Earnings
Presentation

March 31, 2016

IFRS Financials

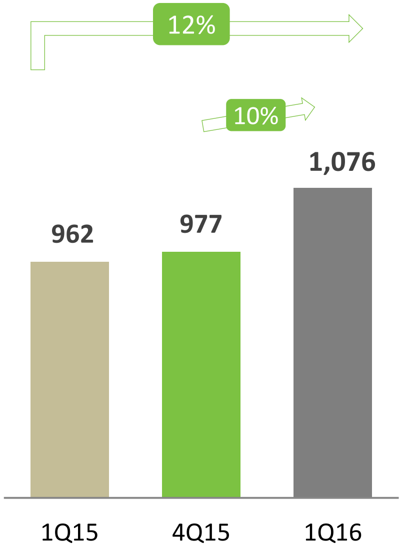
Garanti

SOLID START INTO 2016

1. Timely & capital generative growth
2. Well- defended Core Banking NIM
3. Outperformance in diversified fee areas
4. Asset quality trends as guided
5. OPEX under control

Solid start into 2016

Net Income (TL million)



ROAE[1]: 14%

ROAA[1]: 1.6%

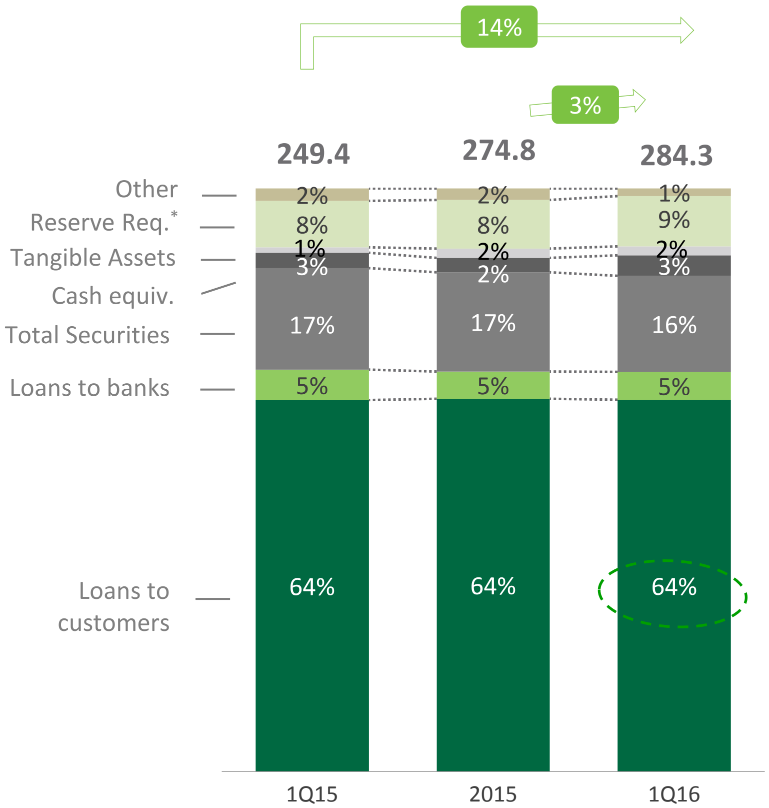
	TL Million	1Q 15	4Q 15	1Q 16
(+)	NII excld. inc. on CPI linkers	1,950	2,371	2,345
(+)	Net Fees & Comm.	684	701	774
(-)	Provisions for loans net of collections excluding the effect of collateral re-assessment	-280	-708	-430
(-)	Swap Cost	-123	-265	-266
(-)	OPEX	-1,461	-1,688	-1,638
=	**CORE OPERATING INCOME**	**769**	**412**	**785**
(+)	Income on CPI linkers	212	539	410
(+)	Net Trading & FX gains / losses	128	-59	6
(+)	Other income	195	292	220
(+)	Extra provisions related to collateral re-assessment	0	0	-53
(-)	Taxation and other provisions	-342	-207	-293
=	**NET INCOME**	**962**	**977**	**1,076**

- YoY **20%** NII growth
- YoY **13%** fee growth
  Adj. w/ acct. maintenance fees **18%**
- Net Specific CoR faring **in-line with budget**
- Swaps utilized opportunistically

1 Excludes non-recurring items (Income from NPL sale, fee rebates and extra specific provisions) when annualizing Net Income for the remaining quarters

Accelerated asset growth driven by lending

Composition of Assets[1] (%, TL billion)



	1Q15	2015	1Q16
TL (% in total)	51%	51%	51%
FC (% in total)	49%	49%	49%

Quarterly Growth

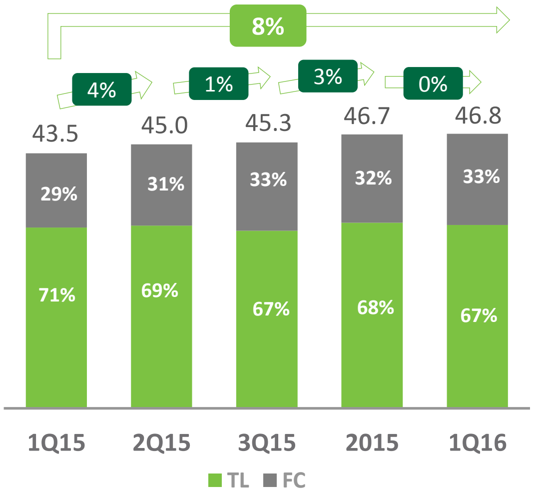
	Assets	Loans[2]	Securities
1Q16	+3%	+3%	0%
4Q15	(2%)	(1%)	+3%

