Earnings Presentation

December 31, 2015

IFRS Financials

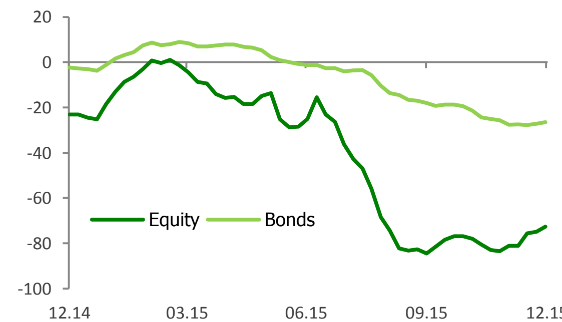
Garanti

2015 – Political & geopolitical concerns exacerbated in another year of high global volatility & uncertainties

	9M15	4Q15
Global Outlook	• **ECB's sizeable QE announcement** supported sentiment. Yet, **Grexit concerns** & **slowdown in Chinese economy** increased volatility across global markets especially in 2Q & 3Q. • **US data flow** shaped sentiment as each data was taken as an indicator to expect the **Fed's timing of first rate hike** within the frame of monetary policy normalization expectation.	• **Fed raised its federal funds rate by 25 bps**, bringing an end to the seven-year period of near-zero interest rates. • **ECB extended quantitative easing** by six months until at least March 2017. • **Falling oil prices hit commodity exporter EM economies**, as oil prices ended the year below US$ 40, the lowest level since 2009. • **Weak macroeconomic data in China** continued to take a toll on global equities.
Domestic Outlook	• **CBRT decreased its policy rate, upper & lower band** of the corridor in 1Q[1]. • **Unresolved general elections** & geopolitical concerns weighed on sentiment. • **TL depreciated by 23% against US$ in 9M** on average due to global EM currency weakness & ongoing political noise in domestic market. • Despite uncertainties & volatility, **economic activity was resilient –** GDP growth 3.4%.	• Turkey was unable to take full advantage of falling oil prices due to **prevailing political & geopolitical uncertainties.** • Contrary to expectations, following Fed's rate hike **CBRT kept interest rates unchanged.** • Despite low commodity prices, **inflation exceeded expectations** due to food inflation & currency pass through. • **Domestic & external demand** continued to support growth in 4Q15 .
Banking Sector	• **Significant dollarization.** • **High retail loan growth** due to front loaded demand, especially in 1H. • Uncertainty & volatility caused **delay in investment and project finance loans**. • **Increasing funding costs** due to continued tight monetary policies & fierce competition pressured banking spreads.	• **Retail loan growth was muted in 4Q**. TL deposits market remained competitive. FC deposits lost ground in 4Q **due to de-dollarization**. • Basel III alignment – (i) **revised regulations on capital** (ii) **IRB guidelines** on application and validation process, pre-application process will start in 2016.

EM Fund Flows (12M Cumulative, US$bn)

Decreasing investor risk appetite weighed on EM portfolio flows. Cumulative portfolio outflows from EMs reached US$100 billion in 2015



Macroeconomic Indicators

GDP growth beat expectations in 3Q. Primary indicators suggest upside risk on 2015 FY estimate

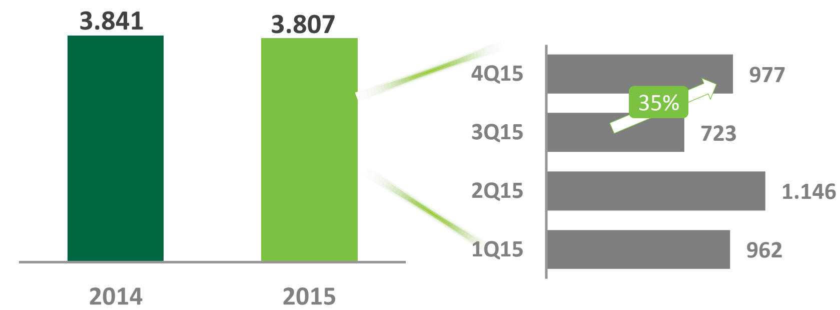
	1Q15	2Q15	3Q15	4Q15
GDP Growth (yoy)	2.3%	3.1%	3.4%	2.8%*
Inflation (yoy)	7.6%	7.2%	8.0%	8.8%
Benchmark (Qtr.avg.)	8.0%	9.7%	10.5%	10.6%
CBRT funding rate (Qtr.avg.)	8.0%	8.3%	8.7%	8.8%
CAD/GDP (yoy)	-5.8%	-5.8%	-5.5%	-5.0%*
US$/TL[2] (Qtr.avg.)	2.47	2.67	2.85	2.91

1 CBRT cut its policy rate in 1Q by a total 75 bps to 7.50%, upper band lowered by 50bps to 10.75% and lower band rate also cut by 25 bps to 7.25%.
2 CBRT ask rate * Garanti Estimate

Strong core banking performance: Increased NIM, strong collections and sustained fee income

2015 vs. 2014 Net Income (TL million)

(TL Million)	2014	2015	∆ Mn	∆YoY
(+) NII adj. w/ Swap Costs	7,915	9,356	1,441	18%
(+) Net fees and comm.	2,852	2,718	-134	-5%
(+) Comm. reimbursement related expenses	*-113*	*-254*	*-142*	*125%*
(+) Net F&C excl. Comm. Reimb. rltd. exp	*2,965*	*2,973*	*8*	*0%*
(-) Provisions for loans net of collections	-1,564	-1,866	-302	19%
(+) Trading & FX gains	377	21	-356	-94%
(+) Other income	762	897	135	18%
(+)Income on NPL sale	*49*	*27*	*-22*	*-45%*
(+)Free Provision Reversal	*0*	*73*	*73*	*n.m.*
(+)Other	*712*	*797*	*84*	*12%*
(-) OPEX	-5,319	-6,298	-978	18%
(+) Comm. reimbursement related expenses	*-106*	*-55*	*51*	*-48%*
(+)Administrative Fine	*0*	*-83*	*-83*	*n.m.*
(+)Other	*-5,214*	*-6,160*	*-946*	*18%*
(-) Other provisions & Taxation	-1,181	-1,021	160	-14%
(+)Free Provision	*-105*	*-35*	*70*	*-67%*
(+)Other	*-1,076*	*-986*	*90*	*-8%*
= NET INCOME reported	**3,841**	**3,807**	-33	-1%



