



2016

Earnings

Presentation

BRSA Unconsolidated Financials

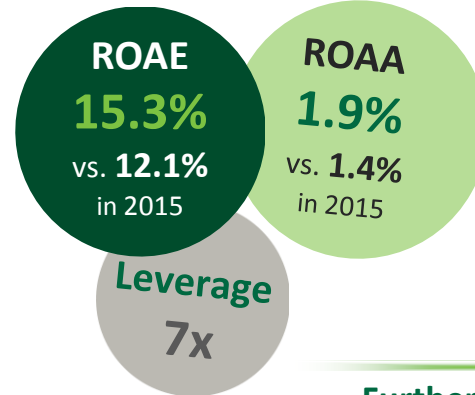
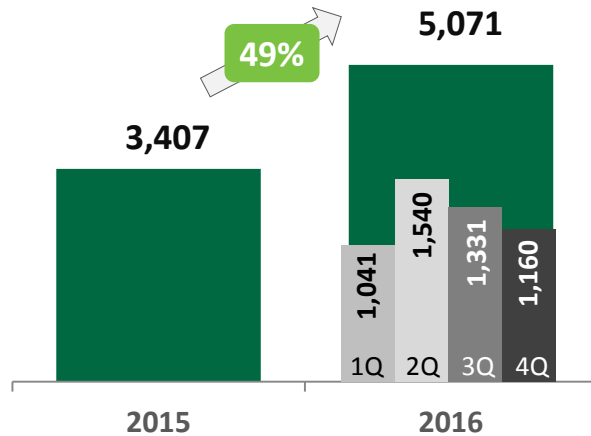
31 December 2016

CLEAR BEAT...

	GUIDANCE	RESULTS	
Total Loan Growth	~12%	17%	Beat
+ TL Loan	~15%	18%	Beat
+ FC Loan (in US\$)	~3%	-5%	Lower
NPL Ratio	3.1-3.4%	2.8%	Beat
Cum. Net Cost of Risk	90-115bps	109bps	In-line
Cum. NIM including swap costs	Slightly up vs. 2015	+34bps	Beat
Fee Growth (YoY)	9%	8%	In-line
OPEX Growth (YoY)	~CPI	4%	Beat
Cost/Income	>3.5pp improvement	9pp improvement	Beat
ROAE	~14-15%	15.3%	Beat
ROAA	~1.7-1.8%	1.9%	Beat

RECORD HIGH PROFIT

Net Income
(TL million)



Further strenghtened solvency

CAR:

16.2%

vs. 15.0% in 2015

TL 300mn free provisions
remain as buffer

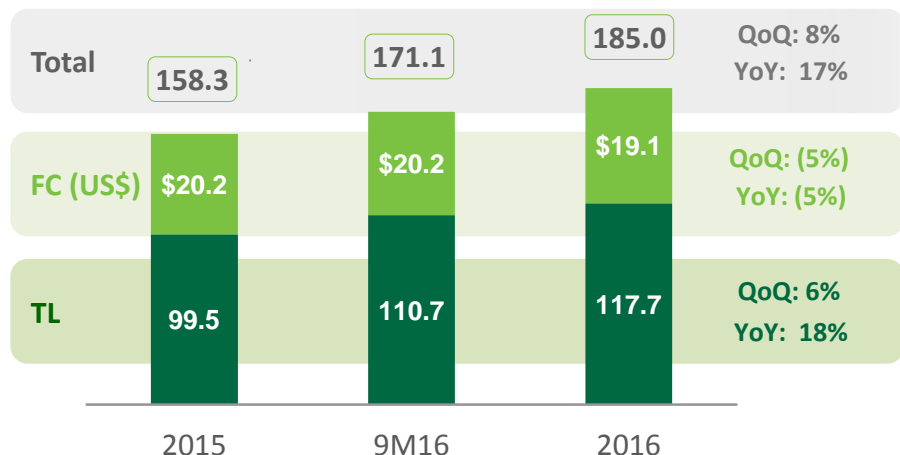
CORE OPERATING INCOME, ONCE AGAIN, DEFINED THE SOLID RESULTS



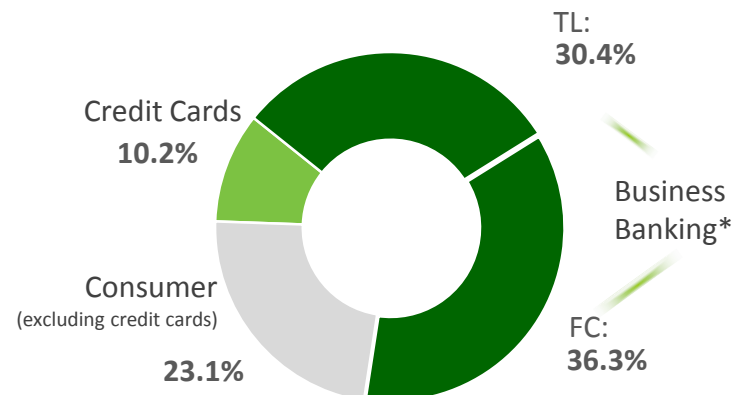
TL Million		12M 15	12M 16	ΔYoY
(+)	NII excl. income on CPI linkers & inc. Swap costs	6,892	8,527	24%
	<i>(+) NII excld. inc. on CPI linkers</i>	7,766	9,499	22%
	<i>(-) Swap Cost</i>	-874	-971	11%
(+)	Net Fees & Comm.	2,923	3,152	8%
(-)	Specific + General provisions net of collections	-1,588	-1,742	10%
	<i>(-) Specific Provisions</i>	-1,561	-2,367	52%
	<i>(-) General Provisions</i>	-563	-162	-71%
	<i>(+) Collections</i>	536	656	22%
	<i>(+) Free prov. reversal assigned to shipping file</i>	0	130	n.m.
(-)	OPEX	-5,883	-6,119	4%
=	CORE OPERATING INCOME	2,344	3,818	63%

