Earnings
Presentation

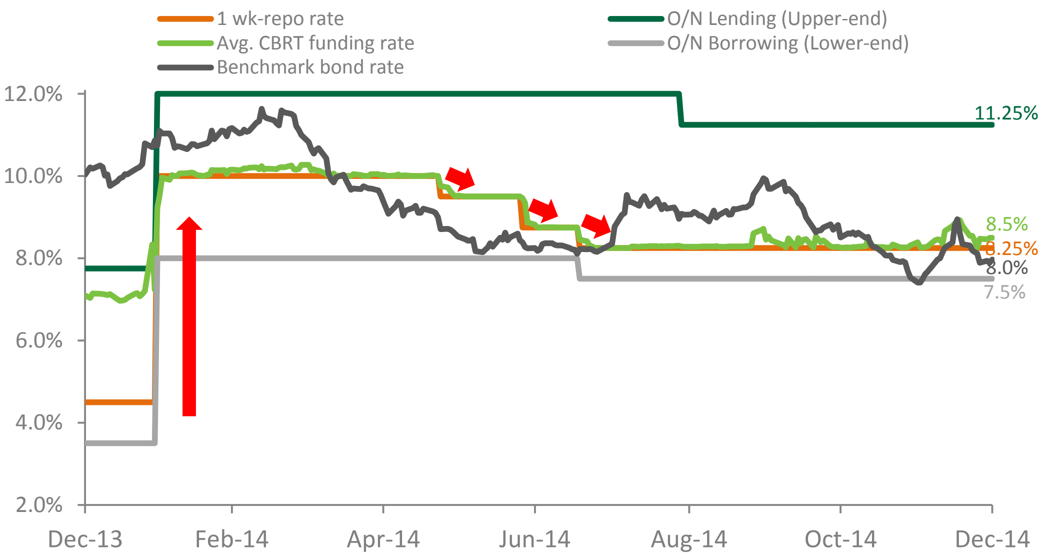
December 31, 2014

IFRS Financials

Garanti

4Q 14 – Uncertainties prevailed with mixed outlook on global monetary policy and sharp fall in oil prices

Evaluation of interest rates



	1Q14	2Q14	3Q14	2014
GDP Growth (yoy)	4.8%	2.2%	1.7%	2.6%*
Inflation (yoy)	8.4%	9.2%	8.9%	8.2%
Benchmark (Qtr.avg.)	10.8%	9.1%	8.9%	8.5%
CBRT funding rate (Qtr.avg.)	9.2%	9.8%	8.4%	8.4%
CAD/GDP	7.4%	6.5%	5.9%	5.7%*
USD/TL[1] (Qtr.avg.)	2.22	2.11	2.16	2.26

Global Outlook

- **Volatility continued** in global markets due to;
  (i) global growth concerns,
  (ii) Russian turmoil and ,
  (iii) ongoing uncertainities regarding global monetary policy outlook

  Towards the YE;
  (i) hopes for more stimulus in Europe, Japan, and China,
  (ii) dramatic currency intervention by Russia and,
  (iii) plunging oil prices created varying effects on different markets

Economic Indicators

- **Annual inflation rate fell to 8.2% in December**, from 9.2% in November on the back of lower energy prices, normalisation in food inflation, and a favourable base effect
- **Q3 GDP growth** came lower than expected (1.7% YoY vs. market expectation of 2.9%), mainly due to sharp contraction in agricultural sector caused by drought. Preliminary data for Q4 growth suggest moderate domestic demand and limited recovery in investment
- **Tight monetary stance maintained by CBRT** – Active utilization of liquidity policy when needed

1 US$/ TL CBRT bid rate
*Estimate

Outstanding performance despite regulatory charges & market volatility backed by…

Net Income (TL Million)

Comparable ROAE: 16%

Comparable ROAA: 1.8%

+ Liquid, low-risk & well- capitalized balance sheet

- Active asset-liability management
- Liquidity coverage well above requirements
- Sustained asset quality & comfortable provisioning level
- Sound solvency -- Highest Tier I ratio*

+ Well-managed NIM

- Dynamic A/L management
- NIM** up by +6bps YoY

+ Superior Net Fees & Commissions performance

- 11% YoY growth on top of a high base

+ Disciplined cost management

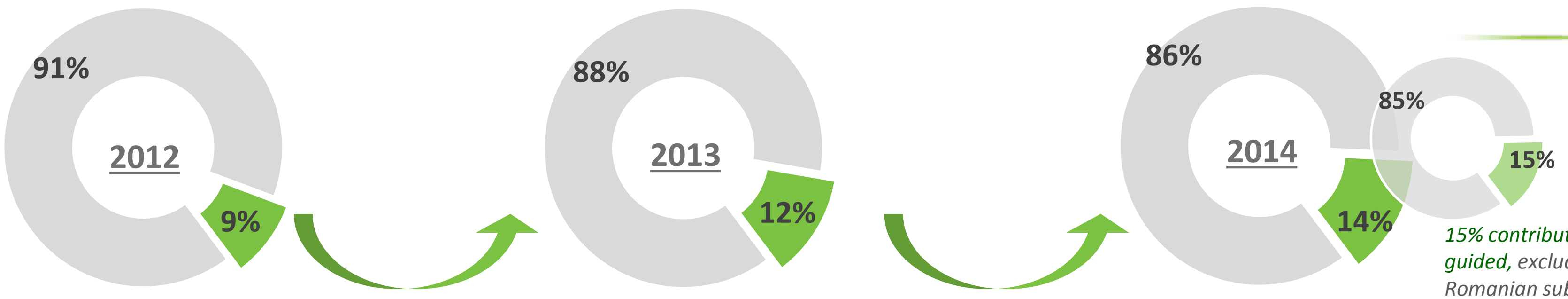
*Among peers as of September 2014, based on bank-only data

**Based on BRSA Consolidated financials

…increasing contribution from subsidiaries

Consolidated Net Income

- Bank-Only Net Income
- Subsidiaries' contribution[1]



15% contribution as guided, *excluding the Romanian subsidiary's NBR related add'l provisions[2], which unexpectedly hit 4Q*

Main contributors to subsidiaries income

GarantiBank International N.V.
Net Income Contribution 3.6%
vs. 4.0% in 2013
vs. 3.0% in 2012

Garanti Pension Company
Net Income Contribution 4.5%
vs. 3.8% in 2013
vs. 4.0% in 2012

