

StockWatch

4Q 2014
INVESTOR RELATIONS



ABOUT GARANTI STOCK 'GARAN'

**With an actual free float ratio of ~50%,
Garanti shares constituted 21% of all
foreign transactions in BIST 100 and
41% of all listed banks in 2014.**

US\$ 17.0 Billion

Market Capitalization constitutes 7% of the BIST 100*

US\$ 8.5 Billion

Highest floating market capitalization in the BIST*

US\$ 303 Million

Average daily turnover in 2014,
representing 21% of the BIST 100

US\$ 33.7 Billion

Total 2014 foreign transactions in GARAN
The most traded stock by foreigners

~ 11%

Highest weight in the BIST 100

Note: Currency conversion is based on US\$/TL CBRT ask rate.

* As of December 31, 2014

GARANTI FINANCIAL HIGHLIGHTS

Garanti Market Shares*

	Dec-14	YTD Δ
Total Performing Loans	11.9%	▼
TL Loans	10.6%	▼
FC Loans	15.3%	▼
Credit Cards - Issuing (Cumulative)	18.3%	▲
Credit Cards - Acquiring (Cumulative)	19.8%	▲
Consumer Loans**	13.8%	▲
Total Deposits	11.5%	▲
TL Deposits	9.7%	▼
FC Deposits	14.3%	▲
Demand Deposits	14.1%	▲
Mutual Funds	10.8%	▼

* Figures are based on bank-only financials for fair comparison with sector. Sector figures are based on BRSA weekly data for commercial banks only.

** Including consumer credit cards and other

Garanti with Numbers*

	Dec-13	Sep-14	Dec-14
Branch Network	1,001	997	1,005
+ Domestic	990	986	994
+ Abroad	11	11	11
Personnel	18,738	19,202	19,036
ATM	4,003	4,025	4,152
POS**	534,148	570,365	541,012
Total Customers	12,400,077	12,889,004	13,075,181
Internet Banking Customers**	2,655,303	2,730,467	3,264,206
Mobile Banking Customers**	842,191	1,364,460	1,547,579
Credit Cards	9,302,545	9,442,066	9,379,003
Debit Cards	7,350,311	7,847,064	8,020,023

* Includes shared and virtual POS.

** Active customers only -- min. 1 login or call per quarter

In 2014, Garanti reached consolidated total asset of US\$ 107.2 billion and consolidated net profit of US\$ 1.6 billion.

SELECTED FINANCIALS*

Total Assets
US\$ 107.2 Billion

Total Performing Loans
US\$ 62.0 Billion

Total Deposits
US\$ 57.9 Billion

Shareholders' Equity
US\$ 11.6 Billion

Ordinary Banking Income
US\$ 4.1 Billion

Net Income
US\$ 1.6 Billion

SELECTED FINANCIAL RATIOS*

Return on Average Assets (ROAA)
1.6%

Return on Average Equity (ROAE)
14.8%

Capital Adequacy Ratio (CAR)
13.9%

Non Performing Loans (NPL) Ratio
3.0%

*Figures are based on BRSA consolidated financials as of December 31, 2014. Note: Exchange rate used for currency conversion is based on Garanti Bank's December 31, 2014 dated financials.

DID YOU KNOW?

Garanti is **the most popular financial institution in Europe on social media** with over 3.4 million fans on Facebook and 240 thousand followers on Twitter. Garanti receives more than 30 thousand loan applications per month through Facebook.

Number of active **digital banking customers** reached **3.3 million** and the number of active **mobile banking customers** reached **1.5 million**.

Garanti and Turkcell established a joint **“Corporate Entrepreneurship Program”** that aims to tap on the entrepreneurial skills of employees and to deepen Garanti’s 3rd party collaborations in the field of innovation.

AWARDS & RECOGNITIONS

Receiving limited assurance of GHG emissions on its annual CDP report for the first time, Garanti has been awarded with **CDP 2014 Turkey Climate Disclosure Leadership** by getting the highest score among the 42 companies evaluated in the **“Carbon Disclosure Leadership Index”**.

iGaranti was honored with three **Gold Awards** in the categories of **“Mobile App”**, **“Product/Services Launch”** and **“Innovation”**; and a **Silver Award** in the category of **“Banking and Finance”** at the 2014 EMEA & UK Smarties Awards organized by the Mobile Marketing Association.

iGaranti became number one in mobile banking in a research conducted by Forrester and published as a **case study** in the 2014 Report of Forrester.

iGaranti received the Best Mobile Banking Experience Award at the 2014 SmartCard & Payments Awards.

iGaranti Online Campaign was awarded in the category of **“Innovation of the Year”** at the Digital Communication Awards. iGaranti Online Campaign also granted the **Silver Award** at the digital world’s prestigious W3 Awards organized by the IAVA International Academy of the Visual Arts.

