Earnings Presentation

March 31, 2014

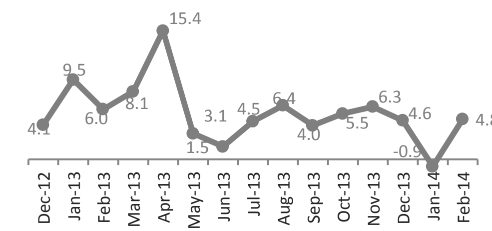
BRSA Consolidated Financials

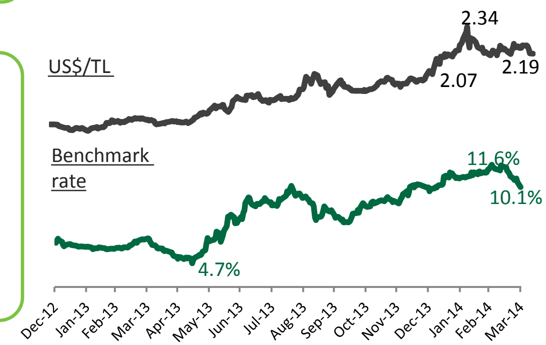
Garanti

1Q 14 -- Continued tough economic times

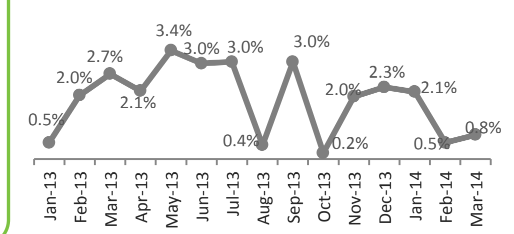
	January – May 2013	June - December 2013	January-March 2014
Net Capital Flows to Turkey	• Significant net capital inflows ○ High global risk appetite ○ Expected rating upgrade	• Sharp contraction in net capital flows* ○ FED's tapering ○ Gezi Protests ○ Political distress	• Capital flows affected by volatile market conditions & political uncertainty
Interest & Exchange Rate Dynamics	• Benchmark bond rate as low as 4.7% • TL appreciation	• Benchmark bond rate reached a max. of 10.3% • 11% depreciation of TL** compared to January-May 2013	• Interest rate hike by CBRT • Avg. cost of funding up to 9.2% from 6.5% in 4Q13 • Further TL depreciation -- US$/TL touched 2.4 & eased back to 2.2 in March
Banking Sector Dynamics	• Expansion in sector NIM (average 5.1%) • High loan growth	• Supression in sector NIM • Loan growth lost pace • Further regulatory actions by BRSA	• Effects of the regulatory actions reflected as a slowdown in lending growth – sector loan growth was in favor of business banking loans

Monthly Net Capital Flows (US$ Bn)





Sector – Monthly TL Loan growth[1]



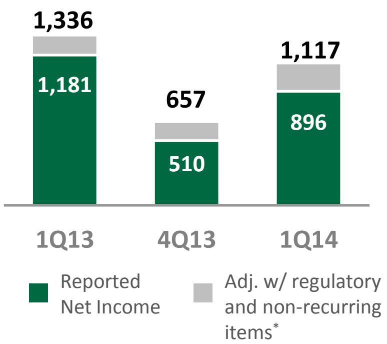
* Based on CBRT data

** Based on US$/TL averages for the respective periods

1 March data is based on BRSA weekly data, as of March 28, 2014

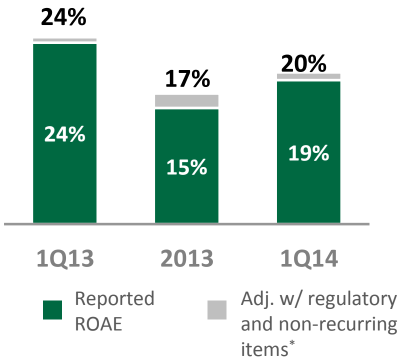
Sustained strong performance under any market condition

Net Income (TL million)



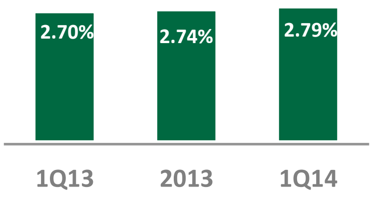
- Well-defended margin
- Highest sustainable income generation capability
- Preserved focus on efficiency

ROAE (cumulative)



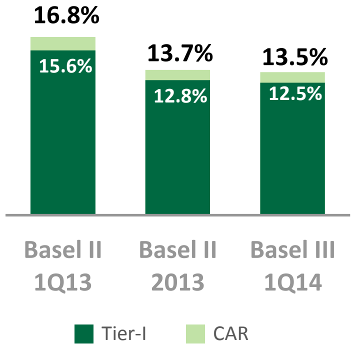
- Business model ensures high levels of ROAE despite the low leverage

NPL Ratio



- Selective growth focus & disciplined credit approval process
- NPL ratio -- Consistently below sector

CAR & Tier-I Ratio

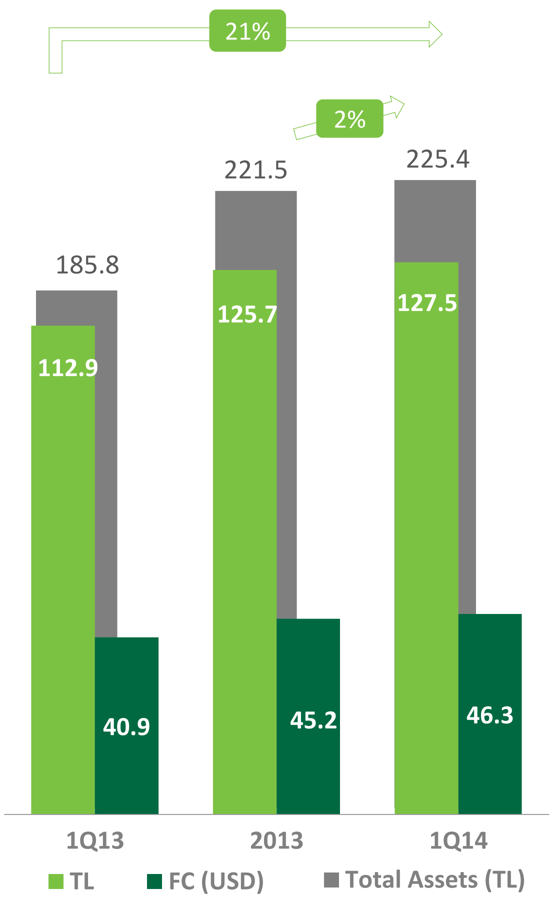


- CAR ratio well above required and recommended levels -- even with the standard approach on risk weightings that result in RWA/Assets of 85%

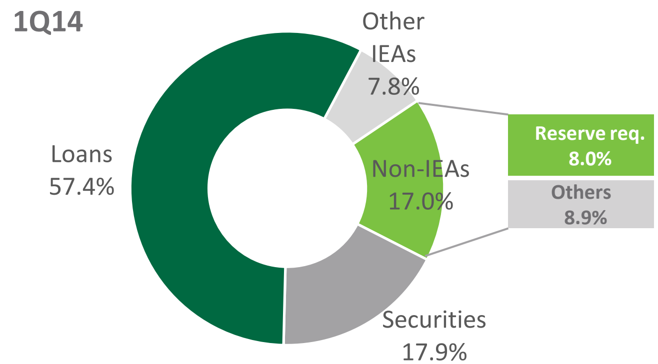
*Business as Usual = Excluding non-recurring items and the regulatory effects
Please see page 20 for details

