



2017 EARNINGS PRESENTATION

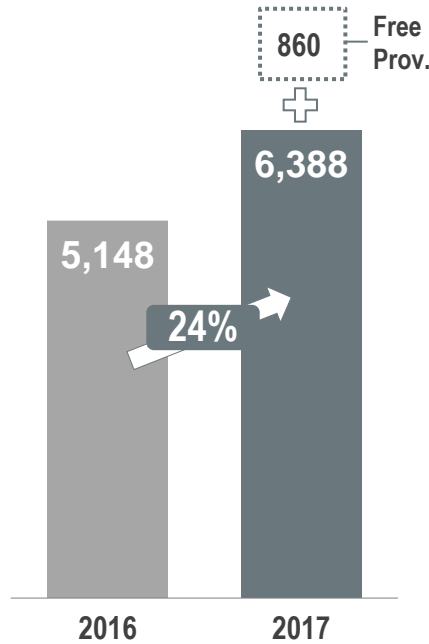
Based on BRSA Consolidated Financials
January 31st 2018



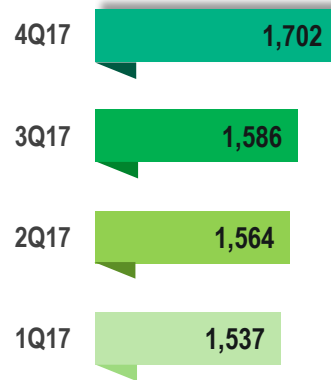
ROBUST & HIGH QUALITY EARNINGS PERFORMANCE...

NET INCOME

(TL million)



Quarterly Net Income (TL million)



16.6%

ROAE

vs. 15.4% in 2016

1.9%

ROAA

vs. 1.8% in 2016

16.8%

CAR

vs. 14.7% in 2016

7.6x

Leverage

vs. 7.7x in 2016

1,160mn

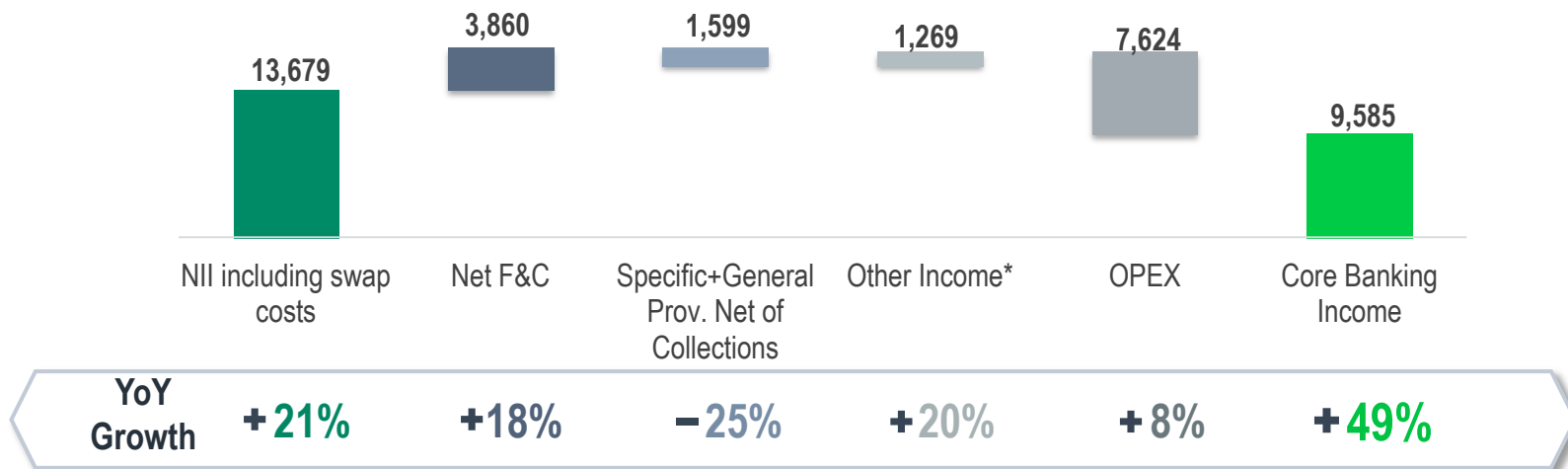
Total Free Provisions

in the B/S as of 2017YE

BACKED, ONCE AGAIN, BY CORE BANKING PERFORMANCE

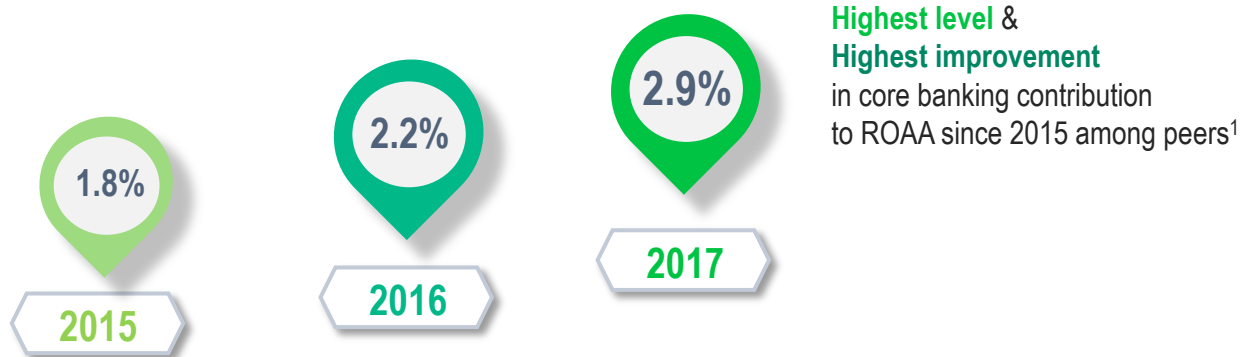
CORE BANKING INCOME COMPONENTS

(TL million, 2017)