Received the **1st prize** with its website **www.garanti.com.tr** at the Golden Spider Web Awards.

Garanti Call Center ranked the first in the category of **“Best Use of Technology”** with its Voice Technologies project at 2014 Turkish Call Center Awards organized by IMI Conferences.

Received **Bronze Mixx Award** in the category of **“Experimental and Innovative”** with its Most Targeted Mobile Ad application at Mixx Turkey.

Received **Silver Award** with its Most Targeted Mobile Ad application in the category of **“Best Mobile Payment”** at the Mobile Excellence Awards.

Garanti Pension’s Hobby Clubs received three awards in the categories of **“Public Relations”**, **“Financial Services”** and also the night’s most important award **“United Nations Special Award”** given to only one project as a result of the evaluation made by the United Nations at the 23rd Golden Globe Awards organized by International Public Relations Association (IPRA).

WHAT ANALYSTS SAY ABOUT GARANTI?

Bank of America Merrill Lynch

BBVA has also announced that it has no intentions to make changes to management and/or strategy of Garanti Bank. We welcome this announcement as we believe the bank’s strong management team is among the key strengths. We expect Garanti to continue delivering superior returns versus its local peers.

Citi Research

We see Garanti as the industry benchmark on revenue and cost efficiency and, along with its high free funds base, it commands one of the highest ROAs in the system. The case for high sustainable ROEs for Garanti is also underpinned by its low balance sheet leverage and strong capital position.

Deutsche Bank

With its proactive and innovative customer-oriented management approach, the bank has been among the best performers in terms of organic growth over the last five years. Garanti also has one of the strongest fee generation records – the effectiveness of which has improved considerably over the past five years through a greater insurance presence along with AUM fees and non-cash loan fees.

Renaissance Capital

Garanti has the heaviest weighting among the Turkish banks in MSCI indices. Given its weighting and better profitability outlook, the bank is our preferred play in the sector.

TEB

The bank has the highest Tier-1 ratio under our coverage, which enables management to grow the business organically or inorganically, should there be opportunities, deliver a higher dividend payout compared with peers and lever up when needed. We think Garanti has the necessary ammunition to cope with any potential negative surprise on the bottom line.

The bank has under promised and substantially over delivered in 2014 to date, particularly on the margin front.

GARANTI AND THE COMMUNITY

Women Entrepreneurs Get-togethers organized for the 30th time by Garanti in cooperation with Women Entrepreneurs Association of Turkey (KAGİDER), and attending entrepreneurs were informed in topics such as marketing, sale and finance.

With the support of Garanti, **“Join Worklife, Engage in Life”** project, aiming to increase the participation of disabled individuals in business life, was put into effect under the leadership of the Ministry of Family and Social Policies.

Garanti Anatolian Meetings where SMEs get together with the representatives of local administrations from several provinces in Turkey since 2002 were held for the 95th time in the southern Anatolian cities. Former Chief Architect of Barcelona, Prof. Josep Anton Acebillo, attended the meeting in Adana and gave hints on how to become a global city.

Garanti interviewed farmers and stakeholders of the agricultural sector in Anatolia under the motto of **“Supporter of Agriculture, Guarantee of the Producer”** to determine their common problems and share its solution suggestions.

Garanti **started a training project for farmers** in cooperation with Boğaziçi University Lifelong Learning Center (BULLC) and the Food and Agriculture Organization of the United Nations (FAO). Within the framework of the **“Support for Farmer Families in Agriculture and Rural Development”** project, 3-hour trainings on eleven selected topics are provided for family businesses engaged in agriculture.

Garanti **signed a letter of goodwill with the European Bank for Reconstruction and Development (EBRD)** to support Women’s Entrepreneurship.

DEVELOPMENTS AT GARANTI

Total amount of notes issued in the last quarter of 2014 under the **Global Medium Term Notes (GMTN)** Program, where several issuances in different currencies and maturities were realized, reached to an amount of **US\$ 212 million** equivalent.

