



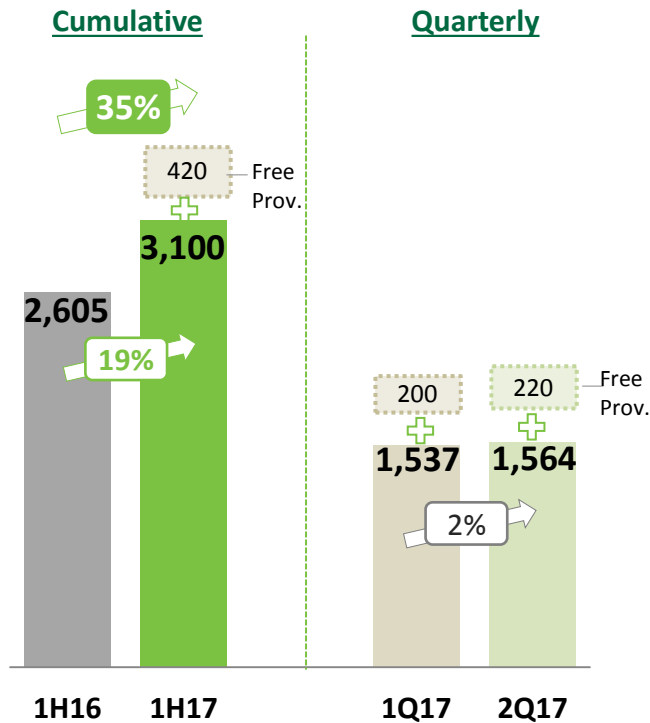
1H17

Earnings Presentation

BRSA Consolidated Financials
30 June 2017

ANOTHER SET OF EXCELLENT RESULTS...

Net Income (TL million)

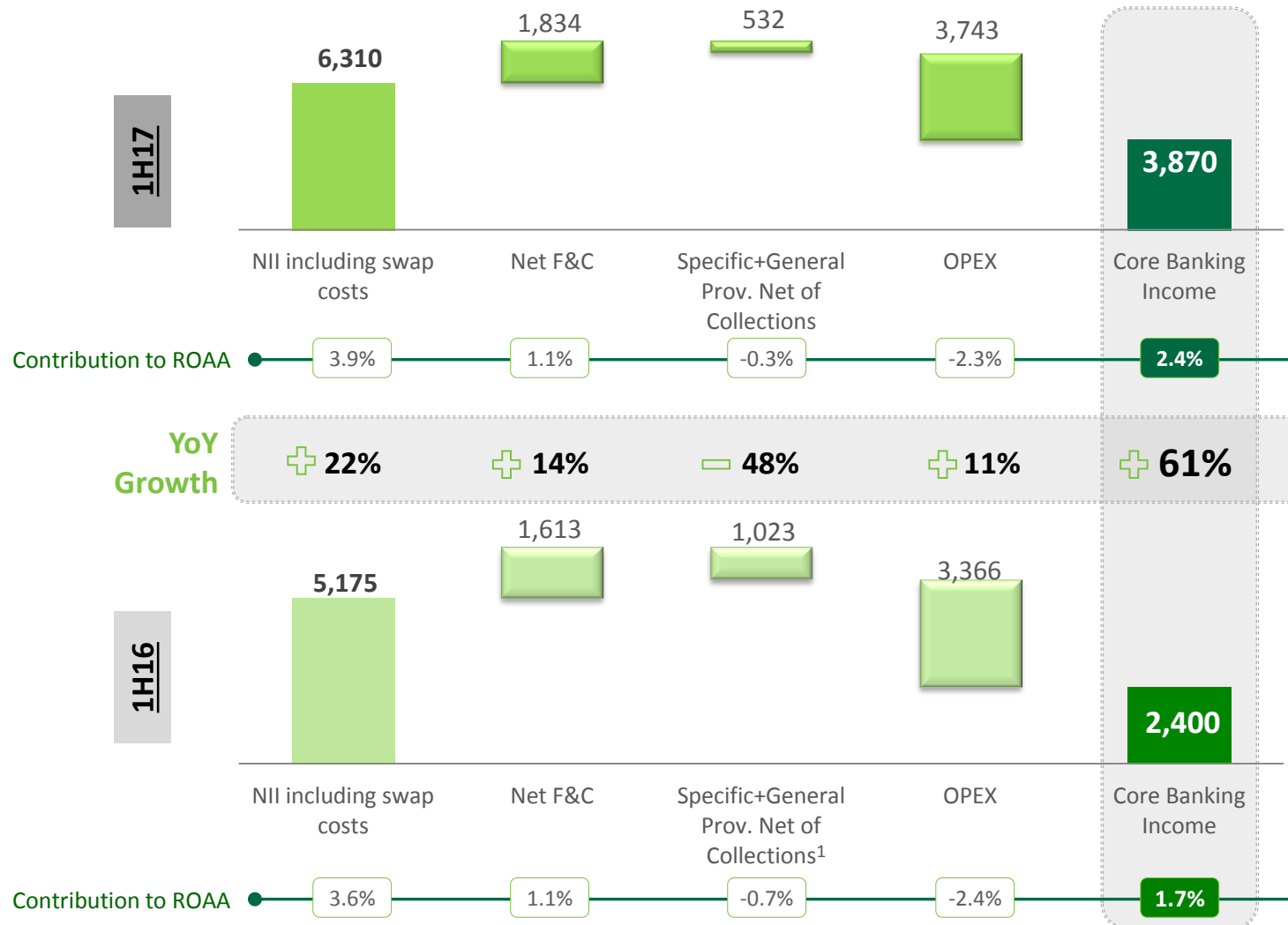


Total Free Provisions reached:
TL 720mn

Inflation expectation revised to **9%** from 7% in May

● Impact of **1% higher CPI** on net income:
+TL150mn/year

...WITH INCREASING CONTRIBUTION FROM CORE BANKING INCOME



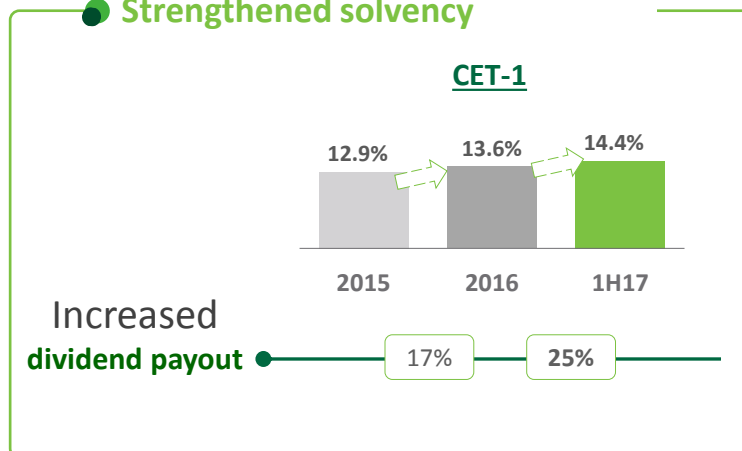
1 Including TL 130mn free provision reversal assigned to shipping file

