



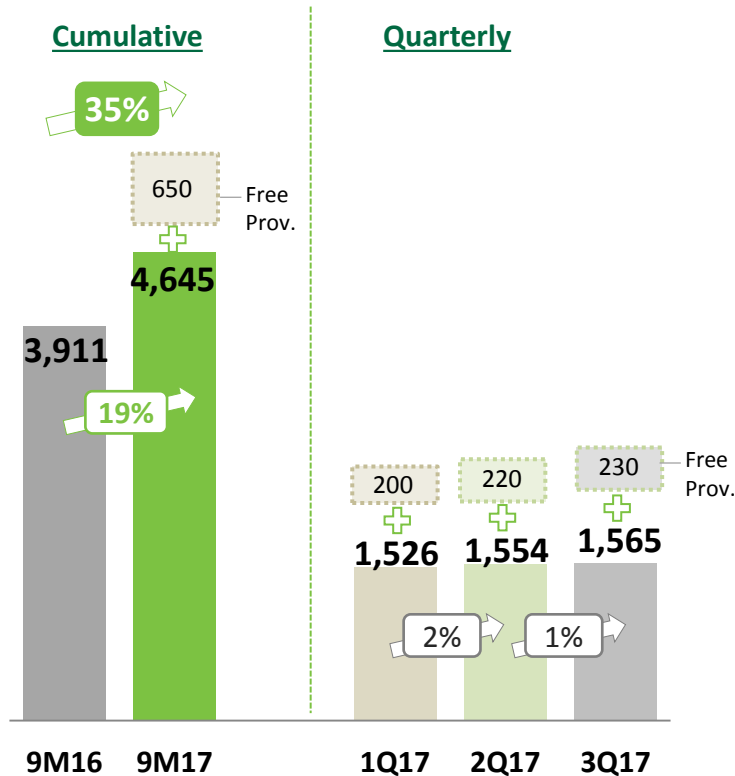
9M17

Earnings Presentation

**BRSA Unconsolidated Financials
30 September 2017**

ROBUST & HIGH QUALITY EARNINGS PERFORMANCE...

Net Income (TL million)



