



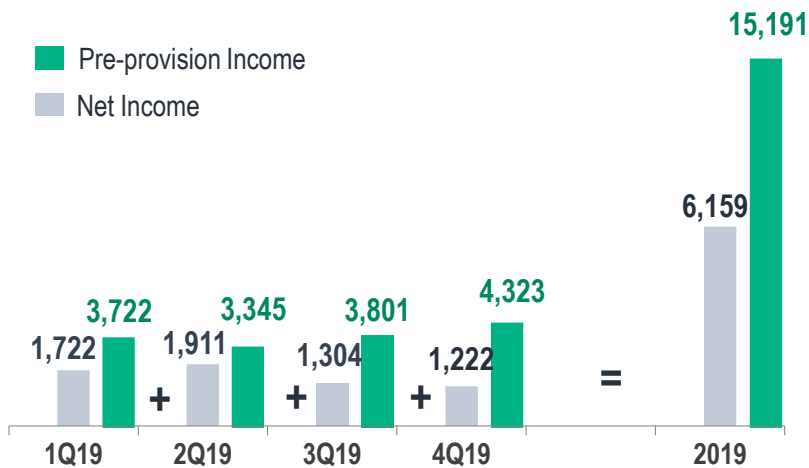
2019 EARNINGS PRESENTATION

Based on BRSA Unconsolidated Financials
January 30th, 2020

SUSTAINING HIGH PPI ENSURES BUILDING UP BUFFERS WITHOUT MISSING THE ROAE TARGET

NET INCOME & PRE-PROVISION INCOME¹

(TL million)



- ▶ Growing core revenues more than offset the significant drop in CPI income
- ▶ Shareholders' Equity growth: 15% YoY
- ▶ TL 250mn free provision set aside in 2019
Free provisions in the balance sheet reached TL 2.5bn in total

ROAE

12.3%



ROAA

1.6%

CAR

19.6%

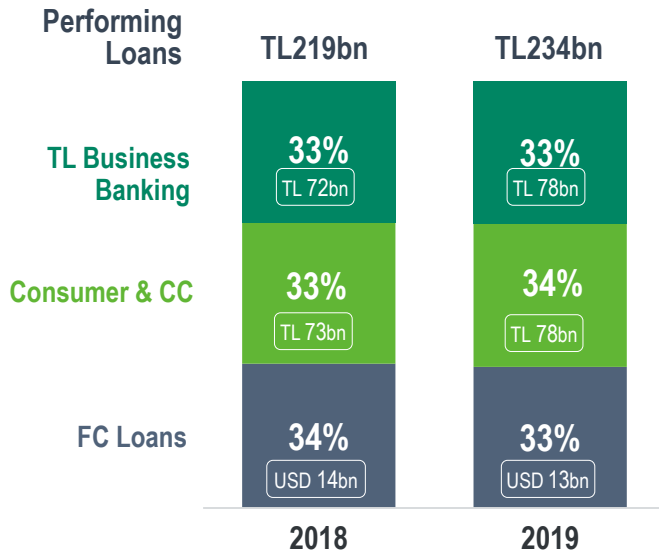
CET-1

17.0%

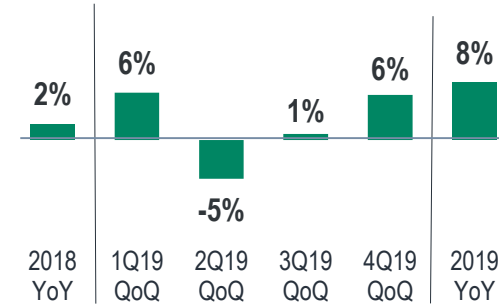
¹ Please refer to page 23 for detailed breakdown of pre-provision income and revenues

GRADUAL RECOVERY IN TL LOANS

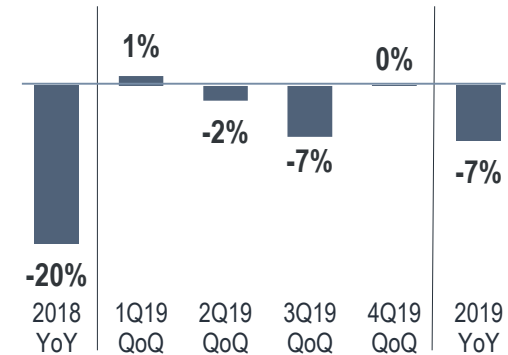
PERFORMING LOAN PORTFOLIO (60% of Total Assets)



TL PERFORMING LOANS (Growth, %)



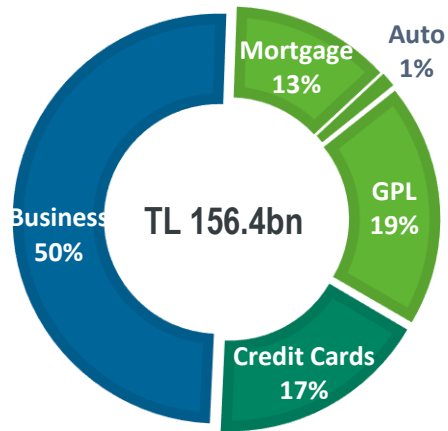
FC PERFORMING LOANS (Growth in US\$ terms, %)



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

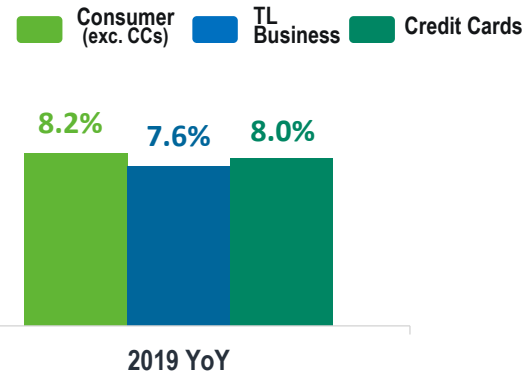
PENT-UP DEMAND IN CONSUMER LOANS PICKED UP PACE IN 4Q

TL PERFORMING LOANS (67% of Total Performing Loans)



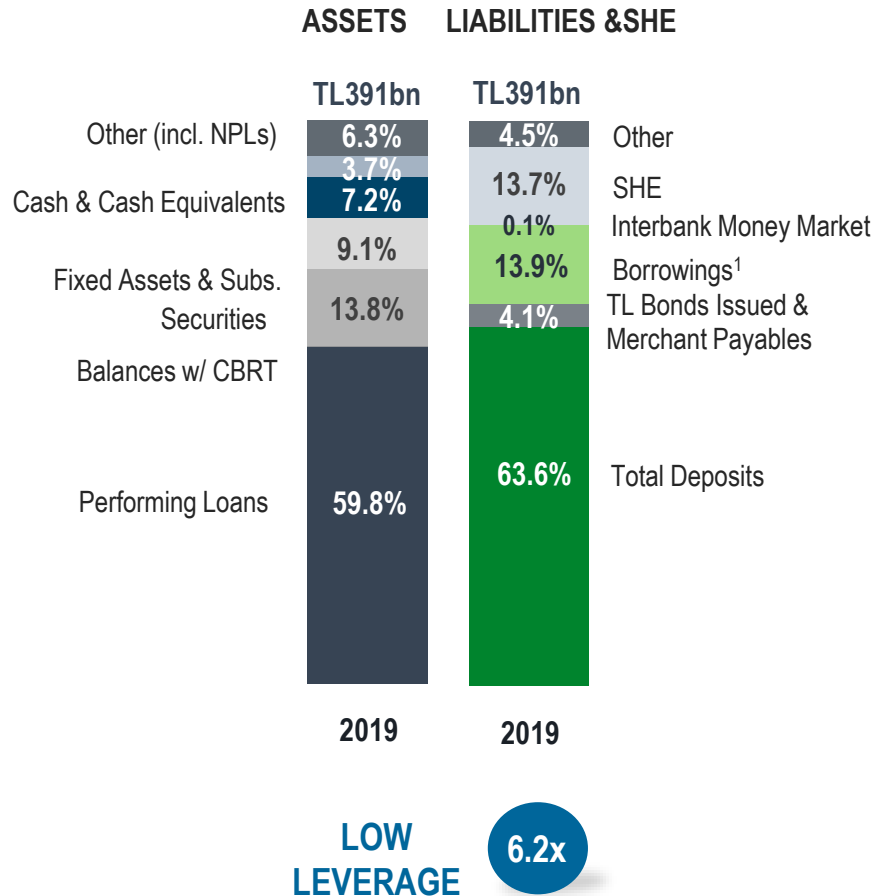
- ▶ 49% of GPLs are granted to salary customers

ANNUAL GROWTH



- ▶ Across the board growth led by Consumer Loans in 4Q
- ▶ Business Banking loan growth is expected to accelerate in the following quarters
- ▶ **Leading position** in **TL loans** and **consumer loans** among private banks maintained.

