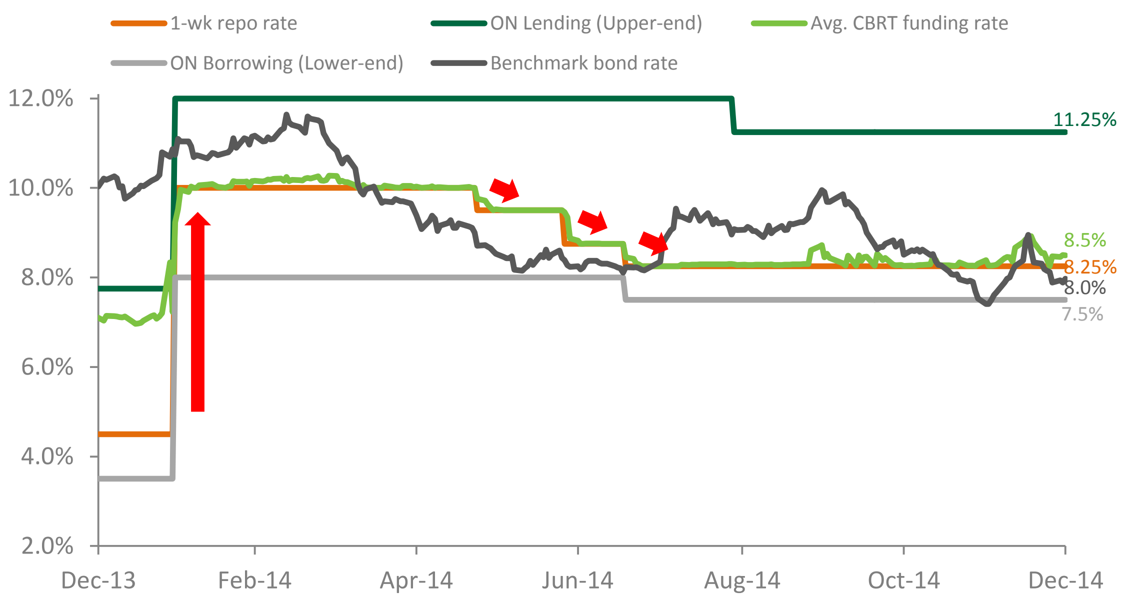
Operating Plan Guidance

Garanti

2014 -- High volatility ruled the outlook

Evaluation of interest rates



	1Q14	2Q14	3Q14	2014
GDP Growth (yoy)	4.8%	2.2%	1.7%	2.6%*
Inflation (yoy)	8.4%	9.2%	8.9%	8.2%
Benchmark (Qtr.avg.)	10.8%	9.1%	8.9%	8.5%
CAD/GDP	7.4%	6.5%	5.6%	5.7%*
USD/TL[1] (Qtr.avg.)	2.22	2.12	2.17	2.27

- Moderate GDP growth driven by net exports
- Record highs in food prices & TL depreciation adversely impacted inflation
- Improving CAD (i) moderate lending growth; (ii) 15% average TL depreciation against USD; (iii) lowering commodity prices (esp. oil)

1 US$/ TL CBRT ask rate
*Estimate

2015 Outlook
-- Surge in optimism in TR market

Macroeconomic Dynamics

	2013	2014	2015B
Real GDP Growth	4.1%	2.6%*	3.7%
Inflation	7.4%	8.2%	6.1%
1-week repo rate	4.5%	8.25%	7.5%
CBRT Average Funding Cost[1]	5.8%	8.9%	7.9%
ON Lending/Borrowing	3.5%/ 7.75%	7.5%/ 11.25%	7.0%/ 11.25%
Interest Rate (Benchmark)[2]	7.4%	9.3%	8.0%
Current Account/GDP	7.9%	5.7%*	4.5%
Public Debt/GDP	36.2%	33.1%**	31.8%**
US$/TL (year-end)	2.13	2.33	2.40

Pick-up in GDP growth

Revitalizing domestic demand
- **Higher investments**
- **Higher household consumption**

- **Slowdown in inflation** – Low oil prices, normalizing food inflation & currency pass through effect
- **Limited TL depreciation** against USD
- **Improving current account deficit** & **inflation outlook** to create room for CBRT to **ease monetary policy** in 1H15

