Earnings Presentation

1H 2012

IFRS Financials

Garanti

2Q 2012 Macro Highlights

Global growth softening, Eurozone debt concerns re-emerged

- Global growth softening, especially in China and in the US
- Europe continued to suffer a series of sovereign ratings downgrades while Eurozone banks' funding worries and fears that some member countries may exit from the Euro area increased
- Asian central banks reacted with monetary policy easing, putting an end to the waiting period for Europe to return to growth.
- The Fed extended 'project twist' to lower the LT rate of interest -- doubt regarding Fed's attitude towards further QE in an election year
- Oil was down by 20% to $100/barrel levels & gold started heading down

Economy Slows Down With A Healthy Rebalancing

- The economy slowed down to 3.2% during 1Q12-- foreign demand pulled the average growth rate higher while domestic demand made a negative contribution.
- Slow-down, especially in private consumption, helped the rebalancing in the economy.
- Current account deficit fell with export diversification, 12-m rolling CAD down to $67 bn by the end of May decreasing $10 bn compared to end of 2011.
- After having stayed at above 10% throughout 1Q12, CPI came down to 8.9% by the end of June, with the help of decreases in the prices of food and energy items.
- CBT was still cautious during 2Q12 and continued to utilize RR tool to manage liquidity. In 2Q12;
    - TL RR that can be kept as FX was raised to 50% from 40%, leading to $4.8bn rise in FX reserves & TL5.6bn in TL liquidity;
    - TL RR that can be kept as Gold was raised to 25% from 20%, leading to $2.2bn rise in FX reserves & TL2.8bn inTL liquidity
- After a 4% appreciation against the currency basket during 1Q12, TL appreciated by another 1% in 2Q12.
- Benchmark bond yield was 9.1% on a monthly average basis in 2Q12 -- fell below 8% during first half of July, the lowest level since January 2011.

1H 2012 Highlights

Balance sheet strength: distinguishing feature of Garanti...

Customer-driven asset growth -- Loan demand picked up pace, as expected
- Loans/Assets: 58% vs. 57% in 1Q 12

Selective lending strategy with focus on profitable growth rather than volume growth
- TL lending growth in 2Q: 8% vs. 3% in 1Q 12
  - Healthy market share gains in high-margin retail products (Mortgage: 5.8% ytd vs. sector's 4.6%; GPL: 9.9% ytd vs. sector's 9.2%; Auto: 6.2% ytd vs. sector's 4.0%)[1]
- FX lending growth in 2Q : -1% vs. 3% in 1Q 12

Strategically managed securities portfolio: FRN heavy – serving as an hedge for volatile market conditions

Sound asset quality with comfortable provisioning
- NPL ratio: 2.3% (Bank-only: 1.8% vs. sector's 2.6%) -- normalizing net NPLs as expected,

Solid funding mix – well diversified and actively managed
- Deposit heavy funding remains with emphasis on sustainable and lower cost mass deposits --
  - Retail+SME deposits in total up to 66% from 63% at YE 11
- FX funding supported by long-term bank deposits at attractive rates
- Sustained high demand deposit levels -- demand deposits / total deposits: 21%
- Opportunistic utilization of repos & money market funding to support margins

Strong solvency supported by capital generative growth strategy : CAR[2]: 15.3%, Leverage:8x

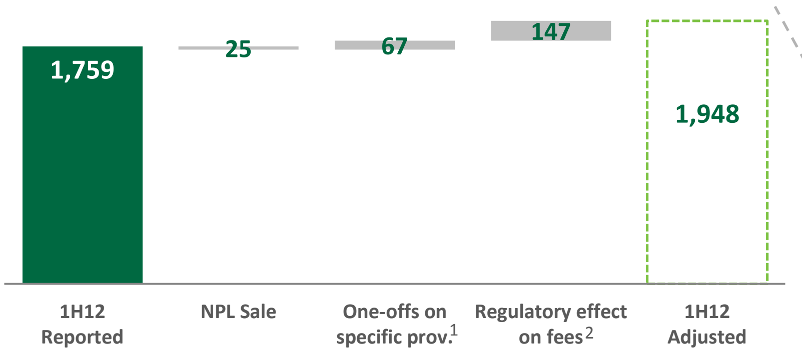
...leads to consistent delivery of strong results

Maintained sound profitability -- ROAE: 18%; ROAA: 2.1%, supported by:
- Margin expansion
  Improving loans to deposits spread vs. the fluctuating quarterly income on CPI linkers
- Continued focus on sustainable revenues
  Net fees and commissions -- Double digit growth momentum maintained on a comparable basis via highly diversified fee sources
- Commitment to strict cost discipline
  -Opex/ Avg Assets: 2.3%, down from 2.4% in 1H11, despite the low OPEX base in 1H 11 due to larger implementation of the efficiency improvement project hitting the period
  -Fees/OPEX: 61% on adjusted basis[3] vs. 53% on reported basis
  -Investment in distribution network continued (avg branch additions: ~50 y-o-y)

1 Based on bank-only data for fair comparison. As per BRSA consolidated financials growth in mortgages: 5.2% ytd; GPLs: 10.1% ytd; auto loans: 15.6% ytd
2 Based on BRSA Consolidated financials
3 Adjusted with the effect of decreased cap on fund management fees and accounting methodology change on cash loan origination fees

Strategically managed balance sheet in sustaining strong results -- ROAE on a comparable basis >20%

Net Income (TL million)



Net Income

up by 9%

on a comparable basis

1H12: Strong Core Banking Revenues backed by:

NII: +17% yoy
excluding income on CPIs

+

Net F&C: +10% yoy
on a comparable basis
(**-4%** on a reported basis)

