

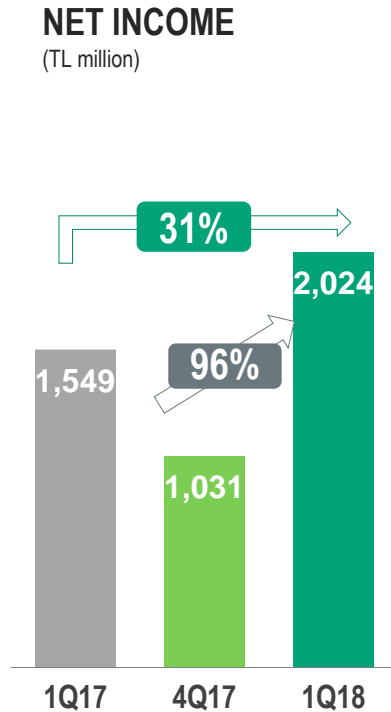


1Q18 EARNINGS PRESENTATION

Based on IFRS Consolidated Financials



ROBUST EARNINGS PERFORMANCE...



2.2% **ROAA**
vs. 1.8% in 2017

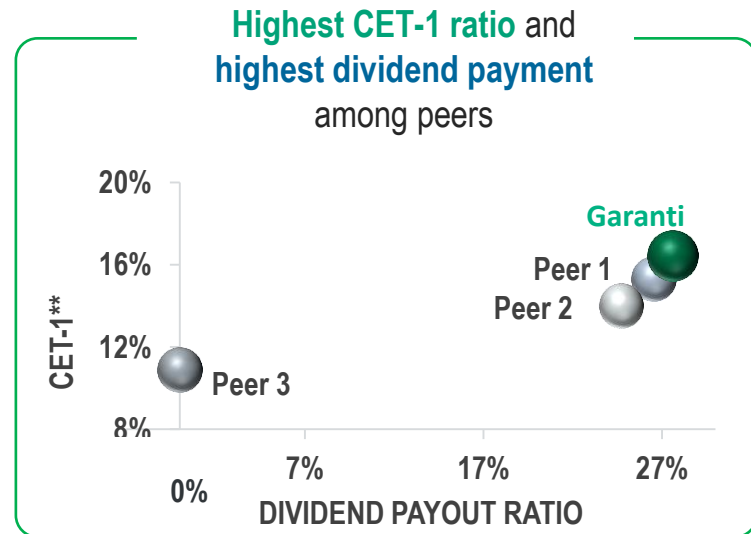
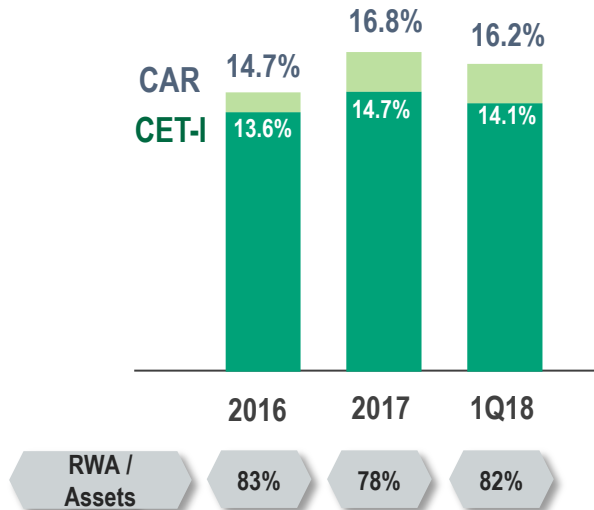
18.5% **ROAE**
vs. 15.6% in 2017

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

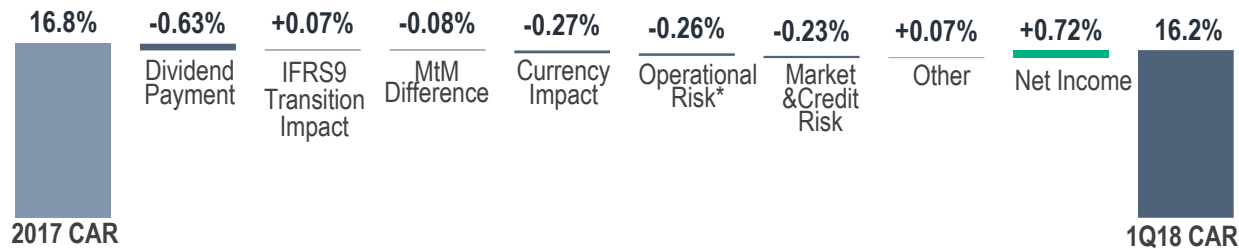
Note: In the calculation of average assets and equity, opening balance sheet as of 1 January 2018 has been used instead of YE 2017

