



TO : Investment Community
FROM : Garanti Bank / Investor Relations
SUBJECT : Announcement regarding forward looking statements on the expectations for the year 2018
DATE : July 26, 2018

Reference: Public disclosure of Türkiye Garanti Bankası A.Ş. (Garanti) on 09.01.2018.

As per the Article 10 of the "Communiqué on Material Events Disclosure" (II-15.1) of Capital Markets Board, T. Garanti Bankası A.Ş has announced its forward looking statements regarding the expectations for the year 2018. You may access the related presentation that was published on the Public Disclosure Platform, the Bank's website and Garanti Bank Investor Relations' website at www.garantiinvestorrelations.com in [Operating Plan Guidance Presentations](#) section.

As of June 30, 2018, the following revisions were made in 2018 Operating Plan Guidance with changing macroeconomic expectations. Accordingly, the return on equity and return on asset have been revised upwards.

Despite the expected normalization in non-performing loans and the deterioration of the macroeconomic expectations of the IFRS9 model, fees and commissions revenues, net interest margin and operational expense are better than anticipated, resulting in an upward revisions in profitability ratios.

	2018 GUIDANCE	REVISED 2018YE EXPECTATIONS
TL LOANS (YOY)	~14-15%	<14%
FC LOANS (IN US\$, YOY)	Flat	Shrinkage
NPL RATIO	~3.0% (> TL 1bn NPL sale assumed)	4.0-4.5% (No NPL sale assumed)
NET COST OF RISK	~100bps (Under macro assumptions used in initial model)	~150bps (excl. currency impact) ¹
NIM INCLUDING SWAP COST	Flat (excl. CPI impact) ²	Flat (including CPI impact)
FEE GROWTH (YOY)	Low-teens	>20%
OPEX GROWTH (YOY)	<= CPI	~10%
ROAE	> 16.5%	> 17%
ROAA	> 2.2%	> 2.2%

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

2 Initial Oct-Oct CPI reading expectation for 2018 was lower vs. 2017 CPI reading of 11.9%

In contradiction between the Turkish and English versions of this public disclosure, the Turkish version shall prevail.

We declare that our above statements are in conformity with the principles included in the Board's Communiqué, Serial II Nr.15.1, that it exactly reflects the information we received; that the information complies with our records, books and documents; that we did our best to obtain the correct and complete information relative to this subject and that we are responsible for the declarations made in this regard.

Yours sincerely,

Garanti Bank

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