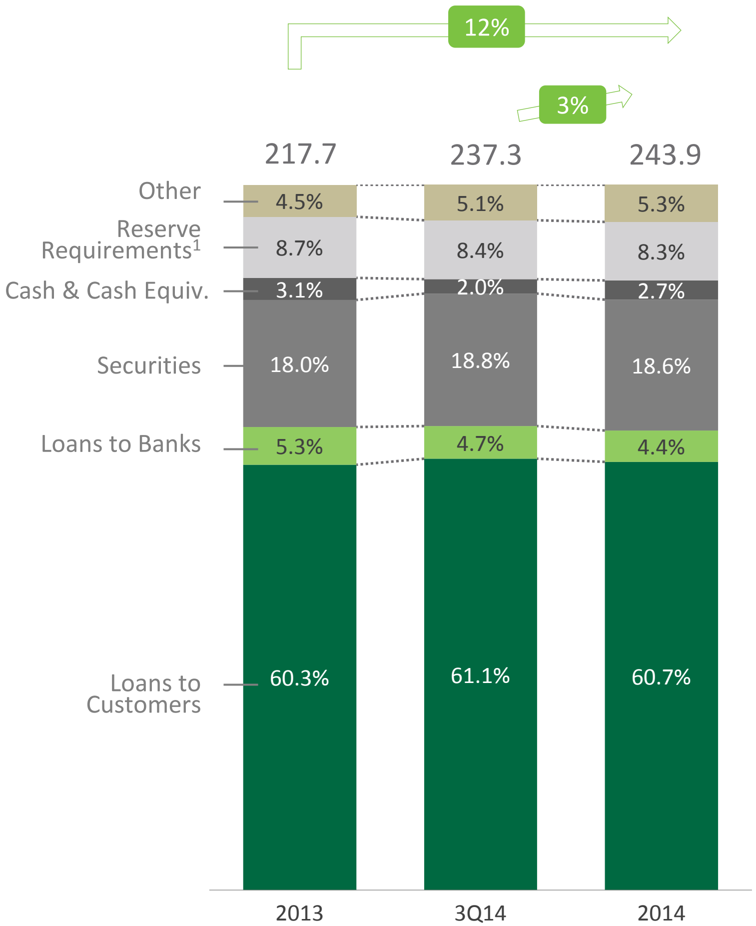
GarantiBank Romania
Net Income Contribution 0.5%
vs. 1.7% in 2013
vs. -1.2% in 2012

Garanti Leasing
Net Income Contribution 3.5%
vs. 1.5% in 2013
vs. 1.8% in 2012

Note: Garanti Bank Romania and Garanti Leasing figures are based on consolidated financials
1 Including consolidation eliminations
2 About RON 75m (~TL60mn) LLP is booked at the end of Nov'14 as imposed by NBR. The Bank's coverage ratio increased to 65% from 35%.

Strategic evolution of assets – increasingly customer driven

Composition of Assets[1] (%, TL billion)



Y-o-Y Growth

	Assets	Loans[2]	Securities
2013	+23%	+28%	(3%)
2014	+12%	+13%	+16%

> Moderate & disciplined growth in lending

> Strategic investments to securities to support NIM

Quarterly Growth

	Loans[2]	Securities
4Q13	+6%	+2%
1Q14	+2%	+8%
2Q14	+2%	+2%
3Q14	+6%	+3%
4Q14	+2%	+2%

1Q14 – 2Q14:

> Moderate lending growth, in-line with sector

> Additions to securities at attractive rates to replace redemptions
- Fixed-rate Eurobonds
- CPI linkers & other FRNs

3Q14:

> Accelerated, yet disciplined, lending growth with sustained focus on profitability

> Security redemptions & disposals replaced with fixed-rate securities

4Q14:

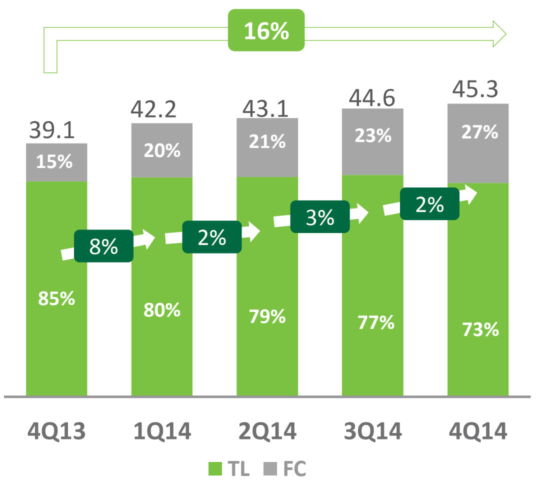
> Selective growth in lending

> Security redemptions in TL fixed rate & FRN securities; additions to FC portfolio at attractive rates

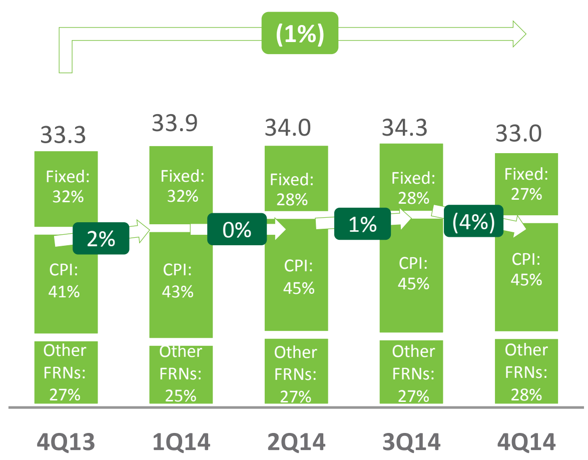
1 TL reserves started to be remunerated by the CBRT as of November 2014 & they constitute ~3% of total reserves
2 Loans to Customers

Actively shaped securities portfolio

Total Securities (TL billion)



TL Securities (TL billion)

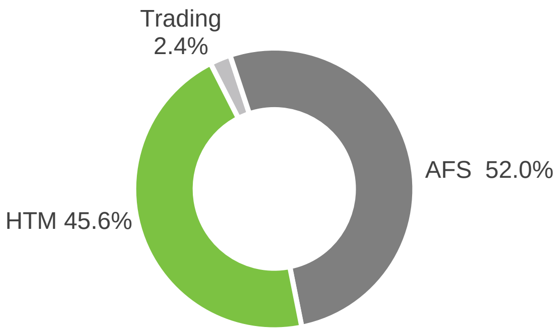


Securities/Assets 18.6%

In 4Q14;

