

Earnings Presentation



September 30, 2016

BRSA Bank-only Financials

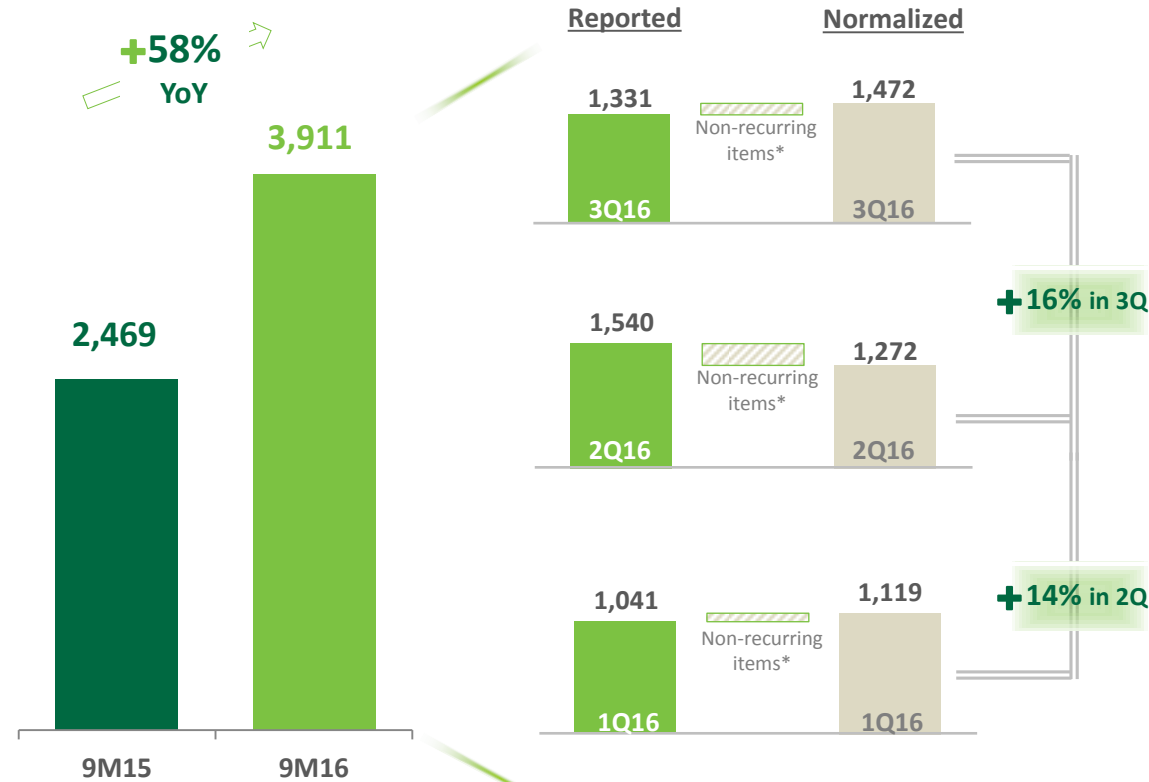
SUSTAINED ROBUST PROFITABILITY...

Net Income:
TL3,911mn

ROAE¹:
16.0%

ROAA¹:
2.0%

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 & Free Provisions. Please see 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:
TL3,911mn

ROAE¹:
16.0%

ROAA¹:
2.0%

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	5,060	6,037	19%	1,966	2,258	15%
	(+) NII excld. inc. on CPI linkers	5,668	6,855	21%	2,340	2,435	4%
	(-) Swap Cost	-609	-818	34%	-374	-178	-53%
(+)	Net Fees & Comm.	2,205	2,340	6%	763	796	4%
(-)	Specific + General provisions net of collections*	-1,019	-1,239	22%	-374	-490	31%
	(-) Specific Prov. excl. the effect of collateral re-assessment	-961	-1,664	73%	-574	-595	4%
	(-) General Provisions	-518	-131	-75%	-63	-5	-92%
	(+) 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	-4,310	-4,345	1%	-1,444	-1,418	-2%
=	CORE OPERATING INCOME	1,935	2,793	44%	911	1,145	26%

* Includes free provision reversal (TL130mn in 2Q16) assigned to files guided in Operating Plan and excludes the net effect of collateral re-assessment (TL78mn in 9M16).

WHAT LIES BENEATH...

Net Income: TL3,911mn	ROAE¹: 16.0%	ROAA¹: 2.0%
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1 Outstanding NIM performance, highest among peers

	Cum. NIM	Cum. NIM inc. Swap Costs		Quarterly NIM	Qtr. NIM inc. Swap Costs
	5.0%	4.5%		5.2%	4.9%
YtD	+35bps	+29bps	QoQ	+16bps	+52bps

2 NPL ratio consistently below sector & comfortable provisioning preserved

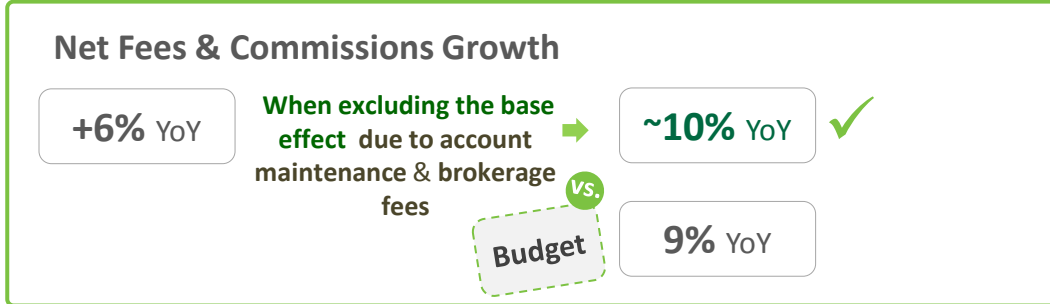
	NPL Ratio	Coverage	Total Cash Coverage	Cumulative Net Total Cost of Risk (Comparable) ²
Garanti	3.0%	80.2%	145%	98bps ✓
Sector's vs.	3.3%	77%		Budget vs. 90-115bps

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) and several files booked as NPL in 3Q (TL146mn) which are not included in the Operating Plan.

