



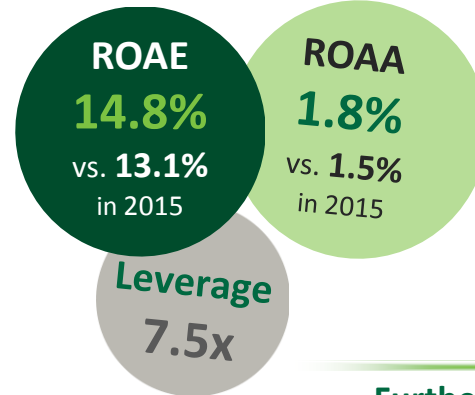
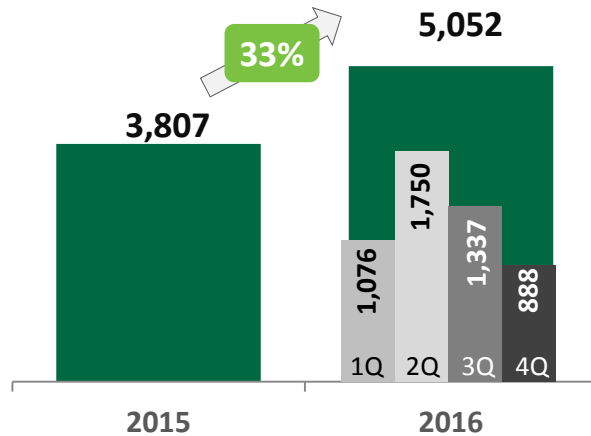
2016

Earnings
Presentation

IFRS Financials
31 December 2016

RECORD HIGH PROFIT

Net Income
(TL million)



Further strengthened
solvency

CAR¹:


14.7%

vs. 13.5% in 2015

TL 300mn free provisions
remain as buffer

Note: Leverage defined as Liabilities/SHE
1 Based on BRSA consolidated financials

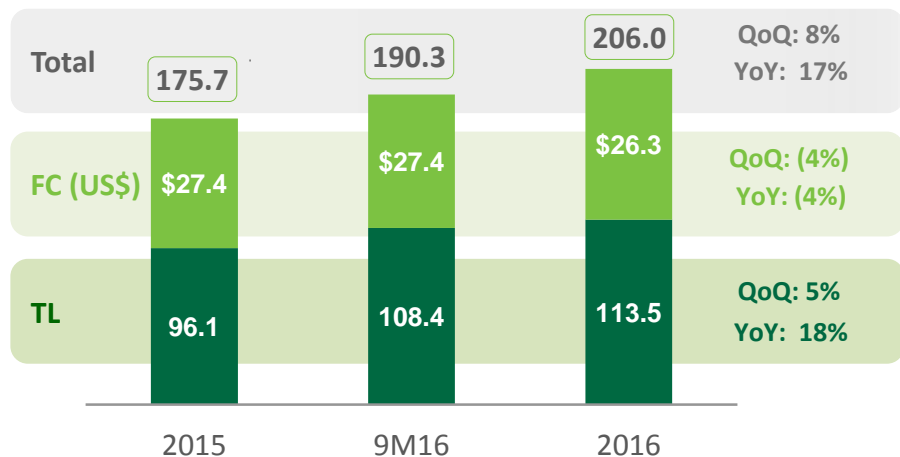
CORE OPERATING INCOME, ONCE AGAIN, DEFINED THE SOLID RESULTS



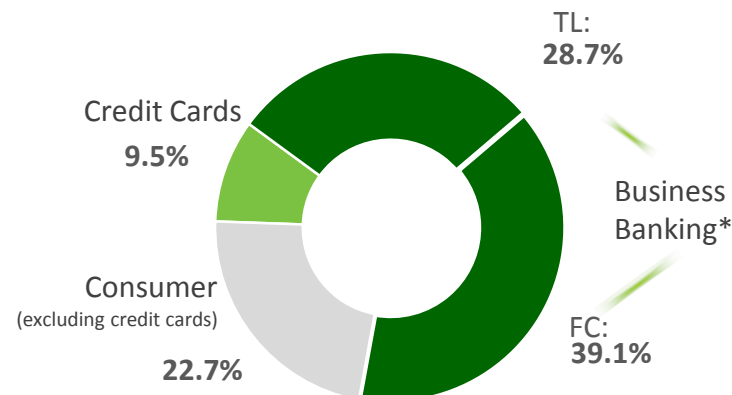
<i>TL Million</i>	12M15	12M16	ΔYoY
(+) NII excld. inc. on CPI linkers	7,603	9,482	25%
(+) Net Fees & Comm.	2,718	3,163	16%
(-) Provisions for loans and other credit risks, net	-1,866	-2,446	31%
(-) OPEX	-6,237	-6,809	9%
= CORE OPERATING INCOME	2,219	3,390	53%

