

Earnings Presentation



December 31, 2015

BRSA Bank-only Financials

2015 – Political & geopolitical concerns exacerbated in another year of high global volatility & uncertainties

9M15
4Q15
Global Outlook

- **ECB's sizeable QE announcement** supported sentiment. Yet, **Grexit concerns & slowdown in Chinese economy** increased volatility across global markets especially in 2Q & 3Q.
- **US data flow** shaped sentiment as each data was taken as an indicator to expect the **Fed's timing of first rate hike** within the frame of monetary policy normalization expectation.

- **Fed raised its federal funds rate by 25 bps**, bringing an end to the seven-year period of near-zero interest rates.
- **ECB extended quantitative easing** by six months until at least March 2017.
- **Falling oil prices hit commodity exporter EM economies**, as oil prices ended the year below US\$ 40, the lowest level since 2009.
- **Weak macroeconomic data in China** continued to take a toll on global equities.

Domestic Outlook

- **CBRT decreased its policy rate, upper & lower band** of the corridor in 1Q¹.
- **Unresolved general elections & geopolitical concerns** weighed on sentiment.
- **TL depreciated by 23% against US\$ in 9M** on average due to global EM currency weakness & ongoing political noise in domestic market.
- Despite uncertainties & volatility, **economic activity was resilient** -- GDP growth 3.4%.

- Turkey was unable to take full advantage of falling oil prices due to **prevailing political & geopolitical uncertainties**.
- Contrary to expectations, following Fed's rate hike **CBRT kept interest rates unchanged**.
- Despite low commodity prices, **inflation exceeded expectations** due to food inflation & currency pass through.
- **Domestic & external demand** continued to support growth in 4Q15 .

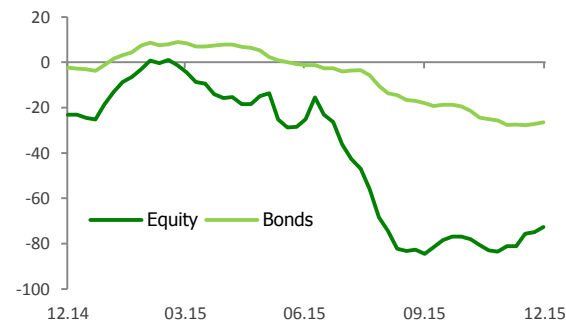
Banking Sector

- **Significant dollarization**.
- **High retail loan growth** due to front loaded demand, especially in 1H.
- Uncertainty & volatility caused **delay in investment and project finance loans**.
- **Increasing funding costs** due to continued tight monetary policies & fierce competition pressured banking spreads.

- **Retail loan growth was muted in 4Q**. TL deposits market remained competitive. FC deposits lost ground in 4Q **due to de-dollarization**.
- Basel III alignment – (i) **revised regulations on capital** (ii) **IRB guidelines** on application and validation process, pre-application process will start in 2016.

EM Fund Flows (12M Cumulative, US\$bn)

● Decreasing investor risk appetite weighed on EM portfolio flows. Cumulative portfolio outflows from EMs reached US\$100 billion in 2015



Macroeconomic Indicators

● GDP growth beat expectations in 3Q. Primary indicators suggest upside risk on 2015 FY estimate

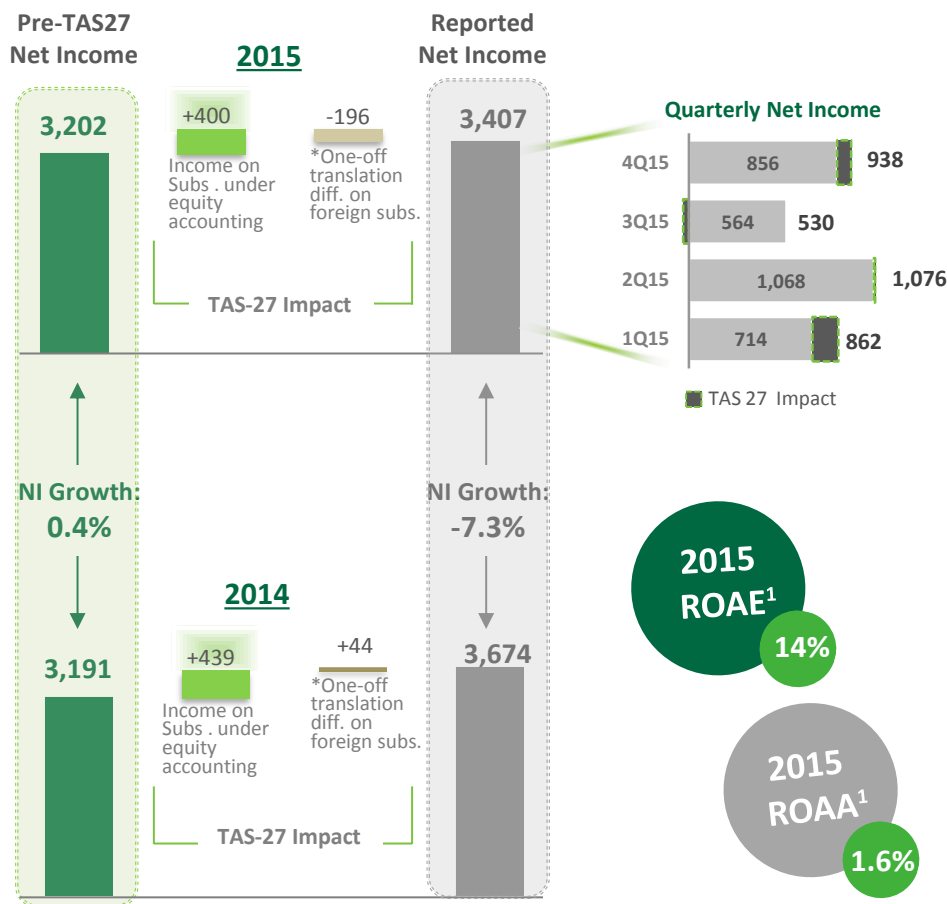
	1Q15	2Q15	3Q15	4Q15
GDP Growth (yoy)	2.3%	3.1%	3.4%	2.8%*
Inflation (yoy)	7.6%	7.2%	8.0%	8.8%
Benchmark (Qtr.avg.)	8.0%	9.7%	10.5%	10.6%
CBRT funding rate (Qtr.avg.)	8.0%	8.3%	8.7%	8.8%
CAD/GDP (yoy)	-5.8%	-5.8%	-5.5%	-5.0%*
US\$/TL ² (Qtr.avg.)	2.47	2.67	2.85	2.91

1 CBRT cut its policy rate in 1Q by a total 75 bps to 7.50%, upper band lowered by 50bps to 10.75% and lower band rate also cut by 25 bps to 7.25%.

2 CBRT ask rate

* Garanti Estimate

Strong core banking performance: Increased NIM, strong collections and sustained fee income



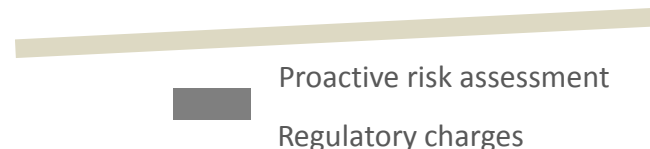
2015 vs. 2014 Net Income (TL million)

(TL Million)	2014	2015	Δ Mn	ΔYoY
(+) NII adj. w/ Swap Costs	7,008	8,368	1,360	19%
(+) Net fees and comm.	2,949	2,923	-26	-1%
(-) Specific Prov.	-1,164	-1,561	396	34%
(-) General Prov.	-433	-563	130	30%
(+) Collections	316	536	220	70%
(+) Trading & FX gains	240	43	-197	-82%
(+) Other income	214	386	172	80%
(-) OPEX	-4,779	-5,883	1,104	23%
(-) Other provisions & Taxation	-1,161	-1,046	-115	-10%
= NET INCOME pre-TAS27	3,191	3,202	12	0%
(+) TAS 27 Impact	483	204		
(-) FX loss	55	-245		
(-) Income on subsidiaries	439	400		
(-) Taxation	-11	49		
= NET INCOME reported	3,674	3,407	-268	-7%

