee» in
Total Revenue

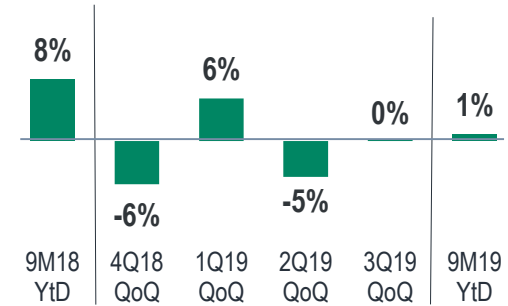
¹ Please refer to page 22 for detailed breakdown of pre-provision income and revenues
Note: In the calculation of Return on Average Equity (ROAE) & Return on Average Assets (ROAA), non-recurring items are excluded when annualizing Net Income for the remaining quarters

GRADUAL RECOVERY IN TL LOANS...

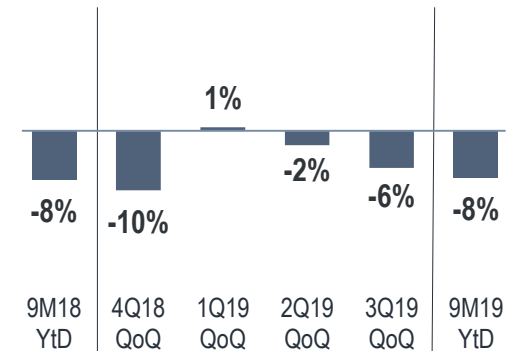
PERFORMING LOAN PORTFOLIO (59% of Total Assets)



TL PERFORMING LOANS (Growth, %)



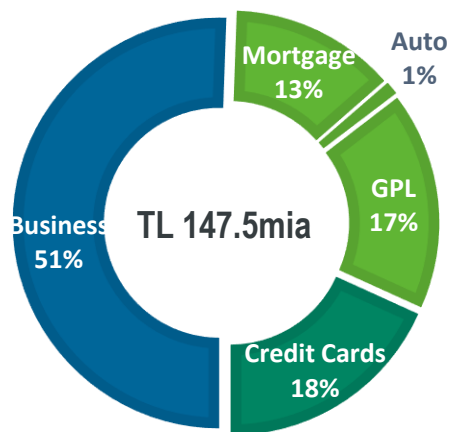
FC PERFORMING LOANS (Growth in US\$ terms, %)



Note: Business banking loans represent total loans excluding credit cards and consumer loans
 Performing loans = Loans - Non performing loans.
 Please refer to appendix page 21 for TL and FC breakdown of NPLs

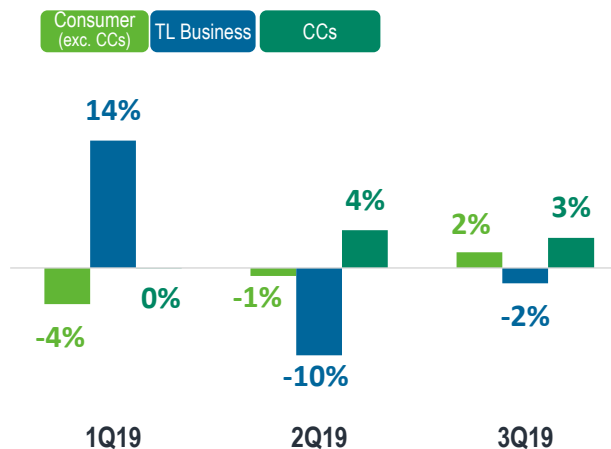
VISIBLE PICK-UP IN TL CONSUMER LOANS BACKED BY GPLs

TL PERFORMING LOANS (61% of Total Performing Loans)



- ▶ 48% of GPLs are granted to salary customers

QUARTERLY GROWTH



- ▶ **Consumer loans**, have started to show **visible pick-up** after declining for four consecutive quarters

- Consumer GPL Growth: 6% in 3Q vs. 3% in 2Q

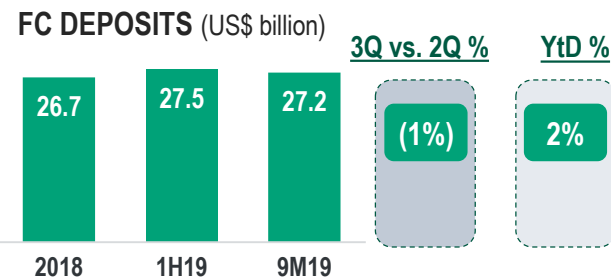
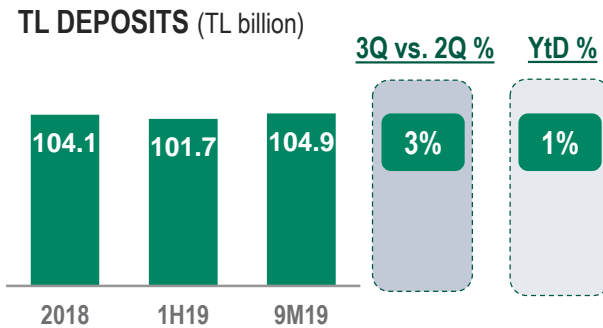
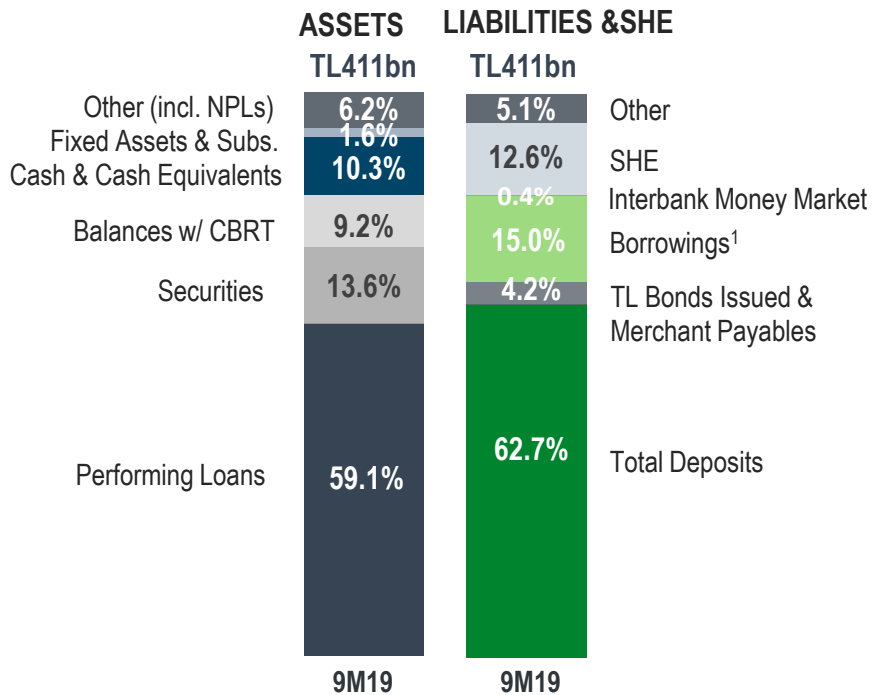
- ▶ **New originations in GPLs** in 3Q19 (qtr. avg.) more than doubled the lowest level seen in 4Q18 (qtr. avg.)

