



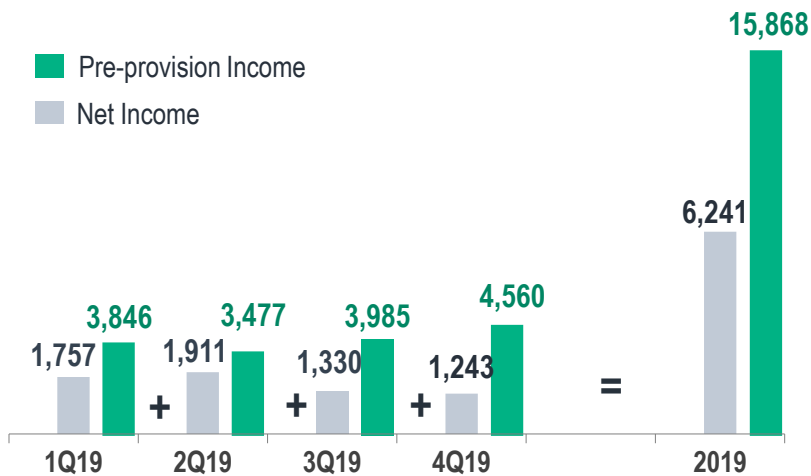
2019 EARNINGS PRESENTATION

Based on BRSA Consolidated 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

12.4%

GUIDANCE MET

ROAA

1.5%

CAR

17.8%

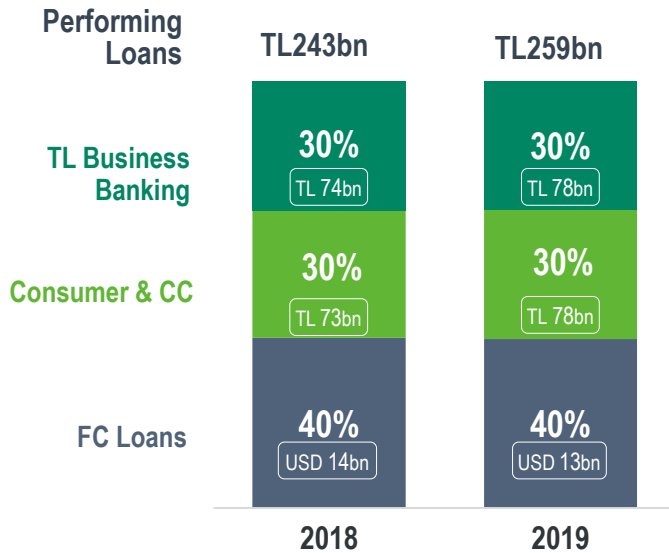
CET-1

15.4%

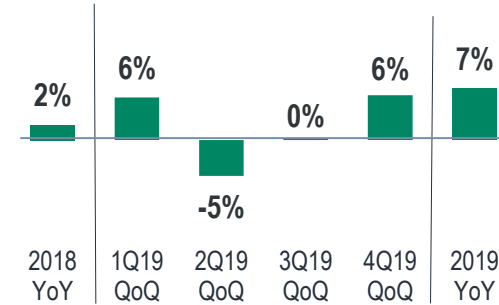
¹ Please refer to page 23 for detailed breakdown of pre-provision income and revenues

GRADUAL RECOVERY IN TL LOANS

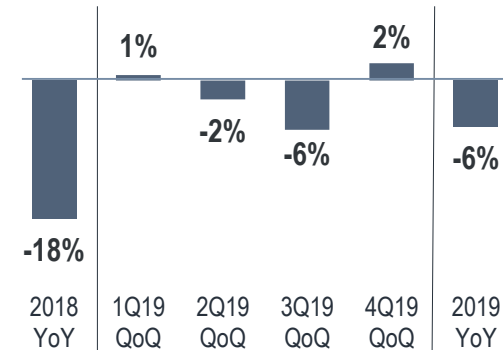
PERFORMING LOAN PORTFOLIO (60% of Total Assets)



TL PERFORMING LOANS (Growth, %)



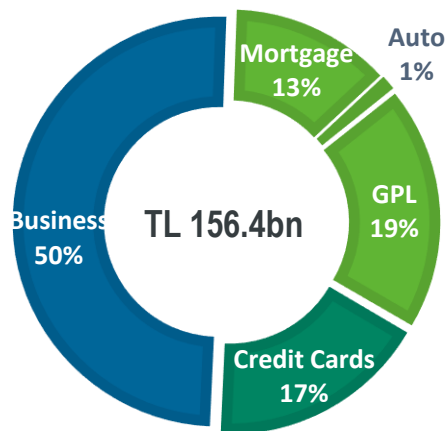
FC PERFORMING LOANS (Growth in US\$ terms, %)



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

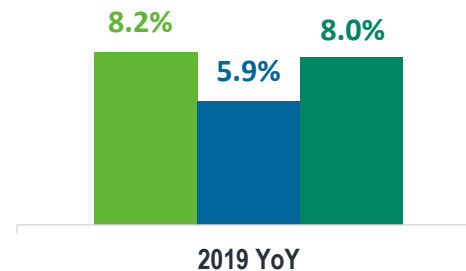
TL PERFORMING LOANS (60% of Total Performing Loans)



- ▶ 49% of GPLs are granted to salary customers

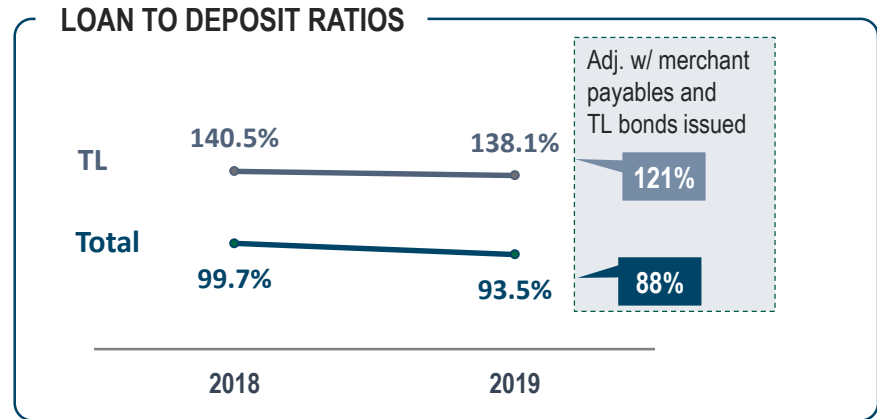
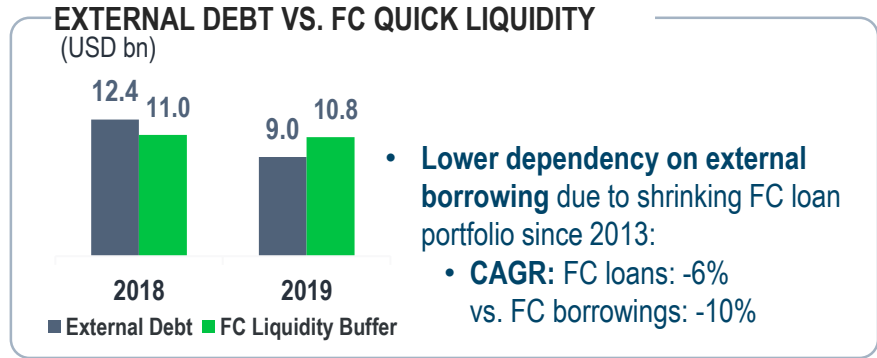
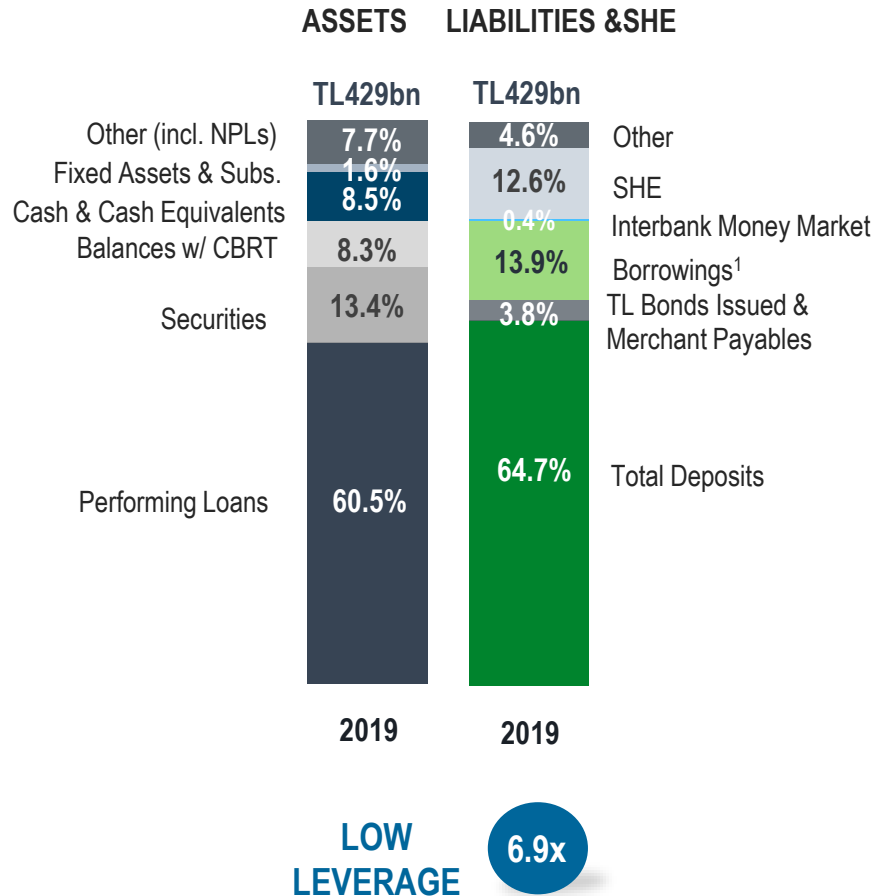
ANNUAL GROWTH