Superior NIM: +32bps YoY; Swap Adj. NIM: +14bps YoY

Sustained robust fee base despite the regulatory pressures

Outstanding collection performance

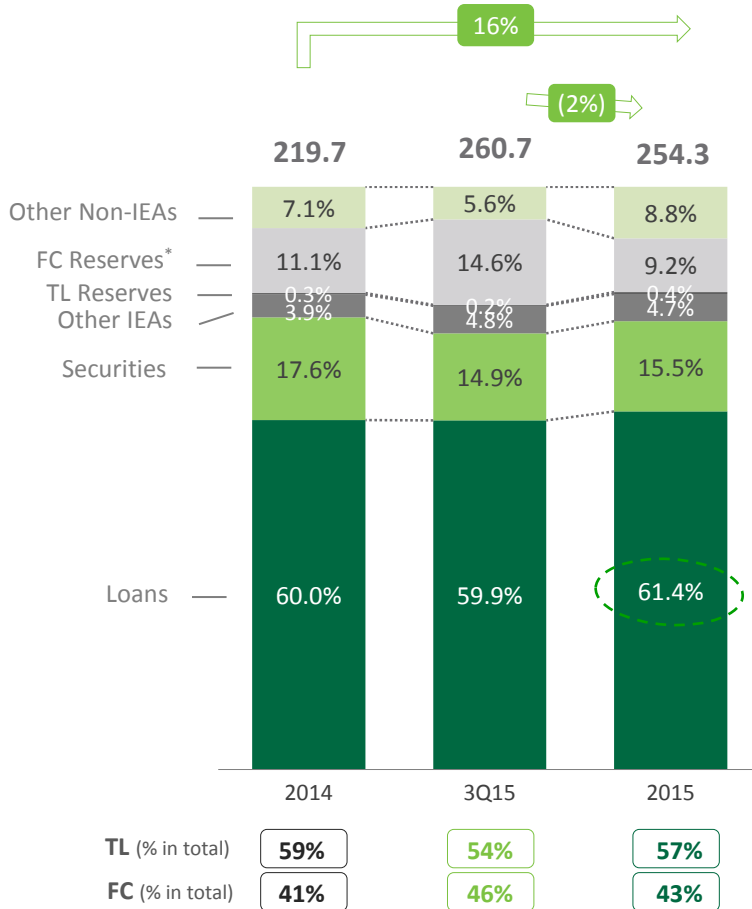


¹ Excludes fee rebates, regulatory effects on general provisions, income on NPL sales, administrative & tax fines and free provisions

* Represents post tax impact -- As per TAS27, FX translation differences on foreign subsidiaries are transferred to equity from Net Trading Gains/Losses line. Therefore, in this transition, reversal of the trading gains/losses booked to-date resulted in a one-time FX loss under P&L. Going forward, the FX difference of foreign subsidiaries under equity is hedged, no further impact is expected

Modest asset growth while increasing the weight of sustainable revenue generators

Composition of Assets¹ (% , TL billion)



Growth

● Asset growth remained lending driven throughout 2015 with opportunistic additions to securities portfolio

	1Q15	2Q15	3Q15	4Q15	2015
Assets	+6%	+2%	+11%	(2%)	+16%
<i>Currency adjusted³</i>	1%	0%	4%	0%	5%
Loans²	+8%	+3%	+7%	0%	+19%
<i>Currency adjusted³</i>	4%	2%	2%	1%	10%
Securities	(5%)	+3%	+1%	+4%	+2%
<i>Currency adjusted³</i>	(7%)	2%	(2%)	5%	(3%)

IEA/Assets:
82%

Loans^{1,2}/Assets:
61.4%

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

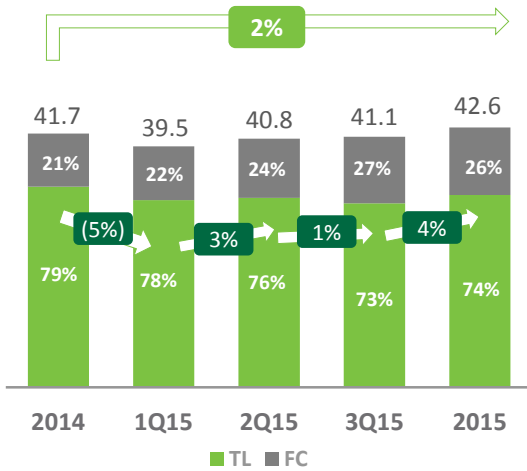
² Performing cash loans

³ Currency adj. growth is calculated with 2014 YE USD/TL exchange rate of 2.305.

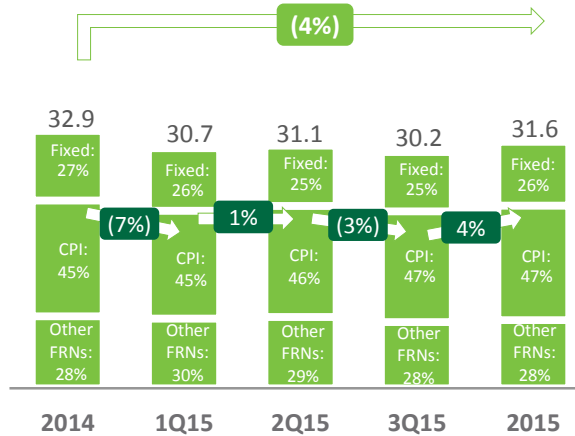
* CBRT started remunerating TL reserves in 1Q 15 & FC reserves in 2Q15. However, the rate introduced on FC reserves is quite symbolic, generating non-material income as opposed to its large share in the asset mix. Therefore, FC reserves considered as non-IEAs also for 2015

Securities portfolio continued to help ride out the volatility

Total Securities (TL billion)



TL Securities (TL billion)

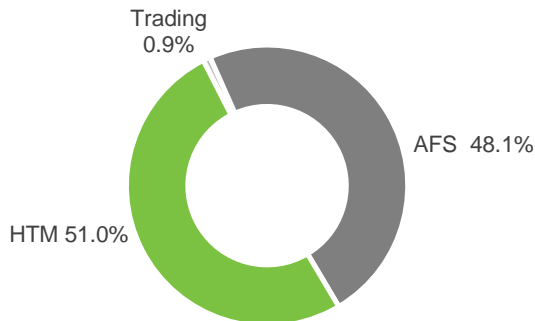


Securities¹/Assets:
~15%
hovering around
its lowest level

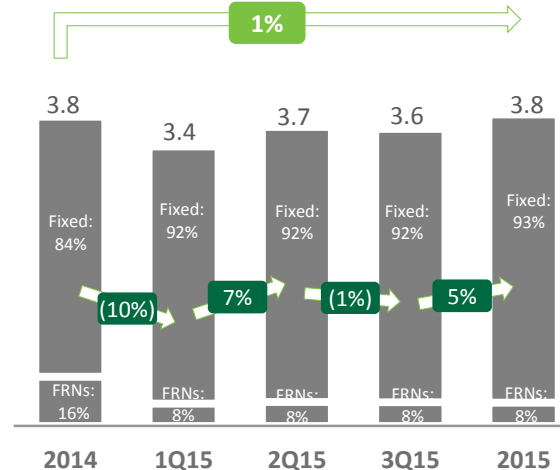
FRN heavy securities
portfolio

FRN weight
in
Total: 57%
TL: 74%

Total Securities Composition



FC Securities (US\$ billion)



In 2015;

- TL securities -- **redemptions** mostly **replaced with** new additions to **CPI linkers** to strengthen hedge position against volatility

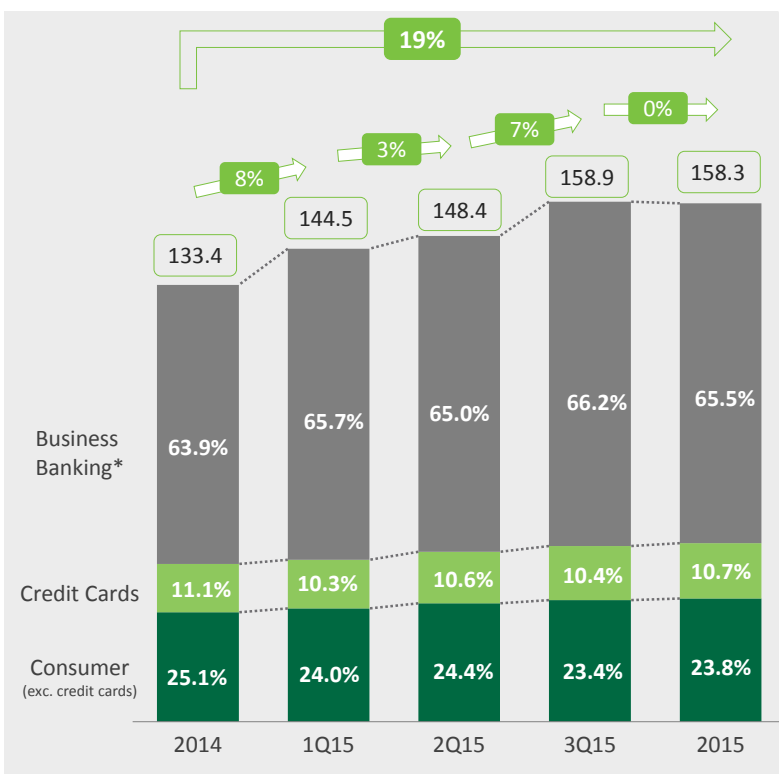
- FC securities -- **Eurobond additions** at attractive rates

Unrealized MtM loss (pre-tax) ~TL 312mn
as of YE15 vs. TL 856mn loss in 9M15 and
TL153mn gain at YE14

¹ Excluding accruals
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data.

