

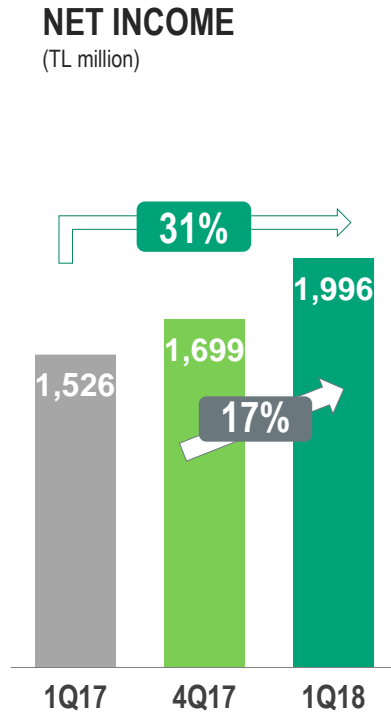


1Q18 EARNINGS PRESENTATION

Based on BRSA Unconsolidated Financials
April 26th 2018



ROBUST EARNINGS PERFORMANCE...



2.4% **ROAA**
vs. 2.1% in 2017

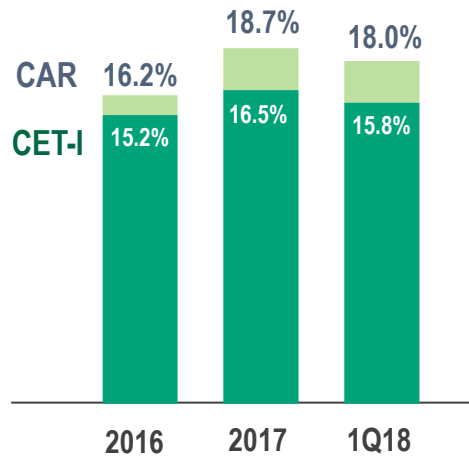
18.3% **ROAE**
vs. 16.6% in 2017

6.7x **Leverage**
vs. 6.9x in 2017

Note: In the calculation of average assets and average equity,
01.01.2018 restated balance sheet has been used instead of YE 2017

...FURTHER REINFORCING SOLVENCY

SOLVENCY RATIOS¹



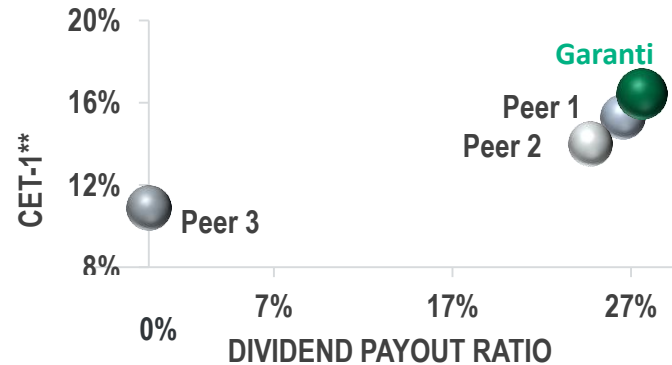
RWA /
Assets

82%

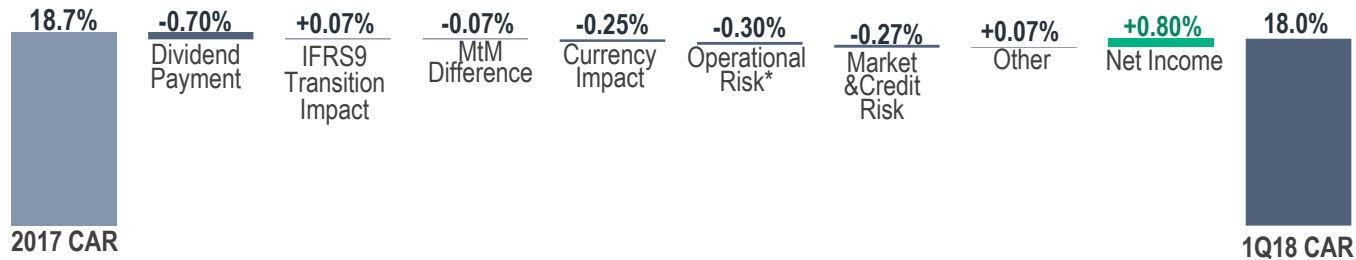
76%

81%

Highest CET-1 ratio and
highest dividend payment
among peers



Impacts on CAR -- 1Q18 vs. 2017



¹ Required CAR = 8.0% + SIFI Buffer for Group 3 (1.5%) + Capital Conservation Buffer (1.875%) + Counter Cyclical Buffer (0.02%)