HIGH QUALITY EARNINGS ASSURE SUSTAINABLE PERFORMANCE

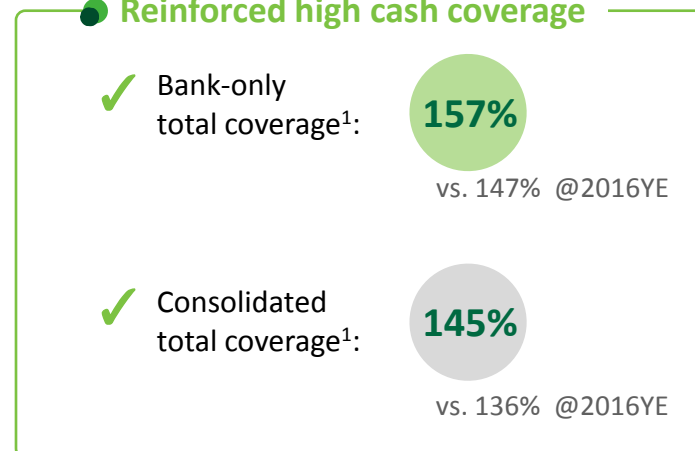
● Outstanding profitability ratios*



● Strengthened solvency



● Reinforced high cash coverage

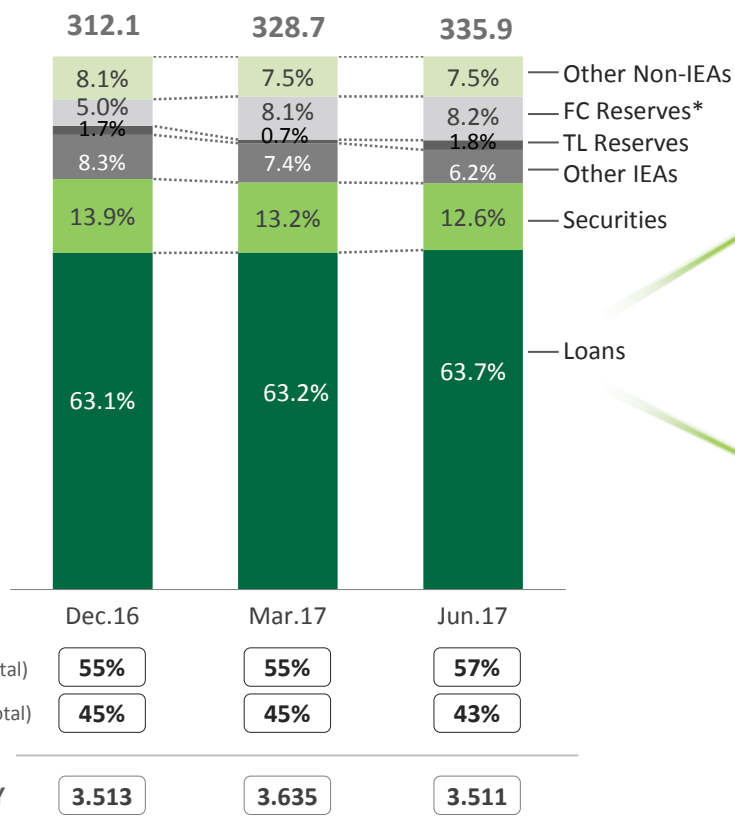


¹ Total coverage ratio defined as (Specific+General+Free prov.)/ NPL

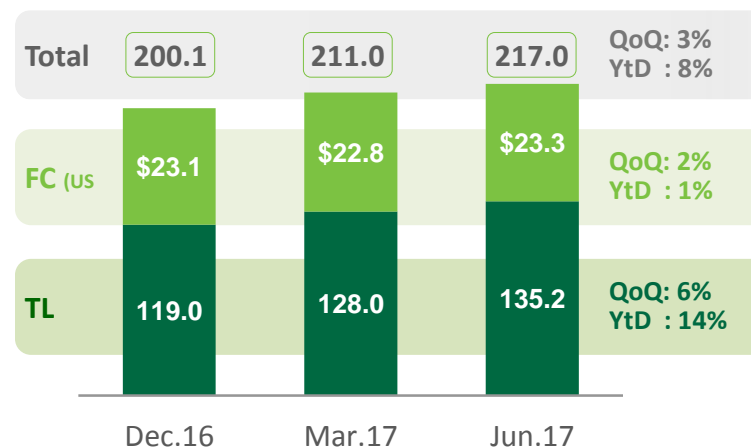
* Excludes non-recurring items when annualizing Net Income for the remaining quarters of the year in calculating Return On Average Equity (ROAE) and Return On Average Assets (ROAA) for 1H17.

