

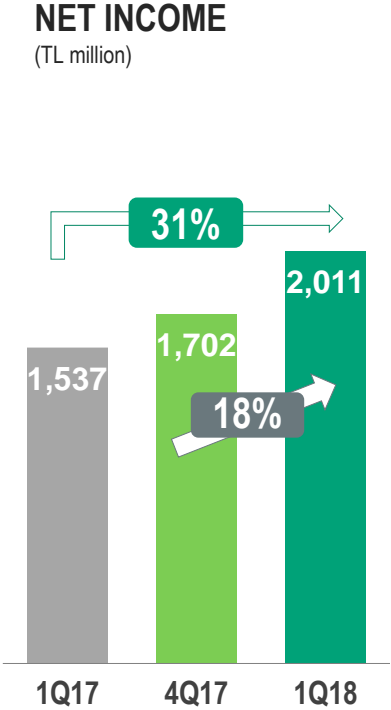


1Q18 EARNINGS PRESENTATION

Based on BRSA Consolidated Financials
April 26th 2018



ROBUST EARNINGS PERFORMANCE...



2.2% **ROAA**
vs. 1.9% in 2017

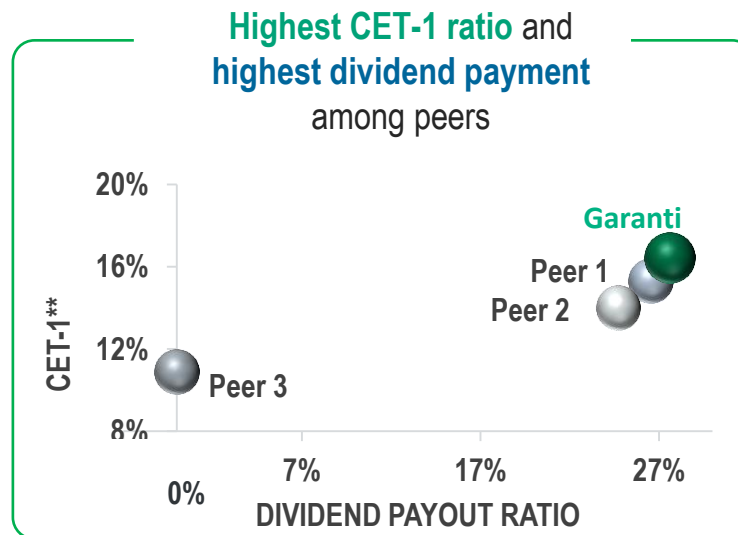
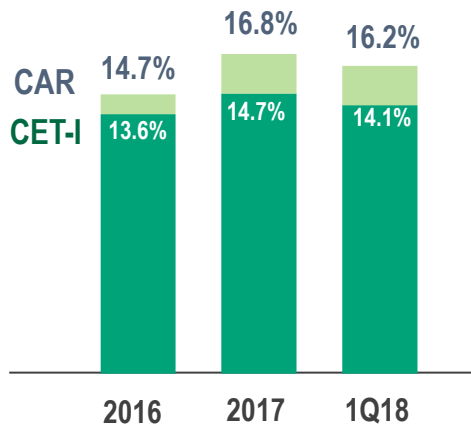
18.3% **ROAE**
vs. 16.6% in 2017

7.4x **Leverage**
vs. 7.6x in 2017

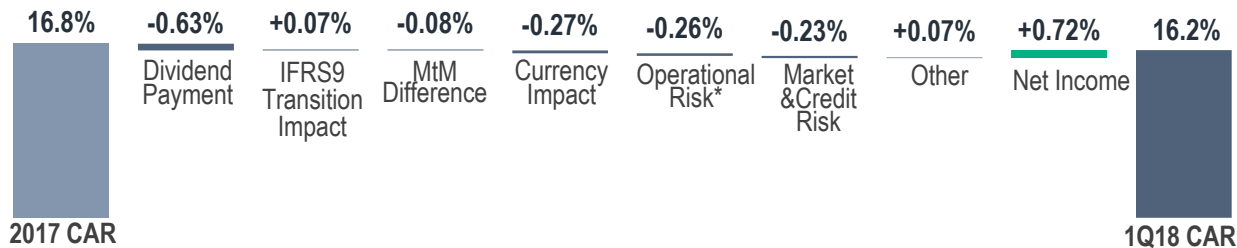
Note: In the calculation of average assets & average equity, 01.01.2018 restated balance sheet has been used instead of YE 2017

...FURTHER REINFORCING SOLVENCY

SOLVENCY RATIOS¹



Impacts on CAR -- 1Q18 vs. 2017



¹ Required CAR = 8.0% + SIFI Buffer for Group 3 (1.5%) + Capital Conservation Buffer (1.875%) + Counter Cyclical Buffer (0.089%)

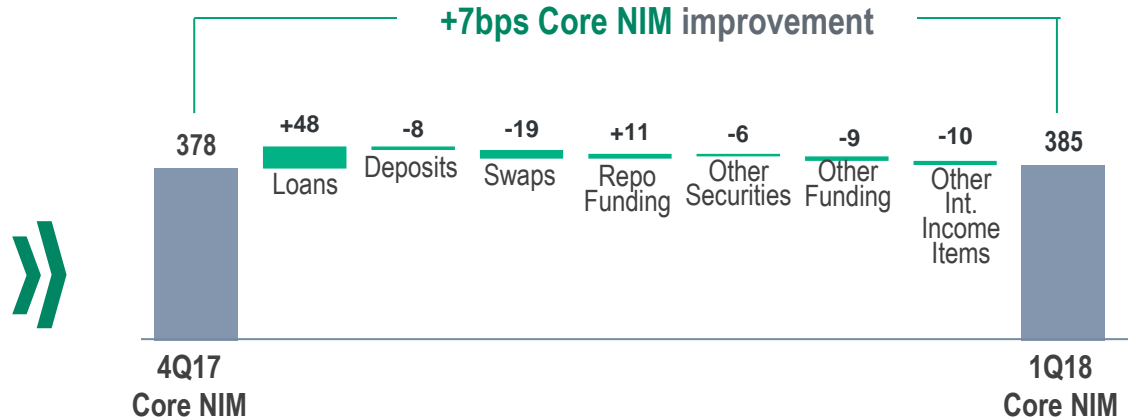
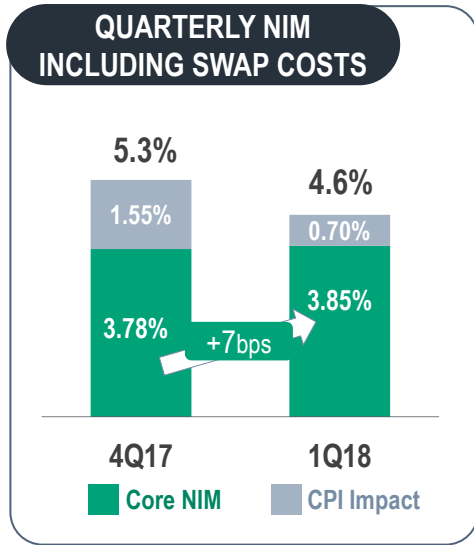
* Due to annual re-calculation of operational risk, which is calculated under Basic Indicator Approach

