



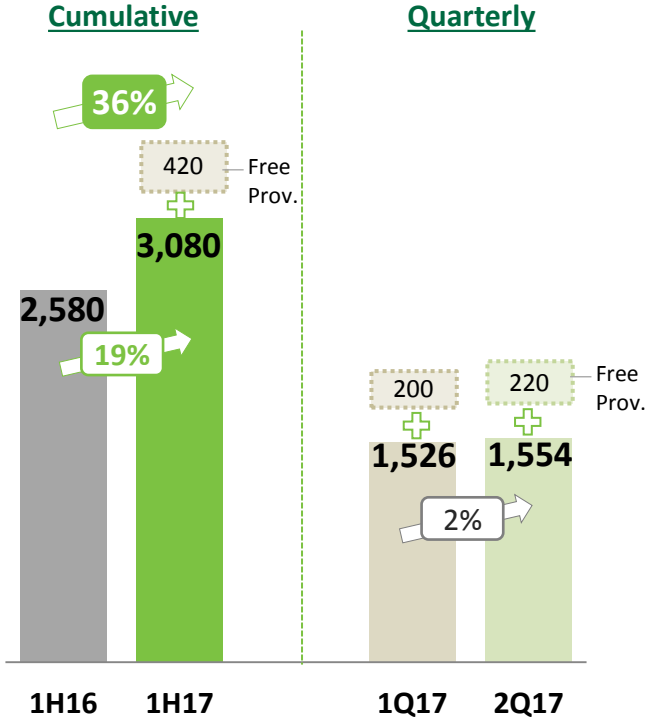
1H17

Earnings Presentation

BRSA Unconsolidated Financials
30 June 2017

ANOTHER SET OF EXCELLENT RESULTS...

Net Income (TL million)

