Garanti

IFRS Earnings Presentation

March 31, 2011

1Q 2011 Macro Highlights

Upswing in global economic growth, ongoing ample liquidity...

- Beginning of the year: global political unrest, natural disasters, shift in expectations towards tighter global monetary policy
- Strong rebound at the end of 1Q - impressive resilience of EM supported by:
  - the recovery of the global economy - ongoing liquidity provision by the Federal Reserve - solid earnings momentum - low cost of capital
- Still challenges will remain due to:
  - further possible EU sovereign debt worries – raising oil prices & global inflation - earlier than expected monetary tightening

Strong growth, rising C/A deficit, rebound in inflation -- necessity for policy mix...

- **2010 GDP** growth **8.9%,** 1Q11 leading indicators do not point to a slow down, 1Q11 est:9%
- Annual CPI **inflation** fell to **3.99%** in Mar., however increased to **4.26%** in Apr.-- CBRT revised 2011 est. from 5.9% to 6.9% due to higher commodity prices and tax adjustments on clothing.
- During 1Q, **TL depreciated** by 0.1% against USD and 6.5% against Euro.
- After the last 25 bps policy rate cut in Jan'11, CBRT continued to **increase reserve requirement ratio (RRR)** in TL - Weighted RRR increased by ~ 2% in Jan., 4% in Mar., continued at different maturities in Apr. -- in addition, **FC RRR increased** by ~1% in Apr.
- **Current account deficit** reached **USD 55bn** in Feb'11 on a 12-month rolling basis. Such strong growth levels necessitate policy mix to sustain price and financial stability...

1Q 2011 Highlights

Balance sheet strength: distinguishing feature of Garanti...

- **Robust loan demand shaped the asset mix -** Loans/Assets up to **56%** vs. **52%** at YE 10 :
  - Key profitable products -- **mortgages** (+6% y-t-d) & **GPLs** (+15% y-t-d)
  - **FX corporate & commercial** loans: (+7% y-t-d)
- **Securities/Assets** down to **27%** – Redemptions & profit realizations further created liquidity
- **Improving asset quality --** exceptionally strong collection performance & lower NPL formation
  - NPL ratio: **2.7**% at 1Q 11 vs. 3.5% at YE 10
  - Gross cost of risk[1] **74 bps** vs. 108 bps at YE 10
- Further **diversified** and **solidified funding mix**
  - Effectively managed deposits & stronger demand deposit levels
  - Utilized alternative funding -- lengthened maturities, managed funding costs
- **Sound capitalization**: CAR[1]: **17%,** Leverage: **7x**

...leads to consistent delivery of strong results

- **Solid 1Q earnings at TL 921 mn** – Down by 16% y-o-y. However when CPI yield calculation is based on annual estimate* and pre-free provision, earnings would be at TL1,101 mn -- flat vs. 1Q10
- 22 consecutive quarters of ROAE > 20%: **3M 2011 ROAE: 22%**
- **Sustained spread** of loans to deposits due to **proactive** & **timely management of B/S**
  - **Flat margins q-o-q,** excluding income volatility from CPI linkers
- **Net fees and commissions**: Well-diversified into high growth areas supporting the **#1 market share**
- Uninterrupted investment in distribution network: **>20** branch additions in 1Q 11, **#1 in branch expansion**** (>10% y-o-y growth)
- Increased efficiencies underpinned by **strict cost management and process improvement**
  - **Opex/ Avg assets: 2.5**% at 1Q 11 vs 2.9% at 1Q 10; **C/I: 41%**

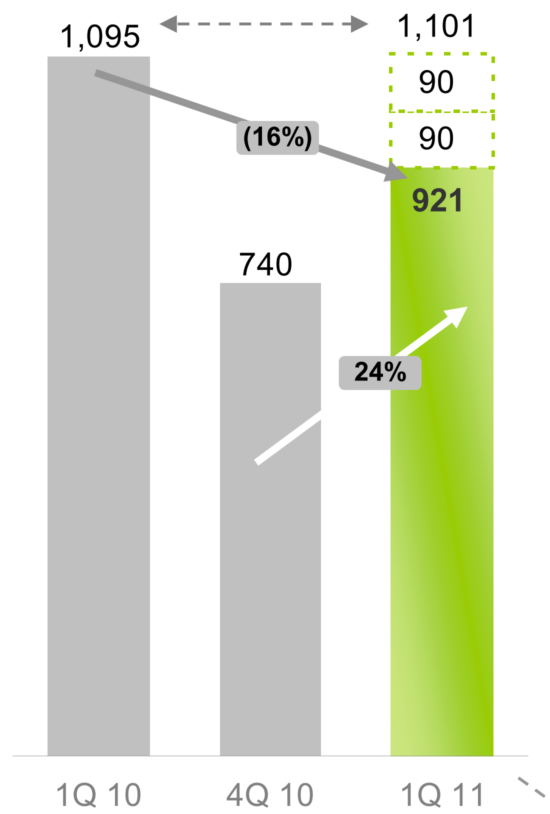
1 Per BRSA Consolidated financials
* Based on annual inflation estimate of 6%
** Among private banks

Solid generation of recurring results is maintained while keeping core banking revenues on the rise

1Q11 ROAE: 22%

Quarterly Net Income

TL Million

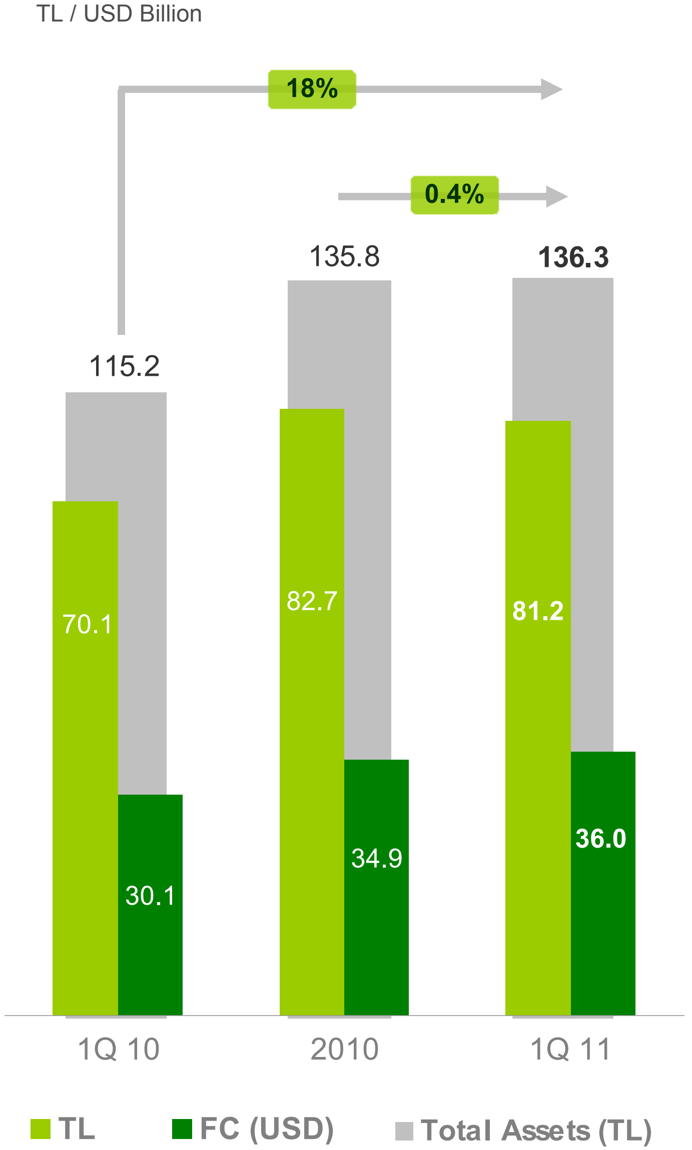


	(TL Million)	1Q 10	4Q 10	1Q 11	Comments
(+)	NII+Net Fees & Comm. excld. inc. on CPI linkers & reserve requirements	1,604	1,470	1,540	Sustained high levels of core banking revenues
(+)	Income on CPI linkers	348	393	163	Volatile CPI linker income due to valuation based on actual readings
(+)	Income on reserve req.	26	4	0	Elimination of income from reserve requirements
(+)	Trading & FX gains	178	26	255	Timely profit realizations
(+)	Collections net of specific & general provisions	2	(43)	64	Exceptionally strong collection performance in 1Q 11
(-)	Free Provisions*	0	0	(90)	Normalizing collections & reversals
(+)	Other income	71	67	99	
(-)	OPEX	(850)	(977)	(848)	Strict execution of efficiency improvement project
(-)	Taxation and other provisions	(284)	(200)	(305)	
(+)	Net gains on NPL sale	0	0	43	
=	**NET INCOME**	1,095	740	921	**STRONG PROFITABILITY**
(+)	*Free Provisions**	*0*	*0*	*90*	
(+)	*Incremental CPI linker yield when based on estimated inflation (post-tax) ***	*0*	*0*	*90*	
=	**ADJUSTED EARNINGS**	**1,095**	**740**	**1,101**	**FLAT**

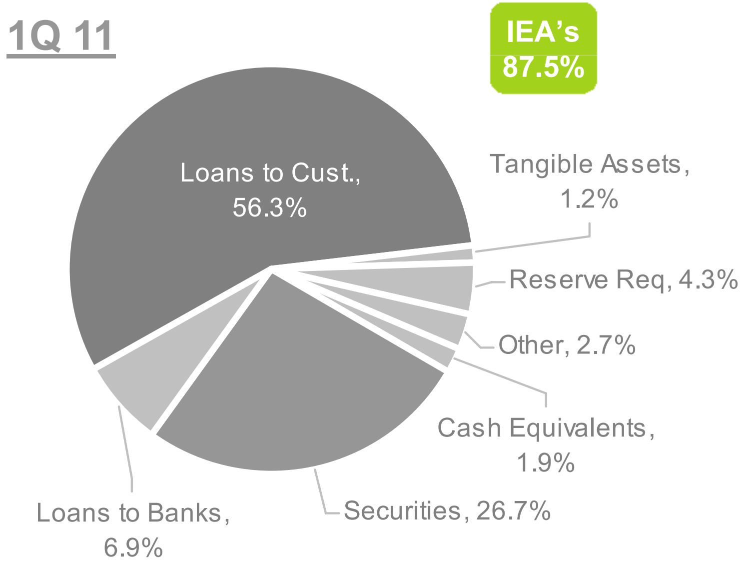
* The amount of free provisions set in 1Q11 equal TL 100mn. TL 10mn of prior year's free provision is reversed in the same period. Thus, the net amount of free provisions equal TL 90mn.
** Based on annual inflation estimate of 6%

