Garanti

IFRS Earnings Presentation

September 30, 2011

3Q 2011 Macro Highlights

Concerns over the global economy and the EU debt crisis

- Tension rose with developments in developed markets such as:
  - US debt ceiling debate and sovereign downgrade
  - concerns over a double-dip recession in the US
  - Euro Area debt crisis
- Commodity prices were hit by heavy selling late in the quarter
- Europe's leaders announced their plan on October 27 -- The €1 trillion rescue passage will give breathing space while underlying problems still have to be resolved

Rising inflation, solid domestic demand and stubbornly weak TL

- 1H11 GDP growth rate 10.2% - 2Q11 8.8% above expectations of 6.8% -- more pronounced downside risks in Government's growth forecasts due to EU volatility
- Annual inflation fell to 6.15% in September – inflation target challenged by pass-through
- TL depreciated by 12% and 7% against US$ and Euro in 3Q11 -- TL's value against the emerging market currencies stand at all time low since 2003
- CBT cut policy rate by 50 bps to 5.75% on August 4th and started tightening cycle in October – widened interest rate corridor by increasing lending rate to 12.5%
- CBT cut RRR on FX liabilities and brought average to 11%, providing a total of ~US$1.5bn FX liquidity to the market
- CBT allowed banks to maintain up to 10% of TL RRR in FX and FX RRR in gold, effective as of September 16th
- New regulation by BRSA: credit cards with balances not paid up to 50% in the last three months will be restricted to cash withdrawal and limit increases

3Q 2011 Highlights

Balance sheet strength: distinguishing feature of Garanti...

Robust growth performance in lending

- TL loan growth picked up pace in 3Q driven by lucrative retail products & TL commercial loans
  - **TL loan growth 9.0%** in 3Q vs 8.1% in 2Q
  - GPLs (+8% qoq;+39% ytd); CCs (+5% qoq; +16% ytd); mortgages (+3% qoq; +13% ytd)
- FC loans shrank q-o-q due to maturing loans and some corporates shift into TL

FRN heavy securities book remain, although redemption replacements in 3Q, in response to easening policycycle, were w/ fixed rate securities

- FRN mix in total: 56% in 3Q 11 vs. 65% in 1H 11

Asset quality shines

- Significant reduction in NPL stock -- clear evidence of success in collections since 2008

Solid funding base - actively managed and diversified

- Timely utilisation of wholesale funding, repos & money market borrowings to support margin
- Larger deposit base supported by sizeable demand deposits
- LtD:76% when mortgages, project finance & investment loans (mat. >4 years) are excluded

Sound solvency with comfortable level of free funds: **CAR[1]: 15%, Leverage:8x**

...leads to consistent delivery of strong results

Strong core banking revenues sustained - the quarterly drop in bottom-line due to:

- Income volatility of CPI linkers
- Normalizing collections
- Net trading and fx losses temporarily hitting the quarter
- No positive effect from one-offs

Well-defended margins on the back of timely loan pricings, strong growth in high margin products & effectively managed funding mix

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

Continued commitment to **strict cost discipline and process improvement**

- Opex/ Avg assets: 2.4% in 9M 11 vs 2.8% in 9M 10
- Fees/OPEX: 63% in 9M 11 vs. 59% in 9M 10;
- Investment in distribution network continued (net branch additions: +48 ytd & +17 qoq)

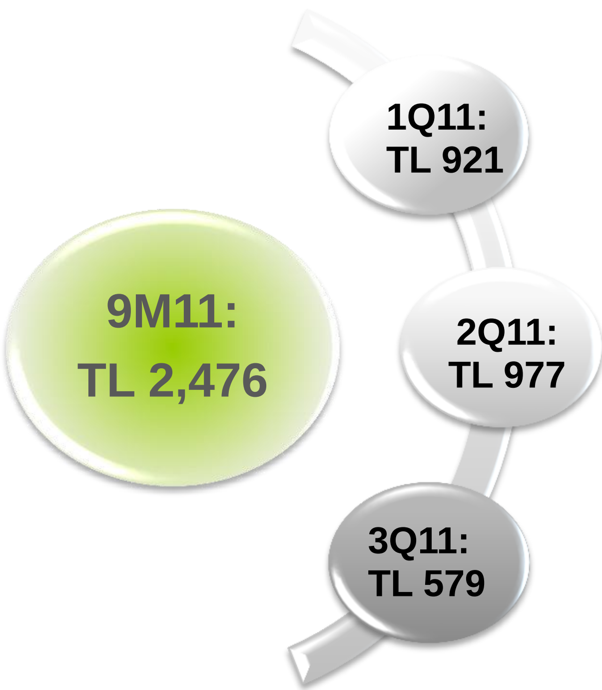
1 Per BRSA Consolidated Financials

Core banking revenue growth sustained, despite the increasing negative effects of the regulatory changes

ROAE: *19%*

Net Income

TL Million



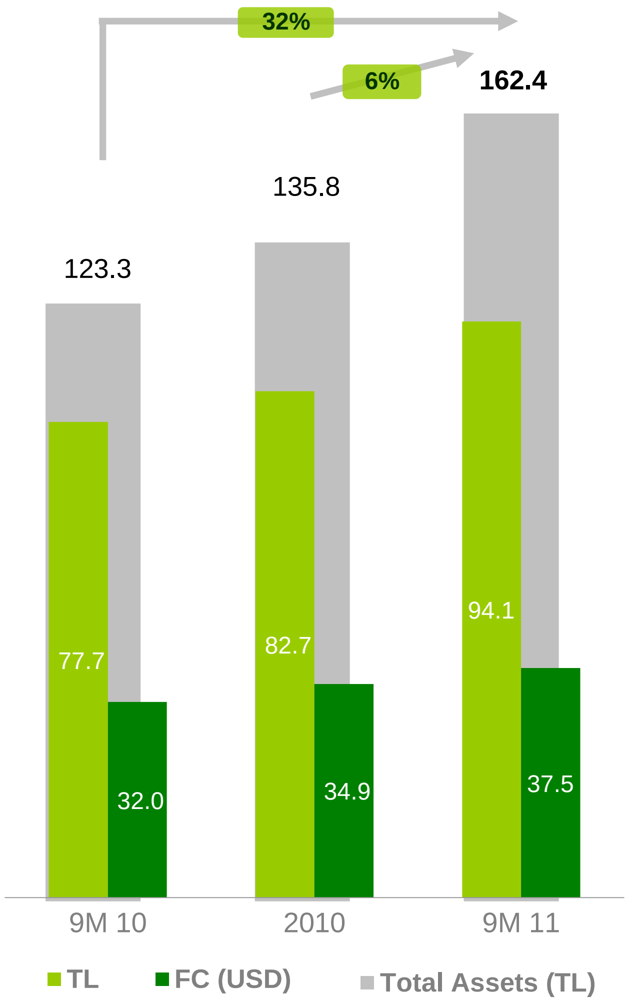
	(TL Million)	2Q 11	3Q 11	Comments
(+)	NII- excl. inc on CPIs	849	969	Well-defended NII - flattish loan-deposit spread q-o-q
(+)	Net fees and commissions	514	556	Diversified & sizable fee base
=	**CORE BANKING REVENUES**	**1,362**	**1,525**	**STRONG CORE BANKING REVENUES SUSTAINED**
(+)	Income on CPI linkers	354	222	Volatillity in income due to yields based on actual readings w/ 2 mo. lag
(+)	Trading & FX gains	70	-75	
(+)	Collections net of loan loss provisioning	-89	-115	Normalizing collections as B/S clean-up is near completion
(+)	Other inc. -before one-offs	175	60	
(-)	OPEX	-846	-896	Strict execution of efficiency improvement project
(-)	Taxation and other provisions	-301	-143	
(+)	One-offs (post -tax)	251	0	No positive contribution from one-offs in 3Q
=	**NET INCOME**	**977**	**579**	

1The effect of BRSA's recent regulations on general reserve rates for extended loans and GPLs.

Higher yielding and more liquid asset growth

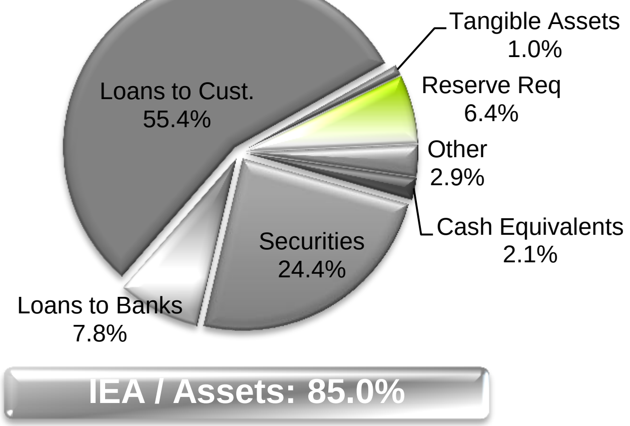
Total Assets

TL / USD Billion

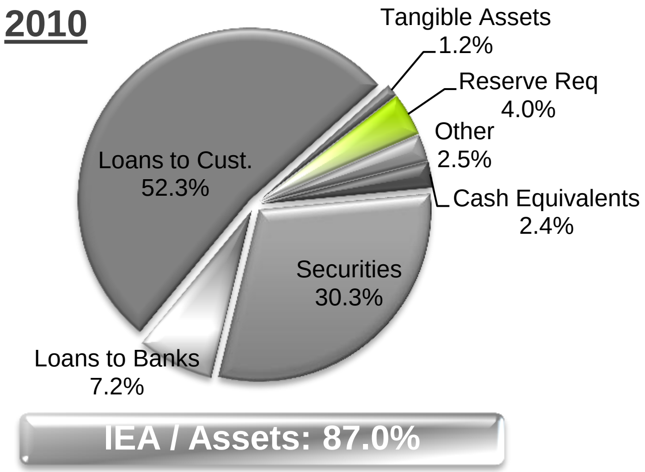


Composition of Assets[1]

9M 11



2010



Growth:

9M 11

Loans[1]: **27%**

Securities: **-4%**

Loans/Assets

55%

vs.