Strategically managed asset/liability mix

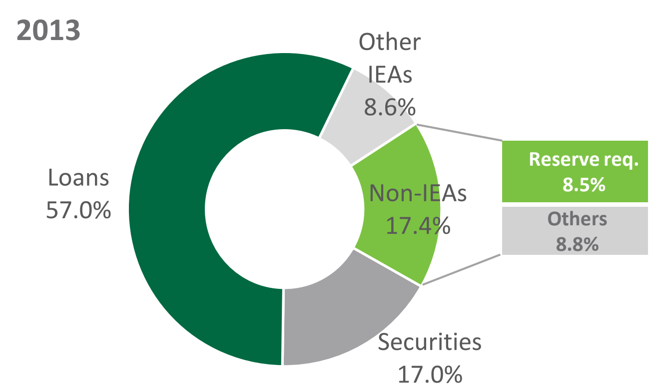
Total Assets (TL/USD billion)



Composition of Assets[1]



IEA / Assets: 83%



IEA / Assets: 83%

Customer driven asset mix
Loans[1,2]/Assets:
57%

Growth

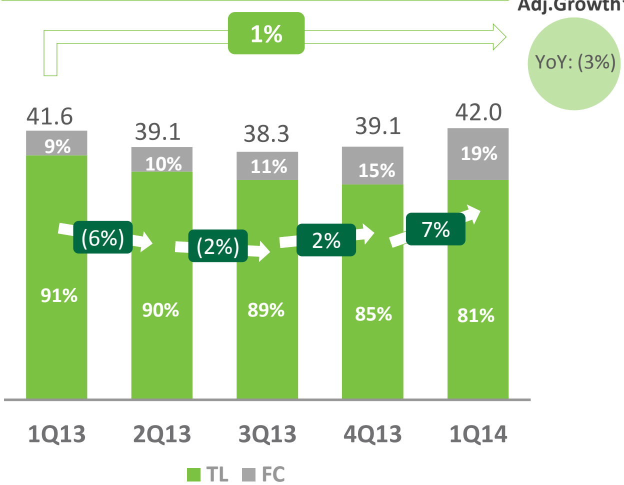
	Loans[2]	Securities
1Q14	+2%	+8%
vs.		
4Q13	+6%	+2%

- Moderated lending growth
- Security additions to the portfolio, at attractive spreads, more than offset the redemptions in 1Q14

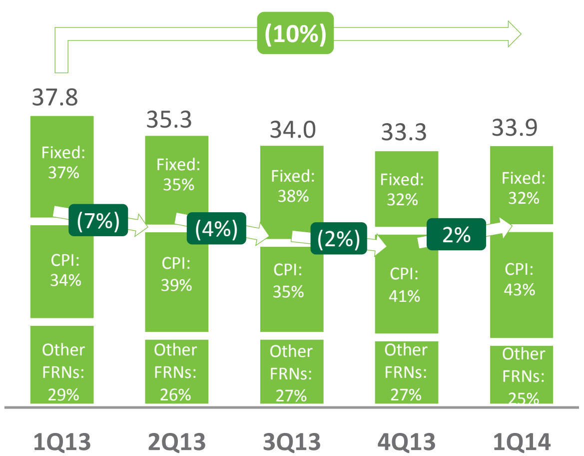
1 Accrued interest on B/S items are shown in non-IEAs
2 Performing cash loans

Opportunistic build-up of FC book together with continued investments in CPI linkers, a hedge against volatility

Total Securities (TL billion)



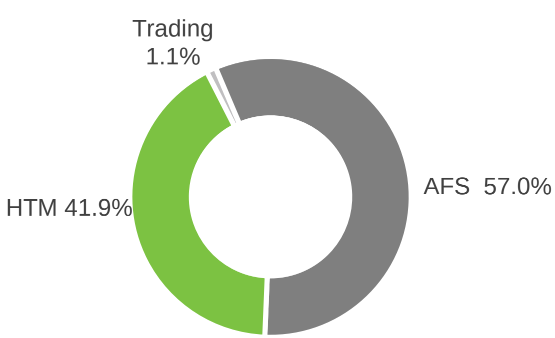
TL Securities (TL billion)



Securities[1]/Assets:
18%
vs. YE13
from 17.0%

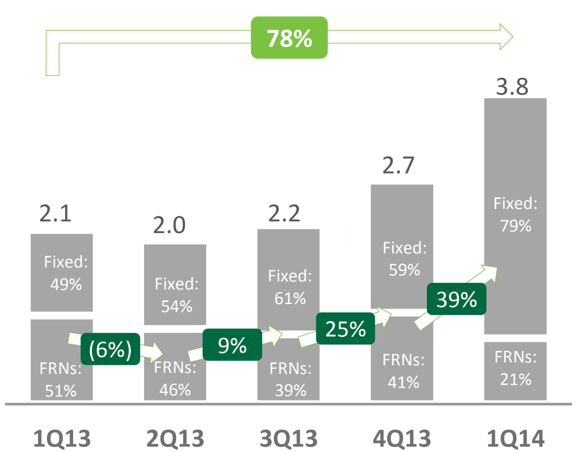
FRN weight in TL
remained high at
68%

Total Securities Composition



Unrealized loss (pre-tax)
as of March-end ~TL 680mn

FC Securities (USD billion)



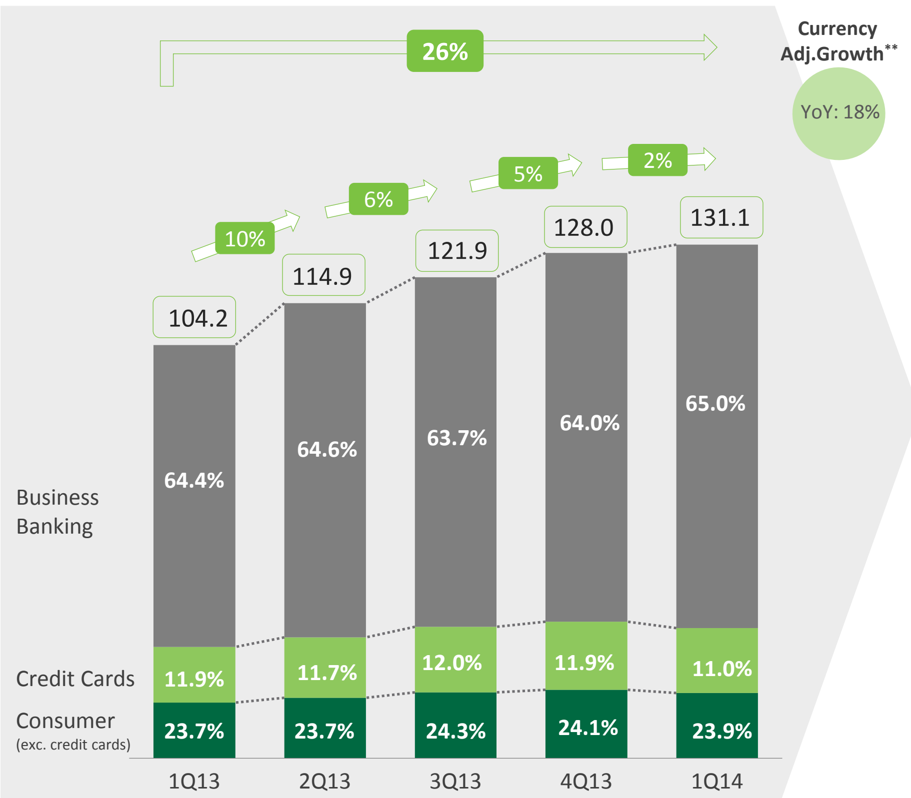
Additions to portfolio

- >$1bn FC TR sovereign Eurobonds to HTM portfolio
- CPI linkers at 3.5% real rates replace redemptions from TL portfolio

1 Excluding accruals
*YoY currency adj. growth is calculated with 1Q13 USD/TL exchange rate of 1.785.
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data.

