Garanti

March 31, 2012

IFRS Earnings Presentation

1Q 2012 Macro Highlights

Improving liquidity and risk appetite followed by doubts about the strength and sustainability of growth

- Mixed messages from the US and the Eurozone economic indicators
- Weak import demand from all three major regions in the global economy
- Uncertainty around further easing by FED and ECB gained ground
- Commodity prices are on the rise -- Gold was up by 7% & oil by ~20%.

Economy heading for a soft landing

- Y-o-Y GDP growth rate in 4Q11 fell to 5.2% from 8.4% in 3Q11 -- An encouraging rebalancing is occurring within GDP
  - In 4Q11, highest positive contribution from foreign demand since 2Q09
  - Private consumption & investments decelerated significantly in 4Q11
- Current account deficit ended the year at a decelerated level at US$ 77.2bn & improved financing quality
- Annual CPI at the end of 1Q12 was 10.43% -- Even though core inflation started to come down, energy prices keep the headline CPI high
- The policy interest rate was unchanged at 5.75% and the upper band of interest rate corridor was lowered from 12.5% to 11.5%
  - Interest rate corridor has been actively used since the end of 2011
  - Average CBT funding rate surged in CBT's effort to fight the inflationary pressures due to currency pass through
  - Taking the liquidity projections into account, the ranges for weekly and monthly Turkish lira funding were revised. Additionally, fraction of TL required reserves that can be held in gold were increased from 10% to 20%. This action alone released TL 6.1bn of reserves and increased banks' liquidity
- During 1Q12, TL appreciated by 1.6% and 1.5% against USD and Euro, respectively while benchmark bond yield was at 9.4% on a monthly average at the end of 1Q12
- Liquidity conversion ratio of issued bonds was reduced from 100% to 50% upon BRSA's amendment in February
- Effective as of January 1st, 2012, liquid fund management fee cap was decreased to 1.10% from 2.73%

1Q 2012 Highlights

Balance sheet strength: distinguishing feature of Garanti...

Customer-oriented, liquid, low-risk and well-capitalized balance sheet

Maintained focus on profitable growth – selective lending continues on high margin products

TL lending growth 3.2% q-o-q, at a slower pace vs. sector

- Healthy market share gains in high margin retail products with no pricing competition (Mortgage: 1.2% q-o-q vs. sector's 0.8%; GPL: 4.2% q-o-q vs. sector's 3.6%)[1]
- Intentional market share loss in TL commercial lending to maintain rational pricing and defend margins

FX lending growth 3.4% q-o-q, driven by commercial lending

FRN heavy securities book remain as a hedge -- FRN in total slightly down to 56% in 1Q 12 vs. 58% at YE 11, due to redemptions replaced with favorable fixed rate TL securities

Asset quality remained intact

- Slight pick-up in NPL ratio (1Q 12: 2.4%) -- as expected, across the board, at a lower pace vs. sector
- Collections -- still strong, however at a normalizing pace

Solid funding mix -- Actively managed and diversified

- Deposit heavy funding remains with emphasis on sustainable and lower cost mass deposits
- Opportunistic utilization of repos & money market funding to support margins
- Sustained high demand deposit levels -- demand deposits / total deposits: 20%
- Loans to Deposits @ 101%, LTD:79% when mortgages, project finance & invesment loans (mat.>4 years) are excluded

Strong capitalization bolstered by high internal capital generation capacity: **CAR[1]: 16%, Leverage:7x**

...leads to consistent delivery of strong results

Strong profitability backed by well-defended margins, sustainable income sources & efficiently managed costs

ROAE: 21%; ROAA: 2.4%

Margins holding-up well -- almost flattish when quarterly fluctuating CPI book is excluded

- Ongoing positive effect of timely and proactive loan re-pricing on loan yields
- Managed lending growth with higher weight in lucrative products and rational pricing

Net fees and commissions -- Sustained double digit growth momentum on a comparable basis via highly diversified fee sources

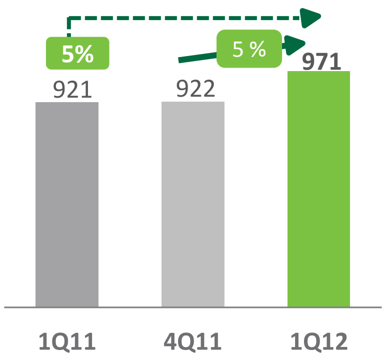
Commitment to strict cost discipline - single digit growth in real terms

- Opex/ Avg assets: 2.4% in 3M12 vs. 2.5% in 3M11
- Fees/OPEX: 64% on adjusted basis[2] vs. 56% on reported basis
- Investment in distribution network continued (avg branch additions: ~50 y-o-y)

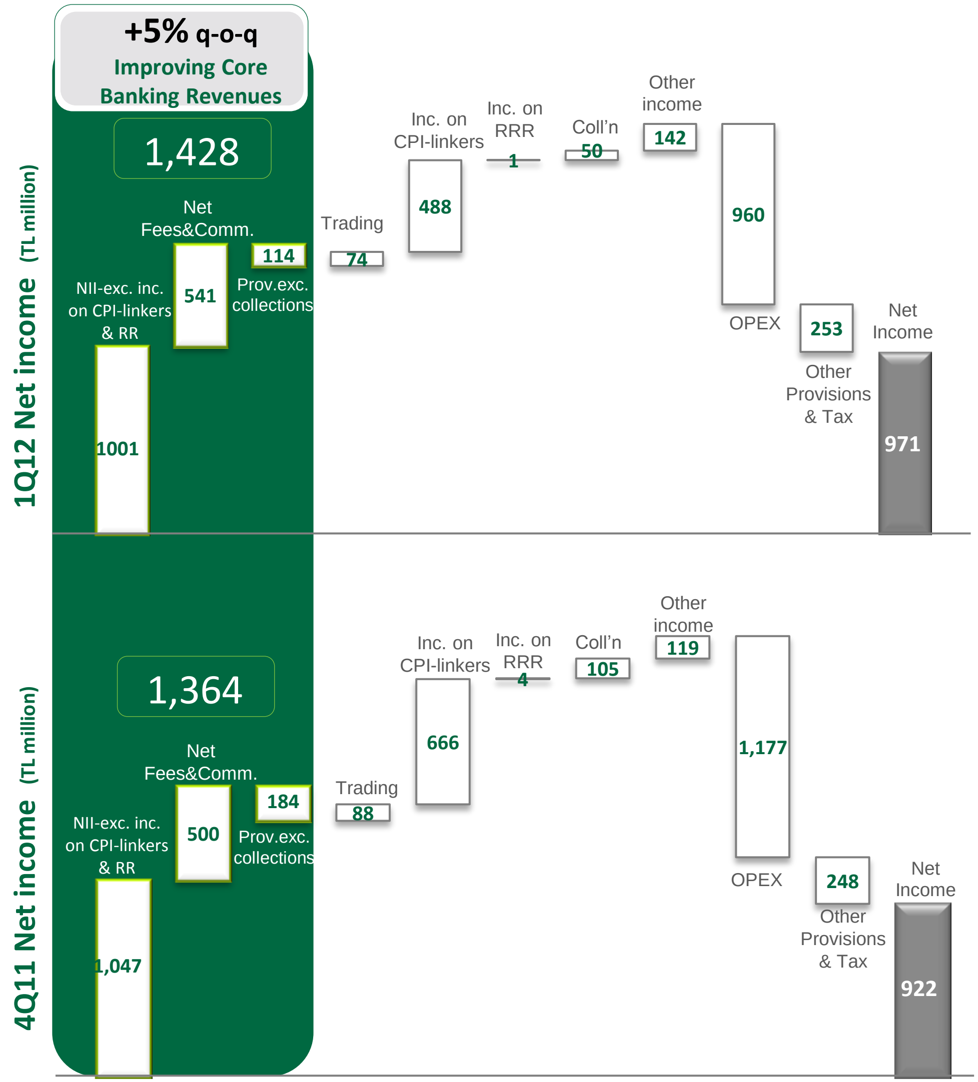
1 Based on BRSA Consolidated financials
2 Adjusted with the effect of decreased cap on fund management fees and accounting methodology change for cash loan origination fees

