Earnings
Presentation

June 30, 2013

IFRS Financials

Garanti

2Q 2013 Macro Highlights

Mixed outlook on global growth with extreme volatility and uncertainty as Fed sees stimulus winding down

- "Tapering" of the accommodative Federal Reserve monetary policy and market's perception that the Fed's quantitative easing program would end sooner than had been expected triggered a sharp sell-off in EM bonds, equities, and currencies.
- The eurozone economy remained relatively stagnant suggesting the worst of the recession has passed.
- Global volatility and weak growth in China weighed heavily on EM equities and commodity prices. Gold prices were down 23% as Brent oil finished the quarter down 7%.
- The Fed's exit plans added to worries about slowing growth across the emerging world, rising interest rates, currency weakness and instability in major markets like Brazil and Turkey.

Investment grade ratings suppressed under changing global dynamics, less optimism on growth, weaker currency, rising inflation, external vulnerabilities and political tension

- 1Q GDP growth was 3% YoY -- moderate improvement but weaker positive outlook
  - growth dynamics changed: positive support by domestic demand led by government expenditures as external demand contributed negatively
  - ongoing contraction in private sector investment expenditures
- Rising during April and May, 12m current account deficit increased to US$ 53.6 billion as of May -- uncertainties remain regarding improvement in domestic demand and global economic growth signaling limited external demand contribution
- Yearly inflation rose to 8.3% at the end of 2Q13 from 7.3% at 1Q13 -- depreciation in TL is an upward risk, however, uncertainty regarding the growth outlook may limit the negative impact.
- CBRT gradually cut policy rate by 100 bps from 5.50% in 1Q13 to 4.5% as of 2Q13 and continued to utilize multiple tools in order to support financial stability – moved the interest rate corridor lower by 100 bps, increased reserve requirement on FC liabilities and Reserve Option Coefficient for holding FC instead of TL.
- After having depreciated by 0.7% against the currency basket in 1Q13, TL depreciated with an acceleration by 2.6% in 2Q13.
- Benchmark bond yield, that fell below 6.4% at the end of 1Q13 and further to below 4.7% in May, increased to 7.5% at the end of the 2Q13 and hit 9.6% on July 11, a record high since 2Q12.

1H 2013 Highlights

Increasingly customer-driven asset mix

Lending strategy -- Chasing profitable growth opportunities

- TL lending -- solid growth with selective market share gains. Main drivers:
  - lucrative retail products : Mortgages (10% q-o-q) [1], GPLs (9% q-o-q) [1] & Auto loans (6% q-o-q) [1]
  - mid&long- term TL working capital loans
- FC lending: Awaited pick-up started in 2Q, with project finance loans in energy & utilities
  - Growth : 2Q13: 5% vs. 1Q 13: 1%

Actively shaped & FRN-heavy securities portfolio – Securities/Assets: 20%

Liquid, Low Risk & Well-Capitalized Balance Sheet

Solid & well-diversified funding mix providing comfortable liquidity

- Deposits fund 57% of assets
- **>22%** of total customer deposits are demand deposits
- Opportunistic utilization of alternative funding sources to effectively manage costs & duration mismatch

Risk-return balance priority

- Sound asset quality – declining new NPL inflows, continued progress in collections
- Prudent coverage and provisioning levels

Well-capitalization

- Basel II CAR [1] : 15.2%, Leverage:8x

Strong Core Banking Revenues

Efficient Cost Management

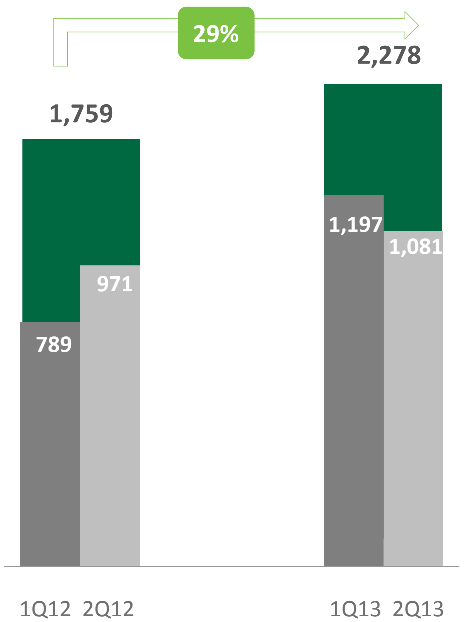
Healthy profit generation

- Comparable* net income up by 37% y-o-y; ROAE: 21.2%; ROAA: 2.6%,
- Well-defended margin
- Outstanding performance in sustainable revenue growth -- #1 in net fees & commissions
- Strict cost discipline

* Please refer to slide 17 for comparable net income analysis
1 Based on BRSA Consolidated Financials

Solid profit on the back of strong balance sheet

Net Income (TL million)



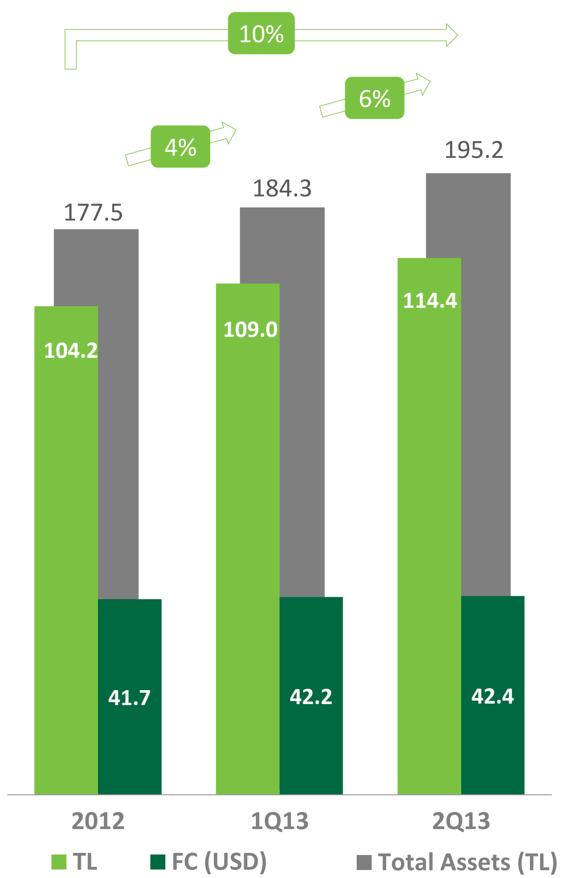
ROAE: 21.2%

ROAA: 2.6%

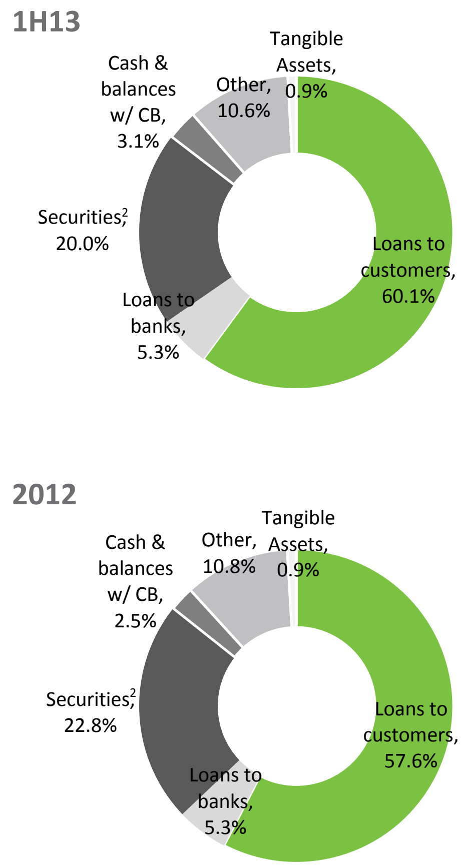
	(TL Million)	1Q13	2Q13	∆ QoQ	
(+)	NII- excl .income on CPI linkers	1,467	1,494	2%	Well-defended NII
(+)	Net fees and comm.	664	645	-3%	Quarterly drop due to timing of account maint. fees. Robust Y-o-Y growth @ 27%
(-)	Net LLP - exc. one-offs effects	(286)	(361)	26%	Prudent coverage and provisioning levels
=	**CORE BANKING REVENUES**	**1,845**	**1,778**	**-4%**	
(+)	Income on CPI linkers	517	395	-24%	Based on actual monthly inflation readings
(+)	Trading & FX gains	239	135	-44%	Capital gain realizations
(+)	Other income -before one-offs	133	150	13%	
(-)	OPEX -before one-offs	(1,040)	(1,115)	7%	On track with budget
(-)	Other provisions & Taxation	(342)	(265)	-23%	
=	**BaU NET INCOME** (exc. non-reccuring items)	**1,352**	**1,077**	**-20%**	
	(+) NPL sale	*-*	*35*	*n.m*	
	(+) Free Provision Reversal	*55*	*5*	*n.m*	
	(-) Payment systems tax penalty expense	*-*	*(24)*	*n.m*	
	(-) Saving Deposits Insurance Fund expense	*-*	*(13)*	*n.m*	
	(-) Competition Board Fine	*(160)*	*-*	*n.m*	
	(-) Various tax fine provisions	*(50)*	*-*	*n.m*	
=	**NET INCOME**	**1,197**	**1,081**	**-10%**	**ROBUST PROFITABILITY**