52% at **YE 10**

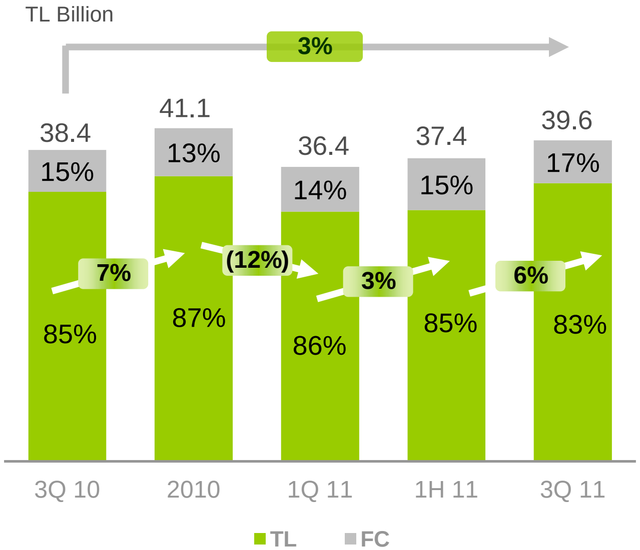
Liquidity Ratio[2]

31%

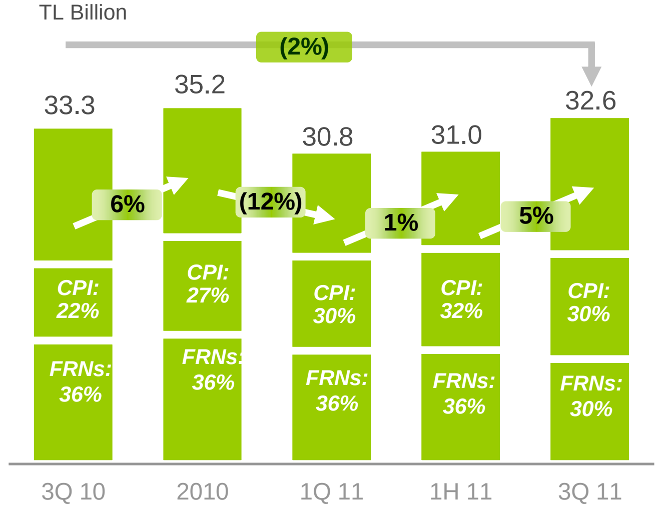
1 Loans to customers including leasing and factoring receivables
2 (Cash and banks + trading securities +AFS)/Total Assets

FRN heavy securities book remain -- although at a lower weight in response to easening policy cycle

Total Securities



TL Securities



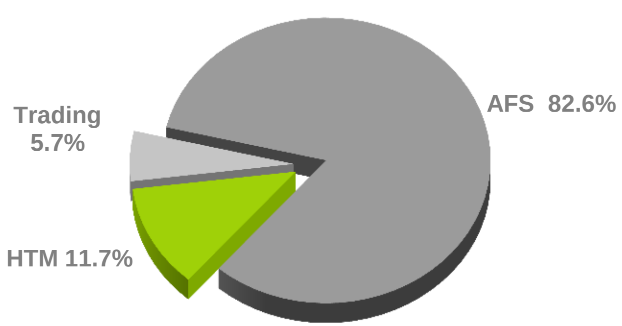
Securities/Assets

24%

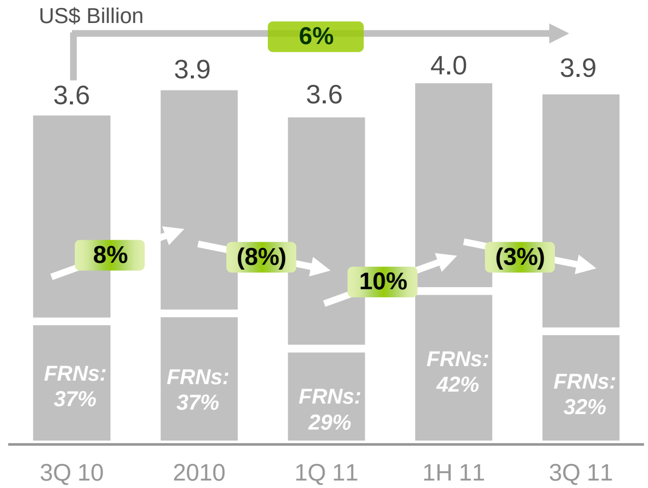
down from

30% at **YE 10**

Total Securities Composition



FC Securities



FRN mix in total

56%

from

65% at **1H 11**

and

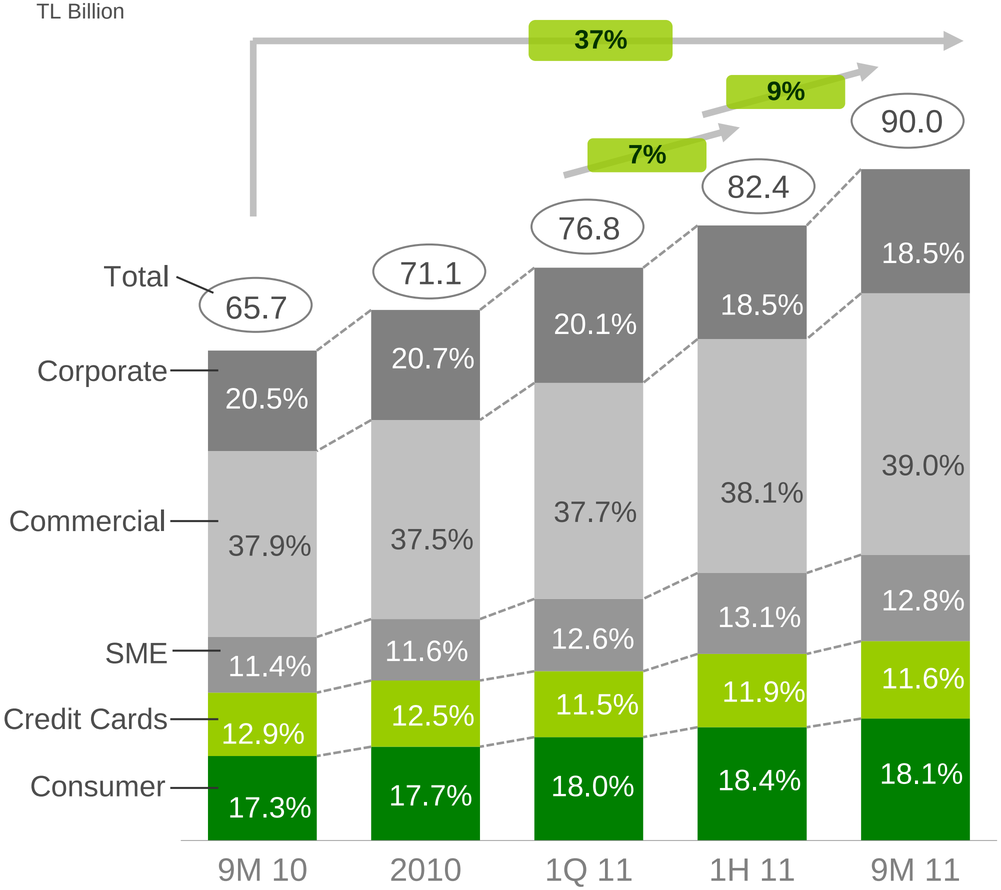
60% at **YE 10**

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

Robust growth performance in lending…

Total Loan Growth & Loans by LOB[1]

TL Billion



	9M 10	2010	1Q 11	1H 11	9M 11
TL (% in total)	54%	51%	51%	52%	52%
FC (% in total)	46%	49%	49%	48%	48%

TL Loan Growth:[2]
Q-o-Q

9% vs. Sector's 7%

- TL lending growth in 3Q picked up pace as pricing gap vs. sector got narrower
- Strong and healthy growth without sacrificing loan yields

FC Loan Growth:[2]
Q-o-Q and US$ based

-4% vs. Sector's -1%

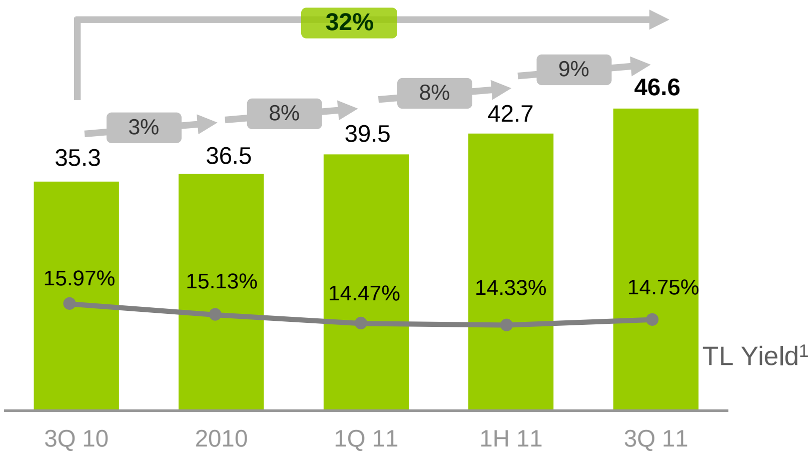
- Maturing loans and some shift of FC corporate loans into TL

