



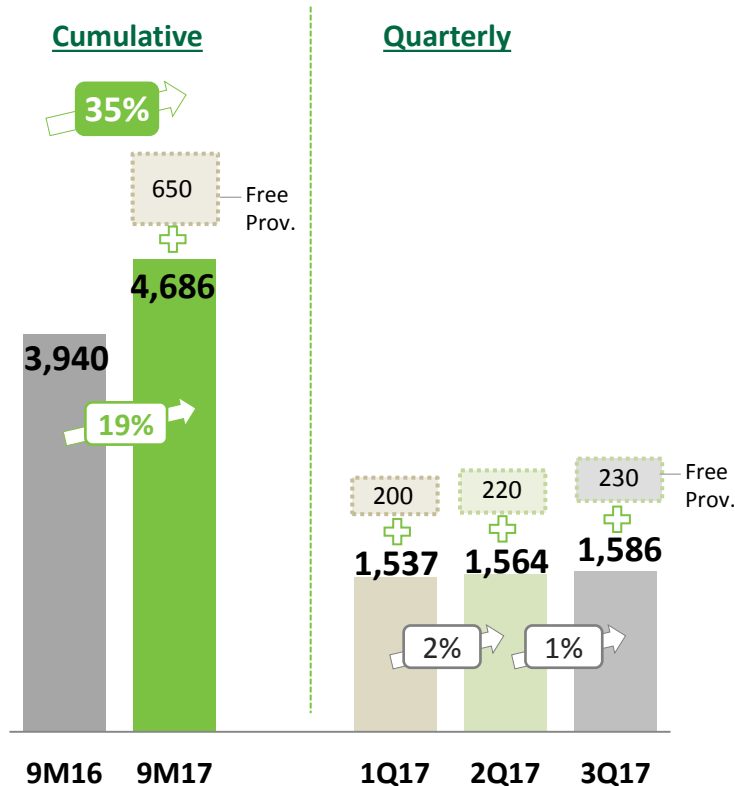
9M17

Earnings Presentation

**BRSA Consolidated Financials
30 September 2017**

ROBUST & HIGH QUALITY EARNINGS PERFORMANCE...

Net Income (TL million)



ROAE
17.4%
15.4% @2016YE

ROAA
2.0%
1.8% @2016YE

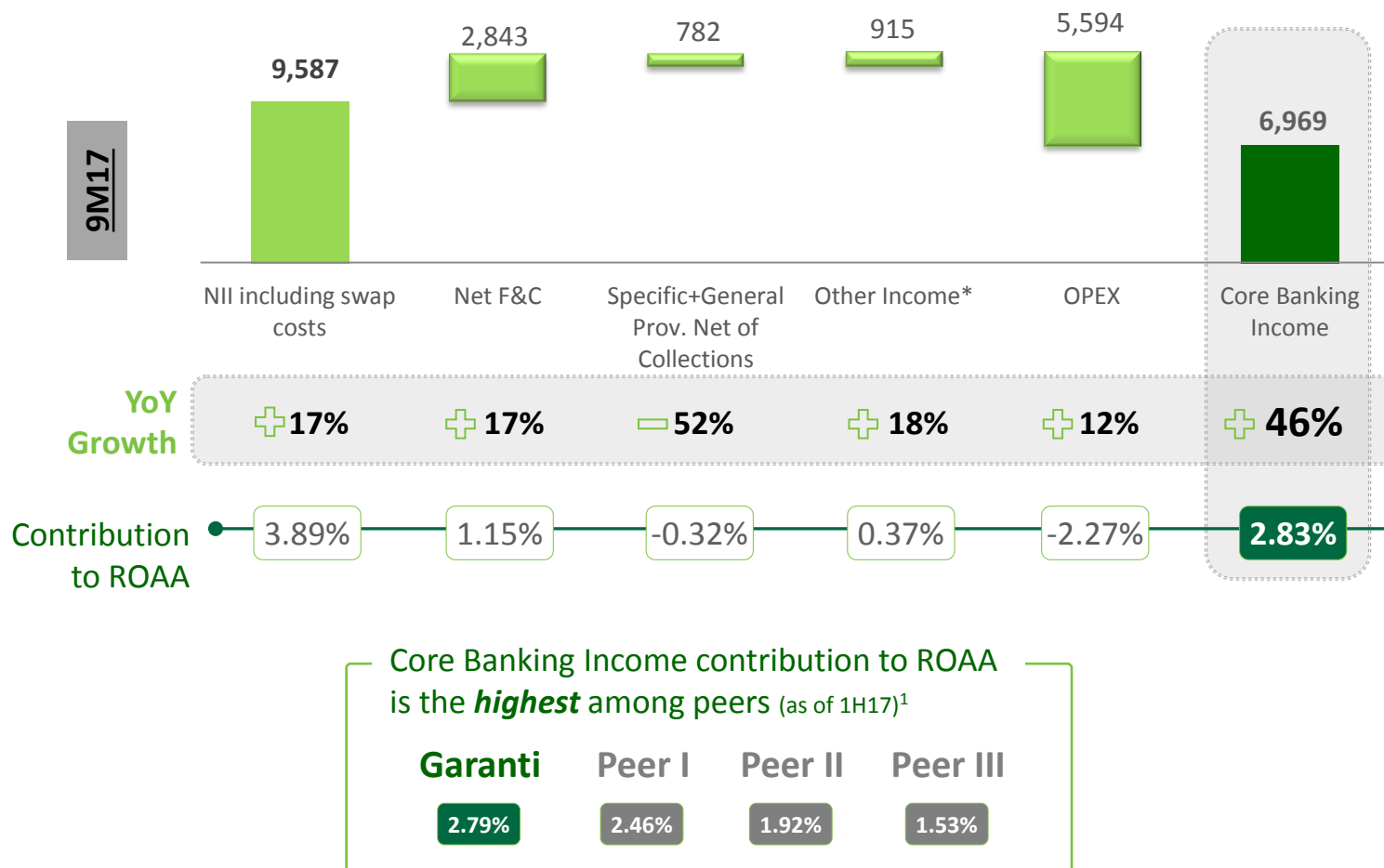
Total Free Provisions reached:
TL 950mn

CET-1
15.0%
13.6% @2016YE

Leverage
7.5x
7.7x @2016YE

Note: In the calculation of Return On Average Equity (ROAE) & Return On Average Assets (ROAA) for 9M17, non-recurring items are excluded when annualizing Net Income for the last quarter of the year