1 Yearly average
2 Yearly average, Note: Year-end benchmark rates: **2014: 8.0%** vs. **2015B: 8.5%**
*Estimate **Medium Term Plan B: 2015 Macro assumptions underlying OP figures

Garanti 2015 Highlights

Increasingly customer-driven asset mix

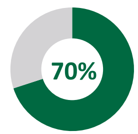
- **Slight pick-up in lending** yet, growth remains at **moderate levels**
- **Actively shaped** securities book

Sound asset quality

- **Improving collection performance** alleviates the effect of new NPL inflows

Comfortable liquidity & Sound Solvency

- **Maintaining** high level of CAR & Tier-I ratio
- Rising share of **less costly, more stable** retail deposits



Consumer+SME /Total Cust.Deposits

- **New issuances** to further diversify the funding base

Expanding margin

- Lower income on CPI linkers will be **offset by active spread management**

Fees under pressure by regulation

- **Proactive actions** to offset the negative effect on cash loan fees
- Focus on **diversified** & **untapped** fee areas

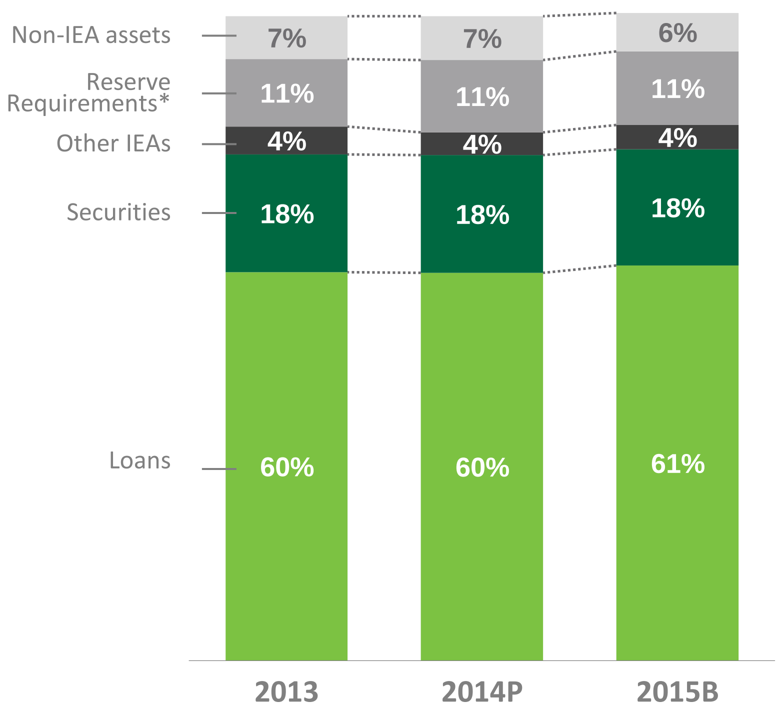
Controlled OPEX Growth

- **Leveraging long-term value creation** aimed at;
  - (1) employee retention & satisfaction
  - (2) improving customer satisfaction & experience

Capital generative & profitable growth strategy

Strategic evolution of assets, with increasing contribution from lending and…

Composition of Assets



IEA/Assets	2013	2014P	2015B
	83%	82%	83%

Growth

	Assets	Loans[1]	Securities
2013	+23%	+29%	(4%)
2014P	+12%	>12%	+12%
2015B	+13%	+15%	+11%

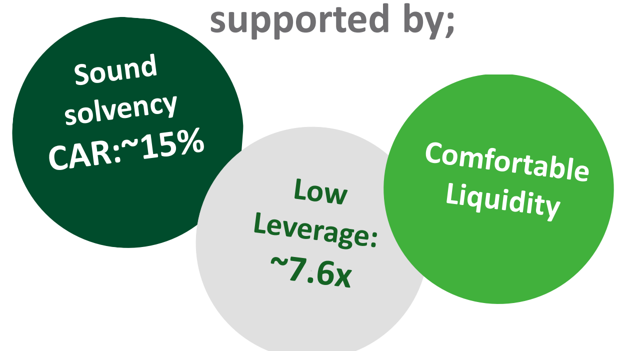
> Moderated & disciplined growth in lending

