

Earnings Presentation

September 30, 2016

IFRS Financials



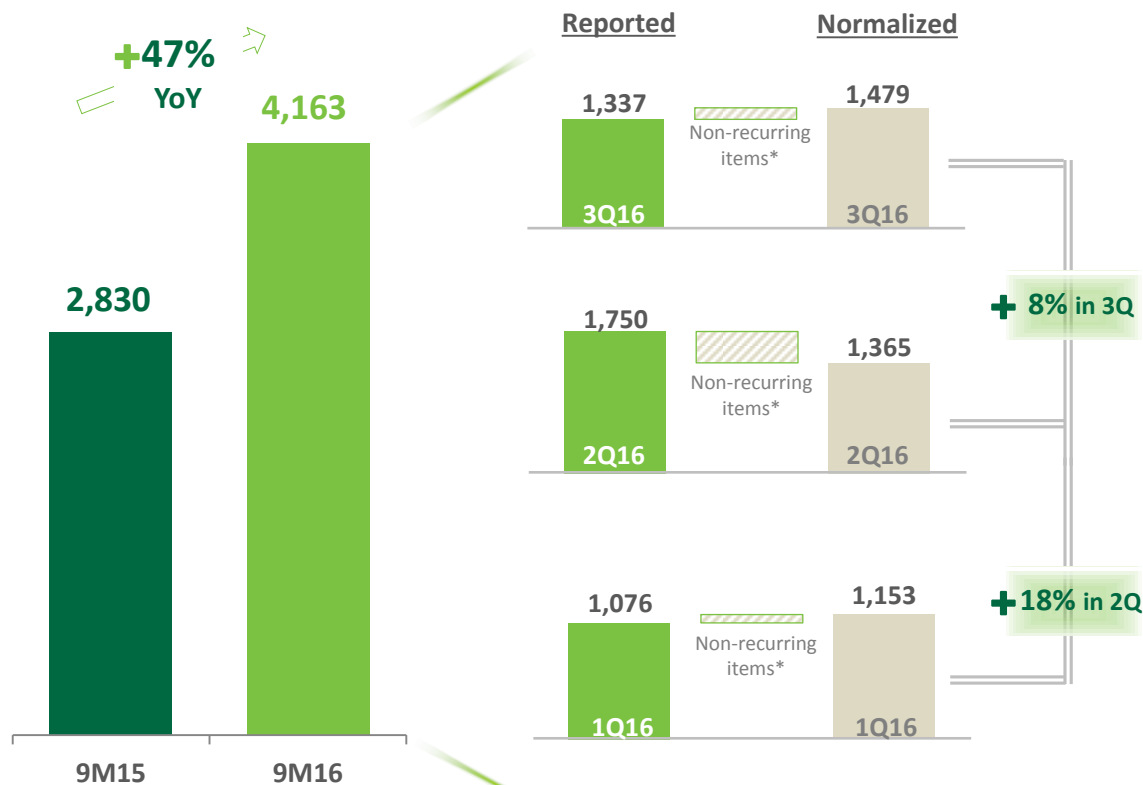
SUSTAINED ROBUST PROFITABILITY...

Net Income:
TL4,163mn

ROAE¹:
16.3%

ROAA¹:
1.9%

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 sale, Visa sale income, gains on asset sale, fee rebates, provision reversal from Miles&Smiles, provisions imposed by NBR to Romanian banking sector, provision reversal (post-tax: TL200mn) due to revisit of IAS39 parameters and effect of collateral re-assessment. Please see the page 18 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:
TL4,163mn

ROAE¹:
16.3%

ROAA¹:
1.9%

CORE OPERATING INCOME, ONCE AGAIN, DEFINED THE SOLID RESULTS



TL Million	9M15	9M16	ΔYoY	2Q16	3Q16	ΔQoQ
(+) NII ² excld. inc. on CPI linkers	5.591	6.733	20%	2.189	2.520	15%
(+) Net Fees & Comm.	2.018	2.341	16%	759	808	7%
(-) Provisions for loans and other credit risks, net*	-1.159	-1.506	30%	-500	-576	15%
(-) Specific provisions - net	-1.159	-1.430	23%	-346	-601	74%
(+) Net impact of Collateral re-assesment	0	78	n.m.	0	25	n.m.
(+) NBR related provisions	0	96	n.m.	96	0	n.m.
(+) Provision reversal due to IAS39 Methodology change	0	-250	n.m.	-250	0	n.m.
(-) OPEX	-4.585	-4.791	4%	-1.551	-1.616	4%
= CORE OPERATING INCOME	1.865	2.777	49%	896	1.136	27%

* Excludes provision reversal (pre-tax: TL250mn) due to revisit of IAS39 parameters, the effect of collateral re-assesment (TL53mn in 1Q16, TL25mn in 3Q16) and provisions imposed by NBR to Romanian banking sector (TL96mn in 2Q16).

WHAT LIES BENEATH...

