



IFRS Earnings Presentation

June 30, 2011

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2Q 2011 Macro Highlights

Deteriorating growth numbers, heightened credit concerns

- Weaker than expected US macroeconomic data in 2Q led FED to reduce growth expectations.
- US debt ceiling debate kept markets volatile.
- Chinese inflation in a rising trend and high oil prices lasted.
- European debt crisis prompted a sharp rise in risk aversion.

CBRT confident on inflation and declining trend in domestic trend

- 1Q11 GDP at 11%, above expectations of 9.8% -- fastest growing country in the world in 1Q11 and World Bank forecasts 2011 growth to be above Europe and Central Asia.
- Annual inflation fell to 6.2% in June -- CBRT confident on inflation.
- BRSA increased both general provisioning and risk weightings on general purpose loans, while raising general provisioning for loans with maturity extensions.
- TL depreciated by 0.5% and 1.4% against US\$ and Euro in 2Q11.
- Benchmark bond ended the quarter at 9.14%.

1H 2011 Highlights

Balance sheet strength: distinguishing feature of Garanti...

...leads to consistent delivery of strong results

Selective lending growth -- **timely loan re-pricing** across the board

- emphasis remains on higher yielding products
 - GPLs (+12% q-o-q ;+29% y-t-d); mortgages (+4% q-o-q ;10% y-t-d)
 - FX corporate & commercial loans: (+2% q-o-q & 9% y-t-d)

Strategically managed **securities portfolio serves as a hedge** against volatility

- FRN mix in total: 65% vs. 60% @YE 10

Pristine asset quality -- normalizing but still **strong collections exceeding NPL formations**

- NPL ratio 2.5% , down by ~100 bps ytd -- around pre-crisis levels

Actively managed and **diversified funding base** -- lengthened maturities & limited pressure on funding costs

- Demand deposits - main driver of deposit growth - (+10% y-t-d)
- Bond issuances in 1H11: TL 2.5bn (6mo-1yr) & \$800mn (5-10yrs), at attractive rates

High solvency: CAR¹: 17%, Leverage: 8x

23 consecutive quarters of ROAE >= 20%: 1H 2011 - ROAE: 21%

- 1H 11 Net Income : TL1,897mn ;
- 2Q 11 Net Income: TL 977mn , up by 6% q-o-q

Margins holding up well despite a much lower interest rate environment y-o-y and the RRR hikes with no remuneration

Net fees and commissions: Well-diversified into high growth areas , **#1 market share** maintained

Committed to **strict cost discipline** and **process improvement**

- Opex/ Avg assets: 2.4% at 1H 11 vs 2.8% at 1H 10;
- C/I: 43%
- Employee/ branch improved by 21% over the last 3 yrs
- Investment in distribution network continued with **>30 branch additions** in 1H11

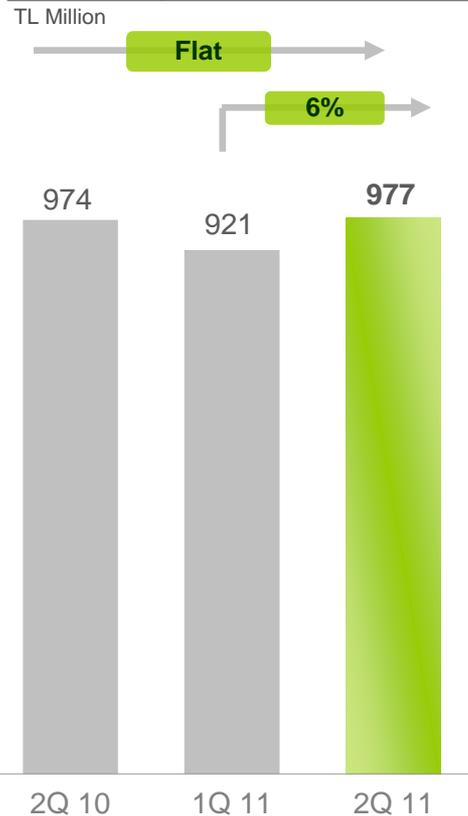
Strong results underpinned by the differentiated business model

ROAE: 21%

23 consecutive quarters of ROAE >=20%

Net Income: TL 1,897 mn
1H 11

Quarterly Net Income

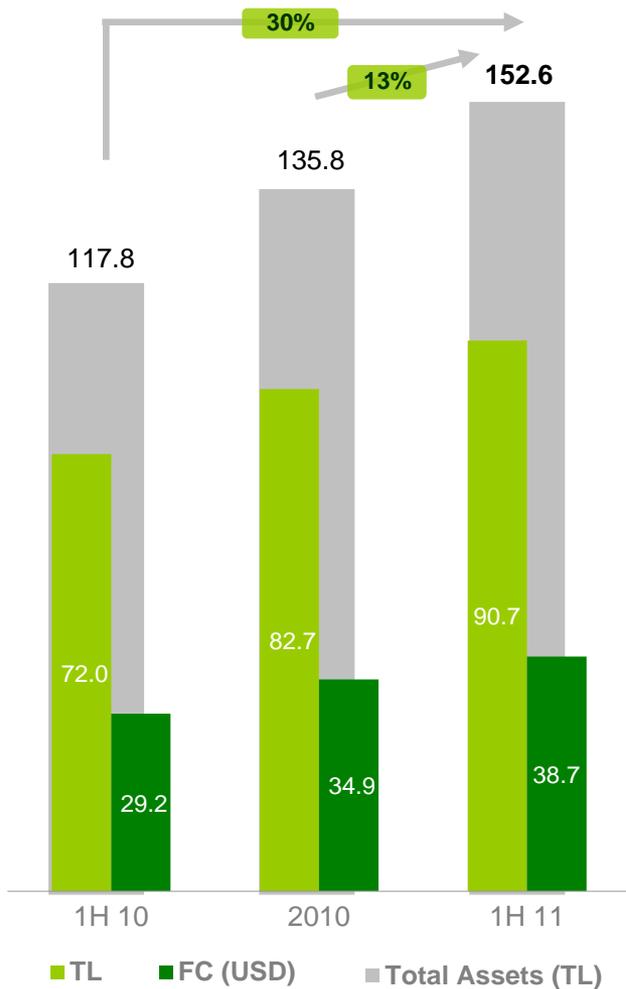


- **Well-defended NII:**
Timely loan re-pricing & actively managed funding structure -- excluding the securities book, ~**flat** NII y-o-y
- **Solid & diversified fee base**
Double digit growth momentum
- **Pristine asset quality**
backed by strong collections
- **Strict cost discipline**
- **Equity stake sales**
compensated the lower trading gains in 2Q

Well-shaped balance sheet -- highly liquid supporting healthy & selective growth

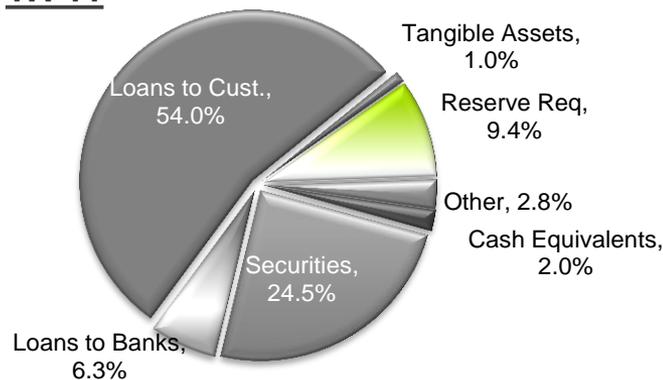
Total Assets

TL / USD Billion



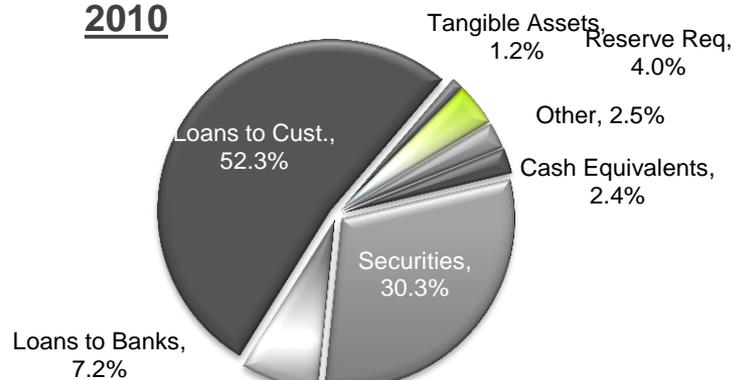
Composition of Assets¹

1H 11



IEA / Assets: 82.3%

2010



IEA / Assets: 87.0%

Growth:

1H 11

Loans¹: **16%**

Securities: **- 9%**

Loans/Assets

54%

VS.