CORE BANKING INCOME CONTRIBUTION TO ROAA

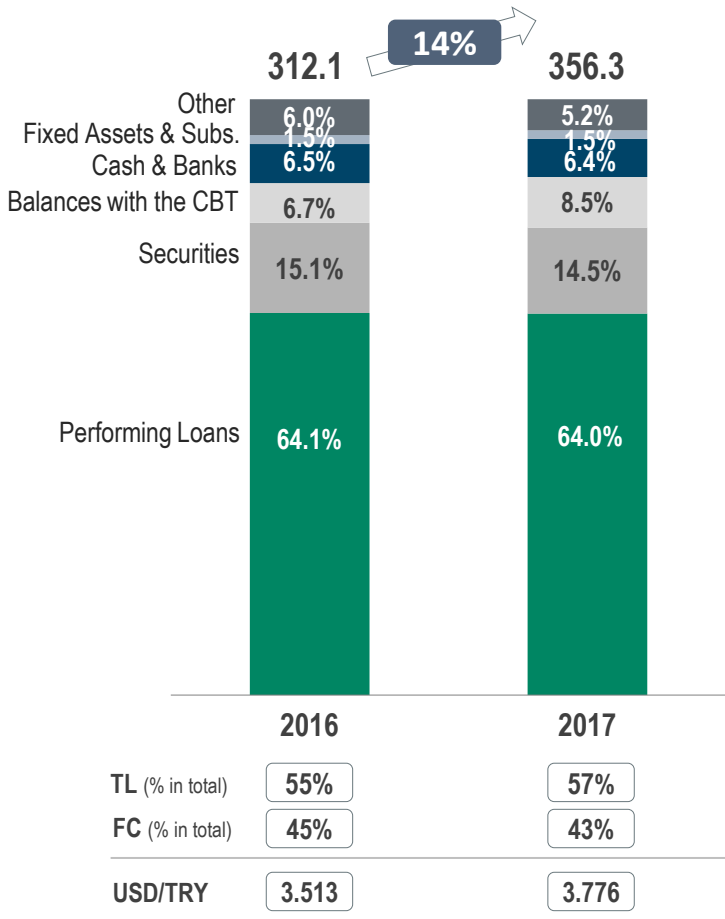
(Core banking income / Avg. Assets)



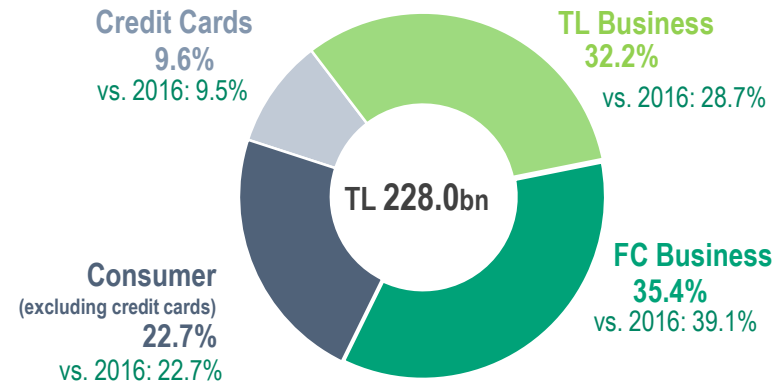
* Includes non-banking subsidiaries' impact and dividends from subsidiaries
 Note: 2016 «Specific+ General prov. Net of collections» figure includes TL 130mn free provision reversal assigned to shipping file
 1 Based on BRSA Consolidated financials. Peers defined as Akbank, Isbank, YKB

CUSTOMER-DRIVEN & INCREASINGLY HIGHER YIELDING ASSET MIX

COMPOSITION OF ASSETS



PERFORMING LOANS BREAKDOWN



TL LOAN GROWTH

↑ 20% YoY

↑ 3% QoQ

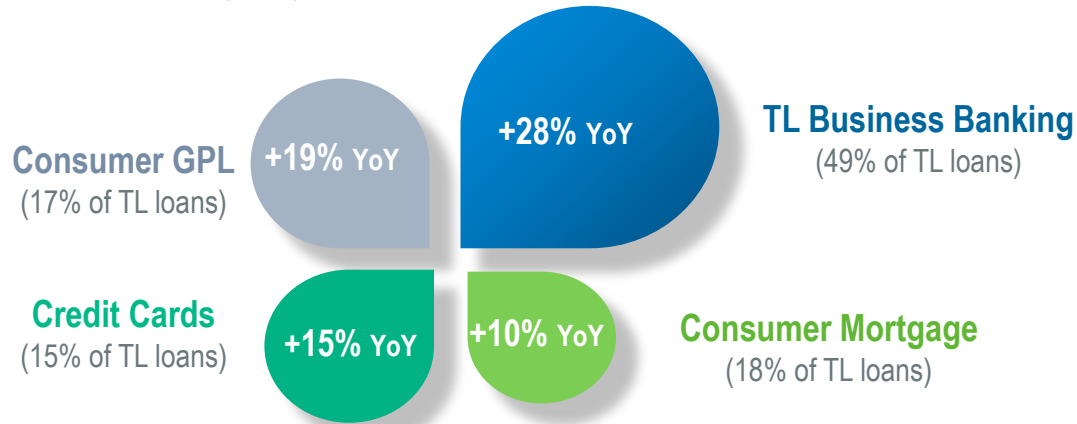
FC LOAN GROWTH

↓ (3%) YoY

↓ (1%) QoQ

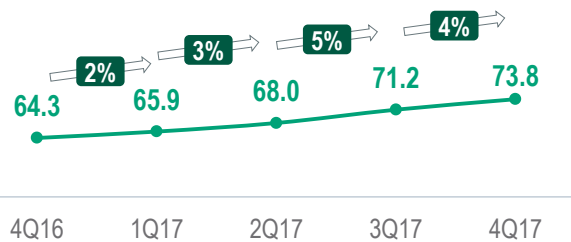
DISCIPLINED & ACROSS THE BOARD GROWTH IN TL LOANS

TL LOAN GROWTH BY PRODUCT (in 2017)



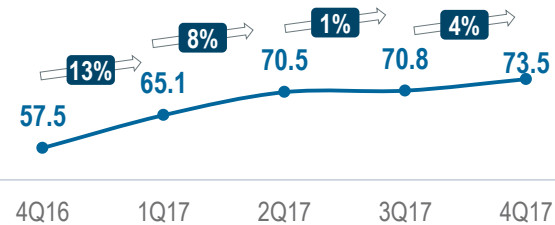
Consumer Loans inc. Credit Cards (TL billion)

- **Healthy market share gains** among private banks
- Rational pricing stance **preserved**



TL Business Banking Loans (TL billion)

- Significant slowdown in CGF loans** in 2H -- assigned limit predominantly consumed in 1H
- Total originations in 2017: TL 18.2bn
 - Current stock volume: TL 14.5bn

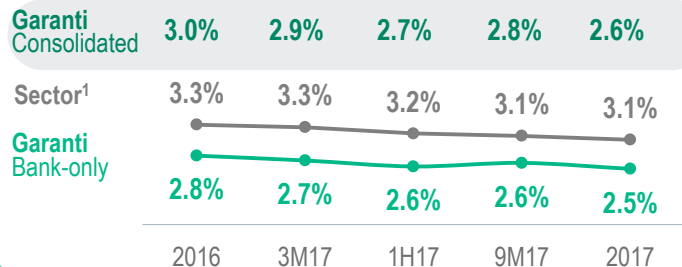


Note: Business banking loans represent total loans excluding credit cards and consumer loans
Sector figures based on BRSA weekly data as of December 29, 2017.

