



2017 EARNINGS PRESENTATION

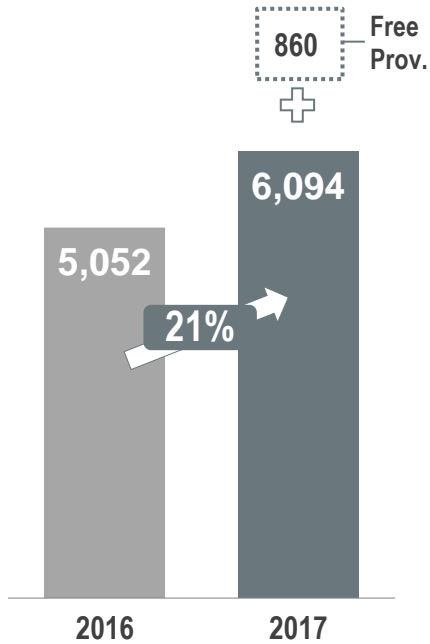
Based on IFRS Consolidated Financials



ROBUST & HIGH QUALITY EARNINGS PERFORMANCE...

NET INCOME

(TL million)



15.6% **ROAE**
vs. 14.8% in 2016

1.8% **ROAA**
vs. 1.8% in 2016

16.8% **CAR**
vs. 14.7% in 2016

7.4x **Leverage**
vs. 7.5x in 2016

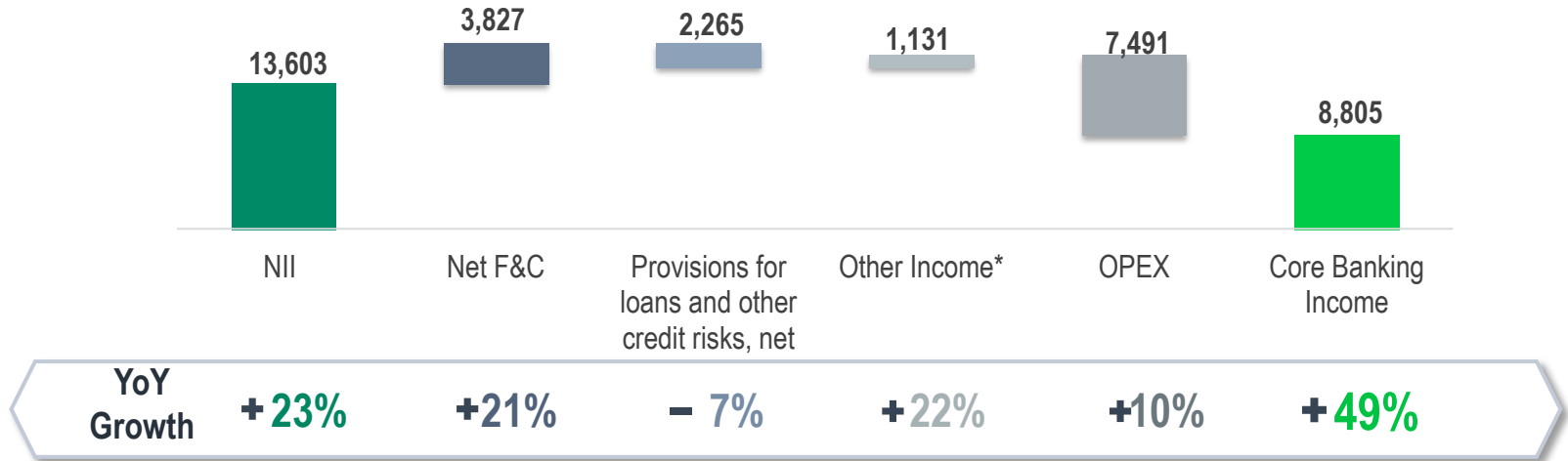
1,160mn **Total Free Provisions**
in the B/S as of 2017YE

Note: CAR figures are based on BRSA Consolidated Financials.

BACKED, ONCE AGAIN, BY CORE BANKING PERFORMANCE

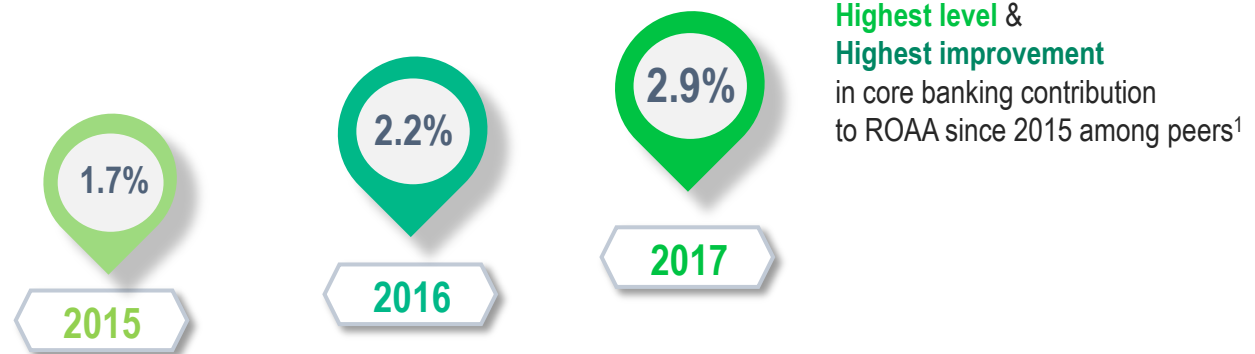
CORE BANKING INCOME COMPONENTS

(TL million, 2017)