Increasingly customer driven asset mix

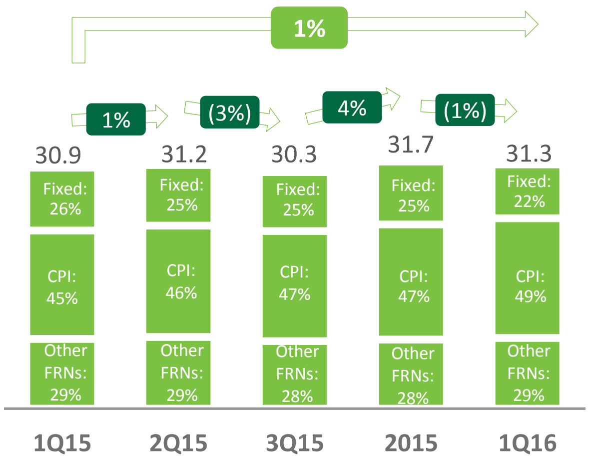
Loans[2]/ Assets: 64%

FRN heavy securities portfolio remains as hedge against volatility

Total Securities (TL billion)

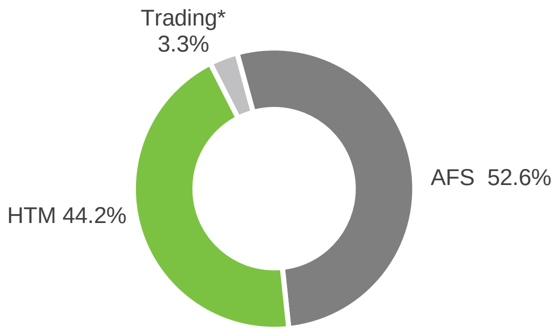


TL Securities (TL billion)

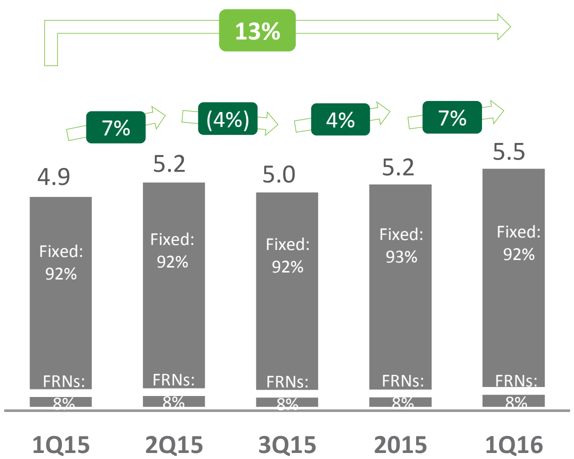


Securities/Assets:
16%
hovering around at its lowest levels

Total Securities Composition



FC Securities (US$ billion)