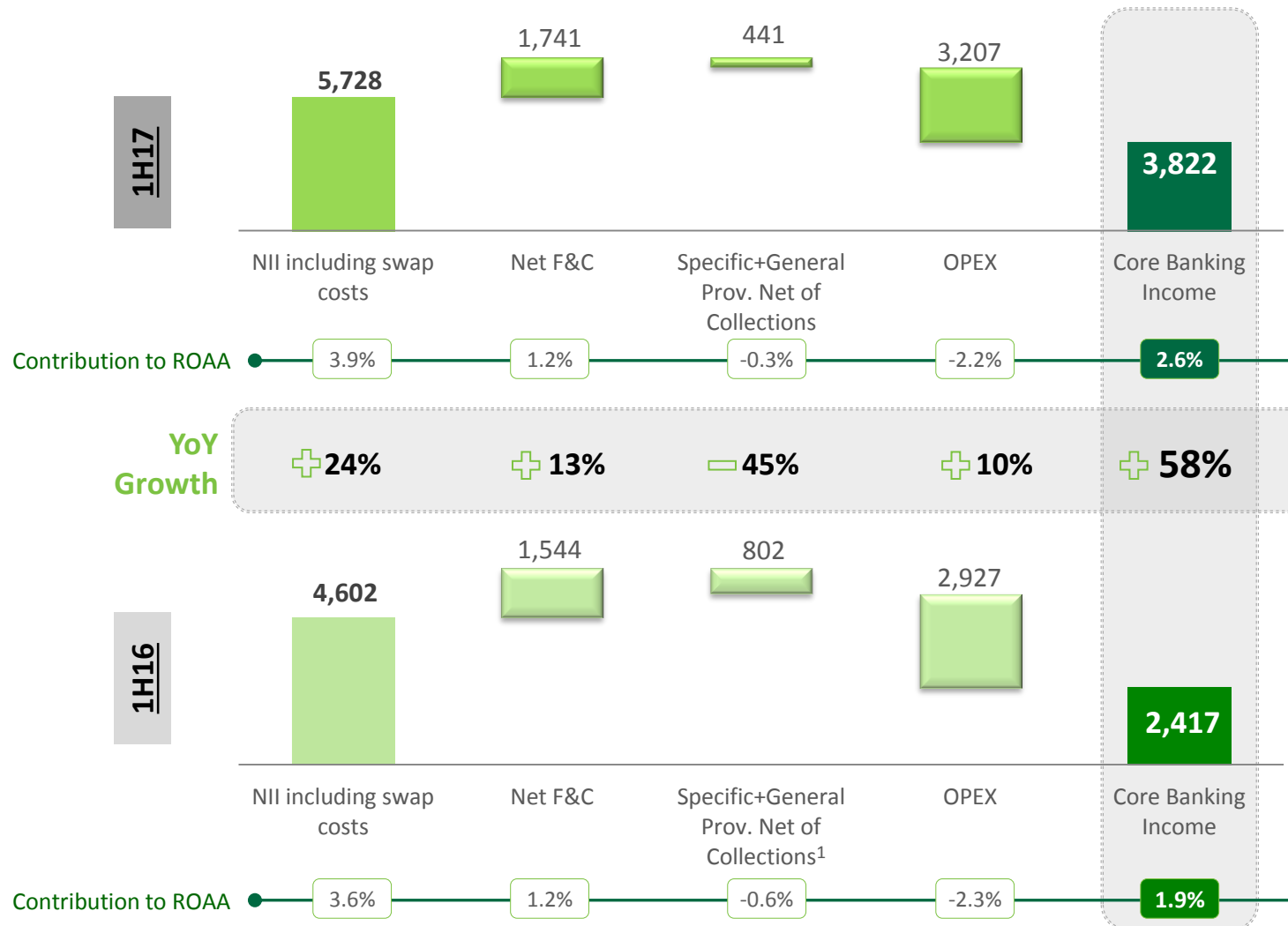


Total Free Provisions reached:
TL 720mn

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

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

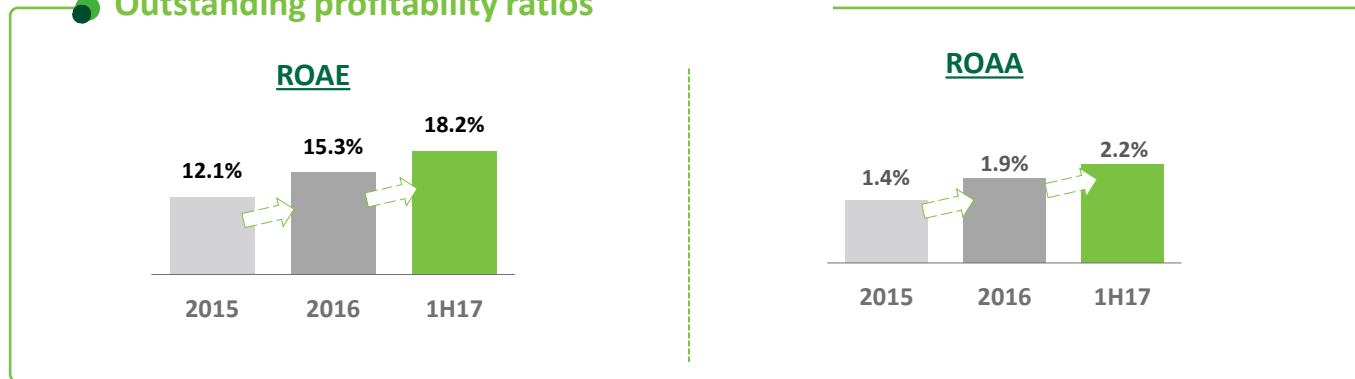
...WITH INCREASING CONTRIBUTION FROM CORE BANKING INCOME



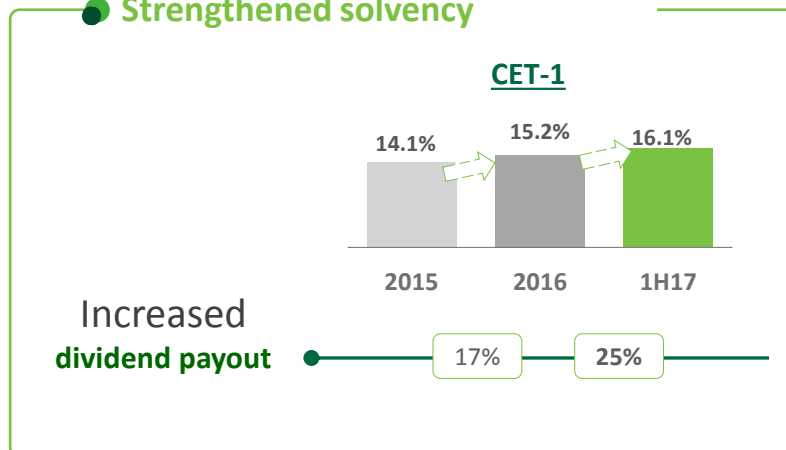
1 Including TL 130mn free provision reversal assigned to shipping files

