



# GarantiBank

**BRSA Consolidated Earnings Presentation**

**September 30, 2007**

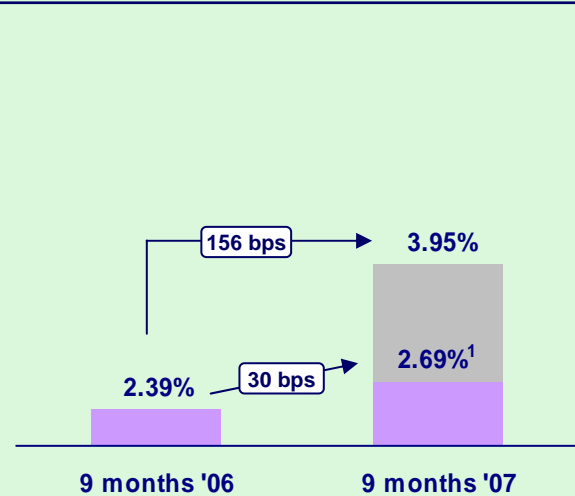
*Volume & profitability  
growth momentum  
on track...*

# 3Q07 – Sustainable Value Creation

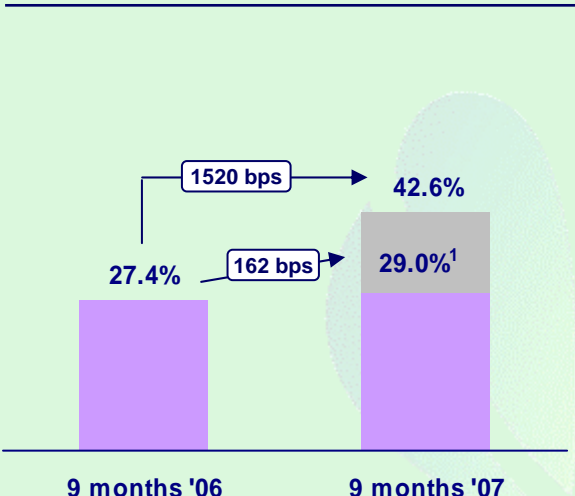
- Continued asset growth in high yielding loans -- **significant market share gains** in all products
- Above sector **growth** in both time and demand deposits **without increase in costs**
- Net fees and commissions' **quarterly sequential growth momentum** continues
- Ordinary banking income continued to expand with increasing share of **customer driven sources** from 79.5% to **85.7%** y-o-y.
- Continued revenue growth trend and improved operational efficiency -- Despite 74 net increase in branches **cost/income ratio**<sup>1</sup> in the first nine months is **551 bps** better than the ratio in the same period last year.
- **Profitability growth on track** -- Y-o-y normalized<sup>1</sup> ROAA and ROAE improved by 30 bps and 162 bps reaching 2.69% and 29.0%, respectively
- Received proceeds from the sale of custody business serving foreign institutional investors to Deutsche Bank in 3Q 07
- **Solid capital base** with CAR 13.8%
- Results include the effect of:
  - **The sale** of 80% stake in **insurance subsidiary** and 15% stake in **pension & life business subsidiary** for total cash proceeds of **YTL 669 mn. (post-tax) -- June 07**
  - **The sale of custody business** in 3Q serving foreign institutional investors to Deutsche Bank for **YTL 112 mn (post-tax) -- July 07**

# Continued Delivery of High Profitability -- With and without one offs...

## ROAA

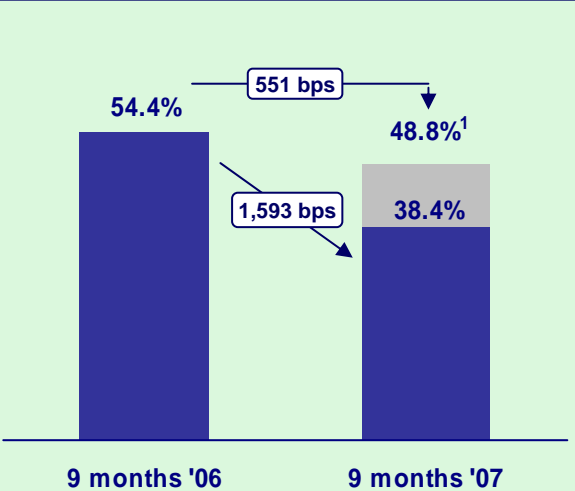


## ROAE

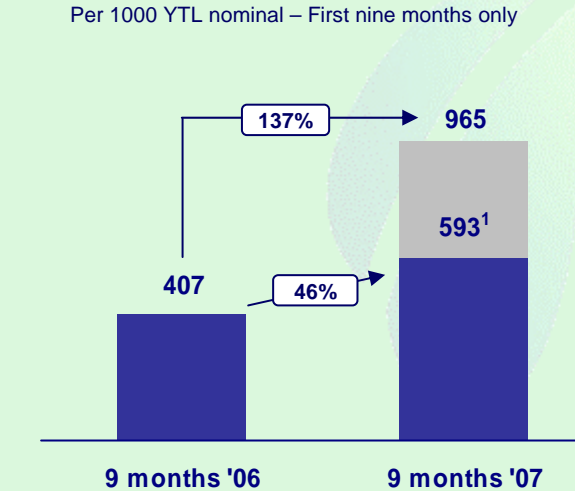


Solid profitability ratios with 30 bps y-o-y growth in normalized ROAA from 2.39% to 2.69%, and 162 bps y-o-y growth in normalized ROAE from 27.4% to 29.0%.

## Cost / Income



## EPS<sup>2</sup>



EPS went up by 46% in 9 months 2007 vs. prior year reflecting the higher growth in profitable assets.

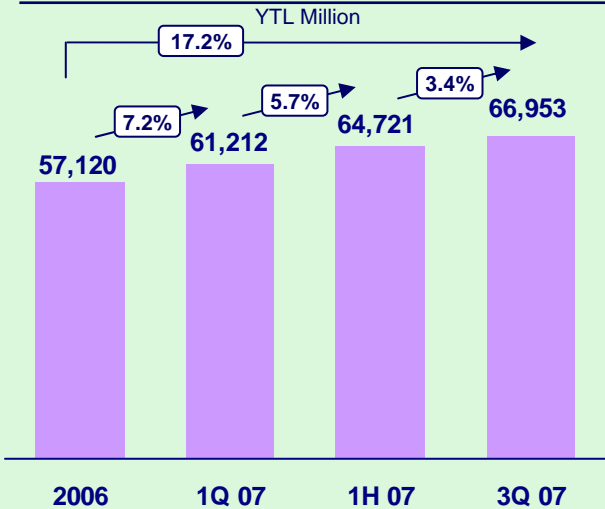
Despite the net addition of 74 branches since same period last year, normalized cost/income ratio improved 551 bps largely due to continued revenue growth trend and improved operational efficiency.

<sup>1</sup>Normalized to exclude one-off gains from insurance and pension & life business subsidiaries stake sale amounting to YTL 669 mn (post-tax) and one-off gains from custody sale amounting to YTL 112 mn (post-tax)