Net Income: TL4,163 mn	ROAE¹: 16.3%	ROAA¹: 1.9%
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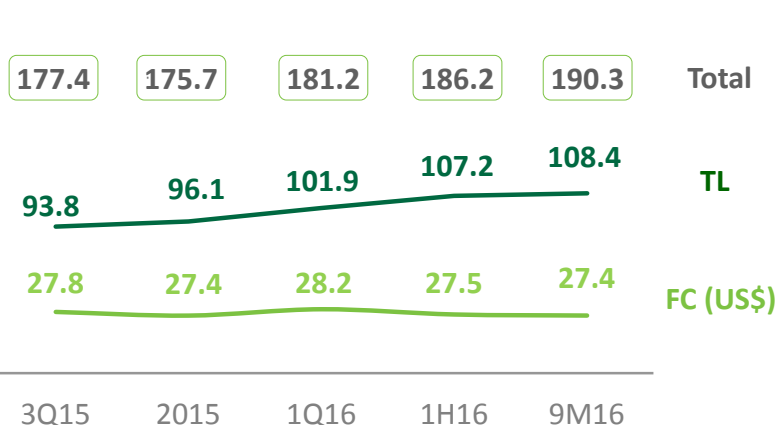
- 1 Outstanding NIM performance, highest among peers
- 2 NPL ratio consistently below sector
- 3 Outperformance in diversified fee areas -- highest market share in fees
- 4 Disciplined cost management & increased efficiencies
- 5 Further strengthened capital -- highest CET-I in the sector

1 Outstanding NIM performance, highest among peers

a. Selective lending growth with primary focus on profitability

Loans to customers (TL, US\$ billion)

65% of Total Assets



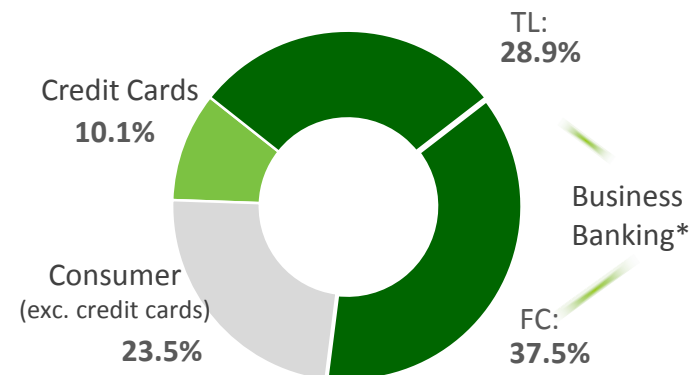
Growth

QoQ: 2%
YTD: 8%

QoQ: 1%
YTD: 13%

QoQ: (1%)
YTD: 0%

Loans to Customers Breakdown¹



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 Loan breakdown is based on BRSA consolidated data, excluding leasing and factoring receivables

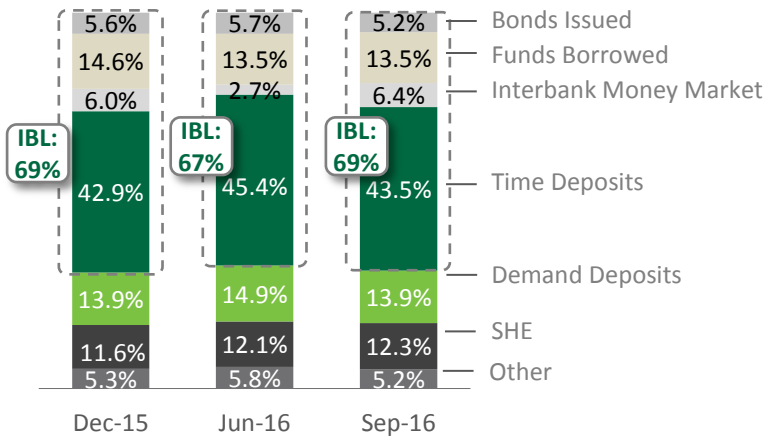
² Per Interbank Card Center data as of September 30, 2016

* Based on BRSA consolidated data, business banking loans represent total loans excluding credit cards and consumer loans

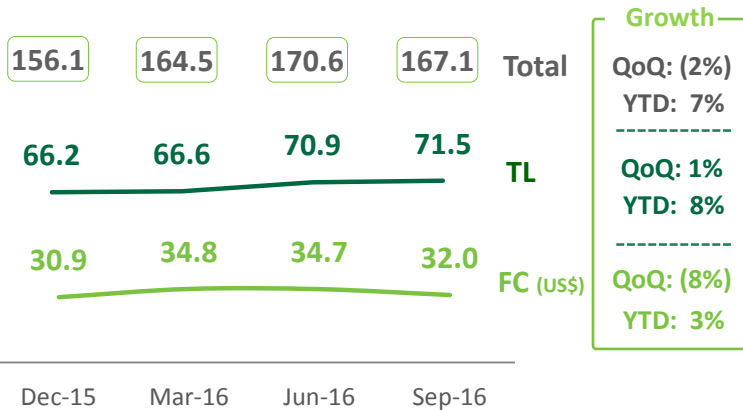
1 Outstanding NIM performance, highest among peers

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 increased by **TL364mn** in 3Q alone