HIGH QUALITY EARNINGS ASSURE SUSTAINABLE PERFORMANCE

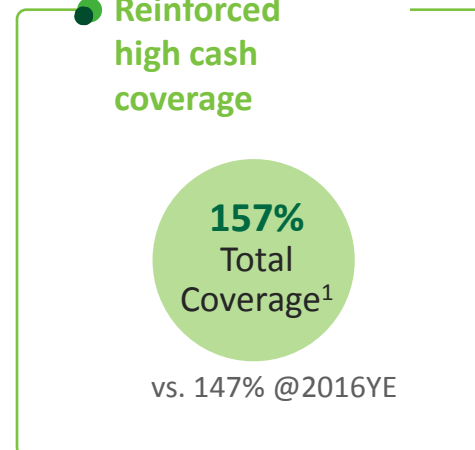
● Outstanding profitability ratios*



● Strengthened solvency



● Reinforced high cash coverage

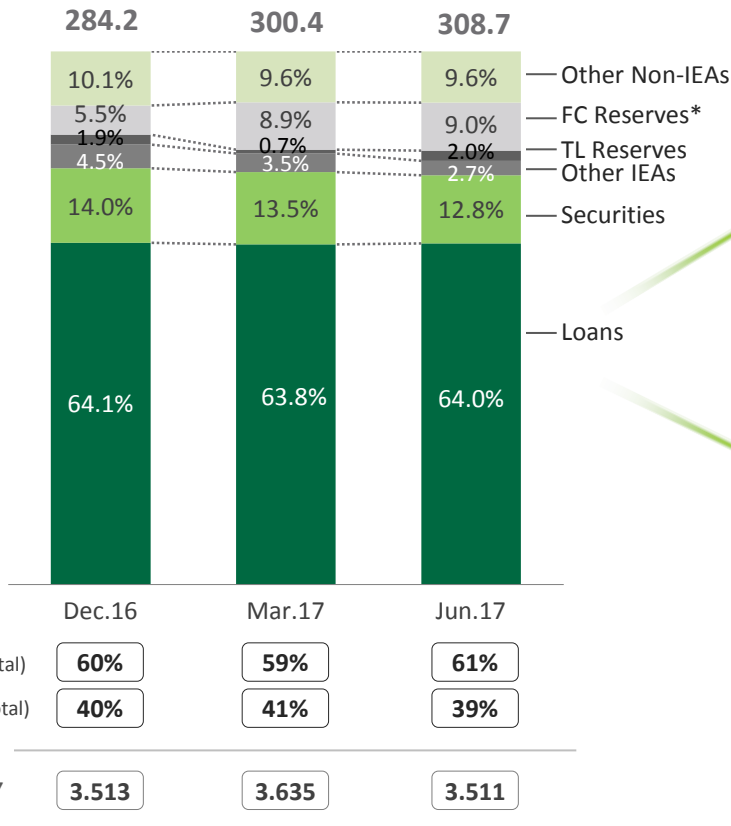


¹ Total coverage ratio defined as (Specific+General+Free prov.)/ NPL

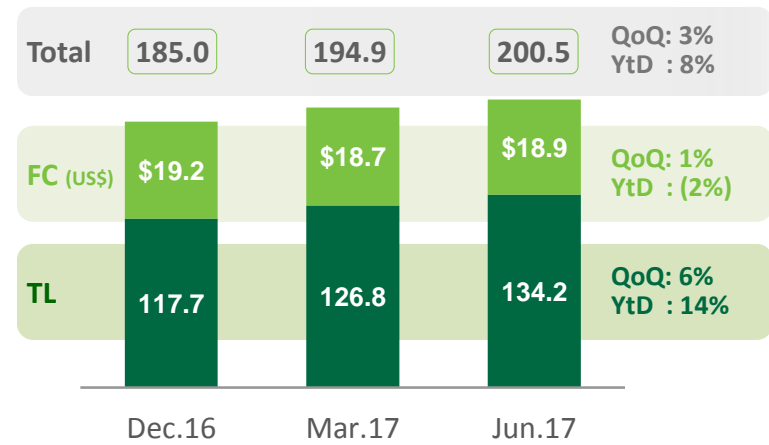
*Excludes non-recurring items when annualizing Net Income for the remaining quarters of the year in calculating Return On Average Equity (ROAE) and Return On Average Assets (ROAA) for 1H17.

CUSTOMER-DRIVEN ASSET MIX

Composition of Assets¹



Performing Cash Loans¹ (TL, US\$ billion)

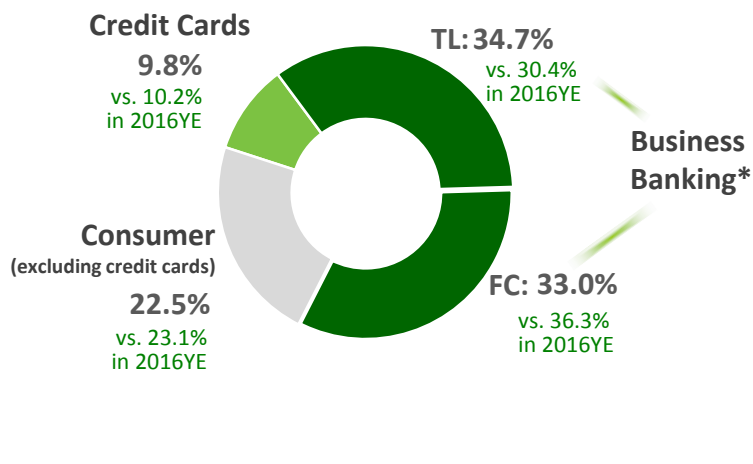


¹ Accrued interest on B/S items are shown in non-IEAs

* 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	Sector	Garanti	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

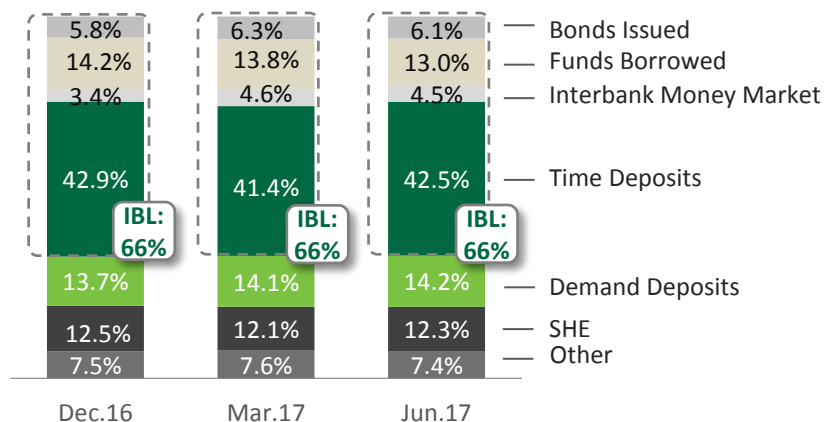
The first bank to actively utilize this program with its agile sales team and quick system integration