Strategically and actively managed balance sheet leading to strong levels of core banking revenues & ROAE of 21%

Quarterly net income (TL million)



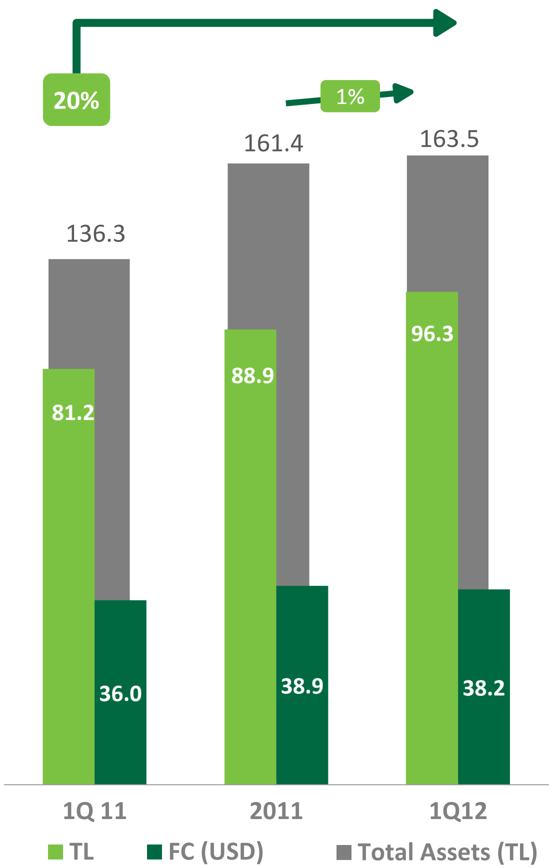
ROAE: 21%
ROAA: 2.4%
Sustained high profitability



- **Ongoing positive effect of timely loan-repricing** limited the pressure of increasing funding costs
- **Robust & growing fee base** despite negative effects of decreased cap on fund management fees & accounting methodology change on cash loan origination fees
- **Although lower, still strong contribution from CPI-linkers**
- **Normalizing collections,** as expected

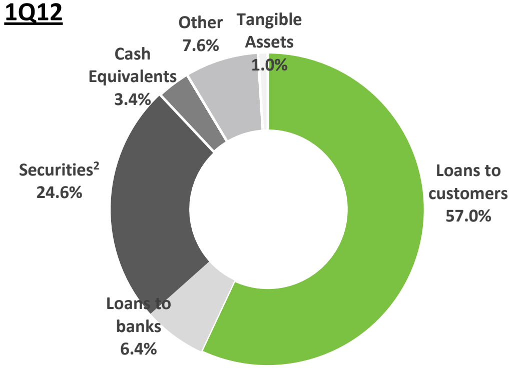
Customer-oriented asset mix -- Loans/Assets back to pre-crisis levels

Total Assets (TL/USD billion)

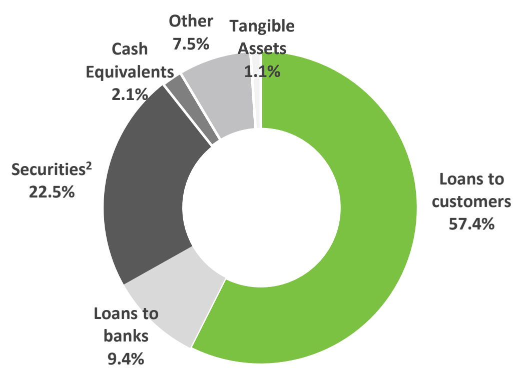


Composition of Assets

1Q12



2011



Growth-1Q12

In line with economic slowdown, moderating lending growth

Loans 0.5%

Securities [2] 10.5%

Loans/Assets

57.0%

vs. **57.4%** at YE 11

Liquidity Ratio[1]

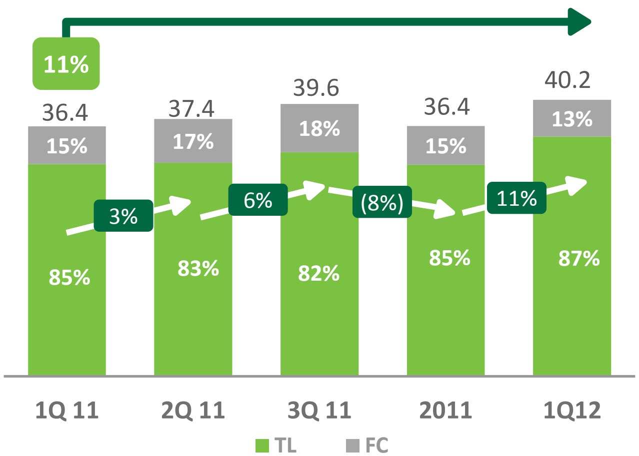
33%

1 (Cash and Balances with CB + Loans and Advances to banks+Trading securities + AFS)/Total Assets

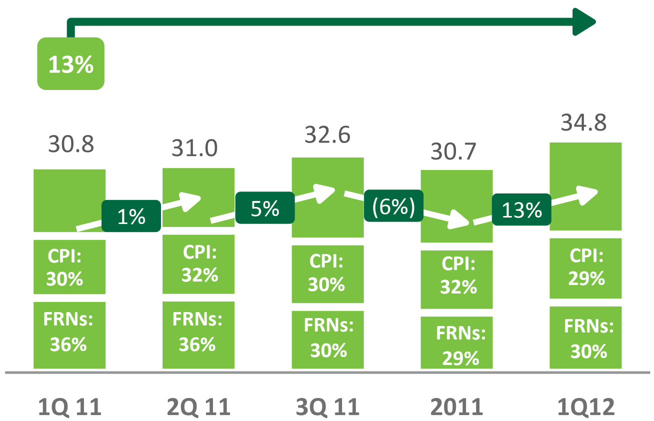
2 Securities = Financial assets at fair value through profit or loss+Investment securities

FRN heavy securities book continues to serve as a hedge -- redemptions replaced with favourable fixed rate TL securities

Total Securities[1] (TL billion)



TL Securities[1] (TL billion)

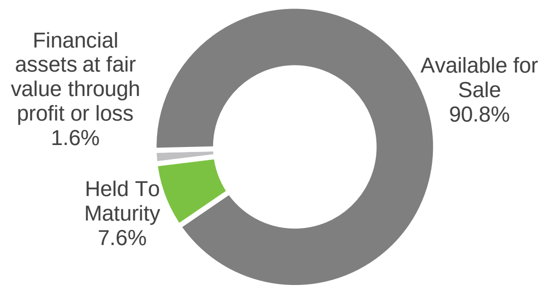


Securities[1]/Assets

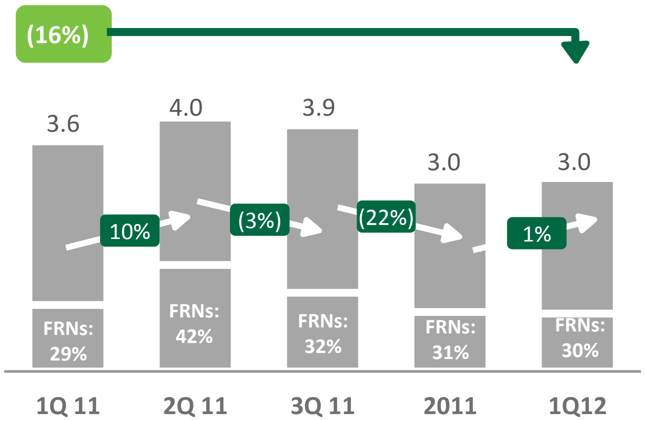
25%

up from **23%** at YE 11

Total Securities[1] Composition



FC Securities[1] (USD Billion)