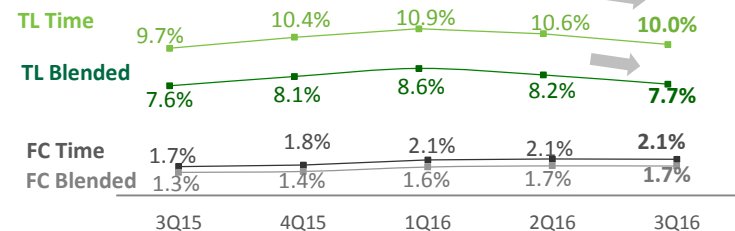
- Below-sector deposit growth²
- Increased utilization of CBRT depo facility @ upper band of interest rate corridor
- Lower swap funding utilization

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

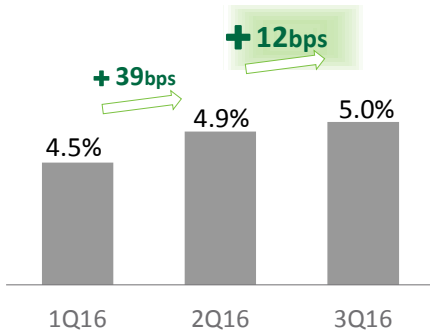


1 Based on bank-only MIS data. Cost of deposits calculated using daily averages.
 2 TL deposit growth: 1% vs. sector's 7%. FC deposit growth (US\$): -8% vs. sector's -9%. Figures are per bank-only financials for fair comparison. Sector data is based on BRSA weekly data as of September 30, 2016, commercial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

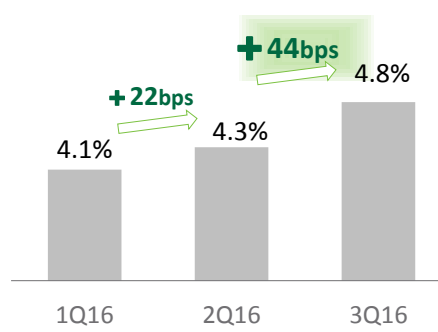
1 Outstanding NIM performance, highest among peers

Quarterly NIM

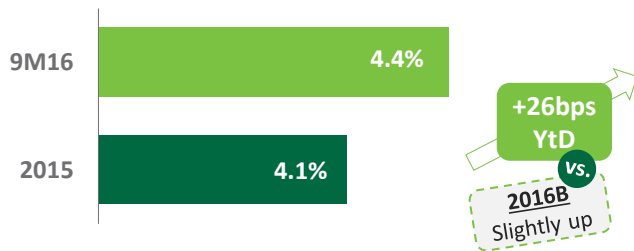
Reported NIM



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

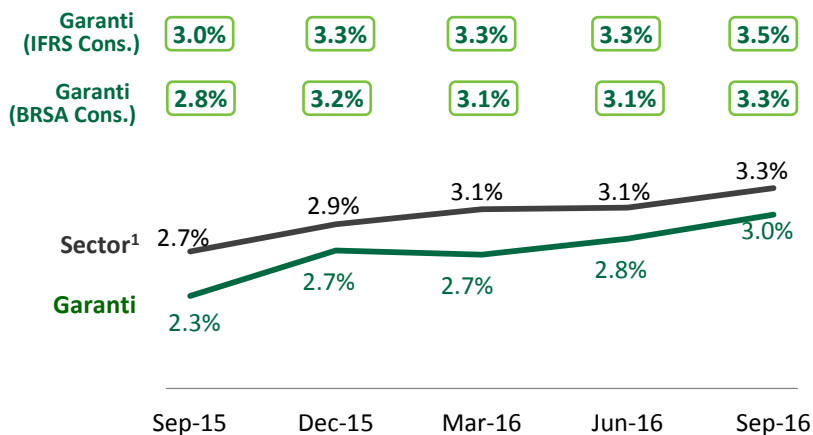
- > New additions to CPI linkers portfolio at attractive rates
- > Expected-inflation based methodology in CPI linkers' valuations

Note: Figures are based on BRSA Consolidated financials, Swap costs are on a bank-only basis

2 NPL ratio consistently below sector

Slight deterioration in NPL ratio yet at manageable levels

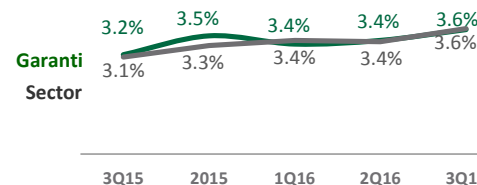
NPL ratio



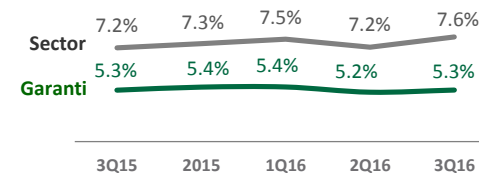
Total Cash Coverage Ratio²: 114%

NPL Breakdown¹

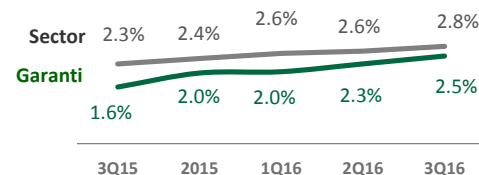
Retail Banking (Consumer & SME Personal) 24% of total loans