UNINTERRUPTED LENDING GROWTH WITH SUSTAINED FOCUS ON PROFITABILITY

Loans to Customers (TL, US\$ billion)
67% of Total Assets



Loans to Customers Breakdown¹



- **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% YoY¹ vs. sector's 14%³
- **Shrinkage in FC loans** due to redemptions & weak demand for private investments

Growth ¹	QoQ	YoY
Consumer Loans (excl. CCs)	4%	15%
Credit Cards (CCs)	2%	11%
TL Business Banking	8%	25%
FC Business Banking	(4%)	(4%)

¹ Loan breakdown & growth based on BRSA consolidated data, excluding leasing and factoring receivables

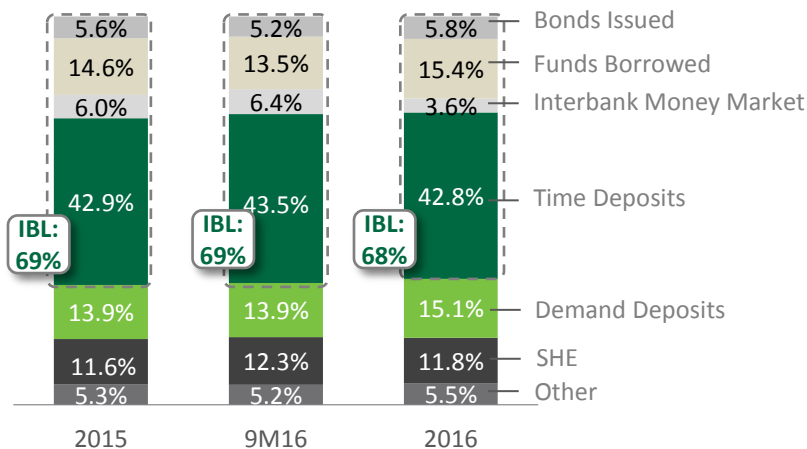
² Per Interbank Card Center data as of December 31, 2016

³ BRSA Weekly Data, for commercial banks as of Dec 30 2016

* Based on BRSA consolidated data, 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

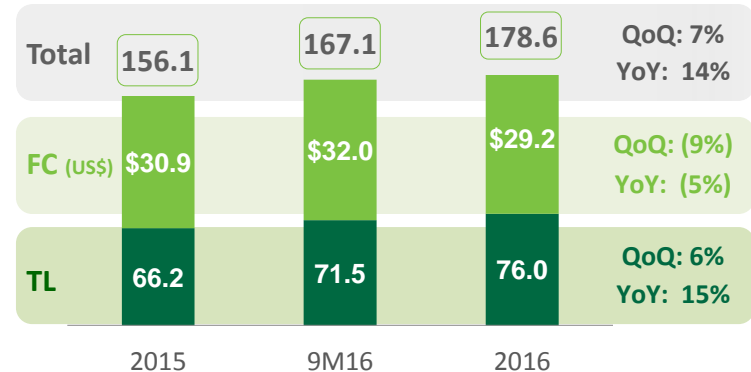


Opportunistic utilization of alternative funding

- **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 24% to **26% QoQ**

vs. sector's 20%²

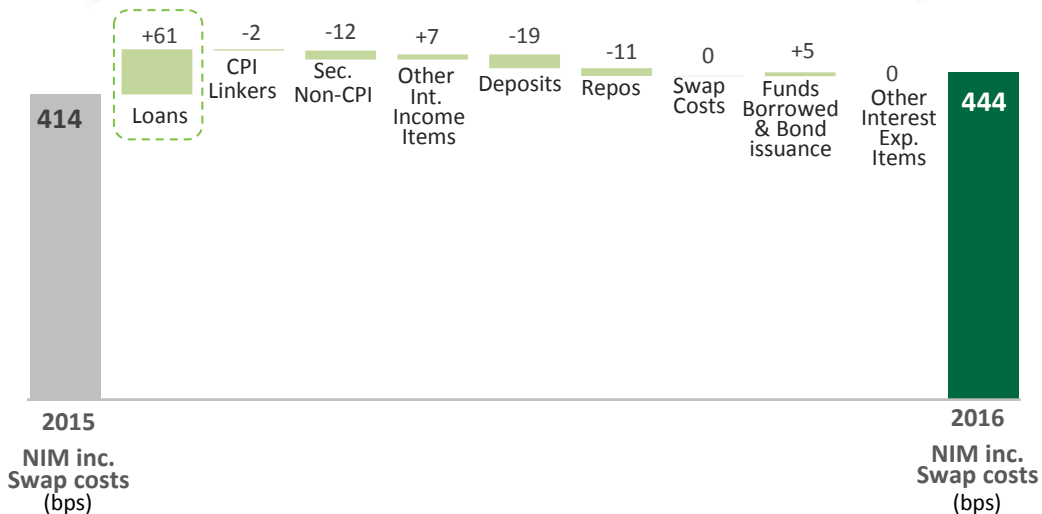
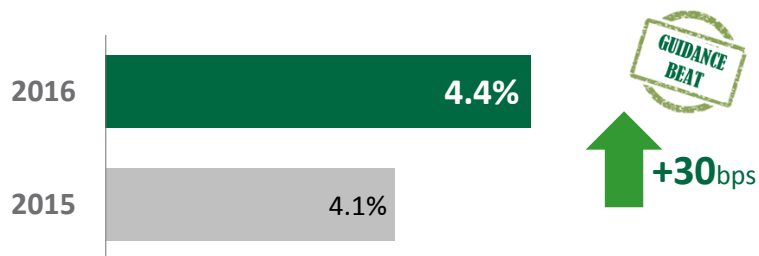
Historically Highest