UNINTERRUPTED LENDING GROWTH WITH SUSTAINED FOCUS ON PROFITABILITY

Total Loans¹ (TL, US\$ billion)
65% of Total Assets



Total Loans¹ Breakdown



- **Across the board growth in TL loans** while maintaining disciplined pricing
 - **Sustained leadership** in Consumer Loans, Mortgages, Auto Loans, Credit Cards² Issuing & Acquiring Volumes
 - **Above-sector growth in TL business banking loans**
25% YoY vs. sector's 14%
- **Shrinkage in FC loans** due to redemptions & weak demand for private investments

	QoQ	YoY
Consumer Loans (excl. CCs)	4%	14%
Credit Cards (CCs)	2%	11%
TL Business Banking	10%	25%
FC Business Banking	(5%)	(5%)

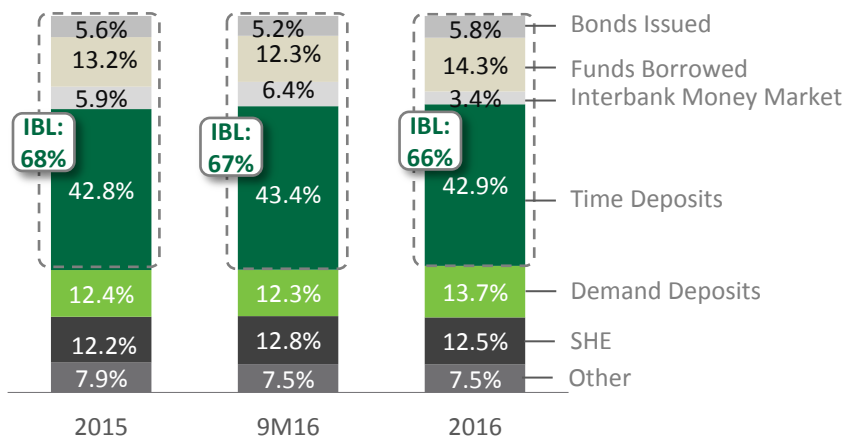
¹ Performing cash loans

² Per Interbank Card Center data as of December 31, 2016

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

SOLID FUNDING MIX REIGNED BY DEPOSITS & REINFORCED WITH DIVERSIFIED FUNDING SOURCES

Composition of Liabilities

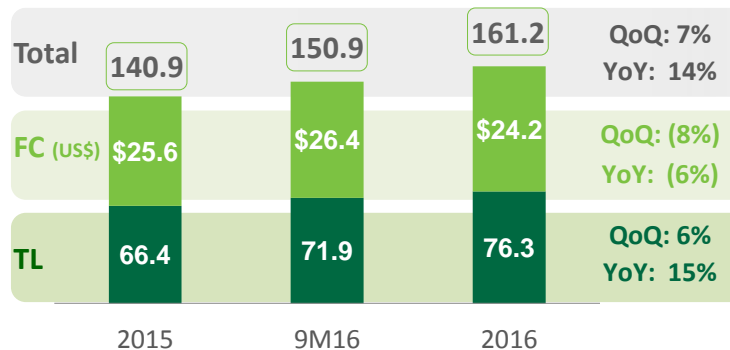


Opportunistic utilization of alternative funding

- **CBRT depo facility** @upper band of interest rate corridor
TL6bn on average in 4Q16 vs. **TL9bn** in 3Q16
- **Swap utilization**
TL8.4bn on average in 4Q16 vs. **TL8.7bn** in 3Q16
- **100% syndication roll-over** in 4Q16
- **DPR Securitization:** \$310mn & €50mn with 5-yrs maturity
- **MtN issuance:** TL200mn with 5-yrs maturity

Total Deposits

(TL, US\$ billion)



Deposit growth focused on sticky & low-cost deposit

SME & Retail deposits' share in TL Deposits

82%¹

Maintained high share of demand deposits

Demand Deposits' share in Total Deposits

increased from 22% to **24%** QoQ

vs. sector's 20%²

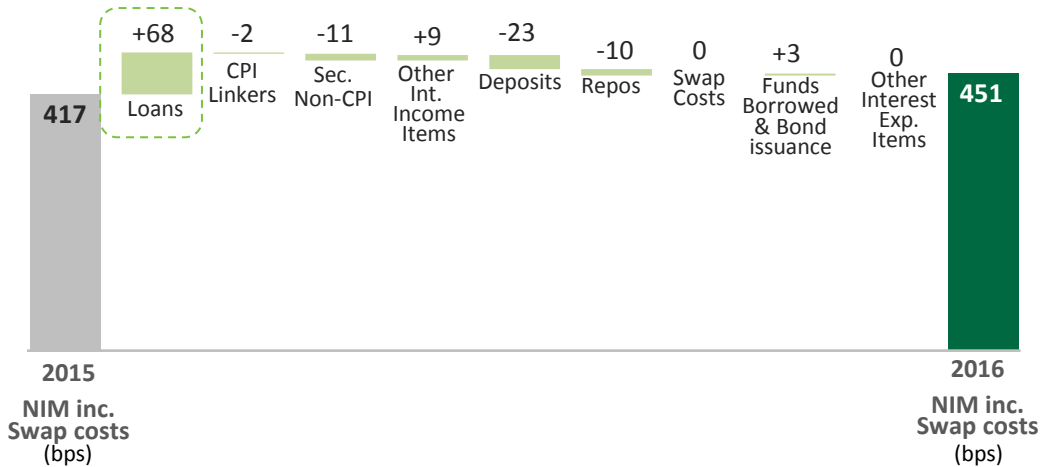
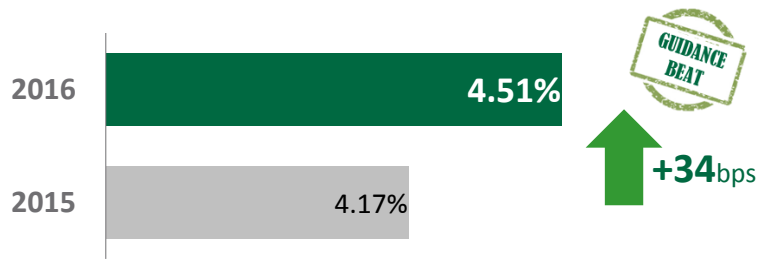


¹ Based on bank-only MIS data.