PROACTIVE & PRUDENT APPROACH IN RISK MANAGEMENT ASSURES SOUND ASSET QUALITY

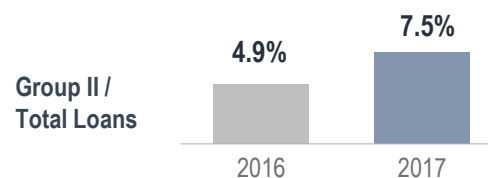
NPL %

► NPL ratio -- Consistently below-sector



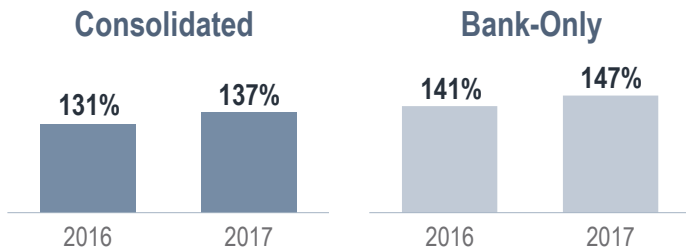
GROUP II LOANS

► Increased share of Group II Loans due to big-ticket file in 4Q



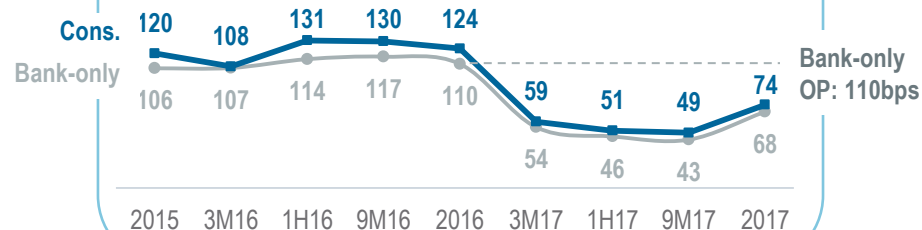
COVERAGE²

► Further strengthened coverage



NET CoR³ (bps)

► Cumulative Net CoR remains below guidance



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

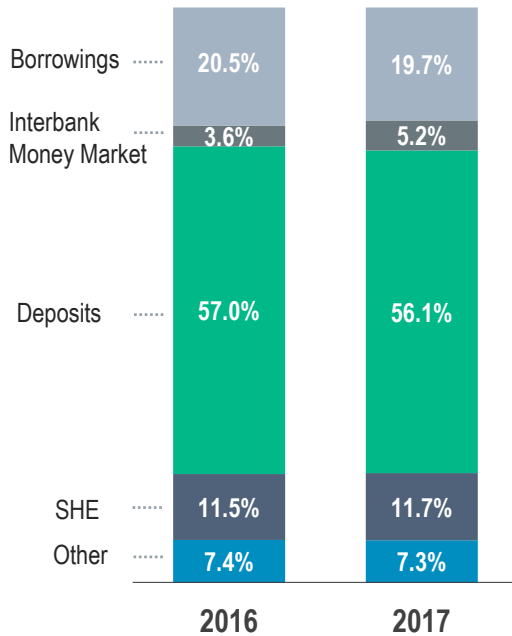
² Specific + General Provisions

³ Specific + General Provisions net of Collections

OP: Operating Plan

FUNDING BASE: HEAVY WITH LOW COST & STICKY DEPOSITS

COMPOSITION OF LIABILITIES & SHE



DEPOSITS

TL DEPOSITS GROWTH

↑ 16% YoY

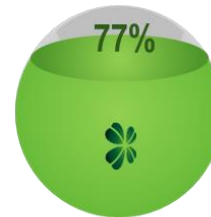
2% QoQ

FC DEPOSITS GROWTH

↑ 2% YoY

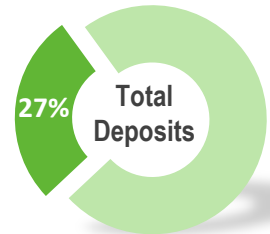
(3%) QoQ

SME & Retail deposits¹ share in TL Deposits



Demand Deposits

Bank-only: >25% vs. sector's 20%²



SWAPS

SUCCESSFUL DUAL CURRENCY BALANCE SHEET MANAGEMENT

NET SWAP FUNDING

TL 17bn
4Q avg. @10.7%

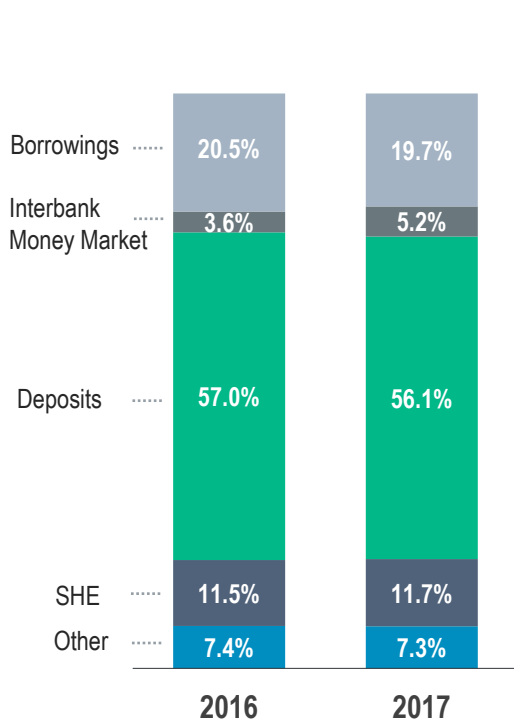
TL 26bn
3Q avg. @10.5%

1 Based on bank-only MIS data

2 Based on BRSA weekly data as of 29 December 2017, commercial banks only.

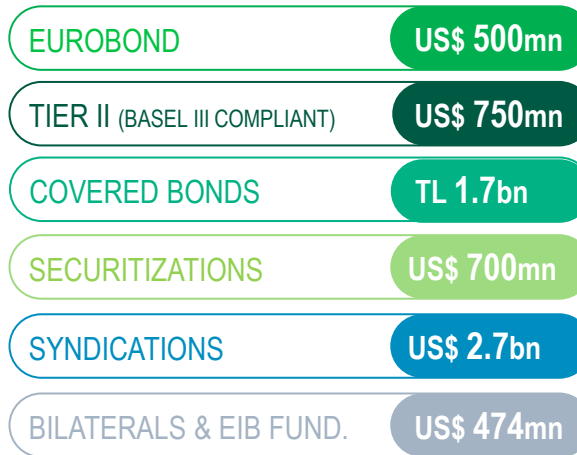
FUNDING BASE: OPPORTUNISTICALLY RAISED ALTERNATIVE FUNDING SOURCES CONTINUE TO SUPPORT