Credit Cards 11% of total loans



Business Banking (Including SME Business) 65% of total loans

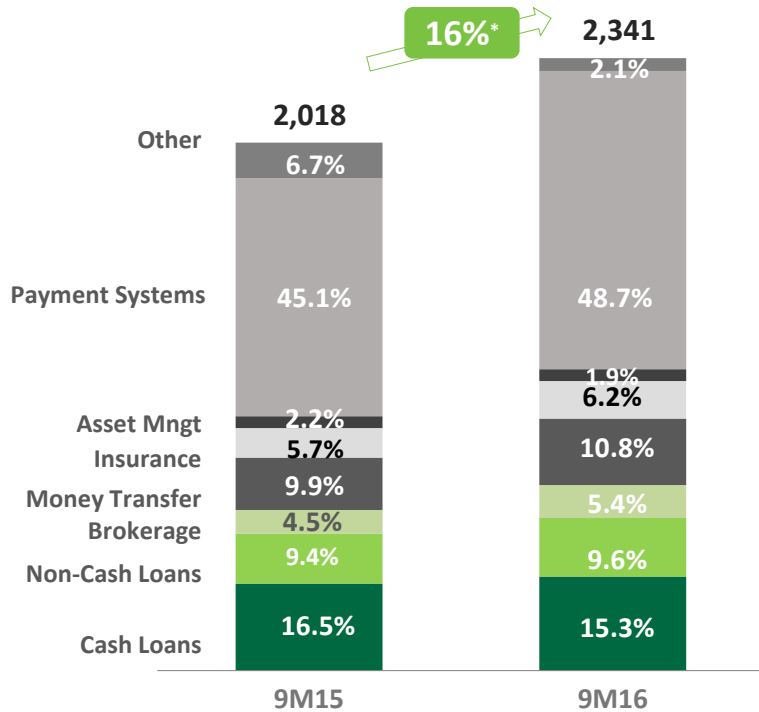


1 NPL ratio for Garanti and sector figures are per BRSA bank-only data for fair comparison. Sector figures are per BRSA bank-only weekly data
2 Total cash coverage includes loan loss provisions and free provisions. Non-performing loans include factoring and leasing receivables

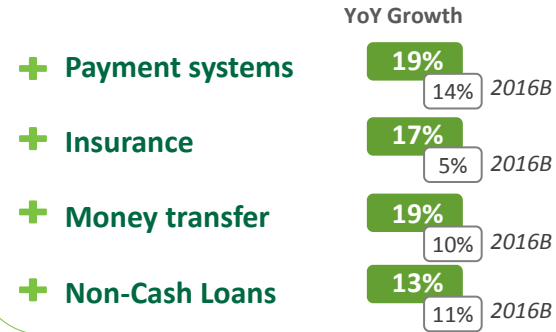
3 Outperformance in diversified fee areas

Highest market share in fees

Net Fees & Commissions¹ (TL Million)



Above budget performance in diversified fee areas

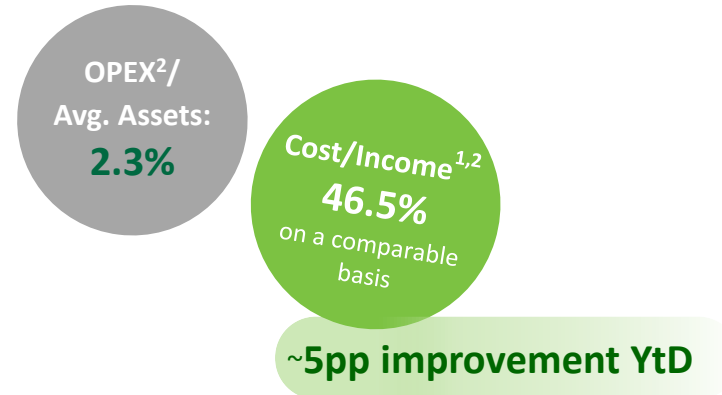
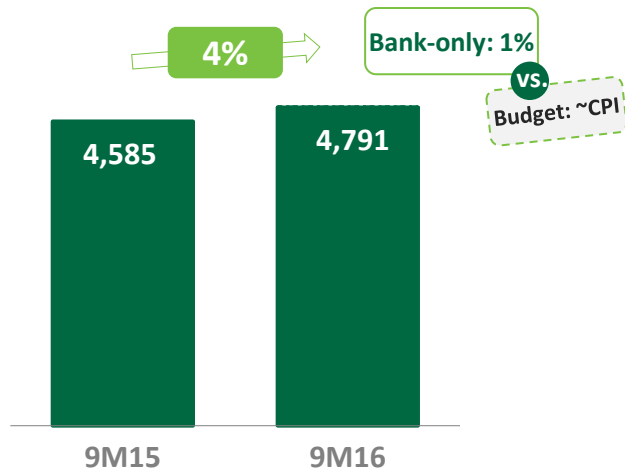


¹ Based on MIS breakdown, including the impact of subsidiaries.

