

Earnings Presentation

September 30, 2016

BRSA Consolidated Financials



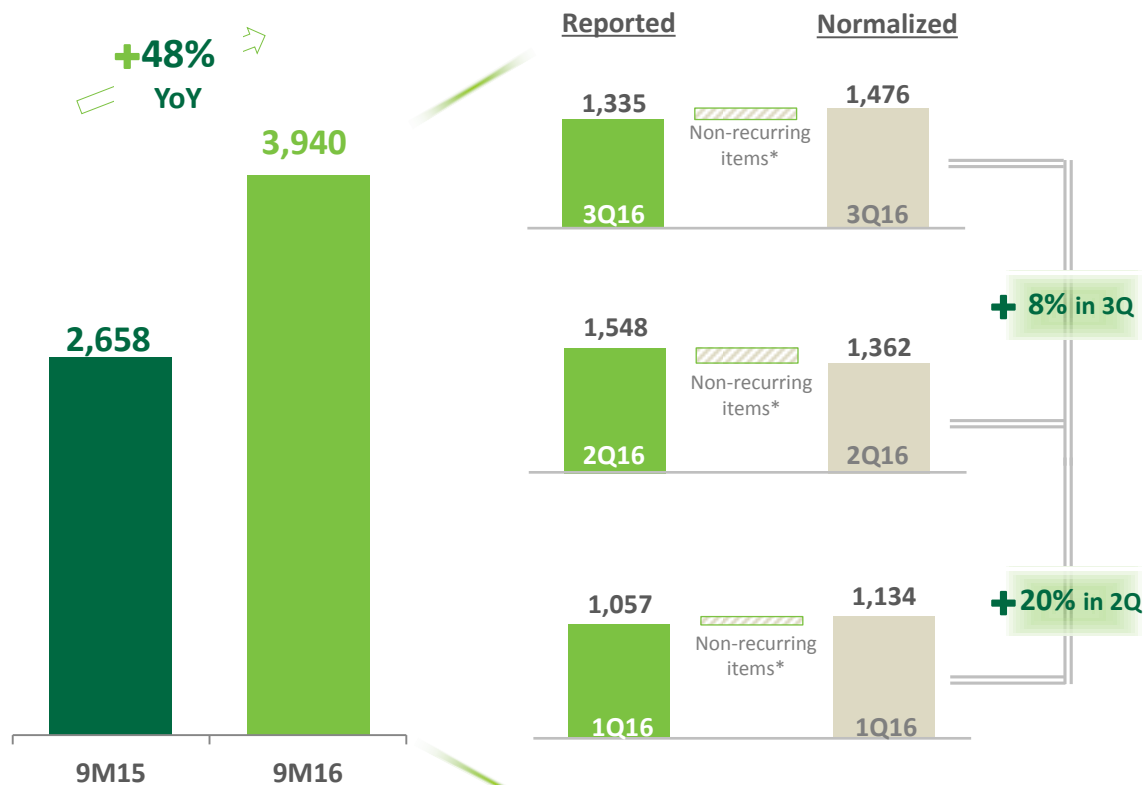
SUSTAINED ROBUST PROFITABILITY...

Net Income:
TL3,940mn

ROAE¹:
16.1%

ROAA¹:
1.8%

Net Income (TL million)



Proactively set aside free provisions – with TL100mn addition in 3Q, total free provisions reached TL300mn

* Non-recurring items are: Income from NPL sales, Gains on Visa sale, Gains on asset sale, Fee rebates, Provision reversal from Miles&Smiles, Net effect of collateral re-assessment, provisions imposed by NBR to Romanian banking sector & Free Provisions. Please see the page 20 for details
 1 Excludes non-recurring items when annualizing Net Income for the last quarter of the year in calculating Return On Average Equity (ROAE) and Return On Average Assets (ROAA)

SUSTAINED ROBUST PROFITABILITY...

Net Income:
TL3,940mn

ROAE¹:
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ROAA¹:
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CORE OPERATING INCOME, ONCE AGAIN, DEFINED THE SOLID RESULTS



TL Million		9M15	9M16	ΔYoY	2Q16	3Q16	ΔQoQ
(+)	NII excl. income on CPI linkers & inc. Swap costs	5,793	6,902	19%	2,263	2,549	13%
	(+) NII excld. inc. on CPI linkers	6,402	7,720	21%	2,637	2,727	3%
	(-) Swap Cost	-609	-818	34%	-374	-178	-53%
(+)	Net Fees & Comm.	2,223	2,440	10%	792	826	4%
(-)	Specific + General provisions net of collections*	-1,236	-1,441	17%	-459	-567	24%
	(-) Specific Prov. excl. the effect of collateral re-assessment & NBR related extra provision	-1,152	-1,828	59%	-646	-658	2%
	(-) General Provisions	-544	-169	-69%	-76	-18	-76%
	(+) Collections excl. the effect of collateral re-assessment	460	426	-7%	133	109	-18%
	(+) Free prov. Reversal assigned to shipping file	0	130	n.m.	130	0	n.m.
(-)	OPEX	-4,834	-5,003	3%	-1,677	-1,637	-2%
=	CORE OPERATING INCOME	1,946	2,897	49%	919	1,171	27%

* Includes free provision reversal (TL130mn in 2Q16) assigned to files guided in OP, excludes the net effect of collateral re-assessment (TL78mn in 9M16) and provisions imposed by NBR to Romanian banking sector (TL96mn).

WHAT LIES BENEATH...

Net Income: TL3,940mn | **ROAE¹:** 16.1% | **ROAA¹:** 1.8%

1 Outstanding NIM performance, highest among peers

	Cum. NIM	Cum. NIM inc. Swap Costs	Quarterly NIM	Qtr. NIM inc. Swap Costs
	4.8%	4.4%	5.0%	4.8%
YtD	+32bps	+26bps	QoQ	+44bps

2 NPL ratio consistently below sector & comfortable provisioning preserved

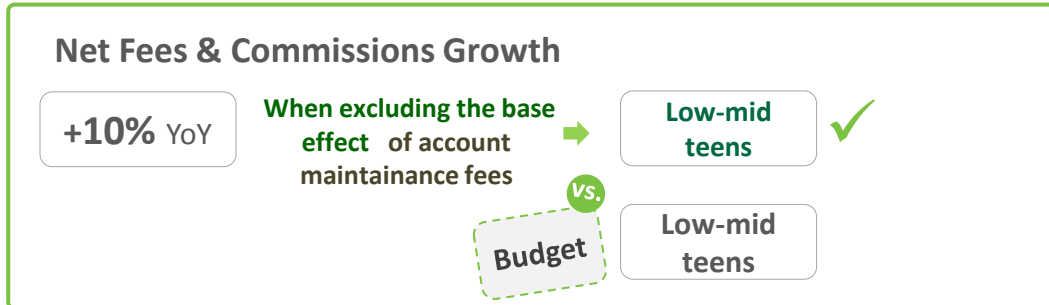
	NPL Ratio	Coverage	Total Cash Coverage	Cum. Net Total CoR (Comparable) ²
Garanti (Cons.)	3.3%	76.7%	132%	106bps
Garanti (Bank-only)	3.0%	80.2%	145%	98bps ✓
Sector's	3.3%	77%		Budget 90-115bps

¹ Excludes non-recurring items when annualizing Net Income for the last quarter of the year in calculating Return On Average Equity (ROAE) and Return On Average Assets (ROAA)
² Excludes the effect of collateral re-assessment (TL78mn in 9M16), provisions imposed by NBR to Romanian banking sector (TL96mn) and several files booked as NPL in 3Q (TL146mn) which are not included in the OP.

