



**September 30, 2005**

**BRSA Earnings Presentation**

**October 28, 2005**

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## Q3/2005 Performance Review

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## Superior Financial Performance

Year-to-date in US\$ terms:

- Total assets were up by 26.2%, to reach US\$24,378 million
- Total loans increased by 44.4%, reaching US\$10.951 million
- Total deposits increased by 17.0%, reaching US\$15,145 million

As of Q3 2005, on an annual basis in US\$ terms:

- Total revenues increased by 56.6%
- Operating income increased by 87.2%
- Net income increased by 56.3% reaching US\$396 million
- ROAA and ROAE stood at 2.39% and 20.51%, respectively

### Selected Financials

BRSA, YTL Thousand

	September 30, 2004	September 30, 2005	Y-on-Y % Change
<b>Total Revenues<sup>1</sup></b>	<b>1,523,785</b>	<b>2,035,290</b>	<b>33.6%</b>
<b>Operating Income<sup>2</sup></b>	<b>740,581</b>	<b>1,182,810</b>	<b>59.7%</b>
<b>Net Income</b>	<b>394,130</b>	<b>525,693</b>	<b>33.4%</b>
<b>ROAE</b>	<b>18.06%</b>	<b>20.51%</b>	<b>2.45 pps</b>
<b>ROAA</b>	<b>1.99%</b>	<b>2.39%</b>	<b>0.40 pps</b>
<b>Cost / Income<sup>3</sup></b>	<b>59.45%</b>	<b>54.05%</b>	<b>(5.40) pps</b>

	December 31, 2004	September 30, 2005	YTD % Change
<b>Total Assets</b>	<b>26,267,917</b>	<b>32,324,783</b>	<b>23.1%</b>
<b>Total Loans</b>	<b>10,313,087</b>	<b>14,521,341</b>	<b>40.8%</b>
<b>Customer Funds<sup>4</sup></b>	<b>36,853,990</b>	<b>48,512,524</b>	<b>31.6%</b>
<b>Shareholders' Equity</b>	<b>3,169,324</b>	<b>3,665,915</b>	<b>15.7%</b>
<b>CAR</b>	<b>16.80%</b>	<b>15.59%</b>	<b>1.21 pps</b>

<sup>1</sup> Total Revenues : NIM adjusted by FX gain/(loss) + monetary gain/ (loss) + Net non-interest income

<sup>2</sup> Operating Income : Total revenues – Operating expenses

<sup>3</sup> Including amortization

<sup>4</sup> Customer Funds: Customer Deposits + AUM + Customer Repos + Securities Under Custody

## Focus on Sustainable Sources of Revenues

### Income Statement

YTL Thousand

- Adjusted NII increased by 46.0% compared to Q3 04
- Net fees and commissions income increased by 35.4% over the same period last year
- Total revenues and operating income increased by 33.6% and 33.4%, respectively, compared to Q3 04

	September 30, 2004	September 30, 2005	Y-on-Y % Change
<b>Adj. Net Interest Income*</b>	938,292	1,370,089	46.0%
<b>Net Fees &amp; Commissions Income</b>	395,298	535,046	35.4%
<b>Net Trading Income</b>	94,431	2,811	(97.0%)
<b>Other Non-Interest Income</b>	95,764	127,344	33.0
<b><u>Total Revenues</u></b>	<b><u>1,523,785</u></b>	<b><u>2,035,290</u></b>	<b>33.6%</b>
<b>Operating Expenses**</b>	783,204	852,480	8.8%
<b><u>Operating Income</u></b>	<b><u>740,581</u></b>	<b><u>1,182,810</u></b>	<b>59.7%</b>
<b>Provisions**</b>	<b><u>206,279</u></b>	<b><u>457,967</u></b>	<b>122.0%</b>
<b>Taxes</b>	140,173	199,150	42.1%
<b><u>Net Income</u></b>	<b><u>394,130</u></b>	<b><u>525,693</u></b>	<b>33.4%</b>

\*Adj. by FX gain/(loss) + monetary gain/ (loss)

\*\*Reserves for employee termination benefits are shown in provisions

## Summary

### Balance Sheet Highlights

- Total assets were up by 26.2% in US\$ terms as compared to YE 2004
- TL loans rose by 57.0%; while FC loans increased by 28.9% in US\$ terms over YE 2004
- Share of performing loans in total assets stood at 44.9% in Q3 2005 from 39.3% in YE 2004; while the share of securities portfolio continued to decline to 31.3%
- Share of loans to SME segment in total cash loans increased to 9.9% in Q3 05 from 6.3% in 2004 YE
- TL deposits increased by 33.5% as compared to YE 2004
- Shareholders' equity increased by 15.7%, reaching YTL3,666 Million

### P/L Highlights

- Total revenues increased by 33.6% y-o-y
- Operating income was up by 59.7% as compared to a year ago
- Ordinary banking income increased by 33.6% as compared to a year ago
- Net fees and commissions income was up by 35.4% on an annual basis
- Net fees and commissions covered 62.8% of operating expenses in Q3 2005, compared to 50.5% in Q3 2004
- Net income was YTL525.7 Million
- Cost / Income ratio further declined to 54.05%
- ROAA and ROAE increased to 2.39% and 20.51%, respectively



## Q3/2005 Performance – B/S

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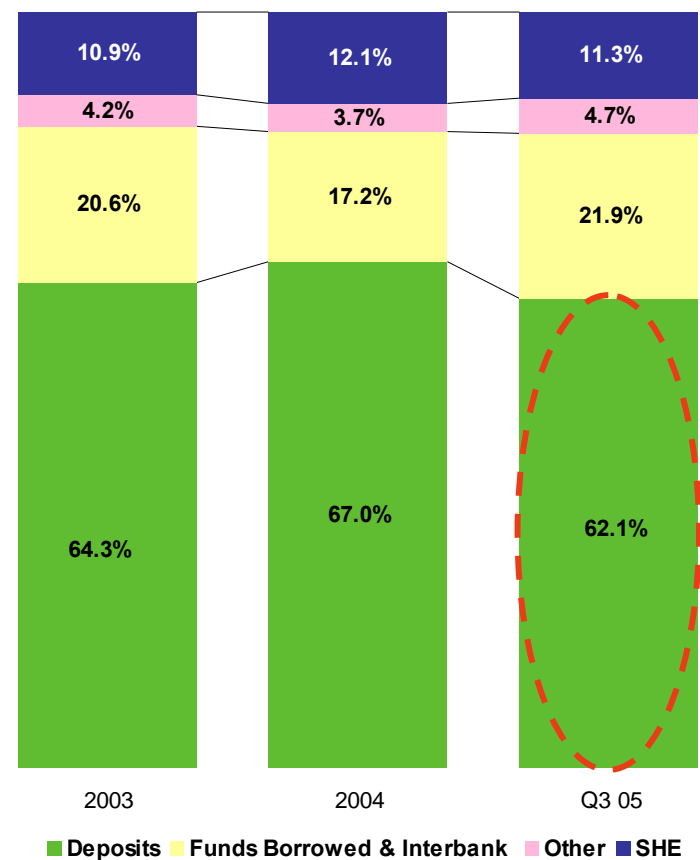
# Loans Reach 45% of Assets

- Garanti's asset size reached YTL32,325 million
- Share of loans in total assets stood at 44.9% as of Q3 2005; whereas securities decreased further to 31.3% of the assets
- Share of deposits was 62.1%, and share of funds borrowed and interbank increased to 21.9%
- Share of shareholders' equity stood at 11.3%

**Total Assets**  
%



**Total Liabilities and SHE**  
%

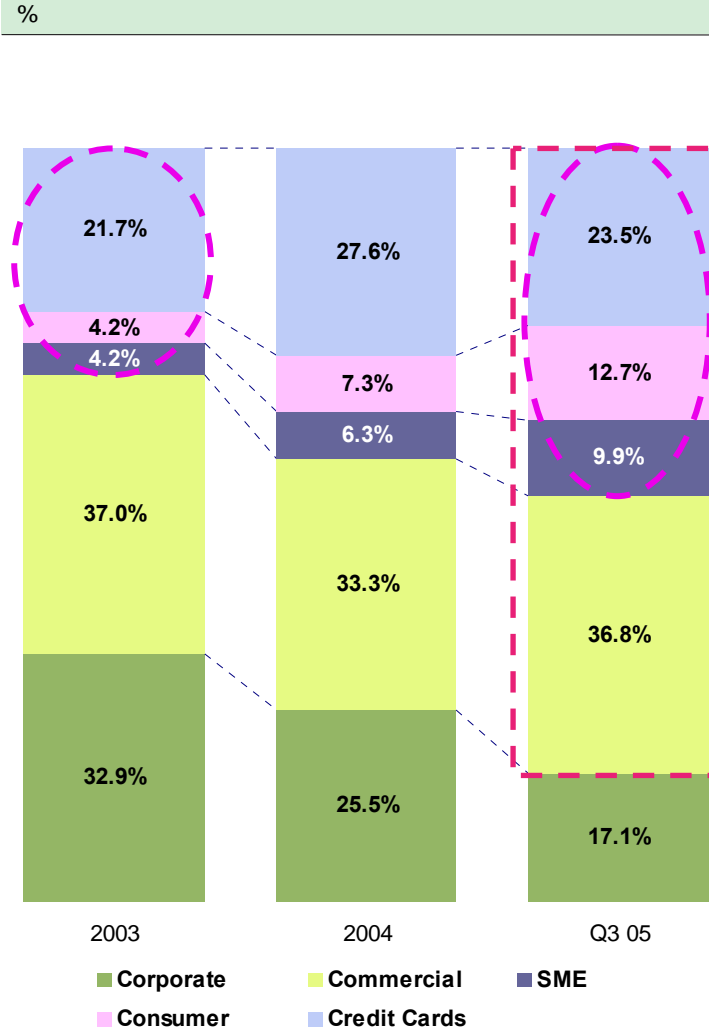


\*Throughout the presentation, loans refer to performing loans only, unless stated as gross loans.