> Strategic investments to securities to support NIM

> Lending growth slightly picking-up pace, while maintaining profitability focus

> Additions to securities book to actively manage yields

Profitable growth supported by;

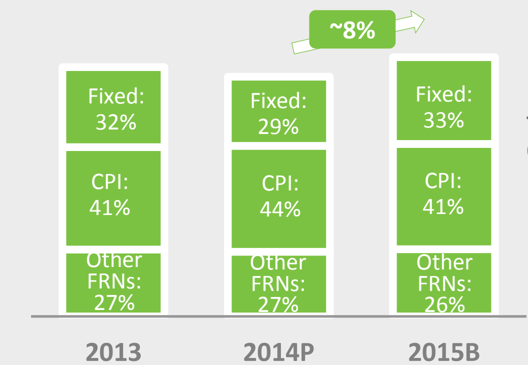


1 Performing Cash loans

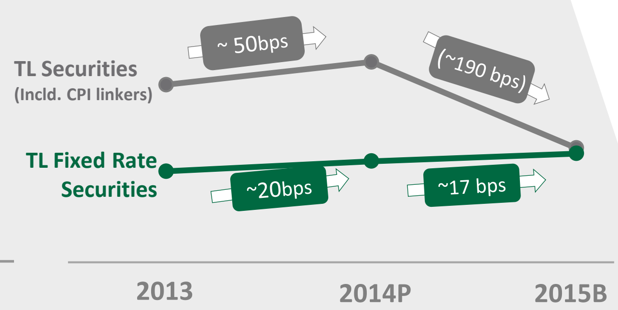
*TL reserves started to be remunerated by the CBRT as of November 2014 & they constitute ~3% of total reserves

…fixed-rate security additions to mitigate lower yields from CPI linkers & other FRNs

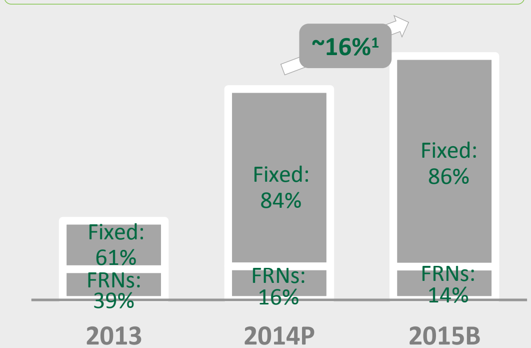
TL Securities (77% of total)



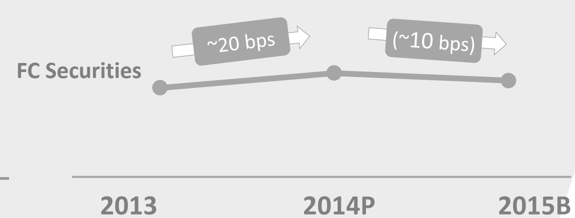
Yields on TL Securities*



FC Securities¹ (23% of total)



Yields on FC Securities*



Security additions to the portfolio **more than offset the redemptions** in 2015

Fixed security additions to mitigate the negative impact coming from;

Declining CPI linker yields YoY

- lower inflation readings, *(2014:8.96%, 2015:5.96%)*[2]
- lower average real rate[3] *(2014:~2.9%, 2015:~2.5%)*