HIGHLY LIQUID BALANCE SHEET WITH LOW LEVERAGE

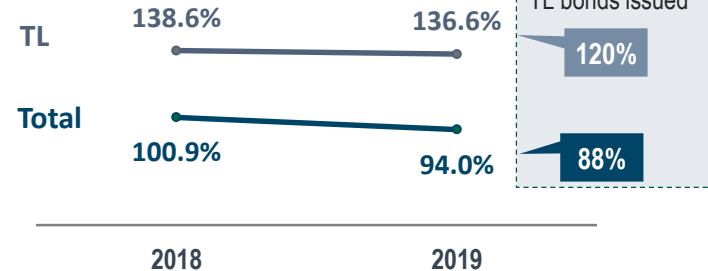


EXTERNAL DEBT VS. FC QUICK LIQUIDITY (USD bn)



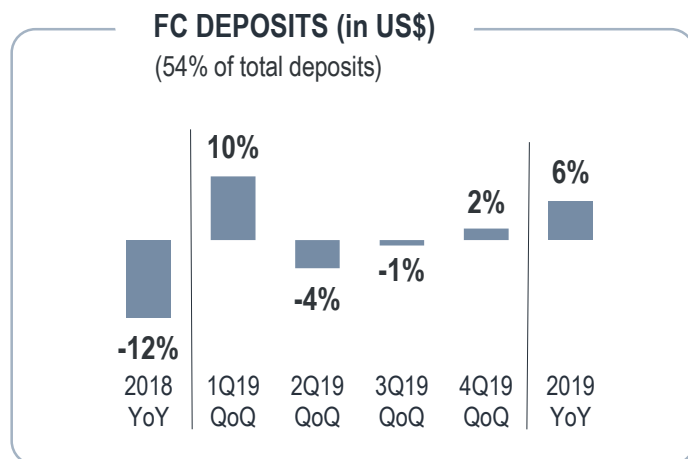
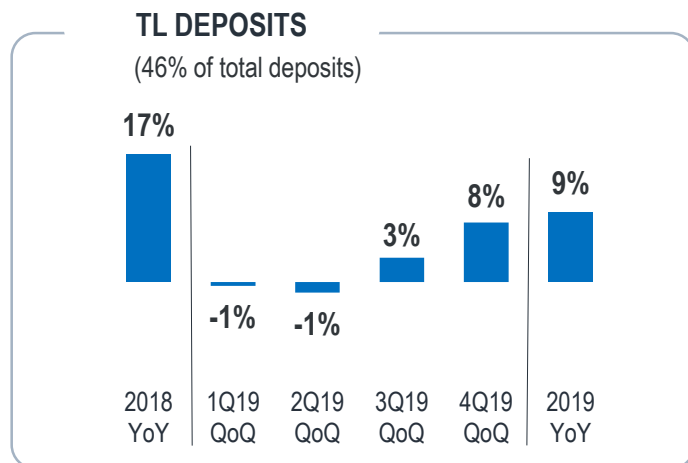
- Lower dependency on external borrowing due to shrinking FC loan portfolio since 2013:
 - CAGR: FC loans: -6% vs. FC borrowings: -9%

LOAN TO DEPOSIT RATIOS



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

WELL MANAGED, LOW COST DEPOSIT BASE



HIGH SHARE OF DEMAND DEPOSITS

41%
YoY Growth

in demand deposits indicates
customers' preference
as the main bank

DEMAND DEPOSITS /
TOTAL DEPOSITS: **31%**
vs. sector's 24%

STICKY & LOW COST DEPOSITS

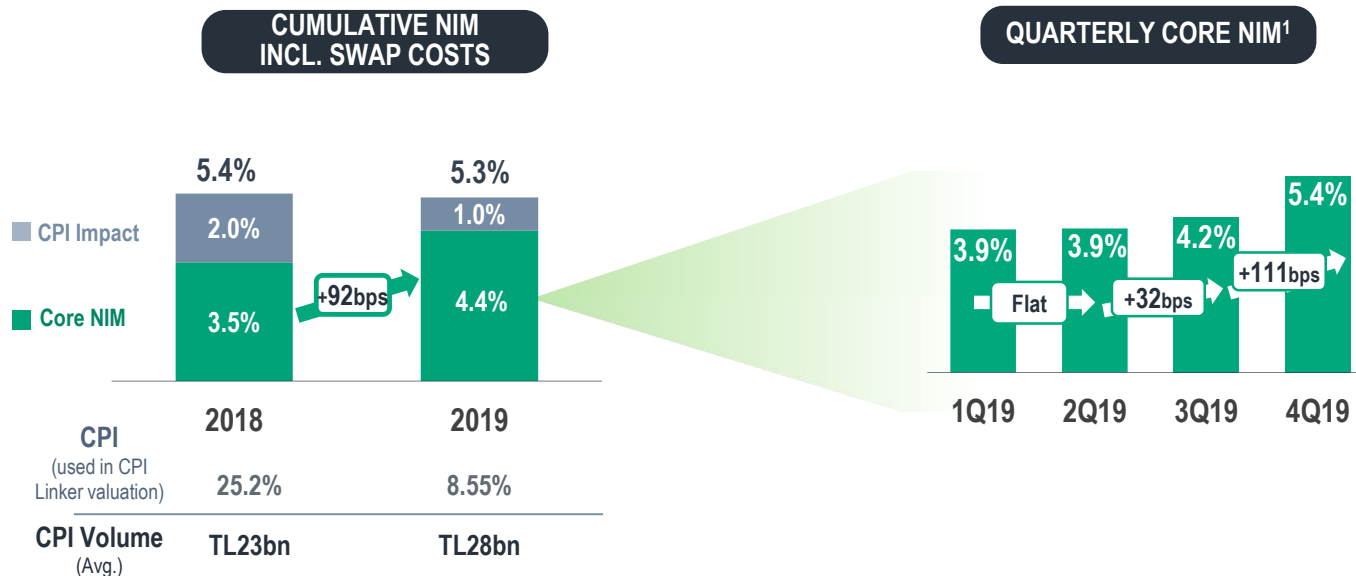
SHARE OF SME & RETAIL DEPOSITS¹

~80% IN TL CUST. DEPOSITS

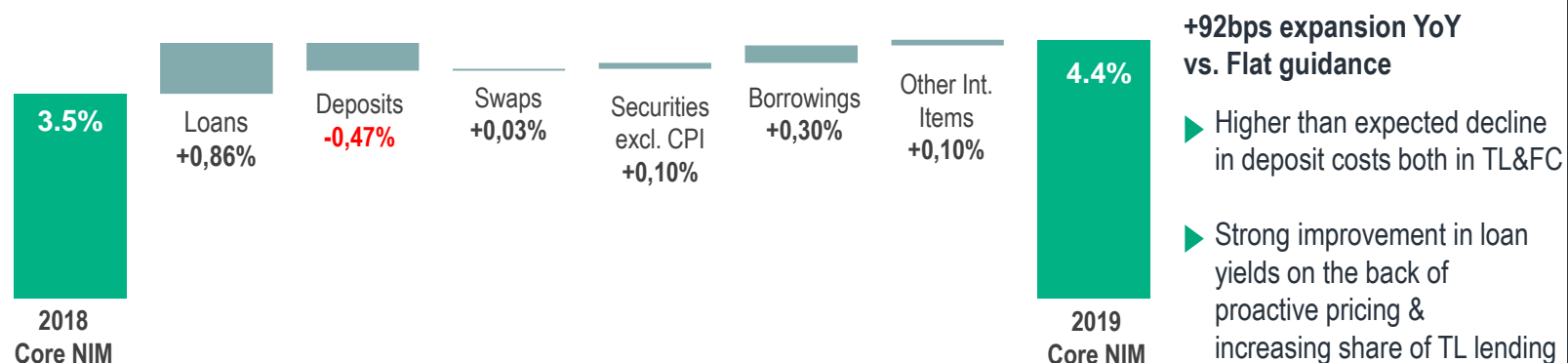
~75% IN FC CUST. DEPOSITS

¹ Based on bank-only MIS data.
Note: Sector data is based on BRSA weekly data, for commercial banks only.

