Earnings Presentation

March 31, 2015

BRSA Unconsolidated Financials

Garanti

1Q 15 – Period of high volatility

Global Outlook

January 2015

- More supportive outlook vs. 2014;
  - FED's monetary policy normalization not expected to start in 1H15
  - Declining commodity prices
  - ECB's sizable QE announcement

February 2015

- Capital flows to EMs decelerated post stronger than anticipated data flows from the US

March 2015

- Further easing in global monetary policies (ECB, China)
- Downward revision in FED interest rate estimates
- DXY climbed to its 12-yr high level in line with increasing demand for US bonds

Domestic Outlook

January 2015

- CBRT cut the policy rate by 50bps to 7.75%; lower & upper band of the corridor kept at 7.5% & 11.25%, respectively:
  - *Tight MP & macro prud. measures favorable on core infl.& infl. expc.*
  - *Declining commodity prices contributing to disinflation*
- Benchmark rate dipped to 6.7% (Jun 2013 level) at Jan-end
- Concerns regarding CBRT's independency in month-end created deterioration in outlook

February 2015

- Benchmark bond rate rose to 8.3% on avg. vs. 7.6% in Jan
- 5% TL depreciation* against USD on average vs. January
- CBRT shifted to «cautious» stance from «tight» stance
  - *Cut in policy rate to 7.5% and reduced lending & borrowing rates to 10.75% & 7.25%, respectively, given deceleration in core inflation & improving inflation expectations*

March 2015

- Global EM currency weakness & ongoing political noise in domestic market caused further TL depreciation* against USD -- 5% on top of Feb avg.
- Despite TL depreciation against USD, currency basket stood resilient
- CBRT kept interest rates on hold due to global uncertainties & higher than expected food inflation

Banking Sector

January 2015

- Favorable lending environment on the back of higher GDP growth expectations
- Upward EPS revisions for banks , driven by awaited easing in domestic liquidity conditions

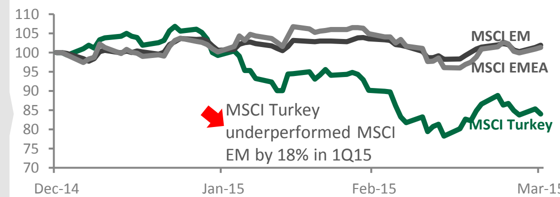
February 2015

- Increasing funding costs due to continued tight monetary policies & fierce competition

March 2015

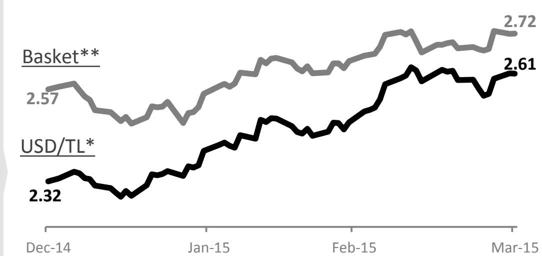
- Effective cost of funding remained high pressuring banking spreads

MSCI Turkey relative performance

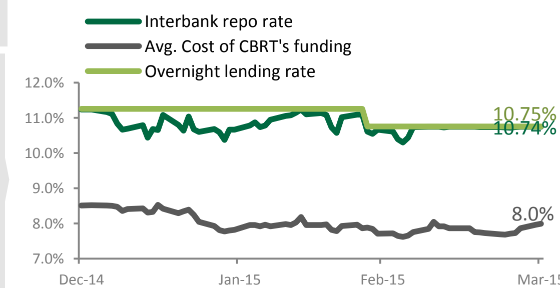


BIST Monthly Foreign Net Flows (mn TL)

Jan-15	Feb-15	Mar-15
404	- 731	-510



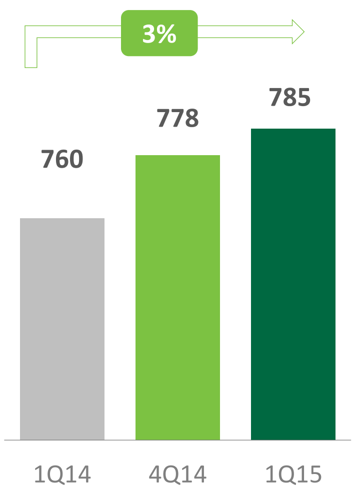
Interest rates (CBRT's funding rate vs. Interbank repo rate)



* CBRT ask rates
** Basket is EUR/USD basket composed of 50% USD and 50% EUR against TRY

Recurring strong performance despite currency volatility, uncertainties & regulatory charges

Net Income (TL million)



ROAE*: 13.6%

ROAA*: 1.6%

	(TL Million)	4Q 14	1Q 15	∆QoQ
(+)	NII- excl. income on CPI linkers	1,743	1,722	-1%
(+)	Net fees and comm.	688	753	10%
(-)	Specific Prov.	(298)	(351)	18%
(-)	General Prov. – excl.reg. effects	(65)	(164)	154%
=	**CORE BANKING REVENUES**	**2,069**	**1,960**	**-5%**
(+)	Income on CPI linkers	415	211	-49%
(+)	Collections	52	212	306%
(+)	Trading & FX gains	(138)	(26)	n.m.
(+)	Dividend income	0	0	n.m.
(+)	Other income -before one-offs	24	47	97%
(-)	OPEX – on a comparable basis	(1,191)	(1,228)	3%
(-)	Other prov. & Taxation -before one-offs	(259)	(271)	5%
(+)	Regulatory & Non-recurring items	(194)	(120)	-38%
	(-) Commission reim. related exp. (OPEX)	*-67*	*-75*	*12%*
	(-) Free Provision	*-40*	*-35*	*-13%*
	(-) Regulatory effect on general prov.	*-40*	*-22*	*-44%*
	(+) Income from NPL sale (Other Income)	*0*	*12*	*n.m.*
	(-) Founder share tax penalty payment (OPEX)	*0*	*-81*	*n.m.*
	(-) Founder share tax penalty (Other Prov.)	*-47*	*0*	*n.m.*
	(-) Provision reversal related to founder share tax penalty (Other Income)	*0*	*81*	*n.m.*
=	**NET INCOME**	**778**	**785**	**1%**

- **Well-defended NIM** – proactive asset pricing and actively managed costs
- **Positive growth maintained** despite regulatory pressure
- As anticipated
- **Higher general provisioning**, due to TL depreciation & strong originations
- **Continued progress in collections** backed by recoveries in some commercial files & check collections
- Swap cost partially offset by **security trading gains**
- **TL depreciation (~12% YoY) against USD** pressured the base
- **Higher than expected expenses**, in line with sector trend
- In 1Q15, **provision reversals from SME & export loans** started to be realized. Positive impact **partially offset regulatory charges**