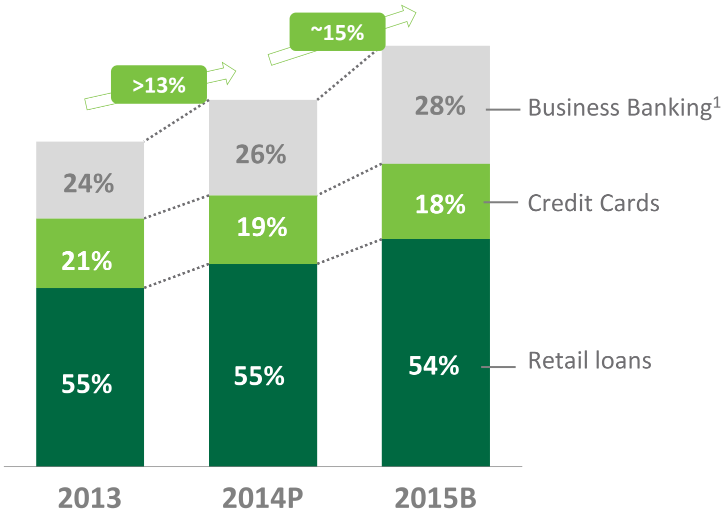
Declining FRN yields

from their high base in 2014

* Based on MIS data
1 In US$ terms 2 October-October inflation
3 Redemptions from CPI linkers: Feb'15: ~TL1.9bn @2.69% real rate, Apr'15: ~TL0.3 bn@2.62% real rate

Lending growth, still at moderate levels, yet gaining momentum YoY, both across TL and FC

TL loans



TL Loan growth ~15% YoY, in 2015

TL business banking loans continue to be the main driver of growth[1]

~24% in 2015

- Grow profitably & maintain strong asset quality
- Improve customer experience

Margin-focused & selective **retail lending** growth

~13% in Mortgages, **~13%** in GPLs in 2015

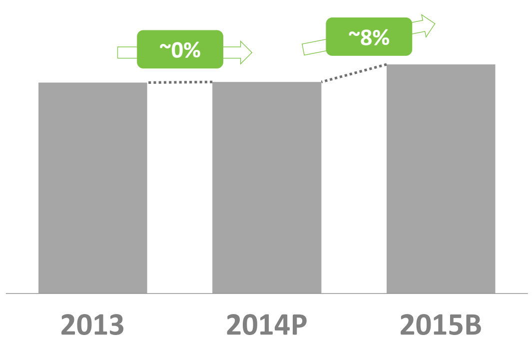
- Refrain from pricing competition
- Leverage competitive-edge via non-branch channels
- Further customer penetration via increased cross-sell

Growth in **credit card receivables** picking-up pace

~10% in 2015 vs. **~-1%** in 2014P

- Focus on customer satisfaction & new customer acquisition
- Improve core profit drivers & efficiencies
- Concentrate on interest earning balance & commercial card sales

FC loans (in USD)



FC lending to revive in 2015

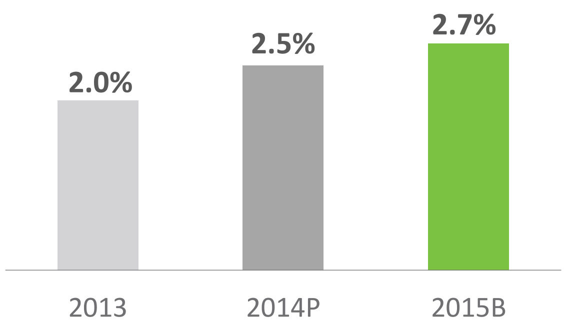
~8% YoY **investment loans** are the main drivers

1 Business Banking loans include TL working capital loans, interbank indexed loans, spot loans, commercial overdraft loans and other

Maintain asset quality & comfortable provisioning level

--Strong collection performance soothing pressure from regulation

NPL Ratio



Collections up by ~40% YoY
supported with prior years' big-ticket commercial files

NPL inflows up by ~20%
driven mostly by unsecured loans

Coverage Ratio: 81%

Gross CoR *flattish* vs. 2014

Specific CoR ~105bps	-	Collections ~40bps	=	Net Specific CoR ~65bps
+		+		+
General CoR ~25bps	-	Regulation Effect ~2bps	=	General CoR *exc. Reg.Effect* ~23bps
Gross CoR ~130bps	-	**Collections& Regulations**	=	**Net CoR[1]** 88bps