**Per 2017 YE BRSA bank-only financials for fair comparison. Note: Peers defined as top 3 private banks

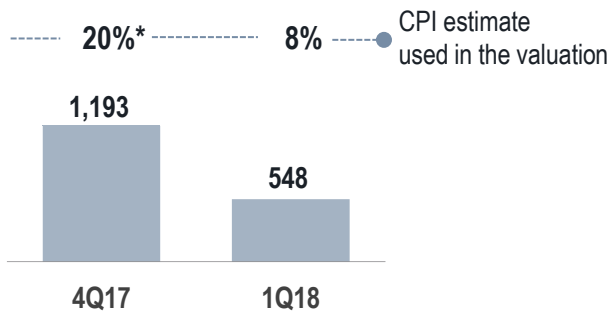
WHAT LIES BENEATH THE PERFORMANCE

- 1 **OUTSTANDING NIM MANAGEMENT**
- 2 **STRONG FEE GENERATION**
- 3 **CONTAINED OPEX GROWTH**
- 4 **PRUDENT PROVISIONING**

CORE NIM EXPANSION DRIVEN BY...



QUARTERLY CPI LINKERS' INCOME
(TL million)

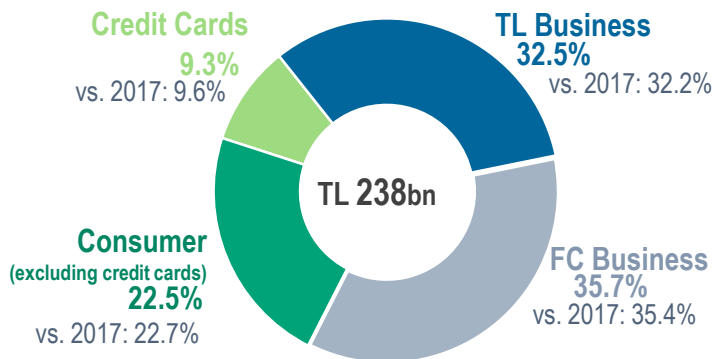


Impact of 1% higher CPI:
+TL175mn/yr to Net Income
~7bps impact on NIM

Note: In the calculation of average IEAs, 01.01.2018 restated balance sheet has been used instead of 2017YE.
*Adjustment in annual CPI reading in the last quarter from 9% to 11.9% implies 20% rate for 4Q-only.

...ACROSS THE BOARD GROWTH IN TL LOANS AND...

PERFORMING LOANS BREAKDOWN¹



TL LOAN GROWTH

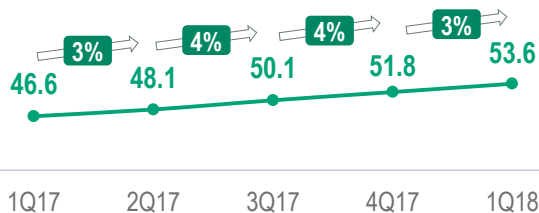
↑ 4% QoQ

FC LOAN GROWTH (in US\$)

↑ 1% QoQ

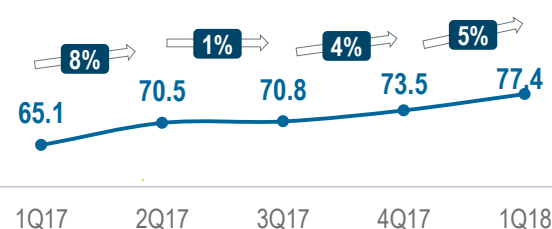
HEALTHY MARKET SHARE GAINS

Consumer Loans excluding Credit Cards (TL billion)



- Consumer GPLs were the front-runners (+5% QoQ)
- Rational pricing stance **preserved**

TL Business Banking Loans (TL billion)



- Supported with Business banking & CGF loans
- **Remaining TL50bn CGF limit allocation***
Garanti's limit: TL2.7 as of 1Q18 (TL2.4bn has been originated vs. TL1.5bn redemption)

¹ Excluding leasing and factoring receivables

Note: Business banking loans represent total loans excluding credit cards and consumer loans

*In 2017, Sector utilized TL200bn out of TL250bn CGF guarantee limit. In February, remaining TL50bn guarantee limit has been introduced. 1/3 of the sector's limit will be used for the export-based sectors, 1/3 for investment loans and 1/3 for other purposes including women entrepreneurs, agriculture and working capital needs

...WELL DIVERSIFIED FUNDING BASE HEAVY WITH LOW COST & STICKY DEPOSITS

DEPOSITS

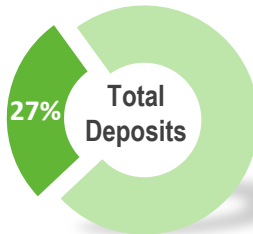
TL DEPOSITS GROWTH

↑ 4% QoQ

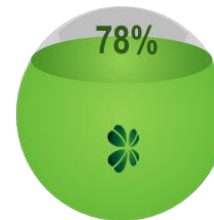
FC DEPOSITS GROWTH (in US\$)

