



CORPORATE PRESENTATION

APRIL 2021

AGENDA

● TURKISH ECONOMY & BANKING SECTOR

● NEW FACTS POST COVID-19

● GARANTI BBVA CORPORATE PROFILE & FINANCIAL HIGHLIGHTS

● CORPORATE GOVERNANCE & RISK MANAGEMENT

AGENDA

TURKISH ECONOMY & BANKING SECTOR

NEW FACTS POST COVID-19

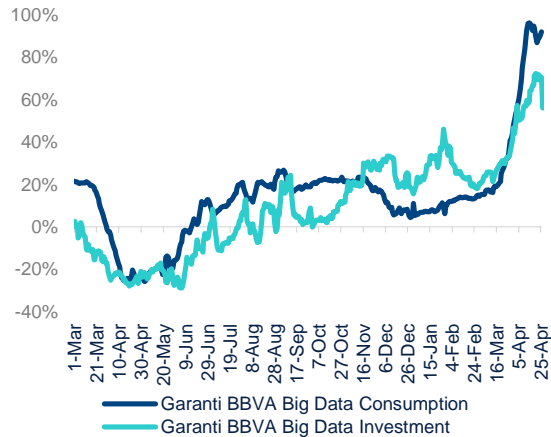
GARANTI BBVA CORPORATE PROFILE & FINANCIAL HIGHLIGHTS

CORPORATE GOVERNANCE & RISK MANAGEMENT

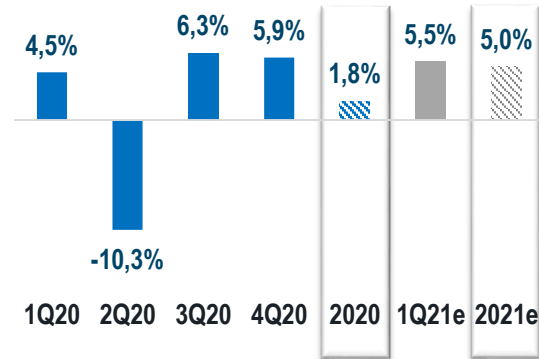
TURKISH ECONOMY (I / II)

CONSUMPTION & INVESTMENT

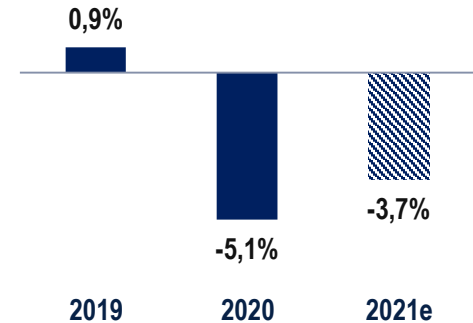
BIG DATA INDICES (28-day cum. YoY Nominal)



GDP GROWTH (YoY)



CAB / GDP



► **Our big data proxies suggest strong recovery,** backed by both base effects and the reopening of the economy in March. We nowcast 5.5% annual GDP growth in 1Q21.

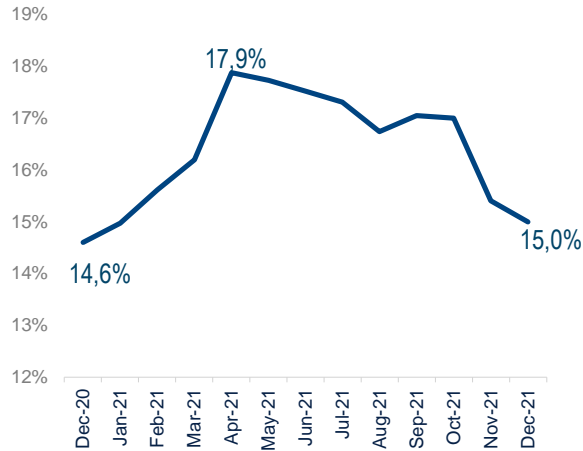
► The strong current momentum, favorable base effects and more positive global growth will support GDP growth in 2021. Given the gradual vaccination process and tighter financial conditions, **we maintain our 5% GDP growth forecast for 2021.**

► Import demand still persists and exports start to reflect the strengthening external demand.

CAD will start to shrink as of March, however to a lower extent due to higher oil prices.

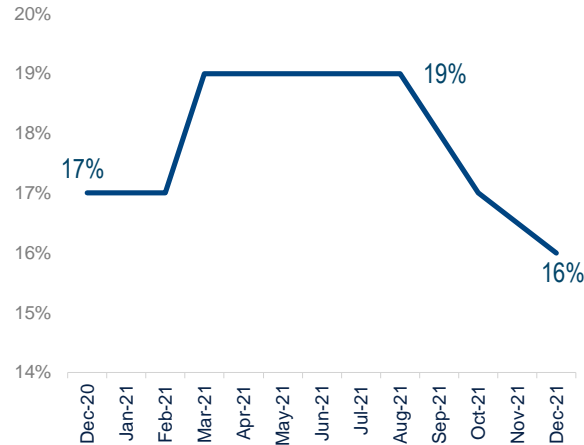
TURKISH ECONOMY (II / II)

INFLATION



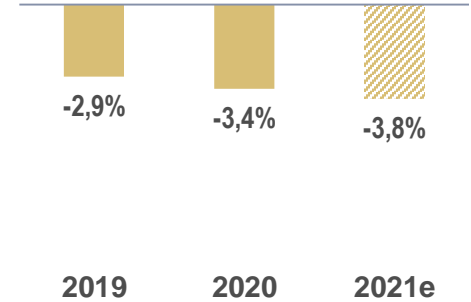
- ▶ **Inflationary pressures** will continue on cost-push factors and accelerating currency pass-through impact.
- ▶ CPI is expected to hover around **17-18%** before declining to 15% at year-end with a positive base effects.