Consumer (exc. CCs) TL Business Credit Cards



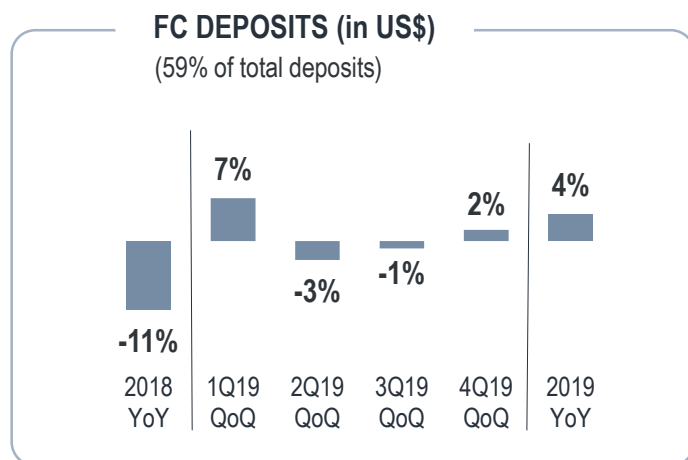
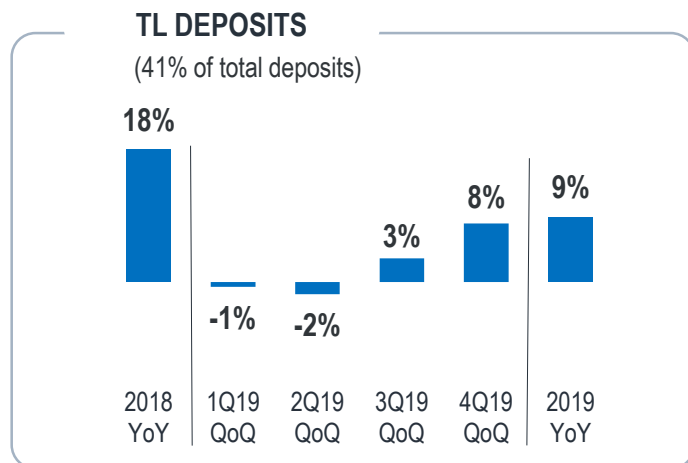
- ▶ Across the board growth led by Consumer Loans in 4Q
- ▶ Business Banking loan growth is expected to accelerate in the following quarters
- ▶ **Leading position** in **TL loans** and **consumer loans** among private banks maintained.

HIGHLY LIQUID BALANCE SHEET WITH LOW LEVERAGE



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

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

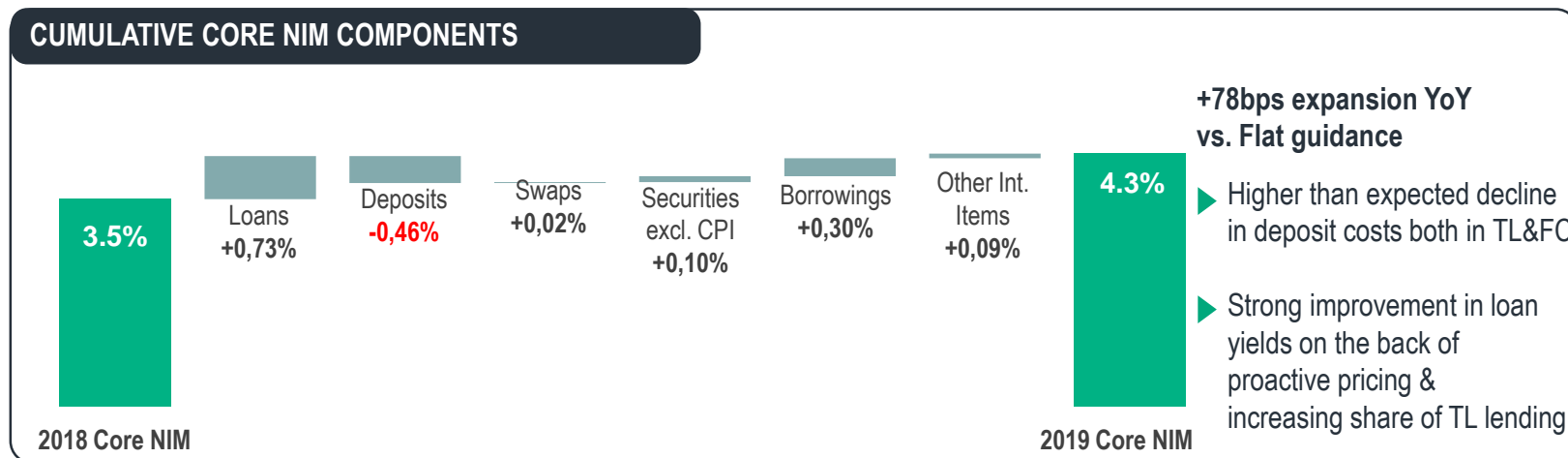
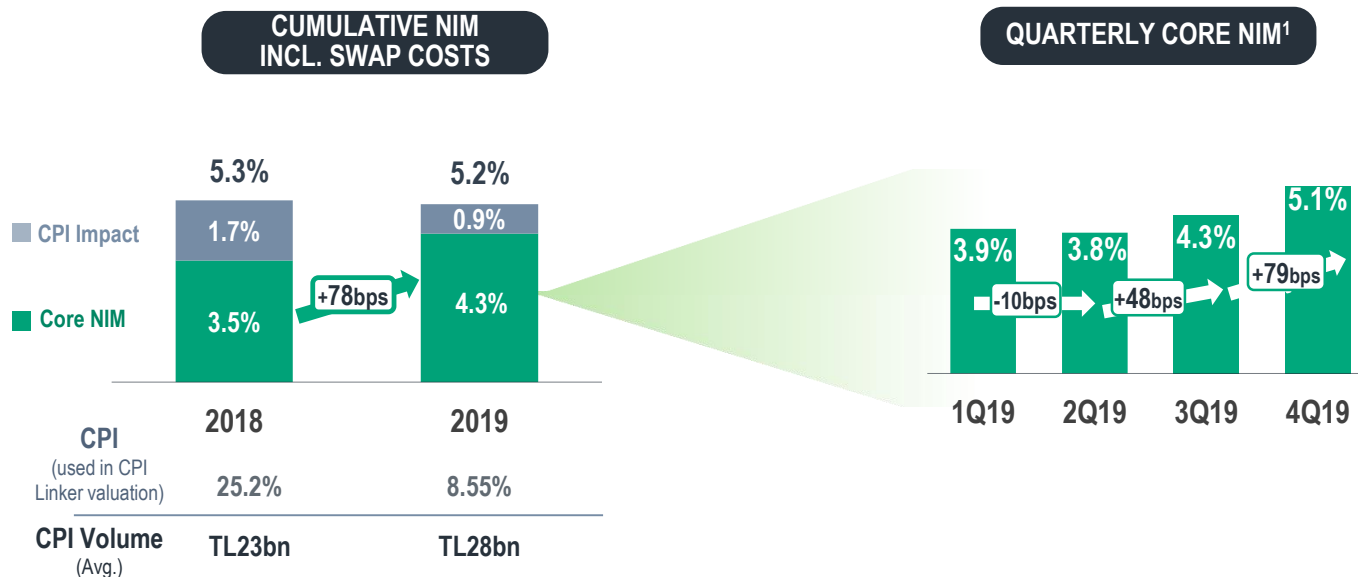
SHARE OF SME & RETAIL DEPOSITS¹