Superior NIM[1]: +25bps YoY; **Swap Adj. NIM[1]: +9bps** YoY

Sustained robust fee base despite the regulatory pressures

Outstanding collection performance

Proactive risk assessment

Regulatory charges

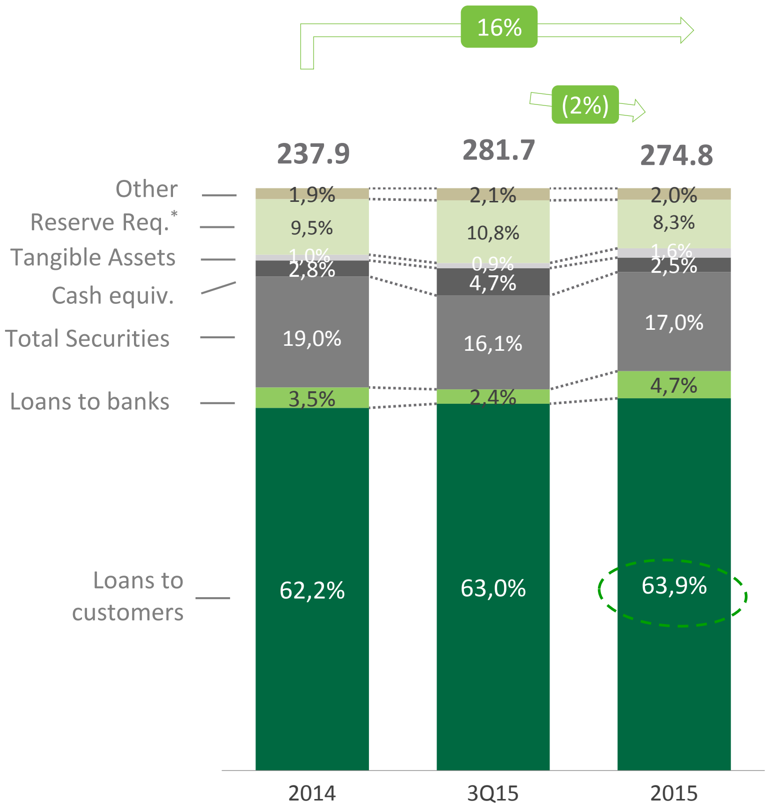
2015 ROAE* **14.5%**

2015 ROAA* **1.6%**

* Excludes fee rebates, income on NPL sales, administrative fines and free provisions
1 Based on BRSA Consolidated financials

Modest asset growth while increasing the weight of sustainable revenue generators

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



	2014	3Q15	2015
TL (% in total)	52%	48%	51%
FC (% in total)	48%	52%	49%

Growth

Asset growth remained **lending driven** throughout 2015 with **opportunistic additions to securities portfolio**

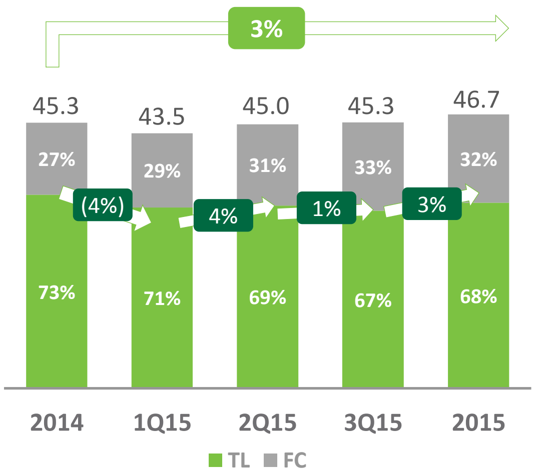
	1Q15	2Q15	3Q15	4Q15	2015
Assets	+5%	+2%	+11%	(2%)	+16%
Currency adjusted[3]	(1%)	1%	4%	0%	4%
Loans[2]	+7%	+4%	+8%	(1%)	+19%
Currency adjusted[3]	2%	3%	2%	1%	7%
Securities	(4%)	+4%	+1%	+3%	+3%
Currency adjusted[3]	(7%)	3%	(3%)	4%	(4%)

Loans[2]/Assets:
64%

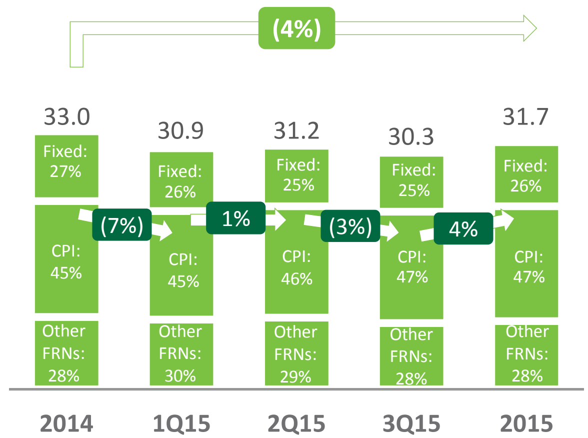
1 Including accruals 2 Loans to customers
3 Currency adj. growth is calculated with 2014 YE USD/TL exchange rate of 2.305.
* CBRT started remunerating TL reserves in 1Q & FC reserves in 2Q. However, the rate introduced on FC reserves is quite symbolic, generating non-material income as opposed to its large share in the asset mix.
Note: Reserves exclude subsidiaries

Securities portfolio continued to help ride out the volatility

Total Securities (TL billion)



TL Securities (TL billion)

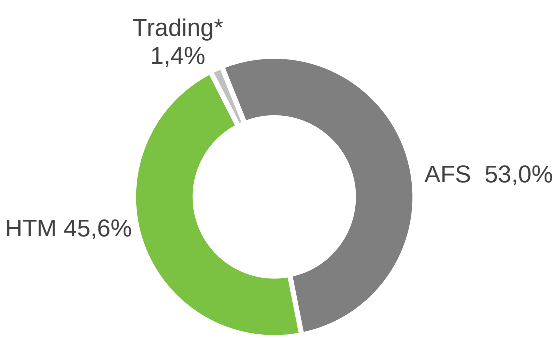


Securities/Assets: ~17%
hovering around its lowest level

FRN heavy securities portfolio

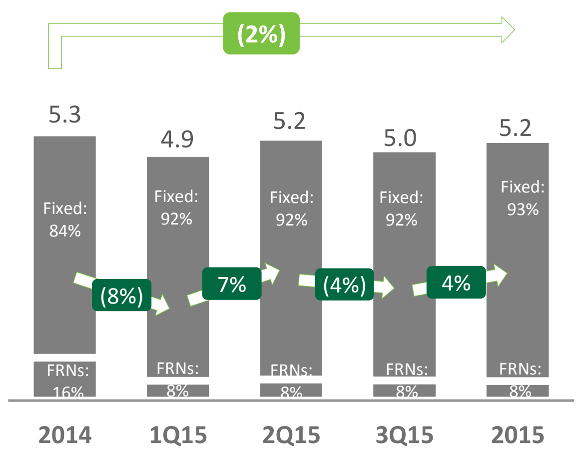
FRN weight in Total: 57% TL: 74%

Total Securities Composition



Unrealized MtM loss (pre-tax) ~TL 403mn as of YE15 vs. ~TL 1.0 bn loss in 9M15 and TL79mn gain at YE14

FC Securities (US$ billion)



In 2015;