Lending growth slowed down, in-line with sector

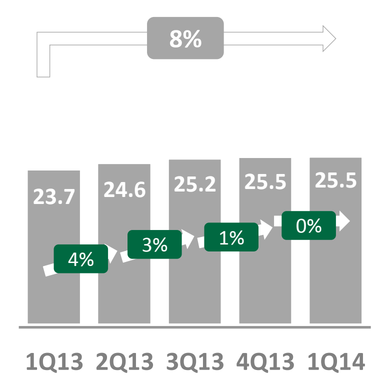
Total Loans[1] Breakdown (TL billion)



	1Q13	2Q13	3Q13	4Q13	1Q14
TL (% in total)	59%	59%	59%	58%	59%
FC (% in total)	41%	41%	41%	42%	41%
US$/TL	1.785	1.905	1.995	2.120	2.115

TL Loans[1]

FC Loans[1] (in US$)



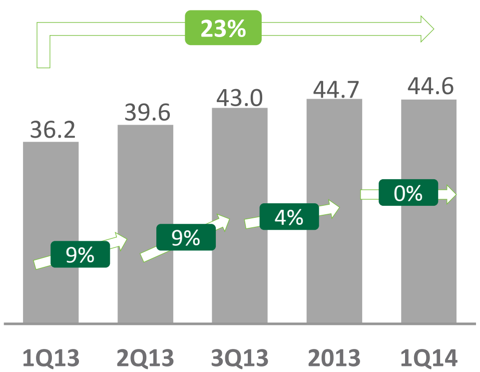
- TL business banking loans* -- main growth driver in 1Q14
- Consumer lending growth defined by lucrative retail products

- Large investment projects expected to kick-in in the coming quarters

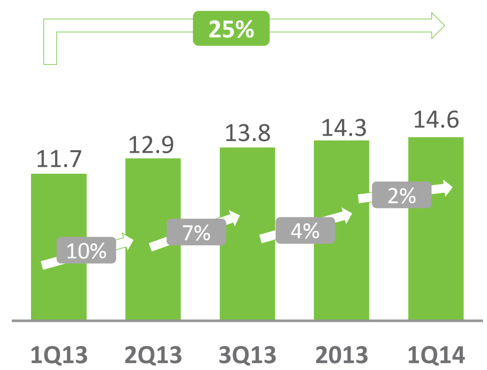
1 Performing cash loans
* TL business banking loans represents TL loans excluding credit cards and consumer loans
**YoY adj. growth is calculated with 1Q13 USD/TL exchange rate of 1.785.

Moderated growth in consumer lending, as expected; yet, selective & profitability focused

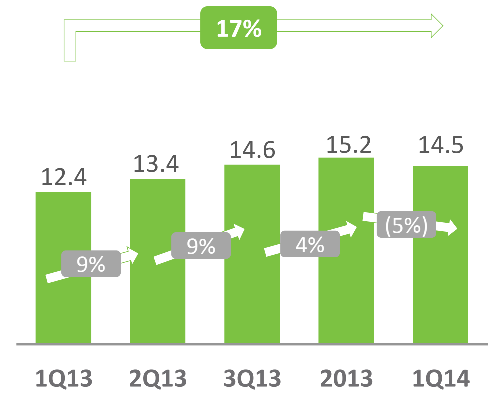
Consumer Loans[1] (TL billion)



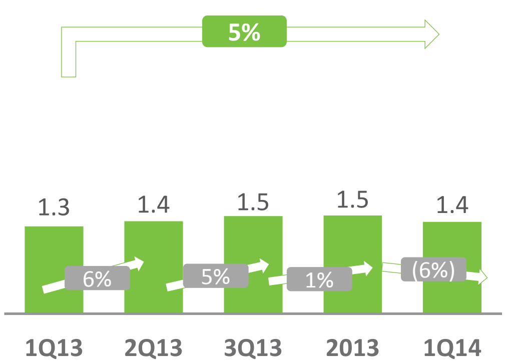
Mortgage (TL billion)



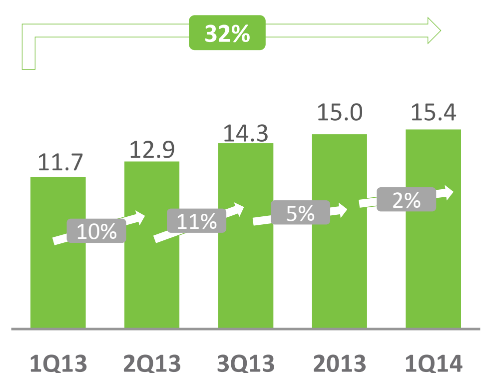
Credit Card Balances (TL billion)



Auto Loans (TL billion)



General Purpose Loans[2] (TL billion)



Market Shares[3]

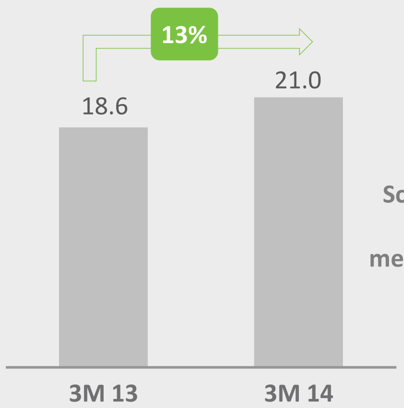
	QoQ	Mar'14	Rank[4]
Consumer Loans[1]	↓	13.5%	#1
Mortgage	↔	13.5%	#1
Auto	↔	18.7%	#1
General Purpose	↑	11.1%	#3
Acquiring Volume (Cum.)	↓	19.6%	#1
# of Credit Card Customers	↑	14.0%	#1

1 Including consumer credit cards, other and overdraft loans
2 Including other consumer loans and overdrafts
3 Sector figures are based on bank-only BRSA weekly data, commercial banks only
4 As of 2013, among private banks. «Acquiring Volume» and «# of Credit Card Customers» market shares are as of 1Q14

Strength in payment systems underpinned by the differentiated business model

Acquiring Volume (TL billion)

Market Share: 19.6%

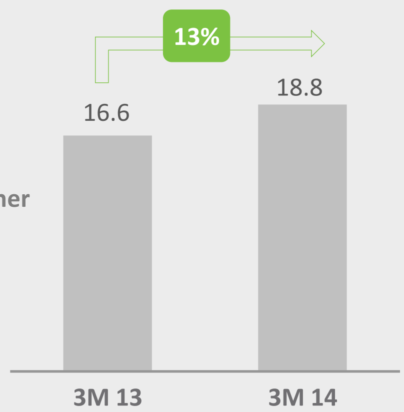


Scale advantage & strong merchant network

Well-balanced business model results in strong market positions both in acquiring & issuing volumes

Issuing Volume (TL billion)

Market Share: 17.7%



Main customer acquisition channel

Strong player in the market with the ultimate aim of creating cashless society

Turkey's largest Credit Card Platform:

11 banks licensed under Bonus card platform

Massive payment systems infrastructure

17mn debit & credit cards

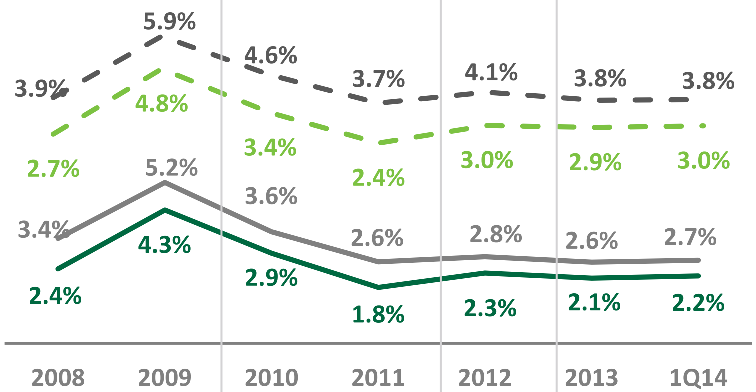
Turkey's largest merchant network

#1 with ~542K POS

Sustained low-risk profile…

NPL Ratio[1]