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

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"**

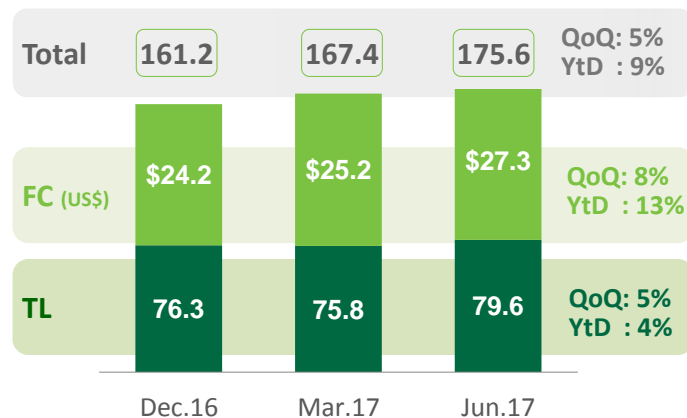
100% rolled-over syndication

- \$ 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

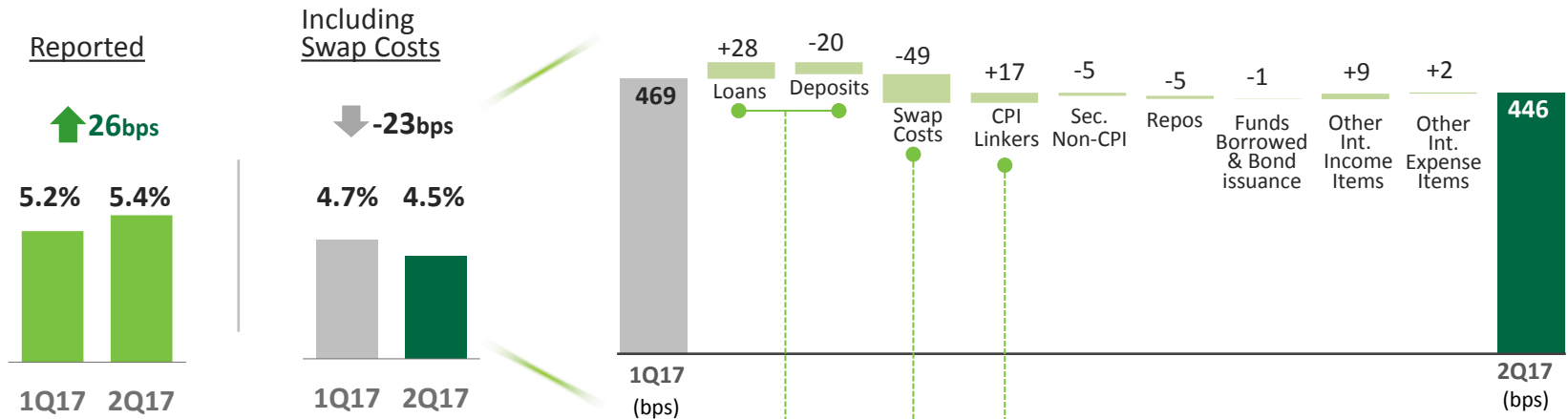
High share of **SME & Retail deposits'** in TL Deposits **~80%¹**

Demand Deposits' share in Total Deposits **25%**

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

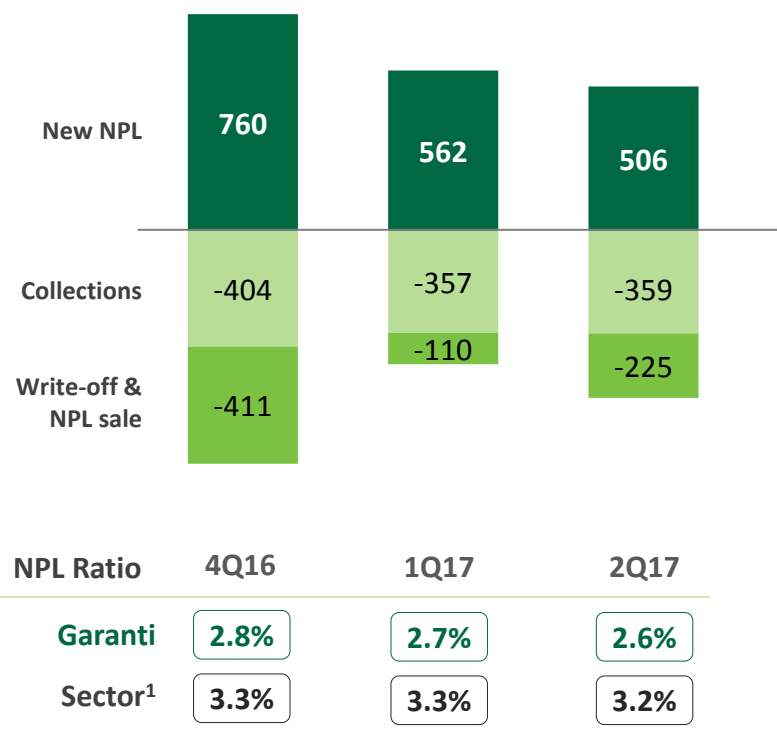
Impact on NIM: +14bps

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)



Total Coverage

Specific + General Provisions

143%

vs. 2016
141%

including Free Provisions

157%

vs. 2016
147%

Share of
Group II in
Performing Loans

5.3%

Per differentiated and prudent approach

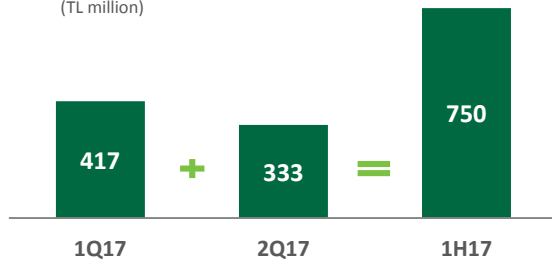
¹ Sector figures are per BRSA bank-only weekly data, commercial banks only.

Note: In 2Q17 TL 225 million NPL portfolio receivables sold for TL 14 million, in 1Q17 TL 110 million NPL portfolio receivables sold for TL 9 million, in 4Q16 TL 411 million NPL portfolio receivables sold for TL 17 million.