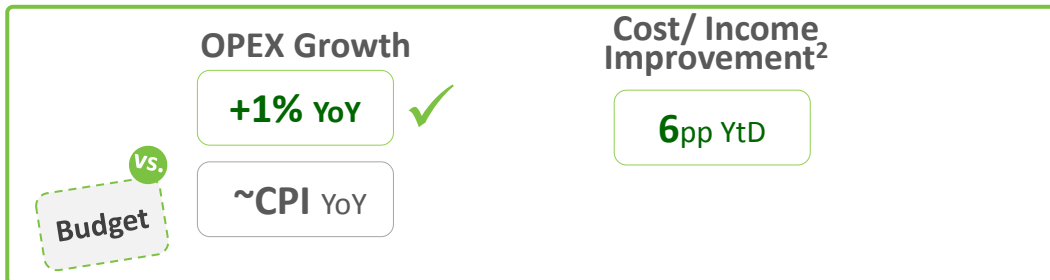
WHAT LIES BENEATH...

Net Income: TL3,911mn | ROAE¹: 16.0% | ROAA¹: 2.0%

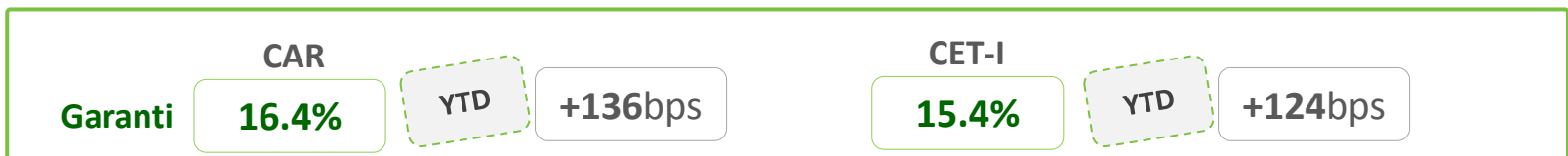
3 Outperformance in diversified fee areas -- highest market share in fees



4 Disciplined cost management & increased efficiencies



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



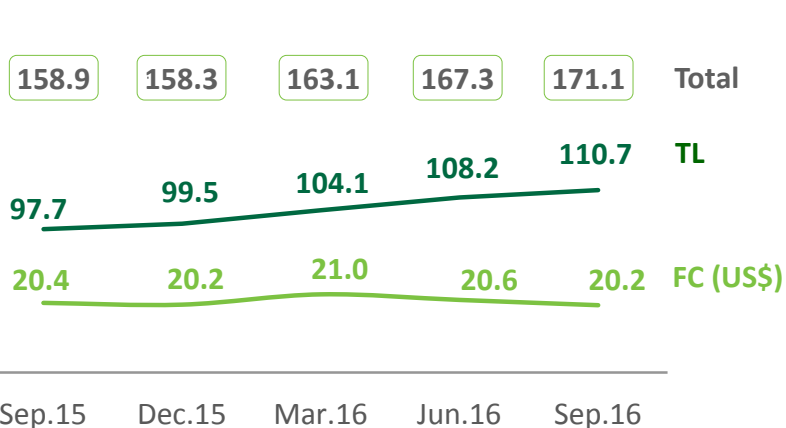
¹ Excludes non-recurring items when annualizing Net Income for the last quarter of the year in calculating Return On Average Equity (ROAE) and Return On Average Assets (ROAA)
² On a comparable basis. Income defined as NII+Net F&C - Provisions + Net Trading Gains/Losses + Other Income+ Income on subsidiaries. Total income adjusted with NPL sale income, Visa sale income, provision reversal from Miles&Smiles, gain from asset sale, effect of collateral re-assessment. 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



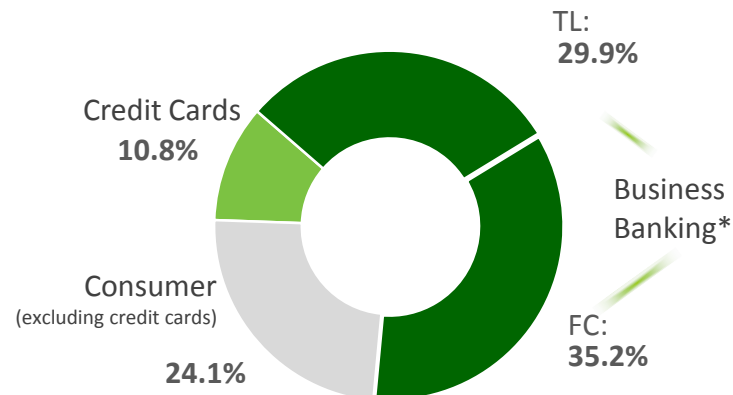
Growth

QoQ: 2%
YTD: 8%

QoQ: 2%
YTD: 11%

QoQ: (2%)
YTD: (0%)

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	8%	4%	2%
FC Business Banking	4%	(2%)	(2%)
Consumer Loans (excl. CCs)	3%	4%	2%
Credit Cards (CC)	1%	5%	4%

¹ Performing cash loans

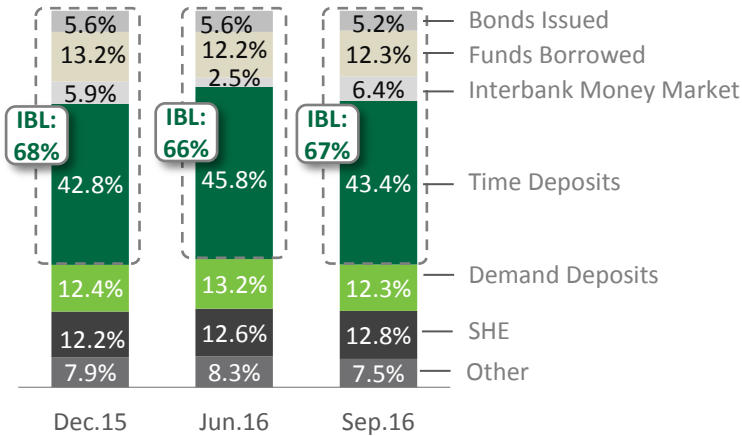
² Per Interbank Card Center data as of September 30, 2016