	Global Crisis & Hard Landing		Recovery		Soft Landing	Macro-prudential Measures
GDP Growth	0.7%	-4.8%	9.2%	8.8%	2.1%	4.0%
Unemployment Rate[2]	13.1%	12.7%	10.7%	9.2%	9.5%	9.4%



	2008	2009	2010	2011	2012	2013	1Q14
Garanti (Consolidated)	2.4%	4.1%	3.1%	2.1%	2.6%	2.7%	2.8%

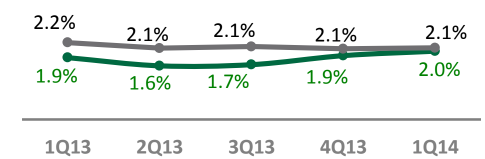
Garanti
Garanti excld.NPL sales & write-offs*
Sector
Sector w/ no NPL sales & write-offs*

Below sector NPL ratio across all products

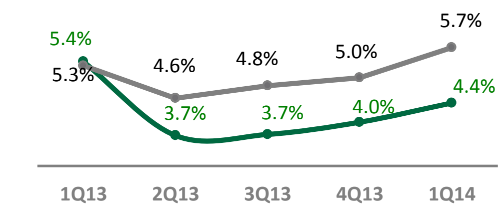
Solid collections performance covering **>50%** of new NPL originations

NPL Categorisation[1]

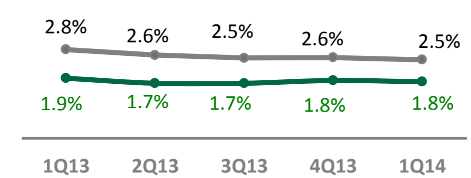
Consumer Banking
(Consumer & SME Personal)
25% of total loans



Credit Cards
12% of total loans



Business Banking
(Including SME Business)
63% of total loans

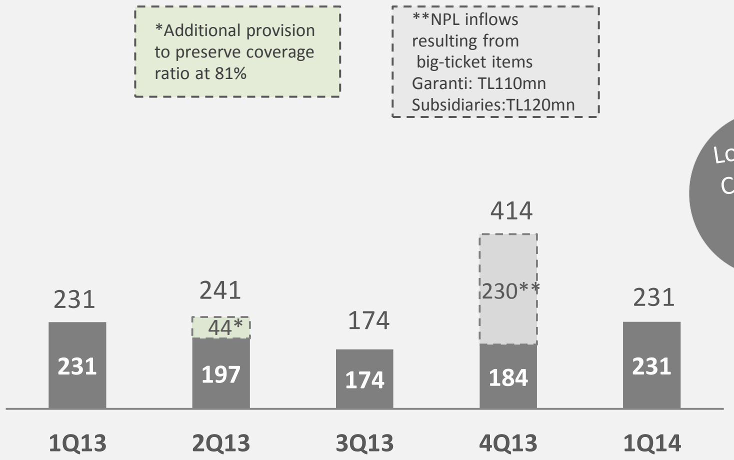


Garanti Sector

1 NPL ratio and NPL categorisation for Garanti and sector figures are per BRSA bank-only data for fair comparison (as of 28 March 2014)
2 Seasonally adjusted
* Adjusted with write-offs in 2008, 2009, 2010, 2011, 2012, 2013 ,1Q14 Source: BRSA, TBA & CBT

...and comfortable coverage and provisioning levels

Quarterly Specific Provisions (TL million)

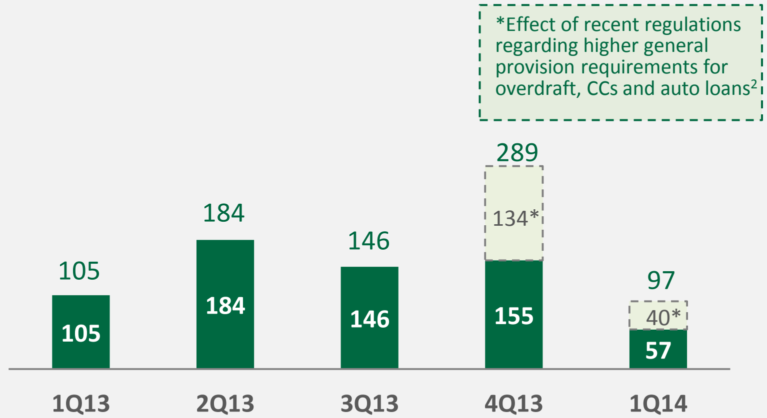


Loan-Loss Coverage ratio **75%**

per bank-only **81%**

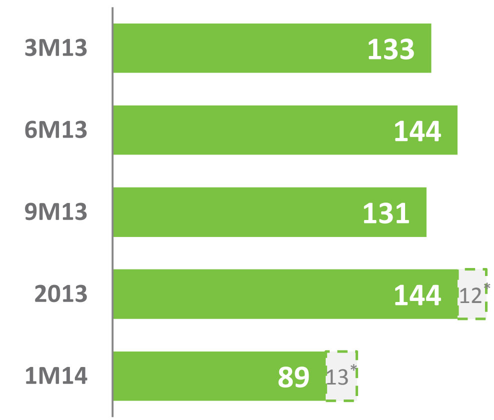
vs. sector's[1] 78%

Quarterly General Provisions (TL million)



Total Coverage[3] :
143%

Cumulative Gross Cost of Risk (bps)

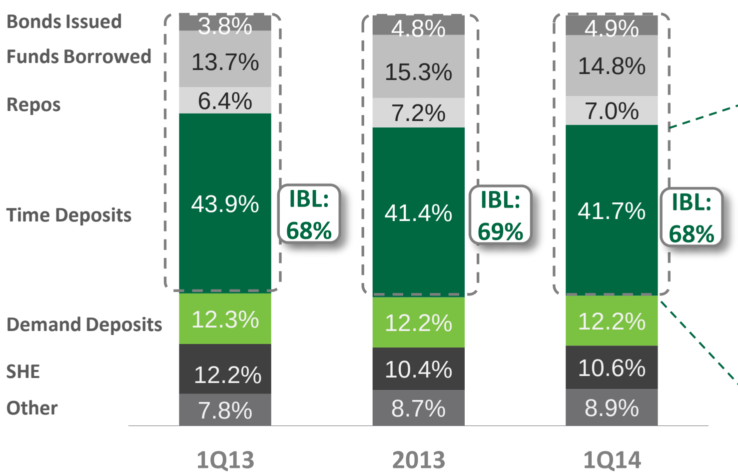


** Regulatory effect on general provisons*

1 Sector figures are per BRSA weekly data as of 28 March 2014, commercial banks only
2 Additional general provisioning requirements for credit cards, overdraft and auto loans, which have been included in the «consumer loan definition» in line with the recently introduced regulation by the BRSA, effective as of October 8, 2013 . Accordingly, banks have to set aside at least 25% of the necessary provisioning by the end of FY13, at least 50% by the end of FY14 and 100% by the end of FY15.
3 Including cumulative specific allowance, general and free provisions