Garanti successfully renewed its **syndicated loan** in 4Q14 with a roll-over ratio of 108%, amounting to US\$ 1.3 billion equivalent with a maturity of 1 year at Euribor+0.90% & Libor+0.90%. The Facility was oversubscribed and reached a record-high demand for a syndicated loan facility undertaken by a Turkish Bank.

Continued to finance large-scale **infrastructure and energy** projects:

- Participated as **Mandated Lead Arranger and Facility Agent** with a share of total **US\$ 542 million** finance under various facilities including acquisition finance, capex and working capital facilities, in the privatization of 1.050 MW of Kemerköy & Yeniköy Coal Fired Power Plants, the largest M&A deal in Europe and the 5th largest in the World in 2014. This landmark deal was financed by a consortium of 6 banks providing a financing package of total **US\$ 2,810 million**.

- Provided **US\$ 190 million** long term financing to Yıldırım Group for the acquisition of 143 MW operational hydro power plant portfolio and refinancing of existing facilities.
- Financed 3 wind power plant projects with a total installed capacity of 100 MW through a total of **US\$ 190 million** long term financing.

Qualified for the **Borsa Istanbul Sustainability Index** with its sustainability approach and performance based on environmental, governance and social criteria.

Entitled to be included in the **Borsa Istanbul Corporate Governance Index**, by achieving an overall corporate governance score of 9.14 assigned by the international rating institution JCR Eurasia Rating (JCR ER) for its superior compliance with Capital Markets Board Corporate Governance Principles.

Published its **Sustainability Report** in accordance with the new GRI G4 Sustainability Reporting Guidelines to comprehensive option, a first in Turkey.

Signed a **partnership agreement with UK Export Finance (UKEF)**, the UK’s export credit agency as the

only bank from Turkey. With the agreement, Garanti will be facilitating the loans under UKEF’s Direct Lending Facility Program.

Signed **“Untied Interbank Loan Agreement”** with the Export-Import Bank of Korea enabling the Bank to provide loans to its Korean owned clients and local clients that are doing business with them.

Joined SWIFT’s list of **“Banks adopted Bank Payment Obligation” (BPO)**, a new trade payment method developed by SWIFT, and is ready to process BPO transactions under Trade Services Utility (TSU) system.

iGaranti published iGaranti Galaxy Gear Application for Samsung Galaxy Gear 2 smart watches to enable its customers to see their iGaranti push notifications, limit indicator, smart shopping offers, coupons and market information through iGaranti Galaxy Gear app. Customers can check their credit card limit and account balance, market information, smart shopping offers and coupons via iGaranti Galaxy Gear app without using their phones.

SELECTED CREDIT CARD FIGURES IN TURKEY

Top 5 Categories in credit card spending

	Dec.14	Dec.13
Supermarket and shopping malls	19.1%	17.4%
Gas stations	9.0%	10.6%
Apparel and accessories	8.3%	9.0%
Household gadgets, PCs, etc.	8.1%	8.4%
Services sector	6.9%	5.1%

2.0 up from 1.95 in 2013 YE
of plastic cards per person

17% Credit cards’ share in retail loans
slightly down vs. 3Q 2014

Per card spending

Credit card

Garanti	9,227
Sector	8,298

Debit card

Garanti	614
Sector	287

Source: Interbank Card Center, Turkish Statistical Institute, Banking Regulation and Supervision Agency
Note: Official population is based on 2013 announced figure of 76.7 million.
Plastic cards defined as the sum of plastic credit cards and debit cards.

MACRO NOTES

GDP growth rate in 3Q14 was 1.7%, well below expectations (2.9%). Domestic demand including stocks subtracted 0.8 pp from growth while external demand contribution was 2.5 pp. Stocks subtracted 1.5 pp from growth in 3Q14. Public expenditures contributed 0.53 pp while private sector consumption and private investment contributed 0.13 pp and 0 pp, respectively. The sharp contraction in agricultural sector (which has a high weight in Q3 GDP) caused by drought, was the main reason of the slowdown in overall growth. This increases the likelihood of a negative contribution from stocks in the following quarter.

Preliminary data for 4Q14 suggests sluggish recovery in consumption and production, limited recovery in investment and moderate domestic demand. Agricultural sector contributed negatively according to TURKSTAT's crop production figures. Moreover, together with the geopolitical risks, as growth risks in our main export partner Europe became more pronounced, Turkey's exports performance may be limited. In November, exports to EU narrowed down and according to TEA figures it had a very limited increase in December.