CBRT AVG. FUNDING COST



- ▶ Current policy rate (19%) is expected to remain till late 3Q and **only gradual easing** is assumed afterwards.

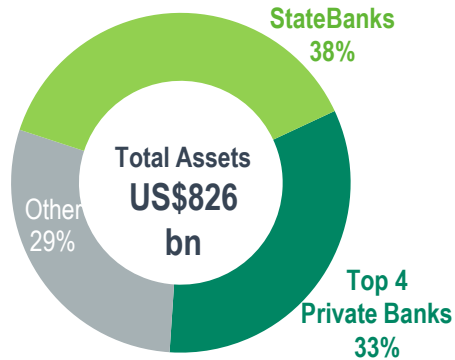
CG BUDGET BALANCE / GDP



- ▶ Fiscal and employment support post Covid-19, weighed on the budget balance.
- ▶ **Budget Deficit / GDP still remains below EM average.**

E: Garanti Estimates as of April 2021

TURKISH BANKING SECTOR (I / IV)



	# of Banks	Share in Assets	Share in Loans	Share in Deposits
Top 4 Private Commercial Banks	4	33%	32%	34%
State Banks	3	37%	39%	41%
Other Private Commercial Banks	25	16%	14%	16%
Development & Inv. Banks	14	6%	7%	-
Participation Banks	6	7%	6%	9%
Total:	52			

TOP 10 BANKS¹

Dominated by top 4 Private Banks & 3 State Banks

	Assets Market Share	Foreign Ownership	Actual Free Float
Ziraat Bankası	15.4%	-	-
HALKBANK	11.4%	-	24.7%
VakıfBank	11.1%	-	15.4%
TÜRKİYE İŞ BANKASI	9.7%	-	33.8%
Garanti BBVA	8.1%	BBVA (49.85%)	50.1%
YapıKredi	7.5%	UniCredit Group (20.0%)	30.0%
AKBANK	7.3%	-	50.7%
QNB FINANSBANK	3.7%	Qatar National Bank (99.88%)	0.12%
DenizBank	3.3%	Emirates NBD Bank PJSC (99.85%)	0.04%
TEB	2.3%	BNP Paribas (72.2%)	-

Note: Sector figures are based on bank-only BRSA monthly data as of December 2020.

¹ Top 10 banks make up ~80% of sector's total asset

TURKISH BANKING SECTOR (II / IV)

COMFORTABLE LIQUIDITY

- ▶ Customer Deposits fund **59%** of assets
- ▶ Sufficient buffers against potential external liquidity shock

Banks' ST external dues¹: US\$70bn (45% of total external debt) **US\$108bn Quick FC Liquidity² sufficient to cover any liquidity shock**



STRONG SOLVENCY

- ▶ Basel III CAR **17.6%**
- ▶ CET-I capital: **76%** of total capital
- ▶ RWA/Assets **70%**



SOLID ASSET QUALITY

- ▶ NPL Ratio **4.1%**
- ▶ Stage-3 Coverage Ratio: **76%**



ROAE: 10.0%
LEVERAGE: 9.7x
ROAA: 1.0%

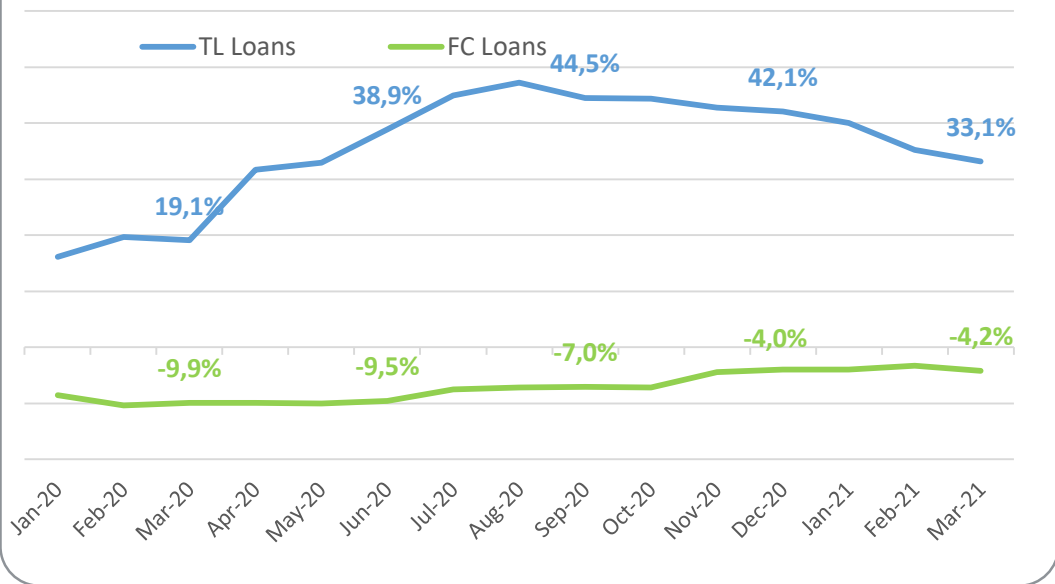
Note: Commercial banks' figures are based on BRSA monthly data as of March 2021.