COMPOSITION OF LIABILITIES & SHE



BORROWINGS

Total Issuance in 2017 \$5.6 bn; of which, \$1.9 bn fresh



114%

LDR
(2017)

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

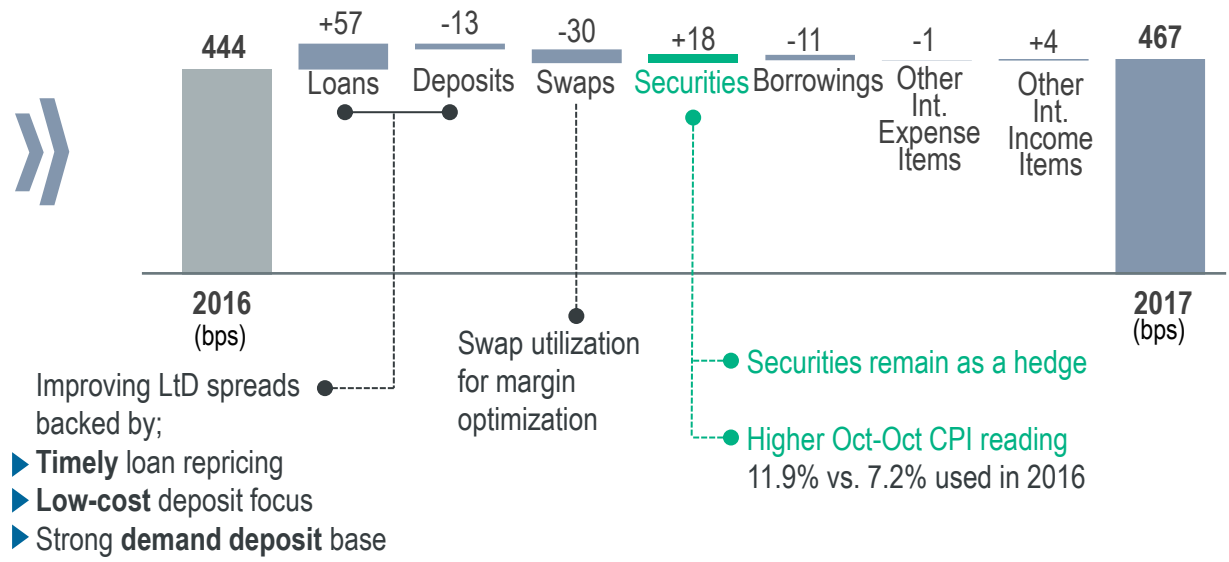
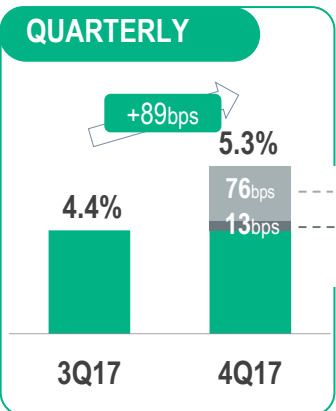
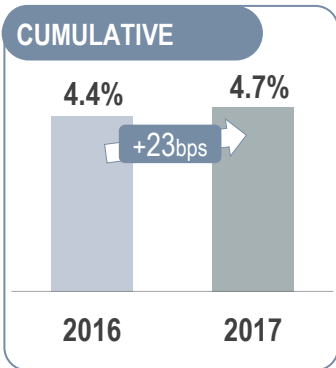
80%

Adj. LDR*
(2017)

*Please see Appendix on page 20.
Adjusted with on-balance sheet alternative funding sources

ROBUST NIM PERFORMANCE UNDERPINNED BY DYNAMIC ASSET-LIABILITY MANAGEMENT

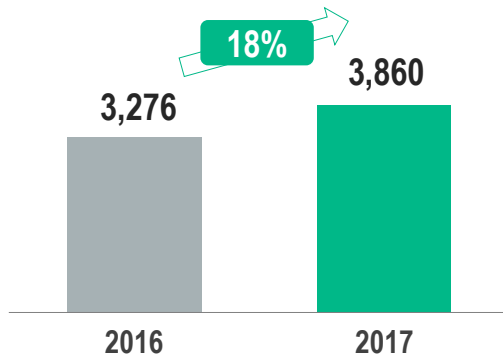
NIM INCL. SWAP COSTS



HIGHEST FEE GENERATION CAPABILITY BACKED BY DIVERSIFIED FEE SOURCES & FURTHER DIGITALIZED PROCESSES

NET FEES & COMMISSIONS

(TL million)

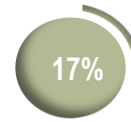


- ▶ Net F&C / (Avg. IEAs + Non-cash loans)²
1.2% vs. peer average of 0.9% as of 9M17
- ▶ Managing the largest digital customer base with 6 million
 - Digital channels' share in non-credit linked fees: 40%³
 - Digital sales make up 1/3 of total sales

SHARE
IN FEE BASE



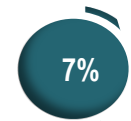
Payment systems: +13% yoy growth
Leading position in issuing & acquiring businesses



Cash (+) Non-cash loans: +15% yoy growth



Money transfer: +31% yoy growth
Leader in interbank money transfer market share: 14.1%
Leader in swift transactions: 17.4%



Insurance¹: +20% yoy growth
Improvement in new digital only products

Note: YoY growth of diversified fee sources is based on bank-only MIS data

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

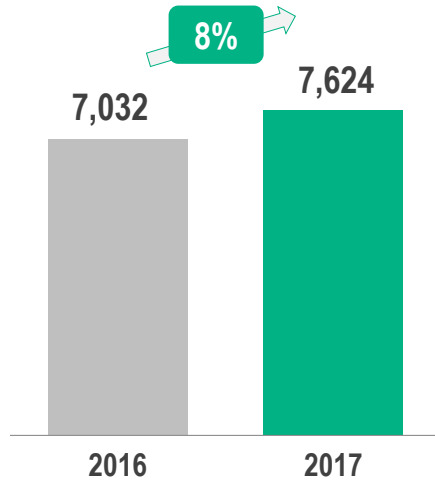
2 Based on 9M17 BRSA bank-only financials. Peers defined as Akbank, Isbank, YKB, Halk & Vakıf