52% at YE 10

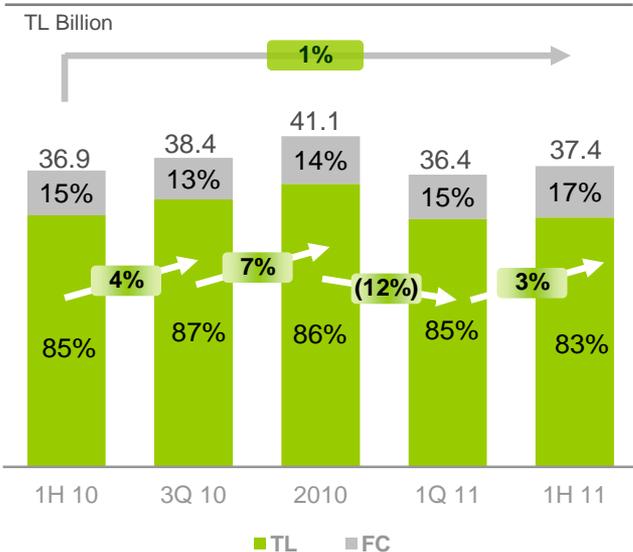
Liquidity Ratio²

30%

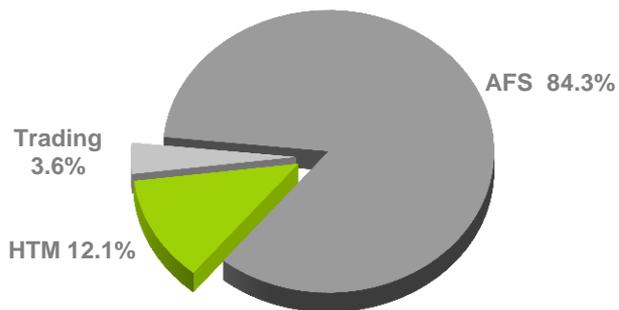
¹ Loans to customers including leasing and factoring receivables
² (Cash and banks + trading securities + AFS) / Total Assets

Strategically managed securities portfolio serves as a hedge against volatile market conditions

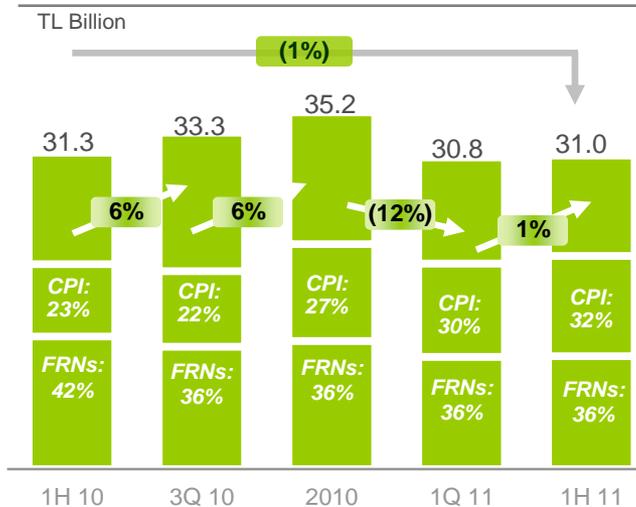
Total Securities



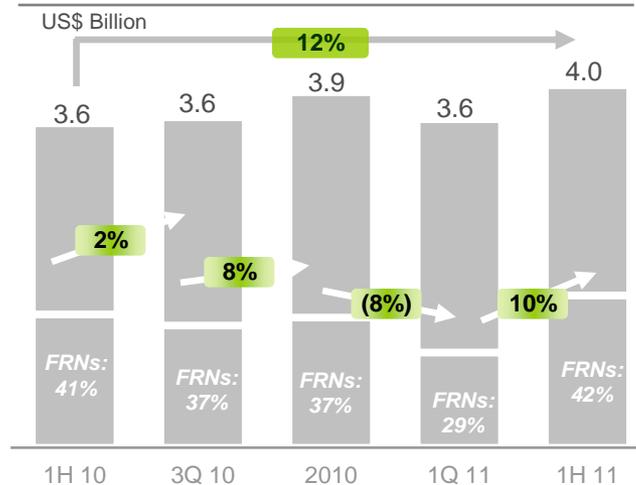
Total Securities Composition



TL Securities



FC Securities



Securities/Assets

25%
down from
30% at YE 10

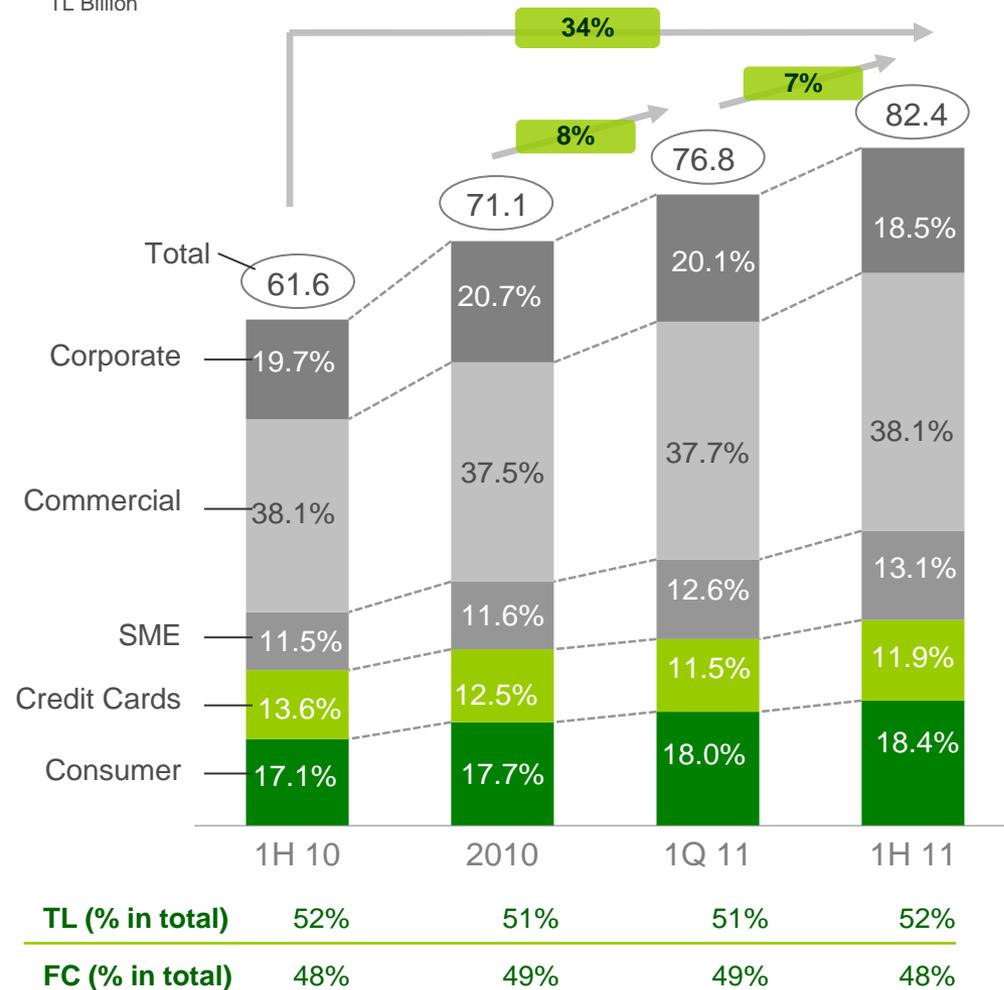
FRN mix in total

65%
from
63% at 1Q 11
and
60% at YE 10

Leading in loan re-pricing, in response to regulatory measures, led to intentionally lower lending growth...

Total Loan Growth & Loans by LOB¹

TL Billion



Total loans market share:

13.3%

VS.

13.8% at **1Q'11**

13.4% at **YE 10**

TL market share:

11.0%

VS.