1 Source: CBRT, as of January 2021. Excludes non-residents' FC deposits

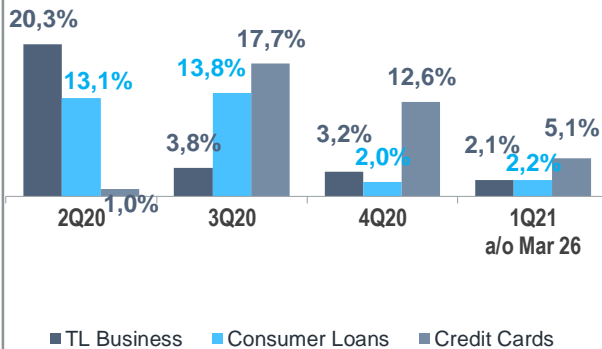
2 Quick Liquidity Buffers FC reserves Under ROM, swaps, money market placements, CBRT eligible unencumbered securities

TURKISH BANKING SECTOR (III / IV)

BANKING SECTOR Y-o-Y LENDING GROWTH



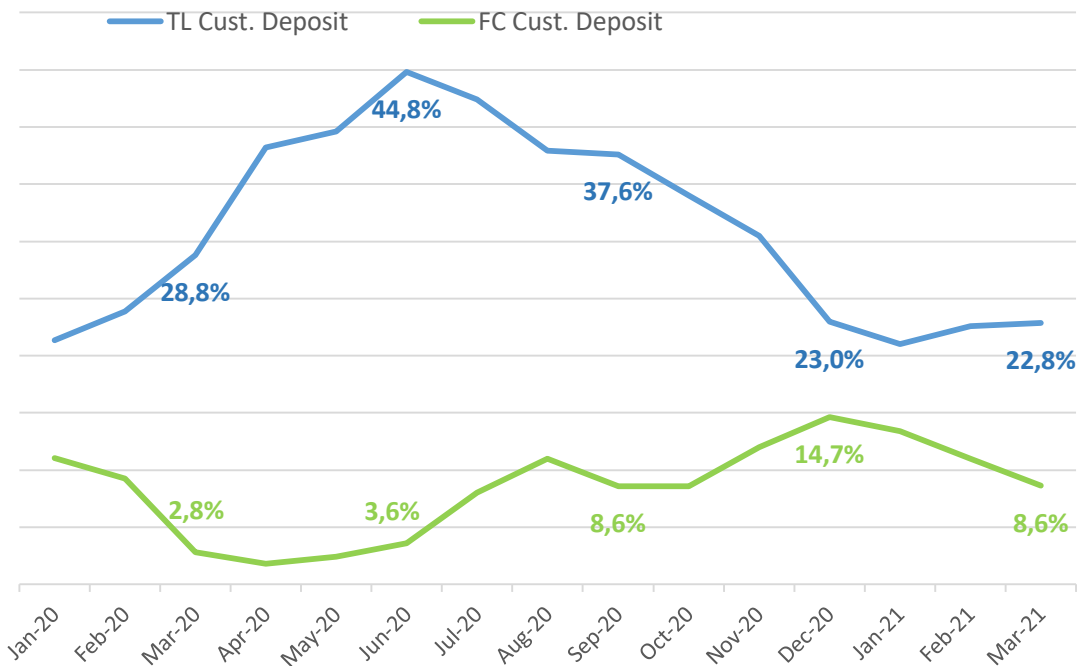
TL LENDING GROWTH



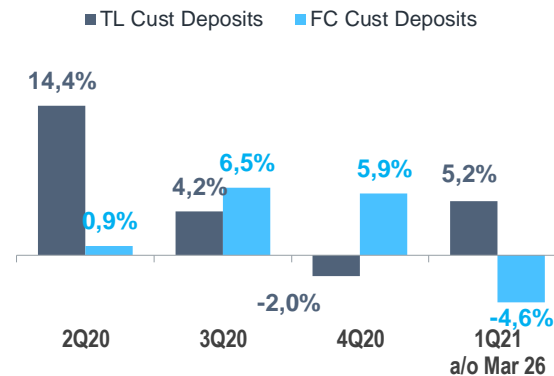
Sector data is based on BRSA weekly data, for commercial banks only

TURKISH BANKING SECTOR (IV/ IV)