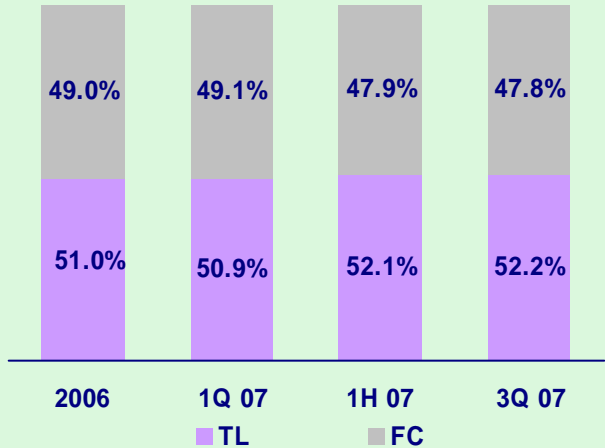
<sup>2</sup>Excluding minority

# Asset Growth and Composition: Robust & High Yielding

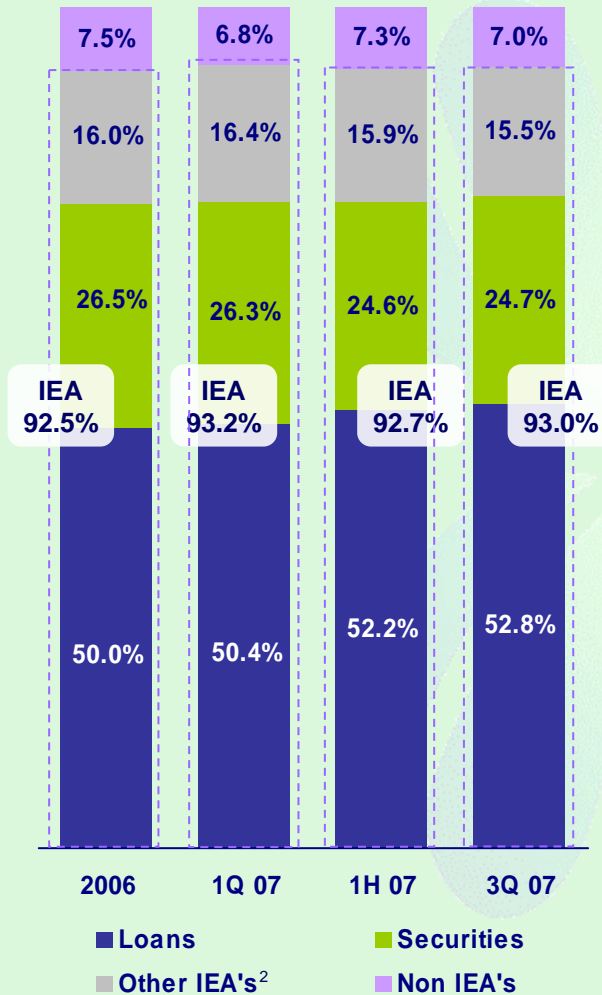
## Total Asset Growth



## Composition of IEAs



## Composition of Assets<sup>1</sup>



With a ytd growth of 17.2 %, assets reached 67 billion YTL at the end of 3Q07.

Mainly loan driven asset growth has once again been confirmed by increasing share of loans in total assets from 50.0% at YE06. to 52.8% in 3Q07

IEAs' mix in total assets expanded by 50 bps and reached 93 % at 3Q 07. TL IEAs increased ytd from 51.0% to 52.2% while FC IEAs decreased to 47.8% from 49.0 % shifting the TL/FC weight to TL.

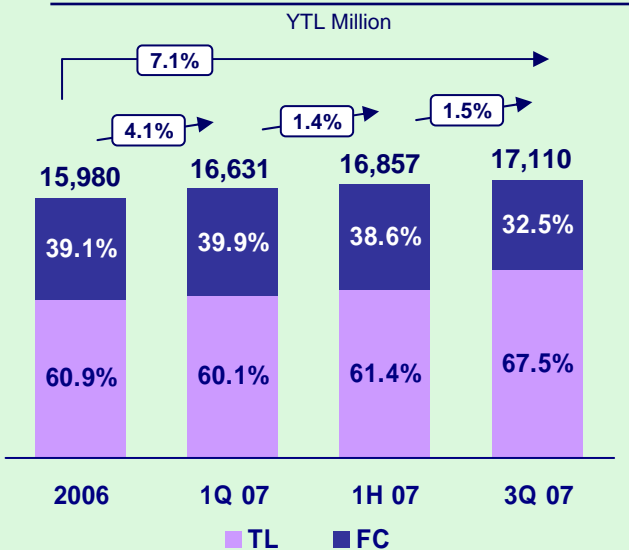
<sup>1</sup>Accrued interest on B/S items are shown in non-IEAs

<sup>2</sup> Other IEAs include factoring and leasing receivables.

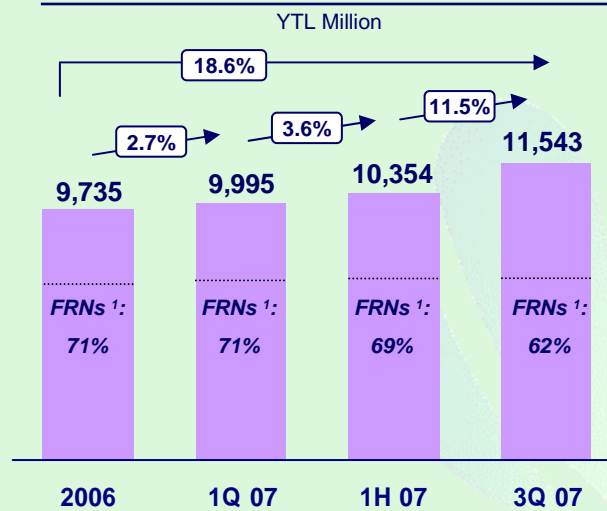


# 69% of securities portfolio invested in AFS securities – cushion against P&L fluctuations...

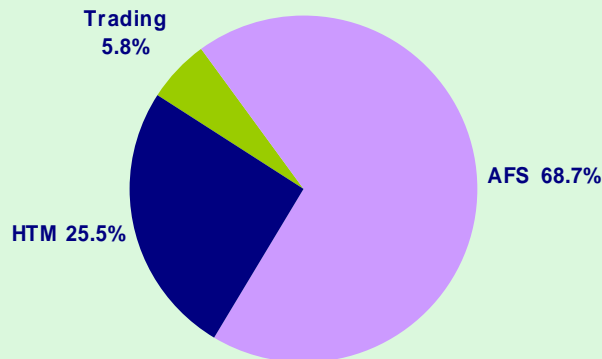
## Total Securities Growth



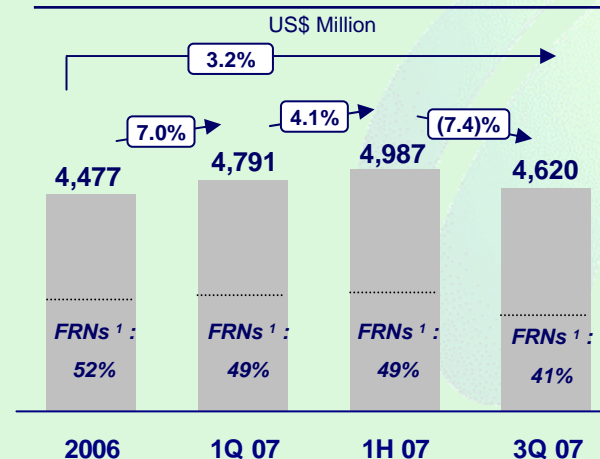
## TL Portfolio



## Total Securities Composition



## FC Portfolio



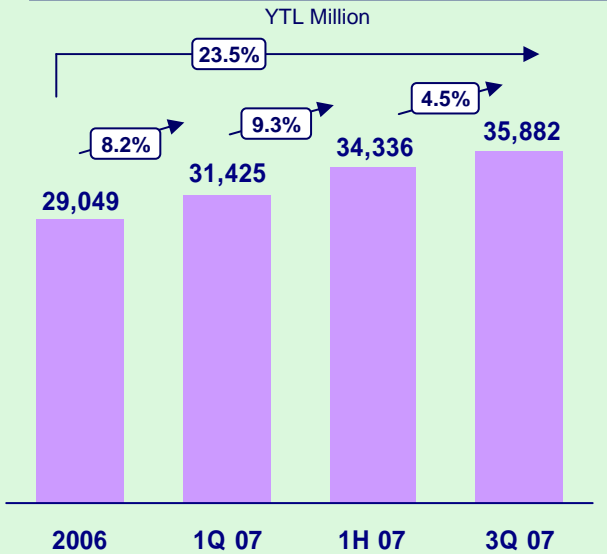
Despite 7.1% ytd growth in total portfolio, securities mix in assets declined by 180 bps from 26.5% in 2006 to 24.7% in 3Q 07, largely due to faster pace in loan growth.

The TL portfolio went up by 18.6% ytd and reached 11.5 bn. Accordingly, the TL/FC mix of total securities shifted to predominantly TL with TL portion increasing from 60.9% as of YE 06 to 67.5% as of September 07.

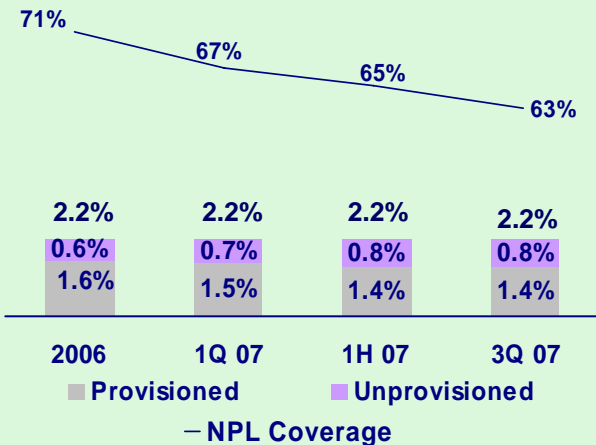
Fixed securities' weight in total securities portfolio went up to 44% from 40% in the beginning of the year.

