



1Q19 EARNINGS PRESENTATION

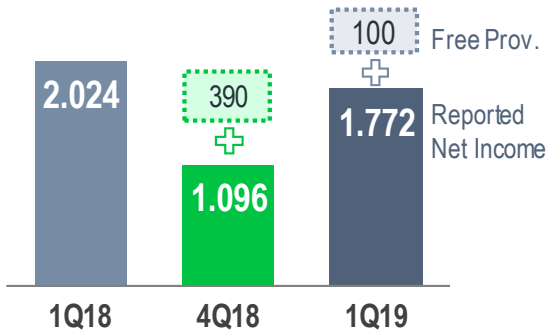
Based on IFRS Consolidated Financials



SUSTAINED STRONG EARNINGS PERFORMANCE

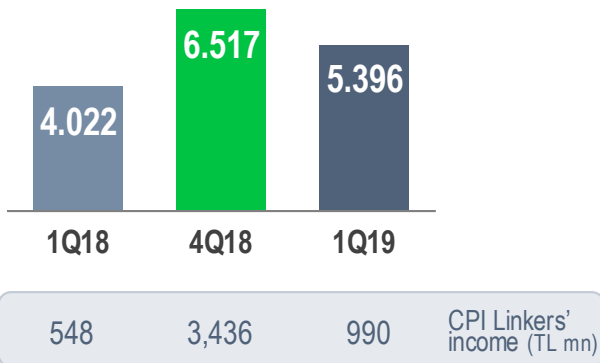
NET INCOME

(TL million)



PRE-PROVISION INCOME¹

(TL million)



16% ROAE

1.8% ROAA

TL 2.35bn Total Free Provisions in the balance sheet

15.5% CAR²
CET-1 share: 85%
When adjusted with free provisions in the balance sheet: **16.2%**

Quarterly surge in net income mainly backed by:

- ▶ Improving LtD spread
- ▶ Increasing fee base
- ▶ Derivative & FX gains
- ▶ Lower net provisions
- ▶ Higher contribution from subsidiaries

¹ Pre-provision income is defined as; Net income – (Gross provisions for loans and other credit risks)-(Impairment losses, net)- (Taxation charge)

² Based on BRSA Consolidated Financials

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

1Q19 HIGHLIGHTS

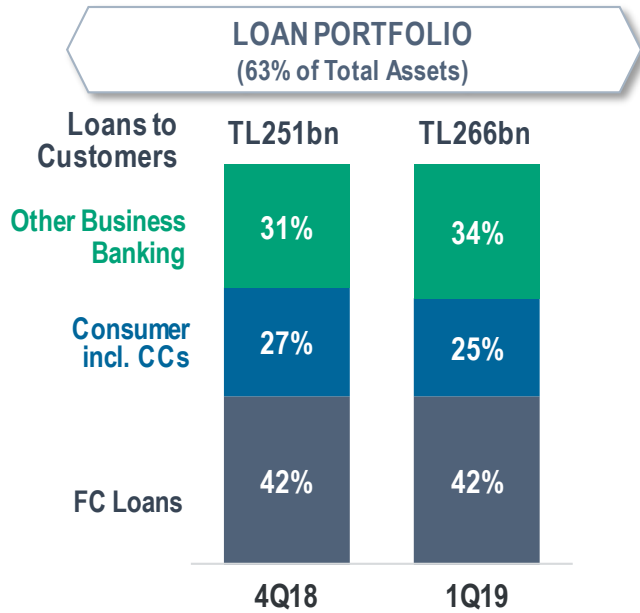
Strong start to the year in...



creates a cushion to comfortably meet our full year guidance.

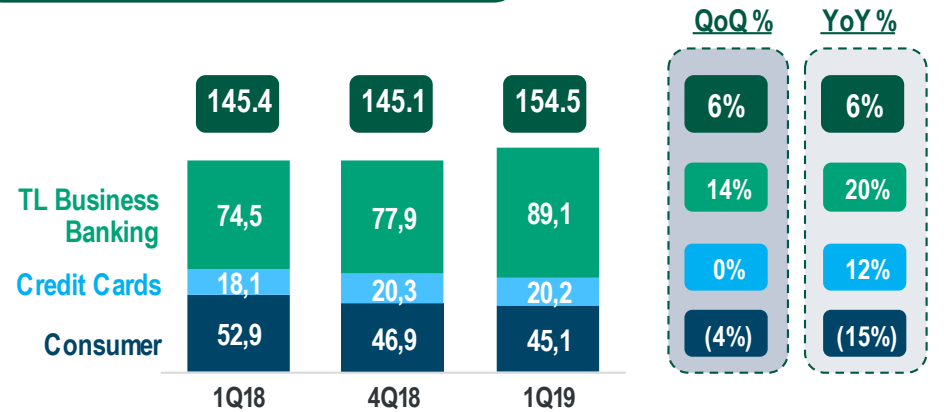
Note: 2019 operating plan guidance is based on BRSA Bank-only financials

TL BUSINESS BANKING DRIVEN LOAN GROWTH

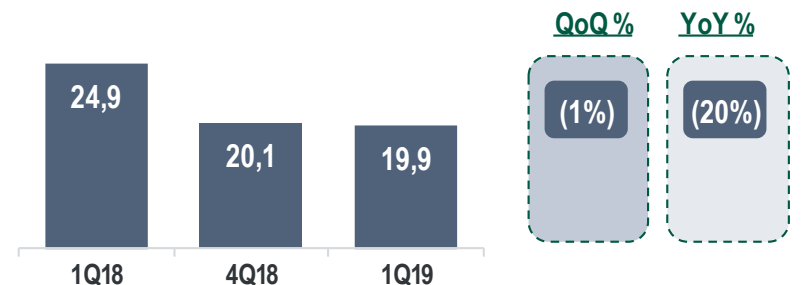


- ▶ New originations in **Consumer Loans** were not sufficient to compensate the maturing book
- ▶ Better than expected TL Business Banking loan growth driven by **CGF loans and ST business loans**