TL FRN in TL total ~78% vs. 75% in YE15

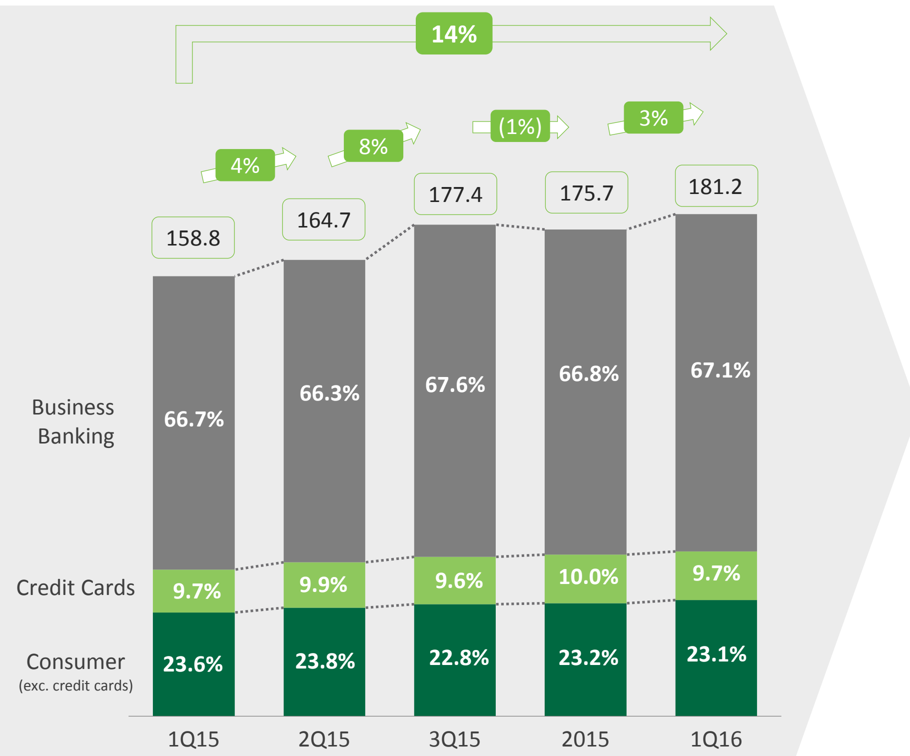
CPI linkers/ TL Securities 49%

Unrealized MtM loss (pre-tax) ~TL 367mn as of March-end vs. ~TL 645mn loss in YE15

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

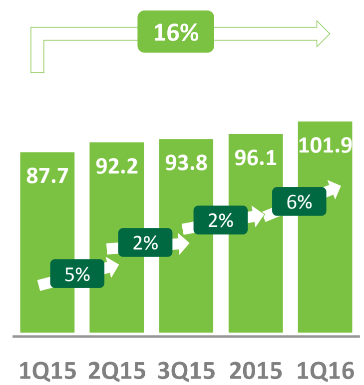
Across the board growth in lending with sustained focus on profitability

Total Loans[1,2] Breakdown (TL billion)



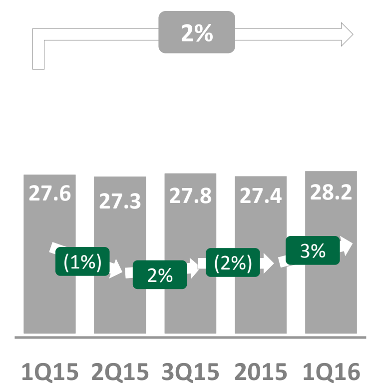
	1Q15	2Q15	3Q15	2015	1Q16
TL (% in total)	55%	56%	53%	55%	56%
FC (% in total)	45%	44%	47%	45%	44%
US$/TL	2.575	2.655	3.005	2.908	2.812

TL Loans[1] (TL billion)



- **Accelerated TL lending growth** backed by;
  - > **TL Business banking loans*** +11% QoQ
  - > **Lucrative consumer products** Mortgages & GPLs

FC Loans[1] (US$ billion)

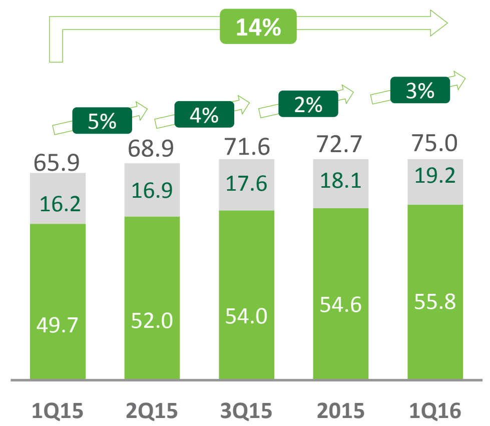


- FC lending growth mainly driven by withdrawals from prior commitments of project finance loans

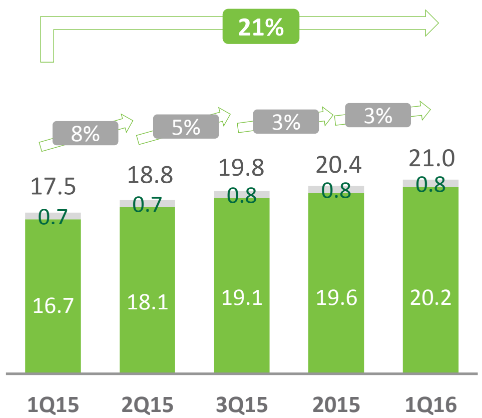
1 Loans to customers
2 Loan breakdown is based on BRSA consolidated data, excluding leasing and factoring receivables.
* Based on BRSA consolidated data, business banking loans represent total loans excluding credit cards and consumer loans

Healthy market share gains across all retail products

Retail Loans[1] (TL billion)



Mortgage Loans (TL billion)