FRN mix[2] in total

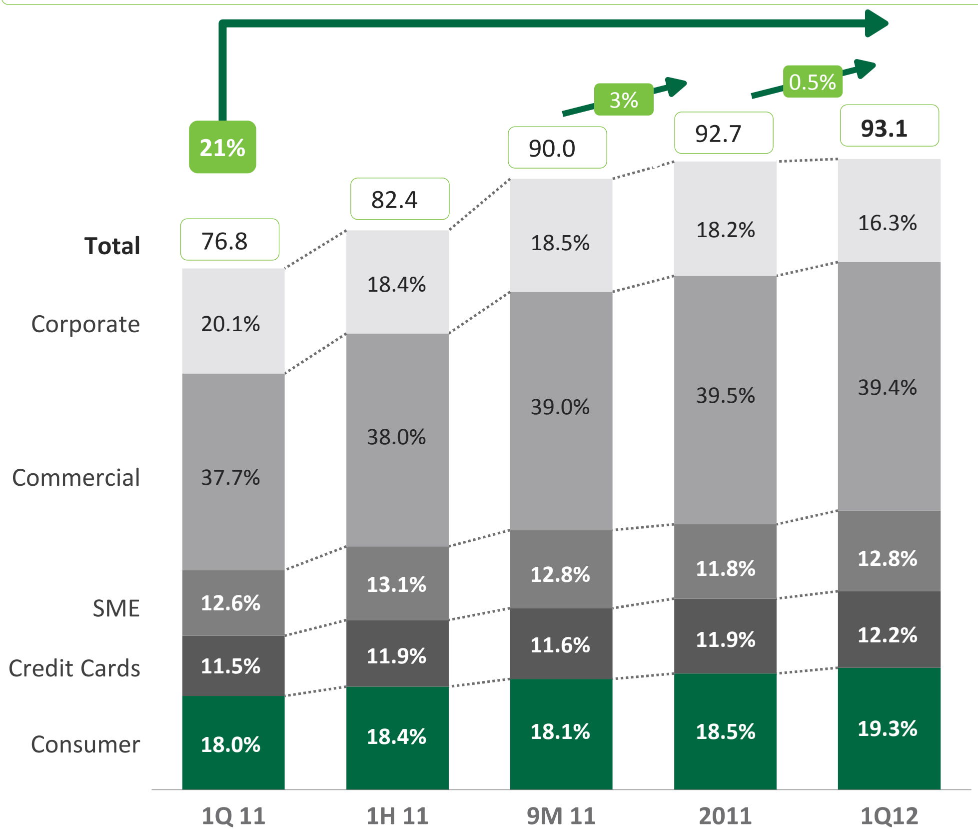
56%

from **58%** at YE 11

1 Securities = Financial assets at fair value through profit or loss+Investment securities
2 Based on bank-only MIS data
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data

Moderating loan growth in line with economic slow down -- Retail lending remains as the growth driver

Total Loan[1] Growth & Loans by LOB[2] (TL million)



	1Q 11	1H 11	9M 11	2011	1Q12
TL (% in total)	51%	52%	52%	52%	53%
FC (% in total)	49%	48%	48%	48%	47%
US$/TL	1.530	1.600	1.820	1.865	1.760

TL Loan Growth[3]:
Bank-only - Q-o-Q

1.7% vs. Sector's 4.1%

- **Mainly driven by lucrative retail loans**
- **Refraining from pricing competition in commercial lending to defend margins**

market share: **11.0%** in 1Q 12
vs. **11.3%** at YE 11

FC Loan Growth[3]:
Bank-only - Q-o-Q and US$

1.8% vs. Sector's 2.2%

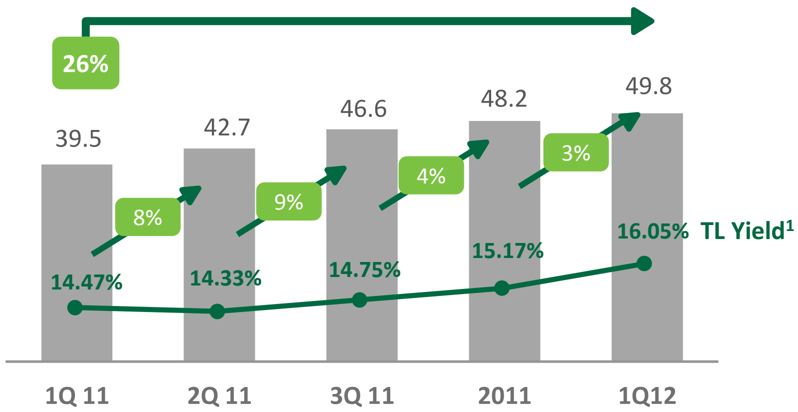
- **Healthy growth without sacrifying loan yields**

market share: **18.4%** in 1Q 12
vs. **18.5%** at YE 11

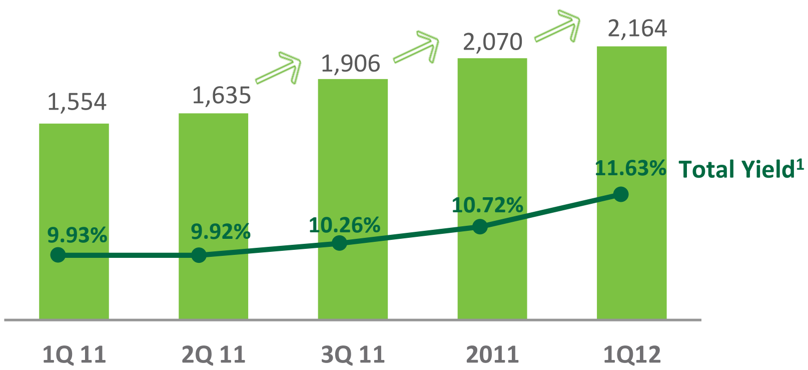
1 Cash Loans
2 Based on bank-only MIS data
3 Based on bank-only financials for fair comparison with the sector. Sector data is based on BRSA weekly data for commercial banks

Sustained upward trend in loan yields -- positive result of selective growth strategy and timely re-pricing

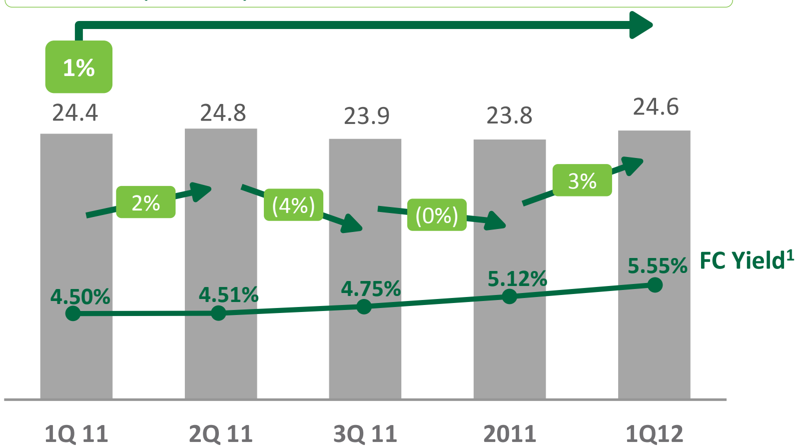
TL Loans (TL billion)



