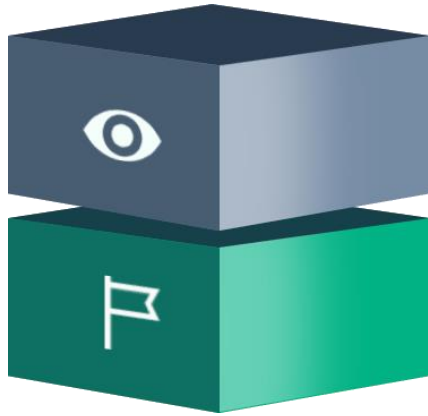




2019 OPERATING PLAN GUIDANCE

January 9th, 2019





2018 STATUS WRAP-UP

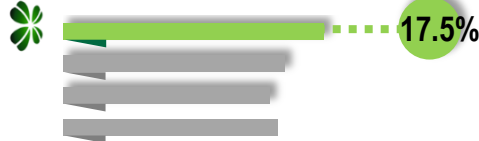
2019 OPERATING PLAN

LEADING MARKET POSITION

Highest ROAA Cumulative, 9M18



Highest ROAE Cumulative, 9M18



Lowest Cost/Income Cumulative, 9M18



Highest CET-I Cumulative, 9M18 Excludes BRSA's temporary measure*



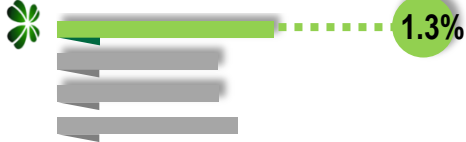
Highest Dividend Distribution



Highest NIM incl. Swap Cost Excl. CPI Linkers Cumulative, 9M18

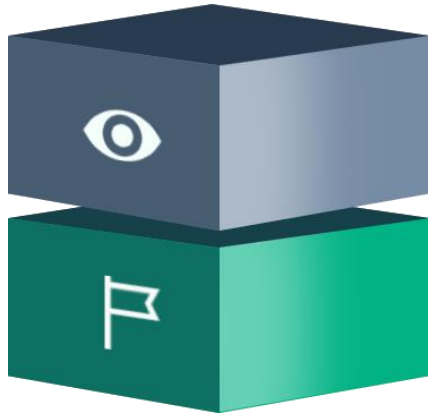


Highest Net Fees & Commissions / IEA & Non-cash Loans Cumulative, 9M18



2018 STATUS WRAP-UP

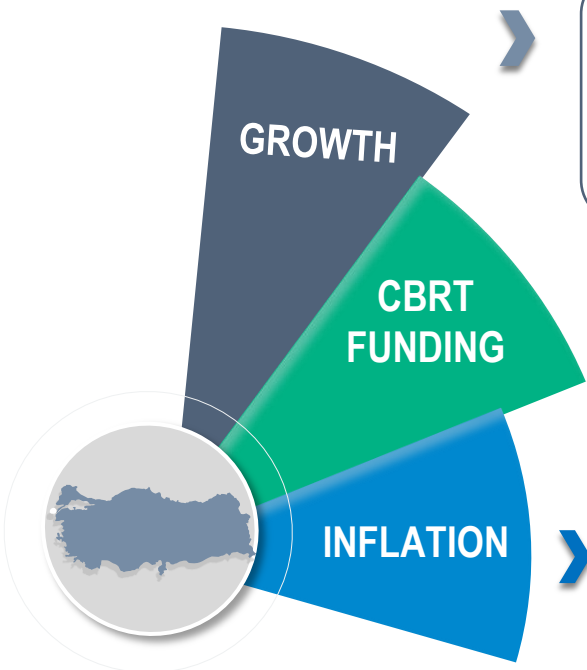
	2018 Guidance	2018 Expected	vs. Guidance
TL Loans	<14%	Low-single digit	Lower
FC Loans (in US\$)	Shrinkage	Shrinkage	In-line
NPL Ratio	4-4.5%	~5%	Higher
Net Cost of Risk (excl. currency impact) ¹	~150 bps	~250 bps	Higher
NIM including swap cost	Flat (including CPI impact)	Expansion (including CPI impact)	Beat
Fee Growth (yoy)	> 20%	~30%	Beat
Opex Growth (yoy)	~10% (~ avg. CPI)	< avg. CPI	Beat
ROAE	> 17% (no free provision assumed)	~17% (adjusted w/ free provision set aside during the year)	In-line