TL LOANS TO CUSTOMERS (TL billion)

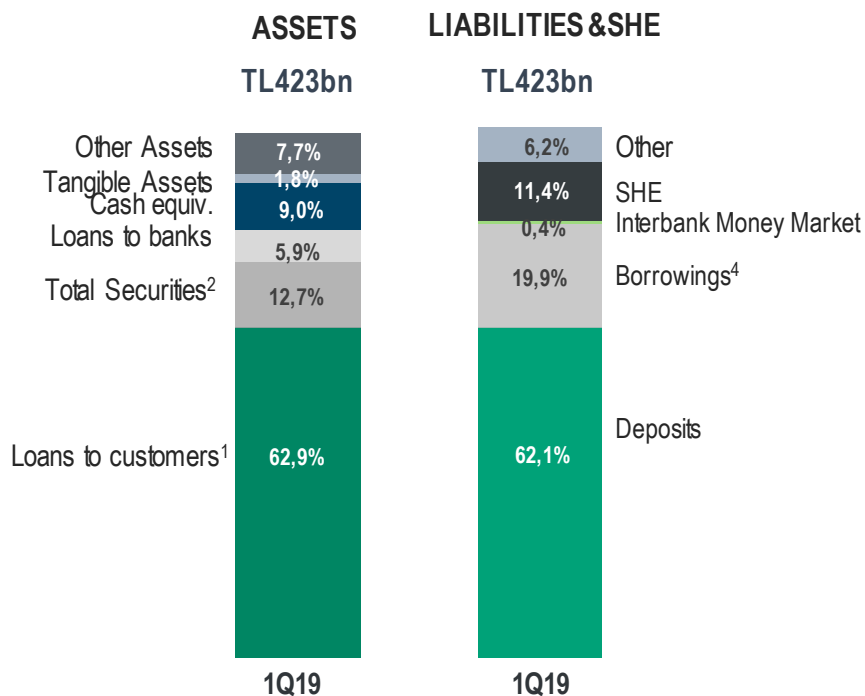


FC LOANS TO CUSTOMERS (US\$ billion)

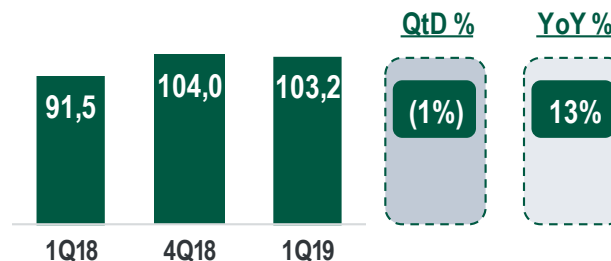


Note: Business banking loans represent total loans excluding credit cards and consumer loans

ASSETS ARE PREDOMINANTLY FUNDED WITH DEPOSITS

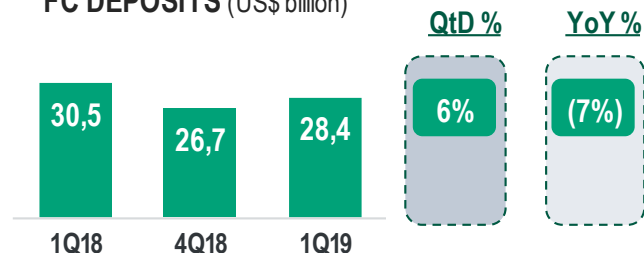


TL DEPOSITS (TL billion)



SME & RETAIL DEPOSITS² in TL Cust. Deposits
~77%

FC DEPOSITS (US\$ billion)



SME & RETAIL DEPOSITS² in FC Cust. Deposits
~71%

HIGH SHARE OF FREE FUNDS

DEMAND DEPOSITS / TOTAL DEPOSITS

29%

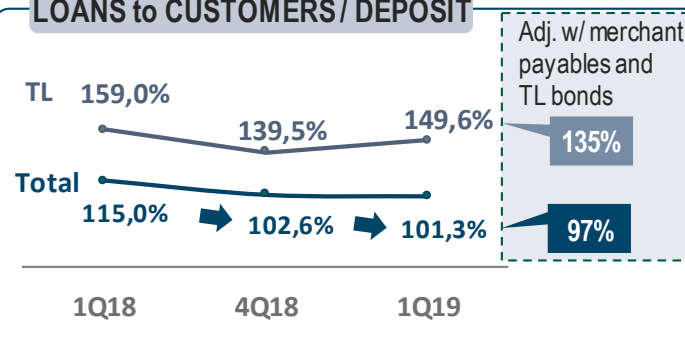
Bank-only: 28% vs. sector's 21%

FREE FUNDS³ / IEA

19.5%

Bank-only: 17% vs. peer average of 11%

LOANS to CUSTOMERS / DEPOSIT



TL BONDS
Registered solid growth in the quarter
+58%QoQ

¹ Includes factoring and leasing receivables ² Excludes Telcom file related loan that measured at fair value through P&L

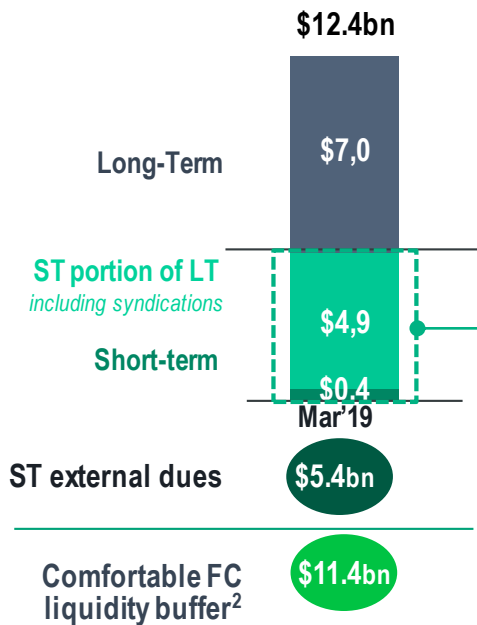
³ Based on BRSA Consolidated Financials. Free funds=SHE-Net NPL-Subsidiaries-Fixed Assets-Reserve Requirements+Demand Deposits

⁴ Borrowings include Loans and advances from banks & other institutions, Debt Securities Issued, Subordinated liabilities & Financial liabilities at fair value through profit or loss

Note: Sector data is based on BRSA weekly data, for commercial banks only. Peer average represents five peers' average as of 2018YE.