> Flat Net Specific CoR YoY due to higher collection performance in 2015

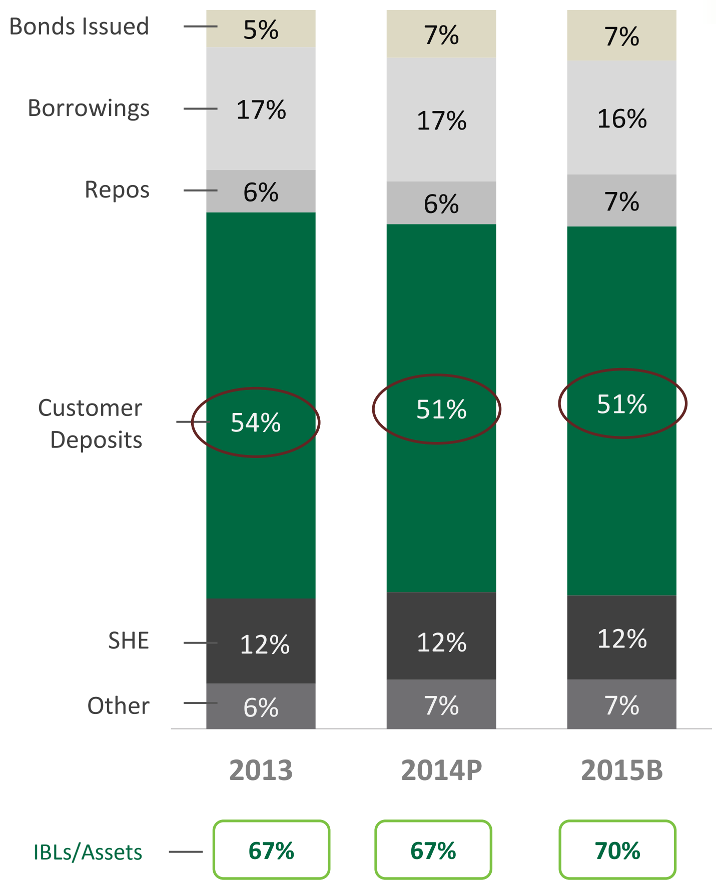
> Increasing General CoR in line with loan growth
Prov. reversal to offset the negative regulatory impact

> Flattish vs. 2014

1 Excludes regulation effect

Comfortable Liquidity -- Increasing contribution from deposits supported with longer term alternative funding resources

Liabilities & SHE



> Loans / Customer Deposits (LtD) ratio :

...**slightly up in 2015** vs. 2014 level of ~110%

LtD ratio excld. long term loans funded via other on B/S funding sources ...still at **comfortable levels** ~80%

> Liquidity Coverage Ratio: **Well above requirement**

Further diversification to manage funding costs & duration mismatch

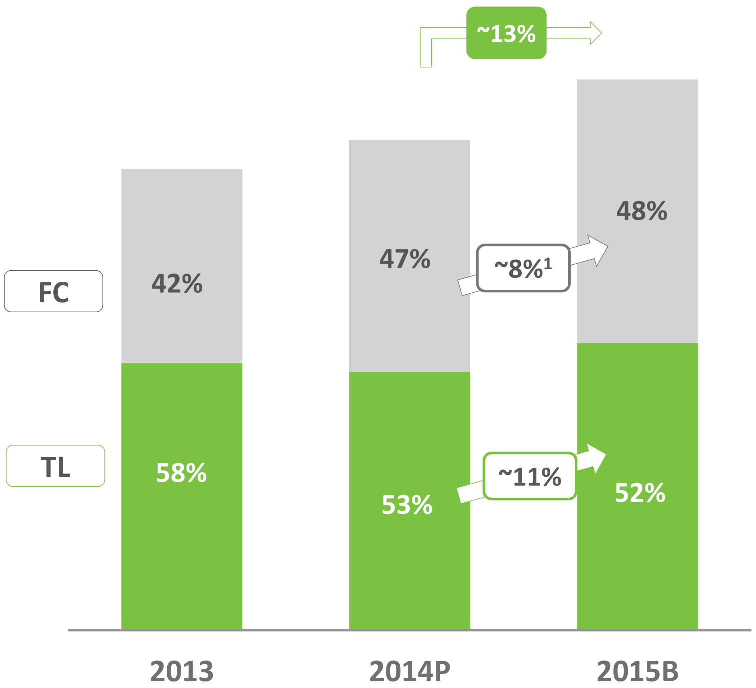
- **~TL 3.3bn** TL bonds roll-over
- **>TL 550mn** New TL bond issuance
- **~US$ 750mn** Eurobond
- **~US$ 2.7bn*** Syndication roll-overs
- **~US$ 1.0bn** Securitizations /covered bonds
- **Opportunistic utilization** of repos & money market borrowings, foreign funding