2018 STATUS WRAP-UP

2019 OPERATING PLAN

TURKISH ECONOMY – A CHALLENGING YEAR AHEAD, EXPECTED PICK-UP IN 2020

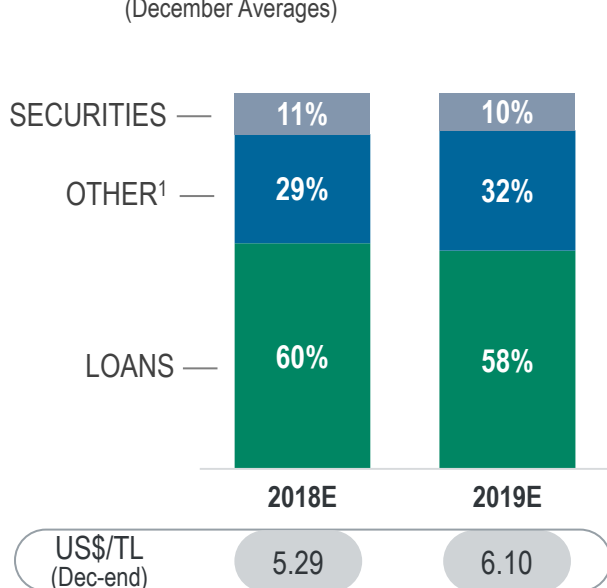


Note: CBRT funding cost and inflation represent year-end figures

LOAN DRIVEN ASSET MIX

COMPOSITION OF ASSETS

(December Averages)



2019E

ASSET GROWTH

+ ~5%

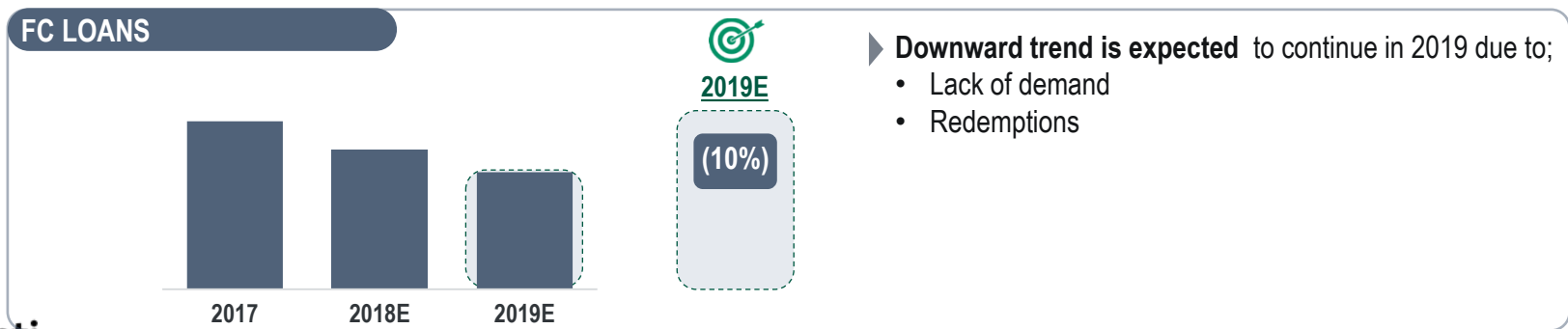
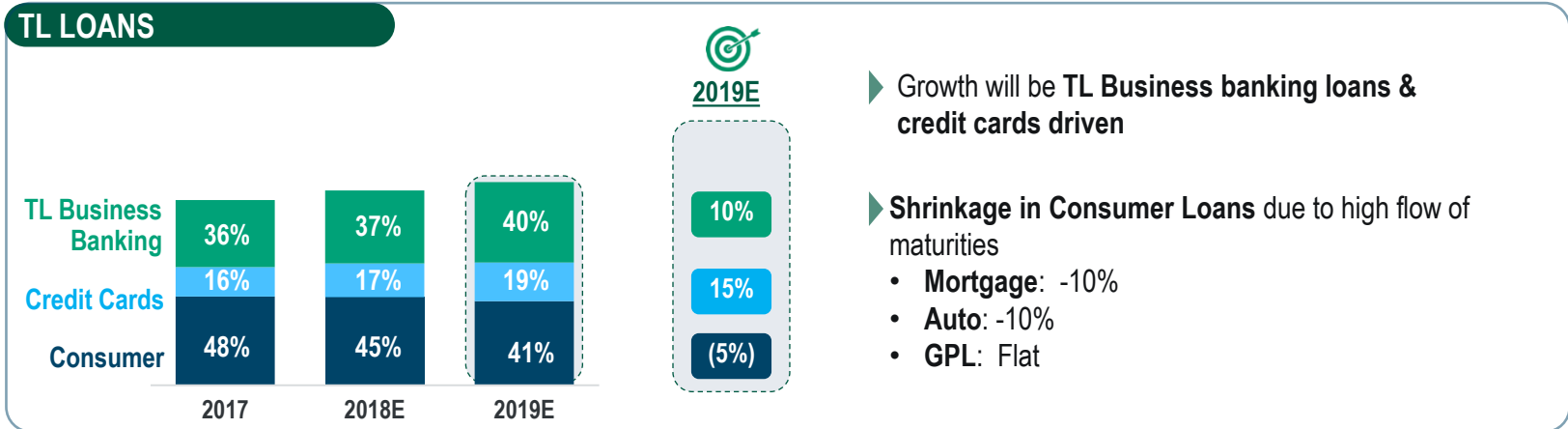
TL LOAN GROWTH