# Growing Loan Volumes with maintained Asset Quality...

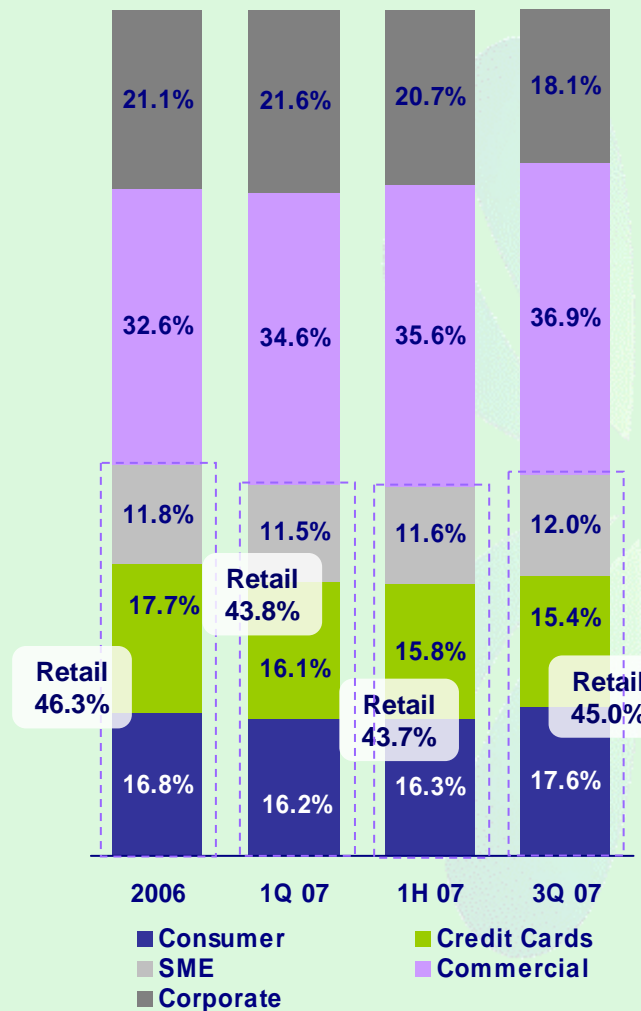
## Total Loan<sup>1</sup> Growth



## NPL Ratio & Coverage



## Composition of Loans<sup>2</sup>



By 3Q 07, total loan growth reached 24%.

Retail loan composition in 3Q07 slightly diluted to 45% due to higher growth in commercial loans.

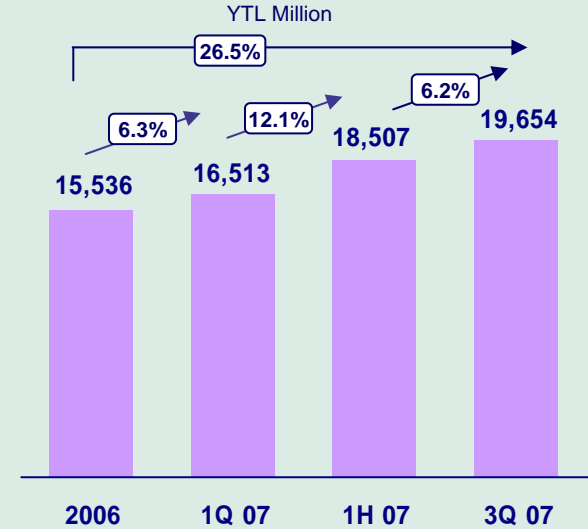
NPL ratio kept constant at 2.2%.

Coverage ratio excludes the collaterals and stands at 63%.

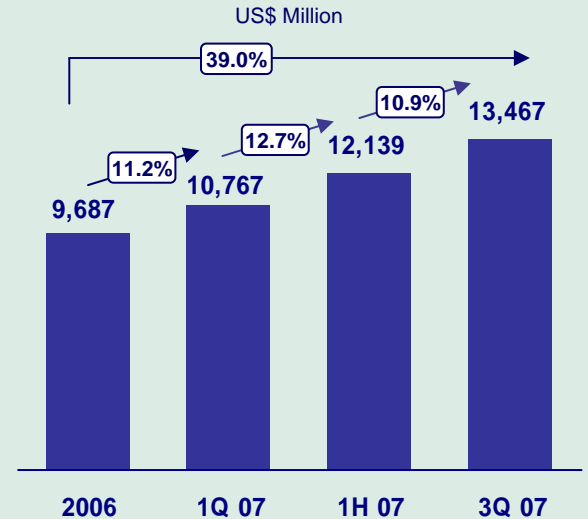
TL loan market share ytd up by 143 bps and reached 11.3<sup>3</sup>%, while FC loan market share ytd was up by 82 bps and reached 22.2<sup>3</sup>%.

# Solid loan growth in both TL and FC

## TL Loan<sup>2</sup> Growth

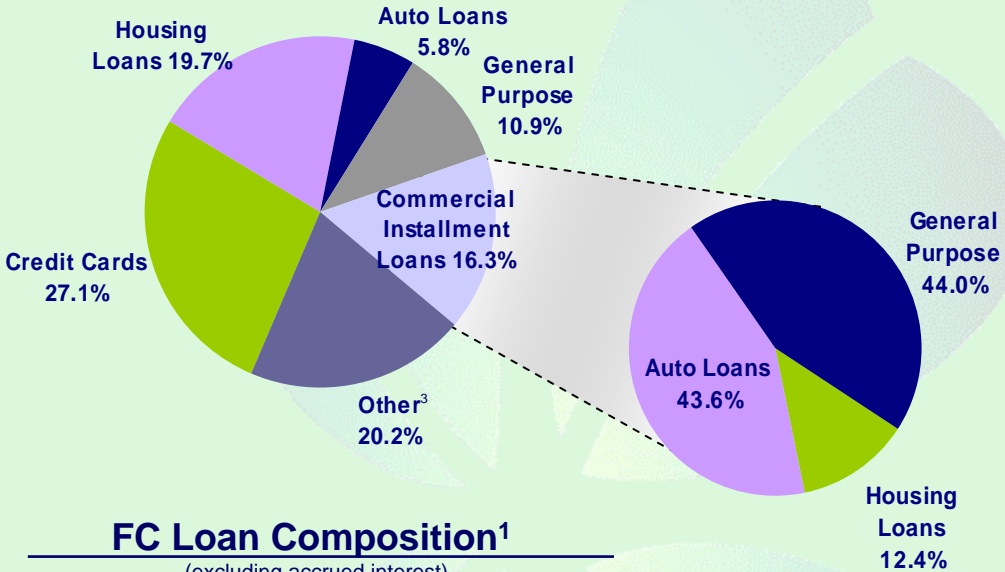


## FC Loan<sup>2</sup> Growth



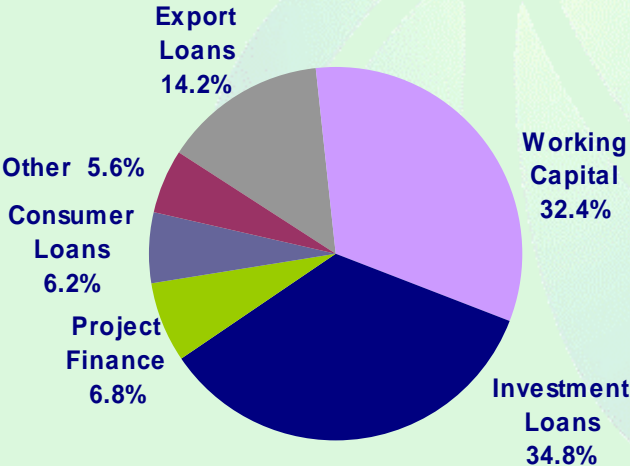
## TL Loan Composition

(excluding accrued interest)



## FC Loan Composition<sup>1</sup>

(excluding accrued interest)

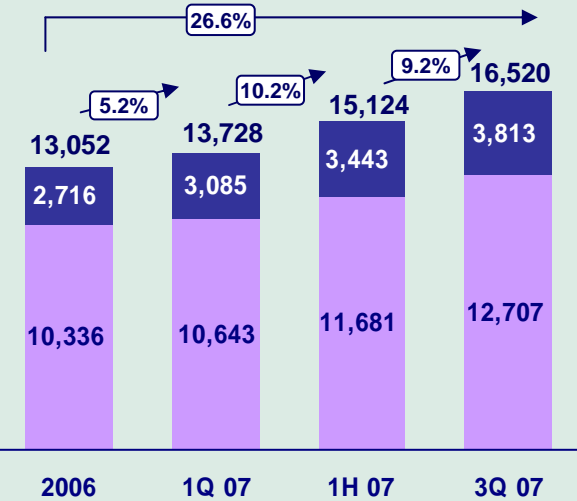


<sup>1</sup> Based on bank-only data  
<sup>2</sup> Performing cash loans  
<sup>3</sup> Includes commercial and retail overdraft