CUSTOMER-DRIVEN ASSET MIX

Composition of Assets¹



Performing Cash Loans¹ (TL, US\$ billion)

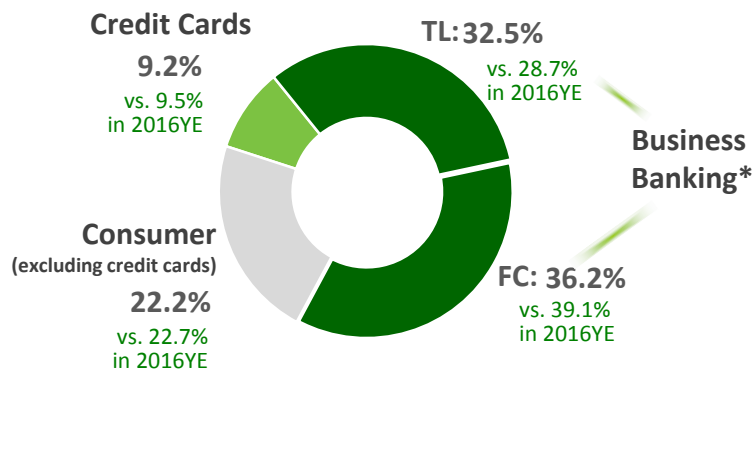


¹ Accrued interest on B/S items are shown in non-IEAs

* CBRT started remunerating TL reserves in 1Q15 & FC reserves in 2Q15. However, the rate introduced on FC reserves is quite symbolic, generating non-material income as opposed to its large share in the asset mix. Therefore, FC reserves considered as non-IEAs

LENDING GROWTH CONTINUED TO BE TL-DRIVEN WITH PRESERVED RATIONAL PRICING STANCE

Total Loans¹ Breakdown



Consumer Loans (excl. CCs)

+Consumer Mortgage

+Consumer GPL

Credit Card Receivables

TL Business Banking

FC Business Banking

2Q Growth		YtD Growth	
Garanti ²	Sector	Garanti ²	Sector
2.8%	4.4%	5.4%	8.8%
1.6%	4.6%	4.4%	10.3%
4.4%	4.4%	7.4%	8.0%
3.2%	2.1%	4.7%	3.5%
8.9%	9.8%	23.7%	21.0%
0.7%	2.3%	-1.6%	1.5%

Credit Guarantee Fund (CGF) supported TL loan growth in 1H17

The first bank to actively utilize this program with its agile sales team and quick system integration

Total loan origination via CGF **reached TL 15 billion** as of June-end (vs. total limit allocation of TL 16.5 billion)

¹ Performing cash loans

² BRSA unconsolidated financials are shown in the table for fair comparison with the sector.

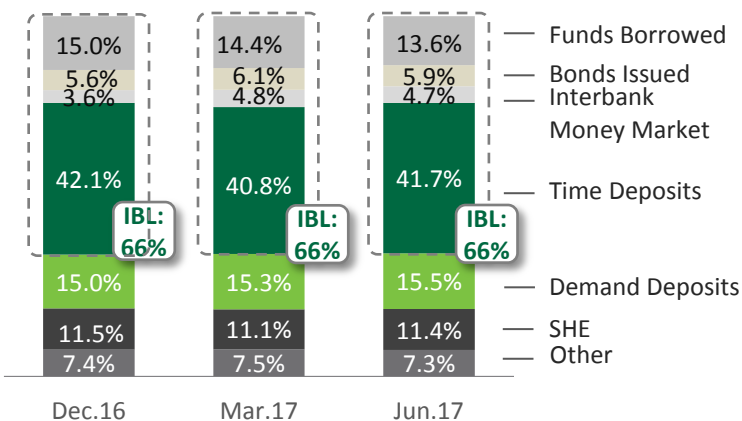
* Business banking loans represent total loans excluding credit cards and consumer loans

Note: Sector figures based on BRSA weekly bank-only data for commercial banks only, as of 30.06.2017.

COMFORTABLE LIQUIDITY

Well-diversified funding mix

Composition of Liabilities



Opportunistic utilization of alternative funding

Basel III compliant Tier II

- \$ 750mn
- 10 years maturity
- Record subscription >\$4bn
- 6.125%, lowest ever cost in Turkish market**

Covered Bond

- \$ 150mn equivalent TL 540mn
- "Green Mortgage"**

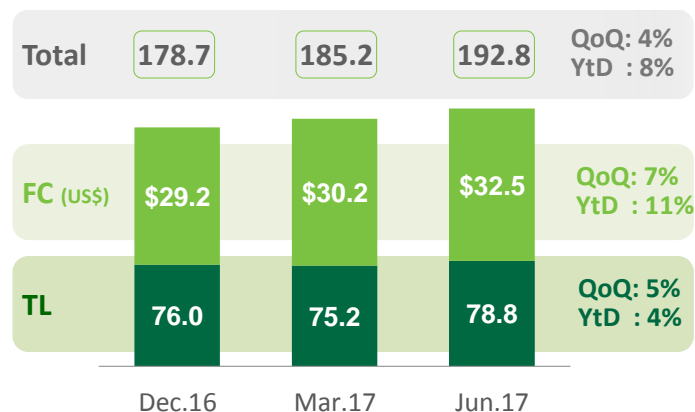
100% rolled-over syndication

- \$ 468mn @ Libor+1.45%
- € 805.5mn @ Euribor+1.35%

Swap for margin optimization

- Net swap funding volume, on average: TL23bn in 2Q17 @10.4% vs. TL13bn in 1Q17 @9.5%

Total Deposits (TL, US\$ billion)



Growth in low cost & sticky mass deposits

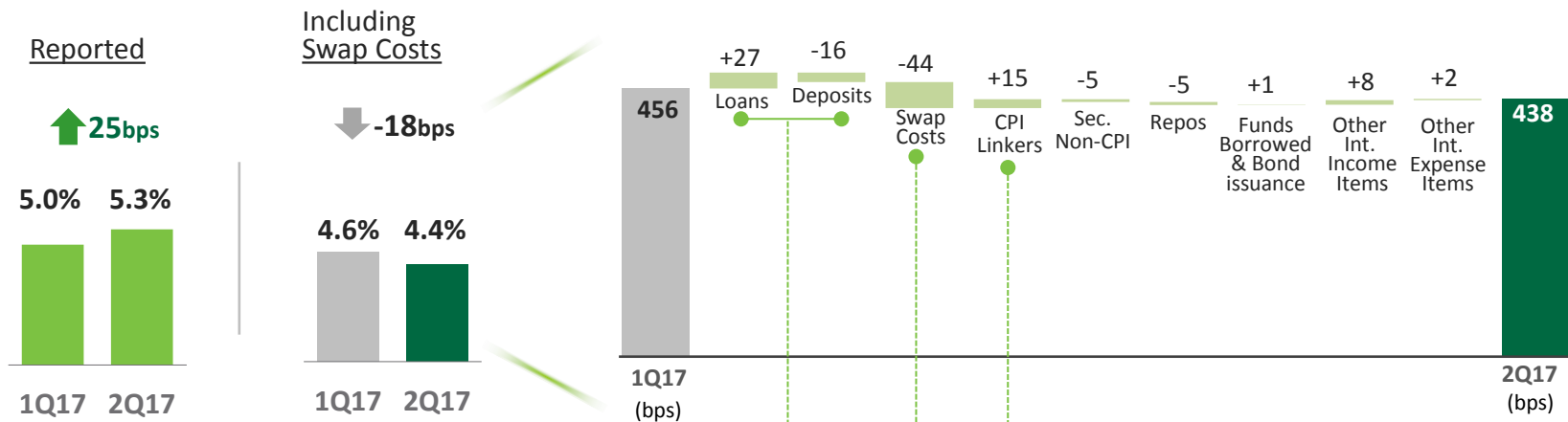
High share of **SME & Retail deposits'** in TL Deposits **~80%¹**

Demand Deposits' share in Total Deposits **27%**

¹ Based on bank-only MIS data.