Covered Bond issuance limit up to EUR 1bn

*May 2015: US$ 1.4bn; Dec: 2015 US$ 1.3bn

Customer-driven and expanding deposit base

Customer Deposits



Capturing a wider customer base via targeted campaigns to:

- Increase market share where penetration ratio is low
- Price optimization –focus on retail customer acquisition & small-ticket sticky deposits
- Increase cross-selling opportunities
- Boost demand deposit generation – utilize CRM and automated payments

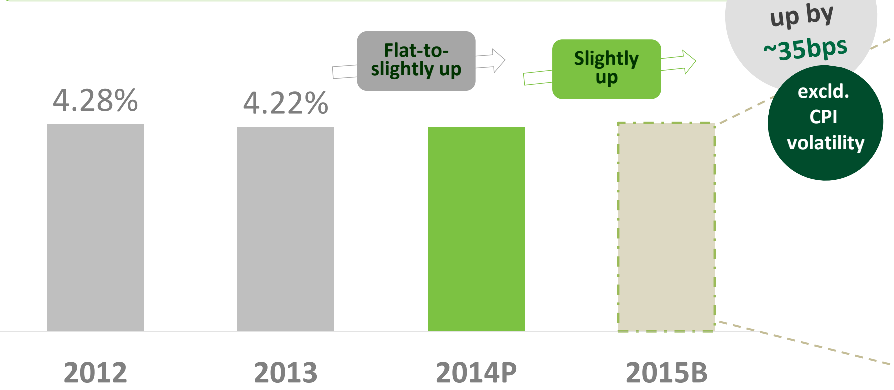
Consumer+SME/ Total Deposits:
70%
vs. 69% in 2014

Preserve high level of Customer Demand Deposit/ Customer Deposits:
22%

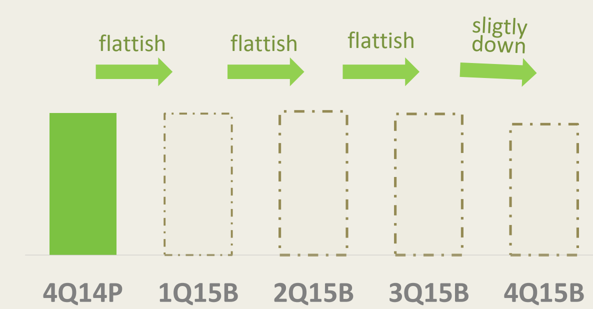
1 In US$ terms

Success in spread management reflected in expanding NIM YoY

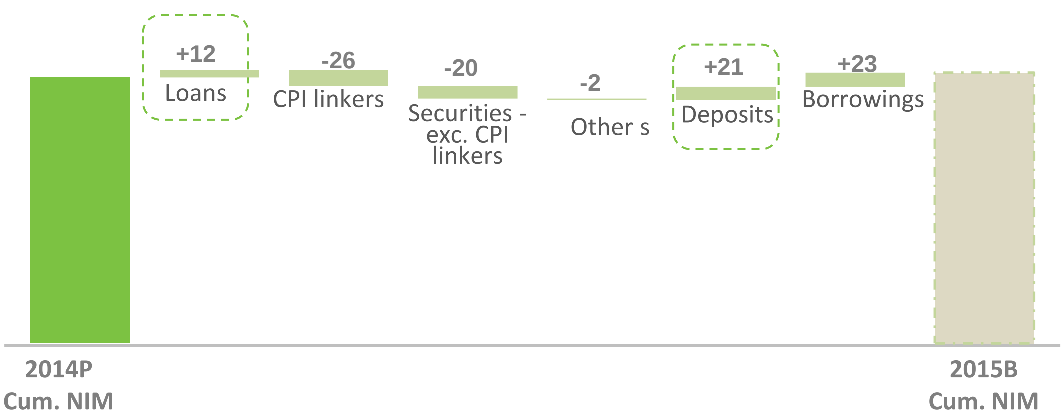
Annual NIM (Net Interest Income / Average IEAs)