...FURTHER REINFORCING SOLVENCY

SOLVENCY RATIOS¹



Impacts on CAR -- 1Q18 vs. 2017



Note: Figures and ratios are per BRSA Consolidated financials

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

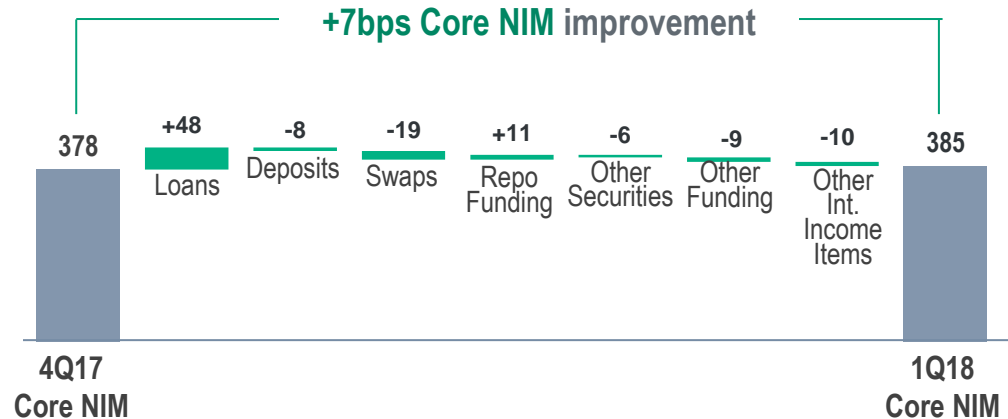
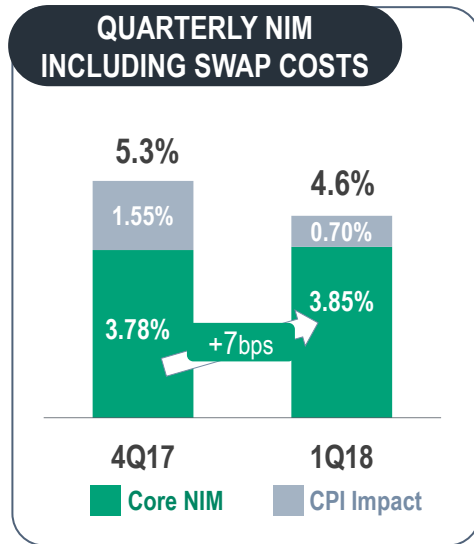
3

CONTAINED OPEX GROWTH

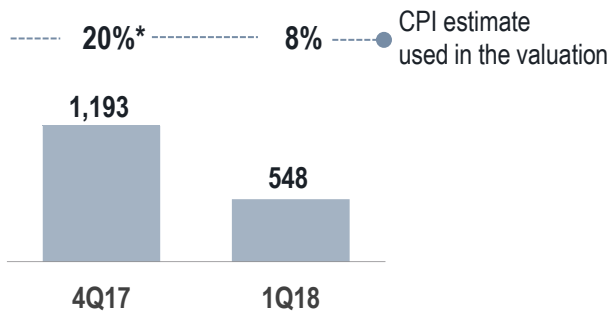
4

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

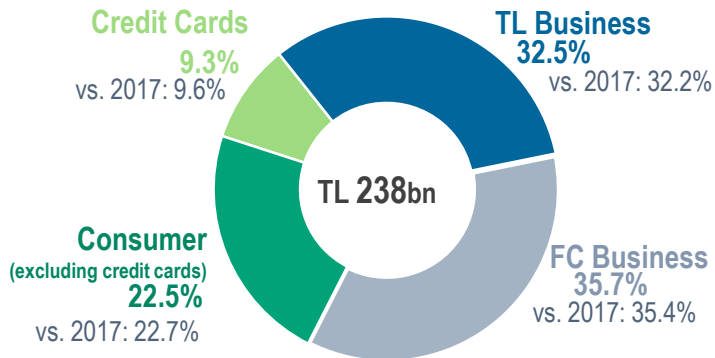
Note: Figures are based on BRSA Consolidated Financials

In the calculation of average IEA, opening balance sheet as of 1 January 2018 used instead of 1 January 2017

*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

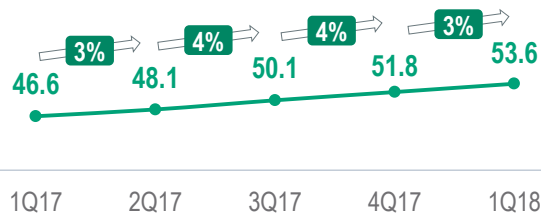
↑ 6% QoQ

FC LOAN GROWTH (in US\$)