SOLID CORE NIM EXPANSION OFFSET LOWER CPI LINKER CONTRIBUTION

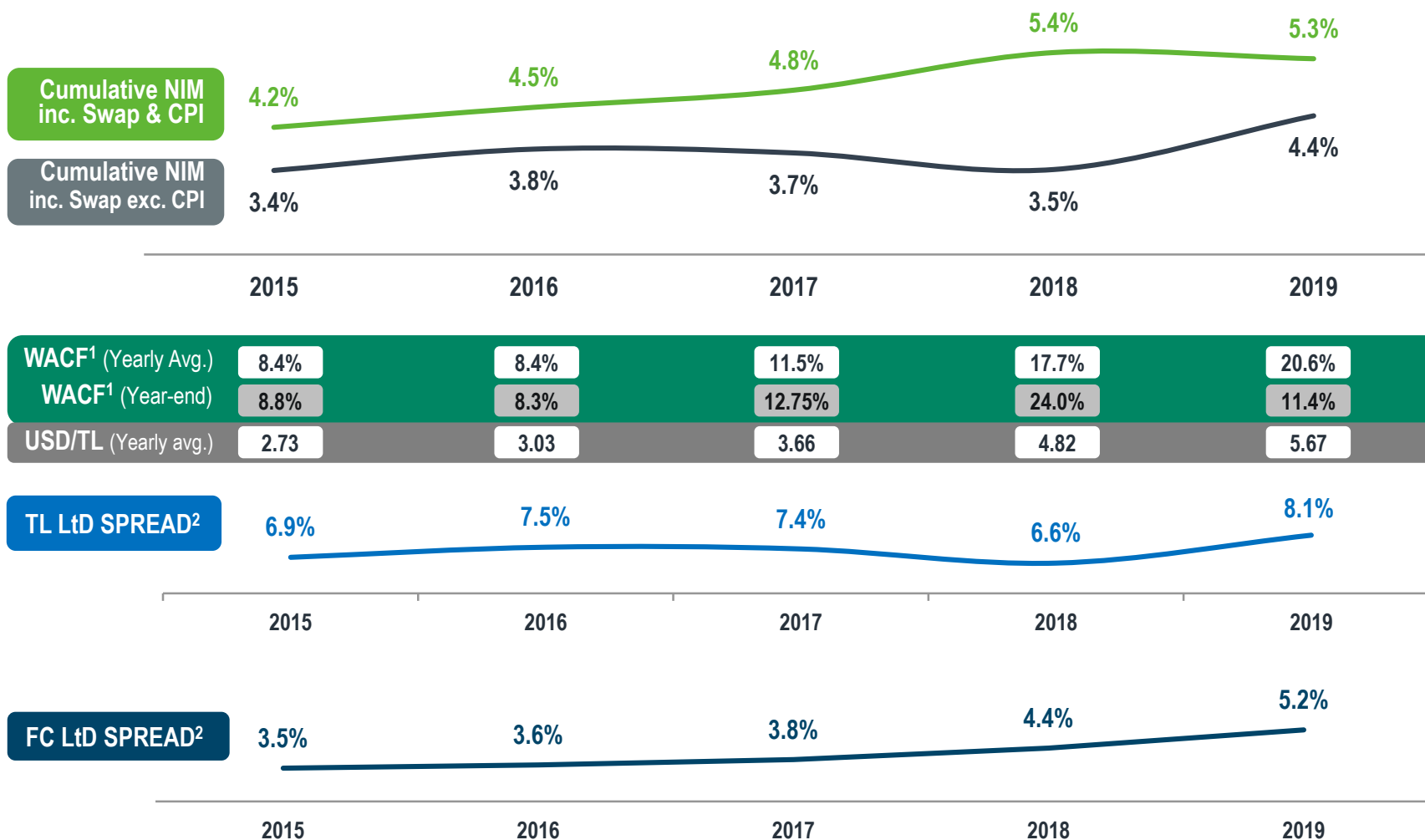


CUMULATIVE CORE NIM COMPONENTS (bps)



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

PROVEN RESILIENCE OF MARGIN IN VOLATILE MARKET CONDITIONS

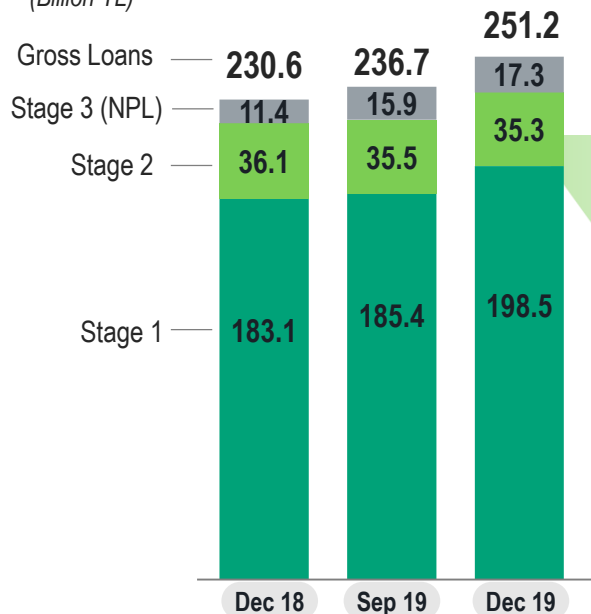


1 CBRT Weighted Average Cost of Funding
2 Based on MIS data

CLASSIFICATION OF LOANS STRENGTHENS BALANCE SHEET POSITION

LOAN PORTFOLIO BREAKDOWN

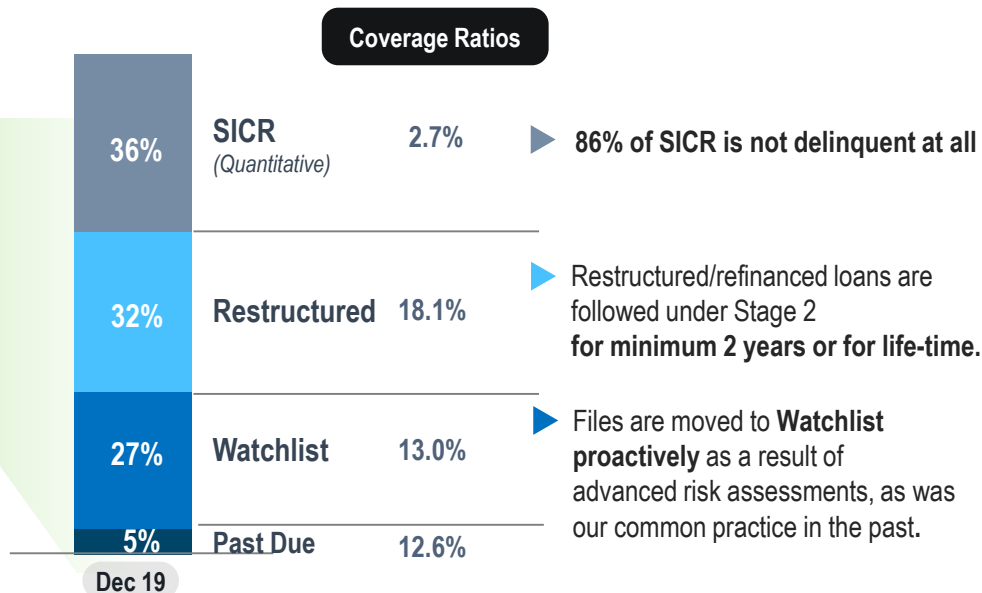
(Billion TL)