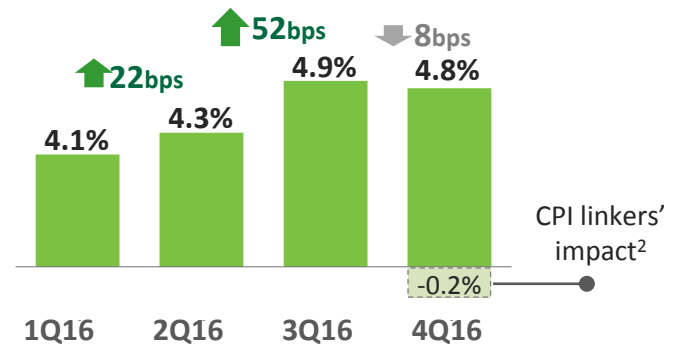
² Sector data is based on BRSA weekly data as of December 30, 2016, commercial banks only.

SIGNIFICANT NIM EXPANSION YoY BACKED BY DYNAMIC ASSET-LIABILITY MANAGEMENT

Annual NIM including swap costs¹



Quarterly NIM including swap costs¹



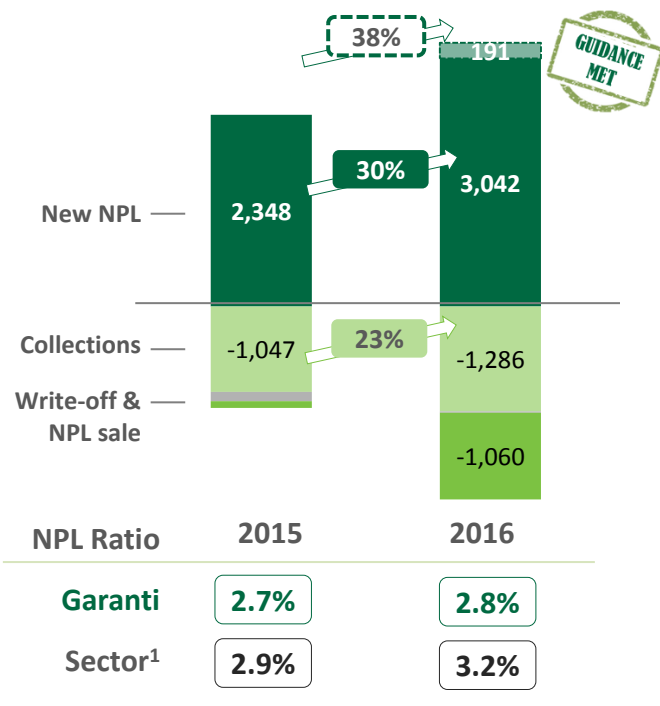
Quarterly NIM shrinkage
solely due to CPI linker
income adjustment

1 NIM includes swap costs of TL266mn in 1Q, TL374mn in 2Q, TL178mn in 3Q, TL153mn in 4Q.

2 CPI linkers' income adjusted with the realized Oct-Oct CPI reading of 7.2% (vs. expected inflation of 8%) in 4Q

PROACTIVE & CONSISTENT APPROACH IN RISK MANAGEMENT ASSURES SOUND ASSET QUALITY

NPL Evolution



Quarterly NPL Evolution (TL million)

TL Million	2015	1Q 16	2Q 16	3Q 16	4Q 16	2016
New NPL inflow		680	926	867	760	
+ New NPL inflow (Comparable)		531	596	676	760	
+Files as guided in the budget		149	330	0	0	
+Several files outside of the budget		0	0	191	0	
Collections		-272	-312	-298	-404	
Write-off & NPL sale		-334	-250	-81	-412	
Net NPL		74	363	487	-56	
Ending NPL Balance	4,404					5,273

Total Coverage Ratio
(Specific prov. + General prov.)
141%

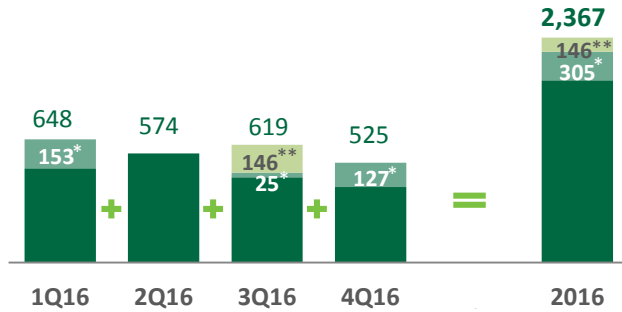
TL 300mn
Free Provisions
remain as buffer
against
volatility

¹ Sector figures are per BRSA bank-only weekly data

COMFORTABLE PROVISIONING

Specific Provisions

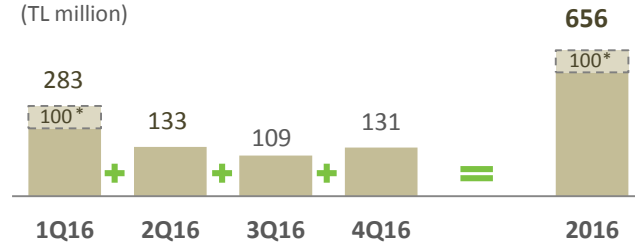
(TL million)