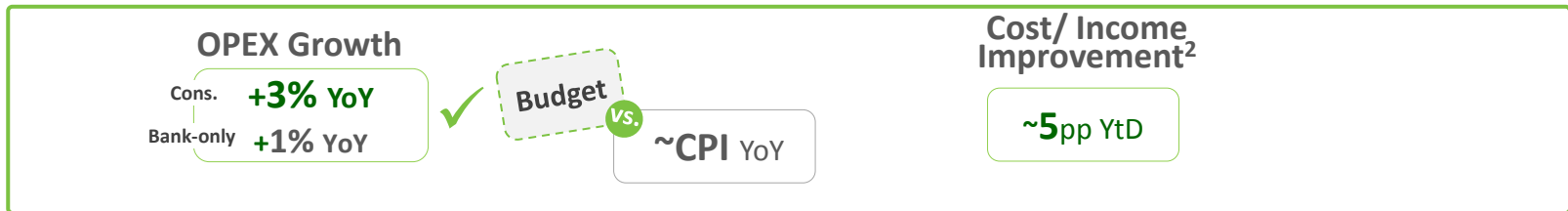
WHAT LIES BENEATH...

Net Income: TL3,940mn | ROAE¹: 16.1% | ROAA¹: 1.8%

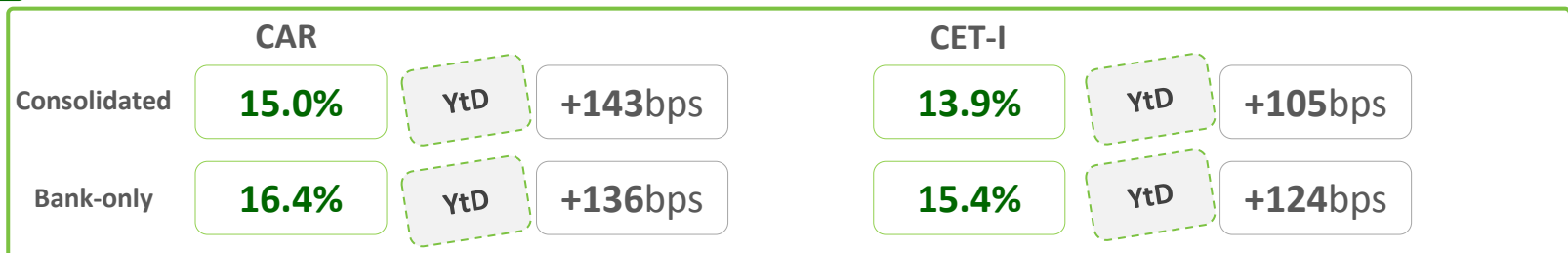
3 Outperformance in diversified fee areas -- highest market share in fees



4 Disciplined cost management & increased efficiencies



5 Further strengthened capital -- highest CET-I in the sector



¹ Excludes non-recurring items when annualizing Net Income for the last quarter of the year in calculating Return On Average Equity (ROAE) and Return On Average Assets (ROAA)

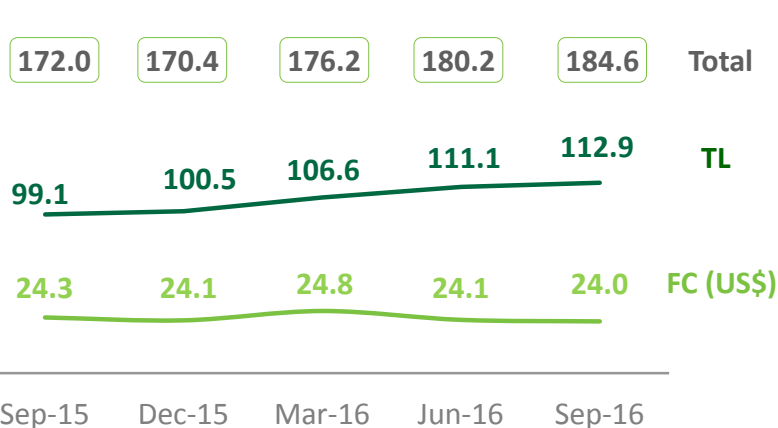
² On a comparable basis. Income defined as NII+Net F&C - Provisions + Net Trading Gains/Losses + Other Income+ Income on subsidiaries. Total income adjusted with NPL sale income, Visa sale income, provision reversal from Miles&Smiles, gain from asset sale, effect of collateral re-assessment and NBR related extra provisions at GBR OPEX adjusted with fee rebates

1 Outstanding NIM performance, highest among peers

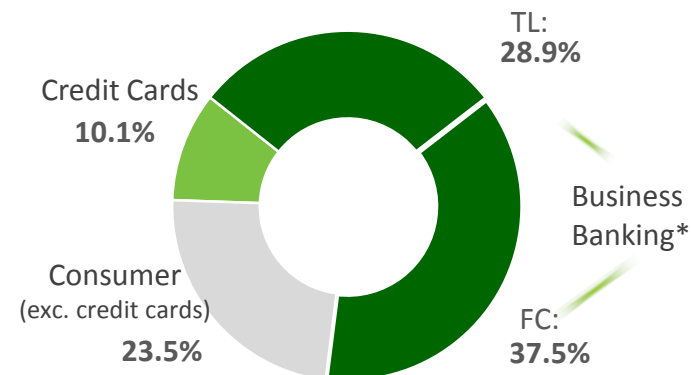
a. Selective lending growth with primary focus on profitability

Total Loans¹ (TL, US\$ billion)

63% of Total Assets



Total Loans¹ Breakdown



Uninterrupted growth in TL loans while maintaining disciplined pricing

- Healthy market share gains sustained across all retail products
 - **Solidified leadership** in Consumer Loans, Mortgages, Auto Loans, Credit Cards² Issuing & Acquiring Volumes

FC loans remained flattish YTD due to redemptions and weak private investments

Growth

	1Q16	2Q16	3Q16
TL Business banking	11%	4%	1%
FC Business banking	3%	(3%)	(1%)
Consumer loans (excl. CCs)	3%	4%	3%
Credit Cards	1%	5%	4%

¹ Performing cash loans

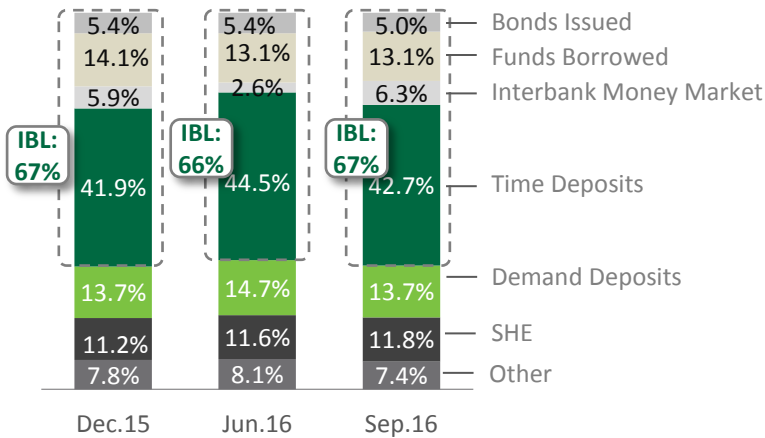
² Per Interbank Card Center data as of September 30, 2016