USD/TRY 5.27 5.62 5.92

STAGE-2 BREAKDOWN

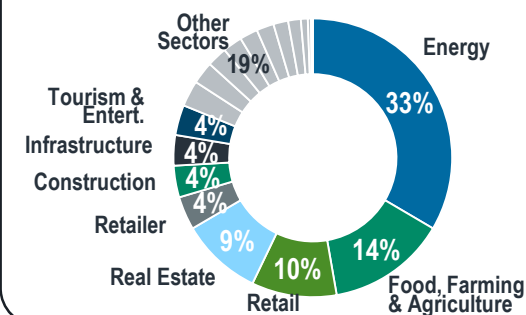
- 14% OF GROSS LOANS



Coverage Ratios

	Dec 18	Sep 19	Dec 19
Total	4.9%	6.3%	6.2%
Stage 1	0.4%	0.5%	0.5%
Stage 2	10.7%	11.4%	10.9%
Stage 3	59.4%	62.0%	62.1%

Sector Breakdown of Stage 2 excluding SICR

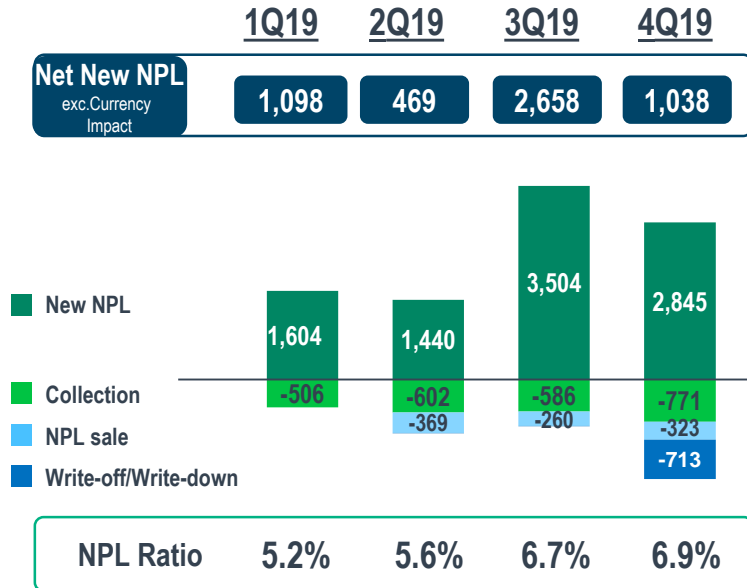


Note: SICR: Significant Increase in Credit Risk per our threshold for Probability of Default (PD) changes

NPL INFLOWS STARTED TO IMPROVE AFTER ITS PEAK IN THE 3Q19

NPL EVOLUTION¹

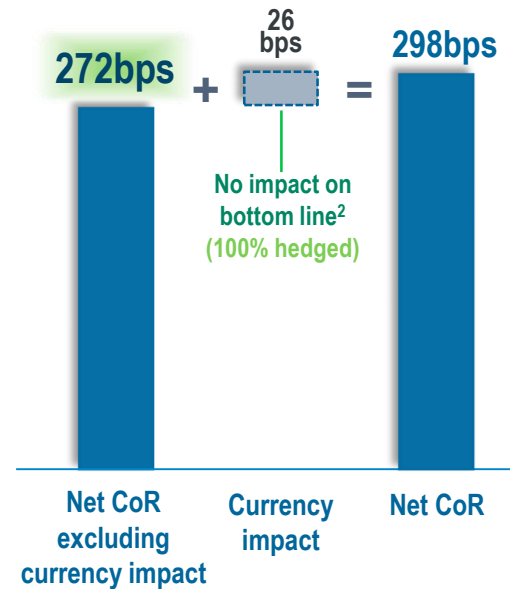
(TL million)



► Commercial/corporate files constitutes 2/3 of new additions

NET CUMULATIVE CoR

(Net Provisions / Avg. Gross Loans)

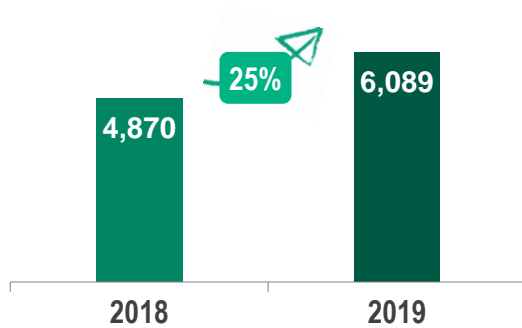


¹ NPL evolution excludes currency impact

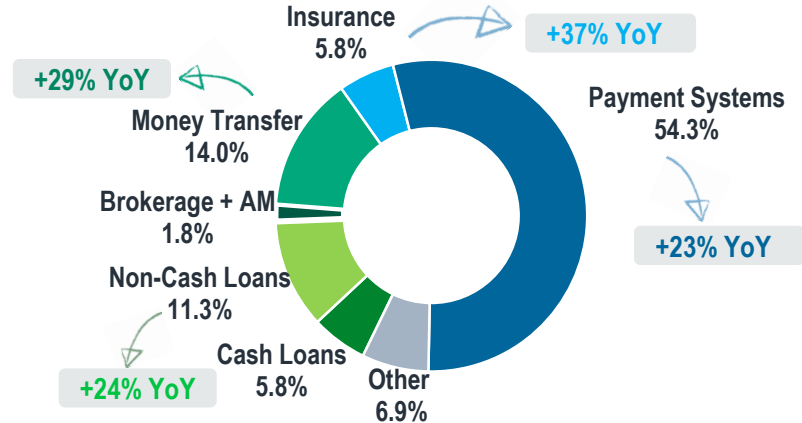
² Currency depreciation impact of TL 634mn in 2019 is offset via trading gain

ROBUST FEE PERFORMANCE

NET FEES & COMMISSIONS
(TL Million)



NET F&C BREAKDOWN²



Digital channels' share in non-credit linked fees: 45%²



8.4 mn active digital customers¹



96% of non-cash transactions are carried through digital



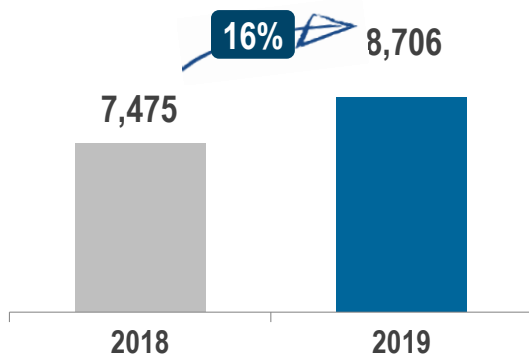
Share of end-to-end digital sales in 2019
46%

¹ Minimum one login or call per quarter

² Net Fees&Comm. breakdown is based on MIS data.

DISCIPLINED COST MANAGEMENT

OPERATING EXPENSES (TL Million)



- ▶ Amortization costs of Pendik IT Campus & Branch Transformation Project: **~1.5% impact** on OPEX
- ▶ Elimination of 5% incentive on private banks' pension fund: **~1% impact** on OPEX (was not in the 2019 OP)
- ▶ Regulation on SDIF¹: **~2% impact** on OPEX (was not in the 2019 OP)

OPEX/
Avg. Assets

2.3%

2019



Income/
Avg. Assets

6.3%

2019



COST/INCOME²

36.4%

vs.