3 Based on bank-only MIS data

COMMITTED TO IMPROVE EFFICIENCY & OPERATIONAL EXCELLENCE

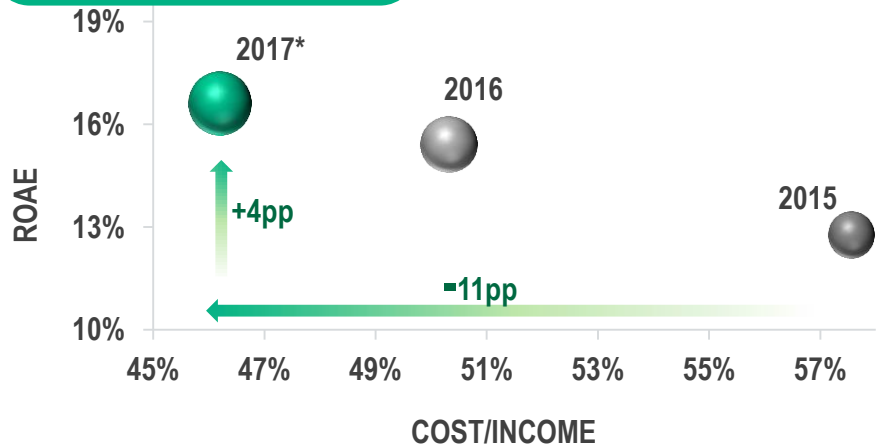
OPERATING EXPENSES

(TL Million)

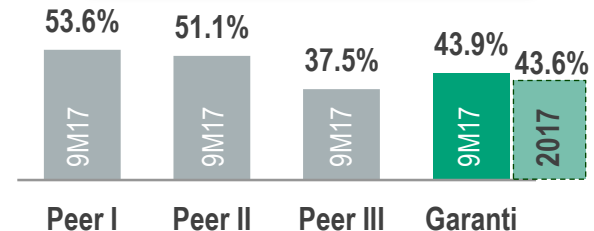


YoY OPEX growth is **far below CPI**

INCREASING EFFICIENCY



C/I Ratio vs. Private Peers¹



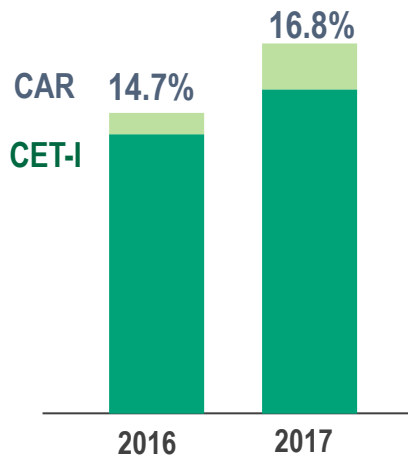
Note: In the Cost/Income calculation, Income defined as NII + Net F&C + Trading gains/losses

- Provision for loans + Other income + Income from subsidiaries.

*In the Cost/Income calculation, 2017 Income adjusted with TL 860mn free provisions set aside during the year

¹ Bank-only figures used in peer comparisons for fair comparison

CAPITAL GENERATIVE GROWTH STRATEGY UNDERScores STRONG SOLVENCY

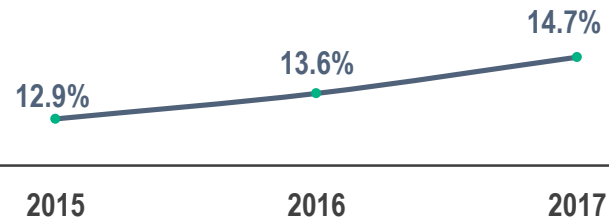


Impacts on CAR

- Dividend Payment: **- 48 bps** YoY
- Regulation Impact¹: **+ 24 bps** YoY
- Tier II issuance: **+ 102 bps** YoY
- MtM Difference: **+ 28 bps** YoY
- Currency Impact: **- 32 bps** YoY

Evolution of CET-I

88% of capital



RWA / Total Assets

86%

83%

78%

1 (a) 93bps negative impact due to Fitch rating downgrade (b) 114bps positive impact due to decreasing RW on FC reserves from 50% to 0%,(c) 3bps positive due to regulation change on capital deduction

APPENDIX

Pg. 14	Summary Balance Sheet
Pg. 15	Securities Portfolio
Pg. 16	Retail Loans
Pg. 17	NPL Evolution
Pg. 18	Cost of Risk Evolution
Pg. 19	Foreign Funding
Pg. 20	Adjusted L/D and Liquidity Coverage Ratios
Pg. 21	Non-recurring Items & Normalized Net Income
Pg. 22	Summary P&L
Pg. 23	Key Financial Ratios

APPENDIX: SUMMARY BALANCE SHEET

(TL million)	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	YoY Change
Cash & Banks ¹	20,340	18,256	15,149	16,357	22,782	12%
Balances with the Central Bank of Turkey	20,866	28,928	33,781	34,467	30,295	45%
Securities	47,285	47,921	47,351	47,938	51,523	9%
Performing Loans	200,076	210,968	216,955	218,848	227,993	14%
Fixed Assets, Affiliates & Associates	4,705	4,712	4,774	4,802	5,188	10%
Other	18,850	17,907	17,932	17,267	18,551	-2%
TOTAL ASSETS	312,122	328,692	335,942	339,679	356,332	14%
Deposits	178,690	185,194	192,817	195,245	200,774	12%
Repos & Interbank	11,230	15,724	15,681	18,506	18,638	66%
Bonds Issued	17,746	20,346	20,044	19,258	20,794	17%
Funds Borrowed ²	46,582	47,421	45,956	44,392	49,954	7%
Other	22,079	23,375	23,167	22,454	24,566	11%
SHE	35,796	36,632	38,278	39,825	41,606	16%
TOTAL LIABILITIES & SHE	312,122	328,692	335,942	339,679	356,332	14%

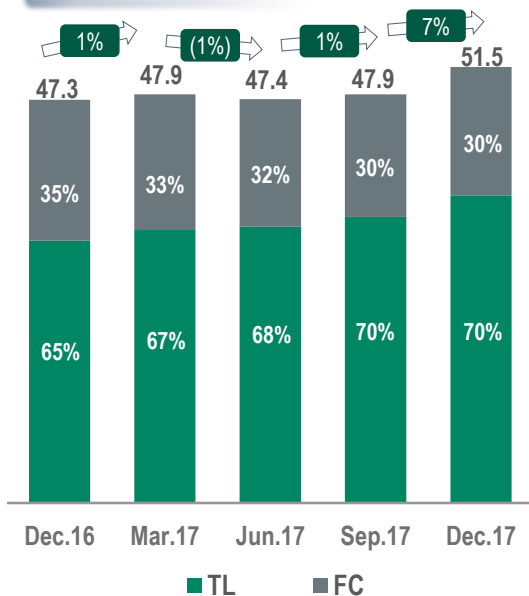
1 Includes banks, interbank and excludes balances with the CBT