- ▶ New originations in Mortgages are improving, yet still fall short of redemptions

- ▶ **Leading position in TL loans and consumer loans** among private banks maintained

Note: For further details, please refer to the Appendix page 19

ACTIVELY MANAGED LIQUIDITY -- STICKY & LOW COST DEPOSITS



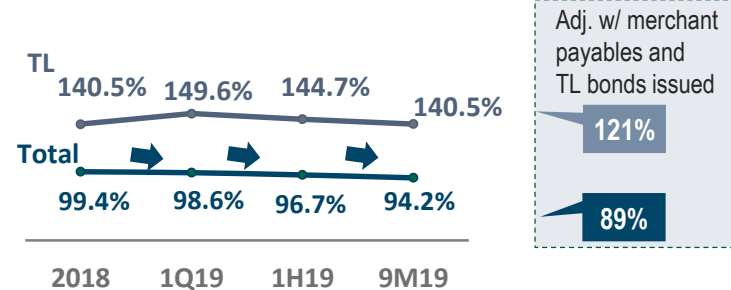
STICKY & LOW COST DEPOSITS

DEMAND DEPOSITS / TOTAL DEPOSITS: **31%** Bank-only 30% vs. sector's 24%

SME & RETAIL DEPOSITS² / TL CUST. DEPOSITS **~80%**

SME & RETAIL DEPOSITS² / FC CUST. DEPOSITS **~75%**

LOAN TO DEPOSIT RATIOS



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

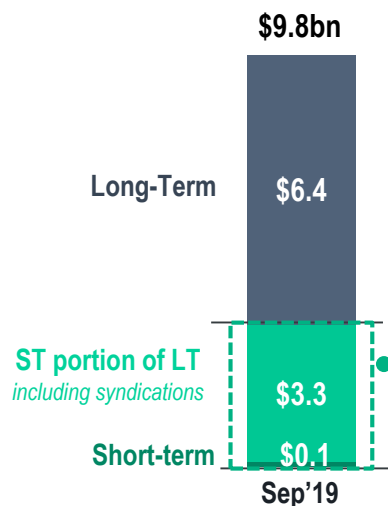
² Based on bank-only MIS data

Note: Sector data is based on BRSA weekly data, for commercial banks only

COMFORTABLE LIQUIDITY & MANAGEABLE EXTERNAL DEBT STOCK

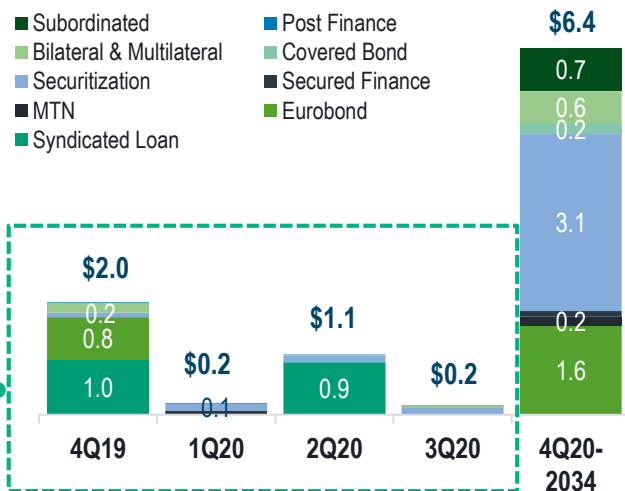
GARANTI'S EXTERNAL DEBT¹

(US\$ billion)



MATURITY PROFILE OF EXTERNAL DEBT

(US\$ billion)



ST external dues

\$3.4bn

Comfortable FC liquidity buffer²

\$10.6bn

Historical Evolution of External Debt vs FC Liquidity Buffer

(US\$ billion)

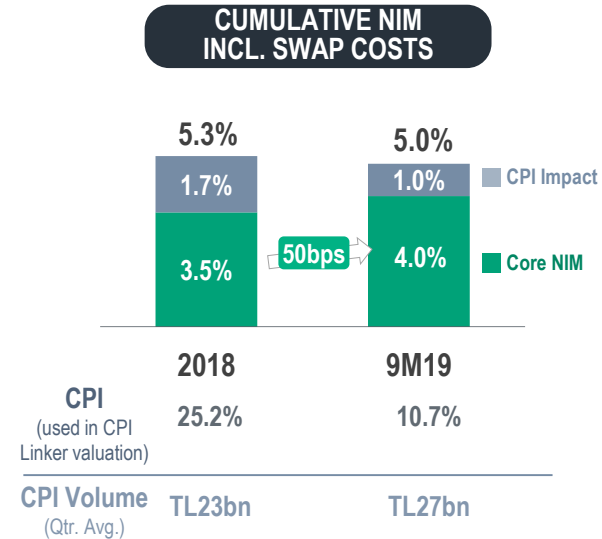
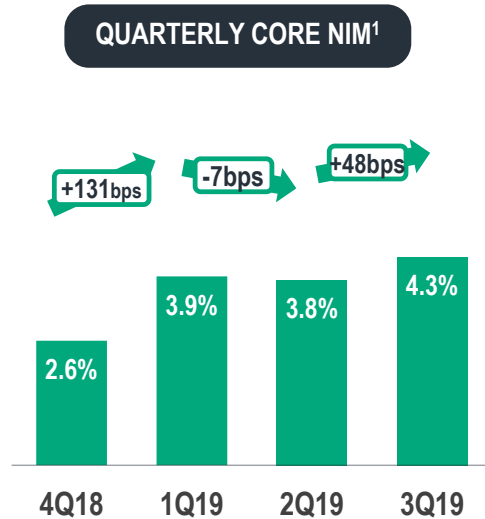


▶ Lower dependency on external borrowing due to shrinking FC loan portfolio since 2013:
 ▶ CAGR: FC loans: -7% vs. FC borrowings: -8%

1 Excludes cash collateralized borrowings

2 FC Liquidity Buffer includes FC reserves under ROM, swaps, money market placements, CBRT eligible unencumbered securities