BANKING SECTOR Y-o-Y CUSTOMER DEPOSIT GROWTH

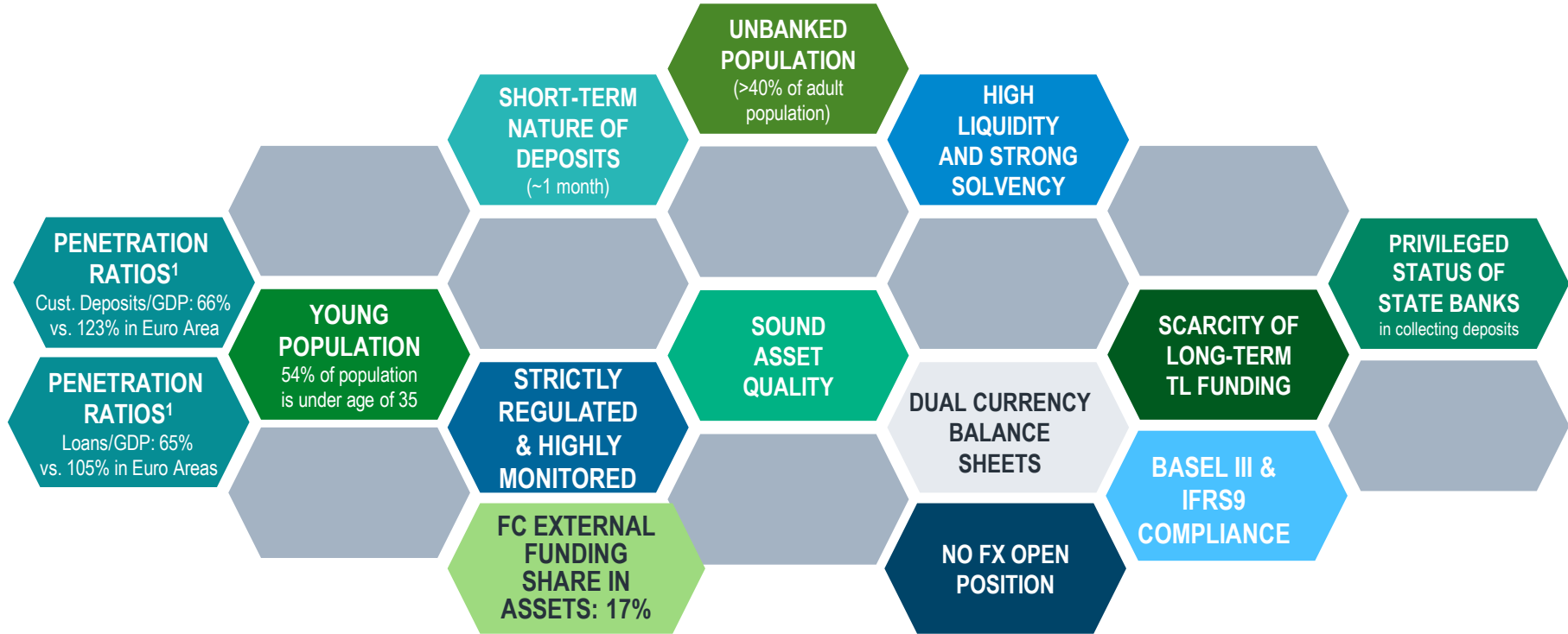


CUSTOMER DEPOSIT GROWTH



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

CHALLENGES & OPPORTUNITIES OF TURKISH BANKING SECTOR



¹ Source: Eurostat (Euro Area for 19 countries), ECB, BRSA monthly data and Turkstat dated September 2020

AGENDA

TURKISH ECONOMY & BANKING SECTOR

NEW FACTS POST COVID-19

GARANTI BBVA CORPORATE PROFILE & FINANCIAL HIGHLIGHTS

CORPORATE GOVERNANCE & RISK MANAGEMENT

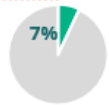
OUR RESPONSE TO COVID-19 PANDEMIC

1

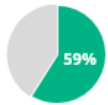
Ensuring well-being of our employees

Transition to Remote Working

Headquarter*



Branch & District*



*As of April 29, represents share of employees in the location

- ▶ Transition to remote working in 2 weeks
- ▶ Employees fully equipped with corporate devices when necessary
- ▶ Covid-19 Inventory is built to daily track health conditions of our employees and their families

2

Standing by our customers

Direction to Digital Channels



- Increase in **Digital-ATM transaction limits**
- Better customer experience with the **New Mobile Banking** functions
- Uninterrupted service through digital channels despite **record high digital login**

Deferred Loans



- **TL 42 bn** deferred loan
- **13%** of performing loan book

Support Packages



- **TL 8 bn** CGF Cheque & OPEX
- **18%** market share

3

Supporting the protection of the public health



TL 10 mn

Technical and protective equipment to State University Hospitals



TL 30 mn

500 respiratory devices to 53 hospitals in total

ADVANCED TECHNOLOGICAL INFRASTRUCTURE & BUSINESS-IT ALIGNMENT ONCE AGAIN PAID OFF – *Business continuity and uninterrupted customer service*

Solid growth in digital customer base

- ▶ During the pandemic period, digital customer transactions increased by 70%

Robust infrastructure

- ▶ No system interruption despite **record high number of unique customer logins** per day (3.2mn)
- ▶ Nearly 15k Garanti employees fully equipped to function from their homes to continuously serve and meet customers' need
- ▶ More than 1,000 call center agents became home agents within only 10 days
- ▶ Home agents could comfortably meet customer calls despite the volume that more than doubled (record high daily volumes)

Rich functionality

- ▶ **~500 functions** available in mobile banking app

Fast response to market needs

- ▶ Loan postponement feature developed for digital channels
- ▶ **Lead the sector in terms of swift and timely move to remote work setup**

