



2019 PERFORMANCE EVALUATION

ORDINARY GENERAL MEETING OF SHAREHOLDERS
17 July 2020

ACHIEVED PIONEER POSITION (I/II)



Customer Experience

NET PROMOTER SCORE

2nd Highest
among peer group

GROW CUSTOMER BASE EFFECTIVELY

>17 Million
customers chose Garanti

DISABLED FRIENDLY ATMs

5,214
99% of all ATMs



Human Capital

EMPLOYEE ENGAGEMENT SCORE

70
vs. 67 in 2019

AVERAGE HOURS OF TRAINING PER EMPLOYEE

43 hours

WOMEN EMPLOYEES IN DECISION MAKING POSITION

40%



Digital Transformation

SHARE OF ACTIVE CUSTOMERS IN TOTAL

73%

DIGITAL SALES

Increased share of digital sales
to total sales from 44% to
46%

NON-CASH FINANCIAL TRANSACTIONS THROUGH DIGITAL CHANNELS

96.4%



Responsible and Sustainable Development

AMOUNT OF IMPACT INVESTMENTS

TL 38.4 billion
(cumulative)

SUSTAINABILITY INDICES IN WHICH GARANTI IS INCLUDED

9

% OF LOANS WITH ESG PROVISIONS IN LOAN AGREEMENTS

% 100

ACHIEVED PIONEER POSITION (II/II)

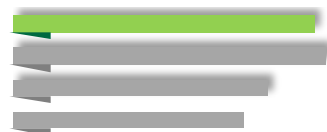


Financial Performance

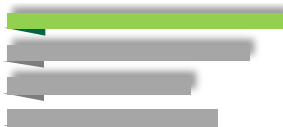
● **Highest ROAA**
Cumulative, 2019



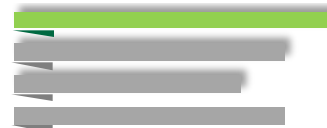
● **Highest CET-I**



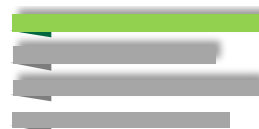
● **Highest NIM incl. Swap Cost**
Cumulative, 2019



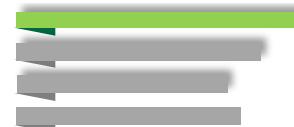
● **Highest ROAE**
Cumulative, 2019



● **Highest market share** in TL loans



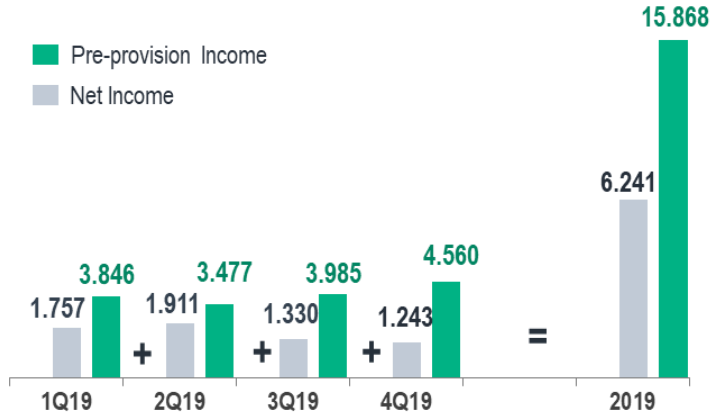
● **Highest Net Fees & Commissions / IEA & Non-cash Loans**
Cumulative, 2019



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

NET INCOME & PRE-PROVISION INCOME¹

(TL million)