Interest Income on loans (quarterly – TL billion)



FC Loans (US$ billion)

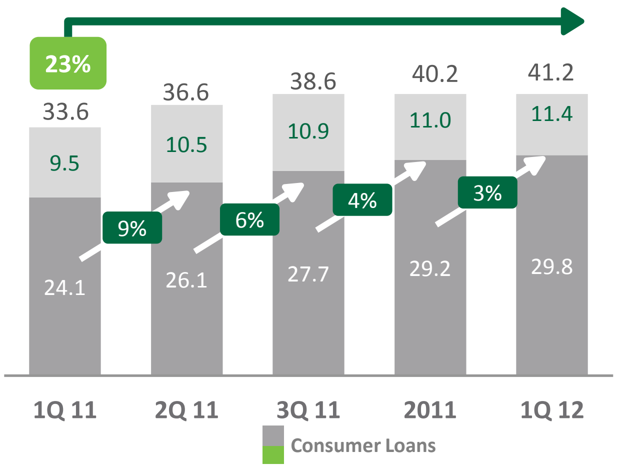


Ongoing positive effect of timely loan re-pricing & selective growth in high-yielding loans bolstered the yields

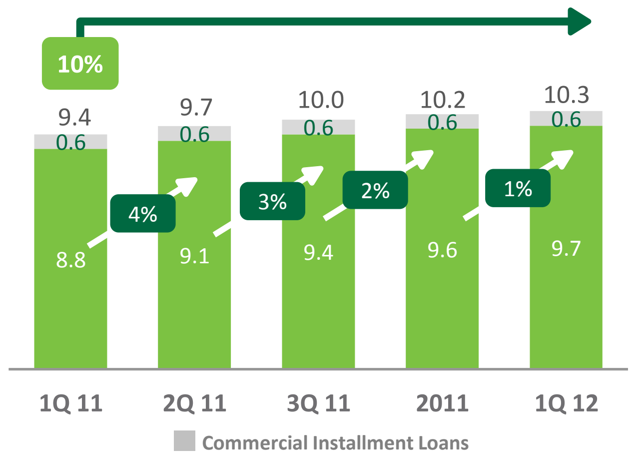
1 Based on bank-only MIS data and calculated using daily averages

Selective growth focus -- Healthy market share gains in high-margin retail loans

Retail Loans[1] (TL billion)



Mortgage (TL billion)

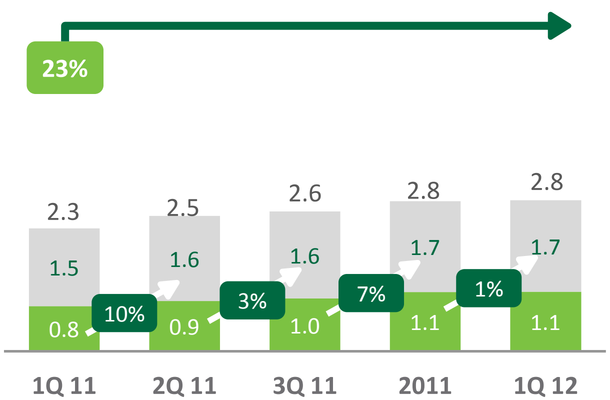


GPL & Mortgage Market Share (qoq)

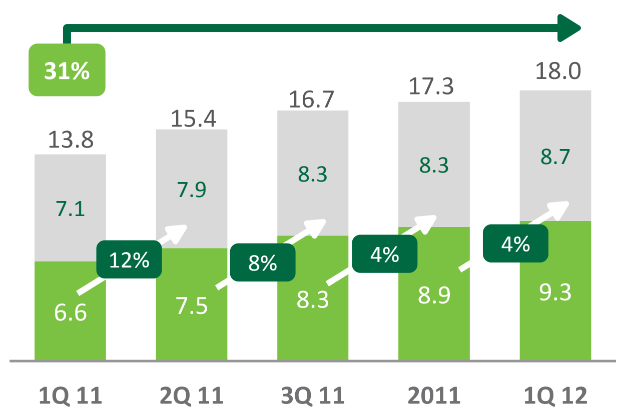
+10 bps in GPL

+12 bps in Mortgage

Auto Loan (TL billion)



General Purpose Loan[5] (TL billion)



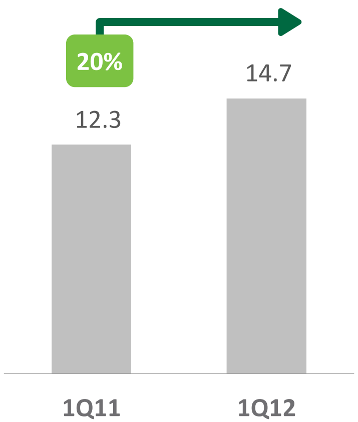
Market Shares[2,3]

	QtD	Mar 12	Rank[4]
Mortgage	↑	13.4%	#1
Auto	↑	15.0%	#3
General Purpose[5]	↑	10.8%	#2
Retail[1]	↓	12.9%	#2

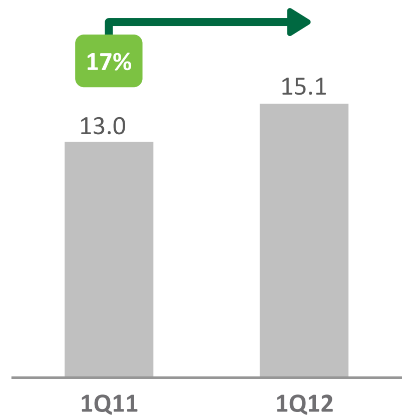
Note: Garanti figures are based on BRSA consolidated financials; Sector figures are based on bank-only BRSA weekly data, commercial banks only
1 Including consumer, commercial installment, overdraft accounts, credit cards and other
2 Including consumer and commercial installment loans
3 Sector figures are based on bank-only BRSA weekly data, commercial banks only
4 As of 2011 among private banks
5 Including other loans and overdrafts

Strength in card business – a good contributor to sustainable revenues

Issuing Volume (TL billion)



Acquiring Volume (TL billion)



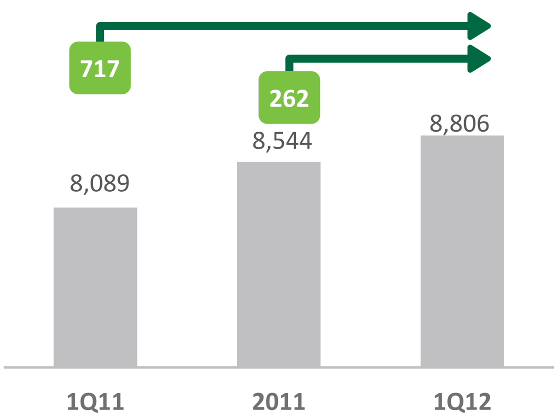
#1 in card business

Per Debit Card Spending
~2.5x the sector

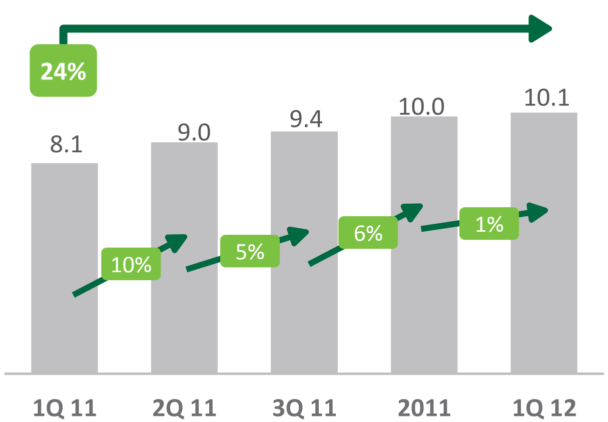
... with the ultimate aim of creating
cashless society