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

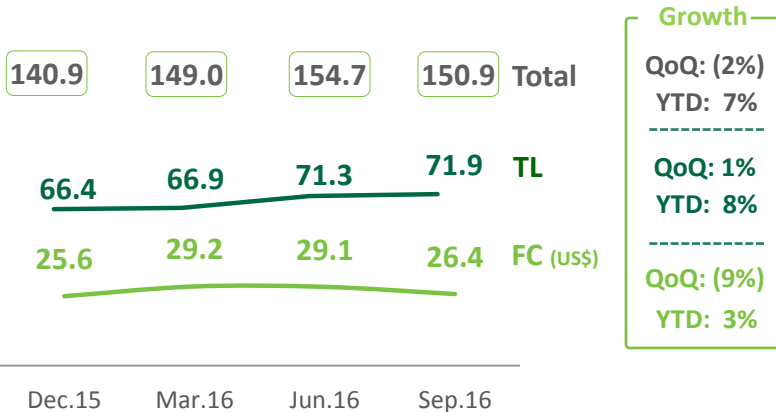
1 Outstanding NIM performance, highest among peers

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 **+ TL326mn** in 3Q alone

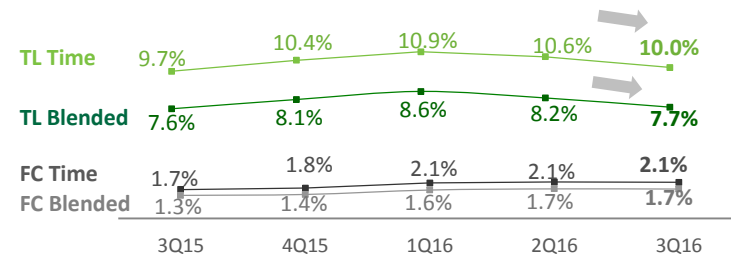
- Below-sector deposit growth²
- Increased utilization of CBRT depo facility @ upper band of interest rate corridor
- Lower swap funding utilization

Maintained high share of sticky & low-cost deposit

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

Zero-Cost Demand Deposits/ Total Deposits **22%** vs. sector's 19%²

Cost of deposits¹ continued to decrease QoQ



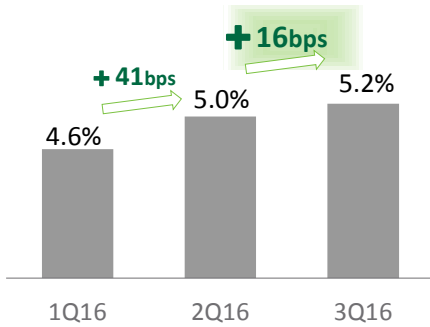
1 Based on bank-only MIS data. Cost of deposits calculated using daily averages.

2 TL deposit growth: 1% vs. sector's 7%. FC deposit growth (US\$): -8% vs. sector's -9%. Sector data is based on BRSA weekly data as of September 30, 2016, commercial banks only.

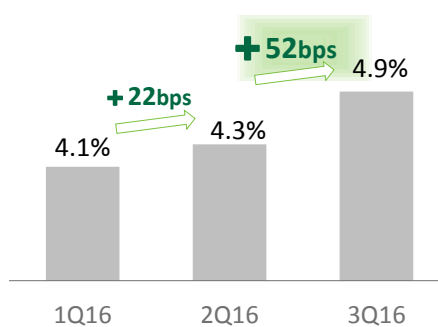
1 Outstanding NIM performance, highest among peers

Quarterly NIM

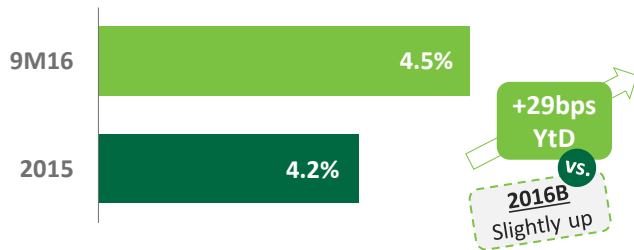
Reported NIM



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

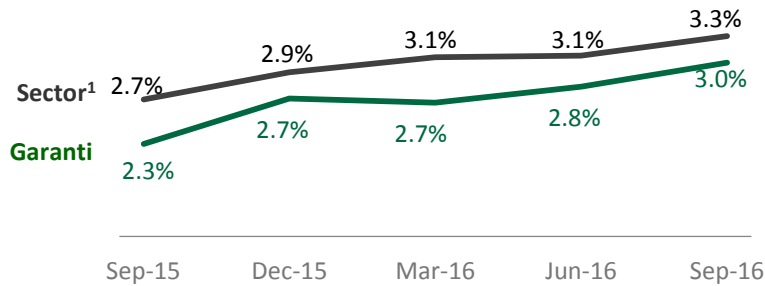
Slightly higher income on CPI linkers QoQ

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

2 NPL ratio consistently below sector &...

Slight deterioration in NPL ratio yet at manageable levels

NPL Ratio

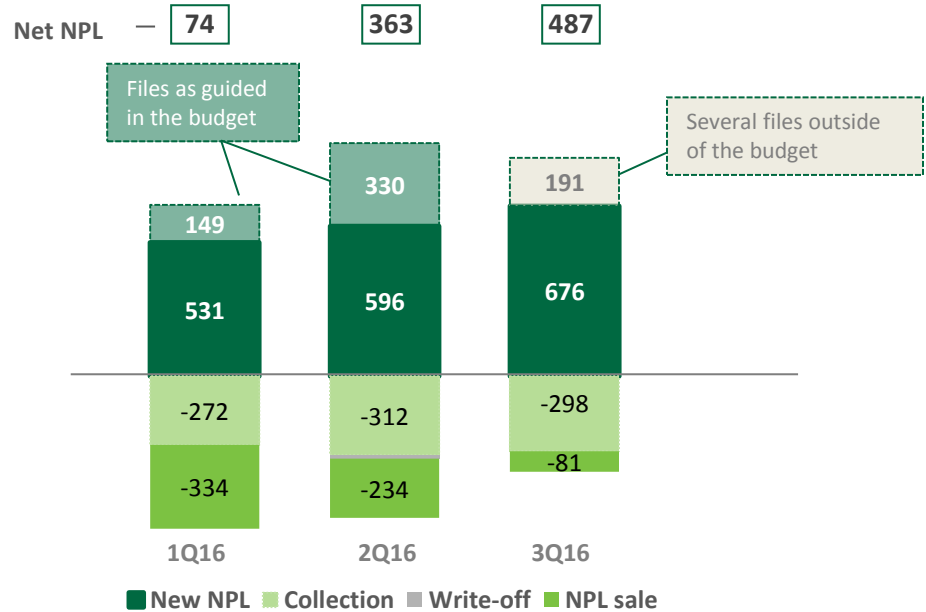


Total Cash Coverage Ratio²: 145%

Specific Coverage Ratio: 80%

vs. sector's¹: 77%

Net Quarterly NPLs (TL million)