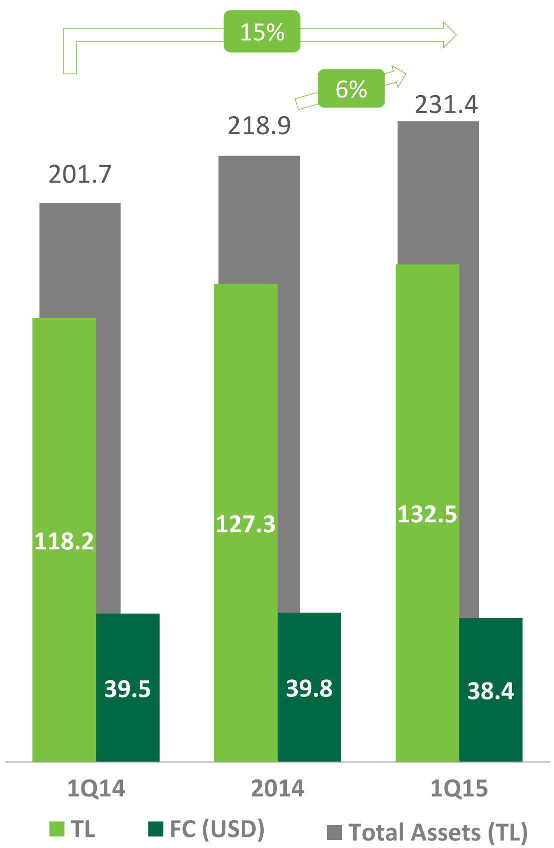
Recurring strong performance

* Excluding non-recurring items

Higher yielding customer-oriented assets driving the growth

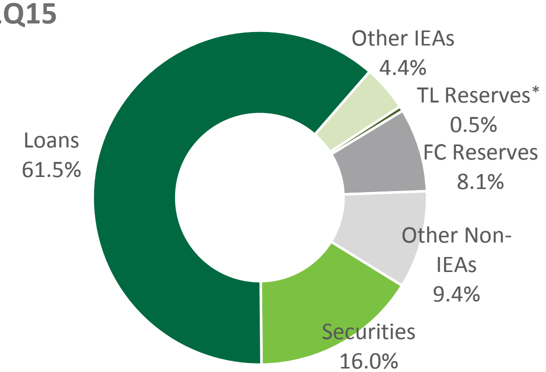
--Share of loans reached its new peak

Total Assets (TL/USD billion)



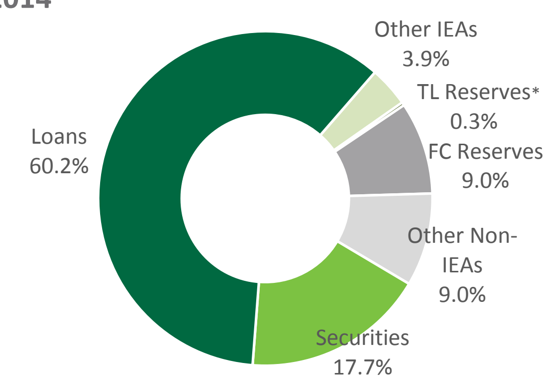
Composition of Assets[1]

1Q15



IEA / Assets: 82.5%

2014



IEA / Assets: 82.0%

Increasingly customer driven asset mix

Loans[1,2]/Assets:

61.5%

	Loans[2]	Securities
1Q15	+8%	(5%)
4Q14	+2%	(1%)

1 Accrued interest on B/S items are shown in non-IEAs

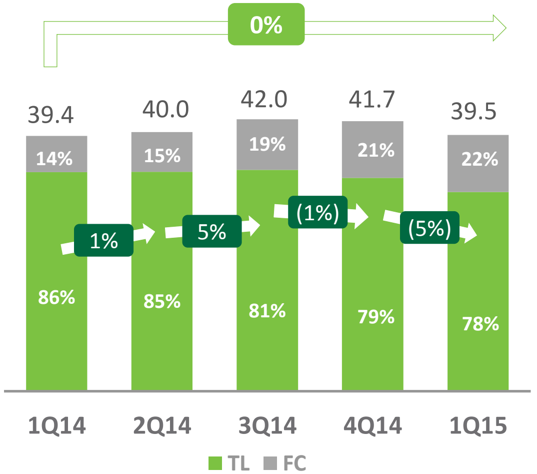
2 Performing cash loans

*TL reserves started to be remunerated by the CBRT as of November 2014 & they constitute 6% of total reserves in 1Q15, and 3%.of total reserves at YE14

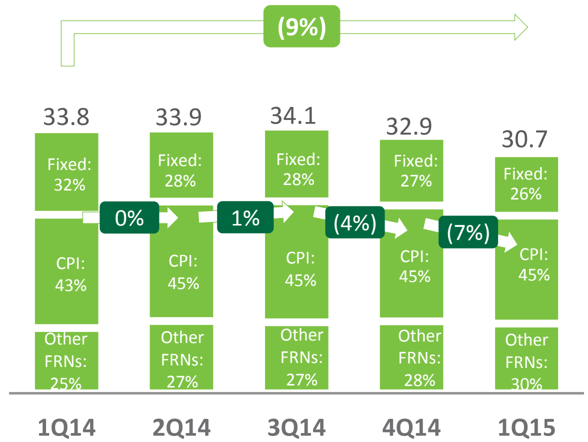
Proactive management of the securities book

-- Securities in assets decreased in 1Q, due to redemptions in TL & trading in FC

Total Securities (TL billion)



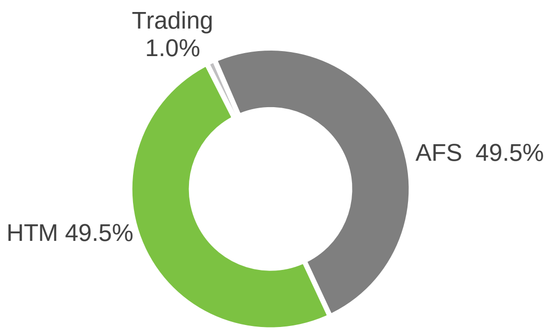
TL Securities (TL billion)



Securities[1]/Assets hit its lowest level **16.0%**

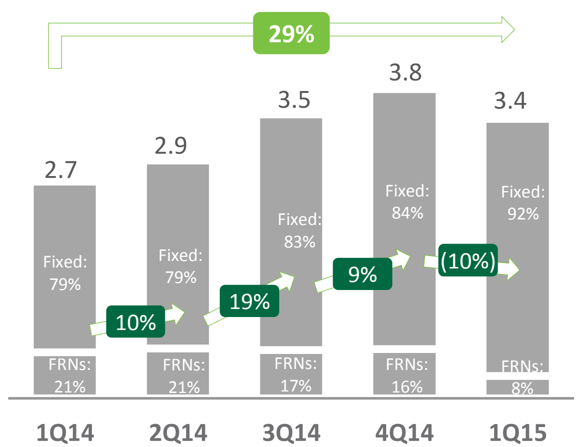
- Redemptions from TL fixed rate & CPI linker portfolio*
- New additions to TL securities were mainly from CPI linkers
- Shrinkage in FC book due to profit realizations, partly offset with Eurobond additions

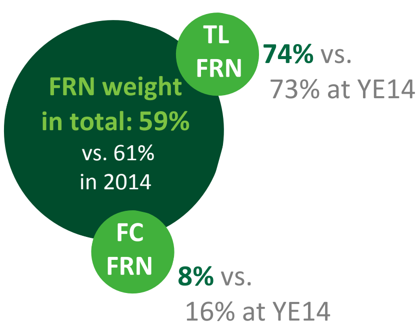
Total Securities Composition



Unrealized MtM loss (pre-tax) ~TL 72mn as of March-end vs. TL153mn gain at YE14

FC Securities (USD billion)