↑ 2% QoQ

DEMAND
DEPOSITS
Bank-only 24%
vs. sector's 20%²



SME & RETAIL
DEPOSITS¹ share
in TL Deposits



SWAPS & REPO

SUCCESSFUL DUAL CURRENCY BALANCE SHEET MANAGEMENT

NET SWAP FUNDING¹

TL 23bn
1Q18 avg. @11.1%

TL 17bn
4Q17 avg. @10.7%

TL REPO FUNDING¹

TL 8bn
1Q18 avg. @12.6%

TL 11bn
4Q17 avg. @11.9%

BORROWINGS

- In 1Q18, \$125mn fresh MTN issuance with 1-yr maturity
- Total issuance in 2017 \$5.9bn of which ~\$2 bn fresh

YTD 106bps
improvement in LDR

112%

LDR
(1Q18)

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

81%

Adj. LDR*
(1Q18)

¹ Based on bank-only MIS data

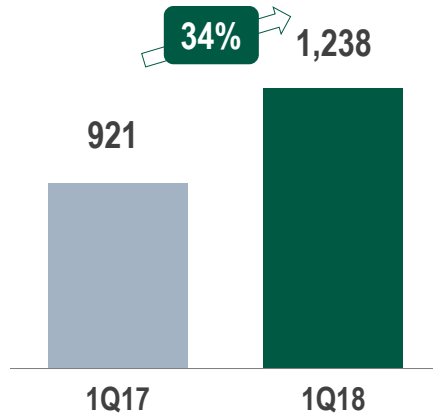
² Based on BRSA weekly data as of 30 March 2018, commercial banks only.

*Please see Appendix page 19 for details

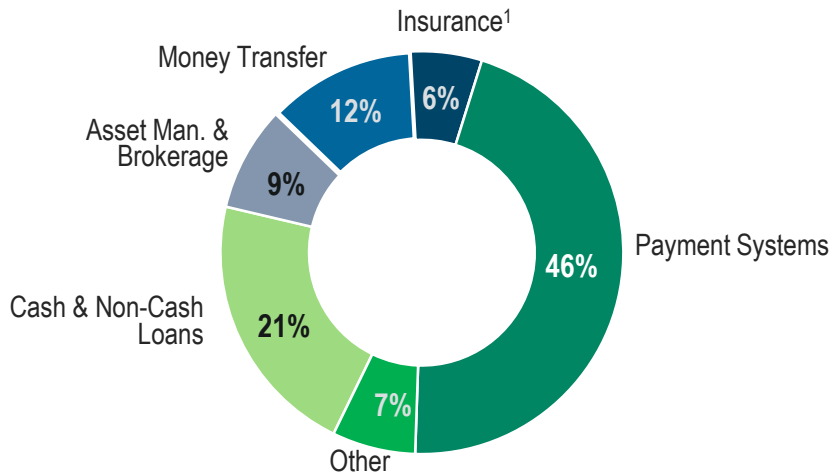
STELLAR FEE GROWTH BACKED BY DIVERSIFIED FEE SOURCES...

NET FEES & COMMISSIONS

(TL million)



NET FEES & COMMISSIONS BREAKDOWN



¹ Insurance fee includes Private Pension & Life insurance fee income whereas it is accounted for under «other income» in consolidated financials

► Payment systems

Leading position in issuing & acquiring businesses
Strong merchant network & actively managed relations

► Money transfer

Leader in interbank money transfer: 14% market share
Leader in swift transactions: 17% market share

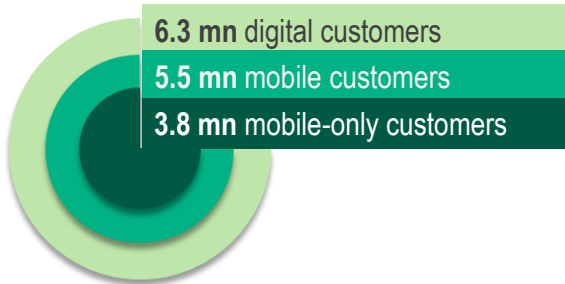
► Insurance

Leader in number of pension participants
Focus on digital-only products

► Strong economic activity & growth in the quarter supported **brokerage, cash & non-cash loan fees**

...AND FURTHER DIGITALIZED PROCESSES

LEADING POSITION IN DIGITAL BANKING



- ▶ Active digital customers **27% YoY**
- ▶ Active mobile customers **36% YoY**

95% OF GARANTI'S NON-CASH FINANCIAL TRANSACTIONS GO THROUGH DIGITAL CHANNELS

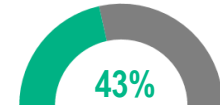


GARANTI'S
MARKET SHARE IN INTERNET
& MOBILE BANKING
TRANSACTIONS

EFFECTIVE DIGITAL CHANNEL UTILIZATION



SHARE OF DIGITAL SALES
IN TOTAL SALES



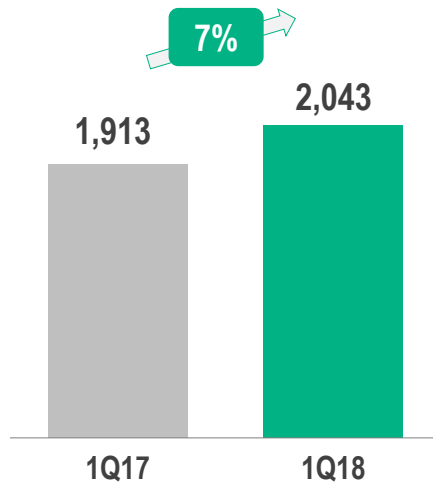
DIGITAL CHANNELS'
SHARE IN NON-CREDIT
LINKED FEES

Active customer is defined as minimum one log-in in the last 3 months.
Definition of digital sales: Sales to customers that get in touch with digital at least once at any point throughout the process