¹ Based on bank-only MIS data.

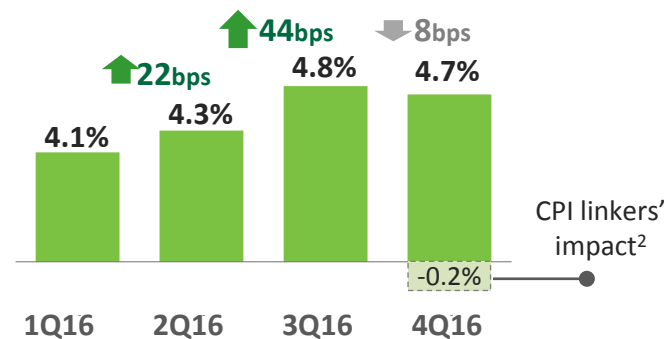
² Sector data is based on BRSA weekly bank-only data as of December 30, 2016, commercial banks only.

SIGNIFICANT NIM EXPANSION YoY BACKED BY DYNAMIC ASSET-LIABILITY MANAGEMENT

Annual NIM including swap costs¹



Quarterly NIM including swap costs¹

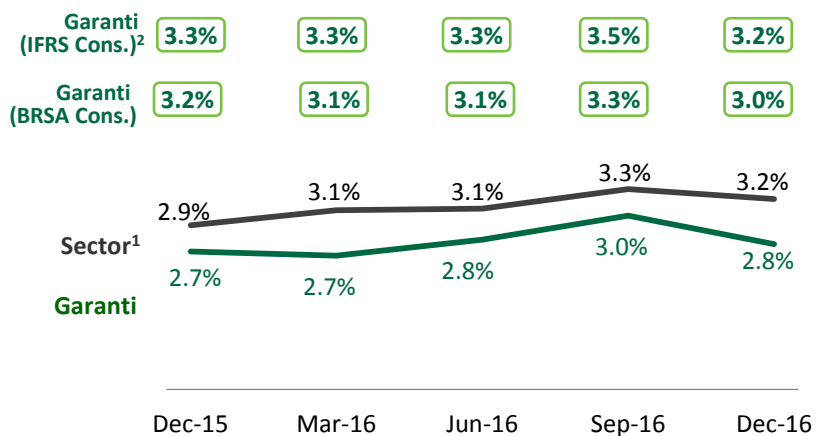


Quarterly NIM shrinkage
solely due to CPI linker
income adjustment

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

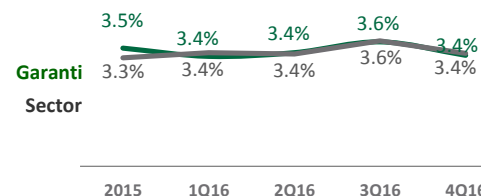


Total Coverage Ratio²
119%

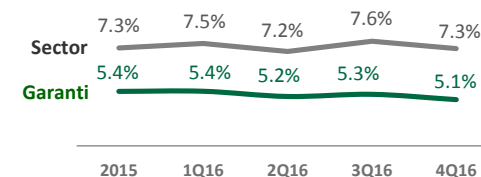
TL 300mn
Free Provisions
remain as buffer
against
volatility

NPL Breakdown¹

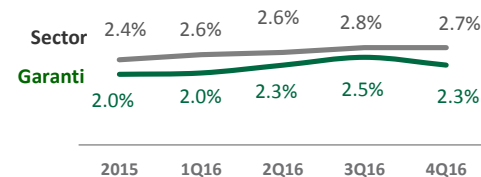
Retail Banking (Consumer & SME Personal)



Credit Cards



Business Banking (Including SME Business)



¹ NPL ratio for Garanti and sector figures are per BRSA bank-only data for fair comparison.