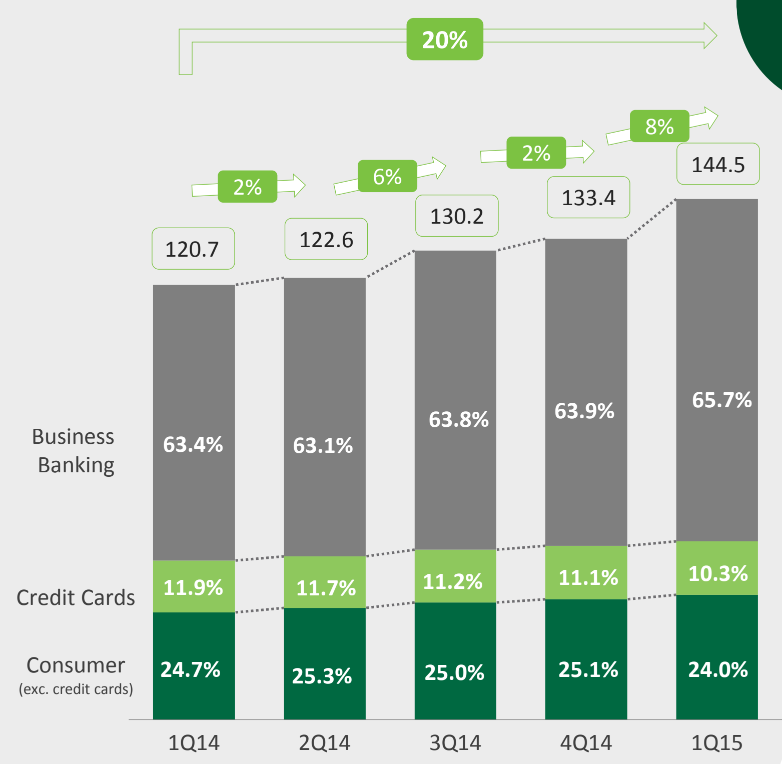


1 Excluding accruals
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data.
*Redemptions: from CPI linkers in Feb'15: ~TL1.9bn @2.69% real rate; from fixed-rate securities ~TL1bn

Cautious stance in lending with sustained focus on profitability

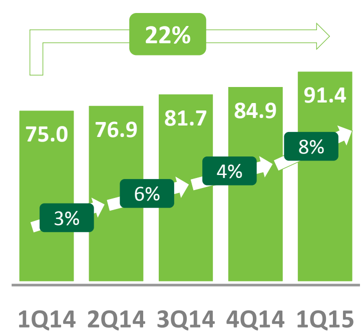
Total Loans[1] Breakdown (TL billion)

Market share gains in TL & Total loans

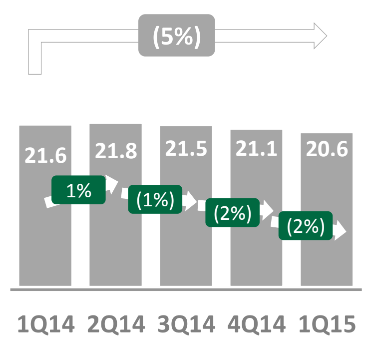


TL (% in total)	62%	63%	63%	64%	63%
FC (% in total)	38%	37%	37%	36%	37%
US$/TL	2.115	2.097	2.250	2.305	2.575

TL Loans[1]



FC Loans[1] (in US$)



- TL lending growth
  -- accelerated, yet; selective & profitability focused

  > **TL business banking loans***
  continued to be the front-runner
  -- 14% growth QoQ

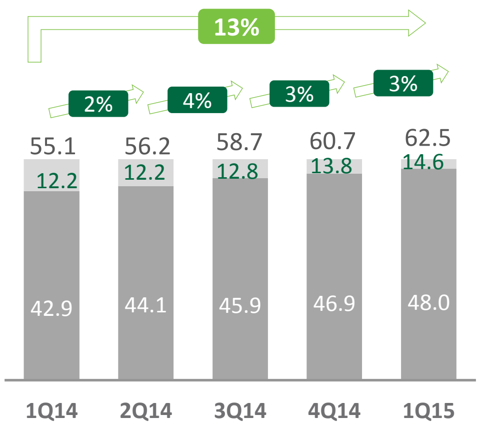
  > Ongoing focus on **lucrative Mortgages & GPLs**

- Volatility & uncertainties continue to weigh on demand

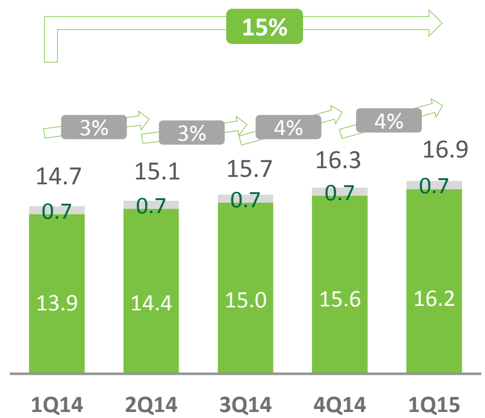
1 Performing cash loans
* TL business banking loans represent TL loans excluding credit cards and consumer loans

Continued emphasis on high-margin retail products

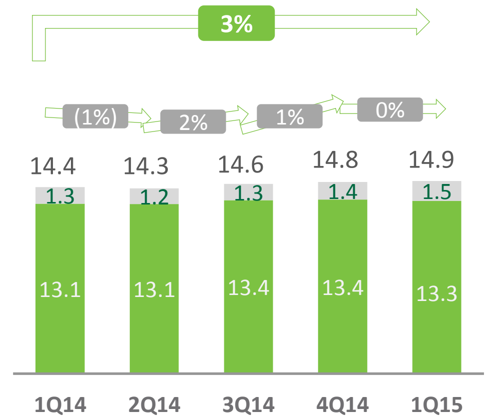
Retail Loans[1] (TL billion)



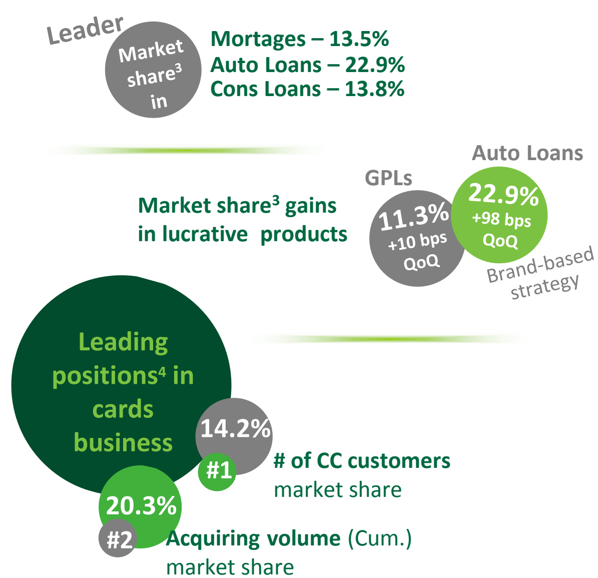
Mortgage (TL billion)



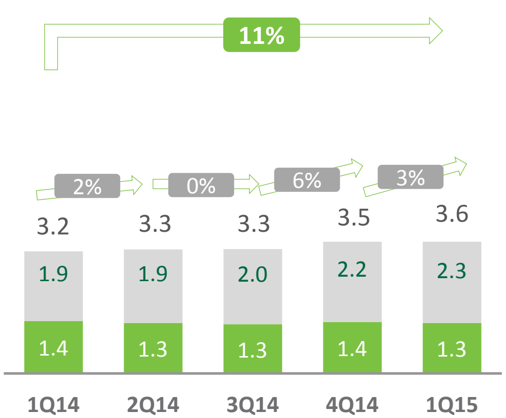
Credit Card Balances (TL billion)