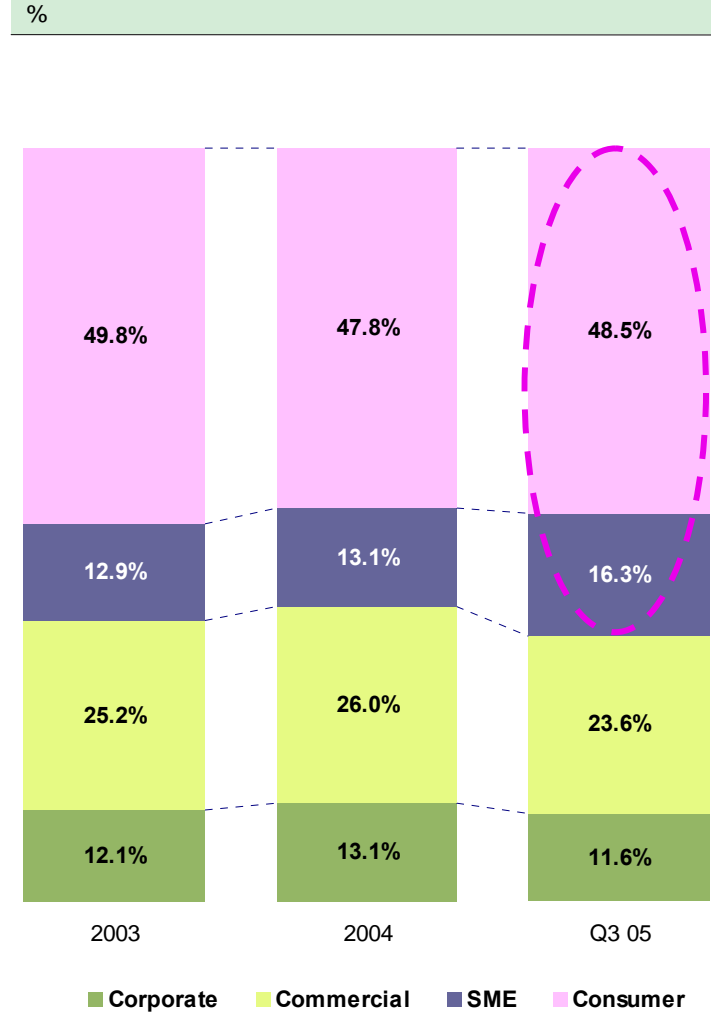
# Further Growth in Retail Lending

- Loans to SME segment increased further to 9.9% of cash loans, whereas loans to corporate segment came down to 17.1% of total loans
- Deposits to SME and consumer segments composed 64.8% of total deposits

**Breakdown of Loan Portfolio by LOB**



**Breakdown of Deposits by LOB \***

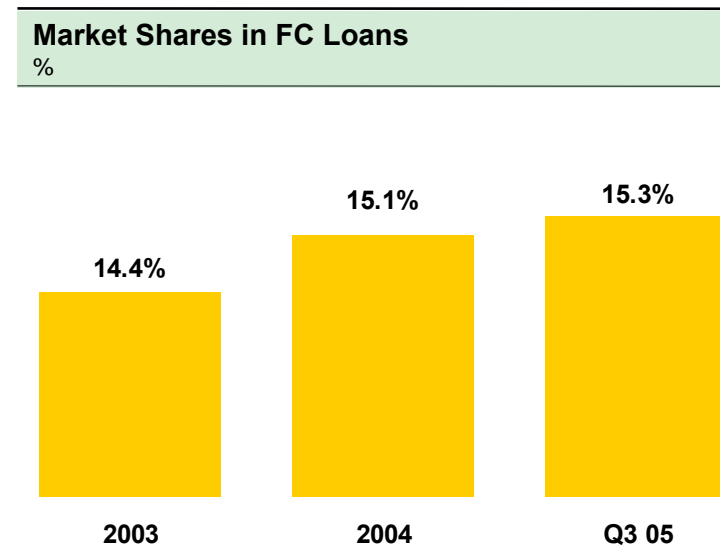
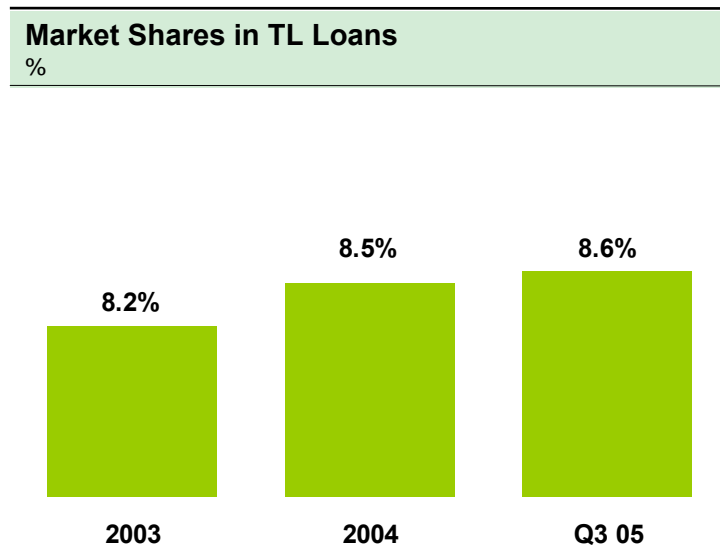
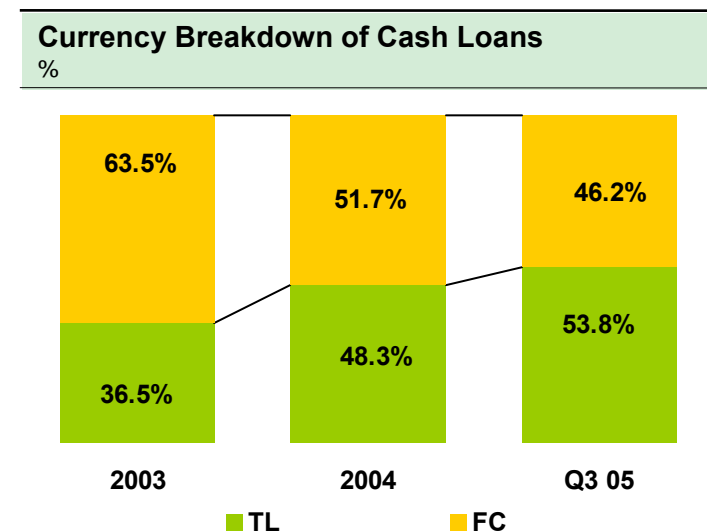
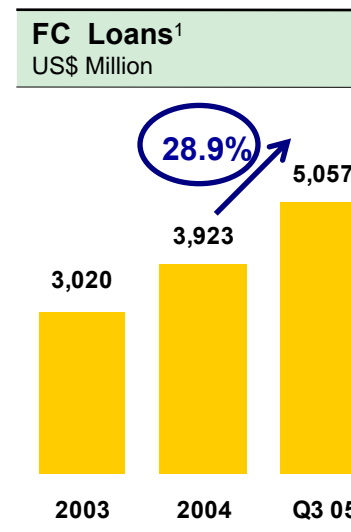
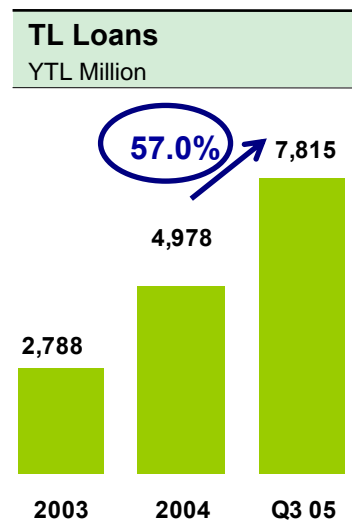


\* Excluding bank deposits



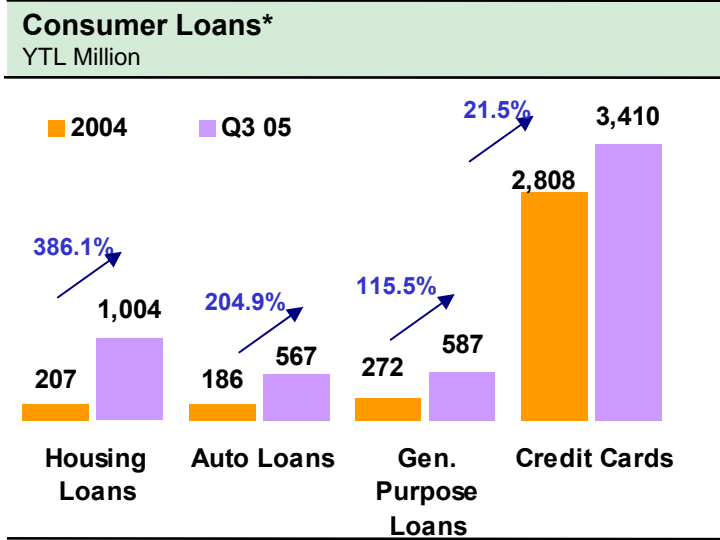
## Strong Growth in TL Loans

- TL loans went up by 57.0% in the first nine months of 2005, whereas the increase over the second quarter was 17.0%
- Similarly increase in FC loans on a quarterly and YTD basis were 6.3% and 28.9% in US\$ terms, respectively
- Total cash loans were up by 11.3% on a quarterly basis
- TL loans composed 53.8% of total cash loans
- Banking sector growth in TL and FC loans during the first nine months of 2005 were 47.2% and 11.6%, respectively



# Focus on Profitability & Loyalty

- Consumer loans (excluding credit cards) increased by 224.6% YTD, whereas increase in credit cards during the same period was 21.5%.
- Over the previous quarter, increase in housing and car loans were 58.7% and 18.2%, respectively
- YTD increase in total consumer loans, including credit cards, was 60.3%
- Share of credit cards decreased to 61.2% in consumer loans, whereas share of housing loans increased significantly to 18%



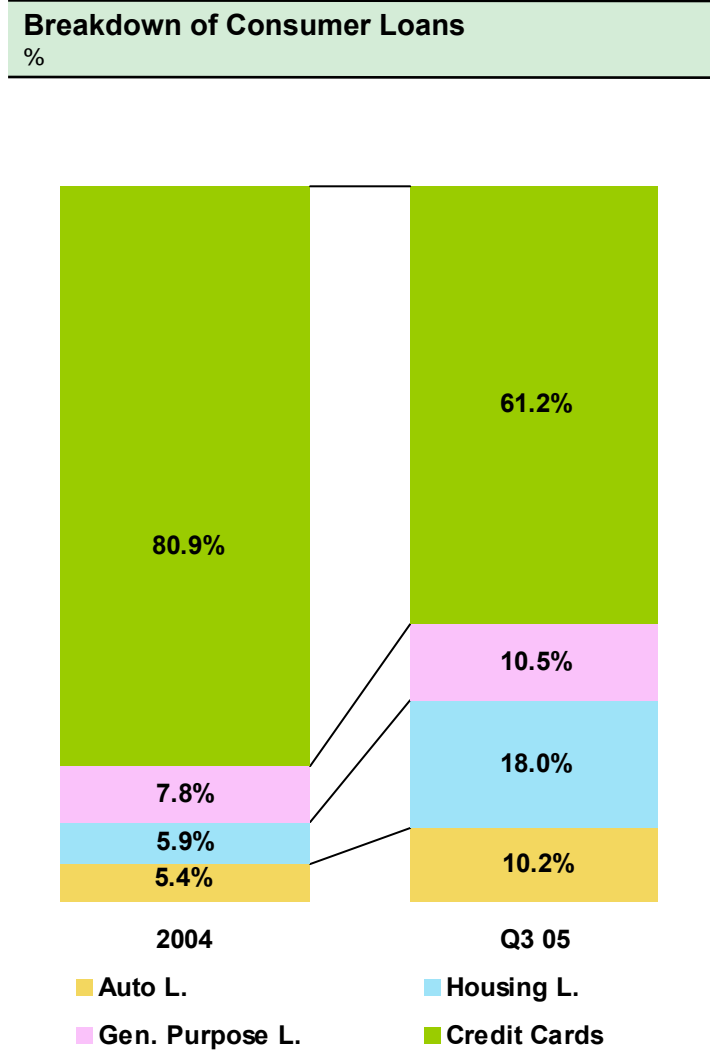
\*Consumer loans extended to SMEs are excluded