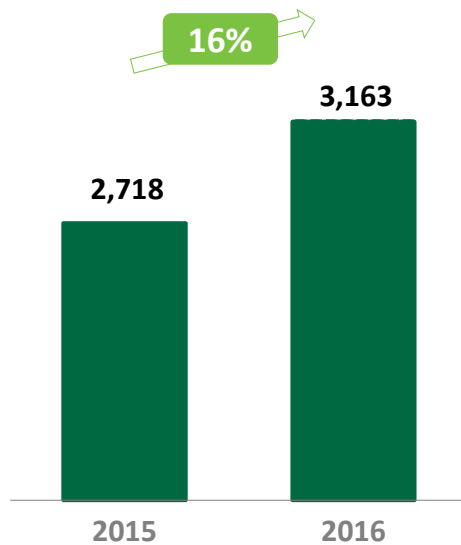
Sector figures are per BRSA bank-only weekly data

² Non-performing loans include factoring and leasing receivables

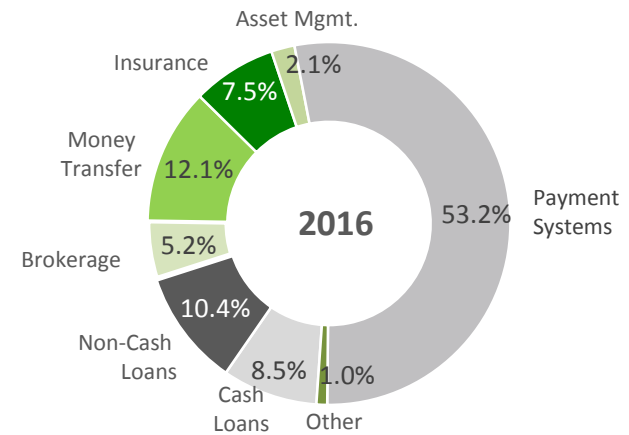
FEE GROWTH MOMENTUM REFLECTS SUSTAINABLE BUSINESS MODEL

Net Fees & Commissions

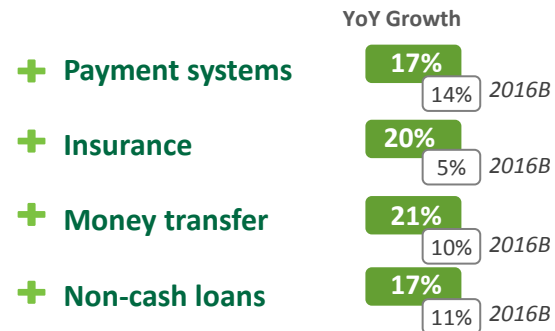
(TL million)



Net Fees & Commissions Breakdown¹



Above budget performance in diversified fee areas²

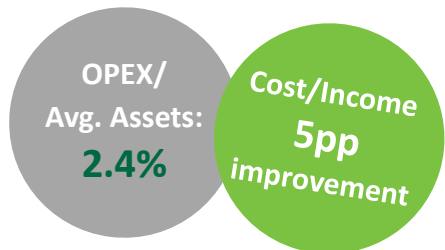
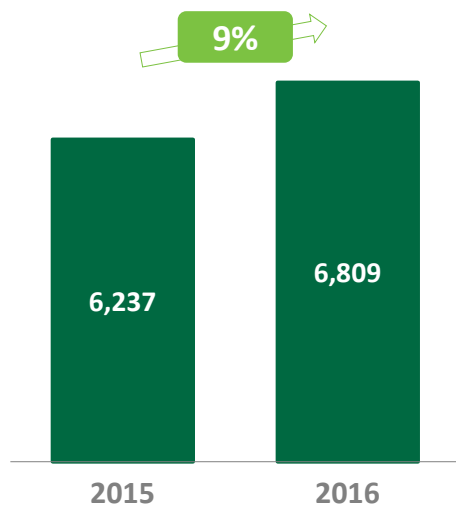


¹ Breakdown based on BRSA consolidated data
² Based on MIS data

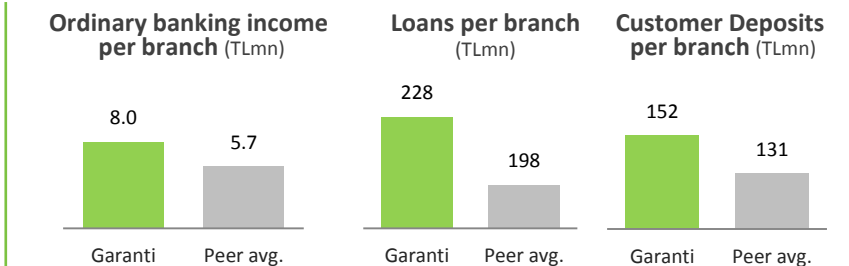
DISCIPLINED COST MANAGEMENT & INCREASED EFFICIENCIES

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, based on BRSA bank-only financials