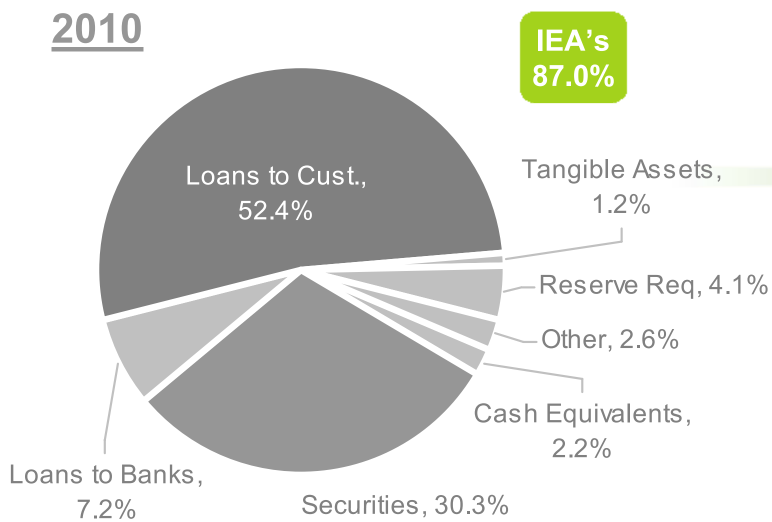
Robust loan demand shaped asset mix – Loans/Assets up to 56%

Total Assets



Composition of Assets[1]





Growth:

1Q 11

Loans[1]: 8%

Securities: -12%

Loans / Assets

56%

up from

52% at YE 10

47% at YE 09

Liquidity Ratio[2]

34%

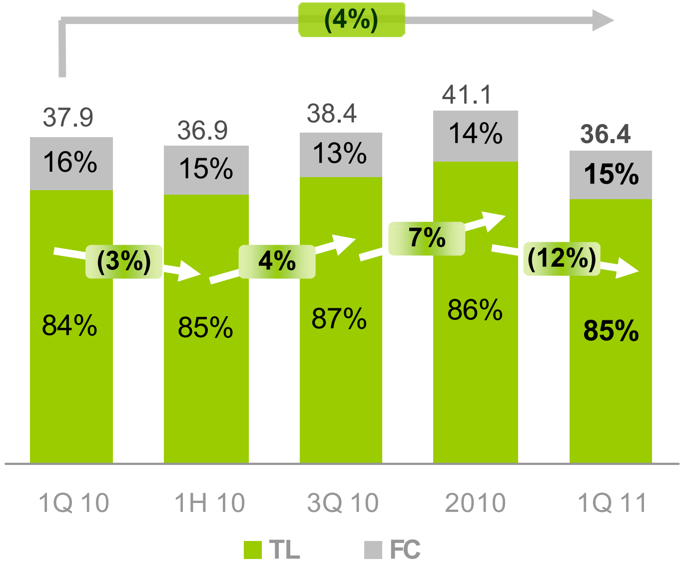
vs. 37% at YE 10

1 Loans to customers including leasing and factoring receivables
2 (Cash and banks + trading securities +AFS)/Total Assets

Significant redemptions & timely profit realizations from security portfolio further created liquidity

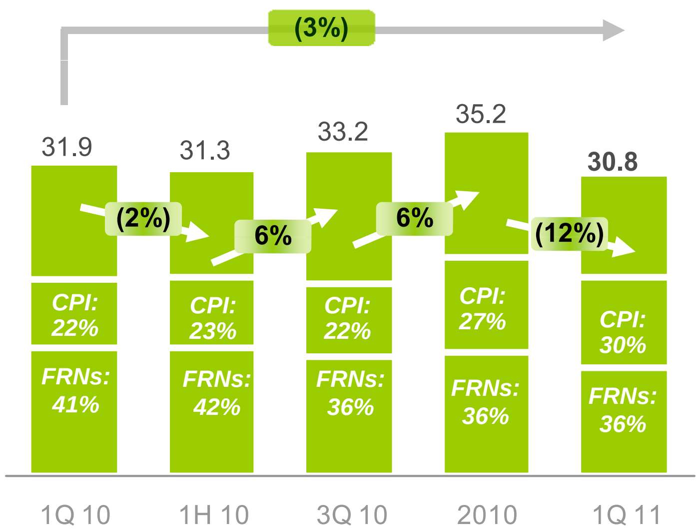
Total Securities

TL Billion



TL Securities

TL Billion



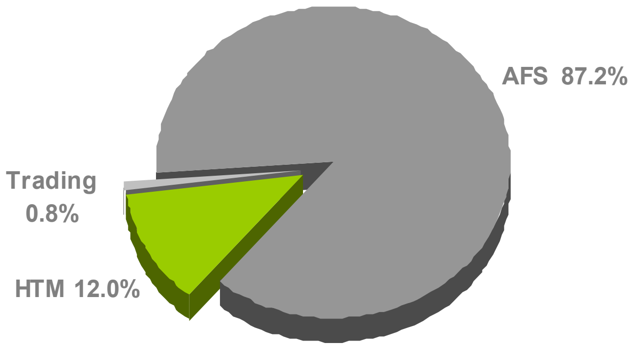
Securities / Assets

27%

down from

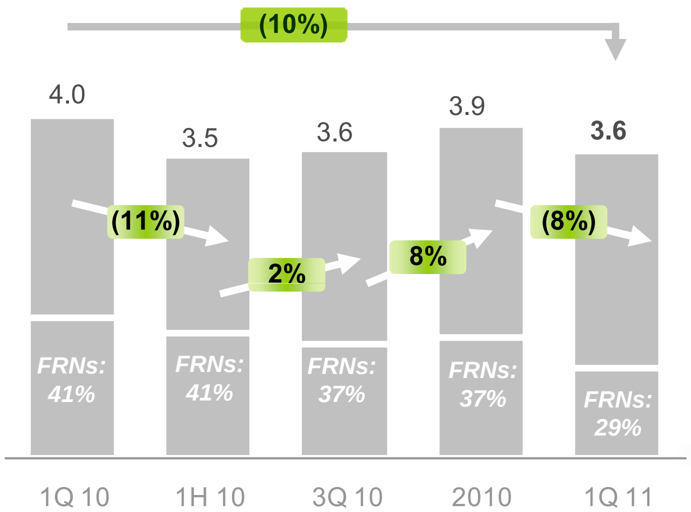
30% at **YE 10**

Total Securities Composition



FC Securities

US$ Billion



FRN mix in total

63%

from

60% at **YE 10**

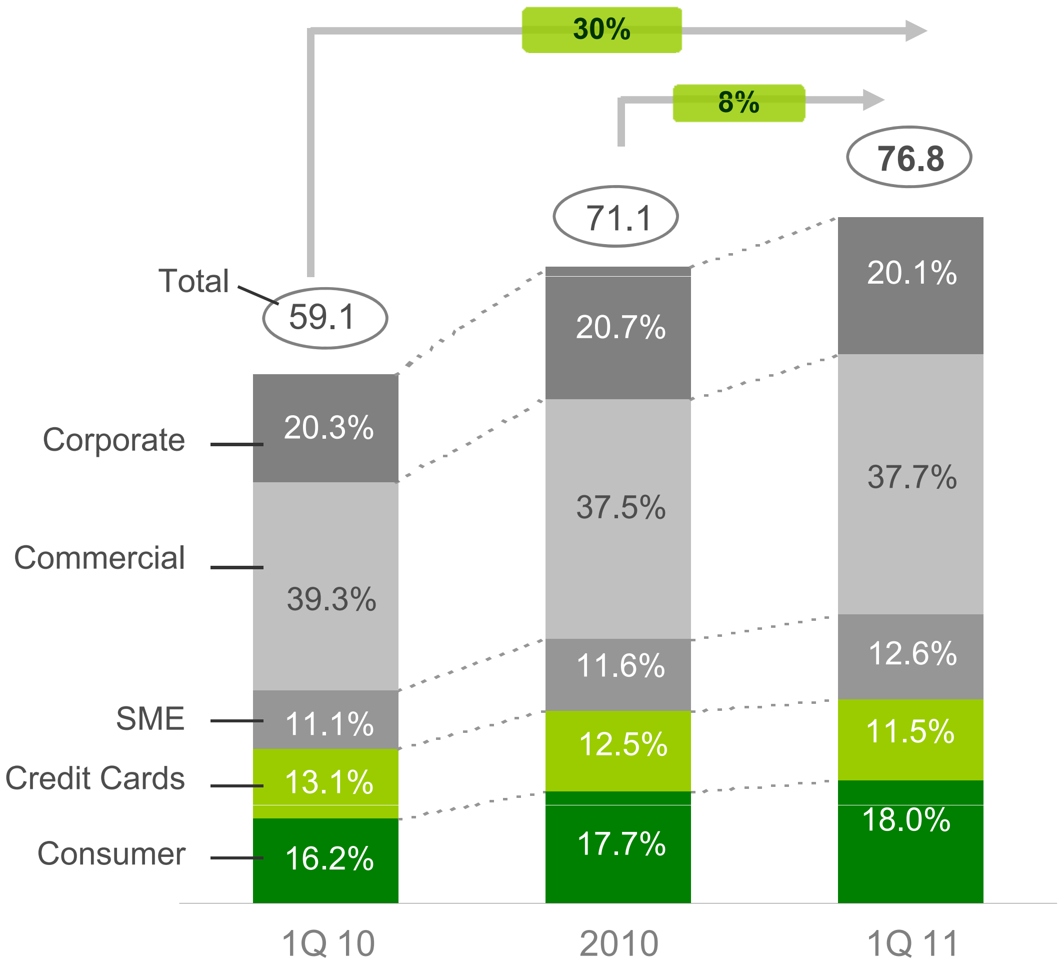
"Unrealized gain as of Mar 31, 2011: **TL 1.3 bn[1]**"

1 Based on bank-only MIS data
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data

Strengthened market position in lending...