Increasingly customer-driven asset composition

Total Assets (TL/USD billion)



Composition of Assets



Loans[1]/Assets

60%

Increasing weight of customer driven assets

Growth:

Loans[1]

2Q: +10%

1Q: +4%

Securities[2]

2Q: -6%

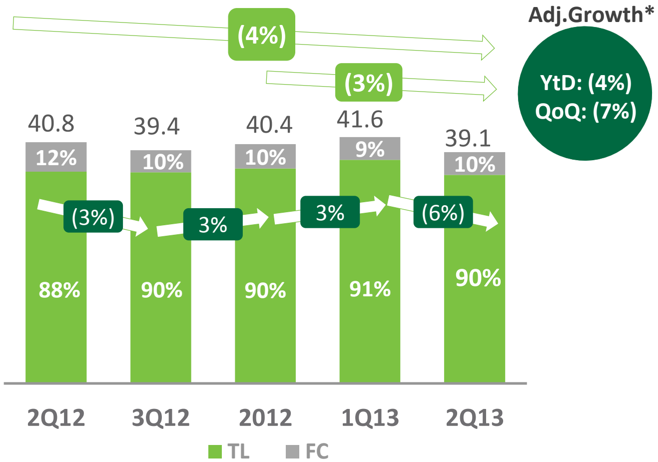
1Q: +3%

1 Loans to customers

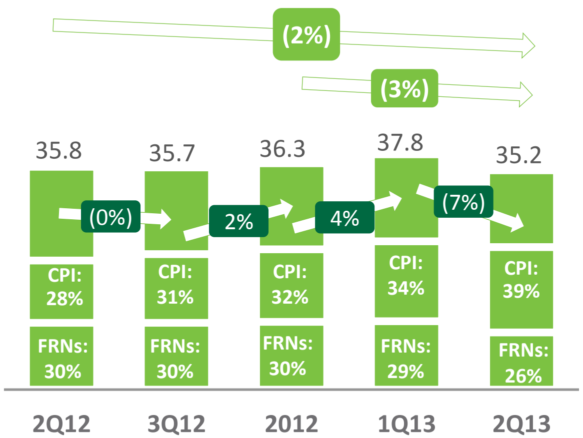
2 Securities = Financial assets at fair value through profit or loss+ Investment securities

Actively shaped & FRN-heavy securities portfolio

Total Securities (TL billion)



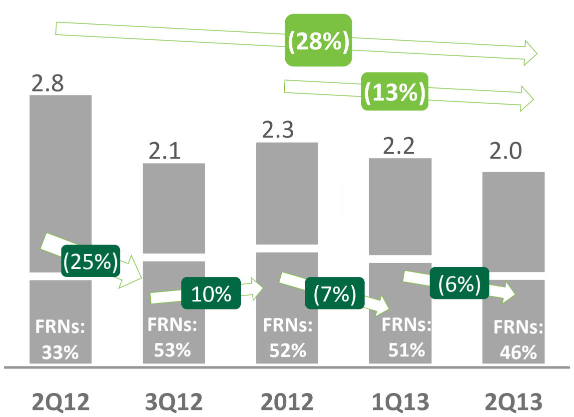
TL Securities (TL billion)



Total Securities Composition

Unrealized loss (pre-tax)
as of June-end ~TL 270mn

FC Securities (USD billion)



Securities/Assets

20%

hovering around its lowest levels

- Shrinkage in TL securities q-o-q, due to **redemptions** & **capital gain realizations**
- Security **additions** to the portfolio, **to timely & strategically manage the book**, fell short of offsetting the disposals & redemptions

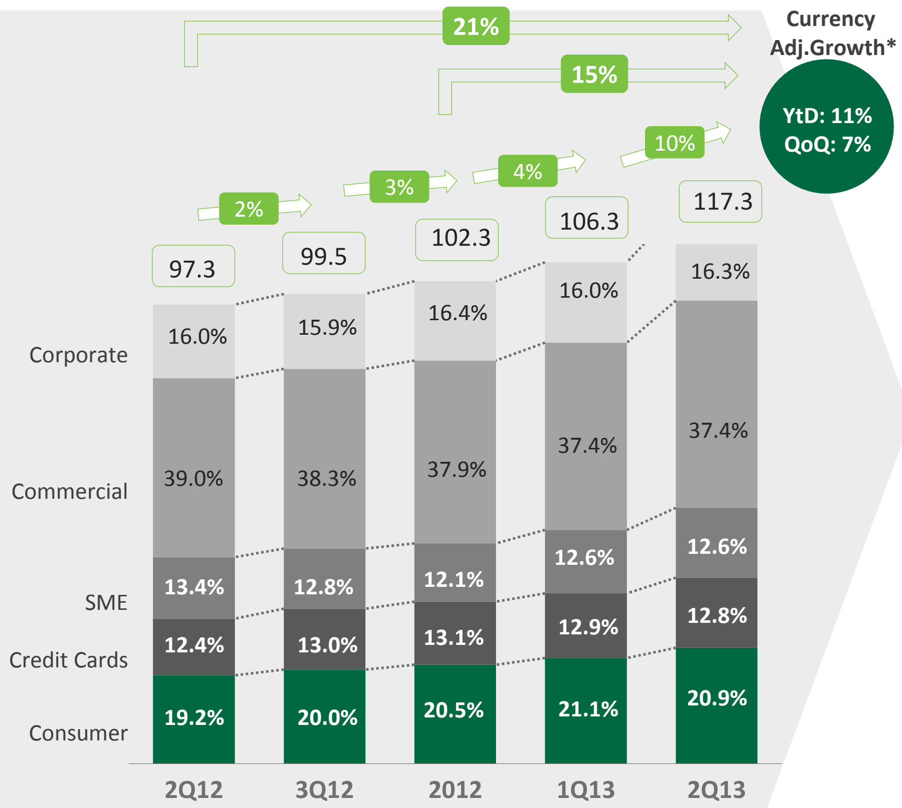
FRN mix[1] in total

64%

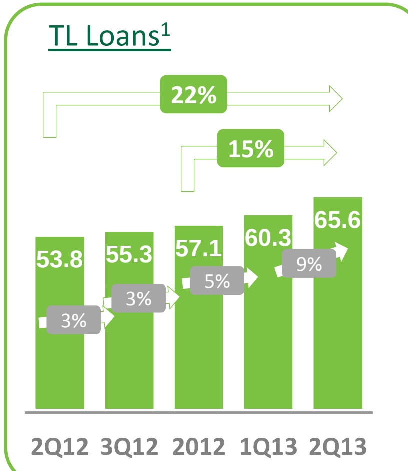
1 Based on bank-only MIS data
Note: Fixed / Floating breakdown of securities portfolio is based on bank-only MIS data.
*YtD adj. growth is calculated with 2012 YE USD/TL exchange rate of 1.76. QoQ adj. growth is calculated with 1Q13 USD/TL exchange rate of 1.785.