### Yield Comparison in TL Loans

%

**September 30, 2005**

Loan Type	Yield (%)
Credit Cards	43.4
Gen. Purpose Loans	26.5
Housing Loans	20.8
Auto Loans	22.6



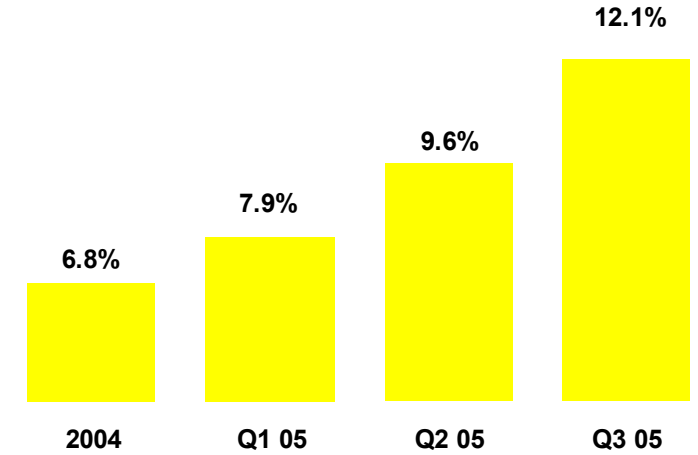
## Market Shares in Consumer Loans

- Garanti's market share was 11.0% in housing loans, 12.1% in car loans, 6.8% in general purpose loans and 9.6% in total consumer loans (excluding credit cards)
- Among the private sector banks, the Bank's market share in total consumer loans increased to 15.6% in Q3 05, up from 11.8% in 2004 YE

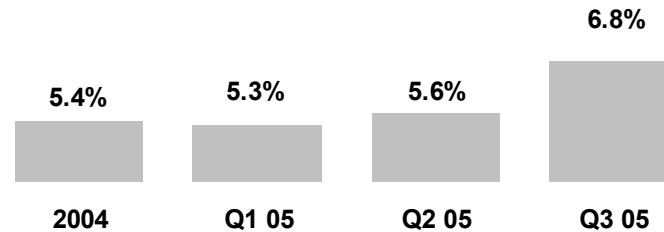
**Market Shares in Housing Loans**  
%



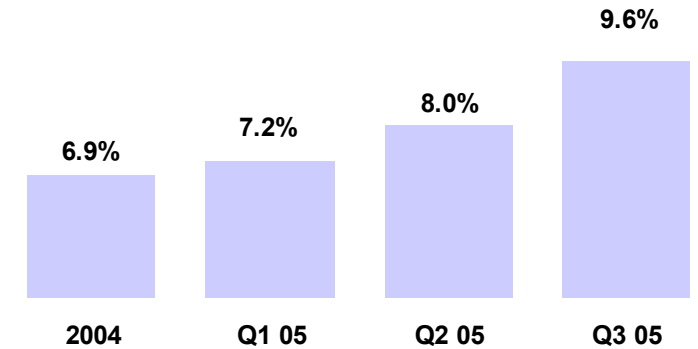
**Market Shares in Car Loans**  
%



**Market Shares in General Purpose Loans**  
%



**Market Shares in Total Consumer Loans**  
Excluding Credit Cards, %

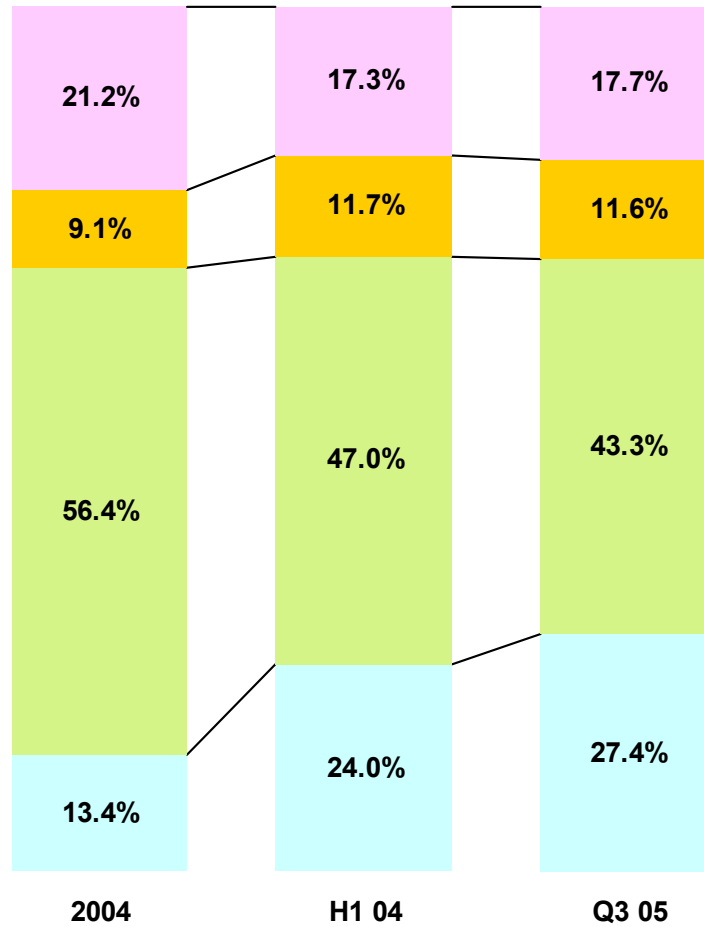


In the statistics of BRSA and CBT, consumer loans are described as loans provided to real persons. Consumer loans extended to commercial and SME legal entities are referred as installment based corporate and commercial loans

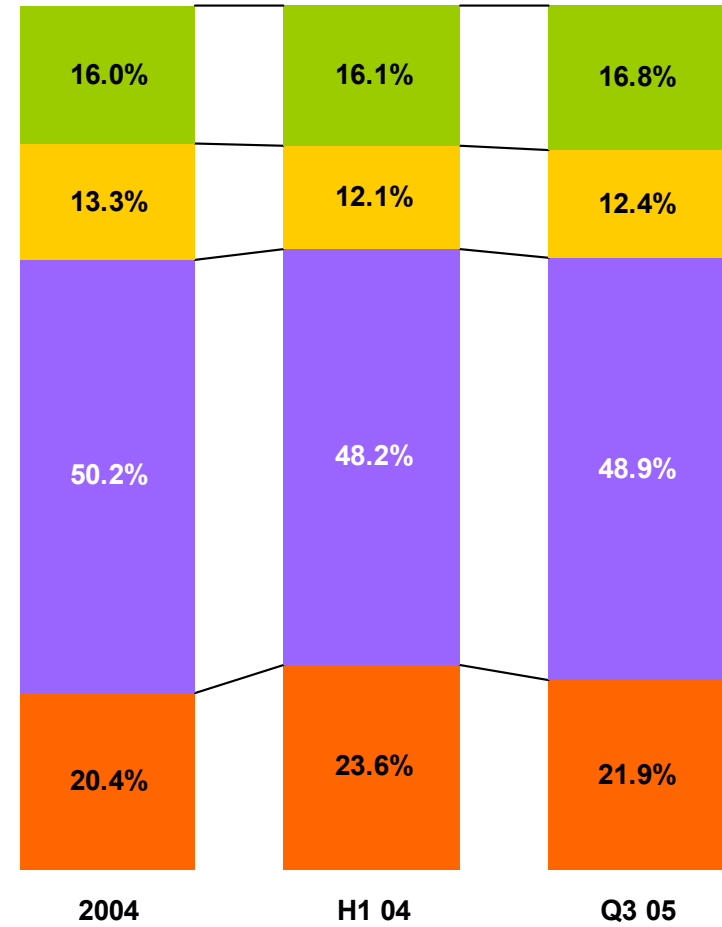
# Loan Composition by Type

- Consumer loans' share in TL loans increased to 27.4% in Q3 05, up from 13.4% in 2004 YE, whereas share of credit cards in TL loans came down to 43.3% in Q3 05 from 56.4% in 2004 YE
- Working capital and export loans composed 48.9% and 21.9% of FC loans as of Q3 05

**Breakdown of TL Loans**  
YTL Million



**Breakdown of FC Loans**  
%



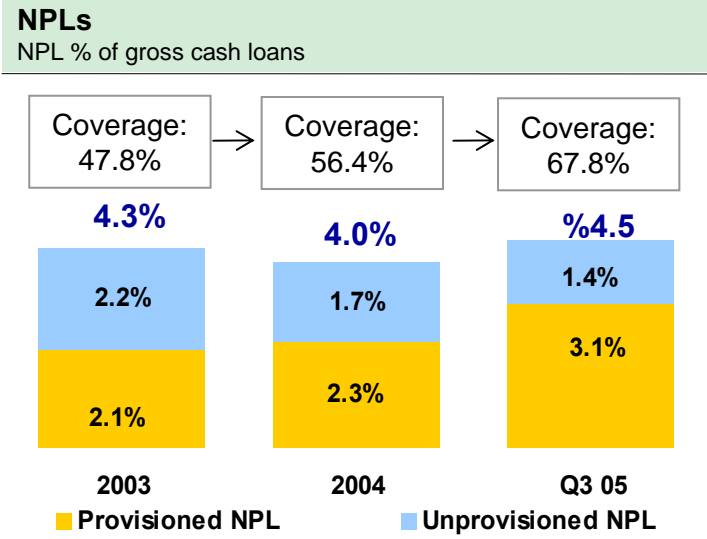
■ Consumer Loans      ■ Credit Cards  
■ Commercial Overdraft      ■ Other TL Loans