# Strong retail loan growth momentum maintained with consistent market share expansion in each and every loan category

## Retail Loans<sup>1</sup>

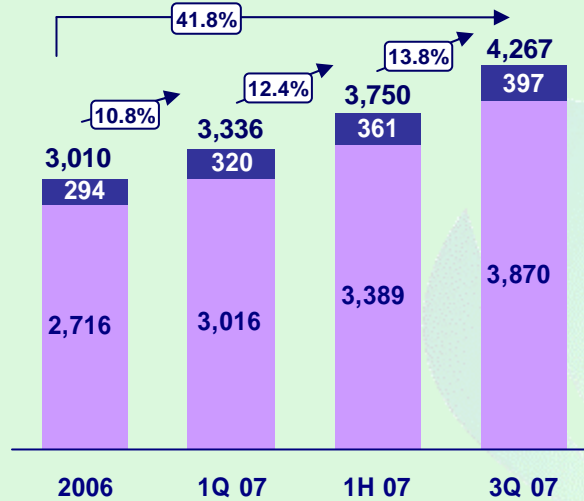
YTL Million



■ Consumer Loans ■ Commercial Installment Loans

## Housing Loan Growth

YTL Million



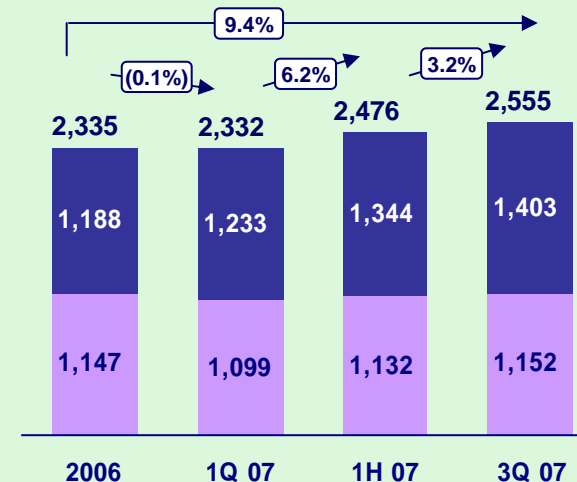
*Ytd growth in total retail lending was 27%*

*Growth in general purpose loans and housing loans accelerated in the 3rd quarter recording a ytd growth of 52% and 42%, respectively.*

*Auto loans recorded 9% ytd growth vs. the 1% shrinkage in the sector.*

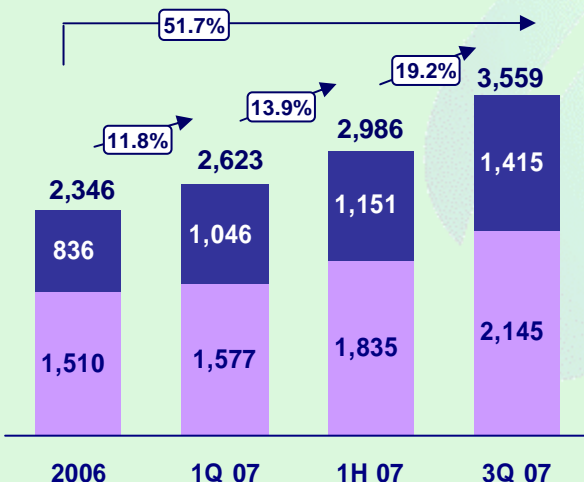
## Auto Loan Growth

YTL Million



## General Purpose Growth

YTL Million



## Market Shares<sup>2</sup>

	2006	1Q 07	1H 07	3Q 07
Housing	12.3%	13.0%	13.5%	14.0%
Auto	15.1%	15.5%	16.4%	16.9%
Gn. Purpose	8.3%	8.7%	8.9%	9.6%
Cons.+Comm.l Install.	11.3%	11.7%	12.0%	12.6%

<sup>1</sup> Including consumer, commercial installment, overdraft accounts, credit cards and other

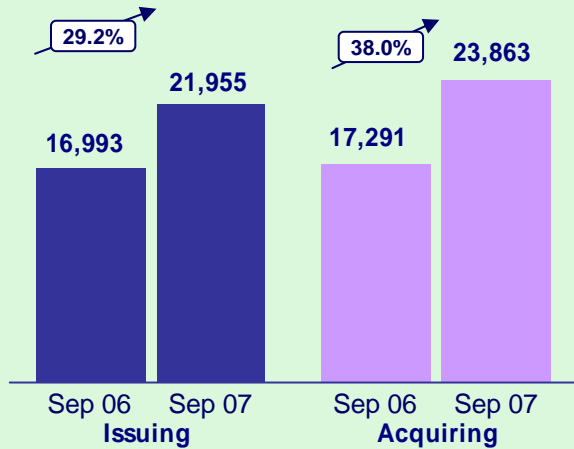
<sup>2</sup> Including consumer and commercial installment loans and based on bank-only data, sector figures are per BRSA



# Strengthened #1 position in acquiring volume market share despite increasing competition

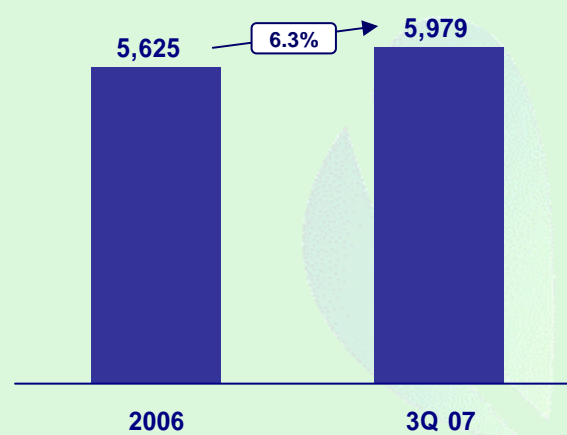
## Issuing/ Acquiring Volume

YTL Million



## No. Of Credit Cards

In Thousands

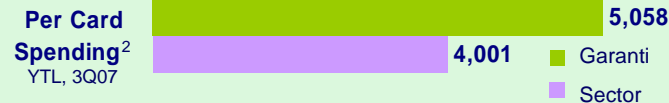


*Garanti has a leadership position in credit card business ranking #1 by acquiring volume with 23.2% and #2 by issuing volume with 21.6% market share.*

## Market Shares

3Q07 – Growth over 2006

Acquiring	23.2%	▲	+100 bps
Issuing	21.6%	▬	-10 bps
Credit Cards	16.9%	▬	- 50 bps
POS <sup>1</sup>	18.4%	▲	+170 bps
ATM	9.6%	▲	+80 bps



## Credit Card Balances

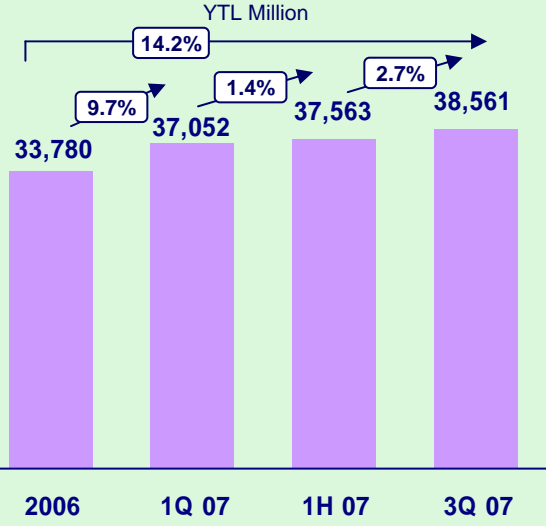
YTL Million



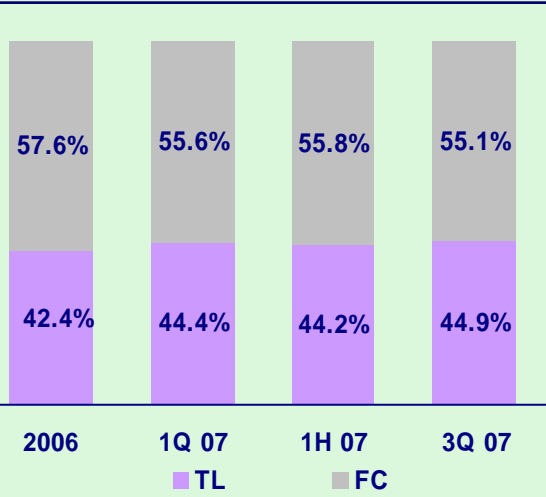
*Issuing and acquiring volumes were up by 29.2% and 38.0%, respectively vs. same period last year.*