* Effect of collateral re-assessment
 **Several files, outside of the budget

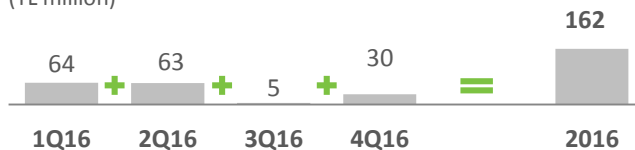
Collections

(TL million)



General Provision

(TL million)



2016 Net Provisioning Evolution

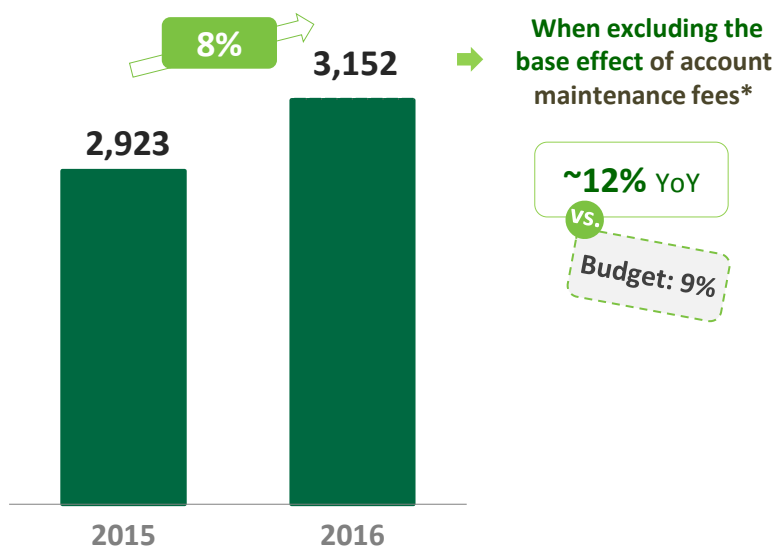
	Provisioning (TL mn)	Cost of Risk (bps)
Specific	2,367	139bps
Collection	656	39bps
Net Specific	1,711	101bps
General	162	10bps
Net Total	1,872	110bps



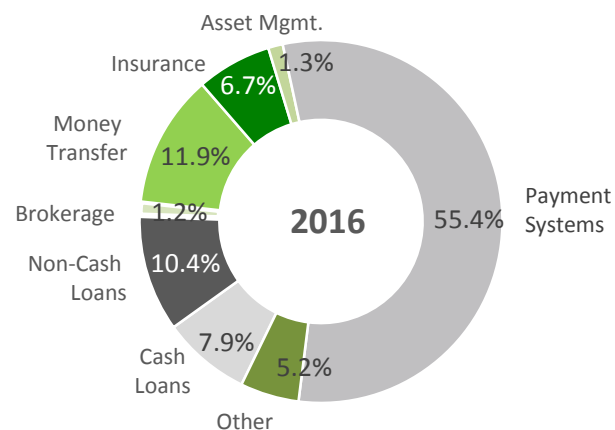
FEE GROWTH MOMENTUM REFLECTS SUSTAINABLE BUSINESS MODEL

Net Fees & Commissions¹

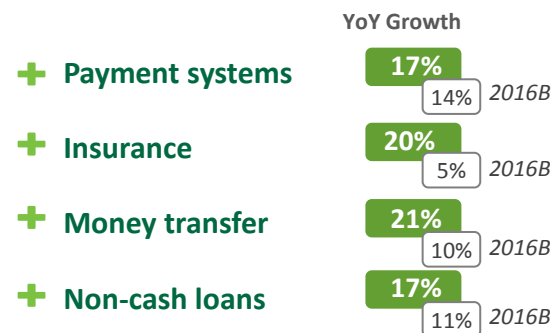
(TL million)



Net Fees & Commissions Breakdown



Above budget performance in diversified fee areas¹



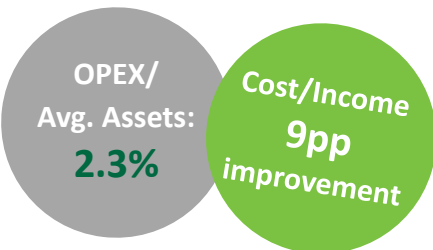
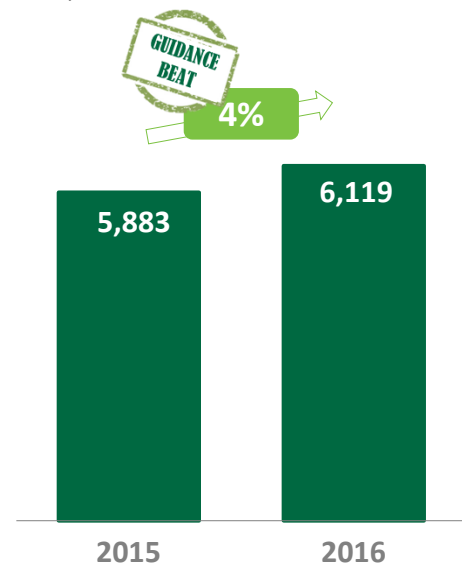
¹ Based on MIS data

*Account maintenance fees, which typically hit 1Q & 3Q, are suspended in Feb 16. Court case still pending. Brokerage Fees' distribution percentages changed from 75% to 20%. The application started in October 2015, therefore 2015 fee base was inflated vs. 2016

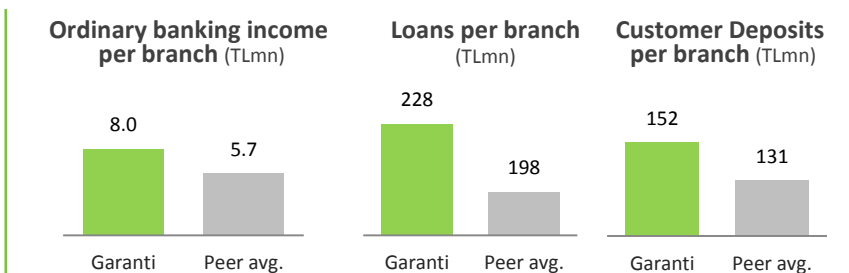
DISCIPLINED COST MANAGEMENT & INCREASED EFFICIENCIES

Operating Expenses

(TL million)