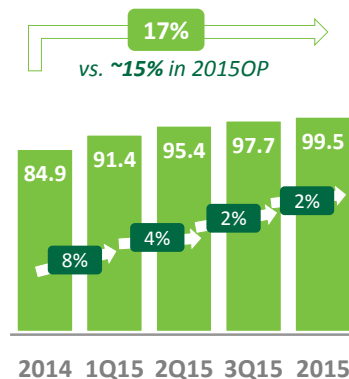
Selective lending growth with primary focus on profitability

Total Loans¹ Breakdown (TL billion)



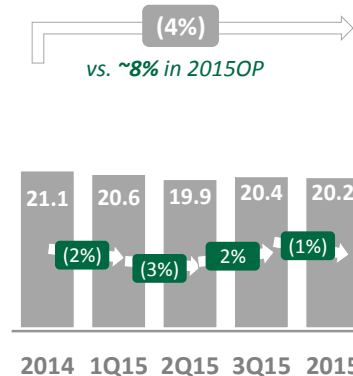
TL (% in total)	64%	63%	64%	62%	63%
FC (% in total)	36%	37%	36%	38%	37%
US\$/TL	2.305	2.575	2.655	3.005	2.908

TL Loans¹ (TL billion)



- Relatively lower growth in 2H vs. 1H is due to front loaded demand in large ticket consumer loans and business banking as currency was depreciating

FC Loans¹ (US\$ billion)

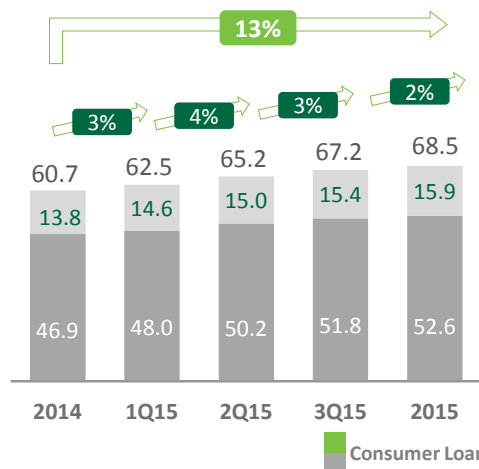


- FC lending was muted in 2015 due to prevailing volatility and uncertainties

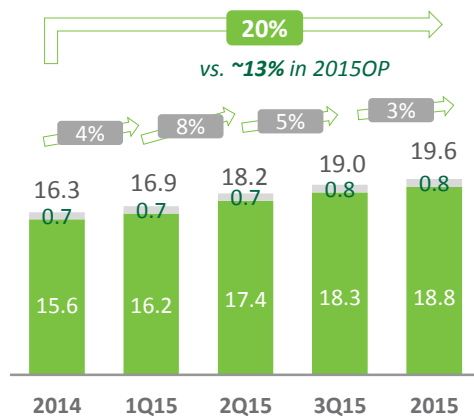
¹ Performing cash loans
* Business banking loans represent total loans excluding credit cards and consumer loans

Healthy market share gains in key lucrative products

Retail Loans¹ (TL billion)



Mortgage (TL billion)

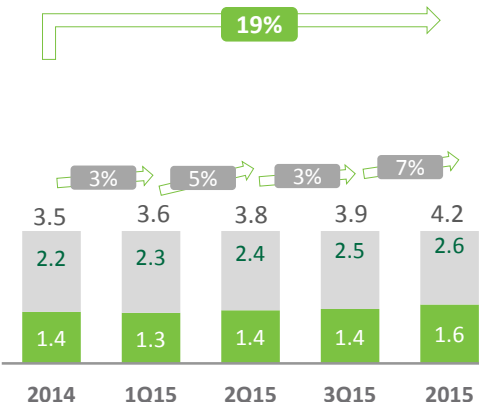


Market Shares

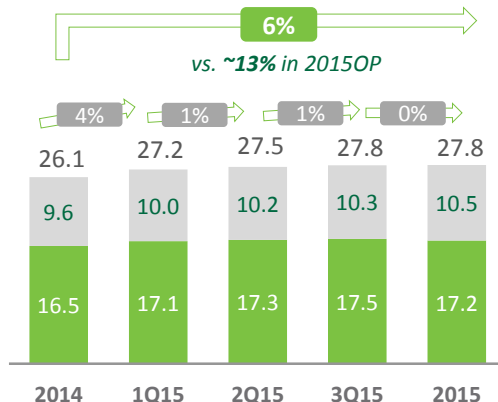
...strengthened leading positions while refraining from pricing competition...

	Dec'15	QoQ	YoY	Rank
Consumer Loans	14.3%	+8bps	+48bps	#1
Cons. Mortgage	14.3%	+16bps	+60bps	#1
Cons. Auto	27.0%	+180bps	+510bps	#1
Corporate CCs	12.4%	+42bps	+128bps	#2
# of CC customers	14.5% ³	+11bps	+20bps	#1 ³
Issuing Vol.	19.2% ³	+7bps	+94bps	#2 ³
Acquiring Vol.	20.6% ³	+3bps	+77bps	#2 ³

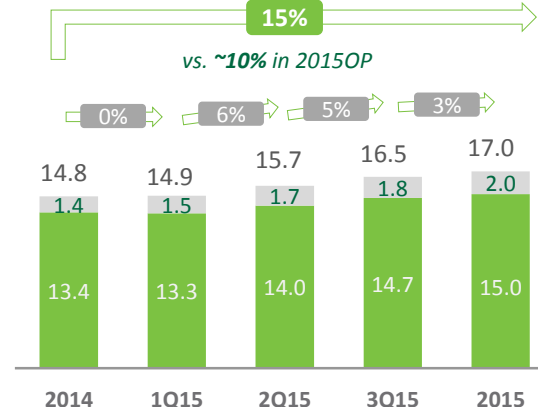
Auto Loans (TL billion)



General Purpose Loans² (TL billion)



Credit Card Balances (TL billion)



■ Consumer Loans ■ Commercial Instalment Loans

¹ Including consumer, commercial instalment, overdraft accounts, credit cards and other

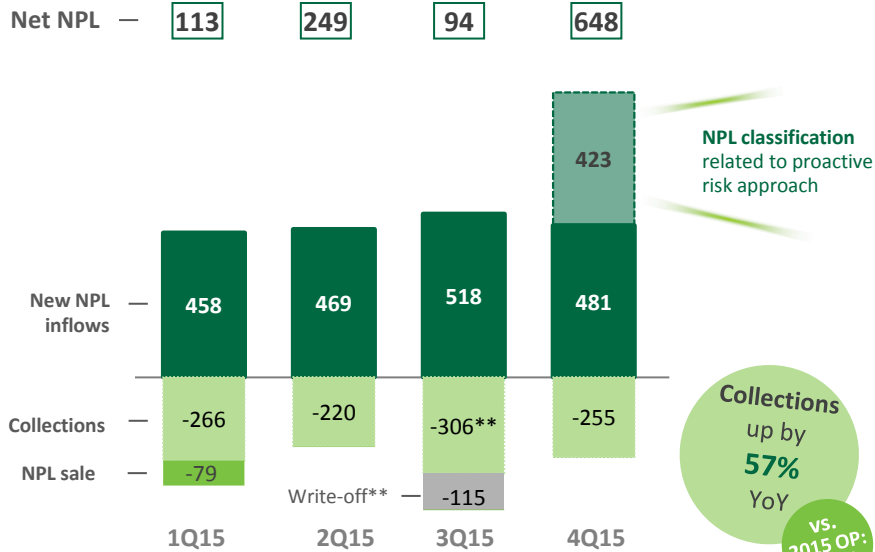
² Including other loans and overdrafts

³ As of December 2015, as per Interbank Card Center data. Rankings are as of December 2015, based on monthly data

