



INVESTOR RELATIONS

OTCQX INTERVIEW WITH

MR. A. FUAT ERBİL

PRESIDENT & CEO

<Jason Paltrowitz>: Hi, I am Jason Paltrowitz, Executive Vice President of Corporate Services for OTC Markets Group. I am pleased to be joined here by Fuat Erbil, president and CEO of Garanti. Which trades on our OTCQX market under the symbol TKGBY and TKGBF. Fuat welcome to the market center.

<Fuat Erbil>: Thank you so much.

<Q - JP>: To start can you tell us just a little bit about Garanti?

<A – FE>: We are the second largest bank in Turkey, having an asset size of more than 100 billion US Dollars. We have a financial services platform actually, serving 14 million customers. We have a huge franchise having one thousand branches, 5 thousand ATMs. And digitally in every channel actually, on online, mobile, social platforms and so on and so forth. But, more importantly, we serve every segment in the country, starting from consumer, SMEs, commercial and corporates. And we do have some subsidiaries helping us with different product categories like pensions, life insurance, factoring, leasing, brokerage, mortgages, payment systems. And we do have some banks outside of Turkey in the Netherlands, in Romania, as well as in Russia.

In terms of our value proposition, I mean, everything starts with our customers and ends with our customers. So for us, our main reason for our existence is our customers actually, so our first priority to make them happy. So customer satisfaction is the number one priority of Garanti. I think second of all we do have the best talent in the country at every level, starting from the branches, ends in the head office.

We're paying a lot of attention to technology, world is changing, so digital innovation. So we've been known as young, flexible and a technological company, not only bank, but company in the country. As an example we launched our online banking 25 years ago almost. So, just before many US banks, European banks did so.

<Q - JP>: Excellent, thank you, so given the current landscape in Turkey can you talk a little bit about what the opportunities for investors are?

<A – FE>: I think Turkey has a great location first of all, just in the middle of west and east. As you know the economic gravity of the world is moving east. So as of today Turkey is right at the center of this gravity. Number one advantage is the position, location of the country. Second of all, I think the most important advantage, maybe cliché, but the demographics, is helping a lot, cause we do have a very young population in the country. So it is not only for the banking, but also in every other industry, big growth potential. The other important issue is the disciplined fiscal management, we don't have it anymore in many countries as you know.

The public debt to GDP as an example very low 30s, far below Maastricht Criteria as an example. Budget deficit is almost zero, 1% or 1.2%. I think these are the very important issues regarding the robustness of the Turkish economy. And another important issue is the banking system, the banking system, we had a big crisis 15 years ago. But afterwards I think we paid a lot of attention to the banks

and the banking system and the robustness of the banking system. And when you look at the Turkish banks, we are very highly liquid and in terms of capital highly capitalized and growth is the key driver of us, other industries and Turkey.

And finally, I think Turkey has been tested many times recently in the last three years with couple of elections, geopolitical difficulties as you know and finally the coup attempt that we had almost two months ago. So after all I think Turkey proved once again the robustness and the resilience in his way to grow and becoming a leading country in the world.

<Q - JP>: So, with all of that put behind you what are your growth plans for the next 6 months, as we end 2016 and then to 2017?

<A - FE>: I think we have the ongoing strategy, that's always the case, is the growth. Cause we do believe the growth is the main driver of Garanti and the Turkish banking system. So we pay a lot of attention to grow further and to support the economy and the economic growth.

And it was the case for the first half of the year, actually we grew more than what we guided or budgeted. As an example Turkish Lira lending growth was 11% in six months. So we gain market share in every single product categories in every segment. This is another proof that Garanti is doing not only on a specific product or segment, but in a very diversified way.

Not only growth but also I think we paid a lot of attention to asset quality. We maintained our asset quality almost flat in these challenging days, I think this was important. And more importantly the capital ratios, the solvency ratios improved in the last six months. And finally, the cost and the efficiency is of course our one of the top priorities and we improved our cost income ratio by 400bps in six months.

<Q - JP>: Excellent, so Garanti was actually the "first Turkish company" to join OTCQX back in 2012. Be interested to hear from you really what your strategies are for accessing the U.S. markets and how you kind of used the QX platform, having your stock quoted here, to access US investors specifically.

<A - FE>: Sure, let me start with the shareholder structure of Garanti first of all. Our major shareholder is the BBVA, the Spanish banking group. So they control the majority with 40%, very roughly. And 10%, the second largest investor of Garanti is the Dogus Group, one of the Turkish main conglomerates. And the rest 50% is floating, publicly traded.

And out of that 50% which is publicly traded, 90% is traded by the international investors. So I think this gives a lot of room for our international investors, in terms of liquidity, in terms of size.

But another thing I should be adding is, last year, in 2015, we were the first and are still the sole company being part of the Dow Jones Sustainability Index, in the emerging market category. And this year we are still maintaining our position there. I think we are very proud of this and I think it is a result of how much we pay attention to sustainability in the new global environment.

And let me give you a little bit detail about our interest or efforts that we had in the past for the international markets. In 1993 we were the first Turkish company issuing shares internationally. So it was 25 years ago almost. And going forward we paid a lot of attention with many things as we did with you OTCQX International Premier.

So we are very proud and very dedicated to this effort. Because we believe the trust is an important issue, integrity is a very important issue, accountability is a very important issue and transparency. So I think these all efforts are showing that for any stakeholders, I mean, from the largest or the smallest investors are very important for us in every respect, so we have to keep them aware of everything that we are doing.

Our mission has always been the same, we continue to deliver value to anybody who trusts Garanti.

<JP>: Excellent, Fuat thank you very much, we appreciate your time.

<FE>: Thank you.