9.9mn

ACTIVE DIGITAL CUSTOMERS*

9.4mn

ACTIVE MOBILE CUSTOMERS*

* As of March 2021

AGENDA

TURKISH ECONOMY & BANKING SECTOR

NEW FACTS POST COVID-19

GARANTI BBVA CORPORATE PROFILE & FINANCIAL HIGHLIGHTS

CORPORATE GOVERNANCE & RISK MANAGEMENT

OUR PURPOSE

TO BRING THE AGE OF OPPORTUNITY TO EVERYONE

OUR VALUES



**CUSTOMER COMES
FIRST**



WE THINK BIG



**WE ARE ONE
TEAM**

OUR STRATEGIC PRIORITIES



**WHAT WE STAND
FOR?**

- Financial Health
- Sustainability



**DRIVERS OF
SUPERIOR
PERFORMANCE**

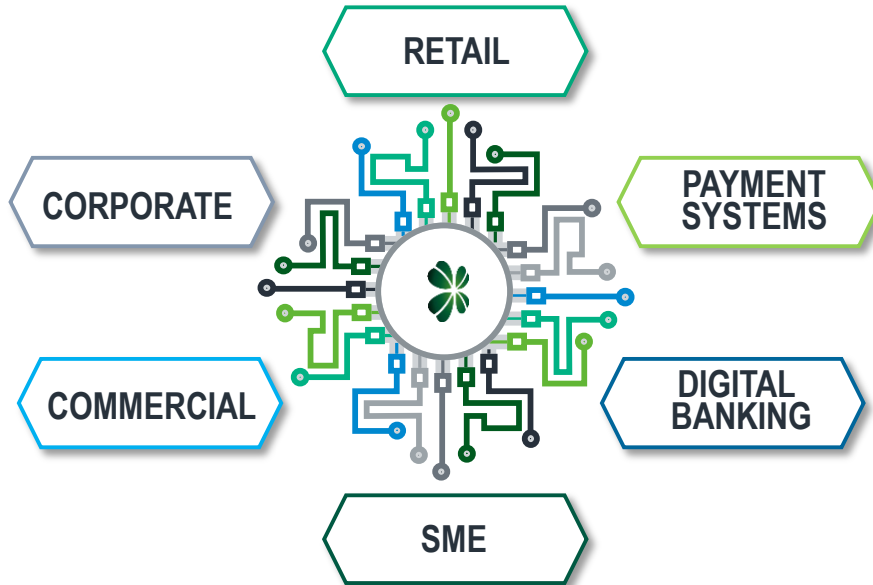
- Reaching More Customers
- Operational Excellence



**ACCELERATORS
TO DELIVER OUR
STRATEGY**

- Best & Most Engaged Team
- Data & Technology

A UNIVERSAL BANK WITH STRONG PRESENCE IN ALL BUSINESS AREAS



 **Garanti BBVA**
International

Asset Contribution: 6.25%

 **Garanti BBVA**
Romania

Asset Contribution: 4.15%

 **Garanti BBVA**
Leasing

Asset Contribution: 1.13%

 **Garanti BBVA**
Pension

Asset Contribution: 0.55%

 **Garanti BBVA**
Factoring

Asset Contribution: 0.56%

 **Garanti BBVA**
Securities

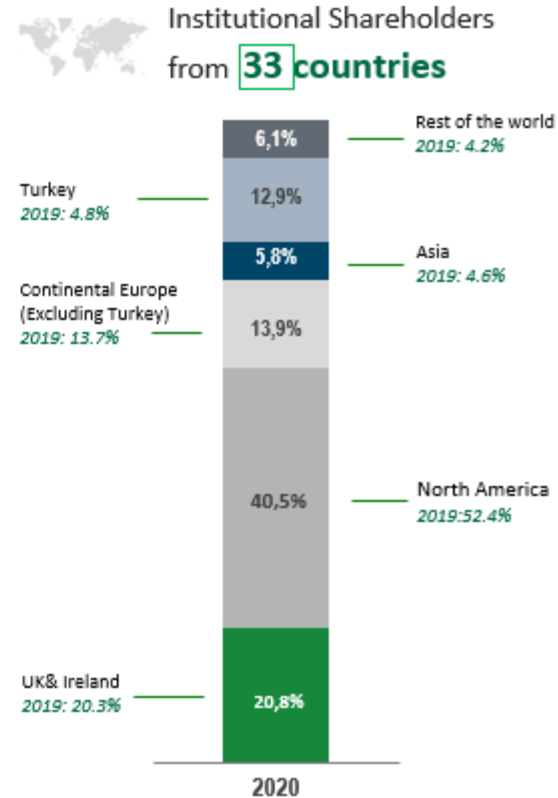
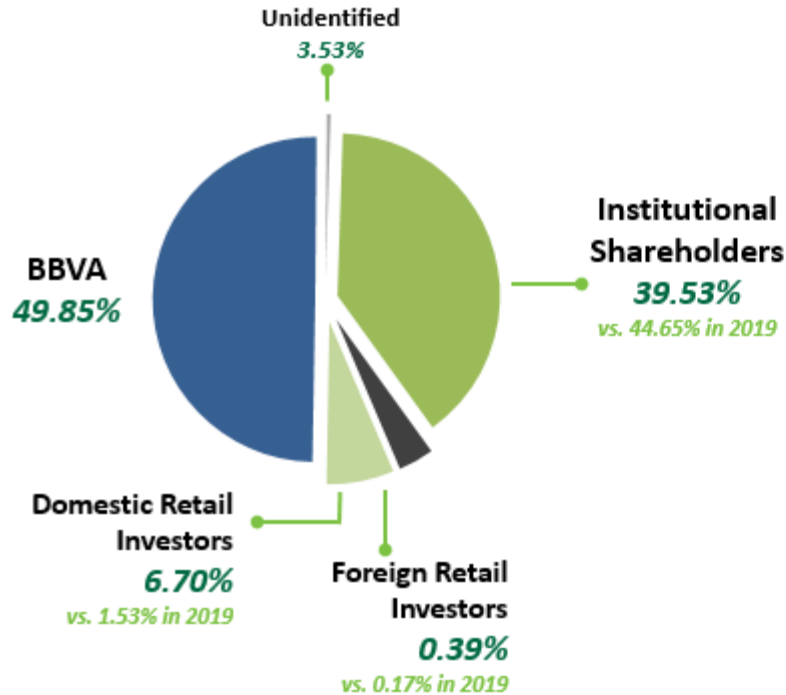
Asset Contribution: 0.34%

 **Garanti BBVA**
Asset Management

Asset Contribution: 0.04%

Note: Asset contributions are calculated based on BRSA Consolidated Financials as of March 31, 2020.