> Highest per branch efficiencies*:



> Value creation through digital :

- Managing the **largest digital customer base** in Turkey: **4.9 million**; 22% up YoY
- Profitability per digital customer **~30% higher** than traditional branch customers
- Branches with >65% digital penetration have **40% higher operational service quality & efficiency**

* As of September 2016

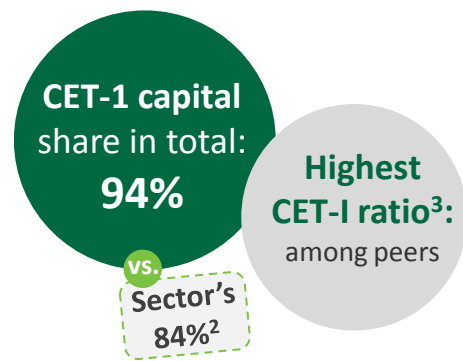
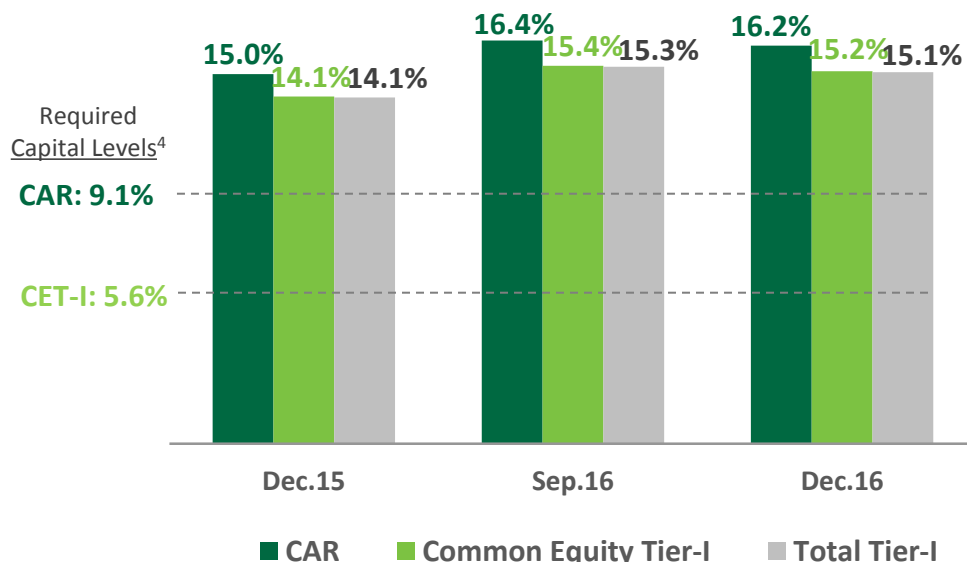
FURTHER STRENGTHENED SOLVENCY

Capital Adequacy Ratios

Dividend Payment: **- 26 bps** YtD
 Regulation Impact¹: **+49 bps** YtD
 Currency Impact: **- 112 bps** YtD
 MtM Difference: **- 13 bps** YtD

Capital generative growth
 absorbing adverse effects
 on capital

- CAR: **↑ 116bps** YtD
- CET1: **↑ 103bps** YtD



¹ New capital regulations on free reserves, FCRR, unsecured loan and mortgage risk weightings, effective as of 1Q, impact as of 1Q. Chg in SME & Retail definition, impact as 4Q. ² BRSA monthly data as of Nov16 commercial banks only ³ Among peers as of Sep16. ⁴ Required CAR (9.14%) = 8.0% + SIFI Buffer for Group 3 (0.5%) + Capital Conservation Buffer (0.625%) + Counter Cyclical Buffer (0.01%) Required CET-I (5.64%) = 4.5% + SIFI Buffer for Group 3 (0.5%) + Capital Conservation Buffer (0.625%) + Counter Cyclical Buffer (0.01%)

APPENDIX

Pg. 14	Summary Balance Sheet
Pg. 15	Composition of Assets and Liabilities
Pg. 16	Securities Portfolio
Pg. 17	Retail Loans
Pg. 18	Non-recurring Items & Normalized Net Income
Pg. 19	Summary P&L
Pg. 20	Key Financial Ratios