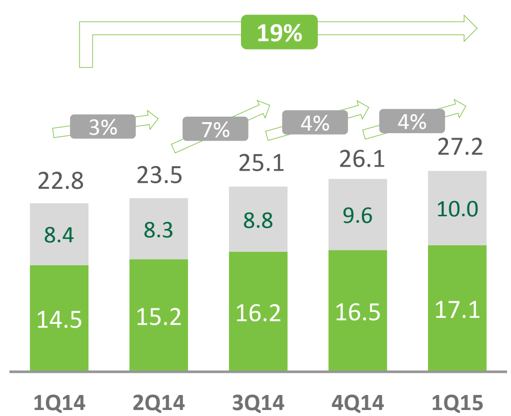
Consumer Loans   Commercial Installment Loans



Auto Loans (TL billion)



General Purpose Loans[2] (TL billion)



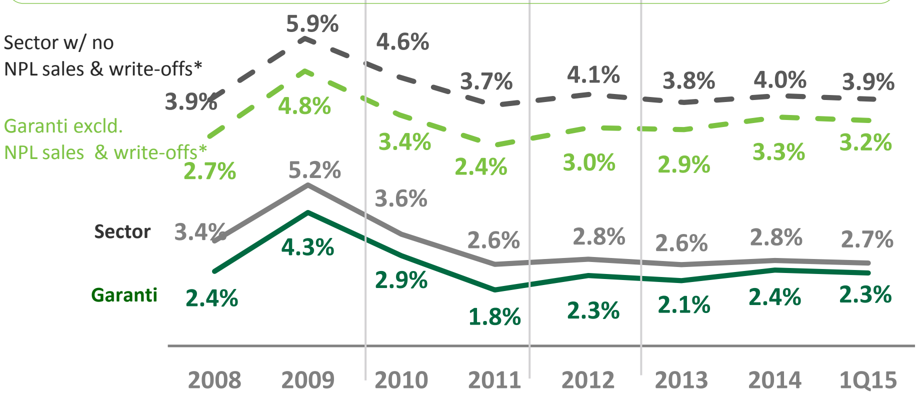
Consumer Loans   Commercial Installment Loans

1 Including consumer, commercial installment, overdraft accounts, credit cards and other
2 Including other loans and overdrafts
3 Consumer loans only   4 As of March 2015, 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 March 27,2015, commercial banks only (ii) Rankings are as of 4Q14, among private banks. unless otherwise stated

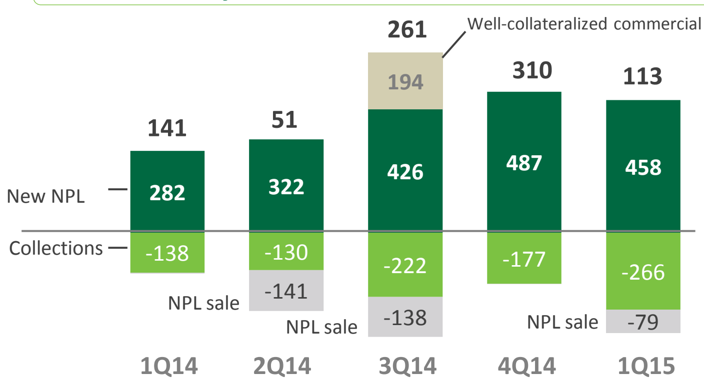
Strong collection performance soothing the impact of anticipated NPL inflows

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%	4.1%	2.9%	
Unemployment Rate[2]	13.1%	12.7%	10.7%	9.2%	9.5%	9.1%	10.4%	10.3%[3]



Net Quarterly NPLs (TL billion)

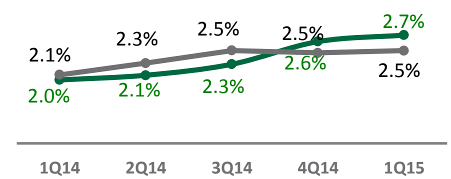


Unsecured lending driving the **NPL inflows**, as expected

Strong **collection** performance **accross all segments**

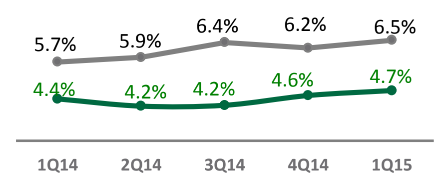
NPL Categorization[1]

Retail Banking (24% of total loans)
(Consumer & SME Personal)

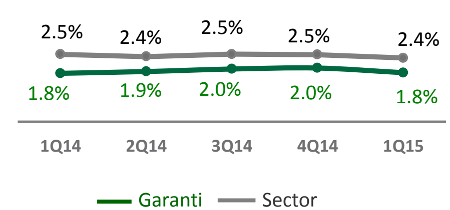


Sector NPL ratios in retail banking & credit cards veiled by heavy NPL sales

Credit Cards (10% of total loans)

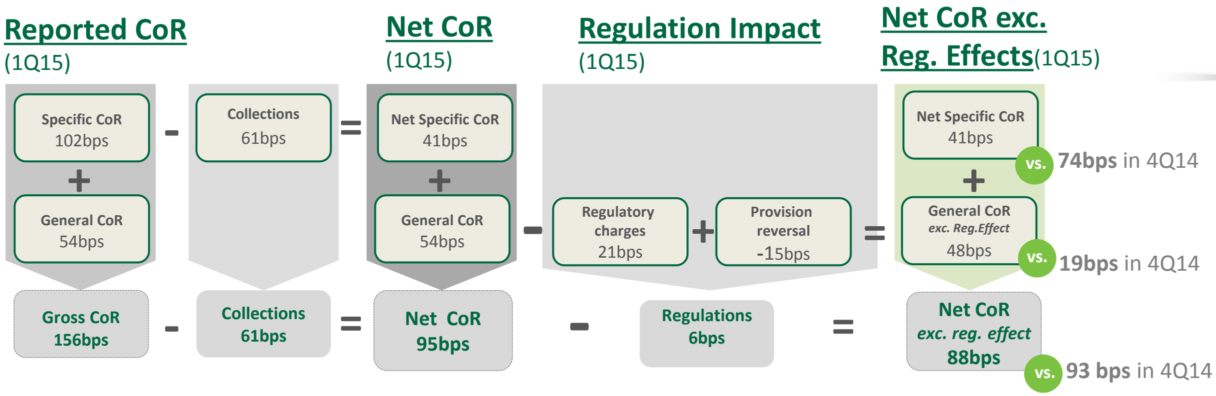


Business Banking (66% of total loans)
(Including SME Business)



1 NPL ratio and NPL categorization for Garanti and sector figures are per BRSA bank-only data for fair comparison (Sector figure is as of 27 March 2015)
2 Seasonally adjusted 3 As of January 2015
* Adjusted with write-offs in 2008, 2009, 2010, 2011, 2012, 2013 ,2014 , 1Q15 Source: BRSA, TBA & CBT