~80% IN TL CUST. DEPOSITS

~75% IN FC CUST. DEPOSITS

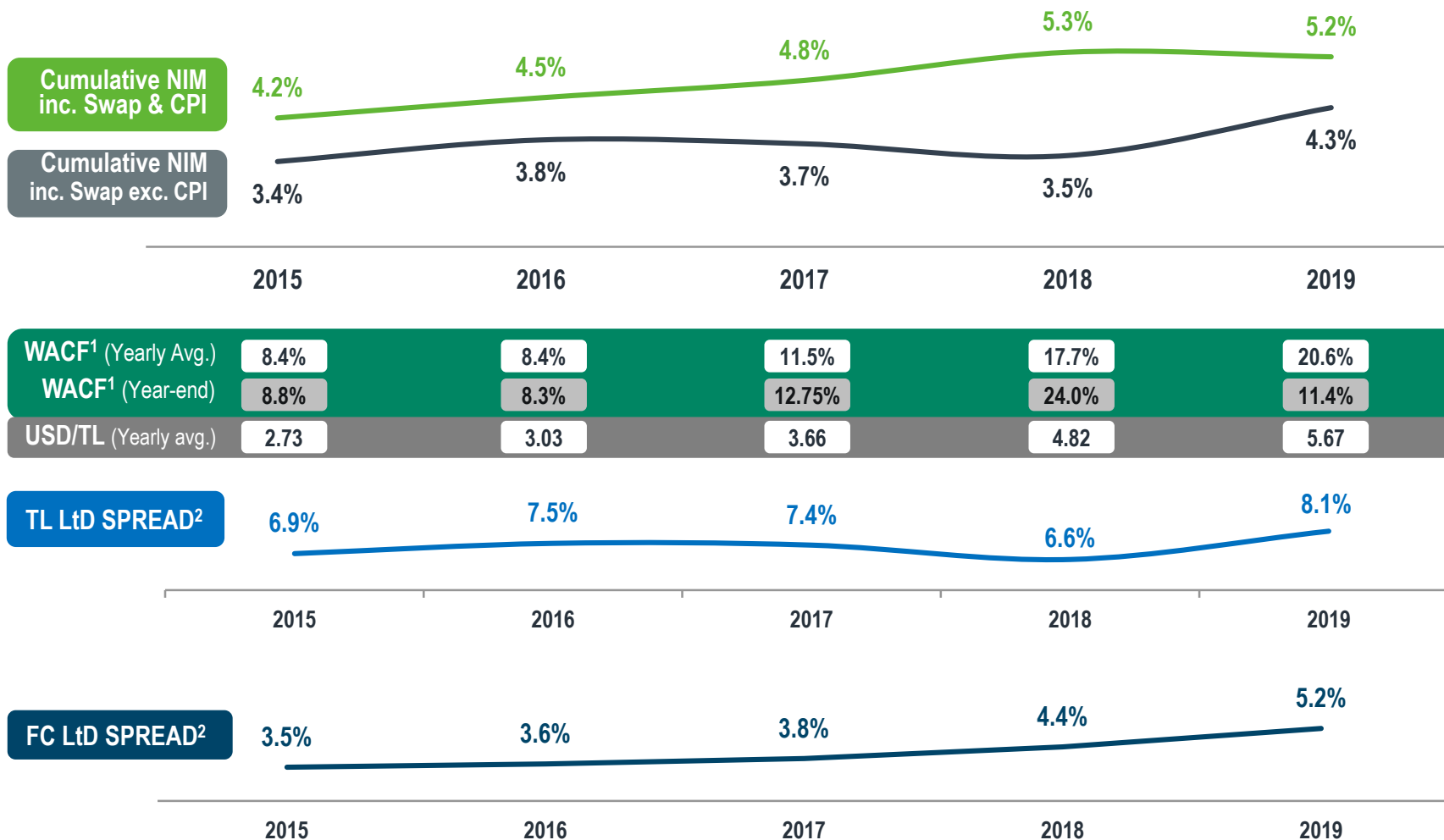
¹ Based on bank-only MIS data.
Note: Sector data is based on BRSA weekly data, for commercial banks only.