Quarterly NIM Evolution (Excluding CPI linker volatility*)



2014P vs. 2015B Annual NIM Evolution (in bps)



Increasing loan yields

- Strategic loan pricing despite regulatory pressure & competition
- Moderate; yet, margin-focused & selective lending growth

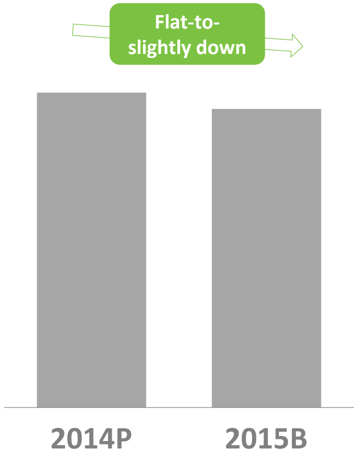
Actively manage funding costs

- Increasing share of less costly, more stable customer deposits
- Demand deposits continue to support
- Opportunistic utilization of alternative funding sources

* Assuming 3Q14 CPI linker income was persistent over the next consecutive quarters

Fee income temporarily hampered by the recent regulation

Net Fees & Commissions



Pressure areas

Regulatory

- **Cap on consumer loan origination fees**
- **Regulations on payment systems** -- Reshaping business model to capture potential growth areas
- **Account maintenance fees per customer,** not per account

Garanti specific

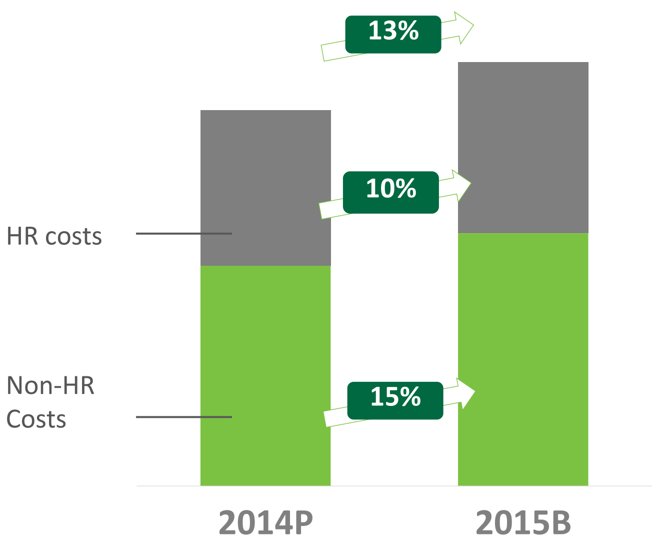
- **Change in revenue sharing methodology to** affect Asset Management & Brokerage fees on a bank-only basis, however, effect will be eliminated in the consolidated financials

Growth areas

- **Insurance -- Highest growth rate** in pension business continues to pay hefty
- **Money Transfer -- Leadership** in interbank money transfer and leading position in digital banking support the growth
- **Non-cash Loans --** Reaping the benefit of growth in business banking loans

Leveraging long-term value creation with closely monitored costs

Operating Expenses



OPEX* to Avg.Assets **2.3%**

15-20 new branches
&
~250 new employees
in 2015

Aiming at **employee retention & satisfaction**

- Wage raises above CPI on average
- Higher employee bonus payments supporting motivation & performance-linked renumeration practice
- Improved social aids, compensation payments, & employee relations practices

Aiming at **increased customer satisfaction & experience** via targeted **investments & renovation** in digital channels

- Physical maintenance & improvement of digital platforms (i.e. ATMs, hardware&sofware)
- Implementation of IT projects to improve processes
- Integrate on-line apps to more effectively leverage non-branch channels
- Maintain focus on digitalization of SMEs