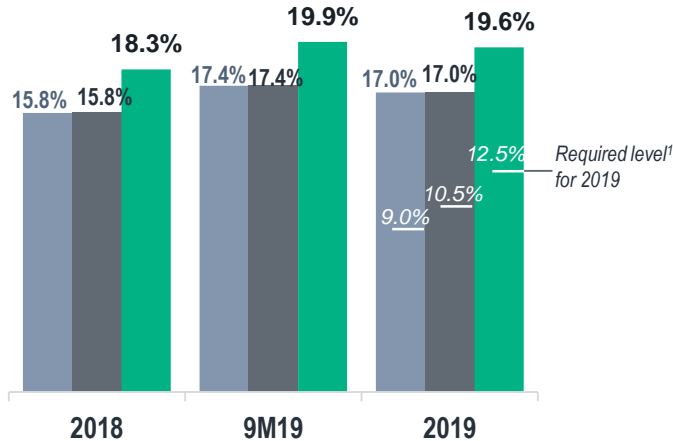
Bloomberg Emerging
Europe Regional Banks
3Q19 Average: 49.5%

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)

CONSISTENT CAPITAL BUILDING

SOLVENCY RATIOS

■ CET-1 ■ Tier 1 ■ CAR



TL 2.5bn Free Provisions

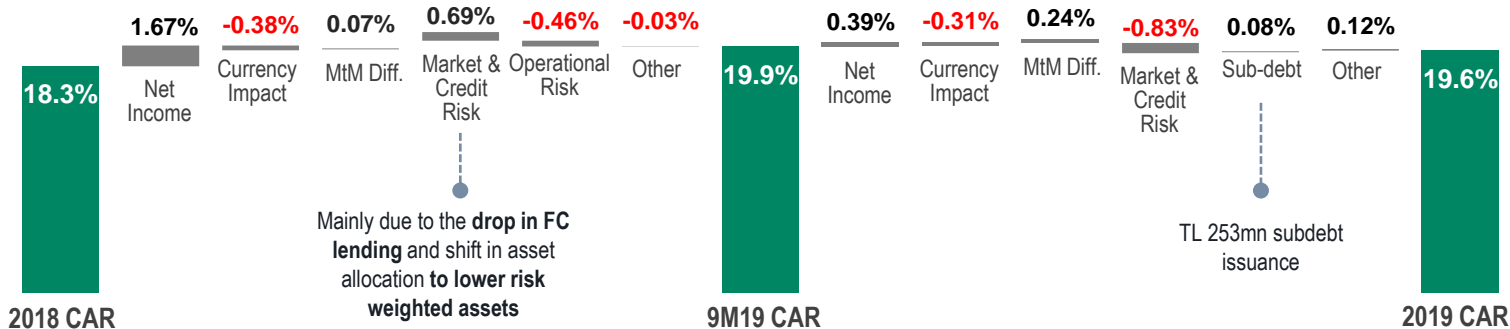
Bank-only: TL 22bn Excess Capital
taking into account minimum required level of 12.5% for 2019

Consolidated: TL 18bn

USDTRY

5.27 5.62 5.92

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 (0.05%); Required Consolidated Tier-1 = 6.0% + Buffers; Required Consolidated CET-1 = 4.5% + Buffers
Note: Our group for the SIFI Buffer will be Group 2 in 2020 (1.5%)

2019 STATUS WRAP-UP

	2019 Guidance	2019 Realization	vs. Guidance
TL Loans	~5%	8%	Beat
FC Loans (in US\$)	(10%)	(7%)	In-line
NPL Ratio	<7%	6.9%	In-line
Net Cost of Risk	<300bps	298bps	In-line
NIM incl. SWAP cost excl. CPI	Flat	+92bps	Beat
Fee Growth (yoy)	Low teens	25%	Beat
Opex Growth (yoy)	<avg. CPI*	16%	In-line
ROAE	Low teens	12.3%	In-line

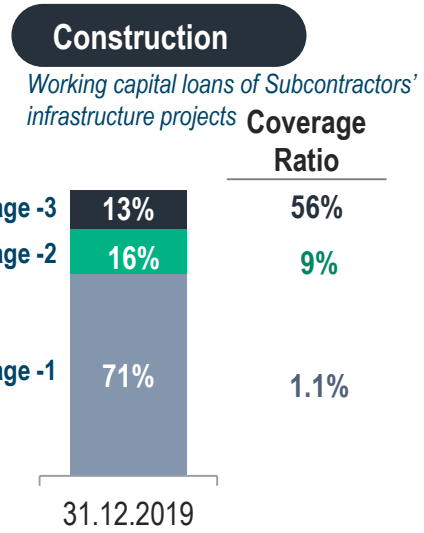
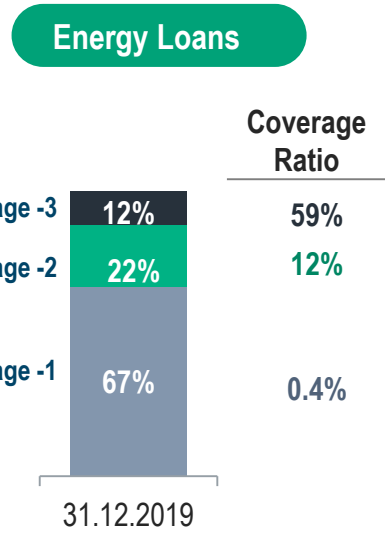
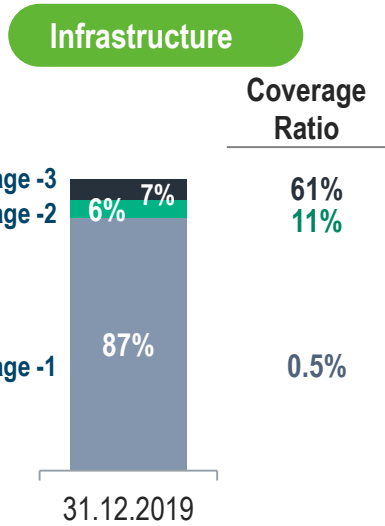
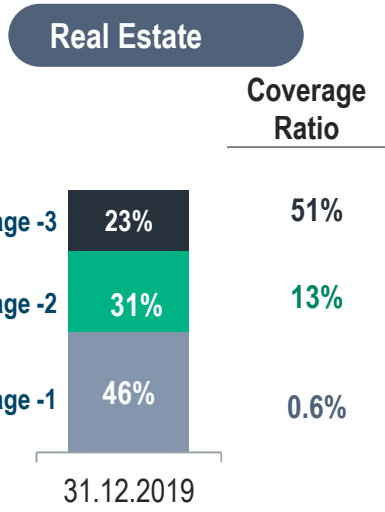
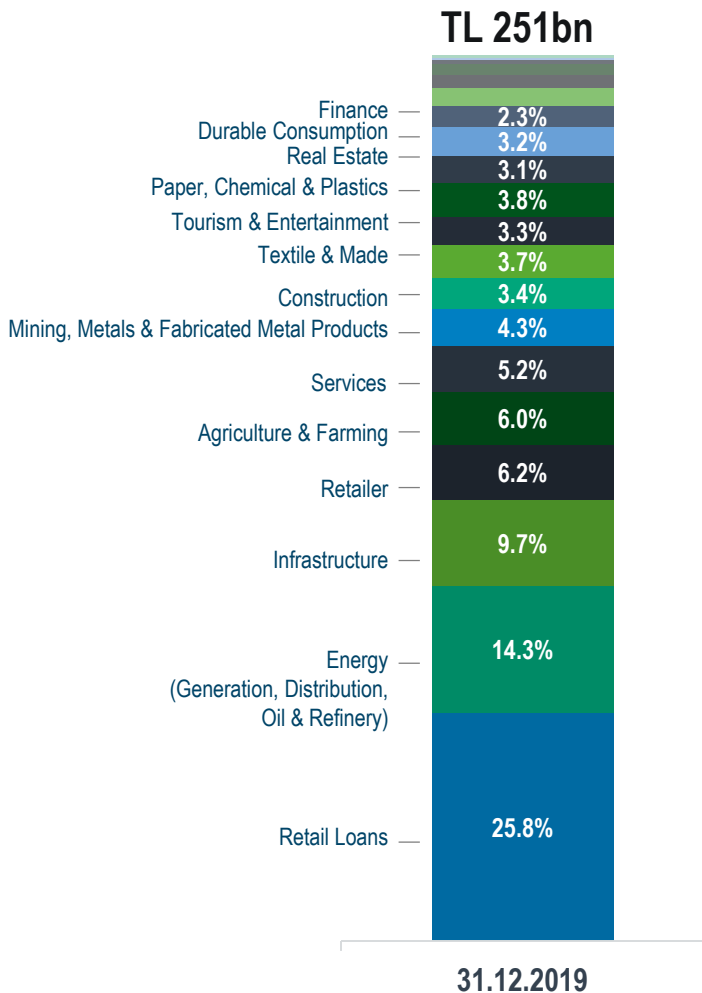
*Initial average CPI expectation was 19%