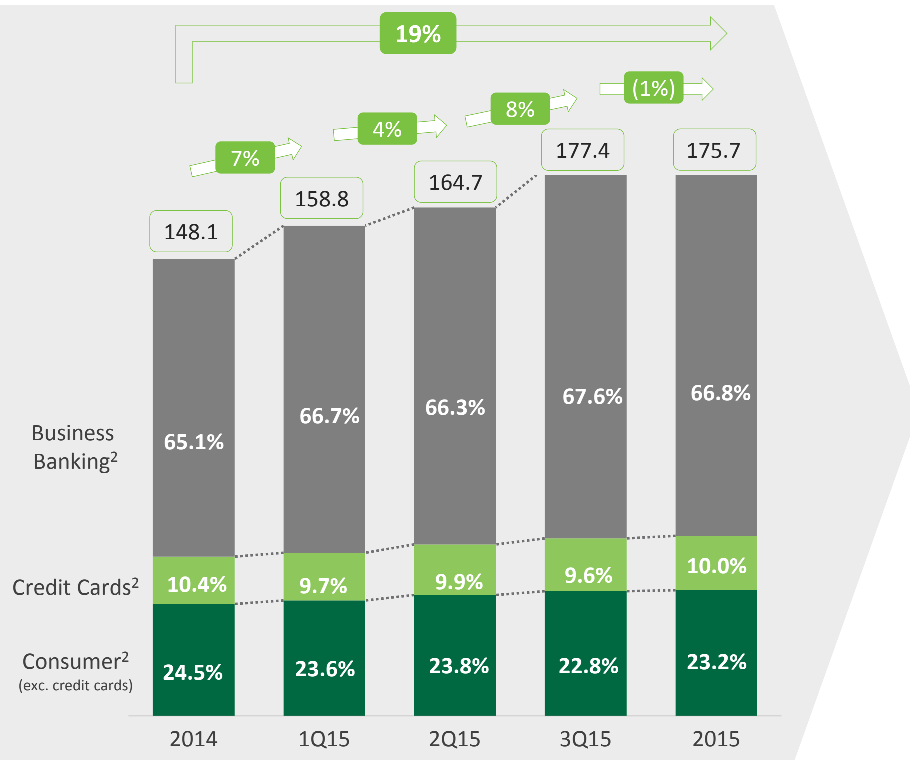
- TL securities -- **redemptions** mostly **replaced with** new additions to **CPI linkers** to strengthen hedge position against volatility

- FC securities -- **Eurobond additions** at attractive rates

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

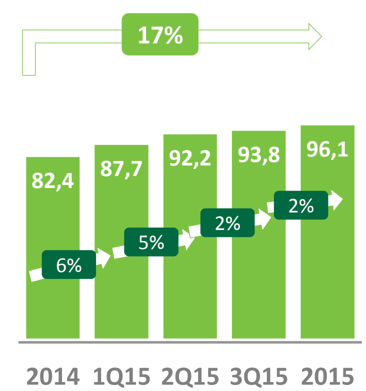
Selective lending growth with primary focus on profitability

Total Loans[1] Breakdown (TL billion)



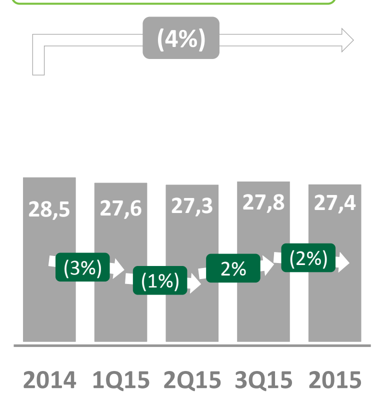
	2014	1Q15	2Q15	3Q15	2015
TL (% in total)	56%	55%	56%	53%	55%
FC (% in total)	44%	45%	44%	47%	45%
US$/TL	2.305	2.575	2.655	3.005	2.908

TL Loans[1] (TL billion)



- **Relatively lower growth in 2H vs. 1H is due to front loaded demand** in large ticket consumer loans and business banking *as currency was depreciating

FC Loans[1] (US$ billion)

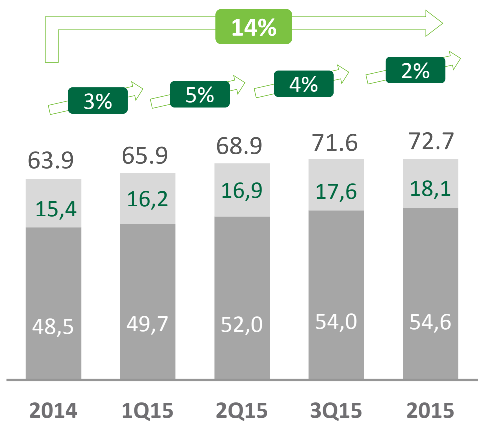


- **Stagnant FC lending** growth in 2015 due to **prevailing volatility and uncertainties**.

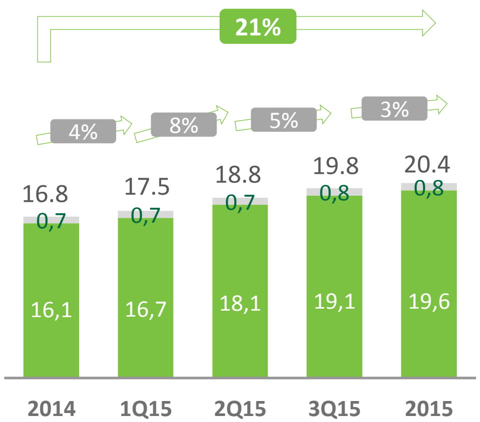
1 Loans to Customers 2 Loans breakdown is based on BRSA consolidated data, loans do not include leasing and factoring receivables.
* Business banking loans represent total loans excluding credit cards and consumer loans

Healthy market share gains in key lucrative products

Retail Loans[1] (TL billion)



Mortgage (TL billion)



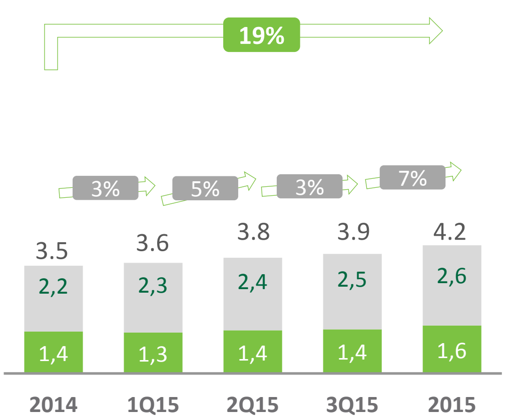
Consumer Loans Commercial Instalment Loans

Market Shares

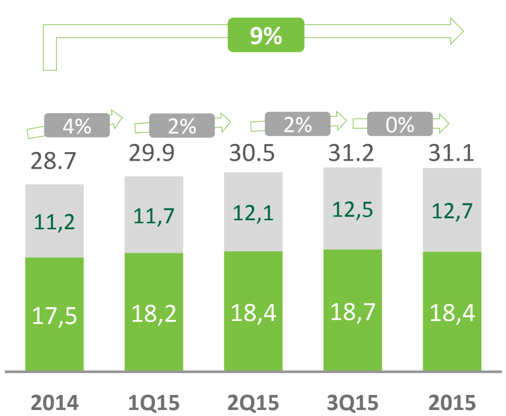
…strengthened leading positions while refraining from pricing competition…