Solid funding mix –well diversified & actively managed

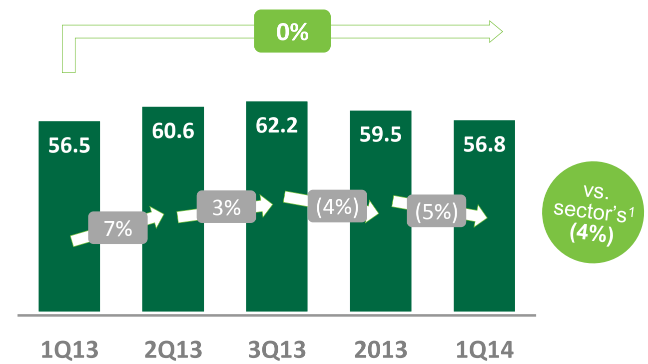
Composition of Liabilities



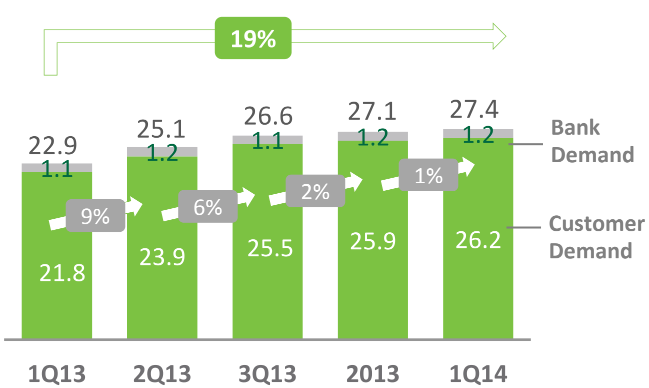
> Refrained from costly TL deposits;

> Attracted FC deposits at relatively low rates; in line with the dollarization in the sector

TL Deposits (TL billion)



Demand Deposits (TL billion)

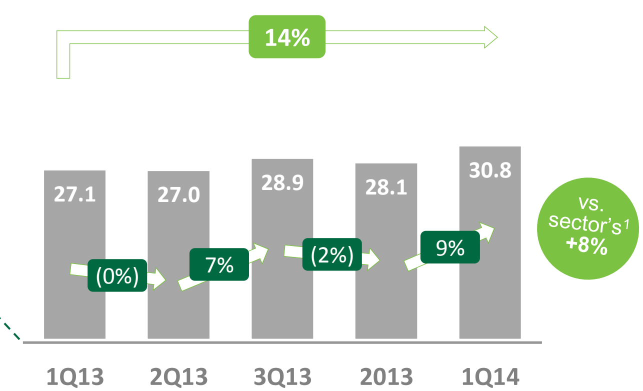


~22% of total deposits

Per bank-only figures ~21%

vs. sector's[1] :18%

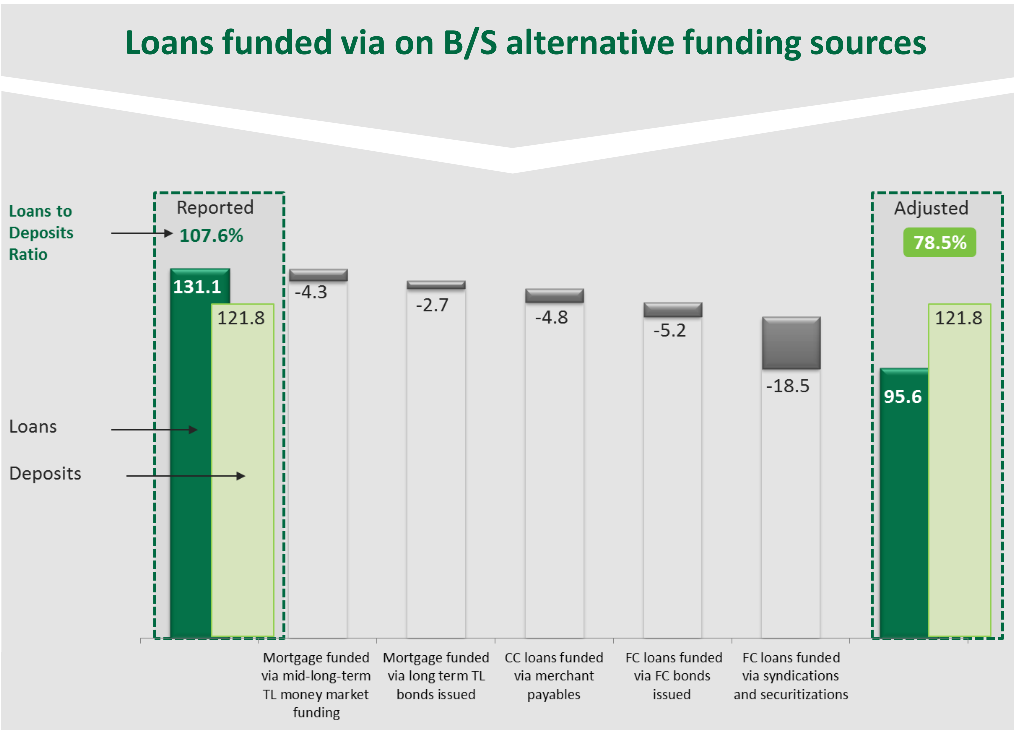
FC Deposits (USD billion)



1 Based on bank-only BRSA weekly data, commercial banks only

Increasing contribution from other funding sources at attractive rates

Adjusted LtD ratio (TL Billion)



Comfortable level of LtD ratio: 79% exclud. long term loans funded via other on B/S funding sources

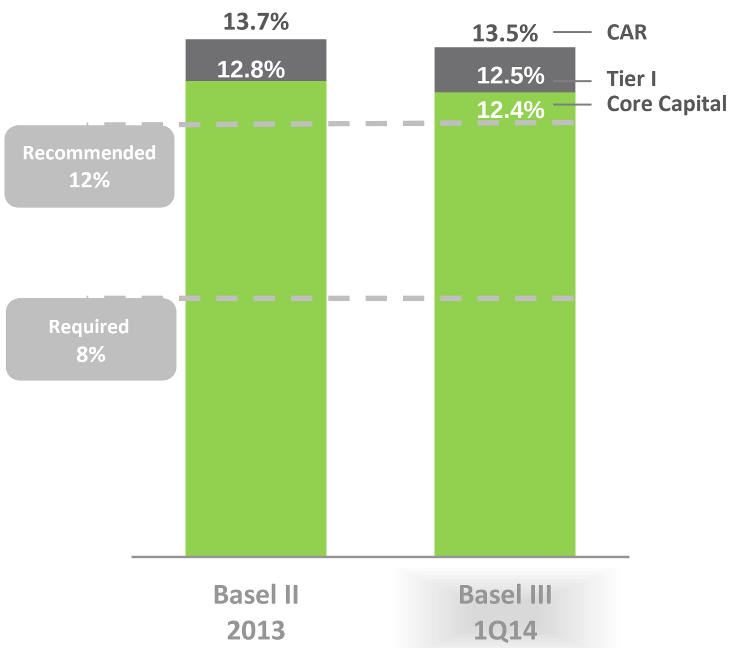
Diversified funding sources:

- **TL bond**
  Nominal TL 4bn bonds outstanding
- **Syndications w/110% roll-over ratio**
  Nov'13: USD 1.2bn with a maturity of 1-yr at L+0.75%
  May'13: EUR 1.1bn with a maturity of 1-yr at Euribor+1%
- **Issuances under GMTN program**
  ~USD 1.1bn outstanding with an avg. maturity of 2.2 yrs*
  Sector leader in GMTN issuances with 40% market share*
- **Securitization**
  USD 1.1bn with a maturity of 21 years
  175 million USD and 135 million EUR DPR issuance with a maturity of 5 years
- **Eurobond issuances**
  TL 750mn Eurobond issuance in 1Q13 with coupon rate of 7.375%, yielding 7.5%

*As of 24 April 2014, calculation based on total program issuance amount.
Market share figure is based on total issuances