* 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

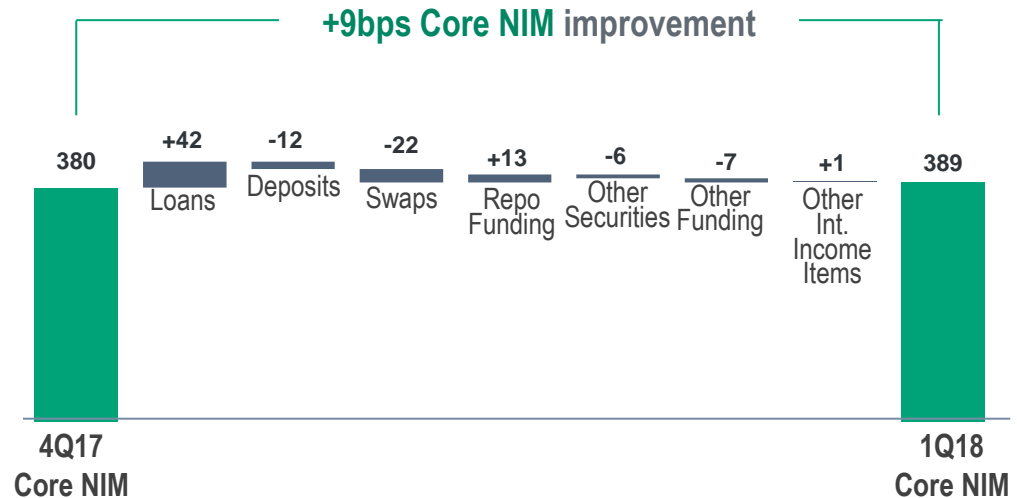
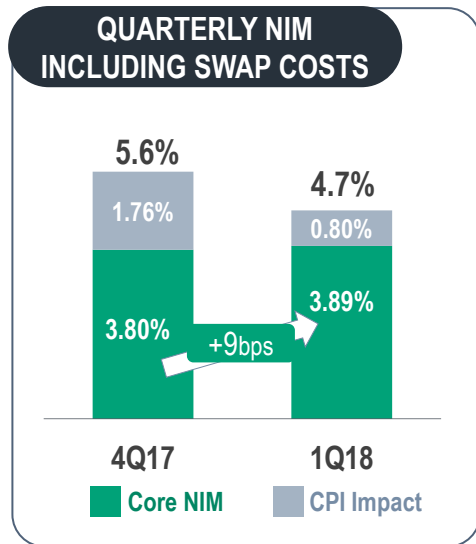
4

PRUDENT PROVISIONING

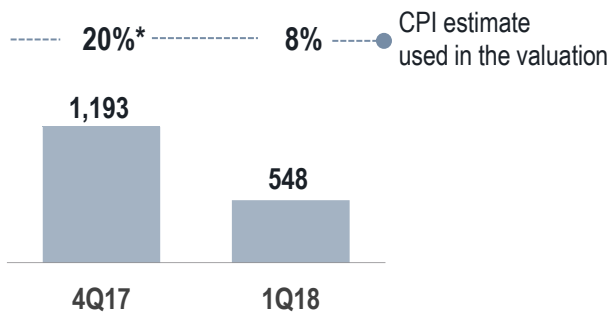
5

**ROBUST SUBSIDIARY
CONTRIBUTION**

CORE NIM EXPANSION DRIVEN BY...



QUARTERLY CPI LINKERS' INCOME (TL million)

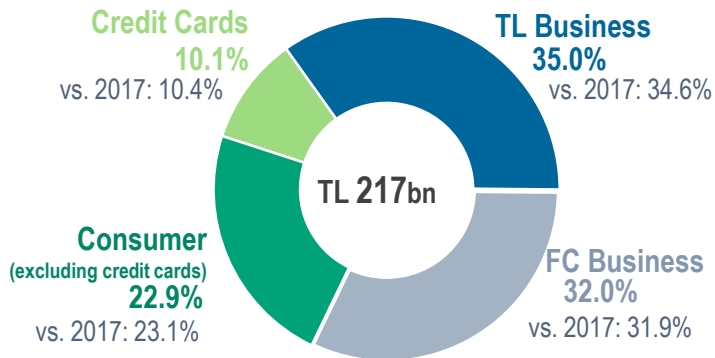


Impact of 1% higher CPI:
+TL175mn/yr to Net Income
~8bps impact on NIM

Note: In the calculation of average IEAs, 01.01.2018 restated balance sheet has been used instead of 2017YE.
 *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 BREAKDOWN



TL LOAN GROWTH

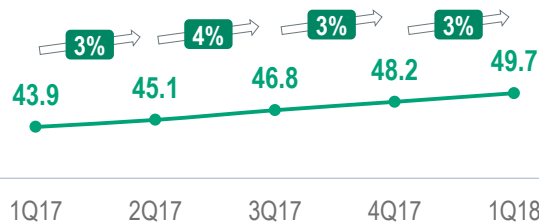
↑ 4% QoQ

FC LOAN GROWTH (in US\$)

↔ 0% QoQ

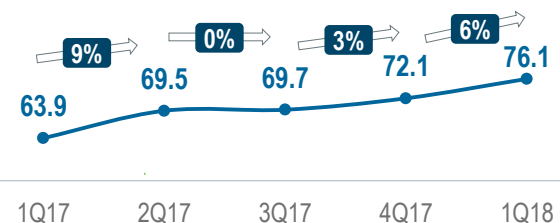
HEALTHY MARKET SHARE GAINS

Consumer Loans excluding Credit Cards (TL billion)



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

TL Business Banking Loans (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)

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

INVESTOR RELATIONS | 1Q18 BRSA BANK-ONLY EARNINGS PRESENTATION

...WELL DIVERSIFIED FUNDING BASE HEAVY WITH LOW COST & STICKY DEPOSITS

DEPOSITS

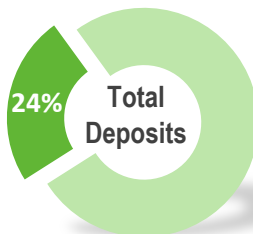
TL DEPOSITS GROWTH

↑ 4% QoQ

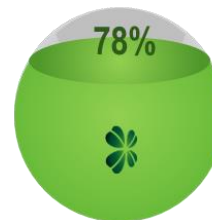
FC DEPOSITS GROWTH (in US\$)

↑ 2% QoQ

DEMAND
DEPOSITS
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

YTD 140bps
improvement in LDR

114%

LDR
(1Q18)

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

79%

Adj. LDR*
(1Q18)

¹ Based on bank-only MIS data

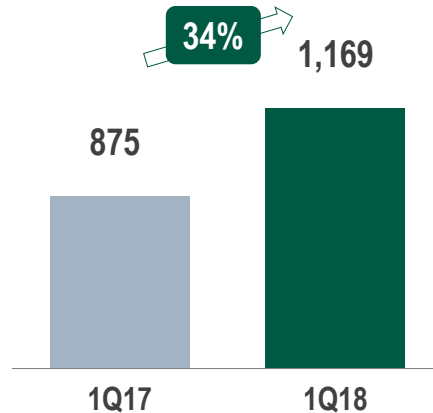
² Based on BRSA weekly data as of 30 March 2018, commercial banks only.