FURTHER STRENGTHENED SOLVENCY

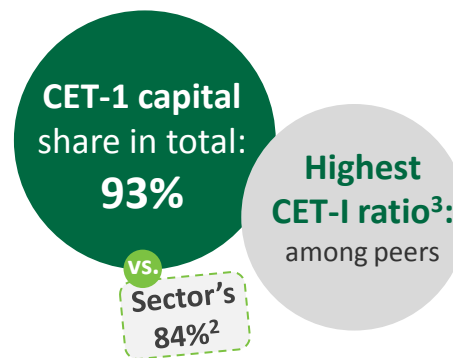
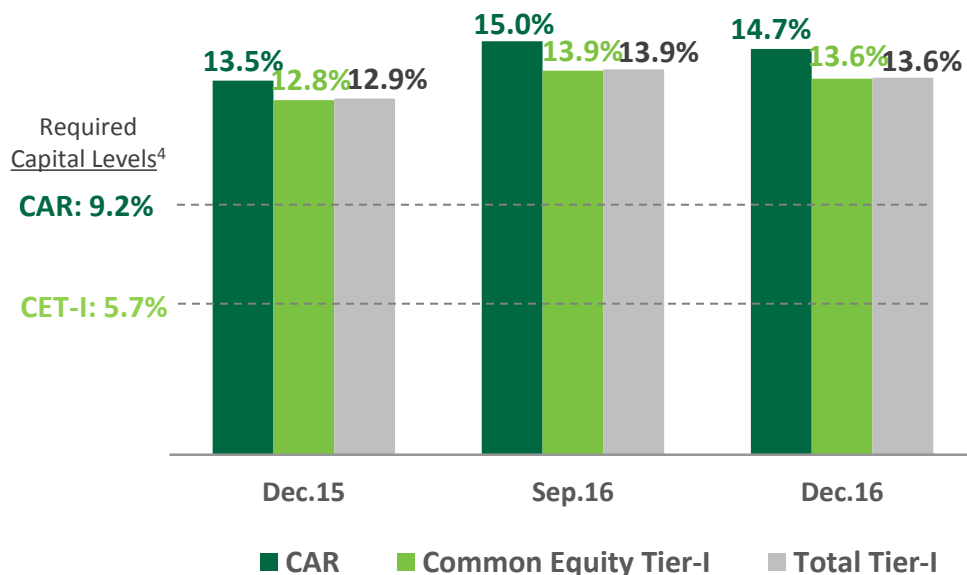
Capital Adequacy Ratios

(Based on BRSA consolidated financials)

Dividend Payment: **- 23 bps** YtD
 Regulation Impact¹: **+ 42 bps** YtD
 Currency Impact: **- 105 bps** YtD
 MtM Difference: **- 11 bps** YtD

Capital generative growth
 absorbing adverse effects
 on capital

- CAR: **↑ 115bps** YtD
- CET1: **↑ 77bps** YtD



¹ New capital regulations on free reserves, FC RR, 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 Consolidated CAR (9.158%) = 8.0% + SIFI Buffer for Group 3 (0.5%) + Capital Conservation Buffer (0.625%) + Counter Cyclical Buffer (0.033%) Required Consolidated CET-I (5.658%) = 4.5% + SIFI Buffer for Group 3 (0.5%) + Capital Conservation Buffer (0.625%) + Counter Cyclical Buffer (0.033%)

APPENDIX

Pg. 12	Summary Balance Sheet
Pg. 13	Composition of Assets and Liabilities
Pg. 14	Securities Portfolio
Pg. 15	Retail Loans
Pg. 16	Non-recurring Items & Normalized Net Income
Pg. 17	Summary P&L

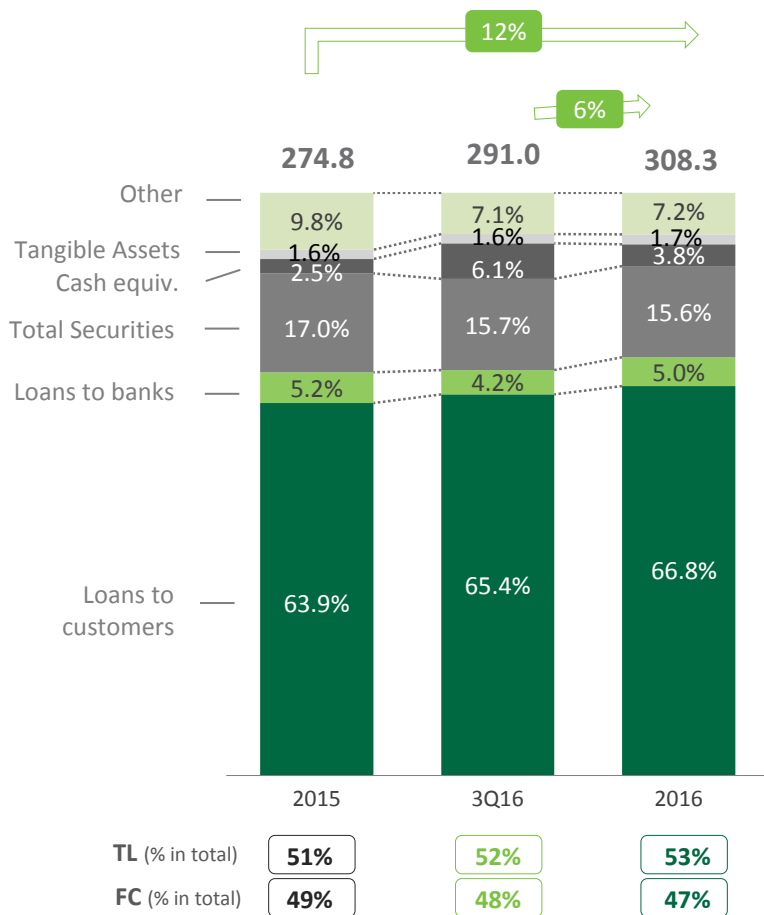
SUMMARY BALANCE SHEET

(TL million)