11.2% at **1Q'11**

10.7% at **YE 10**

FC market share:

19.1%

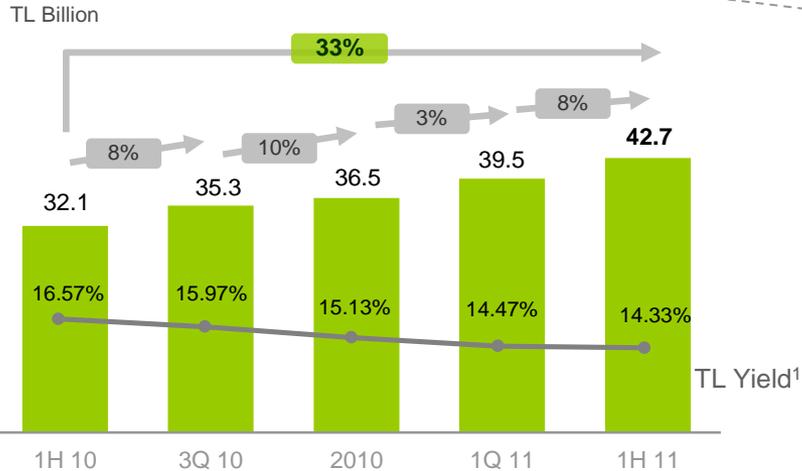
VS.

20.0% at **1Q'11**

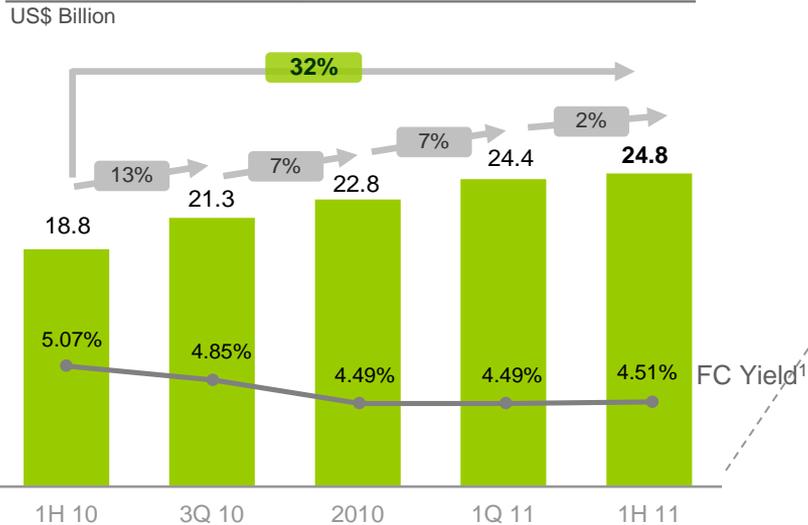
20.4% at **YE 10**

...as focus remained on profitability

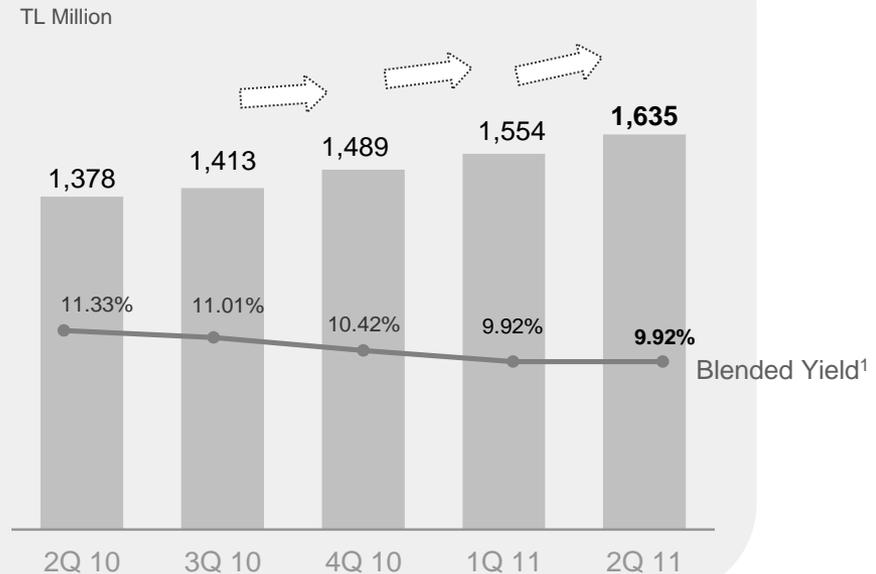
TL Loans



FC Loan



Interest Income on loans (quarterly)



Proactive approach in loan re-pricing, limiting the pressure on blended loan yields²

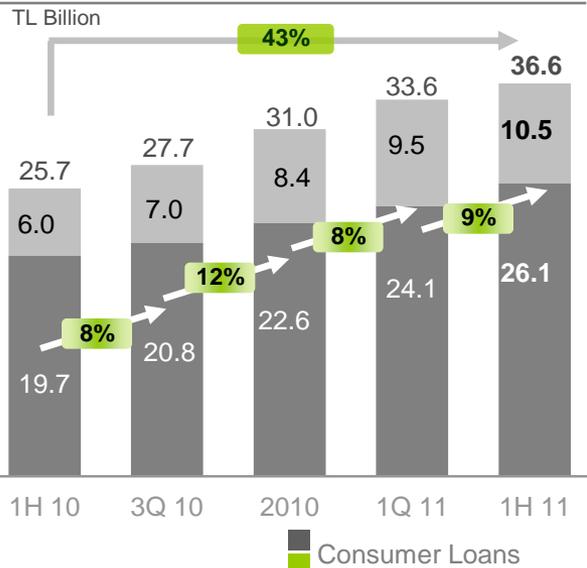


~400 bps
ytd increase in loan pricing

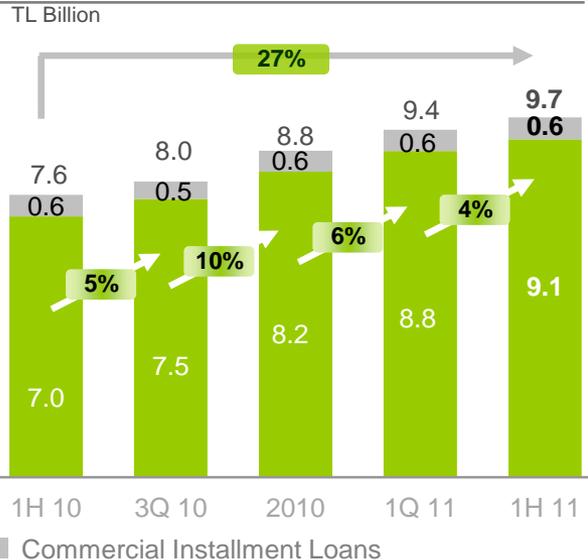
¹ Based on bank-only MIS data and calculated using daily averages
² Based on bank-only MIS data

Timely re-pricing defined the retail lending strategy

Retail Loans¹

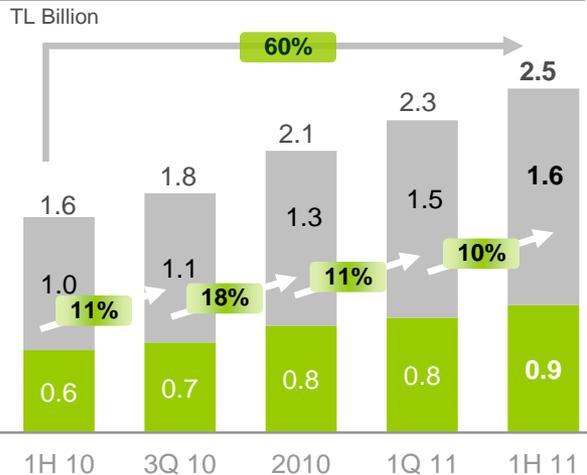


Mortgage Loan Growth

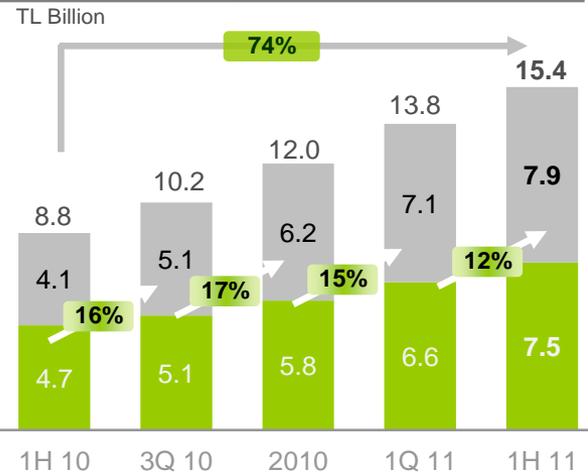


“Relatively lower market share loss in higher yielding products”