*Please see Appendix page 21 for details

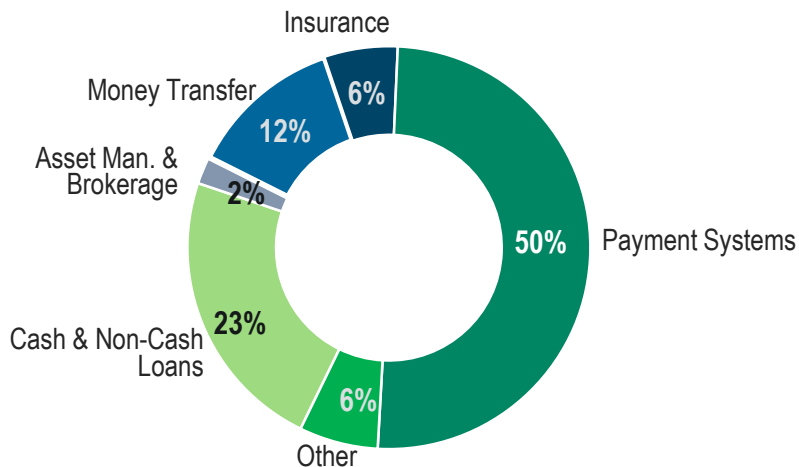
STELLAR FEE GROWTH BACKED BY DIVERSIFIED FEE SOURCES...

NET FEES & COMMISSIONS

(TL million)



NET FEES & COMMISSIONS BREAKDOWN¹



¹ Net Fees&Comm. breakdown is based on MIS data.

► 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

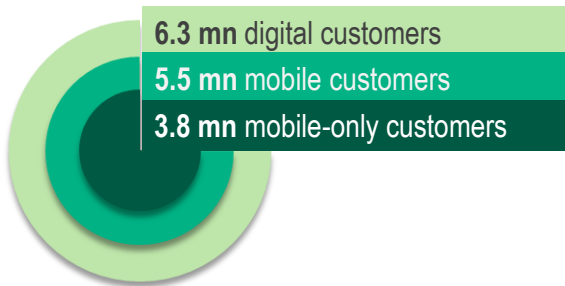
► Insurance

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

...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

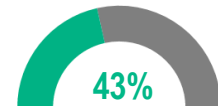


GARANTI'S
MARKET SHARE IN INTERNET
& MOBILE BANKING
TRANSACTIONS

EFFECTIVE DIGITAL CHANNEL UTILIZATION



SHARE OF DIGITAL SALES
IN TOTAL SALES



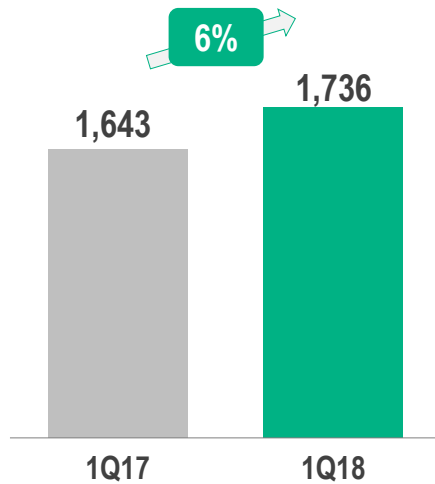
DIGITAL CHANNELS'
SHARE IN NON-CREDIT
LINKED FEES

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

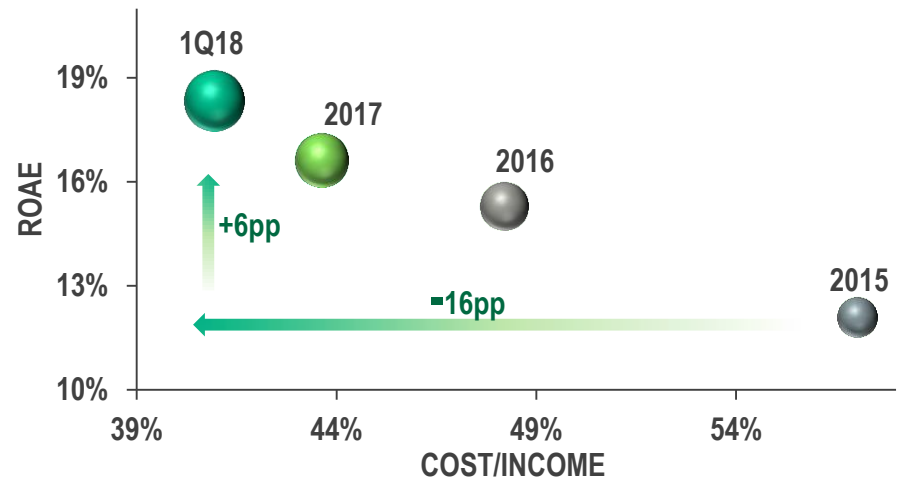
COMMITTED TO IMPROVE EFFICIENCY & OPERATIONAL EXCELLENCE

OPERATING EXPENSES

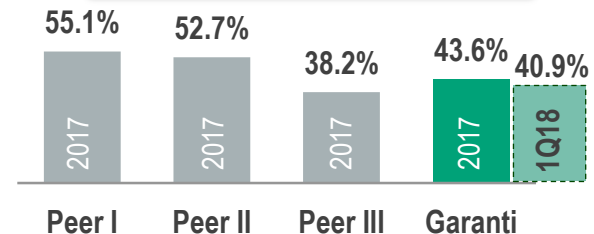
(TL Million)