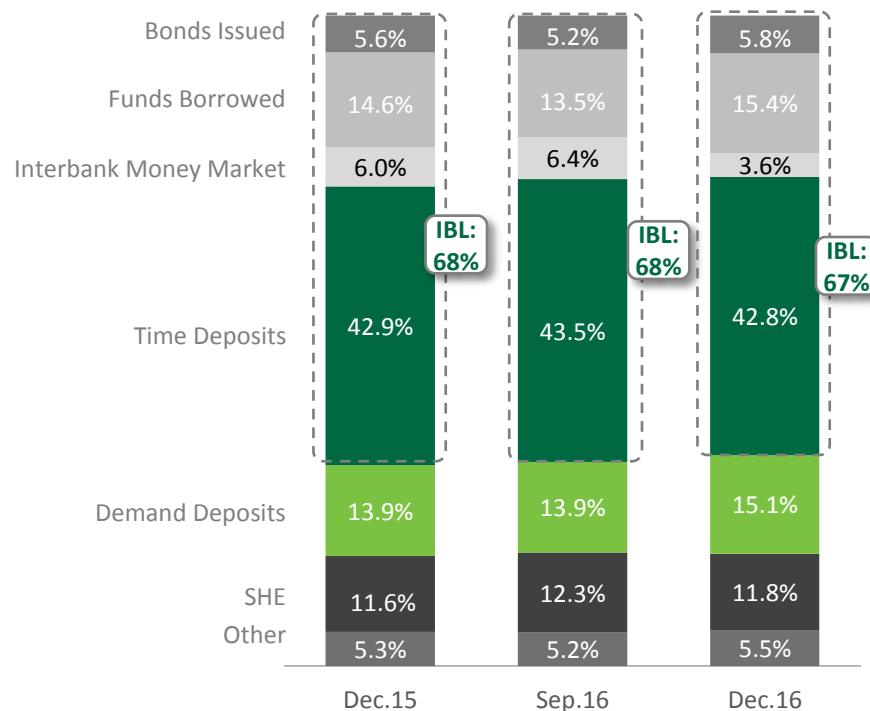
	Dec.15	Mar.16	Jun.16	Sep.16	Dec.16	YoY Change
Cash & Banks	21,180	26,885	23,894	29,910	26,882	27%
Securities	46,733	46,829	45,444	45,575	48,179	3%
Loans to Customers	175,682	181,198	186,224	190,272	205,989	17%
Tangible Assets	4,376	4,397	4,469	4,641	5,211	19%
Other	26,867	25,036	22,975	20,646	22,057	-18%
TOTAL ASSETS	274,838	284,344	283,006	291,043	308,319	12%
Deposits from Customers	149,154	157,831	166,504	164,322	174,156	17%
Deposits from Banks	6,960	6,711	4,092	2,811	4,488	-36%
Repo Obligations	16,568	17,741	7,566	18,678	11,230	-32%
Bonds Payable	15,512	16,383	15,997	15,129	17,846	15%
Funds Borrowed	40,120	37,164	38,232	39,334	47,328	18%
Other	14,519	15,820	16,288	15,031	16,833	16%
SHE	32,006	32,694	34,326	35,738	36,438	14%
TOTAL LIABILITIES & SHE	274,838	284,344	283,006	291,043	308,319	12%

COMPOSITION OF ASSETS & LIABILITIES

Composition of Assets (% TL billion)