Sound solvency reinforced with healthy and profitable growth

CAR & Tier I ratio

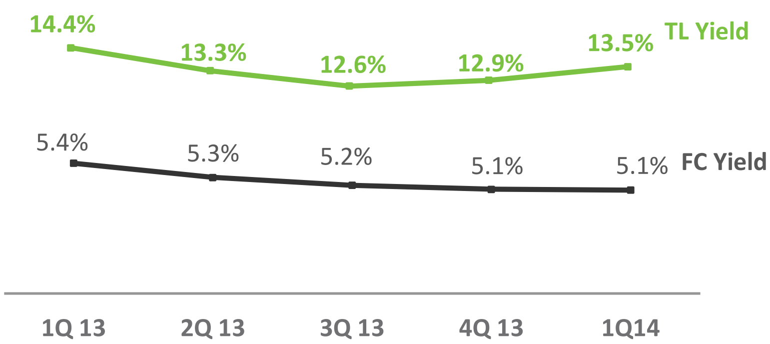


Leverage	8.6x	8.4x

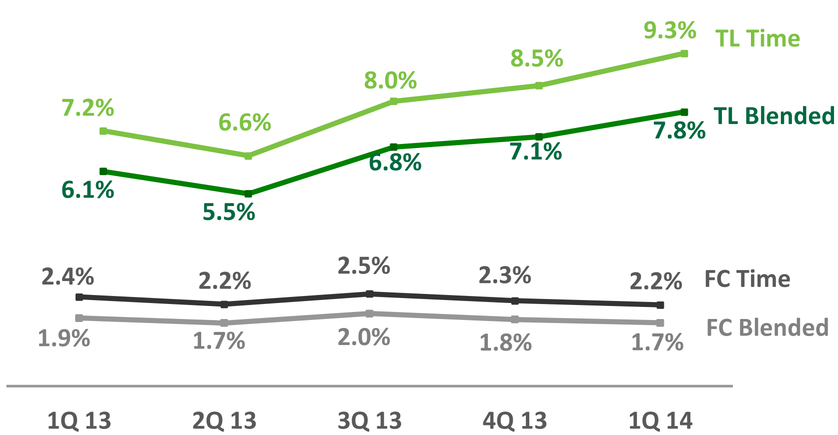
High internal capital generation supporting **long-term sustainable growth**

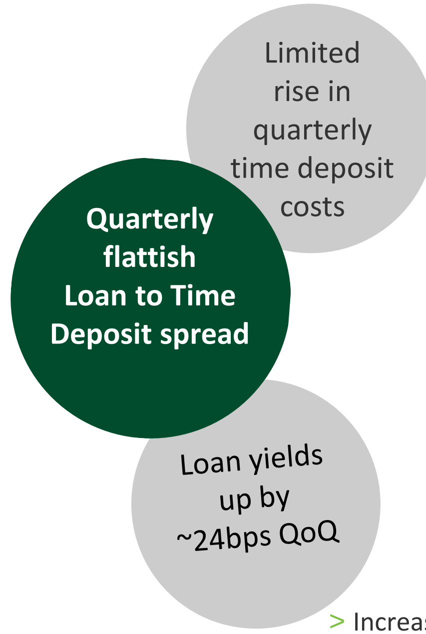
LtD Spread maintained flat – higher lending yields offset the increase in the cost of deposits

Loan Yields[1] (Quarterly Averages)



Deposit Costs[1] (Quarterly Averages)





> **up to 200 bps** increase in new TL deposit pricings

> New FC deposit pricings **were flattish QoQ**

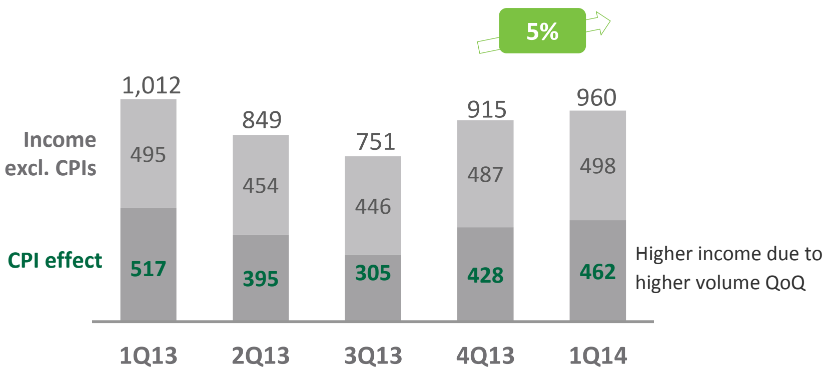
> Increase in deposit costs, following CBRT's rate hike, **promptly reflected in new loan pricings --**
~300-500bps increase in loan pricing since December-end

> Strong growth in relatively short-term business banking products with higher pricings, supported loan yields

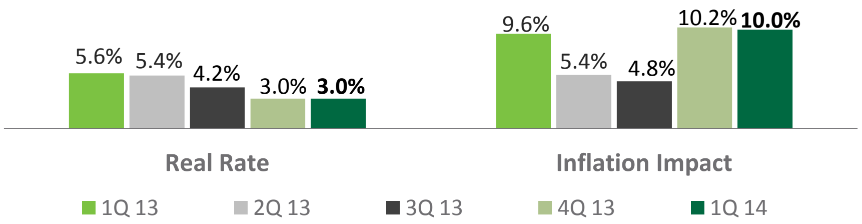
1 Based on bank-only MIS data and calculated using daily averages

Security yields contribute in fight against margin pressure

Interest Income on Total Securities (TL billion)

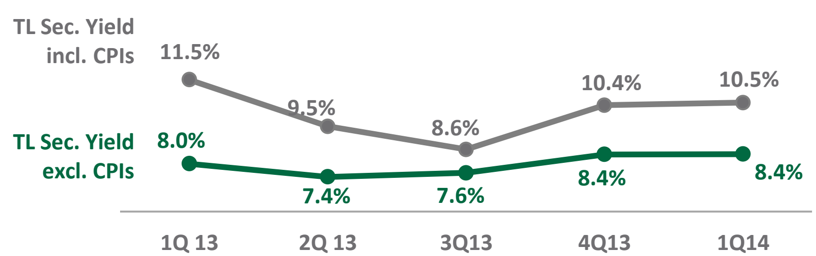


Drivers of the Yields* on CPI Linkers (% average per annum)

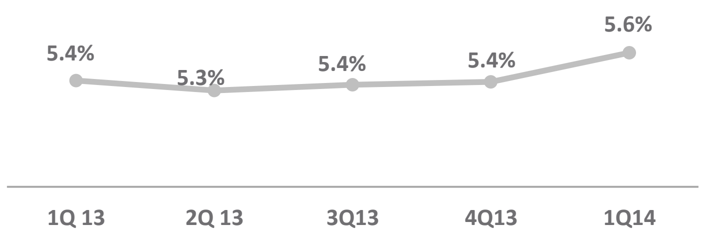


Yields on Securities

TL Securities*



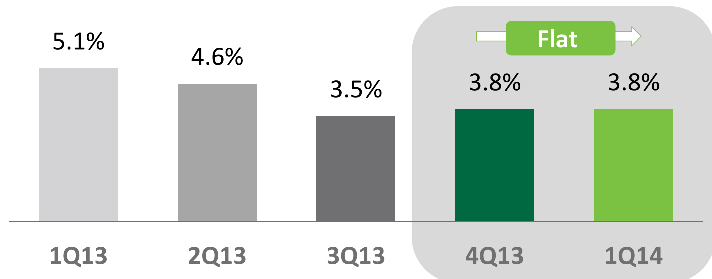
FC Securities*



* Based on bank-only MIS data

Well-defended margin

Quarterly NIM (Net Interest Income / Average IEAs)