PROVISIONING FARING BETTER THAN EXPECTED

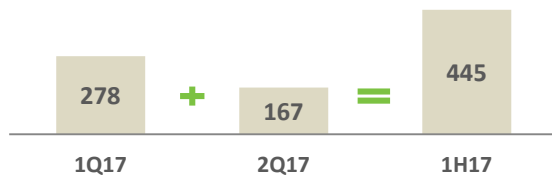
Specific Provisions

(TL million)



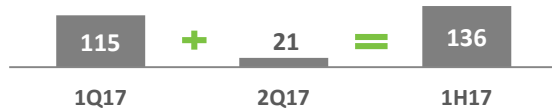
Collections in Other Income

(TL million)



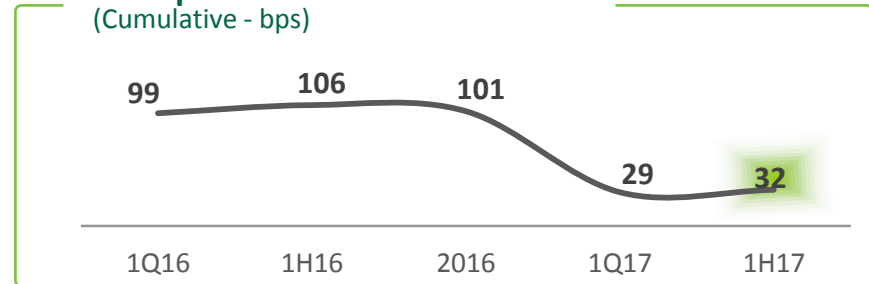
General Provision

(TL million)



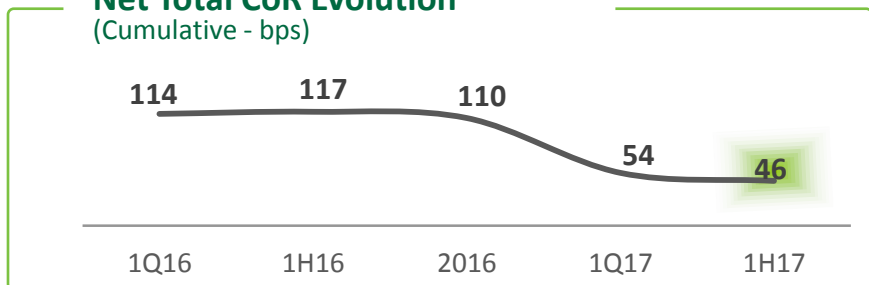
Net Specific CoR Evolution

(Cumulative - bps)



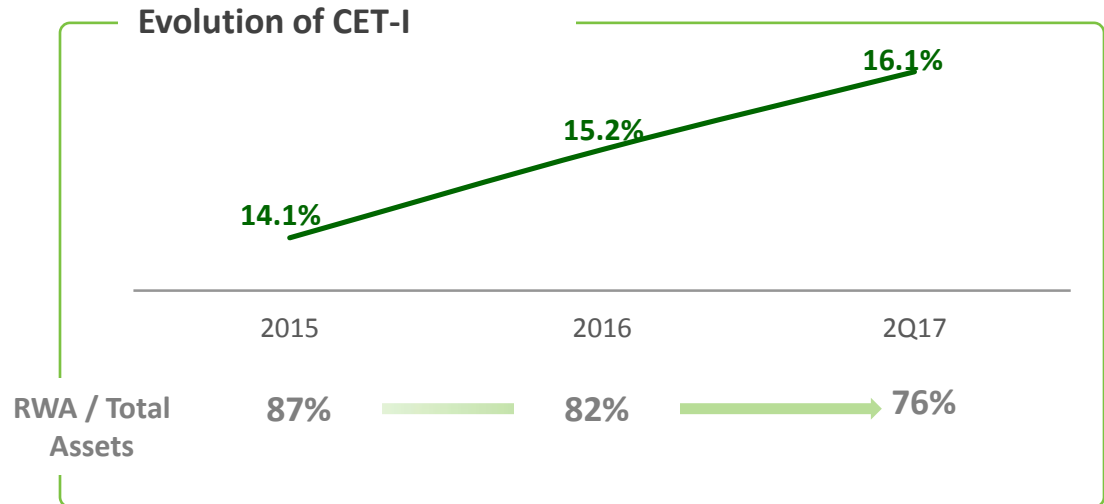
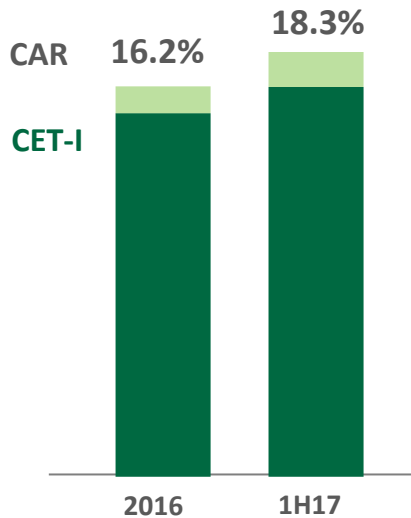
Net Total CoR Evolution

(Cumulative - bps)



SUSTAINED IMPROVEMENT IN SOLVENCY RATIOS

Capital Adequacy Ratios



Dividend Payment: **-52 bps** YtD
 Regulation Impact¹: **+15 bps** YtD
 Tier II issuance: **+112 bps** YtD
 MtM Difference: **+19 bps** YtD

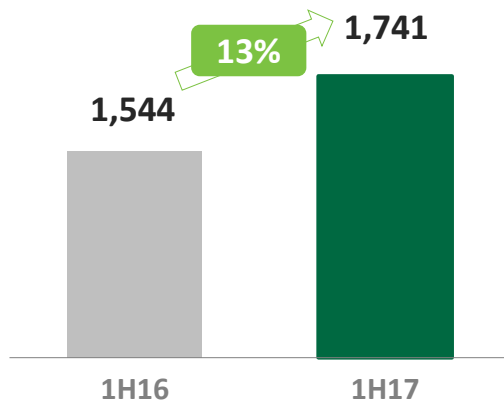
**CET-1 capital
 share in total:
 88%**

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

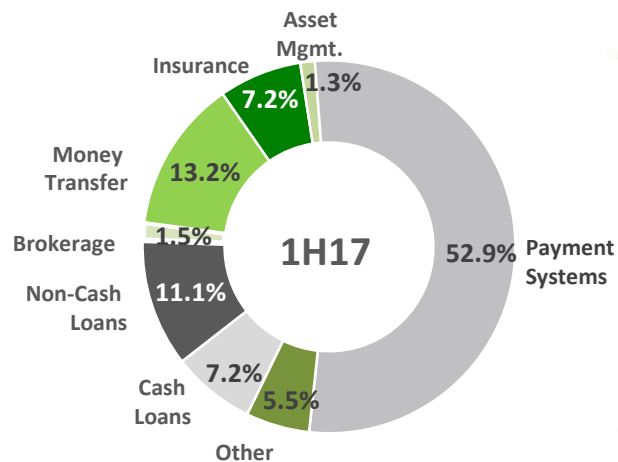
(TL million)