SIGNIFICANTLY LOWER CPI CONTRIBUTION MOSTLY OFFSET BY CORE NIM IMPROVEMENT

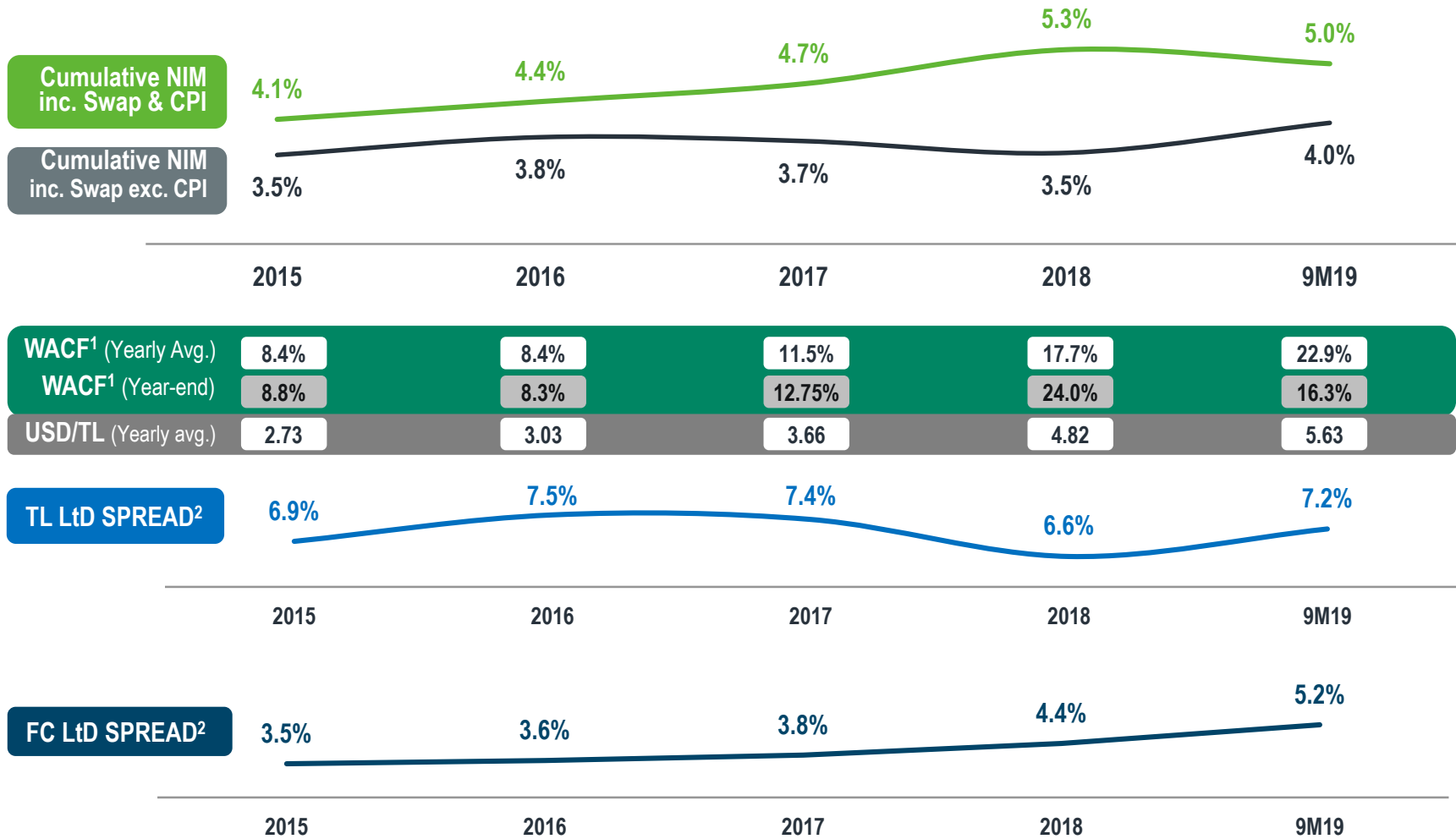


- ▶ Decrease in deposit cost will be more visible in 4Q
- ▶ \$ 1.8bn wholesale funding redemptions in the quarter supported NIM

▶ 1% change in CPI has ~8-10bps impact on NIM

¹ Core NIM = NIM including Swap costs and excluding CPI linker gains

PROVEN RESILIENCE OF MARGIN IN VOLATILE MARKET CONDITIONS

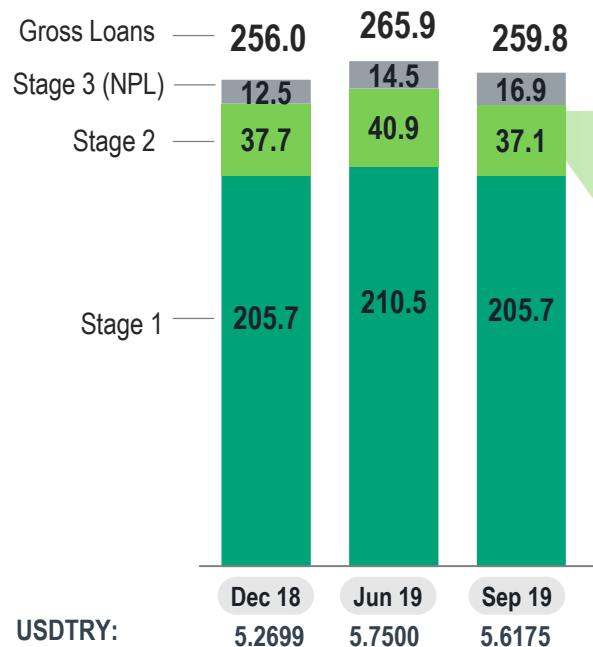


1 CBRT Weighted Average Cost of Funding
 2 Based on bank-only MIS data

CLASSIFICATION OF LOANS STRENGTHENS BALANCE SHEET POSITION

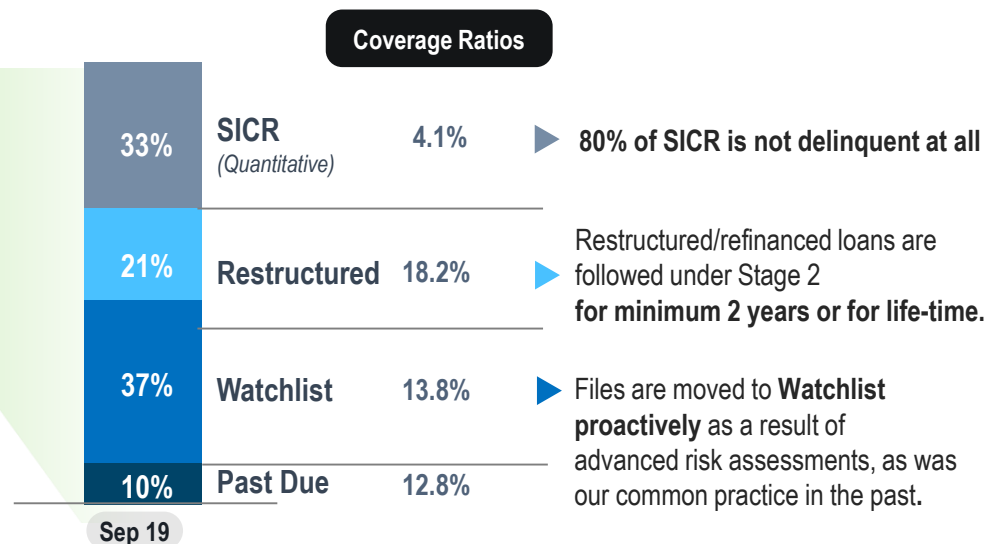
LOAN PORTFOLIO BREAKDOWN¹

(Billion TL)



UNCONSOLIDATED STAGE-2 BREAKDOWN

– 15% OF GROSS LOANS



Coverage Ratios

	Dec 18	Jun 19	Sep 19
Total	5.0%	5.5%	6.2%
Stage 1	0.5%	0.5%	0.5%
Stage 2	10.4%	11.6%	11.1%
Stage 3	59.1%	58.5%	62.3%