CORE BANKING INCOME CONTRIBUTION TO ROAA

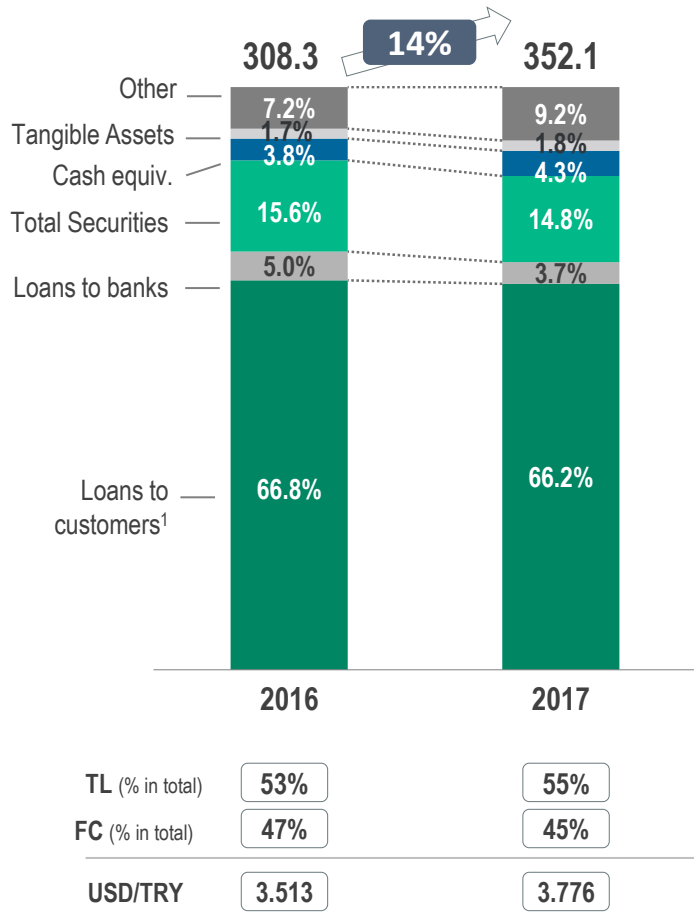
(Core banking income / Avg. Assets)



* Includes non-banking subsidiaries' impact and dividends from subsidiaries
 1 Based on BRSA Consolidated financials. Peers defined as Akbank, Isbank, YKB