Note: (i) Sector figures used in market share calculations are based on bank-only BRSA weekly data as of December 31, 2015, commercial banks only (ii) Rankings are as of 9M15, among private banks. unless otherwise stated

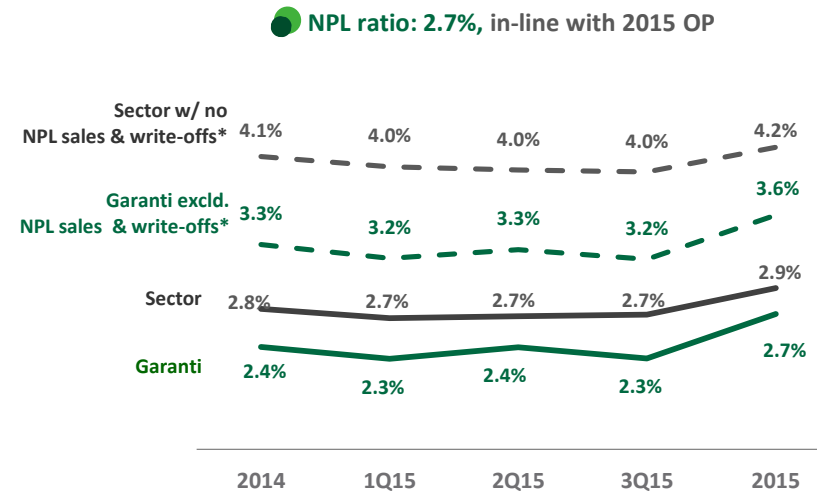
Proactive approach in risk assessment & outstanding collection performance (+57% YoY) further solidify asset quality

Net Quarterly NPLs (TL million)



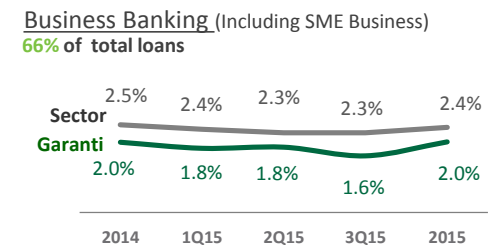
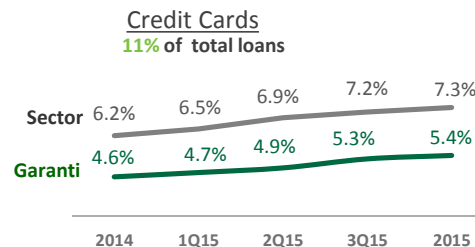
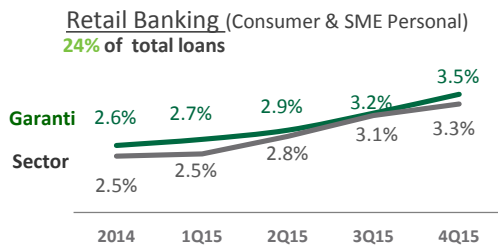
**Includes write-off related to collection of a big-ticket commercial file

NPL ratio¹



NPL Breakdown¹

Sector NPL ratios in retail banking & credit cards veiled by heavy NPL sales



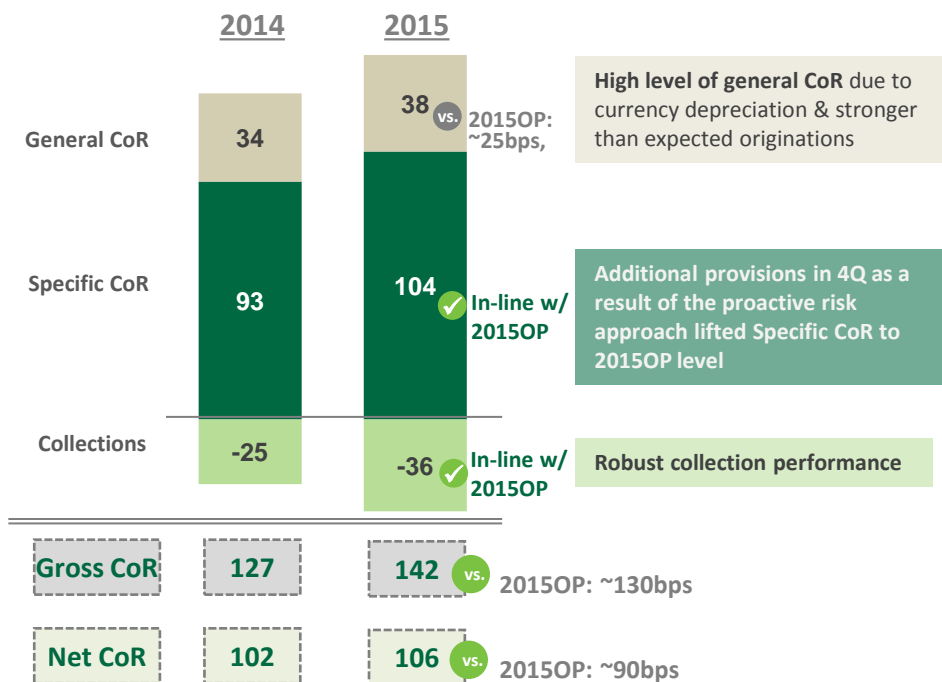
¹ Sector figures are per BRSA bank-only weekly data

Source: BRSA, TBA, CBT, TurkStat *Adjusted with write-offs since 2008

**In 3Q15 a big ticket commercial NPL amounting to TL176mn has been partially collected (Collection: TL76mn; Write-off: TL100mn)

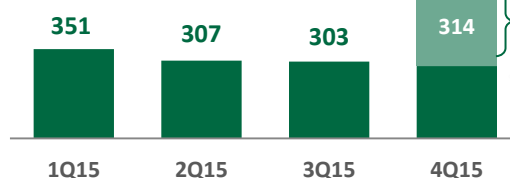
Comfortable provisioning level proactively bolstered in 4Q

Components of Cost of Risk (bps)



Quarterly Provisions (TL million)

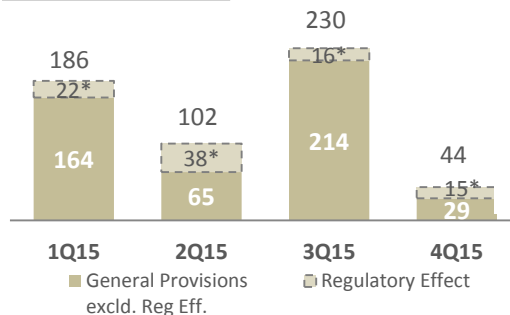
Specific Provisions



Impact of additional provisions (post-tax TL250 mn) partially covered by TL120mn free provision release

Specific Coverage Ratio: **81%** vs. sector's 75%¹

General Provisions



Lower general provisions in 4Q

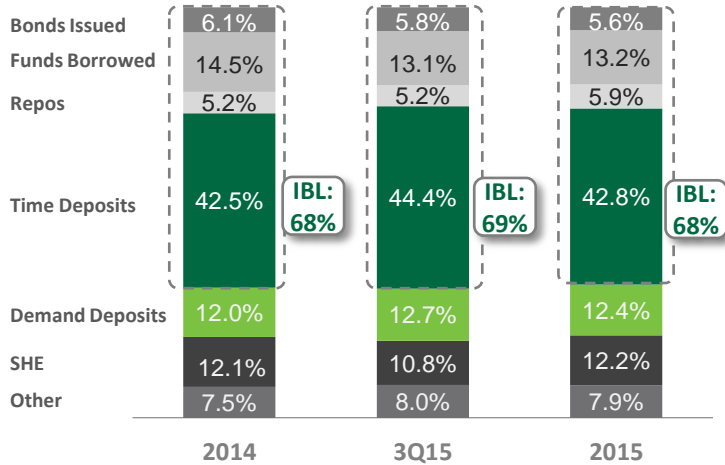
- More moderate currency depreciation
- Lower originations

¹ Commercial banks only, based on BRSA weekly data as of December 31, 2015

*Effect of additional general provision requirement. From 1Q15 onwards, provision reversals from SME & export loans started to be realized. Positive impact partially offset regulatory charges. Regulatory charges: 1Q15: TL73mn; 2Q15: TL90mn; 3Q15: TL68mn; 4Q15: TL67mn Provision reversals: 1Q15: TL51mn; 2Q15: TL52mn; 3Q15: TL52mn; 4Q15: TL52mn