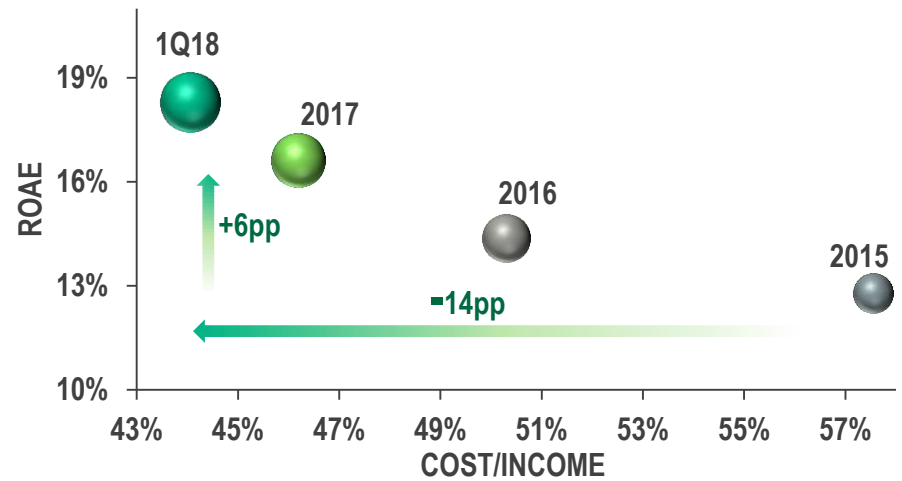
COMMITTED TO IMPROVE EFFICIENCY & OPERATIONAL EXCELLENCE

OPERATING EXPENSES

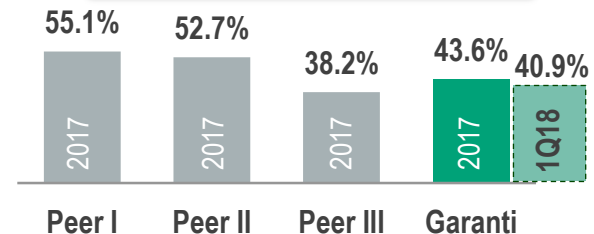
(TL Million)



INCREASING EFFICIENCY



C/I Ratio vs. Private Peers*



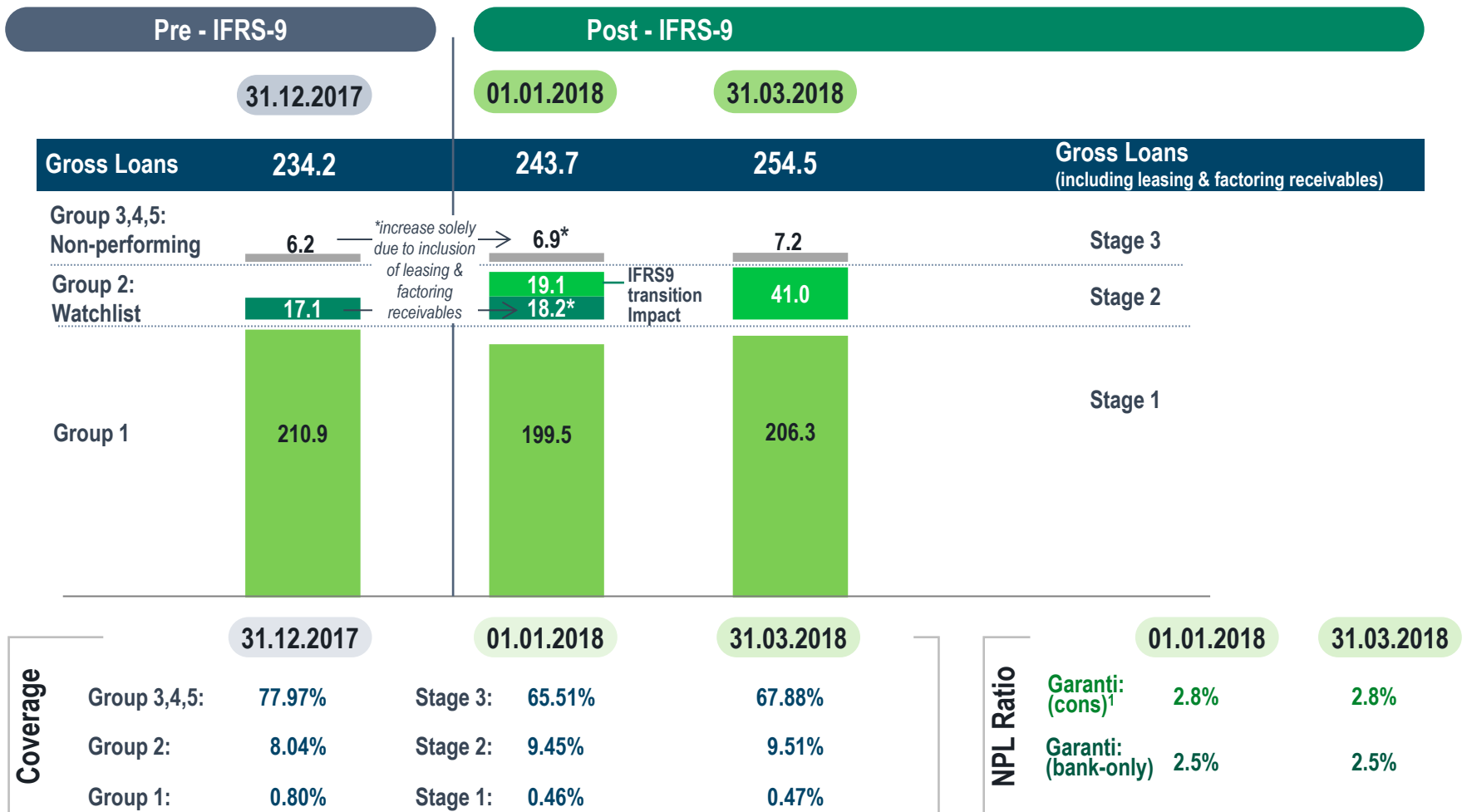
Note: In the Cost/Income calculation, Income defined as NII + Net F&C + Trading gains/losses – Provision for loans – Free Provisions set aside during the year + Other income + Dividend Income