ROAE

12.4%



CAR

17.8%

ROAA

1.5%

CET-1

15.4%

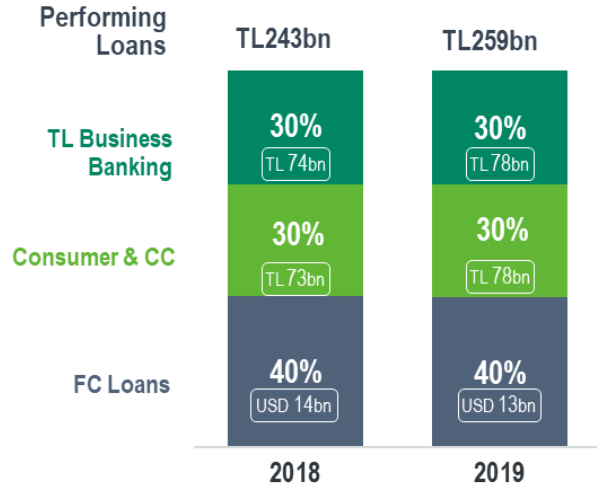
- ▶ Growing core revenues more than offset the significant drop in CPI income

- ▶ Shareholders' equity growth: 15% YoY

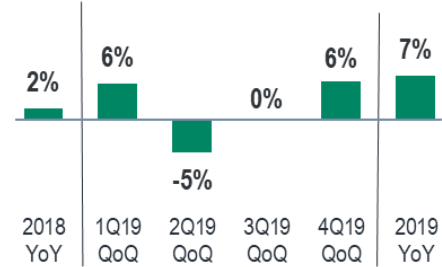
- ▶ TL 250mn free provision set aside in 2019
Free provisions in the balance sheet reached TL 2.5bn in total

GRADUAL RECOVERY IN TL LOANS

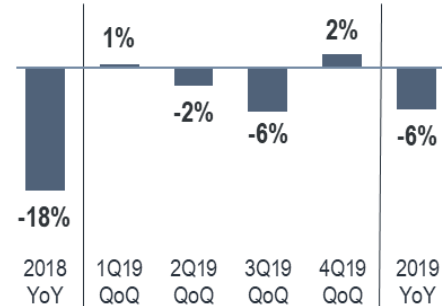
PERFORMING LOAN PORTFOLIO
(60% of Total Assets)



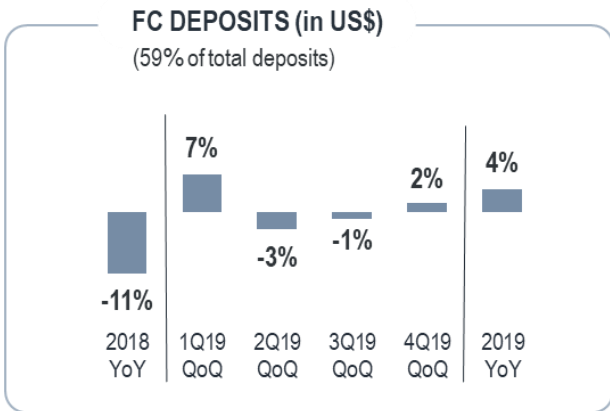
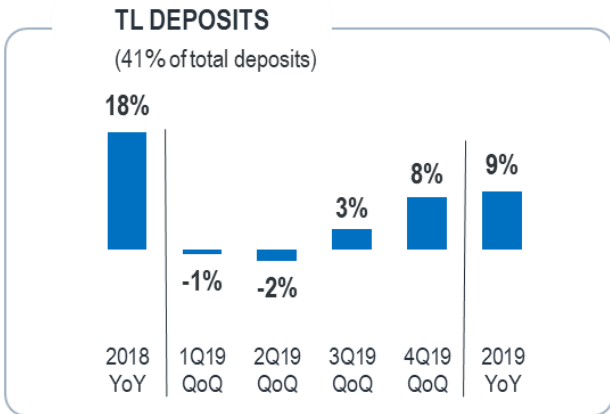
TL PERFORMING LOANS (Growth, %)



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



WELL MANAGED, LOW COST DEPOSIT BASE



HIGH SHARE OF DEMAND DEPOSITS

38%
YoY
Growth

in demand deposits indicates customers' preference as the main bank

DEMAND DEPOSITS /
TOTAL DEPOSITS:

32%

vs. Bank-only 31%
sector's 24%

STICKY & LOW COST DEPOSITS

SHARE OF SME & RETAIL DEPOSITS¹

~80%

IN TL CUST. DEPOSITS

~75%

IN FC CUST. DEPOSITS

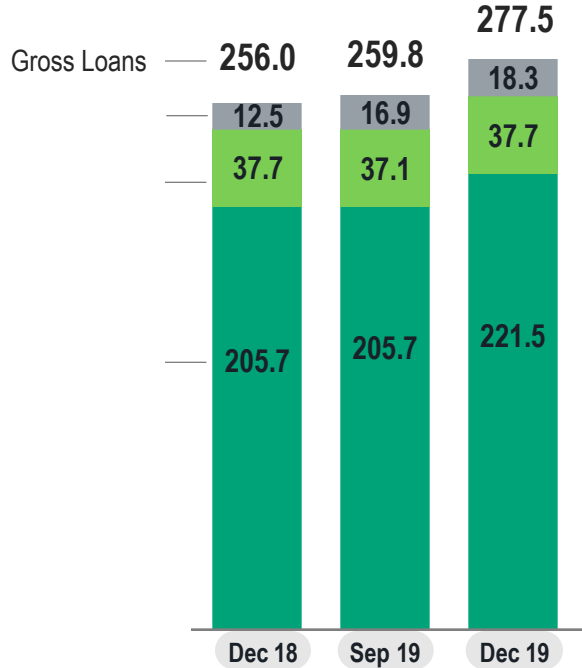
¹ Based on bank-only MIS data.

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

CLASSIFICATION OF LOANS STRENGTHENS BALANCE SHEET POSITION

LOAN PORTFOLIO BREAKDOWN¹

(Billion TL)



NPL Ratio

%6.8

GUIDANCE MET

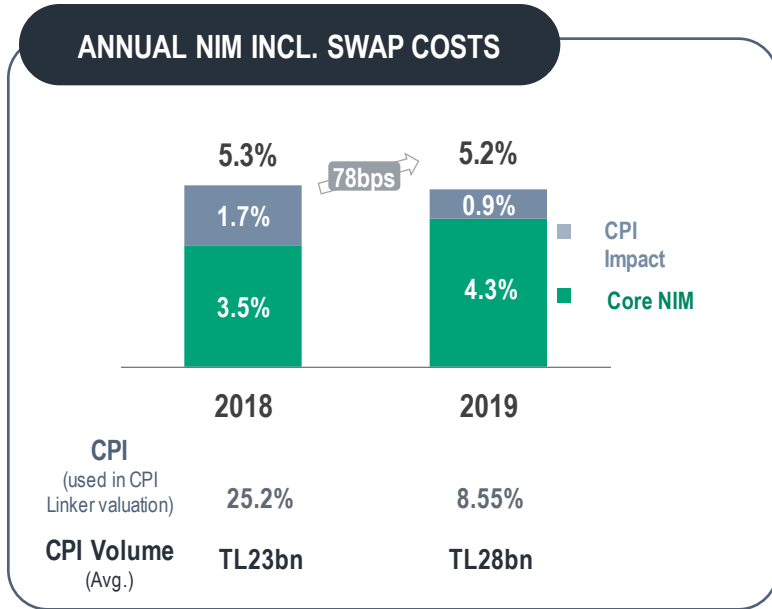
▶ Commercial/corporate files constitute 2/3 of new additions

Net Cost of Risk
(excl. Currency impact- bps)

249

GUIDANCE MET

DYNAMIC B/S MANAGEMENT IN DEFENSE OF NIM

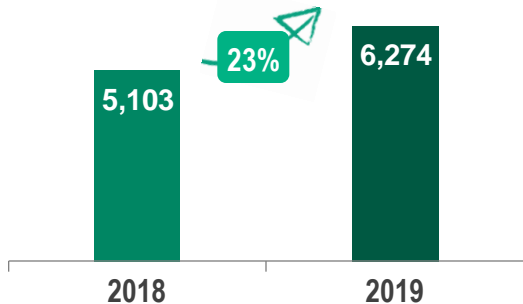


- ▶ Decreasing contribution of CPI linkers is offset with core margin expansion
- ▶ +78bps YoY expansion *(vs. flat 2019 operating plan guidance)*