APPENDIX

Pg. 16	Sector Breakdown of Gross Loans
Pg. 17	Structure of FC Loan Portfolio
Pg. 18	Maturity Profile & Liquidity Buffers
Pg. 19	Adjusted L/D and Liquidity Coverage Ratios
Pg. 20	Consumer Loans & TL Business Banking Loans
Pg. 21	Securities portfolio
Pg. 22	Summary Balance Sheet
Pg. 23	Summary P&L
Pg. 24	Key Financial Ratios
Pg. 25	Quarterly & Cumulative Net Cost of Risk

WELL-DIVERSIFIED PORTFOLIO WITH STRONG COVERAGE

SECTOR BREAKDOWN OF GROSS LOANS¹



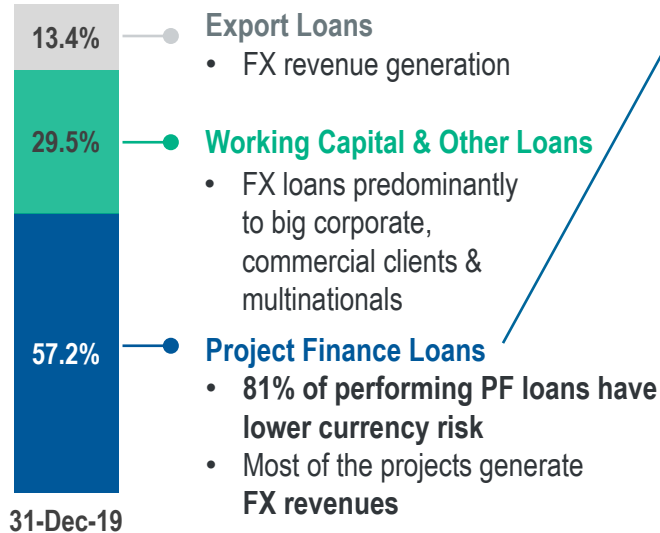
¹ Based on Bank-only MIS data

APPENDIX: STRUCTURE OF FC LOAN PORTFOLIO

FC PERFORMING LOANS

– 33% OF TOTAL PERFORMING LOANS

US\$ 13.1 bn ► Unconsolidated FC Performing Loans



Export Loans

- FX revenue generation

Working Capital & Other Loans

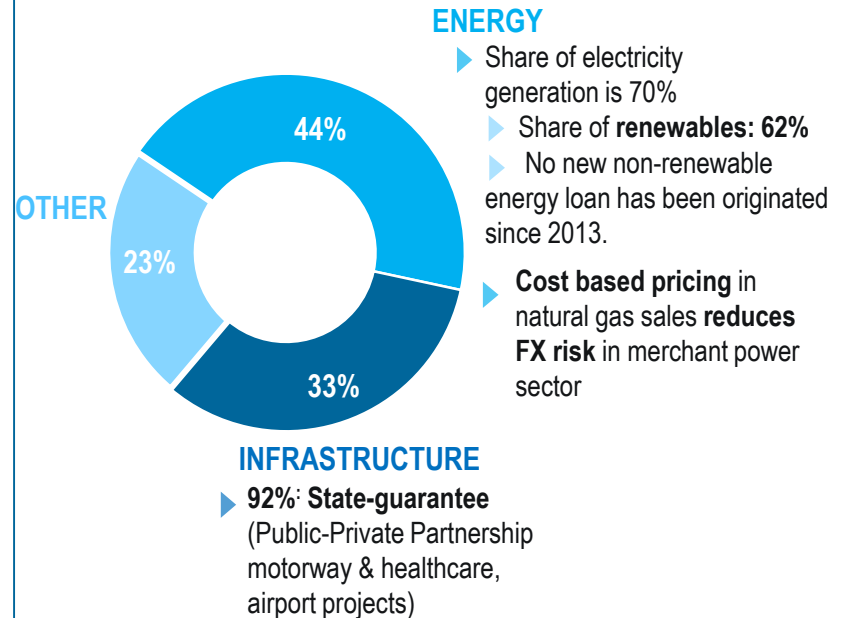
- FX loans predominantly to big corporate, commercial clients & multinationals

Project Finance Loans

- 81% of performing PF loans have lower currency risk
- Most of the projects generate FX revenues

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

BREAKDOWN OF UNCONSOLIDATED PF LOANS



ENERGY

- Share of electricity generation is 70%
- Share of **renewables: 62%**
- No new non-renewable energy loan has been originated since 2013.
- **Cost based pricing** in natural gas sales **reduces FX risk** in merchant power sector

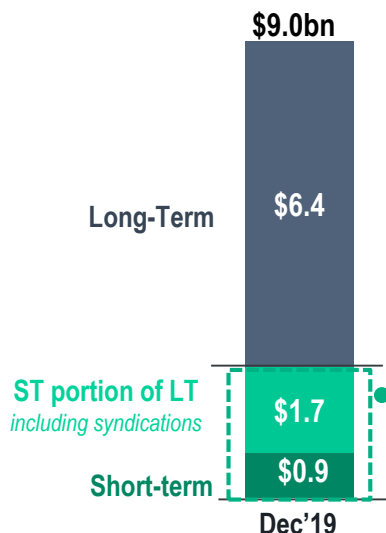
INFRASTRUCTURE

- **92%: State-guarantee** (Public-Private Partnership motorway & healthcare, airport projects)

APPENDIX: COMFORTABLE LIQUIDITY & MANAGEABLE EXTERNAL DEBT STOCK

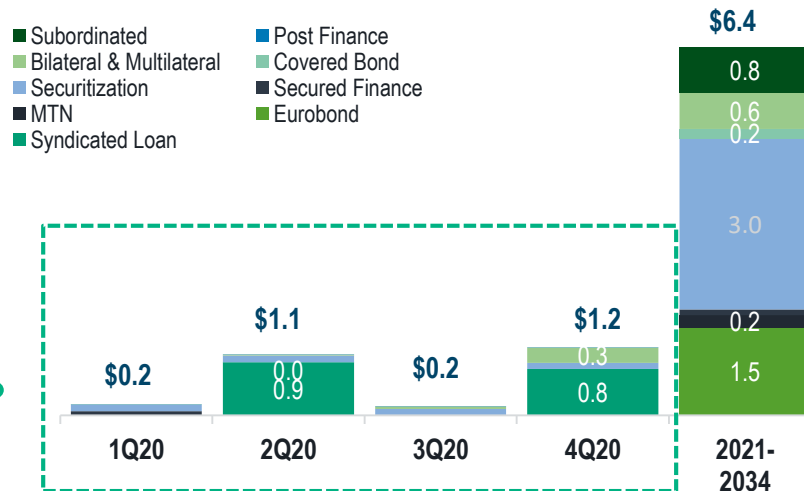
GARANTI'S EXTERNAL DEBT¹

(US\$ billion)



MATURITY PROFILE OF EXTERNAL DEBT

(US\$ billion)



ST external dues

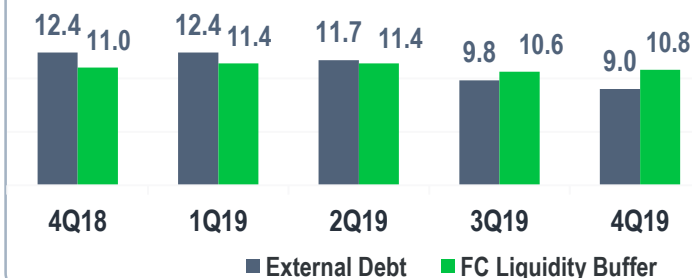
\$2.6bn

Comfortable FC liquidity buffer²

\$10.8bn

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: -6% vs. FC borrowings: -9%