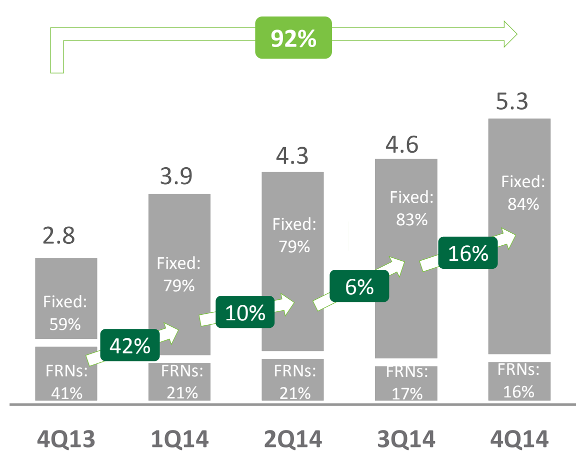
- Redemptions from TL fixed rate & CPI linkers portfolio
- FC portfolio supported with Eurobonds at attractive spreads

Total Securities Composition



Unrealized gain (pre-tax) as of December-end ~TL 111mn

FC Securities (USD billion)



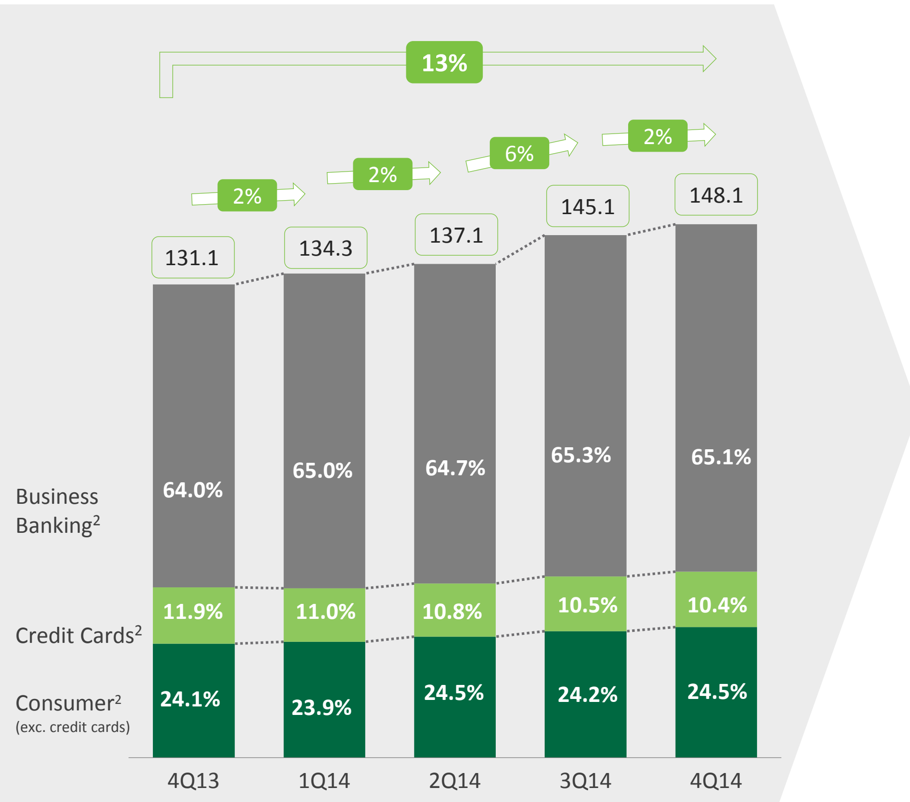
FRN weight in total decreased: 61%

> vs. 62% in 9M14 & 66% in 2013

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

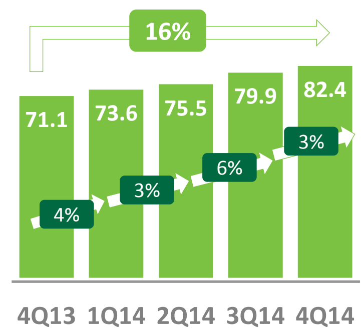
Selective lending

Total Loans[1] Breakdown (TL billion)



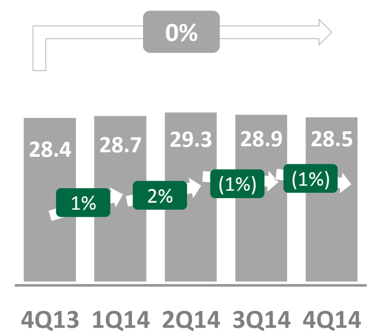
	4Q13	1Q14	2Q14	3Q14	4Q14
TL (% in total)	54%	55%	55%	55%	56%
FC (% in total)	46%	45%	45%	45%	44%
US$/TL	2.120	2.115	2.097	2.250	2.305

TL Loans[1]



+

FC Loans[1] (in US$)



Main drivers:

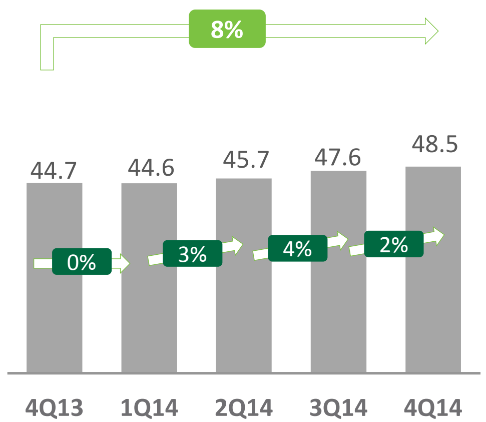
- TL business banking loans*
  - *28% growth YoY, higher than budgeted*
- Lucrative retail products
  - *Mortgages & GPLs*

- FC lending expected to pick-up in 2015, driven by *investment loans*

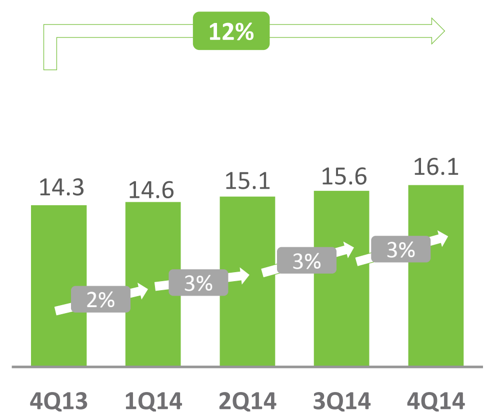
1 Loans to Customers
2 Loans breakdown is based on BRSA consolidated data, loans do not include leasing and factoring receivables
* TL business banking loans represent TL loans to customers excluding leasing and factoring receivables, credit cards and consumer loans