CUSTOMER-DRIVEN & INCREASINGLY HIGHER YIELDING ASSET MIX

COMPOSITION OF ASSETS



TL LOAN GROWTH

↑ 21% YoY

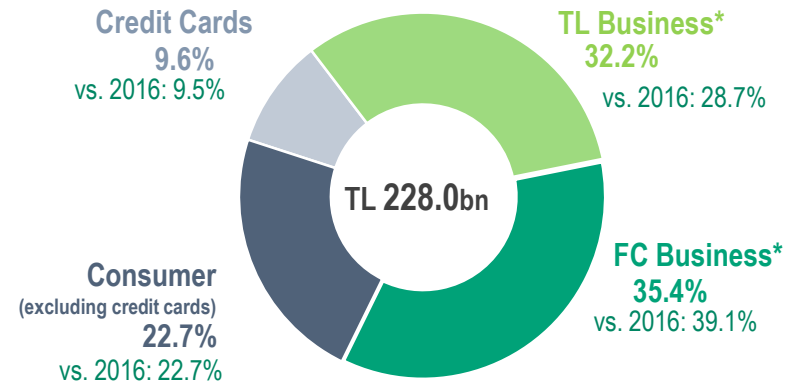
↑ 3% QoQ

FC LOAN GROWTH

↓ (3%) YoY

↓ (1%) QoQ

PERFORMING LOANS' BREAKDOWN²



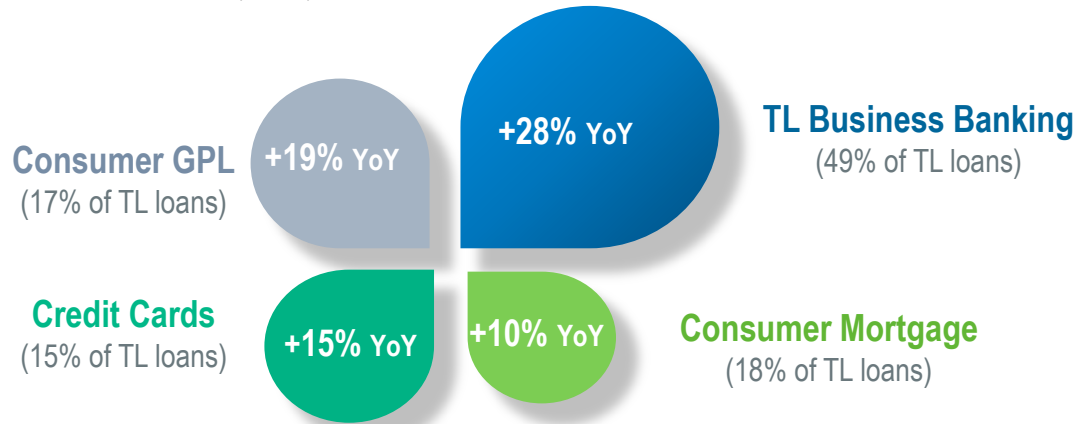
¹ Including factoring and leasing receivables

² Based on BRSA Consolidated data, excluding leasing and factoring receivables

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

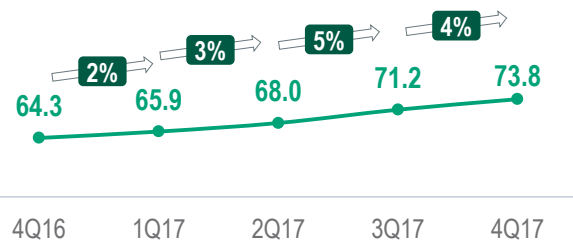
DISCIPLINED & ACROSS THE BOARD GROWTH IN TL LOANS

TL LOAN GROWTH BY PRODUCT¹ (in 2017)



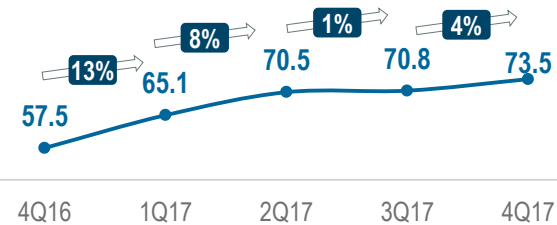
Consumer Loans inc. Credit Cards¹ (TL billion)

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



TL Business Banking Loans¹ (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



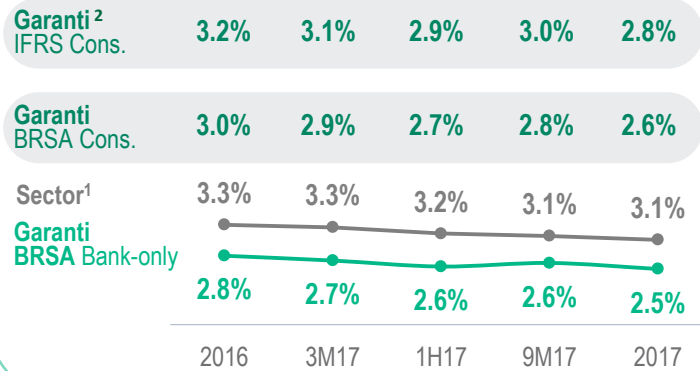
Note: Business banking loans represent total loans excluding credit cards and consumer loans
Sector figures based on BRSB weekly data as of December 29, 2017.

¹ Based on BRSB Consolidated data, excluding leasing and factoring receivables

PROACTIVE & PRUDENT APPROACH IN RISK MANAGEMENT ASSURES SOUND ASSET QUALITY

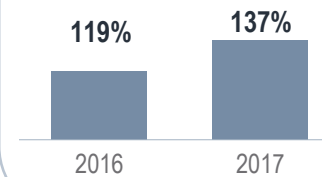
NPL %

NPL ratio -- Consistently below-sector



COVERAGE²

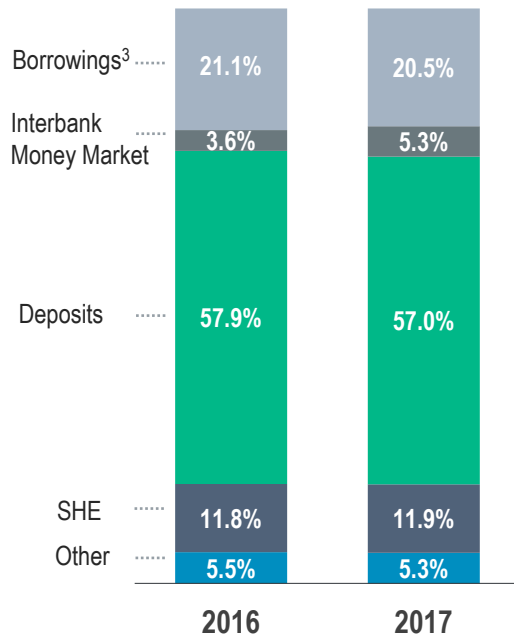
Further strengthened coverage



¹ Sector figures are per BRSA bank-only weekly data, commercial banks only
² Non-performing loans include factoring and leasing receivables