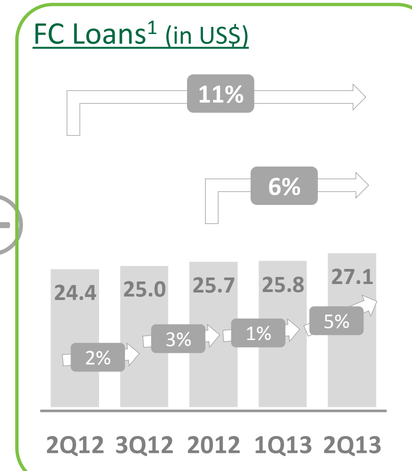
Accelerated lending growth in 2Q, with sustained focus on profitability

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



TL (% in total)	55%	56%	56%	57%	56%
FC (% in total)	45%	44%	44%	43%	44%
US$/TL	1.780	1.772	1.760	1.785	1.905





Main drivers:

- **Lucrative retail products**
- **Mid & long-term TL working capital loans** with relatively higher yields
- **Project Finance loans** in energy & utilities

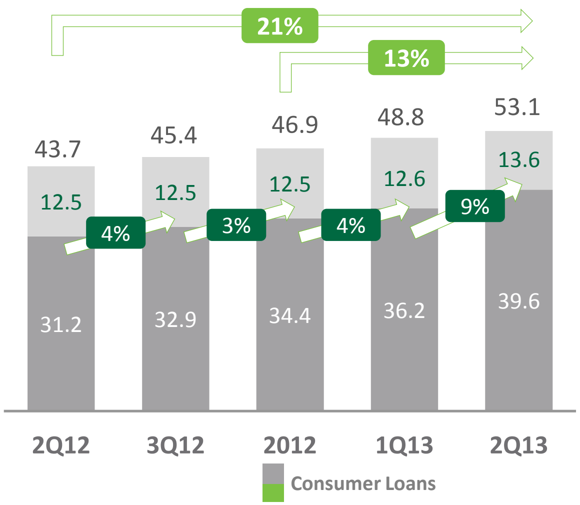
Market share[3]:
11.0% at 2Q13 vs.
10.9% at 1Q13 & **10.8%** at YE12

Market share[3]:
17.6% at 2Q13 vs.
18.2% at 1Q13 & **18.3 %** at YE12

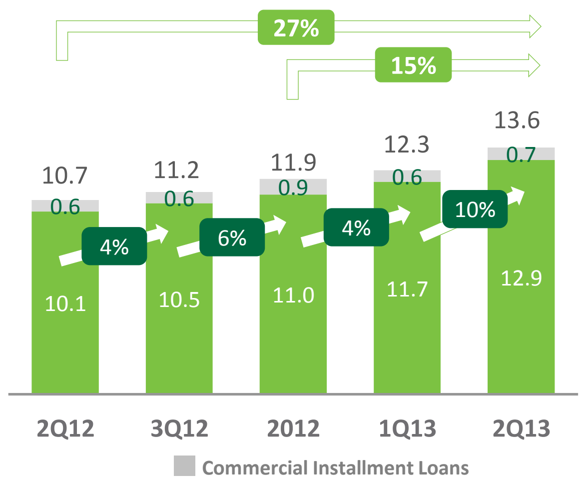
1 Performing cash loans
2 Based on bank-only MIS data
3 Sector data is based on BRSA weekly data for commercial banks only
*YtD adj. growth is calculated with 2012 YE USD/TL exchange rate of 1.76. QoQ adj. growth is calculated with 1Q13 USD/TL exchange rate of 1.785.

Lucrative retail loans led the acceleration in lending growth

Retail Loans[1] (TL billion)

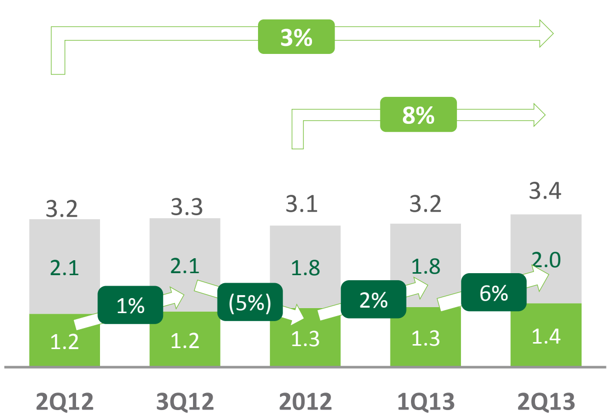


Mortgage (TL billion)

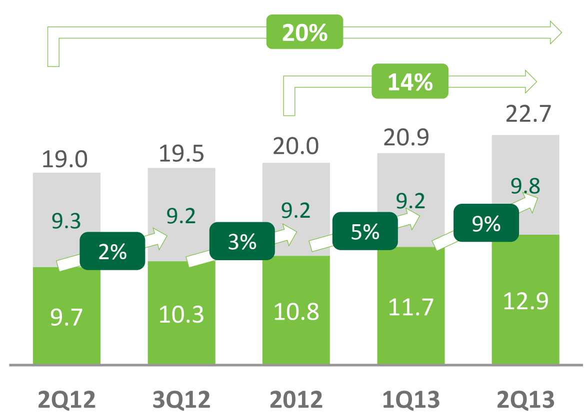


- **Rational pricing** stance supporting margins
- Generating **cross-sell** & increasing **customer retention**

Auto Loan (TL billion)



General Purpose Loan[5] (TL billion)



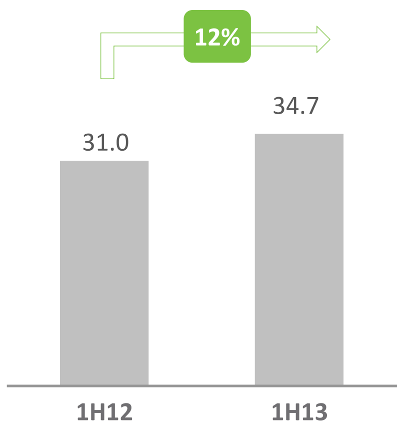
Market Shares[2,3]

	QoQ	June'13	Rank[4]
Mortgage	↑	13.7%	#1
Auto	↑	17.1%	#2
General Purpose[5]	↓	10.3%	#2
Retail[1]	↔	12.6%	#2

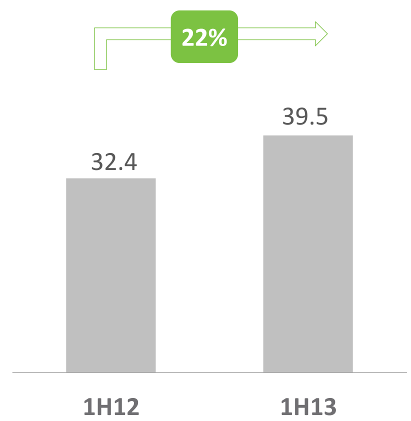
Note : Based on BRSA Consolidated Financials
1 Including consumer, commercial installment, overdraft accounts, credit cards and other
2 Including consumer and commercial installment loans
3 Sector figures are based on bank-only BRSA weekly data, commercial banks only
4 As of 1Q13, among private banks
5 Including other loans and overdrafts

Solid market presence in payment systems -- good contributor to sustainable revenues

Issuing Volume (TL billion)



Acquiring Volume (TL billion)



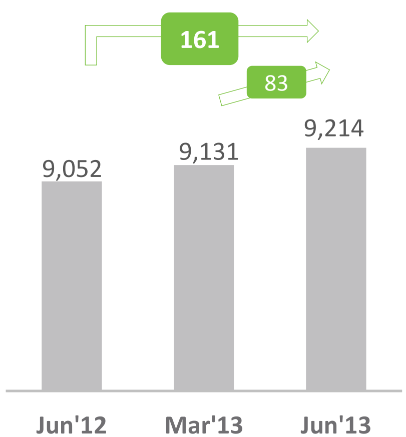
Garanti debit card spending
>2x of the sector