Lucrative products & disciplined loan pricing continue to be the priority

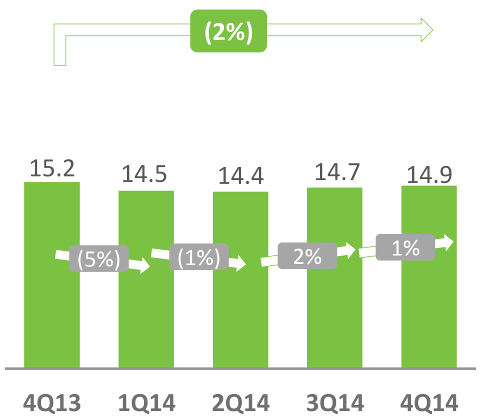
Consumer Loans[1] (TL billion)



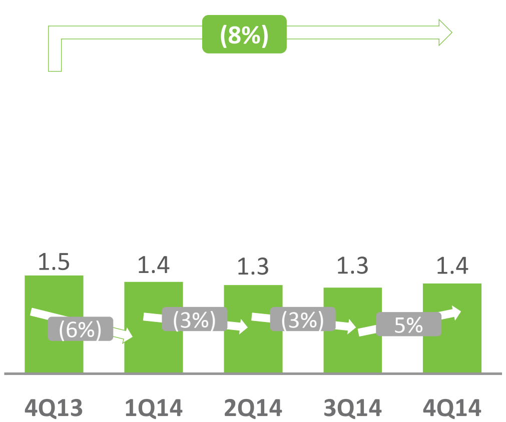
Mortgage (TL billion)



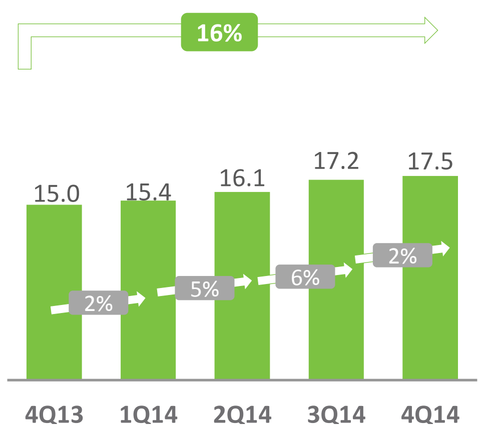
Credit Card Balances (TL billion)



Auto Loans (TL billion)



General Purpose Loans[2] (TL billion)



Market Shares[3]

	YoY	QoQ	Dec'14	Rank[4]
Consumer Loans[1]	↑	↓	13.8%	#1
Mortgage	↑	↑	13.7%	#1
Auto	↑	↑	21.9%	#1
General Purpose	↓	↓	11.2%	#3
Acquiring Volume (Cum.)	↑	↓	19.8%	#2
# of Credit Card Cust.	↑	↔	14.3%	#1

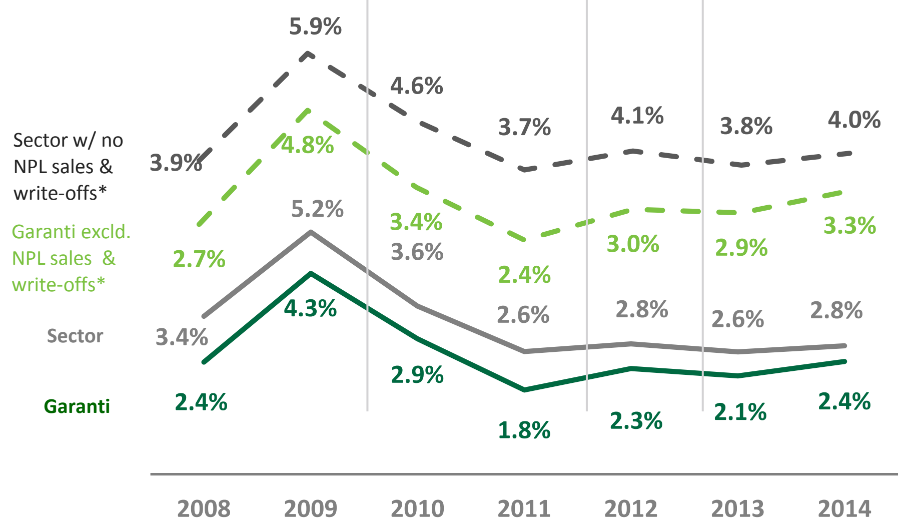
Note: Based on BRSA Consolidated financials
1 Including consumer credit cards, other and overdraft loans
2 Including other consumer loans and overdrafts
3 Based on bank-only financials for fair comparison with sector. Sector figures are based on bank-only BRSA weekly data as of January 2, commercial banks only
4 As of 3Q14, among private banks. «Acquiring Volume» and «# of Credit Card Customers» rankings are as of December 2014

Preserved sound asset quality

--slight pick up in NPL ratio, in line with moderate growth & regulatory charges

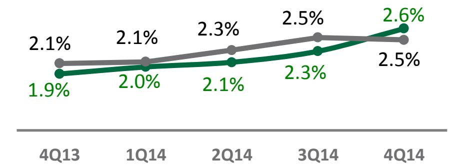
NPL Ratio[1]

	Global Crisis & Hard Landing		Recovery		Soft Landing	Macro-prudential Measures	
GDP Growth	0.7%	-4.8%	9.2%	8.8%	2.1%	4.1%	2.6%[3]
Unemployment Rate[2]	13.1%	12.7%	10.7%	9.2%	9.5%	9.1%	10.6%[4]
Garanti (IFRS)	**2.5%**	**4.4%**	**3.5%**	**2.3%**	**2.8%**	**2.9%**	**3.1%**
Garanti (Consolidated)	**2.4%**	**4.1%**	**3.1%**	**2.1%**	**2.6%**	**2.7%**	**3.0%**

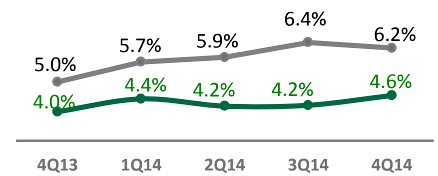


NPL Categorization[1]

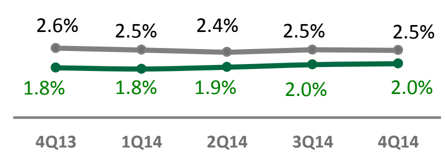
Retail Banking (25% of total loans)
(Consumer & SME Personal)