Deposit remains the major funding source while its growth is actively managed with profitability mindset

Composition of Liabilities

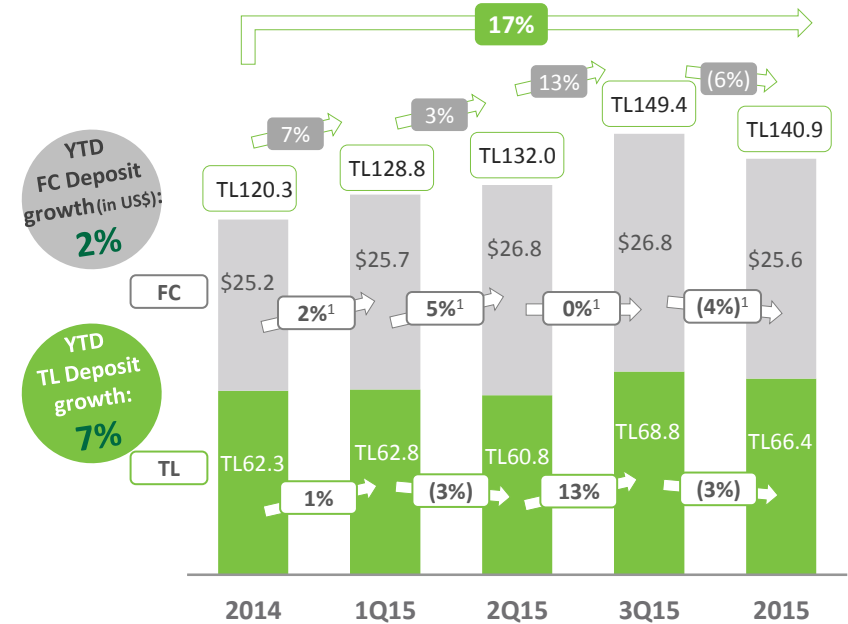


● Demand deposits constitute >22% of total deposits vs. 18% in the sector³

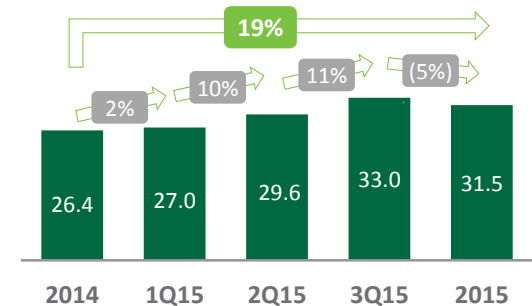
● Refraining from pricing competition in TL & FC deposits led to deposit shrinkage

- Sustained focus on sticky & low-cost mass deposits: Share of **SME & Retail deposits** in TL deposits: **79%**²
- Opportunistic utilization of other funding sources

Total Deposits (TL, US\$ billion)



Demand Deposits (TL billion)

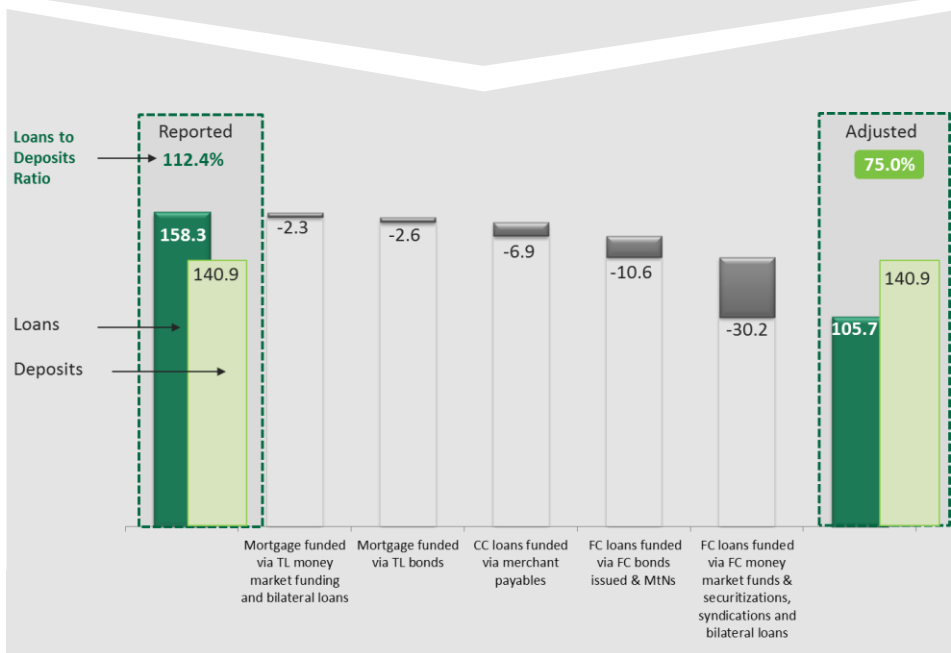


1 Growth figures are based on US\$ terms
 2 Based on bank-only MIS data
 3 Based on bank-only BRSA weekly data as of December 31, 2015, commercial banks only

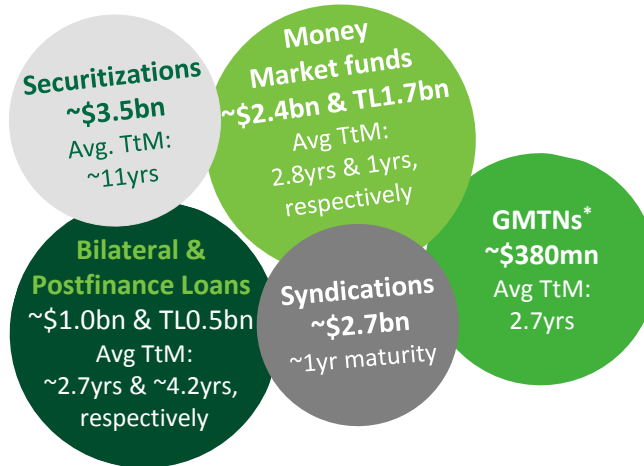
Other on balance sheet funding sources ease LDR

Adjusted LtD ratio (% TL Billion)

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



Funds Borrowed



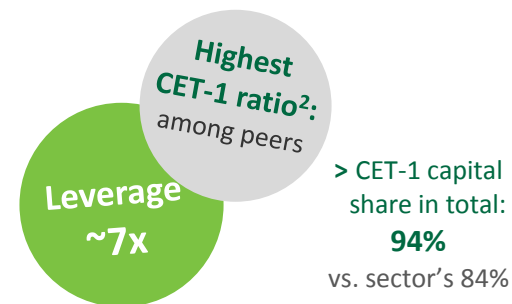
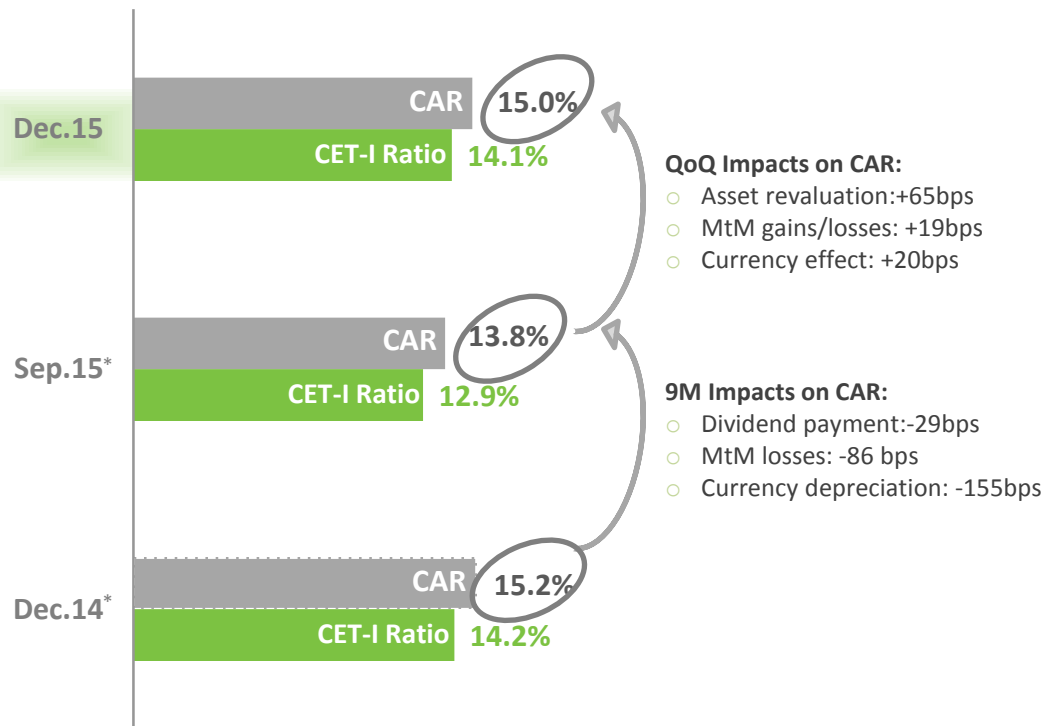
Bond Issuances