...BACKED BY INCREASING CORE BANKING INCOME CONTRIBUTION

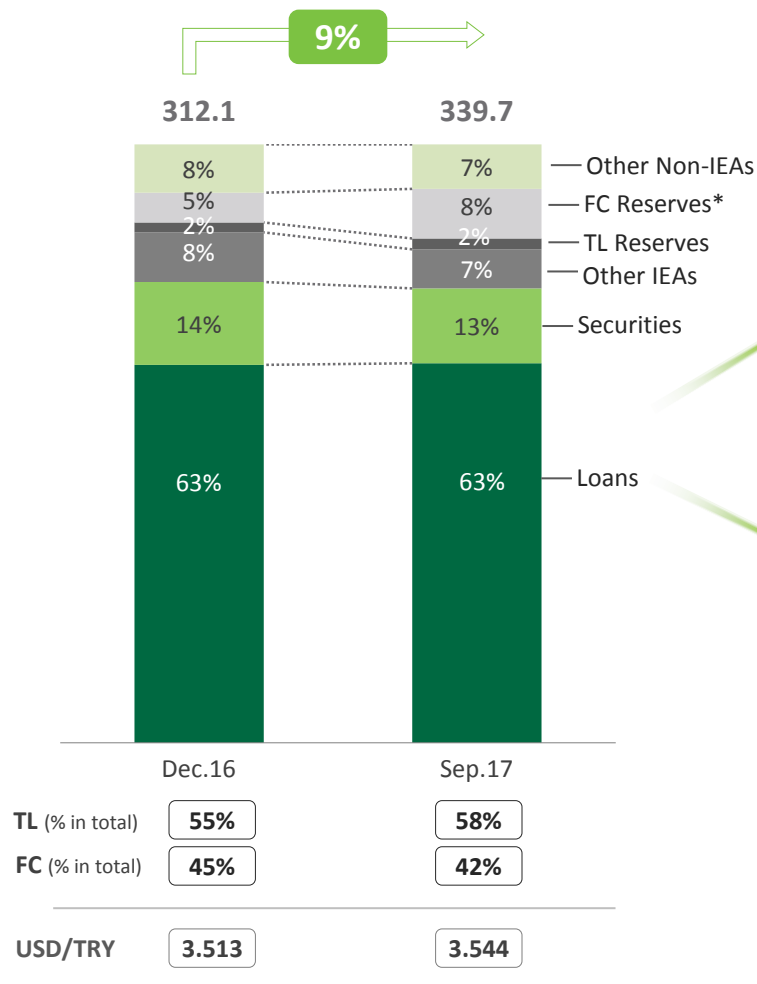


¹ Based on 1H17 BRSA consolidated financials

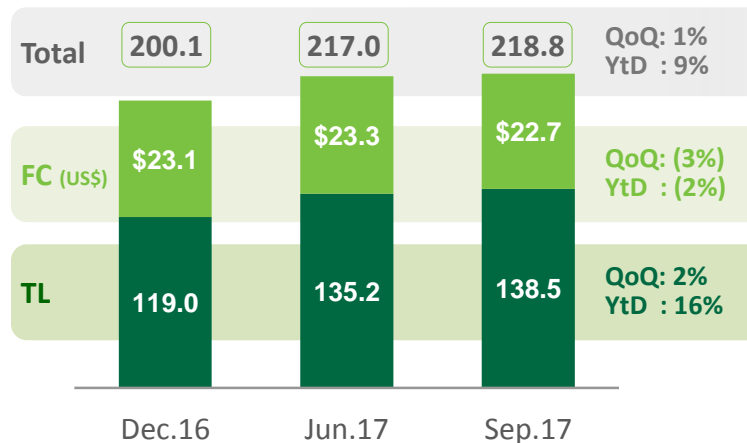
* Includes non-banking subsidiaries' impact and dividends from subsidiaries

CUSTOMER-DRIVEN & INCREASINGLY HIGHER YIELDING ASSET MIX

Composition of Assets¹



Performing Cash Loans (TL, US\$ billion)

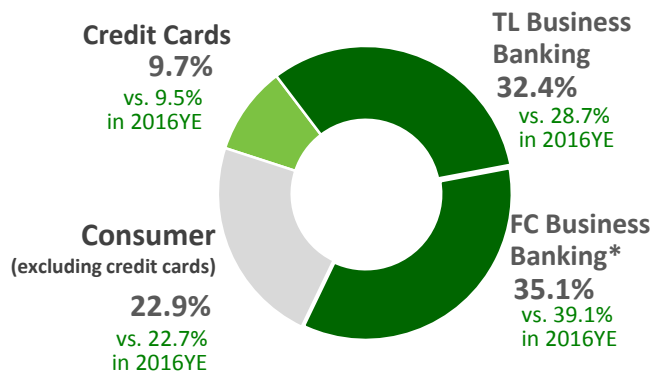


¹ Accrued interest on B/S items are shown in non-IEAs

* 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

UNINTERRUPTED GROWTH DRIVEN BY TL LOANS

Performing Loans Breakdown



Best in class delivery channels & relationship banking
 Healthy market share gains in consumer lending among private banks while preserving rational pricing stance.

	3Q Growth		YtD Growth
	Garanti	Private Banks	Garanti
Consumer Loans (excl. CCs)	4.1%	3.4%	10.4%
+Consumer Mortgage	2.3%	0.5%	7.6%
+Consumer GPL	6.5%	6.1%	14.8%
Credit Card Receivables	6.3%	5.1%	11.4%
TL Business Banking	0.5%	1.5%	23.3%
FC Business Banking (in US\$)	-3.1%	0.7%	-2.7%

● Growth in TL business banking loans continued; yet new originations just suffice in compensating for the maturing book

● Significant slowdown in CGF loans, following the strong growth in 1H17:

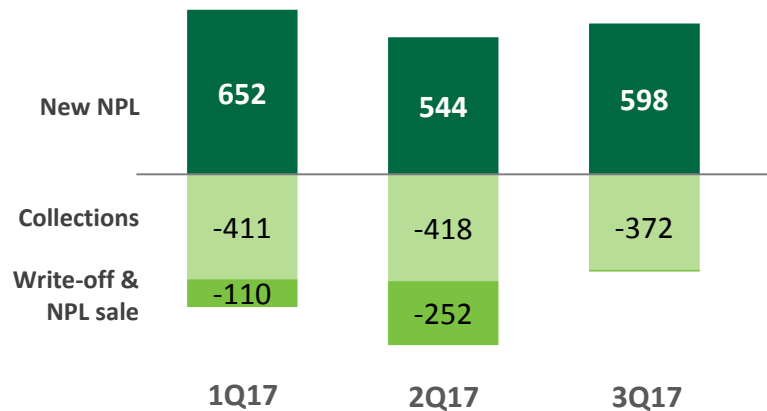
(TL bn)	2Q17	3Q17
Total CGF Guarantee Limit	16.5	16.8
Total Limit Utilization	15.3	16.0
Total Loans Originated	15.9	16.9
Current Stock Volume	14.8	14.7

Loan amortization

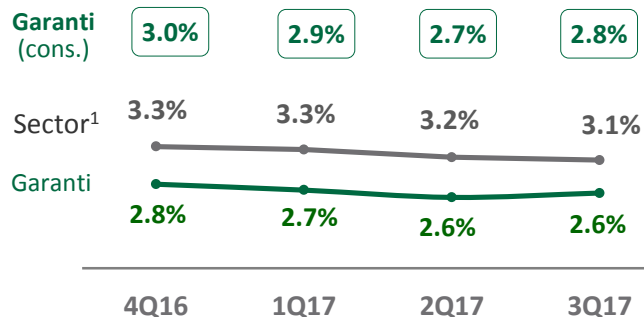
NET NEW NPL INFLOWS CONTINUED TO FARE LOWER THAN ANTICIPATED; YET, COVERAGE RATIO IS FURTHER STRENGTHENED

NPL Evolution

(TL million)



NPL Ratio



Total Coverage

Ratio

(including Free Provisions)

Consolidated	Bank-only
147%	160%
vs. 2016	vs. 2016
136%	147%

Share of Group II in Performing Loans

5.1%

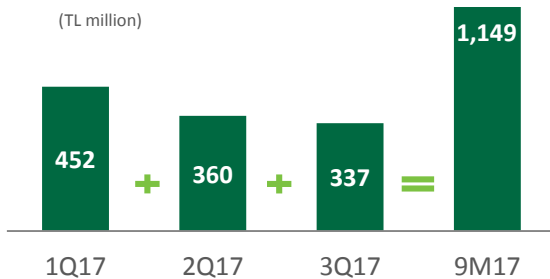
Per differentiated and prudent approach

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.

COMFORTABLE & PRUDENT PROVISIONING

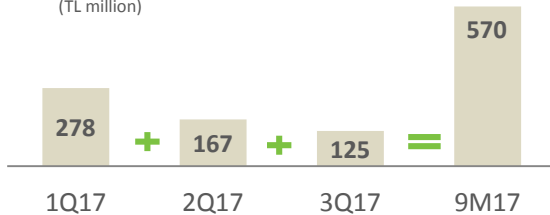
Specific Provisions

(TL million)



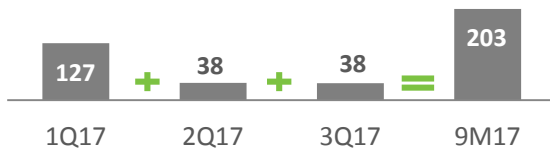
Collections in Other Income

(TL million)



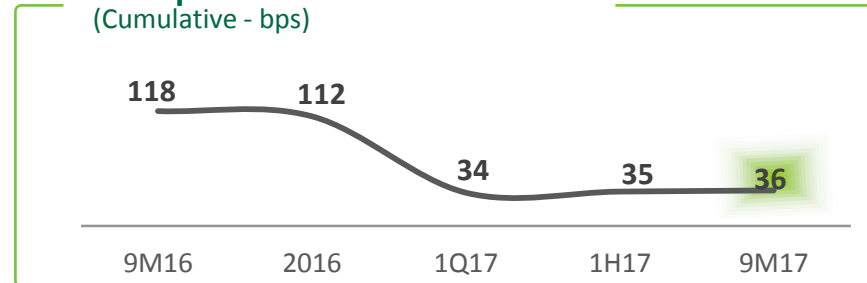
General Provisions

(TL million)



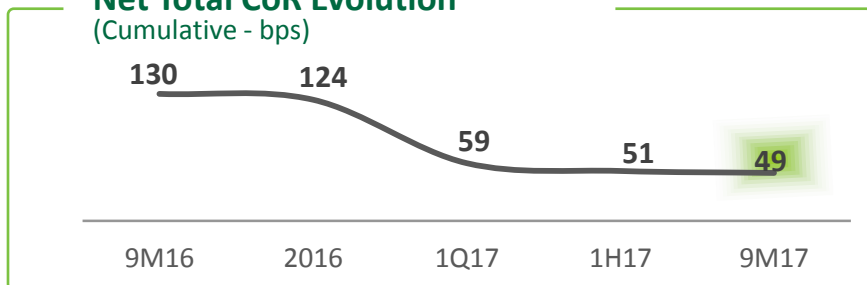
Net Specific CoR Evolution

(Cumulative - bps)



Net Total CoR Evolution

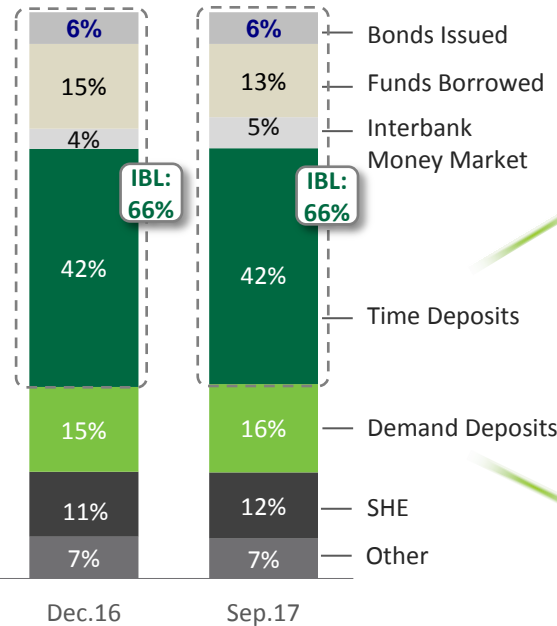
(Cumulative - bps)