WELL-DEFENDED NIM IN AN INCREASED RATE ENVIRONMENT

Quarterly NIM



Flattish Total LtD spreads:

Strategically shaped deposit mix

Timely loan repricing

Higher swap utilization for margin optimization

Swap loss: TL 629mn in 2Q

TL 304mn in 1Q

CPI assumption in linkers' evaluation revised from 7% to 9% in May

Gross impact in 2017¹: TL 375mn

Impact on NIM: +13bps

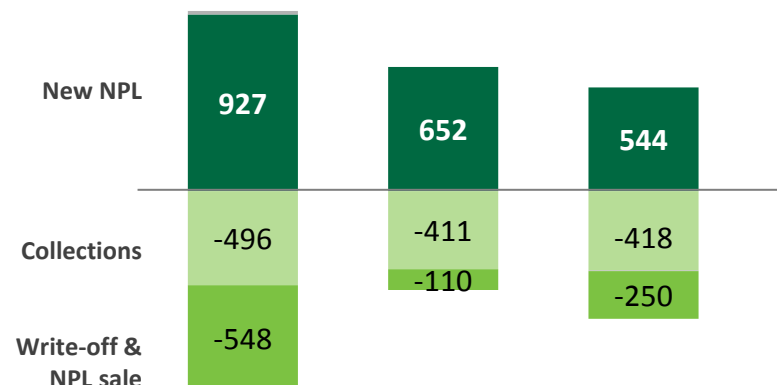
Impact on 2Q NII: TL 95mn

¹ Gross impact of TL 375 million is to be reflected in equal instalments for the remaining 8 months of the year starting in May.

DECELERATING NET NEW NPL INFLOWS; YET, FURTHER STRENGTHENED COVERAGE RATIO

NPL Evolution

(TL million)



NPL Ratio	4Q16	1Q17	2Q17
Garanti	3.0%	2.9%	2.7%
Sector ¹	3.3%	3.3%	3.2%

Total Coverage

Specific + General Provisions		including Free Provisions	
Consolidated	Bank-only	Consolidated	Bank-only
133%	143%	145%	157%
vs. 2016	vs. 2016	vs. 2016	vs. 2016
131%	141%	136%	147%

Share of
Group II in
Performing Loans

5.1%

Per differentiated
and prudent approach

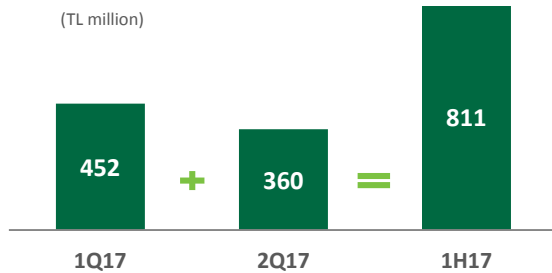
¹ Sector figures are per BRSA bank-only weekly data, commercial banks only.

Note: In 2Q17 TL 250 million NPL portfolio receivables sold for TL 18 million, in 1Q17 TL 196 million NPL portfolio receivables sold for TL 26 million, in 4Q16 TL 524 million NPL portfolio receivables sold for TL 18 million.

PROVISIONING FARING BETTER THAN EXPECTED

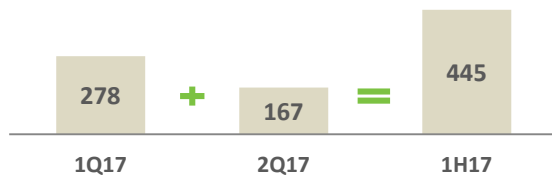
Specific Provisions

(TL million)



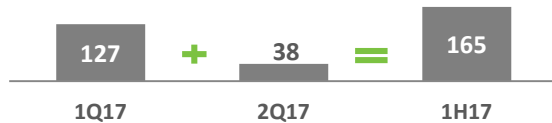
Collections in Other Income

(TL million)



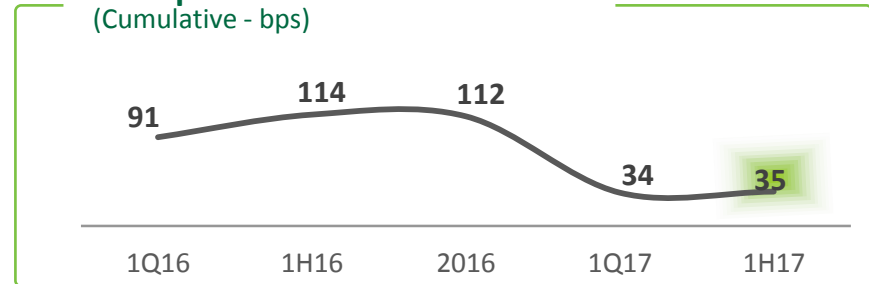
General Provision

(TL million)



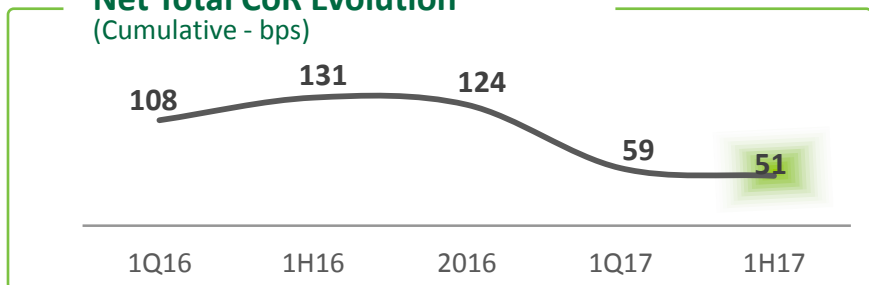
Net Specific CoR Evolution

(Cumulative - bps)