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

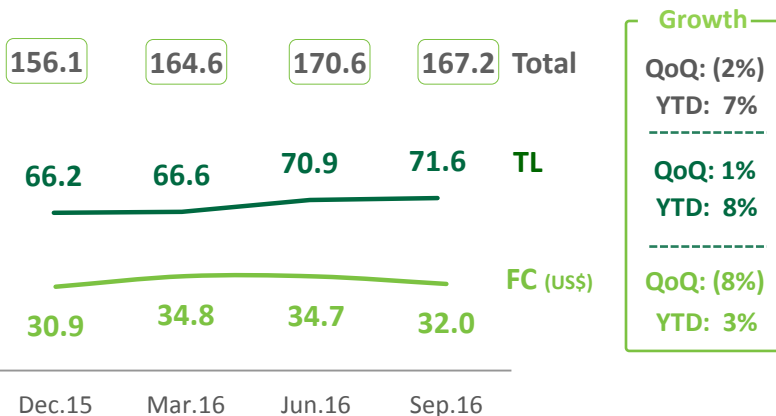
1 Outstanding NIM performance, highest among peers

b. Well-diversified funding base to actively manage funding cost

Composition of Liabilities



Total Deposits (TL, US\$ billion)



«Opportunistic utilization of alternative funding» & «refraining from deposit competition» for cost optimization

Net Interest Income including swap cost increased by **+ TL320mn** in 3Q alone

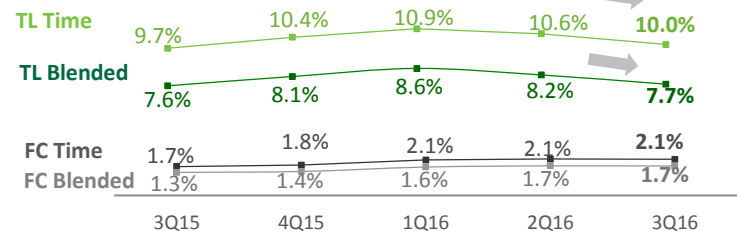
- Below-sector deposit growth²
- Increased utilization of CBRT depo facility @ upper band of interest rate corridor
- Lower swap funding utilization

Maintained high share of sticky & low-cost deposit

SME & Retail deposits/ TL Deposits **82%¹**

Zero-Cost Demand Deposits /Total Deposits **Cons.:24%, Bank-Only: 22%** vs. sector's 19%²

Cost of deposits¹ continued to decrease QoQ

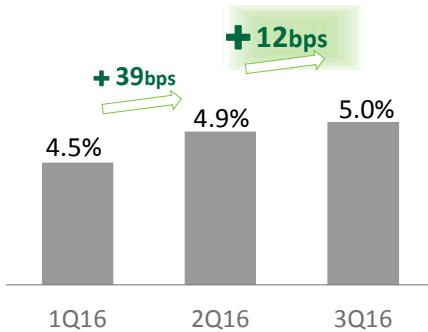


1 Based on bank-only MIS data. Cost of deposits calculated using daily averages.
 2 TL deposit growth: 1% vs. sector's 7%. FC deposit growth (US\$): -8% vs. sector's -9%. Figures are per bank-only financials for fair comparison. Sector data is based on BRSA weekly data as of September 30, 2016, commercial banks only.

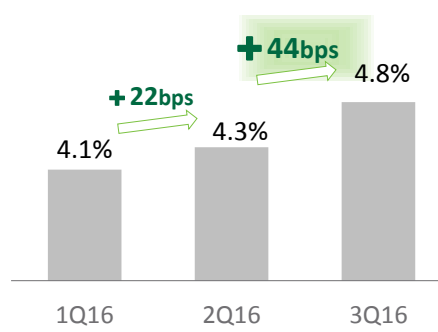
1 Outstanding NIM performance, highest among peers

Quarterly NIM

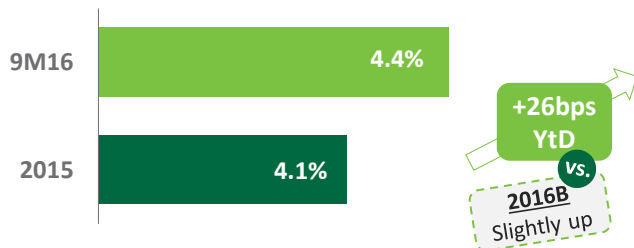
Reported NIM



NIM including Swap Costs



Cumulative NIM including Swap Costs



LtD spread continued to expand QoQ

- > Retail loan yields continued to increase QoQ, reflecting timely loan extension at lucrative price levels
- > Downward trend in deposit costs on the back of actively managed funding mix

Lower Swap Costs QoQ

- > Decreased swap utilization and lower swap funding rates

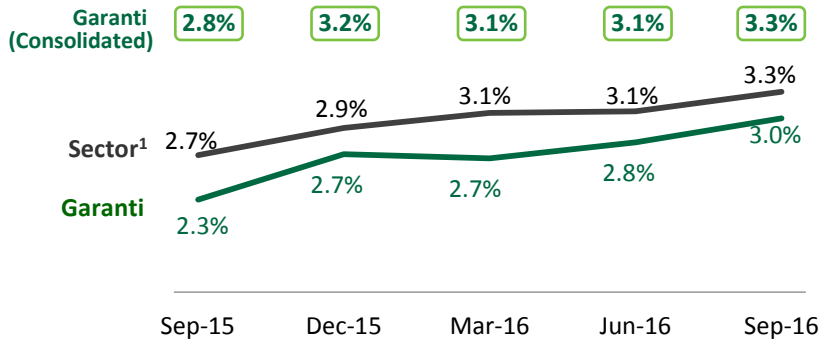
Slightly higher income on CPI linkers QoQ

- > New additions to CPI linkers portfolio at attractive rates
- > Expected-inflation based methodology in CPI linkers' valuations

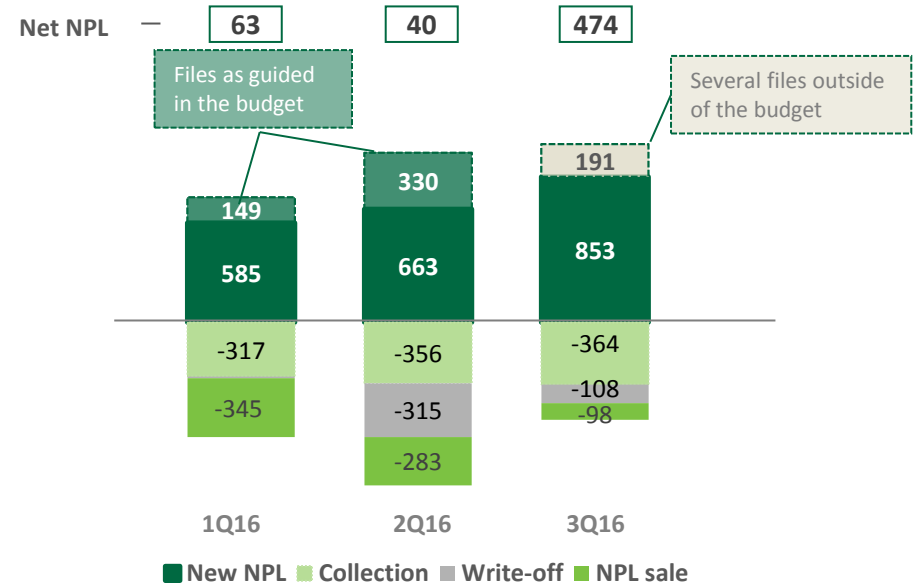
2 NPL ratio consistently below sector &...