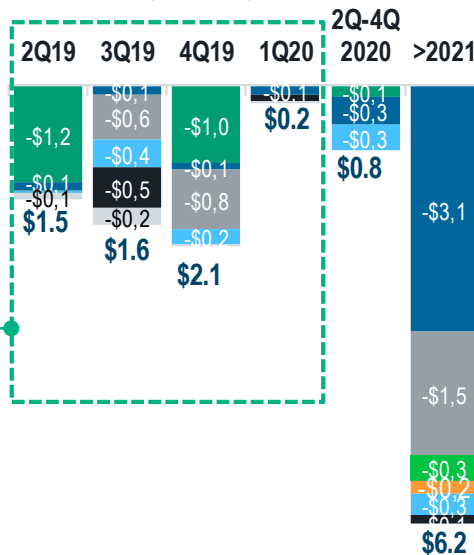
COMFORTABLE LIQUIDITY & MANAGEABLE EXTERNAL DEBT STOCK

GARANTI'S EXTERNAL DEBT¹



MATURITY PROFILE OF EXTERNAL DEBT

(US\$ billion)



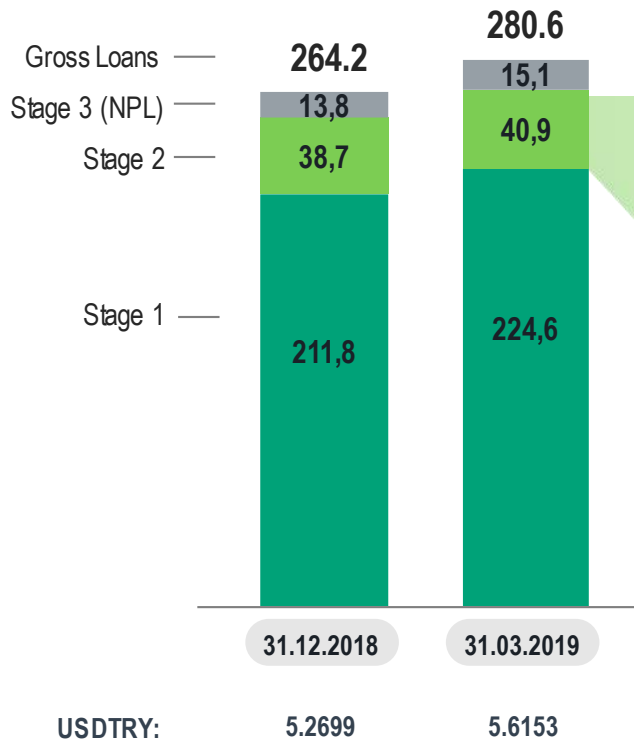
▶ **Lower dependency on external borrowing** due to shrinking FC loan portfolio since 2013:
 ▶ CAGR: FC loans: -6% vs. FC borrowings: -5%

¹ Bank-only external debt. Includes TL covered bonds and excludes on balance sheet IRS transactions

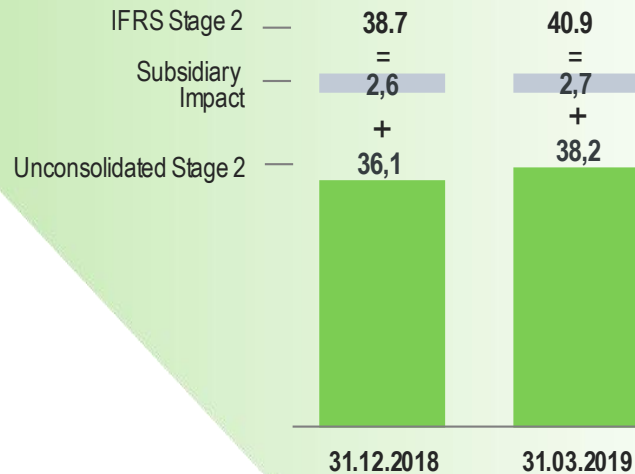
² FC Liquidity Buffer includes FC reserves under ROM, sw aps, money market placements, CBRT eligible unencumbered securities

PRUDENT APPROACH ON STAGING

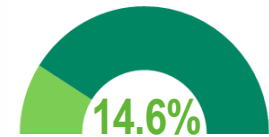
LOAN PORTFOLIO BREAKDOWN (Billion TL)



Stage 2 Breakdown (Billion TL)



Share of Stage 2 in Total Gross Loans



Not comparable among banks
mainly due to:

- Differentiation in quantitative assessment criteria (SICR¹ definition)
- Approach difference for qualitative assessment as was the case in the past for watch-list classification.