FUNDING BASE: HEAVY WITH LOW COST & STICKY DEPOSITS

COMPOSITION OF LIABILITIES & SHE



DEPOSITS

TL DEPOSITS GROWTH

↑ 16% YoY

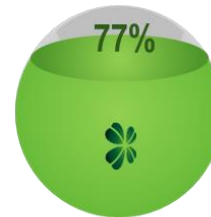
2% QoQ

FC DEPOSITS GROWTH

↑ 2% YoY

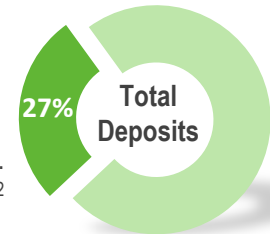
(3%) QoQ

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%

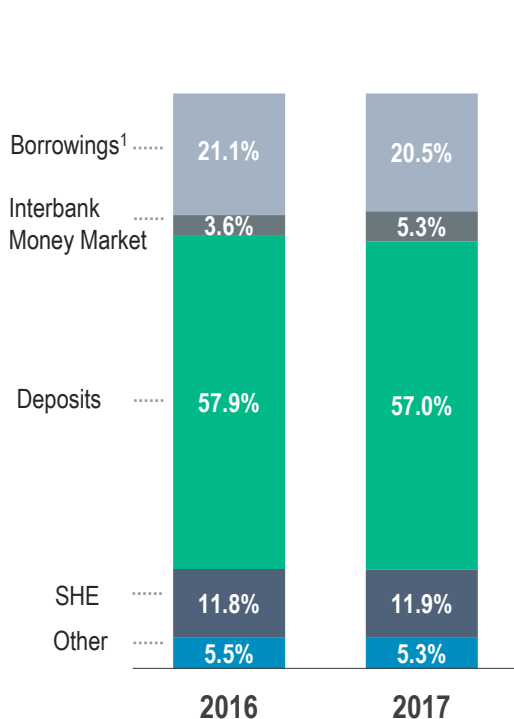
1 Based on bank-only MIS data

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

3 Includes Loans and advances from banks and other institutions, Bonds payable & Subordinated liabilities

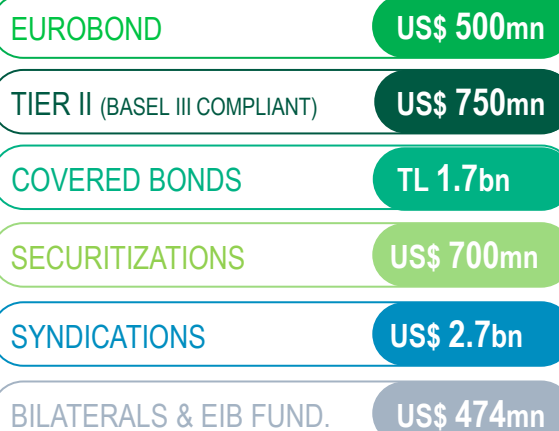
FUNDING BASE: OPPORTUNISTICALLY RAISED ALTERNATIVE FUNDING SOURCES CONTINUE TO SUPPORT

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)

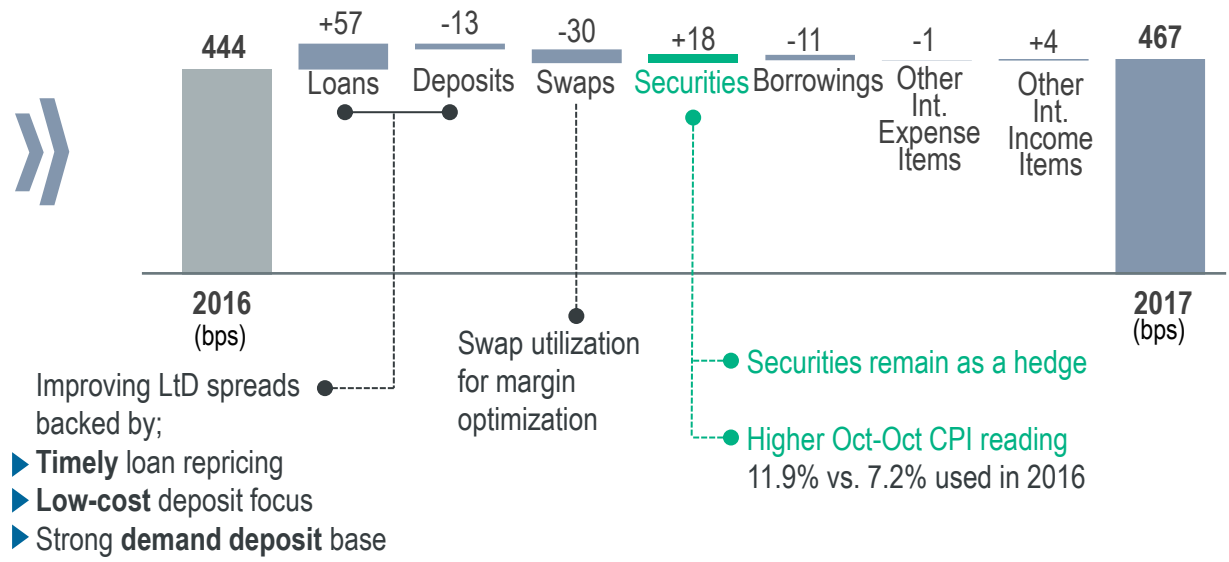
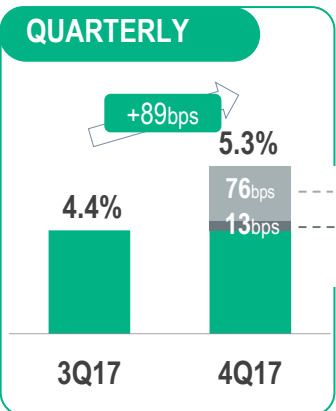
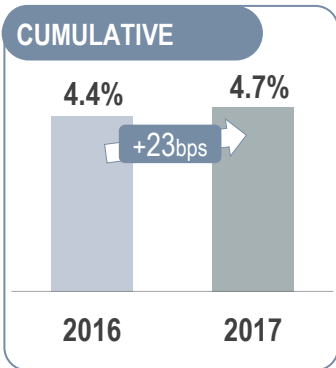
Note: LDR and Adjusted LDR figures are based on BRSA Consolidated financials