INCREASING EFFICIENCY



C/I Ratio vs. Private Peers



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

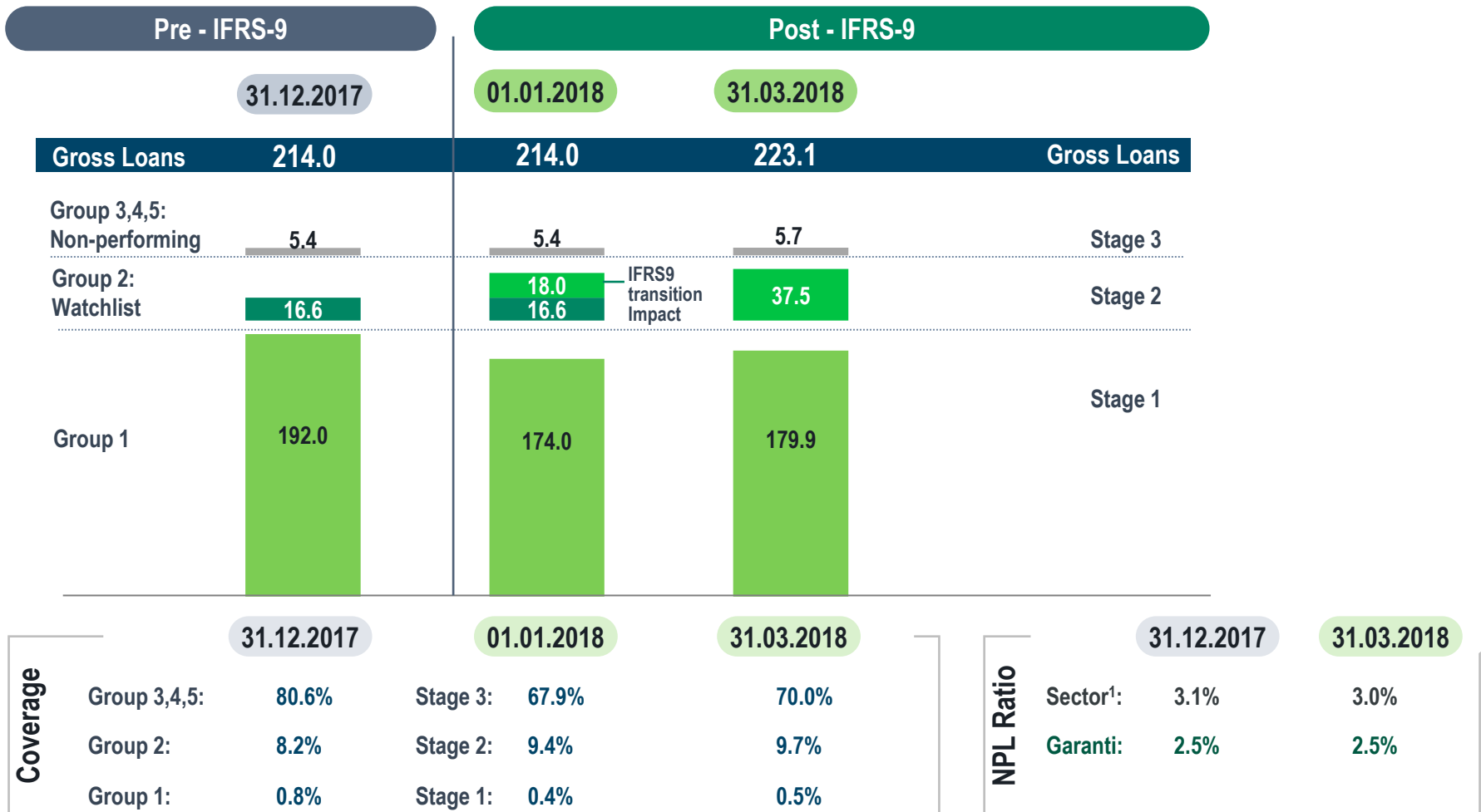
+ Income from subsidiaries.

INVESTOR RELATIONS | 1Q18 BRSA BANK-ONLY EARNINGS PRESENTATION

PRUDENTLY DEFINED IFRS 9 CRITERIA

LOAN PORTFOLIO BREAKDOWN

(Billion TL)



1 Sector figures are per BRSA bank-only weekly data, commercial banks only
Sector NPL ratio includes TL 1.3bn NPL sale vs. no NPL sales at Garanti

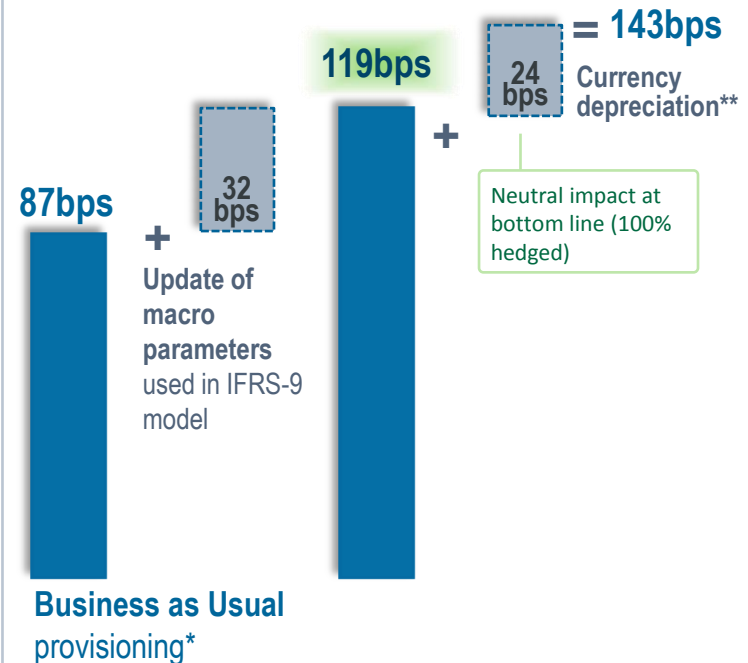
BUSINESS AS USUAL PROVISIONING FARES LOW. NET CoR PRESSURED WITH MACRO PARAMETER REVISION & CURRENCY DEPRECIATION