- TL Bond* issuances: ~TL3bn, Avg TtM ~6mo.
- TL Eurobond: TL750mn, @7.38%, Avg TtM ~2yrs
- FC Eurobonds: USD3.2bn, Avg TtM ~4yrs

* Only long term issuances are accounted for in the analysis --TL bonds including TL Eurobond :TL2.6bn and GMTNs ~USD285mn

Capital generative growth strategy assures sound solvency ratios

Capital adequacy ratios (in accordance with Basel III)



Possible impact of recent regulations on CAR in 2016¹

- (-) Elimination of free provisions from capital: **~15bps**
- (-) Increased risk weightings on FC reserves **~70bps**
- (+) Lower risk weightings on unsecured consumer loans: **~100-120bps**



1 Regulation impacts based on current balance sheet position

2 Based on bank's September 2015 financials

* CAR & CET1 Ratios do not reflect the effect of restatements to financials done at YE15

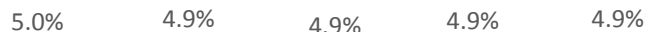
Rise in lending yields accelerated in 4Q, negating deposit cost pressure

Loan Yields¹ (Quarterly Averages)

TL Yield



FC Yield



4Q14 1Q15 2Q15 3Q15 4Q15

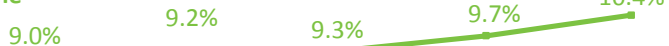
Loan yields

+33bps in 4Q
vs. **+15bps** in 3Q

> Loan yields go up & at an accelerated pace as loan re-pricings (+350-400bps) throughout the year become more visible

Deposit Costs¹ (Quarterly Averages)

TL Time



TL Blended



FC Time



4Q14 1Q15 2Q15 3Q15 4Q15

Loan-to- Time Deposit
spread:
Flattish QoQ

Time Deposits

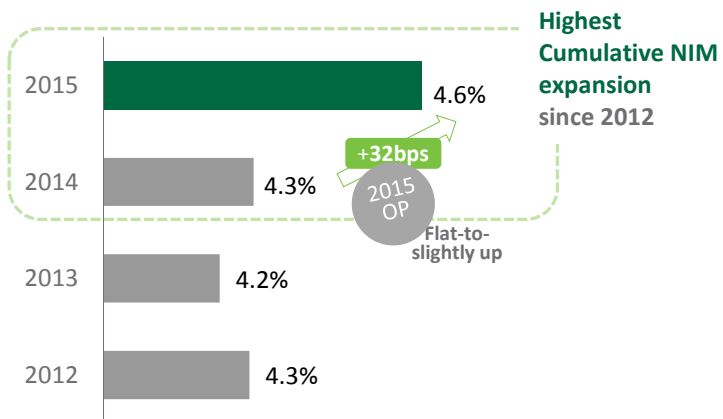
+31bps in 4Q
vs. **Flattish** in 3Q

> High level of funding costs at 3Q-end affecting 4Q average

¹ Based on bank-only MIS data and calculated using daily averages

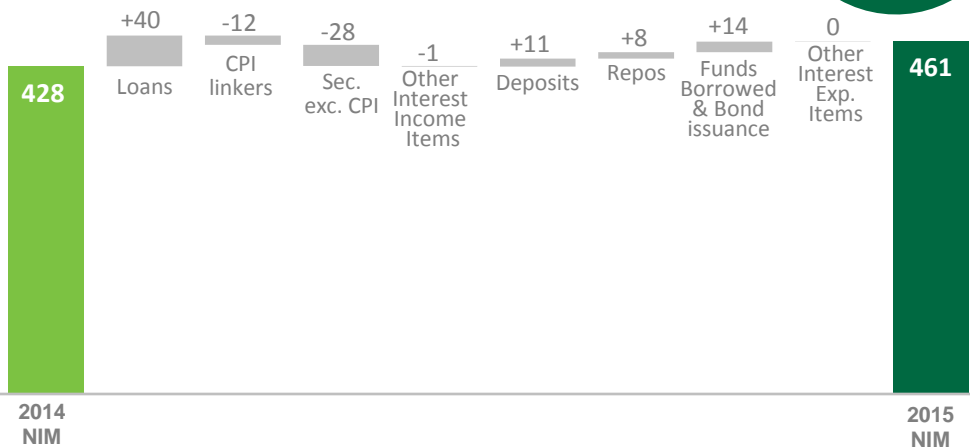
Superior NIM performance in another challenging and highly competitive environment

Cumulative NIM



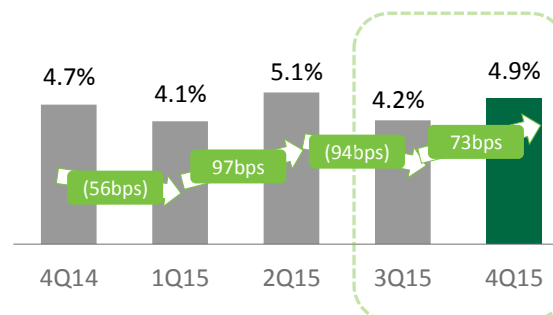
Swap Adj. Cum NIM +14bps

2015 vs. 2014 Margin Evolution (in bps)

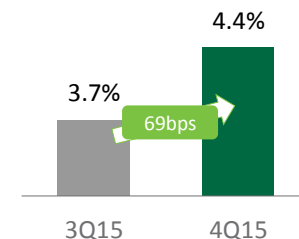


Quarterly NIM

Reported NIM (Net Interest Income / Average IEAs)

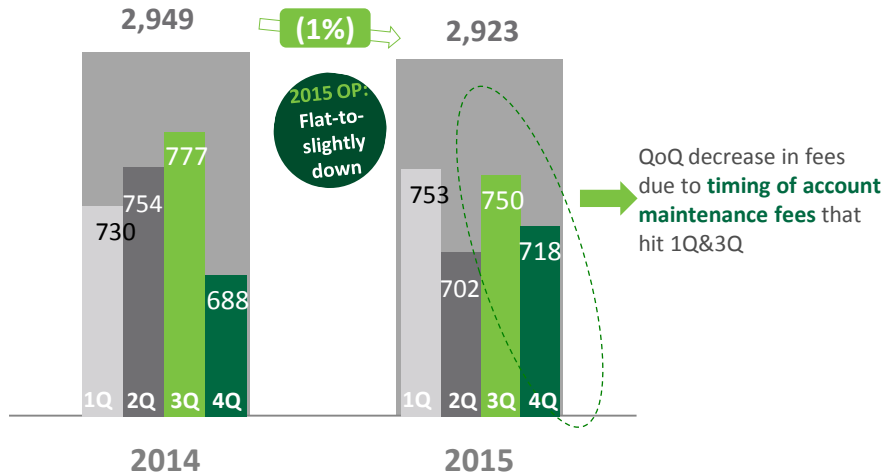


Swap Cost Adjusted NIM NII Adj. with swap costs / Average IEAs



Sustained strong net fees & commissions base despite the regulatory pressures

Net Fees & Commissions¹ (TL Million)



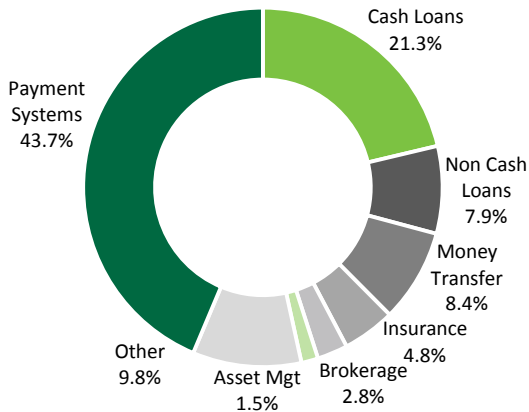
Emphasis placed on diversified fee areas

	Growth ¹ (y-o-y)
+ Insurance	16%
+ Money transfer	15%
+ Non-cash Loans	12%
+ Merchant Fees	18%