↓ (2%) QoQ

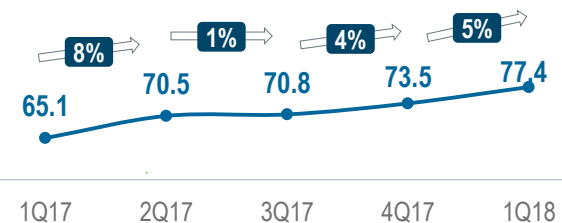
HEALTHY MARKET SHARE GAINS

Consumer Loans excluding Credit Cards¹ (TL billion)



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

TL Business Banking Loans¹ (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 Based on BRSA Consolidated data, 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

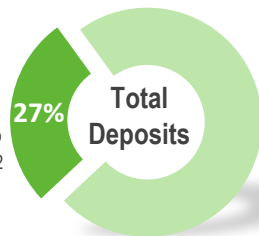
TL DEPOSITS GROWTH

↑ 4% QoQ

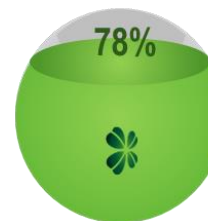
FC DEPOSITS GROWTH (in US\$)

↑ 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

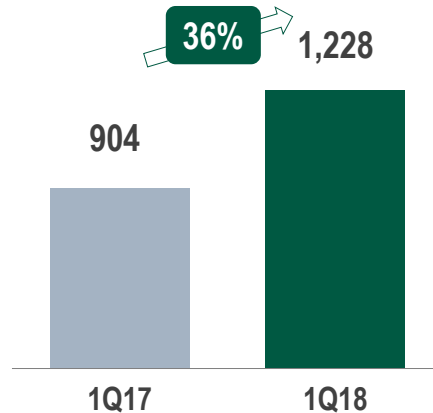
¹ Based on bank-only MIS data

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

STELLAR FEE GROWTH BACKED BY DIVERSIFIED FEE SOURCES...

NET FEES & COMMISSIONS

(TL million)



► Payment systems

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

► Money transfer

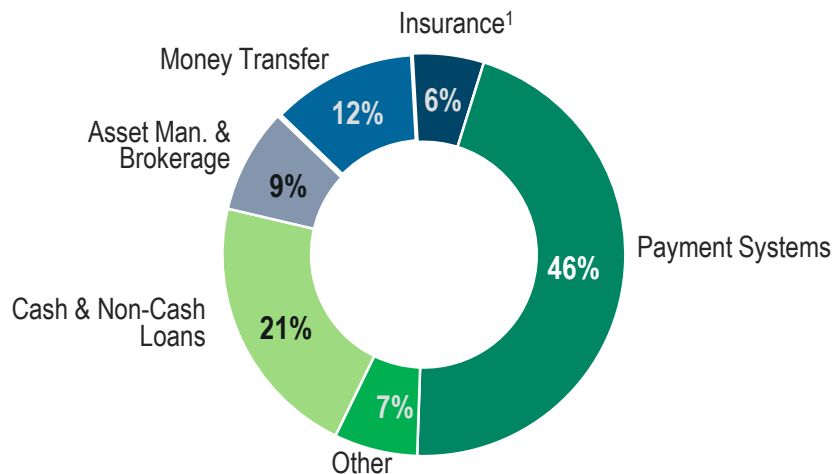
Leader in interbank money transfer: 14% market share
Leader in swift transactions: 17% market share

► 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**

NET FEES & COMMISSIONS BREAKDOWN²

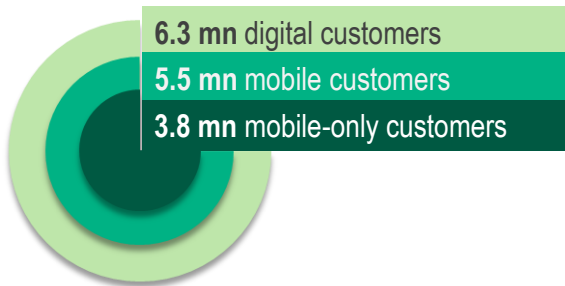


¹ Insurance fee includes Private Pension & Life insurance fee income whereas it is accounted for under «other income» in consolidated financials