Net Expected Credit Loss

(Million TL, 1Q18)

(-) Expected Credit Losses	1,617
Stage 1	380
Stage 2	749
Stage 3	488
(+) Provision Reversals under other income	860
Stage 1 & 2	660
Stage 3	200
(=) Net Expected Credit Losses	757
(a) Annualized Net Expected Credit Losses	3,071
(b) Average Total Loans	214,744
Total Net CoR (a/b)	143 bps

NET CoR



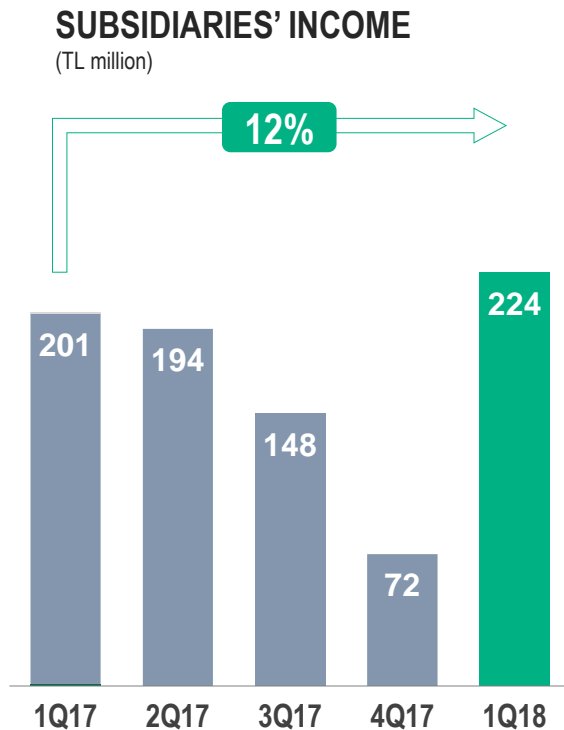
* Including provisioning for a big-ticket file, classified under Stage-2.

Impact on Net CoR was 32bps in 1Q18

**Neutral impact at bottom line, as provisions due to currency depreciation are 100% hedged (FX gain included in Net trading income line).

Note: In the calculation of average total loans, 01.01.2018 restated balance sheet has been used instead of YE 2017

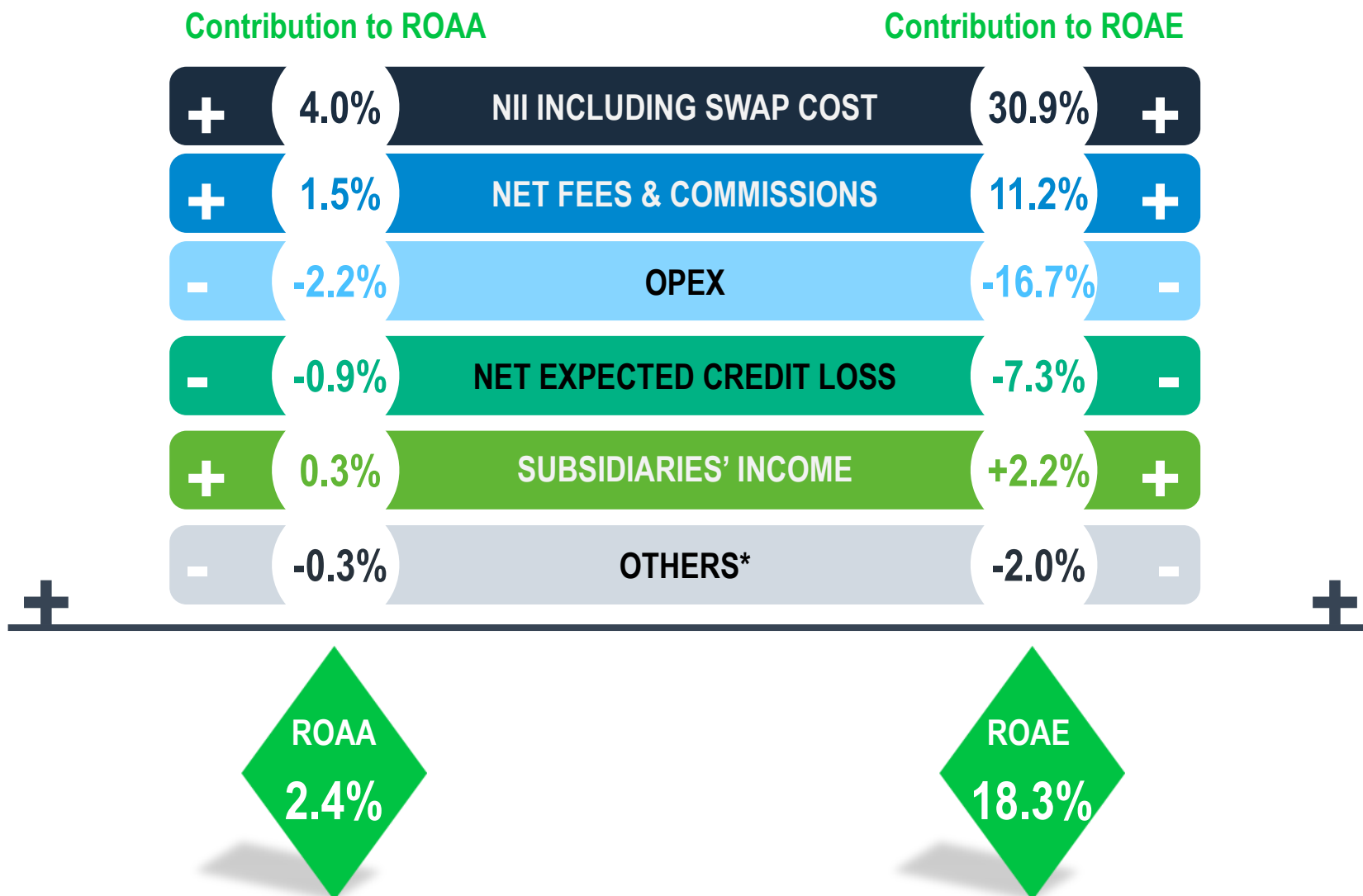
ROBUST CONTRIBUTION FROM SUBSIDIARIES



Subsidiaries' contribution was strong in 1Q18 backed by;