Comfortable provisioning level & coverage

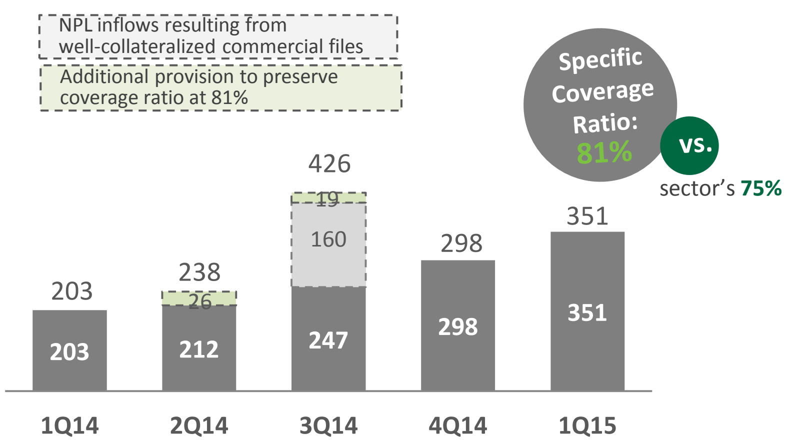


> **Strong Collections** easing the NPL inflows

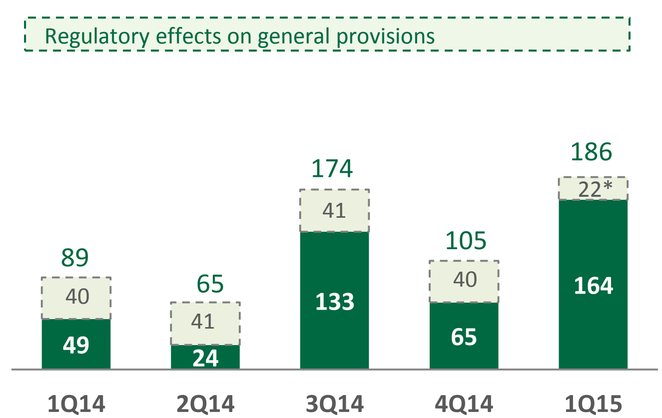
> **Higher general provisions** due to currency depreciation & strong originations

> **In-line with budget – above budget performance in Net Specific CoR** alleviated higher than expected **general provisioning burden**

Quarterly Specific Provisions (TL million)



Quarterly General Provisions (TL million)



*In 1Q15, **provision reversals from SME & export loans started to be realized.** Positive impact partially offset regulatory charges

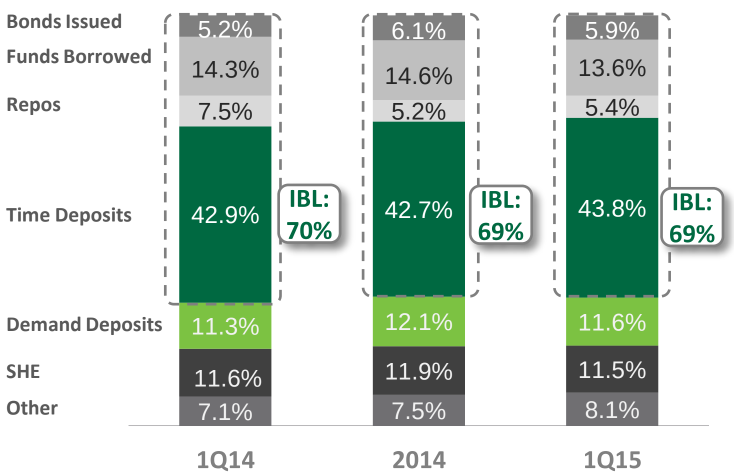
+ Regulatory charges **-TL73mn**

- Provision reversal: **+TL51mn**

Note: Sector figures are per BRSA weekly data as of March 27, 2015, commercial banks only

Well diversified funding mix: Customer-driven and expanding deposit base...

Composition of Liabilities



Consumer+SME in TL deposits

83%

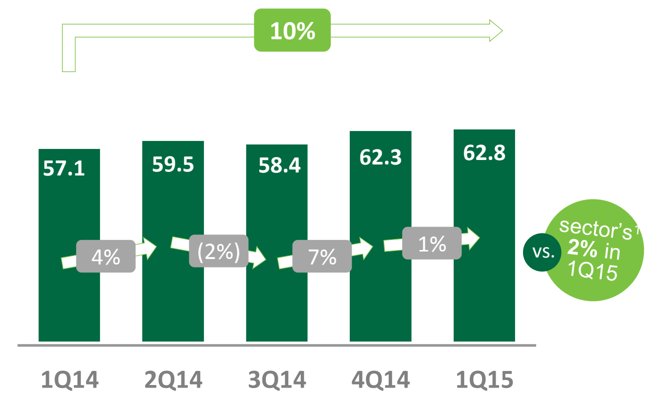
vs.

79% at YE14

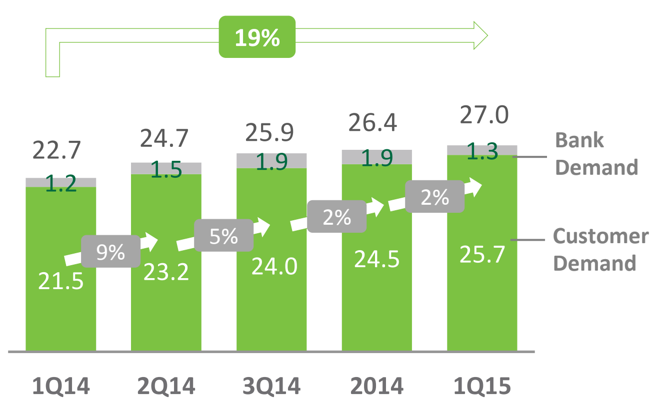
> Liquidity Coverage Ratio: Well above requirement

Total: 135%
vs. required level of 60%
FC: 143%
vs. required level of 40%

TL Deposits (TL billion)



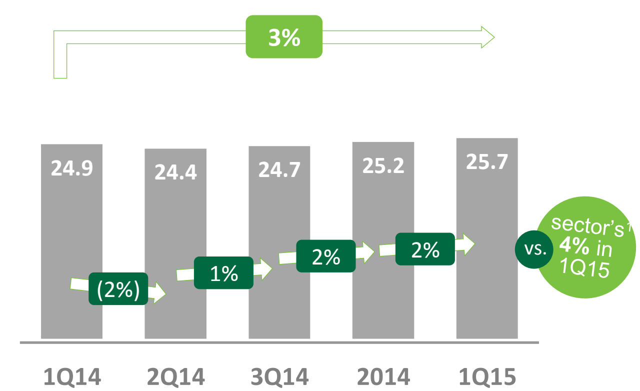
Demand Deposits (TL billion)



~21% of total deposits

vs. sector[1] avg. 18%

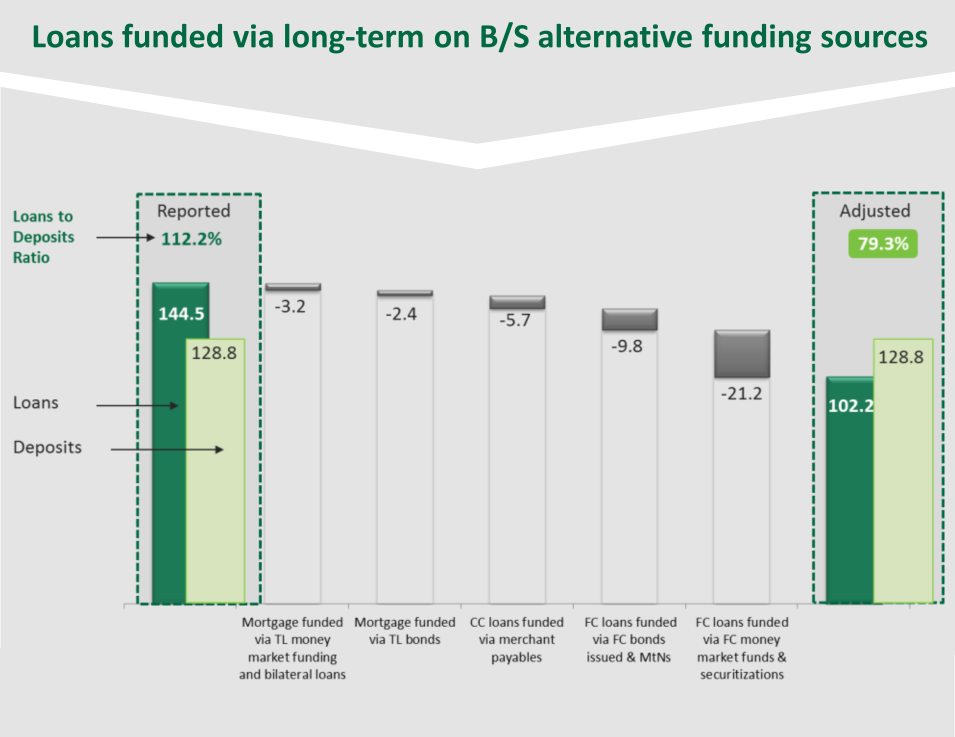
FC Deposits (USD billion)