1 Based on bank-only MIS data
2 Sector data is based on BRSA weekly data for commercial banks only

... along with the increased weight of higher yielding products resulted in eye-catching growth in lending revenues

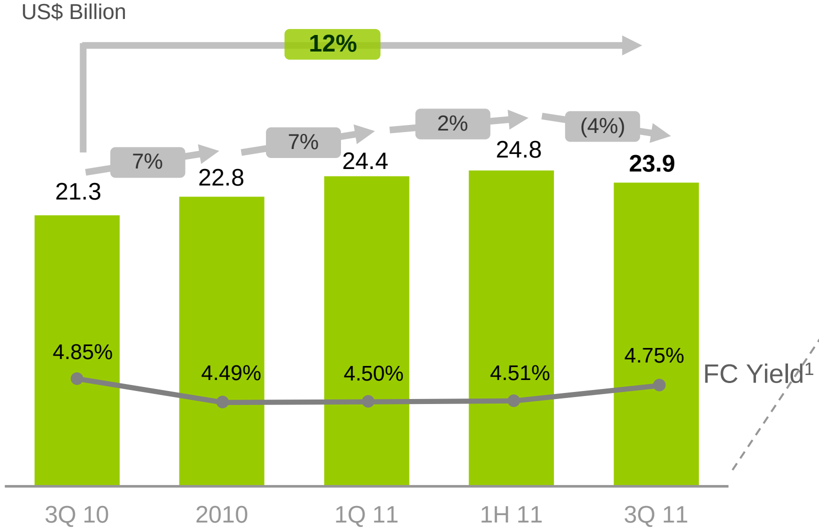
TL Loans

TL Billion



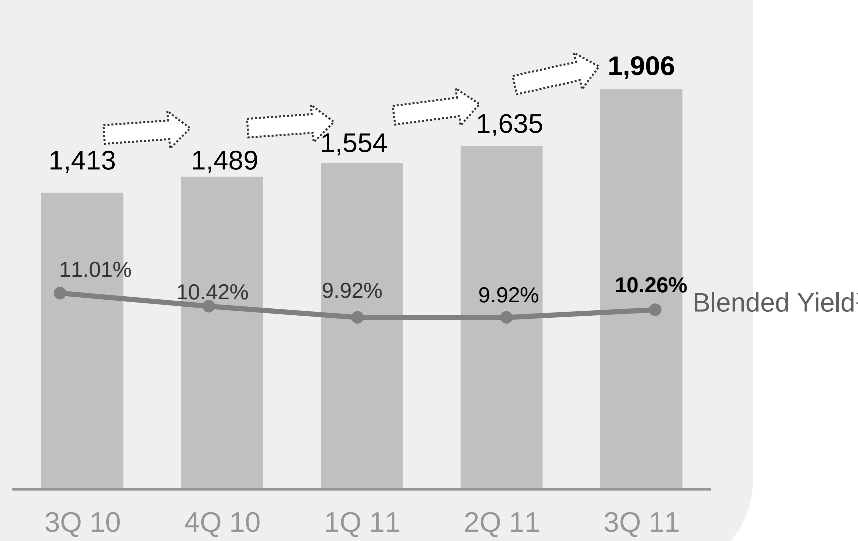
FC Loan

US$ Billion



Interest Income on loans (quarterly)

TL Million



Pro-active & timely loan re-pricings…

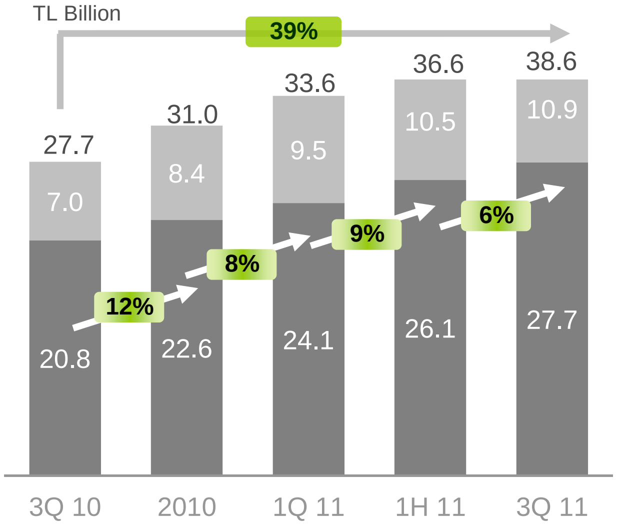
~600 bps increase in loan pricing ytd[3]

… reflected in loan yields

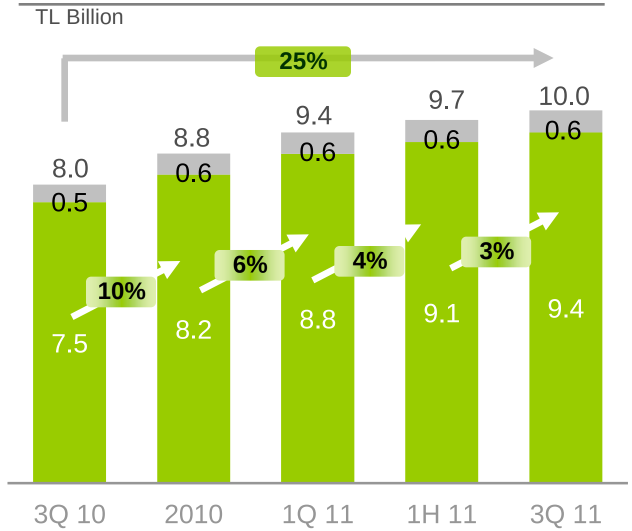
1 Based on bank-only MIS data and calculated using daily averages
2 Based on bank-only MIS data

In retail lending emphasis was on high-margin products

Retail Loans[1]



Mortgage Loan Growth



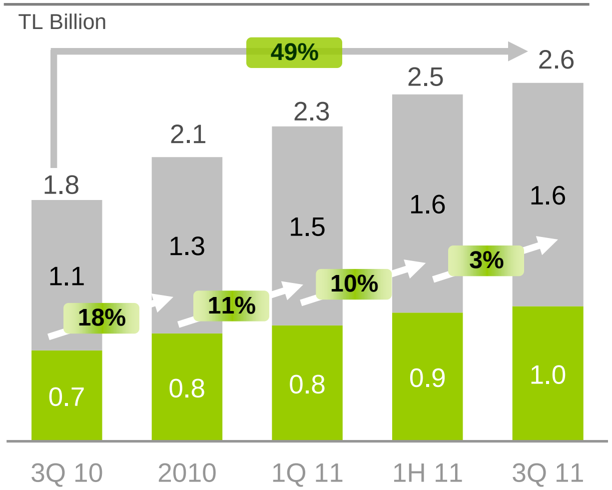
Consumer Loans
Commercial Installment Loans

GPL market share increase

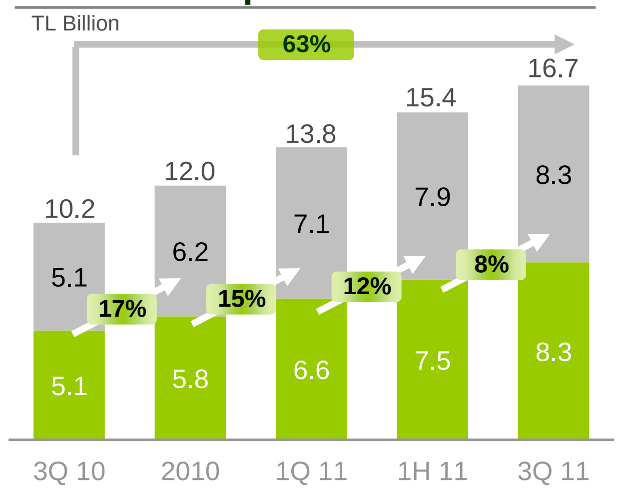
Ytd

~50bps

Auto Loan Growth



General Purpose[5] Loan Growth



Market Shares[2,3]

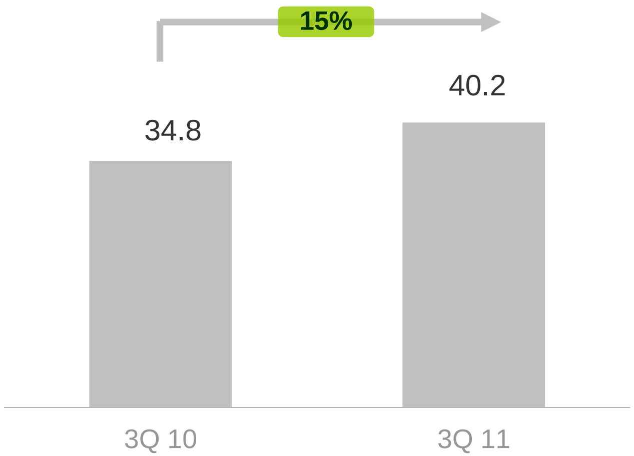
	QtD	Sep 11	Rank[4]
Mortgage	↔	13.3%	#1
Auto	↓	15.0%	#3
General Purpose[5]	↑	10.7%	#2
Retail[1]	↔	12.9%	#2