Total Loan[1] Growth & Loans by LOB[2]

TL Billion



1Q 2011:

"Lending growth across the board":

Strong franchise power
Successful relationship management

Total loans M/S: ***13.8%***

TL boosted by consumer & SME

TL loans M/S: ***11.2%***

FC by corporate & commercial

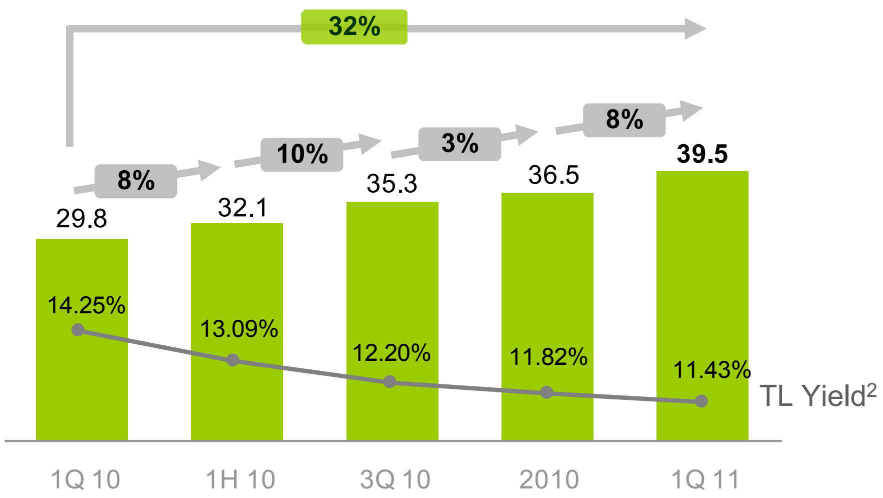
FC loans M/S: ***20%***

1 Including factoring and leasing receivables
2 Based on bank-only MIS data
Note: Market share (M/S) calculations are based on bank-only financials for fair comparison with sector

...while managing yields actively to support margins

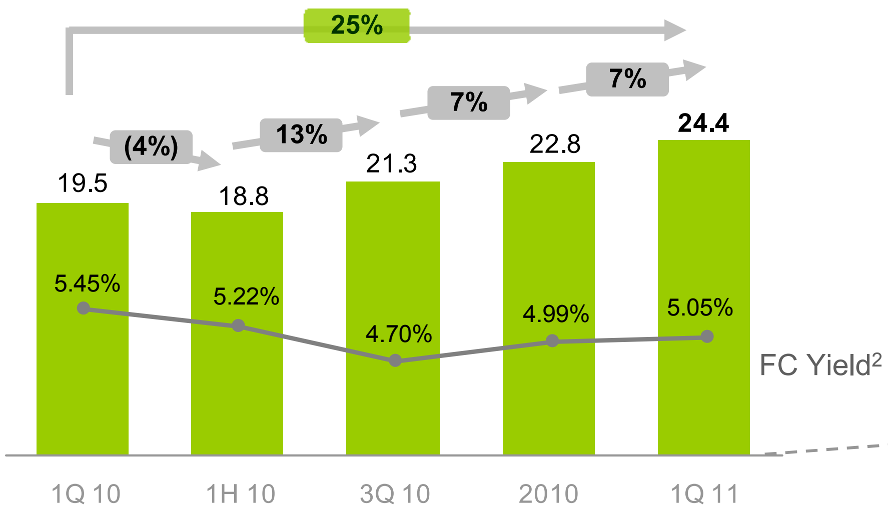
TL Loans[1]

TL Billion



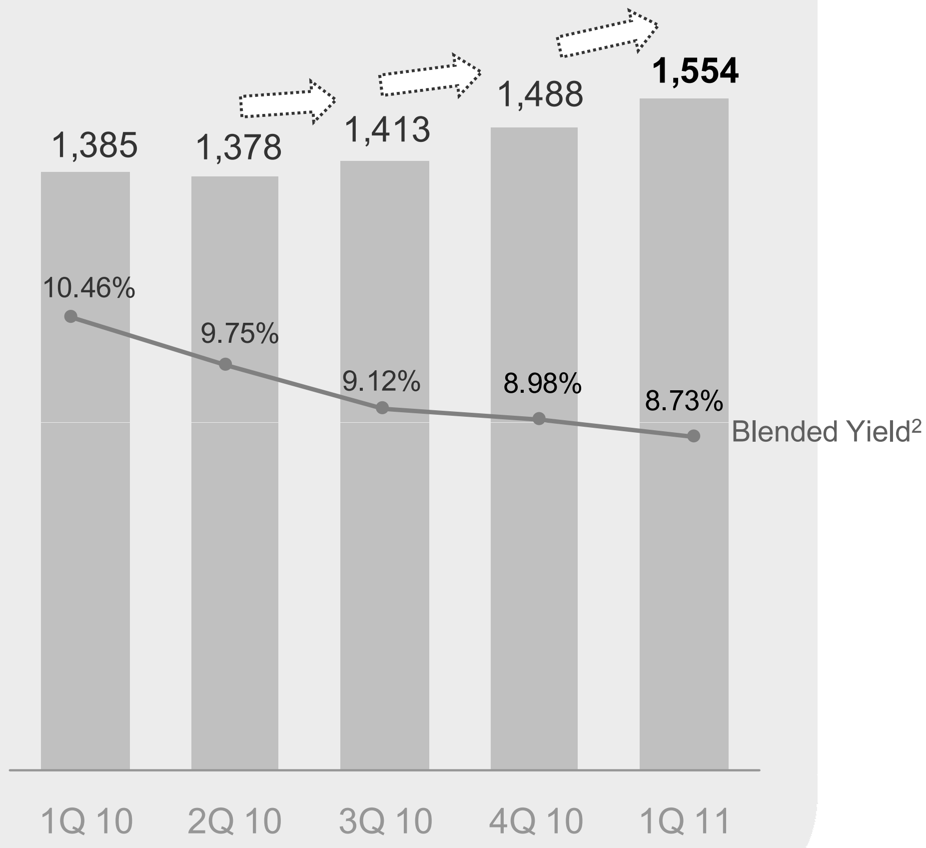
FC Loans[1]

US$ Billion



Interest Income on loans (quarterly)

TL Million

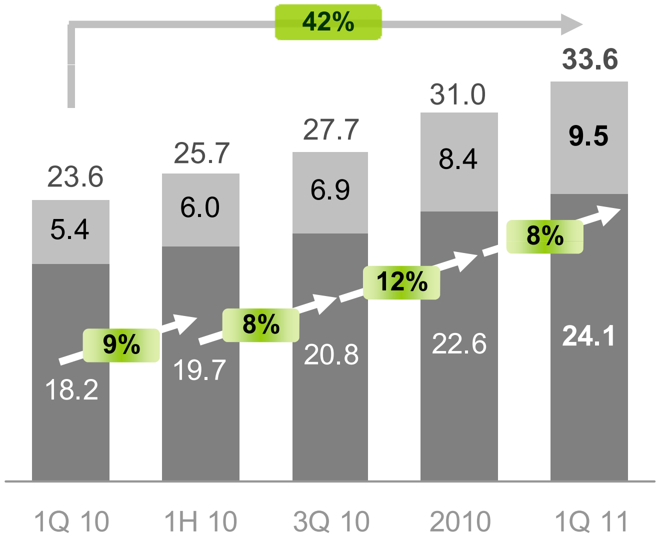


1 Performing cash loans
2 Based on bank-only financials, calculated on a quarterly basis

Capturing the growth in retail lending

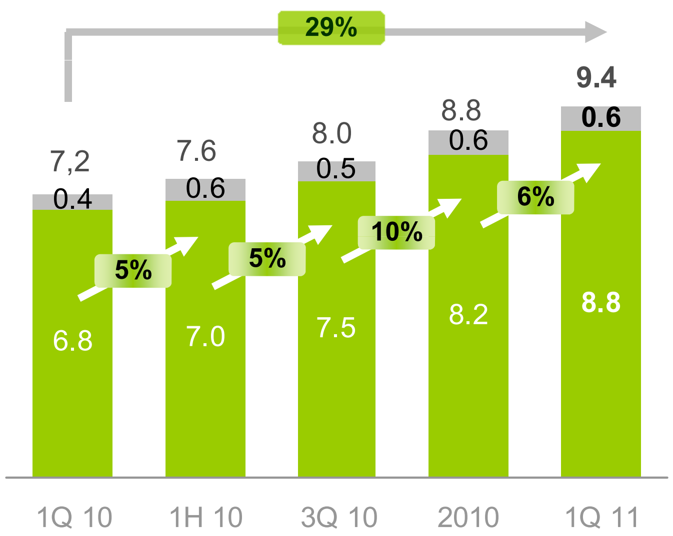
Retail Loans[1]

TL Billion



Mortgage Loan Growth

TL Billion



Consumer Loans

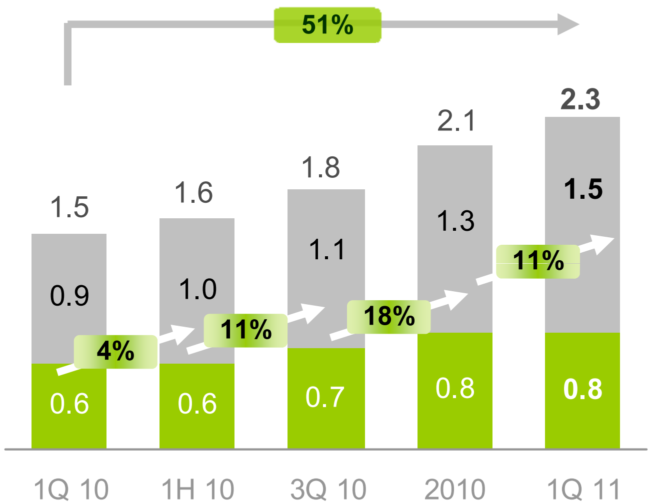
Commercial Installment Loans

Focus remained on
key profitable products

Mortgages & GPLs

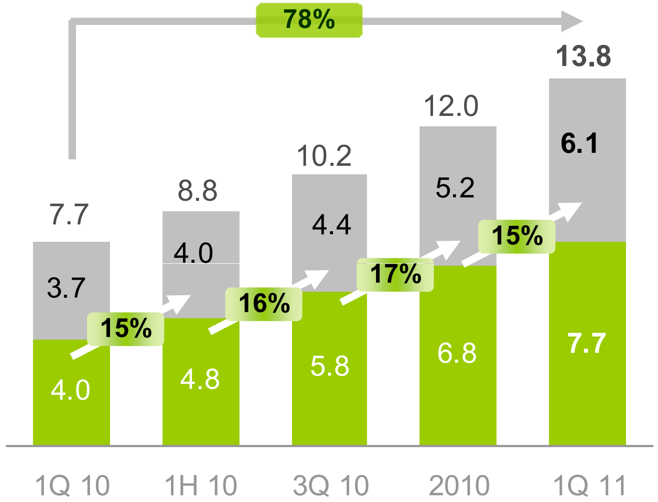
Auto Loan Growth

TL Billion



General Purpose Loan[5] Growth

TL Billion



Market Shares[2,3]