+ ~5%

FC LOAN GROWTH (in US\$)

- 10%

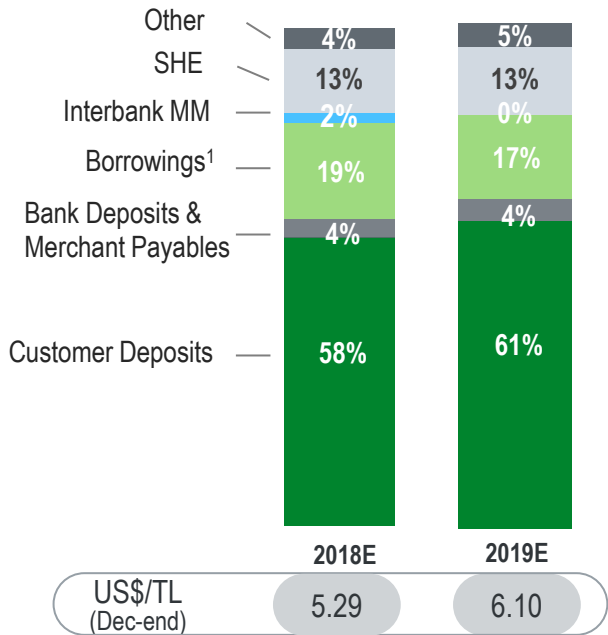
MUTED LOAN GROWTH IN 2019



DEPOSIT HEAVY FUNDING MIX

COMPOSITION OF LIABILITIES & SHE

(December Averages)



► Increasing weight of deposits in funding

Further improvement in Loan to Deposit, LtD: ~100% in 2019

► Lower dependency on FC funding as FC loans continue to diminish

► Decreasing FC loans market share:

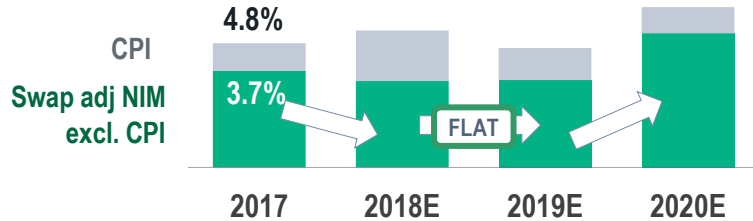
20% in 2010, 17% in 2013 and 10% expected by 2018E

► Eurobond redemptions in 2019: €500mn in Jul, US\$750mn in Oct

► Syndication rollovers assumed <100% due to high cost and comfortable liquidity

SPREAD EXPANSION AHEAD DUE TO EXPECTED EASE IN FUNDING COSTS

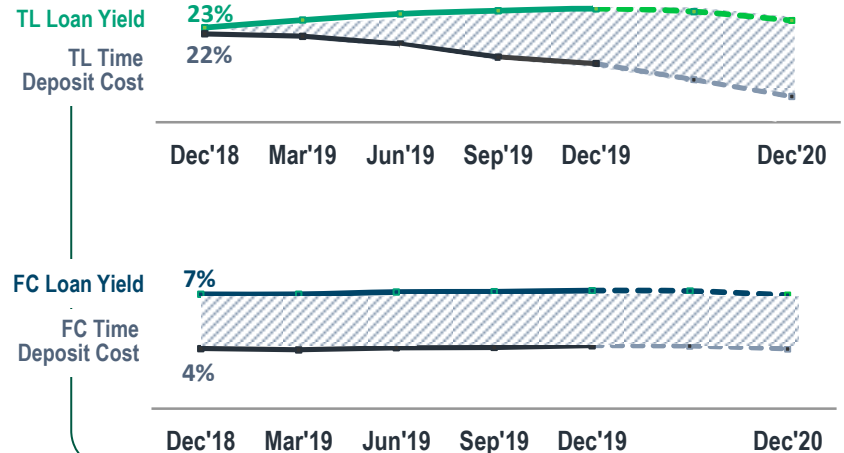
NIM INCLUDING SWAP COST



- Continuous **core spread expansion** throughout 2019 & 2020
- **Lower contribution** from **CPI linkers** vs. 2018
 - Every 1% change in CPI reading has ~9bps impact on NIM
- **Low-cost deposit** focus remains
- Strong **demand deposits** base: ~1/4 of total deposits
- Opportunistic **swap utilization** for margin optimization