Auto Loan Growth



General Purpose⁵ Loan Growth

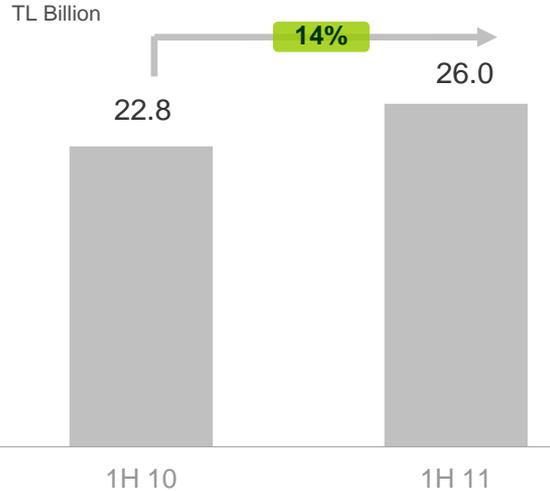


Market Shares^{2,3}

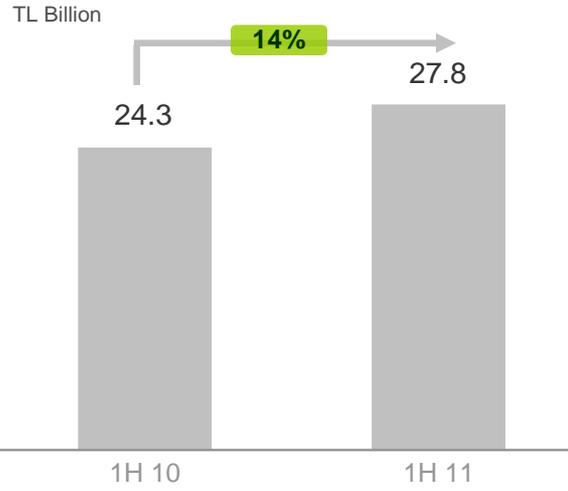
	Mar 11	Jun 11	Qtd	Rank ⁴
Mortgage	13.9%	13.3%	-60 bps	#1
Auto	15.5%	15.1%	-42 bps	#3
General Purpose⁵	10.8%	10.6%	-22 bps	#2
Retail¹	13.3%	13.0%	-36 bps	#2

Strong presence in cards business sustained

Issuing Volume



Acquiring Volume



#1 in Card Business

Per Credit Card Spending (TL, June 11²)

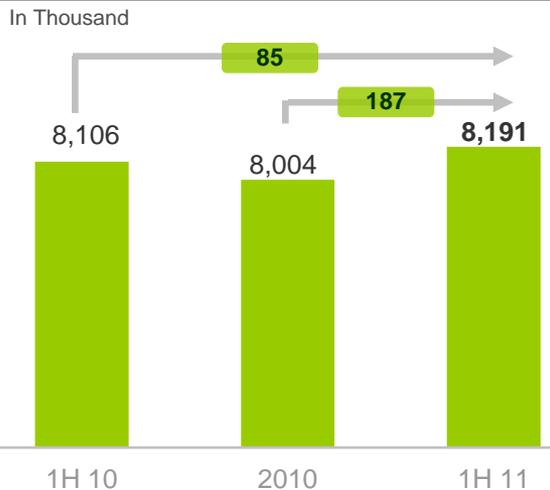


Per Debit Card Spending

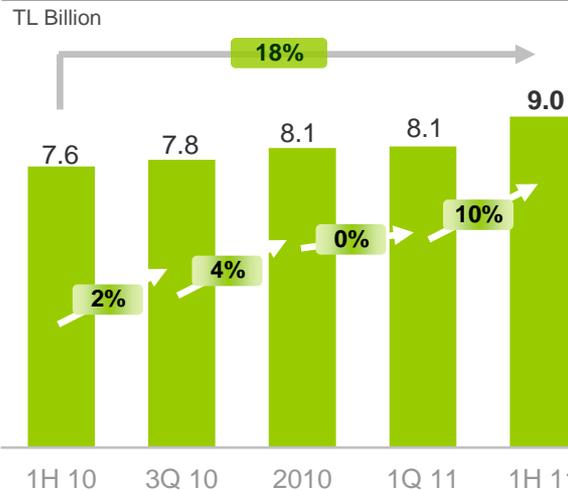
>2 times the sector

... with the ultimate aim of creating *cashless society*

No. of Credit Cards



Credit Card Balances



Market Shares

	YTD Δ	Jun 11	Rank
Acquiring	-105 bps ↓	20.3%	#2
Issuing	-91 bps ↓	19.2%	#1
# of Credit Cards	-38 bps ↓	16.7%	#1
POS ¹	+56 bps ↑	22.8%	#1
ATM	-12 bps ↓	10.7%	#3

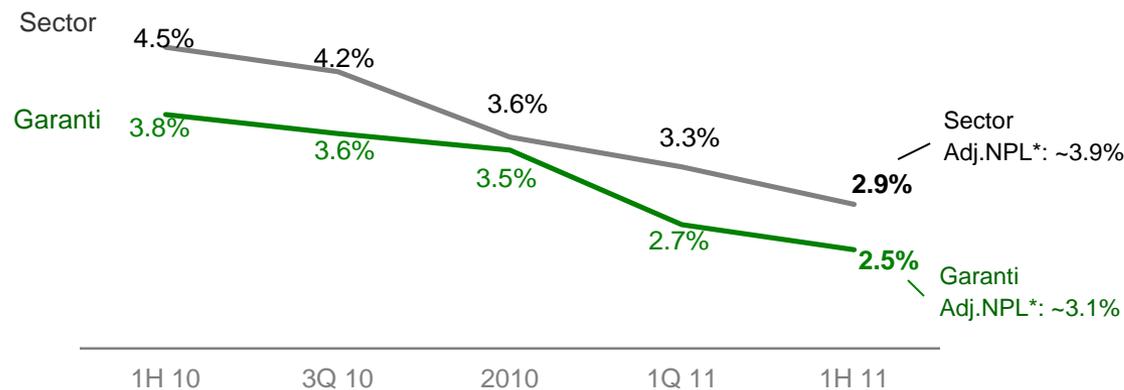
¹ Including shared POS

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 - backed by continuing strong collections - remained pristine...

NPL Ratio¹



* Adjusted with write-offs in 2008, 2009, 2010 and 1H 11. 2010 and 1H11 sector NPL sales & write-offs total: TL ~2.6 bn and ~TL 0.7 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.

NPL Ratio 1H 11

2.5%
~ pre-crisis level

NPL Categorisation¹

Retail Banking

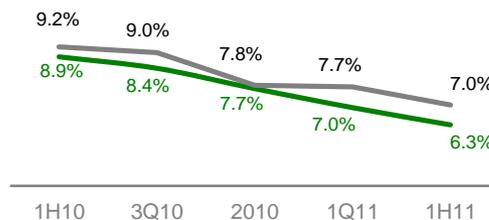
(Consumer & SME Personal)

24% of Garanti's Total Loans



Credit Cards

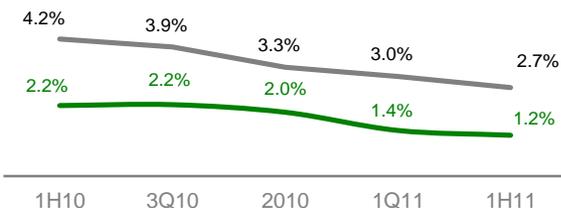
12% of Garanti's Total Loans



Business Banking

(Including SME Business)

64% of Garanti's Total Loans

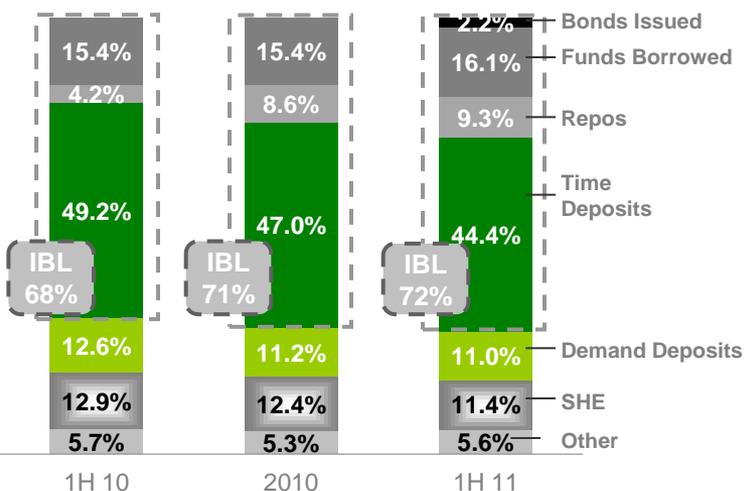


— Garanti

— Sector

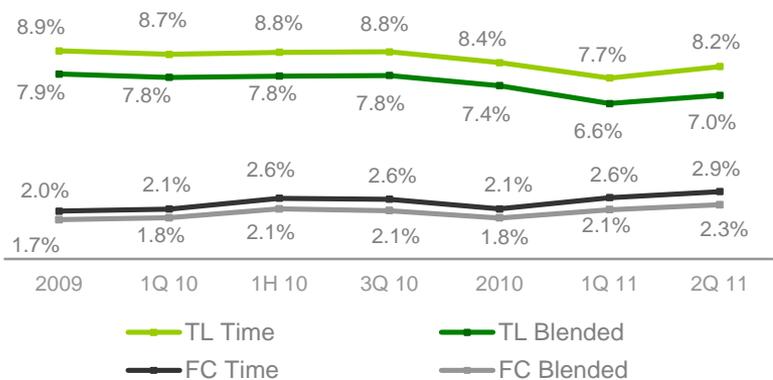
Actively managed and further diversified funding sources -- tightening the duration gap and limiting margin pressure