	Dec'15	QoQ	YoY	Rank
Consumer Loans	14.3%	+8bps	+48bps	#1
Cons. Mortgage	14.3%	+16bps	+60bps	#1
Cons. Auto	27.0%	+180bps	+510bps	#1
Corporate CCs	12.4%	+42bps	+128bps	#2
# of CC customers	14.5%[3]	+11bps	+20bps	#1[3]
Issuing Vol.	19.2%[3]	+7bps	+94bps	#2[3]
Acquiring Vol.	20.6%[3]	+3bps	+77bps	#2[3]

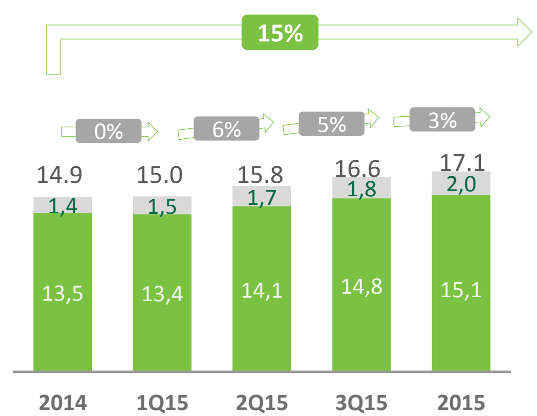
Auto Loans (TL billion)



General Purpose Loans[2] (TL billion)



Credit Card Balances (TL billion)



Consumer Loans Commercial Instalment Loans

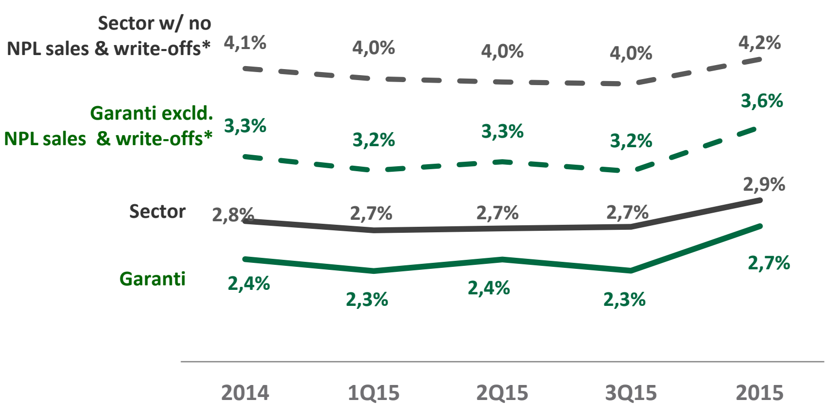
Note: Based on BRSA Consolidated financials 1 Including consumer, commercial instalment, overdraft accounts, credit cards and other 2 Including other loans and overdrafts
3 As of December 2015, as per Interbank Card Center data. Rankings are as of December 2015, based on monthly data
Note: (i) Sector figures used in market share calculations are based on bank-only BRSA weekly data as of December 31 ,2015, commercial banks only (ii) Rankings are as of 9M15, among private banks. unless otherwise stated

Proactive approach in risk assessment & outstanding collection performance (+67% YoY) further solidify asset quality

NPL ratio[1]

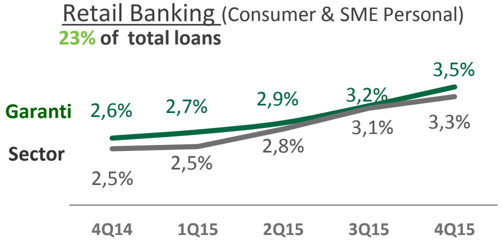
Bank-Only NPL ratio: 2.7%, in-line with bank-only 2015 OP

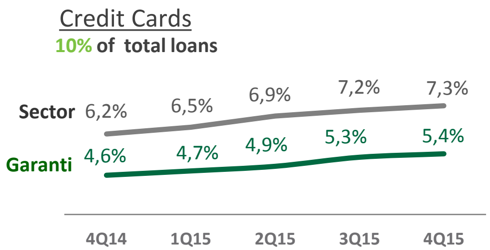
	2014	1Q15	2Q15	3Q15	2015
Garanti (IFRS Cons.)	3.1%	3.0%	3.0%	3.0%	3.3%
Garanti (BRSA Cons.)	3.0%	2.9%	2.9%	2.8%	3.2%

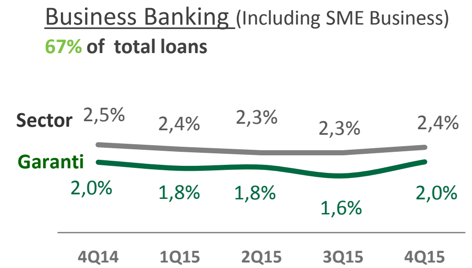


NPL Breakdown[1]