a. Slight deterioration in NPL ratio yet at manageable levels

NPL ratio



Net Quarterly NPLs (TL million)



Total Cash Coverage Ratio²: 132%

Specific Coverage Ratio: 77%

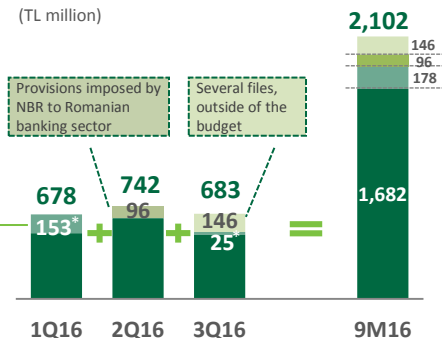
Bank-only: 80% vs. sector's 77%¹

1 Sector figures are per BRSA bank-only weekly data
2 Total cash coverage includes specific, general and free provisions

2 Comfortable provisioning preserved

Specific Provisions

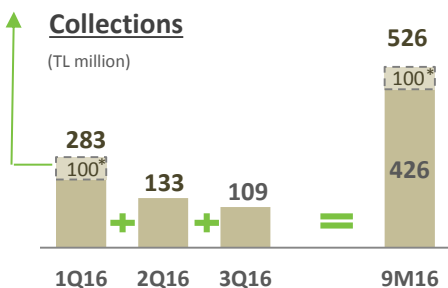
(TL million)



* Effect of collateral re-assessment

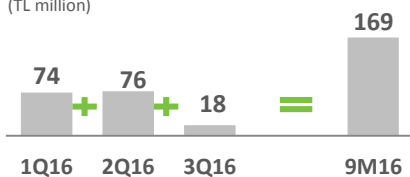
Collections

(TL million)

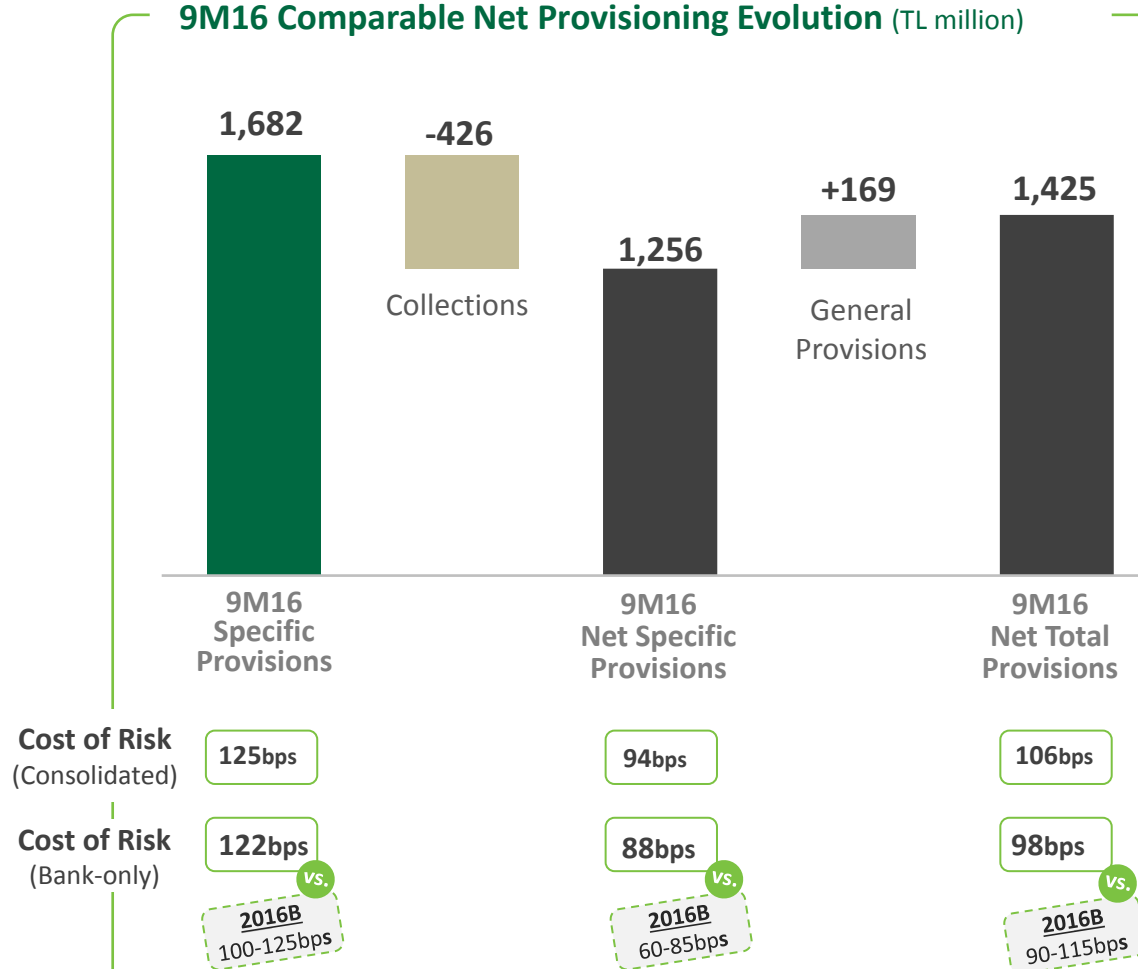


General Provision

(TL million)



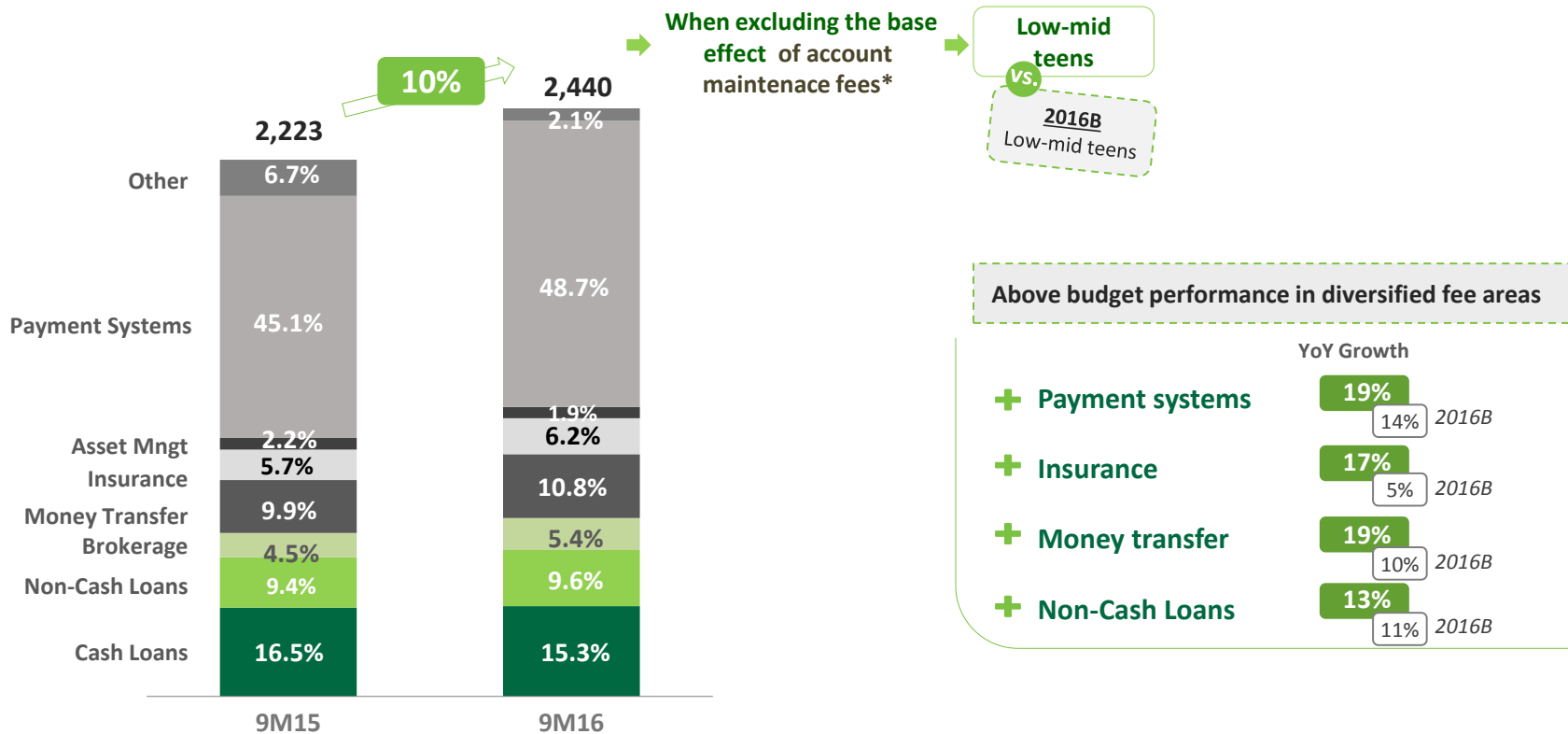
9M16 Comparable Net Provisioning Evolution (TL million)