Composition of Liabilities

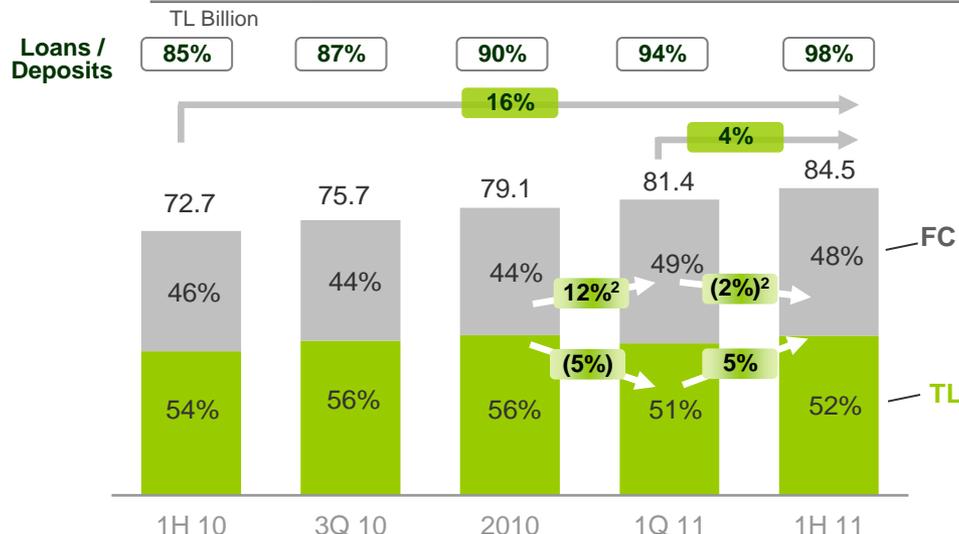


Cost of Deposits¹

Quarterly Averages



Total Deposits



Diversified funding base via longer dated sources³

1H 11 > + TL 2.5bn corporate bond
+ \$ 800mn eurobond

TL deposit growth in 2Q 11

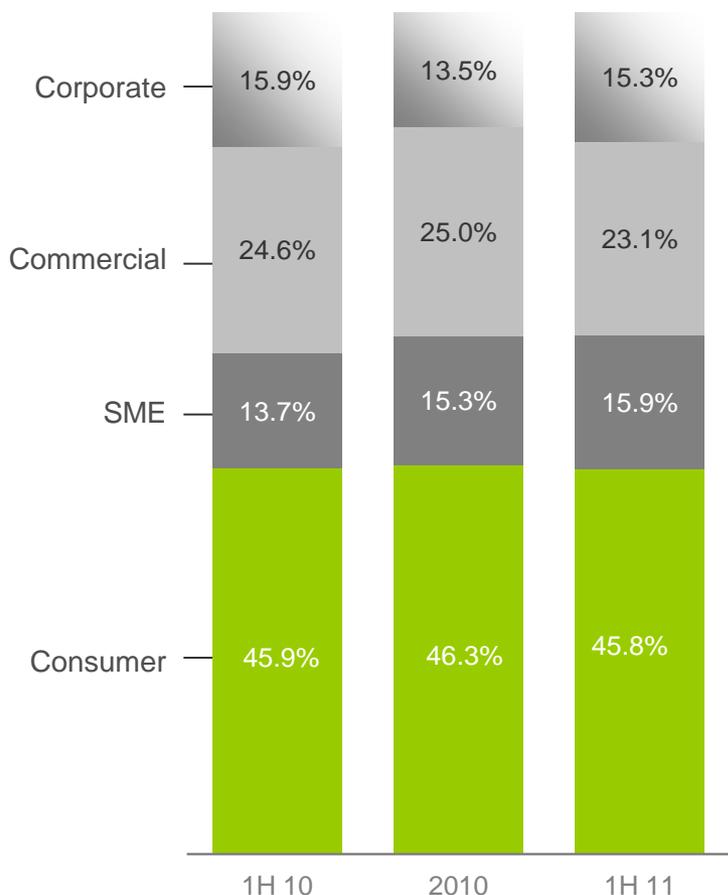
is mainly driven by TL demand deposits

¹ Based on bank-only MIS data
² Growth in USD terms
³ Please see slide 23 in appendix section for more detail

Sizeable demand deposit levels & growth mirror the success in customer-focused business model

Deposits by LOB¹

(Excluding bank deposits)



Demand Deposits

TL Billion



Customer Demand Deposits²

YTD Growth

13%



15.2%

Market share

Demand Deposits / Total Deposits²:

20% vs. Sector's 15%

¹ Based on bank-only MIS data

² Sector average calculated based on BRSA weekly data, commercial banks only

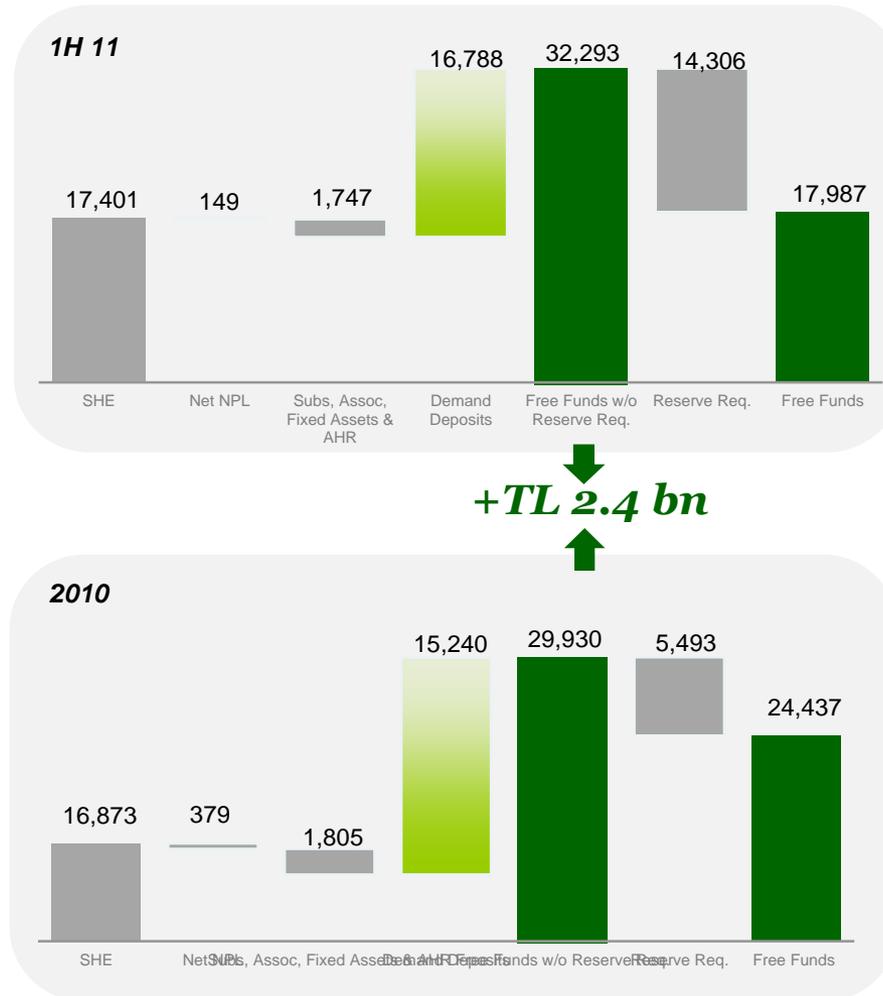
Sound solvency remains while regulatory actions weigh on free funds