# Continued focus on diversification in funding, strong demand deposit base and improving IBL levels

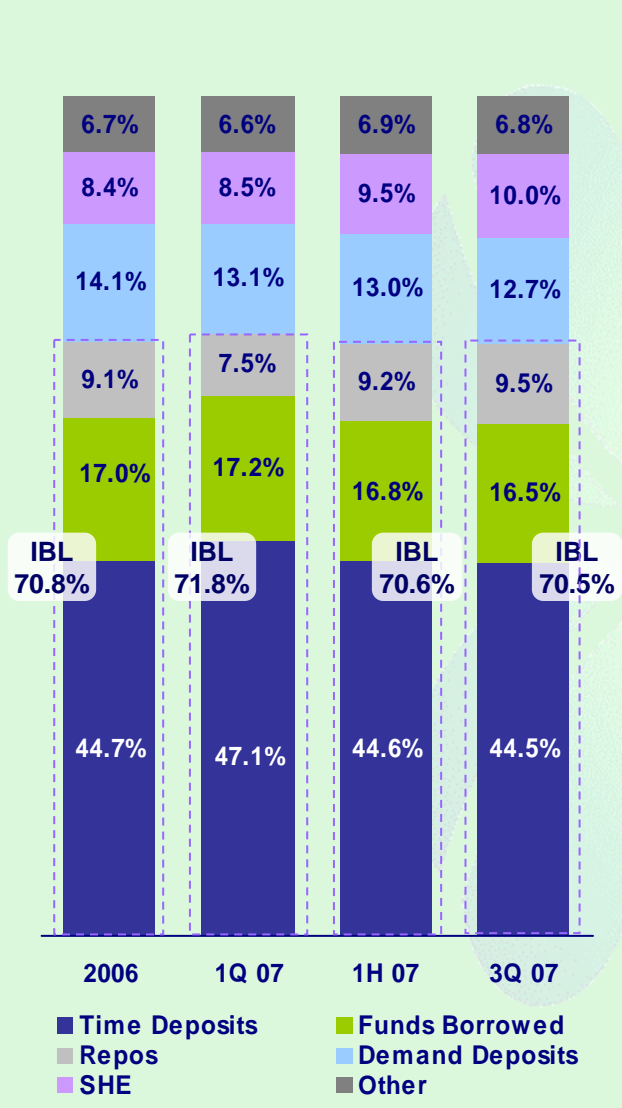
## Total Deposit Growth



## Deposits – TL/FC Mix



## Composition of Liabilities



Total deposits were up by 14.2% ytd reaching 38.6 billion YTL.

TL deposit growth ytd was 21% vs. FC deposit growth of 27% in US\$ terms.

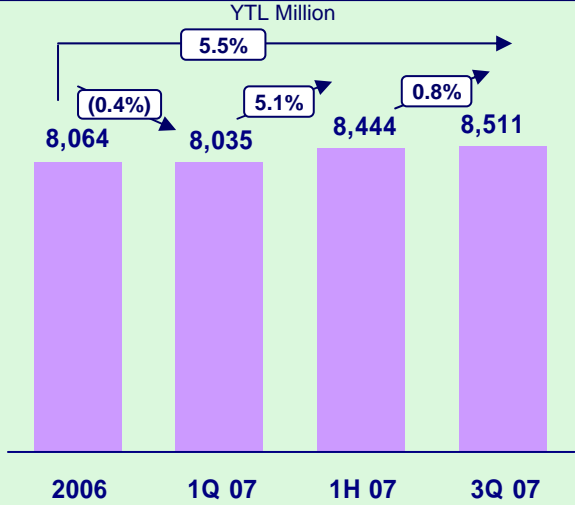
The weight of TL in total deposits went up to 45% from 42% in 2006.

Total deposit market share ytd up by 70 bps, reached 10.4%<sup>1</sup>

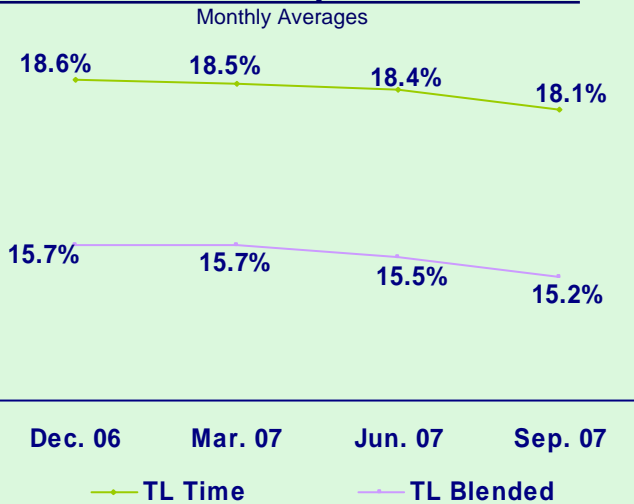
<sup>1</sup> Based on bank-only data, sector figures are per BRSA

# Sustainable High Level of Demand Deposits -- Favourable Effect on Funding Costs

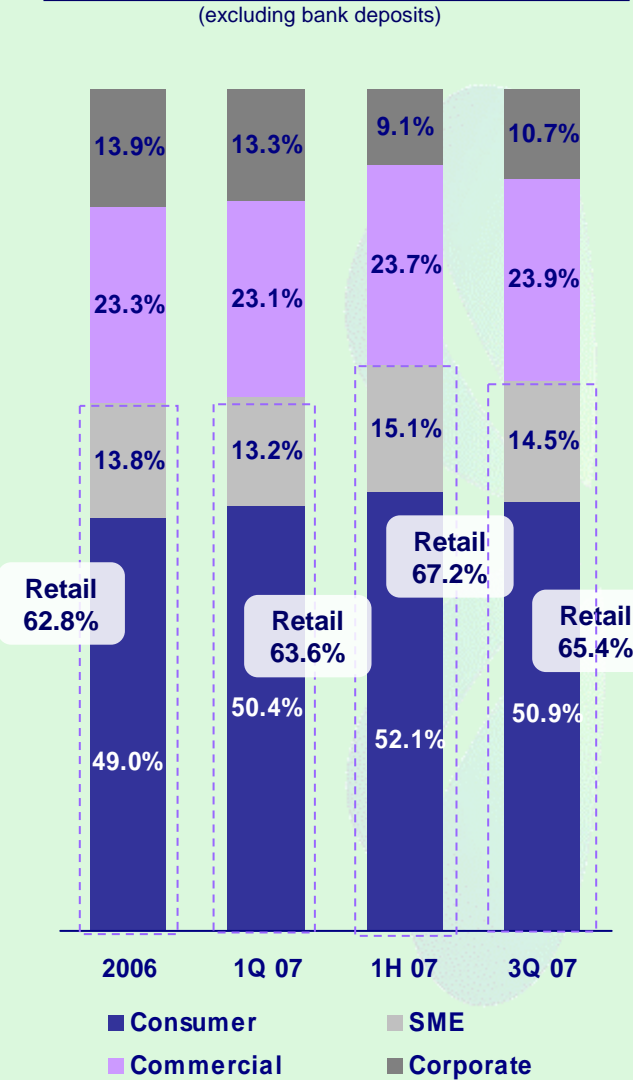
## Demand Deposit Growth



## Cost of Deposits<sup>1</sup>



## Deposits by LOB<sup>1</sup>



Demand deposits reached 8.5 bn. YTL, up by 5.5% since YE 06, constituting a high 22% of total deposits affecting the funding costs positively.