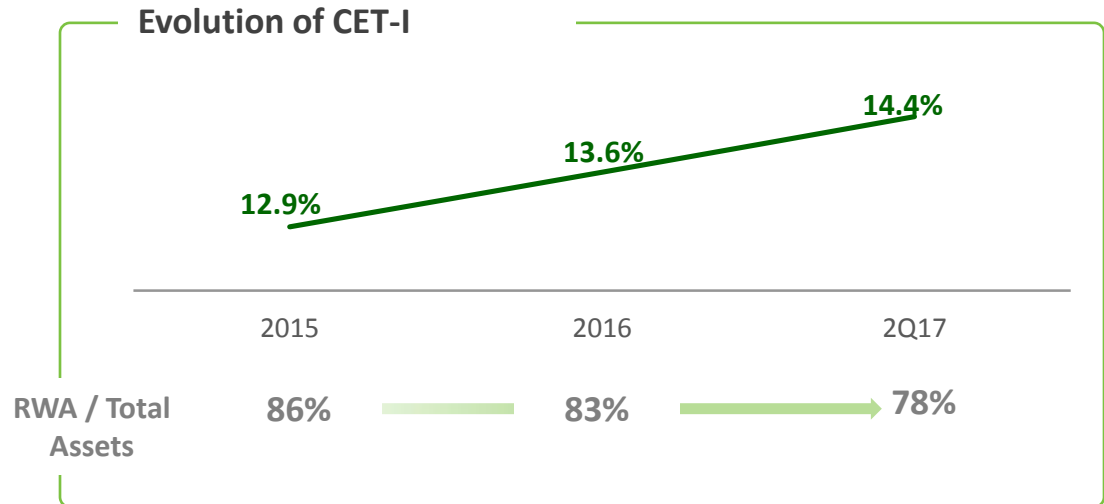
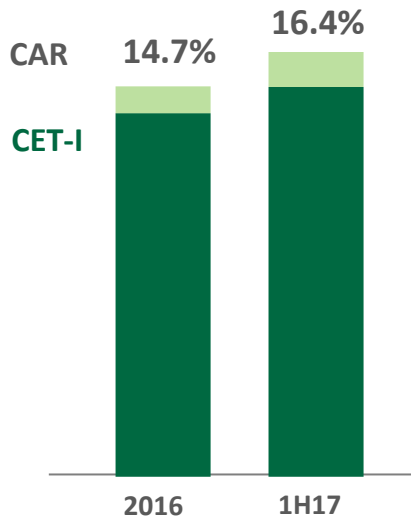
Net Total CoR Evolution

(Cumulative - bps)



SUSTAINED IMPROVEMENT IN SOLVENCY RATIOS

Capital Adequacy Ratios



Dividend Payment: **-48 bps** YtD
 Regulation Impact¹: **+21bps** YtD
 Tier II issuance: **+102 bps** YtD
 MtM Difference: **+19 bps** YtD

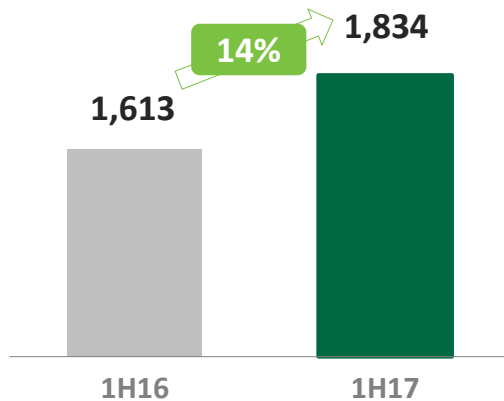
**CET-1 capital
 share in total:
 87%**

¹ Increasing risk weightings on FC denominated sovereign eurobonds and Turkish banks' FC receivables from 50% to 100% following rating downgrade by Fitch and decreasing RW on FC reserves from 50% to 0%.

FEE GROWTH MOMENTUM MIRRORS SUSTAINABLE BUSINESS MODEL

Net Fees & Commissions

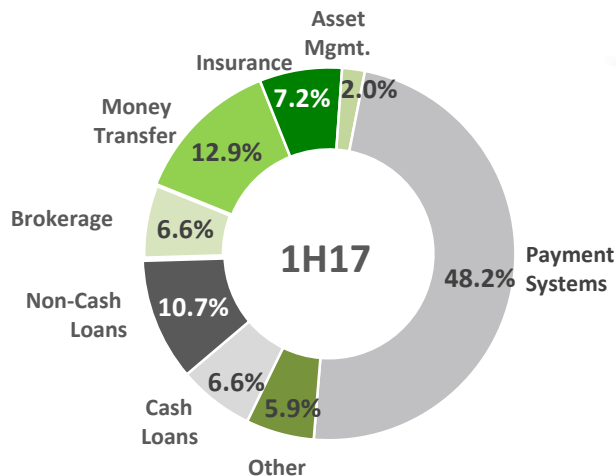
(TL million)



Customers' preferred bank

- Leader bank in Issuing & Acquiring: >20% market share
- Turkey's largest card platform: Bonus Card
- Leader in interbank money transfer : 14% market share
- Leader in SWIFT transactions: 18% market share
- Highest digital customer base with 5.2million

Net Fees & Commissions Breakdown²



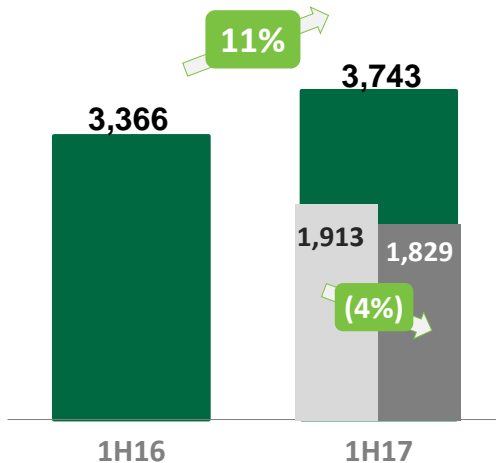
- + Insurance: 20% YoY
- + Money Transfers: 29% YoY
- + Non-Cash: 24% YoY
- + Digital channels' share in non-credit linked fees: 38%¹