Credit Cards (11% of total loans)



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



Garanti Sector

Sector NPL ratios veiled by NPL sales

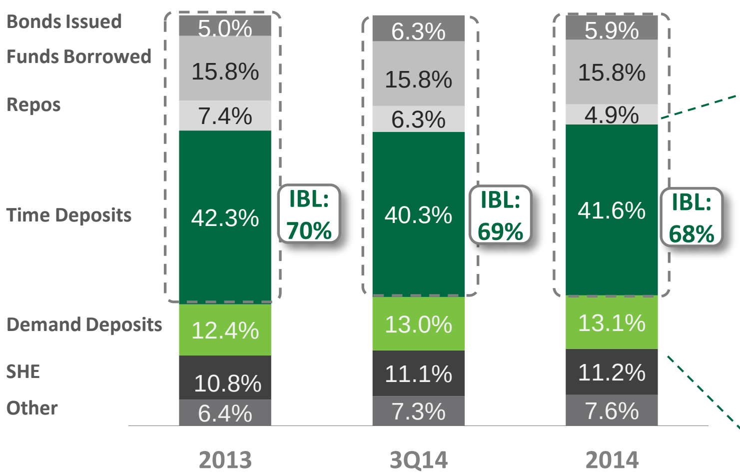
...mainly from credit cards & consumer loan portfolios

1 NPL ratio and NPL categorization for Garanti and sector figures are per BRSA bank-only data for fair comparison (Sector figure is as of 2 January 2015)
2 Seasonally adjusted 3 Estimate 4 As of October 2014
* Adjusted with write-offs in 2008, 2009, 2010, 2011, 2012, 2013 ,2014 Source: BRSA, TBA & CBT

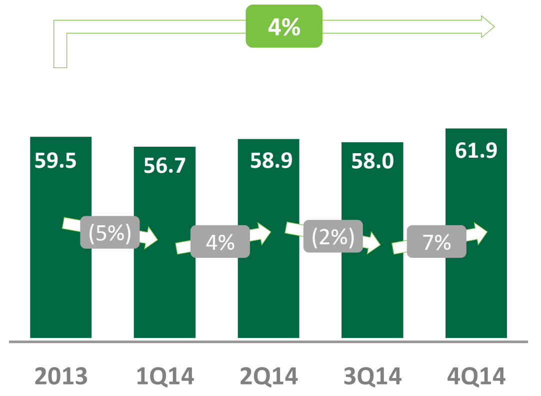
Actively managed funding mix – increasing contribution from deposits…

--deposit growth on par with lending growth

Composition of Liabilities



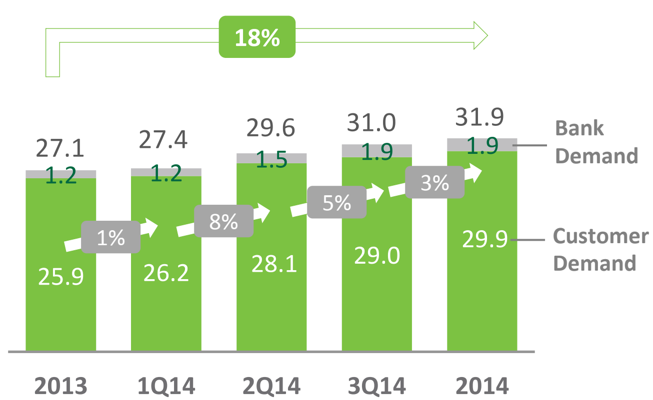
TL Deposits (TL billion)



Liquidity Coverage Ratio[2]:
Well above requirement

Total: 147%
vs. required level of 60%
FC: 127%
vs. required level of 40%

Demand Deposits (TL billion)

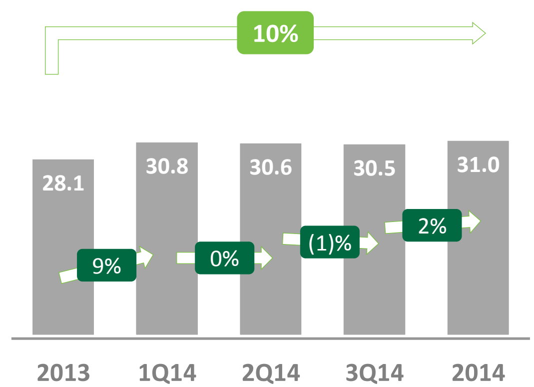


24% of total deposits

Per bank-only figures **22%**

vs. sector[1] avg. 18%

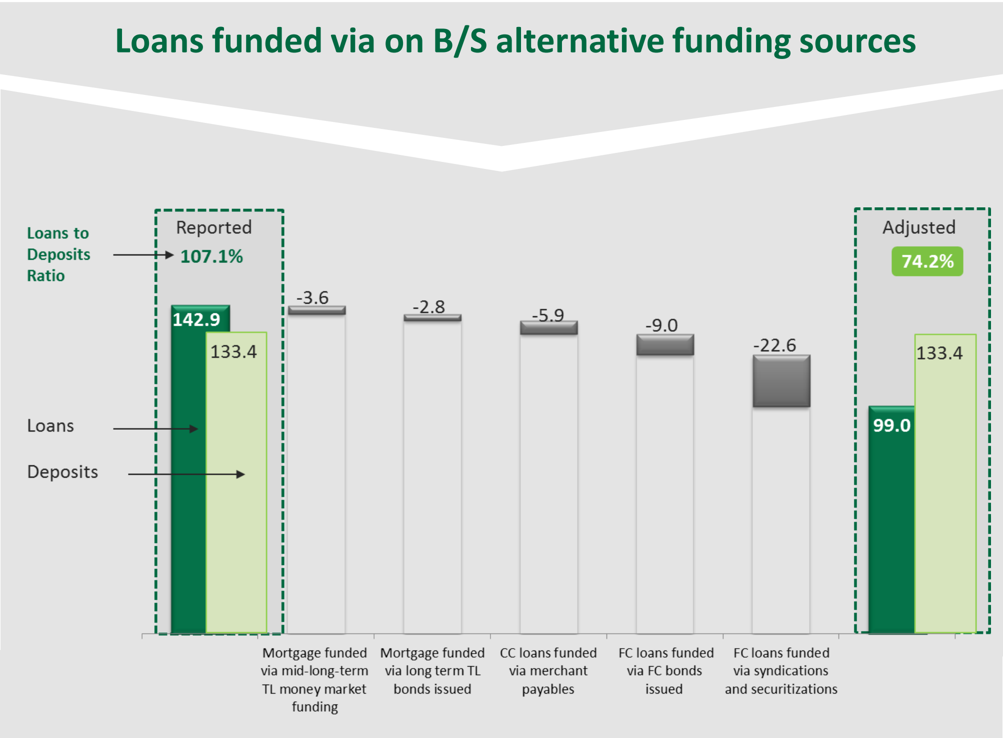
FC Deposits (USD billion)