2 Includes funds borrowed and sub-debt

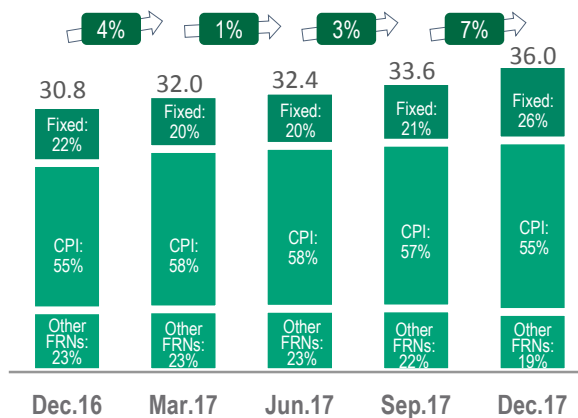
APPENDIX: SECURITIES PORTFOLIO

Total Securities (TL billion)

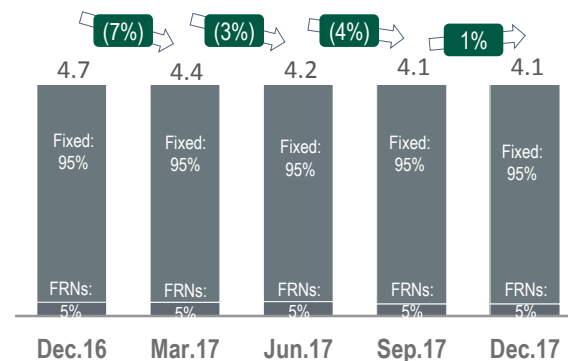
14% of Total Assets



TL Securities (TL billion)



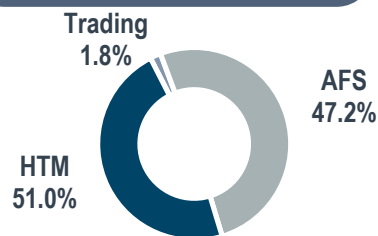
FC Securities (US\$ billion)



Maintained
FRN heavy portfolio



Securities Composition



Unrealized MtM loss (pre-tax)

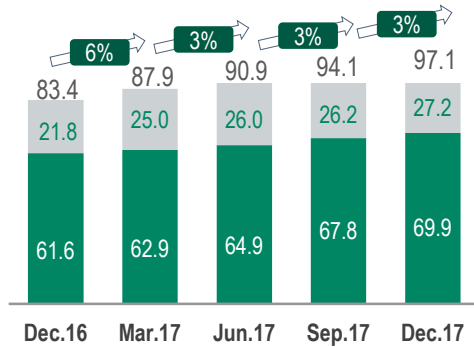
~TL 443mn loss as of Dec'17 vs.
~TL 266mn loss as of Sep'17 vs.
~TL 83mn loss as of Jun'17
~TL 154mn loss as of Mar'17
~TL 699mn loss as of Dec'16

APPENDIX: RETAIL LOANS

RETAIL LOANS

(TL billion)

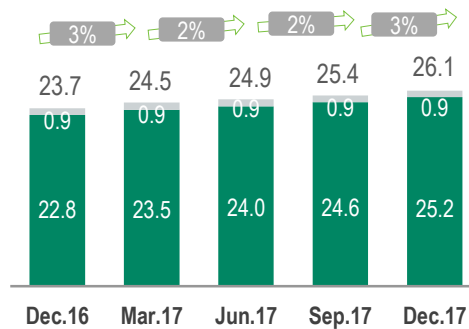
+16%
YoY



MORTGAGE LOANS

(TL billion)

+10%
YoY



Market Shares*

	Dec'17	YoY	Rank
Consumer Loans	22.0%	+39bps	#1
Cons. Mortgage	24.6%	+92bps	#1
Cons. Auto	44.8%	+207bps	#1
Consumer GPLs	18.2%	+6bps	#2

* Among private banks, rankings as of September17

Pioneer in cards business

of CC
customers

14.9%²

Issuing
Volume

19.3%²

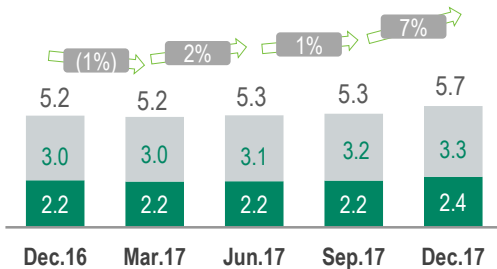
Acquiring
Volume

19.2%²

AUTO LOANS

(TL billion)

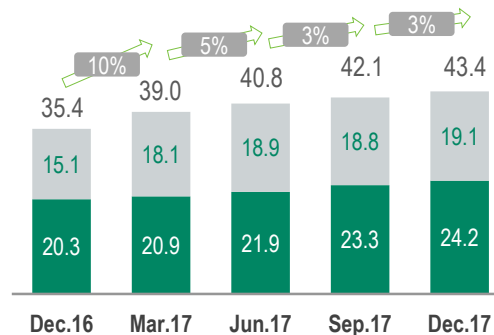
+9%
YoY



GENERAL PURPOSE LOANS¹

(TL billion)

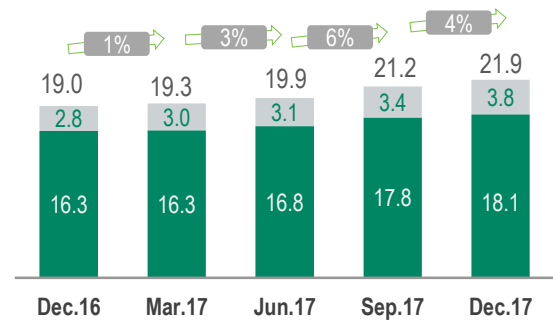
+23%
YoY



CREDIT CARD BALANCES

(TL billion)