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 Sector figures are based on bank-only BRSA weekly data, commercial banks only 4 As of 1H11 among private banks 5 Including other loans and overdrafts

Strength in cards business – a good contributor to sustainable revenues

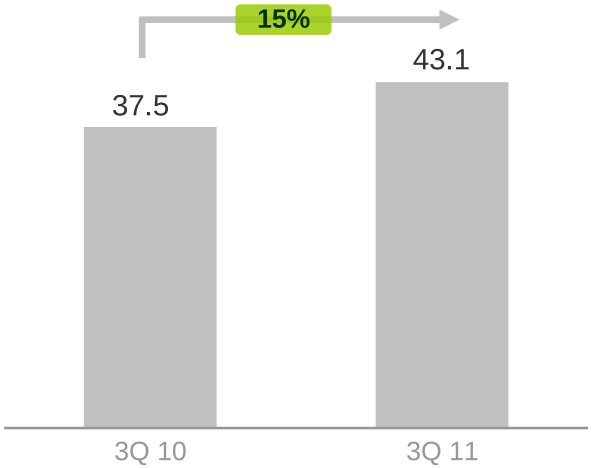
Issuing Volume

TL Billion



Acquiring Volume

TL Billion



#1 in Card Business

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

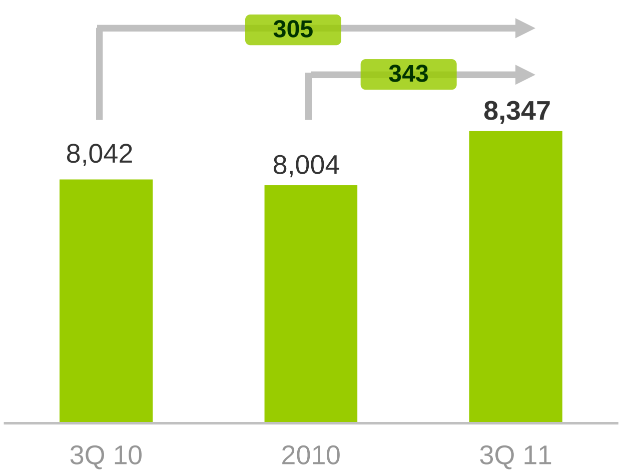
Per Debit Card Spending

>2 times the sector

... with the ultimate aim of creating cashless society

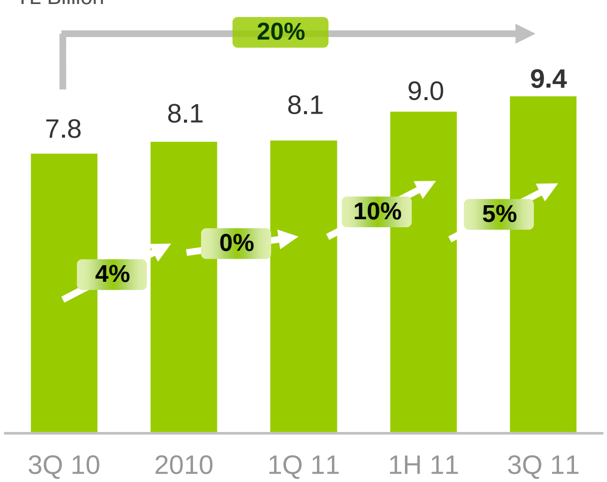
No. of Credit Cards

In Thousand



Credit Card Balances

TL Billion



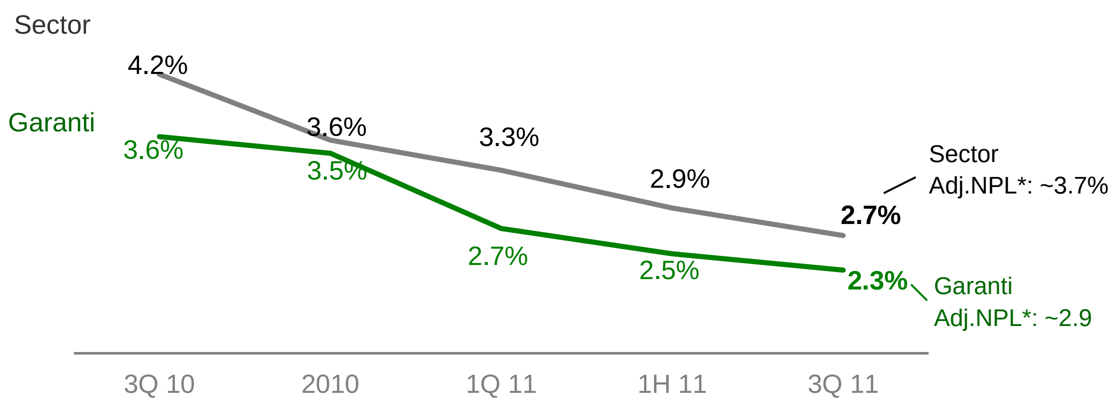
Market Shares

	YTD Δ	Sep 11	Rank
Acquiring	-128 bps	20.1%	#2
Issuing	-111 bps	19.0%	#1
# of Credit Cards	-40 bps	16.6%	#1
POS[1]	+118 bps	23.4%	#1
ATM	-58 bps	10.3%	#4

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 shines with significant gap vs. sector

NPL Ratio[1]



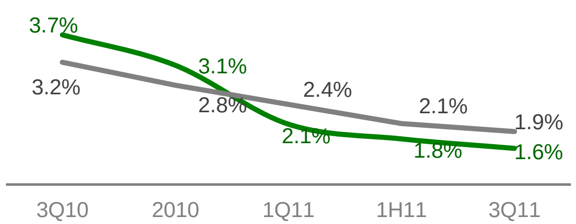
NPL Ratio
9M 11

2.3%
~ pre-crisis level

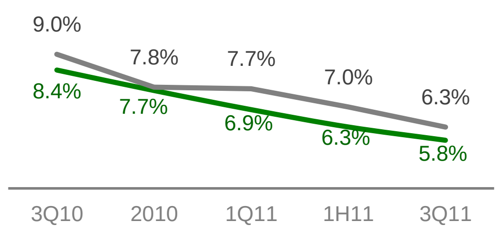
** Adjusted with write-offs in 2008, 2009,2010 and 9M 11. 2010 and 9M11 sector NPL sales & write-offs total: TL ~2.7 bn and ~TL 1.1 bn, respectively Garanti sold NPLs in 1Q 11 amounting to TL 484mn, of which TL 200mn relates to the NPL portfolio with 100% coverage and the rest being from previously written-off NPLs. Gross income booked amounts TL 54mn.*

NPL Categorisation[1]

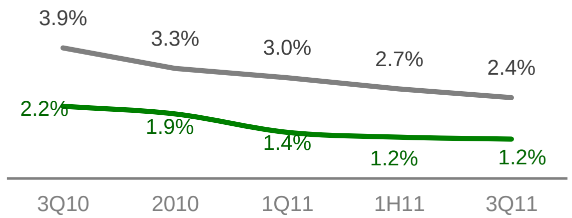
Retail Banking
(Consumer & SME Personal)
21% of Garanti's Total Loans



Credit Cards
12% of Garanti's Total Loans



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



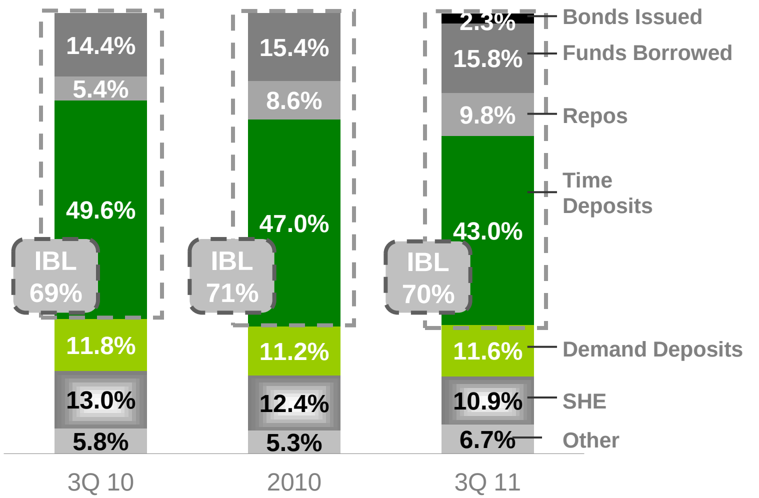
Garanti — Sector

Source: BRSA, TBA & CBT

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

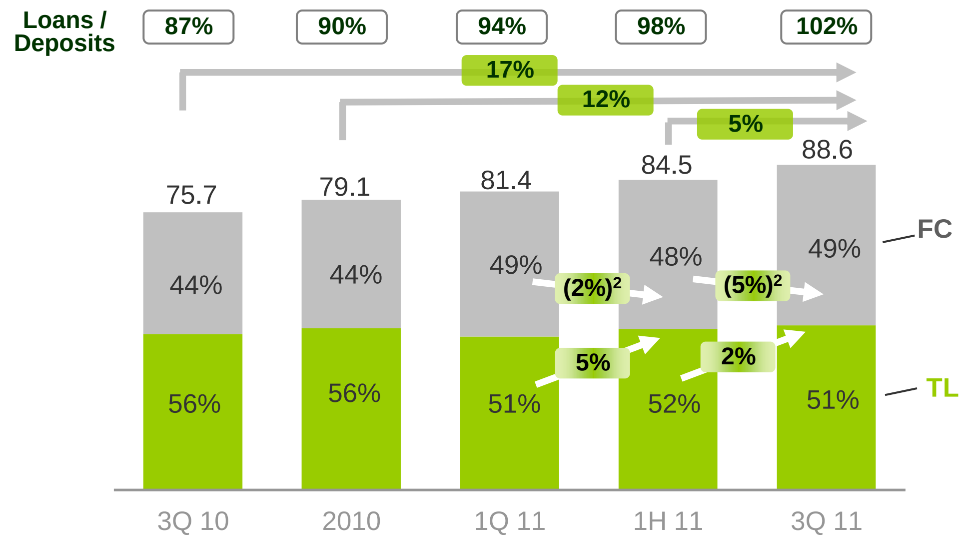
Solid funding base - actively managed and diversified