Per Card Spending
(TL, Mar 12[2])

No. of Credit Cards (thousand)



Credit Card Balances (TL billion)



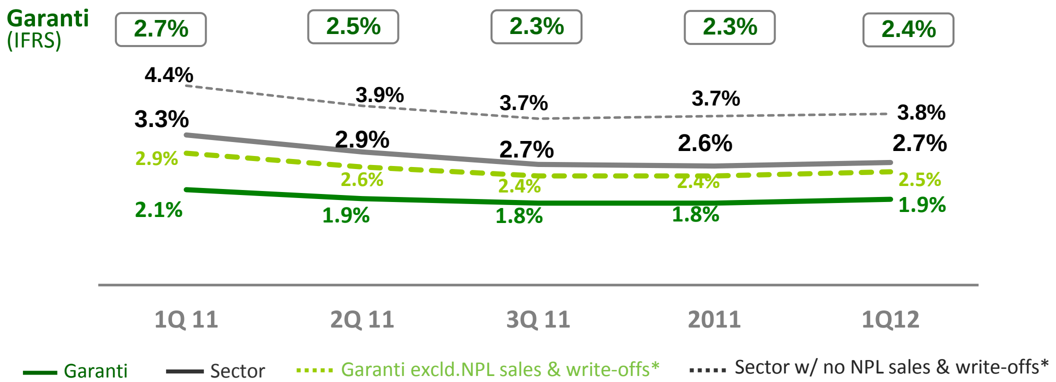
Market Shares

	QTD Δ	Mar 12	Rank
Acquiring	-115 bps	18.8%	#2
Issuing	-56 bps	18.4%	#1
# of Credit Cards	+24bps	16.9%	#1
POS[1]	+75 bps	18.3%	#1
ATM	-4 bps	10.0%	#3

1 Including shared POS
2 Annualized
Note: All figures are bank-only except for Credit Card Balances

Asset quality remained intact…

NPL Ratio[1]



* Adjusted with write-offs in 2008,2009,2010 and 2011. 2010 and 2011 sector NPL sales & write-offs total: TL ~2.7 bn and ~TL 1.9 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.

Nominal NPLs

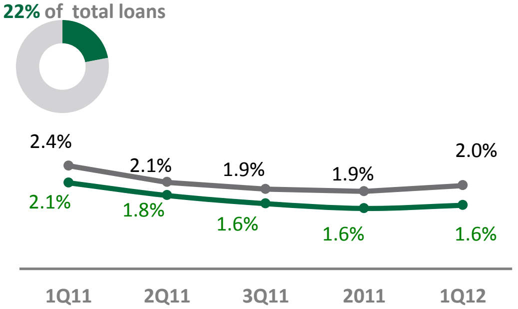
Slight deteoriation -- 3%

- as expected
- across the board
- at a lower pace than sector

NPL Categorisation[1]

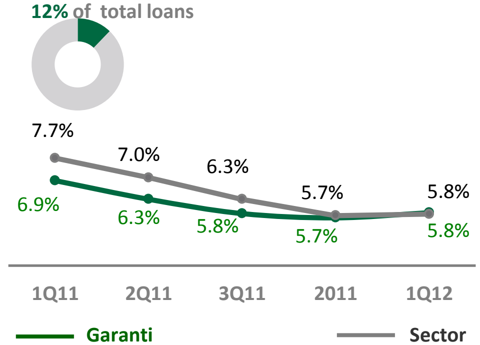
Retail Banking
(Consumer & SME Personal)

22% of total loans



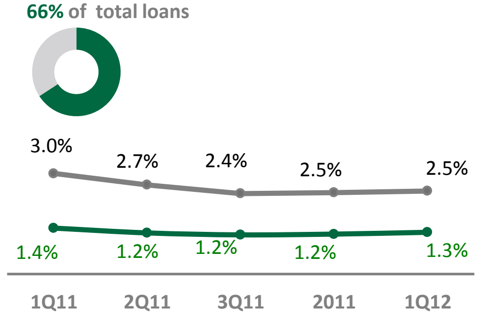
Credit Cards

12% of total loans



Business Banking
(Including SME Business)

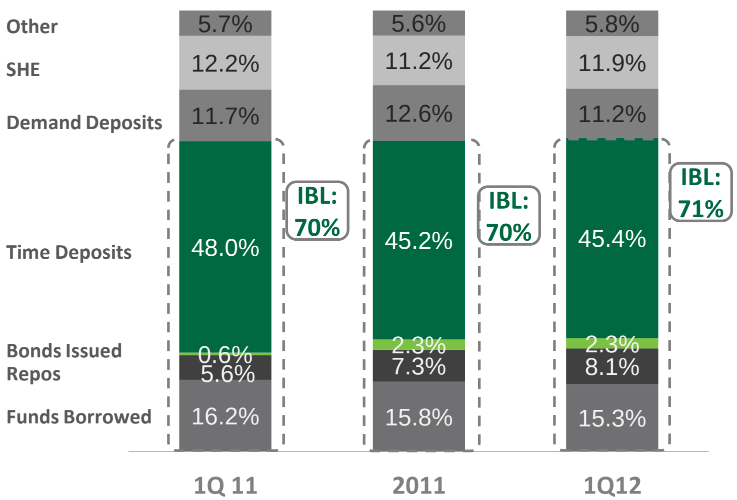
66% of total loans



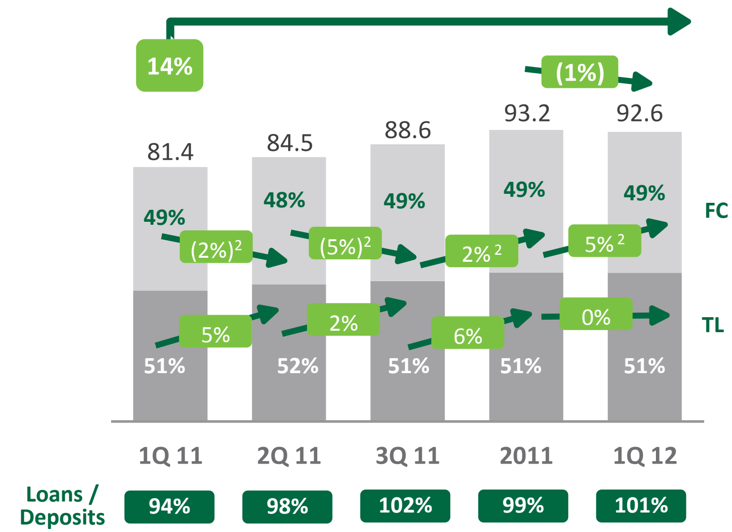
1 NPL ratio and NPL categorisation for Garanti and sector figures are per BRSA bank-only data for fair comparison.
Source: BRSA, TBA & CBT