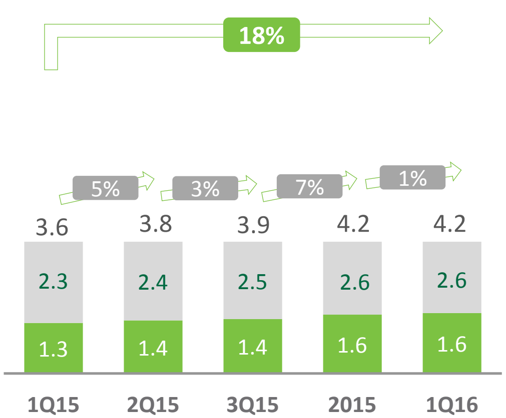


Consumer Loans   Commercial Instalment Loans

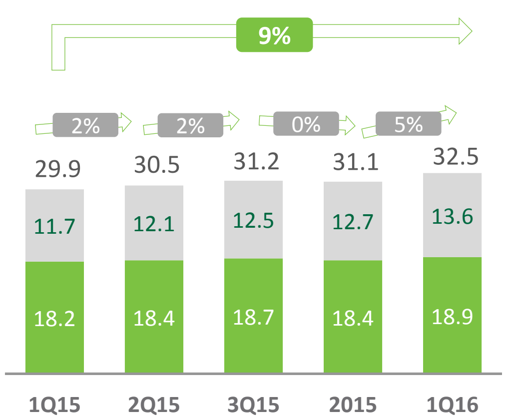
Market Shares

	Mar'16	QoQ	Rank
Consumer Loans	14.5%	+18bps	#1
Cons. Mortgage	14.4%	+12bps	#1
Cons. Auto	28.4%	+139bps	#1
GPLs	9.1%	+39bps	#2
Corporate CCs	13.1%	+75bps	#2
# of CC customers	14.6%[3]	+9bps	#1[3]
Issuing Vol.	19.9%[3]	+72bps	#1[3]
Acquiring Vol.	20.9%[3]	+32bps	#1[3]

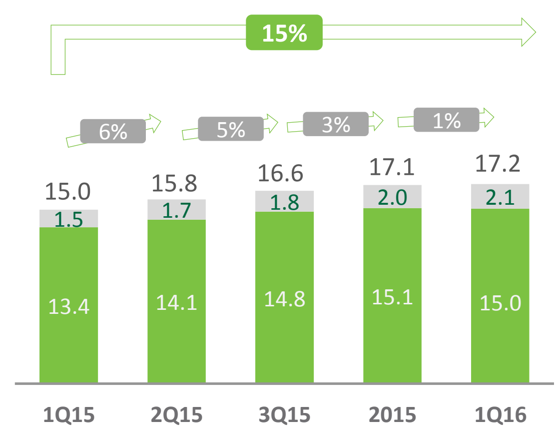
Auto Loans (TL billion)



General Purpose Loans[2] (TL billion)



Credit Card Balances (TL billion)



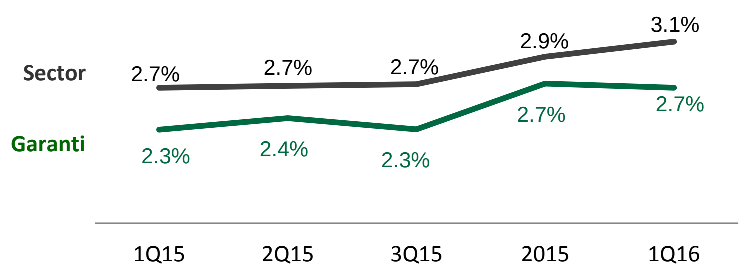
Consumer Loans   Commercial Instalment Loans

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 March 2016, as per Interbank Card Center data. Rankings are as of March 2016, based on monthly data
Note: (i) Sector figures used in market share calculations are based on bank-only BRSA weekly data as of April 01, 2016, commercial banks only (ii) Rankings are as of 2015, among private banks. unless otherwise stated

Strong asset quality – NPL ratio consistently below sector

NPL ratio[1]

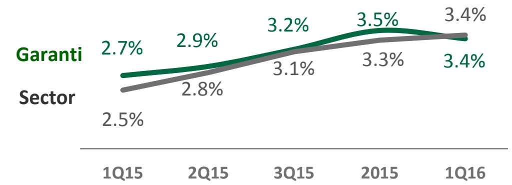
Garanti (BRSA Cons.)	2.9%	2.9%	2.8%	3.2%	3.1%
Garanti (IFRS Cons.)	3.0%	3.0%	3.0%	3.3%	3.3%



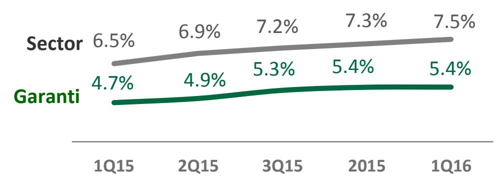
Total Cash Coverage Ratio[2]: 125%

NPL Breakdown[1]

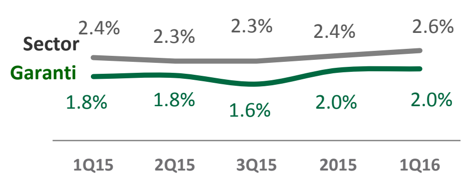
Retail Banking (Consumer & SME Personal)
23% of total loans