ROAE
17.4%
15.3% @2016YE

ROAA
2.2%
1.9% @2016YE

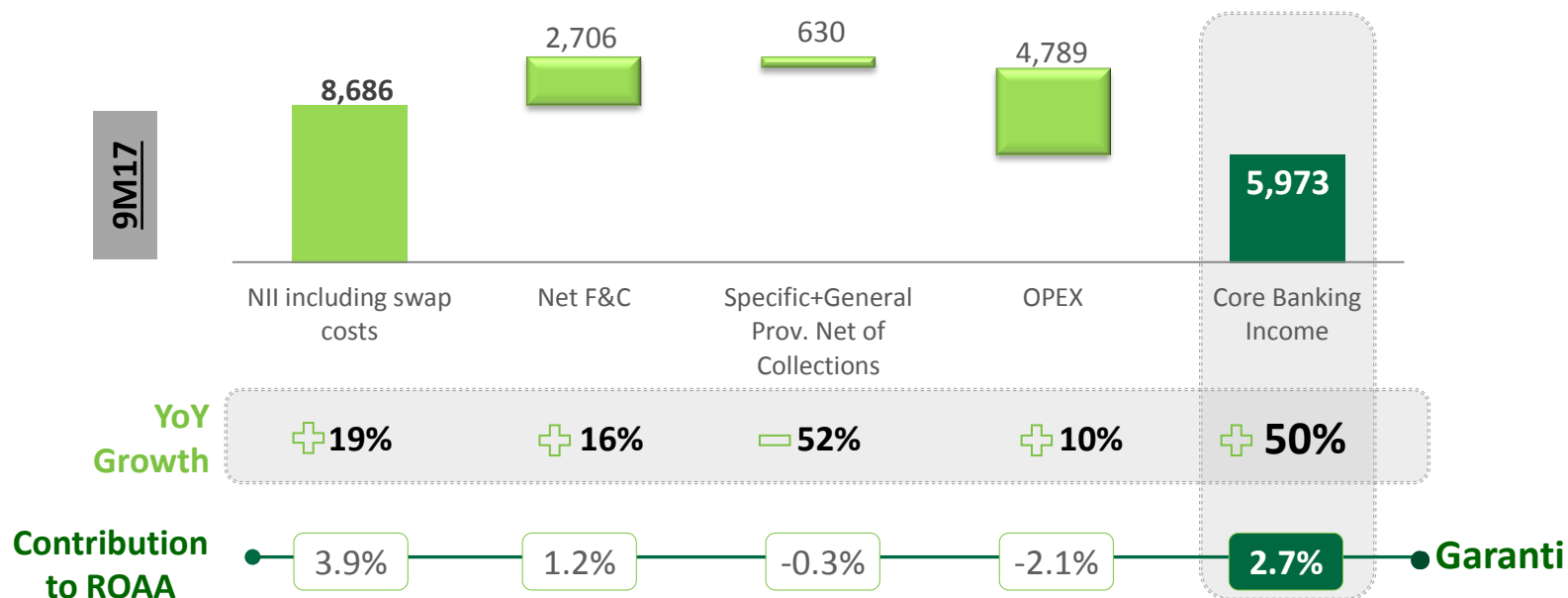
Total Free Provisions reached:
TL 950mn

CET-1
16.7%
15.2% @2016YE

Leverage
6.9x
7.0x @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



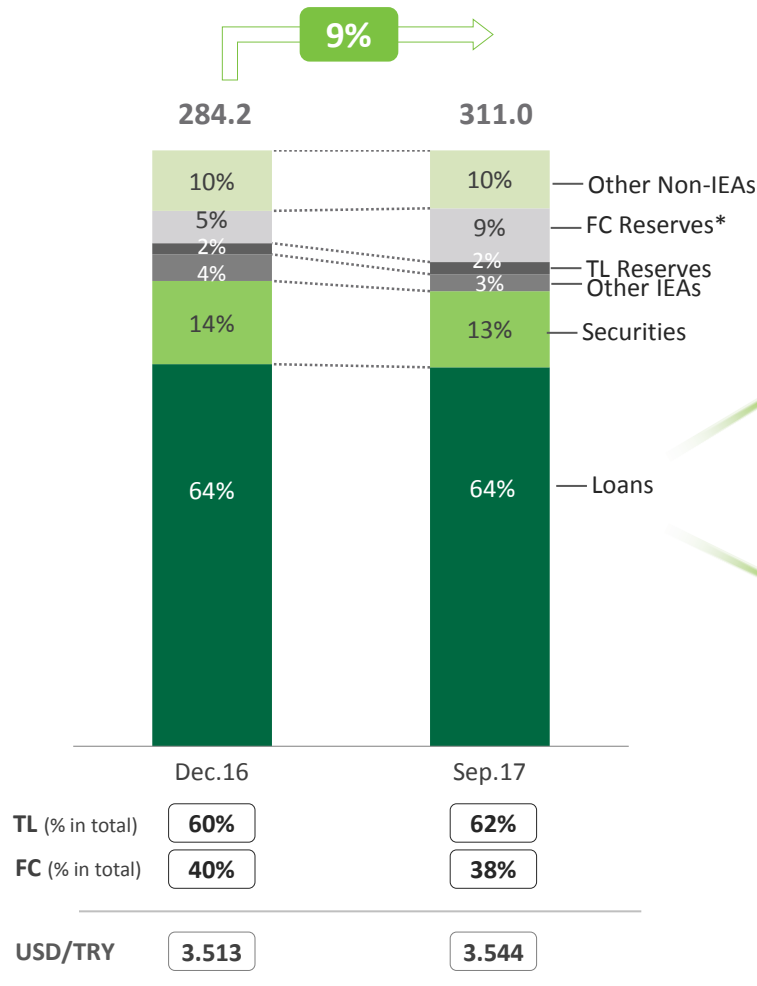
Core Banking Income contribution to ROAA is the **highest** among peers (as of 1H17)¹

Entity	Contribution to ROAA
Garanti	2.6%
Peer I	2.4%
Peer II	1.8%
Peer III	1.3%

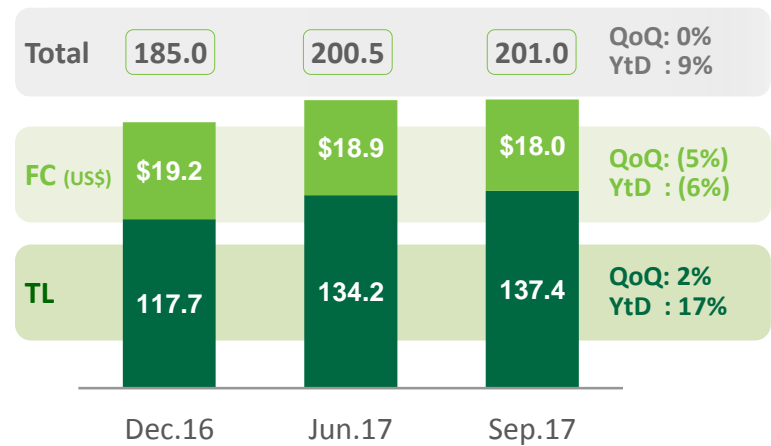
¹ Based on 1H17 bank-only financials for fair comparison

CUSTOMER-DRIVEN & INCREASINGLY HIGHER YIELDING ASSET MIX

Composition of Assets¹



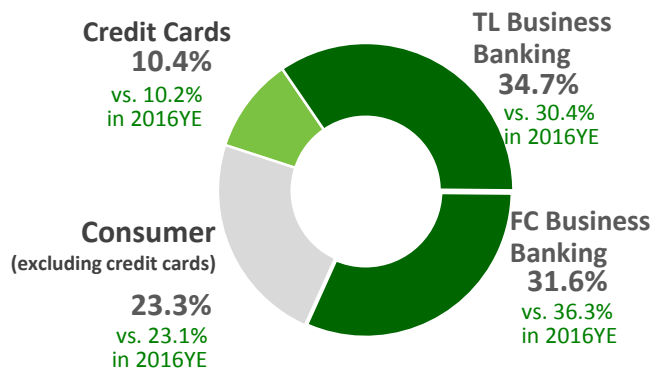
Performing Cash Loans (TL, US\$ billion)



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)	3.7%	3.4%	9.3%
+Consumer Mortgage	1.7%	0.5%	6.1%
+Consumer GPL	6.3%	6.1%	14.2%
Credit Card Receivables	6.4%	5.1%	11.4%
TL Business Banking	0.3%	1.5%	24.1%
FC Business Banking (in US\$)	-4.8%	0.7%	-6.3%

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:

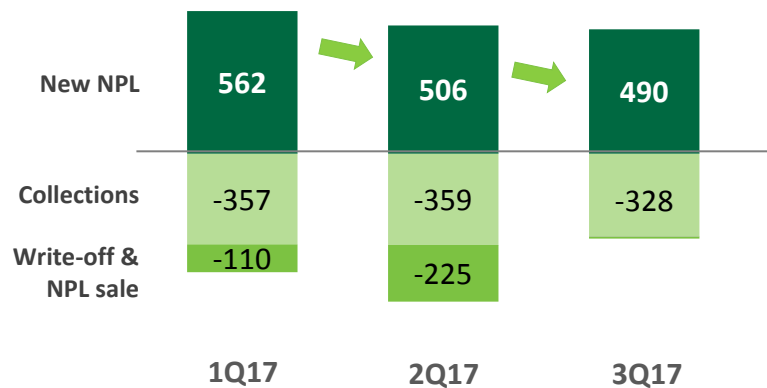
(TL bn)	2Q17	3Q17
Total CGF Guarantee Limit	16.5	16.8
Total Limit Utilization	15.3	16.0
Total Loans Originated	15.9	16.9
Current Stock Volume	14.8	14.7

Loan amortization

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

NPL Evolution

(TL million)



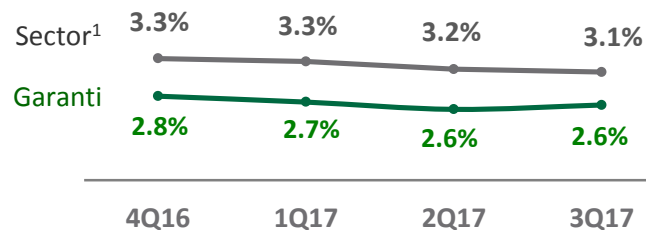
Total Coverage Ratio

160%

inc. Free Provisions

vs. 147% @2016

NPL Ratio



Share of Group II in Performing Loans

5.4%

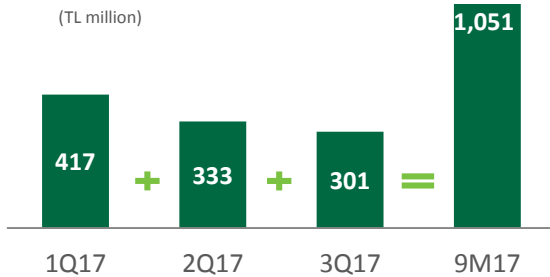
Per differentiated and prudent approach

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.

COMFORTABLE & PRUDENT PROVISIONING

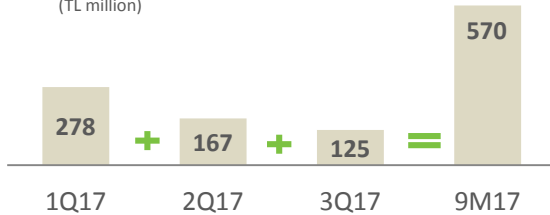
Specific Provisions

(TL million)



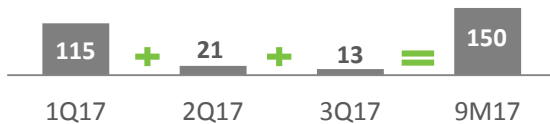
Collections in Other Income

(TL million)



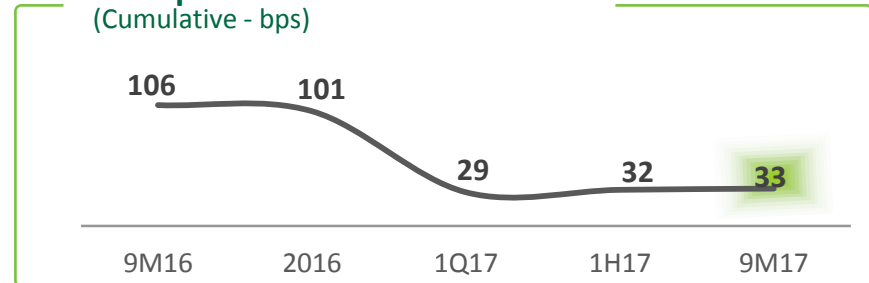
General Provisions

(TL million)



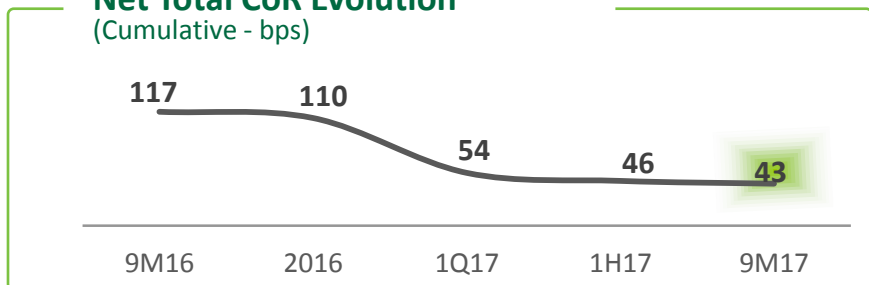
Net Specific CoR Evolution

(Cumulative - bps)