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

¹ Includes Loans and advances from banks and other institutions, Bonds payable & Subordinated liabilities

ROBUST NIM PERFORMANCE UNDERPINNED BY DYNAMIC ASSET-LIABILITY MANAGEMENT

NIM INCL. SWAP COSTS

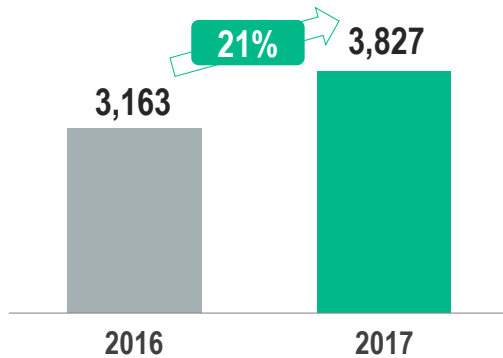


Note: Figures are based on BRSA Consolidated Financials

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

NET FEES & COMMISSIONS

(TL million)

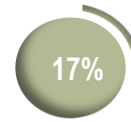


- ▶ Net F&C / (Avg. IEAs + Non-cash loans)²
1.2% vs. peer average of 0.8% as of 12M17
- ▶ Managing the largest digital customer base with 6 million
 - Digital channels' share in non-credit linked fees: 40%³
 - Digital sales make up 1/3 of total sales

SHARE
IN FEE BASE



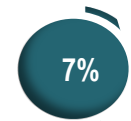
Payment systems: +13% yoy growth
Leading position in issuing & acquiring businesses



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

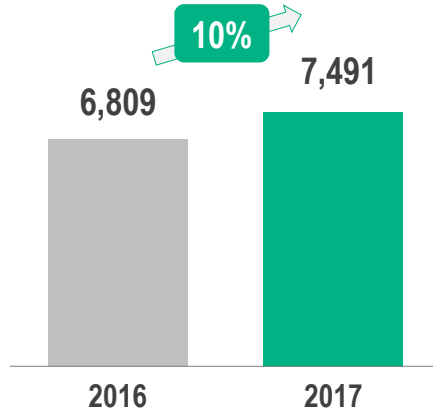
2 Based on 12M17 BRSA bank-only financials. Peers defined as Akbank, Isbank, YKB, Halk & Vakif

3 Based on bank-only MIS data

COMMITTED TO IMPROVE EFFICIENCY & OPERATIONAL EXCELLENCE

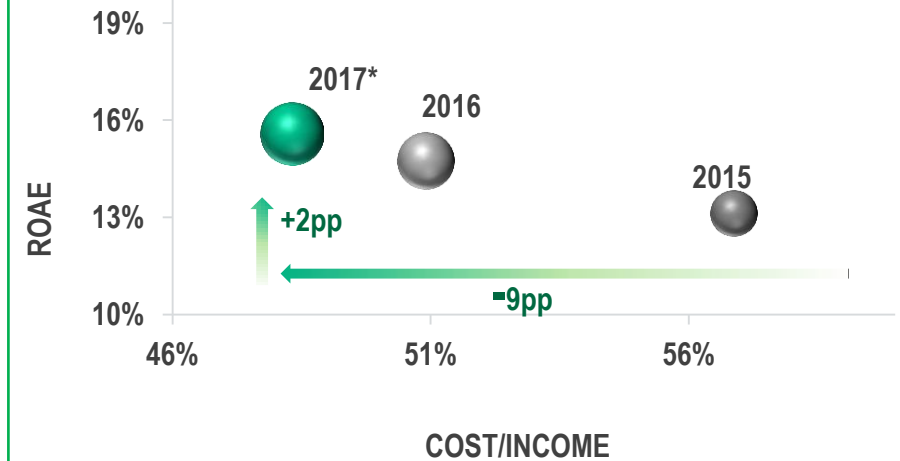
OPERATING EXPENSES

(TL Million)