-

Normalizing net loan loss provisions

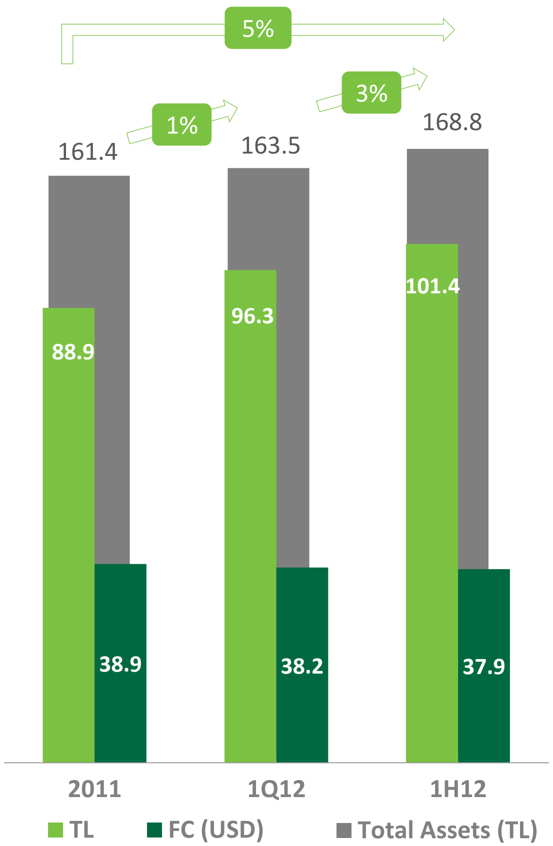
Adj. ROAE: >20%
18% on reported basis

Adj. ROAA: 2.4%
2.1% on reported basis

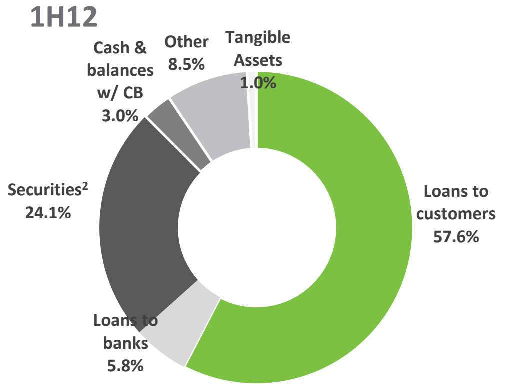
1 Specific provisions are adjusted for TL 25mn (post-tax) additional provisions set aside for the alignment of coverage ratio to pre- NPL sale levels and for the NPL inflow of TL 42mn (post-tax), which are related to a few commercial files with strong collateralization
2 Effect of decreased cap on fund management fees and accounting methodology change on cash loan origination fees

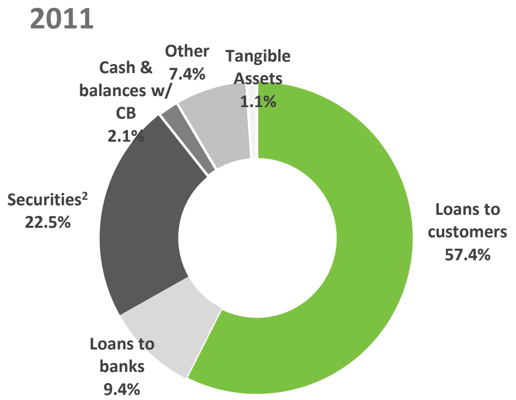
Customer-driven asset growth -- Loans/Assets:58%

Total Assets (TL/USD billion)



Composition of Assets[1]





Growth (2Q12)

Loans

2Q: **+4%** vs. 1Q: +0.5%

Securities[2]

2Q: **+1%** vs. 1Q: +11%

Loans/Assets

58%

vs. **57%** at 1Q12 & at YE 11

Maintained comfortable liquidity

Liquidity Ratio[1]:

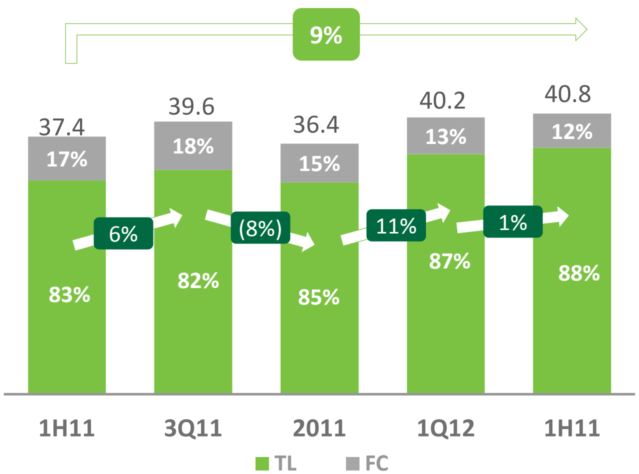
31%

1 (Cash and Balances with CB + Loans and Advances to banks+Financial assets at fair value through profit or loss+ AFS)/Total Assets

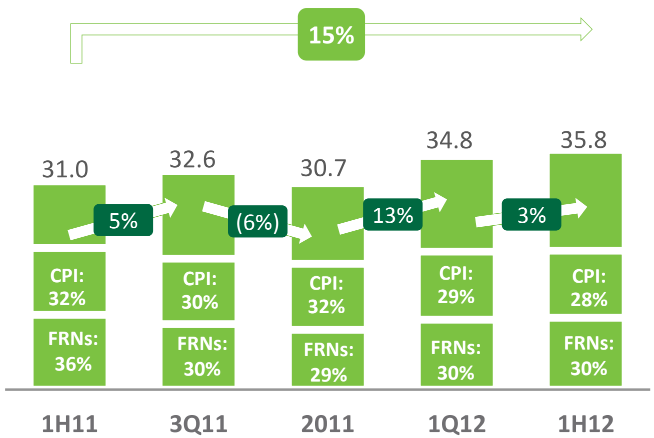
2 Securities = Financial assets at fair value through profit or loss+Investment securities

FRN heavy securities portfolio continue to serve as an hedge -- redemptions replaced with favourable fixed rate TL securities

Total Securities[1] (TL billion)



TL Securities (TL billion)

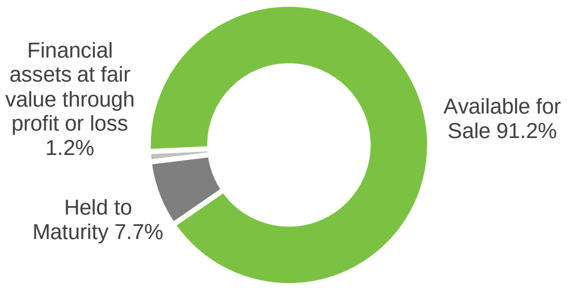


Securities[1]/Assets

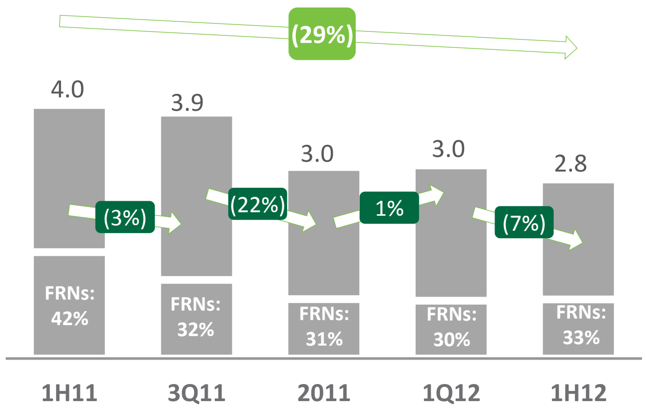
24%

down from **25%** at 1Q12

Total Securities Composition



FC Securities (USD Billion)