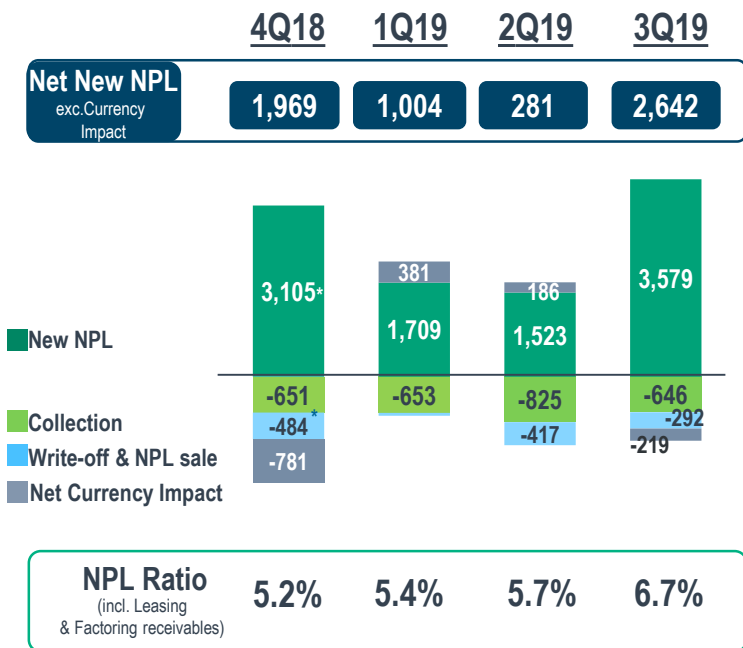
¹ Excludes Leasing and Factoring Receivables

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

NEW NPL INFLOWS PEAKED IN THE QUARTER AS ANTICIPATED

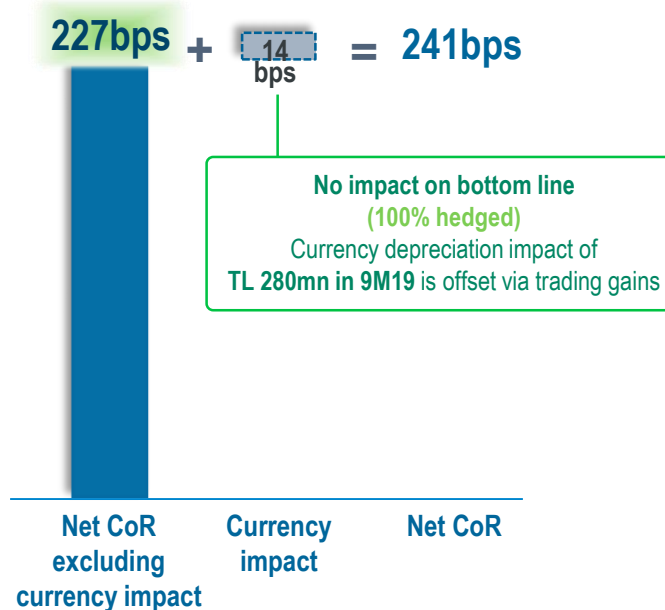
NPL EVOLUTION

(TL million)



- Share of Commercial/corporate files in new NPL inflows reached 80% with new additions in 3Q

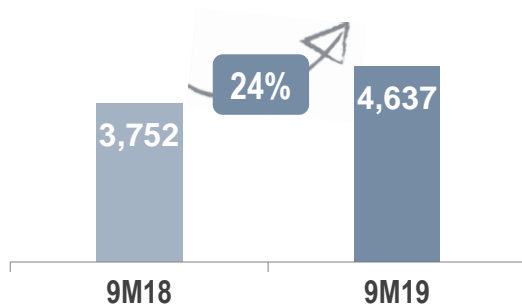
NET CUMULATIVE CoR



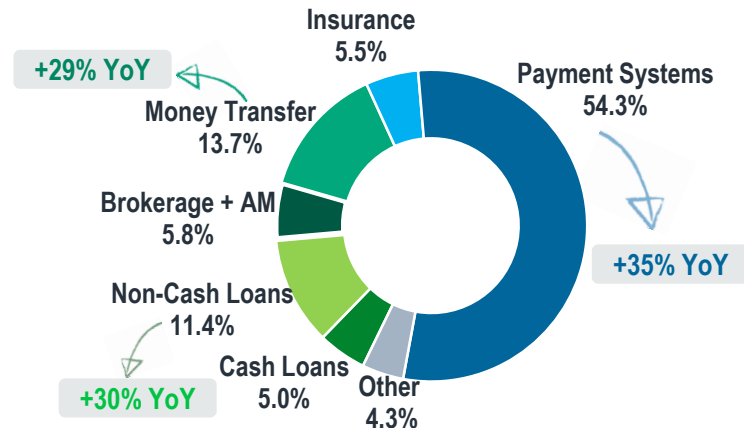
* 33% of Telecom file, corresponding to USD 385mn, has been written off in 4Q. This amount inflated both new NPL and write off balances in reported financial statements dated 31 Dec 2018

WELL-DIVERSIFIED FEE BASE ASSURES ROBUST PERFORMANCE

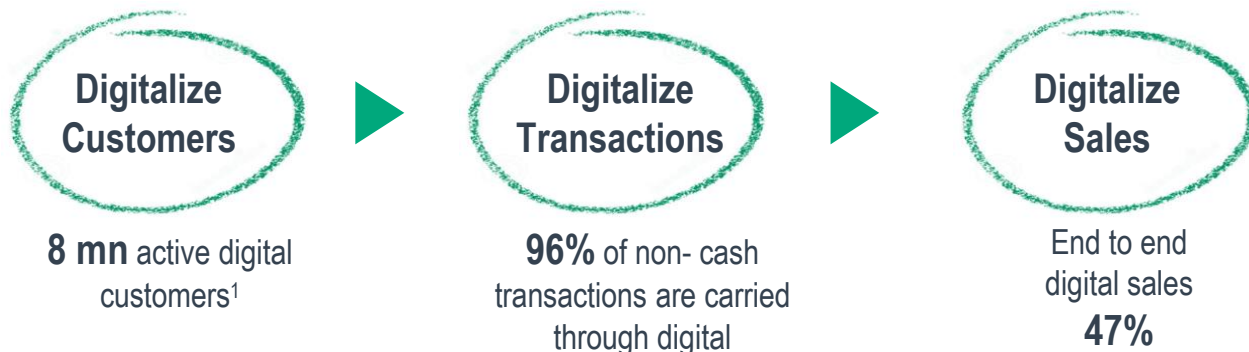
NET FEES & COMMISSIONS
(TL Million)



NET F&C BREAKDOWN²



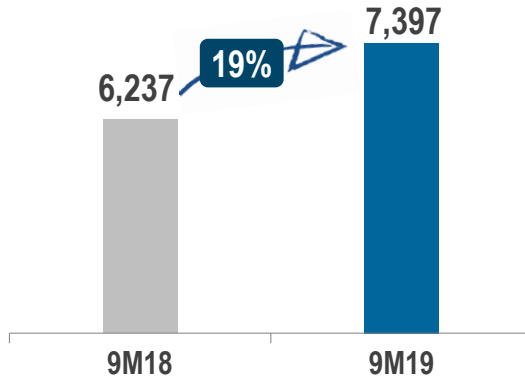
Digital channels' share in non-credit linked fees: 47%³