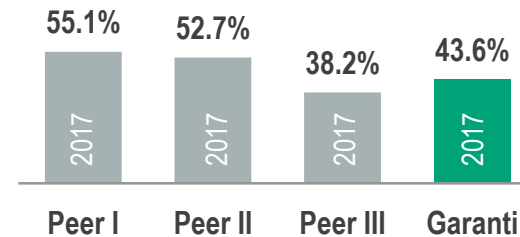


YoY OPEX growth is **far below CPI**

INCREASING EFFICIENCY



C/I Ratio vs. Private Peers¹



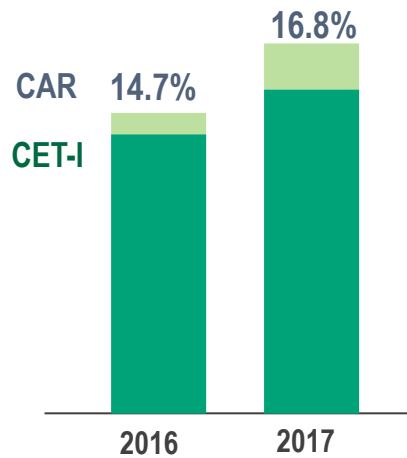
Note: In the Cost/Income calculation, Income defined as NII + Net F&C + Trading gains/losses

- 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

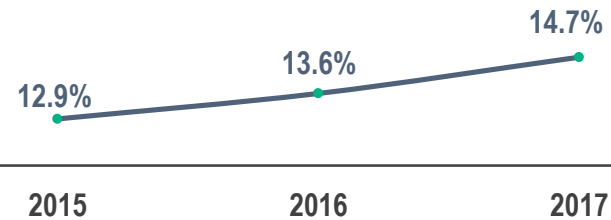


Impacts on CAR

- 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%

Note: Figures and ratios are per BRSA Consolidated financials

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	Foreign Funding
Pg. 18	Adjusted L/D and Liquidity Coverage Ratios
Pg. 19	Non-recurring Items & Normalized Net Income
Pg. 20	Summary P&L

APPENDIX: SUMMARY BALANCE SHEET

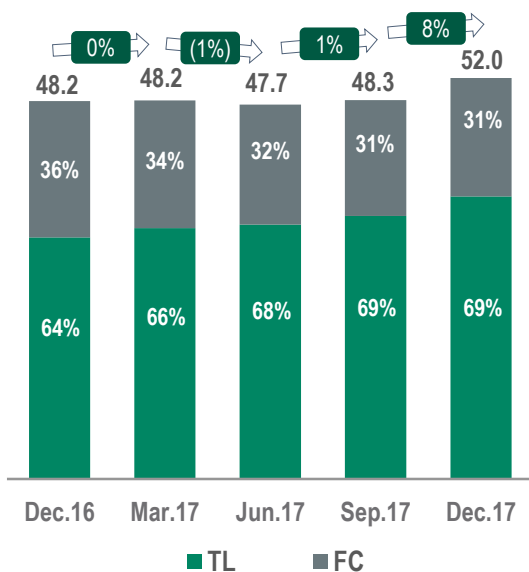
(TL million)	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	YoY Change
Cash & Banks	26,882	27,522	25,871	26,952	30,055	12%
Securities	48,179	48,236	47,727	48,303	51,957	8%
Loans to Customers	205,989	216,385	222,323	224,596	233,194	13%
Tangible Assets	5,211	5,229	5,443	5,574	6,190	19%
Other	22,057	26,923	29,795	31,193	30,726	39%
TOTAL ASSETS	308,319	324,294	331,159	336,617	352,122	14%
Deposits from Customers	174,156	180,040	186,970	190,961	199,054	14%
Deposits from Banks	4,488	5,076	5,765	4,194	1,626	-64%
Repo Obligations	11,230	15,724	15,681	18,506	18,638	66%
Bonds Payable	17,846	20,445	20,145	19,348	20,884	17%
Funds Borrowed ¹	47,328	48,247	46,867	45,474	51,203	8%
Other	16,833	17,488	16,705	17,317	18,792	12%
SHE	36,438	37,274	39,026	40,817	41,925	15%
TOTAL LIABILITIES & SHE	308,319	324,294	331,159	336,617	352,122	14%

¹ Includes sub-debt

APPENDIX: SECURITIES PORTFOLIO

Total Securities (TL billion)