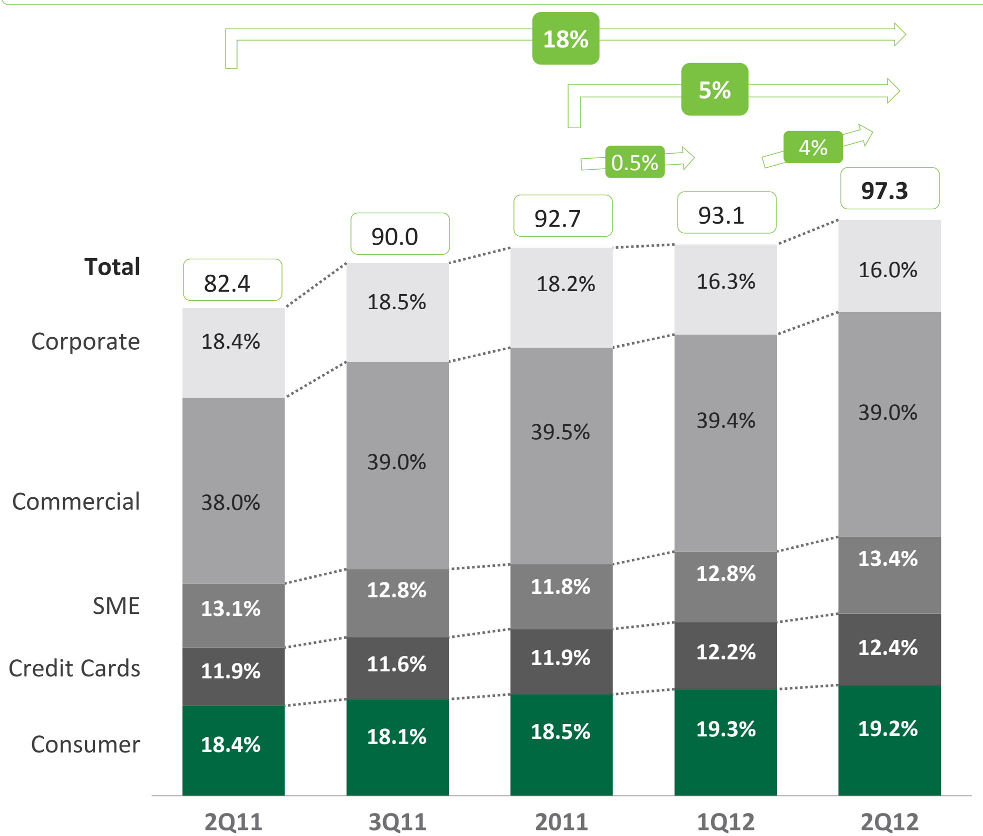
FRN mix[2] in total

56%

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

Lending growth driven by Consumer & SMEs

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



	2Q11	3Q11	2011	1Q12	2Q12
TL (% in total)	52%	52%	52%	53%	55%
FC (% in total)	48%	48%	48%	47%	45%
US$/TL	1.600	1.820	1.865	1.760	1.780

TL Loan Growth[3]:

Bank-only - Q-o-Q

8% vs. Sector's 6.7%

- Selective lending continues on higher margin products
- Rational pricing in defending margins

Market share: **11.2%** in 1H 12 vs. **11.0%** in 1Q 12 & **11.3%** at YE 11

FC Loan Growth[3]:

Bank-Only - Q-o-Q and US$

-1% vs. Sector's -0.7%

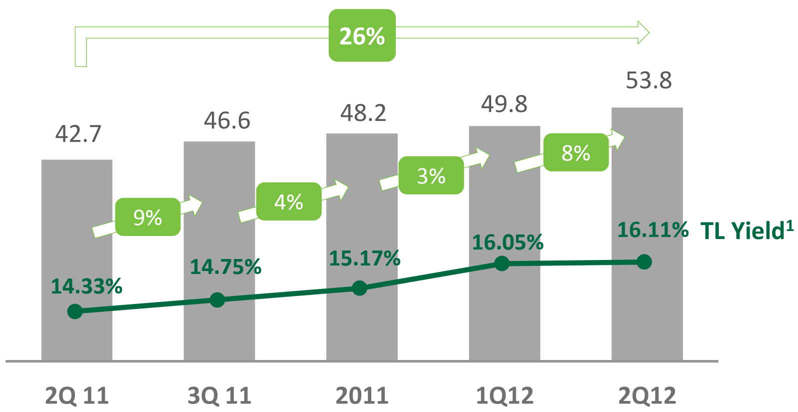
- Focus on profitability rather than volume growth

Market share: **18.4%** in 1H12 vs. **18.4%** in 1Q 12 & **18.5%** at YE 11

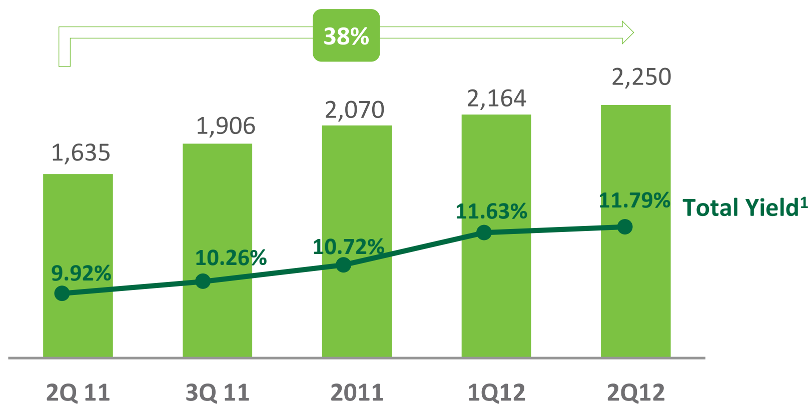
1 Cash Loans
2 Based on bank-only MIS data
3 Based on bank-only financials for fair comparison with the sector. Sector data is based on BRSA weekly data for commercial banks

Rising trend in loan yields remains

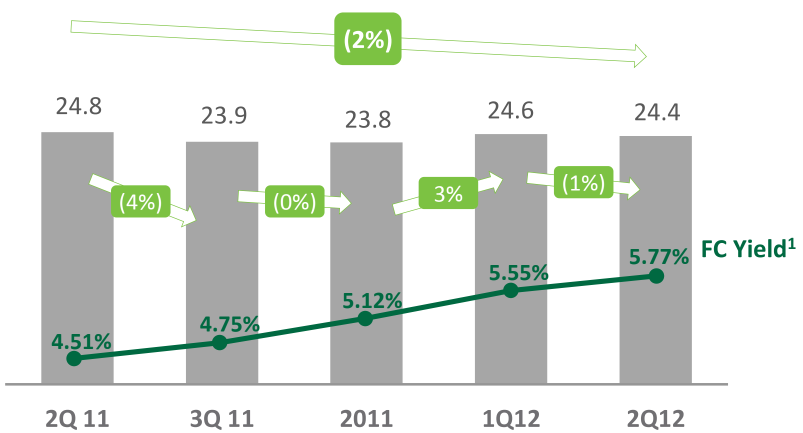
TL Loans (TL billion)



Interest Income on loans (quarterly – TL billion)



FC Loans (US$ billion)