SPREAD EVOLUTION

Represents monthly averages, per MIS data



PRUDENT PROVISIONING SERVES AS A GOOD CUSHION IN A DECELERATING ECONOMY


2019E

NPL RATIO

<7%

- New NPL inflows will be lower upon most of big ticket items being accounted in 2018.
- However, higher NPL inflows expected from the Retail portfolio in 2019.


2019E

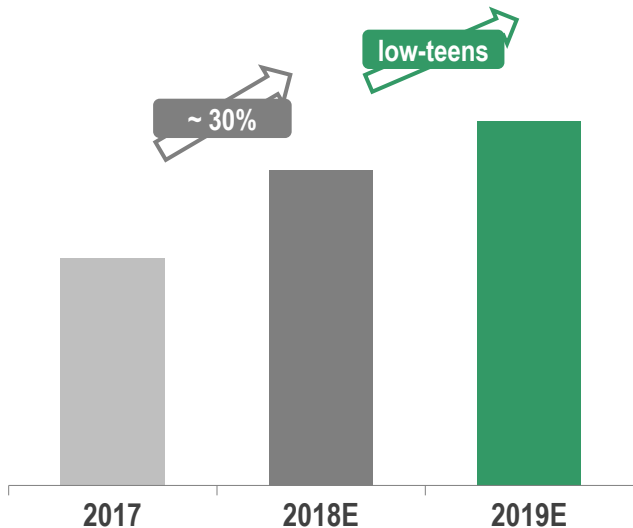
TOTAL NET COR (bps)

<300

- Flow related provisioning to increase in 2019, as the impact of deteriorating macro parameters was largely accounted in last year

DOUBLE DIGIT GROWTH MOMENTUM WILL BE PRESERVED IN NET F&C

NET FEES & COMMISSIONS



GROWTH



2019E

Share in Fee Base



PAYMENT SYSTEMS

(>55% of the base)

mid-teens



MONEY TRANSFER

(14% of the base)

mid-teens



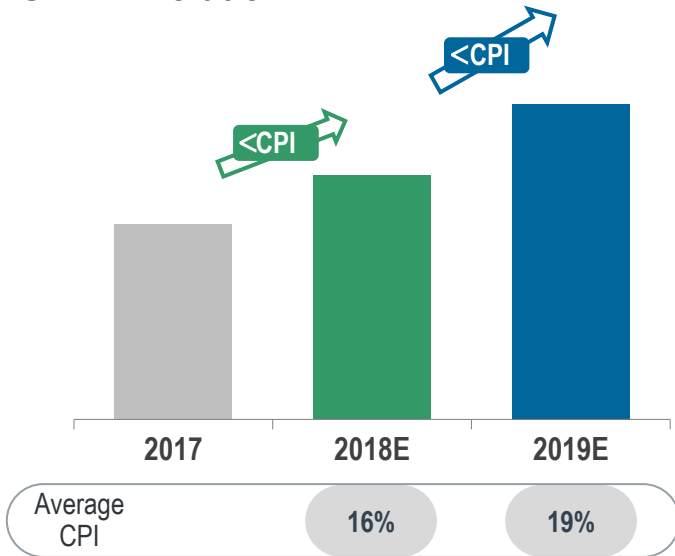
**CASH & NON-CASH
LOANS**

(14% of the base)

*flat-to-
slightly down*

DISCIPLINED OPEX GROWTH DESPITE HIGH INFLATIONARY ENVIRONMENT

OPEX Evolution



2019 OPEX includes:

- Amortization costs of Pendik IT Campus & New Branch Project
- Above inflation increase in HR costs

IN SUMMARY

	2019 Expectations
TL Loans (YoY)	~5%
FC Loans (in US\$, yoy)	(10%)
NPL Ratio	<7%
Net Cost of Risk	<300 bps
NIM Incl. Swap Cost Excl. CPI	Flat
Fee Growth (YoY)	Low-teens
OPEX Growth (YoY)	< CPI
ROAE	Low-teens

**Mid-term ROAE
target remains in high-teens**



THANK YOU



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