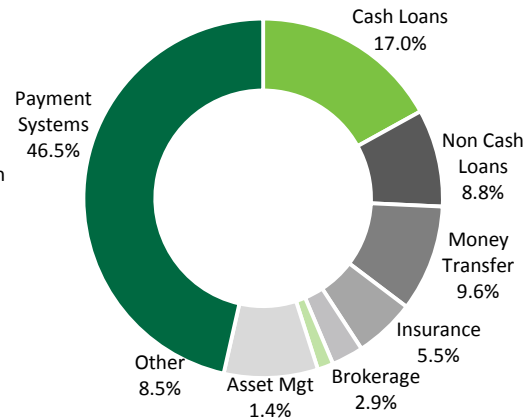
Fighting regulatory pressures

Net Fees & Commissions Breakdown¹ (%)

2014



2015



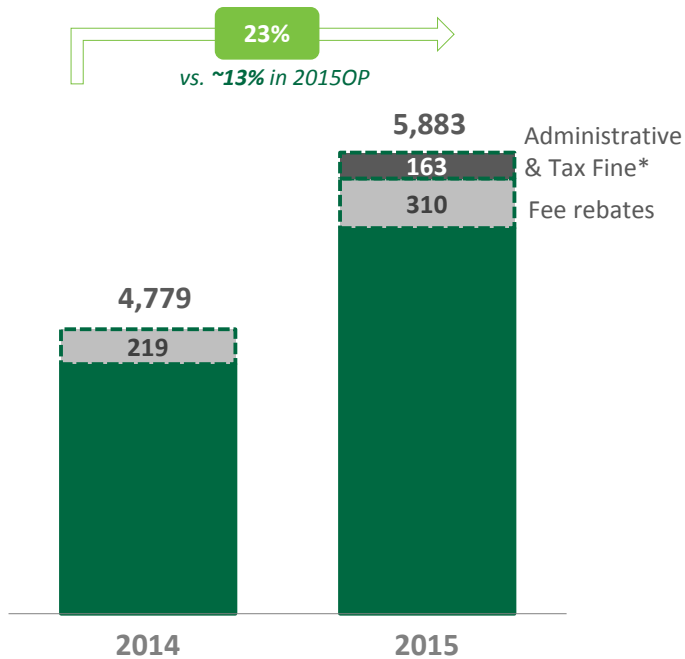
Effective utilization of digital channels

- In non-cash Financial Transactions,
 - **Online Banking share: 51%**
 - **Mobile Banking share: 29%**
 - **ATM share: 11%**
- **Banking Service fees driven via digital channels make up ~37%** & is on an increasing trend
- **Mobile Banking active customers exceeded 2.5 million**

¹ Net Fees and Commissions breakdown¹ is based on bank-only MIS data

Regulatory charges and currency depreciation weighed on OPEX

Operating Expenses (TL million)



Higher than expected OPEX mainly due to;

- Fee rebates**
 - More than doubled budgeted amount, in line with the sector trend
 - 3% impact
- Higher than expected TL depreciation against US\$**
 - 25% depreciation on average vs. 5% in 2015OP
 - 2% impact
- Administrative & Tax Fines**
 - TL 163mn vs. TL75mn in 2015OP
 - 2% impact
- Higher than budgeted increase in # of employees**
 - +656 YoY vs +250 in OP
 - 2% impact

OPEX¹/Avg. Assets:

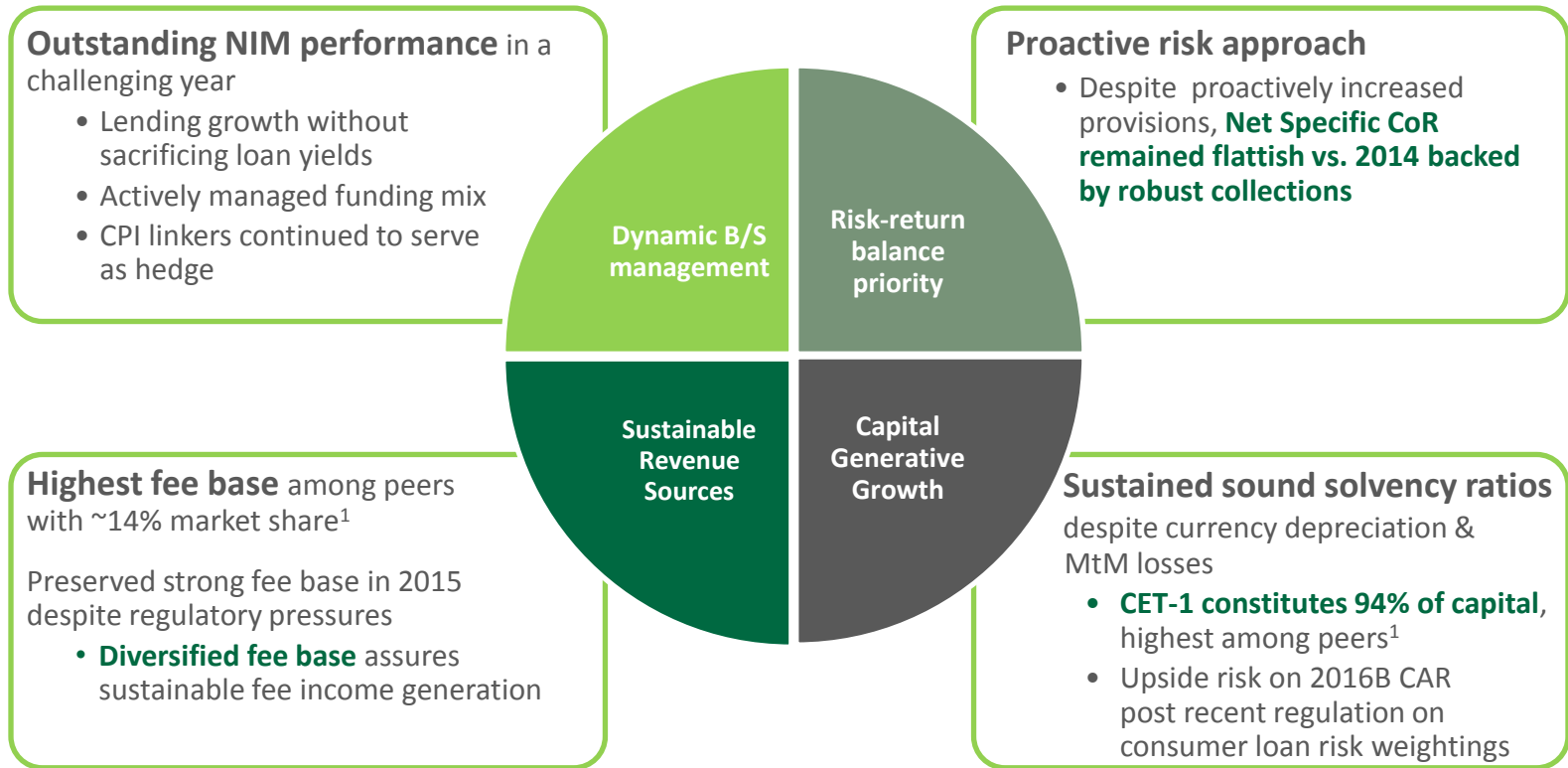
2.2%

Flat vs. 2014

*Administrative fine: TL83mn; Founder Share tax penalty: TL80.5mn

1 Excluding fee rebates and fines

Result: Solid business model assures recurring strong results



¹ As of September 2015, Sector figures are per BRSA monthly data, commercial banks only