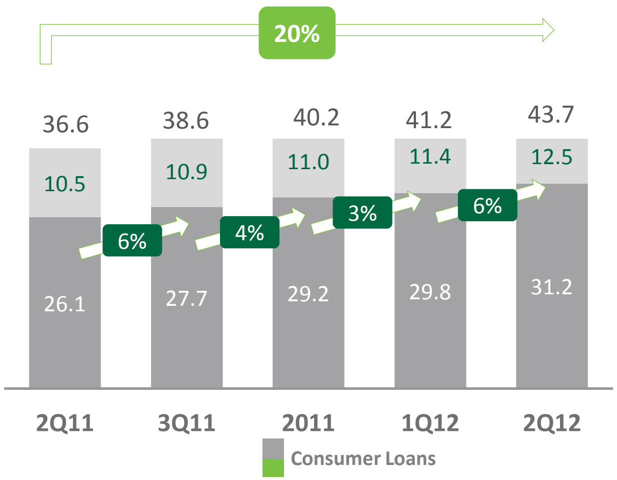
Upward trend
in loan yields **continued**

- timely loan re-pricing
- avoid uneconomic pricing competition
- focus on lucrative products

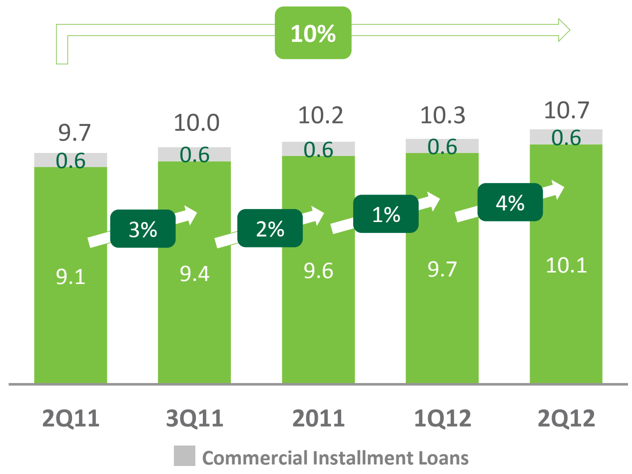
1 Based on bank-only MIS data and calculated using daily averages

Healthy market share gains in high margin retail loans

Retail Loans[1] (TL billion)



Mortgage (TL billion)

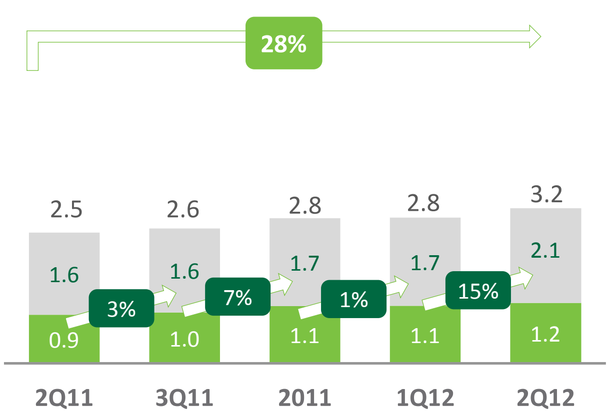


GPL & Mortgage Market Share (YTD)

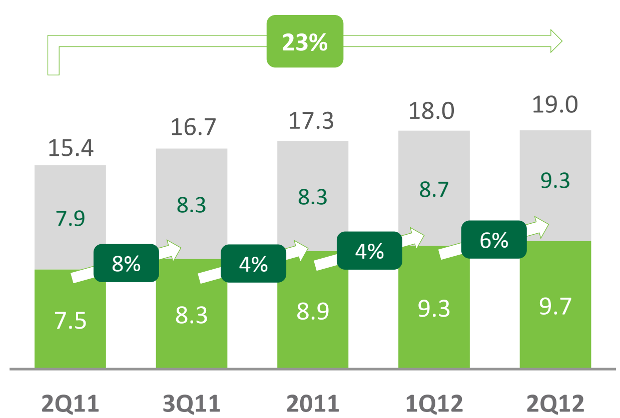
+7 bps in GPL

+15 bps in Mortgage

Auto Loan (TL billion)



General Purpose Loan[5] (TL billion)



Market Shares[2,3]

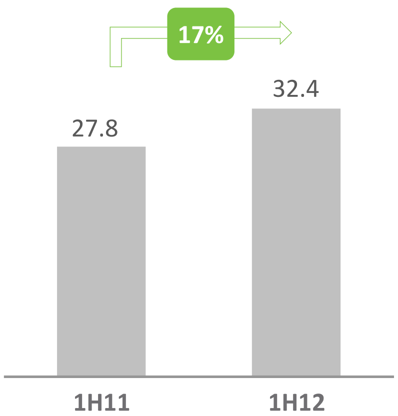
	YTD	Jun' 12	Rank[4]
Mortgage	↑	13.5%	#1
Auto	↑	15.3%	#3
General Purpose[5]	↑	10.7%	#2
Retail[1]	↓	12.8%	#2

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 1Q12 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

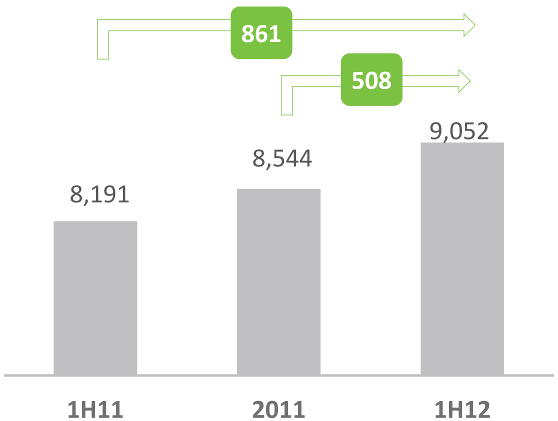
Per Debit Card Spending

~2.5x the sector

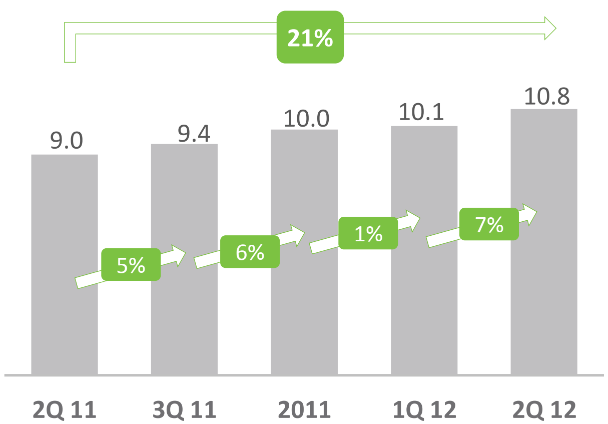
... with the ultimate aim of creating cashless society

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

No. of Credit Cards (thousand)



Credit Card Balances (TL billion)