1 Based on bank-only BRSA weekly data as of January 2, 2015 , commercial banks only
2 Based on bank-only MIS data, as reported to BRSA

…supported with longer term alternative funding sources

Adjusted LtD ratio[1] (TL Billion)



> Loans[1] / Customer Deposits (LtD) ratio :
Flattish vs. 2013 level of ~111%
LtD ratio[1] excld. long term loans funded via other on B/S funding sources …still at **comfortable levels** 74%

Diversified funding sources:

+ **TL bond**
Nominal TL 3.4bn of bonds outstanding

+ **Syndications w/ >100% roll-over ratio**
Apr'14: EUR 1.1bn with a maturity of 1-yr at Euribor+0.90%
Nov'14: USD 1.3bn equivalent with a maturity of 1-yr at Euribor+0.90% & Libor+0.90%

+ **Issuances under GMTN program**
~USD 1.26bn* MTN issuances in USD, EUR, JPY, CHF, CZK
First and the only Turkish bank to issue Japanese Yen note under GMTN program

+ **Securitizations**
USD 1.1bn with a maturity of 21 years in 4Q13
USD 550mn with a maturity of 20 years in 1Q14
USD 500mn with a maturity of 5 years in 2Q14

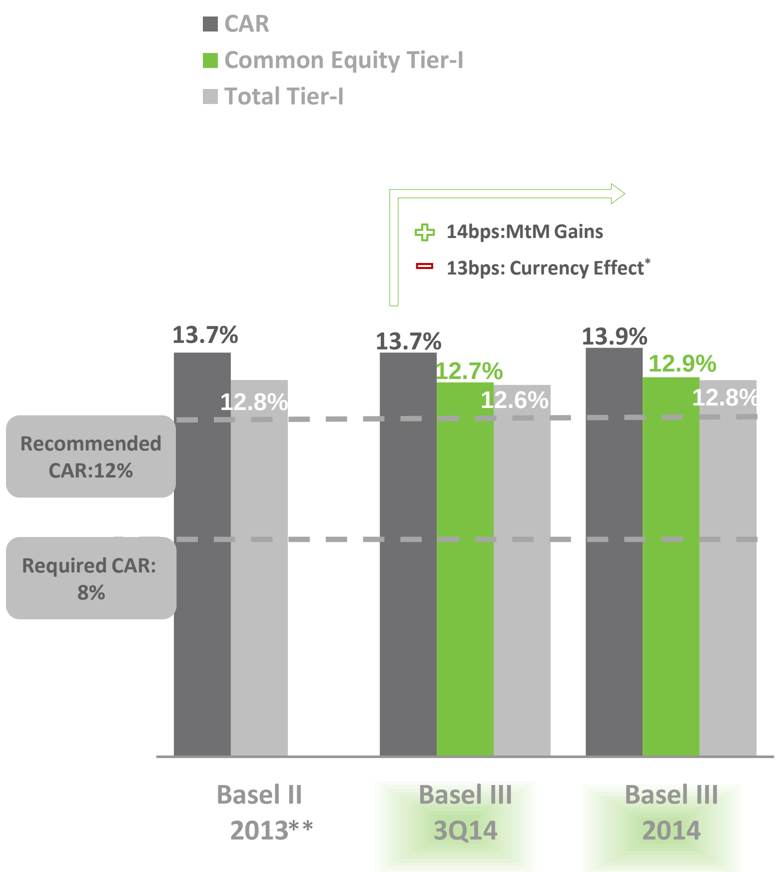
+ **Eurobond issuances**
July'14: EUR 500mn Eurobond issuance with coupon rate of 3.375%, yielding 3.5%
Apr'14: USD 750mn Eurobond issuance with coupon rate of 4.75%, yielding 4.8%

+ **International Financial Institutions Loans**
In 4Q14; EUR 75 million with 6 years maturity & EUR 25 million with 5 years maturity
First and the only Turkish bank to secure TL financing from European Investment Bank (EIB) to be on-lent to SMEs

1 Based on BRSA Consolidated Financials. Loans excluding leasing and factoring receivables
*As of December 2014.

Capital strength supports long-term sustainable growth

Capital adequacy ratios[1]



Highest Common Equity Tier-I ratio[2] among peers

Common Equity Tier-I capital:
93% of total capital
94% on a bank-only basis
vs. sector's 85%[3]

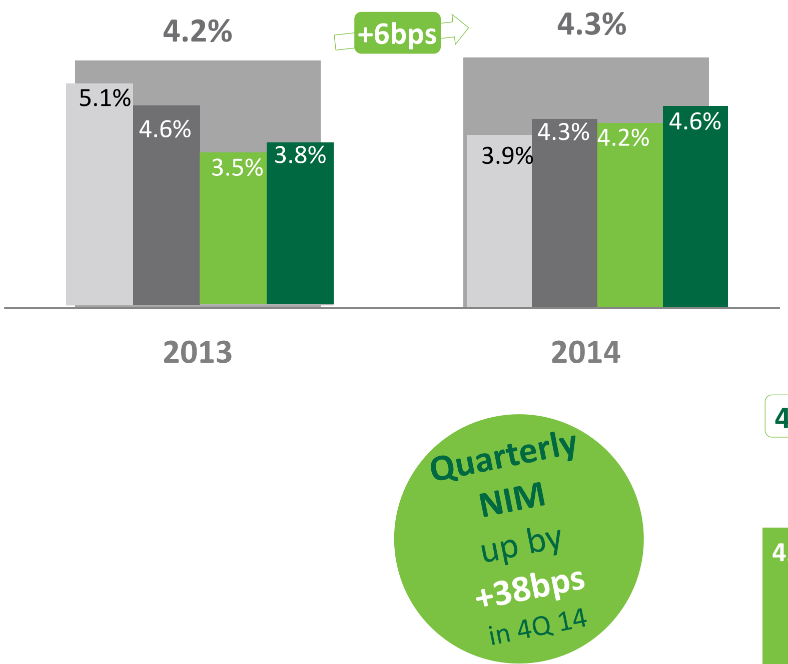
Highest Free Funds[4]/IEAs 18%[6]
per bank-only 15%
vs. peer avg. of 10%[5]