*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)



● 9M15 OPEX base was inflated by administrative fine (TL83mn) in 3Q15

1 Income defined as NII+ Net F&C - Provisions + Net Trading Gains/Losses + Other Income. Total income adjusted with NPL sale income, gain on asset sale, Visa sale income, effect of collateral re-assessment, NBR related extra provisions at GBR, fee rebates and provision reversal (pre-tax: TL250mn) due to revisit of IAS39 parameters. 2 OPEX adjusted with fee rebates (legal expenses) and provision reversal from Miles&Smiles

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

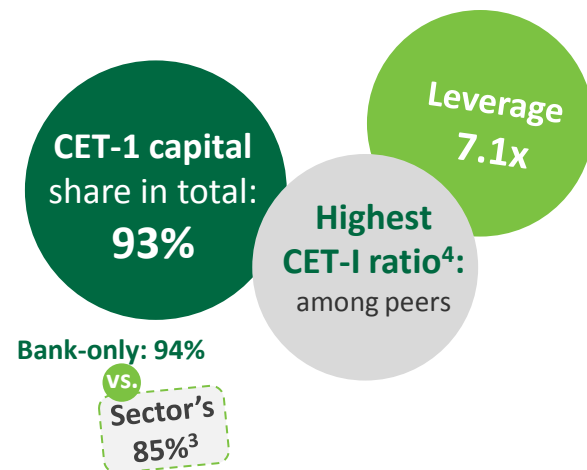
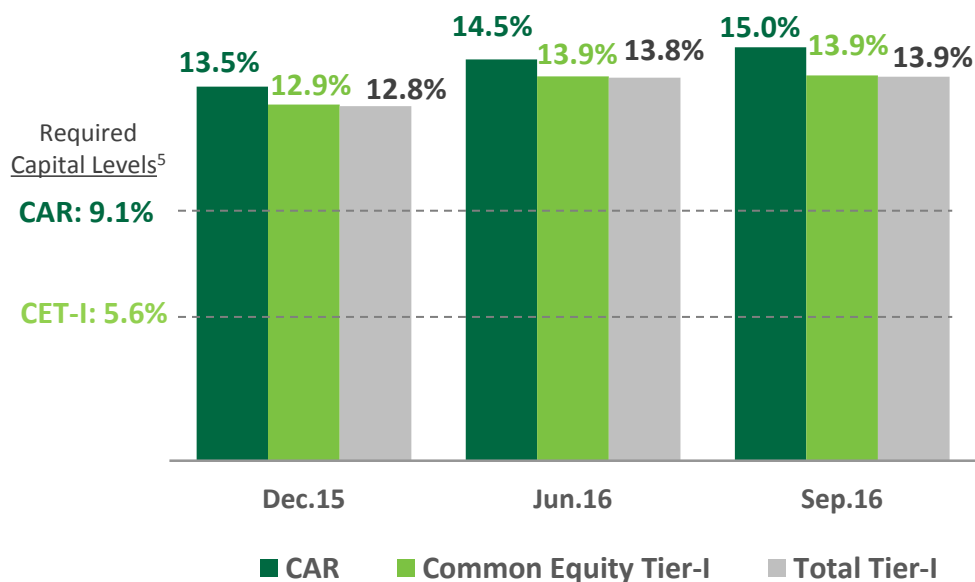
Capital generative growth absorbing adverse effects on capital

Capital Adequacy Ratios¹

- Dividend Payment: **- 23 bps** YtD
- Regulation Impact²: **+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 Based on BRSR consolidated financials ² 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.

³ BRSR monthly data as of Aug2016, for commercial banks only

⁴ Among peers as of June 30, 2016

⁵ 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. 13	Summary Balance Sheet
Pg. 14	Composition of Assets and Liabilities
Pg. 15	Securities portfolio
Pg. 16	Retail Loans
Pg. 17	External Debt
Pg. 18	Normalized Net Income
Pg. 19	Summary P&L

Summary Balance Sheet

<i>(TL million)</i>	Sep.15	Dec.15	Mar.16	Jun.16	Sep.16	YtD Change
Cash & Banks	28,478	21,180	26,885	23,894	29,910	41%
Securities	45,331	46,733	46,829	45,444	45,575	-2%
Loans to Customers	177,418	175,682	181,198	186,224	190,272	8%
Tangible Assets	2,463	4,376	4,397	4,469	4,641	6%
Other	27,987	26,867	25,036	22,975	20,646	-23%
TOTAL ASSETS	281,677	274,838	284,344	283,006	291,043	6%
Deposits from Customers	156,505	149,154	157,831	166,504	164,322	10%
Deposits from Banks	9,136	6,960	6,711	4,092	2,811	-60%
Repo Obligations	14,611	16,568	17,741	7,566	18,678	13%
Bonds Payable	16,295	15,512	16,383	15,997	15,129	-2%
Funds Borrowed	40,633	40,120	37,164	38,232	39,334	-2%
Other	15,430	14,519	15,820	16,288	15,031	4%
SHE	29,066	32,006	32,694	34,326	35,738	12%
TOTAL LIABILITIES & SHE	281,677	274,838	284,344	283,006	291,043	6%