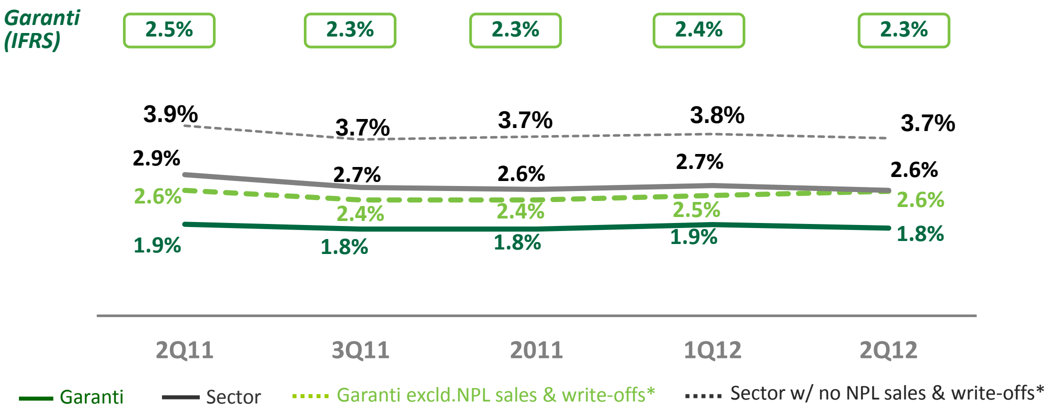
Market Shares

	YTD Δ	Jun' 12	Rank
Acquiring	-116 bps	18.8%	#2
Issuing	-78 bps	18.1%	#1
# of CCs	+39 bps	17.0%	#1
POS[1]	+110 bps	18.7%	#1
ATM	-12 bps	9.9%	#3*

* Among private banks
1 Including shared POS
2 Annualized
Note: All figures are bank-only except for credit card balances

Sustained sound asset quality

NPL Ratio[1]



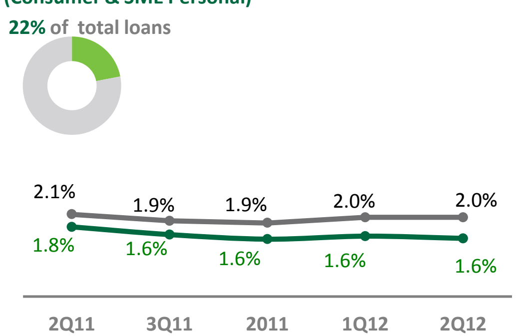
* Adjusted with write-offs in 2008,2009,2010,2011 & 1H 12.

Normalizing NPL formations

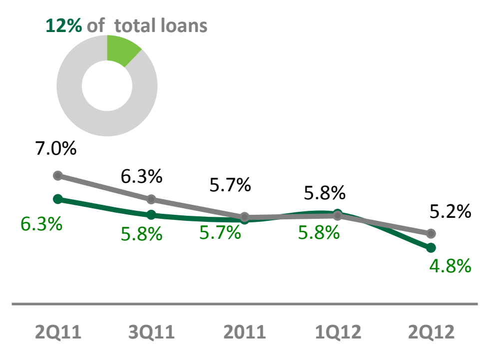
- As expected
- Mainly driven by credit cards
  -- initial impact of revised regulation on credit cards
- Temporary effect of a few commercial files w/ strong collateralization

NPL Categorisation[1]

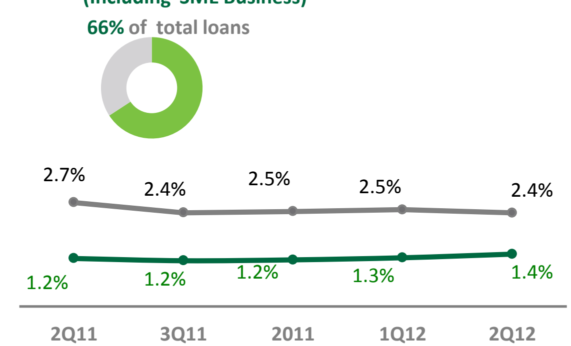
Retail Banking
(Consumer & SME Personal)



Credit Cards



Business Banking
(Including SME Business)

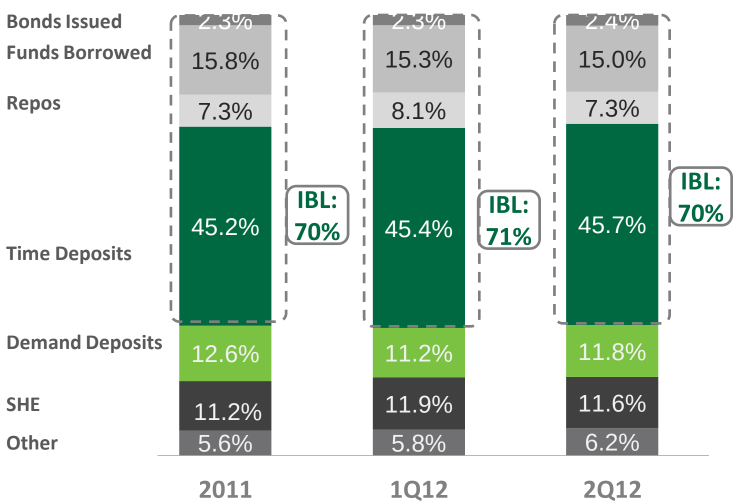


Garanti Sector

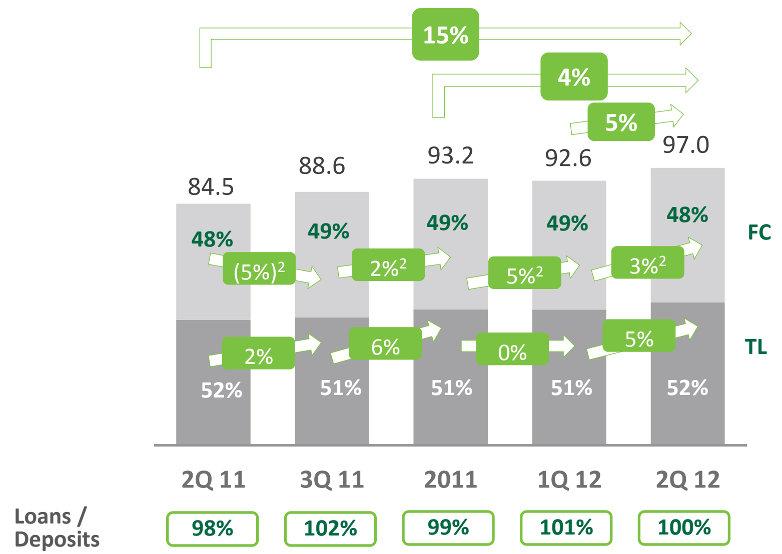
1 NPL ratio and NPL categorisation for Garanti and sector figures are per BRSA bank-only data for fair comparison.
Source: BRSA, TBA & CBT