¹ Based on MIS data

² In the breakdown, insurance fee includes Private Pension & Life insurance fee income whereas it is accounted for under «other income» in consolidated financials

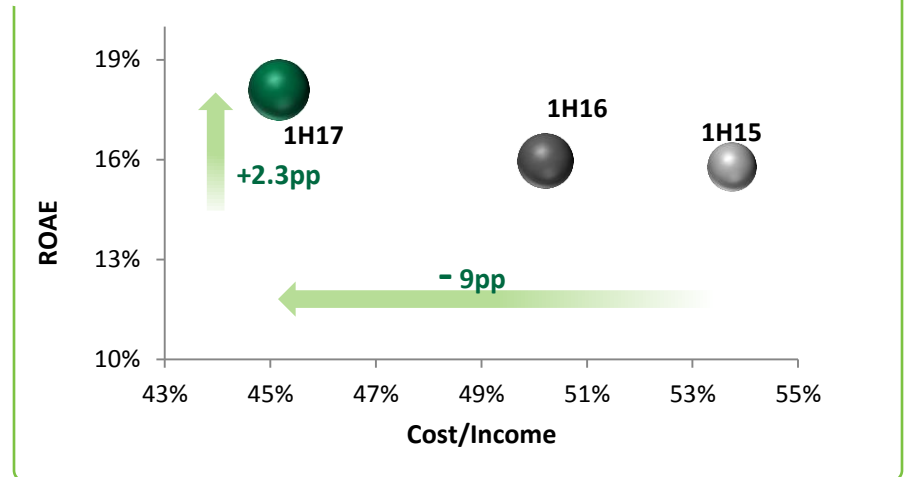
DISCIPLINED COST MANAGEMENT & INCREASING EFFICIENCIES

Operating Expenses (TL million)



YoY growth above full-year guidance, **as expected**, due to seasonality of HR costs in 1H17.

> Increased efficiencies:



Note: In the Cost/Income calculation, Income defined as NII + Net F&C + Trading gains/losses - Provision for loans + Other income + Income from subsidiaries.

APPENDIX

Pg. 15	Summary Balance Sheet
Pg. 16	Securities Portfolio
Pg. 17	Retail Loans
Pg. 18	Comfortable Liquidity
Pg. 19	Non-recurring Items & Normalized Net Income
Pg. 20	Summary P&L
Pg. 21	Key Financial Ratios

SUMMARY BALANCE SHEET

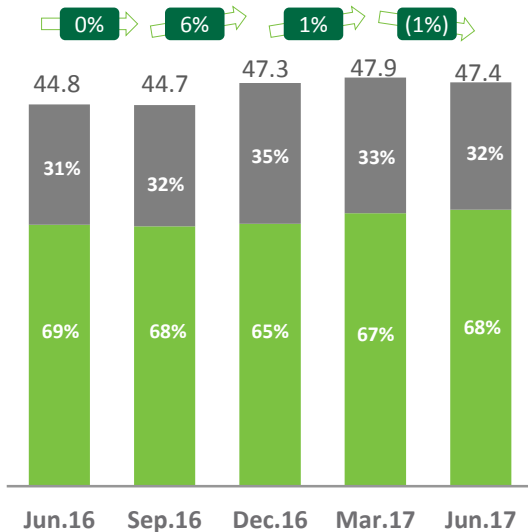
<i>(TL million)</i>	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	YTD Change
Cash & Banks ¹	22,324	20,639	20,340	23,480	24,509	20%
Reserve Requirements	18,888	24,879	20,866	23,704	24,422	17%
Securities	44,767	44,710	47,285	47,921	47,351	0%
Performing Loans	180,233	184,633	200,076	210,968	216,955	8%
Fixed Assets, Affiliates & Associates	4,190	4,494	4,705	4,712	4,774	1%
Other	16,846	15,776	18,850	17,907	17,932	-5%
TOTAL ASSETS	287,248	295,130	312,122	328,692	335,942	8%
Deposits	170,623	167,160	178,690	185,194	192,817	8%
Repos & Interbank	7,566	18,678	11,230	15,724	15,681	40%
Bonds Issued	15,897	15,027	17,746	20,346	20,044	13%
Funds Borrowed ²	37,696	38,702	46,582	47,421	45,956	-1%
Other	22,165	20,838	22,079	23,375	23,167	5%
SHE	33,301	34,725	35,796	36,632	38,278	7%
TOTAL LIABILITIES & SHE	287,248	295,130	312,122	328,692	335,942	8%

1 Includes banks, interbank and excludes reserve requirements

2 Includes funds borrowed and sub-debt

SECURITIES PORTFOLIO REMAINS AS HEDGE AGAINST VOLATILITY

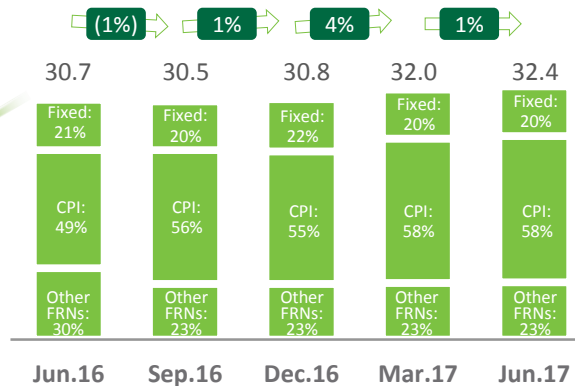
Total Securities (TL billion)



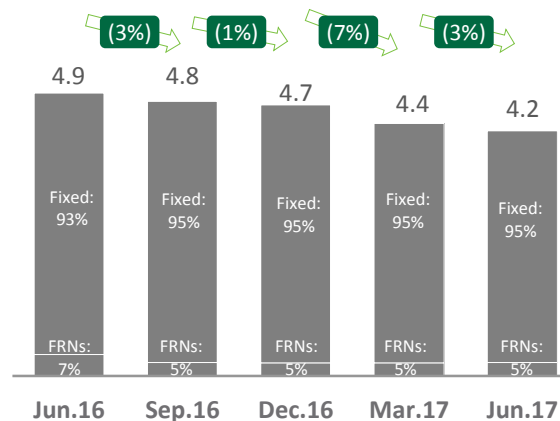
■ TL ■ FC

Securities¹/Assets:
12.6%
hovering at its lowest level

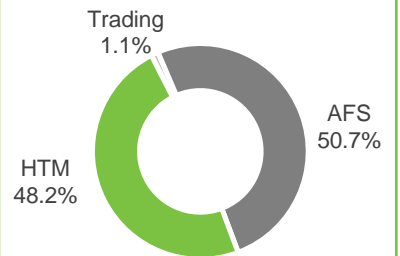
TL Securities (TL billion)