Strong player in the market with the ultimate aim of creating cashless society

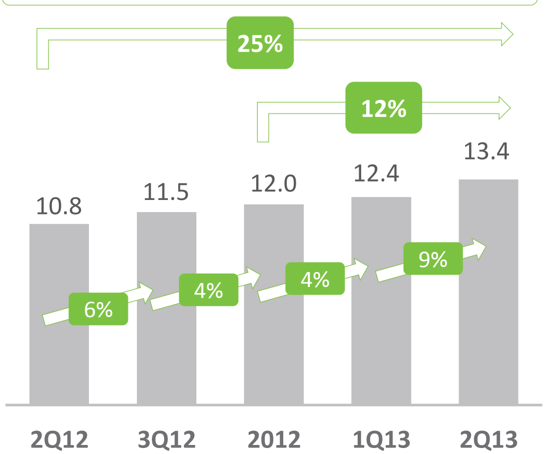
Turkey's largest Credit Card Platform: **Bonus Card**

with 11 banks under Bonus license

No. of Credit Cards (thousand)



Credit Card Balances (TL billion)



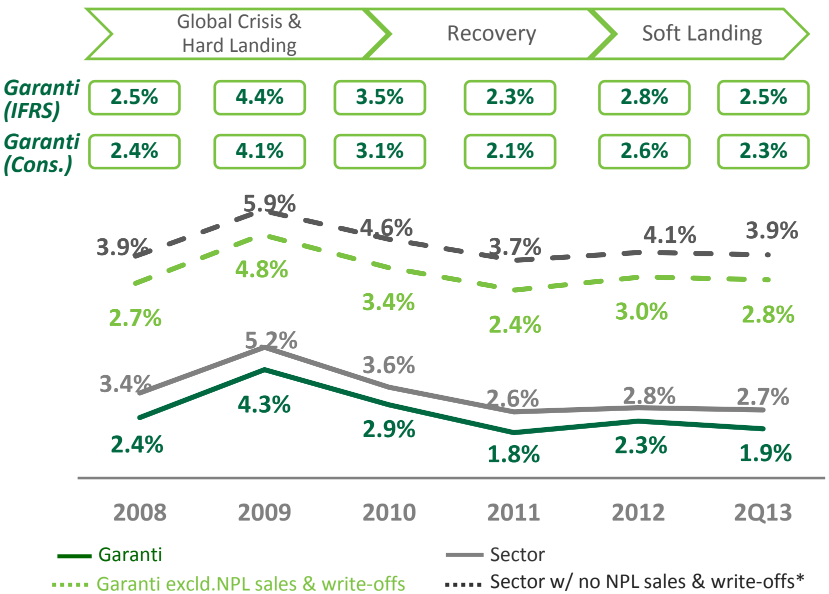
Market Shares

	YTD Δ	June'13	Rank
Acquiring (Cumulative)	↑ +8 bps	19.2%	#2
Issuing (Cumulative)	↓ -86 bps	17.0%	#2
POS[1]	↑ +28 bps	18.0%	#1
ATM	↓ -43 bps	9.2%	#3*

1 Excluding shared POS
*Among private banks
Note: All figures are per bank-only data except for credit card balances. Credit card balances are based on BRSA consolidated financials

Sound asset quality -- *declining NPL inflows, successful collection performance & debt sale in 2Q supported the NPL ratio*

NPL Ratio[1]

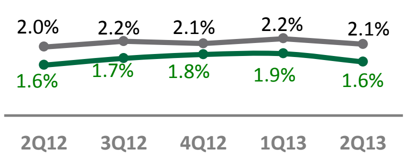


NPL formation across the board yet **at a decelerating pace**

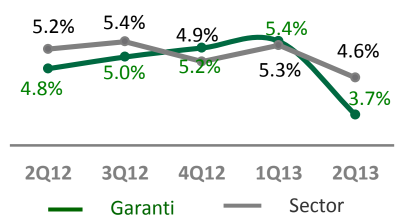
NPL sale effect on NPL ratio **+30bps**

NPL Categorisation[1]

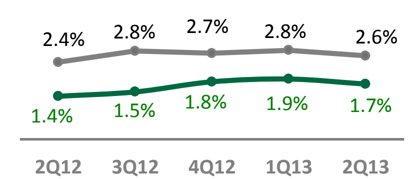
Retail Banking
(Consumer & SME Personal)
23% of total loans



Credit Cards
13% of total loans



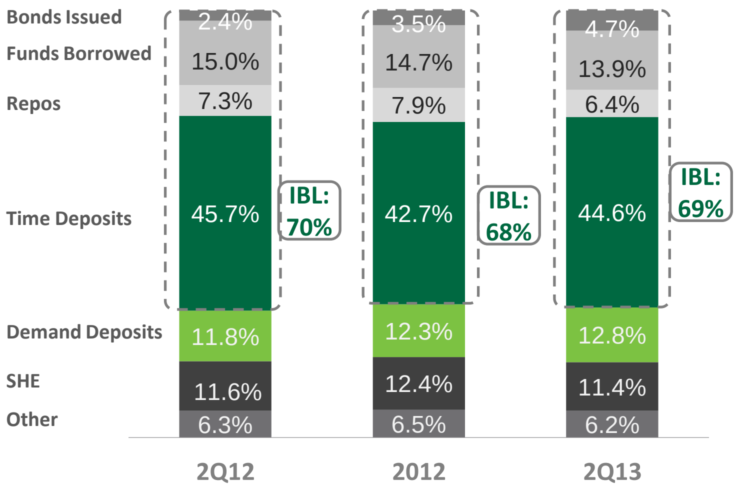
Business Banking
(Including SME Business)
64% of total loans



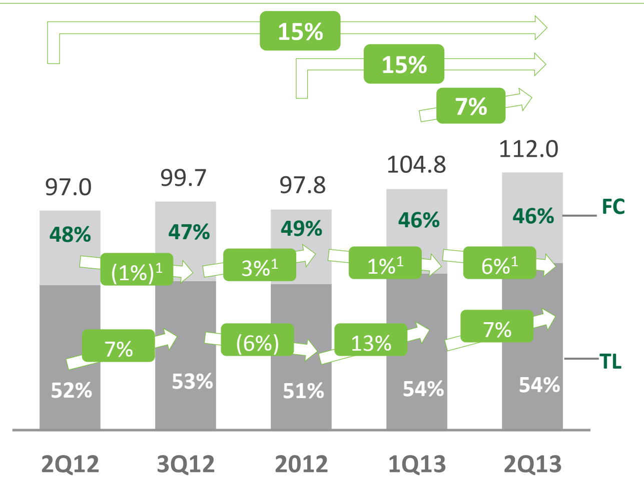
1 NPL ratio and NPL categorisation for Garanti and sector figures are per BRSA bank-only data for fair comparison
* Adjusted with write-offs in 2008,2009,2010,2011,2012 &1Q13 Source: BRSA, TBA & CBT

Solid funding mix reigned by deposits & reinforced with diversified funding sources

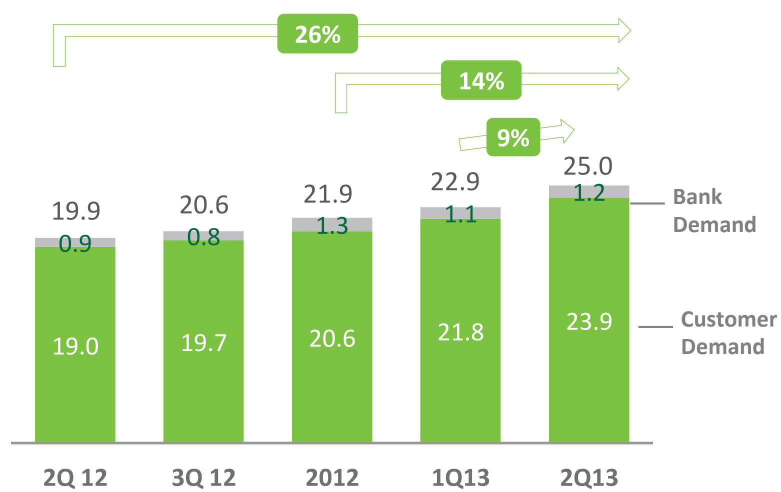
Composition of Liabilities



Total Deposits (TL billion)