■ Export Loans      ■ Working Capital  
■ Project Finance      ■ Other FC Loans

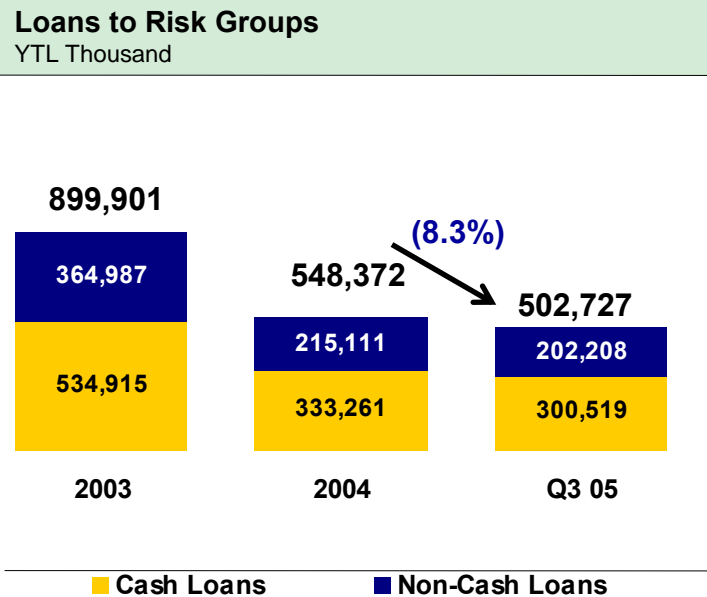
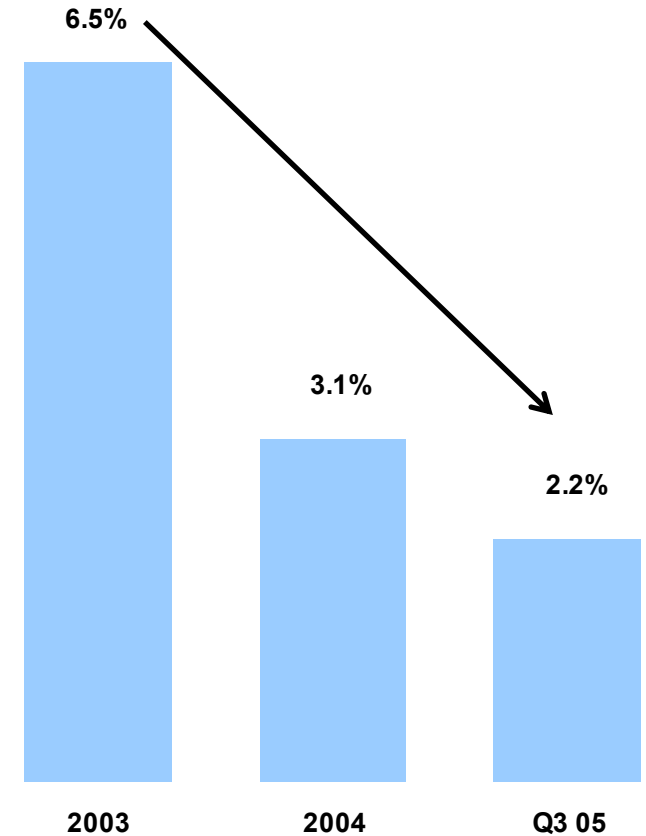


# Strong Asset Quality

- NPL ratio decreased slightly to 4.5% in Q3 05, from 4.6% in H105 and coverage ratio stood at 67.8% in Q3 05
- Related party exposure was down by 8.3% during the first nine months of 2005, and its ratio to total cash and non-cash loans was 2.2%



### Loans to Risk Groups / Total Cash & Non-Cash Loans, %

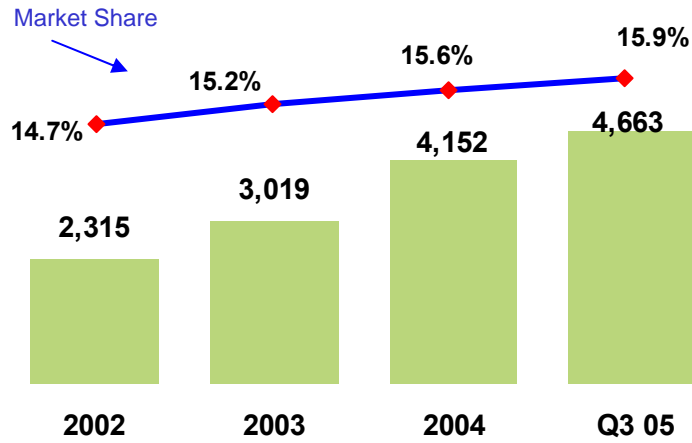


# Credit Cards

- Garanti's credit card number reached 4.7 million as of October 2005
- Market share in total issuing volume reached 21.1% and market share in acquiring volume reached 19.8% in September 2005

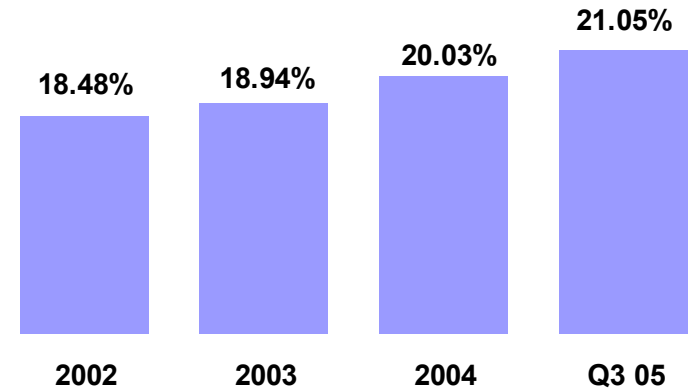
## Number of Credit Cards

Thousand



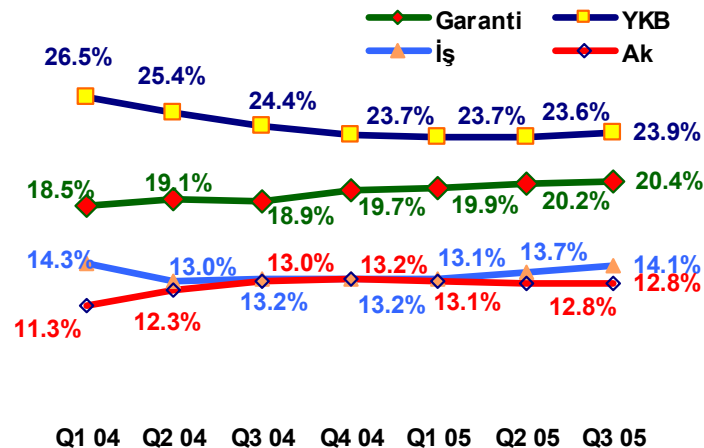
## Issuing Volume Market Share

%, Monthly Figures



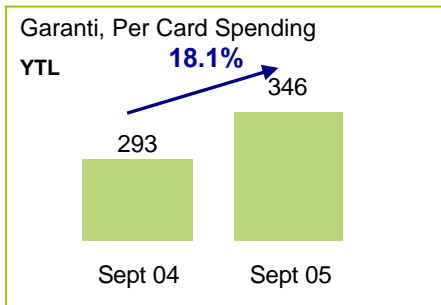
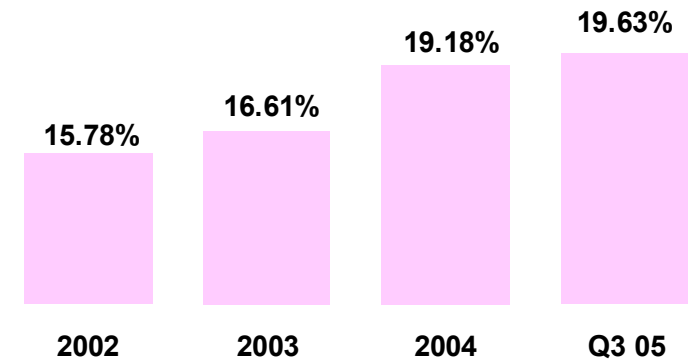
## Issuing Volume Market Share, Garanti vs. YKB

%, Quarterly



## Acquiring Volume Market Share

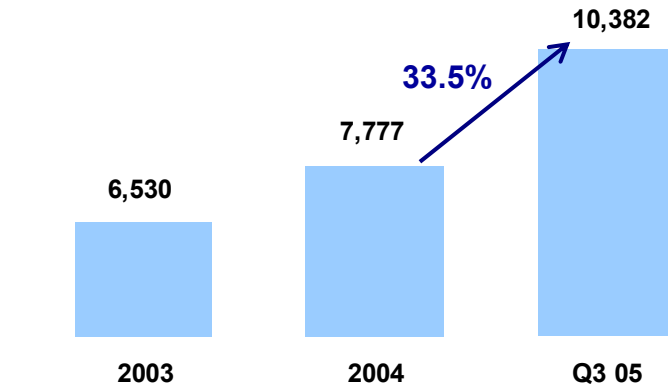
Retail, %, Monthly Figures



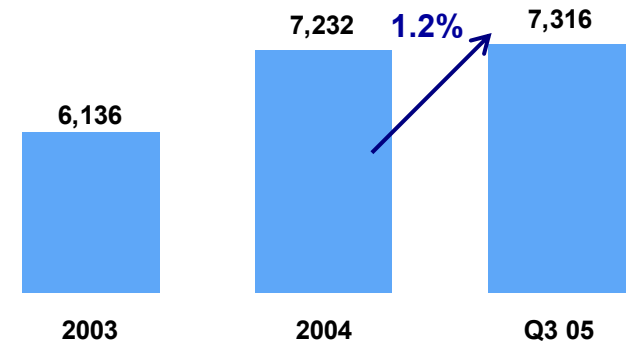
# Cost Conscious Growth in Deposits

- TL deposits increased by 12.9%, over the previous quarter, reaching YTL 10,382 Million
- FC deposits were up by 4.1% in US\$ terms over Q2 05
- Total deposits improved by 14.0% YTD
- Total customer funds increased by 31.6% over YE 2004, reaching YTL48,513 Million