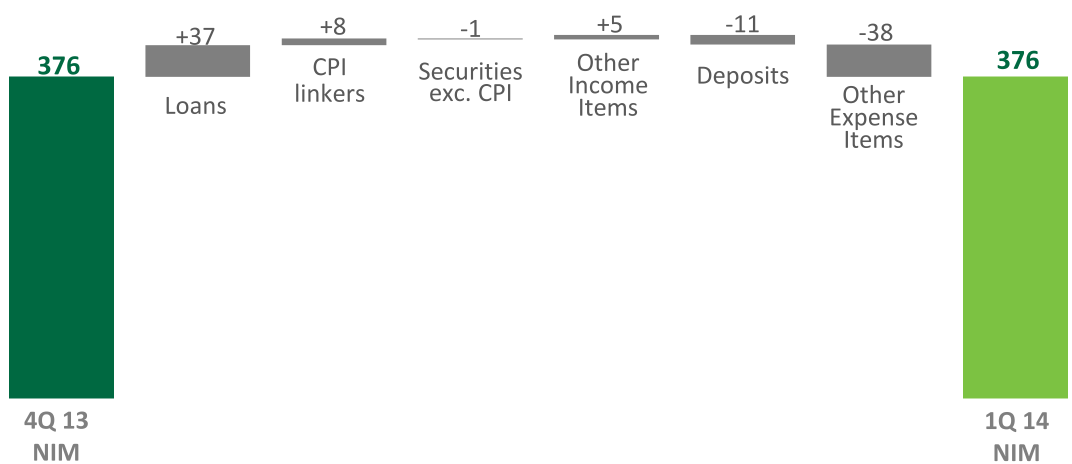


> **LtD spreads on new originations are significantly higher supporting NIM**

> **Increasing securities' yield**

- Higher contribution from income on CPI linkers
- Additions to FC securities portfolio at attractive rates

Q-o-Q Evolution of Margin Components (in bps)



Adjusted NIM up by **+115bps**

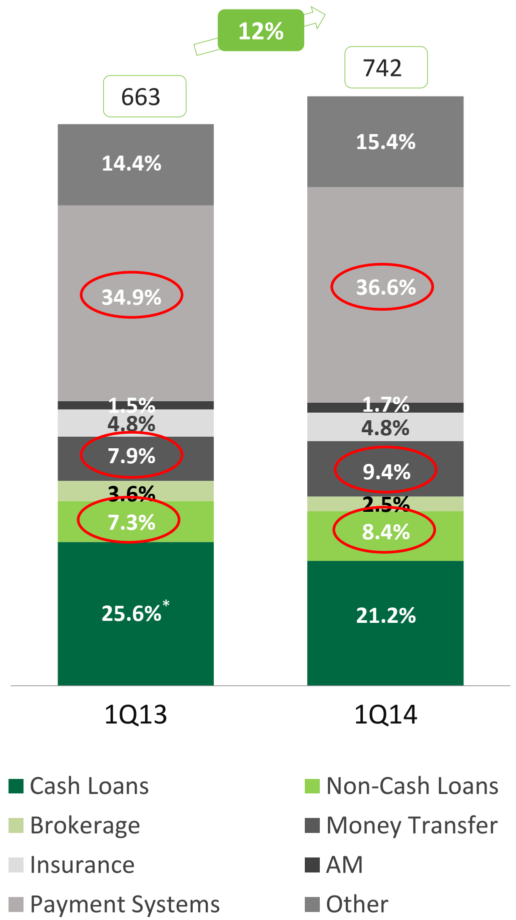
> **Relatively lower provisioning**

- Absence of big ticket commercial files
- Higher growth in the loan categories requiring lower general provisioning

> **Increasing contribution from trading income**

Double digit growth momentum in net fees & commissions , even off of the high base in 1Q13

Net Fees & Commissions Breakdown[1]



#1 Ordinary Banking Income[2]

> **Growing contribution** from the **diversified fee sources:**
- Payment systems -- *driven by higher merchant commissions*
- Non-cash loan fees
- Money transfer fees -- *introduced fees on new channels, reaping the benefits of leadership in digital banking*
- Insurance -- *pension participants market share:18%* #1
  -- #1 in bancassurance

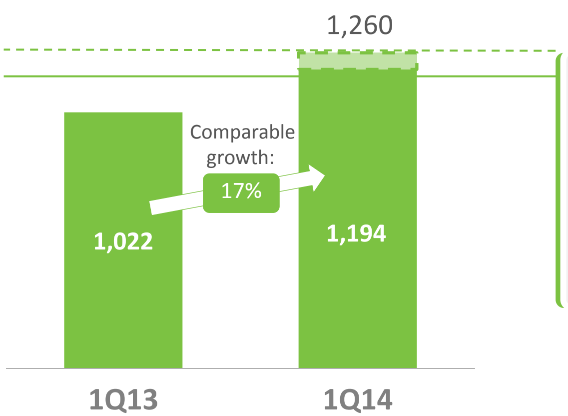
> **Decreasing weight of cash loan fees due to:**
- Lack of refinancing fees
- Lower loan originations

> **Seasonally strong net F&C in 1Q14 vs. 4Q13**, due to the timing of account maintenance fees

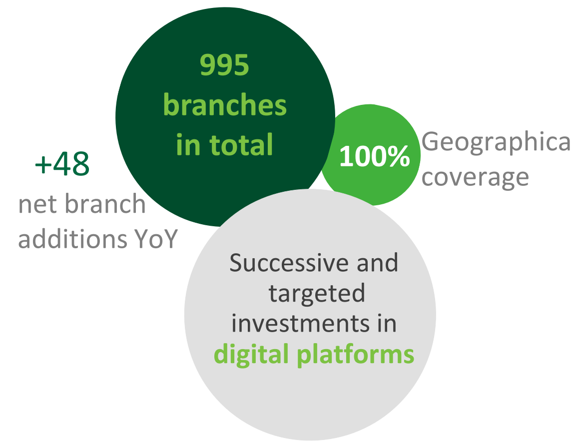
1 Net Fees and Commissions breakdown is based on Bank-only MIS data
2 Defined as; net interest income adjusted with provisions for loans and securities, net FX and trading gains + net fees and commissions; for 2013
*Accounting of consumer loan fees were revisited in the beginning of 2013 upon the opinion of «Public Oversight» --Accounting & Auditing Standards Authority

Low base in 1Q 13 weighed on Y-o-Y OPEX growth; yet, full year growth will converge to initially guided level by the year-end

Operating Expenses (TL million)

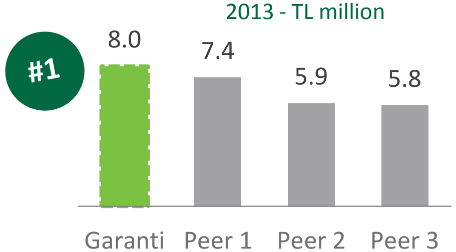


Total	TL67mn
+SDIF payment related to investment fund accounts	TL35mn
+Increasing SDIF coverage from 50K to 100K	TL14mn
+GOSAS organizational change and floor on expertise fees	TL18mn

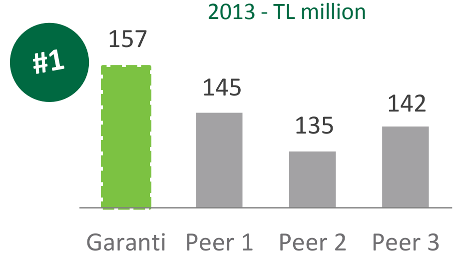


...preserving the highest efficiency ratios*

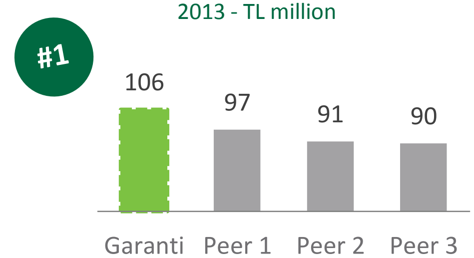
Ordinary Banking Income per Avg. Branch
2013 - TL million