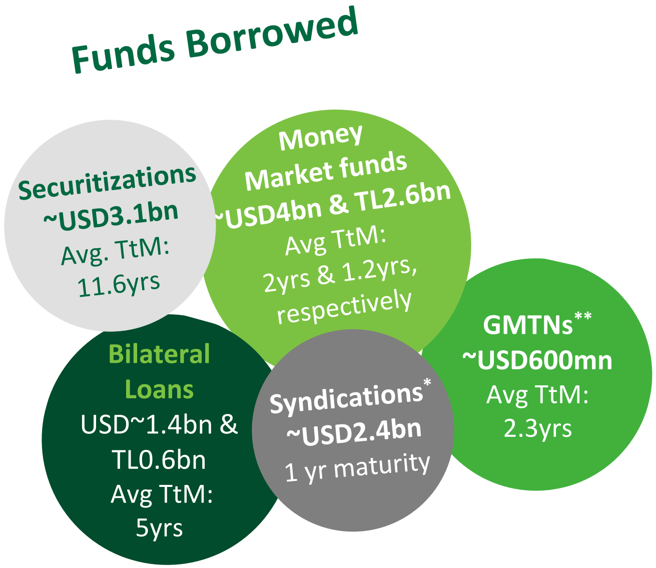


1 Based on bank-only BRSA weekly data as of March 27, 2015 , commercial banks only

…bolstered by longer term alternative funding sources

Adjusted LtD ratio (TL Billion)





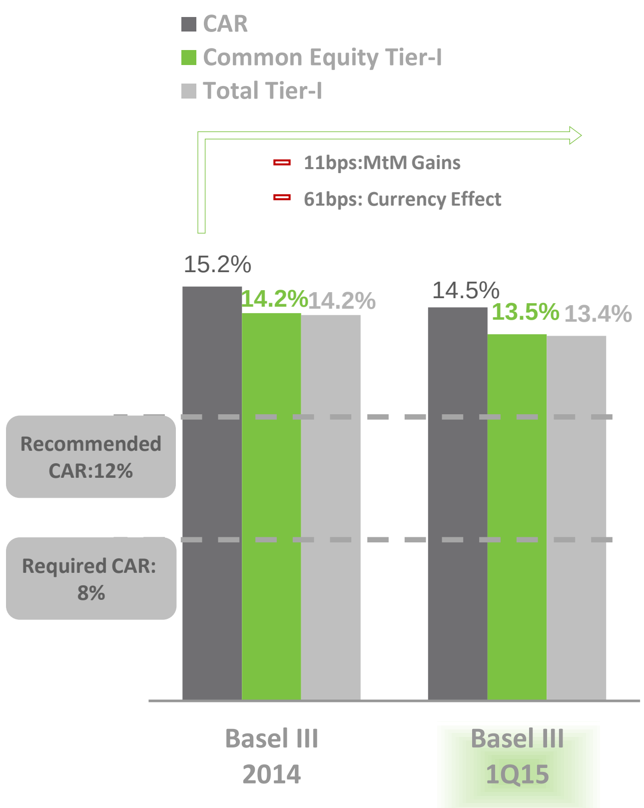
Bond Issuances

- **TL Bond** ** **issuances**: ~TL3bn, Avg TtM 5mo.
- **TL Eurobond**:~TL750mn, @7.38% , TtM 2.9yrs
- **FC Eurobonds**: USD3.4bn, Avg TtM 4.5yrs

* Syndications are not included in the Adjusted LtD ratio analysis as they are 1yr maturity and not deemed as long-term funds
** Only long term portions are accounted for in the analysis --TL bonds including TL Eurobond TL2.4bn and GMTNs ~USD500mn

Maintained robust capital ratios
-- bracing long-term sustainable growth

Capital adequacy ratios



Effect of 0.1 TL increase in TL/US$ Rate on CAR Ratio is ~ -19 bps*

Highest Common Equity Tier-I ratio[1] among peers

Common Equity Tier-I capital:
93% of total capital vs. sector's 85%[2]

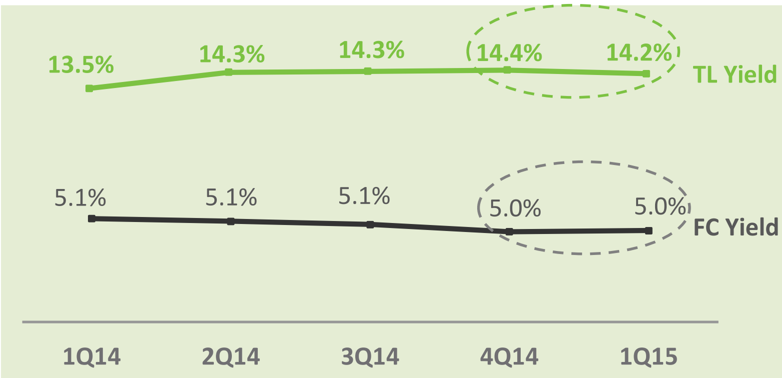
Highest Free Funds[3]/IEAs 15%
vs.peer avg. of 10%[4]

Low Leverage 7.7x

1 As of December 2014, based on bank-only data 2 Based on BRSA monthly data as of February, 2015 3 Free Funds = Free Equity + Demand Deposits
Free Equity = SHE - (Net NPL+ Investment in Associates and Subsidiaries + Tangible and Intangible Assets+ AHR+ Reserve Requirements) 4 As of December 2014 peers' financials
* Sensitivity analysis is based on the Bank's net position and risk profile structure as of March-end

Lending yields remained resilient; thus limiting the pressure on Loan-to-Deposit spread

Loan Yields[1] (Quarterly Averages)

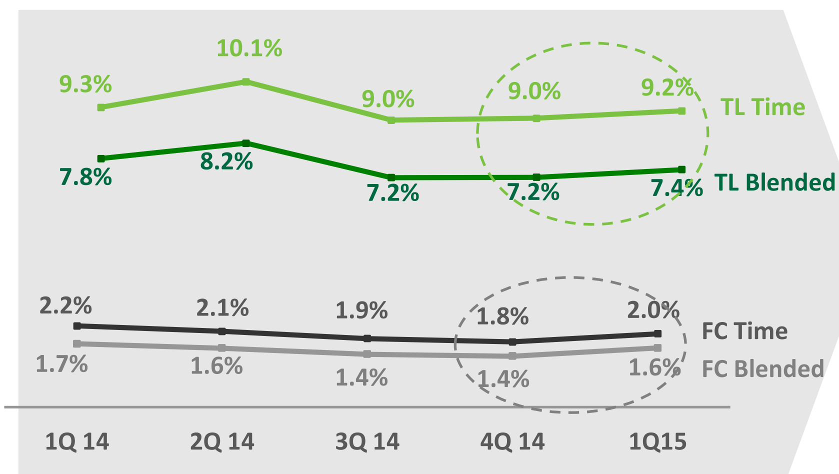


Total loan yields slightly down by -7bps QoQ

LtD spread down by 20 bps QoQ

Time deposit costs up by 12bps QoQ

Deposit Costs[1] (Quarterly Averages)