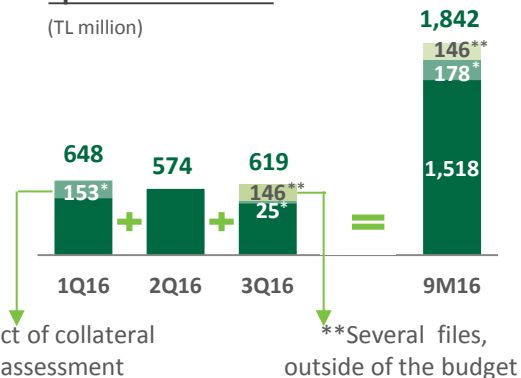
1 Sector figures are per BRSA bank-only weekly data

2 Total cash coverage includes specific, general and free provisions

2 Comfortable provisioning preserved

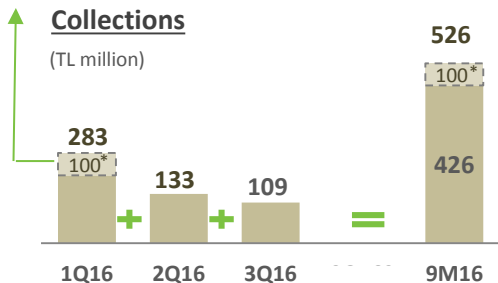
Specific Provisions

(TL million)



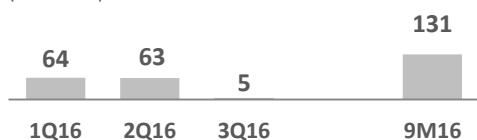
Collections

(TL million)

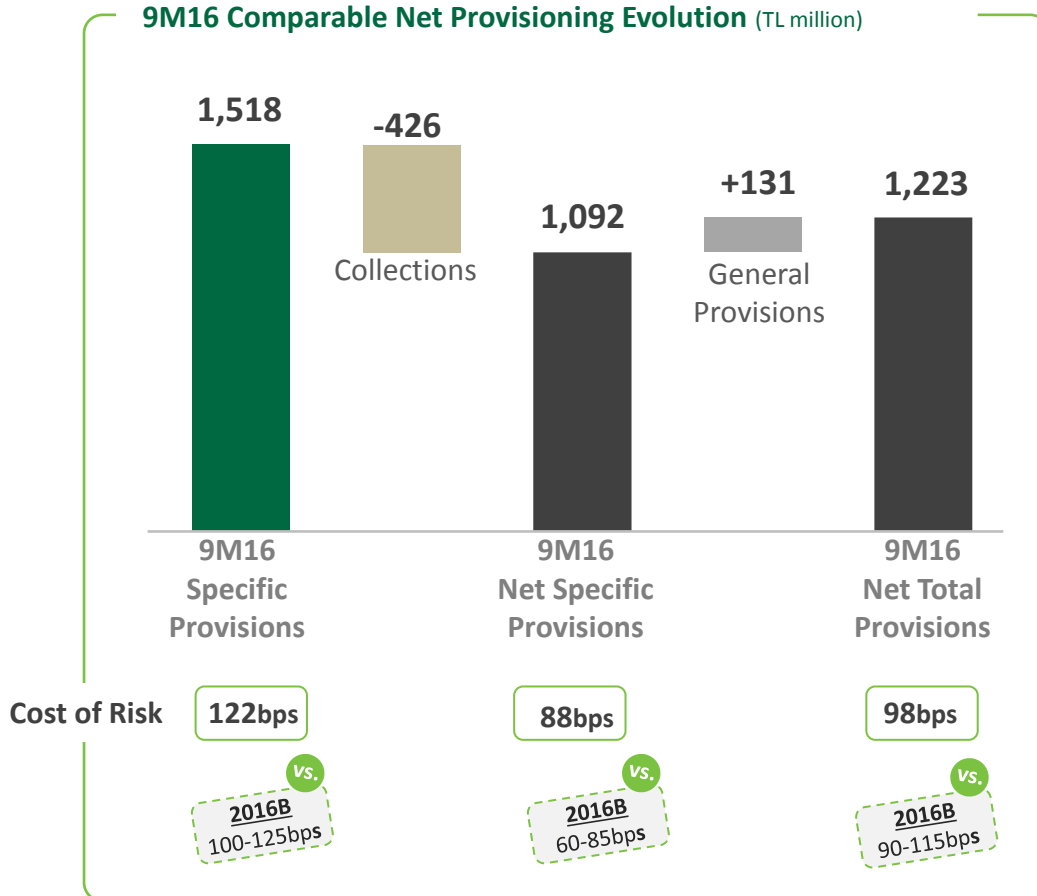


General Provision

(TL million)