² Based on MIS data

...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

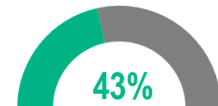


GARANTI'S
MARKET SHARE IN INTERNET
& MOBILE BANKING
TRANSACTIONS

EFFECTIVE DIGITAL CHANNEL UTILIZATION



SHARE OF DIGITAL SALES
IN TOTAL SALES



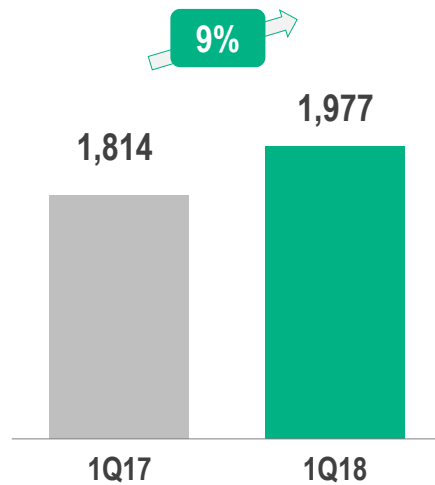
DIGITAL CHANNELS'
SHARE IN NON-CREDIT
LINKED FEES

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

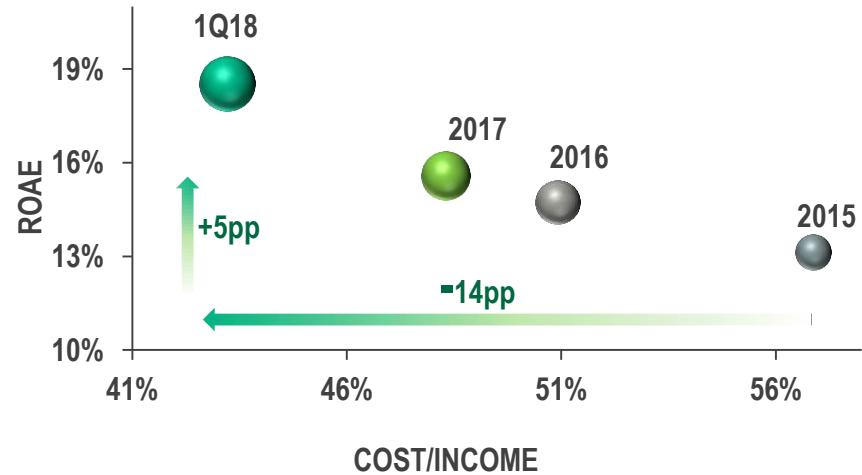
COMMITTED TO IMPROVE EFFICIENCY & OPERATIONAL EXCELLENCE

OPERATING EXPENSES

(TL Million)



INCREASING EFFICIENCY



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

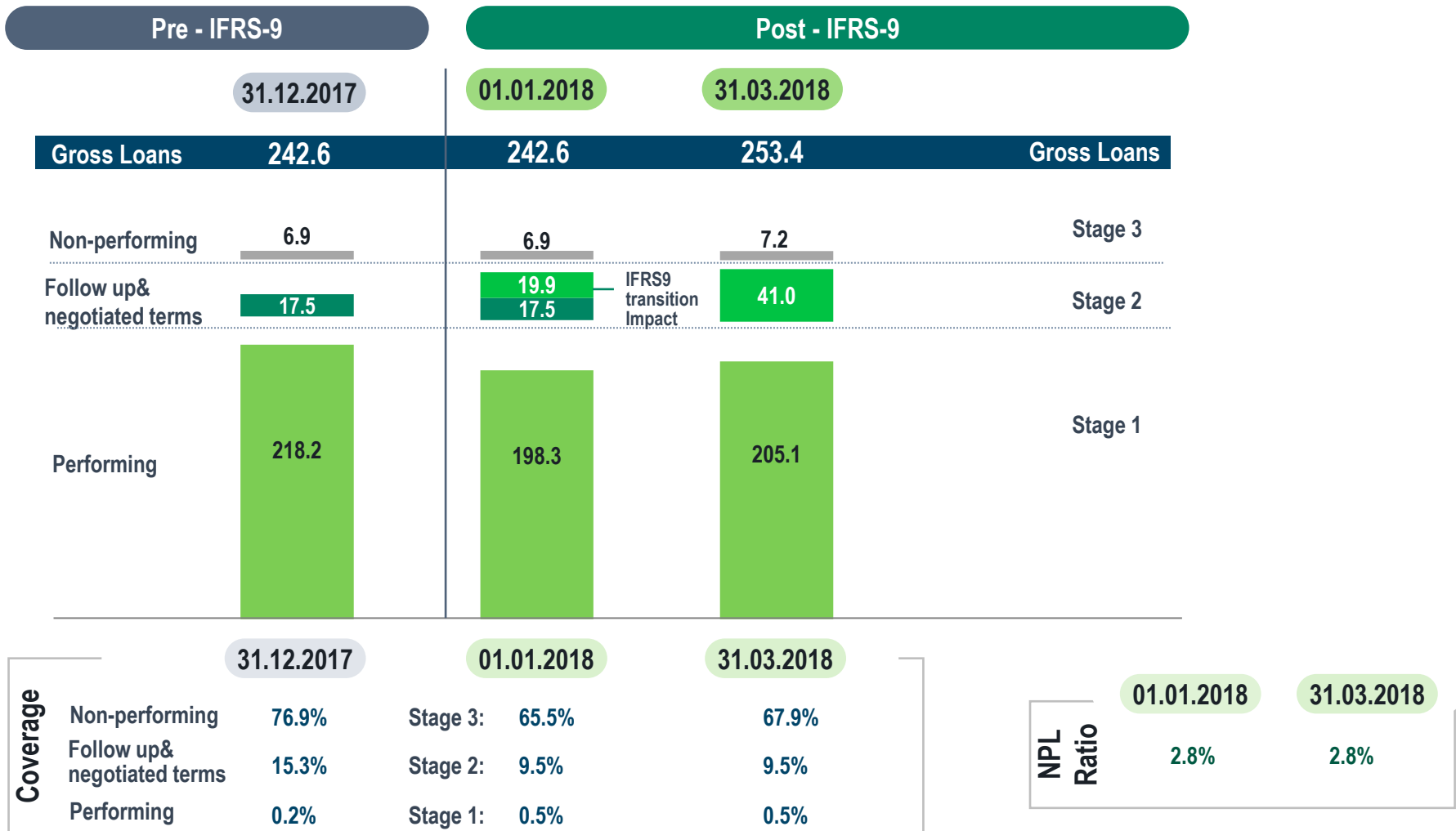
+ Income from subsidiaries.