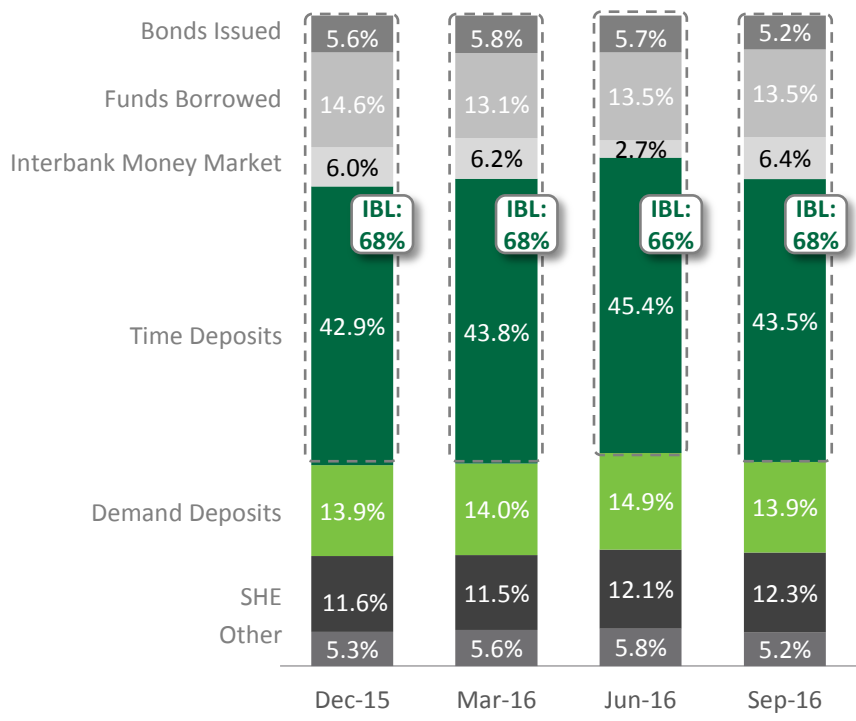
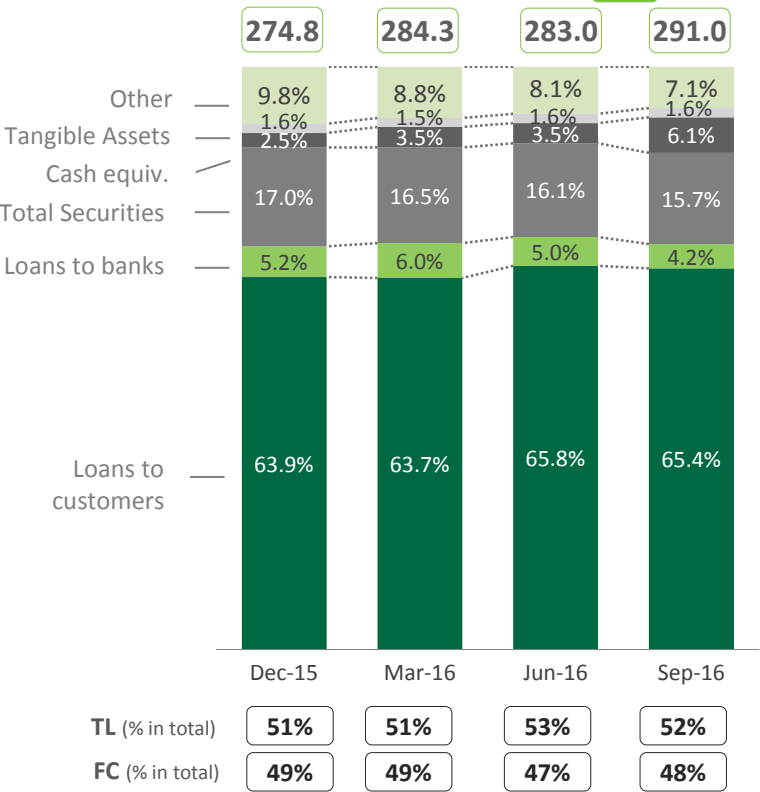
Composition of Assets and Liabilities

Composition of Assets¹ (% , TL billion)