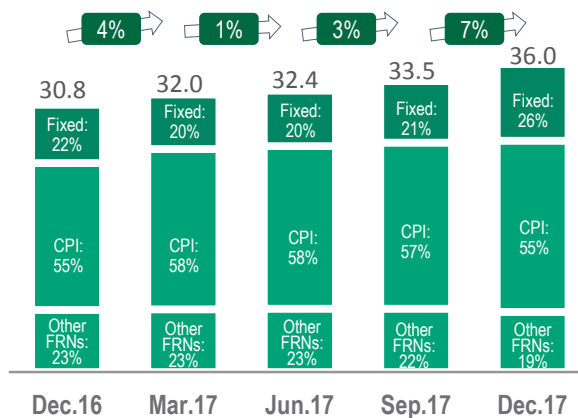
15% of Total Assets



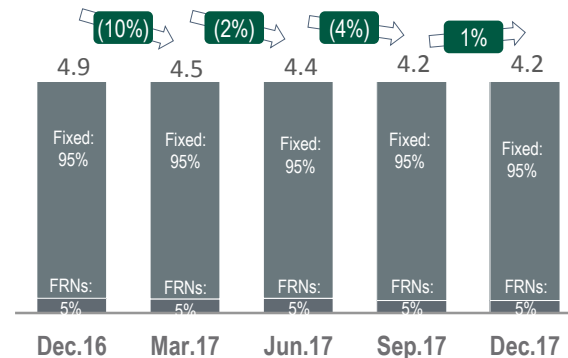
Maintained
FRN heavy portfolio



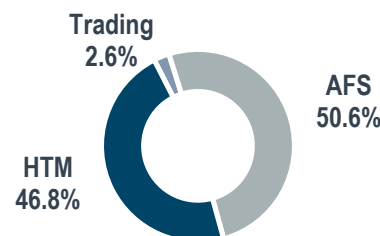
TL Securities (TL billion)



FC Securities (US\$ billion)



Securities Composition



Unrealized MtM loss (pre-tax)¹

~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

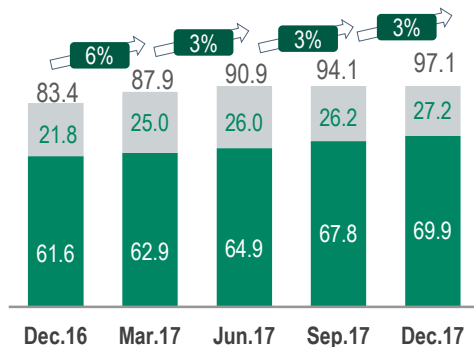
Note: Fixed-Floating breakdown of securities are based on bank-only MIS data
 1 Based on BRSA Consolidated Financials

APPENDIX: RETAIL LOANS

RETAIL LOANS

(TL billion)

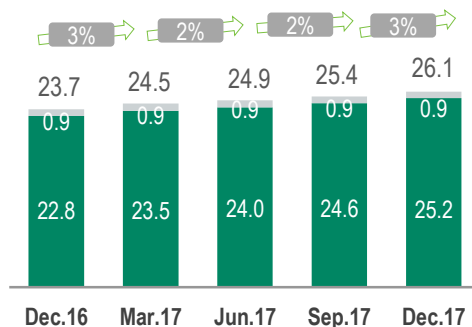
+16%
YoY



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

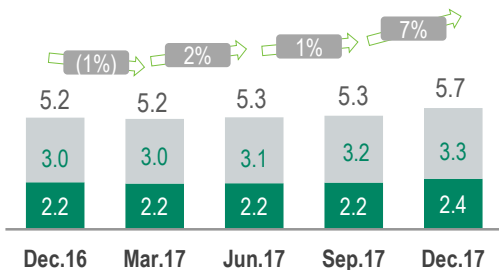
Acquiring
Volume

19.2%²

AUTO LOANS

(TL billion)

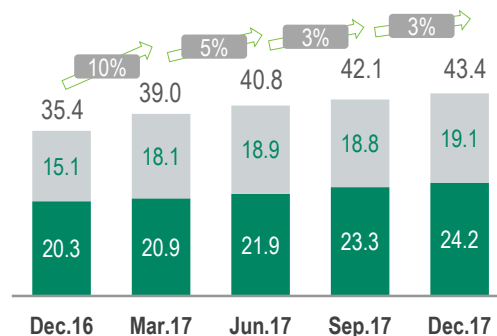
+9%
YoY



GENERAL PURPOSE LOANS¹

(TL billion)

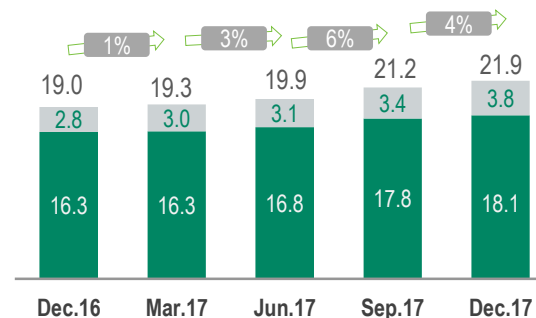
+23%
YoY



CREDIT CARD BALANCES

(TL billion)