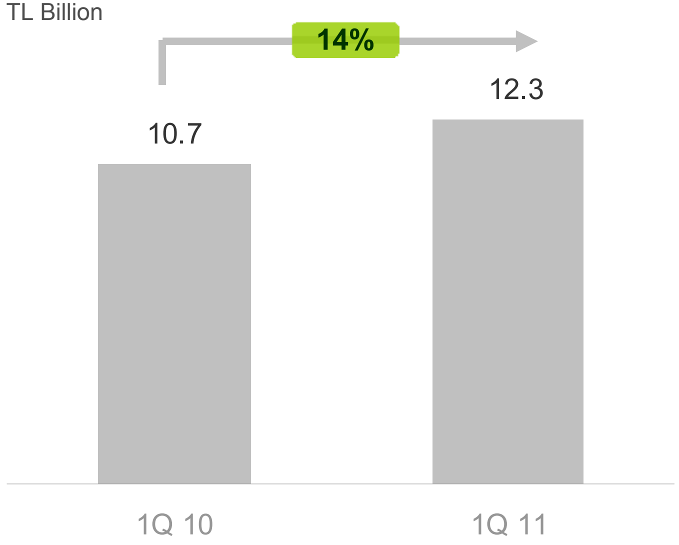
	Dec 10	Mar 11	Qtd	Rank[4]
Mortgage	13.9%	13.9%	-3 bps	#1
Auto	15.1%	15.5%	+41 bps	#3
General Purpose[5]	10.2%	10.8%	+57 bps	#2
Retail[1]	13.1%	13.3%	+19 bps	#2

Note: Garanti figures are based on BRSA consolidated financials; Sector figures are based on bank-only BRSA weekly data, commercial banks only
1 Including consumer, commercial installment, overdraft accounts, credit cards and other
2 Including consumer and commercial installment loans
3 As of YE10 among private banks 4 Including overdraft and other loans for fair comparison with sector

Selective and limited growth in credit cards

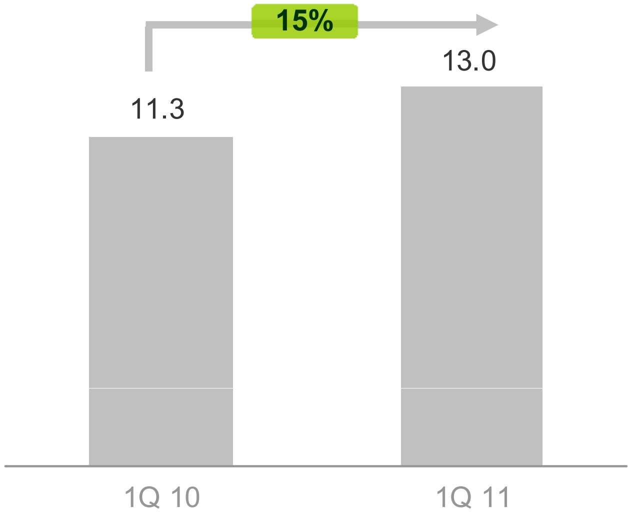
Issuing Volume

TL Billion



Acquiring Volume

TL Billion



#1 in Card Business

Per Credit Card Spending (TL, Mar 11[2])

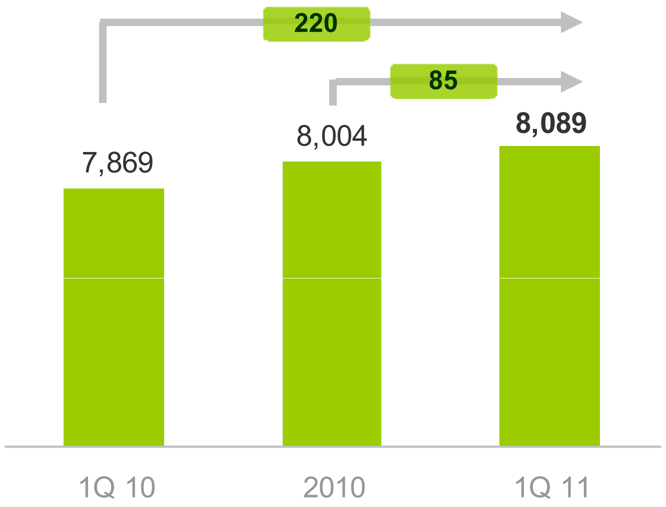
Per Debit Card Spending

>2 times the sector

... with the ultimate aim of creating cashless society

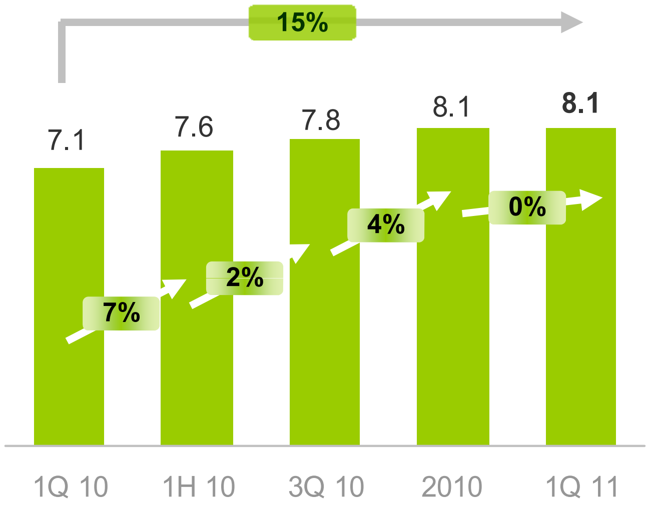
No. of Credit Cards

In Thousand



Credit Card Balances

TL Billion



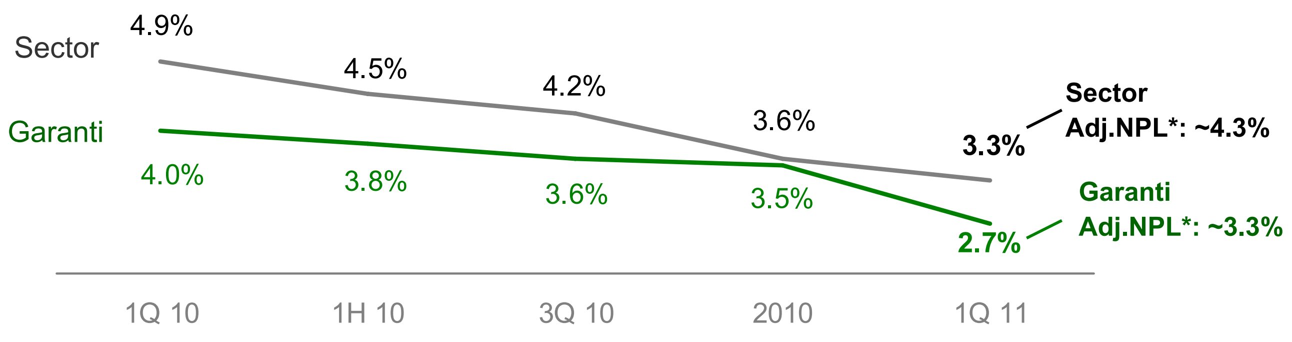
Market Shares

	YTD ∆	Mar 11	Rank
Acquiring	-85 bps	20.5%	#2
Issuing	-70 bps	19.4%	#1
# of Credit Cards	-13 bps	16.9%	#1
POS[1]	+65 bps	22.9%	#1
ATM	-10 bps	10.8%	#3

1 Including shared POS
2 Annualized
Note: All figures are based on bank-only data excluding credit card balances. Credit card balances are based on BRSA consolidated data

Asset quality continued to improve – strong collections and lower new NPLs – significantly better vs. sector

NPL Ratio[1]



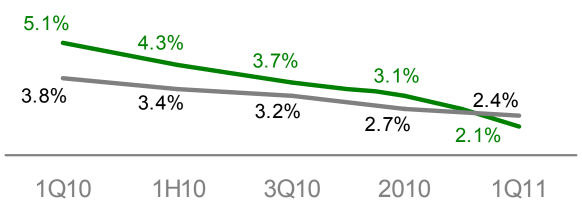
**Adjusted with the total of NPL sales and write-offs.*
2010 and 1Q11 sector NPL sales & write-offs total: TL ~2.6 bn and ~TL 0.4 bn, respectively
Garanti sold NPLs in 1Q 11 amounting to TL 484mn, of which TL 200mn relates to the NPL portfolio with 100% coverage and the rest being from previously written-off NPLs. Gross income booked amounts TL 54mn.

New NPL formation[2]
QoQ
down by 45%

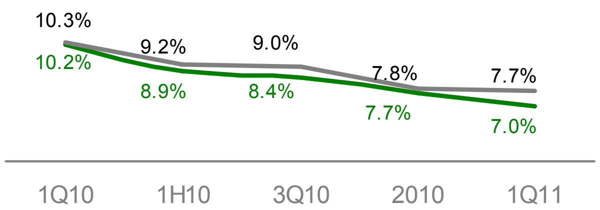
Strong collections in 1Q includes recoveries of large commercial files booked in 3Q10

NPL Categorisation[1]

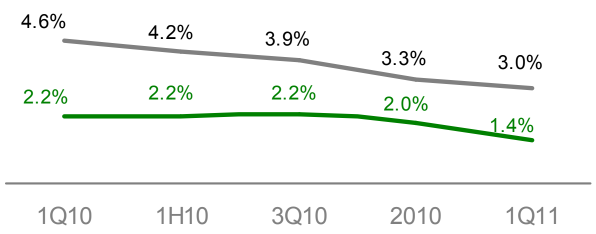
Retail Banking
(Consumer & SME Personal)
21% of Garanti's Total Loans