**TL Deposits**  
YTL Million

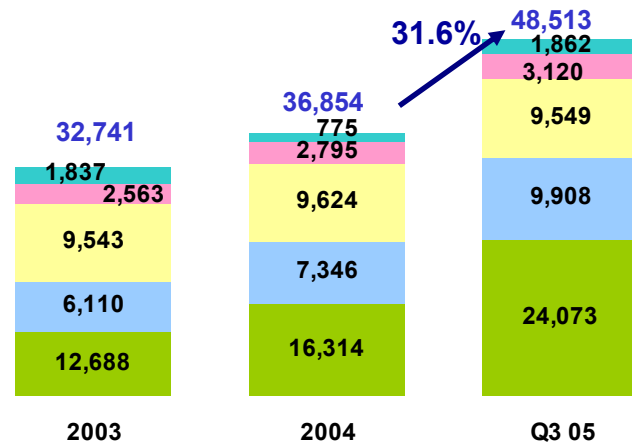


**FC Deposits\***  
US\$ Million



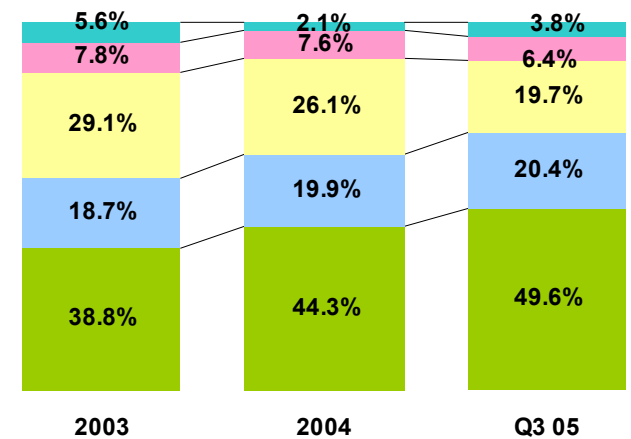
\* Foreign currency, not inflation adjusted

**Total Customer Funds**  
YTL Million



■ T-Bills Under Custody  
■ FC Deposits\*  
■ Repo  
■ TL Deposits\*  
■ AUM

**Composition of Total Customer Funds**  
%



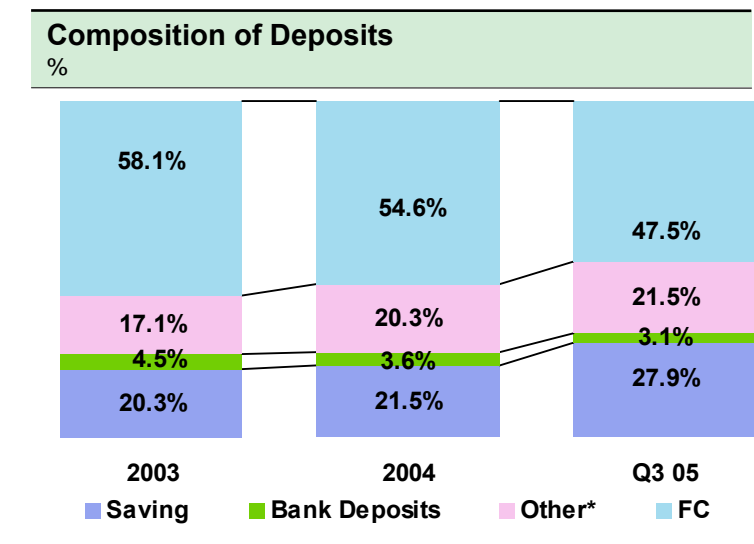
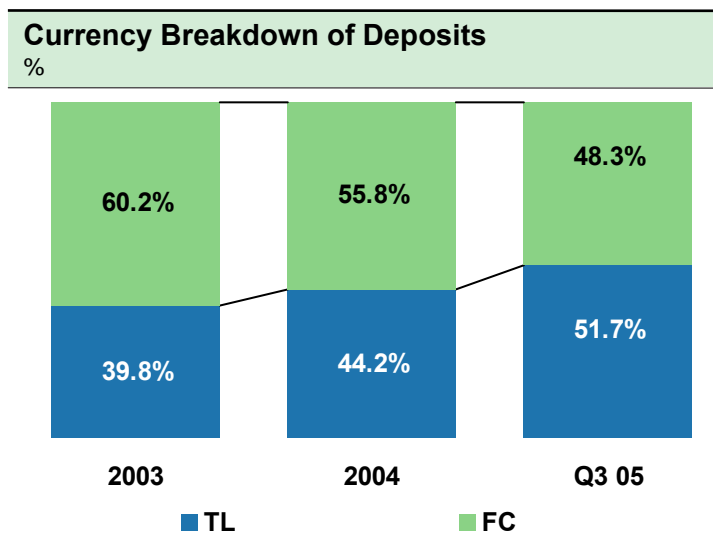
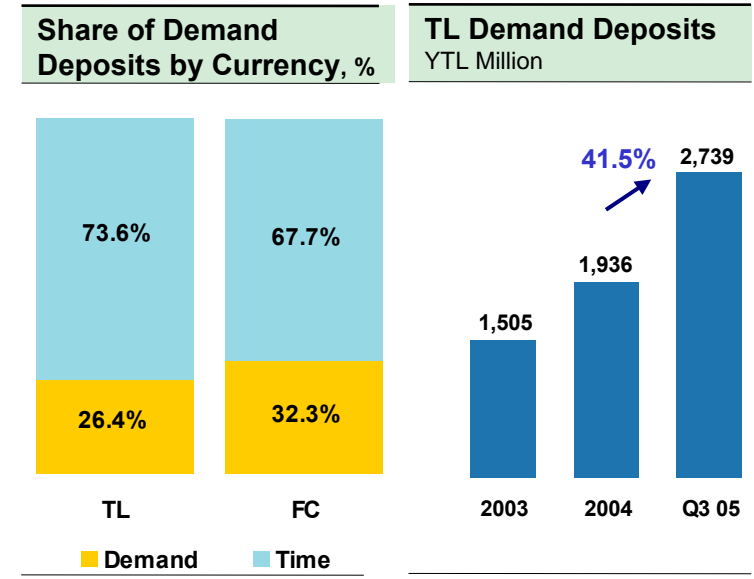
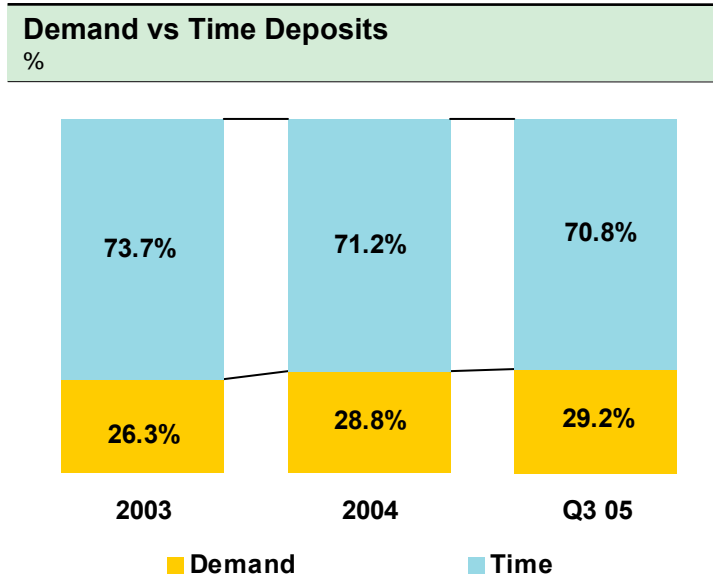
■ T-Bills Under Custody  
■ FC Deposits\*  
■ Repo  
■ TL Deposits\*\*  
■ AUM



\*\*Excluding bank deposits

# Share of Demand Deposits Continues to Increase

- Share of demand deposits in total deposits reached 29.2% in Q3 05
- TL demand deposits increased by 41.5% over YE 2004 and by 19.6% over H1 05
- YTD growth in total demand deposits was 15.7%
- Share of TL deposits in total deposits increased to 51.7% of total deposits
- In the banking sector, demand deposits composed 19.4% of total deposits as of Q3 05



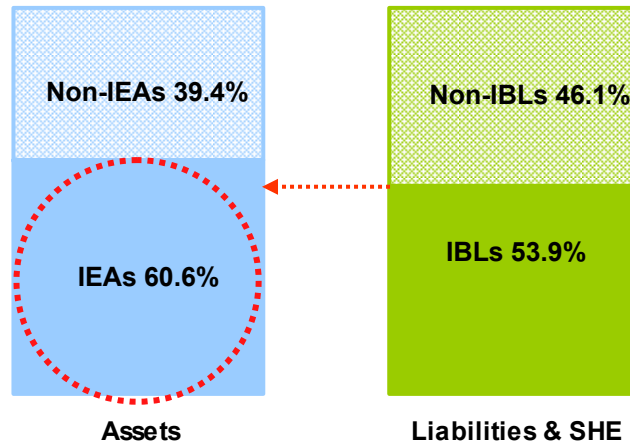
\* Other deposits include commercial deposits, deposits of official authorities & organizations and deposits of other organizations



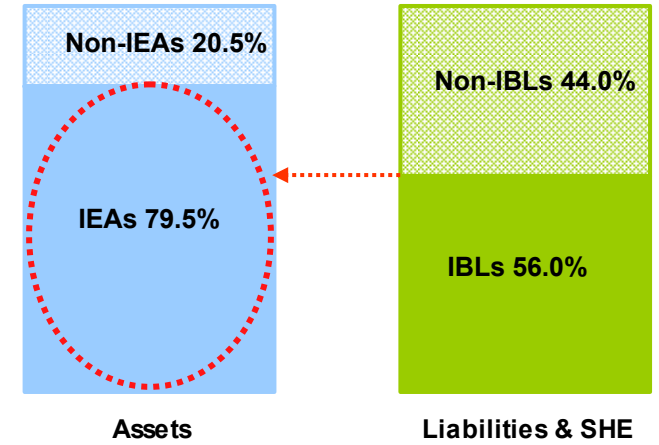
# More Room to Grow in TL IEAs

- TL IEAs composed 79.5% of TL assets, whereas on the FC B/S, FC IEAs / FC Assets made up 95.6% as of Q3 05