Solid funding mix – well diversified and actively managed

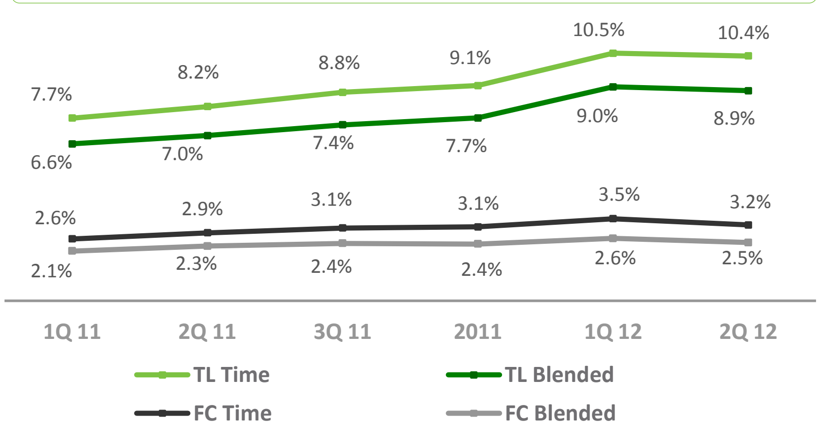
Composition of Liabilities



Total Deposits (TL billion)



Cost of Deposits[1] (Quarterly Averages)



Loans/Deposits

~60%

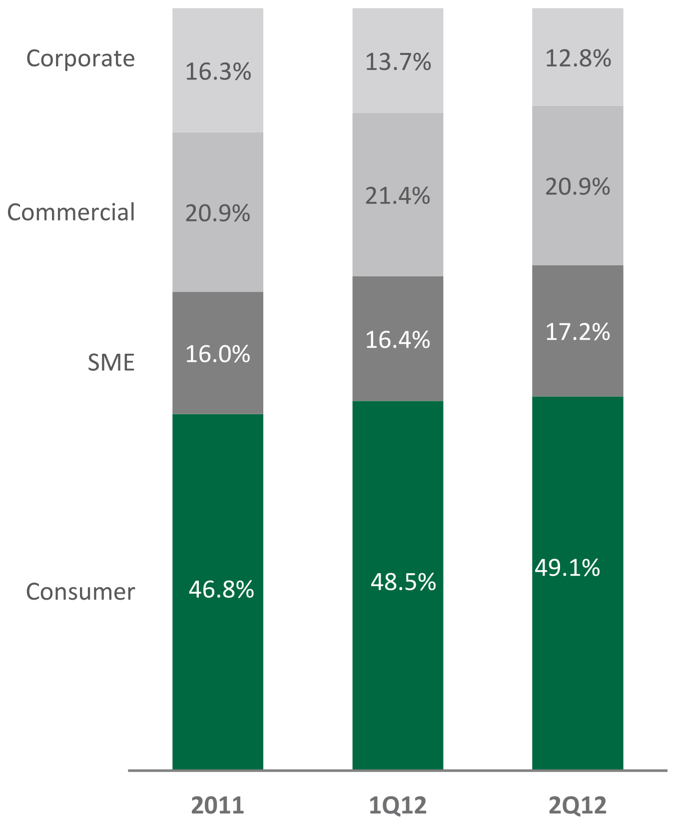
when loans* with maturity of >3yrs are excluded

- Focus on **sustainable and lower cost** mass deposits
- FX funding supported by **L/T bank deposits** of ~$1.2bn with >1yr maturity at an average cost of 3%

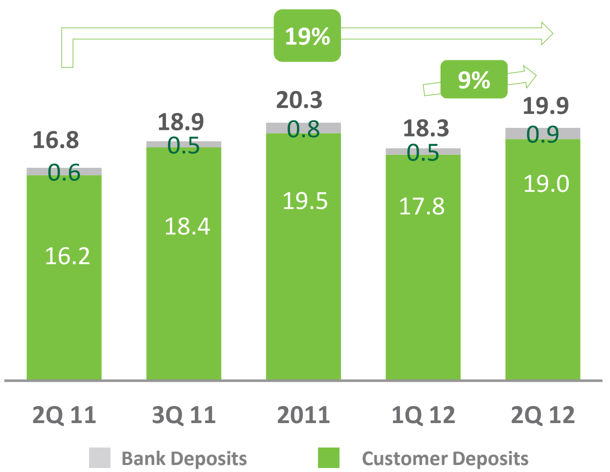
1 Based on bank-only MIS data
2 Growth in USD terms
*Defined as mortgages, profect finance loans, investment loans and no export obligation loans

Deposit heavy funding remains with emphasis on sustainable and lower cost mass deposits -- Retail-based deposits reached 66% of total

Deposits by LOB[1] (Excluding bank deposits)



Demand Deposits (TL billion)



Demand Deposits/ Total Deposits

19% vs. Sector's 17%

21% per IFRS figures

Sizeable demand deposit level maintained

>14%

Customer demand deposits market share[2]

Further increased share of mass deposits in total

«Consumer+SME»

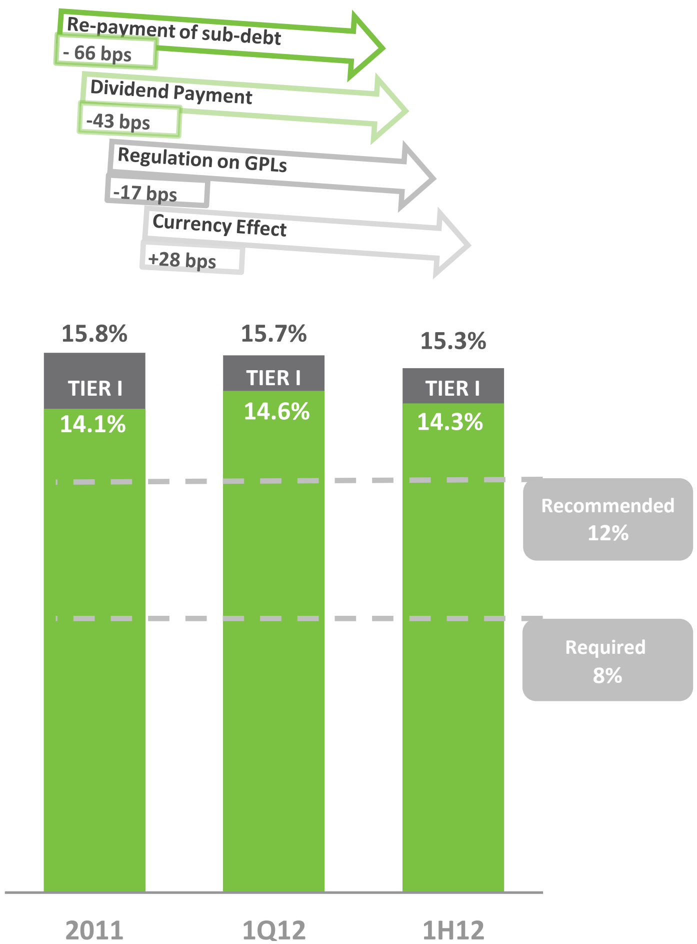
up to **66%**

from **63%** at YE11

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

High internal capital generation capability bolsters strong capitalization ratios

CAR & Tier I Ratio[1]