INVESTOR RELATIONS | 1Q18 IFRS CONSOLIDATED EARNINGS PRESENTATION

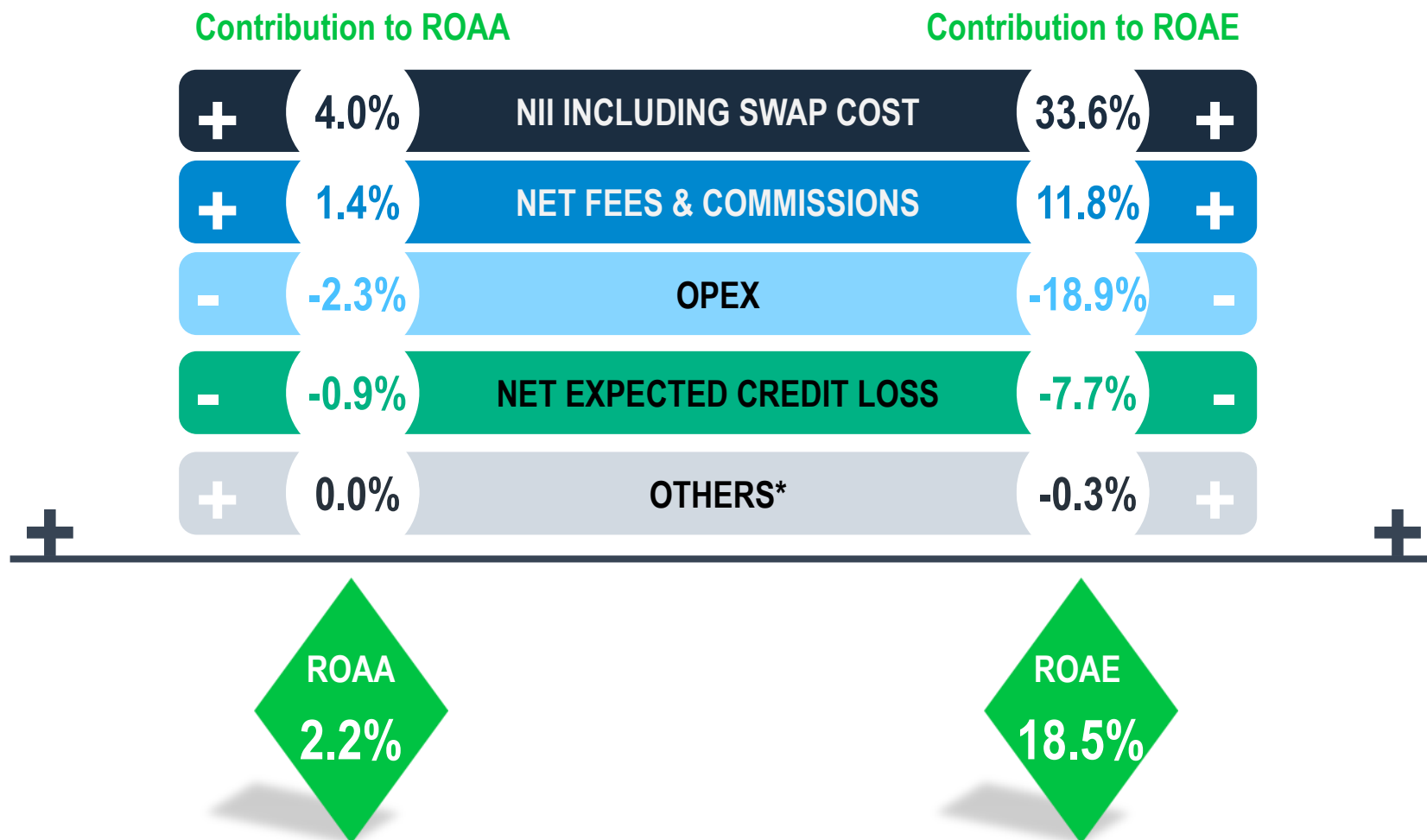
PRUDENTLY DEFINED IFRS 9 CRITERIA

LOAN PORTFOLIO BREAKDOWN

(Billion TL)