Composition of Liabilities



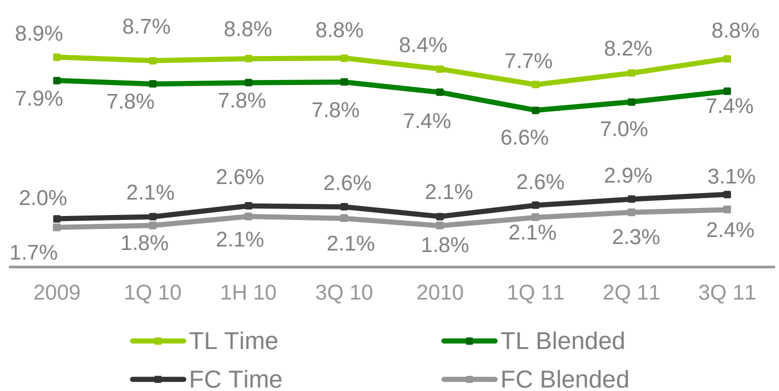
Total Deposits

TL Billion



Cost of Deposits[1]

Quarterly Averages



Loans/Deposits

76% *when mortgages, project finance & investment loans (maturity>4yrs) are excluded*

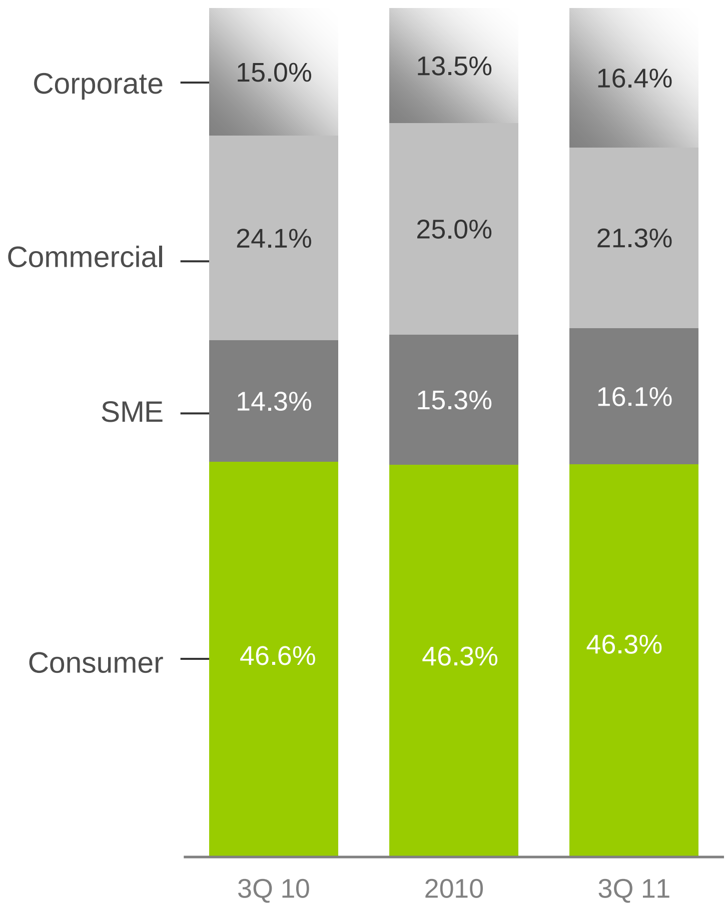
Even though the cost of deposits have been on a declining trend since June 11, the level it reached at end of 1H11 affected the quarterly average negatively

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

Sizeable growth in demand deposits mirror the success in customer-focused business model

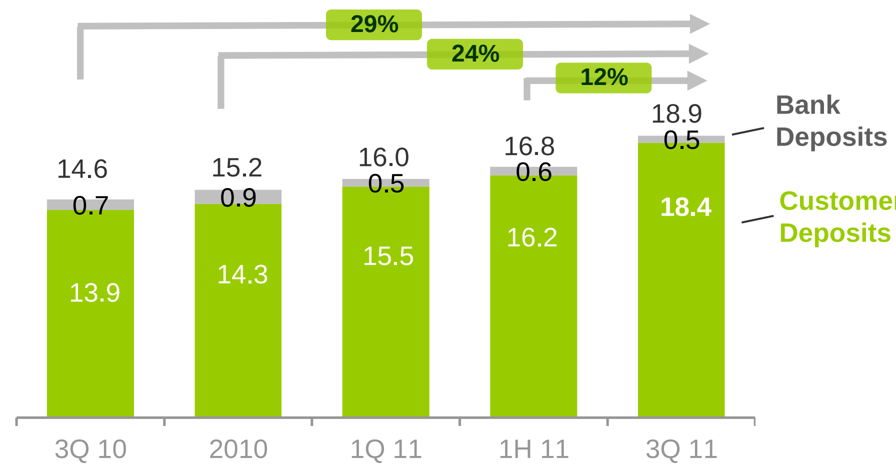
Deposits by LOB[1]

(Excluding bank deposits)



Demand Deposits

TL Billion



Customer Demand Deposits[2]

YTD Growth **29%**

14.8% Market share

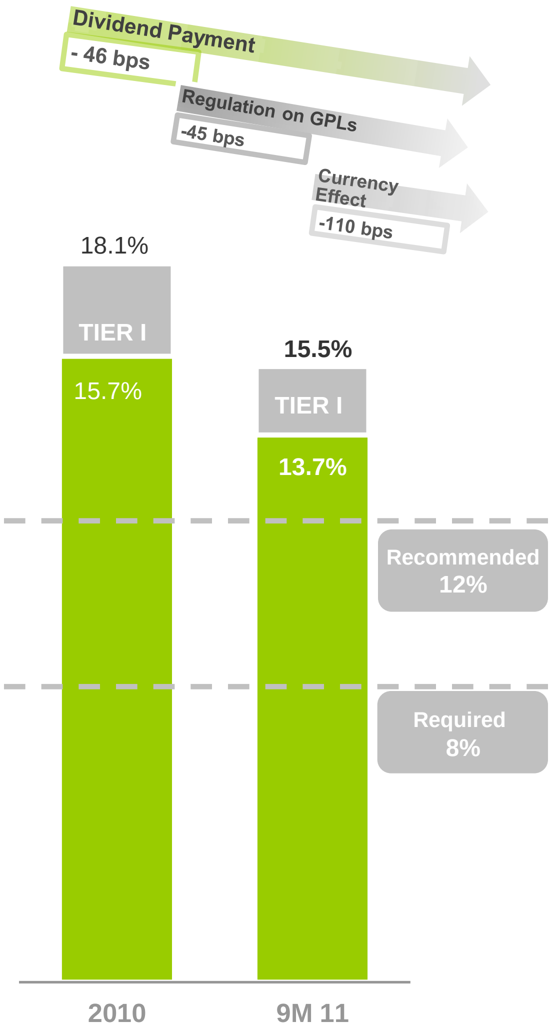
Demand Deposits / Total Deposits:

20%[3] vs. Sector's 16%[2]

1 Based on bank-only MIS data
2 Sector average calculated based on BRSA weekly data, commercial banks only
3 Based on bank-only financials for fair comparison with sector. Demand Deposits / Total Deposits as per IFRS figures is 21%