Demand deposit market share ytd up by 140bps, reached 13.4%<sup>2</sup>

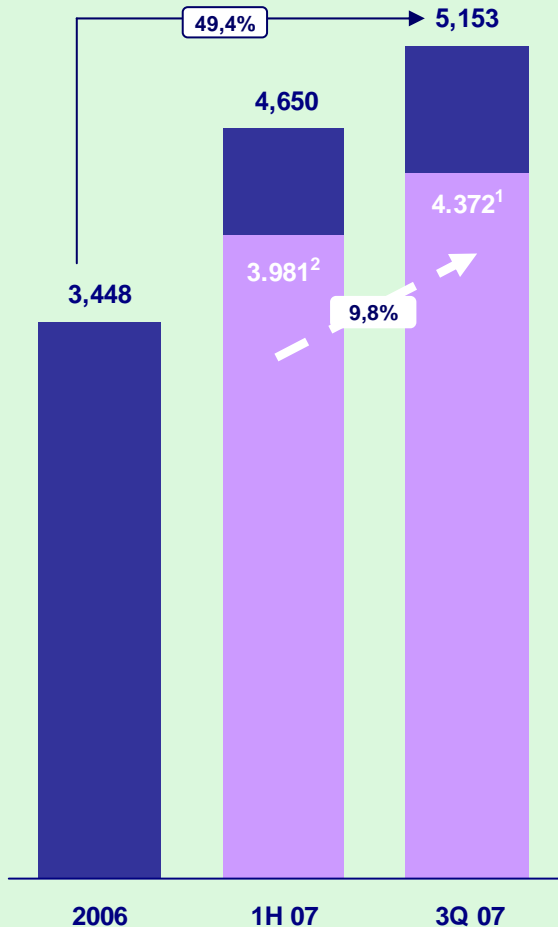
Share of retail deposits increased by 260 bps and composed 65.4% of total customer deposits.

<sup>1</sup> Based on bank-only data  
<sup>2</sup> Based on bank-only data, sector figures are per BRSA

# Solid Capital Base and Adequacy Levels...

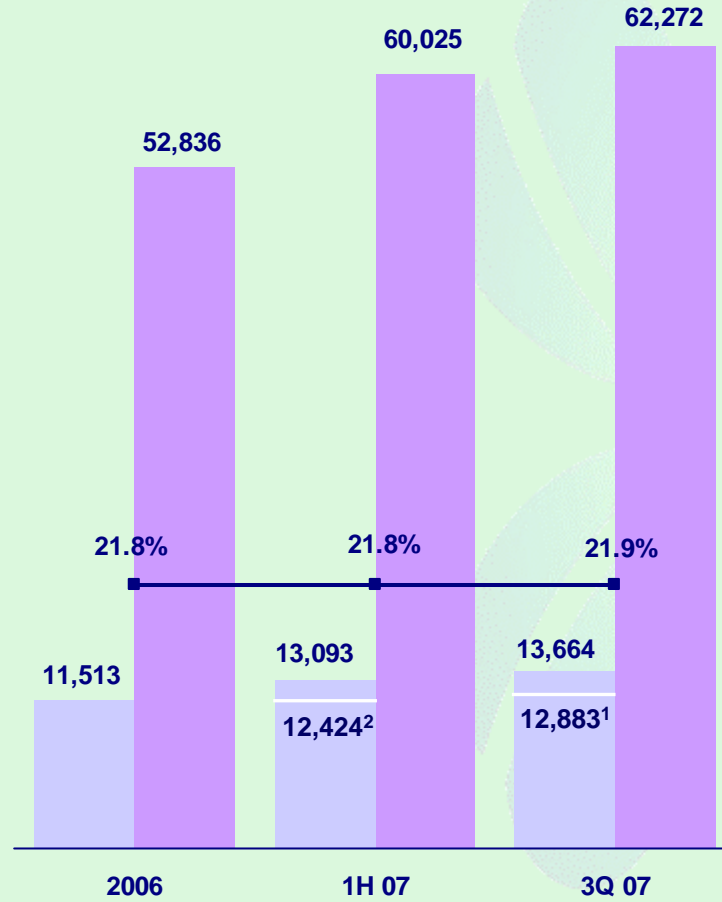
## Free Equity

YTL Million



## Free Funds<sup>3</sup>/IEAs

YTL Million



The growth in free funds ytd was 2.2 bn. YTL.

The proceeds from the stake sale of insurance and pension & life business subsidiaries and custody sale contributed free funds by an additional 6 %.

	CAR	Tier I
2006	12.8%	12.7%
1H 07	13.5%	12.1%
3Q 07	13.8%	12.6%

Free Funds IEAs Free Funds / IEAs

<sup>1</sup>Calculation excludes one-off gains from insurance and pension & life business subsidiaries stake sale amounting to YTL 669 mn (post-tax) and one-off gains from custody sale amounting to YTL 112 mn (post-tax)

<sup>2</sup>Calculation excludes one-off gains from insurance and pension & life business subsidiaries stake sale amounting to YTL 669 mn (post-tax)

<sup>3</sup>Free Funds : Free equity + demand deposits



# Expanding Interest Income

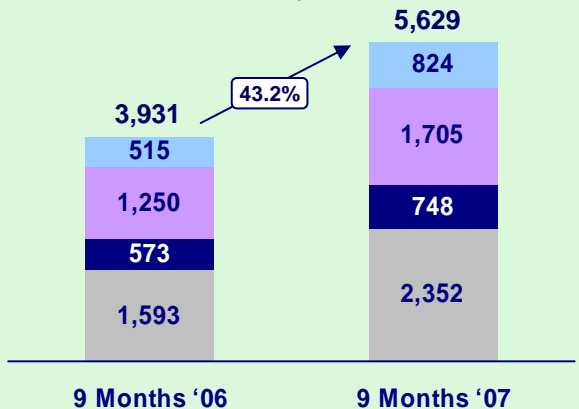
(YTL Million)	9 Months '06	9 Months '07	Growth
<b>Net Interest Income</b>	1,533	2,199	43.4%
<b>Net FX Gain / Loss</b>	(86)	(52)	n.m.
<b>Provisions for loans and securities</b>	(256)	(226)	n.m.
<b>Adjusted Net Interest Income</b>	1,191	1,921	61.3%

Adjusted NII growth y-o-y was 61.3%.

Income on loans, constituting the highest proportion in interest income, has grown by 43% y-o-y.