SOLID CORE NIM EXPANSION OFFSET LOWER CPI LINKER CONTRIBUTION



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

PROVEN RESILIENCE OF MARGIN IN VOLATILE MARKET CONDITIONS

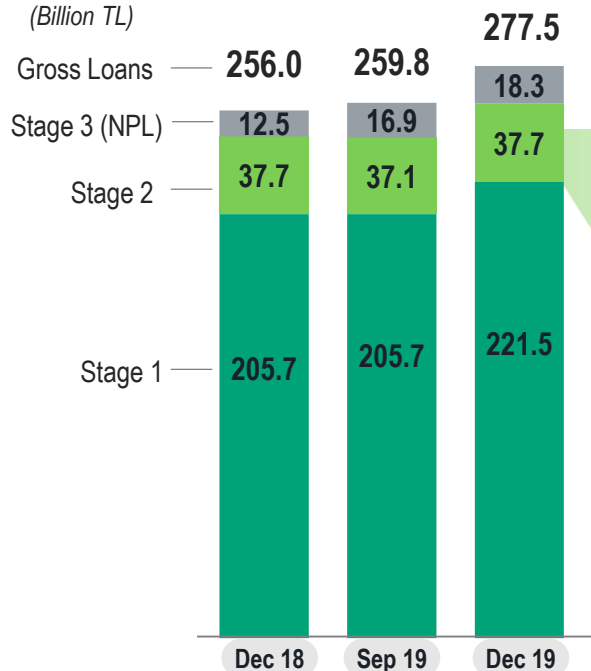


1 CBRT Weighted Average Cost of Funding
2 Based on MIS data

CLASSIFICATION OF LOANS STRENGTHENS BALANCE SHEET POSITION

LOAN PORTFOLIO BREAKDOWN¹

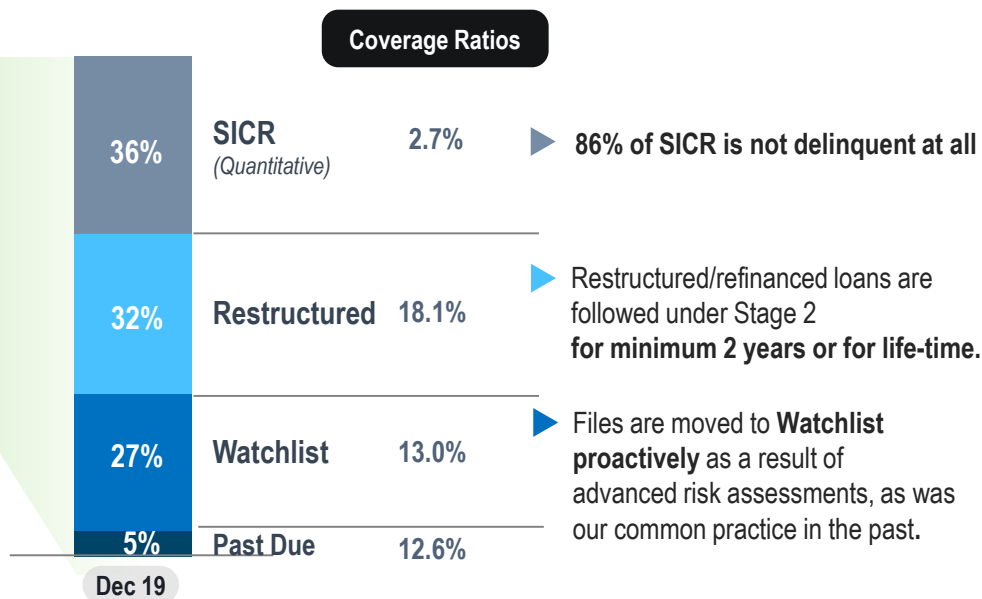
(Billion TL)



USD/TRY 5.27 5.62 5.92

UNCONSOLIDATED STAGE-2 BREAKDOWN

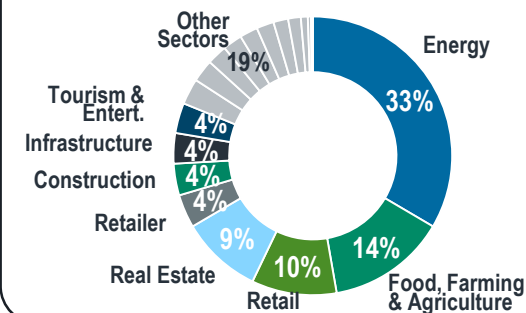
– 14% OF GROSS LOANS



Coverage Ratios

	Dec 18	Sep 19	Dec 19
Total	5.0%	6.2%	6.1%
Stage 1	0.5%	0.5%	0.5%
Stage 2	10.4%	11.1%	10.5%
Stage 3	59.1%	62.3%	62.4%

Sector Breakdown of Stage 2 excluding SICR



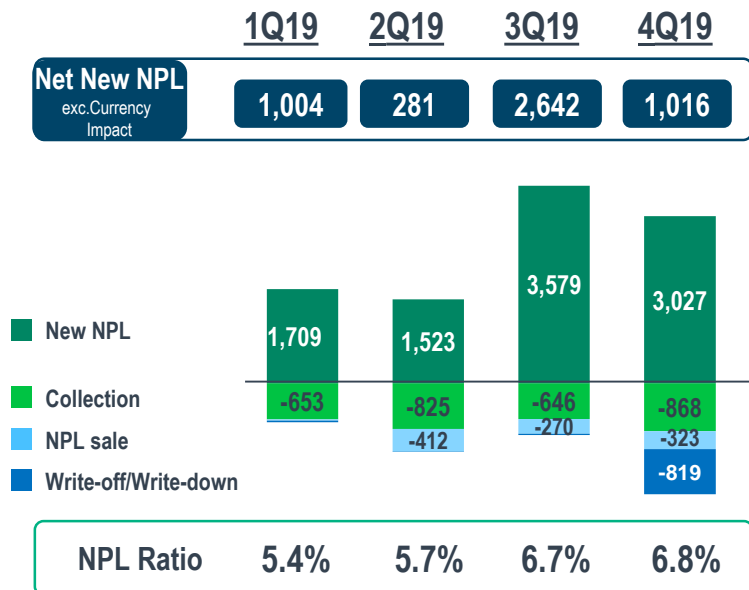
¹ Excludes Leasing and Factoring Receivables

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

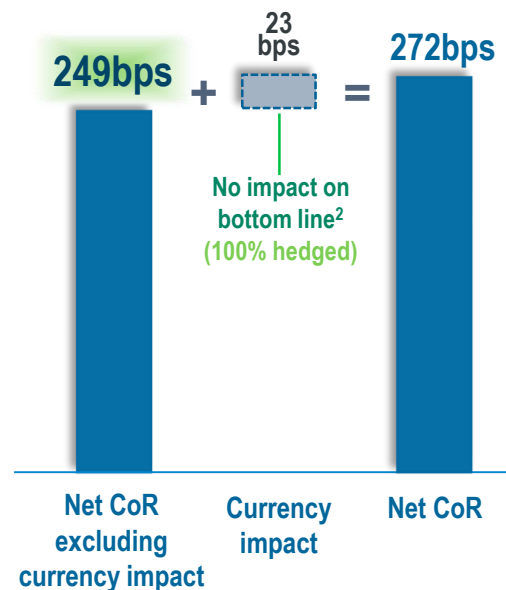
(TL million)



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

NET CUMULATIVE CoR

(Net Provisions / Avg. Gross Loans)

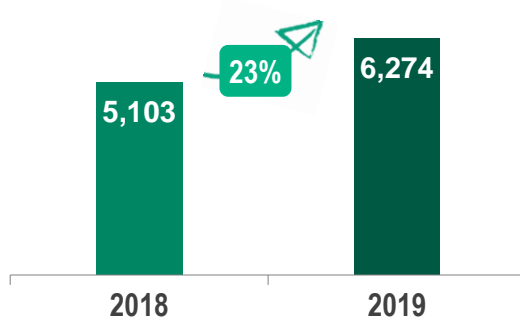


¹ NPL evolution excludes currency impact

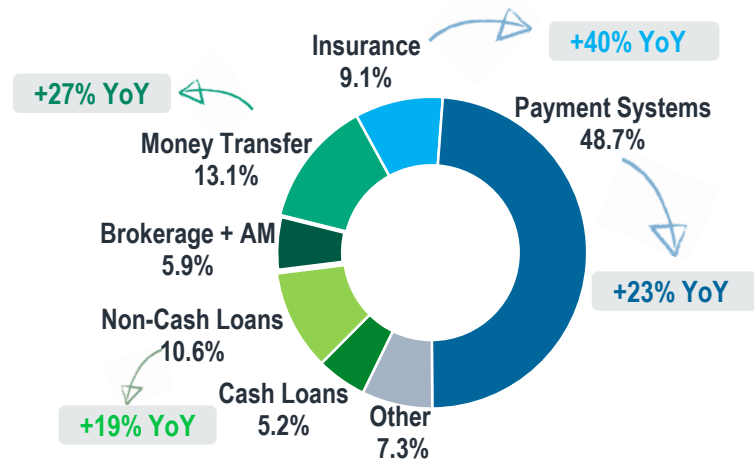
² Currency depreciation impact of TL 634mn in 2019 is offset via trading gain