3 Outperformance in diversified fee areas

Highest market share in fees

Net Fees & Commissions¹ (TL Million)

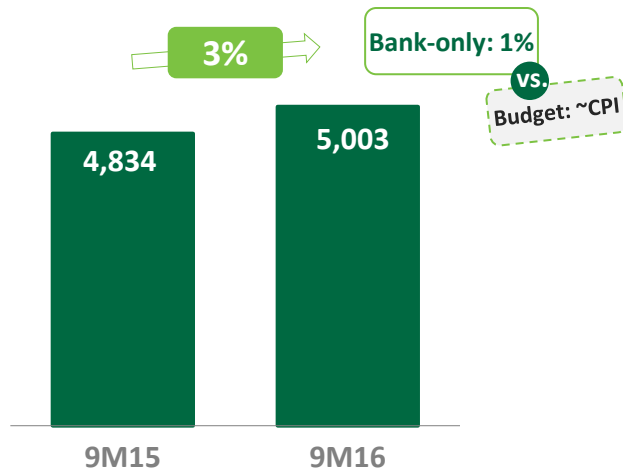


¹ Based on MIS breakdown, including the impact of subsidiaries.

*Account maintenance fees, which typically hit 1Q & 3Q, are suspended in Feb 16. Court case still pending.

4 Disciplined cost management & increased efficiencies

Operating Expenses (TL million)



OPEX/
Avg. Assets:
2.3%

Cost/Income¹
48.8%
on a comparable
basis

~5pp improvement YtD

- **Fee rebates are trending down**
 - TL142mn in 9M16 vs. TL255mn in 9M15
- **9M15 OPEX base was inflated**
 - administrative fine (TL83mn in 3Q15) and
 - tax penalty (TL80.5mn in 1Q15)

¹ Income defined as NII+Net F&C - Provisions + Net Trading Gains/Losses + Other Income+ Income on subsidiaries. Total income adjusted with NPL sale income, Visa sale income, provision reversal from Miles&Smiles, gains on asset sale, effect of collateral re-assetment and provisions imposed by NBR to Romanian banking sector. OPEX adjusted with fee rebates

5 Further strengthened capital -- highest CET-I in the sector

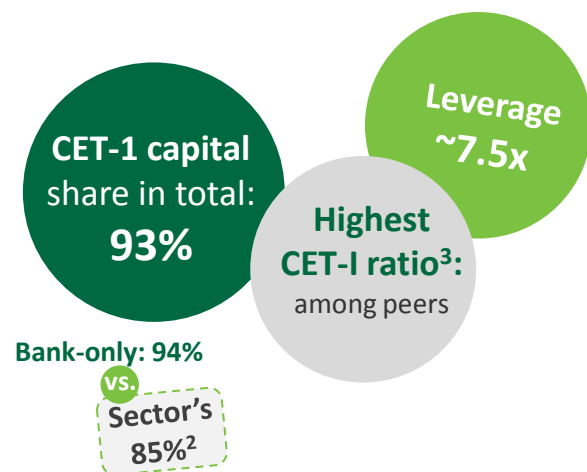
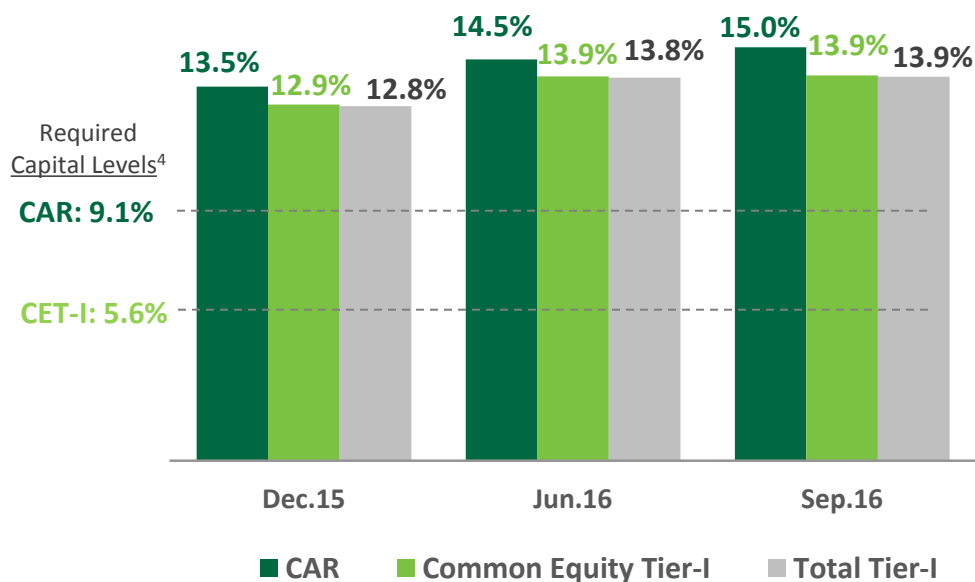
Capital generative growth absorbing adverse effects on capital

Capital Adequacy Ratios

- Dividend Payment: **- 23 bps** YtD
- Regulation Impact¹: **+39 bps** YtD
- Currency Impact: **- 14 bps** YtD
- MtM Difference: **+14 bps** YtD

Capital generative growth absorbing adverse effects on capital

- CAR up by 143bps YtD
- CET1 up by 105bps YtD



¹ New capital regulations on free reserves, FC RR, unsecured loan and mortgage risk weightings, effective as of March 31, 2016. Impact calculated as of March 31 2016.