Demand Deposits (TL billion)



DEPOSIT/ASSETS 57% deposit heavy funding mix maintained

Consumer+SME / Total Deposits : 63%*

>22% of total customer deposits

EXPANDING & SOLID DEMAND DEPOSIT BASE

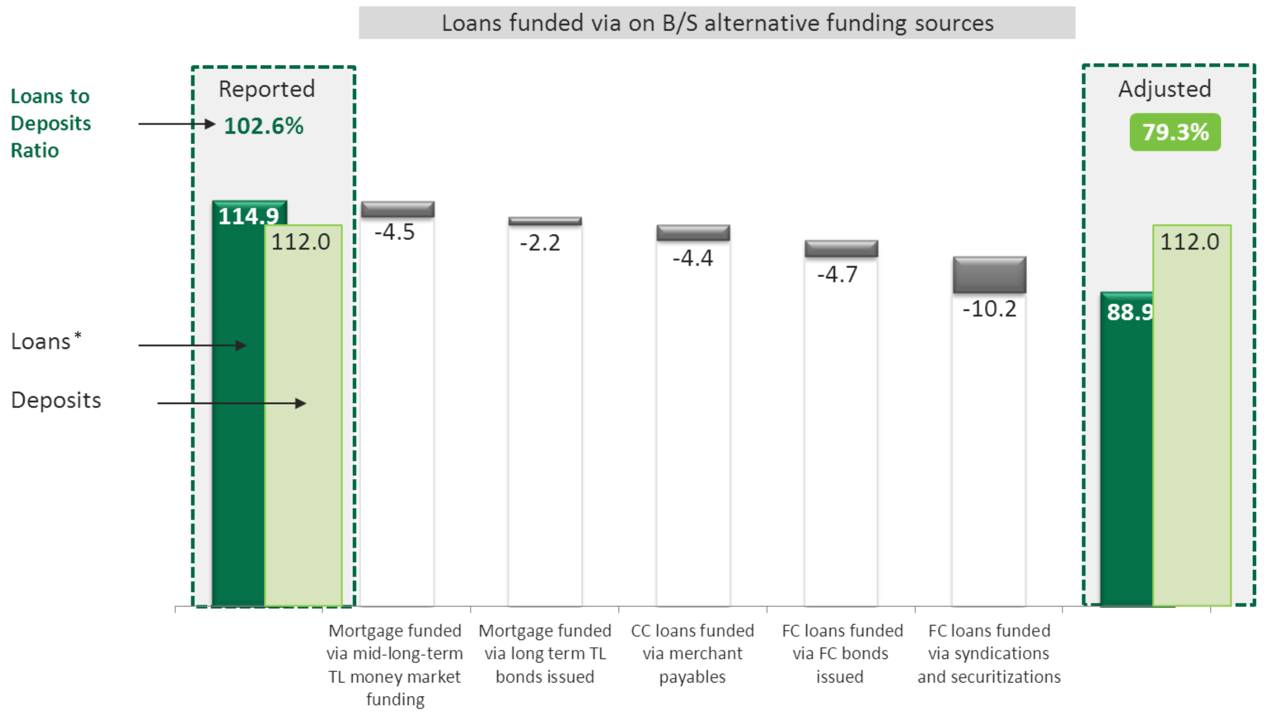
Per bank-only figures 20% vs. sector's 18%

1 Growth in USD terms

*Based on bank-only MIS data

Utilization of alternative funding sources to actively manage funding costs and duration mismatch

Adjusted LtD ratio* (TL Billion,%)



Comfortable level of LtD ratio: 79%

exclud.

long term loans funded via alternative funding sources

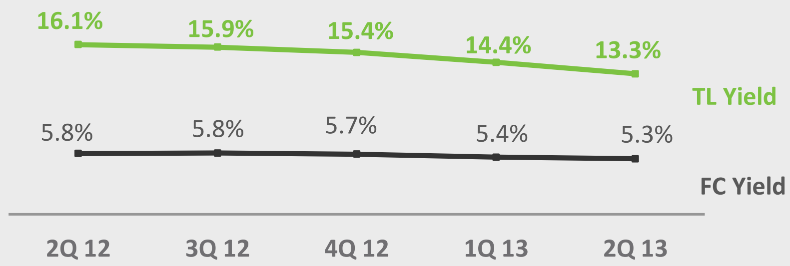
Funding base reinforced with alternative funding sources

- **Opportunistic utilization** of repos & money market borrowings
- **Issuances under GMTN program** ~USD700mn with an avg. maturity of 2 yrs
- **~TL 2.5bn** TL bonds
- **EUR 1.1bn 1 yr syndicated loan** 110% roll-over ratio at cost of L+100bps
- **TL 750 mn** TL Eurobond issuance in 1Q13 with coupon rate of 7.375%, yielding 7.5%

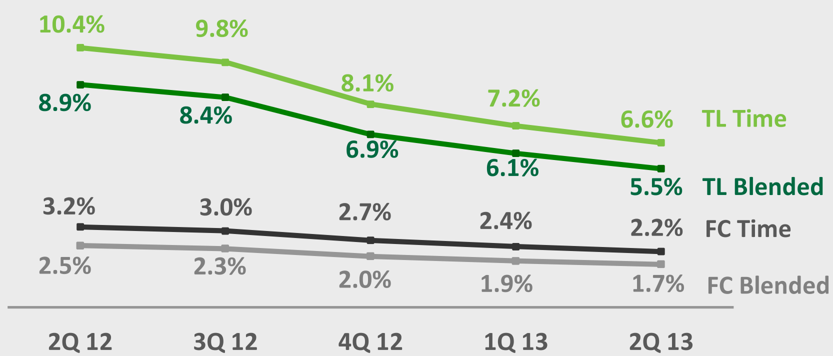
*Based on BRSA Consolidated Financials. Loans excluding leasing and factoing receivables

Declining asset yields were mostly offset with lower funding costs

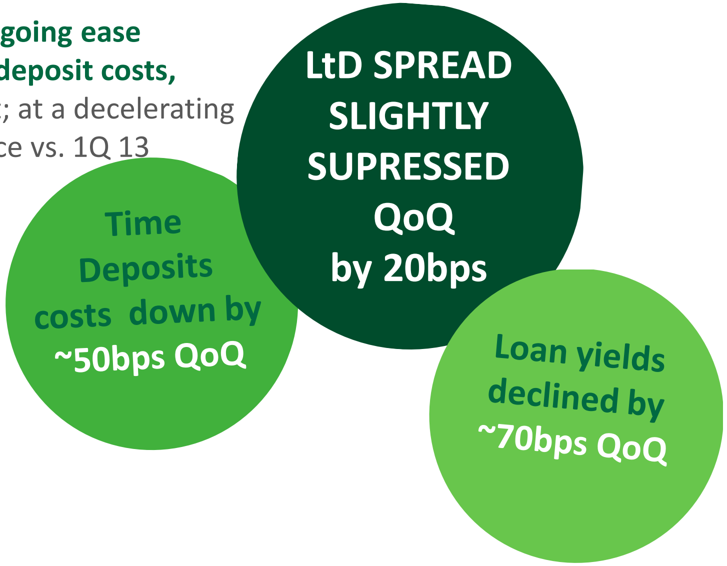
Loan Yields[1] (Quarterly Averages)



Cost[1] of Deposits (Quarterly Averages)