ROBUST FEE PERFORMANCE

NET FEES & COMMISSIONS
(TL Million)



NET F&C BREAKDOWN²



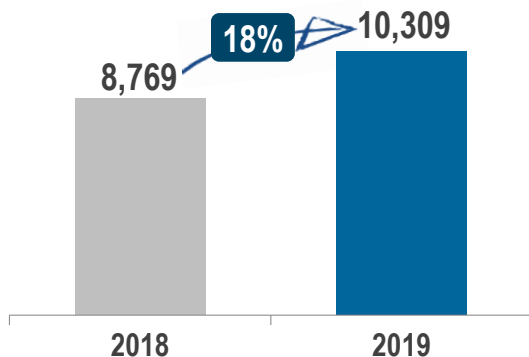
Digital channels' share in non-credit linked fees: 45%³



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)

OPEX/
Avg. Assets

2.5%

2019



Income/
Avg. Assets

6.3%

2019



COST/INCOME²

39.4%

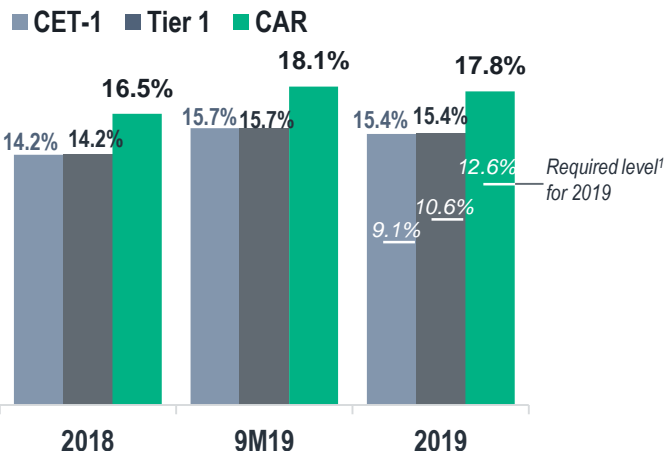
vs.

Bloomberg Emerging
Europe Regional Banks
3Q19 Average: 49.5%

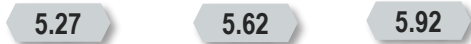
¹ Increase in insurance limit from 100,000 TL to 150,000 TL and increase in insurance premium rate
² Income defined as NII inc. Swaps + Net F&C + Dividend Income + Subsidiary Income
 + Net Trading Income (excludes swaps & currency hedge) + Other income (net of prov. Reversals)

CONSISTENT CAPITAL BUILDING

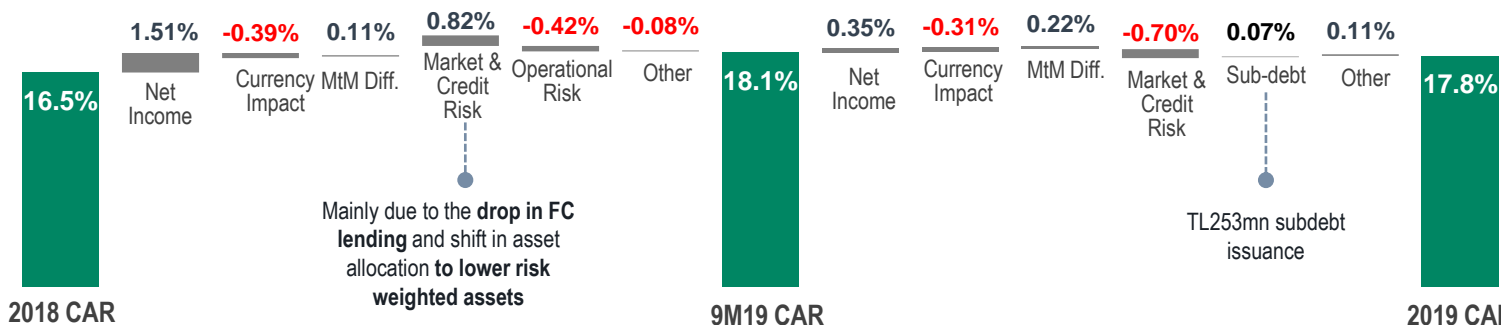
SOLVENCY RATIOS



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 (0.05%); 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%	7%	Beat
FC Loans (in US\$)	(10%)	(6%)	In-line
NPL Ratio	<7%	6.8%	In-line
Net Cost of Risk	<300bps	272bps	In-line
NIM incl. SWAP cost excl. CPI	Flat	+78bps	Beat
Fee Growth (yoy)	Low teens	23%	Beat
Opex Growth (yoy)	<avg. CPI*	18%	In-line
ROAE	Low teens	12.4%	In-line

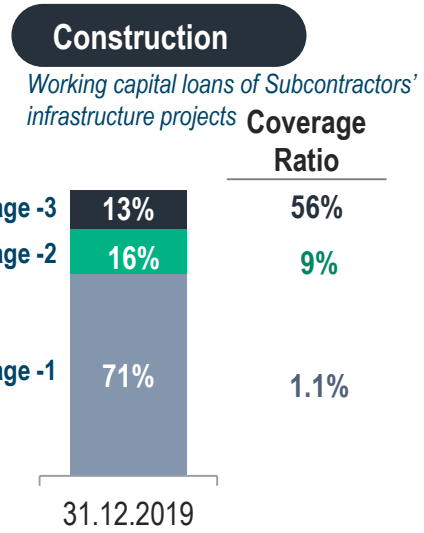
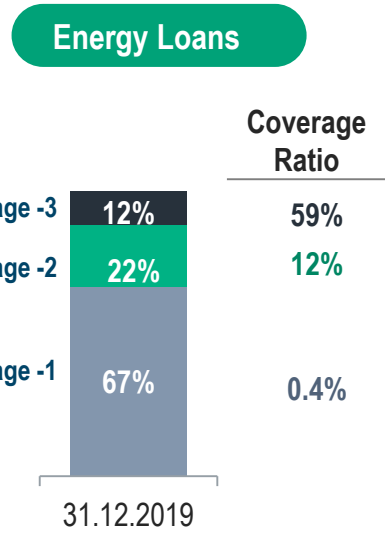
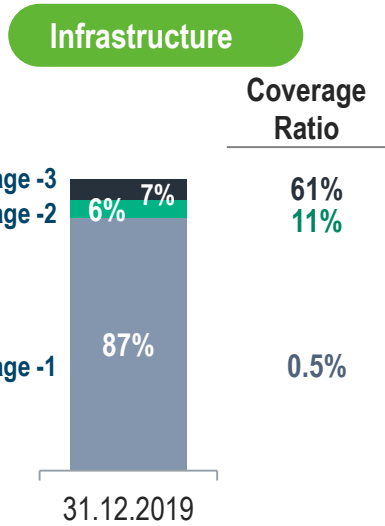
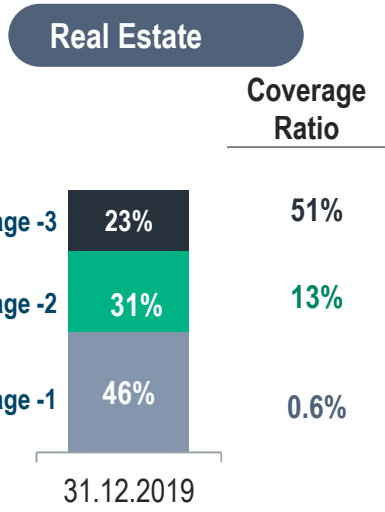
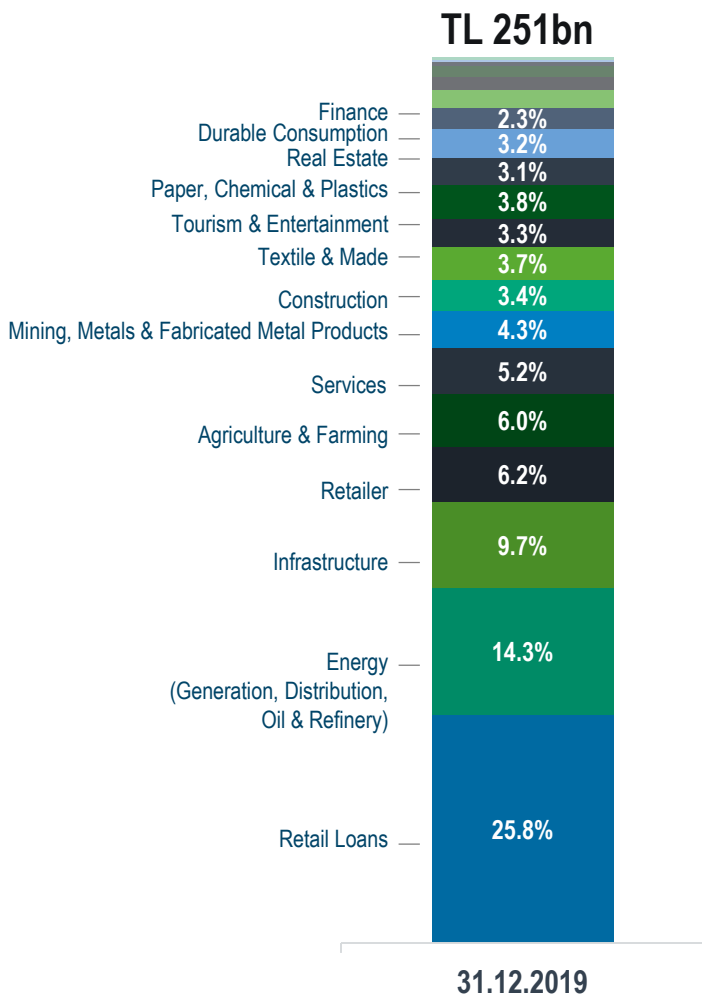
*Initial average CPI expectation was 19%