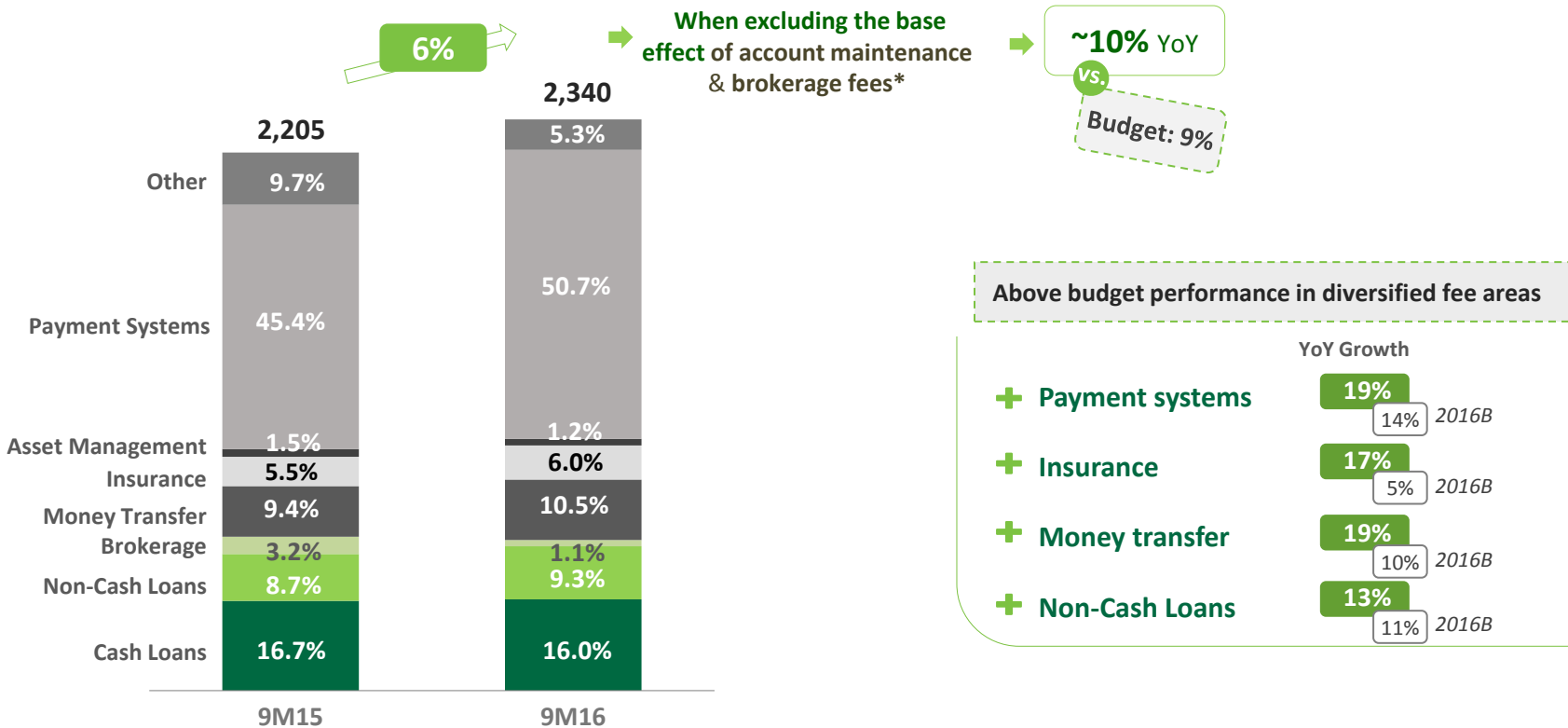
9M16 Comparable Net Provisioning Evolution (TL million)



3 Outperformance in diversified fee areas

Highest market share in fees

Net Fees & Commissions¹ (TL Million)



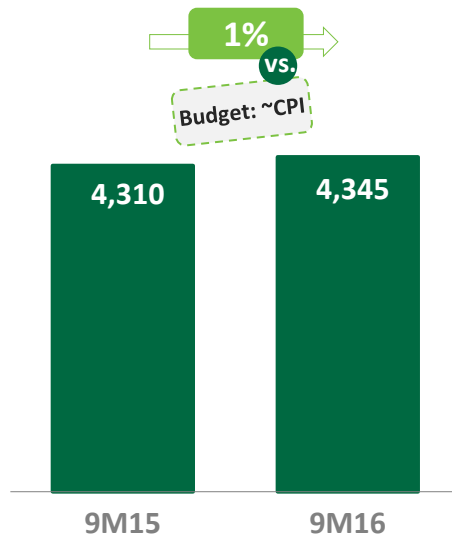
¹ Net Fees and Commissions breakdown is based on bank-only MIS data

*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 9M15 fee base was inflated vs. 9M16

4 Disciplined cost management & increased efficiencies

Operating Expenses (TL million)



OPEX/
Avg. Assets:
2.2%

Cost/Income¹
46.7%
on a comparable
basis

6pp 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-assessment. OPEX adjusted with fee rebates

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

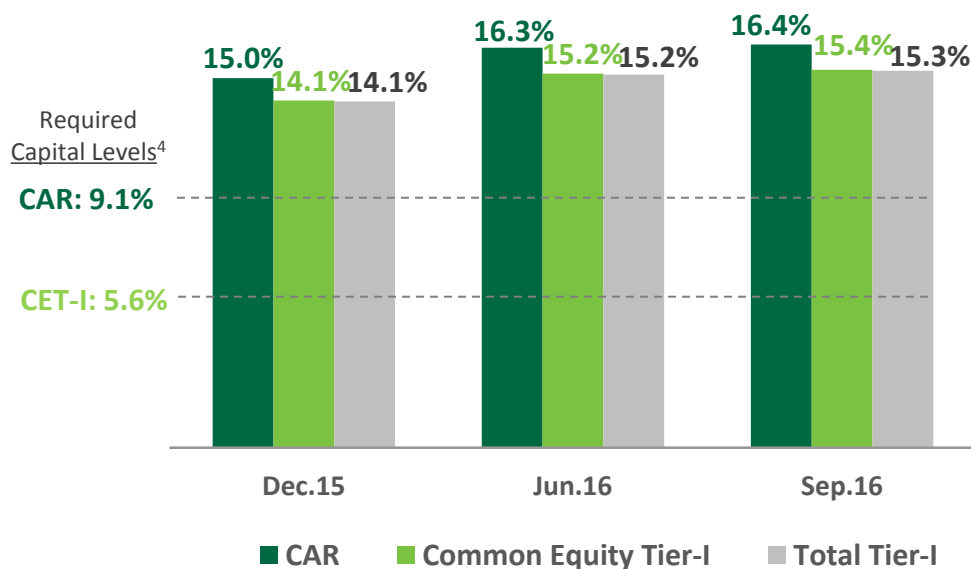
Capital generative growth strategy absorbing adverse effects on capital