Current Account Trend will be Determined by Energy Prices. 12-month cumulative current Account Deficit/GDP ratio was 5.9% in Q3. 12-month cumulative

current account deficit increased from US\$ 45.7 billion in October to US\$ 47.1 billion in November. "Net errors and omissions" outflow increased from US\$ 1.9 billion in October to US\$ 3.5 billion in November, the highest historical level, showing a significant increase in the first two months of Q4. The positive effects of energy prices are likely to be realized in the upcoming period. Downward trend will crystallize in 2015 on the back of lower energy costs.

Budget is Better than the MTP Expectations. Central Government budget deficit in 2014 remained below the target in MTP (TL 24.4 billion) and came in at TL 22.7 billion. Primary surplus reached above the target in MTP (TL 25.8 billion) and was TL 27.2 billion. In accordance with our GDP forecast for Q4, budget deficit/GDP increased slightly from 1.2% in 2013-end to 1.3% which is below the target in MTP (1.4%). Primary surplus/GDP decreased from 2.0% to 1.6% (MTP target 1.5%).

Public Debt Stock Continued to Decline. In Q3, gross external debt stock to GDP ratio was 49.6%, down from 50.3% in Q2. EU-defined public debt stock decreased from 34.4% to 34.1% in the same period (MTP 2015-end forecast 31.8%).

Surprise Recovery in Inflation. Annual CPI inflation (average) declined from 9.2% in Q3 to 8.8% in Q4.

2014-end inflation was 8.2%. In December, while food prices declined slightly (0.02%), annual inflation was 12.9%, the highest level since 2004. Declining fuel prices dragged down energy inflation. We expect inflation to decrease in 2015, especially in 2Q15, assuming that TL's depreciation might lose some momentum.

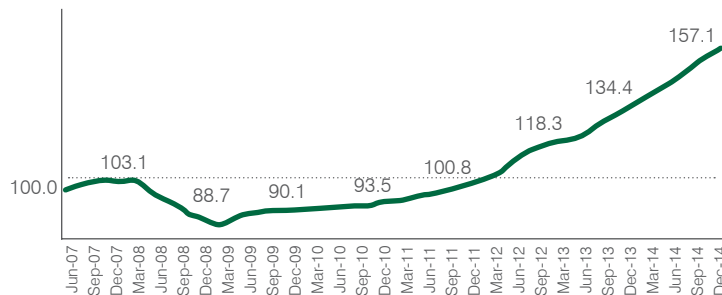
CBRT's Rate Cut in January 2015. The Central Bank of Turkey "CBRT" decreased one-week repo rate from 8.25% to 7.75%. The upper and lower bounds of the interest rate corridor were unchanged at 11.25% and 7.5%, respectively. Weak domestic demand and decelerating foreign demand, particularly due to developments in exports, are negative indicators in terms of growth dynamics. In this regard, the Central Bank's decision to cut the rate leans on global developments and inflation which decreases faster than expected. Interest rate outlook for the coming period will be determined by the following 3 factors: declining trend in inflation, the level at which oil prices will stabilize and the Fed's monetary policy.

TL depreciated by 6.3% (YoY) against currency basket in 4Q14 on average, below the depreciation level of 3Q14 (11%). Benchmark bond yields which was at 8.9% on average in 3Q14, decreased to 8.5% at 4Q14. Year-end benchmark bond yield was 8% in 2014.

REAL-ESTATE SECTOR ANALYSIS IN TURKEY

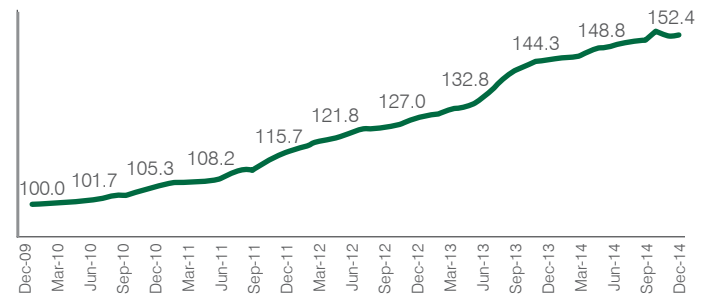
REIDIN Turkey Composite Residential Property Price Index: Sponsored by Garanti, the index reflects an increase of 1.08% M-o-M and 16.89% Y-o-Y in residential sales prices in December 2014. Index series are calculated monthly, for sales and rent covering 7 major cities, including Istanbul, Izmir, Ankara, Adana, Antalya, Bursa and Kocaeli.