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 Breakdown¹



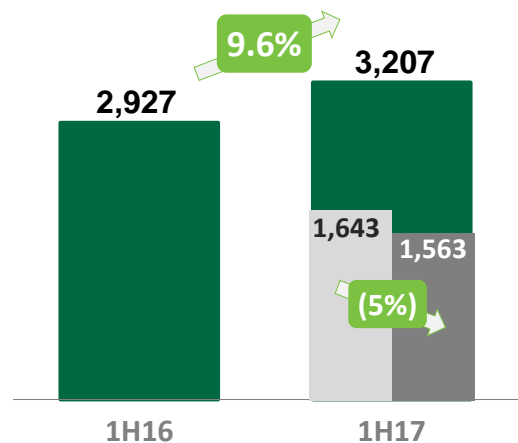
- + Insurance: 20% YoY
- + Money Transfers: 29% YoY
- + Non-Cash: 24% YoY
- + Digital channels' share in non-credit linked fees: 38%¹

¹ Based on MIS data

DISCIPLINED COST MANAGEMENT & INCREASING EFFICIENCIES

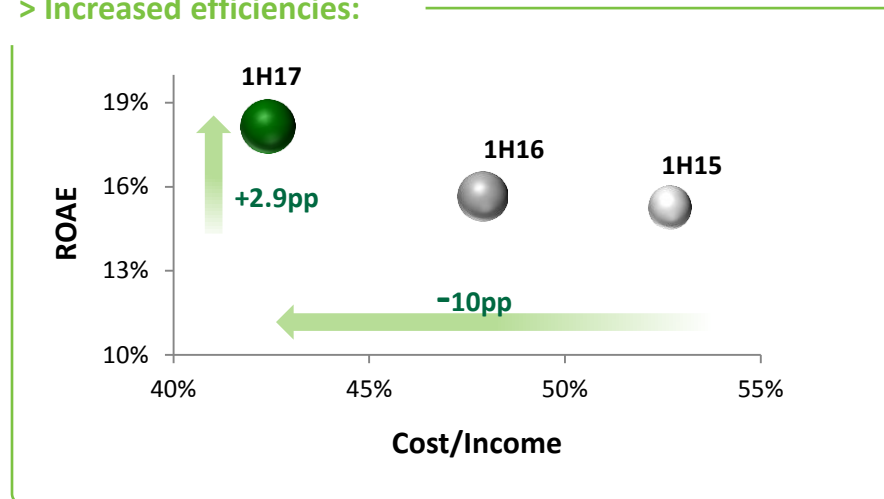
Operating Expenses

(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

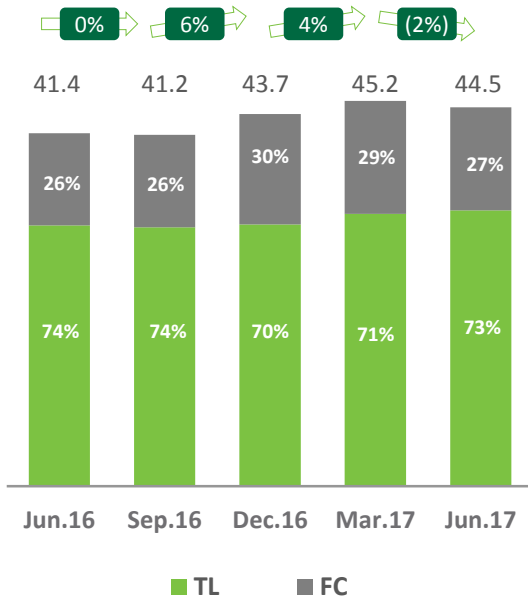
<i>(TL million)</i>	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	YTD Change
Cash & Banks ¹	17,282	15,794	15,589	17,862	20,079	29%
Reserve Requirements	18,888	24,879	20,866	23,704	24,422	17%
Securities	41,413	41,228	43,668	45,205	44,460	2%
Performing Loans	167,318	171,080	185,043	194,851	200,461	8%
Fixed Assets, Affiliates & Associates	8,547	9,147	9,509	9,878	10,248	8%
Other	8,080	7,510	9,480	8,920	9,014	-5%
TOTAL ASSETS	261,529	269,638	284,155	300,420	308,683	9%
Deposits	154,718	150,937	161,232	167,444	175,574	9%
Repos & Interbank	6,457	17,355	9,769	13,960	13,906	42%
Bonds Issued	14,520	14,127	16,437	18,859	18,839	15%
Funds Borrowed ²	31,818	33,040	40,286	41,585	40,347	0%
Other	20,956	19,712	20,892	22,204	22,008	5%
SHE	33,060	34,466	35,539	36,369	38,008	7%
TOTAL LIABILITIES & SHE	261,529	269,638	284,155	300,420	308,683	9%