Capital Adequacy Ratios

Dividend Payment: **- 26 bps** YtD
 Regulation Impact¹: **+44 bps** YtD
 Currency Impact: **- 16 bps** YtD
 MtM Difference: **+13 bps** YtD

Capital generative growth absorbing adverse effects on capital

- CAR up by 136bps YtD
- CET1 up by 124bps YtD



CET-1 capital share in total: 94%

Leverage ~7x

Highest CET-I ratio³: among peers

vs. Sector's 85%²

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 CAR (9.13%) = 8.0% + SIFI Buffer for Group 3 (0.5%) + Capital Conservation Buffer (0.625%) + Counter Cyclical Buffer (0.008%)

Required CET-I (5.63%) = 4.5% + SIFI Buffer for Group 3 (0.5%) + Capital Conservation Buffer (0.625%) + Counter Cyclical Buffer (0.008%)

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

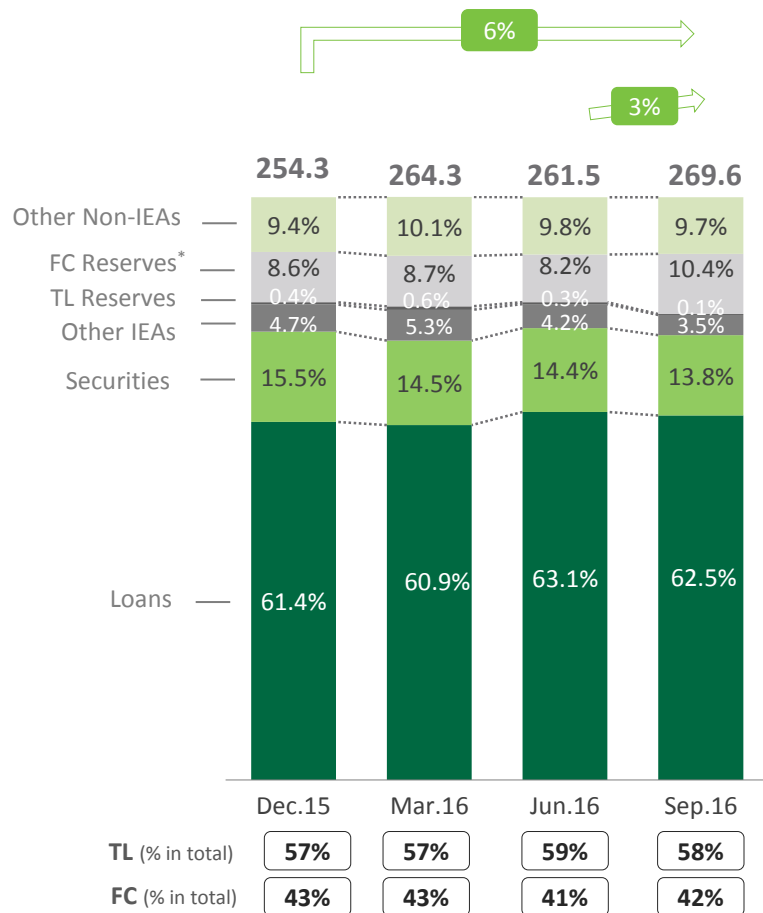
<i>(TL million)</i>	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	YtD Change
Cash & Banks ¹	23,526	15,774	20,397	17,282	15,794	0%
Reserve Requirements	21,967	21,286	21,178	18,888	24,879	17%
Securities	41,147	42,641	41,831	41,413	41,228	-3%
Performing Loans	158,861	158,304	163,131	167,318	171,080	8%
Fixed Assets, Affiliates & Associates	6,354	8,121	8,398	8,547	9,147	13%
Other	8,871	8,217	9,393	8,080	7,510	-9%
TOTAL ASSETS	260,725	254,343	264,330	261,529	269,638	6%
Deposits	149,358	140,899	149,021	154,718	150,937	7%
Repos & Interbank	13,583	15,068	15,756	6,457	17,355	15%
Bonds Issued	15,042	14,199	15,010	14,520	14,127	-1%
Funds Borrowed ²	34,126	33,598	31,026	31,818	33,040	-2%
Other	20,470	19,598	21,877	20,956	19,712	1%
SHE	28,146	30,981	31,640	33,060	34,466	11%
TOTAL LIABILITIES & SHE	260,725	254,343	264,330	261,529	269,638	6%

1 Includes banks, interbank, other financial institutions

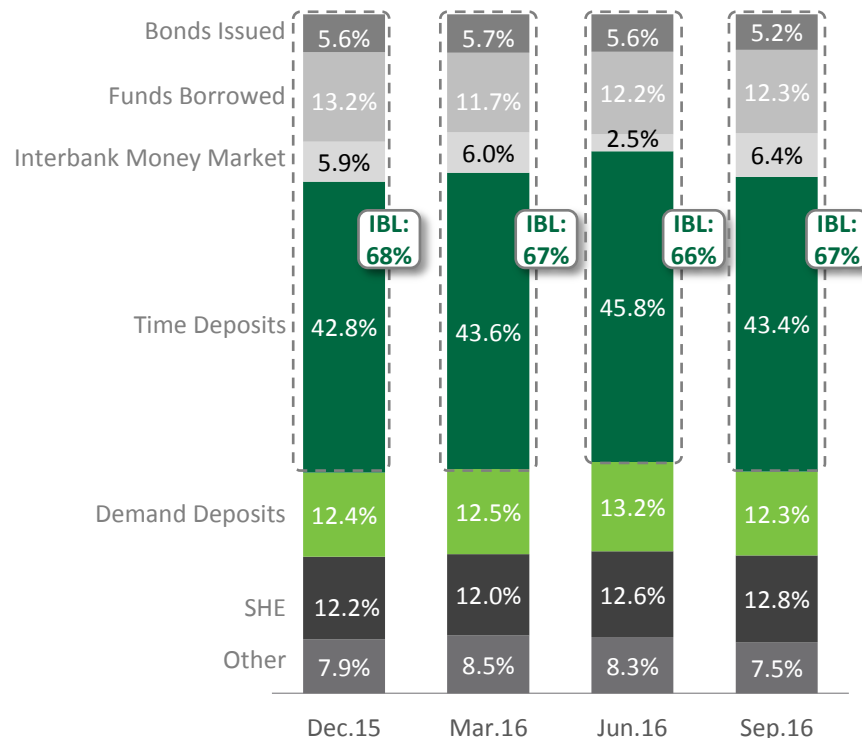
2 Includes funds borrowed and sub-debt

Composition of Assets and Liabilities

Composition of Assets¹ (% TL billion)