SUMMARY BALANCE SHEET

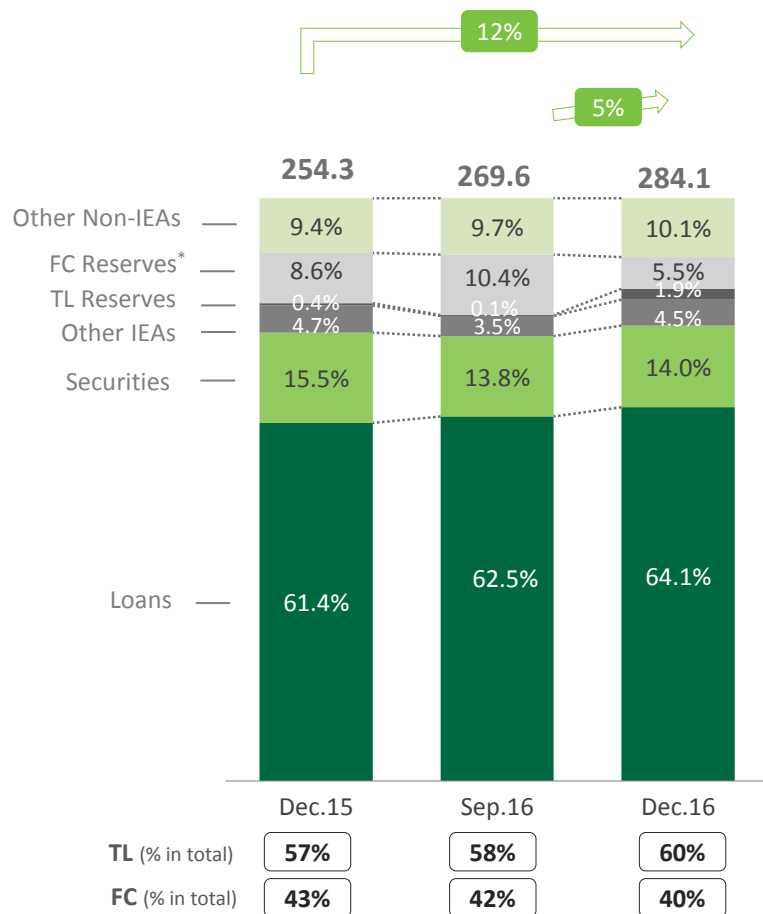
<i>(TL million)</i>	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	YoY Change
Cash & Banks ¹	15,774	20,397	17,282	15,794	15,589	-1%
Reserve Requirements	21,286	21,178	18,888	24,879	20,866	-2%
Securities	42,641	41,831	41,413	41,228	43,668	2%
Performing Loans	158,304	163,131	167,318	171,080	185,043	17%
Fixed Assets, Affiliates & Associates	8,121	8,398	8,547	9,147	9,509	17%
Other	8,217	9,393	8,080	7,510	9,480	15%
TOTAL ASSETS	254,343	264,330	261,529	269,638	284,155	12%
Deposits	140,899	149,021	154,718	150,937	161,232	14%
Repos & Interbank	15,068	15,756	6,457	17,355	9,769	-35%
Bonds Issued	14,199	15,010	14,520	14,127	16,437	16%
Funds Borrowed ²	33,598	31,026	31,818	33,040	40,286	20%
Other	19,598	21,877	20,956	19,712	20,892	7%
SHE	30,981	31,640	33,060	34,466	35,539	15%
TOTAL LIABILITIES & SHE	254,343	264,330	261,529	269,638	284,155	12%

1 Includes banks, interbank, other financial institutions

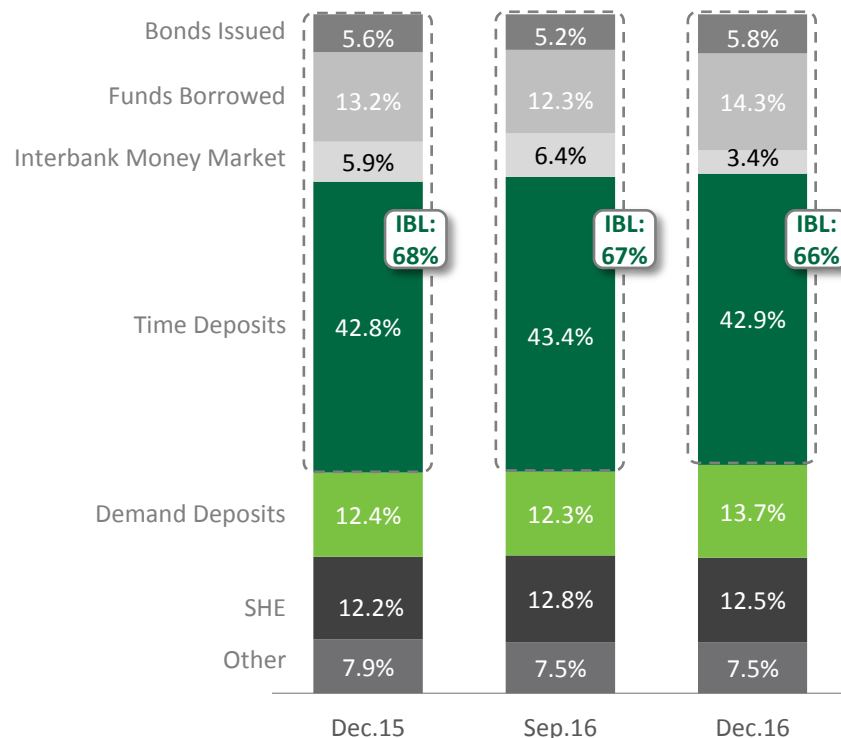
2 Includes funds borrowed and sub-debt

COMPOSITION OF ASSETS & LIABILITIES

Composition of Assets¹ (% , TL billion)



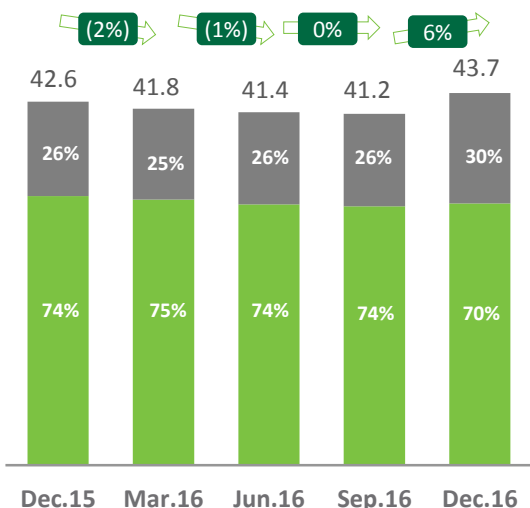
Composition of Liabilities



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 also for 2015&2016

SECURITIES PORTFOLIO REMAINS AS HEDGE AGAINST VOLATILITY

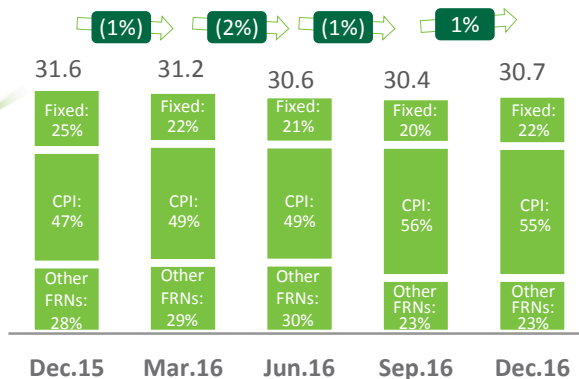
Total Securities (TL billion)