## Interest Income

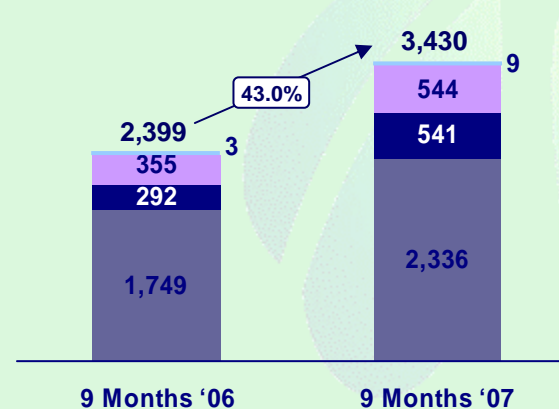
YTL Million



■ TL Loans ■ FC Loans ■ Securities ■ Other

## Interest Expense

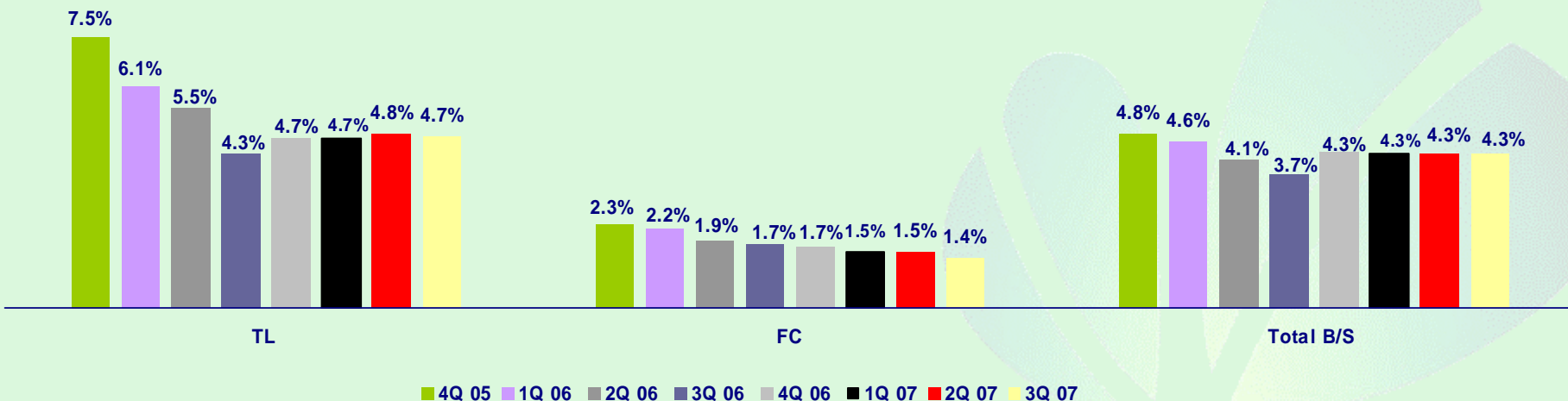
YTL Million



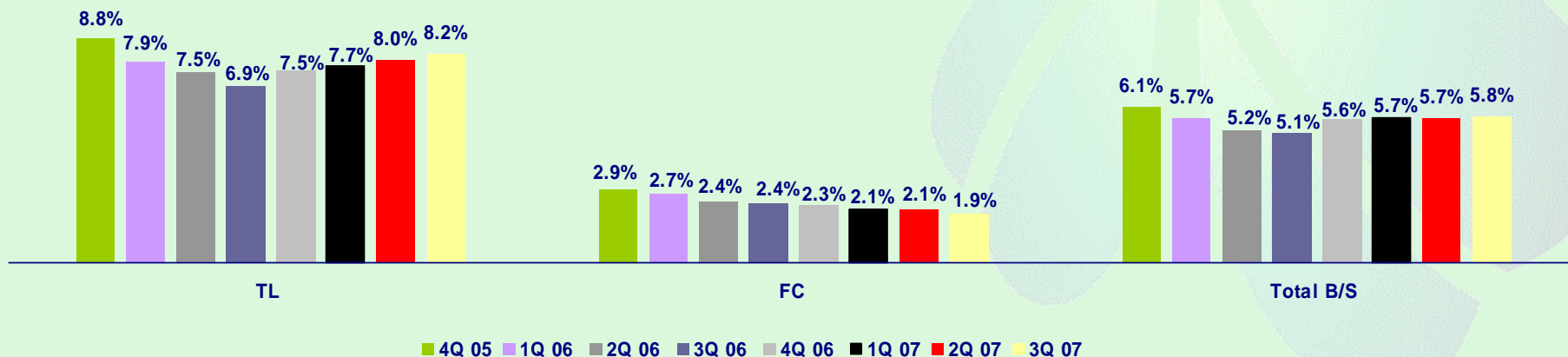
■ Deposits ■ Funds Borrowed ■ Interbank ■ Other

# Quarterly Margins and Spreads

## Spreads<sup>1</sup>

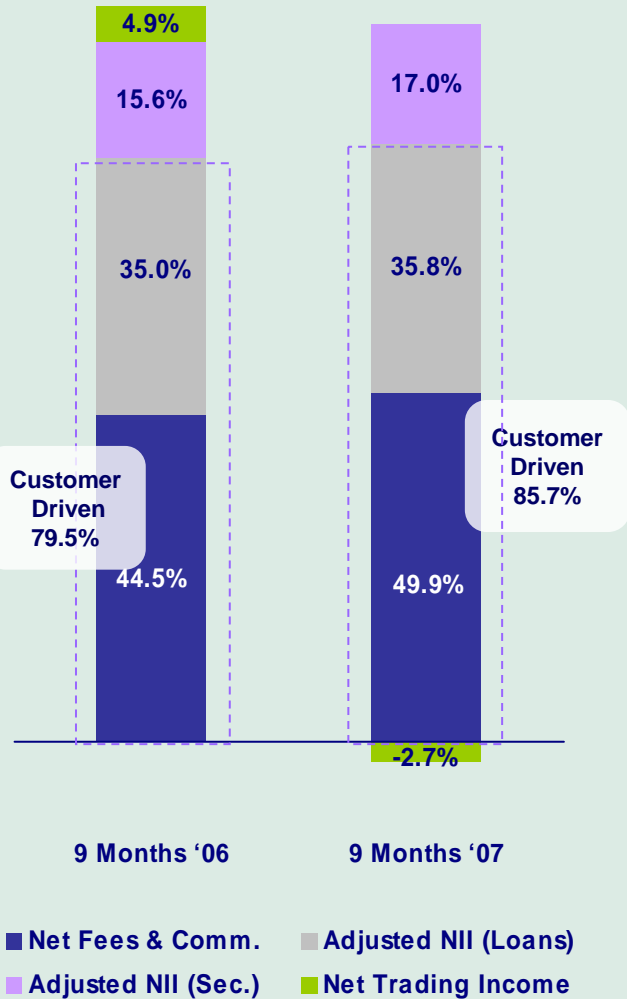


## Margins<sup>1</sup>

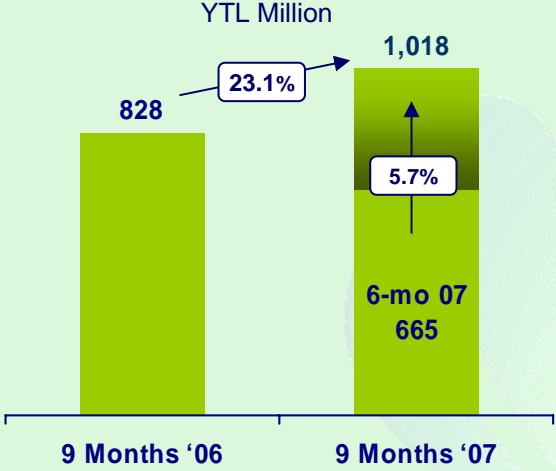


# Consistently growing trend of sustainable income sources

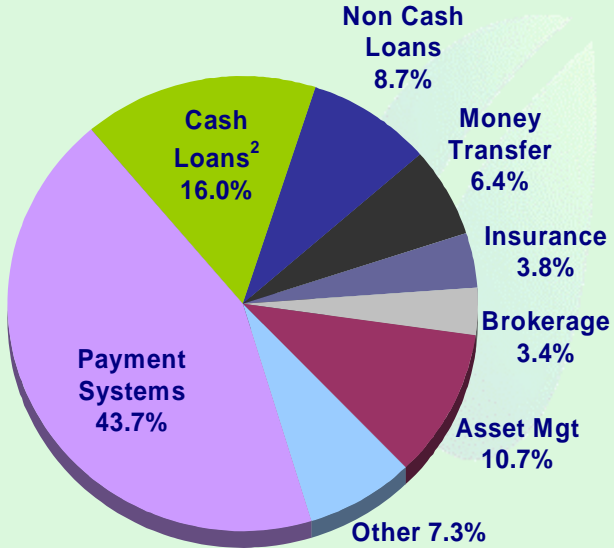
## Ordinary Banking Income<sup>1</sup>



## Net Fees & Commissions



## Net Fees & Commissions<sup>1</sup>



Customer driven sources of income y-o-y increased by 620 bps and now constitute 85.7% of ordinary banking income.

Net fees and commissions contribute 50% to ordinary banking income

<sup>1</sup> Based on bank-only data  
<sup>2</sup> Include consumer loans

# Quarterly Analysis of Ordinary Banking Income

(YTL Thousand)	1Q 07	2Q 07	3Q 07	Δ(2Q-1Q)	Δ (3Q-2Q)
<b>Interest Income</b>	<b>1,777,567</b>	<b>1,856,482</b>	<b>1,995,085</b>	<b>4.4%</b>	<b>7.5%</b>
-Loans	912,724	1,030,921	1,156,305	12.9%	12.2%
-Securities	572,356	566,409	566,151	-1.0%	0.0%
-Other	292,487	259,152	272,629	-11.4%	5.2%
<b>Interest Expense</b>	<b>(1,092,534)</b>	<b>(1,126,920)</b>	<b>(1,210,743)</b>	<b>3.1%</b>	<b>7.4%</b>
-Deposits	(754,571)	(774,215)	(807,073)	2.6%	4.2%
-Funds Borrowed	(162,076)	(155,717)	(225,945)	-3.9%	45.1%
-Interbank & Other	(175,887)	(196,988)	(177,725)	12.0%	9.8%
<b>Net Interest Income</b>	<b>685,033</b>	<b>729,562</b>	<b>784,342</b>	<b>6.5%</b>	<b>7.5%</b>
Provision for Loans	(72,891)	(76,494)	(73,602)	4,9%	-3.8%
Provision for Securities	(10,225)	(2,327)	9,672	n.m	n.m
Net FX Gain/(Loss)	(5,451)	(380)	(46,124)	n.m	n.m
<b>Adj. Net Interest Income</b>	<b>596,466</b>	<b>650,361</b>	<b>674,288</b>	<b>9.0%</b>	<b>3.7%</b>
Net Fees and Comm.	330,291	334,585	353,557	1.3%	5.7%
Net trading Income/(loss)	(51,562)	(43,204)	(35,780)	-16.2%	-17.2%
<b>Ordinary Banking Income</b>	<b>875,195</b>	<b>941,742</b>	<b>992,065</b>	<b>7.6%</b>	<b>5.3%</b>