IN SUMMARY



*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 and equity, opening balance sheet as of 1 January 2018 has been used instead of YE 2017

APPENDIX

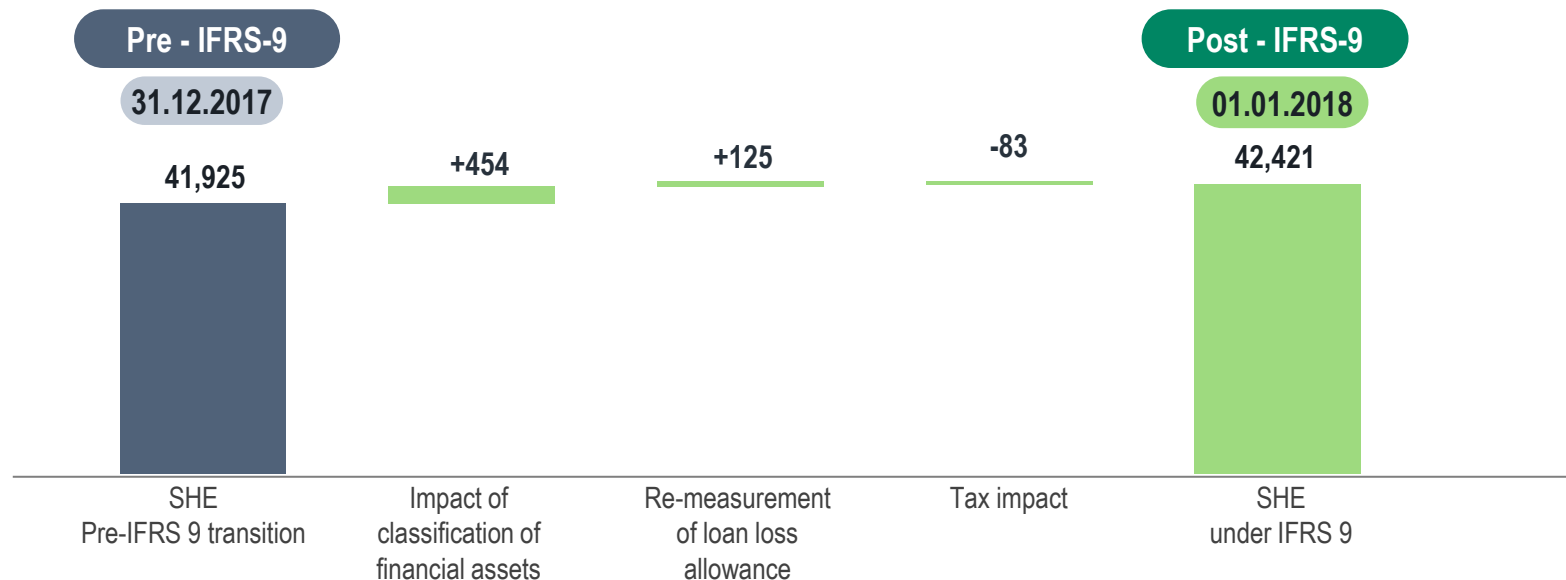
Pg. 14	Disclaimer on new IFRS 9 standard
Pg. 15	Composition of Assets & Liabilities
Pg. 16	Securities Portfolio
Pg. 17	Retail Loans
Pg. 18	Loan-term Wholesale Funding
Pg. 19	Summary P&L

DISCLAIMER ON NEW IFRS 9 STANDARD

«The Group 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 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 Transition disclosures.»

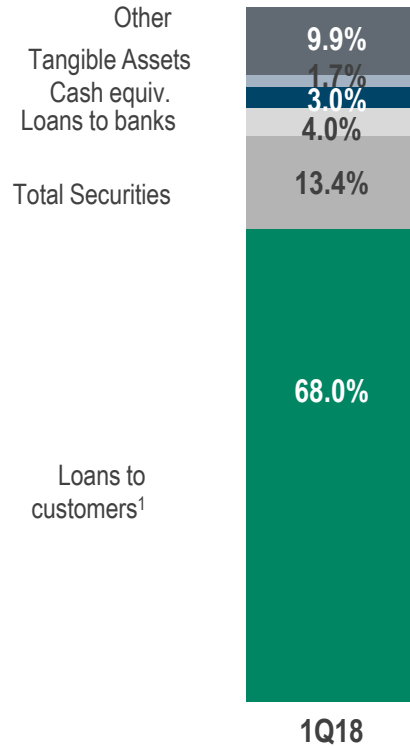
Impact of IFRS-9 Transition on Shareholders' Equity (SHE)