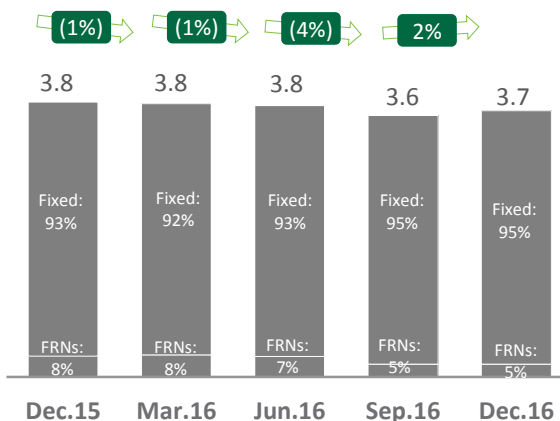
■ TL ■ FC

Securities¹/Assets:
14%
hovering at its
lowest level

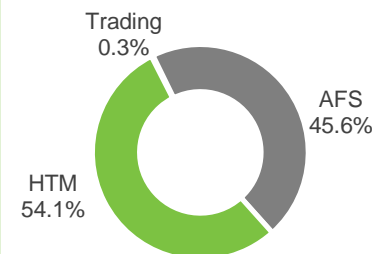
TL Securities (TL billion)



FC Securities (US\$ billion)



Securities Composition



Unrealized MtM loss (pre-tax)

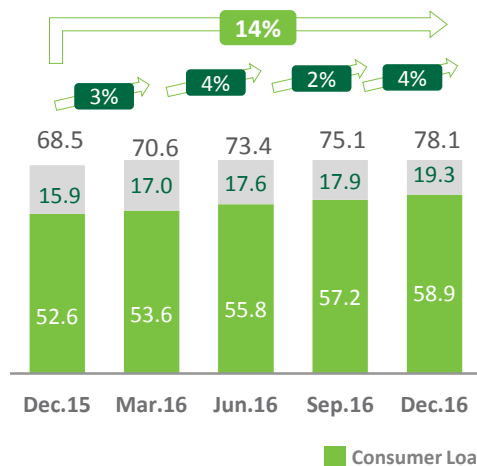
~TL 653mn loss as in YE16vs.
~TL 249mn loss as of Sept-end
~TL 175mn loss as of June-end,
~TL355mn loss in March-end,
~TL 545mn loss in YE15.

¹ Excluding accruals

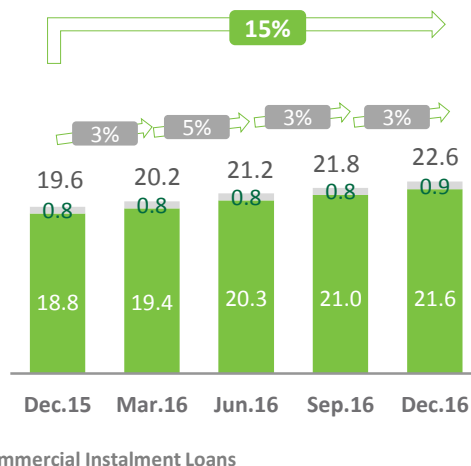
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data.

HEALTHY MARKET SHARE GAINS ACROSS ALL RETAIL PRODUCTS

Retail Loans (TL billion)



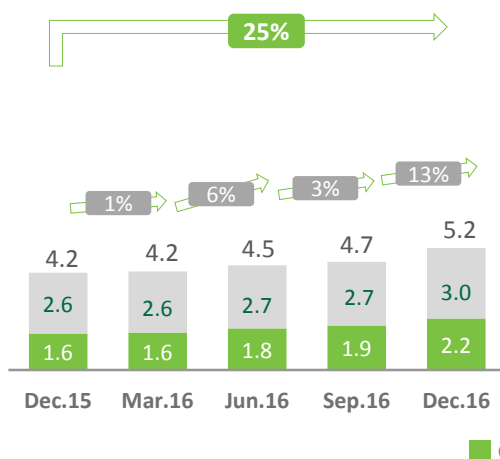
Mortgage Loans (TL billion)



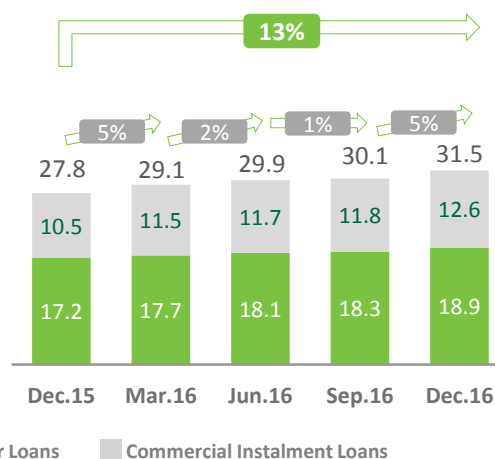
Market Shares

	Dec'16	QoQ	YoY	Rank
Consumer Loans	14.6%	-19bps	+30bps	#1
Cons. Mortgage	14.2%	-45bps	-8bps	#1
Cons. Auto	36.8%	+289bps	+973bps	#1
GPLs	9.0%	-13bps	+34bps	#2
Corporate CCs	14.7%	+94bps	+234bps	#2
# of CC customers	15.0% ²	-10bps	+54bps	#1 ²
Issuing Vol.	20.2% ²	+7bps	+100bps	#1 ²
Acquiring Vol.	20.9% ²	0bps	+31bps	#1 ²