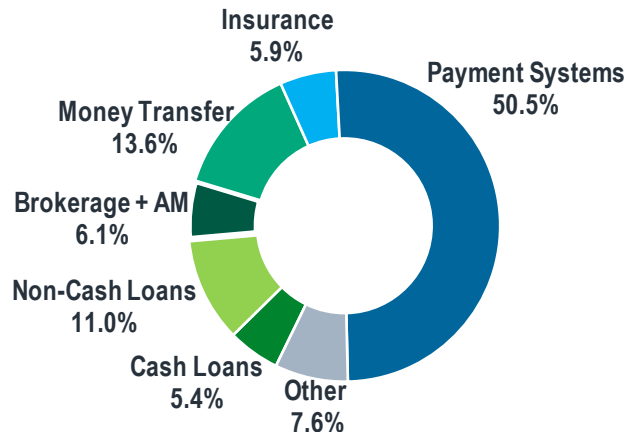
ROBUST FEE PERFORMANCE

NET FEES & COMMISSIONS

(TL Million)



NET F&C BREAKDOWN²



Digital channels' share in non-credit linked fees: **45%**³



8.4 mn active digital customers¹



96% of non-cash transactions are carried through digital



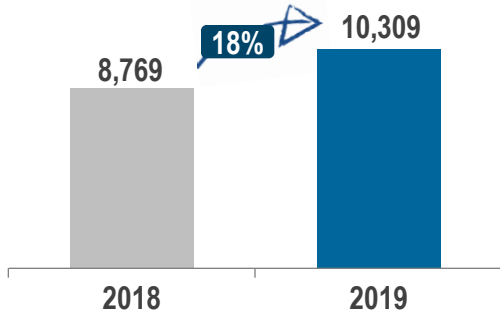
Share of end-to-end digital sales in 2019: **46%**

¹ Minimum one login

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 Based on MIS data

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 (was not in the 2019 OP)
- ▶ Regulation on SDIF¹: ~2% **impact** on OPEX (was not in the 2019 OP)



COST/INCOME²

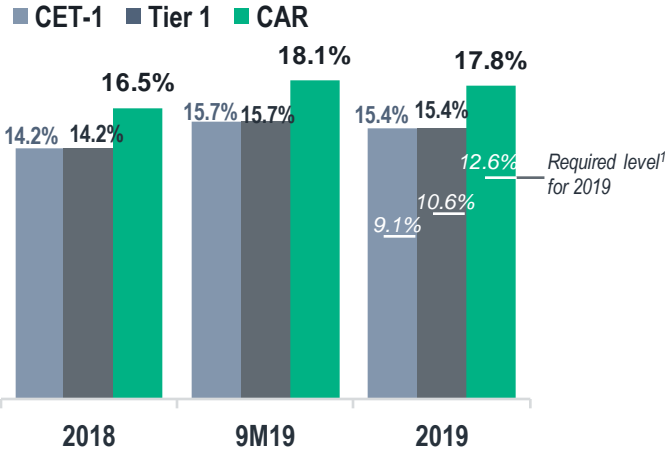


vs. Bloomberg Emerging Europe Regional Banks 3Q19 Average: 49.5%

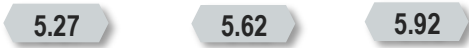
¹ Increase in insurance limit from 100,000 TL to 150,000 TL and increase in insurance premium rate
² Income defined as NII inc. Swaps + Net F&C + Dividend Income + Subsidiary Income + Net Trading Income (excludes swaps & currency hedge) + Other income (net of prov. Reversals)

STRONG CAPITAL BASE & COMFORTABLE LIQUIDITY LEVELS

SOLVENCY RATIOS



USDTRY



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-I = 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%)



THANK YOU

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