

Garanti BBVA's contribution to the Turkish economy will remain robust as we start the new century of the Republic

Türkiye Garanti Bankası A.Ş., announced its financial statements dated 30 September 2023. Based on the consolidated financials, the Bank's **net income** in the first 9 months of the year recorded as TL 57 billion 583 million 994 thousand. **Asset size** realized at TL 1 trillion 976 billion 326 million 993 thousand and the Bank's contribution to the economy through cash and non-cash **loans** was TL 1 trillion 445 billion 386 million 493 thousand. Actively managing the funding base, customer deposits continued to be the main funding source; 73% of assets are funded via deposits. Customer deposit base reached to TL 1 trillion 435 billion 159 million 433 thousand with 58% growth in the first 9 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 16.5%*. The Bank delivered an **ROAE** (Return on Average Equity) of 41.1%** and an **ROAA** (Return on Average Assets) of 4.5%**.

**Calculated without the forbearance introduced by BRSA*

*** In calculations of average return on assets and average return on capital, one-off items are not included in annualization of net profit.*

Commenting on the topic, Garanti BBVA CEO Recep Baştuğ said: "The third quarter of 2023 has been a period in which the tightening steps taken by the new economic administration were reflected in banks' balance sheets and the orthodox approaches in economic policies were positively received by all economic actors. Naturally, there's a process, and we are just at the beginning of it. As a bank, we are actively managing our balance sheet parallel to this process. In this quarter as well, the demand for loans came mostly in TL, while the foreign currency loan demand continued to remain muted. On TL loan side, due to the impact of the newly implemented economic policies, we saw a noticeable slowdown in both corporate and retail loan originations. As always, we followed a policy to meet the demands of all customer segments. We reaped the benefits of our sustained customer-driven growth strategy and achieved the best loan-to-deposit ratio in our history. We generated customer deposits that exceeds the volume of TL loans we extended."

"The common feature of the three quarters of this year was managing the balance sheet in a negative real interest rate environment. Although we saw a noticeable improvement in the third quarter, momentum fell short of turning back-book TL net interest margin to positive. Despite the pressure on the margin due to macro prudential measures, our dynamic structure and competent human resources allow us to respond to changes with agility. Our strong position in payment systems, our increasingly penetrated and growing customer base, and the decreasing provision needs due to the economic growth were factors that supported our financial performance. On the operational expenses side, in 2023, we adopted a cautious approach against the irrational sponsorship prices seen in the industry. In this way, we protected ourselves against the cost challenges the banking sector might face in the coming periods. The fundamental factor that distinguishes us from our peers in the financial results is that a significant portion of our revenues come from customers, and for this reason, they are sustainable." he said.

Recep Baştuğ emphasized that they have been utilizing opportunities offered by digitalization and said: "The effects of our long-standing investments in artificial intelligence and digitalization have started to become more visible both in process efficiency and in customer experience. We manage more than 100 of our processes more efficiently and effectively with robotic process automation. We have seen a noticeable increase in our transaction numbers, and only 2% of these transactions go through branches. With our strong risk infrastructure supported

by artificial intelligence, we have enriched our digital solutions also for our corporate & commercial customers by increasing our end-to-end digital loan products."

Baştuğ: "In line with our responsible banking principle, we have been working on combating the climate crisis and promoting inclusive growth for 17 years. Our contribution to the sustainable financing since 2018 has approached 100 billion TL. Last July, we started our financial literacy trainings under our 'Women Who Know Their Account' program. As a bank, we value the participation of every individual in social and economic life, and believe that the foundation of contemporary and strong societies is built on the principle of equal opportunity."

Regarding the 100th anniversary of our Republic, **Recep Baştuğ** continued his words as follows: "As a 77-year-old institution of our 100-year-old Republic, we will continue to be one of the key actors contributing to our country's economic development and continue to empower all our stakeholders, in the second century of our Republic, as well. Serving our Republic and our country is our utmost priority and duty as all Garanti BBVA employees."

Garanti BBVA's Selected Consolidated Financial Indicators (30 September 2023)

Selected Balance Sheet Items	Current Period 30.September.2023	Prior Period 31.Dec.2022	Change %Δ
Total Assets	1,976,326,993	1,303,578,483	51.6%
Loans*	1,089,677,092	761,104,244	43.2%
- Performing Loans	1,069,901,230	742,079,674	44.2%
- Non-Performing Loans	19,775,862	19,024,570	3.9%
Customer Deposits	1,435,159,433	906,910,251	58.2%
Shareholders' Equity	215,395,578	153,124,120	40.7%
<i>* Excludes Leasing and Factoring receivables</i>			
Selected P&L Items	Current Period 30.September.2023	Prior Period 30.September.2022	Change %Δ
Net Interest Income	60,098,063	57,948,604	3.7%
Operating Expenses	38,790,314	18,443,687	110.3%
- HR Cost	14,543,687	7,270,082	100.0%
- Other Operating Expenses	24,246,627	11,173,605	117.0%
Net Fees&Commissions	26,594,646	12,008,205	121.5%
Net Income	57,583,994	38,726,062	48.7%

Turkish presentation regarding BRSA consolidated financial results of Garanti BBVA as at June 30, 2023 can be retrieved from Garanti BBVA Investor Relations website at the address of www.garantibbvainvestorrelations.com.

Summary Financial Data on Operating Results of Accounting Period:

- Average return on assets is 4.5% .
- Average return on equity is 41.1% .
- Support provided to economy through performing cash and non-cash credits reached TL 1 trillion 445 billion 386 million 493 thousand.
- Market shares of total performing loans, TL loans and FX loans are respectively 10.2% , 10.5% and 9.7%.
- Since the beginning of the year, total customer deposits grew by 58.0% and market share reached 10.43% level.
- Share of customer demand deposits in total customer deposits reached 43%.
- Capital adequacy ratio is recorded as 16.5% *, above the required level of 12.2% .
- Non-performing loans ratio is recorded as 1.9%.

**Calculated without the forbearance introduced by BRSA*