CAR¹



Free Funds Evolution

TL Million



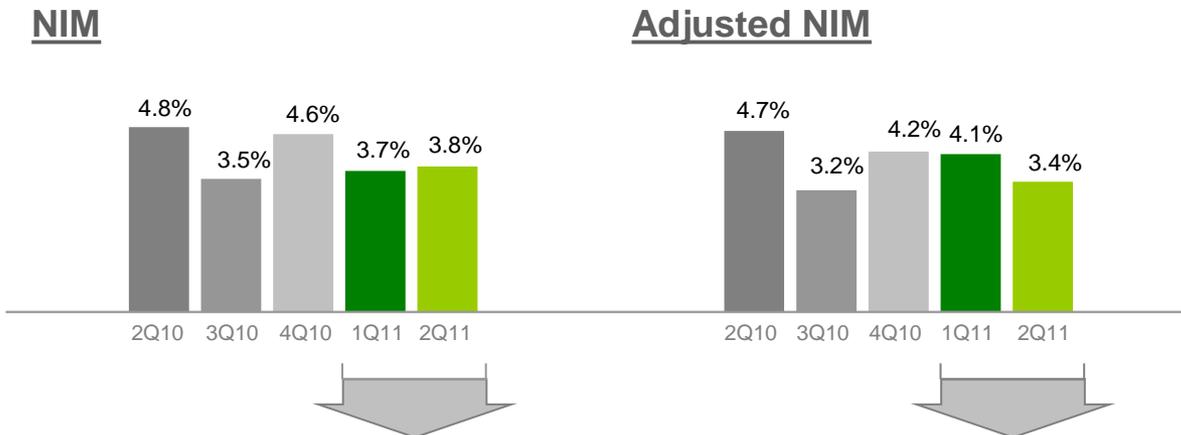
Higher demand deposit levels in 1H 11, helping to reduce the negative effect of higher RRR on free funds

Leverage Ratio
8x

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

Well-defended margins due to timely loan re-pricing and actively managed funding structure

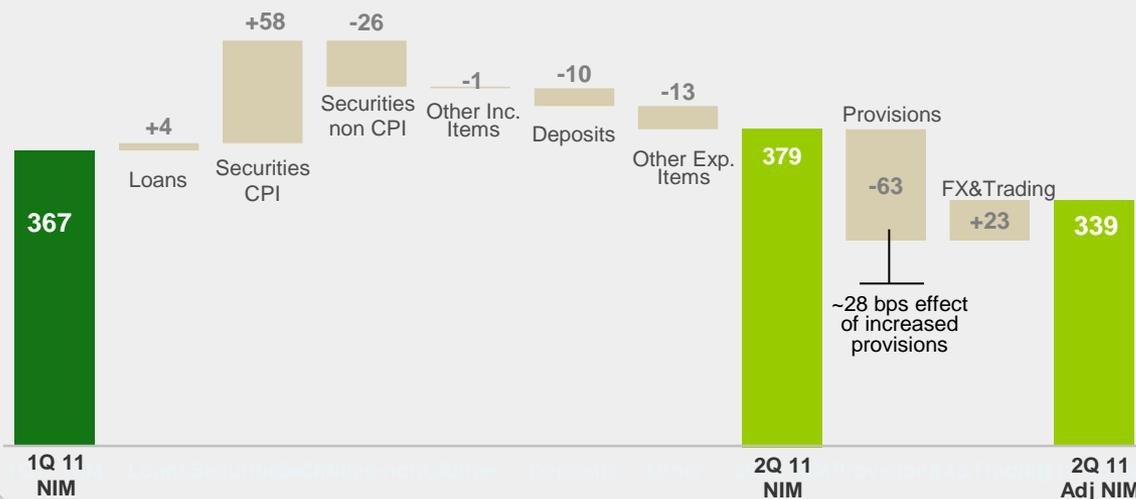
Quarterly NIM (Net Interest Income / Average IEAs)



2Q 11 over 1Q 11:

- **Increasing asset yields' impact on margin +35 bps** -- supported by increased income from CPI linkers
- **Increasing funding costs' impact on margin -23 bps**
- **NIM up by +12 bps q-o-q (however down by ~50 bps when volatility from CPI linkers excluded)**
- **Adjusted NIM down by 71 bps mainly due to lower quarterly trading gains and effects of recent regulation on general provisioning**

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

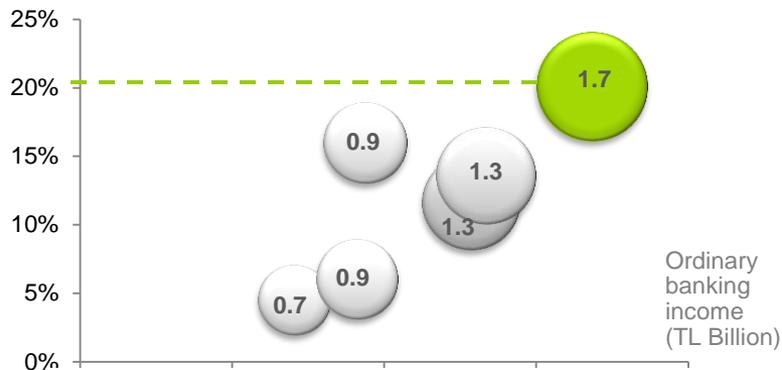


Sustainable income sources remained solid via further diversified & sizeable fee base

Ordinary Banking Income¹ Generation

Based on 3M 2011 bank-only data for fair comparison

Net fees and comm. market share %



Strong presence in brokerage
Market share ~6%

#1 in bancassurance

Leader in interbank money transfer

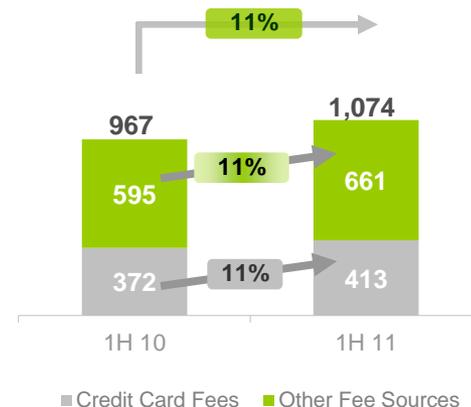
18% market share vs. Peer avg. ~10%

Highest payment systems commissions per volume

1.7% vs. Peer avg. 1.3%⁵

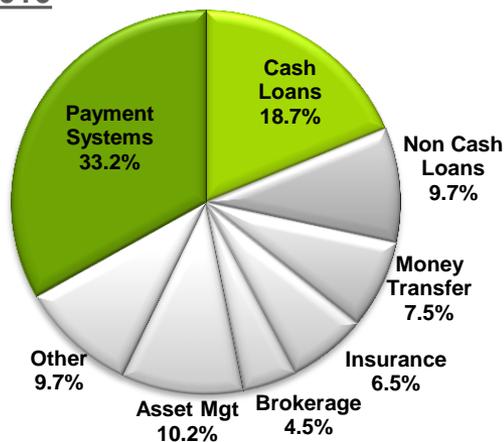
Net Fees & Commissions²

TL Million

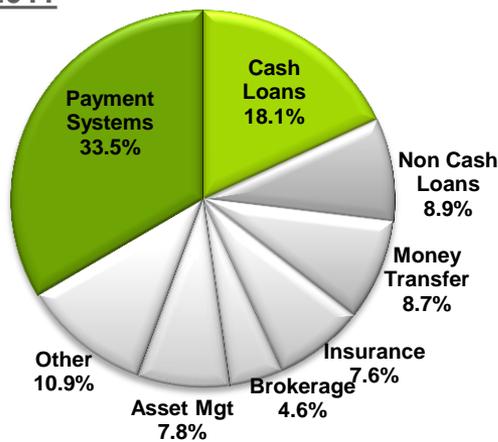


Net Fees & Commission Breakdown^{3,4}

1H 2010



1H 2011



Growth Areas (%)

Y-o-Y

Money transfer	28%
Insurance	29%
Brokerage	13%
Payment Systems	12%

¹ Defined as; net interest income adjusted with provisions for loans and securities, net FX and trading gains + net fees and commissions

² excludes net fees and commissions received from cash loans amounting TL 99mn for 6M 11 and TL 63mn for 6M 10

³ Includes consumer loan fees as well as other cash loan fees now classified as interest on loans in income statement amounting TL 99mn for 6M 11 and TL 63mn for 6M 10