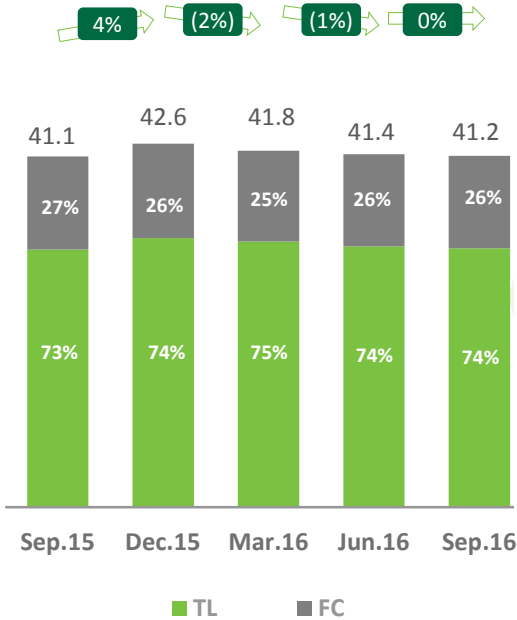
Composition of Liabilities



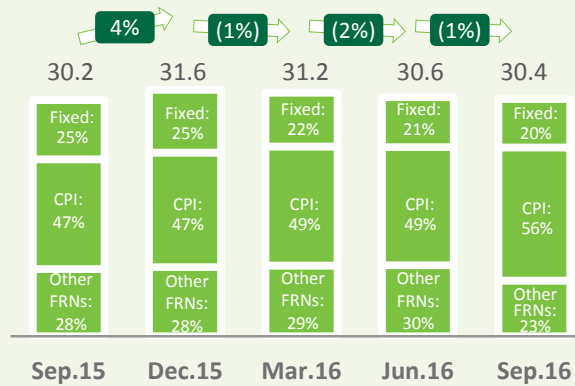
¹ Accrued interest on B/S items are shown in non-IEAs
 * CBRT started remunerating TL reserves in 1Q15 & FC reserves in 2Q15. However, the rate introduced on FC reserves is quite symbolic, generating non-material income as opposed to its large share in the asset mix. Therefore, FC reserves considered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

Securities portfolio remains as hedge against volatility

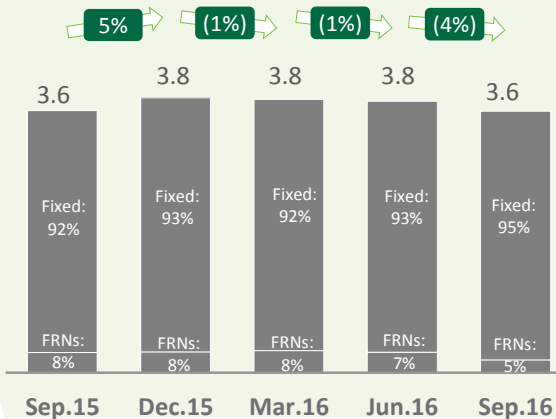
Total Securities (TL billion)



TL Securities (TL billion)

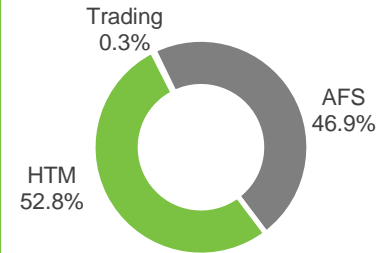


FC Securities (US\$ billion)



Securities¹/Assets:
14%
hovering at its
lowest level

Securities Composition

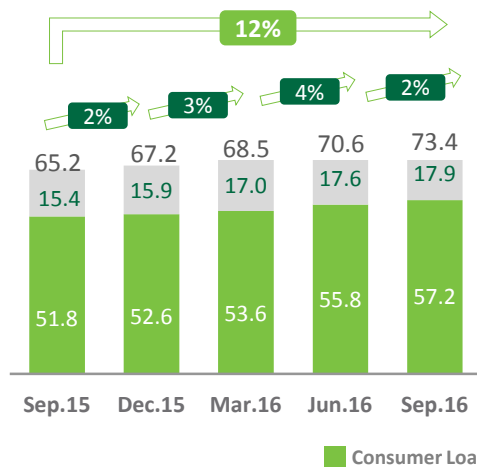
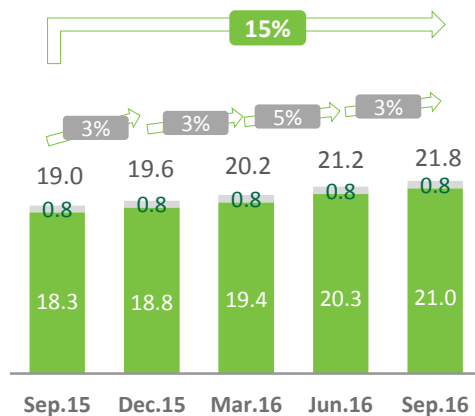


Unrealized MtM loss (pre-tax)