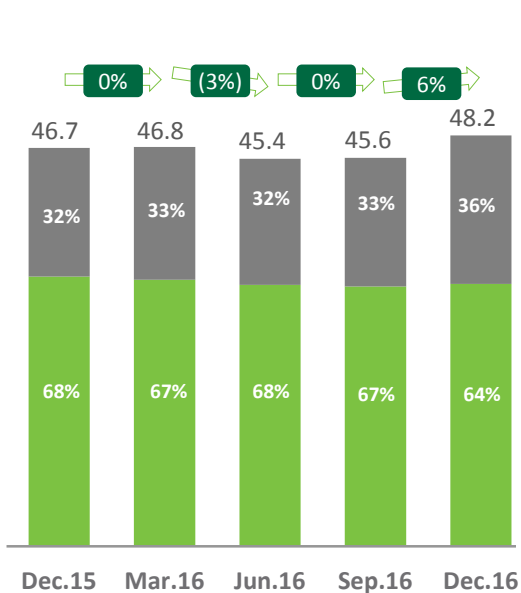


Composition of Liabilities



SECURITIES PORTFOLIO REMAINS AS HEDGE AGAINST VOLATILITY

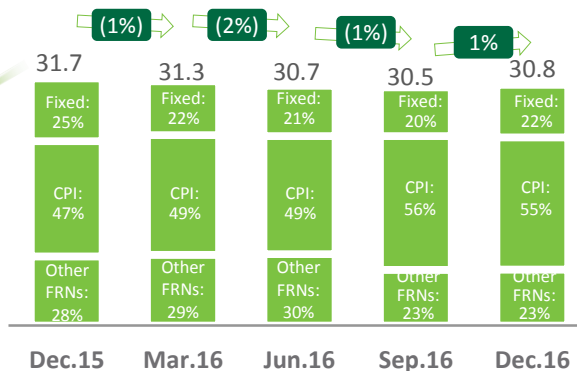
Total Securities (TL billion)



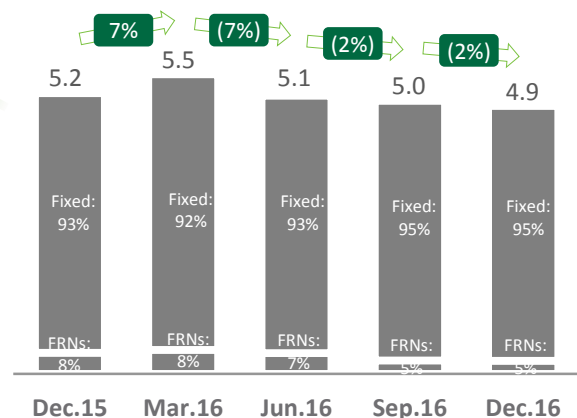
■ TL ■ FC

Securities/Assets:
16%
hovering at its
lowest level

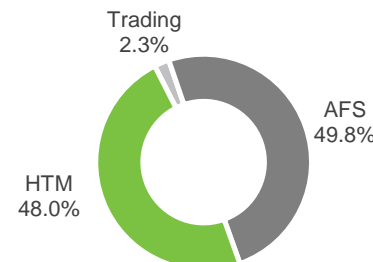
TL Securities (TL billion)



FC Securities (US\$ billion)



Securities Composition



Unrealized MtM loss¹ (pre-tax)

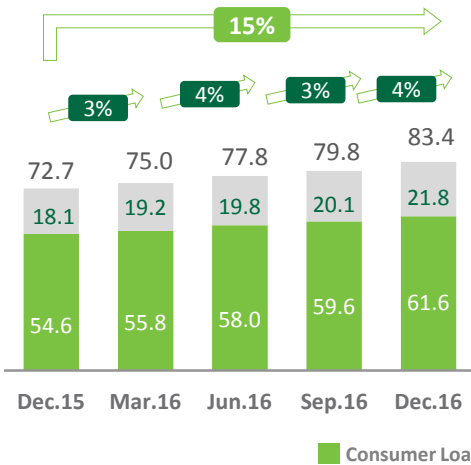
~TL699mn loss as of December-end vs.
~TL182mn loss as of Sep-end vs.
~TL 166mn loss as of June-end;
~TL367mn loss in March-end;
~TL 645mn loss in YE15.

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

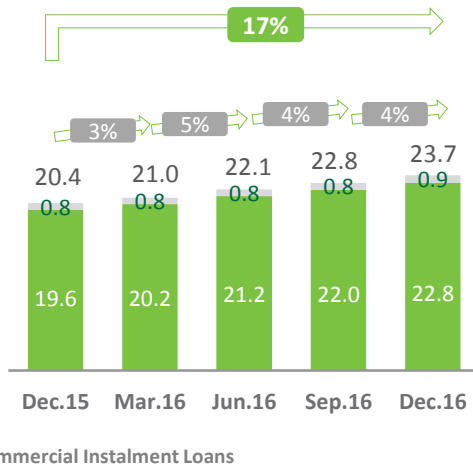
¹ Based on BRSA Consolidated data

HEALTHY MARKET SHARE GAINS ACROSS ALL RETAIL PRODUCTS

Retail Loans (TL billion)



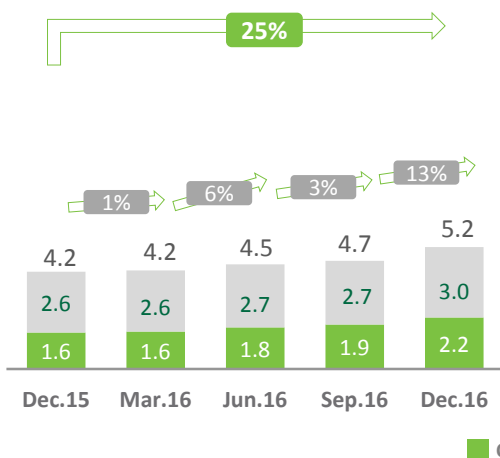
Mortgage Loans (TL billion)