Comfortable level of free funds:
~1/5th of the assets are funded via free funds

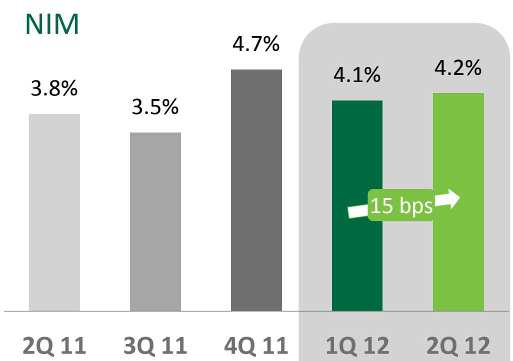
Basel II effect on CAR to be negligible

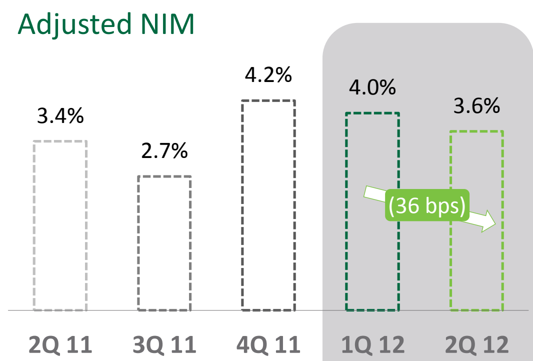
Leverage
8x

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

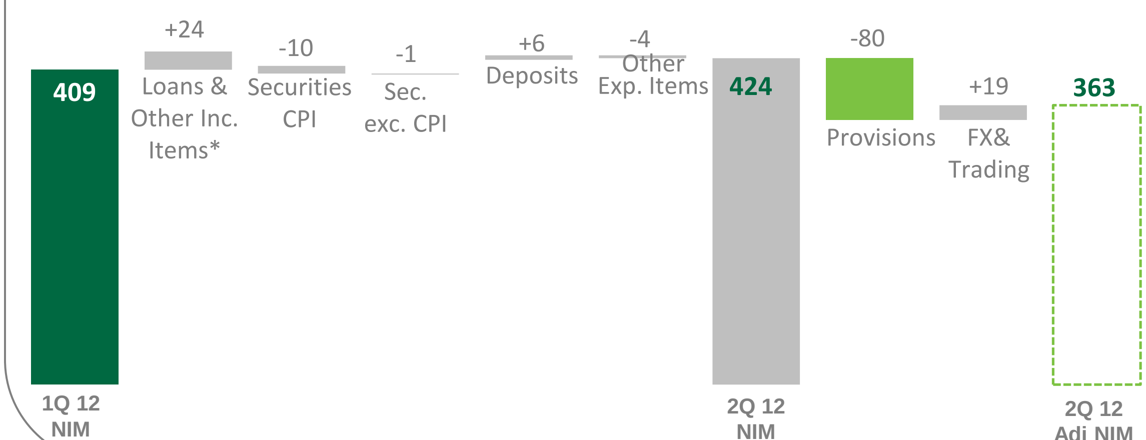
Strong margin performance despite slightly lower quarterly income on CPI linkers

Quarterly NIM (Net Interest Income / Average IEAs)





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



Margin expansion
15bps qoq
+24bps when volatility from CPI linkers are excluded

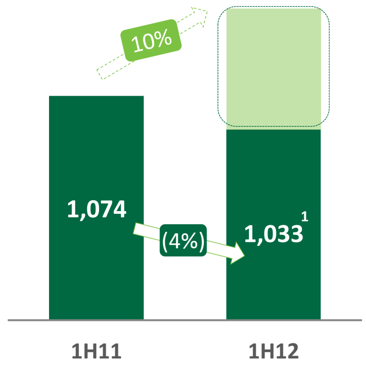
Q-o-Q improvement in L/D spreads by ~40bps

Squeeze in Adj. NIM
High provisions due to;
- normalizing NPL inflows,
- relatively high general provisions
- alignment of cash coverage to pre-NPL sale level

Source: BRSA Consolidated financials
* Due to reclassification of certain income items under other, loans and other income items are shown together to reflect comparable trend
Adjustments to NIM: Net Interest Income/ Average IEA adjusted by FX gain/loss, provision for loans and securities, and net trading income/loss

Continued focus on sustainable revenues reflects the highest ordinary banking income generation capacity

Net Fees & Commissions TL Million



- **Leader in Ordinary Banking Income[4] generation** with the highest Net F&C market share
- **Leader in interbank money transfer** 17% market share vs. the peer's average ~10%
- **Highest payment systems commissions per volume** 1.7% vs the peer's average 1.3%[5]
- **#1 in bancassurrance**
- **Strong presence in brokerage** ~6% market share

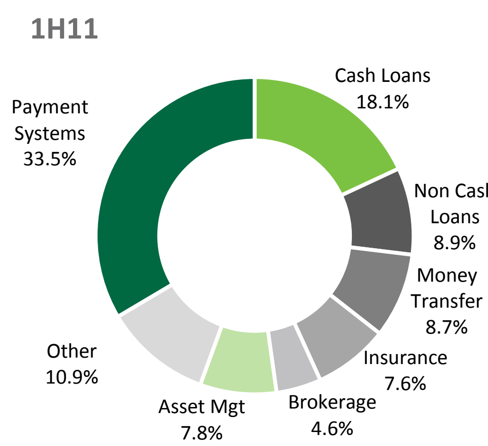
Further **diversified & sizeable** fee base

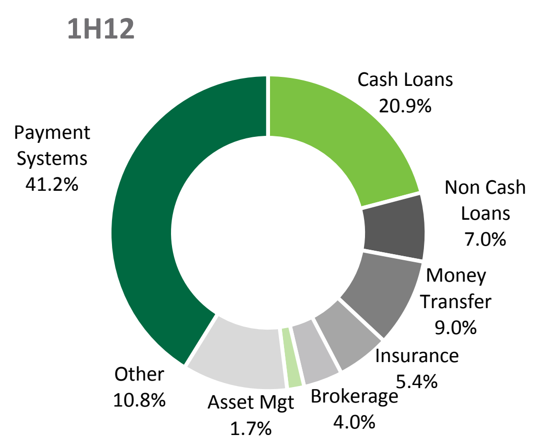
Y-o-Y growth:

+ Cash loans[2]	**25%**
+ Money transfer	**13%**
+ Payment Systems	**33%**

Money Transfer, Non-cash loans and Insurance fees were the main contributors in 2Q

Net Fees & Commissions Breakdown [2,3]





1 1H12 cash loan origination fees are accounted for on an accrual basis per methodolgy change
2 Breakdown is on a comparable basis to same period last year 3 Bank-only MIS data
4 Defined as; net interest income adjusted with provisions for loans and securities, net FX and trading gains + net fees and commissions
5 Peer average as of 1Q12

Differentiated business model leading to consistent delivery of outstanding results