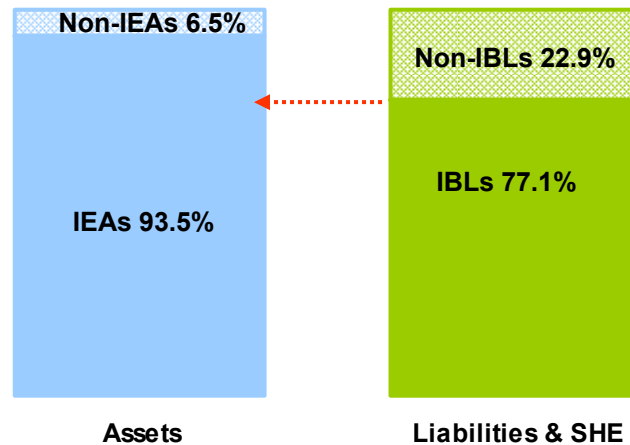
TL Balance Sheet, 2003  
%



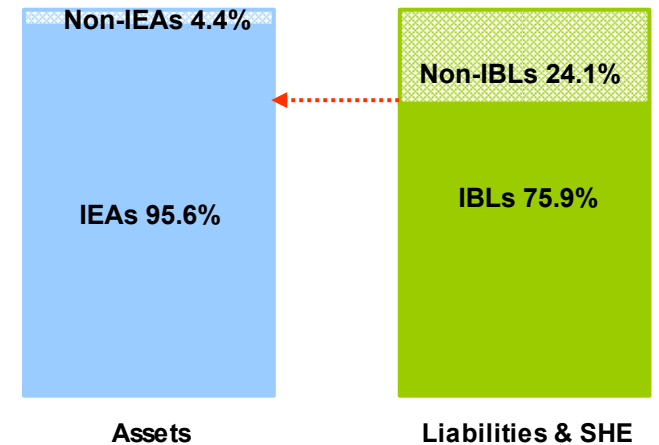
TL Balance Sheet, Q3 2005  
%



FC Balance Sheet, 2003  
%



FC Balance Sheet, Q3 2005  
%

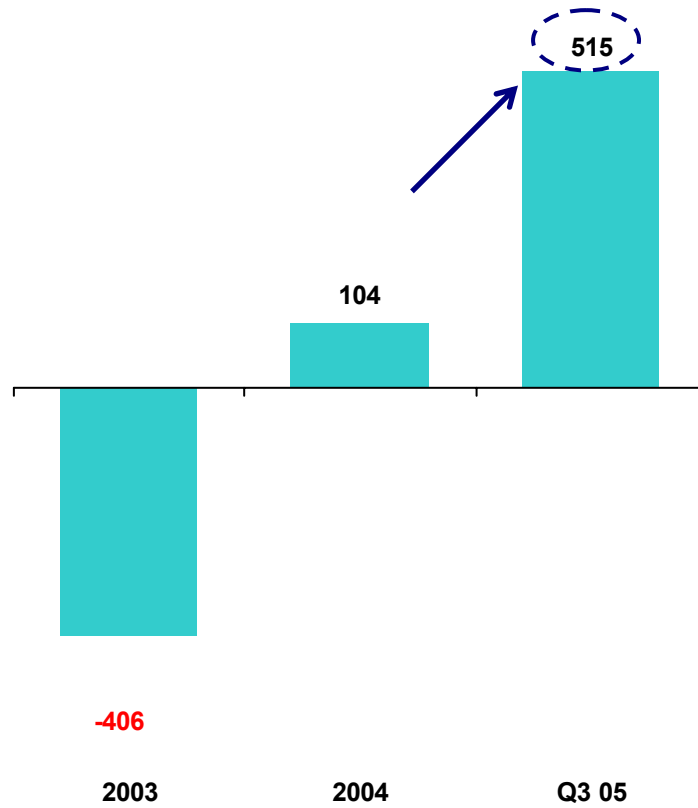


# Improving Free Equity

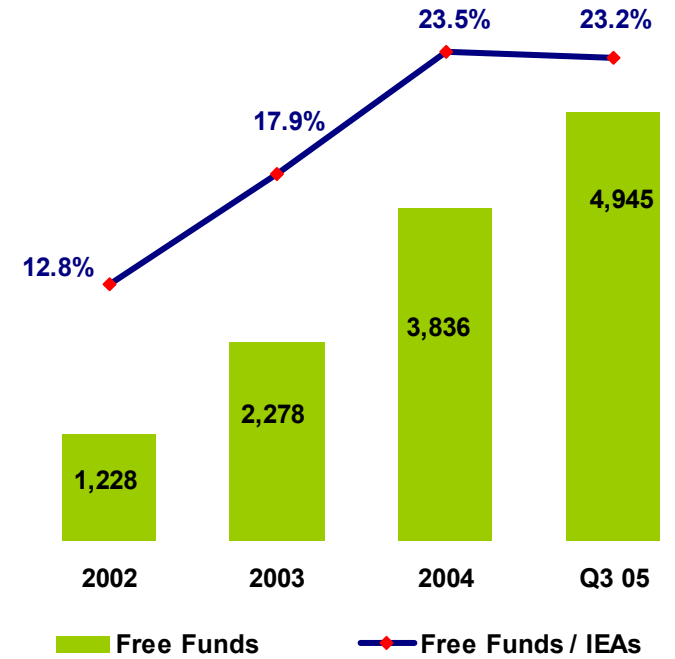
-YTD improvement in free equity reached US\$411 million

-Free funds were up by 28.9% YTD reaching US\$4,945 million

**Free Equity**  
US\$ Million



**Free Funds\*/IEAs**  
US\$ Million, %



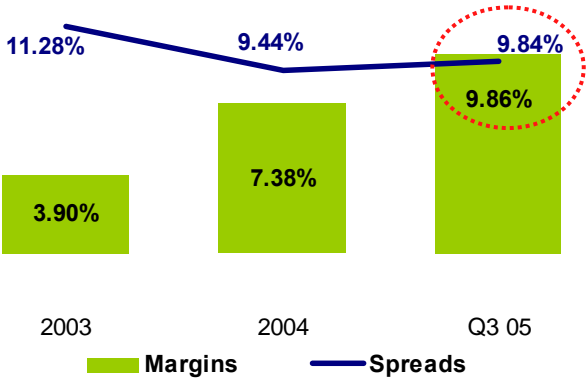
\*Free Funds : Free Capital + Demand Deposits



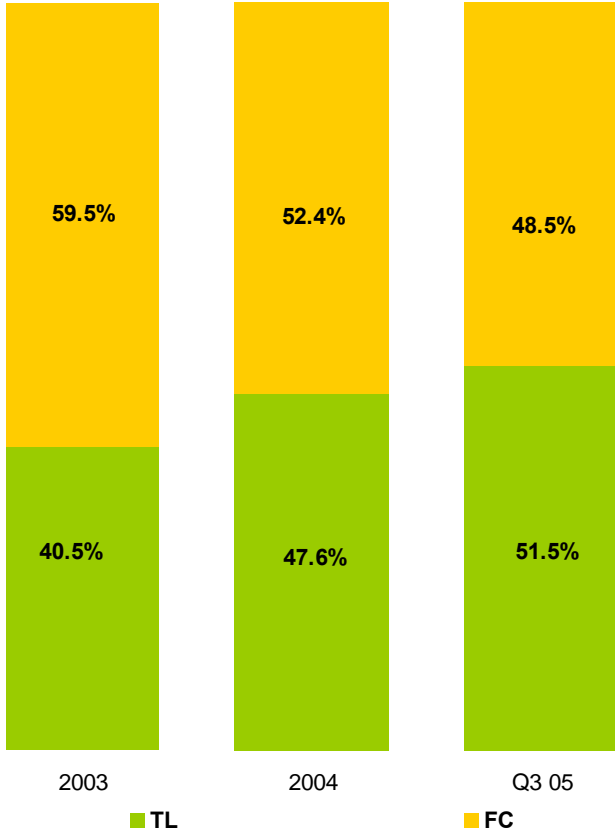
# Successful Lending Policy and Aggressive Sale of TL Loan Products

- Despite declining TL rates, margins and spreads in TL balance sheet improved due to focus on lucrative business lines and increasing share of IEAs
- In line with improving TL margins, share of TL in B/S continues to increase, which is currently at 51.5%

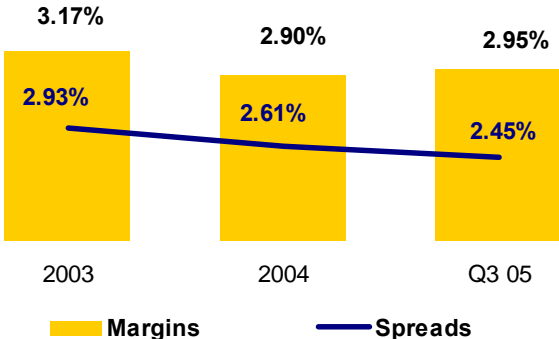
TL Balance Sheet %



TL / FC Breakdown of Assets %



FC Balance Sheet %



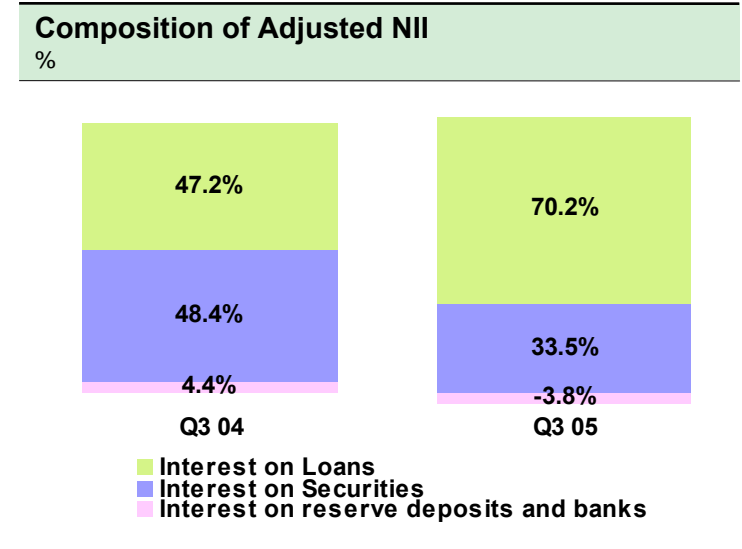
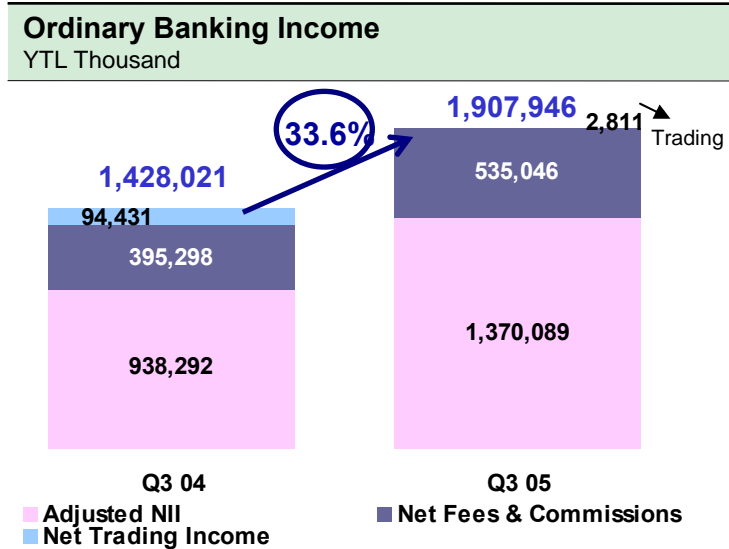