Credit Cards
12% of Garanti's Total Loans



Business Banking
(Including SME Business)
67% of Garanti's Total Loans

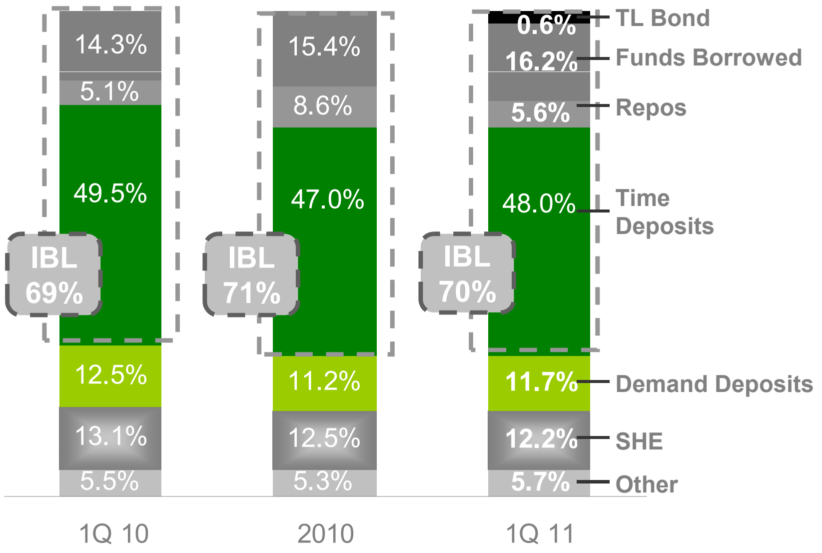


Garanti — Sector

1 Sector figures are per BRSA bank-only data. NPL categorisation is based on bank-only data
2 Per BRSA Consolidated data

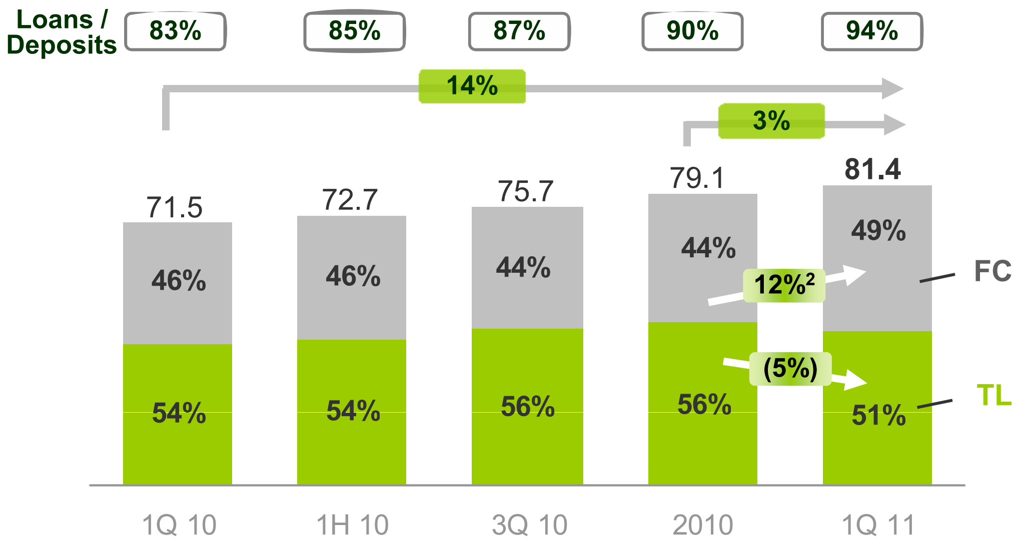
Diversified funding sources to actively manage costs in limiting margin pressure and lengthen maturities

Composition of Liabilities



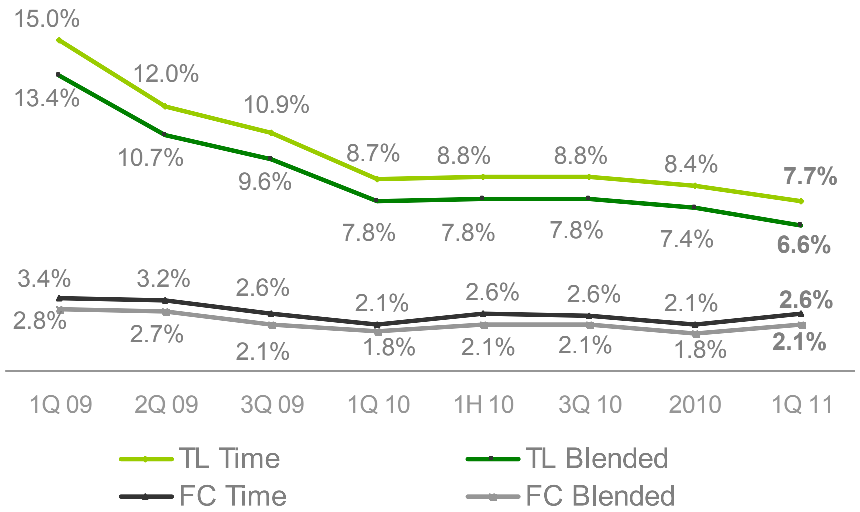
Total Deposits

TL Billion



Cost of Deposits[1]

Quarterly Averages



TL cost of deposits lowered by ***~70 bps***

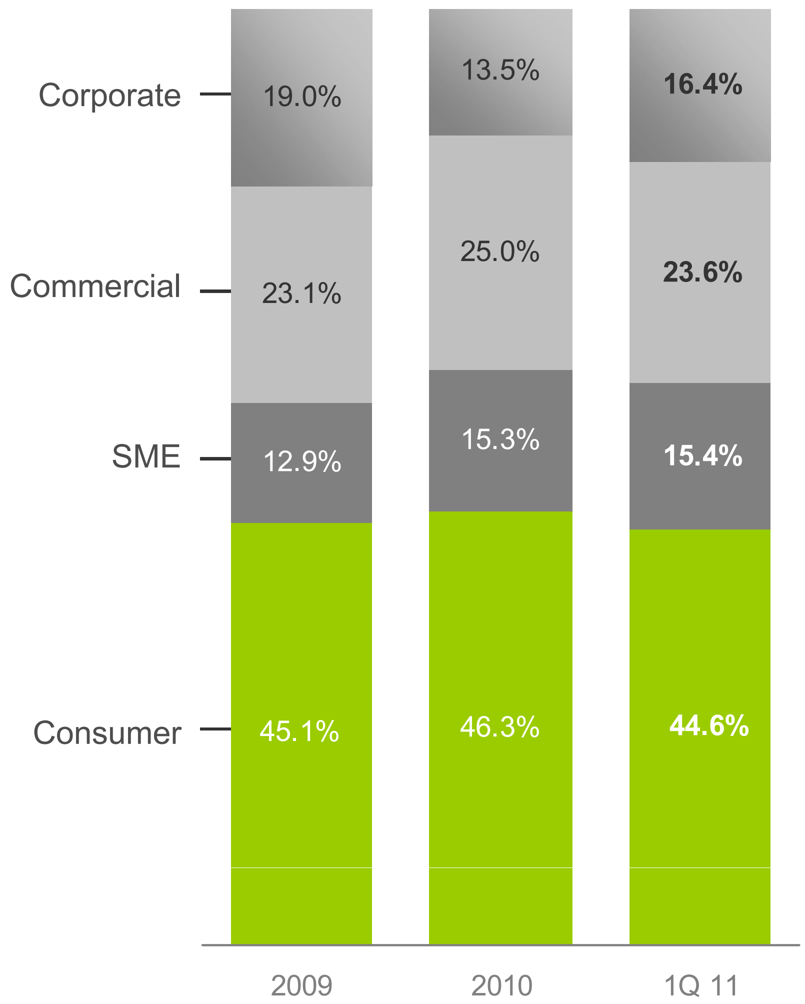
Secured ***TL 1 bn[3]. bond*** *with* ***1yr.*** *maturity,* ***at a cost of 7.68%***

1 Based on bank-only MIS data
2 Growth in USD terms
3 Face value

In deposit growth, focus remains on demand deposits

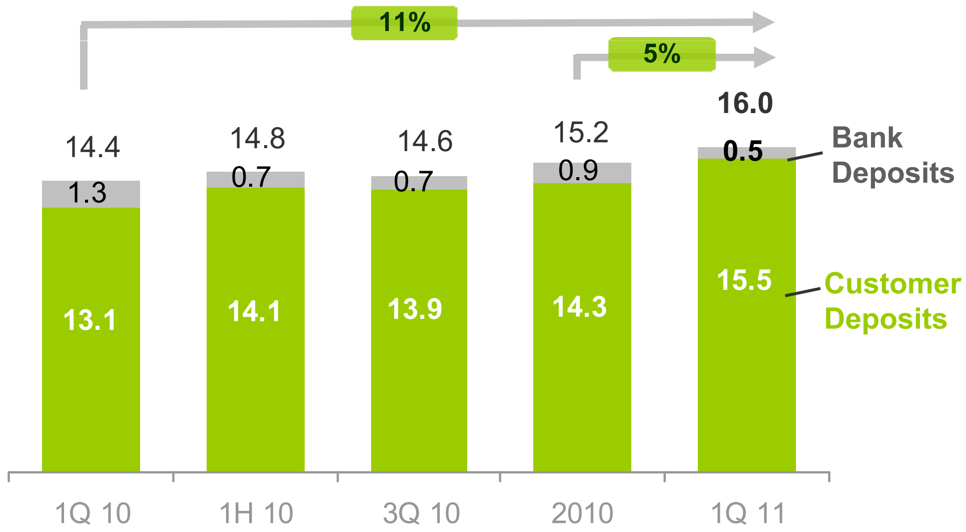
Deposits by LOB[1]

(Excluding bank deposits)



Demand Deposits

TL Billion



Customer Demand Deposits

YTD Growth **8%**

Demand Deposits / Total Deposits: 20%

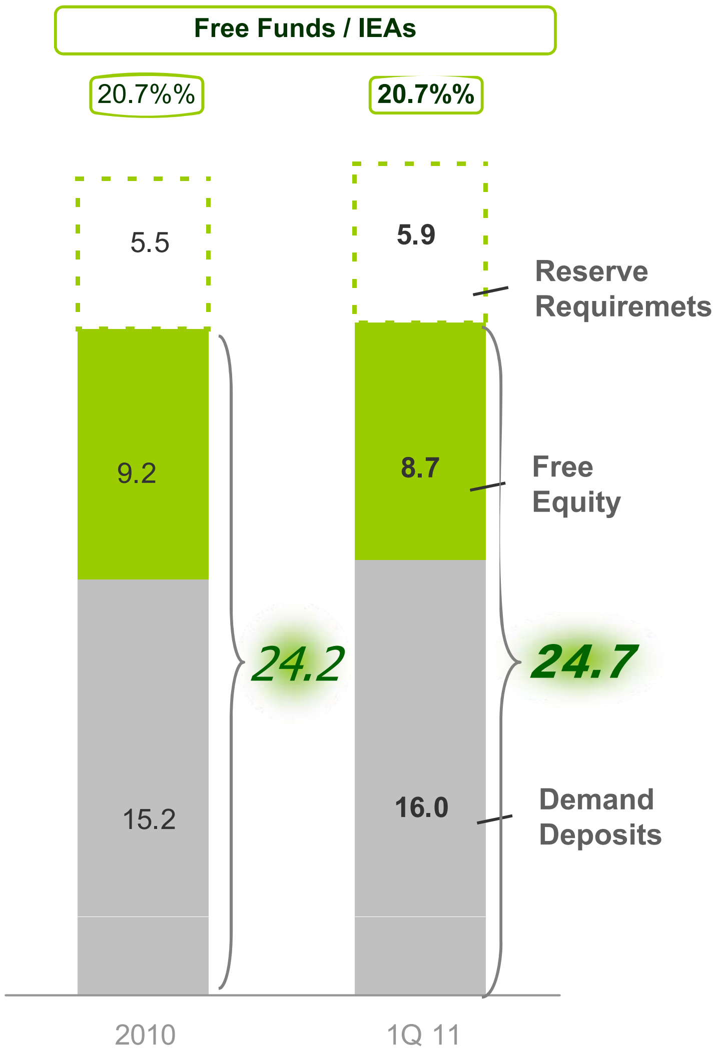
1 Based on bank-only MIS data

Strong capital base and sizeable free funds

CAR[1]