² BRSA monthly data as of Aug2016, for commercial banks only ³ Among peers as of June 30, 2016

⁴ Required Consolidated CAR (9.154%) = 8.0% + SIFI Buffer for Group 3 (0.5%) + Capital Conservation Buffer (0.625%) + Counter Cyclical Buffer (0.029%)

Required Consolidated CET-I (5.654%) = 4.5% + SIFI Buffer for Group 3 (0.5%) + Capital Conservation Buffer (0.625%) + Counter Cyclical Buffer (0.029%)

Appendix

Pg. 15	Summary Balance Sheet
Pg. 16	Composition of Assets and Liabilities
Pg. 17	Securities portfolio
Pg. 18	Retail Loans
Pg. 19	External Debt
Pg. 20	Normalized Net Income
Pg. 21	Summary P&L
Pg. 22	Key Financial Ratios

Summary Balance Sheet

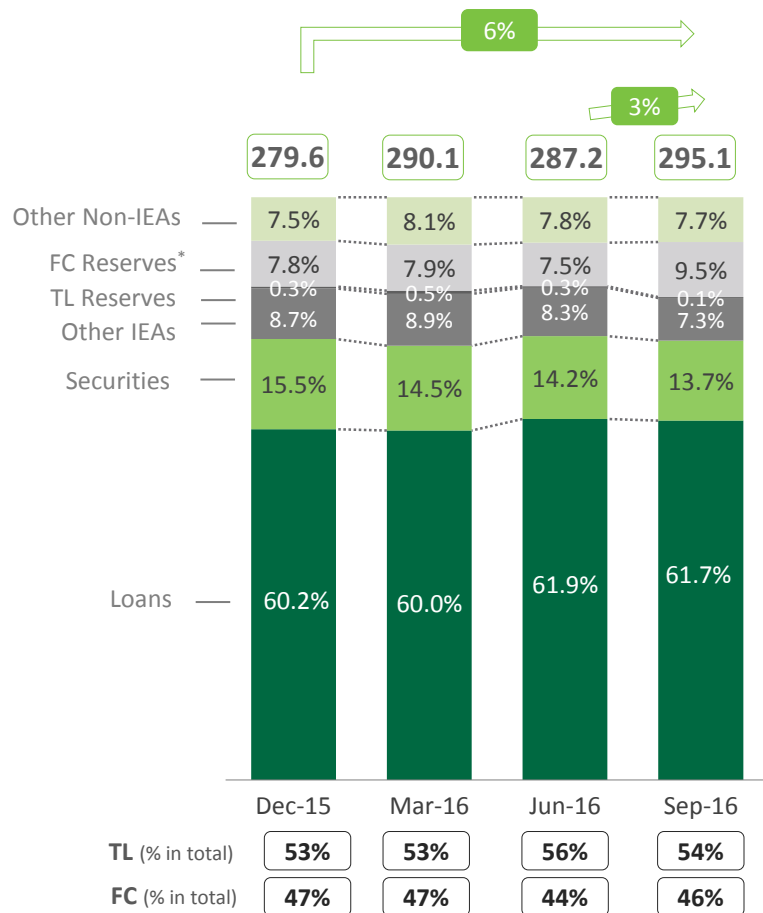
<i>(TL million)</i>	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	YtD Change
Cash & Banks ¹	27,334	20,387	24,826	22,324	20,639	1%
Reserve Requirements	21,967	21,286	21,178	18,888	24,879	17%
Securities	44,861	46,495	45,781	44,767	44,710	-4%
Performing Loans	172,028	170,408	176,229	180,233	184,633	8%
Fixed Assets & Subsidiaries	2,269	4,126	4,162	4,190	4,494	9%
Other	17,900	16,944	17,877	16,846	15,776	-7%
TOTAL ASSETS	286,359	279,647	290,054	287,248	295,130	6%
Deposits	165,659	156,134	164,567	170,623	167,160	7%
Repos & Interbank	14,611	16,568	17,741	7,566	18,678	13%
Bonds Issued	16,295	15,512	16,282	15,897	15,027	-3%
Funds Borrowed ²	40,005	39,520	36,656	37,696	38,702	-2%
Other	21,477	20,710	22,932	22,165	20,838	1%
SHE	28,313	31,204	31,876	33,301	34,725	11%
TOTAL LIABILITIES & SHE	286,359	279,647	290,054	287,248	295,130	6%

1 Includes banks, interbank, other financial institutions

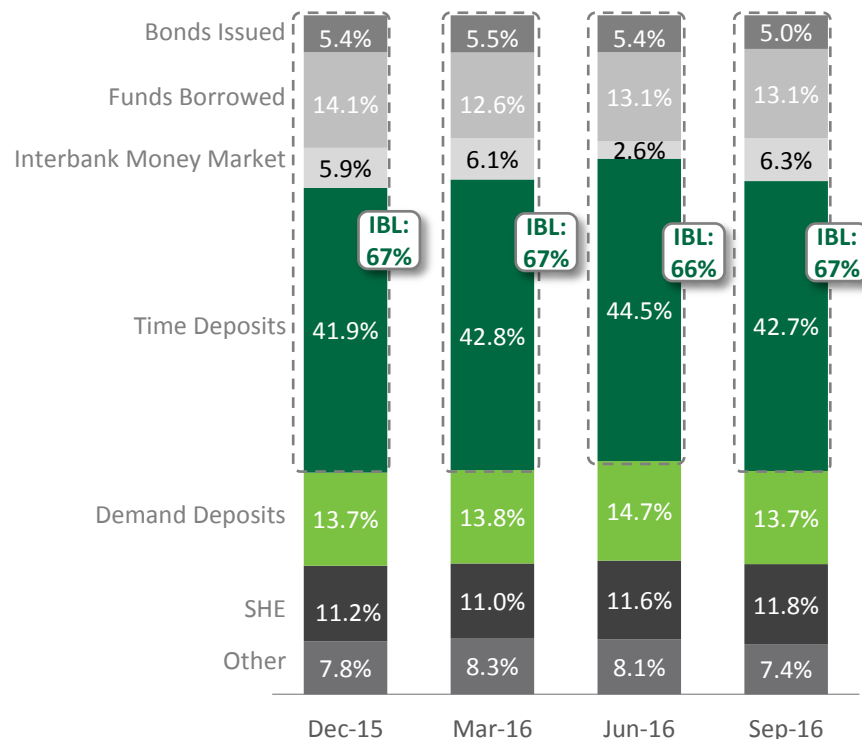
2 Includes funds borrowed and sub-debt

Composition of Assets and Liabilities

Composition of Assets¹ (% TL billion)



Composition of Liabilities

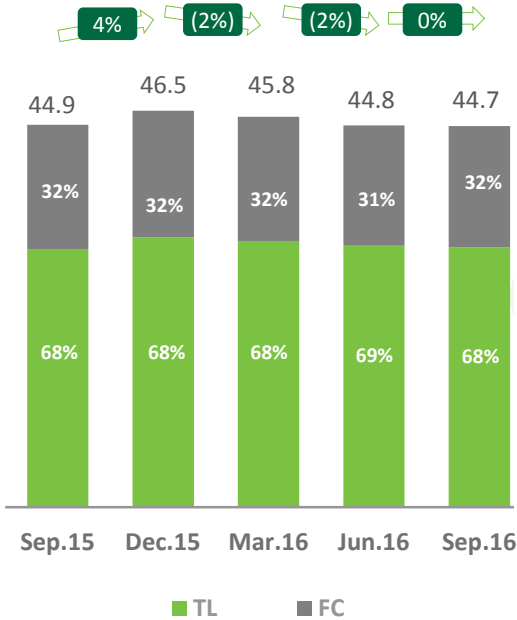


¹ Accrued interest on B/S items are shown in non-IEAs

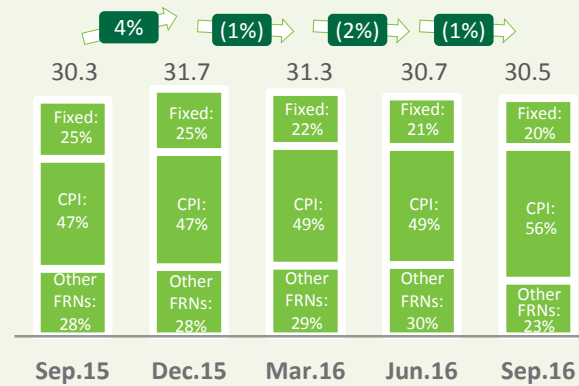
* CBRT started remunerating TL reserves in 1Q15 & FC reserves in 2Q15. However, the rate introduced on FC reserves is quite symbolic, generating non-material income as opposed to its large share in the asset mix. Therefore, FC reserves considered as non-IEAs also for 2015&9M16