SHAREHOLDING STRUCTURE



GARANTI BBVA AT A GLANCE

\$69 bn TOTAL ASSETS

2nd largest private bank per consolidated asset size

\$3.7 bn MARKET CAPITALIZATION*

Largest floating Mcap (~\$1.8 bn) among banks in BIST

\$142 mn AV. DAILY TURNOVER IN BIST

Most invested stock by foreigners

9.9 mn** ACTIVE DIGITAL CUSTOMERS

80% of active customers are using Digital Banking channels

100% GEOGRAPHICAL COVERAGE

19.1 mn customers, 893 branches*

17% ROAE

Highest return on capital

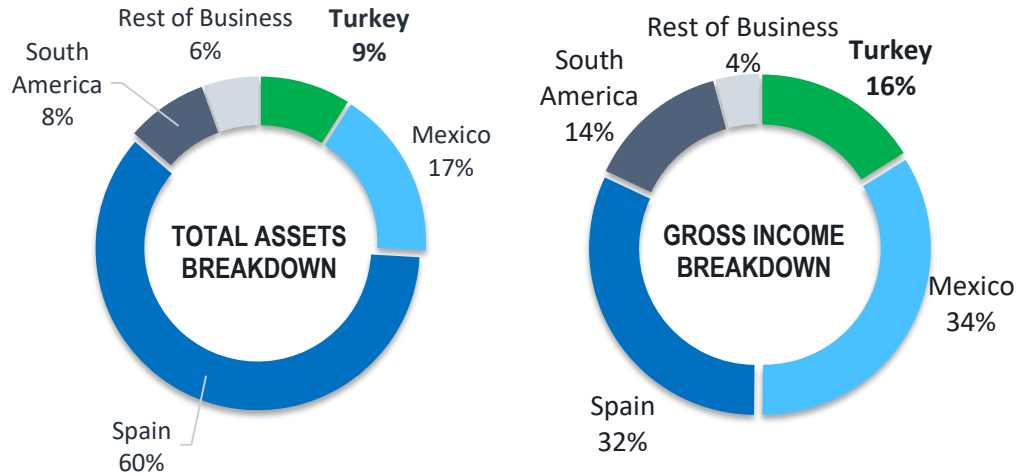
Note: Financial figures are per BRSA Consolidated data as of March 31, 2021

* As of April 30, 2021

** As of March 2021

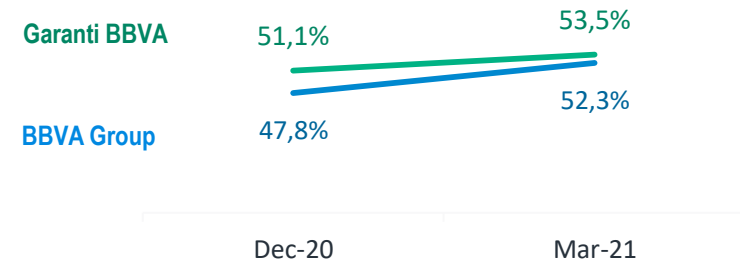
GARANTI BBVA'S CONTRIBUTION TO THE BBVA GROUP

While Garanti BBVA has 9% contribution to the Group's total asset, its share in the gross income is 16%.

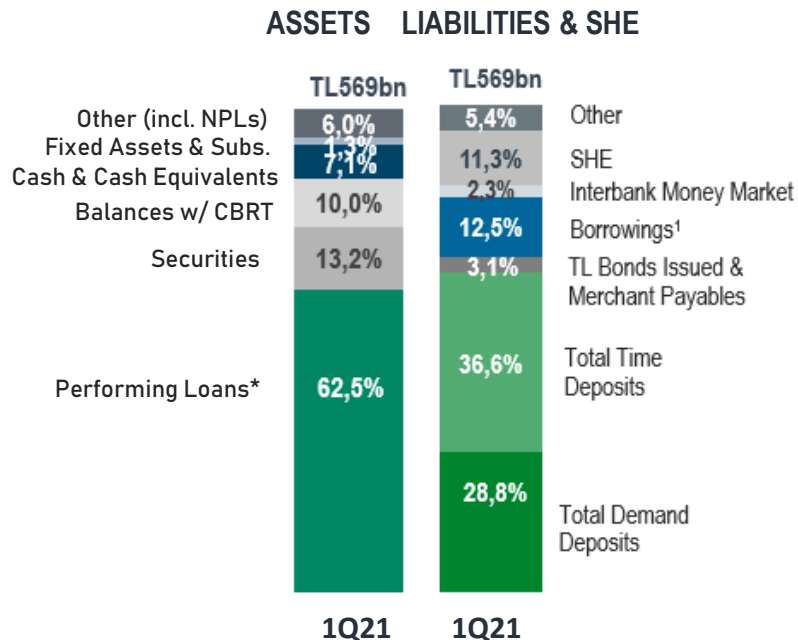


In Digital Banking, GARANTI BBVA ranks at the top within the group

DIGITAL SALES PRV SHARE % OF TOTAL SALES



PERFORMANCE INDICATORS (I/II) – 1Q21 FINANCIAL PERFORMANCE



* Excluding leasing and factoring receivables

FUNDAMENTAL P&L ITEMS (TL mn)	1Q21
Net Interest Income	6,845
Operating Expenses	3,279
- HR Costs	1,221
- Other Operating Expenses	2,058
Net Expected Credit Loss (excl. Currency impact) ²	1,210
Net Fees & Commissions	2,067
NET INCOME	2,544

SELECTED FINANCIAL RATIOS	1Q21	When adj. Free provision
Return on Average Equity	16.7%	17.3%
Return on Average Assets	1.9%	2.0%
Net interest Margin (inc. Swap cost)	3.9%	
Non Performing Loans Ratio	4.4%	
Capital Adequacy Ratio	15.8%	
Net Cost of Risk	1.3%	
FEE / OPEX	63.0%	

Note: Figures are per March 2021 BRSA Consolidated financials

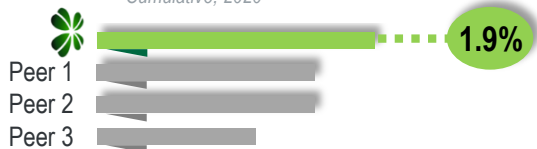
1 Includes funds borrowed, sub-debt & securities issued.