Net Total CoR Evolution

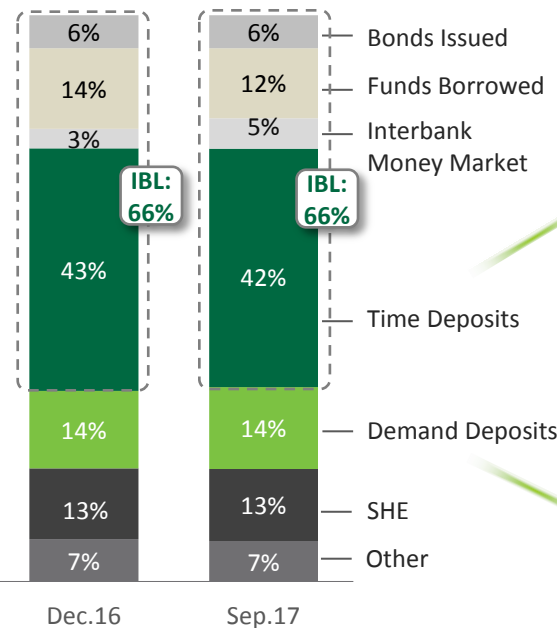
(Cumulative - bps)



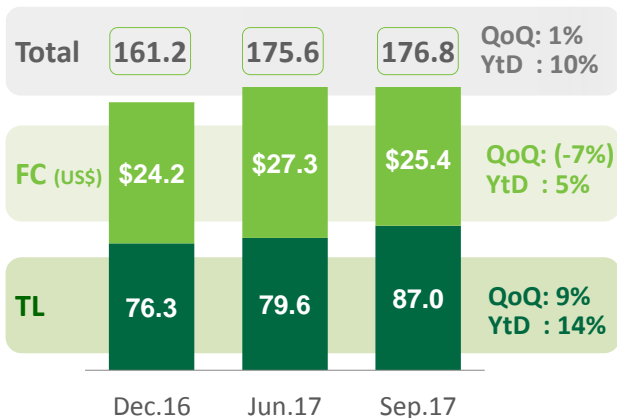
COMFORTABLE LIQUIDITY

Well-diversified funding mix

Composition of Liabilities



Total Deposits (TL, US\$ billion)



Demand Deposits' share in Total Deposits

>25% vs. sector's 21%¹

LtD Ratio: 114%

Adjusted LtD ratio: 80%*

Total LCR: 144%

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)	

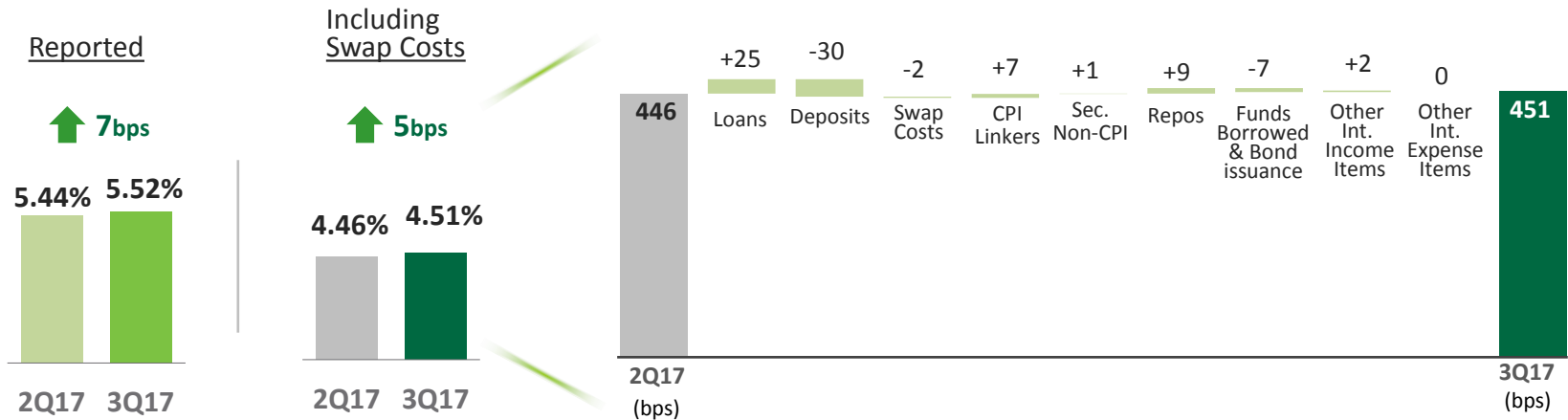
Swap utilization

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

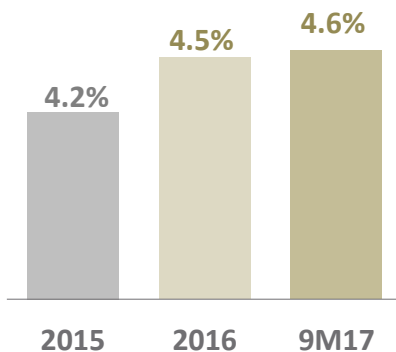
*Please see Appendix page 18. Adjusted with on-balance sheet alternative funding sources
 1 Based on BRSA weekly data as of 29 September 2017, commercial banks only