## Q3 2005 Performance – P/L

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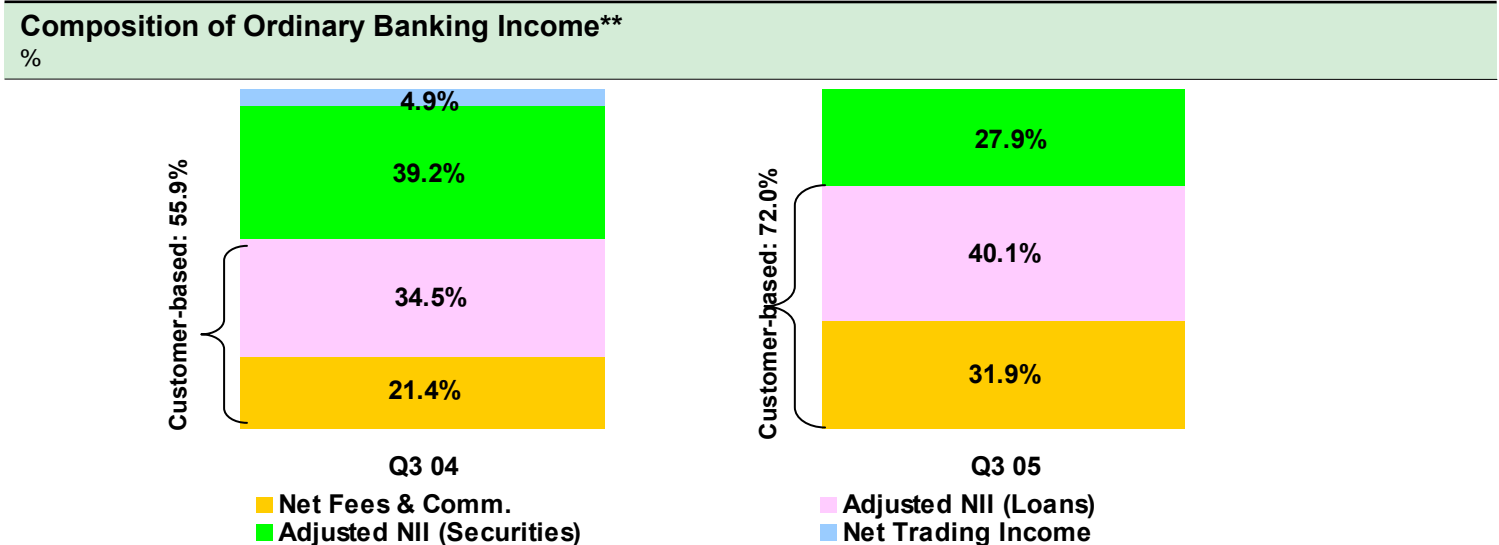
# Focus on Sustainable Revenues

- Ordinary banking income was up by 33.6% over Q304, reaching YTL1,907,946 thousand
- Share of customer-based income in ordinary banking income was 72.0% as of Q3 05, as compared to 55.9% in Q3 04



NII adjusted by Monetary Gain (Loss) and Net FX Gain (Loss)

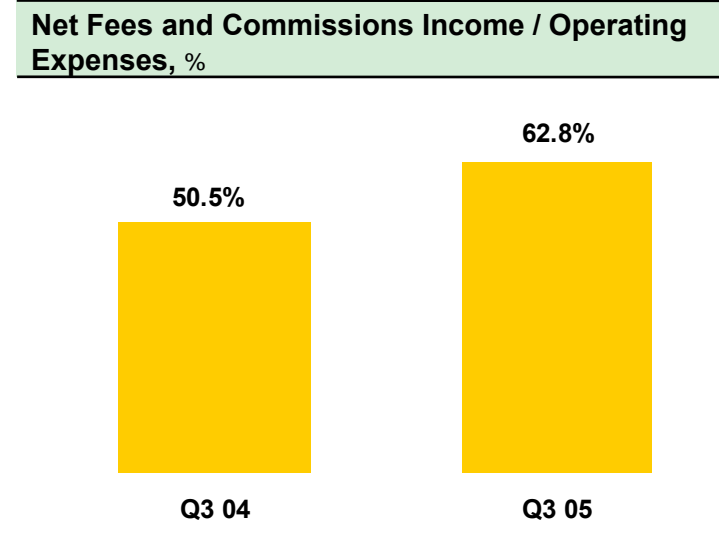
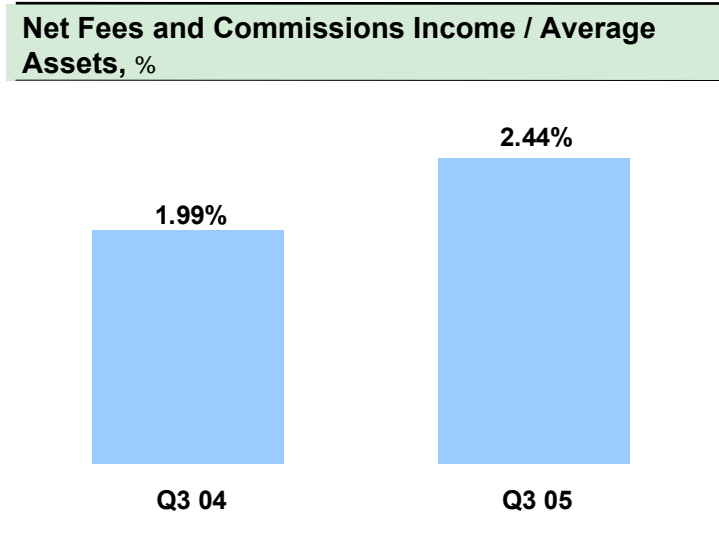
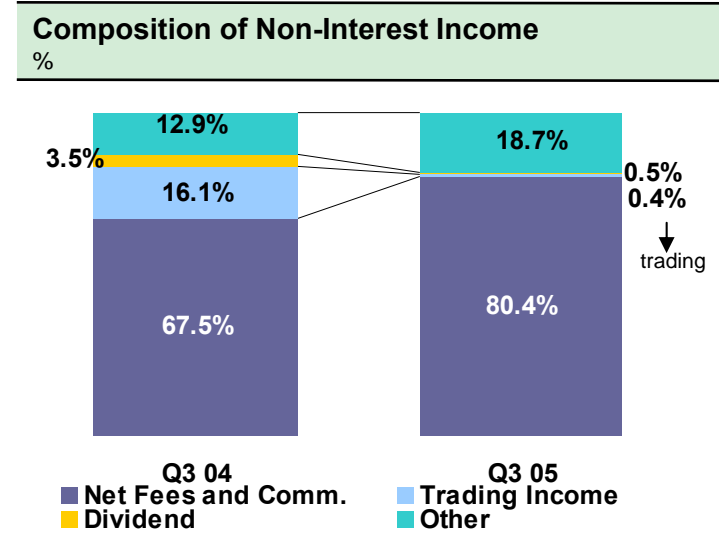
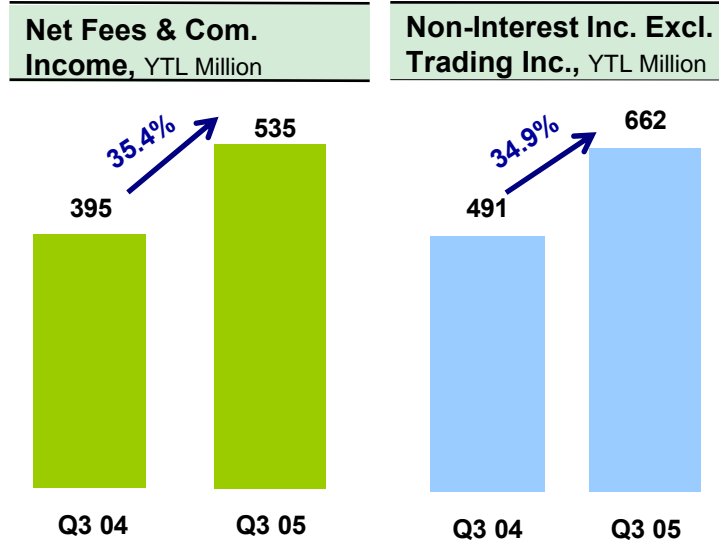
Based on MIS criteria



\*\*Based on MIS criteria, reflecting the reclassification of accrued interest on securities sold

# Further Increase in Fees and Commissions Income

- Net fees and commissions income increased by 35.4% over Q3 04 and by 7.6% over H1 05
- About 80.4% of non-interest income came from fees and commissions
- Net fees and commissions income to average assets stood at 2.44%
- Garanti covered 62.8% of its operating expenses through net fees and commissions income
- Net fees and commission income to total operating income ratio increased to 27.6% in Q3 05, from 24.2% in Q3 04

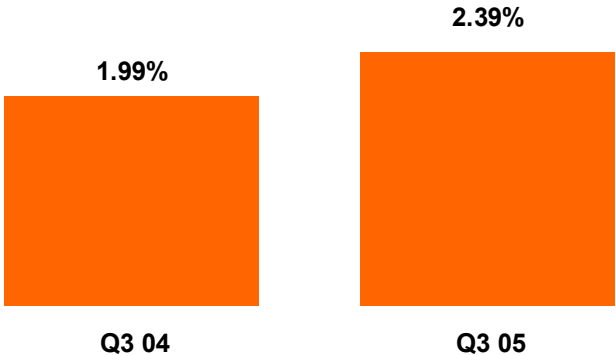


# Very Strong Performance in Profitability Ratios

- ROAA and ROAE stood at 2.39% and 20.51%, respectively as of Q3 2005, as compared to 1.99% and 18.06% in Q3 04
- ROAA and ROAE ratios improve further each quarter