*Bank-only figures used for fair comparison with peers

PRUDENTLY DEFINED IFRS 9 CRITERIA

LOAN PORTFOLIO BREAKDOWN

(Billion TL)



1 For 2018, Consolidated Loans Portfolio, Coverage ratio and NPL ratio include Leasing and Factoring Receivables

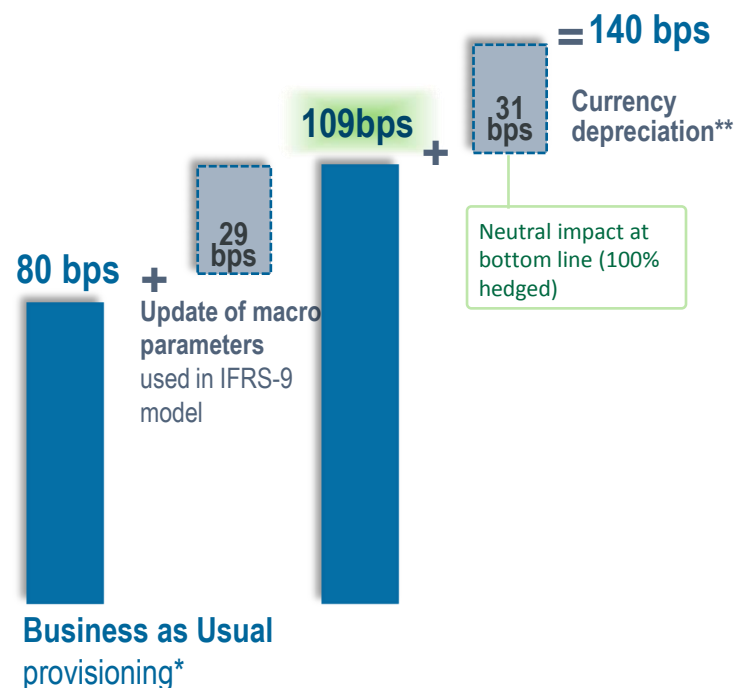
BUSINESS AS USUAL PROVISIONING FARES LOW. NET CoR PRESSURED WITH MACRO PARAMETER REVISION & CURRENCY DEPRECIATION

Net Expected Credit Loss

(Million TL, 1Q18)

(-) Expected Credit Losses	1,783
Stage 1	438
Stage 2	794
Stage 3	551
(+) Provision Reversals under other income	972
Stage 1 & 2	743
Stage 3	229
(=) Net Expected Credit Losses	811
(a) Annualized Net Expected Credit Losses	3,289
(b) Average Total Loans	235,519
Total Net CoR (a/b)	140 bps

NET CoR



* Including provisioning for a big-ticket file, classified under Stage-2.

Impact on Net CoR was 32bps in 1Q18

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

Note: In the calculation of average total loans, 01.01.2018 restated balance sheet has been used instead of YE 2017.

IN SUMMARY

Contribution to ROAA			Contribution to ROAE	
+	4.0%	NII INCLUDING SWAP COST	33.8%	+
+	1.4%	NET FEES & COMMISSIONS	11.8%	+
-	-2.3%	OPEX	-19.5%	-
-	-0.9%	NET EXPECTED CREDIT LOSS	-7.7%	-
+	0.0%	OTHERS*	0.0%	+

ROAA
2.2%

ROAE
18.3%

*Net trading & FX gains, other income (excluding provision reversals), other provisions and taxation are included in «Others» line
 Note: In the calculation of average assets & average equity, 01.01.2018 restated balance sheet has been used instead of YE 2017

APPENDIX

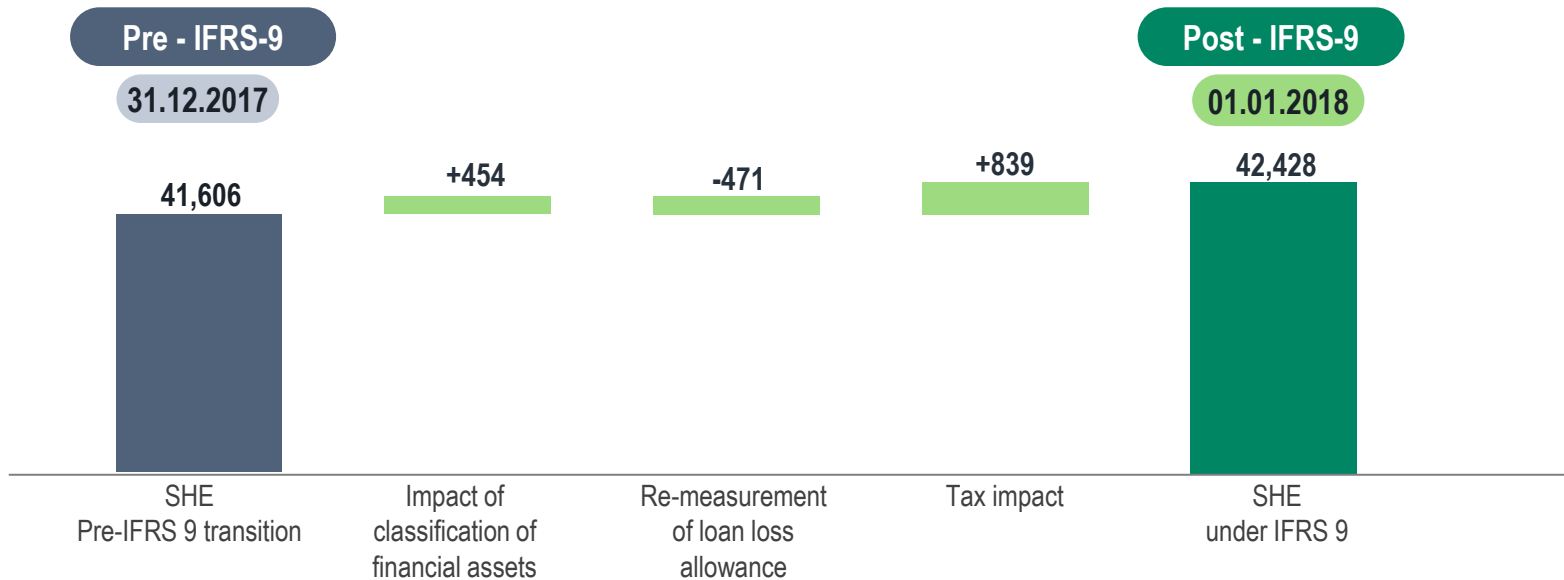
Pg. 15	Disclaimer on new IFRS 9 standard
Pg. 16	Composition of Assets & Liabilities
Pg. 17	Securities Portfolio
Pg. 18	Retail Loans
Pg. 19	Long-term Wholesale Funding
Pg. 20	Adjusted L/D and Liquidity Coverage Ratios
Pg. 21	Summary P&L
Pg. 22	Key Financial Ratios