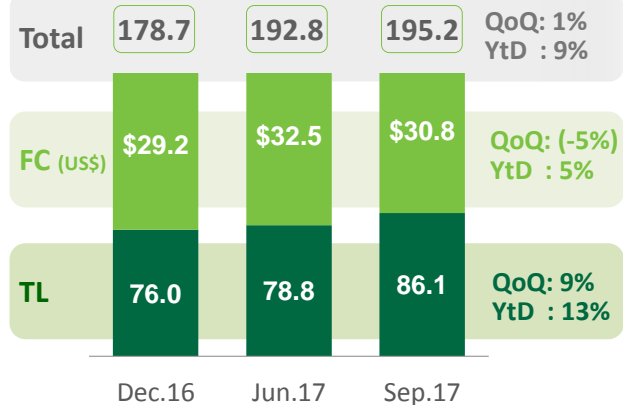
COMFORTABLE LIQUIDITY

Well-diversified funding mix

Composition of Liabilities



Total Deposits (TL, US\$ billion)



Demand Deposits' share
in Total Deposits
>27%

Bank-only: >25% vs. sector's 21%¹

LtD Ratio: 112%
Adjusted LtD ratio: 81%*

Total LCR: 145%
Required level: 80%

2017 Borrowings

Eurobond	Tier II	Covered bonds	Securitizations	Syndications	Other
\$ 500mn	\$ 750mn	TL 842mn	€ 153mn	€ 806mn+\$ 468mn	\$79mn
		+ TL 840mn (4Q17)	+ \$ 250mn (4Q17)	+ ~\$1.3bn equiv. rollover (4Q17-planned)	



Swap utilization

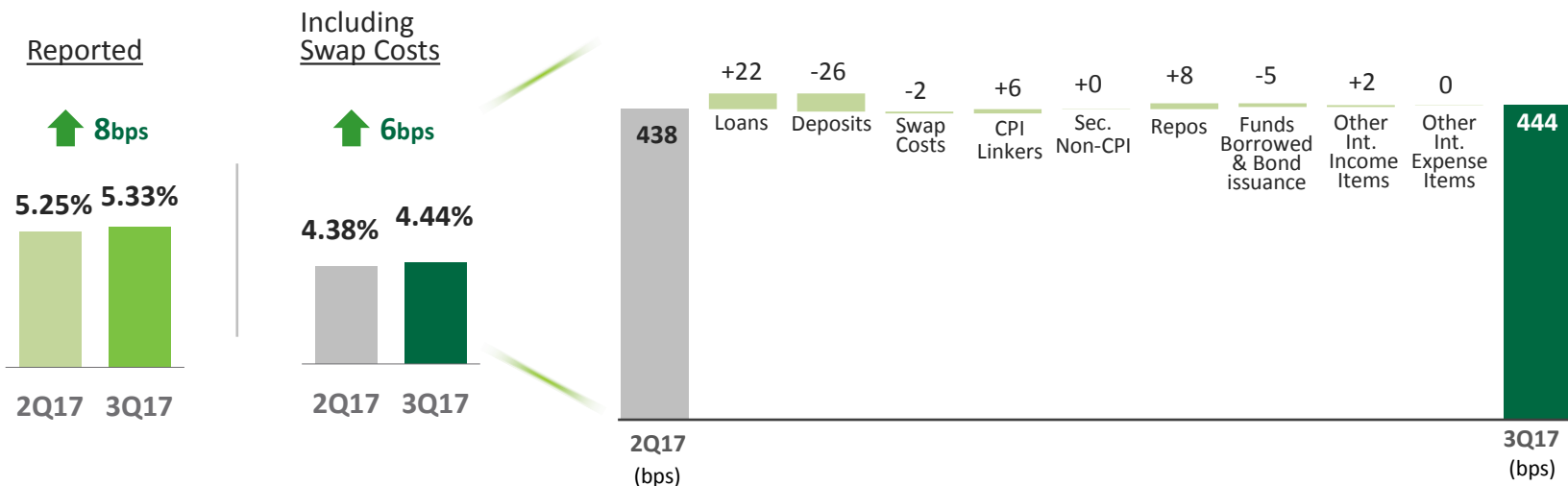
Average net swap funding vol.:
TL26bn in 3Q17 @10.5%
TL23bn in 2Q17 @10.4%
TL13bn in 1Q17 @9.5%.



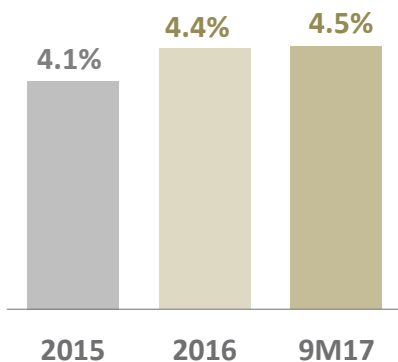
*Please see Appendix page 18. Adjusted with on-balance sheet alternative funding sources
1 Based on BRSA weekly data as of 29 September 2017, commercial banks only

WELL-DEFENDED NIM IN AN INCREASED RATE ENVIRONMENT

Quarterly NIM



Cumulative NIM inc. swap costs



+ Focus on defending spreads

- increased loan pricings becoming more visible on loan yields
- pressure remains on funding costs
- high share of demand deposits in total

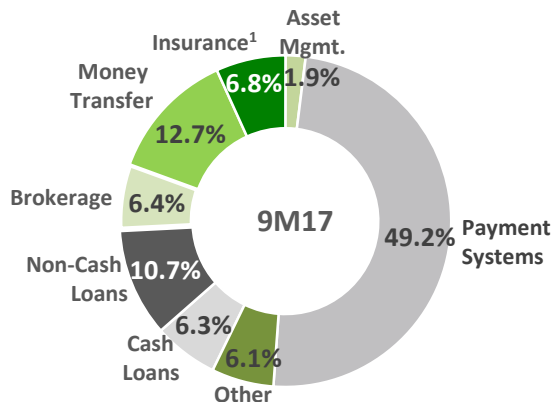
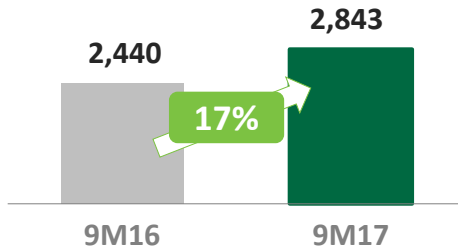
+ CPI linkers serve as hedge against inflationary pressure