Securities portfolio remains as hedge against volatility

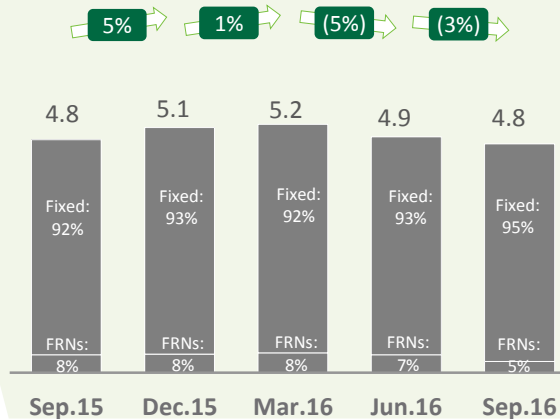
Total Securities (TL billion)



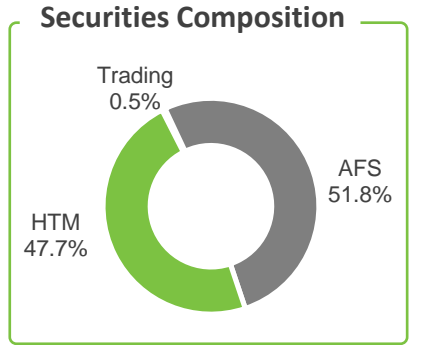
TL Securities (TL billion)



FC Securities (US\$ billion)



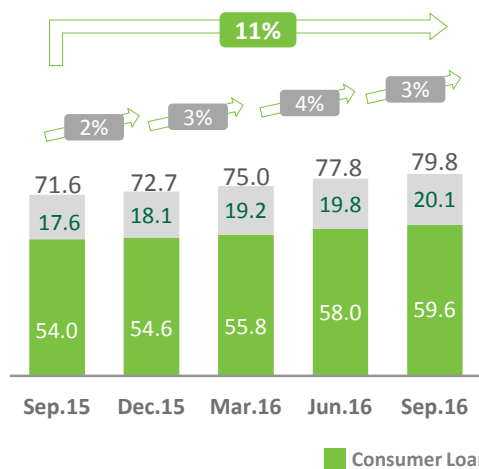
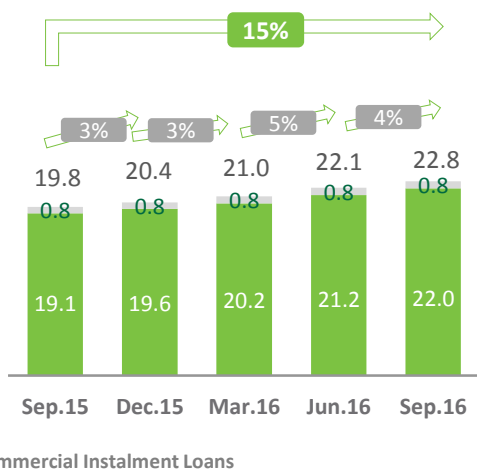
Securities¹/Assets:
14%
hovering at its lowest level



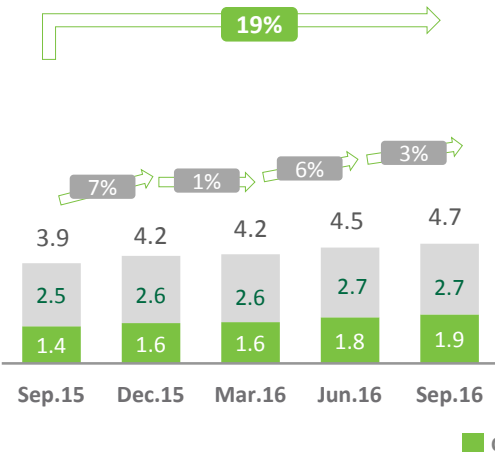
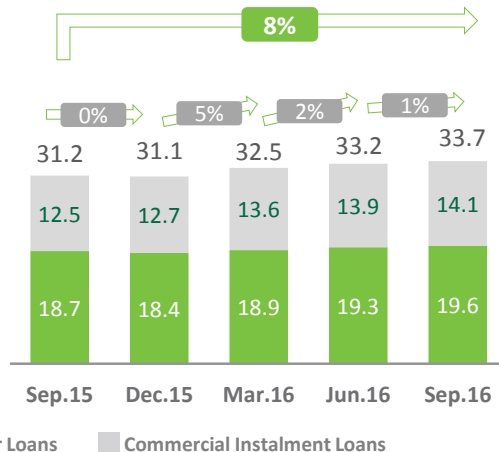
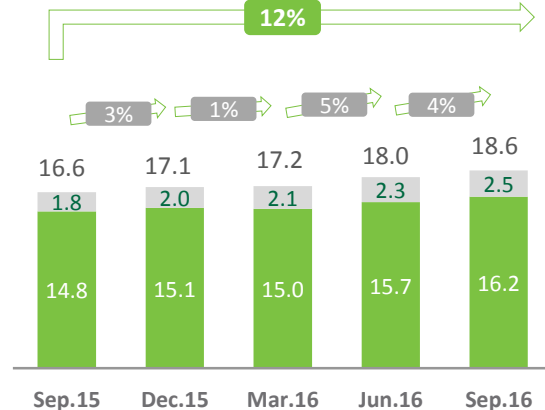
Unrealized MtM loss (pre-tax)
~TL182mn loss as of September-end vs.
~TL 166mn loss as of June-end;
~TL367mn loss in March-end;
~TL 645mn loss in YE15.

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

Healthy market share gains sustained across all retail products

Retail Loans¹ (TL billion)

Mortgage Loans (TL billion)

Market Shares

	Sep'16	QoQ	YtD	Rank
Consumer Loans	14.8%	+7bps	+49bps	#1
Cons. Mortgage	14.7%	+4bps	+37bps	#1
Cons. Auto	33.9%	+271bps	+684bps	#1
GPLs	9.2%	+3bps	+48bps	#2
Corporate CCs	13.8%	+33bps	+140bps	#2
# of CC customers	15.1% ³	+34bps	+64bps	#1 ³
Issuing Vol.	20.2% ³	+9bps	+94bps	#1 ³
Acquiring Vol.	20.9% ³	-2bps	+30bps	#1 ³

Auto Loans (TL billion)

General Purpose Loans² (TL billion)

Credit Card Balances (TL billion)


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

² Including other loans and overdrafts

³ As of September 2016, as per Interbank Card Center data.