DISCLAIMER ON NEW IFRS 9 STANDARD

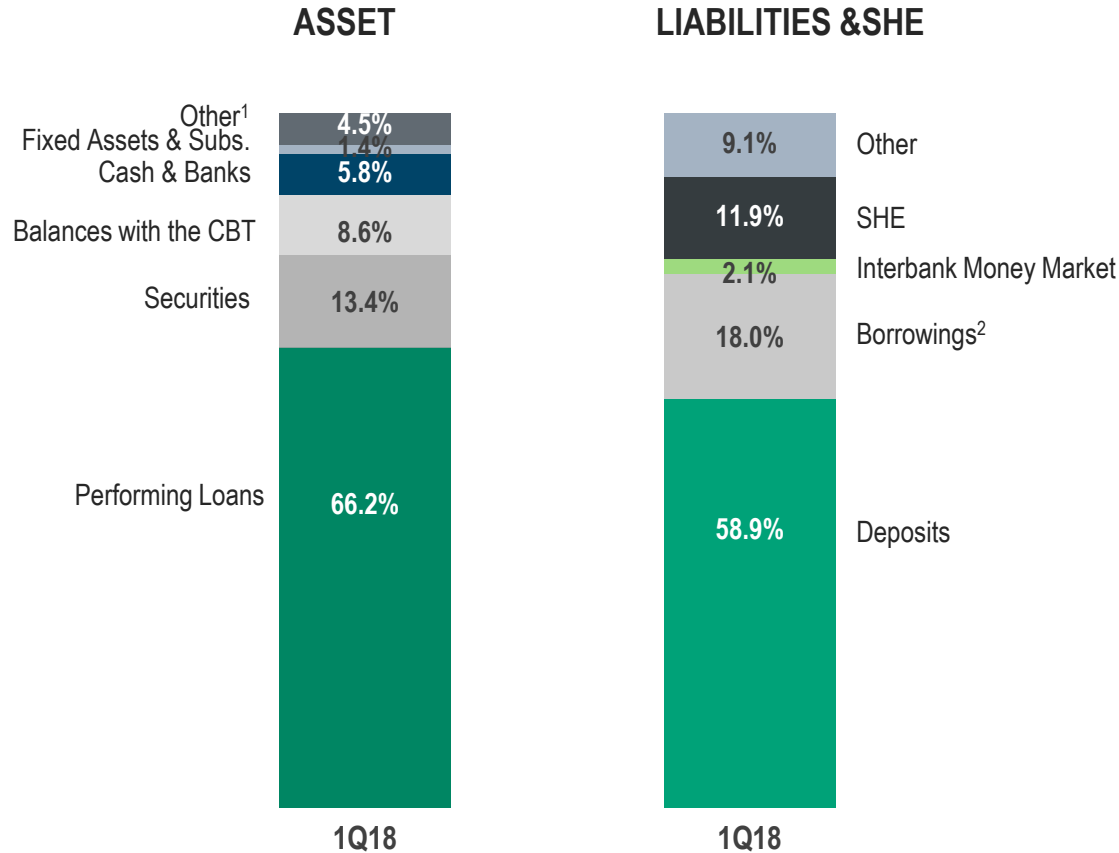
The Bank has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Total difference arising from the adoption of IFRS 9 has been recognized directly in in prior periods' profit/loss as of 1 January 2018 in the current period «statement of changes in shareholders' equity». In this context, the accompanying financial statements are not on a comparable basis. The transition impact on the financial statements regarding first time adoption of IFRS 9 as of 1 January 2018 is presented in 31.03.2018 dated financial statements in Note 3.29.

Impact of IFRS-9 Transition on Shareholders' Equity (SHE)

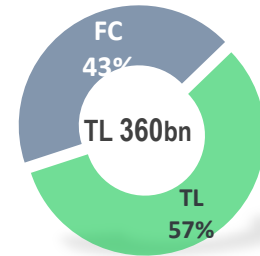
(Million TL)