Free Funds

TL Billion (Free Funds = Free Equity + Demand Deposits)



Free funds
TL 24.7 bn

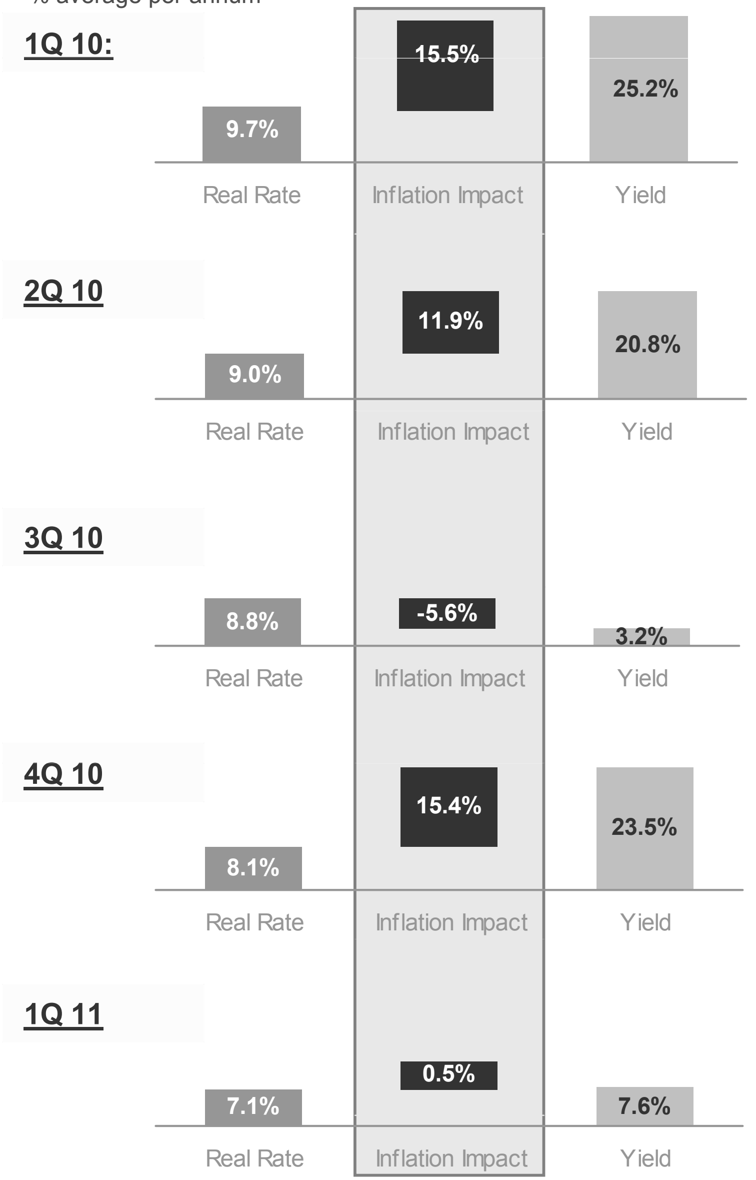
Leverage Ratio
7x

1 Based on BRSA Consolidated Financials
Note: Free Equity = SHE - (Net NPL+ Investment in Associates and Subsidiaries + Tangible and Intangible Assets+ AHR+ Reserve Requirements)
Free Funds: Free Equity + Demand Deposits

Relatively lower inflation readings in 1Q caused a "temporary drop" in securities yield -- significantly lower contribution by CPI linkers

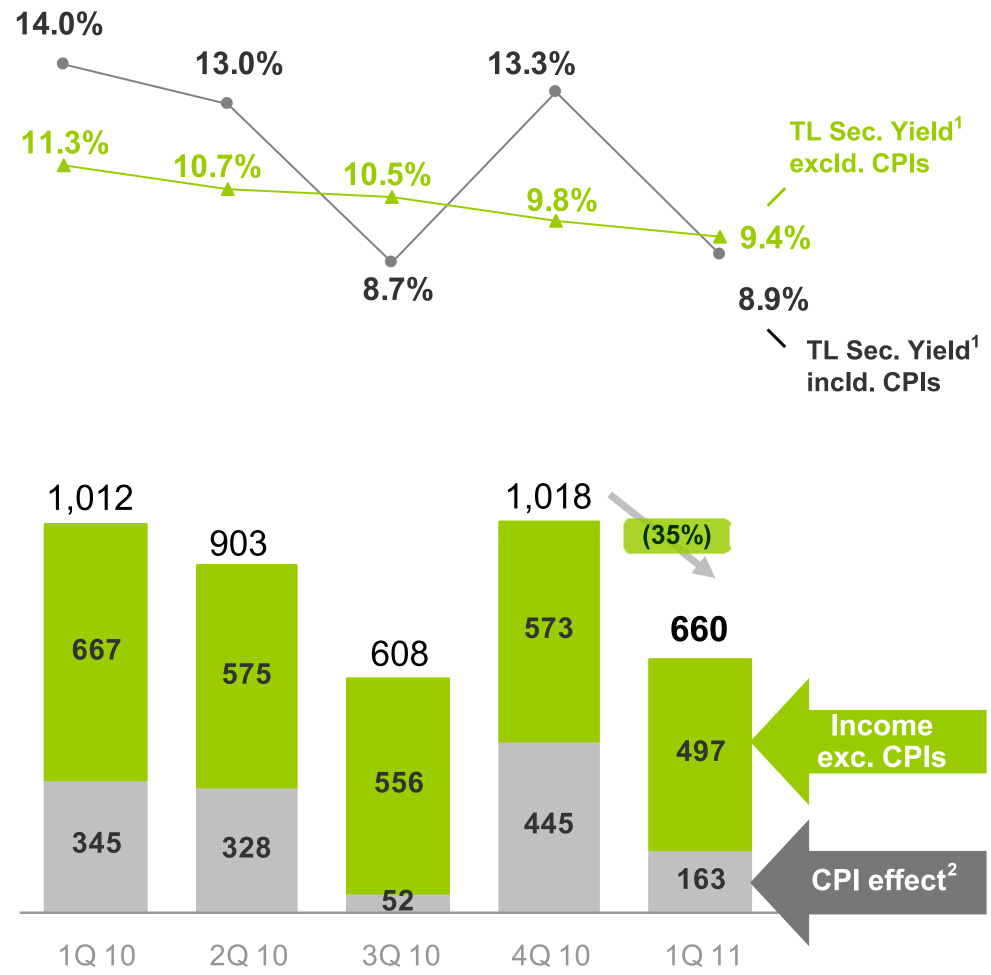
Drivers of the Yields on CPI Linkers[1]

% average per annum



Interest Income & Yields on TL Securities[2]

TL Million

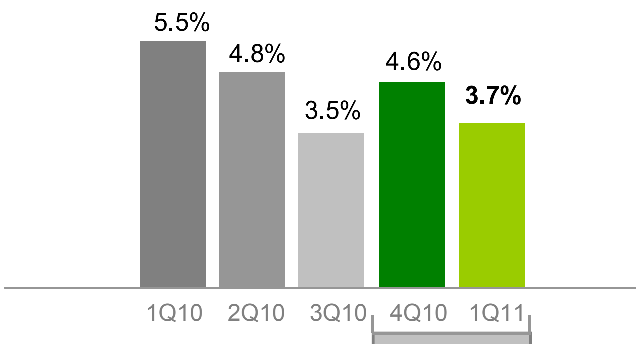


1 Based on bank-only MIS data
2 Based on BRSA consolidated data

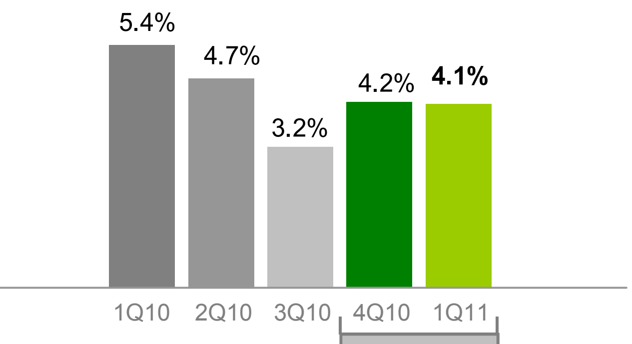
Margins held up well q-o-q, excluding income volatility from CPI Linkers

Quarterly NIM (Net Interest Income / Average IEAs)

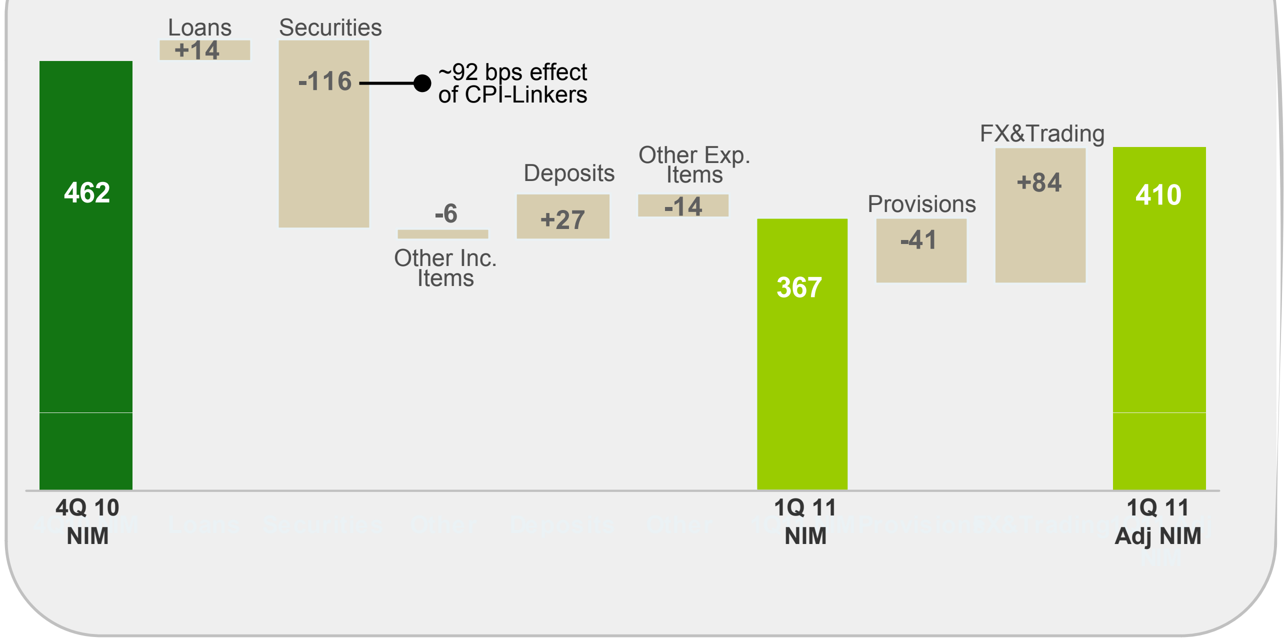
NIM



Adjusted NIM



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



1Q 11 over 4Q 10:

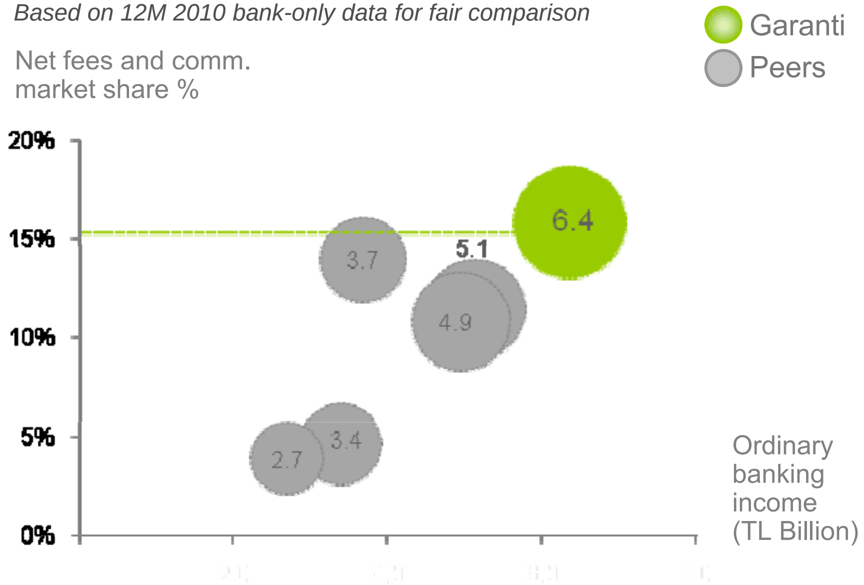
- ***Drop in asset yields'*** *impact on margin* ***-108 bps (-16 bps when income volatility of CPI linkers is excluded)***
- ***Decline in funding costs'*** *impact on margin* **+13 bps**
- ***NIM*** *down by* ***95 bps*** *q-o-q* ***(however flat when volatility from CPI linkers excluded)***
- ***Adjusted NIM flat*** *due to* ***robust trading gains***

Source:BRSA Consolidated financials
Adjustments to NIM: Net Interest Income/ Average IEA adjusted by FX gain/loss, provision for loans and securities, and net trading income/loss

Well-diversified fee sources bolstered sustainable customer driven income

Ordinary Banking Income[1] Generation

Based on 12M 2010 bank-only data for fair comparison



Strong presence in brokerage

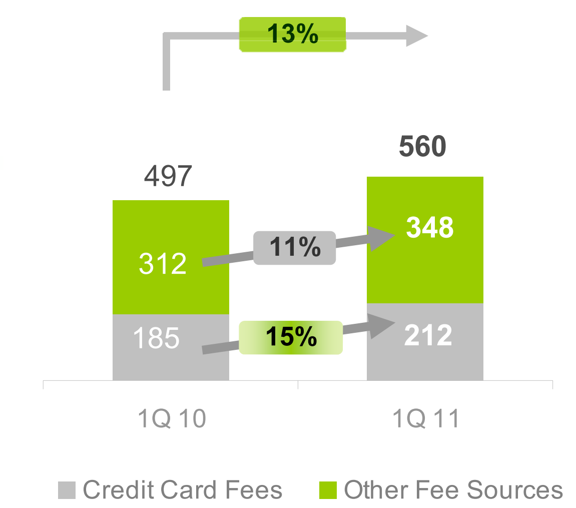
Market share **>6%**

#1 in bancassurance

Highest payment systems commissions per volume

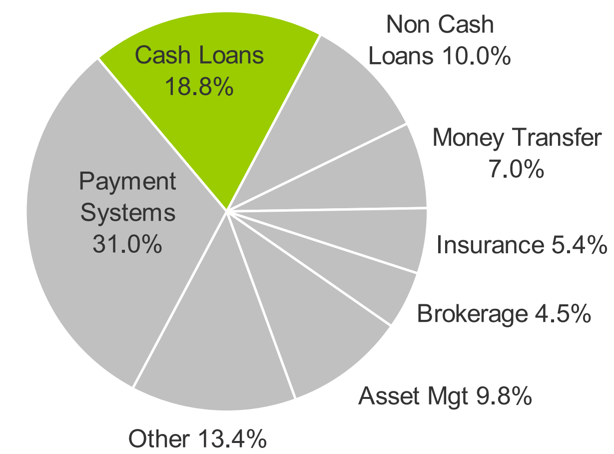
1.6% *vs. Peer avg.* ***1.2%***[3]

Net Fees & Commissions

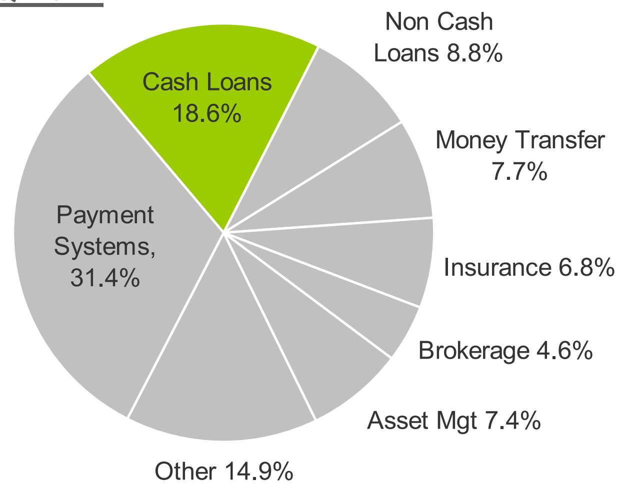


Net Fees & Commission Breakdown[2]

1Q 2010



1Q 2011



Growth Areas (%)	Y-o-y	Q-o-q
Cash loan[2]	13%	31%
Brokerage	17%	21%
Money transfer	26%	7%
Insurance	44%	28%

1 Based on bank-only data for fair comparison and defined as; net interest income adjusted with provisions for loans and securities, net FX and trading gains + net fees and commissions
2 Bank-only MIS data, including consumer loans fees as well as other cash loan fees now classified as interest on loans in income statement
3 Peer average as of YE 2010

Sustained solid profitability

(TL Million)	1Q 10	4Q 10	1Q 11
Interest Income	2,656	2,749	2,462
-Loans	1,385	1,489	1,554 ✓
-Reserve Requirements	26	4	0
-Securities	1,094	1,094	754
CPI Linkers	348	445	163
Interest Expense	(1,175)	(1,338)	(1,320) ✓
NET INTEREST INCOME	1,482	1,411	1,142
Net Fees & Comm.	497	457	560 ✓
Net Trading & FX Gains	178	26	255
Net Provisions for Loans	2	(44)	64
Security Provisions	(0)	(1)	(1)
ORDINARY BANKING INCOME -including collections	2,159	1,849	2,020
Other Income	71	67	142*
Operating Expense	(850)	(977)	(848) ✓
Other provisions	(4)	(2)	(123)**
PROFIT BEFORE TAX	1,376	937	1,191
Taxes	(281)	(197)	(270)
NET INCOME	1,095	740	921 ✓
Equityholders of the Bank	1,091	735	918
Minority Interest	3	5	2

OPEX/Avg. Assets:
2.5%
down from
2.9% at **1Q 10**

Fees/Opex:
66%
up from
58% at **1Q 10**

Cost/Income:
41%
vs.
45% at **YE 10** &
38% at **1Q 10**

* Including gains on NPL sale of TL 53.9 mn
**The amount of free provisions set in 1Q11 equal TL 100mn. TL 10mn of prior year's free provision is reversed in the same period. Thus, the net amount of free provisions equal TL 90mn.

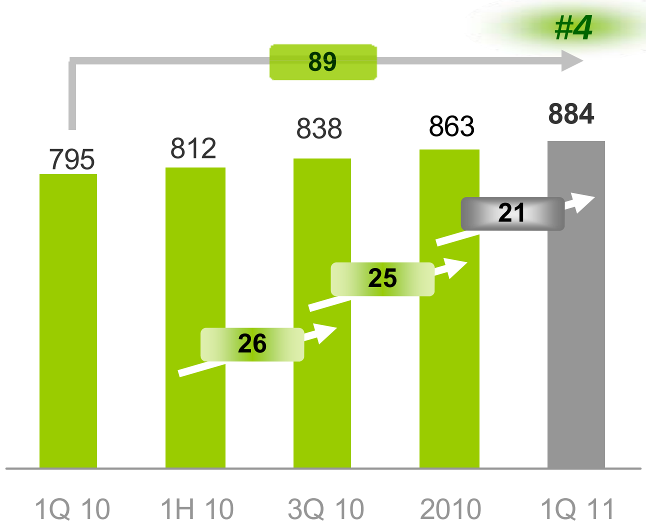
Appendix

Balance Sheet - Summary

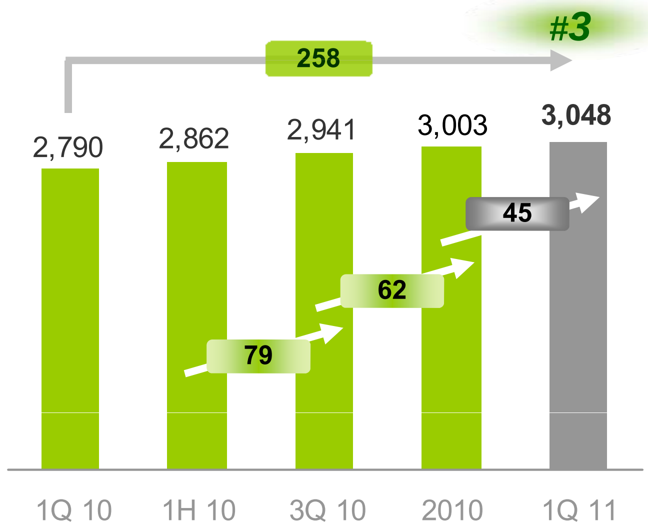
	(TL Million)	December 2010	March 2011	% Change
Assets	Cash & Banks	14,883	14,124	-5%
	Securities	41,137	36,353	-12%
	Loans to Customers	71,092	76,768	8%
	Tangible Assets	1,585	1,571	-1%
	Other	7,106	7,527	6%
	Total Assets	**135,803**	**136,343**	**0%**
Liabilities & SHE	Deposits from Customers	76,296	78,793	3%
	Deposits from Banks	2,808	2,602	-7%
	Repo Obligations	11,735	7,604	-35%
	Funds Borrowed	20,942	22,090	5%
	Bonds Payable	-	828	n.m
	Other	7,149	7,794	9%
	SHE	16,873	16,632	-1%
	Total Liabilities & SHE	**135,803**	**136,343**	**0%**