- ▶ **Better than expected business volumes** across the board
- ▶ **Loan recoveries & trading gains** at foreign banking subsidiaries

IN SUMMARY



*Net trading & FX gains, other income, other provisions and taxation are included in «Others» line

Note: In the calculation of average assets and average equity, 01.01.2018 restated balance sheet has been used instead of YE 2017

APPENDIX

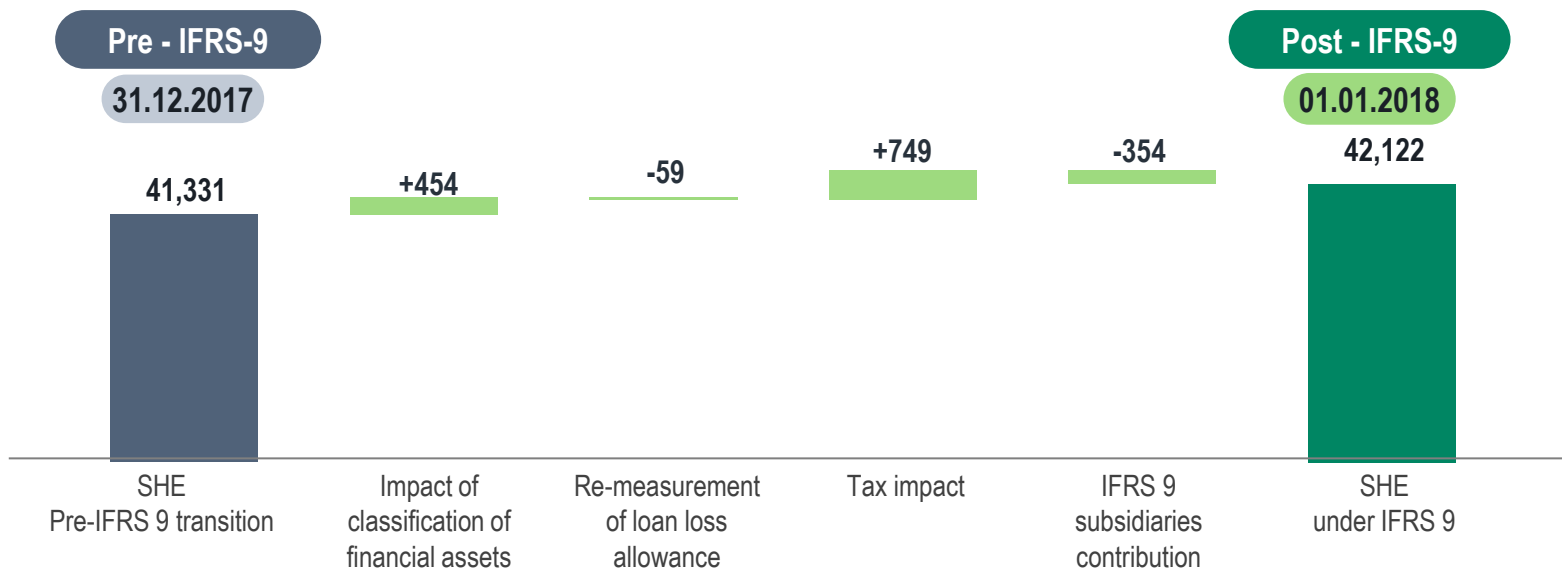
Pg. 16	Disclaimer on new IFRS 9 standard
Pg. 17	Composition of Assets & Liabilities
Pg. 18	Securities Portfolio
Pg. 19	Retail Loans
Pg. 20	Loan-term Wholesale Funding
Pg. 21	Adjusted L/D and Liquidity Coverage Ratios
Pg. 22	Summary P&L
Pg. 23	Key Financial Ratios

DISCLAIMER ON NEW IFRS 9 STANDARD

The Bank 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 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 Note 3.28.

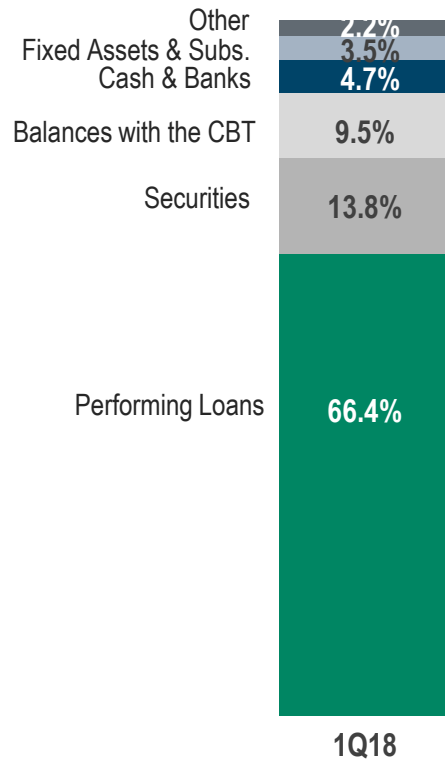
Impact of IFRS-9 Transition on Shareholders' Equity (SHE)

(Million TL)