Loans[1] per Avg. Branch
2013 - TL million



Customer Deposits per Avg. Branch
2013 - TL million



*Figures are per bank-only financials for fair comparison
1 Total Loans=Cash+non-cash loans

Increasing contribution from subsidiaries

*Contribution to consolidated NI in 1Q 14: **15%** vs. **12%*** in 2013 and **10%*** in 2012*

- **Most preferred** pension company --18% of all pension participants in Turkey choose Garanti.
- **Most profitable**** company in the sector
- **Effective use of alternative distribution channels** in pension & life insurance sales

- **Leading** position in **factoring**

- Coverage of a **broad customer base**--corporates , commercial customers & SMEs
- **Leader**** in number of leasing contracts

- Turkey's **first asset management company** with **>TL 9billion AUM**

- **International banking operations** in the **Netherlands, Russia** & **Romania** since 1990s
  - Capturing new business opportunities
  - Effective management of market risks

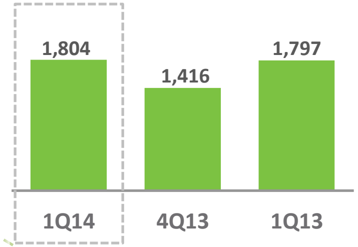
- **Strong presence in capital markets** with ~6.5% brokerage market share

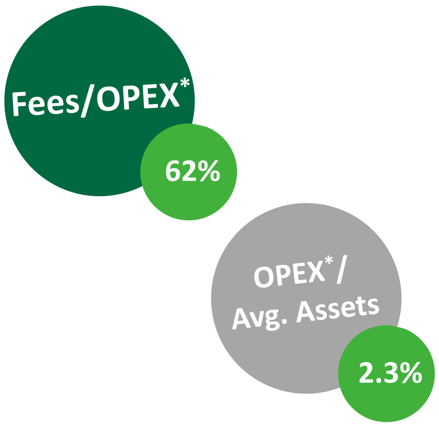
*Represent average contribution of quarters within the year
** As of 31.12.2013

Successful results reflect the solid business model

	(TL Million)	1Q 14	4Q 13	∆QoQ	1Q 13	∆YoY
(+)	NII- excl . cap effect and income on CPI linkers	1,349	1,343	0%	1,470	-8%
(+)	Net fees and comm.	742	642	16%	663	12%
(-)	Specific & General Prov. - excluding regulatory effects on gen. prov.	-288	-569	-49%	-336	-14%
(+)	Income on CPI linkers	462	428	8%	517	-11%
(+)	Collections	66	47	39%	74	-11%
(+)	Trading & FX gains	172	23	660%	236	-27%
(+)	Dividend income	0	0	n.m	3	n.m
(+)	Other income -before one-offs	150	192	-22%	124	22%
(-)	OPEX – on a comparable basis	-1,194	-1,245	-4%	-1,022	17%
(-)	Other provisions & Taxation -before one-offs	-343	-204	67%	-392	-13%
=	**NORMALIZED NET INCOME**	**1,117**	**657**	**70%**	**1,336**	**-16%**
(+)	Regulatory & Non-recurring items	-220	-147	n.m.	-155	n.m.
	(-) Overdraft and comm. cards cap effect	*-52*	*-43*	*n.m.*	*0*	*n.m.*
	(-) Higher general prov. req. for cons. loans	*-40*	*-134*	*n.m.*	*0*	*n.m.*
	(-) Free Provision	*-100*	*0*	*n.m.*	*0*	*n.m.*
	(+) Free Provision reversal	*0*	*55*	*n.m.*	*55*	*n.m.*
	(-) Saving Deposits Insurance Fund Expense	*-14*	*-11*	*n.m.*	*0*	*n.m.*
	(-) GT&GOSAS Organizational change	*-11*	*-17*	*n.m.*	*0*	*n.m.*
	(-)Floor on expertise fees	*-3*	*-5*	*n.m.*	*0*	*n.m.*
	(-) SDIF premium related other prov.	*0*	*-16*	*n.m.*	*0*	*n.m.*
	(-) SDIF payment related to investment fund accounts	*-35*	*0*	*n.m.*	*0*	*n.m.*
	(+) Other income - SDIF payment related provision reversal	*35*	*0*	*n.m.*	*0*	*n.m.*
	(+) Other provision reversal	*0*	*24*	*n.m.*	*0*	*n.m.*
	(-) Provision for competition board fine	*0*	*0*	*n.m.*	*-160*	*n.m.*
	(-) Provision for various tax penalties	*0*	*0*	*n.m.*	*-50*	*n.m.*
=	**NET INCOME**	**896**	**510**	**76%**	**1,181**	**-24%**

STRONG CORE BANKING REVENUES…





* Based on normalized OPEX

Appendix

Balance Sheet - Summary

	(TL million)	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	QTD Change
Assets	Cash &Banks[1]	11,800	13,656	17,244	17,056	15,913	-7%
	Reserve Requirements	15,159	14,937	17,964	18,911	18,082	-4%
	Securities	41,580	39,070	38,328	39,076	41,958	7%
	Performing Loans	104,200	114,916	121,886	127,964	131,052	2%
	Fixed Assets & Subsidiaries	1,713	1,701	1,717	1,956	1,926	-2%
	Other	11,346	13,111	14,292	16,520	16,469	0%
	TOTAL ASSETS	185,798	197,391	211,431	221,482	225,399	**2%**
Liabilities&SHE	Deposits	104,829	112,011	119,768	119,209	121,835	2%
	Repos & Interbank	11,836	12,421	12,743	16,008	15,870	-1%
	Bonds Issued	7,181	9,066	10,221	10,791	11,146	3%
	Funds Borrowed[2]	25,680	26,962	28,712	34,133	33,611	-2%
	Other	13,687	14,993	17,410	18,325	19,052	4%
	SHE	22,585	21,938	22,578	23,016	23,886	4%
	TOTAL LIABILITIES & SHE	185,798	197,391	211,431	221,482	225,399	**2%**

1 Includes banks, interbank, other financial institutions
2 Includes funds borrowed and sub-debt

Key financial ratios

	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Profitability ratios					
ROAE	23.8%	21.0%	17.9%	15.2%	18.9%
ROAA	2.9%	2.5%	2.0%	1.7%	2.1%
Cost/Income (adjusted for non-recurring items)	37.2%	40.4%	43.8%	47.2%	45.0%
NIM (Quarterly)	5.1%	4.6%	3.5%	3.8%	3.8%
Adjusted NIM (Quarterly)	4.9%	3.9%	2.9%	2.3%	3.4%
Liquidity ratios					
Loans/Deposits adj. with merchant payables[1]	95.8%	98.7%	97.8%	103.1%	103.5%
Loans/Deposits adj. with on-balance sheet alternative funding sources[2]	74.6%	79.3%	76.7%	76.7%	78.5%
Asset quality ratios					
NPL Ratio	2.7%	2.3%	2.4%	2.7%	2.8%
Coverage	78.3%	78.9%	78.7%	74.4%	74.7%
Gross Cost of Risk (Cumulative-bps)	133	144	131	156	102
Solvency ratios					
CAR	16.8%	15.2%	14.8%	13.7%	13.5%
Tier I Ratio	15.6%	14.3%	13.8%	12.8%	12.5%
Leverage	7.2x	8.0x	8.4x	8.6x	8.4x

1 Payables from credit card transactions. Please refer to footnote 5.2.4.3 miscellaneous payables as per BRSA Consolidated financial report
2 Please refer to slide 12 for details

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