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

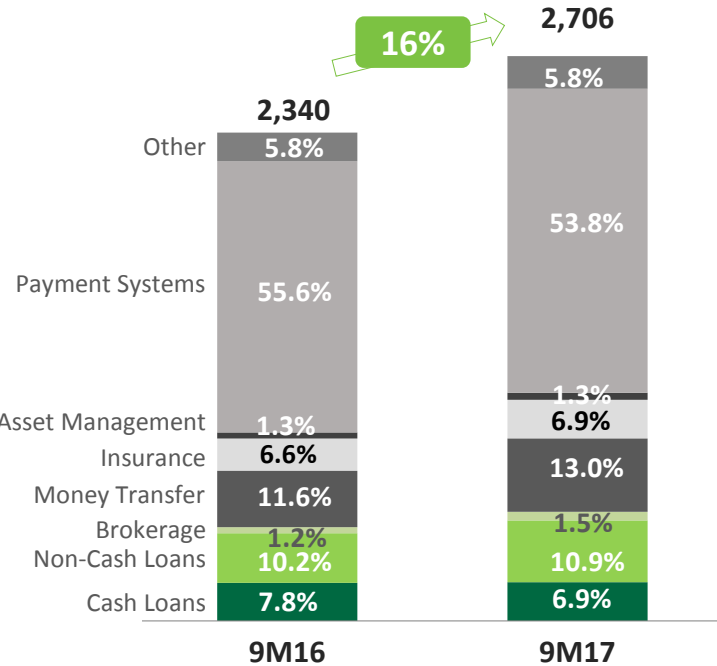
+ «Flattish» NIM* guidance maintained, with a potential upside from higher than anticipated CPI readings

*Including swap costs

WELL DIVERSIFIED FEE SOURCES & FURTHER DIGITALIZED PROCESSES FOSTER FEE PERFORMANCE

Net Fees & Commissions¹

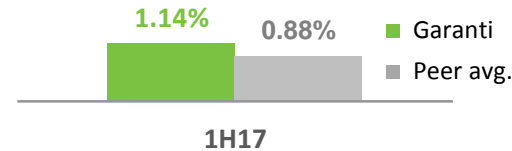
(TL million)



- + 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 incl. Non-cash loans) well-above peer average²



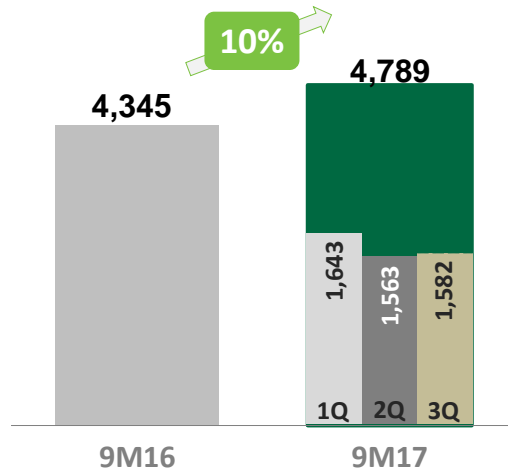
Customers' preferred bank

- 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

1 Net Fees&Comm. breakdown is based on MIS data
 2 Based on 1H17 BRSA bank-only financials. Peers defined as Akbank, Isbank, YKB, Halk & Vakif
 3 Based on bank-only MIS data

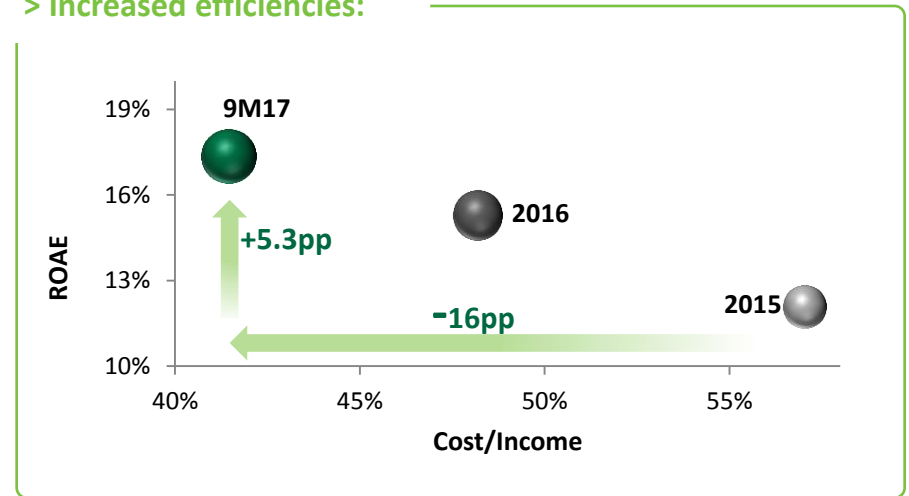
COMMITTED TO IMPROVE EFFICIENCY & OPERATIONAL EXCELLENCE

Operating Expenses (TL million)

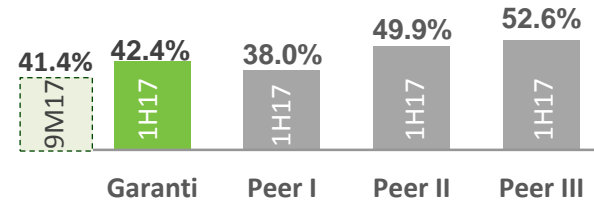


YoY OPEX growth is **converging to below CPI** by year-end

> Increased efficiencies:

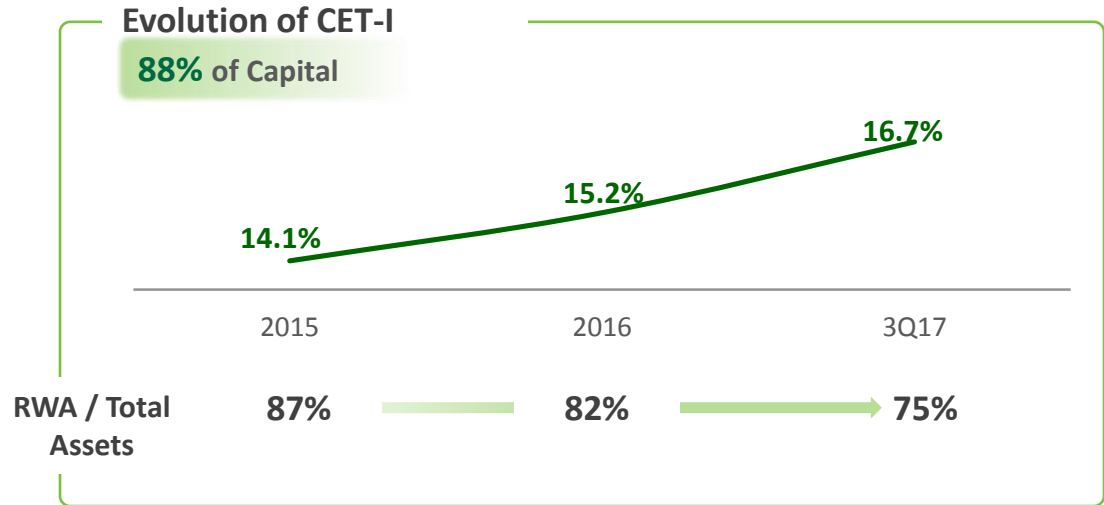
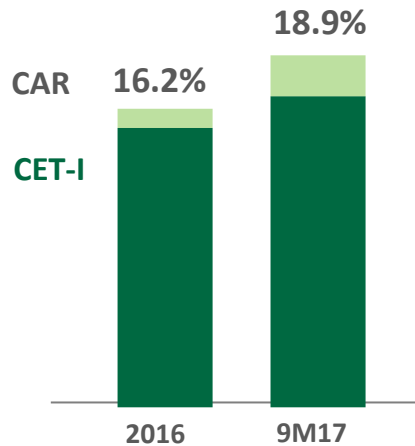


C/I Ratio vs. private peers



SUSTAINED IMPROVEMENT IN SOLVENCY RATIOS

Capital Adequacy Ratios



- Dividend Payment: **-52 bps** YtD
- Regulation Impact¹: **+18 bps** YtD
- Tier II issuance: **+112 bps** YtD
- MtM Difference: **+31 bps** YtD
- Currency Impact: **-5 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	12,272	15,589	12,638	10,719	11,206	-28%
Reserve Requirements	28,401	20,867	28,928	33,781	34,467	65%
Securities	41,228	43,668	45,205	44,460	45,147	3%
Performing Loans	171,080	185,043	194,851	200,461	201,037	9%
Fixed Assets, Affiliates & Associates	9,147	9,509	9,878	10,248	10,587	11%
Other	7,510	9,480	8,920	9,014	8,598	-9%
TOTAL ASSETS	269,638	284,155	300,420	308,683	311,042	9%
Deposits	150,937	161,232	167,444	175,574	176,832	10%
Repos & Interbank	17,355	9,769	13,960	13,906	16,730	71%
Bonds Issued	14,127	16,437	18,859	18,839	18,068	10%
Funds Borrowed ²	33,040	40,286	41,585	40,347	38,691	-4%
Other	19,712	20,892	22,204	22,008	21,171	1%
SHE	34,466	35,539	36,369	38,008	39,550	11%
TOTAL LIABILITIES & SHE	269,638	284,155	300,420	308,683	311,042	9%

1 Includes banks, interbank and excludes reserve requirements

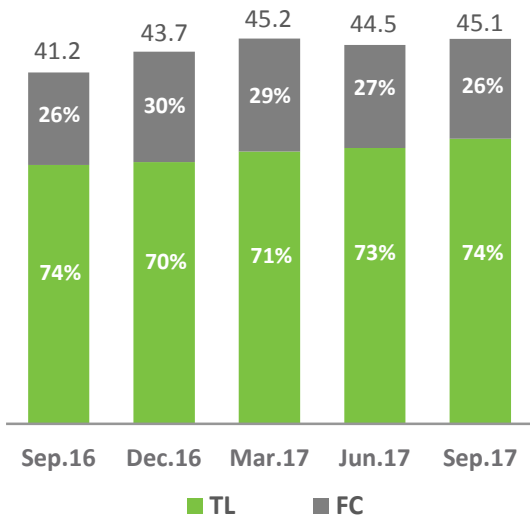
2 Includes funds borrowed and sub-debt

SECURITIES PORTFOLIO REMAINS AS HEDGE AGAINST VOLATILITY

Total Securities (TL billion)

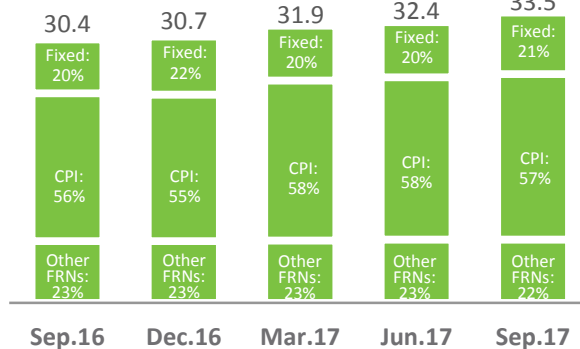
14.5% of Total Assets

6% → 4% → (2%) → 2%



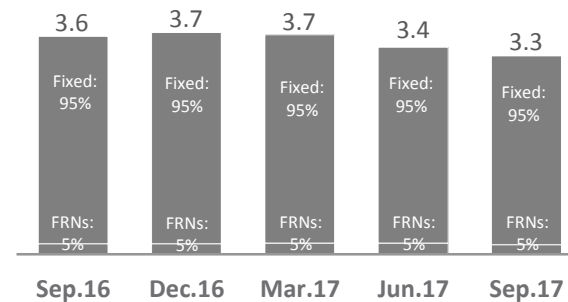
TL Securities (TL billion)