Sector NPL ratios in retail banking & credit cards veiled by heavy NPL sales



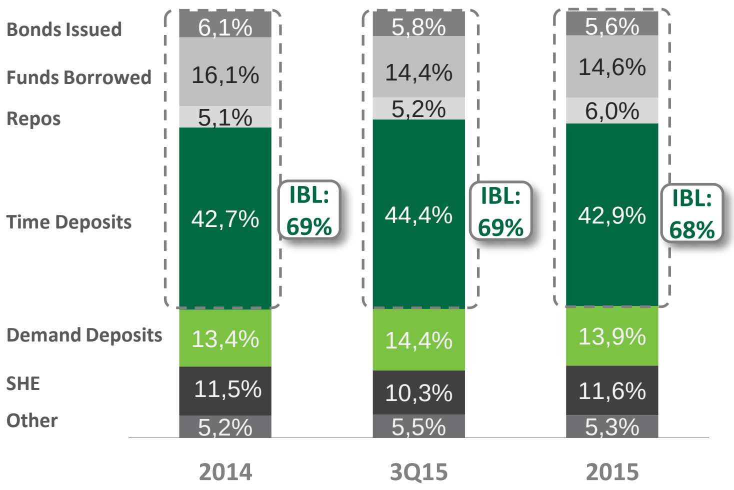




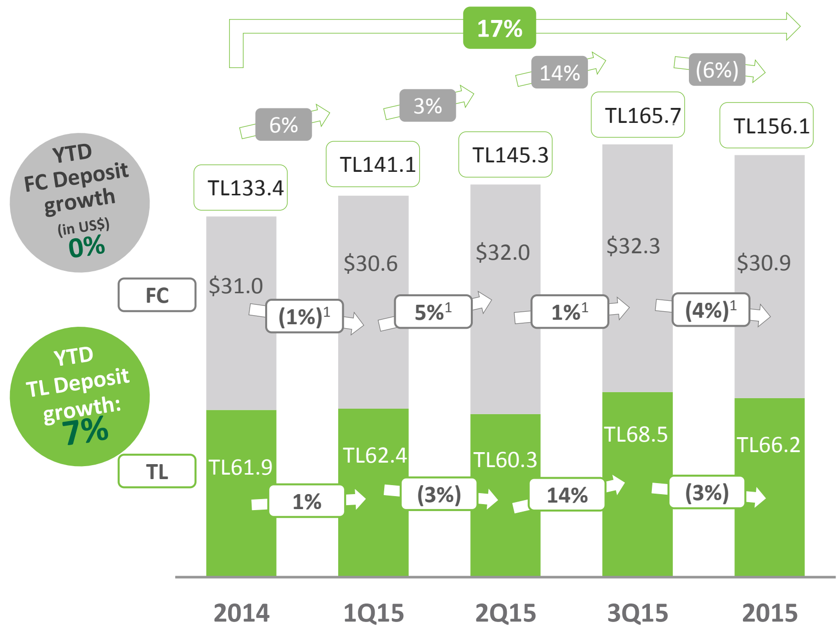
1 NPL ratio and NPL categorization for Garanti and sector figures are per BRSA bank-only data for fair comparison (Sector figures are as of 31 December 2015)
Source: BRSA, TBA ,CBT, TurkStat *Adjusted with write-offs since 2008

Deposit remains the major funding source while its growth is actively managed with profitability mindset

Composition of Liabilities



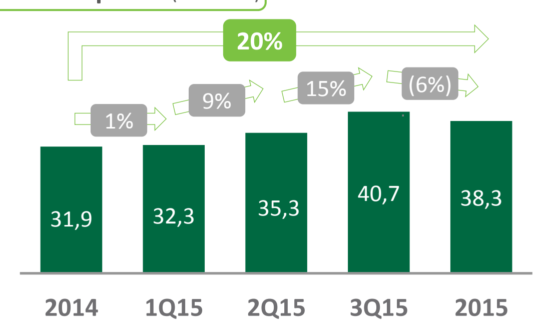
Total Deposits (TL, US$ billion)



- **Demand deposits constitue 25% of total deposits**
  - Bank-only >22% vs. 18% in the sector[3]

- **Refraining from pricing competition** in TL & FC deposits led to deposit shrinkage
  - Sustained focus on sticky & low-cost mass deposits: Share of **SME & Retail deposits** in TL deposits: 79%[2]
  - Opportunistic utilization of other funding sources

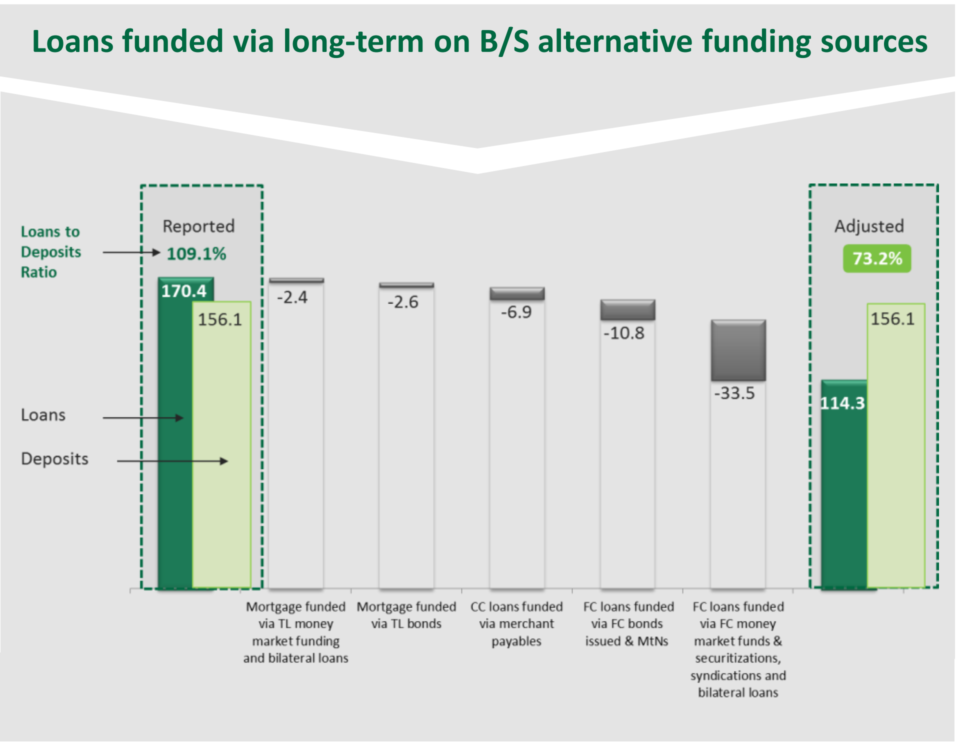
Demand Deposits (TL billion)

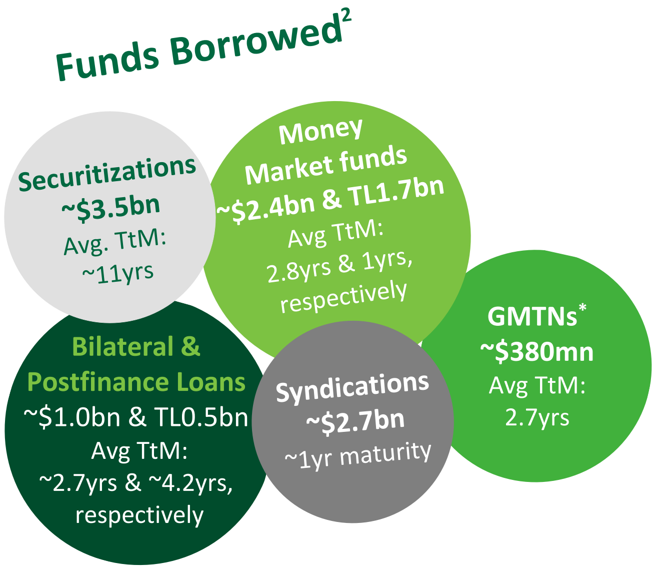


1 Growth figures are based on US$ terms 2 Based on bank-only MIS data
3 Based on bank-only BRSA weekly data as of December 31, 2015 , commercial banks only