FC Securities (US\$ billion)



Securities Composition



Unrealized MtM loss (pre-tax)

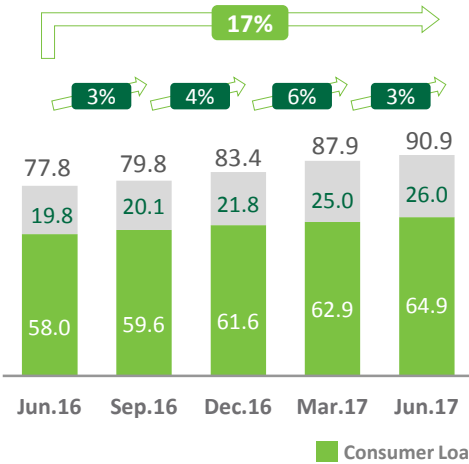
~TL 83mn loss as of Jun'17 vs.
~TL 154mn loss as of Mar'17
~TL 699mn loss as of Dec'16
~TL 182mn loss as of Sep'16
~TL 166mn loss as of Jun'16,

¹ Excluding accruals

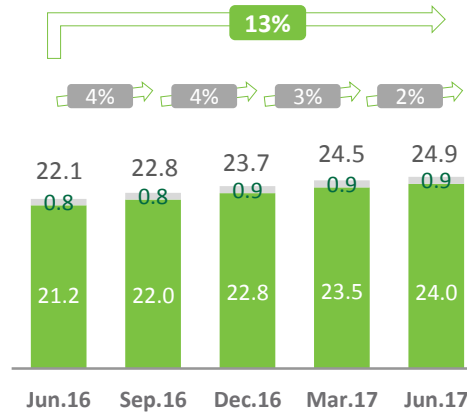
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data.

PRESERVED LEADING POSITION ACROSS ALL RETAIL PRODUCTS

Retail Loans (TL billion)



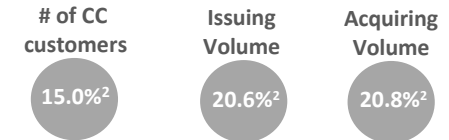
Mortgage Loans (TL billion)



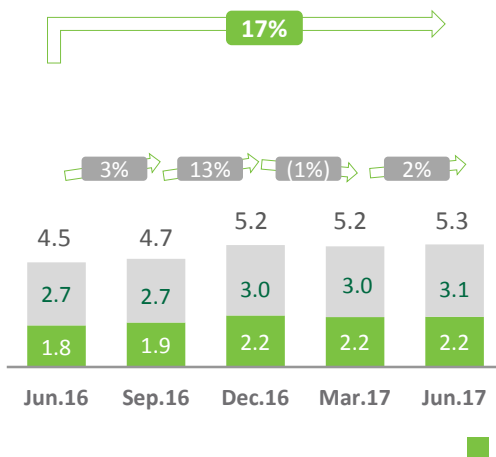
Market Shares

	June'17	QoQ	Rank
Consumer Loans	14.2%	-17bps	#1
Cons. Mortgage	13.4%	-40bps	#1
Cons. Auto	37.3%	+26bps	#1
Consumer GPLs	11.5%	-1bps	#2
Comm. Inst. GPLs	5.3%	-158bps	#2

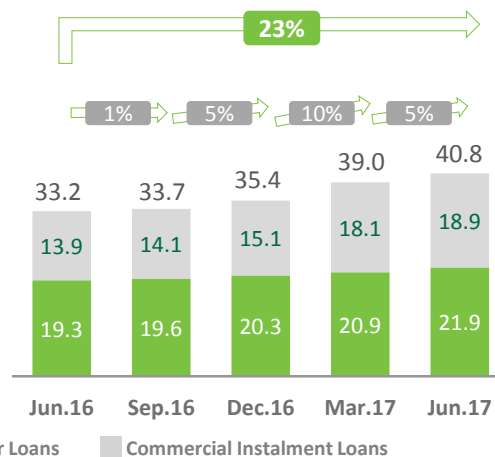
Preserved #1 position in cards business



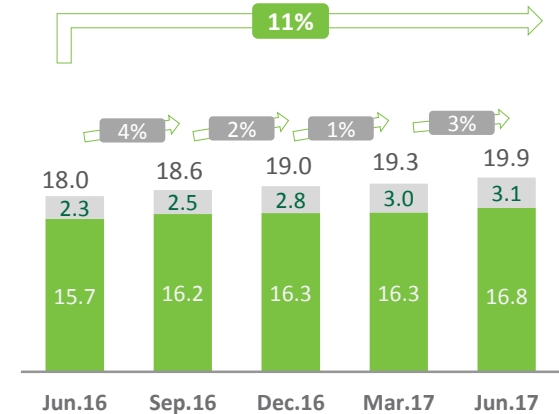
Auto Loans (TL billion)



General Purpose Loans¹ (TL billion)



Credit Card Balances (TL billion)



¹ Including other loans and overdrafts
² As of June 2017, 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 30.06.2017, commercial banks only
 (ii) Rankings are as of March 2017, among private banks, unless otherwise stated

COMFORTABLE LIQUIDITY

Successful dual currency balance sheet management

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

	LCR	Expected Regulation Impact	Expected LCR
Total LCR	140%	12%	151%
<i>Minimum Req. for 2017</i>	<i>80%</i>		
FC LCR	154%	22%	176%
<i>Minimum Req. for 2017</i>	<i>60%</i>		



Per BRSA's draft regulation dated 24 July: Weight of «FC restricted time deposits» kept at CBRT as reserve requirement will increase to **100%** from 50% in High Quality Liquid Assets calculation.