⁴ Bank-only MIS data ⁵ Peer average as of 1Q 2011

Sustained robust profitability

<i>(TL Million)</i>	1H 11	1H 10	Change
Interest Income	5,093	5,171	-78
-Loans	3,189	2,762	427 ✓
-Reserve Requirements	0	54	-54
-Securities	1,640	2,079	-439
CPI Linkers	517	676	-159
Interest Expense	(2,766)	(2,393)	373
NET INTEREST INCOME	2,327	2,778	-451
Net Fees & Comm.	1,074	967	107 ✓
Net Trading & FX Gains	324	262	62
Provisions for loans and other credit risks, net	(27)	39	66
ORDINARY BANKING INCOME	3,698	4,046	-348
Other Income ¹	510	175	335
-NPL sale	54	0	54
-Eureko, Mastercard & Visa stake sale	172	0	172
Operating Expense	(1,694)	(1,638)	56
Other provisions	(131)	(4)	127 ✓
-Free Provision	(90)	0	90
PROFIT BEFORE TAX	2,384	2,578	-195
Taxes	(486)	(510)	-24
-Effect of NPL and stake sales	(22)	0	22
NET INCOME	1,897	2,068	-171
Equityholders of the Bank	1,890	2,060	-171
Minority Interest	8	8	-1

Fees/Opex:

63%

up from
59% at 1H 10

Cost/Income¹:

43%

Opex/Avg. Assets:

2.4%

down from
2.8% at 1H 10

Employee/Branch:

down by

21% over the last 3 years

Appendix

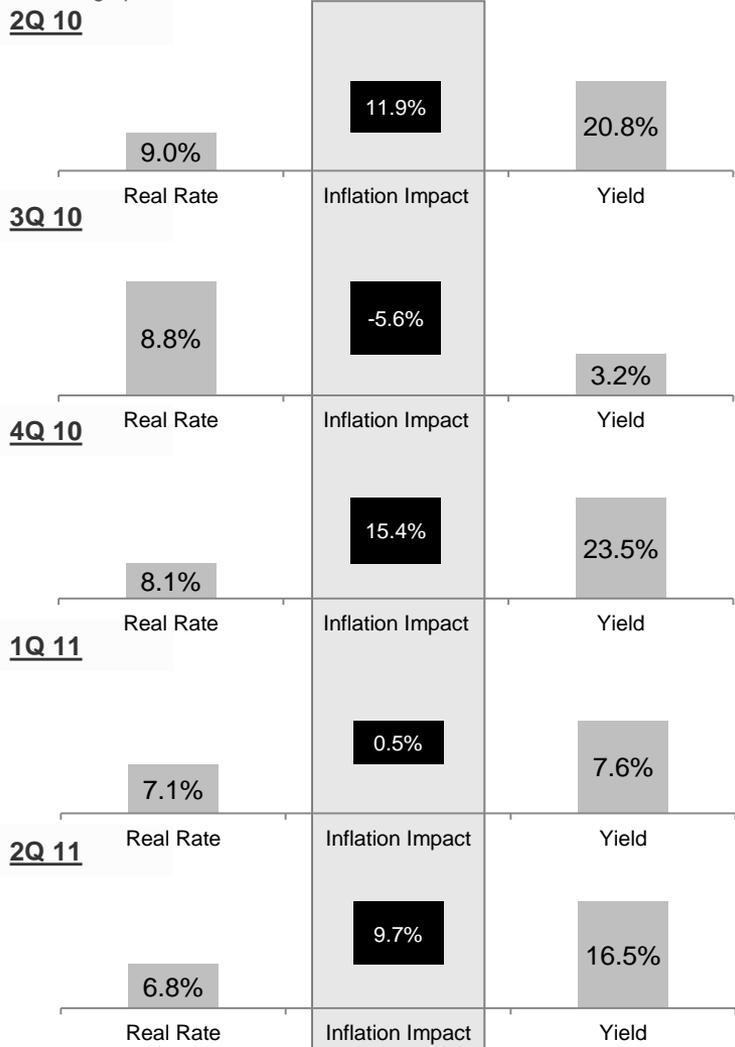
Balance Sheet - Summary

<i>(TL Million)</i>		Dec 2010	Mar 2011	Jun 2011	% Ytd Change
Assets	Cash & Banks	14,883	14,124	22,338	50%
	Securities	41,137	36,353	37,394	-9%
	Loans to Customers	71,092	76,768	82,419	16%
	Tangible Assets	1,585	1,571	1,600	1%
	Other	7,106	7,527	8,857	25%
	Total Assets	135,803	136,343	152,608	12%
Liabilities & SHE	Deposits from Customers	76,296	78,793	81,312	7%
	Deposits from Banks	2,808	2,602	3,216	15%
	Repo Obligations	11,735	7,604	14,208	21%
	Funds Borrowed	20,942	22,090	24,552	17%
	Bonds Payable	-	828	3,388	n.m
	Other	7,149	7,794	8,531	19%
	Total Liabilities & SHE	135,803	136,343	152,608	12%

Long-term strategy of investing in CPI linkers as a hedge for expected reversal in market indicators

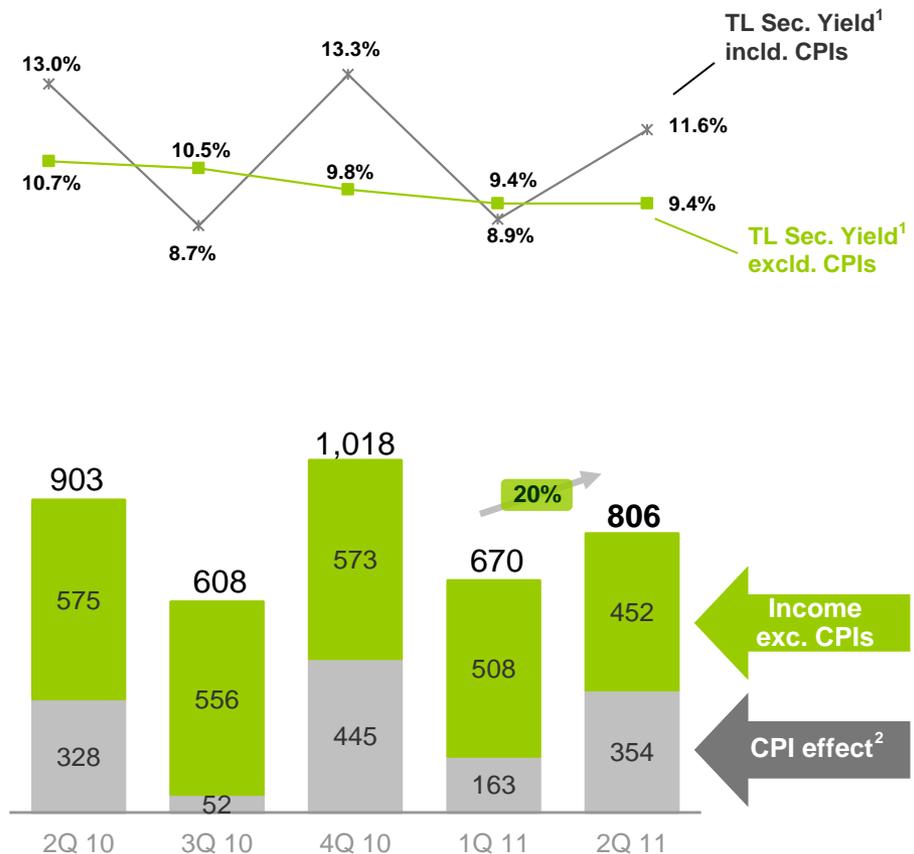
Drivers of the Yields on CPI Linkers¹

% average per annum



Interest Income & Yields on TL Securities

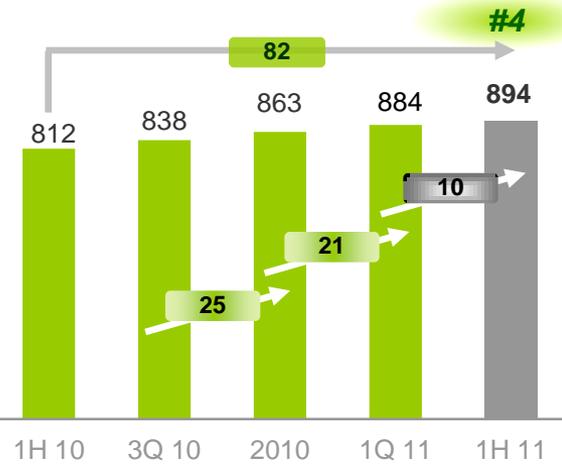
TL Million



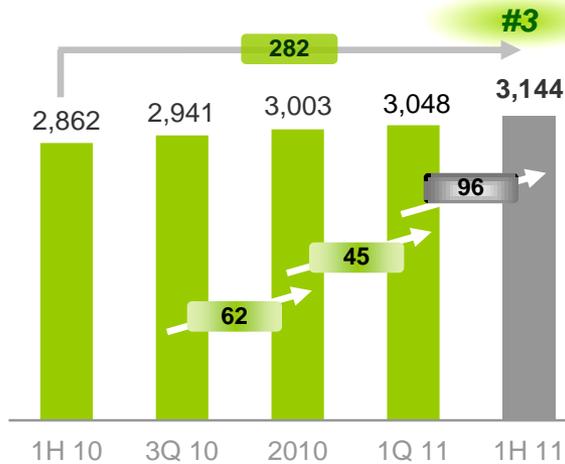
¹ Based on bank-only MIS data
² Per valuation method based on actual monthly inflation readings

Further strengthening of retail network...