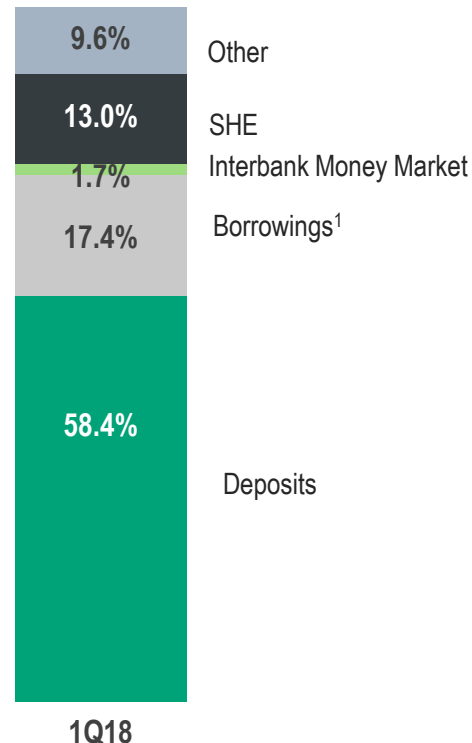


APPENDIX: COMPOSITION OF ASSETS & LIABILITIES

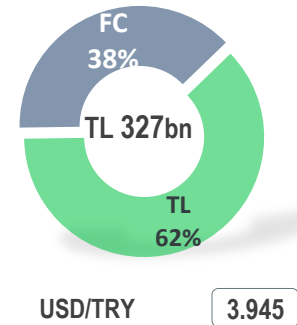
ASSETS



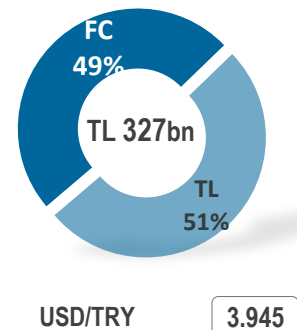
LIABILITIES & SHE



TL/FC MIX IN ASSETS



TL/FC MIX IN LIABILITIES & SHE

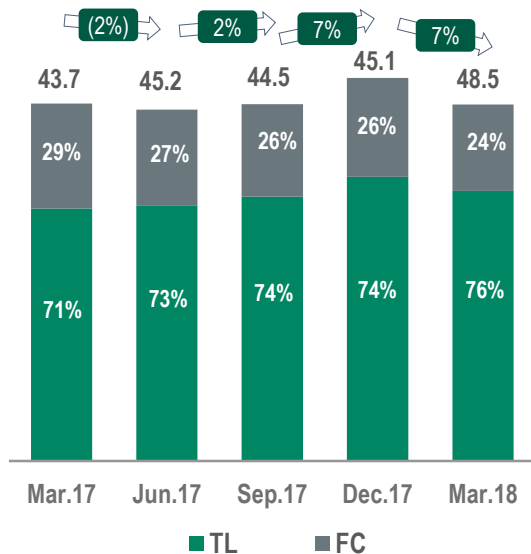


1 Includes funds borrowed, sub-debt & securities issued

APPENDIX: SECURITIES PORTFOLIO

Total Securities (TL billion)

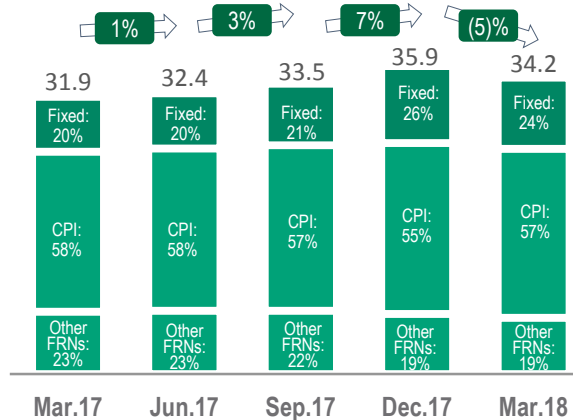
15% of Total Assets



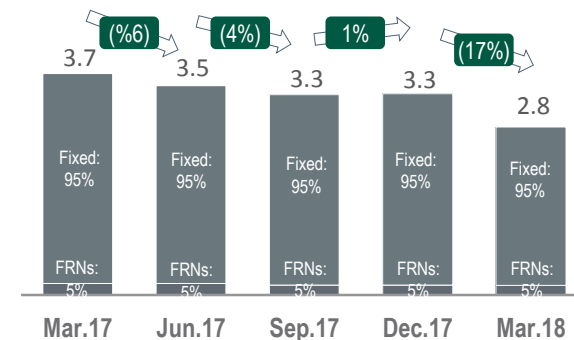
Maintained
FRN heavy portfolio



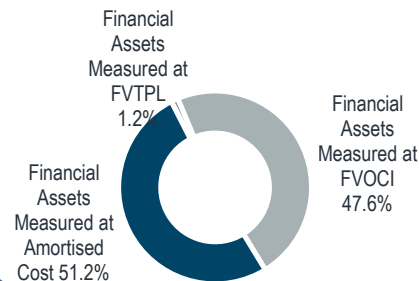
TL Securities (TL billion)



FC Securities (US\$ billion)



Securities Composition



Unrealized MtM loss (pre-tax)

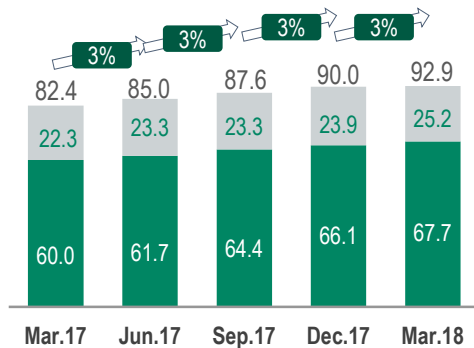
~TL 283mn loss as of Mar'18 vs.
~TL 506mn loss as of Dec'17 vs.
~TL 309mn loss as of Sep'17
~TL 110mn loss as of Jun'17
~TL 147mn loss as of Mar'17