Residential Property Price Index-Change in residential sales prices



REIDIN.com-GYODER New Home Price Index: Sponsored by Garanti, the index shows an increase of 0.26% M-o-M and 5.61% Y-o-Y in December 2014. Taking January 2010 as the base period, REIDIN.com-GYODER New Home Price Index is calculated on 70 housing projects and with a monthly average number of 22,500 properties presented by 27 developers.

New Home Price Index



DEVELOPMENTS IN TURKISH BANKING SECTOR

Turkish Banks raised a total amount of US\$ 8.5 billion* equivalent international funding in 4Q14. US\$ 2.2 billion equivalent amount was secured as **syndicated loans**; US\$ 965 million equivalent amount was received from **multilateral developments banks**, US\$ 1.2 billion in **securitizations** and US\$ 1.7 billion** from **Eurobond** issuances and US\$ 2.5 billion under **Global Medium Term Notes (GMTN)** Programs.

Regulatory developments during the quarter:

- On October 3, 2014, **BRSA's regulation on banks' fees and commissions** entered into force. The regulation 1) lists the products and services for which banks can charge fees and commissions, 2) ensures full transparency, disclosure, and customer consent, 3) eliminates some charges such as for simple account statements, credit-linked demand deposit accounts, virtual and debit cards, transfers from/into one's own account using one's own bank's channels 4) introduces caps and restrictions such as limiting commissions on consumer loans to solely an arrangement fee of maximum 0.5% of the principal amount. Any fee increase exceeding 1.2 times an increase in CPI in a calendar year requires advance customer consent. For other increases, customers must be notified at least 30 days in advance; and are entitled to cancel products and services within 15 days of receiving such notification.
- On October 22, 2014, BRSA amended the credit card regulation to allow up to four instalments on purchases of jewelry with credit cards.

Rating actions during the quarter:

- On October 3, 2014, Fitch affirmed Turkey's long-term foreign and local currency ratings at 'BBB-' and 'BBB', respectively, with a stable outlook.
- On November 21, 2014, S&P affirmed Turkey's sovereign rating at BB+ with negative outlook.
- On December 5, 2014, Moody's left Turkey's sovereign rating at Baa3 with a negative outlook.
- On December 01, 2014, Fitch placed Garanti's IDRs on Rating Watch Positive. Fitch also revised down support rating floors of Garanti, Isbank and Akbank to BB- from BB+.

- In December, JCR assigned Garanti a corporate governance rating of 9.14 along with a stable outlook. SAHA revised Halkbank's corporate governance rating to 9.19 from 8.72 and Yapı Kredi's to 9.25 from 8.82.

For the 1Q15 period, CBRT left the interest rate cap and overdue interest rate on credit card transactions in TL unchanged at 2.02% and 2.52%, per month, respectively, while slightly lowering FX rates to 1.62% and 2.12%, per month, respectively.

- On October 22, 2014, CBRT's communique on new framework to determine monthly credit card interest rate cap was published in the Official Gazette. Accordingly, the cap will be at 2.02% per month as long as monthly general purpose cash loan (GPCL) interest rate remains between 1.15% and 1.59%. CBRT sets this as the normal interest rate environment. If monthly GPCL rate falls below 1.15%, the cap will be set at an 87 bps premium; and if it increases above 1.59%, the cap will be set at a 43 bps premium. CBRT's rationale is to i) lower the fluctuations in the cap in the normal rate environment, ii) limit the usage of credit cards in a low rate environment, and iii) prevent NPL formation in a high rate environment.

CBRT resumed paying interest on TL required reserves as of November 2014. Accordingly, the interest rate will be the CBRT weighted funding rate minus 500bps for those banks with the ratio of the sum of deposits and equity to loans equal to or above the sector average. The interest rate for the rest will be the CBRT weighted funding rate minus 700 bps.

NPL sales during the quarter:

Akbank sold its TL 250.5 million NPL portfolio receivables for TL 41 million.
YKB sold its TL 61.1 million NPL portfolio receivables consisting of credit cards for TL 8.3 million.
Finansbank sold its TL 350 million NPL portfolio receivables consisting of micro loans, credit cards, overdraft accounts, and general purpose consumer loans for TL 64 million.