1 Among active customers
2 Net Fees&Comm. 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 Solo Yönetim raporlamasına göre

DISCIPLINED COST MANAGEMENT

OPERATING EXPENSES (TL Million)



- ▶ Amortization costs of Pendik IT Campus & Branch Transformation Project: **1% impact** on OPEX
- ▶ Elimination of 5% incentive on private banks' pension fund: **1% impact** on OPEX
- ▶ Regulation on SDIF¹: **1% impact** on OPEX



COST/INCOME²



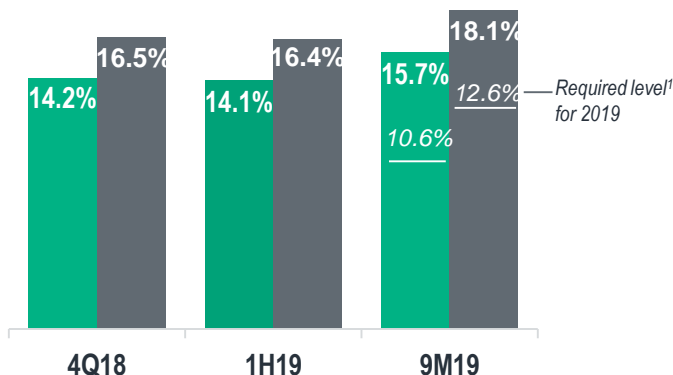
vs. Bloomberg Emerging Europe Regional Banks
1H19 Peer Average: 48.2%

¹ Increase in insurance limit from 100,000 TL to 150,000 TL and increase in insurance premium rate
² 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

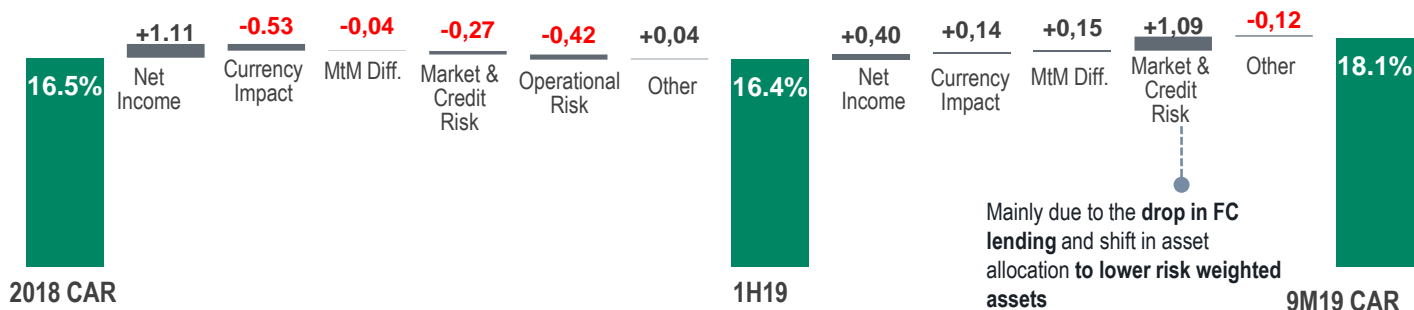
■ Tier 1 ■ CAR



USDTRY



Impacts on CAR



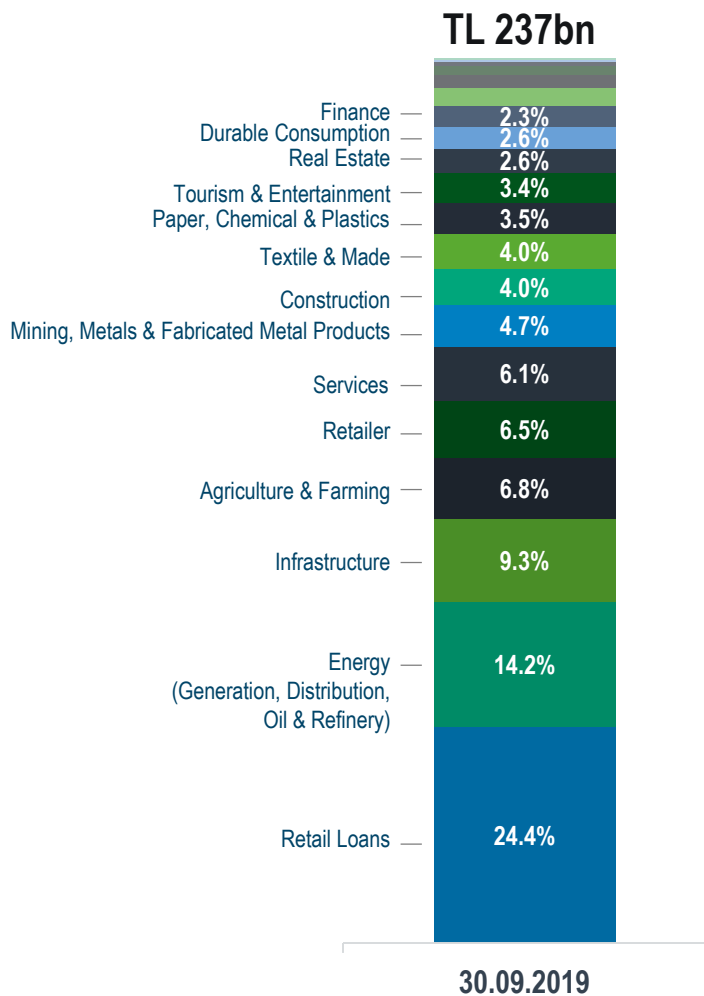
¹ Required Consolidated CAR level = 8.0% + SIFI Buffer for Group 3 (2.0%) + Capital Conservation Buffer (2.5%) + Counter Cyclical Buffer (0.11%)
Note: Our group for the SIFI Buffer will be Group 2 in 2020 (1.5%)

APPENDIX

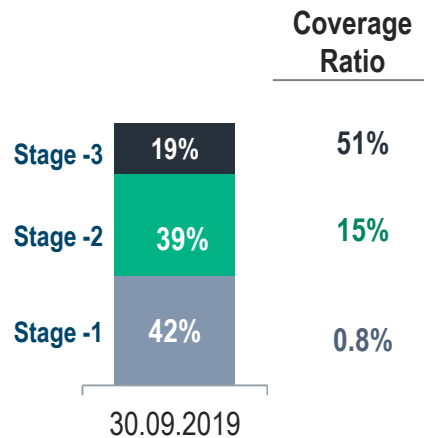
Pg. 16	Sector Breakdown of Gross Loans
Pg. 17	Structure of FC Loan Portfolio
Pg. 18	Adjusted L/D and Liquidity Coverage Ratios
Pg. 19	Consumer Loans & TL Business Banking Loans
Pg. 20	Securities portfolio
Pg. 21	Summary Balance Sheet
Pg. 22	Summary P&L
Pg. 23	Key Financial Ratios
Pg. 24	Quarterly & Cumulative Net Cost of Risk