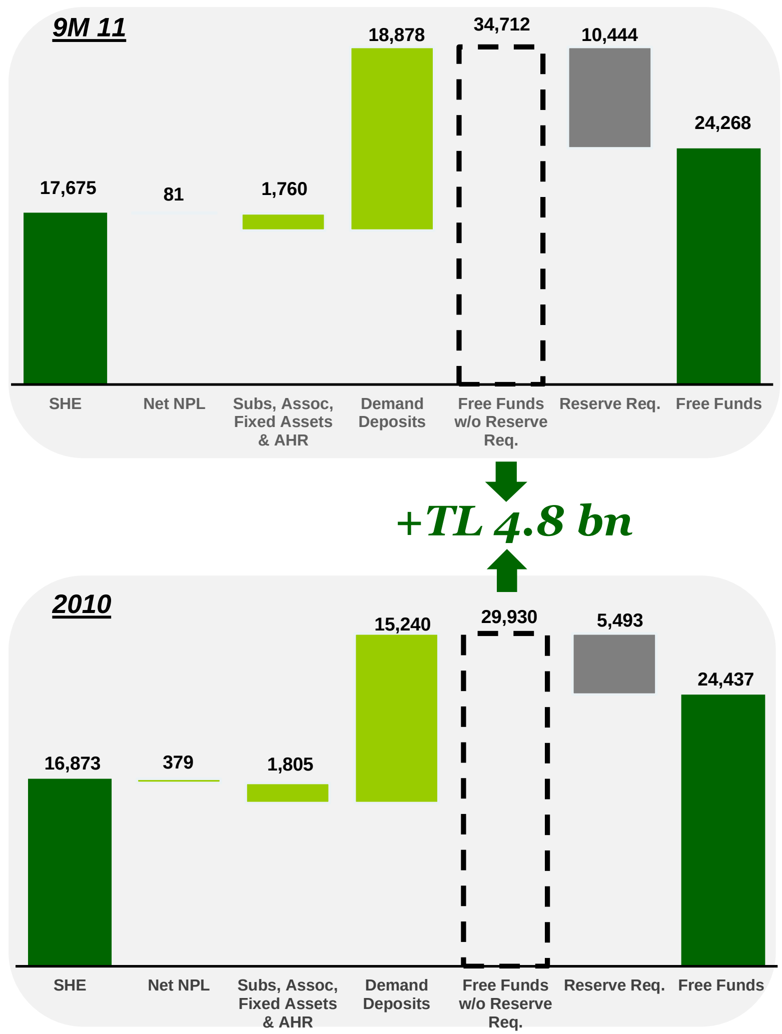
Sound solvency with comfortable levels of free funds

CAR[1]



Free Funds Evolution

TL Million



Free Funds/ IEAs

18%

vs.

14% in 1H 11

Easing on RRRs and higher demand deposit levels boosted free funds

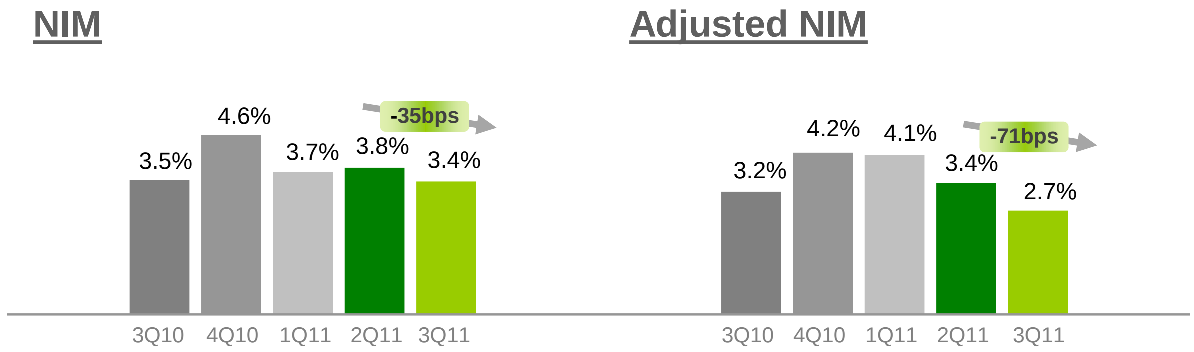
Leverage Ratio

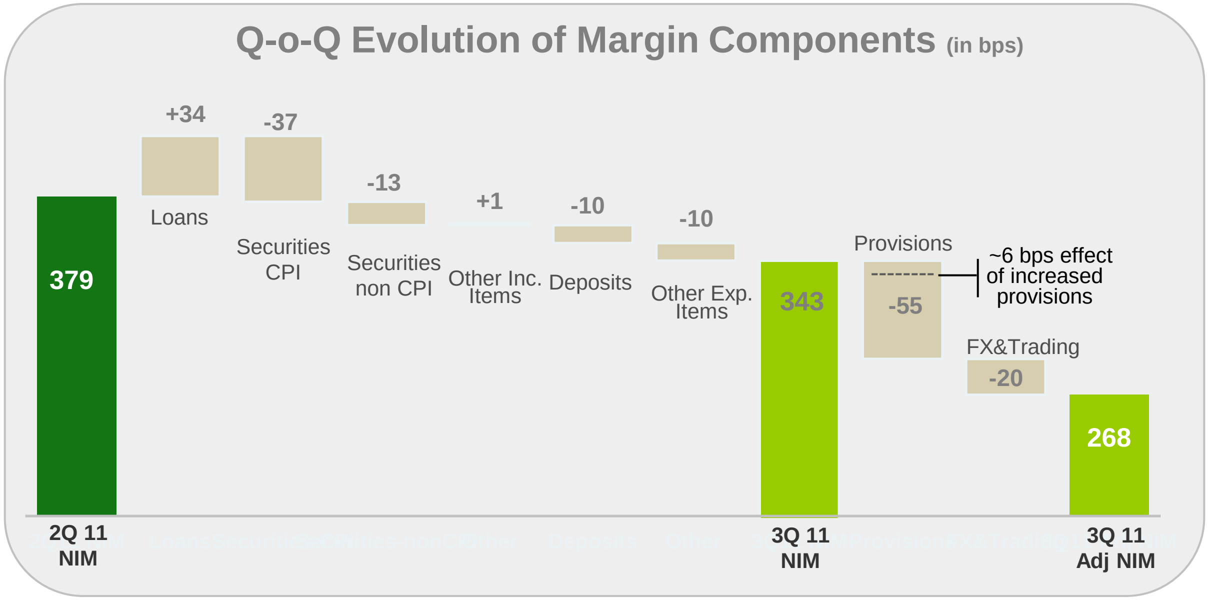
8x

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)

NIM sustained when excluding the income volatility of CPI linkers

Quarterly NIM (Net Interest Income / Average IEAs)





3Q 11 over 2Q 11:

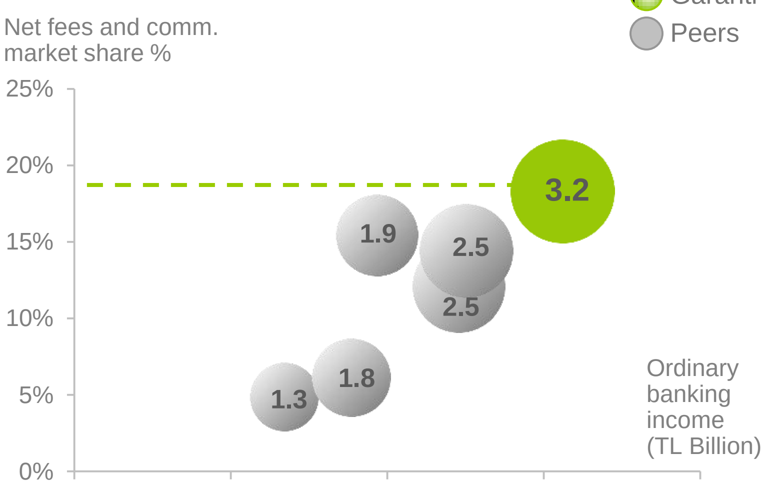
- ***Increasing asset yields'** impact on margin **+22 bps** -- excluding the volatility of CPI linkers*
- ***Increasing funding costs'** impact on margin **-20 bps***
- ***NIM** up by **+2 bps** q-o-q* ***(however down by ~35 bps when volatility from CPI linkers included)***
- ***Adjusted NIM** down by **71 bps** mainly due to net trading and fx losses temporarily hitting the quarter & effects of recent regulation on general provisioning*

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

Double digit growth momentum in Net Fees and Comm., a core banking income

Ordinary Banking Income[1] Generation

Based on 1H 2011 bank-only data for fair comparison



Strong presence in brokerage
Market share **>6%**

#1 in bancassurance

Leader in interbank money transfer

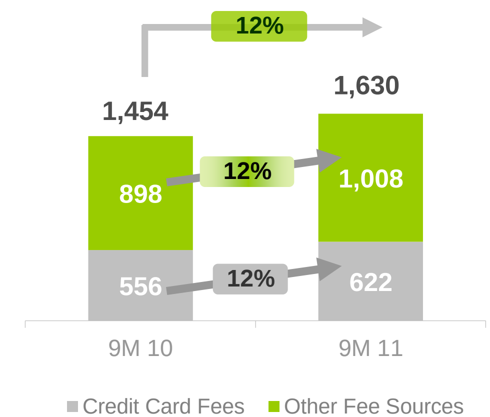
18% market share
vs. Peer avg. **~10%**

Highest payment systems commissions per volume

1.7% *vs. Peer avg.* ***1.3%***[5]

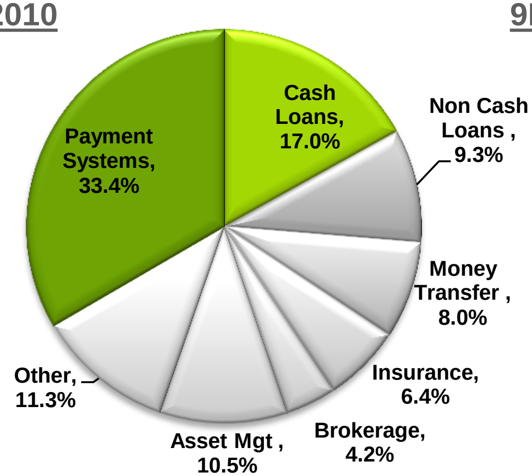
Net Fees & Commissions[2]