Composition of Liabilities

6%

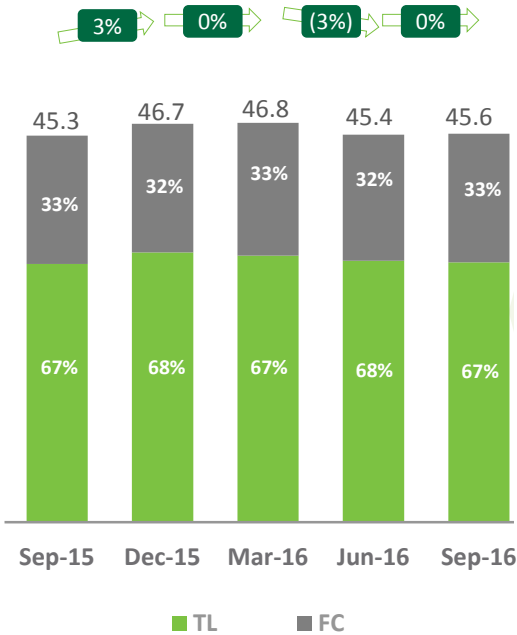
3%



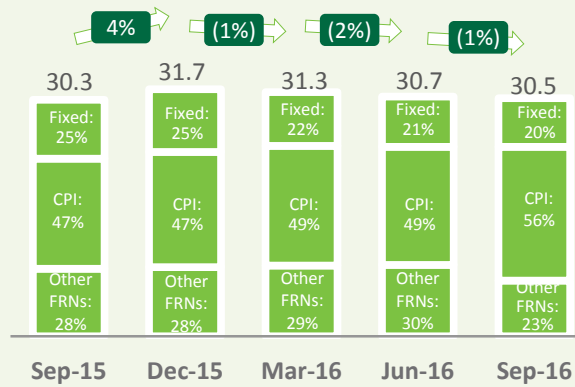
¹ Including accruals

Securities portfolio remains as hedge against volatility

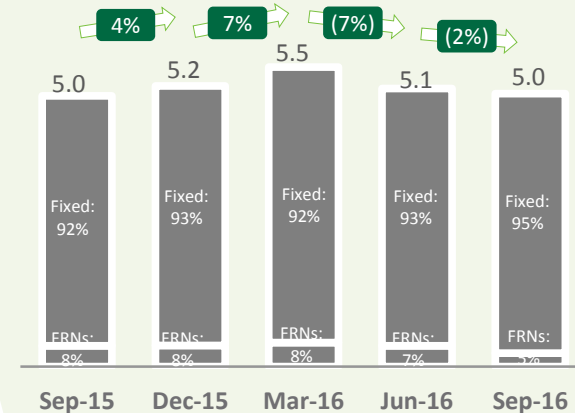
Total Securities (TL billion)



TL Securities (TL billion)

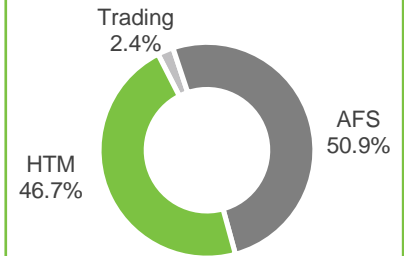


FC Securities (US\$ billion)



Securities/Assets:
16%
hovering at its
lowest level

Securities Composition



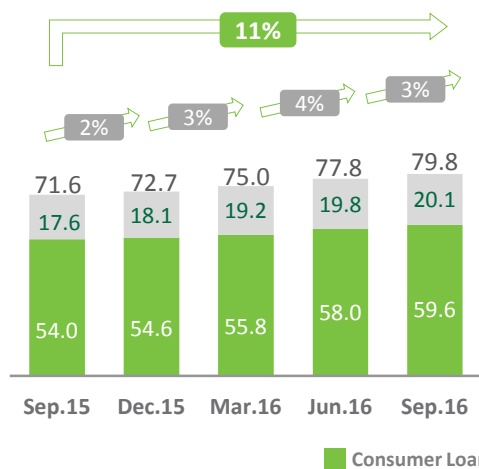
Unrealized MtM loss (pre-tax)

~TL182mn loss as of September-end vs.
~TL 166mn loss as of June-end;
~TL367mn loss in March-end;
~TL 645mn loss in YE15.

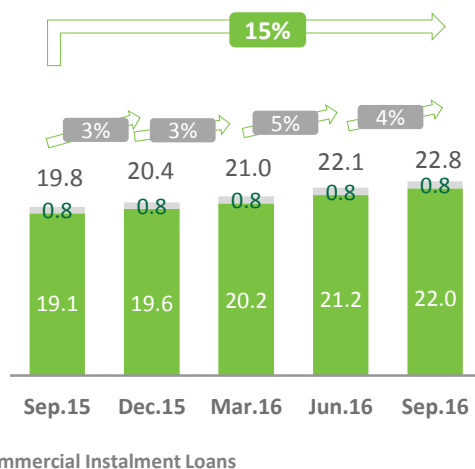
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data.

Healthy market share gains sustained across all retail products

Retail Loans¹ (TL billion)



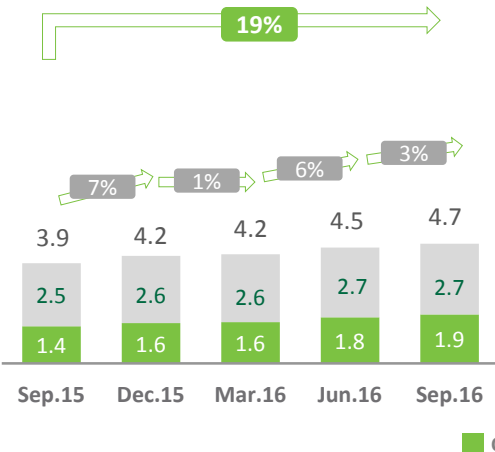
Mortgage Loans (TL billion)