1 Excludes cash collateralized borrowings

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

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

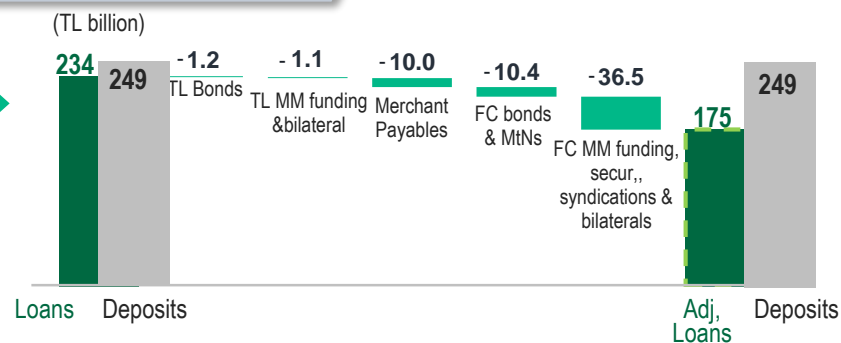


TL Loans /
TL Deposits:

137%

FC Loans /
FC Deposits:

58%



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

Total LCR

221.1%

Minimum Req, for 2019

100%

FC LCR

219.3%

Minimum Req, for 2019

80%

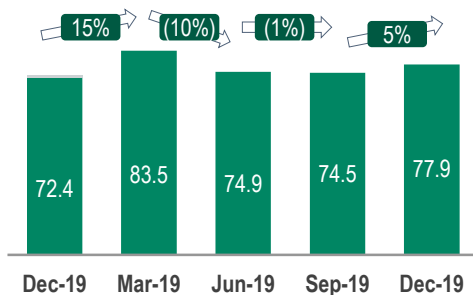
¹ Represents the average of December's last week

APPENDIX: CONSUMER & TL BUSINESS BANKING LOANS

TL BUSINESS BANKING

(TL billion)

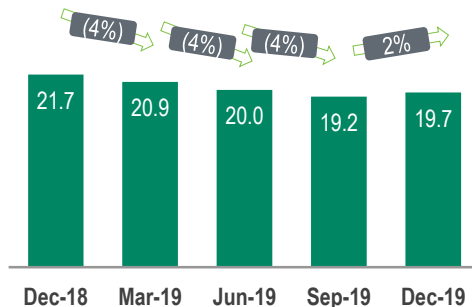
+8%
YoY



CONS. MORTGAGE LOANS

(TL billion)

(9%)
YoY



Market Shares³

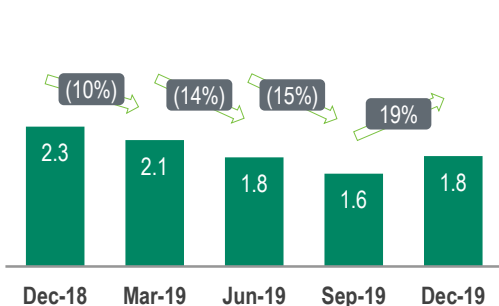
	Dec '19	QoQ	Rank
Consumer Loans inc Consumer CCs	13.1%	Flat	#1*
Cons. Mortgage	10.6%	-39bps	#1*
Cons. Auto	37.0%	+30bps	#1*
Consumer GPLs	11.8%	+58bps	#1*
TL Business Banking	8.4%	+6bps	#3*
# of CC customers ²	13.8%	-17bps	#1
Issuing Volume ² (Cumulative)	18.7%	-14bps	#1
Acquiring Volume ² (Cumulative)	18.1%	-31bps	#2

* Rankings are among private banks as of Sept 19

CONSUMER AUTO LOANS

(TL billion)

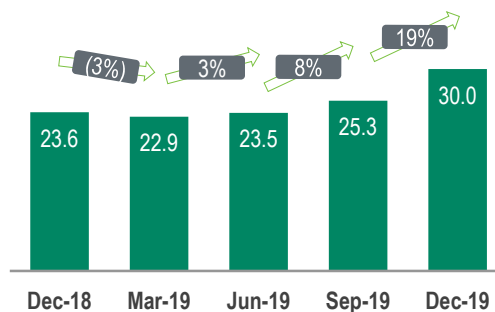
(21%)
YoY



CONSUMER GENERAL PURPOSE LOANS¹

(TL billion)

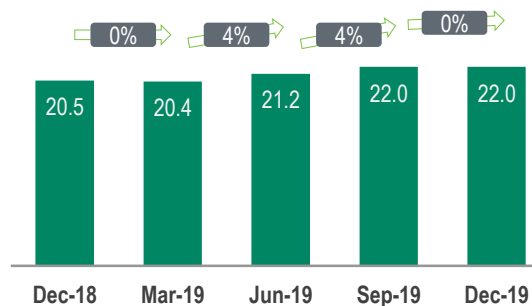
+27%
YoY



CONSUMER CREDIT CARD BALANCES

(TL billion)

+7%
YoY



1 Including other loans and overdrafts

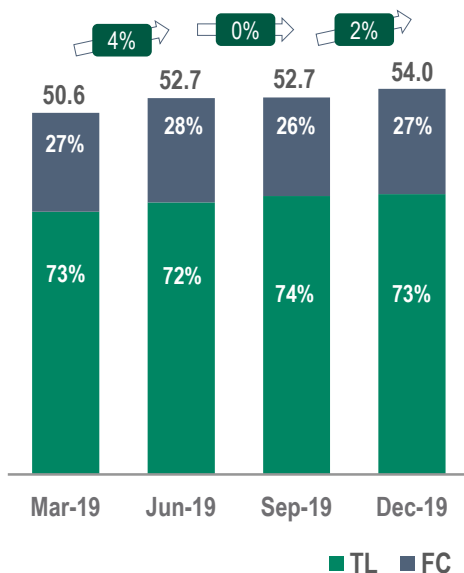
2 Cumulative figures and rankings as of December 2019, as per Interbank Card Center data,

3 Sector figures used in market share calculations are based on bank-only BRSA weekly data as of 27.12.2019, for commercial banks

APPENDIX: SECURITIES PORTFOLIO

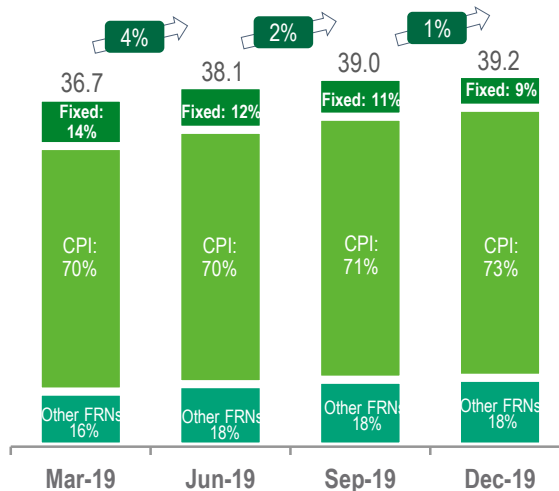
Total Securities (TL billion)

13% of Total Assets

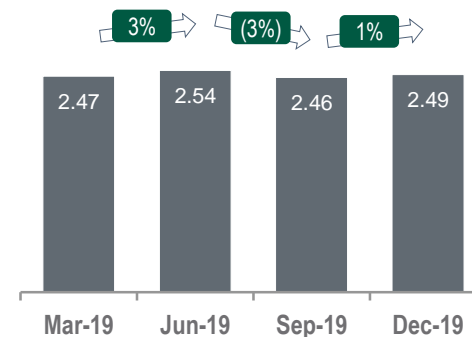


TL Securities (TL billion)

CPI Linkers:
TL 28bn

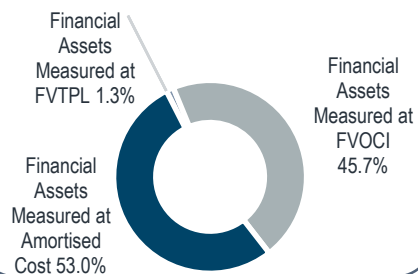


FC Securities (US\$ billion)