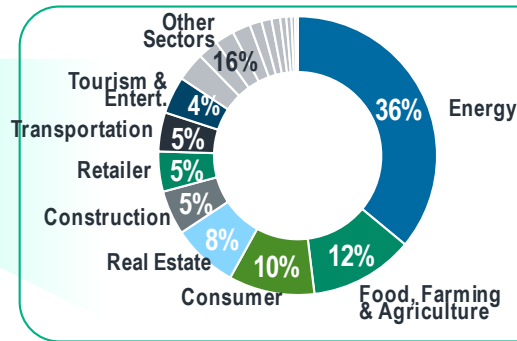
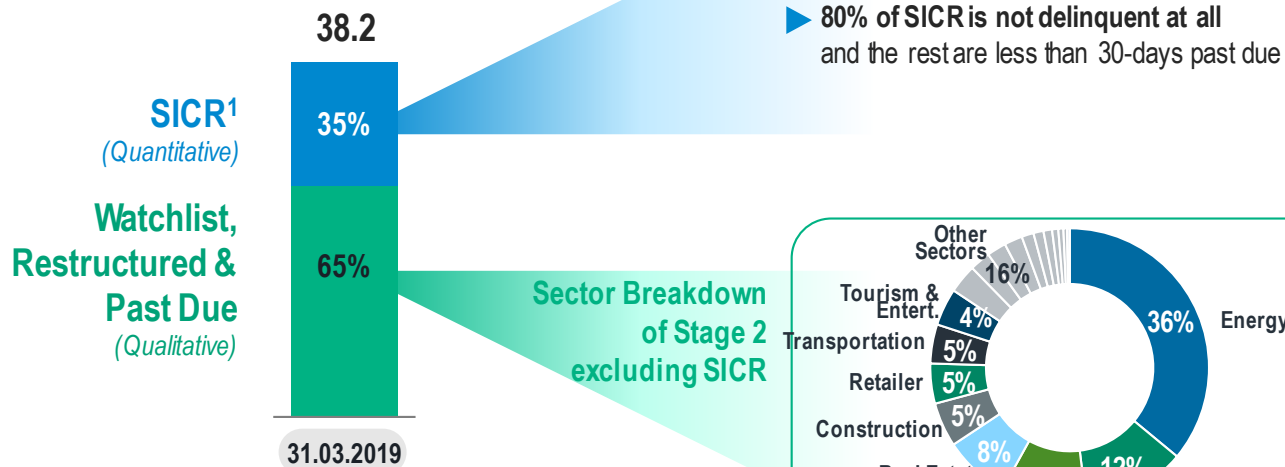
Further increase
in Stage 2 coverage

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

PRUDENT APPROACH ON STAGING

UNCONSOLIDATED STAGE 2 BREAKDOWN

(Billion TL)



- Restructured/refinanced loans are followed under Stage 2 **for minimum 2 years or for life-time.**
- Files are moved to **Watchlist proactively** as a result of advanced risk assessments, as was our common practice in the past.

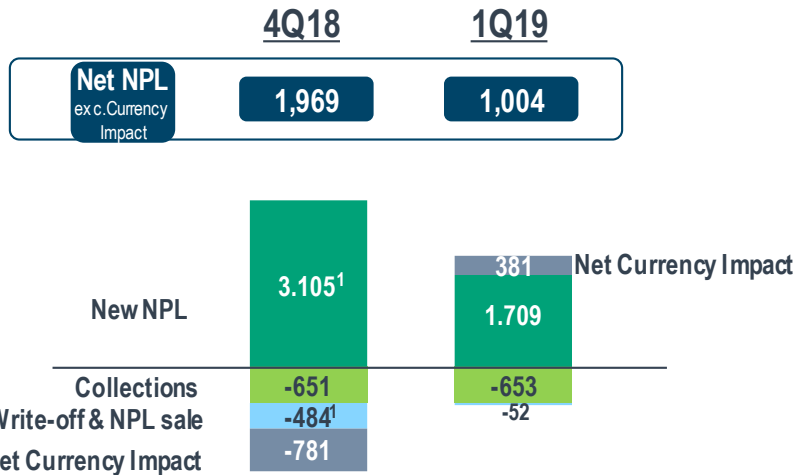
	Coverage	Currency Breakdown	
		TL	FC
Unconsolidated Stage 2	11.5%		
SICR (Quantitative)	3.9%	90%	10%
Watchlist, Restructured & Past Due (Qualitative)	15.5%	44%	56%

¹ SICR: Significant Increase in Credit Risk

LOWER QUARTERLY NET NEW NPL INFLOWS, AS EXPECTED

NPL EVOLUTION

(per BRSA Consolidated financials, TL million)

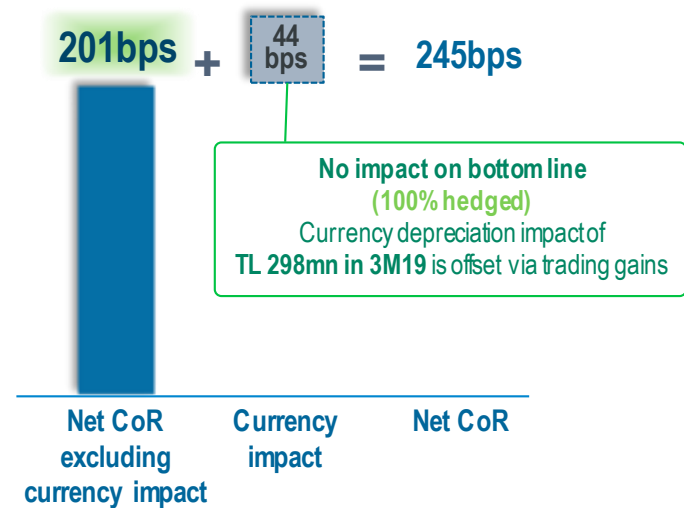


BRSA NPL Ratio	5.2%	5.4%
IFRS NPL Ratio	5.2%	5.4%

- ▶ New NPL inflows **decreased 46% QoQ.**
- ▶ **Retail inflows** constitute **2/3 of the new inflows**