APPENDIX: COMPOSITION OF ASSETS & LIABILITIES

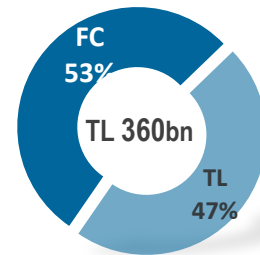


TL/FC MIX IN ASSETS



USD/TRY 3.945

TL/FC MIX IN LIABILITIES & SHE



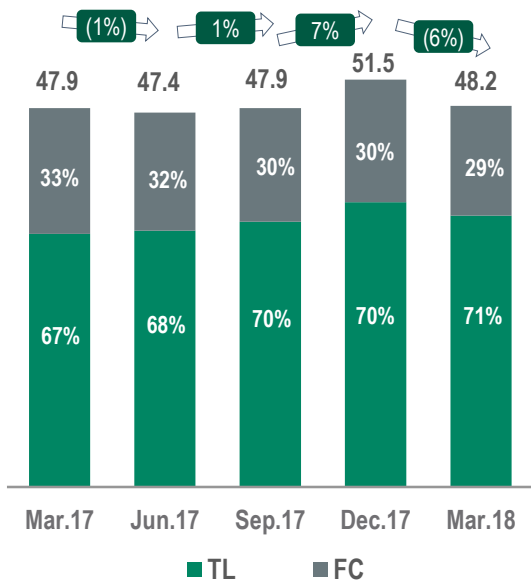
USD/TRY 3.945

1 Includes Leasing and Factoring receivables
2 Includes funds borrowed, sub-debt & securities issued

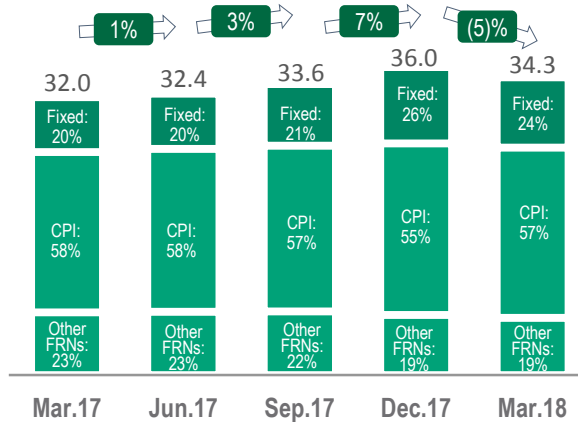
APPENDIX: SECURITIES PORTFOLIO

Total Securities (TL billion)

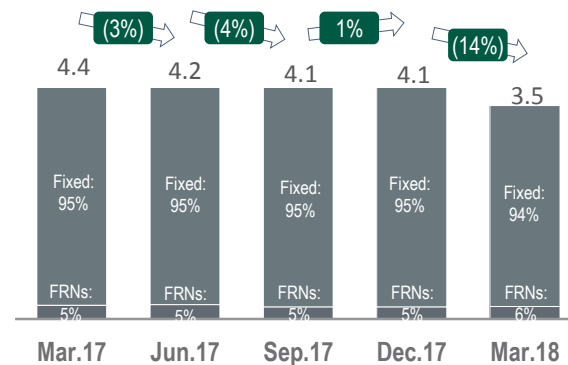
13% of Total Assets



TL Securities (TL billion)



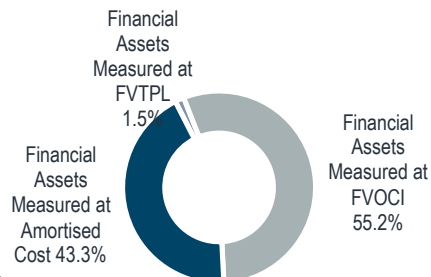
FC Securities (US\$ billion)



Maintained
FRN heavy portfolio



Securities Composition



Unrealized MtM loss (pre-tax)

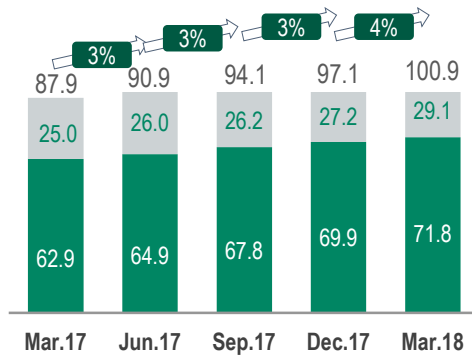
~TL 258mn loss as of Mar'18 vs.
~TL 443mn loss as of Dec'17 vs.
~TL 266mn loss as of Sep'17
~TL 83mn loss as of Jun'17
~TL 154mn loss as of Mar'17

APPENDIX: RETAIL LOANS

RETAIL LOANS

(TL billion)

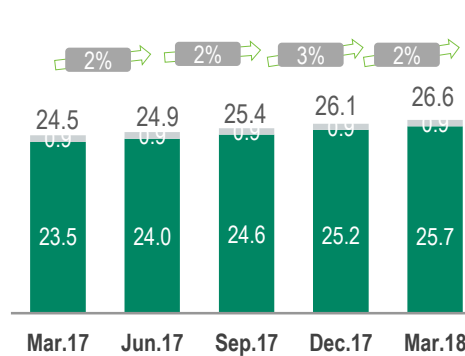
+15%
YoY



MORTGAGE LOANS

(TL billion)

+9%
YoY



Market Shares*

	Mar'17	QoQ	Rank
Consumer Loans	22.2%	+25bps	#1
Cons. Mortgage	24.9%	+34bps	#1
Cons. Auto	46.5%	+169bps	#1
Consumer GPLs	18.8%	+58bps	#2

* Among private banks, rankings as of December17

Pioneer in cards business

of CC
customers

14.9%²

Issuing
Volume

19.3%²

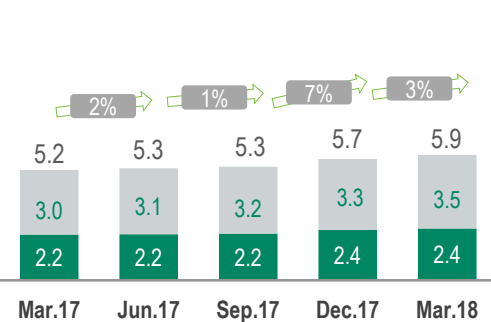
Acquiring
Volume

19.1%²

AUTO LOANS

(TL billion)

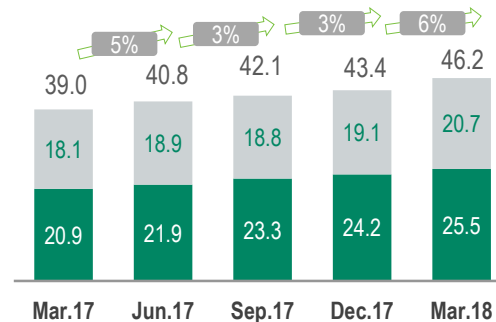
+14%
YoY



GENERAL PURPOSE LOANS¹

(TL billion)