(TL Million)	1H 11	1H 12	% Change
(+) NII- excl. inc on CPIs	1,810	2,116	17%
(+) Net fees and comm. – on a comparable basis	1,074	1,180	10%
(-) Net loan loss prov. -- exc. one-offs	-27	-295	n.m.
= CORE BANKING REVENUES	**2,858**	**3,001**	**5%**
(+) Income on CPI linkers	517	942	82%
(+) Trading & FX gains	324	149	-54%
(+) Other income -before one-offs	284	245	-14%
(-) OPEX	**-1,704**	**-1,932**	**13%**
(-) Taxation and other provisions	-495	-458	-7%
= NORMALIZED NET INCOME	**1,783**	**1,948**	**9%**
(-) Regulatory & One-off effects (post -tax)	114	-188	-266%
(+) NPL sale	*43*	*25*	*-42%.*
(-) One-offs on specific prov.	*0*	*-67*	*n.m.*
(+) Proceeds from insurance and pension & life business subsidiaries stake sale	*85*	*0*	*n.m.*
(+)Mastercard and Visa	*76*	*0*	*n.m.*
*(+)Regulatory effect on fees**	*0*	*-147*	*n.m.*
(+)Free provision	*-90*	*0*	*n.m.*
= NET INCOME	**1,897**	**1,759**	**-7%**

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

Quarterly drop due to the timing of account maintenance fees

Low OPEX base in 1H11, due to larger implementation of the efficiency improvement project hitting the period

OPEX/Avg. Assets
2.3%
Down from 2.4% in 1H11

Fees/OPEX
61% on adjusted basis*
vs. **53%** on reported basis

Cost/Income
45%

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

Appendix

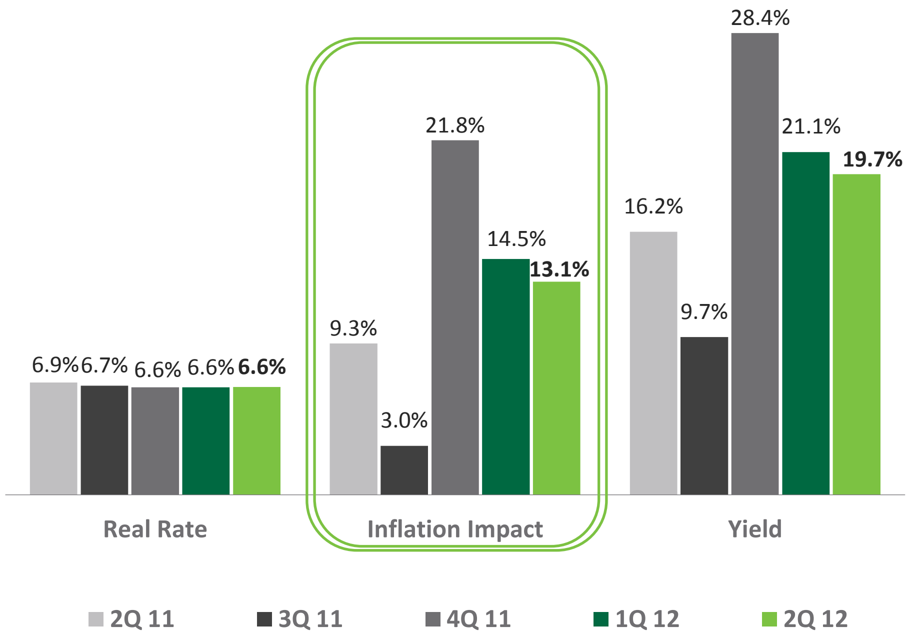
Balance Sheet - Summary

	(TL million)	Dec-11	Mar-12	Jun-12	YTD Change
Assets	Cash &Banks	18,663	16,068	14,885	-20%
	Securities*	36,361	40,189	40,765	12%
	Loans to Customers	92,654	93,113	97,268	5%
	Tangible Assets	1,711	1,633	1,618	-5%
	Other	12,012	12,457	14,305	19%
	TOTAL ASSETS	**161,401**	**163,460**	**168,841**	**5%**
Liabilities&SHE	Deposits from Customers	90,139	88,995	91,418	1%
	Deposits from Banks	3,097	3,611	5,612	81%
	Repo Obligations	11,738	13,173	12,245	4%
	Bonds Issued	3,742	3,751	4,005	7%
	Funds Borrowed	25,448	24,993	25,382	0%
	Other	9,087	9,512	10,643	17%
	SHE	18,150	19,424	19,536	8%
	TOTAL LIABILITIES & SHE	**161,401**	**163,460**	**168,841**	**5%**

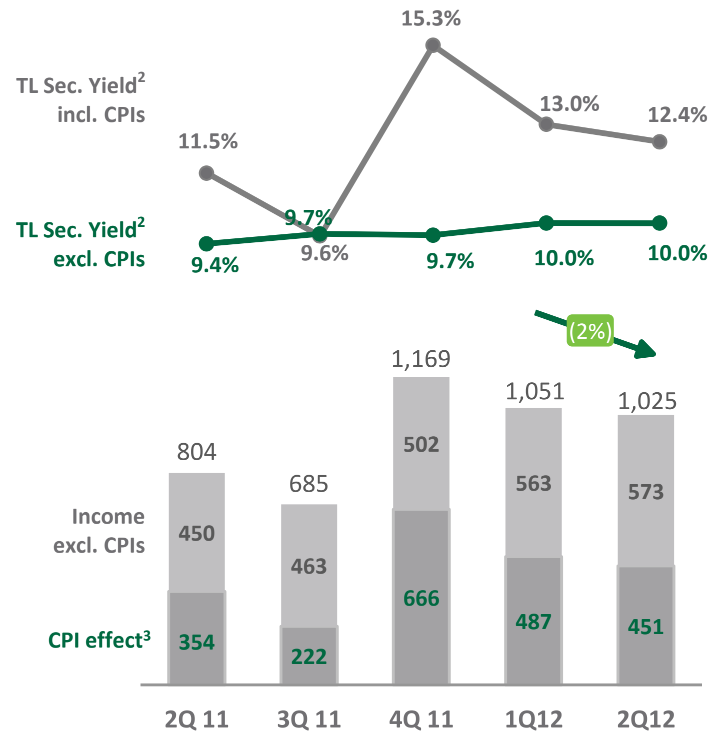
* Securities = Financial assets at fair value through profit or loss+Investment securities

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

Drivers of the Yields on CPI Linkers[2] (% average per annum)



Interest Income[1] & Yields on TL Securities (TL billion)



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

Details of select items in funding base (I/II)

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)

2Q 12:

- TL 480 million bond with 102 days maturity, at a cost of 9.80% (Roll-over)
- TL 481 million bond with 179 days maturity, at a cost of 10.07% (Roll-over)
- TL 426 million bond with 91 days maturity, at a cost of 10.04% (Roll-over)
- TL 574 million bond with 179 days maturity, at a cost of 10.33% (Roll-over)

Details of select items in funding base (II/II)

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.

2Q 12:

- Secured EUR 1 billion 1 year syndicated loan, comprising two separate tranches in the amount of US$ 307.3 million and €768.1 million. The all-in cost has been realized as LIBOR+1.45% and EURIBOR+1.45%, respectively.

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