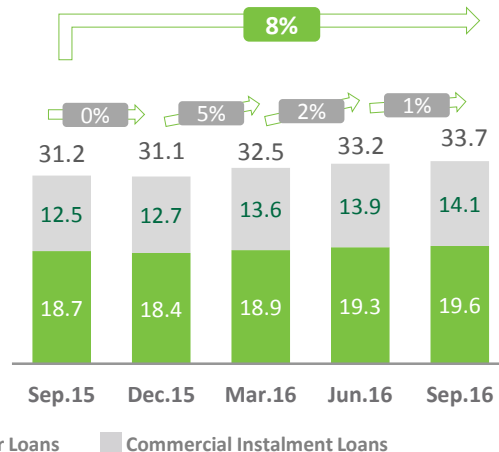
Market Shares

	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

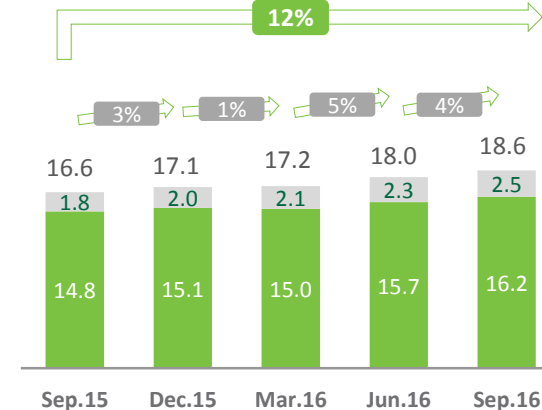
Auto Loans (TL billion)



General Purpose Loans² (TL billion)



Credit Card Balances (TL billion)



Note: Based on BRSA Consolidated financials 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. Other rankings are as of June 2016, based on monthly BRSA data

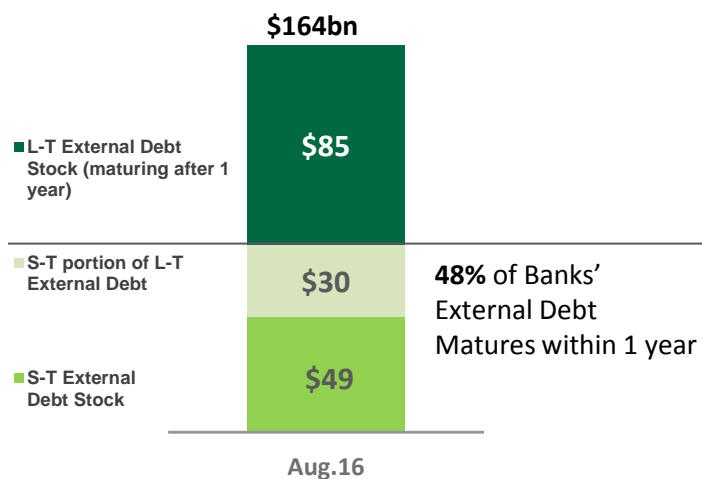
Note: (i) Sector figures used in market share calculations are based on bank-only BRSA weekly data as of September 30, 2016, commercial banks only (ii) Rankings are as of June 2016, among private banks. unless otherwise stated

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 (inc. CBRT depo facility)	~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	1,076	1,750	1,337	4,163
<i>Extra provisions related to collateral re-assessment</i>	42	0	20	62
<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	-51
<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
<i>Provision reversal due to IAS39 Methodology change</i>	0	-200	0	-200
Normalized Net Income	1,153	1,365	1,479	3,997

Summary P&L

TL Million	9M15	9M16	Δ YoY	2Q16	3Q16	Δ QoQ
(+) NII ¹ excld. inc. on CPI linkers	5.591	6.733	20%	2.189	2.520	15%
(+) Net Fees & Comm.	2.018	2.341	16%	759	808	7%
(-) Fee Rebates	-200	-96	-52%	-28	-25	-11%
(+) Comparable Net F&C	2.218	2.437	10%	787	833	6%
(-) Provisions for loans and other credit risks, net (Comparable)	-1.159	-1.506	30%	-500	-576	15%
(-) Specific provisions - net	-1.159	-1.430	23%	-346	-601	74%
(+) Net impact of Collateral re-assesment	0	78	n.m	0	25	n.m
(+) NBR related provisions	0	96	n.m	96	0	n.m
(+) Provision reversal due to IAS39 Methodology change	0	-250	n.m	-250	0	n.m
(-) OPEX	-4.585	-4.791	4%	-1.551	-1.616	4%
(-) Fee Rebates (legal expenses)	-55	-46	-17%	-24	-5	-79%
(+) Provision reversal from Miles&Smiles	0	64	n.m	64	0	n.m
(+) Comparable OPEX	-4.530	-4.809	6%	-1.592	-1.611	1%
= CORE OPERATING INCOME	1.865	2.777	49%	896	1.136	27%
(+) Income on CPI linkers	936	1.269	36%	413	446	8%
(+) Net Trading & FX gains/losses	264	284	8%	142	81	-43%
(+) Other income	562	932	66%	534	192	-64%
(+) NPL sale income	27	63	133%	21	10	n.m
(+) Gain from asset sale	0	18	n.m	18	0	n.m
(+) Visa sale	0	279	n.m	279	0	n.m
(+) Other	535	572	7%	216	182	-16%
(-) Extra provisions related to collateral re-assesment	0	-78	n.m	0	-25	n.m
(-) NBR related extra provisions	0	-96	n.m	-96	0	n.m
(+) Provision reversal due to IAS39 Methodology change	0	250	n.m	250	0	n.m
(-) Taxation and other provisions	-797	-1.175	47%	-388	-494	27%
= NET INCOME	2.830	4.163	47%	1.750	1.337	-24%

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