Other developments:

BRSA approved Ziraatbank's application to establish a participation bank with US\$ 300million capital. Vakıfbank sold its stakes in Visa and Mastercard for US\$ 116.7 million and US\$ 22.8 million, respectively. Garanti joined the BIST Corporate Governance Index. Garanti, Akbank, Vakıfbank and Yapı Kredi were included in the BIST Sustainability Index launched on 4 November, 2014.

Selected Sector Figures (TL Million)

	27.12.13	26.09.14	02.01.15	YTD4
Total Deposits	951,407	1,030,134	1,049,871	10.3%
Bank Deposits	56,070	66,249	67,000	19.5%
Customer Deposits	895,337	963,885	982,871	9.8%
TL Deposits	563,792	590,792	616,557	9.4%
FC Deposits (US\$ mn)	155,931	166,289	157,714	1.1%
Customer Demand Deposits	164,189	177,800	174,785	6.5%
Total Loans	944,088	1,061,706	1,116,794	18.3%
TL Loans	677,883	762,358	796,884	17.6%
FC Loans (US\$ mn)	125,290	133,505	137,897	10.1%
Retail Loans*	448,299	484,678	509,639	13.7%
Housing	105,200	114,239	118,782	12.9%
Auto	20,076	18,786	19,275	-4.0%
General Purpose Loans**	232,268	267,925	286,620	23.4%
Credit Cards	90,755	83,728	84,962	-6.4%
Loans / Deposits	99.2%	103.1%	106.4%	
Gross NPL	26,333	23,590	24,520	-6.9%
NPL ratio	2.7%	2.2%	2.1%	
NPL coverage	78.2%	77.6%	74.6%	
Gross NPL in retail loans	8,745	11,047	11,683	33.6%
NPL ratio in retail loans	1.9%	2.2%	2.2%	
Gross NPL in credit cards	4,761	5,724	5,621	18.1%
NPL ratio in credit cards	5.0%	6.4%	6.2%	
F/X Position, net (US\$ mn)	-386	-1,325	-3,049	
on B/S	-31,356	-38,062	-32,908	
off B/S	30,970	36,738	29,859	

Source: BRSA weekly sector data, commercial banks only

* Including consumer and commercial installment loans

** Including other and overdraft loans

* Source: Public Disclosure Platform. Calculation based on publicly-traded banks.

** Source: Bloomberg.

MARKET RECAP

In 4Q14, global equities delivered positive returns in a volatile environment. Investors welcomed a series of data indicating that the US economic recovery had finally gained ground. Most encouraging data was strength in the labor market, which appeared to be improving at the fastest rate since the 1990s. However, weak inflation data and slowing economic growth in Europe caused the Euro to fall to a multiyear low against US\$ and sent government bond yields to record lows. Accordingly, ECB pursued asset purchasing strategy, yet it did not satisfy markets. Overall, strong macro data in the US; hopes for more stimulus in Europe, Japan, and China; dramatic currency intervention by Russia helped the markets overcome the hurdles, bringing many of the major indexes to record highs on December 30. Moreover, oil prices, tumbling to the lowest level in more than five years, supported equities on the back of consumer-led recovery. However, as most investors don't expect the Fed to raise interest rates until mid-2015, many started to favor less risky US assets on the back of global growth concerns. 10-year Treasury note yields declined significantly amid strong demand for relatively high-yielding safe-haven government debt.