TL Million

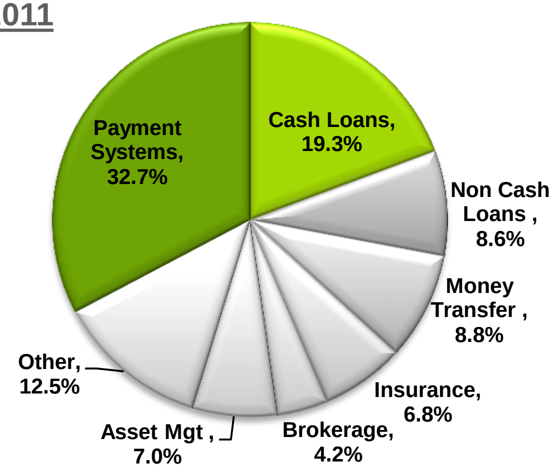


Net Fees & Commission Breakdown[3,4]

9M 2010



9M 2011



Growth Areas (%)	Y-o-Y
Money transfer	25%
Insurance	21%
Brokerage	13%
Payment Systems	11%

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

Balance sheet strength leads to consistent delivery of strong results

	(TL Million)	9M 10	9M 11	% Change	
(+)	NII- excl. inc on RRs and CPIs	2,949	2,779	-6%	
(+)	Net fees and commissions	1,454	1,631	12%	✓
=	**CORE BANKING REVENUES**	**4,403**	**4,409**	**0%**	✓
(+)	Income on RR	83	-	n.m	!
(+)	Income on CPI linkers	728	739	2%	✓
(+)	Trading & FX gains	373	249	-33%	!
(+)	Collections net of loan loss provisions	-19	-141	n.m	!
(+)	Other income -before one-offs	272	344	26%	
(-)	OPEX	(2,474)	(2,589)	5%	✓
(-)	Taxation and other provisions	(676)	(648)	-4%	
(+)	One-offs (post -tax)	-	114	n.m	
(+)	*-NPL sale*	-	*43*	n.m	
(+)	*-Eureko, Mastercard & Visa stake sale*	-	*161*	n.m	
(-)	*-Free provisions*	-	*(90)*	n.m	
=	**NET INCOME**	**2,691**	**2,476**	**-8%**	
	Equityholders of the Bank	*2,675*	*2,463*	*-8%*	
	Minority Interest	*16*	*13*	*-16%*	

Fees/Opex:
63%
up from
59% at 9M 10

Opex/Avg. Assets:
2.4%
down from
2.8% at 9M 10

Cost/Income[2]:
46%

1 Normalized for one-off effects. Please see slide 24 in appendix section for the non-recurring items

Appendix

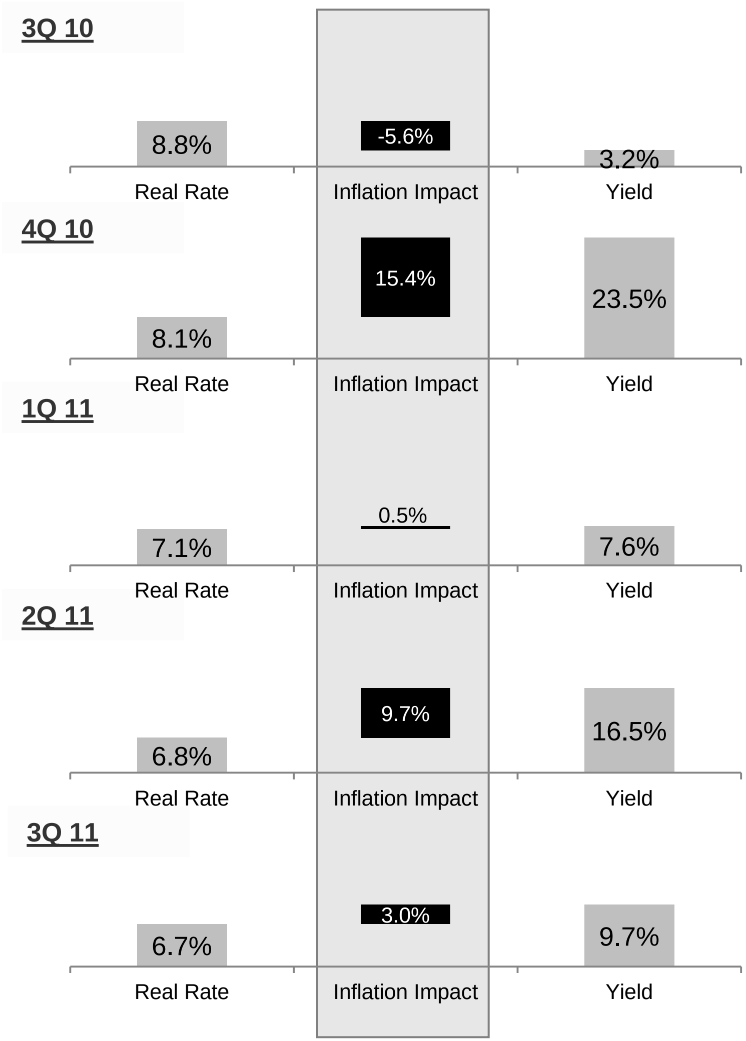
Balance Sheet - Summary

	(TL Million)	Dec 2010	Jun 2011	Sept 2011	% Ytd Change
Assets	Cash & Banks	14,883	22,338	21,151	42%
	Securities	41,137	37,394	39,603	-4%
	Loans to Customers	71,092	82,419	89,979	27%
	Tangible Assets	1,585	1,600	1,615	2%
	Other	7,106	8,857	10,030	41%
	Total Assets	**135,803**	**152,608**	**162,378**	**20%**
Liabilities & SHE	Deposits from Customers	76,296	81,312	85,452	12%
	Deposits from Banks	2,808	3,216	3,184	13%
	Repo Obligations	11,735	14,208	15,878	35%
	Funds Borrowed	20,942	24,552	25,691	23%
	Bonds Payable	-	3,388	3,674	n.m
	Other	7,149	8,531	10,825	51%
	SHE	16,873	17,401	17,674	5%
	Total Liabilities & SHE	**135,803**	**152,608**	**162,378**	**20%**

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

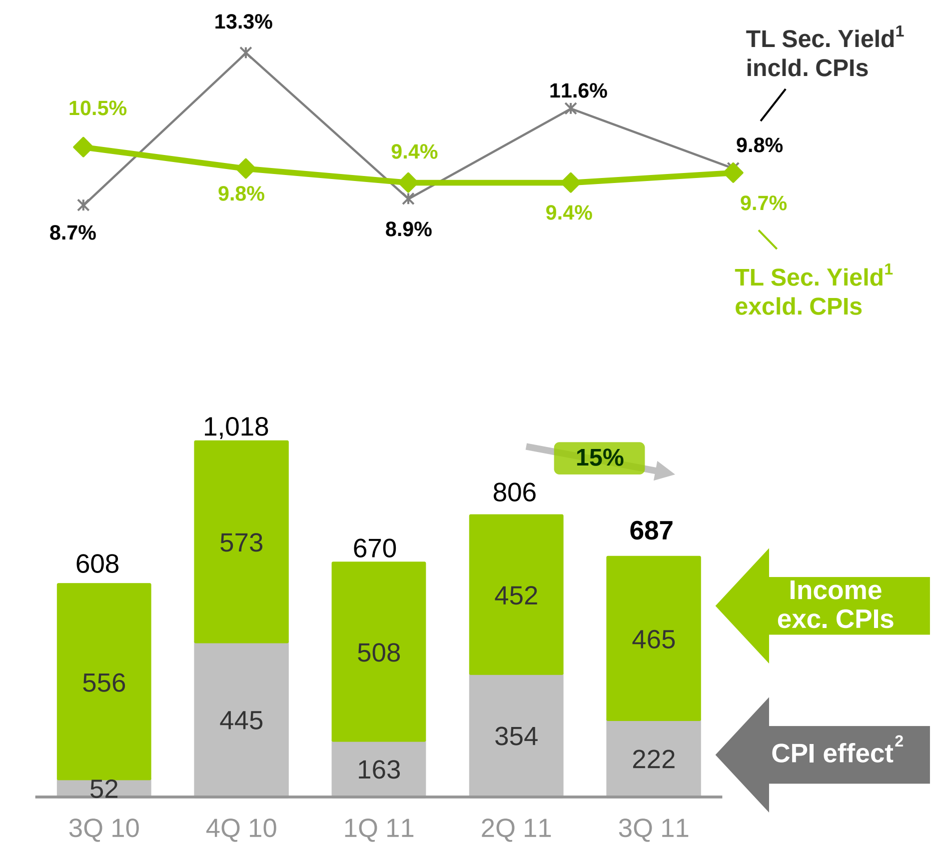
Drivers of the Yields on CPI Linkers[1]