Non-HR Expenses **include**

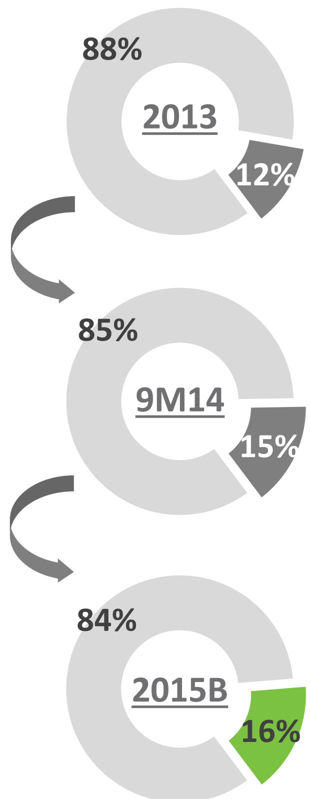
- **Consumer Arbitration Committee** related expenses
- Expected penalties by **Ministry of Customs and Trade**

*Excluding non-recurring items that include expenses related to consumer arbitration committee, penalties, and other regulatory issues

Preserve high contribution from subsidiaries

Consolidated Net Income

- Bank-Only Net Income
- Subsidiaries' contribution[1]



Garanti Pension Company

Asset Contribution: >3%
NI Contribution: ~5%

- Most Preferred pension company with 18% market share in number of participants
- #3 in pension fund size (TL 5.0bn)
- Highest growth rate in pension fund among peers – 25% asset growth is targeted
- Most Profitable pension company*

Garanti Leasing

Asset Contribution: ~2%
NI Contribution: ~4%

- Leasing volume & # of contracts to outperform sector average, with advanced operational infrastructure
- Sell & Leaseback business to continue to grow strongly
- Close monitoring & effective management of potentially impaired receivables

GarantiBank Romania

Asset Contribution: >2%
NI Contribution: ~2%

- Continued market share gains in retail deposits & commercial lending
- Full scale banking activities to continue with sustainable growth in loans &deposits
- Network expansion to continue in 2015 with 5 new branch openings on top of 7 in 2014

GarantiBank International N.V.

Asset Contribution: ~5%
NI Contribution: ~3%

- Preserve its asset contribution to consolidated financials
- Slightly lower NI contribution due to tightening asset spreads
- To further diversify funding sources via wholesale funding
- To sustain profitability in line with risk appetite & strong solvency levels

Garanti Factoring

Asset Contribution: ~1%
NI Contribution: ~1%

- To preserve its asset & NI contribution to bottom-line
- Positive contribution expected from process & IT improvements completed in 2014
- To preserve focus on high margin businesses with above sector growth
- Healthy funding structure to support growth

1 Including consolidation eliminations
* As of December 31, 2013

In summary;

Challenges prevail; however, overall a relatively positive year ahead

	2014	2015
Economic Growth & Monetary Policy	• GDP growth: 2.6% -- driven mainly by net exports • Tight monetary policies & macro prudential measures against global volatility & higher than expected inflation	• GDP growth: 3.7% -- driven mainly by public spending & private consumption • Improving current account deficit & inflation outlook to create room for CBRT to ease monetary policy in 1H15
Regulation	• Cap on consumer loan maturities • Credit card related limitations (installments, limit, rate etc.) • Consumer Protection Law	• Prior years' regulatory actions continue to pressure revenues o BRSA fee regulation to affect the entire year o Differentiation in remuneration for TL reserves
Banking Sector Loan Growth	• Growth slowing down to moderate levels (~15%) -- Business banking loans drive the growth in-line with regulations	• Moderate growth levels (mid-high teens) with a slight pick-up in pace in consumer lending while business banking remains as the growth driver
Asset Quality	• Deterioration in NPL ratios in line with weaker growth	• Strong collections alleviate the effect of new NPL inflows
Margin	• Flat-to-slightly higher– increasing LtD spread coupled with higher than expected income on CPI linkers	• Margin expansion despite pressuring effect from CPI linkers YoY – LtD spread expansion realized by strategic asset pricing & actively managed funding costs
Financial Affiliates	• Increasing subsidiary contribution -- ~15% vs. 12% at YE13	• ~16% contribution from subsidiaries

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Investor Relations
Levent Nispetiye Mah. Aytar Cad. No:2
Beşiktaş 34340 Istanbul – Turkey
Email: investorrelations@garanti.com.tr
Tel: +90 (212) 318 2352
Fax: +90 (212) 216 5902
Internet: www.garantiinvestorrelations.com

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