Solid funding mix – well diversified and actively managed

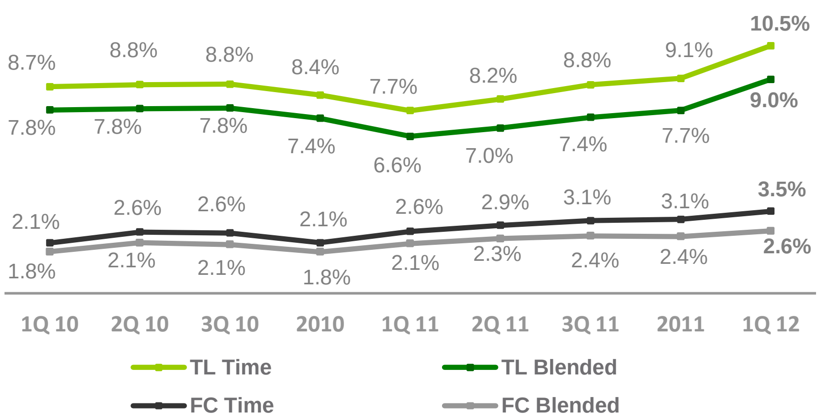
Composition of Liabilities



Total Deposits (TL billion)



Cost of Deposits[1] (Quarterly Averages)



Loans/Deposits

101%

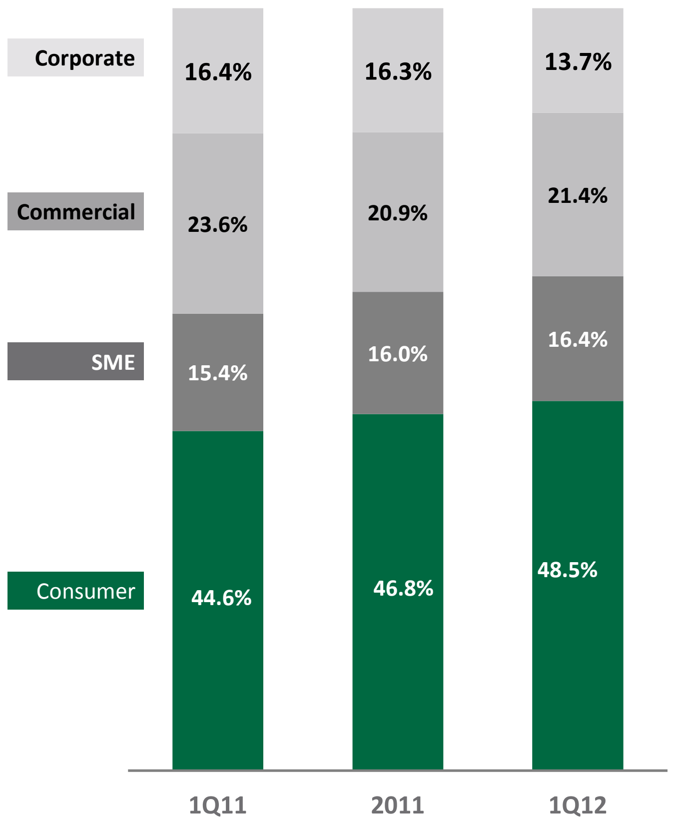
or **79%** when mortgages, project finance & investment loans (mat.>4yrs) are excluded

- Opportunistic and timely utilization of alternative funding sources to support margins
- Deposit costs rising as expected, however at a contained manner due to focus on lower cost mass deposits

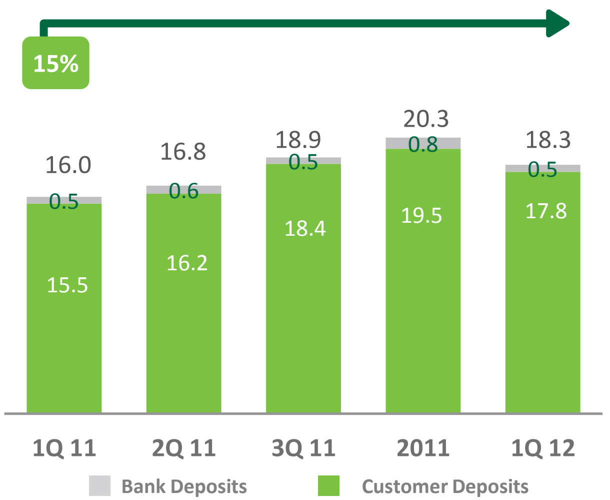
1 Based on bank-only MIS data
2 Growth in USD terms

Robust deposit base with further emphasis placed on mass deposits and sustained high weight of demand deposits

Deposits by LOB[1] (Excluding bank deposits)



Demand Deposits (TL billion)



Demand Deposits[3] / Total Deposits

19% vs. sector's 16%

Sizeable demand deposit level maintained

Customer Demand Deposits[2]

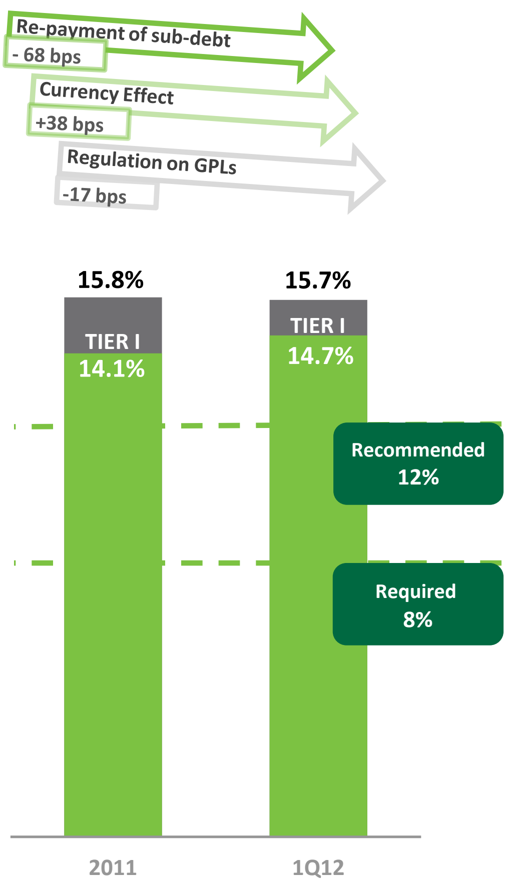
Solid presence in demand deposits maintained

Market share: **14.5%**

1 Based on bank-only MIS data
2 Sector data is based on BRSA weekly data for commercial banks only
3 Based on bank-only financials for fair comparision with the sector. Demand Deposits/ Total Deposits as per IFRS figures is 20%.

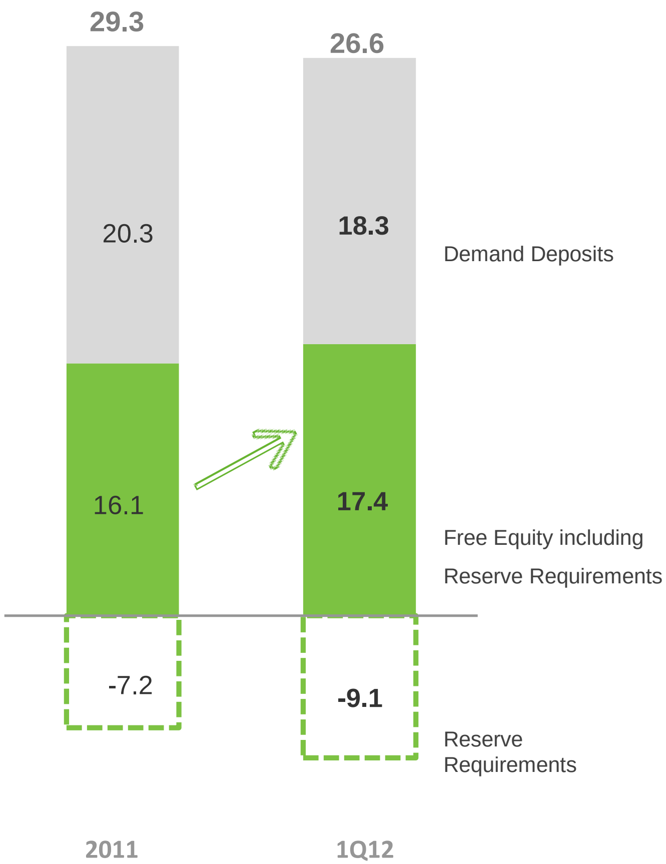
High internal capital generation capability bolsters strong capitalization ratios