Credit Cards
10% of total loans



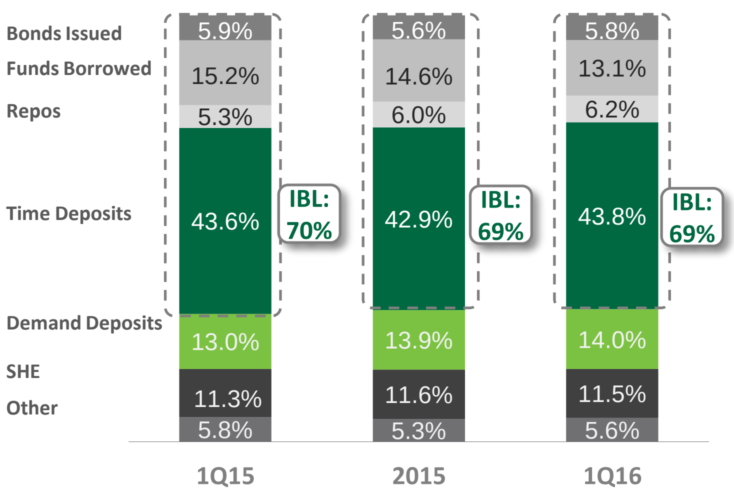
Business Banking (Including SME Business)
67% of total loans



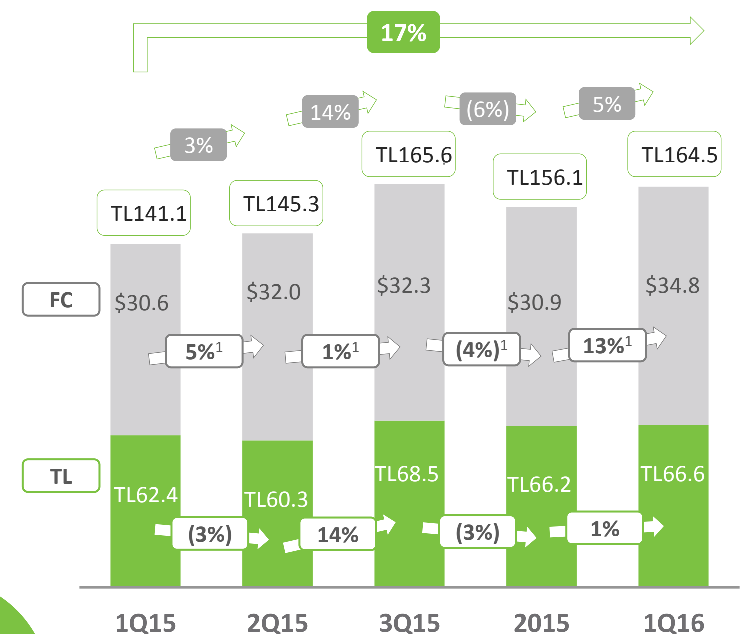
1 NPL ratio for Garanti and sector figures are per BRSA bank-only data for fair comparison. Sector figures are per BRSA bank-only weekly data
2 Total cash coverage includes loan loss provisions and free provisions. Non-performing loans include factoring and leasing receivables

Deposits remain the major funding source while its growth & composition are actively managed with margin focus

Composition of Liabilities



Total Deposits (TL, US$ billion)

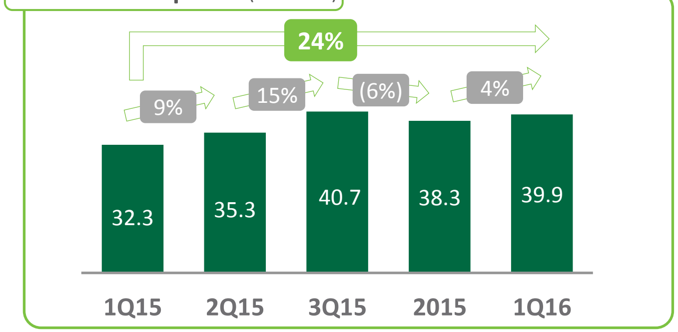


- **Demand deposits constitute 24% of total deposits**
  Bank-only >22% vs. 18% in the sector[3]

Share of SME & Retail deposits in TL deposits: **82%[2]**

- Active management of funding;
  - ✓ **FC-led deposit growth** to refrain from pricing competition in TL deposits
  - ✓ **Higher level of swap utilization** due to cost optimization
  - ✓ **Opportunistic utilization** of other funding sources