- 1% increase in CPI implies ~7bps higher NIM

+ «Flattish» NIM* guidance maintained, with a potential upside from higher than anticipated CPI readings

WELL DIVERSIFIED FEE SOURCES & FURTHER DIGITALIZED PROCESSES FOSTER FEE PERFORMANCE

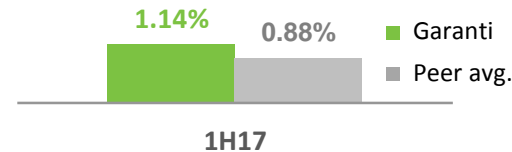
Net Fees & Commissions (TL million)



- + Payment Systems: 13% YoY
- + Money Transfers: 31% YoY
- + Non-Cash: 25% YoY
- + Insurance: 22% YoY
- + Brokerage: 43% YoY

Highest fee generation capability

- Highest Fee base
- Net F&C / (Avg. IEAs incld. Non-cash loans) well-above peer average²



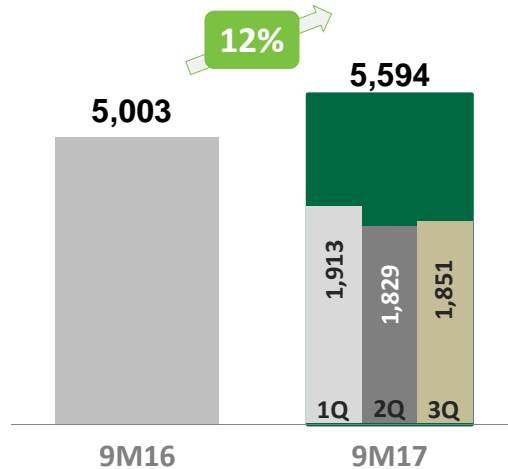
Customers' preferred bank

- Leader bank in Issuing & Acquiring: >20% market share
- Leader in interbank money transfer : 14% market share
- Leader in SWIFT transactions: 18% market share
- Managing the largest digital customer base with 5.6 million
 - Share of GPL sales via digital channels reached 70%³
 - Digital channels' share in non-credit linked fees: 40%³

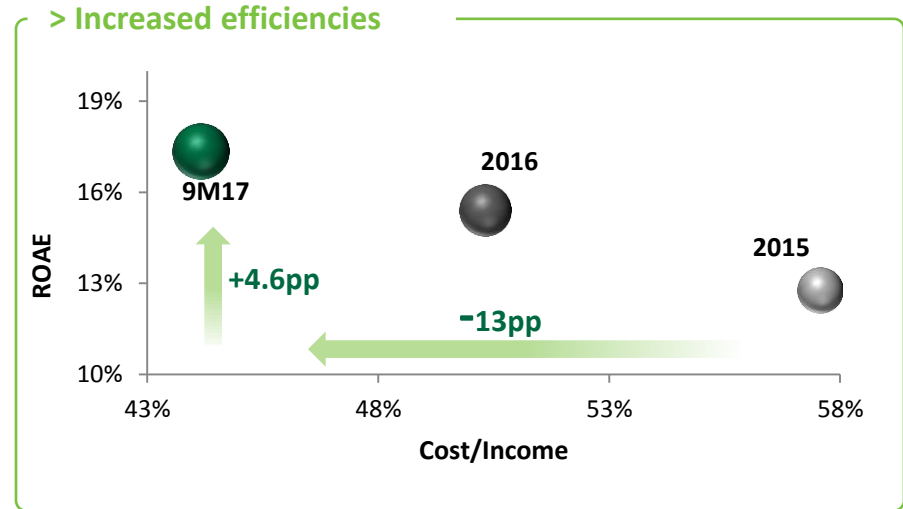
Note: YoY growth of diversified fee sources is based on bank-only MIS data
 1 Insurance fee includes Private Pension & Life insurance fee income whereas it is accounted for under «other income» in consolidated financials
 2 Based on 1H17 BRSA bank-only financials. Peers defined as Akbank, Isbank, YKB, Halk & Vakif

COMMITTED TO IMPROVE EFFICIENCY & OPERATIONAL EXCELLENCE

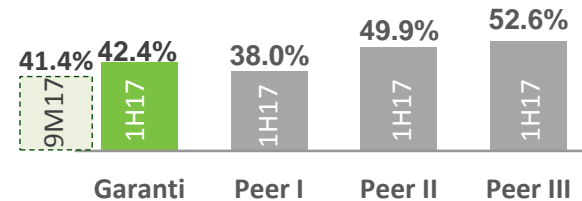
Operating Expenses (TL million)



YoY OPEX growth is **converging to below CPI** by year-end

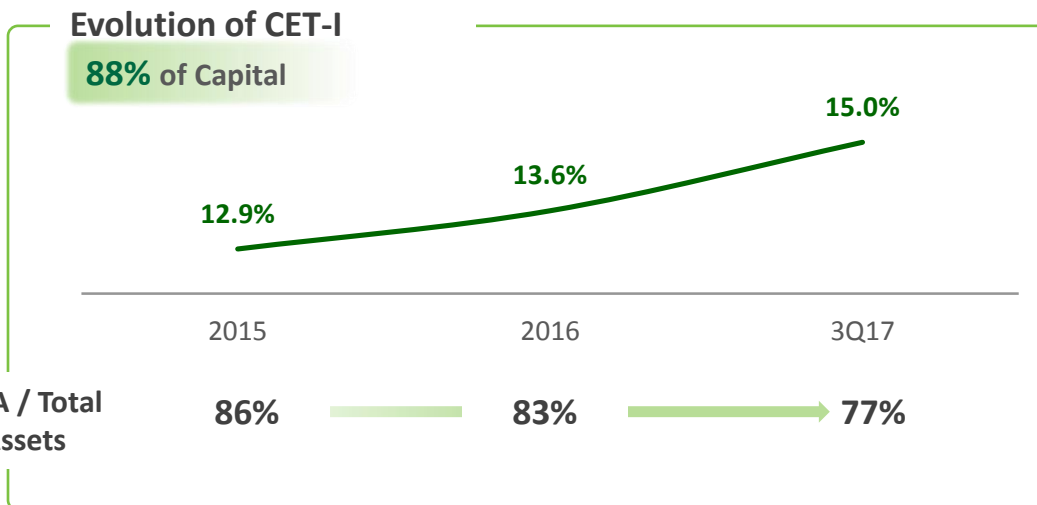
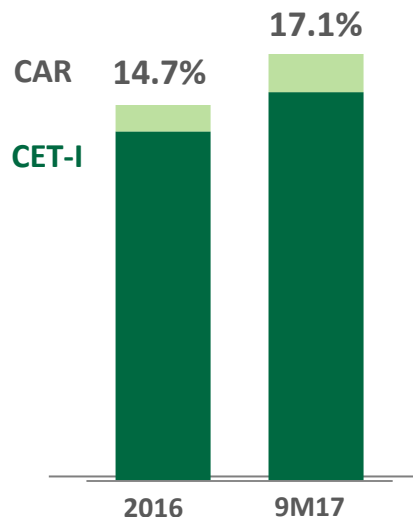