Ongoing ease in deposit costs, yet; at a decelerating pace vs. 1Q 13

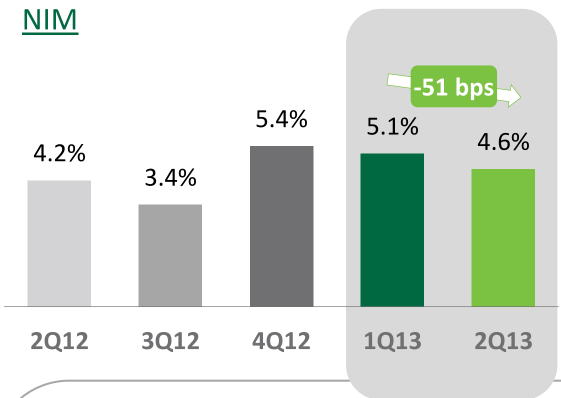


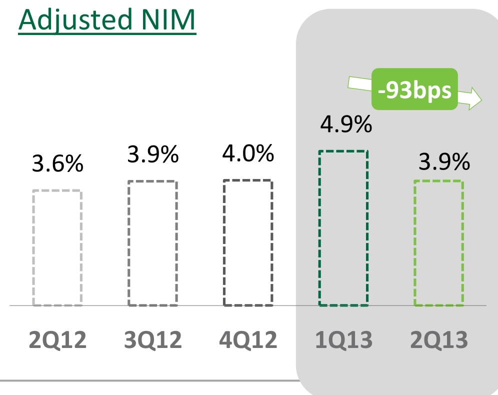
Managed drop in loan yields backed by **selective & healthy growth strategy**

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

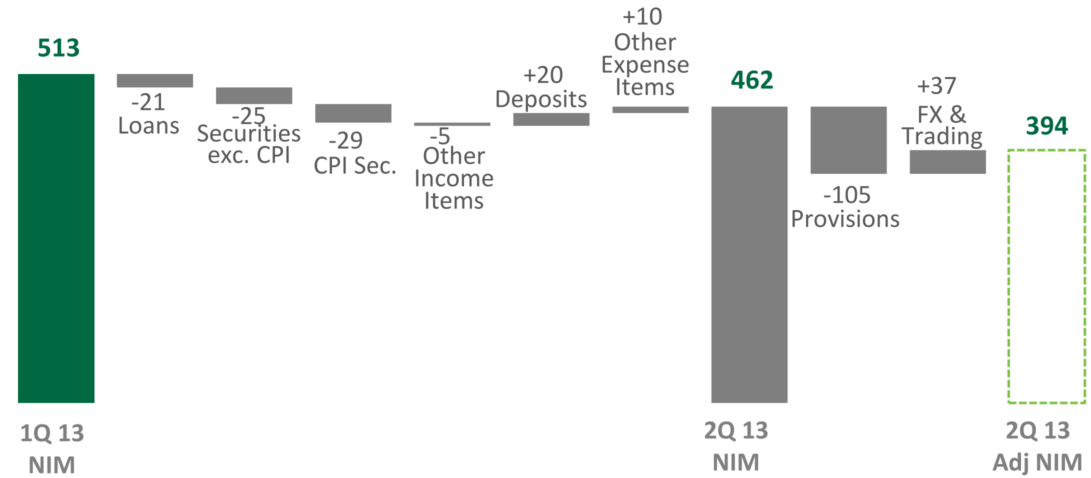
Quarterly margin supression is securities book driven

Quarterly NIM (Net Interest Income / Average IEAs)





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



Quarterly NIM down slightly by **22bps** when excluding CPI linker volatility

TL depreciation against FX in 2Q, boosted Avg IEA base & negatively impacted NIM

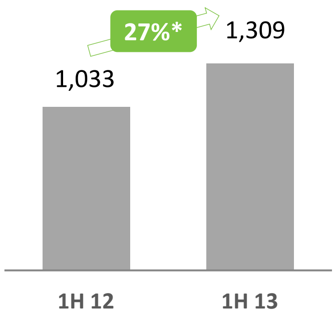
Adj. NIM down by ~93bps due to;

- Relatively higher general provisioning q-o-q
- Additional provisions for the alignment of cash coverage to pre-NPL sale level

Note: Based on 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

Outstanding performance in sustainable revenues

Net Fees & Commissions (TL million)



*Accounting of consumer loan fees were revisited in the beginning of 2013 upon the opinion of «Public Oversight» --Accounting & Auditing Standards Authority

- **Leader in interbank money transfer**
  18% market share vs. the peer average of 10%
- **Highest payment systems commissions per volume** -- 1.5% vs. the peer average of 1.2%[4]
- #1 in bancassurance[5]
- **Sustained brokerage market share**
  #2 in equity market with 8% market share
- **Most preferred pension company**
  19.5% market share in # of pension participants

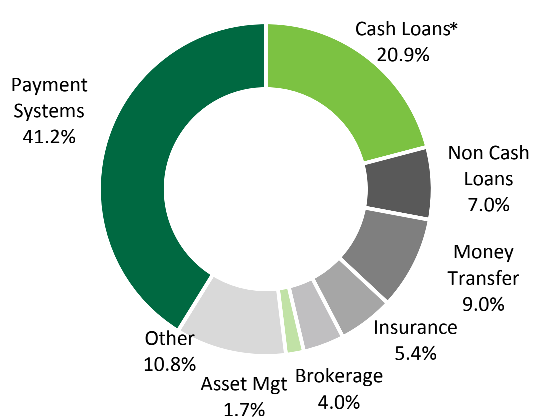
#1 in Ordinary Banking Income[3] generation with the **highest Net F&C market share**

Sustainably growing and highly diversified fee base

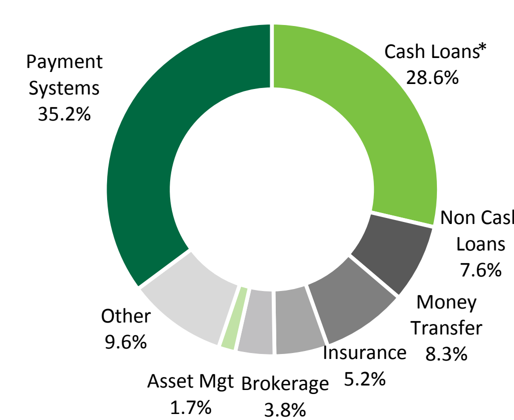
	Growth[2] (y-o-y)
Cash* & non-cash loans	~60%
Brokerage	15%
Money transfer	12%
Insurance	17%

Net Fees & Commissions Breakdown [1,2]

1H 12



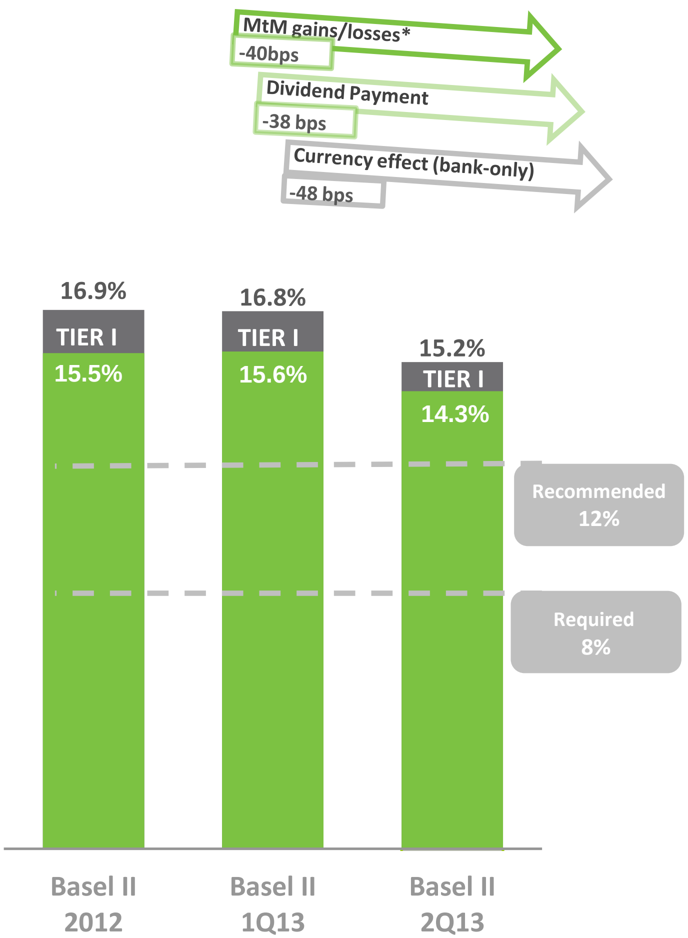
1H 13



1 Breakdown is on a comparable basis to same period last year 2 Bank-only MIS data
3 Defined as; net interest income adjusted with provisions for loans and securities, net FX and trading gains + net fees and commissions; for 1Q13
4 Peer average as of 1Q13 5 Among private banks as of May 2013
* Cash loan fees on a comparable basis for 1H 12 and 1H 13, where consumer loan orignation fees are included in the respective fee bases on a cash basis