Further strengthening of retail network

Number of Branches

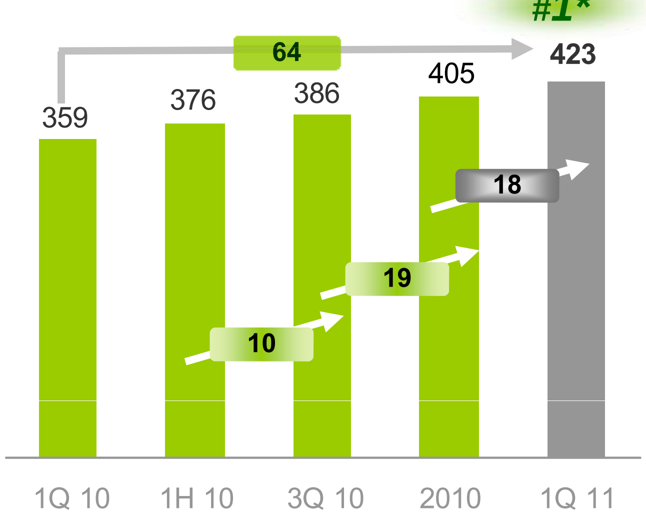


Number of ATMs



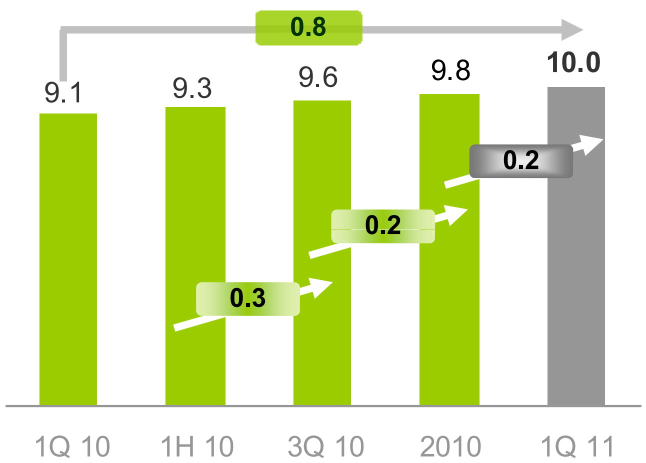
Number of POS

Thousand



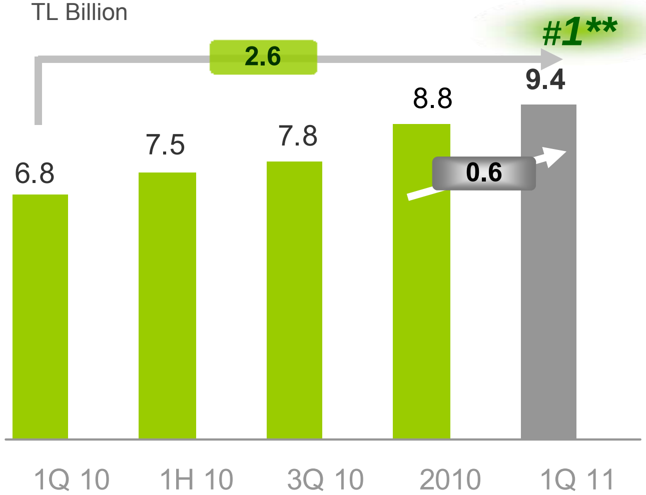
Number of Customers

Millions



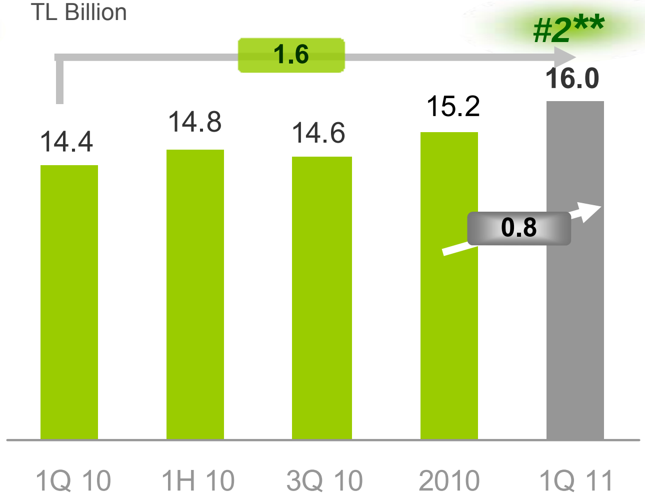
Mortgages

TL Billion



Demand Deposits (customer+bank)

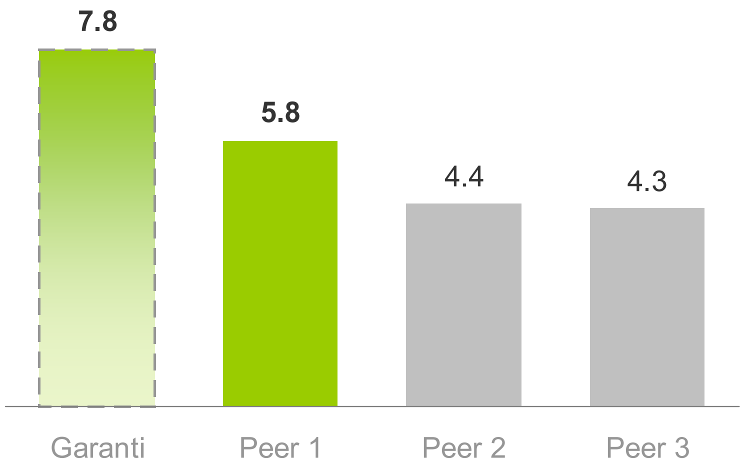
TL Billion



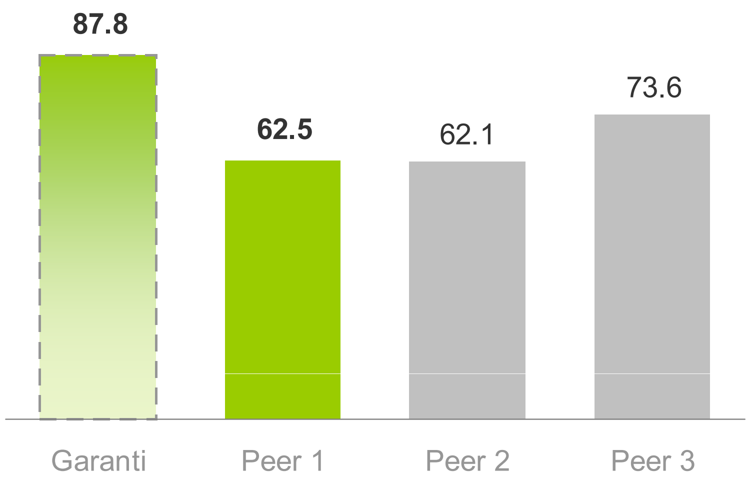
Based on bank-only data except for mortgages and demand deposits. Mortgages are based on BRSA Consolidated data. Demand Deposits are per IFRS
*Including shared POS
**Mortgage and demand deposit ranks are as of 4Q 10
Note: Ranks are among private banks

...while preserving the highest efficiencies

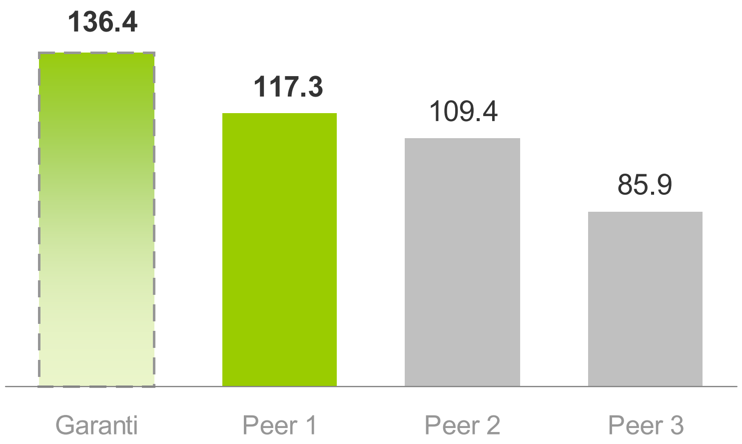
Ordinary Banking Income per Branch
12M 2010, TL million



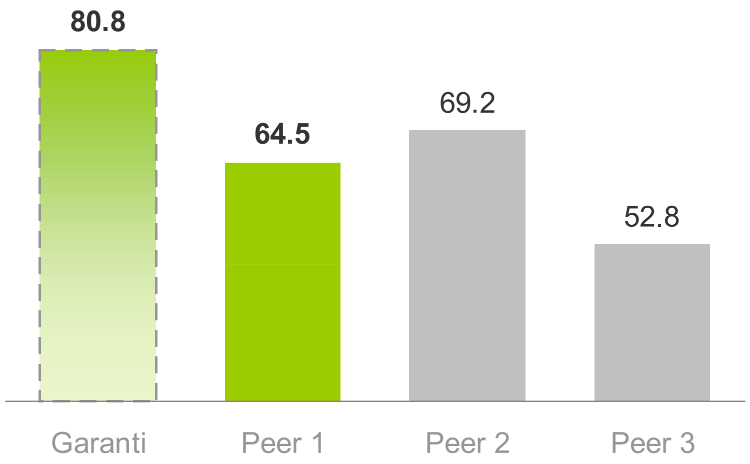
Loans per Branch[1]
2010, TL million



Assets per Branch
2010, TL million



Customer Deposits per Branch
2010, TL million



1Total loans = Cash+Non-cash loans
Note: Figures are bank-only for fair comparison

Non-recurring items

1Q 2011:

i) As of the balance sheet date, consolidated financial statements include a general provision amounting to TL 450 mn, TL 90 mn of which was charged to the income statement as expense in the current period, provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

ii) As part of the parent Bank's non-performing loan portfolio amounting to TL 483.9 mn was sold to a local asset management company at a sale price of TL 53.9 mn. The sale price is fully recognized as income under other operating income as such receivables were fully provided against in the accompanying consolidated financial statements before the sale.

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