C/I Ratio vs. private peers¹



SUSTAINED IMPROVEMENT IN SOLVENCY RATIOS

Capital Adequacy Ratios



- Dividend Payment: **-48 bps** YtD
- Regulation Impact¹: **+24 bps** YtD
- Tier II issuance: **+103 bps** YtD
- MtM Difference: **+14 bps** YtD
- Currency Impact: **-4 bps** YtD

1 (a) Decreasing RW on FC reserves from 50% to 0%, (b) 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% (c) removal of article that required banks to deduct value of real estates and commodities they attain due to their receivables and hold more than three years from regulatory capital.

APPENDIX

Pg. 14	Summary Balance Sheet
Pg. 15	Securities Portfolio
Pg. 16	Retail Loans
Pg. 17-18	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>	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	YTD Change
Cash & Banks ¹	17,117	20,340	18,256	15,149	16,357	-20%
Reserve Requirements	28,401	20,867	28,928	33,781	34,467	65%
Securities	44,710	47,285	47,921	47,351	47,938	1%
Performing Loans	184,633	200,076	210,968	216,955	218,848	9%
Fixed Assets & Subsidiaries	4,494	4,705	4,712	4,774	4,802	2%
Other	15,776	18,850	17,907	17,932	17,267	-8%
TOTAL ASSETS	295,130	312,122	328,692	335,942	339,679	9%
Deposits	167,160	178,690	185,194	192,817	195,245	9%
Repos & Interbank	18,678	11,230	15,724	15,681	18,506	65%
Bonds Issued	15,027	17,746	20,346	20,044	19,258	9%
Funds Borrowed ²	38,702	46,582	47,421	45,956	44,392	-5%
Other	20,838	22,079	23,375	23,167	22,454	2%
SHE	34,725	35,796	36,632	38,278	39,825	11%
TOTAL LIABILITIES & SHE	295,130	312,122	328,692	335,942	339,679	9%

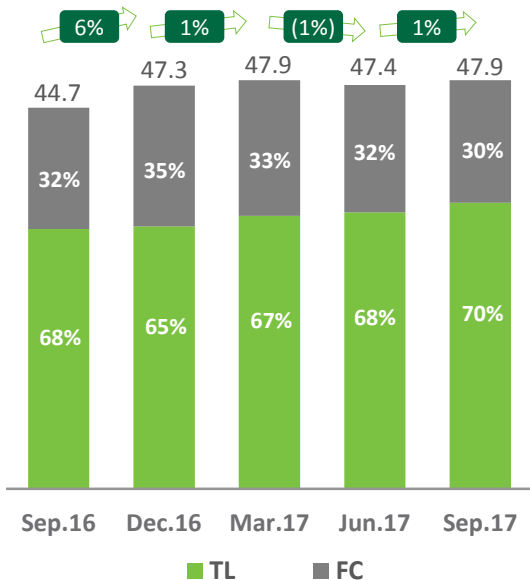
1 Includes banks, interbank and excludes reserve requirements

2 Includes funds borrowed and sub-debt

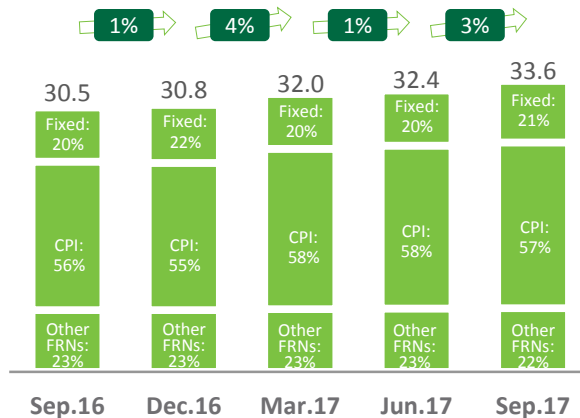
SECURITIES PORTFOLIO REMAINS AS HEDGE AGAINST VOLATILITY

Total Securities (TL billion)

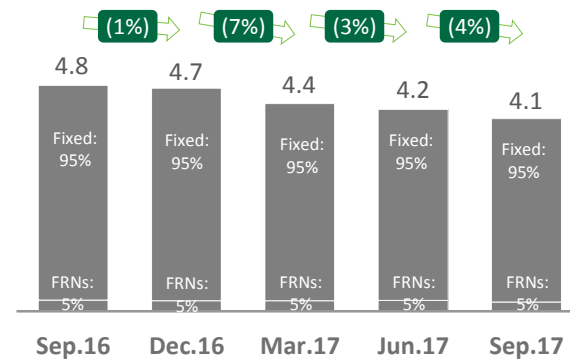
14.1% of Total Assets



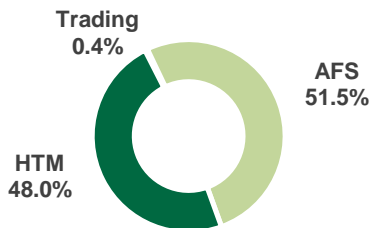
TL Securities (TL billion)



FC Securities (US\$ billion)