CAR[1]



Free Funds TL Billion

(Free funds=Free Equity + Demand Deposits)



Free Funds/IEAs

19%

Free Equity w/o reserve growth:

8% q-o-q

Increasing free equity and sizeable demand deposits continued to support free funds

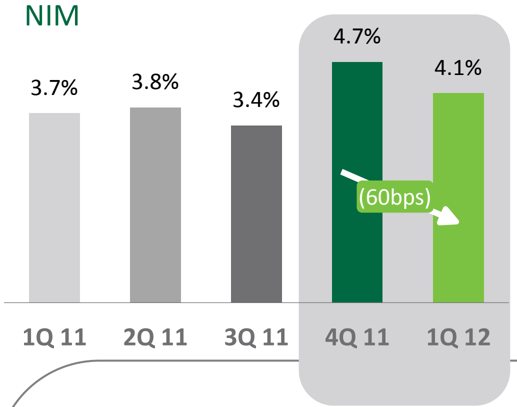
Leverage Ratio

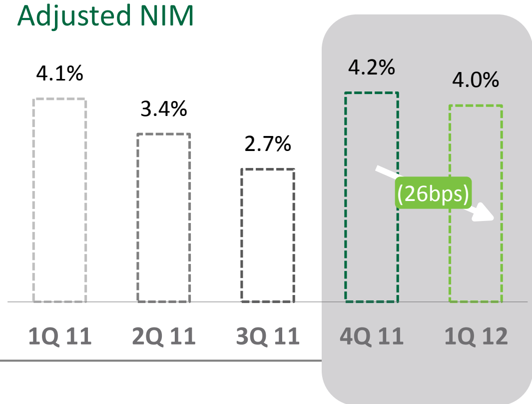
7x

1 Based on BRSA Consolidated financials
Free Equity = SHE - (Net NPL+ Investment in Associates and Subsidiaries + Tangible and Intangible Assets+ AHR+ Reserve Requirements)

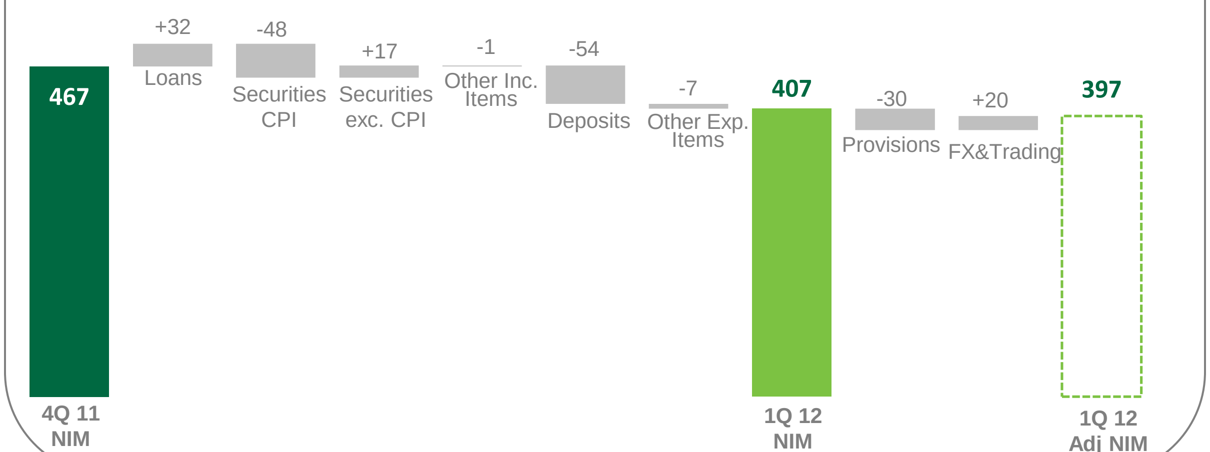
Margins held up well, despite the negative quarterly fluctuation of the CPI book and the duration mismatch

Quarterly NIM (Net Interest Income / Average IEAs)





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



Quarterly NIM:

~Flattish when volatility from CPI linkers are excluded

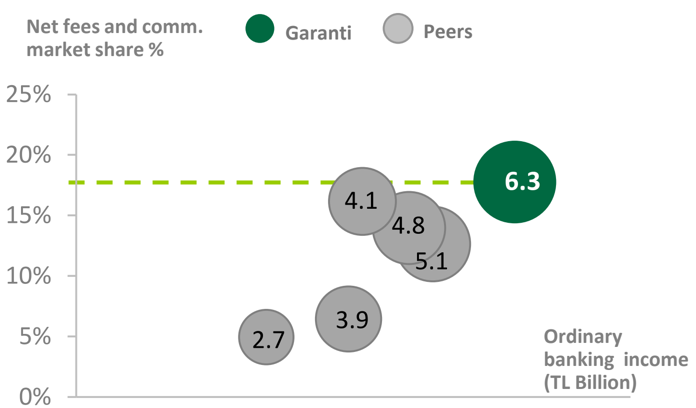
- Ongoing positive effect of timely and proactive loan re-pricing on loan yields
- Managed lending growth with higher weight in lucrative products and rational pricing

Squeeze in Adj. NIM was limited due to **relief in general provisions**

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

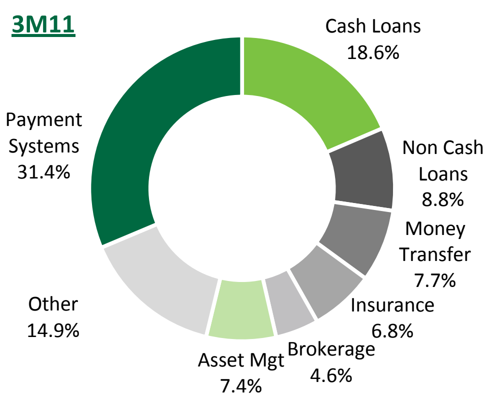
Healthy Fees & Commissions income supported by strong customer penetration and cross-sell

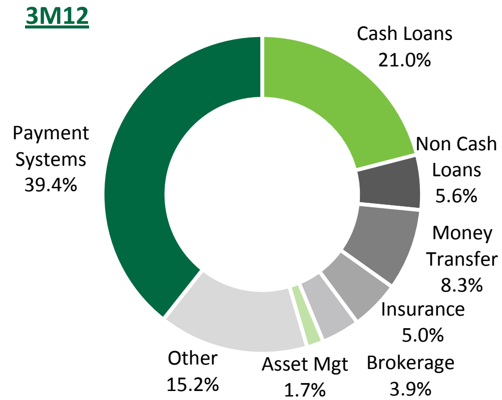
Ordinary Banking Income[1] Generation



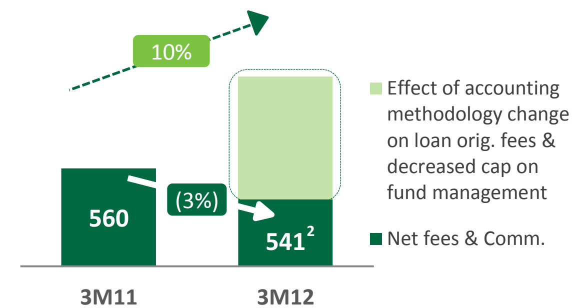
- **Leader in interbank money transfer**
  18% market share vs. the peer's average ~10%
- **Highest payment systems commissions per volume**
  1.6% vs the peer's average 1.3%[5]
- **#1 in bancassurance**
- **Strong presence in brokerage**
  ~6% market share