Average loan yields remained resilient

- **Cautious stance in lending** -- Refraining from uneconomic pricing
- **Upward loan repricing against** lingering pressure on deposit costs
  - ***~30bps qtd** increase in Mortgage pricing*
  - ***~55bps qtd** increase in GPL pricing*
  - ***~70bps qtd** increase in Auto loan pricing*

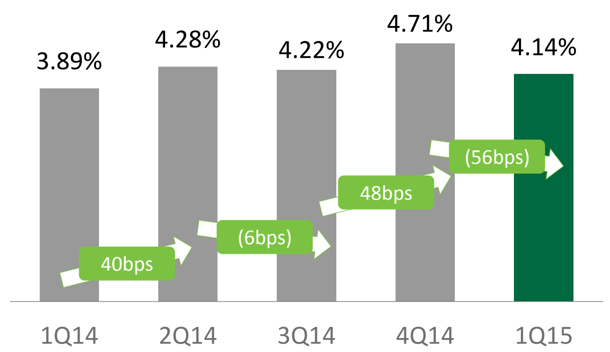
Average deposit costs were elevated due to;

- lingering volatility & uncertainties in global & domestic markets,
- fierce competition,
- deposit pricing level seen at 2014YE

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

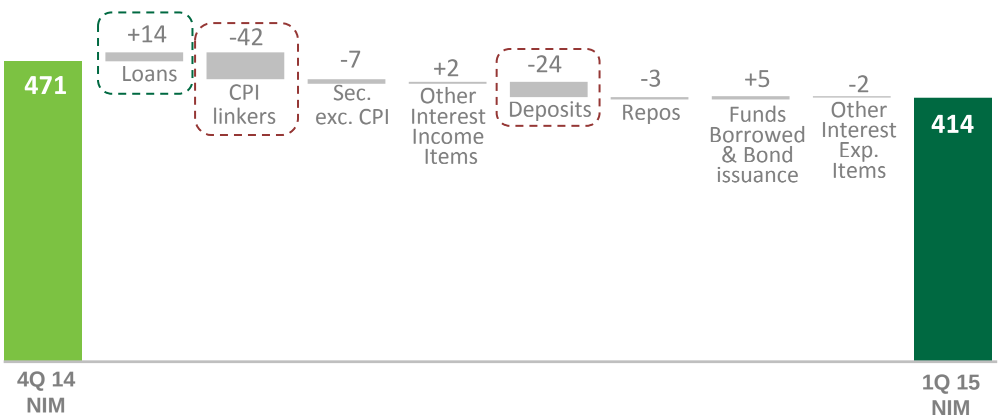
NIM contraction was largely due to CPI linkers

Quarterly NIM



Slight contraction in NIM ~15bps QoQ excld. CPI linker income volatility

1Q15 vs. 4Q14 Margin Evolution(in bps)



> **Positive contribution** of

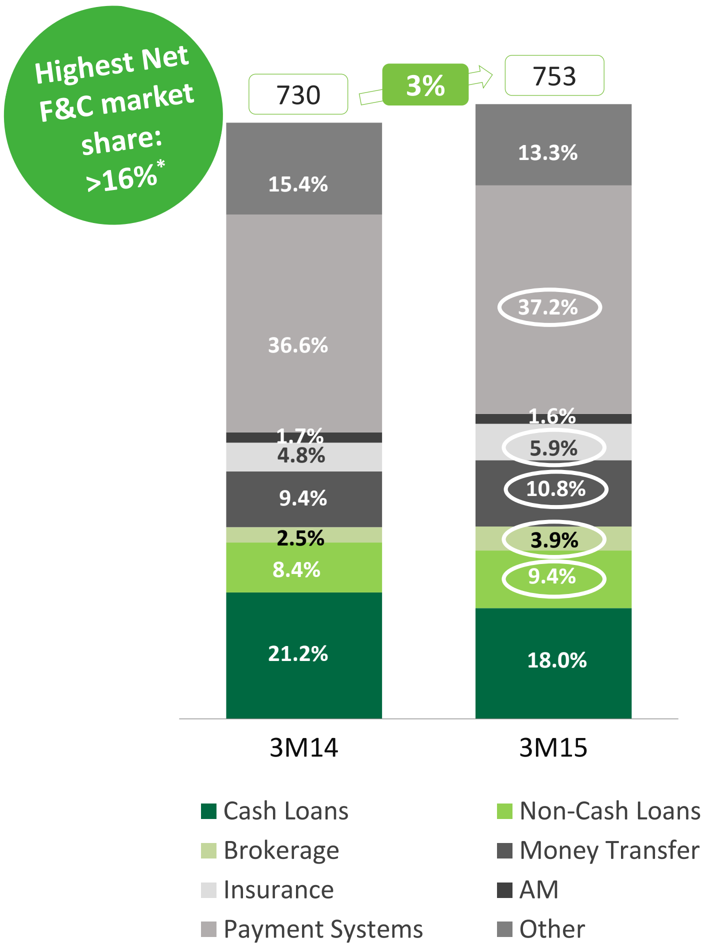
- Lending and,
- Funds borrowed & bond issuances on quarterly NIM…

…dimmed by

- negative income volatility of CPI linkers and,
- higher quarterly average deposit costs

Maintained positive growth in fees despite the new regulatory environment

Net Fees & Commissions Breakdown[1]



Emphasis placed on diversified & untapped fee areas
to alleviate the regulatory pressure on
- cash loan origination fees,
- payment systems
- account maintenance fees

> **Payment systems fees** -- better than expected performance in 1Q
– Leadership in **acquiring business** & focus on **commercial-credit cards**

> **Non-cash loan fees** -- better than expected performance in 1Q

> **Insurance** -- better than expected performance in 1Q
– **Most preferred** pension company with **17.2% market share** in # of participants
– **#1 in bancassurance** per premium production**

> **Brokerage** -- better than expected performance in 1Q

> **Money transfer fees**
– **Leader in interbank money transfer** with 15.7% market share

> **Effective utilization of digital channels**
– **Leader in Internet & Mobile Banking** financial transactions volume with **23%** and **30%** market shares[2], respectively

1 «Net Fees and Commissions breakdown» is based on bank-only MIS data
2 As of 4Q 2014
*As of February 2015, based on bank-only data. Sector figure is based on BRSA monthly data for commercial banks
** As of March 2015, among private banks

Non-HR related costs weighed on OPEX

Operating Expenses (TL million)

	3M14	3M15	∆ YoY
OPEX (reported)	1,102	1,383	26%
- Founder share tax penalty payment	*0*	*81*	
- Commission reimbursement incl. related litigation expenses	*19*	*75*	
OPEX (comparable basis)	1,083	1,228	13%

OPEX pressured by non-HR expenses in 1Q15

- **Founder share tax penalty** payment
- Higher than budgeted **«Commission reimbursement expenses»,** in line with sector trend
- **Currency depreciation:** ~12% YoY TL depreciation against USD on average in 1Q15

Best in class per branch efficiency ratios (TL million, 2014)

Ordinary Banking Income / Avg. Branch: **8.6** vs. **6.4** Peer Average

Loans / Avg. Branch: **134** vs. **123** Peer Average

Customer Deposits / Avg. Branch: **8.6** vs. **6.4** Peer Average

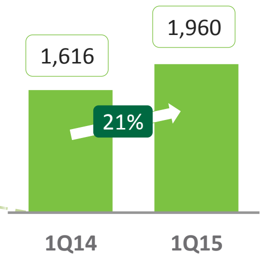
OPEX*/ Avg.Assets maintained: 2.2%

* OPEX on a comparable basis.