Other on balance sheet funding sources ease LDR

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





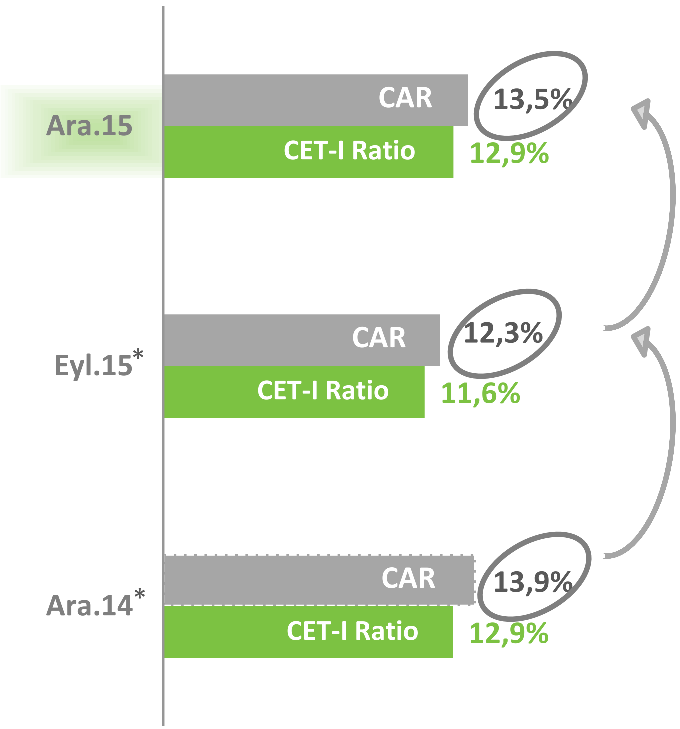
Bond Issuances[2]

- **TL Bond* issuances**: ~TL3bn, Avg TtM ~6mo.
- **TL Eurobond**: TL750mn, @7.38% , Avg TtM ~2yrs
- **FC Eurobonds**: USD3.2bn, Avg TtM ~4yrs

1 Based on BRSA Consolidated Financials. Loans excluding leasing and factoring receivables
2Bank-only
* Only long term issuances are accounted for in the analysis --TL bonds including TL Eurobond :TL2.6bn and GMTNs ~USD285mn

Capital generative growth strategy assures sound solvency ratios

Capital adequacy ratios[1] (in accordance with Basel III)



QoQ Impacts on CAR:
- Asset revaluation:+65bps
- MtM gains/losses: +22bps
- Currency effect: +20bps

9M Impacts on CAR:
- Dividend payment:-29bps
- MtM losses: -37 bps
- Currency depreciation: -155bps

Highest CET-1 ratio[3]: among peers

Leverage ~8x

> CET-1 capital share in total:
95%
Bank-only: **94%**
vs. sector's **84%**

Possible impact of recent regulations on CAR in 2016[2]

(-) Elimination of free provisions from capital: **~15bps**

(-) Increased risk weightings on FC reserves **~70bps**

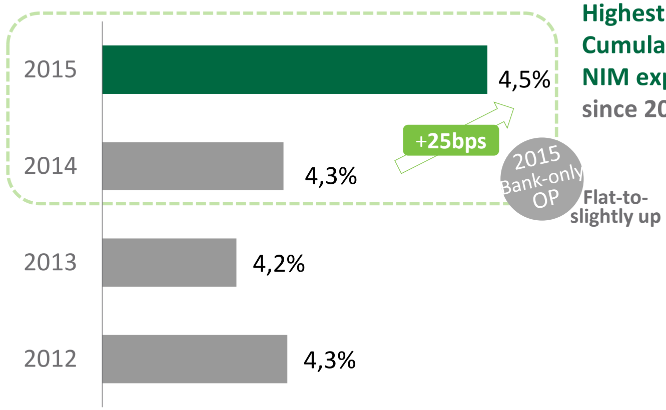
(+) Lower risk weightings on unsecured consumer loans: **~100-120bps**

Upside to 2016 OP

1 1 Based on BRSA Consolidated Financials 2 Regulation impacts based on current bank-only balance sheet position
3 Based on bank's September 2015 financials
* CAR & CET1 Ratios do not reflect the effect of restatements to financials done at YE-15

Superior NIM performance in another challenging and highly competitive environment

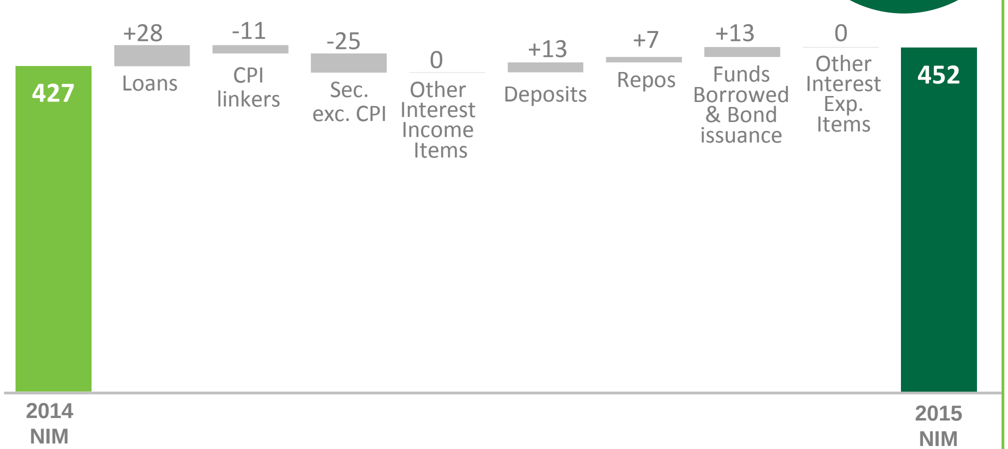
Cumulative NIM



Highest Cumulative NIM expansion since 2012

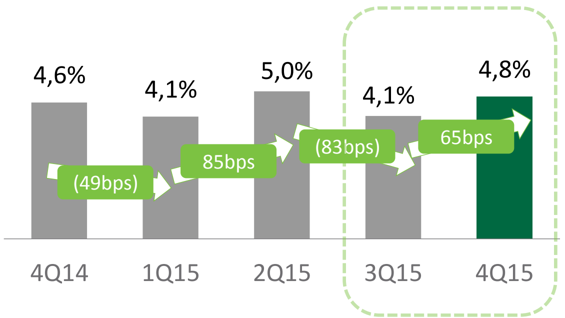
Swap Adj. Cum NIM +9bps

2015 vs. 2014 Margin Evolution (in bps)

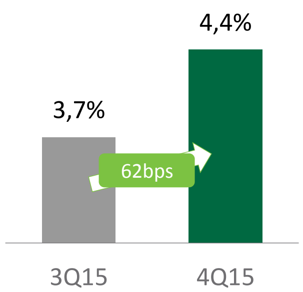


Quarterly NIM

Reported NIM
(Net Interest Income / Average IEAs)