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

Total Loans / Deposits:

113%



Adjusted L/D

81%

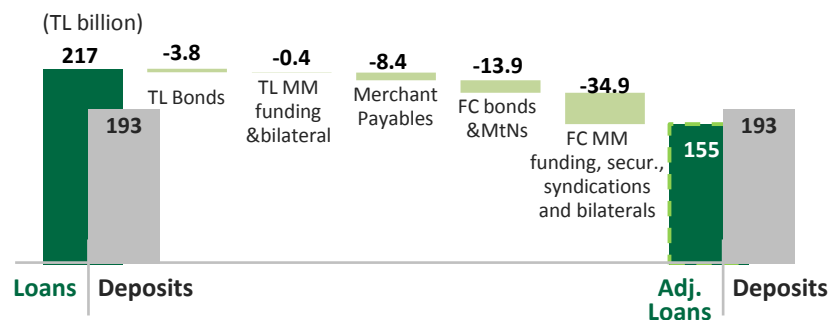


TL Loans / TL Deposits:

171%

FC Loans / FC Deposits:

72%



NON-RECURRING ITEMS & NORMALIZED NET INCOME

<i>TL Million</i>	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Net Income	1,057	1,548	1,335	1,208	1,537	1,564
<i>Provision reversal due to collateral re-assessment</i>	-80	0	0	0	0	0
<i>Extra provisions related to collateral re-assessment</i>	122	96	0	102	0	0
<i>Provisions imposed by NBR to Romanian banking sector</i>	0	0	20	0	0	0
<i>Garanti Bank Moscow sale loss</i>	0	0	0	41	0	0
<i>Visa sale gain</i>	0	-251	0	0	0	0
<i>Income from NPL sale</i>	-26	-17	-8	-15	-21	-15
<i>Gains from asset sale</i>	0	-14	0	0	0	0
<i>Provision reversal from Miles&Smiles</i>	0	-51	0	0	0	0
<i>Free provision</i>	0	0	100	0	200	220
<i>Provision for tax fines</i>	0	0	0	85	0	0
<i>Fee rebates</i>	60	52	30	24	19	15
Normalized Net Income	1,134	1,362	1,476	1,445	1,735	1,784

SUMMARY P&L

TL Million	1H16	1H17	Δ YoY	1Q17	2Q17	Δ QoQ
(+) NII excld. inc. on CPI linkers & inc. Swap costs	5,175	6,310	22%	3,168	3,143	-1%
(+) <i>NII excluding CPI linkers' income</i>	4,993	6,269	26%	3,047	3,222	6%
(+) <i>Income on CPI linkers</i>	823	974	18%	424	550	30%
(-) <i>Swap Cost</i>	-640	-933	46%	-304	-629	107%
(+) Net Fees & Comm.	1,613	1,834	14%	921	913	-1%
(-) Specific + General provisions net of collections	-1,023	-532	-48%	-300	-232	-23%
(-) <i>Specific Provisions</i>	-1,319	-811	-38%	-452	-360	-20%
(-) <i>General Provisions</i>	-151	-165	10%	-127	-38	-70%
(+) <i>Collections</i>	317	445	41%	278	167	-40%
(+) <i>Free prov. reversal assigned to shipping file</i>	130	0	n.m	0	0	n.m
(-) OPEX	-3,366	-3,743	11%	-1,913	-1,829	-4%
= CORE BANKING INCOME	2,400	3,870	61%	1,875	1,994	6%
(+) Net Trading & FX gains/losses	98	44	-55%	37	7	-82%
(+) Dividend Income	9	7	-19%	0	7	n.m
(+) Other income	553	627	13%	347	280	-19%
(+) <i>NPL sale income</i>	53	44	-16%	26	18	-29%
(+) <i>Provision reversal from Miles&Miles</i>	64	0	n.m	0	0	n.m
(+) <i>Gains from asset sale</i>	18	0	n.m	0	0	n.m
(+) <i>Provision reversal of tax penalty paid</i>	0	0	n.m	0	0	n.m
(+) <i>Other</i>	419	583	39%	321	262	-18%
(+) <i>Garanti Pension - Insurance Premiums</i>	265	320	21%	158	162	2%
(+) <i>Other</i>	153	263	71%	163	100	-39%
(+) Visa sale	279	0	n.m	0	0	n.m
(-) Taxation and other provisions	-733	-1,448	97%	-723	-725	0%
(-) <i>Free Provision</i>	0	-420	n.m	-200	-220	n.m
(-) <i>Provision for tax fines</i>	0	0	n.m	0	0	n.m
(-) <i>Other Provision</i>	-107	-108	0%	-64	-44	-31%
(-) <i>Taxation</i>	-626	-920	47%	-459	-461	0%
= NET INCOME	2,605	3,100	19%	1,537	1,564	2%

* Net effect of collateral re-assessment in 1Q16 is shown under specific provisions (TL53mn) for fair comparison

KEY FINANCIAL RATIOS

	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Profitability ratios					
ROAE (Cumulative) ¹	16.0%	16.1%	15.4%	18.9%	18.1%
ROAA (Cumulative) ¹	1.8%	1.8%	1.8%	2.1%	2.1%
Cost/Income	50.2%	49.0%	50.3%	45.9%	45.1%
Quarterly NIM including swap costs	4.3%	4.8%	4.7%	4.6%	4.4%
Cumulative NIM including swap costs	4.2%	4.4%	4.4%	4.6%	4.5%
Liquidity ratios					
Loans/Deposits	106%	110%	112%	114%	113%
Adj. Loans/Deposits (Loans funded via long-term on B/S alternative funding sources)	73.3%	76.3%	75.9%	79.2%	80.6%
TL Loans / TL Deposits	157%	158%	157%	170%	171%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	131%	134%	133%	143%	145%
FC Loans / FC Deposits	69%	75%	79%	75%	72%
Asset quality ratios					
NPL Ratio	3.1%	3.3%	3.0%	2.9%	2.7%
Total Coverage Ratio (General+Specific+Free Prov.)	135%	132%	136%	139%	145%
Solvency ratios					
CAR	14.5%	15.0%	14.7%	14.4%	16.4%
CET-1 Ratio	13.9%	13.9%	13.6%	13.3%	14.4%
Leverage	7.6x	7.5x	7.7x	8.0x	7.8x

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) for 1H16, 9M16, 1Q17 and 1H17.

DISCLAIMER STATEMENT

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Investor Relations

Levent Nispetiye Mah. Aytar Cad. No:2

Beşiktaş 34340 İstanbul – Turkey

Email: investorrelations@garanti.com.tr

Tel: +90 (212) 318 2352

Fax: +90 (212) 216 5902

Internet: www.garantiinvestorrelations.com