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

– 40% OF TOTAL PERFORMING LOANS

US\$ 17.4 bn Consolidated FC Performing Loans

=



+

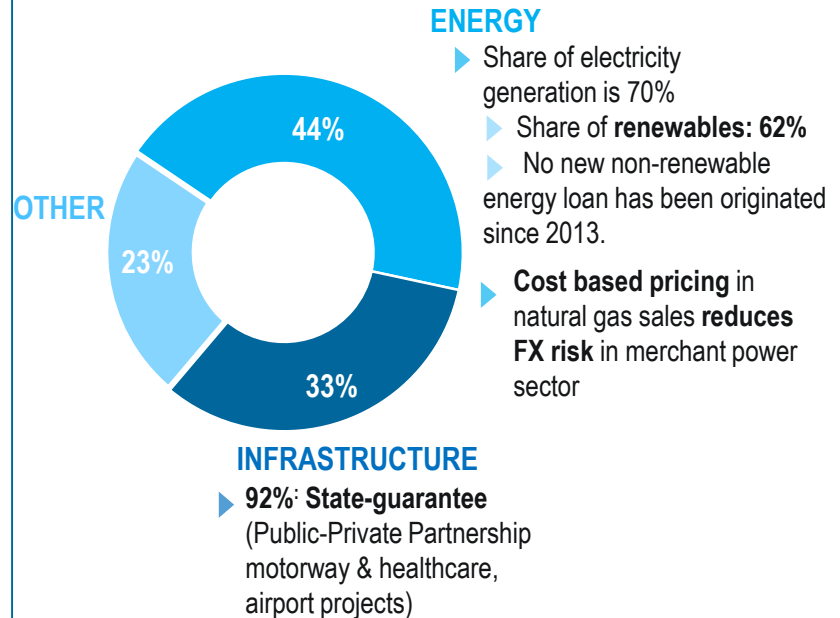
US\$ 13.1 bn Unconsolidated FC Performing Loans



Dec-19

- **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

BREAKDOWN OF UNCONSOLIDATED PF LOANS

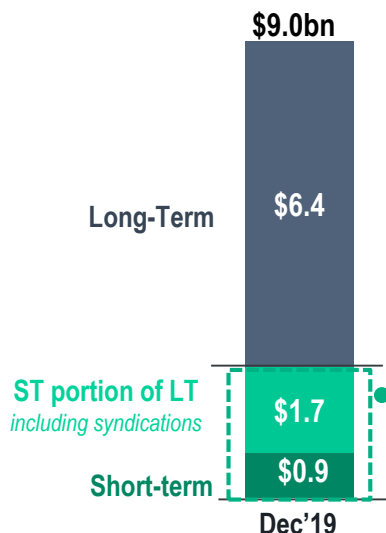


« FX sensitivity analysis are regularly conducted as part of the proactive staging and provisioning practices »

APPENDIX: COMFORTABLE LIQUIDITY & MANAGEABLE EXTERNAL DEBT STOCK

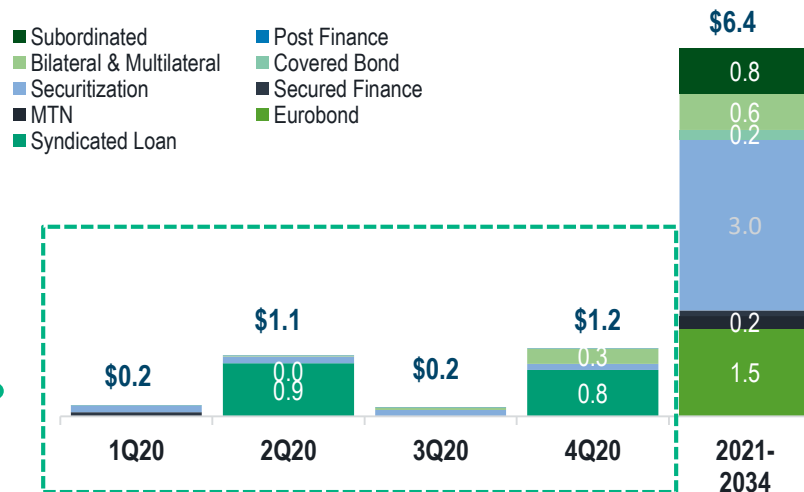
GARANTI'S EXTERNAL DEBT¹

(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: -10%

1 Excludes cash collateralized borrowings

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

Note: Figures are based on bank-only data

APPENDIX: ADJUSTED LDR AND LIQUIDITY COVERAGE RATIOS

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

Total
Loans /
Deposits:

93%



Adjusted
LDR

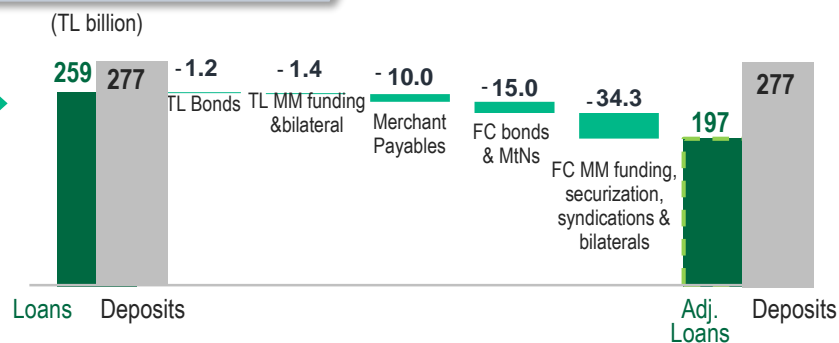


TL Loans /
TL Deposits:

138%

FC Loans /
FC Deposits:

63%



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

Total LCR

207.5%

Minimum Req, for 2019

100%

FC LCR

213.0%

Minimum Req, for 2019

80%

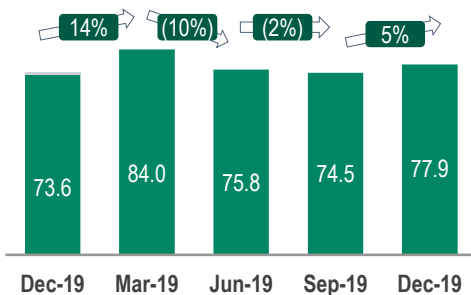
¹ Represents last week the average of December

APPENDIX: CONSUMER & TL BUSINESS BANKING LOANS

TL BUSINESS BANKING

(TL billion)

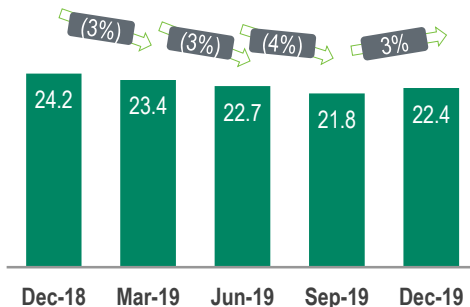
+6%
YoY



CONS. MORTGAGE LOANS

(TL billion)

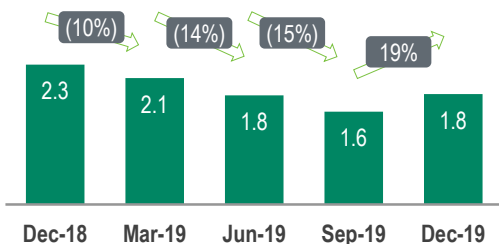
(7%)
YoY



CONSUMER AUTO LOANS

(TL billion)

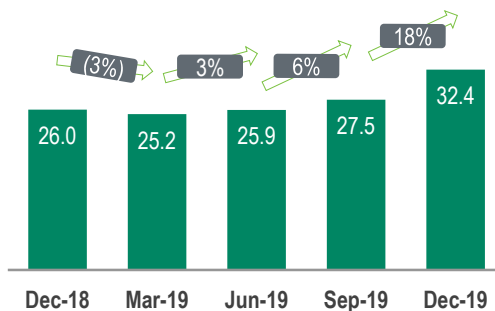
(21%)
YoY



CONSUMER GENERAL PURPOSE LOANS¹

(TL billion)

+25%
YoY



Market Shares³

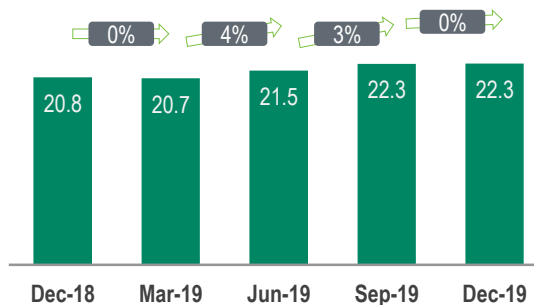
	Dec '19	QoQ	Rank
Consumer Loans inc Consumer CCs	13.1%	Flat	#1*
Cons. Mortgage	10.6%	-39bps	#1*
Cons. Auto	37.0%	+30bps	#1*
Consumer GPLs	11.8%	+58bps	#1*
TL Business Banking	8.4%	+6bps	#3*
# of CC customers ²	13.8%	-17bps	#1
Issuing Volume ² (Cumulative)	18.7%	-14bps	#1
Acquiring Volume ² (Cumulative)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

* Rankings are among private banks as of Sept 19

CONSUMER CREDIT CARD BALANCES

(TL billion)

+7%
YoY



1 Including other loans and overdrafts

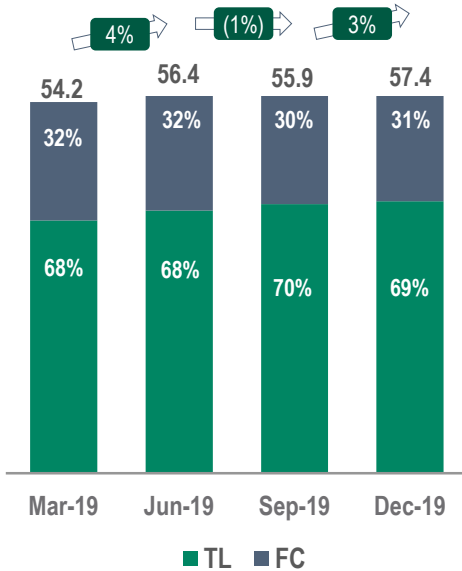
2 Cumulative figures and rankings as of December 2019, as per Interbank Card Center data,

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

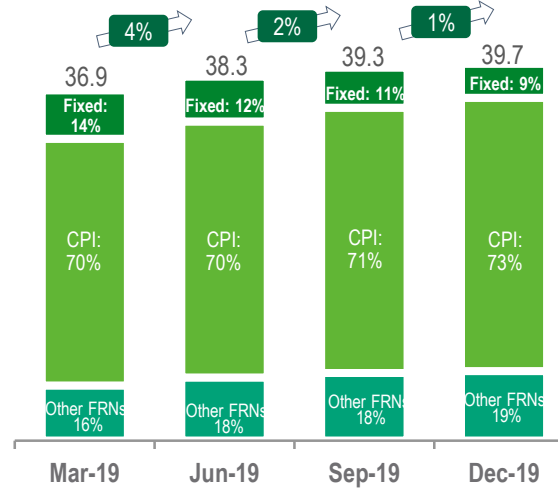
Total Securities (TL billion)

14% of Total Assets

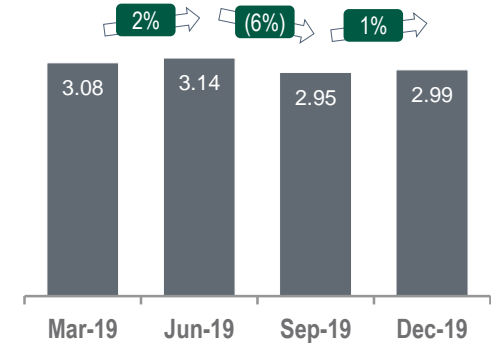


TL Securities (TL billion)

CPI Linkers:
TL 29bn

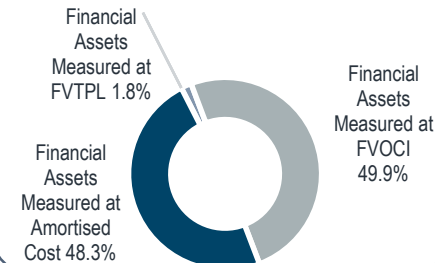


FC Securities (US\$ billion)