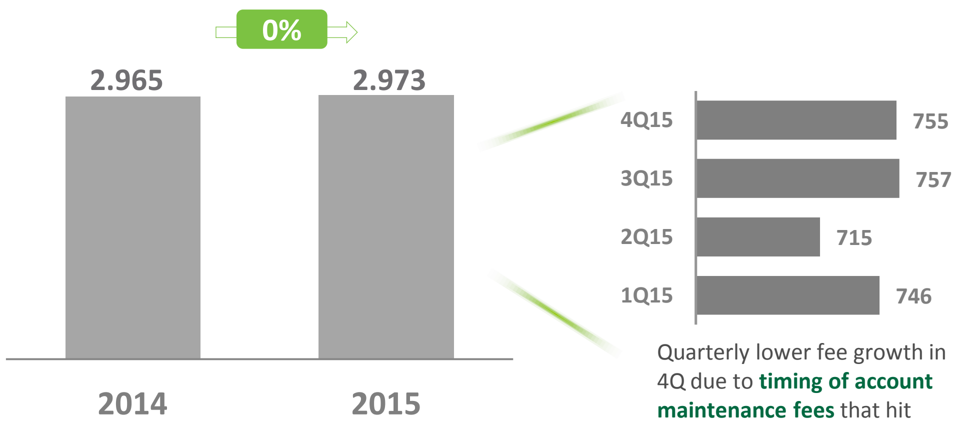
Swap Cost Adjusted NIM
NII Adj. with swap costs / Average IEAs



Note: Figures are based on BRSA Consolidated financials

Sustained strong net fees and commissions base despite the regulatory pressures

Net Fees & Commissions[2] (TL Million)



Quarterly lower fee growth in 4Q due to **timing of account maintenance fees** that hit 1Q&3Q

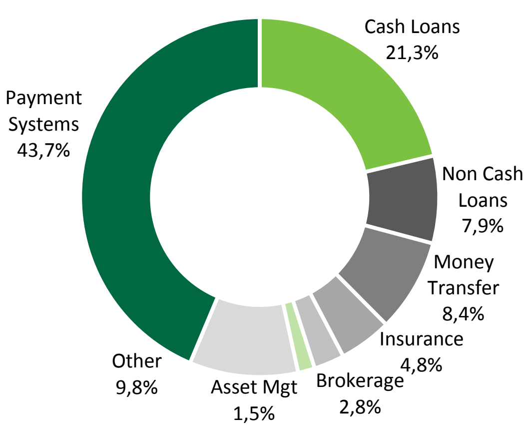
Emphasis placed on diversified fee areas

Fighting regulatory pressures

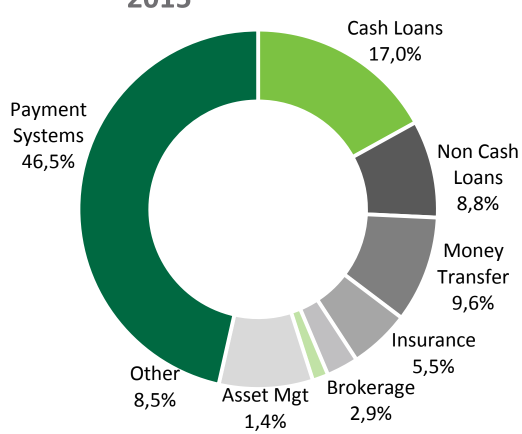
	Growth[1] (y-o-y)
Insurance	16%
Money transfer	15%
Non-cash Loans	12%
Merchant Fees	18%

Net Fees & Commissions Breakdown[1] (%)

2014



2015



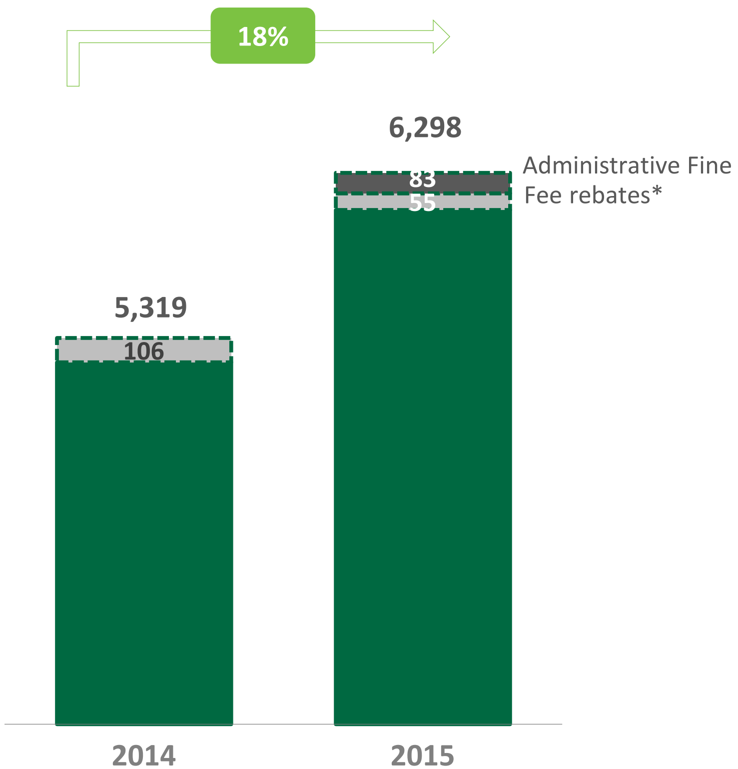
Effective utilization of digital channels

- In non-cash Financial Transactions,
  Online Banking share: 51%
  Mobile Banking share: 29%
  ATM share: 11%
- **Banking Service fees driven via digital channels make up ~37%** & is on an increasing trend
- **Mobile Banking active customers** exceeded **2.5 million**

1 Net Fees and Commissions breakdown» is based on bank-only MIS data
2 Excluding commission reimbursement expenses netted from Fees – 2014: TL113mn, 2015:TL254mn (1Q15:TL62mn 2Q15:TL84mn 3Q15:TL54mn 4Q15: TL54mn).
On a reported basis YoY Fee growth -5%

Regulatory charges and currency depreciation weighed on OPEX

Operating Expenses (TL million)



OPEX pressured by;

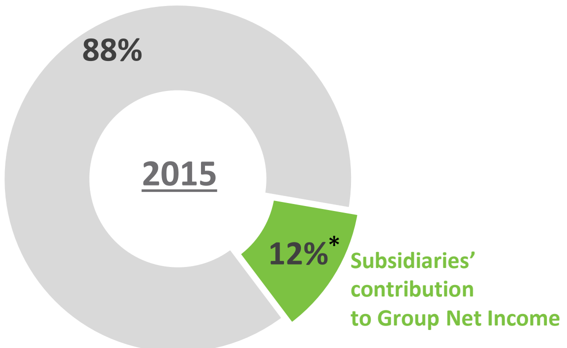
- **Fee rebates** — 1% impact
- **Higher than expected TL depreciation against US$** — 1.5% impact
  25% depreciation on average vs. 5% in 2015OP
- **Administrative Fine** — 1.5% impact
- **Higher than budgeted increase in # of employees** — 2% impact
  +656 YoY vs +250 in OP

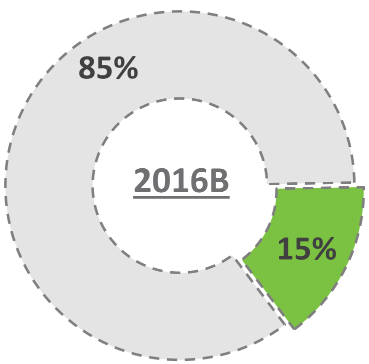
OPEX[1]/Avg. Assets:
2.4%

1 Excluding fee rebates and fine
*Commission reimbursement expenses, per IFRS accounts, impact OPEX & Net Fees and Commisisons

Subsidiaries' contribution remains strong and is on an increasing trend

Consolidated Net Income





Main Contributors

GarantiBank International N.V.