+15%
YoY



■ Consumer Loans ■ Commercial Instalment Loans

Note: Figures are based on BRSA Consolidated Financials

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: FOREIGN FUNDING

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

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)▪ \$ 1.3 bn 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">▪ € 153mn 5-yrs maturity (1Q17)▪ \$ 250mn 5-yrs maturity (4Q17)▪ \$ 285mn 5-yrs maturity (4Q17)	
EIB Funding & Bilateral	<ul style="list-style-type: none">▪ \$ 79mn 6-yrs maturity (1Q17)▪ \$145mn 2-yrs maturity (4Q17)▪ \$250mn 3-yrs maturity (4Q17)	
Swap for margin optimization	<ul style="list-style-type: none">▪ Average net swap funding volume:<ul style="list-style-type: none">○ 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

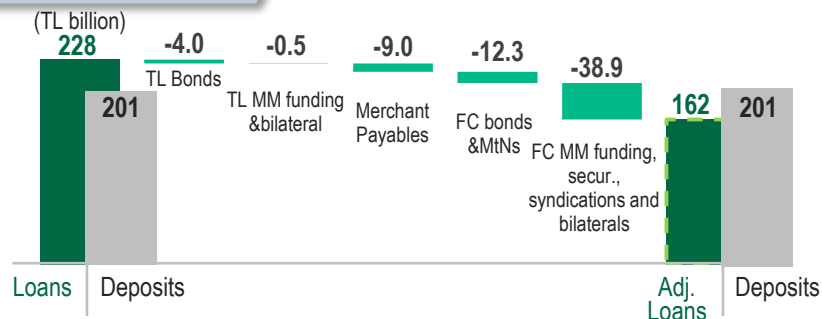


TL Loans /
TL Deposits:

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%

Note: Figures are based on BRSA Consolidated Financials

APPENDIX: NON-RECURRING ITEMS & NORMALIZED NET INCOME

<i>TL Million</i>	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
Net Income	1,076	1,750	1,337	888	1,549	1,670	1,844	1,030
<i>Extra provisions related to collateral re-assessment</i>	42	0	20	102	0	0	0	0
<i>Provisions imposed by NBR to Romanian banking sector</i>	0	96	0	0	0	0	0	0
<i>Garanti Bank Moscow sale loss</i>	0	0	0	41	0	0	0	0
<i>Visa sale gain</i>	0	-251	0	0	0	0	0	0
<i>Gains from asset sale</i>	0	-14	0	0	0	0	0	0
<i>Provision reversal from Miles&Smiles</i>	0	-51	0	0	0	0	0	0
<i>Income from NPL sale</i>	-26	-17	-8	-15	-21	-15	-2	-17
<i>Provision for fines</i>	0	0	0	85	0	0	137	0
<i>Free provision</i>	0	0	100	0	200	220	230	210
<i>Fee rebates</i>	60	52	30	24	19	15	14	14
Normalized Net Income	1,153	1,565	1,479	1,126	1,747	1,890	2,223	1,238

APPENDIX: SUMMARY P&L

TL Million	2016	2017	Δ YoY	3Q17	4Q17	Δ QoQ
(+) Net Interest Income	11,080	13,603	23%	3,236	4,067	26%
(-) NII exclud. inc. on CPI linkers	9,482	10,828	14%	2,628	2,874	9%
(-) Income on CPI linkers	1,598	2,776	74%	608	1,193	96%
(+) Net Fees & Comm.	3,163	3,827	21%	1,002	1,019	2%
(-) Fee Rebates	-110	-31	-72%	-7	-5	-19%
(+) Comparable Net F&C	3,273	3,858	18%	1,008	1,024	2%
(-) Provisions for loans and other credit risks, net	-2,446	-2,265	-7%	44	-1,909	n.m.
(+) Other income	927	1,131	22%	283	303	7%
(+) NPL sale income	81	68	-16%	2	21	776%
(+) Other	846	1,063	26%	280	282	1%
(-) OPEX	-6,809	-7,491	10%	-1,840	-1,999	9%
(-) Fee Rebates	-56	-31	-45%	-7	-9	28%
(+) Comparable OPEX	-6,753	-7,460	10%	-1,833	-1,990	9%
= CORE OPERATING INCOME	5,916	8,805	49%	2,725	1,481	-46%
(+) Net Trading & FX gains/losses	371	69	-81%	64	27	n.m.
(+) Visa sale	279	0	n.m.	0	0	n.m.
(-) Taxation and other provisions	-1,514	-2,780	84%	-945	-477	-49%
(-) Free Provision	-100	-860	n.m.	-230	-210	-9%
(-) Provision for fines	-85	-137	n.m.	-137	0	n.m.
(-) Other Taxation & Provision	-1,329	-1,783	34%	-577	-267	-54%
= NET INCOME	5,052	6,094	21%	1,844	1,031	-44%

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