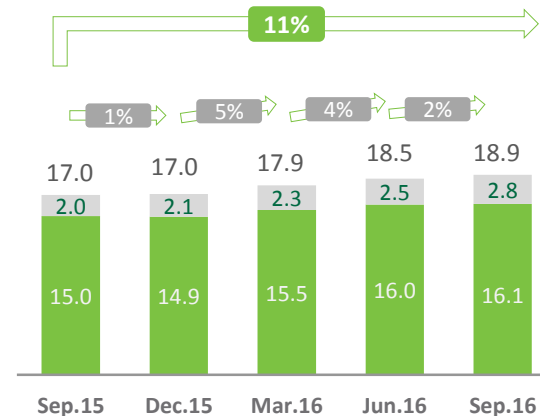
Auto Loans (TL billion)



General Purpose Loans¹ (TL billion)



Credit Card Balances (TL billion)



¹ Including other loans and overdrafts

² As of Dec 2016, 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 31.12.2016, commercial banks only

(ii) Rankings are as of September 2016, among private banks, unless otherwise stated

NON-RECURRING ITEMS & NORMALIZED NET INCOME

<i>TL Million</i>	1Q16	2Q16	3Q16	4Q16	2016
Net Income	1,041	1,540	1,331	1,160	5,071
<i>Provision reversal due to collateral re-assessment</i>	-80	0	0	0	-80
<i>Extra provisions related to collateral re-assessment</i>	122	0	20	102	244
<i>Garanti Bank Moscow sale loss</i>	0	0	0	48	48
<i>Visa sale gain</i>	0	-238	0	0	-238
<i>Income from NPL sale</i>	-24	-16	-8	-14	-63
<i>Gains from asset sale</i>	0	-14	0	0	-14
<i>Provision reversal from Miles&Smiles</i>	0	-51	0	0	-51
<i>Free provision</i>	0	0	100	0	100
<i>Provision for tax fines</i>	0	0	0	85	85
<i>Fee rebates</i>	60	52	30	24	166
Normalized Net Income	1,119	1,272	1,472	1,405	5,268

SUMMARY P&L

TL Million	12M 15	12M 16	Δ YoY	3Q 16	4Q 16	Δ QoQ
(+) NII excld. inc. on CPI linkers & inc. Swap costs	6,892	8,527	24%	2,258	2,491	10%
(+) NII excld. inc. on CPI linkers	7,766	9,499	22%	2,435	2,644	9%
(-) Swap Cost	-874	-971	11%	-178	-153	-14%
(+) Net Fees & Comm.	2,923	3,152	8%	796	812	2%
(-) Specific + General provisions net of collections	-1,588	-1,742	10%	-516	-424	-18%
(-) Specific Provisions	-1,561	-2,367	52%	-619	-525	-15%
(-) General Provisions	-563	-162	-71%	-5	-30	545%
(+) Collection	536	656	22%	108	131	21%
(+) Free prov. reversal assigned to shipping file	0	130	n.m	0	0	n.m
(-) OPEX	-5,883	-6,119	4%	-1,418	-1,774	25%
= CORE OPERATING INCOME	2,344	3,818	63%	1,119	1,105	-1%
(+) Income on CPI linkers	1,475	1,598	8%	446	329	-26%
(+) Net Trading & FX gains/losses	-202	180	n.m	70	25	-65%
(+) Income on subsidiaries	400	398	-1%	126	58	-54%
(+) Other income	386	320	-17%	37	80	116%
(+) NPL sale income	17	78	358%	10	17	69%
(+) Provision reversal from Miles&Miles	0	64	n.m	0	0	n.m
(+) Gains from asset sale	0	18	n.m	0	0	n.m
(+) Provision reversal of tax penalty paid	81	0	n.m	0	0	n.m
(+) Other	263	159	-39%	27	63	134%
(+) Visa sale	0	265	n.m	0	0	n.m
(-) Taxation and other provisions	-997	-1,509	51%	-469	-437	-7%
(-) Free Provision	0	-100	n.m	-100	0	n.m
(-) Provision for tax fines	0	-85	n.m	0	-85	n.m
(-) Other Provision	-95	-101	7%	-40	-18	-54%
(-) Taxation	-902	-1,223	36%	-329	-333	1%
= NET INCOME	3,407	5,071	49%	1,331	1,160	-13%

KEY FINANCIAL RATIOS

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Profitability Ratios					
ROAE (Cumulative) ¹	12.1%	14.1%	15.7%	16.0%	15.3%
ROAA (Cumulative) ¹	1.4%	1.7%	1.9%	2.0%	1.9%
Quarterly NIM incl. Swap costs	4.4%	4.1%	4.3%	4.9%	4.8%
Cumulative NIM incl. Swap costs	4.2%	4.1%	4.2%	4.5%	4.5%
Liquidity Ratios					
Loans/Deposits	112.4%	109.5%	108.1%	113.3%	114.8%
Loans/Deposits adj. with on-balance sheet alternative funding sources	75.0%	75.1%	74.5%	77.7%	77.2%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	129.7%	132.7%	129.0%	132.4%	132.4%
Asset Quality Ratios					
NPL Ratio	2.7%	2.7%	2.8%	3.0%	2.8%
Total Coverage Ratio (General+Specific)	149.2%	149.3%	143.9%	139.1%	141.1%
Solvency Ratios					
CAR	15.0%	15.1%	16.3%	16.4%	16.2%
CET-1 Ratio	14.1%	14.3%	15.2%	15.4%	15.2%
Leverage	7.2x	7.4x	6.9x	6.8x	7.0x

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 1Q16, 1H16 and 9M16.

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