APPENDIX: WELL-DIVERSIFIED PORTFOLIO WITH STRONG COVERAGE

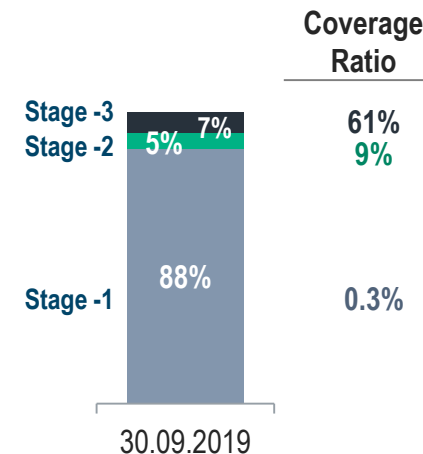
SECTOR BREAKDOWN OF GROSS LOANS¹



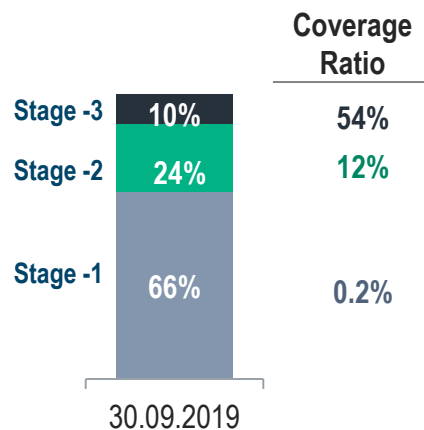
Real Estate



Infrastructure

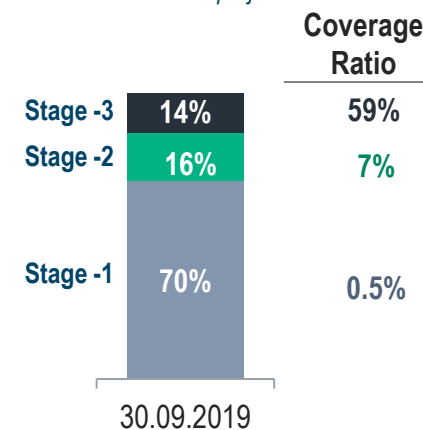


Energy Loans



Construction

Working capital loans of Subcontractors' infrastructure projects



¹ Based on Bank-only MIS data

APPENDIX: STRUCTURE OF FC LOAN PORTFOLIO

FC PERFORMING LOANS

– 39% OF TOTAL PERFORMING LOANS

US\$ 17.0 bn Consolidated FC Performing Loans

=

US\$ 3.9bn

+

US\$ 13.1 bn Unconsolidated FC Performing Loans

12.2%

Export Loans

- FX revenue generation

25.2%

Working Capital & Other Loans

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

62.6%

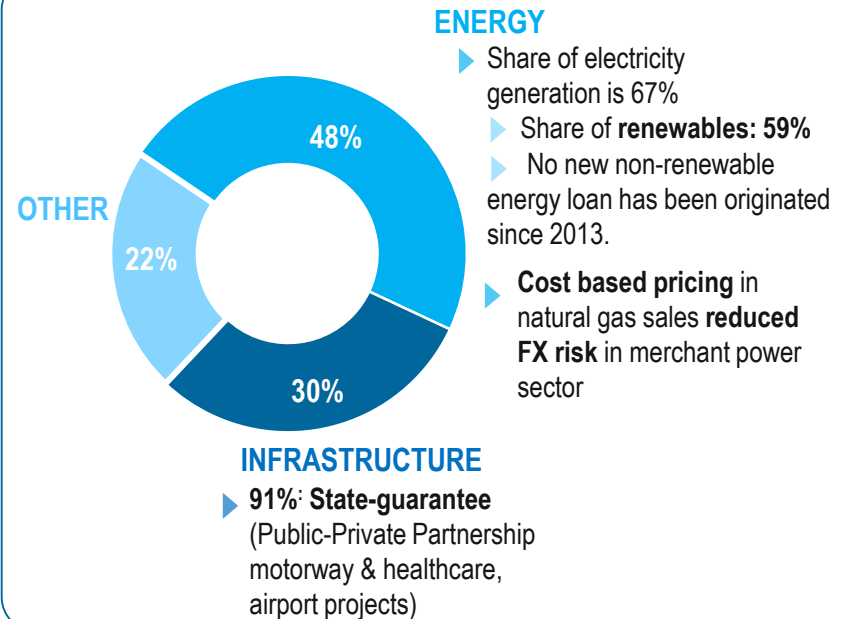
Project Finance Loans

- 80% of performing PF loans have lower currency risk
- Most of the projects generate FX revenues

Sep-19

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

BREAKDOWN OF UNCONSOLIDATED PF LOANS



APPENDIX: ADJUSTED LDR AND LIQUIDITY COVERAGE RATIOS

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

Total
Loans /
Deposits:

94%



Adjusted
LDR

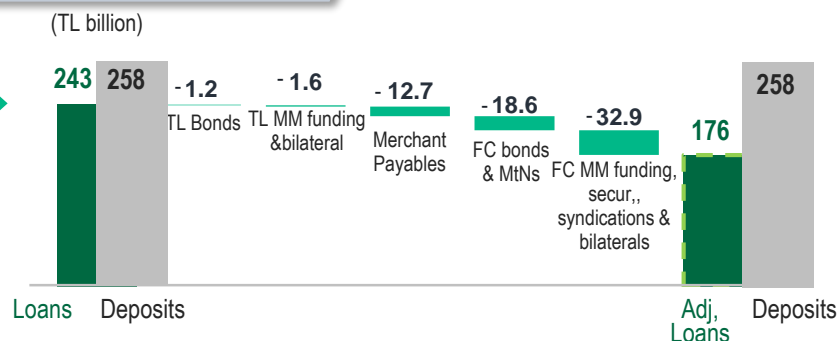


TL Loans /
TL Deposits:

141%

FC Loans /
FC Deposits:

62%



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

Total LCR	208.0%
<i>Minimum Req, for 2019</i>	<i>100%</i>

FC LCR	226.2%
<i>Minimum Req, for 2019</i>	<i>80%</i>

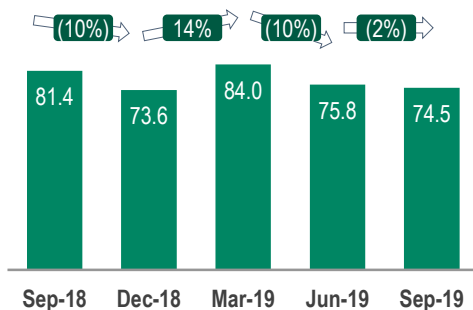
¹ Represents the average of September's last week

APPENDIX: CONSUMER & TL BUSINESS BANKING LOANS

TL BUSINESS BANKING

(TL billion)

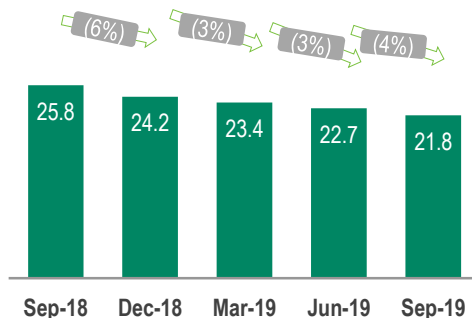
(8%)
YoY



CONS. MORTGAGE LOANS

(TL billion)