Low Leverage[6] 7.9x

* Per bank-only financials ** In-line with Basel III implementation starting January 2014, capital calculation methodology has been revised. As a result, 2013 YE capital ratios are not comparable with 2014 ratios
1 Based on BRSA Consolidated Financials. **2** As of September 2014, based on bank-only data **3** Based on BRSA monthly data as of December, 2014
4 Free Funds = Free Equity + Demand Deposits Free Equity = SHE - (Net NPL+ Investment in Associates and Subsidiaries + Tangible and Intangible Assets+ AHR+ Reserve Requirements)
5 As of September 2014 banks' financials based on bank only data 6 Based on IFRS financials

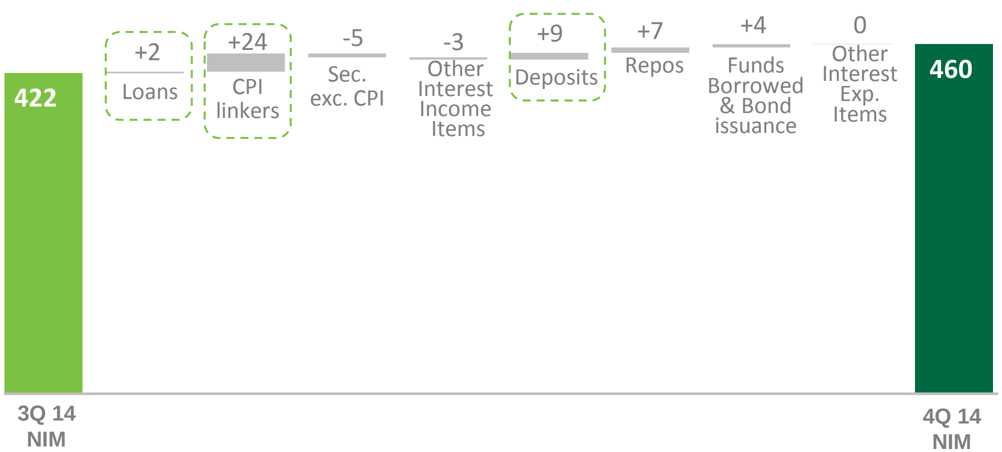
NIM expansion QoQ, and YoY

Cumulative & Quarterly NIM



NIM expansion
for the **fifth consecutive quarter,**
excluding CPI linker volatility

4Q14 vs. 3Q14 Margin Evolution(in bps)

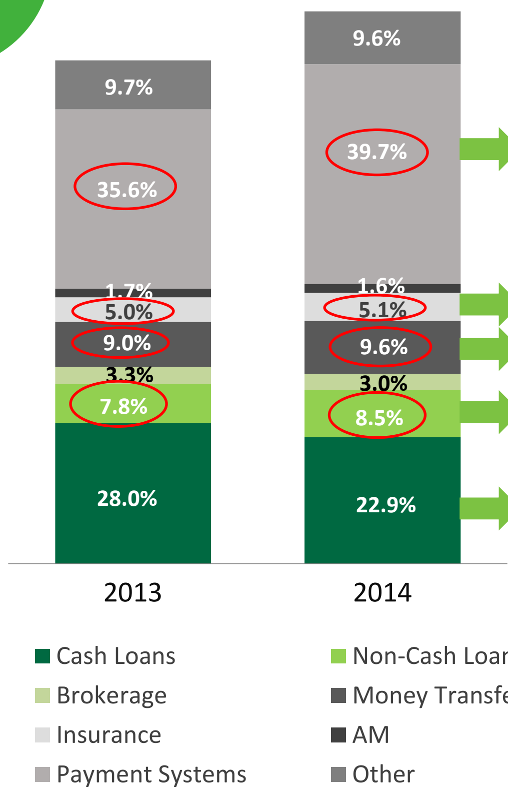


Note: Figures are based on BRSA Consolidated financials

Clear differentiation in Net Fees & Commissions

Net Fees & Commissions Breakdown[1]

Highest Net F&C market share: >15%*



Net Fees & Commissions (TL million)

	2013	2014	∆ YoY
Net Fees & Commissions (reported)	2,667	2,852	7%
- Commission reimbursement incl. related litigation expenses	*0*	*-113*	
Comparable Net Fees & Commissions	2,667	2,965	11%

✓ **Strong presence in acquiring business** supporting **payment systems fees**

✓ **Most preferred pension company** with **17% market share in # of participants**
Highest growth rate in pension funds among peers

✓ **Leading positions** in **interbank money transfer** & **digital banking**

✓ Strong **growth in business banking** loans support **non-cash loan fees**

! Effect of the regulation passed in Oct. 2014, to be more visible in 2015

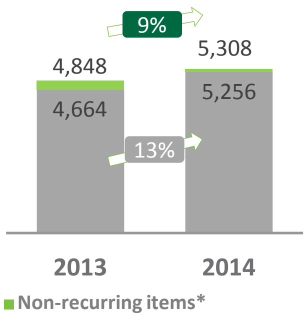
Net fees & commissions slightly lower QoQ,

due to seasonality of account maintenance fees & the newly introduced regulation

1 «Net Fees and Commissions breakdown» is based on bank-only MIS data
*As of December 2014, based on bank-only data. Sector figure is based on BRSA monthly data for commercial banks
Note: TL 113mn of the TL 165mn «Commission reimbursement incl. related litigation expenses» are netted from Fees and Commissions, and remaining expenses were accounted for under OPEX

Controlled OPEX growth

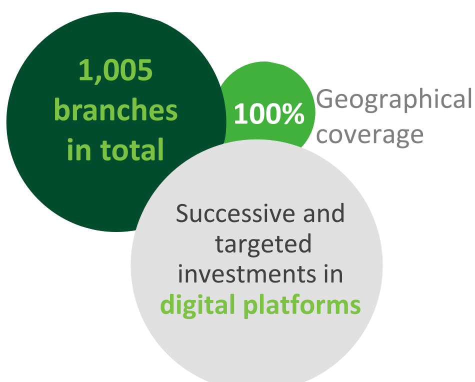
Operating Expenses (TL million)



including out-of-budget:

- Consumer arbitration committee related expenses*
- Currency depreciation *--15% average TL depreciation against USD*
- Higher HR expenses *-- i.e overtime, wage increase*