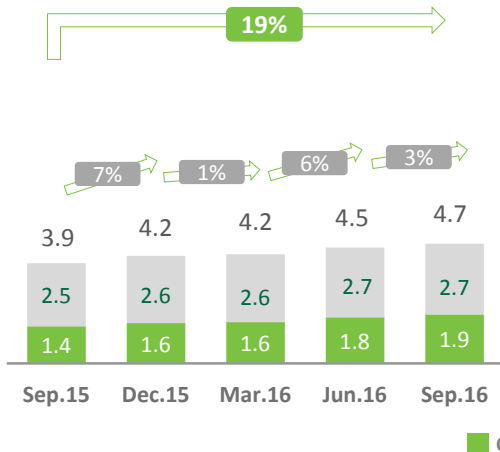
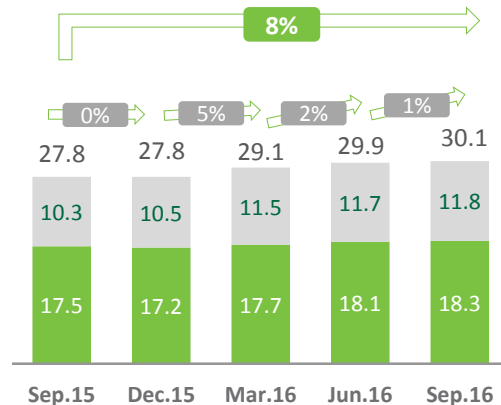
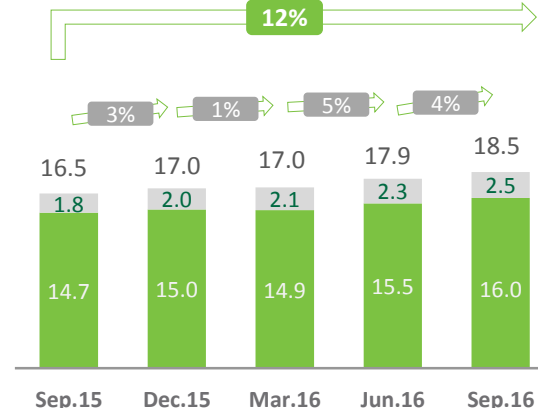
~TL 249mn loss as of September-end vs.
~TL 175mn loss as of June-end,
~TL355mn loss in March-end,
~TL 545mn loss in YE15.

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

Healthy market share gains 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.

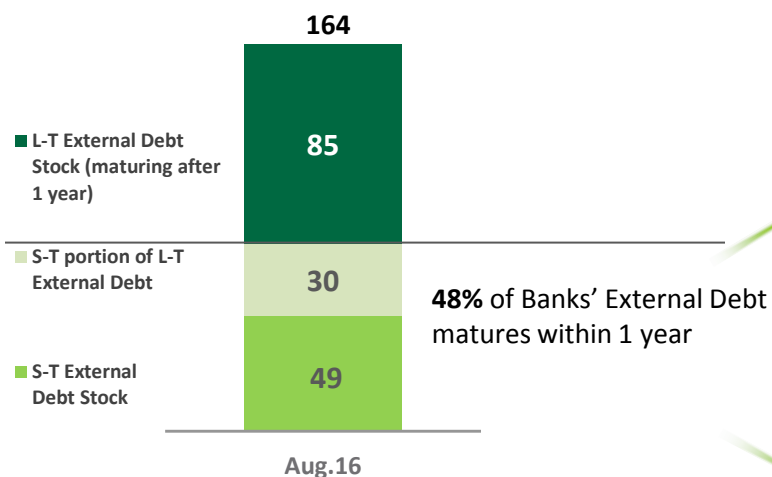
Note: (i) Sector figures used in market share calculations are based on bank-only BRSA weekly data as of 30.09.2016, commercial banks only
 (ii) Rankings are as of June 2016, among private banks. unless otherwise stated

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

Total External Debt (US\$ billion)

As of August 2016 (USD bln)	Short-Term External Debt Stock	Short-Term portion of Long-Term External Debt	Total External Debt (maturing within 1 year)	Long-Term 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* (US\$ billion)



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
S-T 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	1,041	1,540	1,331	3,911
<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>Visa sale gain</i>	0	-238	0	238
<i>Income from NPL sale</i>	-24	-16	-8	49
<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	1,119	1,272	1,472	3,863

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	5,060	6,037	19%	1,966	2,258	15%
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(+) 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	-4,310	-4,345	1%	-1,444	-1,418	-2%
= CORE OPERATING INCOME	1,935	2,793	44%	911	1,145	26%
(+) Income on CPI linkers	936	1,269	36%	413	446	8%
(+) Net Trading & FX gains/losses	-115	155	-235%	67	70	5%
(+) Income on subsidiaries	319	340	7%	71	126	77%
(+) Other income	186	239	28%	138	36	-74%
(+) NPL sale income	16	61	281%	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	90	95	n.m	36	26	n.m
(+) Visa sale	0	265	n.m	265	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
(-) Taxation and other provisions	-793	-1,073	n.m	-326	-469	n.m
(-) Free Provision	-35	-100	n.m	0	-100	n.m
(-) Other Provision	-87	-83	n.m	-7	-40	n.m
(-) Taxation	-706	-890	n.m	-319	-329	n.m
= NET INCOME	2,469	3,911	58%	1,540	1,331	-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)

Key financial ratios

	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16
Profitability Ratios					
ROAE (Cumulative) ¹	12.5%	12.1%	14.1%	15.7%	16.0%
ROAA (Cumulative) ¹	1.5%	1.4%	1.7%	1.9%	2.0%
Cost/Income	56.9%	57.0%	52.9%	47.9%	46.6%
Comparable Cost/Income ²	51.6%	52.5%	50.4%	48.8%	46.7%
Quarterly NIM incl. Swap costs	3.7%	4.4%	4.1%	4.3%	4.9%
Cumulative NIM incl. Swap costs	4.1%	4.2%	4.1%	4.2%	4.5%
Liquidity Ratios					
Loans/Deposits	106.4%	112.4%	109.5%	108.1%	113.3%
Loans/Deposits adj. with on-balance sheet alternative funding sources	72.8%	75.0%	75.1%	74.5%	77.7%
TL Loans / (TL Deposits + TL Bonds + Merchant Payables)	123.7%	129.7%	132.7%	129.0%	132.4%
Asset Quality Ratios					
NPL Ratio	2.3%	2.7%	2.7%	2.8%	3.0%
Coverage Ratio	80.9%	81.0%	80.8%	79.3%	80.2%
Solvency Ratios					
CAR	13.8%	15.0%	15.1%	16.3%	16.4%
Tier I Ratio	12.9%	14.1%	14.3%	15.2%	15.4%
Leverage	8.3x	7.2x	7.4x	6.9x	6.8x

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. Total income adjusted with NPL sale income, Visa sale income, provision reversal from Miles&Smiles, effect of collateral re-assessment. OPEX adjusted with fee rebates

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