1% → 4% → 1% → 3%

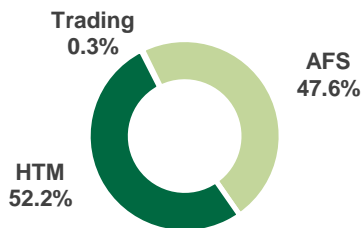


FC Securities (US\$ billion)

2% → (1%) → (6%) → (4%)



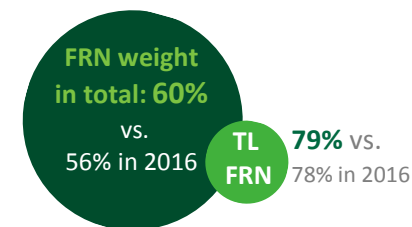
Securities Composition



Unrealized MtM loss (pre-tax)

~TL 309mn loss as of Sept'17 vs.
 ~TL 110mn loss as of Jun'17
 ~TL 147mn loss as of Mar'17
 ~TL 653mn loss as of Dec'16
 ~TL 249mn loss as of Sep'16

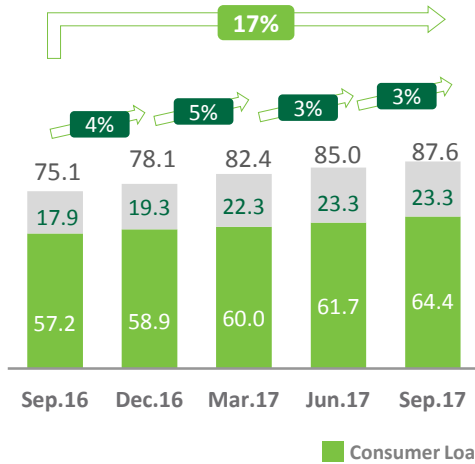
Maintained FRN heavy portfolio



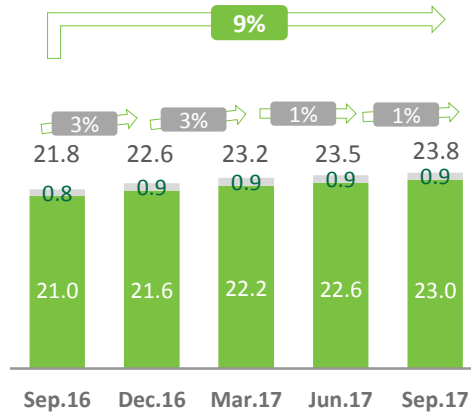
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data.

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

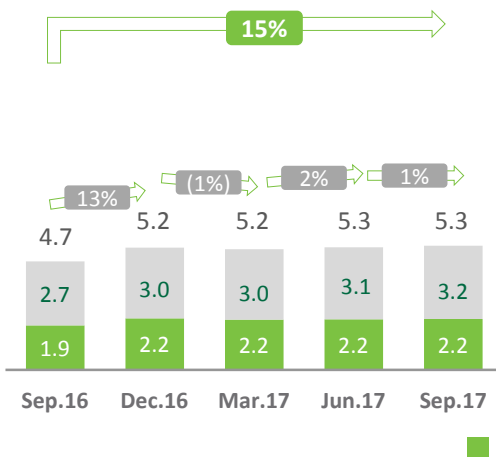
Issuing Volume

20.6%²

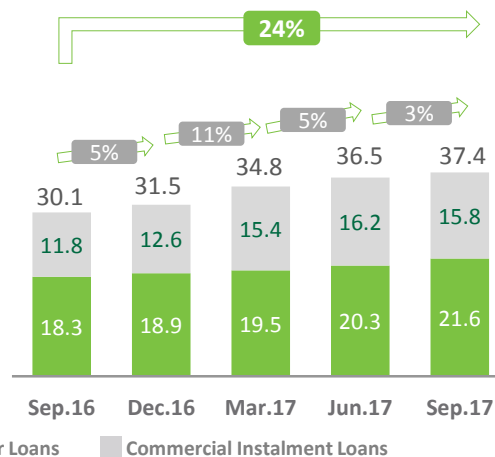
Acquiring Volume

20.8%²

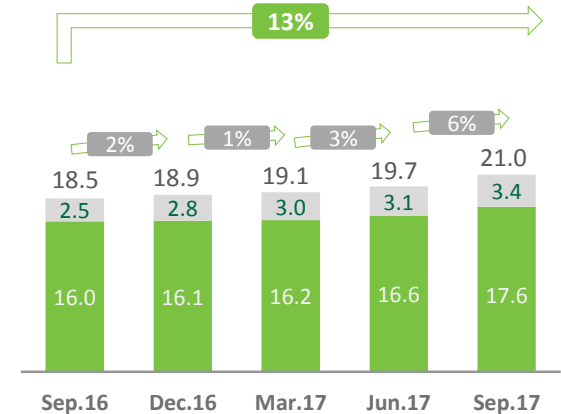
Auto Loans (TL billion)



General Purpose Loans¹ (TL billion)



Credit Card Balances (TL billion)