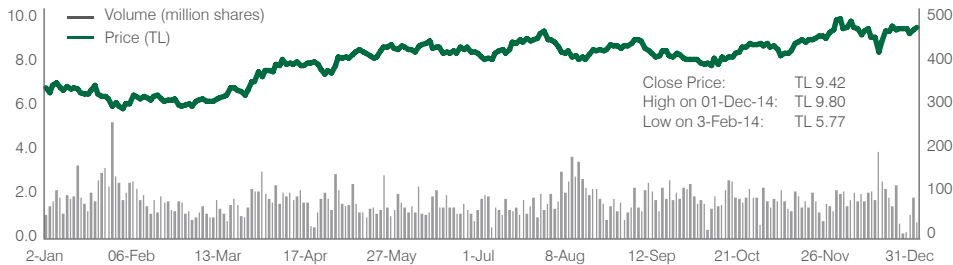
Emerging markets (EMs) stocks fell in 4Q14 as plunging oil prices and a full-blown currency crisis in Russia triggered global risk aversion. Sell-offs mostly came in December when oil price started to fall below breakeven rates and EM currencies significantly depreciated against US\$. Russia was particularly weak amid deteriorating economic data, plummeting oil price (40% down in 4Q14) and pressure on the ruble. Russian economy began contracting, stock market collapsed and the ruble depreciated by 45% against US\$ in 4Q14. As a result, Russian Central Bank aggressively hiked interest rates by 650 bps to 17%, highest since the 1998 default, in order to contain relentless depreciation. MSCI Russia tumbled by 34% in 4Q14 (49% in 2014) and caused MSCI EM slid to its lowest level since July 2013 on December 16, when the ruble experienced a dramatic sell-off. On the contrary, Chinese equities performed strongly after an unexpected interest rate cut in November, first rate cut since 2012, and the MSCI China Index increased by 7%.

Turkish stocks, on the other hand, outperformed emerging peers and advanced nearly 14% as the drop in oil prices lifted the country's economic outlook by

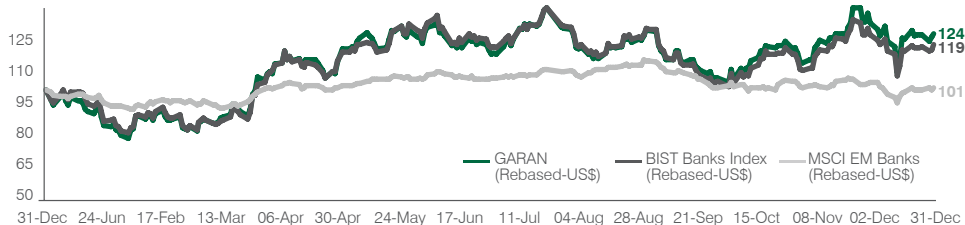
shrinking its import bill and reducing its sizable current account deficit by a considerable amount. Although TL depreciated to all-time low (2.41) on December 16, MSCI Turkey outperformed MSCI EM by 17% in 4Q14 with good returns in October and November. Although the CBRT pledged to hold its tight monetary policy until clear signs of improvement in inflation and kept interest rates unchanged, benchmark interest rate declined by almost 200 bps to 8.02% on the back of improving macro data and strengthening expectations that the CBRT will cut interest rates in 1Q15.

Looking ahead, low interest rate environment seems to prevail for more amid weak global growth. Fed's first move to increase interest rates is now expected in 2H15 or even in 2016. Moreover, there is now growing consensus that the ECB will announce a large scale QE programme in an attempt to derail declining inflation expectations and restore investor confidence in the Eurozone. Although an energy-led slowdown in Russian economy created fears of another EM contagion, favorable global liquidity conditions tend to support EMs also in 2015, giving room for central banks to ease monetary policies in the first half of the year. Hence, recent interest in safe-haven government bonds is likely to continue, dragging the yields further down. Among EM peers, Turkish equities and bond market seem to be key beneficiaries of the disinflationary environment created by lower oil, the ECB's sovereign QE and the potentially postponed US rate hikes as long as TL preserves its stability. It is also worth to note that general elections, scheduled for June 2015, in Turkey are not priced-in as a political risk factor that could disrupt investor confidence since the political environment is now relatively stable.

Garanti Bank Stock Performance in 2014



Relative Performance to MSCI EM Banks & BIST Banks Index



Stock Market Performance* in Selected Countries (in US\$)

	YoY	QoQ
Brazil	-17%	-16%
China	5%	7%
Hungary	-30%	-13%
India	22%	-1%
Mexico	-10%	-13%
Poland	-17%	-14%
Russia	-49%	-34%
Turkey	17%	12%
EM	-5%	-5%
EMEA	-18%	-11%
EM Banks	4%	2%
Eastern Europe	-40%	-27%
Latin America	-15%	-14%

* Based on MSCI's Emerging Markets Indices, as of December 31, 2014.

For further information please contact Garanti Investor Relations.

Address: Levent, Nispetiye Mah. Aytar Cad. No: 2, 34340, Besiktas, Istanbul-Turkey Tel: +90 (212) 318 23 50 Fax: +90 (212) 216 59 02

Web: www.garantiinvestorrelations.com e-mail: investorrelations@garanti.com.tr

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