APPENDIX: RETAIL LOANS

RETAIL LOANS

(TL billion)

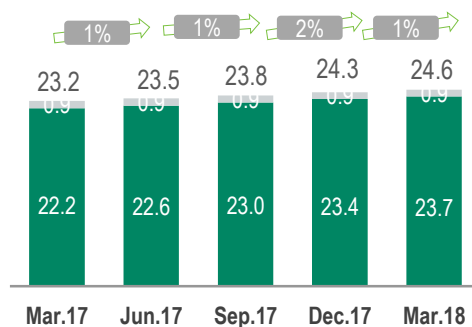
+13%
YoY



MORTGAGE LOANS

(TL billion)

+6%
YoY



Market Shares*

	Mar'18	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

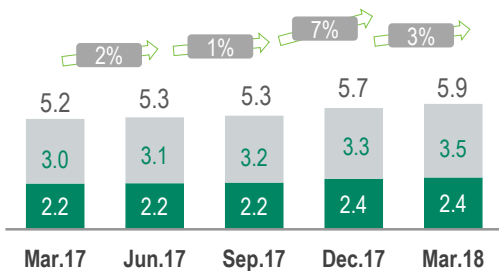
Acquiring
Volume

19.1%²

AUTO LOANS

(TL billion)

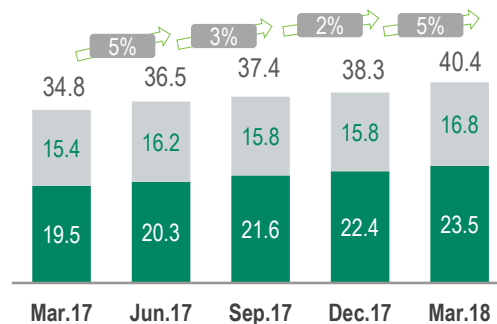
+14%
YoY



GENERAL PURPOSE LOANS¹

(TL billion)

+16%
YoY

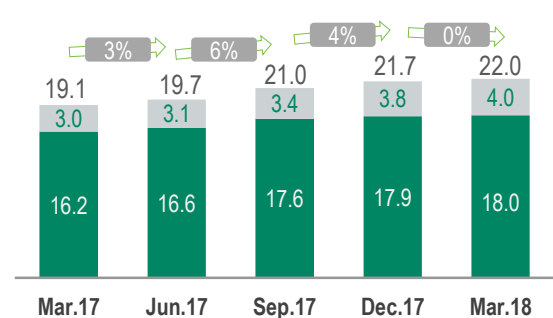


Consumer Loans Commercial Instalment Loans

CREDIT CARD BALANCES

(TL billion)

+15%
YoY



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

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: 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
L/D

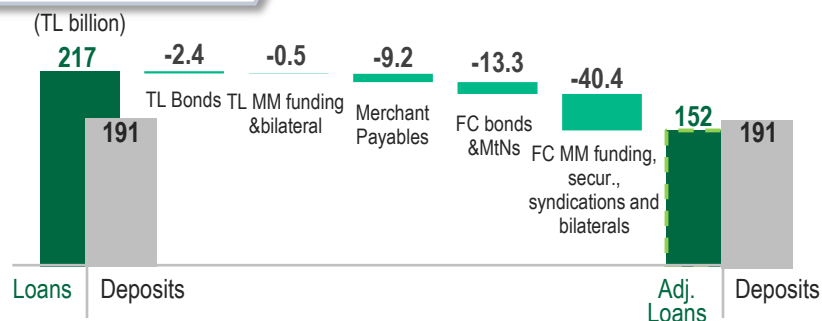


TL Loans /
TL Deposits:

159%

FC Loans /
FC Deposits:

71%



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

Total LCR	140.5%
<i>Minimum Req. for 2018</i>	<i>90%</i>
FC LCR	126.6%
<i>Minimum Req. for 2018</i>	<i>70%</i>

APPENDIX: SUMMARY P&L

TL Million	3M 18
(+) Net Interest Income including Swap costs	3,220
(+) <i>NII excluding CPI linkers' income</i>	3,239
(+) <i>Income on CPI linkers</i>	548
(-) <i>Swap Cost</i>	-568
(+) Net Fees & Comm.	1,169
(-) Net Expected Credit Loss	-757
(-) <i>Expected Credit Loss</i>	-1,617
(+) <i>Provision Reversal under other Income</i>	860
(-) OPEX	-1,736
(-) <i>HR</i>	-678
(-) <i>Non-HR</i>	-1,058
= CORE OPERATING INCOME	1,896
(+) Net Trading & FX gains/losses	226
(+) Income on subsidiaries	224
(+) Other income	164
(+) <i>Gains from asset sale</i>	126
(+) <i>Other</i>	38
(-) Taxation and other provisions	-514
(-) <i>Other Provision</i>	-18
(-) <i>Taxation</i>	-496
= NET INCOME	1,996

APPENDIX: KEY FINANCIAL RATIOS

Mar-18

Profitability ratios

ROAE (Cumulative) ¹	18.3%
ROAA (Cumulative) ¹	2.4%
Cost/Income	40.9%
Quarterly NIM incl. Swap costs	4.7%

Liquidity ratios

Loans / Deposits	114%
TL Loans / TL Deposits	159%
Adj. Loans/Deposits (Loans adj. with on-balance sheet alternative funding sources)	79%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	135%
FC Loans / FC Deposits	71%

Asset quality ratios

NPL Ratio	2.5%
Coverage Ratio	
+Stage 1	0.5%
+Stage 2	9.7%
+Stage 3	70.0%
Net Cost of Risk (bps)	143

Solvency ratios

CAR	18.0%
Common Equity Tier I Ratio	15.8%
Leverage	6.7x

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).

Note: In the calculation of average assets, average IEAs and average equity, 01.01.2018 restated balance sheet has been used

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