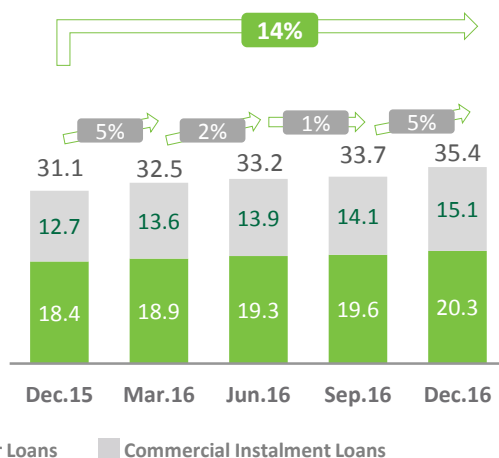
Market Shares

	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

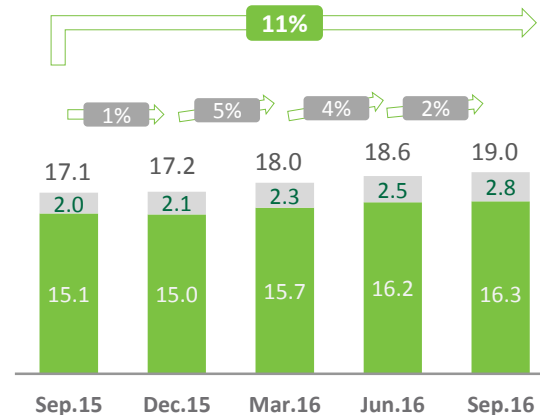
Auto Loans (TL billion)



General Purpose Loans¹ (TL billion)



Credit Card Balances (TL billion)



Note: Figures are based on BRSA Consolidated Financials

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	1,076	1,750	1,337	888	5,052
<i>Extra provisions related to collateral re-assessment</i>	-42	0	-20	-102	-164
<i>Provisions imposed by NBR to Romanian banking sector</i>	0	-96	0	0	-96
<i>Garanti Bank Moscow sale loss</i>	0	0	0	-41	-41
<i>Visa sale gain</i>	0	251	0	0	251
<i>Gains from asset sale</i>	0	14	0	0	14
<i>Provision reversal from Miles&Smiles</i>	0	51	0	0	51
<i>Income from NPL sale</i>	26	17	8	15	65
<i>Provision for tax fines</i>	0	0	0	-85	-85
<i>Free provision</i>	0	0	-100	0	-100
<i>Fee rebates</i>	-60	-52	-30	-24	-166
Normalized Net Income	1,153	1,565	1,479	1,126	5,322

SUMMARY P&L

<i>TL Million</i>	2015	2016	Δ YoY	3Q16	4Q16	Δ QoQ
(+) NII excld. inc. on CPI linkers	7,603	9,482	25%	2,520	2,748	9%
(+) Net Fees & Comm.	2,718	3,163	16%	808	822	2%
(-) Fee Rebates	-254	-110	-57%	-25	-14	-44%
(+) Comparable Net F&C	2,973	3,273	10%	833	836	0%
(-) Provisions for loans and other credit risks, net	-1,866	-2,446	31%	-601	-1,015	69%
(-) OPEX	-6,237	-6,809	9%	-1,616	-2,018	25%
(-) Fee Rebates	-55	-56	2%	-5	-10	107%
(+) Provision reversal from Miles&Smiles	0	64	<i>n.m</i>	0	0	<i>n.m</i>
(+) Comparable OPEX	-6,181	-6,817	10%	-1,611	-2,008	25%
= CORE OPERATING INCOME	2,219	3,390	53%	1,111	537	-52%
(+) Income on CPI linkers	1,475	1,598	8%	446	329	-26%
(+) Net Trading & FX gains/losses	299	371	24%	81	87	7%
(+) Other income	763	1,206	58%	192	274	43%
(+) NPL sale income	27	81	202%	10	18	80%
(+) Gain from asset sale	0	18	<i>n.m</i>	0	0	<i>n.m</i>
(+) Visa sale	0	279	<i>n.m</i>	0	0	<i>n.m</i>
(+) Other	736	828	13%	182	256	41%
(-) Taxation and other provisions	-948	-1,514	60%	-494	-339	-31%
(-) Free Provision	-35	-100	<i>n.m</i>	-100	0	<i>n.m</i>
(-) Provision for tax fines	0	-85	<i>n.m</i>	0	-85	<i>n.m</i>
(-) Other Taxation & Provision	-913	-1,329	45%	-394	-254	-35%
= NET INCOME	3,807	5,052	33%	1,337	888	-34%

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