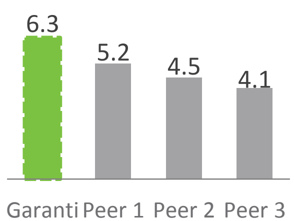
	2013	2014	
OPEX*/ Avg. Assets	2.4%	2.3%	✓
Fee*/OPEX*	57%	56%	✓
Cost/Income*	51%	51%	✓



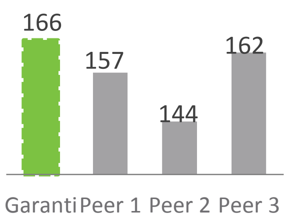
Enabling highest per branch efficiencies

#1

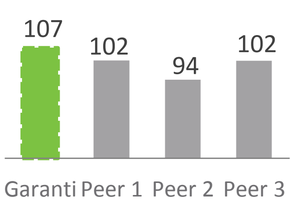
Ordinary Banking Income per Avg. Branch**
3Q14 - TL million



Loans[1] per Avg. Branch**
3Q14 - TL million



Customer Deposits per Avg. Branch**
3Q14 - TL million



* OPEX and Income figures are on a comparable basis. Non recurring items -- 2013: TL160mn competition board fine, TL24mn tax penalty; 2014: TL52mn Consumer Arbitration Committee related expenses. Note that, TL 113mn of the TL 165mn «Commission reimbursement incl. related litigation expenses» are netted from Fees and Commissions, and remaining expenses were accounted for under OPEX
**Figures are per bank-only financials for fair comparison 1 Total Loans = Cash + non-cash loans

Reflected in recurring strong results in each quarter of the year

Quarterly Net Income (TL million)

	Reported	Comparable basis
1Q14:	939	1,059
2Q14:	989	1,052
3Q14:	1,057	995
4Q14:	861	993
2014:	3,846	4,099

		3Q 14	4Q 14	ΔQoQ
(+)	NII- excl. income on CPI linkers	1,809	1,961	8%
(+)	Net fees and comm.	776	693	-11%
(-)	Provisions net of collections	-557	-500	-10%
=	**CORE BANKING REVENUES**	**2,028**	**2,154**	**6%**
(+)	Income on CPI linkers	290	415	43%
(+)	Trading & FX gains	72	-142	n.m.
(+)	Other income -before one-offs	182	176	-3%
(-)	OPEX - on a comparable basis	-1,356	-1,372	1%
(-)	Other provisions & Taxation -before one-offs	-221	-239	8%
=	**NORMALIZED NET INCOME**	**995**	**993**	**0%**
(+)	Regulatory & Non-recurring items	62	-131	n.m.
	(-) Consumer Arbitration Comm. related exp. (Net F&C)	*-28*	*-50*	*n.m.*
	(-) Consumer Arbitration Comm. related exp. (OPEX)	*-14*	*-20*	*n.m.*
	(-) Free Provision	*0*	*-40*	*n.m.*
	(+) Free Provision reversal	*85*	*25*	*n.m.*
	(+) Income from NPL sale	*19*	*1*	*n.m.*
	(-) Founder share tax penalty (Other provision)	*0*	*-47*	*n.m.*
=	**NET INCOME**	**1,057**	**861**	**-18%**

- Successful NIM management – Strategically shaped B/S structure
- Quarterly drop due to timing of account maintenance fees & initial İmpact of fee regulation
- 4Q 14 specific provision includes TL60mn additional provisions by Romanian subsidiary required by NBR
- Better-than-expected inflation readings
- Bond trading insufficent to cover loss on derivative transactions

Appendix

Preserved high contribution from subsidiaries

	Sector Positioning	Asset Contribution	Net Income Contribution	ROAE* (Cum.)	P/L Highlights
GarantiBank International N.V.	> Established in 1990 > Global Boutique bank: offers services in trade finance, private banking, structured finance, corporate and commercial banking. > Well-capitalized with 17.3% CAR (Local) > Sound asset quality with 5.3% NPL Ratio (local)	5.6%	3.6%	9.7%	> Strong core activity supported by trading gains through sale of securities
Garanti Pension Company	> Most Preferred pension company with 17.2% market share in number of participants > #3 in pension fund size (TL 6.0bn) > Most Profitable company** in the sector	3.0%	4.5%	21.3%	> Increasing technical income from life insurance & pension business > Better-than-expected financial income due to favourable market conditions
GarantiBank Romania	> Full-fledged banking operations since May 2010 > 12th bank in Romania*** > 98% geographic coverage w/ 84 branches & 300 ATMs > Well-capitalized with 13.2% CAR (Local) > NPL Ratio (local):13.4% vs. sector's 15.3% as of 31 October 2014 > NPL Ratio (local):13.1% as of year-end	2.3%	0.5%	2.9%	> Higher trading income > Higher-than-expected loan loss provisions due to NBR policy
Garanti Leasing	> #1 in number of contracts for the 9 consecutive year-ends (financial lease) > US$943mn Business Volume (financial lease)	1.9%	3.5%	20.0%	> Improving margin performance more than offset additional provisioning coming from big-ticket items
Garanti Factoring	> Second in the sector with TL11.9bn business volume** > Publicly traded with a free-float of 8.38% > 21 branches in 14 cities	1.2%	0.5%	15.8%	> Better margins due to actively managed funding costs
GarantiBank Moscow	> Established in 1996, active in corporate & commercial banking > Serves Russian firms from various sectors, major Turkish companies as well as Spanish companies active in the Russian market > Well-capitalized with 18.0% CAR (Local) > Sound asset quality with 3.0% NPL Ratio (coming from 2008 crisis)	0.2%	0.3%	7.1%	> Higher funding cost, significant devaluation of RUB and decreasing volumes due to unfavourable macro conditions arising from geo-political issues.
Garanti Securities	> Strong presence in capital markets with 7.3% brokerage market share	0.0%	0.2%	8.7%	> Slightly deteriorated commission income and higher-than-budgeted OPEX due to legally required organizational change.
Garanti Asset Management	> Turkey's first asset management company with TL 10.4bn AUM	0.0%	0.3%	41.6%	> Higher commission income resulting from pension business.

* Calculated as average of quarter-end equities ** As of 30.09.2014
*** Based on asset size, the data is an estimate as of December 2014
Note: Garanti Romania figures are consolidated and Garanti Securities figures are consolidated with Garanti Yatırım Ortaklığı A.Ş.

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