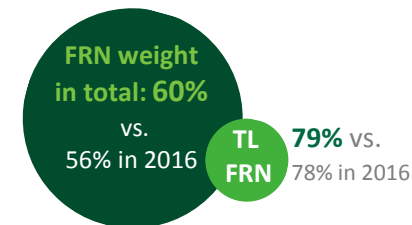
Securities Composition



Unrealized MtM loss (pre-tax)

~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
 ~TL 182mn loss as of Sep'16

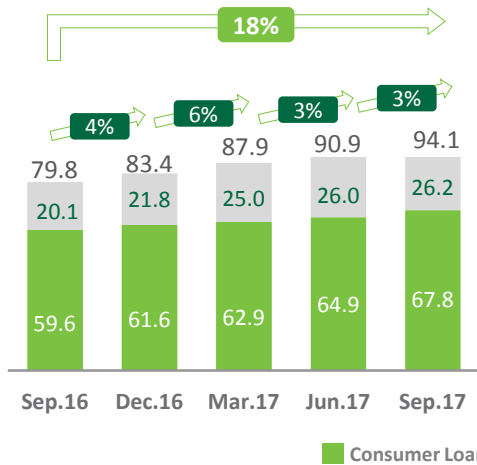
Maintained FRN heavy portfolio



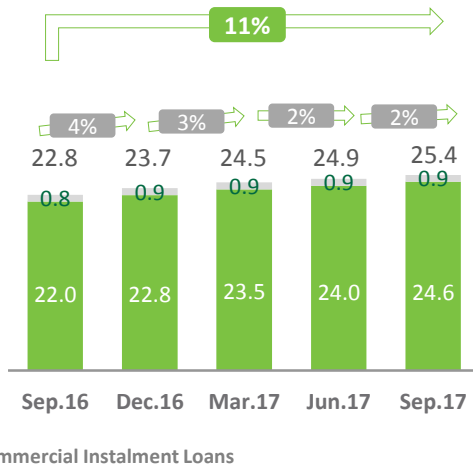
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data.

PRESERVED LEADING POSITION ACROSS ALL RETAIL PRODUCTS

Retail Loans (TL billion)



Mortgage Loans (TL billion)



Market Shares*

	Sep'17	QoQ	Rank
Consumer Loans	22.0%	+10bps	#1
Cons. Mortgage	24.3%	+29bps	#1
Cons. Auto	44.7%	+77bps	#1
Consumer GPLs	18.4%	+4bps	#2

* Among private banks, rankings as of June17

Preserved #1 position in cards business

of CC customers

15.1%²

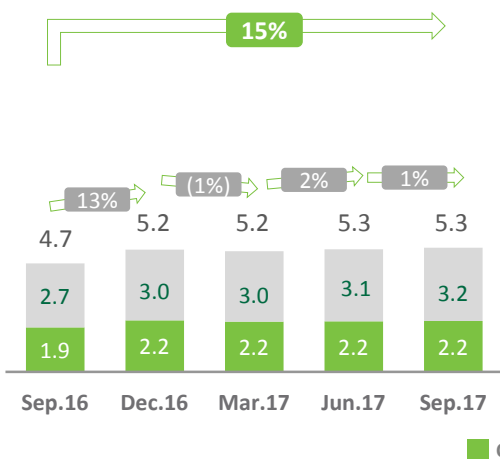
Issuing Volume

20.6%²

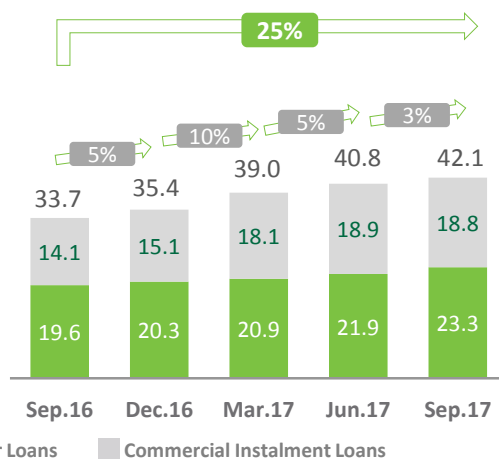
Acquiring Volume

20.8%²

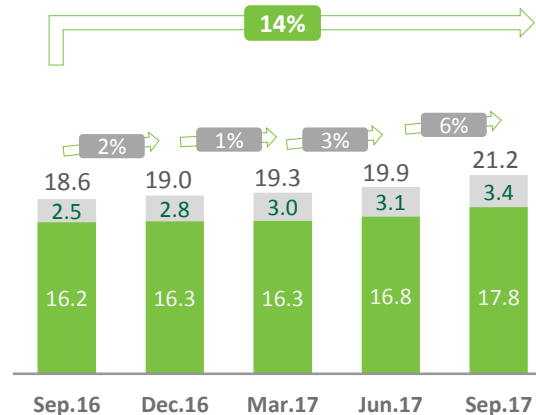
Auto Loans (TL billion)



General Purpose Loans¹ (TL billion)



Credit Card Balances (TL billion)



1 Including other loans and overdrafts
 2 As of September 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 29.09.2017

COMFORTABLE LIQUIDITY

Opportunistic utilization of alternative funding

Basel III compliant Tier II	<ul style="list-style-type: none">▪ \$ 750mn, 10NC5 Record subscription >\$4bn 6.125%, largest deal size and lowest coupon for Turkish Tier 2 Basel III compliant bond (2Q17)
Eurobond	<ul style="list-style-type: none">▪ \$ 500mn 6-yrs maturity @5.875% (1Q17)
Covered Bond	<p>“Green Mortgage”</p> <ul style="list-style-type: none">▪ \$ 150mn equivalent TL 529mn (2Q17)▪ € 75mn equivalent TL 313mn (3Q17)▪ € 200mn equivalent TL 840mn (4Q17)
100% syndication roll-over	<ul style="list-style-type: none">▪ \$ 468mn @Libor+1.45% (2Q17)▪ € 805.5mn @Euribor+1.35% (2Q17)▪ \$ 1.3bn equivalent rollover (4Q17 - planned)
DPR Securitization	<ul style="list-style-type: none">▪ € 153mn 5-yrs maturity (1Q17)▪ \$ 250mn 5-yrs maturity (4Q17)
EIB Funding	<ul style="list-style-type: none">▪ \$ 79mn 6-yrs maturity (1Q17)
Swap for margin optimization	<ul style="list-style-type: none">▪ Average net swap funding volume:<ul style="list-style-type: none">○ TL26bn in 3Q17 @ 10.5%○ TL23bn in 2Q17 @10.4%○ TL13bn in 1Q17 @9.5%