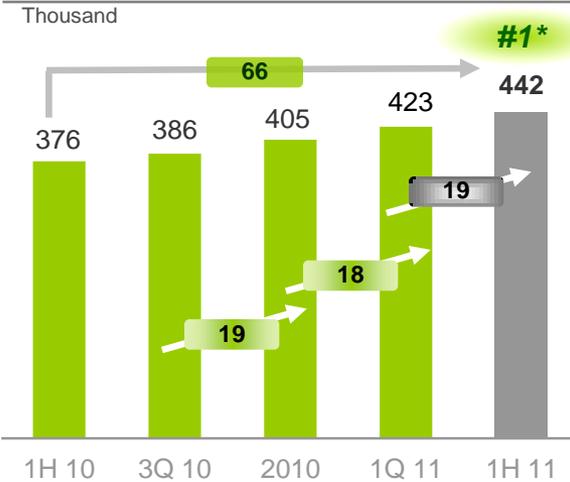
Number of Branches



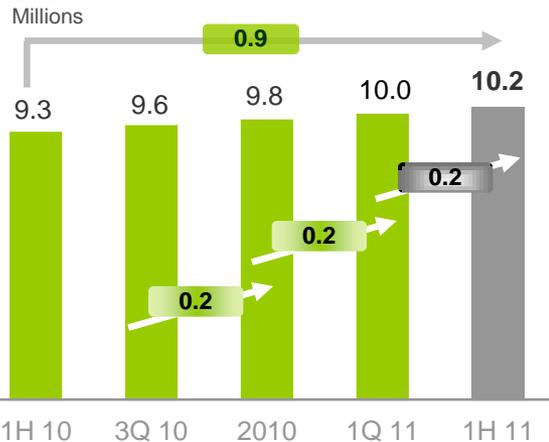
Number of ATMs



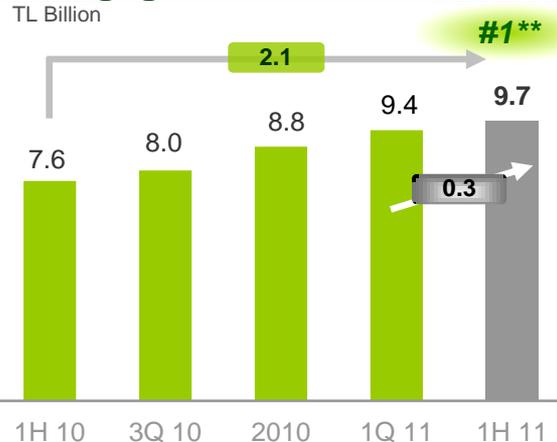
Number of POS



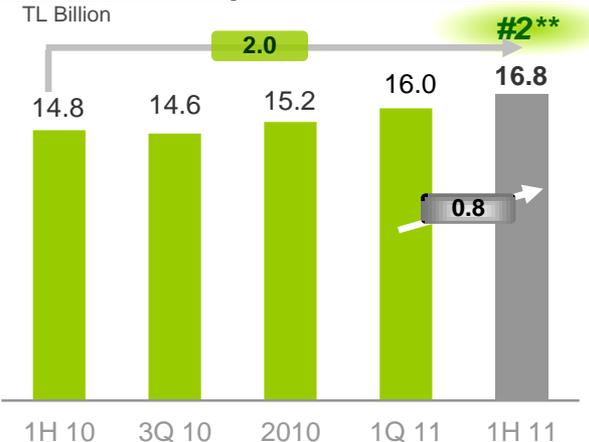
Number of Customers



Mortgages



Demand Deposits (customer+bank)



...while preserving the highest efficiencies

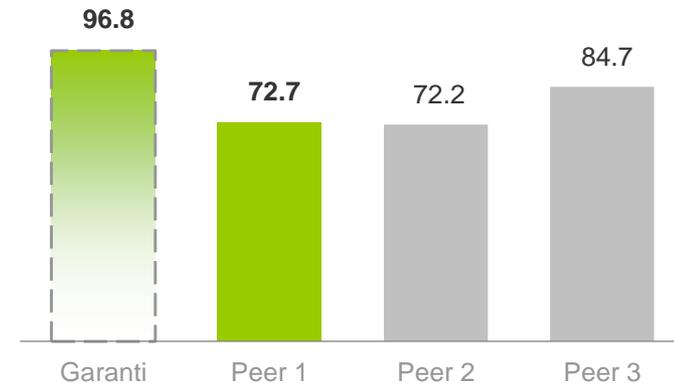
Ordinary Banking Income per Branch

3M 2011, TL million



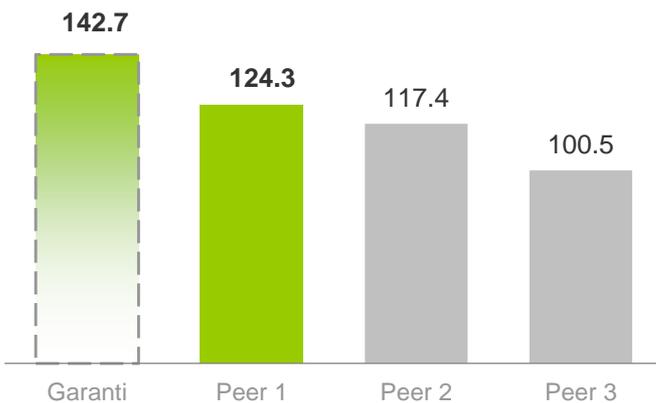
Loans per Branch¹

3M 2011, TL million



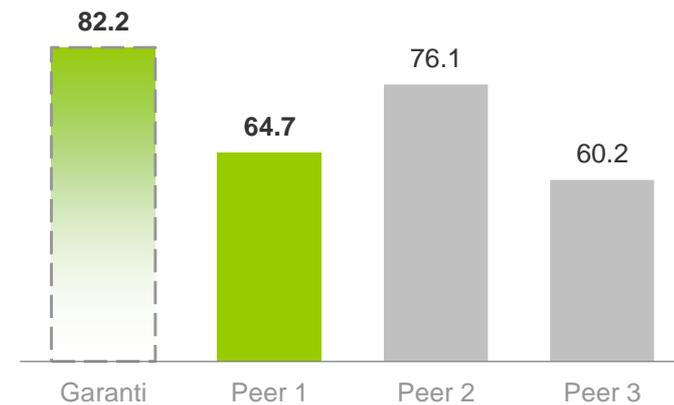
Assets per Branch

3M 2011, TL million



Customer Deposits per Branch

3M 2011, TL million



Details of selected items in funding base

Bonds issued:

1Q 11:

- ✓ TL 1 billion bond with 1 year maturity, at a cost of 7.68%

2Q 11:

- ✓ TL 750 million bond with 6M maturity, at a cost of 8.41%
- ✓ TL 750 million bond with 6M maturity, at a cost of 8.54%
- ✓ US\$ 500 million Eurobond with 10 year maturity, fixed coupon 6.25%
- ✓ US\$ 300 million Eurobond with 5 year maturity, floating 3M LIBOR + 2.5%

Funds borrowed:

2Q 11:

- ✓ Secured € 1 billion 1 year syndicated loan, comprising two separate tranches in the amount of € 782.5 million and US\$ 304.5 million. The all-in cost has been realized as EURIBOR+1.1% and LIBOR+1.1%, respectively.
- ✓ Borrowed € 50 million and US\$ 225 million with 5 year maturity under Diversified Payment Rights securitization program

Non-recurring items

1Q 2011:

- 1) A part of the non-performing loan portfolio amounting to TL 483.9 million was sold to a local asset management company at a sale price of TL 53.9 million.
 - a) Other income: TL 53.9 million
 - b) Tax expense: TL 10.8 million

- 2) As of the balance sheet date, financial statements include a general reserve amounting to TL 450 million, 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.
 - a) Other provisions: TL 90 million

2Q 2011:

- 1) Garanti exercised the put option to sell 20% of the share capital of Eureko Sigorta A.Ş. to Eureko B.V.
 - a) Other income: TL +92.8 million
 - b) Taxation expense: TL 7.4 million

- 2) Sale of Visa and MasterCard stake
 - a) Other income: TL +79.6 million
 - b) Tax expense: TL 4 million



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