NET CUMULATIVE CoR

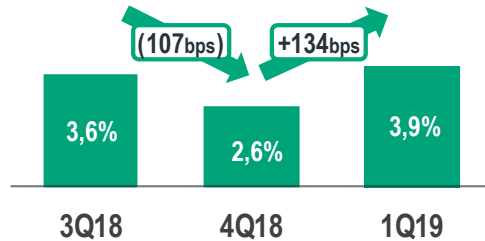
(per BRSA Consolidated financials)



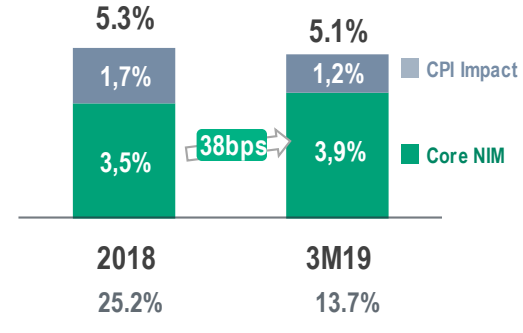
¹ 33% of Telecom file, corresponding to USD 385mn, has been written off in 4Q. This amount inflated both new NPL and write off balances in reported financial statements dated 31 Dec 2018

STRONG RECOVERY IN CORE NIM

QUARTERLY CORE NIM²



CUMULATIVE NIM INCL. SWAP COSTS



CPI
(Oct-Oct)

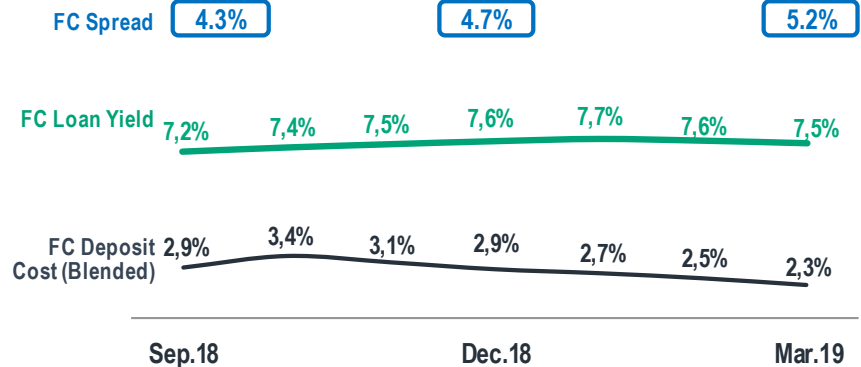
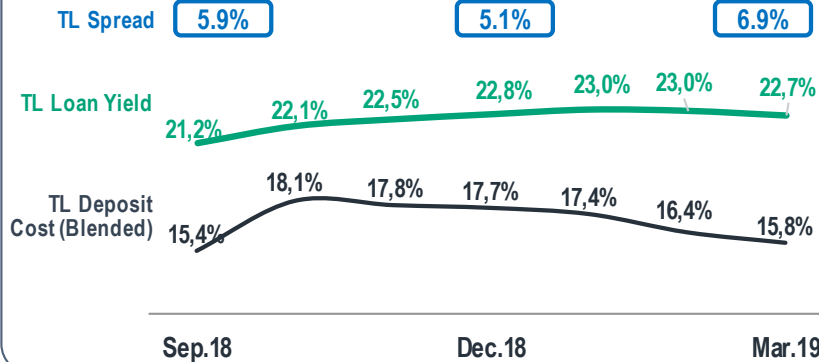
2018
25.2%

3M19
13.7%

- ▶ **Better than expected core NIM evolution**
Spread expansion came in earlier than expected due to sharp decrease in funding costs.

- ▶ **Significantly lower CPI contribution vs. 2018**
- ▶ 1% lower CPI reading impact on NIM: 8-9bps

MONTHLY SPREAD¹



Note: NIM calculation is based on BRSA Consolidated Financials.

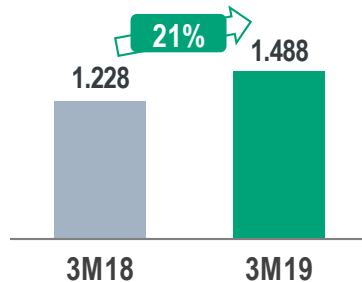
1 Based on MIS data.

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

SUSTAINED CORE BANKING REVENUES

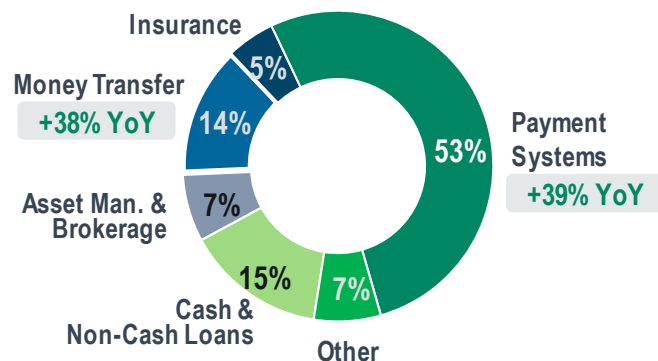
NET FEES & COMMISSIONS (TL Million)

Well-diversified fee base



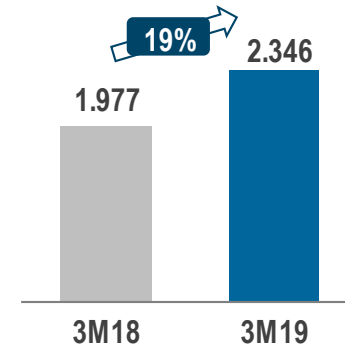
- ▶ Digital channels' share in non-credit linked fees: **46%**
- ▶ Share of digital sales in total sales: **64%**
- ▶ Leading position: **7.5mn digital customer**

NET F&C BREAKDOWN¹



OPERATING EXPENSES (TL Million)