(Million TL)

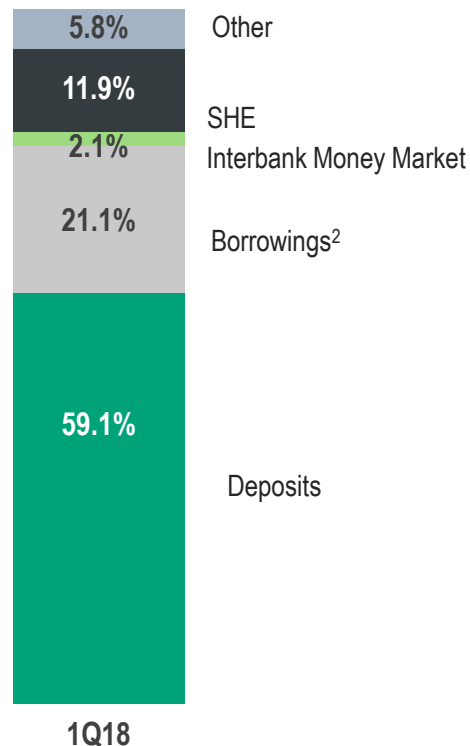


APPENDIX: COMPOSITION OF ASSETS & LIABILITIES

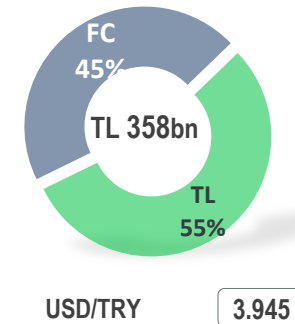
ASSETS



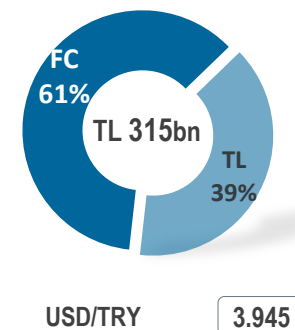
LIABILITIES & SHE



TL/FC MIX IN ASSETS



TL/FC MIX IN LIABILITIES



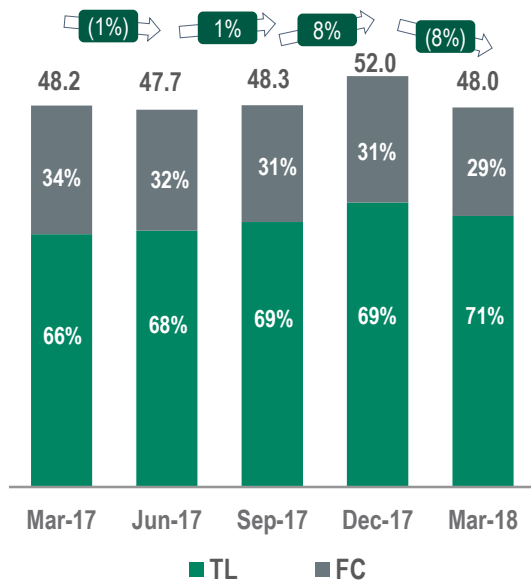
¹ Including factoring and leasing receivables

² Includes Loans and advances from banks, Bonds payable, Subordinated liabilities & Financial liabilities at fair value through profit or loss

APPENDIX: SECURITIES PORTFOLIO

Total Securities (TL billion)

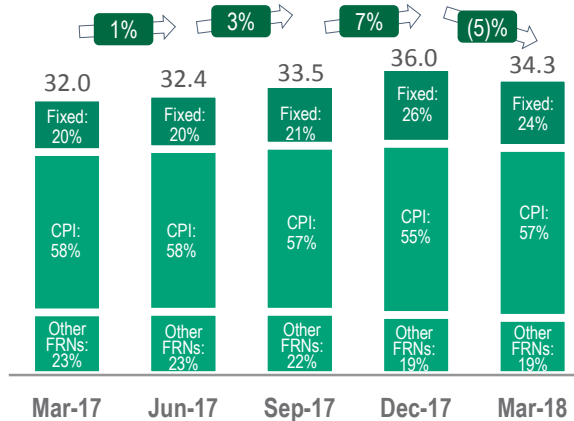
13% of Total Assets



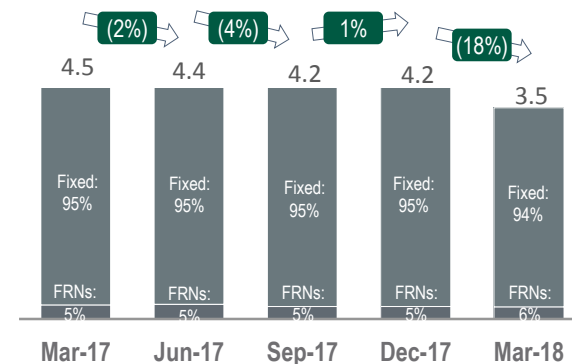
Maintained
FRN heavy portfolio



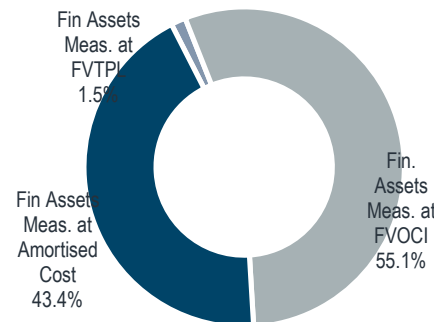
TL Securities (TL billion)