Appendix

Pg. 19 Quarterly and Annual Summary Income Statement

Pg. 20 Summary Balance Sheet

Pg. 21 Yields on Securities Portfolio

Pg. 22 Key Financial Ratios

Quarterly and Annual Summary Income Statement

<i>TL Million</i>	2014	1Q15	2Q15	3Q15	4Q15	2015
Net Interest Income	7,443	1,933	2,508	2,163	2,637	9,241
- Income on CPI linkers	1,722	212	608	116	539	1,475
- Other	5,721	1,721	1,900	2,047	2,098	7,766
Swap cost	-435	-123	-251	-234	-265	-874
Net fees and comm.	2,949	753	702	750	718	2,923
Specific & General Prov.	-1,597	-538	-409	-533	-644	-2,123
- Specific prov	-1,164	-351	-307	-303	-600	-1,561
- General prov	-433	-186	-102	-230	-44	-563
+Regulatory Impact	-163	-22	-38	-16	-15	-91
+Other	-270	-164	-65	-214	-29	-471
Trading & FX gains	240	98	14	19	-87	43
Dividend income	2	0	5	0	0	5
Other income	528	354	138	150	275	917
-Collections	316	212	124	125	75	536
-Free Provision Reversal	0	0	0	0	85	85
-Provision reversal post tangible asset revaluation	0	0	0	0	40	40
-Revaluation surplus on investment property	46	0	0	0	33	33
-NPL sale	49	15	0	1	1	17
-Provision reversal rel.to founder share tax penalty	0	81	0	0	0	81
-Other	118	47	14	24	41	126
OPEX	-4,779	-1,471	-1,331	-1,507	-1,574	-5,883
-Impairment Losses on Tangible Assets	0	0	0	0	-56	-56
-Fee Rebates	-219	-118	-66	-71	-55	-310
-Tax fines	0	-81	0	-83	0	-163
-Other	-4,560	-1,273	-1,265	-1,353	-1,463	-5,355
Other Provision & Taxes	-1,161	-291	-307	-244	-204	-1,046
-Other provisions	-209	-55	-15	-17	-8	-95
+Free provision reversal	0	0	0	0	35	35
+Free provisions	-105	-35	0	0	0	-35
+Other	-104	-20	-15	-17	-43	-95
-Tax	-951	-236	-292	-227	-196	-951
TAS27 IMPACTS	483	148	8	-34	82	204
-FX gains/losses	55	3	-92	-157	0	-245
-Income on subsidiaries	439	146	82	91	82	400
-Taxation	-11	-1	18	31	0	49
NET INCOME	3,674	862	1,076	530	938	3,407

Summary Balance Sheet

(TL million)	Dec-13	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Cash & Banks ¹	13,559	13,327	15,511	13,762	23,526	15,774
Reserve Requirements	18,911	20,266	19,844	20,073	21,967	21,286
Securities	36,269	41,659	39,536	40,799	41,147	42,641
Performing Loans	118,189	133,431	144,473	148,385	158,861	158,304
Fixed Assets, Affiliates & Associates	5,404	5,651	5,777	5,966	6,354	8,121
+Investments in Affiliates	3,616	3,708	3,871	4,044	4,405	4,446
+Fixed Assets & Inv. in Associates	1,788	1,943	1,906	1,922	1,949	3,675
Deferred Tax	227	477	594	373	264	382
Other	5,029	4,856	6,520	6,574	8,607	7,835
TOTAL ASSETS	197,588	219,668	232,256	235,932	260,725	254,343
Deposits	106,474	120,308	128,803	132,043	149,358	140,899
Repos & Interbank	14,584	11,386	12,598	11,855	13,583	15,068
Bonds Issued	10,380	13,352	13,695	13,969	15,042	14,199
Funds Borrowed ²	29,626	32,464	31,872	32,561	34,126	33,598
Other	13,316	15,544	17,970	17,805	20,470	19,598
+Miscellaneous Payables	5,673	6,862	6,989	7,700	8,227	8,337
+Other Provisions	657	851	812	805	823	718
+Tax Liabilities	302	661	550	301	265	661
+Other	6,684	7,170	9,619	8,998	11,155	9,882
SHE	23,209	26,613	27,317	27,700	28,146	30,981
+Securities value increase fund	41	461	292	101	15	442
+Hedging reserves	39	-5	6	60	37	86
+Extraordinary reserves	13,429	16,120	16,120	19,159	19,160	19,160
+Current Profit Net Profit/Loss	3,322	3,674	862	1,939	2,469	3,407
+Other	6,377	6,364	10,037	6,442	6,465	7,887
TOTAL LIABILITIES & SHE	197,588	219,668	232,256	235,932	260,725	254,343

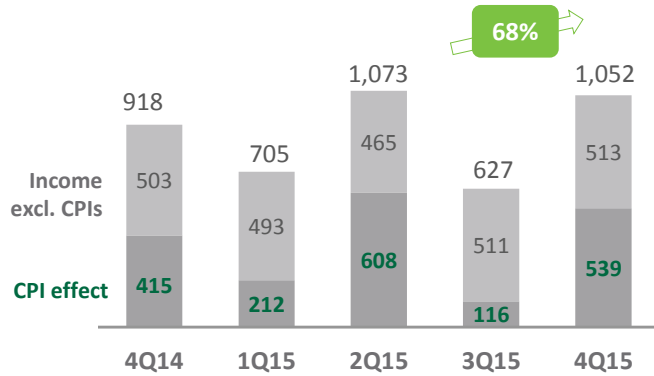
1 Includes banks, interbank, other financial institutions

2 Includes funds borrowed and sub-debt

Note : 2013YE, 2014YE & 2015 Quarterly financials are restated to reflect the changes in accounting principles explained in Footnote 3.24 of the BRSA Bank Only Report

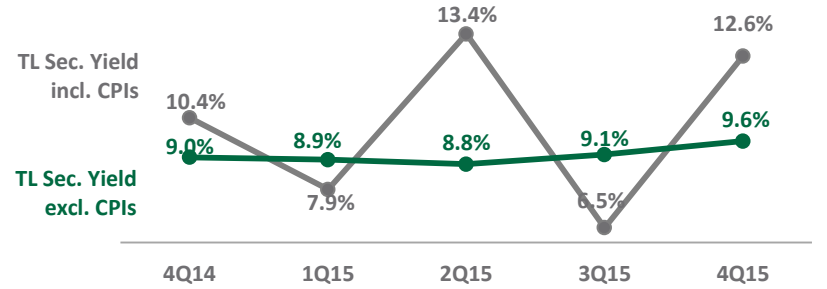
Yields on securities portfolio

Interest Income on Total Securities (TL million)

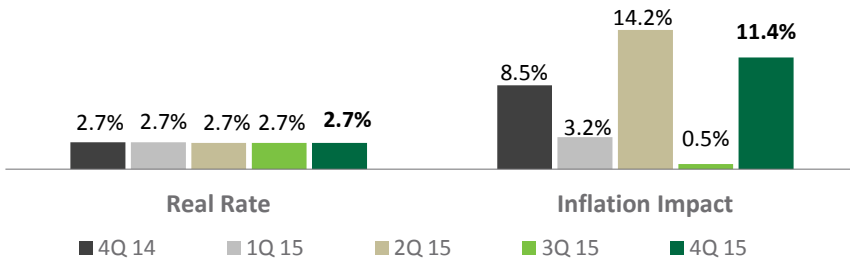


Yields on Securities

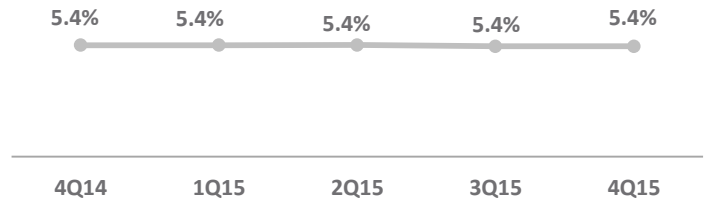
TL Securities*



Drivers of the Yields* on CPI Linkers (% average per annum)



FC Securities*



* Based on bank-only MIS data

Key financial ratios

	Mar-15	Jun-15	Sep-15	Dec-15
Profitability ratios				
ROAE (Cumulative)	14.5%	15.3%	12.5%	12.1%
Comparable ROAE ¹	15.0%	16.2%	14.0%	13.8%
ROAA (Cumulative)	1.7%	1.8%	1.5%	1.4%
Comparable ROAA ¹	1.8%	1.9%	1.6%	1.6%
Cost/Income (on a comparable basis)	53.0%	50.2%	51.6%	52.5%
NIM (Quarterly)	4.1%	5.1%	4.2%	4.9%
Liquidity ratios				
Loans/Deposits	112.2%	112.4%	106.4%	112.4%
Loans/Deposits adj. with on-balance sheet alternative funding sources ²	79.3%	76.8%	72.8%	75.0%
Asset quality ratios				
NPL Ratio	2.3%	2.4%	2.3%	2.7%
Coverage	81.0%	81.1%	80.9%	81.0%
Gross Cost of Risk (Cumulative-bps)	156	134	135	142
Solvency ratios				
CAR*	14.5%	14.3%	13.8%	15.0%
CET-1 Ratio*	13.5%	13.3%	12.9%	14.1%
Leverage	7.5x	7.5x	8.3x	7.2x

¹ Excludes fee rebates, regulatory effects on general provisions, income on NPL sales, administrative & tax fines and free provisions

² Please refer to slide 11 for details

* CAR & CET1 Ratios do not reflect the effect of restatements to financials done at YE15

Disclaimer Statement

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