Disciplined cost management



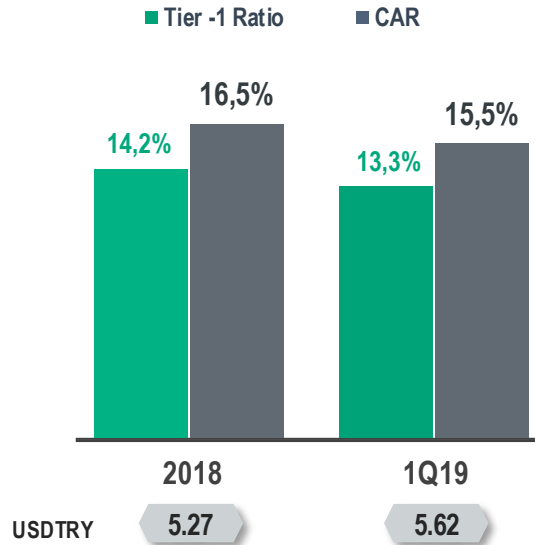
- ▶ **COST/INCOME² 39%**
- ▶ **FEE/OPEX 60%**

¹ 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.

² Income defined as NII + Net F&C + Trading gains/losses + Other income

STRONG SOLVENCY PRESERVED

SOLVENCY RATIOS



TL 2.35bn Free Provisions

TL 11bn Excess Capital
taking into account minimum required level of 12.5% for 2019

Impacts on CAR – 3M19 vs. 2018



Note: Figures are per BRSA Consolidated financials

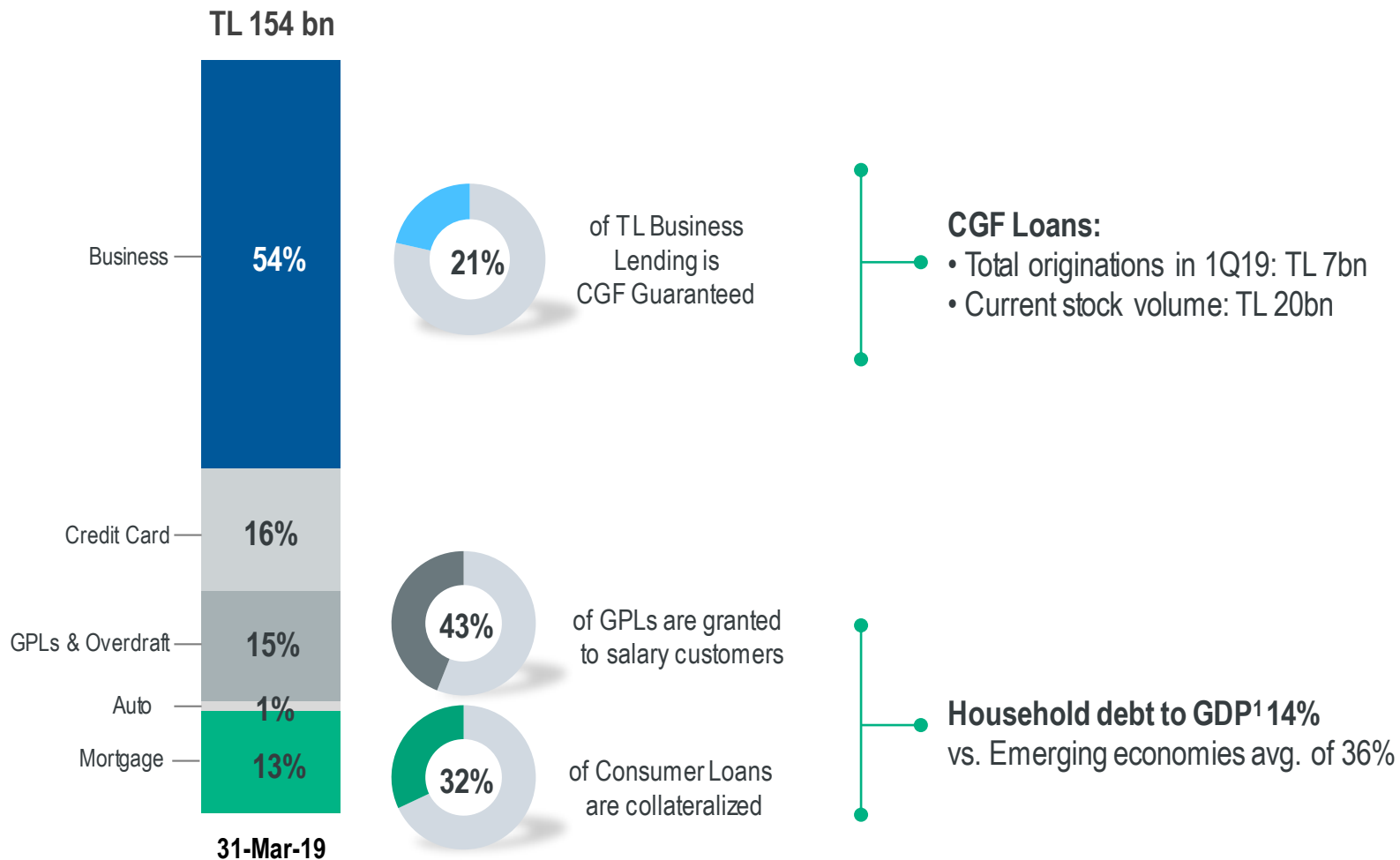
APPENDIX

Pg. 14	Structure of TL Loan Portfolio
Pg. 15	Structure of FC Loan Portfolio
Pg. 16	Consumer Loans
Pg. 17	Securities portfolio
Pg. 18	Summary Balance Sheet
Pg. 19	Summary P&L

APPENDIX: STRUCTURE OF TL LOAN PORTFOLIO

TL PERFORMING LOANS

per BRSA bank-only financials



¹ Based on 1Q 2019 expected GDP.
Emerging economies average is based on 2018 GDP. Source: BIS