% average per annum



Interest Income & Yields on TL Securities

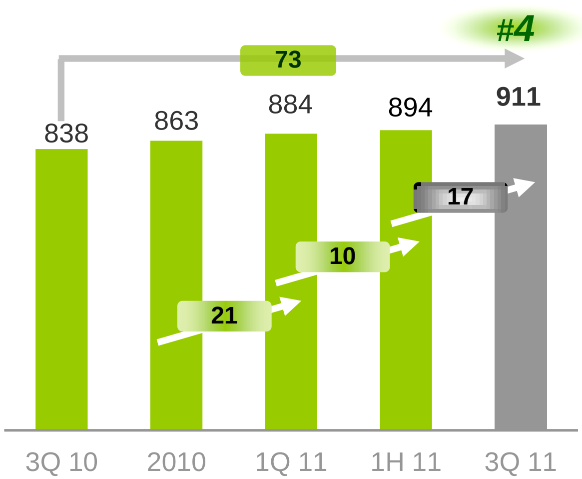
TL Million



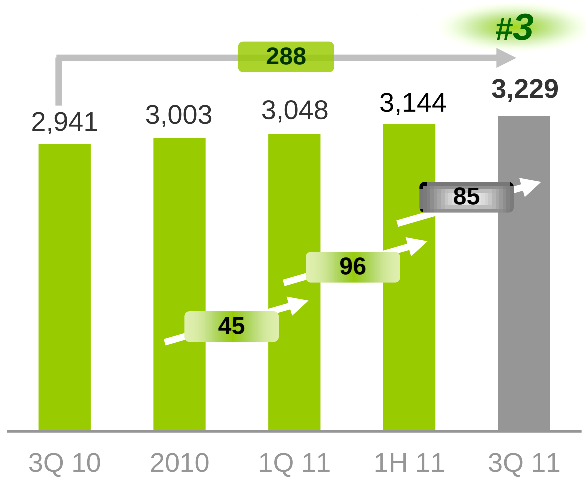
1 Based on bank-only MIS data
2 Per valuation method based on actual monthly inflation readings

Further strengthening of retail network...

Number of Branches

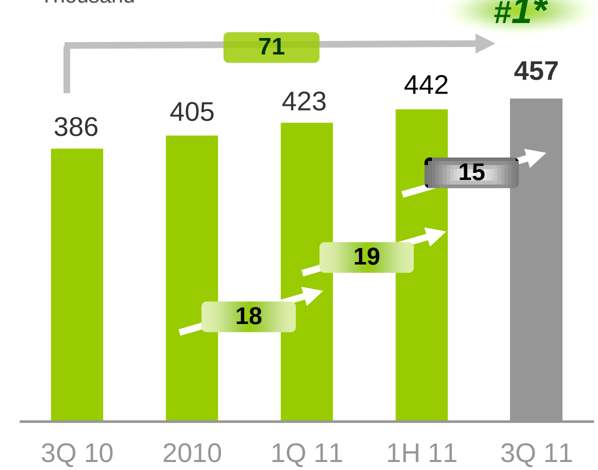


Number of ATMs



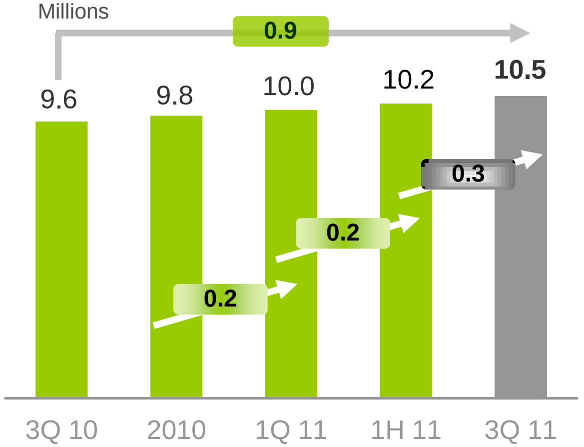
Number of POS

Thousand



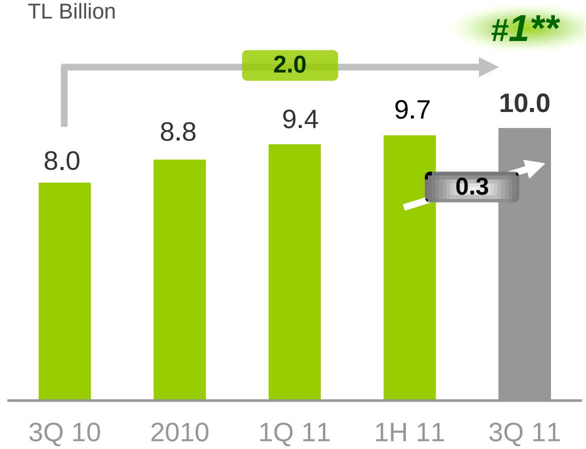
Number of Customers

Millions



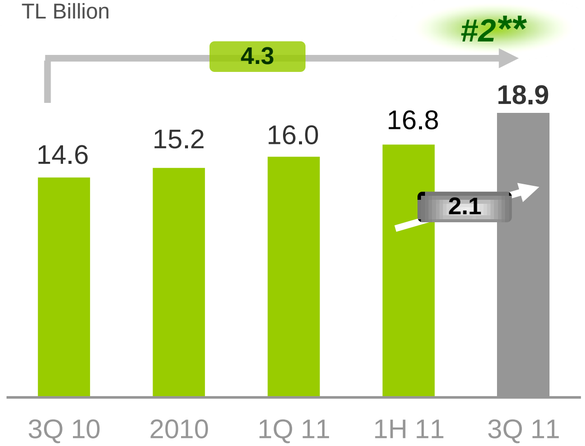
Mortgages

TL Billion



Demand Deposits (customer+bank)

TL Billion

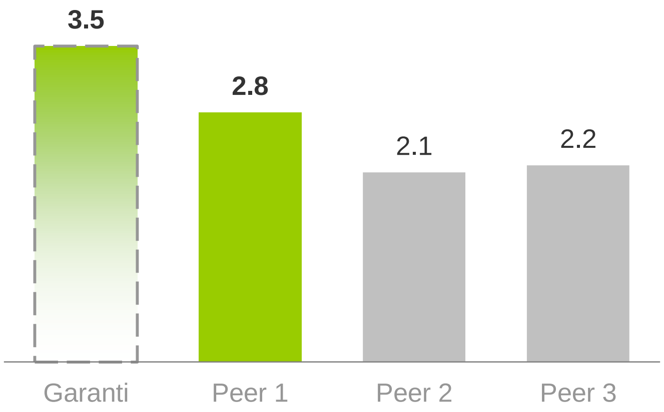


Based on bank-only data except for mortgages and demand deposits. Mortgages are based on BRSA Consolidated data. Demand Deposits are per IFRS
*Including shared POS
**Mortgage and demand deposit ranks are as of 1H 11
Note: Ranks are among private banks

...while preserving the highest efficiencies

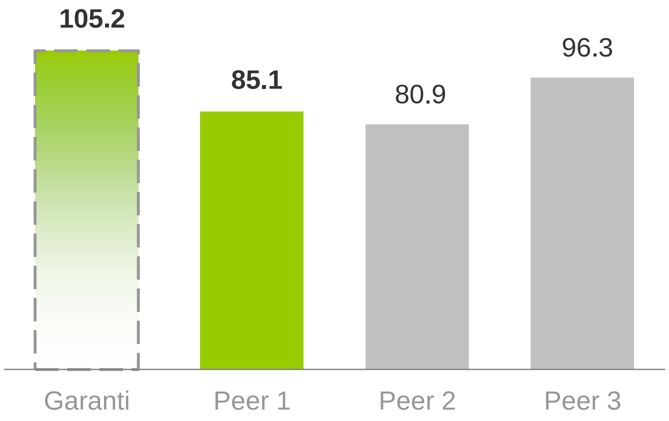
Ordinary Banking Income per Branch

1H 2011, TL million



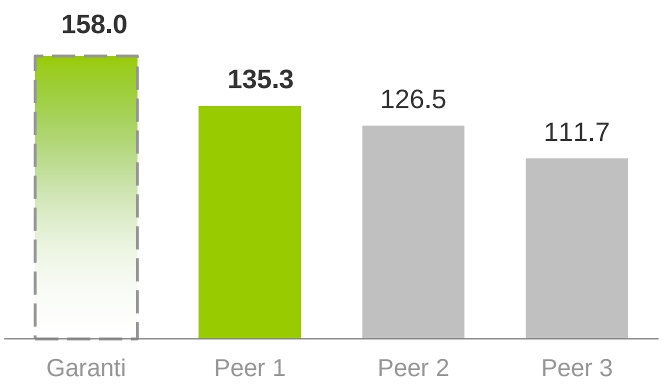
Loans per Branch[1]

1H 2011, TL million



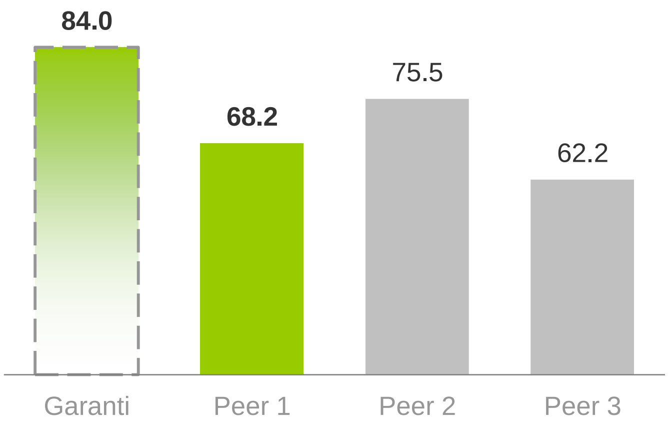
Assets per Branch

1H 2011, TL million



Customer Deposits per Branch

1H 2011, TL million



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

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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