+15%
YoY



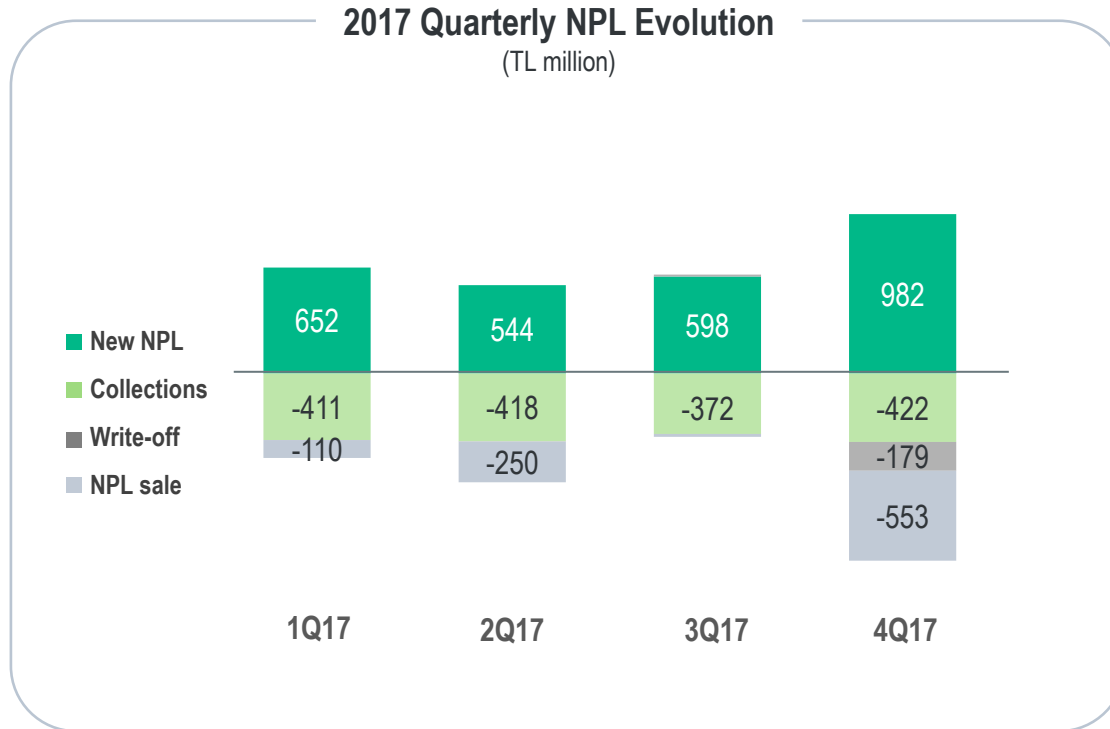
■ Consumer Loans ■ Commercial Instalment Loans

¹ Including other loans and overdrafts

² Monthly figures as of December 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 29.12.2017

APPENDIX: NPL EVOLUTION



Note: NPL Sales in 2017:

4Q17: TL 524mn NPL sold for TL 31 million, TL 29mn NPL sold by GBI no gain/loss realized

2Q17: TL 225mn NPL sold for TL 14 million,

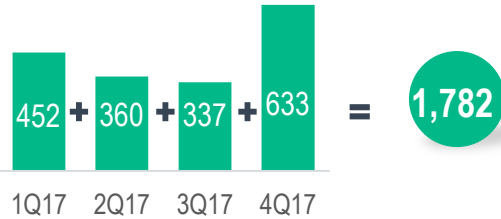
1Q17: TL 110mn NPL sold for TL 9 million.

APPENDIX: COST OF RISK EVOLUTION

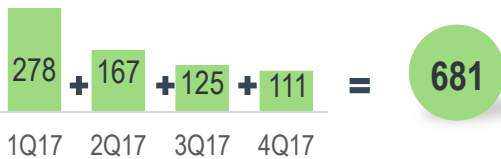
Provisions & Collections

(TL million)

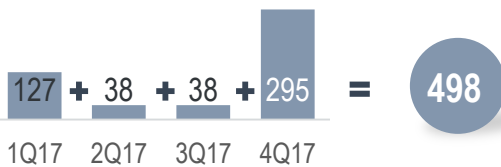
Specific Provisions



Collections in Other Income

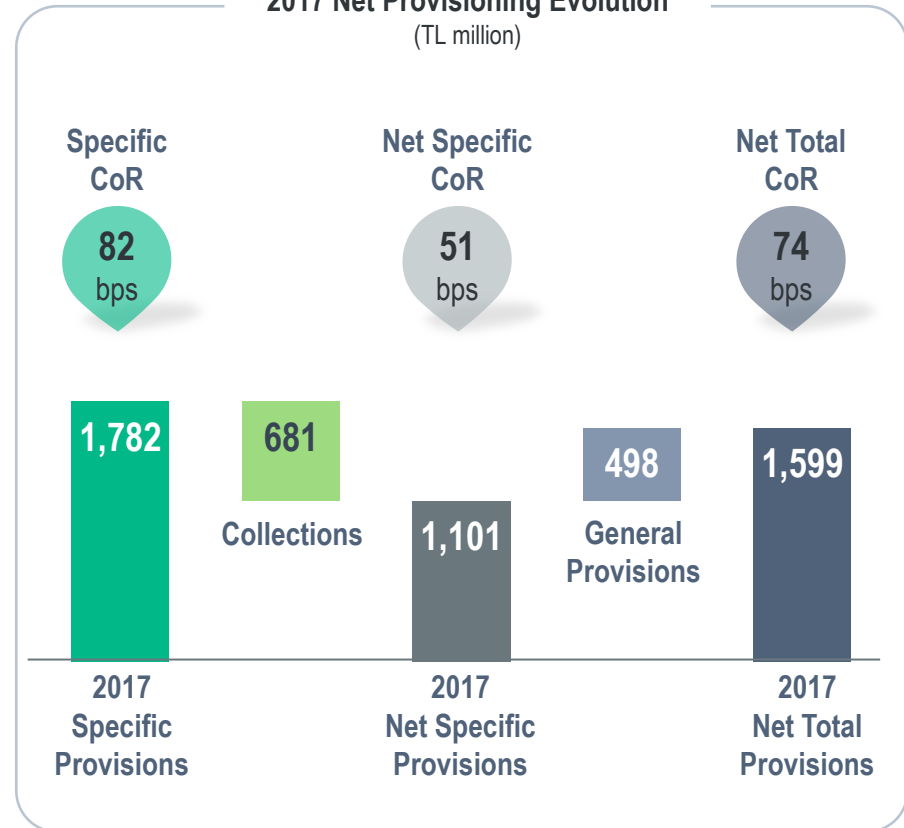


General Provisions



2017 Net Provisioning Evolution

(TL million)



APPENDIX: FOREIGN FUNDING

Total issuance in 2017 \$5.6 bn; of which, \$1.9 bn fresh (new liquidity raised)

Basel III compliant Tier II

- \$ 750mn, 10NC5
Record subscription >\$4bn
6.125%, largest deal size and lowest coupon for Turkish Tier 2 Basel III compliant bond (2Q17)

Eurobond

- \$ 500mn 6-yrs maturity @5.875% (1Q17)

Covered Bond

- **“Green Mortgage”**
- \$ 150mn equivalent TL 529mn (2Q17)
- € 75mn equivalent TL 313mn (3Q17)
- € 200mn equivalent TL 840mn (4Q17)

100% syndication roll-over

- \$ 468mn @Libor+1.45% (2Q17)
- € 805.5mn @ Euribor+1.35% (2Q17)
- \$ 1.3 bn equivalent: 100% rollover (4Q17)



DPR Securitization

- € 153mn 5-yrs maturity (1Q17)
- \$ 250mn 5-yrs maturity (4Q17)
- \$ 285mn 5-yrs maturity (4Q17)