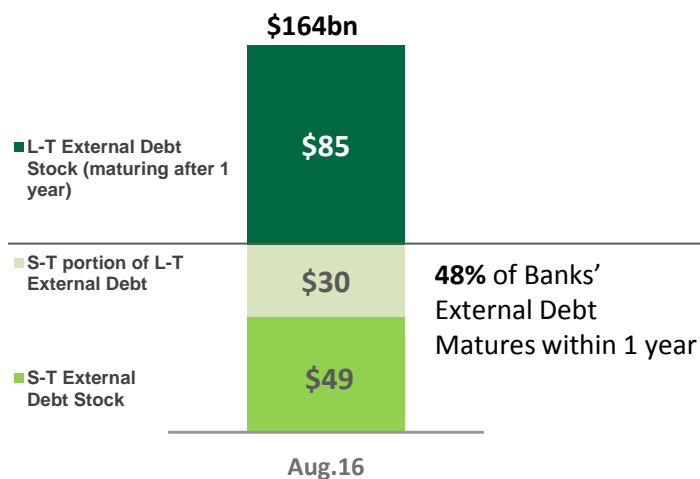
Note: (i) Sector figures used in market share calculations are based on bank-only BRSA weekly data as of 30 .09.2016, commercial banks only (ii) Rankings are as of June 2016, among private banks. unless otherwise stated

External debt -- Private Banks have sufficient buffer even in a worst case scenario

Total External Debt

As of August 2016 (USD bln)	S-T External Debt Stock	S-T portion of L-T External Debt	Total Ext. Debt Maturing within 1 year	L-T External Debt Stock (maturing after 1 year)	TOTAL EXTERNAL DEBT
Real Sector	36.8	15.3	52.1	58.7	110.9
Private Banks*	49.1	30.0	79.2	84.9	164.0
Financial Inst. Except Banks	2.3	6.6	8.9	12.3	21.2
Public Sector	17.0	10.6	27.6	95.4	123.0
Total	105.2	62.6	167.8	251.3	419.1

Private Banks' Total External Debt*



Note that, *syndicated loans make up ~22% of \$79bn external debt maturing within 1 year*

Sector's ST Liabilities hedged via;

FC reserves under ROC	~34bn\$
MM Placements	~11bn\$
ST swaps <i>(inc. CBRT depo facility)</i>	~21bn\$
Unencumbered FC sec.	~7bn\$
TOTAL:	~74bn\$

~9% of sector's assets

Normalized Net Income

<i>TL Million</i>	1Q16	2Q16	3Q16	9M16
Net Income	1,057	1,548	1,335	3,940
<i>Provision reversal due to collateral re-assessment</i>	-80	0	0	-80
<i>Extra provisions related to collateral re-assessment</i>	122	0	20	142
<i>Provisions imposed by NBR to Romanian banking sector</i>	0	96	0	96
<i>Visa sale gain</i>	0	-251	0	-251
<i>Income from NPL sale</i>	-26	-17	-8	-50
<i>Gains from asset sale</i>	0	-14	0	-14
<i>Provision reversal from Miles&Smiles</i>	0	-51	0	-51
<i>Free provision</i>	0	0	100	100
<i>Fee rebates</i>	60	52	30	142
Normalized Net Income	1,134	1,362	1,476	3,973

Summary P&L

TL Million	9M 15	9M 16	Δ YoY	2Q 16	3Q 16	Δ QoQ
(+) NII excl. income on CPI linkers & inc. Swap costs	5,793	6,902	19%	2,263	2,549	13%
(+) NII excl. inc. on CPI linkers	6,402	7,720	21%	2,637	2,727	3%
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(-) General Provisions	-544	-169	-69%	-76	-18	-76%
(+) Collections excl. the effect of collateral re-assessment	460	426	-7%	133	109	-18%
(+) Free prov. Reversal assigned to shipping file	0	130	n.m	130	0	n.m
(-) OPEX	-4,834	-5,003	3%	-1,677	-1,637	-2%
= CORE OPERATING INCOME	1,946	2,897	49%	919	1,171	27%
(+) Income on CPI linkers	936	1,269	36%	413	446	8%
(+) Net Trading & FX gains/losses	96	157	63%	83	60	-28%
(+) Dividend Income	5	9	68%	9	0	-100%
(+) Other income	628	767	22%	331	214	-36%
(+) NPL sale income	27	63	133%	21	10	-51%
(+) Provision reversal from Miles&Miles	0	64	n.m	64	0	n.m
(+) Gains from asset sale	0	18	n.m	18	0	n.m
(+) Provision reversal of tax penalty paid	81	0	n.m	0	0	n.m
(+) Other	521	622	n.m	229	203	n.m
(+) Visa sale	0	279	n.m	279	0	n.m
(+) Provision reversal due to collateral re-assessment	0	100	n.m	0	0	n.m
(-) Extra provisions related to collateral re-assessment	0	-178	n.m	0	-25	n.m
(-) Provisions imposed by NBR to Romanian banking sector	0	-96	n.m	-96	0	n.m
(-) Taxation and other provisions	-954	-1,265	n.m	-390	-532	n.m
(-) Free Provision	-35	-100	n.m	0	-100	n.m
(-) Other Provision	-98	-176	n.m	-45	-69	n.m
(-) Taxation	-821	-989	n.m	-345	-363	n.m
= NET INCOME	2,658	3,940	48%	1,548	1,335	-14%

* Includes free provision reversal (TL130mn in 2Q16) assigned to files guided in OP, excludes the net effect of collateral re-assessment (TL78mn in 9M16) and provisions imposed by NBR to Romanian banking sector (TL96mn).

Key financial ratios

	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16
Profitability ratios					
ROAE ¹ (Cumulative)	13.4%	12.8%	14.2%	16.0%	16.1%
ROAA ¹ (Cumulative)	1.4%	1.4%	1.6%	1.8%	1.8%
Cost/Income ²	57.3%	57.6%	54.7%	50.2%	49.0%
Comparable Cost/Income ²	52.5%	53.5%	52.4%	50.5%	48.8%
Quarterly NIM including swap costs	3.7%	4.4%	4.1%	4.3%	4.8%
Cumulative NIM including swap costs	4.0%	4.1%	4.1%	4.2%	4.4%
Liquidity ratios					
Loans/Deposits	103.8%	109.1%	107.1%	105.6%	110.5%
Loans/Deposits adj. with on-balance sheet alternative funding sources	71.6%	73.2%	74.0%	73.3%	76.3%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	124.2%	129.4%	134.6%	131.1%	134.4%
Asset quality ratios					
NPL Ratio	2.8%	3.2%	3.1%	3.1%	3.3%
Coverage	74.6%	76.1%	76.2%	76.4%	76.7%
Solvency ratios					
CAR	12.3%	13.5%	13.6%	14.5%	15.0%
CET-1 Ratio	11.6%	12.9%	13.0%	13.9%	13.9%
Leverage	9.1x	8.0x	8.1x	7.6x	7.5x

¹ Excludes non-recurring items when annualizing Net Income for the last quarter of the year in calculating Return On Average Equity (ROAE) and Return On Average Assets (ROAA)

² Income defined as NII+Net F&C - Provisions + Net Trading Gains/Losses + Other Income+ Income on subsidiaries. In comparable cost/income ratio, income adjusted with NPL sale income, Visa sale income, provision reversal from Miles&Smiles, effect of collateral re-assetment and provisions imposed by NBR to Romanian banking sector. OPEX adjusted with fee rebates

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