- ▶ **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	31.4	35.7	35.8	42.2	36.6
Balances at CBRT	35.8	42.8	48.9	38.0	35.6
Securities	52.4	54.2	56.4	55.9	57.4
Gross Loans + Leasing & Factoring Receivables	265.6	282.1	274.4	268.0	286.1
+TL Loans	153.5	162.9	155.7	157.8	167.0
TL Loans NPL	7.3	8.2	8.6	10.3	10.6
info: TL Performing Loans	146.2	154.6	147.1	147.4	156.4
+FC Loans (in US\$ terms)	19.5	19.6	19.2	18.2	18.7
FC Loans NPL (in US\$)	1.0	1.0	1.0	1.2	1.3
info: FC Performing Loans (in US\$)	18.5	18.6	18.1	17.0	17.4
+TL Leasing & Factoring Receivables	3.6	3.4	2.8	3.0	3.1
TL Leasing & Factoring Stage-3	0.5	0.5	0.4	0.5	0.6
+FC Leasing & Factoring Receivables (in US\$)	1.1	1.0	1.0	0.9	0.9
FC Leasing & Factoring Stage-3 (in US\$)	0.1	0.1	0.1	0.1	0.1
info: Performing Loans (TL+FC)	243.5	259.0	251.4	242.9	259.2
Fixed Assets & Subsidiaries	5.6	6.6	6.7	6.6	6.7
Other	8.4	2.0	0.2	0.6	6.1
TOTAL ASSETS	399.2	423.3	422.3	411.2	428.6

LIABILITIES & SHE	31.12.2018	31.03.2019	30.06.2019	30.09.2019	31.12.2019
Total Deposits	244.2	262.8	260.1	257.8	277.3
+Demand Deposits	64.2	76.1	76.8	80.2	88.9
TL Demand	22.5	25.5	25.1	28.1	32.5
FC Demand (in US\$ terms)	7.9	9.0	9.0	9.3	9.5
+Time Deposits	180.1	186.7	183.3	177.7	188.4
TL Time	81.6	77.9	76.5	76.8	80.7
FC Time (in US\$ terms)	18.7	19.4	18.6	18.0	18.2
Interbank Money Market	2.6	1.6	2.0	1.5	1.8
Bonds Issued	26.9	29.7	30.8	22.8	21.0
Funds Borrowed	49.6	52.9	49.4	43.3	44.7
Other liabilities	28.9	27.8	29.5	34.0	29.7
Shareholders' Equity	46.9	48.4	50.6	51.8	54.1
TOTAL LIABILITIES & SHE	399.2	423.3	422.3	411.2	428.6

APPENDIX: SUMMARY P&L

TL Million	QUARTERLY P&L			CUMULATIVE P&L		
	3Q19	4Q19	QoQ	2018	2019	YoY
(+) Net Interest Income including Swap costs	4,382	4,847	11%	17,934	17,776	-1%
(+) <i> NII excluding CPI linkers' income</i>	4,555	5,209	14%	14,955	17,735	19%
(+) <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.	1,662	1,637	-2%	5,103	6,274	23%
(+) Net Trading & FX gains/losses (excl. Swap costs and currency hedge)	70	453	544%	328	457	39%
<i>info: Gain on Currency Hedge</i>	-159	355	-323%	1,469	634	-57%
(+) Other income (excl. Prov. reversals & one-offs)	359	510	42%	1,141	1,518	33%
= REVENUES	6,474	7,447	15%	24,506	26,024	6%
(+) Non-recurring other income	20	25	28%	157	153	-3%
(+) <i> Administrative fine reversal</i>	0	0	<i>n.m</i>	0	83	<i>n.m</i>
(+) <i> Gain from NPL sale</i>	20	25	28%	157	71	-55%
(-) OPEX	-2,508	-2,912	16%	-8,769	-10,309	18%
(-) <i> HR</i>	-1,043	-1,050	1%	-3,645	-4,188	15%
(-) <i> Non-HR</i>	-1,465	-1,862	27%	-5,124	-6,121	19%
= PRE-PROVISION INCOME	3,985	4,560	14%	15,894	15,868	0%
(-) Net Expected Loss (excl. Currency impact)	-2,168	-2,218	2%	-5,562	-6,840	23%
(-) <i> Expected Loss</i>	-2,971	-3,000	1%	-9,258	-11,492	24%
<i>info: Currency Impact</i>	159	-355	-323%	-1,469	-634	-57%
(+) <i> Provision Reversal under other Income</i>	962	427	-56%	2,227	4,017	80%
(-) Taxation and other provisions	-487	-1,099	125%	-3,626	-2,787	-23%
(-) <i> Free Provision</i>	0	-150	<i>n.m</i>	-1,090	-250	<i>n.m</i>
(-) <i> Taxation & Other Provision</i>	-487	-949	95%	-2,536	-2,537	0%
= NET INCOME	1,330	1,243	-7%	6,707	6,241	-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%	15.6%	15.3%	13.5%	12.4%
ROAA (Cumulative) ¹	1.7%	1.8%	1.8%	1.6%	1.5%
Cost/Income	35.6%	38.6%	40.0%	39.5%	39.4%
Quarterly NIM incl. Swap costs	6.3%	5.1%	4.9%	5.0%	5.5%
Quarterly NIM incl. Swap costs excl. CPI linkers	2.6%	3.9%	3.8%	4.3%	5.1%
Cumulative NIM incl. Swap costs	5.3%	5.1%	5.0%	5.1%	5.2%
Cumulative NIM incl. Swap costs excl. CPI linkers	3.5%	3.9%	3.9%	4.1%	4.3%
Liquidity ratios					
Loans / Deposits	99.7%	98.6%	96.7%	94.2%	93.5%
TL Loans / TL Deposits	140.5%	149.6%	144.7%	140.5%	138.1%
Adj. Loans/Deposits (Loans adj. with on-balance sheet alternative funding sources)	68%	68%	63%	68%	71%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	122.8%	127.7%	121.2%	121.0%	121.0%
FC Loans / FC Deposits	69.4%	65.5%	65.8%	62.4%	62.7%
Asset quality ratios					
NPL Ratio	5.2%	5.4%	5.7%	6.7%	6.8%
Coverage Ratio	5.0%	5.2%	5.5%	6.2%	6.1%
+ Stage1	0.5%	0.5%	0.5%	0.5%	0.5%
+ Stage2	10.4%	11.2%	11.6%	11.1%	10.5%
+ Stage3	59.1%	59.0%	58.5%	62.3%	62.4%
Cumulative Net Cost of Risk (excluding currency impact, bps)	204	201	181	227	249
Solvency ratios					
CAR	16.5%	15.5%	16.4%	18.1%	17.8%
Common Equity Tier I Ratio	14.2%	13.3%	14.1%	15.7%	15.4%
Leverage	7.5x	7.7x	7.4x	6.9x	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 1Q19, 1H19 and 9M19

APPENDIX: QUARTERLY & CUMULATIVE NET CoR

(Million TL)

Quarterly Net Expected Credit Loss	1Q19	2Q19	3Q19	4Q19	
(-) Expected Credit Losses	3,387	2,134	2,971	3,000	
Stage 1	719	256	147	446	
Stage 2	1,615	937	231	223	
Stage 3	1,053	941	2,592	2,332	
(+) Provision Reversals under other income	1,732	897	962	427	
Stage 1	599	269	132	157	
Stage 2	774	346	482	130	
Stage 3	358	282	348	141	
(=) (a) Net Expected Credit Losses	1,655	1,238	2,009	2,573	
(b) Average Gross Loans	264,438	269,363	262,830	268,654	
(a/b) Quarterly Total Net CoR (bps)	245	178	294	368	
info: Currency Impact ¹	44	20	-	23	51
Total Net CoR excl. currency impact (bps)	201	158	317	318	

(Million TL)

Cumulative Net Expected Credit Loss	12M19
(-) Expected Credit Losses	11,492
Stage 1	1,568
Stage 2	3,006
Stage 3	6,918
(+) Provision Reversals under other income	4,017
Stage 1	1,157
Stage 2	1,731
Stage 3	1,129
(=) (a) Net Expected Credit Losses	7,474
(b) Average Gross Loans	266,409
(a/b) Cumulative Total Net CoR (bps)	272
info: Currency Impact ¹	23
Total Net CoR excl. currency impact (bps)	249

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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