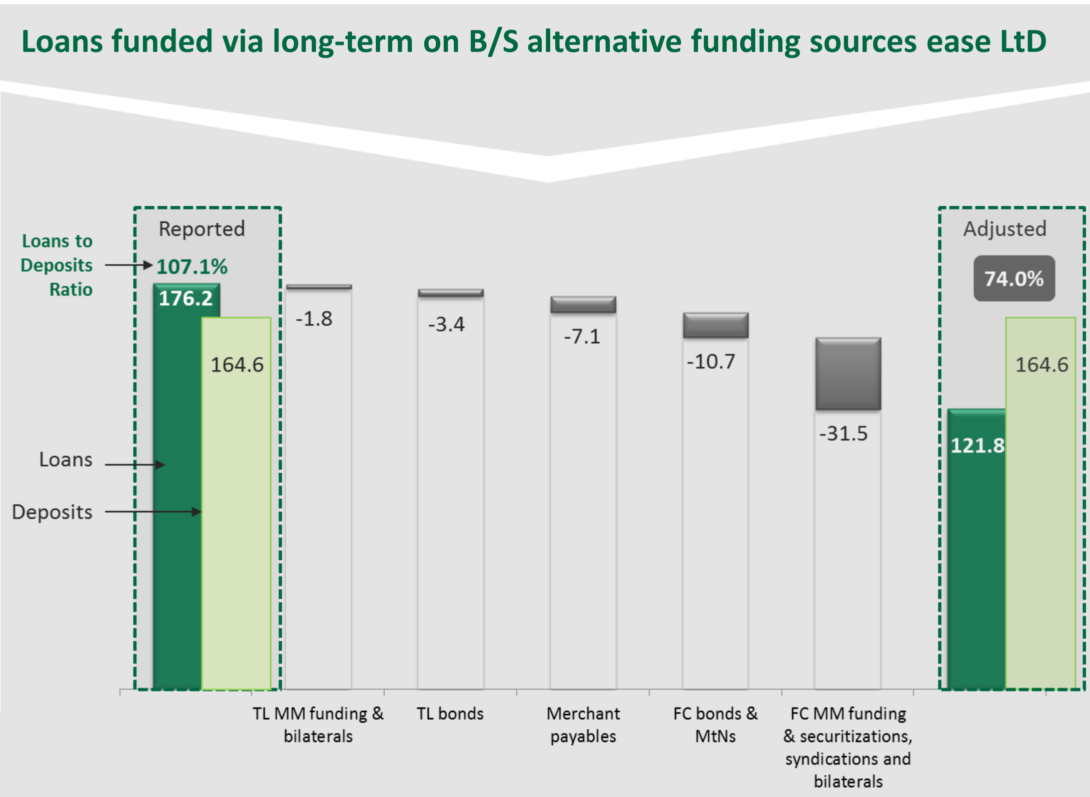
Demand Deposits (TL billion)



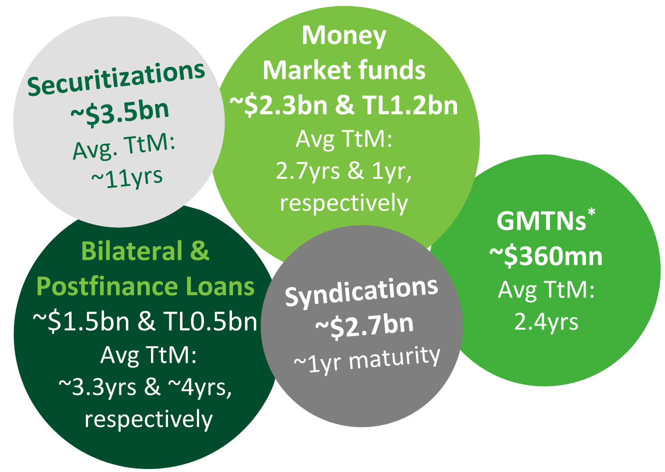
1 Growth figures are based on US$ terms
2 Based on bank-only MIS data
3 Based on bank-only BRSA weekly data as of April 1, 2016 , commercial banks only

On balance sheet alternative funding sources provide liquidity comfort

Adjusted LtD ratio[1] (%,TL Billion)



Funds Borrowed[2]



Bond Issuances[2]

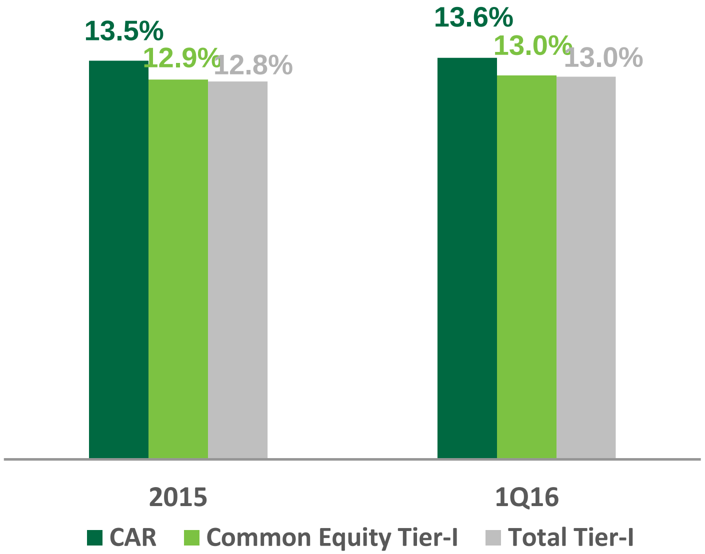
- **TL Bonds***: ~TL4bn, Avg TtM ~5mo.
- **TL Eurobond**: TL750mn, @7.38%, Avg TtM ~2yrs
- **FC Eurobonds**: USD3.2bn, Avg TtM ~3.4yrs

1 Based on BRSA Consolidated Financials. Loans excluding leasing and factoring receivables
2 Bank-only
* Only long term issuances are accounted for in the analysis --TL bonds including TL Eurobond :TL3.6bn and GMTNs ~USD260mn

Capital generative growth strategy assures sound solvency ratios

Capital adequacy ratios[1]