FC Securities (US\$ billion)



Securities Composition



Unrealized MtM loss (pre-tax)¹

~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

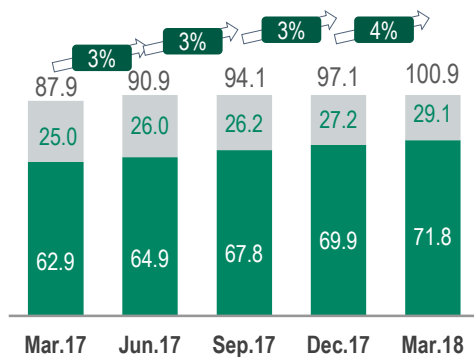
Note: Fixed - Floating breakdown of securities are based on bank-only MIS data
1 Based on BRSA Consolidated Financials

APPENDIX: RETAIL LOANS

RETAIL LOANS

(TL billion)

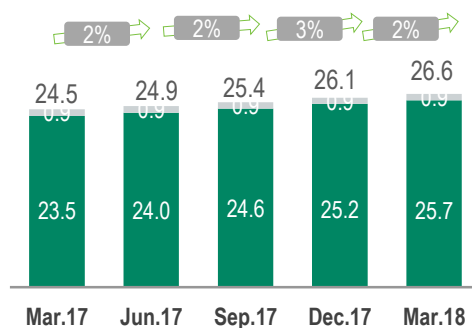
+15%
YoY



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

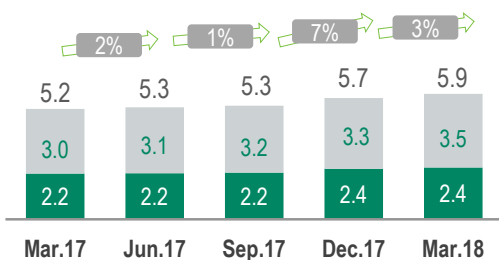
Acquiring
Volume

19.1%²

AUTO LOANS

(TL billion)

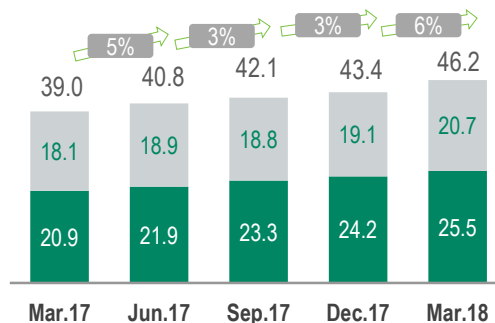
+14%
YoY



GENERAL PURPOSE LOANS¹

(TL billion)

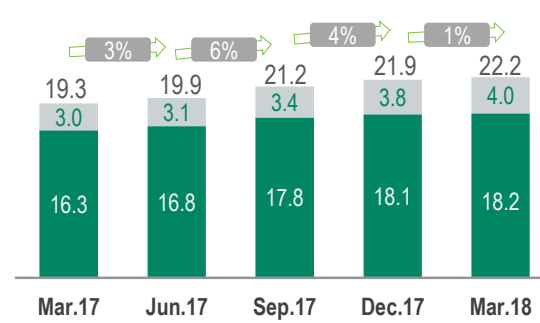
+18%
YoY



CREDIT CARD BALANCES

(TL billion)

+15%
YoY



Note: Figures are based on BRSA Consolidated Financials

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, 10NC5 Record subscription >\$4bn 6.125%, 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 	

APPENDIX: SUMMARY P&L

TL Million	3M 18
(+) Net Interest Income	3,510
<i>(+) NII excluding CPI linkers' income</i>	2,961
<i>(+) Income on CPI linkers</i>	548
(+) Net Fees & Comm.	1,228
(-) Provisions for loans and other credit risks, net	-803
(-) OPEX	-1,977
= OPERATING INCOME	1,958
(+) Net Trading & FX gains/losses	269
(+) Other income	371
<i>(+) Gains from asset sale</i>	126
<i>(+) Net Insurance Business Income</i>	136
<i>(+) Other</i>	109
(-) Taxation and other provisions	-574
= NET INCOME	2,024

DISCLAIMER STATEMENT

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