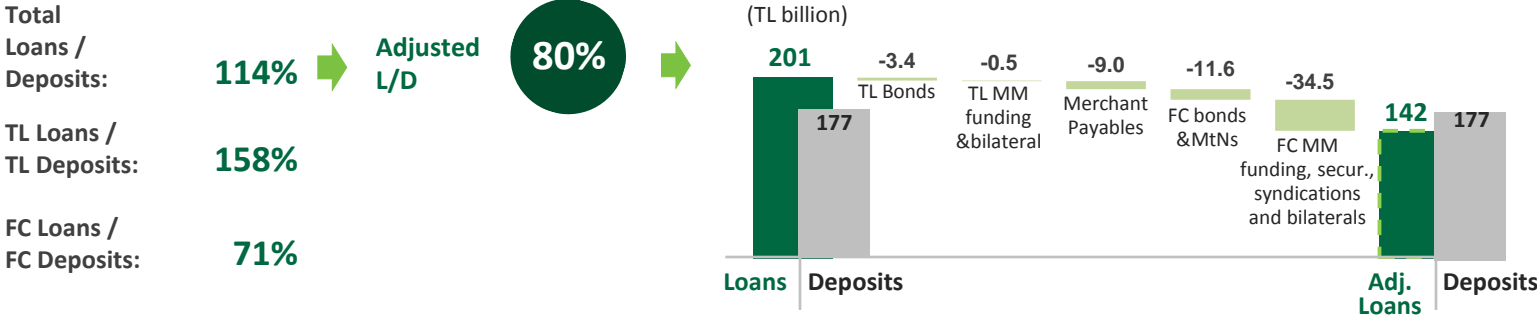


¹ Including other loans and overdrafts
² As of September 2017, as per Interbank Card Center data.
 Note: (i) Sector figures used in market share calculations are based on bank-only
 BRSA weekly data as of 29.09.2017

COMFORTABLE LIQUIDITY

Successful dual currency balance sheet management

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



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

Total LCR	143.8%
<i>Minimum Req. for 2017</i>	<i>80%</i>
FC LCR	138.5%
<i>Minimum Req. for 2017</i>	<i>60%</i>

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)▪ € 200 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 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%.

NON-RECURRING ITEMS & NORMALIZED NET INCOME

TL Million	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
Net Income	1,041	1,540	1,331	1,160	1,526	1,554	1,565
<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>Garanti Bank Moscow sale loss</i>	0	0	0	48	0	0	0
<i>Visa sale gain</i>	0	-238	0	0	0	0	0
<i>Income from NPL sale</i>	-24	-16	-8	-14	-7	-11	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	1,119	1,272	1,472	1,405	1,738	1,778	1,946

SUMMARY P&L

TL Million	9M 16	9M 17	Δ YoY	2Q 17	3Q 17	Δ QoQ
(+) Net Interest Income including Swap costs	7,306	8,686	19%	2,843	2,958	4%
(+) NII excluding CPI linkers' income	6,855	8,697	27%	2,923	3,009	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.	2,340	2,706	16%	866	965	11%
(-) Specific + General provisions net of collections*	-1,318	-630	-52%	-187	-189	1%
(-) Specific Provisions	-1,742	-1,051	-40%	-333	-301	-10%
(-) General Provisions	-131	-150	14%	-21	-13	-35%
(+) Collections	425	570	34%	167	125	-25%
(+) Free prov. Reversal assigned to shipping file	130	0	n.m	0	0	n.m
(-) OPEX	-4,345	-4,789	10%	-1,563	-1,582	1%
= CORE OPERATING INCOME	3,983	5,973	50%	1,960	2,152	10%
(+) Net Trading & FX gains/losses	155	59	-62%	-5	62	n.m
(+) Income on subsidiaries	340	536	58%	188	148	-21%
(+) Other income	240	198	-17%	53	51	-5%
(+) NPL sale income	61	23	-63%	14	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	97	176	82%	40	51	28%
(+) Visa sale	265	0	n.m	0	0	n.m
(-) Taxation and other provisions	-1,073	-2,123	98%	-641	-847	32%
(-) Free Provision	-100	-650	n.m	-220	-230	n.m
(-) Provision for fines	0	-137	n.m	0	-137	n.m
(-) Other Provision	-83	-54	-35%	-8	-24	210%
(-) Taxation	-890	-1,281	44%	-413	-456	10%
= NET INCOME	3,911	4,645	19%	1,554	1,565	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	16.0%	15.3%	19.0%	18.2%	17.4%
ROAA (Cumulative) ¹	2.0%	1.9%	2.3%	2.2%	2.2%
Cost/Income	46.6%	48.2%	43.2%	42.4%	41.4%
Quarterly NIM incl. Swap costs	4.9%	4.8%	4.7%	4.5%	4.5%
Cumulative NIM incl. Swap costs	4.5%	4.5%	4.7%	4.6%	4.6%
Liquidity ratios					
Loans / Deposits	113%	115%	116%	114%	114%
TL Loans / TL Deposits	154%	154%	167%	169%	158%
Adj. Loans/Deposits <i>(Loans adj. with on-balance sheet alternative funding sources)</i>	77.7%	77.2%	78.6%	79.8%	80.3%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	132%	132%	143%	144%	134%
FC Loans / FC Deposits	76%	79%	74%	69%	71%
Asset quality ratios					
NPL Ratio	3.0%	2.8%	2.7%	2.6%	2.6%
Total Coverage Ratio (General+Specific+Free Prov.)	145%	147%	151%	157%	160%
Solvency ratios					
CAR	16.4%	16.2%	15.9%	18.3%	18.9%
Common Equity Tier I Ratio	15.4%	15.2%	14.9%	16.1%	16.7%
Leverage	6.8x	7.0x	7.3x	7.1x	6.9x

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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