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

PERFORMANCE INDICATORS (III/II)– POSITION IN THE SECTOR

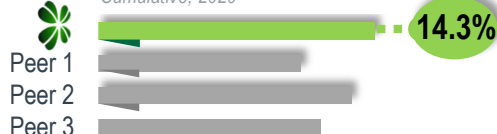
Highest ROAA (adjusted with free provisions)

Cumulative, 2020

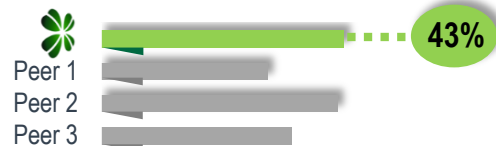


Highest ROAE (adjusted with free provisions)

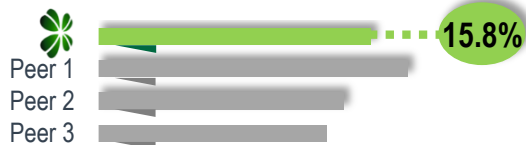
Cumulative, 2020



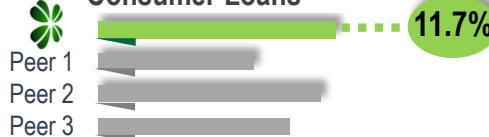
Highest Share of Demand Deposits in Total



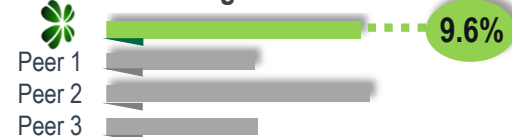
Second Highest CET-I



Highest Market Share in Consumer Loans

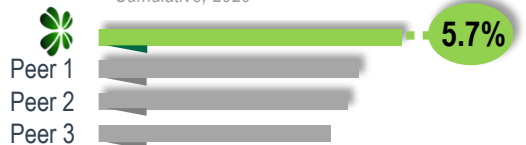


Second Highest Market Share in TL Performing Loans

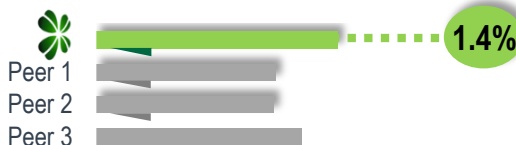


Highest NIM incl. Swap Cost

Cumulative, 2020

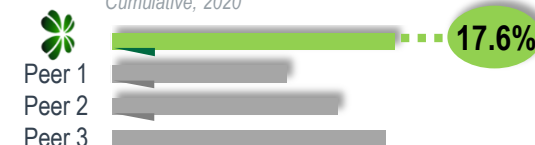


Highest Net Fees & Commissions / IEA & Non-cash Loans



Highest Share in Credit Cards Issuing Volume

Cumulative, 2020



Note: Figures are per December 2020 BRSA Bank-only financials for fair comparison

2021 GUIDANCE - IMPROVING PROFITABILITY RATIOS ON THE WAY TO NORMALIZATION

2021 Garanti BBVA Operating Plan

TL Loans (YoY)	Mid-teens
FC Loans (in US\$, yoy)	Shrinkage
NPL ratio*	< 6%
Net Cost of Risk**	< 200bps
NIM Incl. Swap Cost	100bps contraction
Fee Growth (YoY)	Mid-teens
OPEX Growth (YoY)	~CPI
ROAE	Mid-teens

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GARANTI BBVA CORPORATE PROFILE & FINANCIAL HIGHLIGHTS

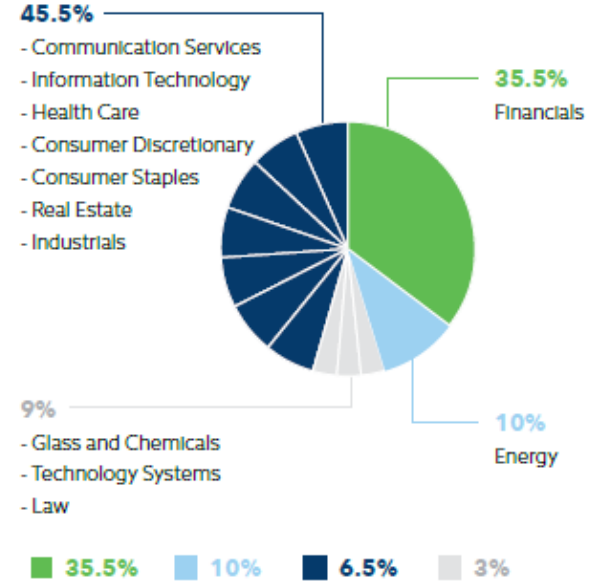
CORPORATE GOVERNANCE & RISK MANAGEMENT

BOARD OF DIRECTORS

Name and Surname		Appointment Date	Education	Experience in Banking and Business Administration
Süleyman Sözen	Non-executive	29.05.1997	Undergraduate	40 years
Jorge Saenz Azcunaga Carranza*	Non-executive / Independent	24.03.2016	Undergraduate	28 years
Recep Baştuğ	Executive	06.09.2019	Undergraduate	31 years
Sait Ergun Özen	Non-executive	14.05.2003	Undergraduate	34 years
Dr Muammer Cüneyt Sezgin	Non-executive	30.06.2004	PhD	33 years
Jaime Saenz de Tajeda Pulido	Non-executive	02.10.2014	Undergraduate	29 years
Javier Bernal Dionis	Non-executive	27.07.2015	Masters	31 years
Rafael Salinas Martinez de Lecca	Non-executive	08.05.2017	Masters	30 years
Belkis Sema Yurdum	Non-executive/ Independent	30.04.2013	Undergraduate	40 years
Avni Aydın Düren	Executive / Independent	17.06.2020	Masters	29 years
M. Canan Özsoy	Non-executive / Independent	04.04.2019	Masters	32 years

EXPERIENCE COMPOSITION

Chart is prepared in accordance with the Global Industry Classification Standard (GICS). The Global Industry Classification Standard (GICS) is an industry taxonomy developed by MSCI and Standard & Poor's (S&P) for use by the global financial community.