1 Includes banks, interbank and excludes reserve requirements

2 Includes funds borrowed and sub-debt

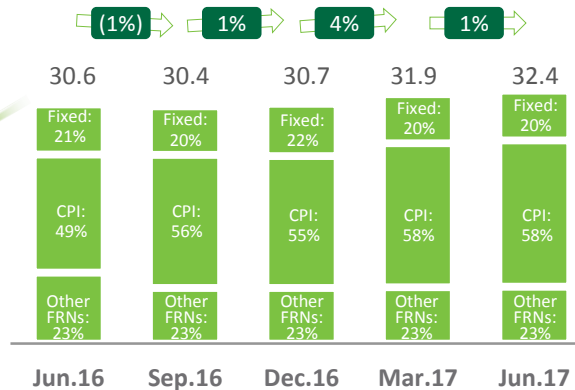
SECURITIES PORTFOLIO REMAINS AS HEDGE AGAINST VOLATILITY

Total Securities (TL billion)

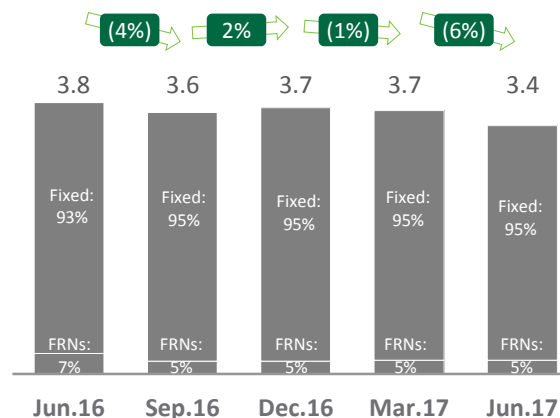


Securities¹/Assets:
12.8%
hovering at its lowest level

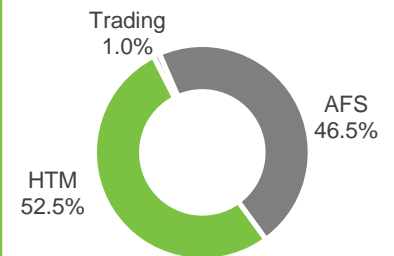
TL Securities (TL billion)



FC Securities (US\$ billion)



Securities Composition



Unrealized MtM loss (pre-tax)

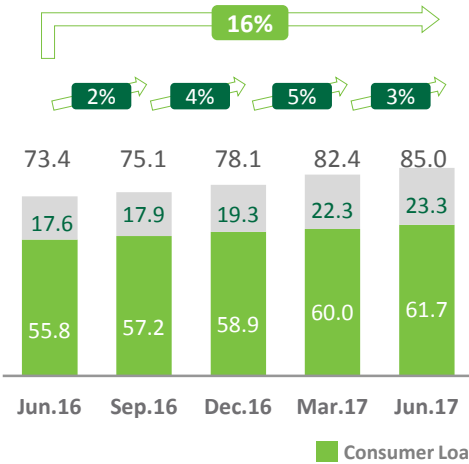
~TL 110mn loss as of Jun'17 vs.
~TL 147mn loss as of Mar'17
~TL 653mn loss as of Dec'16
~TL 249mn loss as of Sep'16
~TL 175mn loss as of Jun'16,

1 Excluding accruals

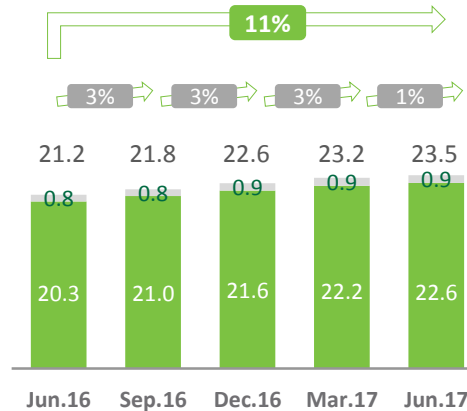
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data.

PRESERVED LEADING POSITION ACROSS ALL RETAIL PRODUCTS

Retail Loans (TL billion)



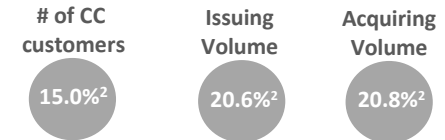
Mortgage Loans (TL billion)



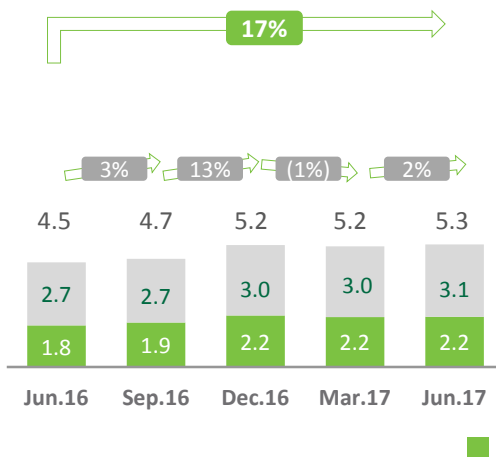
Market Shares

	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

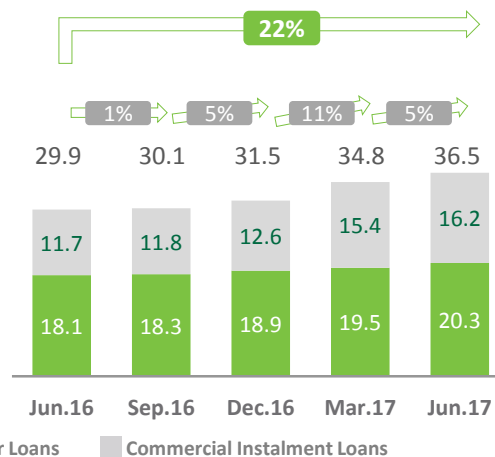
Preserved #1 position in cards business



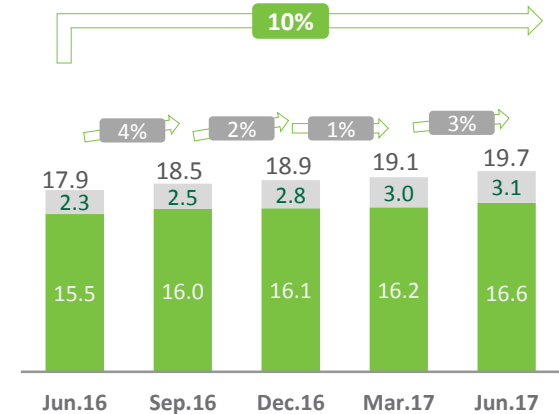
Auto Loans (TL billion)