Note: Per branch efficiency ratios are per bank-only financials for fair comparison.

Differentiated business model once again yielded strong results

(TL Million)		1Q14	1Q15	∆YoY
(+)	NII- excl. income on CPI linkers	1,137	1,722	51%
(+)	Net fees and comm.	730	753	3%
(-)	Specific Prov.	(203)	(351)	73%
(-)	General Prov. – excl. regulatory effects	(48)	(164)	241%
(+)	Income on CPI linkers	464	211	-54%
(+)	Collections	101	212	111%
(+)	Trading & FX gains	56	(26)	n.m.
(+)	Dividend income	-	-	n.m.
(+)	Other income -before one-offs	30	47	57%
(-)	OPEX – on a comparable basis	(1,083)	(1,228)	13%
(-)	Other provisions & Taxation -before one-offs	(263)	(271)	3%
(+)	Regulatory & Non-recurring items	(160)	(120)	-25%
	(-) Commission reim. related expenses (OPEX)	*-19*	*-75*	*290%*
	(-) Free Provision	*-100*	*-35*	*-65%*
	(-) Regulatory effect on general prov.	*-41*	*-22*	*-44%*
	(+) Income from NPL sale	*0*	*12*	*n.m.*
	(-) Founder share tax penalty payment (OPEX)	*0*	*-81*	*n.m.*
	(-) Provision reversal related to founder share tax penalty (Other Income)	*0*	*81*	*n.m.*
=	**NET INCOME**	**760**	**785**	**3%**



STRONG CORE BANKING REVENUES…

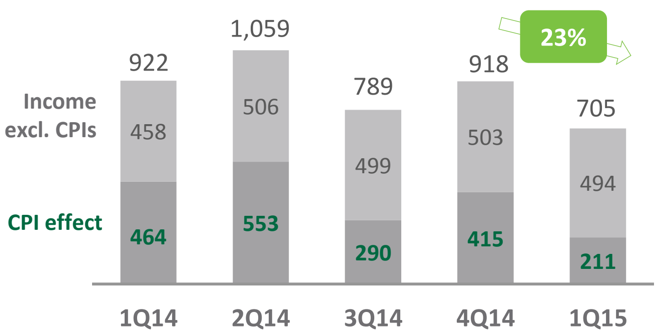
…despite ***market volatility*** and ***regulatory charges***

- **Committed to profitable growth** -- **Higher LtD spread YoY**, backed by dynamic asset liability managemet.
- **Diversified fee base** and **reshaped business model** continue to pay off

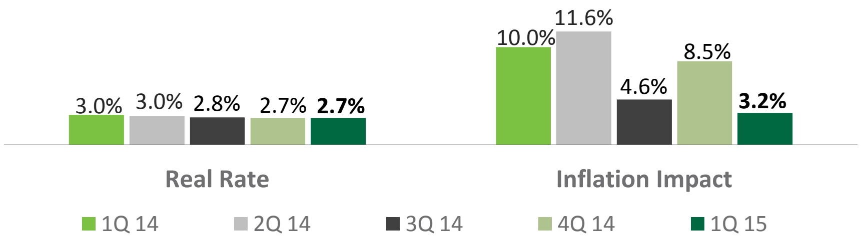
Appendix

Yields on securities portfolio

Interest Income on Total Securities (TL billion)

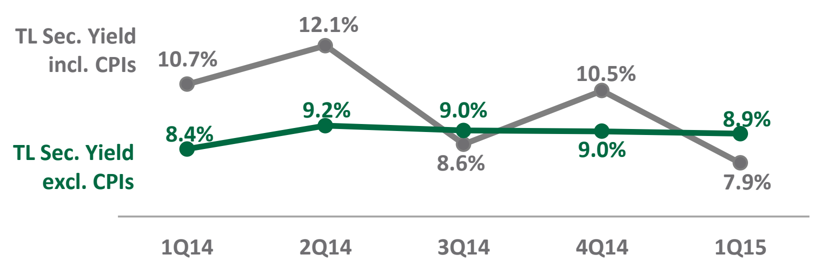


Drivers of the Yields* on CPI Linkers (% average per annum)

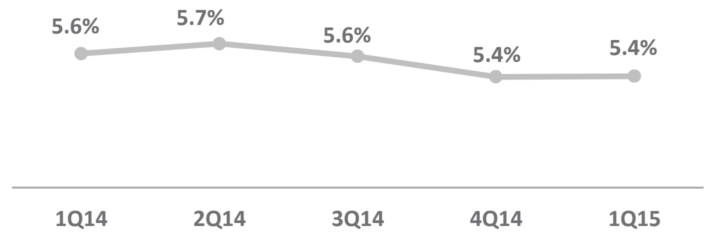


Yields on Securities

TL Securities*



FC Securities*



* Based on bank-only MIS data

Balance Sheet - Summary

	(TL million)	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	YTD Change
Assets	Cash &Banks[1]	13,681	11,786	12,812	13,327	15,511	16%
	Reserve Requirements	18,082	19,491	19,827	20,266	19,844	-2%
	Securities	39,409	39,984	41,956	41,659	39,536	-5%
	Performing Loans	120,663	122,592	130,188	133,431	144,473	8%
	Fixed Assets & Subsidiaries	4,821	4,888	4,931	4,978	4,939	-1%
	Other	5,033	4,881	5,178	5,257	7,094	35%
	TOTAL ASSETS	**201,689**	**203,622**	**214,891**	**218,919**	**231,397**	**6%**
Liabilities&SHE	Deposits	109,794	110,538	113,886	120,308	128,803	7%
	Repos & Interbank	15,159	11,726	14,667	11,386	12,598	11%
	Bonds Issued	10,551	12,435	13,834	13,352	13,695	3%
	Funds Borrowed[2]	29,198	30,033	32,192	32,464	31,872	-2%
	Other	13,576	14,601	15,207	15,407	17,818	16%
	SHE	23,410	24,289	25,106	26,001	26,611	2%
	TOTAL LIABILITIES & SHE	**201,689**	**203,622**	**214,891**	**218,919**	**231,397**	**6%**

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

Key financial ratios

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Profitability ratios					
ROAE	15.5%	14.8%	14.0%	13.2%	13.2%
ROAA	1.8%	1.7%	1.6%	1.5%	1.5%
Cost/Income (adjusted for non-recurring items)	47.8%	47.9%	49.3%	49.3%	51.7%
NIM (Quarterly)	3.9%	4.3%	4.2%	4.7%	4.1%
Adjusted NIM (Quarterly)	3.3%	3.3%	2.9%	3.5%	2.9%
Liquidity ratios					
Loans/Deposits	109.9%	110.9%	114.3%	110.9%	112.2%
Loans/Deposits adj. with long-term on-balance sheet alternative funding sources[1]	79.8%	77.9%	78.2%	76.6%	79.3%
Asset quality ratios					
NPL Ratio	2.2%	2.2%	2.2%	2.4%	2.3%
Coverage	81.0%	81.0%	81.0%	81.0%	81.0%
Gross Cost of Risk (Cumulative-bps)	99	99	129	127	156
Solvency ratios					
CAR	14.8%	15.3%	15.0%	15.2%	14.5%
Common Equity Tier I Ratio	13.8%	14.3%	14.0%	14.2%	13.5%
Leverage	7.6x	7.4x	7.6x	7.4x	7.7x

1 Please refer to slide 11 for details

Disclaimer Statement

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