Net Income Contribution 0.9%* (excl. provisioning* NI contribution: ~5%)

- > **15th largest** bank in the Netherlands
- > Signed €234mn syndicated loan @ 3M Libor+65bps
  -- *25bps lower vs. prior year's facility*
  Soon after the syndication close, **GBI's LT deposit rating** was **upgraded by 2 notches** to A3 by Moody's

Garanti Pension Company

Net Income Contribution 5.1%

- > **Most profitable pension company** for six consecutive years
- > ROAE: **19.8%**

Garanti Leasing

Net Income Contribution 3.6%

- > **Substantial market share gains in business volume** (+16bps YoY as of September'15; ranks #2) backed by new product offerings
- > ROAE: **16.7%**

GarantiBank Romania

Net Income Contribution 1.5%

- > **11th largest bank**[1] in Romania by asset size
- > ROAE: **8.5%**

* Contribution was suppressed since 2Q due to proactive risk approach
1 As of September 2015

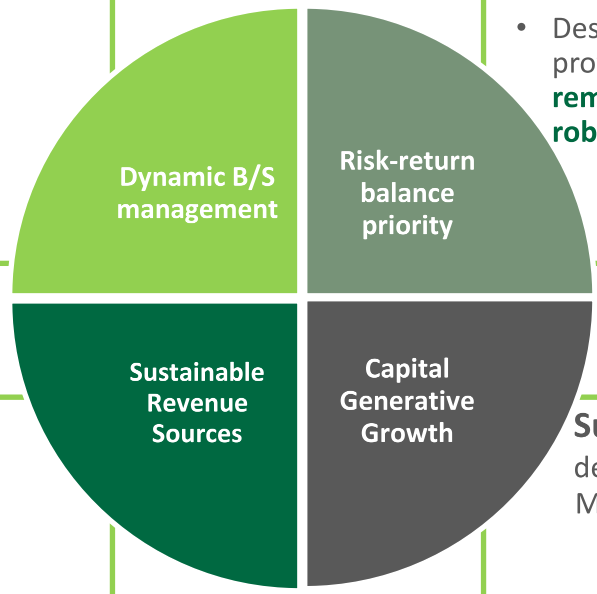
Result: Solid business model assures recurring strong results

Outstanding NIM performance in a challenging year

- Lending growth without sacrificing loan yields
- Actively managed funding mix
- CPI linkers continued to serve as hedge

Proactive risk approach

- Despite proactively increased provisions, **Net Specific CoR[2] remained flattish vs. 2014 backed by robust collections**



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

Preserved strong fee base in 2015 despite regulatory pressures

- **Diversified fee base** assures sustainable fee income generation

Sustained sound solvency ratios

despite currency depreciation & MtM losses

- **CET-1 constitutes 95%[2] of capital**, highest among peers[1]
- Upside risk on 2016B CAR post recent regulation on consumer loan risk weightings

1 As of September 2015, Sector figures are per BRSA bank-only monthly data, commercial banks only
2 Based on BRSA Consolidated financials

Appendix

Preserved high contribution from subsidiaries

	Sector Positioning	Asset Contribution	Net Income Contribution	ROAE** (Cum.)	P/L Highlights
GarantiBank International N.V.	> 15th largest bank in the Netherlands > Provides customer-centric transaction banking services in trade & commodity finance, private banking and structured finance > Well-capitalized with 19.04% CAR (Local) > Sound asset quality with 3.8% NPL ratio (Local) > Comfortable level of LtD ratio: 82.2% (Local)	5.8%	0.9% ~5% excluding additional provisions	2.2% 12% excluding additional provisions	> Proactively bolstered LLP > Core activity supported by trading gains through sale of securities > Increased MTM losses due to market conditions
Garanti Pension Company	> Most profitable company of the sector for six consecutive years > #3 in pension fund size (TL7.4bn) with 15.6% market share > Received corporate governance score of 9.18 for its compliance with Capital Markets Board Corporate Governance Principles	0.5%****	5.1%	19.8%	> Increasing technical income from pension business > Superior financial income backed by favorable market conditions
GarantiBank Romania	> Full-fledged banking operations since May 2010 > 11th bank in Romania* by asset size -- aims to be among Top 10 > 98% geographic coverage w/ 84 branches & 304 ATMs > Well-capitalized with 13,5% CAR (Local as of Nov 30, 2015) > NPL Ratio (Local):10.2% vs. sector's 11.6% (as of Nov 30, 2015***)	2.7%	1.5%	8.5%	> Better-than-expected NII due to better margins > Gain on NPL sales supporting bottom-line > OPEX savings > Higher loan loss provisions due to prudency
Garanti Leasing	> Ranks #2, +16bps YoY market share gains in business vol. as of 3Q15 (financial lease) > US$599mn Business Volume as of 30.09.2015 (financial lease)	2.1%	3.6%	16.7%	> Strong balance-sheet management supporting bottom line and positive effect from cash flow hedge
Garanti Factoring	> Named as the world's "Best Export Factoring Company" in 2015 > TL17.3bn factoring volume > Ranks #2 with 14.9% market share* > #1 in the market with 11.8% market share in factoring receivables (17.4% YoY growth; +14bps YoY market share gains) *	1.1%	0.7%	16.6%	> Better-than-expected margins backed by swap utilization
GarantiBank Moscow	> Established in 1996, active in corporate & commercial banking > Serves Russian firms from various sectors, major Turkish companies as well as Spanish companies active in the Russian market > Well-capitalized with 34.6% CAR (Local) > NPL Ratio : 20.4%	0.2%	-0.2%	-7.0%	> Higher-than- expected funding cost, significant devaluation of RUB, higher loan loss provisions & decreasing volumes due to unfavorable macro conditions arising from geo-political issues.
Garanti Securities	> Strong presence in capital markets with 7.0% brokerage market share	0.0%	0.2%	8.4%	> Slightly better gross income than costs
Garanti Asset Management	> Turkey's first asset management company with TL 11.8bn AUM	0.0%	0.2%	22.7%	> Lower-than- expected commission income

* As of September 30, 2015. ** Calculated as average of quarter-end equities *** Garanti Romania NPL ratio is per bank-only data for fair comparison with sector

**** Starting from December'15, Garanti Pension has netted-off "Client Money" (term is used to describe a variety of arrangements in which the reporting entity holds funds on behalf of clients) both from assets and liabilities. Garanti Pension's asset contribution is affected by the accounting policy change.

Note: Garanti Romania, Garanti Securities & Garanti Leasing figures are based on their consolidated results except for NPL Ratio figures that are on entities basis

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