- ▶ **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	31.12.2019
Cash & Cash Equivalents	21.8	26.8	26.4	31.1	28.3
Balances at CBRT	35.8	42.8	48.9	38.0	35.6
Securities	49.3	50.6	52.7	52.7	54.0
Gross Loans	230.6	247.2	240.0	236.7	251.2
+TL Loans	152.3	162.5	154.8	157.7	167.0
TL NPL	7.3	8.2	8.6	10.3	10.6
<i>info: TL Performing Loans</i>	145.0	154.3	146.2	147.4	156.4
+FC Loans (in US\$ terms)	14.9	15.1	14.8	14.1	14.2
FC NPL (in US\$ terms)	0.8	0.8	0.8	1.0	1.1
<i>info: FC Performing Loans (in US\$ terms)</i>	14.1	14.3	14.0	13.1	13.1
<i>info: Performing Loans (TL+FC)</i>	219.2	234.4	226.6	220.8	233.9
Fixed Assets & Subsidiaries	12.2	13.5	14.1	13.9	14.6
Other	9.8	3.5	1.6	1.8	7.5
TOTAL ASSETS	359.5	384.4	383.7	374.3	391.2

LIABILITIES & SHE	31.12.2018	31.03.2019	30.06.2019	30.09.2019	31.12.2019
Total Deposits	217.3	236.2	231.8	231.1	248.8
+Demand Deposits	54.2	65.5	65.7	69.1	76.4
TL Demand	19.6	22.2	23.4	25.7	30.7
FC Demand (in US\$ terms)	6.6	7.7	7.4	7.7	7.7
+Time Deposits	163.1	170.6	166.1	162.0	172.4
TL Time	85.0	81.9	79.1	80.2	83.8
FC Time (in US\$ terms)	14.8	15.8	15.1	14.6	15.0
Interbank Money Market	0.0	0.4	0.5	0.4	0.5
Bonds Issued	20.0	22.6	24.6	17.7	16.4
Funds Borrowed	48.2	51.2	48.9	41.9	44.1
Other liabilities	27.3	25.8	27.5	31.7	27.6
Shareholders' Equity	46.7	48.2	50.3	51.5	53.8
TOTAL LIABILITIES & SHE	359.5	384.4	383.7	374.3	391.2

APPENDIX: SUMMARY P&L

TL Million	QUARTERLY P&L			CUMULATIVE P&L		
	3Q19	4Q19	QoQ	2018	2019	YoY
(+) Net Interest Income including Swap costs	3,855	4,487	16%	16,167	16,130	0%
(+) <i>NII excluding CPI linkers' income</i>	4,028	4,849	20%	13,188	16,089	22%
(+) <i>Income on CPI linkers</i>	637	374	-41%	5,922	2,938	-50%
(-) <i>Swap Cost</i>	-810	-736	-9%	-2,943	-2,898	-2%
(+) Net Fees & Comm.	1,612	1,606	0%	4,870	6,089	25%
(+) Net Trading & FX gains/losses (excl. Swap costs and currency hedge)	163	338	107%	680	324	-52%
<i>info: Gain on Currency Hedge¹</i>	-160	364	-328%	1,110	634	-43%
(+) Income on subsidiaries	230	153	-33%	752	894	19%
(+) Other income (excl. Prov. reversals & one-offs)	45	95	111%	322	316	-2%
= REVENUES	5,906	6,681	13%	22,791	23,752	4%
(+) Non-recurring other income	18	25	36%	144	146	1%
(+) <i>Administrative fine reversal</i>	0	0	<i>n.m</i>	0	83	<i>n.m</i>
(+) <i>Gain from NPL sale</i>	18	25	36%	144	63	-56%
(-) OPEX	-2,123	-2,383	12%	-7,475	-8,706	16%
(-) <i>HR</i>	-879	-879	0%	-3,016	-3,524	17%
(-) <i>Non-HR</i>	-1,244	-1,504	21%	-4,459	-5,182	16%
= PRE-PROVISION INCOME	3,801	4,323	14%	15,460	15,191	-2%
(-) Net Expected Loss (excl. Currency impact)	-2,085	-2,082	0%	-5,494	-6,555	19%
(-) <i>Expected Loss</i>	-2,797	-2,782	-1%	-8,362	-10,701	28%
<i>info: Currency Impact¹</i>	160	-364	-328%	-1,110	-634	-43%
(+) <i>Provision Reversal under other Income</i>	871	336	-61%	1,758	3,513	100%
(-) Taxation and other provisions	-413	-1,018	147%	-3,327	-2,478	-26%
(-) <i>Free Provision</i>	0	-150	<i>n.m</i>	-1,090	-250	<i>n.m</i>
(-) <i>Taxation & Other Provision</i>	-413	-868	110%	-2,237	-2,228	0%
= NET INCOME	1,304	1,222	-6%	6,638	6,159	-7%

¹ Neutral impact at bottom line, as provision increase 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	Dec-19
Profitability ratios					
ROAE (Cumulative) ¹	15.0%	15.4%	15.2%	13.4%	12.3%
ROAA (Cumulative) ¹	1.9%	2.0%	2.0%	1.8%	1.6%
Cost/Income	32.6%	35.7%	37.3%	36.8%	36.4%
Quarterly NIM incl. Swap costs	6.6%	5.2%	5.2%	5.1%	5.8%
Quarterly NIM incl. Swap costs excl. CPI linkers	2.3%	3.9%	3.9%	4.2%	5.4%
Cumulative NIM incl. Swap costs	5.4%	5.2%	5.2%	5.2%	5.3%
Cumulative NIM incl. Swap costs excl. CPI linkers	3.5%	3.9%	3.9%	4.0%	4.4%
Liquidity ratios					
Loans / Deposits	100.9%	99.3%	97.8%	95.6%	94.0%
TL Loans / TL Deposits	138.6%	148.2%	142.5%	139.1%	136.6%
Adj. Loans/Deposits (Loans adj. with on-balance sheet alternative funding sources)	68%	68%	66%	68%	70%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	122.1%	127.8%	120.4%	120.2%	119.9%
FC Loans / FC Deposits	65.9%	60.6%	62.3%	58.7%	57.7%
Asset quality ratios					
NPL Ratio	4.9%	5.2%	5.6%	6.7%	6.9%
Coverage Ratio	4.9%	5.2%	5.6%	6.3%	6.2%
+ Stage1	0.4%	0.5%	0.5%	0.5%	0.5%
+ Stage2	10.7%	11.5%	12.0%	11.4%	10.9%
+ Stage3	59.4%	59.2%	58.2%	62.0%	62.1%
Cumulative Net Cost of Risk (excluding currency impact, bps)	235	229	201	251	272
Solvency ratios					
CAR	18.3%	17.0%	18.0%	19.9%	19.6%
Common Equity Tier I Ratio	15.8%	14.7%	15.6%	17.4%	17.0%
Leverage	6.7x	7.0x	6.6x	6.3x	6.3x

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 1Q19, 1H19 and 9M19.

APPENDIX: QUARTERLY & CUMULATIVE NET CoR

(Million TL)

Quarterly Net Expected Credit Loss	1Q19	2Q19	3Q19	4Q19
(-) Expected Credit Losses	3,207	1,916	2,797	2,782
Stage 1	651	157	142	455
Stage 2	1,576	883	196	123
Stage 3	979	876	2,459	2,204
				-
(+) Provision Reversals under other income	1,571	734	871	336
Stage 1	514	186	108	118
Stage 2	752	306	463	103
Stage 3	305	242	299	115
(=) (a) Net Expected Credit Losses	1,635	1,182	1,925	2,446
(b) Average Gross Loans	238,896	243,590	238,362	243,945
(a/b) Quarterly Total Net CoR (bps)	278	195	320	398
info: Currency Impact¹	48	24	-27	59
Total Net CoR exc. currency impact (bps)	229	171	347	339

(Million TL)

Cumulative Net Expected Credit Loss	2019
(-) Expected Credit Losses	10,701
Stage 1	1,405
Stage 2	2,778
Stage 3	6,518
(+) Provision Reversals under other income	3,513
Stage 1	926
Stage 2	1,624
Stage 3	963
(=) (a) Net Expected Credit Losses	7,189
(b) Average Gross Loans	241,136
(a/b) Cumulative Total Net CoR (bps)	298
info: Currency Impact¹	26
Total Net CoR exc. currency impact (bps)	272

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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