EIB Funding & Bilateral

- \$ 79mn 6-yrs maturity (1Q17)
- \$145mn 2-yrs maturity (4Q17)
- \$250mn 3-yrs maturity (4Q17)

Swap for margin optimization

- Average net swap funding volume:
 - TL17bn in 4Q17 @ 10.7%
 - TL24bn in 2Q17 @ 10.4%
 - TL26bn in 3Q17 @ 10.5%
 - TL13bn in 1Q17 @ 9.5%

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
LDR

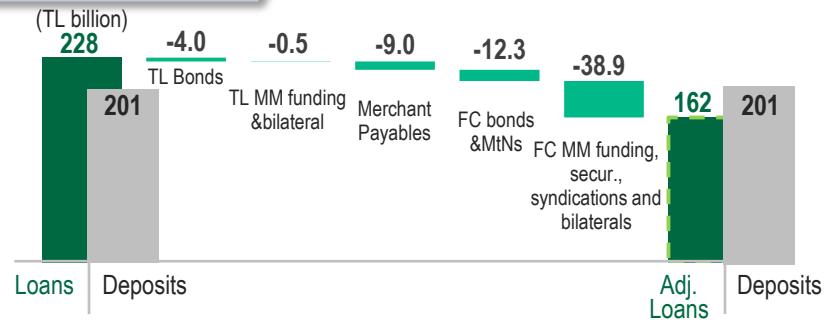


TL Loans /
TL Deposits:

162%

FC Loans /
FC Deposits:

75%



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

Total LCR	140.3%
<i>Minimum Req. for 2017</i>	80%
FC LCR	136.2%
<i>Minimum Req. for 2017</i>	60%

APPENDIX: NON-RECURRING ITEMS & NORMALIZED NET INCOME

<i>TL Million</i>	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
Net Income	1,057	1,548	1,335	1,208	1,537	1,564	1,586	1,702
Provision reversal due to collateral re-assessment	-80	0	0	0	0	0	0	0
Extra provisions related to collateral re-assessment	122	96	0	102	0	0	0	0
Provisions imposed by NBR to Romanian banking sector	0	0	20	0	0	0	0	0
Garanti Bank Moscow sale loss	0	0	0	41	0	0	0	0
Visa sale gain	0	-251	0	0	0	0	0	0
Income from NPL sale	-26	-17	-8	-15	-21	-15	-2	-17
Gains from asset sale	0	-14	0	0	0	0	0	0
Provision reversal from Miles&Smiles	0	-51	0	0	0	0	0	0
Free provision	0	0	100	0	200	220	230	210
Provision for tax fines	0	0	0	85	0	0	137	0
Fee rebates	60	52	30	24	19	15	14	14
Normalized Net Income	1,134	1,362	1,476	1,445	1,735	1,784	1,965	1,910

APPENDIX: SUMMARY P&L

TL Million	12M16	12M17	Δ YoY	3Q17	4Q17	Δ QoQ
(+) NII including Swap costs	11,284	13,679	21%	3,277	4,091	25%
(+) NII excluding CPI linkers' income	10,657	12,911	21%	3,329	3,313	0%
(+) Income on CPI linkers	1,598	2,776	74%	608	1,193	96%
(-) Swap Cost	-971	-2,008	107%	-660	-415	-37%
(+) Net Fees & Comm.	3,276	3,860	18%	1,009	1,018	1%
(-) Specific + General provisions net of collections	-2,144	-1,599	-25%	-250	-817	227%
(-) Specific Provisions	-2,717	-1,782	-34%	-337	-633	88%
(-) General Provisions	-213	-498	133%	-38	-295	n.m
(+) Collections	656	681	4%	125	111	-12%
(+) Free prov. reversal assigned to shipping file	130	0	n.m	0	0	n.m
(+) Other income	1,048	1,261	20%	280	354	26%
(+) NPL sale income	81	68	-16%	2	21	n.m
(+) Provision reversal from Miles&Miles	64	0	n.m	0	0	n.m
(+) Gains from asset sale	18	0	n.m	0	0	n.m
(+) Provision reversal of tax penalty paid	0	0	n.m	0	0	n.m
(+) Other	885	1,194	35%	278	333	20%
(+) Garanti Pension - Insurance Premiums	544	669	23%	171	178	4%
(+) Other	341	524	54%	107	155	45%
(+) Dividend Income	9	8	-14%	0	0	17%
(-) OPEX	-7,032	-7,624	8%	-1,851	-2,030	10%
= CORE OPERATING INCOME	6,441	9,585	49%	2,465	2,616	6%
(+) Net Trading & FX gains/losses	228	166	-27%	68	54	-21%
(+) Visa sale	279	0	n.m	0	0	n.m
(-) Taxation and other provisions	-1,800	-3,363	87%	-947	-968	2%
(-) Free Provision	-100	-860	n.m	-230	-210	n.m
(-) Provision for tax fines	-85	-137	n.m	-137	0	n.m
(-) Other Provision	-272	-405	49%	-81	-216	167%
(-) Taxation	-1,343	-1,961	46%	-499	-543	9%
= NET INCOME	5,148	6,388	24%	1,586	1,702	7%

APPENDIX: KEY FINANCIAL RATIOS

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Profitability ratios					
ROAE (Cumulative) ¹	15.4%	18.9%	18.1%	17.4%	16.6%
ROAA (Cumulative) ¹	1.8%	2.1%	2.1%	2.0%	1.9%
Cost/Income*	50.3%	48.2%	47.6%	46.5%	46.2%
Quarterly NIM incl. Swap costs	4.7%	4.6%	4.4%	4.4%	5.3%
Cumulative NIM incl. Swap costs	4.4%	4.6%	4.5%	4.5%	4.7%
Liquidity ratios					
Loans / Deposits	112%	114%	113%	112%	114%
TL Loans / TL Deposits	157%	170%	171%	161%	162%
Adj. Loans/Deposits (Loans adj. with on-balance sheet alternative funding sources)	75.9%	79.2%	80.6%	81.3%	80.5%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	133%	143%	145%	135%	136%
FC Loans / FC Deposits	79%	75%	72%	74%	75%
Asset quality ratios					
NPL Ratio	3.0%	2.9%	2.7%	2.8%	2.6%
Total Coverage Ratio (General+Specific)	131%	131%	133%	132%	137%
Solvency ratios					
CAR	14.7%	14.4%	16.4%	17.1%	16.8%
Common Equity Tier I Ratio	13.6%	13.3%	14.4%	15.0%	14.7%
Leverage	7.7x	8.0x	7.8x	7.5x	7.6x

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 1Q17, 1H17 and 9M17.

*In the Cost/Income calculation, 1Q17, 1H17, 9M17 and 2017 Income adjusted with free provisions that set aside during the year

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Investor Relations

Levent Nispetiye Mah. Aydar 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