Comfortable solvency supports the healthy and profitable growth strategy

CAR & Tier I ratio



Strong capitalization

Basel II CAR: 15.2%

+

Low leverage

Leverage: 8x

+

No negative impact expected under Basel III

High internal capital generation supporting long-term sustainable growth

Note: Based on BRSA Consolidated Financials, Leverage is also 8X per IFRS
Free Equity = SHE - (Net NPL+ Investment in Associates and Subsidiaries + Tangible and Intangible Assets+ AHR+ Reserve Requirements)
Free Funds = Free Equity + Demand Deposits
* Including the effects of consolidation eliminations

Differentiated business model -- reflected, once again, in strong results…

(TL Million)		1H12	1H13	Δ YoY
(+)	NII- excl .income on CPI linkers	2,119	2,961	40%
(+)	Net fees and comm.	1,033	1,309	27%
(-)	Net LLP - exc. one-offs effects.	(327)	(647)	98%
=	**CORE BANKING REVENUES**	**2,826**	**3,623**	**28%**
(+)	Income on CPI linkers	939	911	-3%
(+)	Trading & FX gains	149	373	150%
(+)	Other income -before one-offs	239	283	19%
(-)	OPEX -before one-offs	(1,932)	(2,155)	12%
(-)	Other provisions & Taxation	(444)	(607)	37%
=	**BaU* NET INCOME** (exc. non-reccuring items)	**1,776**	**2,429**	**37%**
	(+) NPL sale	*25*	*35*	*n.m*
	(+) Free Provision Reversal	-	*60*	*n.m*
	(-) Payment systems tax penalty expense	-	*(24)*	*n.m*
	(-) Saving Deposits Insurance Fund expense	-	*(13)*	*n.m*
	(-) One-offs on specific prov.	*(42)*	-	*n.m*
	(-) Competition Board Fine	-	*(160)*	*n.m*
	(-) Various tax fine provisions	-	*(50)*	*n.m*
=	**NET INCOME**	**1,759**	**2,278**	**29%**

Strong consumer loan originations[1] and **well-diversifed fee sources** generating across the board fee growth

Solid core banking revenue generation

Committed to strict cost discipline
-- on track with budget guidance

Omni-channel convenience supporting efficiencies

- 35 net branch openings;
- Successive & targeted investments in digital platforms: **İGaranti**
- +6% rise in # of ATMs
- >1,000 new hires

OPEX/Avg. Assets
2.3%
Flattish Y-o-Y

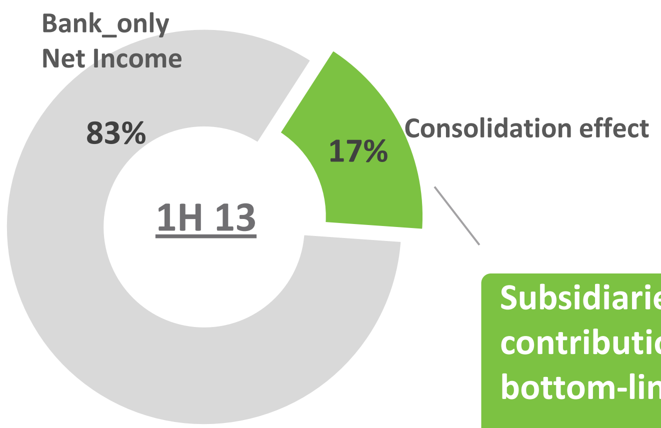
High level of Fees/OPEX
61%
vs. 53% in 1H12

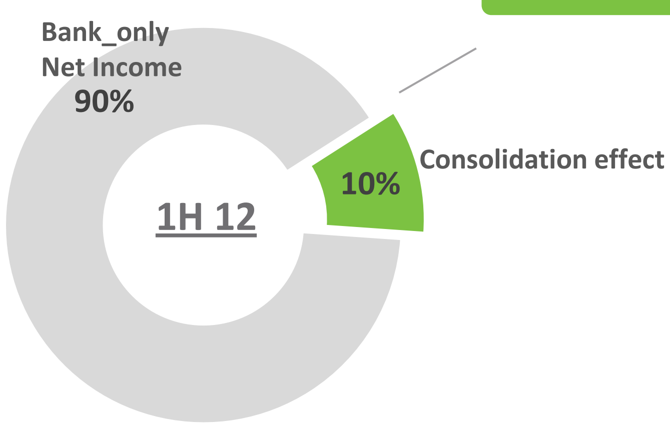
Cost/Income
41%
vs. 46% in 1H12

*Business as Usual= Excluding non-recurring items and regulatory effects in the P&L
1 Accounting of consumer loan fees were revisited upon the opinion of «Public Oversight» --Accounting & Auditing Standards Authority

…with increasing contribution from subsidiaries

Consolidated Net Income





Subsidiaries' contribution to bottom-line up by **61%**

Total contribution mainly driven by:

Garanti Pension
- Most preferred pension company
- Solid results even after decreased cap on enterance, fund management & administrative fees

Garanti Leasing
- Coverage of a broad customer base-- corporates , commercial cust.s, & SMEs
- #1 in number of contracts
- Net income up by 18% YoY

GarantiBank International
- Capturing new business opportunities
- Effective management of market risks
- Positive contribution from treasury operations further reinforcing the bottom line
- Net income up by 127% YoY

GarantiBank Romania
- Sustainable operating revenue growth
- Net income tripled YoY

Appendix

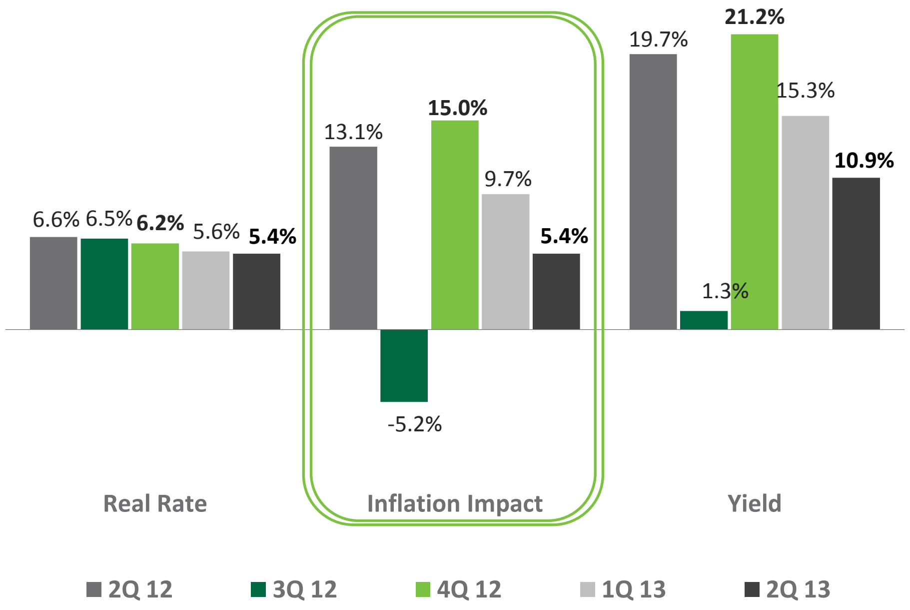
Balance Sheet - Summary

	(TL million)	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	YTD Change
Assets	Cash &Banks[1]	14,885	13,269	13,929	12,979	16,457	18%
	Securities	40,765	39,406	40,412	41,635	39,081	-3%
	Loans to Customers	97,268	99,508	102,260	106,273	117,268	15%
	Tangible Assets	1,618	1,532	1,643	1,678	1,712	4%
	Other	14,305	18,206	19,255	21,770	20,654	7%
	TOTAL ASSETS	**168,841**	**171,921**	**177,500**	**184,336**	**195,173**	**10%**
Liabilities&SHE	Deposits from Customers	91,418	94,955	92,192	99,209	105,473	14%
	Deposits from Banks	5,612	4,765	5,584	5,604	6,523	17%
	Repo Obligations	12,245	8,094	14,107	11,836	12,421	-12%
	Bonds Payable	4,005	6,160	6,126	7,231	9,111	49%
	Funds Borrowed[2]	25,382	25,700	26,028	25,868	27,186	4%
	Other	10,642	11,365	11,526	11,706	12,148	5%
	SHE	19,536	20,881	21,938	22,882	22,312	2%
	TOTAL LIABILITIES & SHE	**168,841**	**171,921**	**177,500**	**184,336**	**195,173**	**10%**