(16%)
YoY



Market Shares³

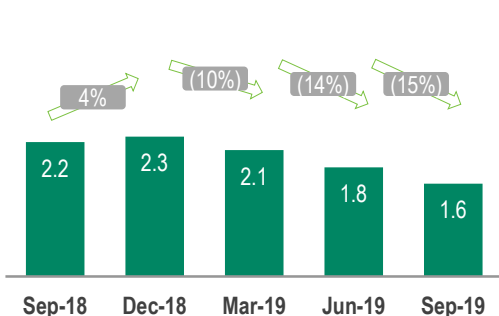
	Sep '19	QoQ	Rank
Consumer Loans inc Consumer CCs	13.1%	-36bps	#1*
Cons. Mortgage	11.0%	-83bps	#1*
Cons. Auto	36.7%	-177bps	#1*
Consumer GPLs	11.2%	+12bps	#1*
TL Business Banking	8.4%	-27bps	#3*
# of CC customers ²	14.0%	-8bps	#1
Issuing Volume ² (Cumulative)	18.8%	-4bps	#1
Acquiring Volume ² (Cumulative)	18.4%	-8bps	#2

* Rankings are among private banks as of Jun 19

CONSUMER AUTO LOANS

(TL billion)

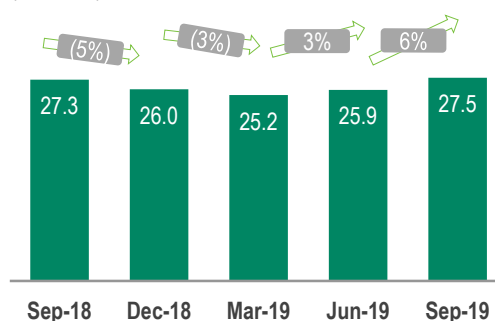
(31%)
YoY



CONSUMER GENERAL PURPOSE LOANS¹

(TL billion)

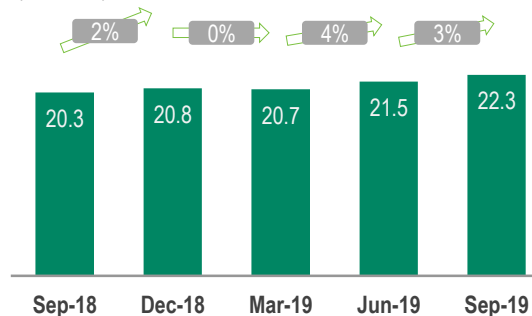
+1%
YoY



CONSUMER CREDIT CARD BALANCES

(TL billion)

+10%
YoY



1 Including other loans and overdrafts

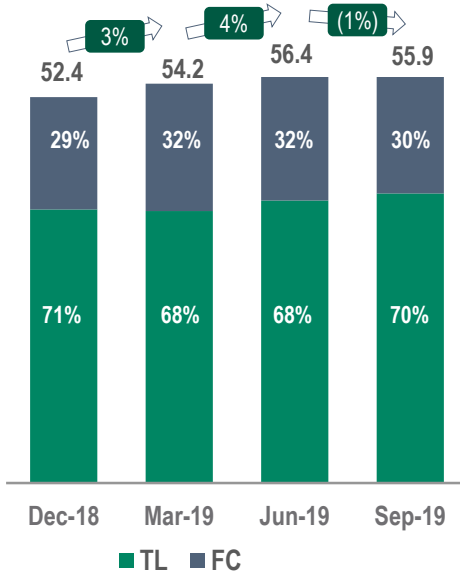
2 Cumulative figures and rankings as of September 2019, as per Interbank Card Center data,

3 Sector figures used in market share calculations are based on bank-only BRSA weekly data as of 27.09.2019, for commercial banks

APPENDIX: SECURITIES PORTFOLIO

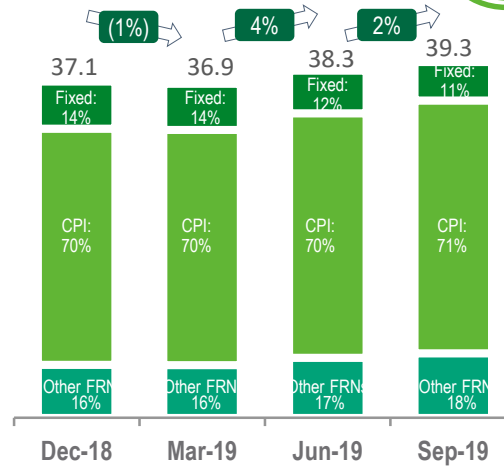
Total Securities (TL billion)

14% of Total Assets

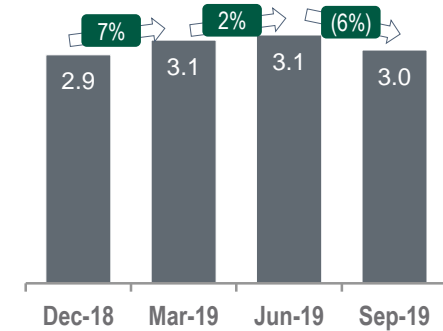


TL Securities (TL billion)

CPI Linkers: TL 28bn

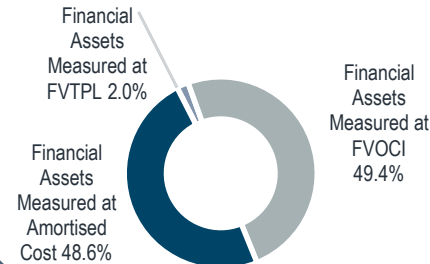


FC Securities (US\$ billion)



- ▶ Garanti's total redemption in 2020 is ~TRY 10 Bn (TRY 5.5 Bn CPI Linker, TRY 3.7 Bn FRN, TRY 0.8 Bn Fixed Coupon Bond)
- ▶ Sizeable FRN and CPI Linker redemptions are in Mar & Apr. with a total amount of ~TRY 9 Bn.
- ▶ Hence, there will be capacity for re-investment

Securities Composition



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	30.09.2019
Cash & Cash Equivalents	36,6	35,7	35,8	42,2
Balances at CBRT	35,8	42,8	48,9	38,0
Securities	52,4	54,2	56,4	55,9
Gross Loans + Leasing & Factoring receivables	265,6	282,1	274,4	268,0
+ TL Loans	153,5	162,9	155,7	157,8
TL Loans NPL	7,3	8,2	8,6	10,3
info: TL Performing Loans	146,2	154,6	147,1	147,4
+ FC Loans (in US\$ terms)	19,5	19,6	19,2	18,2
FC Loans NPL (in US\$)	1,0	1,0	1,0	1,2
info: FC Performing Loans (in US\$)	18,5	18,6	18,1	17,0
+ TL Leasing & Factoring Rreceivables	3,6	3,4	2,8	3,0
TL Leasing & Factoring Stage-3	0,5	0,5	0,4	0,5
+ FC Leasing & Factoring Rreceivables (in US\$)	1,1	1,0	1,0	0,9
FC Leasing & Factoring Stage-3 (in US\$)	0,1	0,1	0,1	0,1
info: Performing Loans (TL+FC)	243,5	259,0	251,4	242,9
Fixed Assets & Subsidiaries	5,6	6,6	6,7	6,6
Other	3,2	2,0	0,2	0,6
TOTAL ASSETS	399,2	423,3	422,3	411,2