SENIOR MANAGEMENT

GENDER



AVERAGE EXPERIENCE



EDUCATION



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE RATING



Rating increase was driven by;

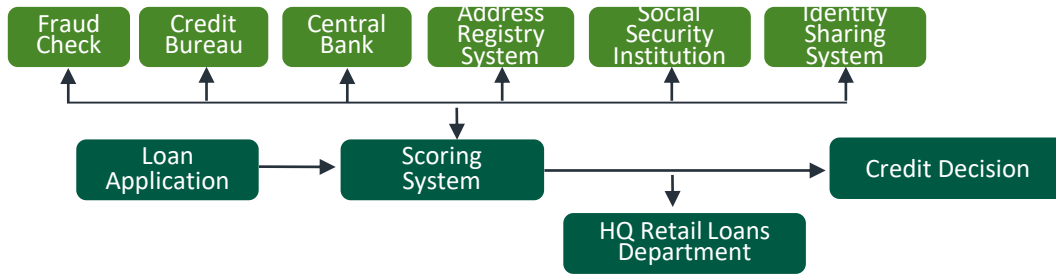
- ▶ **Public Disclosure and Transparency** – Renewed Investor Relations website with **enhanced user experience, easy navigation and informative landing pages and new ESG datasheet** increased score to 9.76 from 9.67
- ▶ **Board of Directors** - Implementation of «**Agile Methodology**» in Audit. The number of findings brought to the agenda of the Bank's Audit Committee increased and the unit workforce was used more efficiently.



Visit [Garanti BBVA IR website](#) for the compliance report and more information

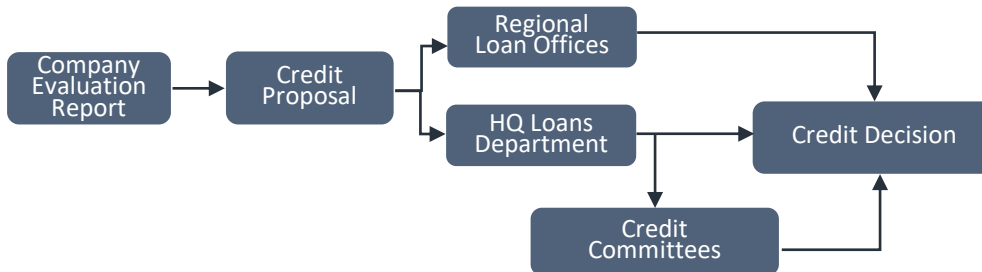
ADVANCED RISK MANAGEMENT SYSTEMS

RETAIL BANKING: CENTRALIZED PROCESS



- **Loan to Value:**
Consumer Mortgages Max: 90%*;
Auto Loans Max: 70% up to TL120K;
and 50% for the portion above;

WHOLESALE BANKING: DECENTRALIZED PROCESS



- 25 regional loan offices
- Weekly Credit Committee meetings
- All credit lines automatically expire one year after approval
- Decentralized credit decision via Regional Loan Offices for fast approval process & local management of smaller exposures
- Multi layered committee structure at the HQ to approve & manage larger exposures


* Increased from 80% to 90% as of March 18, 2020; in-line with the measures to mitigate the economic impact of global covid-19 pandemic

RESPONSIBLE & SUSTAINABLE DEVELOPMENT ACTIONS

Best Bank for
Sustainable
Finance in CEE

- 
- TL51bn Impact Investment (YE 2020)
 - 43 Sustainable products/credit lines
 - World's 1st ESG-linked Syndicated Loan
 - World's 1st Gender Loan
 - 2 Green Bond issuances
 - EM's 1st Social Bond issuance: Gender Bond
 - Turkey's 1st, World's 5th Green Loan
 - Turkey's 1st Green Project Finance Loan
 - Bookrunner for the world's 1st Green Bond in TRY
 - 24.7% market share in wind power projects

- 
- 100% of new PF commitments in Greenfield Energy Production Portfolio are **Renewables since 2014**
 - Direct contribution to **16 SDGs**
 - TL 60mn investment in community programs

- 
- 45 Engagement Platforms
 - Included in 10 Sustainability Indices
 - Founding member of UN Principles for Responsible Banking and local Sustainable Finance Declaration

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA



APPENDIX – UN SUSTAINABLE DEVELOPMENT GOALS



DISCLAIMER STATEMENT

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Note: Net Promoter Score research is conducted by independent research agency Ipsos for Garanti BBVA. According to the research results, Garanti BBVA has the 2nd highest Net Promoter Score among retail customers representing its own profile and the highest one among SME customers, in both cases compared to its competition, which includes İşbank, Akbank, Yapı Kredi Bank, and QNB Finansbank. Research was conducted between October 2020 and December 2020. Main bank customers, who have communicated with the banks over the last 3 months, were surveyed using online panel and telephone techniques by quota sampling.

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