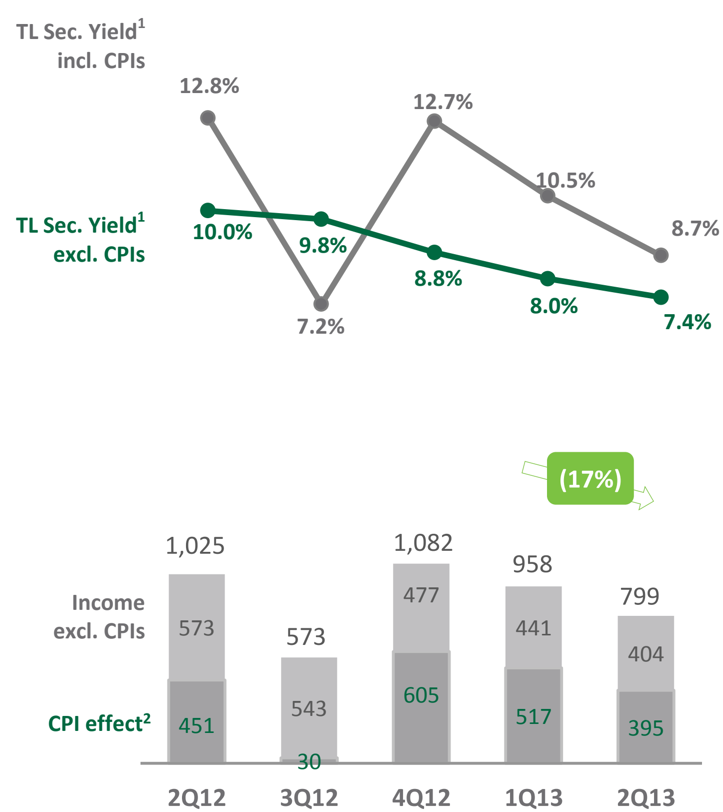
1 Includes banks, interbank, other financial institutions
2 Includes funds borrowed and sub-debt

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)



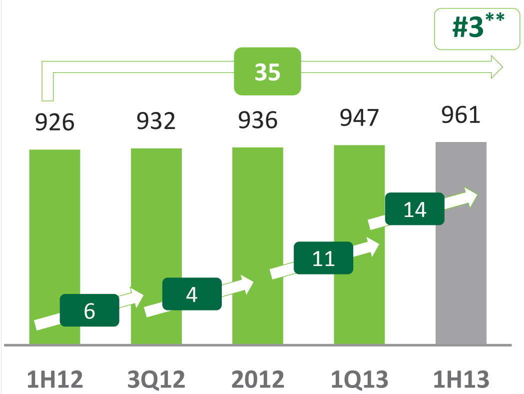
Interest Income & Yields on TL Securities (TL billion)



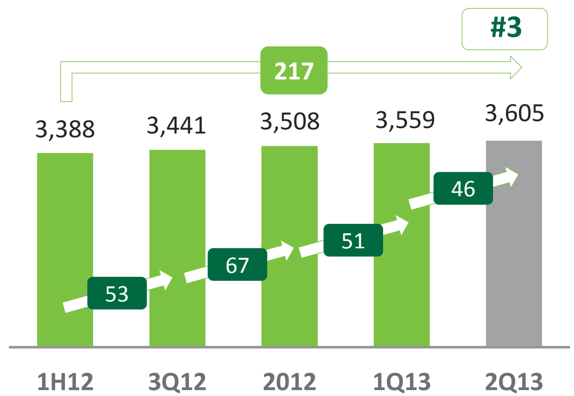
1 Based on bank-only MIS data
2 Per valuation method based on actual monthly inflation readings
Note: All figures are based on bank-only data

Further strengthening of retail network...

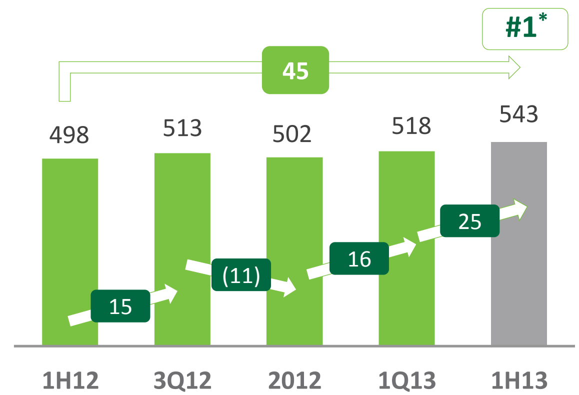
Number of Branches



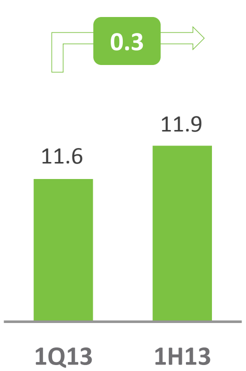
Number of ATMs



Number of POS (thousand)

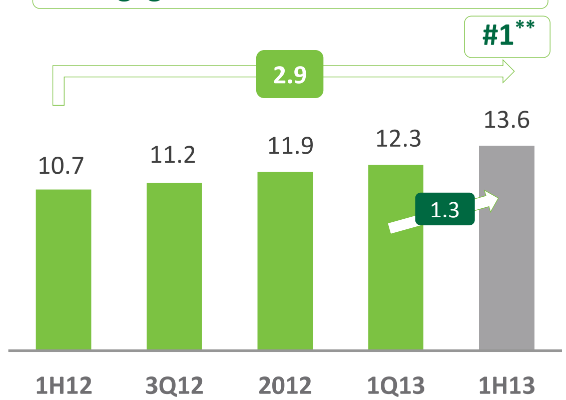


Number of Customers (million)

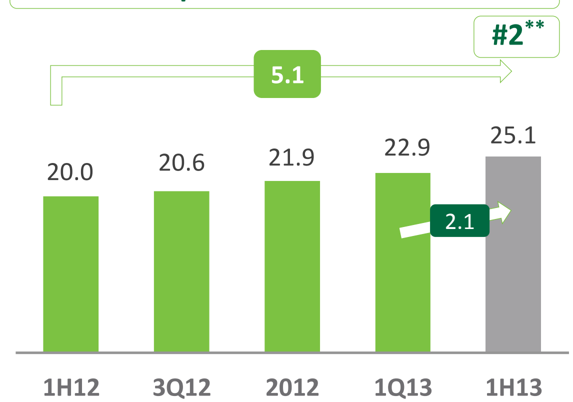


Sustained momentum in customer acquisition

Mortgages (TL billion)



Demand Deposits (customer+bank) (TL billion)



Note: All figures are based on bank-only data except for mortgages amd demand deposit balances. Mortgages and Demand deposits are based on BRSA consolidated financials
*Including shared and virtual POS terminals
** Branch, Mortgage and Demand Deposit rankings are as of March 2013. All rankings are among private banks

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