# High Earnings Growth Momentum...

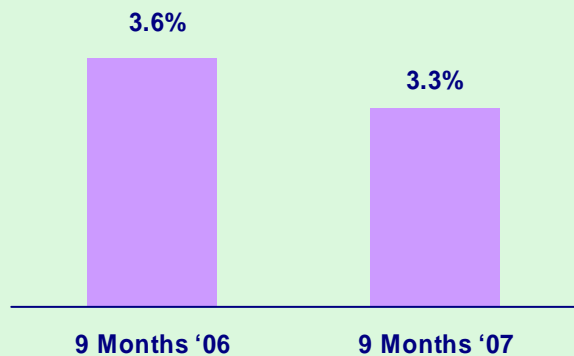
(YTL Million)	9 Months '06	9 Months '07	Growth
Total Revenues <sup>2</sup>	2,660	3,339	25.5%
Operating Expense	1,277	1,506	17.9%
Operating Income <sup>2</sup>	1,383	1,833	32.5%
Provisions <sup>1</sup>	311	257	(17.4%)
Taxes	215	324	50.7%
Normalized Net Income <sup>2</sup>	857	1,252	46.1%
Income on Insurance and pension & life subs. stake sale (post tax)	-	669	n.m.
Custody sale		112	n.m.
Net Income	857	2,033	137.2%
Equity holders of the bank	855	2,027	137.1%
Minority interest	2	6	n.m.

*With improved operational efficiency and continued profitability total revenue recorded a higher growth than expense growth, leading up to a 32.5% increase in operating income y-o-y.*

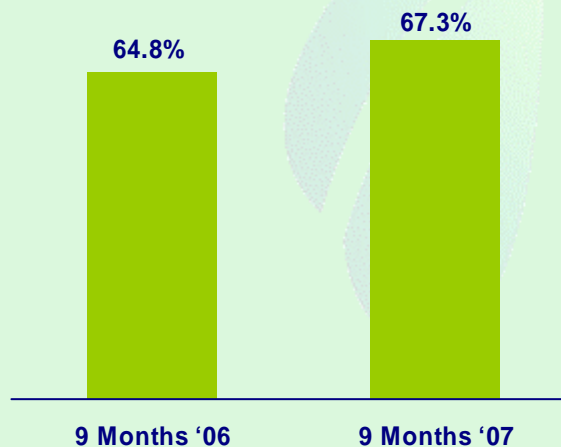
*Operating expenses in average assets improved by 32 bps to 3.3% 3Q 07 from 3.6% in 3Q 06.*

*Also, the net fees & commissions coverage of operating expenses reached 67% from 65% same period last year.*

## Opex / Avg. Assets



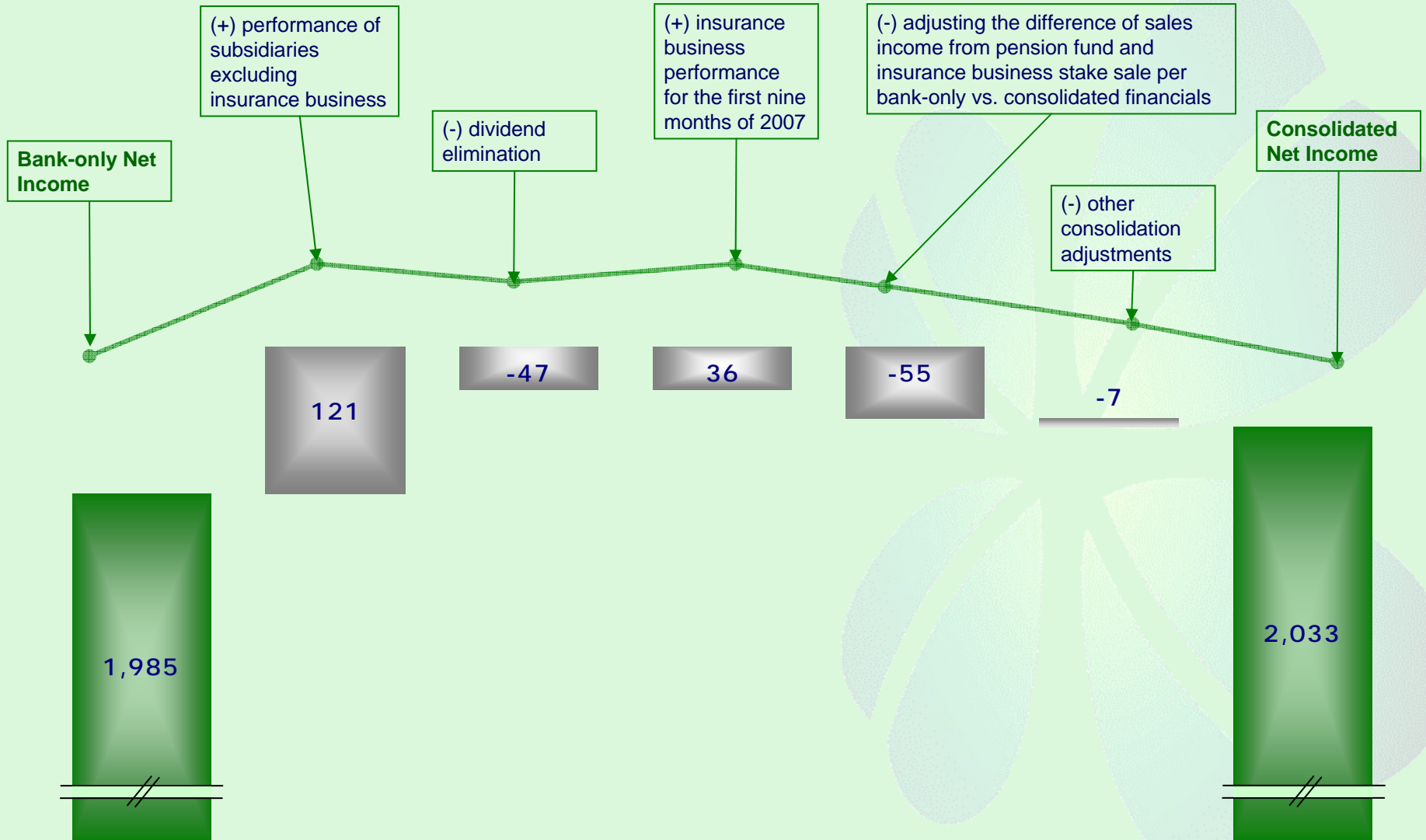
## Fees & Comm. / Opex



# Appendix



# Route to consolidated Net Income from bank-only result...



# Balance Sheet - Summary

<i>(YTL Million)</i>		<b>2006</b>	<b>Sep 07</b>	<b>YTD % Change</b>
<b>Assets</b>	<b>Cash &amp; Banks<sup>1</sup></b>	7,837	8,754	11.7%
	<b>Securities</b>	15,980	17,109	7.1%
	<b>Performing Loans</b>	29,049	35,882	23.5%
	<b>Fixed Assets &amp; Subsidiaries</b>	1,074	1,118	4.1%
	<b>Other</b>	3,180	4,090	28.6%
	<b>Total Assets</b>	57,120	66,953	17.2%
<b>Liabilities and SHE</b>	<b>Deposits</b>	33,780	38,561	14.2%
	<b>Repos</b>	5,296	6,443	21.7%
	<b>Borrowings</b>	9,805	11,166	13.9%
	<b>Other</b>	3,415	4,107	20.3%
	<b>SHE</b>	4,824	6,676	38.4%
	<b>Total Liabilities &amp; SHE</b>	57,120	66,953	17.2%



## Performance Highlights vs. Sector (Bank-only)

<i>(YTL mn. unless otherwise stated)</i>	<b>As of 3Q 07</b>	<b>YTD Growth</b>	
		<b>Garanti</b>	<b>Sector</b>
<b>Total Loans</b>	<b>33,915</b>	27.0%	17.3%
<b>TL</b>	<b>19,239</b>	29.0%	20.4%
<b>FC (US\$ mn.)</b>	<b>12,179</b>	44.0%	25.9%
<b>Total Deposits</b>	<b>34,422</b>	14.8%	7.8%
<b>Demand</b>	<b>7,255</b>	9.0%	-1.7%
<b>TL</b>	<b>16,775</b>	18.8%	12.9%
<b>FC (US\$ mn.)</b>	<b>14,641</b>	28.9%	15.5%

\*All figures excluding related income/expense accruals



# GarantiBank

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