- 23bps: Dividend Payment
+ 39bps: Regulation Impact[2]
+ 23bps: Currency Impact
+ 10bps: MtM Difference



Strong solvency ratios comfortably meet the additional capital requirements[5]

	2016
Min CET1 Ratio	4.5%
Min. Tier-I Ratio	6.0%
CAR	8.0%
SIFI Buffer (Group 3)	0.5%
Capital Conservation Buffer	0.625%
Counter Cyclical Buffer	0.005%
Required CET-1 ratio	5.63%
Required CAR	9.13%

CET-1 capital share in total: 96%

Bank-only 94% vs. sector's 85%[3]

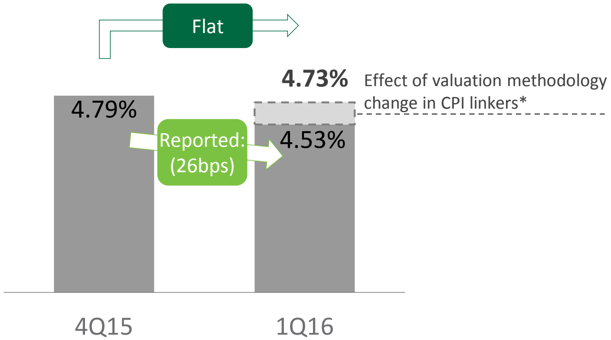
Highest CET-1 ratio[4]: among peers

Leverage ~8x

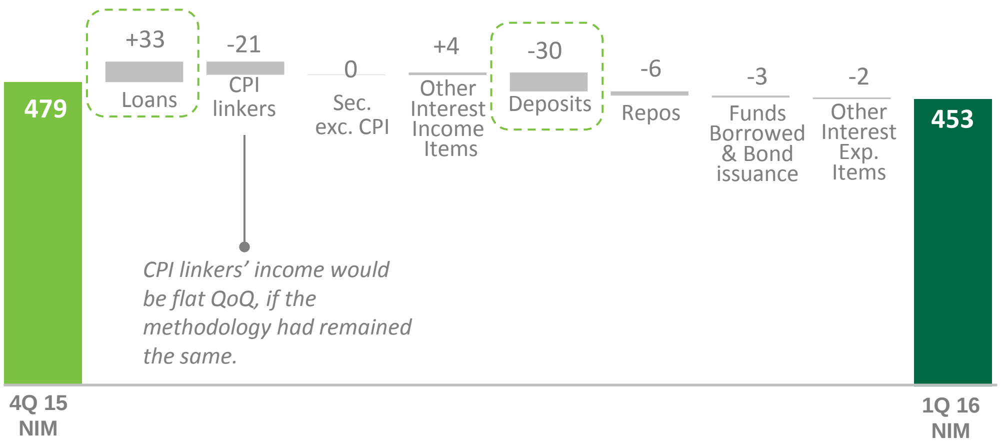
1 Based on BRSA Consolidated Financials 2 New capital regulations on free reserves, FC RR, unsecured loan and mortgage risk weightings, effective as of March 31, 2016. Impact calculated as of March 31 2016.
3 BRSA monthly data as of February 2016, for commercial banks only 4 Among peers as of December 31, 2015
5 Within the scope of Basel-III alignment, BRSA introduced new capital buffers i.e. SIFI Buffer, Capital Conservation Buffer, Counter-Cyclical Buffer

Flat NIM -- excluding the temporary impact of change in CPI linker income valuation methodology

Quarterly NIM



1Q16 vs. 4Q15 Margin Evolution (in bps)



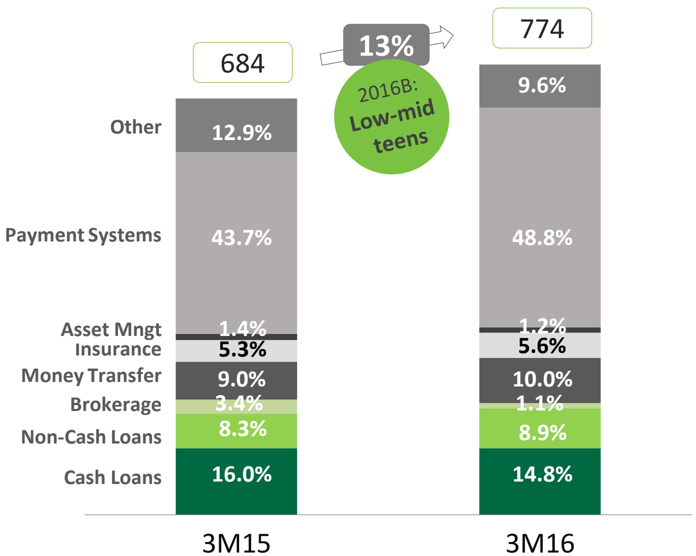
- **Healthy & strong growth eased LtD spread suppression**
  - **Impact of deposit costs on NIM** fully offset by **contribution of loans**
- **Opportunistically utilized swap funding**
  - Higher level of swap utilization vs. slightly lower cost of swap funding in 1Q, resulted in **flattish swap costs QoQ**

NIM including swaps **Flattish QoQ** in-line w/ reported NIM

Note: Figures are based on BRSA Consolidated financials
* In order to eliminate the quarterly volatility in NII, valuation methodology of CPI linkers has been changed -- expected inflation (8% for 2016) will be used in the calculation. Accordingly, in 1Q16, income on CPI linkers is TL410mn, ~TL130mn lower vs. 4Q15.