COMFORTABLE LIQUIDITY

Successful dual currency balance sheet management

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

Total
Loans /
Deposits:

112%



Adjusted
L/D

81%

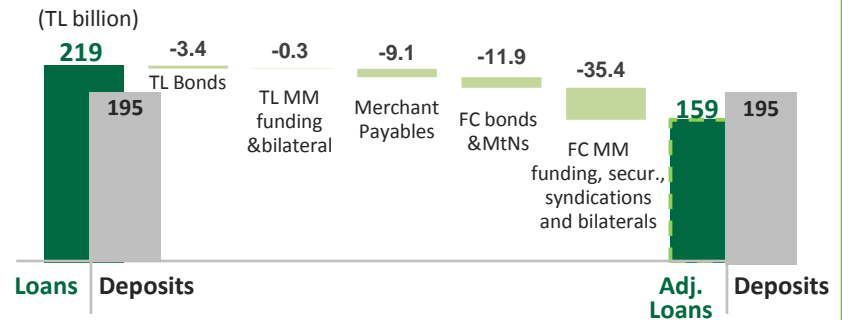


TL Loans /
TL Deposits:

161%

FC Loans /
FC Deposits:

74%



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

Total LCR	144.6%
<i>Minimum Req. for 2017</i>	<i>80%</i>
FC LCR	142.1%
<i>Minimum Req. for 2017</i>	<i>60%</i>

NON-RECURRING ITEMS & NORMALIZED NET INCOME

<i>TL Million</i>	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
Net Income	1,057	1,548	1,335	1,208	1,537	1,564	1,586
<i>Provision reversal due to collateral re-assessment</i>	-80	0	0	0	0	0	0
<i>Extra provisions related to collateral re-assessment</i>	122	0	20	102	0	0	0
<i>Provisions imposed by NBR to Romanian banking sector</i>	0	96	0	0	0	0	0
<i>Garanti Bank Moscow sale loss</i>	0	0	0	41	0	0	0
<i>Visa sale gain</i>	0	-251	0	0	0	0	0
<i>Income from NPL sale</i>	-26	-17	-8	-15	-21	-15	0
<i>Gains from asset sale</i>	0	-14	0	0	0	0	0
<i>Provision reversal from Miles&Smiles</i>	0	-51	0	0	0	0	0
<i>Free provision</i>	0	0	100	0	200	220	230
<i>Provision for fines</i>	0	0	0	85	0	0	137
<i>Fee rebates</i>	60	52	30	24	19	15	14
Normalized Net Income	1,134	1,362	1,476	1,445	1,735	1,784	1,967

SUMMARY P&L

TL Million	9M16	9M17	Δ YoY	2Q17	3Q17	Δ QoQ
(+) NII excld. inc. on CPI linkers & inc. Swap costs	8,171	9,587	17%	3,143	3,277	4%
(+) NII excluding CPI linkers' income	7,720	9,598	24%	3,222	3,329	3%
(+) Income on CPI linkers	1,269	1,582	25%	550	608	11%
(-) Swap Cost	-818	-1,593	95%	-629	-660	5%
(+) Net Fees & Comm.	2,440	2,843	17%	913	1,009	11%
(-) Specific + General provisions net of collections	-1,616	-782	-52%	-232	-250	8%
(-) Specific Provisions	-2,002	-1,149	-43%	-360	-337	-6%
(-) General Provisions	-169	-203	20%	-38	-38	-1%
(+) Collections	425	570	34%	167	125	-25%
(+) Free prov. reversal assigned to shipping file	130	0	n.m	0	0	n.m
(+) Other income	768	907	18%	280	280	0%
(+) NPL sale income	63	44	-29%	18	0	-100%
(+) 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	623	863	38%	262	280	7%
(+) Garanti Pension - Insurance Premiums	399	491	23%	162	171	5%
(+) Other	225	372	65%	100	109	9%
(+) Dividend Income	9	8	-17%	7	0	n.m
(-) OPEX	-5,003	-5,594	12%	-1,829	-1,851	1%
= CORE OPERATING INCOME	4,769	6,969	46%	2,282	2,465	8%
(+) Net Trading & FX gains/losses	157	112	-29%	7	68	n.m
(+) Visa sale	279	0	n.m	0	0	n.m
(-) Taxation and other provisions	-1,265	-2,395	89%	-725	-947	31%
(-) Free Provision	-100	-650	n.m	-220	-230	n.m
(-) Provision for fines	0	-137	n.m	0	-137	n.m
(-) Other Provision	-176	-189	7%	-44	-81	83%
(-) Taxation	-989	-1,419	43%	-461	-499	8%
= NET INCOME	3,940	4,686	19%	1,564	1,586	1%

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

KEY FINANCIAL RATIOS

	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
Profitability ratios					
ROAE (Cumulative) ¹	16.1%	15.4%	18.9%	18.1%	17.4%
ROAA (Cumulative) ¹	1.8%	1.8%	2.1%	2.1%	2.0%
Cost/Income	49.0%	50.3%	45.9%	45.1%	44.1%
Quarterly NIM incl. Swap costs	4.8%	4.7%	4.6%	4.4%	4.4%
Cumulative NIM incl. Swap costs	4.4%	4.4%	4.6%	4.5%	4.5%
Liquidity ratios					
Loans / Deposits	110%	112%	114%	113%	112%
TL Loans / TL Deposits	158%	157%	170%	171%	161%
Adj. Loans/Deposits <i>(Loans adj. with on-balance sheet alternative funding sources)</i>	76.3%	75.9%	79.2%	80.6%	81.3%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	134%	133%	143%	145%	135%
FC Loans / FC Deposits	75%	79%	75%	72%	74%
Asset quality ratios					
NPL Ratio	3.3%	3.0%	2.9%	2.7%	2.8%
Total Coverage Ratio (General+Specific+Free Prov.)	132%	136%	139%	145%	147%
Solvency ratios					
CAR	15.0%	14.7%	14.4%	16.4%	17.1%
Common Equity Tier I Ratio	13.9%	13.6%	13.3%	14.4%	15.0%
Leverage	7.5x	7.7x	8.0x	7.8x	7.5x

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 9M17.

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