APPENDIX: STRUCTURE OF FC LOAN PORTFOLIO

FC PERFORMING LOANS

per BRSA bank-only financials

US\$ 18.4 bn = Consolidated FC Performing Loans

US\$ 4.2bn = Subsidiary Impact

+ +

US\$ 14.3 bn ▶ Unconsolidated FC Performing Loans

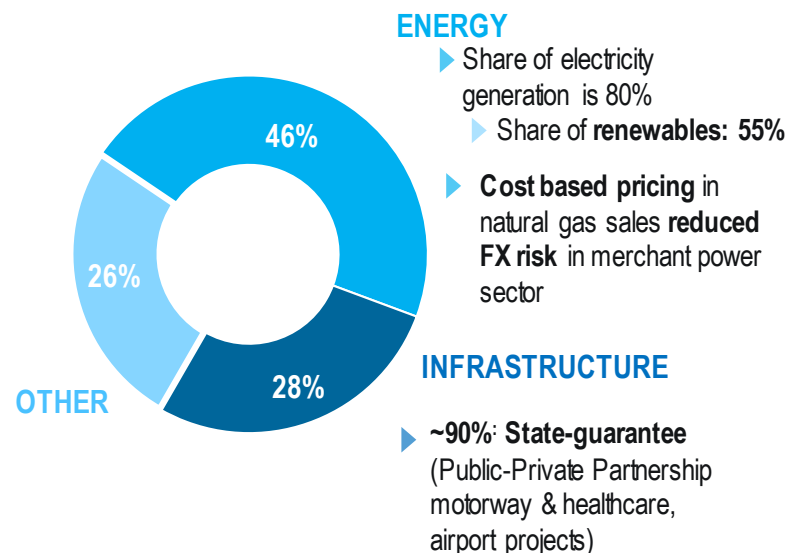
11% Export Loans
• FX revenue generation

27% Working Capital & Other Loans
• FX loans predominantly to big corporate, commercial clients & multinationals

62% Project Finance Loans
• 77% of performing PF loans have lower currency risk
• Most of the projects generate FX revenues

31.Mar.19

BREAKDOWN OF UNCONSOLIDATED PF LOANS



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

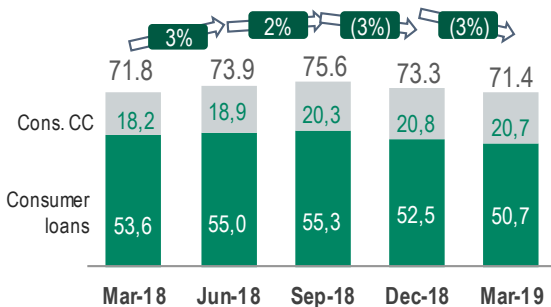
APPENDIX: CONSUMER LOANS

CONSUMER LOANS

(incl. cons. CCs)

(TL billion)

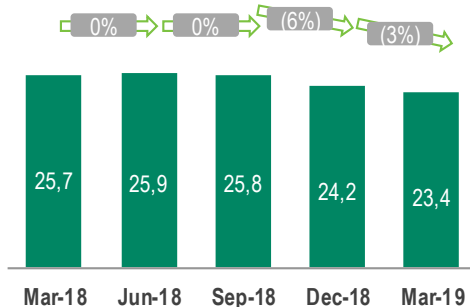
(1%)
YoY



MORTGAGE LOANS

(TL billion)

(9%)
YoY



Market Shares³

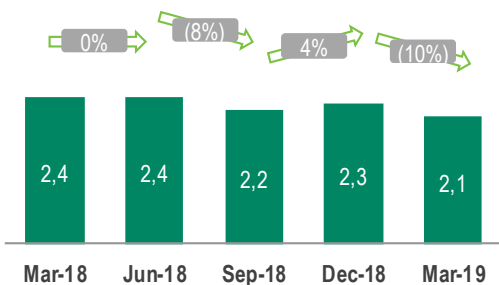
	Mar'19	QoQ	Rank
Consumer Loans	17.1%	+bps	#1*
Cons. Mortgage	12.1%	-36bps	#1*
Cons. Auto	40.6%	-96bps	#1*
Consumer GPLs	10.9%	+23bps	#1*
# of CC customers ²	14.2%	-15bps	#1
Issuing Volume ²	18.9%	-12bps	#1
Acquiring Volume ²	18.6%	-34bps	#2

* Market shares and rankings are among private banks
Rankings are as of Dec 18

AUTO LOANS

(TL billion)

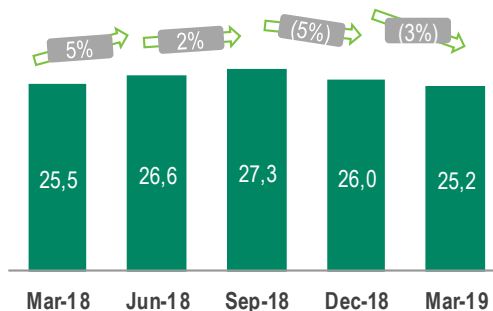
(14%)
YoY



GENERAL PURPOSE LOANS¹

(TL billion)

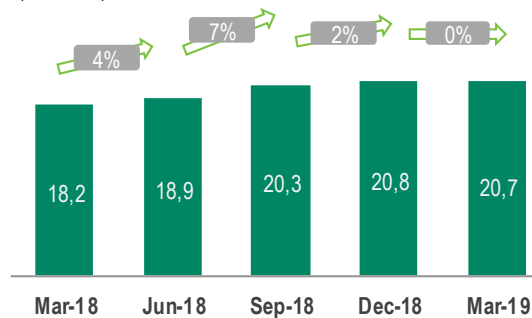
(1%)
YoY



CONSUMER CREDIT CARD BALANCES

(TL billion)