Higher than expected performance across diversified fee areas

Net Fees & Commissions[1] (TL Million)



Digital channels taking a more prominent role

- In non-cash Financial Transactions, **Online Banking share: 45%** **Mobile Banking share: 37%** **ATM share: 11%**
- **Banking Service fees driven via digital channels make up ~37%** & is on an increasing trend
- **4.2 million digital customers** with 22% YoY increase

- **Higher than expected growth performance in fees veiled by the base effect of 1Q15**
  - **Account maintenance fees**, which typically hit 1Q & 3Q, are suspended in Feb 16 due to the pending court case

+5pp

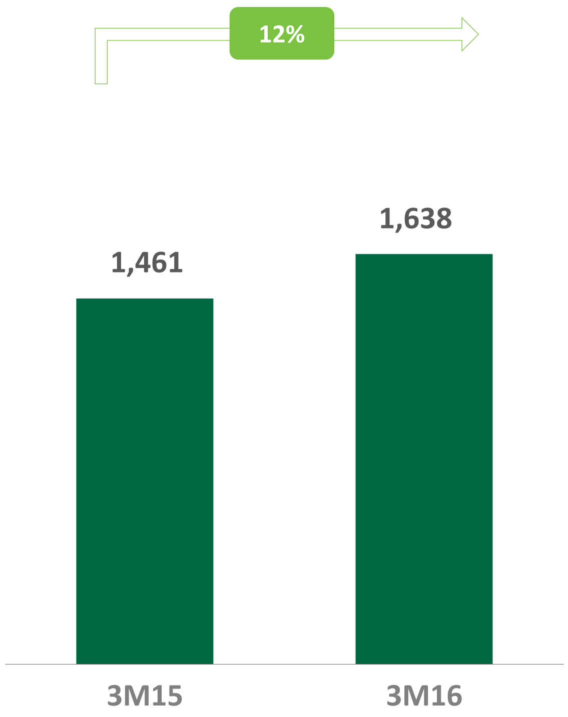
Above budget performance in diversified fee areas

	YoY Growth	2016B	
+ Payment systems	19%	14%	> Supported with strong merchant commissions
+ Insurance	14%	5%	> Backed by non-life & life comm. , esp. due to strong loan originations , absorbing the regulatory pressures on pension side
+ Money transfer	18%	10%	
+ Non-Cash Loans	13%	11%	

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

OPEX in line with expectations

Operating Expenses (TL million)



OPEX/Avg. Assets:
2.3%

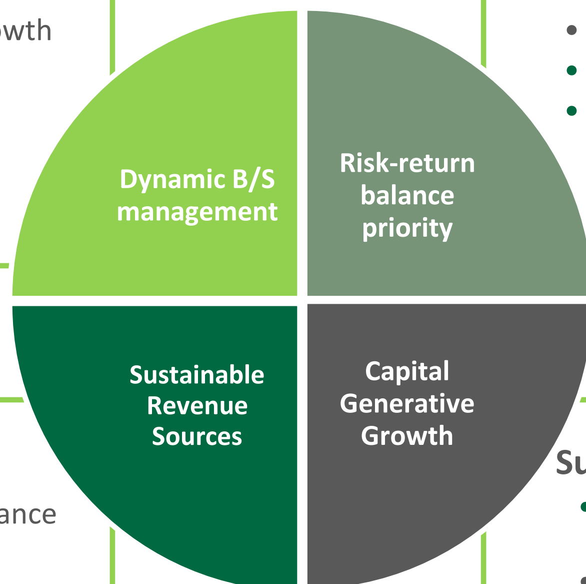
Cost/Income[1] improved by >3pp YoY

1 Non-recurring items, namely fee rebates & gains on NPL sale, are excluded while doing the calculation.
Income defined as NII+Net F&C - Provisions + Net Trading Gains/Losses + Other Income+ Dividend Income

Result: Solid business model assures recurring strong results

Outstanding NIM performance

- **Timely and profitable** loan growth
- Actively managed funding mix
- CPI linkers continued to serve as hedge



Sound Asset Quality

- NPL ratio **consistently below sector**
- **Total Cash Coverage ratio: 125%**
- **Net Specific CoR** faring in-line with budget

Highest fee base among peers with ~14% market share[1]

- Higher than expected performance across diversified fee areas suggests **double digit growth momentum**
- Digital channels taking a more prominent role

Sustained sound solvency ratios

- **CET-1 constitutes 96% of capital**, highest among peers[1]
- Strong solvency ratios comfortably meeting the additional capital requirements

1 Ranking as of December 2015, based on bank-only financials for fair comparison with the sector. Sector figures are per BRSA monthly data, commercial banks only

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