LIABILITIES & SHE	31.12.2018	31.03.2019	30.06.2019	30.09.2019
Total Deposits	245,0	262,8	260,1	257,8
+Demand Deposits	64,2	76,1	76,8	80,2
TL Demand	22,5	25,5	25,1	28,1
FC Demand (in US\$ terms)	7,9	9,0	9,0	9,3
+Time Deposits	180,8	186,7	183,3	177,7
TL Time	81,6	77,9	76,5	76,8
FC Time (in US\$ terms)	18,8	19,4	18,6	18,0
Interbank Money Market	2,6	1,6	2,0	1,5
Bonds Issued	26,9	29,7	30,8	22,8
Funds Borrowed	49,6	52,9	49,4	43,3
Other liabilities	28,1	27,8	29,5	34,0
Shareholders' Equity	46,9	48,4	50,6	51,8
TOTAL LIABILITIES & SHE	399,2	423,3	422,3	411,2

APPENDIX: SUMMARY P&L

TL Million	QUARTERLY P&L			CUMULATIVE P&L		
	2Q19	3Q19	QoQ	9M18	9M19	YoY
(+) Net Interest Income including Swap costs	4,265	4,382	3%	12,136	12,928	7%
(+) NII excluding CPI linkers' income	4,051	4,555	12%	11,488	12,526	9%
(+) Income on CPI linkers	937	637	-32%	2,486	2,564	3%
(-) Swap Cost	-723	-810	12%	-1,838	-2,162	18%
(+) Net Fees & Comm.	1,476	1,662	13%	3,752	4,637	24%
(+) Net Trading & FX gains/losses (excl. Swap costs and currency hedge)	-254	70	-128%	182	4	-98%
info: Gain on Currency Hedge	141	-159	-213%	2,417	280	-88%
(+) Other income (excl. Prov. reversals & one-offs)	354	359	1%	787	1,008	28%
= REVENUES	5,841	6,474	11%	16,858	18,578	10%
(+) Non-recurring other income	108	20	-82%	137	128	-7%
(+) Administrative fine reversal	83	0	n.m	0	83	n.m
(+) Gain from asset sale	26	20	-24%	137	45	-67%
(-) OPEX	-2,472	-2,508	1%	-6,237	-7,397	19%
(-) HR	-1,070	-1,043	-2%	-2,593	-3,138	21%
(-) Non-HR	-1,402	-1,465	4%	-3,644	-4,259	17%
= PRE-PROVISION INCOME	3,477	3,985	15%	10,758	11,308	5%
(-) Net Expected Loss (excl. Currency impact)	-1,097	-2,168	98%	-2,521	-4,622	83%
(-) Expected Loss	-2,134	-2,971	39%	-6,766	-8,492	25%
info: Currency Impact	-141	159	-213%	-2,417	-280	-88%
(+) Provision Reversal under other Income	897	962	7%	1,828	3,590	96%
(-) Taxation and other provisions	-469	-487	4%	-2,607	-1,688	-35%
(-) Free Provision	0	0	n.m	-700	-100	n.m
(-) Taxation & Other Provision	-469	-487	4%	-1,907	-1,588	-17%
= NET INCOME	1,911	1,330	-30%	5,630	4,998	-11%

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

APPENDIX: KEY FINANCIAL RATIOS

	Dec-18	Mar-19	Jun-19	Sep-19
Profitability ratios				
ROAE (Cumulative) ¹	15.0%	15.6%	15.3%	13.5%
ROAA (Cumulative) ¹	1.7%	1.8%	1.8%	1.6%
Cost/Income	35.6%	38.6%	40.0%	39.6%
Quarterly NIM incl. Swap costs	6.3%	5.1%	4.9%	5.0%
Quarterly NIM incl. Swap costs excl. CPI linkers	2.6%	3.9%	3.8%	4.3%
Cumulative NIM incl. Swap costs	5.3%	5.1%	5.0%	5.0%
Cumulative NIM incl. Swap costs excl. CPI linkers	3.5%	3.9%	3.9%	4.0%
Liquidity ratios				
Loans / Deposits	99.4%	98.6%	96.7%	94.2%
TL Loans / TL Deposits	140.5%	149.6%	144.7%	140.5%
Adj. Loans/Deposits (Loans adj. with on-balance sheet alternative funding sources)	68%	68%	63%	68%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	122.8%	127.7%	121.2%	121.0%
FC Loans / FC Deposits	69.0%	65.5%	65.8%	62.4%
Asset quality ratios				
NPL Ratio	5.2%	5.4%	5.7%	6.7%
Coverage Ratio	5.0%	5.2%	5.5%	6.2%
+ Stage1	0.5%	0.5%	0.5%	0.5%
+ Stage2	10.4%	11.2%	11.6%	11.1%
+ Stage3	59.1%	59.0%	58.5%	62.3%
Cumulative Net Cost of Risk (excluding currency impact, bps)	204	201	181	227
Solvency ratios				
CAR	16.5%	15.5%	16.4%	18.1%
Common Equity Tier I Ratio	14.2%	13.3%	14.1%	15.7%
Leverage	7.5x	7.7x	7.4x	6.9x

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, June-19 and Sep-19

APPENDIX: QUARTERLY & CUMULATIVE NET CoR

(Million TL)

Quarterly Net Expected Credit Loss	1Q19	2Q19	3Q19
(-) Expected Credit Losses	3,387	2,134	2,971
Stage 1	719	256	147
Stage 2	1,615	937	231
Stage 3	1,053	941	2,592
(+) Provision Reversals under other income	1,732	897	962
Stage 1	599	269	132
Stage 2	774	346	482
Stage 3	358	282	348
(=) (a) Net Expected Credit Losses	1,655	1,238	2,009
(b) Average Gross Loans	273,816	278,221	271,169
(a/b) Quarterly Total Net CoR (bps)	245	178	294
info: Currency Impact¹	44	20	-23
Total Net CoR excl. currency impact (bps)	201	158	317

(Million TL)

Cumulative Net Expected Credit Loss	3M19	6M19	9M19
(-) Expected Credit Losses	3,387	5,521	8,492
Stage 1	719	975	1,122
Stage 2	1,615	2,552	2,783
Stage 3	1,053	1,994	4,587
(+) Provision Reversals under other income	1,732	2,628	3,590
Stage 1	599	868	1,000
Stage 2	774	1,120	1,602
Stage 3	358	641	989
(=) (a) Net Expected Credit Losses	1,655	2,892	4,902
(b) Average Gross Loans	273,816	274,001	272,493
(a/b) Cumulative Total Net CoR (bps)	245	213	241
info: Currency Impact¹	44	32	14
Total Net CoR excl. currency impact (bps)	201	181	227

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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Investor Relations

Levent Nispetiye Mah. Aytar Cad. No:2

Beşiktaş 34340 İstanbul – Turkey

Email: investorrelations@garantibbva.com.tr

Tel: +90 (212) 318 2352

www.garantibbvainvestorrelations.com