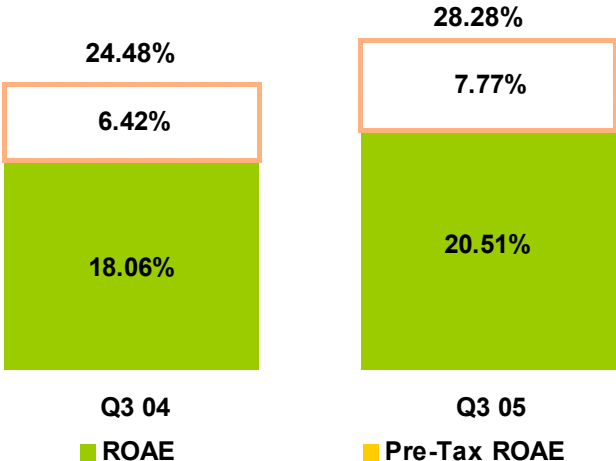
Return on Average Assets

%



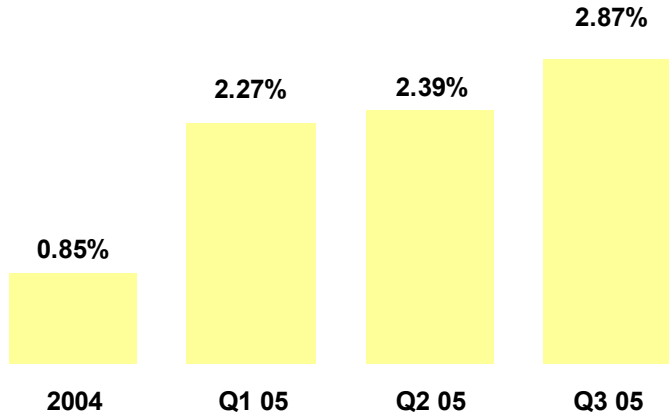
Return on Average Shareholders' Equity

%



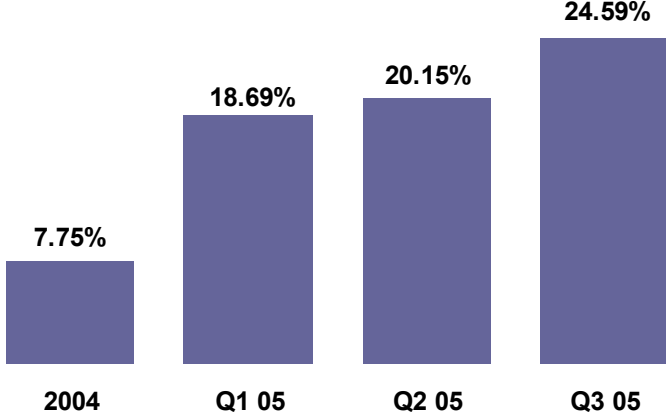
Return on Average Assets

Quarterly, %



Return on Average Shareholders' Equity

Quarterly, %

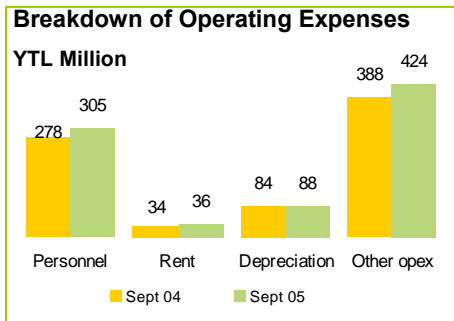
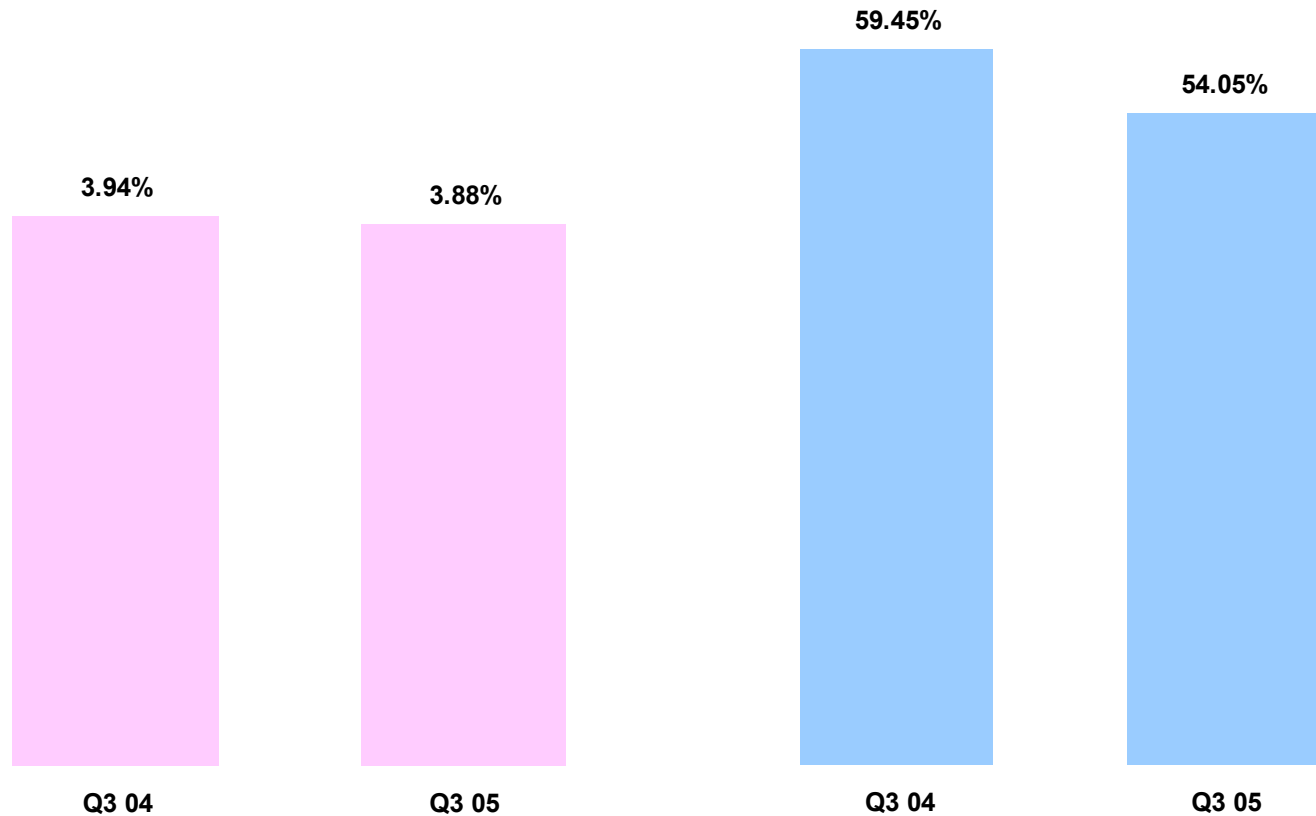


# Improvement in Cost / Income Ratio

- Operating expenses to average assets decreased to 3.88% and Cost / Income came down to 54.05% as of Q3 05

Operating Expenses / Average Assets  
%

Cost / Income Ratio  
%

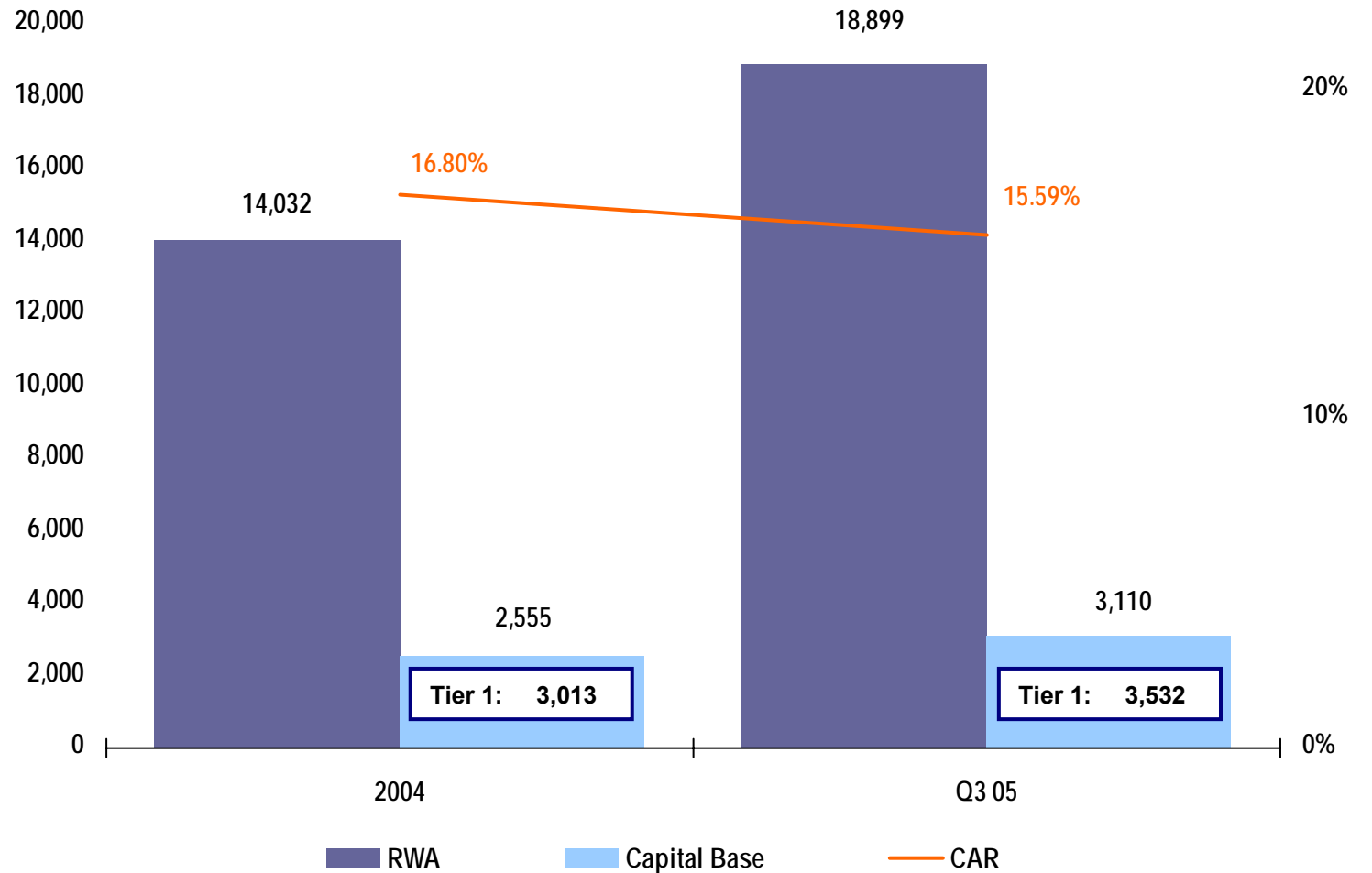




# Capital Adequacy

– Garanti’s capital adequacy ratio stood at 15.59% as of September 30, 2005

**RWA vs CAR**  
%, YTL Million





# Garanti

For further information please contact [investorrelations@garanti.com.tr](mailto:investorrelations@garanti.com.tr)