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	142%	13%	155%
<i>Minimum Req. for 2017</i>	<i>80%</i>		
FC LCR	155%	25%	180%
<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:

114%



Adjusted L/D

80%

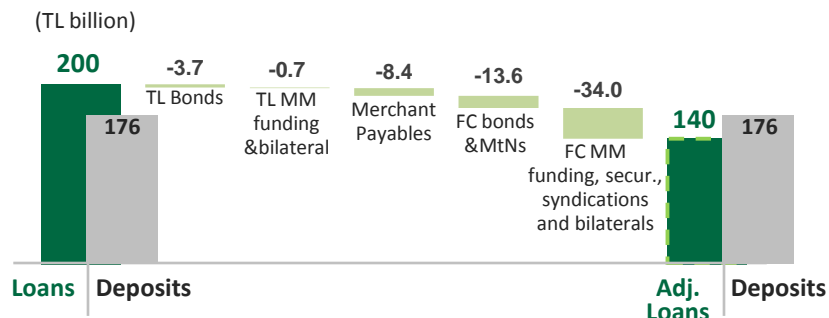


TL Loans / TL Deposits:

169%

FC Loans / FC Deposits:

69%



NON-RECURRING ITEMS & NORMALIZED NET INCOME

<i>TL Million</i>	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Net Income	1,041	1,540	1,331	1,160	1,526	1,554
<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	0	20	102	0	0
<i>Garanti Bank Moscow sale loss</i>	0	0	0	48	0	0
<i>Visa sale gain</i>	0	-238	0	0	0	0
<i>Income from NPL sale</i>	-24	-16	-8	-14	-7	-11
<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	1,119	1,272	1,472	1,405	1,738	1,778

SUMMARY P&L

TL Million	1H 16	1H 17	Δ YoY	1Q 17	2Q 17	Δ QoQ
(+) Net Interest Income including Swap costs	4,602	5,728	24%	2,885	2,843	-1%
(+) NII excluding CPI linkers' income	4,419	5,688	29%	2,765	2,923	6%
(+) Income on CPI linkers	823	974	18%	424	550	30%
(-) Swap Cost	-640	-933	46%	-304	-629	107%
(+) Net Fees & Comm.	1,544	1,741	13%	875	866	-1%
(-) Specific + General provisions net of collections*	-802	-441	-45%	-254	-187	-26%
(-) Specific Provisions	-1,122	-750	-33%	-417	-333	-20%
(-) General Provisions	-126	-136	8%	-115	-21	-82%
(+) Collections	317	445	41%	278	167	-40%
(+) Free prov. Reversal assigned to shipping file	130	0	n.m	0	0	n.m
(-) OPEX	-2,927	-3,207	10%	-1,643	-1,563	-5%
= CORE BANKING INCOME	2,417	3,822	58%	1,862	1,960	5%
(+) Net Trading & FX gains/losses	85	-3	-104%	2	-5	-333%
(+) Income on subsidiaries	213	389	82%	201	188	-7%
(+) Other income	203	148	-27%	94	53	-43%
(+) NPL sale income	51	23	-55%	9	14	52%
(+) 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	70	125	78%	85	40	-53%
(+) Visa sale	265	0	n.m	0	0	n.m
(-) Taxation and other provisions	-604	-1,276	111%	-634	-641	1%
(-) Free Provision	0	-420	n.m	-200	-220	n.m
(-) Provision for tax fines	0	0	n.m	0	0	n.m
(-) Other Provision	-43	-30	-30%	-23	-8	-66%
(-) Taxation	-561	-825	47%	-412	-413	0%
= NET INCOME	2,580	3,080	19%	1,526	1,554	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	15.7%	16.0%	15.3%	19.0%	18.2%
ROAA (Cumulative) ¹	1.9%	2.0%	1.9%	2.3%	2.2%
Cost/Income	47.9%	46.6%	48.2%	43.2%	42.4%
Quarterly NIM including swap costs	4.3%	4.9%	4.8%	4.7%	4.5%
Cumulative NIM including swap costs	4.2%	4.5%	4.5%	4.7%	4.6%
Liquidity ratios					
Loans/Deposits	108%	113%	115%	116%	114%
Adj. Loans/Deposits (Loans funded via long-term on B/S alternative funding sources)	152%	154%	154%	167%	169%
TL Loans / TL Deposits	74.5%	77.7%	77.2%	78.6%	79.8%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	129%	132%	132%	143%	144%
FC Loans / FC Deposits	71%	76%	79%	74%	69%
Asset quality ratios					
NPL Ratio	2.8%	3.0%	2.8%	2.7%	2.6%
Total Coverage Ratio (General+Specific+Free Prov.)	148%	145%	147%	151%	157%
Solvency ratios					
CAR	16.3%	16.4%	16.2%	15.9%	18.3%
CET-1 Ratio	15.2%	15.4%	15.2%	14.9%	16.1%
Leverage	6.9x	6.8x	7.0x	7.3x	7.1x

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.

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