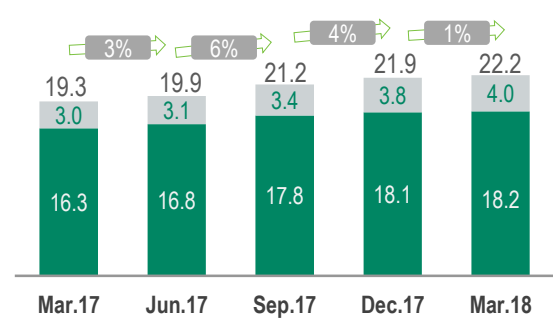
+18%
YoY



CREDIT CARD BALANCES

(TL billion)

+15%
YoY



■ Consumer Loans ■ Commercial Instalment Loans

1 Including other loans and overdrafts

2 Cumulative figures as of March 2018, as per Interbank Card Center data.

Note: (i) Sector figures used in market share calculations are based on bank-only BRSA weekly data as of 30.03.2018

*Bank-only figures used in market share for fair comparison

APPENDIX: LONG-TERM WHOLESALE FUNDING

Total issuance in 2017 \$5.9 bn; of which, \$2.2 bn fresh (new liquidity raised).
In 1Q18, \$125mn fresh MTN issuance

Basel III compliant Tier II	<ul style="list-style-type: none">\$ 750mn, 10NC5Record subscription >\$4bn6.125%, largest deal size and lowest coupon for Turkish Tier 2 Basel III compliant bond (2Q17)	
Senior Unsecured	<ul style="list-style-type: none">\$ 500mn, 6-yrs maturity @5.875% (1Q17)	
Covered Bond	<ul style="list-style-type: none">TL 1,681 mn in 2017, 5-yrs avg. maturity	
100% syndication roll-over	<ul style="list-style-type: none">\$ 468mn @Libor+1.45% (2Q17)€ 805.5mn @ Euribor+1.35% (2Q17)\$ 1.3bn equivalent: 100% rollover (4Q17)	<ul style="list-style-type: none">\$ 405mn @ Libor+1.35%€ 648.5mn @ Euribor+1.25%\$ 180mn @ Libor+2.20%
DPR Securitization	<ul style="list-style-type: none">\$ 725mn in 2017, 5-yrs maturity	
Bilateral	<ul style="list-style-type: none">\$ 475mn in 2017, 3-yrs avg. maturity	
GMTN Program	<ul style="list-style-type: none">\$ 48mn in 2017, 1-yr maturity\$ 125mn in 1Q18, 1-yr maturity	

Note: Bank-only

APPENDIX: ADJUSTED L/D AND LIQUIDITY COVERAGE RATIOS

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

Total
Loans /
Deposits:

114%



Adjusted
L/D

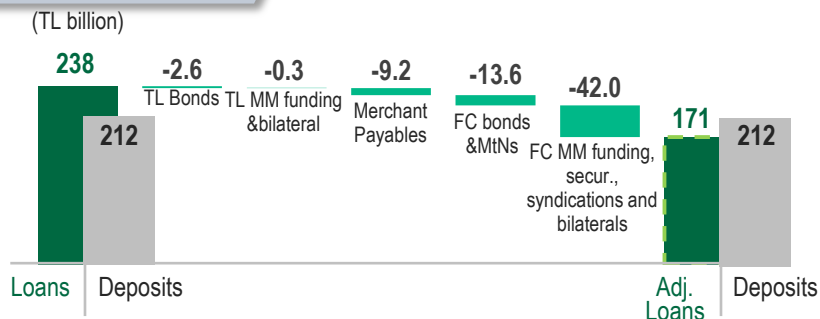


TL Loans /
TL Deposits:

163%

FC Loans /
FC Deposits:

74%



Liquidity Coverage Ratios (LCR) are **well above minimum required levels**

Total LCR	158.5%
<i>Minimum Req. for 2018</i>	90%
FC LCR	178.1%
<i>Minimum Req. for 2018</i>	70%

APPENDIX: SUMMARY P&L

<i>TL Million</i>	3M 18
(+) Net Interest Income including Swap costs	3,543
(+) <i>NII excluding CPI linkers' income</i>	3,563
(+) <i>Income on CPI linkers</i>	548
(-) <i>Swap Cost</i>	-568
(+) Net Fees & Comm.	1,238
(-) Net Expected Credit Loss	-811
(-) <i>Expected Credit Loss</i>	-1,783
(+) <i>Provision Reversal under other Income</i>	972
(-) OPEX	-2,043
(-) <i>HR</i>	-814
(-) <i>Non-HR</i>	-1,228
= CORE OPERATING INCOME	1,928
(+) Net Trading & FX gains/losses	285
(+) Dividend Income	1
(+) Other income	380
(+) <i>Gains from asset sale</i>	126
(+) <i>Garanti Pension - Insurance Premiums</i>	197
(+) <i>Other</i>	57
(-) Taxation and other provisions	-583
(-) <i>Other Provision</i>	-20
(-) <i>Taxation</i>	-563
= NET INCOME	2,011

APPENDIX: KEY FINANCIAL RATIOS

Mar-18

Profitability ratios

ROAE (Cumulative) ¹	18.3%
ROAA (Cumulative) ¹	2.2%
Cost/Income	44.0%
Quarterly NIM incl. Swap costs	4.6%

Liquidity ratios

Loans / Deposits	112%
TL Loans / TL Deposits	163%
Adj. Loans/Deposits (Loans adj. with on-balance sheet alternative funding sources)	81%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	136%
FC Loans / FC Deposits	74%

Asset quality ratios

NPL Ratio	2.8%
Coverage Ratio	
+Stage 1	0.5%
+Stage 2	9.5%
+Stage 3	67.9%
Net Cost of Risk (bps)	140

Solvency ratios

CAR	16.2%
Common Equity Tier I Ratio	14.1%
Leverage	7.4x

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).

Note: In the calculation of average assets, average IEAs & average equity, 01.01.2018 restated balance sheet has been used

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