Net Fees & Commissions Breakdown [3,4]





Net Fees & Commissions TL Million



Money transfer[4]	+	14%
Cash Loans[4]	+	19%
Payment Systems[4]	+	32%

1 Defined as; net interest income adjusted with provisions for loans and securities, net FX and trading gains + net fees and commissions. Based on bank-only financials for fair comparison as of 2011
2 3M12 cash loan origination fees are accounted for on an accrual basis per methodolgy change
3 Breakdown is on a comparable basis to same period last year
4 Bank-only MIS data 5 Peer average as of 2011

Differentiated business model leading to consistent delivery of outstanding results

	(TL Million)	1Q 11	1Q 12	% Change
(+)	NII- excl. inc on CPIs & RR	980	1,001	2%
(+)	Net fees and commissions	560	541	-3%
(-)	Provisions before collections	-212	-114	-46%
=	**CORE BANKING REVENUES**	**1,328**	**1,428**	**8%**
(+)	Income on RR	0	1	n.m.
(+)	Income on CPI linkers	163	488	200%
(+)	Trading & FX gains	255	74	-71%
(+)	Collections	205	50	-76%
(+)	Other income -before one-offs	159	142	-11%
(-)	OPEX	-858	-960	12%
(-)	Taxation and other provisions	-284	-253	-11%
(+)	One-offs (post -tax)	-47	0	n.m.
(+)	*-NPL sale*	*43*	*0*	*n.m.*
(-)	*-Free provisions*	*-90*	*0*	*n.m.*
=	**NET INCOME**	**921**	**971**	**5%**
	Equity holders of the Bank	918	961	5%
	Minority Interest	2	9	n.m.

Double-digit growth in Net Fees & Commissions sustained on a comparable basis*

Increase in OPEX mainly stemming from:

- ~50 average new branch openings y-o-y
- Double-digit inflation readings y-o-y

OPEX/Avg. Assets

2.4%

Fees/OPEX

64% on adjusted basis*

vs. **56%** on reported basis

Cost/Income

40.4%

* Adjusted with the effect of decreased cap on fund management fees and accounting methodology change on cash loan origination fees

Appendix

Balance Sheet - Summary

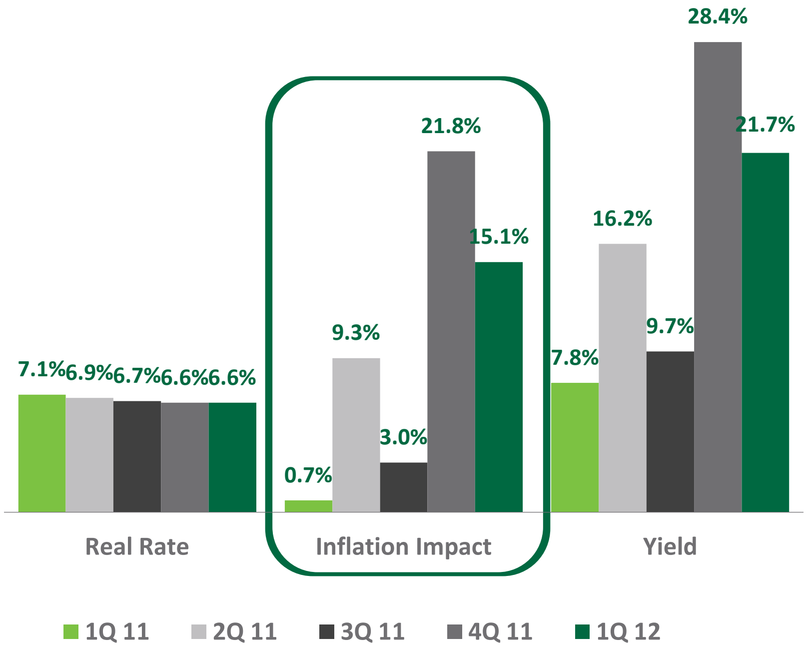
(TL million)	Mar-11	Dec-11	Mar-12	YTD Change
ASSETS				
Cash &Banks	14,124	18,663	16,068	-14%
Securities*	36,353	36,361	40,189	11%
Loans to Customers	76,768	92,654	93,113	0%
Tangible Assets	1,571	1,711	1,633	-5%
Other	7,526	12,012	12,457	4%
TOTAL ASSETS	136,343	161,401	163,460	1%

LIABILITIES & SHE				
Deposits from Customers	78,793	90,139	88,995	-1%
Deposits from Banks	2,602	3,097	3,611	17%
Repo Obligations	7,604	11,738	13,173	12%
Bonds Payable	828	3,742	3,751	0%
Funds Borrowed	22,090	25,448	24,993	-2%
Other	7,795	9,087	9,512	5%
SHE	16,632	18,150	19,424	7%
TOTAL LIABILITIES & SHE	136,343	161,401	163,460	1%

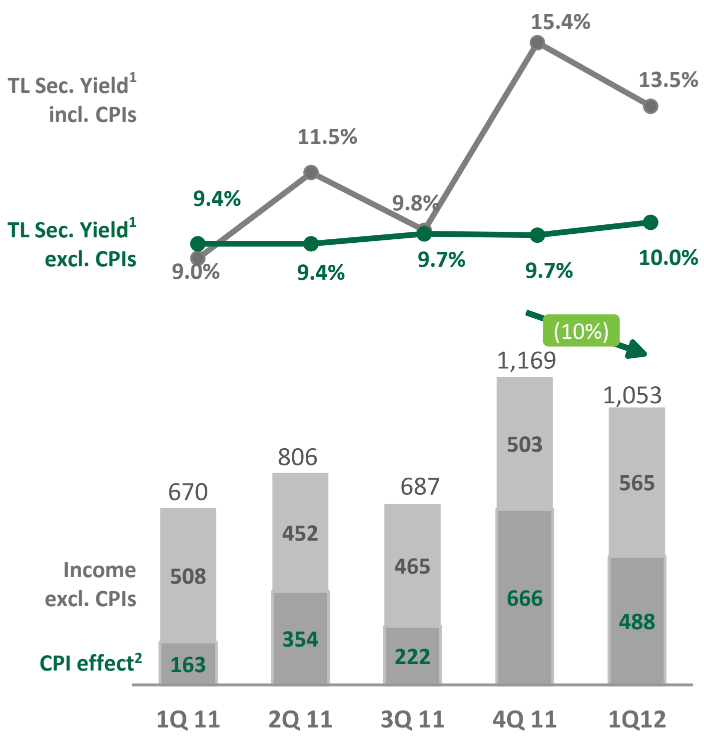
* Securities = Financial assets at fair value through profit or loss+Investment securities

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[3] & Yields on TL Securities (TL billion)



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

Details of select 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%

4Q 11:
- TL 750 million bond with 6M maturity, at a cost of 8.10% (Roll-over)
- TL 750 million bond with 6M maturity, at a cost of 10.09% (Roll-over)

1Q 12:
- TL 350 million bond with 92 days maturity, at a cost of 10.54% (Roll-over)
- TL 650 million bond with 176 days maturity, at a cost of 10.69% (Roll-over)

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

4Q 11:
- Secured US$ 1 billion 1 year syndicated loan, comprising two separate tranches in the amount of US$ 233.6 million and
- €576.2 million. The all-in cost has been realized as LIBOR+1% and EURIBOR+1%, respectively.

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