+14%
YoY

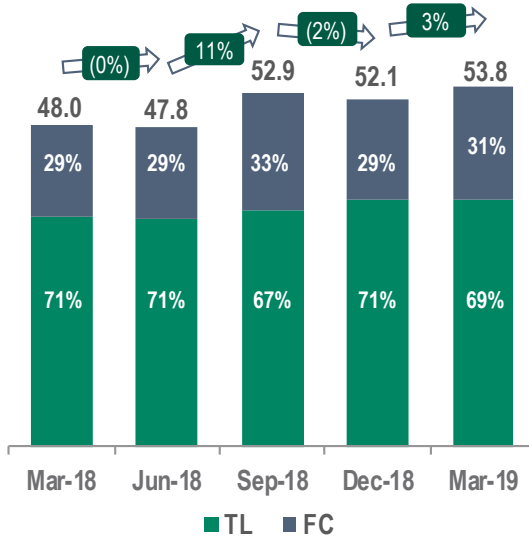


Note: Figures are per BRSA Consolidated financials
¹ Including other loans and overdrafts
² Cumulative figures and rankings as of March 2019, as per Interbank Card Center data.
³ Sector figures used in market share calculations are based on bank-only BRSA weekly data as of 28.12.2018, for commercial banks

APPENDIX: SECURITIES PORTFOLIO

Total Securities (TL billion)

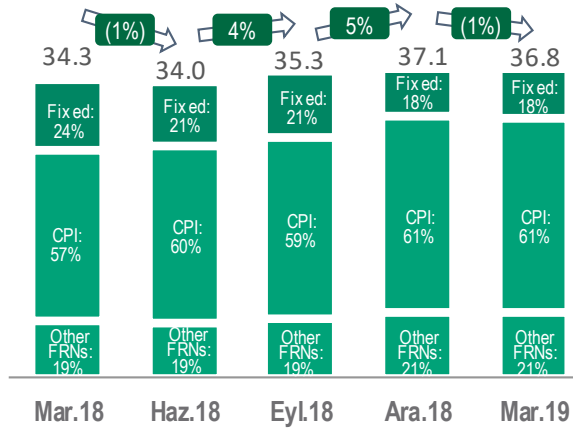
13% of Total Assets



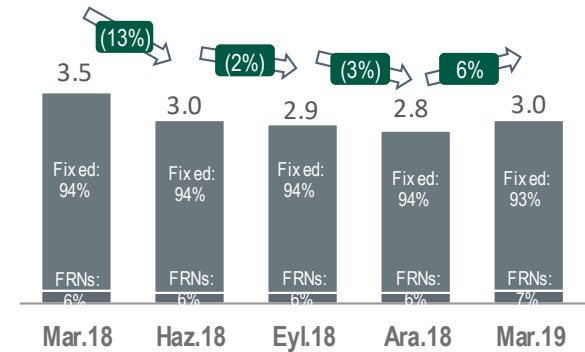
Maintained
FRN heavy portfolio



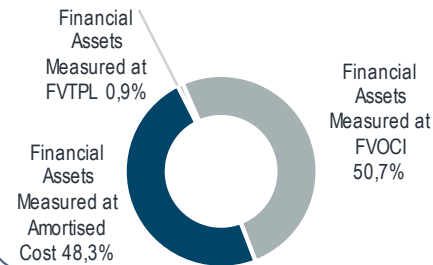
TL Securities (TL billion)



FC Securities (USD billion)



Securities Composition



Unrealized MtM loss¹ (pre-tax)
~TL 1,940mn loss as of March'19

Note: Fixed - Floating breakdown of securities are based on bank-only MIS data
1 Based on BRSA consolidated financials

APPENDIX: SUMMARY BALANCE SHEET

TL Million

ASSETS	31.03.2018	31.12.2018	31.03.2019
Cash&Cash equivalents ¹	25,374	51,322	62,845
Securities ²	47,997	52,059	53,804
Loans to Customers	243,620	251,144	266,029
Tangible Assets	6,263	6,595	7,574
Other	34,939	35,451	32,584
TOTAL ASSETS	358,192	396,571	422,836

LIABILITIES & SHE	31.03.2018	31.12.2018	31.03.2019
Deposits from Customers	207,885	238,730	254,977
Deposits from Banks	3,909	6,162	7,680
Repo Obligations	7,515	2,635	1,617
Borrowings ³	75,704	77,921	83,977
Other	20,471	24,228	26,140
SHE	42,710	46,895	48,444
TOTAL LIABILITIES & SHE	358,192	396,571	422,836

1 Includes Loans to banks

2 Excludes Telcom file related loan that is measured at Fair Value through P&L (FVTPL)

3 Includes Loans and advances from banks& other institutions, Debt Securities Issued, Subordinated liabilities & Financial liabilities at fair value through profit or loss

APPENDIX: SUMMARY P&L

<i>TL Million</i>	1Q18	4Q18	1Q19
(+) Net Interest Income	3,510	5,832	4,030
<i>(+) NII excluding CPI linkers' income</i>	2,961	2,396	3,041
<i>(+) Income on CPI linkers</i>	548	3,436	990
(+) Net Fees & Comm.	1,228	1,351	1,488
(-) Provisions for loans and other credit risks, net	-803	-2,849	-1,348
(-) OPEX	-1,977	-2,340	-2,346
= OPERATING INCOME	1,958	1,994	1,825
(+) Net Trading & FX gains/losses	269	-116	276
(+) Other income	371	299	274
<i>(+) Gains from asset sale</i>	143	61	37
<i>(+) Net Insurance Business Income</i>	136	137	141
<i>(+) Other</i>	92	101	96
(-) Taxation and other provisions	-574	-1,080	-604
<i>(-) Free Provision</i>	0	-390	-100
<i>(-) Other Provision & Taxation</i>	-574	-690	-504
= NET INCOME	2,024	1,096	1,772

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